



Dave Yost • Auditor of State

CITY OF SOLON
CUYAHOGA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2013, wherein we noted wherein we noted the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 27, 2013

CITY OF SOLON, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012

CITY OF SOLON, OHIO



INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Solon, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2012

*Prepared by the Department of
Finance*

*Dennis G. Kennedy, CPA
Director of Finance*

City of Solon, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2012
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The City of Solon
CITY HALL

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

June 27, 2013

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 2012, the City of Solon was audited by the Auditor of State's Office. Their unmodified 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 current population of the City stands in excess of 23,000 and the City's geographical location enables residents to participate in employment opportunities in proximity of the greater Akron and Cleveland areas.

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. Additionally, 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 Community Center, as does the Senior Services Department from the Senior Center wing of the Community Center.

The City presently has two enterprise operations: (1) Grantwood Recreation Park/Golf Course and (2) the Water Reclamation (formerly wastewater) funds. The operating expenses of the Water Reclamation fund have been, and continue to be, covered by user fees. Part of the financial management efforts of the City are directed to monitoring and analyzing programs for these two operational areas to insure both short and long term viability.

The administrative functions of the City include planning and zoning, economic development, building (permits and inspection), engineering, human resources, finance and information technology. The City conducts all operations related to income tax collection through a separate department and is not part of a regional income tax collection/administration system. Also, the City is fortunate to operate its own Solon Center for the Arts which has served to culturally enrich the community, its residents and has served as an important educational tool for the children participating in theatre and music events.

As part of a program to increase the functionality of the Water Reclamation Department, the City assumed responsibility for billing and collection of fees associated with maintenance of the storm and sanitary sewer system for residents and businesses in mid-2011. This function was previously performed by the City of Cleveland Division of Water on behalf of Solon. The City's intention in assuming primary responsibility for sewer service billing was to reduce outstanding delinquencies and to improve the level of customer service for Solon constituents. This activity is accounted for in the Water Reclamation Fund. Revenue associated with sewer billing operations have increased since the City initiated the transition from Cleveland Water to management of its own billing/collection program.

Solon City 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 within their area of responsibility if necessary. Appropriation or fund transfers between departments, however, need special approval from the governing council.

ECONOMIC CONDITION AND OUTLOOK

The proof of the viability and success of the City of Solon is evident in several accreditations the City has been noted for in recent years. In 2011, MONEY magazine ranked Solon as the third best place to live in the United States, describing the City as a small, diverse community with a large tax base, one of the highest achieving school districts, great medical care and our own orchestra.

In 2012, CLEVELAND magazine rated Solon as Northeast Ohio's number two suburb, citing the level of City services provided to a diverse population who are fortunate to partake in a strong housing market and are afforded the availability of a noted school system. The City was also named in 2013 as the best place to raise a family in the State of Ohio by Businessweek.com making reference to all the superb services and living benefits that were similarly detailed in the other publications.

The City currently is home to more than 2,800 businesses which positively impacts the daytime population of the community. In 2012, Solon welcomed 42 new businesses to the City and assisted an additional 29 companies with relocations or expansion. As of the date of this report, the City presently has the lowest vacancy rate in its history for available space in its industrial area.

The City has a very proactive program with consideration to economic development. For job creation grants administered by staff, the City invested over \$1 million in 2012. Under this program, the company receives a grant predicated and computed on part of the municipal withholding tax paid to the City on a newly created job. The City also has one active enterprise zone agreement and one Community Reinvestment Area agreement.

After payment of the grants, the net gain realized by the City in income tax revenue generated by the program was \$1.3 million. These grants created over 1,800 new jobs in Solon and helped retain approximately 850 other positions with local companies.

The success of our economic development program and the attractiveness of our City and services to members of the business community may be measured by the level of municipal income tax collections posted by the City in 2012. Once again, as was the case in the preceding year, Solon income tax collections reached record highs both in terms of gross and net (of refunds) revenue.

Our cash basis net income tax collections in 2011 were \$39.4 million – a record at that point. In 2012, the City collected over \$39.5 million in total revenue for income tax. Annual collections have climbed each year since 2009 when the impact of the recession lowered annual net income tax revenue to \$34 million.

The continued growth of income tax collections coupled with a record level occupancy rate for commercial business and a stable housing market are strong indicators of the financial strength of our community and their resilience to the crushing impact of the most recent recession and the strong presence Solon maintains in Northeast Ohio as a leader in retail and industry.

Net withholding tax collections increased in 2012 over 2011 levels by 1.2 percent while net profit revenue continued to approach the \$7 million mark. Both of these factors demonstrate the stability of the local economy in Solon and serve to solidify the revenue base the City relies upon to fund a majority of its services.

Unlike the majority of municipal governments in Northeast Ohio, Solon has been able to function and continue to prosper during a time when aid from the State of Ohio has been dramatically reduced. Changes in the most recent State budget generated decreases in local government funds and estate tax proceeds that many cities have had difficulty in absorbing. Solon is fortunate to be in a strong financial position that does not require or contemplate increases in income or property tax rates at any point in the future.

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.

In 2012, City Council approved a recommendation proposed by the Finance Department to proceed with the elimination of \$3.8 million in bonded debt, an action that would save the City an estimated \$1 million in interest had the bond been maintained. Effective debt management allows for potential reallocations of property tax revenue to fund general operations, a strategy that has helped the City deal with State funding cuts that have crippled the revenue of some other communities throughout the State.

RELEVANT FINANCIAL POLICIES

The City has maintained a policy of balancing the budget with estimated current revenues 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 and formally establishing a standard for the size of the annual unencumbered balance of the General Fund.

In early 2013, the City took an additional step towards promoting long-term financial stability by establishing a budget stabilization ("rainy day") fund that will be used to segregate resources that will only be employed should pre-determined economic stress levels be reached. The combination of accumulating unencumbered cash reserves and a separate rainy day fund demonstrates the City's resolve with respect to prudent fiscal management and planning.

The City has also been able to maintain and follow 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 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. In 2010, the City redeemed \$4.7 million in Bond Anticipation Notes issued for the construction of Fire Station No. 3 and the reconstruction of Fire Station No. 2.

As referenced above, the City took additional steps in 2012 to reduce its debt by authorizing a release of cash reserves to pay off an outstanding bond issue in the amount of \$3.8 million. Total debt for the City has been dramatically reduced as a result of concerted efforts to limit the unnecessary expansion of general operating expense and directing available funds to debt retirement. Total outstanding debt of the City has been decreased by roughly 60 percent since 2007.

MAJOR INITIATIVES

The \$14 million Bainbridge Road reconstruction project that began in 2010 was finally completed in 2012. Project costs were offset to a substantial degree by funding received from a stimulus grant received by Cuyahoga County.

The City also was awarded a \$6 million grant from the Northeast Ohio Areawide Coordinating Agency (NOACA) to upgrade or replace all 46 traffic signals throughout Solon. Funds for this project were provided from the NOACA congestion mitigation and air quality improvement program. In 2013, the City expects to begin this project and has budgeted over \$4 million of funds to support the initial phase.

Also, in 2012 work continued on the anaerobic digester at the City's Water Reclamation Plant whose capitalized costs total over \$5.2 million. Funding assistance for the project was obtained through an Ohio EPA loan. The loan will be repaid from sanitary sewer proceeds collected through the City's sewer billing administration. The City also received grant funding in excess of \$211,000 from the Northeast Ohio Public Energy Council to assist in completing the upgrade.

The City continued its annual focus on capital improvements by dedicating over \$10 million in 2012 for the purpose of upgrade, maintenance and improvement of street and sewer infrastructure in an effort to provide Solon residents and business partners the highest level of services possible. In 2013, the Mayor and Council again exhibited a strong commitment to infrastructure needs by setting the related budget for the year at over \$14 million.

The primary focus of the Administration and Council is to conduct operations as any successful chief executive officer or board of directors runs their business. It is imperative that the approach of Solon employees and elected officials remains centered on structured leadership and management principles that are designed to increase the City's efficiency as an entity and to improve the stewardship and accountability to the community.

In 2012, Solon again appeared to have all the qualities that major corporations and businesses desire as evident by the scale of some of the expansion projects the City has recently been involved with. A new shopping center anchored by a redesigned, market-style Giant Eagle is destined to be a jewel in the heart of the City. The City also has announced a partnership with University Hospitals to bring a new UH-Solon Health Center to the community in 2013. The center will offer services such as comprehensive pediatrics, internal medicine, dermatology, allergy/immunology, sports medicine, pulmonary care and behavioral health services.

All of the above projects and programs serve to strengthen the City in the long term and continue our reputation as a wonderful place to live and raise a family.

Awards and Acknowledgements

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solon for its comprehensive annual financial report for the fiscal year ended December 31, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

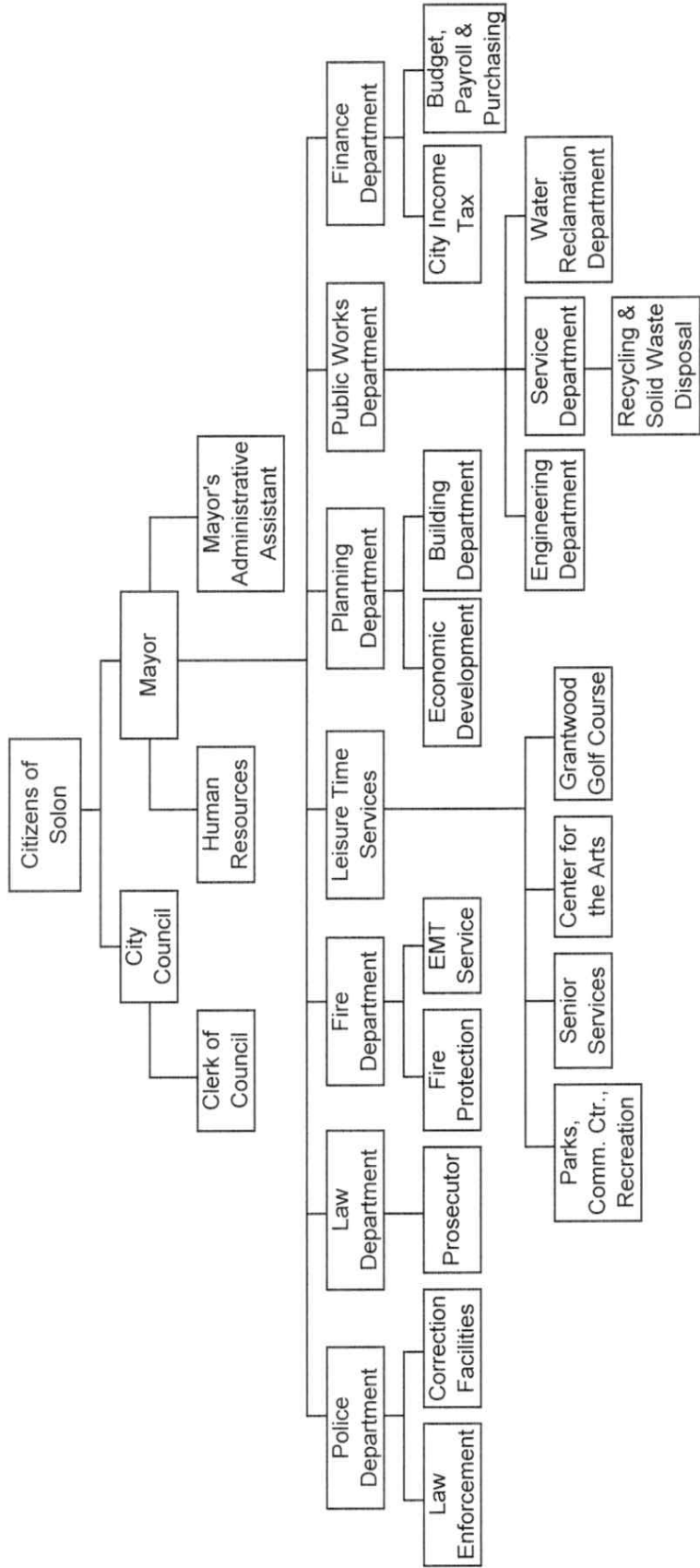
The preparation of this report would not be possible without the diligent and extra work by dedicated members of our Finance Department and various other staff within the Administration. Their efforts are greatly appreciated. In addition, my gratitude and compliments extend to the Auditor of State's Section of Local Government Services who assisted in the production of this report. Finally, a thank you to Mayor Susan A. Drucker and the members of City Council is in order for their continued, very professional support of the Finance Department and the benefit of compiling a Comprehensive Annual Financial Report.

Respectfully submitted,



Dennis G. Kennedy, CPA
Director of Finance

**CITY OF SOLON
Organizational Chart
December 31, 2012**



City of Solon, Ohio

Principal Officials

December 31, 2012

Elected Officials

Susan A. Drucker Mayor

City Council

Richard A. Bell..... Ward 1

Robert N. Pelunis Ward 2

Toni M. Richmond Ward 3

William D. Mooney Ward 4

Nancy E. Meany Ward 5

Edward H. Kraus Ward 6 (Vice Mayor)

William I. Russo.....Ward 7

Carol J. McConoughey..... Clerk of Council (appointed)

Appointed Officials

Thomas G. Lobe..... Director of Law

Dennis G. Kennedy Director of Finance

Christopher P. Viland 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

John J. Busch..... Director of Engineering

Thomas G. Bandiera Director of Service

Charles E. Boshane Building Commissioner

Paul J. Solanics..... Director of Water Reclamation

Thomas M. Cornhoff..... Director of Human Resources

Patricia A. Dawson..... Director of Information Technology

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Solon
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

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



Christopher P. Moynell
President

Jeffrey R. Emer
Executive Director

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CITY OF SOLON, OHIO



FINANCIAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the financial statements, during 2012, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

June 27, 2013

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City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The discussion and analysis of the City of Solon's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2012. 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 2012 are as follows:

- The City's net position increased by \$19.8 million during 2012 due mainly to an increase in municipal income tax collections as well as to an increase in capital assets, including significant improvements to Bainbridge Road. The increase in net position also resulted from decreases in contracts and retainage payable due to project contracts being paid off as well as to a decrease in long-term liabilities due to the continued pay-down of bonded debt, OWDA loans and OPWC loans.
- The City's capital assets increased by over \$10 million. Most of the increase can be attributed to infrastructure related projects such as the Bainbridge Road project, the Carter/Cochran Intersection project, the Service Department Roof project and the Anaerobic Digester/Electrical Upgrade project. The increase in capital assets was partially offset by annual depreciation.
- The general fund had an increase in fund balance primarily due to an increase in withholding income taxes resulting from the growth of new businesses.
- The City reduced its debt by over \$6.2 million in 2012. The largest single reduction was the redemption (or pay-off) of \$3.8 million in general obligation debt with cash reserves.

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 Position and Statement of Activities provide information about the activities of the

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all non-major funds presented in total in one column.

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

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

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

The government-wide financial statements can be found starting on page 15.

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 provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

PROPRIETARY FUNDS – use the same basis of accounting as business-type activities. The City of Solon has two enterprise operations and one internal service fund under the proprietary fund classification. They are the water reclamation (wastewater) operation and Grantwood (golf course) recreation and the internal service fund accounting for self-insured 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 23 to 26.

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

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The City implemented GASB 54 in 2010. Please see the notes to the basic financial statements concerning data reporting this change and the further clarification of fund balances. The notes to the basic financial statements can be found on pages 28 to 61.

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 62.

Government-Wide Financial Analysis

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

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

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

- Assets
- Liabilities
- Deferred Inflows of Resources
- Net Position
- Program Expenses and Revenues
- General Revenues
- Net Position Beginning and End of Year

The City of Solon as a Whole

The following provides a summary of the City's net position for the City as a whole for 2012 compared to 2011:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other Assets	\$52,346,666	\$51,328,128	\$8,494,864	\$7,664,894	\$60,841,530	\$58,993,022
Capital Assets, Net	131,838,096	121,672,262	65,123,563	65,140,173	196,961,659	186,812,435
<i>Total Assets</i>	<u>184,184,762</u>	<u>173,000,390</u>	<u>73,618,427</u>	<u>72,805,067</u>	<u>257,803,189</u>	<u>245,805,457</u>
Liabilities						
Current Liabilities	3,576,116	4,934,841	393,668	441,883	3,969,784	5,376,724
Long-term Liabilities						
Due within one Year	2,026,789	2,695,063	1,796,692	1,920,251	3,823,481	4,615,314
Due in More than one Year	10,649,974	15,355,462	10,000,881	10,778,204	20,650,855	26,133,666
<i>Total Liabilities</i>	<u>16,252,879</u>	<u>22,985,366</u>	<u>12,191,241</u>	<u>13,140,338</u>	<u>28,444,120</u>	<u>36,125,704</u>
Deferred Inflows of Resources						
Property Taxes	3,552,353	3,662,808	0	0	3,552,353	3,662,808
Net Position						
Net Investment in Capital Assets	131,699,509	116,112,789	53,582,076	52,758,649	185,281,585	168,871,438
Restricted for:						
Capital Projects	9,310,451	6,925,143	0	0	9,310,451	6,925,143
Debt Service	5,437,648	7,219,254	0	0	5,437,648	7,219,254
Other Purposes	2,341,726	2,813,897	0	0	2,341,726	2,813,897
Unrestricted	15,590,196	13,281,133	7,845,110	6,906,080	23,435,306	20,187,213
<i>Total Net Position</i>	<u>\$164,379,530</u>	<u>\$146,352,216</u>	<u>\$61,427,186</u>	<u>\$59,664,729</u>	<u>\$225,806,716</u>	<u>\$206,016,945</u>

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Total current and other assets for governmental activities increased due to mainly to an increase in income tax collections. Net capital assets for governmental activities increased due to the purchase of vehicles for police, fire and service and the construction of various infrastructure projects, including Bainbridge Road Improvements and the Carter/Cochran Intersection. This increase was partially offset by annual depreciation. The decrease in current liabilities resulted from a decrease in contracts and retainage payable as construction contracts were completed and paid off. The decrease in current liabilities was also due to the City paying Kenmore Construction the judgment amount owed relating to a contract dispute that was settled through arbitration. The decrease in long-term liabilities was due to the redemption of \$3.8 million in general obligation debt and the continued pay-down of bonded debt, OWDA loans and OPWC loans.

Total assets for business-type activities increased due to an increase in cash and cash equivalents as a result of charges for services revenue continuing to exceed program expenditures. Net investment in capital assets for business-type activities resulted decreased slightly as a result of annual depreciation. This decrease was partially offset by additions to construction in progress for the anaerobic digester/electrical upgrade project. Total liabilities for business-type activities decreased due to the annual pay-down on debt for the City's water reclamation facility.

Further details of the changes in net position between 2012 and 2011 can be observed in Table 2.

(Table 2)
Changes in Net Position

	Governmental Activities		Business -Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program Revenues						
Charges for Services	\$5,325,900	\$4,882,608	\$7,513,161	\$8,749,095	\$12,839,061	\$13,631,703
Operating Grants and Contributions	1,396,049	1,407,239	0	158,528	1,396,049	1,565,767
Capital Grants and Assessments	1,587,921	149,004	0	0	1,587,921	149,004
<i>Total Program Revenues</i>	<u>8,309,870</u>	<u>6,438,851</u>	<u>7,513,161</u>	<u>8,907,623</u>	<u>15,823,031</u>	<u>15,346,474</u>
General Revenues						
Property Taxes	4,038,001	4,166,146	0	0	4,038,001	4,166,146
Municipal Income Taxes	40,665,159	38,674,227	0	0	40,665,159	38,674,227
Grants and Entitlements	1,896,700	1,846,601	0	0	1,896,700	1,846,601
Investment Income	171,550	607,074	52,757	0	224,307	607,074
Gain on Sale of Capital Assets	65,299	47,632	55,950	0	121,249	47,632
Miscellaneous	834,994	522,228	42,521	76,617	877,515	598,845
<i>Total General Revenues</i>	<u>47,671,703</u>	<u>45,863,908</u>	<u>151,228</u>	<u>76,617</u>	<u>47,822,931</u>	<u>45,940,525</u>
<i>Total Revenues</i>	<u>\$55,981,573</u>	<u>\$52,302,759</u>	<u>\$7,664,389</u>	<u>\$8,984,240</u>	<u>\$63,645,962</u>	<u>\$61,286,999</u>

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(Table 2)
Changes in Net Position

	Governmental Activities		Business -Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program Expenses						
Security of Persons and Property						
Police	\$9,007,166	\$8,501,513	\$0	\$0	\$9,007,166	\$8,501,513
Fire	8,248,104	8,137,648	0	0	8,248,104	8,137,648
Prosecutor	246,888	258,477	0	0	246,888	258,477
Public Health and Welfare	94,691	85,571	0	0	94,691	85,571
Leisure Time Activities	6,588,533	6,594,011	0	0	6,588,533	6,594,011
Community Environment	3,087,942	2,793,632	0	0	3,087,942	2,793,632
Basic Utility Services	2,921,098	2,668,113	0	0	2,921,098	2,668,113
Transportation	13,093,694	14,847,835	0	0	13,093,694	14,847,835
General Government	5,857,841	5,426,644	0	0	5,857,841	5,426,644
Interest and Fiscal Charges	440,111	533,090	0	0	440,111	533,090
Water Reclamation	0	0	5,302,029	5,265,324	5,302,029	5,265,324
Grantwood Recreation	0	0	1,191,495	1,048,003	1,191,495	1,048,003
<i>Total Program Expenses</i>	<u>49,586,068</u>	<u>49,846,534</u>	<u>6,493,524</u>	<u>6,313,327</u>	<u>56,079,592</u>	<u>56,159,861</u>
<i>Excess (Deficiency) before</i>						
<i>Special Items and Transfers</i>	6,395,505	2,456,225	1,170,865	2,670,913	7,566,370	5,127,138
Special Item - Bainbridge						
Road Improvements	12,223,401	0	0	0	12,223,401	0
Transfers	(591,592)	289,935	591,592	(289,935)	0	0
<i>Change in Net Position</i>	<u>18,027,314</u>	<u>2,746,160</u>	<u>1,762,457</u>	<u>2,380,978</u>	<u>19,789,771</u>	<u>5,127,138</u>
<i>Net Position, Beginning of Year</i>	<u>146,352,216</u>	<u>143,606,056</u>	<u>59,664,729</u>	<u>57,283,751</u>	<u>206,016,945</u>	<u>200,889,807</u>
<i>Net Position End of Year</i>	<u>\$164,379,530</u>	<u>\$146,352,216</u>	<u>\$61,427,186</u>	<u>\$59,664,729</u>	<u>\$225,806,716</u>	<u>\$206,016,945</u>

Governmental Activities

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

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 Police increased due to higher personal services and materials and supplies expenditures. Fire had normal increases. Prosecutor remained fairly consistent with 2011.

