

**CITY OF SOLON
CUYAHOGA COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

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



Dave Yost • Auditor of State

City Council
City of Solon
34200 Bainbridge Road
Solon, OH 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, 2017 through December 31, 2017. 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 21, 2018

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**CITY OF SOLON
CUYAHOGA COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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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, 2017, 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 12, 2018.

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.



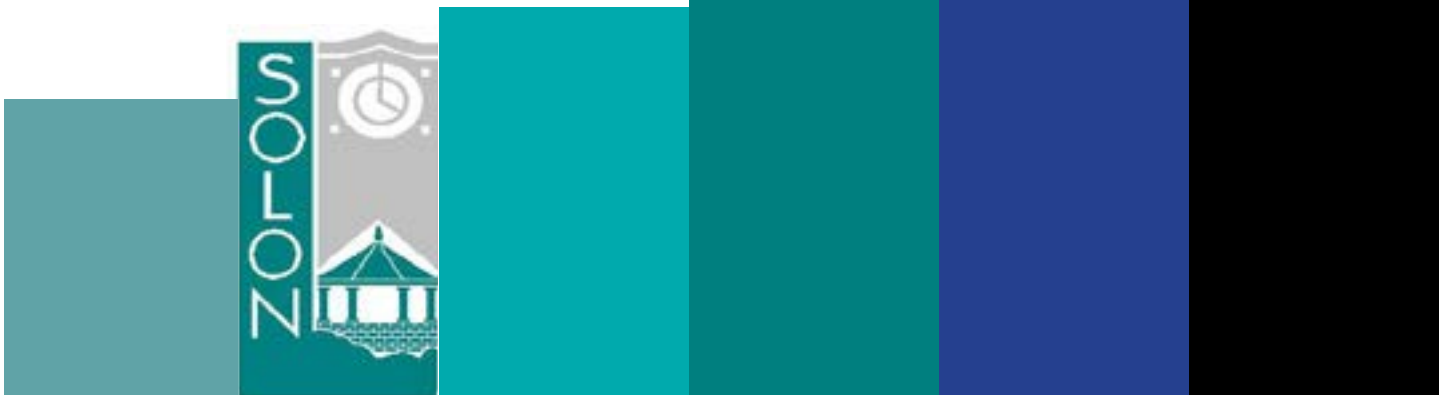
James G. Zupka, CPA, Inc.
Certified Public Accountants

June 12, 2018

**CITY OF SOLON
CUYAHOGA COUNTY, OHIO
SCHEDULE OF PRIOR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

The prior audit report, as of December 31, 2016, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

**CITY OF
SOLON, OHIO**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

**CITY OF
SOLON, OHIO**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

INTRODUCTORY SECTION

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

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City of Solon, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2017

*Prepared by the Department of
Finance*

*Matthew Rubino
Director of Finance*

City of Solon, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2017
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THE CITY OF SOLON
FINANCE DEPARTMENT

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Solon, OH 44139-2955
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Fax: (440) 349-6320

June 12, 2018

Residents of the City of Solon
Honorable Mayor Edward H. Kraus and Members of Solon City Council:

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

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

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

For fiscal year 2017, the City of Solon was audited by James G. Zupka, CPA, Inc. Their unmodified opinion is included in the financial section of this report.

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

Reporting Entity

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

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

The current population of the City stands in excess of 23,000 and the City's geographical location enables residents to participate in employment opportunities in proximity of the greater Akron and Cleveland areas. Solon benefits from its proximity to State Route 422 which promotes immediate access to the various local interstate highways that make up the regional transportation network.

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

City Services

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

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

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

For the past seven years, the City has administered billing and collection of fees associated with maintenance of the storm and sanitary systems for residents and businesses. This function was previously performed by the City of Cleveland Division of Water prior to the City's assuming control. The City's implementation of administering sewer billing was undertaken as a means to increase its level of customer service to its residents in a more cost effective manner. The City has continued to realize the benefits of the transition of billing services and revenue associated with sewer billing operations have remained stable since the implementation of billing administration.

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

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

Economic Condition & Outlook

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

Once again, the City ranked highly in Cleveland Magazine's 2017 Rating the Suburbs issue. The City took 6th place overall and ranked #1 in the education category. On the State of Ohio's 2016-2017 school district report cards, Solon City Schools ranked #1 in the State for "performance index", a key measure of student achievement.

The City is currently home to more than 860 (in non-residential districts) businesses which positively impacts the daytime population of the community. In 2017, Solon welcomed 27 new businesses to the City and assisted an additional 22 businesses with relocations within the City. The City is able to attract new businesses because of its ideal location, freeway access, excellent City services, and proactive economic development program.

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

For job creation grants administered by staff in 2017, the City invested \$1,078,232 and realized a net gain of \$1,990,965 in new payroll tax receipts, along with 1,849 new jobs. Under this program, a company receives a grant predicated and computed on part of the municipal withholding tax paid to the City on newly created jobs. The City also has one active Enterprise Zone agreement and one Community Reinvestment Area agreement. In addition, the City provided financial assistance for one renovation project through its Growth & Revitalization Incentive Program.

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

Solon has been able to maintain and improve service levels to residents despite the permanent decline in aid from the State of Ohio. Changes in successive State budget have resulted in decreases in local government funding that many cities have had difficulty absorbing. Solon is fortunate to be in a strong financial position that does not require or contemplate increases in income or property tax rates at any point in the future. The consistent stability of these two sources of local revenue have contributed to the ongoing financial success of the City.

Long-term Financial Planning

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

Included in the five-year plan is a schedule of infrastructure projects to be paid from the Infrastructure Capital Improvement Fund. This fund receives one-half of one percent (25% of receipts) of City income tax each year as a result of a voter approved levy.

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

Relevant Financial Policies

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

In early 2013, the City took an additional step towards promoting long-term financial stability by establishing a Budget Stabilization ("rainy day") Fund that is used to segregate resources that will only be employed should pre-determined economic stress levels be reached. Transfers from the General Fund have been made each year and the fund balance was \$7.0 million as of the end of 2017. The combination of accumulating unencumbered cash reserves and maintaining a separate rainy day fund demonstrates the City's resolve with respect to prudent fiscal management and planning.

The City has been able to maintain and follow a plan to minimize its debt over the past ten years. Total outstanding debt of the City has been decreased by roughly 70 percent since 2008. The reduction in debt burden has been achieved as a result of concerted efforts to limit the unnecessary expansion of general operating expenditures and by directing available funds to retire outstanding debt. The City presently has no publicly issued debt subsequent to the payoff of an outstanding bond issue in 2012.

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

Major Initiatives

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

Solon allocates resources to fund the improvement of its roadways and City streets which are a critical component of the City's infrastructure. In 2017 the City of Solon expended \$8.2 million towards improvement projects and the ongoing maintenance of its various thoroughfares. The investments were made possible by a portion of income tax collections dedicated for this purpose and the ability to leverage federal and state resources as a secondary source to fund the costs of infrastructure projects.

The primary focus of the Administration and Council is to conduct operations as any successful chief executive officer or board of directors runs their business. It is imperative that the approach of Solon employees and elected officials remains centered on structured leadership and management principles that are designed to increase the City's efficiency as an entity and improve the stewardship and accountability to the community. It is to these ends that the City has given primacy to the use of economic development tools for the continued attraction and retention of businesses.

Below are the major economic development projects that took place in 2017.

- Nestle USA began the transfer to Solon of 320 jobs to Solon from its technical, production, and supply chain teams from outside of Ohio. Employees were housed in three existing Nestle buildings following a \$4,100,000 investment in building improvements.
- Great Lakes Cold Storage broke ground on a 56,300 square foot expansion to accommodate 67 new jobs.
- United Stones International purchased a 21,000 square foot building for its headquarters and warehouse, bringing 7 jobs to Solon.

- Among other industrial area businesses that located or expanded in Solon in 2017 and occupied 10,000 square foot or more are Priority Dispatch, Mattress Firm, Unitrex, G & S Metal Products, and Zippy Shell of Cleveland.

In addition, the following projects were announced:

- MRI Software, LLC will reconfigure space in its existing building at 28925 Fountain Parkway to accommodate 133 new jobs.
- Prime Woodcraft, Inc. will occupy 100,000 square foot at 6230 Cochran Road, bringing 75 new jobs by the 3rd year of the project.
- Aerospace Maintenance Solutions, LLC will locate at 29401 Ambina Drive, bringing 37 jobs to Solon. The company performs maintenance, repair and overhaul services on aircraft instrumentation, radar, radio communication, and electronic systems components to support the military, police and others in the aerospace industry.
- Channel Products, Inc. will bring 60 jobs to 30700 Solon Industrial Parkway. The company is a manufacturer and supplier of electronic ignition components and systems, safety controls, and piezo-ceramic elements.

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

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

Awards and Acknowledgements

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solon for its comprehensive annual financial report for the fiscal year ending December 31, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

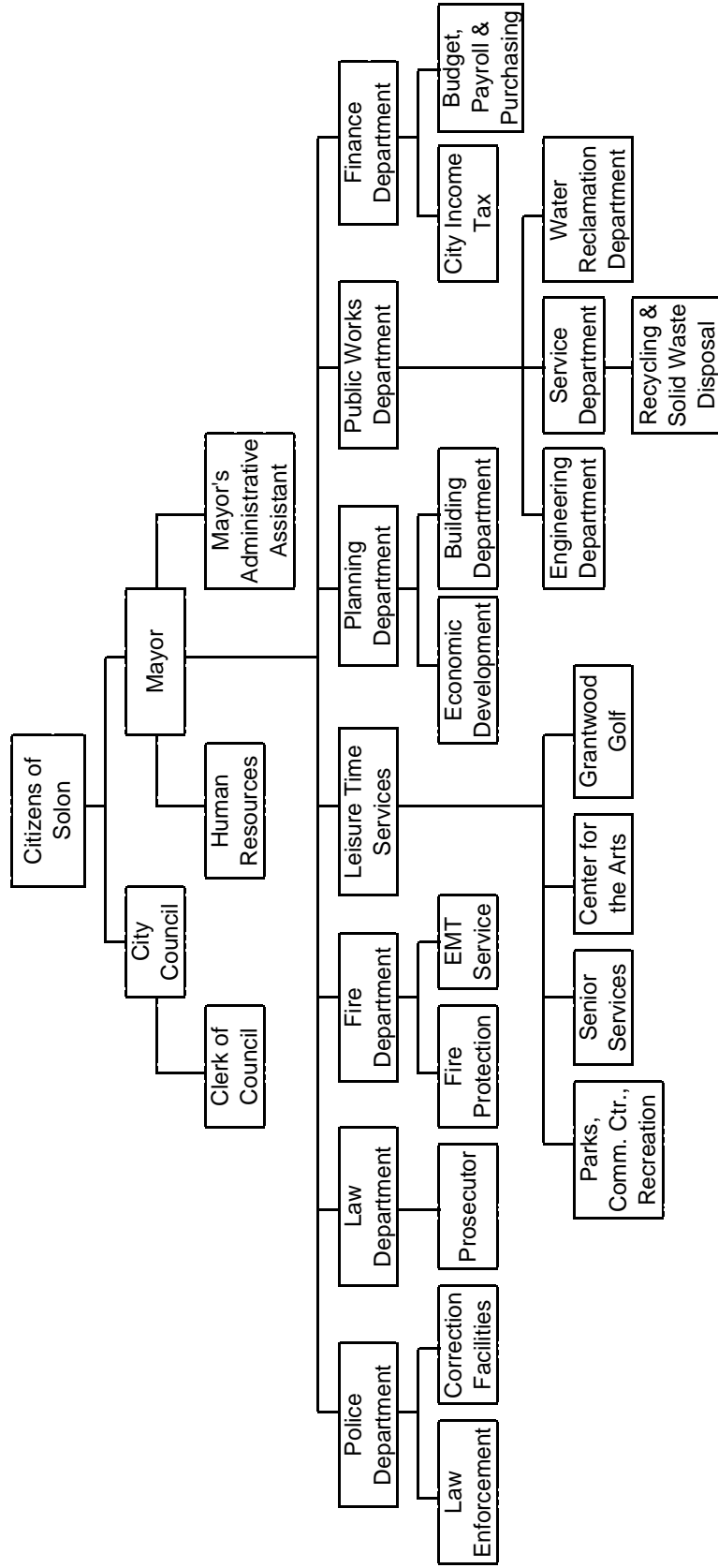
The preparation of this report would not be possible without the diligent and valuable work by the dedicated members of our Finance Department and various other staff within the Administration. Their efforts are greatly appreciated. In addition, my gratitude and compliments extend to the Auditor of State's Section of Local Government Services who assisted greatly in the production of this report. Finally, I would extend a thank you to Mayor Edward H. Kraus and current 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,

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

Matthew Rubino
Director of Finance
City of Solon, Ohio

CITY OF SOLON
Organizational Chart
December 31, 2017



City of Solon, Ohio

Principal Officials

December 31, 2017

Elected Officials

Edward H. Kraus Mayor

City Council

Douglas A. Magill Ward 1

Robert N. Pelunis Ward 2

Jeremy A Zelwin..... Ward 3

Marc R. Kotora Ward 4

Nancy E. Meany Ward 5 (Vice Mayor)

Robert P. Shimits Ward 6

William I. Russo.....Ward 7

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

Appointed Officials

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

Matthew Rubino Director of Finance

Christopher P. Viland Chief of Police

William J. Shaw Chief of Fire and Rescue

Robert S. Frankland Director of Planning

Donald W. Holub Director of Recreation

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

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

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

Fred D. White Chief Building Official

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

Jim Gibbs..... Director of Information Technology



Government Finance Officers Association

**Certificate of
Achievement
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Presented to

**City of Solon
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

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**CITY OF
SOLON, OHIO**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FINANCIAL SECTION

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

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

*Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125*

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, 2017, 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, 2017, 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 12, 2018, 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 12, 2018

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City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

The discussion and analysis of the City of Solon's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2017. 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 2017 are as follows:

- The City's net position increased during 2017 due primarily to increases in cash from revenues outpacing expenses. These increases were offset by the increases in the net pension liability.
- The City's net governmental capital assets increased over 2016. 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 2017 due to scheduled annual debt service payments.
- The City implemented GASB 68 and GASB 71 in 2015, 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. Required Supplementary Information
3. Combining Statements
4. Individual Fund Schedules
5. Statistical and Demographic Data

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

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

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

Notes to the Basic Financial Statements

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

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
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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 2017 compared to 2016:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and Other Assets	\$72,657,206	\$66,271,756	\$12,420,755	\$12,122,536	\$85,077,961	\$78,394,292
Capital Assets, Net	137,527,496	137,232,812	61,823,204	59,633,486	199,350,700	196,866,298
<i>Total Assets</i>	<u>210,184,702</u>	<u>203,504,568</u>	<u>74,243,959</u>	<u>71,756,022</u>	<u>284,428,661</u>	<u>275,260,590</u>
Deferred Outflows of Resources						
Pension	11,875,949	12,559,076	863,405	696,999	12,739,354	13,256,075
Liabilities						
Current Liabilities	4,601,826	4,573,311	1,174,233	268,474	5,776,059	4,841,785
Long-term Liabilities						
Due within one Year	2,384,936	2,280,912	605,217	586,163	2,990,153	2,867,075
Due in More than one Year						
Net Pension Liability	46,625,776	44,914,833	2,244,076	1,849,722	48,869,852	46,764,555
Other Amounts	7,743,287	7,899,888	5,728,245	6,081,065	13,471,532	13,980,953
<i>Total Liabilities</i>	<u>61,355,825</u>	<u>59,668,944</u>	<u>9,751,771</u>	<u>8,785,424</u>	<u>71,107,596</u>	<u>68,454,368</u>
Deferred Inflows of Resources						
Property Taxes	3,742,692	3,765,028	0	0	3,742,692	3,765,028
Pension	1,589,103	580,246	87,276	47,359	1,676,379	627,605
Total Deferred Inflows of Resources	<u>5,331,795</u>	<u>4,345,274</u>	<u>87,276</u>	<u>47,359</u>	<u>5,419,071</u>	<u>4,392,633</u>
Net Position						
Net Investment in Capital Assets	136,564,165	136,356,122	54,926,993	53,270,749	191,491,158	189,626,871
Restricted for:						
Capital Projects	22,116,192	19,842,142	0	0	22,116,192	19,842,142
Debt Service	3,833,030	4,238,412	0	0	3,833,030	4,238,412
Other Purposes	1,965,409	1,856,881	0	0	1,965,409	1,856,881
Unrestricted (Deficit)	(9,105,765)	(10,244,131)	10,341,324	10,349,489	1,235,559	105,358
<i>Total Net Position</i>	<u>\$155,373,031</u>	<u>\$152,049,426</u>	<u>\$65,268,317</u>	<u>\$63,620,238</u>	<u>\$220,641,348</u>	<u>\$215,669,664</u>

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2017 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.

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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 land, construction in progress, buildings, furniture and equipment, vehicles and infrastructure. This increase was partially offset by current year depreciation. There were also significant changes to deferred outflows of resources, net pension liability and deferred inflows of resources for governmental 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. The decrease in other long-term liabilities was due to the continued pay-down of debt liabilities.

Total assets for business-type activities increased due to additions of construction in progress, land improvements, furniture and equipment, vehicles and infrastructure. This increase was partially offset by current year depreciation. Current liabilities increased due to greater contracts and retainage payable related to an ongoing treatment plant improvement project. 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 2017 and 2016 can be observed in Table 2.

(Table 2)
Changes in Net Position

	Governmental Activities		Business -Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program Revenues						
Charges for Services and Sales	\$5,227,773	\$5,280,616	\$6,343,483	\$6,422,813	\$11,571,256	\$11,703,429
Operating Grants and Contributions	1,370,182	1,391,073	0	0	1,370,182	1,391,073
Capital Grants, Contributions and Capital Assessments	1,082,903	1,292,479	0	0	1,082,903	1,292,479
<i>Total Program Revenues</i>	<u>7,680,858</u>	<u>7,964,168</u>	<u>6,343,483</u>	<u>6,422,813</u>	<u>14,024,341</u>	<u>14,386,981</u>
General Revenues						
Property Taxes	4,201,328	4,190,311	0	0	4,201,328	4,190,311
Municipal Income Taxes	44,316,025	44,996,193	0	0	44,316,025	44,996,193
Grants and Entitlements	466,778	559,695	0	0	466,778	559,695
Unrestricted Contributions	18,508	37	0	0	18,508	37
Investment Income	522,685	232,429	111,384	38,721	634,069	271,150
Gain on Sale of Capital Assets	45,460	33,087	0	0	45,460	33,087
Miscellaneous	363,966	803,141	21,134	40,910	385,100	844,051
<i>Total General Revenues</i>	<u>49,934,750</u>	<u>50,814,893</u>	<u>132,518</u>	<u>79,631</u>	<u>50,067,268</u>	<u>50,894,524</u>
<i>Total Revenues</i>	<u>\$57,615,608</u>	<u>\$58,779,061</u>	<u>\$6,476,001</u>	<u>\$6,502,444</u>	<u>\$64,091,609</u>	<u>\$65,281,505</u>

City of Solon, Ohio
Management's Discussion and Analysis
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(Table 2)
Changes in Net Position (continued)

	Governmental Activities		Business -Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program Expenses						
Security of Persons and Property						
Police	\$9,696,575	\$9,698,435	\$0	\$0	\$9,696,575	\$9,698,435
Fire	9,202,443	9,044,688	0	0	9,202,443	9,044,688
Public Health and Welfare	93,367	95,638	0	0	93,367	95,638
Leisure Time Activities	6,073,088	5,635,865	0	0	6,073,088	5,635,865
Community Environment	2,927,294	2,945,530	0	0	2,927,294	2,945,530
Basic Utility Services	3,136,684	2,700,942	0	0	3,136,684	2,700,942
Transportation	11,525,898	12,913,892	0	0	11,525,898	12,913,892
General Government	10,345,336	11,267,584	0	0	10,345,336	11,267,584
Interest and Fiscal Charges	156,092	157,870	0	0	156,092	157,870
Water Reclamation	0	0	4,870,073	5,946,619	4,870,073	5,946,619
Grantwood Recreation	0	0	1,093,075	1,108,103	1,093,075	1,108,103
<i>Total Program Expenses</i>	<u>53,156,777</u>	<u>54,460,444</u>	<u>5,963,148</u>	<u>7,054,722</u>	<u>59,119,925</u>	<u>61,515,166</u>
<i>Excess before Transfers</i>	4,458,831	4,318,617	512,853	(552,278)	4,971,684	3,766,339
Transfers	<u>(1,135,226)</u>	<u>(17,589)</u>	<u>1,135,226</u>	<u>17,589</u>	<u>0</u>	<u>0</u>
<i>Change in Net Position</i>	3,323,605	4,301,028	1,648,079	(534,689)	4,971,684	3,766,339
<i>Net Position Beginning 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>
<i>Net Position End of Year</i>	<u>\$155,373,031</u>	<u>\$152,049,426</u>	<u>\$65,268,317</u>	<u>\$63,620,238</u>	<u>\$220,641,348</u>	<u>\$215,669,664</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 decreased 2017 as a result of the City receiving additional Ohio Department of Transportation funding in 2016. Municipal income tax revenues decreased on an accrual basis due to the timing of employee withholding collections. Investment income increased in 2017 attributable to higher cash balances. Miscellaneous revenues were higher in 2016 due to restitution receipts as well as unclaimed funds older than five years being receipted back to the general fund.

