



Annual  
Comprehensive  
**FINANCIAL  
REPORT**

For The Year Ended December 31, 2021





OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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Members of City Council  
City of Solon  
34200 Bainbridge Road  
Solon, Ohio 44139

We have reviewed the *Independent Auditor's Report* of the City of Solon, Cuyahoga County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2021 through December 31, 2021. 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 cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 12, 2022

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Annual  
Comprehensive  
**FINANCIAL  
REPORT**

For The Year Ended December 31, 2021

***Introductory Section***



**City of Solon, Ohio**

*Annual Comprehensive Financial Report*

*For the Year Ended December 31, 2021*

*Prepared by the Department of  
Finance*

*Matthew Rubino  
Director of Finance*

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**City of Solon, Ohio**  
*Annual Comprehensive Financial Report*  
*For the Year Ended December 31, 2021*  
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June 24, 2022

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) Annual Comprehensive 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 2021. 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 2021, 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 1<sup>st</sup> of the corresponding 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 24,000 (refer to page S16 of the Statistical Section) and the City's geographical location enables residents to participate in employment opportunities in proximity of the greater Cleveland and Akron areas. Solon benefits from its proximity to State Route 422 which promotes immediate access to the various local interstate highways that make up the regional transportation network.

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

### **City Services**

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

The City offers residents a comprehensive offering of community life programming. The Recreation Department sponsors a full range of activities from its headquarters in the City's Community Center. The Senior Services Department operates from the Senior Center area 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 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 had hampered program offerings during 2020 were slowly lifted in 2021 and the program activity experienced significant recovery this past year.

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. Both enterprise funds have ended the year with healthy ending balances and have continued to support operating expenditures and the recommended capital investments without General Fund support.

For the past ten 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 2021 was 0.96 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. 2021 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.

Boasting an established presence and up-scale suburban reputation, the City of Solon redefines the meaning of "the best of both worlds". Our convenient location to major highways, airports, City services, favorable tax rates, restaurants and Cleveland Metroparks are among the reasons over 900 businesses and numerous families have located to Solon. 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. Solon was recognized in 2021 several times including being named "Best Town to Raise a Family" for 2021 by Northeast Ohio Parent Magazine. The City of Solon was highlighted in Cleveland Magazine's October issue as one of the region's premier suburbs. The Solon City Schools have been recognized for their perennial excellence with Solon High School being ranked #1 in greater Cleveland and in the top five in Ohio by U.S. News and World Report's Best High School Ranking for 2021.

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 eighteen job creation grants administered in 2021, the City invested over \$2.4 million and realized a net gain of over \$4.0 million in new payroll tax receipts, along with over 2,500 new jobs. The 2021 program directly contributed to retaining approximately 5,000 jobs within the City in addition to the cited job gains. The City currently has one Community Reinvestment Area agreement. The City also had one active Enterprise Zone agreement. In addition, the City provided financial assistance for one renovation project through its Growth & Revitalization Incentive Program (GRIP).

The above mentioned programs are intended to strengthen the City's most crucial revenue source over the long-term. 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. Revenue from income tax collections



remained stable in 2020 and exhibited growth throughout 2021. The chief source of income tax revenue continues to be collections from withholding derived from the businesses based in Solon. The City 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 despite the disruptions created by the 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. The 2021 operating budget was balanced within current resources and ended the fiscal year with an operating surplus that was 3.2 percent of revenues. Adhering to a balanced budget 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. The General Fund available ending balance was \$18.4 million or 41.2 percent of operating expenditures at the end of fiscal year 2021. 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 began to restore the fund balance in the Stabilization Fund in 2021 with a contribution of \$200,000 which brought the ending balance in the fund up to \$6,600,000 at the end of the fiscal year.

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 \$7.1 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 prior years. The City had an unvoted debt capacity in excess of \$68 million at the end of 2021 and could utilize that source of financing for future capital investments if deemed necessary.

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. The City is able leverage this dedicated source of tax revenue towards federal highway funds and state road project assistance that can be applied to major roadway and in infrastructure projects in a given capital planning year.

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 from the General Fund towards these purposes and continues to allocate funding each year. The City has in place a five-year voted 0.50 mill property tax levy that generates approximately \$460,000 in support of acquiring critical service and safety vehicles. The inclusion of general capital in the multi-year planning process encourages identifying project funding for acquisition two or three years before 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 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 2021 the City of Solon expended \$12.2 million towards improvement projects and the ongoing maintenance of its various thoroughfares. The investments were made possible by a portion of income tax collections dedicated for this purpose and the ability to leverage federal 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 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 City continued to distance itself from the economic disruption created by the COVID-19 pandemic as the pursuit of economic development opportunities abounded in 2021. Below are the major economic development projects that took place in 2021:

- Swagelok's 134,000 square foot Global Headquarters and Innovation Center on Solon Road was completed in August.
- In November, the 7,000 square foot Chagrin Valley Islamic Center opened on Liberty Road.
- Solon Bicycle opened a new shop location on Aurora Road.
- To encourage redevelopment in Solon's Central Retail District, the Economic Development Department established a community reinvestment area. This means that property owners and developers could be eligible for tax abatements for new construction and major renovations to aging buildings.
- We celebrated the opening of Sir Troy's Toy Kingdom, Pop Culture CLE, Birdigo, CLEan Express Car Wash, Elle, Lee's Seafood Boil, F45 Solon, Sola Salons, Dollar Tree, Verity Loans, Tech Doctors, Pro-Stylez Hair Salon, Keller National, Small Hands Big Dreams Management, Health Care Connect, American Platinum Specialties, Office H2O, New Evolution Beauty, Schenck Process, Hallis Co., The Center for Stroke and Hand Recovery, AZ Medical Supply, Bodywize Athletic Development, Shanobi Scooters, Secure Recycling, Digital Room, Fox Design Group, Reliable Medical, E & E Angels Childcare, Building Blocks Therapy, Grbac Enterprises, Fashion Design Resource, VRBL

In addition, the following projects were announced:

- Four additional RTA bus shelters in industrial area to improve workforce mobility.
- Nestle USA announced two major projects that will happen at their Bainbridge Road corporate offices – the Culinary Innovation Center will go through a renovation and redevelopment of the Test Kitchens and Main Auditorium.
- The Solon Connects 12 year plan will move forward in 2022. Walkable streets and trails connected to our central retail district will improve and encourage business activity, increase sales revenues, raise property values and help attract young professionals, families and empty nesters. Making our City more connected and walkable will be a terrific investment, not only for our health and wellness, but also toward our future economic growth as a City.



- City BBQ's brand new building for their restaurant on S.O.M. Center Road opens in 2022.
- Focus areas for Solon's Central Retail District for 2022 include the vacant former Liberty Ford auto dealership site and other aging core retail shopping centers that no longer align with today's market demands.

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 annual comprehensive financial report for the fiscal year ending December 31, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

#### **Acknowledgements**

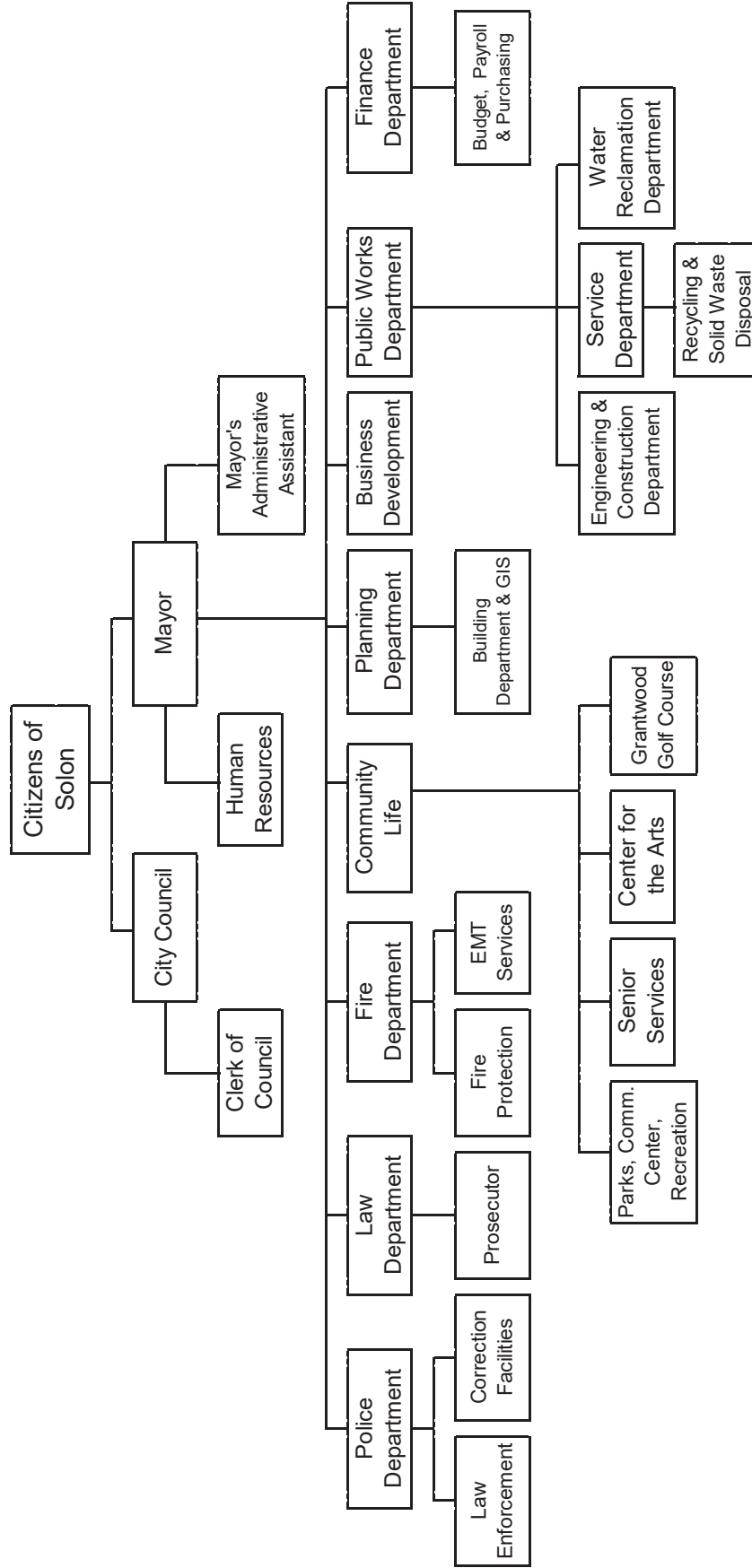
The preparation of this report would not be possible without the diligent and valuable work by the dedicated team members in the Department of Finance who have continued devote their time and efforts for the City and its residents through a continued period of uncertainty and challenge. Their efforts 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 and thorough review 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 an Annual Comprehensive Financial Report.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Matthew Rubino". The signature is stylized and cursive.

Matthew Rubino  
Director of Finance  
City of Solon, Ohio

**City of Solon**  
**Organizational Chart**  
**December 31, 2021**



**City of Solon, Ohio**  
*Principal Officials*  
*December 31, 2021*

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***Elected Officials***

Edward H. Kraus (1)..... Mayor

*City Council*

Eugene Macke Bentley IV ..... Ward 1  
Robert N. Pelunis ..... Ward 2  
Jeremy A Zelwin ..... Ward 3  
Michael S. Kan (2)..... 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 ..... Chief of Fire and Rescue  
Ashley R. Holloway ..... Director of Planning  
Angela P. Shaker ..... Director of Economic Development  
Richard N. Parker ..... Director of Recreation  
Jill K. Frankel ..... Director of Senior Services  
Tracy A. Sullivan ..... Director of Community & Cultural Enrichment  
William J. Drsek ..... Public Works Commissioner  
John J. Busch ..... City Engineer  
Mark S. Hawley ..... Director of City Services  
Paul J. Solanics ..... Director of Water Reclamation  
Yolanda A. Guzman ..... Director of Human Resources  
Jim Gibbs ..... Director of Information Technology

(1) Edward Kraus was elected to serve a second four-year term commencing on December 1, 2021  
(2) Michael Kan was elected to represent Ward 4 with a term commencing on December 1, 2021



Government Finance Officers Association

Certificate of  
Achievement  
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Presented to

**City of Solon  
Ohio**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morrill*

Executive Director/CEO

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Annual  
Comprehensive  
**FINANCIAL  
REPORT**

For The Year Ended December 31, 2021

***Financial Section***





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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

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

The Honorable Keith Faber  
Auditor of State  
State of Ohio

**Report on the Financial Statements**

***Opinions***

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2021, 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.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Emphasis of Matter***

As discussed in Note 23 to the basic financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. Our opinion is not modified with respect to this matter.

### ***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 is the responsibility of management and, 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.

### ***Supplementary 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 combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are 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 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.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, 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 solely 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 the effectiveness of the City's 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.

A handwritten signature in black ink that reads "James G. Zupka, CPA, Inc." The signature is written in a cursive style.

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

June 24, 2022

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The discussion and analysis of the City of Solon's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. 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 2021 are as follows:

- The City's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at the close of 2021 by \$221,498,300.
- The City's total net position increased \$15,773,609 or 7.7 percent in 2021. Net position of the governmental activities increased \$13,948,236 which represents a 10.0 percent increase over the prior year. Net position of the business-type activities increased \$1,825,373 or 2.8 percent from the prior year.
- The City's investment in capital assets for governmental and business-type activities as of December 31, 2021 totaled \$210,429,045 net of accumulated depreciation of \$192,931,420. Net governmental capital assets increased by \$1,492,578 over the prior year as a result of infrastructure projects and the acquisition of vehicles and equipment to support governmental activities.
- The City reported a total fund balance in the general fund of \$31,388,188 at the end of the 2021 fiscal year. The unassigned fund balance for the General Fund was \$27,002,997 or 70.2 percent of total expenditures in 2021. The ending balance in the general fund increased by \$2,290,660 for the year ended December 31, 2021.

### **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

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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.

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**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.



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**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 2021 compared to 2020:

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(Table 1)  
*Net Position*

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and Other Assets	\$75,306,012	\$72,780,779	\$12,831,043	\$10,760,371	\$88,137,055	\$83,541,150
Net Pension Asset	178,177	139,478	22,022	17,240	200,199	156,718
Net OPEB Asset	1,280,327	0	158,246	0	1,438,573	0
Capital Assets, Net	147,558,548	146,065,970	62,870,497	64,848,769	210,429,045	210,914,739
<b>Total Assets</b>	<b>224,323,064</b>	<b>218,986,227</b>	<b>75,881,808</b>	<b>75,626,380</b>	<b>300,204,872</b>	<b>294,612,607</b>
<b>Deferred Outflows of Resources</b>						
Pension	6,647,083	7,974,294	195,789	306,957	6,842,872	8,281,251
OPEB	4,007,397	5,408,926	82,476	224,392	4,089,873	5,633,318
Asset Retirement Obligation	0	0	750,000	800,000	750,000	800,000
<b>Total Deferred Outflows of Resources</b>	<b>10,654,480</b>	<b>13,383,220</b>	<b>1,028,265</b>	<b>1,331,349</b>	<b>11,682,745</b>	<b>14,714,569</b>
<b>Liabilities</b>						
Current Liabilities	4,993,740	5,566,935	255,879	208,244	5,249,619	5,775,179
Long-term Liabilities						
Due within one Year	2,514,900	2,345,686	557,185	643,076	3,072,085	2,988,762
Due in More than one Year						
Net Pension Liability	40,757,718	46,842,160	1,323,599	1,961,500	42,081,317	48,803,660
Net OPEB Liability	4,670,175	15,573,924	0	1,363,570	4,670,175	16,937,494
Other Amounts	6,295,748	5,910,223	5,921,926	6,409,013	12,217,674	12,319,236
<b>Total Liabilities</b>	<b>59,232,281</b>	<b>76,238,928</b>	<b>8,058,589</b>	<b>10,585,403</b>	<b>67,290,870</b>	<b>86,824,331</b>
<b>Deferred Inflows of Resources</b>						
Property Taxes	4,293,147	4,019,658	0	0	4,293,147	4,019,658
Pension	10,326,227	7,867,189	715,033	429,252	11,041,260	8,296,441
OPEB	7,196,926	4,262,945	567,114	199,110	7,764,040	4,462,055
<b>Total Deferred Inflows of Resources</b>	<b>21,816,300</b>	<b>16,149,792</b>	<b>1,282,147</b>	<b>628,362</b>	<b>23,098,447</b>	<b>16,778,154</b>
<b>Net Position</b>						
Net Investment in Capital Assets	145,098,848	145,024,198	58,535,266	60,122,772	203,634,114	205,146,970
Restricted for:						
Capital Projects	21,100,657	18,545,422	0	0	21,100,657	18,545,422
Debt Service	1,991,194	2,617,233	0	0	1,991,194	2,617,233
Other Purposes	1,755,936	2,784,330	0	0	1,755,936	2,784,330
Unrestricted (Deficit)	(16,017,672)	(28,990,456)	9,034,071	5,621,192	(6,983,601)	(23,369,264)
<b>Total Net Position</b>	<b>\$153,928,963</b>	<b>\$139,980,727</b>	<b>\$67,569,337</b>	<b>\$65,743,964</b>	<b>\$221,498,300</b>	<b>\$205,724,691</b>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2021. 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 General Assembly and approval of the Governor. Benefit provisions are also determined by State

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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 increased primarily due to increases in cash, intergovernmental, municipal income tax and property taxes receivable. The increase in cash and municipal income tax receivable is from the rebound in the economy from the early pandemic years. The increase in intergovernmental receivable is from the Federal funding of COVID monies. The increase in property taxes is from increases in property values within City limits. 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 and OPEB liabilities attributed to the City as the OPEB liability for OPERS became an asset along with annual debt payments offset by the City having several new capital leases that increased long-term obligations for other amounts.

Total assets for business-type activities increased due to the net OPEB liability becoming an asset offset by current year depreciation exceeding current year additions for capital assets. The decrease in long-term liabilities for business-type activities was due to a reduction in both the net pension and OPEB liabilities and long-term debt obligations. The net OPEB liability for business-type is now an asset which resulted in a significant net position change to the City for 2021.

Further details of the changes in net position between 2021 and 2020 can be observed in Table 2.

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(Table 2)  
*Changes in Net Position*

	Governmental Activities		Business -Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Program Revenues</b>						
Charges for Services and Sales	\$4,106,261	\$3,583,060	\$7,076,474	\$6,183,898	\$11,182,735	\$9,766,958
Operating Grants and Contributions	3,208,763	2,553,140	0	0	3,208,763	2,553,140
Capital Grants, Contributions and Capital Assessments	337,637	207,608	3,516	0	341,153	207,608
<i>Total Program Revenues</i>	<u>7,652,661</u>	<u>6,343,808</u>	<u>7,079,990</u>	<u>6,183,898</u>	<u>14,732,651</u>	<u>12,527,706</u>
<b>General Revenues</b>						
Property Taxes	4,411,130	4,261,097	0	0	4,411,130	4,261,097
Municipal Income Taxes	47,809,743	45,211,412	0	0	47,809,743	45,211,412
Grants and Entitlements	791,158	665,303	0	0	791,158	665,303
Unrestricted Contributions	341	3,308	0	0	341	3,308
Investment Income	(258,207)	827,102	(47,538)	122,524	(305,745)	949,626
Gain on Sale of Capital Assets	100,745	88,159	0	16,600	100,745	104,759
Miscellaneous	970,185	530,183	34,500	24,514	1,004,685	554,697
<i>Total General Revenues</i>	<u>53,825,095</u>	<u>51,586,564</u>	<u>(13,038)</u>	<u>163,638</u>	<u>53,812,057</u>	<u>51,750,202</u>
<i>Total Revenues</i>	<u>61,477,756</u>	<u>57,930,372</u>	<u>7,066,952</u>	<u>6,347,536</u>	<u>68,544,708</u>	<u>64,277,908</u>
<b>Program Expenses</b>						
Security of Persons and Property						
Police	9,517,799	11,096,232	0	0	9,517,799	11,096,232
Fire	10,650,606	10,837,198	0	0	10,650,606	10,837,198
Public Health and Welfare	145,598	135,318	0	0	145,598	135,318
Leisure Time Activities	2,767,990	4,432,568	0	0	2,767,990	4,432,568
Community Environment	3,664,725	5,395,590	0	0	3,664,725	5,395,590
Basic Utility Services	2,306,252	3,438,768	0	0	2,306,252	3,438,768
Transportation	12,018,286	15,184,101	0	0	12,018,286	15,184,101
General Government	6,339,484	9,552,083	0	0	6,339,484	9,552,083
Interest and Fiscal Charges	109,280	115,306	0	0	109,280	115,306
Water Reclamation	0	0	4,629,246	5,763,340	4,629,246	5,763,340
Grantwood Recreation	0	0	621,833	881,833	621,833	881,833
<i>Total Program Expenses</i>	<u>47,520,020</u>	<u>60,187,164</u>	<u>5,251,079</u>	<u>6,645,173</u>	<u>52,771,099</u>	<u>66,832,337</u>
<i>Excess before Transfers</i>	<u>13,957,736</u>	<u>(2,256,792)</u>	<u>1,815,873</u>	<u>(297,637)</u>	<u>15,773,609</u>	<u>(2,554,429)</u>
Transfers	(9,500)	(51,357)	9,500	51,357	0	0
<i>Change in Net Position</i>	<u>13,948,236</u>	<u>(2,308,149)</u>	<u>1,825,373</u>	<u>(246,280)</u>	<u>15,773,609</u>	<u>(2,554,429)</u>
<i>Net Position Beginning of Year - Restated</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>
<i>Net Position End of Year</i>	<u>\$153,928,963</u>	<u>\$139,980,727</u>	<u>\$67,569,337</u>	<u>\$65,743,964</u>	<u>\$221,498,300</u>	<u>\$205,724,691</u>

The net position of the City increased in 2021 from 2020 for reasons previously stated, as 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.

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**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 were less than governmental revenues due to changes to expenses resulting mainly from changes in pension and OPEB expenses as previously discussed. Operating grants increased due to the receipt of pandemic relief aid. Capital grants increased in 2021 as a result of the City receiving a larger 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 and from the rebounding economy from the early pandemic years. Investment income decreased in 2021 attributable to changes in the fair market value of investments from the end of the year.

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 2021 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 2021, the City of Solon's governmental funds reported a positive combined ending fund balance. The largest portion of the ending fund balance is unassigned. The remainder of the fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for new spending because it has been specifically marked for expenditures as designated by grant agreements, City ordinances or intent of use.

The general fund is the main governmental and operating fund of the City. There was an overall increase in the general fund's fund balance between 2021 and 2020. Expenditures and transfers out were exceeded by revenues in 2021. The City realized significant increases in both property taxes from changes in property values within City limits and from income taxes as the City's economy rebounded from the early pandemic years. 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.

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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 2021 and 2020 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 2021 and 2020 due to the increased cash and cash equivalents and income taxes receivable from a strong economic base.

*Business-type Funds* – report the City's Water Reclamation (wastewater) operation and Grantwood (golf course) Recreation on an accrual basis. In 2021, the net position for the Water Reclamation fund and the Grantwood Recreation fund increased as a result of the previously mentioned changes to both the net pension and OPEB liabilities resulting in significant reductions to expenses.

