

**Mary Taylor, CPA**  
Auditor of State



CITY OF SOLON  
CUYAHOGA COUNTY

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# 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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 7, 2010. 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 September 7, 2010.

### **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 intend this report solely for the information and use of the audit committee, management, and City Council. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

September 7, 2010

**City of Solon, Ohio**

*Comprehensive Annual Financial Report*

*For the Year Ended December 31, 2008*

*Prepared by the Department of  
Finance*

*D. William Weber, CPA  
Director of Finance*

**City of Solon, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2008*  
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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

September 7, 2010

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

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

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 2008, 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 accountants' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

***REPORTING ENTITY***

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

The form of government established by the Charter is the Mayor/Council type. There are seven City Council members; each is elected from a ward, for a term of four years. The Mayor's term is also four years. 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 Park/Golf Course and the Water Reclamation (formerly wastewater) funds. The operating expenses of both of these activities 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 and municipal income tax administration.

The Council is required to adopt a final annual budget by no later than the close of the fiscal year. The annual budget serves as the foundation for the City of Solon's financial planning and control. The budget is prepared by fund, function and department (personal services and other). The Finance Director may transfer resources within each department. 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 2008 was 52,373 or 969 more than 2007. We estimate that over 24,000 of these W-2's were for full time employees.
- b. In 2008, there were 242 industrial and commercial building permits granted for new buildings, additions to existing buildings or remodeling, totaling over \$19 million in market value.

Most of the City'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 2008, Solon had 13 active Enterprise Zone agreements and 1 Community Reinvestment Area Agreement.

In addition, the City had 22 Job Creation Grant Agreements at year end with companies that would receive a grant from part of the municipal withholding tax paid to the City for a newly created job. The largest company for which a Job Creation Grant was awarded will be bringing 290 new jobs to Solon in 2009.

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 presently available for industrial development.

### ***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 Council Finance Committee during annual budget hearings.

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

Capital expenditures for new buildings, vehicles and equipment are also included in the five year plan. This enables a discussion on financing these items two or three years before they are needed.

### ***RELEVANT FINANCIAL POLICIES***

The City has maintained a balanced budget policy for several years. This policy combined with a steady growth in City income tax receipts has resulted in an annual growth of cash reserves. Since 1997, the general fund's cash balance has grown from \$4,545,687 to \$25,093,752 in 2008. In addition, the infrastructure fund's cash reserves have grown from \$8,884,814 in 1997 to \$13,355,759 in 2008.

The City has also been able to maintain a plan to minimize its debt. During the past ten years, \$6 million in cash reserves were used to pay for the service garage expansion and \$6 million in cash reserves were used to pay for part of the new Community Center. In 2007, \$3 million in cash reserves were used to redeem or call the outstanding bonds on the 1993 City Hall Bond issue eight years ahead of schedule.

### ***MAJOR INITIATIVES***

The demolition and replacement of Fire Station No. 2 was completed in 2008 at a cost of \$4.3 million. The park area surrounding this station will be complete towards the end of 2009.

The \$9 million Pettibone Road reconstruction project began in late 2008. In addition, the City just received notification that the \$14 million Bainbridge Road reconstruction project will be funded with a stimulus grant to be received by Cuyahoga County, and that over \$4 million in major upgrades to our waste water plant will be paid in part with a stimulus grant received by the State of Ohio's Water Pollution Control Loan Fund.

## ***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 2007 Comprehensive Annual Financial Report.

A Certificate of Achievement is valid for a period of one year only. We believe that this CAFR for 2008 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*

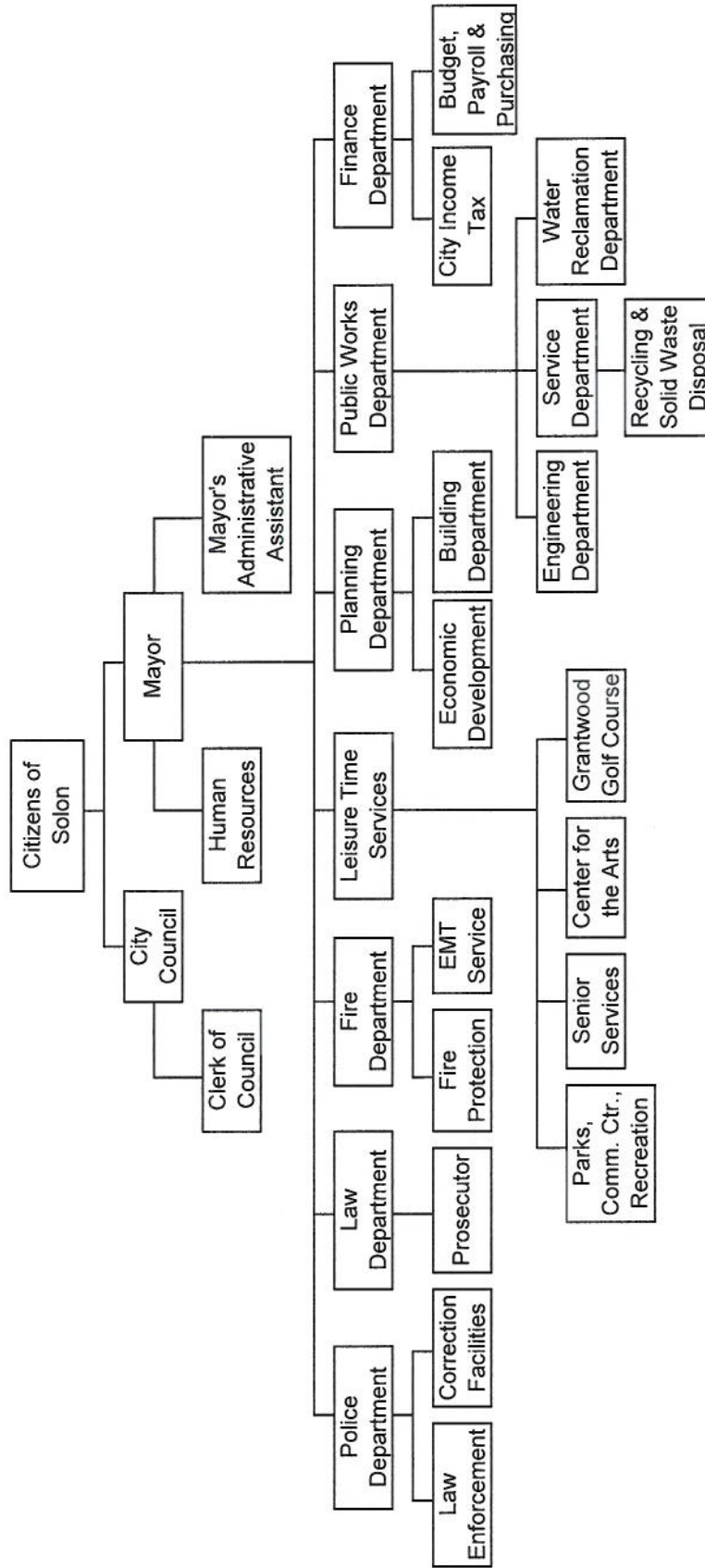
The preparation of this report would not be possible without the diligent and extra work by our Assistant Finance Director Fred Wendel, Accounting Supervisor Sue Stabilla and the Finance Department staff. I appreciate their efforts. In addition, my gratitude and compliments extend to the Auditor of State's 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, 2008**



**City of Solon, Ohio**

*Principal Officials*

*December 31, 2008*

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***Elected Officials***

Kevin C. Patton ..... Mayor

*City Council*

Susan A. Drucker ..... Ward 1 (Vice Mayor)

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

William I. Russo ..... Ward 7

Carol J. McConoughey ..... 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

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

Gary N. Mazzeo ..... Grantwood Recreational Park Manager

James S. Stanek ..... Director of Public Works

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

Thomas G. Bandiera ..... 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, 2007

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 black ink, appearing to read "M. L. R. +".

President

A handwritten signature in black ink, 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, 2008, 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, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2010, 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 all the 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

September 7, 2010

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

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The discussion and analysis of the City of Solon's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole. To obtain a more detailed understanding, readers should also review the basic financial statements and the notes to the basic financial statements.

### **Financial Highlights**

Key Financial Highlights for 2008 are as follows:

- Total assets of the City of Solon exceeded its liabilities at the close of 2008 by \$194,957,714. Of this amount, \$17,795,754 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 \$8,149,602 or 4.36 percent from 2007.
- Total assets increased by \$2,065,490 or 0.84 percent from 2007.
- Total depreciable capital assets increased by \$5,163,086 or 3.4 percent, while non depreciable capital assets decreased by \$5,825,656 or 27.73 percent.
- As of the close of 2008, the City of Solon's governmental funds reported combined ending fund balances of \$46,138,366, an increase of \$1,095,427 from 2007.
- Total outstanding governmental obligations decreased by \$5,197,078 or 14.28 percent.
- On a modified accrual basis, City income tax collections decreased from \$38,530,269 in 2007 to \$37,875,299 in 2008, or 1.70 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, 2008*  
*Unaudited*

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*Government-Wide Financial Statements*

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City of Solon's finances in a manner similar to private sector businesses. The Statement of Net 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.

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

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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 24 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, community center fund and the building construction 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.

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

**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 2008 compared to 2007:

(Table 1)  
*Net Assets*

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Current and Other Assets	\$69,564,002	\$67,994,111	\$6,500,113	\$5,341,944	\$76,064,115	\$73,336,055
Capital Assets, Net	107,451,180	107,829,738	64,606,850	64,890,862	172,058,030	172,720,600
<i>Total Assets</i>	<u>177,015,182</u>	<u>175,823,849</u>	<u>71,106,963</u>	<u>70,232,806</u>	<u>248,122,145</u>	<u>246,056,655</u>
<b>Liabilities</b>						
Current Liabilities	13,558,331	16,920,276	467,838	448,513	14,026,169	17,368,789
Long-term Liabilities						
Due within one Year	3,146,578	2,864,185	1,755,755	1,676,506	4,902,333	4,540,691
Due in More than one Year	22,320,256	24,138,736	11,915,673	13,200,327	34,235,929	37,339,063
<i>Total Liabilities</i>	<u>\$39,025,165</u>	<u>\$43,923,197</u>	<u>\$14,139,266</u>	<u>\$15,325,346</u>	<u>\$53,164,431</u>	<u>\$59,248,543</u>



**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

(Table 1)  
*Net Assets (Continued)*

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	\$92,250,325	\$87,878,235	\$51,496,779	\$50,615,585	\$143,747,104	\$138,493,820
Restricted for:						
Capital Projects	19,795,982	21,802,881	0	0	19,795,982	21,802,881
Debt Service	8,824,240	4,245,100	0	0	8,824,240	4,245,100
Other Purposes	4,794,634	3,889,684	0	0	4,794,634	3,889,684
Unrestricted	12,324,836	14,084,752	5,470,918	4,291,875	17,795,754	18,376,627
<i>Total Net Assets</i>	<u>\$137,990,017</u>	<u>\$131,900,652</u>	<u>\$56,967,697</u>	<u>\$54,907,460</u>	<u>\$194,957,714</u>	<u>\$186,808,112</u>

Total assets increased from \$246,056,655 to \$248,122,145 or by \$2,065,490 in 2008. This was mainly due to an increase in special assessments receivables.

The increase to governmental activities current assets was partially offset by notable decreases to an interfund receivable due to the pay-off of an interfund loan and municipal income taxes receivable.

The largest increase in assets for business type activities was the elimination of a negative interfund balance owed to the governmental funds, specifically the general fund.

Total liabilities decreased from \$59,248,543 to \$53,164,431 or by \$6,084,112. The most notable reason for the reduction was a pay-down on bond anticipation notes

The governmental activities liability with the most noticeable decrease was the notes payable. The decrease was from \$9,400,888 to \$5,739,897 or by \$3,660,991. This was due to the accelerated pay-down on notes issued for the purchase of land, the demolition and reconstruction of Fire Station No. 2, and the construction of the Community Center and Fire Station No.3.

The most significant decrease in liabilities for business type activities was the reduction of long term liabilities due in more than one year because of annual pay-downs on debt for the City's water reclamation facility.

Total net assets increased from \$186,808,112 to \$194,957,714 or by \$8,149,602 in 2008. This increase was primarily due to the increase in capital assets net of related debt.

Further details of the changes in net assets between 2007 and 2008 can be observed in Table 2.

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

(Table 2)  
*Changes in Net Assets*

	Governmental Activities		Business -Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Program Revenues</b>						
Charges for Services and Sales	\$5,125,011	\$5,071,075	\$7,171,900	\$7,162,299	\$12,296,911	\$12,233,374
Operating Grants and Contributions	1,405,593	1,259,666	585	0	1,406,178	1,259,666
Capital Grants, Contributions and Capital Assessments	5,742,816	663,457	0	0	5,742,816	663,457
<i>Total Program Revenues</i>	<u>12,273,420</u>	<u>6,994,198</u>	<u>7,172,485</u>	<u>7,162,299</u>	<u>19,445,905</u>	<u>14,156,497</u>
<b>General Revenues</b>						
Property Taxes	4,814,004	5,175,366	0	0	4,814,004	5,175,366
Municipal Income Taxes	37,416,449	40,325,559	0	0	37,416,449	40,325,559
Grants and Entitlements	2,389,085	1,941,816	0	0	2,389,085	1,941,816
Investment Income	2,807,067	3,242,148	0	0	2,807,067	3,242,148
Gain on Sale of Capital Assets	0	0	0	1,498	0	1,498
Miscellaneous	582,432	397,834	77,525	40,494	659,957	438,328
<i>Total General Revenues</i>	<u>48,009,037</u>	<u>51,082,723</u>	<u>77,525</u>	<u>41,992</u>	<u>48,086,562</u>	<u>51,124,715</u>
<i>Total Revenues</i>	<u>60,282,457</u>	<u>58,076,921</u>	<u>7,250,010</u>	<u>7,204,291</u>	<u>67,532,467</u>	<u>65,281,212</u>
<b>Program Expenses</b>						
Security of Persons and Property						
Police	(8,558,640)	(7,893,398)	0	0	(8,558,640)	(7,893,398)
Fire	(8,312,572)	(7,052,821)	0	0	(8,312,572)	(7,052,821)
Prosecutor	(299,401)	(299,085)	0	0	(299,401)	(299,085)
Public Health and Welfare	(82,050)	(98,755)	0	0	(82,050)	(98,755)
Leisure Time Activities	(6,607,556)	(6,385,083)	0	0	(6,607,556)	(6,385,083)
Community Environment	(3,343,663)	(4,002,244)	0	0	(3,343,663)	(4,002,244)
Basic Utility Services	(2,839,393)	(1,982,158)	0	0	(2,839,393)	(1,982,158)
Transportation	(14,973,096)	(13,287,441)	0	0	(14,973,096)	(13,287,441)
General Government	(7,532,794)	(6,591,856)	0	0	(7,532,794)	(6,591,856)
Interest and Fiscal Charges	(1,232,429)	(1,374,360)	0	0	(1,232,429)	(1,374,360)
Water Reclamation	0	0	(6,005,663)	(4,446,862)	(6,005,663)	(4,446,862)
Grantwood Recreation	0	0	(1,395,175)	(1,336,801)	(1,395,175)	(1,336,801)
<i>Total Program Expenses</i>	<u>(53,781,594)</u>	<u>(48,967,201)</u>	<u>(7,400,838)</u>	<u>(5,783,663)</u>	<u>(61,182,432)</u>	<u>(54,750,864)</u>
Special Item - Sale of Land	1,799,567	0	0	0	1,799,567	0
<i>Excess (Deficiency) before Transfers</i>	<u>8,300,430</u>	<u>9,109,720</u>	<u>(150,828)</u>	<u>1,420,628</u>	<u>8,149,602</u>	<u>10,530,348</u>
Transfers	(2,211,065)	(920,379)	2,211,065	920,379	0	0
<i>Change in Net Assets</i>	<u>6,089,365</u>	<u>8,189,341</u>	<u>2,060,237</u>	<u>2,341,007</u>	<u>8,149,602</u>	<u>10,530,348</u>
<i>Net Assets Beginning of Year</i>	<u>131,900,652</u>	<u>123,711,311</u>	<u>54,907,460</u>	<u>52,566,453</u>	<u>186,808,112</u>	<u>176,277,764</u>
<i>Net Assets End of Year</i>	<u>\$137,990,017</u>	<u>\$131,900,652</u>	<u>\$56,967,697</u>	<u>\$54,907,460</u>	<u>\$194,957,714</u>	<u>\$186,808,112</u>

**Governmental Activities**

The funding for governmental activities comes from several different sources, the most significant being municipal income tax. In addition, property tax, grants and entitlements and charges for

**City of Solon, Ohio**  
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services provide revenue for governmental activities. Governmental revenues and the special item exceeded governmental expenses and transfers by \$6,089,365 in 2008.

Capital grants, contributions and capital assessments had an increase of \$5,079,359 mainly due to an increase in special assessments for infrastructure related projects. There was also an increase in reimbursements from private companies for infrastructure related work done for their benefit.

The municipal income tax revenue for 2008 was \$37,416,449. It was 62.07 percent of the total governmental revenues and a 7.21 percent decrease from 2007. This decrease can be attributed to fewer pre-payments on business net profits tax. However, it should be noted that the employee withholding portion of the municipal income tax receivable did increase in 2008.

On the expense side, the largest program or function is security of persons and property. The total for 2008 was \$17,170,613. This was 31.93 percent of the governmental expenses. It is composed of three parts; \$8,558,640 for the Police Department, \$8,312,572 for the Fire Department and \$299,401 for the Prosecutor. The Fire Department had a 17.86 percent increase mainly due to higher employee salaries and benefits and maintenance expenditures for assets.

The next largest program or function is transportation. It totaled \$14,973,096 in 2008 and represented 27.84 percent of the total governmental expenses. It includes the maintenance of streets, storm sewers and other related infrastructure. There was a substantial increase from 2007 of \$1,685,655 because of the maintenance of infrastructure related assets and from another year's worth of depreciation expense.

Leisure time activities had a normal increase of \$222,473 between 2008 and 2007 because of personnel costs and additional programs. General government had an increase of \$940,938 because of additional operating expenditures.

### **Business-type Activities**

The City has two business-type operations. They are the Water Reclamation Plant (wastewater) and Grantwood (golf course) Recreation. The largest sources of revenue for both Water Reclamation and Grantwood Recreation in 2008 were charges for services in the respective amounts of \$5,332,920 and \$1,116,241. On the expense side, the largest expenses are for payroll and employee benefits for both operations.

The increase of \$1,558,801 in Water Reclamation expenses was due to increases in materials and supplies, contractual services, depreciation and other expenses.

### **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.

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As of the end of 2008, the City of Solon's governmental funds reported combined ending fund balances of \$46,138,366. Of that amount, \$45,276,766 is unreserved. The remainder of the 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.

All governmental funds had total revenues of \$56,398,511 and expenditures of \$55,898,421 under the modified accrual basis. The general fund is the main governmental and operating fund of the City. There was an overall decrease in the general fund's fund balance of \$2,003,955 between 2007 and 2008.

The infrastructure fund is the largest capital improvement governmental fund of the City. It receives one half of one percent of the City income tax (levy) to pay for new construction, repair and maintenance of the City's infrastructure. There was an overall increase in the infrastructure fund's fund balance of \$1,336,050 between 2007 and 2008.

*Business-type Funds* – report the City's Water Reclamation (wastewater) operation and Grantwood (golf course) Recreation Park on a full accrual basis. In 2008, the net assets for the Water Reclamation facility increased by \$308,323 and the net assets for Grantwood recreation increased by \$1,751,914.

### **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 2008, the general fund's actual revenue plus other financing sources exceeded the estimate by \$169,489 due to greater than anticipated transfers in. In addition, the general fund's actual expenditures plus other financing uses were \$3,094,104 under budget producing an overall positive variance of \$3,263,593.

### **Capital Assets**

The total capital assets, net of depreciation, for the City's governmental activities as of year end 2008 were \$107,451,180. This is a decrease of \$378,558 from 2007 and was mainly due to annual depreciation. The total capital assets, net of depreciation, for the City's business-type activities as of year end 2008 were \$64,606,850. This is a decrease of \$284,012 over 2007 and was mainly due to annual depreciation. For additional information, please see note 8 to the basic financial statements.