On the expense side, the largest program or function is security of persons and property. It is composed of two parts; Police and Fire. Police remained consistent with the prior year. Fire increased due to an increase in employee personal service costs.

The next largest program or function is transportation. It includes the construction and maintenance of streets, storm sewers and other related infrastructure. Transportation expenses decreased as a result of a greater amount of infrastructure costs being capitalized rather than expensed in 2017.

Leisure time activities increased in 2017 due to employee wage increases.

General government decreased in 2017 due to the City's ongoing commitment to cut costs.

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All expenses were affected by the change in the net pension liability for 2017 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 2017 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 decreased largely due to lower contractual service costs in 2017.

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 2017, the City of Solon's governmental funds reported a positive combined ending fund balance. The largest portion of the ending fund balance is unassigned. The remainder of the fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for new spending because it has been specifically marked for expenditures as designated by grant agreements, City ordinances or intent of use.

The general fund is the main governmental and operating fund of the City. There was an overall increase in the general fund's fund balance between 2017 and 2016. Revenues continued to outpace expenditures and transfers out.

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 2017 and 2016 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 2017 and 2016 as revenues continued to outpace expenditures.

Business-type Funds – report the City's Water Reclamation (wastewater) operation and Grantwood (golf course) Recreation on an accrual basis. In 2017, the net position for the Water Reclamation fund increased as a result of operating revenues outpacing operating expenditures. The net position for the Grantwood Recreation fund decreased during 2017 as a result of operating expenditures outpacing operating revenue.

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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 2017, the general fund's original revenue estimate fell short of the final estimate resulting from the City making minor adjustments during the year. The general fund's actual revenue plus other financing sources exceeded the final estimate mainly as a result of higher than estimated income taxes. The general fund's final budget exceeded the original budget due primarily to increased estimates of general governmental spending. 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 land, construction in progress, buildings, furniture and equipment, vehicles and infrastructure. This increase was partially offset by current year depreciation. Business-type capital assets, net of depreciation, increased due to additions of construction in progress, land improvements, furniture and equipment, vehicles and infrastructure. This increase was partially offset by current year depreciation. 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	
	2017	2016	2017	2016	2017	2016
Land	\$10,829,574	\$10,803,543	\$3,120,877	\$3,120,877	\$13,950,451	\$13,924,420
Construction in Progress	6,270,663	7,171,733	3,007,781	0	9,278,444	7,171,733
Land Improvements	945,662	1,039,028	22,575	4,785	968,237	1,043,813
Buildings	33,627,014	35,025,611	16,907,251	17,725,607	50,534,265	52,751,218
Furniture and Equipment	1,353,500	1,285,069	887,550	981,577	2,241,050	2,266,646
Vehicles	4,937,421	4,737,383	69,539	63,578	5,006,960	4,800,961
Infrastructure	79,563,662	77,170,445	37,807,631	37,737,062	117,371,293	114,907,507
Total Capital Assets	\$137,527,496	\$137,232,812	\$61,823,204	\$59,633,486	\$199,350,700	\$196,866,298

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Outstanding Long-Term Obligations

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

	Governmental Activities		Business -Type Activities		Total	
	2017	2016	2017	2016	2017	2016
OWDA Loans	\$5,463,259	\$6,084,196	\$6,002,917	\$6,362,737	\$11,466,176	\$12,446,933
Net Pension Liability	46,625,776	44,914,833	2,244,076	1,849,722	48,869,852	46,764,555
Compensated Absences	3,593,526	3,600,803	330,545	304,491	3,924,071	3,905,294
Capital Leases Payable	1,041,756	484,940	0	0	1,041,756	484,940
Claims Payable	29,682	10,861	0	0	29,682	10,861
Total	\$56,753,999	\$55,095,633	\$8,577,538	\$8,516,950	\$65,331,537	\$63,612,583

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.

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.

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.

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

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 2017 with an unassigned fund balance of \$25,996,199. 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.

More evidence of the City's commitment to effective financial management is the performance of the 2017 budget versus actual. In 2017, City-wide revenue exceeded final budget estimates by more than \$792,000 and expenses were restricted to a level \$4.1 million under the final budgeted amounts. The resultant favorable variance of \$4.9 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 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.

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

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, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$52,580,815	\$10,605,384	\$63,186,199
Cash and Cash Equivalents:			
With Fiscal Agents	340,842	0	340,842
Accounts Receivable	221,494	1,622,617	1,844,111
Intergovernmental Receivable	961,196	0	961,196
Municipal Income Taxes Receivable	10,116,798	0	10,116,798
Materials and Supplies Inventory	636,393	179,227	815,620
Accrued Interest Receivable	67,901	13,527	81,428
Prepaid Items	223,034	0	223,034
Property Taxes Receivable	3,893,948	0	3,893,948
Special Assessments Receivable	3,614,785	0	3,614,785
Nondepreciable Capital Assets	17,100,237	6,128,658	23,228,895
Depreciable Capital Assets, Net	120,427,259	55,694,546	176,121,805
<i>Total Assets</i>	<u>210,184,702</u>	<u>74,243,959</u>	<u>284,428,661</u>
Deferred Outflows of Resources			
Pension	11,875,949	863,405	12,739,354
Liabilities			
Accounts Payable	611,357	41,676	653,033
Accrued Wages	911,001	63,915	974,916
Contracts Payable	800,772	669,002	1,469,774
Intergovernmental Payable	454,357	29,954	484,311
Retainage Payable	981,350	224,292	1,205,642
Matured Compensated Absences Payable	40,181	0	40,181
Accrued Interest Payable	81,296	90,044	171,340
Claims Payable	291,326	0	291,326
Vacation Benefits Payable	430,186	55,350	485,536
Long-Term Liabilities:			
Due Within One Year	2,384,936	605,217	2,990,153
Due In More Than One Year			
Net Pension Liability (See Note 11)	46,625,776	2,244,076	48,869,852
Other Amounts	7,743,287	5,728,245	13,471,532
<i>Total Liabilities</i>	<u>61,355,825</u>	<u>9,751,771</u>	<u>71,107,596</u>
Deferred Inflows of Resources			
Property Taxes	3,742,692	0	3,742,692
Pension	1,589,103	87,276	1,676,379
<i>Total Deferred Inflows of Resources</i>	<u>5,331,795</u>	<u>87,276</u>	<u>5,419,071</u>
Net Position			
Net Investment in Capital Assets	136,564,165	54,926,993	191,491,158
Restricted for:			
Capital Projects	22,116,192	0	22,116,192
Debt Service	3,833,030	0	3,833,030
Street, Construction, Maintenance and Repair	515,734	0	515,734
Police Pension	633,775	0	633,775
Fire Pension	544,498	0	544,498
Other Purposes	271,402	0	271,402
Unrestricted (Deficit)	(9,105,765)	10,341,324	1,235,559
<i>Total Net Position</i>	<u>\$155,373,031</u>	<u>\$65,268,317</u>	<u>\$220,641,348</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Activities
For the Year Ended December 31, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions and Assessments
Governmental Activities:				
Security of Persons and Property				
Police	\$9,696,575	\$998,579	\$136,374	\$0
Fire	9,202,443	1,351,809	135,729	39,298
Public Health and Welfare	93,367	12,279	0	0
Leisure Time Activities	6,073,088	814,787	22,455	0
Community Environment	2,927,294	203,710	0	0
Basic Utility Services	3,136,684	251,580	0	0
Transportation	11,525,898	414,007	1,075,624	1,043,605
General Government	10,345,336	1,181,022	0	0
Interest and Fiscal Charges	156,092	0	0	0
<i>Total Governmental Activities</i>	<u>53,156,777</u>	<u>5,227,773</u>	<u>1,370,182</u>	<u>1,082,903</u>
Business-Type Activities:				
Water Reclamation	4,870,073	5,412,445	0	0
Grantwood Recreation	1,093,075	931,038	0	0
<i>Total Business-Type Activities</i>	<u>5,963,148</u>	<u>6,343,483</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$59,119,925</u>	<u>\$11,571,256</u>	<u>\$1,370,182</u>	<u>\$1,082,903</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
(\$8,561,622)	\$0	(\$8,561,622)
(7,675,607)	0	(7,675,607)
(81,088)	0	(81,088)
(5,235,846)	0	(5,235,846)
(2,723,584)	0	(2,723,584)
(2,885,104)	0	(2,885,104)
(8,992,662)	0	(8,992,662)
(9,164,314)	0	(9,164,314)
(156,092)	0	(156,092)
<u>(45,475,919)</u>	<u>0</u>	<u>(45,475,919)</u>
0	542,372	542,372
<u>0</u>	<u>(162,037)</u>	<u>(162,037)</u>
<u>0</u>	<u>380,335</u>	<u>380,335</u>
<u>(45,475,919)</u>	<u>380,335</u>	<u>(45,095,584)</u>
1,397,663	0	1,397,663
312,624	0	312,624
833,618	0	833,618
1,250,403	0	1,250,403
407,020	0	407,020
33,154,459	0	33,154,459
11,051,486	0	11,051,486
110,080	0	110,080
466,778	0	466,778
18,508	0	18,508
522,685	111,384	634,069
45,460	0	45,460
<u>363,966</u>	<u>21,134</u>	<u>385,100</u>
49,934,750	132,518	50,067,268
<u>(1,135,226)</u>	<u>1,135,226</u>	<u>0</u>
<u>48,799,524</u>	<u>1,267,744</u>	<u>50,067,268</u>
3,323,605	1,648,079	4,971,684
<u>152,049,426</u>	<u>63,620,238</u>	<u>215,669,664</u>
<u>\$155,373,031</u>	<u>\$65,268,317</u>	<u>\$220,641,348</u>

City of Solon, Ohio

Balance Sheet

Governmental Funds

December 31, 2017

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$27,830,145	\$1,070,056	\$17,211,079	\$4,776,247
Cash and Cash Equivalents: With Fiscal Agents	0	0	0	340,842
Restricted Assets: Equity in Pooled Cash and Cash Equivalents	30,850	0	0	0
Accrued Interest Receivable	67,652	0	0	249
Accounts Receivable	126,822	0	50,000	44,672
Intergovernmental Receivable	217,409	16,327	74,863	652,597
Municipal Income Taxes Receivable	7,549,945	0	2,516,649	50,204
Materials and Supplies Inventory	636,393	0	0	0
Prepaid Items	194,180	0	0	0
Property Taxes Receivable	1,052,399	315,719	0	2,525,830
Special Assessments Receivable	0	2,815,667	799,118	0
<i>Total Assets</i>	<u>\$37,705,795</u>	<u>\$4,217,769</u>	<u>\$20,651,709</u>	<u>\$8,390,641</u>
Liabilities				
Accounts Payable	\$543,165	\$0	\$59,285	\$8,907
Accrued Wages	910,524	0	0	477
Contracts Payable	0	0	594,883	205,889
Intergovernmental Payable	201,376	0	2,049	250,932
Retainage Payable	0	0	928,992	52,358
Matured Compensated Absences Payable	40,181	0	0	0
<i>Total Liabilities</i>	<u>1,695,246</u>	<u>0</u>	<u>1,585,209</u>	<u>518,563</u>
Deferred Inflows of Resources				
Property Taxes	1,011,478	303,443	0	2,427,771
Unavailable Revenue	4,851,622	2,844,270	2,471,529	743,556
<i>Total Deferred Inflows of Resources</i>	<u>5,863,100</u>	<u>3,147,713</u>	<u>2,471,529</u>	<u>3,171,327</u>
Fund Balances				
Nonspendable	861,423	0	0	0
Restricted	0	1,070,056	16,594,971	4,363,592
Committed	512,701	0	0	337,159
Assigned	2,777,126	0	0	0
Unassigned	25,996,199	0	0	0
<i>Total Fund Balances</i>	<u>30,147,449</u>	<u>1,070,056</u>	<u>16,594,971</u>	<u>4,700,751</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$37,705,795</u>	<u>\$4,217,769</u>	<u>\$20,651,709</u>	<u>\$8,390,641</u>

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, 2017*

Total Governmental Funds	Total Governmental Funds Balances	\$52,513,227
	Amounts reported for governmental activities in the statement of net position are different because	
\$50,887,527	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	137,527,496
340,842	Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
30,850	Delinquent Property Taxes	154,128
67,901	Municipal Income Taxes	6,216,187
221,494	Intergovernmental	779,230
961,196	Charges for Services	38,603
10,116,798	Special Assessments	3,623,227
636,393	Fees, Licenses and Permits	44,472
194,180	Miscellaneous	55,130
3,893,948		
3,614,785		
\$70,965,914	Total	10,910,977
	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.	
\$611,357	Net Position	1,370,284
911,001	Claims Payable	29,682
800,772		
454,357		
981,350	Total	1,399,966
40,181		
3,799,018	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(81,296)
	Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(430,186)
3,742,692		
10,910,977		
14,653,669	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.	
861,423	Deferred Outflows - Pension	11,875,949
22,028,619	Deferred Inflows - Pension	(1,589,103)
849,860	Net Pension Liability	(46,625,776)
2,777,126		
25,996,199	Total	(36,338,930)
52,513,227		
\$70,965,914	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
	OWDA Loan Payable	(5,463,259)
	Capital Leases	(1,041,756)
	Compensated Absences	(3,593,526)
	Claims Payable	(29,682)
	Total	(10,128,223)
	Net Position of Governmental Activities	\$155,373,031

City of Solon, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
Revenues				
Property Taxes	\$1,396,928	\$311,427	\$0	\$2,481,122
Municipal Income Taxes	32,338,064	0	10,779,353	105,787
Special Assessments	0	339,950	21,716	0
Intergovernmental	448,684	65,960	1,688,799	1,349,274
Investment Income	520,806	0	0	1,879
Fees, Licenses and Permits	739,941	8,076	0	134,769
Fines and Forfeitures	270,930	0	0	37,325
Rentals	4,532	0	0	19,444
Charges for Services	3,984,160	0	0	2,760
Contributions and Donations	18,508	0	0	72,805
Miscellaneous	238,182	0	50,950	58,058
<i>Total Revenues</i>	<u>39,960,735</u>	<u>725,413</u>	<u>12,540,818</u>	<u>4,263,223</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	7,295,469	0	0	919,469
Fire	6,487,382	0	0	1,317,736
Public Health and Welfare	93,367	0	0	0
Leisure Time Activities	4,697,844	0	0	255,994
Community Environment	2,628,519	0	0	0
Basic Utility Services	1,895,966	0	0	0
Transportation	3,166,180	0	0	1,122,950
General Government	9,233,756	3,463	0	47,606
Capital Outlay	0	0	9,097,336	2,499,640
Debt Service:				
Principal Retirement	0	620,937	0	63,884
Interest and Fiscal Charges	0	141,896	0	13,364
<i>Total Expenditures</i>	<u>35,498,483</u>	<u>766,296</u>	<u>9,097,336</u>	<u>6,240,643</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,462,252</u>	<u>(40,883)</u>	<u>3,443,482</u>	<u>(1,977,420)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	45,460	0	0	0
Inception of Capital Lease	0	0	0	620,700
Transfers In	0	0	0	1,084,000
Transfers Out	(2,151,700)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(2,106,240)</u>	<u>0</u>	<u>0</u>	<u>1,704,700</u>
<i>Net Change in Fund Balances</i>	2,356,012	(40,883)	3,443,482	(272,720)
<i>Fund Balances Beginning of Year</i>	<u>27,791,437</u>	<u>1,110,939</u>	<u>13,151,489</u>	<u>4,973,471</u>
<i>Fund Balances End of Year</i>	<u>\$30,147,449</u>	<u>\$1,070,056</u>	<u>\$16,594,971</u>	<u>\$4,700,751</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, 2017*

Total Governmental Funds	Net Change in Fund Balances - Total Governmental Funds	\$5,485,891
\$4,189,477	Amounts reported for governmental activities in the statement of activities are different because	
43,223,204	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
361,666	Capital Asset Additions	7,294,995
3,552,717	Depreciation	(6,943,325)
522,685	Total	351,670
882,786	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.	(56,986)
308,255	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
23,976	Delinquent Property Taxes	11,851
3,986,920	Municipal Income Taxes	1,092,821
91,313	Intergovernmental	(705,777)
347,190	Charges for Services	(18,636)
57,490,189	Special Assessments	(361,548)
	Fees, Licenses and Permits	44,472
	Miscellaneous	16,084
	Total	79,267
	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.	684,821
	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.	(832)
	Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	3,490,986
	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	(6,893,913)
	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	7,277
	Vacation Benefits Payable	(12,541)
	Claims Payable	(18,821)
	Total	(24,085)
	Other financing sources, such as inception of capital lease, in the governmental funds increase long-term liabilities in the statement of net position.	(620,700)
	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	808,665
	Claims Payable	18,821
	Total	827,486
\$52,513,227	Change in Net Position of Governmental Activities	\$3,323,605

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, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$1,342,790	\$1,379,800	\$1,391,786	\$11,986
Municipal Income Taxes	31,596,983	32,119,121	32,704,768	585,647
Intergovernmental	428,555	415,408	439,228	23,820
Investment Income	472,157	440,000	488,062	48,062
Fees, Licenses and Permits	716,909	684,550	741,058	56,508
Fines and Forfeitures	266,204	288,350	275,171	(13,179)
Rentals	4,384	5,000	4,532	(468)
Charges for Services	3,810,444	3,886,000	3,954,178	68,178
Contributions and Donations	17,905	16,500	18,508	2,008
Miscellaneous	185,796	222,690	232,682	9,992
<i>Total Revenues</i>	<u>38,842,127</u>	<u>39,457,419</u>	<u>40,249,973</u>	<u>792,554</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	7,683,600	7,591,765	7,323,388	268,377
Fire	6,804,347	6,594,171	6,489,448	104,723
Public Health and Welfare	98,131	99,500	95,576	3,924
Leisure Time Activities	5,074,827	5,072,228	4,869,636	202,592
Community Environment	1,792,914	1,951,511	1,627,398	324,113
Basic Utility Services	1,993,045	2,013,538	1,914,658	98,880
Transportation	3,462,116	3,732,752	3,319,987	412,765
General Government	10,634,776	12,754,317	10,051,622	2,702,695
<i>Total Expenditures</i>	<u>37,543,756</u>	<u>39,809,782</u>	<u>35,691,713</u>	<u>4,118,069</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,298,371</u>	<u>(352,363)</u>	<u>4,558,260</u>	<u>4,910,623</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	45,460	45,460	45,460	0
Transfers Out	(3,900,700)	(3,350,700)	(3,350,700)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(3,855,240)</u>	<u>(3,305,240)</u>	<u>(3,305,240)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,556,869)	(3,657,603)	1,253,020	4,910,623
<i>Fund Balance Beginning of Year</i>	23,508,235	23,508,235	23,508,235	0
Prior Year Encumbrances Appropriated	1,222,050	1,222,050	1,222,050	0
<i>Fund Balance End of Year</i>	<u>\$22,173,416</u>	<u>\$21,072,682</u>	<u>\$25,983,305</u>	<u>\$4,910,623</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2017

