

**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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 7, 2010. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

**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 matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated September 7, 2010.

We intend this report solely for the information and use of management, the audit committee, City Council, and others within the City. 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

September 7, 2010

**City of Solon, Ohio**

*Comprehensive Annual Financial Report*

*For the Year Ended December 31, 2009*

*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, 2009*  
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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

September 7, 2010

Residents of the City of Solon  
Honorable Mayor Susan A. Drucker 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 Generally Accepted Accounting Principle (GAAP) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an annual unaudited report with the Auditor of State within 150 days of year end.

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 2009, 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 Accountants' 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, drug resistance programs and safety schools. The fire protection service includes regular safety inspections, emergency medical (paramedic) services and fire safety education. In addition, the City has a very active service department that provides free refuse, leaf and brush pickup, recycling, road maintenance and repair, storm sewer maintenance and repair, two cemeteries and various other service department activities. The Recreation Department sponsors a full range of activities from its headquarters in the City's 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 is required to adopt 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 and department (personal services and other). Department heads may transfer resources with a department as they see fit. Transfers between departments, however, need special approval from the governing council.

## ***ECONOMIC CONDITION AND OUTLOOK***

The City of Solon was not immune from the effects of the sluggish economy. Like almost every other city in northeastern Ohio, Solon's City Income Tax receipts were less in 2009 than the receipts in 2008. Specifically, the 2009 receipts were \$34,005,834 compared to the 2008 receipts of \$37,416,449.

Although this reduction would have caused serious concern for most cities, Solon was prepared for such an event with sufficient cash reserves to maintain services without any reductions.

Despite the reduction of income tax receipts, there were 228 industrial and commercial building permits issued for additions or remodeling to existing buildings for a total of \$10.3 million in market value.

In addition, Solon is still very active with economic development packages for industry. The most common incentive agreement is the Job Creation Grant program. As of year end, the City

had 25 active agreements. Under this program, the company receives a grant from part of the municipal withholding tax paid to the City on a newly created job. The City also has 3 active enterprise zone 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 during annual budget hearings.

Included in the five year plan is a schedule of infrastructure projects to be paid from the Infrastructure Capital Improvement Fund. This fund receives one half of one percent of City income tax as a result 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 policy of balancing the budget with estimated resources for several years. This policy has enabled the City to build-up its cash reserves in the past for situations like the shortfall in income tax receipts experienced in 2009. In 2007, the City adopted a "General Fund Cash Reserve Policy" listing the uses of cash reserves.

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. In 2009, \$1.3 million in cash reserves were used to redeem or call 2/3rds of the City's outstanding library construction bonds 6 years ahead of schedule. The bonds were extinguished at par value and there was no gain or loss to be calculated.

### ***MAJOR INITIATIVES***

The \$12.6 million Pettibone Road reconstruction project continued throughout 2009. This project is being paid from the City's income tax revenue levied for infrastructure projects plus a \$2 million grant from the State of Ohio.

Preliminary work began on the \$14 million Bainbridge Road reconstruction project. This project is being funded with a stimulus grant being received by Cuyahoga County.

The most recent major project being undertaken by the City is a facility digester at the water reclamation plant. The preliminary estimates on the project are \$5.9 million, and an Ohio EPA loan will be secured to pay for it. The loan will be repaid from sanitary sewer revenue.

## ***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.

A Certificate of Achievement is valid for a period of one year only. We believe that this CAFR for 2009 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*

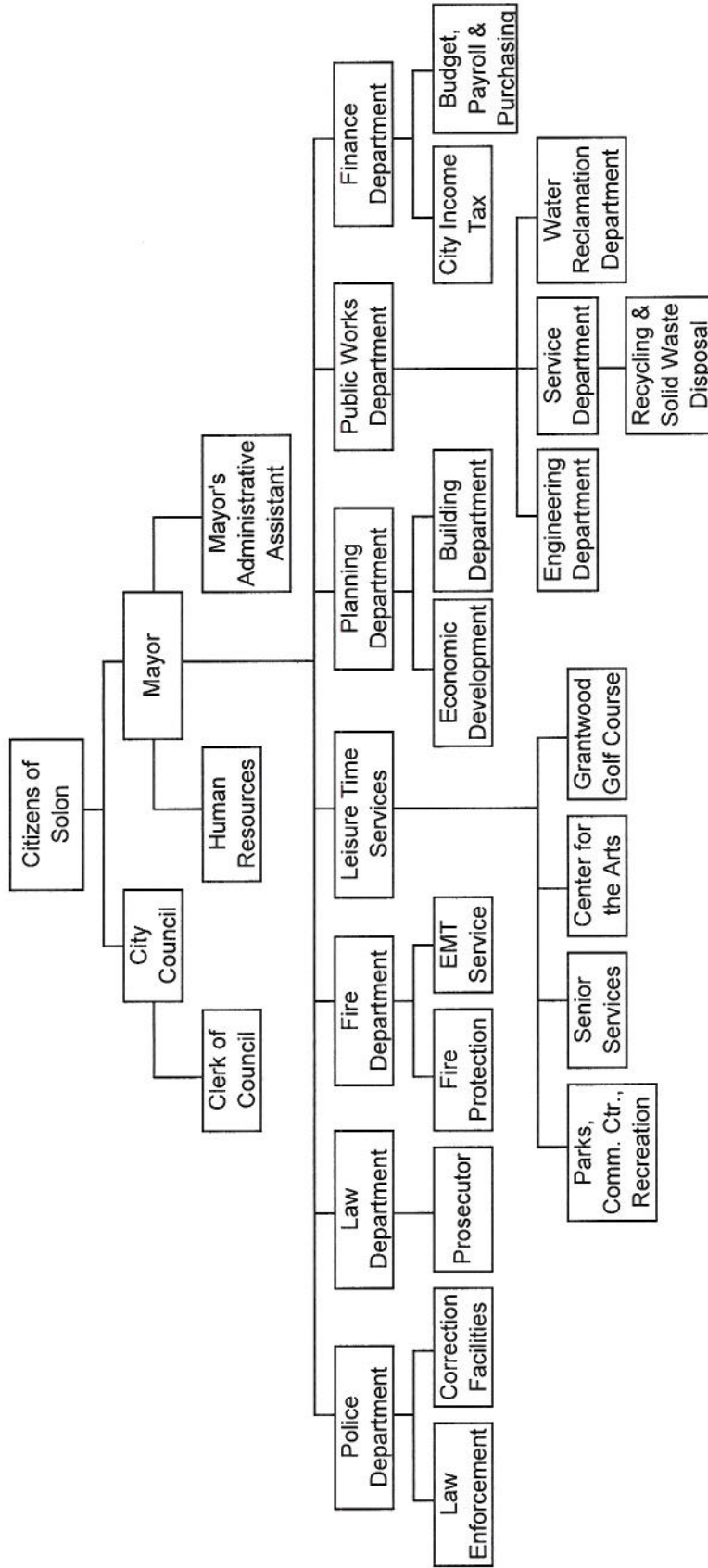
The preparation of this report would not be possible without the diligent and extra work by our Assistant Finance Director Fred Wendel, Accounting Supervisor Sue Stabilla and the Finance Department staff. I appreciate their efforts. In addition, my gratitude and compliments extend to the Auditor of State's Section of Local Government Services who helped us with this report. Finally, a thank you to former Mayor Kevin Patton, present Mayor Susan A. Drucker 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, 2009**



**City of Solon, Ohio**

*Principal Officials*

*December 31, 2009*

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***Elected Officials***

Susan A. Drucker ..... Mayor

*City Council*

Richard A. Bell..... Ward 1

Robert N. Pelunis ..... Ward 2

John T. Scott ..... Ward 3

Edward K. Suit..... Ward 4

Lon D. Stolarsky ..... Ward 5 (Vice Mayor)

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

Jill K. Frankel..... 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





# 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, 2009, 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, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund and 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 September 7, 2010, 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 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 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 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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

September 7, 2010

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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The discussion and analysis of the City of Solon's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole. To obtain a more detailed understanding, readers should also review the basic financial statements and the notes to the basic financial statements.

### **Financial Highlights**

Key Financial Highlights for 2009 are as follows:

- In total, the City's net assets decreased from 2008. The decrease resulted from a reduction in cash and cash equivalents. This decrease was partially offset by a reduction in total liabilities.
- In 2009, the City made an all time high annual expenditure of \$18.4 million on capital improvements from its Infrastructure Capital Improvement Fund. The largest single project was the reconstruction of Pettibone Road.
- The general fund had a decrease in fund balance of \$1,976,908 due mainly to decreases in income tax revenue and interest earned on investments.
- General obligation bonded debt significantly decreased in 2009 for two reasons; 1) the redemption of \$1.3 million in callable Library Bonds at par 6 years ahead of schedule, and 2) the 2009 scheduled repayment of bonded debt without any new issues.

### **Overview of the Financial Statements**

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

1. Management's Discussion and Analysis
2. Government-Wide Financial Statements
3. Fund Financial Statements
4. Notes to the Basic Financial Statements

In addition, this report also contains other supplementary information:

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

### **Government-Wide Financial Statements**

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City of Solon's finances in a manner similar to private sector businesses. The Statement of Net 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

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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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 City'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 fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

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

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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expenditures, and changes in fund balances for the general fund, general obligation bond retirement fund, infrastructure fund, 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 and Grantwood (golf course) recreation and the internal service fund accounting for workers' compensation claims.

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 57.

*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 58.

**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

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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 2009 compared to 2008:

(Table 1)  
*Net Assets*

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Assets</b>						
Current and Other Assets	\$55,960,922	\$69,564,002	\$5,375,049	\$6,500,113	\$61,335,971	\$76,064,115
Capital Assets, Net	115,336,230	107,451,180	64,400,459	64,606,850	179,736,689	172,058,030
<i>Total Assets</i>	171,297,152	177,015,182	69,775,508	71,106,963	241,072,660	248,122,145
<b>Liabilities</b>						
Current Liabilities	12,263,420	13,558,331	350,618	467,838	12,614,038	14,026,169
Long-term Liabilities						
Due within one Year	3,162,608	3,146,578	1,815,488	1,755,755	4,978,096	4,902,333
Due in More than one Year	19,068,147	22,320,256	10,378,347	11,915,673	29,446,494	34,235,929
<i>Total Liabilities</i>	34,494,175	39,025,165	12,544,453	14,139,266	47,038,628	53,164,431
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	104,060,699	92,250,325	52,711,512	51,496,779	156,772,211	143,747,104
Restricted for:						
Capital Projects	9,236,362	19,795,982	0	0	9,236,362	19,795,982
Debt Service	7,866,320	8,824,240	0	0	7,866,320	8,824,240
Other Purposes	4,469,232	4,794,634	0	0	4,469,232	4,794,634
Unrestricted	11,170,364	12,324,836	4,519,543	5,470,918	15,689,907	17,795,754
<i>Total Net Assets</i>	\$136,802,977	\$137,990,017	\$57,231,055	\$56,967,697	\$194,034,032	\$194,957,714

Total net assets for governmental activities showed a decrease, however, net capital assets increased significantly due mainly to road capital improvements. The decrease in current and other assets resulted mainly from a reduction in cash and cash equivalents. The decrease in total net assets was partially offset by the continued pay-down of bonded debt, Ohio EPA loans and notes payable.

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

Total net assets for business-type activities increased due to the annual pay-down on debt for the City's water reclamation facility. The increase in business-type net assets was partially offset by a reduction in cash and cash equivalents.

Further details of the changes in net assets between 2008 and 2009 can be observed in Table 2.

(Table 2)  
*Changes in Net Assets*

	Governmental Activities		Business -Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Program Revenues</b>						
Charges for Services and Sales	\$4,668,825	\$5,125,011	\$6,501,376	\$7,171,900	\$11,170,201	\$12,296,911
Operating Grants and Contributions	1,620,631	1,405,593	0	585	1,620,631	1,406,178
Capital Grants, Contributions and Capital Assessments	3,022,448	5,742,816	0	0	3,022,448	5,742,816
<i>Total Program Revenues</i>	<u>9,311,904</u>	<u>12,273,420</u>	<u>6,501,376</u>	<u>7,172,485</u>	<u>15,813,280</u>	<u>19,445,905</u>
<b>General Revenues</b>						
Property Taxes	4,513,905	4,814,004	0	0	4,513,905	4,814,004
Municipal Income Taxes	34,005,834	37,416,449	0	0	34,005,834	37,416,449
Grants and Entitlements	1,813,161	2,389,085	0	0	1,813,161	2,389,085
Investment Income	998,629	2,807,067	0	0	998,629	2,807,067
Gain on Sale of Capital Assets	27,013	0	0	0	27,013	0
Miscellaneous	650,783	582,432	60,313	77,525	711,096	659,957
<i>Total General Revenues</i>	<u>42,009,325</u>	<u>48,009,037</u>	<u>60,313</u>	<u>77,525</u>	<u>42,069,638</u>	<u>48,086,562</u>
<i>Total Revenues</i>	<u>51,321,229</u>	<u>60,282,457</u>	<u>6,561,689</u>	<u>7,250,010</u>	<u>57,882,918</u>	<u>67,532,467</u>
<b>Program Expenses</b>						
Security of Persons and Property						
Police	8,534,822	8,558,640	0	0	8,534,822	8,558,640
Fire	8,054,144	8,312,572	0	0	8,054,144	8,312,572
Prosecutor	293,094	299,401	0	0	293,094	299,401
Public Health and Welfare	84,955	82,050	0	0	84,955	82,050
Leisure Time Activities	6,463,393	6,607,556	0	0	6,463,393	6,607,556
Community Environment	2,831,678	3,343,663	0	0	2,831,678	3,343,663
Basic Utility Services	2,331,673	2,839,393	0	0	2,331,673	2,839,393
Transportation	16,375,233	14,973,096	0	0	16,375,233	14,973,096
General Government	5,364,048	7,532,794	0	0	5,364,048	7,532,794
Interest and Fiscal Charges	857,669	1,232,429	0	0	857,669	1,232,429
Water Reclamation	0	0	6,472,968	6,005,663	6,472,968	6,005,663
Grantwood Recreation	0	0	1,142,923	1,395,175	1,142,923	1,395,175
<i>Total Program Expenses</i>	<u>51,190,709</u>	<u>53,781,594</u>	<u>7,615,891</u>	<u>7,400,838</u>	<u>58,806,600</u>	<u>61,182,432</u>
Special Item - Sale of Land	0	1,799,567	0	0	0	1,799,567
<i>Excess (Deficiency) before Transfers</i>	<u>130,520</u>	<u>8,300,430</u>	<u>(1,054,202)</u>	<u>(150,828)</u>	<u>(923,682)</u>	<u>8,149,602</u>
Transfers	(1,317,560)	(2,211,065)	1,317,560	2,211,065	0	0
<i>Change in Net Assets</i>	<u>(1,187,040)</u>	<u>6,089,365</u>	<u>263,358</u>	<u>2,060,237</u>	<u>(923,682)</u>	<u>8,149,602</u>
<i>Net Assets, Beginning of Year</i>	<u>137,990,017</u>	<u>131,900,652</u>	<u>56,967,697</u>	<u>54,907,460</u>	<u>194,957,714</u>	<u>186,808,112</u>
<i>Net Assets, End of Year</i>	<u>\$136,802,977</u>	<u>\$137,990,017</u>	<u>\$57,231,055</u>	<u>\$56,967,697</u>	<u>\$194,034,032</u>	<u>\$194,957,714</u>

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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**Governmental Activities**

The funding for governmental activities comes from several different sources, the most significant being municipal income tax. In addition, property tax, grants and entitlements and charges for services provide revenue for governmental activities. Governmental expenses and transfers exceeded governmental revenues in 2009.

Similar to what most Ohio cities experienced, Solon's municipal income tax receipts declined in 2009 compared to 2008 because of the sluggish economy.

On the expense side, the largest program or function is security of persons and property. It is composed of three parts; Police, Fire and Prosecutor. The Fire Department had a slight decrease in 2009 due to lower accrued expenditures.

The next largest program or function is transportation. It includes the maintenance of streets, storm sewers and other related infrastructure. There was an increase from 2008 because of the maintenance of infrastructure related assets and from an additional year's worth of depreciation expense.

Leisure time activities had a slight decrease between 2009 and 2008 because of lower operating costs. General government decreased between 2009 and 2008 due to lower administrative contractual services.

**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 2009 were charges for services. 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 2009, the City of Solon's governmental funds reported a positive combined ending fund balance. The majority of the ending fund balance 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.

The general fund is the main governmental and operating fund of the City. There was an overall decrease in the general fund's fund balance between 2008 and 2009 due mainly to decreases in income tax revenue, interest earned on investments and transfers to various other governmental funds.



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The infrastructure fund is the largest capital improvement governmental fund of the City. It receives one half of one percent of the City income tax (levy) to pay for new construction, repair and maintenance of the City's infrastructure. There was an overall decrease in the infrastructure fund's fund balance between 2008 and 2009 due a large increase in capital expenditures.

*Business-type Funds* – report the City's Water Reclamation (wastewater) operation and Grantwood (golf course) Recreation Park on a full accrual basis. In 2009, the net assets for the Water Reclamation facility and the Grantwood recreation both increased.

**General Fund Budgeting Highlights**

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

In 2009, the general fund's actual revenue plus other financing sources was exceeded by the estimate due to less than anticipated municipal income taxes. The general fund's actual expenditures plus other financing uses were under budget producing an overall positive variance.

**Capital Assets**

Governmental capital assets, net of depreciation, increased due mainly to road and sewer capital improvements. This increase was partially offset by an additional year of annual depreciation. Business-type capital assets, net of depreciation, decreased mainly due to annual depreciation. For additional information on capital assets, please see note 9 to the basic financial statements.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$10,243,610	\$9,392,723	\$3,120,877	\$3,150,174	\$13,364,487	\$12,542,897
Construction in Progress	7,980,015	1,498,571	0	1,141,315	7,980,015	2,639,886
Land Improvements	711,943	764,064	10,365	15,309	722,308	779,373
Buildings	41,773,409	43,141,574	17,202,531	17,779,156	58,975,940	60,920,730
Furniture and Equipment	2,890,969	3,276,385	1,121,905	1,163,352	4,012,874	4,439,737
Vehicles	5,486,160	4,587,382	205,517	238,077	5,691,677	4,825,459
Infrastructure	46,250,124	44,790,481	42,739,264	41,119,467	88,989,388	85,909,948
<b>Total Capital Assets</b>	<b>\$115,336,230</b>	<b>\$107,451,180</b>	<b>\$64,400,459</b>	<b>\$64,606,850</b>	<b>\$179,736,689</b>	<b>\$172,058,030</b>

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
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**Outstanding Obligations**

(Table 4)  
 Outstanding Obligations at Year End

	Governmental Activities		Business -Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$6,720,000	\$9,150,000	\$0	\$0	\$6,720,000	\$9,150,000
Special Assessment Bonds	247,805	325,818	0	0	247,805	325,818
Notes	4,707,351	5,739,897	0	0	4,707,351	5,739,897
OWDA Loans	11,274,426	12,007,462	11,688,947	13,110,071	22,963,373	25,117,533
OPWC Loans	320,531	350,855	0	0	320,531	350,855
Compensated Absences	3,597,723	3,477,366	504,888	561,357	4,102,611	4,038,723
Solon City School District	60,000	80,000	0	0	60,000	80,000
Claims Payable	10,270	75,333	0	0	10,270	75,333
<b>Total</b>	<b>\$26,938,106</b>	<b>\$31,206,731</b>	<b>\$12,193,835</b>	<b>\$13,671,428</b>	<b>\$39,131,941</b>	<b>\$44,878,159</b>

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 2009.

Governmental activities debt is serviced by property taxes that are 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), the new Fire Station No. 3 (2002) and the replaced Fire Station No. 3 (2008). 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 represents the dollar value of accumulated but unused sick leave and vacation time at year end. The liability represents amounts that will either be taken as leave or paid out upon termination or retirement. For additional information, please see notes 15 and 16 to the basic financial statements.

**Economic Factors and Current Financial Issues**

Although the City experienced a shortfall of City income tax in 2009, it still has a strong level of cash reserves. The general fund finished 2009 with a unencumbered cash balance of \$21,818,359. The Mayor, Council and Finance Director are very aware of the possible continuation of declining income tax receipts and have developed plans to reduce operating costs starting in July 2010.

The City's property values remain stable. In 2001, Solon surpassed the \$1 billion mark in assessed property value which is about 35 percent of market value in Ohio. In 2009, the City issued 145 permits for industrial alterations at a value of \$7.9 million and 83 permits for retail and commercial alterations with a value of \$2.3 million.

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
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The City continues to have an aggressive economic development program. As of year end, Solon had the following economic incentive agreements:

1. Three (3) Enterprise Zone Agreements that created 65 jobs and retained 36 jobs.
2. One (1) Community Reinvestment Area that created 1,093 jobs and retained 698 jobs.
3. Twenty Five (25) Job Creation Grant Agreements that expect to create 2,279 jobs and retain 1,447 jobs.

