

**CITY OF SOLON
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

CITY OF SOLON
CUYAHOGA COUNTY

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Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solon, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 13, 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the City's management in a separate letter dated June 13, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated June 13, 2008.

We intend this report solely for the information and use of the audit committee, management, and City Council. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

June 13, 2008

City of Solon, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2007

*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, 2007
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The City of Solon
CITY HALL

34200 Bainbridge Road
Solon, OH 44139-2955
Phone: (440) 248-1155
Fax: (440) 349-6322

June 13, 2008

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

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

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

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

For the year 2007, the City of Solon was audited by the Auditor of State's Office. Their unqualified opinion is included in the financial section of this report.

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

REPORTING ENTITY

The City of Solon is located in the southeast corner of Cuyahoga County about 15 miles southeast of downtown Cleveland. It was originally organized as a township around 1825, and became a village in 1938. On November 2, 1954, the voters of Solon approved a charter. 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, 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 and drug resistance programs. 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 new Community Center, as does the Senior Services Department from the Senior Center wing of the new Community Center.

Solon has two enterprise operations. They are the Grantwood Recreation Park/Golf Course and the Water Reclamation (formerly wastewater) funds. 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, human resources, financial and municipal income tax administration.

The Council adopts a final annual budget by no later than the close of the fiscal year. The annual budget serves as the foundation for the City of Solon's financial planning and control. The budget is prepared by fund, function, department and object (personal services and other). Department heads may transfer resources within the other object as they see fit. Transfers between departments, however, need special approval from the governing council.

ECONOMIC CONDITION AND OUTLOOK

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

- a. The number of W-2's (employee withholding tax data) for employees working in the City of Solon and filed with the Division of Taxation in 2007 was 51,404 or 2,863 more than 2006. We estimate that over 24,000 of these W-2's were for full time employees.
- b. In 2007, there were 219 industrial and commercial building permits granted for new buildings, additions to existing buildings or remodeling, totaling over \$63.5 million in market value. These included two new buildings that will add 70 and 30 new jobs in the City.

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 building an addition, is able to obtain property tax abatement on their new

construction and investment in exchange for creating jobs. This program has been successful in attracting new businesses and retaining existing businesses. As of the end of 2007, the City had 16 active Enterprise Zone agreements, 18 Job Creation Grant Agreements and 1 Community Reinvestment Area Agreement.

Although the City has been growing rapidly since the 1960's, there is still some land available for new industry and business. The Planning Department estimates over 200 acres are presently available for industrial development.

LONG-TERM FINANCIAL PLANNING

The City's Administration and Council have a long established policy of maintaining a five year plan for personnel and capital expenditures. It is updated by the administration and reviewed every year by the Council Finance Committee. Usually every other year, the Finance Committee will review it with the full Council.

Included in the five year plan is a schedule of infrastructure projects to be paid from the Infrastructure Capital Projects Fund. This fund receives one fourth of City income tax revenue because of a voter approved levy.

Capital expenditures for new buildings, vehicles and equipment are also included in the five year plan. This enables a discussion on financing these items two or three years before they are needed.

RELEVANT FINANCIAL POLICIES

The City has maintained a balanced budget policy for several years. This policy combined with a steady growth in City income tax receipts has resulted in an annual growth of cash reserves. Since 1997, the General Fund's cash balance has grown from \$4,545,687 to \$24,113,396 at year end 2007. In addition, the infrastructure fund's cash reserves have grown from \$8,884,814 at year end 1997 to \$11,787,247 at year end 2007.

The City has also been able to maintain a plan to minimize its debt. During the past ten years, \$6 million in cash reserves were used to pay for the Service Garage expansion and \$6 million in cash reserves were used to pay for part of the new Community Center. In 2007, \$3 million in cash reserves were used to redeem or call the outstanding bonds on the 1993 City Hall Bond issue eight years ahead of schedule.

MAJOR INITIATIVES

The demolition and replacement of Fire Station No. 2 has been progressing ahead of schedule. Completion of this \$5 million project should be in late summer 2008.

The \$9 million dollar Pettibone Road reconstruction project should begin sometime during the summer of 2008.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes an informative and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The City of Solon received the Certificate of Achievement for its 2006 Comprehensive Annual Financial Report.

A Certificate of Achievement is valid for a period of one year only. We believe that this CAFR for 2007 continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

Acknowledgements

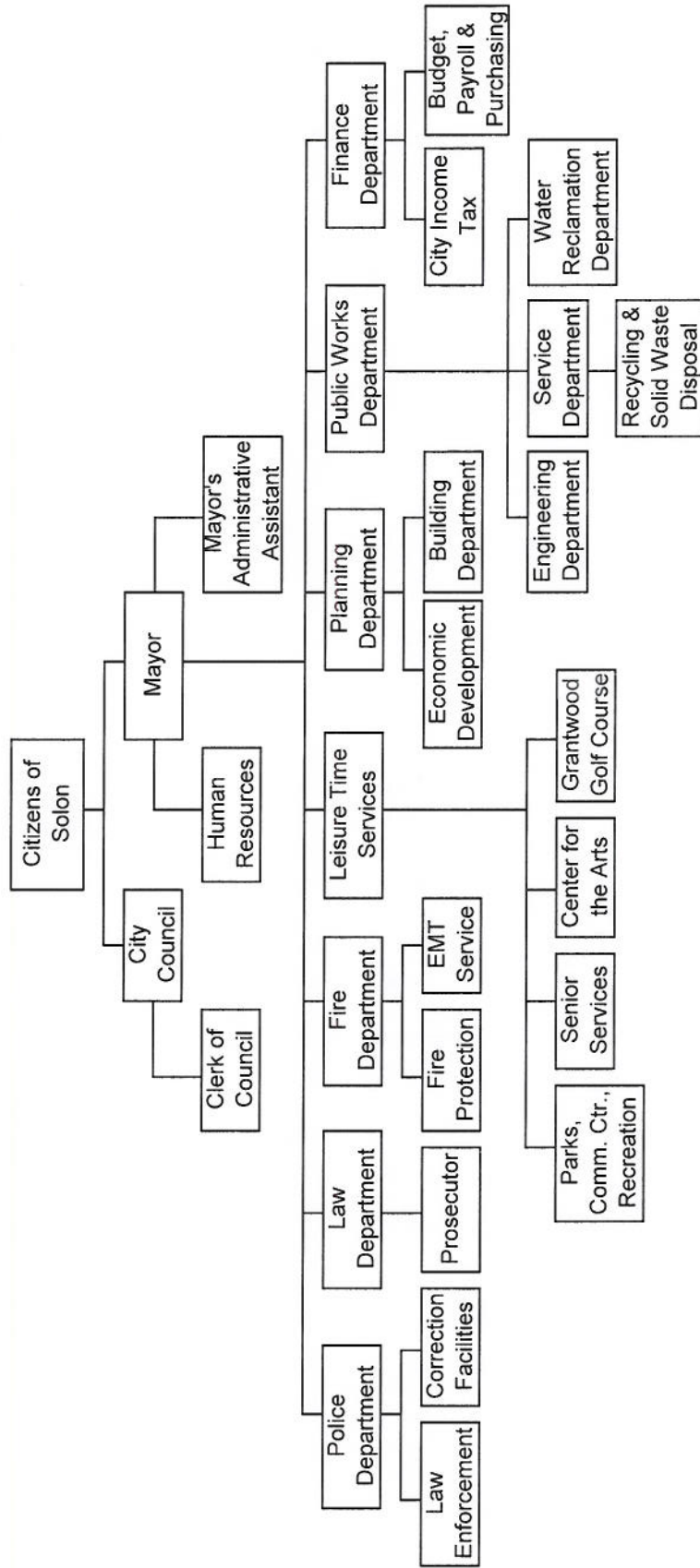
The preparation of this report would not be possible without the diligent and extra work by our Assistant Finance Director Fred Wendel, Accounting Supervisor Sue Stabilla and the Finance Department staff. I appreciate their efforts. In addition, my gratitude and compliments extend to the Auditor of State's Section of Local Government Services who helped us with this report. Finally, a thank you to Mayor Kevin Patton and the members of City Council is in order for their continued support of preparing a Comprehensive Annual Financial Report.

Respectfully submitted,



D. William Weber, CPA
Director of Finance

**CITY OF SOLON
Organizational Chart
December 31, 2007**



City of Solon, Ohio

Principal Officials

December 31, 2007

Elected Officials

Kevin C. Patton Mayor

City Council

Susan A. Drucker Ward 1 (Vice Mayor)

Robert N. Pelunis Ward 2

John T. Scott Ward 3

Edward K. Suit Ward 4

Lon D. Stolarsky Ward 5

Edward H. Kraus Ward 6

William I. Russo Ward 7

Carol J. McConoughey 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

James S. Stanek Director of Public Works

John J. Busch Director of Engineering

Thomas G. Bandiera Director of Service

Jack J. Clifford Acting Building Commissioner

Paul J. Solanics Superintendent of Water Reclamation

Thomas M. Cornhoff Director of Human Resources

Jeffrey E. Pokorny Director of Information Technology

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, 2006

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solon, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solon, Cuyahoga County, Ohio, as of December 31, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in 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 June 13, 2008, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and the statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Mary Taylor, CPA
Auditor of State

June 13, 2008

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The discussion and analysis of the City of Solon's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2007. The intent of this discussion and analysis is to look at the City's financial performance as a whole. To obtain a more detailed understanding, readers should also review the transmittal letter and basic financial statements.

Financial Highlights

Key Financial Highlights for 2007 are as follows:

- Total assets of the City of Solon exceeded its liabilities at the close of 2007 by \$186,808,112. Of this amount, \$18,376,627 is unrestricted net assets that may be used to meet the City's ongoing obligations to its citizens and creditors.
- Total net assets increased by \$10,530,348 or 5.97 percent from 2006.
- Total assets increased by \$8,467,341 or 3.56 percent from 2006.
- Total depreciable capital assets increased by \$410,365 or 0.27 percent, while non depreciable capital assets increased by \$4,254,366 or 25.39 percent.
- As of the close of 2007, the City of Solon's governmental funds reported combined ending fund balances of \$45,042,939, a decrease of \$1,144,251 from 2006.
- Total outstanding governmental obligations decreased by \$2,465,039 or 6.34 percent.
- On a modified accrual basis, City income tax collections increased from \$36,029,136 in 2006 to \$38,530,269 in 2007, or 6.94 percent.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Solon's basic financial statements. The City of Solon's basic financial statements are comprised of these parts:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Basic Financial Statements

In addition, this report also contains other supplementary information:

1. Transmittal Letter
2. Combining Statements
3. Individual Fund Schedules
4. Statistical and Demographic Data

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City of Solon's finances in a manner similar to private sector businesses. The Statement of Net Assets and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all non-major funds presented in total in one column.

The Statement of Net Assets presents information on all of the City of Solon's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Solon is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses are reported in this statement for some items that will effect cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish programs of the City of Solon that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Solon include security of persons and property, public health and welfare, leisure time activities, community environment, basic utility services, transportation and general government. The business-type activities include water reclamation and Grantwood recreation.

The government-wide financial statements can be found starting on page 13.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Solon, like all other state and local governments, uses fund accounting to ensure and demonstrate compliance with legal requirements. All of the funds of the City of Solon can be divided into three categories: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS – are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds' financial statements focus on the near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near term financing requirements.

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Solon maintains 24 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the government funds statement of revenue, expenditures, and changes in fund balances for the general fund, the general obligation bond retirement fund, the infrastructure fund, the community center fund and the building construction fund all of which are considered to be major funds. Data from the other governmental funds are combined into single, aggregate presentation. Individual fund data for each of these non-major government funds is provided in the form of combining statements elsewhere in this report.

The City of Solon adopts an annual appropriated budget for each of its funds. A budget comparison statement (non-GAAP basis) has been provided for each governmental and proprietary fund to demonstrate budgetary compliance.

PROPRIETARY FUNDS – use the same basis of accounting as business-type activities. The City of Solon has two enterprise operations and one internal service fund under the proprietary fund classification. They are the water reclamation (sanitary sewer) operation fund, Grantwood (golf course) recreation fund and the workers' compensation internal service fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 21 to 24.

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

Notes to the Basic Financial Statements

The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They can be found on pages 26 to 55.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the basic financial statements, the combining statements referred to earlier in connection with non-major funds are presented, as well as individual detailed budgetary comparisons for all non-major funds. This information can be found starting on page 56.

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Government-Wide Financial Analysis

The Statement of Net Assets and the Statement of Activities provide an overall view of the City of Solon. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net assets and the changes in those assets. The change in assets is important because it indicates if the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

The Statement of Net Assets and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Net Assets
- Program Expenses and Revenues
- General Revenues
- Net Assets Beginning and End of Year

The City of Solon as a Whole

The following provides a summary of the City's net assets for the City as a whole for 2007 compared to 2006:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and Other Assets	\$67,994,111	\$65,233,152	\$5,341,944	\$4,300,293	\$73,336,055	\$69,533,445
Capital Assets, Net	107,829,738	104,812,749	64,890,862	63,243,120	172,720,600	168,055,869
<i>Total Assets</i>	<u>175,823,849</u>	<u>170,045,901</u>	<u>70,232,806</u>	<u>67,543,413</u>	<u>246,056,655</u>	<u>237,589,314</u>
Liabilities						
Current Liabilities	16,920,276	14,578,493	448,513	518,571	17,368,789	15,097,064
Long-term Liabilities						
Due within one Year	2,864,185	3,628,828	1,676,506	1,457,056	4,540,691	5,085,884
Due in More than one Year	24,138,736	28,127,269	13,200,327	13,001,333	37,339,063	41,128,602
<i>Total Liabilities</i>	<u>\$43,923,197</u>	<u>\$46,334,590</u>	<u>\$15,325,346</u>	<u>\$14,976,960</u>	<u>\$59,248,543</u>	<u>\$61,311,550</u>

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

(Table 1)
Net Assets
Continued

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	\$87,878,235	\$82,030,598	\$50,615,585	\$49,301,117	\$138,493,820	\$131,331,715
Restricted for:						
Capital Projects	21,802,881	19,874,834	0	0	21,802,881	19,874,834
Debt Service	4,245,100	5,043,568	0	0	4,245,100	5,043,568
Other Purposes	3,889,684	3,627,885	0	0	3,889,684	3,627,885
Unrestricted	14,084,752	13,134,426	4,291,875	3,265,336	18,376,627	16,399,762
<i>Total Net Assets</i>	<u>\$131,900,652</u>	<u>\$123,711,311</u>	<u>\$54,907,460</u>	<u>\$52,566,453</u>	<u>\$186,808,112</u>	<u>\$176,277,764</u>

Total assets increased from \$237,589,314 to \$246,056,655 or by \$8,467,341 in 2007. The main reason for the increase was an increase in cash reserves and additions to non-depreciable assets.

Total liabilities decreased from \$61,311,550 to \$59,248,543 or by \$2,063,007. The most notable reason for the reduction was bonded debt. The City Hall Bonds were called or redeemed 8 years ahead of schedule in the amount of \$3,015,000 and another bond issue matured.

Total net assets increased from \$176,277,764 to \$186,808,112 or by \$10,530,348 in 2007. This increase was primarily due to the increase in cash reserves because of better than expected City income tax receipts.

The governmental activities current assets with the most notable increases were cash and cash equivalents, and municipal income taxes receivable. Cash increased from \$47,923,571 to \$49,815,995 or by \$1,892,424, and municipal income taxes receivable increased from \$4,894,415 to \$6,935,441 or by \$2,041,026.

The governmental activities liability with the most noticeable increase was Bond Anticipation Notes Payable. The increase was from \$7,112,751 to \$9,400,888 or by \$2,288,137. This was due to the issuance of new notes for the demolition and reconstruction of Fire Station No. 2 plus the rollover of existing notes issued for the Community Center and Fire Station No. 3 construction.

Further details of the changes in net assets between 2006 and 2007 can be observed in Table 2.

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(Table 2)
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program Revenues						
Charges for Services and Sales	\$5,071,075	\$4,998,426	\$7,162,299	\$6,603,858	\$12,233,374	\$11,602,284
Operating Grants and Contributions	1,259,666	1,186,197	0	0	1,259,666	1,186,197
Capital Grants and Contributions	663,457	1,597,434	0	0	663,457	1,597,434
<i>Total Program Revenues</i>	<u>6,994,198</u>	<u>7,782,057</u>	<u>7,162,299</u>	<u>6,603,858</u>	<u>14,156,497</u>	<u>14,385,915</u>
General Revenues						
Property Taxes	5,175,366	4,851,705	0	0	5,175,366	4,851,705
Municipal Income Taxes	40,325,559	35,179,096	0	0	40,325,559	35,179,096
Grants and Entitlements	1,941,816	2,229,329	0	0	1,941,816	2,229,329
Investment Income	3,242,148	2,426,337	0	0	3,242,148	2,426,337
Gain on Sale of Capital Assets	0	31,726	1,498	2,518	1,498	34,244
Miscellaneous	397,834	260,020	40,494	41,620	438,328	301,640
<i>Total General Revenues</i>	<u>51,082,723</u>	<u>44,978,213</u>	<u>41,992</u>	<u>44,138</u>	<u>51,124,715</u>	<u>45,022,351</u>
<i>Total Revenues</i>	<u>58,076,921</u>	<u>52,760,270</u>	<u>7,204,291</u>	<u>6,647,996</u>	<u>65,281,212</u>	<u>59,408,266</u>
Program Expenses						
Security of Persons and Property						
Police	7,893,398	7,454,568	0	0	7,893,398	7,454,568
Fire	7,052,821	7,187,188	0	0	7,052,821	7,187,188
Prosecutor	299,085	296,403	0	0	299,085	296,403
Public Health and Welfare	98,755	114,569	0	0	98,755	114,569
Leisure Time Activities	6,385,083	5,959,263	0	0	6,385,083	5,959,263
Community Environment	4,002,244	2,907,697	0	0	4,002,244	2,907,697
Basic Utility Services	1,982,158	1,840,017	0	0	1,982,158	1,840,017
Transportation	13,287,441	10,519,856	0	0	13,287,441	10,519,856
General Government	6,591,856	7,003,004	0	0	6,591,856	7,003,004
Claims	0	0	0	0	0	0
Interest and Fiscal Charges	1,374,360	1,354,604	0	0	1,374,360	1,354,604
Water Reclamation	0	0	4,446,862	5,768,265	4,446,862	5,768,265
Grantwood Recreation	0	0	1,336,801	1,262,934	1,336,801	1,262,934
<i>Total Program Expenses</i>	<u>48,967,201</u>	<u>44,637,169</u>	<u>5,783,663</u>	<u>7,031,199</u>	<u>54,750,864</u>	<u>51,668,368</u>
<i>Excess (Deficiency) before Transfers</i>	9,109,720	8,123,101	1,420,628	(383,203)	10,530,348	7,739,898
Transfers	(920,379)	(2,543,731)	920,379	2,543,731	0	0
<i>Change in Net Assets</i>	<u>8,189,341</u>	<u>5,579,370</u>	<u>2,341,007</u>	<u>2,160,528</u>	<u>10,530,348</u>	<u>7,739,898</u>
<i>Net Assets Beginning of Year</i>	<u>123,711,311</u>	<u>118,131,941</u>	<u>52,566,453</u>	<u>50,405,925</u>	<u>176,277,764</u>	<u>168,537,866</u>
<i>Net Assets End of Year</i>	<u>\$131,900,652</u>	<u>\$123,711,311</u>	<u>\$54,907,460</u>	<u>\$52,566,453</u>	<u>\$186,808,112</u>	<u>\$176,277,764</u>

Governmental Activities

The funding for governmental activities comes from several different sources, the most significant being municipal income tax. In addition, property tax, grants and entitlements and charges for services provide revenue for governmental activities. Governmental revenues exceeded

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governmental expenses and transfers by \$8,189,341 in 2007. The municipal income tax revenue for 2007 was \$40,325,559. It was 69.44 percent of the total governmental revenues and 14.63 percent increase from 2006. This increase can be attributed to the creation of additional jobs in the City, local business employee pay raises and an increase in the number of residents filing income tax returns.

The next largest source of governmental revenue is property tax. It had a moderate increase of 6.67 percent because of the City's increased property values with no change in the millage. The 12.90 percent drop in grants and entitlements was mostly due to the decline in inheritance tax receipts between 2006 and 2007.

On the expense side, the largest program or function is security of persons and property. The total for 2007 was \$15,245,304. This was 31.13 percent of the governmental expenses. It is composed of three parts; \$7,893,398 for the Police Department, \$7,052,821 for the Fire Department and \$299,085 for the Prosecutor.

The next largest program or function is transportation which totaled \$13,287,441 in 2007 and represented 27.14 percent of the total governmental expenses. It includes the maintenance of streets, storm sewers and other related infrastructure. There was a substantial increase from 2006 because of the increase in maintaining infrastructure related assets.

Leisure time activities had a normal increase of \$425,820 between 2007 and 2006 because of personnel costs and additional programs.

The large difference in transfers of \$1,623,352 between 2007 and 2006 was because a significantly less amount of contributed capital was transferred to the business type funds from the governmental/infrastructure capital improvement funds in 2007.

Business-type Activities

The City has two business-type operations. They are the Water Reclamation Plant (wastewater) and Grantwood (golf course) Recreation. The largest sources of revenue for both Water Reclamation and Grantwood Recreation in 2007 were charges for services in the respective amounts of \$5,783,498 and \$1,378,801. On the expense side, the largest expenses are for payroll and employee benefits for both operations.

Financial Analysis of the City's Funds

Governmental Funds – provide near term inflows, outflows and balances of spendable resources. This information is useful in evaluating the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year. Information about the City's governmental funds begins on page 16. These funds are accounted for by using the modified accrual basis of accounting.

As of the end of 2007, the City of Solon's governmental funds reported combined ending fund balances of \$45,042,939. Of that amount, \$37,078,229 is unreserved. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchases of the prior period.

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All governmental funds had total revenues of \$56,643,507 and expenditures of \$58,283,712 under the modified accrual basis. The general fund is the main governmental and operating fund of the City. There was an overall decrease in the general fund's fund balance of \$129,402 between 2006 and 2007.

The infrastructure fund is the largest capital improvement governmental fund of the City. It receives one fourth of the City income tax (levy) revenues to pay for new construction, repairs and maintenance of the City's infrastructure. There was an overall decrease in the infrastructure fund's fund balance of \$1,363,023 between 2006 and 2007.

Business-type Funds – report the City's Water Reclamation (wastewater) operation and Grantwood (golf course) Recreation Park on an accrual basis. In 2007, the net assets for the water reclamation facility increased by \$2,266,342 and the net assets for Grantwood Recreation increased by \$74,665.

