



**CITY OF SOLON
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

CITY OF SOLON
CUYAHOGA COUNTY

TABLE OF CONTENTS

Title	Page
Independent Accountants' Report on Compliance and on Internal Control Required By <i>Government Auditing Standards</i>	1

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the City of Solon, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2002, and have issued our report thereon dated May 16, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated May 16, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated May 16, 2003.

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This report is intended for the information and use of management, and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 16, 2003

City of Solon, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2002

*Prepared by the Department of
Finance*

*D. William Weber, CPA
Director of Finance*

City of Solon, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2002
Table of Contents

Page

I. Introductory Section

Table of Contents	i
Letter of Transmittal	v
Organizational Chart	xv
List of Principal Officials	xvi
GFOA Certificate of Achievement	xvii

II. Financial Section

Independent Accountants' Report.....	1
--------------------------------------	---

General Purpose Financial Statements (Combined Statements - Overview)

Combined Balance Sheet – All Fund Types and Account Groups.....	4
-----------------------------------------------------------------	---

Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Funds.....	8
--------------------------------------------------------------------------------------------------------------------------------------------	---

Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual – All Governmental Fund Types and Expendable Trust Funds	10
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----

Combined Statement of Revenues, Expenses and Changes in Fund Equity – Proprietary Fund Type.....	14
-----------------------------------------------------------------------------------------------------	----

Combined Statement of Cash Flows – Proprietary Fund Type	15
----------------------------------------------------------------	----

Combined Statement of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Basis) and Actual – Proprietary Fund Type.....	17
---------------------------------------------------------------------------------------------------------------------------------------------	----

Notes to the General Purpose Financial Statements	18
---------------------------------------------------------	----

Combining, Individual Fund and Account Group Statements and Schedules

Governmental Funds:

General Fund:

Description of Fund	45
---------------------------	----

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual.....	46
-------------------------------------------------------------------------------------------------------------	----

Special Revenue Funds:

Description of Funds	51
Combining Balance Sheet.....	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	56
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual	
Street Construction, Maintenance and Repair Fund	60
State Highway Fund.....	61
Police Pension Fund	62
Fire Pension Fund.....	63
Cable TV Fund	64
Tree Planting Fund.....	65
Street Lighting Fund.....	66
Recreation Fund.....	67
Senior Services Fund	69
Police Department Programs Fund.....	70
Landfill Improvement Fund.....	71
Law Enforcement Trust Fund.....	72
Community Improvement Corporation Fund	73
All Special Revenue Funds	74

Debt Service Fund:

Description of Fund	76
---------------------------	----

Capital Projects Funds:

Description of Funds	77
Combining Balance Sheet.....	78
Combining Statements of Revenues, Expenditures and Changes in Fund Balances	80
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual	
Infrastructure Fund.....	82
Service and Safety Equipment Fund.....	83
Community Center Fund	84
Street Improvement Fund	85
Old City Hall Renovation Fund.....	86
Building Construction Fund	87
Capital Improvements Fund	88
All Capital Projects Funds	89

Proprietary Fund:

Enterprise Funds:

Description of Funds	90
Combining Balance Sheet.....	91
Combining Statement of Revenues, Expenses and Changes in Fund Equity	92
Combining Statement of Cash Flows.....	93
Schedule of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Basis) and Actual	
Water Reclamation Fund	95
Grantwood Recreation Fund	96
All Enterprise Funds.....	97

Fiduciary Funds:

Expendable Trust and Agency Funds:

Description of Funds	99
Combining Balance Sheet – All Trust and Agency Funds	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Expendable Trust Funds	101
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual	
Cemetery Endowment Trust Fund	102
Donations Trust Fund.....	103
All Expendable Trust Funds	104
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	105

General Fixed Assets Account Group:

Description of Account Group	106
Schedule of General Fixed Assets by Source.....	107
Schedule of General Fixed Assets by Function and Type	108
Schedule of Changes in General Fixed Assets by Function and Activity.....	110

III. Statistical Section

General Governmental Expenditures by Function – Last Ten Years	S1
General Governmental Revenues by Source – Last Ten Years	S2
Property Tax Levies and Collections – Last Ten Years	S3
Assessed and Estimated Actual Value of Taxable Property – Last Ten Years.....	S4
Assessed Value of Real Property by Class – Last Ten Years	S5
Property Tax Rates – Direct and Overlapping Governments – Last Ten Years	S6
Principal Real Property Taxpayers	S7
Principal Personal Property Taxpayers	S8
Ten Largest City Income Tax Withholding Accounts.....	S9
Special Assessments Billed and Collected	S10
Computation of Legal Debt Margin.....	S11
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita – Last Ten Years	S12
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures – Last Ten Years	S13
Computation of Direct and Overlapping Debt.....	S14
Revenue Coverage of OWDA Loans – Last Ten Years	S15
Outstanding Principal of Total Debt – Last Ten Years	S16
Ratio of Debt to Total Population, Assessed Value of Real and Personal Property and Per Capita Income – Last Seven Years	S18
Demographic Statistics.....	S19
Property Values, Bank Deposits and Construction – Last Ten Years.....	S21
Miscellaneous Statistical Data.....	S22



May 16, 2003

Residents of the City of Solon
Honorable Mayor Kevin C. Patton and
Members of Solon City Council:

I am pleased to submit to you the 2002 Comprehensive Annual Financial Report (CAFR) for the City of Solon. I believe this report, prepared by the Department of Finance, presents thorough operating and financial information about the City's activities during 2002 that should be useful to taxpayers, citizens, investment firms, debt rating agencies and other interested parties.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation rests with the City. To the best of our knowledge, the data in this report is accurate in all material respects. It is our intention to present this report in a manner that presents fairly the financial position and results of operations of the various funds and account groups of the City in conformity with generally accepted accounting principles (GAAP). All disclosures necessary to provide the reader with a better understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections as follows:

1. The introductory section includes this transmittal letter, the City's organizational chart, a list of principal City officials and the GFOA Certificate of Achievement.
2. The financial section contains the independent accountants' report, and includes the general purpose financial statements and notes that provide an overview of the City's financial position and operating results, and the combining statements and schedules of the individual funds and account groups that provide detailed information relative to the general purpose financial statements.
3. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Reporting Entity

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

The form of government established by the Charter is the Mayor/Council type. There are seven City Council members; each is elected from a ward, for a term of four years. The Mayor's term is also four years. The Mayor appoints all department directors, some with the required confirmation of City Council.

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

City Services

The City of Solon provides a full range of services to its citizens. The police protection services include patrol, investigations, jail facilities, drug resistance programs and safety schools. The fire protection service includes regular safety inspections, emergency medical (paramedic) services and fire safety education. In addition, the City has a very active service department that provides free refuse, leaf and brush pickup, recycling, road maintenance and repair, storm sewer maintenance and repair, two cemeteries and various other service department activities. The recreation department sponsors a full range of activities from its headquarters in the City's 40 acre park, as does the seniors services department from its Senior Center.

Solon has two enterprise operations. They are Grantwood Golf Course and the Water Reclamation (formerly wastewater) Plant. The operating expenses of both of these activities have been and continue to be covered by user fees.

The administrative functions include planning and zoning, economic development, building permits and inspection, engineering, budget and city income tax administration.

Economic Condition and Outlook

The City of Solon continues to have a vibrant industrial and commercial establishment. Evidence of this can be found in key areas such as:

- a. The number of employers increased from 2,483 in 2001 to 2,590 in 2002.
- b. In the year 2002, there were 124 industrial and commercial building permits granted for new buildings and additions to existing buildings, totaling over \$16,800,000 in market value.

Most of Solon's industrial complex is in the western part of the City and separated from the residential areas. Part of this complex includes an Enterprise Zone where a new company, or an existing company planning an addition, is able to obtain property tax abatement on their new construction and investment. This program has been successful in attracting new businesses and retaining existing businesses. As of the end of 2002, Solon had 28 Enterprise Zone agreements. These agreements have enabled new and existing firms to retain 3,253 jobs and create 1,045 jobs.

In addition, the City recently had a new shopping complex called "Uptown Solon" completed. This shopping area was the result of a Tax Increment Financing (TIF) agreement between the developer of this complex and the City. Under this agreement, the City built the new road where the complex is located, and the developer will repay the City for this road over ten years in exchange for property tax abatement in the same amount as the cost of the road.

Although the City has been growing rapidly since the 1960's, there is still some property or room available for new industry, business and housing. The Planning Development estimates about 278 acres are presently available for industrial development.

Major Initiatives

The Mayor and Council continue to plan for several major capital projects. All of the following are either in the design stage or under construction:

- a. Community Center/Recreation Complex. This complex is scheduled to be completed in June 2003. It will serve a variety of purposes, including a seniors' activity center, fitness center, swimming pool, meeting rooms, etc. The estimated cost at this time is about \$19 million.
- b. New Fire Station. This station is being built in the south side of the City and scheduled to be opened in November 2003. It will complement the main fire station that is on the north side of the City.
- c. Infrastructure Projects. Solon continues to replace and upgrade its infrastructure with funding from a permanent income tax levy of ½ of 1 percent that the voters approved in 1995. Some of the current projects are;
 1. SOM Center Road Widening
 2. Aurora Road West Sanitary and Storm Sewers
 3. Aurora Road-Liberty Road Intersection
 4. Harper Road-Cannon Road Intersection
 5. Briar Hill Storm Sewers
 6. Meadowlane Storm Sewers
 7. SOM Center-Miles Road Intersection
 8. Aspen Glenn Sanitary Sewers
 9. SOM Center Access Road

Solon maintains a five year plan for capital projects and operating expenditures. This plan is updated each year by the Mayor and Department Heads then submitted to City Council for review.

Financial Information

Internal Accounting Control

The City is responsible for establishing and maintaining an internal control system designed to protect its assets from loss, theft or misuse. Furthermore, the accounting system must be adequate to ensure that the financial statements are prepared in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived, and that the valuation of costs and benefits require estimates and judgements by management.

Summary of Accounting Policies and Budgetary Controls

The City of Solon's financial statements for the Governmental Funds, Expendable Trust Funds and Agency Funds are prepared using the modified accrual basis of accounting. Under this basis, revenues are recognized in the period in which they become measurable and available to finance current operations. Expenditures are recognized in the period in which the liability is incurred, if measurable, except for interest on general long term debt, which is recognized when it is due.

The City's Proprietary (Enterprise) Funds are accounted for using the accrual basis of accounting. Therefore, revenues are recognized when they are earned and expenses are recognized when they are incurred.

The City's budget process is governed by Ohio law. It starts with the annual tax budget adopted in the July prior to January of the particular budget year. The main purpose of the annual tax budget is to set the property tax rates for the forthcoming budget year. In December of each year, the City adopts a temporary cash basis appropriations measure for the first three months of the forthcoming budget year. Then, usually in February or March of the current budget year, the City adopts an annual cash basis appropriation measure for the calendar year. Both appropriation measures are prepared by the Mayor, Director of Finance and Department Heads. The annual appropriation measure is reviewed in detail by City Council at its annual budget hearing meeting. Usually after some revisions, it is adopted.

Amendments to the annual appropriations may be made by City Council throughout the budget year as long as the amendment does not cause the total appropriations to exceed the estimated resources for each fund. The estimated resources consist of the unencumbered cash balance at January 1st plus the fund's estimated revenue during the budget year.

The level of budgetary control at which expenditures cannot exceed an appropriated amount is established at the function level within the general fund and at the fund level for all other funds. Budgetary control is maintained by the fully automated accounting system, which utilizes a purchase order/encumbrance system. All expenditures must have a purchase order prior to payment certifying that moneys are legally appropriated and available for such purpose. The outstanding purchase orders or encumbrances at year end carry forward to the succeeding fiscal or budget year and need not be re-appropriated.

The finance department distributes budget reports every month to each department, or more often if needed. Each department head reviews their department's budget and will communicate with the Finance Department about any related matter or potential problem.

General Government Functions

The following schedule presents a summary of governmental fund revenues for the year ended December 31, 2002, increases or decreases from 2001 and percent of increase or decrease on a generally accepted accounting principles (GAAP) basis.

	<u>2001</u>	<u>2002</u>	<u>Change</u>	<u>Percent Change</u>
Revenues				
Municipal Income Taxes	\$27,350,350	\$27,795,091	\$444,741	1.63%
Property Taxes	3,842,118	4,370,359	528,241	13.75
Other Local Taxes	569,811	643,448	73,637	12.92
Charges for Services	1,440,499	1,864,193	423,694	29.41
Fees, Licenses and Permits	1,184,015	900,926	(283,089)	(23.91)
Fines and Forfeitures	325,416	286,901	(38,515)	(11.84)
Intergovernmental	2,964,830	6,670,848	3,706,018	125.00
Special Assessments	707,859	820,074	112,215	15.85
Investment Income	3,820,232	3,174,847	(645,385)	(16.89)
Miscellaneous	595,535	224,486	(371,049)	(62.31)
Total Revenues	<u>\$42,800,665</u>	<u>\$46,751,173</u>	<u>\$3,950,508</u>	

The City Income Tax rate for 2001 and 2002 was 2.0 percent on earned income for individuals and net profits for businesses. The City Income Tax is divided into the following 3 parts:

- 1.0% Enacted by City Council in 1967 under the provisions of the Ohio Revised Code for operating and capital expenditures.
- 0.5 Adopted by the voters in 1989 to assist the operation of the Police, Fire and Service Departments.
- 0.5 Adopted by the voters in 1995 for infrastructure improvements and maintenance.
- 2.0% - Total City Income Tax Rate

Property tax increases are due to the annual increase in assessed valuation of real property. See the table on page S-4 in the Statistical Data Section.

Other taxes consisted of the amusement tax, lodging tax and inheritance tax. The increase of 12.92 percent was due to increases in all three types.

Charges for services are primarily jail inmate revenue and registration fees for recreation programs and facilities. The 29.41 percent increase was mostly due to increased inmate revenue.

Fees, licenses and permits revenues are mostly from Building Permits issued by the City's Building Department. The decrease of 23.91 percent was because of less building permits being issued in 2002 than in 2001.

Intergovernmental revenues increased 125 percent due to more grant monies being received in the capital projects funds in 2002 than in 2001.

Special Assessments are levied and collected for the purpose of paying the cost of an improvement that is considered a benefit to a property owner. The increase of 15.85 percent is because new special assessments that were recently certified for collection.

Investment Income decreased 16.89 percent due to lower interest rates from the previous year and less cash to invest in the current year.

Miscellaneous revenue consists of donations, miscellaneous activity fees, reimbursements and other receipts that do not fit within the above categories. The reason for the 62.31 percent decrease was mostly because the City had substantial one time reimbursements from the State of Ohio in 2001 that didn't occur again in 2002.

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2002, increases or decreases from 2001 and percent of increase or decrease on a generally accepted accounting principles (GAAP) basis.

	<u>2001</u>	<u>2002</u>	<u>Change</u>	<u>Percent Change</u>
Expenditures				
Current:				
Security of Persons and Property	\$10,200,788	\$10,806,817	\$606,029	5.94%
Public Health and Welfare	104,022	105,158	1,136	1.09
Leisure Time Activities	2,743,713	3,255,583	511,870	18.66
Community Environment	1,613,073	1,708,408	95,335	5.91
Basic Utility Services	1,314,350	1,467,022	152,672	11.62
Transportation	3,682,611	4,076,610	393,999	10.70
General Government	4,807,963	4,920,313	112,350	2.34
Capital Outlay	13,622,807	25,394,387	11,771,580	86.41
Debt Service:				
Principal Retirement	8,079,702	4,648,819	(3,430,883)	(42.46)
Interest and Fiscal Charges	1,452,452	1,301,427	(151,025)	(10.40)
Refunding Bond Issuance Costs	0	90,645	90,645	0.00
Total Expenditures	<u>\$47,621,481</u>	<u>\$57,775,189</u>	<u>\$10,153,708</u>	

Significant changes from 2001 were:

Leisure Time Activities is for Parks and Recreation programs, Senior Center activities, Cable TV activities and the new Arts Center. Most of the 18.66 percent increase was due to the new Arts Center.

Basic Utility Services is the City's Service Department operations related to storm sewers, drains, refuse hauling, environment, etc.. Although the City has a wastewater utility, it is not reported here with the governmental funds. It is reported with the enterprise funds. The increase in basic utility services of 11.62 percent was mostly due to increased personnel costs.

Transportation expenditures are for street maintenance and improvements. The increase of 10.70 percent can be attributed to additional personnel, street maintenance and equipment repairs.

Capital Outlay is for the construction of buildings, roads, sewers and other infrastructure. It is also for the purchase of land, vehicles and equipment. The 86.41 percent increase was because of the payments made for work started on the Community Center, more infrastructure projects and more equipment purchases.

Debt Service expenditures are for the payment of principal and interest on all City debt. The decrease of 42.46 percent in principal was due to the reduction in the amount of notes paid off this year as compared to last year.

The reason for the decrease of 10.40 percent of interest expenditures is the same as mentioned above for principal payments.

General Fund Balance

During 2002, the fund balance of the general fund increased by \$3,737,420 from \$30,598,732 to \$34,336,152. The fund balance increase is due primarily to an increase in total revenues.

Enterprise Funds

Enterprise funds operated by the City consist of the Water Reclamation and the Grantwood Recreation funds. Operating revenues in the enterprise funds totaled \$6,698,870, with depreciation expense of \$1,485,927, an operating income of \$1,700,399 and fund equity at year-end of \$41,916,602. The operating income resulted from an increase in operating revenues.

Fiduciary Funds

The City of Solon's fiduciary funds are comprised of the expendable trust funds and agency funds.

The cemetery endowment expendable trust fund had a fund balance of \$5,555 and the donations trust expendable trust fund had a fund balance of \$82,352 at December 31, 2002. The agency funds included in the City's financial statements are Deposits and Dare Scholarship. These funds had assets totaling \$994,265 at December 31, 2002.

Debt Administration

The gross indebtedness of the City of Solon at December 31, 2002, was \$51,035,900. These issues included \$22,570,000 in general obligation bonds, \$1,060,714 in special assessment bonds, \$19,190,442 in OWDA loans, \$714,744 in OPWC loans and \$7,500,000 in bond anticipation notes. The overall legal debt margin at December 31, 2002, was \$88,492,478 with an unvoted total debt margin of \$32,454,046.

The City of Solon's current Bond Rating by Moody's Investors Service is Aa1. There are only two other cities in the State of Ohio with a higher bond rating, that being Aaa.

Cash Management

The primary goal of the cash management program is to minimize the level of idle cash on hand to meet the daily cash requirement while simultaneously maximizing the amount available for investment. The City adopted a formal investment policy on August 18, 1997 with Ordinance No. 1997-186. This policy specifies the type of investments the City may purchase. The investment bankers must acknowledge this investment policy by signing it and returning it to the Director of Finance before an investment is made.

The eligible investments under the City's investment policy are;

- a. United States Treasury Bills, Notes and Bonds
- b. Bonds, Notes or Debentures issued by any Federal Government Agency (FNMA, FHLB, FHLMC, etc.)
- c. Bonds and Notes of the State of Ohio or political Subdivisions
- d. Repurchase agreements with any eligible depository
- e. Certificates of Deposit with an eligible depository
- f. STAROHIO

At December 31, 2002, the City's cash was invested as follows;

Overnight Sweep Account	\$1,060,000
STAROhio	8,434,916
Federal Government Agency Securities	<u>55,830,436</u>
Total	<u><u>\$65,325,352</u></u>

Risk Management

The City of Solon belongs to the Northern Ohio Risk Management Association (NORMA). This is a group of nine cities and one village organized for the purpose of enabling the City and other members to obtain liability, property and automobile insurance, and provide for a formalized, jointly administered self-insurance fund. Additional information about NORMA is in Note 16 of the general purpose financial statements.

Independent Audit

In accordance with Ohio law, independent audits are required to be performed on all financial operations of the City. Either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. The Auditor of State's Office performed the audit on the City's financial statements as of December 31, 2002. The City has met the requirements set forth in State statutes. The auditor's report on the general purpose financial statements is included in the financial section of this report.

Although an audit citation appears in Financial Statement Footnote No. 5 for non-compliance with Ohio Revised Code Section 5705.41 (D), our Law Director believes we did in fact comply with this code section, and has issued an opinion saying that. As mentioned, the citation basically states that we encumbered money prior to having sufficient amounts of money in respective funds to cover the encumbrances (or contracts). We believe that because section 5705.41 (D) clearly requires that money on hand plus money in the process of collection can be used to cover these encumbrances, both of these elements must be used in the equation. Specifically, the money we had in the process of collection was already on deposit in our Earned Interest Fund (merged with the General Fund in this CAFR) and in excess of what was needed by the three construction funds cited. This made the collection process an interfund transfer to pay forthcoming contractor invoices. In the case of the Grantwood Golf Course Project Fund, it was an interfund loan where City Council wanted transfers made for bills as they came due in order to minimize the interest cost to the recipient fund. Furthermore, the appropriations for the Earned Interest Fund allowed payments to be made directly from it for these capital projects if necessary, and the available unencumbered cash balance in that fund throughout 2002 was obviously in excess of what was needed.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities whose CAFR is easily readable, efficiently organized, and conforms to GFOA reporting standards. Such a report must satisfy both generally accepted accounting principles (GAAP) as well as applicable legal requirements. The City of Solon received this honor for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2001. A Certificate of Achievement is valid for a period of one year only. The City of Solon believes the current report conforms to the Certificate of Achievement Program requirements, and has submitted it to the GFOA to determine its eligibility for another Certificate of Achievement.

Acknowledgments

I convey my appreciation to Mayor Kevin Patton and the Members of City Council for their support in preparing this Comprehensive Annual Financial Report. In addition, my gratitude and compliments extend to the Auditor of State's Division of Local Government Services who helped us with this report. Finally, a thank you to the Solon Finance Department staff for the extra work they contributed to this report.