### **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 2021, the total general fund revenues plus other financing sources of \$43,821,041 ended the year 5.0 percent over the original estimate for general revenue sources. The favorable variance was attributable to income tax receipts coming in 2.2 percent over the revised estimate and charges for services revenue rebounding to exceed the revised estimate by 4.3 percent in 2021. The actual expenditures plus other financing uses of \$43,445,768 were 7.1 percent under the final revised budget for 2021. The favorable budget outcome for 2021 was primarily driven by a moderation in City operations during the first half of the year and the continued adherence to budget mitigation measures by City departments during the 2021 fiscal period. The positive budget variances resulted in excess revenue over expenditures of \$4,220,466 or 9.7 percent of total expenditures and other uses.

### **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 UV lighting, new fire dorms, new police chiller and pumps for HVAC, a new pavilion at the senior center along with building and land improvements, 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. Specific additions include improvements to UV lighting, a new kitchen for the sewer plant and various equipment. For additional information on capital assets, please see note 8 to the basic financial statements.

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2021*  
*Unaudited*

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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.

**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, 2021*  
*Unaudited*

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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 2021 with an unassigned fund balance of \$27,002,997. 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.



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## Basic Financial Statements

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**City of Solon, Ohio**  
*Statement of Net Position*  
*December 31, 2021*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$55,237,890	\$10,755,929	\$65,993,819
Accounts Receivable	168,419	1,903,028	2,071,447
Intergovernmental Receivable	1,264,783	0	1,264,783
Internal Balances	(34,920)	34,920	0
Municipal Income Taxes Receivable	10,884,145	0	10,884,145
Materials and Supplies Inventory	790,418	125,215	915,633
Accrued Interest Receivable	61,470	11,951	73,421
Prepaid Items	285,478	0	285,478
Property Taxes Receivable	4,459,687	0	4,459,687
Special Assessments Receivable	2,188,642	0	2,188,642
Net Pension Asset (See Note 11)	178,177	22,022	200,199
Net OPEB Asset (See Note 12)	1,280,327	158,246	1,438,573
Nondepreciable Capital Assets	15,281,100	3,298,459	18,579,559
Depreciable Capital Assets, Net	132,277,448	59,572,038	191,849,486
<i>Total Assets</i>	<u>224,323,064</u>	<u>75,881,808</u>	<u>300,204,872</u>
<b>Deferred Outflows of Resources</b>			
Pension	6,647,083	195,789	6,842,872
OPEB	4,007,397	82,476	4,089,873
Asset Retirement Obligation	0	750,000	750,000
<i>Total Deferred Outflows of Resources</i>	<u>10,654,480</u>	<u>1,028,265</u>	<u>11,682,745</u>
<b>Liabilities</b>			
Accounts Payable	507,903	38,147	546,050
Accrued Wages	391,012	29,300	420,312
Contracts Payable	645,388	50,182	695,570
Deposits Held Payable	896,048	0	896,048
Intergovernmental Payable	389,447	18,053	407,500
Retainage Payable	1,148,465	12,000	1,160,465
Matured Compensated Absences Payable	117,626	0	117,626
Unearned Revenue	126,062	0	126,062
Accrued Interest Payable	61,660	64,096	125,756
Claims Payable	279,032	0	279,032
Vacation Benefits Payable	431,097	44,101	475,198
Long-Term Liabilities:			
Due Within One Year	2,514,900	557,185	3,072,085
Due In More Than One Year			
Net Pension Liability (See Note 11)	40,757,718	1,323,599	42,081,317
Net OPEB Liability (See Note 12)	4,670,175	0	4,670,175
Other Amounts	6,295,748	5,921,926	12,217,674
<i>Total Liabilities</i>	<u>59,232,281</u>	<u>8,058,589</u>	<u>67,290,870</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	4,293,147	0	4,293,147
Pension	10,326,227	715,033	11,041,260
OPEB	7,196,926	567,114	7,764,040
<i>Total Deferred Inflows of Resources</i>	<u>21,816,300</u>	<u>1,282,147</u>	<u>23,098,447</u>
<b>Net Position</b>			
Net Investment in Capital Assets	145,098,848	58,535,266	203,634,114
Restricted for:			
Capital Projects	21,100,657	0	21,100,657
Debt Service	1,991,194	0	1,991,194
Street, Construction, Maintenance and Repair	925,977	0	925,977
Police Pension	367,422	0	367,422
Fire Pension	141,476	0	141,476
Other Purposes	321,061	0	321,061
Unrestricted (Deficit)	(16,017,672)	9,034,071	(6,983,601)
<i>Total Net Position</i>	<u>\$153,928,963</u>	<u>\$67,569,337</u>	<u>\$221,498,300</u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
**Statement of Activities**  
For the Year Ended December 31, 2021

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions and Assessments
<b>Governmental Activities:</b>				
Security of Persons and Property				
Police	\$9,517,799	\$811,845	\$565,337	\$0
Fire	10,650,606	1,276,549	726,858	39,193
Public Health and Welfare	145,598	13,902	0	0
Leisure Time Activities	2,767,990	531,268	14,999	0
Community Environment	3,664,725	201,306	0	0
Basic Utility Services	2,306,252	231,730	0	0
Transportation	12,018,286	399,361	1,664,452	185,954
General Government	6,339,484	640,300	237,117	112,490
Interest and Fiscal Charges	109,280	0	0	0
<i>Total Governmental Activities</i>	<u>47,520,020</u>	<u>4,106,261</u>	<u>3,208,763</u>	<u>337,637</u>
<b>Business-Type Activities:</b>				
Water Reclamation	4,629,246	5,889,655	0	0
Grantwood Recreation	621,833	1,186,819	0	3,516
<i>Total Business-Type Activities</i>	<u>5,251,079</u>	<u>7,076,474</u>	<u>0</u>	<u>3,516</u>
<i>Total</i>	<u><u>\$52,771,099</u></u>	<u><u>\$11,182,735</u></u>	<u><u>\$3,208,763</u></u>	<u><u>\$341,153</u></u>

**General Revenues**

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

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$8,140,617)	\$0	(\$8,140,617)
(8,608,006)	0	(8,608,006)
(131,696)	0	(131,696)
(2,221,723)	0	(2,221,723)
(3,463,419)	0	(3,463,419)
(2,074,522)	0	(2,074,522)
(9,768,519)	0	(9,768,519)
(5,349,577)	0	(5,349,577)
(109,280)	0	(109,280)
<u>(39,867,359)</u>	<u>0</u>	<u>(39,867,359)</u>
0	1,260,409	1,260,409
0	568,502	568,502
<u>0</u>	<u>1,828,911</u>	<u>1,828,911</u>
<u>(39,867,359)</u>	<u>1,828,911</u>	<u>(38,038,448)</u>
2,493,362	0	2,493,362
120,871	0	120,871
465,275	0	465,275
912,291	0	912,291
419,331	0	419,331
35,716,331	0	35,716,331
11,905,446	0	11,905,446
187,966	0	187,966
791,158	0	791,158
341	0	341
(258,207)	(47,538)	(305,745)
100,745	0	100,745
970,185	34,500	1,004,685
53,825,095	(13,038)	53,812,057
<u>(9,500)</u>	<u>9,500</u>	<u>0</u>
<u>53,815,595</u>	<u>(3,538)</u>	<u>53,812,057</u>
13,948,236	1,825,373	15,773,609
<u>139,980,727</u>	<u>65,743,964</u>	<u>205,724,691</u>
<u>\$153,928,963</u>	<u>\$67,569,337</u>	<u>\$221,498,300</u>

**City of Solon, Ohio**  
*Balance Sheet*  
**Governmental Funds**  
*December 31, 2021*

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$28,457,847	\$544,601	\$15,894,350	\$6,747,460
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	946,125	0	0	0
Accrued Interest Receivable	60,881	0	0	589
Accounts Receivable	117,480	0	0	42,636
Intergovernmental Receivable	323,569	18,645	17,540	905,029
Municipal Income Taxes Receivable	8,163,108	0	2,721,037	0
Materials and Supplies Inventory	790,418	0	0	0
Prepaid Items	213,959	0	0	0
Property Taxes Receivable	1,221,009	366,304	0	2,872,374
Special Assessments Receivable	0	1,475,915	712,727	0
<b>Total Assets</b>	<b>\$40,294,396</b>	<b>\$2,405,465</b>	<b>\$19,345,654</b>	<b>\$10,568,088</b>
<b>Liabilities</b>				
Accounts Payable	\$473,049	\$0	\$23,113	\$6,491
Accrued Wages	378,730	0	0	0
Contracts Payable	3,032	0	458,932	183,424
Deposits Held Payable from Restricted Assets	896,048	0	0	0
Intergovernmental Payable	167,191	0	0	222,256
Retainage Payable	0	0	1,141,645	6,820
Unearned Revenue	0	0	0	126,062
Matured Compensated Absences Payable	117,626	0	0	0
<b>Total Liabilities</b>	<b>2,035,676</b>	<b>0</b>	<b>1,623,690</b>	<b>545,053</b>
<b>Deferred Inflows of Resources</b>				
Property Taxes	1,175,365	352,611	0	2,765,171
Unavailable Revenue	5,695,167	1,508,253	2,535,260	934,450
<b>Total Deferred Inflows of Resources</b>	<b>6,870,532</b>	<b>1,860,864</b>	<b>2,535,260</b>	<b>3,699,621</b>
<b>Fund Balances</b>				
Nonspendable	1,054,454	0	0	0
Restricted	0	544,601	15,186,704	3,677,922
Committed	747,955	0	0	445,190
Assigned	2,582,782	0	0	2,200,302
Unassigned	27,002,997	0	0	0
<b>Total Fund Balances</b>	<b>31,388,188</b>	<b>544,601</b>	<b>15,186,704</b>	<b>6,323,414</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$40,294,396</b>	<b>\$2,405,465</b>	<b>\$19,345,654</b>	<b>\$10,568,088</b>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2021*

<p style="text-align: center;">Total Governmental Funds</p>	<b>Total Governmental Funds Balances</b>	\$53,442,907																
\$51,644,258	<b>Amounts reported for governmental activities in the statement of net position are different because</b>																	
<p style="text-align: right;">946,125 61,470 160,116 1,264,783 10,884,145 790,418 213,959 4,459,687 2,188,642</p>	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	147,558,548																
\$72,613,603	Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.																	
	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Delinquent Property Taxes</td> <td style="text-align: right;">170,056</td> </tr> <tr> <td>Municipal Income Taxes</td> <td style="text-align: right;">7,219,969</td> </tr> <tr> <td>Intergovernmental</td> <td style="text-align: right;">1,030,055</td> </tr> <tr> <td>Charges for Services</td> <td style="text-align: right;">21,146</td> </tr> <tr> <td>Special Assessments</td> <td style="text-align: right;">2,188,642</td> </tr> <tr> <td>Fees, Licenses and Permits</td> <td style="text-align: right;">42,636</td> </tr> <tr> <td>Miscellaneous</td> <td style="text-align: right; border-bottom: 1px solid black;">626</td> </tr> </table>	Delinquent Property Taxes	170,056	Municipal Income Taxes	7,219,969	Intergovernmental	1,030,055	Charges for Services	21,146	Special Assessments	2,188,642	Fees, Licenses and Permits	42,636	Miscellaneous	626			
Delinquent Property Taxes	170,056																	
Municipal Income Taxes	7,219,969																	
Intergovernmental	1,030,055																	
Charges for Services	21,146																	
Special Assessments	2,188,642																	
Fees, Licenses and Permits	42,636																	
Miscellaneous	626																	
	Total	10,673,130																
\$502,653	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: right;">378,730 645,388 896,048 389,447 1,148,465 126,062 117,626</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Net Position</td> <td style="text-align: right;">2,424,360</td> </tr> <tr> <td>Internal Balance</td> <td style="text-align: right;">(34,920)</td> </tr> <tr> <td>Claims Payable</td> <td style="text-align: right; border-bottom: 1px solid black;">6,405</td> </tr> </table>	Net Position	2,424,360	Internal Balance	(34,920)	Claims Payable	6,405											
Net Position	2,424,360																	
Internal Balance	(34,920)																	
Claims Payable	6,405																	
4,204,419	Total	2,395,845																
4,293,147	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(61,660)																
10,673,130	Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(431,097)																
14,966,277	The net pension asset (liability) and net OPEB asset (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: right;">1,054,454 19,409,227 1,193,145 4,783,084 27,002,997</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Net Pension Asset</td> <td style="text-align: right;">178,177</td> </tr> <tr> <td>Deferred Outflows - Pension</td> <td style="text-align: right;">6,647,083</td> </tr> <tr> <td>Net Pension Liability</td> <td style="text-align: right;">(40,757,718)</td> </tr> <tr> <td>Deferred Inflows - Pension</td> <td style="text-align: right;">(10,326,227)</td> </tr> <tr> <td>Net OPEB Asset</td> <td style="text-align: right;">1,280,327</td> </tr> <tr> <td>Deferred Outflows - OPEB</td> <td style="text-align: right;">4,007,397</td> </tr> <tr> <td>Net OPEB Liability</td> <td style="text-align: right;">(4,670,175)</td> </tr> <tr> <td>Deferred Inflows - OPEB</td> <td style="text-align: right; border-bottom: 1px solid black;">(7,196,926)</td> </tr> </table>	Net Pension Asset	178,177	Deferred Outflows - Pension	6,647,083	Net Pension Liability	(40,757,718)	Deferred Inflows - Pension	(10,326,227)	Net OPEB Asset	1,280,327	Deferred Outflows - OPEB	4,007,397	Net OPEB Liability	(4,670,175)	Deferred Inflows - OPEB	(7,196,926)	
Net Pension Asset	178,177																	
Deferred Outflows - Pension	6,647,083																	
Net Pension Liability	(40,757,718)																	
Deferred Inflows - Pension	(10,326,227)																	
Net OPEB Asset	1,280,327																	
Deferred Outflows - OPEB	4,007,397																	
Net OPEB Liability	(4,670,175)																	
Deferred Inflows - OPEB	(7,196,926)																	
53,442,907	Total	(50,838,062)																
\$72,613,603	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.																	
	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">OWDA Loan Payable</td> <td style="text-align: right;">(2,824,082)</td> </tr> <tr> <td>Capital Leases</td> <td style="text-align: right;">(1,944,884)</td> </tr> <tr> <td>Compensated Absences</td> <td style="text-align: right;">(4,035,277)</td> </tr> <tr> <td>Claims Payable</td> <td style="text-align: right; border-bottom: 1px solid black;">(6,405)</td> </tr> </table>	OWDA Loan Payable	(2,824,082)	Capital Leases	(1,944,884)	Compensated Absences	(4,035,277)	Claims Payable	(6,405)									
OWDA Loan Payable	(2,824,082)																	
Capital Leases	(1,944,884)																	
Compensated Absences	(4,035,277)																	
Claims Payable	(6,405)																	
	Total	(8,810,648)																
	<b>Net Position of Governmental Activities</b>	\$153,928,963																

**City of Solon, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2021*

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
<b>Revenues</b>				
Property Taxes	\$2,536,005	\$111,297	\$0	\$1,754,481
Municipal Income Taxes	35,803,846	0	11,934,617	187,966
Special Assessments	0	253,002	22,502	0
Intergovernmental	804,257	5,235	167,510	3,152,465
Investment Income	(255,667)	0	0	(2,540)
Fees, Licenses and Permits	726,684	11,193	0	170,373
Fines and Forfeitures	233,526	0	0	16,259
Rentals	7,349	0	0	4,050
Charges for Services	2,951,799	0	0	3,910
Contributions and Donations	341	0	0	44,131
Miscellaneous	507,626	0	110,549	21,437
<b>Total Revenues</b>	<b>43,315,766</b>	<b>380,727</b>	<b>12,235,178</b>	<b>5,352,532</b>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	8,279,307	0	0	1,448,359
Fire	7,528,349	0	0	2,118,314
Public Health and Welfare	145,598	0	0	0
Leisure Time Activities	3,754,650	0	0	249,921
Community Environment	4,570,169	0	0	0
Basic Utility Services	2,438,080	0	0	0
Transportation	4,198,745	0	0	1,611,040
General Government	7,221,644	2,498	0	252,727
Capital Outlay	329,000	0	11,796,176	2,411,859
Debt Service:				
Principal Retirement	0	683,985	0	239,674
Interest and Fiscal Charges	0	83,540	0	19,572
<b>Total Expenditures</b>	<b>38,465,542</b>	<b>770,023</b>	<b>11,796,176</b>	<b>8,351,466</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>4,850,224</b>	<b>(389,296)</b>	<b>439,002</b>	<b>(2,998,934)</b>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	326,436	0	0	0
Inception of Capital Lease	329,000	0	0	1,158,000
Transfers In	0	0	0	3,215,000
Transfers Out	(3,215,000)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(2,559,564)</b>	<b>0</b>	<b>0</b>	<b>4,373,000</b>
<b>Net Change in Fund Balances</b>	<b>2,290,660</b>	<b>(389,296)</b>	<b>439,002</b>	<b>1,374,066</b>
<b>Fund Balances Beginning of Year</b>	<b>29,097,528</b>	<b>933,897</b>	<b>14,747,702</b>	<b>4,949,348</b>
<b>Fund Balances End of Year</b>	<b>\$31,388,188</b>	<b>\$544,601</b>	<b>\$15,186,704</b>	<b>\$6,323,414</b>

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, 2021*

Total Governmental Funds	<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$3,714,432
	<b>Amounts reported for governmental activities in the statement of activities are different because</b>	
\$4,401,783	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.	
47,926,429	Capital Asset Additions	10,322,778
275,504	Depreciation	(8,528,124)
4,129,467	Total	1,794,654
(258,207)	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.	(302,076)
908,250	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
249,785	Delinquent Property Taxes	9,347
11,399	Municipal Income Taxes	(116,686)
2,955,709	Intergovernmental	163,056
44,472	Charges for Services	(16,008)
639,612	Special Assessments	(274,600)
	Fees, Licenses and Permits	(2,874)
61,284,203	Miscellaneous	(6,190)
	Total	(243,955)
	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.	923,659
9,727,666	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.	(6,168)
9,646,663	Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
145,598	Pension	3,890,926
4,004,571	OPEB	72,003
4,570,169	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.	
2,438,080	Pension	(1,554,034)
5,809,785	OPEB	7,776,563
7,476,869	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.	
14,537,035	Compensated Absences	4,413
	Vacation Benefits Payable	9,847
923,659	Claims Payable	4,189
103,112	Total	18,449
59,383,207	Other financing sources, such as inception of capital lease, in the governmental funds increase long-term liabilities in the statement of net position.	(1,487,000)
1,900,996	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.	
	Change in Net Position	(718,420)
326,436	Change in Internal Balance	73,392
1,487,000	Claims Payable	(4,189)
3,215,000	Total	(649,217)
(3,215,000)		
1,813,436		
3,714,432		
49,728,475		
<u>\$53,442,907</u>	<b>Change in Net Position of Governmental Activities</b>	<u>\$13,948,236</u>



**City of Solon, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$2,412,859	\$2,479,295	\$2,526,769	\$47,474
Municipal Income Taxes	33,726,059	34,699,298	35,471,762	772,464
Intergovernmental	792,229	813,998	793,579	(20,419)
Investment Income	287,095	295,000	286,030	(8,970)
Fees, Licenses and Permits	747,420	768,000	740,375	(27,625)
Fines and Forfeitures	231,778	238,160	244,271	6,111
Rentals	6,520	6,700	7,349	649
Charges for Services	2,733,757	2,795,067	2,914,019	118,952
Contributions and Donations	390	400	341	(59)
Miscellaneous	451,977	473,464	510,110	36,646
<i>Total Revenues</i>	41,390,084	42,569,382	43,494,605	925,223
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	9,187,377	8,724,923	8,317,565	407,358
Fire	8,139,497	7,658,802	7,535,599	123,203
Public Health and Welfare	148,477	148,477	145,598	2,879
Leisure Time Activities	4,964,252	4,804,252	3,855,250	949,002
Community Environment	2,451,173	2,507,513	2,253,078	254,435
Basic Utility Services	2,686,714	2,686,714	2,513,764	172,950
Transportation	4,773,457	4,773,457	4,078,987	694,470
General Government	7,800,376	8,371,873	7,680,927	690,946
<i>Total Expenditures</i>	40,151,323	39,676,011	36,380,768	3,295,243
<i>Excess of Revenues Over (Under) Expenditures</i>	1,238,761	2,893,371	7,113,837	4,220,466
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	326,436	326,436	326,436	0
Transfers Out	(3,065,000)	(7,065,000)	(7,065,000)	0
<i>Total Other Financing Sources (Uses)</i>	(2,738,564)	(6,738,564)	(6,738,564)	0
<i>Net Change in Fund Balance</i>	(1,499,803)	(3,845,193)	375,273	4,220,466
<i>Fund Balance Beginning of Year</i>	25,305,528	25,305,528	25,305,528	0
Prior Year Encumbrances Appropriated	1,114,775	1,114,775	1,114,775	0
<i>Fund Balance End of Year</i>	\$24,920,500	\$22,575,110	\$26,795,576	\$4,220,466

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2021*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Assets</b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$9,897,035	\$858,894	\$10,755,929	\$2,647,507
Materials and Supplies Inventory	98,679	26,536	125,215	0
Accounts Receivable	1,901,264	1,764	1,903,028	8,303
Accrued Interest Receivable	10,997	954	11,951	0
Prepaid Items	0	0	0	71,519
<i>Total Current Assets</i>	<u>11,907,975</u>	<u>888,148</u>	<u>12,796,123</u>	<u>2,727,329</u>
<i>Noncurrent Assets:</i>				
Net Pension Asset	16,017	6,005	22,022	0
Net OPEB Asset	115,089	43,157	158,246	0
Nondepreciable Capital Assets	858,713	2,439,746	3,298,459	0
Depreciable Capital Assets, Net	58,868,160	703,878	59,572,038	0
<i>Total Noncurrent Assets</i>	<u>59,857,979</u>	<u>3,192,786</u>	<u>63,050,765</u>	<u>0</u>
<i>Total Assets</i>	<u>71,765,954</u>	<u>4,080,934</u>	<u>75,846,888</u>	<u>2,727,329</u>
<b>Deferred Outflows of Resources</b>				
Pension	142,391	53,398	195,789	0
OPEB	59,982	22,494	82,476	0
Asset Retirement Obligation	750,000	0	750,000	0
<i>Total Deferred Outflows of Resources</i>	<u>952,373</u>	<u>75,892</u>	<u>1,028,265</u>	<u>0</u>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts Payable	36,037	2,110	38,147	5,250
Accrued Wages	23,328	5,972	29,300	12,282
Contracts Payable	0	50,182	50,182	0
Intergovernmental Payable	14,432	3,621	18,053	0
Retainage Payable	12,000	0	12,000	0
Accrued Interest Payable	64,096	0	64,096	0
Vacation Benefits Payable	36,736	7,365	44,101	0
Compensated Absences Payable	78,153	11,703	89,856	0
OWDA Loans Payable	467,329	0	467,329	0
Claims Payable	0	0	0	283,836
<i>Total Current Liabilities</i>	<u>732,111</u>	<u>80,953</u>	<u>813,064</u>	<u>301,368</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	103,289	12,917	116,206	0
OWDA Loans Payable	3,805,720	0	3,805,720	0
Net Pension Liability	962,618	360,981	1,323,599	0
Claims Payable	0	0	0	1,601
Asset Retirement Obligation Liability	2,000,000	0	2,000,000	0
<i>Total Long-Term Liabilities</i>	<u>6,871,627</u>	<u>373,898</u>	<u>7,245,525</u>	<u>1,601</u>
<i>Total Liabilities</i>	<u>7,603,738</u>	<u>454,851</u>	<u>8,058,589</u>	<u>302,969</u>
<b>Deferred Inflows of Resources</b>				
Pension	520,026	195,007	715,033	0
OPEB	412,447	154,667	567,114	0
<i>Total Deferred Inflows of Resources</i>	<u>932,473</u>	<u>349,674</u>	<u>1,282,147</u>	<u>0</u>
<b>Net Position</b>				
Net Investment in Capital Assets	55,441,824	3,093,442	58,535,266	0
Unrestricted	8,740,292	258,859	8,999,151	2,424,360
<i>Total Net Position</i>	<u>\$64,182,116</u>	<u>\$3,352,301</u>	<u>67,534,417</u>	<u>\$2,424,360</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: 34,920

