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Annual
Comprehensive

FINANCIAL REPORT

For The Year Ended **December 31, 2023**

solonohio.org

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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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 Zupka & Associates, for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 15, 2024

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Annual
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FINANCIAL REPORT

For The Year Ended December 31, 2023

INTRODUCTORY SECTION

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City of Solon, Ohio

Annual Comprehensive Financial Report

For the Year Ended December 31, 2023

*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, 2023
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June 14, 2024

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 (ACFR) for the fiscal year ending December 31, 2023. The City of Solon has continued to deliver critical services while maintaining a strong financial footing during the 2023 fiscal year. As stewards of taxpayer dollars, the City of Solon remains committed to maintaining transparency, accountability, and fiscal responsibility in all our endeavors.

This comprehensive report provides a detailed overview of the City's financial position, including revenue and expenditure analyses, fund balances, debt obligations, and capital improvements. It also includes valuable insights into our economic climate, budgetary policies, and strategic initiatives aimed at promoting fiscal resilience and enhancing service delivery to our residents. In addition, the ACFR has undergone rigorous examination and review by independent auditors to ensure compliance with generally accepted accounting principles (GAAP) and to provide assurance regarding the accuracy and reliability of the financial information presented herein.

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.

This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a 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 the audit year end. 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. 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 is intended to compliment this letter of transmittal and should be read in conjunction with it.

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 audit year 2023, the City of Solon was audited by the IPA firm Zupka & Associates. Their unmodified opinion is included in the financial section of this report.

As you review this report, I trust you will gain a deeper understanding of the City's financial performance, challenges, and opportunities. Your feedback and insights are invaluable to us as we strive for continuous improvement and excellence in financial management and governance.

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 City's Charter is the Mayor and Council format. There are seven City Council members; each is elected from a ward, for a term of four years. The Mayor's term is also four years beginning on December 1st of the corresponding election year. The Mayor appoints all department directors, with a required confirmation of City Council pursuant to applicable language in the City Charter and ordinances.

The current population of the City stands at approximately 24,262 (refer to page S20 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 local highways which provides immediate access to the various interstate highways that make up the regional transportation network.

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 abuse prevention 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 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 and businesses.

The City offers residents a comprehensive offering of community life programming. The public health restrictions that had hampered program offerings in the recent past were mostly lifted in 2022 and the program activity experienced significant recovery this past year. The Recreation Department sponsors a full range of activities from its headquarters in the City's Community Center. The Senior Services Department operates from a dedicated space within the Community Center and provides a multitude of programs ranging from physical fitness activities to weekly trips and guest speakers. The City is unique in that it operates the 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. These program offerings are offered throughout the year and thousands of residents participate in them.

The City presently has two enterprise operations; Solon Water Reclamation Treatment Plant and Grantwood Golf Course. The operating expenses of both of these City enterprises have been, and continue to be, covered by user charges or program fees. Part of the financial management efforts of the City are directed to monitoring and analyzing operations of 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 adequate ending balances and have continued to support operating expenditures and the recommended capital investments without relying on direct General Fund support.

The administrative functions of the City include planning and zoning, engineering, building inspection, economic development, finance, human resources, legal, 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 2023 was approximately 0.85 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. We feel we are able to attract and retain businesses because of Solon's access to a talented workforce, freeway access, excellent City services, top-notch schools and a proactive economic development program. The Solon business community has been a bedrock foundation of the City's economic successes. The thriving and diverse mix of business and industry located in Solon has created a resilient tax base that in turn supports City operations.

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 that so many 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. The City of Solon was highlighted in one of Cleveland Magazine's 2023 issues as one of the region's premier suburbs. Cleveland Magazine also gave the Solon City Schools the #1 ranking for the 15th consecutive year. Solon was voted #1 best town to raise a family by Northeast Ohio Parent Magazine for 2023.

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 twelve job creation grants administered in 2023, the City invested over \$2.3 million and realized a net gain of over \$3.9 million in new payroll tax receipts, along with over 2,600 new jobs. The 2023 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. In addition, the City committed \$60,000 in financial assistance for a renovation project through its Growth and 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. The net revenue from income tax collections remained stable in 2022 and exhibited over 4.6 percent growth on a cash basis in 2022. 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 and does not require or contemplate increases in income or property tax rates at any point in the future. The tax receipts from employers increased by over 4.8 percent in 2023 and were not materially impacted by the prevalence of remote work or other hybrid employment arrangements. The resilience of this important source of revenue has been a significant reason for the financial strength 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 management process. 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 policy of matching annual expenditures in the budget with estimated current revenues to preserve structural balance in the General Fund. The 2023 operating budget was balanced within current resources and ended the fiscal year with an operating surplus that was 4.6 percent of expenditures prior to allocating the excess resources to capital investments. 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 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 \$29.0 million or 67.8 percent of total expenditures on a non-GAAP basis at the end of 2023. Compliance with the above policies are monitored by the administration and communicated to City Council on a periodic basis throughout the year.

In addition to preserving an adequate level of reserve in the General Fund, the City established a Budget Stabilization (“rainy day”) Fund. The fund, created in 2013, 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. The reserve fund was tapped in 2020 to cover a portion of anticipated revenue loss in 2020. The reserve fund was replenished by 2022 and has an available balance of \$6.6 million. There has not been cause to utilize stabilization funding since the aforementioned instance.

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. The reduction of 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 current debt of the City consists of \$5.8 million in outstanding loans and financing arrangements that were entered into to fund City water and sewer improvements and the acquisition of equipment. The City had an unvoted debt capacity of \$74.6 million at the end of 2023 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 and equipment. 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 policy of maintaining a five-year plan for operating and capital expenditures. The budget plan is updated by the Administration and reviewed every year by City Council 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 and revised in November of 2023. The newly approved changes will permit the City to allocate funding from 25 percent of income tax receipts towards improvements of municipal buildings and park facilities in addition to traditional infrastructure needs. The City is able to leverage this dedicated source of tax revenue towards federal highway funds and state road project assistance that can be applied to major roadway and 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 having to incur any new bonded indebtedness.

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 2023, the City of Solon expended \$9.5 million towards improvement projects and the ongoing maintenance of roadways, sanitary sewers and other appurtenances. The investments were made possible by the 25 percent portion of income tax collections (\$12.9 million in 2023) 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 City officials is to implement policies that encourage economic growth within the City. It is imperative that the approach of Solon's elected officials and administration 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.

Below are the major economic development projects that took place in 2023:

- The City purchased and installed new benches and trash receptacles installed at many of the City's busiest RTA stops to improve the rider experience for those who use public transit to get to and from work in Solon.
- The City continued their partnership with SHARE Mobility and the Greater Cleveland RTA to offer last-mile transportation from the Southgate Transit Center directly to Solon job sites to improve workforce mobility.
- The City progressed in plans with RHM Real Estate to redevelop the vacant Liberty Ford site into a transformational mixed-use development.
- The City welcomed 46 new businesses to Solon and celebrated with ribbon cuttings for Zest Pediatrics, Petra Power, X-Golf, KMK Promote, The Third Estimate, Sola Salons, Hand and Stone Massage, Crumbl Cookie, You and I Tea Bar, Office Lofts, Yi Hot Pot and the new location of Spa Lavender.

In addition, the following projects were announced:

- The City will partner with the Cuyahoga County Public Library to expand the Solon Library branch for a Solon Innovation Center. The innovation center will break ground in summer of 2024 and is expected to be done at the end of 2024.
- Construction will begin on the Solon to Chagrin Falls trail in 2024. The 10-foot wide mostly paved all-purpose trail will begin at SOM Center Road near Carter Lumber and provide connectivity to Chagrin Falls. The trail will be owned by the City of Solon and managed by Cleveland Metroparks.
- ACE Pickleball Club will open in the vacant Bed, Bath & Beyond store and Tractor Supply Company will open in the former Mustard Seed in Uptown Solon.
- New food options, Gogi En and Mavis Public House, committed to coming to Solon in 2024.
- Focus areas for Solon's Central Retail District 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, 2022. 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

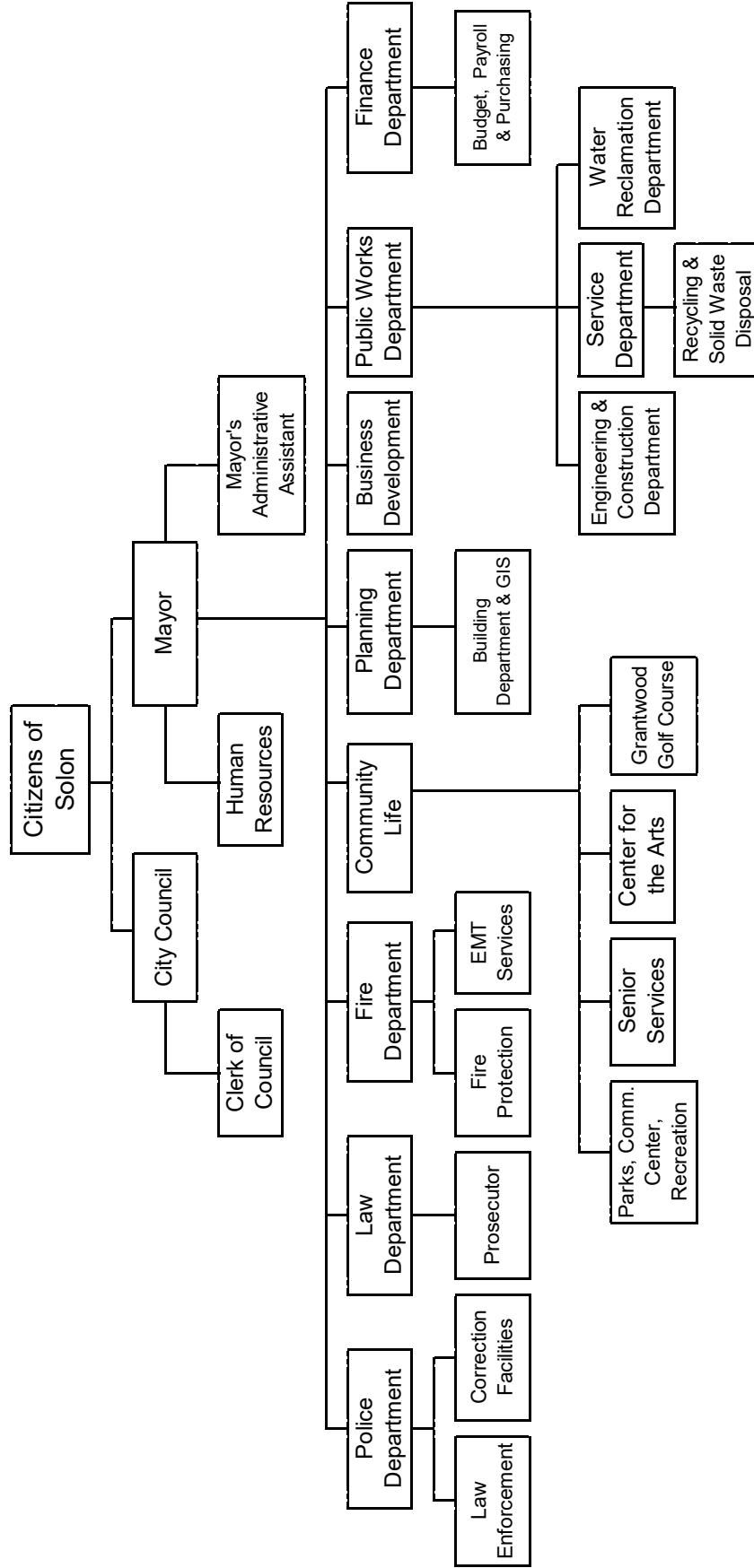
The preparation of this report would not be possible without the diligent and valuable work by the dedicated team members in the Department of Finance who have continued to devote their time and efforts for the City and its residents. Their efforts are greatly appreciated. In addition, my gratitude and compliments extend to the Auditor of State's Section of Local Government Services who assisted 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 Department of Finance and for recognizing the benefit of compiling an Annual Comprehensive Financial Report.

Respectfully submitted,

A handwritten signature in blue ink that reads "Matthew Rubino".

Matthew Rubino
Director of Finance
City of Solon, Ohio

City of Solon
Organizational Chart
December 31, 2023



City of Solon, Ohio
Principal Officials
December 31, 2023

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 Ward 4
Nancy E. Meany (Vice Mayor) Ward 5
Robert P. Shimits Ward 6
Brian M. Laubscher (2)..... Ward 7
Donna J. Letourneau..... Clerk of Council (appointed)

Appointed Officials

Thomas G. Lobe..... Director of Law
Matthew J. Rubino..... Director of Finance
Richard A. Tonelli Chief of Police
Mark G. Vedder Chief of Fire and Rescue
Vacant (3)..... 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
Vacant (4) Director of Human Resources
Jim Gibbs..... Director of Information Technology

- (1) Edward Kraus was elected to serve a second four-year term commencing on January 1, 2022.
- (2) Brian Laubscher replaced William Russo as Ward 7 Council Member on December 1, 2023.
- (3) The Director of Planning position was vacant effective June 3, 2022 and was not filled as of December 31, 2023.
- (4) The Director of Human Resources position was vacant effective November 20, 2023 and was not filled as of December 31, 2023.



Government Finance Officers Association

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**City of Solon
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO



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FINANCIAL REPORT

For The Year Ended December 31, 2023

FINANCIAL SECTION

solonohio.org

INDEPENDENT AUDITOR'S REPORT

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

To the Members of City Council:

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, 2023, 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, 2023, 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 3 to the basic financial statements, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 14, 2024, 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.



Zupka & Associates
Certified Public Accountants

June 14, 2024

City of Solon, Ohio
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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, 2023. 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 2023 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 2023 by \$237,657,193.
- The City's total net position increased by \$5,214,965 or 2.2 percent in 2023. Net position of the governmental activities increased by \$5,256,981 which represents a 3.2 percent increase over the prior year. Net position of the business-type activities decreased slightly by \$42,016 or (0.06) percent from the prior year.
- The City's investment in capital assets for governmental and business-type activities as of December 31, 2023 totaled \$208,233,657 net of accumulated depreciation/amortization of \$211,255,579. Net capital assets decreased by \$1,785,238 due to current year depreciation/amortization and current year deletions outpacing current year additions.
- General fund revenues totaled \$50,785,141 in 2023 and exceeded expenditures by \$6,467,113. Total governmental funds revenue totaled \$70,222,858 in 2023 and exceeded expenditures by \$7,042,271.
- The City reported a total fund balance in the general fund of \$33,710,132 at the end of the 2023 fiscal year. The unassigned fund balance for the general fund was \$28,627,426 or 64.6 percent of total expenditures in 2023. The ending balance in the general fund increased by \$2,841,085 for the year ended December 31, 2023 resulting from an increase in municipal income taxes higher investment earnings/interest.

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 composed 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 and the infrastructure capital projects fund, 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

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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 2023 compared to 2022:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	(Restated) 2022	2023	(Restated) 2022	2023	(Restated) 2022
Assets						
Current and Other Assets	\$88,303,448	\$79,654,883	\$13,722,740	\$13,733,007	\$102,026,188	\$93,387,890
Net Pension Asset	91,446	197,406	11,303	24,398	102,749	221,804
Net OPEB Asset	0	2,233,769	0	276,088	0	2,509,857
Capital Assets, Net	145,550,323	147,190,715	62,683,334	62,828,180	208,233,657	210,018,895
<i>Total Assets</i>	<u>233,945,217</u>	<u>229,276,773</u>	<u>76,417,377</u>	<u>76,861,673</u>	<u>310,362,594</u>	<u>306,138,446</u>
Deferred Outflows of Resources						
Pension	21,948,846	11,746,549	1,075,801	335,969	23,024,647	12,082,518
OPEB	3,731,150	2,985,963	163,454	2,248	3,894,604	2,988,211
Asset Retirement Obligation	0	0	650,000	700,000	650,000	700,000
<i>Total Deferred Outflows of Resources</i>	<u>25,679,996</u>	<u>14,732,512</u>	<u>1,889,255</u>	<u>1,038,217</u>	<u>27,569,251</u>	<u>15,770,729</u>
Liabilities						
Current Liabilities	6,654,456	6,366,860	582,165	250,669	7,236,621	6,617,529
Long-term Liabilities						
Due within one Year	2,427,581	2,349,095	597,570	547,158	3,025,151	2,896,253
Due in More than one Year						
Net Pension Liability	62,164,906	33,959,561	2,582,208	776,500	64,747,114	34,736,061
Net OPEB Liability	3,532,820	4,855,822	54,301	0	3,587,121	4,855,822
Other Amounts	4,929,071	5,953,573	4,958,132	5,476,318	9,887,203	11,429,891
<i>Total Liabilities</i>	<u>79,708,834</u>	<u>53,484,911</u>	<u>8,774,376</u>	<u>7,050,645</u>	<u>88,483,210</u>	<u>60,535,556</u>
Deferred Inflows of Resources						
Property Taxes	4,484,503	4,306,373	0	0	4,484,503	4,306,373
Leases	353,394	404,630	0	0	353,394	404,630
Pension	3,061,821	17,975,093	21,927	996,536	3,083,748	18,971,629
OPEB	3,851,367	4,929,965	18,430	318,794	3,869,797	5,248,759
<i>Total Deferred Inflows of Resources</i>	<u>11,751,085</u>	<u>27,616,061</u>	<u>40,357</u>	<u>1,315,330</u>	<u>11,791,442</u>	<u>28,931,391</u>
Net Position						
Net Investment in Capital Assets	143,232,123	144,831,250	59,061,139	58,921,377	202,293,262	203,752,627
Restricted for:						
Capital Projects	28,663,259	24,559,716	0	0	28,663,259	24,559,716
Debt Service	1,267,427	1,622,484	0	0	1,267,427	1,622,484
Other Purposes	1,861,462	1,713,527	0	0	1,861,462	1,713,527
Pension and OPEB Plans	91,446	2,431,175	11,303	300,486	102,749	2,731,661
Unrestricted (Deficit)	(6,950,423)	(12,249,839)	10,419,457	10,312,052	3,469,034	(1,937,787)
<i>Total Net Position</i>	<u>\$168,165,294</u>	<u>\$162,908,313</u>	<u>\$69,491,899</u>	<u>\$69,533,915</u>	<u>\$237,657,193</u>	<u>\$232,442,228</u>

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2023. GASB notes that pension and other post-employment benefits (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 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 and municipal income tax. The increase in cash and cash equivalents is due to cash basis revenues outpacing cash basis expenditures as well as to increases in the fair value of investments. Capital assets decreased due to depreciation/amortization and deletions outpacing additions. Long-term liabilities increased due to significant increases in the net pension and net OPEB liabilities attributable to changes into the pension system valuations.

Total assets for business-type activities decreased due to decreases in the net pension and net OPEB assets and capital assets. The increase in long-term liabilities for business-type activities was due to significant increases in the net pension and net OPEB liabilities. The increase in long-term liabilities was partially offset by the pay-down of long-term debt obligations.

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Further details of the changes in net position between 2023 and 2022 can be observed in Table 2.

(Table 2)
Changes in Net Position

	Governmental Activities		Business -Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Charges for Services and Sales	\$6,081,723	\$5,457,520	\$6,526,900	\$7,187,194	\$12,608,623	\$12,644,714
Operating Grants and Contributions	1,896,238	1,879,667	0	0	1,896,238	1,879,667
Capital Grants, Contributions and Capital Assessments	841,307	75,967	0	0	841,307	75,967
Total Program Revenues	8,819,268	7,413,154	6,526,900	7,187,194	15,346,168	14,600,348
General Revenues						
Property Taxes	4,904,897	4,818,294	0	0	4,904,897	4,818,294
Municipal Income Taxes	52,899,372	50,582,575	0	0	52,899,372	50,582,575
Grants and Entitlements	744,711	735,074	0	0	744,711	735,074
Unrestricted Contributions	45	125,000	0	0	45	125,000
Investment Earnings/Interest	3,158,422	(2,117,395)	552,818	(428,152)	3,711,240	(2,545,547)
Gain on Sale of Capital Assets	0	0	0	7,270	0	7,270
Miscellaneous	1,256,365	887,168	45,760	29,293	1,302,125	916,461
Total General Revenues	62,963,812	55,030,716	598,578	(391,589)	63,562,390	54,639,127
Total Revenues	71,783,080	62,443,870	7,125,478	6,795,605	78,908,558	69,239,475
Program Expenses						
Security of Persons and Property						
Police	12,570,157	10,216,107	0	0	12,570,157	10,216,107
Fire	13,345,185	11,036,100	0	0	13,345,185	11,036,100
Public Health and Welfare	168,630	155,752	0	0	168,630	155,752
Leisure Time Activities	6,856,108	4,235,433	0	0	6,856,108	4,235,433
Community Environment	5,179,169	4,844,774	0	0	5,179,169	4,844,774
Basic Utility Services	4,178,378	2,952,796	0	0	4,178,378	2,952,796
Transportation	15,422,852	11,003,230	0	0	15,422,852	11,003,230
General Government	8,605,472	7,728,546	0	0	8,605,472	7,728,546
Interest	80,879	94,877	0	0	80,879	94,877
Water Reclamation	0	0	6,083,642	5,113,617	6,083,642	5,113,617
Grantwood Recreation	0	0	1,203,121	857,272	1,203,121	857,272
Total Program Expenses	66,406,830	52,267,615	7,286,763	5,970,889	73,693,593	58,238,504
Excess before Transfers	5,376,250	10,176,255	(161,285)	824,716	5,214,965	11,000,971
Transfers	(119,269)	(1,139,862)	119,269	1,139,862	0	0
Change in Net Position	5,256,981	9,036,393	(42,016)	1,964,578	5,214,965	11,000,971
<i>Net Position Beginning of Year - Restated (See Note 3)</i>	162,908,313	153,871,920	69,533,915	67,569,337	232,442,228	221,441,257
Net Position End of Year	\$168,165,294	\$162,908,313	\$69,491,899	\$69,533,915	\$237,657,193	\$232,442,228

The net position of the City increased in 2023 from 2022 for reasons previously stated, as the City continues to strive for financial stability through an effective budget development and monitoring process.

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Governmental Activities

The funding for governmental activities comes from several different sources, the most significant being municipal income taxes. In addition, property taxes and charges for services provide revenue for governmental activities, as well as permit fee revenue and investment earnings/interest. Governmental expenses were less than governmental revenues due to changes to expenses resulting mainly from changes in pension and OPEB expenses as previously discussed. Charges for services revenue went up due to higher prisoner housing charges and recreation/community center customer charges as well as to an increase in fines, forfeitures and settlements related to opioid settlement monies. Capital grants increased in 2023 as a result of the City receiving a greater amount of grant funding for ongoing infrastructure projects. Municipal income tax revenues increased due to higher collections from withholdings. Investment income increased in 2023 attributable to the increase in short-term interest rates.

Security of persons and property for police and fire collectively 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 composed 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 Water Reclamation (wastewater) and Grantwood (Golf course). The largest sources of revenue for both Water Reclamation and Grantwood in 2023 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 2023, 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 2023 and 2022. The increase was primarily due to an increase in municipal income taxes as the City collected higher withholding amounts and to higher investment earnings/interest related to an increase in rates of return. 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 recreational and capital improvements.

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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 2023 and 2022 due to the increased cash and cash equivalents and the deferral of several projects to subsequent years.

Business-Type Funds – report the City's Water Reclamation (wastewater) operation and Grantwood (golf course) Recreation on an accrual basis. In 2023, the net position for the Water Reclamation fund decreased due mainly to an increase in personal and contractual service costs. The Grantwood Recreation fund increased as a result of an increase in charges for services and investment earnings/interest.

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 2023, the total general fund revenues plus other financing sources of \$48,998,649 ended the year 5.43 percent over the original estimate for general revenue sources. The favorable variance was mainly attributable to income tax receipts coming in 5.2 percent over the original estimate and charges for services revenue rebounding to exceed the revised estimate by 9.2 percent in 2023. The actual expenditures plus other financing uses of \$49,088,001 were 4.1 percent under the final revised budget for 2023. The favorable budget outcome for 2023 was primarily driven by a moderation in City operations during the first half of the year and the continued adherence to the adopted budgets for City departments during the 2023 fiscal period. The positive budget variances resulted in excess revenue over expenditures of \$2,058,500 or 4.2 percent of total expenditures and other uses.

