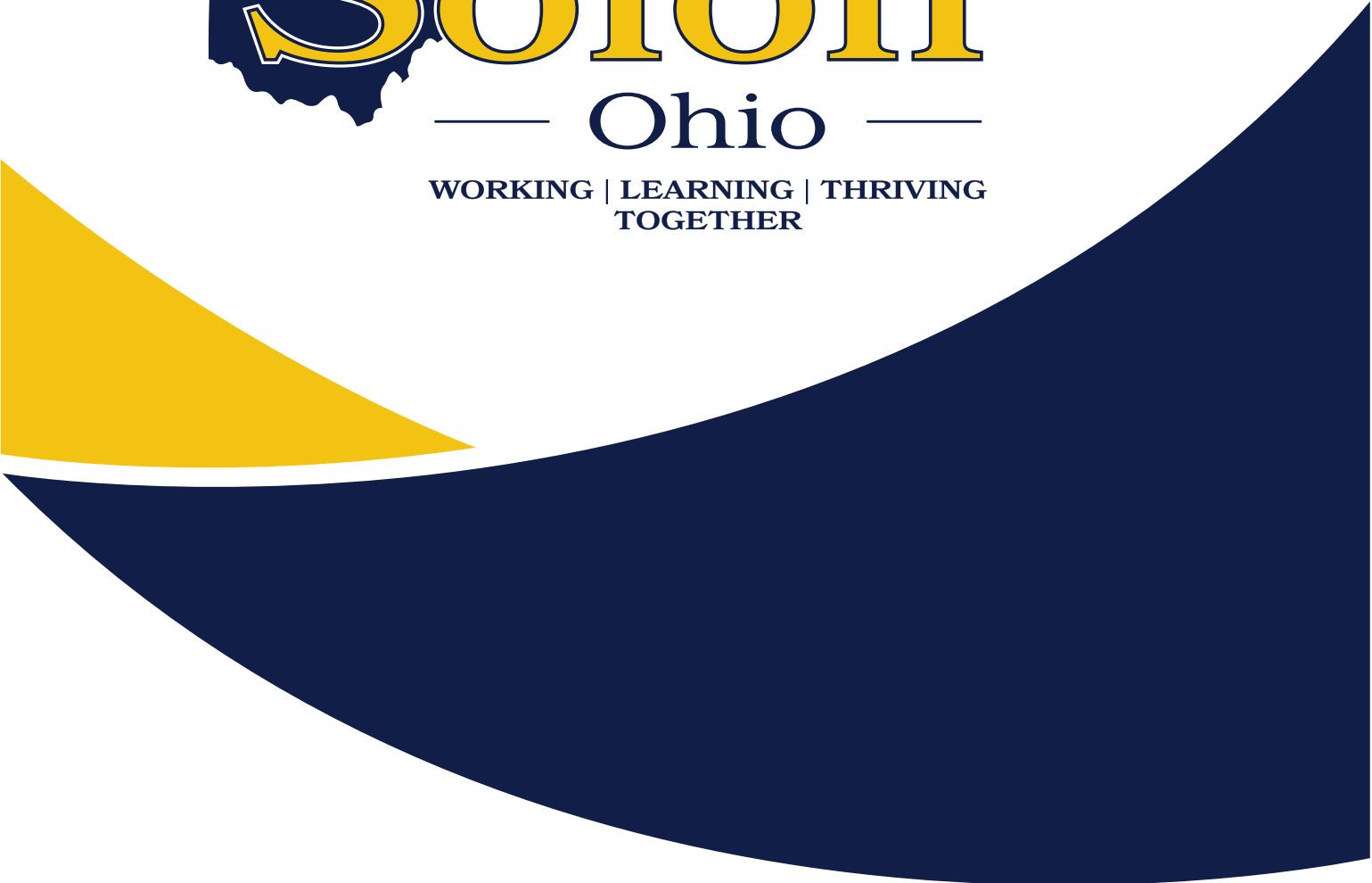


Comprehensive Annual Financial Report

For the Year Ended
December 31, 2020



WORKING | LEARNING | THRIVING
TOGETHER



OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARepor@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the City of Solon, Cuyahoga County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2020 through December 31, 2020. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 20, 2021

Introductory Section

For the Year Ended
December 31, 2020



This page intentionally left blank.

City of Solon, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2020

*Prepared by the Department of
Finance*

*Matthew Rubino
Director of Finance*

This page intentionally left blank.

City of Solon, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2020
Table of Contents

	Page
I. Introductory Section	
Title Page	i
Table of Contents	ii
Letter of Transmittal	vi
Organizational Chart	xiii
List of Principal Officials	xiv
GFOA Certificate of Achievement	xv
II. Financial Section	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	22
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual - General Fund.....	24
Statement of Fund Net Position – Proprietary Funds.....	25
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	27
Statement of Fiduciary Net Position – Custodial Funds.....	29
Statement of Changes in Fiduciary Net Position – Custodial Funds.....	30
Notes to the Basic Financial Statements	31

Required Supplementary Information:

Schedule of the City's Proportionate Share of the Net Pension Liability -
Ohio Public Employees Retirement System – Traditional Plan – Last Seven Years84

Schedule of the City's Proportionate Share of the Net Pension Asset -
Ohio Public Employees Retirement System – Combined Plan – Last Three Years86

Schedule of the City's Proportionate Share of the Net OPEB Liability -
Ohio Public Employees Retirement System – Last Four Years87

Schedule of the City's Proportionate Share of the Net Pension Liability -
Ohio Police and Fire Pension Fund – Last Seven Years88

Schedule of the City's Proportionate Share of the Net OPEB Liability -
Ohio Police and Fire Pension Fund – Last Four Years.....90

Schedule of the City's Contributions -
Ohio Public Employees Retirement System – Last Eight Years92

Schedule of the City's Contributions -
Ohio Police and Fire Pension Fund – Last Ten Years94

Notes to the Required Supplementary Information96

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds:

Fund Descriptions 100

Combining Balance Sheet – Nonmajor Governmental Funds.....102

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Nonmajor Governmental Funds103

Combining Balance Sheet – Nonmajor Special Revenue Funds104

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Nonmajor Special Revenue Funds106

Combining Balance Sheet – Nonmajor Capital Projects Funds108

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Nonmajor Capital Projects Funds109

Combining Statements – Internal Service Funds:

Fund Descriptions 110

Combining Statement of Fund Net Position – Internal Service Funds111

Combining Statement of Revenues, Expenses and Changes in
Fund Net Position – Internal Service Funds.....112

Combining Statement of Cash Flows – Internal Service Fund.....	113
Combining Statements – Fiduciary Funds:	
Fund Descriptions	114
Statement of Changes in Fiduciary Net Position – Custodial Funds.....	115
Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in Fund Balances/Fund Equity – Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
General Fund	118
General Obligation Bond Retirement Fund	123
Infrastructure Fund.....	124
Water Reclamation Fund	125
Grantwood Recreation Fund	126
Nonmajor Funds:	
Street Construction, Maintenance and Repair Fund.....	127
State Highway Fund.....	128
Police Pension Fund	129
Fire Pension Fund.....	130
Cable TV Fund.....	131
Tree Planting Fund.....	132
Recreation Fund.....	133
Police Department Programs Fund.....	134
Law Enforcement Trust Fund.....	135
Donations Trust Fund.....	136
Coronavirus Relief Fund	137
Economic Incentive Fund.....	138
Police Training Fund	139
Community Improvement Corporation Fund	140
Safety and Service Equipment Fund.....	141
Building Construction Fund	142
Old City Hall Renovations Fund	143
General Capital Improvements Fund	144
Workers' Compensation Fund.....	145
Medical Self Insurance Fund.....	146

III. Statistical Section

Statistical Section Description.....	S1
Net Position by Component – Last Ten Years	S2
Changes in Net Position – Last Ten Years	S4
Fund Balances, Governmental Funds – Last Ten Years	S8
Changes in Fund Balances, Governmental Funds – Last Ten Years	S10
Income Tax Revenue Base and Collections – Last Ten Years	S12
Principal Income Taxpayers – Current Year and Nine Years Ago	S13

Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita – Last Ten Years.....	S14
Ratio of General Obligation Bonded Debt to Estimated True Values of Taxable Property and Bonded Debt Per Capita – Last Ten Years.....	S16
Computation of Direct and Overlapping Governmental Activities Debt.....	S17
Ratios of Bonded Debt Outstanding and Legal Debt Margin – Last Ten Years	S18
Principal Employers – Current Year and Nine Years Ago.....	S20
Demographic and Economic Statistics – Last Ten Years	S22
Full-Time City Government Employees by Function/Program - Last Ten Years.....	S24
Operating Indicators by Function/Program – Last Ten Years	S26
Capital Assets Statistics by Function/Program – Last Ten Years	S28



June 28, 2021

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

I am pleased to present to you the City of Solon's (the City) Comprehensive Annual Financial Report. The City of Solon, its residents, and the businesses located in the City were challenged by the disruption and upheaval created by the COVID-19 pandemic during 2020. As this transmittal details, the City was able to preserve critical services and maintain a strong financial footing despite those challenges. 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 the year 2020, 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. Solon officially gained the status of City in 1960.

The form of government established by the Charter is the Mayor and Council format. 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 1st 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 at approximately 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 safety and service functions of the City proved to be adaptable to the circumstances created by the pandemic and the City managed to maintain service levels throughout all of 2020.

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. During normal times these program offerings are offered throughout the year and to the thousands of residents that participate in them. The public health restrictions that were instituted to mitigate the spread of COVID-19 did have a significant impact on the programs offered and the associated user fee revenue.

The City presently has two enterprise operations; Grantwood Golf Course and the Solon Water Reclamation Treatment Plant. The operating expenses of both of these City enterprises have been, and continue to be, covered by user or 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 nine years, the City has administered billing and collection of fees associated with maintenance of the storm and sanitary systems for residents and businesses. 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 administering billing services and user fee revenue from this utility service have remained stable over the ensuing years.



The administrative functions of the City include planning and zoning, economic development, building inspection, engineering, human resources, legal, finance, and information technology. The combined focus of these functional areas is to support the critical operations of the City and maintain a viable tax base. Beginning in January 2015, the City began using the Regional Income Tax Agency (RITA) to administer and collect municipal income taxes. The net cost of collections for 2020 was 1.09 percent of total collections as determined by the Agency. 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.

Economic Condition & Outlook

The City of Solon is currently home to more than 900 businesses. 2020 was a challenging year for all businesses. The COVID-19 pandemic brought economic activity to a near-standstill as shutdowns and tight restrictions on movement occurred. Even with all of the fear and chaos that the COVID-19 pandemic caused, most of the Solon businesses were able to withstand the disruption and loss of productivity and are recovering or even thriving. We even managed to attract 16 new businesses to the City and assisted three additional businesses with relocations or expansions within Solon. We feel we are able to attract and retain businesses because of Solon's access to a talented workforce, freeway access, excellent City services, top-notch schools, and a proactive economic development program.

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. Cleveland Magazine named Solon the #1 place to live in Northeast Ohio in 2020 and ranked Solon Schools the top-ranked school district for the twelfth straight year. Niche.com ranked Solon #2 on its 2020 list of Best Places to live in the Cleveland area.

The City's Economic Development Department manages the Job Creation Grant Program. This incentive program provides grants to Solon companies predicated and computed on a portion of the payroll withholding tax paid to the City on newly created jobs. For the fifteen job creation grants administered in 2020, the City invested \$2,327,064 and realized a net gain of \$3,866,468 in new payroll tax receipts, along with 2,292 new jobs. The 2020 program directly contributed to retaining 4,855 jobs within the City in addition to the cited job gains. 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 and 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. Due to the COVID-19 impacts on the economy, we experienced a decline in income tax collections but continue to have a stable housing market. The decline in income tax collections was less than anticipated. 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 even during a global pandemic has contributed to the ongoing financial success of the City.



Relevant Financial Policies

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. Solon City Council is required to adopt the annual budget by no later than the close of the fiscal year. The operating budget process begins in July of each year and culminates with budget hearings in November. The annual operating budget is prepared by fund, and department and appropriated by the expenditure categories of personal services and other expenditures. The budget is typically adopted by City Council in December and effective on January 1 of the budget year. During the year 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.

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. 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. Transfers from the General Fund were typically made each year and the fund balance was \$7.6 million as of the end of 2019. The fund reserve was tapped in the amount of \$1.2 million in 2020 with approval from City Council to cover a funding shortfall in the General Fund that had resulted from revenue loss correlated to the COVID economic downturn. The City will begin to restore the fund balance in the Stabilization Fund as economic conditions improve and revenue sources stabilize.

The City has been able to maintain and follow a plan to minimize its debt over the past ten years. The City no longer has any bonded debt outstanding and the debt of the City consists of \$3.5 million in loans outstanding that were issued to fund improvements of water and sewer infrastructure. The reduction in debt burden was 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.

In addition to minimizing the use of debt financing, the City's capital planning process incorporates annual investments in general capital needs that are planned in five-year increments 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.



Long-term Financial Planning

The City's Administration and Council have a long established a 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 percent of receipts) of City income tax each year as enacted by a levy approved by voters in 1995.

Capital expenditures for new buildings, vehicles and equipment are also included in the five year plan. The City has allocated approximately \$2.5 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.

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 2020 the City of Solon expended \$11.6 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 highway dollars and other grants as secondary sources 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.

The economic disruption created by the COVID-19 pandemic impacted the region but did not dampen the City's pursuit of economic development opportunities. Below are the major economic development projects that took place in 2020:

- Wrap-Tite Inc. is expanding its packaging and shipping operations into a third Solon location on 6250 Camp Industrial.



- Construction continued on Swagelok's 134,000 square foot Global Headquarters and Innovation Center on Solon Road.
- We celebrated the opening of Wendy's, Heritage Coffee and Hibachi Japan, VIO Med Spa, Pinnacle Treatment Centers, Thrive Peer Support, PAINT Nail Bar, King of Tints, Lumber Liquidators, Elite Cars Ohio, Hostar International, Humble Design, Game Speed Performance Academy, WINNOLA and Lumina Imaging.

In addition, the following projects were announced:

- Oakwood Labs will be leasing an additional 7,500 square foot building to support their growing pharmaceutical business.
- Pop Culture CLE will renovate and open a new shop in the historical district on Solon Road.
- City BBQ will construct a brand new building for their restaurant on S.O.M. Center Road in 2021.
- CLEan Express Auto Wash will build and open a new modern car wash facility on Aurora Road.
- Solon Bicycle will be moving into a new 4,200 square foot location on Aurora Road.

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, work and thrive.

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, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual 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 annual 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 team members in the Department of Finance who persisted during the disruption and uncertainty caused by the pandemic to maintain critical operations for the City and its residents. 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 members of the Solon City Council and the Council Finance Committee for their continued support of the Finance Department and for recognizing the benefit of compiling a Comprehensive Annual Financial Report.

Respectfully submitted,

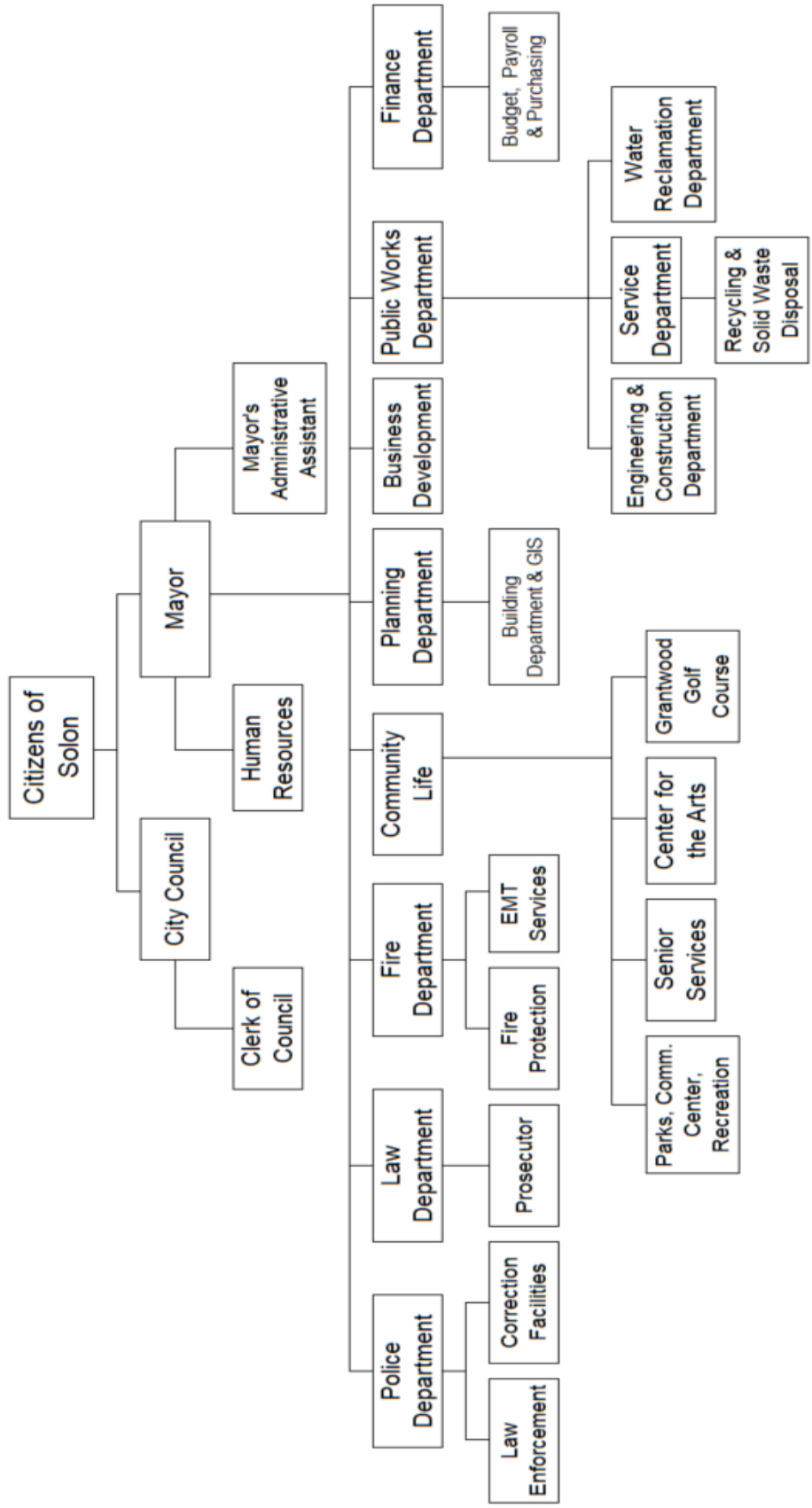
A handwritten signature in blue ink, which appears to read "Matthew Rubino". The signature is fluid and cursive, with a large loop at the end.

Matthew Rubino
Director of Finance
City of Solon, Ohio

CITY OF SOLON

Organizational Chart

December 31, 2020



City of Solon, Ohio

Principal Officials

December 31, 2020

Elected Officials

Edward H. Kraus Mayor

City Council

Eugene Macke Bentley IV 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

Donna J. Letourneau Clerk of Council (appointed)

Appointed Officials

Thomas G. Lobe Director of Law

Matthew Rubino Director of Finance

Richard A. Tonelli Chief of Police

Mark G. Vedder (1) Chief of Fire and Rescue

Robert S. Frankland Director of Planning

Angela P. Shaker Director of Economic Development

Richard N. Parker (2) Director of Recreation

Jill K. Frankel Director of Senior Services

Tracy A. Sullivan (3) Director of Community & Cultural Enrichment

William J. Drsek Public Works Commissioner

John J. Busch City Engineer

Mark S. Hawley (4) Director of City Services

Fred D. White Chief Building Official

Paul J. Solanics Director of Water Reclamation

Nancy M. Stolarsky Director of Human Resources

Jim Gibbs Director of Information Technology

- (1) Mark Vedder was appointed Chief on March 30, 2020 upon the retirement of William Shaw.
- (2) Richard Parker was appointed Director on April 25, 2020 upon the retirement of Donald Holub.
- (3) Tracy Sullivan was appointed the Director of Community & Cultural Enrichment on April 6, 2020.
- (4) Mark Hawley was appointed Director on February 10, 2020.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Solon
Ohio**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morrill

Executive Director/CEO

(This Page Intentionally Left Blank)

Financial Section

For the Year Ended
December 31, 2020



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 Keith Faber
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, 2020, 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, 2020, 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.

Emphasis of Matter

As described in Note 22 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, Certain Asset Retirement Obligations, and the City restated its net position at December 31, 2019 for business-type activities. In addition, as discussed in Note 23 to the basic financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. Our opinion is not modified with respect to these matters.

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 and Postemployment Benefit Liabilities and Pension and Postemployment Benefit 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 28, 2021, 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 28, 2021

(This Page Intentionally Left Blank)

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
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, 2020. 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 2020 are as follows:

- The City's net position decreased during 2020 due primarily to decreases in net capital assets, decreases in deferred outflows of resources in relation to pension and increases in deferred inflows of resources from property tax, pension and OPEB.
- The City's net governmental capital assets increased over 2019. The increase can be attributed to infrastructure related projects such as construction work on major roads, 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 2020 due to scheduled annual debt service payments.
- The City implemented the net pension liability and net OPEB liability in 2015 and 2018, respectively, which established standards for measuring and recognizing pension/OPEB liabilities, deferred outflows and inflows of resources and expenses. 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 75.
- The City also implemented GASB Statement No. 83 during the year establishing specific criteria for certain asset retirement obligations (AROs).

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

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

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

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.

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

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.

The City of Solon maintains several 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.

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

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 required supplementary information, 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.

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 2020 compared to 2019:

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other Assets	\$72,780,779	\$73,990,055	\$10,760,371	\$9,403,888	\$83,541,150	\$83,393,943
Net Pension Asset	139,478	96,073	17,240	11,874	156,718	107,947
Capital Assets, Net	146,065,970	145,464,082	64,848,769	66,790,684	210,914,739	212,254,766
<i>Total Assets</i>	<u>218,986,227</u>	<u>219,550,210</u>	<u>75,626,380</u>	<u>76,206,446</u>	<u>294,612,607</u>	<u>295,756,656</u>
Deferred Outflows of Resources						
Pension	7,974,294	17,025,251	306,957	805,179	8,281,251	17,830,430
OPEB	5,408,926	4,176,217	224,392	102,515	5,633,318	4,278,732
Asset Retirement Obligation	0	0	800,000	850,000	800,000	850,000
<i>Total Deferred Outflows of Resources</i>	<u>13,383,220</u>	<u>21,201,468</u>	<u>1,331,349</u>	<u>1,757,694</u>	<u>14,714,569</u>	<u>22,959,162</u>
Liabilities						
Current Liabilities	5,566,935	7,031,653	208,244	407,364	5,775,179	7,439,017
Long-term Liabilities						
Due within one Year	2,345,686	2,705,943	643,076	658,920	2,988,762	3,364,863
Due in More than one Year						
Net Pension Liability	46,842,160	58,642,808	1,961,500	2,682,820	48,803,660	61,325,628
Net OPEB Liability	15,573,924	14,444,042	1,363,570	1,275,910	16,937,494	15,719,952
Other Amounts	5,910,223	6,819,700	6,409,013	6,878,931	12,319,236	13,698,631
<i>Total Liabilities</i>	<u>76,238,928</u>	<u>89,644,146</u>	<u>10,585,403</u>	<u>11,903,945</u>	<u>86,824,331</u>	<u>101,548,091</u>
Deferred Inflows of Resources						
Property Taxes	4,019,658	4,011,670	0	0	4,019,658	4,011,670
Pension	7,867,189	2,266,703	429,252	56,692	8,296,441	2,323,395
OPEB	4,262,945	2,540,283	199,110	13,259	4,462,055	2,553,542
<i>Total Deferred Inflows of Resources</i>	<u>16,149,792</u>	<u>8,818,656</u>	<u>628,362</u>	<u>69,951</u>	<u>16,778,154</u>	<u>8,888,607</u>
Net Position						
Net Investment in Capital Assets	145,024,198	144,187,667	60,122,772	61,625,677	205,146,970	205,813,344
Restricted for:						
Capital Projects	18,545,422	18,151,915	0	0	18,545,422	18,151,915
Debt Service	2,617,233	3,046,249	0	0	2,617,233	3,046,249
Other Purposes	2,784,330	2,626,744	0	0	2,784,330	2,626,744
Unrestricted (Deficit)	(28,990,456)	(25,723,699)	5,621,192	4,364,567	(23,369,264)	(21,359,132)
<i>Total Net Position</i>	<u>\$139,980,727</u>	<u>\$142,288,876</u>	<u>\$65,743,964</u>	<u>\$65,990,244</u>	<u>\$205,724,691</u>	<u>\$208,279,120</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2020. GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

Total current and other assets for governmental activities decreased primarily due to decreases in intergovernmental and property taxes receivable relating to decreases in State of Ohio distributions and collections on property taxes offset in part by increased material and supplies inventory and prepaid items. Net capital assets for governmental capital assets increased due to additions of land, construction in progress, land improvements, buildings, furniture and equipment, vehicles and infrastructure. This increase was partially offset by current year depreciation. The decrease in long-term liabilities can be attributed to decreases in the net pension liability attributed to the City and decreases in outstanding debt due to continued annual debt payments offset by increases in the net OPEB liability. The decrease in governmental net position can be attributed primarily to decreases in deferred outflows of resources in relation to pension and increases in deferred inflows of resources from property tax, pension and OPEB.