Net position of business-type activities \$67,569,337

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, 2021*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Operating Revenues</b>				
Charges for Services	\$5,813,286	\$978,009	\$6,791,295	\$4,662,504
Tap-In Fees	76,369	0	76,369	0
Rentals	0	208,810	208,810	0
Miscellaneous	26,633	7,867	34,500	336,763
<i>Total Operating Revenues</i>	<u>5,916,288</u>	<u>1,194,686</u>	<u>7,110,974</u>	<u>4,999,267</u>
<b>Operating Expenses</b>				
Personal Services	615,785	144,189	759,974	84,258
Materials and Supplies	451,429	215,775	667,204	0
Contractual Services	1,189,561	101,831	1,291,392	1,169,798
Depreciation	2,174,669	82,358	2,257,027	0
Claims	0	0	0	4,466,929
Change in Workers' Compensation Estimate	0	0	0	(3,298)
Other	5,302	65,173	70,475	0
<i>Total Operating Expenses</i>	<u>4,436,746</u>	<u>609,326</u>	<u>5,046,072</u>	<u>5,717,687</u>
<i>Operating Income (Loss)</i>	<u>1,479,542</u>	<u>585,360</u>	<u>2,064,902</u>	<u>(718,420)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest	(44,288)	(3,250)	(47,538)	0
Interest and Fiscal Charges	(131,615)	0	(131,615)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(175,903)</u>	<u>(3,250)</u>	<u>(179,153)</u>	<u>0</u>
<i>Income (Loss) before Capital Contributions</i>	<u>1,303,639</u>	<u>582,110</u>	<u>1,885,749</u>	<u>(718,420)</u>
Capital Contributions	0	13,016	13,016	0
<i>Change in Net Position</i>	<u>1,303,639</u>	<u>595,126</u>	<u>1,898,765</u>	<u>(718,420)</u>
<i>Net Position Beginning of Year</i>	<u>62,878,477</u>	<u>2,757,175</u>		<u>3,142,780</u>
<i>Net Position End of Year</i>	<u>\$64,182,116</u>	<u>\$3,352,301</u>		<u>\$2,424,360</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>(73,392)</u>
Change in net position of business-type activities	<u>\$1,825,373</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, 2021

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$5,755,974	\$976,475	\$6,732,449	\$0
Cash Received from Tap-In Fees	76,369	0	76,369	0
Cash Received from Rentals	0	208,810	208,810	0
Cash Received from Interfund Services Provided	0	0	0	4,662,504
Cash Received from Other Sources	25,209	7,867	33,076	331,859
Cash Payments to Employees for Services and Benefits	(1,363,236)	(445,102)	(1,808,338)	(86,964)
Cash Payments for Goods and Services	(1,561,610)	(300,640)	(1,862,250)	(1,151,882)
Cash Payments for Interfund Services Provided	(269,032)	(55,263)	(324,295)	0
Cash Payments for Claims	0	0	0	(4,565,700)
Cash Payments for Other Operating Expenses	(5,302)	(65,515)	(70,817)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>2,658,372</u>	<u>326,632</u>	<u>2,985,004</u>	<u>(810,183)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(212,583)	(10,916)	(223,499)	0
Capital Contributions	0	3,516	3,516	0
Principal Paid on OWDA Loans	(452,948)	0	(452,948)	0
Interest Paid on OWDA Loans	(138,409)	0	(138,409)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(803,940)</u>	<u>(7,400)</u>	<u>(811,340)</u>	<u>0</u>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	(42,957)	(3,377)	(46,334)	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	1,811,475	315,855	2,127,330	(810,183)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>8,085,560</u>	<u>543,039</u>	<u>8,628,599</u>	<u>3,457,690</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$9,897,035</u>	<u>\$858,894</u>	<u>\$10,755,929</u>	<u>\$2,647,507</u>

(continued)

**City of Solon, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds (continued)*  
For the Year Ended December 31, 2021

	Business-type Activities			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating Income (Loss)	\$1,479,542	\$585,360	\$2,064,902	(\$718,420)
Adjustments:				
Depreciation	2,174,669	82,358	2,257,027	0
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	(58,736)	(1,534)	(60,270)	(4,904)
Prepaid Items	0	0	0	17,879
Materials and Supplies Inventory	25,795	16,537	42,332	0
Net Pension Asset	(1,891)	(710)	(2,601)	0
Net OPEB Asset	(556,184)	(208,569)	(764,753)	0
Deferred Outflows - Pension	186,881	70,080	256,961	0
Deferred Outflows - OPEB	106,921	40,096	147,017	0
Deferred Outflows - Asset Retirement Obligation	50,000	0	50,000	0
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	8,043	429	8,472	(2,588)
Accrued Wages	6,996	1,363	8,359	(81)
Claims Payable	0	0	0	(102,069)
Compensated Absences Payable	(103,549)	(16,481)	(120,030)	0
Vacation Benefits Payable	(2,971)	1,973	(998)	0
Intergovernmental Payable	(6,777)	(383)	(7,160)	0
Net Pension Liability	(5,156)	(1,934)	(7,090)	0
Deferred Inflows - Pension	(358,549)	(134,455)	(493,004)	0
Deferred Inflows - OPEB	(286,662)	(107,498)	(394,160)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$2,658,372</u>	<u>\$326,632</u>	<u>\$2,985,004</u>	<u>(\$810,183)</u>

**Noncash Capital Financing Activity**

At December 31, 2020, the City had accounts payable related to the purchase of capital assets of \$16,426 in the water reclamation fund.

During 2021, the general capital improvements capital project fund paid \$9,500 to contractors directly on behalf of the Grantwood Recreation enterprise fund. These amounts are included in capital contributions.

At December 31, 2021, the City had retainage and contracts payable related to the acquisition of capital assets of \$12,000 and \$50,182 in the water reclamation and Grantwood recreation funds, respectively.

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Fiduciary Net Position*  
*Custodial Fund*  
*December 31, 2021*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$81,936
<b>Liabilities</b>	
Intergovernmental Payable	<u>81,936</u>
<b>Net Position</b>	
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, 2021*

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<b>Additions</b>	
Amounts Received as Fiscal Agent	\$425,750
Fines and Forfeitures Collections for Other Governments	18,830
Special Assessments Collections for Others	<u>9,186</u>
<i>Total Additions</i>	<u>453,766</u>
 <b>Deductions</b>	
Distributions as Fiscal Agent	425,750
Fines and Forfeitures Distributions to Other Governments	18,830
Special Assessment Distributions to Others	<u>9,186</u>
<i>Total Deductions</i>	<u>453,766</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, 2021*

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**Note 1 - Reporting Entity**

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

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

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

The City participates in a shared risk pool and 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, 2021*

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**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*  
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**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*  
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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*  
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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 assets 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 assets 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, 2021, but which were levied to finance year 2022 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 2021, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), first American government obligations fund, commercial paper, municipal bonds, 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.

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*Notes to the Basic Financial Statements*  
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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 2021, 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 \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 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. The fair value of investments related declined during 2021 resulting in negative investment earnings of \$331,536.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2021 amounted to (\$255,667), which includes (\$119,609) 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, 2021, 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**  
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**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, 2021*

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***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, 2021*

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**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 and compensated absences.



**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**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, 2021*

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***Interfund Balances***

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.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 3 – Fund Balances**

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

Fund Balances	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>					
Prepays	\$213,959	\$0	\$0	\$0	\$213,959
Inventory	790,418	0	0	0	790,418
Unclaimed Monies	50,077	0	0	0	50,077
<i>Total Nonspendable</i>	<u>1,054,454</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,054,454</u>
<u>Restricted for:</u>					
Street and Highway Construction, Maintenance and Repair	0	0	0	368,804	368,804
Police Pension	0	0	0	281,185	281,185
Fire Pension	0	0	0	12,120	12,120
Police Department	0	0	0	187,217	187,217
Debt Service	0	544,601	0	0	544,601
Capital Improvements	0	0	15,186,704	2,828,596	18,015,300
<i>Total Restricted</i>	<u>0</u>	<u>544,601</u>	<u>15,186,704</u>	<u>3,677,922</u>	<u>19,409,227</u>
<u>Committed to:</u>					
Emergency Medical Service	546,435	0	0	0	546,435
Cable TV	0	0	0	275,698	275,698
Tree Planting	0	0	0	41,796	41,796
Recreation	0	0	0	53,939	53,939
Police and Fire Departments	0	0	0	38,059	38,059
Senior Services	0	0	0	24,685	24,685
Community Development	0	0	0	5,512	5,512
Cemetery	0	0	0	5,501	5,501
Contract Services	201,520	0	0	0	201,520
<i>Total Committed</i>	<u>747,955</u>	<u>0</u>	<u>0</u>	<u>445,190</u>	<u>1,193,145</u>
<u>Assigned to:</u>					
Economic Incentive	1,782,953	0	0	0	1,782,953
Compensated Absences	218,361	0	0	0	218,361
Capital Improvements	0	0	0	2,200,302	2,200,302
Purchases on Order:					
Personal Services	864	0	0	0	864
Materials and Supplies	210,774	0	0	0	210,774
Contractual Services	353,777	0	0	0	353,777
Capital Outlay	16,053	0	0	0	16,053
<i>Total Assigned</i>	<u>2,582,782</u>	<u>0</u>	<u>0</u>	<u>2,200,302</u>	<u>4,783,084</u>
Unassigned	27,002,997	0	0	0	27,002,997
<b>Total Fund Balances</b>	<u><u>\$31,388,188</u></u>	<u><u>\$544,601</u></u>	<u><u>\$15,186,704</u></u>	<u><u>\$6,323,414</u></u>	<u><u>\$53,442,907</u></u>

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**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 2021 to partially offset a projected operating deficit and the fund balance is \$6.6 million as of the end of 2021.

**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 fund 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**  
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Net Change in Fund Balance	
GAAP Basis	\$2,290,660
Net Adjustment for Revenue Accruals	3,174,417
Beginning Fair Value Adjustment for Investments	247,794
Ending Fair Value Adjustment for Investments	274,908
Beginning Unrecorded Cash	8,220
Net Adjustment for Expenditure Accruals	(3,196,584)
Perspective Difference:	
Economic Incentive	(1,372,696)
Encumbrances	(1,051,446)
Budget Basis	<u>\$375,273</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;

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*Notes to the Basic Financial Statements*  
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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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.

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**Investments**

As of December 31, 2021, 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	\$5,535,404	Average 51.3 days	AAAm	N/A
First American Government Obligations Fund	1,033,499	Less than one year	AAAm	N/A
Fair Value - Level Two Inputs:				
Commercial Paper	1,499,334	Less than one year	AAAm	N/A
Municipal Bonds	574,638	Less than one year	AAAm	N/A
Federal Home Loan Bank Bonds	23,943,932	Less than five years	Aaa	38.42
Federal Farm Credit Bank Bonds	9,612,059	Less than five years	Aaa	15.42
Federal National Mortgage Association Notes	3,468,985	Less than two years	Aaa	5.57
Federal Home Loan Mortgage Corporation Notes	5,895,878	Less than five years	Aaa	9.46
Negotiable Certificates of Deposit	<u>10,758,429</u>	Less than five years	N/A	17.27
Total Investments	<u><u>\$62,322,158</u></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, 2021. 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.

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**Note 6 – Receivables**

Receivables at December 31, 2021, 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 \$1,235,648 in the general obligation bond retirement fund and \$691,129 in the infrastructure capital projects fund. At December 31, 2021, the amount of delinquent special assessments was \$83,493.

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes were levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2021, was \$3.80 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	\$883,398,420
Other Real Estate	325,028,340
Tangible Personal Property	
Public Utility	<u>31,882,200</u>
Total	<u><u>\$1,240,308,960</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, 2021, and for which there was an



**City of Solon, Ohio**  
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enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2021 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 2021, 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:

Governmental Activities	Amount
Gasoline Tax/Cents per Gallon	\$638,455
Homestead and Rollback	224,468
Local Government	174,478
Auto Regulation	122,903
Prisoner Housing	37,978
SEALE Task Force	28,467
Department of Transportation	17,365
Bedford City Municipal Court	14,541
Violation Bureau	3,125
Cuyahoga County	2,828
City of Cleveland	175
Total Intergovernmental Receivables	\$1,264,783

**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, 2021.

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**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, 2021, was as follows:

	Balance 12/31/20	Additions	Reductions	Balance 12/31/21
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$11,200,400	\$236,099	\$0	\$11,436,499
Construction in progress	843,758	3,571,087	(570,244)	3,844,601
Total Capital Assets				
Not Being Depreciated	12,044,158	3,807,186	(570,244)	15,281,100
Capital Assets Being Depreciated				
Land improvements	3,901,764	169,062	0	4,070,826
Buildings	61,347,220	749,188	0	62,096,408
Furniture and Equipment	8,891,638	459,238	(492,194)	8,858,682
Vehicles	14,535,106	1,795,118	(1,337,516)	14,992,708
Infrastructure	178,263,934	3,913,230	(1,155,307)	181,021,857
Total Capital Assets Being Depreciated	266,939,662	7,085,836	(2,985,017)	271,040,481
Less Accumulated Depreciation				
Land improvements	(1,660,721)	(196,199)	0	(1,856,920)
Buildings	(30,747,219)	(1,803,471)	0	(32,550,690)
Furniture and Equipment	(6,896,562)	(337,443)	492,194	(6,741,811)
Vehicles	(9,727,083)	(1,013,418)	1,111,825	(9,628,676)
Infrastructure	(83,886,265)	(5,177,593)	1,078,922	(87,984,936)
Total Accumulated Depreciation	(132,917,850)	(8,528,124) *	2,682,941	(138,763,033)
Capital Assets Being Depreciated, net	134,021,812	(1,442,288)	(302,076)	132,277,448
Governmental Activities				
Capital Assets, net	\$146,065,970	\$2,364,898	(\$872,320)	\$147,558,548

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

Security of Persons and Property	
Police	\$502,802
Fire	592,670
Leisure Time Activities	718,283
Community Environment	29,180
Transportation	5,177,593
Basic Utility Service	1,029,781
General Government	477,815
Total Depreciation Expense	<u>\$8,528,124</u>

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	Balance 12/31/20	Additions	Reductions	Balance 12/31/21
<b>Business Type Activities:</b>				
Capital Assets Not Being Depreciated				
Land	\$3,120,877	\$0	\$0	\$3,120,877
Construction in progress	0	177,582	0	177,582
<b>Total Capital Assets</b>				
Not Being Depreciated	3,120,877	177,582	0	3,298,459
Capital Assets Being Depreciated				
Land Improvements	300,879	0	0	300,879
Buildings	32,922,913	27,816	0	32,950,729
Furniture and Equipment	6,427,992	73,357	(40,292)	6,461,057
Vehicles	436,706	0	0	436,706
Infrastructure	73,591,054	0	0	73,591,054
<b>Total Capital Assets Being Depreciated</b>	113,679,544	101,173	(40,292)	113,740,425
Less Accumulated Depreciation				
Land Improvements	(235,699)	(5,199)	0	(240,898)
Buildings	(18,818,511)	(781,564)	0	(19,600,075)
Furniture and Equipment	(5,443,302)	(119,473)	40,292	(5,522,483)
Vehicles	(262,219)	(25,355)	0	(287,574)
Infrastructure	(27,191,921)	(1,325,436)	0	(28,517,357)
<b>Total Accumulated Depreciation</b>	(51,951,652)	(2,257,027)	40,292	(54,168,387)
<b>Capital Assets Being Depreciated, net</b>	61,727,892	(2,155,854)	0	59,572,038
<b>Business Type Activities</b>				
<b>Capital Assets, net</b>	<b>\$64,848,769</b>	<b>(\$1,978,272)</b>	<b>\$0</b>	<b>\$62,870,497</b>

During 2021, assets of \$9,500 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.

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**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 \$6,405 reported in the fund at December 31, 2021, 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 prior and current years 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>
2020	\$48,889	\$15,217	\$32,570	(\$20,942)	\$10,594
2021	10,594	10,451	11,342	(3,298)	6,405

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**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 2021 plan year of \$5,646,434.

Incurred but not reported claims of \$279,032 have been accrued as a liability based on a review of the January and February 2022 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 the prior and current years were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2020	\$298,504	\$3,874,530	\$3,796,122	\$376,912
2021	376,912	4,456,478	4,554,358	279,032

**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 (Asset)**

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

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

GASB 68/75 assumes the liability is 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 liability (asset). Resulting adjustments to the net pension/OPEB liability (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/OPEB 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 Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a 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.

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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 (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 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 (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. 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 cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is 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,

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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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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 (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2021 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
<b>2021 Actual Contribution Rates</b>	
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 2021, the City’s contractually required contribution was \$1,648,513 for the traditional plan, \$35,930 for the combined plan and \$46,400 for the member-directed plan. Of these amounts, \$152,383 is reported as an intergovernmental payable for the traditional plan, \$3,315 for the combined plan, and \$5,999 for the member-directed plan.

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

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



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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 Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

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	<u>Police</u>	<u>Firefighters</u>
<b>2021 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2021 Actual Contribution Rates</b>		
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	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$2,391,771 for 2021. Of this amount, \$217,206 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2020, 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, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. 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:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.0812590%	0.0693540%	0.4407838%	
Prior Measurement Date	<u>0.0902160%</u>	<u>0.0751560%</u>	<u>0.4597595%</u>	
Change in Proportionate Share	<u>-0.0089570%</u>	<u>-0.0058020%</u>	<u>-0.0189757%</u>	
Proportionate Share of the:				
Net Pension Liability	\$12,032,690	\$0	\$30,048,627	\$42,081,317
Net Pension Asset	0	(200,199)	0	(200,199)
Pension Expense	(557,052)	7,531	2,043,109	1,493,588

2021 pension expense for the member-directed defined contribution plan was \$46,400. The aggregate pension expense for all pension plans was \$1,539,988 for 2021.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

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	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$0	\$0	\$1,256,134	\$1,256,134
Changes of assumptions	0	12,503	503,930	516,433
Changes in proportion and differences between City contributions and proportionate share of contributions	54,813	28,150	911,128	994,091
City contributions subsequent to the measurement date	<u>1,648,513</u>	<u>35,930</u>	<u>2,391,771</u>	<u>4,076,214</u>
Total Deferred Outflows of Resources	<u>\$1,703,326</u>	<u>\$76,583</u>	<u>\$5,062,963</u>	<u>\$6,842,872</u>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$503,337	\$37,769	\$1,170,604	\$1,711,710
Net difference between projected and actual earnings on pension plan investments	4,689,991	29,773	1,457,557	6,177,321
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>1,233,323</u>	<u>6,146</u>	<u>1,912,760</u>	<u>3,152,229</u>
Total Deferred Inflows of Resources	<u>\$6,426,651</u>	<u>\$73,688</u>	<u>\$4,540,921</u>	<u>\$11,041,260</u>

\$4,076,214 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 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Year Ending December 31:				
2022	(\$2,743,107)	(\$11,257)	(\$396,503)	(\$3,150,867)
2023	(1,077,287)	(6,027)	388,984	(694,330)
2024	(1,911,799)	(12,892)	(1,445,479)	(3,370,170)
2025	(639,645)	(4,354)	(349,032)	(993,031)
2026	0	(105)	(67,699)	(67,804)
Thereafter	<u>0</u>	<u>1,600</u>	<u>0</u>	<u>1,600</u>
Total	<u>(\$6,371,838)</u>	<u>(\$33,035)</u>	<u>(\$1,869,729)</u>	<u>(\$8,274,602)</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, 2020, using the following actuarial assumptions applied to all periods included in the

**City of Solon, Ohio**  
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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, 2020, are presented as follows:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
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	.5 percent, simple through 2021, then 2.15 percent, simple	.5 percent, simple through 2021, 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 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 then 2.15 percent simple.

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 above described tables.

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The 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, 2020, these best estimates are summarized in the following table:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	100.00 %	5.43 %

**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	\$22,952,417	\$12,032,690	\$2,952,952
OPERS Combined Plan	(139,402)	(200,199)	(245,513)

**Changes between the Measurement Date and the Reporting Date** During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, 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 are: 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.

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Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2020, are presented as follows:

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
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	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, 2020, are summarized as follows:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
<b>Total</b>	<b>125.00 %</b>	

Note: Assumptions are geometric.

\* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 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	\$41,831,538	\$30,048,627	\$20,187,521

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**Note 12 – Defined Benefit OPEB Plans**

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

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care 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.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.



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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. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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' Annual Comprehensive 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 2021, 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 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 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 \$18,560 for 2021. Of this amount, \$1,714 is reported as an intergovernmental payable.

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

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

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

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.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**Funding Policy –** The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the 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.

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The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, 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.

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 \$55,485 for 2021. Of this amount, \$5,050 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 (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, 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, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability (asset) 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:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.0807470%	0.4407838%	
Prior Measurement Date	<u>0.0897450%</u>	<u>0.4597595%</u>	
Change in Proportionate Share	<u>-0.0089980%</u>	<u>-0.0189757%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$0	\$4,670,175	\$4,670,175
Net OPEB Asset	(1,438,573)	0	(1,438,573)
OPEB Expense	(9,180,516)	394,099	(8,786,417)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Changes of assumptions	\$707,218	\$2,580,018	\$3,287,236
Changes in proportion and differences between City contributions and proportionate share of contributions City contributions subsequent to the measurement date	24,007	704,585	728,592
	18,560	55,485	74,045
<b>Total Deferred Outflows of Resources</b>	<b>\$749,785</b>	<b>\$3,340,088</b>	<b>\$4,089,873</b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$1,298,303	\$770,330	\$2,068,633
Changes of assumptions	2,330,918	744,513	3,075,431
Net difference between projected and actual earnings on OPEB plan investments	766,204	173,553	939,757
Changes in proportion and differences between City contributions and proportionate share of contributions	760,140	920,079	1,680,219
<b>Total Deferred Inflows of Resources</b>	<b>\$5,155,565</b>	<b>\$2,608,475</b>	<b>\$7,764,040</b>

\$74,045 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 or an increase to the net OPEB asset in 2022. 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:			
2022	(\$2,367,185)	\$147,755	(\$2,219,430)
2023	(1,633,911)	188,853	(1,445,058)
2024	(332,961)	124,060	(208,901)
2025	(90,283)	120,257	29,974
2026	0	52,690	52,690
Thereafter	0	42,513	42,513
<b>Total</b>	<b>(\$4,424,340)</b>	<b>\$676,128</b>	<b>(\$3,748,212)</b>

**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 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, 2019, rolled forward to the measurement date of December 31, 2020. 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:

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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	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent, initial 3.50 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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. Postretirement 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. Postretirement 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 above described tables.