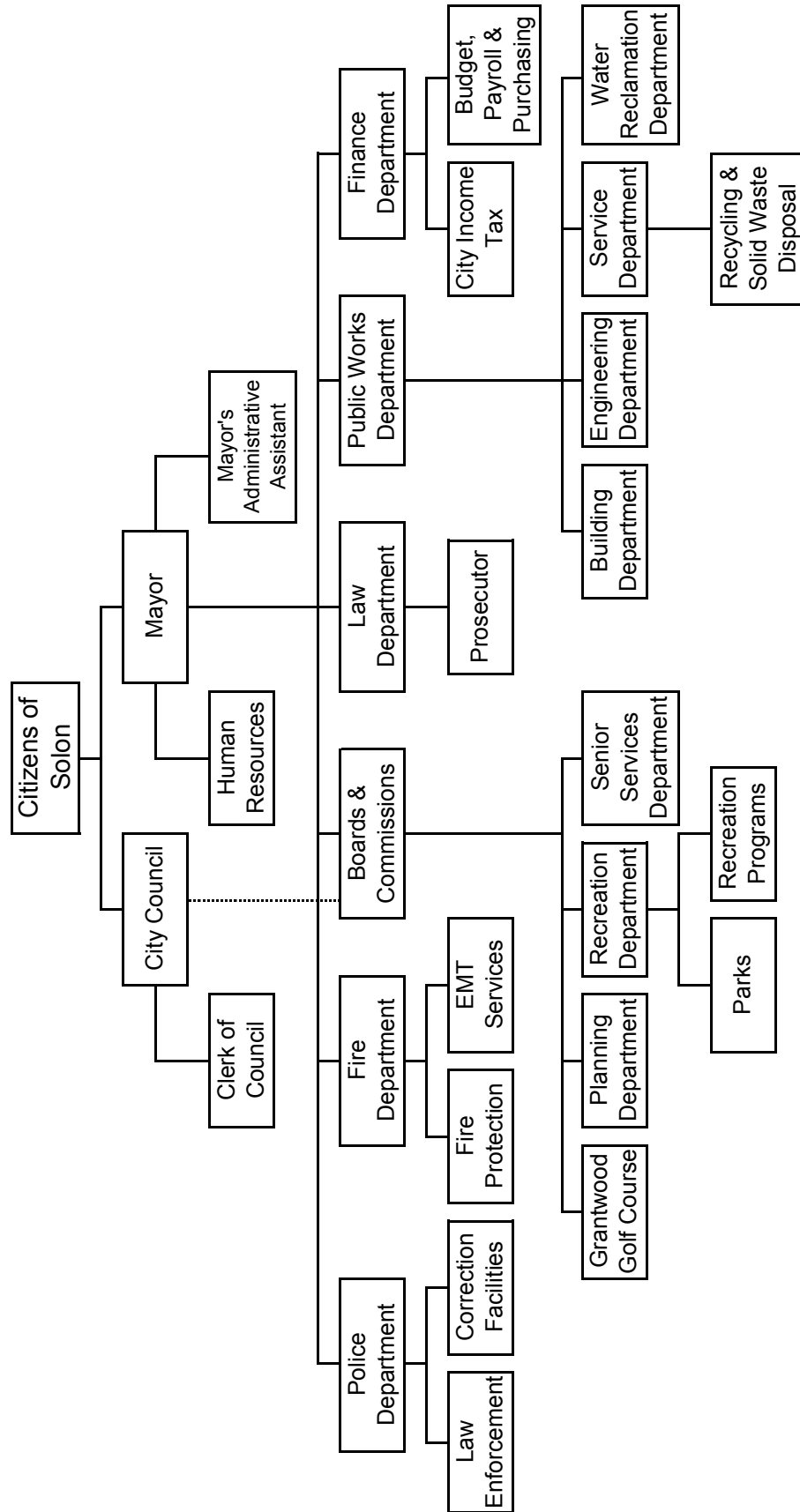
Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. William Weber". The signature is fluid and cursive, with a prominent initial "D" and a long, sweeping underline.

D. William Weber, CPA
Director of Finance

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City of Solon, Ohio Organizational Chart December 31, 2002



City of Solon, Ohio
Principal Officials
December 31, 2002

Elected Officials

Kevin C. Patton Mayor

City Council

Barbara J. Smith..... Ward 1 (Vice Mayor)
Robert N. Pelunis Ward 2
John T. Scott Ward 3
Edward K. Suit..... Ward 4
David J. Krus Ward 5
Edward H. Kraus Ward 6
Roger J. Goudy Ward 7
Dianne R. Garrett Clerk of Council (appointed)

Appointed Officials

David J. Matty..... Director of Law
D. William Weber..... Director of Finance
Wayne E. Godzich..... Chief of Police
William J. Shaw Chief of Fire and Rescue
Robert S. Frankland Director of Planning
Donald W. Holub Director of Recreation
Eileen M. Regan..... Director of Senior Services
Gary N. Mazzeo Grantwood Recreational Park Manager

David L. Klunzinger Director of Public Works
Sally Jo Reemsnyder Director of Engineering
Jeffery E. Pokorny Director of Service
Alan D. Uthe Building Commissioner
James S. Stanek Superintendent of Water Reclamation

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Solon,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



William Patrick Rote
President

Jeffrey L. Essler
Executive Director

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying general-purpose financial statements of the City of Solon, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Solon, Cuyahoga County, Ohio, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 16, 2003

General Purpose Financial Statements

The following general purpose financial statements, along with the notes to the general purpose financial statements, present an overview of the City's financial position at December 31, 2002, and the results of operations and changes in cash flows of its proprietary funds for the year then ended.

City of Solon, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$32,160,463	\$3,999,366	\$1,999,919	\$21,914,705
Receivables:				
Taxes	3,396,488	648,123	2,700,519	1,421,426
Accounts	24,550	1,349	0	0
Interfund	508,348	0	0	0
Special Assessments	0	0	1,810,743	0
Intergovernmental	799,261	395,366	131,340	21,044
Materials and Supplies Inventory	355,450	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount Available in Debt Service Fund for Retirement of Special Assessment Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Amount to be Provided from Special Assessments	0	0	0	0
Total Assets and Other Debits	\$37,244,560	\$5,044,204	\$6,642,521	\$23,357,175

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$7,944,090	\$1,083,876	\$0	\$0	\$69,102,419
0	0	0	0	8,166,556
316,305	0	0	0	342,204
0	0	0	0	508,348
0	0	0	0	1,810,743
0	0	0	0	1,347,011
91,773	0	0	0	447,223
51,083,621	0	62,589,006	0	113,672,627
0	0	0	1,596,515	1,596,515
0	0	0	399,129	399,129
0	0	0	27,196,577	27,196,577
0	0	0	661,585	661,585
<u>\$59,435,789</u>	<u>\$1,083,876</u>	<u>\$62,589,006</u>	<u>\$29,853,806</u>	<u>\$225,250,937</u>

(continued)

City of Solon, Ohio
Combined Balance Sheet
All Fund Types and Account Groups (continued)
December 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$234,757	\$38,138	\$0	\$0
Contracts Payable	0	0	4,275	1,747,688
Interfund Payable	0	0	0	0
Accrued Wages and Benefits	321,070	12,540	0	0
Compensated Absences Payable	75,412	5,288	0	0
Intergovernmental Payable	257,629	13,257	0	0
Deferred Revenue	1,907,009	992,602	4,642,602	783,480
Deposits Held and Due to Others	0	0	0	0
Accrued Interest Payable	0	0	0	8,334
Notes Payable	0	0	0	7,500,000
Claims Payable	112,531	0	0	0
OPWC Loan Payable	0	0	0	0
OWDA Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
Total Liabilities	2,908,408	1,061,825	4,646,877	10,039,502
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	380,450	39,809	0	11,549,328
Reserved for Inventory	355,450	0	0	0
Reserved for Unclaimed Monies	50,778	0	0	0
Unreserved:				
Designated for Construction	7,000,000	0	0	0
Undesignated	26,549,474	3,942,570	1,995,644	1,768,345
Total Fund Equity and Other Credits	34,336,152	3,982,379	1,995,644	13,317,673
Total Liabilities, Fund Equity and Other Credits	\$37,244,560	\$5,044,204	\$6,642,521	\$23,357,175

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$84,595	\$1,704	\$0	\$0	\$359,194
0	0	0	0	1,751,963
508,348	0	0	0	508,348
30,463	0	0	0	364,073
519,478	0	0	2,328,678	2,928,856
22,577	0	0	342,954	636,417
0	0	0	0	8,325,693
0	994,265	0	0	994,265
0	0	0	0	8,334
0	0	0	0	7,500,000
0	0	0	0	112,531
0	0	0	714,744	714,744
16,353,726	0	0	2,836,716	19,190,442
0	0	0	22,570,000	22,570,000
0	0	0	1,060,714	1,060,714
<u>17,519,187</u>	<u>995,969</u>	<u>0</u>	<u>29,853,806</u>	<u>67,025,574</u>
0	0	62,589,006	0	62,589,006
94,738,857	0	0	0	94,738,857
(52,822,255)	0	0	0	(52,822,255)
0	0	0	0	11,969,587
0	0	0	0	355,450
0	0	0	0	50,778
0	0	0	0	7,000,000
0	87,907	0	0	34,343,940
<u>41,916,602</u>	<u>87,907</u>	<u>62,589,006</u>	<u>0</u>	<u>158,225,363</u>
<u>\$59,435,789</u>	<u>\$1,083,876</u>	<u>\$62,589,006</u>	<u>\$29,853,806</u>	<u>\$225,250,937</u>

City of Solon, Ohio
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances*
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2002

	Governmental Fund		
	General	Special Revenue	Debt Service
Revenues			
Municipal Income Taxes	\$21,324,203	\$0	\$0
Property Taxes	734,010	599,856	2,599,377
Other Local Taxes	643,448	0	0
Charges for Services	768,281	1,066,065	0
Fees, Licenses and Permits	658,765	158,863	83,298
Fines and Forfeitures	286,901	0	0
Intergovernmental	1,646,131	788,456	186,903
Special Assessments	0	0	820,074
Investment Income	3,174,847	0	0
Miscellaneous	67,828	11,502	0
<i>Total Revenues</i>	<u>29,304,414</u>	<u>2,624,742</u>	<u>3,689,652</u>
Expenditures			
Current:			
Security of Persons and Property	9,572,256	1,234,561	0
Public Health and Welfare	105,158	0	0
Leisure Time Activities	0	3,255,583	0
Community Environment	1,708,408	0	0
Basic Utility Services	1,377,269	89,753	0
Transportation	3,499,610	577,000	0
General Government	4,815,783	13,600	10,858
Capital Outlay	9,860	0	0
Debt Service:			
Principal Retirement	0	0	2,257,847
Interest and Fiscal Charges	0	0	1,073,037
Refunding Bond Issuance Costs	0	0	90,645
<i>Total Expenditures</i>	<u>21,088,344</u>	<u>5,170,497</u>	<u>3,432,387</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>8,216,070</u>	<u>(2,545,755)</u>	<u>257,265</u>
Other Financing Sources (Uses)			
Note Premium	0	0	0
Proceeds of Bonds	0	0	831,530
Bond Refunding Escrow	0	0	(2,860,468)
Operating Transfers In	0	2,553,817	0
Operating Transfers Out	(4,580,540)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(4,580,540)</u>	<u>2,553,817</u>	<u>(2,028,938)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	3,635,530	8,062	(1,771,673)
<i>Fund Balances Beginning of Year - Restated Note 3</i>	30,598,732	3,974,317	3,767,317
Increase in Reserve for Inventory	101,890	0	0
<i>Fund Balances End of Year</i>	<u>\$34,336,152</u>	<u>\$3,982,379</u>	<u>\$1,995,644</u>

See accompanying notes to the general purpose financial statements

<u>Types</u>		
<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$6,470,888	\$0	\$27,795,091
437,116	0	4,370,359
0	0	643,448
29,847	0	1,864,193
0	0	900,926
0	0	286,901
4,049,358	0	6,670,848
0	0	820,074
0	0	3,174,847
145,156	12,306	236,792
<u>11,132,365</u>	<u>12,306</u>	<u>46,763,479</u>
0	1,322	10,808,139
0	0	105,158
0	3,459	3,259,042
0	1,415	1,709,823
0	0	1,467,022
0	0	4,076,610
80,072	67	4,920,380
25,384,527	0	25,394,387
2,390,972	0	4,648,819
228,390	0	1,301,427
0	0	90,645
<u>28,083,961</u>	<u>6,263</u>	<u>57,781,452</u>
<u>(16,951,596)</u>	<u>6,043</u>	<u>(11,017,973)</u>
35,810	0	35,810
11,363,991	0	12,195,521
0	0	(2,860,468)
2,350,000	0	4,903,817
(1,500,000)	0	(6,080,540)
<u>12,249,801</u>	<u>0</u>	<u>8,194,140</u>
(4,701,795)	6,043	(2,823,833)
18,019,468	81,864	56,441,698
0	0	101,890
<u>\$13,317,673</u>	<u>\$87,907</u>	<u>\$53,719,755</u>

City of Solon, Ohio
*Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Expendable Trust Funds
 For the Year Ended December 31, 2002*

	General Fund			
	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Municipal Income Taxes	\$23,568,754	\$22,000,000	\$21,411,541	(\$588,459)
Property Taxes	767,247	724,448	727,501	3,053
Other Local Taxes	369,898	350,600	643,448	292,848
Charges for Services	406,460	380,540	778,124	397,584
Fees, Licenses and Permits	645,265	611,600	655,494	43,894
Fines and Forfeitures	296,467	281,000	286,045	5,045
Intergovernmental	1,206,393	1,146,223	1,579,707	433,484
Special Assessments	0	0	0	0
Investment Income	2,141,740	2,030,000	2,834,349	804,349
Miscellaneous	4,537	4,300	67,828	63,528
<i>Total Revenues</i>	<u>29,406,761</u>	<u>27,528,711</u>	<u>28,984,037</u>	<u>1,455,326</u>
Expenditures				
Current:				
Security of Persons and Property	10,419,947	10,419,947	9,779,505	640,442
Public Health and Welfare	110,316	110,316	105,158	5,158
Leisure Time Activities	0	0	0	0
Community Environment	2,092,158	2,092,158	1,798,918	293,240
Basic Utility Services	1,447,426	1,447,426	1,364,470	82,956
Transportation	3,697,797	3,697,797	3,593,445	104,352
General Government	5,298,724	5,298,724	4,842,594	456,130
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Refunding Bond Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>23,066,368</u>	<u>23,066,368</u>	<u>21,484,090</u>	<u>1,582,278</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,340,393</u>	<u>4,462,343</u>	<u>7,499,947</u>	<u>3,037,604</u>
Other Financing Sources (Uses)				
Proceeds of Notes	0	0	0	0
Bond Refunding Escrow	0	0	0	0
Proceeds of Bonds	0	0	0	0
Advances In	90,360	90,360	90,360	0
Operating Transfers In	0	0	0	0
Operating Transfers Out	(16,280,573)	(15,845,250)	(4,580,540)	11,264,710
<i>Total Other Financing Sources (Uses)</i>	<u>(16,190,213)</u>	<u>(15,754,890)</u>	<u>(4,490,180)</u>	<u>11,264,710</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(9,849,820)</u>	<u>(11,292,547)</u>	<u>3,009,767</u>	<u>14,302,314</u>
<i>Fund Balances Beginning of Year</i>	<u>27,717,952</u>	<u>27,717,952</u>	<u>27,717,952</u>	<u>0</u>
Prior Year Encumbrances Appropriated	511,963	511,963	511,963	0
<i>Fund Balances End of Year</i>	<u>\$18,380,095</u>	<u>\$16,937,368</u>	<u>\$31,239,682</u>	<u>\$14,302,314</u>

Special Revenue Funds				Debt Service Funds			
Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
Original	Final			Original	Final		
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
608,738	609,738	599,856	(9,882)	2,633,533	2,633,533	2,599,377	(34,156)
0	0	0	0	0	0	0	0
1,059,860	1,116,200	1,065,800	(50,400)	0	0	0	0
173,000	173,000	207,064	34,064	100,000	100,000	83,298	(16,702)
0	0	0	0	0	0	0	0
780,200	780,200	787,088	6,888	276,093	276,093	276,093	0
0	0	0	0	900,000	900,000	820,074	(79,926)
0	0	0	0	0	0	0	0
19,000	20,800	11,502	(9,298)	0	0	0	0
<u>2,640,798</u>	<u>2,699,938</u>	<u>2,671,310</u>	<u>(28,628)</u>	<u>3,909,626</u>	<u>3,909,626</u>	<u>3,778,842</u>	<u>(130,784)</u>
1,507,500	1,507,500	1,234,561	272,939	0	0	0	0
0	0	0	0	0	0	0	0
3,726,799	3,807,105	3,327,036	480,069	0	0	0	0
0	0	0	0	0	0	0	0
100,000	100,000	89,553	10,447	0	0	0	0
577,000	577,000	577,000	0	0	0	0	0
100,000	100,000	13,600	86,400	209,230	209,230	6,583	202,647
0	0	0	0	0	0	0	0
0	0	0	0	3,109,630	9,353,230	9,257,847	95,383
0	0	0	0	1,411,302	1,411,302	1,263,137	148,165
0	0	0	0	90,645	90,645	90,645	0
<u>6,011,299</u>	<u>6,091,605</u>	<u>5,241,750</u>	<u>849,855</u>	<u>4,820,807</u>	<u>11,064,407</u>	<u>10,618,212</u>	<u>446,195</u>
<u>(3,370,501)</u>	<u>(3,391,667)</u>	<u>(2,570,440)</u>	<u>821,227</u>	<u>(911,181)</u>	<u>(7,154,781)</u>	<u>(6,839,370)</u>	<u>315,411</u>
0	0	0	0	0	5,000,000	5,035,810	35,810
0	0	0	0	(2,860,468)	(2,860,468)	(2,860,468)	0
0	0	0	0	2,724,875	2,896,630	2,896,630	0
0	0	0	0	0	0	0	0
2,525,000	2,528,000	2,553,817	25,817	0	0	0	0
0	0	0	0	0	0	0	0
<u>2,525,000</u>	<u>2,528,000</u>	<u>2,553,817</u>	<u>25,817</u>	<u>(135,593)</u>	<u>5,036,162</u>	<u>5,071,972</u>	<u>35,810</u>
(845,501)	(863,667)	(16,623)	847,044	(1,046,774)	(2,118,619)	(1,767,398)	351,221
3,864,246	3,864,246	3,864,246	0	3,767,317	3,767,317	3,767,317	0
102,005	102,005	102,005	0	0	0	0	0
<u>\$3,120,750</u>	<u>\$3,102,584</u>	<u>\$3,949,628</u>	<u>\$847,044</u>	<u>\$2,720,543</u>	<u>\$1,648,698</u>	<u>\$1,999,919</u>	<u>\$351,221</u>

(continued)

City of Solon, Ohio
*Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Expendable Trust Funds (continued)
 For the Year Ended December 31, 2002*

	Capital Projects Funds			
	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Municipal Income Taxes	\$6,814,600	\$6,705,250	\$6,500,000	(\$205,250)
Property Taxes	441,783	441,783	437,116	(4,667)
Other Local Taxes	0	0	0	0
Charges for Services	18,000	18,000	30,050	12,050
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	5,169,667	5,518,267	4,122,794	(1,395,473)
Special Assessments	0	0	0	0
Investment Income	0	0	0	0
Miscellaneous	0	60,000	145,156	85,156
<i>Total Revenues</i>	<u>12,444,050</u>	<u>12,743,300</u>	<u>11,235,116</u>	<u>(1,508,184)</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
General Government	80,072	80,072	80,072	0
Capital Outlay	46,929,840	49,115,501	38,013,053	11,102,448
Debt Service:				
Principal Retirement	2,391,100	2,391,100	2,390,972	128
Interest and Fiscal Charges	75,000	75,000	74,900	100
Refunding Bond Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>49,476,012</u>	<u>51,661,673</u>	<u>40,558,997</u>	<u>11,102,676</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(37,031,962)</u>	<u>(38,918,373)</u>	<u>(29,323,881)</u>	<u>9,594,492</u>
Other Financing Sources (Uses)				
Proceeds of Notes	2,500,000	2,500,000	2,500,000	0
Bond Refunding Escrow	0	0	0	0
Proceeds of Bonds	7,290,072	9,293,072	9,298,891	5,819
Advances In	0	0	0	0
Operating Transfers In	10,750,000	10,750,000	2,350,000	(8,400,000)
Operating Transfers Out	(1,500,000)	(1,500,000)	(1,500,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>19,040,072</u>	<u>21,043,072</u>	<u>12,648,891</u>	<u>(8,394,181)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(17,991,890)</u>	<u>(17,875,301)</u>	<u>(16,674,990)</u>	<u>1,200,311</u>
<i>Fund Balances Beginning of Year</i>	19,207,806	19,207,806	19,207,806	0
Prior Year Encumbrances Appropriated	6,098,601	6,098,601	6,098,601	0
<i>Fund Balances End of Year</i>	<u>\$7,314,517</u>	<u>\$7,431,106</u>	<u>\$8,631,417</u>	<u>\$1,200,311</u>

See accompanying notes to the general purpose financial statements

Expendable Trust Funds				Totals (Memorandum Only)			
Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
Original	Final			Original	Final		
\$0	\$0	\$0	\$0	\$30,383,354	\$28,705,250	\$27,911,541	(\$793,709)
0	0	0	0	4,451,301	4,409,502	4,363,850	(45,652)
0	0	0	0	369,898	350,600	643,448	292,848
0	0	0	0	1,484,320	1,514,740	1,873,974	359,234
0	0	0	0	918,265	884,600	945,856	61,256
0	0	0	0	296,467	281,000	286,045	5,045
0	0	0	0	7,432,353	7,720,783	6,765,682	(955,101)
0	0	0	0	900,000	900,000	820,074	(79,926)
0	0	0	0	2,141,740	2,030,000	2,834,349	804,349
21,500	21,500	12,306	(9,194)	45,037	106,600	236,792	130,192
21,500	21,500	12,306	(9,194)	48,422,735	46,903,075	46,681,611	(221,464)
3,000	3,000	1,322	1,678	11,930,447	11,930,447	11,015,388	915,059
0	0	0	0	110,316	110,316	105,158	5,158
23,225	23,225	6,541	16,684	3,750,024	3,830,330	3,333,577	496,753
50,000	50,000	1,415	48,585	2,142,158	2,142,158	1,800,333	341,825
0	0	0	0	1,547,426	1,547,426	1,454,023	93,403
0	0	0	0	4,274,797	4,274,797	4,170,445	104,352
8,000	8,000	67	7,933	5,696,026	5,696,026	4,942,916	753,110
0	0	0	0	46,929,840	49,115,501	38,013,053	11,102,448
0	0	0	0	5,500,730	11,744,330	11,648,819	95,511
0	0	0	0	1,486,302	1,486,302	1,338,037	148,265
0	0	0	0	90,645	90,645	90,645	0
84,225	84,225	9,345	74,880	83,458,711	91,968,278	77,912,394	14,055,884
(62,725)	(62,725)	2,961	65,686	(35,035,976)	(45,065,203)	(31,230,783)	13,834,420
0	0	0	0	2,500,000	7,500,000	7,535,810	35,810
0	0	0	0	(2,860,468)	(2,860,468)	(2,860,468)	0
0	0	0	0	10,014,947	12,189,702	12,195,521	5,819
0	0	0	0	90,360	90,360	90,360	0
0	0	0	0	13,275,000	13,278,000	4,903,817	(8,374,183)
0	0	0	0	(17,780,573)	(17,345,250)	(6,080,540)	11,264,710
0	0	0	0	5,239,266	12,852,344	15,784,500	2,932,156
(62,725)	(62,725)	2,961	65,686	(29,796,710)	(32,212,859)	(15,446,283)	16,766,576
81,864	81,864	81,864	0	54,639,185	54,639,185	54,639,185	0
2,225	2,225	2,225	0	6,714,794	6,714,794	6,714,794	0
\$21,364	\$21,364	\$87,050	\$65,686	\$31,557,269	\$29,141,120	\$45,907,696	\$16,766,576

City of Solon, Ohio
*Combined Statement of Revenues, Expenses
and Changes in Fund Equity
Proprietary Fund Type
For the Year Ended December 31, 2002*