Total assets for business-type activities decreased due to deletions of furniture and equipment and vehicles. The current year depreciation also contributed to this decrease. Current liabilities decreased due to decreases in accounts, retainage and intergovernmental payables. The decrease in long-term liabilities for business-type activities was due to a reduction in both the net pension liability and long-term debt obligations. The decrease in business-type net position can be attributed primarily to the decrease in net capital assets.

Further details of the changes in net position between 2020 and 2019 can be observed in Table 2.

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

(Table 2)
Changes in Net Position

	Governmental Activities		Business -Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program Revenues						
Charges for Services and Sales	\$3,583,060	\$5,534,313	\$6,183,898	\$6,687,439	\$9,766,958	\$12,221,752
Operating Grants and Contributions	2,553,140	1,806,527	0	0	2,553,140	1,806,527
Capital Grants, Contributions and Capital Assessments	207,608	3,013,349	0	0	207,608	3,013,349
<i>Total Program Revenues</i>	<u>6,343,808</u>	<u>10,354,189</u>	<u>6,183,898</u>	<u>6,687,439</u>	<u>12,527,706</u>	<u>17,041,628</u>
General Revenues						
Property Taxes	4,261,097	4,507,169	0	0	4,261,097	4,507,169
Municipal Income Taxes	45,211,412	43,226,393	0	0	45,211,412	43,226,393
Grants and Entitlements	665,303	644,963	0	0	665,303	644,963
Unrestricted Contributions	3,308	370	0	0	3,308	370
Investment Income	827,102	1,610,064	122,524	194,691	949,626	1,804,755
Gain on Sale of Capital Assets	88,159	58,884	16,600	0	104,759	58,884
Miscellaneous	530,183	612,255	24,514	41,433	554,697	653,688
<i>Total General Revenues</i>	<u>51,586,564</u>	<u>50,660,098</u>	<u>163,638</u>	<u>236,124</u>	<u>51,750,202</u>	<u>50,896,222</u>
<i>Total Revenues</i>	<u>57,930,372</u>	<u>61,014,287</u>	<u>6,347,536</u>	<u>6,923,563</u>	<u>64,277,908</u>	<u>67,937,850</u>
Program Expenses						
Security of Persons and Property						
Police	11,096,232	4,093,882	0	0	11,096,232	4,093,882
Fire	10,837,198	(1,018,701)	0	0	10,837,198	(1,018,701)
Public Health and Welfare	135,318	119,025	0	0	135,318	119,025
Leisure Time Activities	4,432,568	7,094,705	0	0	4,432,568	7,094,705
Community Environment	5,395,590	5,253,855	0	0	5,395,590	5,253,855
Basic Utility Services	3,438,768	3,576,263	0	0	3,438,768	3,576,263
Transportation	15,184,101	16,100,717	0	0	15,184,101	16,100,717
General Government	9,552,083	8,182,190	0	0	9,552,083	8,182,190
Interest and Fiscal Charges	115,306	137,422	0	0	115,306	137,422
Water Reclamation	0	0	5,763,340	8,006,546	5,763,340	8,006,546
Grantwood Recreation	0	0	881,833	1,149,863	881,833	1,149,863
<i>Total Program Expenses</i>	<u>60,187,164</u>	<u>43,539,358</u>	<u>6,645,173</u>	<u>9,156,409</u>	<u>66,832,337</u>	<u>52,695,767</u>
<i>Excess before Transfers</i>	<u>(2,256,792)</u>	<u>17,474,929</u>	<u>(297,637)</u>	<u>(2,232,846)</u>	<u>(2,554,429)</u>	<u>15,242,083</u>
Transfers	(51,357)	(3,195,283)	51,357	3,195,283	0	0
<i>Change in Net Position</i>	<u>(2,308,149)</u>	<u>14,279,646</u>	<u>(246,280)</u>	<u>962,437</u>	<u>(2,554,429)</u>	<u>15,242,083</u>
<i>Net Position Beginning of Year - Restated</i>	<u>142,288,876</u>	<u>128,009,230</u>	<u>65,990,244</u>	<u>65,027,807</u>	<u>208,279,120</u>	<u>193,037,037</u>
<i>Net Position End of Year</i>	<u>\$139,980,727</u>	<u>\$142,288,876</u>	<u>\$65,743,964</u>	<u>\$65,990,244</u>	<u>\$205,724,691</u>	<u>\$208,279,120</u>

The net position of the City decreased in 2020 from 2019 for reasons previously stated, however the City continues to strive for financial improvement. The City also makes a conscious effort to follow our financial plan and live within our financial means.

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

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 expenses exceeded governmental revenues due to the increases in police and fire program expenses resulting mainly from changes in OPEB expenses. Operating grants increased due to the receipt of pandemic relief aid. Capital grants decreased in 2020 as a result of the City receiving a smaller amount of grant funding for ongoing infrastructure projects. Municipal income tax revenues increased on an accrual basis due to the timing of employee withholding collections. Investment income decreased in 2020 attributable to changes in interest rates from the pandemic.

Security of persons and property, specifically police and fire comprise the largest portion of the City's governmental expenses. The City has made safety forces a priority for the community as a whole. Transportation expenses make up the second largest portion of expenses for the City. The care and upkeep of the City's streets has been deemed significant for the Administration. General government expenses are the third largest portion of governmental expenses and are comprised of the departments responsible for the running of the City which include the Mayor, the Finance Department, the Law Director and City Council amongst others.

Business-type Activities

The City has two business-type operations. They are the Water Reclamation (wastewater) and Grantwood (golf course) Recreation. The largest sources of revenue for both Water Reclamation and Grantwood Recreation in 2020 were charges for services. On the expense side, the largest expenses were for payroll and employee benefits for both operations, as well as depreciation expense for the Water Reclamation fund.

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 2020, the City of Solon's governmental funds reported a positive combined ending fund balance. The largest portion of the ending fund balance is unassigned. The remainder of the fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for new spending because it has been specifically marked for expenditures as designated by grant agreements, City ordinances or intent of use.

The general fund is the main governmental and operating fund of the City. There was an overall decrease in the general fund's fund balance between 2020 and 2019. Expenditures and transfers out outpaced revenues in 2020. The general fund is the recipient of the largest portion of income taxes collected by the City. The City benefits from a robust economy that has a significant business-base located within City limits. This allows for the general fund to make transfers out to subsidize capital improvements.

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

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 2020 and 2019 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 2020 and 2019 due to the increased cash and cash equivalents and income taxes receivable coupled with the decrease in accounts payable in 2020.

Business-type Funds – report the City's Water Reclamation (wastewater) operation and Grantwood (golf course) Recreation on an accrual basis. In 2020, the net position for the Water Reclamation fund decreased as a result of the City implementing GASB Statement No. 83 to account for asset retirement obligation liability for the wastewater treatment plant. The net position for the Grantwood Recreation fund increased during 2020 as a result of operating revenues and capital contributions outpacing expenditures.

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 2020, the general fund's final revenue estimate was below the original estimate resulting from the City making adjustments for pandemic level funding. The general fund's final estimate was lower than the actual revenue plus other financing sources mainly as a result of higher than estimated income taxes received. The general fund's original budget for expenditures exceeded the final budget for expenditures due primarily to City Council and the Finance Department having a clearer picture of needed funding. Actual expenditures plus other financing uses were well under the final budget due to the Administration taking a proactive approach to continue increasing available cash reserves within the general fund.

Capital Assets

Governmental capital assets, net of depreciation, increased due to additions of land, construction in progress, land improvements, buildings, furniture and equipment, vehicles and infrastructure. This increase was partially offset by current year depreciation. Specific governmental additions include improved walls, HVAC system for the fire department, roof replacements, various equipment, new vehicles, storm sewer and road infrastructure improvements.

Business-type capital assets, net of depreciation, decreased due to current year depreciations and deletions of equipment and a vehicle. Specific additions include improvements to golf cart paths, various equipment and a new vehicle for the water reclamation fund. For additional information on capital assets, please see note 8 to the basic financial statements.

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

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

Outstanding Long-Term Obligations

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

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Asset retirement obligations (ARO) of \$2,000,000 associated with the City waste water treatment facilities were estimated by the City engineer.

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/OPEB liability establishes standards for measuring and recognizing pension/OPEB 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.

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. For additional information on long-term obligations, please see note 16 to the basic financial statements.

Economic Factors and Current Financial Issues

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

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.

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

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 2020 with an unassigned fund balance of \$25,705,828. Beginning in 2013, the City implemented a policy whereby 20 percent of its unencumbered general fund balance will be maintained in reserve as well as having created a budget stabilization fund that will allow for a segregation of additional reserves that will be accumulated to use in emergency situations in times of revenue fluctuations.

The 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.

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.

Basic Financial Statements

City of Solon, Ohio
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$52,955,853	\$8,628,599	\$61,584,452
Accounts Receivable	150,150	1,842,758	1,992,908
Intergovernmental Receivable	1,109,488	0	1,109,488
Internal Balances	(108,312)	108,312	0
Municipal Income Taxes Receivable	10,511,216	0	10,511,216
Materials and Supplies Inventory	1,139,832	167,547	1,307,379
Accrued Interest Receivable	80,785	13,155	93,940
Prepaid Items	307,579	0	307,579
Property Taxes Receivable	4,170,946	0	4,170,946
Special Assessments Receivable	2,463,242	0	2,463,242
Net Pension Asset (See Note 11)	139,478	17,240	156,718
Nondepreciable Capital Assets	12,044,158	3,120,877	15,165,035
Depreciable Capital Assets, Net	134,021,812	61,727,892	195,749,704
Total Assets	218,986,227	75,626,380	294,612,607
Deferred Outflows of Resources			
Pension	7,974,294	306,957	8,281,251
OPEB	5,408,926	224,392	5,633,318
Asset Retirement Obligation	0	800,000	800,000
Total Deferred Outflows of Resources	13,383,220	1,331,349	14,714,569
Liabilities			
Accounts Payable	536,669	46,101	582,770
Accrued Wages	332,809	20,941	353,750
Contracts Payable	665,919	0	665,919
Deposits Held Payable from Restricted Assets	904,508	0	904,508
Intergovernmental Payable	398,115	25,213	423,328
Retainage Payable	1,591,522	0	1,591,522
Matured Compensated Absences Payable	103,412	0	103,412
Unearned Revenue	160,633	0	160,633
Accrued Interest Payable	55,492	70,890	126,382
Claims Payable	376,912	0	376,912
Vacation Benefits Payable	440,944	45,099	486,043
Long-Term Liabilities:			
Due Within One Year	2,345,686	643,076	2,988,762
Due In More Than One Year			
Net Pension Liability (See Note 11)	46,842,160	1,961,500	48,803,660
Net OPEB Liability (See Note 12)	15,573,924	1,363,570	16,937,494
Other Amounts	5,910,223	6,409,013	12,319,236
Total Liabilities	76,238,928	10,585,403	86,824,331
Deferred Inflows of Resources			
Property Taxes	4,019,658	0	4,019,658
Pension	7,867,189	429,252	8,296,441
OPEB	4,262,945	199,110	4,462,055
Total Deferred Inflows of Resources	16,149,792	628,362	16,778,154
Net Position			
Net Investment in Capital Assets	145,024,198	60,122,772	205,146,970
Restricted for:			
Capital Projects	18,545,422	0	18,545,422
Debt Service	2,617,233	0	2,617,233
Street, Construction, Maintenance and Repair	882,452	0	882,452
Police Pension	767,962	0	767,962
Fire Pension	622,276	0	622,276
Other Purposes	511,640	0	511,640
Unrestricted (Deficit)	(28,990,456)	5,621,192	(23,369,264)
Total Net Position	\$139,980,727	\$65,743,964	\$205,724,691

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Activities
For the Year Ended December 31, 2020

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions and Assessments
Governmental Activities:				
Security of Persons and Property				
Police	\$11,096,232	\$716,921	\$94,149	\$0
Fire	10,837,198	1,200,831	118,300	39,171
Public Health and Welfare	135,318	11,409	0	0
Leisure Time Activities	4,432,568	451,113	13,997	0
Community Environment	5,395,590	169,069	0	0
Basic Utility Services	3,438,768	179,475	0	0
Transportation	15,184,101	320,388	1,345,056	168,437
General Government	9,552,083	533,854	981,638	0
Interest and Fiscal Charges	115,306	0	0	0
<i>Total Governmental Activities</i>	<u>60,187,164</u>	<u>3,583,060</u>	<u>2,553,140</u>	<u>207,608</u>
Business-Type Activities:				
Water Reclamation	5,763,340	5,088,684	0	0
Grantwood Recreation	881,833	1,095,214	0	0
<i>Total Business-Type Activities</i>	<u>6,645,173</u>	<u>6,183,898</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$66,832,337</u>	<u>\$9,766,958</u>	<u>\$2,553,140</u>	<u>\$207,608</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 (Restated - See Note 22)

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
(\$10,285,162)	\$0	(\$10,285,162)
(9,478,896)	0	(9,478,896)
(123,909)	0	(123,909)
(3,967,458)	0	(3,967,458)
(5,226,521)	0	(5,226,521)
(3,259,293)	0	(3,259,293)
(13,350,220)	0	(13,350,220)
(8,036,591)	0	(8,036,591)
(115,306)	0	(115,306)
(53,843,356)	0	(53,843,356)
0	(674,656)	(674,656)
0	213,381	213,381
0	(461,275)	(461,275)
(53,843,356)	(461,275)	(54,304,631)
1,342,758	0	1,342,758
323,615	0	323,615
868,482	0	868,482
1,310,915	0	1,310,915
415,327	0	415,327
33,844,780	0	33,844,780
11,281,593	0	11,281,593
85,039	0	85,039
665,303	0	665,303
3,308	0	3,308
827,102	122,524	949,626
88,159	16,600	104,759
530,183	24,514	554,697
51,586,564	163,638	51,750,202
(51,357)	51,357	0
51,535,207	214,995	51,750,202
(2,308,149)	(246,280)	(2,554,429)
142,288,876	65,990,244	208,279,120
<u>\$139,980,727</u>	<u>\$65,743,964</u>	<u>\$205,724,691</u>

City of Solon, Ohio

Balance Sheet

Governmental Funds

December 31, 2020

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$26,179,216	\$933,897	\$15,628,442	\$5,802,045
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	954,563	0	0	0
Accrued Interest Receivable	79,876	0	0	909
Accounts Receivable	101,320	0	0	45,431
Intergovernmental Receivable	366,690	5,792	0	737,006
Municipal Income Taxes Receivable	7,883,412	0	2,627,804	0
Materials and Supplies Inventory	1,139,832	0	0	0
Prepaid Items	218,181	0	0	0
Property Taxes Receivable	2,268,754	113,438	0	1,788,754
Special Assessments Receivable	0	1,728,917	734,325	0
Total Assets	\$39,191,844	\$2,782,044	\$18,990,571	\$8,374,145
Liabilities				
Accounts Payable	\$508,876	\$0	\$11,404	\$8,551
Accrued Wages	320,446	0	0	0
Contracts Payable	4,500	0	300,163	361,256
Deposits Held Payable from Restricted Assets	904,508	0	0	0
Intergovernmental Payable	186,327	0	2,049	209,739
Retainage Payable	0	0	1,360,764	230,758
Unearned Revenue	0	0	0	160,633
Matured Compensated Absences Payable	103,412	0	0	0
Total Liabilities	2,028,069	0	1,674,380	970,937
Deferred Inflows of Resources				
Property Taxes	2,186,372	109,319	0	1,723,967
Unavailable Revenue	5,879,875	1,738,828	2,568,489	729,893
Total Deferred Inflows of Resources	8,066,247	1,848,147	2,568,489	2,453,860
Fund Balances				
Nonspendable	1,408,068	0	0	0
Restricted	0	933,897	14,747,702	2,969,094
Committed	680,224	0	0	475,987
Assigned	1,303,408	0	0	1,504,267
Unassigned	25,705,828	0	0	0
Total Fund Balances	29,097,528	933,897	14,747,702	4,949,348
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$39,191,844	\$2,782,044	\$18,990,571	\$8,374,145

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, 2020*

<p style="text-align: center;">Total Governmental Funds</p>	Total Governmental Funds Balances	\$49,728,475
<p style="text-align: center;">\$48,543,600</p>	Amounts reported for governmental activities in the statement of net position are different because	
<p style="text-align: center;">954,563</p>	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	146,065,970
<p style="text-align: center;">80,785</p>	Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
<p style="text-align: center;">146,751</p>	Delinquent Property Taxes	160,709
<p style="text-align: center;">1,109,488</p>	Municipal Income Taxes	7,336,655
<p style="text-align: center;">10,511,216</p>	Intergovernmental	866,999
<p style="text-align: center;">1,139,832</p>	Charges for Services	37,154
<p style="text-align: center;">218,181</p>	Special Assessments	2,463,242
<p style="text-align: center;">4,170,946</p>	Fees, Licenses and Permits	45,510
<p style="text-align: center;">2,463,242</p>	Miscellaneous	6,816
<p style="text-align: center;">\$69,338,604</p>	Total	10,917,085
<p style="text-align: center;">\$528,831</p>	An internal service fund is used by management to charge the costs of health insurance and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
<p style="text-align: center;">320,446</p>	Net Position	3,142,780
<p style="text-align: center;">665,919</p>	Internal Balance	(108,312)
<p style="text-align: center;">904,508</p>	Claims Payable	10,594
<p style="text-align: center;">398,115</p>	Total	3,045,062
<p style="text-align: center;">1,591,522</p>	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(55,492)
<p style="text-align: center;">160,633</p>	Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(440,944)
<p style="text-align: center;">103,412</p>	The net pension asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.	
<p style="text-align: center;">4,673,386</p>	Net Pension Asset	139,478
<p style="text-align: center;">4,019,658</p>	Deferred Outflows - Pension	7,974,294
<p style="text-align: center;">10,917,085</p>	Net Pension Liability	(46,842,160)
<p style="text-align: center;">14,936,743</p>	Deferred Inflows - Pension	(7,867,189)
<p style="text-align: center;">1,408,068</p>	Deferred Outflows - OPEB	5,408,926
<p style="text-align: center;">18,650,693</p>	Net OPEB Liability	(15,573,924)
<p style="text-align: center;">1,156,211</p>	Deferred Inflows - OPEB	(4,262,945)
<p style="text-align: center;">2,807,675</p>	Total	(61,023,520)
<p style="text-align: center;">25,705,828</p>	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
<p style="text-align: center;">49,728,475</p>	OWDA Loan Payable	(3,508,067)
<p style="text-align: center;">\$69,338,604</p>	Capital Leases	(697,558)
<p style="text-align: center;">\$69,338,604</p>	Compensated Absences	(4,039,690)
	Claims Payable	(10,594)
	Total	(8,255,909)
	<i>Net Position of Governmental Activities</i>	\$139,980,727

City of Solon, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
Revenues				
Property Taxes	\$1,295,285	\$332,795	\$0	\$2,635,050
Municipal Income Taxes	32,840,703	0	10,946,900	85,039
Special Assessments	0	357,870	22,208	0
Intergovernmental	597,118	11,565	1,011,091	2,828,275
Investment Income	817,963	0	0	9,139
Fees, Licenses and Permits	989,591	2,573	0	164,477
Fines and Forfeitures	206,417	0	0	11,257
Rentals	5,113	0	0	0
Charges for Services	2,210,660	0	0	1,150
Contributions and Donations	3,308	0	0	36,999
Miscellaneous	373,656	0	11,684	100,314
<i>Total Revenues</i>	<u>39,339,814</u>	<u>704,803</u>	<u>11,991,883</u>	<u>5,871,700</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	8,483,788	0	0	946,542
Fire	7,675,549	0	0	1,438,430
Public Health and Welfare	135,318	0	0	0
Leisure Time Activities	3,360,740	0	0	168,544
Community Environment	5,116,730	0	0	0
Basic Utility Services	2,103,814	0	0	0
Transportation	3,818,174	0	0	1,404,000
General Government	7,947,837	3,376	0	936,499
Capital Outlay	0	0	10,489,745	2,984,465
Debt Service:				
Principal Retirement	0	667,559	0	427,924
Interest and Fiscal Charges	0	98,733	0	30,953
<i>Total Expenditures</i>	<u>38,641,950</u>	<u>769,668</u>	<u>10,489,745</u>	<u>8,337,357</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>697,864</u>	<u>(64,865)</u>	<u>1,502,138</u>	<u>(2,465,657)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	115,085	0	0	0
Transfers In	0	0	0	2,000,000
Transfers Out	(2,000,000)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,884,915)</u>	<u>0</u>	<u>0</u>	<u>2,000,000</u>
<i>Net Change in Fund Balances</i>	<u>(1,187,051)</u>	<u>(64,865)</u>	<u>1,502,138</u>	<u>(465,657)</u>
<i>Fund Balances Beginning of Year</i>	<u>30,284,579</u>	<u>998,762</u>	<u>13,245,564</u>	<u>5,415,005</u>
<i>Fund Balances End of Year</i>	<u>\$29,097,528</u>	<u>\$933,897</u>	<u>\$14,747,702</u>	<u>\$4,949,348</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, 2020*

Total Governmental Funds		Net Change in Fund Balances - Total Governmental Funds	(\$215,435)
\$4,263,130		Amounts reported for governmental activities in the statement of activities are different because	
43,872,642		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.	
380,078		Capital Asset Additions	9,044,858
4,448,049		Depreciation	(8,165,498)
827,102		Total	879,360
1,156,641		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.	(277,472)
217,674		Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
5,113		Delinquent Property Taxes	(2,033)
2,211,810		Municipal Income Taxes	1,338,770
40,307		Intergovernmental	(1,059,608)
485,654		Charges for Services	(20,171)
57,908,200		Special Assessments	(379,467)
		Fees, Licenses and Permits	11,993
		Miscellaneous	4,247
		Total	(106,269)
	9,430,330	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.	1,095,483
	9,113,979	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.	14,380
	135,318	Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
	3,529,284	Pension	3,749,880
	5,116,730	OPEB	(69,514)
	2,103,814	Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of net position.	
	5,222,174	Pension	(6,557,270)
	8,887,712	OPEB	(1,550,321)
	13,474,210	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	1,095,483	Compensated Absences	135,956
	129,686	Vacation Benefits Payable	54,183
	58,238,720	Claims Payable	38,295
		Total	228,434
	(330,520)	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 funds are allocated among the governmental activities.	
	115,085	Change in Net Position	576,163
	2,000,000	Change in Internal Balance	(37,273)
	(2,000,000)	Claims Payable	(38,295)
	115,085	Total	500,595
	(215,435)		
	49,943,910		
	\$49,728,475	Change in Net Position of Governmental Activities	(\$2,308,149)

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, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$1,427,235	\$1,309,844	\$1,307,180	(\$2,664)
Municipal Income Taxes	35,763,902	32,799,155	33,163,186	364,031
Intergovernmental	628,553	576,854	565,572	(11,282)
Investment Income	800,872	735,000	755,489	20,489
Fees, Licenses and Permits	997,492	918,844	966,856	48,012
Fines and Forfeitures	196,513	180,350	197,961	17,611
Rentals	5,318	4,880	5,113	233
Charges for Services	2,415,425	2,233,795	2,235,527	1,732
Contributions and Donations	3,906	3,585	3,308	(277)
Miscellaneous	431,293	386,363	417,971	31,608
<i>Total Revenues</i>	42,670,509	39,148,670	39,618,163	469,493
Expenditures				
Current:				
Security of Persons and Property				
Police	9,319,698	9,138,398	8,746,007	392,391
Fire	8,101,346	8,131,992	7,900,967	231,025
Public Health and Welfare	12,500	138,300	135,318	2,982
Leisure Time Activities	5,960,055	4,475,055	3,600,772	874,283
Community Environment	2,492,659	2,312,481	2,134,650	177,831
Basic Utility Services	2,505,214	2,255,680	2,145,037	110,643
Transportation	5,259,134	4,910,268	4,516,796	393,472
General Government	7,933,877	8,909,484	8,454,966	454,518
<i>Total Expenditures</i>	41,584,483	40,271,658	37,634,513	2,637,145
<i>Excess of Revenues Over (Under) Expenditures</i>	1,086,026	(1,122,988)	1,983,650	3,106,638
Other Financing Sources (Uses)				
Sale of Capital Assets	115,085	115,085	115,085	0
Transfers Out	(3,500,000)	(4,050,000)	(3,750,000)	300,000
<i>Total Other Financing Sources (Uses)</i>	(3,384,915)	(3,934,915)	(3,634,915)	300,000
<i>Net Change in Fund Balance</i>	(2,298,889)	(5,057,903)	(1,651,265)	3,406,638
<i>Fund Balance Beginning of Year</i>	26,216,731	26,216,731	26,216,731	0
Prior Year Encumbrances Appropriated	740,062	740,062	740,062	0
<i>Fund Balance End of Year</i>	\$24,657,904	\$21,898,890	\$25,305,528	\$3,406,638