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

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. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. 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:

**City of Solon, Ohio**  
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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
<b>Total</b>	<b>100.00 %</b>	<b>4.43 %</b>

**Discount Rate** A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. 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 2.00 percent (Fidelity Index's "20-Year Municipal GO AA Index"). 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 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

**Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate** The following table presents the City's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB asset	(\$357,709)	(\$1,438,573)	(\$2,327,129)

**Sensitivity of the City's Proportionate Share of the Net OPEB Asset 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 asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset 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.

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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 2021 is 8.50 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 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 asset	(\$1,473,633)	(\$1,438,573)	(\$1,399,346)

***Changes between the Measurement Date and the Reporting Date*** During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

***Actuarial Assumptions – OP&F***

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, 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:

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Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
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
Blended discount rate:	
Current measurement date	2.96 percent
Prior measurement date	3.56 percent
Cost of Living Adjustments	2.2 percent simple

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 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 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 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. 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 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.



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**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 2.96 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 (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's proportionate share of the net OPEB liability	\$5,823,443	\$4,670,175	\$3,718,866

**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.

In 2021, the City of Solon paid \$279,861 in premiums from the general fund, which represents 18.22 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 Hudson, 1140 Terex Road Road, Hudson, Ohio, 44236.

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**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 2021. 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 2020 (latest information available), the City paid RITA \$468,495 for income tax collection services.

**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.

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**Note 16 - Long-Term Obligations**

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

	Balance 12/31/20	Additions	Reductions	Balance 12/31/21	Amounts Due in One Year
<b>Governmental Activities</b>					
<b><i>OWDA Loans from Direct Borrowings</i></b>					
2004 \$5,861,485 - 1.45%					
Aurora Road West Draw	\$1,151,720	\$0	(\$323,142)	\$828,578	\$327,844
2006 \$6,329,372 - 3.00%					
Aurora East Sewer Project	2,356,347	0	(360,843)	1,995,504	373,032
<b><i>Total OWDA Loans</i></b>	<b>3,508,067</b>	<b>0</b>	<b>(683,985)</b>	<b>2,824,082</b>	<b>700,876</b>
<b><i>Other Long-term Obligations</i></b>					
Net Pension Liability					
OPERS	15,870,305	0	(5,161,214)	10,709,091	0
OP&F	30,971,855	0	(923,228)	30,048,627	0
<b>Total Net Pension Liability</b>	<b>46,842,160</b>	<b>0</b>	<b>(6,084,442)</b>	<b>40,757,718</b>	<b>0</b>
Net OPEB Liability					
OPERS	11,032,545	0	(11,032,545)	0	0
OP&F	4,541,379	128,796	0	4,670,175	0
<b>Total Net OPEB Liability</b>	<b>15,573,924</b>	<b>128,796</b>	<b>(11,032,545)</b>	<b>4,670,175</b>	<b>0</b>
Compensated Absences	4,039,690	1,409,668	(1,414,081)	4,035,277	1,381,237
Capital Leases Payable	697,558	1,487,000	(239,674)	1,944,884	427,983
Claims Payable	10,594	3,757	(7,946)	6,405	4,804
<b><i>Total Other Long-term Obligations</i></b>	<b>67,163,926</b>	<b>3,029,221</b>	<b>(18,778,688)</b>	<b>51,414,459</b>	<b>1,814,024</b>
<b><i>Total General Long-term Obligations</i></b>	<b>\$70,671,993</b>	<b>\$3,029,221</b>	<b>(\$19,462,673)</b>	<b>\$54,238,541</b>	<b>\$2,514,900</b>

**City of Solon, Ohio**  
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	Balance 12/31/20	Additions	Reductions	Balance 12/31/21	Amounts Due in One Year
<b>Business-type Activities</b>					
<b>OWDA Loans from Direct Borrowings</b>					
2006 \$3,935,828 - 3.00%					
Trickling Filter Rehabilitation	\$1,663,991	\$0	(\$216,015)	\$1,447,976	\$222,873
2011 \$4,891,846 - 3.00%					
Anaerobic Digester and Electrical Upgrade	3,062,006	0	(236,933)	2,825,073	244,456
<b>Total OWDA Loans</b>	<b>4,725,997</b>	<b>0</b>	<b>(452,948)</b>	<b>4,273,049</b>	<b>467,329</b>
<b>Other Long-term Liabilities</b>					
Net Pension Liability - OPERS					
Water Reclamation	1,426,547	0	(463,929)	962,618	0
Grantwood Recreation	534,953	0	(173,972)	360,981	0
<b>Total Net Pension Liability</b>	<b>1,961,500</b>	<b>0</b>	<b>(637,901)</b>	<b>1,323,599</b>	<b>0</b>
Net OPEB Liability - OPERS					
Water Reclamation	991,686	0	(991,686)	0	0
Grantwood Recreation	371,884	0	(371,884)	0	0
<b>Total Net OPEB Liability</b>	<b>1,363,570</b>	<b>0</b>	<b>(1,363,570)</b>	<b>0</b>	<b>0</b>
Compensated Absences	326,092	70,098	(190,128)	206,062	89,856
Asset Retirement Obligation	2,000,000	0	0	2,000,000	0
<b>Total Other Long-term Liabilities</b>	<b>5,651,162</b>	<b>70,098</b>	<b>(2,191,599)</b>	<b>3,529,661</b>	<b>89,856</b>
<b>Total Business-type Activities</b>	<b>\$10,377,159</b>	<b>\$70,098</b>	<b>(\$2,644,547)</b>	<b>\$7,802,710</b>	<b>\$557,185</b>

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 \$2,824,082 related to governmental activities and \$4,273,049 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.

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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 \$130,232,441 with an unvoted debt margin of \$68,216,993 at December 31, 2021. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2021 are as follows:

*Governmental Activities*

	OWDA Loans from Direct Borrowings	
	Principal	Interest
2022	\$700,876	\$74,581
2023	718,250	57,209
2024	566,779	39,342
2025	412,127	24,656
2026	426,050	10,734
Total	<u>\$2,824,082</u>	<u>\$206,522</u>

*Business-Type Activities*

	OWDA Loans from Direct Borrowings	
	Principal	Interest
2022	\$467,329	\$803
2023	482,166	112,335
2024	497,472	97,410
2025	513,268	82,009
2026	529,561	66,119
2027-2030	1,783,253	134,736
Total	<u>\$4,273,049</u>	<u>\$493,412</u>

**City of Solon, Ohio**  
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**Note 17 - Capital Leases**

In 2021, the City entered into lease agreements for garbage trucks and for an ambulance. 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, 2021 follow:

	Amounts
Asset:	
Vehicles	\$2,658,769
Less: Accumulated Depreciation	(619,136)
Current Book Value	\$2,039,633

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,	
2022	\$464,611
2023	464,612
2024	312,776
2025	253,993
2026	253,993
2027-2029	304,242
Total Payments	2,054,227
Less: Amount Representing Interest	(109,343)
Present Value of Minimum Lease Payments	\$1,944,884

**Note 18 - Interfund Transfers**

During 2021, the general fund transferred \$3,215,000 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, 2021*

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**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	\$1,051,446	Water Reclamation Fund	\$472,365
Infrastructure Fund	9,487,884	Grantwood Golf Fund	51,236
Other Governmental Funds	999,841	Internal Service Funds	52,650
Total Governmental	<u>\$11,539,171</u>	Total Proprietary	<u>\$576,251</u>

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

**Contractual Commitments**

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

<u>Vendor Name</u>	<u>Project</u>	<u>Balance Remaining</u>
TRIMOR CORPORATION	2021 Annual Emergency Roadway Repair	\$207,822
R.E. WARNER & ASSOCIATES	SOM/Cannon Intersection Design	22,205
R.E. WARNER & ASSOCIATES	SOM/Cannon Intersection Design	6,488
TRAX CONSTRUCTION CO.	Annual Sanitary & Storm Sewer Repair	132,277
TRAX CONSTRUCTION CO.	2020 Annual Sewer Repairs	235,483
NERONE & SONS, INC.	2021 Annual Sanitary & Storm Sewer Repair	156,475
GEO-SCI LABORATORY, INC.	2021 Materials Testing	57,537
PERRAM ELECTRIC, INC.	2021 Annual Traffic Signal	25,900
EUTHENICS INC.	SOM/Aurora Intersection	4,804
CATTS CONSTRUCTION, INC.	SOM/Aurora Intersection	562,583
DELTA INDUSTRIAL SERVICES, INC	Painting Misc Traffic Poles	4,620
BURGESS & NIPLE LTD	Briar Hill Drive Culvert Project	10,987
UNION INDUSTRIAL CONTRACTORS	Briar Hill Drive Culvert Project	233,342
DLZ OHIO, INC.	Aurora Rd Project (right-of-way acquisition)	98,891
GPD ASSOCIATES	Harper Rd Traffic Evaluation	91,270
BURGESS & NIPLE LTD	Derby Downs Reconstruction	2,859
FABRIZI TRUCKING AND PAVING	Arbordale Reconstruction	8,326
BURGESS & NIPLE LTD	Fox Hill Storm Sewer Design	1,018
INLAND WATERS POLLUTION	Fox Hill Storm Sewer	92,627
CHAGRIN VALLEY PAVING	SOM Center Rd Resurfacing Design	30,186
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	757
BURGESS & NIPLE LTD	Amendment to Solon Rd Reconst Design	3,004
BURGESS & NIPLE LTD	Amendment to Solon Rd Reconst Design	37,700
GPD ASSOCIATES	Aurora Rd Reconstruction Phase 2	802,106
GPD ASSOCIATES	Swagelok Crosswalk/Traffic Study	6,005
CATTS CONSTRUCTION, INC.	Solon Road Reconstruction Project	923,829
ALL STAR STRIPING	Fire Hydrant Painting	10,200
CATTS CONSTRUCTION, INC.	Brookland Ave Reconstruction	191,725
BURGESS & NIPLE LTD	Influent Aerial Pipe Replacement Design	3,319
KENMORE CONSTRUCTION	Influent Aerial Pipe Replacement	322,113
KENMORE CONSTRUCTION	Influent Aerial Pipe	71,189
BURGESS & NIPLE LTD	Miles Rd Sanitary Sewer	13,574
BURGESS & NIPLE LTD	Harper Rd Reconstruction Design	334,772
PATH MASTER, INC.	School Zone Flasher Poles	22,220
SIGNAL SERVICE	School Zone Flasher	38,463
GPD ASSOCIATES	Clearwater Court Ext Design	3,209
DAVEY RESOURCE GROUP, INC.	Clearwater Court Ext Water Impacts	3,744
CARRON ASPHALT PAVING, INC.	Clearwater Court Extension to Portz	368,280
GPD ASSOCIATES	Design of Harper Rd Interchange	622,524
GPD ASSOCIATES	Harper Diverging Diamond Interchange	15,295
BURGESS & NIPLE LTD	Enterprise Pkwy Culvert Replacement	76,821
BURGESS & NIPLE LTD	North Oval Sanitary & Storm Project	9,438
BURGESS & NIPLE LTD	Creekside Trail Drainage	9,704
BURGESS & NIPLE LTD	Creekside Trail Storm Sewer	76,000
BURGESS & NIPLE LTD	S. Roundhead Sanitary Sewer Study	99,367
BURGESS & NIPLE LTD	S Roundhead Sanitary Sewer	277,800
BURGESS & NIPLE LTD	Miles Rd Waterline	62,538
BURGESS & NIPLE LTD	Churchill, Brushwood, Blue Grass Design	195,900
ORANGE VILLAGE	Miles Rd Culvert C-13	11,750
GREENMAN-PEDERSEN, INC.	Inspection Services (as needed)	750,000
THE ILLUMINATING COMPANY	Light Poles for Clearwater Court	9,826
R.M. KOLE & ASSOCIATES CORP.	Survey	9,900
LAKE ERIE CONSTRUCTION CO.	2021 Annual Guardrail Repair	47,925



**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

Vendor Name	Project	Balance Remaining
TRIMOR CORPORATION	2020 Annual Concrete Street Repair Program	\$69,321
TRIMOR CORPORATION	2021 Annual Concrete Street Repair Program	368,400
RONYAK PAVING, INC.	2020 Annual Asphalt Street Repair Program	34,088
CROSSROADS ASPHALT RECYCLING	2021 Annual Asphalt Street Repair Program	189,377
AMERICAN PAVEMENTS, INC.	2021 Annual Preventative Maintenance	24,609
RADER LINE LLC	2021 Annual Street Striping	16,320
UNITED SURVEY, INC.	2020 Sewer Grouting Program	379,920
UNITED SURVEY, INC.	2021 Sewer Grouting Program	300,000
BURTON SCOT CONTRACTORS LLC	2021 Annual Catch Basin Repair	64,556
SHIFFLER EQUIPMENT SALES, INC.	Police Station Locker Replacement	44,544
JOHNSON CONTROLS FIRE PROT. LP	Fire Panel at Police Station	39,193
JOHNSON CONTROLS INC	HVAC Controls at City Hall	57,461
MACEDONIA GLASS & MIRROR	Glass Wall - Mayor's Office	7,000
CT CONSULTANTS INC	Bull House Landscaping Design	4,130
PSI	Rails to Trails Eng. Services	5,000
VANCUREN SERVICES INC.	Rails to Trails Tree & Brush Removal	18,000
CHAGRIN VALLEY ENGINEERING	Rails to Trails Wetland Delineation	15,470
C&J CONTRACTORS, INC.	Demolition of 34215 Bainbrige Rd	12,953
BOB CULTRONA LANDSCAPING CO.	US 422 & SOM Beautification Sign	27,332
OHIO PAVING & CONST. CO. INC.	RTA Bus Shelter Project	11,993
BURGESS & NIPLE LTD	WR Plant Concrete Repair (const admin)	138,100
METROPOLITAN COMM. GROUP, INC.	WR- Design for Fiber Service to the Plant	3,995
PERRAM ELECTRIC, INC.	Fiber Extension to Plant	126,557
M&A COATINGS, LLC.	Water Reclamation Facility Clarifier Painting	77,000
M&A COATINGS, LLC.	Misc Pipe Painting	15,800
PREISLER PROPERTIES & CONST.	Kitchen Remodel at WR Plant	6,300
ENCOMPASS CONSTRUCTION & REM.	Lunchroom Remodel at WR Plant	9,250
		<b>\$9,595,399</b>

Remaining commitment amounts were encumbered at year end. The amounts of \$200,580 and \$314,236 in contracts and retainage payable for governmental activities, respectively, have been capitalized as well as \$50,182 and \$12,000 in contracts and retainage payable for business-type activities, respectively.

**Note 21 - Tax Abatement Disclosures**

As of December 31, 2021, 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, 2021*

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**Current Tax Abatement Activity**

The City of Solon currently has one active CRA 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, 2021.

Tax Abatement Program	Total Amount of Taxes Abated (Incentives Abated) For the year 2021 (In Actual Dollars)
<i>Community Reinvestment Area (CRA)</i>	
- Manufacturing	\$528,776

**Note 22 – Changes in Accounting Principle**

For 2021, the City implemented the Governmental Accounting Standards Board’s (GASB) Statement No. 98, *The Annual Comprehensive Financial Report*. GASB 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The City is also implementing *Implementation Guide No. 2019-1*. These changes were incorporated in the City’s 2021 financial statements; however, there was no effect on beginning net position/fund balance.

**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. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 24 – Asset Retirement Obligations**

The Governmental Accounting Standard Board's (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. 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.

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## Required Supplementary Information

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

	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.0812590%	0.0902160%	0.0890510%	0.0900800%
City's Proportionate Share of the Net Pension Liability	\$12,032,690	\$17,831,805	\$24,389,263	\$14,131,806
City's Covered Payroll	\$11,445,486	\$12,692,657	\$12,029,814	\$11,904,185
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.13%	140.49%	202.74%	118.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%

(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.

2017	2016	2015	2014
0.0898380%	0.0970810%	0.0984080%	0.0984080%
\$20,400,683	\$16,815,653	\$11,869,151	\$11,601,065
\$11,613,317	\$12,083,657	\$12,064,925	\$12,360,838
175.67%	139.16%	98.38%	93.85%
77.25%	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 Four Years (1)*

	2021	2020	2019	2018
City's Proportion of the Net Pension Asset	0.0693540%	0.0751560%	0.0965340%	0.0859110%
City's Proportionate Share of the Net Pension Asset	\$200,199	\$156,718	\$107,947	\$116,951
City's Covered Payroll	\$305,643	\$334,557	\$411,950	\$351,846
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-65.50%	-46.84%	-26.20%	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	157.67%	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 (Asset)*  
*Ohio Public Employees Retirement System - OPEB Plan*  
*Last Five Years (1)*

	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability (Asset)	0.0807470%	0.0897450%	0.0889670%	0.0901900%	0.0901600%
City's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,438,573)	\$12,396,115	\$11,599,198	\$9,793,970	\$9,106,466
City's Covered Payroll	\$12,212,329	\$13,557,864	\$12,904,414	\$12,774,506	\$12,460,259
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-11.78%	91.43%	89.89%	76.67%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	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 Eight Years (1)*

	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.4407838%	0.4597595%	0.4525050%	0.4790720%
City's Proportionate Share of the Net Pension Liability	\$30,048,627	\$30,971,855	\$36,936,365	\$29,402,813
City's Covered Payroll	\$10,618,937	\$10,745,517	\$10,074,922	\$9,826,819
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	282.97%	288.23%	366.62%	299.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%

(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.

2017	2016	2015	2014
0.4494730%	0.4655460%	0.4682640%	0.4682640%
\$28,469,169	\$29,948,902	\$24,258,028	\$22,805,926
\$9,514,949	\$9,269,014	\$9,113,753	\$8,880,813
299.20%	323.11%	266.17%	256.80%
68.36%	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 Five Years (1)*

	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.4407838%	0.4597595%	0.4525050%	0.4790720%	0.4494730%
City's Proportionate Share of the Net OPEB Liability	\$4,670,175	\$4,541,379	\$4,120,754	\$27,143,547	\$21,335,472
City's Covered Payroll	\$10,618,937	\$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	43.98%	42.26%	40.90%	276.22%	224.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.42%	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.

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

	2021	2020	2019
<b>Net Pension Liability - Traditional Plan</b>			
Contractually Required Contribution	\$1,648,513	\$1,602,368	\$1,776,972
Contributions in Relation to the Contractually Required Contribution	<u>(1,648,513)</u>	<u>(1,602,368)</u>	<u>(1,776,972)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$11,775,093	\$11,445,486	\$12,692,657
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net Pension Liability - Combined Plan</b>			
Contractually Required Contribution	\$35,930	\$42,790	\$46,838
Contributions in Relation to the Contractually Required Contribution	<u>(35,930)</u>	<u>(42,790)</u>	<u>(46,838)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$256,643	\$305,643	\$334,557
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability - OPEB Plan (2)</b>			
Contractually Required Contribution	\$18,560	\$18,448	\$21,226
Contributions in Relation to the Contractually Required Contribution	<u>(18,560)</u>	<u>(18,448)</u>	<u>(21,226)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$12,495,736	\$12,212,329	\$13,557,864
OPEB Contributions as a Percentage of Covered Payroll	<u>0.15%</u>	<u>0.15%</u>	<u>0.16%</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.

2018	2017	2016	2015	2014	2013
\$1,684,174	\$1,547,544	\$1,393,598	\$1,450,038	\$1,447,791	\$1,606,909
<u>(1,684,174)</u>	<u>(1,547,544)</u>	<u>(1,393,598)</u>	<u>(1,450,038)</u>	<u>(1,447,791)</u>	<u>(1,606,909)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$12,029,814	\$11,904,185	\$11,613,317	\$12,083,657	\$12,064,925	\$12,360,838
<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$57,673	\$45,740	\$41,981	\$52,794	\$55,689	\$57,391
<u>(57,673)</u>	<u>(45,740)</u>	<u>(41,981)</u>	<u>(52,794)</u>	<u>(55,689)</u>	<u>(57,391)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$411,950	\$351,846	\$349,842	\$439,950	\$464,075	\$441,469
<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$18,506	\$143,299	\$259,147			
<u>(18,506)</u>	<u>(143,299)</u>	<u>(259,147)</u>			
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			
\$12,904,414	\$12,774,506	\$12,460,259			
<u>0.14%</u>	<u>1.12%</u>	<u>2.08%</u>			

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$2,391,771	\$2,285,689	\$2,310,710	\$2,166,600
Contributions in Relation to the Contractually Required Contribution	<u>(2,391,771)</u>	<u>(2,285,689)</u>	<u>(2,310,710)</u>	<u>(2,166,600)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$11,097,006	\$10,618,937	\$10,745,517	\$10,074,922
Pension Contributions as a Percentage of Covered Payroll	<u>21.55%</u>	<u>21.52%</u>	<u>21.50%</u>	<u>21.50%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$55,485	\$53,095	\$53,728	\$50,375
Contributions in Relation to the Contractually Required Contribution	<u>(55,485)</u>	<u>(53,095)</u>	<u>(53,728)</u>	<u>(50,375)</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>22.05%</u>	<u>22.02%</u>	<u>22.00%</u>	<u>22.00%</u>

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

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$2,113,672	\$2,045,193	\$1,992,084	\$1,959,654	\$1,631,979	\$1,306,875
<u>(2,113,672)</u>	<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>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,826,819	\$9,514,949	\$9,269,014	\$9,113,753	\$8,880,813	\$8,565,132
<u>21.51%</u>	<u>21.49%</u>	<u>21.49%</u>	<u>21.50%</u>	<u>18.38%</u>	<u>15.26%</u>
\$49,134	\$47,575	\$46,345	\$45,569	\$321,189	\$578,147
<u>(49,134)</u>	<u>(47,575)</u>	<u>(46,345)</u>	<u>(45,569)</u>	<u>(321,189)</u>	<u>(578,147)</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>0.50%</u>	<u>3.62%</u>	<u>6.75%</u>
<u>22.01%</u>	<u>21.99%</u>	<u>21.99%</u>	<u>22.00%</u>	<u>22.00%</u>	<u>22.01%</u>



**City of Solon, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2021*

**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 Retirees	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:

2021	0.5 percent, simple through 2021 then 2.15 percent, simple
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 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 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, 2021*

**Changes in Assumptions – OPERS Pension – Combined Plan**

For 2021 and 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:

	Beginning in 2018	2017 and Prior
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	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increases 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.

Age	Police	Fire
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.

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

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.

**City of Solon, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2021*

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**Changes in Assumptions – OPERS OPEB**

Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 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**

Blended Discount Rate:	
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

**Changes in Benefit Terms – OPERS OPEB**

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-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 non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

**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.

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**Combining and Individual Fund Statements and Schedules**

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## 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 grant monies used to assist local governments with the coronavirus pandemic.