	Enterprise
Operating Revenues	
Charges for Services	\$6,171,734
Tap-in Fees	508,054
Other	19,082
<i>Total Operating Revenues</i>	6,698,870
Operating Expenses	
Personal Services	2,245,026
Materials and Supplies	474,376
Contractual Services	488,361
Depreciation	1,485,927
Other	304,781
<i>Total Operating Expenses</i>	4,998,471
<i>Operating Income</i>	1,700,399
Non-Operating Expenses	
Interest and Fiscal Charges	(275,671)
<i>Income Before Operating Transfers</i>	1,424,728
Operating Transfers In	1,176,723
<i>Net Income</i>	2,601,451
<i>Retained Earnings (Deficit) Beginning of Year - Restated Note 3</i>	(55,423,706)
<i>Retained Earnings (Deficit) End of Year</i>	(52,822,255)
<i>Contributed Capital Beginning and End of Year</i>	94,738,857
<i>Total Fund Equity End of Year</i>	\$41,916,602

See accompanying notes to the general purpose financial statements

City of Solon, Ohio
Combined Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2002

	Enterprise
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Customers	\$6,142,604
Cash Received from Tap-in Fees	505,154
Cash Received from Other Sources	19,082
Cash Payments for Goods and Services	(951,999)
Cash Payments to Employees for Services and Benefits	(2,245,958)
Cash Payments for Other Operating Expenses	(304,781)
	3,164,102
Cash Flows from Noncapital Financing Activities	
Transfer In	1,176,723
Advances Out	(90,360)
	1,086,363
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(2,237,089)
Principal Paid OWDA Loans	(521,831)
Interest Paid on OWDA Loans	(275,671)
	(3,034,591)
<i>Net Increase in Cash and Cash Equivalents</i>	1,215,874
<i>Cash and Cash Equivalents Beginning of Year</i>	6,728,216
<i>Cash and Cash Equivalents End of Year</i>	\$7,944,090

(continued)

City of Solon, Ohio
Combined Statement of Cash Flows
Proprietary Fund Type (continued)
For the Year Ended December 31, 2002

	<u>Enterprise</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
<i>Operating Income</i>	<u>\$1,700,399</u>
Adjustments:	
Depreciation	1,485,927
(Increase)/Decrease in Assets:	
Accounts Receivable	(125,425)
Intergovernmental Receivable	92,303
Materials and Supplies Inventory	9,297
Increase/(Decrease) in Liabilities:	
Accounts Payable	1,441
Accrued Wages and Benefits	(1,709)
Compensated Absences Payable	36
Intergovernmental Payable	<u>1,833</u>
<i>Total Adjustments</i>	<u>1,463,703</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$3,164,102</u></u>

See accompanying notes to the general purpose financial statements

City of Solon, Ohio
Combined Statement of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Proprietary Fund Type
For the Year Ended December 31, 2002

	Enterprise Funds			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$6,365,671	\$6,417,250	\$6,141,512	(\$275,738)
Tap-In Fees	400,000	400,000	505,154	105,154
Other	21,000	21,000	19,082	(1,918)
<i>Total Revenues</i>	<u>6,786,671</u>	<u>6,838,250</u>	<u>6,665,748</u>	<u>(172,502)</u>
Expenses				
Personal Services	2,300,896	2,306,731	2,247,917	58,814
Materials and Supplies	552,427	554,370	473,850	80,520
Contractual Services	1,072,524	1,074,708	685,095	389,613
Other	313,921	401,083	312,438	88,645
Capital Outlay	3,549,131	3,562,779	2,789,711	773,068
Debt Service:				
Principal Retirement	1,034,908	1,034,908	521,831	513,077
Interest and Fiscal Charges	560,101	560,101	275,671	284,430
<i>Total Expenses</i>	<u>9,383,908</u>	<u>9,494,680</u>	<u>7,306,513</u>	<u>2,188,167</u>
<i>Excess of Revenues Under Expenses</i>	(2,597,237)	(2,656,430)	(640,765)	2,015,665
Advances Out	(89,507)	(90,360)	(90,360)	0
Operating Transfers In	2,280,000	2,280,000	1,176,723	(1,103,277)
Operating Transfers Out	(150,000)	(150,000)	0	150,000
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers and Advances</i>	(556,744)	(616,790)	445,598	1,062,388
<i>Fund Equity Beginning of Year</i>	5,878,578	5,878,578	5,878,578	0
Prior Year Encumbrances Appropriated	851,022	851,022	851,022	0
<i>Fund Equity End of Year</i>	<u>\$6,172,856</u>	<u>\$6,112,810</u>	<u>\$7,175,198</u>	<u>\$1,062,388</u>

See accompanying notes to the general purpose financial statements

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

Note 1 - Reporting Entity and Basis of Presentation

The City of Solon 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 at large for four year staggered terms.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of Solon consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Solon this includes: 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 for which the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

The City participates in a shared risk pool and a jointly governed organization. These organizations are the Northern Ohio Risk Management Association and the Northeast Ohio Public Energy Council. These organizations are presented in Notes 16 and 17 to the general purpose 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 City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories: governmental, proprietary and fiduciary.

Governmental Fund Types Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

General Fund This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts and major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund These funds are used to account for the accumulation of resources for, and the payment of general and special assessment long-term debt principal, interest and related costs.

Capital Projects Funds These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Type Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following is the City's proprietary fund type:

Enterprise Funds This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. There are two types of fiduciary funds, trust and agency. The City has two expendable trust funds which are accounted for in essentially the same manner as governmental funds. The City's agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

General Fixed Assets Account Group This account group accounts for all general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group This account group accounts for all unmatured long-term indebtedness of the City that is not a specific liability of proprietary funds, including special assessment debt for which the City is obligated in some manner.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary fund.

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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within thirty-one days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the exchange on which the tax is imposed takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the fiscal 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 fiscal 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 a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

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, interest, grants, fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than the agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the function level within the general fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of City Council.

Tax Budget At the first Council meeting in July, the Mayor presents the annual operating budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

Commission agrees that an estimate needs to be either increased or decreased. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported in the budgetary statements as final budgeted amounts reflect the amounts in the amended certificate in effect at the time final appropriations were passed.

Appropriations A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the function level within the general fund and at the fund level for all other funds. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among funds and functions may be modified during the year only by an ordinance of Council. The Director of Finance is authorized to allocate appropriations to departments. During the year, several supplemental appropriation measures were passed. None of these supplemental appropriations had any significant affect on the original appropriations. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriated budget for that fund that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications passed by Council during the year.

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During 2002, investments were limited to repurchase agreements, certificates of deposit, Victory Federal Money Market, federal farm credit bank bonds, federal home loan bank bonds, federal national mortgage association notes, federal home loan mortgage corporation bonds and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

STAROhio is an investment pool managed by the State Treasurers Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2002.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2002 amounted to \$3,174,847, which includes \$1,697,264 assigned from other City funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an original maturity of more than three months not purchased from the pool are reported as investments.

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund type when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

F. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the funds.

All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Depreciation of sewer lines, equipment and vehicles in the proprietary fund type is computed using the straight-line method over an estimated useful life. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fund fixed assets. The estimated useful lives used are as follows:

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

Buildings	7 - 45 years
Machinery and equipment	6 - 40 years
Vehicles	5 - 7 years
Sewer lines	45 years

G. Capitalization of Interest

Interest is capitalized on proprietary fund fixed assets acquired with tax-exempt debt. The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset.

H. 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. Sick leave benefits are accrued as a liability using the vesting method. The liability is based upon the sick leave accumulated at December 31, 2002, by those employees who are or are expected to become eligible to receive payments in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year end, taking into consideration any limits specified in the City's termination policy.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

I. Contributed Capital

Contributed capital represents resources provided prior to 2001 to the enterprise funds from other funds, other governments and private sources that are not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on these assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. Capital contributions received during 2002 are reported as revenue on the operating statement and included in the retained earnings.

J. Reserves of Fund Equity and Designations

Reservations of fund balances are established to identify the existence of assets that, because of their nonmonetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditures, including amounts legally segregated for a specific future use. Fund balances are reserved for encumbrances, inventories of supplies and materials and unclaimed monies. A portion of the fund balance in the general fund has been designated for future construction projects. Designations represent monies specified by Council to be used for the new community center.

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received and amounts to be distributed from agency funds to operating funds as well as short-term loans are classified as "Interfund Receivable" and "Interfund Payable" on the balance sheet.

M. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year end are generally considered not to have been paid with current available financial resources. Bonds, long term loans and capital leases are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

N. Estimates

The preparation of 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.

O. Total Columns on General Purpose Financial Statements

Total columns on the General Purpose Financial Statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

Note 3 – Restatement of Prior Year Fund Balance/Retained Earnings

At December 31, 2001, interfund receivables were understated in the general fund. The effect of this change on fund balance is a \$598,708 increase from \$30,000,024 to \$30,598,732.

At December 31, 2001, intergovernmental receivables were overstated in the enterprise funds. The effect of this change on retained earnings is a \$1,150,000 decrease from (\$54,273,706) to (\$55,423,706).

Note 4 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type are presented on the budgetary basis to provide a relevant comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure in the proprietary fund type (GAAP).
4. Short-term note proceeds and principal retirement for governmental and expendable trust funds are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).
6. Unrecorded cash, which consists of unrecorded claims payments, is not reported by the City on the operating statements (budget), but is reported on the GAAP basis operating statements.
7. Investments reported at cost (budget) rather than fair value (GAAP).

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Expendable Trust Funds					
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$3,635,530	\$8,062	(\$1,771,673)	(\$4,701,795)	\$6,043
Net Adjustment for					
Revenue Accruals	104,157	46,039	89,190	102,751	0
Proceeds of Notes	0	0	5,000,000	2,500,000	0
Revenue reclassified for Debt	0	0	2,100,910	(2,100,910)	0
Beginning Fair Value Adjustment					
for Investments	106,258	0	0	0	0
Ending Fair Value Adjustment					
for Investments	(448,671)	0	0	0	0
Net Adjustment for					
Expenditure Accruals	78,598	(21,365)	4,275	618,152	(521)
Principal Retirement	0	0	(7,000,000)	0	0
Interest and Fiscal Charges	0	0	(190,100)	190,100	0
Beginning Unrecorded Cash	10,473	679	0	0	0
Ending Unrecorded Cash	(2,234)	(150)	0	0	0
Encumbrances	(474,344)	(49,888)	0	(13,283,288)	(2,561)
Budget Basis	<u>\$3,009,767</u>	<u>(\$16,623)</u>	<u>(\$1,767,398)</u>	<u>(\$16,674,990)</u>	<u>\$2,961</u>

Net Income/Excess of Revenues Over
Expenses and Operating Transfers
Proprietary Fund Type

	<u>Enterprise</u>
GAAP Basis	\$2,601,451
Net Adjustment for Revenue Accruals	(33,956)
Net Adjustment for Expense Accruals	(80,554)
Capital Acquisition	(2,237,089)
Depreciation	1,485,927
Principal Retirement	(521,831)
Beginning Unrecorded Cash	1,127
Ending Unrecorded Cash	(293)
Encumbrances	<u>(769,184)</u>
Budget Basis	<u>\$445,598</u>

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

Note 5 – Accountability and Compliance

A. Accountability

The Community Center capital projects fund had a deficit fund balance at December 31, 2002 in the amount of \$3,563,377. This fund deficit was caused by the issuance of notes during the year. Once the notes are retired or bonds are issued, this deficit will be eliminated.

The Water Reclamation and Grantwood Recreation enterprise funds had deficit retained earnings of \$52,484,834 and \$337,421 respectively. The enterprise funds' retained earnings resulted from the application of generally accepted accounting principals. The City will review the operations to determine if steps need to be taken to ensure that the funds are self-sustaining.

B. Compliance

The City was in violation of Ohio Revised Code Section 5705.41(D) in the following funds due to monies being encumbered prior to having sufficient funds in the respective funds to cover the encumbrances.

Capital Projects Funds	
Community Center Fund	\$4,930,321
Safety and Services Equipment Fund	114,767
Enterprise Fund	
Grantwood Recreation Fund	227,782

Note 6 - Deposits and Investments

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

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

Interim monies can be deposited or invested in the following:

1. United States Treasury Notes, Bills, Bonds, 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, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. The State Treasurer's investment pool (STAROhio).

The City may also invest any 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; and
3. Obligations of the City.

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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 certificate, upon receipt of confirmation of transfer from the qualified trustee or, custodian.

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, requires disclosures to help assess actual and potential future deposit and investment market and credit risks. The following information regarding deposits and investments is presented using the categories of risk identified in GASB Statement 3.

Deposits At year-end, the carrying amount of the City's deposits was \$3,777,067 and the bank balance was \$2,328,091. Of the bank balance:

1. \$200,000 was covered by federal depository insurance.
2. \$2,128,091 was uncollateralized and uninsured. Although the securities were held by the pledging financial institutions trust department or agent in the City's name and all State statutory requirements for the investment of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments Investments are classified under the guidelines of GASB Statement No. 3 into three categories. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

Type	Category 3	Carrying Value	Fair Value
StarOhio		\$8,434,916	\$8,434,916
Repurchase Agreement	\$1,060,000	1,060,000	1,060,000
Federal Farm Credit Bank Bonds	2,000,000	2,000,000	2,000,000
Federal Home Loan Mortgage Corporation Bonds	7,134,810	7,134,810	7,134,810
Federal National Mortgage Association Notes	26,495,906	26,495,906	26,495,906
Federal Home Loan Bank Bonds	20,199,720	20,199,720	20,199,720
Total	<u>\$56,890,436</u>	<u>\$65,325,352</u>	<u>\$65,325,352</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3, is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$69,102,419	\$0
Investments		
StarOhio	(8,434,916)	8,434,916
Repurchase Agreement	(1,060,000)	1,060,000
Federal Farm Credit Bank Bonds	(2,000,000)	2,000,000
Federal Home Loan Mortgage Corporation Bonds	(7,134,810)	7,134,810
Federal National Mortgage Association Notes	(26,495,906)	26,495,906
Federal Home Loan Bank Bonds	(20,199,720)	20,199,720
GASB Statement No. 3	\$3,777,067	\$65,325,352

Note 7 - Receivables

Receivables at December 31, 2002, consisted of taxes, accounts (billings for user charged services), special assessments, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are considered fully collectible.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2002 for real and public utility property taxes represents collections of the 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) are for 2002 taxes.

2002 real property taxes are levied after October 1, 2002 on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2002 real property taxes are collected in and intended to finance 2003.

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. 2002 public utility property taxes became a lien December 31, 2001, are levied after October 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after October 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are 25 percent of true value for capital assets and 24 percent of true value for inventory.

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

The full tax rate for all City operations for the year ended December 31, 2002, was \$4.20 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

Real Property	\$884,817,300
Public Utility Property	21,310,340
Tangible Personal Property	<u>214,640,995</u>
Total Assessed Values	<u><u>\$1,120,768,635</u></u>

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.

Taxable personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Solon. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real tangible personal property taxes and public utility taxes which are measurable as of December 31, 2002 and for which there is an enforceable legal claim. Although property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2002 operations. The receivable is offset by deferred revenue.

B. 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 2002, the proceeds were allocated seventy-five percent to the general fund and twenty-five percent to the infrastructure capital projects fund.

C. Intergovernmental Receivable

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amount
General	
Local Government	\$456,251
Estate Tax	249,013
Homestead and Rollback	25,258
Prisoner Housing	22,763
Bedford Municipal Court	15,714

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

County Auditor	\$13,261
Liquor Permit Fees	6,815
Violations Bureau	5,112
Permissive Tax	4,004
Correctional Academy	1,050
Jury Duty	<u>20</u>
Total General Fund	<u>799,261</u>
Special Revenue Funds	
Street Construction Maintenance and Repair	337,677
State Highway	27,379
Police Pension	15,155
Fire Pension	<u>15,155</u>
Total Special Revenue Funds	<u>395,366</u>
Debt Service Fund	
Bond Retirement	<u>131,340</u>
Capital Projects Fund	
Service and Safety Equipment	<u>21,044</u>
Total Intergovernmental Receivables	<u><u>\$1,347,011</u></u>

Note 8 - Fixed Assets

A summary of the enterprise fund fixed assets at December 31, 2002, follows:

Land	\$734,300
Land Improvements	1,095,604
Buildings and Improvements	27,631,112
Furniture, Fixtures and Equipment	7,089,963
Vehicles	686,394
Infrastructure	34,784,862
Construction in Progress	<u>258,750</u>
Total	72,280,985
Less: Accumulated Depreciation	<u>(21,197,364)</u>
Net Fixed Assets	<u><u>\$51,083,621</u></u>

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

A summary of changes in general fixed assets follows:

	Balance 01/01/02	Additions	Deletions	Balance 12/31/02
Land	\$6,605,290	\$1,413,121	\$0	\$8,018,411
Land Improvements	733,318	69,093	0	802,411
Buildings	29,028,865	1,589,239	0	30,618,104
Furniture, Fixtures and Equipment	3,114,440	664,238	74,664	3,704,014
Vehicles	6,937,634	671,197	325,662	7,283,169
Construction in Progress	2,881,687	10,258,492	977,282	12,162,897
Total	<u>\$49,301,234</u>	<u>\$14,665,380</u>	<u>\$1,377,608</u>	<u>\$62,589,006</u>

Note 9 - Risk Management

A. 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 Agency (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.

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.

B. Workers' Compensation

The City pays the Ohio Bureau of Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

C. Employee Health Benefits

The City provides employee health and prescription drug benefits through a partially self insured program. The City is using the general fund to account for and finance the cost of this program.

Claims within the network are subject to \$100 single and \$200 family deductible, then are covered 100 percent. Claims out of network are subject to \$200 single and \$400 family deductible followed by 90/10 percent co-insurance for the next \$1,000 single and \$2,000 family, then 100 percent. The City is liable for the first \$50,000 per person per year and a calculated aggregate maximum of \$581,801. Employees in the self insured plan pay \$2 generic or \$9 brand name for each prescription drug.

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

Third party administrators, Medical Mutual of Ohio and Ameriscript, review all the health claims and all the prescription drug claims, respectively, which are then paid by the City. The premiums are paid by the fund that pays the salary for the employee and are based on historical cost information based upon the number of family and single plans.

The claims liability of \$112,531 reported in the general fund at December 31, 2002 was estimated by the third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in 2002 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2001	\$0	\$1,090,651	\$1,019,513	\$71,138
2002	71,138	1,197,624	1,156,231	112,531

Note 10 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2002 employer pension contribution rate for the City was 8.55 percent of covered payroll, decreased from 9.25 percent in 2001. Contributions are authorized by State statute. The City's required contributions to OPERS for the years ended December 31, 2002, 2001, and 2000, were \$837,780, \$825,582 and \$677,669 respectively. The full amount has been contributed for 2000 and 2001. 90.33 percent has been contributed for 2002 with the remainder being reported in the general long-term obligations account group.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 11.75 percent for police and 16.25 percent for firefighters. For 2001, the City contributions were 12 percent for police and 16.5 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$302,085 and \$502,689 for the year ended December 31, 2002, \$289,052 and \$457,865 for the year ended December 31, 2001 and \$260,372 and \$412,435 for the year ended December 31, 2000. The full amount has been contributed for 2000 and 2001. 72.86 and 72.13 percent, respectively, have been contributed for 2002 with the remainder being reported as a liability in the general long-term obligations account group.

Note 11 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System of Ohio (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2002 employer contribution rate was 13.55 percent of covered payroll; 5.0 percent was the portion that was used to fund health care for 2002. For 2001, the contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2001, include a rate of return on investments of 8.0 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.0 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 402,041. The City's actual contributions for 2002 which were used to fund postemployment benefits were \$489,930. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2001, (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, respectively.

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employers' contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2002. For 2001, the percent used to fund healthcare was 7.5 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2002 that were used to fund postemployment benefits were \$199,247 for police and \$239,744 for fire. The OP&F's total health care expenses for the year ended December 31, 2001, (the latest information available) were \$122,289,771 which was net of member contributions of \$6,874,699. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001, (the latest information available) was 13,174 for police and 10,239 for firefighters.

Note 12 – 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 Council by motion.

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. Each employee with the City hired prior to December 31, 1988, is paid for up to 120 days or a maximum of 960 hours in full and one day for every three days of accumulated sick leave in excess of 120 days. Each employee with the City hired after December 31, 1988, is paid for up to 45 days or a maximum of 360 hours in full and one day for every four days of accumulated sick leave in excess of 45 days. This benefit is paid to an employee upon retirement under a pension plan resulting from his public employment, or his estate upon death.

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 (FLSA).

As of December 31, 2002, the liability for unpaid compensated absences was \$2,928,856 for the entire City.

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

Note 13 - Long-Term Obligations

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

	Balance 01/01/02	Additions	Reductions	Balance 12/31/02
General Long-term Obligations				
General Obligation Bonds				
1982 - 12.25%				
Grantwood Park Improvements	\$55,000	\$0	(\$55,000)	\$0
1982 - 12.25%				
Central Wastewater	150,000	0	(150,000)	0
1993 - 5.19%				
New City Hall Construction	5,205,000	0	(320,000)	4,885,000
1996 - 4.88%				
LTGO Refunding	3,585,000	0	(530,000)	3,055,000
1997 - 5.70%				
Library Building	3,190,000	0	(130,000)	3,060,000
2002 - 3.00% to 4.60%				
Community Center	0	12,235,000	(665,000)	11,570,000
Total General Obligation Bonds	12,185,000	12,235,000	(1,850,000)	22,570,000
Special Assessment Bonds				
1985 - 8.25%				
Sherbrook Drive	420,000	0	(105,000)	315,000
1992 - 6.31%				
County Issued Miles Sewer	791,604	0	(45,890)	745,714
1992 - 5.72%				
Various Purpose Improvements	2,920,000	0	(2,920,000)	0
Total Special Assessment Bonds	4,131,604	0	(3,070,890)	1,060,714
OWDA Loans				
1993 - 4.30%				
Northeast Pump	1,676,101	0	(56,957)	1,619,144
1997 - 4.16%				
Aurora/Liberty Sanitary Sewer	1,217,572	0	0	1,217,572
Total OWDA Loans	2,893,673	0	(56,957)	2,836,716
OPWC Loans				
1996 - 0%				
Solon Allotment	642,799	0	(71,422)	571,377
1999 - 0%				
Cochran Project	162,917	0	(19,550)	143,367
Total OPWC Loans	805,716	0	(90,972)	714,744
Other Long-term Obligations				
Notes Payable	2,300,000	0	(2,300,000)	0
Compensated Absences	2,426,903	0	(98,225)	2,328,678
Pension Obligation	308,003	342,954	(308,003)	342,954
Total Other Long-term Obligations	5,034,906	342,954	(2,706,228)	2,671,632
Total General Long-term Obligations	\$25,050,899	\$12,577,954	(\$7,775,047)	\$29,853,806

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

	Balance 01/01/02	Additions	Reductions	Balance 12/31/02
Enterprise Funds Obligations				
OWDA Loans				
1971 - 6.25%				
Treatment Plant Expansion	\$235,421	\$0	(\$10,114)	\$225,307
1993 - 4.30%				
Northeast Pump	2,304,666	0	(78,654)	2,226,012
1996 - 3.04%				
Treatment Plant Upgrade and Expansion	14,024,397	0	(423,977)	13,600,420
1997 - 3.54%				
Treatment Plant Upgrade and Expansion	311,073	0	(9,086)	301,987
Total OWDA Loans	16,875,557	0	(521,831)	16,353,726
Other Enterprise Funds Obligations				
Compensated Absences	519,442	408	(372)	519,478
Total Enterprise Funds	17,394,999	408	(522,203)	16,873,204
Grand Total	\$42,445,898	\$12,578,362	(\$8,297,250)	\$46,727,010

On May 1, 2002, the City of Solon issued \$12,235,000 in general obligation bonds at interest rates varying from 3.00 percent to 4.60 percent. A portion of the general obligation bond proceeds were used to refund \$2,720,000 of the 1992 various purpose special assessment bonds. An analysis of the information follows:

	1992 Various Improvement Bonds
Outstanding at 12/31/01	\$2,920,000
Amount Refunded	(2,720,000)
Non-Refunded Portion	200,000
Principal Payment on Non-Refunded Portion	(200,000)
Outstanding at 12/31/02	\$0

The bonds were sold at a premium of \$11,892. Proceeds of \$2,873,318 (after the premium, underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunding portion of the 1992 various improvement bonds. As a result, \$2,720,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the general long-term obligations account group.