Capital Assets

Governmental capital assets, net of depreciation, decreased due to annual depreciation/amortization and deletions outpacing current year additions. Specific governmental additions include Aurora Road reconstruction, service department trucks, Miles Road retaining wall, building and land improvements, various equipment, new vehicles, storm sewer, sidewalks, and road infrastructure improvements.

Business-type capital assets, net of depreciation, also decreased due to current year depreciation/amortization and deletions outpacing current year additions. Specific additions include the water reclamation plant renovation project, infrastructure improvements to North Oval sanitary sewer and a clarifier, land improvements, a new vehicle, and various equipment. For additional information on capital assets, please see note 9 to the basic financial statements.

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

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Outstanding Long-Term Obligations

Ohio Water Development Authority Loans compose most of the outstanding debt obligations. In addition, outstanding obligations include net pension/OPEB liability, compensated absences (sick leave, etc.), lease payable, financed purchases, subscriptions payable, 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 17 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, 2023
Unaudited

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

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

The general fund finished 2023 with an unassigned fund balance of \$28,627,426. Beginning in 2013, the City implemented a policy whereby 20 percent of its unencumbered general fund balance will be maintained in reserve as well as having created a budget stabilization fund that will allow for a segregation of additional reserves that will be accumulated to use in emergency situations in times of revenue fluctuations.

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

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

Requests for Information and Data

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

Basic Financial Statements

City of Solon, Ohio
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$65,463,766	\$12,001,840	\$77,465,606
Accounts Receivable	301,921	1,462,869	1,764,790
Intergovernmental Receivable	1,712,435	0	1,712,435
Leases Receivable	353,394	0	353,394
Internal Balances	57,832	(57,832)	0
Municipal Income Taxes Receivable	12,654,470	0	12,654,470
Materials and Supplies Inventory	1,054,196	288,839	1,343,035
Accrued Interest Receivable	147,568	27,024	174,592
Prepaid Items	278,908	0	278,908
Property Taxes Receivable	4,618,007	0	4,618,007
Special Assessments Receivable	1,660,951	0	1,660,951
Net Pension Asset (See Note 12)	91,446	11,303	102,749
Nondepreciable Capital Assets	15,903,954	5,432,474	21,336,428
Depreciable Capital Assets, Net	129,646,369	57,250,860	186,897,229
<i>Total Assets</i>	<u>233,945,217</u>	<u>76,417,377</u>	<u>310,362,594</u>
Deferred Outflows of Resources			
Pension	21,948,846	1,075,801	23,024,647
OPEB	3,731,150	163,454	3,894,604
Asset Retirement Obligation	0	650,000	650,000
<i>Total Deferred Outflows of Resources</i>	<u>25,679,996</u>	<u>1,889,255</u>	<u>27,569,251</u>
Liabilities			
Accounts Payable	608,291	46,642	654,933
Accrued Wages	533,748	38,095	571,843
Contracts Payable	736,968	149,702	886,670
Deposits Held Payable	1,101,559	0	1,101,559
Intergovernmental Payable	706,830	43,693	750,523
Retainage Payable	697,562	201,432	898,994
Unearned Revenue	1,462,983	0	1,462,983
Accrued Interest Payable	38,033	50,318	88,351
Claims Payable	291,836	0	291,836
Vacation Benefits Payable	476,646	52,283	528,929
Long-Term Liabilities:			
Due Within One Year	2,427,581	597,570	3,025,151
Due In More Than One Year:			
Net Pension Liability (See Note 12)	62,164,906	2,582,208	64,747,114
Net OPEB Liability (See Note 13)	3,532,820	54,301	3,587,121
Other Amounts	4,929,071	4,958,132	9,887,203
<i>Total Liabilities</i>	<u>79,708,834</u>	<u>8,774,376</u>	<u>88,483,210</u>
Deferred Inflows of Resources			
Property Taxes	4,484,503	0	4,484,503
Leases	353,394	0	353,394
Pension	3,061,821	21,927	3,083,748
OPEB	3,851,367	18,430	3,869,797
<i>Total Deferred Inflows of Resources</i>	<u>11,751,085</u>	<u>40,357</u>	<u>11,791,442</u>
Net Position			
Net Investment in Capital Assets	143,232,123	59,061,139	202,293,262
Restricted for:			
Capital Projects	28,663,259	0	28,663,259
Debt Service	1,267,427	0	1,267,427
Street, Construction, Maintenance and Repair	754,339	0	754,339
Police Pension	487,120	0	487,120
Fire Pension	189,116	0	189,116
Other Purposes	430,887	0	430,887
Pension Plans	91,446	11,303	102,749
Unrestricted (Deficit)	(6,950,423)	10,419,457	3,469,034
<i>Total Net Position</i>	<u>\$168,165,294</u>	<u>\$69,491,899</u>	<u>\$237,657,193</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Activities
For the Year Ended December 31, 2023

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Assessments
Governmental Activities:				
Security of Persons and Property				
Police	\$12,570,157	\$1,186,384	\$134,423	\$0
Fire	13,345,185	1,837,069	163,128	0
Public Health and Welfare	168,630	20,236	0	0
Leisure Time Activities	6,856,108	835,828	40,226	0
Community Environment	5,179,169	260,698	0	0
Basic Utility Services	4,178,378	376,748	0	38,380
Transportation	15,422,852	536,669	1,558,461	802,927
General Government	8,605,472	1,028,091	0	0
Interest	80,879	0	0	0
<i>Total Governmental Activities</i>	<u>66,406,830</u>	<u>6,081,723</u>	<u>1,896,238</u>	<u>841,307</u>
Business-Type Activities:				
Water Reclamation	6,083,642	5,230,718	0	0
Grantwood Recreation	1,203,121	1,296,182	0	0
<i>Total Business-Type Activities</i>	<u>7,286,763</u>	<u>6,526,900</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$73,693,593</u>	<u>\$12,608,623</u>	<u>\$1,896,238</u>	<u>\$841,307</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 Earnings/Interest

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year - Restated (See Note 3)

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$11,249,350)	\$0	(\$11,249,350)
(11,344,988)	0	(11,344,988)
(148,394)	0	(148,394)
(5,980,054)	0	(5,980,054)
(4,918,471)	0	(4,918,471)
(3,763,250)	0	(3,763,250)
(12,524,795)	0	(12,524,795)
(7,577,381)	0	(7,577,381)
(80,879)	0	(80,879)
<u>(57,587,562)</u>	<u>0</u>	<u>(57,587,562)</u>
0	(852,924)	(852,924)
0	93,061	93,061
<u>0</u>	<u>(759,863)</u>	<u>(759,863)</u>
<u>(57,587,562)</u>	<u>(759,863)</u>	<u>(58,347,425)</u>
1,622,059	0	1,622,059
370,940	0	370,940
981,840	0	981,840
1,491,093	0	1,491,093
438,965	0	438,965
39,534,469	0	39,534,469
13,178,157	0	13,178,157
186,746	0	186,746
744,711	0	744,711
45	0	45
3,158,422	552,818	3,711,240
1,256,365	45,760	1,302,125
<u>62,963,812</u>	<u>598,578</u>	<u>63,562,390</u>
<u>(119,269)</u>	<u>119,269</u>	<u>0</u>
<u>62,844,543</u>	<u>717,847</u>	<u>63,562,390</u>
5,256,981	(42,016)	5,214,965
<u>162,908,313</u>	<u>69,533,915</u>	<u>232,442,228</u>
<u>\$168,165,294</u>	<u>\$69,491,899</u>	<u>\$237,657,193</u>

City of Solon, Ohio
Balance Sheet
Governmental Funds
December 31, 2023

	General	Infrastructure	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$30,100,135	\$22,764,815	\$9,209,297	\$62,074,247
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	1,122,786	0	0	1,122,786
Accrued Interest Receivable	146,434	0	1,134	147,568
Accounts Receivable	147,270	0	154,651	301,921
Leases Receivable	353,394	0	0	353,394
Intergovernmental Receivable	379,792	439,179	893,464	1,712,435
Municipal Income Taxes Receivable	9,490,852	3,163,618	0	12,654,470
Materials and Supplies Inventory	1,054,196	0	0	1,054,196
Prepaid Items	278,908	0	0	278,908
Property Taxes Receivable	1,263,507	0	3,354,500	4,618,007
Special Assessments Receivable	0	669,531	991,420	1,660,951
<i>Total Assets</i>	<u>\$44,337,274</u>	<u>\$27,037,143</u>	<u>\$14,604,466</u>	<u>\$85,978,883</u>
Liabilities				
Accounts Payable	\$544,648	\$22,143	\$36,982	\$603,773
Accrued Wages	509,899	0	0	509,899
Contracts Payable	0	632,186	104,782	736,968
Deposits Held Payable from Restricted Assets	1,101,559	0	0	1,101,559
Intergovernmental Payable	347,132	0	250,506	597,638
Retainage Payable	0	674,711	22,851	697,562
Unearned Revenue	0	0	1,462,983	1,462,983
<i>Total Liabilities</i>	<u>2,503,238</u>	<u>1,329,040</u>	<u>1,878,104</u>	<u>5,710,382</u>
Deferred Inflows of Resources				
Property Taxes	1,226,936	0	3,257,567	4,484,503
Leases	353,394	0	0	353,394
Unavailable Revenue	6,543,574	3,171,429	2,011,379	11,726,382
<i>Total Deferred Inflows of Resources</i>	<u>8,123,904</u>	<u>3,171,429</u>	<u>5,268,946</u>	<u>16,564,279</u>
Fund Balances				
Nonspendable	1,354,331	0	0	1,354,331
Restricted	0	22,536,674	3,394,624	25,931,298
Committed	936,785	0	2,885,555	3,822,340
Assigned	2,791,590	0	1,177,237	3,968,827
Unassigned	28,627,426	0	0	28,627,426
<i>Total Fund Balances</i>	<u>33,710,132</u>	<u>22,536,674</u>	<u>7,457,416</u>	<u>63,704,222</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$44,337,274</u>	<u>\$27,037,143</u>	<u>\$14,604,466</u>	<u>\$85,978,883</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2023*

Total Governmental Funds Balances \$63,704,222

***Amounts reported for governmental activities in the
 statement of net position are different because***

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 145,550,323

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.

Delinquent Property Taxes	133,504	
Municipal Income Taxes	8,257,715	
Intergovernmental	1,434,530	
Charges for Services	31,368	
Special Assessments	1,660,951	
Fees, Licenses and Permits	30,519	
Fines, Forfeitures and Settlements	114,743	
Miscellaneous	63,052	
Total		11,726,382

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.

Net Position	1,832,451	
Internal Balance	57,832	
Claims Payable	4,887	
Total		1,895,170

In the statement of activities, interest is accrued on outstanding bonds, leases and financed purchases, whereas in governmental funds, an interest expenditure is reported when due. (38,033)

Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds. (476,646)

The net pension asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore, the asset, liability and related deferred outflows/inflows are not reported in governmental funds.

Net Pension Asset	91,446	
Deferred Outflows - Pension	21,948,846	
Net Pension Liability	(62,164,906)	
Deferred Inflows - Pension	(3,061,821)	
Deferred Outflows - OPEB	3,731,150	
Net OPEB Liability	(3,532,820)	
Deferred Inflows - OPEB	(3,851,367)	
Total		(46,839,472)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

OWDA Loan Payable	(1,404,956)	
Lease Payable	(80,168)	
Financed Purchases Payable	(1,079,822)	
Subscription Payable	(407,718)	
Compensated Absences	(4,379,101)	
Claims Payable	(4,887)	
Total		(7,356,652)

Net Position of Governmental Activities **\$168,165,294**

City of Solon, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	General	Infrastructure	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$1,654,633	\$0	\$3,355,328	\$5,009,961
Municipal Income Taxes	38,797,033	12,932,344	186,746	51,916,123
Special Assessments	0	23,422	247,748	271,170
Intergovernmental	780,861	176,710	2,043,335	3,000,906
Investment Earnings/Interest	3,134,201	0	24,221	3,158,422
Fees, Licenses and Permits	929,849	0	167,414	1,097,263
Fines, Forfeitures and Settlements	242,660	0	32,797	275,457
Leases and Rentals	112,335	0	3,869	116,204
Charges for Services	4,483,479	0	3,910	4,487,389
Contributions and Donations	45	0	86,377	86,422
Miscellaneous	650,045	114,785	38,711	803,541
<i>Total Revenues</i>	<u>50,785,141</u>	<u>13,247,261</u>	<u>6,190,456</u>	<u>70,222,858</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	9,677,265	0	1,095,960	10,773,225
Fire	9,197,614	0	1,646,120	10,843,734
Public Health and Welfare	168,630	0	0	168,630
Leisure Time Activities	5,568,138	0	214,145	5,782,283
Community Environment	4,573,050	537,183	0	5,110,233
Basic Utility Services	3,098,909	0	0	3,098,909
Transportation	4,427,276	0	1,590,592	6,017,868
General Government	7,495,206	0	14,585	7,509,791
Capital Outlay	0	8,980,890	3,567,538	12,548,428
Debt Service:				
Principal Retirement	99,856	0	1,137,059	1,236,915
Interest	12,084	0	78,487	90,571
<i>Total Expenditures</i>	<u>44,318,028</u>	<u>9,518,073</u>	<u>9,344,486</u>	<u>63,180,587</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,467,113</u>	<u>3,729,188</u>	<u>(3,154,030)</u>	<u>7,042,271</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	98,972	0	0	98,972
Transfers In	0	0	3,725,000	3,725,000
Transfers Out	(3,725,000)	0	0	(3,725,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,626,028)</u>	<u>0</u>	<u>3,725,000</u>	<u>98,972</u>
<i>Net Change in Fund Balances</i>	2,841,085	3,729,188	570,970	7,141,243
<i>Fund Balances Beginning of Year</i>	<u>30,869,047</u>	<u>18,807,486</u>	<u>6,886,446</u>	<u>56,562,979</u>
<i>Fund Balances End of Year</i>	<u>\$33,710,132</u>	<u>\$22,536,674</u>	<u>\$7,457,416</u>	<u>\$63,704,222</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023*

Net Change in Fund Balances - Total Governmental Funds		\$7,141,243
Amounts reported for governmental activities in the statement of activities are different because		
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/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlay in the current period.		
Capital Asset Additions	7,560,323	
Depreciation/Amortization	(9,029,981)	
Total		(1,469,658)
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.		
		(170,734)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	(105,064)	
Municipal Income Taxes	983,249	
Intergovernmental	393,149	
Charges for Services	(6,679)	
Special Assessments	(269,346)	
Fees, Licenses and Permits	(2,654)	
Fines, Forfeitures and Settlements	114,743	
Miscellaneous	26,507	
Total		1,133,905
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		1,236,915
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.		
		9,692
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	4,327,982	
OPEB	81,179	
Total		4,409,161
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB asset or liability are reported as pension/OPEB expense in the statement of net position.		
Pension	(7,523,718)	
OPEB	831,839	
Total		(6,691,879)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(300,600)	
Vacation Benefits Payable	(51,185)	
Claims Payable	9,701	
Total		(342,084)
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	(20,991)	
Change in Internal Balance	31,112	
Claims Payable	(9,701)	
Total		420
Change in Net Position of Governmental Activities		\$5,256,981

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$1,567,035	\$1,649,519	\$1,649,519	\$0
Municipal Income Taxes	36,875,630	38,793,175	38,783,890	(9,285)
Intergovernmental	718,830	755,086	755,086	0
Interest	1,265,150	1,331,743	1,331,743	0
Fees, Licenses and Permits	912,010	931,931	931,931	0
Fines, Forfeitures and Settlements	228,375	240,395	240,395	0
Rentals	58,045	61,099	61,099	0
Charges for Services	4,058,960	4,430,984	4,430,984	0
Contributions and Donations	45	45	45	0
Miscellaneous	790,520	732,028	714,985	(17,043)
Total Revenues	46,474,600	48,926,005	48,899,677	(26,328)
Expenditures				
Current:				
Security of Persons and Property				
Police	9,874,901	9,989,292	9,682,220	307,072
Fire	9,260,071	9,598,720	9,476,477	122,243
Public Health and Welfare	160,215	170,700	168,630	2,070
Leisure Time Activities	5,038,162	5,825,970	5,614,613	211,357
Community Environment	2,697,146	2,293,467	2,116,017	177,450
Basic Utility Services	3,005,156	3,221,788	3,151,892	69,896
Transportation	4,756,117	5,095,934	4,632,139	463,795
General Government	8,516,164	8,651,708	7,920,763	730,945
Debt Service:				
Principal Retirement	45,416	45,416	45,416	0
Interest	4,834	4,834	4,834	0
Total Expenditures	43,358,182	44,897,829	42,813,001	2,084,828
Excess of Revenues Over (Under) Expenditures	3,116,418	4,028,176	6,086,676	2,058,500
Other Financing Sources (Uses)				
Sale of Capital Assets	0	98,972	98,972	0
Transfers Out	(3,900,000)	(6,275,000)	(6,275,000)	0
Total Other Financing Sources (Uses)	(3,900,000)	(6,176,028)	(6,176,028)	0
Net Change in Fund Balance	(783,582)	(2,147,852)	(89,352)	2,058,500
Fund Balance Beginning of Year	27,959,438	27,959,438	27,959,438	0
Prior Year Encumbrances Appropriated	1,154,837	1,154,837	1,154,837	0
Fund Balance End of Year	\$28,330,693	\$26,966,423	\$29,024,923	\$2,058,500

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2023

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$10,934,967	\$1,066,873	\$12,001,840	\$2,266,733
Materials and Supplies Inventory	247,607	41,232	288,839	0
Accounts Receivable	1,460,768	2,101	1,462,869	0
Accrued Interest Receivable	24,622	2,402	27,024	0
<i>Total Current Assets</i>	<u>12,667,964</u>	<u>1,112,608</u>	<u>13,780,572</u>	<u>2,266,733</u>
<i>Noncurrent Assets:</i>				
<i>Restricted Assets:</i>				
Net Pension Asset	8,221	3,082	11,303	0
<i>Capital Assets:</i>				
Nondepreciable Capital Assets	3,050,310	2,382,164	5,432,474	0
Depreciable Capital Assets, Net	56,361,873	888,987	57,250,860	0
<i>Total Noncurrent Assets</i>	<u>59,420,404</u>	<u>3,274,233</u>	<u>62,694,637</u>	<u>0</u>
<i>Total Assets</i>	<u>72,088,368</u>	<u>4,386,841</u>	<u>76,475,209</u>	<u>2,266,733</u>
Deferred Outflows of Resources				
Pension	782,399	293,402	1,075,801	0
OPEB	118,876	44,578	163,454	0
Asset Retirement Obligation	650,000	0	650,000	0
<i>Total Deferred Outflows of Resources</i>	<u>1,551,275</u>	<u>337,980</u>	<u>1,889,255</u>	<u>0</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	45,920	722	46,642	4,518
Accrued Wages	29,717	8,378	38,095	23,849
Contracts Payable	92,124	57,578	149,702	0
Intergovernmental Payable	34,420	9,273	43,693	109,192
Retainage Payable	201,432	0	201,432	0
Accrued Interest Payable	50,318	0	50,318	0
Vacation Benefits Payable	43,065	9,218	52,283	0
Compensated Absences Payable	64,909	23,908	88,817	0
OWDA Loans Payable	497,472	0	497,472	0
Subscription Payable	11,281	0	11,281	0
Claims Payable	0	0	0	295,501
<i>Total Current Liabilities</i>	<u>1,070,658</u>	<u>109,077</u>	<u>1,179,735</u>	<u>433,060</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	83,875	18,192	102,067	0
OWDA Loans Payable	2,826,082	0	2,826,082	0
Subscription Payable	29,983	0	29,983	0
Net Pension Liability	1,877,970	704,238	2,582,208	0
Net OPEB Liability	39,490	14,811	54,301	0
Claims Payable	0	0	0	1,222
Asset Retirement Obligation Liability	2,000,000	0	2,000,000	0
<i>Total Long-Term Liabilities</i>	<u>6,857,400</u>	<u>737,241</u>	<u>7,594,641</u>	<u>1,222</u>
<i>Total Liabilities</i>	<u>7,928,058</u>	<u>846,318</u>	<u>8,774,376</u>	<u>434,282</u>
Deferred Inflows of Resources				
Pension	15,948	5,979	21,927	0
OPEB	13,405	5,025	18,430	0
<i>Total Deferred Inflows of Resources</i>	<u>29,353</u>	<u>11,004</u>	<u>40,357</u>	<u>0</u>
Net Position				
Net Investment in Capital Assets	55,789,988	3,271,151	59,061,139	0
Restricted for Pension Plans	8,221	3,082	11,303	0
Unrestricted	9,884,023	593,266	10,477,289	1,832,451
<i>Total Net Position</i>	<u>\$65,682,232</u>	<u>\$3,867,499</u>	<u>69,549,731</u>	<u>\$1,832,451</u>

Net position reported for business-type activities in the statement of net position are different because they include accumulated underpayments to the internal service fund: (57,832)
Net position of business-type activities \$69,491,899

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, 2023*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Operating Revenues				
Charges for Services	\$5,144,405	\$1,091,295	\$6,235,700	\$5,638,622
Tap-In Fees	86,313	0	86,313	0
Rentals	0	204,887	204,887	0
Miscellaneous	26,863	18,897	45,760	426,317
<i>Total Operating Revenues</i>	<u>5,257,581</u>	<u>1,315,079</u>	<u>6,572,660</u>	<u>6,064,939</u>
Operating Expenses				
Personal Services	1,722,791	705,155	2,427,946	314,800
Materials and Supplies	438,850	290,633	729,483	0
Contractual Services	1,550,984	83,811	1,634,795	1,118,298
Depreciation/Amortization	2,237,738	86,746	2,324,484	0
Claims	0	0	0	4,638,364
Change in Workers' Compensation Estimate	0	0	0	14,468
Other	1,376	30,769	32,145	0
<i>Total Operating Expenses</i>	<u>5,951,739</u>	<u>1,197,114</u>	<u>7,148,853</u>	<u>6,085,930</u>
<i>Operating Income (Loss)</i>	<u>(694,158)</u>	<u>117,965</u>	<u>(576,193)</u>	<u>(20,991)</u>
Non-Operating Revenues (Expenses)				
Investment Earnings/Interest	503,668	49,150	552,818	0
Loss on Sale of Capital Assets	(1,483)	(705)	(2,188)	0
Interest Expense	(104,610)	0	(104,610)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>397,575</u>	<u>48,445</u>	<u>446,020</u>	<u>0</u>
<i>Income (Loss) before Capital Contributions</i>	<u>(296,583)</u>	<u>166,410</u>	<u>(130,173)</u>	<u>(20,991)</u>
Capital Contributions	119,269	0	119,269	0
<i>Change in Net Position</i>	<u>(177,314)</u>	<u>166,410</u>	<u>(10,904)</u>	<u>(20,991)</u>
<i>Net Position Beginning of Year</i>	<u>65,859,546</u>	<u>3,701,089</u>		<u>1,853,442</u>
<i>Net Position End of Year</i>	<u>\$65,682,232</u>	<u>\$3,867,499</u>		<u>\$1,832,451</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:

(31,112)

Change in net position of business-type activities

(\$42,016)

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$5,689,776	\$1,089,950	\$6,779,726	\$0
Cash Received from Tap-In Fees	86,313	0	86,313	0
Cash Received from Rentals	0	204,887	204,887	0
Cash Received from Interfund Services Provided	0	0	0	5,638,622
Cash Received from Other Sources	26,576	18,897	45,473	431,949
Cash Payments to Employees for Services and Benefits	(1,389,871)	(620,510)	(2,010,381)	(312,446)
Cash Payments for Goods and Services	(1,974,476)	(317,040)	(2,291,516)	(941,894)
Cash Payments for Interfund Services Provided	(325,355)	(66,833)	(392,188)	0
Cash Payments for Claims	0	0	0	(4,821,635)
Cash Payments for Other Operating Expenses	(1,376)	(30,995)	(32,371)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>2,111,587</u>	<u>278,356</u>	<u>2,389,943</u>	<u>(5,404)</u>
Cash Flows from Capital and Related Financing Activities				
Proceeds from Sale of Capital Assets	5,800	1,500	7,300	0
Acquisition of Capital Assets	(1,673,745)	(193,060)	(1,866,805)	0
Principal Paid on OWDA Loans	(482,166)	0	(482,166)	0
Interest Paid on OWDA Loans	(110,583)	0	(110,583)	0
Principal Paid on Subscription Payable	(5,494)	0	(5,494)	0
Interest Paid on Subscription Payable	(795)	0	(795)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(2,266,983)</u>	<u>(191,560)</u>	<u>(2,458,543)</u>	<u>0</u>
Cash Flows from Investing Activities				
Interest on Investments	497,798	48,397	546,195	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	342,402	135,193	477,595	(5,404)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>10,592,565</u>	<u>931,680</u>	<u>11,524,245</u>	<u>2,272,137</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$10,934,967</u>	<u>\$1,066,873</u>	<u>\$12,001,840</u>	<u>\$2,266,733</u>

(continued)

City of Solon, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2023

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	(\$694,158)	\$117,965	(\$576,193)	(\$20,991)
Adjustments:				
Depreciation/Amortization	2,237,738	86,746	2,324,484	0
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	545,084	(1,345)	543,739	5,632
Prepaid Items	0	0	0	75,489
Materials and Supplies Inventory	(81,238)	872	(80,366)	0
Net Pension Asset	737	277	1,014	0
Deferred Outflows - Pension	326,136	122,299	448,435	0
Deferred Outflows - OPEB	78,903	29,589	108,492	0
Deferred Outflows - Asset Retirement Obligation	50,000	0	50,000	0
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	14,210	(1,046)	13,164	(8,277)
Accrued Wages	3,654	1,977	5,631	2,354
Contracts Payable	32,424	57,578	90,002	0
Claims Payable	0	0	0	(168,803)
Compensated Absences Payable	2,310	17,576	19,886	0
Vacation Benefits Payable	6,420	728	7,148	0
Intergovernmental Payable	14,647	4,620	19,267	109,192
Net Pension Liability	60,539	22,702	83,241	0
Net OPEB Liability	(434)	(164)	(598)	0
Deferred Inflows - Pension	(311,512)	(116,816)	(428,328)	0
Deferred Inflows - OPEB	(173,873)	(65,202)	(239,075)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$2,111,587</u>	<u>\$278,356</u>	<u>\$2,389,943</u>	<u>(\$5,404)</u>

Noncash Capital Financing Activity

At December 31, 2022, the City had retainage payable related to the acquisition of capital assets of \$54,325 in the water reclamation fund.