***COVID Local Fiscal Recovery Fund*** – to account for and report restricted federal grant 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, 2021*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,528,318	\$5,219,142	\$6,747,460
Accrued Interest Receivable	589	0	589
Accounts Receivable	42,636	0	42,636
Intergovernmental Receivable	885,663	19,366	905,029
Property Taxes Receivable	2,442,019	430,355	2,872,374
<i>Total Assets</i>	<u>\$4,899,225</u>	<u>\$5,668,863</u>	<u>\$10,568,088</u>
<b>Liabilities</b>			
Accounts Payable	\$6,491	\$0	\$6,491
Contracts Payable	0	183,424	183,424
Intergovernmental Payable	222,256	0	222,256
Retainage Payable	0	6,820	6,820
Unearned Revenue	126,062	0	126,062
<i>Total Liabilities</i>	<u>354,809</u>	<u>190,244</u>	<u>545,053</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,350,731	414,440	2,765,171
Unavailable Revenue	899,169	35,281	934,450
<i>Total Deferred Inflows of Resources</i>	<u>3,249,900</u>	<u>449,721</u>	<u>3,699,621</u>
<b>Fund Balances</b>			
Restricted	849,326	2,828,596	3,677,922
Committed	445,190	0	445,190
Assigned	0	2,200,302	2,200,302
<i>Total Fund Balances</i>	<u>1,294,516</u>	<u>5,028,898</u>	<u>6,323,414</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$4,899,225</u>	<u>\$5,668,863</u>	<u>\$10,568,088</u>

**City of Solon, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2021*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property Taxes	\$1,335,708	\$418,773	\$1,754,481
Municipal Income Taxes	0	187,966	187,966
Intergovernmental	3,000,837	151,628	3,152,465
Investment Income	(2,540)	0	(2,540)
Fees, Licenses and Permits	170,373	0	170,373
Fines and Forfeitures	16,259	0	16,259
Rentals	4,050	0	4,050
Charges for Services	3,910	0	3,910
Contributions and Donations	44,131	0	44,131
Miscellaneous	20,355	1,082	21,437
<i>Total Revenues</i>	<u>4,593,083</u>	<u>759,449</u>	<u>5,352,532</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property			
Police	1,448,359	0	1,448,359
Fire	2,118,314	0	2,118,314
Leisure Time Activities	249,921	0	249,921
Transportation	1,611,040	0	1,611,040
General Government	252,727	0	252,727
Capital Outlay	0	2,411,859	2,411,859
Debt Service:			
Principal Retirement	0	239,674	239,674
Interest and Fiscal Charges	0	19,572	19,572
<i>Total Expenditures</i>	<u>5,680,361</u>	<u>2,671,105</u>	<u>8,351,466</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,087,278)</u>	<u>(1,911,656)</u>	<u>(2,998,934)</u>
<b>Other Financing Sources (Uses)</b>			
Inception of Capital Lease	0	1,158,000	1,158,000
Transfers In	15,000	3,200,000	3,215,000
<i>Total Other Financing Sources (Uses)</i>	<u>15,000</u>	<u>4,358,000</u>	<u>4,373,000</u>
<i>Net Change in Fund Balances</i>	(1,072,278)	2,446,344	1,374,066
<i>Fund Balances Beginning of Year</i>	<u>2,366,794</u>	<u>2,582,554</u>	<u>4,949,348</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,294,516</u></u>	<u><u>\$5,028,898</u></u>	<u><u>\$6,323,414</u></u>



**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2021*

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$221,475	\$26,635	\$368,453	\$147,108	\$281,876
Accrued Interest Receivable	246	30	0	0	313
Accounts Receivable	0	0	0	0	42,636
Intergovernmental Receivable	704,256	57,102	49,722	74,583	0
Property Taxes Receivable	0	0	976,807	1,465,212	0
<i>Total Assets</i>	<u>\$925,977</u>	<u>\$83,767</u>	<u>\$1,394,982</u>	<u>\$1,686,903</u>	<u>\$324,825</u>
<b>Liabilities</b>					
Accounts Payable	\$0	\$0	\$0	\$0	\$6,491
Intergovernmental Payable	0	0	87,268	134,988	0
Unearned Revenue	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>87,268</u>	<u>134,988</u>	<u>6,491</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	0	0	940,292	1,410,439	0
Unavailable Revenue	592,869	48,071	86,237	129,356	42,636
<i>Total Deferred Inflows of Resources</i>	<u>592,869</u>	<u>48,071</u>	<u>1,026,529</u>	<u>1,539,795</u>	<u>42,636</u>
<b>Fund Balances</b>					
Restricted	333,108	35,696	281,185	12,120	0
Committed	0	0	0	0	275,698
<i>Total Fund Balances</i>	<u>333,108</u>	<u>35,696</u>	<u>281,185</u>	<u>12,120</u>	<u>275,698</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$925,977</u>	<u>\$83,767</u>	<u>\$1,394,982</u>	<u>\$1,686,903</u>	<u>\$324,825</u>

Tree Planting	Recreation	Police Department Programs	Law Enforcement Trust	Donations Trust	COVID Local Fiscal Recovery	Total Nonmajor Special Revenue Funds
\$41,796	\$53,939	\$15,906	\$171,311	\$73,757	\$126,062	\$1,528,318
0		0	0	0	0	589
0	0	0	0	0	0	42,636
0	0	0	0	0	0	885,663
0	0	0	0	0	0	2,442,019
<u>\$41,796</u>	<u>\$53,939</u>	<u>\$15,906</u>	<u>\$171,311</u>	<u>\$73,757</u>	<u>\$126,062</u>	<u>\$4,899,225</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$6,491
0	0	0	0	0	0	222,256
0	0	0	0	0	126,062	126,062
0	0	0	0	0	126,062	354,809
0	0	0	0	0	0	2,350,731
0	0	0	0	0	0	899,169
0	0	0	0	0	0	3,249,900
0	0	15,906	171,311	0	0	849,326
41,796	53,939	0	0	73,757	0	445,190
41,796	53,939	15,906	171,311	73,757	0	1,294,516
<u>\$41,796</u>	<u>\$53,939</u>	<u>\$15,906</u>	<u>\$171,311</u>	<u>\$73,757</u>	<u>\$126,062</u>	<u>\$4,899,225</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, 2021*

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
<b>Revenues</b>					
Property Taxes	\$0	\$0	\$445,236	\$890,472	\$0
Intergovernmental	1,438,798	116,660	47,087	94,175	0
Investment Income	(992)	(123)	0	0	(1,425)
Fees, Licenses and Permits	0	0	0	0	170,373
Fines and Forfeitures	0	0	0	0	0
Rentals	0	0	0	0	0
Charges for Services	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>1,437,806</u>	<u>116,537</u>	<u>492,323</u>	<u>984,647</u>	<u>168,948</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property					
Police	0	0	939,456	0	0
Fire	0	0	0	1,515,513	0
Leisure Time Activities	0	0	0	0	178,933
Transportation	1,495,100	115,940	0	0	0
General Government	0	0	0	0	0
<i>Total Expenditures</i>	<u>1,495,100</u>	<u>115,940</u>	<u>939,456</u>	<u>1,515,513</u>	<u>178,933</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(57,294)	597	(447,133)	(530,866)	(9,985)
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	(57,294)	597	(447,133)	(530,866)	(9,985)
<i>Fund Balances Beginning of Year</i>	<u>390,402</u>	<u>35,099</u>	<u>728,318</u>	<u>542,986</u>	<u>285,683</u>
<i>Fund Balances End of Year</i>	<u><u>\$333,108</u></u>	<u><u>\$35,696</u></u>	<u><u>\$281,185</u></u>	<u><u>\$12,120</u></u>	<u><u>\$275,698</u></u>

Tree Planting	Recreation	Police Department Programs	Law Enforcement Trust	Donations Trust	Coronavirus Relief	COVID Local Fiscal Recovery	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,335,708
0	0	0	0	0	237,117	1,067,000	3,000,837
0	0	0	0	0	0	0	(2,540)
0	0	0	0	0	0	0	170,373
0	0	0	16,259	0	0	0	16,259
0	4,050	0	0	0	0	0	4,050
3,910	0	0	0	0	0	0	3,910
0	13,000	15,926	0	15,205	0	0	44,131
0	20,355	0	0	0	0	0	20,355
<u>3,910</u>	<u>37,405</u>	<u>15,926</u>	<u>16,259</u>	<u>15,205</u>	<u>237,117</u>	<u>1,067,000</u>	<u>4,593,083</u>
0	0	15,908	23,062	4,479	0	465,454	1,448,359
0	0	0	0	1,255	0	601,546	2,118,314
0	70,120	0	0	868	0	0	249,921
0	0	0	0	0	0	0	1,611,040
15,610	0	0	0	0	237,117	0	252,727
<u>15,610</u>	<u>70,120</u>	<u>15,908</u>	<u>23,062</u>	<u>6,602</u>	<u>237,117</u>	<u>1,067,000</u>	<u>5,680,361</u>
(11,700)	(32,715)	18	(6,803)	8,603	0	0	(1,087,278)
0	15,000	0	0	0	0	0	15,000
(11,700)	(17,715)	18	(6,803)	8,603	0	0	(1,072,278)
53,496	71,654	15,888	178,114	65,154	0	0	2,366,794
<u>\$41,796</u>	<u>\$53,939</u>	<u>\$15,906</u>	<u>\$171,311</u>	<u>\$73,757</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,294,516</u>

**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2021*

	Safety and Service Equipment	Building Construction	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$915,691	\$2,339,402	\$17,744	\$1,946,305	\$5,219,142
Intergovernmental Receivable	19,366	0	0	0	19,366
Property Taxes Receivable	430,355	0	0	0	430,355
<i>Total Assets</i>	<u>\$1,365,412</u>	<u>\$2,339,402</u>	<u>\$17,744</u>	<u>\$1,946,305</u>	<u>\$5,668,863</u>
<b>Liabilities</b>					
Contracts Payable	\$35,822	\$139,100	\$0	\$8,502	\$183,424
Retainage Payable	0	0	0	6,820	6,820
<i>Total Liabilities</i>	<u>35,822</u>	<u>139,100</u>	<u>0</u>	<u>15,322</u>	<u>190,244</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	414,440	0	0	0	414,440
Unavailable Revenue	35,281	0	0	0	35,281
<i>Total Deferred Inflows of Resources</i>	<u>449,721</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>449,721</u>
<b>Fund Balances</b>					
Restricted	879,869	0	17,744	1,930,983	2,828,596
Assigned	0	2,200,302	0	0	2,200,302
<i>Total Fund Balances</i>	<u>879,869</u>	<u>2,200,302</u>	<u>17,744</u>	<u>1,930,983</u>	<u>5,028,898</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,365,412</u>	<u>\$2,339,402</u>	<u>\$17,744</u>	<u>\$1,946,305</u>	<u>\$5,668,863</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, 2021*

	Safety and Service Equipment	Building Construction	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
<b>Revenues</b>					
Property Taxes	\$418,773	\$0	\$0	\$0	\$418,773
Municipal Income Taxes	0	0	0	187,966	187,966
Intergovernmental	39,138	87,490	0	25,000	151,628
Miscellaneous	576	506	0	0	1,082
<i>Total Revenues</i>	<u>458,487</u>	<u>87,996</u>	<u>0</u>	<u>212,966</u>	<u>759,449</u>
<b>Expenditures</b>					
Capital Outlay	1,438,335	591,961	0	381,563	2,411,859
Debt Service:					
Principal Retirement	239,674	0	0	0	239,674
Interest and Fiscal Charges	19,572	0	0	0	19,572
<i>Total Expenditures</i>	<u>1,697,581</u>	<u>591,961</u>	<u>0</u>	<u>381,563</u>	<u>2,671,105</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,239,094)</u>	<u>(503,965)</u>	<u>0</u>	<u>(168,597)</u>	<u>(1,911,656)</u>
<b>Other Financing Sources (Uses)</b>					
Inception of Capital Lease	1,158,000	0	0	0	1,158,000
Transfers In	660,000	1,200,000	0	1,340,000	3,200,000
<i>Total Other Financing Sources (Uses)</i>	<u>1,818,000</u>	<u>1,200,000</u>	<u>0</u>	<u>1,340,000</u>	<u>4,358,000</u>
<i>Net Change in Fund Balances</i>	578,906	696,035	0	1,171,403	2,446,344
<i>Fund Balances Beginning of Year</i>	<u>300,963</u>	<u>1,504,267</u>	<u>17,744</u>	<u>759,580</u>	<u>2,582,554</u>
<i>Fund Balances End of Year</i>	<u>\$879,869</u>	<u>\$2,200,302</u>	<u>\$17,744</u>	<u>\$1,930,983</u>	<u>\$5,028,898</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, 2021*

	Workers' Compensation	Medical Self Insurance	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$315,285	\$2,332,222	\$2,647,507
Accounts Receivable	0	8,303	8,303
Prepaid Items	71,519	0	71,519
<i>Total Assets</i>	<u>386,804</u>	<u>2,340,525</u>	<u>2,727,329</u>
<b>Liabilities</b>			
<i>Current Liabilities:</i>			
Accounts Payable	0	5,250	5,250
Accrued Wages	0	12,282	12,282
Claims Payable	4,804	279,032	283,836
<i>Total Current Liabilities</i>	<u>4,804</u>	<u>296,564</u>	<u>301,368</u>
<i>Long-Term Liabilities:</i>			
Claims Payable	1,601	0	1,601
<i>Total Liabilities</i>	<u>6,405</u>	<u>296,564</u>	<u>302,969</u>
<b>Net Position</b>			
Unrestricted	<u>\$380,399</u>	<u>\$2,043,961</u>	<u>\$2,424,360</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, 2021*

	<u>Workers'</u> <u>Compensation</u>	<u>Medical</u> <u>Self Insurance</u>	<u>Total</u>
<b>Operating Revenues</b>			
Charges for Services	\$150,000	\$4,512,504	\$4,662,504
Miscellaneous	0	336,763	336,763
<i>Total Operating Revenues</i>	<u>150,000</u>	<u>4,849,267</u>	<u>4,999,267</u>
<b>Operating Expenses</b>			
Personal Services	0	84,258	84,258
Contractual Services	167,784	1,002,014	1,169,798
Claims	10,451	4,456,478	4,466,929
Change in Worker's Compensation Estimate	<u>(3,298)</u>	<u>0</u>	<u>(3,298)</u>
<i>Total Operating Expenses</i>	<u>174,937</u>	<u>5,542,750</u>	<u>5,717,687</u>
<i>Change in Net Position</i>	(24,937)	(693,483)	(718,420)
<i>Net Position Beginning of Year</i>	<u>405,336</u>	<u>2,737,444</u>	<u>3,142,780</u>
<i>Net Position End of Year</i>	<u><u>\$380,399</u></u>	<u><u>\$2,043,961</u></u>	<u><u>\$2,424,360</u></u>

**City of Solon, Ohio**  
*Combining Statement of Cash Flows*  
*Internal Service Funds*  
For the Year Ended December 31, 2021

	<u>Workers'</u> <u>Compensation</u>	<u>Medical</u> <u>Self Insurance</u>	<u>Total</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Interfund Services Provided	\$150,000	\$4,512,504	\$4,662,504
Cash Received from Other Sources	0	331,859	331,859
Cash Payments to Employees for Services and Benefits	0	(86,964)	(86,964)
Cash Payments for Goods and Services	(152,993)	(998,889)	(1,151,882)
Cash Payments for Claims	(11,342)	(4,554,358)	(4,565,700)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(14,335)	(795,848)	(810,183)
<i>Cash and Cash Equivalents Beginning of Year</i>	329,620	3,128,070	3,457,690
<i>Cash and Cash Equivalents End of Year</i>	<u>\$315,285</u>	<u>\$2,332,222</u>	<u>\$2,647,507</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	<u>(\$24,937)</u>	<u>(\$693,483)</u>	<u>(\$718,420)</u>
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	0	(4,904)	(4,904)
Prepaid Items	17,879	0	17,879
<i>Increase (Decrease) in Liabilities</i>			
Accounts Payable	(3,088)	500	(2,588)
Accrued Wages	0	(81)	(81)
Claims Payable	(4,189)	(97,880)	(102,069)
<i>Total Adjustments</i>	<u>10,602</u>	<u>(102,365)</u>	<u>(91,763)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(\$14,335)</u>	<u>(\$795,848)</u>	<u>(\$810,183)</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 Fund*** – 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, 2021*

	JEDD Income Tax	Other Custodial	Total Custodial
<b>Additions</b>			
Amounts Received as Fiscal Agent	\$425,750	\$0	\$425,750
Fines and Forfeitures Collections for Other Governments	0	18,830	18,830
Special Assessments Collections for Others	0	9,186	9,186
<i>Total Additions</i>	<u>425,750</u>	<u>28,016</u>	<u>453,766</u>
<b>Deductions</b>			
Distributions as Fiscal Agent	425,750	0	425,750
Fines and Forfeitures Distributions to Other Governments	0	18,830	18,830
Special Assessment Distributions to Others	0	9,186	9,186
<i>Total Deductions</i>	<u>425,750</u>	<u>28,016</u>	<u>453,766</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>

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

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**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, 2021*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$2,412,859	\$2,479,295	\$2,526,769	\$47,474
Municipal Income Taxes	33,726,059	34,699,298	35,471,762	772,464
Intergovernmental	792,229	813,998	793,579	(20,419)
Investment Income	287,095	295,000	286,030	(8,970)
Fees, Licenses and Permits	747,420	768,000	740,375	(27,625)
Fines and Forfeitures	231,778	238,160	244,271	6,111
Rentals	6,520	6,700	7,349	649
Charges for Services	2,733,757	2,795,067	2,914,019	118,952
Contributions and Donations	390	400	341	(59)
Miscellaneous	451,977	473,464	510,110	36,646
<b>Total Revenues</b>	<b>41,390,084</b>	<b>42,569,382</b>	<b>43,494,605</b>	<b>925,223</b>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Personal Services	7,786,082	7,296,128	6,978,822	317,306
Materials and Supplies	332,284	338,319	277,426	60,893
Contractual Services	998,810	1,019,154	998,195	20,959
Capital Outlay	70,201	71,322	63,122	8,200
<b>Total Police</b>	<b>9,187,377</b>	<b>8,724,923</b>	<b>8,317,565</b>	<b>407,358</b>
Fire				
Personal Services	7,686,081	7,204,535	7,141,233	63,302
Materials and Supplies	223,448	223,448	210,235	13,213
Contractual Services	165,359	165,359	140,215	25,144
Capital Outlay	63,460	63,460	42,541	20,919
Other	1,149	2,000	1,375	625
<b>Total Fire</b>	<b>8,139,497</b>	<b>7,658,802</b>	<b>7,535,599</b>	<b>123,203</b>
<b>Total Security of Persons and Property</b>	<b>17,326,874</b>	<b>16,383,725</b>	<b>15,853,164</b>	<b>530,561</b>
Public Health and Welfare				
Cemetery				
Personal Services	5,500	5,500	5,474	26
Other	12,977	12,977	12,877	100
<b>Total Cemetery</b>	<b>18,477</b>	<b>18,477</b>	<b>18,351</b>	<b>126</b>
County Health District				
Contractual Services	130,000	130,000	127,247	2,753
<b>Total Public Health and Welfare</b>	<b>148,477</b>	<b>148,477</b>	<b>145,598</b>	<b>2,879</b>
Leisure Time Activities				
Recreation Admin				
Personal Services	349,791	324,081	295,140	28,941
Materials and Supplies	29,637	29,637	20,786	8,851
Contractual Services	31,800	31,800	17,189	14,611
Other	370	370	364	6
<b>Total Recreation Admin</b>	<b>411,598</b>	<b>385,888</b>	<b>333,479</b>	<b>52,409</b>
Youth and Adult Recreation Programs				
Personal Services	404,321	373,989	365,354	8,635
Materials and Supplies	117,311	117,311	61,199	56,112
Contractual Services	263,089	263,089	201,075	62,014
Capital Outlay	1,500	1,500	0	1,500
Other	7,500	7,500	7,433	67
<b>Total Youth and Adult Recreation Programs</b>	<b>\$793,721</b>	<b>\$763,389</b>	<b>\$635,061</b>	<b>\$128,328</b>

(continued)

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Community Parks and Swimming Pools				
Personal Services	\$498,427	\$461,036	\$439,747	\$21,289
Materials and Supplies	138,630	138,630	106,362	32,268
Contractual Services	105,345	105,345	53,889	51,456
<b>Total Community Parks and Swimming Pools</b>	<b>742,402</b>	<b>705,011</b>	<b>599,998</b>	<b>105,013</b>
Community Center				
Personal Services	820,685	759,118	489,747	269,371
Materials and Supplies	105,949	105,949	61,087	44,862
Contractual Services	124,988	124,988	81,002	43,986
Capital Outlay	5,000	5,000	0	5,000
Other	9,900	9,900	4,319	5,581
<b>Total Community Center</b>	<b>1,066,522</b>	<b>1,004,955</b>	<b>636,155</b>	<b>368,800</b>
Center for the Arts Programs				
Personal Services	796,595	779,595	712,709	66,886
Materials and Supplies	90,100	96,233	60,321	35,912
Contractual Services	68,037	72,780	41,611	31,169
Capital Outlay	5,747	5,967	2,940	3,027
Other	11,846	12,750	12,733	17
<b>Total Center for the Arts Programs</b>	<b>972,325</b>	<b>967,325</b>	<b>830,314</b>	<b>137,011</b>
Senior Services Admin				
Personal Services	672,754	672,754	648,701	24,053
Materials and Supplies	25,487	25,487	13,364	12,123
Contractual Services	152,786	152,786	79,793	72,993
<b>Total Senior Services Admin</b>	<b>851,027</b>	<b>851,027</b>	<b>741,858</b>	<b>109,169</b>
Senior Programs				
Materials and Supplies	113,757	113,757	77,127	36,630
Contractual Services	12,800	12,800	1,200	11,600
Other	100	100	58	42
<b>Total Senior Programs</b>	<b>126,657</b>	<b>126,657</b>	<b>78,385</b>	<b>48,272</b>
<b>Total Leisure Time Activities</b>	<b>4,964,252</b>	<b>4,804,252</b>	<b>3,855,250</b>	<b>949,002</b>
Community Environment Planning and Zoning				
Personal Services	525,879	525,879	501,756	24,123
Materials and Supplies	9,054	9,666	6,415	3,251
Contractual Services	59,557	63,938	56,098	7,840
Capital Outlay	93	100	82	18
<b>Total Planning and Zoning</b>	<b>594,583</b>	<b>599,583</b>	<b>564,351</b>	<b>35,232</b>
Development Board				
Personal Services	181,687	181,687	177,190	4,497
Materials and Supplies	11,089	11,089	1,557	9,532
Contractual Services	100,932	100,932	80,088	20,844
<b>Total Development Board</b>	<b>\$293,708</b>	<b>\$293,708</b>	<b>\$258,835</b>	<b>\$34,873</b>

(continued)



