



Dave Yost • Auditor of State

**CITY OF SOLON
CUYAHOGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Federal Awards Expenditures Schedule	1
Notes to the Federal Awards Expenditures Schedule	2
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	3
Independent Accountants' Report on Compliance with Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and on the Federal Awards Expenditures Schedule	5
Schedule of Findings.....	7

This page intentionally left blank.

**CITY OF SOLON
CUYAHOGA COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through The City of Cleveland - Department of Public Safety</i>			
<i>Office of Homeland Security</i>			
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Local Program - Grants to Units of Local Government	2009-SB-B9-0367	16.804	\$75,709
Total U.S. Department of Justice			<u>75,709</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through the Ohio Department of Transportation</i>			
Highway Planning and Construction	80978	20.205	2,176,221
Total U.S. Department of Transportation			<u>2,176,221</u>
Total			<u><u>\$2,251,930</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF SOLON
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the City of Solon's (the City's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

CFDA – Catalog of Federal Domestic Assistance



Dave Yost • 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, OH 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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2011, wherein we noted the City implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and restated the December 31, 2009 net assets of the Governmental Activities and the fund balances of the Governmental Funds due to a change in fund structure. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

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

We did note a certain matter not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 24, 2011.

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

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

Dave Yost
Auditor of State

June 24, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, AND ON THE FEDERAL AWARDS EXPENDITURES SCHEDULE

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

To the City Council:

Compliance

We have audited the compliance of the City of Solon (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the City of Solon's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Solon complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

Federal Awards Expenditures Schedule

We have also 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 as of and for the year ended December 31, 2010, and have issued our report thereon dated June 24, 2011, wherein we noted the City implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and restated the December 31, 2009 net assets of the Governmental Activities and the fund balances of the Governmental Funds due to a change in fund structure. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Dave Yost
Auditor of State

June 24, 2011

**CITY OF SOLON
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Highway Planning and Construction, CFDA #20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This Page is Intentionally Left Blank.

City of Solon, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2010

*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, 2010
Table of Contents

	Page
I. Introductory Section	
Title Page	i
Table of Contents	ii
Letter of Transmittal	v
Organizational Chart	ix
List of Principal Officials	x
GFOA Certificate of Achievement	xi
II. Financial Section	
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual - General Fund.....	20
Statement of Fund Net Assets – Proprietary Funds.....	21
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	22
Statement of Cash Flows – Proprietary Funds	23
Statement of Fiduciary Assets and Liabilities– Agency Funds.....	25
Notes to the Basic Financial Statements	26

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds:

Fund Descriptions	60
Combining Balance Sheet – Nonmajor Governmental Funds.....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	63
Combining Balance Sheet – Nonmajor Special Revenue Funds	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	66
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	69

Combining Statements – Fiduciary Funds:

Fund Descriptions	70
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	71

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

Major Funds:

General Fund	73
General Obligation Bond Retirement Fund	78
Infrastructure Fund.....	79
Water Reclamation Fund	80
Grantwood Recreation Fund	81

Nonmajor Funds:

Street Construction, Maintenance and Repair Fund.....	82
State Highway Fund.....	83
Police Pension Fund	84
Fire Pension Fund.....	85
Cable TV Fund.....	86
Tree Planting Fund.....	87
Recreation Fund.....	88
Police Department Programs Fund.....	90
Landfill Improvement Fund.....	91
Law Enforcement Trust Fund.....	92
NOPEC Grant Fund	93
Donations Trust Fund.....	94
Safety and Service Equipment Fund.....	95
Community Center Fund	96
Building Construction Fund	97
Old City Hall Renovations Fund	98
General Capital Improvements Fund	99
Workers' Compensation Fund.....	100

III. Statistical Section

Statistical Section Description..... S1

Net Assets by Component – Last Nine Years S2

Changes in Net Assets – Last Eight Years S4

Fund Balances, Governmental Funds – Last Two Years..... S8

Fund Balances, Governmental Funds – 2008 and Prior Seven Years..... S10

Changes in Fund Balances, Governmental Funds – Last Ten Years S12

Income Tax Revenue Base and Collections – Last Ten Years S14

Principal Income Taxpayers – Current Year and Nine Years Ago S15

Ratio of Outstanding Debt to Total Personal Income and
Debt Per Capita – Last Ten Years..... S16

Ratio of General Obligation Bonded Debt to Estimated True Values of
Taxable Property and Bonded Debt Per Capita – Last Ten Years..... S18

Computation of Direct and Overlapping Governmental Activities Debt..... S19

Ratio of Bonded Debt Outstanding and Legal Debt Margin – Last Ten Years..... S20

Principal Employers – 2009 and 2000..... S22

Demographic and Economic Statistics – Last Ten Years S24

Full-Time City Government Employees by Function/Program -
Last Ten Years S26

Operating Indicators by Function/Program – Last Seven Years S28

Capital Assets Statistics by Function/Program – Last Seven Years S30



The City of Solon
CITY HALL

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

June 24, 2011

Residents of the City of Solon
Honorable Mayor Susan A. Drucker 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 the year 2010, 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). Department heads may transfer resources with a department as they see fit. Transfers between departments, however, need special approval from the governing council.

ECONOMIC CONDITION AND OUTLOOK

Based on our City income tax receipts, the local economy seems to be on the rebound from the sluggish economy experienced in 2009. City income tax receipts for 2010 were \$37.5 million compared to \$34.0 million in 2009 and \$37.4 million in 2008. The current first quarter collections for 2011 appear to be on track to meet the 2011 annual estimate of \$38 million.

In addition, there were 124 industrial building permits issued for additions or remodeling to existing buildings for a total of \$6.4 million in market value, 68 permits for retail and commercial alterations with a value of \$4.9 million.

Solon is still very active with economic development packages for industry. The most common incentive agreement is the Job Creation Grant program. As of December 31, 2010, the City had 26 active agreements. Under this program, the company receives a grant from part of the municipal withholding tax paid to the City on a newly created job. The City also has 2 active enterprise zone agreements and 1 Community Reinvestment Area agreement.

Although the City has been growing rapidly since the 1960's, there is still some land available for new industry and business. The Planning Department estimates over 300 acres are 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 policy of balancing the budget with estimated current revenues for several years. This policy has enabled the City to build-up its cash reserves in the past for situations like the shortfall in income tax receipts experienced in 2009. In 2007, the City adopted a "General Fund Cash Reserve Policy" listing the uses of cash reserves.

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. In 2009, \$1.3 million in cash reserves were used to redeem or call 2/3rds of the City's outstanding library construction bonds 6 years ahead of schedule. The bonds were extinguished at par value and there was no gain or loss to be calculated. In 2010, the City redeemed \$4.7 million in Bond Anticipation Notes issued for the construction of Fire Station No. 3 and the reconstruction of Fire Station No. 2.

MAJOR INITIATIVES

The \$12.6 million Pettibone Road reconstruction project was completed in 2010. This project was paid from the City's income tax revenue levied for infrastructure projects plus a \$2 million federal highway planning grant through the State of Ohio.

The \$14 million Bainbridge Road reconstruction project began in 2010. This project is being funded with a stimulus grant received by Cuyahoga County.

In addition, work began on the \$5.9 million anaerobic digester at the City's Water Reclamation Plant. The preliminary estimates on the project are \$5.9 million, and an Ohio EPA loan will be secured to pay for it. The loan will be repaid from sanitary sewer revenue.

Awards and Acknowledgements

Awards

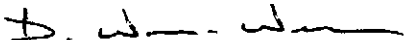
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solon for its comprehensive annual financial report for the fiscal year ended December 31, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

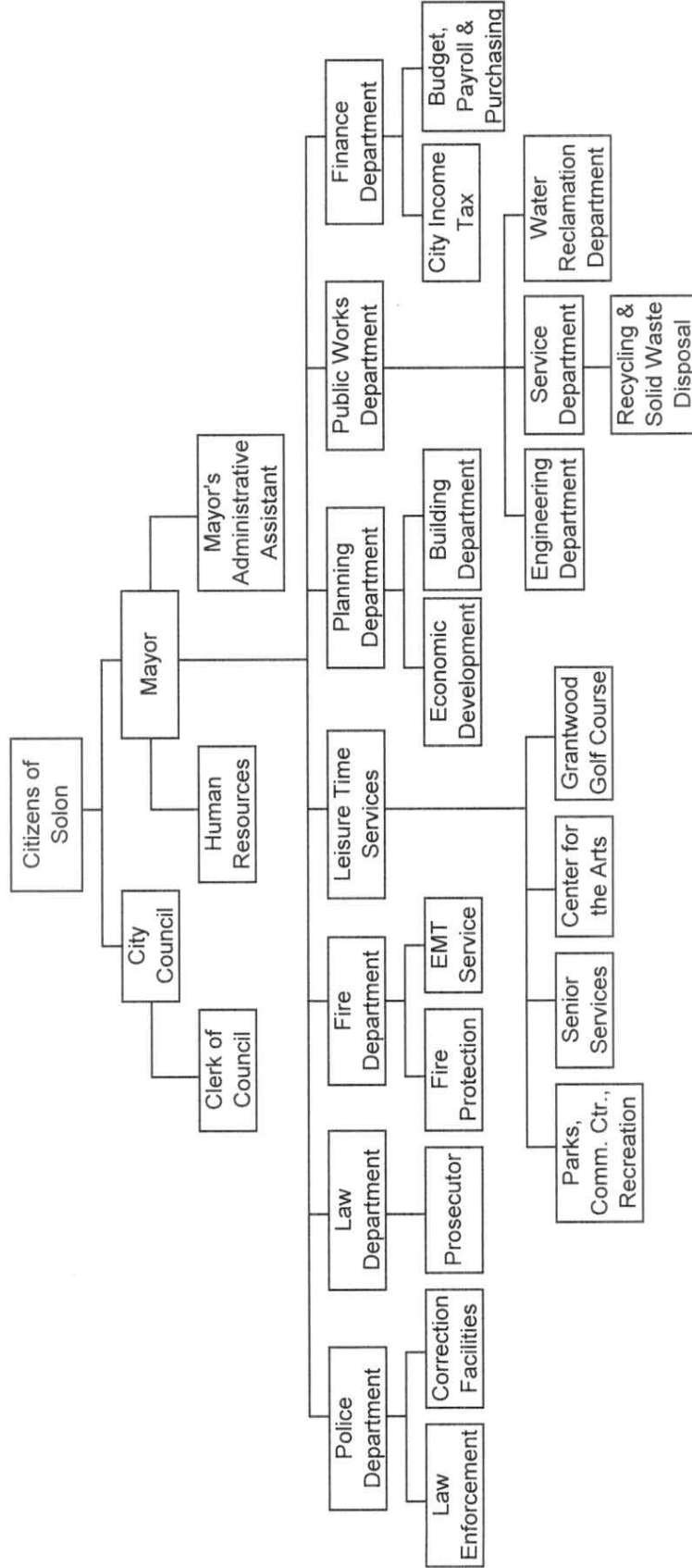
The preparation of this report would not be possible without the diligent and extra work by our Assistant Finance Director Fred Wendel, Accounting Supervisor Sue Stabilla and the Finance Department staff. I appreciate their efforts. In addition, my gratitude and compliments extend to the Auditor of State's Section of Local Government Services who helped us with this report. Finally, a thank you to Mayor Susan A. Drucker 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, 2010



City of Solon, Ohio

Principal Officials

December 31, 2010

Elected Officials

Susan A. Drucker Mayor

City Council

Richard A. Bell..... Ward 1

Robert N. Pelunis Ward 2

Toni M. Richmond Ward 3

William D. Mooney Ward 4

Lon D. Stolarsky Ward 5

Edward H. Kraus Ward 6 (Vice Mayor)

William I. Russo.....Ward 7

Carol J. McConoughey Clerk of Council (appointed)

Appointed Officials

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

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

James S. Stanek Director of Public Works

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

Thomas G. Bandiera Director of Service

Charles E. Boshane Building Commissioner

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

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

Patricia A. Dawson.....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, 2009

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.



President

Executive Director

(This Page Intentionally Left Blank)



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Solon
Cuyahoga County
34200 Bainbridge Road
Solon, OH 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, 2010, 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, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the City implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and restated the December 31, 2009 net assets of the Governmental Activities and the fund balances of the Governmental Funds due to a change in fund structure.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2011, 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

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

Dave Yost
Auditor of State

June 24, 2011

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The discussion and analysis of the City of Solon's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2010. 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 2010 are as follows:

- During 2010, the City implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which recognizes constraints imposed upon the use of the resources in governmental funds and categorizes the constraints into five classifications.
- City income tax receipts recovered from the 2009 decline. The 2008 receipts were \$37.4 million, dropped to \$34.0 million in 2009 and recovered to \$37.5 million in 2010.
- The City's net assets increased by over \$6 million during 2010 mainly due to a reduction in transportation expenditures.
- The City reduced its debt by over \$8 million in 2010. The largest single reduction was the redemption (or pay-off) of \$4.7 million in bond anticipation notes with cash reserves.
- The general fund had a decrease in fund balance of over \$3 million primarily due to the transfer-out of \$4.7 million to the building construction and community center capital projects funds to redeem the above mentioned bond anticipation notes.
- The City's capital assets increased by almost \$6 million. Most of the increase can be attributed to infrastructure related projects such as the Pettibone Road project and the Pepperwood Storm Sewer project. The increase in capital assets was partially offset by annual depreciation.

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, 2010
Unaudited

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City of Solon's finances in a manner similar to private sector businesses. The Statement of Net Assets and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all non-major funds presented in total in one column.

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

The Statement of Activities presents information showing how the City'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.

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

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 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. The City implemented GASB 54 in 2010. Please see the notes to the basic financial statements concerning data reporting this change and the further clarification of fund balances. The notes to the basic financial statements can be found on pages 26 to 58.

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 60.

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
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 2010 compared to 2009:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and Other Assets	\$47,036,472	\$55,960,922	\$5,503,091	\$5,375,049	\$52,539,563	\$61,335,971
Capital Assets, Net	122,970,018	115,336,230	62,719,768	64,400,459	185,689,786	179,736,689
<i>Total Assets</i>	<u>170,006,490</u>	<u>171,297,152</u>	<u>68,222,859</u>	<u>69,775,508</u>	<u>238,229,349</u>	<u>241,072,660</u>
Liabilities						
Current Liabilities	6,199,750	12,263,420	314,645	350,618	6,514,395	12,614,038
Long-term Liabilities						
Due within one Year	3,152,406	3,162,608	1,776,133	1,815,488	4,928,539	4,978,096
Due in More than one Year	17,048,278	19,068,147	8,848,330	10,378,347	25,896,608	29,446,494
<i>Total Liabilities</i>	<u>\$26,400,434</u>	<u>\$34,494,175</u>	<u>\$10,939,108</u>	<u>\$12,544,453</u>	<u>\$37,339,542</u>	<u>\$47,038,628</u>

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

(Table 1)
Net Assets (continued)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	\$117,330,135	\$104,060,699	\$52,548,182	\$52,711,512	\$169,878,317	\$156,772,211
Restricted for:						
Capital Projects	5,006,205	9,236,362	0	0	5,006,205	9,236,362
Debt Service	7,642,496	7,866,320	0	0	7,642,496	7,866,320
Other Purposes	3,019,958	3,241,324	0	0	3,019,958	3,241,324
Unrestricted	10,607,262	12,398,272	4,735,569	4,519,543	15,342,831	16,917,815
Total Net Assets	\$143,606,056	\$136,802,977	\$57,283,751	\$57,231,055	\$200,889,807	\$194,034,032

Total assets for governmental activities showed a decrease, however, net capital assets increased significantly mainly due to road capital improvements. The decrease in current and other assets resulted mainly from a reduction in cash and cash equivalents. The decrease in total liabilities was due to the continued pay-down of bonded debt, Ohio EPA loans and notes payable.

Total liabilities for business-type activities decreased due to the annual pay-down on debt for the City's water reclamation facility. Total assets decreased from a reduction in capital assets from annual depreciation being charged.

Further details of the changes in net assets between 2009 and 2010 can be observed in Table 2.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business -Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program Revenues						
Charges for Services and Assessments	\$4,690,396	\$4,668,825	\$6,637,783	\$6,501,376	\$11,328,179	\$11,170,201
Operating Grants and Contributions	1,512,849	1,620,631	0	0	1,512,849	1,620,631
Capital Grants	241,789	3,022,448	0	0	241,789	3,022,448
Total Program Revenues	6,445,034	9,311,904	6,637,783	6,501,376	13,082,817	15,813,280
General Revenues						
Property Taxes	4,197,089	4,513,905	0	0	4,197,089	4,513,905
Municipal Income Taxes	37,526,783	34,005,834	0	0	37,526,783	34,005,834
Grants and Entitlements	1,772,443	1,813,161	0	0	1,772,443	1,813,161
Investment Income	895,577	998,629	0	0	895,577	998,629
Gain on Sale of Capital Assets	13,894	27,013	0	0	13,894	27,013
Miscellaneous	814,795	650,783	38,576	60,313	853,371	711,096
Total General Revenues	45,220,581	42,009,325	38,576	60,313	45,259,157	42,069,638
Total Revenues	\$51,665,615	\$51,321,229	\$6,676,359	\$6,561,689	\$58,341,974	\$57,882,918

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities		Business -Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program Expenses						
Security of Persons and Property						
Police	\$8,673,149	\$8,534,822	\$0	\$0	\$8,673,149	\$8,534,822
Fire	8,075,434	8,054,144	0	0	8,075,434	8,054,144
Prosecutor	255,132	293,094	0	0	255,132	293,094
Public Health and Welfare	81,915	84,955	0	0	81,915	84,955
Leisure Time Activities	6,347,442	6,463,393	0	0	6,347,442	6,463,393
Community Environment	2,994,824	2,831,678	0	0	2,994,824	2,831,678
Basic Utility Services	2,758,637	2,331,673	0	0	2,758,637	2,331,673
Transportation	10,227,176	16,375,233	0	0	10,227,176	16,375,233
General Government	4,592,923	5,364,048	0	0	4,592,923	5,364,048
Interest and Fiscal Charges	641,829	857,669	0	0	641,829	857,669
Water Reclamation	0	0	5,910,432	6,472,968	5,910,432	6,472,968
Grantwood Recreation	0	0	927,306	1,142,923	927,306	1,142,923
<i>Total Program Expenses</i>	<u>44,648,461</u>	<u>51,190,709</u>	<u>6,837,738</u>	<u>7,615,891</u>	<u>51,486,199</u>	<u>58,806,600</u>
<i>Excess (Deficiency) before Transfers</i>	7,017,154	130,520	(161,379)	(1,054,202)	6,855,775	(923,682)
Transfers	<u>(214,075)</u>	<u>(1,317,560)</u>	214,075	1,317,560	0	0
<i>Change in Net Assets</i>	<u>6,803,079</u>	<u>(1,187,040)</u>	<u>52,696</u>	<u>263,358</u>	<u>6,855,775</u>	<u>(923,682)</u>
<i>Net Assets, Beginning of Year</i>	<u>136,802,977</u>	<u>137,990,017</u>	<u>57,231,055</u>	<u>56,967,697</u>	<u>194,034,032</u>	<u>194,957,714</u>
<i>Net Assets, End of Year</i>	<u>\$143,606,056</u>	<u>\$136,802,977</u>	<u>\$57,283,751</u>	<u>\$57,231,055</u>	<u>\$200,889,807</u>	<u>\$194,034,032</u>

Governmental Activities

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

On the expense side, the largest program or function is security of persons and property. It is composed of three parts; Police, Fire and Prosecutor. Police and Fire had normal increases while the Prosecutor had a slight decrease due to a new appointment replacing a higher paid employee.

The next largest program or function is transportation. It includes the construction and maintenance of streets, storm sewers and other related infrastructure. There was a significant decrease from 2009 because a much lower amount of infrastructure costs were expensed in 2010. Rather than being expensed, these projects were capitalized.

Leisure time activities had a slight decrease between 2010 and 2009 because of lower operating costs. General government decreased between 2010 and 2009 due to lower administrative contractual services.

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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 2010 were charges for services. On the expense side, the largest expenses are for payroll and employee benefits for both operations.