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2020

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$8,085,560	\$543,039	\$8,628,599	\$3,457,690
Materials and Supplies Inventory	124,474	43,073	167,547	0
Accounts Receivable	1,842,528	230	1,842,758	3,399
Accrued Interest Receivable	12,328	827	13,155	0
Prepaid Items	0	0	0	89,398
<i>Total Current Assets</i>	<u>10,064,890</u>	<u>587,169</u>	<u>10,652,059</u>	<u>3,550,487</u>
<i>Noncurrent Assets:</i>				
Net Pension Asset	12,540	4,700	17,240	0
Nondepreciable Capital Assets	738,713	2,382,164	3,120,877	0
Depreciable Capital Assets, Net	60,954,672	773,220	61,727,892	0
<i>Total Noncurrent Assets</i>	<u>61,705,925</u>	<u>3,160,084</u>	<u>64,866,009</u>	<u>0</u>
<i>Total Assets</i>	<u>71,770,815</u>	<u>3,747,253</u>	<u>75,518,068</u>	<u>3,550,487</u>
Deferred Outflows of Resources				
Pension	223,241	83,716	306,957	0
OPEB	163,193	61,199	224,392	0
Asset Retirement Obligation	800,000	0	800,000	0
<i>Total Deferred Outflows of Resources</i>	<u>1,186,434</u>	<u>144,915</u>	<u>1,331,349</u>	<u>0</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	44,420	1,681	46,101	7,838
Accrued Wages	16,332	4,609	20,941	12,363
Intergovernmental Payable	21,209	4,004	25,213	0
Accrued Interest Payable	70,890	0	70,890	0
Vacation Benefits Payable	39,707	5,392	45,099	0
Compensated Absences Payable	178,853	11,275	190,128	0
OWDA Loans Payable	452,948	0	452,948	0
Claims Payable	0	0	0	384,858
<i>Total Current Liabilities</i>	<u>824,359</u>	<u>26,961</u>	<u>851,320</u>	<u>405,059</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	106,138	29,826	135,964	0
OWDA Loans Payable	4,273,049	0	4,273,049	0
Net Pension Liability	1,426,547	534,953	1,961,500	0
Net OPEB Liability	991,686	371,884	1,363,570	0
Claims Payable	0	0	0	2,648
Asset Retirement Obligation Liability	2,000,000	0	2,000,000	0
<i>Total Long-Term Liabilities</i>	<u>8,797,420</u>	<u>936,663</u>	<u>9,734,083</u>	<u>2,648</u>
<i>Total Liabilities</i>	<u>9,621,779</u>	<u>963,624</u>	<u>10,585,403</u>	<u>407,707</u>
Deferred Inflows of Resources				
Pension	312,185	117,067	429,252	0
OPEB	144,808	54,302	199,110	0
<i>Total Deferred Inflows of Resources</i>	<u>456,993</u>	<u>171,369</u>	<u>628,362</u>	<u>0</u>
Net Position				
Net Investment in Capital Assets	56,967,388	3,155,384	60,122,772	0
Unrestricted (Deficit)	5,911,089	(398,209)	5,512,880	3,142,780
<i>Total Net Position</i>	<u>\$62,878,477</u>	<u>\$2,757,175</u>	<u>65,635,652</u>	<u>\$3,142,780</u>

Net position reported for business-type activities in the statement of net position are different because they include accumulated overpayments to the internal service fund: 108,312

Net position of business-type activities \$65,743,964

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, 2020*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Operating Revenues				
Charges for Services	\$4,938,111	\$897,495	\$5,835,606	\$5,509,771
Tap-In Fees	150,573	0	150,573	0
Rentals	0	197,719	197,719	0
Miscellaneous	12,261	12,253	24,514	40,282
<i>Total Operating Revenues</i>	<u>5,100,945</u>	<u>1,107,467</u>	<u>6,208,412</u>	<u>5,550,053</u>
Operating Expenses				
Personal Services	1,887,969	482,317	2,370,286	78,415
Materials and Supplies	406,683	141,993	548,676	0
Contractual Services	1,177,958	116,610	1,294,568	1,026,670
Depreciation	2,168,748	81,215	2,249,963	0
Claims	0	0	0	3,889,747
Change in Workers' Compensation Estimate	0	0	0	(20,942)
Other	7,805	62,208	70,013	0
<i>Total Operating Expenses</i>	<u>5,649,163</u>	<u>884,343</u>	<u>6,533,506</u>	<u>4,973,890</u>
<i>Operating Income (Loss)</i>	<u>(548,218)</u>	<u>223,124</u>	<u>(325,094)</u>	<u>576,163</u>
Non-Operating Revenues (Expenses)				
Interest	115,883	6,641	122,524	0
Gain on Sale of Capital Assets	16,600	0	16,600	0
Loss on Sale of Capital Assets	0	(3,842)	(3,842)	0
Interest and Fiscal Charges	(145,098)	0	(145,098)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(12,615)</u>	<u>2,799</u>	<u>(9,816)</u>	<u>0</u>
<i>Income (Loss) before Capital Contributions</i>	<u>(560,833)</u>	<u>225,923</u>	<u>(334,910)</u>	<u>576,163</u>
Capital Contributions	<u>0</u>	<u>51,357</u>	<u>51,357</u>	<u>0</u>
<i>Change in Net Position</i>	<u>(560,833)</u>	<u>277,280</u>	<u>(283,553)</u>	<u>576,163</u>
<i>Net Position Beginning of Year (Restated - See Note 22)</i>	<u>63,439,310</u>	<u>2,479,895</u>		<u>2,566,617</u>
<i>Net Position End of Year</i>	<u>\$62,878,477</u>	<u>\$2,757,175</u>		<u>\$3,142,780</u>

Some amounts reported for business-type activities in the statement of activities are different because a portion of the change in net position of the internal service fund is reported with business-type activities:

	<u>37,273</u>
Change in net position of business-type activities	<u>(\$246,280)</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, 2020

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$4,963,984	\$897,811	\$5,861,795	\$0
Cash Received from Tap-In Fees	150,573	0	150,573	0
Cash Received from Rentals	0	197,719	197,719	0
Cash Received from Interfund Services Provided	0	0	0	5,509,771
Cash Received from Other Sources	12,261	12,253	24,514	37,651
Cash Payments to Employees for Services and Benefits	(1,389,241)	(409,834)	(1,799,075)	(75,449)
Cash Payments for Goods and Services	(1,690,977)	(249,945)	(1,940,922)	(1,080,566)
Cash Payments for Interfund Services Provided	(317,920)	(65,306)	(383,226)	0
Cash Payments for Claims	0	0	0	(3,828,692)
Cash Payments for Other Operating Expenses	(7,805)	(61,866)	(69,671)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,720,875</u>	<u>320,832</u>	<u>2,041,707</u>	<u>562,715</u>
Cash Flows from Capital and Related Financing Activities				
Proceeds from Sale of Capital Assets	16,600	1,800	18,400	0
Acquisition of Capital Assets	(183,958)	(78,375)	(262,333)	0
Principal Paid on OWDA Loans	(439,010)	0	(439,010)	0
Interest Paid on OWDA Loans	(151,683)	0	(151,683)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(758,051)</u>	<u>(76,575)</u>	<u>(834,626)</u>	<u>0</u>
Cash Flows from Investing Activities				
Interest on Investments	125,178	6,717	131,895	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	1,088,002	250,974	1,338,976	562,715
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>6,997,558</u>	<u>292,065</u>	<u>7,289,623</u>	<u>2,894,975</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$8,085,560</u></u>	<u><u>\$543,039</u></u>	<u><u>\$8,628,599</u></u>	<u><u>\$3,457,690</u></u>

(continued)

City of Solon, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2020

	Business-type Activities			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	(\$548,218)	\$223,124	(\$325,094)	\$576,163
Adjustments:				
Depreciation	2,168,748	81,215	2,249,963	0
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	25,873	316	26,189	(2,631)
Prepaid Items	0	0	0	(57,863)
Materials and Supplies Inventory	(26,198)	10,404	(15,794)	0
Net Pension Asset	(1,824)	(684)	(2,508)	0
Deferred Outflows - Pension	328,464	123,173	451,637	0
Deferred Outflows - OPEB	143,744	53,904	197,648	0
Deferred Outflows - Asset Retirement Obligation	50,000	0	50,000	0
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	(75,100)	(1,746)	(76,846)	6,592
Accrued Wages	(34,041)	(12,185)	(46,226)	341
Retainage Payable	(53,923)	0	(53,923)	0
Claims Payable	0	0	0	40,113
Compensated Absences Payable	6,917	(53,669)	(46,752)	0
Vacation Benefits Payable	(4,284)	(4,978)	(9,262)	0
Intergovernmental Payable	(3,977)	(2,301)	(6,278)	0
Net Pension Liability	32,318	12,119	44,437	0
Net OPEB Liability	60,345	22,630	82,975	0
Deferred Inflows - Pension	(254,159)	(95,311)	(349,470)	0
Deferred Inflows - OPEB	(93,810)	(35,179)	(128,989)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$1,720,875</u>	<u>\$320,832</u>	<u>\$2,041,707</u>	<u>\$562,715</u>

Noncash Capital Financing Activity

During 2020, the infrastructure capital project fund paid \$51,357 to contractors directly on behalf of the Grantwood Recreation enterprise fund. These amounts are included in capital contributions.

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Fiduciary Net Position
Custodial Fund
December 31, 2020

Assets	
Equity in Pooled Cash and Cash Equivalents	\$67,436
Liabilities	
Intergovernmental Payable	<u>67,436</u>
Net Position	
Restricted for Individuals, Organizations and Other Governments	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2020

Additions	
Amounts Received as Fiscal Agent	\$202,550
Fines and Forfeitures Collections for Other Governments	19,630
Special Assessments Collections for Others	<u>9,186</u>
<i>Total Additions</i>	<u>231,366</u>
Deductions	
Distributions as Fiscal Agent	202,550
Fines and Forfeitures Distributions to Other Governments	19,630
Special Assessment Distributions to Others	<u>9,186</u>
<i>Total Deductions</i>	<u>231,366</u>
<i>Net Increase (Decrease) in Fiduciary Net Position</i>	0
<i>Net Position Beginning of Year</i>	<u>0</u>
<i>Net Position End of Year</i>	<u><u>\$0</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, 2020

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 two jointly governed organizations. These organizations are the Northern Ohio Risk Management Association, the Northeast Ohio Public Energy Council and the Regional Income Tax Agency. 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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.

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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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.

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 the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The City does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The City's fiduciary funds are custodial funds. The City's custodial funds account for assets held by the City as fiscal agent, fines and forfeitures collected for the benefit of and distributed to other governments and for special assessments collected and distributed to others.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the 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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on 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 these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, the statement of revenues, expenses and 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.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial funds.

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 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 asset retirement obligations, pension and OPEB. The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systematic and rational manner over the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB are explained in Notes 11 and 12.

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, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance year 2021 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, 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 in flows of resources related to pension and OPEB are reported on the government – wide statement of net position (See Notes 11 and 12).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents

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

During 2020, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), first American government obligations fund, federal home loan bank bonds, federal farm credit bank bonds, federal national mortgage association notes, federal home loan mortgage corporation notes and negotiable certificates of deposit.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but 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.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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 2020 amounted to \$817,963, which includes \$399,563 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, 2020, 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 and for deposits held payable.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 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.

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/Other Postemployment Benefits (OPEB)

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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.

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 judgements and compensated absences 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 fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Capital leases and long-term loans 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Fund Balance

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

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

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

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

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

Assigned: Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by Council. In the general fund, assigned amounts represent intended uses established by policies of the City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance for economic incentives, compensated absences, and to cover a gap between estimated revenue and appropriations in 2021’s budget.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The City recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from contributions of capital assets from the capital projects governmental fund and from outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

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

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables.” Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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 custodial 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 Council may appropriate. The appropriations resolution is Council’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by 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.

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:

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Fund Balances	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>					
Prepays	\$218,181	\$0	\$0	\$0	\$218,181
Inventory	1,139,832	0	0	0	1,139,832
Unclaimed Monies	50,055	0	0	0	50,055
<i>Total Nonspendable</i>	<u>1,408,068</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,408,068</u>
<u>Restricted for:</u>					
Street and Highway Construction, Maintenance and Repair	0	0	0	425,501	425,501
Police Pension	0	0	0	728,318	728,318
Fire Pension	0	0	0	542,986	542,986
Police Department	0	0	0	194,002	194,002
Debt Service	0	933,897	0	0	933,897
Capital Improvements	0	0	14,747,702	1,078,287	15,825,989
<i>Total Restricted</i>	<u>0</u>	<u>933,897</u>	<u>14,747,702</u>	<u>2,969,094</u>	<u>18,650,693</u>
<u>Committed to:</u>					
Emergency Medical Service	493,576	0	0	0	493,576
Cable TV	0	0	0	285,683	285,683
Tree Planting	0	0	0	53,496	53,496
Recreation	0	0	0	71,654	71,654
Police and Fire Departments	0	0	0	35,928	35,928
Senior Services	0	0	0	18,213	18,213
Community Development	0	0	0	5,512	5,512
Cemetery	0	0	0	5,501	5,501
Contract Services	186,648	0	0	0	186,648
<i>Total Committed</i>	<u>680,224</u>	<u>0</u>	<u>0</u>	<u>475,987</u>	<u>1,156,211</u>
<u>Assigned to:</u>					
Economic Incentive	353,837	0	0	0	353,837
Compensated Absences	10,592	0	0	0	10,592
2021 Operations	340,555	0	0	0	340,555
Capital Improvements	0	0	0	1,504,267	1,504,267
<u>Purchases on Order:</u>					
General Government	263,783	0	0	0	263,783
Police	36,522	0	0	0	36,522
Fire	4,514	0	0	0	4,514
Community Environment	50,156	0	0	0	50,156
Leisure Time Activities	68,146	0	0	0	68,146
Transportation	140,832	0	0	0	140,832
Basic Utility Services	34,471	0	0	0	34,471
<i>Total Assigned</i>	<u>1,303,408</u>	<u>0</u>	<u>0</u>	<u>1,504,267</u>	<u>2,807,675</u>
Unassigned	25,705,828	0	0	0	25,705,828
Total Fund Balances	<u><u>\$29,097,528</u></u>	<u><u>\$933,897</u></u>	<u><u>\$14,747,702</u></u>	<u><u>\$4,949,348</u></u>	<u><u>\$49,728,475</u></u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Budget Stabilization Fund The City Council adopted an ordinance (2013-29) in 2013 to establish and maintain a budget stabilization (“rainy day”) fund to segregate resources for predetermined purposes pursuant to O.R.C. 5705.13. The budget stabilization fund is combined with the general fund for reporting purposes. The City can contribute a maximum of 5 percent of operating revenue collected in the preceding year to the fund annually. Fund resources can be used to cover a projected operating deficit in the general fund or to prevent a reduction in levels of service resulting from an unanticipated decrease in operating revenue or increase in expenditures. Transfers from the general fund have typically been made each year in varying amounts. A transfer of resources was made from the fund in 2020 to partially offset a projected operating deficit and the fund balance is \$6.4 million as of the end of 2020.

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Net Change in Fund Balance	
GAAP Basis	(\$1,187,051)
Net Adjustment for Revenue Accruals	2,178,758
Beginning Fair Value Adjustment for Investments	107,105
Ending Fair Value Adjustment for Investments	(247,794)
Ending Unrecorded Cash	(8,220)
Net Adjustment for Expenditure Accruals	(2,540,191)
Perspective Difference:	
Economic Incentive	1,160,343
Police Training	60
Encumbrances	<u>(1,114,275)</u>
Budget Basis	<u><u>(\$1,651,265)</u></u>

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;

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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, and Government National Mortgage 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, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
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 has passed an ordinance allowing the City to invest monies not required to be used for a 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Investments

As of December 31, 2020, 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	\$17,524,577	Average 55.7 days	AAAm	N/A
First American Government Obligations Fund	1,342,613	Less than one year	AAAm	N/A
Fair Value - Level Two Inputs:				
Federal Home Loan				
Bank Bonds	3,004,720	Less than five years	Aaa	5.13
Federal Farm Credit Bank Bonds	6,500,340	Less than five years	Aaa	11.09
Federal National Mortgage Association Notes	5,801,410	Less than two years	Aaa	9.90
Federal Home Loan Mortgage Corporation Notes	13,300,437	Less than five years	Aaa	22.69
Negotiable Certificates of Deposit	11,138,530	Less than five years	N/A	19.01
Total Investments	<u>\$58,612,627</u>			

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The previous chart identifies the City's recurring fair value measurements as of December 31, 2020. STAR Ohio and the first American government obligations fund are 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 6 – Receivables

Receivables at December 31, 2020, consisted of municipal income taxes, property taxes, accounts (billings for user charged services), accrued interest, 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 \$1,480,687 in the general obligation bond retirement fund and \$712,727 in the infrastructure capital projects fund. At December 31, 2020, the amount of delinquent special assessments was \$88,265.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes were levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

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. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2020, was \$3.80 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	\$882,526,250
Other Real Estate	318,366,580
Tangible Personal Property	
Public Utility	<u>29,194,780</u>
Total	<u><u>\$1,230,087,610</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, 2020, and for which there was an

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2020 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 2020, the general fund received seventy-five percent of the proceeds and the infrastructure fund received twenty-five percent of the proceeds.

The Regional Income Tax Agency administers and-collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 1.02 percent.

Intergovernmental Receivable

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Gasoline Tax/Cents per Gallon	\$548,663
Homestead and Rollback	210,448
Local Government	125,758
Auto Regulation	99,529
Prisoner Housing	48,244
SEALE Task Force	35,805
Bedford City Municipal Court	27,861
Cuyahoga County	7,683
Solon City School District	5,497
Total Intergovernmental Receivables	<u>\$1,109,488</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, 2020.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 - Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/19	Additions	Reductions	Balance 12/31/20
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$11,110,674	\$89,726	\$0	\$11,200,400
Construction in progress	234,620	763,957	(154,819)	843,758
Total Capital Assets				
Not Being Depreciated	11,345,294	853,683	(154,819)	12,044,158
Capital Assets Being Depreciated				
Land improvements	3,415,693	486,071	0	3,901,764
Buildings	60,732,088	758,143	(143,011)	61,347,220
Furniture and Equipment	8,495,108	420,654	(54,515)	8,861,247
Vehicles	14,681,635	749,229	(865,367)	14,565,497
Infrastructure	173,617,952	5,931,897	(1,285,915)	178,263,934
Total Capital Assets Being Depreciated	260,942,476	8,345,994	(2,348,808)	266,939,662
Less Accumulated Depreciation				
Land improvements	(1,467,954)	(192,767)	0	(1,660,721)
Buildings	(29,079,526)	(1,757,274)	89,581	(30,747,219)
Furniture and Equipment	(6,657,901)	(293,176)	54,515	(6,896,562)
Vehicles	(9,627,153)	(938,371)	838,441	(9,727,083)
Infrastructure	(79,991,154)	(4,983,910)	1,088,799	(83,886,265)
Total Accumulated Depreciation	(126,823,688)	(8,165,498) *	2,071,336	(132,917,850)
Capital Assets Being Depreciated, net	134,118,788	180,496	(277,472)	134,021,812
Governmental Activities				
Capital Assets, net	\$145,464,082	\$1,034,179	(\$432,291)	\$146,065,970

* Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	
Police	\$479,744
Fire	563,578
Leisure Time Activities	705,437
Community Environment	16,787
Transportation	4,983,910
Basic Utility Service	959,782
General Government	456,260
Total Depreciation Expense	<u>\$8,165,498</u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

	Balance 12/31/19	Additions	Reductions	Balance 12/31/20
Business Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$3,120,877	\$0	\$0	\$3,120,877
Capital Assets Being Depreciated				
Land Improvements	249,522	51,357	0	300,879
Buildings	32,922,913	0	0	32,922,913
Furniture and Equipment	6,357,102	107,180	(36,290)	6,427,992
Vehicles	352,037	155,153	(70,484)	436,706
Infrastructure	73,591,054	0	0	73,591,054
Total Capital Assets Being Depreciated	113,472,628	313,690	(106,774)	113,679,544
Less Accumulated Depreciation				
Land Improvements	(230,500)	(5,199)	0	(235,699)
Buildings	(18,038,919)	(779,592)	0	(18,818,511)
Furniture and Equipment	(5,359,569)	(114,381)	30,648	(5,443,302)
Vehicles	(307,348)	(25,355)	70,484	(262,219)
Infrastructure	(25,866,485)	(1,325,436)	0	(27,191,921)
Total Accumulated Depreciation	(49,802,821)	(2,249,963)	101,132	(51,951,652)
Capital Assets Being Depreciated, net	63,669,807	(1,936,273)	(5,642)	61,727,892
Business Type Activities				
Capital Assets, net	\$66,790,684	(\$1,936,273)	(\$5,642)	\$64,848,769

During 2020, assets of \$51,357 paid for with capital project funds were transferred from governmental activities to business-type activities.

Note 9 – 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 500 hours in full and one day for every four days of accumulated sick leave in excess of 45 days. This benefit is paid to an employee upon retirement under a pension plan resulting from his public employment, or his estate upon death.

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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.

Workers' Compensation

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

The claims liability of \$10,594 reported in the fund at December 31, 2020, 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 2019 and 2020 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Change in Workers' Compensation Estimate</u>	<u>Balance at End of Year</u>
2019	\$69,927	\$41,747	\$84,410	\$21,625	\$48,889
2020	48,889	15,217	32,570	(20,942)	10,594

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Employee Health Benefits

The City provides employee medical, prescription drug and dental benefits through a self-insured program. The maintenance of these benefits is accounted for in the medical self-insurance internal service fund. The third party administrators, Medical Mutual of Ohio for medical and prescription, and Guardian Life for dental, review the claims which are then paid by the City.

Medical claims within the network are subject to \$350 single and \$700 family deductible, and then are covered 100 percent. Medical claims out of network are subject to \$700 single and \$1,400 family deductible followed by 90/10 percent coinsurance for the next \$750 single and \$1,500 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 2020 plan year of \$5,654,193.

Incurred but not reported claims of \$376,912 have been accrued as a liability based on a review of the January and February 2021 billings provided by the City. The claims liability 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 claims adjustment expenses. The claims activity for the medical self-insurance program in 2019 and 2020 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2019	\$407,349	\$3,923,138	\$4,031,983	\$298,504
2020	298,504	3,874,530	3,796,122	\$376,912

Note 11 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset)/Net OPEB Liability

The net pension liability (asset) and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/OPEB 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/OPEB liabilities (asset) represent the City’s proportionate share of each pension/OPEB plans’ collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plans’ fiduciary net position. The net pension/OPEB liabilities (asset) calculations are 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 these estimates annually.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The Ohio Revised Code limits the City's obligation for these liabilities 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 and OPEB.

GASB 68/75 assume the liabilities are solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liabilities (asset). Resulting adjustments to the net pension/OPEB liabilities (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net pension asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

City employees, other than full-time police and firefighters, participate in the 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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 in the traditional and combined plans 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 for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' Comprehensive Annual Financial Report referenced previously for additional information, including requirements for reduced and unreduced benefits):

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average salary 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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Beginning in 2022, the combined plan will be consolidated under the traditional pension plan (defined benefit plan) and the combined plan option will no longer be available for new hires beginning in 2022.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions as follows:

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2020 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2020, the City’s contractually required contribution was \$1,602,368 for the traditional plan, \$42,790 for the combined plan and \$46,120 for the member-directed plan. Of these amounts, \$155,386 is reported as an intergovernmental payable for the traditional plan, \$4,145 for the combined plan, and \$4,476 for the member-directed plan.

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

City full-time police and firefighters participate in 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F's Comprehensive Annual Financial Report referenced previously 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 an annual cost of living adjustment (COLA). The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the Consumer Price Index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3 percent of their base pension or disability benefit.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2020 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2020 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
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 \$2,285,689 for 2020. Of this amount, \$204,986 is reported as an intergovernmental payable.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability (asset) for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability (asset) 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 of the City's defined benefit pension plans:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.09021600%	0.07515600%	0.45975950%	
Prior Measurement Date	<u>0.08905100%</u>	<u>0.09653400%</u>	<u>0.45250500%</u>	
Change in Proportionate Share	<u>0.00116500%</u>	<u>-0.02137800%</u>	<u>0.00725450%</u>	
Proportionate Share of the:				
Net Pension Liability	\$17,831,805	\$0	\$30,971,855	\$48,803,660
Net Pension Asset	0	(156,718)	0	(156,718)
Pension Expense	\$2,935,433	\$19,705	\$3,927,195	\$6,882,333

2020 pension expense for the member-directed defined contribution plan was \$46,120. The aggregate pension expense for all pension plans was \$6,928,453 for 2020.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$0	\$0	\$1,172,385	\$1,172,385
Changes of assumptions	952,427	16,159	760,278	1,728,864
Changes in proportion and differences between City contributions and proportionate share of contributions	153,488	23,291	1,272,376	1,449,155
City contributions subsequent to the measurement date	<u>1,602,368</u>	<u>42,790</u>	<u>2,285,689</u>	<u>3,930,847</u>
<i>Total Deferred Outflows of Resources</i>	<u>\$2,708,283</u>	<u>\$82,240</u>	<u>\$5,490,728</u>	<u>\$8,281,251</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$225,458	\$36,793	\$1,597,344	\$1,859,595
Net difference between projected and actual earnings on pension plan investments	3,557,044	20,327	1,496,190	5,073,561
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>55,556</u>	<u>7,143</u>	<u>1,300,586</u>	<u>1,363,285</u>
<i>Total Deferred Inflows of Resources</i>	<u>\$3,838,058</u>	<u>\$64,263</u>	<u>\$4,394,120</u>	<u>\$8,296,441</u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

\$3,930,847 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 or increase to the net pension asset in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
2021	(\$373,087)	(\$7,954)	(\$356,160)	(\$737,201)
2022	(1,093,972)	(7,571)	(146,955)	(1,248,498)
2023	147,297	(1,906)	666,653	812,044
2024	(1,412,381)	(9,345)	(1,249,669)	(2,671,395)
2025	0	(92)	(102,950)	(103,042)
Thereafter	0	2,055	0	2,055
Total	<u>(\$2,732,143)</u>	<u>(\$24,813)</u>	<u>(\$1,189,081)</u>	<u>(\$3,946,037)</u>

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented as follows:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 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	1.4 percent, simple through 2020, then 2.15 percent, simple	1.4 percent, simple through 2020 then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3 percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 the 2.15 percent simple.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the previously described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the traditional pension plan, the defined benefit component of the combined plan and the annuitized accounts of the member-directed plan. 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 was 17.2 percent for 2019.