The City decreased its total debt service payments by \$482,362 as a result of the advance refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$421,856.

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

Bond anticipation notes that are refinanced prior to the issuance of the financial statements with a new maturity beyond the end of the year in which the refinancing occurs are reported as long-term obligations.

General obligation bonds will be paid from the general bond retirement debt service fund from property taxes. Special assessment bonds were paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The OWDA loans will be paid from the general bond retirement debt service fund from property taxes. The OPWC loans will be paid from the infrastructure capital projects fund from income taxes.

The OWDA enterprise fund loans are being paid from the water reclamation enterprise fund from user fees. The manuscript bonds were issued for improvements to Grantwood and are being paid from the Grantwood recreation enterprise fund from user fees.

Compensated absences will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the employees' salaries are paid.

The City's overall legal debt margin was \$88,492,478 with an unvoted debt margin of \$32,454,046 at December 31, 2002. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2002 are as follows:

	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	OPWC Loans
2003	\$2,789,278	\$276,870	\$1,950,640	\$60,648
2004	2,779,578	219,044	1,890,742	60,648
2005	2,783,065	209,208	1,890,742	60,648
2006	2,793,985	96,491	1,890,741	60,648
2007	2,790,553	97,115	1,890,743	60,648
2008 - 2012	10,214,808	485,859	9,403,385	303,242
2013 - 2017	4,597,102	0	4,790,606	108,262
2018 - 2021	2,131,750	0	0	0
Total Principal and Interest	30,880,119	1,384,587	23,707,599	714,744
Less: Interest	(8,310,119)	(323,873)	(4,517,157)	0
Total Principal	<u>\$22,570,000</u>	<u>\$1,060,714</u>	<u>\$19,190,442</u>	<u>\$714,744</u>

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

Note 14 - Note Debt

The City's note activity, including amounts outstanding and interest rates is as follows:

	Balance 12/31/01	Additions	Reductions	Balance 12/31/02
2.0% Matures December 11, 2003 Community Center Fund	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
3.25% Matures May 24, 2002 General Improvement Fund	2,000,000	0	2,000,000	0
2.0% Matures December 11, 2003 Building Construction Fund	0	2,500,000	0	2,500,000
Total	<u>\$7,000,000</u>	<u>\$7,500,000</u>	<u>\$7,000,000</u>	<u>\$7,500,000</u>

The community center note was issued at a premium of \$35,810. The notes are backed by the full faith and credit of the City of Solon and mature within one year. The note liability is reflected in the fund which received the proceeds.

Note 15 - Contingencies

A. 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, 2002.

B. Litigation

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

Note 16 – Shared Risk Pool

The Northern Ohio Risk Management Association (NORMA) is a shared risk pool comprised of the Cities of Bedford Heights, Eastlake, Highland Heights, Hudson, Maple Heights, Mayfield Heights, Richmond Heights, Solon and South Euclid 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.

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

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

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$100,000 per occurrence, will come from the self-insurance pool with any excess paid from the stop-loss coverage carried by the pool. Any loss over these amounts would be the obligation of the individual member. 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 2002, the City of Solon paid \$255,930 in premiums from the general fund, which represents 17.04 percent of total premiums. Financial information can be obtained by contacting the fiscal agent, the Finance Director at the City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio, 44146.

Note 17 – Jointly Governed Organization

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 100 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 2002. Financial information can be obtained by contacting Dan DiLiberto, Board Chairman, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

Note 18 – Segment Information

The City's enterprise funds account for wastewater services and the operation of grantwood recreation. Key financial information as of and for the year ended December 31, 2002, for each enterprise fund is as follows:

City of Solon, Ohio
Notes to the General Purpose Financial Statements
For Year Ended December 31, 2002

	Water Reclamation	Grantwood Recreation	Total
Operating Revenues	\$5,437,383	\$1,261,487	\$6,698,870
Depreciation Expense	1,428,437	57,490	1,485,927
Operating Income (Loss)	1,778,643	(78,244)	1,700,399
Transfers In	259,840	916,883	1,176,723
Net Income	1,762,812	838,639	2,601,451
Fixed Asset Additions	1,353,891	883,198	2,237,089
Net Working Capital	7,992,800	221,733	8,214,533
Total Assets	57,151,458	2,284,331	59,435,789
Long-term Liabilities	16,722,644	658,908	17,381,552
Total Equity	40,307,230	1,609,372	41,916,602
Encumbrances	317,084	452,100	769,184

Note 19 – Contractual Commitments

At December 31, 2002, the City's significant contractual commitments consisted of:

Project	Contract Amount	Amount Paid to Date	Amount Remaining on Contract
Community Center	\$17,778,276	\$10,844,229	\$6,934,047
Aurora Road West Sanitary Sewer	4,935,100	3,147,951	1,787,149
SOM Center Road Widening	4,778,200	2,994,200	1,784,000
New Fire Station	2,470,642	201,411	2,269,231
Baldwin/Glenallen Avenue Intersection	1,633,957	1,496,763	137,194
422/Harper/Bainbridge	1,540,509	1,193,953	346,556
Aurora Road West Storm Sewer	1,329,927	604,580	725,347
Grantwood Driving Range	1,258,714	815,659	443,055
Aurora/Liberty Road Intersection	842,551	623,333	219,218
Aspen Glenn Sanitary Sewers	742,434	568,837	173,597
New Fire Truck/Pumper	549,961	0	549,961
Totals	<u>\$37,860,271</u>	<u>\$22,490,916</u>	<u>\$15,369,355</u>

Note 20 – 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.

***Combining, Individual Fund and Account
Group Statements and Schedules***

General Fund

The General Fund accounts for resources traditionally associated with the general governmental operations of the City except those required to be accounted for in another fund.

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, 2002

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Municipal Income Taxes	\$23,568,754	\$22,000,000	\$21,411,541	(\$588,459)
Property Taxes	767,247	724,448	727,501	3,053
Other Local Taxes	369,898	350,600	643,448	292,848
Charges for Services	406,460	380,540	778,124	397,584
Fees, Licenses and Permits	645,265	611,600	655,494	43,894
Fines and Forfeitures	296,467	281,000	286,045	5,045
Intergovernmental	1,206,393	1,146,223	1,579,707	433,484
Investment Income	2,141,740	2,030,000	2,834,349	804,349
Miscellaneous	4,537	4,300	67,828	63,528
Total Revenues	29,406,761	27,528,711	28,984,037	1,455,326
Expenditures				
Current:				
Security of Persons and Property				
Police Department				
Personal Services	4,721,192	4,721,192	4,700,432	20,760
Materials and Supplies	167,047	167,047	164,582	2,465
Contractual Services	405,641	405,641	371,583	34,058
Capital Outlay	247,670	247,670	51,527	196,143
Total Police Department	5,541,550	5,541,550	5,288,124	253,426
Fire Department				
Personal Services	3,989,967	3,989,967	3,709,159	280,808
Materials and Supplies	247,616	247,616	239,055	8,561
Contractual Services	215,304	215,304	146,308	68,996
Capital Outlay	30,849	30,849	29,070	1,779
Total Fire Department	4,483,736	4,483,736	4,123,592	360,144
Judicial Department				
Personal Services	121,308	121,308	119,469	1,839
Materials and Supplies	238,253	238,253	227,179	11,074
Total Judicial Department	359,561	359,561	346,648	12,913
Teen Court				
Personal Services	13,000	13,000	10,479	2,521
Materials and Supplies	2,000	2,000	723	1,277
Contractual Services	20,100	20,100	9,939	10,161
Total Teen Court	35,100	35,100	21,141	13,959
Total Security of Persons and Property	\$10,419,947	\$10,419,947	\$9,779,505	\$640,442

(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, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Public Health and Welfare				
Cemetery				
Personal Services	\$33,000	\$33,000	\$28,083	\$4,917
Materials and Supplies	13,000	13,000	12,759	241
Total Cemetery	46,000	46,000	40,842	5,158
County Health District				
Contractual Services	64,316	64,316	64,316	0
Total Public Health and Welfare	110,316	110,316	105,158	5,158
Community Environment				
Planning and Zoning				
Personal Services	325,343	325,343	325,342	1
Materials and Supplies	16,604	16,604	12,136	4,468
Contractual Services	36,551	36,551	21,182	15,369
Capital Outlay	5,775	5,775	4,539	1,236
Total Planning and Zoning	384,273	384,273	363,199	21,074
Development Board				
Personal Services	2,066	2,066	1,539	527
Materials and Supplies	2,140	2,140	1,589	551
Contractual Services	30,800	30,800	25,404	5,396
Total Development Board	35,006	35,006	28,532	6,474
Building Department				
Personal Services	489,646	489,646	451,663	37,983
Materials and Supplies	17,836	17,836	12,740	5,096
Contractual Services	37,694	37,694	31,477	6,217
Capital Outlay	4,652	4,652	4,183	469
Other	7,300	7,300	7,300	0
Total Building Department	557,128	557,128	507,363	49,765
Engineering Department				
Personal Services	756,739	756,739	574,568	182,171
Materials and Supplies	47,438	47,438	42,023	5,415
Contractual Services	257,828	257,828	247,935	9,893
Total Engineering Department	\$1,062,005	\$1,062,005	\$864,526	\$197,479

(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, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Beautification Commission				
Personal Services	\$8,659	\$8,659	\$8,042	\$617
Materials and Supplies	24,167	24,167	21,778	2,389
Contractual Services	20,420	20,420	5,478	14,942
Other	500	500	0	500
<u>Total Beautification Commission</u>	<u>53,746</u>	<u>53,746</u>	<u>35,298</u>	<u>18,448</u>
<u>Total Community Environment</u>	<u>2,092,158</u>	<u>2,092,158</u>	<u>1,798,918</u>	<u>293,240</u>
Basic Utility Services				
Storm Sewers				
Personal Services	246,504	246,504	245,161	1,343
Materials and Supplies	65,340	65,340	24,492	40,848
Contractual Services	8,698	8,698	6,612	2,086
Other	384	384	0	384
<u>Total Storm Sewers</u>	<u>320,926</u>	<u>320,926</u>	<u>276,265</u>	<u>44,661</u>
Trees, Leaf and Brush				
Personal Services	87,800	87,800	85,740	2,060
Materials and Supplies	1,000	1,000	734	266
Contractual Services	56,000	56,000	54,441	1,559
<u>Total Trees, Leaf and Brush</u>	<u>144,800</u>	<u>144,800</u>	<u>140,915</u>	<u>3,885</u>
Refuse Collection and Disposal				
Personal Services	839,700	839,700	814,436	25,264
Materials and Supplies	102,500	102,500	93,354	9,146
Contractual Services	39,500	39,500	39,500	0
<u>Total Refuse Collection and Disposal</u>	<u>981,700</u>	<u>981,700</u>	<u>947,290</u>	<u>34,410</u>
<u>Total Basic Utility Services</u>	<u>1,447,426</u>	<u>1,447,426</u>	<u>1,364,470</u>	<u>82,956</u>
Transportation				
Street Lighting				
Contractual Services	663,245	663,245	641,562	21,683
Street Department				
Personal Services	1,747,558	1,747,558	1,746,888	670
Materials and Supplies	1,096,652	1,096,652	1,029,068	67,584
Contractual Services	164,342	164,342	164,260	82
Capital Outlay	13,000	13,000	11,667	1,333
Other	13,000	13,000	0	13,000
<u>Total Street Department</u>	<u>3,034,552</u>	<u>3,034,552</u>	<u>2,951,883</u>	<u>82,669</u>
<u>Total Transportation</u>	<u>\$3,697,797</u>	<u>\$3,697,797</u>	<u>\$3,593,445</u>	<u>\$104,352</u>

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, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
General Government				
Council				
Personal Services	\$240,493	\$240,493	\$225,370	\$15,123
Materials and Supplies	14,945	14,945	14,893	52
Contractual Services	67,325	67,325	61,448	5,877
Capital Outlay	4,000	4,000	2,814	1,186
Total Council	326,763	326,763	304,525	22,238
Mayor				
Personal Services	210,844	210,844	205,477	5,367
Materials and Supplies	6,100	6,100	5,863	237
Contractual Services	11,400	11,400	11,311	89
Capital Outlay	2,370	2,370	2,367	3
Total Mayor	230,714	230,714	225,018	5,696
Finance				
Personal Services	592,290	592,290	581,258	11,032
Materials and Supplies	22,334	22,334	21,290	1,044
Contractual Services	78,377	78,377	67,065	11,312
Capital Outlay	3,000	3,000	1,913	1,087
Total Finance	696,001	696,001	671,526	24,475
Legal Department				
Personal Services	86,744	86,744	86,737	7
Contractual Services	254,534	254,534	106,623	147,911
Total Legal Department	341,278	341,278	193,360	147,918
Human Resources				
Personal Services	178,329	178,329	169,036	9,293
Materials and Supplies	4,100	4,100	2,105	1,995
Contractual Services	132,153	132,153	122,161	9,992
Capital Outlay	11,577	11,577	10,109	1,468
Total Human Resources	326,159	326,159	303,411	22,748
Civil Service				
Personal Services	4,598	4,598	3,630	968
Materials and Supplies	1,900	1,900	112	1,788
Contractual Services	33,722	33,722	13,263	20,459
Total Civil Service	\$40,220	\$40,220	\$17,005	\$23,215

(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, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
City Hall				
Personal Services	\$138,977	\$138,977	\$133,151	\$5,826
Materials and Supplies	6,844	6,844	4,289	2,555
Contractual Services	1,800	1,800	1,237	563
Total City Hall	147,621	147,621	138,677	8,944
Income Tax Department				
Personal Services	258,277	258,277	255,200	3,077
Materials and Supplies	47,988	47,988	15,134	32,854
Contractual Services	1,542,259	1,542,259	1,541,823	436
Capital Outlay	2,500	2,500	0	2,500
Total Income Tax Department	1,851,024	1,851,024	1,812,157	38,867
Unclaimed Monies				
Other	4,000	4,000	0	4,000
City Administration				
Personal Services	111,680	111,680	91,635	20,045
Materials and Supplies	127,288	127,288	114,446	12,842
Contractual Services	941,012	941,012	831,574	109,438
Capital Outlay	22,000	22,000	6,387	15,613
Other	132,964	132,964	132,873	91
Total City Administration	1,334,944	1,334,944	1,176,915	158,029
Total General Government	5,298,724	5,298,724	4,842,594	456,130
Total Expenditures	23,066,368	23,066,368	21,484,090	1,582,278
Excess of Revenues Over Expenditures	6,340,393	4,462,343	7,499,947	3,037,604
Other Financing Uses				
Advances In	90,360	90,360	90,360	0
Operating Transfers Out	(16,280,573)	(15,845,250)	(4,580,540)	11,264,710
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(9,849,820)	(11,292,547)	3,009,767	14,302,314
Fund Balance Beginning of Year	27,717,952	27,717,952	27,717,952	0
Prior Year Encumbrances Appropriated	511,963	511,963	511,963	0
Fund Balance End of Year	\$18,380,095	\$16,937,368	\$31,239,682	\$14,302,314

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law and administrative action to expenditures for specified purposes.

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

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

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

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

Cable TV Fund - to account for the revenues received from cable franchise fees and the expenditures of the Cable Tv Commission including a distribution of fifty percent to the Solon City Schools.

Tree Planting Fund – to account for the receipts of deposits by developers for the purpose of purchasing and planting trees in the City.

Street Lighting Fund - to account for special assessments collected to pay the costs of electricity for street lighting. This fund is currently inactive.

Recreation Fund – to account for the receipt of recreation activity fees and transfers from other funds to pay for the cost of operating the City park and recreation programs.

Senior Services Fund - to account for the receipt of senior services activity fees and transfers from other funds to pay the cost of operating the senior services center and related programs.

Police Department Programs Fund - to account for the receipt of grant money used to support the Police Department's D.A.R.E. Programs.

Landfill Improvement Fund – to account for a reserve set aside for reclamation of the city-owned landfill.

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

Community Improvement Corporation Fund – to account for the revenues used for industrial revenue bond administration.

City of Solon, Ohio
Combining Balance Sheet
All Special Revenue Funds
December 31, 2002

	Street Construction Maintenance and Repair	State Highway	Police Pension
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,101,482	\$8,331	\$214,874
Receivables:			
Taxes	0	0	324,061
Accounts	0	0	0
Intergovernmental	337,677	27,379	15,155
<i>Total Assets</i>	<u>\$1,439,159</u>	<u>\$35,710</u>	<u>\$554,090</u>
Liabilities			
Accounts Payable	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	0
Compensated Absences Payable	0	0	0
Intergovernmental Payable	0	0	0
Deferred Revenue	290,606	23,563	339,216
<i>Total Liabilities</i>	<u>290,606</u>	<u>23,563</u>	<u>339,216</u>
Fund Equity			
Fund Balance:			
Reserved for Encumbrances	0	0	0
Unreserved, Undesignated	1,148,553	12,147	214,874
<i>Total Fund Equity</i>	<u>1,148,553</u>	<u>12,147</u>	<u>214,874</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$1,439,159</u>	<u>\$35,710</u>	<u>\$554,090</u>

<u>Fire Pension</u>	<u>Cable TV</u>	<u>Tree Planting</u>	<u>Street Lighting</u>	<u>Recreation</u>
\$174,351	\$345,626	\$186,326	\$377	\$202,594
324,062	0	0	0	0
0	0	0	0	265
15,155	0	0	0	0
<u>\$513,568</u>	<u>\$345,626</u>	<u>\$186,326</u>	<u>\$377</u>	<u>\$202,859</u>
\$0	\$0	\$0	\$0	\$16,614
0	0	0	0	7,643
0	0	0	0	3,201
0	102	0	0	7,688
339,217	0	0	0	0
<u>339,217</u>	<u>102</u>	<u>0</u>	<u>0</u>	<u>35,146</u>
0	8,290	0	0	23,595
174,351	337,234	186,326	377	144,118
<u>174,351</u>	<u>345,524</u>	<u>186,326</u>	<u>377</u>	<u>167,713</u>
<u>\$513,568</u>	<u>\$345,626</u>	<u>\$186,326</u>	<u>\$377</u>	<u>\$202,859</u>

(continued)

City of Solon, Ohio
Combining Balance Sheet
All Special Revenue Funds (continued)
December 31, 2002

	Senior Services	Police Department Programs	Landfill Improvement
Assets			
Equity in Pooled Cash and Cash Equivalents	\$153,237	\$169,313	\$1,381,335
Receivables:			
Taxes	0	0	0
Accounts	734	0	350
Intergovernmental	0	0	0
<i>Total Assets</i>	<u>\$153,971</u>	<u>\$169,313</u>	<u>\$1,381,685</u>
Liabilities			
Accounts Payable	\$19,031	\$0	\$2,493
Accrued Wages and Benefits	4,897	0	0
Compensated Absences Payable	2,087	0	0
Intergovernmental Payable	5,467	0	0
Deferred Revenue	0	0	0
<i>Total Liabilities</i>	<u>31,482</u>	<u>0</u>	<u>2,493</u>
Fund Equity			
Fund Balance:			
Reserved for Encumbrances	7,924	0	0
Unreserved, Undesignated	114,565	169,313	1,379,192
<i>Total Fund Equity</i>	<u>122,489</u>	<u>169,313</u>	<u>1,379,192</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$153,971</u>	<u>\$169,313</u>	<u>\$1,381,685</u>

Law Enforcement Trust	Community Improvement Corporation	Total
\$57,520	\$4,000	\$3,999,366
0	0	648,123
0	0	1,349
0	0	395,366
<u>\$57,520</u>	<u>\$4,000</u>	<u>\$5,044,204</u>
\$0	\$0	\$38,138
0	0	12,540
0	0	5,288
0	0	13,257
0	0	992,602
0	0	1,061,825
0	0	39,809
57,520	4,000	3,942,570
<u>57,520</u>	<u>4,000</u>	<u>3,982,379</u>
<u>\$57,520</u>	<u>\$4,000</u>	<u>\$5,044,204</u>

City of Solon, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds
For the Year Ended December 31, 2002*

	Street Construction Maintenance and Repair	State Highway	Police Pension
Revenues			
Property Taxes	\$0	\$0	\$299,928
Charges for Services	0	0	0
Fees, Licenses and Permits	0	0	0
Intergovernmental	630,465	51,118	31,857
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>630,465</u>	<u>51,118</u>	<u>331,785</u>
Expenditures			
Current:			
Security of Persons and Property	0	0	482,730
Leisure Time Activities	0	0	0
Basic Utility Services	0	0	0
Transportation	525,000	52,000	0
General Government	0	0	0
<i>Total Expenditures</i>	<u>525,000</u>	<u>52,000</u>	<u>482,730</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	105,465	(882)	(150,945)
Other Financing Sources			
Operating Transfers In	0	0	200,000
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	105,465	(882)	49,055
<i>Fund Balances Beginning of Year</i>	<u>1,043,088</u>	<u>13,029</u>	<u>165,819</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,148,553</u></u>	<u><u>\$12,147</u></u>	<u><u>\$214,874</u></u>

<u>Fire Pension</u>	<u>Cable TV</u>	<u>Tree Planting</u>	<u>Street Lighting</u>	<u>Recreation</u>
\$299,928	\$0	\$0	\$0	\$0
0	0	16,690	0	820,623
0	144,250	0	0	0
31,857	0	0	0	0
0	7,500	0	0	3,052
<u>331,785</u>	<u>151,750</u>	<u>16,690</u>	<u>0</u>	<u>823,675</u>
713,610	0	0	0	0
0	251,739	0	0	2,087,570
0	0	0	0	0
0	0	0	0	0
0	0	13,600	0	0
<u>713,610</u>	<u>251,739</u>	<u>13,600</u>	<u>0</u>	<u>2,087,570</u>
(381,825)	(99,989)	3,090	0	(1,263,895)
<u>445,000</u>	<u>13,699</u>	<u>0</u>	<u>0</u>	<u>1,100,000</u>
63,175	(86,290)	3,090	0	(163,895)
<u>111,176</u>	<u>431,814</u>	<u>183,236</u>	<u>377</u>	<u>331,608</u>
<u>\$174,351</u>	<u>\$345,524</u>	<u>\$186,326</u>	<u>\$377</u>	<u>\$167,713</u>