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$10,405,568	\$199,816	\$10,605,384	\$1,662,438
Materials and Supplies Inventory	102,101	77,126	179,227	0
Accounts Receivable	1,621,572	1,045	1,622,617	0
Accrued Interest Receivable	13,272	255	13,527	0
Prepaid Items	0	0	0	28,854
<i>Total Current Assets</i>	<u>12,142,513</u>	<u>278,242</u>	<u>12,420,755</u>	<u>1,691,292</u>
<i>Noncurrent Assets:</i>				
Nondepreciable Capital Assets	3,746,494	2,382,164	6,128,658	0
Depreciable Capital Assets, Net	55,055,811	638,735	55,694,546	0
<i>Total Noncurrent Assets</i>	<u>58,802,305</u>	<u>3,020,899</u>	<u>61,823,204</u>	<u>0</u>
<i>Total Assets</i>	<u>70,944,818</u>	<u>3,299,141</u>	<u>74,243,959</u>	<u>1,691,292</u>
Deferred Outflows of Resources				
Pension	627,931	235,474	863,405	0
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	38,650	3,026	41,676	0
Accrued Wages	48,127	15,788	63,915	0
Contracts Payable	669,002	0	669,002	0
Intergovernmental Payable	23,538	6,416	29,954	0
Retainage Payable	224,292	0	224,292	0
Accrued Interest Payable	90,044	0	90,044	0
Vacation Benefits Payable	39,182	16,168	55,350	0
Compensated Absences Payable	107,381	85,428	192,809	0
OWDA Loans Payable	412,408	0	412,408	0
Claims Payable	0	0	0	313,588
<i>Total Current Liabilities</i>	<u>1,652,624</u>	<u>126,826</u>	<u>1,779,450</u>	<u>313,588</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	115,062	22,674	137,736	0
OWDA Loans Payable	5,590,509	0	5,590,509	0
Net Pension Liability	1,632,056	612,020	2,244,076	0
Claims Payable	0	0	0	7,420
<i>Total Long-Term Liabilities</i>	<u>7,337,627</u>	<u>634,694</u>	<u>7,972,321</u>	<u>7,420</u>
<i>Total Liabilities</i>	<u>8,990,251</u>	<u>761,520</u>	<u>9,751,771</u>	<u>321,008</u>
Deferred Inflows of Resources				
Pension	63,473	23,803	87,276	0
Net Position				
Net Investment in Capital Assets	51,906,094	3,020,899	54,926,993	0
Unrestricted (Deficit)	10,612,931	(271,607)	10,341,324	1,370,284
<i>Total Net Position</i>	<u>\$62,519,025</u>	<u>\$2,749,292</u>	<u>\$65,268,317</u>	<u>\$1,370,284</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, 2017*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Operating Revenues				
Charges for Services	\$5,285,859	\$747,076	\$6,032,935	\$250,000
Tap-In Fees	126,586	0	126,586	0
Rentals	0	183,962	183,962	0
Miscellaneous	16,979	4,155	21,134	692
<i>Total Operating Revenues</i>	<u>5,429,424</u>	<u>935,193</u>	<u>6,364,617</u>	<u>250,692</u>
Operating Expenses				
Personal Services	1,763,931	684,907	2,448,838	0
Materials and Supplies	418,023	157,759	575,782	0
Contractual Services	580,075	90,601	670,676	164,464
Depreciation	1,929,097	74,938	2,004,035	0
Claims	0	0	0	345,263
Other	14,854	84,870	99,724	0
<i>Total Operating Expenses</i>	<u>4,705,980</u>	<u>1,093,075</u>	<u>5,799,055</u>	<u>509,727</u>
<i>Operating Income (Loss)</i>	<u>723,444</u>	<u>(157,882)</u>	<u>565,562</u>	<u>(259,035)</u>
Non-Operating Revenues (Expenses)				
Interest	109,383	2,001	111,384	0
Loss on Sale of Capital Assets	(13,099)	0	(13,099)	0
Interest and Fiscal Charges	(150,994)	0	(150,994)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(54,710)</u>	<u>2,001</u>	<u>(52,709)</u>	<u>0</u>
<i>Income (Loss) before Capital Contributions and Transfers</i>	668,734	(155,881)	512,853	(259,035)
Capital Contributions	1,135,226	0	1,135,226	0
Transfers In	0	0	0	1,067,700
<i>Change in Net Position</i>	1,803,960	(155,881)	1,648,079	808,665
<i>Net Position Beginning of Year</i>	<u>60,715,065</u>	<u>2,905,173</u>	<u>63,620,238</u>	<u>561,619</u>
<i>Net Position End of Year</i>	<u><u>\$62,519,025</u></u>	<u><u>\$2,749,292</u></u>	<u><u>\$65,268,317</u></u>	<u><u>\$1,370,284</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, 2017

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$5,401,549	\$746,806	\$6,148,355	\$0
Cash Received from Tap-In Fees	126,586	0	126,586	0
Cash Received from Rentals	0	183,962	183,962	0
Cash Received from Interfund Services Provided	0	0	0	250,000
Cash Received from Other Sources	10,178	3,380	13,558	692
Cash Payments to Employees for Services and Benefits	(1,535,991)	(604,641)	(2,140,632)	0
Cash Payments for Goods and Services	(94,183)	(255,185)	(349,368)	(121,184)
Cash Payments for Claims	0	0	0	(35,116)
Cash Payments for Other Operating Expenses	(14,146)	(85,184)	(99,330)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>3,893,993</u>	<u>(10,862)</u>	<u>3,883,131</u>	<u>94,392</u>
Cash Flows from Noncapital Financing Activities				
Transfers In	0	0	0	1,067,700
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(3,071,626)	0	(3,071,626)	0
Principal Paid on OWDA Loans	(359,820)	0	(359,820)	0
Interest Paid on OWDA Loans	(159,464)	0	(159,464)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(3,590,910)</u>	<u>0</u>	<u>(3,590,910)</u>	<u>0</u>
Cash Flows from Investing Activities				
Interest on Investments	96,111	1,746	97,857	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	399,194	(9,116)	390,078	1,162,092
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>10,006,374</u>	<u>208,932</u>	<u>10,215,306</u>	<u>500,346</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$10,405,568</u>	<u>\$199,816</u>	<u>\$10,605,384</u>	<u>\$1,662,438</u>

(continued)

City of Solon, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2017

	Business-type Activities			
	Water Reclamation	Grantwood Recreation	Total	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$723,444	(\$157,882)	\$565,562	(\$259,035)
Adjustments:				
Depreciation	1,929,097	74,938	2,004,035	0
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	108,889	(1,045)	107,844	0
Prepaid Items	0	0	0	43,280
Materials and Supplies Inventory	4,796	(7,254)	(2,458)	0
Deferred Outflows - Pension	207,234	77,712	284,946	0
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	6,916	429	7,345	0
Accrued Wages	6,091	148	6,239	0
Contracts Payable	669,002	0	669,002	0
Retainage Payable	224,292	0	224,292	0
Claims Payable	0	0	0	310,147
Compensated Absences Payable	22,607	3,447	26,054	0
Vacation Benefits Payable	3,248	3,518	6,766	0
Intergovernmental Payable	800	(215)	585	0
Net Pension Liability	36,536	13,701	50,237	0
Deferred Inflows - Pension	(48,959)	(18,359)	(67,318)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$3,893,993</u>	<u>(\$10,862)</u>	<u>\$3,883,131</u>	<u>\$94,392</u>

Noncash Capital Financing Activities

During 2017, the building construction capital project fund paid \$1,135,226 to contractors directly on behalf of the water reclamation enterprise fund. These amounts are included in capital contributions.

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2017

Assets

Equity in Pooled Cash and Cash Equivalents	\$617,726
Cash and Cash Equivalents in Segregated Accounts	<u>39,320</u>
<i>Total Assets</i>	<u><u>\$657,046</u></u>

Liabilities

Intergovernmental Payable	\$39,320
Deposits Held and Due to Others	<u>617,726</u>
<i>Total Liabilities</i>	<u><u>\$657,046</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, 2017

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 funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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, 2017

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

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

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

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

Internal Service Funds Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds report on City departments' costs of workers' compensation and medical self insurance programs for employee medical benefits.

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

Measurement Focus

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

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, 2017

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

Basis of Accounting

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

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

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

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

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 resources include property taxes, pension and unavailable revenue. Property taxes represent

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance year 2018 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, municipal income taxes, franchise fees, charges for services, miscellaneous revenue, special assessments and intergovernmental local and state monies. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 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.

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.

The City also has a bank account for monies held from the City's central bank account related to the unreleased lease proceeds for the rubbish truck lease. The balance in this account is presented on the financial statements as "cash and cash equivalents with fiscal agents".

During 2017, investments were limited to federal home loan bank bonds, federal farm credit bank bonds, federal national mortgage association notes, federal home loan mortgage corporation notes, negotiable certificates of deposit 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, 2017

For 2017, 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.

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2017 amounted to \$520,806, which includes \$245,570 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, 2017, 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.

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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.

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.

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, 2017

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, 2017

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 and compensated absences.

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

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

Operating Revenues and Expenses

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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, 2017

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	\$194,180	\$0	\$0	\$0	\$194,180
Inventory	636,393	0	0	0	636,393
Unclaimed Monies	30,850	0	0	0	30,850
<i>Total Nonspendable</i>	<u>861,423</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>861,423</u>
<u>Restricted for:</u>					
Street and Highway Construction, Maintenance and Repair	0	0	0	115,848	115,848
Police Pension	0	0	0	557,498	557,498
Fire Pension	0	0	0	430,081	430,081
Police Department	0	0	0	193,825	193,825
Debt Service	0	1,070,056	0	0	1,070,056
Capital Improvements	0	0	16,594,971	3,066,340	19,661,311
<i>Total Restricted</i>	<u>0</u>	<u>1,070,056</u>	<u>16,594,971</u>	<u>4,363,592</u>	<u>22,028,619</u>
<u>Committed to:</u>					
Emergency Medical Service	336,056	0	0	0	336,056
Cable TV	0	0	0	149,109	149,109
Tree Planting	0	0	0	102,504	102,504
Recreation	0	0	0	33,103	33,103
Police and Fire Departments	0	0	0	23,917	23,917
Senior Services	0	0	0	17,513	17,513
Community Development	0	0	0	5,512	5,512
Cemetery	0	0	0	5,501	5,501
Contract Services	176,645	0	0	0	176,645
<i>Total Committed</i>	<u>512,701</u>	<u>0</u>	<u>0</u>	<u>337,159</u>	<u>849,860</u>
<u>Assigned to:</u>					
Economic Incentive	1,011,415	0	0	0	1,011,415
Compensated Absences	1,092,243	0	0	0	1,092,243
Purchases on Order:					
Personal Services	6,020	0	0	0	6,020
Purchased/Contractual Services	254,604	0	0	0	254,604
Materials and Supplies	396,455	0	0	0	396,455
Capital Outlay	16,389	0	0	0	16,389
<i>Total Assigned</i>	<u>2,777,126</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,777,126</u>
Unassigned	25,996,199	0	0	0	25,996,199
Total Fund Balances	<u><u>\$30,147,449</u></u>	<u><u>\$1,070,056</u></u>	<u><u>\$16,594,971</u></u>	<u><u>\$4,700,751</u></u>	<u><u>\$52,513,227</u></u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Stabilization arrangement The governing council adopted an ordinance to establish and maintain a budget stabilization (“rainy day”) fund, in 2013, that is combined with the general fund for reporting purposes and is used to segregate resources that will only be employed should pre-determined economic stress levels be reached. Transfers from the general fund have been made each year and the fund balance is \$7 million as of the end of 2017.

Note 4 - Budgetary Basis of Accounting

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

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

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

Net Change in Fund Balance	
GAAP Basis	\$2,356,012
Net Adjustment for Revenue Accruals	1,487,481
Beginning Fair Value Adjustment for Investments	(249,766)
Ending Fair Value Adjustment for Investments	284,674
Net Adjustment for Expenditure Accruals	(1,398,513)
Perspective Difference:	
Economic Incentive	(110,662)
Police Training	(12,212)
Encumbrances	(1,103,994)
Budget Basis	\$1,253,020

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 5 - Deposits and Investments

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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
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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.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$33,280 of the City's bank balance of \$641,535 with Fifth Third Bank was exposed to custodial credit risk because it was uninsured and uncollateralized. Certain timing issues related to fluctuations in depository balances contributed to the uncollateralized balance. These insufficiencies were corrected the next business day.

Investments

As of December 31, 2017, 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	\$28,243,416	52.1 days	Aaam	N/A
Fair Value - Level Two Inputs:				
Federal Home Loan				
Bank Bonds	4,942,400	Less than five years	Aaa	8.79
Federal Farm Credit Bank Bonds	4,456,265	Less than three years	Aaa	7.93
Federal National Mortgage				
Association Notes	4,186,685	Less than five years	Aaa	7.45
Federal Home Loan Mortgage				
Corporation Notes	9,658,501	Less than five years	Aaa	17.19
Negotiable Certificates of Deposit	4,714,187	Less than five years	N/A	8.40
Total Investments	<u>\$56,201,454</u>			

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The previous chart identifies the City's recurring fair value measurements as of December 31, 2017. 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, 2017, 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 \$2,452,827 in the general obligation bond retirement fund and \$777,520 in the infrastructure capital projects fund. At December 31, 2017, the amount of delinquent special assessments was \$85,496.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes were levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2017, was \$3.80 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	\$828,148,180
Other Real Estate	306,517,830
Tangible Personal Property	
Public Utility	<u>24,204,920</u>
Total	<u><u>\$1,158,870,930</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, 2017, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2017 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 2017, the general fund received seventy-five percent of the proceeds and the infrastructure fund received twenty-five percent of the proceeds.

In 2006, the City entered into a contract with neighboring Bainbridge Township to form the Bainbridge-Solon Joint Economic Development District (JEDD). The JEDD Board levied a municipal income tax of two percent in the JEDD effective January 1, 2007, proceeds of which are received by the general capital improvement fund. See Note 19 for additional information on the JEDD.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Intergovernmental Receivable

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Gasoline Tax	\$270,265
Homestead and Rollback	199,167
Cents per Gallon	137,993
Auto Regulation	115,925
Local Government	80,250
Grants	74,863
Prisoner Housing	61,386
Bedford Municipal Court	15,920
Cuyahoga County	2,981
Solon City Schools	<u>2,446</u>
Total Intergovernmental Receivables	<u><u>\$961,196</u></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, 2017.

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, 2017

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, 2017, was as follows:

	Balance 12/31/16	Additions	Reductions	Balance 12/31/17
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$10,803,543	\$26,031	\$0	\$10,829,574
Construction in progress	7,171,733	1,106,548	(2,007,618)	6,270,663
Total Capital Assets Not Being Depreciated	17,975,276	1,132,579	(2,007,618)	17,100,237
Capital Assets Being Depreciated				
Land improvements	2,235,881	0	0	2,235,881
Buildings	59,132,086	258,194	0	59,390,280
Furniture and Equipment	7,168,805	398,444	0	7,567,249
Vehicles	13,421,846	1,065,406	(368,786)	14,118,466
Infrastructure	149,290,880	6,447,990	(1,175,503)	154,563,367
Total Capital Assets Being Depreciated	231,249,498	8,170,034	(1,544,289)	237,875,243
Less Accumulated Depreciation				
Land improvements	(1,196,853)	(93,366)	0	(1,290,219)
Buildings	(24,106,475)	(1,656,791)	0	(25,763,266)
Furniture and Equipment	(5,883,736)	(330,013)	0	(6,213,749)
Vehicles	(8,684,463)	(865,368)	368,786	(9,181,045)
Infrastructure	(72,120,435)	(3,997,787)	1,118,517	(74,999,705)
Total Accumulated Depreciation	(111,991,962)	(6,943,325) *	1,487,303	(117,447,984)
Capital Assets Being Depreciated, net	119,257,536	1,226,709	(56,986)	120,427,259
Governmental Activities				
Capital Assets, net	\$137,232,812	\$2,359,288	(\$2,064,604)	\$137,527,496

* Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	
Police	\$471,251
Fire	525,949
Leisure Time Activities	633,727
Community Environment	11,338
Transportation	3,997,787
Basic Utility Service	868,557
General Government	434,716
Total Depreciation Expense	\$6,943,325

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

	Balance 12/31/16	Additions	Reductions	Balance 12/31/17
Business Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$3,120,877	\$0	\$0	\$3,120,877
Construction in progress	0	3,007,781	0	3,007,781
Total Capital Assets				
Not Being Depreciated	3,120,877	3,007,781	0	6,128,658
Capital Assets Being Depreciated				
Land Improvements	256,107	19,565	(26,150)	249,522
Buildings	34,042,088	0	0	34,042,088
Furniture and Equipment	6,118,824	20,838	(9,024)	6,130,638
Vehicles	355,509	23,442	0	378,951
Infrastructure	60,797,761	1,135,226	(283,806)	61,649,181
Total Capital Assets Being Depreciated	101,570,289	1,199,071	(318,980)	102,450,380
Less Accumulated Depreciation				
Land Improvements	(251,322)	(1,775)	26,150	(226,947)
Buildings	(16,316,481)	(818,356)	0	(17,134,837)
Furniture and Equipment	(5,137,247)	(114,865)	9,024	(5,243,088)
Vehicles	(291,931)	(17,481)	0	(309,412)
Infrastructure	(23,060,699)	(1,051,558)	270,707	(23,841,550)
Total Accumulated Depreciation	(45,057,680)	(2,004,035)	305,881	(46,755,834)
Capital Assets Being Depreciated, net	56,512,609	(804,964)	(13,099)	55,694,546
Business Type Activities				
Capital Assets, net	\$59,633,486	\$2,202,817	(\$13,099)	\$61,823,204

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
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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 \$29,682 reported in the fund at December 31, 2017, 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 2016 and 2017 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2016	\$22,522	\$19,885	\$31,546	\$10,861
2017	10,861	53,937	35,116	29,682

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 2017 plan year of \$6,254,300.

During 2017, all claims activity for the medical self insurance program was reported in the City's general fund. Changes in the general fund's claims activity amount for 2016 and 2017 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2016	\$213,849	\$3,895,970	\$3,950,966	\$158,853
2017	158,853	3,676,576	3,835,429	0

City of Solon, Ohio
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Beginning in January 2018, all medical claims activity will be reported in the medical self insurance internal service fund. The general fund made a transfer to the medical self insurance fund in December 2017 to establish a reserve for future claims. The claims liability of \$291,326 reported in the medical self insurance internal service fund at December 31, 2017 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.

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.

City of Solon, Ohio
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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, 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):

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

City of Solon, Ohio
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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:

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
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 \$1,547,544 for 2017. Of this amount, \$202,813 is reported as an intergovernmental payable.

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

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

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

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

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

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

	Police	Firefighters
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2017 Actual Contribution Rates		
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 \$2,113,672 for 2017. Of this amount, \$245,222 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, 2016, 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, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. 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
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	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.089838%	0.449473%	
Prior Measurement Date	<u>0.097081%</u>	<u>0.465546%</u>	
Change in Proportionate Share	<u>-0.007243%</u>	<u>-0.016073%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$20,400,683	\$28,469,169	\$48,869,852
Pension Expense	\$3,982,679	\$3,349,329	\$7,332,008

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$27,652	\$8,054	\$35,706
Changes of assumptions	3,235,798	0	3,235,798
Net difference between projected and actual earnings on pension plan investments	3,038,133	2,768,501	5,806,634
City contributions subsequent to the measurement date	<u>1,547,544</u>	<u>2,113,672</u>	<u>3,661,216</u>
Total Deferred Outflows of Resources	<u>\$7,849,127</u>	<u>\$4,890,227</u>	<u>\$12,739,354</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$121,414	\$65,548	\$186,962
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>672,010</u>	<u>817,407</u>	<u>1,489,417</u>
Total Deferred Inflows of Resources	<u>\$793,424</u>	<u>\$882,955</u>	<u>\$1,676,379</u>

\$3,661,216 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Year Ending December 31:	OPERS	OP&F	Total
2018	\$2,205,532	\$886,442	\$3,091,974
2019	2,336,937	886,442	3,223,379
2020	1,054,746	635,557	1,690,303
2021	(89,056)	(352,839)	(441,895)
2022	0	(147,921)	(147,921)
Thereafter	0	(14,081)	(14,081)
Total	\$5,508,159	\$1,893,600	\$7,401,759

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, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2016, compared with December 31, 2015, are presented below.

	December 31, 2016	December 31, 2015
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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For 2016, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

For 2015, 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, 2015. The prior 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.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

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 2016 and the long-term expected real rates of return:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 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 contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$31,166,599	\$20,400,683	\$11,429,190

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2016, is based on the results of an actuarial valuation date of January 1, 2016, 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, 2016, are presented below:

City of Solon, Ohio
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Valuation Date	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
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
	plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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, 2016, are summarized below:

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

Note: Assumptions are geometric.

* levered 2x

City of Solon, Ohio
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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	\$37,917,559	\$28,469,169	\$20,461,530

Changes between Measurement Date and Report Date

In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it has the potential to impact to the City's net pension liability.

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.

City of Solon, Ohio
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For the Year Ended December 31, 2017

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 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 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

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, 2017, 2016 and 2015 was \$119,042, \$232,266 and \$241,673, respectively. For 2017, 87.83 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F 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.

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

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

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

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements 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 OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contribution to OP&F for the years ended December 31, 2017, 2016 and 2015 were \$2,162,806, \$2,092,768 and \$2,038,429, respectively, of which \$49,134, \$47,575 and \$46,345, respectively, was allocated to the healthcare plan. For 2017, 88.38 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 2016 and 2015.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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.

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, a maximum of \$100,000 per occurrence, will come from the self-insurance pool with any excess paid from the specific stop-loss coverage carried by the pool. The self-insurance pool will pay up to \$800,000 per policy year before the aggregate stop-loss coverage takes over. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment.

In 2017, the City of Solon paid \$258,906 in premiums from the general fund, which represents 17.17 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 2017. Financial information can be obtained by contacting Ronald McVoy, Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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.