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 April 2010, Moody's recalibrated Solon's rating from Aa1 to Aaa.

**Requests for Information and Data**

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

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## Basic Financial Statements

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**City of Solon, Ohio**  
*Statement of Net Assets*  
*December 31, 2009*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$35,724,377	\$4,925,192	\$40,649,569
Accounts Receivable	188,834	268,669	457,503
Intergovernmental Receivable	3,605,757	0	3,605,757
Municipal Income Taxes Receivable	5,275,181	0	5,275,181
Materials and Supplies Inventory	497,071	181,188	678,259
Prepaid Items	126,842	0	126,842
Property Taxes Receivable	3,938,970	0	3,938,970
Special Assessments Receivable	6,603,890	0	6,603,890
Nondepreciable Capital Assets	18,223,625	3,120,877	21,344,502
Depreciable Capital Assets, Net	97,112,605	61,279,582	158,392,187
<i>Total Assets</i>	<u>171,297,152</u>	<u>69,775,508</u>	<u>241,072,660</u>
<b>Liabilities</b>			
Accounts Payable	345,260	29,930	375,190
Accrued Wages	253,375	24,974	278,349
Contracts Payable	1,660,329	30,271	1,690,600
Intergovernmental Payable	689,309	188,157	877,466
Matured Compensated Absences Payable	32,698	0	32,698
Notes Payable	4,707,351	0	4,707,351
Accrued Interest Payable	182,666	0	182,666
Claims Payable	295,908	0	295,908
Deferred Revenue	3,732,314	0	3,732,314
Vacation Benefits Payable	364,210	77,286	441,496
Long-Term Liabilities:			
Due Within One Year	3,162,608	1,815,488	4,978,096
Due In More Than One Year	19,068,147	10,378,347	29,446,494
<i>Total Liabilities</i>	<u>34,494,175</u>	<u>12,544,453</u>	<u>47,038,628</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	104,060,699	52,711,512	156,772,211
Restricted for:			
Capital Projects	9,236,362	0	9,236,362
Debt Service	7,866,320	0	7,866,320
Street, Construction, Maintenance and Repair	1,081,065	0	1,081,065
Cable TV	542,163	0	542,163
Tree Planting	249,116	0	249,116
Landfill Improvement	1,178,514	0	1,178,514
Other Purposes	1,418,374	0	1,418,374
Unrestricted	11,170,364	4,519,543	15,689,907
<i>Total Net Assets</i>	<u>\$136,802,977</u>	<u>\$57,231,055</u>	<u>\$194,034,032</u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Capital Assessments
<b>Governmental Activities:</b>				
Security of Persons and Property				
Police	\$8,534,822	\$421,753	\$292,971	\$0
Fire	8,054,144	367,317	171,119	123,423
Prosecutor	293,094	16,910	0	0
Public Health and Welfare	84,955	4,901	0	0
Leisure Time Activities	6,463,393	3,075,799	76,506	0
Community Environment	2,831,678	113,636	20,108	0
Basic Utility Services	2,331,673	52,604	0	0
Transportation	16,375,233	358,670	1,057,427	2,187,221
General Government	5,364,048	257,235	2,500	711,804
Interest and Fiscal Charges	857,669	0	0	0
<i>Total Governmental Activities</i>	<u>51,190,709</u>	<u>4,668,825</u>	<u>1,620,631</u>	<u>3,022,448</u>
<b>Business-Type Activities:</b>				
Water Reclamation	6,472,968	5,421,385	0	0
Grantwood Recreation	1,142,923	1,079,991	0	0
<i>Total Business-Type Activities</i>	<u>7,615,891</u>	<u>6,501,376</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$58,806,600</u>	<u>\$11,170,201</u>	<u>\$1,620,631</u>	<u>\$3,022,448</u>

**General Revenues**

Property Taxes Levied for:  
    General Purposes  
    Debt Service  
    Police Pension  
    Fire Pension  
    Service and Safety Equipment  
Municipal Income Taxes Levied for:  
    General Purposes  
    Infrastructure  
    General Capital Improvements  
Grants and Entitlements not Restricted to Specific Programs  
Investment Income  
Gain on Sale of Capital Assets  
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
(\$7,820,098)	\$0	(\$7,820,098)
(7,392,285)	0	(7,392,285)
(276,184)	0	(276,184)
(80,054)	0	(80,054)
(3,311,088)	0	(3,311,088)
(2,697,934)	0	(2,697,934)
(2,279,069)	0	(2,279,069)
(12,771,915)	0	(12,771,915)
(4,392,509)	0	(4,392,509)
(857,669)	0	(857,669)
(41,878,805)	0	(41,878,805)
0	(1,051,583)	(1,051,583)
0	(62,932)	(62,932)
0	(1,114,515)	(1,114,515)
(41,878,805)	(1,114,515)	(42,993,320)
830,331	0	830,331
2,227,871	0	2,227,871
425,385	0	425,385
637,371	0	637,371
392,947	0	392,947
25,569,132	0	25,569,132
8,360,524	0	8,360,524
76,178	0	76,178
1,813,161	0	1,813,161
998,629	0	998,629
27,013	0	27,013
650,783	60,313	711,096
42,009,325	60,313	42,069,638
(1,317,560)	1,317,560	0
40,691,765	1,377,873	42,069,638
(1,187,040)	263,358	(923,682)
137,990,017	56,967,697	194,957,714
<u>\$136,802,977</u>	<u>\$57,231,055</u>	<u>\$194,034,032</u>

**City of Solon, Ohio**

*Balance Sheet  
Governmental Funds  
December 31, 2009*

	General	General Obligation Bond Retirement	Infrastructure	Community Center	Building Construction
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$22,269,589	\$1,186,990	\$4,643,011	\$26,857	\$896,397
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	82,981	0	0	0	0
Accounts Receivable	144,641	0	0	0	0
Intergovernmental Receivable	595,770	155,100	2,187,870	0	0
Municipal Income Taxes Receivable	3,945,202	0	1,315,067	0	0
Materials and Supplies Inventory	497,071	0	0	0	0
Prepaid Items	126,842	0	0	0	0
Property Taxes Receivable	520,785	1,978,981	0	0	0
Special Assessments Receivable	0	6,603,890	0	0	0
<b>Total Assets</b>	<b>\$28,182,881</b>	<b>\$9,924,961</b>	<b>\$8,145,948</b>	<b>\$26,857</b>	<b>\$896,397</b>
<b>Liabilities</b>					
Accounts Payable	\$297,279	\$0	\$0	\$0	\$0
Accrued Wages	225,396	0	0	0	0
Contracts Payable	0	0	1,628,711	0	0
Intergovernmental Payable	113,486	0	30,324	0	0
Accrued Interest Payable	0	0	0	3,300	3,163
Matured Compensated Absences Payable	32,698	0	0	0	0
Claims Payable	295,908	0	0	0	0
Deferred Revenue	2,683,606	8,737,971	572,541	0	0
Notes Payable	0	0	0	2,403,749	2,303,602
<b>Total Liabilities</b>	<b>3,648,373</b>	<b>8,737,971</b>	<b>2,231,576</b>	<b>2,407,049</b>	<b>2,306,765</b>
<b>Fund Balances</b>					
Reserved for Encumbrances	200,112	300	56,808	0	1,500
Reserved for Unclaimed Monies	82,981	0	0	0	0
Unreserved, Undesignated, Reported in:					
General Fund	24,251,415	0	0	0	0
Special Revenue Funds	0	0	0	0	0
Debt Service Fund	0	1,186,690	0	0	0
Capital Projects Funds (Deficit)	0	0	5,857,564	(2,380,192)	(1,411,868)
<b>Total Fund Balances (Deficit)</b>	<b>24,534,508</b>	<b>1,186,990</b>	<b>5,914,372</b>	<b>(2,380,192)</b>	<b>(1,410,368)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$28,182,881</b>	<b>\$9,924,961</b>	<b>\$8,145,948</b>	<b>\$26,857</b>	<b>\$896,397</b>

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, 2009*

Other Governmental Funds	Total Governmental Funds		
		<b>Total Governmental Funds Balances</b>	\$33,822,151
		<b>Amounts reported for governmental activities in the statement of net assets are different because</b>	
\$6,447,352	\$35,470,196	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	115,336,230
0	82,981	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
44,193	188,834	Property Taxes	206,656
667,017	3,605,757	Municipal Income Taxes	2,291,932
14,912	5,275,181	Intergovernmental	1,062,086
0	497,071	Special Assessments	6,603,890
0	126,842	Miscellaneous	80,000
1,439,204	3,938,970	Total	10,244,564
0	6,603,890		
<b>\$8,612,678</b>	<b>\$55,789,722</b>		
		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.	
\$47,981	\$345,260	Net Assets	160,930
27,979	253,375	Claims Payable	10,270
31,618	1,660,329	Total	171,200
545,499	689,309		
0	6,463	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(176,203)
0	32,698		
0	295,908	Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(364,210)
1,982,760	13,976,878		
0	4,707,351	Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds:	
2,635,837	21,967,571	Compensated Absences	(3,597,723)
		General Obligation Bonds	(6,720,000)
30,301	289,021	Special Assessment Bonds	(247,805)
0	82,981	OWDA Loan Payable	(11,274,426)
0	24,251,415	OPWC Loan Payable	(320,531)
4,166,058	4,166,058	Solon City School District	(60,000)
0	1,186,690	Claims Payable	(10,270)
1,780,482	3,845,986	Total	(22,230,755)
5,976,841	33,822,151	<b>Net Assets of Governmental Activities</b>	<b>\$136,802,977</b>
<b>\$8,612,678</b>	<b>\$55,789,722</b>		

**City of Solon, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2009*

	General	General Obligation Bond Retirement	Infrastructure	Community Center	Building Construction
<b>Revenues</b>					
Property Taxes	\$819,697	\$2,194,145	\$0	\$0	\$0
Municipal Income Taxes	25,136,530	0	8,216,324	0	0
Special Assessments	0	788,768	0	0	0
Intergovernmental	1,334,819	501,176	2,187,221	0	0
Investment Income	998,629	0	0	0	0
Fees, Licenses and Permits	404,558	5,747	0	0	0
Fines and Forfeitures	337,471	0	0	0	0
Rentals	0	0	0	0	0
Charges for Services	818,113	0	0	0	0
Contributions and Donations	2,500	0	0	0	0
Miscellaneous	534,667	0	13,877	0	0
<i>Total Revenues</i>	<u>30,386,984</u>	<u>3,489,836</u>	<u>10,417,422</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property					
Police	7,301,899	0	0	0	0
Fire	6,318,202	0	0	0	69,275
Prosecutor	297,440	0	0	0	0
Public Health and Welfare	84,955	0	0	0	0
Leisure Time Activities	6,898	0	0	96,737	0
Community Environment	1,967,618	0	0	0	0
Basic Utility Services	1,371,700	0	0	0	0
Transportation	5,412,425	0	0	0	0
General Government	4,039,213	22,237	0	0	0
Capital Outlay	0	0	18,455,913	0	0
Debt Service:					
Principal Retirement	0	3,241,049	30,324	0	0
Interest and Fiscal Charges	0	776,251	0	49,415	54,170
<i>Total Expenditures</i>	<u>26,800,350</u>	<u>4,039,537</u>	<u>18,486,237</u>	<u>146,152</u>	<u>123,445</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,586,634</u>	<u>(549,701)</u>	<u>(8,068,815)</u>	<u>(146,152)</u>	<u>(123,445)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	83,882	0	0	0	0
Transfers In	0	251,609	0	369,987	778,404
Transfers Out	(5,647,424)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(5,563,542)</u>	<u>251,609</u>	<u>0</u>	<u>369,987</u>	<u>778,404</u>
<i>Net Change in Fund Balances</i>	(1,976,908)	(298,092)	(8,068,815)	223,835	654,959
<i>Fund Balances (Deficit), Beginning of Year</i>	<u>26,511,416</u>	<u>1,485,082</u>	<u>13,983,187</u>	<u>(2,604,027)</u>	<u>(2,065,327)</u>
<i>Fund Balances (Deficit), End of Year</i>	<u>\$24,534,508</u>	<u>\$1,186,990</u>	<u>\$5,914,372</u>	<u>(\$2,380,192)</u>	<u>(\$1,410,368)</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, 2009*

Other Governmental Funds	Total Governmental Funds		
		<b>Net Change in Fund Balances - Total Governmental Funds</b>	(\$12,316,215)
		<b>Amounts reported for governmental activities in the statement of activities are different because</b>	
\$1,425,988	\$4,439,830	Governmental funds report capital outlays as expenditures.	
80,483	33,433,337	However, in the statement of activities, the cost of those	
0	788,768	assets is allocated over their estimated useful lives as	
2,356,770	6,379,986	depreciation expense. This is the amount by which capital	
0	998,629	outlays exceeded depreciation in the current period.	
260,535	670,840	Capital Outlay	13,338,971
0	337,471	Depreciation	<u>(5,397,052)</u>
24,097	24,097	Total	7,941,919
2,828,304	3,646,417	Governmental funds only report the disposal of capital assets to	
72,673	75,173	the extent proceeds are received from the sale. In the	
102,043	650,587	statement of activities, a gain or loss is reported for each	
		disposal.	(56,869)
<u>7,150,893</u>	<u>51,445,135</u>	Revenues in the statement of activities that do not provide	
		current financial resources are not reported as revenues	
		in the funds.	
776,472	8,078,371	Property Taxes	74,075
1,186,710	7,574,187	Municipal Income Taxes	572,497
0	297,440	Intergovernmental	1,081
0	84,955	Special Assessments	(788,572)
5,689,702	5,793,337	Charges for Services	<u>(10,000)</u>
834,305	2,801,923	Total	(150,919)
269,322	1,641,022	Repayment of long-term debt is an expenditure in the	
1,079,000	6,491,425	governmental funds, but the repayment reduces long-term	
0	4,061,450	liabilities in the statement of net assets.	3,271,373
4,319,856	22,775,769	Some expenses reported in the statement of activities, such as	
0	3,271,373	accrued interest do not require the use of current financial	
0	879,836	resources and therefore are not reported as expenditures	
<u>14,155,367</u>	<u>63,751,088</u>	in governmental funds.	22,167
<u>(7,004,474)</u>	<u>(12,305,953)</u>	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.	
0	83,882	Compensated Absences	(120,357)
4,153,280	5,553,280	Vacation Benefits Payable	27,706
0	(5,647,424)	Solon City School District	20,000
<u>4,153,280</u>	<u>(10,262)</u>	Claims Payable	<u>65,063</u>
(2,851,194)	(12,316,215)	Total	(7,588)
<u>8,828,035</u>	<u>46,138,366</u>	The internal service funds used by management are not reported	
<u>\$5,976,841</u>	<u>\$33,822,151</u>	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	174,155
		Claims Payable	<u>(65,063)</u>
			<u>109,092</u>
		<i>Change in Net Assets of Governmental Activities</i>	<u><u>(\$1,187,040)</u></u>

**City of Solon, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$785,340	\$777,456	\$824,093	\$46,637
Municipal Income Taxes	29,839,735	29,466,250	25,518,808	(3,947,442)
Intergovernmental	1,382,379	1,371,591	1,441,380	69,789
Investment Income	1,329,956	1,318,500	1,198,952	(119,548)
Fees, Licenses and Permits	447,306	443,453	408,009	(35,444)
Fines and Forfeitures	386,257	382,000	348,680	(33,320)
Charges for Services	939,433	930,618	815,213	(115,405)
Miscellaneous	202,242	200,500	533,252	332,752
<i>Total Revenues</i>	<u>35,312,648</u>	<u>34,890,368</u>	<u>31,088,387</u>	<u>(3,801,981)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	8,048,506	8,189,200	7,683,465	505,735
Fire	6,872,353	6,992,901	6,703,569	289,332
Prosecutor	412,963	419,979	317,130	102,849
Public Health and Welfare	86,914	89,167	84,955	4,212
Leisure Time Activities	6,898	6,898	6,898	0
Community Environment	2,381,476	2,438,532	2,091,545	346,987
Basic Utility Services	1,844,459	1,994,672	1,799,335	195,337
Transportation	6,092,188	6,065,389	5,572,752	492,637
General Government	4,803,257	4,889,857	4,105,856	784,001
<i>Total Expenditures</i>	<u>30,549,014</u>	<u>31,086,595</u>	<u>28,365,505</u>	<u>2,721,090</u>
<i>Excess of Revenues Over Expenditures</i>	<u>4,763,634</u>	<u>3,803,773</u>	<u>2,722,882</u>	<u>(1,080,891)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	83,882	83,882	83,882	0
Transfers In	3,318,750	3,318,750	0	(3,318,750)
Transfers Out	(11,436,000)	(11,436,000)	(5,647,424)	5,788,576
<i>Total Other Financing Sources (Uses)</i>	<u>(8,033,368)</u>	<u>(8,033,368)</u>	<u>(5,563,542)</u>	<u>2,469,826</u>
<i>Net Change in Fund Balance</i>	<u>(3,269,734)</u>	<u>(4,229,595)</u>	<u>(2,840,660)</u>	<u>1,388,935</u>
<i>Fund Balance, Beginning of Year</i>	23,471,884	23,471,884	23,471,884	0
Prior Year Encumbrances Appropriated	1,187,135	1,187,135	1,187,135	0
<i>Fund Balance, End of Year</i>	<u>\$21,389,285</u>	<u>\$20,429,424</u>	<u>\$21,818,359</u>	<u>\$1,388,935</u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*December 31, 2009*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Assets</b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$4,647,633	\$277,559	\$4,925,192	\$171,200
Materials and Supplies Inventory	166,162	15,026	181,188	0
Accounts Receivable	265,761	2,908	268,669	0
<i>Total Current Assets</i>	<u>5,079,556</u>	<u>295,493</u>	<u>5,375,049</u>	<u>171,200</u>
<i>Noncurrent Assets:</i>				
Nondepreciable Capital Assets	738,713	2,382,164	3,120,877	0
Depreciable Capital Assets, Net	60,563,149	716,433	61,279,582	0
<i>Total Noncurrent Assets</i>	<u>61,301,862</u>	<u>3,098,597</u>	<u>64,400,459</u>	<u>0</u>
<i>Total Assets</i>	<u>66,381,418</u>	<u>3,394,090</u>	<u>69,775,508</u>	<u>171,200</u>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts Payable	27,574	2,356	29,930	0
Accrued Wages	18,302	6,672	24,974	0
Intergovernmental Payable	24,951	5,320	30,271	0
Accrued Interest Payable	188,157	0	188,157	0
Compensated Absences Payable	121,814	176,313	298,127	0
Vacation Benefits Payable	49,213	28,073	77,286	0
OWDA Loans Payable	1,517,361	0	1,517,361	0
Claims Payable	0	0	0	7,703
<i>Total Current Liabilities</i>	<u>1,947,372</u>	<u>218,734</u>	<u>2,166,106</u>	<u>7,703</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	189,736	17,025	206,761	0
OWDA Loans Payable	10,171,586	0	10,171,586	0
Claims Payable	0	0	0	2,567
<i>Total Long-Term Liabilities</i>	<u>10,361,322</u>	<u>17,025</u>	<u>10,378,347</u>	<u>2,567</u>
<i>Total Liabilities</i>	<u>12,308,694</u>	<u>235,759</u>	<u>12,544,453</u>	<u>10,270</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	49,612,915	3,098,597	52,711,512	0
Unrestricted	4,459,809	59,734	4,519,543	160,930
<i>Total Net Assets</i>	<u>\$54,072,724</u>	<u>\$3,158,331</u>	<u>\$57,231,055</u>	<u>\$160,930</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, 2009*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Operating Revenues</b>				
Charges for Services	\$5,157,026	\$866,667	\$6,023,693	\$350,000
Tap-In Fees	264,359	0	264,359	0
Rentals	0	213,324	213,324	0
Miscellaneous	30,463	29,850	60,313	0
<i>Total Operating Revenues</i>	<u>5,451,848</u>	<u>1,109,841</u>	<u>6,561,689</u>	<u>350,000</u>
<b>Operating Expenses</b>				
Personal Services	2,086,536	691,124	2,777,660	0
Materials and Supplies	461,237	202,383	663,620	0
Contractual Services	1,585,641	133,669	1,719,310	212,940
Depreciation	1,917,390	69,092	1,986,482	0
Claims	0	0	0	25,299
Change in Workers' Compensation Estimate	0	0	0	(62,394)
Other	13,417	42,862	56,279	0
<i>Total Operating Expenses</i>	<u>6,064,221</u>	<u>1,139,130</u>	<u>7,203,351</u>	<u>175,845</u>
<i>Operating Income (Loss)</i>	(612,373)	(29,289)	(641,662)	174,155
<b>Non-Operating Expenses</b>				
Loss on Sale of Capital Assets	(7,968)	(3,793)	(11,761)	
Interest and Fiscal Charges	(400,779)	0	(400,779)	0
<i>Income (Loss) before Transfers and Capital Contributions</i>	(1,021,120)	(33,082)	(1,054,202)	174,155
Capital Contributions	1,056,061	167,355	1,223,416	0
Transfers In	89,247	4,897	94,144	0
<i>Change in Net Assets</i>	124,188	139,170	263,358	174,155
<i>Net Assets, Beginning of Year</i>	<u>53,948,536</u>	<u>3,019,161</u>	<u>56,967,697</u>	<u>(13,225)</u>
<i>Net Assets, End of Year</i>	<u><u>\$54,072,724</u></u>	<u><u>\$3,158,331</u></u>	<u><u>\$57,231,055</u></u>	<u><u>\$160,930</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, 2009