Financial Analysis of the City's Funds

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

As of the end of 2010, the City of Solon's governmental funds reported a positive combined ending fund balance. The majority of the ending fund balance is unassigned. The remainder of the fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for new spending because it has been specifically marked for expenditures as designated by grant agreements, City ordinances or intent of use.

The general fund is the main governmental and operating fund of the City. There was an overall decrease in the general fund's fund balance between 2009 and 2010 mainly due to the transfers-out to other funds, with the most notable being \$4.7 to the building construction and community center capital projects funds to redeem bond anticipation notes in the same amount.

The infrastructure fund is the largest capital improvement governmental fund of the City. It receives one half of one percent of the City income tax (levy) to pay for new construction and repair of the City's infrastructure. There was an overall decrease in the infrastructure fund's fund balance between 2009 and 2010 because of continued capital expenditures.

Business-type Funds – report the City's Water Reclamation (wastewater) operation and Grantwood (golf course) Recreation Park on a full accrual basis. In 2010, the net assets for the Water Reclamation facility decreased due to a decrease in the amount of capital contributions received.

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 2010, the general fund's actual revenue plus other financing sources exceeded the final estimate. The general fund's actual expenditures plus other financing uses were well under final budget producing an overall positive variance.

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Capital Assets

Governmental capital assets, net of depreciation, increased due mainly to road and sewer capital improvements. This increase was partially offset by an additional year of annual depreciation. Business-type capital assets, net of depreciation, decreased mainly due to annual depreciation. For additional information on capital assets, please see note 10 to the basic financial statements.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$10,494,480	\$10,243,610	\$3,120,877	\$3,120,877	\$13,615,357	\$13,364,487
Construction in Progress	2,155,766	7,980,015	0	0	2,155,766	7,980,015
Land Improvements	1,337,802	711,943	9,567	10,365	1,347,369	722,308
Buildings	40,567,853	41,773,409	16,507,355	17,202,531	57,075,208	58,975,940
Furniture and Equipment	2,481,699	2,890,969	1,035,719	1,121,905	3,517,418	4,012,874
Vehicles	4,925,364	5,486,160	172,957	205,517	5,098,321	5,691,677
Infrastructure	61,007,054	46,250,124	41,873,293	42,739,264	102,880,347	88,989,388
Total Capital Assets	\$122,970,018	\$115,336,230	\$62,719,768	\$64,400,459	\$185,689,786	\$179,736,689

Outstanding Obligations

(Table 4)
Outstanding Obligations at Year End

	Governmental Activities		Business -Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$5,620,000	\$6,720,000	\$0	\$0	\$5,620,000	\$6,720,000
Special Assessment Bonds	167,497	247,805	0	0	167,497	247,805
Notes	0	4,707,351	0	0	0	4,707,351
OWDA Loans	10,519,826	11,274,426	10,171,586	11,688,947	20,691,412	22,963,373
OPWC Loans	259,883	320,531	0	0	259,883	320,531
Compensated Absences	3,474,833	3,597,723	452,877	504,888	3,927,710	4,102,611
Solon City School District	40,000	60,000	0	0	40,000	60,000
Claims Payable	118,645	10,270	0	0	118,645	10,270
Total	\$20,200,684	\$26,938,106	\$10,624,463	\$12,193,835	\$30,825,147	\$39,131,941

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 2010.

Governmental activities debt is serviced by property taxes and special assessments that are credited to the bond retirement fund. Most of this debt was issued for the construction of new buildings such as the new Community Center (2002) and for new infrastructure. Most of the

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

business-type debt is for the water reclamation utility and improvements made to the wastewater plant. User fees are used to service that debt.

The compensated absence category represents the dollar value of accumulated but unused sick leave and vacation time at year end. The liability represents amounts that will either be taken as leave or paid out upon termination or retirement. For additional information, please see notes 16 and 17 to the basic financial statements.

Economic Factors and Current Financial Issues

In 2010, the City returned to a normal increase in City income tax receipts. The receipts were \$37.5 million compared to \$34.0 million in 2009 and \$37.4 million in 2008. This was one indication that the City's local economy may have endured the recent sluggishness. The general fund finished 2010 with an unassigned fund balance of \$19,479,061. This keeps the City in a very good financial position to withstand most any emergency.

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 2010, the City issued 124 permits for industrial alterations at a value of \$6.4 million and 68 permits for retail and commercial alterations with a value of \$4.9 million.

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

1. Two (2) Enterprise Zone Agreements that created 71 jobs and retained 17 jobs.
2. One (1) Community Reinvestment Area that created 1,134 jobs and retained 698 jobs.
3. Twenty Six (26) Job Creation Grant Agreements that expect to create 1,787 jobs and retain 984 jobs.

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 April 2010, Moody's recalibrated Solon's rating from Aa1 to Aaa.

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, CPA, Director of Finance, City of Solon, 34200 Bainbridge Road, Solon, Ohio 44139.

Basic Financial Statements

City of Solon, Ohio
Statement of Net Assets
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$28,196,298	\$4,912,121	\$33,108,419
Accounts Receivable	168,902	415,766	584,668
Intergovernmental Receivable	1,337,801	0	1,337,801
Municipal Income Taxes Receivable	7,014,034	0	7,014,034
Materials and Supplies Inventory	436,520	175,204	611,724
Prepaid Items	118,952	0	118,952
Property Taxes Receivable	3,972,343	0	3,972,343
Special Assessments Receivable	5,791,622	0	5,791,622
Nondepreciable Capital Assets	12,650,246	3,120,877	15,771,123
Depreciable Capital Assets, Net	110,319,772	59,598,891	169,918,663
<i>Total Assets</i>	<u>170,006,490</u>	<u>68,222,859</u>	<u>238,229,349</u>
Liabilities			
Accounts Payable	316,354	32,266	348,620
Accrued Wages	290,963	27,962	318,925
Contracts Payable	279,846	0	279,846
Intergovernmental Payable	706,526	28,547	735,073
Matured Compensated Absences Payable	163,244	0	163,244
Accrued Interest Payable	160,903	162,544	323,447
Claims Payable	178,574	0	178,574
Deferred Revenue	3,769,257	0	3,769,257
Vacation Benefits Payable	334,083	63,326	397,409
Long-Term Liabilities:			
Due Within One Year	3,152,406	1,776,133	4,928,539
Due In More Than One Year	17,048,278	8,848,330	25,896,608
<i>Total Liabilities</i>	<u>26,400,434</u>	<u>10,939,108</u>	<u>37,339,542</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	117,330,135	52,548,182	169,878,317
Restricted for:			
Capital Projects	5,006,205	0	5,006,205
Debt Service	7,642,496	0	7,642,496
Street, Construction, Maintenance and Repair	1,108,641	0	1,108,641
Landfill Improvement	922,799	0	922,799
Other Purposes	988,518	0	988,518
Unrestricted	10,607,262	4,735,569	15,342,831
<i>Total Net Assets</i>	<u>\$143,606,056</u>	<u>\$57,283,751</u>	<u>\$200,889,807</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Activities
For the Year Ended December 31, 2010

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants
Governmental Activities:				
Security of Persons and Property				
Police	\$8,673,149	\$398,302	\$189,795	\$0
Fire	8,075,434	338,162	151,983	138,019
Prosecutor	255,132	13,810	0	0
Public Health and Welfare	81,915	4,434	0	0
Leisure Time Activities	6,347,442	3,131,685	68,141	27,000
Community Environment	2,994,824	159,952	4,250	0
Basic Utility Services	2,758,637	96,456	0	0
Transportation	10,227,176	289,778	1,098,680	76,770
General Government	4,592,923	257,817	0	0
Interest and Fiscal Charges	641,829	0	0	0
<i>Total Governmental Activities</i>	<u>44,648,461</u>	<u>4,690,396</u>	<u>1,512,849</u>	<u>241,789</u>
Business-Type Activities:				
Water Reclamation	5,910,432	5,659,317	0	0
Grantwood Recreation	927,306	978,466	0	0
<i>Total Business-Type Activities</i>	<u>6,837,738</u>	<u>6,637,783</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$51,486,199</u>	<u>\$11,328,179</u>	<u>\$1,512,849</u>	<u>\$241,789</u>

General Revenues

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

Total General Revenues

Transfers

Total General Revenues and Transfers

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
(\$8,085,052)	\$0	(\$8,085,052)
(7,447,270)	0	(7,447,270)
(241,322)	0	(241,322)
(77,481)	0	(77,481)
(3,120,616)	0	(3,120,616)
(2,830,622)	0	(2,830,622)
(2,662,181)	0	(2,662,181)
(8,761,948)	0	(8,761,948)
(4,335,106)	0	(4,335,106)
(641,829)	0	(641,829)
(38,203,427)	0	(38,203,427)
0	(251,115)	(251,115)
0	51,160	51,160
0	(199,955)	(199,955)
(38,203,427)	(199,955)	(38,403,382)
847,731	0	847,731
1,928,116	0	1,928,116
411,492	0	411,492
616,532	0	616,532
393,218	0	393,218
28,336,758	0	28,336,758
9,120,696	0	9,120,696
69,329	0	69,329
1,772,443	0	1,772,443
895,577	0	895,577
13,894	0	13,894
814,795	38,576	853,371
45,220,581	38,576	45,259,157
(214,075)	214,075	0
45,006,506	252,651	45,259,157
6,803,079	52,696	6,855,775
136,802,977	57,231,055	194,034,032
<u>\$143,606,056</u>	<u>\$57,283,751</u>	<u>\$200,889,807</u>

City of Solon, Ohio
Balance Sheet
Governmental Funds
December 31, 2010

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$18,658,555	\$1,800,852	\$687,879	\$6,826,593
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	96,595	0	0	0
Accounts Receivable	114,842	0	0	54,060
Intergovernmental Receivable	565,849	135,710	0	636,242
Municipal Income Taxes Receivable	5,251,540	0	1,750,513	11,981
Materials and Supplies Inventory	436,520	0	0	0
Prepaid Items	118,952	0	0	0
Property Taxes Receivable	1,050,225	1,470,315	0	1,451,803
Special Assessments Receivable	0	5,791,622	0	0
Total Assets	\$26,293,078	\$9,198,499	\$2,438,392	\$8,980,679
Liabilities				
Accounts Payable	\$270,200	\$0	\$0	\$46,154
Accrued Wages	259,794	0	0	31,169
Contracts Payable	7,799	0	215,584	51,728
Intergovernmental Payable	125,111	0	0	581,415
Matured Compensated Absences Payable	163,244	0	0	0
Claims Payable	178,574	0	0	0
Deferred Revenue	3,615,476	7,397,647	701,841	1,997,196
Total Liabilities	4,620,198	7,397,647	917,425	2,707,662
Fund Balances				
Nonspendable	555,472	0	0	0
Restricted	96,972	1,800,852	1,520,967	5,086,844
Committed	1,182,073	0	0	1,188,298
Assigned	359,302	0	0	0
Unassigned (Deficit)	19,479,061	0	0	(2,125)
Total Fund Balances	21,672,880	1,800,852	1,520,967	6,273,017
Total Liabilities and Fund Balances	\$26,293,078	\$9,198,499	\$2,438,392	\$8,980,679

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, 2010*

Total Governmental Funds	Total Governmental Funds Balances	\$31,267,716
	<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$27,973,879	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	122,970,018
96,595	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
168,902	Property Taxes	203,086
1,337,801	Municipal Income Taxes	2,807,512
7,014,034	Intergovernmental	1,070,683
436,520	Special Assessments	5,791,622
118,952	Miscellaneous	70,000
3,972,343		
5,791,622		
\$46,910,648	Total	9,942,903
	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.	
\$316,354	Net Assets	2,444
290,963	Claims Payable	118,645
275,111		
706,526		
163,244	Total	121,089
178,574		
13,712,160	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(160,903)
15,642,932		
	Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(334,083)
555,472		
8,505,635	Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	
2,370,371	General Obligation Bonds	(5,620,000)
359,302	Special Assessment Bonds	(167,497)
19,476,936	OWDA Loan Payable	(10,519,826)
31,267,716	OPWC Loan Payable	(259,883)
\$46,910,648	Compensated Absences	(3,474,833)
	Solon City School District	(40,000)
	Claims Payable	(118,645)
	Total	(20,200,684)
	<i>Net Assets of Governmental Activities</i>	\$143,606,056

City of Solon, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
Revenues				
Property Taxes	\$821,347	\$1,956,795	\$0	\$1,422,517
Municipal Income Taxes	27,948,858	0	8,991,396	70,949
Special Assessments	0	812,268	0	0
Intergovernmental	1,345,287	422,016	76,770	1,574,856
Investment Income	895,577	0	0	0
Fees, Licenses and Permits	457,187	5,787	0	309,390
Fines and Forfeitures	342,265	0	0	0
Rentals	0	0	0	23,083
Charges for Services	761,614	0	0	2,801,070
Contributions and Donations	0	0	0	99,555
Miscellaneous	490,649	521	90,709	232,916
<i>Total Revenues</i>	<u>33,062,784</u>	<u>3,197,387</u>	<u>9,158,875</u>	<u>6,534,336</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	7,412,294	0	0	852,193
Fire	6,291,663	0	0	1,137,444
Prosecutor	252,624	0	0	0
Public Health and Welfare	81,915	0	0	0
Leisure Time Activities	517,662	0	0	5,151,999
Community Environment	2,994,731	0	0	6,375
Basic Utility Services	1,604,953	0	0	285,494
Transportation	5,354,141	0	0	1,075,000
General Government	4,296,634	30,549	0	0
Capital Outlay	0	0	13,491,632	1,058,263
Debt Service:				
Principal Retirement	0	1,934,908	60,648	0
Interest and Fiscal Charges	0	618,068	0	39,061
<i>Total Expenditures</i>	<u>28,806,617</u>	<u>2,583,525</u>	<u>13,552,280</u>	<u>9,605,829</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,256,167</u>	<u>613,862</u>	<u>(4,393,405)</u>	<u>(3,071,493)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	112,607	0	0	0
Transfers In	0	0	0	7,529,125
Transfers Out	(7,601,298)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(7,488,691)</u>	<u>0</u>	<u>0</u>	<u>7,529,125</u>
<i>Net Change in Fund Balances</i>	<u>(3,232,524)</u>	<u>613,862</u>	<u>(4,393,405)</u>	<u>4,457,632</u>
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>24,905,404</u>	<u>1,186,990</u>	<u>5,914,372</u>	<u>1,815,385</u>
<i>Fund Balances End of Year</i>	<u>\$21,672,880</u>	<u>\$1,800,852</u>	<u>\$1,520,967</u>	<u>\$6,273,017</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, 2010*

Total Governmental Funds		Net Change in Fund Balances - Total Governmental Funds	(\$2,554,435)
		Amounts reported for governmental activities in the statement of activities are different because	
\$4,200,659		Governmental funds report capital outlays as expenditures.	
37,011,203		However, in the statement of activities, the cost of those	
812,268		assets is allocated over their estimated useful lives as	
3,418,929		depreciation expense. This is the amount by which capital	
895,577		outlay exceeded depreciation in the current period.	
772,364		Capital Outlay	13,304,228
342,265		Depreciation	<u>(5,471,744)</u>
23,083			
3,562,684			
99,555		Total	7,832,484
814,795			
51,953,382		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.	(198,696)
		Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
8,264,487		Property Taxes	(3,570)
7,429,107		Municipal Income Taxes	515,580
252,624		Intergovernmental	8,597
81,915		Special Assessments	(812,268)
5,669,661		Charges for Services	<u>(10,000)</u>
3,001,106			
1,890,447		Total	(301,661)
6,429,141			
4,327,183		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.	1,995,556
14,549,895			
1,995,556		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.	15,300
657,129			
54,548,251		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.	
(2,594,869)		Compensated Absences	122,890
		Vacation Benefits Payable	30,127
112,607		Solon City School District	20,000
7,529,125		Claims Payable	<u>(108,375)</u>
(7,601,298)			
40,434		Total	64,642
(2,554,435)		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.	
		Change in Net Assets	(158,486)
		Claims Payable	<u>108,375</u>
		Total	<u>(50,111)</u>
33,822,151		Change in Net Assets of Governmental Activities	<u>\$6,803,079</u>
\$31,267,716			

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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$728,572	\$728,572	\$830,572	\$102,000
Municipal Income Taxes	26,524,750	26,524,750	27,030,420	505,670
Intergovernmental	1,322,452	1,322,452	1,394,717	72,265
Investment Income	1,001,500	801,500	779,844	(21,656)
Fees, Licenses and Permits	399,900	399,900	459,098	59,198
Fines and Forfeitures	313,000	313,000	342,129	29,129
Charges for Services	897,016	897,016	768,631	(128,385)
Miscellaneous	478,423	479,300	497,981	18,681
<i>Total Revenues</i>	<u>31,665,613</u>	<u>31,466,490</u>	<u>32,103,392</u>	<u>636,902</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	7,913,688	7,913,688	7,456,613	457,075
Fire	6,702,434	6,702,434	6,249,187	453,247
Prosecutor	285,548	285,548	252,869	32,679
Public Health and Welfare	86,300	86,300	81,915	4,385
Leisure Time Activities	518,523	521,042	504,726	16,316
Community Environment	3,053,364	3,153,364	2,931,265	222,099
Basic Utility Services	1,854,384	1,813,260	1,593,388	219,872
Transportation	5,568,458	5,626,311	5,452,592	173,719
General Government	4,624,780	4,605,532	4,381,426	224,106
<i>Total Expenditures</i>	<u>30,607,479</u>	<u>30,707,479</u>	<u>28,903,981</u>	<u>1,803,498</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,058,134</u>	<u>759,011</u>	<u>3,199,411</u>	<u>2,440,400</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	112,607	112,607	112,607	0
Transfers Out	(2,849,622)	(7,735,750)	(7,601,298)	134,452
<i>Total Other Financing Sources (Uses)</i>	<u>(2,737,015)</u>	<u>(7,623,143)</u>	<u>(7,488,691)</u>	<u>134,452</u>
<i>Net Change in Fund Balance</i>	(1,678,881)	(6,864,132)	(4,289,280)	2,574,852
<i>Fund Balance Beginning of Year</i>	22,191,779	22,191,779	22,191,779	0
Prior Year Encumbrances Appropriated	305,072	305,072	305,072	0
<i>Fund Balance End of Year</i>	<u>\$20,817,970</u>	<u>\$15,632,719</u>	<u>\$18,207,571</u>	<u>\$2,574,852</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2010