General Fund Budgeting Highlights

Solon's largest budgeted fund is the general fund. Its expenditure budget (appropriations), along with all other funds, is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures and encumbrances. Ohio Law limits appropriations for each fund to the estimated receipts plus the unencumbered cash reserve (or carryover) from the prior year for that particular fund.

The increase between the original and final estimated resources was due to conservative estimates in municipal income tax collections. In 2007, the general fund's actual revenue plus other financing sources exceeded the estimate by \$110,895. In addition, the general fund's actual expenditures plus other financing uses were \$3,871,214 under budget producing an overall positive variance of \$3,982,109.

Capital Assets

(Table 3)
 Capital Assets at December 31
 (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$9,881,229	\$9,799,274	\$3,150,174	\$3,150,174	\$13,031,403	\$12,949,448
Construction in Progress	2,729,257	740,612	5,247,779	3,064,013	7,977,036	3,804,625
Land Improvements	769,373	811,949	12,552	16,983	781,925	828,932
Buildings	40,216,718	41,459,093	18,477,034	19,174,912	58,693,752	60,634,005
Furniture and Equipment	2,919,859	2,098,729	1,352,388	1,549,025	4,272,247	3,647,754
Vehicles	4,734,153	4,325,190	289,659	341,240	5,023,812	4,666,430
Infrastructure	46,579,149	45,577,902	36,361,276	35,946,773	82,940,425	81,524,675
Total Capital Assets	\$107,829,738	\$104,812,749	\$64,890,862	\$63,243,120	\$172,720,600	\$168,055,869

The total capital assets, net of depreciation, for the City's governmental activities as of year end 2007 were \$107,829,738. This is an increase of \$3,016,989 from 2006 and was mainly due to the increase of construction in progress for the City of Solon's fire station #2 renovations. The total

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capital assets, net of depreciation, for the City's business-type activities as of year end 2007 were \$64,890,862. This is an increase of \$1,647,742 over 2006 and was mainly due to construction in progress related to the water reclamation facility. For additional information, please see note 8 to the basic financial statements.

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

Outstanding Obligations

(Table 4)
 Outstanding Obligations at Year End

	Governmental		Business Type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$10,150,000	\$15,210,000	\$0	\$0	\$10,150,000	\$15,210,000
Special Assessment Bonds	401,537	474,961	0	0	401,537	474,961
Notes	9,400,888	7,112,751	0	0	9,400,888	7,112,751
OPWC Loans	411,503	472,151	0	0	411,503	472,151
OWDA Loans	12,603,477	12,683,360	14,275,277	13,942,003	26,878,754	26,625,363
Compensated Absences	3,365,118	2,915,625	601,556	516,386	3,966,674	3,432,011
Workers' Compensation Liability	71,286	0	0	0	71,286	0
Total	\$36,403,809	\$38,868,848	\$14,876,833	\$14,458,389	\$51,280,642	\$53,327,237

At year-end 2007, the City of Solon had a total of \$51,280,642 in outstanding obligations. This was a decrease of \$2,046,595 from year end 2006. General Obligation Bonds and Ohio Water Development Authority Loans comprise most of the outstanding obligations. In addition, outstanding obligations include compensated absences (sick leave, vacation, etc.) for 2007 in the amount of \$3,966,674.

Governmental activities have 70.99 percent of the obligations. This debt is serviced by inside (unvoted) property tax millage that is credited to the bond retirement fund. Most of this debt was issued for the construction of new buildings such as the new Community Center (2002) and the new Fire Station No. 3 (2002). Most of the business-type debt is for the water reclamation utility and improvements made to the wastewater plant. User fees are used to service that debt.

The compensated absence category is 7.74 percent in total outstanding obligations and it represents amounts that will either be taken as leave or paid out upon termination or retirement. For additional information, please see notes 15 and 17 to the basic financial statements.

Economic Factors and Current Financial Issues

The City of Solon continues to have a strong tax base that grows each year. The best indicator of this was the increase in City income tax (cash basis) receipts by \$3,613,179, or from \$34,671,354 in 2006 to \$38,284,533 in 2007.

All three components of City income tax receipts, withholding, net profits and resident returns, were more in 2007 than in 2006.

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The number of employees (full time plus part time) that have earned income in Solon, as reported to our City Income Tax Division, continues to grow each year. There were 51,404 W-2's submitted to our income tax division in 2007 compared to 48,541 received in 2006.

The City's property values remain stable. In 2001, the City of Solon surpassed the \$1 billion mark in assessed property value which is about 35 percent of market value in Ohio. In 2007, the City issued 25 building permits for new homes that had an aggregate market value of \$13.9 million and 509 permits for residential addition and alteration with an aggregate value of \$6.2 million. In addition, there were 3 new industrial and commercial permits and 216 industrial and commercial addition and alteration permits issued in 2007 with a total market value of \$63.5 million.

The City continues to have an aggressive economic development program. As of year end 2007, Solon had the following economic incentive agreements:

1. Sixteen (16) Enterprise Zone Agreements that created 443 jobs and retained 2,699 jobs.
2. One (1) Community Reinvestment Area that created 1,083 jobs and retained 698 jobs.
3. Eighteen (18) Job Creation Grant Agreements that created 993 jobs and retained 736 jobs.

The financial statements of the City of Solon show that the City is still in a very strong cash position. The year end 2007 general fund's cash and cash equivalent balance was \$24,113,396. This was 64.39 percent in relation to the 2007 expenditures and other financing uses of \$37,447,058.

Debt management has always been a priority of the City of Solon's Elected Officials. The City was notified by Standard & Poors on May 19, 2008 that they upgraded Solon's credit rating to AAA from AA+. In addition, Solon's current credit rating is Aa1 with Moody's.

Requests for Information and Data

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

City of Solon, Ohio
Statement of Net Assets
December 31, 2007

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$49,815,995	\$6,528,388	\$56,344,383
Materials and Supplies Inventory	359,052	140,361	499,413
Accounts Receivable	132,830	431,333	564,163
Internal Balances	1,758,138	(1,758,138)	0
Intergovernmental Receivable	1,261,325	0	1,261,325
Prepaid Items	124,077	0	124,077
Municipal Income Taxes Receivable	6,935,441	0	6,935,441
Property Taxes Receivable	4,406,698	0	4,406,698
Special Assessments Receivable	3,200,555	0	3,200,555
Nondepreciable Capital Assets	12,610,486	8,397,953	21,008,439
Depreciable Capital Assets, Net	95,219,252	56,492,909	151,712,161
<i>Total Assets</i>	<u>175,823,849</u>	<u>70,232,806</u>	<u>246,056,655</u>
Liabilities			
Accounts Payable	141,320	30,269	171,589
Accrued Wages	583,315	59,573	642,888
Contracts Payable	380,580	0	380,580
Intergovernmental Payable	1,165,092	44,591	1,209,683
Matured Compensated Absences Payable	189,420	0	189,420
Notes Payable	9,400,888	0	9,400,888
Accrued Interest Payable	282,830	236,272	519,102
Claims Payable	205,180	0	205,180
Deferred Revenue	4,237,851	0	4,237,851
Vacation Benefits Payable	333,800	77,808	411,608
Long-Term Liabilities:			
Due Within One Year	2,864,185	1,676,506	4,540,691
Due In More Than One Year	24,138,736	13,200,327	37,339,063
<i>Total Liabilities</i>	<u>43,923,197</u>	<u>15,325,346</u>	<u>59,248,543</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	87,878,235	50,615,585	138,493,820
Restricted for:			
Capital Projects	21,802,881	0	21,802,881
Debt Service	4,245,100	0	4,245,100
Street, Construction, Maintenance and Repair	971,182	0	971,182
Cable TV	488,084	0	488,084
Tree Planting	243,136	0	243,136
Landfill Improvement	1,394,909	0	1,394,909
Other Purposes	792,373	0	792,373
Unrestricted	14,084,752	4,291,875	18,376,627
<i>Total Net Assets</i>	<u>\$131,900,652</u>	<u>\$54,907,460</u>	<u>\$186,808,112</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Activities
For the Year Ended December 31, 2007

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property				
Police	\$7,893,398	\$473,157	\$51,685	\$0
Fire	7,052,821	432,286	0	0
Prosecutor	299,085	22,654	0	0
Public Health and Welfare	98,755	7,485	0	0
Leisure Time Activities	6,385,083	3,064,735	76,245	0
Community Environment	4,002,244	163,455	21,424	0
Basic Utility Services	1,982,158	110,039	0	0
Transportation	13,287,441	327,922	1,110,312	621,489
General Government	6,591,856	469,342	0	41,968
Interest and Fiscal Charges	1,374,360	0	0	0
<i>Total Governmental Activities</i>	<u>48,967,201</u>	<u>5,071,075</u>	<u>1,259,666</u>	<u>663,457</u>
Business-Type Activities:				
Water Reclamation	4,446,862	5,783,498	0	0
Grantwood Recreation	1,336,801	1,378,801	0	0
<i>Total Business-Type Activities</i>	<u>5,783,663</u>	<u>7,162,299</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$54,750,864</u>	<u>\$12,233,374</u>	<u>\$1,259,666</u>	<u>\$663,457</u>

General Revenues

Property Taxes Levied for:

- General Purposes
- Debt Service
- Police Pension
- Fire Pension
- Service and Safety Equipment

Municipal Income Taxes Levied for:

- General Purposes
- Debt Service
- Infrastructure

Grants and Entitlements not Restricted to Specific Programs

- Gain on Sale of Capital Asset
- Investment Income
- Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$7,368,556)	\$0	(\$7,368,556)
(6,620,535)	0	(6,620,535)
(276,431)	0	(276,431)
(91,270)	0	(91,270)
(3,244,103)	0	(3,244,103)
(3,817,365)	0	(3,817,365)
(1,872,119)	0	(1,872,119)
(11,227,718)	0	(11,227,718)
(6,080,546)	0	(6,080,546)
(1,374,360)	0	(1,374,360)
<u>(41,973,003)</u>	<u>0</u>	<u>(41,973,003)</u>
0	1,336,636	1,336,636
0	42,000	42,000
<u>0</u>	<u>1,378,636</u>	<u>1,378,636</u>
<u>(41,973,003)</u>	<u>1,378,636</u>	<u>(40,594,367)</u>
951,950	0	951,950
2,535,666	0	2,535,666
486,686	0	486,686
729,324	0	729,324
471,740	0	471,740
30,601,737	0	30,601,737
41,358	0	41,358
9,682,464	0	9,682,464
1,941,816	0	1,941,816
0	1,498	1,498
3,242,148	0	3,242,148
397,834	40,494	438,328
51,082,723	41,992	51,124,715
<u>(920,379)</u>	<u>920,379</u>	<u>0</u>
<u>50,162,344</u>	<u>962,371</u>	<u>51,124,715</u>
8,189,341	2,341,007	10,530,348
<u>123,711,311</u>	<u>52,566,453</u>	<u>176,277,764</u>
<u>\$131,900,652</u>	<u>\$54,907,460</u>	<u>\$186,808,112</u>

City of Solon, Ohio

*Balance Sheet
Governmental Funds
December 31, 2007*

	General	General Obligation Bond Retirement	Infrastructure	Community Center	Building Construction
Assets					
Equity in Pooled Cash and Cash Equivalents	\$24,036,157	\$1,064,484	\$11,787,247	\$256,595	\$3,402,399
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	77,239	0	0	0	0
Materials and Supplies Inventory	359,052	0	0	0	0
Accounts Receivable	62,577	0	0	0	0
Interfund Receivable	1,758,138	0	0	0	0
Intergovernmental Receivable	557,082	102,783	0	0	0
Prepaid Items	124,077	0	0	0	0
Special Assessments Receivable	0	3,200,555	0	0	0
Municipal Income Taxes Receivable	5,193,203	11,170	1,731,068	0	0
Property Taxes Receivable	554,810	2,330,204	0	0	0
Total Assets	\$32,722,335	\$6,709,196	\$13,518,315	\$256,595	\$3,402,399
Liabilities					
Accounts Payable	\$115,104	\$0	\$0	\$0	\$0
Accrued Wages	548,386	0	0	0	0
Contracts Payable	0	0	326,815	0	0
Intergovernmental Payable	662,114	0	0	0	0
Accrued Interest Payable	0	0	0	16,188	17,500
Matured Compensated Absences Payable	136,422	0	0	0	0
Claims Payable	205,180	0	0	0	0
Deferred Revenue	2,539,758	5,634,376	544,363	0	0
Notes Payable	0	0	0	3,706,263	4,003,914
Total Liabilities	4,206,964	5,634,376	871,178	3,722,451	4,021,414
Fund Balances					
Reserved for Encumbrances	953,824	0	4,156,139	864	930,903
Reserved for Interfund Loan	1,594,626	0	0	0	0
Reserved for Unclaimed Monies	77,239	0	0	0	0
General Fund	25,889,682	0	0	0	0
Special Revenue Funds	0	0	0	0	0
Debt Service Fund	0	1,074,820	0	0	0
Capital Projects Funds (Deficit)	0	0	8,490,998	(3,466,720)	(1,549,918)
Total Fund Balances	28,515,371	1,074,820	12,647,137	(3,465,856)	(619,015)
Total Liabilities and Fund Balances	\$32,722,335	\$6,709,196	\$13,518,315	\$256,595	\$3,402,399

See accompanying notes to the basic financial statements

City of Solon, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2007*

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Funds Balances	\$45,042,939
		Amounts reported for governmental activities in the statement of net assets are different because	
\$9,126,366	\$49,673,248	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	107,829,738
0	77,239	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	
0	359,052	Property Taxes	168,847
70,253	132,830	Municipal Income Taxes	2,178,285
0	1,758,138	Intergovernmental	963,850
601,460	1,261,325	Special Assessments	<u>3,200,555</u>
0	124,077		
0	3,200,555	Total	6,511,537
0	6,935,441	An internal service fund is used by management to charge the costs of workers' compensation to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	
1,521,684	4,406,698	Net Assets	(5,778)
<u>\$11,319,763</u>	<u>\$67,928,603</u>	Claims Payable	<u>71,286</u>
		Total	65,508
\$26,216	\$141,320	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(212,349)
34,929	583,315	Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(333,800)
53,765	380,580	Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds:	
502,978	1,165,092	Compensated Absences	(3,365,118)
36,793	70,481	General Obligation Bonds	(10,150,000)
52,998	189,420	Special Assessment Bonds	(401,537)
0	205,180	OWDA Loan Payable	(12,603,477)
2,030,891	10,749,388	OPWC Loan Payable	(411,503)
1,690,711	9,400,888	Claims Payable	<u>(71,286)</u>
<u>4,429,281</u>	<u>22,885,664</u>	Total	<u>(27,002,921)</u>
251,115	6,292,845	Net Assets of Governmental Activities	<u>\$131,900,652</u>
0	1,594,626		
0	77,239		
0	25,889,682		
3,563,983	3,563,983		
0	1,074,820		
<u>3,075,384</u>	<u>6,549,744</u>		
6,890,482	45,042,939		
<u>\$11,319,763</u>	<u>\$67,928,603</u>		

City of Solon, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	General Obligation Bond Retirement	Infrastructure	Community Center	Building Construction
Revenues					
Property Taxes	\$950,995	\$2,531,641	\$0	\$0	\$0
Municipal Income Taxes	29,255,895	40,524	9,233,850	0	0
Special Assessments	0	1,003,236	0	0	0
Intergovernmental	1,634,507	209,119	0	0	0
Investment Income	3,154,798	0	0	0	0
Fees, Licenses and Permits	640,098	16,362	0	0	0
Fines and Forfeitures	353,490	0	0	0	0
Rentals	0	0	0	0	0
Charges for Services	944,778	0	0	0	0
Contributions and Donations	0	0	0	0	0
Miscellaneous	320,666	2,316	0	0	0
<i>Total Revenues</i>	<u>37,255,227</u>	<u>3,803,198</u>	<u>9,233,850</u>	<u>0</u>	<u>0</u>
Expenditures					
Current:					
Security of Persons and Property					
Police	6,631,096	0	0	0	0
Fire	6,002,102	0	0	0	0
Prosecutor	294,804	0	0	0	0
Public Health and Welfare	98,755	0	0	0	0
Leisure Time Activities	33,670	0	0	0	0
Community Environment	2,228,281	0	0	0	0
Basic Utility Services	1,970,238	0	0	0	0
Transportation	4,326,404	0	0	0	0
General Government	5,674,371	18,166	0	0	0
Capital Outlay	0	0	10,748,365	164,758	1,462,237
Debt Service:					
Principal Retirement	0	5,525,447	360,648	0	0
Interest and Fiscal Charges	0	1,021,021	100,000	150,015	67,676
<i>Total Expenditures</i>	<u>27,259,721</u>	<u>6,564,634</u>	<u>11,209,013</u>	<u>314,773</u>	<u>1,529,913</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>9,995,506</u>	<u>(2,761,436)</u>	<u>(1,975,163)</u>	<u>(314,773)</u>	<u>(1,529,913)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	54,216	0	0	0	0
OWDA Loans Issued	0	0	612,140	0	0
Transfers In	8,213	2,306,559	0	525,723	1,687,200
Transfers Out	(10,187,337)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(10,124,908)</u>	<u>2,306,559</u>	<u>612,140</u>	<u>525,723</u>	<u>1,687,200</u>
<i>Net Change in Fund Balances</i>	(129,402)	(454,877)	(1,363,023)	210,950	157,287
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>28,644,773</u>	<u>1,529,697</u>	<u>14,010,160</u>	<u>(3,676,806)</u>	<u>(776,302)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$28,515,371</u>	<u>\$1,074,820</u>	<u>\$12,647,137</u>	<u>(\$3,465,856)</u>	<u>(\$619,015)</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007*

Other Governmental Funds	Total Governmental Funds		
\$1,685,350	\$5,167,986	Net Change in Fund Balances - Total Governmental Funds	(\$1,144,251)
0	38,530,269	Amounts reported for governmental activities in the statement of activities are different because	
0	1,003,236	Governmental funds report capital outlays as expenditures.	
1,283,527	3,127,153	However, in the statement of activities, the cost of those	
87,350	3,242,148	assets is allocated over their estimated useful lives as	
333,073	989,533	depreciation expense. This is the amount by which capital	
0	353,490	outlays exceeded depreciation in the current period.	
13,598	13,598	Capital Outlay	8,257,074
2,769,676	3,714,454	Depreciation	(5,179,749)
103,806	103,806	Total	3,077,325
74,852	397,834		
6,351,232	56,643,507	Governmental funds only report the disposal of capital assets to	
		the extent proceeds are received from the sale. In the	
		statement of activities, a gain or loss is reported for each	
		disposal.	(60,336)
		Revenues in the statement of activities that do not provide	
		current financial resources are not reported as revenues	
		in the funds.	
		Property and Other Local Taxes	7,380
		Municipal Income Taxes	1,795,290
		Intergovernmental	12,491
		Special Assessments	(381,747)
		Total	1,433,414
		Repayment of long-term debt is an expenditure in the	
		governmental funds, but the repayment reduces long-term	
		liabilities in the statement of net assets.	5,886,095
		Some expenses reported in the statement of activities, such as	
		accrued interest do not require the use of current financial	
		resources and therefore are not reported as expenditures	
		in governmental funds.	31,841
		Some expenses reported in the statement of activities do not	
		require the use of current financial resources and therefore	
		are not reported as expenditures in governmental funds.	
		Compensated Absences	(449,493)
		Vacation Benefits Payable	32,664
		Claims Payable	(71,286)
		Total	(488,115)
		Other financing sources in the governmental funds, such as	
		proceeds of an OWDA Loan, increase the long-term	
		liabilities in the statement of net assets.	(612,140)
		The internal service funds used by management are not reported	
		in the City-wide statement of activities. Governmental fund	
		expenditures and related internal service fund revenues are	
		eliminated. The net revenue (expense) of the internal service	
		fund is allocated among the governmental activities.	
		Change in Net Assets	(5,778)
		Claims Payable	71,286
		Total	65,508
\$6,890,482	\$45,042,939	Change in Net Assets of Governmental Activities	\$8,189,341

City of Solon, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$776,743	\$855,673	\$950,995	\$95,322
Municipal Income Taxes	26,235,940	29,767,065	29,079,345	(687,720)
Intergovernmental	1,088,882	1,188,110	1,588,486	400,376
Investment Income	2,145,149	2,350,000	2,397,067	47,067
Fees, Licenses and Permits	515,566	564,800	645,872	81,072
Fines and Forfeitures	293,645	360,800	354,739	(6,061)
Charges for Services	870,024	958,284	952,557	(5,727)
Miscellaneous	122,410	134,100	320,666	186,566
<i>Total Revenues</i>	<u>32,048,359</u>	<u>36,178,832</u>	<u>36,289,727</u>	<u>110,895</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	6,212,296	7,159,381	6,805,893	353,488
Fire	5,550,524	6,366,142	6,187,487	178,655
Prosecutor	327,957	379,303	339,041	40,262
Public Health and Welfare	85,965	106,529	98,755	7,774
Leisure Time Activities	33,670	33,670	33,670	0
Community Environment	2,174,783	2,514,836	2,335,749	179,087
Basic Utility Services	1,739,825	2,046,375	2,007,092	39,283
Transportation	4,440,407	5,112,794	4,669,511	443,283
General Government	7,008,645	7,871,285	5,642,066	2,229,219
<i>Total Expenditures</i>	<u>27,574,072</u>	<u>31,590,315</u>	<u>28,119,264</u>	<u>3,471,051</u>
<i>Excess of Revenues Over Expenditures</i>	<u>4,474,287</u>	<u>4,588,517</u>	<u>8,170,463</u>	<u>3,581,946</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	54,216	54,216	54,216	0
Transfers In	8,213	8,213	8,213	0
Transfers Out	(6,540,545)	(10,587,500)	(10,187,337)	400,163
<i>Total Other Financing Sources (Uses)</i>	<u>(6,478,116)</u>	<u>(10,525,071)</u>	<u>(10,124,908)</u>	<u>400,163</u>
<i>Net Change in Fund Balance</i>	(2,003,829)	(5,936,554)	(1,954,445)	3,982,109
<i>Fund Balance Beginning of Year</i>	24,224,991	24,224,991	24,224,991	0
Prior Year Encumbrances Appropriated	1,009,525	1,009,525	1,009,525	0
<i>Fund Balance End of Year</i>	<u>\$23,230,687</u>	<u>\$19,297,962</u>	<u>\$23,280,071</u>	<u>\$3,982,109</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2007