Note 16 - Long-Term Obligations

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

	Balance 12/31/16	Additions	Reductions	Balance 12/31/17	Amounts Due in One Year
Governmental Activities					
OWDA Loans					
2004 \$5,861,485 - 1.45%					
Aurora Road West Draw	\$2,398,598	\$0	(\$304,997)	\$2,093,601	\$309,435
2006 \$6,329,372 - 3.00%					
Aurora East Sewer Project	3,685,598	0	(315,940)	3,369,658	326,613
Total OWDA Loans	6,084,196	0	(620,937)	5,463,259	636,048
Other Long-term Obligations					
Net Pension Liability					
OPERS	14,965,931	3,190,676	0	18,156,607	0
OP&F	29,948,902	0	(1,479,733)	28,469,169	0
Total Net Pension Liability	44,914,833	3,190,676	(1,479,733)	46,625,776	0
Compensated Absences	3,600,803	1,586,097	(1,593,374)	3,593,526	1,562,835
Capital Leases Payable	484,940	620,700	(63,884)	1,041,756	163,791
Claims Payable	10,861	21,536	(2,715)	29,682	22,262
Total Other Long-term Obligations	49,011,437	5,419,009	(3,139,706)	51,290,740	1,748,888
Total General Long-term Obligations	\$55,095,633	\$5,419,009	(\$3,760,643)	\$56,753,999	\$2,384,936
Business-type Activities					
OWDA Loans					
2006 \$3,935,828 - 3.00%					
Trickling Filter Rehabilitation	\$2,463,595	\$0	(\$190,629)	\$2,272,966	\$196,681
2011 \$4,891,846 - 3.00%					
Anaerobic Digester and Electrical Upgrade	3,899,142	0	(169,191)	3,729,951	215,727
Total OWDA Loans	6,362,737	0	(359,820)	6,002,917	412,408
Other Long-term Liabilities					
Net Pension Liability - OPERS					
Water Reclamation	1,345,252	286,804	0	1,632,056	0
Grantwood Recreation	504,470	107,550	0	612,020	0
Total Net Pension Liability	1,849,722	394,354	0	2,244,076	0
Compensated Absences	304,491	203,743	(177,689)	330,545	192,809
Total Other Long-term Liabilities	2,154,213	598,097	(177,689)	2,574,621	192,809
Total Business-type Activities	\$8,516,950	\$598,097	(\$537,509)	\$8,577,538	\$605,217

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

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

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

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

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

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

Compensated absences will be paid from the general fund and the water reclamation and grantwood recreation enterprise funds. There is no repayment schedule for the net pension liability. 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 \$121,681,448 with an unvoted debt margin of \$63,737,901 at December 31, 2017. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2017 are as follows:

Governmental Activities

	OWDA Loans	
	Principal	Interest
2018	\$636,048	\$139,411
2019	651,584	123,874
2020	667,559	107,899
2021	683,985	91,474
2022	700,877	74,581
2023 - 2026	2,123,206	131,941
Total	\$5,463,259	\$669,180

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Business-Type Activities

	OWDA Loans	
	Principal	Interest
2018	\$412,408	\$180,354
2019	425,502	167,587
2020	439,010	154,415
2021	452,948	140,825
2022	467,329	126,803
2023-2027	2,568,841	407,598
2028-2031	1,236,879	85,011
Total	\$6,002,917	\$1,262,593

Note 17 - Capital Leases

In prior years the City entered into lease agreements for a street/sewer cleaning truck and a televising camera truck. For 2017, the City entered into lease agreements for a vactor truck and a rubbish truck. The lease agreement for a rubbish truck identified U.S. Bank as the fiscal agent for the lease proceeds (\$340,842). As of December 31, 2017 the City has not drawn down proceeds in the escrow account leaving a balance of \$340,842. 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, 2017 follow:

	Amounts
Asset:	
Vehicles	\$1,118,904
Less: Accumulated Depreciation	(183,395)
Current Book Value	\$935,509

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,	
2018	\$188,564
2019	188,564
2020	188,564
2021	330,934
2022	111,305
2023	111,306
Total Payments	1,119,237
Less: Amount Representing Interest	(77,481)
Present Value of Minimum Lease Payments	\$1,041,756

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 18 - Interfund Transfers

Interfund transfers for the year ended December 31, 2017, consisted of the following:

<u>Transfers To</u>	<u>Transfer From</u>
	<u>General</u>
Other Governmental Funds	1,084,000
Internal Service Fund	1,067,700
Total All Funds	<u>\$2,151,700</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 and general capital improvements capital projects funds were an occasional subsidy for capital purchases. The general fund transfer to the medical self insurance internal service fund was a one-time transfer to set up a starting reserve balance for self insured medical claims.

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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 20 – Significant Commitments

Contractual Commitments

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

Vendor	Project Description	Amount Remaining on Contract
Aper Companies, LLC	St. Mary's Stream Restoration	\$11,583
Trimor Corporation	2016 Emergency Rd Repair	262,366
R.E. Warner & Associates	Cannon Rd & SOM Intersection	64,226
Trax Construction Co.	Annual Sewer System	252,031
GEO-SCI Laboratory, Inc.	Annual Materials Testing	22,518
Lampion Co. Div of Perram	Citywide Traffic Signal Upgrade	15,076
Burgess & Niple LTD	Citywide Traffic Signal Upgrade	5,480
Aqua Doc	Pepperwood Storm	6,219
Village of Oakwood	Richmond Rd Resurfacing	77,315
Dominion East Ohio	Hunters Ridger Infrastructure Improvements	27,947
Fabrizi Trucking and Paving	Hunters Ridger Infrastructure Improvements	136,095
The Illuminating Company	Hunters Ridger Infrastructure Improvements	10,261
The Mannik & Smith Group, Inc.	Brainard Rd Culvert Replacement	1,163
Trax Construction Co.	Miles Rd Sanitary Sewer Permit	197,561
Burgess & Niple LTD	Cochran Rd Reconstruction	5,530
Solar Testing Labs Inc.	Cochran Rd Reconstruction	1,868
Trimor Corporation	Cochran Rd Reconstruction	147,179
Burgess & Niple LTD	Bainbridge Rd Culvert design	5,843
Chagrin Valley Paving	Route 91 Resurfacing	175,407
Eclipse Co., LLC	SOM Storm Sewer Replacement	21,055
Burgess & Niple LTD	Briar Hill Culvert design	46,621
PSI	Briar Hill Culvert design	500
GPD Associates	Aurora Rd Reconstruction design	371,870
Burgess & Niple LTD	SOM Retianing Wall	38,302
Burgess & Niple LTD	Derby Downs Reconstruction	133,959
S.E.T. Inc.	Copley Ave Reconstruction	167,130
Nerone & Sons, Inc.	Roxbury Storm Sewer	36,487
Liberta Construction DBA	Bainbridge Rd Sidewalk	52,410
Michael Baker Intl. Inc.	Inspection Services as needed	153,120
HR Gray and Associates	Inspection Services as needed	225,444
Konstruktion King	Annual Concrete Repair	232,879
Barbicas Construction Co.	Annual Asphalt Repair (2016)	83,042
Ronyak Paving, Inc.	Annual Asphalt Repair (2017)	357,579
Asphalt Fabrics	Annual Preventive Maint.	16,228
A&A Safety, Inc.	Annual Street Striping	67,901
Lake County Sewer Co. Inc.	Annual Sewer Grouting	32,080
Perram Electric, Inc.	Citywide Traffic Signal Upgrade	239,016
Westland Heating & Air	Comm. Ctr. Pool HVAC replacement	142,959
Burgess & Niple LTD	City Hall Entrance Design	19,546
Perram Electric, Inc.	I-Net Fiber Replacement	13,920
Arcadis US, Inc.	Preliminary Treatment Improvement Project	70,520
Arcadis US, Inc.	Preliminary Treatment Improvement Project	40,546
A.P. O'Horo Company, Inc.	Preliminary Treatment Improvement Project	2,900,297
Herbst Electric Co.	Preliminary Treatment Improvement Project	443,811
		\$7,332,890

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Encumbrances

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

<i>Governmental Funds:</i>		<i>Proprietary Funds:</i>	
General Fund	\$1,103,994	Water Reclamation Fund	\$3,641,377
Infrastructure Fund	5,056,548	Grantwood Golf Fund	1,923
Other Governmental Funds	959,127	Internal Service Fund	6,838
Total Governmental	<u>\$7,119,669</u>	Total Proprietary	<u>\$3,650,138</u>

Note 21 – Change in Accounting Principle

For 2017, the City implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2016-1*. These changes were incorporated in the City's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Note 22 - Tax Abatement Disclosures

As of December 31, 2017, 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2017.

Tax Abatement Program	Taxes Abated (Incentives Abated) For the year 2017 (In Actual Dollars)
<i>Community Reinvestment Area (CRA)</i>	
- Manufacturing	\$543,166
<i>Enterprise Zone Agreement (EZA)</i>	
- Industrial	271,575

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 2017:

Enterprise Zone Revenue Sharing	\$80,817
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Required Supplementary Information

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 Four Years (1)

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.089838%	0.097081%	0.098408%	0.098408%
City's Proportionate Share of the Net Pension Liability	\$20,400,683	\$16,815,653	\$11,869,151	\$11,601,065
City's Covered Payroll	\$11,613,317	\$12,083,657	\$12,064,925	\$12,360,838
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175.67%	139.16%	98.38%	93.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	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 Four Years (1)

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.449473%	0.465546%	0.468264%	0.468264%
City's Proportionate Share of the Net Pension Liability	\$28,469,169	\$29,948,902	\$24,258,028	\$22,805,926
City's Covered Payroll	\$9,514,949	\$9,269,014	\$9,113,753	\$8,880,813
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	299.20%	323.11%	266.17%	256.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	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 Five Years (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$1,547,544	\$1,393,598	\$1,450,038	\$1,447,791	\$1,606,909
Contributions in Relation to the Contractually Required Contribution	<u>(1,547,544)</u>	<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>	<u>\$0</u>
City Covered Payroll	\$11,904,185	\$11,613,317	\$12,083,657	\$12,064,925	\$12,360,838
Contributions as a Percentage of Covered Payroll	13.00%	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.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$2,113,672	\$2,045,193	\$1,992,084	\$1,959,654
Contributions in Relation to the Contractually Required Contribution	<u>(2,113,672)</u>	<u>(2,045,193)</u>	<u>(1,992,084)</u>	<u>(1,959,654)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$9,826,819	\$9,514,949	\$9,269,014	\$9,113,753
Contributions as a Percentage of Covered Payroll	21.51%	21.49%	21.49%	21.50%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$1,631,979	\$1,306,875	\$1,283,206	\$1,287,816	\$1,315,498	\$1,224,574
<u>(1,631,979)</u>	<u>(1,306,875)</u>	<u>(1,283,206)</u>	<u>(1,287,816)</u>	<u>(1,315,498)</u>	<u>(1,224,574)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,880,813	\$8,565,132	\$8,385,932	\$8,433,354	\$8,584,815	\$7,974,399
18.38%	15.26%	15.30%	15.27%	15.32%	15.36%

City of Solon, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2017

Changes in Assumptions - OPERS

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

	<u>December 31, 2017</u>	<u>December 31, 2016 and Prior</u>
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

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, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,815,740	\$2,960,507	\$4,776,247
Cash and Cash Equivalents:			
With Fiscal Agents	0	340,842	340,842
Accrued Interest Receivable	249	0	249
Accounts Receivable	44,672	0	44,672
Intergovernmental Receivable	633,034	19,563	652,597
Municipal Income Taxes Receivable	0	50,204	50,204
Property Taxes Receivable	2,104,800	421,030	2,525,830
<i>Total Assets</i>	<u>\$4,598,495</u>	<u>\$3,792,146</u>	<u>\$8,390,641</u>
Liabilities			
Accounts Payable	\$7,939	\$968	\$8,907
Accrued Wages	477	0	477
Contracts Payable	0	205,889	205,889
Intergovernmental Payable	250,932	0	250,932
Retainage Payable	0	52,358	52,358
<i>Total Liabilities</i>	<u>259,348</u>	<u>259,215</u>	<u>518,563</u>
Deferred Inflows of Resources			
Property Taxes	2,022,957	404,814	2,427,771
Unavailable Revenue	681,779	61,777	743,556
<i>Total Deferred Inflows of Resources</i>	<u>2,704,736</u>	<u>466,591</u>	<u>3,171,327</u>
Fund Balances			
Restricted	1,297,252	3,066,340	4,363,592
Committed	337,159	0	337,159
<i>Total Fund Balances</i>	<u>1,634,411</u>	<u>3,066,340</u>	<u>4,700,751</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$4,598,495</u>	<u>\$3,792,146</u>	<u>\$8,390,641</u>

City of Solon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$2,076,038	\$405,084	\$2,481,122
Municipal Income Taxes	0	105,787	105,787
Intergovernmental	1,310,123	39,151	1,349,274
Investment Income	1,879	0	1,879
Fees, Licenses and Permits	134,769	0	134,769
Fines and Forfeitures	37,325	0	37,325
Rentals	19,444	0	19,444
Charges for Services	2,760	0	2,760
Contributions and Donations	72,805	0	72,805
Miscellaneous	58,058	0	58,058
<i>Total Revenues</i>	<u>3,713,201</u>	<u>550,022</u>	<u>4,263,223</u>
Expenditures			
Current:			
Security of Persons and Property			
Police	919,469	0	919,469
Fire	1,317,736	0	1,317,736
Leisure Time Activities	255,994	0	255,994
Transportation	1,122,950	0	1,122,950
General Government	47,606	0	47,606
Capital Outlay	0	2,499,640	2,499,640
Debt Service:			
Principal Retirement	0	63,884	63,884
Interest and Fiscal Charges	0	13,364	13,364
<i>Total Expenditures</i>	<u>3,663,755</u>	<u>2,576,888</u>	<u>6,240,643</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>49,446</u>	<u>(2,026,866)</u>	<u>(1,977,420)</u>
Other Financing Sources (Uses)			
Inception of Capital Lease	0	620,700	620,700
Transfers In	20,000	1,064,000	1,084,000
<i>Total Other Financing Sources (Uses)</i>	<u>20,000</u>	<u>1,684,700</u>	<u>1,704,700</u>
<i>Net Change in Fund Balances</i>	69,446	(342,166)	(272,720)
<i>Fund Balances Beginning of Year</i>	<u>1,564,965</u>	<u>3,408,506</u>	<u>4,973,471</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,634,411</u></u>	<u><u>\$3,066,340</u></u>	<u><u>\$4,700,751</u></u>

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
Assets					
Equity in Pooled Cash and Cash Equivalents	\$31,170	\$7,059	\$657,712	\$580,799	\$156,848
Accrued Interest Receivable	40	9	0	0	200
Accounts Receivable	0	0	0	0	44,472
Intergovernmental Receivable	484,524	39,659	43,540	65,311	0
Property Taxes Receivable	0	0	841,921	1,262,879	0
<i>Total Assets</i>	<u>\$515,734</u>	<u>\$46,727</u>	<u>\$1,543,173</u>	<u>\$1,908,989</u>	<u>\$201,520</u>
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$7,939
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	100,214	150,718	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>100,214</u>	<u>150,718</u>	<u>7,939</u>
Deferred Inflows of Resources					
Property Taxes	0	0	809,184	1,213,773	0
Unavailable Revenue	412,772	33,841	76,277	114,417	44,472
<i>Total Deferred Inflows of Resources</i>	<u>412,772</u>	<u>33,841</u>	<u>885,461</u>	<u>1,328,190</u>	<u>44,472</u>
Fund Balances					
Restricted	102,962	12,886	557,498	430,081	0
Committed	0	0	0	0	149,109
<i>Total Fund Balances</i>	<u>102,962</u>	<u>12,886</u>	<u>557,498</u>	<u>430,081</u>	<u>149,109</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$515,734</u>	<u>\$46,727</u>	<u>\$1,543,173</u>	<u>\$1,908,989</u>	<u>\$201,520</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>
\$102,504	\$33,103	\$26,447	\$167,855	\$52,243	\$1,815,740
0	0	0	0	0	249
0	0	0	0	200	44,672
0	0	0	0	0	633,034
0	0	0	0	0	2,104,800
<u>\$102,504</u>	<u>\$33,103</u>	<u>\$26,447</u>	<u>\$167,855</u>	<u>\$52,443</u>	<u>\$4,598,495</u>
\$0	\$0	\$0	\$0	\$0	\$7,939
0	0	0	477	0	477
0	0	0	0	0	250,932
0	0	0	477	0	259,348
0	0	0	0	0	2,022,957
0	0	0	0	0	681,779
0	0	0	0	0	2,704,736
0	0	26,447	167,378	0	1,297,252
102,504	33,103	0	0	52,443	337,159
102,504	33,103	26,447	167,378	52,443	1,634,411
<u>\$102,504</u>	<u>\$33,103</u>	<u>\$26,447</u>	<u>\$167,855</u>	<u>\$52,443</u>	<u>\$4,598,495</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, 2017

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
Revenues					
Property Taxes	\$0	\$0	\$830,425	\$1,245,613	\$0
Intergovernmental	1,005,227	81,483	89,365	134,048	0
Investment Income	405	0	0	0	1,474
Fees, Licenses and Permits	0	0	0	0	134,769
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	108
<i>Total Revenues</i>	<u>1,005,632</u>	<u>81,483</u>	<u>919,790</u>	<u>1,379,661</u>	<u>136,351</u>
Expenditures					
Current:					
Security of Persons and Property					
Police	0	0	853,006	0	0
Fire	0	0	0	1,315,396	0
Leisure Time Activities	0	0	0	0	146,933
Transportation	1,038,000	84,950	0	0	0
General Government	0	0	0	0	0
<i>Total Expenditures</i>	<u>1,038,000</u>	<u>84,950</u>	<u>853,006</u>	<u>1,315,396</u>	<u>146,933</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(32,368)	(3,467)	66,784	64,265	(10,582)
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	(32,368)	(3,467)	66,784	64,265	(10,582)
<i>Fund Balances Beginning of Year</i>	<u>135,330</u>	<u>16,353</u>	<u>490,714</u>	<u>365,816</u>	<u>159,691</u>
<i>Fund Balances End of Year</i>	<u>\$102,962</u>	<u>\$12,886</u>	<u>\$557,498</u>	<u>\$430,081</u>	<u>\$149,109</u>

Tree Planting	Recreation	Police Department Programs	Law Enforcement Trust	Donations Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$2,076,038
0	0	0	0	0	1,310,123
0	0	0	0	0	1,879
0	0	0	0	0	134,769
0	0	0	37,325	0	37,325
0	19,444	0	0	0	19,444
2,760	0	0	0	0	2,760
0	11,200	43,660	0	17,945	72,805
0	57,950	0	0	0	58,058
<u>2,760</u>	<u>88,594</u>	<u>43,660</u>	<u>37,325</u>	<u>17,945</u>	<u>3,713,201</u>
0	0	38,994	23,959	3,510	919,469
0	0	0	0	2,340	1,317,736
0	99,218	0	0	9,843	255,994
0	0	0	0	0	1,122,950
47,606	0	0	0	0	47,606
<u>47,606</u>	<u>99,218</u>	<u>38,994</u>	<u>23,959</u>	<u>15,693</u>	<u>3,663,755</u>
(44,846)	(10,624)	4,666	13,366	2,252	49,446
0	20,000	0	0	0	20,000
(44,846)	9,376	4,666	13,366	2,252	69,446
<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>
<u>\$102,504</u>	<u>\$33,103</u>	<u>\$26,447</u>	<u>\$167,378</u>	<u>\$52,443</u>	<u>\$1,634,411</u>

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2017

	Safety and Service Equipment	Building Construction	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$146,802	\$1,593,036	\$17,744	\$1,202,925	\$2,960,507
Cash and Cash Equivalents:					
With Fiscal Agents	340,842	0	0	0	340,842
Intergovernmental Receivable	19,563	0	0	0	19,563
Municipal Income Taxes Receivable	0	0	0	50,204	50,204
Property Taxes Receivable	421,030	0	0	0	421,030
<i>Total Assets</i>	<u>\$928,237</u>	<u>\$1,593,036</u>	<u>\$17,744</u>	<u>\$1,253,129</u>	<u>\$3,792,146</u>
Liabilities					
Accounts Payable	\$0	\$968	\$0	\$0	\$968
Contracts Payable	0	93,233	0	112,656	205,889
Retainage Payable	0	45,338	0	7,020	52,358
<i>Total Liabilities</i>	<u>0</u>	<u>139,539</u>	<u>0</u>	<u>119,676</u>	<u>259,215</u>
Deferred Inflows of Resources					
Property Taxes	404,814	0	0	0	404,814
Unavailable Revenue	35,779	0	0	25,998	61,777
<i>Total Deferred Inflows of Resources</i>	<u>440,593</u>	<u>0</u>	<u>0</u>	<u>25,998</u>	<u>466,591</u>
Fund Balances					
Restricted	487,644	1,453,497	17,744	1,107,455	3,066,340
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$928,237</u>	<u>\$1,593,036</u>	<u>\$17,744</u>	<u>\$1,253,129</u>	<u>\$3,792,146</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, 2017

	Safety and Service Equipment	Building Construction	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
Revenues					
Property Taxes	\$405,084	\$0	\$0	\$0	\$405,084
Municipal Income Taxes	0	0	0	105,787	105,787
Intergovernmental	39,151	0	0	0	39,151
<i>Total Revenues</i>	<u>444,235</u>	<u>0</u>	<u>0</u>	<u>105,787</u>	<u>550,022</u>
Expenditures					
Capital Outlay	863,800	1,012,962	0	622,878	2,499,640
Debt Service:					
Principal Retirement	63,884	0	0	0	63,884
Interest and Fiscal Charges	13,364	0	0	0	13,364
<i>Total Expenditures</i>	<u>941,048</u>	<u>1,012,962</u>	<u>0</u>	<u>622,878</u>	<u>2,576,888</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(496,813)</u>	<u>(1,012,962)</u>	<u>0</u>	<u>(517,091)</u>	<u>(2,026,866)</u>
Other Financing Sources (Uses)					
Inception of Capital Lease	620,700	0	0	0	620,700
Transfers In	177,000	0	0	887,000	1,064,000
<i>Total Other Financing Sources (Uses)</i>	<u>797,700</u>	<u>0</u>	<u>0</u>	<u>887,000</u>	<u>1,684,700</u>
<i>Net Change in Fund Balances</i>	300,887	(1,012,962)	0	369,909	(342,166)
<i>Fund Balances Beginning 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>
<i>Fund Balances End of Year</i>	<u>\$487,644</u>	<u>\$1,453,497</u>	<u>\$17,744</u>	<u>\$1,107,455</u>	<u>\$3,066,340</u>

Combining Statements – Internal Service Funds

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

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

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

City of Solon, Ohio
Combining Statement of Fund Net Position
Internal Service Funds
December 31, 2017