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$4,565,237	\$346,884	\$4,912,121	\$125,824
Materials and Supplies Inventory	156,509	18,695	175,204	0
Accounts Receivable	414,265	1,501	415,766	0
<i>Total Current Assets</i>	<u>5,136,011</u>	<u>367,080</u>	<u>5,503,091</u>	<u>125,824</u>
<i>Noncurrent Assets:</i>				
Nondepreciable Capital Assets	738,713	2,382,164	3,120,877	0
Depreciable Capital Assets, Net	58,942,003	656,888	59,598,891	0
<i>Total Noncurrent Assets</i>	<u>59,680,716</u>	<u>3,039,052</u>	<u>62,719,768</u>	<u>0</u>
<i>Total Assets</i>	<u>64,816,727</u>	<u>3,406,132</u>	<u>68,222,859</u>	<u>125,824</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	14,438	17,828	32,266	0
Accrued Wages	22,572	5,390	27,962	0
Contracts Payable	0	0	0	4,735
Intergovernmental Payable	23,809	4,738	28,547	0
Accrued Interest Payable	162,544	0	162,544	0
Compensated Absences Payable	119,933	105,081	225,014	0
Vacation Benefits Payable	48,003	15,323	63,326	0
OWDA Loans Payable	1,551,119	0	1,551,119	0
Claims Payable	0	0	0	88,984
<i>Total Current Liabilities</i>	<u>1,942,418</u>	<u>148,360</u>	<u>2,090,778</u>	<u>93,719</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	208,673	19,190	227,863	0
OWDA Loans Payable	8,620,467	0	8,620,467	0
Claims Payable	0	0	0	29,661
<i>Total Long-Term Liabilities</i>	<u>8,829,140</u>	<u>19,190</u>	<u>8,848,330</u>	<u>29,661</u>
<i>Total Liabilities</i>	<u>10,771,558</u>	<u>167,550</u>	<u>10,939,108</u>	<u>123,380</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	49,509,130	3,039,052	52,548,182	0
Unrestricted	4,536,039	199,530	4,735,569	2,444
<i>Total Net Assets</i>	<u>\$54,045,169</u>	<u>\$3,238,582</u>	<u>\$57,283,751</u>	<u>\$2,444</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, 2010*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Operating Revenues				
Charges for Services	\$5,541,015	\$836,849	\$6,377,864	\$225,000
Tap-In Fees	118,302	0	118,302	0
Rentals	0	141,617	141,617	0
Miscellaneous	15,213	23,363	38,576	0
<i>Total Operating Revenues</i>	<u>5,674,530</u>	<u>1,001,829</u>	<u>6,676,359</u>	<u>225,000</u>
Operating Expenses				
Personal Services	2,019,525	493,491	2,513,016	0
Materials and Supplies	337,999	200,629	538,628	0
Contractual Services	1,409,601	126,660	1,536,261	204,613
Depreciation	1,773,898	59,545	1,833,443	0
Claims	0	0	0	155,846
Change in Workers' Compensation Estimate	0	0	0	23,027
Other	18,708	46,981	65,689	0
<i>Total Operating Expenses</i>	<u>5,559,731</u>	<u>927,306</u>	<u>6,487,037</u>	<u>383,486</u>
<i>Operating Income (Loss)</i>	114,799	74,523	189,322	(158,486)
Non-Operating Expenses				
Interest and Fiscal Charges	(350,701)	0	(350,701)	0
<i>Income (Loss) before Transfers and Capital Contributions</i>	(235,902)	74,523	(161,379)	(158,486)
Capital Contributions	141,902	0	141,902	0
Transfers In	66,445	5,728	72,173	0
<i>Change in Net Assets</i>	(27,555)	80,251	52,696	(158,486)
<i>Net Assets Beginning of Year</i>	<u>54,072,724</u>	<u>3,158,331</u>	<u>57,231,055</u>	<u>160,930</u>
<i>Net Assets End of Year</i>	<u>\$54,045,169</u>	<u>\$3,238,582</u>	<u>\$57,283,751</u>	<u>\$2,444</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, 2010

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$5,392,511	\$836,849	\$6,229,360	\$0
Cash Received from Tap-In Fees	118,302	0	118,302	0
Cash Received from Rentals	0	143,024	143,024	0
Cash Received from Interfund Services Provided	0	0	0	225,000
Cash Received from Other Sources and Donations	15,213	23,363	38,576	0
Cash Payments to Employees for Services and Benefits	(1,997,703)	(577,172)	(2,574,875)	0
Cash Payments for Goods and Services	(1,753,931)	(321,808)	(2,075,739)	(199,878)
Cash Payments for Claims	0	0	0	(70,498)
Cash Payments for Other Operating Expenses	(18,708)	(40,659)	(59,367)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,755,684</u>	<u>63,597</u>	<u>1,819,281</u>	<u>(45,376)</u>
Cash Flows from Noncapital Financing Activities				
Transfers In	66,445	5,728	72,173	0
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(10,850)	0	(10,850)	0
Principal Paid on OWDA Loans	(1,517,361)	0	(1,517,361)	0
Interest Paid on OWDA Loans	(376,314)	0	(376,314)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(1,904,525)</u>	<u>0</u>	<u>(1,904,525)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(82,396)	69,325	(13,071)	(45,376)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>4,647,633</u>	<u>277,559</u>	<u>4,925,192</u>	<u>171,200</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$4,565,237</u>	<u>\$346,884</u>	<u>\$4,912,121</u>	<u>\$125,824</u>

(continued)

City of Solon, Ohio
Statement of Cash Flows
Enterprise Funds (continued)
For the Year Ended December 31, 2010

	Business-type Activities			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$114,799	\$74,523	\$189,322	(\$158,486)
Adjustments:				
Depreciation	1,773,898	59,545	1,833,443	0
(Increase) Decrease in Assets:				
Accounts Receivable	(148,504)	1,407	(147,097)	0
Materials and Supplies Inventory	9,653	(3,669)	5,984	0
Increase (Decrease) in Liabilities:				
Accounts Payable	(13,136)	15,472	2,336	0
Accrued Wages	4,270	(1,282)	2,988	0
Contracts Payable	0	0	0	4,735
Claims Payable	0	0	0	108,375
Compensated Absences Payable	17,056	(69,067)	(52,011)	0
Vacation Benefits Payable	(1,210)	(12,750)	(13,960)	0
Intergovernmental Payable	(1,142)	(582)	(1,724)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$1,755,684</u>	<u>\$63,597</u>	<u>\$1,819,281</u>	<u>(\$45,376)</u>

Noncash Capital Financing Activities

During 2010, the infrastructure capital projects fund paid \$141,902 respectively, to contractors directly on behalf of the water reclamation enterprise fund. These amounts are included in capital contributions.

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2010

Assets

Equity in Pooled Cash and Cash Equivalents	\$1,195,562
Cash and Cash Equivalents in Segregated Accounts	<u>41,163</u>
<i>Total Assets</i>	<u><u>\$1,236,725</u></u>

Liabilities

Intergovernmental Payable	\$41,163
Deposits Held and Due to Others	<u>1,195,562</u>
<i>Total Liabilities</i>	<u><u>\$1,236,725</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, 2010

Note 1 - Reporting Entity

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

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations 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 15 and 18 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.

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, 2010

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.

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 and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

General Obligation Bond Retirement Fund The general obligation bond retirement fund accounts for property taxes, special assessments and other resources restricted 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, 2010

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

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net 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, distribute traffic violation monies to other municipalities, provide scholarships for students in the DARE program, collect other municipalities' portion of sewer district legal case fees, and to distribute income tax revenues to Bainbridge Township.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and 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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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.

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 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance year 2011 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.

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 2010, investments were limited to STAR Ohio, repurchase agreements, federal national mortgage association notes, federal home loan bank bonds and federal home loan mortgage corporation notes.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2010.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2010 amounted to \$895,577, which includes \$388,253 assigned from other City funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Inventory

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

Restricted Assets

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

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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

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

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

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service. Since the City's policy limits the accrual of vacation time to the amount accrued in one year, the outstanding liability is recorded as “vacation benefits payable” on the statement of net assets rather than as a long-term liability.

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

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

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and 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.

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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 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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Assigned: Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Operating Revenues and Expenses

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

Contributions of Capital

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

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Process

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

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

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 3 – Changes in Accounting Principles and Restatement of Prior Year’s Fund Balance

Changes in Accounting Principles

For 2010, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, “Accounting and Reporting for Intangible Assets” and Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”.

GASB Statement No. 51 establishes accounting and financial reporting of intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the City’s financial statements.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the City’s financial statements.

Restatement of Prior Year’s Fund Balance

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds	Total Governmental Funds
Fund Balance at					
December 31, 2009	\$24,534,508	\$1,186,990	\$5,914,372	\$2,186,281	\$33,822,151
Change in Fund Structure	370,896	0	0	(370,896)	0
Adjusted Fund Balance at					
December 31, 2009	<u>\$24,905,404</u>	<u>\$1,186,990</u>	<u>\$5,914,372</u>	<u>\$1,815,385</u>	<u>\$33,822,151</u>

Note 4 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Fund Balances	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>					
Prepays	\$118,952	\$0	\$0	\$0	\$118,952
Inventory	436,520	0	0	0	436,520
<i>Total Nonspendable</i>	<u>555,472</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>555,472</u>
<u>Restricted for:</u>					
Street Lighting	377	0	0	0	377
Unclaimed Monies	96,595	0	0	0	96,595
Street and Highway Construction, Maintenance and Repair	0	0	0	831,095	831,095
Police Pension	0	0	0	186,304	186,304
Fire Pension	0	0	0	150,661	150,661
Police Department Programs	0	0	0	105,727	105,727
Landfill Improvement	0	0	0	922,799	922,799
Law Enforcement	0	0	0	155,860	155,860
Debt Service	0	1,800,852	0	0	1,800,852
Capital Improvements	0	0	1,520,967	2,734,398	4,255,365
<i>Total Restricted</i>	<u>96,972</u>	<u>1,800,852</u>	<u>1,520,967</u>	<u>5,086,844</u>	<u>8,505,635</u>
<u>Committed to:</u>					
Emergency Medical Service	1,179,195	0	0	0	1,179,195
Cable TV	0	0	0	505,690	505,690
Tree Planting	0	0	0	249,806	249,806
Recreation	0	0	0	362,988	362,988
Police Department Donations	0	0	0	69,814	69,814
Other Purposes	2,878	0	0	0	2,878
<i>Total Committed</i>	<u>1,182,073</u>	<u>0</u>	<u>0</u>	<u>1,188,298</u>	<u>2,370,371</u>
<u>Assigned to:</u>					
Senior Services	72,861	0	0	0	72,861
Economic Incentive	88,374	0	0	0	88,374
Compensated Absences	99,445	0	0	0	99,445
Other Purposes	98,622	0	0	0	98,622
<i>Total Assigned</i>	<u>359,302</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>359,302</u>
Unassigned (Deficit)	19,479,061	0	0	(2,125)	19,476,936
Total Fund Balances	<u><u>\$21,672,880</u></u>	<u><u>\$1,800,852</u></u>	<u><u>\$1,520,967</u></u>	<u><u>\$6,273,017</u></u>	<u><u>\$31,267,716</u></u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 5 - Budgetary Basis of Accounting

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

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

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

Net Change in Fund Balance	
GAAP Basis	(\$3,232,524)
Net Adjustment for Revenue Accruals	(843,659)
Beginning Fair Value Adjustment for Investments	234,410
Ending Fair Value Adjustment for Investments	(350,143)
Net Adjustment for Expenditure Accruals	100,072
Encumbrances	<u>(197,436)</u>
Budget Basis	<u><u>(\$4,289,280)</u></u>

Note 6 – Fund Deficits

The NOPEC grant special revenue fund had a fund deficit of \$2,125 as of December 31, 2010. The fund deficit resulted from adjustments for accrued liabilities. The general fund is liable for any deficits in this fund and provides operating transfers when cash is required, rather than when accruals occur.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 7 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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 (STAR Ohio); and
8. Commercial paper and bankers' acceptances if training requirements have been met.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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, \$7,135,308 of the City's bank balance of \$10,673,833 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments

Investments are reported at fair value. As of December 31, 2010, the City had the following investments:

	Fair Value	Maturity	Standard & Poor's Rating	Percentage of Total Investments
STAR Ohio	\$9,058	Average 58.0 Days	AAAm	N/A
Repurchase Agreements backed by				
Federal National Mortgage Association Notes	1,265,000	Less than 30 Days	AAA	5.13%
Federal National Mortgage Association Notes	4,137,440	Less than five years	AAA	16.78%
Federal Home Loan Bank Bonds	3,210,410	Less than three years	AAA	13.03%
Federal Home Loan Mortgage Corporation Notes	16,037,015	Less than five years	AAA	65.06%
Total	\$24,658,923			

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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 and Federal National Mortgage Association Notes carry a rating of AAA by Standard & Poor's and STAR Ohio also carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that addresses credit risk.

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

Note 8 – Receivables

Receivables at December 31, 2010, 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 \$5,053,534 in the general obligation bond retirement fund. At December 31, 2010, the amount of delinquent special assessments was \$18,242.

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 2010 for real and public utility property taxes represents collections of the 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010 on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

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. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Tangible personal property tax revenue received during 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2010 were levied after October 1, 2009, on the value as of December 31, 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 by September 20.

The full tax rate for all City operations for the year ended December 31, 2010 was \$3.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	\$796,842,510
Other Real Estate	323,932,340
Tangible Personal Property	
Public Utility	16,779,520
General	<u>867,689</u>
Total	<u><u>\$1,138,422,059</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, 2010 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2010 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.

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 2010, the general fund received seventy-five percent of the proceeds and the infrastructure fund received twenty-five percent of the proceeds.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Intergovernmental Receivable

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Local Government	\$413,083
Gasoline Tax	278,317
Homestead and Rollback	202,978
Cents per Gallon	136,133
Auto Regulation	118,149
Personal Property Tax Reimbursement	69,753
Prisoner Housing	61,720
Estate Tax	28,546
Violations Bureau	20,610
State of Ohio	6,946
County Auditor	1,321
Bureau of Motor Vehicles	245
Total Intergovernmental Receivables	<u><u>\$1,337,801</u></u>

Note 9 - Contingencies

Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2010.

Litigation

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 10 - Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

	Balance 12/31/09	Additions	Reductions	Balance 12/31/10
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$10,243,610	\$250,870	\$0	\$10,494,480
Construction in progress	7,980,015	12,007,326	(17,831,575)	2,155,766
Total Capital Assets Not Being Depreciated	<u>18,223,625</u>	<u>12,258,196</u>	<u>(17,831,575)</u>	<u>12,650,246</u>
Capital Assets Being Depreciated				
Land improvements	1,322,101	724,239	0	2,046,340
Buildings	55,633,834	198,238	0	55,832,072
Equipment and Furniture	6,369,246	65,381	(104,183)	6,330,444
Vehicles	11,934,127	443,974	(649,153)	11,728,948
Infrastructure	101,668,442	17,445,775	(1,192,338)	117,921,879
Total Capital Assets Being Depreciated	<u>176,927,750</u>	<u>18,877,607</u>	<u>(1,945,674)</u>	<u>193,859,683</u>
Less Accumulated Depreciation				
Land improvements	(610,158)	(98,380)	0	(708,538)
Buildings	(13,860,425)	(1,403,794)	0	(15,264,219)
Equipment and Furniture	(3,478,277)	(474,651)	104,183	(3,848,745)
Vehicles	(6,447,967)	(906,057)	550,440	(6,803,584)
Infrastructure	(55,418,318)	(2,588,862)	1,092,355	(56,914,825)
Total Accumulated Depreciation	<u>(79,815,145)</u>	<u>(5,471,744) *</u>	<u>1,746,978</u>	<u>(83,539,911)</u>
Capital Assets Being Depreciated, net	<u>97,112,605</u>	<u>13,405,863</u>	<u>(198,696)</u>	<u>110,319,772</u>
Governmental Activities Capital Assets, net	<u>\$115,336,230</u>	<u>\$25,664,059</u>	<u>(\$18,030,271)</u>	<u>\$122,970,018</u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

	Balance 12/31/09	Additions	Reductions	Balance 12/31/10
Business Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$3,120,877	\$0	\$0	\$3,120,877
Capital Assets Being Depreciated				
Land Improvements	256,107	0	0	256,107
Buildings	28,038,239	10,850	0	28,049,089
Equipment and Furniture	5,954,686	0	0	5,954,686
Vehicles	704,965	0	0	704,965
Infrastructure	59,096,333	141,902	0	59,238,235
Total Capital Assets Being Depreciated	94,050,330	152,752	0	94,203,082
Less Accumulated Depreciation				
Land Improvements	(245,742)	(798)	0	(246,540)
Buildings	(10,835,708)	(706,026)	0	(11,541,734)
Equipment and Furniture	(4,832,781)	(86,186)	0	(4,918,967)
Vehicles	(499,448)	(32,560)	0	(532,008)
Infrastructure	(16,357,069)	(1,007,873)	0	(17,364,942)
Total Accumulated Depreciation	(32,770,748)	(1,833,443)	0	(34,604,191)
Capital Assets Being Depreciated, net	61,279,582	(1,680,691)	0	59,598,891
Business Type Activities				
Capital Assets, net	\$64,400,459	(\$1,680,691)	\$0	\$62,719,768

* Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	
Police	\$468,555
Fire	517,575
Leisure Time Activities	657,826
Community Environment	27,748
Transportation	2,588,862
Basic Utility Service	793,488
General Government	417,690
Total Depreciation Expense	<u>\$5,471,744</u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 11 - Risk Management

Property and Liability

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

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

Workers' Compensation

On July 3, 2007, the City was approved for self-insured status by the Bureau of Workers' Compensation and began to administer its own workers' compensation program (the program). The City has established a workers' compensation internal service fund to account for assets set aside for claim settlements and related liabilities associated with the program. Liabilities of the fund are reported when an employee injury has occurred, it is probable that a claim will be filed under the program, and the amount of the claim can be reasonably estimated. The City utilizes the services of 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 \$118,645 reported in the fund at December 31, 2010, is based on an estimate provided by the third party administrator and the requirements of GASB statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount for 2009 and 2010 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Change in Workers' Compensation Estimate	Balance at End of Year
2009	\$75,333	\$25,299	\$27,968	(\$62,394)	\$10,270
2010	10,270	155,846	70,498	23,027	118,645

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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, \$25 formulary, and \$50 non-formulary. The City has stop loss coverage at \$75,000 per family, per year, and a calculated aggregate maximum for the 2010 plan year of \$3,851,538.

The claims liability of \$178,574 reported in the general fund at December 31, 2010 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 2008 and 2009 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2009	\$411,773	\$3,087,641	\$3,203,506	\$295,908
2010	295,908	3,143,598	3,260,932	178,574

Note 12 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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 and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The City's 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009 and 2008 were \$1,181,581, \$1,143,422 and \$932,626, respectively. For 2010, 91.10 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008. Contributions to the Member-Directed Plan for 2010 were \$51,742 made by the City and \$36,959 made by plan members.

Ohio Police and Fire Pension Fund

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

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$472,990 and \$814,826 for the year ended December 31, 2010, \$468,584 and

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

\$846,914 for the year ended December 31, 2009, and \$427,861 and \$796,713 for the year ended December 31, 2008, respectively. For 2010, 71.34 percent for police and 69.32 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

Note 13 - Postemployment Benefits

Ohio Public Employees Retirement System

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009 and 2008 were \$673,612, \$826,782 and \$932,626, respectively. For 2010, 91.10 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

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 on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Firemen Pension Fund

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

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

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

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

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, 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 Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$250,406 and \$318,845 for the year ended December 31, 2010, \$248,074 and \$331,401 for the year ended December 31, 2009, and \$226,515 and \$311,757 for the year ended December 31, 2008. For 2010, 71.34 percent has been contributed for police and 69.32 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

Note 14 – Compensated Absences

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

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

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 15 – 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.

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

In 2010, the City of Solon paid \$253,519 in premiums from the general fund, which represents 17.46 percent of the total premiums paid by all members. Financial information can be obtained by contacting the fiscal agent, Allison Chance, Finance Director at the City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio, 44146.