During 2023, upon completion of the North Oval Sanitary and Storm Sewer project, related assets of \$119,269 were transferred from governmental activities to the water reclamation enterprise fund. These amounts are included in capital contributions.

At December 31, 2023, the City had retainage and contracts payable related to the acquisition of capital assets of \$257,377 in the water reclamation fund.

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Fiduciary Net Position
Custodial Fund
December 31, 2023

Assets	
Equity in Pooled Cash and Cash Equivalents	\$72,613
Liabilities	
Intergovernmental Payable	<u>72,613</u>
Net Position	
Restricted for Individuals, Organizations and Other Governments	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2023

Additions	
Amounts Received as Fiscal Agent	\$346,029
Fines and Forfeitures Collections for Other Governments	15,912
Special Assessments Collections for Others	<u>14,018</u>
<i>Total Additions</i>	<u>375,959</u>
 Deductions	
Distributions as Fiscal Agent	346,029
Fines and Forfeitures Distributions to Other Governments	15,912
Special Assessment Distributions to Others	<u>14,018</u>
<i>Total Deductions</i>	<u>375,959</u>
 <i>Net Change 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, 2023

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 composed 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 14 and 15 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, 2023

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.

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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 income taxes levied by the Joint Economic Development District, traffic violations and special assessments collected for the benefit of and distributed to others. When the income taxes, fines and fees and special assessments are collected, no further action is needed to release the assets to the beneficiaries.

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 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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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, 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 12 and 13.

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, leases and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance year 2024 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. The deferred inflow for leases is related to leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. 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, intergovernmental local and State monies, charges for services, special assessments, fees, licenses and permits, fines, forfeitures and settlements, and miscellaneous revenue. 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 Balances 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 12 and 13).

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."

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

During 2023, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), first American government obligations fund, federal home loan bank bonds, negotiable certificates of deposit, federal farm credit bank bonds, federal home loan mortgage corporation notes, federal national mortgage association notes, a United States treasury note, federal agricultural mortgage corporation notes, and municipal bonds.

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 2023, 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 for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the general fund during 2023 amounted to \$3,134,201 which includes \$1,625,186 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, 2023, 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. Restricted assets in the enterprise fund represents amounts held in trust by the pension plans for future benefits.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 (except for intangible right-to-use lease assets and subscription assets which are discussed below) 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 or amortized 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/amortization 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
Intangible Right to Use - Building	5 years	N/A
Intangible Right to Use - Software	5 years	5 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.

The City is reporting intangible right to use assets related to lease assets and subscription assets. The lease assets include buildings and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/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.

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.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments 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. Leases, financed purchases, subscriptions payable, 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. Restricted net position for pension plans represents the corresponding restricted asset amounts held in trust by the pension plans for future benefits. Net position restricted for other purposes include resources restricted for state highway maintenance and law enforcement.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

Fund Balance

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

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

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

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, 2023

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.

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.

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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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.

Monsanto Settlement Monies

During 2023, Ohio reached a settlement agreement with Monsanto. As a participating subdivision, the City received a settlement payment of \$17,414 during 2023. This amount is reflected as miscellaneous revenue in the water reclamation enterprise fund in the accompanying financial statements.

Leases and SBITAs

The City serves as both lessee and lessor in various noncancellable leases which are accounted for as follows:

Lessee At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

lease asset is amortized on a straight-line basis over the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets and subscription payables are reported with long-term debt on the statement of net position.

Note 3 – Change in Accounting Principles and Restatement of Net Position

Change in Accounting Principles

For 2023, the City implemented Governmental Accounting Standards Board (GASB) No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The City did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the City's 2023 financial statements. The City recognized subscriptions payable of \$462,010 for governmental activities and \$46,758 for business-type activities, respectively, at January 1, 2023. The City also recognized subscription assets of \$526,224 for governmental activities and \$46,758 for business-type activities at January 1, 2023. The subscription asset amount recognized for governmental activities included \$121,257 that had been reported as part of construction in progress at December 31, 2022. For business-type activities, the subscription asset was offset by the intangible asset, right to use – software.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

For 2023, the City also implemented the guidance in GASB's Implementation Guide No. 2021-1, *Implementation Guidance Update—2021* (other than question 5.1).

Restatement of Net Position

These adjustments for the implementation of GASB 96 resulted in the following restatement to net position as of December 31, 2022:

	Governmental Activities
Net Position December 31, 2022	\$162,965,356
Adjustments:	
Capital Assets, Net	404,967
Subscription Payable	(462,010)
Restated Net Position December 31, 2022	\$162,908,313

Note 4 – Fund Balances

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

Fund Balances	General	Infrastructure	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>				
Prepays	\$278,908	\$0	\$0	\$278,908
Inventory	1,054,196	0	0	1,054,196
Unclaimed Monies	21,227	0	0	21,227
Total Nonspendable	1,354,331	0	0	1,354,331
<u>Restricted for:</u>				
Street and Highway Construction, Maintenance and Repair	0	0	204,485	204,485
Police Pension	0	0	428,322	428,322
Fire Pension	0	0	51,920	51,920
Police Department	0	0	198,976	198,976
Opioid Settlement	0	0	28,134	28,134
Debt Service	0	0	284,641	284,641
Capital Improvements	0	22,536,674	2,198,146	24,734,820
Total Restricted	\$0	\$22,536,674	\$3,394,624	\$25,931,298

(continued)

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Fund Balances (continued)	General	Infrastructure	Other Governmental Funds	Total Governmental Funds
<u>Committed to:</u>				
Emergency Medical Service	\$677,394	\$0	\$0	\$677,394
Cable TV	0	0	422,645	422,645
Tree Planting	0	0	17,234	17,234
Recreation	0	0	6,791	6,791
Police and Fire Departments	0	0	63,257	63,257
Senior Services	0	0	29,965	29,965
Community Development	0	0	5,512	5,512
Cemetery	0	0	5,501	5,501
Capital Improvements	0	0	2,334,650	2,334,650
Materials and Supplies	10,574	0	0	10,574
Contract Services	248,817	0	0	248,817
<i>Total Committed</i>	<u>936,785</u>	<u>0</u>	<u>2,885,555</u>	<u>3,822,340</u>
<u>Assigned to:</u>				
Economic Incentive	2,134,230	0	0	2,134,230
Compensated Absences	202,572	0	0	202,572
Capital Improvements	0	0	1,177,237	1,177,237
Purchases on Order:				
Personal Services	1,546	0	0	1,546
Materials and Supplies	179,490	0	0	179,490
Contractual Services	252,074	0	0	252,074
Capital Outlay	21,678	0	0	21,678
<i>Total Assigned</i>	<u>2,791,590</u>	<u>0</u>	<u>1,177,237</u>	<u>3,968,827</u>
Unassigned	<u>28,627,426</u>	<u>0</u>	<u>0</u>	<u>28,627,426</u>
Total Fund Balances	<u>\$33,710,132</u>	<u>\$22,536,674</u>	<u>\$7,457,416</u>	<u>\$63,704,222</u>

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. The fund balance is \$6.6 million as of the end of 2023.

Note 5 – Budgetary Basis of Accounting

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

- a) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- b) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- c) Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).
- d) Unrecorded cash represents amounts received but not reported by the City on the operating statements (budget), but which is reported on the GAAP basis operating statements.
- e) Investments are reported at cost (budget) rather than fair value (GAAP).
- f) Budgetary revenues and expenditures of the economic incentive and police training funds are classified to the general fund for GAAP reporting.

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

Net Change in Fund Balance	
GAAP Basis	\$2,841,085
Net Adjustment for Revenue Accruals	(79,635)
Beginning Fair Value Adjustment for Investments	(2,912,078)
Ending Fair Value Adjustment for Investments	1,162,092
Beginning Unrecorded Cash	4,075
Net Adjustment for Expenditure Accruals	199,050
Perspective Difference:	
Economic Incentive	(148,775)
Police Training	(28,031)
Encumbrances	<u>(1,127,135)</u>
Budget Basis	<u><u>(\$89,352)</u></u>

Note 6 – 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2023, \$215,080 of the City's total bank balance of \$3,727,149 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the City's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 60 percent resulting in the uninsured and uncollateralized balance.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of December 31, 2023, 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	\$8,806,424	Average 46.4 days	AAAm	N/A
Fair Value - Level One Inputs:				
First American Government Obligations Fund	521,036	Less than one year	AAAm	N/A
Fair Value - Level Two Inputs:				
Federal Home Loan Bank Bonds	26,611,426	Less than five years	Aaa	35.62%
Negotiable Certificates of Deposit	19,128,663	Less than five years	N/A	25.60
Federal Farm Credit Bank Bonds	9,658,712	Less than four years	Aaa	12.93

(continued)

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Measurement/Investment	Measurement Amount	Maturity	Moody's Rating	Percent of Total Investments
Fair Value - Level Two Inputs (continued):				
Federal Home Loan Mortgage Corporation Notes	\$3,367,550	Less than two years	Aaa	N/A
Federal National Mortgage Association Notes	2,449,955	Less than two years	Aaa	N/A
United States Treasury Note	2,282,842	Less than one year	Aaa	N/A
Federal Agricultural Mortgage Corporation Notes	1,368,285	Less than four years	N/A	N/A
Municipal Bonds	524,535	Less than three years	Aa3	N/A
Total Fair Value - Level Two Inputs	<u>65,391,968</u>			
Total Investments	<u>\$74,719,428</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, 2023. STAR Ohio is measured at net asset value per share. First American Government Obligations is measured at fair value and is valued using quoted market prices (Level 1 inputs). 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 statistical rating organization. The negotiable certificates of deposit are unrated. The City has no investment policy that addresses credit risk.

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

Note 7 – Receivables

Receivables at December 31, 2023, consisted of municipal income taxes, property taxes, accounts (billings for user charged services and opioid settlement monies), accrued interest, special assessments, leases, and intergovernmental receivables arising from grants, entitlements and shared revenues.

City of Solon, Ohio
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No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except property taxes, accounts receivable for opioid settlements, leases, 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 \$751,473 in the general obligation bond retirement fund and \$647,933 in the infrastructure capital projects fund. At December 31, 2023, the amount of delinquent special assessments was \$79,531.

Opioid Settlement Monies

During 2021, Ohio reached an agreement with the three largest distributors of opioids. Subsequently, settlements have been reached with other distributors. As contingencies related to timing and measurement are resolved, a receivable will be reported in accompanying financial statements as a part of accounts receivable. As a participating subdivision, the City reported \$115,585 as an accounts receivable related to opioid settlement monies in the OneOhio opioid special revenue fund in the accompanying financial statements. Collections of these settlement monies are expected to extend through 2038 with \$13,128 expected to be collected in 2024.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes were levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

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. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2023, was \$3.80 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2023 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	\$964,683,530
Other Real Estate	357,384,200
Tangible Personal Property	
Public Utility	<u>35,027,340</u>
Total	<u><u>\$1,357,095,070</u></u>

City of Solon, Ohio
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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, 2023, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2023 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 2023, 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 0.85 percent.

Intergovernmental Receivable

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Gasoline Tax/Cents per Gallon	\$649,040
Department of Transportation	439,179
Homestead and Rollback	221,531
Local Government	171,174
Auto Regulation	83,720
SEALE Reimbursement	52,354
Prisoner Housing	49,598
CPT Reimbursement	27,239
Bedford City Municipal Court	15,225
Violation Bureau	1,645
Cuyahoga County	1,129
Department of Justice Drug Seizure	461
Bureau of Motor Vehicles Immobilization	140
Total Intergovernmental Receivables	\$1,712,435

Lease Receivable

The City is reporting leases receivable of \$353,394 in the general fund at December 31, 2023. These amounts represent the discounted future lease payments. This discount is being amortized using the interest method. For 2023, the City recognized lease revenue of \$51,236 and interest revenue of \$8,192 in the general fund related to lease payments received. These lease revenue amounts exclude short-term leases. A description of the City’s leasing arrangements is as follows:

City of Solon, Ohio
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Cell Tower Leases – The City has entered into various lease agreements for cell towers with multiple companies at varying years and terms as follows:

Company	Lease Commencement Date	Years	Lease Ending Date	Payment Method
Verizon	1996	35	2031	Monthly
Crown Castle	1997	30	2027	Monthly

A summary of future lease amounts receivable is as follows:

Year	General	
	Principal	Interest
2024	\$57,989	\$7,539
2025	56,642	5,836
2026	58,043	4,435
2027	61,606	2,998
2028	29,030	2,024
2029-2031	90,084	3,078
Total	<u>\$353,394</u>	<u>\$25,910</u>

Note 8 – 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, 2023.

Litigation

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

City of Solon, Ohio
Notes to the Basic Financial Statements
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Note 9 – Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	Restated Balance 12/31/22	Additions	Reductions	Balance 12/31/23
Governmental Activities				
Capital Assets Not Being Depreciated/Amortized				
Land	\$10,968,527	\$0	\$0	\$10,968,527
Construction in Progress	4,391,848	2,749,374	(2,205,795)	4,935,427
<i>Total Capital Assets Not Being Depreciated/Amortized</i>	<u>15,360,375</u>	<u>2,749,374</u>	<u>(2,205,795)</u>	<u>15,903,954</u>
Capital Assets Being Depreciated/Amortized				
Tangible Assets				
Land Improvements	4,211,373	309,635	(27,054)	4,493,954
Buildings	62,175,255	916,519	0	63,091,774
Furniture and Equipment	8,829,162	948,487	(360,336)	9,417,313
Vehicles	15,286,282	669,949	(816,006)	15,140,225
Infrastructure	186,063,284	4,122,894	(686,229)	189,499,949
<i>Total Tangible Assets</i>	<u>276,565,356</u>	<u>6,967,484</u>	<u>(1,889,625)</u>	<u>281,643,215</u>
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Building	133,819	0	0	133,819
Subscription Assets				
Intangible Right to Use - Software	526,224	49,260	0	575,484
<i>Total Intangible Assets</i>	<u>660,043</u>	<u>49,260</u>	<u>0</u>	<u>709,303</u>
<i>Total Capital Assets Being Depreciated/Amortized</i>	<u>277,225,399</u>	<u>7,016,744</u>	<u>(1,889,625)</u>	<u>282,352,518</u>
Less Accumulated Depreciation/Amortization				
Depreciation				
Land Improvements	(2,057,941)	(215,291)	6,764	(2,266,468)
Buildings	(34,329,190)	(1,832,627)	0	(36,161,817)
Furniture and Equipment	(6,644,069)	(360,967)	334,865	(6,670,171)
Vehicles	(9,592,993)	(1,104,370)	810,729	(9,886,634)
Infrastructure	(92,744,509)	(5,389,750)	566,533	(97,567,726)
<i>Total Depreciation</i>	<u>(145,368,702)</u>	<u>(8,903,005)</u>	<u>1,718,891</u>	<u>(152,552,816)</u>
Amortization				
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Building	(26,357)	(27,294)	0	(53,651)
Subscription Assets				
Intangible Right to Use - Software	0	(99,682)	0	(99,682)
<i>Total Amortization</i>	<u>(26,357)</u>	<u>(126,976)</u>	<u>0</u>	<u>(153,333)</u>
<i>Total Accumulated Depreciation/Amortization</i>	<u>(145,395,059)</u>	<u>(9,029,981) *</u>	<u>1,718,891</u>	<u>(152,706,149)</u>
<i>Capital Assets Being Depreciated/Amortized, Net</i>	<u>131,830,340</u>	<u>(2,013,237)</u>	<u>(170,734)</u>	<u>129,646,369</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$147,190,715</u>	<u>\$736,137</u>	<u>(\$2,376,529)</u>	<u>\$145,550,323</u>

City of Solon, Ohio
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For the Year Ended December 31, 2023

* Depreciation/amortization expense was charged to governmental activities as follows:

	Depreciation	Amortization		Total
		Lease Assets	Subscription Assets	
Security of Persons and Property				
Police	\$619,137	\$0	\$0	\$619,137
Fire	583,198	0	0	583,198
Leisure Time Activities	730,939	27,294	0	758,233
Community Environment	36,162	0	0	36,162
Basic Utility Service	1,025,845	0	0	1,025,845
Transportation	5,389,752	0	0	5,389,752
General Government	517,972	0	99,682	617,654
Total Depreciation/Amortization Expense	\$8,903,005	\$27,294	\$99,682	\$9,029,981

During 2023, upon completion of the North Oval Sanitary and Storm Sewer project, related assets of \$119,269 were transferred from governmental activities to business-type activities.

	Restated Balance 12/31/22	Additions	Reductions	Balance 12/31/23
Business-Type Activities:				
Capital Assets Not Being Depreciated/Amortized				
Land	\$3,120,877	\$0	\$0	\$3,120,877
Construction in Progress	869,917	1,637,480	(195,800)	2,311,597
Total Capital Assets Not Being Depreciated/Amortized	3,990,794	1,637,480	(195,800)	5,432,474
Capital Assets Being Depreciated/Amortized				
Tangible Assets				
Land Improvements	361,148	62,411	(13,803)	409,756
Buildings	33,017,561	11,459	0	33,029,020
Furniture and Equipment	6,678,480	298,295	(33,078)	6,943,697
Vehicles	436,706	60,212	(13,001)	483,917
Infrastructure	74,599,919	315,069	(27,846)	74,887,142
Total Tangible Assets	115,093,814	747,446	(87,728)	115,753,532
Intangible Right to Use Subscription Assets				
Intangible Right to Use - Software	46,758	0	0	46,758
Total Capital Assets Being Depreciated/Amortized	115,140,572	747,446	(87,728)	115,800,290
Less Accumulated Depreciation/Amortization				
Depreciation				
Land Improvements	(249,729)	(12,195)	13,803	(248,121)
Buildings	(20,383,693)	(784,192)	0	(21,167,885)
Furniture and Equipment	(5,632,440)	(141,995)	30,873	(5,743,562)
Vehicles	(307,992)	(26,439)	13,001	(321,430)
Infrastructure	(29,729,332)	(1,354,169)	20,563	(31,062,938)
Total Depreciation	(56,303,186)	(2,318,990)	78,240	(58,543,936)
Amortization				
Intangible Right to Use Subscription Assets				
Intangible Right to Use - Software	0	(5,494)	0	(5,494)
Total Accumulated Depreciation/Amortization	(56,303,186)	(2,324,484) *	78,240	(58,549,430)
Capital Assets Being Depreciated, Net	58,837,386	(1,577,038)	(9,488)	57,250,860
Business-Type Activities Capital Assets, Net	\$62,828,180	\$60,442	(\$205,288)	\$62,683,334

City of Solon, Ohio
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*Depreciation/amortization expense was charged to business-type activities as follows:

	Depreciation	Amortization	Total
Water Reclamation	\$2,232,244	\$5,494	\$2,237,738
Grantwood Recreation	86,746	0	86,746
Total	\$2,318,990	\$5,494	\$2,324,484

Note 10 – 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. Police, fire, and corrections employees hired after December 31, 1988, is paid for up to 45 days or a maximum of 600 hours in full one day for every four days of accumulated sick leave in excess of 45 days. This benefit is paid to an employee upon retirement under a pension plan resulting from his public employment, or his estate upon death.

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

City employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457 and is considered an other employee benefit plan. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Note 11 – Risk Management

Property and Liability

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

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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.

On August 1, 2023, the City changed from being self-insured for workers compensation to being fully insured with the Bureau of Workers' Compensation. The City is continuing to pay run-off claims.

The claims liability of \$4,887 reported in the fund at December 31, 2023, 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>
2022	\$6,405	\$62,412	\$61,756	\$7,527	\$14,588
2023	14,588	11,008	35,177	14,468	4,887

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.

The City offers three health insurance plans to employees which include a base plan, a value plan and a health savings account (HSA) plan. Prescriptions under the base and value plans are subject to a co-pay of \$20 generic, \$40 formulary, and \$110 non-formulary. Prescriptions under the HSA plan are subject to 80 percent after the deductible. The City has stop loss coverage at \$100,000 per family, per year, and a calculated aggregate maximum for the 2023 plan year of \$5,982,168.

Medical claims are subject to the following deductibles under the three plans:

	<u>In Network</u>			<u>Non Network</u>		
	<u>Individual</u>	<u>Family</u>	<u>Coinsurance</u>	<u>Individual</u>	<u>Family</u>	<u>Coinsurance</u>
Base Plan	\$475	\$950	85 percent	\$1,000	\$2,000	65 percent
Value Plan	1,500	3,000	80 percent	4,000	8,000	60 percent
HSA Plan	3,000	6,000	80 percent	5,000	10,000	60 percent

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Incurred but not reported claims of \$291,836 have been accrued as a liability based on a review of the January and February 2024 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
2022	\$279,032	\$4,765,490	\$4,593,584	\$450,938
2023	450,938	4,627,356	4,786,458	291,836

Note 12 – Defined Benefit Pension Plans

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

Net Pension Liability (Asset)/Net OPEB Liability

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

The net pension/OPEB liability (asset) represent 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) calculations are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

City of Solon, Ohio
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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 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*. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (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 previously for additional information, including requirements for reduced and unreduced benefits):

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Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final Average Salary (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 amount of a member's pension benefit vests upon receipt of the initial benefit payment.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible 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, 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 and will continue to be administered by OPERS), 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.

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

	State and Local	
	Traditional	Combined
2023 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
2023 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
Total Employer	14.0 %	14.0 %
Employee	10.0 %	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; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

For 2023, the City’s contractually required contribution was \$1,915,566 for the traditional plan, \$22,329 for the combined plan, and \$64,353 for the member-directed plan. Of these amounts, \$334,936 is reported as an intergovernmental payable for the traditional plan, \$3,917 for the combined plan, and \$11,266 for the member-directed plan.

Ohio Police & Fire Pension Fund (OP&F)

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

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

City of Solon, Ohio
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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 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 previously for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for 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, statutory survivors and annuity beneficiaries. 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:

	Police	Firefighters
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2023 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

City of Solon, Ohio
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Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$2,603,255 for 2023. Of this amount, \$244,820 is reported as an intergovernmental payable.