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$5,105,292	\$866,667	\$5,971,959	\$0
Cash Received from Tap-In Fees	264,359	0	264,359	0
Cash Received from Rentals	0	212,978	212,978	0
Cash Received from Interfund Services Provided	0	0	0	350,000
Cash Received from Other Sources and Donations	30,463	29,850	60,313	0
Cash Payments to Employees for Services and Benefits	(2,175,603)	(704,576)	(2,880,179)	0
Cash Payments for Goods and Services	(2,076,567)	(354,751)	(2,431,318)	(212,940)
Cash Payments for Claims	0	0	0	(27,968)
Cash Payments for Other Operating Expenses	(13,417)	(42,862)	(56,279)	0
<i>Net Cash Provided by Operating Activities</i>	<u>1,134,527</u>	<u>7,306</u>	<u>1,141,833</u>	<u>109,092</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers In	89,247	4,897	94,144	0
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from Sale of Capital Assets	31,845	1,050	32,895	0
OWDA Loans Issued	47,308	0	47,308	0
Acquisition of Capital Assets	(601,331)	0	(601,331)	0
Principal Paid on OWDA Loans	(1,468,432)	0	(1,468,432)	0
Interest Paid on OWDA Loans	(425,243)	0	(425,243)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(2,415,853)</u>	<u>1,050</u>	<u>(2,414,803)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(1,192,079)	13,253	(1,178,826)	109,092
<i>Cash and Cash Equivalents, Beginning of Year</i>	<u>5,839,712</u>	<u>264,306</u>	<u>6,104,018</u>	<u>62,108</u>
<i>Cash and Cash Equivalents, End of Year</i>	<u><u>\$4,647,633</u></u>	<u><u>\$277,559</u></u>	<u><u>\$4,925,192</u></u>	<u><u>\$171,200</u></u>

(continued)

**City of Solon, Ohio**  
*Statement of Cash Flows*  
*Enterprise Funds (continued)*  
For the Year Ended December 31, 2009

	Business-type Activities			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
Operating Income (Loss)	(\$612,373)	(\$29,289)	(\$641,662)	\$174,155
Adjustments:				
Depreciation	1,917,390	69,092	1,986,482	0
(Increase) Decrease in Assets:				
Accounts Receivable	(51,734)	(346)	(52,080)	0
Materials and Supplies Inventory	924	(2,606)	(1,682)	0
Increase (Decrease) in Liabilities:				
Accounts Payable	(36,563)	(16,073)	(52,636)	0
Accrued Wages	(30,198)	(6,751)	(36,949)	0
Claims Payable	0	0	0	(65,063)
Compensated Absences Payable	(47,939)	(8,530)	(56,469)	0
Vacation Benefits Payable	(6,156)	2,666	(3,490)	0
Intergovernmental Payable	1,176	(857)	319	0
<i>Net Cash Provided by Operating Activities</i>	<u>\$1,134,527</u>	<u>\$7,306</u>	<u>\$1,141,833</u>	<u>\$109,092</u>

**Noncash Capital Financing Activities**

During 2009, the infrastructure and general capital improvements capital projects funds paid \$1,103,801 and \$119,615 respectively, to contractors directly on behalf of the water reclamation and grantwood recreation enterprise funds. These amounts are 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, 2009*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	\$1,088,398
Cash and Cash Equivalents in Segregated Accounts	<u>39,196</u>
<i>Total Assets</i>	<u><u>\$1,127,594</u></u>

**Liabilities**

Intergovernmental Payable	\$39,196
Deposits Held and Due to Others	<u>1,088,398</u>
<i>Total Liabilities</i>	<u><u>\$1,127,594</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, 2009*

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**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 17 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.

***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, 2009*

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**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.

**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, 2009*

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**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 debt proceeds from 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 debt proceeds from 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.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**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.

**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.

**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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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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.

**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, 2009, but which were levied to finance year 2010 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.

**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 2009, investments were limited to repurchase agreements, federal home loan bank bonds, federal home loan mortgage corporation notes, federal national mortgage association notes and STAR Ohio.

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.

STAR Ohio is an investment pool managed by the State Treasurers Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2009.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2009 amounted to \$998,629, which includes \$449,498 assigned from other City funds.

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

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

***Inventory***

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

***Restricted Assets***

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

***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 proprietary 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.

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

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

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

***Interfund Balances***

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund balance amounts are eliminated in the statement of net assets.

***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service. Since the City's policy limits the accrual of vacation time to the amount accrued in one year, the outstanding liability is recorded as "vacation benefits payable" on the statement of net assets rather than as a long-term liability.

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

The 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.



**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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***Accrued Liabilities and Long-Term Obligations***

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

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

***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 and unclaimed monies. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

***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. 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.

***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.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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***Contributions of Capital***

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

***Interfund Activity***

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

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

***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.

***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.

***Estimates***

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

***Budgetary Process***

All funds, except 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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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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 department for all funds. For the personal service object level the Finance Director has been authorized to allocate and maintain appropriations within each department. For the other object level the Finance Director has been authorized to allocate appropriations within each department and any object level which he maintains on his books, other than personal services. Budgetary statements are presented beyond that legal level of control for informational purposes only.

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

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

### **Note 3 – Change in Accounting Principles**

For fiscal year 2009, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, Statement No. 53, “ Accounting and Financial Reporting for Derivative Instruments”, Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”, Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies”.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP,

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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and the framework for selecting those principles. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the City's 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).
- 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).

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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

Net Change in Fund Balance	
GAAP Basis	(\$1,976,908)
Net Adjustment for Revenue Accruals	501,080
Beginning Fair Value Adjustment for Investments	434,733
Ending Fair Value Adjustment for Investments	(234,410)
Net Adjustment for Expenditure Accruals	(1,265,354)
Encumbrances	<u>(299,801)</u>
Budget Basis	<u><u>(\$2,840,660)</u></u>

**Note 5 – Fund Deficits**

The community center and the building construction capital projects funds have deficit fund balances as of December 31, 2009 in the amounts of \$2,380,192 and \$1,410,368 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**

The City has chosen to follow State statutes and classify monies held by the City 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.

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;

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 (STAR Ohio); and
8. Commercial paper and bankers' acceptances if training requirements have been met.

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.

### **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, \$6,546,078 of the City's bank balance of \$13,799,273 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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.

**City of Solon, Ohio**  
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**Investments**

Investments are reported at fair value. As of December 31, 2009, 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	\$1,305,000	\$0	\$0	\$1,305,000
Federal Home Loan Bank Bonds	0	0	3,158,130	3,158,130
Federal Home Loan Mortgage Corporation Notes	0	9,018,860	10,970,280	19,989,140
Federal National Mortgage Association Notes	0	0	4,125,640	4,125,640
STAR Ohio	2,008,563	0	0	2,008,563
<b>Total Portfolio</b>	<b>\$3,313,563</b>	<b>\$9,018,860</b>	<b>\$18,254,050</b>	<b>\$30,586,473</b>

**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 and Federal National Mortgage Association Notes carry a rating of AAA by Standard & Poor's and STAR Ohio also carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio 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, 2009:

Investment	Percentage of Investments
Federal Home Loan Bank Bonds	14.60 %
Federal Home Loan Mortgage Corporation Notes	65.35
Federal National Mortgage Association Notes	13.49

**City of Solon, Ohio**  
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**Note 7 – Receivables**

Receivables at December 31, 2009, consisted of property 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 \$5,773,379 in the general obligation bond retirement fund. At December 31, 2009, the amount of delinquent special assessments was \$53,494.

***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 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) are for 2009 taxes.

2009 real property taxes are levied after October 1, 2009 on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

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.

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. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

Tangible personal property tax revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008. 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 by September 20.



**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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The full tax rate for all City operations for the year ended December 31, 2009 was \$4.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	\$826,288,130
Other Real Estate	315,566,440
Tangible Personal Property	
Public Utility	15,788,230
General	<u>21,840,222</u>
Total	<u><u>\$1,179,483,022</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, 2009 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 2009 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.

***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 2009, the proceeds were allocated seventy-five percent to the general fund and twenty-five percent to the infrastructure capital projects fund after a five percent deduction was taken and allocated to the general capital improvements fund for income tax administration costs.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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***Intergovernmental Receivable***

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Ohio Dept of Transportation	\$2,187,221
Local Government	354,974
Gasoline Tax	274,068
Homestead and Rollback	218,847
Estate Tax	137,765
Cents per Gallon	129,476
Auto Regulation	118,155
Personal Property Tax Reimbursement	81,294
Prisoner Housing	37,355
Cuyahoga County Clerk of Courts	28,000
Violations Bureau	19,351
Village of Glenwillow	8,212
State of Ohio	7,954
County Auditor	2,331
City of Cleveland	649
Bureau of Motor Vehicles	105
Total Intergovernmental Receivables	<u><u>\$3,605,757</u></u>

**Note 8 - Contingencies**

***Grants***

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2009.

***Litigation***

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

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

Capital asset activity for the year ended December 31, 2009, was as follows:

	Balance 12/31/08	Additions	Reductions	Balance 12/31/09
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$9,392,723	\$850,887	\$0	\$10,243,610
Construction in progress	1,498,571	6,793,456	(312,012)	7,980,015
Total Capital Assets Not Being Depreciated	<u>10,891,294</u>	<u>7,644,343</u>	<u>(312,012)</u>	<u>18,223,625</u>
Capital Assets Being Depreciated				
Land improvements	1,308,076	14,025	0	1,322,101
Buildings	55,609,933	71,641	(47,740)	55,633,834
Equipment and Furniture	6,279,038	115,341	(25,133)	6,369,246
Vehicles	10,828,306	1,870,709	(764,888)	11,934,127
Infrastructure	98,800,673	3,934,924	(1,067,155)	101,668,442
Total Capital Assets Being Depreciated	<u>172,826,026</u>	<u>6,006,640</u>	<u>(1,904,916)</u>	<u>176,927,750</u>
Less Accumulated Depreciation				
Land improvements	(544,012)	(66,146)	0	(610,158)
Buildings	(12,468,359)	(1,401,614)	9,548	(13,860,425)
Equipment and Furniture	(3,002,653)	(500,757)	25,133	(3,478,277)
Vehicles	(6,240,924)	(966,436)	759,393	(6,447,967)
Infrastructure	(54,010,192)	(2,462,099)	1,053,973	(55,418,318)
Total Accumulated Depreciation	<u>(76,266,140)</u>	<u>(5,397,052) *</u>	<u>1,848,047</u>	<u>(79,815,145)</u>
Capital Assets Being Depreciated, net	<u>96,559,886</u>	<u>609,588</u>	<u>(56,869)</u>	<u>97,112,605</u>
Governmental Activities Capital Assets, net	<u>\$107,451,180</u>	<u>\$8,253,931</u>	<u>(\$368,881)</u>	<u>\$115,336,230</u>

**City of Solon, Ohio**  
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	Balance 12/31/08	Additions	Reductions	Balance 12/31/09
<b>Business Type Activities:</b>				
Capital Assets Not Being Depreciated				
Land	\$3,150,174	\$0	(\$29,297)	\$3,120,877
Construction in progress	1,141,315	853,190	(1,994,505)	0
Total Capital Assets				
Not Being Depreciated	4,291,489	853,190	(2,023,802)	3,120,877
Capital Assets Being Depreciated				
Land Improvements	256,107	0	0	256,107
Buildings	28,010,140	145,386	(117,287)	28,038,239
Equipment and Furniture	5,905,255	192,605	(143,174)	5,954,686
Vehicles	725,729	0	(20,764)	704,965
Infrastructure	56,468,262	2,628,071	0	59,096,333
Total Capital Assets Being Depreciated	91,365,493	2,966,062	(281,225)	94,050,330
Less Accumulated Depreciation				
Land Improvements	(240,798)	(4,944)	0	(245,742)
Buildings	(10,230,984)	(715,121)	110,397	(10,835,708)
Equipment and Furniture	(4,741,903)	(225,583)	134,705	(4,832,781)
Vehicles	(487,652)	(32,560)	20,764	(499,448)
Infrastructure	(15,348,795)	(1,008,274)	0	(16,357,069)
Total Accumulated Depreciation	(31,050,132)	(1,986,482)	265,866	(32,770,748)
Capital Assets Being Depreciated, net	60,315,361	979,580	(15,359)	61,279,582
<b>Business Type Activities</b>				
Capital Assets, net	<u>\$64,606,850</u>	<u>\$1,832,770</u>	<u>(\$2,039,161)</u>	<u>\$64,400,459</u>

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

Security of Persons and Property	
Police	\$498,539
Fire	517,081
Leisure Time Activities	668,703
Community Environment	27,748
Transportation	2,462,099
Basic Utility Service	839,053
General Government	383,829
Total Depreciation Expense	<u>\$5,397,052</u>

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 10 - Risk Management**

***Property and Liability***

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

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

***Workers' Compensation***

On July 3, 2007, the City was approved for self-insured status by the Bureau of Workers' Compensation and began to administer its own workers' compensation program (the program). The City has established a workers' compensation internal service fund to account for assets set aside for claim settlements and related liabilities associated with the program. Liabilities of the fund are reported when an employee injury has occurred, it is probable that a claim will be filed under the program, and the amount of the claim can be reasonably estimated. The City utilizes the services of 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 \$10,270 reported in the fund at December 31, 2009, 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 or unallocated claim adjustment expenses. Changes in the fund's claims liability amount for 2008 and 2009 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Change in Workers' Compensation Estimate	Balance at End of Year
2008	\$71,286	\$76,980	\$72,933	\$0	\$75,333
2009	75,333	25,299	27,968	(62,394)	10,270

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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**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 premiums 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 2009 plan year of \$3,585,382.

The claims liability of \$295,908 reported in the general fund at December 31, 2009 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 2008 and 2009 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2008	\$205,180	\$3,353,672	\$3,147,079	\$411,773
2009	411,773	3,087,641	3,203,506	295,908

**Note 11 - Defined Benefit Pension Plans**

***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 Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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OPERS provides retirement, disability and survivor benefits and annual cost-of-living adjustments to members of the Traditional Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 10.1 percent.

The City's 2009 contribution rate was 14.0 percent. For the period January 1 through March 31, a portion of the City's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14.0 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 Pension and Combined Plans for the years ended December 31, 2009, 2008, and 2007 were \$1,143,422, \$932,626, and \$1,081,131, respectively; 91.82 percent has been contributed for 2009 and 100 percent for 2008 and 2007. Contributions to the Member-Directed Plan for 2009 were \$47,640 made by the City and \$34,029 made by plan members.

***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 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City's contributions to OP&F for police and firefighters were \$468,584 and \$846,914 for the year ended December 31, 2009, \$427,861 and \$796,713 for the year ended December 31, 2008, and \$417,168 and \$760,923 for the year ended December 31, 2007. 72.36 percent for police and 72.96 percent for firefighters has been contributed for 2009. The full amount has been contributed for 2008 and 2007.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 12 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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, Ohio 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 administrated 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 OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.63 percent. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The amount of employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree 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 post-employment health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$826,782, \$932,626, and \$712,122, respectively; 91.82 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.



**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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***Police and Firemen's Disability and Pension Fund***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care 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 health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$248,074 and \$331,401 for the year ended December 31, 2009, \$226,515 and \$311,757 for the year ended December 31, 2008, and \$220,854 and

**City of Solon, Ohio**  
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\$297,752 for the year ended December 31, 2007. 72.36 percent has been contributed for police and 72.96 percent has been contributed for firefighters for 2009. The full amount has been contributed for 2008 and 2007.

**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, a maximum of \$100,000 per occurrence, will come from the self-insurance pool with any excess paid from the specific stop-loss coverage carried by the pool. The self-insurance pool will pay up to \$750,000 per policy year before the aggregate stop-loss coverage takes over. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment.

**City of Solon, Ohio**  
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In 2009, the City of Solon paid \$284,758 in premiums from the general fund, which represents 17.46 percent of the total premiums paid by all members. Financial information can be obtained by contacting the fiscal agent, Allison Chance, Acting Finance Director at the City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio, 44146.

**Note 15- Long-Term Obligations**

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

	Balance 12/31/08	Additions	Reductions	Balance 12/31/09	Amounts Due in One Year
<b>Governmental Activities</b>					
<b>General Obligation Bonds</b>					
1997 \$3,700,000 - 5.70%					
Library Building	\$2,060,000	\$0	(\$1,595,000)	\$465,000	\$225,000
2002 \$12,235,000 - 3.00% to 4.60%					
Community Center	7,090,000	0	(835,000)	6,255,000	875,000
<i>Total General Obligation Bonds</i>	<u>9,150,000</u>	<u>0</u>	<u>(2,430,000)</u>	<u>6,720,000</u>	<u>1,100,000</u>
<b>Special Assessment Bonds with Governmental Commitment</b>					
1992 \$1,500,000 - 6.31%					
County Issued Miles Sewer	325,818	0	(78,013)	247,805	80,308
<b>OWDA Loans</b>					
1993 \$5,894,814 - 4.30%					
Northeast Pump	828,022	0	(151,815)	676,207	158,413
1997 \$1,249,104 - 4.16%					
Aurora/Liberty Sanitary Sewer	624,750	0	(67,313)	557,437	70,143
2004 \$5,861,485 - 1.87%					
Aurora Road West Draw	4,686,238	0	(271,706)	4,414,532	275,660
2006 \$6,329,372 - 3.35%					
Aurora East Sewer Project	5,868,452	0	(242,202)	5,626,250	250,384
<i>Total OWDA Loans</i>	<u>12,007,462</u>	<u>0</u>	<u>(733,036)</u>	<u>11,274,426</u>	<u>754,600</u>
<b>OPWC Loans</b>					
1996 \$952,295 - 0%					
Solon Allotment	285,687	0	(23,807)	261,880	47,615
1999 \$195,500 - 0%					
Cochran Project	65,168	0	(6,517)	58,651	13,033
<i>Total OPWC Loans</i>	<u>350,855</u>	<u>0</u>	<u>(30,324)</u>	<u>320,531</u>	<u>60,648</u>
<b>Other Long-term Obligations</b>					
Compensated Absences	3,477,366	312,209	(191,852)	3,597,723	1,139,349
Solon City School District	80,000	0	(20,000)	60,000	20,000
Claims Payable	75,333	25,299	(90,362)	10,270	7,703
<i>Total Other Long-term Obligations</i>	<u>3,632,699</u>	<u>337,508</u>	<u>(302,214)</u>	<u>3,667,993</u>	<u>1,167,052</u>
<i>Total General Long-term Obligations</i>	<u>\$25,466,834</u>	<u>\$337,508</u>	<u>(\$3,573,587)</u>	<u>\$22,230,755</u>	<u>\$3,162,608</u>

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

	Balance 12/31/08	Additions	Reductions	Balance 12/31/09	Amounts Due in One Year
<b>Business-type Activities</b>					
<b>OWDA Loans</b>					
1971 \$509,646 - 6.25%					
Treatment Plant Expansion	\$78,891	\$0	(\$30,012)	\$48,879	\$31,886
1993 \$5,894,814 - 4.30%					
Northeast Pump	1,143,458	0	(209,649)	933,809	218,761
1996 \$18,763,183 - 3.04%					
Treatment Plant Upgrade and Expansion	7,980,761	0	(1,039,516)	6,941,245	1,071,358
1997 \$401,178 - 3.54%					
Treatment Plant Upgrade and Expansion	179,552	0	(23,030)	156,522	23,853
2006 \$4,406,906 - 3.15%					
Trickling Filter Rehabilitation	3,727,409	47,308	(166,225)	3,608,492	171,503
<i>Total OWDA Loans</i>	13,110,071	47,308	(1,468,432)	11,688,947	1,517,361
<b>Other Long-term Liabilities</b>					
Compensated Absences	561,357	22,605	(79,074)	504,888	298,127
<i>Total Business-type Activities</i>	<u>\$13,671,428</u>	<u>\$69,913</u>	<u>(\$1,547,506)</u>	<u>\$12,193,835</u>	<u>\$1,815,488</u>

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. During 2009, the City redeemed \$1,390,000 of the amounts due in years 2012 through 2016. The bonds did not have a call premium.