	<u>Workers'</u> <u>Compensation</u>	<u>Medical</u> <u>Self Insurance</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$594,738	\$1,067,700	\$1,662,438
Prepaid Items	<u>28,854</u>	<u>0</u>	<u>28,854</u>
<i>Total Assets</i>	<u>623,592</u>	<u>1,067,700</u>	<u>1,691,292</u>
Liabilities			
<i>Current Liabilities:</i>			
Claims Payable	22,262	291,326	313,588
<i>Long-Term Liabilities:</i>			
Claims Payable	<u>7,420</u>	<u>0</u>	<u>7,420</u>
<i>Total Liabilities</i>	<u>29,682</u>	<u>291,326</u>	<u>321,008</u>
Net Position			
Unrestricted	<u>\$593,910</u>	<u>\$776,374</u>	<u>\$1,370,284</u>

City of Solon, Ohio
*Combining Statement of Revenues,
Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2017*

	Workers' Compensation	Medical Self Insurance	Total
Operating Revenues			
Charges for Services	\$250,000	\$0	\$250,000
Miscellaneous	692	0	692
<i>Total Operating Revenues</i>	<u>250,692</u>	<u>0</u>	<u>250,692</u>
Operating Expenses			
Contractual Services	164,464	0	164,464
Claims	53,937	291,326	345,263
<i>Total Operating Expenses</i>	<u>218,401</u>	<u>291,326</u>	<u>509,727</u>
<i>Income (Loss) before Transfers</i>	32,291	(291,326)	(259,035)
Transfers In	<u>0</u>	<u>1,067,700</u>	<u>1,067,700</u>
<i>Change in Net Position</i>	32,291	776,374	808,665
<i>Net Position Beginning of Year</i>	<u>561,619</u>	<u>0</u>	<u>561,619</u>
<i>Net Position End of Year</i>	<u><u>\$593,910</u></u>	<u><u>\$776,374</u></u>	<u><u>\$1,370,284</u></u>

City of Solon, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2017

	<u>Workers'</u> <u>Compensation</u>	<u>Medical</u> <u>Self Insurance</u>	<u>Total</u>
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Interfund Services Provided	\$250,000	\$0	\$250,000
Cash Received from Other Sources	692	0	692
Cash Payments for Goods and Services	(121,184)	0	(121,184)
Cash Payments for Claims	(35,116)	0	(35,116)
<i>Net Cash Provided by (Used for) Operating Activities</i>	94,392	0	94,392
Cash Flows from Noncapital and Related Financing Activities			
Transfers In	0	1,067,700	1,067,700
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	94,392	1,067,700	1,162,092
<i>Cash and Cash Equivalents Beginning of Year</i>	500,346	0	500,346
<i>Cash and Cash Equivalents End of Year</i>	<u>\$594,738</u>	<u>\$1,067,700</u>	<u>\$1,662,438</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	\$32,291	(\$291,326)	(\$259,035)
<i>(Increase) Decrease in Assets:</i>			
Prepaid Items	43,280	0	43,280
<i>Increase (Decrease) in Liabilities</i>			
Claims Payable	18,821	291,326	310,147
<i>Total Adjustments</i>	62,101	291,326	353,427
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$94,392</u>	<u>\$0</u>	<u>\$94,392</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, 2017

	Beginning Balance 12/31/16	Additions	Deductions	Ending Balance 12/31/17
<i>Inspection Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$594,170	\$117,325	\$94,143	\$617,352
Liabilities				
Deposits Held and Due to Others	\$594,170	\$117,325	\$94,143	\$617,352
 <i>Traffic Violations Fund</i>				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$118,562	\$118,562	\$0
Liabilities				
Intergovernmental Payable	\$0	\$118,562	\$118,562	\$0
 <i>DARE Scholarship Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$374	\$0	\$0	\$374
Liabilities				
Deposits Held and Due to Others	\$374	\$0	\$0	\$374
 <i>JEDD Income Tax Fund</i>				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$34,401	\$227,522	\$222,603	\$39,320
Liabilities				
Intergovernmental Payable	\$34,401	\$227,522	\$222,603	\$39,320
 <i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$594,544	\$117,325	\$94,143	\$617,726
Cash and Cash Equivalents in Segregated Accounts	34,401	346,084	341,165	39,320
Total Assets	\$628,945	\$463,409	\$435,308	\$657,046
Liabilities				
Intergovernmental Payable	\$34,401	\$346,084	\$341,165	\$39,320
Deposits Held and Due to Others	594,544	117,325	94,143	617,726
Total Liabilities	\$628,945	\$463,409	\$435,308	\$657,046

**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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,342,790	\$1,379,800	\$1,391,786	\$11,986
Municipal Income Taxes	31,596,983	32,119,121	32,704,768	585,647
Intergovernmental	428,555	415,408	439,228	23,820
Investment Income	472,157	440,000	488,062	48,062
Fees, Licenses and Permits	716,909	684,550	741,058	56,508
Fines and Forfeitures	266,204	288,350	275,171	(13,179)
Rentals	4,384	5,000	4,532	(468)
Charges for Services	3,810,444	3,886,000	3,954,178	68,178
Contributions and Donations	17,905	16,500	18,508	2,008
Miscellaneous	185,796	222,690	232,682	9,992
<i>Total Revenues</i>	<i>38,842,127</i>	<i>39,457,419</i>	<i>40,249,973</i>	<i>792,554</i>
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	6,127,636	5,983,877	5,833,224	150,653
Materials and Supplies	296,040	332,217	294,015	38,202
Contractual Services	1,015,966	973,898	967,792	6,106
Capital Outlay	243,958	301,773	228,357	73,416
Total Police	7,683,600	7,591,765	7,323,388	268,377
Fire				
Personal Services	6,048,992	5,821,880	5,770,165	51,715
Materials and Supplies	294,308	280,315	264,111	16,204
Contractual Services	110,619	144,032	115,914	28,118
Capital Outlay	350,428	347,944	339,258	8,686
Total Fire	6,804,347	6,594,171	6,489,448	104,723
Total Security of Persons and Property	14,487,947	14,185,936	13,812,836	373,100
Public Health and Welfare				
Cemetery				
Other	1,937	7,500	4,052	3,448
County Health District				
Contractual Services	96,194	92,000	91,524	476
Total Public Health and Welfare	98,131	99,500	95,576	3,924
Leisure Time Activities				
Recreation Admin				
Personal Services	325,616	317,165	310,322	6,843
Materials and Supplies	35,381	37,490	37,168	322
Contractual Services	89,244	86,884	84,765	2,119
Other	9,684	13,800	13,788	12
Total Recreation Admin	459,925	455,339	446,043	9,296
Youth and Adult Recreation Programs				
Personal Services	491,968	472,228	468,083	4,145
Materials and Supplies	102,532	110,854	104,152	6,702
Contractual Services	241,865	252,888	246,383	6,505
Other	16,310	15,550	15,518	32
Total Youth Recreation Programs	\$852,675	\$851,520	\$834,136	\$17,384

(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, 2017*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Community Parks and Swimming Pools				
Personal Services	\$585,293	\$571,004	\$556,877	\$14,127
Materials and Supplies	100,403	127,920	113,515	14,405
Contractual Services	103,136	108,597	108,597	0
Total Community Parks and Swimming Pools	788,832	807,521	778,989	28,532
Community Center				
Personal Services	1,025,631	996,298	975,836	20,462
Materials and Supplies	243,576	231,835	225,199	6,636
Contractual Services	133,060	140,337	123,444	16,893
Capital Outlay	8,817	7,110	5,535	1,575
Other	10,441	9,990	9,934	56
Total Community Center	1,421,525	1,385,570	1,339,948	45,622
Center for the Arts Programs				
Personal Services	669,171	674,285	636,940	37,345
Materials and Supplies	92,646	98,283	87,307	10,976
Contractual Services	96,381	100,377	86,815	13,562
Capital Outlay	2,566	3,318	3,044	274
Other	14,406	14,800	13,707	1,093
Total Center for the Arts Programs	875,170	891,063	827,813	63,250
Senior Services Admin				
Personal Services	482,553	465,616	459,331	6,285
Materials and Supplies	30,139	31,837	26,385	5,452
Contractual Services	944	2,360	1,023	1,337
Total Senior Services Admin	513,636	499,813	486,739	13,074
Senior Programs				
Materials and Supplies	73,567	75,044	70,258	4,786
Contractual Services	89,497	106,158	85,710	20,448
Other	0	200	0	200
Total Senior Programs	163,064	181,402	155,968	25,434
Total Leisure Time Activities	5,074,827	5,072,228	4,869,636	202,592
Community Environment				
Planning and Zoning				
Personal Services	583,530	556,902	555,405	1,497
Materials and Supplies	6,794	7,275	6,513	762
Contractual Services	30,156	37,875	33,609	4,266
Capital Outlay	0	300	0	300
Total Planning and Zoning	620,480	602,352	595,527	6,825
Development Board				
Materials and Supplies	2,032	3,875	30	3,845
Contractual Services	30,967	36,127	26,390	9,737
Total Development Board	\$32,999	\$40,002	\$26,420	\$13,582

(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, 2017*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Building Department				
Personal Services	\$121,520	\$141,071	\$115,826	\$25,245
Materials and Supplies	3,552	7,100	3,489	3,611
Contractual Services	158,277	195,471	126,209	69,262
Capital Outlay	0	100	0	100
Other	12,664	16,000	12,049	3,951
Total Building Department	296,013	359,742	257,573	102,169
Engineering Department				
Personal Services	656,004	726,548	574,640	151,908
Materials and Supplies	16,215	25,259	15,326	9,933
Contractual Services	167,660	188,054	153,749	34,305
Capital Outlay	1,855	5,800	1,765	4,035
Total Engineering Department	841,734	945,661	745,480	200,181
Beautification Commission				
Materials and Supplies	1,688	3,754	2,398	1,356
Total Community Environment	1,792,914	1,951,511	1,627,398	324,113
Basic Utility Services				
Storm Sewers				
Personal Services	514,975	493,090	490,744	2,346
Materials and Supplies	32,368	58,303	32,833	25,470
Contractual Services	1,661	22,055	21,080	975
Total Storm Sewers	549,004	573,448	544,657	28,791
Trees, Leaf and Brush				
Personal Services	124,106	120,000	118,081	1,919
Materials and Supplies	0	5,100	0	5,100
Contractual Services	22,391	35,575	22,800	12,775
Total Trees, Leaf and Brush	146,497	160,675	140,881	19,794
Refuse Collection and Disposal				
Personal Services	740,141	705,620	704,207	1,413
Materials and Supplies	191,166	209,423	181,429	27,994
Contractual Services	366,237	364,372	343,484	20,888
Total Refuse Collection and Disposal	1,297,544	1,279,415	1,229,120	50,295
Total Basic Utility Services	1,993,045	2,013,538	1,914,658	98,880
Transportation				
Street Department				
Personal Services	2,421,384	2,425,907	2,311,435	114,472
Materials and Supplies	905,179	1,139,604	867,524	272,080
Contractual Services	99,361	111,695	103,712	7,983
Capital Outlay	36,192	55,546	37,316	18,230
Total Transportation	\$3,462,116	\$3,732,752	\$3,319,987	\$412,765

(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, 2017*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
General Government				
Council				
Personal Services	\$269,355	\$262,087	\$256,276	\$5,811
Materials and Supplies	10,208	11,997	9,595	2,402
Contractual Services	12,275	27,050	11,441	15,609
Total Council	291,838	301,134	277,312	23,822
Mayor				
Personal Services	245,027	235,412	233,131	2,281
Materials and Supplies	2,689	4,750	3,033	1,717
Contractual Services	9,429	10,829	10,121	708
Total Mayor	257,145	250,991	246,285	4,706
Finance/Income Tax				
Personal Services	470,503	518,335	447,552	70,783
Materials and Supplies	13,987	15,000	13,421	1,579
Contractual Services	564,266	522,075	491,613	30,462
Capital Outlay	0	3,000	0	3,000
Total Finance/Income Tax	1,048,756	1,058,410	952,586	105,824
Prosecutor/Legal Department				
Personal Services	167,142	159,029	159,027	2
Contractual Services	145,812	217,000	102,005	114,995
Other	159,613	210,412	139,831	70,581
Total Prosecutor/Legal Department	472,567	586,441	400,863	185,578
Human Resources				
Personal Services	353,180	386,539	336,033	50,506
Materials and Supplies	8,954	15,127	13,793	1,334
Contractual Services	203,911	262,706	208,186	54,520
Capital Outlay	34,581	29,357	27,912	1,445
Total Human Resources	600,626	693,729	585,924	107,805
Civil Service				
Materials and Supplies	22	600	21	579
Contractual Services	12,368	25,000	17,908	7,092
Total Civil Service	12,390	25,600	17,929	7,671
City Hall				
Personal Services	89,750	92,936	85,393	7,543
Materials and Supplies	0	500	0	500
Contractual Services	895	1,500	852	648
Total City Hall	90,645	94,936	86,245	8,691
Unclaimed Monies				
Other	\$5,000	\$5,000	\$0	\$5,000

(continued)