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$6,286,454	\$241,934	\$6,528,388	\$65,508
Materials and Supplies Inventory	130,029	10,332	140,361	0
Accounts Receivable	426,230	5,103	431,333	0
<i>Total Current Assets</i>	<u>6,842,713</u>	<u>257,369</u>	<u>7,100,082</u>	<u>65,508</u>
<i>Noncurrent Assets:</i>				
Nondepreciable Capital Assets	6,015,789	2,382,164	8,397,953	0
Depreciable Capital Assets, Net	55,846,918	645,991	56,492,909	0
<i>Total Noncurrent Assets</i>	<u>61,862,707</u>	<u>3,028,155</u>	<u>64,890,862</u>	<u>0</u>
<i>Total Assets</i>	<u>68,705,420</u>	<u>3,285,524</u>	<u>71,990,944</u>	<u>65,508</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	26,799	3,470	30,269	0
Accrued Wages	46,261	13,312	59,573	0
Intergovernmental Payable	36,046	8,545	44,591	0
Interfund Payable	0	163,512	163,512	0
Accrued Interest Payable	236,272	0	236,272	0
Compensated Absences Payable	99,882	155,492	255,374	0
Vacation Benefits Payable	55,455	22,353	77,808	0
OWDA Loans Payable	1,421,132	0	1,421,132	0
Claims Payable	0	0	0	25,695
<i>Total Current Liabilities</i>	<u>1,921,847</u>	<u>366,684</u>	<u>2,288,531</u>	<u>25,695</u>
<i>Long-Term Liabilities:</i>				
Interfund Payable	0	1,594,626	1,594,626	0
Compensated Absences Payable	289,215	56,967	346,182	0
OWDA Loans Payable	12,854,145	0	12,854,145	0
Claims Payable	0	0	0	45,591
<i>Total Long-Term Liabilities</i>	<u>13,143,360</u>	<u>56,967</u>	<u>13,200,327</u>	<u>45,591</u>
<i>Total Liabilities</i>	<u>15,065,207</u>	<u>423,651</u>	<u>15,488,858</u>	<u>71,286</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	47,587,430	3,028,155	50,615,585	0
Unrestricted (Deficit)	6,052,783	(1,760,908)	4,291,875	(5,778)
<i>Total Net Assets</i>	<u>\$53,640,213</u>	<u>\$1,267,247</u>	<u>\$54,907,460</u>	<u>(\$5,778)</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2007*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Operating Revenues				
Charges for Services	\$5,628,285	\$1,144,295	\$6,772,580	\$200,000
Tap-In Fees	155,213	0	155,213	0
Rentals	0	234,506	234,506	0
Miscellaneous	17,901	22,593	40,494	0
<i>Total Operating Revenues</i>	<u>5,801,399</u>	<u>1,401,394</u>	<u>7,202,793</u>	<u>200,000</u>
Operating Expenses				
Personal Services	1,951,634	689,459	2,641,093	0
Materials and Supplies	266,457	417,697	684,154	0
Contractual Services	75,076	181,506	256,582	87,291
Depreciation	1,717,568	48,139	1,765,707	0
Claims	0	0	0	118,487
Other	11,976	0	11,976	0
<i>Total Operating Expenses</i>	<u>4,022,711</u>	<u>1,336,801</u>	<u>5,359,512</u>	<u>205,778</u>
<i>Operating Income (Loss)</i>	<u>1,778,688</u>	<u>64,593</u>	<u>1,843,281</u>	<u>(5,778)</u>
Non-Operating Revenues (Expenses)				
Gain on Sale of Capital Assets	1,498	0	1,498	0
Interest and Fiscal Charges	(424,151)	0	(424,151)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(422,653)</u>	<u>0</u>	<u>(422,653)</u>	<u>0</u>
<i>Income (Loss) before Transfers and Capital Contributions</i>	1,356,035	64,593	1,420,628	(5,778)
Capital Contributions	749,977	0	749,977	0
Transfers In	160,330	10,072	170,402	0
<i>Change in Net Assets</i>	2,266,342	74,665	2,341,007	(5,778)
<i>Net Assets Beginning of Year</i>	<u>51,373,871</u>	<u>1,192,582</u>	<u>52,566,453</u>	<u>0</u>
<i>Net Assets (Deficit) End of Year</i>	<u><u>\$53,640,213</u></u>	<u><u>\$1,267,247</u></u>	<u><u>\$54,907,460</u></u>	<u><u>(\$5,778)</u></u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007

	Business-type Activities			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$5,505,933	\$1,147,368	\$6,653,301	\$0
Cash Received from Tap-In Fees	155,213	0	155,213	0
Cash Received from Rentals	0	229,403	229,403	0
Cash Received from Interfund Services Provided	0	0	0	200,000
Cash Received from Other Sources	17,901	22,593	40,494	0
Cash Payments to Employees for Services and Benefits	(1,895,855)	(654,953)	(2,550,808)	0
Cash Payments for Goods and Services	(446,596)	(599,722)	(1,046,318)	(87,291)
Cash Payments for Claims	0	0	0	(47,201)
Cash Payments for Other Operating Expenses	(11,976)	0	(11,976)	0
<i>Net Cash Provided by Operating Activities</i>	<u>3,324,620</u>	<u>144,689</u>	<u>3,469,309</u>	<u>65,508</u>
Cash Flows from Noncapital Financing Activities				
Transfers In	160,330	10,072	170,402	0
Cash Flows from Capital and Related Financing Activities				
Proceeds from Sale of Capital Assets	2,500	0	2,500	0
Proceeds from OWDA Loans	1,552,522	0	1,552,522	0
Acquisition of Capital Assets	(2,664,474)	0	(2,664,474)	0
Principal Paid on Interfund Loan	0	(156,734)	(156,734)	0
Principal Paid on OWDA Loans	(1,219,248)	0	(1,219,248)	0
Interest Paid on OWDA Loans	(375,758)	0	(375,758)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(2,704,458)</u>	<u>(156,734)</u>	<u>(2,861,192)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	780,492	(1,973)	778,519	65,508
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>5,505,962</u>	<u>243,907</u>	<u>5,749,869</u>	<u>0</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$6,286,454</u>	<u>\$241,934</u>	<u>\$6,528,388</u>	<u>\$65,508</u>

(continued)

City of Solon, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2007

	Business-type Activities			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$1,778,688	\$64,593	\$1,843,281	(\$5,778)
Adjustments:				
Depreciation	1,717,568	48,139	1,765,707	0
(Increase) Decrease in Assets:				0
Accounts Receivable	(122,352)	(2,030)	(124,382)	0
Materials and Supplies Inventory	19,089	(1,105)	17,984	0
Increase (Decrease) in Liabilities:				
Accounts Payable	(129,304)	274	(129,030)	0
Accrued Wages and Benefits	(909)	(267)	(1,176)	0
Claims Payable	0	0	0	71,286
Compensated Absences Payable	50,682	34,488	85,170	0
Vacation Benefits Payable	4,182	441	4,623	0
Intergovernmental Payable	6,976	156	7,132	0
<i>Net Cash Provided by Operating Activities</i>	<u>\$3,324,620</u>	<u>\$144,689</u>	<u>\$3,469,309</u>	<u>\$65,508</u>

Noncash Capital Financing Activities

During 2007, the infrastructure capital projects fund paid \$749,977 directly to contractors on behalf of the water reclamation enterprise fund. This amount is included in capital contributions.

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2007

Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,013,236
Cash and Cash Equivalents in Segregated Accounts	<u>33,120</u>
<i>Total Assets</i>	<u><u>\$1,046,356</u></u>
 Liabilities	
Intergovernmental Payable	\$33,120
Deposits Held and Due to Others	<u>1,013,236</u>
<i>Total Liabilities</i>	<u><u>\$1,046,356</u></u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 1 - Reporting Entity

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 the agencies and departments that provide the following services: police and fire protection, emergency medical, parks and recreation, planning, zoning, street maintenance and repair, a public golf course, sanitation system and general administrative services.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations 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 14 and 16 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and to its enterprise funds. The more significant of the City's accounting policies are described below.

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City’s major governmental funds:

General Fund The general fund accounts 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.

General Obligation Bond Retirement Fund The general obligation bond retirement fund accounts for property taxes, special assessments and other resources used for the payment of principal and interest on general long-term debt, including related costs.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Infrastructure Fund The infrastructure fund is used 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.

Community Center Fund The community center fund accounts for transfers from other funds and the sale of general obligation notes for the purpose of paying the cost of the new Community Center.

Building Construction Fund The building construction fund accounts for transfers from other funds and the sale of general obligation notes for the purpose of paying the cost to build and construct various City buildings.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

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

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

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

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

Internal Service Funds Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund is a workers' compensation fund that accounts for workers' compensation claims of the City employees.

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

C. Measurement Focus

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

City of Solon, Ohio
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Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes and grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

City of Solon, Ohio
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For the Year Ended December 31, 2007

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, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, 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.

E. Cash and Cash Equivalents

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

During 2007, investments were limited to repurchase agreements, federal home loan bank bonds, federal home loan mortgage corporation notes, federal national mortgage association notes, U.S. treasury notes 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.

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, 2007.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2007 amounted to \$3,154,798, which includes \$1,772,006 assigned from other City funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

I. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000 with the exception of land as land was included regardless of cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

City of Solon, Ohio
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Description	Governmental Activities Estimated Lives	Business Type Activities Estimated Lives
Land Improvements	20 years	20 years
Buildings	40 years	40 years
Equipment and Furniture	5-30 years	5-65 years
Vehicles	3-20 years	7-20 years
Infrastructure	20 years	20 years

For 2007, the City reported infrastructure consisting of roadways, sanitary and storm sewers, bridges and culverts, waterlines, traffic signals and sidewalks and includes infrastructure acquired prior to December 31, 1980.

J. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables”. Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the fund(s) from which the employees who have resigned or retired will be paid.

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds.

City of Solon, Ohio
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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 fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances, interfund loans and unclaimed monies. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$29,937,665 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for state highway maintenance, recreation, senior services and law enforcement.

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

O. Operating Revenues and Expenses

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

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from contributions of capital assets from the infrastructure capital projects governmental fund.

Q. Interfund Activity

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

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

R. Note Premium

On the government-wide financial statements, note premiums are deferred and amortized over the term of the notes using the straight line method. Note premiums are presented as an increase of the face amount of the notes payable. On governmental fund statements, note premiums are received in the year the notes are issued.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

T. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

U. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the City Council may appropriate. The appropriations resolution is the City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the City Council. The legal level of control has been established by the Council at the personal services and other object level within each fund. For the personal service object level the Finance Director has been authorized to allocate and maintain appropriations within each department. For the other object level the Finance Director has been authorized to allocate appropriations within each department and any object level which he maintains on his books, other than personal services. Budgetary statements are presented beyond that legal level of control for informational purposes only.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original and final appropriations were enacted by Council.

City of Solon, Ohio
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The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Council during the year.

Note 3 – Change in Accounting Principles

For 2007, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and OP&F postemployment healthcare plans in the amount of \$76,043 and \$173,441, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

Note 4 - Budgetary Basis of Accounting

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

- a) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- b) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

City of Solon, Ohio
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- c) Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
- d) Investments are reported at cost (budget) rather than at fair value (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	(\$129,402)
Net Adjustment for Revenue Accruals	(51,035)
Beginning Fair Value Adjustment for Investments	(1,107,273)
Ending Fair Value Adjustment for Investments	192,808
Net Adjustment for Expenditure Accruals	166,590
Encumbrances	<u>(1,026,133)</u>
Budget Basis	<u><u>(\$1,954,445)</u></u>

Note 5 – Fund Deficits

The fire pension and senior services special revenue funds have deficit fund balances as of December 31, 2007 in the amounts of \$3,953 and \$12,477 respectively. The special revenue funds' deficits are caused by the recognition of expenditures on the modified accrual basis of accounting. The general fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

The community center and the building construction capital projects funds have deficit fund balances as of December 31, 2007 in the amounts of \$3,465,856 and \$619,015 respectively. The capital projects funds' deficits are the result of the issuance of short-term bond anticipation notes which are used to finance the project until bonds are issued. Once the notes are retired or bonds are issued, these deficits will be eliminated.

Note 6 - Deposits and Investments

Monies held by the City are classified by State statute into three categories.

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers' acceptances if training requirements have been met.

The City may also invest any monies not required to be used for a specific period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons;
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

City of Solon, Ohio
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Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,115,877 of the City's bank balance of \$6,220,816 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

Investments are reported at fair value. As of December 31, 2007, the City had the following investments:

	Maturity			Total
	Less Than One Year	More Than One Year But Less Than Three Years	More Than Three Years But Less Than Five Years	
Repurchase Agreements:				
Federal Home Loan Bank Bonds	\$1,045,000	\$0	\$0	\$1,045,000
Federal Home Loan Bank Bonds	11,960,290	399,752	7,017,520	19,377,562
Federal Home Loan Mortgage Corporation Notes	8,942,730	4,064,543	0	13,007,273
Federal National Mortgage Association Notes	7,968,450	3,967,500	1,002,190	12,938,140
US Treasury Notes	0	929,053	0	929,053
STAROhio	4,390,701	0	0	4,390,701
Total Portfolio	<u>\$34,307,171</u>	<u>\$9,360,848</u>	<u>\$8,019,710</u>	<u>\$51,687,729</u>

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. Repurchase agreements are limited to 30 days and the market value of the underlying securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk The underlying securities of the Repurchase Agreements, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association

City of Solon, Ohio
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Notes and U.S. treasury notes carry a rating of AAA by Standard & Poor's and STAROhio also carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that addresses credit risk.

Concentration of Credit Risk. The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2007:

<u>Investment</u>	<u>Percentage of Investments</u>
Repurchase Agreements:	
Federal Home Loan Bank Bonds	37.49 %
Federal Home Loan Mortgage Corporation Notes	25.17
Federal National Mortgage Association Notes	25.03
STAROhio	8.49

Note 7 – Receivables

Receivables at December 31, 2007, consisted of taxes, accounts (billings for user charged services), special assessments, interest and intergovernmental receivables arising from grants, entitlements and shared revenues.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except property taxes and special assessments are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$2,782,905 in the general obligation bond retirement fund. At December 31, 2007, the amount of delinquent special assessments was \$39,258.

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 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Real property taxes are payable annually or semi-annually. If paid annually, the 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.

City of Solon, Ohio
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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. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments 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 at September 20.

The full tax rate for all City operations for the year ended December 31, 2007 was \$4.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	\$807,817,490
Other Real Estate	314,046,080
Tangible Personal Property	
Public Utility	18,609,230
General	127,989,354
Total	<u><u>\$1,268,462,154</u></u>

The County Treasurer collects property tax on behalf of all taxing districts within the County, including the City of Solon. The County Auditor periodically remits to the City its portions of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes which are measurable as of December 31, 2007 and for which there is an enforceable legal claim. In the general fund, the general obligation bond retirement fund, the police pension and fire pension special revenue funds and the safety and service equipment capital projects fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2007 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while the remainder of the receivable is deferred.

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 2007, the proceeds were allocated seventy-five percent to the general fund and twenty-five percent to the infrastructure capital projects fund.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

C. Intergovernmental Receivable

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Local Government	\$374,265
Gasoline Tax	265,052
Homestead and Rollback	192,842
Cents per Gallon	138,124
Auto Regulation	129,045
Estate Tax	67,941
Prisoner Housing	53,786
Violations Bureau	26,579
State of Ohio	5,707
Village of Glenwillow	5,512
Solon Police Department	1,624
County Auditor	848
Total Intergovernmental Receivables	\$1,261,325

Note 8 - Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance 12/31/06	Additions	Reductions	Balance 12/31/07
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$9,799,274	\$81,955	\$0	\$9,881,229
Construction in progress	740,612	3,703,611	(1,714,966)	2,729,257
Total Capital Assets Not Being Depreciated	10,539,886	3,785,566	(1,714,966)	12,610,486
Capital Assets Being Depreciated				
Land improvements	1,228,078	19,862	0	1,247,940
Buildings	51,487,941	84,791	(290,900)	51,281,832
Equipment and Furniture	4,409,353	1,246,947	(175,207)	5,481,093
Vehicles	9,238,473	1,295,089	(335,491)	10,198,071
Infrastructure	95,532,356	3,539,785	(916,535)	98,155,606
Total Capital Assets Being Depreciated	161,896,201	6,186,474	(1,718,133)	166,364,542
Less Accumulated Depreciation				
Land improvements	(416,129)	(62,438)	0	(478,567)
Buildings	(10,028,848)	(1,327,166)	290,900	(11,065,114)
Equipment and Furniture	(2,310,624)	(425,817)	175,207	(2,561,234)
Vehicles	(4,913,283)	(840,128)	289,493	(5,463,918)
Infrastructure	(49,954,454)	(2,524,200)	902,197	(51,576,457)
Total Accumulated Depreciation	(67,623,338)	(5,179,749) *	1,657,797	(71,145,290)
Capital Assets Being Depreciated, net	94,272,863	1,006,725	(60,336)	95,219,252
Governmental Activities Capital Assets, net	\$104,812,749	\$4,792,291	(\$1,775,302)	\$107,829,738

City of Solon, Ohio
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For the Year Ended December 31, 2007

	Balance 12/31/06	Additions	Reductions	Balance 12/31/07
Business Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$3,150,174	\$0	\$0	\$3,150,174
Construction in progress	3,064,013	2,183,766	0	5,247,779
Total Capital Assets Not Being Depreciated	6,214,187	2,183,766	0	8,397,953
Capital Assets Being Depreciated				
Land Improvements	248,407	0	0	248,407
Buildings	28,010,140	0	0	28,010,140
Equipment and Furniture	5,870,776	23,764	(18,075)	5,876,465
Vehicles	725,729	0	0	725,729
Infrastructure	49,620,181	1,206,921	(21,704)	50,805,398
Total Capital Assets Being Depreciated	84,475,233	1,230,685	(39,779)	85,666,139
Less Accumulated Depreciation				
Land Improvements	(231,424)	(4,431)	0	(235,855)
Buildings	(8,835,228)	(697,878)	0	(9,533,106)
Equipment and Furniture	(4,321,751)	(220,401)	18,075	(4,524,077)
Vehicles	(384,489)	(51,581)	0	(436,070)
Infrastructure	(13,673,408)	(791,416)	20,702	(14,444,122)
Total Accumulated Depreciation	(27,446,300)	(1,765,707)	38,777	(29,173,230)
Capital Assets Being Depreciated, net	57,028,933	(535,022)	(1,002)	56,492,909
Business Type Activities Capital Assets, net	\$63,243,120	\$1,648,744	(\$1,002)	\$64,890,862

* Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	
Police	\$479,709
Fire	376,850
Leisure Time Activities	628,264
Community Environment	741,853
Transportation	2,524,201
General Government	428,872
Total Depreciation Expense	\$5,179,749

Note 9 - 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

City of Solon, Ohio
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For the Year Ended December 31, 2007

not have a material adverse effect on the overall financial position of the City at December 31, 2007.

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 10 - 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 Association (NORMA), a not-for-profit corporation, for the purpose of obtaining property, liability and vehicle insurance and providing for a formalized, jointly administered self insurance fund. The City pays an annual premium to NORMA for its insurance coverage. The agreement of formation of NORMA provides that NORMA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the limits described in the agreement. This coverage is paid from the general fund. NORMA is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of NORMA. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the City. The City is not liable nor will it receive a cash balance of past claims upon departure from the pool.

There has not been a significant reduction in coverage from the prior year and claims have not exceeded coverage provided by NORMA in any of the last three years.

B. Workers' Compensation

Prior to June 30, 2007, the City paid the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The City has recorded a liability of \$419,491 as of December 31, 2007 in the General Fund for the premiums owed for the coverage period January 1 through July 2, 2007. On July 3, 2007, the City was approved for self-insured status by the Bureau of Workers' Compensation and began to administer its own workers' compensation program (the program). The City has established an employee benefits self-insurance internal service fund to account for assets set aside for claim settlements and related liabilities associated with the program. Liabilities of the fund are reported when an employee injury has occurred, it is probable that a claim will be filed under the program, and the amount of the claim can be reasonably estimated. The City utilizes the services of Sedgwick Claims Management Services, the third party administrator, to review, process, and pay employee claims. The City also maintains excess insurance coverage which would pay the portion of claims that exceed \$600,000 per occurrence for police officers, \$500,000 per occurrence for fire fighters and \$400,000 per occurrence for all other employees.

The claims liability of \$71,286 reported in the fund at December 31, 2007, is based on the requirements of GASB statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated

City of Solon, Ohio
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or unallocated claim adjustment expenses. Changes in claim activity for the past year is as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2007	\$0	\$118,487	\$47,201	\$71,286

C. Employee Health Benefits

The City provides employee medical and prescription drug benefits through a partially self insured program. The third party administrator, Medical Mutual of Ohio, reviews the claims which are then paid by the City. The costs are paid by the fund that pays the salary for the employee and the costs are distributed on a pro rata basis based on the number of family and single plans in each fund.

Medical claims within the network are subject to \$225 single and \$450 family deductible, and then are covered 100 percent. Medical claims out of network are subject to \$450 single and \$900 family deductible followed by 80/20 percent coinsurance for the next \$1,000 single and \$2,000 family, then 100 percent. Prescriptions are subject to a co-pay of \$10 generic, \$20 formulary, and \$40 non-formulary. The City has stop loss coverage at \$75,000 per family per year and a calculated aggregate maximum for the 2007 plan year of \$2,953,828.

The claims liability of \$205,180 reported in the general fund at December 31, 2007 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 for 2006 and 2007 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2006	\$122,602	\$912,435	\$780,777	\$254,260
2007	254,260	891,536	940,616	205,180

Note 11 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member

City of Solon, Ohio
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contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the City's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$1,081,131, \$1,113,082, and \$1,113,990 respectively; 82.74 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$32,142 made by the City and \$22,047 made by the plan members

B. Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2007, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's pension contributions to OP&F for police and firefighters were \$417,168 and \$760,923 for the year ended December 31, 2007, \$497,017 and \$507,150 for the year ended December 31, 2006 and \$356,903 and \$691,418 for the year ended December 31,

City of Solon, Ohio
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2005. The full amount has been contributed for 2006 and 2005. 72.94 percent has been contributed for police and 72.70 percent has been contributed for firefighters for 2007.

Note 12 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007 and 6.00 percent from July 1 through December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payments amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$712,122, \$544,442 and \$466,593 respectively; 82.74 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan with was effective January 1, 2007. Member and employer contribution rates increased as of

City of Solon, Ohio
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January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Police and Firemen's Disability and Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$220,854 and \$297,752 for the year ended December 31, 2007, \$327,819 and \$241,872 for the year ended December 31, 2006, and \$235,009 and \$329,753 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 72.94 percent has been contributed for police and 72.70 percent has been contributed for firefighters for 2007.

City of Solon, Ohio
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Note 13 – Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Accumulated vacation leave must be taken within twelve months after credited or be forfeited unless approved by the Mayor.

Sick leave is earned at the rate of 4.6 hours per eighty hours worked by each employee to a maximum of 15 days or 120 hours per year. 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.

Note 14 – 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.

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 2007, the City of Solon paid \$353,217 in premiums from the general fund, which represents 18.94 percent of total premiums. Financial information can be obtained by contacting the fiscal agent, Mark Cegelka, Finance Director at the City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio, 44146.