In 2002, the City issued \$12,235,000 in unvoted 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.

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

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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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.

During 2008, the City assumed a loan initially between an independent contractor towards the Solon City School District for nonpayment. The contractor has agreed to compensate the City over a ten year period while the City repays the loan over a five year period.

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. The City has received \$3,879,364 in proceeds.

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. In the event that the water reclamation enterprise fund would fail to pay the OWDA loans, payment would be made by any general tax revenues collected in the general, bond retirement or capital projects funds.

Compensated absences will be paid from the general fund, 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, 2009*

The City's overall legal debt margin was \$113,292,176 with an unvoted debt margin of \$54,783,025 at December 31, 2009. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2009 are as follows:

*Governmental Activities*

	General Obligation Bonds		Special Assessment Bonds		OWDA Loans		OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2010	\$1,100,000	\$310,646	\$80,308	\$8,149	\$754,600	\$299,274	\$60,648
2011	1,150,000	263,395	82,602	5,740	776,923	276,951	60,648
2012	670,000	213,030	84,895	3,014	799,974	253,901	60,649
2013	350,000	184,555	0	0	823,850	230,023	60,648
2014	365,000	169,155	0	0	660,730	207,339	54,131
2015 - 2019	2,095,000	570,230	0	0	3,282,723	779,791	23,807
2020 - 2024	990,000	74,750	0	0	3,337,450	370,506	0
2025 - 2026	0	0	0	0	838,176	35,388	0
<b>Total</b>	<b>\$6,720,000</b>	<b>\$1,785,761</b>	<b>\$247,805</b>	<b>\$16,903</b>	<b>\$11,274,426</b>	<b>\$2,453,173</b>	<b>\$320,531</b>

*Business-Type Activities*

	OWDA Loans	
	Principal	Interest
2010	\$1,345,858	\$249,147
2011	1,374,171	203,365
2012	1,401,776	158,288
2013	1,447,914	112,150
2014	1,236,228	67,247
2015	1,274,508	28,969
<b>Total</b>	<b>\$8,080,455</b>	<b>\$819,166</b>

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, 2009, \$990,000 of these bonds outstanding were considered defeased.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

**Note 16 - Note Debt**

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

	Balance 12/31/08	Additions	Reductions	Balance 12/31/09
1.125% Community Center Fund	\$2,700,000	\$2,400,000	\$2,700,000	\$2,400,000
Unamortized Premium	18,752	4,263	19,266	3,749
1.125% Building Construction Fund	3,000,000	2,300,000	3,000,000	2,300,000
Unamortized Premium	21,145	4,096	21,639	3,602
<b>Total</b>	<b>\$5,739,897</b>	<b>\$4,708,359</b>	<b>\$5,740,905</b>	<b>\$4,707,351</b>

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.

In 2009, the City issued \$2,400,000 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 \$4,263. These notes mature on November 18, 2010.

In 2009, the City issued \$2,300,000 in Various Improvement bond anticipation notes for various construction projects throughout the City. The building construction note was issued at a premium of \$4,096. These notes mature on November 18, 2010.

**Note 17 – Jointly Governed Organization**

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 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.

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 2009. Financial information can be obtained by contacting the Joseph Migliorini, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

**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.

**Note 19 – Interfund Transfers**

Interfund transfers for the year ended December 31, 2009, consisted of the following:

Transfers To	Transfer From
	General
<i>Major Funds:</i>	
General Obligation Bond Retirement	\$251,609
Community Center	369,987
Building Construction	778,404
Water Reclamation	89,247
Grantwood Recreation	4,897
Total Major Funds	1,494,144
Other Governmental Funds	4,153,280
Total All Funds	\$5,647,424

The general fund transfer to the community center and building construction capital projects funds were 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 mills of property tax received by 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 transfers to the general obligation bond retirement debt service fund were for principal and interest payments on bond issues. The general fund transfer to the safety and service equipment capital projects fund was an occasional subsidy for capital purchases.



**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**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 two percent in the JEDD effective January 1, 2007. The JEDD Board also contracted with the City of Solon to administer this income tax.

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

**Note 21 – Contractual Commitments**

The City has a \$7,703,541 remaining balance on a construction contract with Kenmore Construction for the Pettibone Road infrastructure project.

The City has a \$98,582 remaining balance on a professional service contract with Quality Control Inspection, Inc. for inspection services on the Pettibone Road infrastructure project.

**Note 22 – Subsequent Event**

On July 21, 2010, the Auditor of State released a special audit report conducted on the City of Solon. The special audit investigated cement contracts awarded to three different contractors/subcontractors between January 1, 2001 and December 31, 2007. The special audit concluded that the City of Solon was overbilled for the quantity and quality of cement work provided to them and resulted in findings for recovery in favor of the City totaling \$2.4 million against Midwest Paving, MGL Enterprises, Chaney Cement Contractors, Inc. and Dominic Bisesi, the City Construction Supervisor. The financial statements do not include an asset for this gain contingency.

## 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 are restricted 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 that are restricted for maintenance of State highways within the City.

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

**Fire Pension Fund** - to account for property taxes levied for the payment of the current liabilities 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 the general fund 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 the general fund 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 debt proceeds from the sale of general obligation notes for the purpose of purchasing land, buildings, vehicles and equipment.

**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2009*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$4,648,398	\$1,798,954	\$6,447,352
Accounts Receivable	44,193	0	44,193
Intergovernmental Receivable	637,346	29,671	667,017
Municipal Income Tax Receivable	0	14,912	14,912
Property Taxes Receivable	1,041,569	397,635	1,439,204
<i>Total Assets</i>	<u>\$6,371,506</u>	<u>\$2,241,172</u>	<u>\$8,612,678</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$47,981	\$0	\$47,981
Accrued Wages	27,979	0	27,979
Contracts Payable	0	31,618	31,618
Intergovernmental Payable	545,499	0	545,499
Deferred Revenue	1,553,688	429,072	1,982,760
<i>Total Liabilities</i>	<u>2,175,147</u>	<u>460,690</u>	<u>2,635,837</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	30,301	0	30,301
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	4,166,058	0	4,166,058
Capital Projects Funds	0	1,780,482	1,780,482
<i>Total Fund Balances</i>	<u>4,196,359</u>	<u>1,780,482</u>	<u>5,976,841</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,371,506</u>	<u>\$2,241,172</u>	<u>\$8,612,678</u>

**City of Solon, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2009*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property Taxes	\$1,041,488	\$384,500	\$1,425,988
Municipal Income Taxes	0	80,483	80,483
Intergovernmental	1,532,576	824,194	2,356,770
Fees, Licenses and Permits	260,535	0	260,535
Rentals	24,097	0	24,097
Charges for Services	2,809,280	19,024	2,828,304
Contributions and Donations	72,673	0	72,673
Miscellaneous	86,816	15,227	102,043
<i>Total Revenues</i>	<u>5,827,465</u>	<u>1,323,428</u>	<u>7,150,893</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property			
Police	776,472	0	776,472
Fire	1,186,710	0	1,186,710
Leisure Time Activities	5,689,702	0	5,689,702
Community Environment	834,305	0	834,305
Basic Utility Services	269,322	0	269,322
Transportation	1,079,000	0	1,079,000
Capital Outlay	0	4,319,856	4,319,856
<i>Total Expenditures</i>	<u>9,835,511</u>	<u>4,319,856</u>	<u>14,155,367</u>
<i>Excess of Revenues Under Expenditures</i>	(4,008,046)	(2,996,428)	(7,004,474)
<b>Other Financing Sources</b>			
Transfers In	<u>3,653,280</u>	<u>500,000</u>	<u>4,153,280</u>
<i>Net Change in Fund Balances</i>	(354,766)	(2,496,428)	(2,851,194)
<i>Fund Balances, Beginning of Year</i>	<u>4,551,125</u>	<u>4,276,910</u>	<u>8,828,035</u>
<i>Fund Balances, End of Year</i>	<u><u>\$4,196,359</u></u>	<u><u>\$1,780,482</u></u>	<u><u>\$5,976,841</u></u>

**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2009*

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$598,493	\$113,417	\$403,232	\$434,887	\$518,651
Accounts Receivable	0	0	0	0	39,244
Intergovernmental Receivable	482,572	39,127	30,765	46,148	0
Property Taxes Receivable	0	0	416,628	624,941	0
<i>Total Assets</i>	<u>\$1,081,065</u>	<u>\$152,544</u>	<u>\$850,625</u>	<u>\$1,105,976</u>	<u>\$557,895</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$0	\$0	\$0	\$0	\$15,732
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	198,061	318,583	0
Deferred Revenue	402,566	32,640	447,393	671,089	0
<i>Total Liabilities</i>	<u>402,566</u>	<u>32,640</u>	<u>645,454</u>	<u>989,672</u>	<u>15,732</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	0	0	0	0	4,060
Unreserved, Undesignated	678,499	119,904	205,171	116,304	538,103
<i>Total Fund Balances</i>	<u>678,499</u>	<u>119,904</u>	<u>205,171</u>	<u>116,304</u>	<u>542,163</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,081,065</u>	<u>\$152,544</u>	<u>\$850,625</u>	<u>\$1,105,976</u>	<u>\$557,895</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>
\$249,116	\$377	\$456,849	\$67,290	\$159,354	\$300,944	\$1,176,379
0	0	1,720	529	0	0	0
0	0	0	0	0	7,954	2,135
0	0	0	0	0	0	0
<u>\$249,116</u>	<u>\$377</u>	<u>\$458,569</u>	<u>\$67,819</u>	<u>\$159,354</u>	<u>\$308,898</u>	<u>\$1,178,514</u>
\$0	\$0	\$30,085	\$1,978	\$0	\$0	\$0
0	0	23,771	3,039	0	623	0
0	0	25,548	3,307	0	0	0
0	0	0	0	0	0	0
0	0	79,404	8,324	0	623	0
0	0	20,720	2,251	2,065	315	890
249,116	377	358,445	57,244	157,289	307,960	1,177,624
249,116	377	379,165	59,495	159,354	308,275	1,178,514
<u>\$249,116</u>	<u>\$377</u>	<u>\$458,569</u>	<u>\$67,819</u>	<u>\$159,354</u>	<u>\$308,898</u>	<u>\$1,178,514</u>

(continued)

**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*December 31, 2009*

	Law Enforcement Trust	Community Improvement Corporation	Cemetery Endowment Trust	Donations Trust	Total Nonmajor Special Revenue Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$104,273	\$4,000	\$5,501	\$55,635	\$4,648,398
Accounts Receivable	0	0	0	2,700	44,193
Intergovernmental Receivable	28,645	0	0	0	637,346
Property Taxes Receivable	0	0	0	0	1,041,569
<i>Total Assets</i>	<u>\$132,918</u>	<u>\$4,000</u>	<u>\$5,501</u>	<u>\$58,335</u>	<u>\$6,371,506</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$0	\$0	\$0	\$186	\$47,981
Accrued Wages	546	0	0	0	27,979
Intergovernmental Payable	0	0	0	0	545,499
Deferred Revenue	0	0	0	0	1,553,688
<i>Total Liabilities</i>	<u>546</u>	<u>0</u>	<u>0</u>	<u>186</u>	<u>2,175,147</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	0	0	0	0	30,301
Unreserved, Undesignated	132,372	4,000	5,501	58,149	4,166,058
<i>Total Fund Balances</i>	<u>132,372</u>	<u>4,000</u>	<u>5,501</u>	<u>58,149</u>	<u>4,196,359</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$132,918</u>	<u>\$4,000</u>	<u>\$5,501</u>	<u>\$58,335</u>	<u>\$6,371,506</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, 2009*

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
<b>Revenues</b>					
Property Taxes	\$0	\$0	\$416,878	\$624,610	\$0
Intergovernmental	986,549	80,245	103,969	155,955	0
Fees, Licenses and Permits	0	0	0	0	242,024
Rentals	0	0	0	0	0
Charges for Services	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>986,549</u>	<u>80,245</u>	<u>520,847</u>	<u>780,565</u>	<u>242,024</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property					
Police	0	0	699,149	0	0
Fire	0	0	0	1,184,210	0
Leisure Time Activities	0	0	0	0	263,793
Community Environment	0	0	0	0	0
Basic Utility Services	0	0	0	0	0
Transportation	1,000,000	79,000	0	0	0
<i>Total Expenditures</i>	<u>1,000,000</u>	<u>79,000</u>	<u>699,149</u>	<u>1,184,210</u>	<u>263,793</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(13,451)	1,245	(178,302)	(403,645)	(21,769)
<b>Other Financing Sources</b>					
Transfers In	17,437	3,139	250,000	425,000	10,872
<i>Net Change in Fund Balances</i>	3,986	4,384	71,698	21,355	(10,897)
<i>Fund Balances, Beginning of Year</i>	<u>674,513</u>	<u>115,520</u>	<u>133,473</u>	<u>94,949</u>	<u>553,060</u>
<i>Fund Balances, End of Year</i>	<u>\$678,499</u>	<u>\$119,904</u>	<u>\$205,171</u>	<u>\$116,304</u>	<u>\$542,163</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, 2009*

	Tree Planting	Street Lighting	Recreation	Senior Services	Economic Incentive
<b>Revenues</b>					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	27,534	0	12,853
Fees, Licenses and Permits	0	0	0	0	0
Rentals	0	0	24,097	0	0
Charges for Services	0	0	2,725,384	83,896	0
Contributions and Donations	0	0	44,565	0	0
Miscellaneous	0	0	84,416	2,400	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>2,905,996</u>	<u>86,296</u>	<u>12,853</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property					
Police	0	0	0	0	0
Fire	0	0	0	0	0
Leisure Time Activities	0	0	4,917,104	502,730	0
Community Environment	0	0	0	0	824,305
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>4,917,104</u>	<u>502,730</u>	<u>824,305</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	(2,011,108)	(416,434)	(811,452)
<b>Other Financing Sources</b>					
Transfers In	0	0	2,187,000	431,000	300,000
<i>Net Change in Fund Balances</i>	0	0	175,892	14,566	(511,452)
<i>Fund Balances, Beginning of Year</i>	<u>249,116</u>	<u>377</u>	<u>203,273</u>	<u>44,929</u>	<u>670,806</u>
<i>Fund Balances, End of Year</i>	<u>\$249,116</u>	<u>\$377</u>	<u>\$379,165</u>	<u>\$59,495</u>	<u>\$159,354</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	\$1,041,488
107,954	0	57,517	0	0	0	1,532,576
0	18,511	0	0	0	0	260,535
0	0	0	0	0	0	24,097
0	0	0	0	0	0	2,809,280
13,640	0	0	0	0	14,468	72,673
0	0	0	0	0	0	86,816
<u>121,594</u>	<u>18,511</u>	<u>57,517</u>	<u>0</u>	<u>0</u>	<u>14,468</u>	<u>5,827,465</u>
50,974	0	24,981	0	0	1,368	776,472
0	0	0	0	0	2,500	1,186,710
0	0	0	0	0	6,075	5,689,702
0	0	0	0	0	10,000	834,305
0	269,322	0	0	0	0	269,322
0	0	0	0	0	0	1,079,000
<u>50,974</u>	<u>269,322</u>	<u>24,981</u>	<u>0</u>	<u>0</u>	<u>19,943</u>	<u>9,835,511</u>
70,620	(250,811)	32,536	0	0	(5,475)	(4,008,046)
0	28,832	0	0	0	0	3,653,280
70,620	(221,979)	32,536	0	0	(5,475)	(354,766)
<u>237,655</u>	<u>1,400,493</u>	<u>99,836</u>	<u>4,000</u>	<u>5,501</u>	<u>63,624</u>	<u>4,551,125</u>
<u>\$308,275</u>	<u>\$1,178,514</u>	<u>\$132,372</u>	<u>\$4,000</u>	<u>\$5,501</u>	<u>\$58,149</u>	<u>\$4,196,359</u>

**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2009*

	Safety and Service Equipment	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$511,552	\$11,761	\$1,275,641	\$1,798,954
Intergovernmental Receivable	29,671	0	0	29,671
Income Tax Receivable	0	0	14,912	14,912
Property Taxes Receivable	397,635	0	0	397,635
<i>Total Assets</i>	<u>\$938,858</u>	<u>\$11,761</u>	<u>\$1,290,553</u>	<u>\$2,241,172</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Contracts Payable	\$0	\$0	\$31,618	\$31,618
Deferred Revenue	427,306	0	1,766	429,072
<i>Total Liabilities</i>	427,306	0	33,384	460,690
<b>Fund Balances</b>				
Unreserved, Undesignated	511,552	11,761	1,257,169	1,780,482
<i>Total Liabilities and Fund Balances</i>	<u>\$938,858</u>	<u>\$11,761</u>	<u>\$1,290,553</u>	<u>\$2,241,172</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, 2009*

	Safety and Service Equipment	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
<b>Revenues</b>				
Property Taxes	\$384,500	\$0	\$0	\$384,500
Municipal Income Taxes	0	0	80,483	80,483
Intergovernmental	112,390	0	711,804	824,194
Charges for Services	0	0	19,024	19,024
Miscellaneous	15,227	0	0	15,227
<i>Total Revenues</i>	512,117	0	811,311	1,323,428
<b>Expenditures</b>				
Capital Outlay	1,356,227	24,467	2,939,162	4,319,856
<i>Excess of Revenues Under Expenditures</i>	(844,110)	(24,467)	(2,127,851)	(2,996,428)
<b>Other Financing Sources</b>				
Transfers In	500,000	0	0	500,000
<i>Net Change in Fund Balances</i>	(344,110)	(24,467)	(2,127,851)	(2,496,428)
<i>Fund Balances, Beginning of Year</i>	855,662	36,228	3,385,020	4,276,910
<i>Fund Balances, End of Year</i>	<u>\$511,552</u>	<u>\$11,761</u>	<u>\$1,257,169</u>	<u>\$1,780,482</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, 2009

	Beginning Balance 12/31/08	Additions	Deductions	Ending Balance 12/31/09
<b>Inspection Deposits Fund</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,078,747	\$110,083	\$100,806	\$1,088,024
<b>Liabilities</b>				
Deposits Held and Due to Others	\$1,078,747	\$110,083	\$100,806	\$1,088,024
<b>DARE Scholarship Fund</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,868	\$0	\$1,494	\$374
<b>Liabilities</b>				
Deposits Held and Due to Others	\$1,868	\$0	\$1,494	\$374
<b>JEDD Income Tax Fund</b>				
<b>Assets</b>				
Cash and Cash Equivalents in Segregated Accounts	\$47,063	\$164,703	\$172,570	\$39,196
<b>Liabilities</b>				
Intergovernmental Payable	\$47,063	\$164,703	\$172,570	\$39,196
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,080,615	\$110,083	\$102,300	\$1,088,398
Cash and Cash Equivalents in Segregated Accounts	47,063	164,703	172,570	39,196
<i>Total Assets</i>	<u>\$1,127,678</u>	<u>\$274,786</u>	<u>\$274,870</u>	<u>\$1,127,594</u>
<b>Liabilities</b>				
Intergovernmental Payable	\$47,063	\$164,703	\$172,570	\$39,196
Deposits Held and Due to Others	1,080,615	110,083	102,300	1,088,398
<i>Total Liabilities</i>	<u>\$1,127,678</u>	<u>\$274,786</u>	<u>\$274,870</u>	<u>\$1,127,594</u>

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



**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$785,340	\$777,456	\$824,093	\$46,637
Municipal Income Taxes	29,839,735	29,466,250	25,518,808	(3,947,442)
Intergovernmental	1,382,379	1,371,591	1,441,380	69,789
Investment Income	1,329,956	1,318,500	1,198,952	(119,548)
Fees, Licenses and Permits	447,306	443,453	408,009	(35,444)
Fines and Forfeitures	386,257	382,000	348,680	(33,320)
Charges for Services	939,433	930,618	815,213	(115,405)
Miscellaneous	202,242	200,500	533,252	332,752
<b>Total Revenues</b>	<b>35,312,648</b>	<b>34,890,368</b>	<b>31,088,387</b>	<b>(3,801,981)</b>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Personal Services	7,170,583	7,296,155	6,941,164	354,991
Materials and Supplies	428,716	435,916	318,200	117,716
Contractual Services	430,047	437,645	410,885	26,760
Capital Outlay	19,160	19,484	13,216	6,268
<b>Total Police</b>	<b>8,048,506</b>	<b>8,189,200</b>	<b>7,683,465</b>	<b>505,735</b>
Fire				
Personal Services	6,151,414	6,259,332	6,064,510	194,822
Materials and Supplies	309,244	314,699	248,560	66,139
Contractual Services	263,027	267,650	241,530	26,120
Capital Outlay	148,668	151,220	148,969	2,251
<b>Total Fire</b>	<b>6,872,353</b>	<b>6,992,901</b>	<b>6,703,569</b>	<b>289,332</b>
Prosecutor				
Personal Services	159,526	162,410	152,746	9,664
Materials and Supplies	237,574	241,181	148,374	92,807
<b>Total Prosecutor</b>	<b>397,100</b>	<b>403,591</b>	<b>301,120</b>	<b>102,471</b>
Teen Court				
Personal Services	14,731	15,238	15,238	0
Materials and Supplies	1,132	1,150	772	378
<b>Total Teen Court</b>	<b>15,863</b>	<b>16,388</b>	<b>16,010</b>	<b>378</b>
<b>Total Prosecutor</b>	<b>412,963</b>	<b>419,979</b>	<b>317,130</b>	<b>102,849</b>
<b>Total Security of Persons and Property</b>	<b>\$15,333,822</b>	<b>\$15,602,080</b>	<b>\$14,704,164</b>	<b>\$897,916</b>