(continued)

City of Solon, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds (continued)
For the Year Ended December 31, 2002*

	<u>Senior Services</u>	<u>Police Department Programs</u>	<u>Landfill Improvement</u>
Revenues			
Property Taxes	\$0	\$0	\$0
Charges for Services	228,752	0	0
Fees, Licenses and Permits	734	0	13,879
Intergovernmental	0	30,530	0
Miscellaneous	950	0	0
<i>Total Revenues</i>	<u>230,436</u>	<u>30,530</u>	<u>13,879</u>
Expenditures			
Current:			
Security of Persons and Property	0	13,004	0
Leisure Time Activities	916,274	0	0
Basic Utility Services	0	0	89,753
Transportation	0	0	0
General Government	0	0	0
<i>Total Expenditures</i>	<u>916,274</u>	<u>13,004</u>	<u>89,753</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(685,838)	17,526	(75,874)
Other Financing Sources			
Operating Transfers In	<u>740,000</u>	<u>0</u>	<u>55,118</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	54,162	17,526	(20,756)
<i>Fund Balances Beginning of Year</i>	<u>68,327</u>	<u>151,787</u>	<u>1,399,948</u>
<i>Fund Balances End of Year</i>	<u><u>\$122,489</u></u>	<u><u>\$169,313</u></u>	<u><u>\$1,379,192</u></u>

Law Enforcement Trust	Community Improvement Corporation	Total
\$0	\$0	\$599,856
0	0	1,066,065
0	0	158,863
12,629	0	788,456
0	0	11,502
<u>12,629</u>	<u>0</u>	<u>2,624,742</u>
25,217	0	1,234,561
0	0	3,255,583
0	0	89,753
0	0	577,000
0	0	13,600
<u>25,217</u>	<u>0</u>	<u>5,170,497</u>
(12,588)	0	(2,545,755)
<u>0</u>	<u>0</u>	<u>2,553,817</u>
(12,588)	0	8,062
<u>70,108</u>	<u>4,000</u>	<u>3,974,317</u>
<u>\$57,520</u>	<u>\$4,000</u>	<u>\$3,982,379</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, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$635,000	\$635,000	\$628,112	(\$6,888)
Expenditures				
Current:				
Transportation				
Street Maintenance and Repair				
Contractual Services	<u>525,000</u>	<u>525,000</u>	<u>525,000</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	110,000	110,000	103,112	(6,888)
<i>Fund Balance Beginning of Year</i>	<u>998,370</u>	<u>998,370</u>	<u>998,370</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,108,370</u></u>	<u><u>\$1,108,370</u></u>	<u><u>\$1,101,482</u></u>	<u><u>(\$6,888)</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 State Highway Fund
 For the Year Ended December 31, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$51,486	\$51,486	\$50,928	(\$558)
Expenditures				
Current:				
Transportation				
State Highway				
Contractual Services	<u>52,000</u>	<u>52,000</u>	<u>52,000</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(514)	(514)	(1,072)	(558)
<i>Fund Balance Beginning of Year</i>	<u>9,403</u>	<u>9,403</u>	<u>9,403</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,889</u></u>	<u><u>\$8,889</u></u>	<u><u>\$8,331</u></u>	<u><u>(\$558)</u></u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$304,869	\$304,869	\$299,928	(\$4,941)
Intergovernmental	31,857	31,857	31,857	0
<i>Total Revenues</i>	336,726	336,726	331,785	(4,941)
Expenditures				
Current:				
Security of Persons and Property				
Police Pension				
Personal Services	500,000	500,000	482,730	17,270
<i>Excess of Revenues Under Expenditures</i>	(163,274)	(163,274)	(150,945)	12,329
Other Financing Sources				
Operating Transfers In	200,000	200,000	200,000	0
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	36,726	36,726	49,055	12,329
<i>Fund Balance Beginning of Year</i>	165,819	165,819	165,819	0
<i>Fund Balance End of Year</i>	<u>\$202,545</u>	<u>\$202,545</u>	<u>\$214,874</u>	<u>\$12,329</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$303,869	\$304,869	\$299,928	(\$4,941)
Intergovernmental	31,857	31,857	31,857	0
<i>Total Revenues</i>	335,726	336,726	331,785	(4,941)
Expenditures				
Current:				
Security of Persons and Property				
Fire Pension				
Personal Services	825,000	825,000	713,610	111,390
<i>Excess of Revenues Under Expenditures</i>	(489,274)	(488,274)	(381,825)	106,449
Other Financing Sources				
Operating Transfers In	445,000	445,000	445,000	0
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	(44,274)	(43,274)	63,175	106,449
<i>Fund Balance Beginning of Year</i>	111,176	111,176	111,176	0
<i>Fund Balance End of Year</i>	<u>\$66,902</u>	<u>\$67,902</u>	<u>\$174,351</u>	<u>\$106,449</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, 2002

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$165,000	\$165,000	\$193,185	\$28,185
Miscellaneous	0	0	7,500	7,500
<i>Total Revenues</i>	<u>165,000</u>	<u>165,000</u>	<u>200,685</u>	<u>35,685</u>
Expenditures				
Current:				
Leisure Time Activities				
Cable TV				
Personal Services	7,095	7,095	4,467	2,628
Materials and Supplies	17,551	17,551	7,541	10,010
Contractual Services	291,222	291,222	186,844	104,378
Capital Outlay	172,850	172,850	7,396	165,454
Other	88,000	88,000	86,385	1,615
<i>Total Expenditures</i>	<u>576,718</u>	<u>576,718</u>	<u>292,633</u>	<u>284,085</u>
<i>Excess of Revenues Under Expenditures</i>	(411,718)	(411,718)	(91,948)	319,770
Other Financing Sources				
Operating Transfers In	0	0	13,699	13,699
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(411,718)	(411,718)	(78,249)	333,469
<i>Fund Balance Beginning of Year</i>	411,934	411,934	411,934	0
Prior Year Encumbrances Appropriated	3,651	3,651	3,651	0
<i>Fund Balance End of Year</i>	<u><u>\$3,867</u></u>	<u><u>\$3,867</u></u>	<u><u>\$337,336</u></u>	<u><u>\$333,469</u></u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Tree Planting Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$20,000	\$20,000	\$16,690	(3,310)
Expenditures				
Current:				
General Government				
Tree Planting				
Contractual Services	<u>100,000</u>	<u>100,000</u>	<u>13,600</u>	<u>86,400</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(80,000)	(80,000)	3,090	83,090
<i>Fund Balance Beginning of Year</i>	<u>183,236</u>	<u>183,236</u>	<u>183,236</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$103,236</u></u>	<u><u>\$103,236</u></u>	<u><u>\$186,326</u></u>	<u><u>\$83,090</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Street Lighting Fund
 For the Year Ended December 31, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	377	377	377	0
<i>Fund Balance End of Year</i>	<u>\$377</u>	<u>\$377</u>	<u>\$377</u>	<u>\$0</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, 2002

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$838,000	\$838,000	\$820,358	(\$17,642)
Miscellaneous	1,200	3,000	3,052	52
<i>Total Revenues</i>	<u>839,200</u>	<u>841,000</u>	<u>823,410</u>	<u>(17,590)</u>
Expenditures				
Current:				
Leisure Time Activities				
Administration				
Personal Services	419,632	419,632	419,427	205
Materials and Supplies	81,170	81,170	81,096	74
Contractual Services	21,015	21,015	14,940	6,075
Capital Outlay	23,900	23,900	23,807	93
Other	5,000	5,000	0	5,000
Total Administration	<u>550,717</u>	<u>550,717</u>	<u>539,270</u>	<u>11,447</u>
Recreation Programs				
Personal Services	130,508	130,508	122,965	7,543
Materials and Supplies	43,880	43,880	39,043	4,837
Contractual Services	66,094	66,094	66,056	38
Capital Outlay	38,000	38,000	36,686	1,314
Other	16,500	16,500	16,472	28
Total Recreation Programs	<u>294,982</u>	<u>294,982</u>	<u>281,222</u>	<u>13,760</u>
Swimming Pools				
Personal Services	160,210	160,210	160,204	6
Materials and Supplies	22,000	22,000	21,996	4
Contractual Services	60,800	60,800	59,756	1,044
Other	2,022	2,022	1,402	620
Total Swimming Pools	<u>245,032</u>	<u>245,032</u>	<u>243,358</u>	<u>1,674</u>
Community Parks				
Personal Services	197,361	197,361	193,372	3,989
Materials and Supplies	137,014	137,014	137,007	7
Contractual Services	46,516	46,516	46,489	27
Total Community Parks	<u>\$380,891</u>	<u>\$380,891</u>	<u>\$376,868</u>	<u>\$4,023</u>

(continued)

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund (continued)
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Concession Stand				
Personal Services	\$13,000	\$13,000	\$10,117	\$2,883
Materials and Supplies	27,500	27,500	21,524	5,976
Total Concession Stand	<u>40,500</u>	<u>40,500</u>	<u>31,641</u>	<u>8,859</u>
Youth Recreation Programs				
Personal Services	236,000	236,000	230,769	5,231
Materials and Supplies	142,970	142,970	131,048	11,922
Contractual Services	242,911	256,852	219,745	37,107
Total Youth Recreation Programs	<u>621,881</u>	<u>635,822</u>	<u>581,562</u>	<u>54,260</u>
Adult Recreation Programs				
Materials and Supplies	6,500	6,500	6,303	197
Contractual Services	13,600	13,600	13,549	51
Total Adult Recreation Programs	<u>20,100</u>	<u>20,100</u>	<u>19,852</u>	<u>248</u>
Holiday Programs				
Materials and Supplies	15,101	15,101	15,091	10
Contractual Services	33,500	33,500	33,500	0
Total Holiday Programs	<u>48,601</u>	<u>48,601</u>	<u>48,591</u>	<u>10</u>
<i>Total Expenditures</i>	<u>2,202,704</u>	<u>2,216,645</u>	<u>2,122,364</u>	<u>94,281</u>
<i>Excess of Revenues Under Expenditures</i>	(1,363,504)	(1,375,645)	(1,298,954)	76,691
Other Financing Sources				
Operating Transfers In	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(263,504)	(275,645)	(198,954)	76,691
<i>Fund Balance Beginning of Year</i>	286,056	286,056	286,056	0
Prior Year Encumbrances Appropriated	<u>86,704</u>	<u>86,704</u>	<u>86,704</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$109,256</u>	<u>\$97,115</u>	<u>\$173,806</u>	<u>\$76,691</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Senior Services Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$201,860	\$258,200	\$228,752	(\$29,448)
Miscellaneous	17,800	17,800	950	(16,850)
<i>Total Revenues</i>	<u>219,660</u>	<u>276,000</u>	<u>229,702</u>	<u>(46,298)</u>
Expenditures				
Current:				
Leisure Time Activities				
Administration				
Personal Services	268,615	287,665	287,661	4
Materials and Supplies	15,809	16,908	16,862	46
Contractual Services	110,032	117,411	110,408	7,003
Capital Outlay	2,334	2,500	2,124	376
<i>Total Administration</i>	<u>396,790</u>	<u>424,484</u>	<u>417,055</u>	<u>7,429</u>
Senior Programs				
Personal Services	1,121	1,200	0	1,200
Materials and Supplies	33,158	35,274	31,888	3,386
Contractual Services	90,075	96,428	40,526	55,902
Other	1,741	1,860	1,762	98
<i>Total Senior Programs</i>	<u>126,095</u>	<u>134,762</u>	<u>74,176</u>	<u>60,586</u>
Miscellaneous				
Personal Services	128,814	137,950	134,283	3,667
Materials and Supplies	101,080	108,146	88,134	20,012
Contractual Services	152,579	163,400	153,559	9,841
Capital Outlay	40,152	43,000	42,954	46
Other	1,867	2,000	1,878	122
<i>Total Miscellaneous</i>	<u>424,492</u>	<u>454,496</u>	<u>420,808</u>	<u>33,688</u>
<i>Total Expenditures</i>	<u>947,377</u>	<u>1,013,742</u>	<u>912,039</u>	<u>101,703</u>
<i>Excess of Revenues Under Expenditures</i>	(727,717)	(737,742)	(682,337)	55,405
Other Financing Sources				
Operating Transfers In	740,000	743,000	740,000	(3,000)
<i>Excess of Revenues and Other Financing Sources Over Expenditures</i>	12,283	5,258	57,663	52,405
<i>Fund Balance Beginning of Year</i>	73,557	73,557	73,557	0
Prior Year Encumbrances Appropriated	11,650	11,650	11,650	0
<i>Fund Balance End of Year</i>	<u>\$97,490</u>	<u>\$90,465</u>	<u>\$142,870</u>	<u>\$52,405</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, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	<u>\$17,000</u>	<u>\$17,000</u>	<u>\$30,530</u>	<u>\$13,530</u>
Expenditures				
Current:				
Security of Persons and Property				
DARE program				
Materials and Supplies	15,000	15,000	13,004	1,996
Transfer of Prisoners				
Materials and Supplies	<u>100,000</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>
<i>Total Expenditures</i>	<u>115,000</u>	<u>115,000</u>	<u>13,004</u>	<u>101,996</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(98,000)	(98,000)	17,526	115,526
<i>Fund Balance Beginning of Year</i>	<u>151,787</u>	<u>151,787</u>	<u>151,787</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$53,787</u></u>	<u><u>\$53,787</u></u>	<u><u>\$169,313</u></u>	<u><u>\$115,526</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Landfill Improvement Fund
 For the Year Ended December 31, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees, Licenses and Permits	\$8,000	\$8,000	\$13,879	\$5,879
Expenditures				
Current:				
Basic Utility Services				
Landfill Improvement				
Materials and Supplies	100,000	100,000	89,553	10,447
<i>Excess of Revenues Under Expenditures</i>	(92,000)	(92,000)	(75,674)	16,326
Other Financing Sources				
Operating Transfers In	40,000	40,000	55,118	15,118
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(52,000)	(52,000)	(20,556)	31,444
<i>Fund Balance Beginning of Year</i>	1,399,598	1,399,598	1,399,598	0
<i>Fund Balance End of Year</i>	<u>\$1,347,598</u>	<u>\$1,347,598</u>	<u>\$1,379,042</u>	<u>\$31,444</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, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$13,000	\$13,000	\$13,804	\$804
Expenditures				
Current:				
Security of Persons and Property				
Drug Money				
Materials and Supplies	42,000	42,000	13,850	28,150
OMVI				
Materials and Supplies	20,500	20,500	11,295	9,205
Immobilization				
Materials and Supplies	1,000	1,000	0	1,000
Miscellaneous				
Materials and Supplies	4,000	4,000	72	3,928
<i>Total Expenditures</i>	<u>67,500</u>	<u>67,500</u>	<u>25,217</u>	<u>42,283</u>
<i>Excess of Revenues Under Expenditures</i>	(54,500)	(54,500)	(11,413)	43,087
<i>Fund Balance Beginning of Year</i>	<u>68,933</u>	<u>68,933</u>	<u>68,933</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$14,433</u></u>	<u><u>\$14,433</u></u>	<u><u>\$57,520</u></u>	<u><u>\$43,087</u></u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Improvement Corporation Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	4,000	4,000	4,000	0
<i>Fund Balance End of Year</i>	<u>\$4,000</u>	<u>\$4,000</u>	<u>\$4,000</u>	<u>\$0</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
All Special Revenue Funds
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Property and Other Taxes	\$608,738	\$609,738	\$599,856	(\$9,882)
Charges for Services	1,059,860	1,116,200	1,065,800	(50,400)
Fees, Licenses and Permits	173,000	173,000	207,064	34,064
Intergovernmental	780,200	780,200	787,088	6,888
Miscellaneous	19,000	20,800	11,502	(9,298)
<i>Total Revenues</i>	<u>2,640,798</u>	<u>2,699,938</u>	<u>2,671,310</u>	<u>(28,628)</u>
Expenditures				
Current:				
Security of Persons and Property				
Police Pension Fund	500,000	500,000	482,730	17,270
Fire Pension Fund	825,000	825,000	713,610	111,390
Police Department Programs Fund	115,000	115,000	13,004	101,996
Law Enforcement Trust Fund	67,500	67,500	25,217	42,283
<i>Total Security of Persons and Property</i>	<u>1,507,500</u>	<u>1,507,500</u>	<u>1,234,561</u>	<u>272,939</u>
Leisure Time Activities				
Cable TV Fund	576,718	576,718	292,633	284,085
Recreation Fund	2,202,704	2,216,645	2,122,364	94,281
Senior Services Fund	947,377	1,013,742	912,039	101,703
<i>Total Leisure Time Activities</i>	<u>3,726,799</u>	<u>3,807,105</u>	<u>3,327,036</u>	<u>480,069</u>
Basic Utility Services				
Landfill Improvement Fund	100,000	100,000	89,553	10,447
Transportation				
Street Construction, Maintenance and Repair Fund	525,000	525,000	525,000	0
State Highway	52,000	52,000	52,000	0
<i>Total Transportation</i>	<u>577,000</u>	<u>577,000</u>	<u>577,000</u>	<u>0</u>
General Government				
Tree Planting Fund	100,000	100,000	13,600	86,400
<i>Total Expenditures</i>	<u>\$6,011,299</u>	<u>\$6,091,605</u>	<u>\$5,241,750</u>	<u>\$849,855</u>

(continued)

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Special Revenue Funds (continued)
 For the Year Ended December 31, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<i>Excess of Revenues Under Expenditures</i>	(\$3,370,501)	(\$3,391,667)	(\$2,570,440)	\$821,227
Other Financing Sources				
Operating Transfers In	<u>2,525,000</u>	<u>2,528,000</u>	<u>2,553,817</u>	<u>25,817</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(845,501)	(863,667)	(16,623)	847,044
<i>Fund Balances Beginning of Year</i>	3,864,246	3,864,246	3,864,246	0
Prior Year Encumbrances Appropriated	<u>102,005</u>	<u>102,005</u>	<u>102,005</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$3,120,750</u>	<u>\$3,102,584</u>	<u>\$3,949,628</u>	<u>\$847,044</u>

Debt Service Fund

The Debt Service Fund is to account for property taxes, special assessments and other resources used for the payment of principal and interest on general long-term and short-term debt, including related costs.

Since there is only one debt service fund and the level of budgetary control is not greater than that presented in the combined financial statements, no additional financial statements are presented here.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds.)

Infrastructure Fund - to account for the receipt of one-fourth of the City income tax revenues approved by the voters for the purpose of paying the costs to construct, reconstruct and maintain City-owned infrastructure.

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

Community Center Fund – to account for transfers from other funds and the future sale of debt for paying the cost of the new Community Center.

Street Improvement Fund – to account for transfers from other funds and the sale of debt for the purpose of paying the cost of street improvement projects.

Old City Hall Renovation Fund – to account for receipt of grant money used to renovate the old Solon City Hall.

Building Construction Fund – to account for the transfers from other funds and the sale of debt for the purpose of paying the cost to build and construct various City buildings.

Capital Improvements Fund – to account for the transfers from other funds for the purpose of purchasing land, buildings, vehicles and equipment.

City of Solon, Ohio
Combining Balance Sheet
All Capital Projects Funds
December 31, 2002

	<u>Infrastructure</u>	<u>Service and Safety Equipment</u>	<u>Community Center</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$11,815,636	\$1,020,425	\$2,001,112
Receivables:			
Taxes	952,128	469,298	0
Intergovernmental	<u>0</u>	<u>21,044</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$12,767,764</u></u>	<u><u>\$1,510,767</u></u>	<u><u>\$2,001,112</u></u>
Liabilities			
Contracts Payable	\$274,731	\$215,340	\$558,933
Deferred Revenue	293,138	490,342	0
Accrued Interest Payable	0	0	5,556
Notes Payable	<u>0</u>	<u>0</u>	<u>5,000,000</u>
<i>Total Liabilities</i>	<u>567,869</u>	<u>705,682</u>	<u>5,564,489</u>
Fund Equity			
Fund Balance:			
Reserved for Encumbrances	2,089,411	919,852	6,372,500
Unreserved, Undesignated (Deficit)	<u>10,110,484</u>	<u>(114,767)</u>	<u>(9,935,877)</u>
<i>Total Fund Equity</i>	<u>12,199,895</u>	<u>805,085</u>	<u>(3,563,377)</u>
<i>Total Liabilities and Fund Equity</i>	<u><u>\$12,767,764</u></u>	<u><u>\$1,510,767</u></u>	<u><u>\$2,001,112</u></u>

<u>Street Improvement</u>	<u>Old City Hall Renovation</u>	<u>Building Construction</u>	<u>Capital Improvements</u>	<u>Total</u>
\$398,146	\$175,113	\$3,121,479	\$3,382,794	\$21,914,705
0	0	0	0	1,421,426
0	0	0	0	21,044
<u>\$398,146</u>	<u>\$175,113</u>	<u>\$3,121,479</u>	<u>\$3,382,794</u>	<u>\$23,357,175</u>
\$82,712	\$0	\$539,480	\$76,492	\$1,747,688
0	0	0	0	783,480
0	0	2,778	0	8,334
0	0	2,500,000	0	7,500,000
<u>82,712</u>	<u>0</u>	<u>3,042,258</u>	<u>76,492</u>	<u>10,039,502</u>
309,243	1,076	1,770,631	86,615	11,549,328
6,191	174,037	(1,691,410)	3,219,687	1,768,345
<u>315,434</u>	<u>175,113</u>	<u>79,221</u>	<u>3,306,302</u>	<u>13,317,673</u>
<u>\$398,146</u>	<u>\$175,113</u>	<u>\$3,121,479</u>	<u>\$3,382,794</u>	<u>\$23,357,175</u>

City of Solon, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Capital Projects Funds
For the Year Ended December 31, 2002*

	Infrastructure	Service and Safety Equipment	Community Center
Revenues			
Municipal Income Taxes	\$6,470,888	\$0	\$0
Property Taxes	0	437,116	0
Charges for Services	0	0	0
Intergovernmental	263,386	44,667	89,190
Miscellaneous	69,930	15,226	0
<i>Total Revenues</i>	<u>6,804,204</u>	<u>497,009</u>	<u>89,190</u>
Expenditures			
Current:			
General Government	0	0	60,043
Capital Outlay	8,070,457	944,220	9,851,526
Debt Service:			
Principal Retirement	90,972	0	0
Interest and Fiscal Charges	0	0	125,695
<i>Total Expenditures</i>	<u>8,161,429</u>	<u>944,220</u>	<u>10,037,264</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,357,225)</u>	<u>(447,211)</u>	<u>(9,948,074)</u>
Other Financing Sources (Uses)			
Note Premium	0	0	35,810
Proceeds of Bonds	0	0	6,965,662
Operating Transfers In	0	650,000	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>650,000</u>	<u>7,001,472</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(1,357,225)</u>	<u>202,789</u>	<u>(2,946,602)</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>13,557,120</u>	<u>602,296</u>	<u>(616,775)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$12,199,895</u></u>	<u><u>\$805,085</u></u>	<u><u>(\$3,563,377)</u></u>