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Notes to the Basic Financial Statements
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Note 15 - Long-Term Obligations

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

	Balance 12/31/06	Additions	Reductions	Balance 12/31/07	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
1993 \$7,350,000 - 5.19%					
New City Hall Construction	\$3,430,000	\$0	(\$3,430,000)	\$0	\$0
1995 \$6,695,000 - 4.88%					
Various Purpose Refunding	670,000	0	(670,000)	0	0
1997 \$3,700,000 - 5.70%					
Library Building	2,430,000	0	(180,000)	2,250,000	190,000
2002 \$12,235,000 - 3.00% to 4.60%					
Community Center	8,680,000	0	(780,000)	7,900,000	810,000
<i>Total General Obligation Bonds</i>	<u>15,210,000</u>	<u>0</u>	<u>(5,060,000)</u>	<u>10,150,000</u>	<u>1,000,000</u>
Special Assessment Bonds with Governmental Commitment					
1992 \$1,500,000 - 6.31%					
County Issued Miles Sewer	474,961	0	(73,424)	401,537	75,719
OWDA Loans					
1993 \$5,894,814 - 4.30%					
Northeast Pump	1,112,946	0	(139,432)	973,514	145,492
1997 \$1,249,104 - 4.16%					
Aurora/Liberty Sanitary Sewer	751,340	0	(61,992)	689,348	64,598
2004 \$5,861,485 - 1.87%					
Aurora Road West Draw	5,218,013	0	(263,967)	4,954,046	267,808
2006 \$6,329,372 - 3.35%					
Aurora East Sewer Project	5,601,061	612,140	(226,632)	5,986,569	234,288
<i>Total OWDA Loans</i>	<u>12,683,360</u>	<u>612,140</u>	<u>(692,023)</u>	<u>12,603,477</u>	<u>712,186</u>
OPWC Loans					
1996 \$952,295 - 0%					
Solon Allotment	380,917	0	(47,615)	333,302	47,615
1999 \$195,500 - 0%					
Cochran Project	91,234	0	(13,033)	78,201	13,033
<i>Total OPWC Loans</i>	<u>472,151</u>	<u>0</u>	<u>(60,648)</u>	<u>411,503</u>	<u>60,648</u>
Other Long-term Obligations					
Compensated Absences	2,915,625	510,697	(61,204)	3,365,118	989,937
Claims Payable	0	108,327	(37,041)	71,286	25,695
<i>Total Other Long-term Obligations</i>	<u>2,915,625</u>	<u>619,024</u>	<u>(98,245)</u>	<u>3,436,404</u>	<u>1,015,632</u>
<i>Total General Long-term Obligations</i>	<u>\$31,756,097</u>	<u>\$1,231,164</u>	<u>(\$5,984,340)</u>	<u>\$27,002,921</u>	<u>\$2,864,185</u>

City of Solon, Ohio
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	Balance 12/31/06	Additions	Reductions	Balance 12/31/07	Amounts Due in One Year
Business-type Activities					
OWDA Loans					
1971 \$509,646 - 6.25%					
Treatment Plant Expansion	\$133,720	\$0	(\$26,584)	\$107,136	\$28,245
1993 \$5,894,814 - 4.30%					
Northeast Pump	1,536,924	0	(192,549)	1,344,375	200,917
1996 \$18,763,183 - 3.04%					
Treatment Plant Upgrade and Expansion	9,968,028	0	(978,645)	8,989,383	1,008,622
1997 \$401,178 - 3.54%					
Treatment Plant Upgrade and Expansion	223,259	0	(21,470)	201,789	22,237
2006 \$4,406,906 - 3.15%					
Trickling Filter Rehabilitation	2,080,072	1,552,522	0	3,632,594	161,111
Total OWDA Loans	13,942,003	1,552,522	(1,219,248)	14,275,277	1,421,132
Other Long-term Liabilities					
Compensated Absences	516,386	204,135	(118,965)	601,556	255,374
Total Business-type Activities	\$14,458,389	\$1,756,657	(\$1,338,213)	\$14,876,833	\$1,676,506

In 1993, the City issued \$7,350,000 in voted general obligation bonds for construction of a new City Hall. The bonds were originally issued for a twenty year period but were fully retired early in 2007.

In 1995, the City issued \$6,695,000 in voted various improvement general obligation bonds for refunding of 1989 and 1990 general obligation bond issues. The bonds were fully retired in 2007.

In 1997, the City issued \$3,700,000 in voted general obligation bonds for construction of the Solon Branch Public Library. The bonds were issued for a twenty year period with a final maturity in 2016.

In 2002, the City issued \$12,235,000 in voted general obligation bonds for construction of the Community Center, Kruse Drive improvements and refunding of a 1992 general obligation bond issue. The bonds were issued for a twenty year period with a final maturity in 2021.

In 1992, the City issued \$1,500,000 in special assessment bonds for the installation of the Miles Road Sanitary Sewer Project. The bonds were issued for a twenty year period with a final maturity in 2012.

In 1993, the City received a \$5,894,814 Ohio Water Development Authority loan for the installation of the Creekside and Northeast Pump Stations and the Bainbridge and Liberty Roads Sanitary Sewer Projects. The loan was issued for a twenty year period with a final maturity in 2013.

In 1997, the City received a \$1,249,104 Ohio Water Development Authority loan for the installation of the Aurora/Liberty Sanitary Sewer Project. The loan was issued for a twenty year period with a final maturity in 2016.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

A line of credit has been established with the Ohio Water Development Authority in the amount of \$6,329,372 for the improvements to the Aurora East Sewer system; however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments.

In 1996, the City received a \$952,295 Ohio Public Works Commission loan for the installation of the Solon Boulevard, Baldwin/Huntington Sanitary Sewer Projects. The loan was issued for a twenty year period with a final maturity in 2015.

In 1999, the City received a \$195,500 Ohio Public Works Commission loan for the improvement of the pavement and street signals at the Solon and Cochran intersection. The loan was issued for a fifteen year period with a final maturity in 2014.

In 1971, the City received a \$509,646 Ohio Water Development Authority loan for the installation of the Northeast Wastewater Treatment Plant. The loan was issued for a forty year period with a final maturity in 2011.

In 1993, the City received a \$5,894,814 Ohio Water Development Authority loan for the installation of the Creekside and Northeast Pump Stations and the Bainbridge and Liberty Roads Sanitary Sewer Projects. The loan was issued for a twenty year period with a final maturity in 2013.

In 1996, the City received a \$18,763,183 Ohio Water Development Authority loan for the expansion of the Central Wastewater Treatment Plant. The loan was issued for a twenty year period with a final maturity in 2015.

In 1997, the City received a \$401,178 Ohio Water Development Authority loan for the expansion of the Central Wastewater Treatment Plant. The loan was issued for a nineteen year period with a final maturity in 2015.

A line of credit has been established with the Ohio Water Development Authority in the amount of \$4,406,906 for the Trickling Filter Rehabilitation system; however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments.

General obligation bonds will be paid from the general bond retirement debt service fund with property taxes. Special assessment bonds will be 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 with property taxes and special assessments. The OPWC loans will be paid from the infrastructure capital projects fund with income taxes.

The OWDA enterprise fund loans are being paid from the water reclamation enterprise fund user fees.

Compensated absences will be paid from the general fund, the recreation and the senior services special revenue funds and the water reclamation and the Grantwood recreation enterprise funds.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

The City's overall legal debt margin was \$114,311,843 with an unvoted debt margin of \$50,888,735 at December 31, 2007. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2007 are as follows:

Governmental Activities

	General Obligation Bonds		Special Assessment Bonds		OWDA Loans		OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2008	\$1,000,000	\$485,913	\$75,719	\$12,148	\$477,898	\$139,192	\$60,648
2009	1,040,000	445,158	78,013	10,255	490,834	126,256	60,648
2010	1,100,000	400,996	80,308	8,149	504,216	112,874	60,648
2011	1,150,000	353,745	82,602	5,740	518,081	99,009	60,649
2012	925,000	303,380	84,895	3,014	532,388	84,703	60,648
2013 - 2017	3,045,000	945,765	0	0	1,999,890	249,730	108,262
2018 - 2022	1,890,000	241,750	0	0	1,592,867	100,507	0
2023 - 2024	0	0	0	0	500,734	7,278	0
Total	\$10,150,000	\$3,176,707	\$401,537	\$39,306	\$6,616,908	\$919,549	\$411,503

Business-Type Activities

	OWDA Loans	
	Principal	Interest
2008	\$1,260,021	\$334,985
2009	1,302,209	292,798
2010	1,345,858	249,147
2011	1,374,172	203,365
2012	1,401,776	158,288
2013 - 2015	3,958,647	208,366
Total	\$10,642,683	\$1,446,949

In 2002, the City defeased a 1992 Various Purpose Improvement bond issue in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On December 31, 2007, \$1,555,000 of these bonds outstanding were considered defeased.

Note 16 – Jointly Governed Organization

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 112 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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 2007. Financial information can be obtained by contacting the Joseph Migliorini, Board Chairman, 175 South Main Street, Akron, Ohio 44308.

Note 17 - Note Debt

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

	Balance 12/31/06	Additions	Reductions	Balance 12/31/07
3.75% Community Center Fund	\$4,070,000	\$3,700,000	\$4,070,000	\$3,700,000
Unamortized Premium	9,618	7,077	10,432	6,263
3.75% Building Construction Fund	1,430,000	4,000,000	1,430,000	4,000,000
Unamortized Premium	0	4,423	509	3,914
4.125% General Capital Improvements Fund	1,600,000	1,690,000	1,600,000	1,690,000
Unamortized Premium	3,133	1,482	3,904	711
Total	\$7,112,751	\$9,402,982	\$7,114,845	\$9,400,888

In 2007, the City issued \$3,700,000 in Various Improvement bond anticipation notes for the construction of the community center which was completed during 2003. The community center note was issued at a premium of \$7,077. These notes mature on November 20, 2008.

In 2007, the City issued \$4,000,000 in Various Improvement bond anticipation notes for various construction projects throughout the City. The building construction note was issued at a premium of \$4,423. These notes mature on November 20, 2008.

In 2007, the City issued \$1,690,000 in Real Estate Acquisition bond anticipation notes for acquiring real estate interests for recreational and various other municipal purposes. The general capital improvements note was issued at a premium of \$1,482. These notes mature on June 25, 2008.

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 18 – 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 19 – Interfund Transactions

A. Interfund Balances

At December 31, 2007, the Grantwood recreation enterprise fund has an interfund payable of \$1,758,138 from the general fund. The interfund loan is to be used for improvements to the Grantwood golf course. The interfund loan fully matures in 2024. Principal requirements to retire the interfund loan outstanding at December 31, 2007 are as follows:

	Principal
2008	\$163,512
2009	117,661
2010	72,889
2011	75,921
2012	79,079
2013 - 2017	447,564
2018 - 2022	548,732
2023 - 2024	252,780
Total	\$1,758,138

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, consisted of the following:

	Transfers From		
Transfers To	General	Other Governmental Funds	Total
<i>Major Funds:</i>			
General	\$0	\$8,213	\$8,213
General Obligation Bond Retirement	2,306,559	0	2,306,559
Community Center	525,723	0	525,723
Building Construction	1,687,200	0	1,687,200
Water Reclamation	160,330	0	160,330
Grantwood Recreation	10,072	0	10,072
Total Major Funds	4,689,884	8,213	4,698,097
Other Governmental Funds	5,497,453	0	5,497,453
Total All Funds	\$10,187,337	\$8,213	\$10,195,550

The general fund transfer to the community center and building construction capital projects funds was to provide payment for the bond anticipation notes payable. The general fund transfer to the water reclamation and the grantwood recreation enterprise funds were to cover their respective shares of interest earnings per City ordinance. The general fund transfer to the street construction, maintenance and repair and the state highway special revenue funds were to cover their respective shares of interest earnings per City ordinance. The general fund transfer to the police and fire pensions special revenue funds were because the 1.0 mill of property tax received by

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

those funds are not enough to meet the annual liability and payment to the police and fire pension systems. The general fund transfer to the cable TV special revenue fund was to cover the cable TV's share of interest earnings per City ordinance. The general fund transfer to the recreation special revenue fund is an annual subsidy to help keep program fees affordable to participants. The general fund transfer to the senior services special revenue fund is an annual subsidy because there are not enough program fees to maintain the annual operation at the established level. The general fund transfer to the economic incentive special revenue fund is an annual subsidy to help fund economic incentive/job creation grants and programs. The general fund transfer to the landfill improvement special revenue fund was to cover the landfill's share of interest earnings per City ordinance. The general fund transfer to the safety and service equipment and the general capital improvements capital projects funds was an occasional subsidy for capital purchases. The general fund transfers to the general obligation bond retirement debt service fund were for principal and interest payments on bond issues. The police department programs transfer to the general fund was due to the elimination of the teen court program.

Note 20 – Joint Economic Development District

In 2006, the City entered into a contract with neighboring Bainbridge Township to form the Bainbridge-Solon Joint Economic Development District (JEDD). It is entirely located in Bainbridge Township, and its primary purpose was to promote regional growth and economic development. In December 2006, the JEDD Board levied a municipal income tax of 2.0 percent in the District to be effective January 1, 2007. The JEDD Board also contracted with the City of Solon to administer this income tax.

The JEDD agreement requires the City of Solon and Bainbridge Township share the income tax receipts 50/50 after income tax administration costs and a 5.0 percent deduction for the JEDD's Maintenance and Improvement Fund for infrastructure related projects.

Note 21 – Contractual Commitments

The City has a \$1,885,414 remaining balance on a construction contract with Infinity Construction Co., Inc for the construction of the Fire Station #2.

The City has a \$192,422 remaining balance on a construction contract with Bay Mechanical and Electrical for the Trickling Filter.

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) which are legally restricted to expenditure 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.

Economic Incentive Fund – to account for the receipt of grant money used to support economic incentive/job creation programs.

Police Department Programs Fund - to account for the receipt of grant money used to support the Police Department's DARE 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.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

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

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 account for donations made to the Police Department for the purchase of specific equipment.

Nonmajor Capital Projects Funds

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

Safety and Service 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.

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

General 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
Nonmajor Governmental Funds
December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,109,775	\$5,016,591	\$9,126,366
Accounts Receivable	68,007	2,246	70,253
Intergovernmental Receivable	584,818	16,642	601,460
Property Taxes Receivable	1,109,620	412,064	1,521,684
<i>Total Assets</i>	<u>\$5,872,220</u>	<u>\$5,447,543</u>	<u>\$11,319,763</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$26,216	\$0	\$26,216
Accrued Wages	34,929	0	34,929
Contracts Payable	25,470	28,295	53,765
Intergovernmental Payable	502,978	0	502,978
Accrued Interest Payable	0	36,793	36,793
Matured Compensated Absences Payable	52,998	0	52,998
Deferred Revenue	1,602,185	428,706	2,030,891
Notes Payable	0	1,690,711	1,690,711
<i>Total Liabilities</i>	<u>2,244,776</u>	<u>2,184,505</u>	<u>4,429,281</u>
Fund Balances			
Reserved for Encumbrances	63,461	187,654	251,115
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	3,563,983	0	3,563,983
Capital Projects Funds	0	3,075,384	3,075,384
<i>Total Fund Balances</i>	<u>3,627,444</u>	<u>3,263,038</u>	<u>6,890,482</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,872,220</u>	<u>\$5,447,543</u>	<u>\$11,319,763</u>

City of Solon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$1,214,094	\$471,256	\$1,685,350
Intergovernmental	1,207,429	76,098	1,283,527
Investment Income	0	87,350	87,350
Fees, Licenses and Permits	333,073	0	333,073
Rentals	13,598	0	13,598
Charges for Services	2,736,557	33,119	2,769,676
Contributions and Donations	103,806	0	103,806
Miscellaneous	59,626	15,226	74,852
<i>Total Revenues</i>	<u>5,668,183</u>	<u>683,049</u>	<u>6,351,232</u>
Expenditures			
Current:			
Security of Persons and Property			
Police	659,359	0	659,359
Fire	1,023,117	0	1,023,117
Leisure Time Activities	5,568,338	0	5,568,338
Community Environment	910,738	0	910,738
Basic Utility Services	73,910	0	73,910
Transportation	1,079,024	0	1,079,024
Capital Outlay	0	2,023,683	2,023,683
Debt Service:			
Interest and Fiscal Charges	0	67,489	67,489
<i>Total Expenditures</i>	<u>9,314,486</u>	<u>2,091,172</u>	<u>11,405,658</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,646,303)</u>	<u>(1,408,123)</u>	<u>(5,054,426)</u>
Other Financing Sources (Uses)			
Transfers In	3,916,935	1,580,518	5,497,453
Transfers Out	(8,213)	0	(8,213)
<i>Total Other Financing Sources (Uses)</i>	<u>3,908,722</u>	<u>1,580,518</u>	<u>5,489,240</u>
<i>Net Change in Fund Balances</i>	262,419	172,395	434,814
<i>Fund Balances Beginning of Year</i>	<u>3,365,025</u>	<u>3,090,643</u>	<u>6,455,668</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,627,444</u></u>	<u><u>\$3,263,038</u></u>	<u><u>\$6,890,482</u></u>

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
Assets					
Equity in Pooled Cash and Cash Equivalents	\$488,699	\$104,336	\$218,388	\$285,019	\$458,115
Accounts Receivable	0	0	0	0	62,228
Intergovernmental Receivable	482,483	49,738	19,578	29,367	0
Property Taxes Receivable	0	0	443,848	665,772	0
<i>Total Assets</i>	<u>\$971,182</u>	<u>\$154,074</u>	<u>\$681,814</u>	<u>\$980,158</u>	<u>\$520,343</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$6,713
Accrued Wages	0	0	0	0	0
Contracts Payable	0	0	0	0	25,470
Intergovernmental Payable	0	0	172,680	288,972	76
Matured Compensated Absences Payable	0	0	0	0	0
Deferred Revenue	400,527	43,093	463,426	695,139	0
<i>Total Liabilities</i>	<u>400,527</u>	<u>43,093</u>	<u>636,106</u>	<u>984,111</u>	<u>32,259</u>
Fund Balances					
Reserved for Encumbrances	0	0	0	0	1,093
Unreserved, Undesignated (Deficit)	570,655	110,981	45,708	(3,953)	486,991
<i>Total Fund Balances (Deficit)</i>	<u>570,655</u>	<u>110,981</u>	<u>45,708</u>	<u>(3,953)</u>	<u>488,084</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$971,182</u>	<u>\$154,074</u>	<u>\$681,814</u>	<u>\$980,158</u>	<u>\$520,343</u>

<u>Tree Planting</u>	<u>Street Lighting</u>	<u>Recreation</u>	<u>Senior Services</u>	<u>Economic Incentive</u>	<u>Police Department Programs</u>	<u>Landfill Improvement</u>
\$243,136	\$377	\$185,926	\$59,686	\$303,807	\$194,920	\$1,396,722
0	0	521	207	0	0	0
0	0	0	0	0	0	848
0	0	0	0	0	0	0
<u>\$243,136</u>	<u>\$377</u>	<u>\$186,447</u>	<u>\$59,893</u>	<u>\$303,807</u>	<u>\$194,920</u>	<u>\$1,397,570</u>
\$0	\$0	\$12,159	\$4,655	\$0	\$0	\$2,661
0	0	26,007	8,922	0	0	0
0	0	0	0	0	0	0
0	0	35,455	5,795	0	0	0
0	0	0	52,998	0	0	0
0	0	0	0	0	0	0
0	0	73,621	72,370	0	0	2,661
0	0	36,237	11,341	0	161	14,620
243,136	377	76,589	(23,818)	303,807	194,759	1,380,289
243,136	377	112,826	(12,477)	303,807	194,920	1,394,909
<u>\$243,136</u>	<u>\$377</u>	<u>\$186,447</u>	<u>\$59,893</u>	<u>\$303,807</u>	<u>\$194,920</u>	<u>\$1,397,570</u>

(continued)

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2007

	Law Enforcement Trust	Community Improvement Corporation	Cemetery Endowment Trust	Donations Trust	Total Nonmajor Special Revenue Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$98,407	\$4,000	\$5,501	\$62,736	\$4,109,775
Accounts Receivable	0	0	0	5,051	68,007
Intergovernmental Receivable	2,804	0	0	0	584,818
Property Taxes Receivable	0	0	0	0	1,109,620
<i>Total Assets</i>	<u>\$101,211</u>	<u>\$4,000</u>	<u>\$5,501</u>	<u>\$67,787</u>	<u>\$5,872,220</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$28	\$26,216
Accrued Wages	0	0	0	0	34,929
Contracts Payable	0	0	0	0	25,470
Intergovernmental Payable	0	0	0	0	502,978
Matured Compensated Absences Payable	0	0	0	0	52,998
Deferred Revenue	0	0	0	0	1,602,185
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28</u>	<u>2,244,776</u>
Fund Balances					
Reserved for Encumbrances	0	0	0	9	63,461
Unreserved, Undesignated (Deficit)	101,211	4,000	5,501	67,750	3,563,983
<i>Total Fund Balances (Deficit)</i>	<u>101,211</u>	<u>4,000</u>	<u>5,501</u>	<u>67,759</u>	<u>3,627,444</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$101,211</u>	<u>\$4,000</u>	<u>\$5,501</u>	<u>\$67,787</u>	<u>\$5,872,220</u>

City of Solon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
Revenues					
Property Taxes	\$0	\$0	\$485,920	\$728,174	\$0
Intergovernmental	982,628	79,673	39,832	59,748	0
Fees, Licenses and Permits	0	0	0	0	317,340
Rentals	0	0	0	0	0
Charges for Services	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	7,500
<i>Total Revenues</i>	<u>982,628</u>	<u>79,673</u>	<u>525,752</u>	<u>787,922</u>	<u>324,840</u>
Expenditures					
Current:					
Security of Persons and Property					
Police	0	0	614,152	0	0
Fire	0	0	0	1,023,117	0
Leisure Time Activities	0	0	0	0	361,269
Community Environment	0	0	0	0	0
Basic Utility Services	0	0	0	0	0
Transportation	1,000,000	79,024	0	0	0
<i>Total Expenditures</i>	<u>1,000,000</u>	<u>79,024</u>	<u>614,152</u>	<u>1,023,117</u>	<u>361,269</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(17,372)</u>	<u>649</u>	<u>(88,400)</u>	<u>(235,195)</u>	<u>(36,429)</u>
Other Financing Sources (Uses)					
Transfers In	21,806	5,112	170,000	350,000	19,068
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>21,806</u>	<u>5,112</u>	<u>170,000</u>	<u>350,000</u>	<u>19,068</u>
<i>Net Change in Fund Balances</i>	4,434	5,761	81,600	114,805	(17,361)
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>566,221</u>	<u>105,220</u>	<u>(35,892)</u>	<u>(118,758)</u>	<u>505,445</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$570,655</u>	<u>\$110,981</u>	<u>\$45,708</u>	<u>(\$3,953)</u>	<u>\$488,084</u>