Note 16 - Note Debt

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

	Balance 12/31/09	Additions	Reductions	Balance 12/31/10
1.125% Community Center Fund	\$2,400,000	\$0	\$2,400,000	\$0
Unamortized Premium	3,749	0	3,749	0
1.125% Building Construction Fund	2,300,000	0	2,300,000	0
Unamortized Premium	3,602	0	3,602	0
Total	\$4,707,351	\$0	\$4,707,351	\$0

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 17 - Long-Term Obligations

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

	Balance 12/31/09	Additions	Reductions	Balance 12/31/10	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
1997 \$3,700,000 - 5.70%					
Library Building	\$465,000	\$0	(\$225,000)	\$240,000	\$240,000
2002 \$12,235,000 - 3.00% to 4.60%					
Community Center	6,255,000	0	(875,000)	5,380,000	910,000
<i>Total General Obligation Bonds</i>	<u>6,720,000</u>	<u>0</u>	<u>(1,100,000)</u>	<u>5,620,000</u>	<u>1,150,000</u>
Special Assessment Bonds with Governmental Commitment					
1992 \$1,500,000 - 6.31%					
County Issued Miles Sewer	247,805	0	(80,308)	167,497	82,602
OWDA Loans					
1993 \$5,894,814 - 4.30%					
Northeast Pump	676,207	0	(158,413)	517,794	165,319
1997 \$1,249,104 - 4.16%					
Aurora/Liberty Sanitary Sewer	557,437	0	(70,143)	487,294	73,091
2004 \$5,861,485 - 1.87%					
Aurora Road West Draw	4,414,532	0	(275,660)	4,138,872	279,671
2006 \$6,329,372 - 3.35%					
Aurora East Sewer Project	5,626,250	0	(250,384)	5,375,866	258,842
<i>Total OWDA Loans</i>	<u>11,274,426</u>	<u>0</u>	<u>(754,600)</u>	<u>10,519,826</u>	<u>776,923</u>
OPWC Loans					
1996 \$952,295 - 0%					
Solon Allotment	261,880	0	(47,615)	214,265	47,615
1999 \$195,500 - 0%					
Cochran Project	58,651	0	(13,033)	45,618	13,033
<i>Total OPWC Loans</i>	<u>320,531</u>	<u>0</u>	<u>(60,648)</u>	<u>259,883</u>	<u>60,648</u>
Other Long-term Obligations					
Compensated Absences	3,597,723	65,490	(188,380)	3,474,833	973,249
Solon City School District	60,000	0	(20,000)	40,000	20,000
Claims Payable	10,270	178,873	(70,498)	118,645	88,984
<i>Total Other Long-term Obligations</i>	<u>3,667,993</u>	<u>244,363</u>	<u>(278,878)</u>	<u>3,633,478</u>	<u>1,082,233</u>
<i>Total General Long-term Obligations</i>	<u>\$22,230,755</u>	<u>\$244,363</u>	<u>(\$2,274,434)</u>	<u>\$20,200,684</u>	<u>\$3,152,406</u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

	Balance 12/31/09	Additions	Reductions	Balance 12/31/10	Amounts Due in One Year
Business-type Activities					
OWDA Loans					
1971 \$509,646 - 6.25%					
Treatment Plant Expansion	\$48,879	\$0	(\$31,886)	\$16,993	\$16,993
1993 \$5,894,814 - 4.30%					
Northeast Pump	933,809	0	(218,761)	715,048	228,298
1996 \$18,763,183 - 3.04%					
Treatment Plant Upgrade and Expansion	6,941,245	0	(1,071,358)	5,869,887	1,104,175
1997 \$401,178 - 3.54%					
Treatment Plant Upgrade and Expansion	156,522	0	(23,853)	132,669	24,705
2006 \$4,406,906 - 3.15%					
Trickling Filter Rehabilitation	3,608,492	0	(171,503)	3,436,989	176,948
<i>Total OWDA Loans</i>	11,688,947	0	(1,517,361)	10,171,586	1,551,119
Other Long-term Liabilities					
Compensated Absences	504,888	12,559	(64,570)	452,877	225,014
<i>Total Business-type Activities</i>	<u>\$12,193,835</u>	<u>\$12,559</u>	<u>(\$1,581,931)</u>	<u>\$10,624,463</u>	<u>\$1,776,133</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. During 2009, the City redeemed \$1,390,000 of the amounts due in years 2012 through 2016. The bonds did not have a call premium.

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, 2010

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. The City has received \$3,879,364 in proceeds.

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

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

The City's overall legal debt margin was \$115,455,285 with an unvoted debt margin of \$58,774,182 at December 31, 2010. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2010 are as follows:

Governmental Activities

	General Obligation Bonds		Special Assessment Bonds		OWDA Loans		OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2011	\$1,150,000	\$263,395	\$82,602	\$5,740	\$776,923	\$276,951	\$60,648
2012	670,000	213,030	84,895	3,014	799,974	253,901	60,648
2013	350,000	184,555	0	0	823,850	230,023	60,649
2014	365,000	169,155	0	0	660,730	207,339	54,131
2015	380,000	152,730	0	0	678,116	189,953	23,807
2016 - 2020	2,200,000	467,000	0	0	3,272,166	697,738	0
2021 - 2025	505,000	25,250	0	0	3,082,019	287,261	0
2026	0	0	0	0	426,048	10,733	0
Total	\$5,620,000	\$1,475,115	\$167,497	\$8,754	\$10,519,826	\$2,153,899	\$259,883

Business-Type Activities

	OWDA Loans	
	Principal	Interest
2011	\$1,374,171	\$203,365
2012	1,401,776	158,288
2013	1,447,914	112,150
2014	1,236,228	67,247
2015	1,274,508	28,969
Total	\$6,734,597	\$570,019

Note 18 – 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives on the governing board from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Solon did not contribute to NOPEC during 2010. Financial information can be obtained by contacting the Joseph Migliorini, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139.

Note 19 – 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 20 – Interfund Transfers

Interfund transfers for the year ended December 31, 2010, consisted of the following:

Transfers To	Transfer From
	General
<i>Major Funds:</i>	
Water Reclamation	\$66,445
Grantwood Recreation	5,728
Total Major Funds	72,173
Other Governmental Funds	7,529,125
Total All Funds	\$7,601,298

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 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 capital projects fund was an occasional subsidy for capital purchases. The general fund transfer to the community center and building construction capital projects funds were to provide payment for the bond anticipation notes payable.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 21 – 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 22 – Contractual Commitments

The City had the following remaining balances on construction contracts at December 31, 2010:

<u>Vendor</u>	<u>Project Description</u>	<u>Amount Remaining on Contract</u>
Kenmore Construction	Pettibone Road	\$1,014,077
Quality Control Inspection	Inspection of Pettibone Road	111,220
Trax Construction	North Huntington Detention Basin	103,232
Emshoff Excavating	Liberty Hill Detention Basin	23,885
Mark Haynes Construction	South Sulfur Springs Restoration	82,080
Total		<u>\$1,334,494</u>

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - to account for 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 restricted property taxes levied for the payment of the current liabilities for police disability and pension benefits.

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

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

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

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

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

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

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

Northeast Ohio Public Energy Council Grant Fund – to account for a grant restricted to energy conservation projects to reduce energy consumption.

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

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds

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

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

Community Center Fund – to account for debt proceeds restricted to construction of the new Community Center.

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

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

General Capital Improvements Fund – to account for revenues restricted to the purchase of land, buildings, vehicles and equipment.

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,054,430	\$2,772,163	\$6,826,593
Accounts Receivable	54,060	0	54,060
Intergovernmental Receivable	607,810	28,432	636,242
Municipal Income Tax Receivable	0	11,981	11,981
Property Taxes Receivable	1,050,225	401,578	1,451,803
<i>Total Assets</i>	<u>\$5,766,525</u>	<u>\$3,214,154</u>	<u>\$8,980,679</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$45,307	\$847	\$46,154
Accrued Wages	31,169	0	31,169
Contracts Payable	2,975	48,753	51,728
Intergovernmental Payable	581,415	0	581,415
Deferred Revenue	1,567,040	430,156	1,997,196
<i>Total Liabilities</i>	<u>2,227,906</u>	<u>479,756</u>	<u>2,707,662</u>
Fund Balances			
Restricted	2,352,446	2,734,398	5,086,844
Committed	1,188,298	0	1,188,298
Unassigned (Deficit)	(2,125)	0	(2,125)
<i>Total Fund Balances</i>	<u>3,538,619</u>	<u>2,734,398</u>	<u>6,273,017</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,766,525</u>	<u>\$3,214,154</u>	<u>\$8,980,679</u>

City of Solon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$1,028,981	\$393,536	\$1,422,517
Municipal Income Taxes	0	70,949	70,949
Intergovernmental	1,408,598	166,258	1,574,856
Fees, Licenses and Permits	309,390	0	309,390
Rentals	23,083	0	23,083
Charges for Services	2,780,240	20,830	2,801,070
Contributions and Donations	99,555	0	99,555
Miscellaneous	42,689	190,227	232,916
<i>Total Revenues</i>	<u>5,692,536</u>	<u>841,800</u>	<u>6,534,336</u>
Expenditures			
Current:			
Security of Persons and Property			
Police	852,193	0	852,193
Fire	1,137,444	0	1,137,444
Leisure Time Activities	5,151,999	0	5,151,999
Community Environment	6,375	0	6,375
Basic Utility Services	285,494	0	285,494
Transportation	1,075,000	0	1,075,000
Capital Outlay	0	1,058,263	1,058,263
Debt Service:			
Interest and Fiscal Charges	0	39,061	39,061
<i>Total Expenditures</i>	<u>8,508,505</u>	<u>1,097,324</u>	<u>9,605,829</u>
<i>Excess of Revenues Under Expenditures</i>	(2,815,969)	(255,524)	(3,071,493)
Other Financing Sources			
Transfers In	<u>2,529,125</u>	<u>5,000,000</u>	<u>7,529,125</u>
<i>Net Change in Fund Balances</i>	(286,844)	4,744,476	4,457,632
<i>Fund Balances (Deficit) Beginning of Year - Restated</i>	<u>3,825,463</u>	<u>(2,010,078)</u>	<u>1,815,385</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,538,619</u></u>	<u><u>\$2,734,398</u></u>	<u><u>\$6,273,017</u></u>

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
Assets					
Equity in Pooled Cash and Cash Equivalents	\$614,996	\$127,922	\$393,607	\$498,430	\$471,692
Accounts Receivable	0	0	0	0	42,077
Intergovernmental Receivable	493,645	38,954	28,957	43,436	0
Property Taxes Receivable	0	0	420,090	630,135	0
<i>Total Assets</i>	<u>\$1,108,641</u>	<u>\$166,876</u>	<u>\$842,654</u>	<u>\$1,172,001</u>	<u>\$513,769</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$8,079
Accrued Wages	0	0	0	0	0
Contracts Payable	0	0	0	0	0
Intergovernmental Payable	0	0	207,303	347,769	0
Deferred Revenue	411,582	32,840	449,047	673,571	0
<i>Total Liabilities</i>	<u>411,582</u>	<u>32,840</u>	<u>656,350</u>	<u>1,021,340</u>	<u>8,079</u>
Fund Balances					
Restricted	697,059	134,036	186,304	150,661	0
Committed	0	0	0	0	505,690
Unassigned (Deficit)	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>697,059</u>	<u>134,036</u>	<u>186,304</u>	<u>150,661</u>	<u>505,690</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,108,641</u>	<u>\$166,876</u>	<u>\$842,654</u>	<u>\$1,172,001</u>	<u>\$513,769</u>

Tree Planting	Recreation	Police Department Programs	Landfill Improvement	Law Enforcement Trust	NOPEC Grant	Donations Trust	Total Nonmajor Special Revenue Funds
\$249,806	\$435,879	\$105,727	\$934,097	\$153,971	\$850	\$67,453	\$4,054,430
0	6,983	0	0	0	0	5,000	54,060
0	0	0	910	1,908	0	0	607,810
0	0	0	0	0	0	0	1,050,225
<u>\$249,806</u>	<u>\$442,862</u>	<u>\$105,727</u>	<u>\$935,007</u>	<u>\$155,879</u>	<u>\$850</u>	<u>\$72,453</u>	<u>\$5,766,525</u>
\$0	\$22,362	\$0	\$12,208	\$19	\$0	\$2,639	\$45,307
0	31,169	0	0	0	0	0	31,169
0	0	0	0	0	2,975	0	2,975
0	26,343	0	0	0	0	0	581,415
0	0	0	0	0	0	0	1,567,040
0	79,874	0	12,208	19	2,975	2,639	2,227,906
0	0	105,727	922,799	155,860	0	0	2,352,446
249,806	362,988	0	0	0	0	69,814	1,188,298
0	0	0	0	0	(2,125)	0	(2,125)
<u>249,806</u>	<u>362,988</u>	<u>105,727</u>	<u>922,799</u>	<u>155,860</u>	<u>(2,125)</u>	<u>69,814</u>	<u>3,538,619</u>
<u>\$249,806</u>	<u>\$442,862</u>	<u>\$105,727</u>	<u>\$935,007</u>	<u>\$155,879</u>	<u>\$850</u>	<u>\$72,453</u>	<u>\$5,766,525</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, 2010

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
Revenues					
Property Taxes	\$0	\$0	\$411,875	\$617,106	\$0
Intergovernmental	1,008,254	81,210	103,130	154,695	0
Fees, Licenses and Permits	0	0	0	0	299,958
Rentals	0	0	0	0	0
Charges for Services	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>1,008,254</u>	<u>81,210</u>	<u>515,005</u>	<u>771,801</u>	<u>299,958</u>
Expenditures					
Current:					
Security of Persons and Property					
Police	0	0	733,872	0	0
Fire	0	0	0	1,137,444	0
Leisure Time Activities	0	0	0	0	345,981
Community Environment	0	0	0	0	0
Basic Utility Services	0	0	0	0	0
Transportation	1,005,000	70,000	0	0	0
<i>Total Expenditures</i>	<u>1,005,000</u>	<u>70,000</u>	<u>733,872</u>	<u>1,137,444</u>	<u>345,981</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	3,254	11,210	(218,867)	(365,643)	(46,023)
Other Financing Sources					
Transfers In	15,306	2,922	200,000	400,000	9,550
<i>Net Change in Fund Balances</i>	18,560	14,132	(18,867)	34,357	(36,473)
<i>Fund Balances Beginning of Year</i>	<u>678,499</u>	<u>119,904</u>	<u>205,171</u>	<u>116,304</u>	<u>542,163</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$697,059</u>	<u>\$134,036</u>	<u>\$186,304</u>	<u>\$150,661</u>	<u>\$505,690</u>

Tree Planting	Recreation	Police Department Programs	Landfill Improvement	Law Enforcement Trust	NOPEC Grant	Donations Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,028,981
0	0	0	0	57,059	4,250	0	1,408,598
0	0	0	9,432	0	0	0	309,390
0	23,083	0	0	0	0	0	23,083
690	2,779,550	0	0	0	0	0	2,780,240
0	52,364	26,654	0	0	0	20,537	99,555
0	42,689	0	0	0	0	0	42,689
690	2,897,686	26,654	9,432	57,059	4,250	20,537	5,692,536
0	0	81,328	0	33,571	0	3,422	852,193
0	0	0	0	0	0	0	1,137,444
0	4,794,863	0	0	0	0	11,155	5,151,999
0	0	0	0	0	6,375	0	6,375
0	0	0	285,494	0	0	0	285,494
0	0	0	0	0	0	0	1,075,000
0	4,794,863	81,328	285,494	33,571	6,375	14,577	8,508,505
690	(1,897,177)	(54,674)	(276,062)	23,488	(2,125)	5,960	(2,815,969)
0	1,881,000	0	20,347	0	0	0	2,529,125
690	(16,177)	(54,674)	(255,715)	23,488	(2,125)	5,960	(286,844)
249,116	379,165	160,401	1,178,514	132,372	0	63,854	3,825,463
\$249,806	\$362,988	\$105,727	\$922,799	\$155,860	(\$2,125)	\$69,814	\$3,538,619

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010

	Safety and Service Equipment	Community Center	Building Construction	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$785,878	\$2,027	\$893,097	\$7,606	\$1,083,555	\$2,772,163
Intergovernmental Receivable	28,432	0	0	0	0	28,432
Income Tax Receivable	0	0	0	0	11,981	11,981
Property Taxes Receivable	401,578	0	0	0	0	401,578
<i>Total Assets</i>	<u>\$1,215,888</u>	<u>\$2,027</u>	<u>\$893,097</u>	<u>\$7,606</u>	<u>\$1,095,536</u>	<u>\$3,214,154</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$0	\$0	\$0	\$586	\$261	\$847
Contracts Payable	48,753	0	0	0	0	48,753
Deferred Revenue	430,010	0	0	0	146	430,156
<i>Total Liabilities</i>	478,763	0	0	586	407	479,756
Fund Balances						
Restricted	737,125	2,027	893,097	7,020	1,095,129	2,734,398
<i>Total Liabilities and Fund Balances</i>	<u>\$1,215,888</u>	<u>\$2,027</u>	<u>\$893,097</u>	<u>\$7,606</u>	<u>\$1,095,536</u>	<u>\$3,214,154</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, 2010

	Safety and Service Equipment	Community Center	Building Construction	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
Revenues						
Property Taxes	\$393,536	\$0	\$0	\$0	\$0	\$393,536
Municipal Income Taxes	0	0	0	0	70,949	70,949
Intergovernmental	113,383	27,000	25,875	0	0	166,258
Charges for Services	0	0	0	0	20,830	20,830
Miscellaneous	15,227	0	0	0	175,000	190,227
<i>Total Revenues</i>	<u>522,146</u>	<u>27,000</u>	<u>25,875</u>	<u>0</u>	<u>266,779</u>	<u>841,800</u>
Expenditures						
Capital Outlay	596,573	24,830	3,300	4,741	428,819	1,058,263
Debt Service:						
Interest and Fiscal Charges	0	19,951	19,110	0	0	39,061
<i>Total Expenditures</i>	<u>596,573</u>	<u>44,781</u>	<u>22,410</u>	<u>4,741</u>	<u>428,819</u>	<u>1,097,324</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(74,427)	(17,781)	3,465	(4,741)	(162,040)	(255,524)
Other Financing Sources						
Transfers In	300,000	2,400,000	2,300,000	0	0	5,000,000
<i>Net Change in Fund Balances</i>	225,573	2,382,219	2,303,465	(4,741)	(162,040)	4,744,476
<i>Fund Balances (Deficit) Beginning of Year</i>	511,552	(2,380,192)	(1,410,368)	11,761	1,257,169	(2,010,078)
<i>Fund Balances End of Year</i>	<u>\$737,125</u>	<u>\$2,027</u>	<u>\$893,097</u>	<u>\$7,020</u>	<u>\$1,095,129</u>	<u>\$2,734,398</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.

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

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

Northeast Ohio Regional Sewer District Case Fee Fund – to account for money collected from other municipalities representing their portion of sewer district legal case fees.

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, 2010

	Beginning Balance 12/31/09	Additions	Deductions	Ending Balance 12/31/10
Inspection Deposits Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,088,024	\$160,220	\$86,056	\$1,162,188
Liabilities				
Deposits Held and Due to Others	\$1,088,024	\$160,220	\$86,056	\$1,162,188
Traffic Violations Fund				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$131,365	\$131,365	\$0
Liabilities				
Intergovernmental Payable	\$0	\$131,365	\$131,365	\$0
DARE Scholarship Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$374	\$0	\$0	\$374
Liabilities				
Deposits Held and Due to Others	\$374	\$0	\$0	\$374
Northeast Ohio Regional Sewer District Case Fee Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$33,000	\$0	\$33,000
Liabilities				
Deposits Held and Due to Others	\$0	\$33,000	\$0	\$33,000
JEDD Income Tax Fund				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$39,196	\$158,973	\$157,006	\$41,163
Liabilities				
Intergovernmental Payable	\$39,196	\$158,973	\$157,006	\$41,163
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,088,398	\$193,220	\$86,056	\$1,195,562
Cash and Cash Equivalents in Segregated Accounts	39,196	290,338	288,371	41,163
Total Assets	\$1,127,594	\$483,558	\$374,427	\$1,236,725
Liabilities				
Intergovernmental Payable	\$39,196	\$290,338	\$288,371	\$41,163
Deposits Held and Due to Others	1,088,398	193,220	86,056	1,195,562
Total Liabilities	\$1,127,594	\$483,558	\$374,427	\$1,236,725

**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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$728,572	\$728,572	\$830,572	\$102,000
Municipal Income Taxes	26,524,750	26,524,750	27,030,420	505,670
Intergovernmental	1,322,452	1,322,452	1,394,717	72,265
Investment Income	1,001,500	801,500	779,844	(21,656)
Fees, Licenses and Permits	399,900	399,900	459,098	59,198
Fines and Forfeitures	313,000	313,000	342,129	29,129
Charges for Services	897,016	897,016	768,631	(128,385)
Miscellaneous	478,423	479,300	497,981	18,681
<i>Total Revenues</i>	<u>31,665,613</u>	<u>31,466,490</u>	<u>32,103,392</u>	<u>636,902</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	7,102,751	7,102,751	6,781,602	321,149
Materials and Supplies	351,580	351,580	279,321	72,259
Contractual Services	418,964	418,964	359,842	59,122
Capital Outlay	40,393	40,393	35,848	4,545
Total Police	<u>7,913,688</u>	<u>7,913,688</u>	<u>7,456,613</u>	<u>457,075</u>
Fire				
Personal Services	6,144,772	6,144,772	5,796,656	348,116
Materials and Supplies	275,422	275,422	218,230	57,192
Contractual Services	254,440	254,440	227,362	27,078
Capital Outlay	27,800	27,800	6,939	20,861
Total Fire	<u>6,702,434</u>	<u>6,702,434</u>	<u>6,249,187</u>	<u>453,247</u>
Prosecutor				
Personal Services	109,300	107,130	98,966	8,164
Materials and Supplies	165,075	165,075	141,008	24,067
Total Prosecutor	<u>274,375</u>	<u>272,205</u>	<u>239,974</u>	<u>32,231</u>
Teen Court				
Personal Services	10,360	12,530	12,530	0
Materials and Supplies	813	813	365	448
Total Teen Court	<u>11,173</u>	<u>13,343</u>	<u>12,895</u>	<u>448</u>
Total Prosecutor	<u>285,548</u>	<u>285,548</u>	<u>252,869</u>	<u>32,679</u>
Total Security of Persons and Property	<u>14,901,670</u>	<u>14,901,670</u>	<u>13,958,669</u>	<u>943,001</u>
Public Health and Welfare				
Cemetery				
Other	5,300	5,300	1,248	4,052
County Health District				
Contractual Services	81,000	81,000	80,667	333
Total Public Health and Welfare	<u>\$86,300</u>	<u>\$86,300</u>	<u>\$81,915</u>	<u>\$4,385</u>