<u>Street Improvement</u>	<u>Old City Hall Renovation</u>	<u>Building Construction</u>	<u>Capital Improvements</u>	<u>Total</u>
\$0	\$0	\$0	\$0	\$6,470,888
0	0	0	0	437,116
0	0	0	29,847	29,847
2,341,141	135,974	0	1,175,000	4,049,358
0	60,000	0	0	145,156
<u>2,341,141</u>	<u>195,974</u>	<u>0</u>	<u>1,204,847</u>	<u>11,132,365</u>
20,029	0	0	0	80,072
3,325,442	161,689	1,216,564	1,814,629	25,384,527
2,300,000	0	0	0	2,390,972
74,900	0	2,778	25,017	228,390
<u>5,720,371</u>	<u>161,689</u>	<u>1,219,342</u>	<u>1,839,646</u>	<u>28,083,961</u>
<u>(3,379,230)</u>	<u>34,285</u>	<u>(1,219,342)</u>	<u>(634,799)</u>	<u>(16,951,596)</u>
0	0	0	0	35,810
2,333,229	0	0	2,065,100	11,363,991
1,000,000	100,000	600,000	0	2,350,000
0	0	0	(1,500,000)	(1,500,000)
<u>3,333,229</u>	<u>100,000</u>	<u>600,000</u>	<u>565,100</u>	<u>12,249,801</u>
(46,001)	134,285	(619,342)	(69,699)	(4,701,795)
<u>361,435</u>	<u>40,828</u>	<u>698,563</u>	<u>3,376,001</u>	<u>18,019,468</u>
<u>\$315,434</u>	<u>\$175,113</u>	<u>\$79,221</u>	<u>\$3,306,302</u>	<u>\$13,317,673</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, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal Income Taxes	\$6,814,600	\$6,705,250	\$6,500,000	(\$205,250)
Intergovernmental	0	0	263,386	263,386
Miscellaneous	0	0	69,930	69,930
<i>Total Revenues</i>	<u>6,814,600</u>	<u>6,705,250</u>	<u>6,833,316</u>	<u>128,066</u>
Expenditures				
Capital Outlay	15,678,483	15,678,483	10,635,800	5,042,683
Debt Service:				
Principal Retirement	91,100	91,100	90,972	128
<i>Total Expenditures</i>	<u>15,769,583</u>	<u>15,769,583</u>	<u>10,726,772</u>	<u>5,042,811</u>
<i>Excess of Revenues Under Expenditures</i>	(8,954,983)	(9,064,333)	(3,893,456)	5,170,877
<i>Fund Balance Beginning of Year</i>	9,576,772	9,576,772	9,576,772	0
Prior Year Encumbrances Appropriated	3,769,583	3,769,583	3,769,583	0
<i>Fund Balance End of Year</i>	<u><u>\$4,391,372</u></u>	<u><u>\$4,282,022</u></u>	<u><u>\$9,452,899</u></u>	<u><u>\$5,170,877</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Service and Safety Equipment Fund
 For the Year Ended December 31, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$441,783	\$441,783	\$437,116	(\$4,667)
Intergovernmental	44,667	44,667	44,667	0
Miscellaneous	0	0	15,226	15,226
<i>Total Revenues</i>	486,450	486,450	497,009	10,559
Expenditures				
Capital Outlay	2,034,778	2,034,778	1,865,495	169,283
<i>Excess of Revenues Under Expenditures</i>	(1,548,328)	(1,548,328)	(1,368,486)	179,842
Other Financing Sources				
Operating Transfers In	950,000	950,000	650,000	(300,000)
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(598,328)	(598,328)	(718,486)	(120,158)
<i>Fund Balance Beginning of Year</i>	573,941	573,941	573,941	0
Prior Year Encumbrances Appropriated	29,778	29,778	29,778	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$5,391</u>	<u>\$5,391</u>	<u>(\$114,767)</u>	<u>(\$120,158)</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Center Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Current:				
General Government				
Other	60,043	60,043	60,043	0
Capital Outlay	<u>19,431,118</u>	<u>19,431,118</u>	<u>16,415,938</u>	<u>3,015,180</u>
<i>Total Expenditures</i>	<u>19,491,161</u>	<u>19,491,161</u>	<u>16,475,981</u>	<u>3,015,180</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(19,491,161)</u>	<u>(19,491,161)</u>	<u>(16,475,981)</u>	<u>3,015,180</u>
Other Financing Sources				
Proceeds of Bonds	7,060,043	6,960,043	6,965,662	5,619
Operating Transfers In	<u>8,000,000</u>	<u>8,000,000</u>	<u>0</u>	<u>(8,000,000)</u>
<i>Total Other Financing Sources</i>	<u>15,060,043</u>	<u>14,960,043</u>	<u>6,965,662</u>	<u>(7,994,381)</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(4,431,118)	(4,531,118)	(9,510,319)	(4,979,201)
<i>Fund Balance Beginning of Year</i>	3,148,880	3,148,880	3,148,880	0
Prior Year Encumbrances Appropriated	<u>1,431,118</u>	<u>1,431,118</u>	<u>1,431,118</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$148,880</u>	<u>\$48,880</u>	<u>(\$4,930,321)</u>	<u>(\$4,979,201)</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Improvement Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$4,000,000	\$4,000,000	\$2,341,141	(\$1,658,859)
Expenditures				
Current:				
General Government				
Other	20,029	20,029	20,029	0
Capital Outlay	3,209,593	5,284,593	3,657,370	1,627,223
Debt Service:				
Principal Retirement	2,300,000	2,300,000	2,300,000	0
Interest and Fiscal Charges	75,000	75,000	74,900	100
<i>Total Expenditures</i>	<u>5,604,622</u>	<u>7,679,622</u>	<u>6,052,299</u>	<u>1,627,323</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,604,622)</u>	<u>(3,679,622)</u>	<u>(3,711,158)</u>	<u>(31,536)</u>
Other Financing Sources				
Proceeds of Bonds	230,029	2,333,029	2,333,229	200
Operating Transfers In	1,000,000	1,000,000	1,000,000	0
<i>Total Other Financing Sources</i>	<u>1,230,029</u>	<u>3,333,029</u>	<u>3,333,229</u>	<u>200</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	<u>(374,593)</u>	<u>(346,593)</u>	<u>(377,929)</u>	<u>(31,336)</u>
<i>Fund Balance Beginning of Year</i>	99,790	99,790	99,790	0
Prior Year Encumbrances Appropriated	284,593	284,593	284,593	0
<i>Fund Balance End of Year</i>	<u>\$9,790</u>	<u>\$37,790</u>	<u>\$6,454</u>	<u>(\$31,336)</u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Old City Hall Renovation Fund
For the Year Ended December 31, 2002*

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$100,000	\$298,600	\$298,600	\$0
Miscellaneous	0	60,000	60,000	0
<i>Total Revenues</i>	100,000	358,600	358,600	0
Expenditures				
Capital Outlay	432,544	543,205	517,107	26,098
<i>Excess of Revenues Under Expenditures</i>	(332,544)	(184,605)	(158,507)	26,098
Other Financing Sources				
Operating Transfers In	100,000	100,000	100,000	0
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	(232,544)	(84,605)	(58,507)	26,098
<i>Fund Balance (Deficit) Beginning of Year</i>	(7,661)	(7,661)	(7,661)	0
Prior Year Encumbrances Appropriated	240,205	240,205	240,205	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$147,939</u>	<u>\$174,037</u>	<u>\$26,098</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, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	<u>3,431,075</u>	<u>3,431,075</u>	<u>2,980,396</u>	<u>450,679</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,431,075)</u>	<u>(3,431,075)</u>	<u>(2,980,396)</u>	<u>450,679</u>
Other Financing Sources				
Proceeds of Notes	2,500,000	2,500,000	2,500,000	0
Operating Transfers In	<u>500,000</u>	<u>500,000</u>	<u>600,000</u>	<u>100,000</u>
<i>Total Other Financing Uses</i>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,100,000</u>	<u>100,000</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	(431,075)	(431,075)	119,604	550,679
<i>Fund Balance Beginning of Year</i>	472,749	472,749	472,749	0
Prior Year Encumbrances Appropriated	<u>231,075</u>	<u>231,075</u>	<u>231,075</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$272,749</u>	<u>\$272,749</u>	<u>\$823,428</u>	<u>\$550,679</u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Capital Improvements Fund
 For the Year Ended December 31, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$18,000	\$18,000	\$30,050	\$12,050
Intergovernmental	1,025,000	1,175,000	1,175,000	0
<i>Total Revenues</i>	1,043,000	1,193,000	1,205,050	12,050
Expenditures				
Capital Outlay	2,712,249	2,712,249	1,940,947	771,302
<i>Excess of Revenues Under Expenditures</i>	(1,669,249)	(1,519,249)	(735,897)	783,352
Other Financing Sources (Uses)				
Operating Transfers In	200,000	200,000	0	(200,000)
Operating Transfers Out	(1,500,000)	(1,500,000)	(1,500,000)	0
<i>Total Other Financing Sources (Uses)</i>	(1,300,000)	(1,300,000)	(1,500,000)	(200,000)
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	(2,969,249)	(2,819,249)	(2,235,897)	583,352
<i>Fund Balance Beginning of Year</i>	5,343,335	5,343,335	5,343,335	0
Prior Year Encumbrances Appropriated	112,249	112,249	112,249	0
<i>Fund Balance End of Year</i>	<u>\$2,486,335</u>	<u>\$2,636,335</u>	<u>\$3,219,687</u>	<u>\$583,352</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
All Capital Projects Funds
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Municipal Income Taxes	\$6,814,600	\$6,705,250	\$6,500,000	(\$205,250)
Property Taxes	441,783	441,783	437,116	(4,667)
Charges for Services	18,000	18,000	30,050	12,050
Intergovernmental	5,169,667	5,518,267	4,122,794	(1,395,473)
Miscellaneous	0	60,000	145,156	85,156
Total Revenues	12,444,050	12,743,300	11,235,116	(1,508,184)
Expenditures				
Current:				
General Government				
Community Center Fund	60,043	60,043	60,043	0
Street Improvement Fund	20,029	20,029	20,029	0
Total General Government	80,072	80,072	80,072	0
Capital Outlay				
Infrastructure Fund	15,678,483	15,678,483	10,635,800	5,042,683
Service and Safety Equipment Fund	2,034,778	2,034,778	1,865,495	169,283
Community Center Fund	19,431,118	19,431,118	16,415,938	3,015,180
Street Improvement Fund	3,209,593	5,284,593	3,657,370	1,627,223
Old City Hall Renovation Fund	432,544	543,205	517,107	26,098
Building Construction Fund	3,431,075	3,431,075	2,980,396	450,679
Capital Improvements	2,712,249	2,712,249	1,940,947	771,302
Total Capital Outlay	46,929,840	49,115,501	38,013,053	11,102,448
Debt Service:				
Principal Retirement				
Infrastructure Fund	91,100	91,100	90,972	128
Street Improvement Fund	2,300,000	2,300,000	2,300,000	0
Total Principal Retirement	2,391,100	2,391,100	2,390,972	128
Interest and Fiscal Charges				
Street Improvement Fund	75,000	75,000	74,900	100
Total Debt Service	2,466,100	2,466,100	2,465,872	228
Total Expenditures	49,476,012	51,661,673	40,558,997	11,102,676
Excess of Revenues Under Expenditures	(37,031,962)	(38,918,373)	(29,323,881)	9,594,492
Other Financing Sources (Uses)				
Proceeds of Notes	2,500,000	2,500,000	2,500,000	0
Proceeds of Bonds	7,290,072	9,293,072	9,298,891	5,819
Operating Transfers In	10,750,000	10,750,000	2,350,000	(8,400,000)
Operating Transfers Out	(1,500,000)	(1,500,000)	(1,500,000)	0
Total Other Financing Sources (Uses)	19,040,072	21,043,072	12,648,891	(8,394,181)
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(17,991,890)	(17,875,301)	(16,674,990)	1,200,311
Fund Balances Beginning of Year	19,207,806	19,207,806	19,207,806	0
Prior Year Encumbrances Appropriated	6,098,601	6,098,601	6,098,601	0
Fund Balances End of Year	\$7,314,517	\$7,431,106	\$8,631,417	\$1,200,311

Enterprise Funds

Enterprise Funds are used to account for the City's water reclamation and the Grantwood Recreation operations. They are financed and operated in a manner similar to private sector business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Water Reclamation Fund – to account for the revenues and expenses of the City owned wastewater system.

Grantwood Recreation Fund – to account for the revenues and expenses of the City owned golf course.

City of Solon, Ohio
Combining Balance Sheet
All Enterprise Funds
December 31, 2002

	<u>Water Reclamation</u>	<u>Grantwood Recreation</u>	<u>Total</u>
Assets			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$7,719,824	\$224,266	\$7,944,090
Accounts Receivable	316,305	0	316,305
Materials and Supplies Inventory	<u>78,255</u>	<u>13,518</u>	<u>91,773</u>
<i>Total Current Assets</i>	8,114,384	237,784	8,352,168
<i>Noncurrent Assets</i>			
Fixed Assets (Net of Accumulated Depreciation)	<u>49,037,074</u>	<u>2,046,547</u>	<u>51,083,621</u>
<i>Total Assets</i>	<u>\$57,151,458</u>	<u>\$2,284,331</u>	<u>\$59,435,789</u>
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	\$76,653	\$7,942	\$84,595
Interfund Payable	0	508,348	508,348
Accrued Wages and Benefits	27,430	3,033	30,463
Intergovernmental Payable	<u>17,501</u>	<u>5,076</u>	<u>22,577</u>
<i>Total Current Liabilities</i>	<u>121,584</u>	<u>524,399</u>	<u>645,983</u>
<i>Long-term Liabilities</i>			
Compensated Absences Payable	368,918	150,560	519,478
OWDA Loans Payable	<u>16,353,726</u>	<u>0</u>	<u>16,353,726</u>
<i>Total Long-term Liabilities</i>	<u>16,722,644</u>	<u>150,560</u>	<u>16,873,204</u>
<i>Total Liabilities</i>	<u>16,844,228</u>	<u>674,959</u>	<u>17,519,187</u>
Fund Equity			
Contributed Capital	92,792,064	1,946,793	94,738,857
Retained Earnings: Unreserved (Deficit)	<u>(52,484,834)</u>	<u>(337,421)</u>	<u>(52,822,255)</u>
<i>Total Fund Equity</i>	<u>40,307,230</u>	<u>1,609,372</u>	<u>41,916,602</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$57,151,458</u>	<u>\$2,284,331</u>	<u>\$59,435,789</u>

City of Solon, Ohio
*Combining Statement of Revenues, Expenses
and Changes in Fund Equity
All Enterprise Funds
For the Year Ended December 31, 2002*

	Water Reclamation	Grantwood Recreation	Total
Operating Revenue			
Charges for Services	\$4,913,207	\$1,258,527	\$6,171,734
Tap-in Fees	508,054	0	508,054
Other	16,122	2,960	19,082
<i>Total Operating Revenues</i>	<u>5,437,383</u>	<u>1,261,487</u>	<u>6,698,870</u>
Operating Expenses			
Personal Services	1,635,358	609,668	2,245,026
Materials and Supplies	258,624	215,752	474,376
Contractual Services	281,803	206,558	488,361
Depreciation	1,428,437	57,490	1,485,927
Other	54,518	250,263	304,781
<i>Total Operating Expenses</i>	<u>3,658,740</u>	<u>1,339,731</u>	<u>4,998,471</u>
<i>Operating Income (Loss)</i>	1,778,643	(78,244)	1,700,399
Non-Operating Expenses			
Interest and Fiscal Charges	(275,671)	0	(275,671)
<i>Income (Loss) Before Operating Transfers</i>	1,502,972	(78,244)	1,424,728
Operating Transfers In	259,840	916,883	1,176,723
<i>Net Income</i>	1,762,812	838,639	2,601,451
<i>Retained Earnings (Deficit) Beginning of Year</i>	<u>(54,247,646)</u>	<u>(1,176,060)</u>	<u>(55,423,706)</u>
<i>Retained Earnings (Deficit) End of Year</i>	(52,484,834)	(337,421)	(52,822,255)
<i>Contributed Capital Beginning and End of Year</i>	<u>92,792,064</u>	<u>1,946,793</u>	<u>94,738,857</u>
<i>Total Fund Equity End of Year</i>	<u>\$40,307,230</u>	<u>\$1,609,372</u>	<u>\$41,916,602</u>

City of Solon, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Year Ended December 31, 2002

	Water Reclamation	Grantwood Recreation	Total
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$4,883,871	\$1,258,733	\$6,142,604
Cash Received from Tap-in Fees	505,154	0	505,154
Cash Received from Other Sources	16,122	2,960	19,082
Cash Payments for Goods and Services	(533,518)	(418,481)	(951,999)
Cash Payments to Employees for Services and Benefits	(1,635,422)	(610,536)	(2,245,958)
Cash Payments for Other Operating Expenses	(54,518)	(250,263)	(304,781)
<i>Net Cash Provided by (Used for)</i> <i>Operating Activities</i>	<u>3,181,689</u>	<u>(17,587)</u>	<u>3,164,102</u>
Cash Flows from Noncapital Financing Activities			
Transfer In	259,840	916,883	1,176,723
Advances Out	0	(90,360)	(90,360)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>259,840</u>	<u>826,523</u>	<u>1,086,363</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(1,353,891)	(883,198)	(2,237,089)
Principal Paid OWDA Loans	(521,831)	0	(521,831)
Interest Paid on OWDA Loans	(275,671)	0	(275,671)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(2,151,393)</u>	<u>(883,198)</u>	<u>(3,034,591)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	1,290,136	(74,262)	1,215,874
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>6,429,688</u>	<u>298,528</u>	<u>6,728,216</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$7,719,824</u>	<u>\$224,266</u>	<u>\$7,944,090</u>

(continued)

City of Solon, Ohio
Combining Statement of Cash Flows
All Enterprise Funds (continued)
For the Year Ended December 31, 2002

	Water Reclamation	Grantwood Recreation	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
<i>Operating Income (Loss)</i>	\$1,778,643	(\$78,244)	\$1,700,399
Adjustments:			
Depreciation	1,428,437	57,490	1,485,927
(Increase)/Decrease in Assets:			
Accounts Receivable	(125,425)	0	(125,425)
Intergovernmental Receivable	92,303	0	92,303
Materials and Supplies Inventory	7,375	1,922	9,297
Increase/(Decrease) in Liabilities:			
Accounts Payable	(466)	1,907	1,441
Accrued Wages and Benefits	(1,407)	(302)	(1,709)
Compensated Absences Payable	1,223	(1,187)	36
Intergovernmental Payable	1,006	827	1,833
<i>Total Adjustments</i>	1,403,046	60,657	1,463,703
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$3,181,689	(\$17,587)	\$3,164,102

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, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$5,000,000	\$5,000,000	\$4,882,985	(\$117,015)
Tap-In Fees	400,000	400,000	505,154	105,154
Other	21,000	21,000	16,122	(4,878)
<i>Total Revenues</i>	<u>5,421,000</u>	<u>5,421,000</u>	<u>5,404,261</u>	<u>(16,739)</u>
Expenses				
Personal Services	1,688,374	1,688,374	1,637,381	50,993
Materials and Supplies	347,613	347,613	267,168	80,445
Contractual Services	835,320	835,320	471,908	363,412
Other	58,271	143,000	54,518	88,482
Capital Outlay	2,116,299	2,116,299	1,463,458	652,841
Debt Service:				
Principal Retirement	1,034,908	1,034,908	521,831	513,077
Interest and Fiscal Charges	560,101	560,101	275,671	284,430
<i>Total Expenses</i>	<u>6,640,886</u>	<u>6,725,615</u>	<u>4,691,935</u>	<u>2,033,680</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(1,219,886)	(1,304,615)	712,326	2,016,941
Operating Transfers In	775,000	775,000	259,840	(515,160)
Operating Transfers Out	(150,000)	(150,000)	0	150,000
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers</i>	(594,886)	(679,615)	972,166	1,651,781
<i>Fund Equity Beginning of Year</i>	5,588,737	5,588,737	5,588,737	0
Prior Year Encumbrances Appropriated	842,077	842,077	842,077	0
<i>Fund Equity End of Year</i>	<u>\$5,835,928</u>	<u>\$5,751,199</u>	<u>\$7,402,980</u>	<u>\$1,651,781</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, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$1,365,671	\$1,417,250	\$1,258,527	(\$158,723)
Other	0	0	2,960	2,960
<i>Total Revenues</i>	<u>1,365,671</u>	<u>1,417,250</u>	<u>1,261,487</u>	<u>(155,763)</u>
Expenses				
Personal Services	612,522	618,357	610,536	7,821
Materials and Supplies	204,814	206,757	206,682	75
Contractual Services	237,204	239,388	213,187	26,201
Other	255,650	258,083	257,920	163
Capital Outlay	1,432,832	1,446,480	1,326,253	120,227
<i>Total Expenses</i>	<u>2,743,022</u>	<u>2,769,065</u>	<u>2,614,578</u>	<u>154,487</u>
<i>Excess of Revenues Under Expenses</i>	(1,377,351)	(1,351,815)	(1,353,091)	(1,276)
Advances Out	(89,507)	(90,360)	(90,360)	0
Operating Transfers In	1,505,000	1,505,000	916,883	(588,117)
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers and Advances</i>	38,142	62,825	(526,568)	(589,393)
<i>Fund Equity Beginning of Year</i>	289,841	289,841	289,841	0
Prior Year Encumbrances Appropriated	8,945	8,945	8,945	0
<i>Fund Equity (Deficit) End of Year</i>	<u>\$336,928</u>	<u>\$361,611</u>	<u>(\$227,782)</u>	<u>(\$589,393)</u>

City of Solon, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
All Enterprise Funds
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$6,365,671	\$6,417,250	\$6,141,512	(\$275,738)
Tap-In Fees	400,000	400,000	505,154	105,154
Other	21,000	21,000	19,082	(1,918)
<i>Total Revenues</i>	<u>6,786,671</u>	<u>6,838,250</u>	<u>6,665,748</u>	<u>(172,502)</u>
Expenses				
Personal Services				
Water Reclamation Fund	1,688,374	1,688,374	1,637,381	50,993
Grantwood Recreation Fund	612,522	618,357	610,536	7,821
Total Personal Services	<u>2,300,896</u>	<u>2,306,731</u>	<u>2,247,917</u>	<u>58,814</u>
Materials and Supplies				
Water Reclamation Fund	347,613	347,613	267,168	80,445
Grantwood Recreation Fund	204,814	206,757	206,682	75
Total Materials and Supplies	<u>552,427</u>	<u>554,370</u>	<u>473,850</u>	<u>80,520</u>
Contractual Services				
Water Reclamation Fund	835,320	835,320	471,908	363,412
Grantwood Recreation Fund	237,204	239,388	213,187	26,201
Total Contractual Services	<u>1,072,524</u>	<u>1,074,708</u>	<u>685,095</u>	<u>389,613</u>
Other				
Water Reclamation Fund	58,271	143,000	54,518	88,482
Grantwood Recreation Fund	255,650	258,083	257,920	163
Total Other	<u>313,921</u>	<u>401,083</u>	<u>312,438</u>	<u>88,645</u>
Capital Outlay				
Water Reclamation Fund	2,116,299	2,116,299	1,463,458	652,841
Grantwood Recreation Fund	1,432,832	1,446,480	1,326,253	120,227
Total Capital Outlay	<u>3,549,131</u>	<u>3,562,779</u>	<u>2,789,711</u>	<u>773,068</u>
Debt Service:				
Principal Retirement				
Water Reclamation Fund	1,034,908	1,034,908	521,831	513,077

(continued)

City of Solon, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
All Enterprise Funds (continued)
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Interest and Fiscal Charges Water Reclamation Fund	\$560,101	\$560,101	\$275,671	\$284,430
<i>Total Expenses</i>	<u>9,383,908</u>	<u>9,494,680</u>	<u>7,306,513</u>	<u>2,188,167</u>
<i>Excess of Revenues Under Expenses</i>	(2,597,237)	(2,656,430)	(640,765)	2,015,665
Advances Out	(89,507)	(90,360)	(90,360)	0
Operating Transfers In	2,280,000	2,280,000	1,176,723	(1,103,277)
Operating Transfers Out	<u>(150,000)</u>	<u>(150,000)</u>	<u>0</u>	<u>150,000</u>
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers and Advances</i>	(556,744)	(616,790)	445,598	1,062,388
<i>Fund Equity Beginning of Year</i>	5,878,578	5,878,578	5,878,578	0
Prior Year Encumbrances Appropriated	<u>851,022</u>	<u>851,022</u>	<u>851,022</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$6,172,856</u>	<u>\$6,112,810</u>	<u>\$7,175,198</u>	<u>\$1,062,388</u>

Fiduciary Funds

Fiduciary Funds are used to account for the assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the City's fiduciary fund types:

Expendable Trust Funds

Cemetery Endowment Trust Fund – to account for money put on deposit for the purpose of paying the costs to do extra maintenance of cemetery lots.