(continued)

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2009*

	<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				
Other	\$8,348	\$8,500	\$4,288	\$4,212
County Health District				
Contractual Services	<u>78,566</u>	<u>80,667</u>	<u>80,667</u>	<u>0</u>
Total Public Health and Welfare	<u>86,914</u>	<u>89,167</u>	<u>84,955</u>	<u>4,212</u>
Leisure Time Activities				
Recreation				
Personal Services	<u>6,898</u>	<u>6,898</u>	<u>6,898</u>	<u>0</u>
Community Environment				
Planning and Zoning				
Personal Services	537,436	546,982	541,087	5,895
Materials and Supplies	10,753	10,941	7,014	3,927
Contractual Services	24,214	24,650	13,645	11,005
Capital Outlay	<u>1,080</u>	<u>1,100</u>	<u>539</u>	<u>561</u>
Total Planning and Zoning	<u>573,483</u>	<u>583,673</u>	<u>562,285</u>	<u>21,388</u>
Development Board				
Materials and Supplies	2,986	3,040	591	2,449
Contractual Services	<u>33,351</u>	<u>33,960</u>	<u>25,742</u>	<u>8,218</u>
Total Development Board	<u>36,337</u>	<u>37,000</u>	<u>26,333</u>	<u>10,667</u>
Building Department				
Personal Services	479,260	487,781	458,321	29,460
Materials and Supplies	17,118	17,423	12,708	4,715
Contractual Services	44,595	45,387	29,853	15,534
Capital Outlay	2,457	2,498	1,691	807
Other	<u>14,731</u>	<u>15,000</u>	<u>8,422</u>	<u>6,578</u>
Total Building Department	<u>558,161</u>	<u>568,089</u>	<u>510,995</u>	<u>57,094</u>
Engineering Department				
Personal Services	950,632	973,391	788,502	184,889
Materials and Supplies	42,494	43,217	33,684	9,533
Contractual Services	168,772	171,648	122,333	49,315
Capital Outlay	<u>12,767</u>	<u>13,000</u>	<u>6,939</u>	<u>6,061</u>
Total Engineering Department	<u>\$1,174,665</u>	<u>\$1,201,256</u>	<u>\$951,458</u>	<u>\$249,798</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beautification Commission				
Materials and Supplies	\$35,540	\$36,163	\$29,736	\$6,427
Contractual Services	3,290	3,350	1,737	1,613
Capital Outlay	0	9,001	9,001	0
Total Beautification Commission	<u>38,830</u>	<u>48,514</u>	<u>40,474</u>	<u>8,040</u>
Total Community Environment	<u>2,381,476</u>	<u>2,438,532</u>	<u>2,091,545</u>	<u>346,987</u>
Basic Utility Services				
Storm Sewers				
Personal Services	615,048	624,940	538,194	86,746
Materials and Supplies	121,155	123,216	79,285	43,931
Contractual Services	14,771	14,950	10,807	4,143
Total Storm Sewers	<u>750,974</u>	<u>763,106</u>	<u>628,286</u>	<u>134,820</u>
Trees, Leaf and Brush				
Materials and Supplies	29,462	30,000	15,552	14,448
Contractual Services	6,875	7,000	4,775	2,225
Total Trees, Leaf and Brush	<u>36,337</u>	<u>37,000</u>	<u>20,327</u>	<u>16,673</u>
Refuse Collection and Disposal				
Personal Services	776,208	908,506	908,506	0
Materials and Supplies	217,727	221,700	195,125	26,575
Contractual Services	63,213	64,360	47,091	17,269
Total Refuse Collection and Disposal	<u>1,057,148</u>	<u>1,194,566</u>	<u>1,150,722</u>	<u>43,844</u>
Total Basic Utility Services	<u>1,844,459</u>	<u>1,994,672</u>	<u>1,799,335</u>	<u>195,337</u>
Transportation				
Street Lighting				
Contractual Services	677,635	718,205	718,205	0
Street Department				
Personal Services	3,641,494	3,585,014	3,311,280	273,734
Materials and Supplies	1,449,027	1,469,493	1,282,819	186,674
Contractual Services	207,065	210,810	204,534	6,276
Capital Outlay	116,967	81,867	55,914	25,953
Total Street Department	<u>5,414,553</u>	<u>5,347,184</u>	<u>4,854,547</u>	<u>492,637</u>
Total Transportation	<u>\$6,092,188</u>	<u>\$6,065,389</u>	<u>\$5,572,752</u>	<u>\$492,637</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, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government</b>				
<b>Council</b>				
Personal Services	\$262,042	\$267,089	\$250,995	\$16,094
Materials and Supplies	23,552	23,959	22,660	1,299
Contractual Services	15,309	15,584	7,675	7,909
<b>Total Council</b>	<b>300,903</b>	<b>306,632</b>	<b>281,330</b>	<b>25,302</b>
<b>Mayor</b>				
Personal Services	287,120	292,597	288,240	4,357
Materials and Supplies	4,859	4,944	4,520	424
Contractual Services	717	728	341	387
Capital Outlay	589	600	0	600
<b>Total Mayor</b>	<b>293,285</b>	<b>298,869</b>	<b>293,101</b>	<b>5,768</b>
<b>Finance</b>				
Personal Services	685,177	698,223	667,316	30,907
Materials and Supplies	21,843	24,100	24,100	0
Contractual Services	87,616	96,867	96,867	0
Capital Outlay	2,455	2,500	1,796	704
<b>Total Finance</b>	<b>797,091</b>	<b>821,690</b>	<b>790,079</b>	<b>31,611</b>
<b>Legal Department</b>				
Personal Services	80,577	82,547	82,547	0
Contractual Services	184,240	195,307	195,307	0
Other	58,925	60,000	16,094	43,906
<b>Total Legal Department</b>	<b>323,742</b>	<b>337,854</b>	<b>293,948</b>	<b>43,906</b>
<b>Human Resources</b>				
Personal Services	432,437	440,654	430,359	10,295
Materials and Supplies	3,820	3,888	3,092	796
Contractual Services	155,324	130,974	118,255	12,719
Capital Outlay	8,921	8,663	4,441	4,222
<b>Total Human Resources</b>	<b>600,502</b>	<b>584,179</b>	<b>556,147</b>	<b>28,032</b>
<b>Civil Service</b>				
Personal Services	5,732	5,844	3,842	2,002
Materials and Supplies	536	1,115	1,115	0
Contractual Services	32,409	32,429	29,327	3,102
<b>Total Civil Service</b>	<b>38,677</b>	<b>39,388</b>	<b>34,284</b>	<b>5,104</b>
<b>City Hall</b>				
Personal Services	177,363	180,757	175,856	4,901
Materials and Supplies	1,473	1,500	586	914
Contractual Services	1,700	1,729	1,066	663
<b>Total City Hall</b>	<b>\$180,536</b>	<b>\$183,986</b>	<b>\$177,508</b>	<b>\$6,478</b>

(continued)

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2009*

	<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	\$347,423	\$354,033	\$352,900	\$1,133
Materials and Supplies	47,538	49,693	49,693	0
Contractual Services	57,746	57,365	42,804	14,561
Capital Outlay	9,821	10,000	0	10,000
Other	0	0	0	0
<b>Total Income Tax Department</b>	<b>462,528</b>	<b>471,091</b>	<b>445,397</b>	<b>25,694</b>
Unclaimed Monies				
Other	9,821	10,000	134	9,866
City Administration				
Personal Services	61,852	63,030	56,156	6,874
Materials and Supplies	148,597	159,355	159,355	0
Contractual Services	907,336	923,787	918,622	5,165
Capital Outlay	8,839	9,000	7,788	1,212
Other	75,030	76,396	39,623	36,773
<b>Total City Administration</b>	<b>1,201,654</b>	<b>1,231,568</b>	<b>1,181,544</b>	<b>50,024</b>
Sick Leave Reserve				
Personal Services	392,832	400,000	15,752	384,248
Payroll Benefits Account				
Personal Services	159,686	162,600	0	162,600
Traffic Violations				
Personal Services	42,000	42,000	36,632	5,368
<b>Total General Government</b>	<b>4,803,257</b>	<b>4,889,857</b>	<b>4,105,856</b>	<b>784,001</b>
<b>Total Expenditures</b>	<b>30,549,014</b>	<b>31,086,595</b>	<b>28,365,505</b>	<b>2,721,090</b>
<b>Excess of Revenues Over Expenditures</b>	<b>4,763,634</b>	<b>3,803,773</b>	<b>2,722,882</b>	<b>(1,080,891)</b>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	83,882	83,882	83,882	0
Transfers In	3,318,750	3,318,750	0	(3,318,750)
Transfers Out	(11,436,000)	(11,436,000)	(5,647,424)	5,788,576
<b>Total Other Financing Sources (Uses)</b>	<b>(8,033,368)</b>	<b>(8,033,368)</b>	<b>(5,563,542)</b>	<b>2,469,826</b>
<b>Net Change in Fund Balance</b>	<b>(3,269,734)</b>	<b>(4,229,595)</b>	<b>(2,840,660)</b>	<b>1,388,935</b>
<b>Fund Balance, Beginning of Year</b>	<b>23,471,884</b>	<b>23,471,884</b>	<b>23,471,884</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>1,187,135</b>	<b>1,187,135</b>	<b>1,187,135</b>	<b>0</b>
<b>Fund Balance, End of Year</b>	<b>\$21,389,285</b>	<b>\$20,429,424</b>	<b>\$21,818,359</b>	<b>\$1,388,935</b>