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

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
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(Table 3)  
 Capital Assets at December 31  
 (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$9,392,723	\$9,881,229	\$3,150,174	\$3,150,174	\$12,542,897	\$13,031,403
Construction in Progress	1,498,571	2,729,257	1,141,315	5,247,779	2,639,886	7,977,036
Land Improvements	764,064	769,373	15,309	12,552	779,373	781,925
Buildings	43,141,574	40,216,718	17,779,156	18,477,034	60,920,730	58,693,752
Furniture and Equipment	3,276,385	2,919,859	1,163,352	1,352,388	4,439,737	4,272,247
Vehicles	4,587,382	4,734,153	238,077	289,659	4,825,459	5,023,812
Infrastructure	44,790,481	46,579,149	41,119,467	36,361,276	85,909,948	82,940,425
<b>Total Capital Assets</b>	<b>\$107,451,180</b>	<b>\$107,829,738</b>	<b>\$64,606,850</b>	<b>\$64,890,862</b>	<b>\$172,058,030</b>	<b>\$172,720,600</b>

**Outstanding Obligations**

(Table 4)  
 Outstanding Obligations at Year End

	Governmental Activities		Business -Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	\$9,150,000	\$10,150,000	\$0	\$0	\$9,150,000	\$10,150,000
Special Assessment Bonds	325,818	401,537	0	0	325,818	401,537
Notes	5,739,897	9,400,888	0	0	5,739,897	9,400,888
OWDA Loans	12,007,462	12,603,477	13,110,071	14,275,277	25,117,533	26,878,754
OPWC Loans	350,855	411,503	0	0	350,855	411,503
Compensated Absences	3,477,366	3,365,118	561,357	601,556	4,038,723	3,966,674
Solon City School District	80,000	0	0	0	80,000	0
Claims Payable	75,333	71,286	0	0	75,333	71,286
<b>Total</b>	<b>\$31,206,731</b>	<b>\$36,403,809</b>	<b>\$13,671,428</b>	<b>\$14,876,833</b>	<b>\$44,878,159</b>	<b>\$51,280,642</b>

At year-end 2008, the City of Solon had a total of \$44,878,159 in outstanding obligations. This was a decrease of \$6,402,483 from year end 2007. 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 2008 in the amount of \$4,038,723.

Governmental activities have 69.54 percent of the obligations. This debt is serviced by property taxes that are credited to the bond retirement fund. Most of this debt was issued for the construction of new buildings such as the new Community Center (2002) and the new Fire Station No. 3 (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 9.0 percent in total outstanding obligations and it represents the dollar value of accumulated but unused sick leave and vacation time at year-end 2008. The liability represents amounts that will either be taken as leave or paid out upon termination or retirement. For additional information, please see notes 15 and 16 to the basic financial statements.

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

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**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 (cash basis) receipts by \$785,268, or from \$38,284,533 in 2007 to \$39,069,801 in 2008.

All three components of City income tax cash receipts, withholding, net profits and resident returns, were more in 2008 than in 2007. However, because January 2009 had a significant decline in net profit pre-payments, income tax receivable at year end 2008 was low causing the 2008 income tax revenue to be less than 2007.

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 52,373 W-2's submitted to our income tax division in 2008 compared to 51,404 received in 2007.

The City's property values remain stable. In 2001, Solon surpassed the \$1 billion mark in assessed property value which is about 35 percent of market value in Ohio. In 2008, the City issued 81 building permits for new residential units that had an aggregate market value of \$13.9 million and 388 permits for residential addition and alteration with an aggregate value of \$3.6 million. In addition, there was 1 new industrial and commercial permit and 242 industrial and commercial addition and alteration permits issued in 2008 with a total market value of \$19.4 million.

The City continues to have an aggressive economic development program. As of year end 2008, Solon had the following economic incentive agreements:

1. Thirteen (13) Enterprise Zone Agreements that created 429 jobs and retained 2,313 jobs.
2. One (1) Community Reinvestment Area that created 1,157 jobs and retained 698 jobs.
3. Twenty Two (22) Job Creation Grant Agreements that created 1,246 jobs and retained 967 jobs.

The financial statements of the City of Solon show that the City is still in a very strong cash position. The 2008 general fund cash and cash equivalent balance was \$25,093,752. This was 65.16 percent in relation to the 2008 expenditures and other financing uses of \$38,508,145.

Debt management has always been a priority of the City of Solon's elected officials. The City was notified by Standard & Poors on May 19, 2008 that they upgraded Solon's credit rating to AAA from AA+. In addition, Solon's current credit rating is Aa1 with Moody's.

**Requests for Information and Data**

This financial report is designed to provide a general overview of the City of Solon's finances for everyone with an interest. Questions concerning any of the information and data presented in this report, or requests for additional financial information, should be addressed to 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, 2008*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$50,398,641	\$6,104,018	\$56,502,659
Materials and Supplies Inventory	385,488	179,506	564,994
Accounts Receivable	272,686	216,589	489,275
Intergovernmental Receivable	1,502,436	0	1,502,436
Prepaid Items	143,907	0	143,907
Municipal Income Taxes Receivable	5,210,932	0	5,210,932
Property Taxes Receivable	4,257,450	0	4,257,450
Special Assessments Receivable	7,392,462	0	7,392,462
Nondepreciable Capital Assets	10,891,294	4,291,489	15,182,783
Depreciable Capital Assets, Net	96,559,886	60,315,361	156,875,247
<i>Total Assets</i>	<u>177,015,182</u>	<u>71,106,963</u>	<u>248,122,145</u>
<b>Liabilities</b>			
Accounts Payable	981,591	82,566	1,064,157
Accrued Wages	605,977	61,923	667,900
Contracts Payable	290,513	0	290,513
Intergovernmental Payable	772,802	29,952	802,754
Matured Compensated Absences Payable	21,900	0	21,900
Notes Payable	5,739,897	0	5,739,897
Accrued Interest Payable	217,093	212,621	429,714
Claims Payable	411,773	0	411,773
Deferred Revenue	4,124,869	0	4,124,869
Vacation Benefits Payable	391,916	80,776	472,692
Long-Term Liabilities:			
Due Within One Year	3,146,578	1,755,755	4,902,333
Due In More Than One Year	22,320,256	11,915,673	34,235,929
<i>Total Liabilities</i>	<u>39,025,165</u>	<u>14,139,266</u>	<u>53,164,431</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	92,250,325	51,496,779	143,747,104
Restricted for:			
Capital Projects	19,795,982	0	19,795,982
Debt Service	8,824,240	0	8,824,240
Street, Construction, Maintenance and Repair	1,084,825	0	1,084,825
Cable TV	553,060	0	553,060
Tree Planting	249,116	0	249,116
Landfill Improvement	1,400,493	0	1,400,493
Other Purposes	1,507,140	0	1,507,140
Unrestricted	12,324,836	5,470,918	17,795,754
<i>Total Net Assets</i>	<u>\$137,990,017</u>	<u>\$56,967,697</u>	<u>\$194,957,714</u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2008

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions and Capital Assessments
<b>Governmental Activities:</b>				
Security of Persons and Property				
Police	\$8,558,640	\$487,454	\$137,863	\$0
Fire	8,312,572	436,985	69,929	165,304
Prosecutor	299,401	19,725	0	0
Public Health and Welfare	82,050	5,406	0	0
Leisure Time Activities	6,607,556	3,081,121	91,771	711,572
Community Environment	3,343,663	157,036	18,906	0
Basic Utility Services	2,839,393	157,087	0	0
Transportation	14,973,096	325,144	1,087,124	4,744,398
General Government	7,532,794	455,053	0	121,542
Interest and Fiscal Charges	1,232,429	0	0	0
<i>Total Governmental Activities</i>	<u>53,781,594</u>	<u>5,125,011</u>	<u>1,405,593</u>	<u>5,742,816</u>
<b>Business-Type Activities:</b>				
Water Reclamation	6,005,663	5,842,685	0	0
Grantwood Recreation	1,395,175	1,329,215	585	0
<i>Total Business-Type Activities</i>	<u>7,400,838</u>	<u>7,171,900</u>	<u>585</u>	<u>0</u>
<i>Total</i>	<u>\$61,182,432</u>	<u>\$12,296,911</u>	<u>\$1,406,178</u>	<u>\$5,742,816</u>

**General Revenues**

Property Taxes Levied for:  
    General Purposes  
    Debt Service  
    Police Pension  
    Fire Pension  
    Service and Safety Equipment  
    Community Center  
Municipal Income Taxes Levied for:  
    General Purposes  
    Debt Service  
    Infrastructure  
    General Capital Improvements  
Grants and Entitlements not Restricted to Specific Programs  
Investment Income  
Miscellaneous

*Total General Revenues*

Special Item - Sale of Land  
Transfers

*Total General Revenues, Transfers and Special Item*

Change in Net Assets

*Net Assets Beginning of Year*

*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
(\$7,933,323)	\$0	(\$7,933,323)
(7,640,354)	0	(7,640,354)
(279,676)	0	(279,676)
(76,644)	0	(76,644)
(2,723,092)	0	(2,723,092)
(3,167,721)	0	(3,167,721)
(2,682,306)	0	(2,682,306)
(8,816,430)	0	(8,816,430)
(6,956,199)	0	(6,956,199)
(1,232,429)	0	(1,232,429)
(41,508,174)	0	(41,508,174)
0	(162,978)	(162,978)
0	(65,375)	(65,375)
0	(228,353)	(228,353)
(41,508,174)	(228,353)	(41,736,527)
931,232	0	931,232
1,933,192	0	1,933,192
474,758	0	474,758
711,430	0	711,430
457,470	0	457,470
305,922	0	305,922
28,158,976	0	28,158,976
3,607	0	3,607
9,179,725	0	9,179,725
74,141	0	74,141
2,389,085	0	2,389,085
2,807,067	0	2,807,067
582,432	77,525	659,957
48,009,037	77,525	48,086,562
1,799,567	0	1,799,567
(2,211,065)	2,211,065	0
47,597,539	2,288,590	49,886,129
6,089,365	2,060,237	8,149,602
131,900,652	54,907,460	186,808,112
<u>\$137,990,017</u>	<u>\$56,967,697</u>	<u>\$194,957,714</u>

**City of Solon, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2008*

	General	General Obligation Bond Retirement	Infrastructure	Community Center	Building Construction
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$25,013,225	\$1,485,082	\$13,355,759	\$131,095	\$968,120
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	80,527	0	0	0	0
Materials and Supplies Inventory	385,488	0	0	0	0
Accounts Receivable	154,564	0	47,989	0	0
Intergovernmental Receivable	777,788	114,795	0	0	0
Prepaid Items	143,907	0	0	0	0
Special Assessments Receivable	0	7,392,462	0	0	0
Municipal Income Taxes Receivable	3,894,878	0	1,298,293	0	0
Property Taxes Receivable	536,132	2,251,756	0	0	0
<b>Total Assets</b>	<b>\$30,986,509</b>	<b>\$11,244,095</b>	<b>\$14,702,041</b>	<b>\$131,095</b>	<b>\$968,120</b>
<b>Liabilities</b>					
Accounts Payable	\$875,975	\$0	\$0	\$7,501	\$2,448
Accrued Wages	564,796	0	0	0	0
Contracts Payable	0	0	290,513	0	0
Intergovernmental Payable	261,159	0	0	0	0
Accrued Interest Payable	0	0	0	8,869	9,854
Matured Compensated Absences Payable	21,900	0	0	0	0
Claims Payable	411,773	0	0	0	0
Deferred Revenue	2,339,490	9,759,013	428,341	0	0
Notes Payable	0	0	0	2,718,752	3,021,145
<b>Total Liabilities</b>	<b>4,475,093</b>	<b>9,759,013</b>	<b>718,854</b>	<b>2,735,122</b>	<b>3,033,447</b>
<b>Fund Balances</b>					
Reserved for Encumbrances	326,058	0	329,049	0	1,919
Reserved for Unclaimed Monies	80,527	0	0	0	0
Unreserved, Undesignated, Reported in:					
General Fund	26,104,831	0	0	0	0
Special Revenue Funds	0	0	0	0	0
Debt Service Fund	0	1,485,082	0	0	0
Capital Projects Funds (Deficit)	0	0	13,654,138	(2,604,027)	(2,067,246)
<b>Total Fund Balances</b>	<b>26,511,416</b>	<b>1,485,082</b>	<b>13,983,187</b>	<b>(2,604,027)</b>	<b>(2,065,327)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$30,986,509</b>	<b>\$11,244,095</b>	<b>\$14,702,041</b>	<b>\$131,095</b>	<b>\$968,120</b>

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, 2008*

Other Governmental Funds	Total Governmental Funds		
		<b>Total Governmental Funds Balances</b>	<b>\$46,138,366</b>
		<b>Amounts reported for governmental activities in the statement of net assets are different because</b>	
\$9,302,725	\$50,256,006	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	107,451,180
0	80,527	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
0	385,488	Property Taxes	132,581
70,133	272,686	Municipal Income Taxes	1,719,435
609,853	1,502,436	Intergovernmental	1,061,005
0	143,907	Special Assessments	7,392,462
0	7,392,462	Miscellaneous	<u>90,000</u>
17,761	5,210,932		
<u>1,469,562</u>	<u>4,257,450</u>	Total	10,395,483
<u>\$11,470,034</u>	<u>\$69,501,894</u>		
		An internal service fund is used by management to charge the costs of workers' compensation to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	
\$95,667	\$981,591	Net Assets	(13,225)
41,181	605,977	Claims Payable	<u>75,333</u>
0	290,513		
511,643	772,802	Total	62,108
0	18,723		
0	21,900	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(198,370)
0	411,773		
1,993,508	14,520,352	Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(391,916)
<u>0</u>	<u>5,739,897</u>		
<u>2,641,999</u>	<u>23,363,528</u>	Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds:	
		Compensated Absences	(3,477,366)
124,047	781,073	General Obligation Bonds	(9,150,000)
0	80,527	Special Assessment Bonds	(325,818)
0	26,104,831	OWDA Loan Payable	(12,007,462)
4,488,030	4,488,030	OPWC Loan Payable	(350,855)
0	1,485,082	Solon City School District	(80,000)
<u>4,215,958</u>	<u>13,198,823</u>	Claims Payable	<u>(75,333)</u>
<u>8,828,035</u>	<u>46,138,366</u>	Total	<u>(25,466,834)</u>
<u>\$11,470,034</u>	<u>\$69,501,894</u>	<b>Net Assets of Governmental Activities</b>	<b><u>\$137,990,017</u></b>

**City of Solon, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2008*

	General	General Obligation Bond Retirement	Infrastructure	Community Center	Building Construction
<b>Revenues</b>					
Property Taxes	\$935,798	\$1,952,369	\$0	\$305,922	\$0
Municipal Income Taxes	28,507,041	4,441	9,295,747	0	0
Special Assessments	0	413,539	0	581,983	126,031
Intergovernmental	2,046,294	254,304	138,952	129,589	0
Investment Income	2,802,681	0	0	0	0
Fees, Licenses and Permits	549,644	11,292	0	0	0
Fines and Forfeitures	401,852	0	0	0	0
Rentals	0	0	0	0	0
Charges for Services	949,375	0	0	0	0
Contributions and Donations	0	0	0	0	0
Miscellaneous	297,330	16,124	201,878	0	0
<i>Total Revenues</i>	<u>36,490,015</u>	<u>2,652,069</u>	<u>9,636,577</u>	<u>1,017,494</u>	<u>126,031</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property					
Police	7,280,088	0	0	0	0
Fire	6,639,938	0	0	0	0
Prosecutor	299,953	0	0	0	0
Public Health and Welfare	82,050	0	0	0	0
Leisure Time Activities	105,018	0	0	0	0
Community Environment	2,364,779	0	0	0	0
Basic Utility Services	2,005,724	0	0	0	0
Transportation	4,935,351	0	0	0	0
General Government	6,272,264	14,154	0	0	0
Capital Outlay	0	0	7,839,879	133,001	2,736,727
Debt Service:					
Principal Retirement	0	1,371,734	360,648	0	0
Interest and Fiscal Charges	0	855,919	100,000	122,664	135,616
<i>Total Expenditures</i>	<u>29,985,165</u>	<u>2,241,807</u>	<u>8,300,527</u>	<u>255,665</u>	<u>2,872,343</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,504,850</u>	<u>410,262</u>	<u>1,336,050</u>	<u>761,829</u>	<u>(2,746,312)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	14,175	0	0	0	0
Transfers In	0	0	0	100,000	1,300,000
Transfers Out	(8,522,980)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(8,508,805)</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>1,300,000</u>
<b>Special Item</b>					
Proceeds from Sale of Land	0	0	0	0	0
<i>Net Change in Fund Balances</i>	<u>(2,003,955)</u>	<u>410,262</u>	<u>1,336,050</u>	<u>861,829</u>	<u>(1,446,312)</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>28,515,371</u>	<u>1,074,820</u>	<u>12,647,137</u>	<u>(3,465,856)</u>	<u>(619,015)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$26,511,416</u>	<u>\$1,485,082</u>	<u>\$13,983,187</u>	<u>(\$2,604,027)</u>	<u>(\$2,065,327)</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, 2008*

Other Governmental Funds	Total Governmental Funds		
		<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$1,095,427
		<b>Amounts reported for governmental activities in the statement of activities are different because</b>	
\$1,656,181	\$4,850,270	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
68,070	37,875,299	Capital Outlay	5,791,651
0	1,121,553	Depreciation	<u>(5,413,207)</u>
1,427,453	3,996,592	Total	378,444
4,386	2,807,067	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(757,002)
295,262	856,198	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
0	401,852	Property Taxes	(36,266)
18,525	18,525	Municipal Income Taxes	(458,850)
2,809,061	3,758,436	Intergovernmental	97,155
130,287	130,287	Special Assessments	4,191,907
67,100	582,432	Charges for Services	<u>90,000</u>
		Total	3,883,946
<u>6,476,325</u>	<u>56,398,511</u>	Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,732,382
		Some expenses reported in the statement of activities, such as accrued interest do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	13,979
705,773	7,985,861	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
1,110,365	7,750,303	Compensated Absences	(112,248)
0	299,953	Vacation Benefits Payable	(58,116)
0	82,050	Solon City School District	(80,000)
5,795,886	5,900,904	Claims Payable	<u>(4,047)</u>
951,907	3,316,686	Total	(254,411)
67,573	2,073,297	The internal service funds used by management are not reported in the City-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.	
1,008,000	5,943,351	Change in Net Assets	(7,447)
0	6,286,418	Claims Payable	<u>4,047</u>
2,571,201	13,280,808	Total	<u>(3,400)</u>
0	1,732,382	<i>Change in Net Assets of Governmental Activities</i>	<u>\$6,089,365</u>
32,209	1,246,408		
<u>12,242,914</u>	<u>55,898,421</u>		
<u>(5,766,589)</u>	<u>500,090</u>		
0	14,175		
6,944,130	8,344,130		
<u>(1,758,138)</u>	<u>(10,281,118)</u>		
<u>5,185,992</u>	<u>(1,922,813)</u>		
<u>2,518,150</u>	<u>2,518,150</u>		
1,937,553	1,095,427		
<u>6,890,482</u>	<u>45,042,939</u>		
<u>\$8,828,035</u>	<u>\$46,138,366</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, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$805,184	\$823,431	\$941,672	\$118,241
Municipal Income Taxes	29,066,672	29,887,500	29,457,301	(430,199)
Intergovernmental	1,562,639	1,594,640	1,908,163	313,523
Investment Income	2,173,867	2,220,000	2,175,140	(44,860)
Fees, Licenses and Permits	604,864	617,700	547,634	(70,066)
Fines and Forfeitures	364,253	370,600	397,231	26,631
Charges for Services	958,386	979,025	946,769	(32,256)
Miscellaneous	128,375	131,100	292,606	161,506
<i>Total Revenues</i>	<u>35,664,240</u>	<u>36,623,996</u>	<u>36,666,516</u>	<u>42,520</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	7,420,005	7,600,767	7,273,495	327,272
Fire	6,608,211	6,766,697	6,611,800	154,897
Prosecutor	406,472	419,465	339,447	80,018
Public Health and Welfare	91,310	94,500	82,050	12,450
Leisure Time Activities	105,018	105,018	105,018	0
Community Environment	2,593,429	2,492,967	2,373,292	119,675
Basic Utility Services	1,695,356	1,887,442	1,803,272	84,170
Transportation	5,743,207	6,095,745	5,386,590	709,155
General Government	7,647,063	7,929,904	6,775,205	1,154,699
<i>Total Expenditures</i>	<u>32,310,071</u>	<u>33,392,505</u>	<u>30,750,169</u>	<u>2,642,336</u>
<i>Excess of Revenues Over Expenditures</i>	<u>3,354,169</u>	<u>3,231,491</u>	<u>5,916,347</u>	<u>2,684,856</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	14,175	14,175	14,175	0
Transfers In	1,631,169	1,631,169	1,758,138	126,969
Transfers Out	(7,991,503)	(8,974,748)	(8,522,980)	451,768
<i>Total Other Financing Sources (Uses)</i>	<u>(6,346,159)</u>	<u>(7,329,404)</u>	<u>(6,750,667)</u>	<u>578,737</u>
<i>Net Change in Fund Balance</i>	(2,991,990)	(4,097,913)	(834,320)	3,263,593
<i>Fund Balance Beginning of Year</i>	23,280,071	23,280,071	23,280,071	0
Prior Year Encumbrances Appropriated	1,026,133	1,026,133	1,026,133	0
<i>Fund Balance End of Year</i>	<u>\$21,314,214</u>	<u>\$20,208,291</u>	<u>\$23,471,884</u>	<u>\$3,263,593</u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*December 31, 2008*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Assets</b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$5,839,712	\$264,306	\$6,104,018	\$62,108
Materials and Supplies Inventory	167,086	12,420	179,506	0
Accounts Receivable	214,027	2,562	216,589	0
<i>Total Current Assets</i>	<u>6,220,825</u>	<u>279,288</u>	<u>6,500,113</u>	<u>62,108</u>
<i>Noncurrent Assets:</i>				
Nondepreciable Capital Assets	1,909,325	2,382,164	4,291,489	0
Depreciable Capital Assets, Net	59,692,348	623,013	60,315,361	0
<i>Total Noncurrent Assets</i>	<u>61,601,673</u>	<u>3,005,177</u>	<u>64,606,850</u>	<u>0</u>
<i>Total Assets</i>	<u>67,822,498</u>	<u>3,284,465</u>	<u>71,106,963</u>	<u>62,108</u>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts Payable	64,137	18,429	82,566	0
Accrued Wages	48,500	13,423	61,923	0
Intergovernmental Payable	23,775	6,177	29,952	0
Accrued Interest Payable	212,621	0	212,621	0
Compensated Absences Payable	96,259	191,062	287,321	0
Vacation Benefits Payable	55,369	25,407	80,776	0
OWDA Loans Payable	1,468,434	0	1,468,434	0
Claims Payable	0	0	0	72,933
<i>Total Current Liabilities</i>	<u>1,969,095</u>	<u>254,498</u>	<u>2,223,593</u>	<u>72,933</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	263,230	10,806	274,036	0
OWDA Loans Payable	11,641,637	0	11,641,637	0
Claims Payable	0	0	0	2,400
<i>Total Long-Term Liabilities</i>	<u>11,904,867</u>	<u>10,806</u>	<u>11,915,673</u>	<u>2,400</u>
<i>Total Liabilities</i>	<u>13,873,962</u>	<u>265,304</u>	<u>14,139,266</u>	<u>75,333</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	48,491,602	3,005,177	51,496,779	0
Unrestricted (Deficit)	5,456,934	13,984	5,470,918	(13,225)
<i>Total Net Assets</i>	<u>\$53,948,536</u>	<u>\$3,019,161</u>	<u>\$56,967,697</u>	<u>(\$13,225)</u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2008*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Operating Revenues</b>				
Charges for Services	\$5,332,920	\$1,116,241	\$6,449,161	\$300,000
Tap-In Fees	509,765	0	509,765	0
Rentals	0	212,974	212,974	0
Contributions and Donations	0	585	585	0
Miscellaneous	27,012	50,513	77,525	0
<i>Total Operating Revenues</i>	<u>5,869,697</u>	<u>1,380,313</u>	<u>7,250,010</u>	<u>300,000</u>
<b>Operating Expenses</b>				
Personal Services	1,924,246	681,851	2,606,097	0
Materials and Supplies	420,175	246,468	666,643	0
Contractual Services	1,286,157	178,512	1,464,669	230,467
Depreciation	1,828,649	48,253	1,876,902	0
Claims	0	0	0	76,980
Other	17,617	240,091	257,708	0
<i>Total Operating Expenses</i>	<u>5,476,844</u>	<u>1,395,175</u>	<u>6,872,019</u>	<u>307,447</u>
<i>Operating Income (Loss)</i>	392,853	(14,862)	377,991	(7,447)
<b>Non-Operating Expenses</b>				
Interest and Fiscal Charges	(528,819)	0	(528,819)	0
<i>Loss before Transfers and Capital Contributions</i>	(135,966)	(14,862)	(150,828)	(7,447)
Capital Contributions	274,077	0	274,077	0
Transfers In	170,212	1,766,776	1,936,988	0
<i>Change in Net Assets</i>	308,323	1,751,914	2,060,237	(7,447)
<i>Net Assets Beginning of Year</i>	<u>53,640,213</u>	<u>1,267,247</u>	<u>54,907,460</u>	<u>(5,778)</u>
<i>Net Assets End of Year</i>	<u>\$53,948,536</u>	<u>\$3,019,161</u>	<u>\$56,967,697</u>	<u>(\$13,225)</u>

