

**CITY OF SOLON  
CUYAHOGA COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**

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





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Solon, Cuyahoga County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 25, 2017

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**CITY OF SOLON  
CUYAHOGA COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	Under Separate Cover
Comprehensive Annual Financial Report	Under Separate Cover
Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-7
Schedule of Findings and Questioned Costs	8
Status of Prior Findings and Recommendations	9

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**CITY OF SOLON  
 CUYAHOGA COUNTY, OHIO  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Federal Grantor/  <i>Pass-Through Grantor/</i>            Program Title</b>	<b>Federal            CFDA            Number</b>	<b>Grant Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Transportation</u></b>			
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	101547	\$ 606,811
Highway Planning and Construction	20.205	87681	71,938
Highway Planning and Construction	20.205	93607	<u>829,796</u>
Total Highway Planning and Construction Cluster			<u>1,508,545</u>
<b>Total U.S. Department of Transportation</b>			<u>1,508,545</u>
<b><u>U.S. Environmental Protection Agency</u></b>			
<i>Passed through the Ohio Environmental Protection Agency</i>			
Nonpoint Source Implementation Grants	66.460	n/a	<u>16,139</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>16,139</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 1,524,684</u></u>

See notes to the Schedule of Expenditures of Federal Awards.

**CITY OF SOLON**  
**CUYAHOGA COUNTY, OHIO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**NOTE 1: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Solon (the City) under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Solon, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Solon.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3: INDIRECT COST RATE**

The City of Solon has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4: 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.



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

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

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

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

The Honorable Dave Yost  
Auditor of State  
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solon, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 19, 2017.

***Internal Control Over Financial Reporting***

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

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

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

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

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

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

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



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

June 19, 2017

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

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

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

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

The Honorable Dave Yost  
Auditor of State  
State of Ohio

***Report on Compliance for Each Major Federal Program***

We have audited the City of Solon, Cuyahoga County, Ohio's (the City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended December 31, 2016. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Solon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

### ***Report on Internal Control over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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 as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 19, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

June 19, 2017

**CITY OF SOLON  
 CUYAHOGA COUNTY, OHIO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 DECEMBER 31, 2016**

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**1. SUMMARY OF AUDITOR'S RESULTS**

2016(i)	Type of Financial Statement Opinion	Unmodified
2016(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2016(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2016(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2016(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2016(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2016(v)	Type of Major Programs' Compliance Opinions	Unmodified
2016(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2016(vii)	Major Programs (list):  Highway Planning and Construction Cluster - CFDA #20.205	
2016(viii)	Dollar Threshold: A/B Programs	Type A: \$750,000 Type B: All Others
2016(ix)	Low Risk Auditee?	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**CITY OF SOLON  
 CUYAHOGA COUNTY, OHIO  
 STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2016**

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<u>Finding Number</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2015-001	Incorrect SEFA	Corrective Action Taken and Finding is Fully Corrected	None

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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CITY OF  
SOLON, OHIO

COMPREHENSIVE ANNUAL  
**FINANCIAL REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2016





**CITY OF  
SOLON, OHIO**

## **INTRODUCTORY SECTION**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2016**



**City of Solon, Ohio**

*Comprehensive Annual Financial Report*

*For the Year Ended December 31, 2016*

*Prepared by the Department of  
Finance*

*Matthew Rubino  
Director of Finance*

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**City of Solon, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2016*  
*Table of Contents*

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

**Required Supplementary Information:**

Schedule of the City's Proportionate Share of the Net Pension Liability -  
Ohio Public Employees Retirement System – Traditional Plan – Last Three Years .....72

Schedule of the City's Proportionate Share of the Net Pension Liability -  
Ohio Police and Fire Pension Fund – Last Three Years .....73

Schedule of the City's Contributions -  
Ohio Public Employees Retirement System – Traditional Plan – Last Four Years .....74

Schedule of the City's Contributions -  
Ohio Police and Fire Pension Fund – Last Ten Years .....76

**Combining and Individual Fund Statements and Schedules**

Combining Statements – Nonmajor Governmental Funds:

Fund Descriptions .....78

Combining Balance Sheet – Nonmajor Governmental Funds.....80

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances – Nonmajor Governmental Funds .....81

Combining Balance Sheet – Nonmajor Special Revenue Funds .....82

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances – Nonmajor Special Revenue Funds .....84

Combining Balance Sheet – Nonmajor Capital Projects Funds .....86

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances – Nonmajor Capital Projects Funds .....87

Combining Statements – Fiduciary Funds:

Fund Descriptions .....88

Combining Statement of Changes in Assets and Liabilities – Agency Funds.....89

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

**Major Funds:**

General Fund .....91

General Obligation Bond Retirement Fund .....96

Infrastructure Fund .....97

Water Reclamation Fund .....98

Grantwood Recreation Fund .....99

**Nonmajor Funds:**

Street Construction, Maintenance and Repair Fund .....100

State Highway Fund .....101

Police Pension Fund .....102

Fire Pension Fund .....103



Cable TV Fund .....	104
Tree Planting Fund.....	105
Recreation Fund.....	106
Police Department Programs Fund.....	108
Law Enforcement Trust Fund .....	109
Donations Trust Fund.....	110
Economic Incentive Fund.....	111
Police Training Fund .....	112
Community Improvement Corporation Fund .....	113
Safety and Service Equipment Fund.....	114
Building Construction Fund .....	115
Old City Hall Renovations Fund .....	116
General Capital Improvements Fund .....	117
Workers' Compensation Fund.....	118

### III. Statistical Section

Statistical Section Description .....	S1
Net Position by Component – Last Ten Years .....	S2
Changes in Net Position – Last Ten Years .....	S4
Fund Balances, Governmental Funds – Last Ten Years .....	S8
Changes in Fund Balances, Governmental Funds – Last Ten Years .....	S10
Income Tax Revenue Base and Collections – Last Ten Years .....	S12
Principal Income Taxpayers – Current Year and Nine Years Ago .....	S13
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita – Last Ten Years.....	S14
Ratio of General Obligation Bonded Debt to Estimated True Values of Taxable Property and Bonded Debt Per Capita – Last Ten Years.....	S16
Computation of Direct and Overlapping Governmental Activities Debt.....	S17
Ratios of Bonded Debt Outstanding and Legal Debt Margin – Last Ten Years .....	S18
Principal Employers – 2015 and 2006.....	S20
Demographic and Economic Statistics – Last Ten Years .....	S22
Full-Time City Government Employees by Function/Program - Last Ten Years .....	S24
Operating Indicators by Function/Program – Last Ten Years .....	S26
Capital Assets Statistics by Function/Program – Last Ten Years .....	S28

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June 19, 2017

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

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

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

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

For the year 2016, the City of Solon was audited by James G. Zupka, CPA, Inc. Their unmodified opinion is included in the financial section of this report.

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

### **Reporting Entity**

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

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

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

Pursuant to Governmental Accounting Standards Board Statement No.14 and Statement No.61, the City of Solon has included in this report all funds, agencies, boards and commissions for which the City is financially accountable.

### **City Services**

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

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

The City presently has two enterprise operations; Grantwood Recreation Park/Golf Course and the Water Reclamation Treatment Plant. The operating expenses of the Water Reclamation fund have been, and continue to be, covered by user fees. Part of the financial management efforts of the City are directed to monitoring and analyzing programs for these two enterprise funds. This oversight is to ensure that ongoing revenues are adequate to support ongoing operations and to maintain acceptable levels of cash resources in each of the funds.

For the past six years, the City has administered billing and collection of fees associated with maintenance of the storm and sanitary systems for residents and businesses. This function was previously performed by the City of Cleveland Division of Water prior to the City's assuming control. The City's implementation of administering sewer billing was a means to increase its level of customer service to its residents at a stable cost. This activity is accounted for in the Water Reclamation Fund. Revenue associated with sewer billing operations have increased since the City initiated the transition from Cleveland Water to management of its own billing and collection program.

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

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

### **Economic Condition & Outlook**

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

Once again, the City ranked highly in Cleveland Magazine's 2016 Rating the Suburbs issue. The City took 6th place overall and ranked #1 in the education category. On the State of Ohio's 2015-2016 school district report cards, Solon City Schools ranked #1 in the State for "performance index", a key measure of student achievement. The website SmartTravel.Tips named Solon the 9th Best Place to Live in Ohio, citing the quality of the Solon City Schools, the City's financial and economic strength, lively arts community, and supportive police department.

Solon is currently home to more than 830 businesses located in non-residential districts throughout the City which positively impacts the daytime population of the community. In 2016, Solon welcomed 32 new businesses to the City and assisted an additional 14 businesses with relocations within the City. The City is able to attract new businesses because of its ideal location, freeway access, excellent city services, and proactive economic development program.

For job creation grants administered by staff in 2016, the City invested \$978,700 and realized a net gain of \$1,919,800 in new payroll tax receipts, along with 1,600 new jobs. Under this program, the company receives a grant predicated and computed on part of the municipal withholding tax paid to the City on newly created jobs. The City also has one active Enterprise Zone agreement and one Community Reinvestment Area agreement. In addition, the City provided financial assistance for four renovation projects through the Growth & Revitalization Incentive Program.

The success of our economic development program and the attractiveness of our City and services to members of the business community may be measured by the level of municipal income tax collections posted by the City. Steady income tax collections, coupled with a record level occupancy rate for industrial space and a stable housing market, are strong indicators of the financial strength of our community and the strong presence Solon maintains in Northeast Ohio as a leader in economic development.

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

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

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

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

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

### **Relevant Financial Policies**

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

In early 2013, the City took an additional step towards promoting long-term financial stability by establishing a Budget Stabilization ("rainy day") Fund that will be used to segregate resources that will only be employed should pre-determined economic stress levels be reached. Transfers from the General Fund have been made each year and the fund balance is \$6.2 million as of the end of 2016. The combination of accumulating unencumbered cash reserves and a separate rainy day fund demonstrates the City's resolve with respect to prudent fiscal management and planning.

The City has been able to maintain and follow a plan to minimize its debt over the past ten years. Total outstanding debt of the City has been decreased by roughly 60 percent since 2007. The reduction in debt burden has been achieved as a result of concerted efforts to limit the unnecessary expansion of general operating expenditures and by directing available funds to retire outstanding debt. The City presently has no publicly issued debt subsequent to the payoff of an outstanding bond issue in 2012.

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

## **Major Initiatives**

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

In 2013 Solon was awarded a \$6 million grant from the Northeast Ohio Areawide Coordinating Agency (NOACA) to upgrade or replace all 46 traffic signals throughout the City. Funding for the project was provided from the NOACA congestion mitigation and air improvement program. The project was substantially complete by the end of 2016 and the City continues to optimize the benefits from this major infrastructure project.

Solon allocates resources to fund the improvement of its roadways and City streets which are a critical component of the City's infrastructure. In 2016 the City of Solon expended \$4.7 million towards improvement projects and the ongoing maintenance of its various thoroughfares. The investments are made possible by a portion of income tax collections dedicated for this purpose and the ability to leverage federal and state resources as a secondary source to fund the costs of infrastructure projects.

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

At the end of 2016, Solon's industrial vacancy rate was at its lowest since tracking began in 1999. Some of the businesses that contributed to this brisk real estate activity are listed below.

- Pentair, formerly ERICO International Corporation, occupied a 195,000 square feet distribution center (its third Solon facility), in the former L'Oreal distribution center, creating 44 new jobs.
- Nestle USA announced the addition of 320 jobs from its technical and production organization and supply chain teams currently located outside of Ohio. The employees will locate in three existing Nestle buildings following a \$4,100,000 investment in building improvements.
- Saint-Gobain Performance Plastics occupied 53,000 square feet at 31500 Solon Road following completion of a \$2,300,000 renovation of the building, bringing 114 jobs to Solon, with more expected.
- Biomedical manufacturer VWR (formerly AMRESKO LLC) consolidated several Solon facilities under one roof at 28600 Fountain Parkway. The 208,000 square foot building underwent a major renovation the previous year.
- Energy Focus, designer and manufacturer of LED lighting products, leased an additional 70,000 at their existing Solon location and will add 60+ new jobs within three years.
- Ohio Lumex purchased 30350 Bruce Industrial Parkway and brought 35 jobs to Solon.

Although closures of Earth Fare and Sears Grand in 2014 caused a spike in the retail/commercial vacancy rate, new tenants, such as 56 Kitchen, Play Day Café, Barre 3, Red Bowl Chinese Cuisine, and Butcher's Pantry provided new shopping, dining, and activity options.

In addition, Chase Bank, First National Bank, Primrose School, Davis Auto Group (BMW Dealership) and Townplace Suites by Marriott announced plans for new construction to begin in 2017.

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

### ***Awards and Acknowledgements***

#### ***Awards***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solon for its comprehensive annual financial report for the fiscal year ending December 31, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

#### ***Acknowledgements***

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

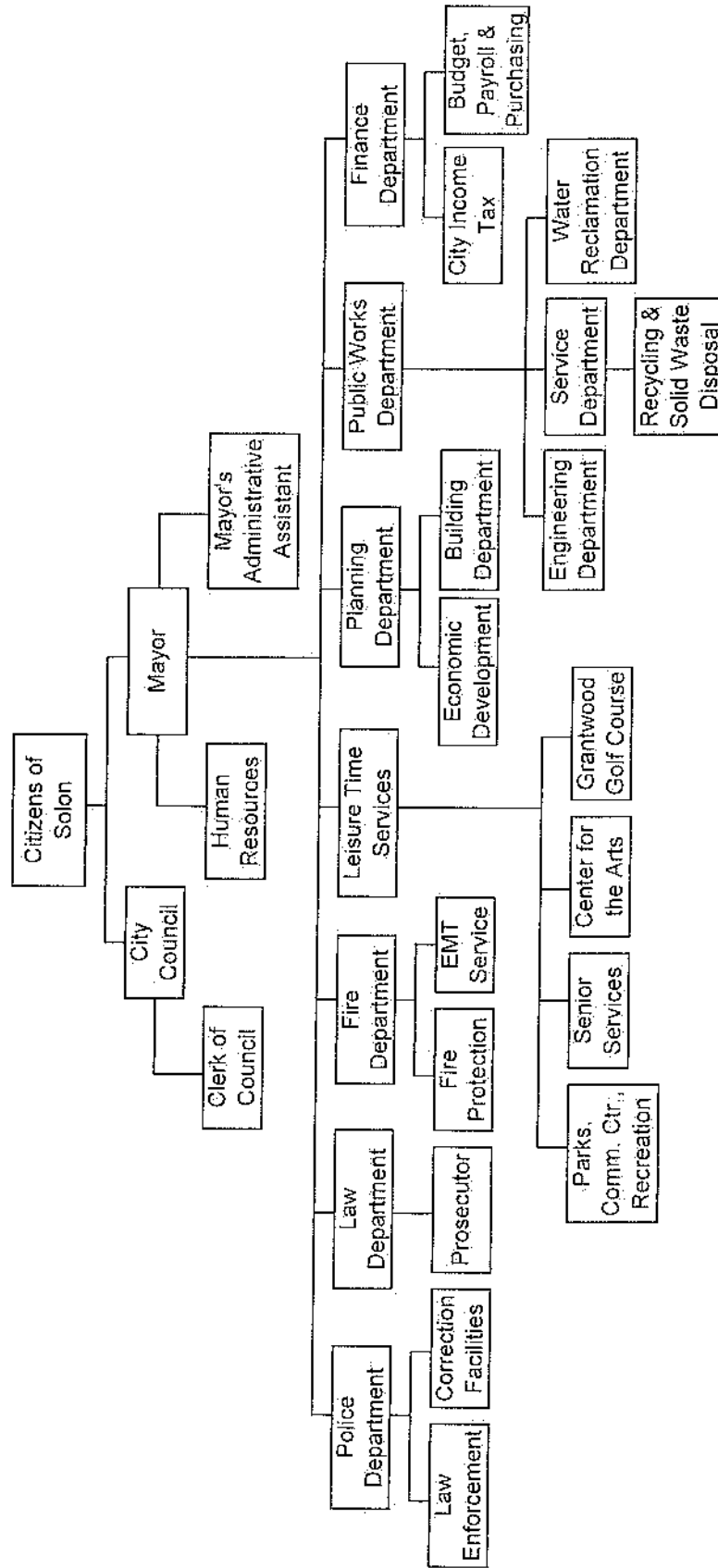
Respectfully submitted,



Matthew Rubino  
Director of Finance  
City of Solon, Ohio



**CITY OF SOLON**  
**Organizational Chart**  
**December 31, 2016**



**City of Solon, Ohio**

*Principal Officials*

*December 31, 2016*

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***Elected Officials***

Susan A. Drucker ..... Mayor

*City Council*

Douglas A. Magill ..... Ward 1

Robert N. Pelunis ..... Ward 2

Jeffrey M. Pedicino ..... Ward 3

Marc R. Kotora ..... Ward 4

Nancy E. Meany ..... Ward 5

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

William I. Russo ..... Ward 7

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

***Appointed Officials***

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

Matthew Rubino ..... Director of Finance

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

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

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

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

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

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

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

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

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

Jim Gibbs ..... Director of Information Technology



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Solon  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

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**CITY OF  
SOLON, OHIO**

## **FINANCIAL SECTION**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2016**



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

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

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

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

The Honorable Dave Yost  
Auditor of State  
State of Ohio

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solon, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solon as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

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

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

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



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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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

June 19, 2017

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**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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The discussion and analysis of the City of Solon's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2016. 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 2016 are as follows:

- The City's net position increased during 2016 due to increases in the deferred outflow of resources attributed to the net pension liability and increases in cash from revenues outpacing expenses. These increases were offset by the increase in the net pension liability.
- The City's net governmental capital assets increased over 2015. The increase can be attributed to infrastructure related projects such as construction work on major road, storm sewer and sanitary sewer improvements along with the purchase of vehicles for various purposes and updating equipment and vehicles. The increase in capital assets was partially offset by annual depreciation.
- Long-term debt decreased in 2016 due to scheduled annual debt service payments.
- The City implemented GASB 68 and GASB 71, which establish standards for measuring and recognizing pension liabilities, deferred outflows/inflows of resources and expense/expenditure. The implementation of these GASB statements resulted in a significant change to the financial statements presentation of the City. The City has reported these liabilities to comply with the requirements of GASB 68 and 71.

### **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, 2016*  
*Unaudited*

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*Government-Wide Financial Statements*

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

The Statement of Net Position presents information on all of the City of Solon's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Solon is improving or deteriorating. The Statement of Activities presents information showing how the City's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses are reported in this statement for some items that will effect cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

*Fund Financial Statements*

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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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 (wastewater) operation and Grantwood (golf course) recreation and the internal service fund accounting for self-insured workers' compensation claims.

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

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

*Notes to the Basic Financial Statements*

The Notes to the Basic Financial Statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

*Other Information*

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

**Government-Wide Financial Analysis**

The Statement of Net Position and the Statement of Activities provide an overall view of the City of Solon. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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

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

**The City of Solon as a Whole**

The following provides a summary of the City's net position for the City as a whole for 2016 compared to 2015:

(Table 1)  
*Net Position*

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current and Other Assets	\$66,271,756	\$60,625,643	\$12,122,536	\$10,860,318	\$78,394,292	\$71,485,961
Capital Assets, Net	137,232,812	135,199,869	59,633,486	61,670,537	196,866,298	196,870,406
<i>Total Assets</i>	<u>203,504,568</u>	<u>195,825,512</u>	<u>71,756,022</u>	<u>72,530,855</u>	<u>275,260,590</u>	<u>268,356,367</u>
<b>Deferred Outflows of Resources</b>						
Pension	12,559,076	4,891,755	696,999	229,167	13,256,075	5,120,922
<b>Liabilities</b>						
Current Liabilities	4,573,311	3,878,764	268,474	246,813	4,841,785	4,125,577
Long-term Liabilities						
Due within one Year	2,280,912	1,946,645	586,163	558,561	2,867,075	2,505,206
Due in More than one Year						
Net Pension Liability	44,914,833	34,821,572	1,849,722	1,305,607	46,764,555	36,127,179
Other Amounts	7,899,888	8,427,157	6,081,065	6,471,178	13,980,953	14,898,335
<i>Total Liabilities</i>	<u>59,668,944</u>	<u>49,074,138</u>	<u>8,785,424</u>	<u>8,582,159</u>	<u>68,454,368</u>	<u>57,656,297</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	3,765,028	3,709,150	0	0	3,765,028	3,709,150
Pension	580,246	185,581	47,359	22,936	627,605	208,517
<b>Total Deferred Inflows of Resources</b>	<u>4,345,274</u>	<u>3,894,731</u>	<u>47,359</u>	<u>22,936</u>	<u>4,392,633</u>	<u>3,917,667</u>
<b>Net Position</b>						
Net Investment in Capital Assets	136,356,122	134,680,020	53,270,749	54,911,896	189,626,871	189,591,916
Restricted for:						
Capital Projects	19,842,142	15,834,281	0	0	19,842,142	15,834,281
Debt Service	4,238,412	4,730,040	0	0	4,238,412	4,730,040
Other Purposes	1,856,881	1,817,945	0	0	1,856,881	1,817,945
Unrestricted (Deficit)	(10,244,131)	(9,313,888)	10,349,489	9,243,031	105,358	(70,857)
<i>Total Net Position</i>	<u>\$152,049,426</u>	<u>\$147,748,398</u>	<u>\$63,620,238</u>	<u>\$64,154,927</u>	<u>\$215,669,664</u>	<u>\$211,903,325</u>

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

GASB 68 requires the net pension liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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

Total current and other assets for governmental activities increased due to an increase in cash and cash equivalents resulting from the City having revenues outpace expenses. Net capital assets for governmental capital assets increased due to additions of construction in progress, buildings, furniture and equipment, vehicles and infrastructure. This increase was partially offset by current year depreciation. The increase in the portion of the GASB 68 adjustment for deferred outflows was offset by the corresponding increase in the net pension liability and the deferred inflows related to pension. The decrease in other long-term liabilities was due to the continued pay-down of debt liabilities.

Total assets for business-type activities decreased due to a decrease in capital assets resulting from annual depreciation. This decrease was partially offset by Grantwood Recreation improvements. There were also significant changes to deferred outflows of resources, net pension liability and deferred inflows of resources for business-type activities, associated with the unfunded pension liabilities specific to the Ohio Public Employees Retirement System (OPERS) due to changes in pension benefits, contributions rates and return on investments.

Further details of the changes in net position between 2016 and 2015 can be observed in Table 2.