The next largest program or function is transportation. It includes the construction and maintenance of streets, storm sewers and other related infrastructure. There was a significant decrease from 2011 due to a greater amount of infrastructure costs being capitalized rather than expensed in 2012.

Leisure time activities remained consistent between 2012 and 2011. General government increased between 2012 and 2011 due mainly to building costs for the Solon Library being expensed rather than capitalized. This increase in general government was partially offset by lower personal service costs paid from the City's sick leave reserve.

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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 2012 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, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year. Information about the City's governmental funds begins on page 18. These funds are accounted for by using the modified accrual basis of accounting.

As of the end of 2012, the City of Solon's governmental funds reported a positive combined ending fund balance. The majority of the ending fund balance is unassigned. The remainder of the fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for new spending because it has been specifically marked for expenditures as designated by grant agreements, City ordinances or intent of use.

The general fund is the main governmental and operating fund of the City. There was an overall increase in the general fund's fund balance between 2012 and 2011 mainly due to an increase in withholding income taxes.

The general obligation bond retirement fund mainly receives property taxes and special assessments which are restricted for the payment of debt service. There was an overall decrease in the general obligation bond retirement fund's fund balance between 2012 and 2011 due to the City choosing to redeem \$3.8 million in general obligation debt due in years 2013 through 2021.

The infrastructure fund is the largest capital improvement governmental fund of the City. It receives one half of one percent of the City income tax (levy) to pay for new construction and repair of the City's infrastructure. There was an overall increase in the infrastructure fund's fund balance between 2012 and 2011 due to the City receiving more income tax monies and \$493,005 in pass-through OPWC grant monies for infrastructure projects as well as to a significant decrease in capital expenditures.

Business-type Funds – report the City's Water Reclamation (wastewater) operation and Grantwood (golf course) Recreation on a full accrual basis. In 2012, the net position for the Water Reclamation facility increased as a result of operating revenue continuing to outpace operating expenditures.

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.

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In 2012, the general fund's actual revenue plus other financing sources exceeded the final estimate. The general fund's actual expenditures plus other financing uses were well under final budget producing an overall positive variance.

Capital Assets

Governmental capital assets, net of depreciation, increased due to the purchase of police, fire and service vehicles and the construction of various infrastructure projects. This increase was partially offset by current year depreciation. Business-type capital assets, net of depreciation, decreased as the result of annual depreciation. This decrease was partially offset by additions to construction in progress for the anaerobic digester/electrical upgrade project. 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	
	2012	2011	2012	2011	2012	2011
Land	\$10,537,043	\$10,537,043	\$3,120,877	\$3,120,877	\$13,657,920	\$13,657,920
Construction in Progress	45,550	4,664,262	5,261,884	4,229,355	5,307,434	8,893,617
Land Improvements	1,142,084	1,239,771	7,973	8,771	1,150,057	1,248,542
Buildings	39,272,849	39,260,172	15,095,304	15,801,329	54,368,153	55,061,501
Furniture and Equipment	2,165,381	2,329,861	1,066,972	959,480	3,232,353	3,289,341
Vehicles	4,542,850	4,438,795	121,386	145,376	4,664,236	4,584,171
Infrastructure	74,132,339	59,202,358	40,449,167	40,874,985	114,581,506	100,077,343
Total Capital Assets	\$131,838,096	\$121,672,262	\$65,123,563	\$65,140,173	\$196,961,659	\$186,812,435

Outstanding Long-Term Obligations

(Table 4)
Outstanding Long-Term Obligations at Year End

	Governmental Activities		Business -Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$0	\$4,470,000	\$0	\$0	\$0	\$4,470,000
Special Assessment Bonds	0	84,895	0	0	0	84,895
OWDA Loans	8,942,950	9,742,923	11,541,487	12,381,524	20,484,437	22,124,447
OPWC Loans	138,587	199,235	0	0	138,587	199,235
Compensated Absences	3,501,273	3,433,260	256,086	316,931	3,757,359	3,750,191
Solon City School District	0	40,000	0	0	0	40,000
Claims Payable	93,953	80,212	0	0	93,953	80,212
Total	\$12,676,763	\$18,050,525	\$11,797,573	\$12,698,455	\$24,474,336	\$30,748,980

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Ohio Water Development Authority Loans and Ohio Public Works Commission Loans comprise most of the outstanding obligations. In addition, outstanding obligations include compensated absences (sick leave, etc.), and claims payable for 2012.

Governmental activities debt is serviced by property taxes and special assessments that are credited to the bond retirement fund. Most of this debt was issued for the construction of new infrastructure. Most of the business-type debt is for the water reclamation utility and improvements made to the wastewater plant. User fees are used to service that debt.

The compensated absence category represents the dollar value of accumulated but unused sick leave at year end. The liability represents amounts that will either be taken as leave or paid out upon termination or retirement. For additional information, please see note 16 to the basic financial statements.

Economic Factors and Current Financial Issues

The City presently has in place a municipal income tax at the rate of 2 percent applicable to income earned in the City (withholding) or by residents and/or businesses (individual/net profit). The tax rate has been in place for some time and the general financial condition of the City does not require any immediate or future action with respect to increasing the rate or decreasing any existing credit for reciprocity. Municipal income tax collections routinely represent more than 70 percent of the City's total governmental revenue.

Net income tax collections (gross collection less refunds) in 2012 grew slightly from 2011 levels. The total net cash collections in 2012 for all sources of municipal income tax were \$39.5 million on a cash basis. Withholding collections expanded in 2012 to a level of \$29.7 million, up 1.2 percent from the \$29.4 million recorded in 2011. Withholding collections in 2009 were \$26.2 million. The large growth experienced in the past three years is a fairly strong indication of the health and success of the City's industrial and commercial bases.

Net profit and individual collections declined slightly in 2012 on a cash basis. Individual tax revenue decreases were primarily attributed to a change in the tax rate of a neighboring community where a large segment of our Solon residents are employed. The change in rate lowered the amount due and payable to Solon because of the tax reciprocity granted to residents.

Net profit collections lagged behind 2011 levels by approximately 5 percent. However, cash collections for net profit tax began to surge in December 2012 and have continued to outpace prior years in the first quadrant of 2013. The recent growth in withholding and net profit tax revenue is expected to be maintained in the short term, a factor that will continue to provide the City with a strong foundation for general fund and capital project needs.

Controlled spending and the accelerated pace of municipal income tax collections have allowed the City to avoid pursuing alternative revenue streams (tax increases, new or increased fees and charges, etc.) while concurrently not having to engage in drastic expense reductions. The loss of local government funds distributed to political subdivisions from the State of Ohio have forced many entities to search for new revenue and/or implement spending cuts that significantly and negatively impact services. Effective management has placed the City of Solon in position to maintain its high level of services to its residential and commercial inhabitants.

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

In 2012-2013, the State Legislature has entertained potential changes to the municipal tax law in Ohio. Based on the most current version of the proposed changes, the City does not see any potential for a substantive negative impact on annual income tax revenue.

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

The general fund finished 2012 with an unassigned fund balance of \$22,232,615, up substantially from the previous year end unassigned fund balance of \$20.6 million. The City has implemented a policy whereby 20 percent of its unencumbered general fund balance will be maintained in reserve as well as having created a budget stabilization fund (2013) that will allow for a segregation of additional reserves that will be accumulated to use in emergency situations in times of revenue fluctuations.

The City's credit rating remains at an enviable level of AAA base on a 2008 upgrade by Standard & Poors. In 2010, Moody's recalibrated the City's rating to Aaa. More evidence of the City's commitment to effective financial management is the performance of the 2012 budget versus actual. In 2012, revenue exceeded final budget estimates by more than \$833,000 and expenses were restricted to a level \$2.1 million under the final budgeted amounts. The resultant favorable variance of \$3 million demonstrates that the City is watchful of accuracy in revenue projections as well as the need to avoid unnecessary expense levels and controlling departmental costs.

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

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

Requests for Information and Data

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

City of Solon, Ohio
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$34,799,240	\$6,199,224	\$40,998,464
Accounts Receivable	143,799	2,095,355	2,239,154
Intergovernmental Receivable	1,273,242	0	1,273,242
Municipal Income Taxes Receivable	7,145,632	0	7,145,632
Materials and Supplies Inventory	634,472	200,285	834,757
Prepaid Items	176,910	0	176,910
Property Taxes Receivable	3,699,288	0	3,699,288
Special Assessments Receivable	4,474,083	0	4,474,083
Nondepreciable Capital Assets	10,582,593	8,382,761	18,965,354
Depreciable Capital Assets, Net	121,255,503	56,740,802	177,996,305
<i>Total Assets</i>	<u>184,184,762</u>	<u>73,618,427</u>	<u>257,803,189</u>
Liabilities			
Accounts Payable	362,719	63,689	426,408
Accrued Wages	487,425	33,560	520,985
Contracts Payable	414,324	0	414,324
Intergovernmental Payable	751,836	25,237	777,073
Retainage Payable	749,962	0	749,962
Matured Compensated Absences Payable	103,592	90,607	194,199
Accrued Interest Payable	118,052	139,282	257,334
Claims Payable	227,262	0	227,262
Vacation Benefits Payable	360,944	41,293	402,237
Long-Term Liabilities:			
Due Within One Year	2,026,789	1,796,692	3,823,481
Due In More Than One Year	10,649,974	10,000,881	20,650,855
<i>Total Liabilities</i>	<u>16,252,879</u>	<u>12,191,241</u>	<u>28,444,120</u>
Deferred Inflows of Resources			
Property Taxes	3,552,353	0	3,552,353
Net Position			
Net Investment in Capital Assets	131,699,509	53,582,076	185,281,585
Restricted for:			
Capital Projects	9,310,451	0	9,310,451
Debt Service	5,437,648	0	5,437,648
Street, Construction, Maintenance and Repair	1,012,409	0	1,012,409
Landfill Improvement	405,313	0	405,313
Other Purposes	924,004	0	924,004
Unrestricted	15,590,196	7,845,110	23,435,306
<i>Total Net Position</i>	<u>\$164,379,530</u>	<u>\$61,427,186</u>	<u>\$225,806,716</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Activities
For the Year Ended December 31, 2012

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Assessments
Governmental Activities:				
Security of Persons and Property				
Police	\$9,007,166	\$457,894	\$98,874	\$0
Fire	8,248,104	811,123	108,799	74,915
Prosecutor	246,888	13,582	0	0
Public Health and Welfare	94,691	5,209	0	0
Leisure Time Activities	6,588,533	3,195,633	87,623	0
Community Environment	3,087,942	171,619	8,751	0
Basic Utility Services	2,921,098	117,275	0	0
Transportation	13,093,694	265,769	1,092,002	724,327
General Government	5,857,841	287,796	0	788,679
Interest and Fiscal Charges	440,111	0	0	0
<i>Total Governmental Activities</i>	<u>49,586,068</u>	<u>5,325,900</u>	<u>1,396,049</u>	<u>1,587,921</u>
Business-Type Activities:				
Water Reclamation	5,302,029	6,419,239	0	0
Grantwood Recreation	1,191,495	1,093,922	0	0
<i>Total Business-Type Activities</i>	<u>6,493,524</u>	<u>7,513,161</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$56,079,592</u>	<u>\$12,839,061</u>	<u>\$1,396,049</u>	<u>\$1,587,921</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

Special Item - Bainbridge Road Improvements
Transfers

Total General Revenues, Special Item and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$8,450,398)	\$0	(\$8,450,398)
(7,253,267)	0	(7,253,267)
(233,306)	0	(233,306)
(89,482)	0	(89,482)
(3,305,277)	0	(3,305,277)
(2,907,572)	0	(2,907,572)
(2,803,823)	0	(2,803,823)
(11,011,596)	0	(11,011,596)
(4,781,366)	0	(4,781,366)
(440,111)	0	(440,111)
<u>(41,276,198)</u>	<u>0</u>	<u>(41,276,198)</u>
0	1,117,210	1,117,210
0	(97,573)	(97,573)
<u>0</u>	<u>1,019,637</u>	<u>1,019,637</u>
<u>(41,276,198)</u>	<u>1,019,637</u>	<u>(40,256,561)</u>
1,358,974	0	1,358,974
1,282,647	0	1,282,647
403,221	0	403,221
604,834	0	604,834
388,325	0	388,325
30,796,894	0	30,796,894
9,791,741	0	9,791,741
76,524	0	76,524
1,896,700	0	1,896,700
171,550	52,757	224,307
65,299	55,950	121,249
834,994	42,521	877,515
<u>47,671,703</u>	<u>151,228</u>	<u>47,822,931</u>
12,223,401	0	12,223,401
(591,592)	591,592	0
<u>59,303,512</u>	<u>742,820</u>	<u>60,046,332</u>
18,027,314	1,762,457	19,789,771
<u>146,352,216</u>	<u>59,664,729</u>	<u>206,016,945</u>
<u>\$164,379,530</u>	<u>\$61,427,186</u>	<u>\$225,806,716</u>

City of Solon, Ohio

Balance Sheet

Governmental Funds

December 31, 2012

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$21,219,737	\$959,475	\$7,038,482	\$5,285,432
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	101,041	0	0	0
Accounts Receivable	84,861	0	0	58,938
Intergovernmental Receivable	550,610	98,293	6,698	617,641
Interfund Receivable	513,000	0	0	0
Municipal Income Taxes Receivable	5,346,470	0	1,782,157	17,005
Materials and Supplies Inventory	634,472	0	0	0
Prepaid Items	176,910	0	0	0
Property Taxes Receivable	1,700,043	600,015	0	1,399,230
Special Assessments Receivable	0	4,474,083	0	0
Total Assets	\$30,327,144	\$6,131,866	\$8,827,337	\$7,378,246
Liabilities				
Accounts Payable	\$257,224	\$0	\$872	\$104,623
Accrued Wages	448,695	0	0	38,730
Contracts Payable	0	0	273,219	141,105
Intergovernmental Payable	188,303	0	0	563,533
Interfund Payable	0	0	500,000	13,000
Retainage Payable	0	0	749,962	0
Matured Compensated Absences Payable	103,592	0	0	0
Claims Payable	227,262	0	0	0
Total Liabilities	1,225,076	0	1,524,053	860,991
Deferred Inflows of Resources				
Property Taxes	1,632,472	576,166	0	1,343,715
Unavailable Revenue	2,855,796	4,596,225	824,142	579,213
Total Deferred Inflows of Resources	4,488,268	5,172,391	824,142	1,922,928
Fund Balances				
Nonspendable	912,423	0	0	0
Restricted	0	959,475	6,479,142	3,668,639
Committed	557,390	0	0	925,688
Assigned	911,372	0	0	0
Unassigned	22,232,615	0	0	0
Total Fund Balances	24,613,800	959,475	6,479,142	4,594,327
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$30,327,144	\$6,131,866	\$8,827,337	\$7,378,246

See accompanying notes to the basic financial statements

City of Solon, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2012*

Total Governmental Funds	Total Governmental Funds Balances	\$36,646,744
	<i>Amounts reported for governmental activities in the statement of net position are different because</i>	
\$34,503,126	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	131,838,096
101,041	Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
143,799	Delinquent Property Taxes	146,935
1,273,242	Municipal Income Taxes	3,302,097
513,000	Intergovernmental	882,261
7,145,632	Special Assessments	4,474,083
634,472	Miscellaneous	50,000
176,910		
3,699,288	Total	8,855,376
4,474,083		
\$52,664,593	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 position.	
\$362,719	Net Position	101,120
487,425	Claims Payable	93,953
414,324		
751,836	Total	195,073
513,000		
749,962	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(118,052)
103,592		
227,262	Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(360,944)
3,610,120		
3,552,353	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
8,855,376	OWDA Loan Payable	(8,942,950)
12,407,729	OPWC Loan Payable	(138,587)
912,423	Compensated Absences	(3,501,273)
11,107,256	Claims Payable	(93,953)
1,483,078		
911,372	Total	(12,676,763)
22,232,615		
36,646,744	<i>Net Position of Governmental Activities</i>	\$164,379,530
\$52,664,593		

City of Solon, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
Revenues				
Property Taxes	\$1,344,023	\$1,327,203	\$0	\$1,413,595
Municipal Income Taxes	30,459,010	0	9,679,112	71,223
Special Assessments	0	708,400	0	0
Intergovernmental	1,686,940	343,293	622,200	2,082,270
Investment Income	156,269	0	0	15,281
Fees, Licenses and Permits	703,582	3,503	0	372,400
Fines and Forfeitures	336,749	0	0	35,810
Rentals	0	0	0	25,319
Charges for Services	1,032,527	0	0	2,816,010
Contributions and Donations	0	0	0	156,356
Miscellaneous	386,277	0	393,875	64,842
<i>Total Revenues</i>	<u>36,105,377</u>	<u>2,382,399</u>	<u>10,695,187</u>	<u>7,053,106</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	7,679,010	0	0	859,180
Fire	6,722,679	0	0	1,154,983
Prosecutor	246,909	0	0	0
Public Health and Welfare	94,691	0	0	0
Leisure Time Activities	586,226	0	0	5,366,155
Community Environment	3,071,463	0	0	3,600
Basic Utility Services	1,739,955	0	0	262,343
Transportation	4,808,241	0	0	1,175,000
General Government	4,613,814	13,100	0	22,428
Capital Outlay	0	0	6,388,586	2,856,934
Debt Service:				
Principal Retirement	0	5,354,868	60,648	0
Interest and Fiscal Charges	0	469,946	0	0
<i>Total Expenditures</i>	<u>29,562,988</u>	<u>5,837,914</u>	<u>6,449,234</u>	<u>11,700,623</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,542,389</u>	<u>(3,455,515)</u>	<u>4,245,953</u>	<u>(4,647,517)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	78,100	0	0	0
Transfers In	0	2,300,000	0	3,000,000
Transfers Out	(5,300,000)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(5,221,900)</u>	<u>2,300,000</u>	<u>0</u>	<u>3,000,000</u>
<i>Net Change in Fund Balances</i>	1,320,489	(1,155,515)	4,245,953	(1,647,517)
<i>Fund Balances Beginning of Year</i>	<u>23,293,311</u>	<u>2,114,990</u>	<u>2,233,189</u>	<u>6,241,844</u>
<i>Fund Balances End of Year</i>	<u>\$24,613,800</u>	<u>\$959,475</u>	<u>\$6,479,142</u>	<u>\$4,594,327</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, 2012*

<hr/> <hr/>	<hr/> <hr/>
Total Governmental Funds	Net Change in Fund Balances - Total Governmental Funds \$2,763,410
<hr/>	Amounts reported for governmental activities in the statement of activities are different because
\$4,084,821	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.
40,209,345	Capital Asset Additions:
708,400	Capital Outlay 6,136,324
4,734,703	Capital Contributions 10,514,174
171,550	Depreciation (6,065,410)
1,079,485	Total 10,585,088
372,559	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (419,254)
25,319	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.
3,848,537	Delinquent Property Taxes (46,820)
156,356	Municipal Income Taxes 455,814
844,994	Intergovernmental (112,516)
<hr/>	Special Assessments (606,273)
56,236,069	Miscellaneous (10,000)
	Total (319,795)
	Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 5,415,516
	Some expenses reported in the statement of activities, such as accrued interest do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 29,835
8,538,190	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.
7,877,662	Compensated Absences (68,013)
246,909	Vacation Benefits Payable (26,154)
94,691	Solon City School District 40,000
5,952,381	Claims Payable (13,741)
3,075,063	Total (67,908)
2,002,298	The internal service funds used by management are not reported in the City-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.
5,983,241	Change in Net Position 26,681
4,649,342	Claims Payable 13,741
9,245,520	Total 40,422
5,415,516	Change in Net Position of Governmental Activities \$18,027,314
469,946	
<hr/>	
53,550,759	
<hr/>	
2,685,310	
<hr/>	
78,100	
5,300,000	
(5,300,000)	
<hr/>	
78,100	
<hr/>	
2,763,410	
<hr/>	
33,883,334	
<hr/>	
\$36,646,744	

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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$1,243,809	\$1,351,566	\$1,352,070	\$504
Municipal Income Taxes	28,181,595	29,152,000	30,026,674	874,674
Intergovernmental	1,189,940	1,711,969	1,718,631	6,662
Investment Income	492,700	362,700	373,306	10,606
Fees, Licenses and Permits	474,004	702,800	704,136	1,336
Fines and Forfeitures	226,212	335,400	335,338	(62)
Charges for Services	740,910	875,501	888,667	13,166
Miscellaneous	306,191	444,326	371,268	(73,058)
<i>Total Revenues</i>	<u>32,855,361</u>	<u>34,936,262</u>	<u>35,770,090</u>	<u>833,828</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	7,744,743	7,915,851	7,691,080	224,771
Fire	6,780,980	6,917,527	6,723,494	194,033
Prosecutor	275,688	282,249	271,223	11,026
Public Health and Welfare	89,820	97,000	95,441	1,559
Leisure Time Activities	43,877	43,877	43,877	0
Community Environment	2,122,153	2,069,304	1,865,595	203,709
Basic Utility Services	1,687,131	1,759,077	1,743,124	15,953
Transportation	5,632,773	5,718,359	5,081,304	637,055
General Government	5,522,120	5,632,455	4,738,220	894,235
<i>Total Expenditures</i>	<u>29,899,285</u>	<u>30,435,699</u>	<u>28,253,358</u>	<u>2,182,341</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,956,076</u>	<u>4,500,563</u>	<u>7,516,732</u>	<u>3,016,169</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	78,100	78,100
Advances Out	0	0	(13,000)	(13,000)
Transfers Out	(4,675,386)	(6,975,386)	(6,965,386)	10,000
<i>Total Other Financing Sources (Uses)</i>	<u>(4,675,386)</u>	<u>(6,975,386)</u>	<u>(6,900,286)</u>	<u>75,100</u>
<i>Net Change in Fund Balance</i>	(1,719,310)	(2,474,823)	616,446	3,091,269
<i>Fund Balance Beginning of Year</i>	19,438,134	19,438,134	19,438,134	0
Prior Year Encumbrances Appropriated	360,660	360,660	360,660	0
<i>Fund Balance End of Year</i>	<u>\$18,079,484</u>	<u>\$17,323,971</u>	<u>\$20,415,240</u>	<u>\$3,091,269</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2012