See accompanying notes to the basic financial statements



**City of Solon, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
*For the Year Ended December 31, 2008*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$5,545,123	\$1,116,241	\$6,661,364	\$0
Cash Received from Tap-In Fees	509,765	0	509,765	0
Cash Received from Rentals	0	215,515	215,515	0
Cash Received from Interfund Services Provided	0	0	0	300,000
Cash Received from Other Sources and Donations	27,012	51,098	78,110	0
Cash Payments to Employees for Services and Benefits	(1,958,579)	(691,353)	(2,649,932)	0
Cash Payments for Goods and Services	(1,711,444)	(412,401)	(2,123,845)	(230,467)
Cash Payments for Claims	0	0	0	(72,933)
Cash Payments for Other Operating Expenses	(17,617)	(240,091)	(257,708)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>2,394,260</u>	<u>39,009</u>	<u>2,433,269</u>	<u>(3,400)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers In	170,212	8,638	178,850	0
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from OWDA Loans	176,000	0	176,000	0
Acquisition of Capital Assets	(1,293,538)	(25,275)	(1,318,813)	0
Principal Paid on OWDA Loans	(1,341,206)	0	(1,341,206)	0
Interest Paid on OWDA Loans	(552,470)	0	(552,470)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(3,011,214)</u>	<u>(25,275)</u>	<u>(3,036,489)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(446,742)	22,372	(424,370)	(3,400)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>6,286,454</u>	<u>241,934</u>	<u>6,528,388</u>	<u>65,508</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$5,839,712</u>	<u>\$264,306</u>	<u>\$6,104,018</u>	<u>\$62,108</u>

(continued)

**City of Solon, Ohio**  
*Statement of Cash Flows*  
*Enterprise Funds (continued)*  
For the Year Ended December 31, 2008

	Business-type Activities			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating Income (Loss)	\$392,853	(\$14,862)	\$377,991	(\$7,447)
Adjustments:				
Depreciation	1,828,649	48,253	1,876,902	0
(Increase) Decrease in Assets:				
Accounts Receivable	212,203	2,541	214,744	0
Materials and Supplies Inventory	(37,057)	(2,088)	(39,145)	0
Increase (Decrease) in Liabilities:				
Accounts Payable	37,338	14,959	52,297	0
Accrued Wages	2,239	111	2,350	0
Claims Payable	0	0	0	4,047
Compensated Absences Payable	(29,608)	(10,591)	(40,199)	0
Vacation Benefits Payable	(86)	3,054	2,968	0
Intergovernmental Payable	(12,271)	(2,368)	(14,639)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$2,394,260</u>	<u>\$39,009</u>	<u>\$2,433,269</u>	<u>(\$3,400)</u>

**Noncash Capital Financing Activities**

During 2008, the infrastructure capital projects fund paid \$274,077 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, 2008*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	\$1,080,615
Cash and Cash Equivalents in Segregated Accounts	<u>47,063</u>
<i>Total Assets</i>	<u><u>\$1,127,678</u></u>

**Liabilities**

Intergovernmental Payable	\$47,063
Deposits Held and Due to Others	<u>1,080,615</u>
<i>Total Liabilities</i>	<u><u>\$1,127,678</u></u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**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 14 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, 2008*

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**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 activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. 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, 2008*

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**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.

**Building Construction Fund** The building construction fund accounts 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.

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.

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

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

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

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

**Fiduciary Funds** Fiduciary fund reporting focuses on net 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, provide scholarships for students in the DARE program and to distribute income tax revenues to Bainbridge Township.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**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.

**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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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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.

**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, 2007, but which were levied to finance year 2008 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 2008, investments were limited to repurchase agreements, federal home loan bank bonds, federal home loan mortgage corporation notes, federal national mortgage association notes, federal farm credit bank notes, U.S. treasury 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, 2008.



**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2008 amounted to \$2,802,681, which includes \$1,556,017 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.

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2008, 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. Restricted Assets***

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

***I. 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.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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 2008, 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.

**J. Interfund Balances**

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund balance amounts are eliminated in the statement of net assets.

**K. 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.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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***L. 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.

***M. 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 and unclaimed monies. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

***N. 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. 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.

***O. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water reclamation, the Grantwood golf course and workers' compensation program. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

***P. Contributions of Capital***

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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***Q. Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities.

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.

***R. 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.

***S. 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. During 2008, the City received \$2,518,150 for the sale of land recorded as a special item.

***T. 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.

***U. 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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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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 – Change in Accounting Principle**

For 2008, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations". GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of this Statement did not result in any change to the City's financial statements.

### **Note 4 - Budgetary Basis of Accounting**

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

- a) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- b) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- c) Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
- d) Investments are reported at cost (budget) rather than at fair value (GAAP).

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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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	(\$2,003,955)
Net Adjustment for Revenue Accruals	2,562,180
Beginning Fair Value Adjustment for Investments	(192,808)
Ending Fair Value Adjustment for Investments	(434,733)
Net Adjustment for Expenditure Accruals	422,131
Encumbrances	<u>(1,187,135)</u>
Budget Basis	<u><u>(\$834,320)</u></u>

**Note 5 – Fund Deficits**

The community center and the building construction capital projects funds have deficit fund balances as of December 31, 2008 in the amounts of \$2,604,027 and \$2,065,327 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.

**Note 6 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;
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);
7. The State Treasurer's investment pool (STAROhio); and
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, \$7,927,238 of the City's bank balance of \$8,122,037 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.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**Investments**

Investments are reported at fair value. As of December 31, 2008, the City had the following investments:

	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	\$980,000	\$0	\$0	\$980,000
Federal Home Loan Bank Bonds	0	2,078,120	4,169,390	6,247,510
Federal Home Loan Mortgage Corporation Notes	1,088,974	5,427,270	16,075,530	22,591,774
Federal National Mortgage Association Notes	0	3,027,510	11,198,790	14,226,300
Federal Farm Credit Bank Notes	0	2,009,380	0	2,009,380
US Treasury Notes	944,510	0	0	944,510
STAROhio	3,000,954	0	0	3,000,954
Total Portfolio	<u>\$6,014,438</u>	<u>\$12,542,280</u>	<u>\$31,443,710</u>	<u>\$50,000,428</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 Mortgage Corporation Notes, Federal National Mortgage Association Notes and Federal Farm Credit Bank 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, 2008:

Investment	Percentage of Investments
Federal Home Loan Bank Bonds	12.49 %
Federal Home Loan Mortgage Corporation Notes	45.18
Federal National Mortgage Association Notes	28.45
STAROhio	6.00



**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**Note 7 – Receivables**

Receivables at December 31, 2008, consisted of property 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 receivables except property taxes and special assessments are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$6,603,890 in the general obligation bond retirement fund. At December 31, 2008, the amount of delinquent special assessments was \$43,369.

**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 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) is for 2008 taxes.

2008 real property taxes are levied after October 1, 2008 on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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.

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. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to 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, 2008 was \$4.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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Real Estate	
Residential/Agricultural	\$818,302,740
Other Real Estate	310,589,710
Tangible Personal Property	
Public Utility	14,928,660
General	<u>45,480,645</u>
Total	<u><u>\$1,189,301,755</u></u>

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, 2008 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 2008 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 2008, 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:

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

Governmental Activities	Amount
Local Government	\$404,294
Gasoline Tax	279,375
Estate Tax	244,794
Homestead and Rollback	215,429
Cents per Gallon	132,035
Auto Regulation	119,884
Prisoner Housing	63,094
Violations Bureau	31,206
State of Ohio	7,186
Village of Chagrin Falls	2,318
Solon City School District	1,069
County Auditor	835
Village of Glenwillow	777
Bureau of Motor Vehicles	140
Total Intergovernmental Receivables	<u>\$1,502,436</u>

**Note 8 - Capital Assets**

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$9,881,229	\$230,077	(\$718,583)	\$9,392,723
Construction in progress	2,729,257	3,668,541	(4,899,227)	1,498,571
Total Capital Assets Not Being Depreciated	12,610,486	3,898,618	(5,617,810)	10,891,294
Capital Assets Being Depreciated				
Land improvements	1,247,940	60,136	0	1,308,076
Buildings	51,281,832	4,328,101	0	55,609,933
Equipment and Furniture	5,481,093	853,423	(55,478)	6,279,038
Vehicles	10,198,071	709,544	(79,309)	10,828,306
Infrastructure	98,155,606	841,056	(195,989)	98,800,673
Total Capital Assets Being Depreciated	166,364,542	6,792,260	(330,776)	172,826,026
Less Accumulated Depreciation				
Land improvements	(478,567)	(65,445)	0	(544,012)
Buildings	(11,065,114)	(1,403,245)	0	(12,468,359)
Equipment and Furniture	(2,561,234)	(496,897)	55,478	(3,002,653)
Vehicles	(5,463,918)	(856,315)	79,309	(6,240,924)
Infrastructure	(51,576,457)	(2,591,305)	157,570	(54,010,192)
Total Accumulated Depreciation	(71,145,290)	(5,413,207) *	292,357	(76,266,140)
Capital Assets Being Depreciated, net	95,219,252	1,379,053	(38,419)	96,559,886
Governmental Activities Capital Assets, net	<u>\$107,829,738</u>	<u>\$5,277,671</u>	<u>(\$5,656,229)</u>	<u>\$107,451,180</u>

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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	Balance 12/31/07	Additions	Reductions	Balance 12/31/08
<b>Business Type Activities:</b>				
Capital Assets Not Being Depreciated				
Land	\$3,150,174	\$0	\$0	\$3,150,174
Construction in progress	5,247,779	1,556,400	(5,662,864)	1,141,315
<b>Total Capital Assets Not Being Depreciated</b>	<b>8,397,953</b>	<b>1,556,400</b>	<b>(5,662,864)</b>	<b>4,291,489</b>
Capital Assets Being Depreciated				
Land Improvements	248,407	7,700	0	256,107
Buildings	28,010,140	0	0	28,010,140
Equipment and Furniture	5,876,465	28,790	0	5,905,255
Vehicles	725,729	0	0	725,729
Infrastructure	50,805,398	5,662,864	0	56,468,262
<b>Total Capital Assets Being Depreciated</b>	<b>85,666,139</b>	<b>5,699,354</b>	<b>0</b>	<b>91,365,493</b>
Less Accumulated Depreciation				
Land Improvements	(235,855)	(4,943)	0	(240,798)
Buildings	(9,533,106)	(697,878)	0	(10,230,984)
Equipment and Furniture	(4,524,077)	(217,826)	0	(4,741,903)
Vehicles	(436,070)	(51,582)	0	(487,652)
Infrastructure	(14,444,122)	(904,673)	0	(15,348,795)
<b>Total Accumulated Depreciation</b>	<b>(29,173,230)</b>	<b>(1,876,902)</b>	<b>0</b>	<b>(31,050,132)</b>
<b>Capital Assets Being Depreciated, net</b>	<b>56,492,909</b>	<b>3,822,452</b>	<b>0</b>	<b>60,315,361</b>
<b>Business Type Activities</b>				
<b>Capital Assets, net</b>	<b>\$64,890,862</b>	<b>\$5,378,852</b>	<b>(\$5,662,864)</b>	<b>\$64,606,850</b>

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

Security of Persons and Property	
Police	\$501,092
Fire	488,992
Leisure Time Activities	665,097
Community Environment	21,015
Transportation	2,591,305
Basic Utility Service	754,073
General Government	391,633
<b>Total Depreciation Expense</b>	<b>\$5,413,207</b>

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**Note 9 - 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, 2008.

**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 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 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.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**B. Workers' Compensation**

On July 3, 2007, the City was approved for self-insured status by the Bureau of Workers' Compensation and began to administer its own workers' compensation program (the program). The City has established a workers' compensation internal service fund to account for assets set aside for claim settlements and related liabilities associated with the program. Liabilities of the fund are reported when an employee injury has occurred, it is probable that a claim will be filed under the program, and the amount of the claim can be reasonably estimated. The City utilizes the services of Sedgwick Claims Management Services, the third party administrator, to review, process, and pay employee claims. The City also maintains excess insurance coverage which would pay the portion of claims that exceed \$600,000 per occurrence for police officers, \$500,000 per occurrence for fire fighters and \$400,000 per occurrence for all other employees.

The claims liability of \$75,333 reported in the fund at December 31, 2008, is based on the requirements of GASB statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount for 2007 and 2008 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2007	\$0	\$108,327	\$37,041	\$71,286
2008	71,286	76,980	72,933	75,333

**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 \$225 single and \$450 family deductible, and then are covered 100 percent. Medical claims out of network are subject to \$450 single and \$900 family deductible followed by 80/20 percent coinsurance for the next \$1,000 single and \$2,000 family, then 100 percent. Prescriptions are subject to a co-pay of \$10 generic, \$20 formulary, and \$40 non-formulary. The City has stop loss coverage at \$75,000 per family per year and a calculated aggregate maximum for the 2008 plan year of \$3,386,548.

The claims liability of \$411,773 reported in the general fund at December 31, 2008 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 2007 and 2008 were:

**City of Solon, Ohio**  
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	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2007	\$254,260	\$2,655,448	\$2,704,528	\$205,180
2008	205,180	3,353,672	3,147,079	411,773

**Note 11 - Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.4 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 year ended December 31, 2008, 2007, and 2006 were \$932,626, \$1,081,131, and \$1,113,082, respectively; 89.75 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$42,554 made by the City and \$30,396 made by plan members.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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***B. Ohio Police and Fire Pension Fund***

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

Funding Policy – Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24.0 percent for firefighters. Contribution rates are established by State statute. For 2008, a portion of the City's contributions equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's contributions to OP&F for police and firefighters were \$427,861 and \$796,713 for the year ended December 31, 2008, \$417,168 and \$760,923 for the year ended December 31, 2007, and \$497,017 and \$507,150 for the year ended December 31, 2006. 68.95 percent for police and 69.48 percent for firefighters has been contributed for 2008. The full amount has been contributed for 2007 and 2006.

**Note 12 - Postemployment Benefits**

***A. Ohio Public Employees Retirement System***

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age-and-service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to the traditional and combined plans is set aside for the funding of post-retirement health care.



**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.0 percent of covered payroll (17.40 percent for public safety and law enforcement). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$932,626, \$712,122, and \$544,442, respectively; 89.75 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

***B. Police and Firemen's Disability and Pension Fund***

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – OP&F's post-employment health care plan was established and is administered as an Internal Revenue Code 410(h) account within the defined benefit plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree health care

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$226,515 and \$311,757 for the year ended December 31, 2008, \$220,854 and \$297,752 for the year ended December 31, 2007, and \$327,819 and \$241,872 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 68.95 percent has been contributed for police and 69.48 percent has been contributed for firefighters for 2008.

**Note 13 – Compensated Absences**

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

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

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

**Note 14 – Shared Risk Pool**

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

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.

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

In 2008, the City of Solon paid \$294,325 in premiums from the general fund, which represents 20.19 percent of the total premiums paid by all members. 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 15 - Note Debt**

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

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08
2.75% Community Center Fund	\$3,700,000	\$2,700,000	\$3,700,000	\$2,700,000
Unamortized Premium	6,263	21,256	8,767	18,752
2.75% Building Construction Fund	4,000,000	3,000,000	4,000,000	3,000,000
Unamortized Premium	3,914	23,969	6,738	21,145
4.125% General Capital Improvements Fund	1,690,000	0	1,690,000	0
Unamortized Premium	711	0	711	0
<b>Total</b>	<b>\$9,400,888</b>	<b>\$5,745,225</b>	<b>\$9,406,216</b>	<b>\$5,739,897</b>

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.

In 2008, the City issued \$2,700,000 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 \$21,256. These notes mature on November 19, 2009.

In 2008, the City issued \$3,000,000 in Various Improvement bond anticipation notes for various construction projects throughout the City. The building construction note was issued at a premium of \$23,969. These notes mature on November 19, 2009.

In 2007, the City issued \$1,690,000 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 \$1,482. These notes fully matured on June 25, 2008.

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

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

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08	Amounts Due in One Year
<b>Governmental Activities</b>					
<b>General Obligation Bonds</b>					
1997 \$3,700,000 - 5.70%					
Library Building	\$2,250,000	\$0	(\$190,000)	\$2,060,000	\$205,000
2002 \$12,235,000 - 3.00% to 4.60%					
Community Center	7,900,000	0	(810,000)	7,090,000	835,000
<i>Total General Obligation Bonds</i>	<u>10,150,000</u>	<u>0</u>	<u>(1,000,000)</u>	<u>9,150,000</u>	<u>1,040,000</u>
<b>Special Assessment Bonds with Governmental Commitment</b>					
1992 \$1,500,000 - 6.31%					
County Issued Miles Sewer	401,537	0	(75,719)	325,818	78,013
<b>OWDA Loans</b>					
1993 \$5,894,814 - 4.30%					
Northeast Pump	973,514	0	(145,492)	828,022	151,815
1997 \$1,249,104 - 4.16%					
Aurora/Liberty Sanitary Sewer	689,348	0	(64,598)	624,750	67,313
2004 \$5,861,485 - 1.87%					
Aurora Road West Draw	4,954,046	0	(267,808)	4,686,238	271,706
2006 \$6,329,372 - 3.35%					
Aurora East Sewer Project	5,986,569	0	(118,117)	5,868,452	242,202
<i>Total OWDA Loans</i>	<u>12,603,477</u>	<u>0</u>	<u>(596,015)</u>	<u>12,007,462</u>	<u>733,036</u>
<b>OPWC Loans</b>					
1996 \$952,295 - 0%					
Solon Allotment	333,302	0	(47,615)	285,687	47,615
1999 \$195,500 - 0%					
Cochran Project	78,201	0	(13,033)	65,168	13,033
<i>Total OPWC Loans</i>	<u>411,503</u>	<u>0</u>	<u>(60,648)</u>	<u>350,855</u>	<u>60,648</u>
<b>Other Long-term Obligations</b>					
Compensated Absences	3,365,118	323,063	(210,815)	3,477,366	1,141,948
Solon City School District	0	100,000	(20,000)	80,000	20,000
Claims Payable	71,286	76,980	(72,933)	75,333	72,933
<i>Total Other Long-term Obligations</i>	<u>3,436,404</u>	<u>500,043</u>	<u>(303,748)</u>	<u>3,632,699</u>	<u>1,234,881</u>
<i>Total General Long-term Obligations</i>	<u>\$27,002,921</u>	<u>\$500,043</u>	<u>(\$2,036,130)</u>	<u>\$25,466,834</u>	<u>\$3,146,578</u>

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08	Amounts Due in One Year
<b>Business-type Activities</b>					
<b>OWDA Loans</b>					
1971 \$509,646 - 6.25%					
Treatment Plant Expansion	\$107,136	\$0	(\$28,245)	\$78,891	\$30,011
1993 \$5,894,814 - 4.30%					
Northeast Pump	1,344,375	0	(200,917)	1,143,458	209,650
1996 \$18,763,183 - 3.04%					
Treatment Plant Upgrade and Expansion	8,989,383	0	(1,008,622)	7,980,761	1,039,517
1997 \$401,178 - 3.54%					
Treatment Plant Upgrade and Expansion	201,789	0	(22,237)	179,552	23,031
2006 \$4,406,906 - 3.15%					
Trickling Filter Rehabilitation	3,632,594	176,000	(81,185)	3,727,409	166,225
<i>Total OWDA Loans</i>	<u>14,275,277</u>	<u>176,000</u>	<u>(1,341,206)</u>	<u>13,110,071</u>	<u>1,468,434</u>
<b>Other Long-term Liabilities</b>					
Compensated Absences	601,556	36,841	(77,040)	561,357	287,321
<i>Total Business-type Activities</i>	<u>\$14,876,833</u>	<u>\$212,841</u>	<u>(\$1,418,246)</u>	<u>\$13,671,428</u>	<u>\$1,755,755</u>

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 unvoted 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.