(continued)

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Leisure Time Activities				
Recreation				
Personal Services	\$5,719	\$5,719	\$5,719	\$0
Senior Administration				
Personal Services	419,547	419,547	403,617	15,930
Materials and Supplies	18,945	17,740	17,740	0
Contractual Services	3,170	2,536	2,536	0
Total Senior Administration	441,662	439,823	423,893	15,930
Senior Programs				
Materials and Supplies	53,592	53,592	53,253	339
Contractual Services	17,350	21,708	21,708	0
Other	200	200	153	47
Total Senior Administration	71,142	75,500	75,114	386
Total Leisure Time Activities	518,523	521,042	504,726	16,316
Community Environment				
Planning and Zoning				
Personal Services	541,628	541,628	531,401	10,227
Materials and Supplies	9,085	9,085	8,389	696
Contractual Services	22,547	22,547	17,836	4,711
Capital Outlay	600	600	92	508
Total Planning and Zoning	573,860	573,860	557,718	16,142
Enterprise Zone Monitoring				
Other	902,815	1,002,815	925,980	76,835
Development Board				
Materials and Supplies	5,941	5,941	5,807	134
Contractual Services	43,404	43,404	25,508	17,896
Total Development Board	49,345	49,345	31,315	18,030
Building Department				
Personal Services	422,330	422,330	398,204	24,126
Materials and Supplies	12,775	12,775	9,099	3,676
Contractual Services	29,642	29,642	13,876	15,766
Capital Outlay	1,942	1,942	967	975
Other	8,500	8,500	7,715	785
Total Building Department	475,189	475,189	429,861	45,328
Engineering Department				
Personal Services	846,749	846,749	841,302	5,447
Materials and Supplies	36,719	36,719	29,160	7,559
Contractual Services	125,293	125,293	84,791	40,502
Capital Outlay	7,500	7,500	2,944	4,556
Total Engineering Department	\$1,016,261	\$1,016,261	\$958,197	\$58,064

(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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beautification Commission				
Materials and Supplies	\$31,114	\$31,114	\$26,802	\$4,312
Contractual Services	1,780	1,780	1,392	388
Capital Outlay	3,000	3,000	0	3,000
<u>Total Beautification Commission</u>	<u>35,894</u>	<u>35,894</u>	<u>28,194</u>	<u>7,700</u>
<u>Total Community Environment</u>	<u>3,053,364</u>	<u>3,153,364</u>	<u>2,931,265</u>	<u>222,099</u>
Basic Utility Services				
Storm Sewers				
Personal Services	629,781	629,781	479,145	150,636
Materials and Supplies	79,165	62,332	62,332	0
Contractual Services	10,800	1,540	1,540	0
<u>Total Storm Sewers</u>	<u>719,746</u>	<u>693,653</u>	<u>543,017</u>	<u>150,636</u>
Trees, Leaf and Brush				
Materials and Supplies	15,600	14,100	11,109	2,991
Contractual Services	9,500	11,000	11,000	0
<u>Total Trees, Leaf and Brush</u>	<u>25,100</u>	<u>25,100</u>	<u>22,109</u>	<u>2,991</u>
Refuse Collection and Disposal				
Personal Services	871,420	871,420	805,175	66,245
Materials and Supplies	37,086	178,454	178,454	0
Contractual Services	201,032	44,633	44,633	0
<u>Total Refuse Collection and Disposal</u>	<u>1,109,538</u>	<u>1,094,507</u>	<u>1,028,262</u>	<u>66,245</u>
<u>Total Basic Utility Services</u>	<u>1,854,384</u>	<u>1,813,260</u>	<u>1,593,388</u>	<u>219,872</u>
Transportation				
Street Lighting				
Contractual Services	720,973	742,308	742,308	0
Street Department				
Personal Services	3,367,680	3,367,680	3,193,961	173,719
Materials and Supplies	1,214,132	1,288,682	1,288,682	0
Contractual Services	207,059	188,141	188,141	0
Capital Outlay	58,614	39,500	39,500	0
<u>Total Street Department</u>	<u>4,847,485</u>	<u>4,884,003</u>	<u>4,710,284</u>	<u>173,719</u>
<u>Total Transportation</u>	<u>5,568,458</u>	<u>5,626,311</u>	<u>5,452,592</u>	<u>173,719</u>
General Government				
Council				
Personal Services	281,860	281,860	270,653	11,207
Materials and Supplies	26,214	26,214	23,280	2,934
Contractual Services	16,125	16,125	2,418	13,707
Capital Outlay	500	500	0	500
<u>Total Council</u>	<u>\$324,699</u>	<u>\$324,699</u>	<u>\$296,351</u>	<u>\$28,348</u>

(continued)

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Mayor				
Personal Services	\$282,492	\$282,492	\$276,590	\$5,902
Materials and Supplies	5,890	5,677	5,587	90
Contractual Services	373	561	561	0
Capital Outlay	600	625	625	0
Total Mayor	289,355	289,355	283,363	5,992
Finance				
Personal Services	713,518	713,518	697,923	15,595
Materials and Supplies	22,736	22,736	22,261	475
Contractual Services	97,593	101,326	101,326	0
Capital Outlay	1,800	1,800	939	861
Total Finance	835,647	839,380	822,449	16,931
Legal Department				
Personal Services	86,490	86,490	85,939	551
Contractual Services	203,000	205,840	205,840	0
Other	20,000	13,427	10,744	2,683
Total Legal Department	309,490	305,757	302,523	3,234
Human Resources				
Personal Services	414,396	414,396	408,793	5,603
Materials and Supplies	3,778	3,778	3,511	267
Contractual Services	124,838	123,729	117,212	6,517
Capital Outlay	5,381	6,490	5,253	1,237
Total Human Resources	548,393	548,393	534,769	13,624
Civil Service				
Personal Services	4,605	4,605	3,899	706
Materials and Supplies	833	833	176	657
Contractual Services	26,500	26,500	8,308	18,192
Total Civil Service	31,938	31,938	12,383	19,555
City Hall				
Personal Services	189,917	189,917	177,400	12,517
Materials and Supplies	1,000	1,000	33	967
Contractual Services	1,547	1,547	1,107	440
Total City Hall	192,464	192,464	178,540	13,924
Income Tax Department				
Personal Services	371,631	371,631	357,166	14,465
Materials and Supplies	48,524	49,047	49,047	0
Contractual Services	45,359	53,266	53,266	0
Capital Outlay	10,000	1,570	753	817
Total Income Tax Department	\$475,514	\$475,514	\$460,232	\$15,282

(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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Unclaimed Monies				
Other	\$82,000	\$44,846	\$3,930	\$40,916
City Administration				
Personal Services	74,151	74,151	63,008	11,143
Materials and Supplies	124,849	125,499	125,499	0
Contractual Services	931,278	917,680	912,530	5,150
Capital Outlay	7,000	700	700	0
Other	48,002	85,156	85,156	0
Total City Administration	1,185,280	1,203,186	1,186,893	16,293
Sick Leave Reserve				
Personal Services	250,000	299,993	299,993	0
Payroll Benefits Account				
Personal Services	100,000	50,007	0	50,007
Total General Government	4,624,780	4,605,532	4,381,426	224,106
<i>Total Expenditures</i>	<u>30,607,479</u>	<u>30,707,479</u>	<u>28,903,981</u>	<u>1,803,498</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,058,134</u>	<u>759,011</u>	<u>3,199,411</u>	<u>2,440,400</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	112,607	112,607	112,607	0
Transfers Out	(2,849,622)	(7,735,750)	(7,601,298)	134,452
<i>Total Other Financing Sources (Uses)</i>	<u>(2,737,015)</u>	<u>(7,623,143)</u>	<u>(7,488,691)</u>	<u>134,452</u>
<i>Net Change in Fund Balance</i>	(1,678,881)	(6,864,132)	(4,289,280)	2,574,852
<i>Fund Balance Beginning of Year</i>	22,191,779	22,191,779	22,191,779	0
Prior Year Encumbrances Appropriated	305,072	305,072	305,072	0
<i>Fund Balance End of Year</i>	<u>\$20,817,970</u>	<u>\$15,632,719</u>	<u>\$18,207,571</u>	<u>\$2,574,852</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, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$1,600,656	\$1,600,656	\$1,956,795	\$356,139
Special Assessments	570,000	570,000	812,268	242,268
Intergovernmental	474,891	474,891	474,891	0
Fees, Licenses and Permits	0	0	5,787	5,787
Miscellaneous	0	0	521	521
<i>Total Revenues</i>	<u>2,645,547</u>	<u>2,645,547</u>	<u>3,250,262</u>	<u>604,715</u>
Expenditures				
Current:				
General Government				
Legislative and Executive				
Contractual Services	<u>10,549</u>	<u>30,549</u>	<u>30,549</u>	<u>0</u>
Debt Service:				
Principal Retirement	6,635,751	6,635,751	6,634,908	843
Interest and Fiscal Charges	<u>674,000</u>	<u>674,000</u>	<u>670,943</u>	<u>3,057</u>
<i>Total Debt Service</i>	<u>7,309,751</u>	<u>7,309,751</u>	<u>7,305,851</u>	<u>3,900</u>
<i>Total Expenditures</i>	<u>7,320,300</u>	<u>7,340,300</u>	<u>7,336,400</u>	<u>3,900</u>
<i>Excess of Revenues Under Expenditures</i>	(4,674,753)	(4,694,753)	(4,086,138)	608,615
Other Financing Sources				
Transfers In	<u>4,150,000</u>	<u>4,700,000</u>	<u>4,700,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(524,753)	5,247	613,862	608,615
<i>Fund Balance Beginning of Year</i>	1,186,690	1,186,690	1,186,690	0
Prior Year Encumbrances Appropriated	<u>300</u>	<u>300</u>	<u>300</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$662,237</u>	<u>\$1,192,237</u>	<u>\$1,800,852</u>	<u>\$608,615</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal Income Taxes	\$8,685,000	\$8,685,000	\$8,685,250	\$250
Intergovernmental	2,200,000	2,200,000	2,263,991	63,991
Miscellaneous	0	0	91,358	91,358
<i>Total Revenues</i>	<u>10,885,000</u>	<u>10,885,000</u>	<u>11,040,599</u>	<u>155,599</u>
Expenditures				
Current:				
Transportation				
Engineering Department				
Personal Services	370,000	370,000	351,225	18,775
Capital Outlay	15,013,827	15,013,827	14,583,858	429,969
Debt Service:				
Principal Retirement	60,648	60,648	60,648	0
<i>Total Expenditures</i>	<u>15,444,475</u>	<u>15,444,475</u>	<u>14,995,731</u>	<u>448,744</u>
<i>Net Change in Fund Balance</i>	(4,559,475)	(4,559,475)	(3,955,132)	604,343
<i>Fund Balance Beginning of Year</i>	4,498,536	4,498,536	4,498,536	0
Prior Year Encumbrances Appropriated	144,475	144,475	144,475	0
<i>Fund Balance End of Year</i>	<u><u>\$83,536</u></u>	<u><u>\$83,536</u></u>	<u><u>\$687,879</u></u>	<u><u>\$604,343</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$5,525,250	\$5,525,250	\$5,392,511	(\$132,739)
Tap-In Fees	125,000	125,000	118,302	(6,698)
Miscellaneous	14,000	14,000	15,213	1,213
<i>Total Revenues</i>	<u>5,664,250</u>	<u>5,664,250</u>	<u>5,526,026</u>	<u>(138,224)</u>
Expenses				
Personal Services	2,285,929	2,285,929	1,997,703	288,226
Materials and Supplies	473,801	473,801	359,981	113,820
Contractual Services	1,726,658	1,726,658	1,423,967	302,691
Other	635,000	632,821	18,708	614,113
Capital Outlay	47,253	47,253	38,996	8,257
Debt Service:				
Principal Retirement	1,516,110	1,517,361	1,517,361	0
Interest and Fiscal Charges	375,386	376,314	376,314	0
<i>Total Expenses</i>	<u>7,060,137</u>	<u>7,060,137</u>	<u>5,733,030</u>	<u>1,327,107</u>
<i>Excess of Revenues Under Expenses</i> <i>Before Transfers</i>	(1,395,887)	(1,395,887)	(207,004)	1,188,883
Transfers In	100,000	75,000	66,445	(8,555)
<i>Net Change in Fund Equity</i>	(1,295,887)	(1,320,887)	(140,559)	1,180,328
<i>Fund Equity Beginning of Year</i>	4,597,492	4,597,492	4,597,492	0
Prior Year Encumbrances Appropriated	50,141	50,141	50,141	0
<i>Fund Equity End of Year</i>	<u>\$3,351,746</u>	<u>\$3,326,746</u>	<u>\$4,507,074</u>	<u>\$1,180,328</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$890,721	\$890,721	\$836,849	(\$53,872)
Rentals	197,000	197,000	143,024	(53,976)
Miscellaneous	32,600	32,600	23,363	(9,237)
<i>Total Revenues</i>	<u>1,120,321</u>	<u>1,120,321</u>	<u>1,003,236</u>	<u>(117,085)</u>
Expenses				
Personal Services	588,576	588,576	577,172	11,404
Materials and Supplies	213,897	213,897	207,544	6,353
Contractual Services	143,351	143,351	126,621	16,730
Other	54,752	54,752	49,880	4,872
<i>Total Expenses</i>	<u>1,000,576</u>	<u>1,000,576</u>	<u>961,217</u>	<u>39,359</u>
<i>Excess of Revenues Over Expenses Before Transfers</i>	119,745	119,745	42,019	(77,726)
Transfers In	5,000	5,000	5,728	728
<i>Net Change in Fund Equity</i>	124,745	124,745	47,747	(76,998)
<i>Fund Equity Beginning of Year</i>	262,912	262,912	262,912	0
Prior Year Encumbrances Appropriated	14,647	14,647	14,647	0
<i>Fund Equity End of Year</i>	<u>\$402,304</u>	<u>\$402,304</u>	<u>\$325,306</u>	<u>(\$76,998)</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, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$1,007,000	\$1,007,000	\$1,006,197	(\$803)
Expenditures				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	800,000	800,000	750,000	50,000
Materials and Supplies	200,000	300,000	255,000	45,000
<i>Total Expenditures</i>	<u>1,000,000</u>	<u>1,100,000</u>	<u>1,005,000</u>	<u>95,000</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	7,000	(93,000)	1,197	94,197
Other Financing Sources				
Transfers In	14,500	14,500	15,306	806
<i>Net Change in Fund Balance</i>	21,500	(78,500)	16,503	95,003
<i>Fund Balance Beginning of Year</i>	<u>598,493</u>	<u>598,493</u>	<u>598,493</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$619,993</u>	<u>\$519,993</u>	<u>\$614,996</u>	<u>\$95,003</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$81,648	\$81,648	\$81,583	(\$65)
Expenditures				
Current:				
Transportation				
State Highway				
Materials and Supplies	75,000	75,000	70,000	5,000
<i>Excess of Revenues Over Expenditures</i>	6,648	6,648	11,583	4,935
Other Financing Sources				
Transfers In	2,500	2,500	2,922	422
<i>Net Change in Fund Balance</i>	9,148	9,148	14,505	5,357
<i>Fund Balance Beginning of Year</i>	113,417	113,417	113,417	0
<i>Fund Balance End of Year</i>	<u>\$122,565</u>	<u>\$122,565</u>	<u>\$127,922</u>	<u>\$5,357</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$333,828	\$333,828	\$411,875	\$78,047
Intergovernmental	103,130	103,130	103,130	0
<i>Total Revenues</i>	436,958	436,958	515,005	78,047
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	700,000	740,000	724,630	15,370
<i>Excess of Revenues Under Expenditures</i>	(263,042)	(303,042)	(209,625)	93,417
Other Financing Sources				
Transfers In	200,000	200,000	200,000	0
<i>Net Change in Fund Balance</i>	(63,042)	(103,042)	(9,625)	93,417
<i>Fund Balance Beginning of Year</i>	403,232	403,232	403,232	0
<i>Fund Balance End of Year</i>	<u>\$340,190</u>	<u>\$300,190</u>	<u>\$393,607</u>	<u>\$93,417</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$500,742	\$500,742	\$617,106	\$116,364
Intergovernmental	154,695	154,695	154,695	0
<i>Total Revenues</i>	655,437	655,437	771,801	116,364
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,200,000	1,200,000	1,108,258	91,742
<i>Excess of Revenues Under Expenditures</i>	(544,563)	(544,563)	(336,457)	208,106
Other Financing Sources				
Transfers In	400,000	400,000	400,000	0
<i>Net Change in Fund Balance</i>	(144,563)	(144,563)	63,543	208,106
<i>Fund Balance Beginning of Year</i>	434,887	434,887	434,887	0
<i>Fund Balance End of Year</i>	<u>\$290,324</u>	<u>\$290,324</u>	<u>\$498,430</u>	<u>\$208,106</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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fees, Licenses and Permits	\$265,000	\$290,000	\$297,125	\$7,125
Expenditures				
Current:				
Leisure Time Activities				
Cable TV				
Personal Services	2,200	2,200	1,247	953
Materials and Supplies	5,735	9,857	9,857	0
Contractual Services	230,476	219,392	198,767	20,625
Capital Outlay	31,537	31,537	14,358	17,179
Other	100,000	131,962	131,962	0
<i>Total Expenditures</i>	<u>369,948</u>	<u>394,948</u>	<u>356,191</u>	<u>38,757</u>
<i>Excess of Revenues Under Expenditures</i>	(104,948)	(104,948)	(59,066)	45,882
Other Financing Sources				
Transfers In	9,000	9,000	9,550	550
<i>Net Change in Fund Balance</i>	(95,948)	(95,948)	(49,516)	46,432
<i>Fund Balance Beginning of Year</i>	505,698	505,698	505,698	0
Prior Year Encumbrances Appropriated	12,953	12,953	12,953	0
<i>Fund Balance End of Year</i>	<u>\$422,703</u>	<u>\$422,703</u>	<u>\$469,135</u>	<u>\$46,432</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$0	\$0	\$690	\$690
Expenditures				
Current:				
General Government				
Tree Planting				
Contractual Services	200,000	200,000	0	200,000
<i>Net Change in Fund Balance</i>	(200,000)	(200,000)	690	200,690
<i>Fund Balance Beginning of Year</i>	249,116	249,116	249,116	0
<i>Fund Balance End of Year</i>	<u>\$49,116</u>	<u>\$49,116</u>	<u>\$249,806</u>	<u>\$200,690</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Rentals	\$26,500	\$26,500	\$23,083	(\$3,417)
Charges for Services	2,815,938	2,817,400	2,774,888	(42,512)
Contributions and Donations	55,000	55,000	52,364	(2,636)
Miscellaneous	51,640	51,640	42,088	(9,552)
<i>Total Revenues</i>	<u>2,949,078</u>	<u>2,950,540</u>	<u>2,892,423</u>	<u>(58,117)</u>
Expenditures				
Current:				
Leisure Time Activities				
Administration				
Personal Services	530,440	536,240	536,240	0
Materials and Supplies	59,311	59,311	58,294	1,017
Contractual Services	44,174	45,228	45,228	0
Capital Outlay	50,000	48,946	8,518	40,428
<i>Total Administration</i>	<u>683,925</u>	<u>689,725</u>	<u>648,280</u>	<u>41,445</u>
Recreation Programs				
Personal Services	213,500	218,880	218,880	0
Materials and Supplies	40,851	36,034	34,587	1,447
Contractual Services	122,604	108,333	108,333	0
Capital Outlay	12,000	11,693	9,776	1,917
Other	22,000	28,107	28,107	0
<i>Total Recreation Programs</i>	<u>410,955</u>	<u>403,047</u>	<u>399,683</u>	<u>3,364</u>
Swimming Pools				
Personal Services	77,300	77,300	67,215	10,085
Materials and Supplies	44,526	44,526	42,324	2,202
Contractual Services	60,000	67,484	67,484	0
<i>Total Swimming Pools</i>	<u>181,826</u>	<u>189,310</u>	<u>177,023</u>	<u>12,287</u>
Community Parks				
Personal Services	239,000	239,000	230,888	8,112
Materials and Supplies	80,760	51,504	51,504	0
Contractual Services	43,471	43,621	43,621	0
<i>Total Community Parks</i>	<u>363,231</u>	<u>334,125</u>	<u>326,013</u>	<u>8,112</u>
Concession Stand				
Personal Services	11,050	18,994	18,994	0
Materials and Supplies	11,000	7,648	4,545	3,103
<i>Total Concession Stand</i>	<u>\$22,050</u>	<u>\$26,642</u>	<u>\$23,539</u>	<u>\$3,103</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, 2010