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$5,958,441	\$240,783	\$6,199,224	\$195,073
Materials and Supplies Inventory	135,794	64,491	200,285	0
Accounts Receivable	2,095,027	328	2,095,355	0
<i>Total Current Assets</i>	<u>8,189,262</u>	<u>305,602</u>	<u>8,494,864</u>	<u>195,073</u>
<i>Noncurrent Assets:</i>				
Nondepreciable Capital Assets	6,000,597	2,382,164	8,382,761	0
Depreciable Capital Assets, Net	56,182,090	558,712	56,740,802	0
<i>Total Noncurrent Assets</i>	<u>62,182,687</u>	<u>2,940,876</u>	<u>65,123,563</u>	<u>0</u>
<i>Total Assets</i>	<u>70,371,949</u>	<u>3,246,478</u>	<u>73,618,427</u>	<u>195,073</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	55,152	8,537	63,689	0
Accrued Wages	25,667	7,893	33,560	0
Intergovernmental Payable	20,596	4,641	25,237	0
Matured Compensated Absences Payable	50,869	39,738	90,607	0
Accrued Interest Payable	139,282	0	139,282	0
Compensated Absences Payable	72,059	75,849	147,908	0
Vacation Benefits Payable	29,137	12,156	41,293	0
OWDA Loans Payable	1,648,784	0	1,648,784	0
Claims Payable	0	0	0	70,465
<i>Total Current Liabilities</i>	<u>2,041,546</u>	<u>148,814</u>	<u>2,190,360</u>	<u>70,465</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	87,815	20,363	108,178	0
OWDA Loans Payable	9,892,703	0	9,892,703	0
Claims Payable	0	0	0	23,488
<i>Total Long-Term Liabilities</i>	<u>9,980,518</u>	<u>20,363</u>	<u>10,000,881</u>	<u>23,488</u>
<i>Total Liabilities</i>	<u>12,022,064</u>	<u>169,177</u>	<u>12,191,241</u>	<u>93,953</u>
Net Position				
Net Investment in Capital Assets	50,641,200	2,940,876	53,582,076	0
Unrestricted	7,708,685	136,425	7,845,110	101,120
<i>Total Net Position</i>	<u>\$58,349,885</u>	<u>\$3,077,301</u>	<u>\$61,427,186</u>	<u>\$101,120</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Operating Revenues				
Charges for Services	\$6,331,501	\$953,220	\$7,284,721	\$250,000
Tap-In Fees	87,738	0	87,738	0
Rentals	0	140,702	140,702	0
Miscellaneous	33,507	9,014	42,521	4,540
<i>Total Operating Revenues</i>	<u>6,452,746</u>	<u>1,102,936</u>	<u>7,555,682</u>	<u>254,540</u>
Operating Expenses				
Personal Services	1,486,933	617,696	2,104,629	0
Materials and Supplies	369,202	230,907	600,109	0
Contractual Services	1,343,742	151,598	1,495,340	153,147
Depreciation	1,789,047	52,954	1,842,001	0
Claims	0	0	0	61,441
Change in Workers' Compensation Estimate	0	0	0	13,271
Other	32,071	138,340	170,411	0
<i>Total Operating Expenses</i>	<u>5,020,995</u>	<u>1,191,495</u>	<u>6,212,490</u>	<u>227,859</u>
<i>Operating Income (Loss)</i>	<u>1,431,751</u>	<u>(88,559)</u>	<u>1,343,192</u>	<u>26,681</u>
Non-Operating Revenues (Expenses)				
Interest	50,494	2,263	52,757	0
Gain on Sale of Capital Assets	55,950	0	55,950	0
Interest and Fiscal Charges	(281,034)	0	(281,034)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(174,590)</u>	<u>2,263</u>	<u>(172,327)</u>	<u>0</u>
<i>Income (Loss) before Capital Contributions</i>	1,257,161	(86,296)	1,170,865	26,681
Capital Contributions	591,592	0	591,592	0
<i>Change in Net Position</i>	1,848,753	(86,296)	1,762,457	26,681
<i>Net Position Beginning of Year</i>	<u>56,501,132</u>	<u>3,163,597</u>	<u>59,664,729</u>	<u>74,439</u>
<i>Net Position End of Year</i>	<u><u>\$58,349,885</u></u>	<u><u>\$3,077,301</u></u>	<u><u>\$61,427,186</u></u>	<u><u>\$101,120</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, 2012

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$6,186,189	\$953,220	\$7,139,409	\$0
Cash Received from Tap-In Fees	87,738	0	87,738	0
Cash Received from Rentals	0	141,377	141,377	0
Cash Received from Interfund Services Provided	0	0	0	250,000
Cash Received from Other Sources	32,956	8,833	41,789	4,540
Cash Payments to Employees for Services and Benefits	(1,463,631)	(609,635)	(2,073,266)	0
Cash Payments for Goods and Services	(1,788,517)	(379,188)	(2,167,705)	(153,547)
Cash Payments for Claims	0	0	0	(60,971)
Cash Payments for Other Operating Expenses	(28,071)	(138,056)	(166,127)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>3,026,664</u>	<u>(23,449)</u>	<u>3,003,215</u>	<u>40,022</u>
Cash Flows from Capital and Related Financing Activities				
Proceeds from Sale of Capital Assets	55,950	0	55,950	0
OWDA Loans Issued	998,508	0	998,508	0
Acquisition of Capital Assets	(1,227,049)	(6,750)	(1,233,799)	0
Principal Paid on OWDA Loans	(1,838,545)	0	(1,838,545)	0
Interest Paid on OWDA Loans	(365,606)	0	(365,606)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(2,376,742)</u>	<u>(6,750)</u>	<u>(2,383,492)</u>	<u>0</u>
Cash Flows from Investing Activities				
Interest on Investments	50,494	2,263	52,757	
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	700,416	(27,936)	672,480	40,022
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>5,258,025</u>	<u>268,719</u>	<u>5,526,744</u>	<u>155,051</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$5,958,441</u>	<u>\$240,783</u>	<u>\$6,199,224</u>	<u>\$195,073</u>

(continued)

City of Solon, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2012

	Business-type Activities			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$1,431,751	(\$88,559)	\$1,343,192	\$26,681
Adjustments:				
Depreciation	1,789,047	52,954	1,842,001	0
(Increase) Decrease in Assets:				
Accounts Receivable	(145,863)	494	(145,369)	0
Materials and Supplies Inventory	(11,389)	(732)	(12,121)	0
Increase (Decrease) in Liabilities:				
Accounts Payable	7,068	4,333	11,401	0
Accrued Wages	5,883	1,472	7,355	0
Contracts Payable	0	0	0	(400)
Claims Payable	0	0	0	13,741
Matured Compensated Absences Payable	50,869	39,738	90,607	0
Compensated Absences Payable	(29,422)	(31,423)	(60,845)	0
Vacation Benefits Payable	(5,349)	(2,199)	(7,548)	0
Intergovernmental Payable	(65,931)	473	(65,458)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$3,026,664</u>	<u>(\$23,449)</u>	<u>\$3,003,215</u>	<u>\$40,022</u>

Noncash Capital Financing Activities

During 2012, the infrastructure capital projects fund paid \$591,592 respectively, to contractors directly on behalf of the water reclamation enterprise fund. 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, 2012

Assets

Equity in Pooled Cash and Cash Equivalents	\$1,089,473
Cash and Cash Equivalents in Segregated Accounts	<u>40,873</u>
<i>Total Assets</i>	<u><u>\$1,130,346</u></u>

Liabilities

Intergovernmental Payable	\$40,873
Deposits Held and Due to Others	<u>1,089,473</u>
<i>Total Liabilities</i>	<u><u>\$1,130,346</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, 2012

Note 1 - Reporting Entity

The City of Solon (the City) is a home rule municipal corporation established under the laws of the State of Ohio which operates under its own Charter. The current Charter, which provides for a mayor-council form of government, was adopted November 2, 1954. The mayor is elected for a four-year term and seven Council members are elected 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 15 to the basic financial statements.

The City's management believes these financial statements present all activities for which the City is financially accountable.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Basis of Presentation

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

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

Fund Accounting

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

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City of Solon and/or the general laws of Ohio.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

Infrastructure Fund The infrastructure fund is used to account for and report one-fourth of the City income tax revenues approved by the voters and restricted for paying the costs to construct, reconstruct and maintain City-owned infrastructure.

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

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

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and 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, distribute traffic violation monies to other municipalities, provide scholarships for students in the DARE program, and to distribute income tax revenues to Bainbridge Township.

Measurement Focus

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are 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 position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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, in the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

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

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any deferred outflows of resources.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, homestead and rollback, income taxes, estate taxes, special assessments and intergovernmental local and state monies. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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".

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are reported as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City Treasury.

During 2012, investments were limited to STAR Ohio, repurchase agreements, federal national mortgage association notes, federal home loan bank bonds and federal home loan mortgage corporation notes.

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

The City of Solon has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2012. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but 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 net asset value per share which is the price the investment could be sold at December 31, 2012.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2012 amounted to \$156,269, which includes \$39,621 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, 2012, 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 position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their 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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

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 position.

Compensated Absences

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

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

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

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due.

Net Position

Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for state highway maintenance and law enforcement.

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

Fund Balance

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

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

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by Council. In the general fund, assigned amounts represent intended uses established by policies of the City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water reclamation, the Grantwood golf course and 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.

Contributions of Capital

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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.

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. During 2012, Cuyahoga County completed construction on improvements to Bainbridge Road. Contributed capital of \$12,223,401 from the County was recorded as a special item.

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 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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 – Changes in Accounting Principles

For 2012, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – and amendment of GASB Statement No. 53" Fund Balance Reporting and Governmental Fund Type Definitions," Statement No. 65, "Items Previously Reported as Assets and Liabilities" and Statement No. 66, "Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the City's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the City's financial statements.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 4 – Fund Balances

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

Fund Balances	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>					
Prepays	\$176,910	\$0	\$0	\$0	\$176,910
Inventory	634,472	0	0	0	634,472
Unclaimed Monies	101,041	0	0	0	101,041
<i>Total Nonspendable</i>	<u>912,423</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>912,423</u>
<u>Restricted for:</u>					
Street and Highway Construction, Maintenance and Repair	0	0	0	732,296	732,296
Police Pension	0	0	0	212,426	212,426
Fire Pension	0	0	0	123,789	123,789
Police Department	0	0	0	231,024	231,024
Landfill Improvement	0	0	0	405,313	405,313
Debt Service	0	959,475	0	0	959,475
Capital Improvements	0	0	6,479,142	1,963,791	8,442,933
<i>Total Restricted</i>	<u>0</u>	<u>959,475</u>	<u>6,479,142</u>	<u>3,668,639</u>	<u>11,107,256</u>
<u>Committed to:</u>					
Emergency Medical Service	546,693	0	0	0	546,693
Cable TV	0	0	0	234,760	234,760
Tree Planting	0	0	0	229,908	229,908
Recreation	0	0	0	397,024	397,024
Police and Fire Departments	0	0	0	13,196	13,196
Senior Services	0	0	0	32,824	32,824
Community Development	0	0	0	12,475	12,475
Cemetery	0	0	0	5,501	5,501
Purchases on Order	10,697	0	0	0	10,697
<i>Total Committed</i>	<u>557,390</u>	<u>0</u>	<u>0</u>	<u>925,688</u>	<u>1,483,078</u>
<u>Assigned to:</u>					
Senior Services	118,283	0	0	0	118,283
Economic Incentive	135,416	0	0	0	135,416
Compensated Absences	290,763	0	0	0	290,763
Purchases on Order	366,910	0	0	0	366,910
<i>Total Assigned</i>	<u>911,372</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>911,372</u>
Unassigned	<u>22,232,615</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,232,615</u>
Total Fund Balances	<u><u>\$24,613,800</u></u>	<u><u>\$959,475</u></u>	<u><u>\$6,479,142</u></u>	<u><u>\$4,594,327</u></u>	<u><u>\$36,646,744</u></u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 5 - Budgetary Basis of Accounting

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

- a) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- b) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- c) Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).
- d) Unreported cash represents amounts received but not included as revenue on the budgetary statements, but which are reported on the operating statements prepared using GAAP.
- e) Investments are reported at cost (budget) rather than fair value (GAAP).
- f) Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
- g) Budgetary revenues and expenditures of the street lighting, senior services, economic incentive and police training funds are classified to the general fund for GAAP reporting.

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Net Change in Fund Balance	
GAAP Basis	\$1,320,489
Net Adjustment for Revenue Accruals	1,243,944
Beginning Fair Value Adjustment for Investments	281,897
Ending Fair Value Adjustment for Investments	(69,700)
Beginning Unrecorded Cash	21
Net Adjustment for Expenditure Accruals	(1,664,683)
Advances Out	(13,000)
Excess of Revenues Over (Under) Expenditures	
Street Lighting	377
Senior Services	(7,100)
Economic Incentive	62,969
Police Training	458
Encumbrances	<u>(539,226)</u>
Budget Basis	<u><u>\$616,446</u></u>

Note 6 - Deposits and Investments

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

Active 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;
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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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, \$24,009,797 of the City's bank balance of \$27,326,526 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 deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments

Investments are reported at fair value. As of December 31, 2012, the City had the following investments:

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

	<u>Fair Value</u>	<u>Maturity</u>	<u>Standard & Poor's Rating</u>	<u>Percentage of Total Investments</u>
STAR Ohio	\$9,070	Average 55.4 Days	AAAm	N/A
Repurchase Agreements backed by Federal Home Loan Mortgage Corporation Notes	2,325,000	Less than 30 Days	AAA	15.27%
Federal National Mortgage Association Notes	2,022,188	Less than one year	AAA	13.29%
Federal National Mortgage Association Notes	5,656,636	Less than five years	AAA	37.16%
Federal Home Loan Bank Bonds	3,067,406	Less than one year	AAA	20.15%
Federal Home Loan Bank Bonds	1,649,667	Less than five years	AAA	10.84%
Federal Home Loan Mortgage Corporation Notes	<u>500,525</u>	Less than five years	AAA	3.29%
Total	<u><u>\$15,230,492</u></u>			

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

Credit Risk 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.

Note 7 – Receivables

Receivables at December 31, 2012, consisted of municipal income taxes, property taxes, accounts (billings for user charged services), special assessments and intergovernmental receivables arising from grants, entitlements and shared revenues.

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Special assessments expected to be collected in more than one year amount to \$3,858,746 in the general obligation bond retirement fund. At December 31, 2012, the amount of delinquent special assessments was \$54,129.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

2012 real property taxes were levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2012, was \$3.80 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2012 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	\$796,600,180
Other Real Estate	324,485,420
Tangible Personal Property	
Public Utility	<u>17,767,930</u>
Total	<u><u>\$1,138,853,530</u></u>

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2012, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2012 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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 2012, the general fund received seventy-five percent of the proceeds and the infrastructure fund received twenty-five percent of the proceeds.

In 2006, the City entered into a contract with neighboring Bainbridge Township to form the Bainbridge-Solon Joint Economic Development District (JEDD). The JEDD Board levied a municipal income tax of two percent in the JEDD effective January 1, 2007. See Note 19 for additional information on the JEDD.

Intergovernmental Receivable

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Gasoline Tax	\$269,597
Estate Tax	262,350
Homestead and Rollback	198,322
Local Government	165,543
Cents per Gallon	135,320
Auto Regulation	119,706
Personal Property Tax Reimbursement	35,833
Prisoner Housing	26,963
Violations Bureau	26,753
City of Bedford	9,502
Cuyahoga Arts & Culture	8,809
City of Cleveland	6,698
State of Ohio	3,944
Cuyahoga County	3,379
Bedford Municipal Court	523
Total Intergovernmental Receivables	<u><u>\$1,273,242</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, 2012.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Litigation

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

Note 9 - Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance 12/31/11	Additions	Reductions	Balance 12/31/11
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$10,537,043	\$0	\$0	\$10,537,043
Construction in progress	4,664,262	12,552,638	(17,171,350)	45,550
Total Capital Assets Not Being Depreciated	15,201,305	12,552,638	(17,171,350)	10,582,593
Capital Assets Being Depreciated				
Land improvements	2,046,340	0	0	2,046,340
Buildings	55,933,675	1,522,537	0	57,456,212
Equipment and Furniture	6,497,727	322,315	(215,716)	6,604,326
Vehicles	11,967,104	1,024,627	(507,041)	12,484,690
Infrastructure	119,102,108	18,399,731	(2,691,818)	134,810,021
Total Capital Assets Being Depreciated	195,546,954	21,269,210	(3,414,575)	213,401,589
Less Accumulated Depreciation				
Land improvements	(806,569)	(97,687)	0	(904,256)
Buildings	(16,673,503)	(1,509,860)	0	(18,183,363)
Equipment and Furniture	(4,167,866)	(473,994)	202,915	(4,438,945)
Vehicles	(7,528,309)	(920,572)	507,041	(7,941,840)
Infrastructure	(59,899,750)	(3,063,297)	2,285,365	(60,677,682)
Total Accumulated Depreciation	(89,075,997)	(6,065,410) *	2,995,321	(92,146,086)
Capital Assets Being Depreciated, net	106,470,957	15,203,800	(419,254)	121,255,503
Governmental Activities				
Capital Assets, net	<u>\$121,672,262</u>	<u>\$27,756,438</u>	<u>(\$17,590,604)</u>	<u>\$131,838,096</u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

	Balance 12/31/11	Additions	Reductions	Balance 12/31/12
Business Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$3,120,877	\$0	\$0	\$3,120,877
Construction in progress	4,229,355	1,032,529	0	5,261,884
Total Capital Assets Not Being Depreciated	7,350,232	1,032,529	0	8,382,761
Capital Assets Being Depreciated				
Land Improvements	256,107	0	0	256,107
Buildings	28,049,089	0	0	28,049,089
Equipment and Furniture	5,960,536	201,270	(196,939)	5,964,867
Vehicles	704,965	0	(184,741)	520,224
Infrastructure	59,248,235	591,592	(117,436)	59,722,391
Total Capital Assets Being Depreciated	94,218,932	792,862	(499,116)	94,512,678
Less Accumulated Depreciation				
Land Improvements	(247,336)	(798)	0	(248,134)
Buildings	(12,247,760)	(706,025)	0	(12,953,785)
Equipment and Furniture	(5,001,056)	(93,778)	196,939	(4,897,895)
Vehicles	(559,589)	(23,990)	184,741	(398,838)
Infrastructure	(18,373,250)	(1,017,410)	117,436	(19,273,224)
Total Accumulated Depreciation	(36,428,991)	(1,842,001)	499,116	(37,771,876)
Capital Assets Being Depreciated, net	57,789,941	(1,049,139)	0	56,740,802
Business Type Activities				
Capital Assets, net	<u>\$65,140,173</u>	<u>(\$16,610)</u>	<u>\$0</u>	<u>\$65,123,563</u>

During 2012, the City received road improvements from Cuyahoga County valued at \$12,223,401 in the governmental funds.

* Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	
Police	\$480,695
Fire	506,827
Leisure Time Activities	660,569
Community Environment	31,860
Transportation	3,063,297
Basic Utility Service	901,000
General Government	421,162
Total Depreciation Expense	<u>\$6,065,410</u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 10 - Risk Management

Property and Liability

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

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

Workers' Compensation

On July 3, 2007, the City was approved for self-insured status by the Bureau of Workers' Compensation and began to administer its own workers' compensation program (the program). The City has established a workers' compensation internal service fund to account for assets set aside for claim settlements and related liabilities associated with the program. Liabilities of the fund are reported when an employee injury has occurred, it is probable that a claim will be filed under the program, and the amount of the claim can be reasonably estimated. The City utilizes the services of CareWorks Consultants Inc., the third party administrator, to review, process, and pay employee claims. The City also maintains excess insurance coverage which would pay the portion of claims that exceed \$500,000 per occurrence for police officers, \$500,000 per occurrence for fire fighters and \$400,000 per occurrence for all other employees.

The claims liability of \$93,953 reported in the fund at December 31, 2012, is based on an estimate provided by the third party administrator and the requirements of GASB statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount for 2011 and 2012 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Change in Workers' Compensation Estimate	Balance at End of Year
2011	\$118,645	\$118,888	\$73,453	(\$83,868)	\$80,212
2012	80,212	61,441	60,971	13,271	93,953

City of Solon, Ohio
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For the Year Ended December 31, 2012

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, \$25 formulary, and \$50 non-formulary. The City has stop loss coverage at \$75,000 per family, per year, and a calculated aggregate maximum for the 2012 plan year of \$3,610,051.

The claims liability of \$227,262 reported in the general fund at December 31, 2012 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 2011 and 2012 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2011	\$178,574	\$3,051,861	\$2,976,778	\$253,657
2012	253,657	3,306,069	3,332,464	227,262

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, but less than, 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
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OPERS provides retirement, disability, survivor and death 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 visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2012, members in state and local divisions contributed 10 percent of covered payroll. For 2012, member and employer contribution rates were consistent across all three plans.

The City's 2012 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011 and 2010 were \$1,268,113, \$1,284,341, and \$1,181,581, respectively. For 2012, 93.54 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the Member-Directed Plan for 2012 were \$66,755 made by the City and \$47,682 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 – The Ohio Revised Code requires plan members 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.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$483,396 and \$823,479 for the year ended December 31, 2012, \$462,874 and \$820,332 for the year ended December 31, 2011, and \$472,990 and \$814,826 for the year ended December 31, 2010, respectively. For 2012, 75.78 percent for police and 76.75 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Note 12 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care 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 mandate, 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 visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement 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 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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 portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary.