(Table 2)  
*Changes in Net Position*

	Governmental Activities		Business -Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Program Revenues</b>						
Charges for Services and Sales	\$5,280,616	\$5,161,350	\$6,422,813	\$6,425,887	\$11,703,429	\$11,587,237
Operating Grants and Contributions	1,391,073	1,384,483	0	0	1,391,073	1,384,483
Capital Grants, Contributions and Capital Assessments	1,292,479	765,240	0	0	1,292,479	765,240
<i>Total Program Revenues</i>	<u>7,964,168</u>	<u>7,311,073</u>	<u>6,422,813</u>	<u>6,425,887</u>	<u>14,386,981</u>	<u>13,736,960</u>
<b>General Revenues</b>						
Property Taxes	\$4,190,311	\$4,032,292	\$0	\$0	\$4,190,311	\$4,032,292
Municipal Income Taxes	44,996,193	35,975,329	0	0	44,996,193	35,975,329
Grants and Entitlements	559,695	588,171	0	0	559,695	588,171
Unrestricted Contributions	37	0	0	0	37	0
Investment Income	232,429	312,338	38,721	56,418	271,150	368,756
Gain on Sale of Capital Assets	33,087	82,178	0	4,500	33,087	86,678
Miscellaneous	803,141	1,213,331	40,910	29,230	844,051	1,242,561
<i>Total General Revenues</i>	<u>50,814,893</u>	<u>42,203,639</u>	<u>79,631</u>	<u>90,148</u>	<u>50,894,524</u>	<u>42,293,787</u>
<i>Total Revenues</i>	<u>\$58,779,061</u>	<u>\$49,514,712</u>	<u>\$6,502,444</u>	<u>\$6,516,035</u>	<u>\$65,281,505</u>	<u>\$56,030,747</u>



**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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

	Governmental Activities		Business -Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Program Expenses</b>						
Security of Persons and Property						
Police	\$9,698,435	\$8,559,644	\$0	\$0	\$9,698,435	\$8,559,644
Fire	9,044,688	7,819,699	0	0	9,044,688	7,819,699
Public Health and Welfare	95,638	92,425	0	0	95,638	92,425
Leisure Time Activities	5,635,865	5,584,774	0	0	5,635,865	5,584,774
Community Environment	2,945,530	2,529,159	0	0	2,945,530	2,529,159
Basic Utility Services	2,700,942	2,750,465	0	0	2,700,942	2,750,465
Transportation	12,913,892	11,007,744	0	0	12,913,892	11,007,744
General Government	11,267,584	11,358,095	0	0	11,267,584	11,358,095
Interest and Fiscal Charges	157,870	181,061	0	0	157,870	181,061
Water Reclamation	0	0	5,946,619	5,428,605	5,946,619	5,428,605
Grantwood Recreation	0	0	1,108,103	1,044,679	1,108,103	1,044,679
<i>Total Program Expenses</i>	<u>54,460,444</u>	<u>49,883,066</u>	<u>7,054,722</u>	<u>6,473,284</u>	<u>61,515,166</u>	<u>56,356,350</u>
<i>Excess before Transfers</i>	4,318,617	(368,354)	(552,278)	42,751	3,766,339	(325,603)
Transfers	(17,589)	(1,169,342)	17,589	1,169,342	0	0
<i>Change in Net Position</i>	<u>4,301,028</u>	<u>(1,537,696)</u>	<u>(534,689)</u>	<u>1,212,093</u>	<u>3,766,339</u>	<u>(325,603)</u>
<i>Net Position Beginning of Year</i>	<u>147,748,398</u>	<u>149,286,094</u>	<u>64,154,927</u>	<u>62,942,834</u>	<u>211,903,325</u>	<u>212,228,928</u>
<i>Net Position End of Year</i>	<u>\$152,049,426</u>	<u>\$147,748,398</u>	<u>\$63,620,238</u>	<u>\$64,154,927</u>	<u>\$215,669,664</u>	<u>\$211,903,325</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 as the City was able to monitor expenses to ensure positive fund balances. Capital grants increased as a result of the City receiving Ohio Department of Transportation additional funding in 2016.

On the expense side, the largest program or function is security of persons and property. It is composed of two parts; Police and Fire. The increase in Police and Fire was due to employee wage increases and an increase in health insurance premiums.

The next largest program or function is transportation. It includes the construction and maintenance of streets, storm sewers and other related infrastructure.

Leisure time activities increased in 2016 due to employee wage increases and an increase in health insurance premiums.

General government is affected by employee wage increases and increases in health insurance premiums.

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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All expenses were affected by the change in the net pension liability for 2016 that takes into account the City's proportionate share of the unfunded benefits.

**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 2016 were charges for services. On the expense side, the largest expenses are for payroll and employee benefits for both operations. Total expenses for business-type activities increased largely due to higher contractual service costs in 2016.

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

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

As of the end of 2016, the City of Solon's governmental funds reported a positive combined ending fund balance. The largest portion of the ending fund balance is unassigned. The remainder of the fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for new spending because it has been specifically marked for expenditures as designated by grant agreements, City ordinances or intent of use.

The general fund is the main governmental and operating fund of the City. There was an overall decrease in the general fund's fund balance between 2016 and 2015. Revenues continued to outpace expenditures; however, the transfers out of the general fund to support other programs resulted in the deficit spending situation.

The general obligation bond retirement fund mainly receives property taxes and special assessments which are restricted for the payment of debt service. There was an overall decrease in the general obligation bond retirement fund balance between 2016 and 2015 as the City continues to make debt service expenditures.

The infrastructure fund is the largest capital improvement governmental fund of the City. It receives one half of one percent of the City income tax (levy) to pay for new construction and repair of the City's infrastructure. There was an overall increase in the infrastructure fund balance between 2016 and 2015 as revenues continued to outpace expenditures.

*Business-type Funds* – report the City's Water Reclamation (wastewater) operation and Grantwood (golf course) Recreation on a full accrual basis. In 2016, the net position for the Water Reclamation fund decreased as a result of operating expenditures outpacing operating revenue. The net position for the Grantwood Recreation fund decreased during 2016 for the same reason.

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

**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 2016, the general fund's original revenue estimate matched the final estimate resulting from the City not needing to make any significant adjustments during the year. The general fund's actual revenue plus other financing sources exceeded the final estimate mainly as a result of higher than estimated income taxes and miscellaneous revenue. The general fund's final budget was not significantly different than the original budget due to careful budgeting practices by the Administration. Actual expenditures plus other financing uses were well under the final budget due to lower than previously estimated employee salaries and benefits as well as lower contingencies, producing an overall positive variance.

**Capital Assets**

Governmental capital assets, net of depreciation, increased due to additions of construction in progress, land improvements, buildings, furniture and equipment, vehicles and infrastructure. This increase was partially offset by current year depreciation. Business-type capital assets, net of depreciation, decreased as the result of annual depreciation. This decrease was partially offset by Grantwood Recreation building improvements. For additional information on capital assets, please see note 9 to the basic financial statements.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$10,803,543	\$10,803,543	\$3,120,877	\$3,120,877	\$13,924,420	\$13,924,420
Construction in Progress	7,171,733	6,283,594	0	0	7,171,733	6,283,594
Land Improvements	1,039,028	997,671	4,785	5,582	1,043,813	1,003,253
Buildings	35,025,611	35,333,465	17,725,607	18,598,898	52,751,218	53,932,363
Furniture and Equipment	1,285,069	1,453,016	981,577	1,096,282	2,266,646	2,549,298
Vehicles	4,737,383	4,518,539	63,578	73,377	4,800,961	4,591,916
Infrastructure	77,170,445	75,810,041	37,737,062	38,775,521	114,907,507	114,585,562
<b>Total Capital Assets</b>	<b>\$137,232,812</b>	<b>\$135,199,869</b>	<b>\$59,633,486</b>	<b>\$61,670,537</b>	<b>\$196,866,298</b>	<b>\$196,870,406</b>

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

**Outstanding Long-Term Obligations**

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

	Governmental Activities		Business -Type Activities		Total	
	2016	2015	2016	2015	2016	2015
OWDA Loans	\$6,084,196	\$6,780,233	\$6,362,737	\$6,758,641	\$12,446,933	\$13,538,874
Net Pension Liability	44,914,833	34,821,572	1,849,722	1,305,607	46,764,555	36,127,179
Compensated Absences	3,600,803	3,571,047	304,491	271,098	3,905,294	3,842,145
Capital Leases Payable	484,940	0	0	0	484,940	0
Claims Payable	10,861	22,522	0	0	10,861	22,522
<b>Total</b>	<b>\$55,095,633</b>	<b>\$45,195,374</b>	<b>\$8,516,950</b>	<b>\$8,335,346</b>	<b>\$63,612,583</b>	<b>\$53,530,720</b>

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

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

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

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

**Economic Factors and Current Financial Issues**

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

In 2015, the City contracted with the Regional Income Tax Agency (RITA) to administer the collection of income taxes. RITA distributes the net collections to Solon in the month following the actual collection which results in a one month lag in City's revenue on a cash basis. Due to the lag, the City only recorded 11 months of tax revenue in 2015. The City realized 12 months of collections in 2016 resulting in an increase in collections.

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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

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

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

The general fund finished 2016 with an unassigned fund balance of \$22,452,316. Beginning in 2013, the City implemented a policy whereby 25 percent of its unencumbered general fund balance will be maintained in reserve as well as having created a budget stabilization fund that will allow for a segregation of additional reserves that will be accumulated to use in emergency situations in times of revenue fluctuations.

The City last received a credit rating of AAA from Standard & Poor's in 2008. In 2010 Moody's Investor Service recalibrated the City's existing credit rating to Aaa. The debt associated with both ratings has since been retired and the City has not undertaken any process to update the ratings at this time. More evidence of the City's commitment to effective financial management is the performance of the 2016 budget versus actual. In 2016, City-wide revenue exceeded final budget estimates by more than \$863,000 and expenses were restricted to a level \$2.9 million under the final budgeted amounts. The resultant favorable variance of \$3.7 million demonstrates that the City is watchful of accuracy in revenue projections as well as evidence of the need to avoid unnecessary expense levels and controlling departmental costs.

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

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*Unaudited*

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

**Requests for Information and Data**

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

**City of Solon, Ohio**  
*Statement of Net Position*  
*December 31, 2016*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$46,176,476	\$10,215,306	\$56,391,782
Accounts Receivable	241,979	1,730,461	1,972,440
Intergovernmental Receivable	1,768,410	0	1,768,410
Municipal Income Taxes Receivable	9,275,946	0	9,275,946
Materials and Supplies Inventory	649,584	176,769	826,353
Prepaid Items	273,409	0	273,409
Property Taxes Receivable	3,901,177	0	3,901,177
Special Assessments Receivable	3,984,775	0	3,984,775
Nondepreciable Capital Assets	17,975,276	3,120,877	21,096,153
Depreciable Capital Assets, Net	119,257,536	56,512,609	175,770,145
<i>Total Assets</i>	<u>203,504,568</u>	<u>71,756,022</u>	<u>275,260,590</u>
<b>Deferred Outflows of Resources</b>			
Pension	12,559,076	696,999	13,256,075
<b>Liabilities</b>			
Accounts Payable	652,900	34,331	687,231
Accrued Wages	798,394	57,676	856,070
Contracts Payable	648,898	0	648,898
Intergovernmental Payable	441,646	29,369	471,015
Retainage Payable	1,350,928	0	1,350,928
Matured Compensated Absences Payable	23,583	0	23,583
Accrued Interest Payable	80,464	98,514	178,978
Claims Payable	158,853	0	158,853
Vacation Benefits Payable	417,645	48,584	466,229
Long-Term Liabilities:			
Due Within One Year	2,280,912	586,163	2,867,075
Due In More Than One Year			
Net Pension Liability (See Note 11)	44,914,833	1,849,722	46,764,555
Other Amounts	7,899,888	6,081,065	13,980,953
<i>Total Liabilities</i>	<u>59,668,944</u>	<u>8,785,424</u>	<u>68,454,368</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	3,765,028	0	3,765,028
Pension	580,246	47,359	627,605
<i>Total Deferred Inflows of Resources</i>	<u>4,345,274</u>	<u>47,359</u>	<u>4,392,633</u>
<b>Net Position</b>			
Net Investment in Capital Assets	136,356,122	53,270,749	189,626,871
Restricted for:			
Capital Projects	19,842,142	0	19,842,142
Debt Service	4,238,412	0	4,238,412
Street, Construction, Maintenance and Repair	558,702	0	558,702
Police Pension	564,463	0	564,463
Fire Pension	476,438	0	476,438
Other Purposes	257,278	0	257,278
Unrestricted (Deficit)	(10,244,131)	10,349,489	105,358
<i>Total Net Position</i>	<u>\$152,049,426</u>	<u>\$63,620,238</u>	<u>\$215,669,664</u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2016

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions and Assessments
<b>Governmental Activities:</b>				
Security of Persons and Property				
Police	\$9,698,435	\$971,822	\$128,791	\$0
Fire	9,044,688	1,356,148	135,456	39,086
Public Health and Welfare	95,638	12,448	0	0
Leisure Time Activities	5,635,865	802,420	23,938	0
Community Environment	2,945,530	204,366	0	0
Basic Utility Services	2,700,942	221,201	0	0
Transportation	12,913,892	403,944	1,102,888	1,253,393
General Government	11,267,584	1,308,267	0	0
Interest and Fiscal Charges	157,870	0	0	0
<i>Total Governmental Activities</i>	<u>54,460,444</u>	<u>5,280,616</u>	<u>1,391,073</u>	<u>1,292,479</u>
<b>Business-Type Activities:</b>				
Water Reclamation	5,946,619	5,470,471	0	0
Grantwood Recreation	1,108,103	952,342	0	0
<i>Total Business-Type Activities</i>	<u>7,054,722</u>	<u>6,422,813</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$61,515,166</u>	<u>\$11,703,429</u>	<u>\$1,391,073</u>	<u>\$1,292,479</u>

**General Revenues**

Property Taxes Levied for:

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

Municipal Income Taxes Levied for:

- General Purposes
- Infrastructure
- General Capital Improvements

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Contributions

Investment Income

Gain on Sale of Capital Assets

Miscellaneous

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements



Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$8,597,822)	\$0	(\$8,597,822)
(7,513,998)	0	(7,513,998)
(83,190)	0	(83,190)
(4,809,507)	0	(4,809,507)
(2,741,164)	0	(2,741,164)
(2,479,741)	0	(2,479,741)
(10,153,667)	0	(10,153,667)
(9,959,317)	0	(9,959,317)
(157,870)	0	(157,870)
<u>(46,496,276)</u>	<u>0</u>	<u>(46,496,276)</u>
0	(476,148)	(476,148)
0	(155,761)	(155,761)
<u>0</u>	<u>(631,909)</u>	<u>(631,909)</u>
<u>(46,496,276)</u>	<u>(631,909)</u>	<u>(47,128,185)</u>
1,412,703	0	1,412,703
309,818	0	309,818
826,217	0	826,217
1,239,300	0	1,239,300
402,273	0	402,273
33,557,318	0	33,557,318
11,332,440	0	11,332,440
106,435	0	106,435
559,695	0	559,695
37	0	37
232,429	38,721	271,150
33,087	0	33,087
803,141	40,910	844,051
<u>50,814,893</u>	<u>79,631</u>	<u>50,894,524</u>
<u>(17,589)</u>	<u>17,589</u>	<u>0</u>
<u>50,797,304</u>	<u>97,220</u>	<u>50,894,524</u>
4,301,028	(534,689)	3,766,339
<u>147,748,398</u>	<u>64,154,927</u>	<u>211,903,325</u>
<u>\$152,049,426</u>	<u>\$63,620,238</u>	<u>\$215,669,664</u>

**City of Solon, Ohio**

*Balance Sheet  
Governmental Funds  
December 31, 2016*

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$25,380,210	\$1,110,939	\$13,801,644	\$5,352,532
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	30,805	0	0	0
Accounts Receivable	136,830	0	56,445	48,704
Intergovernmental Receivable	256,900	32,799	807,588	671,123
Municipal Income Taxes Receivable	6,922,400	0	2,307,467	46,079
Materials and Supplies Inventory	649,584	0	0	0
Prepaid Items	201,275	0	0	0
Property Taxes Receivable	1,057,129	317,139	0	2,526,909
Special Assessments Receivable	0	3,164,059	820,716	0
<b>Total Assets</b>	<b>\$34,635,133</b>	<b>\$4,624,936</b>	<b>\$17,793,860</b>	<b>\$8,645,347</b>
<b>Liabilities</b>				
Accounts Payable	\$555,051	\$0	\$58,129	\$39,720
Accrued Wages	798,394	0	0	0
Contracts Payable	0	0	543,205	105,693
Intergovernmental Payable	196,310	0	0	245,336
Retainage Payable	0	0	1,206,041	144,887
Matured Compensated Absences Payable	23,583	0	0	0
Claims Payable	158,853	0	0	0
<b>Total Liabilities</b>	<b>1,732,191</b>	<b>0</b>	<b>1,807,375</b>	<b>535,636</b>
<b>Deferred Inflows of Resources</b>				
Property Taxes	1,020,199	306,060	0	2,438,769
Unavailable Revenue	4,091,306	3,207,937	2,834,996	697,471
<b>Total Deferred Inflows of Resources</b>	<b>5,111,505</b>	<b>3,513,997</b>	<b>2,834,996</b>	<b>3,136,240</b>
<b>Fund Balances</b>				
Nonspendable	881,664	0	0	0
Restricted	0	1,110,939	13,151,489	4,592,512
Committed	516,465	0	0	380,959
Assigned	3,940,992	0	0	0
Unassigned	22,452,316	0	0	0
<b>Total Fund Balances</b>	<b>27,791,437</b>	<b>1,110,939</b>	<b>13,151,489</b>	<b>4,973,471</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$34,635,133</b>	<b>\$4,624,936</b>	<b>\$17,793,860</b>	<b>\$8,645,347</b>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2016*

<p style="text-align: center;">Total Governmental Funds</p>	<p><b>Total Governmental Funds Balances</b></p>	<p><b>\$47,027,336</b></p>
	<p><b><i>Amounts reported for governmental activities in the statement of net position are different because</i></b></p>	
<p style="text-align: center;">\$45,645,325</p>	<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>	<p>137,232,812</p>
<p style="text-align: center;">30,805</p>	<p>Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.</p>	
<p style="text-align: center;">241,979</p>	<p>Delinquent Property Taxes</p>	<p>142,277</p>
<p style="text-align: center;">1,768,410</p>	<p>Municipal Income Taxes</p>	<p>5,123,366</p>
<p style="text-align: center;">9,275,946</p>	<p>Intergovernmental</p>	<p>1,485,007</p>
<p style="text-align: center;">649,584</p>	<p>Charges for Services</p>	<p>57,239</p>
<p style="text-align: center;">201,275</p>	<p>Special Assessments</p>	<p>3,984,775</p>
<p style="text-align: center;">3,901,177</p>	<p>Miscellaneous</p>	<p>39,046</p>
<p style="text-align: center;">3,984,775</p>		
<p style="text-align: center;"><u>\$65,699,276</u></p>	<p>Total</p>	<p>10,831,710</p>
	<p>An internal service fund is used by management to charge the costs of workers' compensation to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.</p>	
<p style="text-align: center;">\$652,900</p>	<p>Net Position</p>	<p>561,619</p>
<p style="text-align: center;">798,394</p>	<p>Claims Payable</p>	<p>10,861</p>
<p style="text-align: center;">648,898</p>		
<p style="text-align: center;">441,646</p>	<p>Total</p>	<p>572,480</p>
<p style="text-align: center;">1,350,928</p>	<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>	<p>(80,464)</p>
<p style="text-align: center;">23,583</p>		
<p style="text-align: center;">158,853</p>	<p>Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.</p>	<p>(417,645)</p>
<p style="text-align: center;"><u>4,075,202</u></p>		
	<p>The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.</p>	
<p style="text-align: center;">3,765,028</p>	<p>Deferred Outflows - Pension</p>	<p>12,559,076</p>
<p style="text-align: center;">10,831,710</p>	<p>Deferred Inflows - Pension</p>	<p>(580,246)</p>
<p style="text-align: center;">14,596,738</p>	<p>Net Pension Liability</p>	<p>(44,914,833)</p>
<p style="text-align: center;">881,664</p>		
<p style="text-align: center;">18,854,940</p>	<p>Total</p>	<p>(32,936,003)</p>
<p style="text-align: center;">897,424</p>	<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>	
<p style="text-align: center;">3,940,992</p>	<p>OWDA Loan Payable</p>	<p>(6,084,196)</p>
<p style="text-align: center;">22,452,316</p>	<p>Capital Leases</p>	<p>(484,940)</p>
<p style="text-align: center;"><u>47,027,336</u></p>	<p>Compensated Absences</p>	<p>(3,600,803)</p>
	<p>Claims Payable</p>	<p>(10,861)</p>
<p style="text-align: center;"><u>\$65,699,276</u></p>		
	<p>Total</p>	<p>(10,180,800)</p>
	<p><b><i>Net Position of Governmental Activities</i></b></p>	<p><b><u>\$152,049,426</u></b></p>

**City of Solon, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
<b>Revenues</b>				
Property Taxes	\$1,404,311	\$309,139	\$0	\$2,462,371
Municipal Income Taxes	32,002,988	0	10,814,331	96,437
Special Assessments	0	357,492	21,925	0
Intergovernmental	535,111	44,352	532,890	1,357,906
Investment Income	230,990	0	0	1,439
Fees, Licenses and Permits	718,012	4,704	0	243,111
Fines and Forfeitures	315,860	0	0	24,041
Rentals	6,476	0	0	19,046
Charges for Services	3,976,603	0	0	1,380
Contributions and Donations	37	0	0	62,419
Miscellaneous	575,347	0	314,552	105,596
<i>Total Revenues</i>	<u>39,765,735</u>	<u>715,687</u>	<u>11,683,698</u>	<u>4,373,746</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	7,261,009	0	0	978,567
Fire	5,998,215	0	0	1,281,361
Public Health and Welfare	95,638	0	0	0
Leisure Time Activities	4,490,336	0	0	325,051
Community Environment	2,829,943	0	0	0
Basic Utility Services	1,701,869	0	0	0
Transportation	3,120,843	0	0	1,162,000
General Government	10,297,012	4,341	0	17,838
Capital Outlay	0	0	10,705,423	3,384,841
Debt Service:				
Principal Retirement	0	696,037	0	69,106
Interest and Fiscal Charges	0	157,543	0	8,153
<i>Total Expenditures</i>	<u>35,794,865</u>	<u>857,921</u>	<u>10,705,423</u>	<u>7,226,917</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,970,870</u>	<u>(142,234)</u>	<u>978,275</u>	<u>(2,853,171)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	45,650	0	0	0
Inception of Capital Lease	0	0	0	554,046
Transfers In	297,512	0	0	4,470,000
Transfers Out	(4,470,000)	0	0	(297,512)
<i>Total Other Financing Sources (Uses)</i>	<u>(4,126,838)</u>	<u>0</u>	<u>0</u>	<u>4,726,534</u>
<i>Net Change in Fund Balances</i>	(155,968)	(142,234)	978,275	1,873,363
<i>Fund Balances Beginning of Year</i>	<u>27,947,405</u>	<u>1,253,173</u>	<u>12,173,214</u>	<u>3,100,108</u>
<i>Fund Balances End of Year</i>	<u>\$27,791,437</u>	<u>\$1,110,939</u>	<u>\$13,151,489</u>	<u>\$4,973,471</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, 2016*

Total Governmental Funds	<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$2,553,436
	<b>Amounts reported for governmental activities in the statement of activities are different because</b>	
\$4,175,821	Governmental funds report capital outlays as expenditures.	
42,913,756	However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
379,417	Capital Asset Additions	8,896,582
2,470,259	Depreciation	<u>(6,840,667)</u>
232,429		
965,827	Total	2,055,915
339,901	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.	(22,972)
25,522		
3,977,983	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
62,456	Delinquent Property Taxes	14,490
995,495	Municipal Income Taxes	2,082,437
	Intergovernmental	710,241
56,538,866	Charges for Services	(28,617)
	Special Assessments	(379,089)
	Miscellaneous	<u>(193,533)</u>
	Total	2,205,929
	Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	765,143
	Some expenses reported in the statement of activities, such as accrued interest do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	7,826
	Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	3,285,495
	Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of net position	(6,106,100)
	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	Compensated Absences	(29,756)
	Vacation Benefits Payable	(19,850)
	Claims Payable	<u>11,661</u>
	Total	(37,945)
	Other financing sources, such as inception of capital lease, in the governmental funds increase long-term liabilities in the statement of net position.	(554,046)
	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 Position	160,008
	Claims Payable	<u>(11,661)</u>
	Total	<u>148,347</u>
	<i>Change in Net Position of Governmental Activities</i>	<u><u>\$4,301,028</u></u>