Donations Trust Fund – to accounts for donations made to the Police Department for the purchase of specific equipment.

Agency Funds

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

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

City of Solon, Ohio
Combining Balance Sheet
All Trust and Agency Funds
December 31, 2002

	<u>Expendable Trust Funds</u>			<u>Totals</u>
	<u>Cemetery Endowment Trust</u>	<u>Donations Trust</u>	<u>Agency Funds</u>	
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$5,555</u>	<u>\$84,056</u>	<u>\$994,265</u>	<u>\$1,083,876</u>
Liabilities				
Accounts Payable	\$0	\$1,704	\$0	\$1,704
Deposits Held and Due to Others	<u>0</u>	<u>0</u>	<u>994,265</u>	<u>994,265</u>
<i>Total Liabilities</i>	0	1,704	994,265	995,969
Fund Equity				
Fund Balances:				
Unreserved, Undesignated	<u>5,555</u>	<u>82,352</u>	<u>0</u>	<u>87,907</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$5,555</u>	<u>\$84,056</u>	<u>\$994,265</u>	<u>\$1,083,876</u>

City of Solon, Ohio
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Expendable Trust Funds
For the Year Ended December 31, 2002*

	Cemetery Endowment Trust	Donations Trust	Totals
Revenues			
Miscellaneous	\$500	\$11,806	\$12,306
Expenditures			
Current:			
Security of Persons and Property	0	1,322	1,322
Leisure Time Activities	0	3,459	3,459
Community Environment	0	1,415	1,415
General Government	67	0	67
<i>Total Expenditures</i>	67	6,196	6,263
<i>Excess of Revenues Over Expenditures</i>	433	5,610	6,043
<i>Fund Balances Beginning of Year</i>	5,122	76,742	81,864
<i>Fund Balances End of Year</i>	\$5,555	\$82,352	\$87,907

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Cemetery Endowment Trust Fund
 For the Year Ended December 31, 2002*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$0	\$0	\$500	500
Expenditures				
Current:				
General Government				
Cemetery Endowment				
Contractual Services	5,000	5,000	67	4,933
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,000)	(5,000)	433	5,433
<i>Fund Balance Beginning of Year</i>	5,122	5,122	5,122	0
<i>Fund Balance End of Year</i>	<u>\$122</u>	<u>\$122</u>	<u>\$5,555</u>	<u>\$5,433</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Donations Trust Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	<u>\$21,500</u>	<u>\$21,500</u>	<u>\$11,806</u>	<u>(\$9,694)</u>
Expenditures				
Current:				
Security of Persons and Property				
Police and Fire Department Donations				
Materials and Supplies	<u>3,000</u>	<u>3,000</u>	<u>1,322</u>	<u>1,678</u>
Leisure Time Activities				
Senior Services Donations				
Other	<u>19,225</u>	<u>19,225</u>	<u>6,541</u>	<u>12,684</u>
Community Park Donations				
Other	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Total Leisure Time Activities	<u>23,225</u>	<u>23,225</u>	<u>6,541</u>	<u>16,684</u>
Community Environment				
Blue Herron Donations				
Other	<u>47,000</u>	<u>47,000</u>	<u>1,415</u>	<u>45,585</u>
Beautification Donations				
Other	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Total Community Environment	<u>50,000</u>	<u>50,000</u>	<u>1,415</u>	<u>48,585</u>
General Government				
Special Donations				
Other	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Total Expenditures	<u>79,225</u>	<u>79,225</u>	<u>9,278</u>	<u>69,947</u>
Excess of Revenues Over (Under) Expenditures	<u>(57,725)</u>	<u>(57,725)</u>	<u>2,528</u>	<u>60,253</u>
Fund Balance Beginning of Year	<u>76,742</u>	<u>76,742</u>	<u>76,742</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>2,225</u>	<u>2,225</u>	<u>2,225</u>	<u>0</u>
Fund Balance End of Year	<u>\$21,242</u>	<u>\$21,242</u>	<u>\$81,495</u>	<u>\$60,253</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
All Expendable Trust Funds
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$21,500	\$21,500	\$12,306	(\$9,194)
Expenditures				
Current:				
Security of Persons and Property Donations Trust Fund	3,000	3,000	1,322	1,678
Leisure Time Activities Donations Trust Fund	23,225	23,225	6,541	16,684
Community Environment Donations Trust Fund	50,000	50,000	1,415	48,585
General Government				
Cemetery Endowment Trust Fund	5,000	5,000	67	4,933
Donations Trust Fund	3,000	3,000	0	3,000
Total General Government	8,000	8,000	67	7,933
<i>Total Expenditures</i>	<u>84,225</u>	<u>84,225</u>	<u>9,345</u>	<u>74,880</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(62,725)	(62,725)	2,961	65,686
<i>Fund Balances Beginning of Year</i>	81,864	81,864	81,864	0
Prior Year Encumbrances Appropriated	2,225	2,225	2,225	0
<i>Fund Balances End of Year</i>	<u>\$21,364</u>	<u>\$21,364</u>	<u>\$87,050</u>	<u>\$65,686</u>

City of Solon, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2002

	Balance 12/31/01	Additions	Reductions	Balance 12/31/02
Deposits				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$977,493</u>	<u>\$157,329</u>	<u>\$141,775</u>	<u>\$993,047</u>
Liabilities				
Deposits Held and Due to Others	<u>\$977,493</u>	<u>\$157,329</u>	<u>\$141,775</u>	<u>\$993,047</u>
Dare Scholarship				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$1,567</u>	<u>\$151</u>	<u>\$500</u>	<u>\$1,218</u>
Liabilities				
Deposits Held and Due to Others	<u>\$1,567</u>	<u>\$151</u>	<u>\$500</u>	<u>\$1,218</u>
Total All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$979,060</u>	<u>\$157,480</u>	<u>\$142,275</u>	<u>\$994,265</u>
Liabilities				
Deposits Held and Due to Others	<u>\$979,060</u>	<u>\$157,480</u>	<u>\$142,275</u>	<u>\$994,265</u>

General Fixed Assets Account Group

The general fixed assets account group is used to account for long lived assets not used in the operations of the proprietary funds.

City of Solon, Ohio
Schedule of General Fixed Assets
by Source
December 31, 2002

General Fixed Assets	
Land	\$8,018,411
Land Improvements	802,411
Buildings	30,618,104
Furniture, Fixtures and Equipment	3,704,014
Vehicles	7,283,169
Construction in Progress	<u>12,162,897</u>
<i>Total General Fixed Assets</i>	<u><u>\$62,589,006</u></u>
Investments in General Fixed Assets from:	
General Fund	\$411,026
Capital Projects Funds	61,979,885
Donations	<u>198,095</u>
<i>Total Investment in General Fixed Assets</i>	<u><u>\$62,589,006</u></u>

City of Solon, Ohio
Schedule of General Fixed Assets
by Function and Type
December 31, 2002

	<u>Total</u>	<u>Land</u>	<u>Land Improvements</u>
Security of Persons and Property			
Police	\$9,555,646	\$0	\$43,301
Fire	6,333,148	515,277	25,072
<i>Total Security of Persons and Property</i>	<u>15,888,794</u>	<u>515,277</u>	<u>68,373</u>
Public Health and Welfare			
Cemeteries	3,520	0	3,520
Leisure Time Activities			
Parks and Recreation	17,163,473	1,915,121	453,767
Seniors	65,426	0	0
<i>Total Leisure Time Activities</i>	<u>17,228,899</u>	<u>1,915,121</u>	<u>453,767</u>
Community Environment			
Planning	22,271	0	0
Building	113,894	0	0
Engineering	205,793	0	0
Service	12,854,726	0	56,023
<i>Total Community Environment</i>	<u>13,196,684</u>	<u>0</u>	<u>56,023</u>
General Government			
Finance	92,676	0	0
Income Tax	15,864	0	0
City Council	35,216	0	0
Mayor	31,983	0	0
Other - Unclassified	12,150,578	5,581,513	209,622
Library	3,944,792	6,500	11,106
<i>Total General Government</i>	<u>16,271,109</u>	<u>5,588,013</u>	<u>220,728</u>
<i>Total General Fixed Assets by Function</i>	<u><u>\$62,589,006</u></u>	<u><u>\$8,018,411</u></u>	<u><u>\$802,411</u></u>

<u>Buildings</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Vehicles</u>	<u>Construction In Progress</u>
\$8,159,487	\$621,640	\$731,218	\$0
<u>2,051,400</u>	<u>739,262</u>	<u>2,292,688</u>	<u>709,449</u>
<u>10,210,887</u>	<u>1,360,902</u>	<u>3,023,906</u>	<u>709,449</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2,861,874	371,901	107,362	11,453,448
<u>0</u>	<u>35,334</u>	<u>30,092</u>	<u>0</u>
<u>2,861,874</u>	<u>407,235</u>	<u>137,454</u>	<u>11,453,448</u>
0	22,271	0	0
0	26,540	87,354	0
0	55,832	149,961	0
<u>7,934,615</u>	<u>1,009,954</u>	<u>3,854,134</u>	<u>0</u>
<u>7,934,615</u>	<u>1,114,597</u>	<u>4,091,449</u>	<u>0</u>
0	92,676	0	0
0	2,764	13,100	0
0	35,216	0	0
0	14,723	17,260	0
5,699,152	660,291	0	0
<u>3,911,576</u>	<u>15,610</u>	<u>0</u>	<u>0</u>
<u>9,610,728</u>	<u>821,280</u>	<u>30,360</u>	<u>0</u>
<u>\$30,618,104</u>	<u>\$3,704,014</u>	<u>\$7,283,169</u>	<u>\$12,162,897</u>

City of Solon, Ohio
Schedule of Changes in General Fixed Assets
by Function and Activity
For the Year Ended December 31, 2002

	General Fixed Assets 01/01/02	Additions	Deductions	General Fixed Assets 12/31/02
Security of Persons and Property				
Police	\$9,413,178	\$270,852	\$128,384	\$9,555,646
Fire	5,314,599	1,028,217	9,668	6,333,148
<i>Total Security of Persons and Property</i>	<u>14,727,777</u>	<u>1,299,069</u>	<u>138,052</u>	<u>15,888,794</u>
Public Health and Welfare				
Cemeteries	0	3,520	0	3,520
Leisure Time Activities				
Parks and Recreation	5,514,732	12,680,104	1,031,363	17,163,473
Seniors	65,117	1,469	1,160	65,426
<i>Total Leisure Time Activities</i>	<u>5,579,849</u>	<u>12,681,573</u>	<u>1,032,523</u>	<u>17,228,899</u>
Community Environment				
Planning	23,474	0	1,203	22,271
Building	111,304	2,590	0	113,894
Engineering	190,288	34,275	18,770	205,793
Service	12,742,275	296,747	184,296	12,854,726
<i>Total Community Environment</i>	<u>13,067,341</u>	<u>333,612</u>	<u>204,269</u>	<u>13,196,684</u>
General Government				
Finance	92,676	0	0	92,676
Income Tax	15,864	0	0	15,864
City Council	35,216	0	0	35,216
Mayor	30,775	2,368	1,160	31,983
Other - Unclassified	11,806,944	345,238	1,604	12,150,578
Library	3,944,792	0	0	3,944,792
<i>Total General Government</i>	<u>15,926,267</u>	<u>347,606</u>	<u>2,764</u>	<u>16,271,109</u>
<i>Total General Fixed Assets</i>	<u>\$49,301,234</u>	<u>\$14,665,380</u>	<u>\$1,377,608</u>	<u>\$62,589,006</u>

City of Solon, Ohio
General Governmental Expenditures by Function (1)
 Last Ten Years

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Security of Persons and Property	\$10,806,817	\$10,200,788	\$8,595,528	\$8,763,352	\$8,104,363	\$7,899,219	\$7,177,950	\$6,686,589	\$6,174,925	\$5,912,339
Public Health and Welfare	105,158	104,022	94,139	51,024	86,095	65,684	84,872	79,673	66,350	72,878
Leisure Time Activities	3,255,583	2,743,713	2,320,317	2,097,835	1,928,041	1,885,838	1,682,124	1,739,239	1,519,132	1,385,406
Community Environment	1,708,408	1,613,073	1,763,591	899,354	776,957	1,059,817	691,742	759,014	656,608	622,181
Basic Utility Services	1,467,022	1,314,350	1,286,482	1,398,880	1,731,731	2,002,968	2,920,778	971,010	2,084,221	1,391,192
Transportation	4,076,610	3,682,611	3,257,355	3,959,277	2,990,029	3,966,886	4,773,687	3,577,090	3,353,955	3,269,688
General Government	4,920,313	4,807,963	4,365,173	6,001,325	4,967,094	4,719,791	4,694,209	4,026,278	4,486,752	4,469,139
Capital Outlay	25,394,387	13,622,807	10,336,925	7,188,569	6,044,446	8,244,986	4,142,936	11,869,733	9,350,641	4,928,733
Debt Service	6,040,891	9,532,154	11,509,894	3,298,487	3,097,684	3,127,795	2,815,457	2,835,261	3,183,582	2,676,896
Total	\$57,775,189	\$47,621,481	\$43,529,404	\$33,658,103	\$29,726,440	\$32,972,984	\$28,983,755	\$32,543,887	\$30,876,166	\$24,728,452

(1) Includes general, special revenue, debt service and capital projects funds.

Source: City of Solon records

City of Solon, Ohio
General Governmental Revenues by Source (1)
Last Ten Years

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Municipal Income Taxes	\$27,795,091	\$27,350,350	\$28,948,547	\$26,143,337	\$24,999,541	\$23,408,703	\$22,718,834	\$21,371,321	\$19,812,066	\$19,139,184
Property Taxes	4,370,359	3,842,118	3,864,543	5,538,206	2,802,463	3,770,759	4,005,215	3,354,993	2,768,236	3,128,261
Other Local Taxes	643,448	569,811	422,268	211,927	231,958	171,476	0	0	0	0
Charges for Services	1,864,193	1,440,499	1,119,423	1,048,265	845,203	811,834	1,242,321	1,081,066	683,287	711,949
Fees, Licenses and Permits	900,926	1,184,015	670,334	757,324	657,766	543,291	205,324	276,380	294,869	320,188
Fines and Forfeitures	286,901	325,416	347,191	304,039	388,465	291,555	229,765	287,504	251,888	236,727
Intergovernmental	6,670,848	2,964,830	3,059,750	1,762,816	1,748,824	1,758,064	2,909,185	1,550,350	2,350,761	2,974,073
Special Assessments	820,074	707,859	958,092	830,806	421,000	1,360,000	1,035,551	1,068,341	989,150	843,600
Investment Income	3,174,847	3,820,232	3,808,423	2,146,285	2,366,471	2,044,588	1,905,410	1,801,877	1,034,113	575,518
Other	224,486	595,535	622,888	322,814	1,375,367	603,313	614,060	273,653	414,628	560,384
Total	\$46,751,173	\$42,800,665	\$43,821,459	\$39,065,819	\$35,837,058	\$34,763,583	\$34,865,665	\$31,065,485	\$28,598,998	\$28,489,884

(1) Includes general, special revenue, debt service and capital projects funds.

Property Taxes and Other Local Taxes revenue is shown in total for years 1993 through 1996.

Source: City of Solon records

City of Solon, Ohio
Property Tax Levies and Collections
Last Ten Years

Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes to Total Tax Levy
2002	\$3,886,035	\$3,523,795	\$100,905	\$3,624,700	93.28%	\$205,422	5.29%
2001	3,778,018	3,516,284	90,066	3,606,350	95.46	148,750	3.94
2000	3,396,993	3,225,956	65,456	3,291,412	96.89	89,355	2.63
1999	3,298,240	3,122,809	62,446	3,185,255	96.57	99,317	3.01
1998	3,199,928	3,002,501	37,918	3,040,419	95.02	84,409	2.64
1997	2,992,692	2,819,274	32,391	2,851,665	95.29	84,326	2.82
1996	2,619,324	2,486,435	30,768	2,517,203	96.10	77,114	2.94
1995	2,530,721	2,432,928	29,222	2,462,150	97.29	63,602	2.51
1994	2,289,042	2,167,747	38,367	2,206,114	96.38	61,781	2.70
1993	2,261,948	2,109,628	45,598	2,155,226	95.28	82,881	3.66

Source: Cuyahoga County Auditor

City of Solon, Ohio
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Tax Collection Year	Real Property		Public Utility Personal Property		Tangible Personal Property		Total	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2002	\$884,817,300	\$2,528,049,429	\$21,310,340	\$24,216,295	\$214,640,995	\$858,563,980	\$1,120,768,635	\$3,410,829,704
2001	865,497,080	2,472,848,800	24,380,670	27,705,307	222,037,724	888,150,896	1,111,915,474	3,388,705,003
2000	751,604,370	2,147,441,057	25,373,790	28,833,852	203,829,922	815,319,688	980,808,082	2,991,594,597
1999	720,557,060	2,058,734,457	27,275,100	30,994,432	204,302,253	817,209,012	952,134,413	2,906,937,901
1998	692,723,010	1,979,208,600	27,362,250	31,093,466	201,276,279	805,105,116	921,361,539	2,815,407,182
1997	652,304,010	1,863,725,743	28,619,720	32,522,409	189,671,684	758,686,736	870,595,414	2,654,934,888
1996	637,201,530	1,820,575,800	28,789,390	32,715,216	197,807,661	791,230,644	863,798,581	2,644,521,660
1995	616,390,820	1,761,116,629	30,235,110	34,358,080	186,410,818	745,643,272	833,036,748	2,541,117,981
1994	546,884,860	1,562,528,171	29,651,420	33,694,795	189,804,338	759,217,352	766,340,618	2,355,440,318
1993	531,767,190	1,519,334,829	29,710,990	33,762,489	197,873,546	791,494,184	759,351,726	2,344,591,502

(1) This amount is calculated for 2002 based on the following percentages:
 Real estate is assessed at 35 percent of actual value.
 Public utility personal is assessed at 88 percent of actual value.
 Tangible personal property is assessed at 25 percent of actual value for capital assets,
 and 24 percent of actual value for inventory.

Source: Cuyahoga County Auditor

City of Solon, Ohio
Assessed Value of Real Property by Class
Last Ten Years

Year	Agricultural/ Residential	Commercial	Industrial	Public Utility Real (1)	Total Real Property
2002	\$587,426,100	\$190,403,770	\$106,925,480	\$61,950	\$884,817,300
2001	569,650,190	190,528,780	105,253,280	64,830	865,497,080
2000	503,714,390	144,924,120	102,788,310	177,550	751,604,370
1999	489,347,810	125,826,460	105,214,400	168,390	720,557,060
1998	474,047,150	116,946,770	101,560,100	168,990	692,723,010
1997	437,774,000	110,836,130	103,525,540	168,340	652,304,010
1996	424,616,120	108,679,300	103,743,180	162,930	637,201,530
1995	410,661,710	104,200,390	101,367,460	161,260	616,390,820
1994	348,252,840	95,644,510	102,893,780	93,730	546,884,860
1993	332,078,790	95,894,180	103,604,890	189,330	531,767,190

Source: Cuyahoga County Auditor

(1) Railroads are now the only values included in this class.