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
City Administration				
Personal Services	\$4,678,528	\$6,079,433	\$4,410,034	\$1,669,399
Materials and Supplies	181,263	190,221	167,755	22,466
Contractual Services	2,720,418	3,029,820	2,489,860	539,960
Capital Outlay	6,130	4,263	4,261	2
Other	112,970	125,839	109,365	16,474
Total City Administration	<u>7,699,309</u>	<u>9,429,576</u>	<u>7,181,275</u>	<u>2,248,301</u>
Sick Leave Reserve				
Personal Services	156,500	308,500	303,203	5,297
Total General Government	<u>10,634,776</u>	<u>12,754,317</u>	<u>10,051,622</u>	<u>2,702,695</u>
Total Expenditures	<u>37,543,756</u>	<u>39,809,782</u>	<u>35,691,713</u>	<u>4,118,069</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,298,371</u>	<u>(352,363)</u>	<u>4,558,260</u>	<u>4,910,623</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	45,460	45,460	45,460	0
Transfers Out	(3,900,700)	(3,350,700)	(3,350,700)	0
Total Other Financing Sources (Uses)	<u>(3,855,240)</u>	<u>(3,305,240)</u>	<u>(3,305,240)</u>	<u>0</u>
Net Change in Fund Balance	<u>(2,556,869)</u>	<u>(3,657,603)</u>	<u>1,253,020</u>	<u>4,910,623</u>
Fund Balance Beginning of Year	<u>23,508,235</u>	<u>23,508,235</u>	<u>23,508,235</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>1,222,050</u>	<u>1,222,050</u>	<u>1,222,050</u>	<u>0</u>
Fund Balance End of Year	<u>\$22,173,416</u>	<u>\$21,072,682</u>	<u>\$25,983,305</u>	<u>\$4,910,623</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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$244,252	\$304,252	\$311,427	\$7,175
Special Assessments	325,000	325,000	339,950	14,950
Intergovernmental	65,960	65,960	65,960	0
Fees, Licenses and Permits	9,000	9,000	8,076	(924)
<i>Total Revenues</i>	<u>644,212</u>	<u>704,212</u>	<u>725,413</u>	<u>21,201</u>
Expenditures				
Current:				
General Government				
Legislative and Executive				
Contractual Services	12,000	12,000	3,463	8,537
Debt Service:				
Principal Retirement	620,938	620,938	620,937	1
Interest and Fiscal Charges	141,897	141,897	141,896	1
<i>Total Expenditures</i>	<u>774,835</u>	<u>774,835</u>	<u>766,296</u>	<u>8,539</u>
<i>Net Change in Fund Balance</i>	(130,623)	(70,623)	(40,883)	29,740
<i>Fund Balance Beginning of Year</i>	<u>1,110,939</u>	<u>1,110,939</u>	<u>1,110,939</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$980,316</u>	<u>\$1,040,316</u>	<u>\$1,070,056</u>	<u>\$29,740</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$10,484,795	\$10,721,874	\$10,901,589	\$179,715
Special Assessments	20,912	20,000	21,716	1,716
Intergovernmental	1,613,394	1,649,912	1,675,450	25,538
Miscellaneous	85,419	85,000	88,705	3,705
<i>Total Revenues</i>	<u>12,204,520</u>	<u>12,476,786</u>	<u>12,687,460</u>	<u>210,674</u>
Expenditures				
Current:				
Transportation				
Engineering Department				
Personal Services	387,896	387,896	387,896	0
Capital Outlay	<u>19,773,729</u>	<u>20,518,462</u>	<u>13,946,677</u>	<u>6,571,785</u>
<i>Total Expenditures</i>	<u>20,161,625</u>	<u>20,906,358</u>	<u>14,334,573</u>	<u>6,571,785</u>
<i>Net Change in Fund Balance</i>	(7,957,105)	(8,429,572)	(1,647,113)	6,782,459
<i>Fund Balance Beginning of Year</i>	9,850,406	9,850,406	9,850,406	0
Prior Year Encumbrances Appropriated	<u>3,951,238</u>	<u>3,951,238</u>	<u>3,951,238</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$5,844,539</u>	<u>\$5,372,072</u>	<u>\$12,154,531</u>	<u>\$6,782,459</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$5,440,200	\$5,510,300	\$5,401,549	(\$108,751)
Tap-In Fees	120,000	120,000	126,586	6,586
Investment Income	92,000	92,000	98,340	6,340
Miscellaneous	11,000	11,000	10,178	(822)
<i>Total Revenues</i>	<u>5,663,200</u>	<u>5,733,300</u>	<u>5,636,653</u>	<u>(96,647)</u>
Expenses				
Personal Services	1,659,636	1,653,863	1,536,754	117,109
Materials and Supplies	566,473	566,473	473,921	92,552
Contractual Services	1,086,862	1,086,862	759,886	326,976
Other	38,387	38,387	14,146	24,241
Capital Outlay	5,953,347	5,953,347	5,572,616	380,731
Debt Service:				
Principal Retirement	408,475	408,475	359,820	48,655
Interest and Fiscal Charges	193,989	193,989	159,464	34,525
<i>Total Expenses</i>	<u>9,907,169</u>	<u>9,901,396</u>	<u>8,876,607</u>	<u>1,024,789</u>
<i>Net Change in Fund Equity</i>	(4,243,969)	(4,168,096)	(3,239,954)	928,142
<i>Fund Equity Beginning of Year</i>	9,830,921	9,830,921	9,830,921	0
Prior Year Encumbrances Appropriated	<u>229,069</u>	<u>229,069</u>	<u>229,069</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$5,816,021</u></u>	<u><u>\$5,891,894</u></u>	<u><u>\$6,820,036</u></u>	<u><u>\$928,142</u></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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$782,950	\$756,050	\$746,806	(\$9,244)
Investment Income	1,600	1,600	1,698	98
Rentals	182,750	182,750	183,962	1,212
Miscellaneous	3,400	3,400	3,380	(20)
<i>Total Revenues</i>	<u>970,700</u>	<u>943,800</u>	<u>935,846</u>	<u>(7,954)</u>
Expenses				
Personal Services	618,203	614,451	604,641	9,810
Materials and Supplies	188,829	188,829	163,818	25,011
Contractual Services	107,076	107,076	93,290	13,786
Other	105,559	105,559	85,184	20,375
Capital Outlay	2,429	2,429	0	2,429
<i>Total Expenses</i>	<u>1,022,096</u>	<u>1,018,344</u>	<u>946,933</u>	<u>71,411</u>
<i>Net Change in Fund Equity</i>	(51,396)	(74,544)	(11,087)	63,457
<i>Fund Equity Beginning of Year</i>	207,109	207,109	207,109	0
Prior Year Encumbrances Appropriated	2,943	2,943	2,943	0
<i>Fund Equity End of Year</i>	<u>\$158,656</u>	<u>\$135,508</u>	<u>\$198,965</u>	<u>\$63,457</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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$980,249	\$994,049	\$1,010,709	\$16,660
Investment Income	300	300	221	(79)
<i>Total Revenues</i>	<u>980,549</u>	<u>994,349</u>	<u>1,010,930</u>	<u>16,581</u>
Expenditures				
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>	(57,451)	(43,651)	(27,070)	16,581
<i>Fund Balance Beginning of Year</i>	<u>58,407</u>	<u>58,407</u>	<u>58,407</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$956</u></u>	<u><u>\$14,756</u></u>	<u><u>\$31,337</u></u>	<u><u>\$16,581</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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$121,450	\$80,000	\$81,950	\$1,950
Investment Income	50	50	7	(43)
<i>Total Revenues</i>	121,500	80,050	81,957	1,907
Expenditures				
Current:				
Transportation				
State Highway				
Materials and Supplies	128,000	85,000	84,950	50
<i>Net Change in Fund Balance</i>	(6,500)	(4,950)	(2,993)	1,957
<i>Fund Balance Beginning of Year</i>	10,090	10,090	10,090	0
<i>Fund Balance End of Year</i>	<u>\$3,590</u>	<u>\$5,140</u>	<u>\$7,097</u>	<u>\$1,957</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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$815,204	\$815,553	\$830,425	\$14,872
Intergovernmental	89,365	89,365	89,365	0
<i>Total Revenues</i>	904,569	904,918	919,790	14,872
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	890,000	890,000	847,733	42,267
<i>Net Change in Fund Balance</i>	14,569	14,918	72,057	57,139
<i>Fund Balance Beginning of Year</i>	585,655	585,655	585,655	0
<i>Fund Balance End of Year</i>	<u>\$600,224</u>	<u>\$600,573</u>	<u>\$657,712</u>	<u>\$57,139</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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$1,222,804	\$1,223,304	\$1,245,613	\$22,309
Intergovernmental	134,048	134,048	134,048	0
<i>Total Revenues</i>	1,356,852	1,357,352	1,379,661	22,309
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,359,000	1,359,000	1,315,073	43,927
<i>Net Change in Fund Balance</i>	(2,148)	(1,648)	64,588	66,236
<i>Fund Balance Beginning of Year</i>	516,211	516,211	516,211	0
<i>Fund Balance End of Year</i>	<u>\$514,063</u>	<u>\$514,563</u>	<u>\$580,799</u>	<u>\$66,236</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$1,400	\$1,400	\$1,456	\$56
Fees, Licenses and Permits	187,500	187,500	183,473	(4,027)
Miscellaneous	100	100	108	8
<i>Total Revenues</i>	<u>189,000</u>	<u>189,000</u>	<u>185,037</u>	<u>(3,963)</u>
Expenditures				
Current:				
Leisure Time Activities				
Cable TV				
Materials and Supplies	7,250	7,250	0	7,250
Contractual Services	158,280	158,280	149,705	8,575
Capital Outlay	9,000	9,000	8,473	527
<i>Total Expenditures</i>	<u>174,530</u>	<u>174,530</u>	<u>158,178</u>	<u>16,352</u>
<i>Net Change in Fund Balance</i>	14,470	14,470	26,859	12,389
<i>Fund Balance Beginning of Year</i>	113,086	113,086	113,086	0
Prior Year Encumbrances Appropriated	10,730	10,730	10,730	0
<i>Fund Balance End of Year</i>	<u>\$138,286</u>	<u>\$138,286</u>	<u>\$150,675</u>	<u>\$12,389</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	<u>\$4,000</u>	<u>\$3,000</u>	<u>\$2,760</u>	<u>(\$240)</u>
Expenditures				
Current:				
General Government				
Tree Planting				
Contractual Services	50,000	50,000	27,588	22,412
Other	<u>27,843</u>	<u>27,843</u>	<u>21,078</u>	<u>6,765</u>
<i>Total Expenditures</i>	<u>77,843</u>	<u>77,843</u>	<u>48,666</u>	<u>29,177</u>
<i>Net Change in Fund Balance</i>	(73,843)	(74,843)	(45,906)	28,937
<i>Fund Balance Beginning of Year</i>	144,507	144,507	144,507	0
Prior Year Encumbrances Appropriated	<u>2,843</u>	<u>2,843</u>	<u>2,843</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$73,507</u></u>	<u><u>\$72,507</u></u>	<u><u>\$101,444</u></u>	<u><u>\$28,937</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Rentals	\$19,000	\$19,000	\$19,444	\$444
Contributions and Donations	12,000	12,000	11,200	(800)
Miscellaneous	80,000	61,000	57,950	(3,050)
<i>Total Revenues</i>	<u>111,000</u>	<u>92,000</u>	<u>88,594</u>	<u>(3,406)</u>
Expenditures				
Current:				
Leisure Time Activities				
Recreation Programs				
Materials and Supplies	21,335	21,335	15,017	6,318
Contractual Services	105,000	105,000	87,009	17,991
<i>Total Expenditures</i>	<u>126,335</u>	<u>126,335</u>	<u>102,026</u>	<u>24,309</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(15,335)	(34,335)	(13,432)	20,903
Other Financing Sources (Uses)				
Transfers In	20,000	20,000	20,000	0
<i>Net Change in Fund Balance</i>	4,665	(14,335)	6,568	20,903
<i>Fund Balance Beginning of Year</i>	23,392	23,392	23,392	0
Prior Year Encumbrances Appropriated	335	335	335	0
<i>Fund Balance End of Year</i>	<u>\$28,392</u>	<u>\$9,392</u>	<u>\$30,295</u>	<u>\$20,903</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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	<u>\$30,000</u>	<u>\$42,000</u>	<u>\$43,660</u>	<u>\$1,660</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
DARE program				
Personal Services	30,000	31,500	31,100	400
Materials and Supplies	<u>10,000</u>	<u>10,000</u>	<u>7,894</u>	<u>2,106</u>
<i>Total Expenditures</i>	<u>40,000</u>	<u>41,500</u>	<u>38,994</u>	<u>2,506</u>
<i>Net Change in Fund Balance</i>	(10,000)	500	4,666	4,166
<i>Fund Balance Beginning of Year</i>	<u>21,781</u>	<u>21,781</u>	<u>21,781</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$11,781</u></u>	<u><u>\$22,281</u></u>	<u><u>\$26,447</u></u>	<u><u>\$4,166</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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	<u>\$34,700</u>	<u>\$34,700</u>	<u>\$37,325</u>	<u>\$2,625</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
OMVI				
Personal Services	<u>16,500</u>	<u>16,500</u>	<u>14,509</u>	<u>1,991</u>
Miscellaneous				
Materials and Supplies	40,000	36,000	0	36,000
Other	<u>9,000</u>	<u>9,000</u>	<u>8,973</u>	<u>27</u>
Total Miscellaneous	<u>49,000</u>	<u>45,000</u>	<u>8,973</u>	<u>36,027</u>
<i>Total Expenditures</i>	<u>65,500</u>	<u>61,500</u>	<u>23,482</u>	<u>38,018</u>
<i>Net Change in Fund Balance</i>	(30,800)	(26,800)	13,843	40,643
<i>Fund Balance Beginning of Year</i>	<u>154,012</u>	<u>154,012</u>	<u>154,012</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$123,212</u></u>	<u><u>\$127,212</u></u>	<u><u>\$167,855</u></u>	<u><u>\$40,643</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	<u>\$16,550</u>	<u>\$16,550</u>	<u>\$17,745</u>	<u>\$1,195</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
Materials and Supplies	8,968	8,968	3,510	5,458
Fire				
Materials and Supplies	2,000	2,500	2,340	160
Leisure Time Activities				
Senior Services Donations				
Other	<u>16,000</u>	<u>16,000</u>	<u>9,843</u>	<u>6,157</u>
<i>Total Expenditures</i>	<u>26,968</u>	<u>27,468</u>	<u>15,693</u>	<u>11,775</u>
<i>Net Change in Fund Balance</i>	(10,418)	(10,918)	2,052	12,970
<i>Fund Balance Beginning of Year</i>	50,173	50,173	50,173	0
Prior Year Encumbrances Appropriated	<u>18</u>	<u>18</u>	<u>18</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$39,773</u></u>	<u><u>\$39,273</u></u>	<u><u>\$52,243</u></u>	<u><u>\$12,970</u></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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$5,500	\$15,000	\$15,751	\$751
Expenditures				
Current:				
Community Environment				
Enterprise Zone Monitoring				
Other	<u>1,455,250</u>	<u>1,455,250</u>	<u>1,099,089</u>	<u>356,161</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,449,750)	(1,440,250)	(1,083,338)	356,912
Other Financing Sources (Uses)				
Transfers In	<u>1,199,000</u>	<u>1,199,000</u>	<u>1,199,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(250,750)	(241,250)	115,662	356,912
<i>Fund Balance Beginning of Year</i>	840,753	840,753	840,753	0
Prior Year Encumbrances Appropriated	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$645,003</u>	<u>\$654,503</u>	<u>\$1,011,415</u>	<u>\$356,912</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$3,000	\$17,000	\$18,400	\$1,400
Expenditures				
Current:				
Security of Persons and Property				
Police				
Police Training				
Personal Services	7,000	7,000	5,888	1,112
Materials and Supplies	2,500	2,500	0	2,500
Contractual Services	3,000	3,000	300	2,700
<i>Total Expenditures</i>	<u>12,500</u>	<u>12,500</u>	<u>6,188</u>	<u>6,312</u>
<i>Net Change in Fund Balance</i>	(9,500)	4,500	12,212	7,712
<i>Fund Balance Beginning of Year</i>	<u>30,743</u>	<u>30,743</u>	<u>30,743</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$21,243</u></u>	<u><u>\$35,243</u></u>	<u><u>\$42,955</u></u>	<u><u>\$7,712</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Community Improvement Corporation Fund
 For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$398,050	\$398,250	\$405,084	\$6,834
Intergovernmental	39,151	39,151	39,151	0
<i>Total Revenues</i>	<u>437,201</u>	<u>437,401</u>	<u>444,235</u>	<u>6,834</u>
Expenditures				
Capital Outlay	677,670	677,670	664,673	12,997
Debt Service:				
Principal Retirement	63,884	63,884	63,884	0
Interest and Fiscal Charges	13,364	13,364	13,364	0
<i>Total Expenditures</i>	<u>754,918</u>	<u>754,918</u>	<u>741,921</u>	<u>12,997</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(317,717)	(317,517)	(297,686)	19,831
Other Financing Sources (Uses)				
Transfers In	177,000	177,000	177,000	0
<i>Net Change in Fund Balance</i>	(140,717)	(140,517)	(120,686)	19,831
<i>Fund Balance Beginning of Year</i>	43,100	43,100	43,100	0
Prior Year Encumbrances Appropriated	143,657	143,657	143,657	0
<i>Fund Balance End of Year</i>	<u>\$46,040</u>	<u>\$46,240</u>	<u>\$66,071</u>	<u>\$19,831</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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$89,910	\$0	\$0	\$0
Expenditures				
Capital Outlay	<u>1,541,226</u>	<u>1,592,676</u>	<u>1,427,728</u>	<u>164,948</u>
<i>Net Change in Fund Balance</i>	(1,451,316)	(1,592,676)	(1,427,728)	164,948
<i>Fund Balance Beginning of Year</i>	2,031,044	2,031,044	2,031,044	0
Prior Year Encumbrances Appropriated	<u>607,726</u>	<u>607,726</u>	<u>607,726</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,187,454</u></u>	<u><u>\$1,046,094</u></u>	<u><u>\$1,211,042</u></u>	<u><u>\$164,948</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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal Income Taxes	\$100,000	\$100,000	\$105,955	\$5,955
Expenditures				
Capital Outlay	<u>1,027,352</u>	<u>1,124,117</u>	<u>1,093,541</u>	<u>30,576</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(927,352)	(1,024,117)	(987,586)	36,531
Other Financing Sources (Uses)				
Transfers In	<u>287,000</u>	<u>887,000</u>	<u>887,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(640,352)	(137,117)	(100,586)	36,531
<i>Fund Balance Beginning of Year</i>	435,140	435,140	435,140	0
Prior Year Encumbrances Appropriated	<u>383,852</u>	<u>383,852</u>	<u>383,852</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$178,640</u></u>	<u><u>\$681,875</u></u>	<u><u>\$718,406</u></u>	<u><u>\$36,531</u></u>

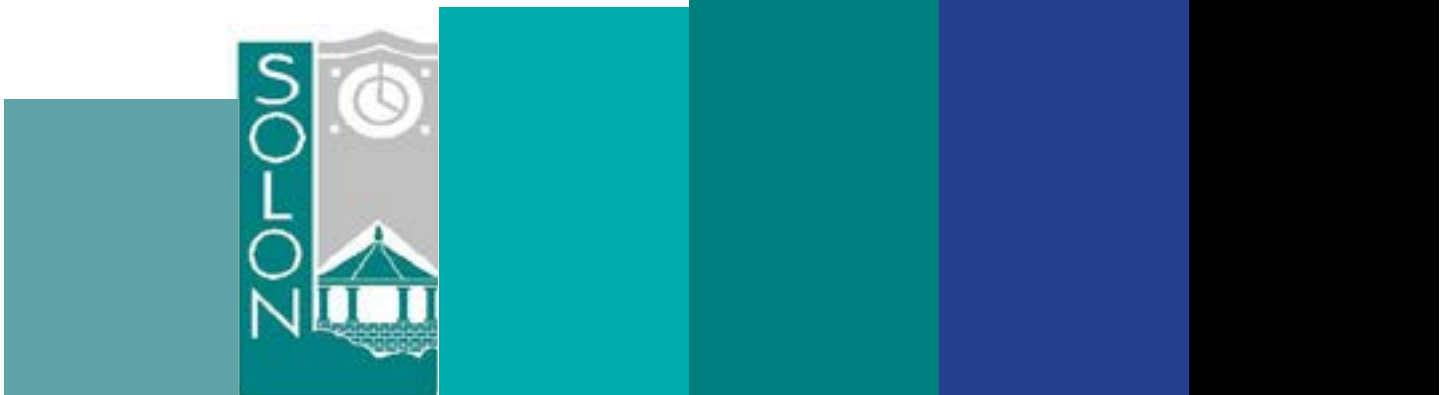
City of Solon, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Workers' Compensation Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$250,000	\$250,000	\$250,000	\$0
Miscellaneous	2,000	750	692	(58)
<i>Total Revenues</i>	<u>252,000</u>	<u>250,750</u>	<u>250,692</u>	<u>(58)</u>
Expenses				
Contractual Services	157,500	157,500	128,022	29,478
Claims	118,000	118,000	35,116	82,884
<i>Total Expenses</i>	<u>275,500</u>	<u>275,500</u>	<u>163,138</u>	<u>112,362</u>
<i>Net Change in Fund Equity</i>	(23,500)	(24,750)	87,554	112,304
<i>Fund Equity Beginning of Year</i>	492,846	492,846	492,846	0
Prior Year Encumbrances Appropriated	7,500	7,500	7,500	0
<i>Fund Equity End of Year</i>	<u>\$476,846</u>	<u>\$475,596</u>	<u>\$587,900</u>	<u>\$112,304</u>

City of Solon, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Medical Self Insurance Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenses	0	0	0	0
<i>Income (Loss) before Transfers</i>	0	0	0	0
Transfers In	1,067,700	1,067,700	1,067,700	0
<i>Net Change in Fund Equity</i>	1,067,700	1,067,700	1,067,700	0
<i>Fund Equity Beginning of Year</i>	0	0	0	0
<i>Fund Equity End of Year</i>	<u>\$1,067,700</u>	<u>\$1,067,700</u>	<u>\$1,067,700</u>	<u>\$0</u>

**CITY OF
SOLON, OHIO**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

STATISTICAL SECTION

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2 - S11
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the municipal income tax.	S12 - S13
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S14 - S19
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S20- S23
Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	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>2017</u>	<u>2016</u>	<u>2015 (1)</u>	<u>2014 (2)</u>
Governmental Activities				
Net Investment in Capital Assets	\$136,564,165	\$136,356,122	\$134,680,020	\$132,982,006
Restricted:				
Capital Projects	22,116,192	19,842,142	15,834,281	15,842,874
Debt Service	3,833,030	4,238,412	4,730,040	5,218,753
Street Construction, Maintenance and Repair	515,734	558,702	576,184	758,805
Cable TV		0	0	0
Tree Planting		0	0	0
Landfill Improvement		0	0	0
Other Purposes	1,449,675	1,298,179	1,241,761	4,489,465
Unrestricted (Deficit)	<u>(9,105,765)</u>	<u>(10,244,131)</u>	<u>(9,313,888)</u>	<u>(10,005,809)</u>
<i>Total Governmental Activities</i> <i>Net Position</i>	<u>\$155,373,031</u>	<u>\$152,049,426</u>	<u>\$147,748,398</u>	<u>\$149,286,094</u>
Business Type - Activities				
Net Investment in Capital Assets	\$54,926,993	\$53,270,749	\$54,911,896	\$53,710,234
Unrestricted	<u>10,341,324</u>	<u>10,349,489</u>	<u>9,243,031</u>	<u>9,232,600</u>
<i>Total Business-Type Activities</i> <i>Net Position</i>	<u>\$65,268,317</u>	<u>\$63,620,238</u>	<u>\$64,154,927</u>	<u>\$62,942,834</u>
Primary Government				
Net Investment in Capital Assets	\$191,491,158	\$189,626,871	\$189,591,916	\$186,692,240
Restricted	27,914,631	25,937,435	22,382,266	26,309,897
Unrestricted	<u>1,235,559</u>	<u>105,358</u>	<u>(70,857)</u>	<u>(773,209)</u>
<i>Total Primary Government</i> <i>Net Position</i>	<u>\$220,641,348</u>	<u>\$215,669,664</u>	<u>\$211,903,325</u>	<u>\$212,228,928</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>2013 (2)</u>	<u>2012 (2)</u>	<u>2011 (2)</u>	<u>2010 (2)</u>	<u>2009 (2)</u>	<u>2008</u>
\$129,835,381	\$131,699,509	\$116,112,789	\$117,330,135	\$104,060,699	\$92,250,325
14,110,621	9,310,451	6,925,143	5,006,205	9,236,362	19,795,982
5,029,412	5,437,648	7,219,254	7,642,496	7,866,320	8,824,240
932,586	1,012,409	1,070,267	1,108,641	1,081,065	1,084,825
0	0	0	0	0	553,060
0	0	0	0	0	249,116
126,143	405,313	641,520	922,799	1,178,514	1,400,493
2,440,106	924,004	1,102,110	988,518	981,745	1,507,140
17,480,395	15,590,196	13,281,133	10,607,262	12,398,272	12,324,836
<u>\$169,954,644</u>	<u>\$164,379,530</u>	<u>\$146,352,216</u>	<u>\$143,606,056</u>	<u>\$136,802,977</u>	<u>\$137,990,017</u>
\$53,266,832	\$53,582,076	\$52,758,649	\$52,548,182	\$52,711,512	\$51,496,779
9,479,041	7,845,110	6,906,080	4,735,569	4,519,543	5,470,918
<u>\$62,745,873</u>	<u>\$61,427,186</u>	<u>\$59,664,729</u>	<u>\$57,283,751</u>	<u>\$57,231,055</u>	<u>\$56,967,697</u>
\$183,102,213	\$185,281,585	\$168,871,438	\$169,878,317	\$156,772,211	\$143,747,104
22,638,868	17,089,825	16,958,294	15,668,659	20,344,006	33,414,856
26,959,436	23,435,306	20,187,213	15,342,831	16,917,815	17,795,754
<u>\$232,700,517</u>	<u>\$225,806,716</u>	<u>\$206,016,945</u>	<u>\$200,889,807</u>	<u>\$194,034,032</u>	<u>\$194,957,714</u>

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

	2017	2016 (2)	2015 (2)	2014
Program Revenues				
Governmental Activities:				
Charges for Services:				
Security of Persons and Property				
Police	\$998,579	\$971,822	\$506,861	\$378,418
Fire	1,351,809	1,356,148	977,231	792,556
Prosecutor (1)		0	0	0
Public Health and Welfare	12,279	12,448	6,492	4,795
Leisure Time Activities	814,787	802,420	2,413,658	3,095,565
Community Environment	203,710	204,366	108,610	74,866
Basic Utility Services	251,580	221,201	131,537	107,745
Transportation	414,007	403,944	219,444	179,665
General Government	1,181,022	1,308,267	797,517	479,069
Operating Grants and Contributions	1,370,182	1,391,073	1,384,483	1,397,904
Capital Grants, Contributions and Assessments	1,082,903	1,292,479	765,240	4,424,025
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>7,680,858</u>	<u>7,964,168</u>	<u>7,311,073</u>	<u>10,934,608</u>
Business-Type Activities:				
Charges for Services:				
Water Reclamation	5,412,445	5,470,471	5,432,617	6,128,207
Grantwood Recreation	931,038	952,342	993,270	1,005,682
Operating Grants and Contributions	0	0	0	0
Capital Grants	0	0	0	0
<i>Total Business-Type Activities</i>				
<i>Program Revenues</i>	<u>6,343,483</u>	<u>6,422,813</u>	<u>6,425,887</u>	<u>7,133,889</u>
<i>Total Primary Government</i>				
<i>Program Revenues</i>	<u>14,024,341</u>	<u>14,386,981</u>	<u>13,736,960</u>	<u>18,068,497</u>
Expenses				
Governmental Activities:				
Security of Persons and Property				
Police	9,696,575	9,698,435	8,559,644	8,237,667
Fire	9,202,443	9,044,688	7,819,699	7,615,180
Prosecutor (1)	0	0	0	0
Public Health and Welfare	93,367	95,638	92,425	93,873
Leisure Time Activities	6,073,088	5,635,865	5,584,774	5,301,362
Community Environment	2,927,294	2,945,530	2,529,159	2,508,436
Basic Utility Services	3,136,684	2,700,942	2,750,465	2,998,985
Transportation	11,525,898	12,913,892	11,007,744	11,674,750
General Government	10,345,336	11,267,584	11,358,095	9,881,256
Interest and Fiscal Charges	156,092	157,870	181,061	198,713
<i>Total Governmental Activities Expenses</i>	<u>53,156,777</u>	<u>54,460,444</u>	<u>49,883,066</u>	<u>48,510,222</u>
Business-Type Activities				
Water Reclamation	4,870,073	5,946,619	5,428,605	5,502,840
Grantwood Recreation	1,093,075	1,108,103	1,044,679	1,054,277
<i>Total Business-Type Activities Expenses</i>	<u>5,963,148</u>	<u>7,054,722</u>	<u>6,473,284</u>	<u>6,557,117</u>
<i>Total Primary Government</i>				
<i>Program Expenses</i>	<u>59,119,925</u>	<u>61,515,166</u>	<u>56,356,350</u>	<u>55,067,339</u>
Net (Expense)/Revenue				
Governmental Activities	(45,475,919)	(46,496,276)	(42,571,993)	(37,575,614)
Business-Type Activities	380,335	(631,909)	(47,397)	576,772
<i>Total Primary Government</i>				
<i>Net Expense</i>	<u>(\$45,095,584)</u>	<u>(\$47,128,185)</u>	<u>(\$42,619,390)</u>	<u>(\$36,998,842)</u>