**City of Solon, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$1,347,220	\$1,347,220	\$1,406,373	\$59,153
Municipal Income Taxes	30,799,974	30,799,768	31,543,259	743,491
Intergovernmental	535,539	535,539	546,471	10,932
Investment Income	605,961	605,961	403,386	(202,575)
Fees, Licenses and Permits	665,600	665,600	716,215	50,615
Fines and Forfeitures	316,000	316,000	324,844	8,844
Charges for Services	4,115,038	4,115,038	3,918,352	(196,686)
Rentals	5,400	5,400	6,476	1,076
Contributions and Donations	6,500	6,500	37	(6,463)
Miscellaneous	180,660	180,660	575,354	394,694
<i>Total Revenues</i>	<u>38,577,892</u>	<u>38,577,686</u>	<u>39,440,767</u>	<u>863,081</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	7,499,248	7,501,247	7,283,475	217,772
Fire	6,110,158	6,111,682	5,999,221	112,461
Public Health and Welfare	97,973	98,000	95,638	2,362
Leisure Time Activities	4,868,375	4,869,683	4,572,058	297,625
Community Environment	1,895,397	1,895,977	1,675,047	220,930
Basic Utility Services	1,937,183	1,937,696	1,723,043	214,653
Transportation	3,771,130	3,772,116	3,254,256	517,860
General Government	12,070,433	12,073,952	10,794,023	1,279,929
<i>Total Expenditures</i>	<u>38,249,897</u>	<u>38,260,353</u>	<u>35,396,761</u>	<u>2,863,592</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>327,995</u>	<u>317,333</u>	<u>4,044,006</u>	<u>3,726,673</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	45,650	45,650	45,650	0
Transfers In	797,512	297,512	297,512	0
Transfers Out	(5,720,000)	(5,720,000)	(5,720,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(4,876,838)</u>	<u>(5,376,838)</u>	<u>(5,376,838)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(4,548,843)	(5,059,505)	(1,332,832)	3,726,673
<i>Fund Balance Beginning of Year</i>	24,368,513	24,368,513	24,368,513	0
Prior Year Encumbrances Appropriated	472,554	472,554	472,554	0
<i>Fund Balance End of Year</i>	<u>\$20,292,224</u>	<u>\$19,781,562</u>	<u>\$23,508,235</u>	<u>\$3,726,673</u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2016*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Assets</b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$10,006,374	\$208,932	\$10,215,306	\$500,346
Materials and Supplies Inventory	106,897	69,872	176,769	0
Accounts Receivable	1,730,461	0	1,730,461	0
Prepaid Items	0	0	0	72,134
<i>Total Current Assets</i>	<u>11,843,732</u>	<u>278,804</u>	<u>12,122,536</u>	<u>572,480</u>
<i>Noncurrent Assets:</i>				
Nondepreciable Capital Assets	738,713	2,382,164	3,120,877	0
Depreciable Capital Assets, Net	55,798,936	713,673	56,512,609	0
<i>Total Noncurrent Assets</i>	<u>56,537,649</u>	<u>3,095,837</u>	<u>59,633,486</u>	<u>0</u>
<i>Total Assets</i>	<u>68,381,381</u>	<u>3,374,641</u>	<u>71,756,022</u>	<u>572,480</u>
<b>Deferred Outflows of Resources</b>				
Pension	506,908	190,091	696,999	0
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts Payable	31,734	2,597	34,331	0
Accrued Wages	42,036	15,640	57,676	0
Intergovernmental Payable	22,738	6,631	29,369	0
Accrued Interest Payable	98,514	0	98,514	0
Vacation Benefits Payable	35,934	12,650	48,584	0
Compensated Absences Payable	94,296	83,393	177,689	0
OWDA Loans Payable	408,474	0	408,474	0
Claims Payable	0	0	0	2,715
<i>Total Current Liabilities</i>	<u>733,726</u>	<u>120,911</u>	<u>854,637</u>	<u>2,715</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	105,540	21,262	126,802	0
OWDA Loans Payable	5,954,263	0	5,954,263	0
Net Pension Liability	1,345,252	504,470	1,849,722	0
Claims Payable	0	0	0	8,146
<i>Total Long-Term Liabilities</i>	<u>7,405,055</u>	<u>525,732</u>	<u>7,930,787</u>	<u>8,146</u>
<i>Total Liabilities</i>	<u>8,138,781</u>	<u>646,643</u>	<u>8,785,424</u>	<u>10,861</u>
<b>Deferred Inflows of Resources</b>				
Pension	34,443	12,916	47,359	0
<b>Net Position</b>				
Net Investment in Capital Assets	50,174,912	3,095,837	53,270,749	0
Unrestricted (Deficit)	10,540,153	(190,664)	10,349,489	561,619
<i>Total Net Position</i>	<u>\$60,715,065</u>	<u>\$2,905,173</u>	<u>\$63,620,238</u>	<u>\$561,619</u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2016*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Operating Revenues</b>				
Charges for Services	\$5,412,381	\$765,929	\$6,178,310	\$230,000
Tap-In Fees	58,090	0	58,090	0
Rentals	0	186,413	186,413	0
Miscellaneous	38,655	2,255	40,910	1,179
<i>Total Operating Revenues</i>	<u>5,509,126</u>	<u>954,597</u>	<u>6,463,723</u>	<u>231,179</u>
<b>Operating Expenses</b>				
Personal Services	1,584,935	663,763	2,248,698	0
Materials and Supplies	447,077	163,120	610,197	0
Contractual Services	1,731,997	98,648	1,830,645	51,286
Depreciation	1,974,525	80,115	2,054,640	0
Claims	0	0	0	19,885
Other	13,288	102,457	115,745	0
<i>Total Operating Expenses</i>	<u>5,751,822</u>	<u>1,108,103</u>	<u>6,859,925</u>	<u>71,171</u>
<i>Operating Income (Loss)</i>	<u>(242,696)</u>	<u>(153,506)</u>	<u>(396,202)</u>	<u>160,008</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest	37,825	896	38,721	0
Interest and Fiscal Charges	(194,797)	0	(194,797)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(156,972)</u>	<u>896</u>	<u>(156,076)</u>	<u>0</u>
<i>Income (Loss) before Capital Contributions</i>	<u>(399,668)</u>	<u>(152,610)</u>	<u>(552,278)</u>	<u>160,008</u>
Capital Contributions	0	17,589	17,589	0
<i>Change in Net Position</i>	<u>(399,668)</u>	<u>(135,021)</u>	<u>(534,689)</u>	<u>160,008</u>
<i>Net Position Beginning of Year</i>	<u>61,114,733</u>	<u>3,040,194</u>	<u>64,154,927</u>	<u>401,611</u>
<i>Net Position End of Year</i>	<u><u>\$60,715,065</u></u>	<u><u>\$2,905,173</u></u>	<u><u>\$63,620,238</u></u>	<u><u>\$561,619</u></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, 2016

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$5,264,966	\$766,110	\$6,031,076	\$0
Cash Received from Tap-In Fees	58,090	0	58,090	0
Cash Received from Rentals	0	186,413	186,413	0
Cash Received from Interfund Services Provided	0	0	0	230,000
Cash Received from Other Sources	34,207	2,255	36,462	1,179
Cash Payments to Employees for Services and Benefits	(1,497,404)	(602,389)	(2,099,793)	0
Cash Payments for Goods and Services	(2,143,933)	(269,646)	(2,413,579)	(124,106)
Cash Payments for Claims	0	0	0	(31,546)
Cash Payments for Other Operating Expenses	(13,180)	(104,040)	(117,220)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,702,746</u>	<u>(21,297)</u>	<u>1,681,449</u>	<u>75,527</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Principal Paid on OWDA Loans	(395,904)	0	(395,904)	0
Interest Paid on OWDA Loans	(205,958)	0	(205,958)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(601,862)</u>	<u>0</u>	<u>(601,862)</u>	<u>0</u>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	37,825	896	38,721	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	1,138,709	(20,401)	1,118,308	75,527
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>8,867,665</u>	<u>229,333</u>	<u>9,096,998</u>	<u>424,819</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$10,006,374</u>	<u>\$208,932</u>	<u>\$10,215,306</u>	<u>\$500,346</u>

(continued)

**City of Solon, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds (continued)*  
For the Year Ended December 31, 2016

	Business-type Activities			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating Income (Loss)	(\$242,696)	(\$153,506)	(\$396,202)	\$160,008
Adjustments:				
Depreciation	1,974,525	80,115	2,054,640	0
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	(151,863)	181	(151,682)	0
Prepaid Items	0	0	0	(72,134)
Materials and Supplies Inventory	17,542	(9,770)	7,772	0
Deferred Outflows - Pension	106,494	39,935	146,429	0
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	11,159	615	11,774	(686)
Accrued Wages	8,618	5,039	13,657	0
Claims Payable	0	0	0	(11,661)
Compensated Absences Payable	4,779	28,614	33,393	0
Vacation Benefits Payable	25	(876)	(851)	0
Intergovernmental Payable	7,416	826	8,242	0
Net Pension Liability	(13,857)	(5,197)	(19,054)	0
Deferred Inflows - Pension	(19,396)	(7,273)	(26,669)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$1,702,746</u>	<u>(\$21,297)</u>	<u>\$1,681,449</u>	<u>\$75,527</u>

**Noncash Capital Financing Activities**

During 2016, the building construction capital project fund paid \$17,589 to contractors directly on behalf of the grantwood recreation enterprise fund. These amounts are included in capital contributions.

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2016*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	\$594,544
Cash and Cash Equivalents in Segregated Accounts	<u>34,401</u>
<i>Total Assets</i>	<u><u>\$628,945</u></u>

**Liabilities**

Intergovernmental Payable	\$34,401
Deposits Held and Due to Others	<u>594,544</u>
<i>Total Liabilities</i>	<u><u>\$628,945</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, 2016*

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**Note 1 - Reporting Entity**

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

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations which are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The City has no component units.

The City participates in a shared risk pool and a jointly governed organization. These organizations are the Northern Ohio Risk Management Association and the Northeast Ohio Public Energy Council. These organizations are presented in Notes 13 and 14 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

***Basis of Presentation***

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**Fund Accounting**

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and fund liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

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

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

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

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

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

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

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

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

**Measurement Focus**

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

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes and grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance year 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, homestead and rollback, income taxes, estate taxes, franchise fees, charges for services, miscellaneous revenue, special assessments and intergovernmental local and state monies. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 21. Deferred inflows of resources related to pension are reported on the government – wide statement of net position (See Note 11).

**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.

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

**Cash and Cash Equivalents**

To improve cash management, cash received by the City is pooled. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are reported as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City Treasury.

During 2016, investments were limited to federal home loan bank bonds, federal federal farm credit bonds, federal national mortgage association bonds, federal home loan mortgage corporation bonds, negotiable certificates of deposit and State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows the governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.



**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2016 amounted to \$230,990, which includes \$110,153 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, 2016, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

***Inventory***

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

***Restricted Assets***

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

***Capital Assets***

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000 with the exception of land as land was included regardless of cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. 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
Furniture and Equipment	5-30 years	5-65 years
Vehicles	3-20 years	7-20 years
Infrastructure	20 years	20 years

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

***Interfund Balances***

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

***Compensated Absences***

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

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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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 net pension liability 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, long-term loans and capital leases are recognized as a liability on the governmental fund financial statements when due.

***Net Position***

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

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

***Fund Balance***

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

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

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

**Assigned:** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by Council. In the general fund, assigned amounts represent intended uses established by policies of the City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance for economic incentives, compensated absences and to cover a gap between estimated revenues and appropriations in 2017's budget.

**Unassigned:** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

### ***Operating Revenues and Expenses***

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***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.

***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, 2016*

**Note 3 – Fund Balances**

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

Fund Balances	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>					
Prepays	\$201,275	\$0	\$0	\$0	\$201,275
Inventory	649,584	0	0	0	649,584
Unclaimed Monies	30,805	0	0	0	30,805
<i>Total Nonspendable</i>	<u>881,664</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>881,664</u>
<u>Restricted for:</u>					
Street and Highway Construction, Maintenance and Repair	0	0	0	151,683	151,683
Police Pension	0	0	0	490,714	490,714
Fire Pension	0	0	0	365,816	365,816
Police Department	0	0	0	175,793	175,793
Debt Service	0	1,110,939	0	0	1,110,939
Capital Improvements	0	0	13,151,489	3,408,506	16,559,995
<i>Total Restricted</i>	<u>0</u>	<u>1,110,939</u>	<u>13,151,489</u>	<u>4,592,512</u>	<u>18,854,940</u>
<u>Committed to:</u>					
Emergency Medical Service	446,826	0	0	0	446,826
Cable TV	0	0	0	159,691	159,691
Tree Planting	0	0	0	147,350	147,350
Recreation	0	0	0	23,727	23,727
Police and Fire Departments	0	0	0	21,863	21,863
Senior Services	0	0	0	17,315	17,315
Community Development	0	0	0	5,512	5,512
Cemetery	0	0	0	5,501	5,501
Contract Services	69,639	0	0	0	69,639
<i>Total Committed</i>	<u>516,465</u>	<u>0</u>	<u>0</u>	<u>380,959</u>	<u>897,424</u>
<u>Assigned to:</u>					
Economic Incentive	890,753	0	0	0	890,753
Compensated Absences	895,446	0	0	0	895,446
2017 Operations	1,264,825	0	0	0	1,264,825
Purchases on Order:					
Personal Services	2,636	0	0	0	2,636
Purchased/Contractual Services	413,052	0	0	0	413,052
Materials and Supplies	395,822	0	0	0	395,822
Capital Outlay	78,458	0	0	0	78,458
<i>Total Assigned</i>	<u>3,940,992</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,940,992</u>
Unassigned	22,452,316	0	0	0	22,452,316
<b>Total Fund Balances</b>	<u><u>\$27,791,437</u></u>	<u><u>\$1,110,939</u></u>	<u><u>\$13,151,489</u></u>	<u><u>\$4,973,471</u></u>	<u><u>\$47,027,336</u></u>

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**Stabilization arrangement** The governing council adopted an ordinance to establish and maintain a budget stabilization (“rainy day”) fund, in 2013, that is combined with the general fund for reporting purposes and is used to segregate resources that will only be employed should pre-determined economic stress levels be reached. Transfers from the general fund have been made each year and the fund balance is \$6.2 million as of the end of 2016.

**Note 4 - Budgetary Basis of Accounting**

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

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

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

Net Change in Fund Balance	
GAAP Basis	(\$155,968)
Net Adjustment for Revenue Accruals	767,756
Beginning Fair Value Adjustment for Investments	(77,370)
Ending Fair Value Adjustment for Investments	249,766
Net Adjustment for Expenditure Accruals	(845,227)
Perspective Difference:	
Economic Incentive	12,801
Police Training	(7,540)
Encumbrances	<u>(1,277,050)</u>
Budget Basis	<u><u>(\$1,332,832)</u></u>

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 5 - Deposits and Investments**

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

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

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

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

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



**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

The City may also invest any monies not required to be used for a specific period of six months or more in the following:

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

**Investments**

As of December 31, 2016, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Moody's Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	\$15,794,888	51.6 days	Aaam	N/A
Fair Value - Level Two Inputs:				
Federal Home Loan				
Bank Bonds	5,940,890	Less than five years	Aaa	13.11
Federal Farm Credit Bank Bonds	1,991,180	Less than three years	Aaa	4.39
Federal National Mortgage				
Association Notes	7,176,873	Less than five years	Aaa	15.84
Federal Home Loan Mortgage				
Corporation Notes	10,663,402	Less than five years	Aaa	23.53
Negotiable Certificates of Deposit	3,746,383	Less than five years	N/A	8.28
Total Investments	<u>\$45,313,616</u>			

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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December 31, 2016. STAR Ohio is measured at net asset value per share. The City's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

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

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

## **Note 6 – Receivables**

Receivables at December 31, 2016, consisted of municipal income taxes, property taxes, accounts (billings for user charged services), special assessments and intergovernmental receivables arising from grants, entitlements and shared revenues.

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

Special assessments expected to be collected in more than one year amount to \$2,801,220 in the general obligation bond retirement fund and \$799,118 in the infrastructure capital projects fund. At December 31, 2016, the amount of delinquent special assessments was \$72,049.

### **Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes were levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2016, was \$3.80 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	\$823,045,170
Other Real Estate	307,820,550
Tangible Personal Property	
Public Utility	<u>22,729,150</u>
Total	<u><u>\$1,153,594,870</u></u>

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2016, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2016 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

***Income Tax***

The City levies and collects an income tax of 2.0 percent on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least monthly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2016, the general fund received seventy-seven percent of the proceeds and the infrastructure fund received twenty-five percent of the proceeds.

In 2006, the City entered into a contract with neighboring Bainbridge Township to form the Bainbridge-Solon Joint Economic Development District (JEDD). The JEDD Board levied a municipal income tax of two percent in the JEDD effective January 1, 2007, proceeds of which are received by the general capital improvement fund. See Note 18 for additional information on the JEDD.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Intergovernmental Receivable***

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Ohio Department of Transportation Grant	\$807,588
Gasoline Tax	275,251
Homestead and Rollback	201,758
Cents per Gallon	143,281
Auto Regulation	122,663
Local Government	108,668
Prisoner Housing	69,966
Bedford Municipal Court	20,162
Personal Property Tax Reimbursement	16,223
Solon City Schools	<u>2,850</u>
Total Intergovernmental Receivables	<u>\$1,768,410</u>

**Note 7 - Contingencies**

***Grants***

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2016.

***Litigation***

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

**Note 8 – Compensated Absences**

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

Sick leave is earned at the rate of 4.6 hours per eighty hours worked by each employee to a maximum of 15 days or 120 hours per year for all employees except police and fire who can earn up to a maximum of 159 hours per year. Each employee with the City hired prior to December 31, 1988, is paid for up to 120 days or a maximum of 960 hours in full and one day for every three days of accumulated sick leave in excess of 120 days. Each employee with the City hired after December 31, 1988, is paid for up to 45 days or a maximum of 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.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

**Note 9 - Capital Assets**

Capital asset activity for the year ended December 31, 2016, was as follows:

	<u>Balance</u> 12/31/15	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> 12/31/16
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$10,803,543	\$0	\$0	\$10,803,543
Construction in progress	6,283,594	1,049,379	(161,240)	7,171,733
Total Capital Assets Not Being Depreciated	<u>17,087,137</u>	<u>1,049,379</u>	<u>(161,240)</u>	<u>17,975,276</u>
Capital Assets Being Depreciated				
Land improvements	2,173,746	136,184	(74,049)	2,235,881
Buildings	57,815,855	1,316,231	0	59,132,086
Furniture and Equipment	7,081,214	282,432	(194,841)	7,168,805
Vehicles	13,003,893	1,054,764	(636,811)	13,421,846
Infrastructure	145,049,424	5,218,832	(977,376)	149,290,880
Total Capital Assets Being Depreciated	<u>225,124,132</u>	<u>8,008,443</u>	<u>(1,883,077)</u>	<u>231,249,498</u>
Less Accumulated Depreciation				
Land improvements	(1,176,075)	(94,827)	74,049	(1,196,853)
Buildings	(22,482,390)	(1,624,085)	0	(24,106,475)
Furniture and Equipment	(5,628,198)	(450,379)	194,841	(5,883,736)
Vehicles	(8,485,354)	(823,357)	624,248	(8,684,463)
Infrastructure	(69,239,383)	(3,848,019)	966,967	(72,120,435)
Total Accumulated Depreciation	<u>(107,011,400)</u>	<u>(6,840,667) *</u>	<u>1,860,105</u>	<u>(111,991,962)</u>
Capital Assets Being Depreciated, net	<u>118,112,732</u>	<u>1,167,776</u>	<u>(22,972)</u>	<u>119,257,536</u>
Governmental Activities				
Capital Assets, net	<u>\$135,199,869</u>	<u>\$2,217,155</u>	<u>(\$184,212)</u>	<u>\$137,232,812</u>

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

Security of Persons and Property	
Police	\$516,336
Fire	513,583
Leisure Time Activities	626,873
Community Environment	7,964
Transportation	3,848,019
Basic Utility Service	874,061
General Government	453,831
Total Depreciation Expense	<u>\$6,840,667</u>

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

	Balance 12/31/15	Additions	Reductions	Balance 12/31/16
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	34,024,499	17,589	0	34,042,088
Furniture and Equipment	6,118,824	0	0	6,118,824
Vehicles	355,509	0	0	355,509
Infrastructure	60,797,761	0	0	60,797,761
Total Capital Assets Being Depreciated	101,552,700	17,589	0	101,570,289
Less Accumulated Depreciation				
Land Improvements	(250,525)	(797)	0	(251,322)
Buildings	(15,425,601)	(890,880)	0	(16,316,481)
Furniture and Equipment	(5,022,542)	(114,705)	0	(5,137,247)
Vehicles	(282,132)	(9,799)	0	(291,931)
Infrastructure	(22,022,240)	(1,038,459)	0	(23,060,699)
Total Accumulated Depreciation	(43,003,040)	(2,054,640)	0	(45,057,680)
Capital Assets Being Depreciated, net	58,549,660	(2,037,051)	0	56,512,609
Business Type Activities				
Capital Assets, net	<u>\$61,670,537</u>	<u>(\$2,037,051)</u>	<u>\$0</u>	<u>\$59,633,486</u>

**Note 10 - Risk Management**

***Property and Liability***

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

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**Workers' Compensation**

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

The claims liability of \$10,861 reported in the fund at December 31, 2016, 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 2015 and 2016 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Change in Workers' Compensation Estimate</u>	<u>Balance at End of Year</u>
2015	\$51,309	\$19,394	\$64,342	\$16,161	\$22,522
2016	22,522	19,885	31,546	0	10,861

**Employee Health Benefits**

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

Medical claims within the network are subject to \$250 single and \$500 family deductible, and then are covered 100 percent. Medical claims out of network are subject to \$500 single and \$1,000 family deductible followed by 80/20 percent coinsurance for the next \$1,000 single and \$2,000 family, then 100 percent. Prescriptions are subject to a co-pay of \$10 generic, \$25 formulary, and \$65 non-formulary. The City has stop loss coverage at \$100,000 per family, per year, and a calculated aggregate maximum for the 2016 plan year of \$4,909,995.

The claims liability of \$158,853 reported in the general fund at December 31, 2016 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 2015 and 2016 were:

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2015	\$272,600	\$4,092,177	\$4,150,928	\$213,849
2016	213,849	3,895,970	3,950,966	158,853

**Note 11 - Defined Benefit Pension Plans**

***Net Pension Liability***

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

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

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



**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

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

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

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

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

	State and Local
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,393,598 for 2016. Of this amount, \$164,807 is reported as an intergovernmental payable.

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to three percent of their base pension or disability benefit.