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

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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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.

During 2008, the City assumed a loan initially between an independent contractor towards the Solon City School District for nonpayment. The contractor has agreed to compensate the City over a ten year period while the City repays the loan over a five year period.

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 \$4,406,906 for the Trickling 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.

The City's overall legal debt margin was \$111,160,911 with an unvoted debt margin of \$53,755,824 at December 31, 2008. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2008 are as follows:

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

*Governmental Activities*

	General Obligation Bonds		Special Assessment Bonds		OWDA Loans		OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2009	\$1,040,000	\$445,158	\$78,013	\$10,255	\$733,036	\$320,838	\$60,648
2010	1,100,000	400,996	80,308	8,149	754,600	299,274	60,648
2011	1,150,000	353,745	82,602	5,740	776,923	276,951	60,649
2012	925,000	303,380	84,895	3,014	799,974	253,901	60,648
2013	615,000	258,330	0	0	823,850	230,023	60,648
2014 - 2018	2,870,000	781,935	0	0	3,291,869	863,256	47,614
2019 - 2023	1,450,000	147,250	0	0	3,422,255	455,038	0
2024	0	0	0	0	1,404,955	74,730	0
<b>Total</b>	<b>\$9,150,000</b>	<b>\$2,690,794</b>	<b>\$325,818</b>	<b>\$27,158</b>	<b>\$12,007,462</b>	<b>\$2,774,011</b>	<b>\$350,855</b>

*Business-Type Activities*

	OWDA Loans	
	Principal	Interest
2009	\$1,302,209	\$292,798
2010	1,345,858	249,147
2011	1,374,172	203,365
2012	1,401,776	158,288
2013	1,447,913	112,150
2014 - 2015	2,510,734	96,216
<b>Total</b>	<b>\$9,382,662</b>	<b>\$1,111,964</b>

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, 2008, \$1,280,000 of these bonds outstanding were considered defeased.

**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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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 2008. 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.

**Note 19 – Interfund Transfers**

Interfund transfers for the year ended December 31, 2008, consisted of the following:

Transfers To	Transfer From		Total
	General	Other Governmental Funds	
<i>Major Funds:</i>			
Community Center	\$100,000	\$0	\$100,000
Building Construction	1,300,000	0	1,300,000
Water Reclamation	170,212	0	170,212
Grantwood Recreation	8,638	1,758,138	1,766,776
Total Major Funds	1,578,850	1,758,138	3,336,988
Other Governmental Funds	6,944,130	0	6,944,130
Total All Funds	\$8,522,980	\$1,758,138	\$10,281,118

The general fund transfer to the community center and building construction capital projects funds were to provide payment for the bond anticipation notes payable. 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 street construction, maintenance and repair and the state highway special revenue 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 economic incentive special revenue fund is an annual subsidy to help fund economic incentive/job creation grants and programs. The general fund



**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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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 capital improvements transfer to the grantwood recreation enterprise fund was made to retire the manuscript note debt on the grantwood loans.

**Note 20 – Joint Economic Development District**

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

The JEDD agreement requires the City of Solon and Bainbridge Township share the income tax receipts 50/50 after income tax administration costs and a five percent deduction for the JEDD's Maintenance and Improvement Fund for infrastructure related projects.

**Note 21 – Contractual Commitments**

The City has a \$123,082 remaining balance on a construction contract with Infinity Construction Company, Inc for the construction of the Fire Station No. 2.

The City has a \$47,308 remaining balance on a construction contract with Bay Mechanical and Electrical for the Trickling Filter.

The City has a \$12,369,119 remaining balance on a construction contract with Kenmore Construction for the Pettibone Road infrastructure improvement project.

**Note 22 – Subsequent Event**

On July 21, 2010, the Auditor of State released a special audit report conducted on the City of Solon. The special audit investigated cement contracts awarded to three different contractors/subcontractors between January 1, 2001 and December 31, 2007. The special audit concluded that the City of Solon was overbilled for the quantity and quality of cement work provided to them and resulted in findings for recovery in favor of the City totaling \$2.4 million against Midwest Paving, MGL Enterprises, Chaney Cement Contractors, Inc. and Dominic Bisesi, the City Construction Supervisor. The financial statements do not include an asset for this gain contingency.

## Combining and Individual Fund Statements and 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 are restricted 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 that are restricted for maintenance of State highways within the City.

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

***Fire Pension Fund*** - to account for property taxes levied for the payment of the current liabilities 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.

***Economic Incentive Fund*** – to account for the receipt of grant money used to support economic incentive/job creation 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.

(continued)

**Combining Statements – Nonmajor Governmental Funds (continued)**

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

***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.

***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.

***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, 2008*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$5,029,588	\$4,273,137	\$9,302,725
Accounts Receivable	70,133	0	70,133
Intergovernmental Receivable	591,215	18,638	609,853
Municipal Income Tax Receivable	0	17,761	17,761
Property Taxes Receivable	1,072,266	397,296	1,469,562
<i>Total Assets</i>	<u>\$6,763,202</u>	<u>\$4,706,832</u>	<u>\$11,470,034</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$87,750	\$7,917	\$95,667
Accrued Wages	41,181	0	41,181
Intergovernmental Payable	511,643	0	511,643
Deferred Revenue	1,571,503	422,005	1,993,508
<i>Total Liabilities</i>	<u>2,212,077</u>	<u>429,922</u>	<u>2,641,999</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	63,095	60,952	124,047
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	4,488,030	0	4,488,030
Capital Projects Funds	0	4,215,958	4,215,958
<i>Total Fund Balances</i>	<u>4,551,125</u>	<u>4,276,910</u>	<u>8,828,035</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,763,202</u>	<u>\$4,706,832</u>	<u>\$11,470,034</u>

**City of Solon, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2008*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property Taxes	\$1,195,319	\$460,862	\$1,656,181
Municipal Income Taxes	0	68,070	68,070
Intergovernmental	1,268,634	158,819	1,427,453
Investment Income	0	4,386	4,386
Fees, Licenses and Permits	295,262	0	295,262
Rentals	18,525	0	18,525
Charges for Services	2,789,970	19,091	2,809,061
Contributions and Donations	130,287	0	130,287
Miscellaneous	51,873	15,227	67,100
<i>Total Revenues</i>	<u>5,749,870</u>	<u>726,455</u>	<u>6,476,325</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property			
Police	705,773	0	705,773
Fire	1,110,365	0	1,110,365
Leisure Time Activities	5,795,886	0	5,795,886
Community Environment	951,907	0	951,907
Basic Utility Services	67,573	0	67,573
Transportation	1,008,000	0	1,008,000
Capital Outlay	0	2,571,201	2,571,201
Debt Service:			
Interest and Fiscal Charges	0	32,209	32,209
<i>Total Expenditures</i>	<u>9,639,504</u>	<u>2,603,410</u>	<u>12,242,914</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,889,634)</u>	<u>(1,876,955)</u>	<u>(5,766,589)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	4,813,315	2,130,815	6,944,130
Transfers Out	0	(1,758,138)	(1,758,138)
<i>Total Other Financing Sources (Uses)</i>	<u>4,813,315</u>	<u>372,677</u>	<u>5,185,992</u>
<b>Special Item</b>			
Proceeds from Sale of Land	0	2,518,150	2,518,150
<i>Net Change in Fund Balances</i>	923,681	1,013,872	1,937,553
<i>Fund Balances Beginning of Year</i>	<u>3,627,444</u>	<u>3,263,038</u>	<u>6,890,482</u>
<i>Fund Balances End of Year</i>	<u>\$4,551,125</u>	<u>\$4,276,910</u>	<u>\$8,828,035</u>

**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2008*

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$594,296	\$113,016	\$310,776	\$392,983	\$494,065
Accounts Receivable	0	0	0	0	66,614
Intergovernmental Receivable	490,529	40,765	21,866	32,798	0
Property Taxes Receivable	0	0	428,906	643,360	0
<i>Total Assets</i>	<u>\$1,084,825</u>	<u>\$153,781</u>	<u>\$761,548</u>	<u>\$1,069,141</u>	<u>\$560,679</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$0	\$0	\$0	\$0	\$7,600
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	4,000	177,303	298,034	19
Deferred Revenue	410,312	34,261	450,772	676,158	0
<i>Total Liabilities</i>	<u>410,312</u>	<u>38,261</u>	<u>628,075</u>	<u>974,192</u>	<u>7,619</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	0	0	0	0	10,735
Unreserved, Undesignated	674,513	115,520	133,473	94,949	542,325
<i>Total Fund Balances</i>	<u>674,513</u>	<u>115,520</u>	<u>133,473</u>	<u>94,949</u>	<u>553,060</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,084,825</u>	<u>\$153,781</u>	<u>\$761,548</u>	<u>\$1,069,141</u>	<u>\$560,679</u>

<u>Tree Planting</u>	<u>Street Lighting</u>	<u>Recreation</u>	<u>Senior Services</u>	<u>Economic Incentive</u>	<u>Police Department Programs</u>	<u>Landfill Improvement</u>
\$249,116	\$377	\$325,303	\$64,689	\$670,806	\$239,709	\$1,402,817
0	0	959	2,560	0	0	0
0	0	0	3,096	0	0	835
0	0	0	0	0	0	0
<u>\$249,116</u>	<u>\$377</u>	<u>\$326,262</u>	<u>\$70,345</u>	<u>\$670,806</u>	<u>\$239,709</u>	<u>\$1,403,652</u>
\$0	\$0	\$62,124	\$12,813	\$0	\$2,054	\$3,159
0	0	32,731	8,450	0	0	0
0	0	28,134	4,153	0	0	0
0	0	0	0	0	0	0
0	0	122,989	25,416	0	2,054	3,159
0	0	20,550	5,344	0	0	26,466
249,116	377	182,723	39,585	670,806	237,655	1,374,027
249,116	377	203,273	44,929	670,806	237,655	1,400,493
<u>\$249,116</u>	<u>\$377</u>	<u>\$326,262</u>	<u>\$70,345</u>	<u>\$670,806</u>	<u>\$239,709</u>	<u>\$1,403,652</u>

(continued)

**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*December 31, 2008*

	Law Enforcement Trust	Community Improvement Corporation	Cemetery Endowment Trust	Donations Trust	Total Nonmajor Special Revenue Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$98,510	\$4,000	\$5,501	\$63,624	\$5,029,588
Accounts Receivable	0	0	0	0	70,133
Intergovernmental Receivable	1,326	0	0	0	591,215
Property Taxes Receivable	0	0	0	0	1,072,266
<i>Total Assets</i>	<u>\$99,836</u>	<u>\$4,000</u>	<u>\$5,501</u>	<u>\$63,624</u>	<u>\$6,763,202</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$0	\$0	\$0	\$0	\$87,750
Accrued Wages	0	0	0	0	41,181
Intergovernmental Payable	0	0	0	0	511,643
Deferred Revenue	0	0	0	0	1,571,503
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,212,077</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	0	0	0	0	63,095
Unreserved, Undesignated	99,836	4,000	5,501	63,624	4,488,030
<i>Total Fund Balances</i>	<u>99,836</u>	<u>4,000</u>	<u>5,501</u>	<u>63,624</u>	<u>4,551,125</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$99,836</u>	<u>\$4,000</u>	<u>\$5,501</u>	<u>\$63,624</u>	<u>\$6,763,202</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, 2008*

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
<b>Revenues</b>					
Property Taxes	\$0	\$0	\$478,410	\$716,909	\$0
Intergovernmental	1,003,804	82,367	43,731	65,597	0
Fees, Licenses and Permits	0	0	0	0	271,687
Rentals	0	0	0	0	0
Charges for Services	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	7,500
<i>Total Revenues</i>	<u>1,003,804</u>	<u>82,367</u>	<u>522,141</u>	<u>782,506</u>	<u>279,187</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property					
Police	0	0	654,376	0	0
Fire	0	0	0	1,108,604	0
Leisure Time Activities	0	0	0	0	230,718
Community Environment	0	0	0	0	0
Basic Utility Services	0	0	0	0	0
Transportation	925,000	83,000	0	0	0
<i>Total Expenditures</i>	<u>925,000</u>	<u>83,000</u>	<u>654,376</u>	<u>1,108,604</u>	<u>230,718</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	78,804	(633)	(132,235)	(326,098)	48,469
<b>Other Financing Sources</b>					
Transfers In	25,054	5,172	220,000	425,000	16,507
<i>Net Change in Fund Balances</i>	103,858	4,539	87,765	98,902	64,976
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>570,655</u>	<u>110,981</u>	<u>45,708</u>	<u>(3,953)</u>	<u>488,084</u>
<i>Fund Balances End of Year</i>	<u>\$674,513</u>	<u>\$115,520</u>	<u>\$133,473</u>	<u>\$94,949</u>	<u>\$553,060</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, 2008*

	Tree Planting	Street Lighting	Recreation	Senior Services	Economic Incentive
<b>Revenues</b>					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	29,792	0	18,906
Fees, Licenses and Permits	0	0	0	0	0
Rentals	0	0	18,525	0	0
Charges for Services	5,980	0	2,702,686	81,304	0
Contributions and Donations	0	0	59,504	0	0
Miscellaneous	0	0	41,973	2,400	0
<i>Total Revenues</i>	<u>5,980</u>	<u>0</u>	<u>2,852,480</u>	<u>83,704</u>	<u>18,906</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property					
Police	0	0	0	0	0
Fire	0	0	0	0	0
Leisure Time Activities	0	0	5,089,033	471,298	0
Community Environment	0	0	0	0	951,907
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>5,089,033</u>	<u>471,298</u>	<u>951,907</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	5,980	0	(2,236,553)	(387,594)	(933,001)
<b>Other Financing Sources</b>					
Transfers In	0	0	2,327,000	445,000	1,300,000
<i>Net Change in Fund Balances</i>	5,980	0	90,447	57,406	366,999
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>243,136</u>	<u>377</u>	<u>112,826</u>	<u>(12,477)</u>	<u>303,807</u>
<i>Fund Balances End of Year</i>	<u>\$249,116</u>	<u>\$377</u>	<u>\$203,273</u>	<u>\$44,929</u>	<u>\$670,806</u>

Police Department Programs	Landfill Improvement	Law Enforcement Trust	Community Improvement Corporation	Cemetery Endowment Trust	Donations Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$1,195,319
0	0	24,437	0	0	0	1,268,634
0	23,575	0	0	0	0	295,262
0	0	0	0	0	0	18,525
0	0	0	0	0	0	2,789,970
66,451	0	0	0	0	4,332	130,287
0	0	0	0	0	0	51,873
<u>66,451</u>	<u>23,575</u>	<u>24,437</u>	<u>0</u>	<u>0</u>	<u>4,332</u>	<u>5,749,870</u>
23,716	0	25,812	0	0	1,869	705,773
0	0	0	0	0	1,761	1,110,365
0	0	0	0	0	4,837	5,795,886
0	0	0	0	0	0	951,907
0	67,573	0	0	0	0	67,573
0	0	0	0	0	0	1,008,000
<u>23,716</u>	<u>67,573</u>	<u>25,812</u>	<u>0</u>	<u>0</u>	<u>8,467</u>	<u>9,639,504</u>
42,735	(43,998)	(1,375)	0	0	(4,135)	(3,889,634)
0	49,582	0	0	0	0	4,813,315
42,735	5,584	(1,375)	0	0	(4,135)	923,681
<u>194,920</u>	<u>1,394,909</u>	<u>101,211</u>	<u>4,000</u>	<u>5,501</u>	<u>67,759</u>	<u>3,627,444</u>
<u>\$237,655</u>	<u>\$1,400,493</u>	<u>\$99,836</u>	<u>\$4,000</u>	<u>\$5,501</u>	<u>\$63,624</u>	<u>\$4,551,125</u>

**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2008*

	Safety and Service Equipment	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$856,957	\$36,228	\$3,379,952	\$4,273,137
Intergovernmental Receivable	18,638	0	0	18,638
Income Tax Receivable	0	0	17,761	17,761
Property Taxes Receivable	397,296	0	0	397,296
<i>Total Assets</i>	<u>\$1,272,891</u>	<u>\$36,228</u>	<u>\$3,397,713</u>	<u>\$4,706,832</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$1,295	\$0	\$6,622	\$7,917
Deferred Revenue	415,934	0	6,071	422,005
<i>Total Liabilities</i>	<u>417,229</u>	<u>0</u>	<u>12,693</u>	<u>429,922</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	360	0	60,592	60,952
Unreserved, Undesignated	855,302	36,228	3,324,428	4,215,958
<i>Total Fund Balances</i>	<u>855,662</u>	<u>36,228</u>	<u>3,385,020</u>	<u>4,276,910</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,272,891</u>	<u>\$36,228</u>	<u>\$3,397,713</u>	<u>\$4,706,832</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, 2008*

	Safety and Service Equipment	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
<b>Revenues</b>				
Property Taxes	\$460,862	\$0	\$0	\$460,862
Municipal Income Taxes	0	0	68,070	68,070
Intergovernmental	37,277	0	121,542	158,819
Investment Income	0	0	4,386	4,386
Charges for Services	0	0	19,091	19,091
Miscellaneous	15,227	0	0	15,227
<i>Total Revenues</i>	<u>513,366</u>	<u>0</u>	<u>213,089</u>	<u>726,455</u>
<b>Expenditures</b>				
Capital Outlay	714,790	27,235	1,829,176	2,571,201
Debt Service:				
Interest and Fiscal Charges	0	0	32,209	32,209
<i>Total Expenditures</i>	<u>714,790</u>	<u>27,235</u>	<u>1,861,385</u>	<u>2,603,410</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(201,424)</u>	<u>(27,235)</u>	<u>(1,648,296)</u>	<u>(1,876,955)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	700,000	0	1,430,815	2,130,815
Transfers Out	0	0	(1,758,138)	(1,758,138)
<i>Total Other Financing Sources (Uses)</i>	<u>700,000</u>	<u>0</u>	<u>(327,323)</u>	<u>372,677</u>
<b>Special Item</b>				
Proceeds from Sale of Land	0	0	2,518,150	2,518,150
<i>Net Change in Fund Balances</i>	498,576	(27,235)	542,531	1,013,872
<i>Fund Balances Beginning of Year</i>	<u>357,086</u>	<u>63,463</u>	<u>2,842,489</u>	<u>3,263,038</u>
<i>Fund Balances End of Year</i>	<u><u>\$855,662</u></u>	<u><u>\$36,228</u></u>	<u><u>\$3,385,020</u></u>	<u><u>\$4,276,910</u></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.