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, 2012, 2011 and 2010 were \$507,245, \$513,737, and \$673,612, respectively. For 2012, 93.54 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Firemen 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 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. That report is also available on OP&F's website at www.op-f.org.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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 by Ohio Revised Code 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. 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, 2012, 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 \$255,915 and \$322,231 for the year ended December 31, 2012, \$245,051 and \$321,000 for the year ended December 31, 2011, and \$250,406 and \$318,845 for the year ended December 31, 2010. For 2012, 75.78 percent has been contributed for police and 76.75 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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, University Heights and the Village of Chagrin Falls. NORMA was formed to enable its members to obtain property and liability insurance, including vehicles, and provide for a formalized, jointly administered self-insurance fund. The members formed a not-for-profit corporation known as NORMA, Inc. to administer the pool. NORMA is governed by a board of trustees that consists of the Mayor from each of the participating members.

Each 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, the City of Maple Heights, whose commencement date is October 1, 1993, and the City of University Heights, whose commencement date is October 1, 2008. 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.

In 2012, the City of Solon paid \$341,502 in premiums from the general fund, which represents 17.63 percent of the total premiums paid by all members. Financial information can be obtained by contacting the fiscal agent, the Finance Director at the City of Maple Heights, 5353 Lee Road, Maple Heights, Ohio, 44137.

Note 15 – 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 2012. Financial information can be obtained by contacting 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, 2012

Note 16 - Long-Term Obligations

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

	Balance 12/31/11	Additions	Reductions	Balance 12/31/12	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
2002 \$12,235,000 - 3.00% to 4.60%					
Community Center	\$4,470,000	\$0	(\$4,470,000)	\$0	\$0
Special Assessment Bonds with Governmental Commitment					
1992 \$1,500,000 - 6.31%					
County Issued Miles Sewer	84,895	0	(84,895)	0	0
OWDA Loans					
1993 \$5,894,814 - 4.30%					
Northeast Pump	352,495	0	(172,483)	180,012	180,012
1997 \$1,249,104 - 4.16%					
Aurora/Liberty Sanitary Sewer	414,203	0	(76,163)	338,040	79,365
2004 \$5,861,485 - 1.45%					
Aurora Road West Draw	3,859,201	0	(283,741)	3,575,460	287,871
2006 \$6,329,372 - 3.35%					
Aurora East Sewer Project	5,117,024	0	(267,586)	4,849,438	276,625
<i>Total OWDA Loans</i>	<u>9,742,923</u>	<u>0</u>	<u>(799,973)</u>	<u>8,942,950</u>	<u>823,873</u>
OPWC Loans					
1996 \$952,295 - 0%					
Solon Allotment	166,652	0	(47,615)	119,037	47,615
1999 \$195,500 - 0%					
Cochran Project	32,583	0	(13,033)	19,550	13,033
<i>Total OPWC Loans</i>	<u>199,235</u>	<u>0</u>	<u>(60,648)</u>	<u>138,587</u>	<u>60,648</u>
Other Long-term Obligations					
Compensated Absences	3,433,260	1,010,647	(942,634)	3,501,273	1,071,803
Solon City School District	40,000	0	(40,000)	0	0
Claims Payable	80,212	74,712	(60,971)	93,953	70,465
<i>Total Other Long-term Obligations</i>	<u>3,553,472</u>	<u>1,085,359</u>	<u>(1,043,605)</u>	<u>3,595,226</u>	<u>1,142,268</u>
<i>Total General Long-term Obligations</i>	<u>\$18,050,525</u>	<u>\$1,085,359</u>	<u>(\$6,459,121)</u>	<u>\$12,676,763</u>	<u>\$2,026,789</u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

	Balance 12/31/11	Additions	Reductions	Balance 12/31/12	Amounts Due in One Year
Business-type Activities					
OWDA Loans					
1993 \$5,894,814 - 4.30% Northeast Pump	\$486,779	\$0	(\$238,190)	\$248,589	\$248,589
1996 \$18,991,344 - 3.04% Treatment Plant Upgrade and Expansion	4,765,712	0	(1,137,997)	3,627,715	1,172,855
1997 \$401,176 - 3.54% Treatment Plant Upgrade and Expansion	107,964	0	(25,587)	82,377	26,501
2006 \$3,935,828 - 3.15% Trickling Filter Rehabilitation	3,260,041	0	(250,443)	3,009,598	8,595
2011 \$5,096,690 - 3.15% Anaerobic Digester and Electrical Upgrade	3,761,028	998,508	(186,328)	4,573,208	192,244
<i>Total OWDA Loans</i>	12,381,524	998,508	(1,838,545)	11,541,487	1,648,784
Other Long-term Liabilities					
Compensated Absences	316,931	61,161	(122,006)	256,086	147,908
<i>Total Business-type Activities</i>	<u>\$12,698,455</u>	<u>\$1,059,669</u>	<u>(\$1,960,551)</u>	<u>\$11,797,573</u>	<u>\$1,796,692</u>

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. During 2012, the City retired \$670,000 of these bonds and called the remaining \$3,800,000 of amounts due in years 2013 through 2021. The bonds did not have a call premium.

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, 2012

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. The loan was fully repaid 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 1996, the City received a \$18,991,344 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 \$401,176 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.

In 2006, the City received a \$3,935,828 Ohio Water Development Authority loan for the Trickle Filter Rehabilitation system. The loan was issued for a twenty year period with a final maturity in 2027.

A line of credit has been established with the Ohio Water Development Authority in the amount of \$5,096,690 for the Anaerobic Digester and Electrical Upgrade project; however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments. The City has received \$4,758,766 in proceeds. Until a final repayment schedule is available, the City is paying based on estimates.

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 special revenue fund and the water reclamation and Grantwood recreation enterprise funds.

The City's overall legal debt margin was \$119,579,621 with an unvoted debt margin of \$62,636,944 at December 31, 2012. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2012 are as follows:

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Governmental Activities

	OWDA Loans		OPWC Loans
	Principal	Interest	Principal
2013	\$823,873	\$230,001	\$60,648
2014	660,728	207,340	54,132
2015	678,116	189,953	23,807
2016	696,037	172,032	0
2017	620,937	154,522	0
2018 - 2022	3,340,053	537,239	0
2023 - 2026	2,123,206	131,941	0
Total	\$8,942,950	\$1,623,028	\$138,587

Business-Type Activities

	OWDA Loans	
	Principal	Interest
2013	\$1,456,540	\$210,636
2014	1,409,795	160,423
2015	1,453,586	116,634
2016	184,763	81,980
2017	190,629	76,114
2018 - 2022	1,047,863	285,851
2023 - 2027	1,225,103	108,611
Total	\$6,968,279	\$1,040,249

Note 17 – Municipal Solid Waste Landfill

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 18 - Interfund Transactions

Interfund Transfers

Interfund transfers for the year ended December 31, 2012, consisted of the following:

<u>Transfers To</u>	<u>Transfer From</u>
	<u>General</u>
General Obligation Bond Retirement	\$2,300,000
Other Governmental Funds	<u>3,000,000</u>
Total All Funds	<u><u>\$5,300,000</u></u>

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 recreation special revenue fund is an annual subsidy to help keep program fees affordable to participants. The general fund transfer to the bond retirement fund was for the early redemption of the Community Center general obligation bonds. The general fund transfer to the general capital improvements capital projects fund was an occasional subsidy for capital purchases.

Interfund Balances

Interfund balances at December 31, 2012, consist of an interfund receivable in the general fund of \$513,000 and interfund payables in the other governmental funds (recreation special revenue fund) and the infrastructure capital projects fund of \$13,000 and \$500,000, respectively. The advance to the recreation special revenue fund was made to cover expenditures until the receipt of grant monies. The advance to the infrastructure capital projects fund was made to cover encumbered projects at year-end until the receipt of income tax monies.

Note 19 – Joint Economic Development District

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

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 20 – Significant Commitments

Contractual Commitments

The following table presents the City's remaining balances on construction contracts at December 31, 2012.

Vendor	Project Description	Amount Remaining on Contract
Fechko Excavating, Inc.	Pepperwood Storm - Construction	\$200,808.06
Wade Trim/Ohio, Inc.	Pepperwood Storm - Design Services	56,210.18
Fabrizi Trucking And Paving	Carter/Cochran Intersection Improvement	190,828.58
Liberta Construction DBA	Citywide Road Replacement	189,541.23
Mr. Excavator, Inc.	Briar Hill Lake Dam - Construction	173,133.46
URS Corporation	Briar Hill Lake Dam - Study	14,558.62
Trax Construction Company	2012 Annual Sewer Repairs	160,186.25
Quality Control Inspection Inc.	Inspection Services	156,313.08
Treasurer Cuyahoga County	Bainbridge Road Reconstruction	130,289.10
Trimor Corporation	2012 Annual Concrete Repair	108,506.48
Fabrizi Trucking And Paving	Allotment Improvements Phase 2B	102,410.28
Trimor Corporation	2012 Annual Emergency Road Repair	98,804.11
Karvo Paving Company	2012 Annual Asphalt Repair	97,568.94
R.E. Warner & Associates	SOM/Cannon Roads Intersection	75,005.25
Trimor Corporation	Pettibone Retaining Wall	38,250.00
Aaron Landscape	Pettibone Restoration	36,585.15
Geo-Sci Laboratory, Inc.	2011 Annual Materials Testing	33,362.77
Cementech Inc.	Independence Court Road Rehab	31,703.97
ATC Associates	2012 Annual Materials Testing	28,184.40
Trax Construction Company	North Huntington Detention Basin	23,865.16
Trimor Corporation	2011 Annual Emergency Road Repair	20,937.72
Trimor Corporation	Kingswood Drive Road Rehab	17,963.90
Aero Mark Inc.	2012 Annual Street Striping	13,375.67
Lake County Sewer Company Inc.	2012 Annual Sewer Grouting	7,682.38
Crossroads Asphalt Recycling	2012 Preventative Maintenance	7,076.05
Total		\$2,013,150.79

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Major Funds:

General Fund	\$539,226
Infrastructure Fund	2,761,818
Water Reclamation Fund	157,193
Grantwood Golf Fund	20,389
Internal Service Fund	800
Other Governmental Funds	<u>634,861</u>
Total	<u><u>\$4,114,287</u></u>

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

Recreation Fund – to account for and report recreation activity charges and transfers committed to operating the City park and recreation programs.

Police Department Programs Fund - to account for and report grants restricted to the Police Department's DARE Programs.

Landfill Improvement Fund – to account for and report fees restricted for reclamation of the City-owned landfill.

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

Donations Trust Fund – to account for and report donations made to various City departments committed to specific program expenditures.

Street Lighting Fund – to account for and report special assessments collected to pay the costs of electricity for street lighting. This fund is currently inactive and is included with the general fund for GAAP reporting because it does not have an ongoing revenue source.

Senior Services Fund – to account for and report 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. This fund is included with the general fund for GAAP reporting because the ordinance establishing the fund does not include a revenue source.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Economic Incentive Fund – to account for and report the receipt of grant money and transfers from the general fund used to support economic incentive/job creation programs. This fund is included with the general fund for GAAP reporting because the ordinance establishing the fund does not include a revenue source.

Police Training Fund - to account for and report the receipt of training fees collected to pay the cost of providing police and corrections training. This fund is included with the general fund for GAAP reporting because there is no restriction on these monies.

Community Improvement Corporation Fund – to account for and report the revenues used for industrial revenue bond administration. This fund is currently inactive and is included with the general fund for GAAP reporting because there is no restriction on these monies.

Nonmajor Capital Projects Funds

Capital projects funds are used to account and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of major capital facilities and other capital assets, other than those by proprietary funds or for assets that will be held in trust.

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

Community Center Fund – to account for and report debt proceeds restricted to construction of the new Community Center.

Building Construction Fund – to account for and report debt proceeds restricted to the construction of various City buildings.

Old City Hall Renovations Fund – to account for and report grants restricted to renovating the old Solon City Hall.

General Capital Improvements Fund – to account for and report income taxes from the City's Joint Economic Development District (JEDD) and recycling charges restricted to the purchase of land, buildings, vehicles and equipment.

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,177,245	\$2,108,187	\$5,285,432
Accounts Receivable	58,938	0	58,938
Intergovernmental Receivable	595,561	22,080	617,641
Municipal Income Tax Receivable	0	17,005	17,005
Property Taxes Receivable	1,000,025	399,205	1,399,230
<i>Total Assets</i>	<u>\$4,831,769</u>	<u>\$2,546,477</u>	<u>\$7,378,246</u>
Liabilities			
Accounts Payable	\$99,401	\$5,222	\$104,623
Accrued Wages	38,730	0	38,730
Contracts Payable	0	141,105	141,105
Intergovernmental Payable	553,988	9,545	563,533
Interfund Payable	13,000	0	13,000
<i>Total Liabilities</i>	<u>705,119</u>	<u>155,872</u>	<u>860,991</u>
Deferred Inflows of Resources			
Property Taxes	960,277	383,438	1,343,715
Unavailable Revenue	535,837	43,376	579,213
<i>Total Deferred Inflows of Resources</i>	<u>1,496,114</u>	<u>426,814</u>	<u>1,922,928</u>
Fund Balances			
Restricted	1,704,848	1,963,791	3,668,639
Committed	925,688	0	925,688
<i>Total Fund Balances</i>	<u>2,630,536</u>	<u>1,963,791</u>	<u>4,594,327</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$4,831,769</u>	<u>\$2,546,477</u>	<u>\$7,378,246</u>

City of Solon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$1,020,926	\$392,669	\$1,413,595
Municipal Income Taxes	0	71,223	71,223
Intergovernmental	1,284,273	797,997	2,082,270
Investment Income	15,281	0	15,281
Fees, Licenses and Permits	372,400	0	372,400
Fines and Forfeitures	35,810	0	35,810
Rentals	25,319	0	25,319
Charges for Services	2,785,782	30,228	2,816,010
Contributions and Donations	88,246	68,110	156,356
Miscellaneous	49,615	15,227	64,842
<i>Total Revenues</i>	<u>5,677,652</u>	<u>1,375,454</u>	<u>7,053,106</u>
Expenditures			
Current:			
Security of Persons and Property			
Police	859,180	0	859,180
Fire	1,154,983	0	1,154,983
Leisure Time Activities	5,366,155	0	5,366,155
Community Environment	3,600	0	3,600
Basic Utility Services	262,343	0	262,343
Transportation	1,175,000	0	1,175,000
General Government	22,428	0	22,428
Capital Outlay	0	2,856,934	2,856,934
<i>Total Expenditures</i>	<u>8,843,689</u>	<u>2,856,934</u>	<u>11,700,623</u>
<i>Excess of Revenues Under Expenditures</i>	(3,166,037)	(1,481,480)	(4,647,517)
Other Financing Sources			
Transfers In	2,600,000	400,000	3,000,000
<i>Net Change in Fund Balances</i>	(566,037)	(1,081,480)	(1,647,517)
<i>Fund Balances Beginning of Year</i>	<u>3,196,573</u>	<u>3,045,271</u>	<u>6,241,844</u>
<i>Fund Balances End of Year</i>	<u>\$2,630,536</u>	<u>\$1,963,791</u>	<u>\$4,594,327</u>

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
Assets					
Equity in Pooled Cash and Cash Equivalents	\$527,133	\$117,064	\$404,112	\$417,837	\$194,661
Accounts Receivable	0	0	0	0	48,556
Intergovernmental Receivable	485,276	39,347	23,826	35,739	0
Property Taxes Receivable	0	0	400,010	600,015	0
<i>Total Assets</i>	<u>\$1,012,409</u>	<u>\$156,411</u>	<u>\$827,948</u>	<u>\$1,053,591</u>	<u>\$243,217</u>
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$8,457
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	191,686	294,048	0
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>191,686</u>	<u>294,048</u>	<u>8,457</u>
Deferred Inflows of Resources					
Property Taxes	0	0	384,111	576,166	0
Unavailable Revenue	403,785	32,739	39,725	59,588	0
<i>Total Deferred Inflows of Resources</i>	<u>403,785</u>	<u>32,739</u>	<u>423,836</u>	<u>635,754</u>	<u>0</u>
Fund Balances					
Restricted	608,624	123,672	212,426	123,789	0
Committed	0	0	0	0	234,760
<i>Total Fund Balances</i>	<u>608,624</u>	<u>123,672</u>	<u>212,426</u>	<u>123,789</u>	<u>234,760</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,012,409</u>	<u>\$156,411</u>	<u>\$827,948</u>	<u>\$1,053,591</u>	<u>\$243,217</u>

Tree Planting	Recreation	Police Department Programs	Landfill Improvement	Law Enforcement Trust	Donations Trust	Total Nonmajor Special Revenue Funds
\$229,908	\$564,897	\$21,276	\$426,859	\$208,057	\$65,441	\$3,177,245
0	9,252	0	0	1,105	25	58,938
0	8,809	0	1,831	733	0	595,561
0	0	0	0	0	0	1,000,025
<u>\$229,908</u>	<u>\$582,958</u>	<u>\$21,276</u>	<u>\$428,690</u>	<u>\$209,895</u>	<u>\$65,466</u>	<u>\$4,831,769</u>
\$0	\$66,097	\$0	\$23,377	\$0	\$1,470	\$99,401
0	38,583	0	0	147	0	38,730
0	68,254	0	0	0	0	553,988
0	13,000	0	0	0	0	13,000
0	185,934	0	23,377	147	1,470	705,119
0	0	0	0	0	0	960,277
0	0	0	0	0	0	535,837
0	0	0	0	0	0	1,496,114
0	0	21,276	405,313	209,748	0	1,704,848
229,908	397,024	0	0	0	63,996	925,688
229,908	397,024	21,276	405,313	209,748	63,996	2,630,536
<u>\$229,908</u>	<u>\$582,958</u>	<u>\$21,276</u>	<u>\$428,690</u>	<u>\$209,895</u>	<u>\$65,466</u>	<u>\$4,831,769</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, 2012

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
Revenues					
Property Taxes	\$0	\$0	\$408,370	\$612,556	\$0
Intergovernmental	989,153	80,202	74,580	111,869	0
Investment Income	5,745	1,256	0	0	2,578
Fees, Licenses and Permits	0	0	0	0	351,966
Fines and Forfeitures	0	0	0	0	0
Rentals	0	0	0	0	0
Charges for Services	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	6,256
<i>Total Revenues</i>	<u>994,898</u>	<u>81,458</u>	<u>482,950</u>	<u>724,425</u>	<u>360,800</u>
Expenditures					
Current:					
Security of Persons and Property					
Police	0	0	745,244	0	0
Fire	0	0	0	1,154,983	0
Leisure Time Activities	0	0	0	0	451,996
Community Environment	0	0	0	0	0
Basic Utility Services	0	0	0	0	0
Transportation	1,075,000	100,000	0	0	0
General Government	0	0	0	0	0
<i>Total Expenditures</i>	<u>1,075,000</u>	<u>100,000</u>	<u>745,244</u>	<u>1,154,983</u>	<u>451,996</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(80,102)	(18,542)	(262,294)	(430,558)	(91,196)
Other Financing Sources					
Transfers In	0	0	200,000	400,000	0
<i>Net Change in Fund Balances</i>	(80,102)	(18,542)	(62,294)	(30,558)	(91,196)
<i>Fund Balances Beginning of Year</i>	<u>688,726</u>	<u>142,214</u>	<u>274,720</u>	<u>154,347</u>	<u>325,956</u>
<i>Fund Balances End of Year</i>	<u><u>\$608,624</u></u>	<u><u>\$123,672</u></u>	<u><u>\$212,426</u></u>	<u><u>\$123,789</u></u>	<u><u>\$234,760</u></u>

Tree Planting	Recreation	Police Department Programs	Landfill Improvement	Law Enforcement Trust	Donations Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$1,020,926
0	28,469	0	0	0	0	1,284,273
0	0	0	5,702	0	0	15,281
0	0	0	20,434	0	0	372,400
0	0	0	0	35,810	0	35,810
0	25,319	0	0	0	0	25,319
1,380	2,784,402	0	0	0	0	2,785,782
0	46,637	24,398	0	0	17,211	88,246
0	43,359	0	0	0	0	49,615
<u>1,380</u>	<u>2,928,186</u>	<u>24,398</u>	<u>26,136</u>	<u>35,810</u>	<u>17,211</u>	<u>5,677,652</u>
0	0	96,021	0	15,373	2,542	859,180
0	0	0	0	0	0	1,154,983
0	4,897,781	0	0	0	16,378	5,366,155
0	0	0	0	0	3,600	3,600
0	0	0	262,343	0	0	262,343
0	0	0	0	0	0	1,175,000
<u>22,428</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,428</u>
<u>22,428</u>	<u>4,897,781</u>	<u>96,021</u>	<u>262,343</u>	<u>15,373</u>	<u>22,520</u>	<u>8,843,689</u>
(21,048)	(1,969,595)	(71,623)	(236,207)	20,437	(5,309)	(3,166,037)
0	2,000,000	0	0	0	0	2,600,000
(21,048)	30,405	(71,623)	(236,207)	20,437	(5,309)	(566,037)
<u>250,956</u>	<u>366,619</u>	<u>92,899</u>	<u>641,520</u>	<u>189,311</u>	<u>69,305</u>	<u>3,196,573</u>
<u>\$229,908</u>	<u>\$397,024</u>	<u>\$21,276</u>	<u>\$405,313</u>	<u>\$209,748</u>	<u>\$63,996</u>	<u>\$2,630,536</u>

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

	Safety and Service Equipment	Building Construction	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$317,068	\$837,511	\$17,844	\$935,764	\$2,108,187
Intergovernmental Receivable	22,080	0	0	0	22,080
Municipal Income Taxes Receivable	0	0	0	17,005	17,005
Property Taxes Receivable	399,205	0	0	0	399,205
<i>Total Assets</i>	<u>\$738,353</u>	<u>\$837,511</u>	<u>\$17,844</u>	<u>\$952,769</u>	<u>\$2,546,477</u>
Liabilities					
Accounts Payable	\$5,222	\$0	\$0	\$0	\$5,222
Contracts Payable	0	0	0	141,105	141,105
Intergovernmental Payable	0	0	0	9,545	9,545
<i>Total Liabilities</i>	<u>5,222</u>	<u>0</u>	<u>0</u>	<u>150,650</u>	<u>155,872</u>
Deferred Inflows of Resources					
Property Taxes	383,438	0	0	0	383,438
Unavailable Revenue	37,847	0	0	5,529	43,376
<i>Total Deferred Inflows of Resources</i>	<u>421,285</u>	<u>0</u>	<u>0</u>	<u>5,529</u>	<u>426,814</u>
Fund Balances					
Restricted	311,846	837,511	17,844	796,590	1,963,791
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$738,353</u>	<u>\$837,511</u>	<u>\$17,844</u>	<u>\$952,769</u>	<u>\$2,546,477</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, 2012

	Safety and Service Equipment	Community Center	Building Construction	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
Revenues						
Property Taxes	\$392,669	\$0	\$0	\$0	\$0	\$392,669
Municipal Income Taxes	0	0	0	0	71,223	71,223
Intergovernmental	77,428	0	716,569	0	4,000	797,997
Charges for Services	0	0	0	0	30,228	30,228
Contributions and Donations	0	0	0	68,110	0	68,110
Miscellaneous	15,227	0	0	0	0	15,227
<i>Total Revenues</i>	485,324	0	716,569	68,110	105,451	1,375,454
Expenditures						
Capital Outlay	775,302	2,027	739,555	52,601	1,287,449	2,856,934
<i>Excess of Revenues Over (Under) Expenditures</i>	(289,978)	(2,027)	(22,986)	15,509	(1,181,998)	(1,481,480)
Other Financing Sources						
Transfers In	0	0	0	0	400,000	400,000
<i>Net Change in Fund Balances</i>	(289,978)	(2,027)	(22,986)	15,509	(781,998)	(1,081,480)
<i>Fund Balances Beginning of Year</i>	601,824	2,027	860,497	2,335	1,578,588	3,045,271
<i>Fund Balances End of Year</i>	\$311,846	\$0	\$837,511	\$17,844	\$796,590	\$1,963,791

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.