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

	Police	Firefighters
<b>2016 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2016 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$2,045,193 for 2016. Of this amount, \$239,769 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0970810%	0.4655460%	
Prior Measurement Date	<u>0.0984084%</u>	<u>0.4682640%</u>	
Change in Proportionate Share	<u>-0.0013274%</u>	<u>-0.0027180%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$16,815,653	\$29,948,902	\$46,764,555
Pension Expense	\$2,309,115	\$4,050,987	\$6,360,102

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$4,942,751	\$4,874,533	\$9,817,284
City contributions subsequent to the measurement date	<u>1,393,598</u>	<u>2,045,193</u>	<u>3,438,791</u>
Total Deferred Outflows of Resources	<u>\$6,336,349</u>	<u>\$6,919,726</u>	<u>\$13,256,075</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$324,911	\$84,095	\$409,006
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>105,630</u>	<u>112,969</u>	<u>\$218,599</u>
Total Deferred Inflows of Resources	<u>\$430,541</u>	<u>\$197,064</u>	<u>\$627,605</u>

\$3,438,791 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

Year Ending December 31:	OPERS	OP&F	Total
2017	\$1,032,289	\$1,245,628	\$2,277,917
2018	1,111,323	1,245,628	2,356,951
2019	1,250,051	1,245,628	2,495,679
2020	1,118,547	966,484	2,085,031
2021	0	(21,767)	(21,767)
Thereafter	0	(4,132)	(4,132)
Total	<u>\$4,512,210</u>	<u>\$4,677,469</u>	<u>\$9,189,679</u>

**Actuarial Assumptions - OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below.

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

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

The most recent experience study was completed for the five year period ended December 31, 2010.

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.27 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
City's proportionate share of the net pension liability	\$26,791,444	\$16,815,653	\$8,401,390

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

***Actuarial Assumptions – OPF***

OP&F's total pension liability as of December 31, 2015, is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent, simple

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

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2015, are summarized below:

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalents	- %	0.00 %	0.00 %
Domestic Equity	16.00	6.50	7.80
Non-US Equity	16.00	6.70	8.00
Core Fixed Income *	20.00	3.50	5.35
Global Inflation Protected Securities*	20.00	3.50	4.73
High Yield	15.00	6.35	7.21
Real Estate	12.00	5.80	7.43
Private Markets	8.00	9.50	10.73
Timber	5.00	6.55	7.35
Master Limited Partnerships	8.00	9.65	10.75
<b>Total</b>	<b>120.00 %</b>		

Note: Assumptions are geometric.

\* levered 2x

\*\* Numbers are net of expected inflation

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

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

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$39,498,588	\$29,948,902	\$21,859,375



## **Note 12 - Postemployment Benefits**

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

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

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015 and 2014 was \$232,266, \$241,673 and \$259,578, respectively. For 2016, 85.71 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

***Police and Fire Pension Fund***

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

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

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

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units. 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, 2016*

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OPF 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 administered 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 OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contribution 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 OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contribution to OPF for the years ended December 31, 2016, 2015 and 2014 were \$2,092,768, \$2,038,429 and \$2,005,230, respectively, of which \$47,575, \$46,345 and \$45,576, respectively, was allocated to the healthcare plan. For 2016, 97.68 percent has been contributed for both police and firefighters with the balance being reported as an *intergovernmental payable*. The full amount has been contributed for 2015 and 2014.

**Note 13 – Shared Risk Pool**

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

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, a maximum of \$100,000 per occurrence, will come from the self-insurance pool with any excess paid from the specific stop-loss coverage carried by the pool. The self-insurance pool will pay up to \$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 2016, the City of Solon paid \$268,366 in premiums from the general fund, which represents 20.17 percent of the total premiums paid by all members. Financial information can be obtained by contacting the board chairman, the Finance Director at the City of Mayfield Heights, 6154 Mayfield Road, Mayfield Heights, Ohio, 44124.

**Note 14 – Jointly Governed Organization**

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives on the governing board from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Solon did not contribute to NOPEC during 2016. Financial information can be obtained by contacting Ronald McVoy, Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

**Note 15 – Municipal Solid Waste Landfill**

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 16 - Long-Term Obligations**

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

	Balance 12/31/15	Additions	Reductions	Balance 12/31/16	Amounts Due in One Year
<b>Governmental Activities</b>					
<b>OWDA Loans</b>					
1997 \$1,249,104 - 4.16%					
Aurora/Liberty Sanitary Sewer	\$89,799	\$0	(\$89,799)	\$0	\$0
2004 \$5,861,485 - 1.45%					
Aurora Road West Draw	2,699,220	0	(300,622)	2,398,598	304,997
2006 \$6,329,372 - 3.35%					
Aurora East Sewer Project	3,991,214	0	(305,616)	3,685,598	315,940
<i>Total OWDA Loans</i>	<u>6,780,233</u>	<u>0</u>	<u>(696,037)</u>	<u>6,084,196</u>	<u>620,937</u>
<b>Other Long-term Obligations</b>					
Net Pension Liability					
OPERS	10,563,544	4,402,387	0	14,965,931	0
OP&F	24,258,028	5,690,874	0	29,948,902	0
Total Net Pension Liability	34,821,572	10,093,261	0	44,914,833	0
Compensated Absences	3,571,047	1,263,472	(1,233,716)	3,600,803	1,593,374
Capital Leases Payable	0	554,046	(69,106)	484,940	63,886
Claims Payable	22,522	5,231	(16,892)	10,861	2,715
<i>Total Other Long-term Obligations</i>	<u>38,415,141</u>	<u>11,916,010</u>	<u>(1,319,714)</u>	<u>49,011,437</u>	<u>1,659,975</u>
<i>Total General Long-term Obligations</i>	<u>\$45,195,374</u>	<u>\$11,916,010</u>	<u>(\$2,015,751)</u>	<u>\$55,095,633</u>	<u>\$2,280,912</u>
<b>Business-type Activities</b>					
<b>OWDA Loans</b>					
2006 \$3,935,828 - 3.15%					
Trickling Filter Rehabilitation	\$2,648,358	\$0	(\$184,763)	\$2,463,595	\$190,629
2011 \$5,096,690 - 3.15%					
Anaerobic Digester and Electrical Upgrade	4,110,283	0	(211,141)	3,899,142	217,845
<i>Total OWDA Loans</i>	<u>6,758,641</u>	<u>0</u>	<u>(395,904)</u>	<u>6,362,737</u>	<u>408,474</u>
<b>Other Long-term Liabilities</b>					
Net Pension Liability - OPERS					
Water Reclamation	949,532	395,720	0	1,345,252	0
Grantwood Recreation	356,075	148,395	0	504,470	0
Total Net Pension Liability	1,305,607	544,115	0	1,849,722	0
Compensated Absences	271,098	196,050	(162,657)	304,491	177,689
<i>Total Other Long-term Liabilities</i>	<u>1,576,705</u>	<u>740,165</u>	<u>(162,657)</u>	<u>2,154,213</u>	<u>177,689</u>
<i>Total Business-type Activities</i>	<u>\$8,335,346</u>	<u>\$740,165</u>	<u>(\$558,561)</u>	<u>\$8,516,950</u>	<u>\$586,163</u>

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

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

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

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

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

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

The City's overall legal debt margin was \$121,127,461 with an unvoted debt margin of \$63,447,718 at December 31, 2016. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2016 are as follows:

*Governmental Activities*

	OWDA Loans	
	Principal	Interest
2017	\$620,937	\$154,522
2018	636,048	139,411
2019	651,584	123,874
2020	667,559	107,899
2021	683,985	91,474
2022 - 2026	2,824,083	206,522
Total	\$6,084,196	\$823,702

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

*Business-Type Activities*

	OWDA Loans	
	Principal	Interest
2017	\$190,629	\$76,114
2018	196,682	70,061
2019	202,925	63,817
2020	209,368	57,375
2021	216,015	50,728
2022 - 2026	1,187,405	146,309
2027 - 2028	260,571	6,172
Total	\$2,463,595	\$470,576

**Note 17 - Capital Leases**

The City entered into lease agreements for a street/sewer cleaning truck and a televising camera truck. The City's lease obligations meet the criteria of capital leases and have been recorded on the government-wide statements. The original amounts capitalized for the capital leases and the book values as of December 31, 2016 follow:

	Amounts
Asset:	
Vehicles	\$715,046
Less: Accumulated Depreciation	(71,504)
Current Book Value	\$643,542

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

Year Ending December 31,	
2017	\$77,260
2018	77,260
2019	77,260
2020	248,260
2021	77,260
Total Payments	557,300
Less: Amount Representing Interest	(72,360)
Present Value of Minimum Lease Payments	\$484,940

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 18 - Interfund Transfers**

Interfund transfers for the year ended December 31, 2016, consisted of the following:

Transfers To	Transfer From		Total
	General	Other Governmental Funds	
<i>Major Fund:</i>			
General	\$0	\$297,512	\$297,512
Other Governmental Funds	4,470,000	0	4,470,000
Total All Funds	<u>\$4,470,000</u>	<u>\$297,512</u>	<u>\$4,767,512</u>

The general fund transfer to the recreation special revenue fund is an annual subsidy to help keep program fees affordable to participants. The general fund transfers to the safety and service equipment, building construction and general capital improvements capital projects funds were an occasional subsidy for capital purchases. The recreation special revenue transfer of \$297,512 to the general fund was made to close out the recreation fund.

**Note 19 – Joint Economic Development District**

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

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

**Note 20 – Significant Commitments**

***Contractual Commitments***

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



**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

Vendor	Project Description	Amount Remaining on Contract
R.J. PLATTEN CONTRACTING CO.	Cannon Rd Sidewalk	\$7,811
LIBERTA CONSTRUCTION DBA	2015 Emergency Rd Repair	131,470
TRIMOR CORPORATION	2016 Emergency Rd Repair	173,725
BARBICAS CONSTRUCTION CO	Annual Asphalt Repair	557,284
TRIMOR CORPORATION	Annual Concrete Repair	240,284
GEO-SCI LABORATORY, INC.	Annual Materials Testing	55,856
BITUMINOUS PAVEMENT SYSTEMS	Annual Preventive Maint.	16,697
AAA PIPE CLEANING	Annual Sewer Grouting	101,680
NERONE & SONS, INC.	Annual Sewer System	95,326
A&A SAFETY, INC.	Annual Street Striping	35,621
GPD ASSOCIATES	Aurora Rd Reconstruction design	427,860
BURGESS & NIPLE LTD	Bainbridge Rd Culvert design	39,160
TRIMOR CORPORATION	Cochran Rd Reconstruction	275,149
DIGIOIA SUBURBAN	Longview Dr Infra. Improv.	75,827
CHAGRIN VALLEY PAVING	Route 91 Resurfacing	242,537
PLATFORM CEMENT, INC.	Brainard Rd Culvert Replacement	29,463
BURGESS & NIPLE LTD	Briar Hill Culvert design	71,941
BURGESS & NIPLE LTD	City Hall Entrance Design	22,650
G & W ROOFING &	City Hall Roof	211,661
PERRAM ELECTRIC, INC.	Citywide Traffic Signal Upgrade	330,614
R.L. HILL MANAGEMENT INC.	Const 2nd Floor City Hall	24,365
ARCADIS US, INC.	Engineering-Prelim Trmt	82,181
CONNER'S COMFORT SYSTEMS	Fire Sta 1 HVAC R&R	37,050
ABC PIPING	Fire Suppress-Historical Bldg	3,490
SNAVELY EXCAVATING CO.	Fox Run Storm Sewer	20,749
DOMINION EAST OHIO	Hunters Ridger Infra Improv.	27,947
FABRIZI TRUCKING AND PAVING	Hunters Ridger Infra Improv.	136,095
THE ILLUMINATING COMPANY	Hunters Ridger Infra Improv.	19,448
PERRAM ELECTRIC, INC.	I-Net Fiber Replacement	20,940
MICHAEL BAKER INTL. INC.	Inspections as needed thru May 2017	241,385
TREASURER, STATE OF OHIO	Miles Rd Sanitary Sewer Permit	5,228
MARK HAYNES CONSTRUCTION	Pepperwood Storm	209,909
PLATFORM CEMENT, INC.	Pepperwood Storm	15,628
M-A BUILDING & MAINTENANCE CO.	Police Dept Roof	136,241
ECLIPSE CO., LLC	SOM Storm Sewer Replacement	21,055
APEX COMPANIES, LLC	St. Mary's Stream Restoration	18,164
Total		\$4,162,492

**Encumbrances**

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

<i>Governmental Funds:</i>		<i>Proprietary Funds:</i>	
General Fund	\$1,277,050	Water Reclamation Fund	\$229,069
Infrastructure Fund	3,951,238	Grantwood Golf Fund	2,943
Other Governmental Funds	<u>1,149,161</u>	Internal Service Fund	<u>7,500</u>
Total Governmental	<u><u>\$6,377,449</u></u>	Total Proprietary	<u><u>\$239,512</u></u>

**Note 21 – Change in Accounting Principle**

For 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” GASB Statement No 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,” GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” GASB Statement No. 79, “Certain External Investment Pools and Pool Participants,” GASB Statement No. 77, “Tax Abatement Disclosures.” and GASB Statement No. 82, “Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73.”

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68. The implementation of this GASB pronouncement did not result in any changes to the City’s financial statements.

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the City’s financial statements.

GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance and also establishes additional note disclosure requirements for governments that participate in those pools. The City participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The City incorporated the corresponding GASB 79 guidance into their 2016 financial statements; however, there was no effect on beginning net position/fund balance.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 22 - Tax Abatement Disclosures**

As of December 31, 2016, the City of Solon provides tax incentives under two programs: the Urban Jobs and Enterprise Zone (EZ) and the Community Reinvestment Area (CRA)

***Real Estate Tax Abatements***

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

***Current Tax Abatement Activity***

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

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2016.

Tax Abatement Program	Total Amount of Taxes Abated (Incentives Abated) For the year 2016 (In Actual Dollars)
<i>Community Reinvestment Area (CRA)</i>	
- Manufacturing	\$541,397
<i>Enterprise Zone Agreement (EZA)</i>	
- Industrial	171,360

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Enterprise Zone Revenue Sharing Agreement***

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

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

The following is the required amount of income tax dollars paid by the City to the Solon City School District in 2016:

Enterprise Zone Revenue Sharing	\$92,947
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## Required Supplementary Information

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

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0970810%	0.0984084%	0.0984084%
City's Proportionate Share of the Net Pension Liability	\$16,815,653	\$11,869,151	\$11,601,065
City's Covered Payroll	\$12,083,657	\$12,064,925	\$12,360,838
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	139.16%	98.38%	93.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

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

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

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

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.4655460%	0.4682640%	0.4682640%
City's Proportionate Share of the Net Pension Liability	\$29,948,902	\$24,258,028	\$22,805,926
City's Covered Payroll	\$9,269,014	\$9,113,753	\$8,880,813
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	323.11%	266.17%	256.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$1,393,598	\$1,450,038	\$1,447,791	\$1,606,909
Contributions in Relation to the Contractually Required Contribution	<u>(1,393,598)</u>	<u>(1,450,038)</u>	<u>(1,447,791)</u>	<u>(1,606,909)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$11,613,317	\$12,083,657	\$12,064,925	\$12,360,838
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%	13.00%

(1) Although this schedule is intended to show information for ten years, information prior to 2013 is not available. An additional column will be added each year.



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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$2,045,193	\$1,992,084	\$1,959,654	\$1,631,979
Contributions in Relation to the Contractually Required Contribution	<u>(2,045,193)</u>	<u>(1,992,084)</u>	<u>(1,959,654)</u>	<u>(1,631,979)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$9,514,949	\$9,269,014	\$9,113,753	\$8,880,813
Contributions as a Percentage of Covered-Employee Payroll	21.49%	21.49%	21.50%	18.38%

2012	2011	2010	2009	2008	2007
\$1,306,875	\$1,283,206	\$1,287,816	\$1,315,498	\$1,224,574	\$1,178,091
(1,306,875)	(1,283,206)	(1,287,816)	(1,315,498)	(1,224,574)	(1,178,091)
\$0	\$0	\$0	\$0	\$0	\$0
\$8,565,132	\$8,385,932	\$8,433,354	\$8,584,815	\$7,974,399	\$7,683,054
15.26%	15.30%	15.27%	15.32%	15.36%	15.33%

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

## Combining Statements – Nonmajor Governmental Funds (continued)

### *Nonmajor Capital Projects Funds*

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

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

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

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

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

**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2016*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,690,269	\$3,662,263	\$5,352,532
Accounts Receivable	48,704	0	48,704
Intergovernmental Receivable	651,707	19,416	671,123
Municipal Income Taxes Receivable	0	46,079	46,079
Property Taxes Receivable	2,114,259	412,650	2,526,909
<i>Total Assets</i>	<u>\$4,504,939</u>	<u>\$4,140,408</u>	<u>\$8,645,347</u>
<b>Liabilities</b>			
Accounts Payable	\$12,169	\$27,551	\$39,720
Contracts Payable	0	105,693	105,693
Intergovernmental Payable	245,336	0	245,336
Retainage Payable	0	144,887	144,887
<i>Total Liabilities</i>	<u>257,505</u>	<u>278,131</u>	<u>535,636</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,040,399	398,370	2,438,769
Unavailable Revenue	642,070	55,401	697,471
<i>Total Deferred Inflows of Resources</i>	<u>2,682,469</u>	<u>453,771</u>	<u>3,136,240</u>
<b>Fund Balances</b>			
Restricted	1,184,006	3,408,506	4,592,512
Committed	380,959	0	380,959
<i>Total Fund Balances</i>	<u>1,564,965</u>	<u>3,408,506</u>	<u>4,973,471</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$4,504,939</u>	<u>\$4,140,408</u>	<u>\$8,645,347</u>

**City of Solon, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2016*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property Taxes	\$2,060,988	\$401,383	\$2,462,371
Municipal Income Taxes	0	96,437	96,437
Intergovernmental	1,318,781	39,125	1,357,906
Investment Income	1,439	0	1,439
Fees, Licenses and Permits	243,111	0	243,111
Fines and Forfeitures	24,041	0	24,041
Rentals	19,046	0	19,046
Charges for Services	1,380	0	1,380
Contributions and Donations	62,419	0	62,419
Miscellaneous	61,028	44,568	105,596
<i>Total Revenues</i>	<u>3,792,233</u>	<u>581,513</u>	<u>4,373,746</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property			
Police	978,567	0	978,567
Fire	1,281,361	0	1,281,361
Leisure Time Activities	325,051	0	325,051
Transportation	1,162,000	0	1,162,000
General Government	17,838	0	17,838
Capital Outlay	0	3,384,841	3,384,841
Debt Service:			
Principal Retirement	0	69,106	69,106
Interest and Fiscal Charges	0	8,153	8,153
<i>Total Expenditures</i>	<u>3,764,817</u>	<u>3,462,100</u>	<u>7,226,917</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>27,416</u>	<u>(2,880,587)</u>	<u>(2,853,171)</u>
<b>Other Financing Sources (Uses)</b>			
Inception of Capital Lease	0	554,046	554,046
Transfers In	20,000	4,450,000	4,470,000
Transfers Out	(297,512)	0	(297,512)
<i>Total Other Financing Sources (Uses)</i>	<u>(277,512)</u>	<u>5,004,046</u>	<u>4,726,534</u>
<i>Net Change in Fund Balances</i>	(250,096)	2,123,459	1,873,363
<i>Fund Balances Beginning of Year</i>	<u>1,815,061</u>	<u>1,285,047</u>	<u>3,100,108</u>
<i>Fund Balances End of Year</i>	<u>\$1,564,965</u>	<u>\$3,408,506</u>	<u>\$4,973,471</u>

**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2016*

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$58,096	\$10,090	\$585,655	\$516,211	\$123,156
Accounts Receivable	0	0	0	0	48,704
Intergovernmental Receivable	500,606	40,590	44,205	66,306	0
Property Taxes Receivable	0	0	845,703	1,268,556	0
<i>Total Assets</i>	<u>\$558,702</u>	<u>\$50,680</u>	<u>\$1,475,563</u>	<u>\$1,851,073</u>	<u>\$171,860</u>
<b>Liabilities</b>					
Accounts Payable	\$0	\$0	\$0	\$0	\$12,169
Intergovernmental Payable	0	0	94,941	150,395	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>94,941</u>	<u>150,395</u>	<u>12,169</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	0	0	816,159	1,224,240	0
Unavailable Revenue	423,372	34,327	73,749	110,622	0
<i>Total Deferred Inflows of Resources</i>	<u>423,372</u>	<u>34,327</u>	<u>889,908</u>	<u>1,334,862</u>	<u>0</u>
<b>Fund Balances</b>					
Restricted	135,330	16,353	490,714	365,816	0
Committed	0	0	0	0	159,691
<i>Total Fund Balances</i>	<u>135,330</u>	<u>16,353</u>	<u>490,714</u>	<u>365,816</u>	<u>159,691</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$558,702</u>	<u>\$50,680</u>	<u>\$1,475,563</u>	<u>\$1,851,073</u>	<u>\$171,860</u>



<u>Tree Planting</u>	<u>Recreation</u>	<u>Police Department Programs</u>	<u>Law Enforcement Trust</u>	<u>Donations Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$147,350	\$23,727	\$21,781	\$154,012	\$50,191	\$1,690,269
0	0	0	0	0	48,704
0	0	0	0	0	651,707
0	0	0	0	0	2,114,259
<u>\$147,350</u>	<u>\$23,727</u>	<u>\$21,781</u>	<u>\$154,012</u>	<u>\$50,191</u>	<u>\$4,504,939</u>
\$0	\$0	\$0	\$0	\$0	\$12,169
0	0	0	0	0	245,336
0	0	0	0	0	257,505
0	0	0	0	0	2,040,399
0	0	0	0	0	642,070
0	0	0	0	0	2,682,469
0	0	21,781	154,012	0	1,184,006
147,350	23,727	0	0	50,191	380,959
147,350	23,727	21,781	154,012	50,191	1,564,965
<u>\$147,350</u>	<u>\$23,727</u>	<u>\$21,781</u>	<u>\$154,012</u>	<u>\$50,191</u>	<u>\$4,504,939</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, 2016*

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
<b>Revenues</b>					
Property Taxes	\$0	\$0	\$824,405	\$1,236,583	\$0
Intergovernmental	1,013,362	82,166	89,304	133,949	0
Investment Income	348	340	0	0	751
Fees, Licenses and Permits	0	0	0	0	243,111
Fines and Forfeitures	0	0	0	0	0
Rentals	0	0	0	0	0
Charges for Services	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>1,013,710</u>	<u>82,506</u>	<u>913,709</u>	<u>1,370,532</u>	<u>243,862</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property					
Police	0	0	829,614	0	0
Fire	0	0	0	1,281,361	0
Leisure Time Activities	0	0	0	0	203,097
Transportation	1,038,000	124,000	0	0	0
General Government	0	0	0	0	0
<i>Total Expenditures</i>	<u>1,038,000</u>	<u>124,000</u>	<u>829,614</u>	<u>1,281,361</u>	<u>203,097</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(24,290)</u>	<u>(41,494)</u>	<u>84,095</u>	<u>89,171</u>	<u>40,765</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(24,290)</u>	<u>(41,494)</u>	<u>84,095</u>	<u>89,171</u>	<u>40,765</u>
<i>Fund Balances Beginning of Year</i>	<u>159,620</u>	<u>57,847</u>	<u>406,619</u>	<u>276,645</u>	<u>118,926</u>
<i>Fund Balances End of Year</i>	<u><u>\$135,330</u></u>	<u><u>\$16,353</u></u>	<u><u>\$490,714</u></u>	<u><u>\$365,816</u></u>	<u><u>\$159,691</u></u>