Pension Liabilities (Assets), 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, 2022, 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, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.07946700%	0.04359500%	0.43449200%	
Prior Measurement Date	<u>0.08113500%</u>	<u>0.05629500%</u>	<u>0.44301460%</u>	
Change in Proportionate Share	<u><u>-0.00166800%</u></u>	<u><u>-0.01270000%</u></u>	<u><u>-0.00852260%</u></u>	
Proportionate Share of the:				
Net Pension Liability	\$23,474,587	\$0	\$41,272,527	\$64,747,114
Net Pension (Asset)	\$0	(\$102,749)	\$0	(\$102,749)
Pension Expense	\$2,860,785	\$25,844	\$4,954,619	\$7,841,248

2023 pension expense for the member-directed defined contribution plan was \$64,353. The aggregate pension expense for all pension plans was \$7,905,601 for 2023.

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources				
Differences between expected and actual experience	\$779,727	\$6,317	\$619,069	\$1,405,113
Changes of assumptions	247,992	6,803	3,722,640	3,977,435
Net difference between projected and actual earnings on pension plan investments	6,690,995	37,446	6,008,773	12,737,214
Changes in proportion and differences between City contributions and proportionate share of contributions	0	72,850	290,885	363,735
City contributions subsequent to the measurement date	<u>1,915,566</u>	<u>22,329</u>	<u>2,603,255</u>	<u>4,541,150</u>
Total Deferred Outflows of Resources	<u><u>\$9,634,280</u></u>	<u><u>\$145,745</u></u>	<u><u>\$13,244,622</u></u>	<u><u>\$23,024,647</u></u>

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	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Deferred Inflows of Resources				
Differences between expected and actual experience	\$0	\$14,681	\$940,310	\$954,991
Changes of assumptions	0	0	804,803	804,803
Changes in proportion and differences between City contributions and proportionate share of contributions	180,526	4,153	1,139,275	1,323,954
Total Deferred Inflows of Resources	\$180,526	\$18,834	\$2,884,388	\$3,083,748

\$4,541,150 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 2024. 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:				
2024	\$784,778	\$12,313	\$724,620	\$1,521,711
2025	1,506,208	17,678	1,804,400	3,328,286
2026	1,969,485	20,349	2,082,913	4,072,747
2027	3,277,717	26,755	3,313,492	6,617,964
2028	0	10,789	(168,446)	(157,657)
Thereafter	0	16,698	0	16,698
Total	\$7,538,188	\$104,582	\$7,756,979	\$15,399,749

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, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

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	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 12.1 percent for 2022.

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 geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized as follows:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other Investments	5.00	3.27
Total	100.00%	

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 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 6.9 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 (5.9 percent) or one percentage point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City’s proportionate share of the net pension liability (asset):			
OPERS Traditional Plan	\$35,164,148	\$23,474,587	\$13,750,970
OPERS Combined Plan	(53,622)	(102,749)	(141,684)

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, 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

City of Solon, Ohio
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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.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2022, are presented as follows:

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 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 per year

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

For 2021, 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

For 2021, 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.

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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, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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, 2022, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds *	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	125.00 %	

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 in the previous table, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

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Discount Rate For 2022, the total pension liability was calculated using the discount rate of 7.50 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 7.50 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$54,446,428	\$41,272,527	\$30,321,064

Note 13 – Defined Benefit OPEB Plans

See Note 12 for a description of the net OPEB liability.

Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees and are no longer participating in OPERS-provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

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OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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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.

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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary. 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 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan, and beginning July 1, 2022, there was a 2 percent allocation to health care for the 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 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$23,334 for 2023. Of this amount, \$4,087 is reported as an intergovernmental payable.

Ohio Police & Fire Pension Fund (OP&F)

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

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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.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. 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 or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, 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 \$60,412 for 2023. Of this amount, \$5,686 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, 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, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.07829500%	0.43449200%	
Prior Measurement Date	<u>0.08013200%</u>	<u>0.44301460%</u>	
Change in Proportionate Share	<u>-0.00183700%</u>	<u>-0.00852260%</u>	
Proportionate Share of the Net OPEB Liability	\$493,665	\$3,093,456	\$3,587,121
OPEB Expense	(\$1,169,191)	\$208,738	(\$960,453)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$184,599	\$184,599
Changes of assumptions	482,174	1,541,609	2,023,783
Net difference between projected and actual earnings on OPEB plan investments	980,436	265,326	1,245,762
Changes in proportion and differences between City contributions and proportionate share of contributions	0	356,714	356,714
City contributions subsequent to the measurement date	<u>23,334</u>	<u>60,412</u>	<u>83,746</u>
Total Deferred Outflows of Resources	<u>\$1,485,944</u>	<u>\$2,408,660</u>	<u>\$3,894,604</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$123,139	\$609,968	\$733,107
Changes of assumptions	39,675	2,530,196	2,569,871
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>4,738</u>	<u>562,081</u>	<u>566,819</u>
Total Deferred Inflows of Resources	<u>\$167,552</u>	<u>\$3,702,245</u>	<u>\$3,869,797</u>

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\$83,746 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2024	\$157,582	(\$89,974)	\$67,608
2025	358,112	(94,120)	263,992
2026	305,733	(160,195)	145,538
2027	473,631	(91,347)	382,284
2028	0	(279,881)	(279,881)
Thereafter	0	(638,480)	(638,480)
Total	\$1,295,058	(\$1,353,997)	(\$58,939)

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases	2.75 to 10.75 percent including wage inflation
Single Discount Rate	5.22 percent
Prior Year Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Prior Year Municipal Bond Rate	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 15.6 percent for 2022.

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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	100.00%	

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. 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 4.05 percent (Fidelity Index's "20-Year

City of Solon, Ohio
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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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the City’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (4.22 percent) or one percentage point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City’s proportionate share of the net OPEB liability (asset)	\$1,680,211	\$493,665	(\$485,429)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 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 liability	\$462,723	\$493,665	\$528,491

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, 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.

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended Discount Rate:	
Current measurement date	4.27 percent
Prior measurement date	2.84 percent
Cost-of-Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2036

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, 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.

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

For 2021, 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, 2021.

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 12.

Discount Rate For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 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 7.5 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, for 2022, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, and the Municipal Bond Index Rate of 3.65 percent was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27 percent. For 2021, a municipal bond rate of 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.5 which resulted in a blended discount rate of 2.84. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

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 4.27 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 (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$3,809,302	\$3,093,456	\$2,489,100

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Note 14 – Shared Risk Pool

The Northern Ohio Risk Management Association (NORMA) is a shared risk pool composed 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 \$700,000 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 2023, the City of Solon paid \$352,354 in premiums from the general fund, which represents 19.70 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, Hudson, Ohio, 44236.

Note 15 – 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 composed 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 2023. 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

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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 2022 (the latest information available), the City paid RITA \$419,231 for income tax collection services.

Note 16 – Municipal Solid Waste Landfill

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

Note 17 – Long-Term Obligations

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

	Restated Balance 12/31/22	Additions	Reductions	Balance 12/31/23	Amounts Due in One Year
Governmental Activities					
<i>OWDA Loans from Direct Borrowings</i>					
2004 \$5,861,485 - 1.45%					
Aurora Road West Draw	\$500,734	\$0	(\$332,616)	\$168,118	\$168,118
2006 \$6,329,372 - 3.00%					
Aurora East Sewer Project	1,622,472	0	(385,634)	1,236,838	398,661
Total OWDA Loans	2,123,206	0	(718,250)	1,404,956	566,779
<i>Other Long-Term Obligations</i>					
Compensated Absences	4,078,501	1,404,151	(1,103,551)	4,379,101	1,422,854
Lease Payable	107,462	0	(27,294)	80,168	28,265
Financed Purchases from					
Direct Borrowings	1,516,901	0	(437,079)	1,079,822	294,556
Subscription Payable	462,010	0	(54,292)	407,718	111,462
Claims Payable	14,588	14,468	(24,169)	4,887	3,665
Total Other Long-Term Obligations	6,179,462	1,418,619	(1,646,385)	5,951,696	1,860,802
<i>Net Pension Liability</i>					
OPERS	6,282,573	14,609,806	0	20,892,379	0
OP&F	27,676,988	13,595,539	0	41,272,527	0
Total Net Pension Liability	33,959,561	28,205,345	0	62,164,906	0
<i>Net OPEB Liability</i>					
OPERS	0	439,364	0	439,364	0
OP&F	4,855,822	0	(1,762,366)	3,093,456	0
Total Net OPEB Liability	4,855,822	439,364	(1,762,366)	3,532,820	0
Total Governmental Long-Term Obligations	\$47,118,051	\$30,063,328	(\$4,127,001)	\$73,054,378	\$2,427,581

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	Restated Balance 12/31/22	Additions	Reductions	Balance 12/31/23	Amounts Due in One Year
Business-Type Activities					
OWDA Loans from Direct Borrowings					
2006 \$3,935,828 - 3.00%					
Trickling Filter Rehabilitation	\$1,225,103	\$0	(\$229,949)	\$995,154	\$237,249
2011 \$4,891,846 - 3.00%					
Anaerobic Digester and Electrical Upgrade	2,580,617	0	(252,217)	2,328,400	260,223
Total OWDA Loans	3,805,720	0	(482,166)	3,323,554	497,472
Other Long-Term Liabilities					
Compensated Absences	170,998	79,384	(59,498)	190,884	88,817
Subscription Payable	46,758	0	(5,494)	41,264	11,281
Asset Retirement Obligation	2,000,000	0	0	2,000,000	0
Total Other Long-Term Liabilities	2,217,756	79,384	(64,992)	2,232,148	100,098
Net Pension Liability - OPERS					
Water Reclamation	564,728	1,313,242	0	1,877,970	0
Grantwood Recreation	211,772	492,466	0	704,238	0
Total Net Pension Liability	776,500	1,805,708	0	2,582,208	0
Net OPEB Liability - OPERS					
Water Reclamation	0	39,490	0	39,490	0
Grantwood Recreation	0	14,811	0	14,811	0
Total Net OPEB Liability	0	54,301	0	54,301	0
Total Business-Type Activities	\$6,799,976	\$1,939,393	(\$547,158)	\$8,192,211	\$597,570

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 \$1,404,956 related to governmental activities and \$3,323,554 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 23. 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 12 and 13. The lease will be paid from the general fund. Financed purchases will be paid from the service and safety equipment capital projects fund. The subscriptions will be paid from the general fund, the general capital improvements capital projects fund, and the water reclamation enterprise fund.

The City's overall legal debt margin was \$142,494,982 with an unvoted debt margin of \$74,640,229 at December 31, 2023. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2023, are as follows:

Governmental Activities

	OWDA Loans from Direct Borrowings	
	Principal	Interest
2024	\$566,779	\$39,342
2025	412,127	24,656
2026	426,050	10,734
Total	<u>\$1,404,956</u>	<u>\$74,732</u>

Business-Type Activities

	OWDA Loans from Direct Borrowings	
	Principal	Interest
2024	\$497,472	\$97,410
2025	513,268	82,009
2026	529,561	66,119
2027	546,375	49,725
2028	294,878	34,912
2029-2031	942,000	50,099
Total	<u>\$3,323,554</u>	<u>\$380,274</u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

In 2019, the City entered into a financed purchase agreement for a trash truck in the amount of \$267,300. In 2021, the City entered into financed purchase agreements for garbage trucks and an ambulance in the amounts of \$1,158,000 and \$329,000, respectively. The financed purchases will be paid from the service and safety equipment capital projects fund and the general fund.

Principal and interest requirements to retire financed purchases outstanding at December 31, 2023, are as follows:

Year	<i>From Direct Borrowings</i>	
	Financed Purchases	
	Principal	Interest
2024	\$294,556	\$18,220
2025	241,413	12,580
2026	245,265	8,728
2027	249,178	4,815
2028	49,410	839
Total	\$1,079,822	\$45,182

The City has an outstanding agreement to lease a building and also has an outstanding contract for the use of a SBITA vendor's IT software. The future lease/subscription payments were discounted based on the interest rate implicit in the lease/subscription or using the City's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease/subscription. A summary of the principal and interest amounts for the remaining leases/subscriptions is as follows:

Year	Governmental Activities				Business-Type Activities	
	Leases Payable		Subscriptions Payable		Subscriptions Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$28,265	\$2,355	\$111,462	\$12,818	\$11,281	\$1,297
2025	29,270	1,350	115,415	8,865	11,681	897
2026	22,633	331	119,508	4,772	12,095	483
2027	0	0	61,333	806	6,207	82
	\$80,168	\$4,036	\$407,718	\$27,261	\$41,264	\$2,759

Note 18 – Interfund Transfers

During 2023, the general fund transferred \$3,725,000 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.

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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	\$1,127,135	Water Reclamation Fund	\$2,215,535
Infrastructure Fund	13,329,768	Grantwood Recreation Fund	107,425
Other Governmental Funds	3,009,953	Internal Service Funds	26,065
Total Governmental	<u>\$17,466,856</u>	Total Proprietary	<u>\$2,349,025</u>

Contractual Commitments

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

Vendor	Remaining on Contract
Amazon	\$3,400
Asphalt Fabrics	13,849
Athos Contracting	1,363
B&H Photo	13,009
B. Buehl Industries, Inc.	23,000
Barrington Carpet, LLC	48,073
Bob Cultrona Landscaping Co.	21,630
Burgess & Niple LTD	1,322,711
Cabinet Concepts, Inc.	8,040
Catts Construction, Inc.	28,205
Chagrin Valley Dispatch	94,651
Chagrin Valley Engineering	7,860
City of Reminderville	62,228
Cuyahoga Soil & Water	6,813

(continued)

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Vendor	Remaining on Contract
<i>(continued)</i>	
DLZ Ohio, Inc.	\$55,853
Dura Mark, Inc.	26,784
Fechko Excavating LLC	555,209
Geo-Sci Laboratory, Inc.	88,352
Glaus, Pyle, Schomer, Burns & DeHaven, Inc.	1,049,128
Greenman-Pedersen, Inc.	1,193,586
Hastings Air-Energy Control, Inc.	31,726
Inland Waters Pollution Control, Inc.	36,731
Interfinish LLC	12,856
Intoximeters, Inc.	11,768
Ivideo Technologies	19,415
J.R. Sbrocco Plumbing, Inc.	1,000
J.S.S. Electric, Inc.	5,869
Johnson Controls, Inc.	308,884
Konstruktion King	291,097
Mammoth Sports Construction, LLC	202,663
Marjet Enterprises, Inc.	5,002
Naturescape of Solon, Inc.	42,475
Nova Interiors LTD	51,500
O.R. Cola Associates, LLC	28,935
Ohio Paving & Construction Co., Inc.	587,692
Orange Village	11,750
Path Master, Inc.	12,900
Perram Electric, Inc.	51,081
R.E. Warner & Associates	28,693
Regency Construction Services	312,159
RGT Service, LLC	35,785
Ronyak Paving, Inc.	641,550
Service Station Equipment Co., Inc.	26,141
SHI International Corp.	63,003
Sims Pump Value, Inc.	28,097
Technology Install Partners	34,990
Terrace Construction Company, Inc.	301,506
The Davey Tree Expert Company	14,446
The Illuminating Company	9,826
Trax Construction Co.	124,029
Trimor Corporation	7,467,173
Tyler Technologies	148,321
Union Industrial Contractors	54,019
United Servey, Inc.	200,000
Vance Outdoors, Inc.	54,756
Vancuren Services, Inc.	3,154
Workman Industrial Services	1,798,936
Total	<u>\$17,683,672</u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Remaining commitment amounts were encumbered at year end. The amounts of \$300,357 and \$450,135 in contracts and retainage payable for governmental activities, respectively, have been capitalized. The amounts of \$55,945 and \$201,432 in contracts and retainage payable for business-type activities, respectively, have been capitalized.

Note 21 – Tax Abatement Disclosures

As of December 31, 2023, 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 composed of nine parcels at the southwest corner of Solon Road and Cochran Road. Under both programs, the City of Solon authorizes incentives through passage of public ordinances, based upon each business' investment and job creation commitment, and through a contractual agreement process with each business, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Enterprise Zone and the Community Reinvestment Area gave the City the ability to maintain and expand business located in the City and create new jobs.

Current Tax Abatement Activity

The City of Solon currently has one active CRA abatement 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, 2023.

Tax Abatement Program	Total Amount of Taxes Abated (Incentives Abated) For the year 2023 (In Actual Dollars)
<i>Community Reinvestment Area (CRA)</i>	
- Manufacturing	\$243,755

Note 22 – 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 ended in April of 2023. During 2023, the City received COVID-19 funding. The City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 23 – 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 wastewater 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 wastewater 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 13 years.

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Required Supplementary Information

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

	2023	2022	2021	2020	2019
City's Proportion of the Net Pension Liability	0.07946700%	0.08113500%	0.08125900%	0.09021600%	0.08905100%
City's Proportionate Share of the Net Pension Liability	\$23,474,587	\$7,059,073	\$12,032,690	\$17,831,805	\$24,389,263
City's Covered Payroll	\$12,305,714	\$11,775,093	\$11,445,486	\$12,692,657	\$12,029,814
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.76%	59.95%	105.13%	140.49%	202.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%

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.

2018	2017	2016	2015	2014
0.09008000%	0.08983800%	0.09708100%	0.09840800%	0.09840800%
\$14,131,806	\$20,400,683	\$16,815,653	\$11,869,151	\$11,601,065
\$11,904,185	\$11,613,317	\$12,083,657	\$12,064,925	\$12,360,838
118.71%	175.67%	139.16%	98.38%	93.85%
84.66%	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 Six Years (1)

	2023	2022	2021	2020
City's Proportion of the Net Pension Asset	0.04359500%	0.05629500%	0.06935400%	0.07515600%
City's Proportionate Share of the Net Pension Asset	\$102,749	\$221,804	\$200,199	\$156,718
City's Covered Payroll	\$201,843	\$256,643	\$305,643	\$334,557
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-50.91%	-86.43%	-65.50%	-46.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.14%	169.88%	157.67%	145.28%

(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.

2019	2018
0.09653400%	0.08591100%
\$107,947	\$116,951
\$411,950	\$351,846
-26.20%	-33.24%
126.64%	137.28%

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 Seven Years (1)

	2023	2022	2021	2020
City's Proportion of the Net OPEB Liability/Asset	0.07829500%	0.08013200%	0.08074700%	0.08974500%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$493,665	(\$2,509,857)	(\$1,438,573)	\$12,396,115
City's Covered Payroll	\$13,018,682	\$12,495,736	\$12,212,329	\$13,557,864
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	3.79%	-20.09%	-11.78%	91.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%

(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.

2019	2018	2017
0.08896700%	0.09019000%	0.09016000%
\$11,599,198	\$9,793,970	\$9,106,466
\$12,904,414	\$12,774,506	\$12,460,259
89.89%	76.67%	73.08%
46.33%	54.14%	54.04%

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 Ten Years

	2023	2022	2021	2020	2019
City's Proportion of the Net Pension Liability	0.43449200%	0.44301460%	0.44078380%	0.45975950%	0.45250500%
City's Proportionate Share of the Net Pension Liability	\$41,272,527	\$27,676,988	\$30,048,627	\$30,971,855	\$36,936,365
City's Covered Payroll	\$11,568,323	\$11,097,006	\$10,618,937	\$10,745,517	\$10,074,922
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	356.77%	249.41%	282.97%	288.23%	366.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%	63.07%

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.

2018	2017	2016	2015	2014
0.47907200%	0.44947300%	0.46554600%	0.46826400%	0.46826400%
\$29,402,813	\$28,469,169	\$29,948,902	\$24,258,028	\$22,805,926
\$9,826,819	\$9,514,949	\$9,269,014	\$9,113,753	\$8,880,813
299.21%	299.20%	323.11%	266.17%	256.80%
70.91%	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 Seven Years (1)

	2023	2022	2021	2020
City's Proportion of the Net OPEB Liability	0.43449200%	0.44301460%	0.44078380%	0.45975950%
City's Proportionate Share of the Net OPEB Liability	\$3,093,456	\$4,855,822	\$4,670,175	\$4,541,379
City's Covered Payroll	\$11,568,323	\$11,097,006	\$10,618,937	\$10,745,517
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	26.74%	43.76%	43.98%	42.26%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.90%	45.42%	47.08%

(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.

2019	2018	2017
0.45250500%	0.47907200%	0.44947300%
\$4,120,754	\$27,143,547	\$21,335,472
\$10,074,922	\$9,826,819	\$9,514,949
40.90%	276.22%	224.23%
46.57%	14.13%	15.96%

City of Solon, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System
Last Ten Years

	2023	2022	2021	2020	2019
Net Pension Liability - Traditional Plan					
Contractually Required Contribution	\$1,915,566	\$1,722,800	\$1,648,513	\$1,602,368	\$1,776,972
Contributions in Relation to the Contractually Required Contribution	<u>(1,915,566)</u>	<u>(1,722,800)</u>	<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>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$13,682,614	\$12,305,714	\$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>	<u>14.00%</u>	<u>14.00%</u>
Net Pension Liability - Combined Plan					
Contractually Required Contribution	\$22,329	\$28,258	\$35,930	\$42,790	\$46,838
Contributions in Relation to the Contractually Required Contribution	<u>(22,329)</u>	<u>(28,258)</u>	<u>(35,930)</u>	<u>(42,790)</u>	<u>(46,838)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$186,075	\$201,843	\$256,643	\$305,643	\$334,557
Pension Contributions as a Percentage of Covered Payroll	<u>12.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability - OPEB Plan (1)					
Contractually Required Contribution	\$23,334	\$20,445	\$18,560	\$18,448	\$21,226
Contributions in Relation to the Contractually Required Contribution	<u>(23,334)</u>	<u>(20,445)</u>	<u>(18,560)</u>	<u>(18,448)</u>	<u>(21,226)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (2)	\$14,468,444	\$13,018,682	\$12,495,736	\$12,212,329	\$13,557,864
OPEB Contributions as a Percentage of Covered Payroll	<u>0.16%</u>	<u>0.16%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>0.16%</u>

(1) Information prior to 2016 is not available for the OPEB plan.

(2) 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
\$1,684,174	\$1,547,544	\$1,393,598	\$1,450,038	\$1,447,791
<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>\$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
<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
\$57,673	\$45,740	\$41,981	\$52,794	\$55,689
<u>(57,673)</u>	<u>(45,740)</u>	<u>(41,981)</u>	<u>(52,794)</u>	<u>(55,689)</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
<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</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

	2023	2022	2021	2020	2019
Net Pension Liability					
Contractually Required Contribution	\$2,603,255	\$2,491,581	\$2,391,771	\$2,285,689	\$2,310,710
Contributions in Relation to the Contractually Required Contribution	<u>(2,603,255)</u>	<u>(2,491,581)</u>	<u>(2,391,771)</u>	<u>(2,285,689)</u>	<u>(2,310,710)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$12,082,292	\$11,568,323	\$11,097,006	\$10,618,937	\$10,745,517
Pension Contributions as a Percentage of Covered Payroll	<u>21.55%</u>	<u>21.54%</u>	<u>21.55%</u>	<u>21.52%</u>	<u>21.50%</u>
Net OPEB Liability					
Contractually Required Contribution	\$60,412	\$57,841	\$55,485	\$53,095	\$53,728
Contributions in Relation to the Contractually Required Contribution	<u>(60,412)</u>	<u>(57,841)</u>	<u>(55,485)</u>	<u>(53,095)</u>	<u>(53,728)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<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>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>22.05%</u>	<u>22.04%</u>	<u>22.05%</u>	<u>22.02%</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.

2018	2017	2016	2015	2014
\$2,166,600	\$2,113,672	\$2,045,193	\$1,992,084	\$1,959,654
(2,166,600)	(2,113,672)	(2,045,193)	(1,992,084)	(1,959,654)
\$0	\$0	\$0	\$0	\$0
\$10,074,922	\$9,826,819	\$9,514,949	\$9,269,014	\$9,113,753
21.50%	21.51%	21.49%	21.49%	21.50%
\$50,375	\$49,134	\$47,575	\$46,345	\$45,569
(50,375)	(49,134)	(47,575)	(46,345)	(45,569)
\$0	\$0	\$0	\$0	\$0
0.50%	0.50%	0.50%	0.50%	0.50%
22.00%	22.01%	21.99%	21.99%	22.00%

City of Solon, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

Changes in Assumptions – OPERS Pension – Traditional Plan

Amounts reported beginning in 2022 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 as follows:

	<u>2022</u>	<u>2019 through 2021</u>	<u>2018 and 2017</u>	<u>2016 and prior</u>
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage 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	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

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

2023	3.0 percent, simple through 2023 then 2.05 percent, simple
2022	3.0 percent, simple through 2022 then 2.05 percent, simple
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 2022 use pre-retirement mortality rates based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

Amounts reported for 2017 through 2021 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of

City of Solon, Ohio
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For the Year Ended December 31, 2023

2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the previously 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.