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 long-term expected 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. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	13.00	4.98
Total	<u>100.00 %</u>	<u>5.61 %</u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. 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 for the traditional pension plan, combined plan and member-directed plan 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 (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset):			
OPERS Traditional Plan	\$29,410,416	\$17,831,805	\$7,422,972
OPERS Combined Plan	(94,697)	(156,718)	(201,418)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, 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 the value 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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2019, are presented as follows:

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016.

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 expected. 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, 2019, are summarized as follows:

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation Linked Bonds*	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	120.00 %	

Note: Assumptions are geometric.
 * levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's 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 preceding, 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 8.00 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 of 8.00 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 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$42,925,915	\$30,971,855	\$20,973,470

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 12 – Defined Benefit OPEB Plans

See Note 11 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

The OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment 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 separation, 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 with a minimum age of 60, or generally 30 years of qualifying service at any age. 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 75. See OPERS' Comprehensive Annual Financial Report referenced later 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 allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, 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. For 2020, OPERS did not allocate any employer contribution to health care for members in the traditional pension plan and combined plan. The OPERS Board is

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution was \$18,448 for 2020. Of this amount, \$1,791 is reported as an intergovernmental payable.

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 contractually required contribution to OP&F was \$53,095 for 2020. Of this amount, \$4,753 is reported as an intergovernmental payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.08974500%	0.45975950%	
Prior Measurement Date	0.08896700%	0.45250500%	
Change in Proportionate Share	<u>0.00077800%</u>	<u>0.00725450%</u>	
Proportionate Share of the Net OPEB Liability	\$12,396,115	\$4,541,379	\$16,937,494
OPEB Expense	\$1,396,947	\$446,065	\$1,843,012

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$331	\$0	\$331
Changes of assumptions	1,962,173	2,655,067	4,617,240
Changes in proportion and differences between City contributions and proportionate share of contributions	58,970	885,234	944,204
City contributions subsequent to the measurement date	18,448	53,095	71,543
<i>Total Deferred Outflows of Resources</i>	<u>\$2,039,922</u>	<u>\$3,593,396</u>	<u>\$5,633,318</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$1,133,682	\$488,382	\$1,622,064
Changes of assumptions	0	967,837	967,837
Net difference between projected and actual earnings on OPEB plan investments	631,207	208,978	840,185
Changes in proportion and differences between City contributions and proportionate share of contributions	45,201	986,768	1,031,969
<i>Total Deferred Inflows of Resources</i>	<u>\$1,810,090</u>	<u>\$2,651,965</u>	<u>\$4,462,055</u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

\$71,543 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2021	\$309,038	\$160,482	\$469,520
2022	171,567	160,482	332,049
2023	500	203,349	203,849
2024	(269,721)	135,767	(133,954)
2025	0	133,001	133,001
Thereafter	0	95,255	95,255
Total	\$211,384	\$888,336	\$1,099,720

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 health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.16 percent
Prior measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.75 percent
Prior measurement date	3.71 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial 3.50 percent, ultimate in 2030
Prior measurement date	7.25 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the previously described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the traditional pension plan, combined plan and member-directed plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. 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 Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care 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. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	100.00 %	4.55 %

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
City's proportionate share of the net OPEB liability	\$16,222,306	\$12,396,115	\$9,332,583

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$12,030,317	\$12,396,115	\$12,757,252

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value 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.

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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented as follows:

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Single discount rate:	
Current measurement date	3.56 percent
Prior measurement date	4.66 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016.

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. For 2018, the total OPEB liability was calculated using the discount rate of 4.66 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent for 2019 and 4.66 percent for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56 percent), or one percentage point higher (4.56 percent) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
City's proportionate share of the net OPEB liability	\$5,631,019	\$4,541,379	\$3,635,967

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

Note 13 – Shared Risk Pool

The Northern Ohio Risk Management Association (NORMA) is a shared risk pool comprised of the Cities of Beachwood, 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 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

In 2020, the City of Solon paid \$290,908 in premiums from the general fund, which represents 17.61 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 Organizations

Northeast Ohio Public Energy Council

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 220 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 2020. Financial information can be obtained by contacting Ronald McVoy, Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collection income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2019 (latest information available), the City paid RITA \$436,927 for income tax collection services.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 12/31/19	Additions	Reductions	Balance 12/31/20	Amounts Due in One Year
Governmental Activities					
<i>OWDA Loans from Direct Borrowings</i>					
2004 \$5,861,485 - 1.45%					
Aurora Road West Draw	\$1,470,227	\$0	(\$318,507)	\$1,151,720	\$323,142
2006 \$6,329,372 - 3.00%					
Aurora East Sewer Project	2,705,399	0	(349,052)	2,356,347	360,843
Total OWDA Loans	4,175,626	0	(667,559)	3,508,067	683,985
<i>Other Long-term Obligations</i>					
Net Pension Liability					
OPERS	21,706,443	0	(5,836,138)	15,870,305	0
OP&F	36,936,365	0	(5,964,510)	30,971,855	0
Total Net Pension Liability	58,642,808	0	(11,800,648)	46,842,160	0
Net OPEB Liability					
OPERS	10,323,288	709,257	0	11,032,545	0
OP&F	4,120,754	420,625	0	4,541,379	0
Total Net OPEB Liability	14,444,042	1,129,882	0	15,573,924	0
Compensated Absences	4,175,646	1,437,837	(1,573,793)	4,039,690	1,414,081
Capital Leases Payable	1,125,482	0	(427,924)	697,558	239,674
Claims Payable	48,889	15,217	(53,512)	10,594	7,946
Total Other Long-term Obligations	78,436,867	2,582,936	(13,855,877)	67,163,926	1,661,701
Total General Long-term Obligations	\$82,612,493	\$2,582,936	(\$14,523,436)	\$70,671,993	\$2,345,686

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

	Restated Balance 12/31/19	Additions	Reductions	Balance 12/31/20	Amounts Due in One Year
Business-type Activities					
OWDA Loans from Direct Borrowings					
2006 \$3,935,828 - 3.00%					
Trickling Filter Rehabilitation	\$1,873,359	\$0	(\$209,368)	\$1,663,991	\$216,015
2011 \$4,891,846 - 3.00%					
Anaerobic Digester and Electrical Upgrade	3,291,648	0	(229,642)	3,062,006	236,933
<i>Total OWDA Loans</i>	<u>5,165,007</u>	<u>0</u>	<u>(439,010)</u>	<u>4,725,997</u>	<u>452,948</u>
Other Long-term Liabilities					
Net Pension Liability - OPERS					
Water Reclamation	1,951,143	0	(524,596)	1,426,547	0
Grantwood Recreation	731,677	0	(196,724)	534,953	0
<i>Total Net Pension Liability</i>	<u>2,682,820</u>	<u>0</u>	<u>(721,320)</u>	<u>1,961,500</u>	<u>0</u>
Net OPEB Liability - OPERS					
Water Reclamation	927,934	63,752	0	991,686	0
Grantwood Recreation	347,976	23,908	0	371,884	0
<i>Total Net OPEB Liability</i>	<u>1,275,910</u>	<u>87,660</u>	<u>0</u>	<u>1,363,570</u>	<u>0</u>
Compensated Absences	372,844	173,158	(219,910)	326,092	190,128
Asset Retirement Obligation	2,000,000	0	0	2,000,000	0
<i>Total Other Long-term Liabilities</i>	<u>6,331,574</u>	<u>260,818</u>	<u>(941,230)</u>	<u>5,651,162</u>	<u>190,128</u>
<i>Total Business-type Activities</i>	<u>\$11,496,581</u>	<u>\$260,818</u>	<u>(\$1,380,240)</u>	<u>\$10,377,159</u>	<u>\$643,076</u>

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

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

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

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 City's outstanding OWDA loans from direct borrowings of \$3,508,067 related to governmental activities and \$4,725,997 related to business-type activities contain provisions that in the event of default (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within 30 days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to the OWDA, and (3) for each additional 30 days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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. The asset retirement obligation will be paid from the water reclamation enterprise fund. For additional information related to the asset retirement obligation see Note 24. There is no repayment schedule for the net pension liability and net OPEB liability. However, employer pension and OPEB 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 and net OPEB liabilities see Notes 11 and 12. The capital leases payable will be paid from the service and safety equipment capital projects fund.

The City's overall legal debt margin was \$129,159,199 with an unvoted debt margin of \$67,654,819 at December 31, 2020. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2020 are as follows:

Governmental Activities

	OWDA Loans from Direct Borrowings	
	Principal	Interest
2021	\$683,985	\$91,474
2022	700,877	74,581
2023	718,250	57,209
2024	566,778	39,342
2025	412,127	24,656
2026	426,050	10,734
Total	\$3,508,067	\$297,996

Business-Type Activities

	OWDA Loans from Direct Borrowings	
	Principal	Interest
2021	\$452,948	\$140,825
2022	467,329	126,803
2023	482,166	112,335
2024	497,472	97,410
2025	513,268	82,009
2026-2030	1,988,951	193,549
2031	323,863	7,306
Total	\$4,725,997	\$760,237

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 17 - Capital Leases

In prior years, the City entered into lease agreements for a street/sewer cleaning truck, a televising camera truck, a vactor truck, a rubbish truck, a rear load packer and a trash truck. The City's lease obligations meet the criteria of capital leases and have been recorded on the government-wide statements. The original amounts capitalized for the capital leases and the book values as of December 31, 2020 follow:

	Amounts
Asset:	
Vehicles	\$1,567,878
Less: Accumulated Depreciation	(627,031)
Current Book Value	\$940,847

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,	
2021	\$259,246
2022	210,618
2023	210,619
2024	58,783
Total Payments	739,266
Less: Amount Representing Interest	(41,708)
Present Value of Minimum Lease Payments	\$697,558

Note 18 - Interfund Transfers

During 2020, the general fund transferred \$2,000,000 to other governmental funds. The general fund transfer to the recreation special revenue fund is an annual subsidy to help keep program fees affordable to participants. The general fund transfers to the safety and service equipment, building construction and general capital improvements capital projects funds were an occasional subsidy for capital purchases.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 19 – Joint Economic Development District

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

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

Note 20 – Significant Commitments

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	\$1,114,275	Water Reclamation Fund	\$294,577
Infrastructure Fund	8,339,719	Grantwood Golf Fund	13,966
Other Governmental Funds	1,280,656	Internal Service Fund	2,125
Total Governmental	<u>\$10,734,650</u>	Total Proprietary	<u>\$310,668</u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Contractual Commitments

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

Vendor	Project Description	Amount Remaining on Contract
Regency Construction Services	Fire Station 1 Dormitory Renovation	\$222,440
Trimor Corporation	2020 Annual Emergency Road Repairs	131,785
R.E. Warner & Associates	Som/Cannon Intersection Design	28,693
Trax Construction Co.	Annual Sanitary & Storm Sewer Repair	132,277
Trax Construction Co.	2020 Annual Sewer Repairs	293,216
Geo-Sci Laboratory, Inc.	2020 Annual Materials Testing	53,975
Euthenics, Inc.	Som/Aurora Intersection	4,804
Catts Construction, Inc.	Som/Aurora Intersection	970,345
Delta Industrial Services, Inc	Paint Traffic Poles	46,200
GPD Associates	Aurora Rd Reconstruction Design	40,563
DLZ Ohio, Inc.	Aurora Rd Project (Right-Of-Way Acquisition)	401,430
Smith & Nejedlik, Inc.	Aurora Rd Project (Property Appraisals)	45,425
Sander Contracting, Inc.	Som Retaining Wall & Fence	12,854
GPD Associates	Harper Rd Traffic Evaluation	91,270
Burgess & Niple LTD	Derby Downs Reconstruction	2,859
S.E.T., Inc.	Derby Downs Reconstruction	134,290
Fabrizi Trucking And Paving	Arbordale Reconstruction	8,326
Burgess & Niple LTD	Fox Hill Storm Sewer Design	1,018
Burgess & Niple LTD	Other Exp- Fox Hill Sewer Rehab	4,518
Inland Waters Pollution	Fox Hill Storm Sewer	92,627
Chagrin Valley Paving	Som Resurface 422 To Bridge	117,408
Platform Cement, Inc.	City Hall Entry Plaza	3,258
S.E.T., Inc.	Indep Ct/Bunker Hill Sanitary Storm Design	4,555
GPD Associates	Bainbridge/Nestle Crosswalk Design	902
L. Caticchio & Son, Inc.	Tree Planting Miles/Highpoint/Wintergreen	3,811
GPD Associates	Som/Pettibone Intersection Improv Design	107,323
Burgess & Niple LTD	Solon Road Reconstruction Design	66,299
Burgess & Niple LTD	Amendment To Solon Rd Reconstruction Design	15,000
GPD Associates	Aurora Rd Reconstruction Phase 2	803,610
GPD Associates	Swagelok Crosswalk/Traffic Study	6,005
All Star Striping	Hydrant Painting Project	2,410
Burgess & Niple LTD	Miles Rd Retaining Wall	965
Kenmore Construction	Infulent Aerial Pipe Replacement	621,250
Burgess & Niple LTD	Miles Rd Sanitary Sewer	18,440
Burgess & Niple LTD	Harper Rd Reconstruction Design	400,082
Ronyak Paving, Inc.	Cochran Rd Resurfacing	173,201
C.A. Agresta Construction Co.	Creekside Trail Rehabilitation Project	95,483
GPD Associates	Som School Flasher Design	9,027
GPD Associates	Clearwater Court Ext Design	41,110
Davey Resource Group, Inc.	Clearwater Court Ext Water Impacts	6,289
GPD Associates	Design of Harper Rd Interchange	918,504
Burgess & Niple LTD	Enterprise Parkway Culvert Replacement	155,284
CTL Engineering, Inc.	Enterprise Parkway Culvert Replacement (Geotechnical)	7,214
Burgess & Niple LTD	N. Oval Storm & Sanitation Sewers Replacement	11,882
Burgess & Niple LTD	S. Roundhead Sanitary Sewer Study	124,900
Hach Company	Flow Meters for S. Roundhead Sewer Study	85,303
Greenman-Pedersen, Inc.	Construction Inspection Services	17,165
The Illuminating Company	Light Poles for Clearwater Court	9,826
Landskeepers Five Star	Som Planters & Paver Repairs	17,220
Trimor Corporation	Annual Concrete Repair Program	131,737
Trimor Corporation	2020 Annual Concrete Street Repair Program	108,582
Barbicas Construction Co., Inc	Annual Asphalt Repair Program	244,510
Ronyak Paving, Inc.	2020 Annual Asphalt Street Repair Program	146,798

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Vendor	Project Description	Amount Remaining on Contract
Asphalt Fabrics	2020 Annual Preventative Maintenance (Crack Seal)	\$18,330
Dura Mark, Inc.	2020 Annual Street Striping	17,856
United Survey, Inc.	2020 Annual Sewer Grouting Program	584,950
Burton Scot Contractors LLC	2020 Annual Catch Basin Repair Program	61,029
Johnson Controls, Inc.	HVAC Chiller For Police Station	121,250
G & W Roofing	Fire Station 1 Roof	6,611
Trimor Corporation	Concrete Replacement at Fire Station 1	133,360
Mars Electric Co.	Decorative Light Poles for Portz Parkway	202
Johnson Controls, Inc.	Service Garage HVAC Repair & Replacement	10,153
Platform Cement, Inc.	City Hall Entry Plaza	2,137
ES Architecture & Development	Fire Station Roof Replacement Design	4,100
Regency Construction Services	Bull House Renovation	35,350
Chagrin Valley Paving	Tennis Courts	19,422
Buckeye Pumps, Inc.	Repair Thornbury Backup Pump	11,490
Burgess & Niple LTD	Plant Concrete Repair	138,100
Metropolitan Comm. Group, Inc.	Design for Fiber Service to the Plant	13,995
West Roofing Systems, Inc.	Siding Repairs To Several Buildings	17,115
		\$8,389,715

Remaining commitment amounts were encumbered at year end. The amounts of \$260,382 and \$83,832 in contracts and retainage payable for governmental activities, respectively, have been capitalized.

Note 21 - Tax Abatement Disclosures

As of December 31, 2020, 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Current Tax Abatement Activity

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

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2020.

Tax Abatement Program	Total Amount of Taxes Abated (Incentives Abated) For the year 2020 (In Actual Dollars)
<i>Community Reinvestment Area (CRA)</i>	
- Manufacturing	\$517,559
<i>Enterprise Zone Agreement (EZA)</i>	
- Industrial	277,102

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 2020:

Enterprise Zone Revenue Sharing	\$123,296
---------------------------------	-----------

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 22 – Change in Accounting Principle and Restatement of Net Position

Change in Accounting Principles

For 2020, the City implemented the Governmental Accounting Standard Board's (GASB) Statement No. 83, Certain Asset Retirement Obligations. GASB Statement 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

Restatement of Net Position

The implementation of GASB Statement No. 83 had the following effect on net position as of December 31, 2019:

	Governmental Activities	Business Type Activities
Net Position December 31, 2019	\$142,288,876	\$67,140,244
Adjustments:		
GASB Statement 83	0	(1,150,000)
Restated Net Position December 31, 2019	\$142,288,876	\$65,990,244

	Water Reclamation	Grantwood Recreation	Total Enterprise Funds	Internal Service
Net Position December 31, 2019	\$64,589,310	\$2,479,895	\$67,069,205	\$2,566,617
Adjustments:				
GASB Statement 83	(1,150,000)	0	(1,150,000)	0
Restated Net Position December 31, 2019	\$63,439,310	\$2,479,895	65,919,205	\$2,566,617
		Internal Activity	71,039	
		Restated Net Position December 31, 2019	\$65,990,244	

Note 23 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. Additional funding will be available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 24 – Asset Retirement Obligations

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with their waste water treatment facilities. The City Engineer estimates these public safety issues would include removing/filling any tankage, cleaning/removing certain equipment, and backfilling certain exposed areas. This asset retirement obligation (ARO) of \$2,000,000 associated with the City waste water treatment facilities was estimated by the City engineer. There may be additional AROs related to the public safety issues; however these amounts are not reasonably estimable. Currently, there is significant uncertainty as to what additional items would need addressed; therefore, a reliable estimated amount could not be determined. The remaining useful life of these facilities is 17 years.

This page intentionally left blank.

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 Seven Years (1)

	2020	2019	2018	2017
City's Proportion of the Net Pension Liability	0.09021600%	0.08905100%	0.09008000%	0.08983800%
City's Proportionate Share of the Net Pension Liability	\$17,831,805	\$24,389,263	\$14,131,806	\$20,400,683
City's Covered Payroll	\$12,692,657	\$12,029,814	\$11,904,185	\$11,613,317
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.49%	202.74%	118.71%	175.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%

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

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

See accompanying notes to the required supplementary information.

2016	2015	2014
0.09708100%	0.09840800%	0.09840800%
\$16,815,653	\$11,869,151	\$11,601,065
\$12,083,657	\$12,064,925	\$12,360,838
139.16%	98.38%	93.85%
81.08%	86.45%	86.36%

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

	2020	2019	2018
City's Proportion of the Net Pension Asset	0.07515600%	0.09653400%	0.08591100%
City's Proportionate Share of the Net Pension Asset	\$156,718	\$107,947	\$116,951
City's Covered Payroll	\$334,557	\$411,950	\$351,846
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-46.84%	-26.20%	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	145.28%	126.64%	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

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

See accompanying notes to the required supplementary information.

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

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.08974500%	0.08896700%	0.09019000%	0.09016000%
City's Proportionate Share of the Net OPEB Liability	\$12,396,115	\$11,599,198	\$9,793,970	\$9,106,466
City's Covered Payroll	\$13,557,864	\$12,904,414	\$12,774,506	\$12,460,259
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	91.43%	89.89%	76.67%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

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 Seven Years (1)

	2020	2019	2018	2017
City's Proportion of the Net Pension Liability	0.45975950%	0.45250500%	0.47907200%	0.44947300%
City's Proportionate Share of the Net Pension Liability	\$30,971,855	\$36,936,365	\$29,402,813	\$28,469,169
City's Covered Payroll	\$10,745,517	\$10,074,922	\$9,826,819	\$9,514,949
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	288.23%	366.62%	299.21%	299.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.89%	63.07%	70.91%	68.36%

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

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

See accompanying notes to the required supplementary information.

2016	2015	2014
0.46554600%	0.46826400%	0.46826400%
\$29,948,902	\$24,258,028	\$22,805,926
\$9,269,014	\$9,113,753	\$8,880,813
323.11%	266.17%	256.80%
66.77%	71.71%	73.00%

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

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.45975950%	0.45250500%	0.47907200%	0.44947300%
City's Proportionate Share of the Net OPEB Liability	\$4,541,379	\$4,120,754	\$27,143,547	\$21,335,472
City's Covered Payroll	\$10,745,517	\$10,074,922	\$9,826,819	\$9,514,949
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	42.26%	40.90%	276.22%	224.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.08%	46.57%	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

(This page intentionally left blank.)

City of Solon, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System
Last Eight Years (1)

	2020	2019	2018
Net Pension Liability - Traditional Plan			
Contractually Required Contribution	\$1,602,368	\$1,776,972	\$1,684,174
Contributions in Relation to the Contractually Required Contribution	<u>(1,602,368)</u>	<u>(1,776,972)</u>	<u>(1,684,174)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$11,445,486	\$12,692,657	\$12,029,814
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net Pension Liability - Combined Plan			
Contractually Required Contribution	\$42,790	\$46,838	\$57,673
Contributions in Relation to the Contractually Required Contribution	<u>(42,790)</u>	<u>(46,838)</u>	<u>(57,673)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$305,643	\$334,557	\$411,950
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability - OPEB Plan (2)			
Contractually Required Contribution	\$18,448	\$21,226	\$18,506
Contributions in Relation to the Contractually Required Contribution	<u>(18,448)</u>	<u>(21,226)</u>	<u>(18,506)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$12,212,329	\$13,557,864	\$12,904,414
OPEB Contributions as a Percentage of Covered Payroll	<u>0.15%</u>	<u>0.16%</u>	<u>0.14%</u>

- (1) Information prior to 2013 is not available for traditional and combined plans.
(2) Information prior to 2016 is not available for the OPEB plan.
(3) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013
\$1,547,544	\$1,393,598	\$1,450,038	\$1,447,791	\$1,606,909
(1,547,544)	(1,393,598)	(1,450,038)	(1,447,791)	(1,606,909)
\$0	\$0	\$0	\$0	\$0
\$11,904,185	\$11,613,317	\$12,083,657	\$12,064,925	\$12,360,838
13.00%	12.00%	12.00%	12.00%	13.00%
\$45,740	\$41,981	\$52,794	\$55,689	\$57,391
(45,740)	(41,981)	(52,794)	(55,689)	(57,391)
\$0	\$0	\$0	\$0	\$0
\$351,846	\$349,842	\$439,950	\$464,075	\$441,469
13.00%	12.00%	12.00%	12.00%	13.00%
\$143,299	\$259,147			
(143,299)	(259,147)			
\$0	\$0			
\$12,774,506	\$12,460,259			
1.12%	2.08%			

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Pension Liability				
Contractually Required Contribution	\$2,285,689	\$2,310,710	\$2,166,600	\$2,113,672
Contributions in Relation to the Contractually Required Contribution	<u>(2,285,689)</u>	<u>(2,310,710)</u>	<u>(2,166,600)</u>	<u>(2,113,672)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$10,618,937	\$10,745,517	\$10,074,922	\$9,826,819
Pension Contributions as a Percentage of Covered Payroll	<u>21.52%</u>	<u>21.50%</u>	<u>21.50%</u>	<u>21.51%</u>
Net OPEB Liability				
Contractually Required Contribution	\$53,095	\$53,728	\$50,375	\$49,134
Contributions in Relation to the Contractually Required Contribution	<u>(53,095)</u>	<u>(53,728)</u>	<u>(50,375)</u>	<u>(49,134)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>22.02%</u>	<u>22.00%</u>	<u>22.00%</u>	<u>22.01%</u>

(1) The City's Covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$2,045,193	\$1,992,084	\$1,959,654	\$1,631,979	\$1,306,875	\$1,283,206
<u>(2,045,193)</u>	<u>(1,992,084)</u>	<u>(1,959,654)</u>	<u>(1,631,979)</u>	<u>(1,306,875)</u>	<u>(1,283,206)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,514,949	\$9,269,014	\$9,113,753	\$8,880,813	\$8,565,132	\$8,385,932
<u>21.49%</u>	<u>21.49%</u>	<u>21.50%</u>	<u>18.38%</u>	<u>15.26%</u>	<u>15.30%</u>
\$47,575	\$46,345	\$45,569	\$321,189	\$578,147	\$566,050
<u>(47,575)</u>	<u>(46,345)</u>	<u>(45,569)</u>	<u>(321,189)</u>	<u>(578,147)</u>	<u>(566,050)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>3.62%</u>	<u>6.75%</u>	<u>6.75%</u>
<u>21.99%</u>	<u>21.99%</u>	<u>22.00%</u>	<u>22.00%</u>	<u>22.01%</u>	<u>22.05%</u>

City of Solon, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2020

Changes in Assumptions – OPERS Pension– Traditional Plan

Amounts reported beginning in 2019 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 prior years are presented below:

	2019	2018 and 2017	2016 and prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 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	3 percent, simple
Post-January 7, 2013 Retiree	see below	see below	see below
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related COLA or Ad Hoc COLA for Post-January 7, 2013 Retirees are as follows:

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 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.