(continued)

City of Solon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2007

	Tree Planting	Street Lighting	Recreation	Senior Services	Economic Incentive
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	20,136
Fees, Licenses and Permits	0	0	0	0	0
Rentals	0	0	13,598	0	0
Charges for Services	2,760	0	2,662,166	71,631	0
Contributions and Donations	0	0	67,740	0	0
Miscellaneous	0	0	49,726	2,400	0
<i>Total Revenues</i>	<u>2,760</u>	<u>0</u>	<u>2,793,230</u>	<u>74,031</u>	<u>20,136</u>
Expenditures					
Current:					
Security of Persons and Property					
Police	0	0	0	0	0
Fire	0	0	0	0	0
Leisure Time Activities	0	0	4,700,257	504,244	0
Community Environment	0	0	0	0	910,349
Basic Utility Services	0	0	0	0	0
Transportation	0	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>4,700,257</u>	<u>504,244</u>	<u>910,349</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,760</u>	<u>0</u>	<u>(1,907,027)</u>	<u>(430,213)</u>	<u>(890,213)</u>
Other Financing Sources (Uses)					
Transfers In	0	0	1,937,500	410,000	950,000
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>1,937,500</u>	<u>410,000</u>	<u>950,000</u>
<i>Net Change in Fund Balances</i>	2,760	0	30,473	(20,213)	59,787
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>240,376</u>	<u>377</u>	<u>82,353</u>	<u>7,736</u>	<u>244,020</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$243,136</u>	<u>\$377</u>	<u>\$112,826</u>	<u>(\$12,477)</u>	<u>\$303,807</u>

Police Department Programs	Landfill Improvement	Law Enforcement Trust	Community Improvement Corporation	Cemetery Endowment Trust	Donations Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$1,214,094
0	0	25,412	0	0	0	1,207,429
0	15,733	0	0	0	0	333,073
0	0	0	0	0	0	13,598
0	0	0	0	0	0	2,736,557
9,711	0	0	0	0	26,355	103,806
0	0	0	0	0	0	59,626
<u>9,711</u>	<u>15,733</u>	<u>25,412</u>	<u>0</u>	<u>0</u>	<u>26,355</u>	<u>5,668,183</u>
21,908	0	18,298	0	0	5,001	659,359
0	0	0	0	0	0	1,023,117
0	0	0	0	0	2,568	5,568,338
0	0	0	0	0	389	910,738
0	73,910	0	0	0	0	73,910
0	0	0	0	0	0	1,079,024
<u>21,908</u>	<u>73,910</u>	<u>18,298</u>	<u>0</u>	<u>0</u>	<u>7,958</u>	<u>9,314,486</u>
<u>(12,197)</u>	<u>(58,177)</u>	<u>7,114</u>	<u>0</u>	<u>0</u>	<u>18,397</u>	<u>(3,646,303)</u>
0	53,449	0	0	0	0	3,916,935
(8,213)	0	0	0	0	0	(8,213)
<u>(8,213)</u>	<u>53,449</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,908,722</u>
(20,410)	(4,728)	7,114	0	0	18,397	262,419
<u>215,330</u>	<u>1,399,637</u>	<u>94,097</u>	<u>4,000</u>	<u>5,501</u>	<u>49,362</u>	<u>3,365,025</u>
<u>\$194,920</u>	<u>\$1,394,909</u>	<u>\$101,211</u>	<u>\$4,000</u>	<u>\$5,501</u>	<u>\$67,759</u>	<u>\$3,627,444</u>

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2007

	Safety and Service Equipment	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$357,086	\$67,098	\$4,592,407	\$5,016,591
Accounts Receivable	0	0	2,246	2,246
Intergovernmental Receivable	16,642	0	0	16,642
Property Taxes Receivable	412,064	0	0	412,064
<i>Total Assets</i>	<u>\$785,792</u>	<u>\$67,098</u>	<u>\$4,594,653</u>	<u>\$5,447,543</u>
Liabilities and Fund Balances				
Liabilities				
Contracts Payable	\$0	\$3,635	\$24,660	\$28,295
Accrued Interest Payable	0	0	36,793	36,793
Deferred Revenue	428,706	0	0	428,706
Notes Payable	0	0	1,690,711	1,690,711
<i>Total Liabilities</i>	<u>428,706</u>	<u>3,635</u>	<u>1,752,164</u>	<u>2,184,505</u>
Fund Balances				
Reserved for Encumbrances	1,189	0	186,465	187,654
Unreserved, Undesignated	355,897	63,463	2,656,024	3,075,384
<i>Total Fund Balances</i>	<u>357,086</u>	<u>63,463</u>	<u>2,842,489</u>	<u>3,263,038</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$785,792</u>	<u>\$67,098</u>	<u>\$4,594,653</u>	<u>\$5,447,543</u>

City of Solon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2007

	Safety and Service Equipment	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
Revenues				
Property Taxes	\$471,256	\$0	\$0	\$471,256
Intergovernmental	34,130	0	41,968	76,098
Investment Income	0	0	87,350	87,350
Charges for Services	0	0	33,119	33,119
Miscellaneous	15,226	0	0	15,226
<i>Total Revenues</i>	<u>520,612</u>	<u>0</u>	<u>162,437</u>	<u>683,049</u>
Expenditures				
Capital Outlay	926,386	28,298	1,068,999	2,023,683
Debt Service:				
Interest and Fiscal Charges	0	0	67,489	67,489
<i>Total Expenditures</i>	<u>926,386</u>	<u>28,298</u>	<u>1,136,488</u>	<u>2,091,172</u>
<i>Excess of Revenues Under Expenditures</i>	(405,774)	(28,298)	(974,051)	(1,408,123)
Other Financing Sources				
Transfers In	500,000	0	1,080,518	1,580,518
<i>Net Change in Fund Balances</i>	94,226	(28,298)	106,467	172,395
<i>Fund Balances Beginning of Year</i>	<u>262,860</u>	<u>91,761</u>	<u>2,736,022</u>	<u>3,090,643</u>
<i>Fund Balances End of Year</i>	<u><u>\$357,086</u></u>	<u><u>\$63,463</u></u>	<u><u>\$2,842,489</u></u>	<u><u>\$3,263,038</u></u>

Combining Statements – Fiduciary Funds

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

Agency Funds

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

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

JEDD Income Tax Fund – to account for income tax revenue collected by the City to be distributed to Bainbridge Township.

City of Solon, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2007

	Beginning Balance 12/31/06	Additions	Deductions	Ending Balance 12/31/07
<i>Inspection Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$954,447	\$148,850	\$91,929	\$1,011,368
Liabilities				
Deposits Held and Due to Others	\$954,447	\$148,850	\$91,929	\$1,011,368
 <i>DARE Scholarship Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,868	\$0	\$1,000	\$1,868
Liabilities				
Deposits Held and Due to Others	\$2,868	\$0	\$1,000	\$1,868
 <i>JEDD Income Tax Fund</i>				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$109,152	\$76,032	\$33,120
Liabilities				
Intergovernmental Payable	\$0	\$109,152	\$76,032	\$33,120
 <i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$957,315	\$148,850	\$92,929	\$1,013,236
Cash and Cash Equivalents in Segregated Accounts	0	109,152	76,032	33,120
Total Assets	\$957,315	\$258,002	\$168,961	\$1,046,356
Liabilities				
Intergovernmental Payable	\$0	\$109,152	\$76,032	33,120
Deposits Held and Due to Others	957,315	148,850	92,929	1,013,236
Total Liabilities	\$957,315	\$258,002	\$168,961	\$1,046,356

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

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$776,743	\$855,673	\$950,995	\$95,322
Municipal Income Taxes	26,235,940	29,767,065	29,079,345	(687,720)
Intergovernmental	1,088,882	1,188,110	1,588,486	400,376
Investment Income	2,145,149	2,350,000	2,397,067	47,067
Fees, Licenses and Permits	515,566	564,800	645,872	81,072
Fines and Forfeitures	293,645	360,800	354,739	(6,061)
Charges for Services	870,024	958,284	952,557	(5,727)
Miscellaneous	122,410	134,100	320,666	186,566
Total Revenues	32,048,359	36,178,832	36,289,727	110,895
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	5,486,056	6,323,668	6,098,856	224,812
Materials and Supplies	342,141	393,535	342,743	50,792
Contractual Services	362,270	417,751	346,082	71,669
Capital Outlay	21,829	24,427	18,212	6,215
Total Police	6,212,296	7,159,381	6,805,893	353,488
Fire				
Personal Services	4,874,281	5,616,286	5,518,405	97,881
Materials and Supplies	191,890	220,554	208,940	11,614
Contractual Services	201,976	232,800	209,975	22,825
Capital Outlay	282,377	296,502	250,167	46,335
Total Fire	5,550,524	6,366,142	6,187,487	178,655
Prosecutor				
Prosecutor				
Personal Services	130,242	150,558	146,212	4,346
Materials and Supplies	174,436	201,900	171,658	30,242
Total Prosecutor	304,678	352,458	317,870	34,588
Teen Court				
Personal Services	21,378	24,645	20,325	4,320
Materials and Supplies	1,901	2,200	846	1,354
Total Teen Court	23,279	26,845	21,171	5,674
Total Prosecutor	327,957	379,303	339,041	40,262
Total Security of Persons and Property	\$12,090,777	\$13,904,826	\$13,332,421	\$572,405

(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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Health and Welfare				
Cemetery				
Personal Services	\$0	\$3,992	\$3,992	\$0
Capital Outlay	19,439	22,500	14,726	7,774
Total Cemetery	19,439	26,492	18,718	7,774
County Health District				
Contractual Services	66,526	80,037	80,037	0
Total Public Health and Welfare	85,965	106,529	98,755	7,774
Leisure Time Activities				
Recreation				
Personal Services	33,670	33,670	33,670	0
Community Environment				
Planning and Zoning				
Personal Services	429,066	494,620	491,382	3,238
Materials and Supplies	7,719	8,909	6,580	2,329
Contractual Services	14,442	16,716	16,066	650
Capital Outlay	475	550	346	204
Total Planning and Zoning	451,702	520,795	514,374	6,421
Development Board				
Personal Services	9,130	10,567	9,487	1,080
Materials and Supplies	5,346	6,188	1,163	5,025
Contractual Services	28,079	33,976	33,976	0
Total Development Board	42,555	50,731	44,626	6,105
Building Department				
Personal Services	452,564	522,202	504,016	18,186
Materials and Supplies	18,238	21,108	18,701	2,407
Contractual Services	44,914	50,883	41,298	9,585
Capital Outlay	13,204	15,944	15,944	0
Total Building Department	528,920	610,137	579,959	30,178
Engineering Department				
Personal Services	900,561	1,038,572	986,129	52,443
Materials and Supplies	37,302	43,083	27,372	15,711
Contractual Services	182,772	206,332	152,437	53,895
Capital Outlay	464	8,352	8,352	0
Total Engineering Department	\$1,121,099	\$1,296,339	\$1,174,290	\$122,049

(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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beautification Commission				
Personal Services	\$7,184	\$8,315	\$7,980	\$335
Materials and Supplies	16,498	18,983	11,272	7,711
Contractual Services	6,739	7,800	1,512	6,288
Capital Outlay	86	1,736	1,736	0
Total Beautification Commission	30,507	36,834	22,500	14,334
Total Community Environment	2,174,783	2,514,836	2,335,749	179,087
Basic Utility Services				
Storm Sewers				
Personal Services	768,367	657,816	657,816	0
Materials and Supplies	56,455	64,617	51,856	12,761
Contractual Services	8,640	23,063	23,063	0
Total Storm Sewers	833,462	745,496	732,735	12,761
Trees, Leaf and Brush				
Materials and Supplies	16,817	19,465	17,148	2,317
Contractual Services	4,320	5,000	4,400	600
Total Trees, Leaf and Brush	21,137	24,465	21,548	2,917
Refuse Collection and Disposal				
Personal Services	632,873	991,414	991,414	0
Materials and Supplies	159,835	185,000	167,952	17,048
Contractual Services	92,518	100,000	93,443	6,557
Total Refuse Collection and Disposal	885,226	1,276,414	1,252,809	23,605
Total Basic Utility Services	1,739,825	2,046,375	2,007,092	39,283
Transportation				
Street Lighting				
Contractual Services	593,622	685,440	658,505	26,935
Street Department				
Personal Services	2,677,408	3,088,007	2,927,095	160,912
Materials and Supplies	942,697	1,078,088	844,977	233,111
Contractual Services	173,716	200,853	192,383	8,470
Capital Outlay	52,964	60,406	46,551	13,855
Total Street Department	3,846,785	4,427,354	4,011,006	416,348
Total Transportation	\$4,440,407	\$5,112,794	\$4,669,511	\$443,283

(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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General Government				
Council				
Personal Services	\$245,884	\$248,127	\$248,127	\$0
Materials and Supplies	15,901	20,207	20,207	0
Contractual Services	24,028	26,968	12,984	13,984
Total Council	<u>285,813</u>	<u>295,302</u>	<u>281,318</u>	<u>13,984</u>
Mayor				
Personal Services	228,952	258,961	258,961	0
Materials and Supplies	5,683	6,540	4,023	2,517
Contractual Services	3,024	3,500	738	2,762
Total Mayor	<u>237,659</u>	<u>269,001</u>	<u>263,722</u>	<u>5,279</u>
Finance				
Personal Services	612,617	692,044	692,044	0
Materials and Supplies	21,826	25,254	21,567	3,687
Contractual Services	74,295	87,867	87,867	0
Capital Outlay	3,024	3,500	2,781	719
Total Finance	<u>711,762</u>	<u>808,665</u>	<u>804,259</u>	<u>4,406</u>
Legal Department				
Personal Services	60,150	70,187	70,187	0
Contractual Services	298,070	313,000	313,000	0
Total Legal Department	<u>358,220</u>	<u>383,187</u>	<u>383,187</u>	<u>0</u>
Human Resources				
Personal Services	362,856	408,639	402,882	5,757
Materials and Supplies	2,815	4,283	3,187	1,096
Contractual Services	107,309	123,037	108,380	14,657
Capital Outlay	9,800	11,337	7,212	4,125
Total Human Resources	<u>482,780</u>	<u>547,296</u>	<u>521,661</u>	<u>25,635</u>
Civil Service				
Personal Services	4,317	4,997	3,546	1,451
Materials and Supplies	216	250	180	70
Contractual Services	26,765	30,165	18,435	11,730
Total Civil Service	<u>31,298</u>	<u>35,412</u>	<u>22,161</u>	<u>13,251</u>
City Hall				
Personal Services	152,189	175,620	166,740	8,880
Materials and Supplies	1,253	1,450	413	1,037
Contractual Services	1,357	1,561	1,556	5
Total City Hall	<u>\$154,799</u>	<u>\$178,631</u>	<u>\$168,709</u>	<u>\$9,922</u>

(continued)

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Income Tax Department				
Personal Services	\$289,862	\$334,166	\$322,710	\$11,456
Materials and Supplies	46,706	52,871	45,473	7,398
Contractual Services	44,659	57,432	46,708	10,724
Capital Outlay	1,813,424	2,132,000	1,106,168	1,025,832
Total Income Tax Department	2,194,651	2,576,469	1,521,059	1,055,410
Unclaimed Monies				
Other	72,700	72,700	418	72,282
City Administration				
Personal Services	63,374	73,135	63,820	9,315
Materials and Supplies	140,961	161,977	153,049	8,928
Contractual Services	1,243,054	1,437,710	1,339,083	98,627
Capital Outlay	12,960	15,000	2,400	12,600
Other	59,614	69,000	52,385	16,615
Total City Administration	1,519,963	1,756,822	1,610,737	146,085
Sick Leave Reserve				
Personal Services	213,000	213,000	36,020	176,980
Payroll Benefits Account				
Personal Services	704,000	704,000	0	704,000
Traffic Violations				
Personal Services	42,000	30,800	28,815	1,985
Total General Government	7,008,645	7,871,285	5,642,066	2,229,219
Total Expenditures	27,574,072	31,590,315	28,119,264	3,471,051
Excess of Revenues Over Expenditures	4,474,287	4,588,517	8,170,463	3,581,946
Other Financing Sources (Uses)				
Sale of Capital Assets	54,216	54,216	54,216	0
Transfers In	8,213	8,213	8,213	0
Transfers Out	(6,540,545)	(10,587,500)	(10,187,337)	400,163
Total Other Financing Sources (Uses)	(6,478,116)	(10,525,071)	(10,124,908)	400,163
Net Change in Fund Balance	(2,003,829)	(5,936,554)	(1,954,445)	3,982,109
Fund Balance Beginning of Year	24,224,991	24,224,991	24,224,991	0
Prior Year Encumbrances Appropriated	1,009,525	1,009,525	1,009,525	0
Fund Balance End of Year	\$23,230,687	\$19,297,962	\$23,280,071	\$3,982,109

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$1,523,726	\$2,333,406	\$2,531,641	\$198,235
Municipal Income Taxes	34,077	50,000	30,188	(19,812)
Special Assessments	586,129	860,000	1,003,236	143,236
Intergovernmental	209,119	209,119	209,119	0
Fees, Licenses and Permits	40,893	60,000	16,362	(43,638)
Miscellaneous	0	0	2,316	2,316
<i>Total Revenues</i>	<u>2,393,944</u>	<u>3,512,525</u>	<u>3,792,862</u>	<u>280,337</u>
Expenditures				
Current:				
General Government				
Legislative and Executive				
Contractual Services	20,894	31,600	18,166	13,434
Debt Service:				
Principal Retirement	8,252,760	12,635,500	12,625,447	10,053
Interest and Fiscal Charges	855,346	1,344,900	1,313,021	31,879
<i>Total Debt Service</i>	<u>9,108,106</u>	<u>13,980,400</u>	<u>13,938,468</u>	<u>41,932</u>
<i>Total Expenditures</i>	<u>9,129,000</u>	<u>14,012,000</u>	<u>13,956,634</u>	<u>55,366</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(6,735,056)</u>	<u>(10,499,475)</u>	<u>(10,163,772)</u>	<u>335,703</u>
Other Financing Sources				
General Obligation Notes Issued	4,901,329	7,191,500	6,690,000	(501,500)
Premium on General Obligation Notes Issued	0	0	8,559	8,559
Transfers In	1,917,252	3,000,000	3,000,000	0
<i>Total Other Financing Sources</i>	<u>6,818,581</u>	<u>10,191,500</u>	<u>9,698,559</u>	<u>(492,941)</u>
<i>Net Change in Fund Balance</i>	83,525	(307,975)	(465,213)	(157,238)
<i>Fund Balance Beginning of Year</i>	<u>1,529,697</u>	<u>1,529,697</u>	<u>1,529,697</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,613,222</u>	<u>\$1,221,722</u>	<u>\$1,064,484</u>	<u>(\$157,238)</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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Municipal Income Taxes	<u>\$8,437,500</u>	<u>\$9,175,000</u>	<u>\$9,175,000</u>	<u>\$0</u>
Expenditures				
Capital Outlay	<u>15,336,877</u>	<u>15,336,877</u>	<u>15,026,741</u>	<u>310,136</u>
Debt Service:				
Principal Retirement	360,648	360,648	360,648	0
Interest and Fiscal Charges	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Total Debt Service	<u>460,648</u>	<u>460,648</u>	<u>460,648</u>	<u>0</u>
<i>Total Expenditures</i>	<u>15,797,525</u>	<u>15,797,525</u>	<u>15,487,389</u>	<u>310,136</u>
<i>Excess of Revenues Under Expenditures</i>	(7,360,025)	(6,622,525)	(6,312,389)	310,136
Other Financing Sources				
OWDA Loans Issued	<u>612,140</u>	<u>612,140</u>	<u>612,140</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(6,747,885)	(6,010,385)	(5,700,249)	310,136
<i>Fund Balance Beginning of Year</i>	11,841,512	11,841,512	11,841,512	0
Prior Year Encumbrances Appropriated	<u>1,185,385</u>	<u>1,185,385</u>	<u>1,185,385</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,279,012</u></u>	<u><u>\$7,016,512</u></u>	<u><u>\$7,326,648</u></u>	<u><u>\$310,136</u></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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	<u>400,000</u>	<u>400,000</u>	<u>165,622</u>	<u>234,378</u>
<i>Net Change in Fund Balance</i>	(400,000)	(400,000)	(165,622)	234,378
<i>Fund Balance Beginning of Year</i>	<u>421,353</u>	<u>421,353</u>	<u>421,353</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$21,353</u></u>	<u><u>\$21,353</u></u>	<u><u>\$255,731</u></u>	<u><u>\$234,378</u></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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	4,546,226	4,546,226	2,393,892	2,152,334
<i>Excess of Revenues Under Expenditures</i>	<u>(4,546,226)</u>	<u>(4,546,226)</u>	<u>(2,393,892)</u>	<u>2,152,334</u>
Other Financing Sources				
General Obligation Notes Issued	2,500,000	2,700,000	2,700,000	0
Premium on General Obligation Notes Issued	0	0	4,423	4,423
Transfers In	1,500,000	1,500,000	1,500,000	0
<i>Total Other Financing Sources</i>	<u>4,000,000</u>	<u>4,200,000</u>	<u>4,204,423</u>	<u>4,423</u>
<i>Net Change in Fund Balance</i>	(546,226)	(346,226)	1,810,531	2,156,757
<i>Fund Balance Beginning of Year</i>	594,739	594,739	594,739	0
Prior Year Encumbrances Appropriated	<u>66,226</u>	<u>66,226</u>	<u>66,226</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$114,739</u>	<u>\$314,739</u>	<u>\$2,471,496</u>	<u>\$2,156,757</u>