Traffic Violations Fund – to account for traffic violation money collected by the City to be distributed to other municipalities.

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 and the City of Solon.

City of Solon, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2012

	Beginning Balance 12/31/11	Additions	Deductions	Ending Balance 12/30/12
<i>Inspection Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,057,593	\$75,150	\$43,644	\$1,089,099
Liabilities				
Deposits Held and Due to Others	\$1,057,593	\$75,150	\$43,644	\$1,089,099
<i>Traffic Violations Fund</i>				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$109,984	\$109,984	\$0
Liabilities				
Intergovernmental Payable	\$0	\$109,984	\$109,984	\$0
<i>DARE Scholarship Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$374	\$0	\$0	\$374
Liabilities				
Deposits Held and Due to Others	\$374	\$0	\$0	\$374
<i>JEDD Income Tax Fund</i>				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$41,614	\$170,430	\$171,171	\$40,873
Liabilities				
Intergovernmental Payable	\$41,614	\$170,430	\$171,171	\$40,873
<i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,057,967	\$75,150	\$43,644	\$1,089,473
Cash and Cash Equivalents in Segregated Accounts	41,614	280,414	281,155	40,873
Total Assets	\$1,099,581	\$355,564	\$324,799	\$1,130,346
Liabilities				
Intergovernmental Payable	\$41,614	\$280,414	\$281,155	\$40,873
Deposits Held and Due to Others	1,057,967	75,150	43,644	1,089,473
Total Liabilities	\$1,099,581	\$355,564	\$324,799	\$1,130,346

**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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$1,243,809	\$1,351,566	\$1,352,070	\$504
Municipal Income Taxes	28,181,595	29,152,000	30,026,674	874,674
Intergovernmental	1,189,940	1,711,969	1,718,631	6,662
Investment Income	492,700	362,700	373,306	10,606
Fees, Licenses and Permits	474,004	702,800	704,136	1,336
Fines and Forfeitures	226,212	335,400	335,338	(62)
Charges for Services	740,910	875,501	888,667	13,166
Miscellaneous	306,191	444,326	371,268	(73,058)
<i>Total Revenues</i>	<u>32,855,361</u>	<u>34,936,262</u>	<u>35,770,090</u>	<u>833,828</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	6,870,992	7,022,058	6,877,829	144,229
Materials and Supplies	379,543	388,630	376,742	11,888
Contractual Services	402,616	411,863	354,712	57,151
Capital Outlay	91,592	93,300	81,797	11,503
Total Police	<u>7,744,743</u>	<u>7,915,851</u>	<u>7,691,080</u>	<u>224,771</u>
Fire				
Personal Services	5,951,808	6,078,031	5,921,046	156,985
Materials and Supplies	263,862	246,872	214,972	31,900
Contractual Services	261,358	288,105	286,894	1,211
Capital Outlay	303,952	304,519	300,582	3,937
Total Fire	<u>6,780,980</u>	<u>6,917,527</u>	<u>6,723,494</u>	<u>194,033</u>
Prosecutor				
Prosecutor				
Personal Services	103,313	105,772	98,050	7,722
Materials and Supplies	159,629	163,427	163,049	378
Total Prosecutor	<u>262,942</u>	<u>269,199</u>	<u>261,099</u>	<u>8,100</u>
Teen Court				
Personal Services	12,209	12,500	9,776	2,724
Materials and Supplies	537	550	348	202
Total Teen Court	<u>12,746</u>	<u>13,050</u>	<u>10,124</u>	<u>2,926</u>
Total Prosecutor	<u>275,688</u>	<u>282,249</u>	<u>271,223</u>	<u>11,026</u>
Total Security of Persons and Property	<u>\$14,801,411</u>	<u>\$15,115,627</u>	<u>\$14,685,797</u>	<u>\$429,830</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Public Health and Welfare				
Cemetery				
Other	\$6,837	\$7,000	\$5,785	\$1,215
County Health District				
Contractual Services	82,983	90,000	89,656	344
Total Public Health and Welfare	89,820	97,000	95,441	1,559
Leisure Time Activities				
Recreation				
Personal Services	43,877	43,877	43,877	0
Community Environment				
Planning and Zoning				
Personal Services	562,259	574,577	568,263	6,314
Materials and Supplies	8,713	8,453	2,787	5,666
Contractual Services	30,441	31,333	31,333	0
Capital Outlay	5,470	5,600	4,115	1,485
Total Planning and Zoning	606,883	619,963	606,498	13,465
Development Board				
Materials and Supplies	4,585	4,694	1,214	3,480
Contractual Services	37,333	38,317	31,224	7,093
Total Development Board	41,918	43,011	32,438	10,573
Building Department				
Personal Services	368,595	376,661	330,528	46,133
Materials and Supplies	16,542	16,930	10,208	6,722
Contractual Services	29,084	26,767	21,342	5,425
Capital Outlay	7,169	7,332	757	6,575
Other	8,791	11,847	11,847	0
Total Building Department	430,181	439,537	374,682	64,855
Engineering Department				
Personal Services	758,659	676,482	606,819	69,663
Materials and Supplies	52,510	53,679	42,091	11,588
Contractual Services	194,378	198,121	175,506	22,615
Capital Outlay	7,326	7,500	1,503	5,997
Total Engineering Department	\$1,012,873	\$935,782	\$825,919	\$109,863

(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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beautification Commission				
Materials and Supplies	\$28,589	\$29,261	\$25,087	\$4,174
Contractual Services	1,709	1,750	971	779
Total Beautification Commission	30,298	31,011	26,058	4,953
Total Community Environment	2,122,153	2,069,304	1,865,595	203,709
Basic Utility Services				
Storm Sewers				
Personal Services	516,040	527,746	519,739	8,007
Materials and Supplies	53,570	62,210	62,210	0
Contractual Services	19,649	12,423	9,263	3,160
Other	0	195	195	0
Total Storm Sewers	589,259	602,574	591,407	11,167
Trees, Leaf and Brush				
Personal Services	68,373	47,339	42,553	4,786
Materials and Supplies	0	488	488	0
Contractual Services	0	725	725	0
Total Trees, Leaf and Brush	68,373	48,552	43,766	4,786
Refuse Collection and Disposal				
Personal Services	774,759	815,861	815,861	0
Materials and Supplies	225,437	257,337	257,337	0
Contractual Services	29,303	34,753	34,753	0
Total Refuse Collection and Disposal	1,029,499	1,107,951	1,107,951	0
Total Basic Utility Services	1,687,131	1,759,077	1,743,124	15,953
Transportation				
Street Lighting				
Contractual Services	744,368	762,038	742,201	19,837
Street Department				
Personal Services	3,193,276	3,256,644	3,120,903	135,741
Materials and Supplies	1,332,188	1,328,218	934,782	393,436
Contractual Services	249,704	255,557	207,554	48,003
Capital Outlay	113,237	115,902	75,864	40,038
Total Street Department	4,888,405	4,956,321	4,339,103	617,218
Total Transportation	\$5,632,773	\$5,718,359	\$5,081,304	\$637,055

(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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
General Government				
Council				
Personal Services	\$291,471	\$298,009	\$285,919	\$12,090
Materials and Supplies	23,093	23,616	15,668	7,948
Contractual Services	17,087	17,481	9,006	8,475
Total Council	<u>331,651</u>	<u>339,106</u>	<u>310,593</u>	<u>28,513</u>
Mayor				
Personal Services	244,931	250,364	237,995	12,369
Materials and Supplies	4,891	5,007	3,395	1,612
Contractual Services	522	534	314	220
Capital Outlay	488	500	0	500
Total Mayor	<u>250,832</u>	<u>256,405</u>	<u>241,704</u>	<u>14,701</u>
Finance				
Personal Services	648,690	663,095	641,730	21,365
Materials and Supplies	25,882	26,479	18,854	7,625
Contractual Services	97,521	99,775	83,269	16,506
Capital Outlay	1,954	2,000	0	2,000
Total Finance	<u>774,047</u>	<u>791,349</u>	<u>743,853</u>	<u>47,496</u>
Legal Department				
Personal Services	86,577	88,638	87,758	880
Contractual Services	293,025	303,633	303,633	0
Other	19,535	16,367	0	16,367
Total Legal Department	<u>399,137</u>	<u>408,638</u>	<u>391,391</u>	<u>17,247</u>
Human Resources				
Personal Services	460,752	470,963	463,301	7,662
Materials and Supplies	14,292	19,015	17,838	1,177
Contractual Services	123,241	121,753	86,025	35,728
Capital Outlay	12,378	12,671	8,347	4,324
Total Human Resources	<u>610,663</u>	<u>624,402</u>	<u>575,511</u>	<u>48,891</u>
Civil Service				
Personal Services	4,060	4,157	3,794	363
Materials and Supplies	440	447	179	268
Contractual Services	34,636	35,415	35,025	390
Total Civil Service	<u>39,136</u>	<u>40,019</u>	<u>38,998</u>	<u>1,021</u>
City Hall				
Personal Services	196,021	200,283	191,931	8,352
Materials and Supplies	977	891	482	409
Contractual Services	1,449	1,591	1,591	0
Total City Hall	<u>\$198,447</u>	<u>\$202,765</u>	<u>\$194,004</u>	<u>\$8,761</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Income Tax Department				
Personal Services	\$376,189	\$384,587	\$383,395	\$1,192
Materials and Supplies	49,412	50,563	47,204	3,359
Contractual Services	30,856	31,578	26,871	4,707
Other	117,210	120,000	112,147	7,853
Total Income Tax Department	<u>573,667</u>	<u>586,728</u>	<u>569,617</u>	<u>17,111</u>
Unclaimed Monies				
Other	10,000	10,000	2,420	7,580
City Administration				
Personal Services	149,276	152,444	140,847	11,597
Materials and Supplies	191,206	194,996	185,740	9,256
Contractual Services	1,111,751	1,132,423	1,058,294	74,129
Capital Outlay	7,326	7,500	1,840	5,660
Other	452,981	463,680	96,771	366,909
Total City Administration	<u>1,912,540</u>	<u>1,951,043</u>	<u>1,483,492</u>	<u>467,551</u>
Sick Leave Reserve				
Personal Services	422,000	422,000	186,637	235,363
Total General Government	<u>5,522,120</u>	<u>5,632,455</u>	<u>4,738,220</u>	<u>894,235</u>
<i>Total Expenditures</i>	<u>29,899,285</u>	<u>30,435,699</u>	<u>28,253,358</u>	<u>2,182,341</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,956,076</u>	<u>4,500,563</u>	<u>7,516,732</u>	<u>3,016,169</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	78,100	78,100
Advances Out	0	0	(13,000)	(13,000)
Transfers Out	(4,675,386)	(6,975,386)	(6,965,386)	10,000
<i>Total Other Financing Sources (Uses)</i>	<u>(4,675,386)</u>	<u>(6,975,386)</u>	<u>(6,900,286)</u>	<u>75,100</u>
<i>Net Change in Fund Balance</i>	(1,719,310)	(2,474,823)	616,446	3,091,269
<i>Fund Balance Beginning of Year</i>	19,438,134	19,438,134	19,438,134	0
Prior Year Encumbrances Appropriated	360,660	360,660	360,660	0
<i>Fund Balance End of Year</i>	<u>\$18,079,484</u>	<u>\$17,323,971</u>	<u>\$20,415,240</u>	<u>\$3,091,269</u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$1,085,398	\$1,285,398	\$1,327,203	\$41,805
Special Assessments	700,000	700,000	708,400	8,400
Intergovernmental	343,293	343,293	343,293	0
Fees, Licenses and Permits	0	0	3,503	3,503
<i>Total Revenues</i>	<u>2,128,691</u>	<u>2,328,691</u>	<u>2,382,399</u>	<u>53,708</u>
Expenditures				
Current:				
General Government				
Legislative and Executive				
Contractual Services	20,000	20,000	13,100	6,900
Debt Service:				
Principal Retirement	1,554,871	5,354,871	5,354,868	3
Interest and Fiscal Charges	469,946	469,946	469,946	0
<i>Total Debt Service</i>	<u>2,024,817</u>	<u>5,824,817</u>	<u>5,824,814</u>	<u>3</u>
<i>Total Expenditures</i>	<u>2,044,817</u>	<u>5,844,817</u>	<u>5,837,914</u>	<u>6,903</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	83,874	(3,516,126)	(3,455,515)	60,611
Other Financing Sources				
Transfers In	0	2,300,000	2,300,000	0
<i>Net Change in Fund Balance</i>	83,874	(1,216,126)	(1,155,515)	60,611
<i>Fund Balance Beginning of Year</i>	<u>2,114,990</u>	<u>2,114,990</u>	<u>2,114,990</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,198,864</u>	<u>\$898,864</u>	<u>\$959,475</u>	<u>\$60,611</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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Municipal Income Taxes	\$9,535,000	\$9,535,000	\$9,535,000	\$0
Intergovernmental	0	130,000	622,200	492,200
Miscellaneous	2,000	372,000	389,504	17,504
<i>Total Revenues</i>	<u>9,537,000</u>	<u>10,037,000</u>	<u>10,546,704</u>	<u>509,704</u>
Expenditures				
Current:				
Transportation				
Engineering Department				
Personal Services	225,716	330,000	326,405	3,595
Capital Outlay	13,163,707	13,059,423	9,845,812	3,213,611
Debt Service:				
Principal Retirement	60,648	60,648	60,648	0
<i>Total Expenditures</i>	<u>13,450,071</u>	<u>13,450,071</u>	<u>10,232,865</u>	<u>3,217,206</u>
<i>Net Change in Fund Balance</i>	(3,913,071)	(3,413,071)	313,839	3,726,910
<i>Fund Balance Beginning of Year</i>	173,402	173,402	173,402	0
Prior Year Encumbrances Appropriated	3,789,423	3,789,423	3,789,423	0
<i>Fund Balance End of Year</i>	<u>\$49,754</u>	<u>\$549,754</u>	<u>\$4,276,664</u>	<u>\$3,726,910</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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$6,226,000	\$6,226,000	\$6,186,189	(\$39,811)
Tap-In Fees	87,000	87,000	87,738	738
Investment Income	51,000	51,000	50,494	(506)
Sale of Capital Assets	0	0	55,950	55,950
Miscellaneous	46,340	17,540	32,956	15,416
OWDA Loans Issued	998,508	998,508	998,508	0
<i>Total Revenues</i>	<u>7,408,848</u>	<u>7,380,048</u>	<u>7,411,835</u>	<u>31,787</u>
Expenses				
Personal Services	1,726,684	1,726,684	1,466,096	260,588
Materials and Supplies	601,707	601,707	477,461	124,246
Contractual Services	1,714,977	1,714,977	1,414,978	299,999
Other	42,000	42,000	28,071	13,929
Capital Outlay	1,588,875	1,588,875	1,277,855	311,020
Debt Service:				
Principal Retirement	1,838,545	1,838,545	1,838,545	0
Interest and Fiscal Charges	365,606	365,606	365,606	0
<i>Total Expenses</i>	<u>7,878,394</u>	<u>7,878,394</u>	<u>6,868,612</u>	<u>1,009,782</u>
<i>Net Change in Fund Equity</i>	(469,546)	(498,346)	543,223	1,041,569
<i>Fund Equity Beginning of Year</i>	5,060,529	5,060,529	5,060,529	0
Prior Year Encumbrances Appropriated	197,496	197,496	197,496	0
<i>Fund Equity End of Year</i>	<u>\$4,788,479</u>	<u>\$4,759,679</u>	<u>\$5,801,248</u>	<u>\$1,041,569</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,034,200	\$951,200	\$953,220	\$2,020
Investment Income	2,000	2,000	2,263	263
Rentals	141,300	141,300	141,377	77
Miscellaneous	8,550	8,550	8,833	283
<i>Total Revenues</i>	<u>1,186,050</u>	<u>1,103,050</u>	<u>1,105,693</u>	<u>2,643</u>
Expenses				
Personal Services	609,635	609,635	609,635	0
Materials and Supplies	238,422	238,422	237,062	1,360
Contractual Services	152,757	152,757	151,322	1,435
Other	149,249	149,249	149,249	0
Capital Outlay	39,032	39,032	6,750	32,282
<i>Total Expenses</i>	<u>1,189,095</u>	<u>1,189,095</u>	<u>1,154,018</u>	<u>35,077</u>
<i>Net Change in Fund Equity</i>	(3,045)	(86,045)	(48,325)	37,720
<i>Fund Equity Beginning of Year</i>	231,278	231,278	231,278	0
Prior Year Encumbrances Appropriated	<u>37,441</u>	<u>37,441</u>	<u>37,441</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$265,674</u></u>	<u><u>\$182,674</u></u>	<u><u>\$220,394</u></u>	<u><u>\$37,720</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Street Construction, Maintenance and Repair Fund
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$995,000	\$985,000	\$988,168	\$3,168
Investment Income	<u>5,000</u>	<u>5,000</u>	<u>5,745</u>	<u>745</u>
<i>Total Revenues</i>	<u>1,000,000</u>	<u>990,000</u>	<u>993,913</u>	<u>3,913</u>
Expenditures				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	800,000	800,000	800,000	0
Materials and Supplies	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,075,000</u>	<u>1,075,000</u>	<u>1,075,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(75,000)	(85,000)	(81,087)	3,913
<i>Fund Balance Beginning of Year</i>	<u>608,220</u>	<u>608,220</u>	<u>608,220</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$533,220</u></u>	<u><u>\$523,220</u></u>	<u><u>\$527,133</u></u>	<u><u>\$3,913</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$80,000	\$80,000	\$80,122	\$122
Investment Income	2,000	2,000	1,256	(744)
<i>Total Revenues</i>	82,000	82,000	81,378	(622)
Expenditures				
Current:				
Transportation				
State Highway				
Materials and Supplies	100,000	100,000	100,000	0
<i>Net Change in Fund Balance</i>	(18,000)	(18,000)	(18,622)	(622)
<i>Fund Balance Beginning of Year</i>	135,686	135,686	135,686	0
<i>Fund Balance End of Year</i>	<u>\$117,686</u>	<u>\$117,686</u>	<u>\$117,064</u>	<u>(\$622)</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$365,017	\$408,017	\$408,370	\$353
Intergovernmental	74,580	74,580	74,580	0
<i>Total Revenues</i>	439,597	482,597	482,950	353
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	750,000	765,000	764,209	791
<i>Excess of Revenues Under Expenditures</i>	(310,403)	(282,403)	(281,259)	1,144
Other Financing Sources				
Transfers In	200,000	200,000	200,000	0
<i>Net Change in Fund Balance</i>	(110,403)	(82,403)	(81,259)	1,144
<i>Fund Balance Beginning of Year</i>	485,371	485,371	485,371	0
<i>Fund Balance End of Year</i>	<u>\$374,968</u>	<u>\$402,968</u>	<u>\$404,112</u>	<u>\$1,144</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$547,527	\$611,527	\$612,556	\$1,029
Intergovernmental	111,869	111,869	111,869	0
<i>Total Revenues</i>	659,396	723,396	724,425	1,029
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,200,000	1,200,000	1,193,015	6,985
<i>Excess of Revenues Under Expenditures</i>	(540,604)	(476,604)	(468,590)	8,014
Other Financing Sources				
Transfers In	400,000	400,000	400,000	0
<i>Net Change in Fund Balance</i>	(140,604)	(76,604)	(68,590)	8,014
<i>Fund Balance Beginning of Year</i>	486,427	486,427	486,427	0
<i>Fund Balance End of Year</i>	<u>\$345,823</u>	<u>\$409,823</u>	<u>\$417,837</u>	<u>\$8,014</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$2,000	\$2,000	\$2,578	\$578
Fees, Licenses and Permits	324,500	350,000	350,262	262
Miscellaneous	8,100	8,100	8,194	94
<i>Total Revenues</i>	<u>334,600</u>	<u>360,100</u>	<u>361,034</u>	<u>934</u>
Expenditures				
Current:				
Leisure Time Activities				
Cable TV				
Personal Services	1,817	1,817	1,455	362
Materials and Supplies	8,885	8,885	8,441	444
Contractual Services	244,581	244,581	207,780	36,801
Capital Outlay	101,000	101,000	86,734	14,266
Other	158,000	158,000	157,618	382
<i>Total Expenditures</i>	<u>514,283</u>	<u>514,283</u>	<u>462,028</u>	<u>52,255</u>
<i>Net Change in Fund Balance</i>	(179,683)	(154,183)	(100,994)	53,189
<i>Fund Balance Beginning of Year</i>	261,313	261,313	261,313	0
Prior Year Encumbrances Appropriated	<u>23,925</u>	<u>23,925</u>	<u>23,925</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$105,555</u></u>	<u><u>\$131,055</u></u>	<u><u>\$184,244</u></u>	<u><u>\$53,189</u></u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Tree Planting Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$0	\$0	\$1,380	\$1,380
Expenditures				
Current:				
General Government				
Tree Planting				
Contractual Services	21,443	21,443	21,443	0
Other	7,557	7,557	2,585	4,972
<i>Total Expenditures</i>	<u>29,000</u>	<u>29,000</u>	<u>24,028</u>	<u>4,972</u>
<i>Net Change in Fund Balance</i>	(29,000)	(29,000)	(22,648)	6,352
<i>Fund Balance Beginning of Year</i>	<u>250,956</u>	<u>250,956</u>	<u>250,956</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$221,956</u></u>	<u><u>\$221,956</u></u>	<u><u>\$228,308</u></u>	<u><u>\$6,352</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$28,962	\$28,962	\$28,889	(\$73)
Rentals	25,000	25,000	25,319	319
Charges for Services	3,052,352	2,921,815	2,783,084	(138,731)
Contributions and Donations	46,290	46,290	46,637	347
Miscellaneous	42,550	47,550	43,359	(4,191)
<i>Total Revenues</i>	<u>3,195,154</u>	<u>3,069,617</u>	<u>2,927,288</u>	<u>(142,329)</u>
Expenditures				
Current:				
Leisure Time Activities				
Administration				
Personal Services	566,653	566,653	552,387	14,266
Materials and Supplies	83,463	83,463	83,463	0
Contractual Services	42,703	42,703	42,703	0
Capital Outlay	31,608	31,608	31,608	0
Other	18,124	18,124	18,124	0
Total Administration	<u>742,551</u>	<u>742,551</u>	<u>728,285</u>	<u>14,266</u>
Recreation Programs				
Personal Services	253,110	253,110	224,714	28,396
Materials and Supplies	54,875	54,875	48,865	6,010
Contractual Services	112,176	112,176	110,781	1,395
Capital Outlay	8,884	8,884	8,260	624
Other	21,116	21,116	21,116	0
Total Recreation Programs	<u>450,161</u>	<u>450,161</u>	<u>413,736</u>	<u>36,425</u>
Swimming Pools				
Personal Services	58,130	58,130	52,171	5,959
Materials and Supplies	71,376	71,376	71,376	0
Contractual Services	74,960	74,960	74,960	0
Total Swimming Pools	<u>204,466</u>	<u>204,466</u>	<u>198,507</u>	<u>5,959</u>
Community Parks				
Personal Services	237,845	237,845	226,073	11,772
Materials and Supplies	71,682	71,682	71,682	0
Contractual Services	52,195	52,195	52,195	0
Total Community Parks	<u>361,722</u>	<u>361,722</u>	<u>349,950</u>	<u>11,772</u>
Concession Stand				
Personal Services	16,000	16,000	12,817	3,183
Materials and Supplies	20,891	20,891	20,891	0
Total Concession Stand	<u>\$36,891</u>	<u>\$36,891</u>	<u>\$33,708</u>	<u>\$3,183</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, 2012