City of Solon, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

City of Solon

Year	City of Solon			Fire Pension Fund		Police Pension Fund		Service and Safety Equipment Fund		Bond Retirement Fund		Library and School District (1)		Cuyahoga County	Total
	General Fund	Fire Pension Fund	Bond Retirement Fund	Fire Pension Fund	Police Pension Fund	Service and Safety Equipment Fund	Bond Retirement Fund	Service and Safety Equipment Fund	Bond Retirement Fund	Library and School District (1)	Cuyahoga County	Total			
2002	\$0.50	\$0.30	\$2.60	\$0.30	\$0.30	\$0.50	\$2.60	\$0.50	\$4.20	\$69.80	\$16.20	\$90.20			
2001	0.50	0.30	2.60	0.30	0.30	0.50	2.60	0.50	4.20	63.00	16.20	83.40			
2000	0.50	0.30	2.70	0.30	0.30	0.50	2.70	0.50	4.30	63.10	15.30	82.70			
1999	0.50	0.30	2.70	0.30	0.30	0.50	2.70	0.50	4.30	63.10	15.30	82.70			
1998	0.45	0.30	2.75	0.30	0.30	0.50	2.75	0.50	4.30	62.60	16.80	83.70			
1997	0.45	0.30	2.75	0.30	0.30	0.50	2.75	0.50	4.30	62.80	16.80	83.90			
1996	0.42	0.30	2.48	0.30	0.30	0.50	2.48	0.50	4.00	55.20	16.80	76.00			
1995	0.42	0.30	2.48	0.30	0.30	0.50	2.48	0.50	4.00	55.10	16.80	75.90			
1994	0.42	0.30	2.48	0.30	0.30	0.50	2.48	0.50	4.00	55.20	16.80	76.00			
1993	0.27	0.30	2.63	0.30	0.30	0.50	2.63	0.50	4.00	49.30	16.80	70.10			

(1) Solon City School District

Source: Cuyahoga County Auditor

City of Solon, Ohio
Principal Real Property Taxpayers
 December 31, 2002

Taxpayer	Assessed Valuation	Percent of Total Assessed Value of Real Property	Percent of Total Assessed Value
Stouffer Corporation	\$12,645,640	1.43%	1.13%
Cleveland Electric Illuminating Company	11,838,015	1.34	1.06
Duke Realty LTD Partnership	11,151,770	1.26	1.00
Crawford Fitting Company	9,301,005	1.05	0.83
Hallwood 95, L.P.	7,881,055	0.89	0.70
DDR Ohio Opportunity III LLC	6,020,000	0.68	0.54
Course 43 LTD	5,724,040	0.65	0.51
Ohio Bell Telephone Company	5,591,880	0.63	0.50
Midamco	4,966,010	0.56	0.44
Permatex, Incorporated	4,403,070	0.50	0.39
Total	\$79,522,485	8.99%	7.10%
Total Assessed Value of Real Property	\$884,817,300	100.00%	78.95%
Total Assessed Value	\$1,120,768,635		100.00%

Source: Cuyahoga County

City of Solon, Ohio
Principal Personal Property Taxpayers
 December 31, 2002

Taxpayer	Assessed Valuation	Percent of Total Assessed Value of Personal Property	Percent of Total Assessed Value
Swagelok Company	\$35,100,210	16.35%	3.13%
Nestle USA Food Group, Incorporated	14,900,890	6.94	1.33
Jefferson Smurfit, Corporation	6,767,440	3.15	0.60
Saint Gobain Ceramics & Plastics	6,611,660	3.08	0.59
Pioneer Standard Electronics	6,381,420	2.97	0.57
L'Oreal USA Sales, Incorporated	5,802,370	2.70	0.52
Keithley Instruments, Incorporated	5,259,130	2.45	0.47
Erico Holding Company	5,183,620	2.42	0.46
Permatex, Incorporated	4,671,311	2.18	0.42
Mannsmann Demag Corporation	3,902,283	1.82	0.35
Total	\$94,580,334	44.06%	8.44%
Total Assessed Value of Personal Property	\$214,640,995	100.00%	19.15%
Total Assessed Value	\$1,120,768,635		100.00%

Source: Cuyahoga County

City of Solon, Ohio
Ten Largest City Income Tax Withholding Accounts
December 31, 2002

	Employee Withholding	Percentage of Total
Nestle' Beverage Services	\$1,520,205	7.28%
Swagelok Company	786,324	3.77
Solon Board of Education	655,712	3.15
Keithley Instruments, Incorporated	599,123	2.87
Pioneer Standard Electronics	547,540	2.63
Erico Products	503,075	2.41
Kennametal, Incorporated	376,216	1.81
L'Oreal USA Products, Incorporated	364,908	1.75
City of Solon	309,263	1.48
Datavantage Corporation	291,934	1.40
Total	5,954,300	28.57
Other Withholding Accounts	14,886,547	71.43
Total Withholding Collected	<u>\$20,840,847</u>	<u>100.00%</u>

Source: City of Solon

City of Solon, Ohio
Special Assessments Billed and Collected
Last Ten Years

Year	Special Assessment Billed	Special Assessment Collected	Percent Collected	Outstanding Delinquents (1)
2002	\$824,361	\$820,074	99.48%	\$4,287
2001	738,045	707,859	95.91	30,186
2000	718,733	702,142	97.69	16,591
1999	846,595	821,492	97.03	25,103
1998	1,074,497	958,697	89.22	115,800
1997	1,014,276	925,688	91.27	88,588
1996	1,063,440	1,036,351	97.45	27,089
1995	1,090,930	1,068,699	97.96	22,231
1994	855,551	830,774	97.10	24,777
1993	927,007	843,881	91.03	83,126

(1) Includes accrued interest and are shown net of abatements.

Source: Cuyahoga County Auditor

City of Solon, Ohio
Computation of Legal Debt Margin
December 31, 2002

Assessed Valuation	<u>\$1,120,768,635</u>
Overall Debt Limitation 10.5% of Assessed Valuation	\$117,680,707
Gross Indebtedness	
General Obligation Bonds	\$22,570,000
Special Assessment Bonds	1,060,714
OWDA Loans	19,190,442
OPWC Loans	714,744
Notes	<u>7,500,000</u>
Total Gross Indebtedness	<u>51,035,900</u>
Exemptions:	
Special Assessment Bonds	1,060,714
OWDA Loans	<u>19,190,442</u>
Total Exemptions	<u>20,251,156</u>
Debt Within 10.5% Limitation	30,784,744
Less: Amount Available in Debt Service Fund	<u>1,596,515</u>
Net Debt Within 10.5% Limitation	<u>29,188,229</u>
Legal Debt Margin Within 10.5% Limitation	<u><u>\$88,492,478</u></u>
<hr/>	
Unvoted Debt Limitation - 5.5% of Assessed Valuation	\$61,642,275
Gross indebtedness authorized by Council	\$51,035,900
Less Debt Outside Limitation:	
Special Assessment Bonds	1,060,714
OWDA Loans	<u>19,190,442</u>
Total Debt Outside Limitation	<u>20,251,156</u>
Debt Within 5.5% Limitation	30,784,744
Less: Amount Available in Debt Service Fund	<u>1,596,515</u>
Net Debt Within 5.5% Limitation	<u>29,188,229</u>
Legal Debt Margin Within 5.5% Limitation	<u><u>\$32,454,046</u></u>

Source: City of Solon

Calculation of Statutory (direct) Legal Debt Margin is based on Chapter 133 of the Ohio Revised Code.

City of Solon, Ohio
*Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Years*

Year	Population (2)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2002	21,802 (b)	\$1,120,768,635	\$22,570,000	\$1,596,515	\$20,973,485	1.87%	\$962.00
2001	21,802 (b)	1,111,915,474	12,185,000	2,989,743	9,195,257	0.83	421.76
2000	21,802 (b)	980,808,082	13,325,000	3,097,125	10,227,875	1.04	469.13
1999	18,548 (a)	952,134,413	14,420,000	2,349,700	12,070,300	1.27	650.76
1998	18,548 (a)	921,361,539	15,495,000	1,810,818	13,684,182	1.49	737.77
1997	18,548 (a)	870,595,414	16,515,000	1,251,974	15,263,026	1.75	822.89
1996	18,548 (a)	863,798,581	17,475,000	959,254	16,515,746	1.91	890.43
1995	18,548 (a)	833,036,748	14,680,000	486,240	14,193,760	1.70	765.24
1994	18,548 (a)	766,340,618	12,725,000	67,561	12,657,439	1.65	682.42
1993	18,548 (a)	759,351,726	13,340,000	309,448	13,030,552	1.72	702.53

(1) Source: U.S. Bureau of Census, Census of Population
(a) 2000 Federal Census
(b) 1990 Federal Census

(2) Source: Cuyahoga County Auditor

(3) Includes all general obligation bonds

City of Solon, Ohio
*Ratio of Annual Debt Service Expenditures for General Obligation
 Bonded Debt to Total General Governmental Expenditures
 Last Ten Years*

Year	Principal (1)	Interest and Fiscal Charges (1)	Total Debt Service	General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
2002	\$1,850,000	\$942,094	\$2,792,094	\$57,775,189	4.83%
2001	1,140,000	725,825	1,865,825	47,621,481	3.92
2000	1,095,000	789,918	1,884,918	43,529,404	4.33
1999	1,075,000	864,481	1,939,481	33,658,103	5.76
1998	1,020,000	931,022	1,951,022	29,729,440	6.56
1997	960,000	994,270	1,954,270	32,972,984	5.93
1996	905,000	843,728	1,748,728	28,983,755	6.03
1995	4,740,000 (3)	841,638	5,581,638	32,543,887	17.15
1994	695,197	996,986	1,692,183	30,876,166	5.48
1993	390,000	546,141	936,141	24,728,452	3.79

(1) Only general obligation bond principal and interest

(2) Includes general, special revenue, debt service and capital projects funds.

(3) Includes \$3,605,000 in advance refunding debt payment

Source: City of Solon

City of Solon, Ohio
Computation of Direct and Overlapping Debt
December 31, 2002

Jurisdiction	General Tax Supported Debt	Percentage Applicable to City	Amount Applicable to City
Direct			
City of Solon (1)	<u>\$30,070,000</u>	100.00%	<u>\$30,070,000</u>
Overlapping			
Solon City School District	21,574,962	100.00	21,574,962
Cuyahoga County	200,162,636	3.99	7,986,489
Greater Cleveland Regional Transit Authority	<u>136,310,000</u>	3.99	<u>5,438,769</u>
Total Overlapping	<u>358,047,598</u>		<u>35,000,220</u>
Total	<u><u>\$388,117,598</u></u>		<u><u>\$65,070,220</u></u>

(1) The debt outstanding includes general obligation bonded and note debt.

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

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 Auditor

City of Solon, Ohio
Revenue Coverage of OWDA Loans
Last Ten Years

Year	Gross Revenues (1)	Direct Operating Expenditures (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	\$5,404,261	\$3,894,433	\$1,509,828	\$521,831	\$275,671	\$797,502	1.89
2001	5,381,397	4,142,824	1,238,573	1,018,122	576,884	1,595,006	0.78
2000	4,710,354	2,787,929	1,922,425	969,464	625,542	1,595,006	1.21
1999	5,199,841	2,609,974	2,589,867	1,090,504	809,240	1,899,744	1.36
1998	5,009,339	2,782,466	2,226,873	1,085,095	846,374	1,931,469	1.15
1997	4,335,108	3,373,995	961,113	1,019,303	881,183	1,900,486	0.51
1996	3,572,731	3,135,089	437,642	923,799	835,335	1,759,134	0.25
1995	2,961,117	2,360,856	600,261	235,177	493,044	728,221	0.82
1994	3,088,601	2,313,118	775,483	122,839	169,691	292,530	2.65
1993	2,860,011	2,349,152	510,859	5,860	23,220	29,080	17.57

(1) Gross revenues are on a cash basis. They represent all operating and non-operating revenues in the water reclamation operating fund with the exception of debt instrument proceeds.

(2) Direct operating expenditures are on a cash basis. They include expenses for wages, benefits, contract services, utilities and capital items.

Source: City of Solon

City of Solon, Ohio
Outstanding Principal of Total Debt
Last Ten Years

	2002	2001	2000
Indebtedness:			
General Obligation Bonds			
Sewer Plant Construction	\$0	\$0	\$0
Grantwood Park Improvements	0	55,000	110,000
Central Wastewater	0	150,000	300,000
Sewer System Improvements	0	0	0
Land Acquisition	0	0	0
New City Hall Construction	4,885,000	5,205,000	5,510,000
LTGO Refunding	3,055,000	3,585,000	4,090,000
Library Building	3,060,000	3,190,000	3,315,000
Community Center and Kruse Dr.	11,570,000	0	0
Special Assesment Bonds			
Cochran/Solon Road	0	0	0
Cheswick 1 and 2	0	0	0
Ambina Drive	0	0	0
Davis Drive	0	0	0
Cannon Spring Sanitary (CBS)	0	0	0
Bruce Industrial Parkway	0	0	0
Sherbrook Drive	315,000	420,000	525,000
Parkland Westview Improvements	0	0	0
Various Street Improvements	0	0	0
County Issued Miles Sewer	745,714	791,604	791,604
Various Purpose Improvements	0	2,920,000	3,110,000
Loans from State Agencies			
<i>Enterprise Fund Loans</i>			
OWDA 190SRF - WWTP Expansion	13,600,420	14,024,397	14,853,402
OWDA 181SRF - N. E. Pump Station	2,226,012	2,304,666	2,457,043
OWDA 896032 - WWTP (1970)	225,307	235,421	254,459
OWDA 190SRFS - WWTP Expansion	301,987	311,073	328,774
<i>General Long-Term Debt Loans</i>			
OWDA 181SRF - Creekside Pump Station	1,619,144	1,676,101	1,786,443
OPWC CA514 - Solon/Baldwin/Huntington Sanitary Sewers	571,377	642,799	666,606
OWDA 332SRF - Aurora/Liberty Sanitary Sewer	1,217,572	1,217,572	1,246,608
OPWC - Solon/Cochran Intersection	143,367	162,917	169,434
Capital Leases	0	0	0
General Obligation Bond Anticipation Notes			
Kruse Drive	0	2,300,000	2,475,000
Municipal Service Center Improvement	0	2,000,000	4,000,000
Community Center	5,000,000	5,000,000	0
Building Construction	2,500,000	0	0
Total	\$51,035,900	\$46,191,550	\$45,989,373

1999	1998	1997	1996	1995	1994	1993
\$0	\$0	\$0	\$0	\$35,000	\$70,000	\$105,000
165,000	220,000	275,000	330,000	385,000	440,000	495,000
450,000	600,000	750,000	900,000	1,050,000	1,200,000	1,350,000
0	0	0	0	0	3,605,000	3,690,000
0	0	0	0	0	300,000	350,000
5,805,000	6,085,000	6,355,000	6,615,000	6,865,000	7,110,000	7,350,000
4,570,000	5,050,000	5,495,000	5,930,000	6,345,000	0	0
3,430,000	3,540,000	3,640,000	3,700,000	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	9,000	18,000
0	0	0	0	11,000	22,000	33,000
0	0	0	35,000	70,000	105,000	140,000
0	35,000	70,000	105,000	140,000	175,000	210,000
17,000	34,000	51,000	68,000	85,000	102,000	119,000
40,000	80,000	120,000	160,000	200,000	240,000	280,000
630,000	735,000	840,000	945,000	1,050,000	1,155,000	1,260,000
0	0	0	0	0	2,180,000	2,255,000
0	0	0	0	0	3,060,000	3,165,000
876,500	876,500	915,506	952,217	986,635	1,021,053	1,083,004
3,290,000	3,460,000	3,625,000	3,790,000	3,940,000	4,085,000	4,230,000
16,050,942	16,819,717	17,565,644	18,289,248	18,991,492	7,423,667	0
2,673,790	2,810,792	2,942,087	3,067,914	3,188,149	3,304,064	3,414,814
280,809	297,177	312,582	327,081	340,728	353,571	365,660
354,189	370,404	416,995	432,500	0	0	0
1,943,398	2,042,606	2,137,682	2,228,798	2,316,470	2,399,803	2,480,000
714,221	761,836	809,451	857,066	928,490	0	0
1,330,213	1,383,149	1,433,950	1,482,702	0	0	0
182,467	195,500	0	0	0	0	0
548	13,699	36,943	37,423	33,579	3,677	62,591
2,425,000	2,285,000	0	0	0	0	0
6,000,000	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$51,229,077</u>	<u>\$47,695,380</u>	<u>\$47,791,840</u>	<u>\$50,252,949</u>	<u>\$46,961,543</u>	<u>\$38,363,835</u>	<u>\$32,456,069</u>

City of Solon, Ohio
*Ratio of Debt to Total Population, Assessed Value of
 Real and Personal Property and Per Capita Income
 Last Seven Years*

Year	Total Debt	Debt per Capita (1)	Percent of Assessed Valuation	Debt per Capita as a Percent of Personal Income per Capita (2)
2002	\$51,035,900	\$2,340.88	4.48%	6.60%
2001	46,191,550	2,118.68	4.15	6.27
2000	45,989,373	2,135.94	4.75	9.49
1999	51,229,077	2,761.97	5.38	12.27
1998	47,695,380	2,571.46	5.18	11.42
1997	47,791,840	2,576.66	5.49	11.44
1996	50,252,949	2,709.35	5.82	12.03

(1) Calculated using the population from the 1990 census for years 1996 through 1999, 2000 census data is used thereafter.

(2) Calculated using the per capita income from the 1990 census for years 1996 through 1999, 2000 census data is used thereafter.

City of Solon, Ohio
Demographic Statistics
 December 31, 2002

Population Data

<u>Year</u>	<u>Population</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>	<u>County Population</u>	<u>State Population</u>
1930	1,027			1,201,455	6,646,697
1940	1,508	481	46.84%	1,217,250	6,907,612
1950	2,570	1,062	70.42	1,389,532	7,946,627
1960	6,333	3,763	146.42	1,647,895	9,706,397
1970	11,519	5,186	81.89	1,721,300	10,652,017
1980	14,341	2,822	24.50	1,498,400	10,797,630
1990	18,548	4,207	29.34	1,412,140	10,847,115
2000	21,802	3,254	17.54	1,393,978	11,353,140

2000 Population Distribution by Age

Miscellaneous Population Information

<u>Age</u>	<u>Number</u>	<u>Percent of Total</u>
Under 5	1,290	5.92%
5 - 9	1,891	8.67
10 - 14	2,199	10.09
15 - 19	1,702	7.81
20 - 24	647	2.97
25 - 34	1,668	7.65
35 - 44	4,000	18.35
45 - 54	4,127	18.93
55 - 59	1,141	5.23
60 - 64	818	3.75
65 - 74	1,302	5.97
75 - 44	824	3.78
85 & over	193	0.89
Total	21,802	100.00%
Under 18	6,658	30.54%
65 & Over	2,319	10.64%

<u>Males</u>
10,687
49.02%
<u>Females</u>
11,115
50.98%
<u>Persons 25 & Over</u>
High school graduate or higher
94.6%
Bachelor's degree or higher
50.4%

(continued)

City of Solon, Ohio
Demographic Statistics (continued)
 December 31, 2002

Distribution of Household by Income - 1999		
Income in 1999 (in dollars)	Number	Percent of Total
Less than 10,000	210	2.77%
10,000 - 14,999	139	1.84
15,000 - 24,999	465	6.14
25,000 - 34,999	566	7.48
35,000 - 49,999	771	10.19
50,000 - 74,999	1,408	18.60
75,000 - 99,999	1,238	16.36
100,000 - 149,999	1,481	19.57
150,000 - 199,999	556	7.35
200,000 or more	734	9.70
Total Households	7,568	100.00%

Median household income \$78,903
 Per capita income \$35,394

Household Type	1990	2000
Total Housing Units	6,601	7,801
Total Household (units occupied)	6,341	7,554
One Person Households	914	1,197
Two or more Person Household	5,427	6,357
Married couples family	4,722	5,427
Male householder (no wife) family	135	179
Female house holder (no husband) family	434	562
Nonfamily	136	189
Marital Status - Persons 15 years old & older		
Never married	3,051	3,118
Now married, except separated	9,652	11,121
Separated	95	133
Widowed	750	858
Divorced	692	1,226
Persons per household	2.92	2.89

Source:
 U.S. Department of Commerce, Bureau of the Census, 2000 Census.
 Historical data prepared by: Office of Strategic Research, Ohio
 Department of Development, 3/01.
www.odod.state.oh.us/osr/people.htm

U.S. Census Bureau, American FactFinder web site:
<http://factfinder.census.gov/serlet/BasicFactsServlet>.

City of Solon, Ohio
Property Values, Bank Deposits and Construction
Last Ten Years

Year	Assessed Value Real and Personal Property (1)	Building Permits Issued (2)		Bank Deposits (in thousands)
		Number	Value	
2002	\$1,120,768,635	706	\$54,524,006	\$95,761,917
2001	1,111,915,474	773	97,746,307	63,893,769
2000	980,808,082	748	61,396,638	61,943,764
1999	952,134,413	767	75,119,573	57,816,942
1998	921,361,539	782	76,795,425	58,904,596
1997	870,595,414	812	75,019,941	53,941,971 (a)
1996	863,798,581	689	66,661,787	27,068,211
1995	833,036,748	638	52,635,320	22,694,304
1994	766,340,618	780	68,880,856	20,885,453
1993	759,351,726	949	61,198,380	21,900,421

(a) Large increase in deposits due to Key Bank becoming a single charter in 1997.

- Sources:
- (1) Cuyahoga County Auditor
 - (2) City of Solon Building Department
 - (3) Federal Reserve Bank of Cleveland, Ohio

City of Solon, Ohio
Miscellaneous Statistical Data
 December 31, 2002

Government:	Charter Founded Township Village City	Mayor and Council (adopted 1954) 1820 1825 1938 December 5, 1960
Population:	Census 2000	21,802
Area:	19.2 square miles (12,300 acres)	633 acres undeveloped (excludes recreation land)
Altitude:	Max. 1,246.1 feet -- Min. 886.1 feet	City Hall is at 1,033 feet
Climate (General Region):	Average rainfall Average summer temperature Average winter temperature	38.7 inches 69.8 degrees Fahrenheit 32.2 degrees Fahrenheit
Highways:	U.S. Routes -- 422 (divided highway, direct link to I-271 & I-480) State Routes -- 43, 91, and 175 County Roads (9)	5.8 miles 12.4 miles 28.2 miles
Police:	Stations Equipment (pieces) Officers School guards Auxiliary Dispatchers Administrative personnel Corrections personnel Humane officers	1 23 (includes 4 bicycles and 1 speed trailer) 45 5 20 7 full-time, 5 part-time 8 full-time, 3 part-time 12 1
Fire:	Stations Line personnel Fire prevention inspectors Administrative staff Equipment (pieces)	2 (1 additional to be completed in 2003) 54 4 3 21 (includes a boat on a trailer)
Assessed Valuation:	\$1,120,768,635	2002
Number of Dwellings:	Total units (including multi-family) Single family home average value	8,253 (Solon Planning Department) \$193,800 in 2000 (County Auditor)
Banks:	Branches	12
Churches:	Total	11
Buildings:	Permits issued in 2002 Valuation	706 \$54,524,006
Industry:	Number of business units (Solon Planning Department)	379 retail/commercial 443 industrial
Railroads:	Wheeling and Lake Erie Norfolk Southern	1 1
Bus Lines:	RTA (Regional Transit Authority)	3 routes
Medical:	Hospitals within 12 miles Emergency Care facility in Solon	20 1

(continued)

City of Solon, Ohio
Miscellaneous Statistical Data (continued)
 December 31, 2002

Education:	Total school enrollment	5,103 (September 2002)
	Average SAT score - Verbal	535 (2000-2001)
	Average SAT score - Math	557 (2000-2001)
	Parochial schools within 20 miles	25 (1998)
	Private schools within 20 miles	8 (1998)
	Major Colleges and Universities within 50 miles	15 (2000)
	Technical and Vocational Schools in the region	39 (2000)
Libraries:	Public Libraries	1
	Volumes available	80,773
	Audio/Visual	17,374
	Magazines	9,171
Newspapers:	Daily	1 - Cleveland Plain Dealer
	Weekly	2 - Solon Times and Solon Herald Sun
Lodging:	Hotel/Motel	4 (1 additional under construction)
Shopping Centers:		4
Airport:	20 miles to Cleveland Hopkins International Airport	
Recreation Facilities: (city owned and maintained)	Parks	4 (estimated 151 total acres)
	Swimming pools	1 (6 lane -- 50 meter)
	Community Center	Under construction (opening in 2003)
	Lighted tennis courts	8 (adding 6 unlit courts in 2003)
	Baseball fields	11
	Playgrounds	6 (adding 1 in 2003)
	Skateboard park	1
	Basketball courts	3 1/2
	Sand volleyball courts	3
	Pavilions	4
	Lake within park	1 (approximately 5 acres for fishing)
	Golf course (Grantwood)	1 - 18 hole (driving range under const.)
Other Recreation:	Cleveland Metro Parks area	379 acres within Solon
	Amusement park (Six Flags)	2 miles from City limits
	Golf courses (private)	2 (18 holes each)
Sewerage System: (city owned and maintained)	Miles of sanitary sewers	150
	Number of treatment plants	1
	Number of lift/pump stations	22
	Number of service connections	6,760 residential; 286 commercial
	Daily average treatment	4,060,000 gallons
	Maximum daily capacity of plant	5,800,000 gallons
Public Meetings:	Solon City Council	1st and 3rd Monday of each month
	Other Committees and Commissions meet monthly on varying dates.	



**Auditor of State
Betty Montgomery**

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CITY OF SOLON

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 8, 2003**