City of Solon, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Reclamation Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$5,282,233	\$4,607,500	\$5,505,933	\$898,433
Tap-In Fees	229,273	200,000	155,213	(44,787)
Sale of Capital Assets	2,500	2,500	2,500	0
Proceeds from OWDA Loans	1,552,522	1,552,522	1,552,522	0
Miscellaneous	22,927	20,000	17,901	(2,099)
<i>Total Revenues</i>	<u>7,089,455</u>	<u>6,382,522</u>	<u>7,234,069</u>	<u>851,547</u>
Expenses				
Personal Services	2,124,852	2,134,162	1,946,297	187,865
Materials and Supplies	563,194	565,315	430,019	135,296
Contractual Services	487,183	495,008	259,662	235,346
Other	45,794	46,000	11,976	34,024
Capital Outlay	4,890,164	4,898,566	4,027,886	870,680
Debt Service:				
Principal Retirement	1,213,793	1,219,248	1,219,248	0
Interest and Fiscal Charges	374,077	375,758	375,758	0
<i>Total Expenses</i>	<u>9,699,057</u>	<u>9,734,057</u>	<u>8,270,846</u>	<u>1,463,211</u>
<i>Excess of Revenues Under Expenses</i>	(2,609,602)	(3,351,535)	(1,036,777)	2,314,758
Transfers In	253,090	125,023	160,330	35,307
<i>Net Change in Fund Equity</i>	(2,356,512)	(3,226,512)	(876,447)	2,350,065
<i>Fund Equity Beginning of Year</i>	4,397,356	4,397,356	4,397,356	0
Prior Year Encumbrances Appropriated	1,108,606	1,108,606	1,108,606	0
<i>Fund Equity End of Year</i>	<u>\$3,149,450</u>	<u>\$2,279,450</u>	<u>\$4,629,515</u>	<u>\$2,350,065</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$1,213,063	\$1,188,351	\$1,147,368	(\$40,983)
Rentals	238,866	234,000	229,403	(4,597)
Miscellaneous	12,045	11,800	22,593	10,793
<i>Total Revenues</i>	<u>1,463,974</u>	<u>1,434,151</u>	<u>1,399,364</u>	<u>(34,787)</u>
Expenses				
Personal Services	671,179	671,179	668,265	2,914
Materials and Supplies	431,013	431,013	426,803	4,210
Contractual Services	184,238	184,238	184,238	0
Debt Service:				
Principal Retirement	209,025	209,025	156,734	52,291
<i>Total Expenses</i>	<u>1,495,455</u>	<u>1,495,455</u>	<u>1,436,040</u>	<u>59,415</u>
<i>Excess of Revenues Under Expenses</i>	(31,481)	(61,304)	(36,676)	24,628
Transfers In	8,677	8,500	10,072	1,572
<i>Net Change in Fund Equity</i>	(22,804)	(52,804)	(26,604)	26,200
<i>Fund Equity Beginning of Year</i>	221,105	221,105	221,105	0
Prior Year Encumbrances Appropriated	22,802	22,802	22,802	0
<i>Fund Equity End of Year</i>	<u>\$221,103</u>	<u>\$191,103</u>	<u>\$217,303</u>	<u>\$26,200</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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$980,000	\$980,000	\$979,230	(\$770)
Expenditures				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	750,000	750,000	750,000	0
Materials and Supplies	250,000	250,000	250,000	0
<i>Total Expenditures</i>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(20,000)	(20,000)	(20,770)	(770)
Other Financing Sources				
Transfers In	<u>0</u>	<u>0</u>	<u>21,806</u>	<u>21,806</u>
<i>Net Change in Fund Balance</i>	(20,000)	(20,000)	1,036	21,036
<i>Fund Balance Beginning of Year</i>	<u>487,663</u>	<u>487,663</u>	<u>487,663</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$467,663</u>	<u>\$467,663</u>	<u>\$488,699</u>	<u>\$21,036</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$86,650	\$86,650	\$79,397	(\$7,253)
Expenditures				
Current:				
Transportation				
State Highway				
Materials and Supplies	100,000	100,000	79,024	20,976
<i>Excess of Revenues Over (Under) Expenditures</i>	(13,350)	(13,350)	373	13,723
Other Financing Sources				
Transfers In	0	0	5,112	5,112
<i>Net Change in Fund Balance</i>	(13,350)	(13,350)	5,485	18,835
<i>Fund Balance Beginning of Year</i>	98,851	98,851	98,851	0
<i>Fund Balance End of Year</i>	<u>\$85,501</u>	<u>\$85,501</u>	<u>\$104,336</u>	<u>\$18,835</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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$444,458	\$444,458	\$485,920	\$41,462
Intergovernmental	39,832	39,832	39,832	0
<i>Total Revenues</i>	484,290	484,290	525,752	41,462
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	650,000	650,000	631,698	18,302
<i>Excess of Revenues Under Expenditures</i>	(165,710)	(165,710)	(105,946)	59,764
Other Financing Sources				
Transfers In	170,000	170,000	170,000	0
<i>Net Change in Fund Balance</i>	4,290	4,290	64,054	59,764
<i>Fund Balance Beginning of Year</i>	154,334	154,334	154,334	0
<i>Fund Balance End of Year</i>	<u>\$158,624</u>	<u>\$158,624</u>	<u>\$218,388</u>	<u>\$59,764</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$666,688	\$666,688	\$728,174	\$61,486
Intergovernmental	59,748	59,748	59,748	0
<i>Total Revenues</i>	726,436	726,436	787,922	61,486
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,070,000	1,070,000	1,037,128	32,872
<i>Excess of Revenues Under Expenditures</i>	(343,564)	(343,564)	(249,206)	94,358
Other Financing Sources				
Transfers In	350,000	350,000	350,000	0
<i>Net Change in Fund Balance</i>	6,436	6,436	100,794	94,358
<i>Fund Balance Beginning of Year</i>	184,225	184,225	184,225	0
<i>Fund Balance End of Year</i>	<u>\$190,661</u>	<u>\$190,661</u>	<u>\$285,019</u>	<u>\$94,358</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees, Licenses and Permits	\$250,000	\$250,000	\$255,112	\$5,112
Miscellaneous	7,500	7,500	7,500	0
<i>Total Revenues</i>	<u>257,500</u>	<u>257,500</u>	<u>262,612</u>	<u>5,112</u>
Expenditures				
Current:				
Leisure Time Activities				
Cable TV				
Personal Services	10,113	12,760	9,335	3,425
Materials and Supplies	8,124	10,250	10,221	29
Contractual Services	120,351	139,413	126,189	13,224
Capital Outlay	71,313	101,887	101,887	0
Other	95,109	120,000	114,801	5,199
<i>Total Expenditures</i>	<u>305,010</u>	<u>384,310</u>	<u>362,433</u>	<u>21,877</u>
<i>Excess of Revenues Under Expenditures</i>	(47,510)	(126,810)	(99,821)	26,989
Other Financing Sources				
Transfers In	25,000	25,000	19,068	(5,932)
<i>Net Change in Fund Balance</i>	(22,510)	(101,810)	(80,753)	21,057
<i>Fund Balance Beginning of Year</i>	509,861	509,861	509,861	0
Prior Year Encumbrances Appropriated	2,000	2,000	2,000	0
<i>Fund Balance End of Year</i>	<u>\$489,351</u>	<u>\$410,051</u>	<u>\$431,108</u>	<u>\$21,057</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$5,000	\$2,500	\$2,760	\$260
Expenditures				
Current:				
General Government				
Tree Planting				
Capital Outlay	200,000	200,000	0	200,000
<i>Net Change in Fund Balance</i>	(195,000)	(197,500)	2,760	200,260
<i>Fund Balance Beginning of Year</i>	240,376	240,376	240,376	0
<i>Fund Balance End of Year</i>	<u>\$45,376</u>	<u>\$42,876</u>	<u>\$243,136</u>	<u>\$200,260</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>377</u>	<u>377</u>	<u>377</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$377</u></u>	<u><u>\$377</u></u>	<u><u>\$377</u></u>	<u><u>\$0</u></u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Rentals	\$31,333	\$32,000	\$13,598	(\$18,402)
Charges for Services	2,697,322	2,754,700	2,677,281	(77,419)
Contributions and Donations	53,854	55,000	67,740	12,740
Miscellaneous	31,040	31,700	49,726	18,026
<i>Total Revenues</i>	<u>2,813,549</u>	<u>2,873,400</u>	<u>2,808,345</u>	<u>(65,055)</u>
Expenditures				
Current:				
Leisure Time Activities				
Administration				
Personal Services	527,284	514,987	514,987	0
Materials and Supplies	56,450	56,807	56,807	0
Contractual Services	35,069	38,939	38,939	0
Capital Outlay	9,879	11,342	11,342	0
Total Administration	<u>628,682</u>	<u>622,075</u>	<u>622,075</u>	<u>0</u>
Recreation Programs				
Personal Services	190,412	192,959	192,959	0
Materials and Supplies	46,099	48,448	48,448	0
Contractual Services	137,760	145,639	145,639	0
Capital Outlay	2,964	2,291	2,291	0
Other	17,782	27,446	27,446	0
Total Recreation Programs	<u>395,017</u>	<u>416,783</u>	<u>416,783</u>	<u>0</u>
Swimming Pools				
Personal Services	90,597	91,692	86,674	5,018
Materials and Supplies	32,883	46,258	46,258	0
Contractual Services	36,551	68,188	68,188	0
Total Swimming Pools	<u>160,031</u>	<u>206,138</u>	<u>201,120</u>	<u>5,018</u>
Community Parks				
Personal Services	256,209	233,927	233,927	0
Materials and Supplies	106,825	127,584	127,584	0
Contractual Services	29,910	29,529	29,529	0
Total Community Parks	<u>392,944</u>	<u>391,040</u>	<u>391,040</u>	<u>0</u>
Concession Stand				
Personal Services	3,951	3,808	3,202	606
Materials and Supplies	5,927	24,786	24,786	0
Total Concession Stand	<u>\$9,878</u>	<u>\$28,594</u>	<u>\$27,988</u>	<u>\$606</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Youth Recreation Programs				
Personal Services	\$833,024	\$825,343	\$825,343	\$0
Materials and Supplies	195,461	153,596	153,596	0
Contractual Services	295,256	304,082	304,082	0
Capital Outlay	3,507	2,892	2,892	0
Other	13,163	13,287	13,287	0
Total Youth Recreation Programs	1,340,411	1,299,200	1,299,200	0
Adult Recreation Programs				
Materials and Supplies	2,371	2,400	2,022	378
Contractual Services	5,236	5,300	2,862	2,438
Total Adult Recreation Programs	7,607	7,700	4,884	2,816
Holiday Programs				
Materials and Supplies	15,220	15,397	8,157	7,240
Contractual Services	28,648	29,000	25,553	3,447
Total Holiday Programs	43,868	44,397	33,710	10,687
Community Center				
Personal Services	1,100,964	1,176,253	1,176,253	0
Materials and Supplies	158,774	119,733	119,733	0
Contractual Services	484,600	467,992	466,862	1,130
Capital Outlay	0	286	286	0
Other	6,915	7,000	4,171	2,829
Total Community Center	1,751,253	1,771,264	1,767,305	3,959
Total Expenditures	4,729,691	4,787,191	4,764,105	23,086
<i>Excess of Revenues Under Expenditures</i>	(1,916,142)	(1,913,791)	(1,955,760)	(41,969)
Other Financing Sources				
Transfers In	1,887,351	1,927,500	1,937,500	10,000
Net Change in Fund Balance	(28,791)	13,709	(18,260)	(31,969)
<i>Fund Balance Beginning of Year</i>	112,379	112,379	112,379	0
Prior Year Encumbrances Appropriated	47,865	47,865	47,865	0
Fund Balance End of Year	\$131,453	\$173,953	\$141,984	(\$31,969)

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$87,425	\$87,250	\$71,424	(\$15,826)
Miscellaneous	2,386	2,381	2,400	19
<i>Total Revenues</i>	<u>89,811</u>	<u>89,631</u>	<u>73,824</u>	<u>(15,807)</u>
Expenditures				
Current:				
Leisure Time Activities				
Administration				
Personal Services	397,624	404,619	399,085	5,534
Materials and Supplies	13,051	18,094	18,094	0
Contractual Services	20,334	26,096	26,096	0
Total Administration	<u>431,009</u>	<u>448,809</u>	<u>443,275</u>	<u>5,534</u>
Senior Programs				
Materials and Supplies	61,863	59,482	55,869	3,613
Contractual Services	18,664	12,155	12,155	0
Other	0	90	90	0
Total Senior Programs	<u>80,527</u>	<u>71,727</u>	<u>68,114</u>	<u>3,613</u>
<i>Total Expenditures</i>	<u>511,536</u>	<u>520,536</u>	<u>511,389</u>	<u>9,147</u>
<i>Excess of Revenues Under Expenditures</i>	(421,725)	(430,905)	(437,565)	(6,660)
Other Financing Sources				
Transfers In	410,820	410,000	410,000	0
<i>Net Change in Fund Balance</i>	(10,905)	(20,905)	(27,565)	(6,660)
<i>Fund Balance Beginning of Year</i>	61,962	61,962	61,962	0
Prior Year Encumbrances Appropriated	10,991	10,991	10,991	0
<i>Fund Balance End of Year</i>	<u>\$62,048</u>	<u>\$52,048</u>	<u>\$45,388</u>	<u>(\$6,660)</u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Economic Incentive Fund
 For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$10,186	\$21,000	\$20,636	(\$364)
Expenditures				
Current:				
Community Environment				
Enterprise Zone Monitoring				
Other	<u>706,620</u>	<u>1,151,620</u>	<u>910,349</u>	<u>241,271</u>
<i>Excess of Revenues Under Expenditures</i>	(696,434)	(1,130,620)	(889,713)	240,907
Other Financing Sources				
Transfers In	<u>460,814</u>	<u>950,000</u>	<u>950,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(235,620)	(180,620)	60,287	240,907
<i>Fund Balance Beginning of Year</i>	123,520	123,520	123,520	0
Prior Year Encumbrances Appropriated	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,900</u></u>	<u><u>\$62,900</u></u>	<u><u>\$303,807</u></u>	<u><u>\$240,907</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Police Department Programs Fund
 For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	<u>\$50,700</u>	<u>\$13,200</u>	<u>\$11,011</u>	<u>(\$2,189)</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
DARE program				
Materials and Supplies	20,602	15,000	12,121	2,879
Police Training				
Materials and Supplies	<u>18,817</u>	<u>13,700</u>	<u>9,948</u>	<u>3,752</u>
<i>Total Expenditures</i>	<u>39,419</u>	<u>28,700</u>	<u>22,069</u>	<u>6,631</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	11,281	(15,500)	(11,058)	4,442
Other Financing Uses				
Transfers Out	<u>(11,281)</u>	<u>(8,213)</u>	<u>(8,213)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(23,713)	(19,271)	4,442
<i>Fund Balance Beginning of Year</i>	<u>214,030</u>	<u>214,030</u>	<u>214,030</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$214,030</u></u>	<u><u>\$190,317</u></u>	<u><u>\$194,759</u></u>	<u><u>\$4,442</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees, Licenses and Permits	\$48,043	\$52,000	\$53,674	\$1,674
Expenditures				
Current:				
Basic Utility Services				
Landfill Improvement				
Capital Outlay	<u>103,402</u>	<u>103,402</u>	<u>91,402</u>	<u>12,000</u>
<i>Excess of Revenues Under Expenditures</i>	(55,359)	(51,402)	(37,728)	13,674
Other Financing Sources				
Transfers In	<u>36,957</u>	<u>40,000</u>	<u>53,449</u>	<u>13,449</u>
<i>Net Change in Fund Balance</i>	(18,402)	(11,402)	15,721	27,123
<i>Fund Balance Beginning of Year</i>	1,360,318	1,360,318	1,360,318	0
Prior Year Encumbrances Appropriated	<u>3,402</u>	<u>3,402</u>	<u>3,402</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,345,318</u></u>	<u><u>\$1,352,318</u></u>	<u><u>\$1,379,441</u></u>	<u><u>\$27,123</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Law Enforcement Trust Fund
 For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$45,559	\$20,000	\$23,813	\$3,813
Expenditures				
Current:				
Security of Persons and Property				
Police				
OMVI				
Personal Services	7,500	7,500	5,050	2,450
Drug Money				
Materials and Supplies	66,100	66,100	13,248	52,852
Immobilization				
Materials and Supplies	2,600	2,600	0	2,600
Miscellaneous				
Materials and Supplies	16,734	16,734	260	16,474
<i>Total Expenditures</i>	<u>92,934</u>	<u>92,934</u>	<u>18,558</u>	<u>74,376</u>
<i>Net Change in Fund Balance</i>	(47,375)	(72,934)	5,255	78,189
<i>Fund Balance Beginning of Year</i>	92,718	92,718	92,718	0
Prior Year Encumbrances Appropriated	434	434	434	0
<i>Fund Balance End of Year</i>	<u>\$45,777</u>	<u>\$20,218</u>	<u>\$98,407</u>	<u>\$78,189</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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Community Environment Development Board Contractual Services	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
<i>Net Change in Fund Balance</i>	(4,000)	(4,000)	0	4,000
<i>Fund Balance Beginning of Year</i>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$4,000</u></u>	<u><u>\$4,000</u></u>

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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government				
Cemetery Endowment				
Contractual Services	5,501	5,501	0	5,501
<i>Net Change in Fund Balance</i>	(5,501)	(5,501)	0	5,501
<i>Fund Balance Beginning of Year</i>	5,501	5,501	5,501	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$5,501</u>	<u>\$5,501</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions and Donations	\$2,278	\$1,000	\$21,304	\$20,304
Expenditures				
Current:				
Security of Persons and Property				
Police				
Materials and Supplies	3,800	3,800	3,090	710
Contractual Services	0	2,160	2,160	0
Total Police	3,800	5,960	5,250	710
Fire				
Materials and Supplies	80	80	0	80
Total Security of Persons and Property	3,880	6,040	5,250	790
Leisure Time Activities				
Senior Services Donations				
Other	27,250	27,250	3,827	23,423
Community Park Donations				
Other	3,200	3,200	0	3,200
Total Leisure Time Activities	30,450	30,450	3,827	26,623
Community Environment				
Blue Herron Donations				
Other	100	100	0	100
Beautification Donations				
Other	7,014	4,854	389	4,465
Engineering Department				
Personal Services	600	600	0	600
Total Community Environment	7,714	5,554	389	5,165
General Government				
Special Donations				
Other	8,600	8,600	0	8,600
<i>Total Expenditures</i>	50,644	50,644	9,466	41,178
<i>Net Change in Fund Balance</i>	(48,366)	(49,644)	11,838	61,482
<i>Fund Balance Beginning of Year</i>	49,225	49,225	49,225	0
Prior Year Encumbrances Appropriated	1,664	1,664	1,664	0
<i>Fund Balance End of Year</i>	\$2,523	\$1,245	\$62,727	\$61,482

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Safety and Service Equipment Fund
 For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$418,824	\$418,824	\$471,256	\$52,432
Intergovernmental	34,130	34,130	34,130	0
Miscellaneous	0	0	15,226	15,226
<i>Total Revenues</i>	452,954	452,954	520,612	67,658
Expenditures				
Capital Outlay	1,206,718	1,206,718	927,575	279,143
<i>Excess of Revenues Under Expenditures</i>	(753,764)	(753,764)	(406,963)	346,801
Other Financing Sources				
Transfers In	500,000	500,000	500,000	0
<i>Net Change in Fund Balance</i>	(253,764)	(253,764)	93,037	346,801
<i>Fund Balance Beginning of Year</i>	69,142	69,142	69,142	0
Prior Year Encumbrances Appropriated	193,718	193,718	193,718	0
<i>Fund Balance End of Year</i>	<u>\$9,096</u>	<u>\$9,096</u>	<u>\$355,897</u>	<u>\$346,801</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Old City Hall Renovations Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	<u>90,000</u>	<u>90,000</u>	<u>24,663</u>	<u>65,337</u>
<i>Net Change in Fund Balance</i>	(90,000)	(90,000)	(24,663)	65,337
<i>Fund Balance Beginning of Year</i>	<u>91,761</u>	<u>91,761</u>	<u>91,761</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,761</u></u>	<u><u>\$1,761</u></u>	<u><u>\$67,098</u></u>	<u><u>\$65,337</u></u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Capital Improvements Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$1,734,462	\$500,000	\$501,600	\$1,600
Investment Income	273,345	78,798	87,350	8,552
Charges for Services	117,943	34,000	30,873	(3,127)
<i>Total Revenues</i>	2,125,750	612,798	619,823	7,025
Expenditures				
Capital Outlay	3,572,680	3,572,680	1,255,640	2,317,040
<i>Excess of Revenues Under Expenditures</i>	(1,446,930)	(2,959,882)	(635,817)	2,324,065
Other Financing Sources				
Transfers In	0	0	1,100,000	1,100,000
<i>Net Change in Fund Balance</i>	(1,446,930)	(2,959,882)	464,183	3,424,065
<i>Fund Balance Beginning of Year</i>	3,494,419	3,494,419	3,494,419	0
Prior Year Encumbrances Appropriated	422,680	422,680	422,680	0
<i>Fund Balance End of Year</i>	<u>\$2,470,169</u>	<u>\$957,217</u>	<u>\$4,381,282</u>	<u>\$3,424,065</u>

City of Solon, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Workers' Compensation Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$200,000	\$200,000	\$200,000	\$0
Expenses				
Contractual Services	91,351	91,351	87,291	4,060
Claims	108,649	108,649	47,461	61,188
<i>Total Expenses</i>	200,000	200,000	134,752	65,248
<i>Net Change in Fund Equity</i>	0	0	65,248	65,248
<i>Fund Equity Beginning of Year</i>	0	0	0	0
<i>Fund Equity End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$65,248</u>	<u>\$65,248</u>

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2 - S9
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the municipal income tax.	S10 - S11
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S12 - S17
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S18- S21
Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S22 - S25

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant fiscal year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that fiscal year.