Changes in Assumptions – OPERS Pension – Combined Plan

	<u>2022</u>	<u>2019 through 2021</u>	<u>2018</u>
Wage Inflation	2.75 percent	3.25 percent	3.25 percent
Future Salary Increases	2.75 to 8.25 percent including wage inflation	3.25 to 8.25 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	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

For 2022, 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.

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 as follows:

	<u>Beginning in 2018</u>	<u>2017 and Prior</u>
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	3.25 percent per annum, compounded annually, consisting of 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

Beginning in 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and forward.

City of Solon, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

Beginning in 2023, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

Prior to 2023, 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.

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

Prior to 2023, 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.

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

City of Solon, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

Changes in Assumptions – OPERS OPEB

Wage Inflation:	
2023 and 2022	2.75 percent
2021 and prior	3.25 percent
Projected Salary Increases (including wage inflation):	
2023 and 2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent
Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2023	4.05 percent
2022	1.84 percent
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2023	5.22 percent
2022	6.00 percent
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2023	5.5 percent, initial 3.5 percent, ultimate in 2036
2022	5.5 percent, initial 3.5 percent, ultimate in 2034
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:	
2023	4.27 percent
2022	2.84 percent
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

For 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and 2023.

City of Solon, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

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.

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

OneOhio Opioid Fund – To account for and report restricted settlement monies used to assist local governments with the opioid crisis.

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.

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. This fund did not have any budgetary activity during 2023; therefore, budgetary information is not provided.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Debt Service Fund

General Obligation Bond Retirement Fund – to account for and report property taxes, special assessments and other resources restricted for the payment of principal and interest on general long-term debt, including related costs.

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.

Community Park Improvements Fund – to account for and report transfers committed for improvements to the Solon Community Park.

Community Development Capital Projects Fund – to account for and report transfers committed for the development of City greenspace and public places including the Solon Chagrin Trail, Solon Library Expansion and future trail corridors.

Old City Hall Renovations Fund – to account for and report grants restricted to renovating the old Solon City Hall. This fund did not have any budgetary activity during 2023; therefore, budgetary information is not provided.

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, 2023

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,805,481	\$284,641	\$6,119,175	\$9,209,297
Accrued Interest Receivable	1,134	0	0	1,134
Accounts Receivable	154,651	0	0	154,651
Intergovernmental Receivable	856,215	18,428	18,821	893,464
Property Taxes Receivable	2,527,016	379,053	448,431	3,354,500
Special Assessments Receivable	0	991,420	0	991,420
<i>Total Assets</i>	<u>\$6,344,497</u>	<u>\$1,673,542</u>	<u>\$6,586,427</u>	<u>\$14,604,466</u>
Liabilities				
Accounts Payable	\$5,473	\$0	\$31,509	\$36,982
Contracts Payable	0	0	104,782	104,782
Intergovernmental Payable	250,506	0	0	250,506
Retainage Payable	0	0	22,851	22,851
Unearned Revenue	1,212,983	0	250,000	1,462,983
<i>Total Liabilities</i>	<u>1,468,962</u>	<u>0</u>	<u>409,142</u>	<u>1,878,104</u>
Deferred Inflows of Resources				
Property Taxes	2,453,876	368,082	435,609	3,257,567
Unavailable Revenue	958,917	1,020,819	31,643	2,011,379
<i>Total Deferred Inflows of Resources</i>	<u>3,412,793</u>	<u>1,388,901</u>	<u>467,252</u>	<u>5,268,946</u>
Fund Balances				
Restricted	911,837	284,641	2,198,146	3,394,624
Committed	550,905	0	2,334,650	2,885,555
Assigned	0	0	1,177,237	1,177,237
<i>Total Fund Balances</i>	<u>1,462,742</u>	<u>284,641</u>	<u>5,710,033</u>	<u>7,457,416</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,344,497</u>	<u>\$1,673,542</u>	<u>\$6,586,427</u>	<u>\$14,604,466</u>

City of Solon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$2,527,695	\$379,154	\$448,479	\$3,355,328
Municipal Income Taxes	0	0	186,746	186,746
Special Assessments	0	247,748	0	247,748
Intergovernmental	1,786,886	30,771	225,678	2,043,335
Investment Earnings/Interest	24,221	0	0	24,221
Fees, Licenses and Permits	161,090	6,324	0	167,414
Fines, Forfeitures and Settlements	32,797	0	0	32,797
Leases and Rentals	3,869	0	0	3,869
Charges for Services	3,910	0	0	3,910
Contributions and Donations	86,377	0	0	86,377
Miscellaneous	2,943	0	35,768	38,711
<i>Total Revenues</i>	<u>4,629,788</u>	<u>663,997</u>	<u>896,671</u>	<u>6,190,456</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	1,095,960	0	0	1,095,960
Fire	1,646,120	0	0	1,646,120
Leisure Time Activities	214,145	0	0	214,145
Transportation	1,590,592	0	0	1,590,592
General Government	12,171	2,414	0	14,585
Capital Outlay	0	0	3,567,538	3,567,538
Debt Service:				
Principal Retirement	0	718,250	418,809	1,137,059
Interest	0	51,865	26,622	78,487
<i>Total Expenditures</i>	<u>4,558,988</u>	<u>772,529</u>	<u>4,012,969</u>	<u>9,344,486</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	70,800	(108,532)	(3,116,298)	(3,154,030)
Other Financing Sources (Uses)				
Transfers In	50,000	0	3,675,000	3,725,000
<i>Net Change in Fund Balances</i>	120,800	(108,532)	558,702	570,970
<i>Fund Balances Beginning of Year</i>	<u>1,341,942</u>	<u>393,173</u>	<u>5,151,331</u>	<u>6,886,446</u>
<i>Fund Balances End of Year</i>	<u>\$1,462,742</u>	<u>\$284,641</u>	<u>\$5,710,033</u>	<u>\$7,457,416</u>

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2023

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
Assets					
Equity in Pooled Cash and Cash Equivalents	\$76,364	\$12,821	\$525,484	\$205,264	\$414,135
Accrued Interest Receivable	172	29	0	0	933
Accounts Receivable	0	0	0	0	38,644
Intergovernmental Receivable	677,803	54,957	36,856	85,998	0
Property Taxes Receivable	0	0	758,105	1,768,911	0
<i>Total Assets</i>	<u>\$754,339</u>	<u>\$67,807</u>	<u>\$1,320,445</u>	<u>\$2,060,173</u>	<u>\$453,712</u>
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$548
Intergovernmental Payable	0	0	97,162	153,344	0
Unearned Revenue	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>97,162</u>	<u>153,344</u>	<u>548</u>
Deferred Inflows of Resources					
Property Taxes	0	0	736,163	1,717,713	0
Unavailable Revenue	571,336	46,325	58,798	137,196	30,519
<i>Total Deferred Inflows of Resources</i>	<u>571,336</u>	<u>46,325</u>	<u>794,961</u>	<u>1,854,909</u>	<u>30,519</u>
Fund Balances					
Restricted	183,003	21,482	428,322	51,920	0
Committed	0	0	0	0	422,645
<i>Total Fund Balances</i>	<u>183,003</u>	<u>21,482</u>	<u>428,322</u>	<u>51,920</u>	<u>422,645</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$754,339</u>	<u>\$67,807</u>	<u>\$1,320,445</u>	<u>\$2,060,173</u>	<u>\$453,712</u>

Tree Planting	OneOhio Opioid	Recreation	Police Department Programs	Law Enforcement Trust	Donations Trust	COVID Local Fiscal Recovery	Total Nonmajor Special Revenue Funds
\$17,234	\$27,292	\$6,791	\$9,374	\$188,579	\$109,160	\$1,212,983	\$2,805,481
0	0	0	0	0	0	0	1,134
0	115,585	0	0	422	0	0	154,651
0	0	0	0	601	0	0	856,215
0	0	0	0	0	0	0	2,527,016
<u>\$17,234</u>	<u>\$142,877</u>	<u>\$6,791</u>	<u>\$9,374</u>	<u>\$189,602</u>	<u>\$109,160</u>	<u>\$1,212,983</u>	<u>\$6,344,497</u>
\$0	\$0	\$0	\$0	\$0	\$4,925	\$0	\$5,473
0	0	0	0	0	0	0	250,506
0	0	0	0	0	0	1,212,983	1,212,983
0	0	0	0	0	4,925	1,212,983	1,468,962
0	0	0	0	0	0	0	2,453,876
0	114,743	0	0	0	0	0	958,917
0	114,743	0	0	0	0	0	3,412,793
0	28,134	0	9,374	189,602	0	0	911,837
17,234	0	6,791	0	0	104,235	0	550,905
17,234	28,134	6,791	9,374	189,602	104,235	0	1,462,742
<u>\$17,234</u>	<u>\$142,877</u>	<u>\$6,791</u>	<u>\$9,374</u>	<u>\$189,602</u>	<u>\$109,160</u>	<u>\$1,212,983</u>	<u>\$6,344,497</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, 2023

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
Revenues					
Property Taxes	\$0	\$0	\$1,011,059	\$1,516,636	\$0
Intergovernmental	1,418,752	115,034	101,237	151,863	0
Investment Earnings/Interest	5,678	1,057	0	0	17,486
Fees, Licenses and Permits	0	0	0	0	161,090
Fines, Forfeitures and Settlements	0	0	0	0	0
Leases and 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>1,424,430</u>	<u>116,091</u>	<u>1,112,296</u>	<u>1,668,499</u>	<u>178,576</u>
Expenditures					
Current:					
Security of Persons and Property					
Police	0	0	1,029,146	0	0
Fire	0	0	0	1,646,120	0
Leisure Time Activities	0	0	0	0	97,939
Transportation	1,464,855	125,737	0	0	0
General Government	0	0	0	0	0
<i>Total Expenditures</i>	<u>1,464,855</u>	<u>125,737</u>	<u>1,029,146</u>	<u>1,646,120</u>	<u>97,939</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(40,425)	(9,646)	83,150	22,379	80,637
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	(40,425)	(9,646)	83,150	22,379	80,637
<i>Fund Balances Beginning of Year</i>	<u>223,428</u>	<u>31,128</u>	<u>345,172</u>	<u>29,541</u>	<u>342,008</u>
<i>Fund Balances End of Year</i>	<u>\$183,003</u>	<u>\$21,482</u>	<u>\$428,322</u>	<u>\$51,920</u>	<u>\$422,645</u>

Tree Planting	OneOhio Opioid	Recreation	Police Department Programs	Law Enforcement Trust	Donations Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$2,527,695
0	0	0	0	0	0	1,786,886
0	0	0	0	0	0	24,221
0	0	0	0	0	0	161,090
0	23,159	0	0	9,638	0	32,797
0	0	3,869	0	0	0	3,869
3,910	0	0	0	0	0	3,910
0	0	7,025	21,358	0	57,994	86,377
0	0	2,943	0	0	0	2,943
3,910	23,159	13,837	21,358	9,638	57,994	4,629,788
0	0	0	21,374	23,707	21,733	1,095,960
0	0	0	0	0	0	1,646,120
0	0	87,102	0	0	29,104	214,145
0	0	0	0	0	0	1,590,592
12,171	0	0	0	0	0	12,171
12,171	0	87,102	21,374	23,707	50,837	4,558,988
(8,261)	23,159	(73,265)	(16)	(14,069)	7,157	70,800
0	0	50,000	0	0	0	50,000
(8,261)	23,159	(23,265)	(16)	(14,069)	7,157	120,800
25,495	4,975	30,056	9,390	203,671	97,078	1,341,942
\$17,234	\$28,134	\$6,791	\$9,374	\$189,602	\$104,235	\$1,462,742

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2023

	Safety and Service Equipment	Building Construction	Community Park Improvements	Community Development Capital Projects	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$1,299,169	\$1,247,928	\$1,584,650	\$1,000,000	\$17,744	\$969,684	\$6,119,175
Intergovernmental Receivable	18,821	0	0	0	0	0	18,821
Property Taxes Receivable	448,431	0	0	0	0	0	448,431
Total Assets	\$1,766,421	\$1,247,928	\$1,584,650	\$1,000,000	\$17,744	\$969,684	\$6,586,427
Liabilities							
Accounts Payable	\$0	\$13,840	\$0	\$0	\$0	\$17,669	\$31,509
Contracts Payable	0	41,779	0	0	0	63,003	104,782
Retainage Payable	0	15,072	0	0	0	7,779	22,851
Unearned Revenue	0	0	250,000	0	0	0	250,000
Total Liabilities	0	70,691	250,000	0	0	88,451	409,142
Deferred Inflows of Resources							
Property Taxes	435,609	0	0	0	0	0	435,609
Unavailable Revenue	31,643	0	0	0	0	0	31,643
Total Deferred Inflows of Resources	467,252	0	0	0	0	0	467,252
Fund Balances							
Restricted	1,299,169	0	0	0	17,744	881,233	2,198,146
Committed	0	0	1,334,650	1,000,000	0	0	2,334,650
Assigned	0	1,177,237	0	0	0	0	1,177,237
Total Fund Balances	1,299,169	1,177,237	1,334,650	1,000,000	17,744	881,233	5,710,033
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,766,421	\$1,247,928	\$1,584,650	\$1,000,000	\$17,744	\$969,684	\$6,586,427

City of Solon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2023

	Safety and Service Equipment	Building Construction	Community Park Improvements	Community Development Capital Projects	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
Revenues							
Property Taxes	\$448,479	\$0	\$0	\$0	\$0	\$0	\$448,479
Municipal Income Taxes	0	0	0	0	0	186,746	186,746
Intergovernmental	38,754	186,924	0	0	0	0	225,678
Miscellaneous	35,630	0	0	0	0	138	35,768
<i>Total Revenues</i>	<u>522,863</u>	<u>186,924</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>186,884</u>	<u>896,671</u>
Expenditures							
Capital Outlay	536,800	1,238,631	315,350	0	0	1,476,757	3,567,538
Debt Service:							
Principal Retirement	391,663	0	0	0	0	27,146	418,809
Interest	22,698	0	0	0	0	3,924	26,622
<i>Total Expenditures</i>	<u>951,161</u>	<u>1,238,631</u>	<u>315,350</u>	<u>0</u>	<u>0</u>	<u>1,507,827</u>	<u>4,012,969</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(428,298)</u>	<u>(1,051,707)</u>	<u>(315,350)</u>	<u>0</u>	<u>0</u>	<u>(1,320,943)</u>	<u>(3,116,298)</u>
Other Financing Sources (Uses)							
Transfers In	625,000	0	1,650,000	1,000,000	0	400,000	3,675,000
<i>Net Change in Fund Balances</i>	<u>196,702</u>	<u>(1,051,707)</u>	<u>1,334,650</u>	<u>1,000,000</u>	<u>0</u>	<u>(920,943)</u>	<u>558,702</u>
<i>Fund Balances Beginning of Year</i>	<u>1,102,467</u>	<u>2,228,944</u>	<u>0</u>	<u>0</u>	<u>17,744</u>	<u>1,802,176</u>	<u>5,151,331</u>
<i>Fund Balances End of Year</i>	<u>\$1,299,169</u>	<u>\$1,177,237</u>	<u>\$1,334,650</u>	<u>\$1,000,000</u>	<u>\$17,744</u>	<u>\$881,233</u>	<u>\$5,710,033</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, 2023

	<u>Workers'</u> <u>Compensation</u>	<u>Medical</u> <u>Self Insurance</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$422,980</u>	<u>\$1,843,753</u>	<u>\$2,266,733</u>
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	1,851	2,667	4,518
Accrued Wages	0	23,849	23,849
Intergovernmental Payable	109,192	0	109,192
Claims Payable	<u>3,665</u>	<u>291,836</u>	<u>295,501</u>
<i>Total Current Liabilities</i>	114,708	318,352	433,060
<i>Long-Term Liabilities:</i>			
Claims Payable	<u>1,222</u>	<u>0</u>	<u>1,222</u>
<i>Total Liabilities</i>	<u>115,930</u>	<u>318,352</u>	<u>434,282</u>
Net Position			
Unrestricted	<u><u>\$307,050</u></u>	<u><u>\$1,525,401</u></u>	<u><u>\$1,832,451</u></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, 2023*

	<u>Workers'</u> <u>Compensation</u>	<u>Medical</u> <u>Self Insurance</u>	<u>Total</u>
Operating Revenues			
Charges for Services	\$400,042	\$5,238,580	\$5,638,622
Miscellaneous	0	426,317	426,317
<i>Total Operating Revenues</i>	<u>400,042</u>	<u>5,664,897</u>	<u>6,064,939</u>
Operating Expenses			
Personal Services	0	314,800	314,800
Contractual Services	331,717	786,581	1,118,298
Claims	11,008	4,627,356	4,638,364
Change in Worker's Compensation Estimate	<u>14,468</u>	<u>0</u>	<u>14,468</u>
<i>Total Operating Expenses</i>	<u>357,193</u>	<u>5,728,737</u>	<u>6,085,930</u>
<i>Change in Net Position</i>	42,849	(63,840)	(20,991)
<i>Net Position Beginning of Year</i>	<u>264,201</u>	<u>1,589,241</u>	<u>1,853,442</u>
<i>Net Position End of Year</i>	<u><u>\$307,050</u></u>	<u><u>\$1,525,401</u></u>	<u><u>\$1,832,451</u></u>

City of Solon, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2023

	<u>Workers'</u> <u>Compensation</u>	<u>Medical</u> <u>Self Insurance</u>	<u>Total</u>
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Interfund Services Provided	\$400,042	\$5,238,580	\$5,638,622
Cash Received from Other Sources	0	431,949	431,949
Cash Payments to Employees for Services and Benefits	0	(312,446)	(312,446)
Cash Payments for Goods and Services	(152,730)	(789,164)	(941,894)
Cash Payments for Claims	(35,177)	(4,786,458)	(4,821,635)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	212,135	(217,539)	(5,404)
<i>Cash and Cash Equivalents Beginning of Year</i>	210,845	2,061,292	2,272,137
<i>Cash and Cash Equivalents End of Year</i>	<u>\$422,980</u>	<u>\$1,843,753</u>	<u>\$2,266,733</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	<u>\$42,849</u>	<u>(\$63,840)</u>	<u>(\$20,991)</u>
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	0	5,632	5,632
Prepaid Items	75,489	0	75,489
<i>Increase (Decrease) in Liabilities</i>			
Accounts Payable	(5,694)	(2,583)	(8,277)
Accrued Wages	0	2,354	2,354
Claims Payable	(9,701)	(159,102)	(168,803)
Intergovernmental Payable	109,192	0	109,192
<i>Total Adjustments</i>	<u>169,286</u>	<u>(153,699)</u>	<u>15,587</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$212,135</u>	<u>(\$217,539)</u>	<u>(\$5,404)</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. 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. These funds do not account for the City's own source revenue.

Custodial Funds

JEDD Income Tax Fund – To account for and report amounts received as a fiscal agent for the legally separate Joint Economic Development District (JEDD). These amounts are distributed according to the JEDD contract.

Other Custodial Fund – To account for traffic violation money and special assessments collected and distributed by the City to other municipalities and to others. When the fines and forfeitures and the special assessments are collected, no further action is needed to release the assets to the beneficiaries.

City of Solon, Ohio
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2023

	JEDD Income Tax	Other Custodial	Total Custodial Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$72,376	\$237	\$72,613
Liabilities			
Intergovernmental Payable	72,376	237	72,613
Net Position			
Restricted for Individuals, Organizations and Other Governments	\$0	\$0	\$0

City of Solon, Ohio
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2023

	JEDD Income Tax	Other Custodial	Total Custodial
Additions			
Amounts Received as Fiscal Agent	\$346,029	\$0	\$346,029
Fines and Forfeitures Collections for Other Governments	0	15,912	15,912
Special Assessments Collections for Others	0	14,018	14,018
<i>Total Additions</i>	<u>346,029</u>	<u>29,930</u>	<u>375,959</u>
Deductions			
Distributions as Fiscal Agent	346,029	0	346,029
Fines and Forfeitures Distributions to Other Governments	0	15,912	15,912
Special Assessment Distributions to Others	0	14,018	14,018
<i>Total Deductions</i>	<u>346,029</u>	<u>29,930</u>	<u>375,959</u>
<i>Net Change 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>

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

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$1,567,035	\$1,649,519	\$1,649,519	\$0
Municipal Income Taxes	36,875,630	38,793,175	38,783,890	(9,285)
Intergovernmental	718,830	755,086	755,086	0
Interest	1,265,150	1,331,743	1,331,743	0
Fees, Licenses and Permits	912,010	931,931	931,931	0
Fines, Forfeitures and Settlements	228,375	240,395	240,395	0
Rentals	58,045	61,099	61,099	0
Charges for Services	4,058,960	4,430,984	4,430,984	0
Contributions and Donations	45	45	45	0
Miscellaneous	790,520	732,028	714,985	(17,043)
Total Revenues	46,474,600	48,926,005	48,899,677	(26,328)
Expenditures				
Current:				
Security of Persons and Property - Police				
Personal Services	8,449,555	8,361,079	8,246,002	115,077
Materials and Supplies	317,924	359,394	274,746	84,648
Contractual Services	1,041,153	1,193,220	1,105,740	87,480
Capital Outlay	66,269	75,599	55,732	19,867
Total Security of Persons and Property - Police	9,874,901	9,989,292	9,682,220	307,072
Security of Persons and Property - Fire				
Personal Services	8,383,348	8,600,997	8,556,554	44,443
Materials and Supplies	332,196	364,008	317,046	46,962
Contractual Services	142,940	160,108	150,434	9,674
Capital Outlay	399,587	471,607	450,568	21,039
Other	2,000	2,000	1,875	125
Total Security of Persons and Property - Fire	9,260,071	9,598,720	9,476,477	122,243
Public Health and Welfare				
Cemetery				
Personal Services	3,290	3,500	3,455	45
Materials and Supplies	6,570	7,000	5,046	1,954
Total Cemetery	9,860	10,500	8,501	1,999
County Health District				
Contractual Services	150,355	160,200	160,129	71
Total Public Health and Welfare	160,215	170,700	168,630	2,070
Leisure Time Activities				
Recreation Administration				
Personal Services	329,602	443,048	423,915	19,133
Materials and Supplies	25,470	29,223	13,805	15,418
Contractual Services	13,308	30,725	30,725	0
Total Recreation Administration	368,380	502,996	468,445	34,551
Youth and Adult Recreation Programs				
Personal Services	253,360	335,650	333,603	2,047
Materials and Supplies	140,115	156,299	146,974	9,325
Contractual Services	357,799	391,850	384,475	7,375
Other	7,665	8,800	7,690	1,110
Total Youth and Adult Recreation Programs	\$758,939	\$892,599	\$872,742	\$19,857

(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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Community Parks				
Personal Services	\$229,240	\$303,700	\$301,359	\$2,341
Materials and Supplies	39,388	28,489	22,529	5,960
Contractual Services	21,033	39,746	39,746	0
Total Community Parks	289,661	371,935	363,634	8,301
Community Center and Swimming Pool				
Personal Services	1,193,760	1,581,500	1,565,500	16,000
Materials and Supplies	248,469	280,869	252,558	28,311
Contractual Services	29,538	33,678	28,052	5,626
Capital Outlay	21,880	24,212	16,825	7,387
Other	5,226	6,000	4,823	1,177
Total Community Center and Swimming Pool	1,498,873	1,926,259	1,867,758	58,501
Center for the Arts Programs				
Personal Services	909,748	917,684	895,397	22,287
Materials and Supplies	95,765	84,555	72,275	12,280
Contractual Services	85,795	74,810	61,884	12,926
Capital Outlay	3,470	3,000	2,619	381
Other	17,335	15,000	14,324	676
Total Center for the Arts Programs	1,112,113	1,095,049	1,046,499	48,550
Senior Services				
Personal Services	701,332	778,268	770,757	7,511
Materials and Supplies	165,433	138,618	126,621	11,997
Contractual Services	141,621	118,746	97,762	20,984
Other	1,810	1,500	395	1,105
Total Senior Services	1,010,196	1,037,132	995,535	41,597
Total Leisure Time Activities	5,038,162	5,825,970	5,614,613	211,357
Community Environment				
Planning and Zoning				
Personal Services	509,994	304,862	298,706	6,156
Materials and Supplies	5,274	7,674	7,011	663
Contractual Services	132,759	185,359	160,391	24,968
Total Planning and Zoning	648,027	497,895	466,108	31,787
Development Board				
Personal Services	192,400	197,400	194,451	2,949
Materials and Supplies	7,464	9,814	2,848	6,966
Contractual Services	112,220	144,870	128,694	16,176
Total Development Board	312,084	352,084	325,993	26,091
Public Works Department				
Personal Services	163,460	173,460	172,253	1,207
Contractual Services	71,900	46,900	36,679	10,221
Total Public Works Department	\$235,360	\$220,360	\$208,932	\$11,428