**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, 2009*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$1,880,872	\$1,880,872	\$2,194,145	\$313,273
Special Assessments	920,000	920,000	788,572	(131,428)
Intergovernmental	501,176	501,176	501,176	0
Fees, Licenses and Permits	12,000	12,000	5,747	(6,253)
Miscellaneous	0	0	196	196
<i>Total Revenues</i>	<u>3,314,048</u>	<u>3,314,048</u>	<u>3,489,836</u>	<u>175,788</u>
<b>Expenditures</b>				
Current:				
General Government				
Legislative and Executive				
Contractual Services	11,877	15,000	22,537	(7,537)
Debt Service:				
Principal Retirement	7,087,679	8,951,136	8,941,049	10,087
Interest and Fiscal Charges	739,480	933,900	933,001	899
<i>Total Debt Service</i>	<u>7,827,159</u>	<u>9,885,036</u>	<u>9,874,050</u>	<u>10,986</u>
<i>Total Expenditures</i>	<u>7,839,036</u>	<u>9,900,036</u>	<u>9,896,587</u>	<u>3,449</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(4,524,988)</u>	<u>(6,585,988)</u>	<u>(6,406,751)</u>	<u>179,237</u>
<b>Other Financing Sources</b>				
General Obligation Notes Issued	4,200,000	4,200,000	4,700,000	500,000
Premium on General Obligation Notes Issued	0	0	8,359	8,359
Transfers In	392,212	1,392,212	1,400,000	7,788
<i>Total Other Financing Sources</i>	<u>4,592,212</u>	<u>5,592,212</u>	<u>6,108,359</u>	<u>516,147</u>
<i>Net Change in Fund Balance</i>	67,224	(993,776)	(298,392)	695,384
<i>Fund Balance, Beginning of Year</i>	<u>1,485,082</u>	<u>1,485,082</u>	<u>1,485,082</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$1,552,306</u>	<u>\$491,306</u>	<u>\$1,186,690</u>	<u>\$695,384</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Municipal Income Taxes	\$9,450,000	\$9,450,000	\$8,343,750	(\$1,106,250)
Miscellaneous	0	0	61,217	61,217
<i>Total Revenues</i>	<u>9,450,000</u>	<u>9,450,000</u>	<u>8,404,967</u>	<u>(1,045,033)</u>
<b>Expenditures</b>				
Current:				
Transportation				
Engineering Department				
Personal Services	221,911	372,629	372,629	0
Capital Outlay	16,207,870	18,057,152	16,859,237	1,197,915
Debt Service:				
Principal Retirement	0	0	30,324	(30,324)
<i>Total Expenditures</i>	<u>16,429,781</u>	<u>18,429,781</u>	<u>17,262,190</u>	<u>1,167,591</u>
<i>Net Change in Fund Balance</i>	(6,979,781)	(8,979,781)	(8,857,223)	122,558
<i>Fund Balance, Beginning of Year</i>	12,925,978	12,925,978	12,925,978	0
Prior Year Encumbrances Appropriated	429,781	429,781	429,781	0
<i>Fund Balance, End of Year</i>	<u>\$6,375,978</u>	<u>\$4,375,978</u>	<u>\$4,498,536</u>	<u>\$122,558</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay	<u>130,000</u>	<u>130,000</u>	<u>104,238</u>	<u>25,762</u>
<i>Net Change in Fund Balance</i>	(130,000)	(130,000)	(104,238)	25,762
<i>Fund Balance, Beginning of Year</i>	<u>131,095</u>	<u>131,095</u>	<u>131,095</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u><u>\$1,095</u></u>	<u><u>\$1,095</u></u>	<u><u>\$26,857</u></u>	<u><u>\$25,762</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay	<u>944,367</u>	<u>944,367</u>	<u>73,223</u>	<u>871,144</u>
<i>Net Change in Fund Balance</i>	(944,367)	(944,367)	(73,223)	871,144
<i>Fund Balance, Beginning of Year</i>	963,753	963,753	963,753	0
Prior Year Encumbrances Appropriated	<u>4,367</u>	<u>4,367</u>	<u>4,367</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u><u>\$23,753</u></u>	<u><u>\$23,753</u></u>	<u><u>\$894,897</u></u>	<u><u>\$871,144</u></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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$5,603,215	\$5,564,007	\$5,105,292	(\$458,715)
Tap-In Fees	100,701	100,000	264,359	164,359
Sale of Capital Assets	31,845	31,845	31,845	0
Miscellaneous	13,091	13,000	30,463	17,463
OWDA Loans Issued	47,308	47,308	47,308	0
<i>Total Revenues</i>	<u>5,796,160</u>	<u>5,756,160</u>	<u>5,479,267</u>	<u>(276,893)</u>
<b>Expenses</b>				
Personal Services	2,257,779	2,281,038	2,177,532	103,506
Materials and Supplies	560,266	565,833	494,227	71,606
Contractual Services	1,817,975	1,836,239	1,609,299	226,940
Other	39,582	40,000	13,417	26,583
Capital Outlay	1,165,844	1,173,336	622,584	550,752
Debt Service:				
Principal Retirement	1,464,222	1,464,222	1,468,432	(4,210)
Interest and Fiscal Charges	424,276	424,276	425,243	(967)
<i>Total Expenses</i>	<u>7,729,944</u>	<u>7,784,944</u>	<u>6,810,734</u>	<u>974,210</u>
<i>Excess of Revenues Under Expenses Before Transfers</i>	(1,933,784)	(2,028,784)	(1,331,467)	697,317
Transfers In	90,000	90,000	89,247	(753)
<i>Net Change in Fund Equity</i>	(1,843,784)	(1,938,784)	(1,242,220)	696,564
<i>Fund Equity, Beginning of Year</i>	5,254,374	5,254,374	5,254,374	0
Prior Year Encumbrances Appropriated	585,338	585,338	585,338	0
<i>Fund Equity, End of Year</i>	<u>\$3,995,928</u>	<u>\$3,900,928</u>	<u>\$4,597,492</u>	<u>\$696,564</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, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$946,529	\$946,529	\$866,667	(\$79,862)
Rentals	222,500	222,500	212,978	(9,522)
Sale of Capital Assets	1,050	1,050	1,050	0
Miscellaneous	41,250	39,250	29,850	(9,400)
<i>Total Revenues</i>	<u>1,211,329</u>	<u>1,209,329</u>	<u>1,110,545</u>	<u>(98,784)</u>
<b>Expenses</b>				
Personal Services	717,546	717,546	704,576	12,970
Materials and Supplies	259,202	259,202	222,879	36,323
Contractual Services	165,763	165,763	138,770	26,993
Other	94,825	94,825	50,611	44,214
Capital Outlay	5,158	5,158	0	5,158
<i>Total Expenses</i>	<u>1,242,494</u>	<u>1,242,494</u>	<u>1,116,836</u>	<u>125,658</u>
<i>Excess of Revenues Under Expenses Before Transfers</i>	(31,165)	(33,165)	(6,291)	26,874
Transfers In	6,000	6,000	4,897	(1,103)
<i>Net Change in Fund Equity</i>	(25,165)	(27,165)	(1,394)	25,771
<i>Fund Equity, Beginning of Year</i>	239,030	239,030	239,030	0
Prior Year Encumbrances Appropriated	25,276	25,276	25,276	0
<i>Fund Equity, End of Year</i>	<u>\$239,141</u>	<u>\$237,141</u>	<u>\$262,912</u>	<u>\$25,771</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	<u>\$1,027,652</u>	<u>\$1,025,652</u>	<u>\$986,760</u>	<u>(\$38,892)</u>
<b>Expenditures</b>				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	800,000	800,000	750,000	50,000
Materials and Supplies	250,000	250,000	250,000	0
Contractual Services	<u>250,000</u>	<u>250,000</u>	<u>0</u>	<u>250,000</u>
<i>Total Expenditures</i>	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,000,000</u>	<u>300,000</u>
<i>Excess of Revenues Under Expenditures</i>	(272,348)	(274,348)	(13,240)	261,108
<b>Other Financing Sources</b>				
Transfers In	<u>20,000</u>	<u>20,000</u>	<u>17,437</u>	<u>(2,563)</u>
<i>Net Change in Fund Balance</i>	(252,348)	(254,348)	4,197	258,545
<i>Fund Balance, Beginning of Year</i>	<u>594,296</u>	<u>594,296</u>	<u>594,296</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u><u>\$341,948</u></u>	<u><u>\$339,948</u></u>	<u><u>\$598,493</u></u>	<u><u>\$258,545</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*State Highway Fund*  
*For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$84,657	\$84,157	\$80,262	(\$3,895)
<b>Expenditures</b>				
Current:				
Transportation				
State Highway				
Materials and Supplies	104,000	104,000	83,000	21,000
<i>Excess of Revenues Under Expenditures</i>	(19,343)	(19,843)	(2,738)	17,105
<b>Other Financing Sources</b>				
Transfers In	3,500	3,500	3,139	(361)
<i>Net Change in Fund Balance</i>	(15,843)	(16,343)	401	16,744
<i>Fund Balance, Beginning of Year</i>	109,016	109,016	109,016	0
Prior Year Encumbrances Appropriated	4,000	4,000	4,000	0
<i>Fund Balance, End of Year</i>	<u>\$97,173</u>	<u>\$96,673</u>	<u>\$113,417</u>	<u>\$16,744</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$349,754	\$349,754	\$416,878	\$67,124
Intergovernmental	103,969	103,969	103,969	0
<i>Total Revenues</i>	453,723	453,723	520,847	67,124
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Personal Services	700,000	700,000	678,391	21,609
<i>Excess of Revenues Under Expenditures</i>	(246,277)	(246,277)	(157,544)	88,733
<b>Other Financing Sources</b>				
Transfers In	250,000	250,000	250,000	0
<i>Net Change in Fund Balance</i>	3,723	3,723	92,456	88,733
<i>Fund Balance, Beginning of Year</i>	310,776	310,776	310,776	0
<i>Fund Balance, End of Year</i>	<u>\$314,499</u>	<u>\$314,499</u>	<u>\$403,232</u>	<u>\$88,733</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$524,631	\$524,631	\$624,610	\$99,979
Intergovernmental	155,955	155,955	155,955	0
<i>Total Revenues</i>	680,586	680,586	780,565	99,979
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,165,000	1,165,000	1,163,661	1,339
<i>Excess of Revenues Under Expenditures</i>	(484,414)	(484,414)	(383,096)	101,318
<b>Other Financing Sources</b>				
Transfers In	425,000	425,000	425,000	0
<i>Net Change in Fund Balance</i>	(59,414)	(59,414)	41,904	101,318
<i>Fund Balance, Beginning of Year</i>	392,983	392,983	392,983	0
<i>Fund Balance, End of Year</i>	<u>\$333,569</u>	<u>\$333,569</u>	<u>\$434,887</u>	<u>\$101,318</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fees, Licenses and Permits	\$262,000	\$260,000	\$269,394	\$9,394
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Cable TV				
Personal Services	2,850	2,850	2,078	772
Materials and Supplies	7,485	7,485	5,952	1,533
Contractual Services	134,237	127,251	108,617	18,634
Capital Outlay	25,000	30,767	30,767	0
Other	119,000	121,219	121,219	0
<i>Total Expenditures</i>	<u>288,572</u>	<u>289,572</u>	<u>268,633</u>	<u>20,939</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(26,572)	(29,572)	761	30,333
<b>Other Financing Sources</b>				
Transfers In	12,000	12,000	10,872	(1,128)
<i>Net Change in Fund Balance</i>	(14,572)	(17,572)	11,633	29,205
<i>Fund Balance, Beginning of Year</i>	482,243	482,243	482,243	0
Prior Year Encumbrances Appropriated	11,822	11,822	11,822	0
<i>Fund Balance, End of Year</i>	<u>\$479,493</u>	<u>\$476,493</u>	<u>\$505,698</u>	<u>\$29,205</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$3,000	\$3,000	\$0	(\$3,000)
<b>Expenditures</b>				
Current:				
General Government				
Tree Planting				
Contractual Services	<u>200,000</u>	<u>200,000</u>	<u>0</u>	<u>200,000</u>
<i>Net Change in Fund Balance</i>	(197,000)	(197,000)	0	197,000
<i>Fund Balance, Beginning of Year</i>	<u>249,116</u>	<u>249,116</u>	<u>249,116</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u><u>\$52,116</u></u>	<u><u>\$52,116</u></u>	<u><u>\$249,116</u></u>	<u><u>\$197,000</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
**Street Lighting Fund**  
*For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	<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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$0	\$0	\$27,534	\$27,534
Rentals	24,500	24,500	24,097	(403)
Charges for Services	2,896,150	2,896,150	2,724,623	(171,527)
Contributions and Donations	62,000	62,000	44,565	(17,435)
Miscellaneous	46,700	46,700	84,416	37,716
<i>Total Revenues</i>	<u>3,029,350</u>	<u>3,029,350</u>	<u>2,905,235</u>	<u>(124,115)</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Administration				
Personal Services	594,363	594,363	585,562	8,801
Materials and Supplies	64,715	64,715	52,667	12,048
Contractual Services	46,601	46,601	42,628	3,973
Capital Outlay	15,000	74,994	74,994	0
<i>Total Administration</i>	<u>720,679</u>	<u>780,673</u>	<u>755,851</u>	<u>24,822</u>
Recreation Programs				
Personal Services	208,801	214,177	214,177	0
Materials and Supplies	49,613	49,613	39,203	10,410
Contractual Services	152,766	152,766	116,768	35,998
Capital Outlay	19,000	19,000	13,564	5,436
Other	25,000	25,000	21,902	3,098
<i>Total Recreation Programs</i>	<u>455,180</u>	<u>460,556</u>	<u>405,614</u>	<u>54,942</u>
Swimming Pools				
Personal Services	76,647	79,131	79,131	0
Materials and Supplies	47,500	47,500	43,278	4,222
Contractual Services	72,000	72,000	51,895	20,105
<i>Total Swimming Pools</i>	<u>196,147</u>	<u>198,631</u>	<u>174,304</u>	<u>24,327</u>
Community Parks				
Personal Services	249,569	249,569	240,610	8,959
Materials and Supplies	122,397	120,797	73,209	47,588
Contractual Services	41,000	42,600	42,600	0
<i>Total Community Parks</i>	<u>412,966</u>	<u>412,966</u>	<u>356,419</u>	<u>56,547</u>
Concession Stand				
Personal Services	3,600	11,589	11,589	0
Materials and Supplies	18,500	18,500	10,691	7,809
<i>Total Concession Stand</i>	<u>\$22,100</u>	<u>\$30,089</u>	<u>\$22,280</u>	<u>\$7,809</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Youth Recreation Programs				
Personal Services	\$947,345	\$947,345	\$926,244	\$21,101
Materials and Supplies	141,121	141,121	127,543	13,578
Contractual Services	325,724	325,724	297,296	28,428
Capital Outlay	3,000	3,000	0	3,000
Other	14,800	14,800	14,797	3
Total Youth Recreation Programs	<u>1,431,990</u>	<u>1,431,990</u>	<u>1,365,880</u>	<u>66,110</u>
Adult Recreation Programs				
Materials and Supplies	2,500	2,500	2,032	468
Contractual Services	5,500	5,500	2,808	2,692
Total Adult Recreation Programs	<u>8,000</u>	<u>8,000</u>	<u>4,840</u>	<u>3,160</u>
Holiday Programs				
Materials and Supplies	4,500	10,573	10,573	0
Contractual Services	28,000	28,000	24,831	3,169
Total Holiday Programs	<u>32,500</u>	<u>38,573</u>	<u>35,404</u>	<u>3,169</u>
Community Center				
Personal Services	1,298,295	1,282,446	1,244,833	37,613
Materials and Supplies	179,910	173,837	132,441	41,396
Contractual Services	531,824	451,219	450,044	1,175
Capital Outlay	10,000	30,611	30,611	0
Other	9,000	9,000	7,953	1,047
Total Community Center	<u>2,029,029</u>	<u>1,947,113</u>	<u>1,865,882</u>	<u>81,231</u>
<i>Total Expenditures</i>	<u>5,308,591</u>	<u>5,308,591</u>	<u>4,986,474</u>	<u>322,117</u>
<i>Excess of Revenues Under Expenditures</i>	(2,279,241)	(2,279,241)	(2,081,239)	198,002
<b>Other Financing Sources</b>				
Transfers In	<u>2,187,000</u>	<u>2,187,000</u>	<u>2,187,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(92,241)	(92,241)	105,761	198,002
<i>Fund Balance, Beginning of Year</i>	270,980	270,980	270,980	0
Prior Year Encumbrances Appropriated	<u>54,323</u>	<u>54,323</u>	<u>54,323</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$233,062</u>	<u>\$233,062</u>	<u>\$431,064</u>	<u>\$198,002</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Senior Services Fund*  
*For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$85,200	\$85,200	\$89,023	\$3,823
Miscellaneous	1,900	2,400	2,400	0
<i>Total Revenues</i>	<u>87,100</u>	<u>87,600</u>	<u>91,423</u>	<u>3,823</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Administration				
Personal Services	419,729	419,729	410,620	9,109
Materials and Supplies	20,805	20,805	20,386	419
Contractual Services	35,260	32,745	20,025	12,720
Total Administration	<u>475,794</u>	<u>473,279</u>	<u>451,031</u>	<u>22,248</u>
Senior Programs				
Materials and Supplies	60,355	60,355	54,166	6,189
Contractual Services	15,100	17,615	17,615	0
Other	350	350	67	283
Total Senior Programs	<u>75,805</u>	<u>78,320</u>	<u>71,848</u>	<u>6,472</u>
<i>Total Expenditures</i>	<u>551,599</u>	<u>551,599</u>	<u>522,879</u>	<u>28,720</u>
<i>Excess of Revenues Under Expenditures</i>	(464,499)	(463,999)	(431,456)	32,543
<b>Other Financing Sources</b>				
Transfers In	431,000	431,000	431,000	0
<i>Net Change in Fund Balance</i>	(33,499)	(32,999)	(456)	32,543
<i>Fund Balance, Beginning of Year</i>	49,186	49,186	49,186	0
Prior Year Encumbrances Appropriated	15,503	15,503	15,503	0
<i>Fund Balance, End of Year</i>	<u>\$31,190</u>	<u>\$31,690</u>	<u>\$64,233</u>	<u>\$32,543</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$8,000	\$8,000	\$12,853	\$4,853
<b>Expenditures</b>				
Current:				
Community Environment				
Enterprise Zone Monitoring				
Other	<u>1,245,700</u>	<u>1,245,700</u>	<u>826,370</u>	<u>419,330</u>
<i>Excess of Revenues Under Expenditures</i>	(1,237,700)	(1,237,700)	(813,517)	424,183
<b>Other Financing Sources</b>				
Transfers In	<u>900,000</u>	<u>900,000</u>	<u>300,000</u>	<u>(600,000)</u>
<i>Net Change in Fund Balance</i>	(337,700)	(337,700)	(513,517)	(175,817)
<i>Fund Balance, Beginning of Year</i>	<u>670,806</u>	<u>670,806</u>	<u>670,806</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$333,106</u>	<u>\$333,106</u>	<u>\$157,289</u>	<u>(\$175,817)</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$100,000	\$100,000	\$100,000	\$0
Contributions and Donations	<u>58,160</u>	<u>58,160</u>	<u>13,640</u>	<u>(44,520)</u>
<i>Total Revenues</i>	<u>158,160</u>	<u>158,160</u>	<u>113,640</u>	<u>(44,520)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
DARE program				
Materials and Supplies	52,054	52,054	14,752	37,302
Police Training				
Materials and Supplies	31,200	31,200	13,677	17,523
Violent Crime Prevention				
Personal Services	<u>34,000</u>	<u>34,000</u>	<u>24,291</u>	<u>9,709</u>
<i>Total Expenditures</i>	<u>117,254</u>	<u>117,254</u>	<u>52,720</u>	<u>64,534</u>
<i>Net Change in Fund Balance</i>	40,906	40,906	60,920	20,014
<i>Fund Balance, Beginning of Year</i>	237,655	237,655	237,655	0
Prior Year Encumbrances Appropriated	<u>2,054</u>	<u>2,054</u>	<u>2,054</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u><u>\$280,615</u></u>	<u><u>\$280,615</u></u>	<u><u>\$300,629</u></u>	<u><u>\$20,014</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fees, Licenses and Permits	\$0	\$0	\$17,211	\$17,211
<b>Expenditures</b>				
Current:				
Basic Utility Services				
Landfill Improvement				
Capital Outlay	<u>376,466</u>	<u>376,466</u>	<u>273,371</u>	<u>103,095</u>
<i>Excess of Revenues Under Expenditures</i>	(376,466)	(376,466)	(256,160)	120,306
<b>Other Financing Sources</b>				
Transfers In	<u>40,000</u>	<u>30,000</u>	<u>28,832</u>	<u>(1,168)</u>
<i>Net Change in Fund Balance</i>	(336,466)	(346,466)	(227,328)	119,138
<i>Fund Balance, Beginning of Year</i>	1,376,351	1,376,351	1,376,351	0
Prior Year Encumbrances Appropriated	<u>26,466</u>	<u>26,466</u>	<u>26,466</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u><u>\$1,066,351</u></u>	<u><u>\$1,056,351</u></u>	<u><u>\$1,175,489</u></u>	<u><u>\$119,138</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	<u>\$17,652</u>	<u>\$22,000</u>	<u>\$30,198</u>	<u>\$8,198</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
OMVI				
Personal Services	7,600	7,600	1,972	5,628
Drug Money				
Materials and Supplies	73,000	73,000	21,910	51,090
Immobilization				
Materials and Supplies	4,800	4,800	0	4,800
Miscellaneous				
Materials and Supplies	<u>16,000</u>	<u>16,000</u>	<u>553</u>	<u>15,447</u>
<i>Total Expenditures</i>	<u>101,400</u>	<u>101,400</u>	<u>24,435</u>	<u>76,965</u>
<i>Net Change in Fund Balance</i>	(83,748)	(79,400)	5,763	85,163
<i>Fund Balance, Beginning of Year</i>	<u>98,510</u>	<u>98,510</u>	<u>98,510</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u><u>\$14,762</u></u>	<u><u>\$19,110</u></u>	<u><u>\$104,273</u></u>	<u><u>\$85,163</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Community Improvement Corporation Fund  
 For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
General Government				
Cemetery Endowment				
Contractual Services	5,000	5,000	0	5,000
<i>Net Change in Fund Balance</i>	(5,000)	(5,000)	0	5,000
<i>Fund Balance, Beginning of Year</i>	5,501	5,501	5,501	0
<i>Fund Balance, End of Year</i>	<u>\$501</u>	<u>\$501</u>	<u>\$5,501</u>	<u>\$5,000</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, 2009*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Contributions and Donations	\$6,820	\$8,500	\$11,768	\$3,268
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Materials and Supplies	1,500	1,500	1,368	132
Contractual Services	1,000	1,000	0	1,000
Total Police	2,500	2,500	1,368	1,132
Fire				
Materials and Supplies	1,000	2,500	2,500	0
Total Security of Persons and Property	3,500	5,000	3,868	1,132
Leisure Time Activities				
Senior Services Donations				
Other	36,000	34,500	5,889	28,611
Community Park Donations				
Other	3,200	3,200	0	3,200
Total Leisure Time Activities	39,200	37,700	5,889	31,811
Community Environment				
Blue Herron Donations				
Other	100	100	0	100
Beautification Donations				
Other	10,000	10,000	10,000	0
Engineering Department				
Personal Services	2,400	2,400	0	2,400
Total Community Environment	12,500	12,500	10,000	2,500
General Government				
Special Donations				
Other	8,300	8,300	0	8,300
<b>Total Expenditures</b>	<b>63,500</b>	<b>63,500</b>	<b>19,757</b>	<b>43,743</b>
<b>Net Change in Fund Balance</b>	<b>(56,680)</b>	<b>(55,000)</b>	<b>(7,989)</b>	<b>47,011</b>
<b>Fund Balance, Beginning of Year</b>	<b>63,624</b>	<b>63,624</b>	<b>63,624</b>	<b>0</b>
<b>Fund Balance, End of Year</b>	<b>\$6,944</b>	<b>\$8,624</b>	<b>\$55,635</b>	<b>\$47,011</b>

**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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$304,898	\$304,898	\$384,500	\$79,602
Intergovernmental	112,390	112,390	112,390	0
Miscellaneous	0	0	15,227	15,227
<i>Total Revenues</i>	417,288	417,288	512,117	94,829
<b>Expenditures</b>				
Capital Outlay	1,374,968	1,374,968	1,357,522	17,446
<i>Excess of Revenues Under Expenditures</i>	(957,680)	(957,680)	(845,405)	112,275
<b>Other Financing Sources</b>				
Transfers In	600,000	600,000	500,000	(100,000)
<i>Net Change in Fund Balance</i>	(357,680)	(357,680)	(345,405)	12,275
<i>Fund Balance, Beginning of Year</i>	855,302	855,302	855,302	0
Prior Year Encumbrances Appropriated	1,655	1,655	1,655	0
<i>Fund Balance, End of Year</i>	<u>\$499,277</u>	<u>\$499,277</u>	<u>\$511,552</u>	<u>\$12,275</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay	<u>35,000</u>	<u>35,000</u>	<u>24,467</u>	<u>10,533</u>
<i>Net Change in Fund Balance</i>	(35,000)	(35,000)	(24,467)	10,533
<i>Fund Balance, Beginning of Year</i>	<u>36,228</u>	<u>36,228</u>	<u>36,228</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u><u>\$1,228</u></u>	<u><u>\$1,228</u></u>	<u><u>\$11,761</u></u>	<u><u>\$10,533</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Municipal Income Taxes	\$65,000	\$65,000	\$79,027	\$14,027
Intergovernmental	711,804	711,804	711,804	0
Charges for Services	22,000	22,000	19,024	(2,976)
<i>Total Revenues</i>	798,804	798,804	809,855	11,051
<b>Expenditures</b>				
Capital Outlay	3,439,588	3,439,588	2,914,166	525,422
<i>Net Change in Fund Balance</i>	(2,640,784)	(2,640,784)	(2,104,311)	536,473
<i>Fund Balance, Beginning of Year</i>	3,314,168	3,314,168	3,314,168	0
Prior Year Encumbrances Appropriated	65,784	65,784	65,784	0
<i>Fund Balance, End of Year</i>	<u>\$739,168</u>	<u>\$739,168</u>	<u>\$1,275,641</u>	<u>\$536,473</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	<u>\$350,000</u>	<u>\$350,000</u>	<u>\$350,000</u>	<u>\$0</u>
<b>Expenses</b>				
Contractual Services	350,227	350,227	257,262	92,965
Claims	<u>43,535</u>	<u>43,535</u>	<u>27,968</u>	<u>15,567</u>
<i>Total Expenses</i>	<u>393,762</u>	<u>393,762</u>	<u>285,230</u>	<u>108,532</u>
<i>Net Change in Fund Equity</i>	(43,762)	(43,762)	64,770	108,532
<i>Fund Equity, Beginning of Year</i>	43,346	43,346	43,346	0
Prior Year Encumbrances Appropriated	<u>18,762</u>	<u>18,762</u>	<u>18,762</u>	<u>0</u>
<i>Fund Equity, End of Year</i>	<u><u>\$18,346</u></u>	<u><u>\$18,346</u></u>	<u><u>\$126,878</u></u>	<u><u>\$108,532</u></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.

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<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2 - S11
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the municipal income tax.	S12 - S13
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S14 - S19
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S20- S23
<b>Operating Information</b> These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S24 - S27

**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 Eight Years*  
*(Accrual Basis of Accounting)*

	2009	2008	2007	2006	2005
<b>Governmental Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$104,060,699	\$92,250,325	\$87,878,235	\$82,030,598	\$78,760,236
Restricted:					
Capital Projects	9,236,362	19,795,982	21,802,881	19,874,834	17,130,291
Debt Service	7,866,320	8,824,240	4,245,100	5,043,568	5,832,940
Street Construction, Maintenance and Repair	1,081,065	1,084,825	971,182	933,208	787,747
Cable TV	542,163	553,060	488,084	505,445	478,171
Tree Planting	249,116	249,116	243,136	240,376	232,556
Landfill Improvement	1,178,514	1,400,493	1,394,909	1,399,637	1,352,933
Other Purposes	1,418,374	1,507,140	792,373	549,219	208,927
Unrestricted	11,170,364	12,324,836	14,084,752	13,134,426	13,348,140
<b>Total Governmental Activities Net Assets</b>	<b><u>\$136,802,977</u></b>	<b><u>\$137,990,017</u></b>	<b><u>\$131,900,652</u></b>	<b><u>\$123,711,311</u></b>	<b><u>\$118,131,941</u></b>
<b>Business Type - Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$52,711,512	\$51,496,779	\$50,615,585	\$49,301,117	\$44,682,581
Unrestricted	4,519,543	5,470,918	4,291,875	3,265,336	5,723,344
<b>Total Business-Type Activities Net Assets</b>	<b><u>\$57,231,055</u></b>	<b><u>\$56,967,697</u></b>	<b><u>\$54,907,460</u></b>	<b><u>\$52,566,453</u></b>	<b><u>\$50,405,925</u></b>
<b>Primary Government</b>					
Invested in Capital Assets, Net of Related Debt	\$156,772,211	\$143,747,104	\$138,493,820	\$131,331,715	\$123,442,817
Restricted	21,571,914	33,414,856	29,937,665	28,546,287	26,023,565
Unrestricted	15,689,907	17,795,754	18,376,627	16,399,762	19,071,484
<b>Total Primary Government Net Assets</b>	<b><u>\$194,034,032</u></b>	<b><u>\$194,957,714</u></b>	<b><u>\$186,808,112</u></b>	<b><u>\$176,277,764</u></b>	<b><u>\$168,537,866</u></b>

2004	2003	2002
\$73,743,370	\$74,138,179	\$64,236,393
19,714,801	20,769,432	21,153,622
5,494,418	5,164,577	5,182,771
933,997	1,100,877	1,439,159
504,777	434,793	345,524
216,226	200,356	186,326
1,351,906	1,367,896	1,379,192
139,672	340,629	606,348
18,278,464	21,327,415	28,200,481
<u>\$120,377,631</u>	<u>\$124,844,154</u>	<u>\$122,729,816</u>
\$39,874,333	\$39,017,736	\$34,383,495
5,929,558	7,447,417	7,695,055
<u>\$45,803,891</u>	<u>\$46,465,153</u>	<u>\$42,078,550</u>
\$113,617,703	\$113,155,915	\$98,619,888
28,355,797	29,378,560	30,292,942
24,208,022	28,774,832	35,895,536
<u>\$166,181,522</u>	<u>\$171,309,307</u>	<u>\$164,808,366</u>