**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Building Department				
Personal Services	\$191,013	\$206,013	\$196,208	\$9,805
Materials and Supplies	5,047	4,784	2,331	2,453
Contractual Services	298,187	279,845	222,537	57,308
Other	95,475	150,860	141,789	9,071
Total Building Department	589,722	641,502	562,865	78,637
Engineering Department				
Personal Services	813,442	788,442	733,867	54,575
Materials and Supplies	25,249	25,249	18,244	7,005
Contractual Services	90,414	90,414	50,665	39,749
Capital Outlay	10,915	10,915	6,571	4,344
Other	33,140	57,700	57,680	20
Total Engineering Department	973,160	972,720	867,027	105,693
Total Community Environment	2,451,173	2,507,513	2,253,078	254,435
Basic Utility Services				
Storm Sewers				
Personal Services	537,616	537,616	518,821	18,795
Materials and Supplies	76,970	76,970	66,195	10,775
Contractual Services	11,500	11,500	4,602	6,898
Total Storm Sewers	626,086	626,086	589,618	36,468
Trees, Leaf and Brush				
Personal Services	100,000	100,000	85,179	14,821
Materials and Supplies	819	819	441	378
Contractual Services	103,232	103,232	61,734	41,498
Total Trees, Leaf and Brush	204,051	204,051	147,354	56,697
Refuse Collection and Disposal				
Personal Services	877,345	877,345	852,099	25,246
Materials and Supplies	370,671	370,671	369,312	1,359
Contractual Services	608,561	608,561	555,381	53,180
Total Refuse Collection and Disposal	1,856,577	1,856,577	1,776,792	79,785
Total Basic Utility Services	2,686,714	2,686,714	2,513,764	172,950
Transportation				
Street Department				
Personal Services	3,661,549	3,661,549	3,499,747	161,802
Materials and Supplies	1,013,195	1,013,195	525,640	487,555
Contractual Services	48,574	48,574	25,172	23,402
Capital Outlay	50,139	50,139	28,428	21,711
Total Transportation	\$4,773,457	\$4,773,457	\$4,078,987	\$694,470

(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, 2021*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
General Government				
Council				
Personal Services	\$221,088	\$221,088	\$219,002	\$2,086
Materials and Supplies	7,812	7,812	6,878	934
Contractual Services	33,411	33,411	12,281	21,130
Total Council	262,311	262,311	238,161	24,150
Mayor				
Personal Services	293,503	301,503	295,169	6,334
Materials and Supplies	3,696	3,196	2,197	999
Contractual Services	15,100	12,600	10,446	2,154
Total Mayor	312,299	317,299	307,812	9,487
Finance/Income Tax				
Personal Services	608,923	673,923	664,578	9,345
Materials and Supplies	12,029	11,374	6,965	4,409
Contractual Services	750,664	654,778	573,159	81,619
Capital Outlay	1,062	1,000	0	1,000
Total Finance/Income Tax	1,372,678	1,341,075	1,244,702	96,373
Prosecutor/Legal Department				
Personal Services	159,033	159,033	159,027	6
Materials and Supplies	152,497	271,396	271,396	0
Contractual Services	89,807	125,908	95,105	30,803
Total Prosecutor/Legal Department	401,337	556,337	525,528	30,809
Human Resources				
Personal Services	161,473	161,473	140,203	21,270
Materials and Supplies	1,188	1,188	654	534
Contractual Services	31,244	31,244	13,099	18,145
Capital Outlay	3,224	3,224	3,122	102
Total Human Resources	197,129	197,129	157,078	40,051
Network Administrator				
Personal Services	229,334	252,584	242,516	10,068
Materials and Supplies	12,785	12,785	12,437	348
Contractual Services	71,493	71,493	68,994	2,499
Capital Outlay	38,833	38,833	27,718	11,115
Total Network Administrator	352,445	375,695	351,665	24,030
Civil Service				
Personal Services	17,318	17,318	5,734	11,584
Materials and Supplies	250	250	0	250
Contractual Services	34,400	34,400	15,479	18,921
Other	20	20	0	20
Total Civil Service	51,988	51,988	21,213	30,775
City Hall				
Personal Services	544,159	484,159	475,039	9,120
Materials and Supplies	416,029	533,462	500,783	32,679
Contractual Services	90,129	112,696	97,884	14,812
Total City Hall	1,050,317	1,130,317	1,073,706	56,611
Unclaimed Monies				
Other	\$1,378	\$2,400	\$200	\$2,200

(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, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
City Administration				
Personal Services	\$236,734	\$251,734	\$243,806	\$7,928
Materials and Supplies	117,720	96,562	69,453	27,109
Contractual Services	2,894,478	2,894,478	2,630,838	263,640
Other	115,462	138,748	138,748	0
Total City Administration	<u>3,364,394</u>	<u>3,381,522</u>	<u>3,082,845</u>	<u>298,677</u>
Sick Leave Reserve				
Personal Services	434,100	755,800	678,017	77,783
Total General Government	<u>7,800,376</u>	<u>8,371,873</u>	<u>7,680,927</u>	<u>690,946</u>
<i>Total Expenditures</i>	<u>40,151,323</u>	<u>39,676,011</u>	<u>36,380,768</u>	<u>3,295,243</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,238,761</u>	<u>2,893,371</u>	<u>7,113,837</u>	<u>4,220,466</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	326,436	326,436	326,436	0
Transfers Out	<u>(3,065,000)</u>	<u>(7,065,000)</u>	<u>(7,065,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(2,738,564)</u>	<u>(6,738,564)</u>	<u>(6,738,564)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,499,803)	(3,845,193)	375,273	4,220,466
<i>Fund Balance Beginning of Year</i>	25,305,528	25,305,528	25,305,528	0
Prior Year Encumbrances Appropriated	<u>1,114,775</u>	<u>1,114,775</u>	<u>1,114,775</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$24,920,500</u>	<u>\$22,575,110</u>	<u>\$26,795,576</u>	<u>\$4,220,466</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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$207,540	\$109,275	\$111,297	\$2,022
Special Assessments	263,270	263,270	253,002	(10,268)
Intergovernmental	5,093	5,093	5,235	142
Fees, Licenses and Permits	10,000	10,000	11,193	1,193
<i>Total Revenues</i>	<u>485,903</u>	<u>387,638</u>	<u>380,727</u>	<u>(6,911)</u>
<b>Expenditures</b>				
Current:				
General Government				
Legislative and Executive				
Contractual Services	12,000	12,000	2,498	9,502
Debt Service:				
Principal Retirement	683,985	683,985	683,985	0
Interest and Fiscal Charges	83,540	83,540	83,540	0
<i>Total Expenditures</i>	<u>779,525</u>	<u>779,525</u>	<u>770,023</u>	<u>9,502</u>
<i>Net Change in Fund Balance</i>	(293,622)	(391,887)	(389,296)	2,591
<i>Fund Balance Beginning of Year</i>	<u>933,897</u>	<u>933,897</u>	<u>933,897</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$640,275</u>	<u>\$542,010</u>	<u>\$544,601</u>	<u>\$2,591</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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Municipal Income Taxes	\$12,276,508	\$11,476,225	\$11,823,922	\$347,697
Special Assessments	22,330	20,900	22,502	1,602
Intergovernmental	101,498	95,000	167,510	72,510
Miscellaneous	198,189	185,500	110,549	(74,951)
<i>Total Revenues</i>	<u>12,598,525</u>	<u>11,777,625</u>	<u>12,124,483</u>	<u>346,858</u>
<b>Expenditures</b>				
Current:				
Transportation				
Engineering Department				
Personal Services	395,000	395,000	381,860	13,140
Capital Outlay	<u>25,616,009</u>	<u>22,630,409</u>	<u>20,964,599</u>	<u>1,665,810</u>
<i>Total Expenditures</i>	<u>26,011,009</u>	<u>23,025,409</u>	<u>21,346,459</u>	<u>1,678,950</u>
<i>Net Change in Fund Balance</i>	(13,412,484)	(11,247,784)	(9,221,976)	2,025,808
<i>Fund Balance Beginning of Year</i>	7,288,723	7,288,723	7,288,723	0
Prior Year Encumbrances Appropriated	<u>8,339,719</u>	<u>8,339,719</u>	<u>8,339,719</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,215,958</u>	<u>\$4,380,658</u>	<u>\$6,406,466</u>	<u>\$2,025,808</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, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$5,358,300	\$5,282,000	\$5,751,174	\$469,174
Tap-In Fees	72,300	72,300	76,369	4,069
Investment Income	47,150	47,150	44,947	(2,203)
Miscellaneous	23,500	23,500	25,209	1,709
<i>Total Revenues</i>	5,501,250	5,424,950	5,897,699	472,749
<b>Expenses</b>				
Personal Services	2,663,339	1,683,520	1,632,268	51,252
Materials and Supplies	722,467	480,978	448,671	32,307
Contractual Services	2,015,211	1,609,240	1,325,440	283,800
Other	8,650	5,310	5,302	8
Capital Outlay	451,479	628,098	472,447	155,651
Debt Service:				
Principal Retirement	452,949	452,949	452,948	1
Interest and Fiscal Charges	138,410	138,410	138,409	1
<i>Total Expenses</i>	6,452,505	4,998,505	4,475,485	523,020
<i>Net Change in Fund Equity</i>	(951,255)	426,445	1,422,214	995,769
<i>Fund Equity Beginning of Year</i>	7,757,538	7,757,538	7,757,538	0
Prior Year Encumbrances Appropriated	294,577	294,577	294,577	0
<i>Fund Equity End of Year</i>	\$7,100,860	\$8,478,560	\$9,474,329	\$995,769

**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, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$3,516	\$3,516	\$3,516	\$0
Charges for Services	774,017	899,617	976,475	76,858
Investment Income	3,350	3,350	3,500	150
Rentals	196,915	196,915	208,810	11,895
Miscellaneous	8,375	8,375	7,867	(508)
<i>Total Revenues</i>	<u>986,173</u>	<u>1,111,773</u>	<u>1,200,168</u>	<u>88,395</u>
<b>Expenses</b>				
Personal Services	515,312	532,527	500,365	32,162
Materials and Supplies	204,123	259,122	249,397	9,725
Contractual Services	108,323	123,911	102,234	21,677
Other	78,080	82,033	65,760	16,273
Capital Outlay	11,671	10,916	10,916	0
<i>Total Expenses</i>	<u>917,509</u>	<u>1,008,509</u>	<u>928,672</u>	<u>79,837</u>
<i>Net Change in Fund Equity</i>	68,664	103,264	271,496	168,232
<i>Fund Equity Beginning of Year</i>	526,506	526,506	526,506	0
Prior Year Encumbrances Appropriated	<u>13,966</u>	<u>13,966</u>	<u>13,966</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$609,136</u></u>	<u><u>\$643,736</u></u>	<u><u>\$811,968</u></u>	<u><u>\$168,232</u></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, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$1,299,100	\$1,325,100	\$1,434,938	\$109,838
Investment Income	1,500	1,500	1,638	138
<i>Total Revenues</i>	1,300,600	1,326,600	1,436,576	109,976
<b>Expenditures</b>				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	1,046,325	1,046,325	1,046,325	0
Materials and Supplies	348,775	448,775	448,775	0
<i>Total Expenditures</i>	1,395,100	1,495,100	1,495,100	0
<i>Net Change in Fund Balance</i>	(94,500)	(168,500)	(58,524)	109,976
<i>Fund Balance Beginning of Year</i>	281,110	281,110	281,110	0
<i>Fund Balance End of Year</i>	\$186,610	\$112,610	\$222,586	\$109,976



**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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$105,300	\$106,900	\$116,347	\$9,447
Investment Income	140	140	146	6
<i>Total Revenues</i>	105,440	107,040	116,493	9,453
<b>Expenditures</b>				
Current:				
Transportation				
State Highway				
Materials and Supplies	115,940	115,940	115,940	0
<i>Net Change in Fund Balance</i>	(10,500)	(8,900)	553	9,453
<i>Fund Balance Beginning of Year</i>	26,216	26,216	26,216	0
<i>Fund Balance End of Year</i>	<u>\$15,716</u>	<u>\$17,316</u>	<u>\$26,769</u>	<u>\$9,453</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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$438,079	\$438,079	\$445,236	\$7,157
Intergovernmental	45,532	45,532	47,087	1,555
<i>Total Revenues</i>	483,611	483,611	492,323	8,712
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Personal Services	987,036	987,036	931,948	55,088
<i>Net Change in Fund Balance</i>	(503,425)	(503,425)	(439,625)	63,800
<i>Fund Balance Beginning of Year</i>	808,078	808,078	808,078	0
<i>Fund Balance End of Year</i>	<u>\$304,653</u>	<u>\$304,653</u>	<u>\$368,453</u>	<u>\$63,800</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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$874,250	\$874,250	\$890,472	\$16,222
Intergovernmental	92,972	92,972	94,175	1,203
<i>Total Revenues</i>	967,222	967,222	984,647	17,425
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,507,009	1,517,009	1,510,504	6,505
<i>Net Change in Fund Balance</i>	(539,787)	(549,787)	(525,857)	23,930
<i>Fund Balance Beginning of Year</i>	672,965	672,965	672,965	0
<i>Fund Balance End of Year</i>	<u>\$133,178</u>	<u>\$123,178</u>	<u>\$147,108</u>	<u>\$23,930</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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Income	\$1,500	\$1,500	\$1,476	(\$24)
Fees, Licenses and Permits	226,703	201,703	170,373	(31,330)
<i>Total Revenues</i>	<u>228,203</u>	<u>203,203</u>	<u>171,849</u>	<u>(31,354)</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Cable TV				
Contractual Services	109,749	124,749	124,041	708
Capital Outlay	65,100	65,100	59,975	5,125
<i>Total Expenditures</i>	<u>174,849</u>	<u>189,849</u>	<u>184,016</u>	<u>5,833</u>
<i>Net Change in Fund Balance</i>	53,354	13,354	(12,167)	(25,521)
<i>Fund Balance Beginning of Year</i>	215,290	215,290	215,290	0
Prior Year Encumbrances Appropriated	71,246	71,246	71,246	0
<i>Fund Balance End of Year</i>	<u>\$339,890</u>	<u>\$299,890</u>	<u>\$274,369</u>	<u>(\$25,521)</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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$2,000	\$3,500	\$3,910	\$410
<b>Expenditures</b>				
Current:				
General Government				
Tree Planting				
Contractual Services	47,296	47,296	17,906	29,390
<i>Net Change in Fund Balance</i>	(45,296)	(43,796)	(13,996)	29,800
<i>Fund Balance Beginning of Year</i>	51,200	51,200	51,200	0
Prior Year Encumbrances Appropriated	2,296	2,296	2,296	0
<i>Fund Balance End of Year</i>	<u>\$8,200</u>	<u>\$9,700</u>	<u>\$39,500</u>	<u>\$29,800</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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Rentals	\$4,200	\$4,200	\$4,050	(\$150)
Contributions and Donations	23,800	12,800	13,000	200
Miscellaneous	22,000	22,000	20,355	(1,645)
<i>Total Revenues</i>	<u>50,000</u>	<u>39,000</u>	<u>37,405</u>	<u>(1,595)</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Recreation Programs				
Materials and Supplies	30,199	30,199	14,246	15,953
Contractual Services	82,000	82,000	55,874	26,126
<i>Total Expenditures</i>	<u>112,199</u>	<u>112,199</u>	<u>70,120</u>	<u>42,079</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(62,199)	(73,199)	(32,715)	40,484
<b>Other Financing Sources (Uses)</b>				
Transfers In	15,000	15,000	15,000	0
<i>Net Change in Fund Balance</i>	(47,199)	(58,199)	(17,715)	40,484
<i>Fund Balance Beginning of Year</i>	71,455	71,455	71,455	0
Prior Year Encumbrances Appropriated	199	199	199	0
<i>Fund Balance End of Year</i>	<u>\$24,455</u>	<u>\$13,455</u>	<u>\$53,939</u>	<u>\$40,484</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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Contributions and Donations	\$25,600	\$25,600	\$15,926	(\$9,674)
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
DARE program				
Personal Services	32,000	32,000	15,908	16,092
Materials and Supplies	8,200	8,200	1,610	6,590
Contractual Services	1,086	1,288	0	1,288
<i>Total Expenditures</i>	<u>41,286</u>	<u>41,488</u>	<u>17,518</u>	<u>23,970</u>
<i>Net Change in Fund Balance</i>	(15,686)	(15,888)	(1,592)	14,296
<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>\$202</u>	<u>\$0</u>	<u>\$14,296</u>	<u>\$14,296</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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$12,114	\$17,030	\$17,345	\$315
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Drug Money				
Materials and Supplies	4,765	10,000	10,000	0
Other	2,300	2,300	18	2,282
Total Drug Money	7,065	12,300	10,018	2,282
OMVI				
Personal Services	11,274	20,000	13,044	6,956
Materials and Supplies	500	500	0	500
Total OMVI	11,774	20,500	13,044	7,456
Immobilization				
Materials and Supplies	2,585	4,500	0	4,500
<b>Total Expenditures</b>	<b>21,424</b>	<b>37,300</b>	<b>23,062</b>	<b>14,238</b>
<b>Net Change in Fund Balance</b>	<b>(9,310)</b>	<b>(20,270)</b>	<b>(5,717)</b>	<b>14,553</b>
<b>Fund Balance Beginning of Year</b>	<b>177,028</b>	<b>177,028</b>	<b>177,028</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$167,718</b>	<b>\$156,758</b>	<b>\$171,311</b>	<b>\$14,553</b>



**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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Contributions and Donations	<u>\$11,738</u>	<u>\$16,500</u>	<u>\$15,205</u>	<u>(\$1,295)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Materials and Supplies	5,572	9,700	4,559	5,141
Fire				
Materials and Supplies	747	1,300	1,255	45
Leisure Time Activities				
Senior Services Donations				
Other	<u>7,517</u>	<u>13,050</u>	<u>868</u>	<u>12,182</u>
<i>Total Expenditures</i>	<u>13,836</u>	<u>24,050</u>	<u>6,682</u>	<u>17,368</u>
<i>Net Change in Fund Balance</i>	(2,098)	(7,550)	8,523	16,073
<i>Fund Balance Beginning of Year</i>	65,184	65,184	65,184	0
Prior Year Encumbrances Appropriated	<u>50</u>	<u>50</u>	<u>50</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$63,136</u>	<u>\$57,684</u>	<u>\$73,757</u>	<u>\$16,073</u>

**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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$80,755	\$80,755	\$76,484	(\$4,271)
<b>Expenditures</b>				
Current:				
General Government				
Coronavirus Relief				
Contractual Services	507,063	507,063	502,792	4,271
Capital Outlay	11,921	11,921	11,921	0
<i>Total Expenditures</i>	<u>518,984</u>	<u>518,984</u>	<u>514,713</u>	<u>4,271</u>
<i>Net Change in Fund Balance</i>	(438,229)	(438,229)	(438,229)	0
<i>Fund Balance Beginning of Year</i>	820	820	820	0
Prior Year Encumbrances Appropriated	<u>437,409</u>	<u>437,409</u>	<u>437,409</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*COVID Local Fiscal Recovery Fund*  
*For the Year Ended December 31, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	<u>\$1,193,062</u>	<u>\$1,193,062</u>	<u>\$1,193,062</u>	<u>\$0</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Personal Services	520,446	520,446	465,454	54,992
Fire				
Personal Services	<u>672,616</u>	<u>672,616</u>	<u>601,546</u>	<u>71,070</u>
<i>Total Expenditures</i>	<u>1,193,062</u>	<u>1,193,062</u>	<u>1,067,000</u>	<u>126,062</u>
<i>Net Change in Fund Balance</i>	0	0	126,062	126,062
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$126,062</u>	<u>\$126,062</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Economic Incentive Fund  
 For the Year Ended December 31, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$9,400	\$6,300	\$5,500	(\$800)
<b>Expenditures</b>				
Current:				
Community Environment				
Enterprise Zone Monitoring				
Other	<u>3,101,000</u>	<u>3,101,000</u>	<u>2,482,804</u>	<u>618,196</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,091,600)	(3,094,700)	(2,477,304)	617,396
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>2,850,000</u>	<u>3,850,000</u>	<u>3,850,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(241,600)	755,300	1,372,696	617,396
<i>Fund Balance Beginning of Year</i>	279,257	279,257	279,257	0
Prior Year Encumbrances Appropriated	<u>131,000</u>	<u>131,000</u>	<u>131,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$168,657</u>	<u>\$1,165,557</u>	<u>\$1,782,953</u>	<u>\$617,396</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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$1,000	\$400	\$0	(\$400)
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Police Training				
Materials and Supplies	2,500	2,500	0	2,500
Contractual Services	14,500	14,500	0	14,500
<i>Total Expenditures</i>	<u>17,000</u>	<u>17,000</u>	<u>0</u>	<u>17,000</u>
<i>Net Change in Fund Balance</i>	(16,000)	(16,600)	0	16,600
<i>Fund Balance Beginning of Year</i>	<u>43,205</u>	<u>43,205</u>	<u>43,205</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$27,205</u></u>	<u><u>\$26,605</u></u>	<u><u>\$43,205</u></u>	<u><u>\$16,600</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, 2021*

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

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Safety and Service Equipment Fund  
 For the Year Ended December 31, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$410,948	\$408,700	\$418,773	\$10,073
Intergovernmental	39,315	39,100	39,138	38
Miscellaneous	503	500	576	76
<i>Total Revenues</i>	<u>450,766</u>	<u>448,300</u>	<u>458,487</u>	<u>10,187</u>
<b>Expenditures</b>				
Capital Outlay	403,981	403,281	322,861	80,420
Debt Service:				
Principal Retirement	239,674	239,674	239,674	0
Interest and Fiscal Charges	19,572	19,572	19,572	0
<i>Total Expenditures</i>	<u>663,227</u>	<u>662,527</u>	<u>582,107</u>	<u>80,420</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(212,461)	(214,227)	(123,620)	90,607
<b>Other Financing Sources (Uses)</b>				
Transfers In	260,000	660,000	660,000	0
<i>Net Change in Fund Balance</i>	47,539	445,773	536,380	90,607
<i>Fund Balance Beginning of Year</i>	240,984	240,984	240,984	0
Prior Year Encumbrances Appropriated	59,979	59,979	59,979	0
<i>Fund Balance End of Year</i>	<u>\$348,502</u>	<u>\$746,736</u>	<u>\$837,343</u>	<u>\$90,607</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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$89,494	\$89,494	\$87,490	(\$2,004)
Miscellaneous	506	506	506	0
<i>Total Revenues</i>	90,000	90,000	87,996	(2,004)
<b>Expenditures</b>				
Capital Outlay	1,206,880	1,181,880	1,066,157	115,723
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,116,880)	(1,091,880)	(978,161)	113,719
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	1,200,000	1,200,000	0
<i>Net Change in Fund Balance</i>	(1,116,880)	108,120	221,839	113,719
<i>Fund Balance Beginning of Year</i>	1,261,851	1,261,851	1,261,851	0
Prior Year Encumbrances Appropriated	432,880	432,880	432,880	0
<i>Fund Balance End of Year</i>	<u>\$577,851</u>	<u>\$1,802,851</u>	<u>\$1,916,570</u>	<u>\$113,719</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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Municipal Income Taxes	\$55,000	\$170,000	\$187,966	\$17,966
Intergovernmental	25,000	25,000	25,000	0
<i>Total Revenues</i>	80,000	195,000	212,966	17,966
<b>Expenditures</b>				
Capital Outlay	1,013,297	1,101,142	980,147	120,995
<i>Excess of Revenues Over (Under) Expenditures</i>	(933,297)	(906,142)	(767,181)	138,961
<b>Other Financing Sources (Uses)</b>				
Transfers In	140,000	1,340,000	1,340,000	0
<i>Net Change in Fund Balance</i>	(793,297)	433,858	572,819	138,961
<i>Fund Balance Beginning of Year</i>	744,255	744,255	744,255	0
Prior Year Encumbrances Appropriated	145,097	145,097	145,097	0
<i>Fund Balance End of Year</i>	<u>\$96,055</u>	<u>\$1,323,210</u>	<u>\$1,462,171</u>	<u>\$138,961</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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$150,000	\$150,000	\$150,000	\$0
<b>Expenses</b>				
Contractual Services	160,000	160,000	158,623	1,377
Claims	53,000	53,000	11,342	41,658
<i>Total Expenses</i>	<u>213,000</u>	<u>213,000</u>	<u>169,965</u>	<u>43,035</u>
<i>Net Change in Fund Equity</i>	(63,000)	(63,000)	(19,965)	43,035
<i>Fund Equity Beginning of Year</i>	<u>329,620</u>	<u>329,620</u>	<u>329,620</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$266,620</u></u>	<u><u>\$266,620</u></u>	<u><u>\$309,655</u></u>	<u><u>\$43,035</u></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, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$4,455,500	\$4,512,500	\$4,512,504	\$4
Miscellaneous	314,500	314,500	331,859	17,359
<i>Total Revenues</i>	<u>4,770,000</u>	<u>4,827,000</u>	<u>4,844,363</u>	<u>17,363</u>
<b>Expenses</b>				
Personal Services	92,343	92,343	91,897	446
Contractual Services	1,062,795	1,062,795	1,040,976	21,819
Claims	4,836,046	4,836,046	4,554,358	281,688
<i>Total Expenses</i>	<u>5,991,184</u>	<u>5,991,184</u>	<u>5,687,231</u>	<u>303,953</u>
<i>Net Change in Fund Equity</i>	(1,221,184)	(1,164,184)	(842,868)	321,316
<i>Fund Equity Beginning of Year</i>	3,125,945	3,125,945	3,125,945	0
Prior Year Encumbrances Appropriated	2,125	2,125	2,125	0
<i>Fund Equity End of Year</i>	<u>\$1,906,886</u>	<u>\$1,963,886</u>	<u>\$2,285,202</u>	<u>\$321,316</u>