City of Solon, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2020

Changes in Assumptions – OPERS Pension – Combined Plan

For 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013 retirees as the Traditional Plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

Changes in Assumptions – OP&F Pension

Amounts reported beginning in 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented below:

	<u>Beginning in 2018</u>	<u>2017 and Prior</u>
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Amounts reported beginning in 2018 use valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck/Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Amounts reported beginning in 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck/Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

City of Solon, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2020

Amounts reported for 2017 and prior use valuation, rates of death were 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.

Changes in Assumptions – OPERS OPEB

Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2020	10.0 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

Changes in Assumptions – OP&F OPEB

Single Discount Rate:	
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

Changes in Benefit Terms – OP&F OPEB

For 2019, OP&F recognized a change in benefit terms. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years.

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.

Coronavirus Relief Fund – to account for and report restricted federal monies used to assist local governments with the coronavirus pandemic.

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 transfers assigned for the construction and repair 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 distributions 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, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,899,255	\$2,902,790	\$5,802,045
Accrued Interest Receivable	909	0	909
Accounts Receivable	45,431	0	45,431
Intergovernmental Receivable	717,695	19,311	737,006
Property Taxes Receivable	1,361,254	427,500	1,788,754
<i>Total Assets</i>	<u>\$5,024,544</u>	<u>\$3,349,601</u>	<u>\$8,374,145</u>
Liabilities			
Accounts Payable	\$8,551	\$0	\$8,551
Contracts Payable	224,100	137,156	361,256
Intergovernmental Payable	209,739	0	209,739
Retainage Payable	47,678	183,080	230,758
Unearned Revenue	160,633	0	160,633
<i>Total Liabilities</i>	<u>650,701</u>	<u>320,236</u>	<u>970,937</u>
Deferred Inflows of Resources			
Property Taxes	1,311,824	412,143	1,723,967
Unavailable Revenue	695,225	34,668	729,893
<i>Total Deferred Inflows of Resources</i>	<u>2,007,049</u>	<u>446,811</u>	<u>2,453,860</u>
Fund Balances			
Restricted	1,890,807	1,078,287	2,969,094
Committed	475,987	0	475,987
Assigned	0	1,504,267	1,504,267
<i>Total Fund Balances</i>	<u>2,366,794</u>	<u>2,582,554</u>	<u>4,949,348</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$5,024,544</u>	<u>\$3,349,601</u>	<u>\$8,374,145</u>

City of Solon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$2,218,628	\$416,422	\$2,635,050
Municipal Income Taxes	0	85,039	85,039
Intergovernmental	2,672,844	155,431	2,828,275
Investment Income	9,139	0	9,139
Fees, Licenses and Permits	164,477	0	164,477
Fines and Forfeitures	11,257	0	11,257
Charges for Services	1,150	0	1,150
Contributions and Donations	36,999	0	36,999
Miscellaneous	0	100,314	100,314
<i>Total Revenues</i>	<u>5,114,494</u>	<u>757,206</u>	<u>5,871,700</u>
Expenditures			
Current:			
Security of Persons and Property			
Police	946,542	0	946,542
Fire	1,438,430	0	1,438,430
Leisure Time Activities	168,544	0	168,544
Transportation	1,404,000	0	1,404,000
General Government	936,499	0	936,499
Capital Outlay	53,496	2,930,969	2,984,465
Debt Service:			
Principal Retirement	0	427,924	427,924
Interest and Fiscal Charges	0	30,953	30,953
<i>Total Expenditures</i>	<u>4,947,511</u>	<u>3,389,846</u>	<u>8,337,357</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	166,983	(2,632,640)	(2,465,657)
Other Financing Sources (Uses)			
Transfers In	50,000	1,950,000	2,000,000
<i>Net Change in Fund Balances</i>	216,983	(682,640)	(465,657)
<i>Fund Balances Beginning of Year</i>	<u>2,149,811</u>	<u>3,265,194</u>	<u>5,415,005</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,366,794</u></u>	<u><u>\$2,582,554</u></u>	<u><u>\$4,949,348</u></u>

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2020

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
Assets					
Equity in Pooled Cash and Cash Equivalents	\$282,445	\$26,341	\$808,078	\$672,965	\$287,897
Accrued Interest Receivable	430	40	0	0	439
Accounts Receivable	0	0	0	0	44,345
Intergovernmental Receivable	599,577	48,614	23,168	46,336	0
Property Taxes Receivable	0	0	453,751	907,503	0
<i>Total Assets</i>	<u>\$882,452</u>	<u>\$74,995</u>	<u>\$1,284,997</u>	<u>\$1,626,804</u>	<u>\$332,681</u>
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$2,653
Contracts Payable	0	0	0	0	0
Intergovernmental Payable	0	0	79,760	129,979	0
Retainage Payable	0	0	0	0	0
Unearned Revenue	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>79,760</u>	<u>129,979</u>	<u>2,653</u>
Deferred Inflows of Resources					
Property Taxes	0	0	437,275	874,549	0
Unavailable Revenue	492,050	39,896	39,644	79,290	44,345
<i>Total Deferred Inflows of Resources</i>	<u>492,050</u>	<u>39,896</u>	<u>476,919</u>	<u>953,839</u>	<u>44,345</u>
Fund Balances					
Restricted	390,402	35,099	728,318	542,986	0
Committed	0	0	0	0	285,683
<i>Total Fund Balances</i>	<u>390,402</u>	<u>35,099</u>	<u>728,318</u>	<u>542,986</u>	<u>285,683</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$882,452</u>	<u>\$74,995</u>	<u>\$1,284,997</u>	<u>\$1,626,804</u>	<u>\$332,681</u>

Tree Planting	Recreation	Police Department Programs	Law Enforcement Trust	Donations Trust	Coronavirus Relief	Total Nonmajor Special Revenue Funds
\$53,496	\$71,654	\$15,888	\$177,028	\$65,234	\$438,229	\$2,899,255
0		0	0	0	0	909
0	0	0	1,086	0	0	45,431
0	0	0	0	0	0	717,695
0	0	0	0	0	0	1,361,254
<u>\$53,496</u>	<u>\$71,654</u>	<u>\$15,888</u>	<u>\$178,114</u>	<u>\$65,234</u>	<u>\$438,229</u>	<u>\$5,024,544</u>
\$0	\$0	\$0	\$0	\$80	\$5,818	\$8,551
0	0	0	0	0	224,100	224,100
0	0	0	0	0	0	209,739
0	0	0	0	0	47,678	47,678
0	0	0	0	0	160,633	160,633
0	0	0	0	80	438,229	650,701
0	0	0	0	0	0	1,311,824
0	0	0	0	0	0	695,225
0	0	0	0	0	0	2,007,049
0	0	15,888	178,114	0	0	1,890,807
53,496	71,654	0	0	65,154	0	475,987
53,496	71,654	15,888	178,114	65,154	0	2,366,794
<u>\$53,496</u>	<u>\$71,654</u>	<u>\$15,888</u>	<u>\$178,114</u>	<u>\$65,234</u>	<u>\$438,229</u>	<u>\$5,024,544</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, 2020

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
Revenues					
Property Taxes	\$0	\$0	\$887,470	\$1,331,158	\$0
Intergovernmental	1,346,900	109,208	94,041	141,057	0
Investment Income	3,955	377	0	0	4,807
Fees, Licenses and Permits	0	0	0	0	164,477
Fines and Forfeitures	0	0	0	0	0
Charges for Services	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
<i>Total Revenues</i>	<u>1,350,855</u>	<u>109,585</u>	<u>981,511</u>	<u>1,472,215</u>	<u>169,284</u>
Expenditures					
Current:					
Security of Persons and Property					
Police	0	0	915,113	0	0
Fire	0	0	0	1,436,371	0
Leisure Time Activities	0	0	0	0	164,549
Transportation	1,292,500	111,500	0	0	0
General Government	0	0	0	0	0
Capital Outlay	0	0	0	0	0
<i>Total Expenditures</i>	<u>1,292,500</u>	<u>111,500</u>	<u>915,113</u>	<u>1,436,371</u>	<u>164,549</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	58,355	(1,915)	66,398	35,844	4,735
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	58,355	(1,915)	66,398	35,844	4,735
<i>Fund Balances Beginning of Year</i>	<u>332,047</u>	<u>37,014</u>	<u>661,920</u>	<u>507,142</u>	<u>280,948</u>
<i>Fund Balances End of Year</i>	<u>\$390,402</u>	<u>\$35,099</u>	<u>\$728,318</u>	<u>\$542,986</u>	<u>\$285,683</u>

Tree Planting	Recreation	Police Department Programs	Law Enforcement Trust	Donations Trust	Coronavirus Relief	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$2,218,628
0	0	0	0	0	981,638	2,672,844
0	0	0	0	0	0	9,139
0	0	0	0	0	0	164,477
0	0	0	11,257	0	0	11,257
1,150	0	0	0	0	0	1,150
0	3,500	19,674	0	13,825	0	36,999
<u>1,150</u>	<u>3,500</u>	<u>19,674</u>	<u>11,257</u>	<u>13,825</u>	<u>981,638</u>	<u>5,114,494</u>
0	0	19,674	10,287	1,468	0	946,542
0	0	0	0	2,059	0	1,438,430
0	1,423	0	0	2,572	0	168,544
0	0	0	0	0	0	1,404,000
8,357	0	0	0	0	928,142	936,499
0	0	0	0	0	53,496	53,496
<u>8,357</u>	<u>1,423</u>	<u>19,674</u>	<u>10,287</u>	<u>6,099</u>	<u>981,638</u>	<u>4,947,511</u>
(7,207)	2,077	0	970	7,726	0	166,983
0	50,000	0	0	0	0	50,000
(7,207)	52,077	0	970	7,726	0	216,983
60,703	19,577	15,888	177,144	57,428	0	2,149,811
<u>\$53,496</u>	<u>\$71,654</u>	<u>\$15,888</u>	<u>\$178,114</u>	<u>\$65,154</u>	<u>\$0</u>	<u>\$2,366,794</u>

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2020

	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	\$300,963	\$1,694,731	\$17,744	\$889,352	\$2,902,790
Intergovernmental Receivable	19,311	0	0	0	19,311
Property Taxes Receivable	427,500	0	0	0	427,500
<i>Total Assets</i>	<u>\$747,774</u>	<u>\$1,694,731</u>	<u>\$17,744</u>	<u>\$889,352</u>	<u>\$3,349,601</u>
Liabilities					
Contracts Payable	\$0	\$26,805	\$0	\$110,351	\$137,156
Retainage Payable	0	163,659	0	19,421	183,080
<i>Total Liabilities</i>	<u>0</u>	<u>190,464</u>	<u>0</u>	<u>129,772</u>	<u>320,236</u>
Deferred Inflows of Resources					
Property Taxes	412,143	0	0	0	412,143
Unavailable Revenue	34,668	0	0	0	34,668
<i>Total Deferred Inflows of Resources</i>	<u>446,811</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>446,811</u>
Fund Balances					
Restricted	300,963	0	17,744	759,580	1,078,287
Assigned	0	1,504,267	0	0	1,504,267
<i>Total Fund Balances</i>	<u>300,963</u>	<u>1,504,267</u>	<u>17,744</u>	<u>759,580</u>	<u>2,582,554</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$747,774</u>	<u>\$1,694,731</u>	<u>\$17,744</u>	<u>\$889,352</u>	<u>\$3,349,601</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, 2020

	Safety and Service Equipment	Building Construction	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
Revenues					
Property Taxes	\$416,422	\$0	\$0	\$0	\$416,422
Municipal Income Taxes	0	0	0	85,039	85,039
Intergovernmental	39,024	0	0	116,407	155,431
Miscellaneous	0	100,000	0	314	100,314
<i>Total Revenues</i>	<u>455,446</u>	<u>100,000</u>	<u>0</u>	<u>201,760</u>	<u>757,206</u>
Expenditures					
Capital Outlay	791,398	1,206,190	0	933,381	2,930,969
Debt Service:					
Principal Retirement	427,924	0	0	0	427,924
Interest and Fiscal Charges	30,953	0	0	0	30,953
<i>Total Expenditures</i>	<u>1,250,275</u>	<u>1,206,190</u>	<u>0</u>	<u>933,381</u>	<u>3,389,846</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(794,829)	(1,106,190)	0	(731,621)	(2,632,640)
Other Financing Sources (Uses)					
Transfers In	400,000	850,000	0	700,000	1,950,000
<i>Net Change in Fund Balances</i>	(394,829)	(256,190)	0	(31,621)	(682,640)
<i>Fund Balances Beginning of Year</i>	<u>695,792</u>	<u>1,760,457</u>	<u>17,744</u>	<u>791,201</u>	<u>3,265,194</u>
<i>Fund Balances End of Year</i>	<u><u>\$300,963</u></u>	<u><u>\$1,504,267</u></u>	<u><u>\$17,744</u></u>	<u><u>\$759,580</u></u>	<u><u>\$2,582,554</u></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, 2020

	<u>Workers'</u> <u>Compensation</u>	<u>Medical</u> <u>Self Insurance</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$329,620	\$3,128,070	\$3,457,690
Accounts Receivable	0	3,399	3,399
Prepaid Items	89,398	0	89,398
	<u>419,018</u>	<u>3,131,469</u>	<u>3,550,487</u>
<i>Total Assets</i>			
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	3,088	4,750	7,838
Accrued Wages	0	12,363	12,363
Claims Payable	7,946	376,912	384,858
	<u>11,034</u>	<u>394,025</u>	<u>405,059</u>
<i>Total Current Liabilities</i>			
<i>Long-Term Liabilities:</i>			
Claims Payable	2,648	0	2,648
	<u>13,682</u>	<u>394,025</u>	<u>407,707</u>
<i>Total Liabilities</i>			
Net Position			
Unrestricted	<u>\$405,336</u>	<u>\$2,737,444</u>	<u>\$3,142,780</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, 2020*

	<u>Workers'</u> <u>Compensation</u>	<u>Medical</u> <u>Self Insurance</u>	<u>Total</u>
Operating Revenues			
Charges for Services	\$200,000	\$5,309,771	\$5,509,771
Miscellaneous	46	40,236	40,282
<i>Total Operating Revenues</i>	<u>200,046</u>	<u>5,350,007</u>	<u>5,550,053</u>
Operating Expenses			
Personal Services	0	78,415	78,415
Contractual Services	81,401	945,269	1,026,670
Claims	15,217	3,874,530	3,889,747
Change in Worker's Compensation Estimate	<u>(20,942)</u>	<u>0</u>	<u>(20,942)</u>
<i>Total Operating Expenses</i>	<u>75,676</u>	<u>4,898,214</u>	<u>4,973,890</u>
<i>Change in Net Position</i>	124,370	451,793	576,163
<i>Net Position Beginning of Year</i>	<u>280,966</u>	<u>2,285,651</u>	<u>2,566,617</u>
<i>Net Position End of Year</i>	<u><u>\$405,336</u></u>	<u><u>\$2,737,444</u></u>	<u><u>\$3,142,780</u></u>

City of Solon, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2020

	<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	\$200,000	\$5,309,771	\$5,509,771
Cash Received from Other Sources	46	37,605	37,651
Cash Payments to Employees for Services and Benefits	0	(75,449)	(75,449)
Cash Payments for Goods and Services	(137,422)	(943,144)	(1,080,566)
Cash Payments for Claims	(32,570)	(3,796,122)	(3,828,692)
<i>Net Cash Provided by (Used for) Operating Activities</i>	30,054	532,661	562,715
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	30,054	532,661	562,715
<i>Cash and Cash Equivalents Beginning of Year</i>	299,566	2,595,409	2,894,975
<i>Cash and Cash Equivalents End of Year</i>	<u>\$329,620</u>	<u>\$3,128,070</u>	<u>\$3,457,690</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	<u>\$124,370</u>	<u>\$451,793</u>	<u>\$576,163</u>
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	0	(2,631)	(2,631)
Prepaid Items	(57,863)	0	(57,863)
<i>Increase (Decrease) in Liabilities</i>			
Accounts Payable	1,842	4,750	6,592
Accrued Wages	0	341	341
Claims Payable	(38,295)	78,408	40,113
<i>Total Adjustments</i>	<u>(94,316)</u>	<u>80,868</u>	<u>(13,448)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$30,054</u>	<u>\$532,661</u>	<u>\$562,715</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 custodial funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

Custodial Funds

JEDD Income Tax Fund – to account for amounts received as a fiscal agent by the City to be distributed to Bainbridge Township and the City of Solon.

Other Custodial – To account for traffic violation money and special assessments collected and distributed by the City to other municipalities and to others.

City of Solon, Ohio
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2020

	<u>JEDD Income Tax</u>	<u>Other Custodial</u>	<u>Total Custodial</u>
Additions			
Amounts Received as Fiscal Agent	\$202,550	\$0	\$202,550
Fines and Forfeitures Collections for Other Governments	0	19,630	19,630
Special Assessments Collections for Others	0	9,186	9,186
<i>Total Additions</i>	<u>202,550</u>	<u>28,816</u>	<u>231,366</u>
Deductions			
Distributions as Fiscal Agent	202,550	0	202,550
Fines and Forfeitures Distributions to Other Governments	0	19,630	19,630
Special Assessment Distributions to Others	0	9,186	9,186
<i>Total Deductions</i>	<u>202,550</u>	<u>28,816</u>	<u>231,366</u>
<i>Net Increase (Decrease) in Fiduciary Net Position</i>	0	0	0
<i>Net Position Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Position End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

(This Page Intentionally Left Blank)

**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, 2020*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$1,427,235	\$1,309,844	\$1,307,180	(\$2,664)
Municipal Income Taxes	35,763,902	32,799,155	33,163,186	364,031
Intergovernmental	628,553	576,854	565,572	(11,282)
Investment Income	800,872	735,000	755,489	20,489
Fees, Licenses and Permits	997,492	918,844	966,856	48,012
Fines and Forfeitures	196,513	180,350	197,961	17,611
Rentals	5,318	4,880	5,113	233
Charges for Services	2,415,425	2,233,795	2,235,527	1,732
Contributions and Donations	3,906	3,585	3,308	(277)
Miscellaneous	431,293	386,363	417,971	31,608
Total Revenues	42,670,509	39,148,670	39,618,163	469,493
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	7,941,145	7,761,945	7,484,677	277,268
Materials and Supplies	286,856	286,434	248,956	37,478
Contractual Services	1,010,470	1,008,917	946,919	61,998
Capital Outlay	81,227	81,102	65,455	15,647
Total Police	9,319,698	9,138,398	8,746,007	392,391
Fire				
Personal Services	7,693,195	7,701,482	7,525,269	176,213
Materials and Supplies	229,485	237,483	210,726	26,757
Contractual Services	141,022	152,728	129,153	23,575
Capital Outlay	36,890	38,299	34,569	3,730
Other	754	2,000	1,250	750
Total Fire	8,101,346	8,131,992	7,900,967	231,025
Total Security of Persons and Property	17,421,044	17,270,390	16,646,974	623,416
Public Health and Welfare				
Cemetery				
Personal Services	6,202	6,000	4,103	1,897
Other	6,298	5,000	3,968	1,032
Total Cemetery	12,500	11,000	8,071	2,929
County Health District				
Contractual Services	0	127,300	127,247	53
Total Public Health and Welfare	12,500	138,300	135,318	2,982
Leisure Time Activities				
Recreation Admin				
Personal Services	690,905	473,407	355,051	118,356
Materials and Supplies	48,741	32,702	15,489	17,213
Contractual Services	124,369	83,185	56,982	26,203
Total Recreation Admin	864,015	589,294	427,522	161,772
Youth and Adult Recreation Programs				
Personal Services	500,864	339,011	299,184	39,827
Materials and Supplies	116,961	81,428	29,692	51,736
Contractual Services	323,152	221,844	170,396	51,448
Capital Outlay	2,312	1,545	0	1,545
Other	75,128	50,200	50,193	7
Total Youth Recreation Programs	\$1,018,417	\$694,028	\$549,465	\$144,563

(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, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Community Parks and Swimming Pools				
Personal Services	\$464,805	\$314,604	\$314,148	\$456
Materials and Supplies	159,471	110,027	92,197	17,830
Contractual Services	79,740	54,363	46,561	7,802
Total Community Parks and Swimming Pools	<u>704,016</u>	<u>478,994</u>	<u>452,906</u>	<u>26,088</u>
Community Center				
Personal Services	984,528	666,380	492,854	173,526
Materials and Supplies	158,139	107,529	43,152	64,377
Contractual Services	160,363	110,219	60,041	50,178
Capital Outlay	2,993	2,000	1,347	653
Other	33,673	22,500	22,147	353
Total Community Center	<u>1,339,696</u>	<u>908,628</u>	<u>619,541</u>	<u>289,087</u>
Center for the Arts Programs				
Personal Services	801,605	773,905	645,440	128,465
Materials and Supplies	88,063	72,004	45,034	26,970
Contractual Services	89,719	72,831	52,496	20,335
Capital Outlay	22,579	18,100	5,201	12,899
Other	12,474	10,000	7,492	2,508
Total Center for the Arts Programs	<u>1,014,440</u>	<u>946,840</u>	<u>755,663</u>	<u>191,177</u>
Senior Services Admin				
Personal Services	674,317	646,509	627,776	18,733
Materials and Supplies	59,034	30,720	19,820	10,900
Contractual Services	166,988	86,130	81,039	5,091
Total Senior Services Admin	<u>900,339</u>	<u>763,359</u>	<u>728,635</u>	<u>34,724</u>
Senior Programs				
Materials and Supplies	53,374	51,332	38,860	12,472
Contractual Services	44,362	31,510	17,666	13,844
Other	21,396	11,070	10,514	556
Total Senior Programs	<u>119,132</u>	<u>93,912</u>	<u>67,040</u>	<u>26,872</u>
Total Leisure Time Activities	<u>5,960,055</u>	<u>4,475,055</u>	<u>3,600,772</u>	<u>874,283</u>
Community Environment				
Planning and Zoning				
Personal Services	523,400	508,000	503,874	4,126
Materials and Supplies	11,895	7,779	3,554	4,225
Contractual Services	92,322	57,938	46,894	11,044
Total Planning and Zoning	<u>627,617</u>	<u>573,717</u>	<u>554,322</u>	<u>19,395</u>
Development Board				
Personal Services	182,295	182,295	172,847	9,448
Materials and Supplies	6,837	4,217	2,527	1,690
Contractual Services	132,086	82,706	50,532	32,174
Total Development Board	<u>\$321,218</u>	<u>\$269,218</u>	<u>\$225,906</u>	<u>\$43,312</u>

(continued)

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Building Department				
Personal Services	\$199,191	\$199,191	\$192,168	\$7,023
Materials and Supplies	9,628	8,818	3,197	5,621
Contractual Services	242,497	224,216	201,349	22,867
Capital Outlay	695	624	0	624
Other	26,899	35,700	19,228	16,472
Total Building Department	478,910	468,549	415,942	52,607
Engineering Department				
Personal Services	830,242	795,177	749,295	45,882
Materials and Supplies	32,322	21,765	11,650	10,115
Contractual Services	174,598	128,255	124,832	3,423
Capital Outlay	8,900	5,800	5,143	657
Other	18,852	50,000	47,560	2,440
Total Engineering Department	1,064,914	1,000,997	938,480	62,517
Total Community Environment	2,492,659	2,312,481	2,134,650	177,831
Basic Utility Services				
Storm Sewers				
Personal Services	538,345	521,084	521,030	54
Materials and Supplies	93,889	75,202	73,118	2,084
Contractual Services	6,298	5,000	500	4,500
Total Storm Sewers	638,532	601,286	594,648	6,638
Trees, Leaf and Brush				
Personal Services	71,333	69,000	68,717	283
Materials and Supplies	1,292	1,032	750	282
Contractual Services	89,313	72,183	69,423	2,760
Total Trees, Leaf and Brush	161,938	142,215	138,890	3,325
Refuse Collection and Disposal				
Personal Services	914,615	884,708	811,237	73,471
Materials and Supplies	348,462	276,671	254,936	21,735
Contractual Services	441,667	350,800	345,326	5,474
Total Refuse Collection and Disposal	1,704,744	1,512,179	1,411,499	100,680
Total Basic Utility Services	2,505,214	2,255,680	2,145,037	110,643
Transportation				
Street Department				
Personal Services	4,028,311	3,898,015	3,771,930	126,085
Materials and Supplies	1,090,559	896,807	671,784	225,023
Contractual Services	80,288	66,371	41,222	25,149
Capital Outlay	59,976	49,075	31,860	17,215
Total Transportation	\$5,259,134	\$4,910,268	\$4,516,796	\$393,472