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

**City of Solon, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
For the Year Ended December 31, 2008

	Beginning Balance 12/31/07	Additions	Deductions	Ending Balance 12/30/08
<b>Inspection Deposits Fund</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,011,368	\$137,784	\$70,405	\$1,078,747
<b>Liabilities</b>				
Deposits Held and Due to Others	\$1,011,368	\$137,784	\$70,405	\$1,078,747
<b>DARE Scholarship Fund</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,868	\$0	\$0	\$1,868
<b>Liabilities</b>				
Deposits Held and Due to Others	\$1,868	\$0	\$0	\$1,868
<b>JEDD Income Tax Fund</b>				
<b>Assets</b>				
Cash and Cash Equivalents in Segregated Accounts	\$33,120	\$205,647	\$191,704	\$47,063
<b>Liabilities</b>				
Intergovernmental Payable	\$33,120	\$205,647	\$191,704	\$47,063
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,013,236	\$137,784	\$70,405	\$1,080,615
Cash and Cash Equivalents in Segregated Accounts	33,120	205,647	191,704	47,063
<i>Total Assets</i>	<u>\$1,046,356</u>	<u>\$343,431</u>	<u>\$262,109</u>	<u>\$1,127,678</u>
<b>Liabilities</b>				
Intergovernmental Payable	\$33,120	\$205,647	\$191,704	\$47,063
Deposits Held and Due to Others	1,013,236	137,784	70,405	1,080,615
<i>Total Liabilities</i>	<u>\$1,046,356</u>	<u>\$343,431</u>	<u>\$262,109</u>	<u>\$1,127,678</u>

**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, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$805,184	\$823,431	\$941,672	\$118,241
Municipal Income Taxes	29,066,672	29,887,500	29,457,301	(430,199)
Intergovernmental	1,562,639	1,594,640	1,908,163	313,523
Investment Income	2,173,867	2,220,000	2,175,140	(44,860)
Fees, Licenses and Permits	604,864	617,700	547,634	(70,066)
Fines and Forfeitures	364,253	370,600	397,231	26,631
Charges for Services	958,386	979,025	946,769	(32,256)
Miscellaneous	128,375	131,100	292,606	161,506
<b>Total Revenues</b>	<b>35,664,240</b>	<b>36,623,996</b>	<b>36,666,516</b>	<b>42,520</b>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Personal Services	6,549,170	6,701,360	6,480,572	220,788
Materials and Supplies	423,916	437,841	387,084	50,757
Contractual Services	425,928	439,951	391,433	48,518
Capital Outlay	20,991	21,615	14,406	7,209
<b>Total Police</b>	<b>7,420,005</b>	<b>7,600,767</b>	<b>7,273,495</b>	<b>327,272</b>
Fire				
Personal Services	5,736,381	5,865,969	5,865,969	0
Materials and Supplies	291,223	300,482	248,627	51,855
Contractual Services	250,821	259,422	247,473	11,949
Capital Outlay	329,786	340,824	249,731	91,093
<b>Total Fire</b>	<b>6,608,211</b>	<b>6,766,697</b>	<b>6,611,800</b>	<b>154,897</b>
Prosecutor				
Personal Services	152,712	158,303	158,303	0
Materials and Supplies	236,267	243,062	166,255	76,807
<b>Total Prosecutor</b>	<b>388,979</b>	<b>401,365</b>	<b>324,558</b>	<b>76,807</b>
Teen Court				
Personal Services	15,267	15,800	14,196	1,604
Materials and Supplies	2,226	2,300	693	1,607
<b>Total Teen Court</b>	<b>17,493</b>	<b>18,100</b>	<b>14,889</b>	<b>3,211</b>
<b>Total Prosecutor</b>	<b>406,472</b>	<b>419,465</b>	<b>339,447</b>	<b>80,018</b>
<b>Total Security of Persons and Property</b>	<b>\$14,434,688</b>	<b>\$14,786,929</b>	<b>\$14,224,742</b>	<b>\$562,187</b>

(continued)

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Health and Welfare				
Cemetery				
Other	\$12,078	\$12,500	\$3,563	\$8,937
County Health District				
Contractual Services	79,232	82,000	78,487	3,513
Total Public Health and Welfare	91,310	94,500	82,050	12,450
Leisure Time Activities				
Recreation				
Personal Services	105,018	105,018	105,018	0
Community Environment				
Planning and Zoning				
Personal Services	513,553	531,030	518,454	12,576
Materials and Supplies	8,948	9,242	7,222	2,020
Contractual Services	40,959	21,717	21,717	0
Capital Outlay	10,580	10,432	8,938	1,494
Total Planning and Zoning	574,040	572,421	556,331	16,090
Development Board				
Personal Services	3,347	4,939	4,939	0
Materials and Supplies	5,411	1,297	1,297	0
Contractual Services	38,622	26,082	26,082	0
Total Development Board	47,380	32,318	32,318	0
Building Department				
Personal Services	530,514	476,460	476,460	0
Materials and Supplies	19,568	20,231	13,800	6,431
Contractual Services	45,386	46,800	39,746	7,054
Capital Outlay	20,388	21,090	12,030	9,060
Total Building Department	615,856	564,581	542,036	22,545
Engineering Department				
Personal Services	1,062,010	1,020,008	1,020,008	0
Materials and Supplies	37,948	39,235	39,180	55
Contractual Services	210,012	216,534	149,265	67,269
Capital Outlay	12,425	12,830	11,367	1,463
Total Engineering Department	\$1,322,395	\$1,288,607	\$1,219,820	\$68,787

(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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beautification Commission				
Personal Services	\$0	\$249	\$249	\$0
Materials and Supplies	30,504	28,845	19,044	9,801
Contractual Services	3,237	3,350	898	2,452
Capital Outlay	17	2,596	2,596	0
Total Beautification Commission	33,758	35,040	22,787	12,253
Total Community Environment	2,593,429	2,492,967	2,373,292	119,675
Basic Utility Services				
Storm Sewers				
Personal Services	573,924	592,726	522,709	70,017
Materials and Supplies	58,501	55,676	43,019	12,657
Contractual Services	9,662	14,850	14,850	0
Total Storm Sewers	642,087	663,252	580,578	82,674
Trees, Leaf and Brush				
Materials and Supplies	28,987	30,000	28,554	1,446
Contractual Services	5,797	6,000	5,950	50
Total Trees, Leaf and Brush	34,784	36,000	34,504	1,496
Refuse Collection and Disposal				
Personal Services	762,499	893,545	893,545	0
Materials and Supplies	199,510	226,354	226,354	0
Contractual Services	56,476	68,291	68,291	0
Total Refuse Collection and Disposal	1,018,485	1,188,190	1,188,190	0
Total Basic Utility Services	1,695,356	1,887,442	1,803,272	84,170
Transportation				
Street Lighting				
Contractual Services	662,100	685,223	678,008	7,215
Street Department				
Personal Services	3,131,204	3,398,677	3,398,677	0
Materials and Supplies	1,414,437	1,457,982	1,006,438	451,544
Contractual Services	217,770	225,264	187,298	37,966
Capital Outlay	317,696	328,599	116,169	212,430
Total Street Department	5,081,107	5,410,522	4,708,582	701,940
Total Transportation	\$5,743,207	\$6,095,745	\$5,386,590	\$709,155

(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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government</b>				
<b>Council</b>				
Personal Services	\$272,984	\$282,397	\$263,573	\$18,824
Materials and Supplies	23,955	24,716	23,390	1,326
Contractual Services	19,199	19,785	11,065	8,720
<b>Total Council</b>	<b>316,138</b>	<b>326,898</b>	<b>298,028</b>	<b>28,870</b>
<b>Mayor</b>				
Personal Services	269,330	278,513	272,520	5,993
Materials and Supplies	6,082	6,268	4,542	1,726
Contractual Services	1,276	1,318	771	547
Capital Outlay	966	1,000	131	869
<b>Total Mayor</b>	<b>277,654</b>	<b>287,099</b>	<b>277,964</b>	<b>9,135</b>
<b>Finance</b>				
Personal Services	725,885	750,594	720,705	29,889
Materials and Supplies	24,900	25,761	22,089	3,672
Contractual Services	91,397	94,457	91,638	2,819
Capital Outlay	3,099	3,200	2,230	970
<b>Total Finance</b>	<b>845,281</b>	<b>874,012</b>	<b>836,662</b>	<b>37,350</b>
<b>Legal Department</b>				
Personal Services	80,556	83,370	83,328	42
Contractual Services	332,916	332,499	332,499	0
<b>Total Legal Department</b>	<b>413,472</b>	<b>415,869</b>	<b>415,827</b>	<b>42</b>
<b>Human Resources</b>				
Personal Services	432,134	446,881	429,620	17,261
Materials and Supplies	3,994	3,796	3,229	567
Contractual Services	127,557	134,571	134,345	226
Capital Outlay	11,380	10,500	6,093	4,407
<b>Total Human Resources</b>	<b>575,065</b>	<b>595,748</b>	<b>573,287</b>	<b>22,461</b>
<b>Civil Service</b>				
Personal Services	4,871	5,041	4,134	907
Materials and Supplies	266	386	386	0
Contractual Services	34,481	34,200	32,751	1,449
<b>Total Civil Service</b>	<b>39,618</b>	<b>39,627</b>	<b>37,271</b>	<b>2,356</b>
<b>City Hall</b>				
Personal Services	183,256	189,536	181,464	8,072
Materials and Supplies	1,449	1,500	101	1,399
Contractual Services	1,875	1,929	1,195	734
<b>Total City Hall</b>	<b>\$186,580</b>	<b>\$192,965</b>	<b>\$182,760</b>	<b>\$10,205</b>

(continued)

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Income Tax Department				
Personal Services	\$343,245	\$354,928	\$352,074	\$2,854
Materials and Supplies	43,390	44,887	38,619	6,268
Contractual Services	52,226	54,036	43,820	10,216
Capital Outlay	14,494	15,000	2,895	12,105
Other	<u>1,739,239</u>	<u>1,800,000</u>	<u>1,495,467</u>	<u>304,533</u>
Total Income Tax Department	<u>2,192,594</u>	<u>2,268,851</u>	<u>1,932,875</u>	<u>335,976</u>
Unclaimed Monies				
Other	<u>48,312</u>	<u>50,000</u>	<u>167</u>	<u>49,833</u>
City Administration				
Personal Services	85,505	88,379	78,907	9,472
Materials and Supplies	152,534	188,472	188,472	0
Contractual Services	1,463,840	1,513,951	1,491,169	22,782
Capital Outlay	1,932	4,500	4,500	0
Other	<u>115,534</u>	<u>106,124</u>	<u>106,124</u>	<u>0</u>
Total City Administration	<u>1,819,345</u>	<u>1,901,426</u>	<u>1,869,172</u>	<u>32,254</u>
Sick Leave Reserve				
Personal Services	<u>289,873</u>	<u>311,809</u>	<u>311,809</u>	<u>0</u>
Payroll Benefits Account				
Personal Services	<u>603,902</u>	<u>625,000</u>	<u>0</u>	<u>625,000</u>
Traffic Violations				
Personal Services	<u>39,229</u>	<u>40,600</u>	<u>39,383</u>	<u>1,217</u>
Total General Government	<u>7,647,063</u>	<u>7,929,904</u>	<u>6,775,205</u>	<u>1,154,699</u>
<i>Total Expenditures</i>	<u>32,310,071</u>	<u>33,392,505</u>	<u>30,750,169</u>	<u>2,642,336</u>
<i>Excess of Revenues Over Expenditures</i>	<u>3,354,169</u>	<u>3,231,491</u>	<u>5,916,347</u>	<u>2,684,856</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	14,175	14,175	14,175	0
Transfers In	1,631,169	1,631,169	1,758,138	126,969
Transfers Out	<u>(7,991,503)</u>	<u>(8,974,748)</u>	<u>(8,522,980)</u>	<u>451,768</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(6,346,159)</u>	<u>(7,329,404)</u>	<u>(6,750,667)</u>	<u>578,737</u>
<i>Net Change in Fund Balance</i>	(2,991,990)	(4,097,913)	(834,320)	3,263,593
<i>Fund Balance Beginning of Year</i>	23,280,071	23,280,071	23,280,071	0
Prior Year Encumbrances Appropriated	<u>1,026,133</u>	<u>1,026,133</u>	<u>1,026,133</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$21,314,214</u>	<u>\$20,208,291</u>	<u>\$23,471,884</u>	<u>\$3,263,593</u>

**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, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$2,253,519	\$1,943,527	\$2,258,291	\$314,764
Municipal Income Taxes	16,940	15,000	14,777	(223)
Special Assessments	1,174,491	1,040,000	1,121,553	81,553
Intergovernmental	453,606	453,606	453,606	0
Fees, Licenses and Permits	16,940	15,000	11,292	(3,708)
Miscellaneous	18,069	16,000	16,124	124
<i>Total Revenues</i>	<u>3,933,565</u>	<u>3,483,133</u>	<u>3,875,643</u>	<u>392,510</u>
<b>Expenditures</b>				
Current:				
General Government				
Legislative and Executive				
Contractual Services	41,146	35,500	14,154	21,346
Debt Service:				
Principal Retirement	10,581,378	9,072,479	9,071,734	745
Interest and Fiscal Charges	1,291,326	1,116,371	1,114,382	1,989
<i>Total Debt Service</i>	<u>11,872,704</u>	<u>10,188,850</u>	<u>10,186,116</u>	<u>2,734</u>
<i>Total Expenditures</i>	<u>11,913,850</u>	<u>10,224,350</u>	<u>10,200,270</u>	<u>24,080</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(7,980,285)</u>	<u>(6,741,217)</u>	<u>(6,324,627)</u>	<u>416,590</u>
<b>Other Financing Sources</b>				
General Obligation Notes Issued	6,888,841	6,100,000	5,700,000	(400,000)
Premium on General Obligation Notes Issued	0	0	45,225	45,225
Transfers In	51,727	0	1,000,000	1,000,000
<i>Total Other Financing Sources</i>	<u>6,940,568</u>	<u>6,100,000</u>	<u>6,745,225</u>	<u>645,225</u>
<i>Net Change in Fund Balance</i>	<u>(1,039,717)</u>	<u>(641,217)</u>	<u>420,598</u>	<u>1,061,815</u>
<i>Fund Balance Beginning of Year</i>	<u>1,064,484</u>	<u>1,064,484</u>	<u>1,064,484</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$24,767</u>	<u>\$423,267</u>	<u>\$1,485,082</u>	<u>\$1,061,815</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Municipal Income Taxes	\$9,717,833	\$9,717,833	\$9,612,500	(\$105,333)
Intergovernmental	0	0	138,952	138,952
Miscellaneous	0	0	153,889	153,889
<i>Total Revenues</i>	<u>9,717,833</u>	<u>9,717,833</u>	<u>9,905,341</u>	<u>187,508</u>
<b>Expenditures</b>				
Capital Outlay	17,999,951	17,999,951	8,305,962	9,693,989
Debt Service:				
Principal Retirement	360,648	360,648	360,648	0
Interest and Fiscal Charges	100,000	100,000	100,000	0
Total Debt Service	<u>460,648</u>	<u>460,648</u>	<u>460,648</u>	<u>0</u>
<i>Total Expenditures</i>	<u>18,460,599</u>	<u>18,460,599</u>	<u>8,766,610</u>	<u>9,693,989</u>
<i>Net Change in Fund Balance</i>	(8,742,766)	(8,742,766)	1,138,731	9,881,497
<i>Fund Balance Beginning of Year</i>	7,326,648	7,326,648	7,326,648	0
Prior Year Encumbrances Appropriated	<u>4,460,599</u>	<u>4,460,599</u>	<u>4,460,599</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,044,481</u>	<u>\$3,044,481</u>	<u>\$12,925,978</u>	<u>\$9,881,497</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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay	250,864	250,864	125,500	125,364
<i>Net Change in Fund Balance</i>	(250,864)	(250,864)	(125,500)	125,364
<i>Fund Balance Beginning of Year</i>	255,731	255,731	255,731	0
Prior Year Encumbrances Appropriated	864	864	864	0
<i>Fund Balance End of Year</i>	<u>\$5,731</u>	<u>\$5,731</u>	<u>\$131,095</u>	<u>\$125,364</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay	<u>3,310,903</u>	<u>3,610,903</u>	<u>2,738,646</u>	<u>872,257</u>
<i>Excess of Revenues Under Expenditures</i>	(3,310,903)	(3,610,903)	(2,738,646)	872,257
<b>Other Financing Sources</b>				
Transfers In	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(3,010,903)	(3,310,903)	(2,438,646)	872,257
<i>Fund Balance Beginning of Year</i>	2,471,496	2,471,496	2,471,496	0
Prior Year Encumbrances Appropriated	<u>930,903</u>	<u>930,903</u>	<u>930,903</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$391,496</u></u>	<u><u>\$91,496</u></u>	<u><u>\$963,753</u></u>	<u><u>\$872,257</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, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$5,240,900	\$5,605,000	\$5,545,123	(\$59,877)
Tap-In Fees	467,520	500,000	509,765	9,765
Miscellaneous	14,960	16,000	27,012	11,012
Proceeds from OWDA Loans	176,000	176,000	176,000	0
<i>Total Revenues</i>	<u>5,899,380</u>	<u>6,297,000</u>	<u>6,257,900</u>	<u>(39,100)</u>
<b>Expenses</b>				
Personal Services	2,091,351	2,148,194	2,013,617	134,577
Materials and Supplies	536,292	549,599	458,320	91,279
Contractual Services	1,698,261	1,742,728	1,355,272	387,456
Other	62,266	64,000	17,617	46,383
Capital Outlay	3,045,819	3,085,468	1,721,690	1,363,778
Debt Service:				
Principal Retirement	1,341,206	1,341,206	1,341,206	0
Interest and Fiscal Charges	552,470	552,470	552,470	0
<i>Total Expenses</i>	<u>9,327,665</u>	<u>9,483,665</u>	<u>7,460,192</u>	<u>2,023,473</u>
<i>Excess of Revenues Under Expenses Before Transfers</i>	(3,428,285)	(3,186,665)	(1,202,292)	1,984,373
Transfers In	120,620	129,000	170,212	41,212
<i>Net Change in Fund Equity</i>	(3,307,665)	(3,057,665)	(1,032,080)	2,025,585
<i>Fund Equity Beginning of Year</i>	4,629,515	4,629,515	4,629,515	0
Prior Year Encumbrances Appropriated	1,656,939	1,656,939	1,656,939	0
<i>Fund Equity End of Year</i>	<u>\$2,978,789</u>	<u>\$3,228,789</u>	<u>\$5,254,374</u>	<u>\$2,025,585</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, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$1,198,748	\$1,174,202	\$1,116,241	(\$57,961)
Rentals	229,193	224,500	215,515	(8,985)
Contributions and Donations	0	0	585	585
Miscellaneous	37,161	36,400	50,513	14,113
<i>Total Revenues</i>	<u>1,465,102</u>	<u>1,435,102</u>	<u>1,382,854</u>	<u>(52,248)</u>
<b>Expenses</b>				
Personal Services	705,985	705,985	705,473	512
Materials and Supplies	239,902	239,902	235,816	4,086
Contractual Services	174,002	182,583	182,583	0
Other	249,247	249,247	240,091	9,156
Capital Outlay	57,055	48,474	30,433	18,041
Debt Service:				
Principal Retirement	151,015	151,015	0	151,015
<i>Total Expenses</i>	<u>1,577,206</u>	<u>1,577,206</u>	<u>1,394,396</u>	<u>182,810</u>
<i>Excess of Revenues Under Expenses</i>				
<i>Before Transfers</i>	(112,104)	(142,104)	(11,542)	130,562
Transfers In	8,000	8,000	8,638	638
<i>Net Change in Fund Equity</i>	(104,104)	(134,104)	(2,904)	131,200
<i>Fund Equity Beginning of Year</i>	217,303	217,303	217,303	0
Prior Year Encumbrances Appropriated	24,631	24,631	24,631	0
<i>Fund Equity End of Year</i>	<u>\$137,830</u>	<u>\$107,830</u>	<u>\$239,030</u>	<u>\$131,200</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$984,000	\$984,000	\$1,005,543	\$21,543
<b>Expenditures</b>				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	800,000	800,000	750,000	50,000
Materials and Supplies	250,000	250,000	175,000	75,000
Contractual Services	150,000	250,000	0	250,000
<i>Total Expenditures</i>	<u>1,200,000</u>	<u>1,300,000</u>	<u>925,000</u>	<u>375,000</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(216,000)	(316,000)	80,543	396,543
<b>Other Financing Sources</b>				
Transfers In	11,000	11,000	25,054	14,054
<i>Net Change in Fund Balance</i>	(205,000)	(305,000)	105,597	410,597
<i>Fund Balance Beginning of Year</i>	<u>488,699</u>	<u>488,699</u>	<u>488,699</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$283,699</u>	<u>\$183,699</u>	<u>\$594,296</u>	<u>\$410,597</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$79,800	\$79,800	\$82,508	\$2,708
<b>Expenditures</b>				
Current:				
Transportation				
State Highway				
Materials and Supplies	100,000	100,000	83,000	17,000
<i>Excess of Revenues Under Expenditures</i>	(20,200)	(20,200)	(492)	19,708
<b>Other Financing Sources</b>				
Transfers In	2,000	2,000	5,172	3,172
<i>Net Change in Fund Balance</i>	(18,200)	(18,200)	4,680	22,880
<i>Fund Balance Beginning of Year</i>	104,336	104,336	104,336	0
<i>Fund Balance End of Year</i>	<u>\$86,136</u>	<u>\$86,136</u>	<u>\$109,016</u>	<u>\$22,880</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$412,865	\$412,865	\$478,410	\$65,545
Intergovernmental	43,731	43,731	43,731	0
<i>Total Revenues</i>	456,596	456,596	522,141	65,545
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Personal Services	675,000	675,000	649,753	25,247
<i>Excess of Revenues Under Expenditures</i>	(218,404)	(218,404)	(127,612)	90,792
<b>Other Financing Sources</b>				
Transfers In	220,000	220,000	220,000	0
<i>Net Change in Fund Balance</i>	1,596	1,596	92,388	90,792
<i>Fund Balance Beginning of Year</i>	218,388	218,388	218,388	0
<i>Fund Balance End of Year</i>	<u>\$219,984</u>	<u>\$219,984</u>	<u>\$310,776</u>	<u>\$90,792</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$619,298	\$619,298	\$716,909	\$97,611
Intergovernmental	65,597	65,597	65,597	0
<i>Total Revenues</i>	684,895	684,895	782,506	97,611
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,110,000	1,110,000	1,099,542	10,458
<i>Excess of Revenues Under Expenditures</i>	(425,105)	(425,105)	(317,036)	108,069
<b>Other Financing Sources</b>				
Transfers In	425,000	425,000	425,000	0
<i>Net Change in Fund Balance</i>	(105)	(105)	107,964	108,069
<i>Fund Balance Beginning of Year</i>	285,019	285,019	285,019	0
<i>Fund Balance End of Year</i>	<u>\$284,914</u>	<u>\$284,914</u>	<u>\$392,983</u>	<u>\$108,069</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fees, Licenses and Permits	\$260,000	\$260,000	\$267,301	\$7,301
Miscellaneous	0	0	7,500	7,500
<i>Total Revenues</i>	<u>260,000</u>	<u>260,000</u>	<u>274,801</u>	<u>14,801</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Cable TV				
Personal Services	1,740	1,740	1,323	417
Materials and Supplies	10,500	10,500	4,667	5,833
Contractual Services	150,750	150,750	99,960	50,790
Capital Outlay	87,007	87,007	44,234	42,773
Other	120,000	120,000	116,996	3,004
<i>Total Expenditures</i>	<u>369,997</u>	<u>369,997</u>	<u>267,180</u>	<u>102,817</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(109,997)	(109,997)	7,621	117,618
<b>Other Financing Sources</b>				
Transfers In	15,000	15,000	16,507	1,507
<i>Net Change in Fund Balance</i>	(94,997)	(94,997)	24,128	119,125
<i>Fund Balance Beginning of Year</i>	431,108	431,108	431,108	0
Prior Year Encumbrances Appropriated	27,007	27,007	27,007	0
<i>Fund Balance End of Year</i>	<u>\$363,118</u>	<u>\$363,118</u>	<u>\$482,243</u>	<u>\$119,125</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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$2,000	\$2,000	\$5,980	\$3,980
<b>Expenditures</b>				
Current:				
General Government				
Tree Planting				
Capital Outlay	200,000	200,000	0	200,000
<i>Net Change in Fund Balance</i>	(198,000)	(198,000)	5,980	203,980
<i>Fund Balance Beginning of Year</i>	243,136	243,136	243,136	0
<i>Fund Balance End of Year</i>	<u>\$45,136</u>	<u>\$45,136</u>	<u>\$249,116</u>	<u>\$203,980</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, 2008*