	Budgeted Amounts		Actual	Final Budget Positive (Negative)
	Original	Final		
Youth Recreation Programs				
Personal Services	\$963,327	\$963,327	\$879,108	\$84,219
Materials and Supplies	132,468	132,468	132,468	0
Contractual Services	355,006	355,006	339,644	15,362
Capital Outlay	500	500	0	500
Other	14,427	14,427	13,359	1,068
Total Youth Recreation Programs	<u>1,465,728</u>	<u>1,465,728</u>	<u>1,364,579</u>	<u>101,149</u>
Adult Recreation Programs				
Materials and Supplies	711	711	711	0
Contractual Services	855	855	855	0
Total Adult Recreation Programs	<u>1,566</u>	<u>1,566</u>	<u>1,566</u>	<u>0</u>
Holiday Programs				
Materials and Supplies	6,769	6,769	6,769	0
Contractual Services	24,110	24,110	24,110	0
Total Holiday Programs	<u>30,879</u>	<u>30,879</u>	<u>30,879</u>	<u>0</u>
Community Center				
Personal Services	1,120,875	1,120,875	1,095,141	25,734
Materials and Supplies	166,394	166,394	166,394	0
Contractual Services	619,824	619,824	619,824	0
Capital Outlay	43,938	43,938	43,938	0
Other	14,629	14,629	14,629	0
Total Community Center	<u>1,965,660</u>	<u>1,965,660</u>	<u>1,939,926</u>	<u>25,734</u>
<i>Total Expenditures</i>	<u>5,259,624</u>	<u>5,259,624</u>	<u>5,061,136</u>	<u>198,488</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,064,470)</u>	<u>(2,190,007)</u>	<u>(2,133,848)</u>	<u>56,159</u>
Other Financing Sources				
Advances In	0	0	13,000	13,000
Transfers In	2,000,000	2,000,000	2,000,000	0
<i>Total Other Financing Sources</i>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,013,000</u>	<u>13,000</u>
<i>Net Change in Fund Balance</i>	(64,470)	(190,007)	(120,848)	69,159
<i>Fund Balance Beginning of Year</i>	394,325	394,325	394,325	0
Prior Year Encumbrances Appropriated	59,745	59,745	59,745	0
<i>Fund Balance End of Year</i>	<u>\$389,600</u>	<u>\$264,063</u>	<u>\$333,222</u>	<u>\$69,159</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$20,000	\$24,000	\$24,398	\$398
Expenditures				
Current:				
Security of Persons and Property				
Police				
DARE program				
Personal Services	100,000	100,000	94,462	5,538
Materials and Supplies	5,000	5,000	1,559	3,441
<i>Total Expenditures</i>	<u>105,000</u>	<u>105,000</u>	<u>96,021</u>	<u>8,979</u>
<i>Net Change in Fund Balance</i>	(85,000)	(81,000)	(71,623)	9,377
<i>Fund Balance Beginning of Year</i>	<u>92,899</u>	<u>92,899</u>	<u>92,899</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,899</u></u>	<u><u>\$11,899</u></u>	<u><u>\$21,276</u></u>	<u><u>\$9,377</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$5,500	\$5,500	\$5,702	\$202
Fees, Licenses and Permits	<u>16,500</u>	<u>19,500</u>	<u>19,649</u>	<u>149</u>
<i>Total Revenues</i>	22,000	25,000	25,351	351
Expenditures				
Current:				
Basic Utility Services				
Landfill Improvement				
Other	<u>400,000</u>	<u>400,000</u>	<u>275,338</u>	<u>124,662</u>
<i>Net Change in Fund Balance</i>	(378,000)	(375,000)	(249,987)	125,013
<i>Fund Balance Beginning of Year</i>	<u>665,812</u>	<u>665,812</u>	<u>665,812</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$287,812</u></u>	<u><u>\$290,812</u></u>	<u><u>\$415,825</u></u>	<u><u>\$125,013</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	<u>\$80,882</u>	<u>\$35,500</u>	<u>\$35,333</u>	<u>(\$167)</u>
Expenditures				
Current:				
Security of Persons and Property				
Police				
OMVI				
Personal Services	15,060	15,060	15,060	0
Materials and Supplies	<u>500</u>	<u>500</u>	<u>109</u>	<u>391</u>
Total OMVI	15,560	15,560	15,169	391
Drug Money				
Materials and Supplies	23,124	23,124	756	22,368
Immobilization				
Materials and Supplies	5,000	5,000	0	5,000
Miscellaneous				
Materials and Supplies	<u>20,000</u>	<u>20,000</u>	<u>271</u>	<u>19,729</u>
<i>Total Expenditures</i>	<u>63,684</u>	<u>63,684</u>	<u>16,196</u>	<u>47,488</u>
<i>Net Change in Fund Balance</i>	17,198	(28,184)	19,137	47,321
<i>Fund Balance Beginning of Year</i>	<u>188,164</u>	<u>188,164</u>	<u>188,164</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$205,362</u></u>	<u><u>\$159,980</u></u>	<u><u>\$207,301</u></u>	<u><u>\$47,321</u></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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions and Donations	\$39,277	\$17,800	\$17,236	(\$564)
Expenditures				
Current:				
Security of Persons and Property				
Police				
Materials and Supplies	8,260	8,260	2,542	5,718
Leisure Time Activities				
Senior Services Donations				
Other	31,360	31,360	16,673	14,687
Community Park Donations				
Other	3,200	3,200	0	3,200
Total Leisure Time Activities	34,560	34,560	16,673	17,887
Community Environment				
Beautification Donations				
Other	500	500	0	500
Engineering Department				
Personal Services	3,600	3,600	3,600	0
Total Community Environment	4,100	4,100	3,600	500
General Government				
Special Donations				
Other	3,514	3,514	0	3,514
Cemetery Endowment				
Contractual Services	5,000	5,000	0	5,000
Total General Government	8,514	8,514	0	8,514
<i>Total Expenditures</i>	55,434	55,434	22,815	32,619
<i>Net Change in Fund Balance</i>	(16,157)	(37,634)	(5,579)	32,055
<i>Fund Balance Beginning of Year</i>	67,895	67,895	67,895	0
Prior Year Encumbrances Appropriated	1,360	1,360	1,360	0
<i>Fund Balance End of Year</i>	\$53,098	\$31,621	\$63,676	\$32,055

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, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Transportation				
Street Lighting				
Contractual Services	<u>377</u>	<u>377</u>	<u>377</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(377)	(377)	(377)	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>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Senior Services Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$127,700	\$127,700	\$125,339	(\$2,361)
Miscellaneous	2,331	2,331	2,331	0
<i>Total Revenues</i>	<u>130,031</u>	<u>130,031</u>	<u>127,670</u>	<u>(2,361)</u>
Expenditures				
Current:				
Leisure Time Activities				
Administration				
Personal Services	428,147	428,147	413,910	14,237
Materials and Supplies	24,772	24,600	23,533	1,067
Contractual Services	2,860	3,032	3,032	0
Capital Outlay	6,860	6,860	6,840	20
Total Administration	<u>462,639</u>	<u>462,639</u>	<u>447,315</u>	<u>15,324</u>
Senior Programs				
Materials and Supplies	70,041	70,041	65,753	4,288
Contractual Services	31,950	31,890	24,155	7,735
Other	0	60	60	0
Total Senior Programs	<u>101,991</u>	<u>101,991</u>	<u>89,968</u>	<u>12,023</u>
<i>Total Expenditures</i>	<u>564,630</u>	<u>564,630</u>	<u>537,283</u>	<u>27,347</u>
<i>Excess of Revenues Under Expenditures</i>	(434,599)	(434,599)	(409,613)	24,986
Other Financing Sources				
Transfers In	429,386	429,386	429,386	0
<i>Net Change in Fund Balance</i>	(5,213)	(5,213)	19,773	24,986
<i>Fund Balance Beginning of Year</i>	110,576	110,576	110,576	0
Prior Year Encumbrances Appropriated	4,213	4,213	4,213	0
<i>Fund Balance End of Year</i>	<u>\$109,576</u>	<u>\$109,576</u>	<u>\$134,562</u>	<u>\$24,986</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, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$3,500	\$3,500	\$6,000	\$2,500
Expenditures				
Current:				
Community Environment				
Enterprise Zone Monitoring				
Other	<u>1,536,563</u>	<u>1,536,563</u>	<u>1,304,969</u>	<u>231,594</u>
<i>Excess of Revenues Under Expenditures</i>	(1,533,063)	(1,533,063)	(1,298,969)	234,094
Other Financing Sources				
Transfers In	<u>1,346,000</u>	<u>1,346,000</u>	<u>1,236,000</u>	<u>(110,000)</u>
<i>Net Change in Fund Balance</i>	(187,063)	(187,063)	(62,969)	124,094
<i>Fund Balance Beginning of Year</i>	48,072	48,072	48,072	0
Prior Year Encumbrances Appropriated	<u>150,313</u>	<u>150,313</u>	<u>150,313</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$11,322</u></u>	<u><u>\$11,322</u></u>	<u><u>\$135,416</u></u>	<u><u>\$124,094</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Police Training Fund
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$1,000	\$1,000	\$0	(\$1,000)
Expenditures				
Current:				
Security of Persons and Property				
Police				
Police Training				
Materials and Supplies	<u>7,643</u>	<u>7,643</u>	<u>458</u>	<u>7,185</u>
<i>Net Change in Fund Balance</i>	(6,643)	(6,643)	(458)	6,185
<i>Fund Balance Beginning of Year</i>	19,868	19,868	19,868	0
Prior Year Encumbrances Appropriated	<u>143</u>	<u>143</u>	<u>143</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$13,368</u></u>	<u><u>\$13,368</u></u>	<u><u>\$19,553</u></u>	<u><u>\$6,185</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, 2012*

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

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Safety and Service Equipment Fund
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$342,598	\$381,598	\$392,669	\$11,071
Intergovernmental	77,428	77,428	77,428	0
Miscellaneous	0	16,000	15,227	(773)
<i>Total Revenues</i>	420,026	475,026	485,324	10,298
Expenditures				
Capital Outlay	1,118,183	1,118,183	961,232	156,951
<i>Net Change in Fund Balance</i>	(698,157)	(643,157)	(475,908)	167,249
<i>Fund Balance Beginning of Year</i>	394,936	394,936	394,936	0
Prior Year Encumbrances Appropriated	328,515	328,515	328,515	0
<i>Fund Balance End of Year</i>	<u>\$25,294</u>	<u>\$80,294</u>	<u>\$247,543</u>	<u>\$167,249</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	2,027	2,027	2,027	0
<i>Net Change in Fund Balance</i>	(2,027)	(2,027)	(2,027)	0
<i>Fund Balance Beginning of Year</i>	2,027	2,027	2,027	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Building Construction Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$760,950	\$760,950	\$716,569	(\$44,381)
Expenditures				
Capital Outlay	<u>1,073,624</u>	<u>1,073,624</u>	<u>829,243</u>	<u>244,381</u>
<i>Net Change in Fund Balance</i>	(312,674)	(312,674)	(112,674)	200,000
<i>Fund Balance Beginning of Year</i>	<u>891,671</u>	<u>891,671</u>	<u>891,671</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$578,997</u></u>	<u><u>\$578,997</u></u>	<u><u>\$778,997</u></u>	<u><u>\$200,000</u></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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$68,100	\$68,100	\$68,110	\$10
Expenditures				
Capital Outlay	2,335	70,000	52,601	17,399
<i>Net Change in Fund Balance</i>	65,765	(1,900)	15,509	17,409
<i>Fund Balance Beginning of Year</i>	2,335	2,335	2,335	0
<i>Fund Balance End of Year</i>	<u>\$68,100</u>	<u>\$435</u>	<u>\$17,844</u>	<u>\$17,409</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, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal Income Taxes	\$0	\$70,000	\$78,702	\$8,702
Intergovernmental	0	0	4,000	4,000
Charges for Services	20,000	20,000	30,228	10,228
<i>Total Revenues</i>	20,000	90,000	112,930	22,930
Expenditures				
Capital Outlay	2,490,481	2,503,281	1,919,576	583,705
<i>Excess of Revenues Under Expenditures</i>	(2,470,481)	(2,413,281)	(1,806,646)	606,635
Other Financing Sources				
Transfers In	400,000	400,000	400,000	0
<i>Net Change in Fund Balance</i>	(2,070,481)	(2,013,281)	(1,406,646)	606,635
<i>Fund Balance Beginning of Year</i>	593,671	593,671	593,671	0
Prior Year Encumbrances Appropriated	1,499,164	1,499,164	1,499,164	0
<i>Fund Balance End of Year</i>	<u>\$22,354</u>	<u>\$79,554</u>	<u>\$686,189</u>	<u>\$606,635</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$250,000	\$250,000	\$250,000	\$0
Miscellaneous	0	0	4,540	4,540
<i>Total Revenues</i>	<u>250,000</u>	<u>250,000</u>	<u>254,540</u>	<u>4,540</u>
Expenses				
Contractual Services	231,490	231,490	154,347	77,143
Claims	134,500	134,500	60,971	73,529
<i>Total Expenses</i>	<u>365,990</u>	<u>365,990</u>	<u>215,318</u>	<u>150,672</u>
<i>Net Change in Fund Equity</i>	(115,990)	(115,990)	39,222	155,212
<i>Fund Equity Beginning of Year</i>	154,061	154,061	154,061	0
Prior Year Encumbrances Appropriated	990	990	990	0
<i>Fund Equity End of Year</i>	<u><u>\$39,061</u></u>	<u><u>\$39,061</u></u>	<u><u>\$194,273</u></u>	<u><u>\$155,212</u></u>

CITY OF SOLON, OHIO



STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Statistical Section

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

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

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

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

	<u>2012 (1)</u>	<u>2011 (1)</u>	<u>2010 (1)</u>	<u>2009 (1)</u>
Governmental Activities				
Net Investment in Capital Assets	\$131,699,509	\$116,112,789	\$117,330,135	\$104,060,699
Restricted:				
Capital Projects	9,310,451	6,925,143	5,006,205	9,236,362
Debt Service	5,437,648	7,219,254	7,642,496	7,866,320
Street Construction, Maintenance and Repair	1,012,409	1,070,267	1,108,641	1,081,065
Cable TV	0	0	0	0
Tree Planting	0	0	0	0
Landfill Improvement	405,313	641,520	922,799	1,178,514
Other Purposes	924,004	1,102,110	988,518	981,745
Unrestricted	15,590,196	13,281,133	10,607,262	12,398,272
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$164,379,530</u>	<u>\$146,352,216</u>	<u>\$143,606,056</u>	<u>\$136,802,977</u>
Business Type - Activities				
Net Investment in Capital Assets	\$53,582,076	\$52,758,649	\$52,548,182	\$52,711,512
Unrestricted	7,845,110	6,906,080	4,735,569	4,519,543
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$61,427,186</u>	<u>\$59,664,729</u>	<u>\$57,283,751</u>	<u>\$57,231,055</u>
Primary Government				
Net Investment in Capital Assets	\$185,281,585	\$168,871,438	\$169,878,317	\$156,772,211
Restricted	17,089,825	16,958,294	15,668,659	20,344,006
Unrestricted	23,435,306	20,187,213	15,342,831	16,917,815
<i>Total Primary Government</i>				
<i>Net Position</i>	<u>\$225,806,716</u>	<u>\$206,016,945</u>	<u>\$200,889,807</u>	<u>\$194,034,032</u>

(1) The City implemented GASB 54 in 2010, causing the classification of net position to change.

2008	2007	2006	2005	2004	2003
\$92,250,325	\$87,878,235	\$82,030,598	\$78,760,236	\$73,743,370	\$74,138,179
19,795,982	21,802,881	19,874,834	17,130,291	19,714,801	20,769,432
8,824,240	4,245,100	5,043,568	5,832,940	5,494,418	5,164,577
1,084,825	971,182	933,208	787,747	933,997	1,100,877
553,060	488,084	505,445	478,171	504,777	434,793
249,116	243,136	240,376	232,556	216,226	200,356
1,400,493	1,394,909	1,399,637	1,352,933	1,351,906	1,367,896
1,507,140	792,373	549,219	208,927	139,672	340,629
12,324,836	14,084,752	13,134,426	13,348,140	18,278,464	21,327,415
<u>\$137,990,017</u>	<u>\$131,900,652</u>	<u>\$123,711,311</u>	<u>\$118,131,941</u>	<u>\$120,377,631</u>	<u>\$124,844,154</u>
\$51,496,779	\$50,615,585	\$49,301,117	\$44,682,581	\$39,874,333	\$39,017,736
5,470,918	4,291,875	3,265,336	5,723,344	5,929,558	7,447,417
<u>\$56,967,697</u>	<u>\$54,907,460</u>	<u>\$52,566,453</u>	<u>\$50,405,925</u>	<u>\$45,803,891</u>	<u>\$46,465,153</u>
\$143,747,104	\$138,493,820	\$131,331,715	\$123,442,817	\$113,617,703	\$113,155,915
33,414,856	29,937,665	28,546,287	26,023,565	28,355,797	29,378,560
17,795,754	18,376,627	16,399,762	19,071,484	24,208,022	28,774,832
<u>\$194,957,714</u>	<u>\$186,808,112</u>	<u>\$176,277,764</u>	<u>\$168,537,866</u>	<u>\$166,181,522</u>	<u>\$171,309,307</u>