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

	2009	2008	2007	2006
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Security of Persons and Property				
Police	\$421,753	\$487,454	\$473,157	\$467,125
Fire	367,317	436,985	432,286	410,437
Prosecutor	16,910	19,725	22,654	21,545
Public Health and Welfare	4,901	5,406	7,485	8,328
Leisure Time Activities	3,075,799	3,081,121	3,064,735	2,901,646
Community Development	113,636	157,036	163,455	151,067
Basic Utility Services	52,604	157,087	110,039	223,131
Transportation	358,670	325,144	327,922	293,743
General Government	257,235	455,053	469,342	521,404
Operating Grants and Contributions	1,620,631	1,405,593	1,259,666	1,186,197
Capital Grants, Contributions and Capital Assessments	<u>3,022,448</u>	<u>5,742,816</u>	<u>663,457</u>	<u>1,597,434</u>
<i>Total Governmental Activities Program Revenues</i>	<u>9,311,904</u>	<u>12,273,420</u>	<u>6,994,198</u>	<u>7,782,057</u>
Business-Type Activities:				
Charges for Services:				
Water Reclamation	5,421,385	5,842,685	5,783,498	5,245,086
Grantwood Recreation	1,079,991	1,329,215	1,378,801	1,358,772
Operating Grants and Contributions	<u>0</u>	<u>585</u>	<u>0</u>	<u>0</u>
<i>Total Business-Type Activities Program Revenues</i>	<u>6,501,376</u>	<u>7,172,485</u>	<u>7,162,299</u>	<u>6,603,858</u>
<i>Total Primary Government Program Revenues</i>	<u>15,813,280</u>	<u>19,445,905</u>	<u>14,156,497</u>	<u>14,385,915</u>
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property				
Police	8,534,822	8,558,640	7,893,398	7,454,568
Fire	8,054,144	8,312,572	7,052,821	7,187,188
Prosecutor	293,094	299,401	299,085	296,403
Public Health and Welfare	84,955	82,050	98,755	114,569
Leisure Time Activities	6,463,393	6,607,556	6,385,083	5,959,263
Community Development	2,831,678	3,343,663	3,289,985	2,907,697
Basic Utility Services	2,331,673	2,159,306	2,694,417	1,840,017
Transportation	16,375,233	15,653,183	13,287,441	10,519,856
General Government	5,364,048	6,037,327	6,591,856	7,003,004
Interest and Fiscal Charges	<u>857,669</u>	<u>1,232,429</u>	<u>1,374,360</u>	<u>1,354,604</u>
<i>Total Governmental Activities Expenses</i>	<u>51,190,709</u>	<u>52,286,127</u>	<u>48,967,201</u>	<u>44,637,169</u>
Business-Type Activities				
Water Reclamation	6,472,968	6,005,663	4,446,862	5,768,265
Grantwood Recreation	<u>1,142,923</u>	<u>1,395,175</u>	<u>1,336,801</u>	<u>1,262,934</u>
<i>Total Business-Type Activities Expenses</i>	<u>7,615,891</u>	<u>7,400,838</u>	<u>5,783,663</u>	<u>7,031,199</u>
<i>Total Primary Government Program Expenses</i>	<u>58,806,600</u>	<u>59,686,965</u>	<u>54,750,864</u>	<u>51,668,368</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(41,878,805)	(40,012,707)	(41,973,003)	(36,855,112)
Business-Type Activities	<u>(1,114,515)</u>	<u>(228,353)</u>	<u>1,378,636</u>	<u>(427,341)</u>
<i>Total Primary Government Net Expense</i>	<u>(\$42,993,320)</u>	<u>(\$40,241,060)</u>	<u>(\$40,594,367)</u>	<u>(\$37,282,453)</u>

2005	2004	2003
\$451,120	\$397,347	\$431,411
410,017	342,623	357,758
33,500	19,334	23,462
9,210	8,076	8,248
2,853,512	2,591,960	2,142,864
147,069	138,260	177,622
147,855	107,112	99,214
308,193	241,598	253,276
587,975	649,852	563,605
1,008,611	1,073,328	831,117
<u>2,028,529</u>	<u>30,000</u>	<u>924,595</u>
<u>7,985,591</u>	<u>5,599,490</u>	<u>5,813,172</u>
5,034,157	4,951,245	5,084,021
1,458,833	1,439,019	1,280,301
<u>0</u>	<u>0</u>	<u>0</u>
<u>6,492,990</u>	<u>6,390,264</u>	<u>6,364,322</u>
<u>14,478,581</u>	<u>11,989,754</u>	<u>12,177,494</u>
7,085,001	6,952,721	6,236,704
6,945,834	6,580,279	5,860,599
449,351	291,166	299,984
123,533	121,625	105,461
5,786,057	5,599,968	5,055,204
2,659,078	2,738,297	2,874,107
1,543,094	1,467,266	1,238,991
11,193,451	11,766,890	6,029,480
6,700,104	8,336,415	6,396,281
1,285,874	1,301,006	1,448,515
<u>43,771,377</u>	<u>45,155,633</u>	<u>35,545,326</u>
4,948,864	5,935,231	5,464,150
1,405,262	1,356,898	1,409,474
<u>6,354,126</u>	<u>7,292,129</u>	<u>6,873,624</u>
<u>50,125,503</u>	<u>52,447,762</u>	<u>42,418,950</u>
(35,785,786)	(39,556,143)	(29,732,154)
138,864	(901,865)	(509,302)
<u>(\$35,646,922)</u>	<u>(\$40,458,008)</u>	<u>(\$30,241,456)</u>

(continued)

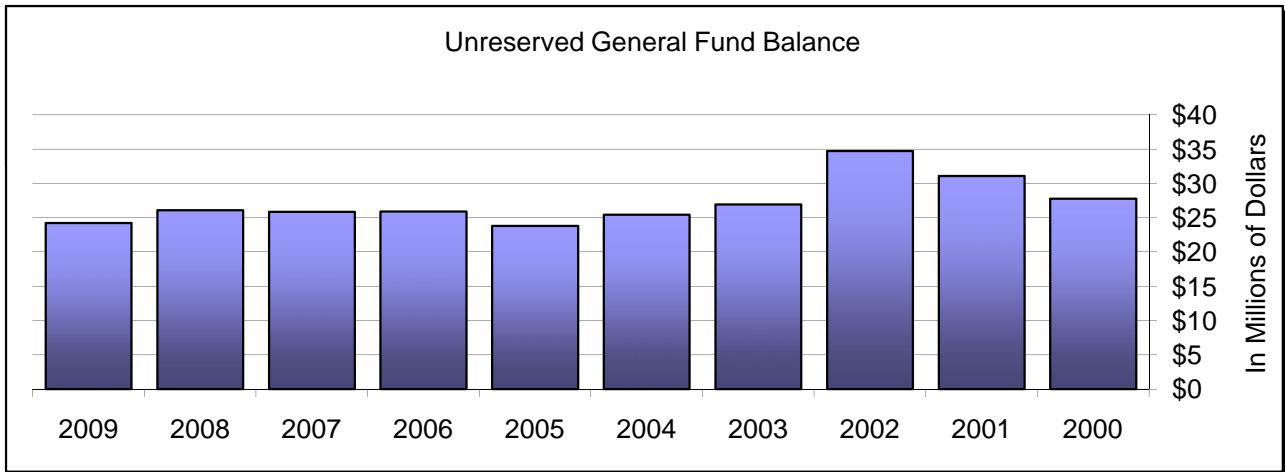
**City of Solon, Ohio**  
*Changes in Net Assets (continued)*  
*Last Seven Years*  
*(Accrual Basis of Accounting)*

	2009	2008	2007	2006
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities				
Property Taxes Levied For:				
General Purposes	\$830,331	\$931,232	\$951,950	\$1,012,667
Debt Service	2,227,871	1,933,192	2,535,666	2,291,480
Police Pension	425,385	474,758	486,686	440,914
Fire Pension	637,371	711,430	729,324	654,279
Service and Safety Equipment	392,947	457,470	471,740	452,365
Community Center	0	305,922	0	0
Municipal Income Taxes levied for:				
General Purposes	25,569,132	26,663,509	30,601,737	27,042,160
Debt Service	0	3,607	41,358	0
Infrastructure	8,360,524	9,179,725	9,682,464	8,136,936
General Capital Improvements	76,178	74,141	0	0
Grants and Entitlements not Restricted to				
Specific Programs	1,813,161	2,389,085	1,941,816	2,229,329
Investment Income	998,629	2,807,067	3,242,148	2,426,337
Gain on Sale of Capital Assets	27,013	0	0	31,726
Miscellaneous	650,783	582,432	397,834	260,020
<i>Total Governmental Activities</i>				
General Revenues	42,009,325	46,513,570	51,082,723	44,978,213
Special Item - Gain on the Sale of Land	0	1,799,567	0	0
Transfers	(1,317,560)	(2,211,065)	(920,379)	(2,543,731)
<i>Total Governmental Activities</i>	40,691,765	46,102,072	50,162,344	42,434,482
Business-Type Activities				
Gain on Sale of Capital Assets	0	0	1,498	2,518
Miscellaneous	60,313	77,525	40,494	41,620
<i>Total Business-Type Activities</i>				
General Revenues	60,313	77,525	41,992	44,138
Transfers	1,317,560	2,211,065	920,379	2,543,731
<i>Total Business-Type Activities</i>	1,377,873	2,288,590	962,371	2,587,869
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	42,069,638	48,390,662	51,124,715	45,022,351
<b>Change in Net Assets</b>				
Governmental Activities	(1,187,040)	6,089,365	8,189,341	5,579,370
Business-Type Activities	263,358	2,060,237	2,341,007	2,160,528
<i>Total Primary Government Change in Net Assets</i>	( <u>\$923,682</u> )	<u>\$8,149,602</u>	<u>\$10,530,348</u>	<u>\$7,739,898</u>

2005	2004	2003
\$745,476	\$787,950	\$729,028
2,237,086	3,025,779	3,061,294
410,539	320,851	298,464
615,809	332,792	298,464
420,530	431,881	430,479
0	0	0
22,840,197	21,800,820	21,673,469
0	0	0
7,127,506	4,971,768	6,603,732
0	0	0
2,572,766	2,336,884	1,929,875
893,329	1,155,225	1,298,459
0	8,450	0
87,494	90,038	401,395
37,950,732	35,262,438	36,724,659
0	0	0
(4,410,636)	(172,818)	(4,878,167)
33,540,096	35,089,620	31,846,492
0	0	0
52,534	67,785	17,738
52,534	67,785	17,738
4,410,636	172,818	4,878,167
4,463,170	240,603	4,895,905
38,003,266	35,330,223	36,742,397
(2,245,690)	(4,466,523)	2,114,338
4,602,034	(661,262)	4,386,603
<u>\$2,356,344</u>	<u>(\$5,127,785)</u>	<u>\$6,500,941</u>

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

	2009	2008	2007	2006
<b>General Fund</b>				
Reserved	\$283,093	\$406,585	\$2,625,689	\$2,746,771
Unreserved	24,251,415	26,104,831	25,889,682	25,898,002
<b>Total General Fund</b>	<u>24,534,508</u>	<u>26,511,416</u>	<u>28,515,371</u>	<u>28,644,773</u>
<b>All Other Governmental Funds</b>				
Reserved	88,909	455,015	5,339,021	1,902,166
Unreserved, Undesignated, Reported in:				
Special Revenue funds	4,166,058	4,488,030	3,563,983	3,185,684
Debt Service funds	1,186,690	1,485,082	1,074,820	1,529,697
Capital Projects funds	3,845,986	13,198,823	6,549,744	10,924,870
<b>Total All Other Governmental Funds</b>	<u>9,287,643</u>	<u>19,626,950</u>	<u>16,527,568</u>	<u>17,542,417</u>
<b>Total Governmental Funds</b>	<u>\$33,822,151</u>	<u>\$46,138,366</u>	<u>\$45,042,939</u>	<u>\$46,187,190</u>





2005	2004	2003	2002	2001	2000
\$2,780,421	\$2,892,935	\$2,891,843	\$786,678	\$661,838	\$594,769
23,818,231	25,438,890	26,936,020	34,724,059	31,111,479	27,803,458
26,598,652	28,331,825	29,827,863	35,510,737	31,773,317	28,398,227
255,949	3,560,449	3,505,304	11,589,137	5,275,449	3,720,582
2,762,247	2,737,070	3,520,429	4,035,765	3,978,995	3,605,649
1,996,287	2,362,134	2,298,675	1,995,644	3,767,317	2,949,257
10,570,361	9,525,748	10,043,906	1,768,345	12,856,838	21,758,332
15,584,844	18,185,401	19,368,314	19,388,891	25,878,599	32,033,820
<u>\$42,183,496</u>	<u>\$46,517,226</u>	<u>\$49,196,177</u>	<u>\$54,899,628</u>	<u>\$57,651,916</u>	<u>\$60,432,047</u>

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

	2009	2008	2007	2006	2005
<b>Revenues</b>					
Property Taxes	\$4,439,830	\$4,850,270	\$5,167,986	\$4,857,332	\$4,501,679
Municipal Income Taxes	33,433,337	36,379,832	38,530,269	36,029,136	29,535,375
Special Assessments	788,768	1,121,553	1,003,236	850,556	1,083,930
Intergovernmental	6,379,986	3,996,592	3,127,153	4,360,538	3,766,964
Investment Income	998,629	2,807,067	3,242,148	2,426,337	893,329
Fees, Licenses and Permits	670,840	856,198	989,533	978,890	1,112,664
Fines and Forfeitures	337,471	401,852	353,490	379,355	332,732
Rentals	24,097	18,525	13,598	18,343	31,992
Charges for Services	3,646,417	3,758,436	3,714,454	3,621,838	3,471,063
Contributions and Donations	75,173	130,287	103,806	111,152	66,982
Miscellaneous	650,587	582,432	397,834	260,020	87,494
<b>Total Revenues</b>	<b>51,445,135</b>	<b>54,903,044</b>	<b>56,643,507</b>	<b>53,893,497</b>	<b>44,884,204</b>
<b>Expenditures</b>					
Current:					
Security of Persons and Property	0	0	0	0	0
Police	8,078,371	7,985,861	7,290,455	7,020,044	6,649,603
Fire	7,574,187	7,750,303	7,025,219	6,605,778	6,458,351
Prosecutor	297,440	299,953	294,804	300,436	445,789
Public Health and Welfare	84,955	82,050	98,755	114,569	123,533
Leisure Time Activities	5,793,337	5,900,904	5,602,008	5,248,742	5,091,112
Community Development	2,801,923	3,316,686	3,139,019	2,219,670	2,062,884
Basic Utilities Services	1,641,022	1,920,896	2,044,148	1,846,896	1,587,598
Transportation	6,491,425	6,095,752	5,405,428	4,910,127	5,167,983
General Government	4,061,450	4,790,951	5,692,537	6,117,606	6,000,827
Capital Outlay	22,775,769	13,280,808	13,649,066	13,399,863	15,578,972
Debt Service:					
Principal Retirement	3,271,373	1,732,382	5,886,095	2,547,369	2,546,082
Interest and Fiscal Charges	879,836	1,246,408	1,406,201	1,263,066	1,299,872
Bond Issuance Costs	0	0	0	0	0
<b>Total Expenditures</b>	<b>63,751,088</b>	<b>54,402,954</b>	<b>57,533,735</b>	<b>51,594,166</b>	<b>53,012,606</b>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>(12,305,953)</u>	<u>500,090</u>	<u>(890,228)</u>	<u>2,299,331</u>	<u>(8,128,402)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	83,882	14,175	54,216	72,236	169,563
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	0	0	612,140	1,789,236	3,811,825
Reimbursements Received	0	0	0	0	0
Transfers In	5,553,280	8,344,130	10,425,148	6,994,821	4,462,788
Transfers Out	(5,647,424)	(10,281,118)	(11,345,527)	(7,151,930)	(4,649,504)
<b>Total Other Financing Sources (Uses)</b>	<b>(10,262)</b>	<b>(1,922,813)</b>	<b>(254,023)</b>	<b>1,704,363</b>	<b>3,794,672</b>
<b>Special Item</b>					
Proceeds from Sale of Land	0	2,518,150	0	0	0
<b>Net Change in Fund Balances</b>	<b><u>(\$12,316,215)</u></b>	<b><u>\$1,095,427</u></b>	<b><u>(\$1,144,251)</u></b>	<b><u>\$4,003,694</u></b>	<b><u>(\$4,333,730)</u></b>
Debt Service as a Percentage of Noncapital Expenditures	8.2%	6.1%	14.8%	11.1%	11.5%

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

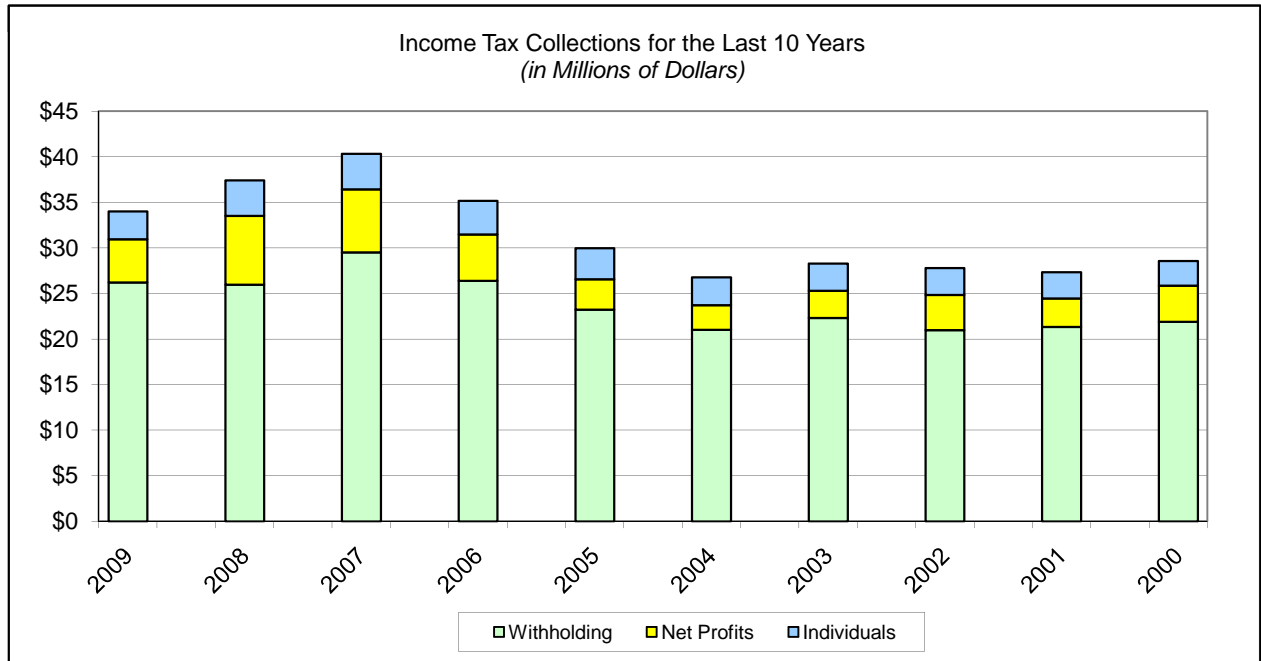
2004	2003	2002	2001	2000
\$4,856,262	\$4,824,148	\$4,370,359	\$3,846,998	\$4,083,715
27,038,056	28,383,580	27,795,091	27,350,350	28,570,407
406,647	370,838	820,074	707,859	958,092
3,306,652	3,536,577	7,314,296	3,529,761	3,498,284
1,155,225	1,298,459	3,174,847	3,820,232	3,808,423
1,081,566	1,040,886	900,926	1,184,015	666,834
292,396	282,640	286,901	325,416	347,191
11,563	8,397	0	0	0
3,110,637	2,725,537	1,864,193	1,440,499	1,119,423
83,731	67,961	0	0	0
90,038	401,395	236,792	810,069	334,253
<u>41,432,773</u>	<u>42,940,418</u>	<u>46,763,479</u>	<u>43,015,199</u>	<u>43,386,622</u>
0	0	10,808,139	10,207,122	8,608,778
6,635,441	6,014,057	0	0	0
6,289,735	5,401,761	0	0	0
288,406	299,984	0	0	0
121,625	105,461	105,158	104,022	43,132
4,895,083	4,276,719	3,259,042	2,755,778	2,336,255
2,083,980	2,084,024	1,709,823	1,806,525	851,585
1,469,524	1,525,655	1,467,022	1,314,350	1,430,866
4,745,841	4,318,184	3,974,720	3,630,221	3,785,984
7,370,422	5,330,364	4,920,380	4,807,963	5,640,503
7,913,048	16,768,406	25,394,387	13,622,807	9,681,842
2,336,134	2,171,799	4,648,819	8,079,702	1,741,225
1,273,201	1,403,436	1,295,962	1,451,907	1,537,280
0	0	90,645	0	0
<u>45,422,440</u>	<u>49,699,850</u>	<u>57,674,097</u>	<u>47,780,397</u>	<u>35,657,450</u>
<u>(3,989,667)</u>	<u>(6,759,432)</u>	<u>(10,910,618)</u>	<u>(4,765,198)</u>	<u>7,729,172</u>
29,500	0	0	0	0
0	0	12,195,521	0	0
0	0	(2,860,468)	0	0
0	0	0	2,300,000	6,475,000
1,454,034	1,268,815	0	0	0
0	0	0	0	331,415
5,369,057	10,056,269	4,903,817	7,888,694	3,278,664
<u>(5,541,875)</u>	<u>(10,269,103)</u>	<u>(6,080,540)</u>	<u>(8,203,627)</u>	<u>(3,278,664)</u>
<u>1,310,716</u>	<u>1,055,981</u>	<u>8,158,330</u>	<u>1,985,067</u>	<u>6,806,415</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(\$2,678,951)</u>	<u>(\$5,703,451)</u>	<u>(\$2,752,288)</u>	<u>(\$2,780,131)</u>	<u>\$14,535,587</u>
10.6%	12.2%	23.0%	38.7%	14.4%