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Annual  
Comprehensive  
**FINANCIAL  
REPORT**

For The Year Ended December 31, 2021

***Statistical Section***



**Statistical Section**

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

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

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



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

	2021	2020 (1)	2019	2018 (2)
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$145,098,848	\$145,024,198	\$144,187,667	\$136,926,999
Restricted:				
Capital Projects	21,100,657	18,545,422	18,151,915	26,125,940
Debt Service	1,991,194	2,617,233	3,046,249	3,432,786
Street Construction, Maintenance and Repair	925,977	882,452	926,820	517,141
Landfill Improvement	0	0	0	0
Other Purposes	829,959	1,901,878	1,699,924	1,552,333
Unrestricted (Deficit)	<u>(16,017,672)</u>	<u>(28,990,456)</u>	<u>(25,723,699)</u>	<u>(40,545,969)</u>
<b>Total Governmental Activities</b>				
<i>Net Position</i>	<u>\$153,928,963</u>	<u>\$139,980,727</u>	<u>\$142,288,876</u>	<u>\$128,009,230</u>
<b>Business Type - Activities</b>				
Net Investment in Capital Assets	\$58,535,266	\$60,122,772	\$61,625,677	\$59,272,280
Unrestricted	<u>9,034,071</u>	<u>5,621,192</u>	<u>4,364,567</u>	<u>5,755,527</u>
<b>Total Business-Type Activities</b>				
<i>Net Position</i>	<u>\$67,569,337</u>	<u>\$65,743,964</u>	<u>\$65,990,244</u>	<u>\$65,027,807</u>
<b>Primary Government</b>				
Net Investment in Capital Assets	\$203,634,114	\$205,146,970	\$205,813,344	\$196,199,279
Restricted	24,847,787	23,946,985	23,824,908	31,628,200
Unrestricted	<u>(6,983,601)</u>	<u>(23,369,264)</u>	<u>(21,359,132)</u>	<u>(34,790,442)</u>
<b>Total Primary Government</b>				
<i>Net Position</i>	<u>\$221,498,300</u>	<u>\$205,724,691</u>	<u>\$208,279,120</u>	<u>\$193,037,037</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.

2017	2016	2015 (3)	2014	2013	2012
\$136,564,165	\$136,356,122	\$134,680,020	\$132,982,006	\$129,835,381	\$131,699,509
22,116,192	19,842,142	15,834,281	15,842,874	14,110,621	9,310,451
3,833,030	4,238,412	4,730,040	5,218,753	5,029,412	5,437,648
515,734	558,702	576,184	758,805	932,586	1,012,409
0	0	0	0	126,143	405,313
1,449,675	1,298,179	1,241,761	4,489,465	2,440,106	924,004
(38,369,322)	(10,244,131)	(9,313,888)	(10,005,809)	17,480,395	15,590,196
<u>\$126,109,474</u>	<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>
\$54,926,993	\$53,270,749	\$54,911,896	\$53,710,234	\$53,266,832	\$53,582,076
9,355,376	10,349,489	9,243,031	9,232,600	9,479,041	7,845,110
<u>\$64,282,369</u>	<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>
\$191,491,158	\$189,626,871	\$189,591,916	\$186,692,240	\$183,102,213	\$185,281,585
27,914,631	25,937,435	22,382,266	26,309,897	22,638,868	17,089,825
(29,013,946)	105,358	(70,857)	(773,209)	26,959,436	23,435,306
<u>\$190,391,843</u>	<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>

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

	2021	2020	2019	2018 (2)
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Security of Persons and Property				
Police	\$811,845	\$716,921	\$1,116,551	\$1,096,397
Fire	1,276,549	1,200,831	1,527,559	1,474,418
Prosecutor (1)	0	0	0	0
Public Health and Welfare	13,902	11,409	14,637	13,356
Leisure Time Activities	531,268	451,113	844,400	847,509
Community Environment	201,306	169,069	276,462	232,863
Basic Utility Services	231,730	179,475	252,296	253,210
Transportation	399,361	320,388	687,703	568,334
General Government	640,300	533,854	814,705	790,794
Operating Grants and Contributions	3,208,763	2,553,140	1,806,527	1,350,466
Capital Grants, Contributions and Assessments	337,637	207,608	3,013,349	422,830
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>7,652,661</u>	<u>6,343,808</u>	<u>10,354,189</u>	<u>7,050,177</u>
Business-Type Activities:				
Charges for Services:				
Water Reclamation	5,889,655	5,088,684	5,717,912	5,874,922
Grantwood Recreation	1,186,819	1,095,214	969,527	924,502
Capital Grants, Contributions and Assessments	3,516	0	0	0
<i>Total Business-Type Activities</i>				
<i>Program Revenues</i>	<u>7,079,990</u>	<u>6,183,898</u>	<u>6,687,439</u>	<u>6,799,424</u>
<i>Total Primary Government</i>				
<i>Program Revenues</i>	<u>14,732,651</u>	<u>12,527,706</u>	<u>17,041,628</u>	<u>13,849,601</u>
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property				
Police	9,517,799	11,096,232	4,093,882	11,933,398
Fire	10,650,606	10,837,198	(1,018,701)	11,648,401
Prosecutor (1)	0	0	0	0
Public Health and Welfare	145,598	135,318	119,025	108,236
Leisure Time Activities	2,767,990	4,432,568	7,094,705	6,476,806
Community Environment	3,664,725	5,395,590	5,253,855	3,471,353
Basic Utility Services	2,306,252	3,438,768	3,576,263	3,182,746
Transportation	12,018,286	15,184,101	16,100,717	13,021,105
General Government	6,339,484	9,552,083	8,182,190	7,654,588
Interest and Fiscal Charges	109,280	115,306	137,422	144,951
<i>Total Governmental Activities Expenses</i>	<u>47,520,020</u>	<u>60,187,164</u>	<u>43,539,358</u>	<u>57,641,584</u>
Business-Type Activities				
Water Reclamation	4,629,246	5,763,340	8,006,546	5,187,947
Grantwood Recreation	621,833	881,833	1,149,863	1,051,938
<i>Total Business-Type Activities Expenses</i>	<u>5,251,079</u>	<u>6,645,173</u>	<u>9,156,409</u>	<u>6,239,885</u>
<i>Total Primary Government</i>				
<i>Program Expenses</i>	<u>52,771,099</u>	<u>66,832,337</u>	<u>52,695,767</u>	<u>63,881,469</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(39,867,359)	(53,843,356)	(33,185,169)	(50,591,407)
Business-Type Activities	1,828,911	(461,275)	(2,468,970)	559,539
<i>Total Primary Government</i>				
<i>Net Expense</i>	<u>(\$38,038,448)</u>	<u>(\$54,304,631)</u>	<u>(\$35,654,139)</u>	<u>(\$50,031,868)</u>

2017	2016	2015 (3)	2014	2013	2012
\$998,579	\$971,822	\$506,861	\$378,418	\$332,192	\$457,894
1,351,809	1,356,148	977,231	792,556	778,753	811,123
0	0	0	0	11,105	13,582
12,279	12,448	6,492	4,795	4,259	5,209
814,787	802,420	2,413,658	3,095,565	3,155,533	3,195,633
203,710	204,366	108,610	74,866	64,887	171,619
251,580	221,201	131,537	107,745	89,937	117,275
414,007	403,944	219,444	179,665	164,649	265,769
1,181,022	1,308,267	797,517	479,069	435,208	287,796
1,370,182	1,391,073	1,384,483	1,397,904	1,342,871	1,396,049
1,082,903	1,292,479	765,240	4,424,025	612,187	1,587,921
<u>7,680,858</u>	<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>
5,412,445	5,470,471	5,432,617	6,128,207	6,676,379	6,419,239
931,038	952,342	993,270	1,005,682	1,041,292	1,093,922
0	0	0	0	52,843	0
<u>6,343,483</u>	<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>14,024,341</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>
9,696,575	9,698,435	8,559,644	8,237,667	8,007,356	9,007,166
9,202,443	9,044,688	7,819,699	7,615,180	7,334,283	8,248,104
0	0	0	0	251,821	246,888
93,367	95,638	92,425	93,873	96,589	94,691
6,073,088	5,635,865	5,584,774	5,301,362	5,676,149	6,588,533
2,927,294	2,945,530	2,529,159	2,508,436	2,349,548	3,087,942
3,136,684	2,700,942	2,750,465	2,998,985	2,963,992	2,921,098
11,525,898	12,913,892	11,007,744	11,674,750	10,795,448	13,093,694
10,345,336	11,267,584	11,358,095	9,881,256	9,642,905	5,857,841
156,092	157,870	181,061	198,713	217,759	440,111
<u>53,156,777</u>	<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>
4,870,073	5,946,619	5,428,605	5,502,840	5,439,254	5,302,029
1,093,075	1,108,103	1,044,679	1,054,277	1,074,235	1,191,495
<u>5,963,148</u>	<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>59,119,925</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>
(45,475,919)	(46,496,276)	(42,571,993)	(37,575,614)	(40,344,269)	(41,276,198)
380,335	(631,909)	(47,397)	576,772	1,257,025	1,019,637
<u>(\$45,095,584)</u>	<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>

(continued)

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

	2021	2020	2019	2018 (2)
<b>General Revenues and Other Changes in Net Position</b>				
<b>Governmental Activities</b>				
Property Taxes Levied For:				
General Purposes	\$2,493,362	\$1,342,758	\$1,528,401	\$1,395,261
Debt Service	120,871	323,615	334,193	314,629
Police Pension	465,275	868,482	891,141	838,985
Fire Pension	912,291	1,310,915	1,336,726	1,258,440
Service and Safety Equipment	419,331	415,327	416,708	410,978
Municipal Income Taxes levied for:				
General Purposes	35,716,331	33,844,780	32,419,796	34,660,499
Infrastructure	11,905,446	11,281,593	10,806,597	11,604,180
General Capital Improvements	187,966	85,039	0	73,864
Grants and Entitlements not Restricted to Specific Programs	791,158	665,303	644,963	532,235
Unrestricted Contributions	341	3,308	370	5,342
Investment Income	(258,207)	827,102	1,610,064	956,232
Gain on Sale of Capital Assets	100,745	88,159	58,884	23,284
Miscellaneous	970,185	530,183	612,255	483,933
<b>Total Governmental Activities General Revenues</b>	<b>53,825,095</b>	<b>51,586,564</b>	<b>50,660,098</b>	<b>52,557,862</b>
Special Item - Bainbridge Road Improvements Transfers	0 (9,500)	0 (51,357)	0 (3,195,283)	0 (66,699)
<b>Total Governmental Activities</b>	<b>53,815,595</b>	<b>51,535,207</b>	<b>47,464,815</b>	<b>52,491,163</b>
<b>Business-Type Activities</b>				
Investment Income	(47,538)	122,524	194,691	97,748
Gain on Sale of Capital Assets	0	16,600	0	0
Miscellaneous	34,500	24,514	41,433	21,452
<b>Total Business-Type Activities General Revenues</b>	<b>(13,038)</b>	<b>163,638</b>	<b>236,124</b>	<b>119,200</b>
Transfers	9,500	51,357	3,195,283	66,699
<b>Total Business-Type Activities</b>	<b>(3,538)</b>	<b>214,995</b>	<b>3,431,407</b>	<b>185,899</b>
<b>Total Primary Government General Revenues and Other Changes in Net Position</b>	<b>53,812,057</b>	<b>51,750,202</b>	<b>50,896,222</b>	<b>52,677,062</b>
<b>Change in Net Position</b>				
Governmental Activities	13,948,236	(2,308,149)	14,279,646	1,899,756
Business-Type Activities	1,825,373	(246,280)	962,437	745,438
<b>Total Primary Government Change in Net Position</b>	<b>\$15,773,609</b>	<b>(\$2,554,429)</b>	<b>\$15,242,083</b>	<b>\$2,645,194</b>

(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.

2017	2016	2015 (3)	2014	2013	2012
\$1,397,663	\$1,412,703	\$1,367,077	\$1,800,977	\$2,027,253	\$1,358,974
312,624	309,818	295,964	386,528	576,082	1,282,647
833,618	826,217	789,297	779,430	403,397	403,221
1,250,403	1,239,300	1,183,923	603,692	583,335	604,834
407,020	402,273	396,031	389,085	387,456	388,325
33,154,459	33,557,318	26,802,677	30,826,373	29,856,263	30,796,894
11,051,486	11,332,440	9,080,861	10,262,562	9,999,877	9,791,741
110,080	106,435	91,791	83,629	85,948	76,524
466,778	559,695	588,171	797,599	1,452,480	1,896,700
18,508	37	0	0	0	0
522,685	232,429	312,338	366,629	(55,709)	171,550
45,460	33,087	82,178	66,285	32,754	65,299
363,966	803,141	1,213,331	1,064,259	570,247	834,994
49,934,750	50,814,893	42,203,639	47,427,048	45,919,383	47,671,703
0	0	0	0	0	12,223,401
(1,135,226)	(17,589)	(1,169,342)	(637,298)	0	(591,592)
48,799,524	50,797,304	41,034,297	46,789,750	45,919,383	59,303,512
111,384	38,721	56,418	59,949	(3,627)	52,757
0	0	4,500	1,270	0	55,950
21,134	40,910	29,230	38,532	65,289	42,521
132,518	79,631	90,148	99,751	61,662	151,228
1,135,226	17,589	1,169,342	637,298	0	591,592
1,267,744	97,220	1,259,490	737,049	61,662	742,820
50,067,268	50,894,524	42,293,787	47,526,799	45,981,045	60,046,332
3,323,605	4,301,028	(1,537,696)	9,214,136	5,575,114	18,027,314
1,648,079	(534,689)	1,212,093	1,313,821	1,318,687	1,762,457
<u>\$4,971,684</u>	<u>\$3,766,339</u>	<u>(\$325,603)</u>	<u>\$10,527,957</u>	<u>\$6,893,801</u>	<u>\$19,789,771</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>General Fund</b>				
Nonspendable	\$1,054,454	\$1,408,068	\$1,018,776	\$1,084,738
Committed	747,955	680,224	527,224	652,201
Assigned	2,582,782	1,303,408	2,892,005	3,543,075
Unassigned	<u>27,002,997</u>	<u>25,705,828</u>	<u>25,846,574</u>	<u>26,944,145</u>
Total General Fund	<u>31,388,188</u>	<u>29,097,528</u>	<u>30,284,579</u>	<u>32,224,159</u>
<b>All Other Governmental Funds</b>				
Restricted	19,409,227	18,650,693	17,480,218	24,934,602
Committed	445,190	475,987	418,656	378,455
Assigned	<u>2,200,302</u>	<u>1,504,267</u>	<u>1,760,457</u>	<u>0</u>
Total All Other Governmental Funds	<u>22,054,719</u>	<u>20,630,947</u>	<u>19,659,331</u>	<u>25,313,057</u>
<b>Total Governmental Funds</b>	<u><u>\$53,442,907</u></u>	<u><u>\$49,728,475</u></u>	<u><u>\$49,943,910</u></u>	<u><u>\$57,537,216</u></u>

2017	2016	2015	2014	2013	2012
\$861,423	\$881,664	\$973,400	\$1,045,014	\$892,677	\$912,423
512,701	516,465	259,789	208,801	188,187	557,390
2,777,126	3,940,992	6,860,864	1,477,408	1,971,534	911,372
25,996,199	22,452,316	19,853,352	27,905,155	23,790,512	22,232,615
<u>30,147,449</u>	<u>27,791,437</u>	<u>27,947,405</u>	<u>30,636,378</u>	<u>26,842,910</u>	<u>24,613,800</u>
22,028,619	18,854,940	15,874,447	16,355,734	15,447,234	11,107,256
337,159	380,959	652,048	1,101,454	1,281,567	925,688
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>22,365,778</u>	<u>19,235,899</u>	<u>16,526,495</u>	<u>17,457,188</u>	<u>16,728,801</u>	<u>12,032,944</u>
<u>\$52,513,227</u>	<u>\$47,027,336</u>	<u>\$44,473,900</u>	<u>\$48,093,566</u>	<u>\$43,571,711</u>	<u>\$36,646,744</u>



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

	2021	2020	2019	2018
<b>Revenues</b>				
Property Taxes	\$4,401,783	\$4,263,130	\$4,514,953	\$4,201,895
Municipal Income Taxes	47,926,429	43,872,642	44,141,686	45,618,936
Special Assessments	275,504	380,078	430,061	351,465
Intergovernmental	4,129,467	4,448,049	4,078,715	2,148,331
Investment Income	(258,207)	827,102	1,610,064	956,232
Fees, Licenses and Permits	908,250	1,156,641	1,066,061	884,906
Fines and Forfeitures	249,785	217,674	313,167	325,438
Rentals	11,399	5,113	8,944	21,168
Charges for Services	2,955,709	2,211,810	4,176,279	4,007,464
Contributions and Donations	44,472	40,307	191,157	52,810
Miscellaneous	639,612	485,654	596,578	527,193
<b>Total Revenues</b>	<b>61,284,203</b>	<b>57,908,200</b>	<b>61,127,665</b>	<b>59,095,838</b>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	9,727,666	9,430,330	9,935,749	9,457,806
Fire	9,646,663	9,113,979	9,854,824	8,824,637
Prosecutor (1)	0	0	0	0
Public Health and Welfare	145,598	135,318	119,025	108,236
Leisure Time Activities	4,004,571	3,529,284	5,584,748	5,373,466
Community Environment	4,570,169	5,116,730	4,778,538	3,291,668
Basic Utility Services	2,438,080	2,103,814	2,066,538	2,026,723
Transportation	5,809,785	5,222,174	6,623,456	5,604,925
General Government	7,476,869	8,887,712	7,018,657	6,570,720
Capital Outlay	14,537,035	13,474,210	21,930,122	12,077,651
Debt Service:				
Principal Retirement	923,659	1,095,483	853,070	799,839
Interest and Fiscal Charges	103,112	129,686	141,124	152,673
<b>Total Expenditures</b>	<b>59,383,207</b>	<b>58,238,720</b>	<b>68,905,851</b>	<b>54,288,344</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,900,996</b>	<b>(330,520)</b>	<b>(7,778,186)</b>	<b>4,807,494</b>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	326,436	115,085	67,580	34,793
Inception of Capital Lease	1,487,000	0	267,300	181,702
Transfers In	3,215,000	2,000,000	2,300,000	2,598,000
Transfers Out	(3,215,000)	(2,000,000)	(2,450,000)	(2,598,000)
<b>Total Other Financing Sources (Uses)</b>	<b>1,813,436</b>	<b>115,085</b>	<b>184,880</b>	<b>216,495</b>
<b>Net Change in Fund Balances</b>	<b>\$3,714,432</b>	<b>(\$215,435)</b>	<b>(\$7,593,306)</b>	<b>\$5,023,989</b>
Debt Service as a Percentage of Noncapital Expenditures	2.1%	2.5%	1.8%	2.1%

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

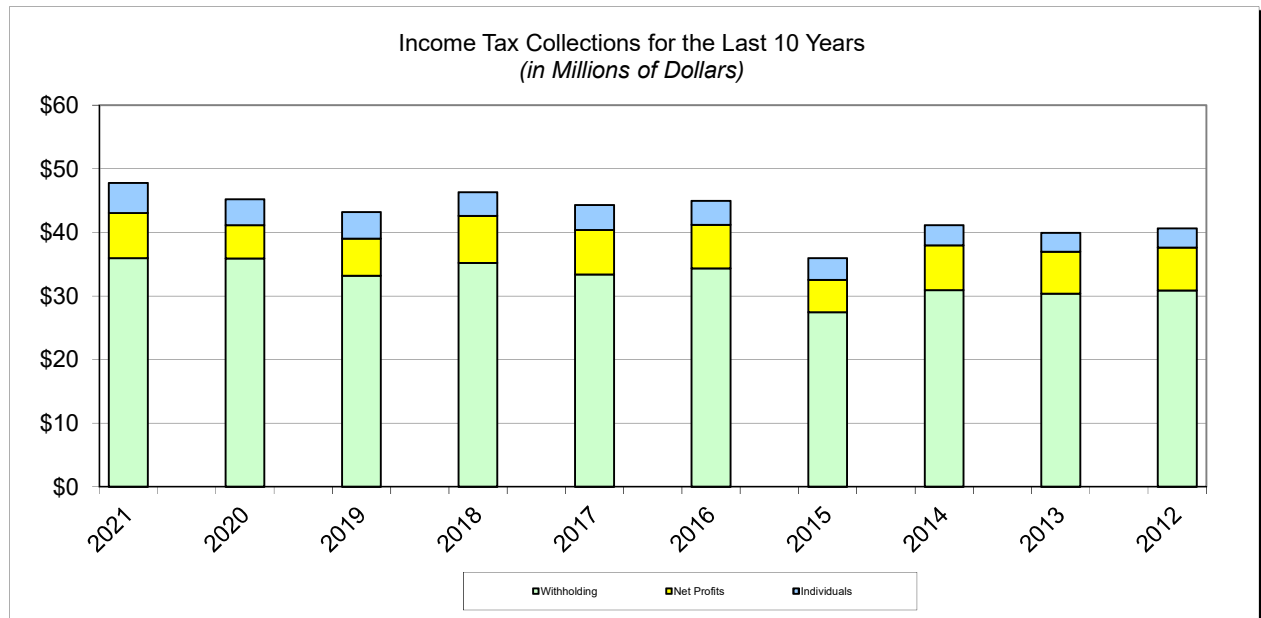
2017	2016	2015	2014	2013	2012
\$4,189,477	\$4,175,821	\$4,022,407	\$3,975,911	\$3,990,357	\$4,084,821
43,223,204	42,913,756	36,289,382	41,225,082	39,837,052	40,209,345
361,666	379,417	359,689	607,313	601,538	708,400
3,552,717	2,470,259	2,764,421	5,075,368	3,267,683	4,734,703
522,685	232,429	312,338	366,629	(55,709)	171,550
882,786	965,827	1,034,147	995,024	712,763	1,079,485
308,255	339,901	305,412	341,694	364,383	372,559
23,976	25,522	24,796	29,605	31,187	25,319
3,986,920	3,977,983	3,711,139	3,746,356	3,928,190	3,848,537
91,313	62,456	77,262	91,552	137,481	156,356
347,190	995,495	1,008,383	1,061,743	574,959	844,994
<u>57,490,189</u>	<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>
8,214,938	8,239,576	7,873,259	7,738,602	7,563,495	8,538,190
7,805,118	7,279,576	7,111,110	7,036,681	6,960,704	7,877,662
0	0	0	0	251,157	246,909
93,367	95,638	92,425	93,873	96,589	94,691
4,953,838	4,815,387	4,822,756	4,784,990	5,009,856	5,952,381
2,628,519	2,829,943	2,506,900	2,503,875	2,313,356	3,075,063
1,895,966	1,701,869	1,917,474	2,123,557	2,064,763	2,002,298
4,289,130	4,282,843	4,410,331	4,886,506	4,875,931	5,983,241
9,284,825	10,319,191	10,747,164	8,926,410	9,116,673	4,649,342
11,596,976	14,090,264	13,260,578	14,044,012	7,134,614	9,245,520
684,821	765,143	701,923	714,860	884,521	5,415,516
155,260	165,696	189,953	207,341	230,001	469,946
<u>51,602,758</u>	<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>5,887,431</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>
45,460	45,650	104,831	66,285	36,743	78,100
620,700	554,046	0	0	0	0
1,084,000	4,767,512	3,072,067	2,105,000	3,002,761	5,300,000
<u>(2,151,700)</u>	<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>(401,540)</u>	<u>599,696</u>	<u>104,831</u>	<u>66,285</u>	<u>36,743</u>	<u>78,100</u>
<u>\$5,485,891</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>
1.9%	2.0%	2.0%	2.1%	2.7%	12.4%

**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
2021	2.00 %	\$47,809,743	35,975,255	75.25%	\$7,079,465	14.81%	\$4,755,023	9.94%
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

(1) 2012 through 2021 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.