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

	2012	2011	2010	2009
Program Revenues				
Governmental Activities:				
Charges for Services:				
Security of Persons and Property				
Police	\$457,894	\$354,441	\$398,302	\$421,753
Fire	811,123	711,236	338,162	367,317
Prosecutor	13,582	10,242	13,810	16,910
Public Health and Welfare	5,209	3,391	4,434	4,901
Leisure Time Activities	3,195,633	3,165,390	3,131,685	3,075,799
Community Environment	171,619	124,986	159,952	113,636
Basic Utility Services	117,275	73,489	96,456	52,604
Transportation	265,769	201,984	289,778	358,670
General Government	287,796	237,449	257,817	257,235
Operating Grants and Contributions	1,396,049	1,407,239	1,512,849	1,620,631
Capital Grants and Assessments	1,587,921	149,004	241,789	3,022,448
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>8,309,870</u>	<u>6,438,851</u>	<u>6,445,034</u>	<u>9,311,904</u>
Business-Type Activities:				
Charges for Services:				
Water Reclamation	6,419,239	7,797,724	5,659,317	5,421,385
Grantwood Recreation	1,093,922	951,371	978,466	1,079,991
Operating Grants and Contributions	0	158,528	0	0
<i>Total Business-Type Activities</i>				
<i>Program Revenues</i>	<u>7,513,161</u>	<u>8,907,623</u>	<u>6,637,783</u>	<u>6,501,376</u>
<i>Total Primary Government</i>				
<i>Program Revenues</i>	<u>15,823,031</u>	<u>15,346,474</u>	<u>13,082,817</u>	<u>15,813,280</u>
Expenses				
Governmental Activities:				
Security of Persons and Property				
Police	9,007,166	8,501,513	8,673,149	8,534,822
Fire	8,248,104	8,137,648	8,075,434	8,054,144
Prosecutor	246,888	258,477	255,132	293,094
Public Health and Welfare	94,691	85,571	81,915	84,955
Leisure Time Activities	6,588,533	6,594,011	6,347,442	6,463,393
Community Environment	3,087,942	2,793,632	2,994,824	2,831,678
Basic Utility Services	2,921,098	2,668,113	2,758,637	2,331,673
Transportation	13,093,694	14,847,835	10,227,176	16,375,233
General Government	5,857,841	5,426,644	4,592,923	5,364,048
Interest and Fiscal Charges	440,111	533,090	641,829	857,669
<i>Total Governmental Activities Expenses</i>	<u>49,586,068</u>	<u>49,846,534</u>	<u>44,648,461</u>	<u>51,190,709</u>
Business-Type Activities				
Water Reclamation	5,302,029	5,265,324	5,910,432	6,472,968
Grantwood Recreation	1,191,495	1,048,003	927,306	1,142,923
<i>Total Business-Type Activities Expenses</i>	<u>6,493,524</u>	<u>6,313,327</u>	<u>6,837,738</u>	<u>7,615,891</u>
<i>Total Primary Government</i>				
<i>Program Expenses</i>	<u>56,079,592</u>	<u>56,159,861</u>	<u>51,486,199</u>	<u>58,806,600</u>
Net (Expense)/Revenue				
Governmental Activities	(41,276,198)	(43,407,683)	(38,203,427)	(41,878,805)
Business-Type Activities	1,019,637	2,594,296	(199,955)	(1,114,515)
<i>Total Primary Government</i>				
<i>Net Expense</i>	<u>(\$40,256,561)</u>	<u>(\$40,813,387)</u>	<u>(\$38,403,382)</u>	<u>(\$42,993,320)</u>

2008	2007	2006	2005	2004	2003
\$487,454	\$473,157	\$467,125	\$451,120	\$397,347	\$431,411
436,985	432,286	410,437	410,017	342,623	357,758
19,725	22,654	21,545	33,500	19,334	23,462
5,406	7,485	8,328	9,210	8,076	8,248
3,081,121	3,064,735	2,901,646	2,853,512	2,591,960	2,142,864
157,036	163,455	151,067	147,069	138,260	177,622
157,087	110,039	223,131	147,855	107,112	99,214
325,144	327,922	293,743	308,193	241,598	253,276
455,053	469,342	521,404	587,975	649,852	563,605
1,405,593	1,259,666	1,186,197	1,008,611	1,073,328	831,117
5,742,816	663,457	1,597,434	2,028,529	30,000	924,595
<u>12,273,420</u>	<u>6,994,198</u>	<u>7,782,057</u>	<u>7,985,591</u>	<u>5,599,490</u>	<u>5,813,172</u>
5,842,685	5,783,498	5,245,086	5,034,157	4,951,245	5,084,021
1,329,215	1,378,801	1,358,772	1,458,833	1,439,019	1,280,301
585	0	0	0	0	0
<u>7,172,485</u>	<u>7,162,299</u>	<u>6,603,858</u>	<u>6,492,990</u>	<u>6,390,264</u>	<u>6,364,322</u>
<u>19,445,905</u>	<u>14,156,497</u>	<u>14,385,915</u>	<u>14,478,581</u>	<u>11,989,754</u>	<u>12,177,494</u>
8,558,640	7,893,398	7,454,568	7,085,001	6,952,721	6,236,704
8,312,572	7,052,821	7,187,188	6,945,834	6,580,279	5,860,599
299,401	299,085	296,403	449,351	291,166	299,984
82,050	98,755	114,569	123,533	121,625	105,461
6,607,556	6,385,083	5,959,263	5,786,057	5,599,968	5,055,204
3,343,663	3,289,985	2,907,697	2,659,078	2,738,297	2,874,107
2,159,306	2,694,417	1,840,017	1,543,094	1,467,266	1,238,991
15,653,183	13,287,441	10,519,856	11,193,451	11,766,890	6,029,480
6,037,327	6,591,856	7,003,004	6,700,104	8,336,415	6,396,281
1,232,429	1,374,360	1,354,604	1,285,874	1,301,006	1,448,515
<u>52,286,127</u>	<u>48,967,201</u>	<u>44,637,169</u>	<u>43,771,377</u>	<u>45,155,633</u>	<u>35,545,326</u>
6,005,663	4,446,862	5,768,265	4,948,864	5,935,231	5,464,150
1,395,175	1,336,801	1,262,934	1,405,262	1,356,898	1,409,474
<u>7,400,838</u>	<u>5,783,663</u>	<u>7,031,199</u>	<u>6,354,126</u>	<u>7,292,129</u>	<u>6,873,624</u>
<u>59,686,965</u>	<u>54,750,864</u>	<u>51,668,368</u>	<u>50,125,503</u>	<u>52,447,762</u>	<u>42,418,950</u>
(40,012,707)	(41,973,003)	(36,855,112)	(35,785,786)	(39,556,143)	(29,732,154)
(228,353)	1,378,636	(427,341)	138,864	(901,865)	(509,302)
<u>(\$40,241,060)</u>	<u>(\$40,594,367)</u>	<u>(\$37,282,453)</u>	<u>(\$35,646,922)</u>	<u>(\$40,458,008)</u>	<u>(\$30,241,456)</u>

(continued)

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

	2012	2011	2010	2009
General Revenues and Other Changes in Net Position				
<i>Governmental Activities</i>				
<i>Property Taxes Levied For:</i>				
General Purposes	\$1,358,974	\$1,338,758	\$847,731	\$830,331
Debt Service	1,282,647	1,419,400	1,928,116	2,227,871
Police Pension	403,221	407,280	411,492	425,385
Fire Pension	604,834	610,920	616,532	637,371
Service and Safety Equipment	388,325	389,788	393,218	392,947
Community Center	0	0	0	0
<i>Municipal Income Taxes levied for:</i>				
General Purposes	30,796,894	29,071,231	28,336,758	25,569,132
Debt Service	0	0	0	0
Infrastructure	9,791,741	9,524,829	9,120,696	8,360,524
General Capital Improvements	76,524	78,167	69,329	76,178
<i>Grants and Entitlements not Restricted to Specific Programs</i>				
Investment Income	1,896,700	1,846,601	1,772,443	1,813,161
Gain on Sale of Capital Assets	171,550	607,074	895,577	998,629
Miscellaneous	65,299	47,632	13,894	27,013
Miscellaneous	834,994	522,228	814,795	650,783
<i>Total Governmental Activities</i>				
General Revenues	47,671,703	45,863,908	45,220,581	42,009,325
Special Item - Bainbridge Road Improvements	12,223,401	0	0	0
Special Item - Gain on the Sale of Land	0	0	0	0
Transfers	(591,592)	289,935	(214,075)	(1,317,560)
<i>Total Governmental Activities</i>				
	59,303,512	46,153,843	45,006,506	40,691,765
<i>Business-Type Activities</i>				
Investment Income	52,757	0	0	0
Gain on Sale of Capital Assets	55,950	0	0	0
Miscellaneous	42,521	76,617	38,576	60,313
<i>Total Business-Type Activities</i>				
General Revenues	151,228	76,617	38,576	60,313
Transfers	591,592	(289,935)	214,075	1,317,560
<i>Total Business-Type Activities</i>				
	742,820	(213,318)	252,651	1,377,873
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>				
	60,046,332	45,940,525	45,259,157	42,069,638
Change in Net Position				
Governmental Activities	18,027,314	2,746,160	6,803,079	(1,187,040)
Business-Type Activities	1,762,457	2,380,978	52,696	263,358
<i>Total Primary Government Change in Net Position</i>				
	\$19,789,771	\$5,127,138	\$6,855,775	(\$923,682)

2008	2007	2006	2005	2004	2003
\$931,232	\$951,950	\$1,012,667	\$745,476	\$787,950	\$729,028
1,933,192	2,535,666	2,291,480	2,237,086	3,025,779	3,061,294
474,758	486,686	440,914	410,539	320,851	298,464
711,430	729,324	654,279	615,809	332,792	298,464
457,470	471,740	452,365	420,530	431,881	430,479
305,922	0	0	0	0	0
26,663,509	30,601,737	27,042,160	22,840,197	21,800,820	21,673,469
3,607	41,358	0	0	0	0
9,179,725	9,682,464	8,136,936	7,127,506	4,971,768	6,603,732
74,141	0	0	0	0	0
2,389,085	1,941,816	2,229,329	2,572,766	2,336,884	1,929,875
2,807,067	3,242,148	2,426,337	893,329	1,155,225	1,298,459
0	0	31,726	0	8,450	0
582,432	397,834	260,020	87,494	90,038	401,395
46,513,570	51,082,723	44,978,213	37,950,732	35,262,438	36,724,659
0	0	0	0	0	0
1,799,567	0	0	0	0	0
(2,211,065)	(920,379)	(2,543,731)	(4,410,636)	(172,818)	(4,878,167)
46,102,072	50,162,344	42,434,482	33,540,096	35,089,620	31,846,492
0	0	0	0	0	0
0	1,498	2,518	0	0	0
77,525	40,494	41,620	52,534	67,785	17,738
77,525	41,992	44,138	52,534	67,785	17,738
2,211,065	920,379	2,543,731	4,410,636	172,818	4,878,167
2,288,590	962,371	2,587,869	4,463,170	240,603	4,895,905
46,591,095	51,124,715	45,022,351	38,003,266	35,330,223	36,742,397
6,089,365	8,189,341	5,579,370	(2,245,690)	(4,466,523)	2,114,338
2,060,237	2,341,007	2,160,528	4,602,034	(661,262)	4,386,603
<u>\$8,149,602</u>	<u>\$10,530,348</u>	<u>\$7,739,898</u>	<u>\$2,356,344</u>	<u>(\$5,127,785)</u>	<u>\$6,500,941</u>

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

	2012	2011	2010	2009
General Fund				
Non-spendable	\$912,423	\$732,687	\$555,472	\$623,912
Restricted	0	377	96,972	83,358
Committed	557,390	1,003,676	1,182,073	1,101,884
Assigned	911,372	909,960	359,302	459,812
Unassigned	22,232,615	20,646,611	19,479,061	22,636,438
Reserved	0	0	0	0
Unreserved	0	0	0	0
Total General Fund	24,613,800	23,293,311	21,672,880	24,905,404
All Other Governmental Funds				
Restricted	11,107,256	9,577,187	8,408,663	11,473,009
Committed	925,688	1,012,836	1,188,298	1,234,298
Unassigned (Deficit)	0	0	(2,125)	(3,790,560)
Reserved	0	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	0	0	0	0
Debt Service Funds	0	0	0	0
Capital Projects Funds	0	0	0	0
Total All Other Governmental Funds	12,032,944	10,590,023	9,594,836	8,916,747
Total Governmental Funds	\$36,646,744	\$33,883,334	\$31,267,716	\$33,822,151

Note: The City implemented GASB 54 in 2010.

2008	2007	2006	2005	2004	2003
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
406,585	2,625,689	2,746,771	2,780,421	2,892,935	2,891,843
26,104,831	25,889,682	25,898,002	23,818,231	25,438,890	26,936,020
<u>26,511,416</u>	<u>28,515,371</u>	<u>28,644,773</u>	<u>26,598,652</u>	<u>28,331,825</u>	<u>29,827,863</u>
0	0	0	0	0	0
0	0	0	0	0	0
455,015	5,339,021	1,902,166	255,949	3,560,449	3,505,304
4,488,030	3,563,983	3,185,684	2,762,247	2,737,070	3,520,429
1,485,082	1,074,820	1,529,697	1,996,287	2,362,134	2,298,675
13,198,823	6,549,744	10,924,870	10,570,361	9,525,748	10,043,906
<u>19,626,950</u>	<u>16,527,568</u>	<u>17,542,417</u>	<u>15,584,844</u>	<u>18,185,401</u>	<u>19,368,314</u>
<u>\$46,138,366</u>	<u>\$45,042,939</u>	<u>\$46,187,190</u>	<u>\$42,183,496</u>	<u>\$46,517,226</u>	<u>\$49,196,177</u>

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

	2012	2011	2010	2009
Revenues				
Property Taxes	\$4,084,821	\$4,175,477	\$4,200,659	\$4,439,830
Municipal Income Taxes	40,209,345	38,635,456	37,011,203	33,433,337
Special Assessments	708,400	722,102	812,268	788,768
Intergovernmental	4,734,703	3,369,326	3,418,929	6,379,986
Investment Income	171,550	607,074	895,577	998,629
Fees, Licenses and Permits	1,079,485	722,408	772,364	670,840
Fines and Forfeitures	372,559	397,909	342,265	337,471
Rentals	25,319	31,134	23,083	24,097
Charges for Services	3,848,537	3,741,157	3,562,684	3,646,417
Contributions and Donations	156,356	98,588	99,555	75,173
Miscellaneous	844,994	522,228	814,795	650,587
<i>Total Revenues</i>	<u>56,236,069</u>	<u>53,022,859</u>	<u>51,953,382</u>	<u>51,445,135</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	8,538,190	8,077,151	8,264,487	8,078,371
Fire	7,877,662	7,444,523	7,429,107	7,574,187
Prosecutor	246,909	257,217	252,624	297,440
Public Health and Welfare	94,691	85,571	81,915	84,955
Leisure Time Activities	5,952,381	6,023,319	5,669,661	5,793,337
Community Development	3,075,063	2,838,647	3,001,106	2,801,923
Basic Utilities Services	2,002,298	1,894,005	1,890,447	1,641,022
Transportation	5,983,241	6,181,872	6,429,141	6,491,425
General Government	4,649,342	4,966,488	4,327,183	4,061,450
Capital Outlay	9,245,520	10,388,586	14,549,895	22,775,769
Debt Service:				
Principal Retirement	5,415,516	2,070,153	1,995,556	3,271,373
Interest and Fiscal Charges	469,946	546,106	657,129	879,836
<i>Total Expenditures</i>	<u>53,550,759</u>	<u>50,773,638</u>	<u>54,548,251</u>	<u>63,751,088</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,685,310</u>	<u>2,249,221</u>	<u>(2,594,869)</u>	<u>(12,305,953)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	78,100	66,462	112,607	83,882
OWDA Loans Issued	0	0	0	0
Transfers In	5,300,000	4,363,775	7,529,125	5,553,280
Transfers Out	(5,300,000)	(4,063,840)	(7,601,298)	(5,647,424)
<i>Total Other Financing Sources (Uses)</i>	<u>78,100</u>	<u>366,397</u>	<u>40,434</u>	<u>(10,262)</u>
Special Item				
Proceeds from Sale of Land	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>\$2,763,410</u>	<u>\$2,615,618</u>	<u>(\$2,554,435)</u>	<u>(\$12,316,215)</u>
Debt Service as a Percentage of Noncapital Expenditures	12.4%	5.7%	6.4%	8.2%

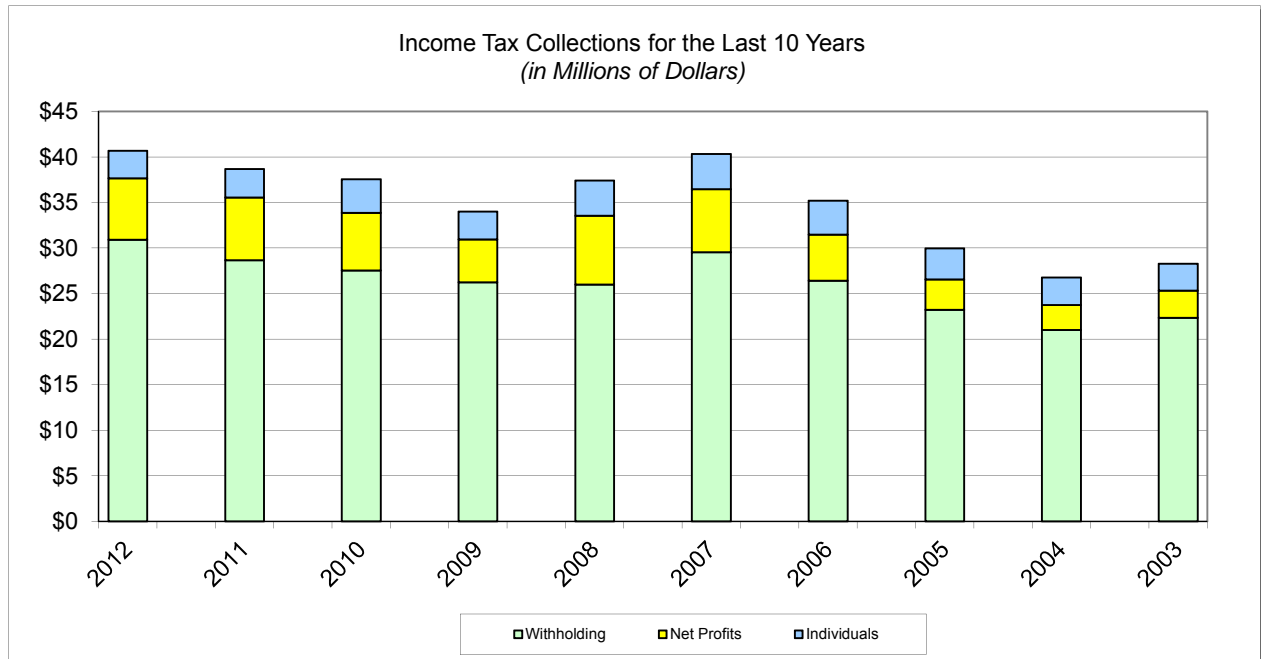
2008	2007	2006	2005	2004	2003
\$4,850,270	\$5,167,986	\$4,857,332	\$4,501,679	\$4,856,262	\$4,824,148
36,379,832	38,530,269	36,029,136	29,535,375	27,038,056	28,383,580
1,121,553	1,003,236	850,556	1,083,930	406,647	370,838
3,996,592	3,127,153	4,360,538	3,766,964	3,306,652	3,536,577
2,807,067	3,242,148	2,426,337	893,329	1,155,225	1,298,459
856,198	989,533	978,890	1,112,664	1,081,566	1,040,886
401,852	353,490	379,355	332,732	292,396	282,640
18,525	13,598	18,343	31,992	11,563	8,397
3,758,436	3,714,454	3,621,838	3,471,063	3,110,637	2,725,537
130,287	103,806	111,152	66,982	83,731	67,961
582,432	397,834	260,020	87,494	90,038	401,395
<u>54,903,044</u>	<u>56,643,507</u>	<u>53,893,497</u>	<u>44,884,204</u>	<u>41,432,773</u>	<u>42,940,418</u>
7,985,861	7,290,455	7,020,044	6,649,603	6,635,441	6,014,057
7,750,303	7,025,219	6,605,778	6,458,351	6,289,735	5,401,761
299,953	294,804	300,436	445,789	288,406	299,984
82,050	98,755	114,569	123,533	121,625	105,461
5,900,904	5,602,008	5,248,742	5,091,112	4,895,083	4,276,719
3,316,686	3,139,019	2,219,670	2,062,884	2,083,980	2,084,024
1,920,896	2,044,148	1,846,896	1,587,598	1,469,524	1,525,655
6,095,752	5,405,428	4,910,127	5,167,983	4,745,841	4,318,184
4,790,951	5,692,537	6,117,606	6,000,827	7,370,422	5,330,364
13,280,808	13,649,066	13,399,863	15,578,972	7,913,048	16,768,406
1,732,382	5,886,095	2,547,369	2,546,082	2,336,134	2,171,799
1,246,408	1,406,201	1,263,066	1,299,872	1,273,201	1,403,436
<u>54,402,954</u>	<u>57,533,735</u>	<u>51,594,166</u>	<u>53,012,606</u>	<u>45,422,440</u>	<u>49,699,850</u>
<u>500,090</u>	<u>(890,228)</u>	<u>2,299,331</u>	<u>(8,128,402)</u>	<u>(3,989,667)</u>	<u>(6,759,432)</u>
14,175	54,216	72,236	169,563	29,500	0
0	612,140	1,789,236	3,811,825	1,454,034	1,268,815
8,344,130	10,425,148	6,994,821	4,462,788	5,369,057	10,056,269
<u>(10,281,118)</u>	<u>(11,345,527)</u>	<u>(7,151,930)</u>	<u>(4,649,504)</u>	<u>(5,541,875)</u>	<u>(10,269,103)</u>
<u>(1,922,813)</u>	<u>(254,023)</u>	<u>1,704,363</u>	<u>3,794,672</u>	<u>1,310,716</u>	<u>1,055,981</u>
<u>2,518,150</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$1,095,427</u>	<u>(\$1,144,251)</u>	<u>\$4,003,694</u>	<u>(\$4,333,730)</u>	<u>(\$2,678,951)</u>	<u>(\$5,703,451)</u>
6.1%	14.8%	11.1%	11.5%	10.6%	12.2%

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
2012	2.00 %	\$40,665,159	\$30,887,176	75.96%	\$6,758,924	16.62%	\$3,019,059	7.42%
2011	2.00	38,674,227	28,643,077	74.06	6,882,485	17.80	3,148,665	8.14
2010	2.00	37,526,783	27,519,770	73.33	6,341,666	16.90	3,665,347	9.77
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	10.19	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

(1) 2003 through 2012 are on an Accrual Basis.