Tree Planting	Recreation	Police Department Programs	Law Enforcement Trust	Donations Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$2,060,988
0	0	0	0	0	1,318,781
0	0	0	0	0	1,439
0	0	0	0	0	243,111
0	0	0	24,041	0	24,041
0	19,046	0	0	0	19,046
1,380	0	0	0	0	1,380
0	13,500	35,765	0	13,154	62,419
0	61,028	0	0	0	61,028
<u>1,380</u>	<u>93,574</u>	<u>35,765</u>	<u>24,041</u>	<u>13,154</u>	<u>3,792,233</u>
0	0	41,619	104,676	2,658	978,567
0	0	0	0	0	1,281,361
0	111,737	0	0	10,217	325,051
0	0	0	0	0	1,162,000
17,838	0	0	0	0	17,838
<u>17,838</u>	<u>111,737</u>	<u>41,619</u>	<u>104,676</u>	<u>12,875</u>	<u>3,764,817</u>
<u>(16,458)</u>	<u>(18,163)</u>	<u>(5,854)</u>	<u>(80,635)</u>	<u>279</u>	<u>27,416</u>
0	20,000	0	0	0	20,000
0	(297,512)	0	0	0	(297,512)
<u>0</u>	<u>(277,512)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(277,512)</u>
<u>(16,458)</u>	<u>(295,675)</u>	<u>(5,854)</u>	<u>(80,635)</u>	<u>279</u>	<u>(250,096)</u>
<u>163,808</u>	<u>319,402</u>	<u>27,635</u>	<u>234,647</u>	<u>49,912</u>	<u>1,815,061</u>
<u>\$147,350</u>	<u>\$23,727</u>	<u>\$21,781</u>	<u>\$154,012</u>	<u>\$50,191</u>	<u>\$1,564,965</u>

**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2016*

	Safety and Service Equipment	Building Construction	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$186,757	\$2,638,770	\$17,744	\$818,992	\$3,662,263
Intergovernmental Receivable	19,416	0	0	0	19,416
Municipal Income Taxes Receivable	0	0	0	46,079	46,079
Property Taxes Receivable	412,650	0	0	0	412,650
<i>Total Assets</i>	<u>\$618,823</u>	<u>\$2,638,770</u>	<u>\$17,744</u>	<u>\$865,071</u>	<u>\$4,140,408</u>
<b>Liabilities</b>					
Accounts Payable	\$0	\$11,521	\$0	\$16,030	\$27,551
Contracts Payable	0	29,943	0	75,750	105,693
Retainage Payable	0	130,847	0	14,040	144,887
<i>Total Liabilities</i>	<u>0</u>	<u>172,311</u>	<u>0</u>	<u>105,820</u>	<u>278,131</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	398,370	0	0	0	398,370
Unavailable Revenue	33,696	0	0	21,705	55,401
<i>Total Deferred Inflows of Resources</i>	<u>432,066</u>	<u>0</u>	<u>0</u>	<u>21,705</u>	<u>453,771</u>
<b>Fund Balances</b>					
Restricted	186,757	2,466,459	17,744	737,546	3,408,506
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$618,823</u>	<u>\$2,638,770</u>	<u>\$17,744</u>	<u>\$865,071</u>	<u>\$4,140,408</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, 2016*

	Safety and Service Equipment	Building Construction	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
<b>Revenues</b>					
Property Taxes	\$401,383	\$0	\$0	\$0	\$401,383
Municipal Income Taxes	0	0	0	96,437	96,437
Intergovernmental	39,125	0	0	0	39,125
Miscellaneous	0	35,398	0	9,170	44,568
<i>Total Revenues</i>	<u>440,508</u>	<u>35,398</u>	<u>0</u>	<u>105,607</u>	<u>581,513</u>
<b>Expenditures</b>					
Capital Outlay	1,084,069	1,529,450	0	771,322	3,384,841
Debt Service:					
Principal Retirement	69,106	0	0	0	69,106
Interest and Fiscal Charges	8,153	0	0	0	8,153
<i>Total Expenditures</i>	<u>1,161,328</u>	<u>1,529,450</u>	<u>0</u>	<u>771,322</u>	<u>3,462,100</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(720,820)</u>	<u>(1,494,052)</u>	<u>0</u>	<u>(665,715)</u>	<u>(2,880,587)</u>
<b>Other Financing Sources (Uses)</b>					
Inception of Capital Lease	554,046	0	0	0	554,046
Transfers In	100,000	3,600,000	0	750,000	4,450,000
<i>Total Other Financing Sources (Uses)</i>	<u>654,046</u>	<u>3,600,000</u>	<u>0</u>	<u>750,000</u>	<u>5,004,046</u>
<i>Net Change in Fund Balances</i>	<u>(66,774)</u>	<u>2,105,948</u>	<u>0</u>	<u>84,285</u>	<u>2,123,459</u>
<i>Fund Balances Beginning of Year</i>	<u>253,531</u>	<u>360,511</u>	<u>17,744</u>	<u>653,261</u>	<u>1,285,047</u>
<i>Fund Balances End of Year</i>	<u>\$186,757</u>	<u>\$2,466,459</u>	<u>\$17,744</u>	<u>\$737,546</u>	<u>\$3,408,506</u>

## Combining Statements – Fiduciary Funds

### *Fiduciary Funds*

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

### *Agency Funds*

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

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

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

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

**City of Solon, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2016*

	Beginning Balance 12/31/15	Additions	Deductions	Ending Balance 12/31/16
<b><i>Inspection Deposits Fund</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$877,295	\$97,050	\$380,175	\$594,170
<b>Liabilities</b>				
Deposits Held and Due to Others	\$877,295	\$97,050	\$380,175	\$594,170
 <b><i>Traffic Violations Fund</i></b>				
<b>Assets</b>				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$108,198	\$108,198	\$0
<b>Liabilities</b>				
Intergovernmental Payable	\$0	\$108,198	\$108,198	\$0
 <b><i>DARE Scholarship Fund</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$374	\$0	\$0	\$374
<b>Liabilities</b>				
Deposits Held and Due to Others	\$374	\$0	\$0	\$374
 <b><i>JEDD Income Tax Fund</i></b>				
<b>Assets</b>				
Cash and Cash Equivalents in Segregated Accounts	\$46,651	\$207,948	\$220,198	\$34,401
<b>Liabilities</b>				
Intergovernmental Payable	\$46,651	\$207,948	\$220,198	\$34,401
 <b><i>Total - All Agency Funds</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$877,669	\$97,050	\$380,175	\$594,544
Cash and Cash Equivalents in Segregated Accounts	46,651	316,146	328,396	34,401
<b>Total Assets</b>	<b>\$924,320</b>	<b>\$413,196</b>	<b>\$708,571</b>	<b>\$628,945</b>
<b>Liabilities</b>				
Intergovernmental Payable	\$46,651	\$316,146	\$328,396	\$34,401
Deposits Held and Due to Others	877,669	97,050	380,175	594,544
<b>Total Liabilities</b>	<b>\$924,320</b>	<b>\$413,196</b>	<b>\$708,571</b>	<b>\$628,945</b>

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



**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$1,347,220	\$1,347,220	\$1,406,373	\$59,153
Municipal Income Taxes	30,799,974	30,799,768	31,543,259	743,491
Intergovernmental	535,539	535,539	546,471	10,932
Investment Income	605,961	605,961	403,386	(202,575)
Fees, Licenses and Permits	665,600	665,600	716,215	50,615
Fines and Forfeitures	316,000	316,000	324,844	8,844
Charges for Services	4,115,038	4,115,038	3,918,352	(196,686)
Rentals	5,400	5,400	6,476	1,076
Contributions and Donations	6,500	6,500	37	(6,463)
Miscellaneous	180,660	180,660	575,354	394,694
<b>Total Revenues</b>	<b>38,577,892</b>	<b>38,577,686</b>	<b>39,440,767</b>	<b>863,081</b>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Personal Services	6,393,340	6,395,054	6,232,263	162,791
Materials and Supplies	322,751	321,738	273,627	48,111
Contractual Services	582,445	583,693	583,693	0
Capital Outlay	200,712	200,762	193,892	6,870
<b>Total Police</b>	<b>7,499,248</b>	<b>7,501,247</b>	<b>7,283,475</b>	<b>217,772</b>
Fire				
Personal Services	5,629,778	5,631,203	5,578,537	52,666
Materials and Supplies	273,918	273,905	232,335	41,570
Contractual Services	137,263	137,358	133,193	4,165
Capital Outlay	69,199	69,216	55,156	14,060
<b>Total Fire</b>	<b>6,110,158</b>	<b>6,111,682</b>	<b>5,999,221</b>	<b>112,461</b>
<b>Total Security of Persons and Property</b>	<b>13,609,406</b>	<b>13,612,929</b>	<b>13,282,696</b>	<b>330,233</b>
Public Health and Welfare				
Cemetery				
Other	5,998	6,000	4,114	1,886
County Health District				
Contractual Services	91,975	92,000	91,524	476
<b>Total Public Health and Welfare</b>	<b>97,973</b>	<b>98,000</b>	<b>95,638</b>	<b>2,362</b>
Leisure Time Activities				
Recreation Admin				
Personal Services	371,866	371,964	348,823	23,141
Materials and Supplies	46,288	40,411	35,137	5,274
Contractual Services	46,138	52,039	52,039	0
Other	12,746	12,750	10,078	2,672
<b>Total Recreation Admin</b>	<b>477,038</b>	<b>477,164</b>	<b>446,077</b>	<b>31,087</b>
Youth and Adult Recreation Programs				
Personal Services	492,810	492,943	450,535	42,408
Materials and Supplies	110,860	110,890	93,642	17,248
Contractual Services	229,347	229,410	199,183	30,227
Capital Outlay	11,497	11,500	3,397	8,103
Other	18,495	18,500	15,151	3,349
<b>Total Youth Recreation Programs</b>	<b>\$863,009</b>	<b>\$863,243</b>	<b>\$761,908</b>	<b>\$101,335</b>

(continued)

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 General Fund (continued)  
 For the Year Ended December 31, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Community Parks and Swimming Pools				
Personal Services	\$563,434	\$563,586	\$545,282	\$18,304
Materials and Supplies	140,262	140,300	130,081	10,219
Contractual Services	79,978	80,000	66,514	13,486
<b>Total Community Parks and Swimming Pools</b>	<b>783,674</b>	<b>783,886</b>	<b>741,877</b>	<b>42,009</b>
Community Center				
Personal Services	890,850	891,091	886,440	4,651
Materials and Supplies	213,642	206,645	177,859	28,786
Contractual Services	122,467	129,555	129,555	0
Capital Outlay	29,992	30,000	29,745	255
Other	14,996	15,000	13,412	1,588
<b>Total Community Center</b>	<b>1,271,947</b>	<b>1,272,291</b>	<b>1,237,011</b>	<b>35,280</b>
Center for the Arts Programs				
Personal Services	656,701	656,878	632,533	24,345
Materials and Supplies	94,113	94,137	80,489	13,648
Contractual Services	81,267	81,289	61,301	19,988
Capital Outlay	5,803	5,804	4,762	1,042
Other	28,992	29,000	17,616	11,384
<b>Total Center for the Arts Programs</b>	<b>866,876</b>	<b>867,108</b>	<b>796,701</b>	<b>70,407</b>
Senior Services Admin				
Personal Services	424,656	424,770	418,896	5,874
Materials and Supplies	26,019	23,622	23,220	402
Contractual Services	0	2,404	2,404	0
<b>Total Senior Services Admin</b>	<b>450,675</b>	<b>450,796</b>	<b>444,520</b>	<b>6,276</b>
Senior Programs				
Materials and Supplies	61,546	61,561	55,985	5,576
Contractual Services	93,410	93,434	87,939	5,495
Other	200	200	40	160
<b>Total Senior Programs</b>	<b>155,156</b>	<b>155,195</b>	<b>143,964</b>	<b>11,231</b>
<b>Total Leisure Time Activities</b>	<b>4,868,375</b>	<b>4,869,683</b>	<b>4,572,058</b>	<b>297,625</b>
Community Environment				
Planning and Zoning				
Personal Services	510,320	510,457	476,628	33,829
Materials and Supplies	7,868	7,870	7,730	140
Contractual Services	31,079	31,455	31,455	0
Capital Outlay	620	620	616	4
<b>Total Planning and Zoning</b>	<b>549,887</b>	<b>550,402</b>	<b>516,429</b>	<b>33,973</b>
Development Board				
Materials and Supplies	3,856	3,857	62	3,795
Contractual Services	32,191	32,200	27,063	5,137
<b>Total Development Board</b>	<b>\$36,047</b>	<b>\$36,057</b>	<b>\$27,125</b>	<b>\$8,932</b>

(continued)

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Building Department				
Personal Services	\$185,750	\$185,799	\$180,142	\$5,657
Materials and Supplies	7,986	7,485	4,944	2,541
Contractual Services	157,807	157,979	157,979	0
Capital Outlay	500	500	0	500
Other	<u>15,996</u>	<u>16,000</u>	<u>13,760</u>	<u>2,240</u>
Total Building Department	<u>368,039</u>	<u>367,763</u>	<u>356,825</u>	<u>10,938</u>
Engineering Department				
Personal Services	711,145	711,424	558,308	153,116
Materials and Supplies	34,022	32,688	22,437	10,251
Contractual Services	164,815	166,192	166,192	0
Capital Outlay	<u>5,998</u>	<u>6,000</u>	<u>3,821</u>	<u>2,179</u>
Total Engineering Department	<u>915,980</u>	<u>916,304</u>	<u>750,758</u>	<u>165,546</u>
Beautification Commission				
Materials and Supplies	24,694	24,701	23,310	1,391
Contractual Services	<u>750</u>	<u>750</u>	<u>600</u>	<u>150</u>
Total Beautification Commission	<u>25,444</u>	<u>25,451</u>	<u>23,910</u>	<u>1,541</u>
Total Community Environment	<u>1,895,397</u>	<u>1,895,977</u>	<u>1,675,047</u>	<u>220,930</u>
Basic Utility Services				
Storm Sewers				
Personal Services	565,609	565,758	483,654	82,104
Materials and Supplies	38,758	38,768	22,391	16,377
Contractual Services	<u>9,997</u>	<u>10,000</u>	<u>3,821</u>	<u>6,179</u>
Total Storm Sewers	<u>614,364</u>	<u>614,526</u>	<u>509,866</u>	<u>104,660</u>
Trees, Leaf and Brush				
Personal Services	76,479	76,500	76,321	179
Materials and Supplies	5,000	5,000	250	4,750
Contractual Services	<u>29,991</u>	<u>30,000</u>	<u>12,745</u>	<u>17,255</u>
Total Trees, Leaf and Brush	<u>111,470</u>	<u>111,500</u>	<u>89,316</u>	<u>22,184</u>
Refuse Collection and Disposal				
Personal Services	586,299	586,458	574,300	12,158
Materials and Supplies	263,013	263,084	228,774	34,310
Contractual Services	<u>362,037</u>	<u>362,128</u>	<u>320,787</u>	<u>41,341</u>
Total Refuse Collection and Disposal	<u>1,211,349</u>	<u>1,211,670</u>	<u>1,123,861</u>	<u>87,809</u>
Total Basic Utility Services	<u>1,937,183</u>	<u>1,937,696</u>	<u>1,723,043</u>	<u>214,653</u>
Transportation				
Street Department				
Personal Services	2,521,498	2,522,170	2,310,314	211,856
Materials and Supplies	1,117,501	1,117,784	893,613	224,171
Contractual Services	75,465	75,482	31,809	43,673
Capital Outlay	<u>56,666</u>	<u>56,680</u>	<u>18,520</u>	<u>38,160</u>
Total Transportation	<u>\$3,771,130</u>	<u>\$3,772,116</u>	<u>\$3,254,256</u>	<u>\$517,860</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>General Government</b>				
<b>Council</b>				
Personal Services	\$275,730	\$275,805	\$261,795	\$14,010
Materials and Supplies	12,854	12,857	10,681	2,176
Contractual Services	10,217	10,219	9,985	234
<b>Total Council</b>	<b>298,801</b>	<b>298,881</b>	<b>282,461</b>	<b>16,420</b>
<b>Mayor</b>				
Personal Services	240,527	240,592	230,307	10,285
Materials and Supplies	6,778	6,780	5,654	1,126
Contractual Services	557	5,600	5,600	0
Capital Outlay	250	250	0	250
<b>Total Mayor</b>	<b>248,112</b>	<b>253,222</b>	<b>241,561</b>	<b>11,661</b>
<b>Finance/Income Tax</b>				
Personal Services	670,010	670,191	509,477	160,714
Materials and Supplies	21,299	21,305	13,958	7,347
Contractual Services	691,692	691,862	602,566	89,296
Capital Outlay	1,000	1,000	0	1,000
<b>Total Finance/Income Tax</b>	<b>1,384,001</b>	<b>1,384,358</b>	<b>1,126,001</b>	<b>258,357</b>
<b>Prosecutor/Legal Department</b>				
Personal Services	158,986	159,029	159,027	2
Contractual Services	270,305	256,067	229,788	26,279
Other	167,455	176,754	176,754	0
<b>Total Prosecutor/Legal Department</b>	<b>596,746</b>	<b>591,850</b>	<b>565,569</b>	<b>26,281</b>
<b>Human Resources</b>				
Personal Services	428,114	428,229	388,805	39,424
Materials and Supplies	5,901	5,903	4,745	1,158
Contractual Services	226,007	226,065	195,208	30,857
Capital Outlay	18,145	18,150	15,196	2,954
<b>Total Human Resources</b>	<b>678,167</b>	<b>678,347</b>	<b>603,954</b>	<b>74,393</b>
<b>Civil Service</b>				
Materials and Supplies	995	995	301	694
Contractual Services	25,421	25,429	25,002	427
<b>Total Civil Service</b>	<b>26,416</b>	<b>26,424</b>	<b>25,303</b>	<b>1,121</b>
<b>City Hall</b>				
Personal Services	92,599	92,625	89,473	3,152
Materials and Supplies	500	500	0	500
Contractual Services	1,500	1,500	773	727
<b>Total City Hall</b>	<b>94,599</b>	<b>94,625</b>	<b>90,246</b>	<b>4,379</b>
<b>Unclaimed Monies</b>				
Other	\$5,000	\$5,000	\$200	\$4,800