(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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Building Department				
Personal Services	\$196,494	\$210,652	\$205,240	\$5,412
Materials and Supplies	2,582	2,597	1,523	1,074
Contractual Services	225,406	225,336	191,933	33,403
Other	27,355	27,410	25,326	2,084
Total Building Department	451,837	465,995	424,022	41,973
Engineering Department				
Personal Services	877,334	599,629	557,584	42,045
Materials and Supplies	32,326	27,619	16,767	10,852
Contractual Services	70,930	62,760	52,467	10,293
Capital Outlay	8,363	7,125	6,244	881
Other	60,885	60,000	57,900	2,100
Total Engineering Department	1,049,838	757,133	690,962	66,171
Total Community Environment	2,697,146	2,293,467	2,116,017	177,450
Basic Utility Services				
Storm Sewers				
Personal Services	527,596	588,013	588,013	0
Materials and Supplies	18,947	19,992	13,097	6,895
Contractual Services	7,978	7,308	3,053	4,255
Capital Outlay	90,970	98,115	98,115	0
Total Storm Sewers	645,491	713,428	702,278	11,150
Trees, Leaf and Brush				
Personal Services	110,610	117,700	106,120	11,580
Materials and Supplies	676	720	577	143
Contractual Services	112,231	107,262	69,324	37,938
Total Trees, Leaf and Brush	223,517	225,682	176,021	49,661
Refuse Collection and Disposal				
Personal Services	1,070,315	1,138,900	1,135,716	3,184
Materials and Supplies	469,662	508,578	508,578	0
Contractual Services	596,171	635,200	629,299	5,901
Total Refuse Collection and Disposal	2,136,148	2,282,678	2,273,593	9,085
Total Basic Utility Services	3,005,156	3,221,788	3,151,892	69,896
Transportation				
Street Department				
Personal Services	3,568,163	3,853,595	3,814,478	39,117
Materials and Supplies	989,770	1,032,122	636,479	395,643
Contractual Services	161,559	171,558	152,102	19,456
Capital Outlay	36,625	38,659	29,080	9,579
Total Transportation	\$4,756,117	\$5,095,934	\$4,632,139	\$463,795

(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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General Government				
Council				
Personal Services	\$273,000	\$273,000	\$266,093	\$6,907
Materials and Supplies	6,301	6,301	4,289	2,012
Contractual Services	36,880	36,880	9,989	26,891
Total Council	316,181	316,181	280,371	35,810
Mayor				
Personal Services	312,900	315,900	312,998	2,902
Materials and Supplies	5,624	5,624	5,352	272
Contractual Services	13,096	13,096	12,337	759
Total Mayor	331,620	334,620	330,687	3,933
Finance/Income Tax				
Personal Services	664,000	674,000	664,284	9,716
Materials and Supplies	9,916	10,726	8,228	2,498
Contractual Services	711,279	792,923	763,987	28,936
Total Finance/Income Tax	1,385,195	1,477,649	1,436,499	41,150
Prosecutor/Legal Department				
Personal Services	258,350	278,350	270,096	8,254
Materials and Supplies	36,243	36,268	36,268	0
Contractual Services	225,451	275,966	240,491	35,475
Other	156,540	206,000	205,810	190
Total Prosecutor/Legal Department	676,584	796,584	752,665	43,919
Human Resources				
Personal Services	154,200	144,200	140,863	3,337
Materials and Supplies	2,662	1,937	1,459	478
Contractual Services	62,569	48,869	43,553	5,316
Capital Outlay	4,665	4,090	1,586	2,504
Total Human Resources	224,096	199,096	187,461	11,635
Network Administrator				
Personal Services	334,500	438,790	434,957	3,833
Materials and Supplies	8,374	8,614	5,443	3,171
Contractual Services	83,937	87,247	84,304	2,943
Capital Outlay	42,375	43,825	40,993	2,832
Total Network Administrator	469,186	578,476	565,697	12,779
Civil Service				
Personal Services	2,200	7,200	4,595	2,605
Contractual Services	31,700	26,700	18,585	8,115
Total Civil Service	33,900	33,900	23,180	10,720
City Hall				
Personal Services	488,150	468,150	455,438	12,712
Materials and Supplies	681,910	656,155	605,604	50,551
Contractual Services	111,198	106,953	93,175	13,778
Total City Hall	1,281,258	1,231,258	1,154,217	77,041
Unclaimed Monies				
Other	\$500	\$500	\$0	\$500

(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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
City Administration				
Personal Services	\$82,312	\$125,248	\$112,766	\$12,482
Materials and Supplies	119,677	112,557	80,417	32,140
Contractual Services	3,130,520	2,878,439	2,691,027	187,412
Other	115,135	107,200	106,013	1,187
Total City Administration	<u>3,447,644</u>	<u>3,223,444</u>	<u>2,990,223</u>	<u>233,221</u>
Sick Leave Reserve				
Personal Services	350,000	460,000	199,763	260,237
Total General Government	<u>8,516,164</u>	<u>8,651,708</u>	<u>7,920,763</u>	<u>730,945</u>
Debt Service:				
Principal Retirement	45,416	45,416	45,416	0
Interest	4,834	4,834	4,834	0
Total Debt Service	<u>50,250</u>	<u>50,250</u>	<u>50,250</u>	<u>0</u>
<i>Total Expenditures</i>	<u>43,358,182</u>	<u>44,897,829</u>	<u>42,813,001</u>	<u>2,084,828</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,116,418</u>	<u>4,028,176</u>	<u>6,086,676</u>	<u>2,058,500</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	98,972	98,972	0
Transfers Out	(3,900,000)	(6,275,000)	(6,275,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(3,900,000)</u>	<u>(6,176,028)</u>	<u>(6,176,028)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(783,582)	(2,147,852)	(89,352)	2,058,500
<i>Fund Balance Beginning of Year</i>	27,959,438	27,959,438	27,959,438	0
Prior Year Encumbrances Appropriated	1,154,837	1,154,837	1,154,837	0
<i>Fund Balance End of Year</i>	<u>\$28,330,693</u>	<u>\$26,966,423</u>	<u>\$29,024,923</u>	<u>\$2,058,500</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Municipal Income Taxes	\$12,768,000	\$12,479,115	\$12,927,963	\$448,848
Special Assessments	21,900	22,660	23,422	762
Intergovernmental	1,698,000	169,305	175,000	5,695
Miscellaneous	6,300	111,048	114,785	3,737
<i>Total Revenues</i>	<u>14,494,200</u>	<u>12,782,128</u>	<u>13,241,170</u>	<u>459,042</u>
Expenditures				
Current:				
Transportation				
Engineering Department				
Personal Services	510,320	537,183	537,183	0
Capital Outlay	<u>31,312,207</u>	<u>25,283,419</u>	<u>22,769,364</u>	<u>2,514,055</u>
<i>Total Expenditures</i>	<u>31,822,527</u>	<u>25,820,602</u>	<u>23,306,547</u>	<u>2,514,055</u>
<i>Net Change in Fund Balance</i>	(17,328,327)	(13,038,474)	(10,065,377)	2,973,097
<i>Fund Balance Beginning of Year</i>	12,460,255	12,460,255	12,460,255	0
Prior Year Encumbrances Appropriated	<u>6,723,077</u>	<u>6,723,077</u>	<u>6,723,077</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,855,005</u>	<u>\$6,144,858</u>	<u>\$9,117,955</u>	<u>\$2,973,097</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charges for Services	\$5,347,700	\$5,689,776	\$5,689,776	\$0
Tap-In Fees	75,000	86,313	86,313	0
Interest	64,100	158,634	158,634	0
Sale of Capital Assets	0	5,800	5,800	0
Miscellaneous	17,300	26,576	26,576	0
<i>Total Revenues</i>	<u>5,504,100</u>	<u>5,967,099</u>	<u>5,967,099</u>	<u>0</u>
Expenses				
Personal Services	1,545,455	1,890,418	1,715,226	175,192
Materials and Supplies	463,946	567,291	548,712	18,579
Contractual Services	1,031,583	1,754,903	1,754,903	0
Other	3,104	3,800	1,376	2,424
Capital Outlay	5,657,868	5,653,544	3,566,430	2,087,114
Debt Service:				
Principal Retirement	482,166	482,166	482,166	0
Interest	110,583	110,583	110,583	0
<i>Total Expenses</i>	<u>9,294,705</u>	<u>10,462,705</u>	<u>8,179,396</u>	<u>2,283,309</u>
<i>Net Change in Fund Equity</i>	(3,790,605)	(4,495,606)	(2,212,297)	2,283,309
<i>Fund Equity Beginning of Year</i>	7,657,887	7,657,887	7,657,887	0
Prior Year Encumbrances Appropriated	<u>3,469,242</u>	<u>3,469,242</u>	<u>3,469,242</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$7,336,524</u>	<u>\$6,631,523</u>	<u>\$8,914,832</u>	<u>\$2,283,309</u>

City of Solon, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Grantwood Recreation Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charges for Services	\$983,400	\$1,089,950	\$1,089,950	\$0
Interest	5,500	20,443	20,443	0
Rentals	231,600	204,887	204,887	0
Sale of Capital Assets	0	1,500	1,500	0
Miscellaneous	28,400	18,897	18,897	0
<i>Total Revenues</i>	<u>1,248,900</u>	<u>1,335,677</u>	<u>1,335,677</u>	<u>0</u>
Expenses				
Personal Services	533,720	703,720	687,343	16,377
Materials and Supplies	283,144	335,839	291,869	43,970
Contractual Services	72,415	85,960	83,811	2,149
Other	27,735	32,735	31,803	932
Capital Outlay	239,164	262,924	241,037	21,887
<i>Total Expenses</i>	<u>1,156,178</u>	<u>1,421,178</u>	<u>1,335,863</u>	<u>85,315</u>
<i>Net Change in Fund Equity</i>	92,722	(85,501)	(186)	85,315
<i>Fund Equity Beginning of Year</i>	863,630	863,630	863,630	0
Prior Year Encumbrances Appropriated	115,068	115,068	115,068	0
<i>Fund Equity End of Year</i>	<u>\$1,071,420</u>	<u>\$893,197</u>	<u>\$978,512</u>	<u>\$85,315</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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$1,400,700	\$1,422,906	\$1,422,906	\$0
Interest	1,400	1,387	1,387	0
<i>Total Revenues</i>	<u>1,402,100</u>	<u>1,424,293</u>	<u>1,424,293</u>	<u>0</u>
Expenditures				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	1,098,641	1,098,641	1,098,641	0
Materials and Supplies	366,214	366,214	366,214	0
<i>Total Expenditures</i>	<u>1,464,855</u>	<u>1,464,855</u>	<u>1,464,855</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(62,755)	(40,562)	(40,562)	0
<i>Fund Balance Beginning of Year</i>	<u>118,291</u>	<u>118,291</u>	<u>118,291</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$55,536</u>	<u>\$77,729</u>	<u>\$77,729</u>	<u>\$0</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$113,600	\$115,371	\$115,371	\$0
Interest	100	180	180	0
<i>Total Revenues</i>	113,700	115,551	115,551	0
Expenditures				
Current:				
Transportation				
State Highway				
Materials and Supplies	121,737	125,737	125,737	0
<i>Net Change in Fund Balance</i>	(8,037)	(10,186)	(10,186)	0
<i>Fund Balance Beginning of Year</i>	23,236	23,236	23,236	0
<i>Fund Balance End of Year</i>	\$15,199	\$13,050	\$13,050	\$0

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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$958,600	\$1,011,059	\$1,011,059	\$0
Intergovernmental	101,300	101,237	101,237	0
<i>Total Revenues</i>	1,059,900	1,112,296	1,112,296	0
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	1,031,250	1,031,250	1,023,348	7,902
<i>Net Change in Fund Balance</i>	28,650	81,046	88,948	7,902
<i>Fund Balance Beginning of Year</i>	436,536	436,536	436,536	0
<i>Fund Balance End of Year</i>	\$465,186	\$517,582	\$525,484	\$7,902

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$1,437,900	\$1,516,636	\$1,516,636	\$0
Intergovernmental	151,900	151,863	151,863	0
<i>Total Revenues</i>	1,589,800	1,668,499	1,668,499	0
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,620,676	1,665,676	1,643,095	22,581
<i>Net Change in Fund Balance</i>	(30,876)	2,823	25,404	22,581
<i>Fund Balance Beginning of Year</i>	179,860	179,860	179,860	0
<i>Fund Balance End of Year</i>	<u>\$148,984</u>	<u>\$182,683</u>	<u>\$205,264</u>	<u>\$22,581</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Interest	\$0	\$7,485	\$7,485	\$0
Fees, Licenses and Permits	212,975	136,840	161,887	25,047
<i>Total Revenues</i>	212,975	144,325	169,372	25,047
Expenditures				
Current:				
Leisure Time Activities				
Cable TV				
Materials and Supplies	114	114	114	0
Contractual Services	96,794	112,294	89,030	23,264
Capital Outlay	16,770	19,395	18,974	421
<i>Total Expenditures</i>	113,678	131,803	108,118	23,685
<i>Net Change in Fund Balance</i>	99,297	12,522	61,254	48,732
<i>Fund Balance Beginning of Year</i>	353,950	353,950	353,950	0
Prior Year Encumbrances Appropriated	1,303	1,303	1,303	0
<i>Fund Balance End of Year</i>	\$454,550	\$367,775	\$416,507	\$48,732

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charges for Services	\$5,000	\$3,910	\$3,910	\$0
Expenditures				
Current:				
General Government				
Tree Planting				
Contractual Services	20,000	20,000	12,171	7,829
<i>Net Change in Fund Balance</i>	(15,000)	(16,090)	(8,261)	7,829
<i>Fund Balance Beginning of Year</i>	25,495	25,495	25,495	0
<i>Fund Balance End of Year</i>	<u>\$10,495</u>	<u>\$9,405</u>	<u>\$17,234</u>	<u>\$7,829</u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 OneOhio Opioid Fund
 For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fines, Forfeitures and Settlements	\$4,975	\$5,274	\$22,317	\$17,043
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	4,975	5,274	22,317	17,043
<i>Fund Balance Beginning of Year</i>	4,975	4,975	4,975	0
<i>Fund Balance End of Year</i>	<u>\$9,950</u>	<u>\$10,249</u>	<u>\$27,292</u>	<u>\$17,043</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Rentals	\$10,680	\$10,860	\$3,869	(\$6,991)
Contributions and Donations	19,395	19,717	7,025	(12,692)
Miscellaneous	8,125	8,260	2,943	(5,317)
<i>Total Revenues</i>	<u>38,200</u>	<u>38,837</u>	<u>13,837</u>	<u>(25,000)</u>
Expenditures				
Current:				
Leisure Time Activities				
Recreation Programs				
Materials and Supplies	25,110	25,110	11,465	13,645
Contractual Services	90,600	90,600	75,637	14,963
<i>Total Expenditures</i>	<u>115,710</u>	<u>115,710</u>	<u>87,102</u>	<u>28,608</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(77,510)	(76,873)	(73,265)	3,608
Other Financing Sources (Uses)				
Transfers In	50,000	50,000	50,000	0
<i>Net Change in Fund Balance</i>	(27,510)	(26,873)	(23,265)	3,608
<i>Fund Balance Beginning of Year</i>	26,346	26,346	26,346	0
Prior Year Encumbrances Appropriated	3,710	3,710	3,710	0
<i>Fund Balance End of Year</i>	<u>\$2,546</u>	<u>\$3,183</u>	<u>\$6,791</u>	<u>\$3,608</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, 2023*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	<u>\$32,700</u>	<u>\$33,858</u>	<u>\$21,358</u>	<u>(\$12,500)</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
DARE program				
Personal Services	32,000	32,000	14,772	17,228
Materials and Supplies	8,200	8,200	6,602	1,598
Contractual Services	1,300	1,300	0	1,300
<i>Total Expenditures</i>	<u>41,500</u>	<u>41,500</u>	<u>21,374</u>	<u>20,126</u>
<i>Net Change in Fund Balance</i>	(8,800)	(7,642)	(16)	7,626
<i>Fund Balance Beginning of Year</i>	<u>9,390</u>	<u>9,390</u>	<u>9,390</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$590</u></u>	<u><u>\$1,748</u></u>	<u><u>\$9,374</u></u>	<u><u>\$7,626</u></u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fines, Forfeitures and Settlements	\$44,505	\$8,615	\$8,615	\$0
Expenditures				
Current:				
Security of Persons and Property				
Police				
Drug Money				
Materials and Supplies	20,000	20,000	10,000	10,000
Other	2,300	2,300	0	2,300
Total Drug Money	22,300	22,300	10,000	12,300
OMVI				
Personal Services	15,000	15,000	13,826	1,174
Materials and Supplies	500	500	0	500
Total OMVI	15,500	15,500	13,826	1,674
Immobilization				
Materials and Supplies	4,500	4,500	0	4,500
Miscellaneous				
Materials and Supplies	10,500	10,500	0	10,500
<i>Total Expenditures</i>	52,800	52,800	23,826	28,974
<i>Net Change in Fund Balance</i>	(8,295)	(44,185)	(15,211)	28,974
<i>Fund Balance Beginning of Year</i>	203,790	203,790	203,790	0
<i>Fund Balance End of Year</i>	\$195,495	\$159,605	\$188,579	\$28,974

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	<u>\$27,400</u>	<u>\$57,994</u>	<u>\$57,994</u>	<u>\$0</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
Materials and Supplies	26,200	26,200	21,733	4,467
Fire				
Materials and Supplies	<u>7,300</u>	<u>7,300</u>	<u>0</u>	<u>7,300</u>
Total Security of Persons and Property	33,500	33,500	21,733	11,767
Leisure Time Activities				
Senior Services Donations				
Other	<u>35,000</u>	<u>35,000</u>	<u>29,104</u>	<u>5,896</u>
<i>Total Expenditures</i>	<u>68,500</u>	<u>68,500</u>	<u>50,837</u>	<u>17,663</u>
<i>Net Change in Fund Balance</i>	(41,100)	(10,506)	7,157	17,663
<i>Fund Balance Beginning of Year</i>	<u>97,078</u>	<u>97,078</u>	<u>97,078</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$55,978</u>	<u>\$86,572</u>	<u>\$104,235</u>	<u>\$17,663</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, 2023*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$1,000	\$1,000	\$1,000	\$0
Expenditures				
Current:				
General Governmental				
Materials and Supplies	<u>1,211,983</u>	<u>1,211,983</u>	<u>0</u>	<u>1,211,983</u>
<i>Net Change in Fund Balance</i>	(1,210,983)	(1,210,983)	1,000	1,211,983
<i>Fund Balance Beginning of Year</i>	<u>1,211,983</u>	<u>1,211,983</u>	<u>1,211,983</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,000</u></u>	<u><u>\$1,000</u></u>	<u><u>\$1,212,983</u></u>	<u><u>\$1,211,983</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Economic Incentive Fund
 For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$1,000	\$29,667	\$29,667	\$0
Expenditures				
Current:				
Community Environment				
Enterprise Zone Monitoring				
Other	2,900,000	2,900,000	2,430,892	469,108
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,899,000)	(2,870,333)	(2,401,225)	469,108
Other Financing Sources (Uses)				
Transfers In	1,300,000	2,550,000	2,550,000	0
<i>Net Change in Fund Balance</i>	(1,599,000)	(320,333)	148,775	469,108
<i>Fund Balance Beginning of Year</i>	1,985,455	1,985,455	1,985,455	0
<i>Fund Balance End of Year</i>	<u>\$386,455</u>	<u>\$1,665,122</u>	<u>\$2,134,230</u>	<u>\$469,108</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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charges for Services	\$27,600	\$30,251	\$30,251	\$0
Expenditures				
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	2,220	12,280
<i>Total Expenditures</i>	17,000	17,000	2,220	14,780
<i>Net Change in Fund Balance</i>	10,600	13,251	28,031	14,780
<i>Fund Balance Beginning of Year</i>	66,694	66,694	66,694	0
<i>Fund Balance End of Year</i>	\$77,294	\$79,945	\$94,725	\$14,780

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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$359,500	\$379,154	\$379,154	\$0
Special Assessments	222,093	247,748	247,748	0
Intergovernmental	30,807	30,771	30,771	0
Fees, Licenses and Permits	6,700	6,324	6,324	0
<i>Total Revenues</i>	<u>619,100</u>	<u>663,997</u>	<u>663,997</u>	<u>0</u>
Expenditures				
Current:				
General Government				
Legislative and Executive				
Contractual Services	10,000	10,000	2,414	7,586
Debt Service:				
Principal Retirement	718,250	718,250	718,250	0
Interest	51,865	51,865	51,865	0
<i>Total Expenditures</i>	<u>780,115</u>	<u>780,115</u>	<u>772,529</u>	<u>7,586</u>
<i>Net Change in Fund Balance</i>	(161,015)	(116,118)	(108,532)	7,586
<i>Fund Balance Beginning of Year</i>	<u>393,173</u>	<u>393,173</u>	<u>393,173</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$232,158</u>	<u>\$277,055</u>	<u>\$284,641</u>	<u>\$7,586</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$420,900	\$448,479	\$448,479	\$0
Intergovernmental	38,800	38,754	38,754	0
Miscellaneous	0	35,630	35,630	0
<i>Total Revenues</i>	<u>459,700</u>	<u>522,863</u>	<u>522,863</u>	<u>0</u>
Expenditures				
Capital Outlay	930,287	1,101,917	1,000,739	101,178
Debt Service:				
Principal Retirement	391,663	391,663	391,663	0
Interest	22,698	22,698	22,698	0
<i>Total Expenditures</i>	<u>1,344,648</u>	<u>1,516,278</u>	<u>1,415,100</u>	<u>101,178</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(884,948)	(993,415)	(892,237)	101,178
Other Financing Sources (Uses)				
Transfers In	0	1,073,478	625,000	(448,478)
<i>Net Change in Fund Balance</i>	(884,948)	80,063	(267,237)	(347,300)
<i>Fund Balance Beginning of Year</i>	1,008,080	1,008,080	1,008,080	0
Prior Year Encumbrances Appropriated	94,387	94,387	94,387	0
<i>Fund Balance End of Year</i>	<u>\$217,519</u>	<u>\$1,182,530</u>	<u>\$835,230</u>	<u>(\$347,300)</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, 2023*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$490,000	\$186,924	\$186,924	\$0
Expenditures				
Capital Outlay	<u>2,345,975</u>	<u>2,345,975</u>	<u>2,131,470</u>	<u>214,505</u>
<i>Net Change in Fund Balance</i>	(1,855,975)	(2,159,051)	(1,944,546)	214,505
<i>Fund Balance Beginning of Year</i>	1,681,857	1,681,857	1,681,857	0
Prior Year Encumbrances Appropriated	<u>584,475</u>	<u>584,475</u>	<u>584,475</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$410,357</u></u>	<u><u>\$107,281</u></u>	<u><u>\$321,786</u></u>	<u><u>\$214,505</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Community Park Improvements Fund
 For the Year Ended December 31, 2023*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$250,000	\$250,000	\$250,000	\$0
Expenditures				
Capital Outlay	<u>1,325,000</u>	<u>1,325,000</u>	<u>1,105,705</u>	<u>219,295</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,075,000)	(1,075,000)	(855,705)	219,295
Other Financing Sources (Uses)				
Transfers In	<u>1,400,000</u>	<u>1,650,000</u>	<u>1,650,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	325,000	575,000	794,295	219,295
<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><u>\$325,000</u></u>	<u><u>\$575,000</u></u>	<u><u>\$794,295</u></u>	<u><u>\$219,295</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Community Development Capital Projects Fund
 For the Year Ended December 31, 2023*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	<u>3,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,500,000)	0	0	0
Other Financing Sources (Uses)				
Transfers In	<u>3,500,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	1,000,000	1,000,000	0
<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>\$1,000,000</u>	<u>\$1,000,000</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, 2023*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal Income Taxes	\$100,000	\$186,746	\$186,746	\$0
Miscellaneous	0	138	138	0
<i>Total Revenues</i>	100,000	186,884	186,884	0
Expenditures				
Capital Outlay	2,146,789	2,412,946	2,012,372	400,574
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,046,789)	(2,226,062)	(1,825,488)	400,574
Other Financing Sources (Uses)				
Transfers In	250,000	400,000	400,000	0
<i>Net Change in Fund Balance</i>	(1,796,789)	(1,826,062)	(1,425,488)	400,574
<i>Fund Balance Beginning of Year</i>	1,103,911	1,103,911	1,103,911	0
Prior Year Encumbrances Appropriated	788,789	788,789	788,789	0
<i>Fund Balance End of Year</i>	<u>\$95,911</u>	<u>\$66,638</u>	<u>\$467,212</u>	<u>\$400,574</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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charges for Services	\$150,000	\$400,042	\$400,042	\$0
Expenses				
Contractual Services	204,033	204,033	171,404	32,629
Claims	66,150	66,150	35,177	30,973
<i>Total Expenses</i>	270,183	270,183	206,581	63,602
<i>Net Change in Fund Equity</i>	(120,183)	129,859	193,461	63,602
<i>Fund Equity Beginning of Year</i>	190,562	190,562	190,562	0
Prior Year Encumbrances Appropriated	20,283	20,283	20,283	0
<i>Fund Equity End of Year</i>	<u>\$90,662</u>	<u>\$340,704</u>	<u>\$404,306</u>	<u>\$63,602</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charges for Services	\$5,188,300	\$5,238,580	\$5,238,580	\$0
Miscellaneous	343,550	431,949	431,949	0
<i>Total Revenues</i>	<u>5,531,850</u>	<u>5,670,529</u>	<u>5,670,529</u>	<u>0</u>
Expenses				
Personal Services	332,952	332,952	315,446	17,506
Contractual Services	843,584	843,584	793,555	50,029
Claims	5,100,603	5,100,603	4,786,458	314,145
<i>Total Expenses</i>	<u>6,277,139</u>	<u>6,277,139</u>	<u>5,895,459</u>	<u>381,680</u>
<i>Net Change in Fund Equity</i>	(745,289)	(606,610)	(224,930)	381,680
<i>Fund Equity Beginning of Year</i>	2,058,667	2,058,667	2,058,667	0
Prior Year Encumbrances Appropriated	2,625	2,625	2,625	0
<i>Fund Equity End of Year</i>	<u>\$1,316,003</u>	<u>\$1,454,682</u>	<u>\$1,836,362</u>	<u>\$381,680</u>