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

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Recreation Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$16,717	\$25,000	\$29,792	\$4,792
Rentals	13,000	13,000	18,525	5,525
Charges for Services	2,871,500	2,871,500	2,702,248	(169,252)
Contributions and Donations	67,000	67,000	59,504	(7,496)
Miscellaneous	50,000	50,000	41,973	(8,027)
<i>Total Revenues</i>	<u>3,018,217</u>	<u>3,026,500</u>	<u>2,852,042</u>	<u>(174,458)</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Administration				
Personal Services	577,404	581,975	560,832	21,143
Materials and Supplies	70,459	71,020	63,151	7,869
Contractual Services	40,326	46,318	46,318	0
Capital Outlay	17,381	17,516	12,705	4,811
<i>Total Administration</i>	<u>705,570</u>	<u>716,829</u>	<u>683,006</u>	<u>33,823</u>
Recreation Programs				
Personal Services	200,861	202,427	197,766	4,661
Materials and Supplies	53,630	56,085	56,085	0
Contractual Services	138,389	121,929	121,929	0
Capital Outlay	25,793	21,890	16,850	5,040
Other	26,785	27,000	22,833	4,167
<i>Total Recreation Programs</i>	<u>445,458</u>	<u>429,331</u>	<u>415,463</u>	<u>13,868</u>
Swimming Pools				
Personal Services	90,016	90,727	71,905	18,822
Materials and Supplies	46,874	47,250	45,371	1,879
Contractual Services	75,643	76,250	72,233	4,017
<i>Total Swimming Pools</i>	<u>212,533</u>	<u>214,227</u>	<u>189,509</u>	<u>24,718</u>
Community Parks				
Personal Services	245,423	247,362	240,234	7,128
Materials and Supplies	126,149	127,875	127,875	0
Contractual Services	42,147	42,559	42,559	0
<i>Total Community Parks</i>	<u>413,719</u>	<u>417,796</u>	<u>410,668</u>	<u>7,128</u>
Concession Stand				
Personal Services	4,960	5,000	2,893	2,107
Materials and Supplies	25,223	25,422	16,596	8,826
<i>Total Concession Stand</i>	<u>\$30,183</u>	<u>\$30,422</u>	<u>\$19,489</u>	<u>\$10,933</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, 2008*

	Budgeted Amounts		Actual	Final Budget Positive (Negative)
	Original	Final		
Youth Recreation Programs				
Personal Services	\$934,631	\$900,316	\$895,770	\$4,546
Materials and Supplies	165,762	136,694	136,694	0
Contractual Services	322,381	311,851	311,851	0
Capital Outlay	2,976	15,452	15,452	0
Other	13,889	15,088	12,912	2,176
Total Youth Recreation Programs	<u>1,439,639</u>	<u>1,379,401</u>	<u>1,372,679</u>	<u>6,722</u>
Adult Recreation Programs				
Materials and Supplies	2,480	2,500	2,160	340
Contractual Services	2,976	5,025	5,025	0
Total Adult Recreation Programs	<u>5,456</u>	<u>7,525</u>	<u>7,185</u>	<u>340</u>
Holiday Programs				
Materials and Supplies	6,142	6,182	4,448	1,734
Contractual Services	27,531	27,750	27,137	613
Total Holiday Programs	<u>33,673</u>	<u>33,932</u>	<u>31,585</u>	<u>2,347</u>
Community Center				
Personal Services	1,209,809	1,261,275	1,261,275	0
Materials and Supplies	160,083	178,682	178,682	0
Contractual Services	484,840	500,913	500,913	0
Capital Outlay	6,944	14,115	14,115	0
Other	4,960	9,419	9,419	0
Total Community Center	<u>1,866,636</u>	<u>1,964,404</u>	<u>1,964,404</u>	<u>0</u>
<i>Total Expenditures</i>	<u>5,152,867</u>	<u>5,193,867</u>	<u>5,093,988</u>	<u>99,879</u>
<i>Excess of Revenues Under Expenditures</i>	(2,134,650)	(2,167,367)	(2,241,946)	(74,579)
<b>Other Financing Sources</b>				
Transfers In	<u>2,127,000</u>	<u>2,127,000</u>	<u>2,327,000</u>	<u>200,000</u>
<i>Net Change in Fund Balance</i>	(7,650)	(40,367)	85,054	125,421
<i>Fund Balance Beginning of Year</i>	141,984	141,984	141,984	0
Prior Year Encumbrances Appropriated	<u>43,942</u>	<u>43,942</u>	<u>43,942</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$178,276</u>	<u>\$145,559</u>	<u>\$270,980</u>	<u>\$125,421</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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$88,700	\$88,700	\$75,855	(\$12,845)
Miscellaneous	2,400	2,400	2,400	0
<i>Total Revenues</i>	<u>91,100</u>	<u>91,100</u>	<u>78,255</u>	<u>(12,845)</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Administration				
Personal Services	414,289	421,672	412,318	9,354
Materials and Supplies	24,181	24,620	23,549	1,071
Contractual Services	36,338	37,000	28,719	8,281
Total Administration	<u>474,808</u>	<u>483,292</u>	<u>464,586</u>	<u>18,706</u>
Senior Programs				
Materials and Supplies	63,496	64,556	55,830	8,726
Contractual Services	13,750	14,000	13,279	721
Other	344	350	60	290
Total Senior Programs	<u>77,590</u>	<u>78,906</u>	<u>69,169</u>	<u>9,737</u>
<i>Total Expenditures</i>	<u>552,398</u>	<u>562,198</u>	<u>533,755</u>	<u>28,443</u>
<i>Excess of Revenues Under Expenditures</i>	(461,298)	(471,098)	(455,500)	15,598
<b>Other Financing Sources</b>				
Transfers In	445,000	445,000	445,000	0
<i>Net Change in Fund Balance</i>	(16,298)	(26,098)	(10,500)	15,598
<i>Fund Balance Beginning of Year</i>	45,388	45,388	45,388	0
Prior Year Encumbrances Appropriated	14,298	14,298	14,298	0
<i>Fund Balance End of Year</i>	<u>\$43,388</u>	<u>\$33,588</u>	<u>\$49,186</u>	<u>\$15,598</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Economic Incentive Fund  
 For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$17,000	\$17,000	\$18,906	\$1,906
<b>Expenditures</b>				
Current:				
Community Environment				
Enterprise Zone Monitoring				
Other	<u>1,532,700</u>	<u>1,532,700</u>	<u>951,907</u>	<u>580,793</u>
<i>Excess of Revenues Under Expenditures</i>	(1,515,700)	(1,515,700)	(933,001)	582,699
<b>Other Financing Sources</b>				
Transfers In	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(215,700)	(215,700)	366,999	582,699
<i>Fund Balance Beginning of Year</i>	<u>303,807</u>	<u>303,807</u>	<u>303,807</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$88,107</u></u>	<u><u>\$88,107</u></u>	<u><u>\$670,806</u></u>	<u><u>\$582,699</u></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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Contributions and Donations	\$13,000	\$21,000	\$66,451	\$45,451
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
DARE program				
Materials and Supplies	15,161	15,161	12,767	2,394
Police Training				
Materials and Supplies	11,900	11,900	10,949	951
<i>Total Expenditures</i>	<u>27,061</u>	<u>27,061</u>	<u>23,716</u>	<u>3,345</u>
<i>Net Change in Fund Balance</i>	(14,061)	(6,061)	42,735	48,796
<i>Fund Balance Beginning of Year</i>	194,759	194,759	194,759	0
Prior Year Encumbrances Appropriated	161	161	161	0
<i>Fund Balance End of Year</i>	<u>\$180,859</u>	<u>\$188,859</u>	<u>\$237,655</u>	<u>\$48,796</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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fees, Licenses and Permits	\$35,000	\$23,000	\$23,588	\$588
<b>Expenditures</b>				
Current:				
Basic Utility Services				
Landfill Improvement				
Capital Outlay	117,281	117,281	93,541	23,740
<i>Excess of Revenues Under Expenditures</i>	(82,281)	(94,281)	(69,953)	24,328
<b>Other Financing Sources</b>				
Transfers In	41,000	41,000	49,582	8,582
<i>Net Change in Fund Balance</i>	(41,281)	(53,281)	(20,371)	32,910
<i>Fund Balance Beginning of Year</i>	1,379,441	1,379,441	1,379,441	0
Prior Year Encumbrances Appropriated	17,281	17,281	17,281	0
<i>Fund Balance End of Year</i>	<u>\$1,355,441</u>	<u>\$1,343,441</u>	<u>\$1,376,351</u>	<u>\$32,910</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	<u>\$13,373</u>	<u>\$20,000</u>	<u>\$25,915</u>	<u>\$5,915</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
OMVI				
Personal Services	8,200	8,200	1,893	6,307
Drug Money				
Materials and Supplies	70,900	70,900	13,624	57,276
Immobilization				
Materials and Supplies	3,250	3,250	0	3,250
Miscellaneous				
Materials and Supplies	<u>19,350</u>	<u>19,350</u>	<u>10,295</u>	<u>9,055</u>
<i>Total Expenditures</i>	<u>101,700</u>	<u>101,700</u>	<u>25,812</u>	<u>75,888</u>
<i>Net Change in Fund Balance</i>	(88,327)	(81,700)	103	81,803
<i>Fund Balance Beginning of Year</i>	<u>98,407</u>	<u>98,407</u>	<u>98,407</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$10,080</u></u>	<u><u>\$16,707</u></u>	<u><u>\$98,510</u></u>	<u><u>\$81,803</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Community Improvement Corporation Fund  
 For the Year Ended December 31, 2008*

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

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Cemetery Endowment Trust Fund  
 For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
General Government				
Cemetery Endowment				
Contractual Services	5,000	5,000	0	5,000
<i>Net Change in Fund Balance</i>	(5,000)	(5,000)	0	5,000
<i>Fund Balance Beginning of Year</i>	5,501	5,501	5,501	0
<i>Fund Balance End of Year</i>	<u>\$501</u>	<u>\$501</u>	<u>\$5,501</u>	<u>\$5,000</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, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Contributions and Donations	<u>\$2,573</u>	<u>\$2,573</u>	<u>\$9,383</u>	<u>\$6,810</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Materials and Supplies	4,200	2,439	1,897	542
Contractual Services	<u>500</u>	<u>500</u>	<u>0</u>	<u>500</u>
Total Police	4,700	2,939	1,897	1,042
Fire				
Materials and Supplies	<u>0</u>	<u>1,761</u>	<u>1,761</u>	<u>0</u>
Total Security of Persons and Property	<u>4,700</u>	<u>4,700</u>	<u>3,658</u>	<u>1,042</u>
Leisure Time Activities				
Senior Services Donations				
Other	37,309	37,309	4,837	32,472
Community Park Donations				
Other	<u>3,200</u>	<u>3,200</u>	<u>0</u>	<u>3,200</u>
Total Leisure Time Activities	<u>40,509</u>	<u>40,509</u>	<u>4,837</u>	<u>35,672</u>
Community Environment				
Beautification Donations				
Other	10,000	10,000	0	10,000
Engineering Department				
Personal Services	<u>1,800</u>	<u>1,800</u>	<u>0</u>	<u>1,800</u>
Total Community Environment	<u>11,800</u>	<u>11,800</u>	<u>0</u>	<u>11,800</u>
General Government				
Special Donations				
Other	<u>8,300</u>	<u>8,300</u>	<u>0</u>	<u>8,300</u>
<i>Total Expenditures</i>	<u>65,309</u>	<u>65,309</u>	<u>8,495</u>	<u>56,814</u>
<i>Net Change in Fund Balance</i>	(62,736)	(62,736)	888	63,624
<i>Fund Balance Beginning of Year</i>	62,727	62,727	62,727	0
Prior Year Encumbrances Appropriated	<u>9</u>	<u>9</u>	<u>9</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$63,624</u>	<u>\$63,624</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Safety and Service Equipment Fund  
 For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$383,528	\$383,528	\$460,862	\$77,334
Intergovernmental	37,277	37,277	37,277	0
Miscellaneous	0	0	15,227	15,227
<i>Total Revenues</i>	420,805	420,805	513,366	92,561
<b>Expenditures</b>				
Capital Outlay	1,230,189	1,230,189	715,150	515,039
<i>Excess of Revenues Under Expenditures</i>	(809,384)	(809,384)	(201,784)	607,600
<b>Other Financing Sources</b>				
Transfers In	700,000	700,000	700,000	0
<i>Net Change in Fund Balance</i>	(109,384)	(109,384)	498,216	607,600
<i>Fund Balance Beginning of Year</i>	355,897	355,897	355,897	0
Prior Year Encumbrances Appropriated	1,189	1,189	1,189	0
<i>Fund Balance End of Year</i>	<u>\$247,702</u>	<u>\$247,702</u>	<u>\$855,302</u>	<u>\$607,600</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay	<u>65,000</u>	<u>65,000</u>	<u>30,870</u>	<u>34,130</u>
<i>Net Change in Fund Balance</i>	(65,000)	(65,000)	(30,870)	34,130
<i>Fund Balance Beginning of Year</i>	<u>67,098</u>	<u>67,098</u>	<u>67,098</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,098</u></u>	<u><u>\$2,098</u></u>	<u><u>\$36,228</u></u>	<u><u>\$34,130</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Municipal Income Taxes	\$29,404	\$50,000	\$56,380	\$6,380
Intergovernmental	29,403	50,000	51,829	1,829
Investment Income	0	0	4,386	4,386
Charges for Services	12,938	22,000	21,337	(663)
<i>Total Revenues</i>	<u>71,745</u>	<u>122,000</u>	<u>133,932</u>	<u>11,932</u>
<b>Expenditures</b>				
Capital Outlay	2,571,125	2,571,126	1,912,998	658,128
Debt Service:				
Principal Retirement	1,690,000	1,690,000	1,690,000	0
Interest and Fiscal Charges	100,000	100,000	100,000	0
Total Debt Service	<u>1,790,000</u>	<u>1,790,000</u>	<u>1,790,000</u>	<u>0</u>
<i>Total Expenditures</i>	<u>4,361,125</u>	<u>4,361,126</u>	<u>3,702,998</u>	<u>658,128</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(4,289,380)</u>	<u>(4,239,126)</u>	<u>(3,569,066)</u>	<u>670,060</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	588,073	1,000,000	1,530,815	530,815
Transfers Out	0	(1,758,138)	(1,758,138)	0
<i>Total Other Financing Sources (Uses)</i>	<u>588,073</u>	<u>(758,138)</u>	<u>(227,323)</u>	<u>530,815</u>
<b>Special Item</b>				
Proceeds from Sale of Land	1,470,182	2,500,000	2,518,150	18,150
<i>Net Change in Fund Balance</i>	<u>(2,231,125)</u>	<u>(2,497,264)</u>	<u>(1,278,239)</u>	<u>1,219,025</u>
<i>Fund Balance Beginning of Year</i>	4,381,282	4,381,282	4,381,282	0
Prior Year Encumbrances Appropriated	211,125	211,125	211,125	0
<i>Fund Balance End of Year</i>	<u>\$2,361,282</u>	<u>\$2,095,143</u>	<u>\$3,314,168</u>	<u>\$1,219,025</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Workers' Compensation Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$300,000	\$300,000	\$300,000	\$0
<b>Expenses</b>				
Contractual Services	227,884	265,865	249,229	16,636
Claims	72,376	84,395	72,933	11,462
<i>Total Expenses</i>	<u>300,260</u>	<u>350,260</u>	<u>322,162</u>	<u>28,098</u>
<i>Net Change in Fund Equity</i>	(260)	(50,260)	(22,162)	28,098
<i>Fund Equity Beginning of Year</i>	65,248	65,248	65,248	0
Prior Year Encumbrances Appropriated	<u>260</u>	<u>260</u>	<u>260</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$65,248</u>	<u>\$15,248</u>	<u>\$43,346</u>	<u>\$28,098</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.

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<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2 - S11
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the municipal income tax.	S12 - S13
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S14 - S19
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S20- S23
<b>Operating Information</b> These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S24 - S27

**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 Assets By Component*  
*Last Seven Years*  
*(Accrual Basis of Accounting)*

	2008	2007	2006	2005
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$92,250,325	\$87,878,235	\$82,030,598	\$78,760,236
Restricted:				
Capital Projects	19,795,982	21,802,881	19,874,834	17,130,291
Debt Service	8,824,240	4,245,100	5,043,568	5,832,940
Street Construction, Maintenance and Repair	1,084,825	971,182	933,208	787,747
Cable TV	553,060	488,084	505,445	478,171
Tree Planting	249,116	243,136	240,376	232,556
Landfill Improvement	1,400,493	1,394,909	1,399,637	1,352,933
Other Purposes	1,507,140	792,373	549,219	208,927
Unrestricted	12,324,836	14,084,752	13,134,426	13,348,140
<i>Total Governmental Activities Net Assets</i>	<u>\$137,990,017</u>	<u>\$131,900,652</u>	<u>\$123,711,311</u>	<u>\$118,131,941</u>
<b>Business Type - Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$51,496,779	\$50,615,585	\$49,301,117	\$44,682,581
Unrestricted	5,470,918	4,291,875	3,265,336	5,723,344
<i>Total Business-Type Activities Net Assets</i>	<u>\$56,967,697</u>	<u>\$54,907,460</u>	<u>\$52,566,453</u>	<u>\$50,405,925</u>
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt	\$143,747,104	\$138,493,820	\$131,331,715	\$123,442,817
Restricted	33,414,856	29,937,665	28,546,287	26,023,565
Unrestricted	17,795,754	18,376,627	16,399,762	19,071,484
<i>Total Primary Government Net Assets</i>	<u>\$194,957,714</u>	<u>\$186,808,112</u>	<u>\$176,277,764</u>	<u>\$168,537,866</u>

2004	2003	2002
\$73,743,370	\$74,138,179	\$64,236,393
19,714,801	20,769,432	21,153,622
5,494,418	5,164,577	5,182,771
933,997	1,100,877	1,439,159
504,777	434,793	345,524
216,226	200,356	186,326
1,351,906	1,367,896	1,379,192
139,672	340,629	606,348
18,278,464	21,327,415	28,200,481
<u>\$120,377,631</u>	<u>\$124,844,154</u>	<u>\$122,729,816</u>
\$39,874,333	\$39,017,736	\$34,383,495
5,929,558	7,447,417	7,695,055
<u>\$45,803,891</u>	<u>\$46,465,153</u>	<u>\$42,078,550</u>
\$113,617,703	\$113,155,915	\$98,619,888
28,355,797	29,378,560	30,292,942
24,208,022	28,774,832	35,895,536
<u>\$166,181,522</u>	<u>\$171,309,307</u>	<u>\$164,808,366</u>