City of Solon, Ohio
Net Assets By Component
Last Six Years
(Accrual Basis of Accounting)

	2007	2006	2005	2004	2003	2002
Governmental Activities						
Invested in Capital Assets,						
Net of Related Debt	\$87,878,235	\$82,030,598	\$78,760,236	\$73,743,370	\$74,138,179	\$64,236,393
Restricted:						
Capital Projects	21,802,881	19,874,834	17,130,291	19,714,801	20,769,432	21,153,622
Debt Service	4,245,100	5,043,568	5,832,940	5,494,418	5,164,577	5,182,771
Street Construction,						
Maintenance and Repair	971,182	933,208	787,747	933,997	1,100,877	1,439,159
Cable TV	488,084	505,445	478,171	504,777	434,793	345,524
Tree Planting	243,136	240,376	232,556	216,226	200,356	186,326
Landfill Improvement	1,394,909	1,399,637	1,352,933	1,351,906	1,367,896	1,379,192
Other Purposes	792,373	549,219	208,927	139,672	340,629	606,348
Unrestricted	14,084,752	13,134,426	13,348,140	18,278,464	21,327,415	28,200,481
<i>Total Governmental Activities</i>						
<i>Net Assets</i>	<u>131,900,652</u>	<u>123,711,311</u>	<u>118,131,941</u>	<u>120,377,631</u>	<u>124,844,154</u>	<u>122,729,816</u>
Business Type - Activities						
Invested in Capital Assets,						
Net of Related Debt	50,615,585	49,301,117	44,682,581	39,874,333	39,017,736	34,383,495
Unrestricted	4,291,875	3,265,336	5,723,344	5,929,558	7,447,417	7,695,055
<i>Total Business-Type Activities</i>						
<i>Net Assets</i>	<u>54,907,460</u>	<u>52,566,453</u>	<u>50,405,925</u>	<u>45,803,891</u>	<u>46,465,153</u>	<u>42,078,550</u>
Primary Government						
Invested in Capital Assets,						
Net of Related Debt	138,493,820	131,331,715	123,442,817	113,617,703	113,155,915	98,619,888
Restricted	29,937,665	28,546,287	26,023,565	28,355,797	29,378,560	30,292,942
Unrestricted	18,376,627	16,399,762	19,071,484	24,208,022	28,774,832	35,895,536
<i>Total Primary Government</i>						
<i>Net Assets</i>	<u>\$186,808,112</u>	<u>\$176,277,764</u>	<u>\$168,537,866</u>	<u>\$166,181,522</u>	<u>\$171,309,307</u>	<u>\$164,808,366</u>

City of Solon, Ohio
Changes in Net Assets
Last Five Years
(Accrual Basis of Accounting)

	2007	2006	2005	2004	2003
Program Revenues					
Governmental Activities:					
Charges for Services:					
Security of Persons and Property					
Police	\$473,157	\$467,125	\$451,120	\$397,347	\$431,411
Fire	432,286	410,437	410,017	342,623	357,758
Prosecutor	22,654	21,545	33,500	19,334	23,462
Public Health and Welfare	7,485	8,328	9,210	8,076	8,248
Leisure Time Activities	3,064,735	2,901,646	2,853,512	2,591,960	2,142,864
Community Environment	163,455	151,067	147,069	138,260	177,622
Basic Utility Services	110,039	223,131	147,855	107,112	99,214
Transportation	327,922	293,743	308,193	241,598	253,276
General Government	469,342	521,404	587,975	649,852	563,605
Operating Grants and Contributions	1,259,666	1,186,197	1,008,611	1,073,328	831,117
Capital Grants and Contributions	663,457	1,597,434	2,028,529	30,000	924,595
<i>Total Governmental Activities Program Revenues</i>	<u>6,994,198</u>	<u>7,782,057</u>	<u>7,985,591</u>	<u>5,599,490</u>	<u>5,813,172</u>
Business-Type Activities:					
Charges for Services:					
Water Reclamation	5,783,498	5,245,086	5,034,157	4,951,245	5,084,021
Grantwood Recreation	1,378,801	1,358,772	1,458,833	1,439,019	1,280,301
<i>Total Business-Type Activities Program Revenues</i>	<u>7,162,299</u>	<u>6,603,858</u>	<u>6,492,990</u>	<u>6,390,264</u>	<u>6,364,322</u>
<i>Total Primary Government Program Revenues</i>	<u>14,156,497</u>	<u>14,385,915</u>	<u>14,478,581</u>	<u>11,989,754</u>	<u>12,177,494</u>
Expenses					
Governmental Activities:					
Security of Persons and Property					
Police	7,893,398	7,454,568	7,085,001	6,952,721	6,236,704
Fire	7,052,821	7,187,188	6,945,834	6,580,279	5,860,599
Prosecutor	299,085	296,403	449,351	291,166	299,984
Public Health and Welfare	98,755	114,569	123,533	121,625	105,461
Leisure Time Activities	6,385,083	5,959,263	5,786,057	5,599,968	5,055,204
Community Environment	4,002,244	2,907,697	2,659,078	2,738,297	2,874,107
Basic Utility Services	1,982,158	1,840,017	1,543,094	1,467,266	1,238,991
Transportation	13,287,441	10,519,856	11,193,451	11,766,890	6,029,480
General Government	6,591,856	7,003,004	6,700,104	8,336,415	6,396,281
Interest and Fiscal Charges	1,374,360	1,354,604	1,285,874	1,301,006	1,448,515
<i>Total Governmental Activities Expenses</i>	<u>48,967,201</u>	<u>44,637,169</u>	<u>43,771,377</u>	<u>45,155,633</u>	<u>35,545,326</u>
Business-Type Activities					
Water Reclamation	4,446,862	5,768,265	4,948,864	5,935,231	5,464,150
Grantwood Recreation	1,336,801	1,262,934	1,405,262	1,356,898	1,409,474
<i>Total Business-Type Activities Expenses</i>	<u>5,783,663</u>	<u>7,031,199</u>	<u>6,354,126</u>	<u>7,292,129</u>	<u>6,873,624</u>
<i>Total Primary Government Program Expenses</i>	<u>54,750,864</u>	<u>51,668,368</u>	<u>50,125,503</u>	<u>52,447,762</u>	<u>42,418,950</u>
Net (Expense)/Revenue					
Governmental Activities	(41,973,003)	(36,855,112)	(35,785,786)	(39,556,143)	(29,732,154)
Business-Type Activities	1,378,636	(427,341)	138,864	(901,865)	(509,302)
<i>Total Primary Government Net Expense</i>	<u>(\$40,594,367)</u>	<u>(\$37,282,453)</u>	<u>(\$35,646,922)</u>	<u>(\$40,458,008)</u>	<u>(\$30,241,456)</u>

(continued)

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

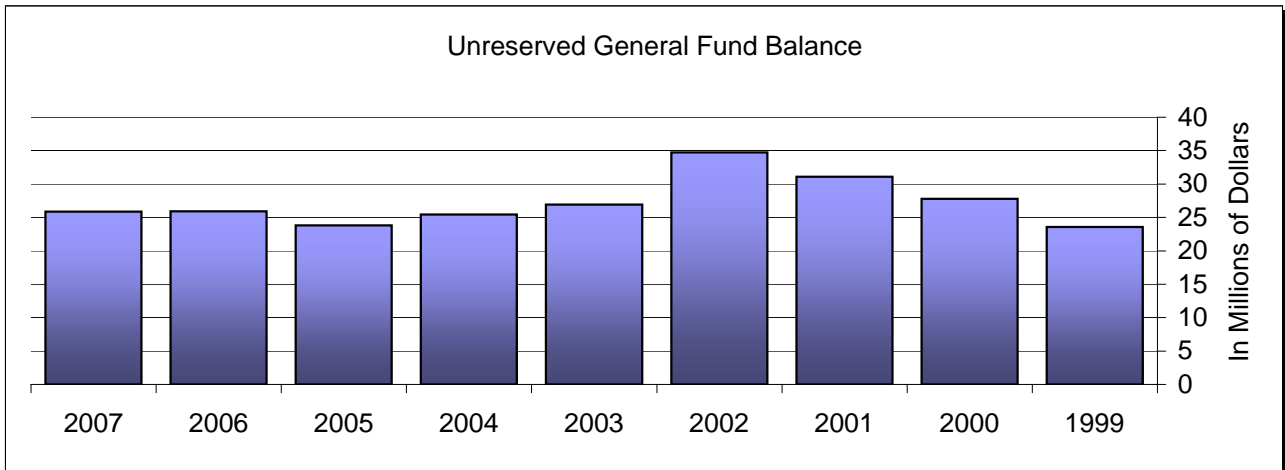
	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Taxes:					
Property and Other Local Taxes Levied For:					
General Purposes	\$951,950	\$1,012,667	\$745,476	\$787,950	\$729,028
Debt Service	2,535,666	2,291,480	2,237,086	3,025,779	3,061,294
Police Pension	486,686	440,914	410,539	320,851	298,464
Fire Pension	729,324	654,279	615,809	332,792	298,464
Service and Safety Equipment	471,740	452,365	420,530	431,881	430,479
Municipal Income Taxes levied for:					
General Purposes	30,601,737	27,042,160	22,840,197	21,800,820	21,673,469
Debt Service	41,358	0	0	0	0
Infrastructure	9,682,464	8,136,936	7,127,506	4,971,768	6,603,732
Grants and Entitlements not Restricted to					
Specific Programs	1,941,816	2,229,329	2,572,766	2,336,884	1,929,875
Investment Income	3,242,148	2,426,337	893,329	1,155,225	1,298,459
Gain on Sale of Capital Assets	0	31,726	0	8,450	0
Miscellaneous	397,834	260,020	87,494	90,038	401,395
Total Governmental Activities					
General Revenues	51,082,723	44,978,213	37,950,732	35,262,438	36,724,659
Transfers	(920,379)	(2,543,731)	(4,410,636)	(172,818)	(4,878,167)
Total Governmental Activities	<u>50,162,344</u>	<u>42,434,482</u>	<u>33,540,096</u>	<u>35,089,620</u>	<u>31,846,492</u>
Business-Type Activities					
Gain on Sale of Capital Assets	1,498	2,518	0	0	0
Miscellaneous	40,494	41,620	52,534	67,785	17,738
Total Business-Type Activities					
General Revenues	41,992	44,138	52,534	67,785	17,738
Transfers	920,379	2,543,731	4,410,636	172,818	4,878,167
Total Business-Type Activities	<u>962,371</u>	<u>2,587,869</u>	<u>4,463,170</u>	<u>240,603</u>	<u>4,895,905</u>
Total Primary Government General Revenues and Other Changes in Net Assets	<u>51,124,715</u>	<u>45,022,351</u>	<u>38,003,266</u>	<u>35,330,223</u>	<u>36,742,397</u>
Change in Net Assets					
Governmental Activities	8,189,341	5,579,370	(2,245,690)	(4,466,523)	2,114,338
Business-Type Activities	2,341,007	2,160,528	4,602,034	(661,262)	4,386,603
Total Primary Government Change in Net Assets	<u>\$10,530,348</u>	<u>\$7,739,898</u>	<u>\$2,356,344</u>	<u>(\$5,127,785)</u>	<u>\$6,500,941</u>

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City of Solon, Ohio
Fund Balances, Governmental Funds
Last Nine Years (1)
(Modified Accrual Basis of Accounting)

	2007	2006	2005	2004
General Fund				
Reserved	\$2,625,689	\$2,746,771	\$2,780,421	\$2,892,935
Unreserved	25,889,682	25,898,002	23,818,231	25,438,890
Total General Fund	<u>28,515,371</u>	<u>28,644,773</u>	<u>26,598,652</u>	<u>28,331,825</u>
All Other Governmental Funds				
Reserved	5,339,021	1,902,166	255,949	3,560,449
Unreserved, Undesignated, Reported in:				
Special Revenue funds	3,563,983	3,185,684	2,762,247	2,737,070
Debt Service funds	1,074,820	1,529,697	1,996,287	2,362,134
Capital Projects funds	6,549,744	10,924,870	10,570,361	9,525,748
Total All Other Governmental Funds	<u>16,527,568</u>	<u>17,542,417</u>	<u>15,584,844</u>	<u>18,185,401</u>
Total Governmental Funds	<u><u>\$45,042,939</u></u>	<u><u>\$46,187,190</u></u>	<u><u>\$42,183,496</u></u>	<u><u>\$46,517,226</u></u>

(1) Information prior to 1999 is not available.



2003	2002	2001	2000	1999
\$2,891,843	\$786,678	\$661,838	\$594,769	\$1,263,499
26,936,020	34,724,059	31,111,479	27,803,458	23,550,204
29,827,863	35,510,737	31,773,317	28,398,227	24,813,703
3,505,304	11,589,137	5,275,449	3,720,582	8,557,973
3,520,429	4,035,765	3,978,995	3,605,649	(945,600)
2,298,675	1,995,644	3,767,317	2,949,257	377,447
10,043,906	1,768,345	12,856,838	21,758,332	13,092,937
19,368,314	19,388,891	25,878,599	32,033,820	21,082,757
<u>\$49,196,177</u>	<u>\$54,899,628</u>	<u>\$57,651,916</u>	<u>\$60,432,047</u>	<u>\$45,896,460</u>

City of Solon, Ohio
Changes in Fund Balances, Governmental Funds
Last Nine Years (1)
(Modified Accrual Basis of Accounting)

	2007	2006	2005	2004	2003
Revenues					
Property Taxes	\$5,167,986	\$4,809,666	\$4,499,724	\$4,843,141	\$4,824,148
Municipal Income Taxes	38,530,269	36,029,136	29,535,375	27,038,056	28,383,580
Other Local Taxes	0	47,666	1,955	13,121	0
Special Assessments	1,003,236	850,556	1,083,930	406,647	370,838
Intergovernmental	3,127,153	4,360,538	3,766,964	3,306,652	3,536,577
Investment Income	3,242,148	2,426,337	893,329	1,155,225	1,298,459
Fees, Licenses and Permits	989,533	978,890	1,112,664	1,081,566	1,040,886
Fines and Forfeitures	353,490	379,355	332,732	292,396	282,640
Rentals	13,598	18,343	31,992	11,563	8,397
Charges for Services	3,714,454	3,621,838	3,471,063	3,110,637	2,725,537
Contributions and Donations	103,806	111,152	66,982	83,731	67,961
Miscellaneous	397,834	260,020	87,494	90,038	401,395
<i>Total Revenues</i>	<u>56,643,507</u>	<u>53,893,497</u>	<u>44,884,204</u>	<u>41,432,773</u>	<u>42,940,418</u>
Expenditures					
Current:					
Security of Persons and Property	0	0	0	0	0
Police	7,290,455	7,020,044	6,649,603	6,635,441	6,014,057
Fire	7,025,219	6,605,778	6,458,351	6,289,735	5,401,761
Prosecutor	294,804	300,436	445,789	288,406	299,984
Public Health and Welfare	98,755	114,569	123,533	121,625	105,461
Leisure Time Activities	5,602,008	5,248,742	5,091,112	4,895,083	4,276,719
Community Environment	3,139,019	2,219,670	2,062,884	2,083,980	2,084,024
Basic Utilities Services	2,044,148	1,846,896	1,587,598	1,469,524	1,525,655
Transportation	5,405,428	4,910,127	5,167,983	4,745,841	4,318,184
General Government	5,692,537	6,117,606	6,000,827	7,370,422	5,330,364
Capital Outlay	14,399,043	13,399,863	15,578,972	7,913,048	16,768,406
Debt Service:					
Principal Retirement	5,886,095	2,547,369	2,546,082	2,336,134	2,171,799
Interest and Fiscal Charges	1,406,201	1,263,066	1,299,872	1,273,201	1,403,436
Bond Issuance Costs	0	0	0	0	0
<i>Total Expenditures</i>	<u>58,283,712</u>	<u>51,594,166</u>	<u>53,012,606</u>	<u>45,422,440</u>	<u>49,699,850</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,640,205)</u>	<u>2,299,331</u>	<u>(8,128,402)</u>	<u>(3,989,667)</u>	<u>(6,759,432)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	54,216	72,236	169,563	29,500	0
General Obligation Bonds Issued	0	0	0	0	0
Payment to Refunded Bond Escrow	0	0	0	0	0
General Obligation Notes Issued	0	0	0	0	0
OWDA Loans Issued	612,140	1,789,236	3,811,825	1,454,034	1,268,815
Reimbursements Received	0	0	0	0	0
Transfers In	10,025,148	6,994,821	4,462,788	5,369,057	10,056,269
Transfers Out	(10,195,550)	(7,151,930)	(4,649,504)	(5,541,875)	(10,269,103)
<i>Total Other Financing Sources (Uses)</i>	<u>495,954</u>	<u>1,704,363</u>	<u>3,794,672</u>	<u>1,310,716</u>	<u>1,055,981</u>
<i>Net Change in Fund Balances</i>	<u>(\$1,144,251)</u>	<u>\$4,003,694</u>	<u>(\$4,333,730)</u>	<u>(\$2,678,951)</u>	<u>(\$5,703,451)</u>
Debt Service as a Percentage of Noncapital Expenditures	14.6%	8.6%	8.4%	8.3%	9.4%

(1) Information prior to 1999 is not available.

(2) Security of Persons and Property was shown in total for years 1999, 2000, 2001, and 2002.

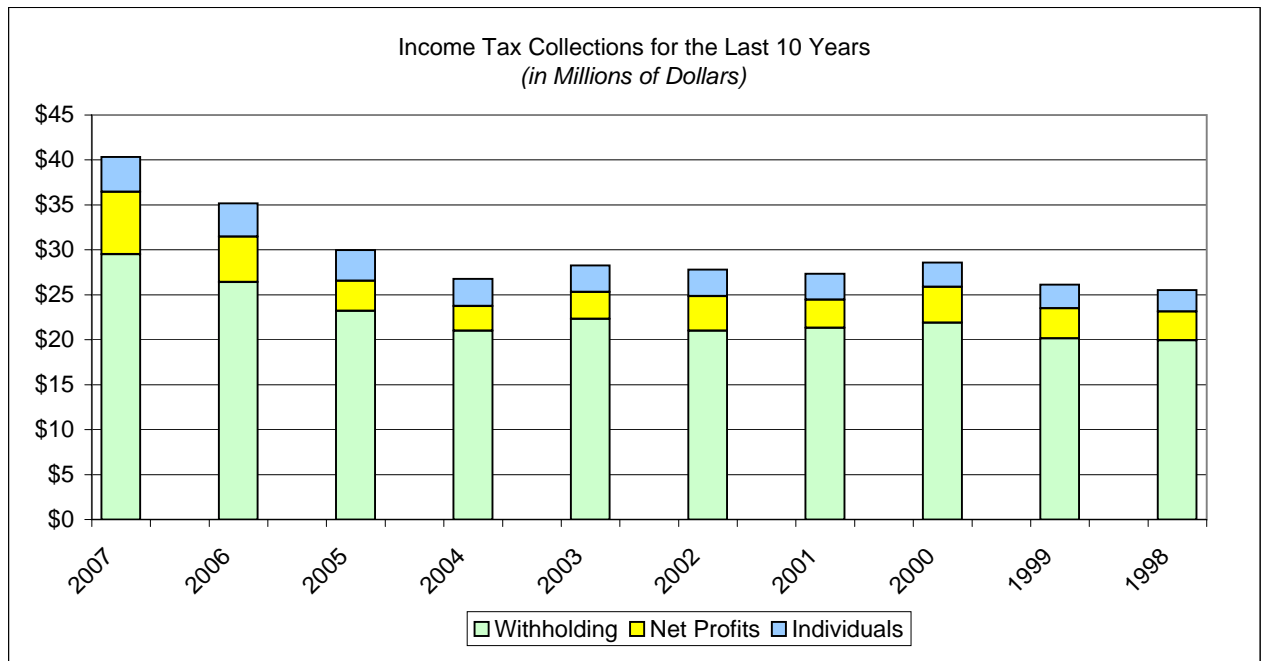
2002	2001	2000	1999
\$4,370,359	\$3,842,118	\$3,864,543	\$5,538,206
27,795,091	27,350,350	28,570,407	26,143,337
0	4,880	219,172	0
820,074	707,859	958,092	830,806
7,314,296	3,529,761	3,498,284	1,550,889
3,174,847	3,820,232	3,808,423	2,146,285
900,926	1,184,015	666,834	757,324
286,901	325,416	347,191	304,039
0	0	0	0
1,864,193	1,440,499	1,119,423	1,048,265
0	0	0	0
236,792	810,069	334,253	569,959
<u>46,763,479</u>	<u>43,015,199</u>	<u>43,386,622</u>	<u>38,889,110</u>
10,808,139	10,207,122	8,608,778	8,782,451
0	0	0	0
0	0	0	0
0	0	0	0
105,158	104,022	43,132	51,024
3,259,042	2,755,778	2,336,255	2,100,800
1,709,823	1,806,525	851,585	899,354
1,467,022	1,314,350	1,430,866	1,398,880
3,974,720	3,630,221	3,785,984	4,141,324
4,920,380	4,807,963	5,640,503	6,001,325
25,394,387	13,622,807	9,681,842	7,188,569
4,648,819	8,079,702	1,741,225	1,662,893
1,295,962	1,451,907	1,537,280	1,635,594
90,645	0	0	0
<u>57,674,097</u>	<u>47,780,397</u>	<u>35,657,450</u>	<u>33,862,214</u>
<u>(10,910,618)</u>	<u>(4,765,198)</u>	<u>7,729,172</u>	<u>5,026,896</u>
0	0	0	0
12,195,521	0	0	0
(2,860,468)	0	0	0
0	2,300,000	6,475,000	0
0	0	0	0
0	0	331,415	173,128
4,903,817	7,888,694	3,278,664	3,716,357
<u>(6,080,540)</u>	<u>(8,203,627)</u>	<u>(3,278,664)</u>	<u>(3,739,357)</u>
<u>8,158,330</u>	<u>1,985,067</u>	<u>6,806,415</u>	<u>150,128</u>
<u>(\$2,752,288)</u>	<u>(\$2,780,131)</u>	<u>\$14,535,587</u>	<u>\$5,177,024</u>
14.0%	27.9%	12.6%	12.4%

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

Tax Year (1)	Tax Rate (2)	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2007	2.00 %	\$40,325,559	\$29,517,754	73.20%	\$6,937,835	17.20%	\$3,869,970	9.60%
2006	2.00	35,179,096	26,402,804	75.05	5,075,164	14.43	3,701,128	10.52
2005	2.00	29,967,703	23,220,297	77.48	3,337,974	11.14	3,409,432	11.38
2004	2.00	26,772,588	21,006,825	78.46	2,726,706	10.18	3,039,057	11.35
2003	2.00	28,277,201	22,338,251	79.00	2,968,932	10.50	2,970,018	10.50
2002	2.00	27,795,091	21,002,339	75.56	3,856,373	13.87	2,936,379	10.56
2001	2.00	27,350,350	21,337,267	78.01	3,132,418	11.45	2,880,665	10.53
2000	2.00	28,570,407	21,890,679	76.62	3,974,146	13.91	2,705,582	9.47
1999	2.00	26,143,337	20,162,241	77.12	3,316,934	12.69	2,664,162	10.19
1998	2.00	25,542,057	19,936,415	78.05	3,202,870	12.54	2,402,772	9.41

(1) 2003 through 2007 are on an Accrual Basis and 1998 through 2002 are on a Modified Accrual Basis.

(2) Rates may only be raised by obtaining the approval of a majority of the voters at a public election.