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WORKING | LEARNING | THRIVING
TOGETHER

Annual
Comprehensive

FINANCIAL REPORT

For The Year Ended December 31, 2023

STATISTICAL SECTION

solonohio.org

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.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2 - S11
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the municipal income tax.	S12 - S13
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S14 - S17
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S18 - S21
Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S22 - S27

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)

	2023 (1)	2022	2021	2020 (2)
Governmental Activities				
Net Investment in Capital Assets	\$143,232,123	\$144,831,250	\$145,098,848	\$145,024,198
Restricted:				
Capital Projects	28,663,259	24,559,716	21,100,657	18,545,422
Debt Service	1,267,427	1,622,484	1,991,194	2,617,233
Street Construction, Maintenance and Repair	754,339	771,940	925,977	882,452
Police Pension	487,120	446,154	367,422	767,962
Fire Pension	189,116	181,015	141,476	622,276
Other Purposes	430,887	314,418	321,061	511,640
Pension and OPEB Plans	91,446	2,431,175	180,752	0
Unrestricted (Deficit)	<u>(6,950,423)</u>	<u>(12,249,839)</u>	<u>(16,198,424)</u>	<u>(28,990,456)</u>
Total Governmental Activities				
<i>Net Position</i>	<u>\$168,165,294</u>	<u>\$162,908,313</u>	<u>\$153,928,963</u>	<u>\$139,980,727</u>
Business-Type Activities				
Net Investment in Capital Assets	\$59,061,139	\$58,921,377	\$58,535,266	\$60,122,772
Restricted:				
Pension and OPEB Plans	11,303	300,486	22,342	0
Unrestricted	<u>10,419,457</u>	<u>10,312,052</u>	<u>9,011,729</u>	<u>5,621,192</u>
Total Business-Type Activities				
<i>Net Position</i>	<u>\$69,491,899</u>	<u>\$69,533,915</u>	<u>\$67,569,337</u>	<u>\$65,743,964</u>
Primary Government				
Net Investment in Capital Assets	\$202,293,262	\$203,752,627	\$203,634,114	\$205,146,970
Restricted	31,894,897	30,627,388	25,050,881	23,946,985
Unrestricted	<u>3,469,034</u>	<u>(1,937,787)</u>	<u>(7,186,695)</u>	<u>(23,369,264)</u>
Total Primary Government				
<i>Net Position</i>	<u>\$237,657,193</u>	<u>\$232,442,228</u>	<u>\$221,498,300</u>	<u>\$205,724,691</u>

(1) In 2023, The City implemented GASB 96 which affected net position for 2022.

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

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

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

2019	2018 (3)	2017	2016	2015 (4)	2014
\$144,187,667	\$136,926,999	\$136,564,165	\$136,356,122	\$134,680,020	\$132,982,006
18,151,915	26,125,940	22,116,192	19,842,142	15,834,281	15,842,874
3,046,249	3,432,786	3,833,030	4,238,412	4,730,040	5,218,753
926,820	517,141	515,734	558,702	576,184	758,805
743,446	690,940	633,775	564,463	0	0
629,432	590,583	544,498	476,438	0	0
327,046	270,810	271,402	257,278	1,241,761	4,489,465
0	0	0	0	0	0
(25,723,699)	(40,545,969)	(38,369,322)	(10,244,131)	(9,313,888)	(10,005,809)
<u>\$142,288,876</u>	<u>\$128,009,230</u>	<u>\$126,109,474</u>	<u>\$152,049,426</u>	<u>\$147,748,398</u>	<u>\$149,286,094</u>
\$61,625,677	\$59,272,280	\$54,926,993	\$53,270,749	\$54,911,896	\$53,710,234
0	0	0	0	0	0
4,364,567	5,755,527	9,355,376	10,349,489	9,243,031	9,232,600
<u>\$65,990,244</u>	<u>\$65,027,807</u>	<u>\$64,282,369</u>	<u>\$63,620,238</u>	<u>\$64,154,927</u>	<u>\$62,942,834</u>
\$205,813,344	\$196,199,279	\$191,491,158	\$189,626,871	\$189,591,916	\$186,692,240
23,824,908	31,628,200	27,914,631	25,937,435	22,382,266	26,309,897
(21,359,132)	(34,790,442)	(29,013,946)	105,358	(70,857)	(773,209)
<u>\$208,279,120</u>	<u>\$193,037,037</u>	<u>\$190,391,843</u>	<u>\$215,669,664</u>	<u>\$211,903,325</u>	<u>\$212,228,928</u>

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

	2023	2022	2021	2020
Program Revenues				
Governmental Activities:				
Charges for Services:				
Security of Persons and Property				
Police	\$1,186,384	\$1,137,854	\$811,845	\$716,921
Fire	1,837,069	1,714,090	1,276,549	1,200,831
Public Health and Welfare	20,236	18,712	13,902	11,409
Leisure Time Activities	835,828	626,265	531,268	451,113
Community Environment	260,698	291,002	201,306	169,069
Basic Utility Services	376,748	319,608	231,730	179,475
Transportation	536,669	525,676	399,361	320,388
General Government	1,028,091	824,313	640,300	533,854
Operating Grants and Contributions	1,896,238	1,879,667	3,208,763	2,553,140
Capital Grants, Contributions and Assessments	841,307	75,967	337,637	207,608
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>8,819,268</u>	<u>7,413,154</u>	<u>7,652,661</u>	<u>6,343,808</u>
Business-Type Activities:				
Charges for Services:				
Water Reclamation	5,230,718	5,984,631	5,889,655	5,088,684
Grantwood Recreation	1,296,182	1,202,563	1,186,819	1,095,214
Capital Grants, Contributions and Assessments	0	0	3,516	0
<i>Total Business-Type Activities</i>				
<i>Program Revenues</i>	<u>6,526,900</u>	<u>7,187,194</u>	<u>7,079,990</u>	<u>6,183,898</u>
<i>Total Primary Government</i>				
<i>Program Revenues</i>	<u>15,346,168</u>	<u>14,600,348</u>	<u>14,732,651</u>	<u>12,527,706</u>
Expenses				
Governmental Activities:				
Security of Persons and Property				
Police	12,570,157	10,216,107	9,517,799	11,096,232
Fire	13,345,185	11,036,100	10,650,606	10,837,198
Public Health and Welfare	168,630	155,752	145,598	135,318
Leisure Time Activities	6,856,108	4,235,433	2,767,990	4,432,568
Community Environment	5,179,169	4,844,774	3,664,725	5,395,590
Basic Utility Services	4,178,378	2,952,796	2,306,252	3,438,768
Transportation	15,422,852	11,003,230	12,018,286	15,184,101
General Government	8,605,472	7,728,546	6,339,484	9,552,083
Interest	80,879	94,877	109,280	115,306
<i>Total Governmental Activities Expenses</i>	<u>66,406,830</u>	<u>52,267,615</u>	<u>47,520,020</u>	<u>60,187,164</u>
Business-Type Activities				
Water Reclamation	6,083,642	5,113,617	4,629,246	5,763,340
Grantwood Recreation	1,203,121	857,272	621,833	881,833
<i>Total Business-Type Activities Expenses</i>	<u>7,286,763</u>	<u>5,970,889</u>	<u>5,251,079</u>	<u>6,645,173</u>
<i>Total Primary Government</i>				
<i>Program Expenses</i>	<u>73,693,593</u>	<u>58,238,504</u>	<u>52,771,099</u>	<u>66,832,337</u>
Net (Expense)/Revenue				
Governmental Activities	(57,587,562)	(44,854,461)	(39,867,359)	(53,843,356)
Business-Type Activities	(759,863)	1,216,305	1,828,911	(461,275)
<i>Total Primary Government</i>				
<i>Net Expense</i>	<u>(\$58,347,425)</u>	<u>(\$43,638,156)</u>	<u>(\$38,038,448)</u>	<u>(\$54,304,631)</u>

2019	2018 (1)	2017	2016	2015 (2)	2014
\$1,116,551	\$1,096,397	\$998,579	\$971,822	\$506,861	\$378,418
1,527,559	1,474,418	1,351,809	1,356,148	977,231	792,556
14,637	13,356	12,279	12,448	6,492	4,795
844,400	847,509	814,787	802,420	2,413,658	3,095,565
276,462	232,863	203,710	204,366	108,610	74,866
252,296	253,210	251,580	221,201	131,537	107,745
687,703	568,334	414,007	403,944	219,444	179,665
814,705	790,794	1,181,022	1,308,267	797,517	479,069
1,806,527	1,350,466	1,370,182	1,391,073	1,384,483	1,397,904
3,013,349	422,830	1,082,903	1,292,479	765,240	4,424,025
10,354,189	7,050,177	7,680,858	7,964,168	7,311,073	10,934,608
5,717,912	5,874,922	5,412,445	5,470,471	5,432,617	6,128,207
969,527	924,502	931,038	952,342	993,270	1,005,682
0	0	0	0	0	0
6,687,439	6,799,424	6,343,483	6,422,813	6,425,887	7,133,889
17,041,628	13,849,601	14,024,341	14,386,981	13,736,960	18,068,497
4,093,882	11,933,398	9,696,575	9,698,435	8,559,644	8,237,667
(1,018,701)	11,648,401	9,202,443	9,044,688	7,819,699	7,615,180
119,025	108,236	93,367	95,638	92,425	93,873
7,094,705	6,476,806	6,073,088	5,635,865	5,584,774	5,301,362
5,253,855	3,471,353	2,927,294	2,945,530	2,529,159	2,508,436
3,576,263	3,182,746	3,136,684	2,700,942	2,750,465	2,998,985
16,100,717	13,021,105	11,525,898	12,913,892	11,007,744	11,674,750
8,182,190	7,654,588	10,345,336	11,267,584	11,358,095	9,881,256
137,422	144,951	156,092	157,870	181,061	198,713
43,539,358	57,641,584	53,156,777	54,460,444	49,883,066	48,510,222
8,006,546	5,187,947	4,870,073	5,946,619	5,428,605	5,502,840
1,149,863	1,051,938	1,093,075	1,108,103	1,044,679	1,054,277
9,156,409	6,239,885	5,963,148	7,054,722	6,473,284	6,557,117
52,695,767	63,881,469	59,119,925	61,515,166	56,356,350	55,067,339
(33,185,169)	(50,591,407)	(45,475,919)	(46,496,276)	(42,571,993)	(37,575,614)
(2,468,970)	559,539	380,335	(631,909)	(47,397)	576,772
<u>(\$35,654,139)</u>	<u>(\$50,031,868)</u>	<u>(\$45,095,584)</u>	<u>(\$47,128,185)</u>	<u>(\$42,619,390)</u>	<u>(\$36,998,842)</u>

(continued)

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

	2023	2022	2021	2020
General Revenues and Other Changes in Net Position				
<i>Governmental Activities</i>				
<i>Property Taxes Levied For:</i>				
General Purposes	\$1,622,059	\$1,592,907	\$2,493,362	\$1,342,758
Debt Service	370,940	364,947	120,871	323,615
Police Pension	981,840	973,235	465,275	868,482
Fire Pension	1,491,093	1,459,838	912,291	1,310,915
Service and Safety Equipment	438,965	427,367	419,331	415,327
<i>Municipal Income Taxes levied for:</i>				
General Purposes	39,534,469	37,838,016	35,716,331	33,844,780
Infrastructure	13,178,157	12,611,093	11,905,446	11,281,593
General Capital Improvements	186,746	133,466	187,966	85,039
<i>Grants and Entitlements not Restricted to</i>				
Specific Programs	744,711	735,074	791,158	665,303
Unrestricted Contributions	45	125,000	341	3,308
Investment Earnings/Interest	3,158,422	(2,117,395)	(258,207)	827,102
Gain on Sale of Capital Assets	0	0	100,745	88,159
Miscellaneous	1,256,365	887,168	970,185	530,183
<i>Total Governmental Activities</i>				
<i>General Revenues</i>	62,963,812	55,030,716	53,825,095	51,586,564
Transfers	(119,269)	(1,139,862)	(9,500)	(51,357)
<i>Total Governmental Activities</i>	62,844,543	53,890,854	53,815,595	51,535,207
<i>Business-Type Activities</i>				
Investment Earnings/Interest	552,818	(428,152)	(47,538)	122,524
Gain on Sale of Capital Assets	0	7,270	0	16,600
Miscellaneous	45,760	29,293	34,500	24,514
<i>Total Business-Type Activities</i>				
<i>General Revenues</i>	598,578	(391,589)	(13,038)	163,638
Transfers	119,269	1,139,862	9,500	51,357
<i>Total Business-Type Activities</i>	717,847	748,273	(3,538)	214,995
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>	63,562,390	54,639,127	53,812,057	51,750,202
Change in Net Position				
Governmental Activities	5,256,981	9,036,393	13,948,236	(2,308,149)
Business-Type Activities	(42,016)	1,964,578	1,825,373	(246,280)
<i>Total Primary Government Change in Net Position</i>	\$5,214,965	\$11,000,971	\$15,773,609	(\$2,554,429)

(1) Expenses are first impacted by the implementation of GASB Statement No.75 beginning in 2018.

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

2019	2018 (1)	2017	2016	2015 (2)	2014
\$1,528,401	\$1,395,261	\$1,397,663	\$1,412,703	\$1,367,077	\$1,800,977
334,193	314,629	312,624	309,818	295,964	386,528
891,141	838,985	833,618	826,217	789,297	779,430
1,336,726	1,258,440	1,250,403	1,239,300	1,183,923	603,692
416,708	410,978	407,020	402,273	396,031	389,085
32,419,796	34,660,499	33,154,459	33,557,318	26,802,677	30,826,373
10,806,597	11,604,180	11,051,486	11,332,440	9,080,861	10,262,562
0	73,864	110,080	106,435	91,791	83,629
644,963	532,235	466,778	559,695	588,171	797,599
370	5,342	18,508	37	0	0
1,610,064	956,232	522,685	232,429	312,338	366,629
58,884	23,284	45,460	33,087	82,178	66,285
612,255	483,933	363,966	803,141	1,213,331	1,064,259
50,660,098	52,557,862	49,934,750	50,814,893	42,203,639	47,427,048
(3,195,283)	(66,699)	(1,135,226)	(17,589)	(1,169,342)	(637,298)
47,464,815	52,491,163	48,799,524	50,797,304	41,034,297	46,789,750
194,691	97,748	111,384	38,721	56,418	59,949
0	0	0	0	4,500	1,270
41,433	21,452	21,134	40,910	29,230	38,532
236,124	119,200	132,518	79,631	90,148	99,751
3,195,283	66,699	1,135,226	17,589	1,169,342	637,298
3,431,407	185,899	1,267,744	97,220	1,259,490	737,049
50,896,222	52,677,062	50,067,268	50,894,524	42,293,787	47,526,799
14,279,646	1,899,756	3,323,605	4,301,028	(1,537,696)	9,214,136
962,437	745,438	1,648,079	(534,689)	1,212,093	1,313,821
<u>\$15,242,083</u>	<u>\$2,645,194</u>	<u>\$4,971,684</u>	<u>\$3,766,339</u>	<u>(\$325,603)</u>	<u>\$10,527,957</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Fund				
Nonspendable	\$1,354,331	\$1,361,904	\$1,054,454	\$1,408,068
Committed	936,785	906,628	747,955	680,224
Assigned	2,791,590	2,619,893	2,582,782	1,303,408
Unassigned	<u>28,627,426</u>	<u>25,980,622</u>	<u>27,002,997</u>	<u>25,705,828</u>
Total General Fund	<u>33,710,132</u>	<u>30,869,047</u>	<u>31,388,188</u>	<u>29,097,528</u>
All Other Governmental Funds				
Restricted	25,931,298	22,970,351	19,409,227	18,650,693
Committed	2,885,555	494,637	445,190	475,987
Assigned	<u>1,177,237</u>	<u>2,228,944</u>	<u>2,200,302</u>	<u>1,504,267</u>
Total All Other Governmental Funds	<u>29,994,090</u>	<u>25,693,932</u>	<u>22,054,719</u>	<u>20,630,947</u>
Total Governmental Funds	<u><u>\$63,704,222</u></u>	<u><u>\$56,562,979</u></u>	<u><u>\$53,442,907</u></u>	<u><u>\$49,728,475</u></u>

2019	2018	2017	2016	2015	2014
\$1,018,776	\$1,084,738	\$861,423	\$881,664	\$973,400	\$1,045,014
527,224	652,201	512,701	516,465	259,789	208,801
2,892,005	3,543,075	2,777,126	3,940,992	6,860,864	1,477,408
25,846,574	26,944,145	25,996,199	22,452,316	19,853,352	27,905,155
<u>30,284,579</u>	<u>32,224,159</u>	<u>30,147,449</u>	<u>27,791,437</u>	<u>27,947,405</u>	<u>30,636,378</u>
17,480,218	24,934,602	22,028,619	18,854,940	15,874,447	16,355,734
418,656	378,455	337,159	380,959	652,048	1,101,454
1,760,457	0	0	0	0	0
<u>19,659,331</u>	<u>25,313,057</u>	<u>22,365,778</u>	<u>19,235,899</u>	<u>16,526,495</u>	<u>17,457,188</u>
<u>\$49,943,910</u>	<u>\$57,537,216</u>	<u>\$52,513,227</u>	<u>\$47,027,336</u>	<u>\$44,473,900</u>	<u>\$48,093,566</u>

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

	2023	2022	2021	2020
Revenues				
Property Taxes	\$5,009,961	\$4,749,782	\$4,401,783	\$4,263,130
Municipal Income Taxes	51,916,123	50,528,078	47,926,429	43,872,642
Special Assessments	271,170	258,667	275,504	380,078
Intergovernmental	3,000,906	2,615,503	4,129,467	4,448,049
Investment Earnings/Interest	3,158,422	(2,117,395)	(258,207)	827,102
Fees, Licenses and Permits	1,097,263	1,319,652	908,250	1,156,641
Fines, Forfeitures and Settlements	275,457	225,730	249,785	217,674
Leases and Rentals	116,204	71,077	11,399	5,113
Charges for Services	4,487,389	3,833,623	2,955,709	2,211,810
Contributions and Donations	86,422	188,557	44,472	40,307
Miscellaneous	803,541	535,940	639,612	485,654
Total Revenues	70,222,858	62,209,214	61,284,203	57,908,200
Expenditures				
Current:				
Security of Persons and Property				
Police	10,773,225	10,271,717	9,727,666	9,430,330
Fire	10,843,734	10,197,646	9,646,663	9,113,979
Public Health and Welfare	168,630	155,752	145,598	135,318
Leisure Time Activities	5,782,283	4,541,479	4,004,571	3,529,284
Community Environment	5,110,233	5,397,937	4,570,169	5,116,730
Basic Utility Services	3,098,909	2,645,698	2,438,080	2,103,814
Transportation	6,017,868	5,550,726	5,809,785	5,222,174
General Government	7,509,791	7,488,728	7,476,869	8,887,712
Capital Outlay	12,548,428	11,969,280	14,537,035	13,474,210
Debt Service:				
Principal Retirement	1,236,915	1,155,216	923,659	1,095,483
Interest	90,571	108,812	103,112	129,686
Total Expenditures	63,180,587	59,482,991	59,383,207	58,238,720
Excess of Revenues Over (Under) Expenditures	7,042,271	2,726,223	1,900,996	(330,520)
Other Financing Sources (Uses)				
Sale of Capital Assets	98,972	393,849	326,436	115,085
Financed Purchases Issued	0	0	1,487,000	0
Transfers In	3,725,000	3,100,000	3,215,000	2,000,000
Transfers Out	(3,725,000)	(3,100,000)	(3,215,000)	(2,000,000)
Total Other Financing Sources (Uses)	98,972	393,849	1,813,436	115,085
Net Change in Fund Balances	\$7,141,243	\$3,120,072	\$3,714,432	(\$215,435)
Debt Service as a Percentage of Noncapital Expenditures	2.4%	2.5%	2.1%	2.5%