	Budgeted Amounts		Actual	Final Budget Positive (Negative)
	Original	Final		
Youth Recreation Programs				
Personal Services	\$957,953	\$957,953	\$882,660	\$75,293
Materials and Supplies	132,734	112,753	112,753	0
Contractual Services	275,421	320,376	320,376	0
Capital Outlay	300	300	270	30
Other	13,200	13,200	10,560	2,640
Total Youth Recreation Programs	<u>1,379,608</u>	<u>1,404,582</u>	<u>1,326,619</u>	<u>77,963</u>
Adult Recreation Programs				
Materials and Supplies	2,750	5,282	5,282	0
Contractual Services	4,250	1,718	729	989
Total Adult Recreation Programs	<u>7,000</u>	<u>7,000</u>	<u>6,011</u>	<u>989</u>
Holiday Programs				
Materials and Supplies	10,500	2,995	2,995	0
Contractual Services	25,000	2,186	2,186	0
Total Holiday Programs	<u>35,500</u>	<u>5,181</u>	<u>5,181</u>	<u>0</u>
Community Center				
Personal Services	1,220,250	1,201,126	1,174,331	26,795
Materials and Supplies	154,880	142,765	142,765	0
Contractual Services	499,555	575,939	575,939	0
Capital Outlay	20,000	6,328	6,328	0
Other	8,000	6,810	6,810	0
Total Community Center	<u>1,902,685</u>	<u>1,932,968</u>	<u>1,906,173</u>	<u>26,795</u>
<i>Total Expenditures</i>	<u>4,986,780</u>	<u>4,992,580</u>	<u>4,818,522</u>	<u>174,058</u>
<i>Excess of Revenues Under Expenditures</i>	(2,037,702)	(2,042,040)	(1,926,099)	115,941
Other Financing Sources				
Transfers In	<u>1,881,000</u>	<u>1,881,000</u>	<u>1,881,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(156,702)	(161,040)	(45,099)	115,941
<i>Fund Balance Beginning of Year</i>	431,064	431,064	431,064	0
Prior Year Encumbrances Appropriated	<u>25,785</u>	<u>25,785</u>	<u>25,785</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$300,147</u>	<u>\$295,809</u>	<u>\$411,750</u>	<u>\$115,941</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	<u>\$22,000</u>	<u>\$22,000</u>	<u>\$34,608</u>	<u>\$12,608</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
DARE program				
Materials and Supplies	30,166	30,166	6,335	23,831
Violent Crime Prevention				
Personal Services	<u>75,676</u>	<u>75,676</u>	<u>75,616</u>	<u>60</u>
<i>Total Expenditures</i>	<u>105,842</u>	<u>105,842</u>	<u>81,951</u>	<u>23,891</u>
<i>Net Change in Fund Balance</i>	(83,842)	(83,842)	(47,343)	36,499
<i>Fund Balance Beginning of Year</i>	152,904	152,904	152,904	0
Prior Year Encumbrances Appropriated	<u>166</u>	<u>166</u>	<u>166</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$69,228</u></u>	<u><u>\$69,228</u></u>	<u><u>\$105,727</u></u>	<u><u>\$36,499</u></u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Landfill Improvement Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees, Licenses and Permits	\$0	\$0	\$10,657	\$10,657
Expenditures				
Current:				
Basic Utility Services				
Landfill Improvement				
Capital Outlay	350,890	350,890	286,000	64,890
<i>Excess of Revenues Under Expenditures</i>	(350,890)	(350,890)	(275,343)	75,547
Other Financing Sources				
Transfers In	24,000	24,000	20,347	(3,653)
<i>Net Change in Fund Balance</i>	(326,890)	(326,890)	(254,996)	71,894
<i>Fund Balance Beginning of Year</i>	1,175,489	1,175,489	1,175,489	0
Prior Year Encumbrances Appropriated	890	890	890	0
<i>Fund Balance End of Year</i>	<u>\$849,489</u>	<u>\$849,489</u>	<u>\$921,383</u>	<u>\$71,894</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	<u>\$20,518</u>	<u>\$29,000</u>	<u>\$83,796</u>	<u>\$54,796</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
OMVI				
Personal Services	6,600	6,600	2,491	4,109
Materials and Supplies	<u>0</u>	<u>514</u>	<u>514</u>	<u>0</u>
Total OMVI	6,600	7,114	3,005	4,109
Drug Money				
Materials and Supplies	65,000	64,486	28,045	36,441
Immobilization				
Materials and Supplies	5,800	5,800	0	5,800
Miscellaneous				
Materials and Supplies	<u>26,000</u>	<u>26,000</u>	<u>3,048</u>	<u>22,952</u>
<i>Total Expenditures</i>	<u>103,400</u>	<u>103,400</u>	<u>34,098</u>	<u>69,302</u>
<i>Net Change in Fund Balance</i>	(82,882)	(74,400)	49,698	124,098
<i>Fund Balance Beginning of Year</i>	<u>104,273</u>	<u>104,273</u>	<u>104,273</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$21,391</u></u>	<u><u>\$29,873</u></u>	<u><u>\$153,971</u></u>	<u><u>\$124,098</u></u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
NOPEC Grant Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$4,250	\$4,250	\$4,250	\$0
Expenditures				
Current:				
Community Environment				
Energy Conservation				
Contractual Services	3,400	3,400	3,400	0
<i>Net Change in Fund Balance</i>	850	850	850	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$850</u>	<u>\$850</u>	<u>\$850</u>	<u>\$0</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions and Donations	\$4,396	\$6,051	\$18,237	\$12,186
Expenditures				
Current:				
Security of Persons and Property				
Police				
Materials and Supplies	5,031	5,431	3,422	2,009
Fire				
Materials and Supplies	2,000	2,000	0	2,000
Total Security of Persons and Property	7,031	7,431	3,422	4,009
Leisure Time Activities				
Senior Services Donations				
Other	36,000	36,000	10,733	25,267
Community Park Donations				
Other	3,200	3,200	0	3,200
Total Leisure Time Activities	39,200	39,200	10,733	28,467
Community Environment				
Blue Herron Donations				
Other	100	100	0	100
Beautification Donations				
Other	619	619	0	619
Engineering Department				
Personal Services	2,400	2,400	0	2,400
Total Community Environment	3,119	3,119	0	3,119
General Government				
Special Donations				
Other	8,600	8,600	0	8,600
Cemetery Endowment				
Contractual Services	5,500	5,500	0	5,500
Total General Government	14,100	14,100	0	14,100
<i>Total Expenditures</i>	63,450	63,850	14,155	49,695
<i>Net Change in Fund Balance</i>	(59,054)	(57,799)	4,082	61,881
<i>Fund Balance Beginning of Year</i>	61,340	61,340	61,340	0
<i>Fund Balance End of Year</i>	\$2,286	\$3,541	\$65,422	\$61,881

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, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$300,939	\$300,939	\$393,536	\$92,597
Intergovernmental	113,383	113,383	113,383	0
Miscellaneous	0	0	15,227	15,227
<i>Total Revenues</i>	414,322	414,322	522,146	107,824
Expenditures				
Capital Outlay	1,210,000	1,210,000	621,382	588,618
<i>Excess of Revenues Under Expenditures</i>	(795,678)	(795,678)	(99,236)	696,442
Other Financing Sources				
Transfers In	400,000	300,000	300,000	0
<i>Net Change in Fund Balance</i>	(395,678)	(495,678)	200,764	696,442
<i>Fund Balance Beginning of Year</i>	511,552	511,552	511,552	0
<i>Fund Balance End of Year</i>	<u>\$115,874</u>	<u>\$15,874</u>	<u>\$712,316</u>	<u>\$696,442</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	25,000	25,000	24,830	170
<i>Net Change in Fund Balance</i>	(25,000)	(25,000)	(24,830)	170
<i>Fund Balance Beginning of Year</i>	26,857	26,857	26,857	0
<i>Fund Balance End of Year</i>	\$1,857	\$1,857	\$2,027	\$170

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	<u>801,500</u>	<u>801,500</u>	<u>3,300</u>	<u>798,200</u>
<i>Net Change in Fund Balance</i>	(801,500)	(801,500)	(3,300)	798,200
<i>Fund Balance Beginning of Year</i>	894,897	894,897	894,897	0
Prior Year Encumbrances Appropriated	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$94,897</u></u>	<u><u>\$94,897</u></u>	<u><u>\$893,097</u></u>	<u><u>\$798,200</u></u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Old City Hall Renovations Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	<u>10,000</u>	<u>10,000</u>	<u>4,755</u>	<u>5,245</u>
<i>Net Change in Fund Balance</i>	(10,000)	(10,000)	(4,755)	5,245
<i>Fund Balance Beginning of Year</i>	<u>11,761</u>	<u>11,761</u>	<u>11,761</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,761</u></u>	<u><u>\$1,761</u></u>	<u><u>\$7,006</u></u>	<u><u>\$5,245</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, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal Income Taxes	\$80,000	\$80,000	\$72,260	(\$7,740)
Charges for Services	22,000	22,000	20,830	(1,170)
Miscellaneous	0	160,000	175,000	15,000
<i>Total Revenues</i>	102,000	262,000	268,090	6,090
Expenditures				
Capital Outlay	450,000	612,000	460,176	151,824
<i>Net Change in Fund Balance</i>	(348,000)	(350,000)	(192,086)	157,914
<i>Fund Balance Beginning of Year</i>	1,275,641	1,275,641	1,275,641	0
<i>Fund Balance End of Year</i>	<u>\$927,641</u>	<u>\$925,641</u>	<u>\$1,083,555</u>	<u>\$157,914</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$125,000	\$225,000	\$225,000	\$0
Expenses				
Contractual Services	244,200	244,200	200,210	43,990
Claims	50,122	150,122	70,498	79,624
<i>Total Expenses</i>	294,322	394,322	270,708	123,614
<i>Net Change in Fund Equity</i>	(169,322)	(169,322)	(45,708)	123,614
<i>Fund Equity Beginning of Year</i>	126,878	126,878	126,878	0
Prior Year Encumbrances Appropriated	44,322	44,322	44,322	0
<i>Fund Equity End of Year</i>	\$1,878	\$1,878	\$125,492	\$123,614

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2 - S13
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the municipal income tax.	S14 - S15
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S16 - S21
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S22- S25
Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S26 - S31

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 Nine Years
(Accrual Basis of Accounting)

	2010 (1)	2009 (1)	2008	2007	2006
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$117,330,135	\$104,060,699	\$92,250,325	\$87,878,235	\$82,030,598
Restricted:					
Capital Projects	5,006,205	9,236,362	19,795,982	21,802,881	19,874,834
Debt Service	7,642,496	7,866,320	8,824,240	4,245,100	5,043,568
Street Construction, Maintenance and Repair	1,108,641	1,081,065	1,084,825	971,182	933,208
Cable TV	0	0	553,060	488,084	505,445
Tree Planting	0	0	249,116	243,136	240,376
Landfill Improvement	922,799	1,178,514	1,400,493	1,394,909	1,399,637
Other Purposes	988,518	981,745	1,507,140	792,373	549,219
Unrestricted	10,607,262	12,398,272	12,324,836	14,084,752	13,134,426
<i>Total Governmental Activities Net Assets</i>	<u>\$143,606,056</u>	<u>\$136,802,977</u>	<u>\$137,990,017</u>	<u>\$131,900,652</u>	<u>\$123,711,311</u>
Business Type - Activities					
Invested in Capital Assets, Net of Related Debt	\$52,548,182	\$52,711,512	\$51,496,779	\$50,615,585	\$49,301,117
Unrestricted	4,735,569	4,519,543	5,470,918	4,291,875	3,265,336
<i>Total Business-Type Activities Net Assets</i>	<u>\$57,283,751</u>	<u>\$57,231,055</u>	<u>\$56,967,697</u>	<u>\$54,907,460</u>	<u>\$52,566,453</u>
Primary Government					
Invested in Capital Assets, Net of Related Debt	\$169,878,317	\$156,772,211	\$143,747,104	\$138,493,820	\$131,331,715
Restricted	15,668,659	20,344,006	33,414,856	29,937,665	28,546,287
Unrestricted	15,342,831	16,917,815	17,795,754	18,376,627	16,399,762
<i>Total Primary Government Net Assets</i>	<u>\$200,889,807</u>	<u>\$194,034,032</u>	<u>\$194,957,714</u>	<u>\$186,808,112</u>	<u>\$176,277,764</u>

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

2005	2004	2003	2002
\$78,760,236	\$73,743,370	\$74,138,179	\$64,236,393
17,130,291	19,714,801	20,769,432	21,153,622
5,832,940	5,494,418	5,164,577	5,182,771
787,747	933,997	1,100,877	1,439,159
478,171	504,777	434,793	345,524
232,556	216,226	200,356	186,326
1,352,933	1,351,906	1,367,896	1,379,192
208,927	139,672	340,629	606,348
13,348,140	18,278,464	21,327,415	28,200,481
<u>\$118,131,941</u>	<u>\$120,377,631</u>	<u>\$124,844,154</u>	<u>\$122,729,816</u>
\$44,682,581	\$39,874,333	\$39,017,736	\$34,383,495
5,723,344	5,929,558	7,447,417	7,695,055
<u>\$50,405,925</u>	<u>\$45,803,891</u>	<u>\$46,465,153</u>	<u>\$42,078,550</u>
\$123,442,817	\$113,617,703	\$113,155,915	\$98,619,888
26,023,565	28,355,797	29,378,560	30,292,942
19,071,484	24,208,022	28,774,832	35,895,536
<u>\$168,537,866</u>	<u>\$166,181,522</u>	<u>\$171,309,307</u>	<u>\$164,808,366</u>

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

	2010	2009	2008	2007	2006
Program Revenues					
Governmental Activities:					
Charges for Services:					
Security of Persons and Property					
Police	\$398,302	\$421,753	\$487,454	\$473,157	\$467,125
Fire	338,162	367,317	436,985	432,286	410,437
Prosecutor	13,810	16,910	19,725	22,654	21,545
Public Health and Welfare	4,434	4,901	5,406	7,485	8,328
Leisure Time Activities	3,131,685	3,075,799	3,081,121	3,064,735	2,901,646
Community Environment	159,952	113,636	157,036	163,455	151,067
Basic Utility Services	96,456	52,604	157,087	110,039	223,131
Transportation	289,778	358,670	325,144	327,922	293,743
General Government	257,817	257,235	455,053	469,342	521,404
Operating Grants and Contributions	1,512,849	1,620,631	1,405,593	1,259,666	1,186,197
Capital Grants	241,789	3,022,448	5,742,816	663,457	1,597,434
<i>Total Governmental Activities</i>					
<i>Program Revenues</i>	<u>6,445,034</u>	<u>9,311,904</u>	<u>12,273,420</u>	<u>6,994,198</u>	<u>7,782,057</u>
Business-Type Activities:					
Charges for Services:					
Water Reclamation	5,659,317	5,421,385	5,842,685	5,783,498	5,245,086
Grantwood Recreation	978,466	1,079,991	1,329,215	1,378,801	1,358,772
Operating Grants and Contributions	0	0	585	0	0
<i>Total Business-Type Activities</i>					
<i>Program Revenues</i>	<u>6,637,783</u>	<u>6,501,376</u>	<u>7,172,485</u>	<u>7,162,299</u>	<u>6,603,858</u>
<i>Total Primary Government</i>					
<i>Program Revenues</i>	<u>13,082,817</u>	<u>15,813,280</u>	<u>19,445,905</u>	<u>14,156,497</u>	<u>14,385,915</u>
Expenses					
Governmental Activities:					
Security of Persons and Property					
Police	8,673,149	8,534,822	8,558,640	7,893,398	7,454,568
Fire	8,075,434	8,054,144	8,312,572	7,052,821	7,187,188
Prosecutor	255,132	293,094	299,401	299,085	296,403
Public Health and Welfare	81,915	84,955	82,050	98,755	114,569
Leisure Time Activities	6,347,442	6,463,393	6,607,556	6,385,083	5,959,263
Community Environment	2,994,824	2,831,678	3,343,663	3,289,985	2,907,697
Basic Utility Services	2,758,637	2,331,673	2,159,306	2,694,417	1,840,017
Transportation	10,227,176	16,375,233	15,653,183	13,287,441	10,519,856
General Government	4,592,923	5,364,048	6,037,327	6,591,856	7,003,004
Interest and Fiscal Charges	641,829	857,669	1,232,429	1,374,360	1,354,604
<i>Total Governmental Activities Expenses</i>					
<i>Program Expenses</i>	<u>44,648,461</u>	<u>51,190,709</u>	<u>52,286,127</u>	<u>48,967,201</u>	<u>44,637,169</u>
Business-Type Activities					
Water Reclamation	5,910,432	6,472,968	6,005,663	4,446,862	5,768,265
Grantwood Recreation	927,306	1,142,923	1,395,175	1,336,801	1,262,934
<i>Total Business-Type Activities Expenses</i>					
<i>Program Expenses</i>	<u>6,837,738</u>	<u>7,615,891</u>	<u>7,400,838</u>	<u>5,783,663</u>	<u>7,031,199</u>
<i>Total Primary Government</i>					
<i>Program Expenses</i>	<u>51,486,199</u>	<u>58,806,600</u>	<u>59,686,965</u>	<u>54,750,864</u>	<u>51,668,368</u>
Net (Expense)/Revenue					
Governmental Activities	(38,203,427)	(41,878,805)	(40,012,707)	(41,973,003)	(36,855,112)
Business-Type Activities	(199,955)	(1,114,515)	(228,353)	1,378,636	(427,341)
<i>Total Primary Government</i>					
<i>Net Expense</i>	<u>(\$38,403,382)</u>	<u>(\$42,993,320)</u>	<u>(\$40,241,060)</u>	<u>(\$40,594,367)</u>	<u>(\$37,282,453)</u>

2005	2004	2003
\$451,120	\$397,347	\$431,411
410,017	342,623	357,758
33,500	19,334	23,462
9,210	8,076	8,248
2,853,512	2,591,960	2,142,864
147,069	138,260	177,622
147,855	107,112	99,214
308,193	241,598	253,276
587,975	649,852	563,605
1,008,611	1,073,328	831,117
2,028,529	30,000	924,595
<u>7,985,591</u>	<u>5,599,490</u>	<u>5,813,172</u>
5,034,157	4,951,245	5,084,021
1,458,833	1,439,019	1,280,301
0	0	0
<u>6,492,990</u>	<u>6,390,264</u>	<u>6,364,322</u>
<u>14,478,581</u>	<u>11,989,754</u>	<u>12,177,494</u>
7,085,001	6,952,721	6,236,704
6,945,834	6,580,279	5,860,599
449,351	291,166	299,984
123,533	121,625	105,461
5,786,057	5,599,968	5,055,204
2,659,078	2,738,297	2,874,107
1,543,094	1,467,266	1,238,991
11,193,451	11,766,890	6,029,480
6,700,104	8,336,415	6,396,281
1,285,874	1,301,006	1,448,515
<u>43,771,377</u>	<u>45,155,633</u>	<u>35,545,326</u>
4,948,864	5,935,231	5,464,150
1,405,262	1,356,898	1,409,474
<u>6,354,126</u>	<u>7,292,129</u>	<u>6,873,624</u>
<u>50,125,503</u>	<u>52,447,762</u>	<u>42,418,950</u>
(35,785,786)	(39,556,143)	(29,732,154)
138,864	(901,865)	(509,302)
<u>(\$35,646,922)</u>	<u>(\$40,458,008)</u>	<u>(\$30,241,456)</u>