(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, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
General Government				
Council				
Personal Services	\$290,960	\$251,760	\$241,253	\$10,507
Materials and Supplies	10,135	10,135	6,956	3,179
Contractual Services	32,556	32,556	21,345	11,211
Total Council	333,651	294,451	269,554	24,897
Mayor				
Personal Services	295,311	295,311	293,809	1,502
Materials and Supplies	6,876	5,025	2,280	2,745
Contractual Services	11,192	7,743	5,183	2,560
Total Mayor	313,379	308,079	301,272	6,807
Finance/Income Tax				
Personal Services	628,106	619,606	617,920	1,686
Materials and Supplies	6,060	5,808	5,664	144
Contractual Services	469,924	478,386	475,813	2,573
Total Finance/Income Tax	1,104,090	1,103,800	1,099,397	4,403
Prosecutor/Legal Department				
Personal Services	170,893	170,893	147,382	23,511
Materials and Supplies	146,405	176,350	176,350	0
Contractual Services	98,086	106,941	83,360	23,581
Total Prosecutor/Legal Department	415,384	454,184	407,092	47,092
Human Resources				
Personal Services	169,981	167,481	159,364	8,117
Materials and Supplies	1,411	1,171	904	267
Contractual Services	38,871	32,831	24,328	8,503
Capital Outlay	4,165	3,445	2,063	1,382
Total Human Resources	214,428	204,928	186,659	18,269
Network Administrator				
Personal Services	309,039	254,939	241,150	13,789
Materials and Supplies	11,783	11,783	11,731	52
Contractual Services	67,058	67,058	63,969	3,089
Capital Outlay	35,022	35,022	25,550	9,472
Total Network Administrator	422,902	368,802	342,400	26,402
Civil Service				
Personal Services	17,318	17,318	9,792	7,526
Materials and Supplies	580	580	86	494
Contractual Services	28,350	41,050	34,730	6,320
Other	20	20	20	0
Total Civil Service	46,268	58,968	44,628	14,340
City Hall				
Personal Services	568,719	508,719	477,150	31,569
Materials and Supplies	409,915	421,810	352,056	69,754
Contractual Services	214,066	220,871	186,425	34,446
Total City Hall	1,192,700	1,151,400	1,015,631	135,769
Unclaimed Monies				
Other	\$1,885	\$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, 2020*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
City Administration				
Personal Services	\$277,309	\$277,309	\$253,656	\$23,653
Materials and Supplies	127,890	129,010	60,578	68,432
Contractual Services	2,684,568	2,716,913	2,645,879	71,034
Capital Outlay	64,198	64,850	64,826	24
Other	110,392	114,590	107,397	7,193
Total City Administration	3,264,357	3,302,672	3,132,336	170,336
Sick Leave Reserve				
Personal Services	624,833	1,657,200	1,655,997	1,203
Total General Government	7,933,877	8,909,484	8,454,966	454,518
Total Expenditures	41,584,483	40,271,658	37,634,513	2,637,145
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,086,026</u>	<u>(1,122,988)</u>	<u>1,983,650</u>	<u>3,106,638</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	115,085	115,085	115,085	0
Transfers Out	(3,500,000)	(4,050,000)	(3,750,000)	300,000
Total Other Financing Sources (Uses)	<u>(3,384,915)</u>	<u>(3,934,915)</u>	<u>(3,634,915)</u>	<u>300,000</u>
Net Change in Fund Balance	(2,298,889)	(5,057,903)	(1,651,265)	3,406,638
<i>Fund Balance Beginning of Year</i>	26,216,731	26,216,731	26,216,731	0
Prior Year Encumbrances Appropriated	740,062	740,062	740,062	0
Fund Balance End of Year	<u>\$24,657,904</u>	<u>\$21,898,890</u>	<u>\$25,305,528</u>	<u>\$3,406,638</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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$398,715	\$331,715	\$332,795	\$1,080
Special Assessments	362,201	362,201	357,870	(4,331)
Intergovernmental	11,599	11,599	11,565	(34)
Fees, Licenses and Permits	3,000	3,000	2,573	(427)
<i>Total Revenues</i>	<u>775,515</u>	<u>708,515</u>	<u>704,803</u>	<u>(3,712)</u>
Expenditures				
Current:				
General Government				
Legislative and Executive				
Contractual Services	12,000	12,000	3,376	8,624
Debt Service:				
Principal Retirement				
Interest and Fiscal Charges	667,561	667,561	667,559	2
	<u>98,736</u>	<u>98,736</u>	<u>98,733</u>	<u>3</u>
<i>Total Expenditures</i>	<u>778,297</u>	<u>778,297</u>	<u>769,668</u>	<u>8,629</u>
<i>Net Change in Fund Balance</i>	(2,782)	(69,782)	(64,865)	4,917
<i>Fund Balance Beginning of Year</i>	998,762	998,762	998,762	0
<i>Fund Balance End of Year</i>	<u>\$995,980</u>	<u>\$928,980</u>	<u>\$933,897</u>	<u>\$4,917</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, 2020

	<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	\$11,998,900	\$10,979,225	\$11,054,395	\$75,170
Special Assessments	24,074	20,900	22,208	1,308
Intergovernmental	2,794,029	2,524,366	2,577,485	53,119
Miscellaneous	12,665	12,134	11,684	(450)
<i>Total Revenues</i>	<u>14,829,668</u>	<u>13,536,625</u>	<u>13,665,772</u>	<u>129,147</u>
Expenditures				
Current:				
Transportation				
Engineering Department				
Personal Services	352,333	352,333	352,333	0
Capital Outlay	27,463,601	20,622,188	19,204,831	1,417,357
<i>Total Expenditures</i>	<u>27,815,934</u>	<u>20,974,521</u>	<u>19,557,164</u>	<u>1,417,357</u>
<i>Net Change in Fund Balance</i>	(12,986,266)	(7,437,896)	(5,891,392)	1,546,504
<i>Fund Balance Beginning of Year</i>	5,840,324	5,840,324	5,840,324	0
Prior Year Encumbrances Appropriated	7,339,791	7,339,791	7,339,791	0
<i>Fund Balance End of Year</i>	<u>\$193,849</u>	<u>\$5,742,219</u>	<u>\$7,288,723</u>	<u>\$1,546,504</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, 2020

	<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	\$5,396,400	\$5,115,600	\$4,968,784	(\$146,816)
Tap-In Fees	140,000	140,000	150,573	10,573
Investment Income	99,000	99,000	101,583	2,583
Sale of Capital Assets	16,600	16,600	16,600	0
Miscellaneous	14,100	14,100	12,261	(1,839)
<i>Total Revenues</i>	<u>5,666,100</u>	<u>5,385,300</u>	<u>5,249,801</u>	<u>(135,499)</u>
Expenses				
Personal Services	2,993,422	1,746,052	1,707,322	38,730
Materials and Supplies	767,339	536,861	450,247	86,614
Contractual Services	2,069,343	1,467,527	1,346,872	120,655
Other	13,686	15,000	7,805	7,195
Capital Outlay	828,618	981,968	372,232	609,736
Debt Service:				
Principal Retirement	439,012	439,012	439,010	2
Interest and Fiscal Charges	151,686	151,686	151,683	3
<i>Total Expenses</i>	<u>7,263,106</u>	<u>5,338,106</u>	<u>4,475,171</u>	<u>862,935</u>
<i>Net Change in Fund Equity</i>	(1,597,006)	47,194	774,630	727,436
<i>Fund Equity Beginning of Year</i>	6,605,212	6,605,212	6,605,212	0
Prior Year Encumbrances Appropriated	377,696	377,696	377,696	0
<i>Fund Equity End of Year</i>	<u>\$5,385,902</u>	<u>\$7,030,102</u>	<u>\$7,757,538</u>	<u>\$727,436</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$743,600	\$835,800	\$897,811	\$62,011
Investment Income	4,700	4,700	4,761	61
Rentals	186,200	186,200	197,719	11,519
Sale of Capital Assets	1,800	1,800	1,800	0
Miscellaneous	11,300	11,300	12,253	953
<i>Total Revenues</i>	<u>947,600</u>	<u>1,039,800</u>	<u>1,114,344</u>	<u>74,544</u>
Expenses				
Personal Services	540,718	508,985	475,140	33,845
Materials and Supplies	156,598	156,998	134,325	22,673
Contractual Services	134,962	128,955	118,978	9,977
Other	83,893	88,288	72,474	15,814
Capital Outlay	88,978	79,123	78,375	748
<i>Total Expenses</i>	<u>1,005,149</u>	<u>962,349</u>	<u>879,292</u>	<u>83,057</u>
<i>Net Change in Fund Equity</i>	(57,549)	77,451	235,052	157,601
<i>Fund Equity Beginning of Year</i>	271,062	271,062	271,062	0
Prior Year Encumbrances Appropriated	20,392	20,392	20,392	0
<i>Fund Equity End of Year</i>	<u>\$233,905</u>	<u>\$368,905</u>	<u>\$526,506</u>	<u>\$157,601</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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$1,324,065	\$1,351,365	\$1,354,786	\$3,421
Investment Income	3,100	3,100	3,309	209
<i>Total Revenues</i>	<u>1,327,165</u>	<u>1,354,465</u>	<u>1,358,095</u>	<u>3,630</u>
Expenditures				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	970,000	970,000	970,000	0
Materials and Supplies	322,500	322,500	322,500	0
<i>Total Expenditures</i>	<u>1,292,500</u>	<u>1,292,500</u>	<u>1,292,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	34,665	61,965	65,595	3,630
<i>Fund Balance Beginning of Year</i>	<u>215,515</u>	<u>215,515</u>	<u>215,515</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$250,180</u></u>	<u><u>\$277,480</u></u>	<u><u>\$281,110</u></u>	<u><u>\$3,630</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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$107,255	\$109,505	\$109,848	\$343
Investment Income	330	330	355	25
<i>Total Revenues</i>	107,585	109,835	110,203	368
Expenditures				
Current:				
Transportation				
State Highway				
Materials and Supplies	107,500	111,500	111,500	0
<i>Net Change in Fund Balance</i>	85	(1,665)	(1,297)	368
<i>Fund Balance Beginning of Year</i>	27,513	27,513	27,513	0
<i>Fund Balance End of Year</i>	<u>\$27,598</u>	<u>\$25,848</u>	<u>\$26,216</u>	<u>\$368</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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$871,173	\$871,173	\$887,470	\$16,297
Intergovernmental	94,200	94,200	94,041	(159)
<i>Total Revenues</i>	965,373	965,373	981,511	16,138
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	960,716	960,716	946,688	14,028
<i>Net Change in Fund Balance</i>	4,657	4,657	34,823	30,166
<i>Fund Balance Beginning of Year</i>	773,255	773,255	773,255	0
<i>Fund Balance End of Year</i>	<u>\$777,912</u>	<u>\$777,912</u>	<u>\$808,078</u>	<u>\$30,166</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$1,306,759	\$1,306,759	\$1,331,158	\$24,399
Intergovernmental	141,300	141,300	141,057	(243)
<i>Total Revenues</i>	1,448,059	1,448,059	1,472,215	24,156
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,467,055	1,487,055	1,479,618	7,437
<i>Net Change in Fund Balance</i>	(18,996)	(38,996)	(7,403)	31,593
<i>Fund Balance Beginning of Year</i>	680,368	680,368	680,368	0
<i>Fund Balance End of Year</i>	<u>\$661,372</u>	<u>\$641,372</u>	<u>\$672,965</u>	<u>\$31,593</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$4,200	\$4,200	\$4,433	\$233
Fees, Licenses and Permits	164,800	169,000	177,446	8,446
<i>Total Revenues</i>	<u>169,000</u>	<u>173,200</u>	<u>181,879</u>	<u>8,679</u>
Expenditures				
Current:				
Leisure Time Activities				
Cable TV				
Materials and Supplies	7,050	7,050	0	7,050
Contractual Services	153,016	153,016	120,077	32,939
Capital Outlay	121,150	121,150	121,150	0
<i>Total Expenditures</i>	<u>281,216</u>	<u>281,216</u>	<u>241,227</u>	<u>39,989</u>
<i>Net Change in Fund Balance</i>	(112,216)	(108,016)	(59,348)	48,668
<i>Fund Balance Beginning of Year</i>	260,622	260,622	260,622	0
Prior Year Encumbrances Appropriated	14,016	14,016	14,016	0
<i>Fund Balance End of Year</i>	<u>\$162,422</u>	<u>\$166,622</u>	<u>\$215,290</u>	<u>\$48,668</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,000	\$1,200	\$1,150	(\$50)
Expenditures				
Current:				
General Government				
Tree Planting				
Contractual Services	52,845	52,845	10,653	42,192
<i>Net Change in Fund Balance</i>	(50,845)	(51,645)	(9,503)	42,142
<i>Fund Balance Beginning of Year</i>	57,858	57,858	57,858	0
Prior Year Encumbrances Appropriated	2,845	2,845	2,845	0
<i>Fund Balance End of Year</i>	<u>\$9,858</u>	<u>\$9,058</u>	<u>\$51,200</u>	<u>\$42,142</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, 2020*

	<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	\$43,400	\$3,500	\$3,500	\$0
Expenditures				
Current:				
Leisure Time Activities				
Recreation Programs				
Materials and Supplies	<u>112,600</u>	<u>12,600</u>	<u>2,925</u>	<u>9,675</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(69,200)	(9,100)	575	9,675
Other Financing Sources (Uses)				
Transfers In	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(19,200)	40,900	50,575	9,675
<i>Fund Balance Beginning of Year</i>	<u>20,880</u>	<u>20,880</u>	<u>20,880</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,680</u></u>	<u><u>\$61,780</u></u>	<u><u>\$71,455</u></u>	<u><u>\$9,675</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Police Department Programs Fund
 For the Year Ended December 31, 2020*

	<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>\$38,000</u>	<u>\$28,000</u>	<u>\$19,674</u>	<u>(\$8,326)</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
DARE program				
Personal Services	32,200	32,200	15,566	16,634
Materials and Supplies	8,200	8,200	4,108	4,092
Contractual Services	989	1,300	0	1,300
<i>Total Expenditures</i>	<u>41,389</u>	<u>41,700</u>	<u>19,674</u>	<u>22,026</u>
<i>Net Change in Fund Balance</i>	(3,389)	(13,700)	0	13,700
<i>Fund Balance Beginning of Year</i>	<u>15,888</u>	<u>15,888</u>	<u>15,888</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,499</u></u>	<u><u>\$2,188</u></u>	<u><u>\$15,888</u></u>	<u><u>\$13,700</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, 2020

	<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>\$13,678</u>	<u>\$12,800</u>	<u>\$10,486</u>	<u>(\$2,314)</u>
Expenditures				
Current:				
Security of Persons and Property				
Drug Money				
Materials and Supplies	6,108	20,000	0	20,000
Other	<u>2,300</u>	<u>2,300</u>	<u>0</u>	<u>2,300</u>
Total Drug Money	<u>8,408</u>	<u>22,300</u>	<u>0</u>	<u>22,300</u>
Police				
OMVI				
Personal Services	6,475	18,000	10,586	7,414
Materials and Supplies	<u>500</u>	<u>500</u>	<u>205</u>	<u>295</u>
Total OMVI	<u>6,975</u>	<u>18,500</u>	<u>10,791</u>	<u>7,709</u>
Immobilization				
Materials and Supplies	<u>1,697</u>	<u>4,500</u>	<u>0</u>	<u>4,500</u>
Miscellaneous				
Materials and Supplies	<u>4,336</u>	<u>11,500</u>	<u>0</u>	<u>11,500</u>
<i>Total Expenditures</i>	<u>21,416</u>	<u>56,800</u>	<u>10,791</u>	<u>46,009</u>
<i>Net Change in Fund Balance</i>	(7,738)	(44,000)	(305)	43,695
<i>Fund Balance Beginning of Year</i>	<u>177,333</u>	<u>177,333</u>	<u>177,333</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$169,595</u>	<u>\$133,333</u>	<u>\$177,028</u>	<u>\$43,695</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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions and Donations	\$14,320	\$13,400	\$13,825	\$425
Expenditures				
Current:				
Security of Persons and Property				
Police				
Materials and Supplies	3,658	9,700	1,388	8,312
Fire				
Materials and Supplies	2,752	7,300	2,059	5,241
Leisure Time Activities				
Senior Services Donations				
Other	4,780	11,944	3,062	8,882
<i>Total Expenditures</i>	11,190	28,944	6,509	22,435
<i>Net Change in Fund Balance</i>	3,130	(15,544)	7,316	22,860
<i>Fund Balance Beginning of Year</i>	57,424	57,424	57,424	0
Prior Year Encumbrances Appropriated	444	444	444	0
<i>Fund Balance End of Year</i>	\$60,998	\$42,324	\$65,184	\$22,860

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Coronavirus Relief Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,142,271	\$1,142,271	\$1,142,271	\$0
Expenditures				
Current:				
General Government				
Coronavirus Relief				
Materials and Supplies	110,000	110,000	109,578	422
Contractual Services	758,870	758,870	758,494	376
Capital Outlay	273,400	273,400	273,379	21
<i>Total Expenditures</i>	1,142,270	1,142,270	1,141,451	819
<i>Net Change in Fund Balance</i>	1	1	820	819
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$1	\$1	\$820	\$819

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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$108,400	\$1,600	\$1,500	(\$100)
Expenditures				
Current:				
Community Environment				
Enterprise Zone Monitoring				
Other	<u>2,870,270</u>	<u>3,176,270</u>	<u>3,042,843</u>	<u>133,427</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,761,870)	(3,174,670)	(3,041,343)	133,327
Other Financing Sources (Uses)				
Transfers In	<u>1,200,000</u>	<u>1,750,000</u>	<u>1,750,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,561,870)	(1,424,670)	(1,291,343)	133,327
<i>Fund Balance Beginning of Year</i>	1,535,600	1,535,600	1,535,600	0
Prior Year Encumbrances Appropriated	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,730</u></u>	<u><u>\$145,930</u></u>	<u><u>\$279,257</u></u>	<u><u>\$133,327</u></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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$1,000	\$200	\$0	(\$200)
Expenditures				
Current:				
Security of Persons and Property				
Police				
Police Training				
Materials and Supplies	2,500	2,500	60	2,440
Contractual Services	14,500	14,500	0	14,500
<i>Total Expenditures</i>	<u>17,000</u>	<u>17,000</u>	<u>60</u>	<u>16,940</u>
<i>Net Change in Fund Balance</i>	(16,000)	(16,800)	(60)	16,740
<i>Fund Balance Beginning of Year</i>	<u>43,013</u>	<u>43,013</u>	<u>43,013</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$27,013</u></u>	<u><u>\$26,213</u></u>	<u><u>\$42,953</u></u>	<u><u>\$16,740</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, 2020*

	<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>	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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$433,742	\$408,742	\$416,422	\$7,680
Intergovernmental	39,100	39,100	39,024	(76)
<i>Total Revenues</i>	<u>472,842</u>	<u>447,842</u>	<u>455,446</u>	<u>7,604</u>
Expenditures				
Capital Outlay	851,605	982,605	882,176	100,429
Debt Service:				
Principal Retirement	427,924	427,924	427,924	0
Interest and Fiscal Charges	30,953	30,953	30,953	0
<i>Total Expenditures</i>	<u>1,310,482</u>	<u>1,441,482</u>	<u>1,341,053</u>	<u>100,429</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(837,640)	(993,640)	(885,607)	108,033
Other Financing Sources (Uses)				
Transfers In	400,000	400,000	400,000	0
<i>Net Change in Fund Balance</i>	(437,640)	(593,640)	(485,607)	108,033
<i>Fund Balance Beginning of Year</i>	262,968	262,968	262,968	0
Prior Year Encumbrances Appropriated	463,623	463,623	463,623	0
<i>Fund Balance End of Year</i>	<u>\$288,951</u>	<u>\$132,951</u>	<u>\$240,984</u>	<u>\$108,033</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$189,000	\$109,000	\$100,000	(\$9,000)
Expenditures				
Capital Outlay	2,643,411	1,684,816	1,555,756	129,060
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,454,411)	(1,575,816)	(1,455,756)	120,060
Other Financing Sources (Uses)				
Transfers In	850,000	850,000	850,000	0
<i>Net Change in Fund Balance</i>	(1,604,411)	(725,816)	(605,756)	120,060
<i>Fund Balance Beginning of Year</i>	1,461,041	1,461,041	1,461,041	0
Prior Year Encumbrances Appropriated	406,566	406,566	406,566	0
<i>Fund Balance End of Year</i>	<u>\$263,196</u>	<u>\$1,141,791</u>	<u>\$1,261,851</u>	<u>\$120,060</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, 2020*

	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>	17,744	17,744	17,744	0
<i>Fund Balance End of Year</i>	<u>\$17,744</u>	<u>\$17,744</u>	<u>\$17,744</u>	<u>\$0</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, 2020*

	<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	\$37,934	\$127,000	\$85,039	(\$41,961)
Intergovernmental	51,927	115,000	116,407	1,407
Miscellaneous	139	300	314	14
<i>Total Revenues</i>	90,000	242,300	201,760	(40,540)
Expenditures				
Capital Outlay	1,381,518	1,209,018	1,105,304	103,714
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,291,518)	(966,718)	(903,544)	63,174
Other Financing Sources (Uses)				
Transfers In	700,000	700,000	700,000	0
<i>Net Change in Fund Balance</i>	(591,518)	(266,718)	(203,544)	63,174
<i>Fund Balance Beginning of Year</i>	406,546	406,546	406,546	0
Prior Year Encumbrances Appropriated	541,253	541,253	541,253	0
<i>Fund Balance End of Year</i>	<u>\$356,281</u>	<u>\$681,081</u>	<u>\$744,255</u>	<u>\$63,174</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, 2020*

	<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	\$100,000	\$200,000	\$200,000	\$0
Miscellaneous	0	50	46	(4)
<i>Total Revenues</i>	<u>100,000</u>	<u>200,050</u>	<u>200,046</u>	<u>(4)</u>
Expenses				
Contractual Services	158,507	157,610	137,422	20,188
Claims	36,403	57,300	32,570	24,730
<i>Total Expenses</i>	<u>194,910</u>	<u>214,910</u>	<u>169,992</u>	<u>44,918</u>
<i>Net Change in Fund Equity</i>	(94,910)	(14,860)	30,054	44,914
<i>Fund Equity Beginning of Year</i>	294,656	294,656	294,656	0
Prior Year Encumbrances Appropriated	4,910	4,910	4,910	0
<i>Fund Equity End of Year</i>	<u>\$204,656</u>	<u>\$284,706</u>	<u>\$329,620</u>	<u>\$44,914</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$5,306,718	\$5,324,718	\$5,309,771	(\$14,947)
Miscellaneous	35,500	35,500	37,605	2,105
<i>Total Revenues</i>	<u>5,342,218</u>	<u>5,360,218</u>	<u>5,347,376</u>	<u>(12,842)</u>
Expenses				
Personal Services	110,448	83,025	75,449	7,576
Contractual Services	1,380,652	1,037,848	945,269	92,579
Claims	5,557,076	4,177,303	3,796,122	381,181
<i>Total Expenses</i>	<u>7,048,176</u>	<u>5,298,176</u>	<u>4,816,840</u>	<u>481,336</u>
<i>Net Change in Fund Equity</i>	(1,705,958)	62,042	530,536	468,494
<i>Fund Equity Beginning of Year</i>	<u>2,595,409</u>	<u>2,595,409</u>	<u>2,595,409</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$889,451</u>	<u>\$2,657,451</u>	<u>\$3,125,945</u>	<u>\$468,494</u>

Statistical Section

For the Year Ended
December 31, 2020



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>2020 (1)</u>	<u>2019</u>	<u>2018 (2)</u>	<u>2017</u>
Governmental Activities				
Net Investment in Capital Assets	\$145,024,198	\$144,187,667	\$136,926,999	\$136,564,165
Restricted:				
Capital Projects	18,545,422	18,151,915	26,125,940	22,116,192
Debt Service	2,617,233	3,046,249	3,432,786	3,833,030
Street Construction, Maintenance and Repair	882,452	926,820	517,141	515,734
Landfill Improvement	0	0	0	0
Other Purposes	1,901,878	1,699,924	1,552,333	1,449,675
Unrestricted (Deficit)	<u>(28,990,456)</u>	<u>(25,723,699)</u>	<u>(40,545,969)</u>	<u>(38,369,322)</u>
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$139,980,727</u>	<u>\$142,288,876</u>	<u>\$128,009,230</u>	<u>\$126,109,474</u>
Business Type - Activities				
Net Investment in Capital Assets	\$60,122,772	\$61,625,677	\$59,272,280	\$54,926,993
Unrestricted	<u>5,621,192</u>	<u>4,364,567</u>	<u>5,755,527</u>	<u>9,355,376</u>
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$65,743,964</u>	<u>\$65,990,244</u>	<u>\$65,027,807</u>	<u>\$64,282,369</u>
Primary Government				
Net Investment in Capital Assets	\$205,146,970	\$205,813,344	\$196,199,279	\$191,491,158
Restricted	23,946,985	23,824,908	31,628,200	27,914,631
Unrestricted	<u>(23,369,264)</u>	<u>(21,359,132)</u>	<u>(34,790,442)</u>	<u>(29,013,946)</u>
<i>Total Primary Government</i>				
<i>Net Position</i>	<u>\$205,724,691</u>	<u>\$208,279,120</u>	<u>\$193,037,037</u>	<u>\$190,391,843</u>

(1) In 2020, The City implemented GASB 83 which affected net position for 2019.