2013	2012	2011	2010	2009	2008
\$332,192	\$457,894	\$354,441	\$398,302	\$421,753	\$487,454
778,753	811,123	711,236	338,162	367,317	436,985
11,105	13,582	10,242	13,810	16,910	19,725
4,259	5,209	3,391	4,434	4,901	5,406
3,155,533	3,195,633	3,165,390	3,131,685	3,075,799	3,081,121
64,887	171,619	124,986	159,952	113,636	157,036
89,937	117,275	73,489	96,456	52,604	157,087
164,649	265,769	201,984	289,778	358,670	325,144
435,208	287,796	237,449	257,817	257,235	455,053
1,342,871	1,396,049	1,407,239	1,512,849	1,620,631	1,405,593
612,187	1,587,921	149,004	241,789	3,022,448	5,742,816
<u>6,991,581</u>	<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>
6,676,379	6,419,239	7,797,724	5,659,317	5,421,385	5,842,685
1,041,292	1,093,922	951,371	978,466	1,079,991	1,329,215
0	0	158,528	0	0	585
52,843	0	0	0	0	0
<u>7,770,514</u>	<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>14,762,095</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>
8,007,356	9,007,166	8,501,513	8,673,149	8,534,822	8,558,640
7,334,283	8,248,104	8,137,648	8,075,434	8,054,144	8,312,572
251,821	246,888	258,477	255,132	293,094	299,401
96,589	94,691	85,571	81,915	84,955	82,050
5,676,149	6,588,533	6,594,011	6,347,442	6,463,393	6,607,556
2,349,548	3,087,942	2,793,632	2,994,824	2,831,678	3,343,663
2,963,992	2,921,098	2,668,113	2,758,637	2,331,673	2,159,306
10,795,448	13,093,694	14,847,835	10,227,176	16,375,233	15,653,183
9,642,905	5,857,841	5,426,644	4,592,923	5,364,048	6,037,327
217,759	440,111	533,090	641,829	857,669	1,232,429
<u>47,335,850</u>	<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>
5,439,254	5,302,029	5,265,324	5,910,432	6,472,968	6,005,663
1,074,235	1,191,495	1,048,003	927,306	1,142,923	1,395,175
<u>6,513,489</u>	<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>53,849,339</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>
(40,344,269)	(41,276,198)	(43,407,683)	(38,203,427)	(41,878,805)	(40,012,707)
1,257,025	1,019,637	2,594,296	(199,955)	(1,114,515)	(228,353)
<u>(\$39,087,244)</u>	<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>

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

	2017	2016 (2)	2015 (2)	2014
General Revenues and Other Changes in Net Position				
<i>Governmental Activities</i>				
Property Taxes Levied For:				
General Purposes	\$1,397,663	\$1,412,703	\$1,367,077	\$1,800,977
Debt Service	312,624	309,818	295,964	386,528
Police Pension	833,618	826,217	789,297	779,430
Fire Pension	1,250,403	1,239,300	1,183,923	603,692
Service and Safety Equipment	407,020	402,273	396,031	389,085
Community Center		0	0	0
Municipal Income Taxes levied for:				
General Purposes	33,154,459	33,557,318	26,802,677	30,826,373
Debt Service	0	0	0	0
Infrastructure	11,051,486	11,332,440	9,080,861	10,262,562
General Capital Improvements	110,080	106,435	91,791	83,629
Grants and Entitlements not Restricted to				
Specific Programs	466,778	559,695	588,171	797,599
Unrestricted Contributions	18,508	37	0	0
Investment Income	522,685	232,429	312,338	366,629
Gain on Sale of Capital Assets	45,460	33,087	82,178	66,285
Miscellaneous	363,966	803,141	1,213,331	1,064,259
<i>Total Governmental Activities</i>				
General Revenues	49,934,750	50,814,893	42,203,639	47,427,048
Special Item - Bainbridge Road Improvements	0	0	0	0
Special Item - Gain on the Sale of Land	0	0	0	0
Transfers	(1,135,226)	(17,589)	(1,169,342)	(637,298)
<i>Total Governmental Activities</i>	48,799,524	50,797,304	41,034,297	46,789,750
<i>Business-Type Activities</i>				
Investment Income	111,384	38,721	56,418	59,949
Gain on Sale of Capital Assets	0	0	4,500	1,270
Miscellaneous	21,134	40,910	29,230	38,532
<i>Total Business-Type Activities</i>				
General Revenues	132,518	79,631	90,148	99,751
Transfers	1,135,226	17,589	1,169,342	637,298
<i>Total Business-Type Activities</i>	1,267,744	97,220	1,259,490	737,049
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>	50,067,268	50,894,524	42,293,787	47,526,799
Change in Net Position				
Governmental Activities	3,323,605	4,301,028	(1,537,696)	9,214,136
Business-Type Activities	1,648,079	(534,689)	1,212,093	1,313,821
<i>Total Primary Government Change in Net Position</i>	\$4,971,684	\$3,766,339	(\$325,603)	\$10,527,957

(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.

2013	2012	2011	2010	2009	2008
\$2,027,253	\$1,358,974	\$1,338,758	\$847,731	\$830,331	\$931,232
576,082	1,282,647	1,419,400	1,928,116	2,227,871	1,933,192
403,397	403,221	407,280	411,492	425,385	474,758
583,335	604,834	610,920	616,532	637,371	711,430
387,456	388,325	389,788	393,218	392,947	457,470
0	0	0	0	0	305,922
29,856,263	30,796,894	29,071,231	28,336,758	25,569,132	26,663,509
0	0	0	0	0	3,607
9,999,877	9,791,741	9,524,829	9,120,696	8,360,524	9,179,725
85,948	76,524	78,167	69,329	76,178	74,141
1,452,480	1,896,700	1,846,601	1,772,443	1,813,161	2,389,085
0	0	0	0	0	0
(55,709)	171,550	607,074	895,577	998,629	2,807,067
32,754	65,299	47,632	13,894	27,013	0
570,247	834,994	522,228	814,795	650,783	582,432
45,919,383	47,671,703	45,863,908	45,220,581	42,009,325	46,513,570
0	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)
45,919,383	59,303,512	46,153,843	45,006,506	40,691,765	46,102,072
(3,627)	52,757	0	0	0	0
0	55,950	0	0	0	0
65,289	42,521	76,617	38,576	60,313	77,525
61,662	151,228	76,617	38,576	60,313	77,525
0	591,592	(289,935)	214,075	1,317,560	2,211,065
61,662	742,820	(213,318)	252,651	1,377,873	2,288,590
45,981,045	60,046,332	45,940,525	45,259,157	42,069,638	46,591,095
5,575,114	18,027,314	2,746,160	6,803,079	(1,187,040)	6,089,365
1,318,687	1,762,457	2,380,978	52,696	263,358	2,060,237
<u>\$6,893,801</u>	<u>\$19,789,771</u>	<u>\$5,127,138</u>	<u>\$6,855,775</u>	<u>(\$923,682)</u>	<u>\$8,149,602</u>

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

	2017	2016	2015	2014
General Fund				
Nonspendable	\$861,423	\$881,664	\$973,400	\$1,045,014
Restricted	0	0	0	0
Committed	512,701	516,465	259,789	208,801
Assigned	2,777,126	3,940,992	6,860,864	1,477,408
Unassigned	25,996,199	22,452,316	19,853,352	27,905,155
Reserved	0	0	0	0
Unreserved	0	0	0	0
Total General Fund	30,147,449	27,791,437	27,947,405	30,636,378
All Other Governmental Funds				
Restricted	22,028,619	18,854,940	15,874,447	16,355,734
Committed	337,159	380,959	652,048	1,101,454
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
Total All Other Governmental Funds	22,365,778	19,235,899	16,526,495	17,457,188
Total Governmental Funds	\$52,513,227	\$47,027,336	\$44,473,900	\$48,093,566

Note: The City implemented GASB 54 in 2010.

2013	2012	2011	2010	2009	2008
\$892,677	\$912,423	\$732,687	\$555,472	\$623,912	\$0
0	0	377	96,972	83,358	0
188,187	557,390	1,003,676	1,182,073	1,101,884	0
1,971,534	911,372	909,960	359,302	459,812	0
23,790,512	22,232,615	20,646,611	19,479,061	22,636,438	0
0	0	0	0	0	406,585
0	0	0	0	0	26,104,831
<u>26,842,910</u>	<u>24,613,800</u>	<u>23,293,311</u>	<u>21,672,880</u>	<u>24,905,404</u>	<u>26,511,416</u>
15,447,234	11,107,256	9,577,187	8,408,663	11,473,009	
1,281,567	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
0	0	0	0	0	4,488,030
0	0	0	0	0	1,485,082
0	0	0	0	0	13,198,823
<u>16,728,801</u>	<u>12,032,944</u>	<u>10,590,023</u>	<u>9,594,836</u>	<u>8,916,747</u>	<u>19,626,950</u>
<u>\$43,571,711</u>	<u>\$36,646,744</u>	<u>\$33,883,334</u>	<u>\$31,267,716</u>	<u>\$33,822,151</u>	<u>\$46,138,366</u>

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

	2017	2016	2015	2014
Revenues				
Property Taxes	\$4,189,477	\$4,175,821	\$4,022,407	\$3,975,911
Municipal Income Taxes	43,223,204	42,913,756	36,289,382	41,225,082
Special Assessments	361,666	379,417	359,689	607,313
Intergovernmental	3,552,717	2,470,259	2,764,421	5,075,368
Investment Income	522,685	232,429	312,338	366,629
Fees, Licenses and Permits	882,786	965,827	1,034,147	995,024
Fines and Forfeitures	308,255	339,901	305,412	341,694
Rentals	23,976	25,522	24,796	29,605
Charges for Services	3,986,920	3,977,983	3,711,139	3,746,356
Contributions and Donations	91,313	62,456	77,262	91,552
Miscellaneous	347,190	995,495	1,008,383	1,061,743
<i>Total Revenues</i>	<u>57,490,189</u>	<u>56,538,866</u>	<u>49,909,376</u>	<u>57,516,277</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	8,214,938	8,239,576	7,873,259	7,738,602
Fire	7,805,118	7,279,576	7,111,110	7,036,681
Prosecutor (1)	0	0	0	0
Public Health and Welfare	93,367	95,638	92,425	93,873
Leisure Time Activities	4,953,838	4,815,387	4,822,756	4,784,990
Community Environment	2,628,519	2,829,943	2,506,900	2,503,875
Basic Utility Services	1,895,966	1,701,869	1,917,474	2,123,557
Transportation	4,289,130	4,282,843	4,410,331	4,886,506
General Government	9,284,825	10,319,191	10,747,164	8,926,410
Capital Outlay	11,596,976	14,090,264	13,260,578	14,044,012
Debt Service:				
Principal Retirement	684,821	765,143	701,923	714,860
Interest and Fiscal Charges	155,260	165,696	189,953	207,341
<i>Total Expenditures</i>	<u>51,602,758</u>	<u>54,585,126</u>	<u>53,633,873</u>	<u>53,060,707</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,887,431</u>	<u>1,953,740</u>	<u>(3,724,497)</u>	<u>4,455,570</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	45,460	45,650	104,831	66,285
Inception of Capital Lease	620,700	554,046	0	0
Transfers In	1,084,000	4,767,512	3,072,067	2,105,000
Transfers Out	(2,151,700)	(4,767,512)	(3,072,067)	(2,105,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(401,540)</u>	<u>599,696</u>	<u>104,831</u>	<u>66,285</u>
Special Item				
Proceeds from Sale of Land	0	0	0	0
<i>Net Change in Fund Balances</i>	<u>\$5,485,891</u>	<u>\$2,553,436</u>	<u>(\$3,619,666)</u>	<u>\$4,521,855</u>
Debt Service as a Percentage of Noncapital Expenditures	1.9%	2.0%	2.0%	2.1%

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

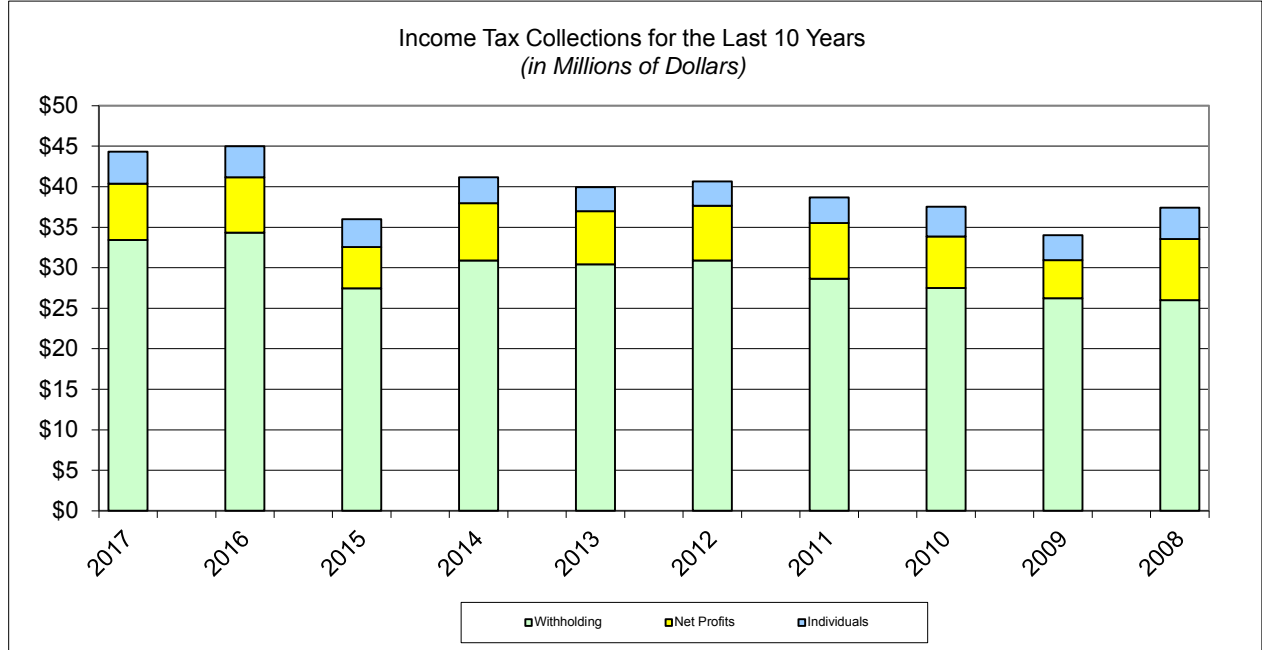
2013	2012	2011	2010	2009	2008
\$3,990,357	\$4,084,821	\$4,175,477	\$4,200,659	\$4,439,830	\$4,850,270
39,837,052	40,209,345	38,635,456	37,011,203	33,433,337	36,379,832
601,538	708,400	722,102	812,268	788,768	1,121,553
3,267,683	4,734,703	3,369,326	3,418,929	6,379,986	3,996,592
(55,709)	171,550	607,074	895,577	998,629	2,807,067
712,763	1,079,485	722,408	772,364	670,840	856,198
364,383	372,559	397,909	342,265	337,471	401,852
31,187	25,319	31,134	23,083	24,097	18,525
3,928,190	3,848,537	3,741,157	3,562,684	3,646,417	3,758,436
137,481	156,356	98,588	99,555	75,173	130,287
574,959	844,994	522,228	814,795	650,587	582,432
53,389,884	56,236,069	53,022,859	51,953,382	51,445,135	54,903,044
7,563,495	8,538,190	8,077,151	8,264,487	8,078,371	7,985,861
6,960,704	7,877,662	7,444,523	7,429,107	7,574,187	7,750,303
251,157	246,909	257,217	252,624	297,440	299,953
96,589	94,691	85,571	81,915	84,955	82,050
5,009,856	5,952,381	6,023,319	5,669,661	5,793,337	5,900,904
2,313,356	3,075,063	2,838,647	3,001,106	2,801,923	3,316,686
2,064,763	2,002,298	1,894,005	1,890,447	1,641,022	1,920,896
4,875,931	5,983,241	6,181,872	6,429,141	6,491,425	6,095,752
9,116,673	4,649,342	4,966,488	4,327,183	4,061,450	4,790,951
7,134,614	9,245,520	10,388,586	14,549,895	22,775,769	13,280,808
884,521	5,415,516	2,070,153	1,995,556	3,271,373	1,732,382
230,001	469,946	546,106	657,129	879,836	1,246,408
46,501,660	53,550,759	50,773,638	54,548,251	63,751,088	54,402,954
6,888,224	2,685,310	2,249,221	(2,594,869)	(12,305,953)	500,090
36,743	78,100	66,462	112,607	83,882	14,175
0	0	0	0	0	0
3,002,761	5,300,000	4,363,775	7,529,125	5,553,280	8,344,130
(3,002,761)	(5,300,000)	(4,063,840)	(7,601,298)	(5,647,424)	(10,281,118)
36,743	78,100	366,397	40,434	(10,262)	(1,922,813)
0	0	0	0	0	2,518,150
\$6,924,967	\$2,763,410	\$2,615,618	(\$2,554,435)	(\$12,316,215)	\$1,095,427
2.7%	12.4%	5.7%	6.4%	8.2%	6.1%

City of Solon, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

Tax Year (1)	Tax Rate (2)	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2017	2.00 %	\$44,316,025	\$33,422,279	75.42%	\$6,963,256	15.71%	\$3,930,490	8.87%
2016	2.00	44,996,193	34,349,591	76.34	6,826,711	15.17	3,819,891	8.49
2015	2.00	35,975,329	27,463,566	76.34	5,104,899	14.19	3,406,864	9.47
2014	2.00	41,172,564	30,915,983	75.09	7,065,014	17.16	3,191,567	7.75
2013	2.00	39,942,088	30,410,326	76.13	6,585,577	16.49	2,946,185	7.38
2012	2.00	40,665,159	30,887,176	75.96	6,758,924	16.62	3,019,059	7.42
2011	2.00	38,674,227	28,643,077	74.06	6,882,485	17.80	3,148,665	8.14
2010	2.00	37,526,783	27,519,770	73.33	6,341,666	16.90	3,665,347	9.77
2009	2.00	34,005,834	26,232,767	77.14	4,716,335	13.87	3,056,732	8.99
2008	2.00	37,416,449	25,989,242	69.46	7,547,808	20.17	3,879,399	10.37

(1) 2008 through 2017 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

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

2017 Taxpayers	Ranking
Swagelok Manufacturing Company	1
Nestle Food Company	2
Solon Board of Education	3
Erico Products Inc.	4
The Cleveland Clinic Foundation	5
Caremark LLC	6
MRI Software LLC	7
City of Solon	8
Tarkett USA Inc.	9
Fleetmatic USA Holding Inc.	10

2008 Taxpayers	Ranking
Swagelok Manufacturing Company	1
Nestle Food Company	2
Erico Products Inc.	3
Solon Board of Education	4
Keithley Instruments Inc.	5
National Enterprise Systems Inc.	6
City of Solon	7
Kennametal Inc.	8
Arrow Electronics, Inc.	9
Datavantage	10

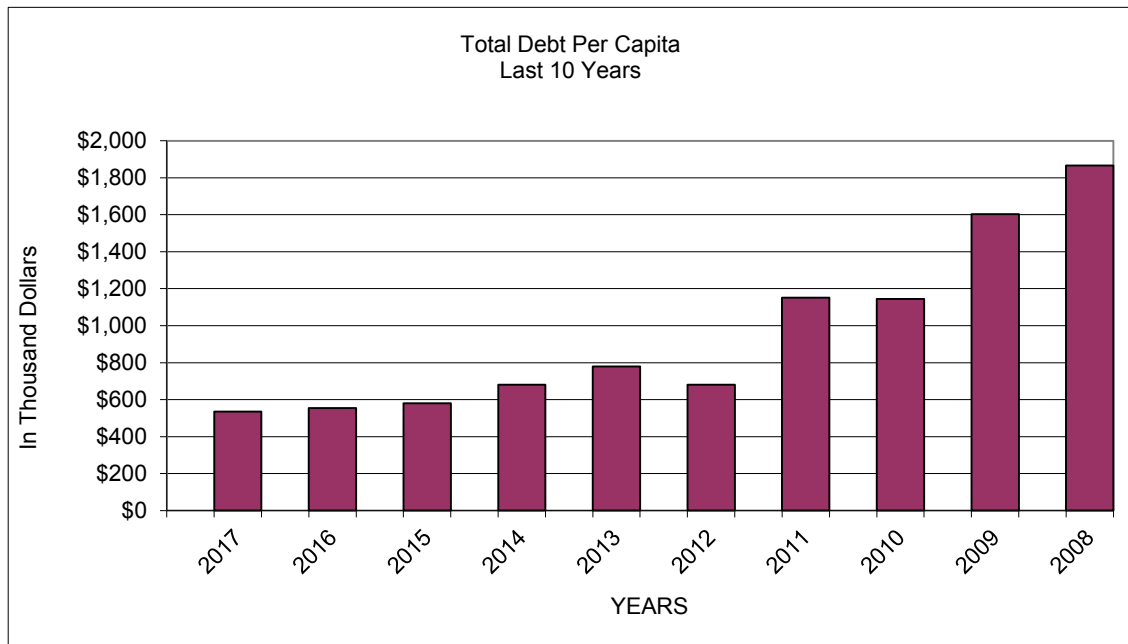
Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholding.