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

	2008	2007	2006	2005
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Security of Persons and Property				
Police	\$487,454	\$473,157	\$467,125	\$451,120
Fire	436,985	432,286	410,437	410,017
Prosecutor	19,725	22,654	21,545	33,500
Public Health and Welfare	5,406	7,485	8,328	9,210
Leisure Time Activities	3,081,121	3,064,735	2,901,646	2,853,512
Community Development	157,036	163,455	151,067	147,069
Basic Utility Services	157,087	110,039	223,131	147,855
Transportation	325,144	327,922	293,743	308,193
General Government	455,053	469,342	521,404	587,975
Operating Grants and Contributions	1,405,593	1,259,666	1,186,197	1,008,611
Capital Grants, Contributions and Capital Assessments	<u>5,742,816</u>	<u>663,457</u>	<u>1,597,434</u>	<u>2,028,529</u>
<i>Total Governmental Activities Program Revenues</i>	<u>12,273,420</u>	<u>6,994,198</u>	<u>7,782,057</u>	<u>7,985,591</u>
Business-Type Activities:				
Charges for Services:				
Water Reclamation	5,842,685	5,783,498	5,245,086	5,034,157
Grantwood Recreation	1,329,215	1,378,801	1,358,772	1,458,833
Operating Grants and Contributions	<u>585</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Business-Type Activities Program Revenues</i>	<u>7,172,485</u>	<u>7,162,299</u>	<u>6,603,858</u>	<u>6,492,990</u>
<i>Total Primary Government Program Revenues</i>	<u>19,445,905</u>	<u>14,156,497</u>	<u>14,385,915</u>	<u>14,478,581</u>
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property				
Police	8,558,640	7,893,398	7,454,568	7,085,001
Fire	8,312,572	7,052,821	7,187,188	6,945,834
Prosecutor	299,401	299,085	296,403	449,351
Public Health and Welfare	82,050	98,755	114,569	123,533
Leisure Time Activities	6,607,556	6,385,083	5,959,263	5,786,057
Community Development	3,343,663	3,289,985	2,907,697	2,659,078
Basic Utility Services	2,839,393	2,694,417	1,840,017	1,543,094
Transportation	14,973,096	13,287,441	10,519,856	11,193,451
General Government	7,532,794	6,591,856	7,003,004	6,700,104
Interest and Fiscal Charges	<u>1,232,429</u>	<u>1,374,360</u>	<u>1,354,604</u>	<u>1,285,874</u>
<i>Total Governmental Activities Expenses</i>	<u>53,781,594</u>	<u>48,967,201</u>	<u>44,637,169</u>	<u>43,771,377</u>
Business-Type Activities				
Water Reclamation	6,005,663	4,446,862	5,768,265	4,948,864
Grantwood Recreation	<u>1,395,175</u>	<u>1,336,801</u>	<u>1,262,934</u>	<u>1,405,262</u>
<i>Total Business-Type Activities Expenses</i>	<u>7,400,838</u>	<u>5,783,663</u>	<u>7,031,199</u>	<u>6,354,126</u>
<i>Total Primary Government Program Expenses</i>	<u>61,182,432</u>	<u>54,750,864</u>	<u>51,668,368</u>	<u>50,125,503</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(41,508,174)	(41,973,003)	(36,855,112)	(35,785,786)
Business-Type Activities	<u>(228,353)</u>	<u>1,378,636</u>	<u>(427,341)</u>	<u>138,864</u>
<i>Total Primary Government Net Expense</i>	<u>(\$41,736,527)</u>	<u>(\$40,594,367)</u>	<u>(\$37,282,453)</u>	<u>(\$35,646,922)</u>

2004	2003
\$397,347	\$431,411
342,623	357,758
19,334	23,462
8,076	8,248
2,591,960	2,142,864
138,260	177,622
107,112	99,214
241,598	253,276
649,852	563,605
1,073,328	831,117
<u>30,000</u>	<u>924,595</u>
<u>5,599,490</u>	<u>5,813,172</u>
4,951,245	5,084,021
1,439,019	1,280,301
<u>0</u>	<u>0</u>
<u>6,390,264</u>	<u>6,364,322</u>
<u>11,989,754</u>	<u>12,177,494</u>
6,952,721	6,236,704
6,580,279	5,860,599
291,166	299,984
121,625	105,461
5,599,968	5,055,204
2,738,297	2,874,107
1,467,266	1,238,991
11,766,890	6,029,480
8,336,415	6,396,281
<u>1,301,006</u>	<u>1,448,515</u>
<u>45,155,633</u>	<u>35,545,326</u>
5,935,231	5,464,150
<u>1,356,898</u>	<u>1,409,474</u>
<u>7,292,129</u>	<u>6,873,624</u>
<u>52,447,762</u>	<u>42,418,950</u>
(39,556,143)	(29,732,154)
<u>(901,865)</u>	<u>(509,302)</u>
<u>(\$40,458,008)</u>	<u>(\$30,241,456)</u>

(continued)

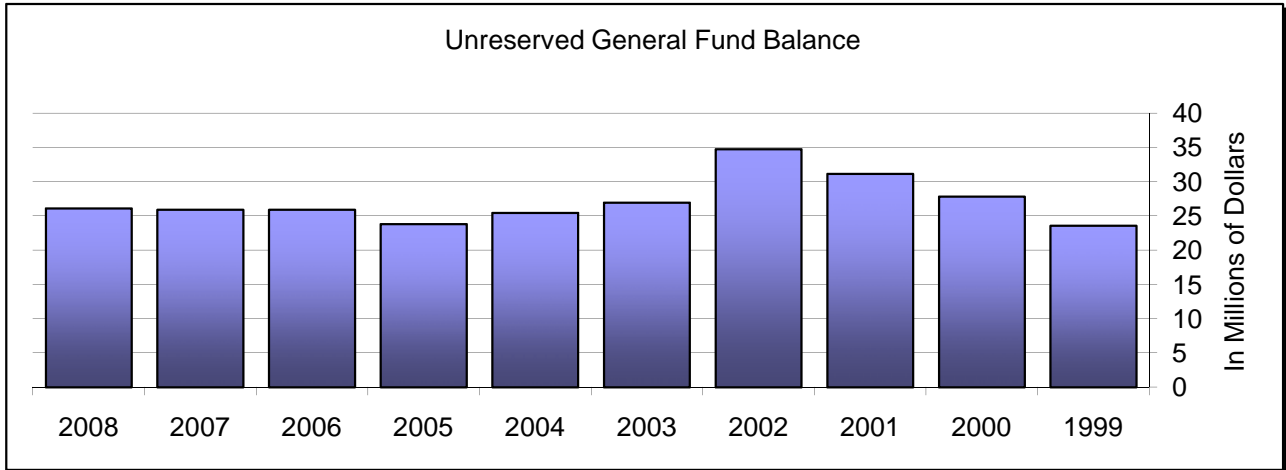
**City of Solon, Ohio**  
*Changes in Net Assets (continued)*  
*Last Six Years*  
*(Accrual Basis of Accounting)*

	2008	2007	2006	2005
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities				
Property Taxes Levied For:				
General Purposes	\$931,232	\$951,950	\$1,012,667	\$745,476
Debt Service	1,933,192	2,535,666	2,291,480	2,237,086
Police Pension	474,758	486,686	440,914	410,539
Fire Pension	711,430	729,324	654,279	615,809
Service and Safety Equipment	457,470	471,740	452,365	420,530
Community Center	305,922	0	0	0
Municipal Income Taxes levied for:				
General Purposes	28,158,976	30,601,737	27,042,160	22,840,197
Debt Service	3,607	41,358	0	0
Infrastructure	9,179,725	9,682,464	8,136,936	7,127,506
General Capital Improvements	74,141	0	0	0
Grants and Entitlements not Restricted to				
Specific Programs	2,389,085	1,941,816	2,229,329	2,572,766
Investment Income	2,807,067	3,242,148	2,426,337	893,329
Gain on Sale of Capital Assets	0	0	31,726	0
Miscellaneous	582,432	397,834	260,020	87,494
<i>Total Governmental Activities</i>				
General Revenues	48,009,037	51,082,723	44,978,213	37,950,732
Special Item - Gain on the Sale of Land Transfers	1,799,567	0	0	0
	<u>(2,211,065)</u>	<u>(920,379)</u>	<u>(2,543,731)</u>	<u>(4,410,636)</u>
<i>Total Governmental Activities</i>	<u>47,597,539</u>	<u>50,162,344</u>	<u>42,434,482</u>	<u>33,540,096</u>
Business-Type Activities				
Gain on Sale of Capital Assets	0	1,498	2,518	0
Miscellaneous	77,525	40,494	41,620	52,534
<i>Total Business-Type Activities</i>				
General Revenues	77,525	41,992	44,138	52,534
Transfers	2,211,065	920,379	2,543,731	4,410,636
<i>Total Business-Type Activities</i>	<u>2,288,590</u>	<u>962,371</u>	<u>2,587,869</u>	<u>4,463,170</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>49,886,129</u>	<u>51,124,715</u>	<u>45,022,351</u>	<u>38,003,266</u>
<b>Change in Net Assets</b>				
Governmental Activities	6,089,365	8,189,341	5,579,370	(2,245,690)
Business-Type Activities	2,060,237	2,341,007	2,160,528	4,602,034
<i>Total Primary Government Change in Net Assets</i>	<u>\$8,149,602</u>	<u>\$10,530,348</u>	<u>\$7,739,898</u>	<u>\$2,356,344</u>

2004	2003
\$787,950	\$729,028
3,025,779	3,061,294
320,851	298,464
332,792	298,464
431,881	430,479
0	0
21,800,820	21,673,469
0	0
4,971,768	6,603,732
0	0
2,336,884	1,929,875
1,155,225	1,298,459
8,450	0
90,038	401,395
35,262,438	36,724,659
0	0
(172,818)	(4,878,167)
35,089,620	31,846,492
0	0
67,785	17,738
67,785	17,738
172,818	4,878,167
240,603	4,895,905
35,330,223	36,742,397
(4,466,523)	2,114,338
(661,262)	4,386,603
<u>(\$5,127,785)</u>	<u>\$6,500,941</u>

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

	2008	2007	2006	2005
<b>General Fund</b>				
Reserved	\$406,585	\$2,625,689	\$2,746,771	\$2,780,421
Unreserved	26,104,831	25,889,682	25,898,002	23,818,231
<b>Total General Fund</b>	<u>26,511,416</u>	<u>28,515,371</u>	<u>28,644,773</u>	<u>26,598,652</u>
<b>All Other Governmental Funds</b>				
Reserved	455,015	5,339,021	1,902,166	255,949
Unreserved, Undesignated, Reported in:				
Special Revenue funds	4,488,030	3,563,983	3,185,684	2,762,247
Debt Service funds	1,485,082	1,074,820	1,529,697	1,996,287
Capital Projects funds	13,198,823	6,549,744	10,924,870	10,570,361
<b>Total All Other Governmental Funds</b>	<u>19,626,950</u>	<u>16,527,568</u>	<u>17,542,417</u>	<u>15,584,844</u>
<b>Total Governmental Funds</b>	<u>\$46,138,366</u>	<u>\$45,042,939</u>	<u>\$46,187,190</u>	<u>\$42,183,496</u>





2004	2003	2002	2001	2000	1999
\$2,892,935	\$2,891,843	\$786,678	\$661,838	\$594,769	\$1,263,499
25,438,890	26,936,020	34,724,059	31,111,479	27,803,458	23,550,204
28,331,825	29,827,863	35,510,737	31,773,317	28,398,227	24,813,703
3,560,449	3,505,304	11,589,137	5,275,449	3,720,582	8,557,973
2,737,070	3,520,429	4,035,765	3,978,995	3,605,649	(945,600)
2,362,134	2,298,675	1,995,644	3,767,317	2,949,257	377,447
9,525,748	10,043,906	1,768,345	12,856,838	21,758,332	13,092,937
18,185,401	19,368,314	19,388,891	25,878,599	32,033,820	21,082,757
<u>\$46,517,226</u>	<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 Ten Years*  
*(Modified Accrual Basis of Accounting)*

	2008	2007	2006	2005	2004
<b>Revenues</b>					
Property Taxes	\$4,850,270	\$5,167,986	\$4,857,332	\$4,501,679	\$4,856,262
Municipal Income Taxes	37,875,299	38,530,269	36,029,136	29,535,375	27,038,056
Special Assessments	1,121,553	1,003,236	850,556	1,083,930	406,647
Intergovernmental	3,996,592	3,127,153	4,360,538	3,766,964	3,306,652
Investment Income	2,807,067	3,242,148	2,426,337	893,329	1,155,225
Fees, Licenses and Permits	856,198	989,533	978,890	1,112,664	1,081,566
Fines and Forfeitures	401,852	353,490	379,355	332,732	292,396
Rentals	18,525	13,598	18,343	31,992	11,563
Charges for Services	3,758,436	3,714,454	3,621,838	3,471,063	3,110,637
Contributions and Donations	130,287	103,806	111,152	66,982	83,731
Miscellaneous	582,432	397,834	260,020	87,494	90,038
<b>Total Revenues</b>	<b>56,398,511</b>	<b>56,643,507</b>	<b>53,893,497</b>	<b>44,884,204</b>	<b>41,432,773</b>
<b>Expenditures</b>					
Current:					
Security of Persons and Property	0	0	0	0	0
Police	7,985,861	7,290,455	7,020,044	6,649,603	6,635,441
Fire	7,750,303	7,025,219	6,605,778	6,458,351	6,289,735
Prosecutor	299,953	294,804	300,436	445,789	288,406
Public Health and Welfare	82,050	98,755	114,569	123,533	121,625
Leisure Time Activities	5,900,904	5,602,008	5,248,742	5,091,112	4,895,083
Community Development	3,316,686	3,139,019	2,219,670	2,062,884	2,083,980
Basic Utilities Services	2,073,297	2,044,148	1,846,896	1,587,598	1,469,524
Transportation	5,943,351	5,405,428	4,910,127	5,167,983	4,745,841
General Government	6,286,418	5,692,537	6,117,606	6,000,827	7,370,422
Capital Outlay	13,280,808	13,649,066	13,399,863	15,578,972	7,913,048
Debt Service:					
Principal Retirement	1,732,382	5,886,095	2,547,369	2,546,082	2,336,134
Interest and Fiscal Charges	1,246,408	1,406,201	1,263,066	1,299,872	1,273,201
Bond Issuance Costs	0	0	0	0	0
<b>Total Expenditures</b>	<b>55,898,421</b>	<b>57,533,735</b>	<b>51,594,166</b>	<b>53,012,606</b>	<b>45,422,440</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>500,090</u>	<u>(890,228)</u>	<u>2,299,331</u>	<u>(8,128,402)</u>	<u>(3,989,667)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	14,175	54,216	72,236	169,563	29,500
General Obligation Bonds Issued	0	0	0	0	0
Payment to Refunded Bond Escrow	0	0	0	0	0
General Obligation Notes Issued	0	0	0	0	0
OWDA Loans Issued	0	612,140	1,789,236	3,811,825	1,454,034
Reimbursements Received	0	0	0	0	0
Transfers In	8,344,130	10,425,148	6,994,821	4,462,788	5,369,057
Transfers Out	(10,281,118)	(11,345,527)	(7,151,930)	(4,649,504)	(5,541,875)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,922,813)</b>	<b>(254,023)</b>	<b>1,704,363</b>	<b>3,794,672</b>	<b>1,310,716</b>
<b>Special Item</b>					
Proceeds from Sale of Land	2,518,150	0	0	0	0
<b>Net Change in Fund Balances</b>	<b><u>\$1,095,427</u></b>	<b><u>(\$1,144,251)</u></b>	<b><u>\$4,003,694</u></b>	<b><u>(\$4,333,730)</u></b>	<b><u>(\$2,678,951)</u></b>
Debt Service as a Percentage of Noncapital Expenditures	5.9%	14.8%	11.1%	11.5%	10.6%

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

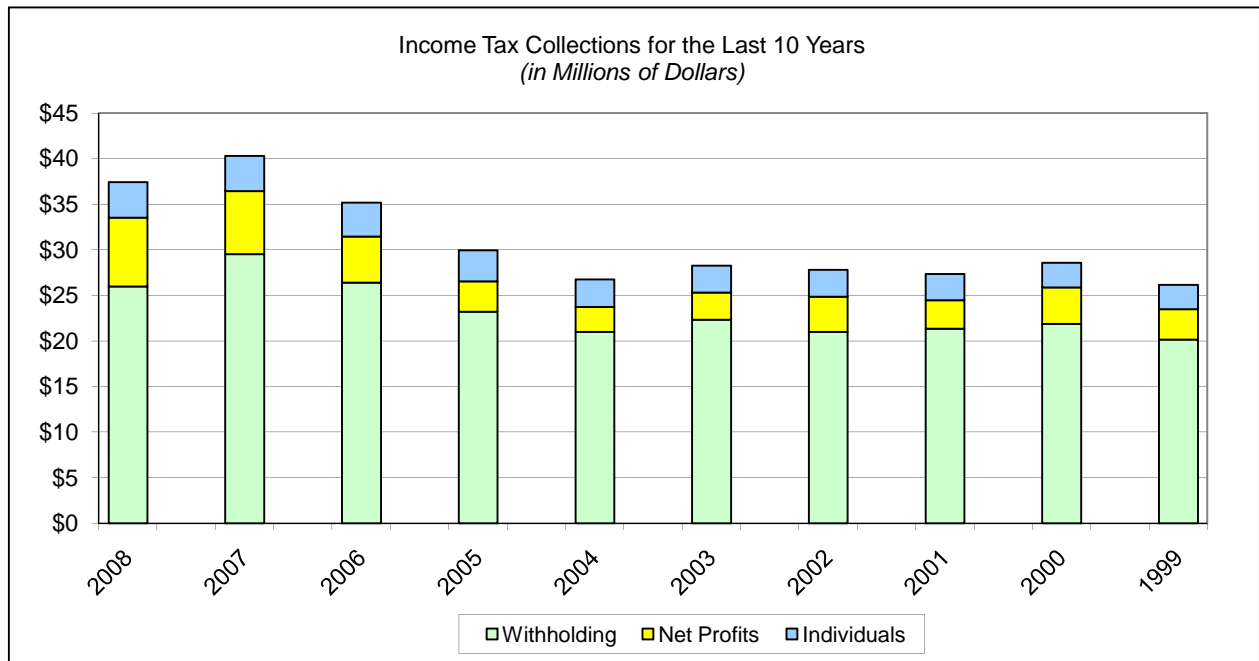
2003	2002	2001	2000	1999
\$4,824,148	\$4,370,359	\$3,846,998	\$4,083,715	\$5,538,206
28,383,580	27,795,091	27,350,350	28,570,407	26,143,337
370,838	820,074	707,859	958,092	830,806
3,536,577	7,314,296	3,529,761	3,498,284	1,550,889
1,298,459	3,174,847	3,820,232	3,808,423	2,146,285
1,040,886	900,926	1,184,015	666,834	757,324
282,640	286,901	325,416	347,191	304,039
8,397	0	0	0	0
2,725,537	1,864,193	1,440,499	1,119,423	1,048,265
67,961	0	0	0	0
401,395	236,792	810,069	334,253	569,959
<u>42,940,418</u>	<u>46,763,479</u>	<u>43,015,199</u>	<u>43,386,622</u>	<u>38,889,110</u>
0	10,808,139	10,207,122	8,608,778	8,782,451
6,014,057	0	0	0	0
5,401,761	0	0	0	0
299,984	0	0	0	0
105,461	105,158	104,022	43,132	51,024
4,276,719	3,259,042	2,755,778	2,336,255	2,100,800
2,084,024	1,709,823	1,806,525	851,585	899,354
1,525,655	1,467,022	1,314,350	1,430,866	1,398,880
4,318,184	3,974,720	3,630,221	3,785,984	4,141,324
5,330,364	4,920,380	4,807,963	5,640,503	6,001,325
16,768,406	25,394,387	13,622,807	9,681,842	7,188,569
2,171,799	4,648,819	8,079,702	1,741,225	1,662,893
1,403,436	1,295,962	1,451,907	1,537,280	1,635,594
0	90,645	0	0	0
<u>49,699,850</u>	<u>57,674,097</u>	<u>47,780,397</u>	<u>35,657,450</u>	<u>33,862,214</u>
<u>(6,759,432)</u>	<u>(10,910,618)</u>	<u>(4,765,198)</u>	<u>7,729,172</u>	<u>5,026,896</u>
0	0	0	0	0
0	12,195,521	0	0	0
0	(2,860,468)	0	0	0
0	0	2,300,000	6,475,000	0
1,268,815	0	0	0	0
0	0	0	331,415	173,128
10,056,269	4,903,817	7,888,694	3,278,664	3,716,357
<u>(10,269,103)</u>	<u>(6,080,540)</u>	<u>(8,203,627)</u>	<u>(3,278,664)</u>	<u>(3,739,357)</u>
<u>1,055,981</u>	<u>8,158,330</u>	<u>1,985,067</u>	<u>6,806,415</u>	<u>150,128</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(\$5,703,451)</u>	<u>(\$2,752,288)</u>	<u>(\$2,780,131)</u>	<u>\$14,535,587</u>	<u>\$5,177,024</u>
12.2%	23.0%	38.7%	14.4%	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
2008	2.00 %	\$37,416,449	\$25,989,242	69.46%	\$7,547,808	20.17%	\$3,879,399	10.37%
2007	2.00	40,325,559	29,517,754	73.20	6,937,835	17.20	3,869,970	9.60
2006	2.00	35,179,096	26,402,804	75.05	5,075,164	14.43	3,701,128	10.52
2005	2.00	29,967,703	23,220,297	77.48	3,337,974	11.14	3,409,432	11.38
2004	2.00	26,772,588	21,006,825	78.46	2,726,706	10.18	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

(1) 2003 through 2008 are on an Accrual Basis and 1999 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 Nine Years Ago (Cash Basis) (1)*

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

2008 Taxpayers	Ranking
Swagelok Manufacturing Company	1
Nestle Food Company	2
Erico Products Inc.	3
Solon Board of Education	4
Keithley Instruments Inc.	5
National Enterprise Systems Inc.	6
City of Solon	7
Kennametal Inc.	8
Arrow Electronics, Inc.	9
Datavantage	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

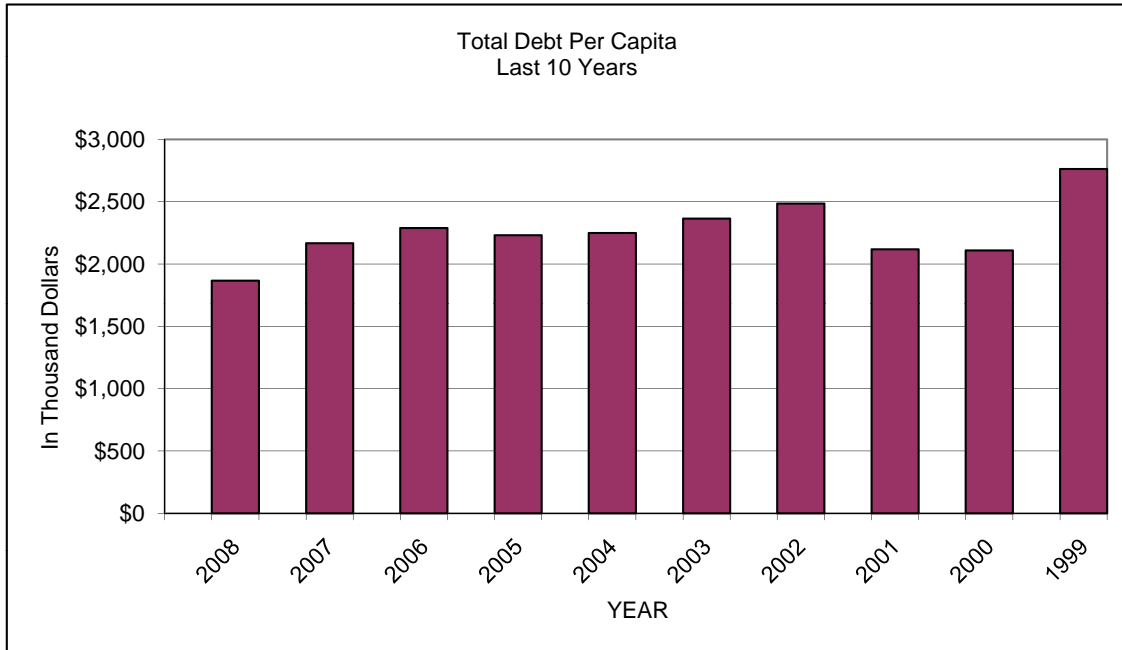
Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholding.