(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, 2016*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
City Administration				
Personal Services	\$5,254,757	\$5,256,385	\$4,657,941	\$598,444
Materials and Supplies	179,195	179,230	150,827	28,403
Contractual Services	2,915,169	2,916,146	2,724,436	191,710
Capital Outlay	39,905	39,905	36,264	3,641
Other	52,565	52,579	40,578	12,001
<b>Total City Administration</b>	<u>8,441,591</u>	<u>8,444,245</u>	<u>7,610,046</u>	<u>834,199</u>
Sick Leave Reserve				
Personal Services	297,000	297,000	248,682	48,318
<b>Total General Government</b>	<u>12,070,433</u>	<u>12,073,952</u>	<u>10,794,023</u>	<u>1,279,929</u>
<b>Total Expenditures</b>	<u>38,249,897</u>	<u>38,260,353</u>	<u>35,396,761</u>	<u>2,863,592</u>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>327,995</u>	<u>317,333</u>	<u>4,044,006</u>	<u>3,726,673</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	45,650	45,650	45,650	0
Transfers In	797,512	297,512	297,512	0
Transfers Out	(5,720,000)	(5,720,000)	(5,720,000)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(4,876,838)</u>	<u>(5,376,838)</u>	<u>(5,376,838)</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	(4,548,843)	(5,059,505)	(1,332,832)	3,726,673
<b>Fund Balance Beginning of Year</b>	24,368,513	24,368,513	24,368,513	0
Prior Year Encumbrances Appropriated	472,554	472,554	472,554	0
<b>Fund Balance End of Year</b>	<u>\$20,292,224</u>	<u>\$19,781,562</u>	<u>\$23,508,235</u>	<u>\$3,726,673</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, 2016*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$300,549	\$300,549	\$309,139	\$8,590
Special Assessments	323,145	323,145	357,492	34,347
Intergovernmental	44,352	44,352	44,352	0
Fees, Licenses and Permits	39,000	39,000	4,704	(34,296)
<i>Total Revenues</i>	<u>707,046</u>	<u>707,046</u>	<u>715,687</u>	<u>8,641</u>
<b>Expenditures</b>				
Current:				
General Government				
Legislative and Executive				
Contractual Services	12,000	12,000	4,341	7,659
Debt Service:				
Principal Retirement	696,037	696,037	696,037	0
Interest and Fiscal Charges	172,034	172,034	157,543	14,491
<i>Total Debt Service</i>	<u>868,071</u>	<u>868,071</u>	<u>853,580</u>	<u>14,491</u>
<i>Total Expenditures</i>	<u>880,071</u>	<u>880,071</u>	<u>857,921</u>	<u>22,150</u>
<i>Net Change in Fund Balance</i>	(173,025)	(173,025)	(142,234)	30,791
<i>Fund Balance Beginning of Year</i>	<u>1,253,173</u>	<u>1,253,173</u>	<u>1,253,173</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,080,148</u>	<u>\$1,080,148</u>	<u>\$1,110,939</u>	<u>\$30,791</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, 2016*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Municipal Income Taxes	\$10,519,923	\$10,519,923	\$10,661,087	\$141,164
Special Assessments	20,000	20,000	21,925	1,925
Intergovernmental	65,000	65,000	391,618	326,618
Miscellaneous	250,000	250,000	276,797	26,797
<i>Total Revenues</i>	<u>10,854,923</u>	<u>10,854,923</u>	<u>11,351,427</u>	<u>496,504</u>
<b>Expenditures</b>				
Current:				
Transportation				
Engineering Department				
Personal Services	394,269	394,269	394,269	0
Capital Outlay	16,795,300	17,837,805	13,910,500	3,927,305
<i>Total Expenditures</i>	<u>17,189,569</u>	<u>18,232,074</u>	<u>14,304,769</u>	<u>3,927,305</u>
<i>Net Change in Fund Balance</i>	(6,334,646)	(7,377,151)	(2,953,342)	4,423,809
<i>Fund Balance Beginning of Year</i>	7,292,096	7,292,096	7,292,096	0
Prior Year Encumbrances Appropriated	5,511,652	5,511,652	5,511,652	0
<i>Fund Balance End of Year</i>	<u>\$6,469,102</u>	<u>\$5,426,597</u>	<u>\$9,850,406</u>	<u>\$4,423,809</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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$5,670,100	\$5,670,100	\$5,264,966	(\$405,134)
Tap-In Fees	75,000	75,000	58,090	(16,910)
Investment Income	9,000	9,000	75,927	66,927
Miscellaneous	10,100	10,100	34,207	24,107
<i>Total Revenues</i>	<u>5,764,200</u>	<u>5,764,200</u>	<u>5,433,190</u>	<u>(331,010)</u>
<b>Expenses</b>				
Personal Services	1,633,862	1,633,862	1,497,404	136,458
Materials and Supplies	529,416	529,416	478,243	51,173
Contractual Services	2,143,546	2,143,546	1,864,746	278,800
Other	31,567	31,567	31,567	0
Capital Outlay	207,890	207,890	11,626	196,264
Debt Service:				
Principal Retirement	395,904	395,904	395,904	0
Interest and Fiscal Charges	216,257	216,257	205,958	10,299
<i>Total Expenses</i>	<u>5,158,442</u>	<u>5,158,442</u>	<u>4,485,448</u>	<u>672,994</u>
<i>Net Change in Fund Equity</i>	605,758	605,758	947,742	341,984
<i>Fund Equity Beginning of Year</i>	8,795,244	8,795,244	8,795,244	0
Prior Year Encumbrances Appropriated	87,935	87,935	87,935	0
<i>Fund Equity End of Year</i>	<u>\$9,488,937</u>	<u>\$9,488,937</u>	<u>\$9,830,921</u>	<u>\$341,984</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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$885,500	\$885,500	\$766,110	(\$119,390)
Investment Income	0	0	1,615	1,615
Rentals	193,000	193,000	186,413	(6,587)
Miscellaneous	7,600	7,600	2,255	(5,345)
<i>Total Revenues</i>	<u>1,086,100</u>	<u>1,086,100</u>	<u>956,393</u>	<u>(129,707)</u>
<b>Expenses</b>				
Personal Services	635,944	635,944	602,389	33,555
Materials and Supplies	213,795	213,795	173,767	40,028
Contractual Services	115,572	115,572	97,363	18,209
Other	142,749	142,749	105,499	37,250
<i>Total Expenses</i>	<u>1,108,060</u>	<u>1,108,060</u>	<u>979,018</u>	<u>129,042</u>
<i>Net Change in Fund Equity</i>	(21,960)	(21,960)	(22,625)	(665)
<i>Fund Equity Beginning of Year</i>	215,078	215,078	215,078	0
Prior Year Encumbrances Appropriated	14,656	14,656	14,656	0
<i>Fund Equity End of Year</i>	<u>\$207,774</u>	<u>\$207,774</u>	<u>\$207,109</u>	<u>(\$665)</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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$965,000	\$965,000	\$1,017,008	\$52,008
Investment Income	1,500	1,500	521	(979)
<i>Total Revenues</i>	<u>966,500</u>	<u>966,500</u>	<u>1,017,529</u>	<u>51,029</u>
<b>Expenditures</b>				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	780,000	780,000	780,000	0
Materials and Supplies	258,000	258,000	258,000	0
<i>Total Expenditures</i>	<u>1,038,000</u>	<u>1,038,000</u>	<u>1,038,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(71,500)	(71,500)	(20,471)	51,029
<i>Fund Balance Beginning of Year</i>	<u>78,878</u>	<u>78,878</u>	<u>78,878</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,378</u></u>	<u><u>\$7,378</u></u>	<u><u>\$58,407</u></u>	<u><u>\$51,029</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*State Highway Fund*  
*For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$79,000	\$79,000	\$82,461	\$3,461
Investment Income	500	500	251	(249)
<i>Total Revenues</i>	79,500	79,500	82,712	3,212
<b>Expenditures</b>				
Current:				
Transportation				
State Highway				
Materials and Supplies	128,000	128,000	124,000	4,000
<i>Net Change in Fund Balance</i>	(48,500)	(48,500)	(41,288)	7,212
<i>Fund Balance Beginning of Year</i>	51,378	51,378	51,378	0
<i>Fund Balance End of Year</i>	<u>\$2,878</u>	<u>\$2,878</u>	<u>\$10,090</u>	<u>\$7,212</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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$801,455	\$801,455	\$824,405	\$22,950
Intergovernmental	89,304	89,304	89,304	0
<i>Total Revenues</i>	890,759	890,759	913,709	22,950
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Personal Services	864,000	864,000	826,887	37,113
<i>Net Change in Fund Balance</i>	26,759	26,759	86,822	60,063
<i>Fund Balance Beginning of Year</i>	498,833	498,833	498,833	0
<i>Fund Balance End of Year</i>	<u>\$525,592</u>	<u>\$525,592</u>	<u>\$585,655</u>	<u>\$60,063</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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$1,202,191	\$1,202,191	\$1,236,583	\$34,392
Intergovernmental	133,949	133,949	133,949	0
<i>Total Revenues</i>	1,336,140	1,336,140	1,370,532	34,392
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,319,000	1,319,000	1,265,881	53,119
<i>Net Change in Fund Balance</i>	17,140	17,140	104,651	87,511
<i>Fund Balance Beginning of Year</i>	411,560	411,560	411,560	0
<i>Fund Balance End of Year</i>	<u>\$428,700</u>	<u>\$428,700</u>	<u>\$516,211</u>	<u>\$87,511</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, 2016*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Investment Income	\$0	\$0	\$1,190	\$1,190
Fees, Licenses and Permits	<u>186,300</u>	<u>186,300</u>	<u>194,407</u>	<u>8,107</u>
<i>Total Revenues</i>	<u>186,300</u>	<u>186,300</u>	<u>195,597</u>	<u>9,297</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Cable TV				
Materials and Supplies	4,900	4,900	2,029	2,871
Contractual Services	208,604	208,604	203,648	4,956
Capital Outlay	<u>3,250</u>	<u>3,250</u>	<u>3,250</u>	<u>0</u>
<i>Total Expenditures</i>	<u>216,754</u>	<u>216,754</u>	<u>208,927</u>	<u>7,827</u>
<i>Net Change in Fund Balance</i>	(30,454)	(30,454)	(13,330)	17,124
<i>Fund Balance Beginning of Year</i>	115,762	115,762	115,762	0
Prior Year Encumbrances Appropriated	<u>10,654</u>	<u>10,654</u>	<u>10,654</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$95,962</u>	<u>\$95,962</u>	<u>\$113,086</u>	<u>\$17,124</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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$4,000	\$4,000	\$1,380	(\$2,620)
<b>Expenditures</b>				
Current:				
General Government				
Tree Planting				
Contractual Services	54,400	54,400	6,439	47,961
Other	25,000	25,000	16,192	8,808
<i>Total Expenditures</i>	<u>79,400</u>	<u>79,400</u>	<u>22,631</u>	<u>56,769</u>
<i>Net Change in Fund Balance</i>	(75,400)	(75,400)	(21,251)	54,149
<i>Fund Balance Beginning of Year</i>	161,358	161,358	161,358	0
Prior Year Encumbrances Appropriated	<u>4,400</u>	<u>4,400</u>	<u>4,400</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$90,358</u></u>	<u><u>\$90,358</u></u>	<u><u>\$144,507</u></u>	<u><u>\$54,149</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Recreation Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Rentals	\$16,000	\$16,000	\$19,046	\$3,046
Charges for Services	24,040	24,040	0	(24,040)
Contributions and Donations	16,000	16,000	13,500	(2,500)
Miscellaneous	79,000	79,000	61,028	(17,972)
<i>Total Revenues</i>	<u>135,040</u>	<u>135,040</u>	<u>93,574</u>	<u>(41,466)</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Administration				
Materials and Supplies	544	544	544	0
Contractual Services	1,225	1,225	1,225	0
Other	6,505	6,505	20	6,485
Total Administration	<u>8,274</u>	<u>8,274</u>	<u>1,789</u>	<u>6,485</u>
Recreation Programs				
Materials and Supplies	26,084	26,084	20,510	5,574
Contractual Services	105,000	105,000	84,946	20,054
Total Recreation Programs	<u>131,084</u>	<u>131,084</u>	<u>105,456</u>	<u>25,628</u>
Swimming Pools				
Contractual Services	166	166	0	166
Community Parks				
Materials and Supplies	6,833	6,833	676	6,157
Contractual Services	450	450	0	450
Total Community Parks	<u>7,283</u>	<u>7,283</u>	<u>676</u>	<u>6,607</u>
Concession Stand				
Materials and Supplies	644	644	0	644
Youth Recreation Programs				
Materials and Supplies	244	244	0	244
Contractual Services	2,159	2,159	0	2,159
Total Youth Recreation Programs	<u>2,403</u>	<u>2,403</u>	<u>0</u>	<u>2,403</u>
Adult Recreation Programs				
Materials and Supplies	1,291	1,291	0	1,291
Holiday Programs				
Materials and Supplies	1,024	1,024	248	776
Contractual Services	316	316	0	316
Total Holiday Programs	<u>\$1,340</u>	<u>\$1,340</u>	<u>\$248</u>	<u>\$1,092</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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community Center				
Materials and Supplies	\$2,101	\$2,101	\$655	\$1,446
Contractual Services	22,940	22,940	20,535	2,405
Capital Outlay	714	714	0	714
<b>Total Community Center</b>	<u>25,755</u>	<u>25,755</u>	<u>21,190</u>	<u>4,565</u>
<i>Total Expenditures</i>	<u>178,240</u>	<u>178,240</u>	<u>129,359</u>	<u>48,881</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(43,200)</u>	<u>(43,200)</u>	<u>(35,785)</u>	<u>7,415</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	20,000	20,000	20,000	0
Transfers Out	<u>(273,473)</u>	<u>(297,512)</u>	<u>(297,512)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(253,473)</u>	<u>(277,512)</u>	<u>(277,512)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(296,673)	(320,712)	(313,297)	7,415
<i>Fund Balance Beginning of Year</i>	284,449	284,449	284,449	0
Prior Year Encumbrances Appropriated	<u>52,240</u>	<u>52,240</u>	<u>52,240</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$40,016</u></u>	<u><u>\$15,977</u></u>	<u><u>\$23,392</u></u>	<u><u>\$7,415</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Police Department Programs Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Contributions and Donations	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$35,765</u>	<u>\$10,765</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
DARE program				
Personal Services	32,324	33,700	33,632	68
Materials and Supplies	<u>7,676</u>	<u>10,000</u>	<u>7,987</u>	<u>2,013</u>
<i>Total Expenditures</i>	<u>40,000</u>	<u>43,700</u>	<u>41,619</u>	<u>2,081</u>
<i>Net Change in Fund Balance</i>	(15,000)	(18,700)	(5,854)	12,846
<i>Fund Balance Beginning of Year</i>	<u>27,635</u>	<u>27,635</u>	<u>27,635</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,635</u></u>	<u><u>\$8,935</u></u>	<u><u>\$21,781</u></u>	<u><u>\$12,846</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Law Enforcement Trust Fund*  
*For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	<u>\$21,500</u>	<u>\$21,500</u>	<u>\$24,041</u>	<u>\$2,541</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
OMVI				
Personal Services	20,000	20,000	14,676	5,324
Miscellaneous				
Materials and Supplies	<u>135,500</u>	<u>135,500</u>	<u>90,000</u>	<u>45,500</u>
<i>Total Expenditures</i>	<u>155,500</u>	<u>155,500</u>	<u>104,676</u>	<u>50,824</u>
<i>Net Change in Fund Balance</i>	(134,000)	(134,000)	(80,635)	53,365
<i>Fund Balance Beginning of Year</i>	144,647	144,647	144,647	0
Prior Year Encumbrances Appropriated	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$100,647</u></u>	<u><u>\$100,647</u></u>	<u><u>\$154,012</u></u>	<u><u>\$53,365</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Donations Trust Fund  
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Contributions and Donations	\$12,300	\$12,300	\$13,154	\$854
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Materials and Supplies	12,450	12,450	2,676	9,774
Leisure Time Activities				
Senior Services Donations				
Other	18,538	18,538	10,720	7,818
<i>Total Expenditures</i>	<u>30,988</u>	<u>30,988</u>	<u>13,396</u>	<u>17,592</u>
<i>Net Change in Fund Balance</i>	(18,688)	(18,688)	(242)	18,446
<i>Fund Balance Beginning of Year</i>	49,877	49,877	49,877	0
Prior Year Encumbrances Appropriated	538	538	538	0
<i>Fund Balance End of Year</i>	<u>\$31,727</u>	<u>\$31,727</u>	<u>\$50,173</u>	<u>\$18,446</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Economic Incentive Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$5,500	\$5,500	\$5,000	(\$500)
<b>Expenditures</b>				
Current:				
Community Environment				
Enterprise Zone Monitoring				
Other	<u>1,615,250</u>	<u>1,615,250</u>	<u>1,327,801</u>	<u>287,449</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,609,750)	(1,609,750)	(1,322,801)	286,949
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(359,750)	(359,750)	(72,801)	286,949
<i>Fund Balance Beginning of Year</i>	718,554	718,554	718,554	0
Prior Year Encumbrances Appropriated	<u>195,000</u>	<u>195,000</u>	<u>195,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$553,804</u>	<u>\$553,804</u>	<u>\$840,753</u>	<u>\$286,949</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Police Training Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$10,120</u>	<u>\$7,120</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Police Training				
Materials and Supplies	4,873	4,873	0	4,873
Contractual Services	<u>5,000</u>	<u>5,000</u>	<u>2,580</u>	<u>2,420</u>
<i>Total Expenditures</i>	<u>9,873</u>	<u>9,873</u>	<u>2,580</u>	<u>7,293</u>
<i>Net Change in Fund Balance</i>	(6,873)	(6,873)	7,540	14,413
<i>Fund Balance Beginning of Year</i>	<u>23,203</u>	<u>23,203</u>	<u>23,203</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$16,330</u>	<u>\$16,330</u>	<u>\$30,743</u>	<u>\$14,413</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Community Improvement Corporation Fund  
 For the Year Ended December 31, 2016*

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

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Safety and Service Equipment Fund*  
*For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$390,945	\$390,945	\$401,383	\$10,438
Intergovernmental	39,125	39,125	39,125	0
Miscellaneous	15,000	15,000	0	(15,000)
<i>Total Revenues</i>	<u>445,070</u>	<u>445,070</u>	<u>440,508</u>	<u>(4,562)</u>
<b>Expenditures</b>				
Capital Outlay	698,005	698,005	673,680	24,325
Debt Service:				
Principal Retirement	69,106	69,106	69,106	0
Interest and Fiscal Charges	8,153	8,153	8,153	0
<i>Total Expenditures</i>	<u>775,264</u>	<u>775,264</u>	<u>750,939</u>	<u>24,325</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(330,194)	(330,194)	(310,431)	19,763
<b>Other Financing Sources (Uses)</b>				
Transfers In	100,000	100,000	100,000	0
<i>Net Change in Fund Balance</i>	(230,194)	(230,194)	(210,431)	19,763
<i>Fund Balance Beginning of Year</i>	177,783	177,783	177,783	0
Prior Year Encumbrances Appropriated	75,748	75,748	75,748	0
<i>Fund Balance End of Year</i>	<u>\$23,337</u>	<u>\$23,337</u>	<u>\$43,100</u>	<u>\$19,763</u>



**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Building Construction Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Miscellaneous	\$60,000	\$60,000	\$45,798	(\$14,202)
<b>Expenditures</b>				
Capital Outlay	<u>4,074,080</u>	<u>4,074,080</u>	<u>2,110,683</u>	<u>1,963,397</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,014,080)	(4,014,080)	(2,064,885)	1,949,195
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>3,600,000</u>	<u>3,600,000</u>	<u>3,600,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(414,080)	(414,080)	1,535,115	1,949,195
<i>Fund Balance Beginning of Year</i>	251,199	251,199	251,199	0
Prior Year Encumbrances Appropriated	<u>244,730</u>	<u>244,730</u>	<u>244,730</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$81,849</u></u>	<u><u>\$81,849</u></u>	<u><u>\$2,031,044</u></u>	<u><u>\$1,949,195</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, 2016*

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

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 General Capital Improvements Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Municipal Income Taxes	\$130,989	\$70,000	\$104,346	\$34,346
Miscellaneous	11,511	45,000	9,170	(35,830)
<i>Total Revenues</i>	142,500	115,000	113,516	(1,484)
<b>Expenditures</b>				
Capital Outlay	1,505,342	1,475,342	1,049,354	425,988
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,362,842)	(1,360,342)	(935,838)	424,504
<b>Other Financing Sources (Uses)</b>				
Transfers In	750,000	750,000	750,000	0
<i>Net Change in Fund Balance</i>	(612,842)	(610,342)	(185,838)	424,504
<i>Fund Balance Beginning of Year</i>	603,736	603,736	603,736	0
Prior Year Encumbrances Appropriated	17,242	17,242	17,242	0
<i>Fund Balance End of Year</i>	<u>\$8,136</u>	<u>\$10,636</u>	<u>\$435,140</u>	<u>\$424,504</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$230,000	\$230,000	\$230,000	\$0
Miscellaneous	5,000	5,000	1,179	(3,821)
<i>Total Revenues</i>	<u>235,000</u>	<u>235,000</u>	<u>231,179</u>	<u>(3,821)</u>
<b>Expenses</b>				
Contractual Services	156,904	156,904	131,606	25,298
Claims	118,000	118,000	31,546	86,454
<i>Total Expenses</i>	<u>274,904</u>	<u>274,904</u>	<u>163,152</u>	<u>111,752</u>
<i>Net Change in Fund Equity</i>	(39,904)	(39,904)	68,027	107,931
<i>Fund Equity Beginning of Year</i>	417,915	417,915	417,915	0
Prior Year Encumbrances Appropriated	6,904	6,904	6,904	0
<i>Fund Equity End of Year</i>	<u><u>\$384,915</u></u>	<u><u>\$384,915</u></u>	<u><u>\$492,846</u></u>	<u><u>\$107,931</u></u>



**CITY OF  
SOLON, OHIO**

**STATISTICAL SECTION**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2016**



## Statistical Section

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

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

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

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

	<u>2016</u>	<u>2015 (1)</u>	<u>2014 (2)</u>	<u>2013 (2)</u>
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$136,356,122	\$134,680,020	\$132,982,006	\$129,835,381
Restricted:				
Capital Projects	19,842,142	15,834,281	15,842,874	14,110,621
Debt Service	4,238,412	4,730,040	5,218,753	5,029,412
Street Construction, Maintenance and Repair	558,702	576,184	758,805	932,586
Cable TV	0	0	0	0
Tree Planting	0	0	0	0
Landfill Improvement	0	0	0	126,143
Other Purposes	1,298,179	1,241,761	4,489,465	2,440,106
Unrestricted (Deficit)	<u>(10,244,131)</u>	<u>(9,313,888)</u>	<u>(10,005,809)</u>	<u>17,480,395</u>
<i>Total Governmental Activities</i> <i>Net Position</i>	<u>\$152,049,426</u>	<u>\$147,748,398</u>	<u>\$149,286,094</u>	<u>\$169,954,644</u>
<b>Business Type - Activities</b>				
Net Investment in Capital Assets	\$53,270,749	\$54,911,896	\$53,710,234	\$53,266,832
Unrestricted	<u>10,349,489</u>	<u>9,243,031</u>	<u>9,232,600</u>	<u>9,479,041</u>
<i>Total Business-Type Activities</i> <i>Net Position</i>	<u>\$63,620,238</u>	<u>\$64,154,927</u>	<u>\$62,942,834</u>	<u>\$62,745,873</u>
<b>Primary Government</b>				
Net Investment in Capital Assets	\$189,626,871	\$189,591,916	\$186,692,240	\$183,102,213
Restricted	25,937,435	22,382,266	26,309,897	22,638,868
Unrestricted	<u>105,358</u>	<u>(70,857)</u>	<u>(773,209)</u>	<u>26,959,436</u>
<i>Total Primary Government</i> <i>Net Position</i>	<u>\$215,669,664</u>	<u>\$211,903,325</u>	<u>\$212,228,928</u>	<u>\$232,700,517</u>

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

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



<u>2012 (2)</u>	<u>2011 (2)</u>	<u>2010 (2)</u>	<u>2009 (2)</u>	<u>2008</u>	<u>2007</u>
\$131,699,509	\$116,112,789	\$117,330,135	\$104,060,699	\$92,250,325	\$87,878,235
9,310,451	6,925,143	5,006,205	9,236,362	19,795,982	21,802,881
5,437,648	7,219,254	7,642,496	7,866,320	8,824,240	4,245,100
1,012,409	1,070,267	1,108,641	1,081,065	1,084,825	971,182
0	0	0	0	553,060	488,084
0	0	0	0	249,116	243,136
405,313	641,520	922,799	1,178,514	1,400,493	1,394,909
924,004	1,102,110	988,518	981,745	1,507,140	792,373
15,590,196	13,281,133	10,607,262	12,398,272	12,324,836	14,084,752
<u>\$164,379,530</u>	<u>\$146,352,216</u>	<u>\$143,606,056</u>	<u>\$136,802,977</u>	<u>\$137,990,017</u>	<u>\$131,900,652</u>
\$53,582,076	\$52,758,649	\$52,548,182	\$52,711,512	\$51,496,779	\$50,615,585
7,845,110	6,906,080	4,735,569	4,519,543	5,470,918	4,291,875
<u>\$61,427,186</u>	<u>\$59,664,729</u>	<u>\$57,283,751</u>	<u>\$57,231,055</u>	<u>\$56,967,697</u>	<u>\$54,907,460</u>
\$185,281,585	\$168,871,438	\$169,878,317	\$156,772,211	\$143,747,104	\$138,493,820
17,089,825	16,958,294	15,668,659	20,344,006	33,414,856	29,937,665
23,435,306	20,187,213	15,342,831	16,917,815	17,795,754	18,376,627
<u>\$225,806,716</u>	<u>\$206,016,945</u>	<u>\$200,889,807</u>	<u>\$194,034,032</u>	<u>\$194,957,714</u>	<u>\$186,808,112</u>

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

	2016 (2)	2015 (2)	2014	2013
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Security of Persons and Property				
Police	\$971,822	\$506,861	\$378,418	\$332,192
Fire	1,356,148	977,231	792,556	778,753
Prosecutor (1)	0	0	0	11,105
Public Health and Welfare	12,448	6,492	4,795	4,259
Leisure Time Activities	802,420	2,413,658	3,095,565	3,155,533
Community Environment	204,366	108,610	74,866	64,887
Basic Utility Services	221,201	131,537	107,745	89,937
Transportation	403,944	219,444	179,665	164,649
General Government	1,308,267	797,517	479,069	435,208
Operating Grants and Contributions	1,391,073	1,384,483	1,397,904	1,342,871
Capital Grants, Contributions and Assessments	1,292,479	765,240	4,424,025	612,187
<i>Total Governmental Activities Program Revenues</i>	<u>7,964,168</u>	<u>7,311,073</u>	<u>10,934,608</u>	<u>6,991,581</u>
Business-Type Activities:				
Charges for Services:				
Water Reclamation	5,470,471	5,432,617	6,128,207	6,676,379
Grantwood Recreation	952,342	993,270	1,005,682	1,041,292
Operating Grants and Contributions	0	0	0	0
Capital Grants	0	0	0	52,843
<i>Total Business-Type Activities Program Revenues</i>	<u>6,422,813</u>	<u>6,425,887</u>	<u>7,133,889</u>	<u>7,770,514</u>
<i>Total Primary Government Program Revenues</i>	<u>14,386,981</u>	<u>13,736,960</u>	<u>18,068,497</u>	<u>14,762,095</u>
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property				
Police	9,698,435	8,559,644	8,237,667	8,007,356
Fire	9,044,688	7,819,699	7,615,180	7,334,283
Prosecutor (1)	0	0	0	251,821
Public Health and Welfare	95,638	92,425	93,873	96,589
Leisure Time Activities	5,635,865	5,584,774	5,301,362	5,676,149
Community Environment	2,945,530	2,529,159	2,508,436	2,349,548
Basic Utility Services	2,700,942	2,750,465	2,998,985	2,963,992
Transportation	12,913,892	11,007,744	11,674,750	10,795,448
General Government	11,267,584	11,358,095	9,881,256	9,642,905
Interest and Fiscal Charges	157,870	181,061	198,713	217,759
<i>Total Governmental Activities Expenses</i>	<u>54,460,444</u>	<u>49,883,066</u>	<u>48,510,222</u>	<u>47,335,850</u>
Business-Type Activities				
Water Reclamation	5,946,619	5,428,605	5,502,840	5,439,254
Grantwood Recreation	1,108,103	1,044,679	1,054,277	1,074,235
<i>Total Business-Type Activities Expenses</i>	<u>7,054,722</u>	<u>6,473,284</u>	<u>6,557,117</u>	<u>6,513,489</u>
<i>Total Primary Government Program Expenses</i>	<u>61,515,166</u>	<u>56,356,350</u>	<u>55,067,339</u>	<u>53,849,339</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(46,496,276)	(42,571,993)	(37,575,614)	(40,344,269)
Business-Type Activities	(631,909)	(47,397)	576,772	1,257,025
<i>Total Primary Government Net Expense</i>	<u>(\$47,128,185)</u>	<u>(\$42,619,390)</u>	<u>(\$36,998,842)</u>	<u>(\$39,087,244)</u>