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



City of Solon, Ohio
Principal Income Taxpayers
Current Year and Nine Years Ago

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

<u>2012 Taxpayers</u>	<u>Ranking</u>
Swagelok Manufacturing Company	1
Nestle Food Company	2
Solon Board of Education	3
Erico Products Inc.	4
Keithley Instruments Inc.	5
The Cleveland Clinic Foundation	6
City of Solon	7
National Enterprise Systems Inc.	8
LPS Management LLC	9
Kennametal Inc.	10

<u>2003 Taxpayers</u>	<u>Ranking</u>
Swagelok Manufacturing Company	1
Nestle Food Company	2
Solon Board of Education	3
Keithley Instruments Inc.	4
Agilysys, Incorporated	5
Erico Products Inc.	6
Kennametal Inc.	7
City of Solon	8
Datavantage Corporation	9
L'Oreal USA Products, Inc.	10

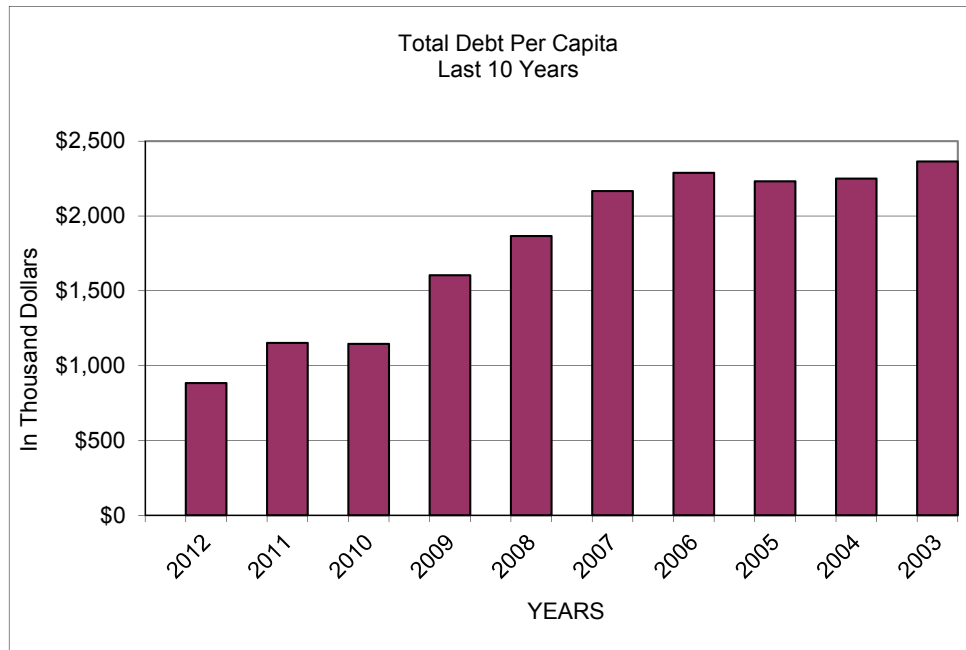
Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholding.

Source: Information provided by City's Finance Department.

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

Governmental Activities					
Year	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	OPWC Loans	General Obligation Bond Anticipation Notes
2012	\$0	\$0	\$8,942,950	\$138,587	\$0
2011	4,470,000	84,895	9,742,923	199,235	0
2010	5,620,000	167,497	10,519,826	259,883	0
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

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



Business-Type
Activities

<u>OWDA Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$11,541,487	\$20,623,024	1.89%	\$883
12,381,524	26,878,577	2.46	1,151
10,171,586	26,738,792	2.44	1,145
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

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*

Year	Population (1)	Estimated True Values of Taxable Property (2)	Bonded Debt (3)	Ratio of Bonded Debt to Estimated True Values of Taxable Property	Bonded Debt Per Capital
2012	23,348	\$3,223,292,544	\$0	0.00 %	\$0.00
2011	23,348	3,232,882,651	4,470,000	0.14	191.45
2010	23,348	3,238,635,274	5,620,000	0.17	240.71
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

Sources:

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

(2) Cuyahoga County Fiscal Officer

(3) Includes all general obligation bonded debt.

(4) Although the general obligation bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

City of Solon, Ohio

Computation of Direct and Overlapping Governmental Activities Debt December 31, 2012

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Solon
Direct - City of Solon			
OWDA Loans	\$8,942,950	100.00%	\$8,942,950
OPWC Loans	138,587	100.00%	138,587
<i>Total Direct</i>	<u>9,081,537</u>		<u>9,081,537</u>
Overlapping			
Solon City School District			
General Obligation Bonds	15,669,907	97.86%	15,334,571
Capital Lease Obligations	62,538	97.86%	61,200
Orange School District			
General Obligation Bonds	25,421,616	2.14%	544,023
Capital Lease Obligations	56,138	2.14%	1,201
Cuyahoga County (2)			
General Obligation Bonds	352,896,785	3.87%	13,657,106
Revenue Bonds	441,559,586	3.87%	17,088,356
Loans Payable	7,269,902	3.87%	281,345
Notes Payable	7,200,000	3.87%	278,640
Greater Cleveland Regional Transit Authority	<u>151,916,808</u>	3.87%	<u>5,879,180</u>
<i>Total Overlapping Debt</i>	<u>1,002,053,280</u>		<u>53,125,623</u>
Total	<u><u>\$1,011,134,817</u></u>		<u><u>\$62,207,160</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 Fiscal Officer

City of Solon, Ohio
Ratios of Bonded Debt Outstanding and Legal Debt Margin
Last Ten Years

	2012	2011	2010	2009
Population	23,348	23,348	23,348	21,802
Total Assessed Property Value	<u>\$1,138,853,530</u>	<u>\$1,141,833,370</u>	<u>\$1,138,422,059</u>	<u>\$1,179,483,022</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$0	\$4,470,000	\$5,620,000	\$6,720,000
Special Assessment Bonds	0	84,895	167,497	247,805
Bond Anticipation Notes	0	0	0	4,700,000
OPWC Loans	138,587	199,235	259,883	320,531
OWDA Loans	<u>20,484,437</u>	<u>22,124,447</u>	<u>20,691,412</u>	<u>22,963,373</u>
Total Gross Indebtedness	20,623,024	26,878,577	26,738,792	34,951,709
Less:				
Special Assessment Bonds	0	(84,895)	(167,497)	(247,805)
OWDA Loans	(20,484,437)	(22,124,447)	(20,691,412)	(22,963,373)
General Obligation Bond Retirement Fund Balance (1)	<u>(138,587)</u>	<u>(2,114,990)</u>	<u>(1,800,852)</u>	<u>(1,186,990)</u>
Total Net Debt Applicable to Debt Limit	<u>0</u>	<u>2,554,245</u>	<u>4,079,031</u>	<u>10,553,541</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>119,579,621</u>	<u>119,892,504</u>	<u>119,534,316</u>	<u>123,845,717</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$119,579,621</u>	<u>\$117,338,259</u>	<u>\$115,455,285</u>	<u>\$113,292,176</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	97.87%	96.59%	91.48%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$62,636,944</u>	<u>\$62,800,835</u>	<u>\$62,613,213</u>	<u>\$64,871,566</u>
Total Gross Indebtedness	20,623,024	26,878,577	26,738,792	34,951,709
Less:				
Voted General Obligation Bonds	0	0	(240,000)	(465,000)
Special Assessment Bonds	0	(84,895)	(167,497)	(247,805)
OWDA Loans	(20,484,437)	(22,124,447)	(20,691,412)	(22,963,373)
General Obligation Bond Retirement Fund Balance	<u>(138,587)</u>	<u>(2,114,990)</u>	<u>(1,800,852)</u>	<u>(1,186,990)</u>
Net Debt Within 5 ½ % Limitations	<u>0</u>	<u>2,554,245</u>	<u>3,839,031</u>	<u>10,088,541</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$62,636,944</u>	<u>\$60,246,590</u>	<u>\$58,774,182</u>	<u>\$54,783,025</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	95.93%	93.87%	84.45%

Source: City Financial Records

(1) In 2012, the Bond Retirement Fund Balance was limited to the outstanding balance of OPWC debt.

2008	2007	2006	2005	2004	2003
21,802	21,802	21,802	21,802	21,802	21,802
<u>\$1,189,301,755</u>	<u>\$1,268,462,154</u>	<u>\$1,185,343,677</u>	<u>\$1,178,760,526</u>	<u>\$1,188,847,661</u>	<u>\$1,139,784,898</u>
\$9,150,000	\$10,150,000	\$15,210,000	\$17,170,000	\$19,040,000	\$20,835,000
325,818	401,537	474,961	548,385	722,220	898,350
5,700,000	9,390,000	7,100,000	6,000,000	6,500,000	7,000,000
350,855	411,503	472,151	532,799	593,447	654,095
25,117,533	26,878,754	26,625,363	24,389,190	22,160,707	22,115,948
40,644,206	47,231,794	49,882,475	48,640,374	49,016,374	51,503,393
(325,818)	(401,537)	(474,961)	(548,385)	(722,220)	(898,350)
(25,117,533)	(26,878,754)	(26,625,363)	(24,389,190)	(22,160,707)	(22,115,948)
(1,485,082)	(1,074,820)	(1,529,697)	(1,996,287)	(2,362,134)	(2,298,675)
13,715,773	18,876,683	21,252,454	21,706,512	23,771,313	26,190,420
124,876,684	133,188,526	124,461,086	123,769,855	124,829,004	119,677,414
<u>\$111,160,911</u>	<u>\$114,311,843</u>	<u>\$103,208,632</u>	<u>\$102,063,343</u>	<u>\$101,057,691</u>	<u>\$93,486,994</u>
89.02%	85.83%	82.92%	82.46%	80.96%	78.12%
\$65,411,597	\$69,765,418	\$65,193,902	\$64,831,829	\$65,386,621	\$62,688,169
40,644,206	47,231,794	49,882,475	48,640,374	49,016,374	51,503,393
(2,060,000)	(2,250,000)	(2,430,000)	(2,605,000)	(2,770,000)	(2,920,000)
(325,818)	(401,537)	(474,961)	(548,385)	(722,220)	(898,350)
(25,117,533)	(26,878,754)	(26,625,363)	(24,389,190)	(22,160,707)	(22,115,948)
(1,485,082)	(1,074,820)	(1,529,697)	(1,996,287)	(2,362,134)	(2,298,675)
11,655,773	16,626,683	18,822,454	19,101,512	21,001,313	23,270,420
<u>\$53,755,824</u>	<u>\$53,138,735</u>	<u>\$46,371,448</u>	<u>\$45,730,317</u>	<u>\$44,385,308</u>	<u>\$39,417,749</u>
82.18%	76.17%	71.13%	70.54%	67.88%	62.88%

City of Solon, Ohio
Principal Employers
2011 and 2002 (1)

2011		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Company	2,942	6.27 %
Nestle Food Company	2,086	4.45
Solon Board of Education	1,093	2.33
National Enterprise Systems	880	1.88
City of Solon	870	1.85
The Cleveland Clinic	612	1.30
Pennsylvania Life	583	1.24
Erico Products Inc.	543	1.16
Renaissance Hotel Operating	452	0.96
LPS Management LLC	447	0.95
Total	10,508	22.39 %
Total W-2's Received	46,927	

2002		
Employer	W-2's	Percentage of Total City W-2's
Nestle Food Company	2,219	4.71 %
Solon Board of Education	1,063	2.26
Swagelok Company	1,008	2.14
City of Solon	769	1.63
Agilysys Inc.	584	1.24
Erico Products Inc.	541	1.15
Keithley Instruments Inc.	538	1.14
Kennametal Inc.	459	0.97
L'Oreal USA Products, Inc.	445	0.94
Venture Lighting Inc.	380	0.82
Total	8,006	17.00 %
Total W-2's Received	47,106	

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

Source: Information provided by City's Finance Department.

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2012	23,348	\$1,093,853,800	\$46,850	\$95,881	43
2011	23,348	1,093,853,800	46,850	95,881	43
2010	23,348	1,093,853,800	46,850	95,881	43
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

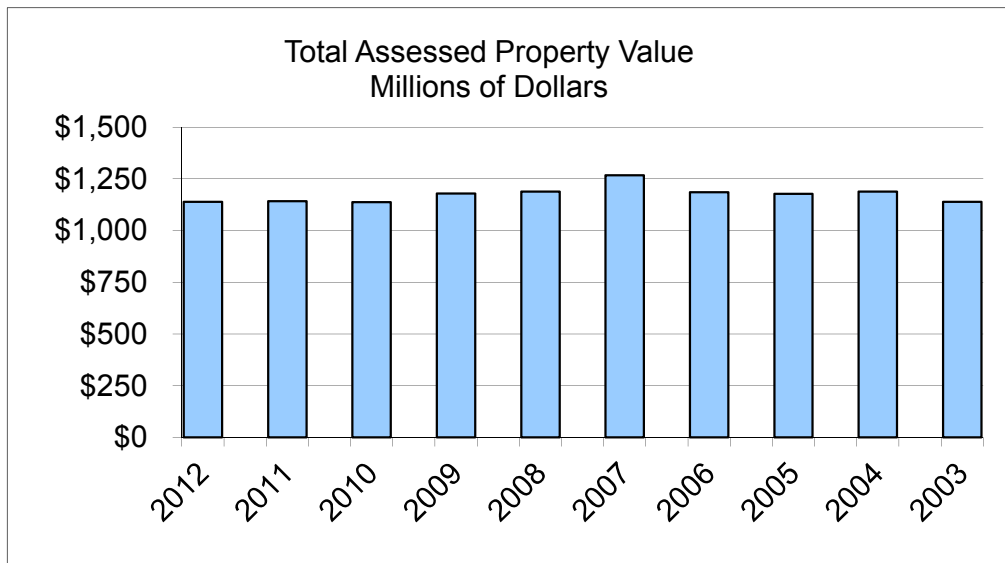
(1) Source: U. S. Census

(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



<u>Educational Attainment: Bachelor's Degree or Higher (1)</u>	<u>School Enrollment (2)</u>	<u>Cuyahoga County Unemployment Rate (3)</u>	<u>Total Assessed Property Value (4)</u>
57.0%	4,975	7.3%	\$1,138,853,530
57.0	5,043	7.1	1,141,833,370
57.0	5,171	8.6	1,138,422,059
50.4	5,214	9.0	1,179,483,022
50.4	5,292	7.1	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	6.2	1,139,784,898

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

Function/Program	2012	2011	2010	2009
Security of Persons and Property				
Police	46.00	44.00	46.00	47.00
Dispatch and Clerks	17.00	18.00	17.00	19.00
Corrections	10.00	7.00	8.00	10.00
Fire	57.00	58.00	60.00	61.00
Leisure Time Activities				
Recreation	12.00	12.00	13.00	14.00
Senior Services	4.00	4.00	5.00	5.00
Arts Center	2.00	4.00	4.00	4.00
Grantwood Golf Course	5.00	5.00	5.00	5.00
Community Environment				
Planning	6.00	6.00	6.00	6.00
Building	3.00	3.00	4.00	4.00
Engineering	9.00	10.00	11.00	11.00
Public Works	0.00	0.00	1.00	2.00
Basic Utility Services				
Water Reclamation	18.00	17.00	23.00	23.00
Transportation				
Service	69.00	68.00	66.00	70.00
General Government				
City Council	2.00	2.00	2.00	2.00
Mayors Office	2.00	2.00	2.00	2.00
Finance	9.00	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	2.00
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>284.00</u>	<u>283.00</u>	<u>297.00</u>	<u>309.00</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>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
46.00	46.00	46.00	46.00	46.00	45.00
19.00	16.00	16.00	15.00	15.00	15.00
10.00	10.00	10.00	10.00	10.00	12.00
61.00	61.00	61.00	61.00	61.00	60.00
15.00	16.00	16.00	16.00	14.00	14.00
5.00	5.00	5.00	5.00	5.00	5.00
4.00	3.00	3.00	3.00	3.00	3.00
6.00	7.00	7.00	7.00	7.00	7.00
6.00	6.00	6.00	6.00	6.00	6.00
5.00	6.00	6.00	7.00	8.00	8.00
10.00	8.00	8.00	8.00	9.00	10.00
2.00	2.00	2.00	1.00	2.00	2.00
22.00	24.00	23.00	24.00	24.00	24.00
68.00	67.00	65.00	64.00	66.00	67.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
10.00	11.00	11.00	11.00	11.00	11.00
4.00	4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	1.00	1.00	1.00	1.00
3.00	3.00	3.00	2.00	2.00	2.00
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>306.00</u>	<u>305.00</u>	<u>301.00</u>	<u>299.00</u>	<u>302.00</u>	<u>304.00</u>

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

Function/Program	2012	2011	2010	2009
Security of Persons & Property				
<i>Police</i>				
Number of traffic citations issued	3,893	3,744	4,673	4,266
DUI Arrests	151	132	118	126
Prisoners Processed	1,819	1,732	1,521	1,376
<i>Fire</i>				
Fire Responses	671	746	737	785
EMS Calls	1,737	1,726	1,789	1,725
Safety Inspections	2,480	1,529	1,589	1,703
Plan Reviews	393	247	150	231
Leisure Time Activities				
<i>Parks and Recreation</i>				
Community Center Memberships	7,811	8,341	8,495	9,550
Summer Camp Participants	1,129	1,201	1,248	1,295
Baseball/Softball Teams	64	81	99	108
<i>Senior Services</i>				
Program Attendance (2)	37,912	36,817	31,678	25,545
<i>Arts Center</i>				
Class Registrations	3,204	3,160	3,274	3,508
Percentage of Solon Residents	77%	79%	81%	83%
<i>Grantwood Golf Course</i>				
Rounds Played (18 holes)	10,256	14,025	12,021	12,649
Rounds Played (9 holes)	16,768	10,967	17,148	19,289
Buckets of Range Balls	6,498	6,525	8,870	10,342
Community Environment				
<i>Building</i>				
Building Permits Issued	927	793	819	706
Basic Utility Services				
<i>Waste Water Treatment</i>				
Average Daily Flow (millions of gallons)	3.452	4.131	3.733	3.291
Transportation				
<i>Service</i>				
Tons of Salt Purchased	9,318	10,119	16,000	12,700
Tons of Rubbish Collected	7,473	7,835	7,868	8,147
Yards of Leaves Collected (3)	13,653	n/a	n/a	n/a
Tons of Recycling Materials Collected	1,394	1,422	1,334	1,199
General Government				
<i>City Council</i>				
Ordinances or Resolutions Introduced	302	255	286	311
<i>Finance</i>				
Accounts Payable Checks Processed	10,052	9,333	9,547	10,838
Purchase Orders Issued	4,425	4,829	4,355	4,880
<i>Network Administration</i>				
Computer Workstations	256	237	235	235

(1) Information prior to 2004 is not available.

(2) Indicator changed from prior year reports and new indicator data not available prior to 2008.

(3) Indicator changed from prior year reports and new indicator data not available prior to 2012.

Source: Information provided by various departments at the City of Solon

2008	2007	2006	2005	2004
4,743	4,672	4,901	4,431	4,477
135	117	109	128	127
1,445	1,489	1,472	1,124	1,323
753	833	705	841	820
1,831	1,844	1,739	1,695	1,541
2,600	2,763	2,408	1,471	999
293	287	273	259	234
9,950	10,600	11,056	11,534	10,201
1,475	1,520	1,500	1,585	1,582
117	118	136	138	137
12,518	n/a	n/a	n/a	n/a
3,040	2,683	2,332	1,713	1,447
87%	88%	83%	77%	79%
12,464	12,598	12,266	13,485	14,354
19,398	20,492	20,720	21,645	20,748
11,291	11,222	11,439	12,616	16,073
726	775	819	923	758
3,787	3,957	4,045	4,112	4,024
11,509	9,497	7,515	17,970	12,888
8,987	12,255	11,309	11,590	11,980
n/a	n/a	n/a	n/a	n/a
1,069	1,573	987	727	594
372	324	311	302	288
10,525	10,022	9,971	10,272	10,627
4,828	4,523	4,698	4,805	5,067
225	217	205	200	196

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

Function/Program	2012	2011	2010	2009
Security of Persons and Property				
<i>Police</i>				
Square Footage of Station	37,168	37,168	37,168	37,168
Vehicles	29	28	27	25
<i>Fire</i>				
Square Footage of Station #1	37,168	37,168	37,168	37,168
Square Footage of Station #2	16,200	16,200	16,200	16,200
Square Footage of Station #3	9,610	9,610	9,610	9,610
Vehicles	20	19	21	21
Leisure Time Activities				
<i>Parks and Recreation</i>				
Square Footage of Community Center	92,500	92,500	92,500	92,500
Vehicles	8	7	7	7
<i>Senior Services</i>				
Vehicles	4	4	4	6
<i>Arts Center</i>				
Square Footage of Building	15,000	15,000	15,000	15,000
<i>Grantwood Golf Course</i>				
Square Footage of Clubhouse	7,200	7,200	7,200	7,200
Square Footage of Maintenance Building	5,000	5,000	5,000	5,000
Vehicles	1	1	1	1
Community Environment				
<i>Planning Department</i>				
Vehicles	2	2	2	2
<i>Building Department</i>				
Vehicles	3	4	4	5
<i>Engineering Department</i>				
Vehicles	8	9	8	8
Basic Utility Services				
<i>Waste Water Treatment</i>				
Square Footage of Buildings	56,000	56,000	56,000	56,000
Vehicles	10	12	12	12
Transportation				
<i>Service</i>				
Square Footage of Building	70,461	70,461	70,461	70,461
Vehicles	73	71	70	73
General Government				
<i>City Hall</i>				
Square Footage of Building	55,950	55,950	55,950	55,950
Mayor's Vehicle	1	1	1	1
Tax/Finance's Vehicle	1	1	1	1
Network Administration's Vehicle	1	1	1	1
City Hall Vehicle	2	1	1	1

(1) Information prior to 2004 is not available.

Source: Information provided by various departments at the City of Solon

2008	2007	2006	2005	2004
37,168	37,168	37,168	37,168	37,168
24	24	24	24	23
37,168	37,168	37,168	37,168	37,168
16,200	16,200	9,000	9,000	9,000
9,610	9,610	9,610	9,610	9,610
23	22	21	21	21
92,500	92,500	92,500	92,500	92,500
8	8	7	7	7
5	3	4	4	3
15,000	15,000	15,000	15,000	15,000
7,200	7,200	7,200	7,200	7,200
5,000	5,000	5,000	5,000	5,000
1	1	1	1	1
2	2	2	2	2
5	5	5	5	5
9	9	8	8	8
56,000	56,000	56,000	56,000	56,000
13	13	13	14	15
70,461	70,461	70,461	70,461	70,461
67	66	58	64	68
55,950	55,950	55,950	55,950	55,950
1	1	1	1	1
1	1	1	1	1
1	1	1	0	0
1	1	1	1	1

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CITY OF SOLON, OHIO

SUSAN DRUCKER, MAYOR

34200 BAINBRIDGE ROAD • SOLON, OHIO 44139

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Dave Yost • Auditor of State

CITY OF SOLON

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 9, 2013