(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
2008	\$9,150,000	\$325,818	\$12,007,462	\$350,855	\$0	\$5,739,897
2007	10,150,000	401,537	12,603,477	411,503	0	9,400,888
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

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



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Business-Type  
Activities

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<u>OWDA Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$13,110,071	\$40,684,103	5.27%	\$1,866
14,275,277	47,242,682	6.12	2,167
13,942,003	49,895,226	6.47	2,289
13,041,769	48,652,492	6.30	2,232
14,183,512	49,047,449	6.36	2,250
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

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

<u>Year</u>	<u>Population (1)</u>		<u>Estimated True Values of Taxable Property (2)</u>	<u>Bonded Debt (3)</u>	<u>Ratio of Bonded Debt to Estimated True Values of Taxable Property</u>	<u>Bonded Debt Per Capital</u>
2008	21,802	b	3,606,216,546	\$9,150,000	0.25 %	\$419.69
2007	21,802	b	4,250,386,170	10,150,000	0.24	465.55
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	b	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

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, 2008*

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Solon
<b>Direct - City of Solon</b>			
General Obligation Bonds	\$9,150,000	100.00%	\$9,150,000
Special Assessment Bonds	325,818	100.00%	325,818
Bond Anticipation Notes	5,739,897	100.00%	5,739,897
OPWC Loans	350,855	100.00%	350,855
OWDA Loans	<u>12,007,462</u>	100.00%	<u>12,007,462</u>
<i>Total Direct</i>	<u>27,574,032</u>		<u>27,574,032</u>
<b>Overlapping</b>			
Solon City School District			
General Obligation Bonds	23,848,765	97.86%	23,338,401
Orange School District			
General Obligation Bonds	26,589,034	2.14%	569,005
Capital Lease Obligations	272,258	2.14%	5,826
Cuyahoga County (2)			
General Obligation Bonds	173,500,000	3.87%	6,714,450
Revenue Bonds	97,576,000	3.87%	3,776,191
Installment Purchase Agreement	2,269,000	3.87%	87,810
Capital Lease Obligations	27,202,000	3.87%	1,052,717
Loans Payable	6,551,000	3.87%	253,524
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	138,030,000	3.87%	5,341,761
SIB Loan	3,575,318	3.87%	138,365
Capital Lease Obligations	<u>23,684,005</u>	3.87%	<u>916,571</u>
<i>Total Overlapping Debt</i>	<u>523,097,380</u>		<u>42,194,622</u>
<b>Total</b>	<u><u>\$550,671,412</u></u>		<u><u>\$69,768,654</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 Nine Years (1)*

	2008	2007	2006	2005
Population	21,802	21,802	21,802	21,802
Total Assessed Property Value	<u>\$1,189,301,755</u>	<u>\$1,268,462,154</u>	<u>\$1,185,343,677</u>	<u>\$1,178,760,526</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$9,150,000	\$10,150,000	\$15,210,000	\$17,170,000
Special Assessment Bonds	325,818	401,537	474,961	548,385
Bond Anticipation Notes	5,700,000	9,390,000	7,100,000	6,000,000
OPWC Loans	350,855	411,503	472,151	532,799
OWDA Loans	<u>25,117,533</u>	<u>26,878,754</u>	<u>26,625,363</u>	<u>24,389,190</u>
Total Gross Indebtedness	40,644,206	47,231,794	49,882,475	48,640,374
Less:				
Special Assessment Bonds	(325,818)	(401,537)	(474,961)	(548,385)
OWDA Loans	(25,117,533)	(26,878,754)	(26,625,363)	(24,389,190)
General Obligation Bond Retirement Fund Balance	<u>(1,485,082)</u>	<u>(1,074,820)</u>	<u>(1,529,697)</u>	<u>(1,996,287)</u>
Total Net Debt Applicable to Debt Limit	<u>13,715,773</u>	<u>18,876,683</u>	<u>21,252,454</u>	<u>21,706,512</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>124,876,684</u>	<u>133,188,526</u>	<u>124,461,086</u>	<u>123,769,855</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$111,160,911</u>	<u>\$114,311,843</u>	<u>\$103,208,632</u>	<u>\$102,063,343</u>
Legal Debt Margin as a Percentage of the Debt Limit	89.02%	85.83%	82.92%	82.46%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$65,411,597</u>	<u>\$69,765,418</u>	<u>\$65,193,902</u>	<u>\$64,831,829</u>
Total Gross Indebtedness	40,644,206	47,231,794	49,882,475	48,640,374
Less:				
Voted General Obligation Bonds	(2,060,000)	(2,250,000)	(2,430,000)	(2,605,000)
Special Assessment Bonds	(325,818)	(401,537)	(474,961)	(548,385)
OWDA Loans	(25,117,533)	(26,878,754)	(26,625,363)	(24,389,190)
General Obligation Bond Retirement Fund Balance	<u>(1,485,082)</u>	<u>(1,074,820)</u>	<u>(1,529,697)</u>	<u>(1,996,287)</u>
Net Debt Within 5 ½ % Limitations	<u>11,655,773</u>	<u>16,626,683</u>	<u>18,822,454</u>	<u>19,101,512</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$53,755,824</u>	<u>\$53,138,735</u>	<u>\$46,371,448</u>	<u>\$45,730,317</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	82.18%	76.17%	71.13%	70.54%

Source: City Financial Records

(1) Information prior to 2000 is not available.

2004	2003	2002	2001	2000
21,802	21,802	21,802	21,802	21,802
<u>\$1,188,847,661</u>	<u>\$1,139,784,898</u>	<u>\$1,120,768,635</u>	<u>\$1,111,915,474</u>	<u>\$980,808,082</u>
\$19,040,000	\$20,835,000	\$22,570,000	\$12,185,000	\$13,325,000
722,220	898,350	1,060,714	4,131,604	4,426,604
6,500,000	7,000,000	7,500,000	9,300,000	6,475,000
593,447	654,095	714,744	805,716	836,040
<u>22,160,707</u>	<u>22,115,948</u>	<u>19,190,442</u>	<u>19,769,230</u>	<u>20,926,729</u>
49,016,374	51,503,393	51,035,900	46,191,550	45,989,373
(722,220)	(898,350)	(1,060,714)	(4,131,604)	(4,426,604)
(22,160,707)	(22,115,948)	(19,190,442)	(16,875,557)	(20,926,729)
<u>(2,362,134)</u>	<u>(2,298,675)</u>	<u>(1,596,515)</u>	<u>(2,989,743)</u>	<u>(2,949,257)</u>
<u>23,771,313</u>	<u>26,190,420</u>	<u>29,188,229</u>	<u>22,194,646</u>	<u>17,686,783</u>
124,829,004	119,677,414	117,680,707	116,751,125	102,984,849
<u>\$101,057,691</u>	<u>\$93,486,994</u>	<u>\$88,492,478</u>	<u>\$94,556,479</u>	<u>\$85,298,066</u>
80.96%	78.12%	75.20%	80.99%	82.83%
<u>\$65,386,621</u>	<u>\$62,688,169</u>	<u>\$61,642,275</u>	<u>\$61,155,351</u>	<u>\$53,944,445</u>
49,016,374	51,503,393	51,035,900	46,191,550	45,989,373
(2,770,000)	(2,920,000)	(3,060,000)	(3,190,000)	(3,315,000)
(722,220)	(898,350)	(1,060,714)	(4,131,604)	(4,426,604)
(22,160,707)	(22,115,948)	(19,190,442)	(16,875,557)	(20,926,729)
<u>(2,362,134)</u>	<u>(2,298,675)</u>	<u>(1,596,515)</u>	<u>(2,989,743)</u>	<u>(2,949,257)</u>
<u>21,001,313</u>	<u>23,270,420</u>	<u>26,128,229</u>	<u>19,004,646</u>	<u>14,371,783</u>
<u>\$44,385,308</u>	<u>\$39,417,749</u>	<u>\$35,514,046</u>	<u>\$42,150,705</u>	<u>\$39,572,662</u>
67.88%	62.88%	57.61%	68.92%	73.36%

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

2007		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Company	2,728	5.21 %
Nestle Food Company	1,838	3.51
Solon Board of Education	1,085	2.07
National Enterprise Systems	1,050	2.00
City of Solon	952	1.82
Erico Products Inc.	619	1.18
Agilysys, Inc.	607	1.16
Keithley Instruments Inc.	512	0.98
Kennametal Inc.	401	0.77
L'Oreal USA Products Inc.	398	0.76
<b>Total</b>	<b><u>10,190</u></b>	<b><u>19.46 %</u></b>
<b>Total W-2's Received</b>	<b><u>52,373</u></b>	

1999		
Employer	W-2's	Percentage of Total City W-2's
Clintec Management Services	2,248	4.21 %
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
<b>Total</b>	<b><u>8,462</u></b>	<b><u>15.83 %</u></b>
<b>Total W-2's Received</b>	<b><u>53,467</u></b>	

(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)
2008	21,802	\$771,659,988	\$35,394	\$78,903	39
2007	21,802	771,659,988	35,394	78,903	39
2006	21,802	771,659,988	35,394	78,903	39
2005	21,802	771,659,988	35,394	78,903	39
2004	21,802	771,659,988	35,394	78,903	39
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

(1) Source: U. S. Census

(a) Years 2000 through 2008 - 2000 Federal Census

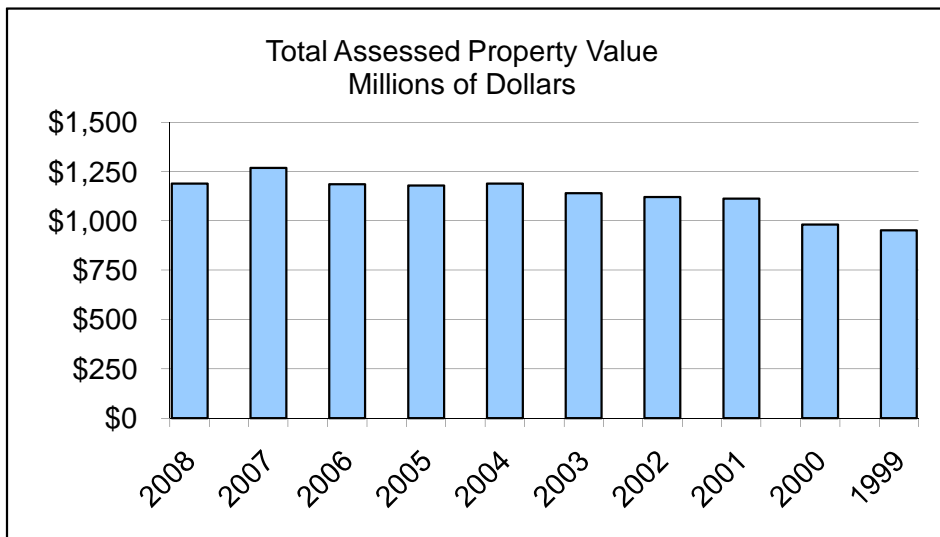
(b) Year 1999 - 1990 Federal Census

(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



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<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%	5,292	6.8%	\$1,189,301,755
50.4	5,357	6.1	1,268,462,154
50.4	5,366	5.5	1,185,343,677
50.4	5,314	5.9	1,178,760,526
50.4	5,243	6.3	1,188,847,661
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

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

Function/Program	2008	2007	2006	2005
<b>Security of Persons and Property</b>				
Police	46.00	46.00	46.00	46.00
Dispatch and Clerks	19.00	16.00	16.00	15.00
Corrections	10.00	10.00	10.00	10.00
Fire	61.00	61.00	61.00	61.00
<b>Leisure Time Activities</b>				
Recreation	15.00	16.00	16.00	16.00
Senior Services	5.00	5.00	5.00	5.00
Arts Center	4.00	3.00	3.00	3.00
Grantwood Golf Course	6.00	7.00	7.00	7.00
<b>Community Environment</b>				
Planning	6.00	6.00	6.00	6.00
Building	5.00	6.00	6.00	7.00
Engineering	10.00	8.00	8.00	8.00
Public Works	2.00	2.00	2.00	1.00
<b>Basic Utility Services</b>				
Water Reclamation	22.00	24.00	23.00	24.00
<b>Transportation</b>				
Service	68.00	67.00	65.00	64.00
<b>General Government</b>				
City Council	2.00	2.00	2.00	2.00
Mayors Office	2.00	2.00	2.00	2.00
Finance	10.00	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	2.00	2.00	1.00	1.00
Network Administrator	3.00	3.00	3.00	2.00
City Hall Custodial	2.00	2.00	2.00	2.00
Receptionist	1.00	1.00	1.00	1.00
<b>Totals:</b>	<u>306.00</u>	<u>305.00</u>	<u>301.00</u>	<u>299.00</u>

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

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



<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
46.00	45.00	45.00	44.00	44.00	38.00
15.00	15.00	15.00	14.00	13.00	11.00
10.00	12.00	12.00	11.00	13.00	10.00
61.00	60.00	61.00	50.00	47.00	44.00
14.00	14.00	13.00	13.00	10.00	10.00
5.00	5.00	4.00	4.00	4.00	4.00
3.00	3.00	3.00	0.00	0.00	0.00
7.00	7.00	7.00	7.00	6.00	7.00
6.00	6.00	5.00	5.00	4.00	6.00
8.00	8.00	7.00	7.00	7.00	6.00
9.00	10.00	9.00	10.00	11.00	10.00
2.00	2.00	2.00	1.00	1.00	1.00
24.00	24.00	24.00	23.00	23.00	23.00
66.00	67.00	67.00	69.00	63.00	63.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
11.00	11.00	10.00	11.00	12.00	8.00
4.00	4.00	4.00	4.00	3.00	3.00
1.00	1.00	1.00	1.00	0.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00
<u>302.00</u>	<u>304.00</u>	<u>299.00</u>	<u>283.00</u>	<u>270.00</u>	<u>254.00</u>

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

Function/Program	2008	2007	2006	2005	2004
<b>Security of Persons &amp; Property</b>					
<i><b>Police</b></i>					
Number of traffic citations issued	4,743	4,672	4,901	4,431	4,477
DUI Arrests	135	117	109	128	127
Prisoners Processed	1,445	1,489	1,472	1,124	1,323
<i><b>Fire</b></i>					
Fire Responses	753	833	705	841	820
EMS Calls	1,831	1,844	1,739	1,695	1,541
Safety Inspections	2,600	2,763	2,408	1,471	999
Plan Reviews	293	287	273	259	234
<b>Leisure Time Activities</b>					
<i><b>Parks and Recreation</b></i>					
Community Center Memberships	9,950	10,600	11,056	11,534	10,201
Summer Camp Participants	1,475	1,520	1,500	1,585	1,582
Baseball/Softball Teams	117	118	136	138	137
<i><b>Senior Services</b></i>					
Total Participation Hours	73,216	59,239	45,664	46,831	31,533
<i><b>Arts Center</b></i>					
Class Registrations	3,040	2,683	2,332	1,713	1,447
Percentage of Solon Residents	87%	88%	83%	77%	79%
<i><b>Grantwood Golf Course</b></i>					
Rounds Played (18 holes)	12,464	12,598	12,266	13,485	14,354
Rounds Played (9 holes)	19,398	20,492	20,720	21,645	20,748
Buckets of Range Balls	11,291	11,222	11,439	12,616	16,073
<b>Community Environment</b>					
<i><b>Building</b></i>					
Building Permits Issued	726	775	819	923	758
<b>Basic Utility Services</b>					
<i><b>Waste Water Treatment</b></i>					
Average Daily Flow (millions of gallons)	3.787	3.957	4.045	4.112	4.024
<b>Transportation</b>					
<i><b>Service</b></i>					
Tons of Salt Purchased	11,509	9,497	7,515	17,970	12,888
Tons of Rubbish Collected	8,987	12,255	11,309	11,590	11,980
Tons of Leaves Collected	1,752	4,351	5,510	6,395	3,850
Tons of Recycling Materials Collected	1,069	1,573	987	727	594
<b>General Government</b>					
<i><b>City Council</b></i>					
Ordinances or Resolutions Introduced	372	324	311	302	288
<i><b>Finance</b></i>					
Accounts Payable Checks Processed	10,525	10,022	9,971	10,272	10,627
Purchase Orders Issued	4,828	4,523	4,698	4,805	5,067
<i><b>Network Administration</b></i>					
Computer Workstations	225	217	205	200	196

(1) Information prior to 2004 is not available.

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

Function/Program	2008	2007	2006	2005	2004
<b>Security of Persons and Property</b>					
<i><b>Police</b></i>					
Square Footage of Station	37,168	37,168	37,168	37,168	37,168
Vehicles	24	24	24	24	23
<i><b>Fire</b></i>					
Square Footage of Station #1	37,168	37,168	37,168	37,168	37,168
Square Footage of Station #2	16,200	16,200	9,000	9,000	9,000
Square Footage of Station #3	9,610	9,610	9,610	9,610	9,610
Vehicles	23	22	21	21	21
<b>Leisure Time Activities</b>					
<i><b>Parks and Recreation</b></i>					
Square Footage of Community Center	92,500	92,500	92,500	92,500	92,500
Vehicles	8	8	7	7	7
<i><b>Senior Services</b></i>					
Vehicles	5	3	4	4	3
<i><b>Arts Center</b></i>					
Square Footage of Building	15,000	15,000	15,000	15,000	15,000
<i><b>Grantwood Golf Course</b></i>					
Square Footage of Clubhouse	7,200	7,200	7,200	7,200	7,200
Square Footage of Maintenance Building	5,000	5,000	5,000	5,000	5,000
Vehicles	1	1	1	1	1
<b>Community Environment</b>					
<i><b>Planning Department</b></i>					
Vehicles	2	2	2	2	2
<i><b>Building Department</b></i>					
Vehicles	5	5	5	5	5
<i><b>Engineering Department</b></i>					
Vehicles	9	9	8	8	8
<b>Basic Utility Services</b>					
<i><b>Waste Water Treatment</b></i>					
Square Footage of Buildings	56,000	56,000	56,000	56,000	56,000
Vehicles	13	13	13	14	15
<b>Transportation</b>					
<i><b>Service</b></i>					
Square Footage of Building	70,461	70,461	70,461	70,461	70,461
Vehicles	67	66	58	64	68
<b>General Government</b>					
<i><b>City Hall</b></i>					
Square Footage of Building	55,950	55,950	55,950	55,950	55,950
Mayor's Vehicle	1	1	1	1	1
Tax/Finance's Vehicle	1	1	1	1	1
Network Administration's Vehicle	1	1	1	0	0
City Hall Vehicle	1	1	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  
SEPTEMBER 30, 2010