(2) In 2018, The City implemented GASB 75 which affected net position for 2017.

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

2016	2015 (3)	2014	2013	2012	2011
\$136,356,122	\$134,680,020	\$132,982,006	\$129,835,381	\$131,699,509	\$116,112,789
19,842,142	15,834,281	15,842,874	14,110,621	9,310,451	6,925,143
4,238,412	4,730,040	5,218,753	5,029,412	5,437,648	7,219,254
558,702	576,184	758,805	932,586	1,012,409	1,070,267
0	0	0	126,143	405,313	641,520
1,298,179	1,241,761	4,489,465	2,440,106	924,004	1,102,110
(10,244,131)	(9,313,888)	(10,005,809)	17,480,395	15,590,196	13,281,133
<u>\$152,049,426</u>	<u>\$147,748,398</u>	<u>\$149,286,094</u>	<u>\$169,954,644</u>	<u>\$164,379,530</u>	<u>\$146,352,216</u>
\$53,270,749	\$54,911,896	\$53,710,234	\$53,266,832	\$53,582,076	\$52,758,649
10,349,489	9,243,031	9,232,600	9,479,041	7,845,110	6,906,080
<u>\$63,620,238</u>	<u>\$64,154,927</u>	<u>\$62,942,834</u>	<u>\$62,745,873</u>	<u>\$61,427,186</u>	<u>\$59,664,729</u>
\$189,626,871	\$189,591,916	\$186,692,240	\$183,102,213	\$185,281,585	\$168,871,438
25,937,435	22,382,266	26,309,897	22,638,868	17,089,825	16,958,294
105,358	(70,857)	(773,209)	26,959,436	23,435,306	20,187,213
<u>\$215,669,664</u>	<u>\$211,903,325</u>	<u>\$212,228,928</u>	<u>\$232,700,517</u>	<u>\$225,806,716</u>	<u>\$206,016,945</u>

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

	2020	2019	2018 (2)	2017
Program Revenues				
Governmental Activities:				
Charges for Services:				
Security of Persons and Property				
Police	\$716,921	\$1,116,551	\$1,096,397	\$998,579
Fire	1,200,831	1,527,559	1,474,418	1,351,809
Prosecutor (1)	0	0	0	0
Public Health and Welfare	11,409	14,637	13,356	12,279
Leisure Time Activities	451,113	844,400	847,509	814,787
Community Environment	169,069	276,462	232,863	203,710
Basic Utility Services	179,475	252,296	253,210	251,580
Transportation	320,388	687,703	568,334	414,007
General Government	533,854	814,705	790,794	1,181,022
Operating Grants and Contributions	2,553,140	1,806,527	1,350,466	1,370,182
Capital Grants, Contributions and Assessments	207,608	3,013,349	422,830	1,082,903
<i>Total Governmental Activities Program Revenues</i>	<u>6,343,808</u>	<u>10,354,189</u>	<u>7,050,177</u>	<u>7,680,858</u>
Business-Type Activities:				
Charges for Services:				
Water Reclamation	5,088,684	5,717,912	5,874,922	5,412,445
Grantwood Recreation	1,095,214	969,527	924,502	931,038
Operating Grants and Contributions	0	0	0	0
Capital Grants, Contributions and Assessments	0	0	0	0
<i>Total Business-Type Activities Program Revenues</i>	<u>6,183,898</u>	<u>6,687,439</u>	<u>6,799,424</u>	<u>6,343,483</u>
<i>Total Primary Government Program Revenues</i>	<u>12,527,706</u>	<u>17,041,628</u>	<u>13,849,601</u>	<u>14,024,341</u>
Expenses				
Governmental Activities:				
Security of Persons and Property				
Police	11,096,232	4,093,882	11,933,398	9,696,575
Fire	10,837,198	(1,018,701)	11,648,401	9,202,443
Prosecutor (1)	0	0	0	0
Public Health and Welfare	135,318	119,025	108,236	93,367
Leisure Time Activities	4,432,568	7,094,705	6,476,806	6,073,088
Community Environment	5,395,590	5,253,855	3,471,353	2,927,294
Basic Utility Services	3,438,768	3,576,263	3,182,746	3,136,684
Transportation	15,184,101	16,100,717	13,021,105	11,525,898
General Government	9,552,083	8,182,190	7,654,588	10,345,336
Interest and Fiscal Charges	115,306	137,422	144,951	156,092
<i>Total Governmental Activities Expenses</i>	<u>60,187,164</u>	<u>43,539,358</u>	<u>57,641,584</u>	<u>53,156,777</u>
Business-Type Activities				
Water Reclamation	5,763,340	8,006,546	5,187,947	4,870,073
Grantwood Recreation	881,833	1,149,863	1,051,938	1,093,075
<i>Total Business-Type Activities Expenses</i>	<u>6,645,173</u>	<u>9,156,409</u>	<u>6,239,885</u>	<u>5,963,148</u>
<i>Total Primary Government Program Expenses</i>	<u>66,832,337</u>	<u>52,695,767</u>	<u>63,881,469</u>	<u>59,119,925</u>
Net (Expense)/Revenue				
Governmental Activities	(53,843,356)	(33,185,169)	(50,591,407)	(45,475,919)
Business-Type Activities	(461,275)	(2,468,970)	559,539	380,335
<i>Total Primary Government Net Expense</i>	<u>(\$54,304,631)</u>	<u>(\$35,654,139)</u>	<u>(\$50,031,868)</u>	<u>(\$45,095,584)</u>

2016	2015 (3)	2014	2013	2012	2011
\$971,822	\$506,861	\$378,418	\$332,192	\$457,894	\$354,441
1,356,148	977,231	792,556	778,753	811,123	711,236
0	0	0	11,105	13,582	10,242
12,448	6,492	4,795	4,259	5,209	3,391
802,420	2,413,658	3,095,565	3,155,533	3,195,633	3,165,390
204,366	108,610	74,866	64,887	171,619	124,986
221,201	131,537	107,745	89,937	117,275	73,489
403,944	219,444	179,665	164,649	265,769	201,984
1,308,267	797,517	479,069	435,208	287,796	237,449
1,391,073	1,384,483	1,397,904	1,342,871	1,396,049	1,407,239
1,292,479	765,240	4,424,025	612,187	1,587,921	149,004
<u>7,964,168</u>	<u>7,311,073</u>	<u>10,934,608</u>	<u>6,991,581</u>	<u>8,309,870</u>	<u>6,438,851</u>
5,470,471	5,432,617	6,128,207	6,676,379	6,419,239	7,797,724
952,342	993,270	1,005,682	1,041,292	1,093,922	951,371
0	0	0	0	0	158,528
0	0	0	52,843	0	0
<u>6,422,813</u>	<u>6,425,887</u>	<u>7,133,889</u>	<u>7,770,514</u>	<u>7,513,161</u>	<u>8,907,623</u>
<u>14,386,981</u>	<u>13,736,960</u>	<u>18,068,497</u>	<u>14,762,095</u>	<u>15,823,031</u>	<u>15,346,474</u>
9,698,435	8,559,644	8,237,667	8,007,356	9,007,166	8,501,513
9,044,688	7,819,699	7,615,180	7,334,283	8,248,104	8,137,648
0	0	0	251,821	246,888	258,477
95,638	92,425	93,873	96,589	94,691	85,571
5,635,865	5,584,774	5,301,362	5,676,149	6,588,533	6,594,011
2,945,530	2,529,159	2,508,436	2,349,548	3,087,942	2,793,632
2,700,942	2,750,465	2,998,985	2,963,992	2,921,098	2,668,113
12,913,892	11,007,744	11,674,750	10,795,448	13,093,694	14,847,835
11,267,584	11,358,095	9,881,256	9,642,905	5,857,841	5,426,644
157,870	181,061	198,713	217,759	440,111	533,090
<u>54,460,444</u>	<u>49,883,066</u>	<u>48,510,222</u>	<u>47,335,850</u>	<u>49,586,068</u>	<u>49,846,534</u>
5,946,619	5,428,605	5,502,840	5,439,254	5,302,029	5,265,324
1,108,103	1,044,679	1,054,277	1,074,235	1,191,495	1,048,003
<u>7,054,722</u>	<u>6,473,284</u>	<u>6,557,117</u>	<u>6,513,489</u>	<u>6,493,524</u>	<u>6,313,327</u>
<u>61,515,166</u>	<u>56,356,350</u>	<u>55,067,339</u>	<u>53,849,339</u>	<u>56,079,592</u>	<u>56,159,861</u>
(46,496,276)	(42,571,993)	(37,575,614)	(40,344,269)	(41,276,198)	(43,407,683)
(631,909)	(47,397)	576,772	1,257,025	1,019,637	2,594,296
<u>(\$47,128,185)</u>	<u>(\$42,619,390)</u>	<u>(\$36,998,842)</u>	<u>(\$39,087,244)</u>	<u>(\$40,256,561)</u>	<u>(\$40,813,387)</u>

(continued)

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

	2020	2019	2018 (2)	2017
General Revenues and Other Changes in Net Position				
Governmental Activities				
Property Taxes Levied For:				
General Purposes	\$1,342,758	\$1,528,401	\$1,395,261	\$1,397,663
Debt Service	323,615	334,193	314,629	312,624
Police Pension	868,482	891,141	838,985	833,618
Fire Pension	1,310,915	1,336,726	1,258,440	1,250,403
Service and Safety Equipment	415,327	416,708	410,978	407,020
Municipal Income Taxes levied for:				
General Purposes	33,844,780	32,419,796	34,660,499	33,154,459
Infrastructure	11,281,593	10,806,597	11,604,180	11,051,486
General Capital Improvements	85,039	0	73,864	110,080
Grants and Entitlements not Restricted to Specific Programs	665,303	644,963	532,235	466,778
Unrestricted Contributions	3,308	370	5,342	18,508
Investment Income	827,102	1,610,064	956,232	522,685
Gain on Sale of Capital Assets	88,159	58,884	23,284	45,460
Miscellaneous	530,183	612,255	483,933	363,966
Total Governmental Activities General Revenues	51,586,564	50,660,098	52,557,862	49,934,750
Special Item - Bainbridge Road Improvements Transfers	0	0	0	0
	<u>(51,357)</u>	<u>(3,195,283)</u>	<u>(66,699)</u>	<u>(1,135,226)</u>
Total Governmental Activities	51,535,207	47,464,815	52,491,163	48,799,524
Business-Type Activities				
Investment Income	122,524	194,691	97,748	111,384
Gain on Sale of Capital Assets	16,600	0	0	0
Miscellaneous	24,514	41,433	21,452	21,134
Total Business-Type Activities General Revenues	163,638	236,124	119,200	132,518
Transfers	51,357	3,195,283	66,699	1,135,226
Total Business-Type Activities	214,995	3,431,407	185,899	1,267,744
Total Primary Government General Revenues and Other Changes in Net Position	51,750,202	50,896,222	52,677,062	50,067,268
Change in Net Position				
Governmental Activities	(2,308,149)	14,279,646	1,899,756	3,323,605
Business-Type Activities	(246,280)	962,437	745,438	1,648,079
Total Primary Government Change in Net Position	<u>(\$2,554,429)</u>	<u>\$15,242,083</u>	<u>\$2,645,194</u>	<u>\$4,971,684</u>

- (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.75 beginning in 2018.
- (3) Expenses are first impacted by the implementation of GASB Statement No.68 beginning in 2015.

2016	2015 (3)	2014	2013	2012	2011
\$1,412,703	\$1,367,077	\$1,800,977	\$2,027,253	\$1,358,974	\$1,338,758
309,818	295,964	386,528	576,082	1,282,647	1,419,400
826,217	789,297	779,430	403,397	403,221	407,280
1,239,300	1,183,923	603,692	583,335	604,834	610,920
402,273	396,031	389,085	387,456	388,325	389,788
33,557,318	26,802,677	30,826,373	29,856,263	30,796,894	29,071,231
11,332,440	9,080,861	10,262,562	9,999,877	9,791,741	9,524,829
106,435	91,791	83,629	85,948	76,524	78,167
559,695	588,171	797,599	1,452,480	1,896,700	1,846,601
37	0	0	0	0	0
232,429	312,338	366,629	(55,709)	171,550	607,074
33,087	82,178	66,285	32,754	65,299	47,632
803,141	1,213,331	1,064,259	570,247	834,994	522,228
50,814,893	42,203,639	47,427,048	45,919,383	47,671,703	45,863,908
0	0	0	0	12,223,401	0
(17,589)	(1,169,342)	(637,298)	0	(591,592)	289,935
50,797,304	41,034,297	46,789,750	45,919,383	59,303,512	46,153,843
38,721	56,418	59,949	(3,627)	52,757	0
0	4,500	1,270	0	55,950	0
40,910	29,230	38,532	65,289	42,521	76,617
79,631	90,148	99,751	61,662	151,228	76,617
17,589	1,169,342	637,298	0	591,592	(289,935)
97,220	1,259,490	737,049	61,662	742,820	(213,318)
50,894,524	42,293,787	47,526,799	45,981,045	60,046,332	45,940,525
4,301,028	(1,537,696)	9,214,136	5,575,114	18,027,314	2,746,160
(534,689)	1,212,093	1,313,821	1,318,687	1,762,457	2,380,978
\$3,766,339	(\$325,603)	\$10,527,957	\$6,893,801	\$19,789,771	\$5,127,138

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund				
Nonspendable	\$1,408,068	\$1,018,776	\$1,084,738	\$861,423
Restricted	0	0	0	0
Committed	680,224	527,224	652,201	512,701
Assigned	1,303,408	2,892,005	3,543,075	2,777,126
Unassigned	<u>25,705,828</u>	<u>25,846,574</u>	<u>26,944,145</u>	<u>25,996,199</u>
Total General Fund	<u>29,097,528</u>	<u>30,284,579</u>	<u>32,224,159</u>	<u>30,147,449</u>
All Other Governmental Funds				
Restricted	18,650,693	17,480,218	24,934,602	22,028,619
Committed	475,987	418,656	378,455	337,159
Assigned	<u>1,504,267</u>	<u>1,760,457</u>	<u>0</u>	<u>0</u>
Total All Other Governmental Funds	<u>20,630,947</u>	<u>19,659,331</u>	<u>25,313,057</u>	<u>22,365,778</u>
Total Governmental Funds	<u><u>\$49,728,475</u></u>	<u><u>\$49,943,910</u></u>	<u><u>\$57,537,216</u></u>	<u><u>\$52,513,227</u></u>

2016	2015	2014	2013	2012	2011
\$881,664	\$973,400	\$1,045,014	\$892,677	\$912,423	\$732,687
0	0	0	0	0	377
516,465	259,789	208,801	188,187	557,390	1,003,676
3,940,992	6,860,864	1,477,408	1,971,534	911,372	909,960
22,452,316	19,853,352	27,905,155	23,790,512	22,232,615	20,646,611
27,791,437	27,947,405	30,636,378	26,842,910	24,613,800	23,293,311
18,854,940	15,874,447	16,355,734	15,447,234	11,107,256	9,577,187
380,959	652,048	1,101,454	1,281,567	925,688	1,012,836
0	0	0	0	0	0
19,235,899	16,526,495	17,457,188	16,728,801	12,032,944	10,590,023
\$47,027,336	\$44,473,900	\$48,093,566	\$43,571,711	\$36,646,744	\$33,883,334

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

	2020	2019	2018	2017
Revenues				
Property Taxes	\$4,263,130	\$4,514,953	\$4,201,895	\$4,189,477
Municipal Income Taxes	43,872,642	44,141,686	45,618,936	43,223,204
Special Assessments	380,078	430,061	351,465	361,666
Intergovernmental	4,448,049	4,078,715	2,148,331	3,552,717
Investment Income	827,102	1,610,064	956,232	522,685
Fees, Licenses and Permits	1,156,641	1,066,061	884,906	882,786
Fines and Forfeitures	217,674	313,167	325,438	308,255
Rentals	5,113	8,944	21,168	23,976
Charges for Services	2,211,810	4,176,279	4,007,464	3,986,920
Contributions and Donations	40,307	191,157	52,810	91,313
Miscellaneous	485,654	596,578	527,193	347,190
Total Revenues	57,908,200	61,127,665	59,095,838	57,490,189
Expenditures				
Current:				
Security of Persons and Property				
Police	9,430,330	9,935,749	9,457,806	8,214,938
Fire	9,113,979	9,854,824	8,824,637	7,805,118
Prosecutor (1)	0	0	0	0
Public Health and Welfare	135,318	119,025	108,236	93,367
Leisure Time Activities	3,529,284	5,584,748	5,373,466	4,953,838
Community Environment	5,116,730	4,778,538	3,291,668	2,628,519
Basic Utility Services	2,103,814	2,066,538	2,026,723	1,895,966
Transportation	5,222,174	6,623,456	5,604,925	4,289,130
General Government	8,887,712	7,018,657	6,570,720	9,284,825
Capital Outlay	13,474,210	21,930,122	12,077,651	11,596,976
Debt Service:				
Principal Retirement	1,095,483	853,070	799,839	684,821
Interest and Fiscal Charges	129,686	141,124	152,673	155,260
Total Expenditures	58,238,720	68,905,851	54,288,344	51,602,758
Excess of Revenues Over (Under) Expenditures	(330,520)	(7,778,186)	4,807,494	5,887,431
Other Financing Sources (Uses)				
Sale of Capital Assets	115,085	67,580	34,793	45,460
Inception of Capital Lease	0	267,300	181,702	620,700
Transfers In	2,000,000	2,300,000	2,598,000	1,084,000
Transfers Out	(2,000,000)	(2,450,000)	(2,598,000)	(2,151,700)
Total Other Financing Sources (Uses)	115,085	184,880	216,495	(401,540)
Net Change in Fund Balances	(\$215,435)	(\$7,593,306)	\$5,023,989	\$5,485,891
Debt Service as a Percentage of Noncapital Expenditures	2.5%	1.8%	2.1%	1.9%

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

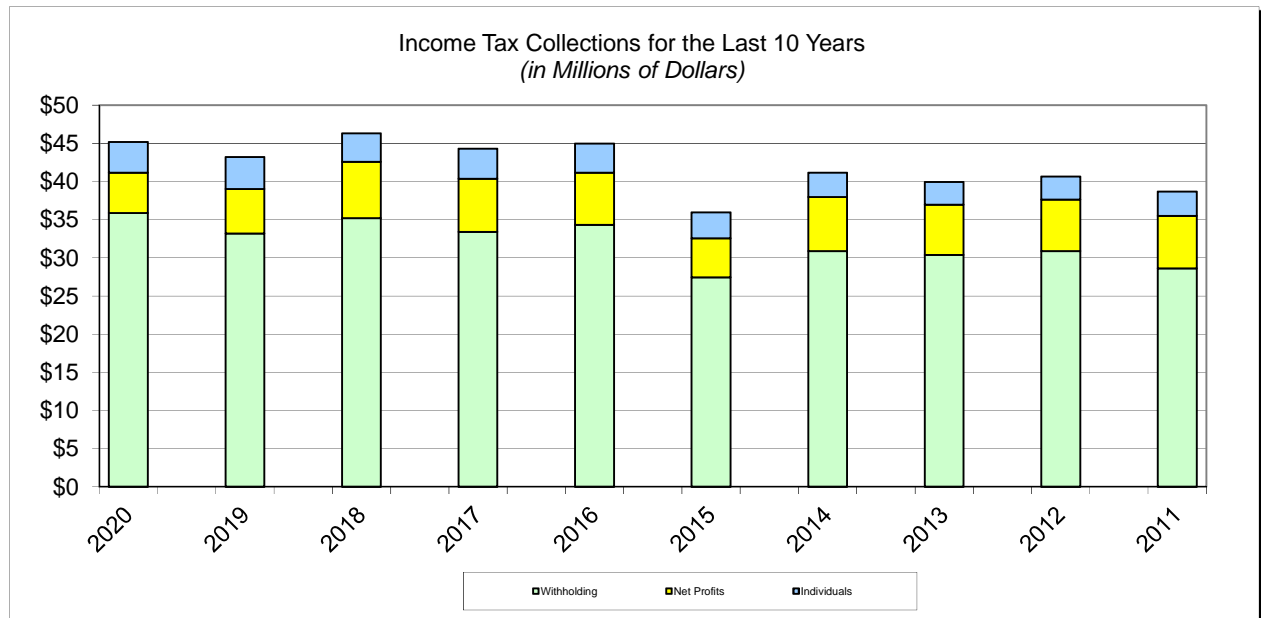
2016	2015	2014	2013	2012	2011
\$4,175,821	\$4,022,407	\$3,975,911	\$3,990,357	\$4,084,821	\$4,175,477
42,913,756	36,289,382	41,225,082	39,837,052	40,209,345	38,635,456
379,417	359,689	607,313	601,538	708,400	722,102
2,470,259	2,764,421	5,075,368	3,267,683	4,734,703	3,369,326
232,429	312,338	366,629	(55,709)	171,550	607,074
965,827	1,034,147	995,024	712,763	1,079,485	722,408
339,901	305,412	341,694	364,383	372,559	397,909
25,522	24,796	29,605	31,187	25,319	31,134
3,977,983	3,711,139	3,746,356	3,928,190	3,848,537	3,741,157
62,456	77,262	91,552	137,481	156,356	98,588
995,495	1,008,383	1,061,743	574,959	844,994	522,228
<u>56,538,866</u>	<u>49,909,376</u>	<u>57,516,277</u>	<u>53,389,884</u>	<u>56,236,069</u>	<u>53,022,859</u>
8,239,576	7,873,259	7,738,602	7,563,495	8,538,190	8,077,151
7,279,576	7,111,110	7,036,681	6,960,704	7,877,662	7,444,523
0	0	0	251,157	246,909	257,217
95,638	92,425	93,873	96,589	94,691	85,571
4,815,387	4,822,756	4,784,990	5,009,856	5,952,381	6,023,319
2,829,943	2,506,900	2,503,875	2,313,356	3,075,063	2,838,647
1,701,869	1,917,474	2,123,557	2,064,763	2,002,298	1,894,005
4,282,843	4,410,331	4,886,506	4,875,931	5,983,241	6,181,872
10,319,191	10,747,164	8,926,410	9,116,673	4,649,342	4,966,488
14,090,264	13,260,578	14,044,012	7,134,614	9,245,520	10,388,586
765,143	701,923	714,860	884,521	5,415,516	2,070,153
165,696	189,953	207,341	230,001	469,946	546,106
<u>54,585,126</u>	<u>53,633,873</u>	<u>53,060,707</u>	<u>46,501,660</u>	<u>53,550,759</u>	<u>50,773,638</u>
<u>1,953,740</u>	<u>(3,724,497)</u>	<u>4,455,570</u>	<u>6,888,224</u>	<u>2,685,310</u>	<u>2,249,221</u>
45,650	104,831	66,285	36,743	78,100	66,462
554,046	0	0	0	0	0
4,767,512	3,072,067	2,105,000	3,002,761	5,300,000	4,363,775
<u>(4,767,512)</u>	<u>(3,072,067)</u>	<u>(2,105,000)</u>	<u>(3,002,761)</u>	<u>(5,300,000)</u>	<u>(4,063,840)</u>
<u>599,696</u>	<u>104,831</u>	<u>66,285</u>	<u>36,743</u>	<u>78,100</u>	<u>366,397</u>
<u>\$2,553,436</u>	<u>(\$3,619,666)</u>	<u>\$4,521,855</u>	<u>\$6,924,967</u>	<u>\$2,763,410</u>	<u>\$2,615,618</u>
2.0%	2.0%	2.1%	2.7%	12.4%	5.7%

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

Tax Year (1)	Tax Rate (2)	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2020	2.00 %	\$45,211,412	35,902,860	79.41%	\$5,267,094	11.65%	\$4,041,458	8.94%
2019	2.00	43,226,393	33,205,672	76.82	5,814,871	13.45	4,205,850	9.73
2018	2.00	46,338,543	35,206,650	75.98	7,391,788	15.95	3,740,105	8.07
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

(1) 2011 through 2020 are on a full 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.