2021 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
Tarkett USA Inc.	8
Gardiner Service Company	9
Oracle America, Inc.	10

2012 Taxpayers	Ranking
Swagelok Manufacturing Co LLC	1
Nestle USA Inc.	2
Solon City School District	3
Erico International Corp (1)	4
Keithley Instruments Inc.	5
The Cleveland Clinic Foundation	6
City of Solon	7
National Enterprise Systems Inc.	8
LPS Management LLC	9
Kennametal Inc.	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

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*

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Governmental Activities

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Year	OWDA Loans	OPWC Loans	Capital Leases
2021	\$2,824,082	\$0	\$1,944,884
2020	3,508,067	0	697,558
2019	4,175,626	0	1,125,482
2018	4,827,211	0	1,059,667
2017	5,463,259	0	1,041,756
2016	6,084,196	0	484,940
2015	6,780,233	0	0
2014	7,458,349	23,807	0
2013	8,119,077	77,939	0
2012	8,942,950	138,587	0

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

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Business-Type  
Activities

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<u>OWDA Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$4,273,049	\$9,042,015	0.63%	\$373
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

**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>
2021	24,262	\$3,488,877,658	\$0	0.00 %	\$0.00
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

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, 2021*

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Solon
<b>Direct - City of Solon</b>			
OWDA Loans	\$2,824,082	100.00%	\$2,824,082
Capital Leases	1,944,884	100.00%	1,944,884
<i>Total Direct</i>	<u>4,768,966</u>		<u>4,768,966</u>
<b>Overlapping</b>			
Solon City School District			
General Obligation Bonds	2,420,000	97.86%	2,368,212
Orange School District			
General Obligation Bonds	9,390,403	2.14%	200,955
Capital Lease Obligations	162,359	2.14%	3,474
Cuyahoga County			
General Obligation Bonds	265,599,988	3.87%	10,278,720
Revenue Bonds	452,186,168	3.87%	17,499,605
Certificates of Participation	197,622,397	3.87%	7,647,987
Loans Payable	1,434,868	3.87%	55,529
Capital Lease Obligations	260,966,852	3.87%	10,099,417
Greater Cleveland Regional Transit Authority	<u>114,218,677</u>	3.87%	<u>4,420,263</u>
<i>Total Overlapping Debt</i>	<u>1,304,001,712</u>		<u>52,574,161</u>
<b>Total</b>	<u><u>\$1,308,770,678</u></u>		<u><u>\$57,343,127</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*

	2021	2020	2019	2018
Population	22,911	22,911	22,911	22,911
Total Assessed Property Value	<u>\$1,240,308,960</u>	<u>\$1,230,087,610</u>	<u>\$1,224,082,890</u>	<u>\$1,159,280,190</u>
General Bonded Debt Outstanding:				
OPWC Loans	\$0	\$0	\$0	\$0
OWDA Loans	<u>7,097,131</u>	<u>8,234,064</u>	<u>9,340,633</u>	<u>10,417,720</u>
Total Gross Indebtedness	7,097,131	8,234,064	9,340,633	10,417,720
Less:				
OWDA Loans	(7,097,131)	(8,234,064)	(9,340,633)	(10,417,720)
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>130,232,441</u>	<u>129,159,199</u>	<u>128,528,703</u>	<u>121,724,420</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$130,232,441</u>	<u>\$129,159,199</u>	<u>\$128,528,703</u>	<u>\$121,724,420</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>\$68,216,993</u>	<u>\$67,654,819</u>	<u>\$67,324,559</u>	<u>\$63,760,410</u>
Total Gross Indebtedness	7,097,131	8,234,064	9,340,633	10,417,720
Less:				
OWDA Loans	(7,097,131)	(8,234,064)	(9,340,633)	(10,417,720)
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>\$68,216,993</u>	<u>\$67,654,819</u>	<u>\$67,324,559</u>	<u>\$63,760,410</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.

2017	2016	2015	2014	2013	2012
23,348	23,348	23,348	23,348	23,348	23,348
<u>\$1,158,870,930</u>	<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>
\$0	\$0	\$0	\$23,807	\$77,939	\$138,587
11,466,176	12,446,933	13,538,874	15,875,219	18,144,090	20,484,437
11,466,176	12,446,933	13,538,874	15,899,026	18,222,029	20,623,024
(11,466,176)	(12,446,933)	(13,538,874)	(15,875,219)	(18,144,090)	(20,484,437)
0	0	0	(23,807)	(77,939)	(138,587)
0	0	0	0	0	0
121,681,448	121,127,461	115,986,603	116,217,003	115,627,135	119,579,621
<u>\$121,681,448</u>	<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>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$63,737,901	\$63,447,718	\$60,754,887	\$60,875,573	\$60,566,595	\$62,636,944
11,466,176	12,446,933	13,538,874	15,899,026	18,222,029	20,623,024
(11,466,176)	(12,446,933)	(13,538,874)	(15,875,219)	(18,144,090)	(20,484,437)
0	0	0	(23,807)	(77,939)	(138,587)
0	0	0	0	0	0
<u>\$63,737,901</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>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

2021		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Manufacturing Co LLC	3,689	11.84 %
Nestle USA Inc.	2,905	9.32
The Cleveland Clinic Foundation	831	2.67
Erico International Corp (1)	731	2.35
Solon City School District	678	2.18
MRI Software LLC	670	2.15
City of Solon	624	2.00
Gardiner Service Company	247	0.79
Tarkett USA Inc.	230	0.74
Oracle America Inc.	175	0.55
<b>Total</b>	<b>10,780</b>	<b>34.59 %</b>
<b>Total W-2's Received</b>	<b>31,166</b>	

2012		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Manufacturing Co LLC	3,015	6.00 %
Nestle USA Inc.	2,304	4.58
Solon City School District	1,058	2.11
City of Solon	848	1.69
The Cleveland Clinic Foundation	777	1.55
National Enterprise Systems Inc.	774	1.54
Pennsylvania Life	549	1.09
Erico International Corp (1)	543	1.08
Renaissance Hotel Operating	513	1.02
LPS Management LLC	434	0.86
<b>Total</b>	<b>10,815</b>	<b>21.52 %</b>
<b>Total W-2's Received</b>	<b>50,253</b>	

Note: Current year W2 data is for tax year 2021 as provided by the Regional Income Tax Agency.

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

Source: Information provided by City's Finance Department.

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2021	24,262	\$1,427,479,032	\$58,836	\$114,214	44
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

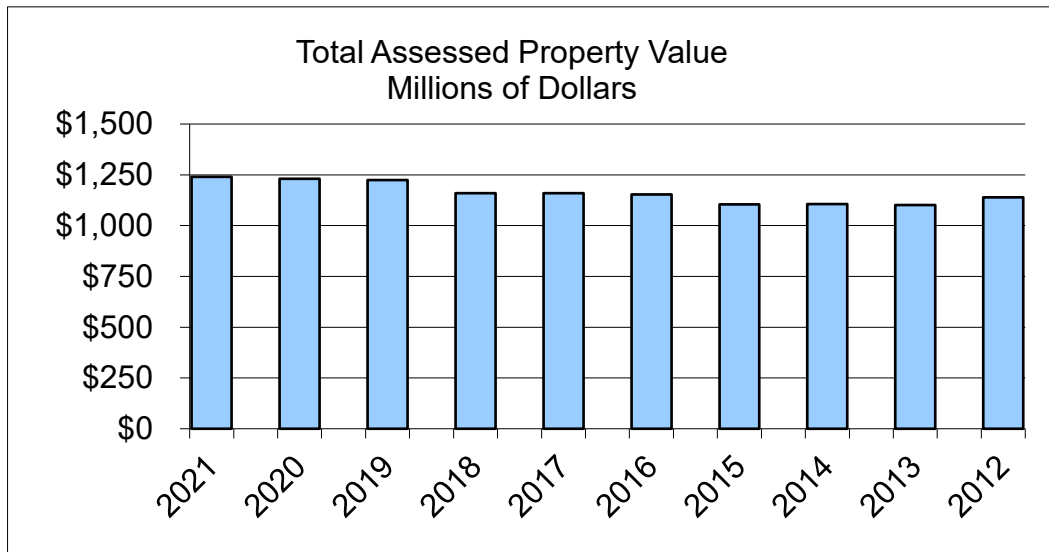
(1) Source: U.S. Census

(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%	4,504	4.1%	\$1,240,308,960
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

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

Function/Program	2021	2020	2019	2018
Security of Persons and Property				
Police	49.00	49.00	49.00	46.00
Dispatch and Clerks	8.00	8.00	8.00	8.00
Corrections	10.00	10.00	10.00	10.00
Fire	62.00	62.00	62.00	59.00
Leisure Time Activities				
Recreation	11.00	10.00	13.00	13.00
Senior Services	6.00	6.00	7.00	7.00
Arts Center	4.00	4.00	4.00	4.00
Grantwood Golf Course	5.00	6.00	6.00	6.00
Community Environment				
Planning	6.00	6.00	6.00	7.00
Building	2.00	2.00	2.00	2.00
Engineering	10.00	10.00	10.00	10.00
Public Works	1.00	1.00	1.00	0.00
Business Development	1.00	1.00	1.00	0.00
Basic Utility Services				
Water Reclamation	17.00	17.00	17.00	17.00
Transportation				
Service	67.00	67.00	67.00	66.00
General Government				
City Council	1.00	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	3.00
City Hall Custodial	2.00	2.00	2.00	2.00
Receptionist	1.00	1.00	1.00	1.00
Totals:	<u>275.00</u>	<u>276.00</u>	<u>280.00</u>	<u>272.00</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
46.00	46.00	47.00	46.00	46.00	46.00
7.00	8.00	17.00	18.00	17.00	17.00
10.00	11.00	10.00	10.00	10.00	10.00
59.00	59.00	59.00	59.00	57.00	57.00
13.00	13.00	11.00	11.00	12.00	12.00
6.00	5.00	4.00	4.00	4.00	4.00
4.00	4.00	4.00	4.00	3.00	2.00
6.00	6.00	4.00	5.00	5.00	5.00
7.00	7.00	6.00	6.00	6.00	6.00
2.00	2.00	3.00	3.00	3.00	3.00
11.00	10.00	11.00	9.00	8.00	9.00
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	17.00	18.00
68.00	68.00	65.00	65.00	68.00	69.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
6.00	7.00	10.00	11.00	10.00	9.00
0.00	0.00	0.00	2.00	4.00	4.00
0.00	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
1.00	1.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00
<u>271.00</u>	<u>274.00</u>	<u>280.00</u>	<u>282.00</u>	<u>282.00</u>	<u>284.00</u>



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

Function/Program	2021	2020	2019	2018
<b>Security of Persons &amp; Property</b>				
<i><b>Police</b></i>				
Number of traffic citations issued	2,979	2,524	3,527	3,892
DUI Arrests	115	89	113	131
Prisoners Processed	1,304	1,204	2,166	2,451
<i><b>Fire</b></i>				
Fire Responses	933	937	1,049	753
EMS Calls	2,527	2,271	2,275	2,368
Safety Inspections	1,906	1,822	2,044	2,183
Plan Reviews	159	183	441	156
<b>Leisure Time Activities</b>				
<i><b>Parks and Recreation</b></i>				
Community Center Memberships	3,619	2,059	6,896	6,758
Summer Camp Participants	104	35	1,292	1,272
Baseball/Softball Teams	33	0	36	35
<i><b>Senior Services</b></i>				
Program Attendance (1)	32,087	36,268	70,126	68,922
<i><b>Arts Center</b></i>				
Class Registrations	2,460	1,693	4,746	4,795
Percentage of Solon Residents	92%	86%	85%	83%
<i><b>Grantwood Golf Course</b></i>				
Rounds Played (18 holes)	17,726	16,443	14,903	14,104
Rounds Played (9 holes)	17,656	17,815	15,299	13,102
Range Balls	6,603	5,947	16,194	14,852
<b>Community Environment</b>				
<i><b>Building</b></i>				
Building Permits Issued	1,808	1,846	1,677	1,506
<b>Basic Utility Services</b>				
<i><b>Waste Water Treatment</b></i>				
Average Daily Flow (millions of gallons)	3,439	3,764	3,727	3,926
<b>Transportation</b>				
<i><b>Service</b></i>				
Tons of Salt Purchased	8,800	7,348	10,530	10,529
Tons of Rubbish Collected	7,872	7,774	7,528	7,441
Yards of Leaves Collected	14,871	15,099	11,971	15,520
Tons of Recycling Materials Collected	1,893	1,987	1,834	1,979
<b>General Government</b>				
<i><b>City Council</b></i>				
Ordinances or Resolutions Introduced	266	224	226	304
<i><b>Finance</b></i>				
Accounts Payable Checks Processed	4,979	5,801	7,534	7,486
Purchase Orders Issued	2,744	2,760	3,180	3,102
<i><b>Network Administration</b></i>				
Computer Workstations	275	275	275	260

(1) 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

2017	2016	2015	2014	2013	2012
3,526	3,660	3,376	3,927	3,768	3,893
133	115	131	132	131	151
2,248	2,275	1,900	1,905	1,927	1,819
771	629	742	772	715	671
2,338	2,268	2,191	2,067	2,104	1,737
2,169	2,582	2,646	2,095	1,794	2,480
132	118	171	324	617	393
7,228	7,314	6,681	6,876	7,417	7,811
1,187	1,195	1,223	1,138	1,186	1,129
35	48	45	55	56	64
69,666	63,812	60,191	47,664	40,292	37,912
3,813	3,650	3,512	3,056	2,906	3,204
81%	80%	80%	82%	81%	77%
13,670	14,008	11,978	12,497	9,918	10,256
12,878	13,997	15,689	15,957	17,152	16,768
15,330	52,213	43,864	45,340	45,704	44,795
1,527	2,136	2,104	1,241	988	927
3,062	3,318	3,470	3,567	3,526	3,452
9,108	10,229	11,372	12,785	9,996	9,318
6,082	6,911	7,062	7,607	7,654	7,473
14,188	16,125	13,153	14,625	12,293	13,653
1,747	2,065	2,058	1,664	1,453	1,394
227	231	262	281	273	302
7,661	7,718	8,176	8,545	9,216	10,052
3,519	2,958	3,333	3,250	3,986	4,425
260	255	265	260	257	256

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

Function/Program	2021	2020	2019	2018
<b>Security of Persons and Property</b>				
<b><i>Police</i></b>				
Square Footage of Station	37,168	37,168	37,168	37,168
Vehicles	38	38	35	35
<b><i>Fire</i></b>				
Square Footage of Station #1	37,168	37,168	37,168	37,168
Square Footage of Station #2	16,200	16,200	16,200	16,200
Square Footage of Station #3	9,610	9,610	9,610	9,610
Vehicles	21	19	19	20
<b>Leisure Time Activities</b>				
<b><i>Parks and Recreation</i></b>				
Square Footage of Community Center	92,500	92,500	92,500	92,500
Vehicles	5	6	6	6
<b><i>Senior Services</i></b>				
Vehicles	4	4	4	4
<b><i>Arts Center</i></b>				
Square Footage of Building	15,000	15,000	15,000	15,000
<b><i>Grantwood Golf Course</i></b>				
Square Footage of Clubhouse	7,200	7,200	7,200	7,200
Square Footage of Maintenance Building	5,000	5,000	5,000	5,000
Vehicles	1	1	1	1
<b>Community Environment</b>				
<b><i>Planning Department</i></b>				
Vehicles	1	1	1	1
<b><i>Building Department</i></b>				
Vehicles	1	1	1	2
<b><i>Engineering Department</i></b>				
Vehicles	5	6	7	6
<b>Basic Utility Services</b>				
<b><i>Waste Water Treatment</i></b>				
Square Footage of Buildings	56,000	56,000	56,000	56,000
Vehicles	7	7	7	9
<b>Transportation</b>				
<b><i>Service</i></b>				
Square Footage of Building	70,461	70,461	70,461	70,461
Vehicles	66	69	71	70
<b>General Government</b>				
<b><i>City Hall</i></b>				
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

2017	2016	2015	2014	2013	2012
37,168 29	37,168 30	37,168 27	37,168 29	37,168 26	37,168 29
37,168 16,200 9,610 20	37,168 16,200 9,610 18	37,168 16,200 9,610 18	37,168 16,200 9,610 19	37,168 16,200 9,610 19	37,168 16,200 9,610 20
92,500 6	92,500 5	92,500 4	92,500 7	92,500 7	92,500 8
4	4	4	5	4	4
15,000	15,000	15,000	15,000	15,000	15,000
7,200 5,000 1	7,200 5,000 1	7,200 5,000 1	7,200 5,000 1	7,200 5,000 1	7,200 5,000 1
1	2	2	2	2	2
2	3	3	3	4	3
6	9	8	8	7	8
56,000 9	56,000 7	56,000 7	56,000 6	56,000 9	56,000 10
70,461 71	70,461 70	70,461 72	70,461 73	70,461 73	70,461 73
55,950 1 0 0 1	55,950 1 0 1 2	55,950 1 1 0 2	55,950 1 1 0 2	55,950 1 1 1 2	55,950 1 1 1 2

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**Annual  
Comprehensive  
FINANCIAL  
REPORT**

**For The Year Ended December 31, 2021**

**Edward H. Kraus, Mayor**

*34200 Bainbridge Road*

*Solon, OH 44139*

[www.solonohio.org](http://www.solonohio.org)

**CITY OF SOLON  
CUYAHOGA COUNTY, OHIO**

**SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2021**

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



**CITY OF SOLON  
CUYAHOGA COUNTY, OHIO  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**CITY OF SOLON  
 CUYAHOGA COUNTY, OHIO  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021**

<b>FEDERAL GRANTOR/  <i>Pass-Through Grantor/            Program/Title</i></b>	<b>Assistance            Listing            Number</b>	<b>Grant            Number</b>	<b>Total            Federal            Expenditures</b>
<b><u>U.S. Department of Transportation</u></b>			
<b>Federal Highway Administration</b>			
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	89260	\$ 60,916
Total Highway Planning and Construction Cluster			<u>60,916</u>
<b>Total U.S. Department of Transportation</b>			<u>60,916</u>
<b><u>U.S. Department of the Treasury</u></b>			
<i>Passed through Ohio Office of Budget and Management</i>			
Coronavirus Relief Fund	21.019	HB481-CRF-Local	438,228
Coronavirus Relief Fund - Adult Day Service and Senior Center Provider Relief-Second Opportunity	21.019	N/A	80,000
<i>Total ALN #21.019</i>			<u>518,228</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,067,000
<b>Total U.S. Department of the Treasury</b>			<u>1,585,228</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,646,144</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, 2021**

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**NOTE 1: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Solon (the City) under programs of the Federal government for the year ended December 31, 2021. 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 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

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Ohio Society of Certified Public Accountants

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

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

The Honorable 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, 2021, 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 24, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City.

**Report on 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 or significant deficiencies may exist that have not been identified.

## **Report on 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.

A handwritten signature in black ink that reads "James G. Zupka, CPA, Inc." The signature is written in a cursive style.

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

June 24, 2022

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

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

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**INDEPENDENT AUDITOR'S 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**

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**

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

We have audited the City of Solon, Cuyahoga County, Ohio's (the City) compliance with the types of compliance requirements identified as subject to audit 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, 2021. 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.

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, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted an audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Solon, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Solon's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements to the City of Solon's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Solon's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Solon's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Solon's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Solon's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Solon's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

### **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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 24, 2022, which contained unmodified opinions on those financial statements, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may 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.



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

June 24, 2022



**CITY OF SOLON  
 CUYAHOGA COUNTY, OHIO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 DECEMBER 31, 2021**

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

2021(i) Type of Financial Statement Opinion	Unmodified
2021(ii) Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2021(ii) Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2021(iii) Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2021(iv) Were there any material internal control weaknesses reported for major Federal programs?	No
2021(iv) Were there any significant deficiencies in internal control reported for major Federal programs?	No
2021(v) Type of Major Programs' Compliance Opinion	Unmodified
2021(vi) Are there any reportable findings under 2 CFR 200.516(a)?	No
2021(vii) Major Programs (list):  Coronavirus State and Local Fiscal Recovery Funds - ALN #21.027	
2021(viii) Dollar Threshold: Type A\B Programs	Type A: \$750,000 Type B: All Others
2021(ix) Low Risk Auditee?	Yes

**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 AUDIT FINDINGS AND RECOMMENDATIONS  
DECEMBER 31, 2021**

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The prior audit report, as of December 31, 2020, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

# 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 8/25/2022**

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](http://www.ohioauditor.gov)