2012	2011	2010	2009	2008	2007
\$457,894	\$354,441	\$398,302	\$421,753	\$487,454	\$473,157
811,123	711,236	338,162	367,317	436,985	432,286
13,582	10,242	13,810	16,910	19,725	22,654
5,209	3,391	4,434	4,901	5,406	7,485
3,195,633	3,165,390	3,131,685	3,075,799	3,081,121	3,064,735
171,619	124,986	159,952	113,636	157,036	163,455
117,275	73,489	96,456	52,604	157,087	110,039
265,769	201,984	289,778	358,670	325,144	327,922
287,796	237,449	257,817	257,235	455,053	469,342
1,396,049	1,407,239	1,512,849	1,620,631	1,405,593	1,259,666
1,587,921	149,004	241,789	3,022,448	5,742,816	663,457
<u>8,309,870</u>	<u>6,438,851</u>	<u>6,445,034</u>	<u>9,311,904</u>	<u>12,273,420</u>	<u>6,994,198</u>
6,419,239	7,797,724	5,659,317	5,421,385	5,842,685	5,783,498
1,093,922	951,371	978,466	1,079,991	1,329,215	1,378,801
0	158,528	0	0	585	0
0	0	0	0	0	0
<u>7,513,161</u>	<u>8,907,623</u>	<u>6,637,783</u>	<u>6,501,376</u>	<u>7,172,485</u>	<u>7,162,299</u>
<u>15,823,031</u>	<u>15,346,474</u>	<u>13,082,817</u>	<u>15,813,280</u>	<u>19,445,905</u>	<u>14,156,497</u>
9,007,166	8,501,513	8,673,149	8,534,822	8,558,640	7,893,398
8,248,104	8,137,648	8,075,434	8,054,144	8,312,572	7,052,821
246,888	258,477	255,132	293,094	299,401	299,085
94,691	85,571	81,915	84,955	82,050	98,755
6,588,533	6,594,011	6,347,442	6,463,393	6,607,556	6,385,083
3,087,942	2,793,632	2,994,824	2,831,678	3,343,663	3,289,985
2,921,098	2,668,113	2,758,637	2,331,673	2,159,306	2,694,417
13,093,694	14,847,835	10,227,176	16,375,233	15,653,183	13,287,441
5,857,841	5,426,644	4,592,923	5,364,048	6,037,327	6,591,856
440,111	533,090	641,829	857,669	1,232,429	1,374,360
<u>49,586,068</u>	<u>49,846,534</u>	<u>44,648,461</u>	<u>51,190,709</u>	<u>52,286,127</u>	<u>48,967,201</u>
5,302,029	5,265,324	5,910,432	6,472,968	6,005,663	4,446,862
1,191,495	1,048,003	927,306	1,142,923	1,395,175	1,336,801
<u>6,493,524</u>	<u>6,313,327</u>	<u>6,837,738</u>	<u>7,615,891</u>	<u>7,400,838</u>	<u>5,783,663</u>
<u>56,079,592</u>	<u>56,159,861</u>	<u>51,486,199</u>	<u>58,806,600</u>	<u>59,686,965</u>	<u>54,750,864</u>
(41,276,198)	(43,407,683)	(38,203,427)	(41,878,805)	(40,012,707)	(41,973,003)
1,019,637	2,594,296	(199,955)	(1,114,515)	(228,353)	1,378,636
<u>(\$40,256,561)</u>	<u>(\$40,813,387)</u>	<u>(\$38,403,382)</u>	<u>(\$42,993,320)</u>	<u>(\$40,241,060)</u>	<u>(\$40,594,367)</u>

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

	2016 (2)	2015 (2)	2014	2013
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities				
Property Taxes Levied For:				
General Purposes	\$1,412,703	\$1,367,077	\$1,800,977	\$2,027,253
Debt Service	309,818	295,964	386,528	576,082
Police Pension	826,217	789,297	779,430	403,397
Fire Pension	1,239,300	1,183,923	603,692	583,335
Service and Safety Equipment	402,273	396,031	389,085	387,456
Community Center	0	0	0	0
Municipal Income Taxes levied for:				
General Purposes	33,557,318	26,802,677	30,826,373	29,856,263
Debt Service	0	0	0	0
Infrastructure	11,332,440	9,080,861	10,262,562	9,999,877
General Capital Improvements	106,435	91,791	83,629	85,948
Grants and Entitlements not Restricted to Specific Programs				
Unrestricted Contributions	559,695	588,171	797,599	1,452,480
Investment Income	37	0	0	0
Gain on Sale of Capital Assets	232,429	312,338	366,629	(55,709)
Miscellaneous	33,087	82,178	66,285	32,754
Miscellaneous	803,141	1,213,331	1,064,259	570,247
<b>Total Governmental Activities</b>				
General Revenues	50,814,893	42,203,639	47,427,048	45,919,383
Special Item - Bainbridge Road Improvements	0	0	0	0
Special Item - Gain on the Sale of Land	0	0	0	0
Transfers	(17,589)	(1,169,342)	(637,298)	0
<b>Total Governmental Activities</b>				
	50,797,304	41,034,297	46,789,750	45,919,383
Business-Type Activities				
Investment Income	38,721	56,418	59,949	(3,627)
Gain on Sale of Capital Assets	0	4,500	1,270	0
Miscellaneous	40,910	29,230	38,532	65,289
<b>Total Business-Type Activities</b>				
General Revenues	79,631	90,148	99,751	61,662
Transfers	17,589	1,169,342	637,298	0
<b>Total Business-Type Activities</b>				
	97,220	1,259,490	737,049	61,662
<b>Total Primary Government General Revenues and Other Changes in Net Position</b>				
	50,894,524	42,293,787	47,526,799	45,981,045
<b>Change in Net Position</b>				
Governmental Activities	4,301,028	(1,537,696)	9,214,136	5,575,114
Business-Type Activities	(534,689)	1,212,093	1,313,821	1,318,687
<b>Total Primary Government Change in Net Position</b>				
	\$3,766,339	(\$325,603)	\$10,527,957	\$6,893,801

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

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

2012	2011	2010	2009	2008	2007
\$1,358,974	\$1,338,758	\$847,731	\$830,331	\$931,232	\$951,950
1,282,647	1,419,400	1,928,116	2,227,871	1,933,192	2,535,666
403,221	407,280	411,492	425,385	474,758	486,686
604,834	610,920	616,532	637,371	711,430	729,324
388,325	389,788	393,218	392,947	457,470	471,740
0	0	0	0	305,922	0
30,796,894	29,071,231	28,336,758	25,569,132	26,663,509	30,601,737
0	0	0	0	3,607	41,358
9,791,741	9,524,829	9,120,696	8,360,524	9,179,725	9,682,464
76,524	78,167	69,329	76,178	74,141	0
1,896,700	1,846,601	1,772,443	1,813,161	2,389,085	1,941,816
0	0	0	0	0	0
171,550	607,074	895,577	998,629	2,807,067	3,242,148
65,299	47,632	13,894	27,013	0	0
834,994	522,228	814,795	650,783	582,432	397,834
47,671,703	45,863,908	45,220,581	42,009,325	46,513,570	51,082,723
12,223,401	0	0	0	0	0
0	0	0	0	1,799,567	0
(591,592)	289,935	(214,075)	(1,317,560)	(2,211,065)	(920,379)
59,303,512	46,153,843	45,006,506	40,691,765	46,102,072	50,162,344
52,757	0	0	0	0	0
55,950	0	0	0	0	1,498
42,521	76,617	38,576	60,313	77,525	40,494
151,228	76,617	38,576	60,313	77,525	41,992
591,592	(289,935)	214,075	1,317,560	2,211,065	920,379
742,820	(213,318)	252,651	1,377,873	2,288,590	962,371
60,046,332	45,940,525	45,259,157	42,069,638	46,591,095	51,124,715
18,027,314	2,746,160	6,803,079	(1,187,040)	6,089,365	8,189,341
1,762,457	2,380,978	52,696	263,358	2,060,237	2,341,007
<u>\$19,789,771</u>	<u>\$5,127,138</u>	<u>\$6,855,775</u>	<u>(\$923,682)</u>	<u>\$8,149,602</u>	<u>\$10,530,348</u>

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

	2016	2015	2014	2013
<b>General Fund</b>				
Nonspendable	\$881,664	\$973,400	\$1,045,014	\$892,677
Restricted	0	0	0	0
Committed	516,465	259,789	208,801	188,187
Assigned	3,940,992	6,860,864	1,477,408	1,971,534
Unassigned	22,452,316	19,853,352	27,905,155	23,790,512
Reserved	0	0	0	0
Unreserved	0	0	0	0
<b>Total General Fund</b>	<u>27,791,437</u>	<u>27,947,405</u>	<u>30,636,378</u>	<u>26,842,910</u>
<b>All Other Governmental Funds</b>				
Restricted	18,854,940	15,874,447	16,355,734	15,447,234
Committed	380,959	652,048	1,101,454	1,281,567
Unassigned (Deficit)	0	0	0	0
Reserved	0	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	0	0	0	0
Debt Service Funds	0	0	0	0
Capital Projects Funds	0	0	0	0
<b>Total All Other Governmental Funds</b>	<u>19,235,899</u>	<u>16,526,495</u>	<u>17,457,188</u>	<u>16,728,801</u>
<b>Total Governmental Funds</b>	<u><u>\$47,027,336</u></u>	<u><u>\$44,473,900</u></u>	<u><u>\$48,093,566</u></u>	<u><u>\$43,571,711</u></u>

Note: The City implemented GASB 54 in 2010.

2012	2011	2010	2009	2008	2007
\$912,423	\$732,687	\$555,472	\$623,912	\$0	\$0
0	377	96,972	83,358	0	0
557,390	1,003,676	1,182,073	1,101,884	0	0
911,372	909,960	359,302	459,812	0	0
22,232,615	20,646,611	19,479,061	22,636,438	0	0
0	0	0	0	406,585	2,625,689
0	0	0	0	26,104,831	25,889,682
<u>24,613,800</u>	<u>23,293,311</u>	<u>21,672,880</u>	<u>24,905,404</u>	<u>26,511,416</u>	<u>28,515,371</u>
11,107,256	9,577,187	8,408,663	11,473,009		
925,688	1,012,836	1,188,298	1,234,298	0	0
0	0	(2,125)	(3,790,560)	0	0
0	0	0	0	455,015	5,339,021
0	0	0	0	4,488,030	3,563,983
0	0	0	0	1,485,082	1,074,820
0	0	0	0	13,198,823	6,549,744
<u>12,032,944</u>	<u>10,590,023</u>	<u>9,594,836</u>	<u>8,916,747</u>	<u>19,626,950</u>	<u>16,527,568</u>
<u>\$36,646,744</u>	<u>\$33,883,334</u>	<u>\$31,267,716</u>	<u>\$33,822,151</u>	<u>\$46,138,366</u>	<u>\$45,042,939</u>

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

	2016	2015	2014	2013
<b>Revenues</b>				
Property Taxes	\$4,175,821	\$4,022,407	\$3,975,911	\$3,990,357
Municipal Income Taxes	42,913,756	36,289,382	41,225,082	39,837,052
Special Assessments	379,417	359,689	607,313	601,538
Intergovernmental	2,470,259	2,764,421	5,075,368	3,267,683
Investment Income	232,429	312,338	366,629	(55,709)
Fees, Licenses and Permits	965,827	1,034,147	995,024	712,763
Fines and Forfeitures	339,901	305,412	341,694	364,383
Rentals	25,522	24,796	29,605	31,187
Charges for Services	3,977,983	3,711,139	3,746,356	3,928,190
Contributions and Donations	62,456	77,262	91,552	137,481
Miscellaneous	995,495	1,008,383	1,061,743	574,959
<b>Total Revenues</b>	<b>56,538,866</b>	<b>49,909,376</b>	<b>57,516,277</b>	<b>53,389,884</b>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	8,239,576	7,873,259	7,738,602	7,563,495
Fire	7,279,576	7,111,110	7,036,681	6,960,704
Prosecutor (1)	0	0	0	251,157
Public Health and Welfare	95,638	92,425	93,873	96,589
Leisure Time Activities	4,815,387	4,822,756	4,784,990	5,009,856
Community Environment	2,829,943	2,506,900	2,503,875	2,313,356
Basic Utility Services	1,701,869	1,917,474	2,123,557	2,064,763
Transportation	4,282,843	4,410,331	4,886,506	4,875,931
General Government	10,319,191	10,747,164	8,926,410	9,116,673
Capital Outlay	14,090,264	13,260,578	14,044,012	7,134,614
Debt Service:				
Principal Retirement	765,143	701,923	714,860	884,521
Interest and Fiscal Charges	165,696	189,953	207,341	230,001
<b>Total Expenditures</b>	<b>54,585,126</b>	<b>53,633,873</b>	<b>53,060,707</b>	<b>46,501,660</b>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>1,953,740</u>	<u>(3,724,497)</u>	<u>4,455,570</u>	<u>6,888,224</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	45,650	104,831	66,285	36,743
OWDA Loans Issued	0	0	0	0
Inception of Capital Lease	554,046	0	0	0
Transfers In	4,767,512	3,072,067	2,105,000	3,002,761
Transfers Out	(4,767,512)	(3,072,067)	(2,105,000)	(3,002,761)
<b>Total Other Financing Sources (Uses)</b>	<b>599,696</b>	<b>104,831</b>	<b>66,285</b>	<b>36,743</b>
<b>Special Item</b>				
Proceeds from Sale of Land	0	0	0	0
<b>Net Change in Fund Balances</b>	<b><u>\$2,553,436</u></b>	<b><u>(\$3,619,666)</u></b>	<b><u>\$4,521,855</u></b>	<b><u>\$6,924,967</u></b>
Debt Service as a Percentage of Noncapital Expenditures	2.0%	2.0%	2.1%	2.7%

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



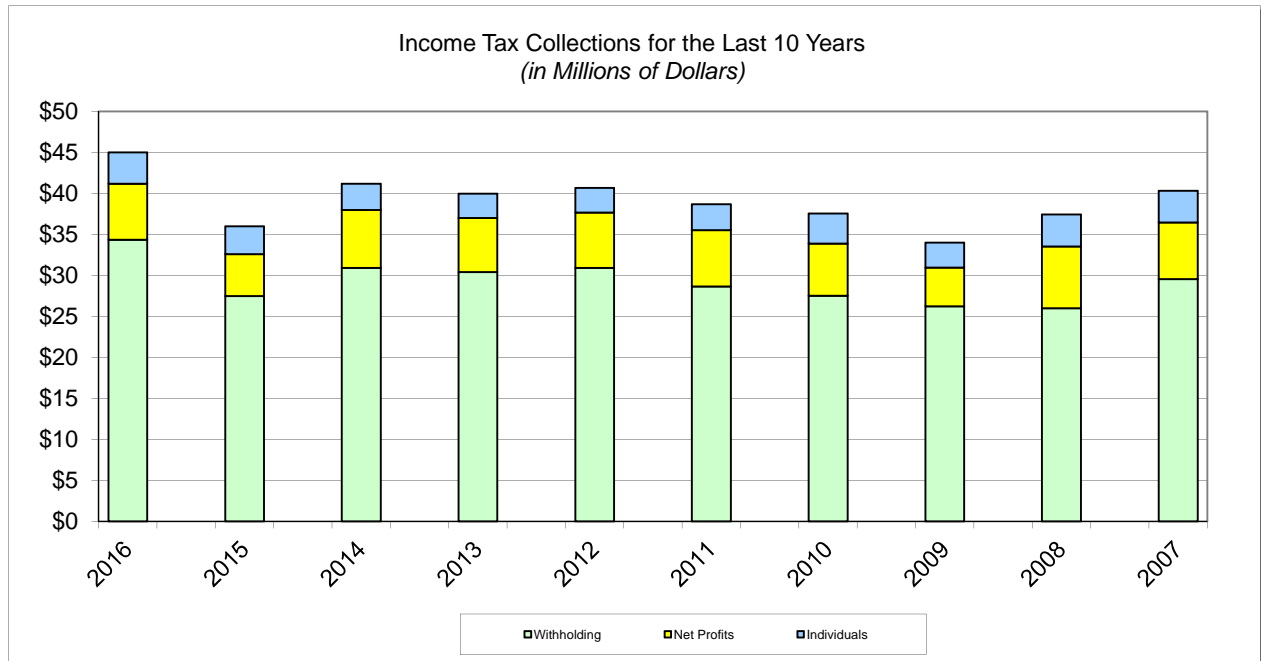
2012	2011	2010	2009	2008	2007
\$4,084,821	\$4,175,477	\$4,200,659	\$4,439,830	\$4,850,270	\$5,167,986
40,209,345	38,635,456	37,011,203	33,433,337	36,379,832	38,530,269
708,400	722,102	812,268	788,768	1,121,553	1,003,236
4,734,703	3,369,326	3,418,929	6,379,986	3,996,592	3,127,153
171,550	607,074	895,577	998,629	2,807,067	3,242,148
1,079,485	722,408	772,364	670,840	856,198	989,533
372,559	397,909	342,265	337,471	401,852	353,490
25,319	31,134	23,083	24,097	18,525	13,598
3,848,537	3,741,157	3,562,684	3,646,417	3,758,436	3,714,454
156,356	98,588	99,555	75,173	130,287	103,806
844,994	522,228	814,795	650,587	582,432	397,834
56,236,069	53,022,859	51,953,382	51,445,135	54,903,044	56,643,507
8,538,190	8,077,151	8,264,487	8,078,371	7,985,861	7,290,455
7,877,662	7,444,523	7,429,107	7,574,187	7,750,303	7,025,219
246,909	257,217	252,624	297,440	299,953	294,804
94,691	85,571	81,915	84,955	82,050	98,755
5,952,381	6,023,319	5,669,661	5,793,337	5,900,904	5,602,008
3,075,063	2,838,647	3,001,106	2,801,923	3,316,686	3,139,019
2,002,298	1,894,005	1,890,447	1,641,022	1,920,896	2,044,148
5,983,241	6,181,872	6,429,141	6,491,425	6,095,752	5,405,428
4,649,342	4,966,488	4,327,183	4,061,450	4,790,951	5,692,537
9,245,520	10,388,586	14,549,895	22,775,769	13,280,808	13,649,066
5,415,516	2,070,153	1,995,556	3,271,373	1,732,382	5,886,095
469,946	546,106	657,129	879,836	1,246,408	1,406,201
53,550,759	50,773,638	54,548,251	63,751,088	54,402,954	57,533,735
2,685,310	2,249,221	(2,594,869)	(12,305,953)	500,090	(890,228)
78,100	66,462	112,607	83,882	14,175	54,216
0	0	0	0	0	612,140
0	0	0	0	0	0
5,300,000	4,363,775	7,529,125	5,553,280	8,344,130	10,425,148
(5,300,000)	(4,063,840)	(7,601,298)	(5,647,424)	(10,281,118)	(11,345,527)
78,100	366,397	40,434	(10,262)	(1,922,813)	(254,023)
0	0	0	0	2,518,150	0
\$2,763,410	\$2,615,618	(\$2,554,435)	(\$12,316,215)	\$1,095,427	(\$1,144,251)
12.4%	5.7%	6.4%	8.2%	6.1%	14.8%

**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
2016	2.00 %	\$44,996,193	\$34,349,591	76.34%	\$6,826,711	15.17%	\$3,819,891	8.49%
2015	2.00	35,975,329	27,463,566	76.34	5,104,899	14.19	3,406,864	9.47
2014	2.00	41,172,564	30,915,983	75.09	7,065,014	17.16	3,191,567	7.75
2013	2.00	39,942,088	30,410,326	76.13	6,585,577	16.49	2,946,185	7.38
2012	2.00	40,665,159	30,887,176	75.96	6,758,924	16.62	3,019,059	7.42
2011	2.00	38,674,227	28,643,077	74.06	6,882,485	17.80	3,148,665	8.14
2010	2.00	37,526,783	27,519,770	73.33	6,341,666	16.90	3,665,347	9.77
2009	2.00	34,005,834	26,232,767	77.14	4,716,335	13.87	3,056,732	8.99
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

(1) 2007 through 2016 are on an Accrual Basis.

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



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

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

<u>2016 Taxpayers</u>	<u>Ranking</u>
Swagelok Manufacturing Company	1
Nestle Food Company	2
Erico Products Inc.	3
Solon Board of Education	4
The Cleveland Clinic Foundation	5
Caremark LLC	6
MRI Software LLC	7
Kennametal, Inc.	8
City of Solon	9
Tarkett USA Inc.	10

<u>2007 Taxpayers</u>	<u>Ranking</u>
Nestle Food Company	1
Swagelok Manufacturing Company	2
Solon Board of Education	3
Erico Products Inc.	4
Agilysys Incorporated	5
Keithley Instruments Inc.	6
National Enterprise Systems	7
City of Solon	8
L'Oreal USA Products, Inc.	9
Kennametal, Inc.	10

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

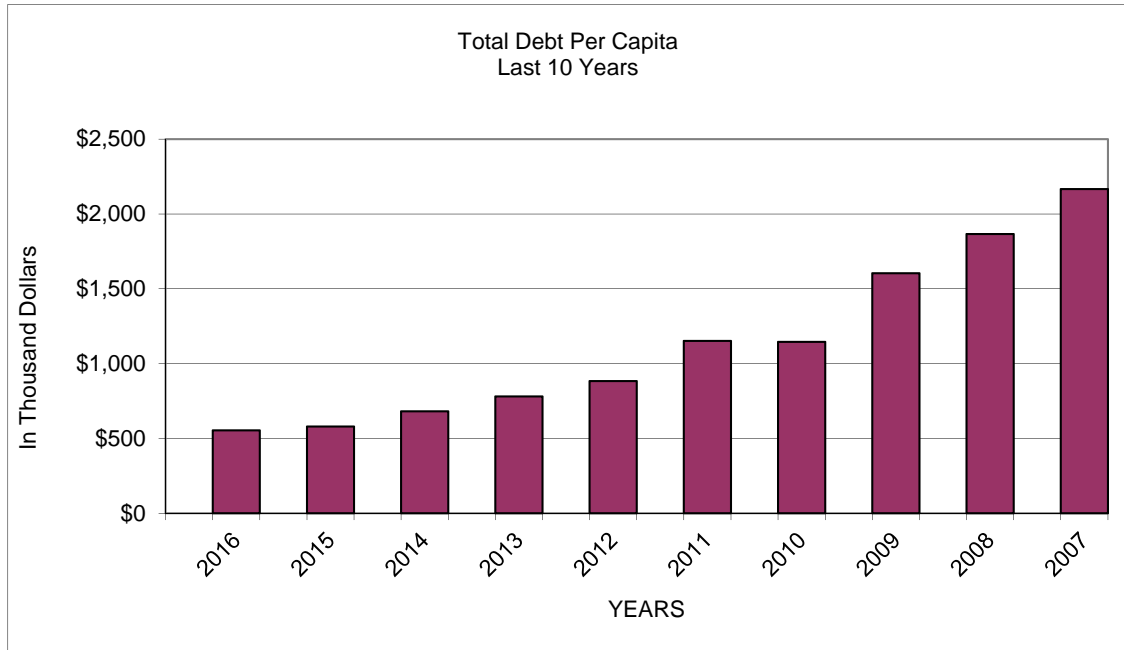
Source: Information provided by City's Finance Department.