City of Solon, Ohio
Principal Income Taxpayers
Current Year and Eight Years Ago (Cash Basis) (1)

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

<u>2007 Taxpayers</u>	<u>Ranking</u>
Swagelok Manufacturing Company	1
Nestle Food Company	2
Solon Board of Education	3
Erico Products Inc.	4
Keithley Instruments Inc.	5
National Enterprise Systems Inc.	6
City of Solon	7
L'Oreal USA Products Inc.	8
Kennametal Inc.	9
Agilysys Inc.	10

<u>1999 Taxpayers</u>	<u>Ranking</u>
Clintec Management Services	1
Matrix Essentials Inc.	2
Swagelok Manufacturing Company	3
Solon Board of Education	4
Keithley Instruments Inc.	5
Nestle Food Company	6
Erico Products Inc.	7
Kennametal Inc.	8
Agilysys Inc.	9
City of Solon	10

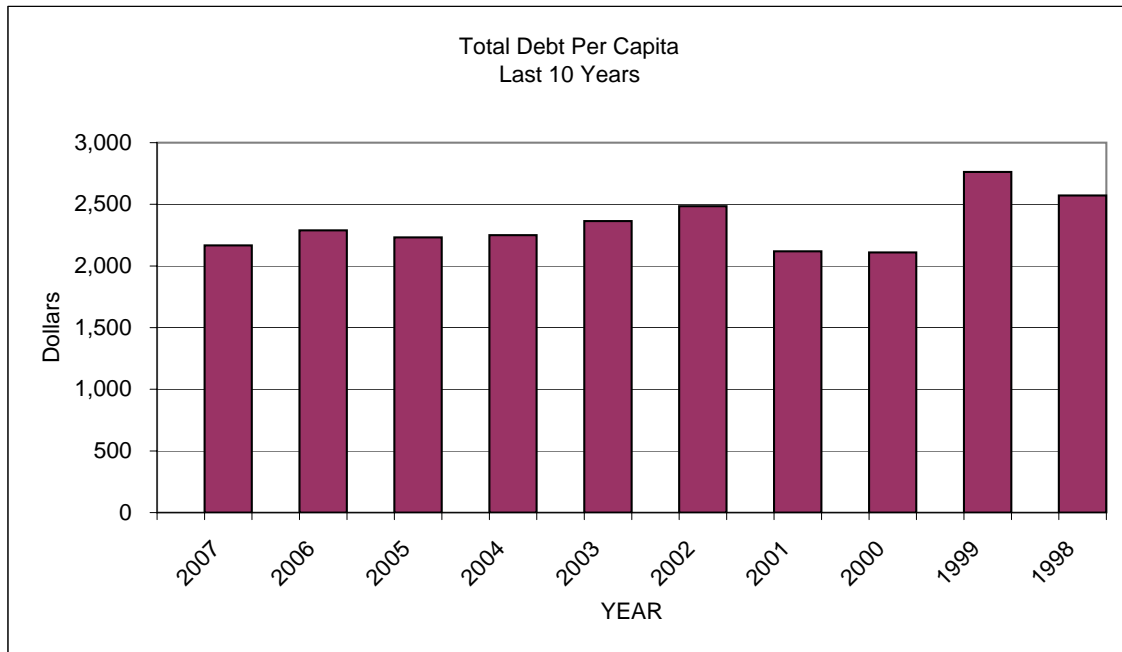
Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholding.

(1) Information prior to 1999 is not available.

City of Solon, Ohio
*Ratio of Outstanding Debt to
 Total Personal Income and Debt Per Capita
 Last Ten Years*

Governmental Activities						
Year	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	OPWC Loans	Capital Leases	General Obligation Bond Anticipation Notes
2007	\$10,150,000	\$401,537	\$12,603,477	\$411,503	\$0	\$9,400,888
2006	15,210,000	474,961	12,683,360	472,151	0	7,112,751
2005	17,170,000	548,385	11,347,421	532,799	0	6,012,118
2004	19,040,000	722,220	7,977,195	593,447	0	6,531,075
2003	20,835,000	898,350	6,827,517	654,095	0	7,045,100
2002	22,570,000	1,060,714	5,975,352	714,744	0	7,500,000
2001	12,185,000	4,131,604	2,893,673	805,716	0	9,300,000
2000	13,325,000	4,426,604	3,033,051	836,040	0	6,475,000
1999	14,420,000	4,853,500	3,273,611	896,688	548	8,425,000
1998	15,495,000	5,220,500	3,425,755	957,336	13,699	2,285,000

(1) The personal income and population can be found on S20.



Business-Type
Activities

<u>OWDA Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$14,275,277	\$47,242,682	6.12%	\$2,167
13,942,003	49,895,226	6.47	2,289
13,041,769	48,652,492	6.30	2,232
14,183,512	49,047,449	6.36	2,250
15,288,431	51,548,493	6.68	2,364
16,353,726	54,174,536	7.02	2,485
16,875,557	46,191,550	5.99	2,119
17,893,678	45,989,373	5.96	2,109
19,359,730	51,229,077	12.27	2,762
20,298,090	47,695,380	11.42	2,571

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

<u>Year</u>	<u>Population (1)</u>		<u>Estimated True Values of Taxable Property (2)</u>	<u>Bonded Debt (3)</u>	<u>Ratio of Bonded Debt to Estimated True Values of Taxable Property</u>	<u>Bonded Debt Per Capital</u>
2007	21,802	b	\$4,250,386,170	\$10,150,000	0.24 %	\$465.55
2006	21,802	b	3,741,137,847	15,210,000	0.41 %	697.64
2005	21,802	b	3,522,804,158	17,170,000	0.49	787.54
2004	21,802	b	3,586,420,398	19,040,000	0.53	873.31
2003	21,802	b	3,471,059,759	20,835,000	0.60	955.65
2002	21,802	b	3,410,829,704	22,570,000	0.66	1,035.23
2001	21,802	b	3,388,705,003	12,185,000	0.36	558.89
2000	21,802	b	2,991,594,597	13,325,000	0.45	611.18
1999	18,548	a	2,906,937,901	14,420,000	0.50	777.44
1998	18,548	a	2,815,407,182	15,495,000	0.55	835.40

Sources:

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

(2) Cuyahoga County Auditor

(3) Includes all general obligation bonded debt.

City of Solon, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2007

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Solon
Direct - City of Solon			
General Obligation Bonds	\$10,150,000	100.00%	\$10,150,000
Special Assessment Bonds	401,537	100.00%	401,537
Bond Anticipation Notes	9,400,888	100.00%	9,400,888
OPWC Loans	411,503	100.00%	411,503
OWDA Loans	<u>12,603,477</u>	100.00%	<u>12,603,477</u>
<i>Total Direct</i>	<u>32,967,405</u>		<u>32,967,405</u>
Overlapping			
Solon City School District			
General Obligation Bonds	25,328,397	97.86%	24,786,369
Orange School District			
General Obligation Bonds	27,535,222	2.14%	589,254
Cuyahoga County (2)			
General Obligation Bonds	188,814,000	3.87%	7,307,102
Revenue Bonds	101,906,000	3.87%	3,943,762
Capital Lease Obligations	31,470,000	3.87%	1,217,889
Loans Payable	7,293,000	3.87%	282,239
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	147,385,000	3.87%	5,703,800
SIB Loan	<u>4,088,320</u>	3.87%	<u>158,218</u>
<i>Total Overlapping Debt</i>	<u>533,819,939</u>		<u>43,988,633</u>
Total	<u><u>\$566,787,344</u></u>		<u><u>\$76,956,038</u></u>

(1) The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

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

Source: Cuyahoga County Auditor

City of Solon, Ohio

Legal Debt Margin

Last Eight Years (1)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Population	21,802	21,802	21,802
Total Assessed Property Value	<u>\$1,268,462,154</u>	<u>\$1,185,343,677</u>	<u>\$1,178,760,526</u>
General Bonded Debt Outstanding:			
General Obligation Bonds	\$10,150,000	\$15,210,000	\$17,170,000
Special Assessment Bonds	401,537	474,961	548,385
Bond Anticipation Notes	9,390,000	7,100,000	6,000,000
OPWC Loans	411,503	472,151	532,799
OWDA Loans	<u>26,878,754</u>	<u>26,625,363</u>	<u>24,389,190</u>
Total Gross Indebtedness	47,231,794	49,882,475	48,640,374
Less:			
Special Assessment Bonds	(401,537)	(474,961)	(548,385)
OWDA Loans	(26,878,754)	(26,625,363)	(24,389,190)
General Obligation Bond Retirement Fund Balance	<u>(1,074,820)</u>	<u>(1,529,697)</u>	<u>(1,996,287)</u>
Total Net Debt Applicable to Debt Limit	<u>18,876,683</u>	<u>21,252,454</u>	<u>21,706,512</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>133,188,526</u>	<u>124,461,086</u>	<u>123,769,855</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$114,311,843</u>	<u>\$103,208,632</u>	<u>\$102,063,343</u>
Legal Debt Margin as a Percentage of the Debt Limit	85.83%	82.92%	82.46%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$69,765,418</u>	<u>\$65,193,902</u>	<u>\$64,831,829</u>
Total Gross Indebtedness	47,231,794	49,882,475	48,640,374
Less:			
Special Assessment Bonds	(401,537)	(474,961)	(548,385)
OWDA Loans	(26,878,754)	(26,625,363)	(24,389,190)
General Obligation Bond Retirement Fund Balance	<u>(1,074,820)</u>	<u>(1,529,697)</u>	<u>(1,996,287)</u>
Net Debt Within 5 ½ % Limitations	<u>18,876,683</u>	<u>21,252,454</u>	<u>21,706,512</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$50,888,735</u>	<u>\$43,941,448</u>	<u>\$43,125,317</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	72.94%	67.40%	66.52%

Source: City Financial Records

(1) Information prior to 2000 is not available.

2004	2003	2002	2001	2000
21,802	21,802	21,802	21,802	21,802
<u>\$1,188,847,661</u>	<u>\$1,139,784,898</u>	<u>\$1,120,768,635</u>	<u>\$1,111,915,474</u>	<u>\$980,808,082</u>
\$19,040,000	\$20,835,000	\$22,570,000	\$12,185,000	\$13,325,000
722,220	898,350	1,060,714	4,131,604	4,426,604
6,500,000	7,000,000	7,500,000	9,300,000	6,475,000
593,447	654,095	714,744	805,716	836,040
<u>22,160,707</u>	<u>22,115,948</u>	<u>19,190,442</u>	<u>19,769,230</u>	<u>20,926,729</u>
49,016,374	51,503,393	51,035,900	46,191,550	45,989,373
(722,220)	(898,350)	(1,060,714)	(4,131,604)	(4,426,604)
(22,160,707)	(22,115,948)	(19,190,442)	(16,875,557)	(20,926,729)
<u>(2,362,134)</u>	<u>(2,298,675)</u>	<u>(1,596,515)</u>	<u>(2,989,743)</u>	<u>(2,949,257)</u>
<u>23,771,313</u>	<u>26,190,420</u>	<u>29,188,229</u>	<u>22,194,646</u>	<u>17,686,783</u>
124,829,004	119,677,414	117,680,707	116,751,125	102,984,849
<u>\$101,057,691</u>	<u>\$93,486,994</u>	<u>\$88,492,478</u>	<u>\$94,556,479</u>	<u>\$85,298,066</u>
80.96%	78.12%	75.20%	80.99%	82.83%
<u>\$65,386,621</u>	<u>\$62,688,169</u>	<u>\$61,642,275</u>	<u>\$61,155,351</u>	<u>\$53,944,445</u>
49,016,374	51,503,393	51,035,900	46,191,550	45,989,373
(722,220)	(898,350)	(1,060,714)	(4,131,604)	(4,426,604)
(22,160,707)	(22,115,948)	(19,190,442)	(16,875,557)	(20,926,729)
<u>(2,362,134)</u>	<u>(2,298,675)</u>	<u>(1,596,515)</u>	<u>(2,989,743)</u>	<u>(2,949,257)</u>
<u>23,771,313</u>	<u>26,190,420</u>	<u>29,188,229</u>	<u>22,194,646</u>	<u>17,686,783</u>
<u>\$41,615,308</u>	<u>\$36,497,749</u>	<u>\$32,454,046</u>	<u>\$38,960,705</u>	<u>\$36,257,662</u>
63.64%	58.22%	52.65%	63.71%	67.21%

City of Solon, Ohio
Principal Employers
One Year Ago and Eight Years Ago (1) (2)

2006		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Company	2,614	5.09 %
Nestle Food Company	1,711	3.33
National Enterprise Systems	1,125	2.19
Solon Board of Education	1,076	2.09
City of Solon	963	1.87
Agilysys, Inc.	642	1.25
Erico Products Inc.	569	1.11
Keithley Instruments Inc.	513	1.00
L'Oreal USA Products Inc.	448	0.87
Datavantage	361	0.70
Total	<u>10,022</u>	<u>19.50 %</u>
Total W-2's Received	<u>51,404</u>	

1999		
Employer	W-2's	Percentage of Total City W-2's
Clintec Management Services	2,248	4.20 %
Swagelok Manufacturing Company	1,053	1.97
Solon Board of Education	914	1.71
Matrix Essentials Inc.	842	1.57
City of Solon	697	1.30
Erico Products Inc.	587	1.10
Agilysys Inc.	567	1.06
Kennametal Inc.	560	1.05
Venture Lighting Inc.	503	0.94
Keithley Instruments Inc.	491	0.92
Total	<u>8,462</u>	<u>15.82 %</u>
Total W-2's Received	<u>53,467</u>	

(1) Current year data was not complete when this report was produced.

(2) Information prior to 1999 is not available.

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2007	21,802	\$771,659,988	\$35,394	\$78,903	39
2006	21,802	771,659,988	35,394	78,903	39
2005	21,802	771,659,988	35,394	78,903	39
2004	21,802	771,659,988	35,394	78,903	39
2003	21,802	771,659,988	35,394	78,903	39
2002	21,802	771,659,988	35,394	78,903	39
2001	21,802	771,659,988	35,394	78,903	39
2000	21,802	771,659,988	35,394	78,903	36
1999	18,548	417,589,672	22,514	54,005	36
1998	18,548	417,589,672	22,514	54,005	36

(1) Source: U. S. Census

(a) Years 2000 through 2007 - 2000 Federal Census

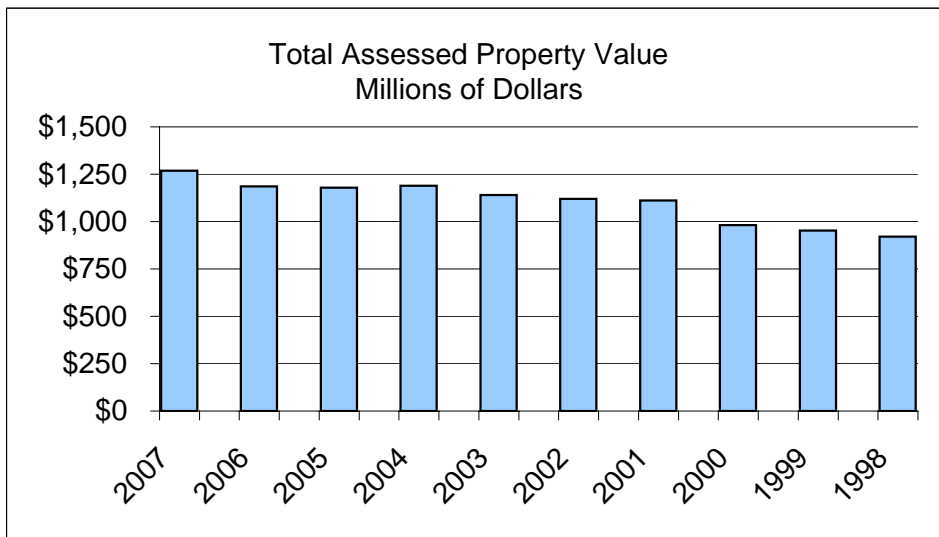
(b) Years 1997 through 1999 - 1990 Federal Census

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

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

(4) Source: Cuyahoga County Auditor

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



<u>Educational Attainment: Bachelor's Degree or Higher (1)</u>	<u>School Enrollment (2)</u>	<u>Cuyahoga County Unemployment Rate (3)</u>	<u>Total Assessed Property Value (4)</u>
50.4%	5,357	6.1%	\$1,268,462,154
50.4	5,366	5.5	1,185,343,677
50.4	5,314	5.9	1,178,760,526
50.4	5,243	6.3	1,188,847,661
50.4	5,162	6.3	1,139,784,898
50.4	5,103	5.7	1,120,768,635
50.4	5,093	4.5	1,111,915,474
50.4	5,056	4.1	980,808,082
38.0	5,011	4.4	952,134,413
38.0	4,907	4.3	921,361,539

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

Function/Program	2007	2006	2005	2004
Security of Persons and Property				
Police	46.00	46.00	46.00	46.00
Dispatch and Clerks	16.00	16.00	15.00	15.00
Corrections	10.00	10.00	10.00	10.00
Fire	61.00	61.00	61.00	61.00
Leisure Time Activities				
Recreation	16.00	16.00	16.00	14.00
Senior Services	5.00	5.00	5.00	5.00
Arts Center	3.00	3.00	3.00	3.00
Grantwood Golf Course	7.00	7.00	7.00	7.00
Community Environment				
Planning	6.00	6.00	6.00	6.00
Building	6.00	6.00	7.00	8.00
Engineering	8.00	8.00	8.00	9.00
Public Works	2.00	2.00	1.00	2.00
Basic Utility Services				
Water Reclamation	24.00	23.00	24.00	24.00
Transportation				
Service	67.00	65.00	64.00	66.00
General Government				
City Council	2.00	2.00	2.00	2.00
Mayors Office	2.00	2.00	2.00	2.00
Finance	11.00	11.00	11.00	11.00
Income Tax	4.00	4.00	4.00	4.00
Prosecutor Clerk	1.00	1.00	1.00	1.00
Human Resources	2.00	1.00	1.00	1.00
Network Admin	3.00	3.00	2.00	2.00
City Hall Custodial	2.00	2.00	2.00	2.00
Receptionist	1.00	1.00	1.00	1.00
Totals:	<u>305.00</u>	<u>301.00</u>	<u>299.00</u>	<u>302.00</u>

Source: City of Solon, Ohio Payroll Department W2 Audit Lising

Method: Using 1.0 for each full-time employee at December 31.
 No part-time or seasonal employees are included.

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
45.00	45.00	44.00	44.00	38.00	44.00
15.00	15.00	14.00	13.00	11.00	10.00
12.00	12.00	11.00	13.00	10.00	10.00
60.00	61.00	50.00	47.00	44.00	44.00
14.00	13.00	13.00	10.00	10.00	10.00
5.00	4.00	4.00	4.00	4.00	4.00
3.00	3.00	0.00	0.00	0.00	0.00
7.00	7.00	7.00	6.00	7.00	6.00
6.00	5.00	5.00	4.00	6.00	4.00
8.00	7.00	7.00	7.00	6.00	7.00
10.00	9.00	10.00	11.00	10.00	10.00
2.00	2.00	1.00	1.00	1.00	1.00
24.00	24.00	23.00	23.00	23.00	24.00
67.00	67.00	69.00	63.00	63.00	64.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
11.00	10.00	11.00	12.00	8.00	9.00
4.00	4.00	4.00	3.00	3.00	3.00
1.00	1.00	1.00	0.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	0.00
2.00	2.00	1.00	1.00	1.00	0.00
2.00	2.00	2.00	2.00	2.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00
<u>304.00</u>	<u>299.00</u>	<u>283.00</u>	<u>270.00</u>	<u>254.00</u>	<u>259.00</u>

City of Solon, Ohio
Operating Indicators by Function/Program
Last Four Years (1)

Function/Program	2007	2006	2005	2004
Security of Persons & Property				
<i>Police</i>				
Number of traffic citations issued	4,672	4,901	4,431	4,477
DUI Arrests	117	109	128	127
Prisoners Processed	1,489	1,472	1,124	1,323
<i>Fire</i>				
Fire Responses	833	705	841	820
EMS Calls	1,844	1,739	1,695	1,541
Safety Inspections	2,763	2,408	1,471	999
Plan Reviews	287	273	259	234
Leisure Time Activities				
<i>Parks and Recreation</i>				
Community Center Memberships	10,600	11,056	11,534	10,201
Summer Camp Participants	1,520	1,500	1,585	1,582
Baseball/Softball Teams	118	136	138	137
<i>Senior Services</i>				
Total Participation Hours	59,239	45,664	46,831	31,533
<i>Arts Center</i>				
Class Registrations	2,683	2,332	1,713	1,447
Percentage of Solon Residents	88%	83%	77%	79%
<i>Grantwood Golf Course</i>				
Rounds Played (18 holes)	12,598	12,266	13,485	14,354
Rounds Played (9 holes)	20,492	20,720	21,645	20,748
Buckets of Range Balls	11,222	11,439	12,616	16,073
Community Environment				
<i>Building</i>				
Building Permits Issued	775	819	923	758
Basic Utility Services				
<i>Waste Water Treatment</i>				
Average Daily Flow (millions of gallons)	3.957	4.045	4.112	4.024
Transportation				
<i>Service</i>				
Tons of Salt Purchased	9,497	7,515	17,970	12,888
Tons of Rubbish Collected	12,255	11,309	11,590	11,980
Tons of Leaves Collected	4,351	5,510	6,395	3,850
Tons of Recycling Materials Collected	1,573	987	727	594
General Government				
<i>City Council</i>				
Ordinances or Resolutions Introduced	324	311	302	288
<i>Finance</i>				
Accounts Payable Checks Processed	10,022	9,971	10,272	10,627
Purchase Orders Issued	4,523	4,698	4,805	5,067
<i>Network Administration</i>				
Computer Workstations	217	205	200	196

(1) Information prior to 2004 is not available.

City of Solon, Ohio
Capital Assets Statistics by Function/Program
Last Four Years (1)

Function/Program	2007	2006	2005	2004
Security of Persons and Property				
<i>Police</i>				
Square Footage of Station	37,168	37,168	37,168	37,168
Vehicles	24	24	24	23
<i>Fire</i>				
Square Footage of Station #1	37,168	37,168	37,168	37,168
Square Footage of Station #2 (2)	16,200	9,000	9,000	9,000
Square Footage of Station #3	9,610	9,610	9,610	9,610
Vehicles	22	21	21	21
Leisure Time Activities				
<i>Parks and Recreation</i>				
Square Footage of Community Center	92,500	92,500	92,500	92,500
Vehicles	8	7	7	7
<i>Senior Services</i>				
Vehicles	3	4	4	3
<i>Arts Center</i>				
Square Footage of Building	15,000	15,000	15,000	15,000
<i>Grantwood Golf Course</i>				
Square Footage of Clubhouse	7,200	7,200	7,200	7,200
Square Footage of Maintenance Building	5,000	5,000	5,000	5,000
Vehicles	1	1	1	1
Community Environment				
<i>Planning Department</i>				
Vehicles	2	2	2	2
<i>Building Department</i>				
Vehicles	5	5	5	5
<i>Engineering Department</i>				
Vehicles	9	8	8	8
Basic Utility Services				
<i>Waste Water Treatment</i>				
Square Footage of Buildings	56,000	56,000	56,000	56,000
Vehicles	13	13	14	15
Transportation				
<i>Service</i>				
Square Footage of Building	70,461	70,461	70,461	70,461
Vehicles	66	58	64	68
General Government				
<i>City Hall</i>				
Square Footage of Building	55,950	55,950	55,950	55,950
Mayor's Vehicle	1	1	1	1
Tax/Finance's Vehicle	1	1	1	1
Network Administration's Vehicle	1	1	0	0
City Hall Vehicle	1	1	1	1

(1) Information prior to 2004 is not available.

(2) Fire Station #2 was demolished in 2007 and a new station will be complete in 2008.
 Estimate on new station is 16,200 square feet.

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Mary Taylor, CPA
Auditor of State

CITY OF SOLON

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 8, 2008**