(continued)

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

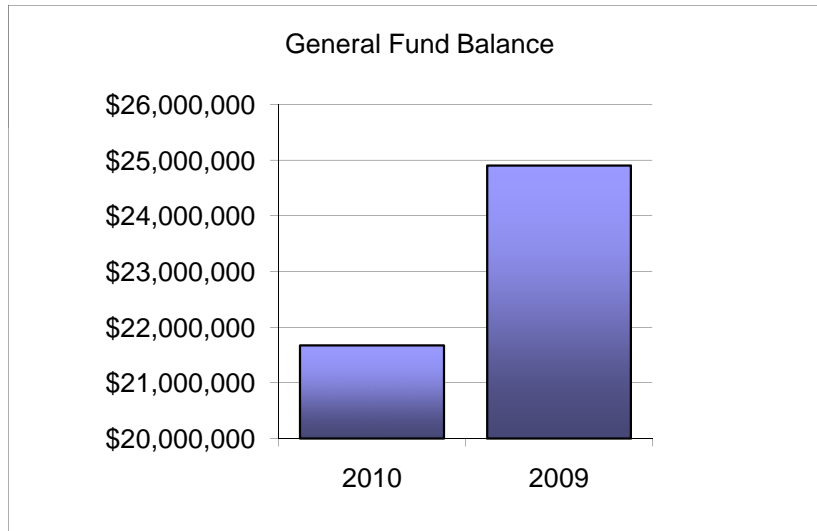
	2010	2009	2008	2007	2006
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Property Taxes Levied For:					
General Purposes	\$847,731	\$830,331	\$931,232	\$951,950	\$1,012,667
Debt Service	1,928,116	2,227,871	1,933,192	2,535,666	2,291,480
Police Pension	411,492	425,385	474,758	486,686	440,914
Fire Pension	616,532	637,371	711,430	729,324	654,279
Service and Safety Equipment	393,218	392,947	457,470	471,740	452,365
Community Center	0	0	305,922	0	0
Municipal Income Taxes levied for:					
General Purposes	28,336,758	25,569,132	26,663,509	30,601,737	27,042,160
Debt Service	0	0	3,607	41,358	0
Infrastructure	9,120,696	8,360,524	9,179,725	9,682,464	8,136,936
General Capital Improvements	69,329	76,178	74,141	0	0
Grants and Entitlements not Restricted to					
Specific Programs	1,772,443	1,813,161	2,389,085	1,941,816	2,229,329
Investment Income	895,577	998,629	2,807,067	3,242,148	2,426,337
Gain on Sale of Capital Assets	13,894	27,013	0	0	31,726
Miscellaneous	814,795	650,783	582,432	397,834	260,020
<i>Total Governmental Activities</i>					
General Revenues	45,220,581	42,009,325	46,513,570	51,082,723	44,978,213
Special Item - Gain on the Sale of Land Transfers	0 (214,075)	0 (1,317,560)	1,799,567 (2,211,065)	0 (920,379)	0 (2,543,731)
<i>Total Governmental Activities</i>	45,006,506	40,691,765	46,102,072	50,162,344	42,434,482
Business-Type Activities					
Gain on Sale of Capital Assets	0	0	0	1,498	2,518
Miscellaneous	38,576	60,313	77,525	40,494	41,620
<i>Total Business-Type Activities</i>					
General Revenues	38,576	60,313	77,525	41,992	44,138
Transfers	214,075	1,317,560	2,211,065	920,379	2,543,731
<i>Total Business-Type Activities</i>	252,651	1,377,873	2,288,590	962,371	2,587,869
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	45,259,157	42,069,638	48,390,662	51,124,715	45,022,351
Change in Net Assets					
Governmental Activities	6,803,079	(1,187,040)	6,089,365	8,189,341	5,579,370
Business-Type Activities	52,696	263,358	2,060,237	2,341,007	2,160,528
<i>Total Primary Government Change in Net Assets</i>	\$6,855,775	(\$923,682)	\$8,149,602	\$10,530,348	\$7,739,898

2005	2004	2003
\$745,476	\$787,950	\$729,028
2,237,086	3,025,779	3,061,294
410,539	320,851	298,464
615,809	332,792	298,464
420,530	431,881	430,479
0	0	0
22,840,197	21,800,820	21,673,469
0	0	0
7,127,506	4,971,768	6,603,732
0	0	0
2,572,766	2,336,884	1,929,875
893,329	1,155,225	1,298,459
0	8,450	0
87,494	90,038	401,395
37,950,732	35,262,438	36,724,659
0	0	0
(4,410,636)	(172,818)	(4,878,167)
33,540,096	35,089,620	31,846,492
0	0	0
52,534	67,785	17,738
52,534	67,785	17,738
4,410,636	172,818	4,878,167
4,463,170	240,603	4,895,905
38,003,266	35,330,223	36,742,397
(2,245,690)	(4,466,523)	2,114,338
4,602,034	(661,262)	4,386,603
<u>\$2,356,344</u>	<u>(\$5,127,785)</u>	<u>\$6,500,941</u>

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

	2010	2009
General Fund		
Non-spendable	\$555,472	\$623,912
Restricted	96,972	83,358
Committed	1,182,073	1,101,884
Assigned	359,302	459,812
Unassigned	19,479,061	22,636,438
Total General Fund	21,672,880	24,905,404
All Other Governmental Funds		
Restricted	8,408,663	11,473,009
Committed	1,188,298	1,234,298
Unassigned (Deficit)	(2,125)	(3,790,560)
Total All Other Governmental Funds	9,594,836	8,916,747
Total Governmental Funds	\$31,267,716	\$33,822,151

Note: The City implemented GASB 54 in 2010.



(This Page Intentionally Left Blank)

City of Solon, Ohio
Fund Balances, Governmental Funds
2008 and Prior Seven Years
(Modified Accrual Basis of Accounting)

	2008	2007	2006	2005
General Fund				
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
Total General Fund	26,511,416	28,515,371	28,644,773	26,598,652
All Other Governmental Funds				
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
Total All Other Governmental Funds	19,626,950	16,527,568	17,542,417	15,584,844
Total Governmental Funds	\$46,138,366	\$45,042,939	\$46,187,190	\$42,183,496

Note: The City implemented GASB 54 in 2010.

2004	2003	2002	2001
\$2,892,935	\$2,891,843	\$786,678	\$661,838
25,438,890	26,936,020	34,724,059	31,111,479
28,331,825	29,827,863	35,510,737	31,773,317
3,560,449	3,505,304	11,589,137	5,275,449
2,737,070	3,520,429	4,035,765	3,978,995
2,362,134	2,298,675	1,995,644	3,767,317
9,525,748	10,043,906	1,768,345	12,856,838
18,185,401	19,368,314	19,388,891	25,878,599
\$46,517,226	\$49,196,177	\$54,899,628	\$57,651,916

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

	2010	2009	2008	2007	2006
Revenues					
Property Taxes	\$4,200,659	\$4,439,830	\$4,850,270	\$5,167,986	\$4,857,332
Municipal Income Taxes	37,011,203	33,433,337	36,379,832	38,530,269	36,029,136
Special Assessments	812,268	788,768	1,121,553	1,003,236	850,556
Intergovernmental	3,418,929	6,379,986	3,996,592	3,127,153	4,360,538
Investment Income	895,577	998,629	2,807,067	3,242,148	2,426,337
Fees, Licenses and Permits	772,364	670,840	856,198	989,533	978,890
Fines and Forfeitures	342,265	337,471	401,852	353,490	379,355
Rentals	23,083	24,097	18,525	13,598	18,343
Charges for Services	3,562,684	3,646,417	3,758,436	3,714,454	3,621,838
Contributions and Donations	99,555	75,173	130,287	103,806	111,152
Miscellaneous	814,795	650,587	582,432	397,834	260,020
<i>Total Revenues</i>	<u>51,953,382</u>	<u>51,445,135</u>	<u>54,903,044</u>	<u>56,643,507</u>	<u>53,893,497</u>
Expenditures					
Current:					
Security of Persons and Property	0	0	0	0	0
Police	8,264,487	8,078,371	7,985,861	7,290,455	7,020,044
Fire	7,429,107	7,574,187	7,750,303	7,025,219	6,605,778
Prosecutor	252,624	297,440	299,953	294,804	300,436
Public Health and Welfare	81,915	84,955	82,050	98,755	114,569
Leisure Time Activities	5,669,661	5,793,337	5,900,904	5,602,008	5,248,742
Community Development	3,001,106	2,801,923	3,316,686	3,139,019	2,219,670
Basic Utilities Services	1,890,447	1,641,022	1,920,896	2,044,148	1,846,896
Transportation	6,429,141	6,491,425	6,095,752	5,405,428	4,910,127
General Government	4,327,183	4,061,450	4,790,951	5,692,537	6,117,606
Capital Outlay	14,549,895	22,775,769	13,280,808	13,649,066	13,399,863
Debt Service:					
Principal Retirement	1,995,556	3,271,373	1,732,382	5,886,095	2,547,369
Interest and Fiscal Charges	657,129	879,836	1,246,408	1,406,201	1,263,066
Bond Issuance Costs	0	0	0	0	0
<i>Total Expenditures</i>	<u>54,548,251</u>	<u>63,751,088</u>	<u>54,402,954</u>	<u>57,533,735</u>	<u>51,594,166</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,594,869)</u>	<u>(12,305,953)</u>	<u>500,090</u>	<u>(890,228)</u>	<u>2,299,331</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	112,607	83,882	14,175	54,216	72,236
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	0	0	612,140	1,789,236
Transfers In	7,529,125	5,553,280	8,344,130	10,425,148	6,994,821
Transfers Out	(7,601,298)	(5,647,424)	(10,281,118)	(11,345,527)	(7,151,930)
<i>Total Other Financing Sources (Uses)</i>	<u>40,434</u>	<u>(10,262)</u>	<u>(1,922,813)</u>	<u>(254,023)</u>	<u>1,704,363</u>
Special Item					
Proceeds from Sale of Land	0	0	2,518,150	0	0
<i>Net Change in Fund Balances</i>	<u>(\$2,554,435)</u>	<u>(\$12,316,215)</u>	<u>\$1,095,427</u>	<u>(\$1,144,251)</u>	<u>\$4,003,694</u>
Debt Service as a Percentage of Noncapital Expenditures	6.4%	8.2%	6.1%	14.8%	11.1%

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

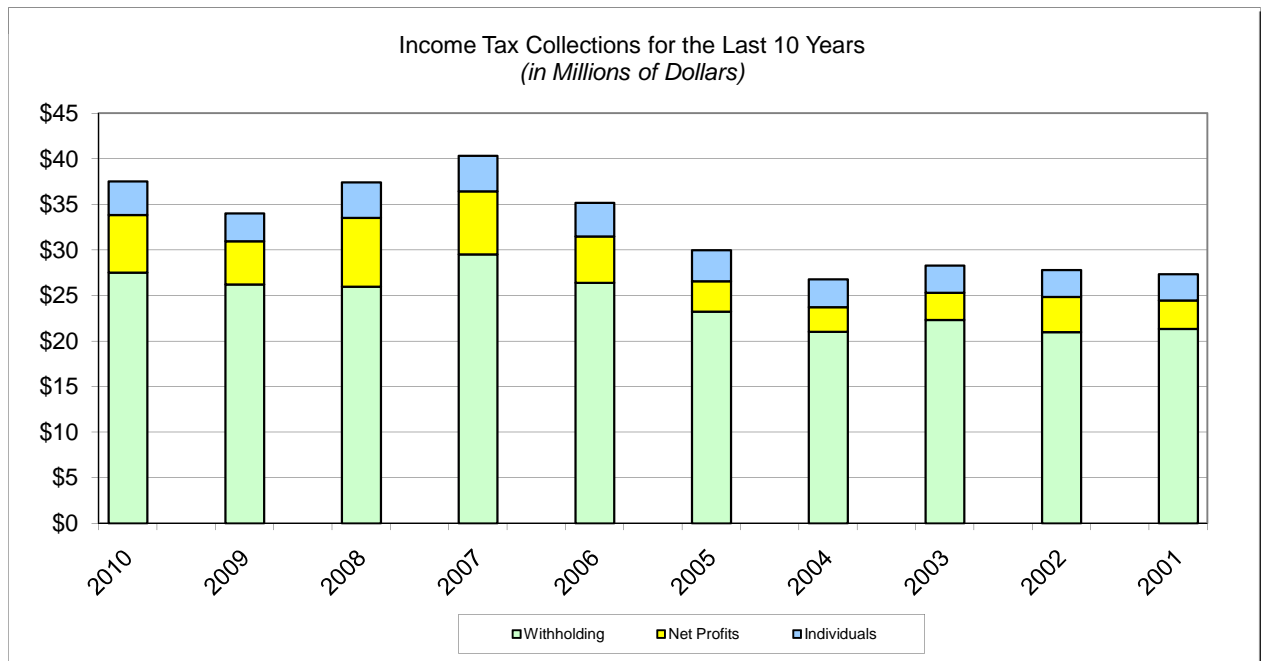
2005	2004	2003	2002	2001
\$4,501,679	\$4,856,262	\$4,824,148	\$4,370,359	\$3,846,998
29,535,375	27,038,056	28,383,580	27,795,091	27,350,350
1,083,930	406,647	370,838	820,074	707,859
3,766,964	3,306,652	3,536,577	7,314,296	3,529,761
893,329	1,155,225	1,298,459	3,174,847	3,820,232
1,112,664	1,081,566	1,040,886	900,926	1,184,015
332,732	292,396	282,640	286,901	325,416
31,992	11,563	8,397	0	0
3,471,063	3,110,637	2,725,537	1,864,193	1,440,499
66,982	83,731	67,961	0	0
87,494	90,038	401,395	236,792	810,069
<u>44,884,204</u>	<u>41,432,773</u>	<u>42,940,418</u>	<u>46,763,479</u>	<u>43,015,199</u>
0	0	0	10,808,139	10,207,122
6,649,603	6,635,441	6,014,057	0	0
6,458,351	6,289,735	5,401,761	0	0
445,789	288,406	299,984	0	0
123,533	121,625	105,461	105,158	104,022
5,091,112	4,895,083	4,276,719	3,259,042	2,755,778
2,062,884	2,083,980	2,084,024	1,709,823	1,806,525
1,587,598	1,469,524	1,525,655	1,467,022	1,314,350
5,167,983	4,745,841	4,318,184	3,974,720	3,630,221
6,000,827	7,370,422	5,330,364	4,920,380	4,807,963
15,578,972	7,913,048	16,768,406	25,394,387	13,622,807
2,546,082	2,336,134	2,171,799	4,648,819	8,079,702
1,299,872	1,273,201	1,403,436	1,295,962	1,451,907
0	0	0	90,645	0
<u>53,012,606</u>	<u>45,422,440</u>	<u>49,699,850</u>	<u>57,674,097</u>	<u>47,780,397</u>
<u>(8,128,402)</u>	<u>(3,989,667)</u>	<u>(6,759,432)</u>	<u>(10,910,618)</u>	<u>(4,765,198)</u>
169,563	29,500	0	0	0
0	0	0	12,195,521	0
0	0	0	(2,860,468)	0
0	0	0	0	2,300,000
3,811,825	1,454,034	1,268,815	0	0
4,462,788	5,369,057	10,056,269	4,903,817	7,888,694
<u>(4,649,504)</u>	<u>(5,541,875)</u>	<u>(10,269,103)</u>	<u>(6,080,540)</u>	<u>(8,203,627)</u>
<u>3,794,672</u>	<u>1,310,716</u>	<u>1,055,981</u>	<u>8,158,330</u>	<u>1,985,067</u>
0	0	0	0	0
<u>(\$4,333,730)</u>	<u>(\$2,678,951)</u>	<u>(\$5,703,451)</u>	<u>(\$2,752,288)</u>	<u>(\$2,780,131)</u>
11.5%	10.6%	12.2%	23.0%	38.7%

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
2010	2.00 %	\$37,526,783	\$27,519,770	73.33%	\$6,341,666	16.90%	\$3,665,347	9.77%
2009	2.00	34,005,834	26,232,767	77.14	4,716,335	13.87	3,056,732	8.99
2008	2.00	37,416,449	25,989,242	69.46	7,547,808	20.17	3,879,399	10.37
2007	2.00	40,325,559	29,517,754	73.20	6,937,835	17.20	3,869,970	9.60
2006	2.00	35,179,096	26,402,804	75.05	5,075,164	14.43	3,701,128	10.52
2005	2.00	29,967,703	23,220,297	77.48	3,337,974	11.14	3,409,432	11.38
2004	2.00	26,772,588	21,006,825	78.46	2,726,706	10.18	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

(1) 2003 through 2010 are on an Accrual Basis and 2001 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

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

<u>2010 Taxpayers</u>	<u>Ranking</u>
Swagelok Manufacturing Company	1
Nestle Food Company	2
Keithley Instruments Inc.	3
Solon Board of Education	4
Erico Products Inc.	5
City of Solon	6
National Enterprise Systems Inc.	7
Friction Products Company	8
LPS Management LLC	9
Aclara RF Systems	10

<u>2001 Taxpayers</u>	<u>Ranking</u>
Nestle Beverage Services	1
Swagelok Manufacturing Company	2
Keithley Instruments Inc.	3
Solon Board of Education	4
Pioneer Standard Electronics	5
Erico Products Inc.	6
Kennametal Inc.	7
Loreal USA Products, Inc.	8
City of Solon	9
Venture Lighting, Inc.	10

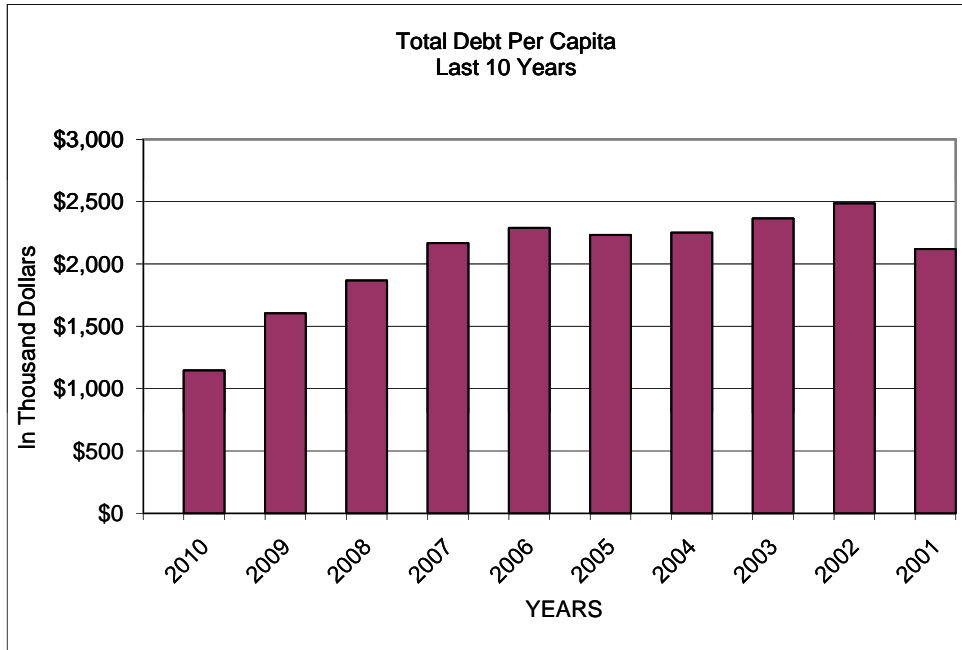
Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholding.