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

Governmental Activities

Year	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	OPWC Loans	Capital Leases	General Obligation Bond Anticipation Notes
2016	\$0	\$0	\$6,084,196	\$0	\$484,940	\$0
2015	0	0	6,780,233	0	0	0
2014	0	0	7,458,349	23,807	0	0
2013	0	0	8,119,077	77,939	0	0
2012	0	0	8,942,950	138,587	0	0
2011	4,470,000	84,895	9,742,923	199,235	0	0
2010	5,620,000	167,497	10,519,826	259,883	0	0
2009	6,720,000	247,805	11,274,426	320,531	0	4,707,351
2008	9,150,000	325,818	12,007,462	350,855	0	5,739,897
2007	10,150,000	401,537	12,603,477	411,503	0	9,400,888

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



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Business-Type  
Activities

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<u>OWDA Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$6,362,737	\$12,931,873	1.18%	\$554
6,758,641	13,538,874	1.24	580
8,416,870	15,899,026	1.45	681
10,025,013	18,222,029	1.67	780
11,541,487	20,623,024	1.89	883
12,381,524	26,878,577	2.46	1,151
10,171,586	26,738,792	2.44	1,145
11,688,947	34,959,060	4.53	1,603
13,110,071	40,684,103	5.27	1,866
14,275,277	47,242,682	6.12	2,167

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

Year	Population (1)	Estimated True Values of Taxable Property (2)	Bonded Debt (3)	Ratio of Bonded Debt to Estimated True Values of Taxable Property	Bonded Debt Per Capital
2016	23,348	\$3,256,873,494	\$0	0.00 %	\$0.00
2015	23,348	3,117,668,606	0	0.00	0.00
2014	23,348	3,125,680,192	0	0.00	0.00
2013	23,348	3,112,770,336	0	0.00	0.00
2012	23,348	3,223,292,544	0	0.00	0.00
2011	23,348	3,232,882,651	4,470,000	0.14	191.45
2010	23,348	3,238,635,274	5,620,000	0.17	240.71
2009	21,802	3,629,826,351	6,720,000	0.19	308.23
2008	21,802	3,970,061,706	9,150,000	0.23	419.69
2007	21,802	4,250,386,170	10,150,000	0.24	465.55

Sources:

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

(2) Cuyahoga County Fiscal Officer

(3) Includes all general obligation bonded debt.

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

**City of Solon, Ohio**  
*Computation of Direct and Overlapping Governmental Activities Debt*  
*December 31, 2016*

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Solon
<b>Direct - City of Solon</b>			
OWDA Loans	\$6,084,196	100.00%	\$6,084,196
Capital Leases	484,940	100.00%	484,940
<i>Total Direct</i>	<u>6,569,136</u>		<u>6,569,136</u>
<b>Overlapping</b>			
Solon City School District			
General Obligation Bonds	6,623,588	97.86%	6,481,843
General Obligation Notes	1,535,000	97.86%	1,502,151
Orange School District			
General Obligation Bonds	19,900,988	2.14%	425,881
Capital Lease Obligations	414,203	2.14%	8,864
Cuyahoga County (2)			
General Obligation Bonds	242,795,758	3.87%	9,396,196
Revenue Bonds	597,515,568	3.87%	23,123,852
Certificates of Participation	256,864,058	3.87%	9,940,639
Loans Payable	2,404,204	3.87%	93,043
Capital Lease Obligations	378,556,966	3.87%	14,650,155
Greater Cleveland Regional			
Transit Authority	<u>139,107,969</u>	3.87%	<u>5,383,478</u>
<i>Total Overlapping Debt</i>	<u>1,645,718,302</u>		<u>71,006,102</u>
<b>Total</b>	<u><u>\$1,652,287,438</u></u>		<u><u>\$77,575,238</u></u>

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

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

Source: Cuyahoga County Fiscal Officer

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

	2016	2015	2014	2013
Population	23,348	23,348	23,348	23,348
Total Assessed Property Value	<u>\$1,153,594,870</u>	<u>\$1,104,634,310</u>	<u>\$1,106,828,600</u>	<u>\$1,101,210,810</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$0	\$0	\$0	\$0
Special Assessment Bonds	0	0	0	0
Bond Anticipation Notes	0	0	0	0
OPWC Loans	0	0	23,807	77,939
OWDA Loans	<u>12,446,933</u>	<u>13,538,874</u>	<u>15,875,219</u>	<u>18,144,090</u>
Total Gross Indebtedness	12,446,933	13,538,874	15,899,026	18,222,029
Less:				
Special Assessment Bonds	0	0	0	0
OWDA Loans	(12,446,933)	(13,538,874)	(15,875,219)	(18,144,090)
General Obligation				
Bond Retirement Fund Balance (1)	<u>0</u>	<u>0</u>	<u>(23,807)</u>	<u>(77,939)</u>
Total Net Debt Applicable to Debt Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>121,127,461</u>	<u>115,986,603</u>	<u>116,217,003</u>	<u>115,627,135</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$121,127,461</u>	<u>\$115,986,603</u>	<u>\$116,217,003</u>	<u>\$115,627,135</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$63,447,718</u>	<u>\$60,754,887</u>	<u>\$60,875,573</u>	<u>\$60,566,595</u>
Total Gross Indebtedness	12,446,933	13,538,874	15,899,026	18,222,029
Less:				
Voted General Obligation Bonds	0	0	0	0
Special Assessment Bonds	0	0	0	0
OWDA Loans	(12,446,933)	(13,538,874)	(15,875,219)	(18,144,090)
General Obligation				
Bond Retirement Fund Balance	<u>0</u>	<u>0</u>	<u>(23,807)</u>	<u>(77,939)</u>
Net Debt Within 5 ½ % Limitations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$63,447,718</u>	<u>\$60,754,887</u>	<u>\$60,875,573</u>	<u>\$60,566,595</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	100.00%	100.00%

Source: City Financial Records

(1) 2012 through 2016, the Bond Retirement Fund Balance was limited to the outstanding balance of OPWC debt.



2012	2011	2010	2009	2008	2007
23,348	23,348	23,348	21,802	21,802	21,802
<u>\$1,138,853,530</u>	<u>\$1,141,833,370</u>	<u>\$1,138,422,059</u>	<u>\$1,179,483,022</u>	<u>\$1,189,301,755</u>	<u>\$1,268,462,154</u>
\$0	\$4,470,000	\$5,620,000	\$6,720,000	\$9,150,000	\$10,150,000
0	84,895	167,497	247,805	325,818	401,537
0	0	0	4,700,000	5,700,000	9,390,000
138,587	199,235	259,883	320,531	350,855	411,503
20,484,437	22,124,447	20,691,412	22,963,373	25,117,533	26,878,754
20,623,024	26,878,577	26,738,792	34,951,709	40,644,206	47,231,794
0	(84,895)	(167,497)	(247,805)	(325,818)	(401,537)
(20,484,437)	(22,124,447)	(20,691,412)	(22,963,373)	(25,117,533)	(26,878,754)
(138,587)	(2,114,990)	(1,800,852)	(1,186,990)	(1,485,082)	(1,074,820)
0	2,554,245	4,079,031	10,553,541	13,715,773	18,876,683
119,579,621	119,892,504	119,534,316	123,845,717	124,876,684	133,188,526
<u>\$119,579,621</u>	<u>\$117,338,259</u>	<u>\$115,455,285</u>	<u>\$113,292,176</u>	<u>\$111,160,911</u>	<u>\$114,311,843</u>
100.00%	97.87%	96.59%	91.48%	89.02%	85.83%
<u>\$62,636,944</u>	<u>\$62,800,835</u>	<u>\$62,613,213</u>	<u>\$64,871,566</u>	<u>\$65,411,597</u>	<u>\$69,765,418</u>
20,623,024	26,878,577	26,738,792	34,951,709	40,644,206	47,231,794
0	0	(240,000)	(465,000)	(2,060,000)	(2,250,000)
0	(84,895)	(167,497)	(247,805)	(325,818)	(401,537)
(20,484,437)	(22,124,447)	(20,691,412)	(22,963,373)	(25,117,533)	(26,878,754)
(138,587)	(2,114,990)	(1,800,852)	(1,186,990)	(1,485,082)	(1,074,820)
0	2,554,245	3,839,031	10,088,541	11,655,773	16,626,683
<u>\$62,636,944</u>	<u>\$60,246,590</u>	<u>\$58,774,182</u>	<u>\$54,783,025</u>	<u>\$53,755,824</u>	<u>\$53,138,735</u>
100.00%	95.93%	93.87%	84.45%	82.18%	76.17%

**City of Solon, Ohio**  
Principal Employers  
2015 and 2006

2015		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Company	3,327	10.27 %
Nestle Food Company	1,828	5.64
The Cleveland Clinic Foundation	909	2.81
National Enterprise Systems	881	2.72
City of Solon	863	2.66
Caremark LLC	796	2.46
Solon Board of Education	675	2.08
Erico Products Inc.	562	1.73
MRI Software LLC	453	1.40
Kennametal Inc.	347	1.07
<b>Total</b>	<b>10,641</b>	<b>32.84 %</b>
<b>Total W-2's Received</b>	<b>32,401</b>	

2006		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Company	2,614	5.09 %
Nestle Food Company	1,711	3.33
National Enterprise Systems	1,125	2.19
Solon Board of Education	1,076	2.09
City of Solon	963	1.87
Agilysys Incorporated	642	1.25
Erico Products Inc.	569	1.11
Keithley Instruments Inc.	513	1.00
L'Oreal USA Products, Inc.	448	0.87
Datavantage	361	0.71
<b>Total</b>	<b>10,022</b>	<b>19.50 %</b>
<b>Total W-2's Received</b>	<b>51,404</b>	

Note: 2016 information was unavailable at the time of publication.

Source: Information provided by City's Finance Department.

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2016	23,348	\$1,093,853,800	\$46,850	\$95,881	43
2015	23,348	1,093,853,800	46,850	95,881	43
2014	23,348	1,093,853,800	46,850	95,881	43
2013	23,348	1,093,853,800	46,850	95,881	43
2012	23,348	1,093,853,800	46,850	95,881	43
2011	23,348	1,093,853,800	46,850	95,881	43
2010	23,348	1,093,853,800	46,850	95,881	43
2009	21,802	771,659,988	35,394	78,903	39
2008	21,802	771,659,988	35,394	78,903	39
2007	21,802	771,659,988	35,394	78,903	39

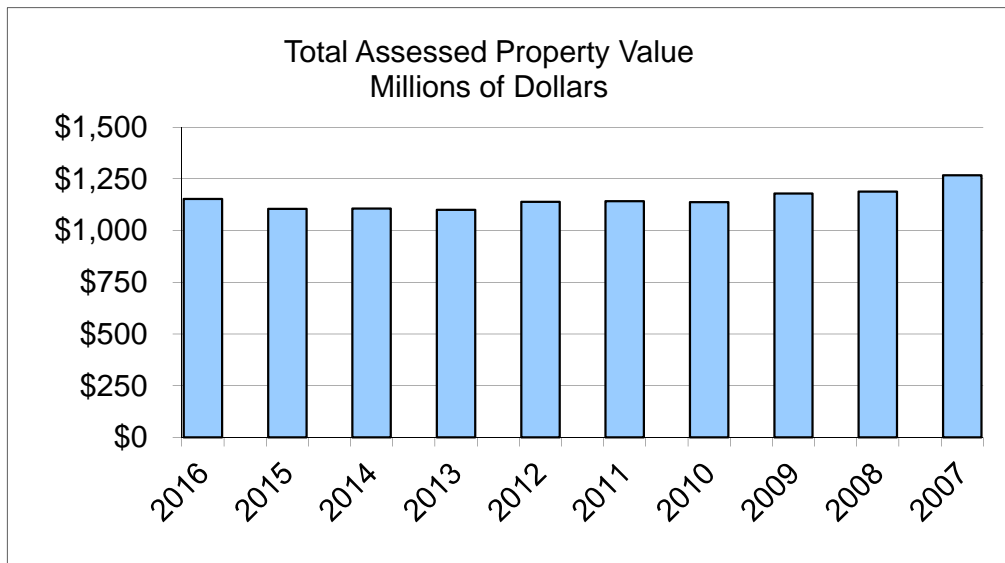
(1) Source: U. S. Census

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

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

(4) Source: Cuyahoga County Fiscal Officer

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



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Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Total Assessed Property Value (4)
57.0%	4,600	5.3%	\$1,153,594,870
57.0	4,722	4.0	1,104,634,310
57.0	4,764	6.4	1,106,828,600
57.0	4,871	7.2	1,101,210,810
57.0	4,909	7.3	1,138,853,530
57.0	5,043	7.1	1,141,833,370
57.0	5,171	8.6	1,138,422,059
50.4	5,214	9.0	1,179,483,022
50.4	5,292	7.1	1,189,301,755
50.4	5,357	6.1	1,268,462,154

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

Function/Program	2016	2015	2014	2013
<b>Security of Persons and Property</b>				
Police	46.00	47.00	46.00	46.00
Dispatch and Clerks	8.00	17.00	18.00	17.00
Corrections	11.00	10.00	10.00	10.00
Fire	59.00	59.00	59.00	57.00
<b>Leisure Time Activities</b>				
Recreation	13.00	11.00	11.00	12.00
Senior Services	5.00	4.00	4.00	4.00
Arts Center	4.00	4.00	4.00	3.00
Grantwood Golf Course	6.00	4.00	5.00	5.00
<b>Community Environment</b>				
Planning	7.00	6.00	6.00	6.00
Building	2.00	3.00	3.00	3.00
Engineering	10.00	11.00	9.00	8.00
Public Works	0.00	0.00	0.00	0.00
<b>Basic Utility Services</b>				
Water Reclamation	17.00	17.00	17.00	17.00
<b>Transportation</b>				
Service	68.00	65.00	65.00	68.00
<b>General Government</b>				
City Council	2.00	2.00	2.00	2.00
Mayors Office	2.00	2.00	2.00	2.00
Finance	7.00	10.00	11.00	10.00
Income Tax	0.00	0.00	2.00	4.00
Prosecutor Clerk	0.00	0.00	0.00	1.00
Human Resources	2.00	2.00	2.00	1.00
Network Administrator	3.00	3.00	3.00	3.00
City Hall Custodial	1.00	2.00	2.00	2.00
Receptionist	1.00	1.00	1.00	1.00
Totals:	<u>274.00</u>	<u>280.00</u>	<u>282.00</u>	<u>282.00</u>

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

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

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
46.00	44.00	46.00	47.00	46.00	46.00
17.00	18.00	17.00	19.00	19.00	16.00
10.00	7.00	8.00	10.00	10.00	10.00
57.00	58.00	60.00	61.00	61.00	61.00
12.00	12.00	13.00	14.00	15.00	16.00
4.00	4.00	5.00	5.00	5.00	5.00
2.00	4.00	4.00	4.00	4.00	3.00
5.00	5.00	5.00	5.00	6.00	7.00
6.00	6.00	6.00	6.00	6.00	6.00
3.00	3.00	4.00	4.00	5.00	6.00
9.00	10.00	11.00	11.00	10.00	8.00
0.00	0.00	1.00	2.00	2.00	2.00
18.00	17.00	23.00	23.00	22.00	24.00
69.00	68.00	66.00	70.00	68.00	67.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
9.00	10.00	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
2.00	2.00	2.00	2.00	2.00	2.00
3.00	3.00	3.00	3.00	3.00	3.00
2.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00
<u>284.00</u>	<u>283.00</u>	<u>297.00</u>	<u>309.00</u>	<u>306.00</u>	<u>305.00</u>

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

Function/Program	2016	2015	2014	2013
<b>Security of Persons &amp; Property</b>				
<i><b>Police</b></i>				
Number of traffic citations issued	3,660	3,376	3,927	3,768
DUI Arrests	115	131	132	131
Prisoners Processed	2,275	1,900	1,905	1,927
<i><b>Fire</b></i>				
Fire Responses	629	742	772	715
EMS Calls	2,268	2,191	2,067	2,104
Safety Inspections	2,582	2,646	2,095	1,794
Plan Reviews	118	171	324	617
<b>Leisure Time Activities</b>				
<i><b>Parks and Recreation</b></i>				
Community Center Memberships (4)	7,314	6,681	6,876	7,417
Summer Camp Participants	1,195	1,223	1,138	1,186
Baseball/Softball Teams	48	45	55	56
<i><b>Senior Services</b></i>				
Program Attendance (1)	63,812	60,191	47,664	40,292
<i><b>Arts Center</b></i>				
Class Registrations	3,650	3,512	3,056	2,906
Percentage of Solon Residents	80%	80%	82%	81%
<i><b>Grantwood Golf Course</b></i>				
Rounds Played (18 holes)	14,008	11,978	12,497	9,918
Rounds Played (9 holes)	13,997	15,689	15,957	17,152
Range Balls (3)	52,213	43,864	45,340	45,704
<b>Community Environment</b>				
<i><b>Building</b></i>				
Building Permits Issued	2,136	2,104	1,241	988
<b>Basic Utility Services</b>				
<i><b>Waste Water Treatment</b></i>				
Average Daily Flow (millions of gallons)	3.318	3.470	3.567	3.526
<b>Transportation</b>				
<i><b>Service</b></i>				
Tons of Salt Purchased	10,229	11,372	12,785	9,996
Tons of Rubbish Collected	6,911	7,062	7,607	7,654
Yards of Leaves Collected (2)	16,125	13,153	14,625	12,293
Tons of Recycling Materials Collected	2,065	2,058	1,664	1,453
<b>General Government</b>				
<i><b>City Council</b></i>				
Ordinances or Resolutions Introduced	231	262	281	273
<i><b>Finance</b></i>				
Accounts Payable Checks Processed	7,718	8,176	8,545	9,216
Purchase Orders Issued	2,958	3,333	3,250	3,986
<i><b>Network Administration</b></i>				
Computer Workstations	255	265	260	257

- (1) Indicator changed from prior year reports and new indicator data not available prior to 2008.  
(2) Indicator changed from prior year reports and new indicator data not available prior to 2012.  
(3) Indicator changed from prior year reports and new indicator data not available prior to 2009.  
(4) Indicator does not include Silver Sneakers members. Silver Sneakers has increased each year and is pay as you go for seniors.

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



2012	2011	2010	2009	2008	2007	2006
3,893	3,744	4,673	4,266	4,743	4,672	4,901
151	132	118	126	135	117	109
1,819	1,732	1,521	1,376	1,445	1,489	1,472
671	746	737	785	753	833	705
1,737	1,726	1,789	1,725	1,831	1,844	1,739
2,480	1,529	1,589	1,703	2,600	2,763	2,408
393	247	150	231	293	287	273
7,811	8,341	8,495	9,550	9,950	10,600	11,056
1,129	1,201	1,248	1,295	1,475	1,520	1,500
64	81	99	108	117	118	136
37,912	36,817	31,678	25,545	12,518	n/a	n/a
3,204	3,160	3,274	3,508	3,040	2,683	2,332
77%	79%	81%	83%	87%	88%	83%
10,256	14,025	12,021	12,649	12,464	12,598	12,266
16,768	10,967	17,148	19,289	19,398	20,492	20,720
44,795	34,082	35,292	36,825	n/a	n/a	n/a
927	793	819	706	726	775	819
3,452	4,131	3,733	3,291	3,787	3,957	4,045
9,318	10,119	16,000	12,700	11,509	9,497	7,515
7,473	7,835	7,868	8,147	8,987	12,255	11,309
13,653	n/a	n/a	n/a	n/a	n/a	n/a
1,394	1,422	1,334	1,199	1,069	1,573	987
302	255	286	311	372	324	311
10,052	9,333	9,547	10,838	10,525	10,022	9,971
4,425	4,829	4,355	4,880	4,828	4,523	4,698
256	237	235	235	225	217	205

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

Function/Program	2016	2015	2014	2013
<b>Security of Persons and Property</b>				
<i><b>Police</b></i>				
Square Footage of Station	37,168	37,168	37,168	37,168
Vehicles	30	27	29	26
<i><b>Fire</b></i>				
Square Footage of Station #1	37,168	37,168	37,168	37,168
Square Footage of Station #2	16,200	16,200	16,200	16,200
Square Footage of Station #3	9,610	9,610	9,610	9,610
Vehicles	18	18	19	19
<b>Leisure Time Activities</b>				
<i><b>Parks and Recreation</b></i>				
Square Footage of Community Center	92,500	92,500	92,500	92,500
Vehicles	5	4	7	7
<i><b>Senior Services</b></i>				
Vehicles	4	4	5	4
<i><b>Arts Center</b></i>				
Square Footage of Building	15,000	15,000	15,000	15,000
<i><b>Grantwood Golf Course</b></i>				
Square Footage of Clubhouse	7,200	7,200	7,200	7,200
Square Footage of Maintenance Building	5,000	5,000	5,000	5,000
Vehicles	1	1	1	1
<b>Community Environment</b>				
<i><b>Planning Department</b></i>				
Vehicles	2	2	2	2
<i><b>Building Department</b></i>				
Vehicles	3	3	3	4
<i><b>Engineering Department</b></i>				
Vehicles	9	8	8	7
<b>Basic Utility Services</b>				
<i><b>Waste Water Treatment</b></i>				
Square Footage of Buildings	56,000	56,000	56,000	56,000
Vehicles	7	7	6	9
<b>Transportation</b>				
<i><b>Service</b></i>				
Square Footage of Building	70,461	70,461	70,461	70,461
Vehicles	70	72	73	73
<b>General Government</b>				
<i><b>City Hall</b></i>				
Square Footage of Building	55,950	55,950	55,950	55,950
Mayor's Vehicle	1	1	1	1
Tax/Finance's Vehicle	0	1	1	1
Network Administration's Vehicle	1	0	0	1
City Hall Vehicle	2	2	2	2

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

2012	2011	2010	2009	2008	2007
37,168 29	37,168 28	37,168 27	37,168 25	37,168 24	37,168 24
37,168 16,200 9,610 20	37,168 16,200 9,610 19	37,168 16,200 9,610 21	37,168 16,200 9,610 21	37,168 16,200 9,610 23	37,168 16,200 9,610 22
92,500 8 4	92,500 7 4	92,500 7 4	92,500 7 6	92,500 8 5	92,500 8 3
15,000 7,200 5,000 1	15,000 7,200 5,000 1	15,000 7,200 5,000 1	15,000 7,200 5,000 1	15,000 7,200 5,000 1	15,000 7,200 5,000 1
2	2	2	2	2	2
3	4	4	5	5	5
8	9	8	8	9	9
56,000 10	56,000 12	56,000 12	56,000 12	56,000 13	56,000 13
70,461 73	70,461 71	70,461 70	70,461 73	70,461 67	70,461 66
55,950 1 1 1 2	55,950 1 1 1 1	55,950 1 1 1 1	55,950 1 1 1 1	55,950 1 1 1 1	55,950 1 1 1 1

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**CITY OF  
SOLON, OHIO**

**SUSAN A. DRUCKER, MAYOR**  
**34200 BAINBRIDGE ROAD,**  
**SOLON, OHIO 44139**  
**[WWW.SOLONOHIO.ORG](http://WWW.SOLONOHIO.ORG)**

**COVER DESIGN BY SOLON CENTER FOR THE ARTS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

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# 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  
SEPTEMBER 7, 2017