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
2017	\$0	\$0	\$5,463,259	\$0	\$1,041,756	\$0
2016	0	0	6,084,196	0	484,940	0
2015	0	0	6,780,233	0	0	0
2014	0	0	7,458,349	23,807	0	0
2013	0	0	8,119,077	77,939	0	0
2012	0	0	8,942,950	138,587	0	0
2011	4,470,000	84,895	9,742,923	199,235	0	0
2010	5,620,000	167,497	10,519,826	259,883	0	0
2009	6,720,000	247,805	11,274,426	320,531	0	4,707,351
2008	9,150,000	325,818	12,007,462	350,855	0	5,739,897



<u>Business-Type Activities</u>			
<u>OWDA Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$6,002,917	\$12,507,932	1.14%	\$536
6,362,737	12,931,873	1.18	554
6,758,641	13,538,874	1.24	580
8,416,870	15,899,026	1.45	681
10,025,013	18,222,029	1.67	780
11,541,487	20,623,024	1.89	681
12,381,524	26,878,577	2.46	1,151
10,171,586	26,738,792	2.44	1,145
11,688,947	34,959,060	4.53	1,603
13,110,071	40,684,103	5.24	1,866

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

<u>Year</u>	<u>Population (1)</u>	<u>Estimated True Values of Taxable Property (2)</u>	<u>Bonded Debt (3)</u>	<u>Ratio of Bonded Debt to Estimated True Values of Taxable Property</u>	<u>Bonded Debt Per Capital</u>
2017	23,348	\$3,269,408,477	\$0	0.00 %	\$0.00
2016	23,348	3,256,873,494	0	0.00	0.00
2015	23,348	3,117,668,606	0	0.00	0.00
2014	23,348	3,125,680,192	0	0.00	0.00
2013	23,348	3,112,770,336	0	0.00	0.00
2012	23,348	3,223,292,544	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

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, 2017

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Solon
Direct - City of Solon			
OWDA Loans	\$5,463,259	100.00%	\$5,463,259
Capital Leases	1,041,756	100.00%	1,041,756
<i>Total Direct</i>	<u>6,505,015</u>		<u>6,505,015</u>
Overlapping			
Solon City School District			
General Obligation Bonds	5,133,089	97.86%	5,023,241
General Obligation Notes	1,423,000	97.86%	1,392,548
Orange School District			
General Obligation Bonds	19,617,977	2.14%	419,825
Capital Lease Obligations	291,724	2.14%	6,243
Cuyahoga County (2)			
General Obligation Bonds	222,259,855	3.87%	8,601,456
Revenue Bonds	712,717,846	3.87%	27,582,181
Certificates of Participation	246,517,627	3.87%	9,540,232
Loans Payable	1,677,337	3.87%	64,913
Capital Lease Obligations	361,144,312	3.87%	13,976,285
Greater Cleveland Regional Transit Authority			
	<u>140,323,087</u>	3.87%	<u>5,430,503</u>
<i>Total Overlapping Debt</i>	<u>1,711,105,854</u>		<u>72,037,427</u>
Total	<u><u>\$1,717,610,869</u></u>		<u><u>\$78,542,442</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

	2017	2016	2015	2014
Population	23,348	23,348	23,348	23,348
Total Assessed Property Value	<u>\$1,158,870,930</u>	<u>\$1,153,594,870</u>	<u>\$1,104,634,310</u>	<u>\$1,106,828,600</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$0	\$0	\$0	\$0
Special Assessment Bonds	0	0	0	0
Bond Anticipation Notes	0	0	0	0
OPWC Loans	0	0	0	23,807
OWDA Loans	<u>11,466,176</u>	<u>12,446,933</u>	<u>13,538,874</u>	<u>15,875,219</u>
Total Gross Indebtedness	11,466,176	12,446,933	13,538,874	15,899,026
Less:				
Special Assessment Bonds	0	0	0	0
OWDA Loans	(11,466,176)	(12,446,933)	(13,538,874)	(15,875,219)
General Obligation Bond Retirement Fund Balance (1)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(23,807)</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>121,681,448</u>	<u>121,127,461</u>	<u>115,986,603</u>	<u>116,217,003</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$121,681,448</u>	<u>\$121,127,461</u>	<u>\$115,986,603</u>	<u>\$116,217,003</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>\$63,737,901</u>	<u>\$63,447,718</u>	<u>\$60,754,887</u>	<u>\$60,875,573</u>
Total Gross Indebtedness	11,466,176	12,446,933	13,538,874	15,899,026
Less:				
Voted General Obligation Bonds	0	0	0	0
Special Assessment Bonds	0	0	0	0
OWDA Loans	(11,466,176)	(12,446,933)	(13,538,874)	(15,875,219)
General Obligation Bond Retirement Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>(23,807)</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>\$63,737,901</u>	<u>\$63,447,718</u>	<u>\$60,754,887</u>	<u>\$60,875,573</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 2017, the Bond Retirement Fund Balance was limited to the outstanding balance of OPWC debt.

2013	2012	2011	2010	2009	2008
23,348	23,348	23,348	23,348	21,802	21,802
<u>\$1,101,210,810</u>	<u>\$1,138,853,530</u>	<u>\$1,141,833,370</u>	<u>\$1,138,422,059</u>	<u>\$1,179,483,022</u>	<u>\$1,189,301,755</u>
\$0	\$0	\$4,470,000	\$5,620,000	\$6,720,000	\$9,150,000
0	0	84,895	167,497	247,805	325,818
0	0	0	0	4,700,000	5,700,000
77,939	138,587	199,235	259,883	320,531	350,855
<u>18,144,090</u>	<u>20,484,437</u>	<u>22,124,447</u>	<u>20,691,412</u>	<u>22,963,373</u>	<u>25,117,533</u>
18,222,029	20,623,024	26,878,577	26,738,792	34,951,709	40,644,206
0	0	(84,895)	(167,497)	(247,805)	(325,818)
(18,144,090)	(20,484,437)	(22,124,447)	(20,691,412)	(22,963,373)	(25,117,533)
<u>(77,939)</u>	<u>(138,587)</u>	<u>(2,114,990)</u>	<u>(1,800,852)</u>	<u>(1,186,990)</u>	<u>(1,485,082)</u>
<u>0</u>	<u>0</u>	<u>2,554,245</u>	<u>4,079,031</u>	<u>10,553,541</u>	<u>13,715,773</u>
<u>115,627,135</u>	<u>119,579,621</u>	<u>119,892,504</u>	<u>119,534,316</u>	<u>123,845,717</u>	<u>124,876,684</u>
<u>\$115,627,135</u>	<u>\$119,579,621</u>	<u>\$117,338,259</u>	<u>\$115,455,285</u>	<u>\$113,292,176</u>	<u>\$111,160,911</u>
100.00%	100.00%	97.87%	96.59%	91.48%	89.02%
<u>\$60,566,595</u>	<u>\$62,636,944</u>	<u>\$62,800,835</u>	<u>\$62,613,213</u>	<u>\$64,871,566</u>	<u>\$65,411,597</u>
18,222,029	20,623,024	26,878,577	26,738,792	34,951,709	40,644,206
0	0	0	(240,000)	(465,000)	(2,060,000)
0	0	(84,895)	(167,497)	(247,805)	(325,818)
(18,144,090)	(20,484,437)	(22,124,447)	(20,691,412)	(22,963,373)	(25,117,533)
<u>(77,939)</u>	<u>(138,587)</u>	<u>(2,114,990)</u>	<u>(1,800,852)</u>	<u>(1,186,990)</u>	<u>(1,485,082)</u>
<u>0</u>	<u>0</u>	<u>2,554,245</u>	<u>3,839,031</u>	<u>10,088,541</u>	<u>11,655,773</u>
<u>\$60,566,595</u>	<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>
100.00%	100.00%	95.93%	93.87%	84.45%	82.18%

City of Solon, Ohio
Principal Employers
2016 and 2008

2016		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Company	3,255	10.03 %
Nestle Food Company	1,946	6.00
The Cleveland Clinic Foundation	997	3.07
National Enterprise Systems	932	2.87
City of Solon	875	2.70
Caremark LLC	719	2.21
Solon Board of Education	675	2.08
Erico Products Inc.	617	1.90
MRI Software LLC	468	1.44
Kennametal Inc.	346	1.07
Total	10,830	33.37 %
Total W-2's Received	32,455	

2008		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Company	2,897	5.87 %
Nestle Food Company	1,763	3.57
Solon Board of Education	1,089	2.21
National Enterprise Systems	1,043	2.11
City of Solon	945	1.91
Erico Products Inc.	609	1.23
Keithley Instruments Inc.	511	1.04
Arrow Electronics	415	0.84
Renaissance Hotel Operating	415	0.84
Kennametal Inc.	400	0.82
Total	10,087	20.44 %
Total W-2's Received	49,347	

Note: 2017 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)
2017	23,348	\$1,093,853,800	\$46,850	\$95,881	43
2016	23,348	1,093,853,800	46,850	95,881	43
2015	23,348	1,093,853,800	46,850	95,881	43
2014	23,348	1,093,853,800	46,850	95,881	43
2013	23,348	1,093,853,800	46,850	95,881	43
2012	23,348	1,093,853,800	46,850	95,881	43
2011	23,348	1,093,853,800	46,850	95,881	43
2010	23,348	1,093,853,800	46,850	95,881	43
2009	21,802	771,659,988	35,394	78,903	39
2008	21,802	771,659,988	35,394	78,903	39

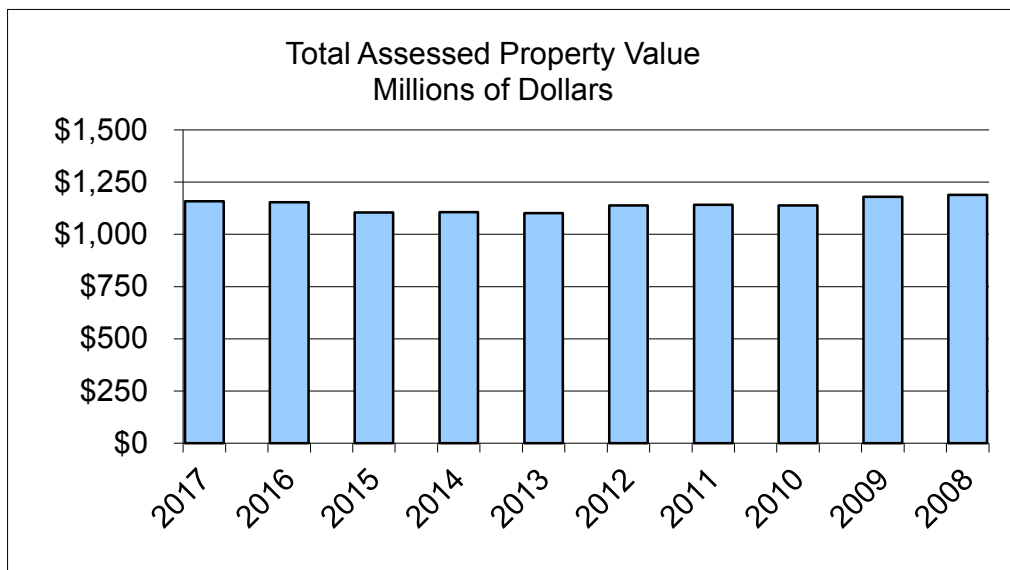
(1) Source: U. S. Census

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

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

(4) Source: Cuyahoga County Fiscal Officer

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



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Total Assessed Property Value (4)
57.0%	4,585	4.8%	\$1,158,870,930
57.0	4,600	5.3	1,153,594,870
57.0	4,722	4.0	1,104,634,310
57.0	4,764	6.4	1,106,828,600
57.0	4,871	7.2	1,101,210,810
57.0	4,909	7.3	1,138,853,530
57.0	5,043	7.1	1,141,833,370
57.0	5,171	8.6	1,138,422,059
50.4	5,214	9.0	1,179,483,022
50.4	5,292	7.1	1,189,301,755

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

Function/Program	2017	2016	2015	2014
Security of Persons and Property				
Police	46.00	46.00	47.00	46.00
Dispatch and Clerks	7.00	8.00	17.00	18.00
Corrections	10.00	11.00	10.00	10.00
Fire	59.00	59.00	59.00	59.00
Leisure Time Activities				
Recreation	13.00	13.00	11.00	11.00
Senior Services	6.00	5.00	4.00	4.00
Arts Center	4.00	4.00	4.00	4.00
Grantwood Golf Course	6.00	6.00	4.00	5.00
Community Environment				
Planning	7.00	7.00	6.00	6.00
Building	2.00	2.00	3.00	3.00
Engineering	11.00	10.00	11.00	9.00
Public Works		0.00	0.00	0.00
Basic Utility Services				
Water Reclamation	17.00	17.00	17.00	17.00
Transportation				
Service	68.00	68.00	65.00	65.00
General Government				
City Council	2.00	2.00	2.00	2.00
Mayors Office	2.00	2.00	2.00	2.00
Finance	6.00	7.00	10.00	11.00
Income Tax	0.00	0.00	0.00	2.00
Prosecutor Clerk	0.00	0.00	0.00	0.00
Human Resources	1.00	2.00	2.00	2.00
Network Administrator	2.00	3.00	3.00	3.00
City Hall Custodial	1.00	1.00	2.00	2.00
Receptionist	1.00	1.00	1.00	1.00
Totals:	<u>271.00</u>	<u>274.00</u>	<u>280.00</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
46.00	46.00	44.00	46.00	47.00	46.00
17.00	17.00	18.00	17.00	19.00	19.00
10.00	10.00	7.00	8.00	10.00	10.00
57.00	57.00	58.00	60.00	61.00	61.00
12.00	12.00	12.00	13.00	14.00	15.00
4.00	4.00	4.00	5.00	5.00	5.00
3.00	2.00	4.00	4.00	4.00	4.00
5.00	5.00	5.00	5.00	5.00	6.00
6.00	6.00	6.00	6.00	6.00	6.00
3.00	3.00	3.00	4.00	4.00	5.00
8.00	9.00	10.00	11.00	11.00	10.00
0.00	0.00	0.00	1.00	2.00	2.00
17.00	18.00	17.00	23.00	23.00	22.00
68.00	69.00	68.00	66.00	70.00	68.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
10.00	9.00	10.00	11.00	11.00	10.00
4.00	4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00	1.00
1.00	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>282.00</u>	<u>284.00</u>	<u>283.00</u>	<u>297.00</u>	<u>309.00</u>	<u>306.00</u>

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

Function/Program	2017	2016	2015	2014
Security of Persons & Property				
<i>Police</i>				
Number of traffic citations issued	3,526	3,660	3,376	3,927
DUI Arrests	133	115	131	132
Prisoners Processed	2,248	2,275	1,900	1,905
<i>Fire</i>				
Fire Responses	771	629	742	772
EMS Calls	2,338	2,268	2,191	2,067
Safety Inspections	2,169	2,582	2,646	2,095
Plan Reviews	132	118	171	324
Leisure Time Activities				
<i>Parks and Recreation</i>				
Community Center Memberships (4)	7,228	7,314	6,681	6,876
Summer Camp Participants	1,187	1,195	1,223	1,138
Baseball/Softball Teams	35	48	45	55
<i>Senior Services</i>				
Program Attendance (1)	69,666	63,812	60,191	47,664
<i>Arts Center</i>				
Class Registrations	3,813	3,650	3,512	3,056
Percentage of Solon Residents	81%	80%	80%	82%
<i>Grantwood Golf Course</i>				
Rounds Played (18 holes)	13,670	14,008	11,978	12,497
Rounds Played (9 holes)	12,878	13,997	15,689	15,957
Range Balls (3)	15,330	52,213	43,864	45,340
Community Environment				
<i>Building</i>				
Building Permits Issued	1,527	2,136	2,104	1,241
Basic Utility Services				
<i>Waste Water Treatment</i>				
Average Daily Flow (millions of gallons)	3,062	3,318	3,470	3,567
Transportation				
<i>Service</i>				
Tons of Salt Purchased	9,108	10,229	11,372	12,785
Tons of Rubbish Collected	6,082	6,911	7,062	7,607
Yards of Leaves Collected (2)	14,188	16,125	13,153	14,625
Tons of Recycling Materials Collected	1,747	2,065	2,058	1,664
General Government				
<i>City Council</i>				
Ordinances or Resolutions Introduced	227	231	262	281
<i>Finance</i>				
Accounts Payable Checks Processed	7,661	7,718	8,176	8,545
Purchase Orders Issued	3,519	2,958	3,333	3,250
<i>Network Administration</i>				
Computer Workstations	260	255	265	260

- (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

2013	2012	2011	2010	2009	2008
3,768	3,893	3,744	4,673	4,266	4,743
131	151	132	118	126	135
1,927	1,819	1,732	1,521	1,376	1,445
715	671	746	737	785	753
2,104	1,737	1,726	1,789	1,725	1,831
1,794	2,480	1,529	1,589	1,703	2,600
617	393	247	150	231	293
7,417	7,811	8,341	8,495	9,550	9,950
1,186	1,129	1,201	1,248	1,295	1,475
56	64	81	99	108	117
40,292	37,912	36,817	31,678	25,545	12,518
2,906	3,204	3,160	3,274	3,508	3,040
81%	77%	79%	81%	83%	87%
9,918	10,256	14,025	12,021	12,649	12,464
17,152	16,768	10,967	17,148	19,289	19,398
45,704	44,795	34,082	35,292	36,825	n/a
988	927	793	819	706	726
3.526	3.452	4.131	3.733	3.291	3.787
9,996	9,318	10,119	16,000	12,700	11,509
7,654	7,473	7,835	7,868	8,147	8,987
12,293	13,653	n/a	n/a	n/a	n/a
1,453	1,394	1,422	1,334	1,199	1,069
273	302	255	286	311	372
9,216	10,052	9,333	9,547	10,838	10,525
3,986	4,425	4,829	4,355	4,880	4,828
257	256	237	235	235	225

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

Function/Program	2017	2016	2015	2014
Security of Persons and Property				
<i>Police</i>				
Square Footage of Station	37,168	37,168	37,168	37,168
Vehicles	29	30	27	29
<i>Fire</i>				
Square Footage of Station #1	37,168	37,168	37,168	37,168
Square Footage of Station #2	16,200	16,200	16,200	16,200
Square Footage of Station #3	9,610	9,610	9,610	9,610
Vehicles	20	18	18	19
Leisure Time Activities				
<i>Parks and Recreation</i>				
Square Footage of Community Center	92,500	92,500	92,500	92,500
Vehicles	6	5	4	7
<i>Senior Services</i>				
Vehicles	4	4	4	5
<i>Arts Center</i>				
Square Footage of Building	15,000	15,000	15,000	15,000
<i>Grantwood Golf Course</i>				
Square Footage of Clubhouse	7,200	7,200	7,200	7,200
Square Footage of Maintenance Building	5,000	5,000	5,000	5,000
Vehicles	1	1	1	1
Community Environment				
<i>Planning Department</i>				
Vehicles	1	2	2	2
<i>Building Department</i>				
Vehicles	2	3	3	3
<i>Engineering Department</i>				
Vehicles	6	9	8	8
Basic Utility Services				
<i>Waste Water Treatment</i>				
Square Footage of Buildings	56,000	56,000	56,000	56,000
Vehicles	9	7	7	6
Transportation				
<i>Service</i>				
Square Footage of Building	70,461	70,461	70,461	70,461
Vehicles	71	70	72	73
General Government				
<i>City Hall</i>				
Square Footage of Building	55,950	55,950	55,950	55,950
Mayor's Vehicle	1	1	1	1
Tax/Finance's Vehicle	0	0	1	1
Network Administration's Vehicle	0	1	0	0
City Hall Vehicle	1	2	2	2

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

2013	2012	2011	2010	2009	2008
37,168 26	37,168 29	37,168 28	37,168 27	37,168 25	37,168 24
37,168 16,200 9,610 19	37,168 16,200 9,610 20	37,168 16,200 9,610 19	37,168 16,200 9,610 21	37,168 16,200 9,610 21	37,168 16,200 9,610 23
92,500 7	92,500 8	92,500 7	92,500 7	92,500 7	92,500 8
4	4	4	4	6	5
15,000	15,000	15,000	15,000	15,000	15,000
7,200 5,000 1	7,200 5,000 1	7,200 5,000 1	7,200 5,000 1	7,200 5,000 1	7,200 5,000 1
2	2	2	2	2	2
4	3	4	4	5	5
7	8	9	8	8	9
56,000 9	56,000 10	56,000 12	56,000 12	56,000 12	56,000 13
70,461 73	70,461 73	70,461 71	70,461 70	70,461 73	70,461 67
55,950 1 1 1 2	55,950 1 1 1 2	55,950 1 1 1 1	55,950 1 1 1 1	55,950 1 1 1 1	55,950 1 1 1 1

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**CITY OF
SOLON, OHIO**



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SOLON OHIO 44139
WWW.SOLONOHIO.ORG

COVER DESIGN BY SOLON CENTER FOR THE ARTS



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, 4 2018