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

Governmental Activities

Year	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	OPWC Loans	General Obligation Bond Anticipation Notes
2010	\$5,620,000	\$167,497	\$10,519,826	\$259,883	\$0
2009	6,720,000	247,805	11,274,426	320,531	4,707,351
2008	9,150,000	325,818	12,007,462	350,855	5,739,897
2007	10,150,000	401,537	12,603,477	411,503	9,400,888
2006	15,210,000	474,961	12,683,360	472,151	7,112,751
2005	17,170,000	548,385	11,347,421	532,799	6,012,118
2004	19,040,000	722,220	7,977,195	593,447	6,531,075
2003	20,835,000	898,350	6,827,517	654,095	7,045,100
2002	22,570,000	1,060,714	5,975,352	714,744	7,500,000
2001	12,185,000	4,131,604	2,893,673	805,716	9,300,000

(1) The personal income and population can be found on S24.



Business-Type
Activities

<u>OWDA Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$10,171,586	\$26,738,792	3.24%	\$1,145
11,688,947	34,959,060	4.53	1,603
13,110,071	40,684,103	5.27	1,866
14,275,277	47,242,682	6.12	2,167
13,942,003	49,895,226	6.47	2,289
13,041,769	48,652,492	6.30	2,232
14,183,512	49,047,449	6.36	2,250
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

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

<u>Year</u>	<u>Population (1)</u>	<u>Estimated True Values of Taxable Property (2)</u>	<u>Bonded Debt (3)</u>	<u>Ratio of Bonded Debt to Estimated True Values of Taxable Property</u>	<u>Bonded Debt Per Capital</u>
2010	23,348	\$3,238,635,274	\$5,620,000	0.17 %	\$240.71
2009	21,802	3,629,826,351	6,720,000	0.19	308.23
2008	21,802	3,970,061,706	9,150,000	0.23	419.69
2007	21,802	4,250,386,170	10,150,000	0.24	465.55
2006	21,802	3,741,137,847	15,210,000	0.41	697.64
2005	21,802	3,522,804,158	17,170,000	0.49	787.54
2004	21,802	3,586,420,398	19,040,000	0.53	873.31
2003	21,802	3,471,059,759	20,835,000	0.60	955.65
2002	21,802	3,410,829,704	22,570,000	0.66	1,035.23
2001	21,802	3,388,705,003	12,185,000	0.36	558.89

Sources:

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

(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, 2010

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Solon
Direct - City of Solon			
General Obligation Bonds	\$5,620,000	100.00%	\$5,620,000
Special Assessment Bonds	167,497	100.00%	167,497
OWDA Loans	10,519,826	100.00%	10,519,826
OPWC Loans	259,883	100.00%	259,883
<i>Total Direct</i>	<u>16,567,206</u>		<u>16,567,206</u>
Overlapping			
Solon City School District			
General Obligation Bonds	19,992,836	97.86%	19,564,989
Orange School District			
General Obligation Bonds	24,764,289	2.14%	529,956
Capital Lease Obligations	193,763	2.14%	4,147
Cuyahoga County (2)			
General Obligation Bonds	141,947,000	3.87%	5,493,349
Revenue Bonds	88,220,000	3.87%	3,414,114
Capital Lease Obligations	20,783,000	3.87%	804,302
Loans Payable	4,103,000	3.87%	158,786
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	157,545,585	3.87%	6,097,014
SIB Loan	2,459,509	3.87%	95,183
Capital Lease Obligations	20,869,675	3.87%	807,656
<i>Total Overlapping Debt</i>	<u>480,878,657</u>		<u>36,969,496</u>
Total	<u><u>\$497,445,863</u></u>		<u><u>\$53,536,702</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 Ten Years

	2010	2009	2008	2007
Population	23,348	21,802	21,802	21,802
Total Assessed Property Value	<u>\$1,138,422,059</u>	<u>\$1,179,483,022</u>	<u>\$1,189,301,755</u>	<u>\$1,268,462,154</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$5,620,000	\$6,720,000	\$9,150,000	\$10,150,000
Special Assessment Bonds	167,497	247,805	325,818	401,537
Bond Anticipation Notes	0	4,700,000	5,700,000	9,390,000
OPWC Loans	259,883	320,531	350,855	411,503
OWDA Loans	<u>20,691,412</u>	<u>22,963,373</u>	<u>25,117,533</u>	<u>26,878,754</u>
Total Gross Indebtedness	26,738,792	34,951,709	40,644,206	47,231,794
Less:				
Special Assessment Bonds	(167,497)	(247,805)	(325,818)	(401,537)
OWDA Loans	(20,691,412)	(22,963,373)	(25,117,533)	(26,878,754)
General Obligation Bond Retirement Fund Balance	<u>(1,800,852)</u>	<u>(1,186,990)</u>	<u>(1,485,082)</u>	<u>(1,074,820)</u>
Total Net Debt Applicable to Debt Limit	<u>4,079,031</u>	<u>10,553,541</u>	<u>13,715,773</u>	<u>18,876,683</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>119,534,316</u>	<u>123,845,717</u>	<u>124,876,684</u>	<u>133,188,526</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$115,455,285</u>	<u>\$113,292,176</u>	<u>\$111,160,911</u>	<u>\$114,311,843</u>
Legal Debt Margin as a Percentage of the Debt Limit	96.59%	91.48%	89.02%	85.83%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$62,613,213</u>	<u>\$64,871,566</u>	<u>\$65,411,597</u>	<u>\$69,765,418</u>
Total Gross Indebtedness	26,738,792	34,951,709	40,644,206	47,231,794
Less:				
Voted General Obligation Bonds	(240,000)	(465,000)	(2,060,000)	(2,250,000)
Special Assessment Bonds	(167,497)	(247,805)	(325,818)	(401,537)
OWDA Loans	(20,691,412)	(22,963,373)	(25,117,533)	(26,878,754)
General Obligation Bond Retirement Fund Balance	<u>(1,800,852)</u>	<u>(1,186,990)</u>	<u>(1,485,082)</u>	<u>(1,074,820)</u>
Net Debt Within 5 ½ % Limitations	<u>3,839,031</u>	<u>10,088,541</u>	<u>11,655,773</u>	<u>16,626,683</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$58,774,182</u>	<u>\$54,783,025</u>	<u>\$53,755,824</u>	<u>\$53,138,735</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	93.87%	84.45%	82.18%	76.17%

Source: City Financial Records

2006	2005	2004	2003	2002	2001
21,802	21,802	21,802	21,802	21,802	21,802
<u>\$1,185,343,677</u>	<u>\$1,178,760,526</u>	<u>\$1,188,847,661</u>	<u>\$1,139,784,898</u>	<u>\$1,120,768,635</u>	<u>\$1,111,915,474</u>
\$15,210,000	\$17,170,000	\$19,040,000	\$20,835,000	\$22,570,000	\$12,185,000
474,961	548,385	722,220	898,350	1,060,714	4,131,604
7,100,000	6,000,000	6,500,000	7,000,000	7,500,000	9,300,000
472,151	532,799	593,447	654,095	714,744	805,716
26,625,363	24,389,190	22,160,707	22,115,948	19,190,442	19,769,230
49,882,475	48,640,374	49,016,374	51,503,393	51,035,900	46,191,550
(474,961)	(548,385)	(722,220)	(898,350)	(1,060,714)	(4,131,604)
(26,625,363)	(24,389,190)	(22,160,707)	(22,115,948)	(19,190,442)	(16,875,557)
(1,529,697)	(1,996,287)	(2,362,134)	(2,298,675)	(1,596,515)	(2,989,743)
21,252,454	21,706,512	23,771,313	26,190,420	29,188,229	22,194,646
124,461,086	123,769,855	124,829,004	119,677,414	117,680,707	116,751,125
<u>\$103,208,632</u>	<u>\$102,063,343</u>	<u>\$101,057,691</u>	<u>\$93,486,994</u>	<u>\$88,492,478</u>	<u>\$94,556,479</u>
82.92%	82.46%	80.96%	78.12%	75.20%	80.99%
\$65,193,902	\$64,831,829	\$65,386,621	\$62,688,169	\$61,642,275	\$61,155,351
49,882,475	48,640,374	49,016,374	51,503,393	51,035,900	46,191,550
(2,430,000)	(2,605,000)	(2,770,000)	(2,920,000)	(3,060,000)	(3,190,000)
(474,961)	(548,385)	(722,220)	(898,350)	(1,060,714)	(4,131,604)
(26,625,363)	(24,389,190)	(22,160,707)	(22,115,948)	(19,190,442)	(16,875,557)
(1,529,697)	(1,996,287)	(2,362,134)	(2,298,675)	(1,596,515)	(2,989,743)
18,822,454	19,101,512	21,001,313	23,270,420	26,128,229	19,004,646
<u>\$46,371,448</u>	<u>\$45,730,317</u>	<u>\$44,385,308</u>	<u>\$39,417,749</u>	<u>\$35,514,046</u>	<u>\$42,150,705</u>
71.13%	70.54%	67.88%	62.88%	57.61%	68.92%

City of Solon, Ohio
Principal Employers
2009 and 2000 (1)

2009		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Company	2,863	6.43 %
Nestle Food Company	1,836	4.12
Solon Board of Education	1,099	2.47
National Enterprise Systems	1,089	2.45
City of Solon	901	2.02
Erico Products Inc.	571	1.28
LPS Management	470	1.06
Keithley Instruments Inc.	449	1.01
Kennametal Inc.	354	0.80
Arrow Electronics	352	0.79
Total	<u>9,984</u>	<u>22.43 %</u>
Total W-2's Received	<u>44,520</u>	

2000		
Employer	W-2's	Percentage of Total City W-2's
Clintec Management Services	2,317	4.29 %
Swagelok Manufacturing Company	1,137	2.11
Solon Board of Education	1,002	1.86
Matrix Essentials Inc.	817	1.51
City of Solon	712	1.32
Agilysys Inc.	649	1.20
Erico Products Inc.	643	1.19
Keithley Instruments Inc.	597	1.11
Venture Lighting Inc.	587	1.09
Kennametal Inc.	523	0.97
Total	<u>8,984</u>	<u>16.65 %</u>
Total W-2's Received	<u>53,949</u>	

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

(This Page Intentionally Left Blank)

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)
2010	23,348	\$826,379,112	\$35,394	\$78,903	39
2009	21,802	771,659,988	35,394	78,903	39
2008	21,802	771,659,988	35,394	78,903	39
2007	21,802	771,659,988	35,394	78,903	39
2006	21,802	771,659,988	35,394	78,903	39
2005	21,802	771,659,988	35,394	78,903	39
2004	21,802	771,659,988	35,394	78,903	39
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

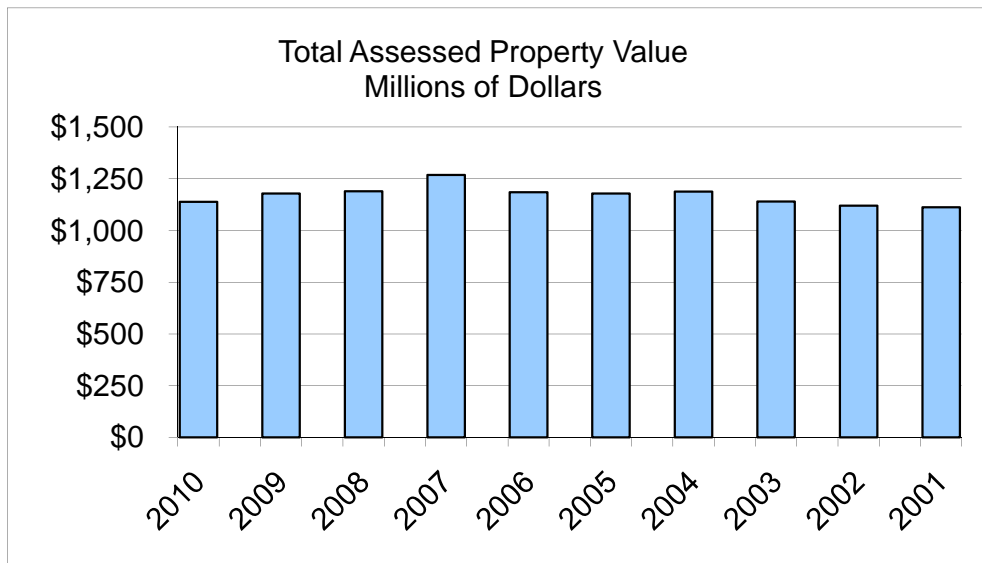
(1) Source: U. S. Census

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

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

(4) Source: Cuyahoga County Auditor

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



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Total Assessed Property Value (4)
50.4%	5,171	9.5%	\$1,138,422,059
50.4	5,214	8.9	1,179,483,022
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

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

Function/Program	2010	2009	2008	2007
Security of Persons and Property				
Police	46.00	47.00	46.00	46.00
Dispatch and Clerks	17.00	19.00	19.00	16.00
Corrections	8.00	10.00	10.00	10.00
Fire	60.00	61.00	61.00	61.00
Leisure Time Activities				
Recreation	13.00	14.00	15.00	16.00
Senior Services	5.00	5.00	5.00	5.00
Arts Center	4.00	4.00	4.00	3.00
Grantwood Golf Course	5.00	5.00	6.00	7.00
Community Environment				
Planning	6.00	6.00	6.00	6.00
Building	4.00	4.00	5.00	6.00
Engineering	11.00	11.00	10.00	8.00
Public Works	1.00	2.00	2.00	2.00
Basic Utility Services				
Water Reclamation	23.00	23.00	22.00	24.00
Transportation				
Service	66.00	70.00	68.00	67.00
General Government				
City Council	2.00	2.00	2.00	2.00
Mayors Office	2.00	2.00	2.00	2.00
Finance	11.00	11.00	10.00	11.00
Income Tax	4.00	4.00	4.00	4.00
Prosecutor Clerk	1.00	1.00	1.00	1.00
Human Resources	2.00	2.00	2.00	2.00
Network Administrator	3.00	3.00	3.00	3.00
City Hall Custodial	2.00	2.00	2.00	2.00
Receptionist	1.00	1.00	1.00	1.00
Totals:	<u>297.00</u>	<u>309.00</u>	<u>306.00</u>	<u>305.00</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>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
46.00	46.00	46.00	45.00	45.00	44.00
16.00	15.00	15.00	15.00	15.00	14.00
10.00	10.00	10.00	12.00	12.00	11.00
61.00	61.00	61.00	60.00	61.00	50.00
16.00	16.00	14.00	14.00	13.00	13.00
5.00	5.00	5.00	5.00	4.00	4.00
3.00	3.00	3.00	3.00	3.00	0.00
7.00	7.00	7.00	7.00	7.00	7.00
6.00	6.00	6.00	6.00	5.00	5.00
6.00	7.00	8.00	8.00	7.00	7.00
8.00	8.00	9.00	10.00	9.00	10.00
2.00	1.00	2.00	2.00	2.00	1.00
23.00	24.00	24.00	24.00	24.00	23.00
65.00	64.00	66.00	67.00	67.00	69.00
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	11.00	11.00	10.00	11.00
4.00	4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00
3.00	2.00	2.00	2.00	2.00	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>301.00</u>	<u>299.00</u>	<u>302.00</u>	<u>304.00</u>	<u>299.00</u>	<u>283.00</u>

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

Function/Program	2010	2009	2008	2007
Security of Persons & Property				
<i>Police</i>				
Number of traffic citations issued	4,673	4,266	4,743	4,672
DUI Arrests	118	126	135	117
Prisoners Processed	1,521	1,376	1,445	1,489
<i>Fire</i>				
Fire Responses	737	785	753	833
EMS Calls	1,789	1,725	1,831	1,844
Safety Inspections	1,589	1,703	2,600	2,763
Plan Reviews	150	231	293	287
Leisure Time Activities				
<i>Parks and Recreation</i>				
Community Center Memberships	8,495	9,550	9,950	10,600
Summer Camp Participants	1,248	1,295	1,475	1,520
Baseball/Softball Teams	99	108	117	118
<i>Senior Services</i>				
Total Participation Hours	31,678	84,233	73,216	59,239
<i>Arts Center</i>				
Class Registrations	3,274	3,508	3,040	2,683
Percentage of Solon Residents	81%	83%	87%	88%
<i>Grantwood Golf Course</i>				
Rounds Played (18 holes)	12,021	12,649	12,464	12,598
Rounds Played (9 holes)	17,148	19,289	19,398	20,492
Buckets of Range Balls	8,870	10,342	11,291	11,222
Community Environment				
<i>Building</i>				
Building Permits Issued	819	706	726	775
Basic Utility Services				
<i>Waste Water Treatment</i>				
Average Daily Flow (millions of gallons)	3.733	3.291	3.787	3.957
Transportation				
<i>Service</i>				
Tons of Salt Purchased	16,000	12,700	11,509	9,497
Tons of Rubbish Collected	7,868	8,147	8,987	12,255
Tons of Leaves Collected	2,100	2,788	1,752	4,351
Tons of Recycling Materials Collected	1,334	1,199	1,069	1,573
General Government				
<i>City Council</i>				
Ordinances or Resolutions Introduced	286	311	372	324
<i>Finance</i>				
Accounts Payable Checks Processed	9,547	10,838	10,525	10,022
Purchase Orders Issued	4,355	4,880	4,828	4,523
<i>Network Administration</i>				
Computer Workstations	235	235	225	217

(1) Information prior to 2004 is not available.

2006	2005	2004
4,901	4,431	4,477
109	128	127
1,472	1,124	1,323
705	841	820
1,739	1,695	1,541
2,408	1,471	999
273	259	234
11,056	11,534	10,201
1,500	1,585	1,582
136	138	137
45,664	46,831	31,533
2,332	1,713	1,447
83%	77%	79%
12,266	13,485	14,354
20,720	21,645	20,748
11,439	12,616	16,073
819	923	758
4,045	4,112	4,024
7,515	17,970	12,888
11,309	11,590	11,980
5,510	6,395	3,850
987	727	594
311	302	288
9,971	10,272	10,627
4,698	4,805	5,067
205	200	196

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

Function/Program	2010	2009	2008	2007
Security of Persons and Property				
<i>Police</i>				
Square Footage of Station	37,168	37,168	37,168	37,168
Vehicles	27	25	24	24
<i>Fire</i>				
Square Footage of Station #1	37,168	37,168	37,168	37,168
Square Footage of Station #2	16,200	16,200	16,200	16,200
Square Footage of Station #3	9,610	9,610	9,610	9,610
Vehicles	21	21	23	22
Leisure Time Activities				
<i>Parks and Recreation</i>				
Square Footage of Community Center	92,500	92,500	92,500	92,500
Vehicles	7	7	8	8
<i>Senior Services</i>				
Vehicles	4	6	5	3
<i>Arts Center</i>				
Square Footage of Building	15,000	15,000	15,000	15,000
<i>Grantwood Golf Course</i>				
Square Footage of Clubhouse	7,200	7,200	7,200	7,200
Square Footage of Maintenance Building	5,000	5,000	5,000	5,000
Vehicles	1	1	1	1
Community Environment				
<i>Planning Department</i>				
Vehicles	2	2	2	2
<i>Building Department</i>				
Vehicles	4	5	5	5
<i>Engineering Department</i>				
Vehicles	8	8	9	9
Basic Utility Services				
<i>Waste Water Treatment</i>				
Square Footage of Buildings	56,000	56,000	56,000	56,000
Vehicles	12	12	13	13
Transportation				
<i>Service</i>				
Square Footage of Building	70,461	70,461	70,461	70,461
Vehicles	70	73	67	66
General Government				
<i>City Hall</i>				
Square Footage of Building	55,950	55,950	55,950	55,950
Mayor's Vehicle	1	1	1	1
Tax/Finance's Vehicle	1	1	1	1
Network Administration's Vehicle	1	1	1	1
City Hall Vehicle	1	1	1	1

(1) Information prior to 2004 is not available.

2006	2005	2004
37,168	37,168	37,168
24	24	23
37,168	37,168	37,168
9,000	9,000	9,000
9,610	9,610	9,610
21	21	21
92,500	92,500	92,500
7	7	7
4	4	3
15,000	15,000	15,000
7,200	7,200	7,200
5,000	5,000	5,000
1	1	1
2	2	2
5	5	5
8	8	8
56,000	56,000	56,000
13	14	15
70,461	70,461	70,461
58	64	68
55,950	55,950	55,950
1	1	1
1	1	1
1	0	0
1	1	1

(This Page Intentionally Left Blank)



Dave Yost • Auditor of State

CITY OF SOLON

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 14, 2011