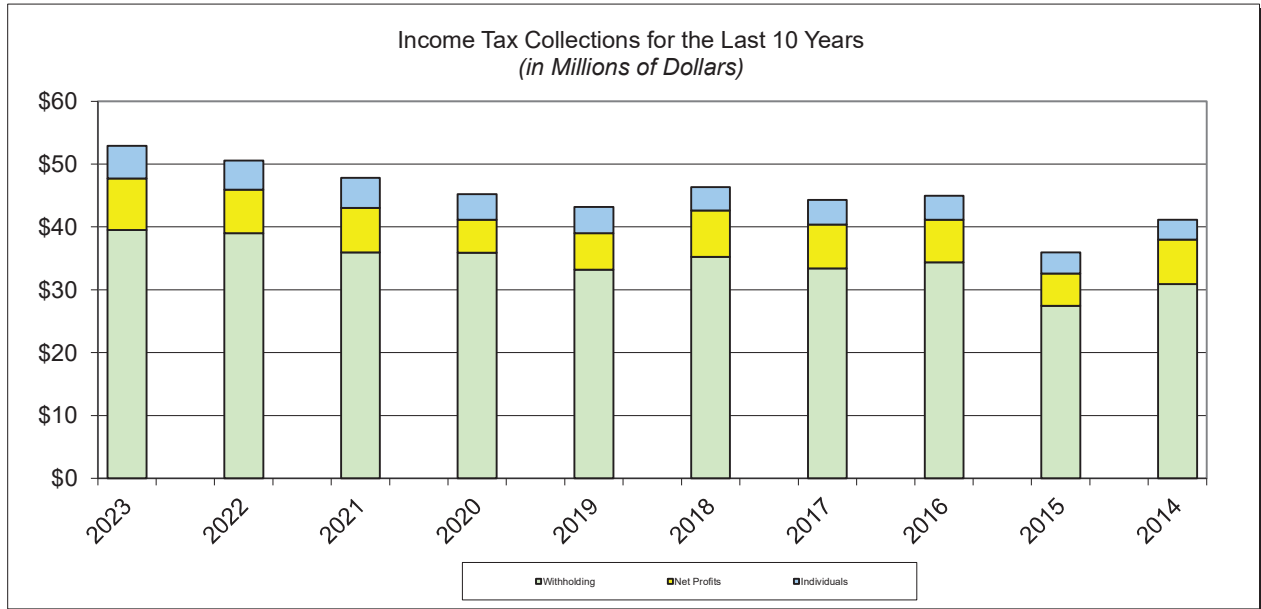
2019	2018	2017	2016	2015	2014
\$4,514,953	\$4,201,895	\$4,189,477	\$4,175,821	\$4,022,407	\$3,975,911
44,141,686	45,618,936	43,223,204	42,913,756	36,289,382	41,225,082
430,061	351,465	361,666	379,417	359,689	607,313
4,078,715	2,148,331	3,552,717	2,470,259	2,764,421	5,075,368
1,610,064	956,232	522,685	232,429	312,338	366,629
1,066,061	884,906	882,786	965,827	1,034,147	995,024
313,167	325,438	308,255	339,901	305,412	341,694
8,944	21,168	23,976	25,522	24,796	29,605
4,176,279	4,007,464	3,986,920	3,977,983	3,711,139	3,746,356
191,157	52,810	91,313	62,456	77,262	91,552
596,578	527,193	347,190	995,495	1,008,383	1,061,743
<u>61,127,665</u>	<u>59,095,838</u>	<u>57,490,189</u>	<u>56,538,866</u>	<u>49,909,376</u>	<u>57,516,277</u>
9,935,749	9,457,806	8,214,938	8,239,576	7,873,259	7,738,602
9,854,824	8,824,637	7,805,118	7,279,576	7,111,110	7,036,681
119,025	108,236	93,367	95,638	92,425	93,873
5,584,748	5,373,466	4,953,838	4,815,387	4,822,756	4,784,990
4,778,538	3,291,668	2,628,519	2,829,943	2,506,900	2,503,875
2,066,538	2,026,723	1,895,966	1,701,869	1,917,474	2,123,557
6,623,456	5,604,925	4,289,130	4,282,843	4,410,331	4,886,506
7,018,657	6,570,720	9,284,825	10,319,191	10,747,164	8,926,410
21,930,122	12,077,651	11,596,976	14,090,264	13,260,578	14,044,012
853,070	799,839	684,821	765,143	701,923	714,860
141,124	152,673	155,260	165,696	189,953	207,341
<u>68,905,851</u>	<u>54,288,344</u>	<u>51,602,758</u>	<u>54,585,126</u>	<u>53,633,873</u>	<u>53,060,707</u>
<u>(7,778,186)</u>	<u>4,807,494</u>	<u>5,887,431</u>	<u>1,953,740</u>	<u>(3,724,497)</u>	<u>4,455,570</u>
67,580	34,793	45,460	45,650	104,831	66,285
267,300	181,702	620,700	554,046	0	0
2,300,000	2,598,000	1,084,000	4,767,512	3,072,067	2,105,000
<u>(2,450,000)</u>	<u>(2,598,000)</u>	<u>(2,151,700)</u>	<u>(4,767,512)</u>	<u>(3,072,067)</u>	<u>(2,105,000)</u>
<u>184,880</u>	<u>216,495</u>	<u>(401,540)</u>	<u>599,696</u>	<u>104,831</u>	<u>66,285</u>
<u>(\$7,593,306)</u>	<u>\$5,023,989</u>	<u>\$5,485,891</u>	<u>\$2,553,436</u>	<u>(\$3,619,666)</u>	<u>\$4,521,855</u>
1.8%	2.1%	1.9%	2.0%	2.0%	2.1%

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

Tax Year (1)	Tax Rate (2)	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2023	2.00 %	\$52,899,372	\$39,502,609	74.67%	\$8,244,747	15.59%	\$5,152,016	9.74%
2022	2.00	50,582,575	39,028,238	77.16	6,935,718	13.71	4,618,619	9.13
2021	2.00	47,809,743	35,975,255	75.25	7,079,465	14.81	4,755,023	9.95
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

(1) 2014 through 2023 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.

2023 Taxpayers	Ranking
Swagelok Manufacturing Co LLC	1
Nestle USA Inc.	2
Erico International Corp (1)	3
Solon City School District	4
Progressive Casualty Insurance Co. (2)	5
The Cleveland Clinic Foundation	6
Gardiner Service Company	7
City of Solon	8
MRI Software LLC	9
Kiethley Instruments LLC	10

2014 Taxpayers	Ranking
Swagelok Manufacturing Co LLC	1
Nestle USA Inc.	2
Solon City School District	3
Erico International Corp (1)	4
Caremark LLC	5
The Cleveland Clinic Foundation	6
City of Solon	7
National Enterprise Systems Inc.	8
MRI Software LLC	9
Fleetmatics USA Holdings	10

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

- (1) Erico International Corp. operates under the business name nVent.
- (2) Withholding income collected from Progressive employees whose place of work is in Solon.

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*

Year	Governmental Activities					Business- Type Activities		Total Debt	Percentage of Personal Income (1)	Per Capita (1)
	OWDA Loans	OPWC Loans	Leases	Financed Purchases	Subscriptions	OWDA Loans	Subscriptions			
2023	\$1,404,956	\$0	\$80,168	\$1,079,822	\$407,718	\$3,323,554	\$41,264	\$6,337,482	0.44%	\$261
2022	2,123,206	0	107,462	1,516,901	462,010	3,805,720	46,758	8,062,057	0.56	332
2021	2,824,082	0	133,819	1,944,884	0	4,273,049	0	9,175,834	0.64	378
2020	3,508,067	0	0	697,558	0	4,725,997	0	8,931,622	0.77	390
2019	4,175,626	0	0	1,125,482	0	5,165,007	0	10,466,115	0.90	457
2018	4,827,211	0	0	1,059,667	0	5,590,509	0	11,477,387	0.99	501
2017	5,463,259	0	0	1,041,756	0	6,002,917	0	12,507,932	1.05	536
2016	6,084,196	0	0	484,940	0	6,362,737	0	12,931,873	1.09	554
2015	6,780,233	0	0	0	0	6,758,641	0	13,538,874	1.14	580
2014	7,458,349	23,807	0	0	0	8,416,870	0	15,899,026	1.34	681

(1) Personal income and population are located on S20.

City of Solon, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2023

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Solon
Direct - City of Solon			
OWDA Loans	\$1,404,956	100.00%	\$1,404,956
Financed Purchases	1,079,822	100.00%	1,079,822
Leases Payable	80,168	100.00%	80,168
Subscription Payable	407,718	100.00%	407,718
<i>Total Direct</i>	<u>2,972,664</u>		<u>2,972,664</u>
Overlapping			
Solon City School District			
General Obligation Bonds	1,165,000	97.86%	1,140,069
Subscription Payable	163,613	97.86%	160,112
Orange School District			
General Obligation Bonds	4,453,073	2.14%	95,296
Financed Purchases	54,579	2.14%	1,168
Cuyahoga County			
General Obligation Bonds	238,152,736	3.87%	9,216,511
Revenue Bonds	595,383,368	3.87%	23,041,336
Certificates of Participation	169,347,714	3.87%	6,553,757
Loans Payable	1,137,250	3.87%	44,012
Financed Purchases	197,943,895	3.87%	7,660,429
Leases Payable	8,840,951	3.87%	342,145
Subscription Payable	11,089,702	3.87%	429,171
Greater Cleveland Regional Transit Authority			
	<u>35,364,203</u>	3.87%	<u>1,368,595</u>
<i>Total Overlapping Debt</i>	<u>1,263,096,084</u>		<u>50,052,601</u>
Total	<u><u>\$1,266,068,748</u></u>		<u><u>\$53,025,265</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
Computation of Legal Debt Margin
Last Ten Years

	2023	2022	2021	2020
Population	24,262	24,262	24,262	22,911
Total Assessed Property Value	<u>\$1,357,095,070</u>	<u>\$1,339,037,600</u>	<u>\$1,240,308,960</u>	<u>\$1,230,087,610</u>
Total Debt Outstanding:				
OPWC Loans	\$0	\$0	\$0	\$0
OWDA Loans	<u>4,728,510</u>	<u>5,928,926</u>	<u>7,097,131</u>	<u>8,234,064</u>
Total Gross Indebtedness	4,728,510	5,928,926	7,097,131	8,234,064
Less:				
OWDA Loans	(4,728,510)	(5,928,926)	(7,097,131)	(8,234,064)
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>142,494,982</u>	<u>140,598,948</u>	<u>130,232,441</u>	<u>129,159,199</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$142,494,982</u>	<u>\$140,598,948</u>	<u>\$130,232,441</u>	<u>\$129,159,199</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>\$74,640,229</u>	<u>\$73,647,068</u>	<u>\$68,216,993</u>	<u>\$67,654,819</u>
Total Gross Indebtedness	4,728,510	5,928,926	7,097,131	8,234,064
Less:				
OWDA Loans	(4,728,510)	(5,928,926)	(7,097,131)	(8,234,064)
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>\$74,640,229</u>	<u>\$73,647,068</u>	<u>\$68,216,993</u>	<u>\$67,654,819</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) In 2014, the Bond Retirement Fund Balance was limited to the outstanding balance of OPWC debt.

2019	2018	2017	2016	2015	2014
22,911	22,911	23,348	23,348	23,348	23,348
<u>\$1,224,082,890</u>	<u>\$1,159,280,190</u>	<u>\$1,158,870,930</u>	<u>\$1,153,594,870</u>	<u>\$1,104,634,310</u>	<u>\$1,106,828,600</u>
\$0	\$0	\$0	\$0	\$0	\$23,807
<u>9,340,633</u>	<u>10,417,720</u>	<u>11,466,176</u>	<u>12,446,933</u>	<u>13,538,874</u>	<u>15,875,219</u>
9,340,633	10,417,720	11,466,176	12,446,933	13,538,874	15,899,026
(9,340,633)	(10,417,720)	(11,466,176)	(12,446,933)	(13,538,874)	(15,875,219)
0	0	0	0	0	(23,807)
0	0	0	0	0	0
<u>128,528,703</u>	<u>121,724,420</u>	<u>121,681,448</u>	<u>121,127,461</u>	<u>115,986,603</u>	<u>116,217,003</u>
<u>\$128,528,703</u>	<u>\$121,724,420</u>	<u>\$121,681,448</u>	<u>\$121,127,461</u>	<u>\$115,986,603</u>	<u>\$116,217,003</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<u>\$67,324,559</u>	<u>\$63,760,410</u>	<u>\$63,737,901</u>	<u>\$63,447,718</u>	<u>\$60,754,887</u>	<u>\$60,875,573</u>
9,340,633	10,417,720	11,466,176	12,446,933	13,538,874	15,899,026
(9,340,633)	(10,417,720)	(11,466,176)	(12,446,933)	(13,538,874)	(15,875,219)
0	0	0	0	0	(23,807)
0	0	0	0	0	0
<u>\$67,324,559</u>	<u>\$63,760,410</u>	<u>\$63,737,901</u>	<u>\$63,447,718</u>	<u>\$60,754,887</u>	<u>\$60,875,573</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

2023		
Employer	Employees	Percentage of Total City Employment
Swagelok Manufacturing Co LLC	4,311	13.64 %
Nestle USA Inc.	2,865	9.07
Erico International Corp (1)	840	2.66
City of Solon	785	2.48
Solon City School District	675	2.14
MRI Software LLC	595	1.88
The Cleveland Clinic Foundation	462	1.46
Gardiner Service Company	282	0.89
Progressive Casualty Insurance Co. (2)	254	0.80
Kennametal Inc.	243	0.77
Total	11,312	35.79 %
Total Employment within the City	31,607	

2014		
Employer	Employees	Percentage of Total City Employment
Swagelok Manufacturing Co LLC	3,238	6.43 %
Nestle USA Inc.	2,283	4.53
Solon City School District	1,058	2.10
City of Solon	932	1.85
National Enterprise Systems Inc.	870	1.73
The Cleveland Clinic Foundation	843	1.67
Riser Foods Company	690	1.37
Pennsylvania Life	619	1.23
Erico International Corp (1)	531	1.05
Marriott WW Reservation	515	1.02
Total	11,579	22.98 %
Total Employment within the City	50,385	

Note: Current year W2 data is for tax year 2022 as provided by the Regional Income Tax Agency.

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

(2) W2 data includes Progressive employees whose place of work is in Solon.

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)
2023	24,262	\$1,427,479,032	\$58,836	\$114,214	44
2022	24,262	1,427,479,032	58,836	114,214	44
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

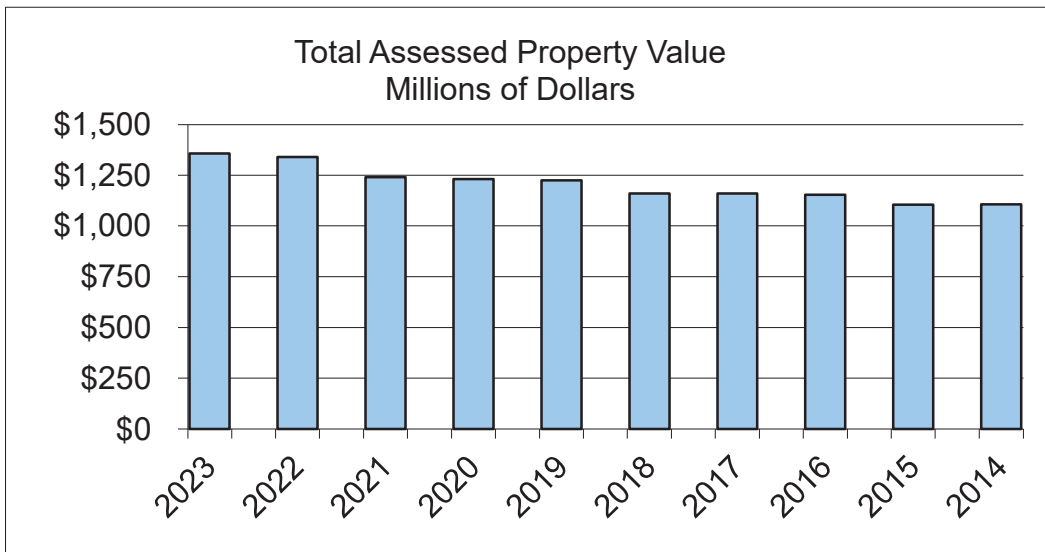
(1) Source: U.S. Census

(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%	4,586	3.2%	\$1,357,095,070
61.3	4,668	3.6	1,339,037,600
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

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

Function/Program	2023	2022	2021	2020
Security of Persons and Property				
Police	54.00	54.00	51.00	49.00
Dispatch and Clerks	8.00	8.00	8.00	8.00
Corrections	12.00	12.00	10.00	10.00
Fire	62.00	62.00	62.00	62.00
Leisure Time Activities				
Recreation	10.00	10.00	10.00	10.00
Senior Services	6.00	6.00	6.00	6.00
Arts Center	5.00	5.00	5.00	4.00
Grantwood Golf Course	5.00	5.00	5.00	6.00
Community Environment				
Planning	5.00	6.00	6.00	6.00
Building	2.00	2.00	2.00	2.00
Engineering	12.00	11.00	10.00	10.00
Public Works	1.00	1.00	1.00	1.00
Business Development	1.00	1.00	1.00	1.00
Basic Utility Services				
Water Reclamation	17.00	17.00	17.00	17.00
Transportation				
Service	66.00	66.00	66.00	67.00
General Government				
City Council	2.00	2.00	2.00	2.00
Mayors Office	2.00	2.00	2.00	2.00
Finance	6.00	6.00	6.00	6.00
Income Tax	0.00	0.00	0.00	0.00
Human Resources	1.00	1.00	1.00	1.00
Network Administrator	4.00	3.00	3.00	3.00
City Hall Custodial	3.00	3.00	2.00	2.00
Receptionist	1.00	1.00	1.00	1.00
Totals:	<u>285.00</u>	<u>284.00</u>	<u>277.00</u>	<u>276.00</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.

2019	2018	2017	2016	2015	2014
49.00	46.00	46.00	46.00	47.00	46.00
8.00	8.00	7.00	8.00	17.00	18.00
10.00	10.00	10.00	11.00	10.00	10.00
62.00	59.00	59.00	59.00	59.00	59.00
13.00	13.00	13.00	13.00	11.00	11.00
7.00	7.00	6.00	5.00	4.00	4.00
4.00	4.00	4.00	4.00	4.00	4.00
6.00	6.00	6.00	6.00	4.00	5.00
6.00	7.00	7.00	7.00	6.00	6.00
2.00	2.00	2.00	2.00	3.00	3.00
10.00	10.00	11.00	10.00	11.00	9.00
1.00	0.00	0.00	0.00	0.00	0.00
1.00	0.00	0.00	0.00	0.00	0.00
17.00	17.00	17.00	17.00	17.00	17.00
67.00	66.00	68.00	68.00	65.00	65.00
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	6.00	6.00	7.00	10.00	11.00
0.00	0.00	0.00	0.00	0.00	2.00
1.00	1.00	1.00	2.00	2.00	2.00
3.00	3.00	2.00	3.00	3.00	3.00
2.00	2.00	1.00	1.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00
<u>280.00</u>	<u>272.00</u>	<u>271.00</u>	<u>274.00</u>	<u>280.00</u>	<u>282.00</u>

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

Function/Program	2023	2022	2021	2020
Security of Persons & Property				
<i>Police</i>				
Number of traffic citations issued	2,349	2,530	2,979	2,524
DUI Arrests	108	107	115	89
Prisoners Processed	2,022	1,911	1,304	1,204
<i>Fire</i>				
Fire Responses	1,067	970	933	937
EMS Calls	2,983	2,920	2,527	2,271
Safety Inspections	1,769	1,928	1,906	1,822
Plan Reviews	360	266	159	183
Leisure Time Activities				
<i>Parks and Recreation</i>				
Community Center Memberships	4,500	3,764	3,619	2,059
Summer Camp Participants	447	341	104	35
Baseball/Softball Teams	33	34	33	0
<i>Senior Services</i>				
Program Attendance (1)	72,801	54,879	32,087	36,268
<i>Arts Center</i>				
Class Registrations	2,982	3,608	2,460	1,693
Percentage of Solon Residents	86%	85%	92%	86%
<i>Grantwood Golf Course</i>				
Rounds Played (18 holes)	16,690	17,339	17,726	16,443
Rounds Played (9 holes)	16,382	18,174	17,656	17,815
Range Balls	5,541	5,956	6,603	5,947
Community Environment				
<i>Building</i>				
Building Permits Issued	1,508	1,425	1,808	1,846
Basic Utility Services				
<i>Waste Water Treatment</i>				
Average Daily Flow (millions of gallons)	3.521	3.557	3.439	3.764
Transportation				
<i>Service</i>				
Tons of Salt Purchased	9,000	9,500	8,800	7,348
Tons of Rubbish Collected	7,703	7,391	7,872	7,774
Yards of Leaves Collected	15,598	15,258	14,871	15,099
Tons of Recycling Materials Collected	1,406	1,699	1,893	1,987
General Government				
<i>City Council</i>				
Ordinances or Resolutions Introduced	282	271	266	224
<i>Finance</i>				
Accounts Payable Checks Processed	5,395	5,884	4,979	5,801
Purchase Orders Issued	3,044	2,773	2,744	2,760
<i>Network Administration</i>				
Computer Workstations	265	265	275	275

(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

2019	2018	2017	2016	2015	2014
3,527	3,892	3,526	3,660	3,376	3,927
113	131	133	115	131	132
2,166	2,451	2,248	2,275	1,900	1,905
1,049	753	771	629	742	772
2,275	2,368	2,338	2,268	2,191	2,067
2,044	2,183	2,169	2,582	2,646	2,095
441	156	132	118	171	324
6,896	6,758	7,228	7,314	6,681	6,876
1,292	1,272	1,187	1,195	1,223	1,138
36	35	35	48	45	55
70,126	68,922	69,666	63,812	60,191	47,664
4,746	4,795	3,813	3,650	3,512	3,056
85%	83%	81%	80%	80%	82%
14,903	14,104	13,670	14,008	11,978	12,497
15,299	13,102	12,878	13,997	15,689	15,957
16,194	14,852	15,330	52,213	43,864	45,340
1,677	1,506	1,527	2,136	2,104	1,241
3,727	3,926	3,062	3,318	3,470	3,567
10,530	10,529	9,108	10,229	11,372	12,785
7,528	7,441	6,082	6,911	7,062	7,607
11,971	15,520	14,188	16,125	13,153	14,625
1,834	1,979	1,747	2,065	2,058	1,664
226	304	227	231	262	281
7,534	7,486	7,661	7,718	8,176	8,545
3,180	3,102	3,519	2,958	3,333	3,250
275	260	260	255	265	260

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

Function/Program	2023	2022	2021	2020
Security of Persons and Property				
<i>Police</i>				
Square Footage of Station	37,168	37,168	37,168	37,168
Vehicles	39	39	38	38
<i>Fire</i>				
Square Footage of Station #1	37,168	37,168	37,168	37,168
Square Footage of Station #2	16,200	16,200	16,200	16,200
Square Footage of Station #3	9,610	9,610	9,610	9,610
Vehicles	21	20	21	19
Leisure Time Activities				
<i>Parks and Recreation</i>				
Square Footage of Community Center	92,500	92,500	92,500	92,500
Vehicles	4	4	5	6
<i>Senior Services</i>				
Vehicles	5	3	4	4
<i>Arts Center</i>				
Square Footage of Building	15,000	15,000	15,000	15,000
<i>Grantwood Golf Course</i>				
Square Footage of Clubhouse	7,200	7,200	7,200	7,200
Square Footage of Maintenance Building	5,000	5,000	5,000	5,000
Vehicles	1	1	1	1
Community Environment				
<i>Planning Department</i>				
Vehicles	2	1	1	1
<i>Building Department</i>				
Vehicles	1	1	1	1
<i>Engineering Department</i>				
Vehicles	5	6	5	6
Basic Utility Services				
<i>Waste Water Treatment</i>				
Square Footage of Buildings	56,000	56,000	56,000	56,000
Vehicles	7	7	7	7
Transportation				
<i>Service</i>				
Square Footage of Building	70,461	70,461	70,461	70,461
Vehicles	63	68	66	69
General Government				
<i>City Hall</i>				
Square Footage of Building	55,950	55,950	55,950	55,950
Mayor's Vehicle	1	0	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

2019	2018	2017	2016	2015	2014
37,168	37,168	37,168	37,168	37,168	37,168
35	35	29	30	27	29
37,168	37,168	37,168	37,168	37,168	37,168
16,200	16,200	16,200	16,200	16,200	16,200
9,610	9,610	9,610	9,610	9,610	9,610
19	20	20	18	18	19
92,500	92,500	92,500	92,500	92,500	92,500
6	6	6	5	4	7
4	4	4	4	4	5
15,000	15,000	15,000	15,000	15,000	15,000
7,200	7,200	7,200	7,200	7,200	7,200
5,000	5,000	5,000	5,000	5,000	5,000
1	1	1	1	1	1
1	1	1	2	2	2
1	2	2	3	3	3
7	6	6	9	8	8
56,000	56,000	56,000	56,000	56,000	56,000
7	9	9	7	7	6
70,461	70,461	70,461	70,461	70,461	70,461
71	70	71	70	72	73
55,950	55,950	55,950	55,950	55,950	55,950
1	1	1	1	1	1
0	0	0	0	1	1
0	0	0	1	0	0
1	1	1	2	2	2

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FINANCIAL REPORT

For The Year Ended **December 31, 2023**

EDWARD H. KRAUS, MAYOR

34200 Bainbridge Road
Solon, OH 44139

solonohio.org

**CITY OF SOLON
CUYAHOGA COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

Zupka & Associates
Certified Public Accountants

**CITY OF SOLON
CUYAHOGA COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023**

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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

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

To the Members of City Council:

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, 2023, 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 14, 2024, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*.

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.



Zupka & Associates
Certified Public Accountants

June 14, 2024

**CITY OF SOLON
CUYAHOGA COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2023**

The prior audit report, as of December 31, 2022, included no citations, instances of noncompliance, or management letter recommendations.

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 8/27/2024

65 East State 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