**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
2009	2.00 %	\$34,005,834	\$26,232,767	77.14%	\$4,716,335	13.87%	\$3,056,732	8.99%
2008	2.00	37,416,449	25,989,242	69.46	7,547,808	20.17	3,879,399	10.37
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

(1) 2003 through 2009 are on an Accrual Basis and 2000 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 Ten Years Ago*

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

<u>2009 Taxpayers</u>	<u>Ranking</u>
Nestle Food Company	1
Swagelok Manufacturing Company	2
Solon Board of Education	3
Erico Products Inc.	4
Keithley Instruments Inc.	5
City of Solon	6
National Enterprise Systems Inc.	7
LPS Management LLC	8
Datavantage	9
L'Oreal USA Productions 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

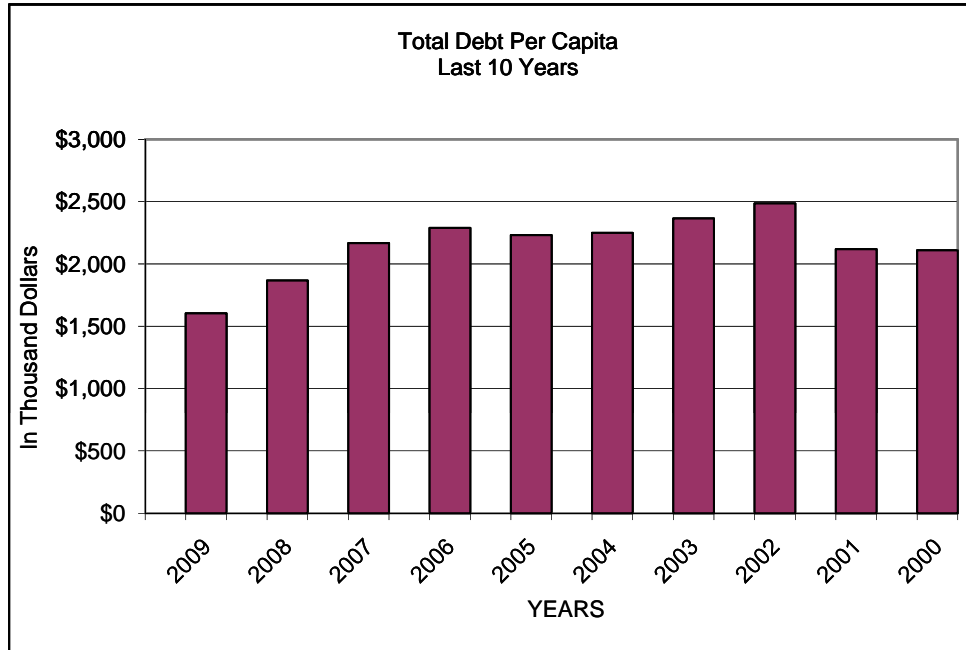
Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholding.

**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	General Obligation Bond Anticipation Notes
2009	\$6,720,000	\$247,805	\$11,274,426	\$320,531	\$4,707,351
2008	9,150,000	325,818	12,007,462	350,855	5,739,897
2007	10,150,000	401,537	12,603,477	411,503	9,400,888
2006	15,210,000	474,961	12,683,360	472,151	7,112,751
2005	17,170,000	548,385	11,347,421	532,799	6,012,118
2004	19,040,000	722,220	7,977,195	593,447	6,531,075
2003	20,835,000	898,350	6,827,517	654,095	7,045,100
2002	22,570,000	1,060,714	5,975,352	714,744	7,500,000
2001	12,185,000	4,131,604	2,893,673	805,716	9,300,000
2000	13,325,000	4,426,604	3,033,051	836,040	6,475,000

(1) The personal income and population can be found on S22.



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Business-Type  
Activities

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<u>OWDA Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$11,688,947	\$34,959,060	4.53%	\$1,603
13,110,071	40,684,103	5.27	1,866
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

**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>
2009	21,802	\$3,629,826,351	\$6,720,000	0.19 %	\$308.23
2008	21,802	3,970,061,706	9,150,000	0.23	419.69
2007	21,802	4,250,386,170	10,150,000	0.24	465.55
2006	21,802	3,741,137,847	15,210,000	0.41	697.64
2005	21,802	3,522,804,158	17,170,000	0.49	787.54
2004	21,802	3,586,420,398	19,040,000	0.53	873.31
2003	21,802	3,471,059,759	20,835,000	0.60	955.65
2002	21,802	3,410,829,704	22,570,000	0.66	1,035.23
2001	21,802	3,388,705,003	12,185,000	0.36	558.89
2000	21,802	2,991,594,597	13,325,000	0.45	611.18

Sources:

(1) U. S. Bureau of Census, Census of Population.

(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, 2009

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Solon
<b>Direct - City of Solon</b>			
General Obligation Bonds	\$6,720,000	100.00%	\$6,720,000
Special Assessment Bonds	247,805	100.00%	247,805
Bond Anticipation Notes	4,707,351	100.00%	4,707,351
OPWC Loans	320,531	100.00%	320,531
OWDA Loans	11,274,426	100.00%	11,274,426
<i>Total Direct</i>	<u>23,270,113</u>		<u>23,270,113</u>
<b>Overlapping</b>			
Solon City School District			
General Obligation Bonds	22,345,000	97.86%	21,866,817
Orange School District			
General Obligation Bonds	25,700,933	2.14%	550,000
Capital Lease Obligations	220,464	2.14%	4,718
Cuyahoga County (2)			
General Obligation Bonds	157,633,000	3.87%	6,100,397
Revenue Bonds	93,026,000	3.87%	3,600,106
Capital Lease Obligations	19,154,000	3.87%	741,260
Loans Payable	5,985,000	3.87%	231,619
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	163,025,000	3.87%	6,309,068
SIB Loan	3,040,281	3.87%	117,659
Capital Lease Obligations	22,308,138	3.87%	863,325
<i>Total Overlapping Debt</i>	<u>512,437,816</u>		<u>40,384,969</u>
<b>Total</b>	<u><u>\$535,707,929</u></u>		<u><u>\$63,655,082</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**  
*Ratios of Bonded Debt Outstanding and Legal Debt Margin*  
*Last Ten Years*

	2009	2008	2007	2006	2005
Population	21,802	21,802	21,802	21,802	21,802
Total Assessed Property Value	<u>\$1,179,483,022</u>	<u>\$1,189,301,755</u>	<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	\$6,720,000	\$9,150,000	\$10,150,000	\$15,210,000	\$17,170,000
Special Assessment Bonds	247,805	325,818	401,537	474,961	548,385
Bond Anticipation Notes	4,700,000	5,700,000	9,390,000	7,100,000	6,000,000
OPWC Loans	320,531	350,855	411,503	472,151	532,799
OWDA Loans	<u>22,963,373</u>	<u>25,117,533</u>	<u>26,878,754</u>	<u>26,625,363</u>	<u>24,389,190</u>
Total Gross Indebtedness	34,951,709	40,644,206	47,231,794	49,882,475	48,640,374
Less:					
Special Assessment Bonds	(247,805)	(325,818)	(401,537)	(474,961)	(548,385)
OWDA Loans	(22,963,373)	(25,117,533)	(26,878,754)	(26,625,363)	(24,389,190)
General Obligation					
Bond Retirement Fund Balance	<u>(1,186,990)</u>	<u>(1,485,082)</u>	<u>(1,074,820)</u>	<u>(1,529,697)</u>	<u>(1,996,287)</u>
Total Net Debt Applicable to Debt Limit	<u>10,553,541</u>	<u>13,715,773</u>	<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>123,845,717</u>	<u>124,876,684</u>	<u>133,188,526</u>	<u>124,461,086</u>	<u>123,769,855</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$113,292,176</u>	<u>\$111,160,911</u>	<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	91.48%	89.02%	85.83%	82.92%	82.46%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$64,871,566</u>	<u>\$65,411,597</u>	<u>\$69,765,418</u>	<u>\$65,193,902</u>	<u>\$64,831,829</u>
Total Gross Indebtedness	34,951,709	40,644,206	47,231,794	49,882,475	48,640,374
Less:					
Voted General Obligation Bonds	(465,000)	(2,060,000)	(2,250,000)	(2,430,000)	(2,605,000)
Special Assessment Bonds	(247,805)	(325,818)	(401,537)	(474,961)	(548,385)
OWDA Loans	(22,963,373)	(25,117,533)	(26,878,754)	(26,625,363)	(24,389,190)
General Obligation					
Bond Retirement Fund Balance	<u>(1,186,990)</u>	<u>(1,485,082)</u>	<u>(1,074,820)</u>	<u>(1,529,697)</u>	<u>(1,996,287)</u>
Net Debt Within 5 ½ % Limitations	<u>10,088,541</u>	<u>11,655,773</u>	<u>16,626,683</u>	<u>18,822,454</u>	<u>19,101,512</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$54,783,025</u>	<u>\$53,755,824</u>	<u>\$53,138,735</u>	<u>\$46,371,448</u>	<u>\$45,730,317</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	84.45%	82.18%	76.17%	71.13%	70.54%

Source: City Financial Records

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
(2,770,000)	(2,920,000)	(3,060,000)	(3,190,000)	(3,315,000)
(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>21,001,313</u>	<u>23,270,420</u>	<u>26,128,229</u>	<u>19,004,646</u>	<u>14,371,783</u>
<u>\$44,385,308</u>	<u>\$39,417,749</u>	<u>\$35,514,046</u>	<u>\$42,150,705</u>	<u>\$39,572,662</u>
67.88%	62.88%	57.61%	68.92%	73.36%

**City of Solon, Ohio**  
Principal Employers  
2008 and 1999 (1)

2008		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Company	2,897	5.87 %
Nestle Food Company	1,763	3.57
Solon Board of Education	1,089	2.21
National Enterprise Systems	1,043	2.11
City of Solon	945	1.92
Erico Products Inc.	609	1.23
Keithley Instruments Inc.	511	1.04
Arrow Electronics	415	0.84
Renaissance Hotel Operating	415	0.84
Kennametal Inc.	400	0.81
Total	<u>10,087</u>	<u>20.44 %</u>
Total W-2's Received	<u>49,347</u>	

1999		
Employer	W-2's	Percentage of Total City W-2's
Clintec Management Services	2,248	4.21 %
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>15.83 %</u>
Total W-2's Received	<u>53,467</u>	

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

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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)
2009	21,802	\$771,659,988	\$35,394	\$78,903	39
2008	21,802	771,659,988	35,394	78,903	39
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

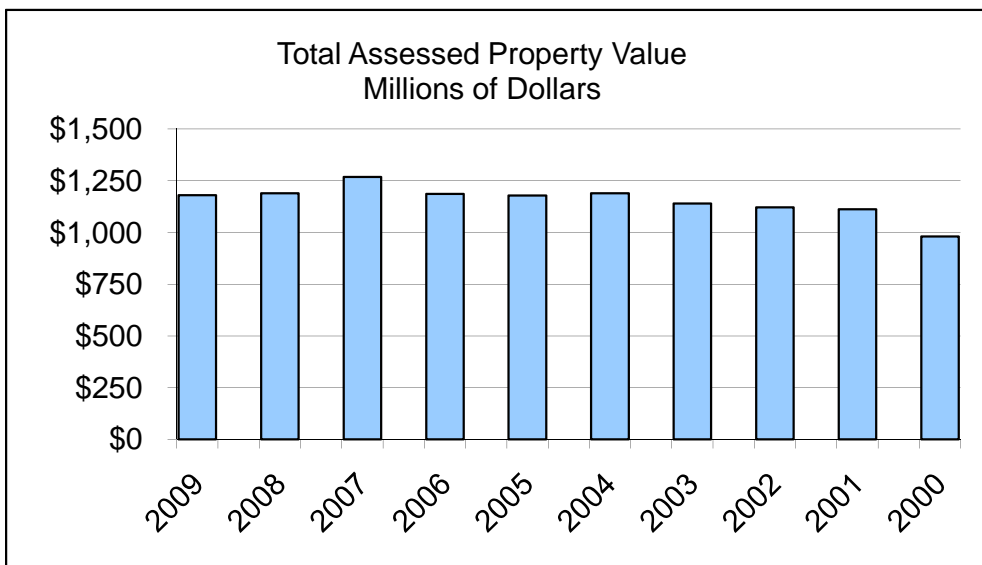
(1) Source: U. S. Census

(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



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Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Total Assessed Property Value (4)
50.4%	5,214	8.9%	\$1,179,483,022
50.4	5,292	6.8	1,189,301,755
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

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

Function/Program	2009	2008	2007	2006
<b>Security of Persons and Property</b>				
Police	47.00	46.00	46.00	46.00
Dispatch and Clerks	19.00	19.00	16.00	16.00
Corrections	10.00	10.00	10.00	10.00
Fire	61.00	61.00	61.00	61.00
<b>Leisure Time Activities</b>				
Recreation	14.00	15.00	16.00	16.00
Senior Services	5.00	5.00	5.00	5.00
Arts Center	4.00	4.00	3.00	3.00
Grantwood Golf Course	5.00	6.00	7.00	7.00
<b>Community Environment</b>				
Planning	6.00	6.00	6.00	6.00
Building	4.00	5.00	6.00	6.00
Engineering	11.00	10.00	8.00	8.00
Public Works	2.00	2.00	2.00	2.00
<b>Basic Utility Services</b>				
Water Reclamation	23.00	22.00	24.00	23.00
<b>Transportation</b>				
Service	70.00	68.00	67.00	65.00
<b>General Government</b>				
City Council	2.00	2.00	2.00	2.00
Mayors Office	2.00	2.00	2.00	2.00
Finance	11.00	10.00	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	2.00	2.00	1.00
Network Administrator	3.00	3.00	3.00	3.00
City Hall Custodial	2.00	2.00	2.00	2.00
Receptionist	1.00	1.00	1.00	1.00
Totals:	<u>309.00</u>	<u>306.00</u>	<u>305.00</u>	<u>301.00</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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
46.00	46.00	45.00	45.00	44.00	44.00
15.00	15.00	15.00	15.00	14.00	13.00
10.00	10.00	12.00	12.00	11.00	13.00
61.00	61.00	60.00	61.00	50.00	47.00
16.00	14.00	14.00	13.00	13.00	10.00
5.00	5.00	5.00	4.00	4.00	4.00
3.00	3.00	3.00	3.00	0.00	0.00
7.00	7.00	7.00	7.00	7.00	6.00
6.00	6.00	6.00	5.00	5.00	4.00
7.00	8.00	8.00	7.00	7.00	7.00
8.00	9.00	10.00	9.00	10.00	11.00
1.00	2.00	2.00	2.00	1.00	1.00
24.00	24.00	24.00	24.00	23.00	23.00
64.00	66.00	67.00	67.00	69.00	63.00
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	11.00	11.00	10.00	11.00	12.00
4.00	4.00	4.00	4.00	4.00	3.00
1.00	1.00	1.00	1.00	1.00	0.00
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00
<u>299.00</u>	<u>302.00</u>	<u>304.00</u>	<u>299.00</u>	<u>283.00</u>	<u>270.00</u>

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

Function/Program	2009	2008	2007	2006	2005	2004
<b>Security of Persons &amp; Property</b>						
<i><b>Police</b></i>						
Number of traffic citations issued	4,266	4,743	4,672	4,901	4,431	4,477
DUI Arrests	126	135	117	109	128	127
Prisoners Processed	1,376	1,445	1,489	1,472	1,124	1,323
<i><b>Fire</b></i>						
Fire Responses	785	753	833	705	841	820
EMS Calls	1,725	1,831	1,844	1,739	1,695	1,541
Safety Inspections	1,703	2,600	2,763	2,408	1,471	999
Plan Reviews	231	293	287	273	259	234
<b>Leisure Time Activities</b>						
<i><b>Parks and Recreation</b></i>						
Community Center Memberships	9,550	9,950	10,600	11,056	11,534	10,201
Summer Camp Participants	1,295	1,475	1,520	1,500	1,585	1,582
Baseball/Softball Teams	108	117	118	136	138	137
<i><b>Senior Services</b></i>						
Total Participation Hours	84,233	73,216	59,239	45,664	46,831	31,533
<i><b>Arts Center</b></i>						
Class Registrations	3,508	3,040	2,683	2,332	1,713	1,447
Percentage of Solon Residents	83%	87%	88%	83%	77%	79%
<i><b>Grantwood Golf Course</b></i>						
Rounds Played (18 holes)	12,649	12,464	12,598	12,266	13,485	14,354
Rounds Played (9 holes)	19,289	19,398	20,492	20,720	21,645	20,748
Buckets of Range Balls	10,342	11,291	11,222	11,439	12,616	16,073
<b>Community Environment</b>						
<i><b>Building</b></i>						
Building Permits Issued	706	726	775	819	923	758
<b>Basic Utility Services</b>						
<i><b>Waste Water Treatment</b></i>						
Average Daily Flow (millions of gallons)	3.291	3.787	3.957	4.045	4.112	4.024
<b>Transportation</b>						
<i><b>Service</b></i>						
Tons of Salt Purchased	12,700	11,509	9,497	7,515	17,970	12,888
Tons of Rubbish Collected	8,147	8,987	12,255	11,309	11,590	11,980
Tons of Leaves Collected	2,788	1,752	4,351	5,510	6,395	3,850
Tons of Recycling Materials Collected	1,199	1,069	1,573	987	727	594
<b>General Government</b>						
<i><b>City Council</b></i>						
Ordinances or Resolutions Introduced	311	372	324	311	302	288
<i><b>Finance</b></i>						
Accounts Payable Checks Processed	10,838	10,525	10,022	9,971	10,272	10,627
Purchase Orders Issued	4,880	4,828	4,523	4,698	4,805	5,067
<i><b>Network Administration</b></i>						
Computer Workstations	235	225	217	205	200	196

(1) Information prior to 2004 is not available.

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

Function/Program	2009	2008	2007	2006	2005	2004
<b>Security of Persons and Property</b>						
<i><b>Police</b></i>						
Square Footage of Station	37,168	37,168	37,168	37,168	37,168	37,168
Vehicles	25	24	24	24	24	23
<i><b>Fire</b></i>						
Square Footage of Station #1	37,168	37,168	37,168	37,168	37,168	37,168
Square Footage of Station #2	16,200	16,200	16,200	9,000	9,000	9,000
Square Footage of Station #3	9,610	9,610	9,610	9,610	9,610	9,610
Vehicles	21	23	22	21	21	21
<b>Leisure Time Activities</b>						
<i><b>Parks and Recreation</b></i>						
Square Footage of Community Center	92,500	92,500	92,500	92,500	92,500	92,500
Vehicles	7	8	8	7	7	7
<i><b>Senior Services</b></i>						
Vehicles	6	5	3	4	4	3
<i><b>Arts Center</b></i>						
Square Footage of Building	15,000	15,000	15,000	15,000	15,000	15,000
<i><b>Grantwood Golf Course</b></i>						
Square Footage of Clubhouse	7,200	7,200	7,200	7,200	7,200	7,200
Square Footage of Maintenance Building	5,000	5,000	5,000	5,000	5,000	5,000
Vehicles	1	1	1	1	1	1
<b>Community Environment</b>						
<i><b>Planning Department</b></i>						
Vehicles	2	2	2	2	2	2
<i><b>Building Department</b></i>						
Vehicles	5	5	5	5	5	5
<i><b>Engineering Department</b></i>						
Vehicles	8	9	9	8	8	8
<b>Basic Utility Services</b>						
<i><b>Waste Water Treatment</b></i>						
Square Footage of Buildings	56,000	56,000	56,000	56,000	56,000	56,000
Vehicles	12	13	13	13	14	15
<b>Transportation</b>						
<i><b>Service</b></i>						
Square Footage of Building	70,461	70,461	70,461	70,461	70,461	70,461
Vehicles	73	67	66	58	64	68
<b>General Government</b>						
<i><b>City Hall</b></i>						
Square Footage of Building	55,950	55,950	55,950	55,950	55,950	55,950
Mayor's Vehicle	1	1	1	1	1	1
Tax/Finance's Vehicle	1	1	1	1	1	1
Network Administration's Vehicle	1	1	1	1	0	0
City Hall Vehicle	1	1	1	1	1	1

(1) Information prior to 2004 is not available.

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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  
SEPTEMBER 30, 2010