2020 Taxpayers	Ranking
Nestle USA Inc.	1
Swagelok Manufacturing Co LLC	2
Solon City School District	3
MRI Software LLC	4
Erico International Corp (1)	5
The Cleveland Clinic Foundation	6
City of Solon	7
Great Lakes Cold Storage (2)	8
Tarkett USA Inc.	9
Caremark LLC	10

2011 Taxpayers	Ranking
Swagelok Manufacturing Co LLC	1
Nestle USA Inc.	2
Keithley Instruments Inc.	3
Solon City School District	4
Erico International Corp (1)	5
City of Solon	6
Parker Hannifin	7
National Enterprise Systems Inc.	8
Friction Products Company	9
LPS Management LLC	10

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

- (1) Erico International Corp. operates under the business name nVent
- (2) Group Management Services, Inc. files withholding payments on behalf of Great Lakes Cold Storage.

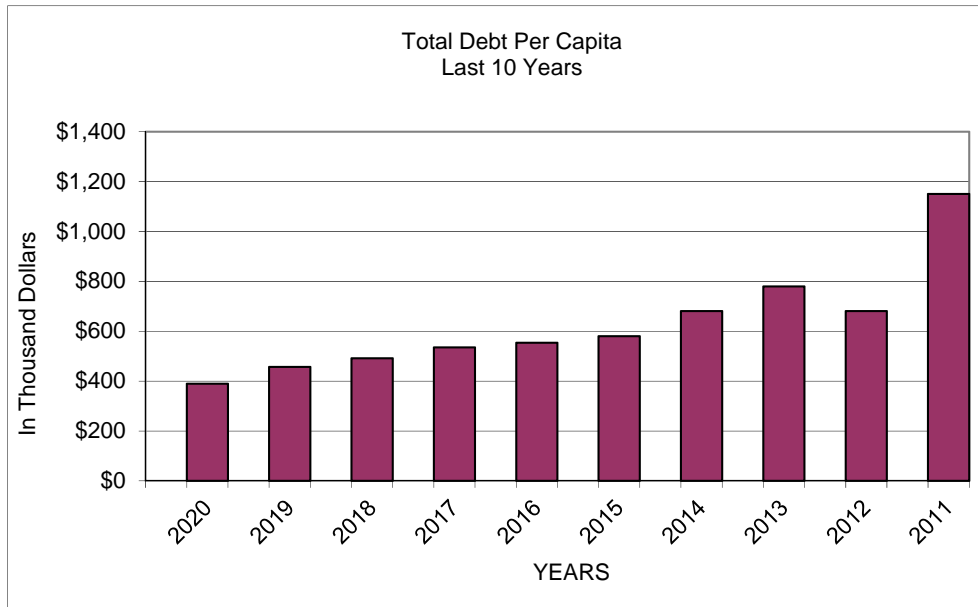
Source: Information provided by City's Finance Department.

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
2020	\$0	\$0	\$3,508,067	\$0	\$697,558
2019	0	0	4,175,626	0	1,125,482
2018	0	0	4,827,211	0	1,059,667
2017	0	0	5,463,259	0	1,041,756
2016	0	0	6,084,196	0	484,940
2015	0	0	6,780,233	0	0
2014	0	0	7,458,349	23,807	0
2013	0	0	8,119,077	77,939	0
2012	0	0	8,942,950	138,587	0
2011	4,470,000	84,895	9,742,923	199,235	0

(1) Personal income and population are located on S22.



Business-Type
Activities

<u>OWDA Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$4,725,997	\$8,931,622	0.77%	\$390
5,165,007	10,466,115	0.90	457
5,590,509	11,477,387	1.05	492
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

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>
2020	22,911	\$3,464,298,258	\$0	0.00 %	\$0.00
2019	22,911	3,450,566,988	0	0.00	\$0.00
2018	22,911	3,267,531,014	0	0.00	0.00
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	4,470,000	0.14	191.45
2011	23,348	3,232,882,651	5,620,000	0.17	240.71

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, 2020

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Solon
Direct - City of Solon			
OWDA Loans	\$3,508,067	100.00%	\$3,508,067
Capital Leases	697,558	100.00%	697,558
<i>Total Direct</i>	<u>4,205,625</u>		<u>4,205,625</u>
Overlapping			
Solon City School District			
General Obligation Bonds	3,605,000	97.86%	3,527,853
Orange School District			
General Obligation Bonds	10,660,721	2.14%	228,139
Capital Lease Obligations	216,100	2.14%	4,625
Cuyahoga County			
General Obligation Bonds	279,060,534	3.87%	10,799,643
Revenue Bonds	496,276,119	3.87%	19,205,886
Certificates of Participation	210,750,127	3.87%	8,156,030
Loans Payable	1,285,374	3.87%	49,744
Capital Lease Obligations	279,007,697	3.87%	10,797,598
Greater Cleveland Regional Transit Authority			
	<u>127,504,434</u>	3.87%	<u>4,934,422</u>
<i>Total Overlapping Debt</i>	<u>1,408,366,106</u>		<u>57,703,939</u>
Total	<u><u>\$1,412,571,731</u></u>		<u><u>\$61,909,564</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.

Source: Cuyahoga County Fiscal Officer

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

	2020	2019	2018	2017
Population	22,911	22,911	22,911	23,348
Total Assessed Property Value	<u>\$1,230,087,610</u>	<u>\$1,224,082,890</u>	<u>\$1,159,280,190</u>	<u>\$1,158,870,930</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$0	\$0	\$0	\$0
Special Assessment Bonds	0	0	0	0
OPWC Loans	0	0	0	0
OWDA Loans	<u>8,234,064</u>	<u>9,340,633</u>	<u>10,417,720</u>	<u>11,466,176</u>
Total Gross Indebtedness	8,234,064	9,340,633	10,417,720	11,466,176
Less:				
Special Assessment Bonds	0	0	0	0
OWDA Loans	(8,234,064)	(9,340,633)	(10,417,720)	(11,466,176)
General Obligation Bond Retirement Fund Balance (1)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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>129,159,199</u>	<u>128,528,703</u>	<u>121,724,420</u>	<u>121,681,448</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$129,159,199</u>	<u>\$128,528,703</u>	<u>\$121,724,420</u>	<u>\$121,681,448</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>\$67,654,819</u>	<u>\$67,324,559</u>	<u>\$63,760,410</u>	<u>\$63,737,901</u>
Total Gross Indebtedness	8,234,064	9,340,633	10,417,720	11,466,176
Less:				
Voted General Obligation Bonds	0	0	0	0
Special Assessment Bonds	0	0	0	0
OWDA Loans	(8,234,064)	(9,340,633)	(10,417,720)	(11,466,176)
General Obligation Bond Retirement Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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>\$67,654,819</u>	<u>\$67,324,559</u>	<u>\$63,760,410</u>	<u>\$63,737,901</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 2014, the Bond Retirement Fund Balance was limited to the outstanding balance of OPWC debt

2016	2015	2014	2013	2012	2011
23,348	23,348	23,348	23,348	23,348	23,348
<u>\$1,153,594,870</u>	<u>\$1,104,634,310</u>	<u>\$1,106,828,600</u>	<u>\$1,101,210,810</u>	<u>\$1,138,853,530</u>	<u>\$1,141,833,370</u>
\$0	\$0	\$0	\$0	\$0	\$4,470,000
0	0	0	0	0	84,895
0	0	23,807	77,939	138,587	199,235
<u>12,446,933</u>	<u>13,538,874</u>	<u>15,875,219</u>	<u>18,144,090</u>	<u>20,484,437</u>	<u>22,124,447</u>
12,446,933	13,538,874	15,899,026	18,222,029	20,623,024	26,878,577
0	0	0	0	0	(84,895)
<u>(12,446,933)</u>	<u>(13,538,874)</u>	<u>(15,875,219)</u>	<u>(18,144,090)</u>	<u>(20,484,437)</u>	<u>(22,124,447)</u>
0	0	(23,807)	(77,939)	(138,587)	(2,114,990)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,554,245</u>
121,127,461	115,986,603	116,217,003	115,627,135	119,579,621	119,892,504
<u>\$121,127,461</u>	<u>\$115,986,603</u>	<u>\$116,217,003</u>	<u>\$115,627,135</u>	<u>\$119,579,621</u>	<u>\$117,338,259</u>
100.00%	100.00%	100.00%	100.00%	100.00%	97.87%
<u>\$63,447,718</u>	<u>\$60,754,887</u>	<u>\$60,875,573</u>	<u>\$60,566,595</u>	<u>\$62,636,944</u>	<u>\$62,800,835</u>
12,446,933	13,538,874	15,899,026	18,222,029	20,623,024	26,878,577
0	0	0	0	0	(240,000)
0	0	0	0	0	(84,895)
<u>(12,446,933)</u>	<u>(13,538,874)</u>	<u>(15,875,219)</u>	<u>(18,144,090)</u>	<u>(20,484,437)</u>	<u>(22,124,447)</u>
0	0	(23,807)	(77,939)	(138,587)	(2,114,990)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,314,245</u>
<u>\$63,447,718</u>	<u>\$60,754,887</u>	<u>\$60,875,573</u>	<u>\$60,566,595</u>	<u>\$62,636,944</u>	<u>\$60,486,590</u>
100.00%	100.00%	100.00%	100.00%	100.00%	96.31%

City of Solon, Ohio
Principal Employers
Current Year and Nine Years Ago

2020		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Manufacturing Co LLC	3,407	10.78 %
Nestle USA Inc.	2,616	8.28
Great Lakes Cold Storage (1)	1,092	3.46
Solon City School District	965	3.05
The Cleveland Clinic Foundation	777	2.46
Erico International Corp (2)	642	2.03
City of Solon	638	2.02
Caremark LLC	590	1.87
MRI Software LLC	532	1.68
Tarkett USA Inc.	221	0.70
Total	11,480	36.33 %
Total W-2's Received	31,601	

2011		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Manufacturing Co LLC	2,942	6.27 %
Nestle USA Inc.	2,086	4.45
Solon City School District	1,093	2.33
National Enterprise Systems Inc.	880	1.88
City of Solon	870	1.85
The Cleveland Clinic	612	1.30
Pennsylvania Life	583	1.24
Erico International Corp (2)	543	1.16
Renaissance Hotel Operating	452	0.96
LPS Management LLC	447	0.95
Total	10,508	22.39 %
Total W-2's Received	46,927	

Note: Current year W2 data is for tax year 2020 as provided by the Regional Income Tax Agency.

(1) Group Management Services, Inc. files withholding payments on behalf of Great Lakes Cold Storage.

(2) Erico International Corp. operates under the business name nVent

Source: Information provided by City's Finance Department.

(This page intentionally left blank.)

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2020	22,911	\$1,163,558,046	\$50,786	\$104,625	44
2019	22,911	1,163,558,046	50,786	104,625	44
2018	22,911	1,163,558,046	50,786	104,625	44
2017	23,348	1,185,751,528	50,786	104,625	44
2016	23,348	1,185,751,528	50,786	104,625	44
2015	23,348	1,185,751,528	50,786	104,625	44
2014	23,348	1,185,751,528	50,786	104,625	44
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

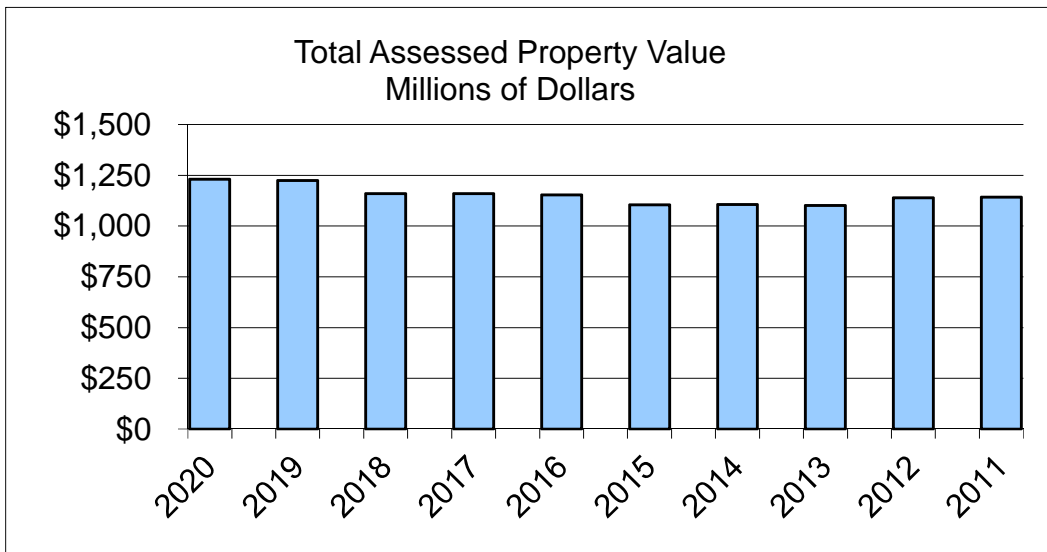
(1) Source: U.S. Census

(2) Source: Ohio Dept of Education Website: "<http://education.ohio.gov>"

(3) Ohio Labor Market Website: "<http://ohiolmi.com/>"

(4) Cuyahoga County Fiscal Office

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



<u>Educational Attainment: Bachelor's Degree or Higher (1)</u>	<u>School Enrollment (2)</u>	<u>Cuyahoga County Unemployment Rate (3)</u>	<u>Total Assessed Property Value (4)</u>
61.3%	4,499	5.6%	\$1,230,087,610
61.3	4,533	4.2	1,224,082,890
61.3	4,527	4.8	1,159,280,190
61.3	4,585	5.6	1,158,870,930
61.3	4,645	5.4	1,153,594,870
61.3	4,717	5.1	1,104,634,310
61.3	4,854	6.2	1,106,828,600
57.0	4,975	7.0	1,101,210,810
57.0	5,077	6.8	1,138,853,530
57.0	5,171	7.6	1,141,833,370

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

Function/Program	2020	2019	2018	2017
Security of Persons and Property				
Police	49.00	49.00	46.00	46.00
Dispatch and Clerks	8.00	8.00	8.00	7.00
Corrections	10.00	10.00	10.00	10.00
Fire	62.00	62.00	59.00	59.00
Leisure Time Activities				
Recreation	10.00	13.00	13.00	13.00
Senior Services	6.00	7.00	7.00	6.00
Arts Center	4.00	4.00	4.00	4.00
Grantwood Golf Course	6.00	6.00	6.00	6.00
Community Environment				
Planning	6.00	6.00	7.00	7.00
Building	2.00	2.00	2.00	2.00
Engineering	10.00	10.00	10.00	11.00
Public Works	1.00	1.00	0.00	0.00
Business Development	1.00	1.00	0.00	0.00
Basic Utility Services				
Water Reclamation	17.00	17.00	17.00	17.00
Transportation				
Service	67.00	67.00	66.00	68.00
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	6.00	6.00	6.00
Income Tax	0.00	0.00	0.00	0.00
Prosecutor Clerk	0.00	0.00	0.00	0.00
Human Resources	1.00	1.00	1.00	1.00
Network Administrator	3.00	3.00	3.00	2.00
City Hall Custodial	2.00	2.00	2.00	1.00
Receptionist	1.00	1.00	1.00	1.00
Totals:	<u>276.00</u>	<u>280.00</u>	<u>272.00</u>	<u>271.00</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
46.00	47.00	46.00	46.00	46.00	44.00
8.00	17.00	18.00	17.00	17.00	18.00
11.00	10.00	10.00	10.00	10.00	7.00
59.00	59.00	59.00	57.00	57.00	58.00
13.00	11.00	11.00	12.00	12.00	12.00
5.00	4.00	4.00	4.00	4.00	4.00
4.00	4.00	4.00	3.00	2.00	4.00
6.00	4.00	5.00	5.00	5.00	5.00
7.00	6.00	6.00	6.00	6.00	6.00
2.00	3.00	3.00	3.00	3.00	3.00
10.00	11.00	9.00	8.00	9.00	10.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
17.00	17.00	17.00	17.00	18.00	17.00
68.00	65.00	65.00	68.00	69.00	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
7.00	10.00	11.00	10.00	9.00	10.00
0.00	0.00	2.00	4.00	4.00	4.00
0.00	0.00	0.00	1.00	1.00	1.00
2.00	2.00	2.00	1.00	2.00	2.00
3.00	3.00	3.00	3.00	3.00	3.00
1.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00
<u>274.00</u>	<u>280.00</u>	<u>282.00</u>	<u>282.00</u>	<u>284.00</u>	<u>283.00</u>

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

Function/Program	2020	2019	2018	2017
Security of Persons & Property				
Police				
Number of traffic citations issued	2,524	3,527	3,892	3,526
DUI Arrests	89	113	131	133
Prisoners Processed	1,204	2,166	2,451	2,248
Fire				
Fire Responses	937	1,049	753	771
EMS Calls	2,271	2,275	2,368	2,338
Safety Inspections	1,822	2,044	2,183	2,169
Plan Reviews	183	441	156	132
Leisure Time Activities				
Parks and Recreation				
Community Center Memberships (3)	2,059	6,896	6,758	7,228
Summer Camp Participants	35	1,292	1,272	1,187
Baseball/Softball Teams	0	36	35	35
Senior Services				
Program Attendance (2)	36,268	70,126	68,922	69,666
Arts Center				
Class Registrations	1,693	4,746	4,795	3,813
Percentage of Solon Residents	86%	85%	83%	81%
Grantwood Golf Course				
Rounds Played (18 holes)	16,443	14,903	14,104	13,670
Rounds Played (9 holes)	17,815	15,299	13,102	12,878
Range Balls	5,947	16,194	14,852	15,330
Community Environment				
Building				
Building Permits Issued	1,846	1,677	1,506	1,527
Basic Utility Services				
Waste Water Treatment				
Average Daily Flow (millions of gallons)	3,764	3,727	3,926	3,062
Transportation				
Service				
Tons of Salt Purchased	7,348	10,530	10,529	9,108
Tons of Rubbish Collected	7,774	7,528	7,441	6,082
Yards of Leaves Collected (1)	15,099	11,971	15,520	14,188
Tons of Recycling Materials Collected	1,987	1,834	1,979	1,747
General Government				
City Council				
Ordinances or Resolutions Introduced	224	226	304	227
Finance				
Accounts Payable Checks Processed	5,801	7,534	7,486	7,661
Purchase Orders Issued	2,760	3,180	3,102	3,519
Network Administration				
Computer Workstations	275	275	260	260

- (1) Indicator changed from prior year reports and new indicator data not available prior to 2012
(2) 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

2016	2015	2014	2013	2012	2011
3,660	3,376	3,927	3,768	3,893	3,744
115	131	132	131	151	132
2,275	1,900	1,905	1,927	1,819	1,732
629	742	772	715	671	746
2,268	2,191	2,067	2,104	1,737	1,726
2,582	2,646	2,095	1,794	2,480	1,529
118	171	324	617	393	247
7,314	6,681	6,876	7,417	7,811	8,341
1,195	1,223	1,138	1,186	1,129	1,201
48	45	55	56	64	81
63,812	60,191	47,664	40,292	37,912	36,817
3,650	3,512	3,056	2,906	3,204	3,160
80%	80%	82%	81%	77%	79%
14,008	11,978	12,497	9,918	10,256	14,025
13,997	15,689	15,957	17,152	16,768	10,967
52,213	43,864	45,340	45,704	44,795	34,082
2,136	2,104	1,241	988	927	793
3,318	3,470	3,567	3,526	3,452	4,131
10,229	11,372	12,785	9,996	9,318	10,119
6,911	7,062	7,607	7,654	7,473	7,835
16,125	13,153	14,625	12,293	13,653	n/a
2,065	2,058	1,664	1,453	1,394	1,422
231	262	281	273	302	255
7,718	8,176	8,545	9,216	10,052	9,333
2,958	3,333	3,250	3,986	4,425	4,829
255	265	260	257	256	237

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

Function/Program	2020	2019	2018	2017
Security of Persons and Property				
<i>Police</i>				
Square Footage of Station	37,168	37,168	37,168	37,168
Vehicles	38	35	35	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	19	19	20	20
Leisure Time Activities				
<i>Parks and Recreation</i>				
Square Footage of Community Center	92,500	92,500	92,500	92,500
Vehicles	6	6	6	6
<i>Senior Services</i>				
Vehicles	4	4	4	4
<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	1	1	1
<i>Building Department</i>				
Vehicles	1	1	2	2
<i>Engineering Department</i>				
Vehicles	6	7	6	6
Basic Utility Services				
<i>Waste Water Treatment</i>				
Square Footage of Buildings	56,000	56,000	56,000	56,000
Vehicles	7	7	9	9
Transportation				
<i>Service</i>				
Square Footage of Building	70,461	70,461	70,461	70,461
Vehicles	69	71	70	71
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	0	0
Network Administration's Vehicle	0	0	0	0
City Hall Vehicle	1	1	1	1

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

2016	2015	2014	2013	2012	2011
37,168	37,168	37,168	37,168	37,168	37,168
30	27	29	26	29	28
37,168	37,168	37,168	37,168	37,168	37,168
16,200	16,200	16,200	16,200	16,200	16,200
9,610	9,610	9,610	9,610	9,610	9,610
18	18	19	19	20	19
92,500	92,500	92,500	92,500	92,500	92,500
5	4	7	7	8	7
4	4	5	4	4	4
15,000	15,000	15,000	15,000	15,000	15,000
7,200	7,200	7,200	7,200	7,200	7,200
5,000	5,000	5,000	5,000	5,000	5,000
1	1	1	1	1	1
2	2	2	2	2	2
3	3	3	4	3	4
9	8	8	7	8	9
56,000	56,000	56,000	56,000	56,000	56,000
7	7	6	9	10	12
70,461	70,461	70,461	70,461	70,461	70,461
70	72	73	73	73	71
55,950	55,950	55,950	55,950	55,950	55,950
1	1	1	1	1	1
0	1	1	1	1	1
1	0	0	1	1	1
2	2	2	2	2	1

(This page intentionally left blank.)



WORKING | LEARNING | THRIVING
TOGETHER

Edward H. Kraus, Mayor

34200 Bainbridge Road
Solon, OH 44139

www.solonohio.org

**CITY OF SOLON
CUYAHOGA COUNTY, OHIO**

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

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

**CITY OF SOLON
CUYAHOGA COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020**

TABLE OF CONTENTS

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

**CITY OF SOLON
 CUYAHOGA COUNTY, OHIO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

FEDERAL GRANTOR/ <i>Pass-Through Grantor/ Program/Title</i>	Federal CFDA Number	Grant Number	Total Federal Expenditures
<u>U.S. Department of Transportation</u>			
Federal Highway Administration			
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	93607	\$ 132,266
Total Highway Planning and Construction Cluster			<u>132,266</u>
Total U.S. Department of Transportation			<u>132,266</u>
<u>U.S. Department of the Treasury</u>			
<i>Passed through Ohio Office of Budget and Management</i>			
Coronavirus Relief Fund	21.019	HB481-CRF-Local	702,620
Total U.S. Department of the Treasury			<u>702,620</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Direct Program</i>			
Provider Relief Fund	93.498	N/A	14,779
Total U.S. Department of Health and Human Services			<u>14,779</u>
<u>U.S. Environmental Protection Agency</u>			
<i>Passed through the Ohio Environmental Protection Agency</i>			
Nonpoint Source Implementation Grants	66.460	N/A	1,119
Total U.S. Environmental Protection Agency			<u>1,119</u>
Total Expenditures of Federal Awards			<u>\$ 850,784</u>

See notes to the Schedule of Expenditures of Federal Awards.

**CITY OF SOLON
CUYAHOGA COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Solon (the City) under programs of the Federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Solon, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Solon.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

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

NOTE 4: MATCHING REQUIREMENTS

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

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

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

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

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

The Honorable Keith Faber
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, 2020, 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 28, 2021, wherein we noted the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, Certain Asset Retirement Obligations, and the City restated its net position at December 31, 2019 for business-type activities. In addition, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City.

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 28, 2021

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

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

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

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on Compliance for Each Major Federal Program

We have audited the City of Solon, Cuyahoga County, Ohio's (the City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended December 31, 2020. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Solon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 28, 2021, which contained unmodified opinions on those financial statements, wherein we noted the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, Certain Asset Retirement Obligations, and the City restated its net position at December 31, 2019 for business-type activities. In addition, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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



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

June 28, 2021

**CITY OF SOLON
 CUYAHOGA COUNTY, OHIO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

2020(i) Type of Financial Statement Opinion	Unmodified
2020(ii) Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2020(ii) Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2020(iii) Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2020(iv) Were there any material internal control weaknesses reported for major Federal programs?	No
2020(iv) Were there any significant deficiencies in internal control reported for major Federal programs?	No
2020(v) Type of Major Programs' Compliance Opinion	Unmodified
2020(vi) Are there any reportable findings under 2 CFR 200.516(a)?	No
2020(vii) Major Programs (list): Coronavirus Relief Fund - CFDA #21.019	
2020(viii) Dollar Threshold: Type A\B Programs	Type A: \$750,000 Type B: All Others
2020(ix) Low Risk Auditee?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**CITY OF SOLON
CUYAHOGA COUNTY, OHIO
SCHEDULE OF PRIOR FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2020**

The prior audit report, as of December 31, 2019, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



**CITY OF SOLON
CUYAHOGA COUNTY**

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/2/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov