

**CITY OF UPPER ARLINGTON
FRANKLIN COUNTY, OHIO**

Supplemental Report

DECEMBER 31, 2005

CATHERINE M. ARMSTRONG, FINANCE DIRECTOR



**Auditor of State
Betty Montgomery**

City Council
City of Upper Arlington
3600 Tremont Road
Upper Arlington, Ohio 43221

We have reviewed the *Independent Auditor's Report* of the City of Upper Arlington, Franklin County, prepared by Julian and Grube, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 17, 2006

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**CITY OF UPPER ARLINGTON
FRANKLIN COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Members of City Council
City of Upper Arlington
3600 Tremont Road
Upper Arlington, OH 43221

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Upper Arlington, Franklin County, Ohio, (the "City") as of and for the year ended December 31, 2005, which collectively comprise the City of Upper Arlington's basic financial statements and have issued our report thereon dated May 5, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Members of Council and Mayor
City of Upper Arlington

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
May 5, 2006

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2005**

ISSUED BY:

**CITY OF UPPER ARLINGTON, OHIO
FINANCE DEPARTMENT**

**Catherine M. Armstrong, CPA, CGFM
*Finance Director***

**Mary J. Wehner, CPA, CIA
*Finance Manager***

**Scott D. Gill, CPA, MT
*Tax Administrator***

**Mary S. Davis
*Examiner***

**Barbara K. Podnar
*Purchasing Administrator***

**Laura A. Lynde
*Purchasing Assistant***

**Teresa L. Kennedy
*Management Assistant***

**Craig McClarren
*Fiscal Technician***

**Karen Elifritz
*Payroll Administrator***



CITY OF | **UPPER ARLINGTON**



CITY OF | **UPPER ARLINGTON**

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**CITY OF UPPER ARLINGTON, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For The Fiscal Year Ended December 31, 2005**

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**CITY OF UPPER ARLINGTON, OHIO
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May 5, 2006

To the Honorable Edward F. Seidel, Jr. and Members of City Council,
And Citizens of the City of Upper Arlington:

The Comprehensive Annual Financial Report (CAFR) of the City of Upper Arlington, Ohio (City), for the fiscal year ended December 31, 2005, is submitted herewith. The report has a complete set of financial statements presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Contents of the Report

This report is prepared in accordance with GAAP and in conformance with standards of financial reporting in the United States of America as established by the Governmental Accounting Standards Board (GASB) using guidelines as recommended by the Government Finance Officers Association of the United States and Canada (GFOA). Based on these guidelines, the report consists of three sections:

1. Introductory section, including the letter of transmittal of the City Manager and the Finance Director, organizational chart and list of City officials.
2. Financial section, including the completed financial statements of the City accompanied by our independent auditor's opinion, management discussion and analysis and other schedules.
3. Statistical section, including tables of unaudited data depicting the financial history of the City for the last 10 years where available, information of other governmental units overlapping the City, and other selected financial and demographic information.

The City's Finance Department is responsible for management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the accuracy of the data presented and the completeness and fairness of the presentation. To provide a reasonable basis for making these representations, management of the City of Upper Arlington has implemented a comprehensive internal control structure, which meets the objectives of management.

In developing and revising the City's accounting and reporting control systems, consideration is given to the adequacy of internal controls to provide reasonable but not absolute assurance regarding:

- The safeguarding of assets from loss, theft, or misuse and
- Reliability of financial records for preparing the City's financial statements in conformity with GAAP and maintaining accountability for assets.



The concept of reasonable assurance recognizes that:

- The cost of a control should not exceed the benefits likely to be derived, and
- The evaluation of costs and benefits requires estimates and judgments by management.

As management, we believe the data presented is accurate in all material aspects and that all disclosures necessary to enable the reader to acquire the maximum understanding of the City's financial activity have been included.

Members of City Council have oversight responsibilities for the selection of the independent certified public accountant, and meet with the independent auditor to review the audit results. The City Council also has oversight responsibility over significant financial matters of the City. Julian & Grube, Inc., a licensed certified public accounting firm, has audited the City's financial statements. The objective of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2005, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Upper Arlington was organized on February 8, 1941, and is a home-rule, Municipal Corporation organized under the laws of the State of Ohio. The City covers nine square miles, located just northwest of downtown Columbus. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, public service, parks and recreation, community development, and health and sanitation.

As required by GAAP, the accompanying financial statements include all the organizations, activities and functions in which the City (primary government) and its component unit exercise financial accountability. The component unit discussed below is included in the City's reporting entity because of the significance of its operations and/or financial relationship with the City.

Blended Component Unit – a 12-member board governs the Community Improvement Corporation (CIC) of Upper Arlington. For financial reporting purposes, the CIC is reported as if it were part of the City's operations because its purpose is to assist the City in the revitalization and enhancement of property within the City. The CIC is reported as a non-major special revenue fund.

The annual budget serves as the foundation for the City's financial planning and control. The City complies with the requirements of the Ohio Revised Code in the adoption of the budget. Appropriations for the operation of various City departments are established through the passage of an ordinance by City Council. Budgetary control is facilitated through the maintenance of an encumbrance system for purchase orders, and through the use of the City's automated financial

system. The Council is required to hold public hearings on the proposed budget and to adopt the budget by no later than December 31, the close of the City's fiscal year.

The appropriated budget is prepared by fund, (e.g., General Fund), department (e.g., Police) and line item (Personal Services). The City Council may pass supplemental appropriations at any time by ordinance. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The General Fund and major special revenue fund are presented in the required supplementary section, beginning on page 61. For governmental funds, other than the General Fund and major special revenue funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 88.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy. Central Ohio is an economically stable metropolitan area with a diverse economy. The unemployment rate for the Columbus area (Upper Arlington is a first-tier suburb) is currently 4.6 percent, which is a decrease from a rate of 5.0 percent a year ago. This compares favorably to the state's average unemployment rate of 5.5 percent and the national average rate of 4.7 percent.

Many cities in Central Ohio, including the City of Upper Arlington, continually look at revitalizing non-performing areas with economic development activities.

The City requested a Market Analysis for Retail and Office Uses in 2004 to affirm the economic development direction the City was taking. This Market Analysis provided a unique historical perspective, interesting facts about the community and the region, as well as support for mixed-use redevelopment. The report states that Upper Arlington is served by a glut of retail space both within and surrounding its boundaries. Likewise, Central Ohio's super-regional retail concentrations such as Polaris and Easton not only attract Upper Arlington shoppers but they reduce the number of regional shoppers willing to patronize local businesses. In contrast, the City has one of the lowest office vacancy rates in the region. With successful projects already occurring, it is anticipated that the City can support approximately 30,000 square feet per year of new, smaller-scale office space integrated into lively, mixed-use environments for the foreseeable future. Some of the 2005 economic development highlights include:

- ❖ Arlington Falls, LLC completed construction of the second of five proposed office condominium buildings available for purchase, totaling 68,000 square feet in late 2005. The developer intends to begin on the third building in mid-2006.
- ❖ Upper Arlington annexed four acres of commercial property from the Pizza Hut at North Star and Lane Avenue east to the Fiesta Center Phase 1 on the south side of Lane Avenue. Along with several new businesses, the Kingsdale Gynecologic Associates, Inc. was welcomed back to the community as a result of the annexation.
- ❖ The City approved plans for Arlington Crossing, a 46-unit condominium project across from Kingsdale Shopping Center on Tremont Road, between Ridgecliff and Mildred Roads.
- ❖ The City approved plans for Towncenter Place, a 20-unit condominium project on an .85 acre parcel on Ridgecliff Road near Tremont Road. This project will replace and upgrade the older, one-story apartment housing with more dense condominium buildings.
- ❖ The Daimler Group completed construction of a \$5.6 million, 57,000 square foot office building on West Lane Avenue in December 2005. The OSU Foundation and Department of Development now occupy the space and will bring an estimated 100-120 new jobs and five million payroll dollars to the City.

Long-term financial planning. The City of Upper Arlington's Master Plan, adopted in 2001, serves as the community's vision for its future and comprehensively addresses a wide range of goals and considerations within the areas of land use, housing, community facilities and appearance, economic development, transportation and infrastructure, and implementation. The Master Plan's ultimate goal is to preserve and enhance the community's quality of life, while assuring fiscal stability over the long term. Built into the Master Plan are several implementation strategies designed to keep the document alive and evolving over a 10-year period, at which time a major review and update will occur. As such, a Master Plan Annual Report is produced each spring to review recent accomplishments and to make update recommendations.

A significant portion of the City's role in reinvesting in Upper Arlington is to protect and enhance those investments already made as the community grew and took shape over the course of many decades – our underground and surface infrastructure, public facilities and parks. The City remains committed to improving its aging infrastructure through its Capital Improvement Program (CIP). The CIP maintains a seven-year funding of \$5 million annually through 2012.

Assuming ownership of the community's three outdoor pools enabled the City to begin taking a long-term look at how best to approach renovation and maintenance needs for these aging but popular facilities. A major reconstruction project began in the fall of 2004 and culminated with a transformation of the existing Hastings Pool into the Reed Road Water Park, which opened in the summer of 2005. The City is currently undertaking a strategic plan for the entire Parks and Recreation function, a part of which will consider options for the renovation of the remaining two pools.

Relevant financial policies. A debt policy was adopted on September 8, 2003 to establish conditions for the use of debt and to create policies that minimize the City's debt service and issuance costs, retain the highest credit rating and maintain full and complete financial disclosure and reporting.

State of Ohio H.B. 66, effective July 1, 2005, included a number of significant changes to the tax code, some of which will affect the City. These changes include elimination of the 10 percent property tax rollback on most commercial property and the phase-out of the tangible personal property tax on most business manufacturing machinery and equipment and furniture and fixtures. The legislation includes a phase-in period of five years wherein governmental entities will be made whole for the loss in related tax revenue. The City collected approximately \$56,000 in tangible personal property tax in 2005. In addition, the Ohio motor fuel tax rate increased from \$0.26 to \$0.28 on this same date.

Seeking to maintain and enhance our emergency services, equipment and facilities, in July 2004 the Fire Division began implementation of an Emergency Medical Services Transport Billing Program that utilizes existing Medicare and insurance monies. The program generated \$679,000 of revenue in 2005, its first full year of operations.

Major initiatives. In an effort to protect the health of workers and in concert with other Central Ohio communities, City Council adopted a Clean Indoor Air Ordinance effective February 1, 2005.

The City approved two separate tax incentive financing funds (TIF) named the Chelsea Tax Increment Fund and Horizon Tax Increment Fund in 2005 for infrastructure improvements due to economic development.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the 18th consecutive Certificate of Achievement for Excellence in Financial Reporting to the City of Upper Arlington for its comprehensive annual report for the fiscal year ended December 31, 2004.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

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

The preparation of this report could not have been accomplished without the efficient and dedicated efforts of the entire Staff of the Finance Department. We wish to express our appreciation to everyone who contributed to its preparation.

Respectfully submitted,



Catherine M. Armstrong, CPA
Finance Director



Virginia L. Barney
City Manager



CITY OF | **UPPER ARLINGTON**

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Upper Arlington,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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.



Carla E. Perry

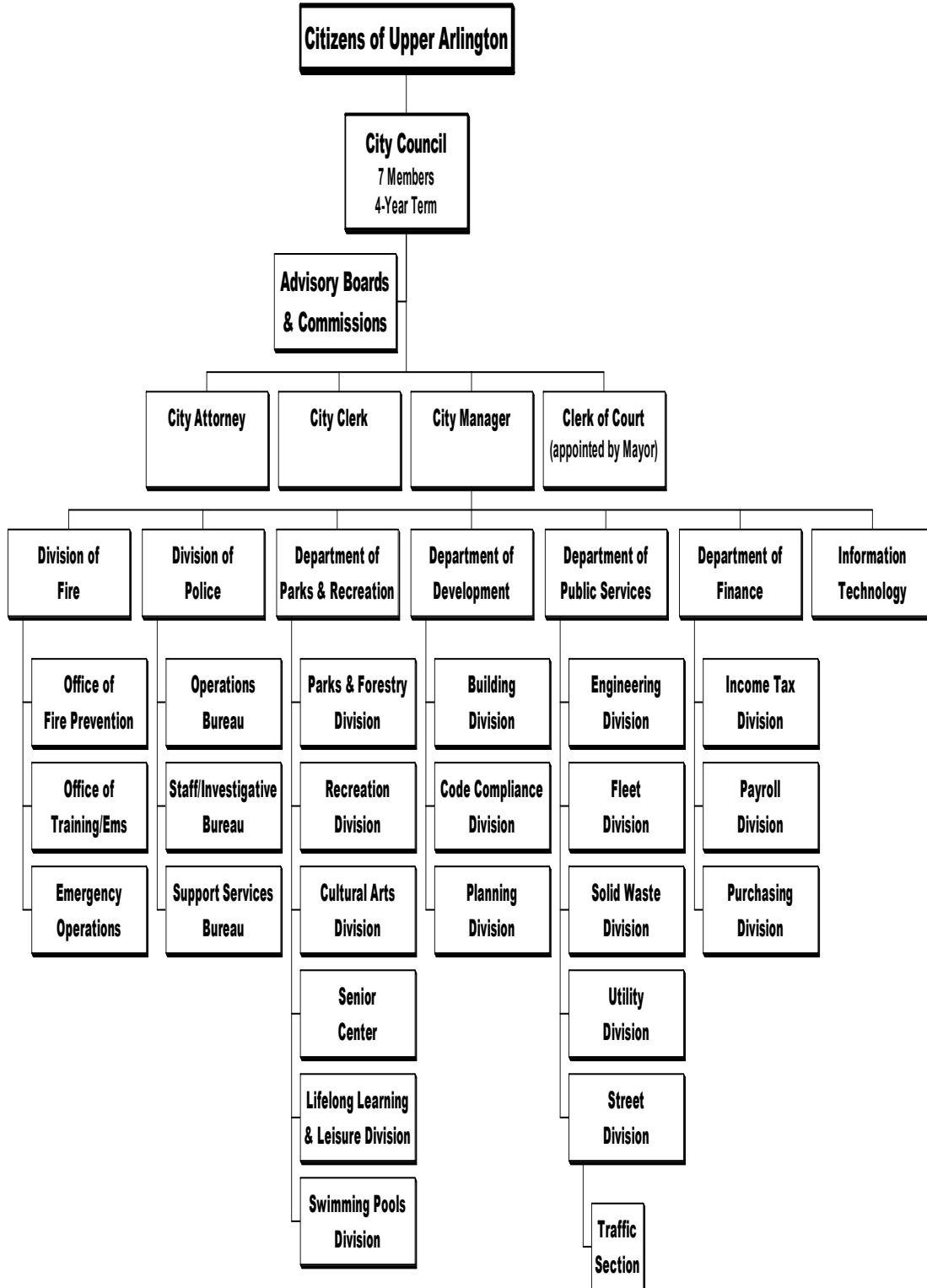
President

Jeffrey R. Enow

Executive Director



Organizational Chart



CITY OF UPPER ARLINGTON, OHIO
LIST OF CITY OFFICIALS
December 31, 2005

City Council

President/Mayor	Clark P. Pritchett Jr.
Vice President/Vice Mayor	James R. Winfree
Council Member	Edward F. Seidel Jr.
Council Member	Linda S. Mauger
Council Member	Timothy S. Rankin
Council Member	Jeffrey A. Kurz
Council Member	Mary Ann Krauss

Appointed Officials

City Manager	Virginia L. Barney
City Attorney	Jeanine Amid
City Clerk	Holly Bricker
Clerk of Court	Cynthia J. Bitter

Executive Staff

Assistant City Manager	Joseph T. Valentino
Development Director	Dean Sivinski
Finance Director	Catherine M. Armstrong
Fire Division Chief	Mitchell Ross
Parks and Recreation Director	Timothy O. Moloney
Police Division Chief	Brian Quinn
Public Services Director	Larry Helscel



CITY OF | **UPPER ARLINGTON**

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditors' Report

Members of City Council
City of Upper Arlington
3600 Tremont Road
Upper Arlington, OH 43221

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 Upper Arlington, Franklin County, Ohio, (the "City"), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Upper Arlington's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2006, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditors' Report
City of Upper Arlington
Page Two

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The relevant supplementary information, such as the combining and individual nonmajor funds financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The relevant supplementary information, such as the introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them.



Julian & Grube, Inc.
May 5, 2006

A. REQUIRED SUPPLEMENTARY INFORMATION – MD&A



CITY OF | **UPPER ARLINGTON**

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City of Upper Arlington, Ohio Management's Discussion and Analysis

As management of the City of Upper Arlington (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Upper Arlington for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the front of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$82,911,688 (net assets). Of this amount, \$22,673,230 (unrestricted net assets) may be used to meet the government's ongoing governmental activities obligations and \$3,227,065 (unrestricted net assets) may be used to meet the business-type activities obligations to citizens and creditors.
- The City's total net assets increased by \$5,422,773 or 7.0%.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$21,738,737, or 84.0% of the total General Fund expenditures.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$40,429,783, a decrease of \$2,505,444 in comparison with the prior year. Approximately 94.6% of this total amount, or \$38,236,519, is available for spending at the City's discretion (unreserved fund balance). Though unreserved, the City has committed through the budgeting process to a seven-year infrastructure improvement plan of approximately \$5,000,000, a year, or a total infrastructure improvement plan of \$35,000,000. Accordingly, the City has set aside \$13,866,102 within capital project funds and \$985,921 within its debt service fund. In addition, the City has designated \$5,448,908 of the General Fund balance for payment of pension obligations as well as capital acquisitions and related debt. Another \$1,645,759 has been segregated within special revenue funds such as the Street Maintenance and Repair Fund. After accounting for these funds set aside for the aforementioned purposes, the unreserved and undesignated fund balance of the City's governmental funds is \$16,289,829.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad view of the City's finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include general government, public service, public safety, development, health and sanitation, and parks and recreation. The business-type activities of the City include five enterprise activities: a sanitary sewer system, a stormwater system, a water management system, solid waste collection, and three swimming pool facilities.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Upper Arlington Community Improvement Corporation (CIC), a blended component unit. Complete financial statements of the CIC may be obtained from the City's Finance Department at 3600 Tremont Road, Upper Arlington, Ohio 43221 or on the web at www.ua-ohio.net.

The government-wide financial statements can be found on pages 19-21 of this report.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *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 fund 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 funds balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Upper Arlington maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Maintenance and Repair Fund, Bonded Improvement Fund, and the Estate Tax Fund, all of which are considered major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the supplemental section of this report.

The basic governmental fund financial statements can be found on pages 22 – 29 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sanitary sewer, storm sewer, swimming pool, and solid waste collection operations. *Internal service* funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains one internal service fund to recover costs and pay premiums for employee health and dental benefits.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Surcharge, Sewer Surcharge, Stormwater, and Swimming Pool Funds, which are considered to be major funds of the City, as well as the non-major Solid Waste Fund. Additionally, the internal service fund is presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 30 – 37 of this report.

Fiduciary funds. 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 statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 38 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 39 – 60 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City. Required supplementary information can be found on pages 61 – 66 of this report.

Other Supplementary Information, including the combining statements referred to earlier in connection with non-major governmental funds and non-major business-type funds, is presented immediately following the other required supplemental information. Combining and individual fund statements and schedules can be found on pages 88 – 124 of this report.

City of Upper Arlington						
Net Assets						
(in thousands)						
	Governmental activities		Business-type activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 56,026	\$ 58,800	\$ 3,499	\$ 6,746	\$ 59,525	\$ 65,546
Capital assets	<u>44,732</u>	<u>40,533</u>	<u>21,022</u>	<u>17,513</u>	<u>65,754</u>	<u>58,046</u>
Total assets	<u>\$ 100,758</u>	<u>\$ 99,333</u>	<u>\$ 24,521</u>	<u>\$ 24,259</u>	<u>\$ 125,279</u>	<u>\$ 123,592</u>
Long-term liabilities outstanding	\$ 27,590	\$ 29,261	\$ 4,670	\$ 5,236	\$ 32,260	\$ 34,497
Other liabilities	<u>10,022</u>	<u>10,533</u>	<u>85</u>	<u>1,074</u>	<u>10,107</u>	<u>11,607</u>
Total liabilities	<u>\$ 37,612</u>	<u>\$ 39,794</u>	<u>\$ 4,755</u>	<u>\$ 6,310</u>	<u>\$ 42,367</u>	<u>\$ 46,104</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 23,315	\$ 19,898	\$ 16,539	\$ 12,460	\$ 39,854	\$ 32,358
Restricted	17,158	13,849			17,158	13,849
Unrestricted	<u>22,673</u>	<u>25,792</u>	<u>3,227</u>	<u>5,489</u>	<u>25,900</u>	<u>31,281</u>
Total net assets	<u>\$ 63,146</u>	<u>\$ 59,539</u>	<u>\$ 19,766</u>	<u>\$ 17,949</u>	<u>\$ 82,912</u>	<u>\$ 77,488</u>

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceed liabilities by \$82,911,688 at the close of 2005.

A large portion of the City's net assets (48.1 percent) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding plus any significant unspent bond proceeds. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

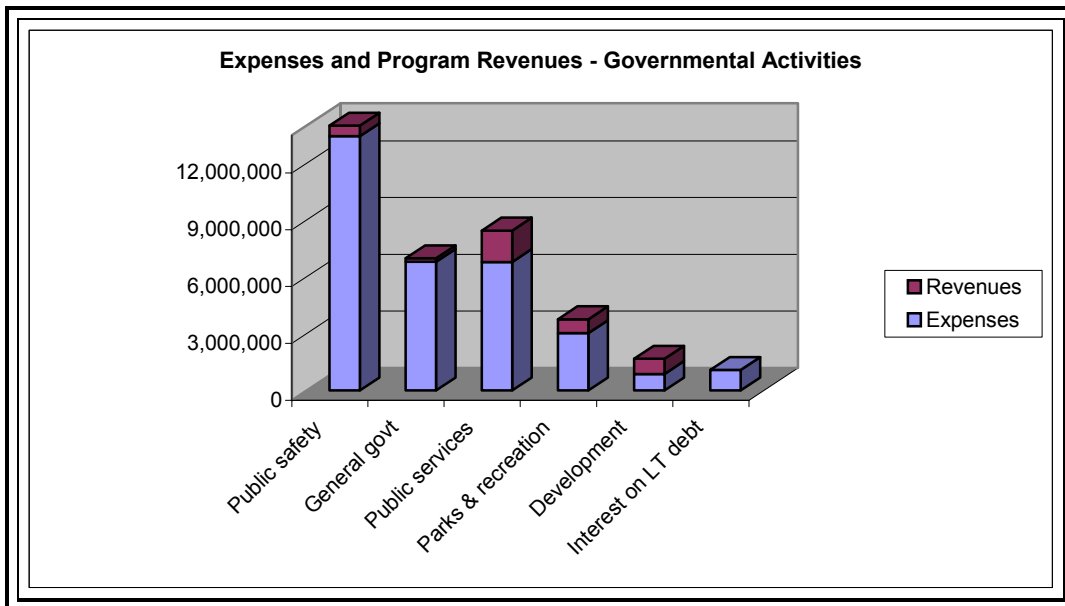
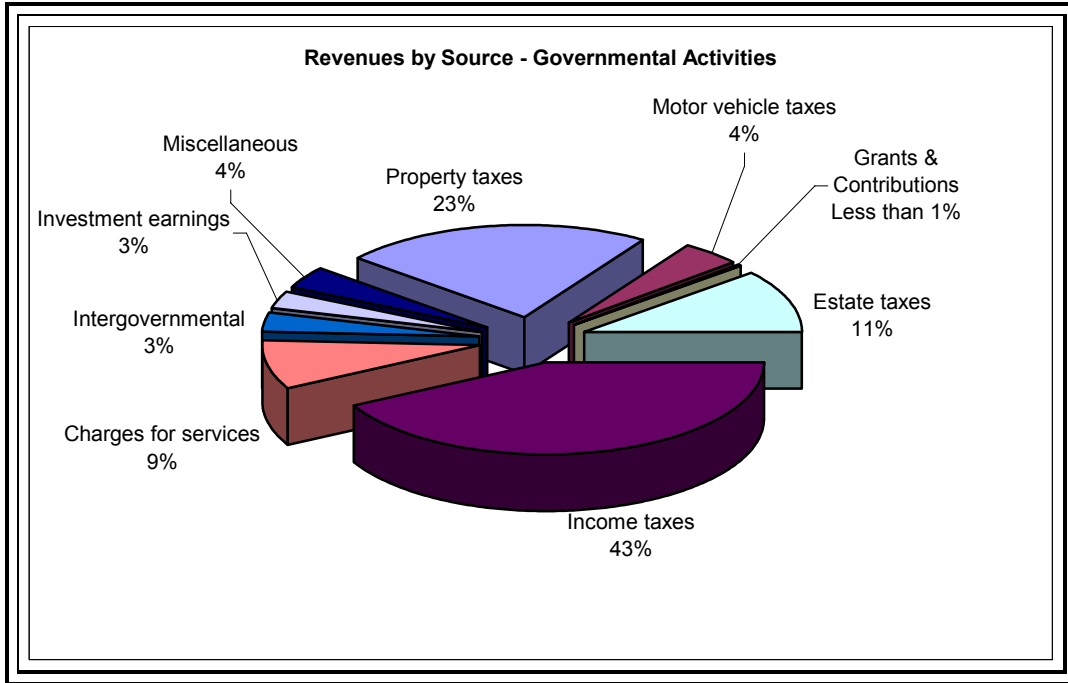
An additional portion of the City's net assets (20.7 percent) represent resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets, \$25,900,295, may be used to meet the government's on-going obligations to citizens and creditors. It is important to note that although the total unrestricted net assets are \$25,900,295, the unrestricted net assets of the City's business-type activities, \$3,227,065, may not be used to fund governmental activities.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

- ❑ The increase in governmental activities total assets was \$1,424,860, or 1.4%.
- ❑ The decrease in governmental activities total liabilities was due to the repayment of existing debt outstanding.
- ❑ The increase in business-type activities total assets was \$262,298, or 1.1%.
- ❑ The business-type activities liabilities decreased due to the continued repayment of long-term debt.

Governmental activities. Governmental net assets increased by \$3,606,625, or 6.1%. Income tax revenues topped \$14 million for the first time ever as a result of the rebounding economy and an aggressive in-house delinquent tax collection program. Accordingly, this revenue increase accounted for the majority of the overall increase, even though somewhat offset by current-year debt retirement. Governmental expenses increased by \$818,592, or 2.6%, as expected, due to normal pay increases in addition to continued rising health care costs. Also, expenses of third-party processors increased as a result of corresponding increases in income tax and emergency medical fee revenues.

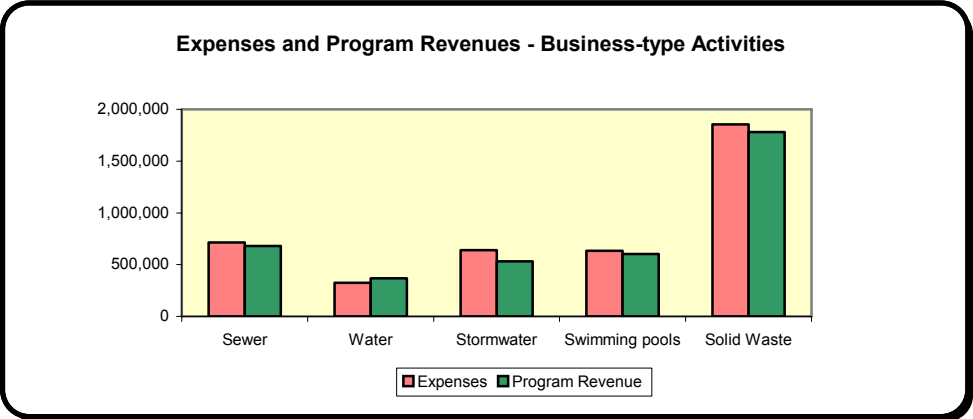
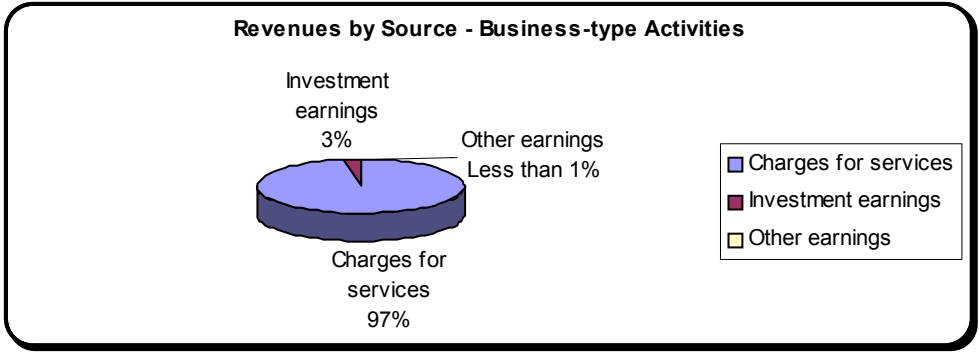
The following charts illustrate both the 2005 revenues and expenses for governmental activities.



**City of Upper Arlington
Statement of Activities**

	Governmental Activities		Business – Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$ 2,935,970	\$ 1,863,701	\$ 3,961,861	\$ 3,775,671	\$ 6,897,831	\$ 5,639,372
Operating grants & contributions	1,688,394	1,481,333			1,688,394	1,481,333
Capital grants & contributions	91,075		1,813,995	610,335	1,905,070	610,335
<i>General revenues:</i>						
Income taxes	14,291,880	11,109,476			14,291,880	11,109,476
Estate taxes	3,775,133	3,286,609			3,775,133	3,286,609
Property taxes	7,834,077	7,881,492			7,834,077	7,881,492
Intergovernmental	2,865,807	4,369,018			2,865,807	4,369,018
Investment earnings	1,078,529	855,211	108,828	75,333	1,187,357	930,544
Other miscellaneous revenues	1,319,447	1,577,602			1,319,447	1,577,602
Total revenues	35,880,312	32,424,442	5,884,684	4,461,339	41,764,996	36,885,781
Expenses:						
Public safety	13,436,021	13,226,883			13,436,021	13,226,883
General government	8,710,099	8,211,925			8,710,099	8,211,925
Public services	4,882,454	4,867,828			4,882,454	4,867,828
Parks and recreation	3,024,604	3,021,736			3,024,604	3,021,736
Community development	874,808	870,076			874,808	870,076
Interest on long-term debt	1,094,927	1,005,873			1,094,927	1,005,873
Water Surcharge			324,772	643,225	324,772	643,225
Sewer Surcharge			697,570	670,939	697,570	670,939
Stormwater			634,915	642,924	634,915	642,924
Swimming pools			807,113	539,115	807,113	539,115
Solid Waste			1,854,940	1,789,696	1,854,940	1,789,696
Total expenses	32,022,913	31,204,321	4,319,310	4,285,899	36,342,223	35,490,220
Increase (decrease) in net assets before transfers	3,857,399	1,220,121	1,565,374	175,440	5,422,773	1,395,561
Transfers	(250,774)	(4,150,392)	250,774	4,150,392	–	–
Increase (decrease) in net assets	3,606,625	(2,930,271)	1,816,148	4,325,832	5,422,773	1,395,561
Net assets ---- January 1 st	59,539,487	62,469,758	17,949,428	13,623,596	77,488,915	76,093,354
Net assets---- December 31 st	\$ 63,146,112	\$ 59,539,487	\$ 19,765,576	\$ 17,949,428	\$ 82,911,688	\$ 77,488,915

Business-type activities. Business-type activities increased the City's net assets by \$1,816,148. The key element in this increase is the capital contributions from governmental sources to enterprise funds in the amount of \$1,813,995. Additionally, the General Fund supplemented Solid Waste operations by more than \$120,000 during 2005. City Council has requested a focus group be formed to study the current collection method.



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$40,029,783, a decrease of \$2,505,444 from the prior year. This anticipated decrease relates to the funding of two tax incremental financing districts (TIFs), planned infrastructure capital outlay expenditures, and the retirement of debt. Approximately 95.4% of this total amount (\$38,236,519) constitutes *unreserved fund balance*, which is available for spending at the City's discretion. Though unreserved, the City has committed through the budgeting process to a seven-year infrastructure improvement plan of approximately \$5,000,000 a year, or a total infrastructure improvement plan of \$35,000,000. Accordingly, the City has set aside \$13,866,102 within capital project funds, and \$985,921 within its debt service fund. In addition, another \$1,645,759 has been segregated within special revenue funds such as the Street Maintenance and Repair Fund. After accounting for these funds set aside for the aforementioned purposes, the unreserved and undesignated fund balance of the City's governmental funds is \$16,289,829.

The remainder of the fund balance is reserved. It has already been committed to liquidate contracts and purchase orders for the prior period (\$1,554,591), risk management utilization (\$446,305) and inventory (\$192,368).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$21,738,737, while the total fund balance was \$22,559,086. The City has designated \$350,615 of the General Fund balance for payment of pension obligations and \$5,098,293 for capital acquisitions and related debt.

The fund balance of the City's General Fund decreased by \$1,549,947 during 2005. The key factors in this decrease are as follows:

- Transfers in the amount of \$7,966,903 for on-going assistance to other funds, off-set by
- An increase in monies from operations of \$6,366,727.

The fund balance of the City's Street Maintenance and Repair Fund increased by \$146,702 due to increases in gasoline taxes and motor vehicle license fees.

The fund balance of the City's Bonded Improvement Fund decreased by \$2,570,042 during the fiscal year. This decrease in fund balance was a result of the use of the funds for capital improvements as bond proceeds were spent.

The Estate Tax Fund balance increased \$631,575. The major factor in this increase was the transfer from the General Fund of \$1,616,704 offset by the use of funds for capital improvements.

Proprietary funds. The City's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail.

Unrestricted net assets at the end of the year amounted to \$128,020 for Water Surcharge Fund, \$230,194 for the Sewer Surcharge Fund, \$2,880,384 for the Stormwater Fund, \$84,286 for the Swimming Pools Fund, and \$(95,819) for the Solid Waste Fund. The change in net assets was \$869,808, \$424,556, \$523,909, (\$51,910), and \$49,785 respectively. Operating revenues within the Solid Waste account for the decrease in net assets as solid waste sticker revenue fell short of budgeted projections. The General Fund supplemented Solid Waste operations by more than \$120,000 during 2005.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounts to \$65,754,059 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. The City's overall investment in capital assets increased \$7.7 million, or 13.2%. The percentage of increase in capital assets was 10.3% for governmental activities and 20.0% for business-type activities.

Major capital asset events during the current fiscal year included the following:

- **Construction/Reconstruction** – The City continued its strategy of capital improvements for its aging infrastructure. Engineering and studies for projects that have begun or will begin in future years included: Squirrel Bend Stormwater study, Lane Avenue Sanitary Sewer Study, and the Tremont Road Sanitary Sewer Study.

Construction-in-progress infrastructure projects included: Beaumont Road reconstruction, Thompson and Northwest Park bike paths, Riverside and Henderson Road reconstruction, Zollinger Road reconstruction, Harford/Essex Road reconstruction, and the Eastleft/Wickliffe Stormwater lines.

Completed infrastructure projects included: Arterial streetlights; Final phase of the ADA curb ramps; Asbury Drive Stormwater lines; Riverside Drive South Stormwater lines; Reed Road Water Park, and the South Dorchester Stormwater lines.

Land purchase: The City purchased 9.7 acres of land located at 4401 Carriage Hill Lane from Franklin Communications. The City will use the land to satisfy the continuing need for parkland and recreation fields.

**City of Upper Arlington's Capital Assets
(net of accumulated depreciation)**

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 5,345,532	\$ 3,138,957	\$ 1,236,573	\$ 1,236,573	\$ 6,582,105	\$ 4,375,530
Building	1,373,494	1,457,238	85,250	90,122	1,458,744	1,547,360
Improvements	1,519,687	837,920	4,469,805	400,959	5,989,492	1,238,879
Machinery and equipment	3,472,471	3,843,389	670,914	733,088	4,143,385	4,576,477
Infrastructure	26,874,552	18,882,158	14,246,645	13,142,985	41,121,197	32,025,143
Construction in progress	6,146,333	12,373,602	312,803	1,909,642	6,459,136	14,283,244
Total	\$44,732,069	\$40,533,264	\$21,021,990	\$17,513,369	\$65,754,059	\$ 58,046,633

Additional information on the City's capital assets can be found in note 4 on pages 50 - 51 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$22,888,913. This debt is backed by the full faith and credit of the City. The City does not have any revenue bonds.

City of Upper Arlington's Outstanding Bonded General Obligation Debt

	Governmental Activities		Business-type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General Obligation Bonds	\$20,759,336	\$ 22,385,370	\$ 2,129,577	\$ 2,490,547	\$ 22,888,913	\$ 24,875,917
Total	<u>\$20,759,336</u>	<u>\$ 22,385,370</u>	<u>\$ 2,129,577</u>	<u>\$ 2,490,547</u>	<u>\$ 22,888,913</u>	<u>\$ 24,875,917</u>

During the current fiscal year, the City's total bonded debt decreased by \$1,987,004, or 8.0%.

The City continues to benefit from a "Aa1" rating from Moody's for general obligation debt. Moody's Investor's Service grade makes the City one of just nine Ohio communities to have achieved this distinction.

The City is within all of its legal debt limitations. The Ohio Revised Code provides that the net debt (as defined in the Ohio Revised Code) of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of the property. The statutory limitations on debt are measured by the ratio of net debt to tax valuation and expressed in terms of a percentage. The current debt limitation for the City is \$136,134,317, which is significantly greater than the City's outstanding general obligation debt.

The City adopted the debt policy in September 2003. This document assisted the City in concluding it should issue bonds by the close of 2003 to support the City's Capital Improvement Program. In 2004, the City issued a bond anticipation note in the amount of \$3,972,000 for capital improvements. This note was renewed in January of 2005 and January 2006. The City intends to bond this note in 2007.

Additional information on the City's long-term debt can be found in note 6 on pages 53 - 56 of this report.

General Fund Budgetary Highlights

In 2005, the City amended the 2005 General Fund budget by an increase of \$4,811,838. Major factors included the fund transfers of \$1.6 million to the Infrastructure Fund for the purchase of parkland, and the funding of the tax increment financing district (the Horizon TIF) located in the northwest quadrant of the City. Other factors included the estate tax transfers of excess revenues over \$2.1 million, and appropriations for new grant revenues. The City made the decision to raise the employee contribution for health and dental insurance to defray rising costs.

Economic Factors and Next Year's Budgets and Rates

- ❑ The unemployment rate for the Columbus area (Upper Arlington is a first-tier suburb) is currently 4.6 percent, which is a decrease from a rate of 5.0 percent a year ago. This compares favorably to the state's average unemployment rate of 5.3 percent, and the national average rate of 4.7 percent.
- ❑ Income tax revenues rebounded after a three-year decline, and surpassed the \$14 million mark for the first time. Concurrently, the City implemented an aggressive collection program for delinquent taxpayers.
- ❑ Estate tax revenues of \$3.7 million exceeded last year's collections by \$282 thousand, and provided for \$1.6 million to be contributed to the funding of the City's capital improvement plan.
- ❑ The Development Department issued 433 residential and commercial permits in 2005, with a total construction value of approximately \$81.7 million. The continued high level of home renovations speaks to residents continued confidence in the City as a stable and desirable residential community.
- ❑ The City does not have a permanent source of revenue to fund capital infrastructure maintenance or improvements. The City has committed through the budgeting process to a seven-year infrastructure improvement plan of approximately \$5,000,000 a year, or a total infrastructure improvement plan of \$35,000,000. Issuing debt and utilizing unrestricted fund balances are the planned funding sources for this infrastructure improvement plan.
- ❑ The Emergency Medical Services Transport Billings Program generated revenues of \$679,000 during its first full year of operations. Funds will maintain and enhance the City's emergency services, equipment, and facilities.

All of these factors were considered in preparing the City's Budget for the 2006 fiscal year.

As intended, the unreserved fund balance in the General Fund decreased \$441,359 to a fund balance of \$21,738,737. The City has appropriated \$27,880,567 for spending in the 2006 fiscal year budget, which includes the 2005 budgeted revenues.

Street Construction Maintenance and Repair Fund Budgetary Highlights (Major Special Revenue Fund)

- ❑ The difference between the original budget and the final amended budget was \$25,000 in order to appropriate additional monies for increases in the transportation costs of salt used for icy and snowy road conditions.

Other Budgetary Highlights

Rate changes: The Enterprise Funds are self-supporting and therefore each fund's revenues need to cover the expenses generated by their activity. The swimming pool membership and entrance fees were raised in 2005 in response to the pools visioning process and the feedback from residents on how they would like the aging pools to evolve into updated water recreation parks commencing with the opening of the Reed Road Water Park in June 2005. Revenues for the Swimming Pool fund increased nearly \$158,000, or 36%, over the previous year. The Solid Waste rates were discussed and Council has requested a focus group be formed to study the current collection method. The Water Surcharge and Sewer Surcharge rates continue to be a discussion point, but no action has been taken at this time. Additionally, the Development and

Parks and Recreation Departments charge for licenses, fees and certain services in the governmental funds, and those rates were increased at varying percentages for program expenses.

The worker's compensation premium was raised by 8.5% to cover increased costs. Health insurance costs increased 10.2% during the current fiscal year. Increase in employee contributions for health care absorbed upwards of half of this increase. The Ohio Public Employee Retirement System (OPERS) contribution rate for employers will increase over the next three years as follows:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Full-time employee	22.05%	22.70%	23.35%	24.00%
Part-time employee	8.50%	9.00%	9.50%	10.00%

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 3600 Tremont Road, Upper Arlington, Ohio, 43221. This report is also available on the City's website at www.ua-ohio.net.



CITY OF | **UPPER ARLINGTON**

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B. BASIC FINANCIAL STATEMENTS

City of Upper Arlington, Ohio
Statement of Net Assets
December 31, 2005

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments	\$ 38,479,625	\$ 3,280,944	\$ 41,760,569
Accounts receivable (net of allowance for uncollectibles)	17,265,077	218,449	17,483,526
Inventories	192,368		192,368
Deferred charges	89,210		89,210
Capital assets:			
Land	5,345,532	1,236,573	6,582,105
Construction in progress	6,146,333	312,803	6,459,136
Other capital assets, net of accumulated depreciation	33,240,204	19,472,614	52,712,818
Total assets	<u>\$ 100,758,349</u>	<u>\$ 24,521,383</u>	<u>\$ 125,279,732</u>
LIABILITIES			
Accounts payable	\$ 738,009	\$ 41,899	\$ 779,908
Accrued liabilities	561,158	43,494	604,652
Unearned revenue	8,722,897		8,722,897
Noncurrent liabilities:			
Due within one year			
Accrued vacation and sick leave	474,737	39,106	513,843
Installment loan payable	97,586		97,586
Ohio Public Works Commission Loans - current		215,319	215,319
Bonds & notes payable, net - current	5,631,748	379,177	6,010,925
Due in more than one year:			
Accrued vacation and sick leave	1,798,638	147,829	1,946,467
Installment loan payable	307,169		307,169
Ohio Public Works Commission Loans		2,138,583	2,138,583
Bonds & notes payable, net	19,280,295	1,750,400	21,030,695
Total liabilities	<u>37,612,237</u>	<u>4,755,807</u>	<u>42,368,044</u>
NET ASSETS			
Invested in capital assets, net of related debt	23,315,335	16,538,511	39,853,846
Restricted for:			
Capital Projects	13,758,510		13,758,510
Debt Service	989,030		989,030
Special revenues & other purposes	2,410,007		2,410,007
Unrestricted	22,673,230	3,227,065	25,900,295
Total net assets	<u>\$ 63,146,112</u>	<u>\$ 19,765,576</u>	<u>\$ 82,911,688</u>

The notes to the financial statements are an integral part of this statement.

City of Upper Arlington, Ohio
Statement of Activities
For the Year Ended December 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Public Safety	\$ 13,436,021	\$ 1,274,662	\$ 8,146	\$ 57,116
General Government	8,710,099	58,569	127,875	
Public Services	4,882,454	65,127	1,552,373	33,959
Parks and Recreation	3,024,604	741,143		
Community Development	874,808	796,469		
Interest on long-term debt	1,094,927			
Total governmental activities	32,022,913	2,935,970	1,688,394	91,075
Business-type activities:				
Water Surcharge	324,772	367,837		814,577
Sewer Surcharge	697,570	679,508		327,211
Stormwater	634,915	531,407		521,200
Swimming Pools	807,113	602,636		151,007
Solid Waste	1,854,940	1,780,473		-
Total business-type activities	4,319,310	3,961,861	-	1,813,995
Total government	\$ 36,342,223	\$ 6,897,831	\$ 1,688,394	\$ 1,905,070

General revenues:
Income taxes
Property taxes
Estate taxes
Intergovernmental
Unrestricted investment earnings
Miscellaneous
Transfers
Total general revenues and transfers
Changes in net assets
Net assets - beginning
Net assets - ending

The notes to the financial statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Assets**

	Governmental Activities	Business-type Activities	Total
\$	(12,096,097)		\$ (12,096,097)
	(8,523,655)		(8,523,655)
	(3,230,995)		(3,230,995)
	(2,283,461)		(2,283,461)
	(78,339)		(78,339)
	(1,094,927)		(1,094,927)
	<u>(27,307,474)</u>		<u>(27,307,474)</u>
		\$ 857,642	857,642
		309,149	309,149
		417,692	417,692
		(53,470)	(53,470)
		<u>(74,467)</u>	<u>(74,467)</u>
		<u>1,456,546</u>	<u>1,456,546</u>
	<u>(27,307,474)</u>	<u>1,456,546</u>	<u>(25,850,928)</u>
	14,291,880		14,291,880
	7,834,077		7,834,077
	3,775,133		3,775,133
	2,865,807		2,865,807
	1,078,529	108,828	1,187,357
	1,319,447		1,319,447
	<u>(250,774)</u>	<u>250,774</u>	<u>-</u>
	<u>30,914,099</u>	<u>359,602</u>	<u>31,273,701</u>
	3,606,625	1,816,148	5,422,773
	59,539,487	17,949,428	77,488,915
\$	<u>63,146,112</u>	<u>\$ 19,765,576</u>	<u>\$ 82,911,688</u>

City of Upper Arlington, Ohio
 Balance Sheet
 Governmental Funds
 December 31, 2005

ASSETS	<u>General</u>	<u>Street Maintenance and Repair</u>
Cash, cash equivalents and investments	\$ 20,517,035	\$ 502,315
Receivables (net of allowance for uncollectibles)	15,318,026	739,543
Inventories	123,294	69,074
Total assets	<u>\$ 35,958,355</u>	<u>\$ 1,310,932</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 376,600	\$ 29,529
Deferred revenue	12,096,897	471,805
Accrued liabilities	451,035	21,573
Accrued vacation & sick leave liability	474,737	
Total liabilities	<u>13,399,269</u>	<u>522,907</u>
Fund balances:		
Reserved for:		
Encumbrances	250,750	1,500
Inventory	123,294	69,074
Self-Insurance	446,305	
Unreserved:		
Designated for capital acquisitions & related debt	5,098,293	
Designated for pension obligations	350,615	
Undesignated, reported in:		
General fund	16,289,829	
Special revenue funds		717,451
Capital project funds		
Debt service funds		
Total fund balances	<u>22,559,086</u>	<u>788,025</u>
Total liabilities and fund balances	<u>\$ 35,958,355</u>	<u>\$ 1,310,932</u>

The notes to the financial statement are an integral part of this statement.

Bonded Improvement	Estate Tax Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 3,495,239	\$ 9,027,907	\$ 4,635,659	\$ 38,178,155
10,901	307,813	888,794	17,265,077
			192,368
<u>\$ 3,506,140</u>	<u>\$ 9,335,720</u>	<u>\$ 5,524,453</u>	<u>\$ 55,635,600</u>
\$ 95,175	\$ 220,576	\$ 129,849	\$ 631,153
		835,592	13,624,870
		2,449	475,057
			474,737
<u>95,175</u>	<u>220,576</u>	<u>967,890</u>	<u>15,205,817</u>
528,465	274,388	499,488	1,554,591
			192,368
			446,305
			5,098,293
			350,615
			16,289,829
		928,308	1,645,759
2,882,500	8,840,756	2,142,846	13,866,102
		985,921	985,921
<u>3,410,965</u>	<u>9,115,144</u>	<u>4,556,563</u>	<u>40,429,783</u>
<u>\$ 3,506,140</u>	<u>\$ 9,335,720</u>	<u>\$ 5,524,453</u>	<u>\$ 55,635,600</u>



CITY OF | **UPPER ARLINGTON**

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City of Upper Arlington, Ohio
 Reconciliation of the Balance Sheet to the Statement
 of Net Assets - Governmental Funds
 December 31, 2005

Total Governmental Fund Balances		\$ 40,429,783
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.		44,732,069
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
	Property taxes	152,830
	Income taxes	2,158,461
	Estate taxes	1,056,974
	Intergovernmental revenues	1,533,708
	Deferred charges	89,210
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
	Interest payable	(86,101)
	Accrued vacation and sick leave	(1,798,638)
	Installment loan payable	(404,755)
	Bonds and Notes payable	(24,820,365)
	Premium on bonds, net	(91,678)
Internal service fund activity is used to account for insurance cost on a reimbursement basis activity by fund and department. The assets and liabilities are recorded in the governmental activities in the statement of net assets.		194,614
Net Assets of Governmental Activities		\$ 63,146,112

The notes to the financial statements are an integral part of this statement.

City of Upper Arlington, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

REVENUES	<u>General</u>	<u>Street Maintenance and Repair</u>
Taxes:		
Property	\$ 6,965,955	
Income	13,982,137	
Estate	3,716,704	
Motor Fuel		\$ 1,538,160
Intergovernmental	3,295,546	49,437
Licenses and permits	865,780	
Charges for services	1,189,679	4,749
Fines and forfeits	410,341	
Investment earnings	769,611	22,087
Net decrease in fair value of investments	(168,358)	(5,797)
Miscellaneous	1,212,728	4,206
Total revenues	<u>32,240,123</u>	<u>1,612,842</u>
 EXPENDITURES		
Current:		
Public Safety	13,062,139	
General Government	6,370,347	
Public Services	1,995,374	1,466,140
Parks and Recreation	2,519,362	
Community Development	862,789	
Debt service:		
Principal	195,425	
Interest	16,216	
Capital outlay:		
Capital outlay	851,744	
Total expenditures	<u>25,873,396</u>	<u>1,466,140</u>
Excess (deficiency) of revenues over (under) expenditures	6,366,727	146,702
 OTHER FINANCING SOURCES (USES)		
Transfers in	7,438	
Transfers out	(7,966,903)	
Issuance of notes		
Premium on issuance of notes		
Proceeds from sale of capital assets	42,791	
Total other financing sources and uses	<u>(7,916,674)</u>	<u>-</u>
Net change in fund balances	(1,549,947)	146,702
 Fund balances -- January 1,	24,109,033	641,323
Fund balances -- December 31	<u>\$ 22,559,086</u>	<u>\$ 788,025</u>

The notes to the financial statements are an integral part of this statement.

<u>Bonded Improvement</u>	<u>Estate Tax Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$ 852,703	\$ 7,818,658
			13,982,137
			3,716,704
			1,538,160
		165,457	3,510,440
			865,780
		366,880	1,561,308
		28,899	439,240
\$ 144,271	\$ 407,911	20,964	1,364,844
	(106,646)	(5,514)	(286,315)
10,352	346	63,143	1,290,775
<u>154,623</u>	<u>301,611</u>	<u>1,492,532</u>	<u>35,801,731</u>
		16,678	13,078,817
		30,171	6,400,518
		28,350	3,489,864
		338,511	2,857,873
			862,789
3,972,000		1,626,034	5,793,459
78,778		1,008,065	1,103,059
<u>2,724,665</u>	<u>1,286,740</u>	<u>3,721,633</u>	<u>8,584,782</u>
<u>6,775,443</u>	<u>1,286,740</u>	<u>6,769,442</u>	<u>42,171,161</u>
(6,620,820)	(985,129)	(5,276,910)	(6,369,430)
45,850	1,616,704	6,356,643	8,026,635
		(310,506)	(8,277,409)
3,972,000			3,972,000
32,928			32,928
		67,041	109,832
<u>4,050,778</u>	<u>1,616,704</u>	<u>6,113,178</u>	<u>3,863,986</u>
<u>(2,570,042)</u>	<u>631,575</u>	<u>836,268</u>	<u>(2,505,444)</u>
5,981,007	8,483,569	3,720,295	42,935,227
<u>\$ 3,410,965</u>	<u>\$ 9,115,144</u>	<u>\$ 4,556,563</u>	<u>\$ 40,429,783</u>



CITY OF | **UPPER ARLINGTON**

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City of Upper Arlington, 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, 2005

Amounts reported for governmental activities in the statement of activities (page 21 - 22) are different because:

Net change in fund balances --- total government funds (page 27)	\$ (2,505,444)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those activities is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,199,087
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The amount is the net effect of the reversal of prior year items against current year accruals.	(19,733)
The issuance of long-term debt (e.g. bonds, notes, and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,796,663
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.	(58,562)
The net revenue of certain activities of internal service funds is reported with governmental activities.	194,614
Change in net assets of governmental activities (page 21)	\$ 3,606,625

The notes to the financial statements are an integral part of this statement.

City of Upper Arlington, Ohio
Statement of Net Assets
Proprietary Funds
December 31, 2005

	Business-type Activities - Enterprise Funds		
	Major Funds		
	Water Surcharge	Sewer Surcharge	Stormwater
ASSETS			
Current assets:			
Cash, cash equivalents and investments	\$ 72,965	\$ 161,300	\$ 2,892,494
Accounts receivable (net of allowance for uncollectibles)	61,000	112,000	44,940
Total current assets	<u>133,965</u>	<u>273,300</u>	<u>2,937,434</u>
Noncurrent assets:			
Capital assets:			
Land	514		
Buildings			
Improvements	238,244		
Infrastructure	9,233,550	8,991,701	10,654,819
Machinery and equipment	76,502	512,056	250,842
Construction in progress	153,060	38,882	120,861
Less accumulated depreciation	<u>(3,931,104)</u>	<u>(4,840,004)</u>	<u>(6,665,344)</u>
Total capital assets (net of accumulated depreciation)	<u>5,770,766</u>	<u>4,702,635</u>	<u>4,361,178</u>
Total noncurrent assets	<u>5,770,766</u>	<u>4,702,635</u>	<u>4,361,178</u>
Total assets	<u>\$ 5,904,731</u>	<u>\$ 4,975,935</u>	<u>\$ 7,298,612</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,941	\$ 1,815	\$ 1,338
Unearned revenue			
Accrued liabilities	2,606	7,018	5,579
Accrued vacation and sick leave			
Ohio Public Works Commission Loans - current	88,745	126,574	
General obligation bonds - current	118,408	117,129	143,640
Total current liabilities	<u>211,700</u>	<u>252,536</u>	<u>150,557</u>
Noncurrent liabilities:			
Accrued vacation and sick leave	1,398	34,273	50,133
General obligation bonds payable (net of unamortized discounts)		100,400	1,650,000
Ohio Public Works Commission Loans	901,932	1,236,651	
Total noncurrent liabilities	<u>903,330</u>	<u>1,371,324</u>	<u>1,700,133</u>
Total liabilities	<u>1,115,030</u>	<u>1,623,860</u>	<u>1,850,690</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,661,681	3,121,881	2,567,538
Unrestricted	128,020	230,194	2,880,384
Total net assets	<u>\$ 4,789,701</u>	<u>\$ 3,352,075</u>	<u>\$ 5,447,922</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

Major Fund Swimming Pools	Non-major Fund Solid Waste	Total	Governmental Activities Internal Service Fund - Employee Benefits
\$ 100,232	\$ 53,953	\$ 3,280,944	\$ 301,470
	509	218,449	
<u>100,232</u>	<u>54,462</u>	<u>3,499,393</u>	<u>301,470</u>
1,236,059		1,236,573	
	219,218	219,218	
4,541,747		4,779,991	
		28,880,070	
28,556	1,569,070	2,437,026	
		312,803	
<u>(72,239)</u>	<u>(1,335,000)</u>	<u>(16,843,691)</u>	
5,734,123	453,288	21,021,990	
<u>5,734,123</u>	<u>453,288</u>	<u>21,021,990</u>	<u>-</u>
<u>\$ 5,834,355</u>	<u>\$ 507,750</u>	<u>\$ 24,521,383</u>	<u>\$ 301,470</u>
\$ 15,746	\$ 21,059	\$ 41,899	\$ 106,856
200	28,091	43,494	
	39,106	39,106	
		215,319	
		379,177	
<u>15,946</u>	<u>88,256</u>	<u>718,995</u>	<u>106,856</u>
	62,025	147,829	
		1,750,400	
		2,138,583	
-	62,025	4,036,812	-
<u>15,946</u>	<u>150,281</u>	<u>4,755,807</u>	<u>106,856</u>
5,734,123	453,288	16,538,511	
84,286	(95,819)	3,227,065	194,614
<u>\$ 5,818,409</u>	<u>\$ 357,469</u>	<u>\$ 19,765,576</u>	<u>\$ 194,614</u>

City of Upper Arlington, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

	Business-type Activities - Enterprise Funds		
	Major Funds		
	Water Surcharge	Sewer Surcharge	Stormwater
Operating revenues:			
Charges for sales and services:			
Charges for services	\$ 367,837	\$ 679,508	\$ 531,407
Total operating revenues	<u>367,837</u>	<u>679,508</u>	<u>531,407</u>
Operating expenses:			
Personal services	67,263	369,493	290,445
Materials and supplies	21,827	42,289	19,817
Self-insurance			
Depreciation	192,512	204,183	236,648
Total operating expenses	<u>281,602</u>	<u>615,965</u>	<u>546,910</u>
Operating income (loss)	86,235	63,543	(15,503)
Nonoperating revenues (expenses):			
Loss on disposal of capital asset			
Investment earnings			106,217
Interest expense	(43,170)	(81,605)	(88,005)
Total nonoperating revenue (expenses)	<u>(43,170)</u>	<u>(81,605)</u>	<u>18,212</u>
Income (loss) before contributions and transfers	43,065	(18,062)	2,709
Capital contributions	814,577	327,211	521,200
Transfers in	12,166	115,407	
Change in net assets	<u>869,808</u>	<u>424,556</u>	<u>523,909</u>
Total net assets -- January 1	3,919,893	2,927,519	4,924,013
Total net assets -- December 31	<u>\$ 4,789,701</u>	<u>\$ 3,352,075</u>	<u>\$ 5,447,922</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Fund - Employee Benefits
Major Fund Swimming Pools	Non-major Fund Solid Waste	Total	
\$ 602,636	\$ 1,780,473	\$ 3,961,861	\$ 2,500,951
602,636	1,780,473	3,961,861	2,500,951
412,421	1,253,555	2,393,177	
170,710	449,374	704,017	
			2,306,337
51,780	152,011	837,134	
634,911	1,854,940	3,934,328	2,306,337
(32,275)	(74,467)	27,533	194,614
(172,202)		(172,202)	
	2,611	108,828	
		(212,780)	
(172,202)	2,611	(276,154)	-
(204,477)	(71,856)	(248,621)	194,614
151,007		1,813,995	
1,560	121,641	250,774	
(51,910)	49,785	1,816,148	194,614
5,870,319	307,684	17,949,428	
\$ 5,818,409	\$ 357,469	\$ 19,765,576	\$ 194,614

City of Upper Arlington, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005

	Business-type Activities - Enterprise Funds		
	Major Funds		
	Water Surcharge	Sewer Surcharge	Stormwater
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 365,828	\$ 677,045	\$ 527,311
Payments to suppliers	(23,460)	(58,315)	(39,000)
Payments to employees	(67,126)	(364,919)	(301,122)
Net cash provided (used) by operating activities	<u>275,242</u>	<u>253,811</u>	<u>187,189</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfer from other funds	<u>12,166</u>	<u>115,407</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	12,166	115,407	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES			
Purchases of capital assets	(6,513)	(15,549)	(108,994)
Principal paid on capital debt	(199,749)	(231,930)	(137,520)
Interest paid on capital debt	(43,170)	(81,605)	(88,005)
Net cash provided (used) by capital and related financial activities	<u>(249,432)</u>	<u>(329,084)</u>	<u>(334,519)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received			107,862
Net increase (decrease) in cash and cash equivalents	37,976	40,134	(39,468)
Cash and cash equivalents, January 1	<u>34,989</u>	<u>121,166</u>	<u>2,931,962</u>
Cash and cash equivalents, December 31	<u>\$ 72,965</u>	<u>\$ 161,300</u>	<u>\$ 2,892,494</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental
Major Fund	Non-major Fund		Activities
Swimming Pool	Solid Waste	Total	Internal Service Fund - Employee Benefits
\$ 602,636	\$ 1,713,956	\$ 3,886,776	\$ 2,647,953
(170,710)	(554,902)	(846,387)	(2,466,693)
(412,589)	(1,255,619)	(2,401,375)	
19,337	(96,565)	639,014	181,260
1,560	121,641	250,774	
1,560	121,641	250,774	-
(3,267,251)	(88,535)	(3,486,842)	
		(569,199)	
		(212,780)	
(3,267,251)	(88,535)	(4,268,821)	-
	3,230	111,092	
(3,246,354)	(60,229)	(3,267,941)	181,260
3,346,586	114,182	6,548,885	120,210
\$ 100,232	\$ 53,953	\$ 3,280,944	\$ 301,470

(continued)

City of Upper Arlington, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005

	Business-type Activities - Enterprise Funds		
	Major Funds		
	Water Surcharge	Sewer Surcharge	Stormwater
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 86,235	\$ 63,543	\$ (15,503)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	192,512	204,183	236,648
(Increase) decrease in accounts receivable	(2,009)	(2,463)	(4,096)
(Increase) decrease in due from other funds			
Increase (decrease) in accounts payable	(1,633)	(16,026)	(19,183)
Increase (decrease) in amounts payable related to equipment purchases			
Increase (decrease) in due to other funds	(601)	(2,507)	(1,768)
Increase (decrease) in deferred revenue			
Increase (decrease) in accrued liabilities	966	633	(267)
Increase (decrease) in accrued vacation and sick leave	(228)	6,448	(8,642)
Total adjustments	<u>189,007</u>	<u>190,268</u>	<u>202,692</u>
Net cash provided (used) by operating activities	<u>\$ 275,242</u>	<u>\$ 253,811</u>	<u>\$ 187,189</u>
Non cash investing, capital, and financing activities:			
Contributions of capital assets from government	\$ 814,577	\$ 327,211	\$ 521,200
Decrease in fair value of investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,384)</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental
Major Fund	Non-major Fund		Activities
Swimming Pool	Solid Waste	Total	Internal Service Fund - Employee Benefits
\$ (32,275)	\$ (74,467)	\$ 27,533	\$ 194,614
51,780	152,011	837,134	
		(8,568)	
(802,954)	(105,551)	(945,347)	147,002
			(160,356)
802,954		802,954	
	(10,438)	(15,314)	
	(66,494)	(66,494)	
(168)	2,739	3,903	
	5,635	3,213	
<u>51,612</u>	<u>(22,098)</u>	<u>611,481</u>	<u>(13,354)</u>
<u>\$ 19,337</u>	<u>\$ (96,565)</u>	<u>\$ 639,014</u>	<u>\$ 181,260</u>
\$ 151,007	\$ -	\$ 1,813,995	
<u>\$ -</u>	<u>\$ (623)</u>	<u>\$ (34,007)</u>	

City of Upper Arlington, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2005

	Agency Funds
ASSETS:	
Cash and investments	\$ 2,386,254
Total assets	<u>\$ 2,386,254</u>
LIABILITIES:	
Due to others	\$ 2,386,254
Total liabilities	<u>\$ 2,386,254</u>

The notes to the financial statements are an integral part of this statement.

City of Upper Arlington, Ohio
Notes to the Financial Statements
December 31, 2005

Note (1) – Summary of Significant Accounting Policies

(a) Reporting entity

The City of Upper Arlington (City) was organized on February 8, 1941 and is a home-rule, municipal corporation organized under the laws of the State of Ohio. The City operates under the Council-Manager form of government and provides the following services as authorized by its charter: public safety, public service, parks and recreation, community development, and health and sanitation.

The accompanying basic financial statements include all the organizations, activities and functions in which the City (the primary government) and its component unit exercise financial accountability. The component unit discussed below is included in the City's reporting entity because of the City's ability to impose its will over the component unit or the possibility the component unit will provide a financial benefit or impose a financial burden to the City. The reporting entity complies with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

Blended Component Unit - The Community Improvement Corporation (CIC) of Upper Arlington is governed by a 12-member board. For financial purposes, the CIC is reported as if it were part of the City's operations because its purpose is to assist the City in the revitalization and enhancement of property within the City. CIC is reported as a Special Revenue Fund. Complete financial statements may be obtained from the City's Finance department.

(b) Government-wide and fund financial statements

Beginning January 1, 2003, the City changed its financial reporting to comply with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Financial information of the City, including the City's blended component unit, is presented in the accompanying statements in the following format:

- Management's discussion and analysis, a part of the required supplementary information, introduces the basic financial statements and provides analytical overview of the City's financial statements.
- Basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The basic financial statements report information on all of the nonfiduciary activities of the primary government and its component units.

The statement of net assets and statement of activities measure and report all the assets, liabilities, revenues and expenses, gains, and losses. Governmental activities are reported separately from the business-type activities. Taxes and intergovernmental revenues support governmental activities while revenues such as fees and charges support business-type activities. Interfund activity has been removed from these statements.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

Program revenues include charges paid by the recipients of goods or services offered by programs and grants and/or contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

Fund financial statements consist of a series of statements focusing on information about the City's major governmental, enterprise, and fiduciary funds.

Notes to the financial statements provide information that is essential to a user's understanding of the basic financial statements.

- Required supplementary information is comprised of budgetary comparison schedules and other types of data required by GASB.

In November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The provisions of this statement are effective for fiscal periods beginning after December 15, 2004. The City has implemented GASB 42 and there was no impact to the financial position and results of operations.

In May 2004, the GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section*. This statement represents a change in what statistical information is presented. This statement is effective for periods beginning after June 15, 2005. As of December 31, 2005, the City has implemented GASB 44 and there was no impact to the financial position and results of operations.

In June 2005, the GASB issued Statement No. 47, *Accounting for Termination Benefits*. The City has not yet determined the effect, if any, this statement will have on its financial statements.

(c) Measurement focus and basis of accounting

The accounting policies and financial reporting practices of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accounts of the City are organized on the basis of funds where each is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The basis of accounting refers to when revenues and expenditures (expenses) are recognized in the accounts of the financial statements and relates to the timing of the measurements made.

The government-wide and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

compensated absences, which are recognized as expenditures when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

All proprietary funds are reported on a full accrual basis of accounting and the economic resources measurement. As allowed by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, and amended by GASB Statement No. 34, the government-wide statements and proprietary fund statements follow all GASB pronouncements and Financial Accounting Standards Board Statements (FASB) and Interpretations, Accounting Principal Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 except those that conflict with GASB Pronouncements. The City has the option to apply FASB pronouncements issued after November 30, 1989, for business-type activities and enterprise funds, but has chosen not to do so.

Non-exchange transactions, where the City receives value without directly giving equal value in return, includes taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income tax is recognized in the fiscal year for which the taxes are earned. Estate tax revenue is recognized in the fiscal year in which the estate is settled. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Motor Vehicle tax and Intergovernmental revenue are also recognized in the fiscal year in which all eligibility requirements have been satisfied.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water, sewer, solid waste and stormwater function and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and intergovernmental revenues. Intergovernmental revenues primarily include Homestead and Rollback taxes related to the collection of property taxes in Ohio.

Amounts reported as operating revenues and operating expenses in proprietary funds generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and nonoperating expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue fund for Street Construction and Maintenance Repair Fund is recorded as a major fund based on the City's taxpayers' interest in the activity of this fund. The resources of this fund are restricted as to use by State of Ohio statute. Services related to the maintenance and reconstruction of the City's streets are allowed, as are those services related to clean, clear and

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

repair streets, streetlights, and traffic signals. The revenue is obtained from gasoline taxes and motor vehicle licenses.

The Estate Tax and Bonded Improvement capital project funds are reported as major funds due to each having over 10% of the governmental assets and 5% of total governmental and enterprise assets combined. When collection of estate tax revenue exceeds \$2.1 million in any year, the excess amount is transferred to the Estate Tax capital project fund. The resources of the Estate Tax fund are dedicated for capital improvements with an emphasis on infrastructure. Issuance of bonded debt is the source of revenue for the Bonded Improvement Fund. The resources of this fund are dedicated to the City's capital needs.

The City reports the following major proprietary funds:

The Water Surcharge, Sewer Surcharge, Stormwater and Swimming Pool Funds are the major proprietary funds of the City. The Water Surcharge, Sewer Surcharge and Stormwater funds account for the utility activities of the government. The Swimming Pools fund provides funds for operating and maintaining the City's three swimming pools. The City maintains these funds in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the City reports the following fund types:

Other special revenue funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. The use and limitation of the special revenue funds are specified by City ordinance or federal and state statutes. The City has the following nonmajor special revenue funds: Law Enforcement, Tree Planting, Enforcement Education, Tax Incentive, Mayor's Court, Life Long Learning and Leisure, Civil Service, Board of Health, Clerk of Court, Economic Development, Neighborhood Lighting, and Community Improvement Corporation, a blended component unit.

Other capital project funds are used to account for financial resources used for acquisition or construction of major capital facilities (other than those financed by proprietary funds). The City has three nonmajor capital project funds: Infrastructure Improvement Fund, Chelsea TIF Fund, and Horizon TIF Fund.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general obligation long-term debt principal, interest and related costs. The City has one nonmajor debt service fund: General Obligation Retirement Fund.

Internal service funds are used to account for financing services provided by one department to other departments of the City generally on a cost-reimbursement basis. The City operates one internal service fund, the Employee Benefit Fund, which recovers the costs of and pays claims for the health and dental plans of the employees of the City.

Other proprietary funds are maintained in a manner similar to private business enterprises, when the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's nonmajor proprietary fund is the Solid Waste fund.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results of operations. The City's agency funds are as follows: Returnable Bonds Fund, Unclaimed Funds, Construction Withholding Fund, Mayor's Court Fund, Payroll Clearing Fund, and the Revolving Fund.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

(d) Assets, liabilities, and net assets or equity

1. Deposits and investments

City funds are pooled and invested to improve cash management. The City's cash and cash equivalents are considered to be cash on hand and demand deposits. The proprietary funds consider all highly liquid investments to be cash equivalents when purchased.

The City is authorized by Ordinance to invest in notes, bonds, or other obligations of the United States or of any agency or instrumentality thereof, including repurchase agreements secured by such obligations. Additionally, the City may invest in Banker's acceptances within the State of Ohio and corporate notes, bonds and commercial paper issued by corporations incorporated under the laws of the United States or any State thereof, and whose maturity does not exceed five years provided the security is rated at least A+ by Standard and Poor's and A-1 by Moody's Investor Services. Earnings on investments are credited to various funds as provided by State law and City ordinances.

It is the City's policy to invest in the State Treasury Asset Reserve of Ohio (STAR Ohio), government securities, and commercial paper. STAR Ohio is an investment pool managed by the State Treasurer's Office that 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 similar to Rule 2a-7 of the Investment Company Act of 1940.

Investments for the City, as well as for its component units, are reported at fair value as in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31st. The STAR Ohio reported value is the same as the fair value of the pool shares.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of the Interfund activity or "advances to/from other funds" for the non-current portion of the Interfund activity. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. All property taxes are collected on behalf of the City by Franklin County. All property tax receivables are shown net of an allowance for uncollectibles.

The property tax receivable is the amount levied for collection in 2005 and remained uncollected at December 31, 2005, and the amount assessed in 2005 for collection in 2006. The property taxes levied for collection in 2005 and collected within 60 days are recorded as revenue. Accrued property taxes receivables represent delinquent taxes outstanding and current property taxes, which are measurable as of December 31, 2005. Although, property tax collections for the next year are measurable, they are not intended to finance current year operations, hence are not considered "available" under the modified accrual basis. Full accrual basis considers property taxes an imposed non-exchange revenue and recognized in the period for which the taxes are levied.

Property taxes are levied, creating the lien as of January 1 on property assessed as of the same date. Due and collection dates, as established by Franklin County, were January 20, 2005 and June 20, 2005 for those taxes due during 2005. Pursuant to State law, the assessed value is determined by using 35% of the property's appraised market value. A revaluation of all property is

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

required to be completed no less than every six years, while the value is reassessed every three years. The last revaluation was completed in November 2005. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property assessments are 25% of true value.

The City levies an income tax of 2% on substantially all income earned within the City. In addition, residents of the City are required to pay City income tax on income they earn outside the City. However, a credit is allowed for income taxes paid to other municipalities. Employers within the City are required to withhold income tax on employee compensation and remit this tax at least quarterly. Corporation and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The City utilizes the Regional Income Tax Agency (RITA) to administer and collect taxes for the City with the guidance of the City's finance department. The income tax receivable includes both balances already filed by taxpayers and tax estimates, net of non-collectible taxes and refunds.

3. Inventories

Inventories are valued at cost using the first in/first out (FIFO) method. The costs of governmental fund-types inventories are recorded as expenditures when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and proprietary fund statements. The City defines capital assets as assets with an estimated useful life in excess of five years and an initial, individual cost of more than \$2,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement 34, the historical costs of governmental infrastructure assets (retroactive to January 1, 1980) are included as part of the governmental capital assets reported in the government-wide statements. Donated capital assets are recorded at estimated fair market value at the time of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives, are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities and proprietary funds are included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Useful Life (years)</u>
Machinery and Equipment	
(Autos and trucks, computer equipment)	5 – 8
(Other equipment, furniture & fixtures)	10 – 25
Buildings	40
Infrastructure (water/sewer/stormwater lines)	50
Infrastructure (streets, lights)	15 – 30
Improvements	8 – 50

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

5. Compensated absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation at varying rates. In the event of retirement, an employee is reimbursed for accumulated vacation in full and sick leave at varying levels.

Vacation and sick leave accumulated by governmental fund type and proprietary fund type employees is recorded as an expense when incurred in the government-wide financial statements and the proprietary fund types. Vacation and sick leave accumulated by governmental fund type employees are recorded as an expense when due in the governmental fund financial statements. When paid, compensated absences for governmental activities are paid from the fund to which the employee's payroll is charged.

The City uses the vesting method in determining the liability of sick leave recorded. The timing of future payments for vacation and sick leave is dependent on many factors and therefore not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and sick leave when such payments become due.

6. Long-term obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable unamortized bond premium or discount.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund equity/Restricted Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, restrictions of net assets are for amounts that are legally restricted by outside parties for use for a specific purpose or net assets invested in capital assets. At December 31, 2005, \$14,940,965 of the City's \$17,157,547 in restricted net assets on the Statement of Net Assets were restricted by enabling legislation, as defined by GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

Note (2) – Cash and Investments

Investment Policies

The City follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At December 31, 2005 fair value was \$320,322 below the City's net cost for its investments. At December 31, 2004 fair value was \$264,303 below the City's net cost for its investments. Fair value is determined by quoted market prices and acceptable other pricing methodologies.

The City pools its cash, except for that held by trustees, and fiscal and escrow agents, for maximum investing efficiency. Earnings on the pool are allocated to individual funds according to Chapter 221 of the Upper Arlington City Code. In management's opinion, all statutory requirements were met in distributing earnings of the pool to various funds.

The City Code, Chapter 221, Depositories and Investments, provides the City with its authorized investment instruments, which do not include derivatives. The City does invest in STAR Ohio, 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 Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a-7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which represents the price the investment could be sold for on December 31, 2005.

Management of STAR Ohio states that its policy also prohibits investing in derivatives and/or engaging in the use of reverse repurchase agreements. Average days to maturity of the STAR Ohio portfolio at December 31, 2005 was 39 days. The City is prohibited from using reverse repurchase agreements and does not leverage its investment portfolio in any manner. The City purchases investments, except for certificate of deposits, only through its investment advisor, United American Capital Corporation (UACC). UACC is contracted by the City to make investment recommendations and must acknowledge in writing their comprehension and receipt of the City policies.

The City's investment code and practices have consistently protected the portfolio from unnecessary credit risk (safety) and market risks (liquidity) while providing a competitive yield. The City Code places limitation on any single institution or issuer. The City's total deposits with any individual institution shall not constitute more than thirty percent (30%) of that institution's public funds. The City's investment with any individual issuer shall not constitute more than five percent (5%) of such issuer's total outstanding issue in banker's acceptances, commercial paper or corporate medium term notes. The total value of certificates of deposit, purchased from any individual financial institution, shall not exceed ten percent (10%) of that institution's total public funds, at the time of purchase. All eligible investments will mature within five (5) years from the date of settlement, unless the instrument is matched to a specific obligation or debt of the City, and the Finance Director specifically approves the investment. Average days to maturity of the City's investments at December 31, 2005 were 376 days.

Investments as permitted by Chapter 221 of the Upper Arlington City Code are:

- (1) U.S Treasury Bills, Notes, and Bonds; various federal agency securities including issues of National Mortgage Association (FNMA), Federal Home Loan Mortgage Corp. (FHLMC), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Student Loan Marketing Association (SLMA), Government National Mortgage Association (GNMA), Tennessee Valley Authority (TVA) and other agencies or instrumentalities of the United States.
- (2) Bonds and other obligations of the State of Ohio.
- (3) Bonds and other obligations of any county, township, school district, municipal corporation, or legally constituted taxing subdivision of Ohio, which is not at the time of such investment, in default in the payment of principal on any of its obligations.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

- (4) Certificates of Deposit issued by institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC), provided that such institutions maintain banking operations within the State of Ohio.
- (5) Repurchase Agreements with any eligible institution mentioned in Ohio Revised Code 135.03, or any eligible securities dealer pursuant to (M) of Ohio Revised Code 135.14.
- (6) Banker's acceptance issued by any bank domiciled in the State of Ohio or bankers acceptance issued by any domestic bank rated in the highest category by one of two nationally recognized rating agencies.
- (7) No-load money market mutual funds, as defined in Ohio Revised Code 135.14 (B)(5), rated in the highest category by at least one nationally recognized rating agency, investing exclusively in the same types of eligible securities as defined in Division B(1) or B(2) under Ohio Revised Code 135.14, and repurchase agreements secured by such obligations.
- (8) Commercial paper issues of companies incorporated under the laws of the United States, rated A1+, A1 or A2 by Standard & Poor's and P1 or P2 by Moody's Investor Service.
- (9) Medium term notes issued by a corporation, domiciled within the United States and having assets in excess of \$500 million, provided that such medium term notes have a maximum maturity of five (5) years and are rated, at the time of purchase, A+, A, or A- by Standard & Poor's or A1, A2, or A3 by Moody's Investor Service.
- (10) The State Treasurer's investment pool (STAR Ohio).

All of the City's deposits and investments comply with State statutes, City ordinances, and applicable bond indentures.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is that any financial institution located within the City of Upper Arlington is an institution, which is eligible to become a public depository for active deposits (as defined by Chapter 221.02 of the City Code). All deposits, except for deposits held by fiscal and escrow agents or trustees, are collateralized with eligible securities in amounts equal to at least 105% of the total amount of all public moneys on deposit with the institutions. Such collateral, as permitted by Chapter 135 of the ORC and Chapter 221 of the City of Upper Arlington City Code, is held with the qualified trustee approved by the Finance Director.

At December 31, 2005, the carrying value of the City's cash deposits was \$966,816, of which \$480,000 was non-negotiable certificates of deposit. Cash balances per the banks were \$1,590,193. \$208,006 of the City's deposits was insured by Federal depository insurance. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2005, \$1,382,187 of the City's bank balance of \$1,590,193 was exposed to custodial risk as follows:

Uninsured and collateral held by the pledging financial institutions agents not in the City's name	\$ 1,382,187
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The carrying amount of deposits for CIC, a blended component unit, was \$8,006 with a cash balance per the bank of \$8,006. The CIC deposits were all insured by Federal depository insurance.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

Investments

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy generally limits investment portfolio maturities to five years or less.

At year-end, the City had the following investments and maturities as follows:

Investment Type	Fair Value	Investment Maturities				
		12 months or less	13 to 24 months	25 to 36 months	37 to 48 months	49 to 60 months
Federal Agency-noncallable	\$ 29,275,488	\$ 17,827,271	\$ 9,550,092	\$ 1,898,125	-	-
Federal Agency-callable	11,349,770	1,986,250	8,379,428	984,092	-	-
Total investments	\$ 40,625,258	\$ 19,813,521	\$ 17,929,520	\$ 2,882,217	-	-

Credit Risk. The City's investments in U.S. government securities can include: U.S. Treasury Bills, Notes, and Bonds. Federal agency securities can include: Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corp. (FHLMC), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Student Loan Marketing Association (SLMA), Government National Mortgage Association (GNMA), and Tennessee Valley Authority (TVA). The federal government shall back all U.S. government and federal securities and therefore is not subject to credit risk.

Reconciliation of Cash and Investments to the Statement of Net Assets: The following is a reconciliation of cash and investments to the Statement of Net Assets as of December 31, 2005:

Investments (summarized above)	\$ 40,625,258
Certificate of deposits	480,000
Carrying amount of the City's Deposits	486,816
StarOhio	2,453,112
Money Market Funds held by Trustee	101,637
Total	<u>\$ 44,146,823</u>

Governmental Activities

Governmental Funds

Cash and investments with treasurer	\$ 38,178,155
Internal Services Funds (governmental portion)	
Cash and investments with treasurer	301,470
Total Cash and Investments - Governmental Activities	<u>38,479,625</u>

Business-Type Activities

Enterprise funds

Cash and cash equivalents	3,280,944
Total Cash and Investments - Business-Type Activities	<u>3,280,944</u>

Agency Funds

	2,386,254
Total	<u>\$ 44,146,823</u>

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

Note (3) – Receivables

Receivables as of year-end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectibles accounts, are as follows:

	GOVERNMENTAL MAJOR FUNDS				Nonmajor Governmental Funds	Governmental Total
	General	Street Maint.	Bonded Impr.	Estate Tax		
Receivables:						
Interest	\$ 137,718	\$ 4,742	\$ 10,901	\$ 87,237	\$ 4,510	\$ 245,108
Taxes	12,171,235				846,530	13,017,765
Intergovernmental	2,866,592	734,801		220,576	37,754	3,859,723
Other	142,481					142,481
Total receivables	<u>\$ 15,318,026</u>	<u>\$ 739,543</u>	<u>\$ 10,901</u>	<u>\$ 307,813</u>	<u>\$ 888,794</u>	<u>\$ 17,265,077</u>

	BUSINESS-TYPE MAJOR FUNDS			Nonmajor Business-type Solid Waste	Total Business-type
	Water Surcharge	Sewer Surcharge	Stormwater		
Receivables:					
Interest			\$ 27,308	\$ 509	\$ 27,817
Customer Accounts	\$ 61,000	\$ 112,000	17,632	-	190,632
Total receivables	<u>\$ 61,000</u>	<u>\$ 112,000</u>	<u>\$ 44,940</u>	<u>\$ 509</u>	<u>\$ 218,449</u>

There are two meanings for deferred revenue in the public sector; they are unearned revenue and unavailable revenue. Unearned revenue can be found in government-wide financial reporting as well as in the governmental fund, proprietary fund, and fiduciary fund financial statements. Unavailable revenue is unique to governmental funds, since it is tied to the modified accrual basis of accounting.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	GOVERNMENTAL				Total
	General	Street Maint.	Estate Tax	Nonmajor Governmental Funds	
Unearned Revenue					
Taxes receivable	\$ 10,129,154			\$ 835,592	\$ 10,964,746
Intergovernmental	1,898,301	\$ 471,805	\$ 220,576		2,590,682
Emergency Medic Runs	69,442				69,442
	<u>\$ 12,096,897</u>	<u>\$ 471,805</u>	<u>\$ 220,576</u>	<u>\$ 835,592</u>	<u>\$ 13,624,870</u>

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

Note (4) – Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,138,957	\$ 2,206,575			\$ 5,345,532
Construction in progress	12,373,602	2,428,832		\$ (8,656,101)	6,146,333
Total capital assets, not being depreciated	15,512,559	4,635,407		(8,656,101)	11,491,865
Capital assets, being depreciated:					
Buildings	9,518,648				9,518,648
Improvements other than buildings	2,032,554	112,723		627,731	2,773,008
Machinery and equipment	12,111,967	772,058	\$(483,629)	(28,691)	12,371,705
Infrastructure	26,364,922	1,167,973		8,028,370	35,561,265
Total capital assets being depreciated	50,028,091	2,052,754	(483,629)	8,627,410	60,224,626
Less accumulated depreciation for:					
Buildings	8,061,410	83,744			8,145,154
Improvements other than buildings	1,194,634	58,687			1,253,321
Machinery and equipment	8,268,578	1,131,176	(471,829)	(28,691)	8,899,234
Infrastructure	7,482,764	1,203,949			8,686,713
Total accumulated depreciation	25,007,386	2,477,556	(471,829)	(28,691)	26,984,422
Total capital assets being depreciated, net	25,020,705	(424,802)	(11,800)	8,656,101	33,240,204
Governmental capital assets, net	\$ 40,533,264	\$ 4,210,605	\$ (11,800)	\$ -	\$ 44,732,069
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 1,236,573				\$ 1,236,573
Construction in progress	1,909,642	\$ 89,485		\$ (1,686,324)	312,803
Total capital assets, not being depreciated	3,146,215	89,485		(1,686,324)	1,549,376
Capital assets, being depreciated:					
Buildings	219,218				219,218
Improvements other than buildings	662,757	2,612,465	\$(181,555)	1,686,324	4,779,991
Machinery and equipment	2,290,679	132,945	(15,289)	28,691	2,437,026
Infrastructure	27,217,482	1,662,588			28,880,070
Total capital assets being depreciated	30,390,136	4,407,998	(196,844)	1,715,015	36,316,305
Less accumulated depreciation for:					
Buildings	129,096	4,872			133,968
Improvements other than buildings	261,798	48,388			310,186
Machinery and equipment	1,557,591	215,593	(35,763)	28,691	1,766,112
Infrastructure	14,074,497	568,281	(9,353)		14,633,425
Total accumulated depreciation	16,022,982	837,134	(45,116)	28,691	16,843,691
Total capital assets being depreciated, net	14,367,154	3,570,864	(151,728)	1,686,324	19,472,614
Business-type capital assets, net	\$ 17,513,369	\$ 3,660,349	\$(151,728)	\$ -	\$ 21,021,990

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Public safety	\$ 441,434
General government	419,257
Public services	1,413,808
Parks and recreation	195,071
Community development	7,986
Total depreciation expense - governmental activities	<u>\$ 2,477,556</u>
Business-type activities:	
Water Surcharge	\$ 192,512
Sewer Surcharge	204,183
Stormwater	236,648
Solid Waste	152,011
Swimming pools	51,780
Total depreciation expense - business-type activities	<u>\$ 837,134</u>

Construction commitments

The City has active construction projects as of December 31, 2005. The projects include rebuilding streets, sewers, etc. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
2004 ADA Curb Ramps	\$ 1,662,947	\$ 142,549
2005 Street Maintenance Program	1,466,416	261,118
Zollinger Road reconstruction	2,822,446	44,645
Stormwater Projects	108,844	28,858
Tremont Road Sanitary Sewer	91,945	11,589
Beaumont Road Waterlines	100,501	-
S. Dorchester Road Waterlines	29,194	16,085
Burbank Sports Field	37,761	10,804
Other projects	139,082	208,683
Total	<u>\$ 6,459,136</u>	<u>\$ 724,331</u>

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

Note (5) – Interfund Transactions

During the course of operations, transactions occur between individual funds for goods provided or services rendered. In the fund financial statements, these receivables and payables are reported as “due from other funds” or “due to other funds” on the balance sheet, and are normally expected to be liquidated in a year or less.

In the fund financial statements, transactions that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “interfund receivables/payables” on the balance sheet. In the government-wide statement of net assets, these interfund receivable and payable balances have been eliminated to avoid the duplicating effect on assets and liabilities.

There were no interfund balances at December 31, 2005.

Interfund transfers:

The routine nature of interfund transfers have three basic purposes (1) not having a dedicated funding source to fund operations (2) the funding source is not sufficient to fund operations or (3) the funding source is not reliable to fund operations.

	-----Transfers In-----					
	Total Transfers Out	General Fund	Bonded Improvement	Estate Tax Capital Projects	Other Governmental Funds	Business Type Activities – Enterprise Funds
General Fund						
Estate Tax	\$ 1,616,704			\$ 1,616,704		
Bonded Retirement	1,749,425				\$ 1,749,425	
Capital Infrastructure	2,350,000				2,350,000	
Economic Development	500,000				500,000	
Chelsea TIF	900,000				900,000	
Horizon TIF	600,000				600,000	
Solid Waste	121,641					\$ 121,641
Swimming Pools	1,560					1,560
Sewer Surcharge	115,407					115,407
Water Surcharge	12,166					12,166
Total General Fund	<u>7,966,903</u>			<u>1,616,704</u>	<u>6,099,425</u>	<u>250,774</u>
Other Governmental Funds						
Chelsea TIF	25,667				25,667	
Bonded retirement	45,850		\$ 45,850			
Board of Health	7,438	\$ 7,438				
Horizon TIF	231,551				231,551	
Total government activities	<u>\$ 8,277,409</u>	<u>\$ 7,438</u>	<u>\$ 45,850</u>	<u>\$ 1,616,704</u>	<u>\$ 6,356,643</u>	<u>\$ 250,774</u>

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

Note (6) – Long-term Liabilities

Bonds and notes payable in the Statement of Net Assets are comprised of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Bonds and notes payable outstanding at December 31, 2005	\$ 24,731,336	\$ 2,129,577
Accumulated accretion on bonds	89,029	
Subtotal	24,820,365	2,129,577
Bond premium	104,775	
Accumulated amortized bond premium	(13,097)	
Bonds and notes payable per the statement of net assets	\$ 24,912,043	\$ 2,129,577

General Obligation Bonds and Notes:

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the City. The City issues general obligation bonds and notes to provide funds for acquisition and construction of major capital equipment, infrastructure and facilities. General obligation bonds have been issued for both governmental and business-type activities. On January 11, 2005, the City issued Capital Improvement Notes of \$3,972,000. The notes were issued with an interest rate of 2.0% and a premium of \$32,928. It is the intent of the City to bond these notes in 2007. In January of 2005 these notes were refinanced with the new maturity being due in January 2006. General obligation bonds and notes currently outstanding, net of accumulated accretion of \$89,029 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.00% - 6.375%	\$ 24,731,336
Business-type activities	2.98% - 4.76%	2,129,577
		\$ 26,860,913

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

<u>Year Ending December 31:</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 5,631,748	\$ 1,084,063	\$ 379,177	\$ 97,497
2007	1,094,600	806,043	175,400	81,141
2008	889,988	947,920	170,000	73,199
2009	1,100,000	740,580	130,000	65,799
2010	1,145,000	699,953	135,000	60,144
2011 – 2015	6,445,000	2,768,934	775,000	202,946
2016 – 2020	6,395,000	1,277,270	365,000	26,813
2021 – 2023	2,030,000	181,793		
	\$ 24,731,336	\$ 8,506,556	\$ 2,129,577	\$ 607,539

In 2001, the City issued \$6,820,929 in general obligation debt, including issuance cost of \$42,830, at interest rates ranging from 2.9% to 4.98%. The breakdown for general obligation debt was as follows: \$4,820,929 was for infrastructure improvements while \$2,000,000 was for renovating and improving the Municipal Services Building and other site improvements.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

In 1998, the City issued \$7.54 million of Refunding Issue Bonds for the purpose of providing funds to advance refund and defease the existing Infrastructure bonds, Street Improvement bonds, and Building Renovation bonds. The net proceeds of this issue were used to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. As of December 31, 2001, all of the defeased bonds have been paid.

In November 1997, the citizens of Upper Arlington voted approval to issue \$10.1 million in general obligation bonds; initially \$5.1 million was issued in 1998 and the remaining \$5 million was issued in 2001.

The bonds for Turkey Run and Sewer Improvement are being repaid by user fees from enterprise operations. Additionally, a portion of the bonds for Street improvement (\$72,600) and the Refunding Issue (\$793,783) are also being paid by such fees.

Other long-term debt:

Ohio Public Works Commission (OPWC) loans

Ohio Public Works Commission (OPWC) loans are backed by the full faith and credit of the City. The loans from the OPWC were made through the State Issue Two Program for infrastructure renovations. The original amount of OPWC loans issued in the last ten years and the current fiscal year is zero. These loans generally are issued as 20-year loans with fairly equal amounts of principal maturing each year. The Ohio Public Works Commission loans currently outstanding are as follows:

<u>Fund</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities:		
Water Surcharge	3.50%	\$ 990,677
Sewer Surcharge	3.50%	1,363,225
Total		<u>\$ 2,353,902</u>

Annual debt service requirements to maturity for OPWC loans are as follows:

<u>Year Ending</u> <u>December 31:</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 215,319	\$ 77,371
2007	222,653	70,039
2008	230,237	62,455
2009	238,080	54,611
2010	246,192	46,499
2011 – 2015	1,166,066	102,982
2016	35,355	530
	<u>\$ 2,353,902</u>	<u>\$ 414,487</u>

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

Installment Loans

In fiscal 2004 the City entered into a financing arrangement to refurbish HVAC equipment within the Municipal Service Center. The amount of this loan is \$500,000 and bears interest at a rate of 2.4%, and is being repaid over five years in equal installments of \$107,394. Additionally, in 2001 the City entered into a financing arrangement to purchase a safety vehicle. This loan was repaid over five years in equal installments of \$104,247 at a rate of 4.06%, with the final payment being made in fiscal 2005.

Annual debt service requirements to maturity for these loans are as follows:

Year Ending December 31:	Governmental Activities	
	Principal	Interest
2006	\$ 97,586	\$ 9,808
2007	99,951	7,443
2008	102,372	5,022
2009	104,846	2,548
Total	\$ 404,755	\$ 24,821

Changes in long-term liabilities:

Long-term liability activity for the year ended December 31, 2005, was as follows:

	Beginning Balance	Additions/ Accretion	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Debt payable:					
General obligation bonds	\$ 22,544,129	\$ 27,187	\$ 1,631,273	\$ 20,940,043	\$ 1,659,748
Notes payable	3,972,000	3,972,000	3,972,000	3,972,000	3,972,000
Installment loan	600,180		195,425	404,755	97,586
Total debt payable	27,116,309	3,999,187	5,798,698	25,316,798	5,729,334
Accrued vacation & sick leave	2,145,174	1,943,255	1,815,054	2,273,375	\$474,737
Governmental activity					
Long-term liabilities	\$ 29,261,483	\$ 5,942,442	\$ 7,613,752	\$ 27,590,173	\$ 6,204,071
Business-type activities:					
Debt payable:					
General obligation bonds	\$ 2,490,547		\$ 360,970	\$ 2,129,577	\$ 379,177
Ohio Public Works Comm.	2,562,131		208,229	2,353,902	215,319
Total debt payable	5,052,678		569,199	4,483,479	594,496
Accrued vacation & sick leave	183,722	\$ 94,285	91,072	186,935	39,106
Business-type activity					
Long-term liabilities	\$ 5,236,400	\$ 94,285	\$ 660,271	\$ 4,670,414	\$ 633,602

The addition to general obligation bonds is accretion on capital appreciation bonds. Accrued vacation and sick leave will be paid with available resources within the appropriate fund that relates to each particular employee.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

Operating Leases:

The City leases copiers and other equipment under non-cancelable operating leases. Total costs for such leases were \$40,239 for the year ended December 31, 2005. The future minimum lease payments for these leases are as follows:

<u>Year ending</u>	<u>Amount</u>
December 31, 2006	\$ 44,703
December 31, 2007	36,103
December 31, 2008	<u>13,295</u>
Total	<u>\$ 94,101</u>

Conduit Debt:

In 1999, the City was conduit issuer of \$1.2 million in Individual Bonds for the Wellington School, a private school in Upper Arlington. The 20-year bonds were issued for renovation of the school. These bonds are not listed as part of the City's debt since the City has no obligation for the repayment of the debt.

Note (7) – Risk Management

Prior to October 1, 1997, the City is exposed to various risks of loss related to torts, including theft of, damage to, and destruction of assets, errors and omissions, personal injuries, and natural disasters. The City provides coverage for up to \$1,000,000 for each liability claim and \$1,000 for each property damage claim. To provide funding for potential claims, the City established by ordinance a reservation of the General Fund balance of \$ 446,305 for these losses. In addition, the City also passed legislation that reserves \$5,000,000 of the City's unvoted debt capacity to cover potential catastrophic claims, judgments, and actions.

On October 1, 1997, the City established membership in the Central Ohio Risk Management Agency (CORMA) Self-Insurance Pool, Inc. CORMA was formed pursuant to ORC Section 2744.081. Members consist of the cities of Upper Arlington, Westerville, Pickerington, and Dublin. Each member has two representatives on the Board of Trustees. This Board establishes its own budget, hires and fires personnel and determines annual rates for its members. Membership in CORMA enables the City to take advantage of any economies to be realized from an insurance pool with other cities and also provides the City with more control over claims than what is normally available with traditional insurance coverage.

Coverage is limited to property coverage, which provides for up to \$125,000 with a \$25,000 deductible for each property liability claim. The City has purchased commercial insurance for claims, which exceed these amounts. The City has purchased general liability insurance through CORMA that covers claims up to \$10,000,000 with a \$100,000 deductible per claim. CORMA, in turn, has re-insured a portion of its insurance risk. There is no assurance that claims for all members will not exceed CORMA's assets and re-insurance.

A third party administrator processes and pays the claims. The City reports a liability when it is probable that a loss has occurred and the amount can be reasonably estimated.

The City is also self-insured for the employees' health care. To account for and finance its uninsured health claims, the City established an Employee Benefit Fund (an internal service fund). All operating funds of the City participate in the program and make payments to the Employee Benefit Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The City purchases specific stop loss insurance for health care claims, which exceed \$50,000 per covered individual in one year and aggregate stop loss coverage at 125% of annual estimated claims.

Settlements did not exceed insurance coverage in 2003, 2004, and 2005. There were no reductions on insurance coverage from the prior year.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

Changes in the balances of claims liabilities during the past three years are as follows:

	<u>2003</u>	
	<u>General Liability</u>	<u>Health Claims</u>
Unpaid claims - January 1, 2003	\$ 106	\$ 234,000
Incurring claims	31,893	2,064,122
Payment of claims	<u>(25,125)</u>	<u>(2,029,192)</u>
Unpaid claims - December 31, 2003	<u>\$ 6,874</u>	<u>\$ 268,930</u>
	<u>2004</u>	
Unpaid claims - January 1, 2004	\$ 6,874	\$ 268,930
Incurring claims	32,213	2,659,989
Payment of claims	<u>(33,606)</u>	<u>(2,661,707)</u>
Unpaid claims - December 31, 2004	<u>\$ 5,481</u>	<u>\$ 267,212</u>
	<u>2005</u>	
Unpaid claims - January 1, 2005	\$ 5,481	\$ 267,212
Incurring claims	59,367	2,306,337
Payment of claims	<u>(54,740)</u>	<u>(2,466,693)</u>
Unpaid claims - December 31, 2005	<u>\$ 10,108</u>	<u>\$ 106,856</u>

A claims liability of \$106,856 in the internal service fund accounts payable balance represents an estimate for incurred but unpaid claims liabilities and incurred but not reported claims liabilities.

The City also belongs to the Ohio Municipal League Equity Rating Pool for Workers' Compensation Insurance. The purpose of the pool is to achieve lower workers' compensation rates for group participants and foster cost-effective claims management skills. The pool provides for equity redistribution in which participants, depending upon their losses, may receive refunds for low losses resulting in savings for the pool, or incur additional contribution for high losses, which exceed the pool's rate.

Note (8) – Joint Operating Agreement

In 2003 the City of Upper Arlington and the Upper Arlington City School District (District) entered into a joint operating agreement to provide recreational facilities at Burbank Park for the benefit of the residents of the City. Whereas, pursuant to Ohio Revised Code Sections 755.16 this agreement shall establish the working partnership between the City and the District regarding joint acquisition and construction of the project, as well as its shared operation and maintenance. The agreement establishes a four (4) member operations committee consisting of the Superintendent of the School District, the City Manager, the School District's athletic Director, and the Parks and Recreation Director of the City.

The Agreement shall exist until:

One year from date of certificate of establishment (July 11, 2003), and shall automatically renew for consecutive periods of one (1) year each for so long as the project is used for public athletic and recreational uses for the benefit of the residence of the City.

As of December 31, 2005, the City has contributed approximately \$37,700 for improvements to this park. Information about the Joint Operating Agreement may be obtained from the City of Upper Arlington's Clerk of Council.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

Note (9) – Subsequent Event

In January 2005, the City issued Capital Improvement Bond Anticipation Notes of \$3,972,000. The notes were issued with an interest rate of 2.0% and a premium of \$19,388. The City refinanced these notes in January 2006. The issuance of notes will aid in the funding of planned capital improvements.

Note (10) – Contingent Liabilities

The City is a defendant in a number of lawsuits pertaining to matters, which are incidental to performing routine governmental functions. City management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the City's financial position as of December 31, 2005.

Note (11) – Other Postemployment Benefits

The City provides postretirement health care benefits through the City's pension contributions to Ohio Public Employee Retirement System (OPERS) and Ohio Police and Fire and Pension Fund (OP&F).

Ohio Police and Fire Pension Fund (OP&F)

The OP&F provides access to post-retirement health care coverage to any person who received or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a two-thirds basis. The health care coverage provided by the OP&F Retirement System is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement 12, *Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers*. The Ohio Revised Code provides that health care cost paid from the funds of the OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

The Ohio Revised Code provides the statutory authority allowing the Fund's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.75% of covered payroll in 2004 and in 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The portion of the City's contribution that was used to pay post-employment healthcare benefits was approximately \$275,627 for Police and \$319,350 for Firefighters. OP&F's total health care expense for the year ending December 31, 2004, the date of the last actuarial valuation available, was \$102,173,796, which was net of member contributions of \$55,665,341.

Ohio Public Employee Retirement System (OPERS)

Health care coverage for disability recipients is available. The health care coverage provided by the OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement 12, *Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers*. A portion of each employer's contribution to OPERS is set aside for the funding of the post-retirement health care. The Ohio Revised Code provides the statutory authority to OPERS. The 2005 employer contribution rate was 13.55% of covered payroll; 4% was the portion that was used to fund health care for the year 2004.

OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

care provisions, are expected to be sufficient to sustain the program indefinitely. The following assumptions and calculations are based on the system's latest Actuarial Review performed as of December 31, 2004:

Funding method is an entry age normal actuarial cost method of valuation used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability; the assets valuation method has all investments carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of the unrealized market appreciation or depreciation in investment assets; the investment return assumption rate for 2004 was 8.0%.

Annual active employee total payroll increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase were assumed to range from 0.50% to 6.3%; and health care cost were assumed to range from 1.0% to 6.0% for the next eight years and increase 4.0% annually beginning in year nine.

The portion of the City's contribution that was used to pay post-employment healthcare benefits (OPEB) for general employees was approximately \$339,488. The Ohio Public Employee Retirement System had net assets available for future OPEB payments equaling \$10.8 billion. The number of benefit recipients eligible for OPEB at December 31, 2004 was 376,109.

During 1997, OPERS adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1999, employer contributions equal to 4.0% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

Note (12) – Retirement Benefits

All non-uniformed full time (general) City employees participate in a cost sharing multiple employer Ohio Public Employee Retirement System (OPERS). Police officers and firefighters participate in the Ohio Police and Fire and Pension Fund (OP&FPF).

Ohio Police and Fire Pension Fund

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

Funding policy – Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's required and actual contributions to OP&F for the years ending December 31, 2005, 2004 and 2003 were \$1,683,018, \$1,699,967, and \$1,558,891 respectively.

The employees' contributions to OP&F for the years ended December 31, 2005, 2004 and 2003 were \$767,996, \$775,115, and \$698,802, respectively.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2005

Annual Pension Percentage of APC

<u>Fiscal Year Ending</u>	<u>Employer Cost (APC)</u>	<u>Employee Cost (APC)</u>	<u>Contributed</u>
12/31/2003	\$ 1,558,891	\$ 698,802	100%
12/31/2004	\$ 1,699,967	\$ 775,115	100%
12/31/2005	\$ 1,683,018	\$ 767,996	100%

Ohio Public Employees Retirement System of Ohio (OPERS)

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to established and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

Funding policy – The Retirement Board instituted a temporary employer contribution rate rollback of 20% for calendar year 2000. The decision to rollback was based on a December 31, 1998 actuarial study, which indicated that actuarial assets exceed actuarial liabilities. The City and covered employees contributed actuarially determined rates for 2005 of 13.55% and 8.5% respectively, of covered employee payroll to OPERS. During 2005 and 2004, 4.0% of the City's contribution was used to fund postemployment health care benefits available to retirees with at least ten-years of service credit, compared to 5.0% in 2003.

Chapter 145 of the Ohio Revised Code assigns authority of the OPERS Board to amend the funding policy. The City's required and actual contributions to OPERS for the years ended December 31, 2005, 2004 and 2003 were \$1,145,772, \$1,149,993, and \$1,039,571 respectively.

The City's employee contributions to OPERS for the years ended December 31, 2005, 2004, and 2003 were \$718,182, \$720,829, and \$652,289, respectively.

Annual Pension Percentage of APC

<u>Fiscal Year Ending</u>	<u>Employer Cost (APC)</u>	<u>Employee Cost (APC)</u>	<u>Contributed</u>
12/31/2003	\$ 1,039,571	\$ 652,289	100%
12/31/2004	\$ 1,149,993	\$ 720,829	100%
12/31/2005	\$ 1,145,772	\$ 718,182	100%

**C. REQUIRED SUPPLEMENTARY INFORMATION –
OTHER THAN MD&A**

City of Upper Arlington, Ohio
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2005

	General Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
REVENUES:				
Income tax	\$ 12,200,000	\$ 13,238,500	\$ 14,091,787	\$ 853,287
Property taxes	7,529,253	7,452,253	7,535,591	83,338
Intergovernmental	2,608,714	2,685,714	2,818,177	132,463
Estate Tax	2,100,000	3,300,000	3,716,704	416,704
Charges for services	600,000	600,000	550,126	(49,874)
Investment earnings	620,000	620,000	654,564	34,564
Fines and forfeits	350,000	350,000	410,341	60,341
Licenses and permits	764,000	764,000	865,780	101,780
Miscellaneous	617,580	732,080	873,597	141,517
Reimbursements	426,500	456,500	465,653	9,153
Total revenues	27,816,047	30,199,047	31,982,320	1,783,273
EXPENDITURES:				
Current:				
Police				
Personal services	5,986,680	6,046,680	5,836,420	210,260
Other than personal services	229,700	235,233	209,550	25,683
Capital outlay	75,800	64,742	63,155	1,587
Fire				
Personal services	6,433,856	6,690,856	6,507,216	183,640
Other than personal services	317,950	396,290	362,290	34,000
Capital outlay	165,000	167,482	167,481	1
Board of Health				
Other than personal services	165,000	165,000	160,773	4,227
Parks and recreation				
Personal services	1,998,114	1,998,114	1,861,393	136,721
Other than personal services	950,688	946,628	695,362	251,266
Capital outlay	71,143	94,799	89,652	5,147
Development				
Personal services	792,400	792,400	771,968	20,432
Other than personal services	119,350	133,060	103,785	29,275
Capital outlay	19,000	19,000	19,000	-
Public Service Administration				
Personal services	845,368	844,551	731,053	113,498
Other than personal services	33,800	34,317	29,856	4,461
Capital outlay	35,000	35,241	35,241	-
Streets Administration				
Personal services	314,141	314,141	249,440	64,701
Other than personal services	6,175	6,475	5,735	740
Capital outlay	163,000	179,814	179,287	527
Fleet Maintenance				
Personal services	724,463	724,463	704,749	19,714
Other than personal services	247,500	247,500	237,694	9,806
Capital outlay	35,500	32,540	32,540	-
City Manager:				
Personal services	909,257	873,257	797,299	75,958
Other than personal services	196,535	202,535	189,115	13,420
Capital outlay	30,439	30,439	25,699	4,740
City Attorney				
Personal services	516,274	516,274	510,185	6,089
Other than personal services	101,700	121,700	120,547	1,153
City Clerk:				
Personal services	321,989	321,989	259,701	62,288
Other than personal services	14,100	14,100	9,967	4,133

(continued)

City of Upper Arlington, Ohio
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2005
 (continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
City Council:				
Personal services	55,512	55,512	55,186	326
Other than personal services	8,000	13,000	12,419	581
Clerk of Court				
Personal services	138,021	138,021	136,568	1,453
Other than personal services	153,400	153,400	119,127	34,273
Finance				
Personal services	741,101	738,601	711,094	27,507
Other than personal services	296,672	299,172	219,581	79,591
Facilities Maintenance				
Personal services	181,370	191,690	191,690	-
Other than personal services	775,375	794,555	789,306	5,249
Capital outlay	-	8,721	8,721	-
Information Technology				
Personal services	367,349	307,349	293,525	13,824
Other than personal services	342,862	400,862	386,808	14,054
Capital outlay	197,125	183,396	139,058	44,338
General Administration				
Personal services	150,000	160,000	155,320	4,680
Other than personal services	1,176,900	1,549,900	1,335,553	214,347
Capital outlay	-	20,088	-	20,088
 Total expenditures	<u>26,403,609</u>	<u>27,263,887</u>	<u>25,520,109</u>	<u>1,743,778</u>
 Excess (deficiency) of revenues over expenditures	1,412,438	2,935,160	6,462,211	3,527,051
<u>OTHER FINANCING SOURCES (USES):</u>				
Proceeds from sale of Capital outlay assets	-	-	42,791	42,791
Operating transfers-in	1,574	27,438	27,438	-
Operating transfers-out	(4,196,984)	(8,148,544)	(7,966,903)	181,641
 Total other financing sources (uses)	<u>(4,195,410)</u>	<u>(8,121,106)</u>	<u>(7,896,674)</u>	<u>224,432</u>
 Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(2,782,972)	(5,185,946)	(1,434,463)	3,751,483
 Fund balances at beginning of year	20,839,967	20,839,967	20,839,967	
Lapsed encumbrances	120,553	120,553	120,553	
Fund balances at end of year	<u>\$ 18,177,548</u>	<u>\$ 15,774,574</u>	<u>\$ 19,526,057</u>	<u>\$ 3,751,483</u>

Adjustments necessary to convert the results of operations at end of year on the budget basis to the modified accrual basis (GAAP) are as follows:

Deficiency of revenues and other financing sources over expenditures and other uses per the Budgetary Comparison Schedule	\$ (1,434,463)
(Increases) decreases from revenues:	257,803
(Increases) decreases from expenditures:	(353,287)
(Increases) decreases from other financing sources	(20,000)
 Net change in fund balance per the Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ (1,549,947)</u>

City of Upper Arlington, Ohio
Budgetary Comparison Schedule
Street Construction and Maintenance Repair Fund
For the Year Ended December 31, 2005

	Street Construction Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance positive (negative)
REVENUES:				
Intergovernmental	\$ 1,250,000	\$ 1,300,000	\$ 1,519,039	\$ 219,039
Charges for services			4,749	4,749
Investment earnings	14,000	14,000	18,022	4,022
Miscellaneous	12,000	12,000	2,173	(9,827)
Reimbursements			2,033	2,033
Total revenues	<u>1,276,000</u>	<u>1,326,000</u>	<u>1,546,016</u>	<u>220,016</u>
EXPENDITURES:				
Current:				
Personal services	1,203,793	1,203,793	1,140,459	63,334
Other than personal services	381,250	406,250	341,855	64,395
Total expenditures	<u>1,585,043</u>	<u>1,610,043</u>	<u>1,482,314</u>	<u>127,729</u>
Excess (deficiency) of revenues over expenditures	(309,043)	(284,043)	63,702	347,745
OTHER FINANCING SOURCES (USES):				
Operating transfers-in	-	53,450	-	\$ (53,450)
Total other financing sources (uses)	<u>-</u>	<u>53,450</u>	<u>-</u>	<u>(53,450)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(309,043)	(230,593)	63,702	294,295
Fund balances at beginning of year	<u>442,910</u>	<u>442,910</u>	<u>442,910</u>	
Fund balances at end of year	<u>\$ 133,867</u>	<u>\$ 212,317</u>	<u>\$ 506,612</u>	<u>\$ 294,295</u>

Adjustments necessary to convert the results of operations at end of year on the budget basis to the modified accrual basis (GAAP) are as follows:

Deficiency of revenues and other financing sources over expenditures and other uses per the Budgetary Comparison Schedule	\$ 63,702
(Increases) decreases from revenues:	66,826
(Increases) decreases from expenditures:	16,174
Net change in fund balance per the Statement of Revenues, Expenditures, and changes in Fund Balance	<u>\$ 146,702</u>

City of Upper Arlington, Ohio
Notes to the Required Supplementary Information
December 31, 2005

Budgetary Information

All governmental and proprietary fund types are subject to annual expenditure budgets. The City Council follows procedures outlined below in establishing the expenditure budget data reported in the Municipal Service Program adopted budget for 2005-2006.

In November, the City Manager submits to City Council an estimate of the expenditures necessary to conduct the affairs of the City for the fiscal year commencing the following January 1. Budget estimates are distributed throughout the City including newspapers and libraries. Public hearings are held to obtain taxpayers comments.

Subsequent to January 1, and after publication of the proposed budget ordinance, the budget is legally enacted through passage of the ordinance. The budget specifies expenditure amounts by character for each activity within each fund by department.

No transfer of appropriations can be made without City Council action, with the exception of certain transfers within a department's appropriation, within a fund, if the amounts are less than \$2,500. Expenditures cannot legally exceed appropriations at the character level. During 2005 various transfers of appropriations and supplemental appropriations were made in the following amounts:

General Fund	\$4,811,838
Special Revenue Funds	\$106,759
Capital Project Funds	\$3,584,414
Enterprise Funds	\$3,346

Unencumbered appropriations lapse at year-end and encumbered appropriations are carried forward to the next fiscal year.

The City's budgetary process is based upon accounting for certain transactions on a basis other than accounting principles generally accepted in the United States of America (GAAP).

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$4,811,838, summarized as follows:

- \$3,951,560 in appropriated fund transfers for the following:
 - \$1,600,000 in estate tax revenue for deposit into the Estate Tax Fund
 - \$1,560 for transfers to the Swimming Pools Fund to fund installation of final capital improvements to Reed Road Water Park.
 - \$150,000 to the Water Surcharge and Sewer Surcharge Funds to fund unanticipated expenses.
 - \$600,000 to fund the newly created Horizon TIF Fund.
 - \$1,600,000 for transfer into the Infrastructure Fund for the purchase of land from Franklin Communications.

City of Upper Arlington, Ohio
Notes to the Required Supplementary Information
December 31, 2005

- ❑ \$56,000 in grant revenues and donations received by the City for capital equipment purchases.
- ❑ \$300,000 for additional salary in connection with the settling of the Fire negotiated contract and Fire Division for higher overtime costs.
- ❑ \$200,000 for an unused contingency for emergencies during City Council's winter break.
- ❑ \$60,000 for personnel overtime for the Police Division
- ❑ \$50,000 for increases in fuel costs

The remaining additional appropriations of \$194,278 included items for: retirement payouts, outside legal counsel, consulting costs relating to the closure of a painting facility, and small equipment purchases in the Fire and Police Divisions.

Special Revenue Funds: Street Construction Maintenance and Repair

Differences between the original budget and the final amended budget were \$25,000 and can be briefly summarized as follows.

- ❑ \$25,000 in the Street Construction Maintenance and Repair Fund to account for increases in the transportation cost of salt for snowy and icy road conditions.

D. OTHER SUPPLEMENTARY INFORMATION

CITY OF UPPER ARLINGTON

MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund receives funds, which are not accounted for in any other fund of the City. The revenues are used to finance the general operations of the City. Due to legal requirements, activities of the General Fund are accounted for in the following accounts:

General Operating Account - This account is used for revenues that are not restricted as to use, and funds the general operations of the City.

Capital Asset Management Account - Codified Ordinance Section 211.01 provides that 13 1/3% of net income tax collections are to be used only for the payment of obligations incurred in connection with the City's capital improvements program or for the payment of interest and principal of bonds and notes issued by the City.

Police and Fire Pension Account - One and six-tenths of a mill of the property tax has been set aside for the purpose of paying police and fire pensions. In accordance with state law, the funds are required to be placed in a separate account. Transfers are made to the General Operating Account to pay the cost of pensions.

Capital Improvements Account - The City's Charter provides that one-half mill of the property tax be used for the City's capital improvement program.

Self-Insured Loss Account - By ordinance, City Council has established this account in order to provide for a reserve to fund losses as a result of assuming the risk for general liabilities. Transfers are periodically made to the account from the General Operating Account.

Communication and Technology Account - By ordinance, City Council has established this account in order to provide for the maintenance and upgrade of the City's communication and technology equipment and software.

EMS Account – By ordinance, City Council has established this account in order to pay the cost of activities for emergency medical service supplies and capital needs for the Fire Division. The fees received are from insurance companies and Medicare for providing emergency medical services to the Community. The EMS account is shown as a special revenue fund in the budgetary statements but as a General Fund account in the GAAP statements.

Special Revenue Funds

Street Construction Maintenance and Repair Fund

The Ohio Revised Code Sections 4501.04 and 5735.27 requires this separate fund to account for receipts from the licensing of motor vehicles and receipts from fuel taxes. The funds are used for the construction, maintenance and repair of the City's streets. The budgetary Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget to Actual, is included in the Required Supplementary Information – Other Than MD&A, section of this report.

Capital Project Funds:

Bonded Improvement Fund

Sources of revenue are the proceeds of bonds and notes issued for the purpose of undertaking the construction and repair of capital facilities including infrastructure. Funds are used to pay the cost of the improvements.

Estate Tax Capital Projects Fund

Created by C.O. 137.12, this fund is used to account for estate tax revenues in excess of \$2.1 million for the purpose of capital needs.

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
General Operating Account
For the Fiscal Year Ended December 31, 2005

	General Operating Account			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Income tax	\$ 10,575,000	\$ 11,475,000	\$ 12,233,979	\$ 758,979
Property taxes	5,025,100	5,025,100	4,482,591	(542,509)
Intergovernmental	2,360,714	2,360,714	3,089,315	728,601
Estate Tax	2,100,000	3,300,000	3,716,704	416,704
Charges for services	600,000	600,000	550,126	(49,874)
Investment earnings	600,000	600,000	637,682	37,682
Fines and forfeits	350,000	350,000	410,341	60,341
Licenses and permits	764,000	764,000	865,780	101,780
Miscellaneous	535,500	650,000	699,211	49,211
Reimbursements	426,500	456,500	402,562	(53,938)
	<u>23,336,814</u>	<u>25,581,314</u>	<u>27,088,291</u>	<u>1,506,977</u>
EXPENDITURES:				
Current:				
Police				
Personal services	5,986,680	6,046,680	5,836,420	210,260
Other than personal services	229,700	235,233	209,550	25,683
Fire				
Personal services	6,433,856	6,690,856	6,507,216	183,640
Other than personal services	317,950	396,290	362,290	34,000
Board of Health				
Other than personal services	165,000	165,000	160,773	4,227
Parks and recreation				
Personal services	1,998,114	1,998,114	1,861,393	136,721
Other than personal services	849,455	847,895	657,418	190,477
Development				
Personal services	792,400	792,400	771,968	20,432
Other than personal services	119,350	133,060	103,785	29,275
Public Service Administration				
Personal services	845,368	844,551	731,053	113,498
Other than personal services	33,800	34,317	29,856	4,461
Streets Administration				
Personal services	314,141	314,141	249,440	64,701
Other than personal services	6,175	6,475	5,735	740
Fleet Maintenance				
Personal services	724,463	724,463	704,749	19,714
Other than personal services	247,500	247,500	237,694	9,806

(continued)

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
General Operating Account
(continued)

	Adopted Budget	Revised Budget	Actual	Variance
City Manager:				
Personal services	909,257	873,257	797,299	75,958
Other than personal services	196,535	202,535	189,115	13,420
City Attorney				
Personal services	516,274	516,274	510,185	6,089
Other than personal services	101,700	121,700	120,547	1,153
City Clerk:				
Personal services	321,989	321,989	259,701	62,288
Other than personal services	14,100	14,100	9,967	4,133
City Council:				
Personal services	55,512	55,512	55,186	326
Other than personal services	8,000	13,000	12,419	581
Clerk of Court				
Personal services	138,021	138,021	136,568	1,453
Other than personal services	153,400	153,400	119,127	34,273
Finance				
Personal services	741,101	738,601	711,094	27,507
Other than personal services	110,500	113,000	112,187	813
Facilities Maintenance				
Personal services	181,370	191,690	191,690	-
Other than personal services	775,375	794,555	789,306	5,249
Information Technology				
Personal services	367,349	307,349	293,525	13,824
Other than personal services	342,862	398,862	384,963	13,899
General Administration				
Personal services	150,000	160,000	155,320	4,680
Other than personal services	1,126,900	1,499,900	1,299,652	200,248
 Total expenditures	<u>25,274,197</u>	<u>26,090,720</u>	<u>24,577,191</u>	<u>1,513,529</u>
 Excess (deficiency) of revenues over expenditures	<u>(1,937,383)</u>	<u>(509,406)</u>	<u>2,511,100</u>	<u>3,020,506</u>

(continued)

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
General Operating Account
(continued)

OTHER FINANCING SOURCES (USES):

Proceeds from sale of capital assets	-	-	42,791	42,791
Operating transfers-in	1,574	27,438	27,438	-
Operating transfers-out	(2,447,559)	(6,399,119)	(6,217,478)	181,641
Interaccount transfers-in	2,208,148	2,208,148	2,101,696	(106,452)
Interaccount transfers-out	<u>(345,878)</u>	<u>(345,878)</u>	<u>(345,878)</u>	<u>-</u>
Total other financing sources (uses)	<u>(583,715)</u>	<u>(4,509,411)</u>	<u>(4,391,431)</u>	<u>117,980</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(2,521,098)	(5,018,817)	(1,880,331)	3,138,486
Fund balances at beginning of year	15,831,531	15,831,531	15,831,531	
Lapsed encumbrances	105,875	105,875	105,875	
Fund balances at end of year	<u>\$ 13,416,308</u>	<u>\$ 10,918,589</u>	<u>\$ 14,057,075</u>	<u>\$ 3,138,486</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Capital Asset Management Account
For the Fiscal Year Ended December 31, 2005

	Capital Asset Management Account			
	Adopted Budget	Revised Budget	Actual	Variance
<u>REVENUES:</u>				
Income tax	\$ 1,625,000	\$ 1,763,500	\$ 1,857,808	\$ 94,308
Total revenues	<u>1,625,000</u>	<u>1,763,500</u>	<u>1,857,808</u>	<u>94,308</u>
<u>EXPENDITURES:</u>				
Current:				
Finance				
Other than personal services	186,172	186,172	107,394	78,778
Total expenditures	<u>186,172</u>	<u>186,172</u>	<u>107,394</u>	<u>78,778</u>
Excess (deficiency) of revenues over expenditures	<u>1,438,828</u>	<u>1,577,328</u>	<u>1,750,414</u>	<u>173,086</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating transfers-out	(1,749,425)	(1,749,425)	(1,749,425)	-
Total other financing sources (uses)	<u>(1,749,425)</u>	<u>(1,749,425)</u>	<u>(1,749,425)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(310,597)	(172,097)	989	173,086
Fund balances at beginning of year	3,576,988	3,576,988	3,576,988	
Fund balances at end of year	<u>\$ 3,266,391</u>	<u>\$ 3,404,891</u>	<u>\$ 3,577,977</u>	<u>\$ 173,086</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Police and Fire Pension Account
For the Fiscal Year Ended December 31, 2005

	Police and Fire Pension Account			
	Adopted Budget	Revised Budget	Actual	Variance
<u>REVENUES:</u>				
Income tax	\$ 1,860,200	\$ 1,860,200	\$ 1,880,550	\$ 20,350
Property taxes	248,000	248,000	249,625	1,625
Total revenues	<u>2,108,200</u>	<u>2,108,200</u>	<u>2,130,175</u>	<u>21,975</u>
<u>EXPENDITURES:</u>				
Current:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,108,200</u>	<u>2,108,200</u>	<u>2,130,175</u>	<u>21,975</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Interaccount transfers-out	<u>(2,208,148)</u>	<u>(2,208,148)</u>	<u>(2,101,696)</u>	<u>106,452</u>
Total other financing sources (uses)	<u>(2,208,148)</u>	<u>(2,208,148)</u>	<u>(2,101,696)</u>	<u>106,452</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(99,948)	(99,948)	28,479	128,427
Fund balances at beginning of year	191,253	191,253	191,253	
Lapsed encumbrances	-	-	-	
Fund balances at end of year	<u>\$ 91,305</u>	<u>\$ 91,305</u>	<u>\$ 219,732</u>	<u>\$ 128,427</u>



CITY OF | **UPPER ARLINGTON**

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City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Capital Improvements Account
For the Fiscal Year Ended December 31, 2005

	Capital Improvements Account			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Property taxes	\$ 643,953	\$ 566,953	\$ 575,105	\$ 8,152
Intergovernmental	-	77,000	76,582	(418)
Miscellaneous	-	-	89,723	89,723
 Total revenues	 <u>643,953</u>	 <u>643,953</u>	 <u>741,410</u>	 <u>97,457</u>
EXPENDITURES:				
Current:				
Police				
Capital outlay	75,800	64,742	63,155	1,587
Fire				
Capital outlay	165,000	167,482	167,481	1
Parks and recreation				
Other than personal services	101,233	98,733	37,944	60,789
Capital Outlay	71,143	94,799	89,652	5,147
Development				
Capital Outlay	19,000	19,000	19,000	-
Public Service Administration				
Capital Outlay	35,000	35,241	35,241	-
Streets Administration				
Capital Outlay	163,000	179,814	179,287	527
Fleet Maintenance				
Capital Outlay	35,500	32,540	32,540	-
City Manager:				
Capital Outlay	30,439	30,439	25,699	4,740
Facilities Maintenance				
Capital Outlay	-	8,721	8,721	-
Information Technology				
Other than personal services	-	2,000	1,845	155
Capital outlay	80,000	66,271	29,727	36,544
General Administration				
Capital Outlay	-	20,088	-	20,088
Total expenditures	<u>776,115</u>	<u>819,870</u>	<u>690,292</u>	<u>129,578</u>
 Excess (deficiency) of revenues over expenditures	 <u>(132,162)</u>	 <u>(175,917)</u>	 <u>51,118</u>	 <u>227,035</u>

(continued)

City of Upper Arlington, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (NON-GAAP Budgetary Basis)
 General Operating Account
 (continued)

<u>OTHER FINANCING SOURCES (USES):</u>				
Interaccount transfers-in	<u>323,958</u>	<u>323,958</u>	<u>323,958</u>	<u>-</u>
Total other financing sources (uses)	<u>323,958</u>	<u>323,958</u>	<u>323,958</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	191,796	148,041	375,076	227,035
Fund balances at beginning of year	15,831,531	15,831,531	15,831,531	
Lapsed encumbrances	105,875	105,875	105,875	
Fund balances at end of year	<u>\$ 16,129,202</u>	<u>\$ 16,085,447</u>	<u>\$ 16,312,482</u>	<u>\$ 227,035</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Self-Insured Loss Account
For the Fiscal Year Ended December 31, 2005

	Self-Insured Loss Account			
	Adopted Budget	Revised Budget	Actual	Variance
<u>REVENUES:</u>				
Investment earnings	\$ 20,000	\$ 20,000	\$ 16,882	\$ (3,118)
Miscellaneous	-	-	63,091	63,091
 Total revenues	<u>20,000</u>	<u>20,000</u>	<u>79,973</u>	<u>59,973</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration				
Other than personal services	50,000	50,000	35,901	14,099
 Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>35,901</u>	<u>14,099</u>
 Excess (deficiency) of revenues over expenditures	<u>(30,000)</u>	<u>(30,000)</u>	<u>44,072</u>	<u>74,072</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(30,000)	(30,000)	44,072	74,072
 Fund balances at beginning of year	408,371	408,371	408,371	
 Fund balances at end of year	<u>\$ 378,371</u>	<u>\$ 378,371</u>	<u>\$ 452,443</u>	<u>\$ 74,072</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Communications and Technology Account
For the Fiscal Year Ended December 31, 2005

	Communications and Technology Account			
	Adopted Budget	Revised Budget	Actual	Variance
<u>REVENUES:</u>				
Miscellaneous	\$ 82,080	\$ 82,080	\$ 84,663	\$ 2,583
Total revenues	<u>82,080</u>	<u>82,080</u>	<u>84,663</u>	<u>2,583</u>
<u>EXPENDITURES:</u>				
Current:				
Information Technology				
Capital outlay	117,125	117,125	109,331	7,794
Total expenditures	<u>117,125</u>	<u>117,125</u>	<u>109,331</u>	<u>7,794</u>
Excess (deficiency) of revenues over expenditures	<u>(35,045)</u>	<u>(35,045)</u>	<u>(24,668)</u>	<u>10,377</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Interaccount transfers-in	21,920	21,920	21,920	-
Total other financing sources (uses)	<u>21,920</u>	<u>21,920</u>	<u>21,920</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(13,125)	(13,125)	(2,748)	10,377
Fund balances at beginning of year	49,373	49,373	49,373	
Lapsed encumbrances	-	-	-	
Fund balances at end of year	<u>\$ 36,248</u>	<u>\$ 36,248</u>	<u>\$ 46,625</u>	<u>\$ 10,377</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Total General Fund Accounts
For the Fiscal Year Ended December 31, 2005

	Total General Fund Accounts			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Income tax	\$ 12,200,000	\$ 13,238,500	\$ 14,091,787	\$ 853,287
Property taxes	7,529,253	7,452,253	6,938,246	(514,007)
Intergovernmental	2,608,714	2,685,714	3,415,522	729,808
Estate Tax	2,100,000	3,300,000	3,716,704	416,704
Charges for services	600,000	600,000	550,126	(49,874)
Investment earnings	620,000	620,000	654,564	34,564
Fines and forfeits	350,000	350,000	410,341	60,341
Licenses and permits	764,000	764,000	865,780	101,780
Miscellaneous	617,580	732,080	873,597	141,517
Reimbursements	426,500	456,500	465,653	9,153
Total revenues	<u>27,816,047</u>	<u>30,199,047</u>	<u>31,982,320</u>	<u>1,783,273</u>
EXPENDITURES:				
Current:				
Police				
Personal services	5,986,680	6,046,680	5,836,420	210,260
Other than personal services	229,700	235,233	209,550	25,683
Capital outlay	75,800	64,742	63,155	1,587
Fire				
Personal services	6,433,856	6,690,856	6,507,216	183,640
Other than personal services	317,950	396,290	362,290	34,000
Capital outlay	165,000	167,482	167,481	1
Board of Health				
Other than personal services	165,000	165,000	160,773	4,227
Parks and recreation				
Personal services	1,998,114	1,998,114	1,861,393	136,721
Other than personal services	950,688	946,628	695,362	251,266
Capital outlay	71,143	94,799	89,652	5,147
Development				
Personal services	792,400	792,400	771,968	20,432
Other than personal services	119,350	133,060	103,785	29,275
Capital outlay	19,000	19,000	19,000	-
Public Service Administration				
Personal services	845,368	844,551	731,053	113,498
Other than personal services	33,800	34,317	29,856	4,461
Capital outlay	35,000	35,241	35,241	-
Streets Administration				
Personal services	314,141	314,141	249,440	64,701
Other than personal services	6,175	6,475	5,735	740
Capital outlay	163,000	179,814	179,287	527
Fleet Maintenance				
Personal services	724,463	724,463	704,749	19,714
Other than personal services	247,500	247,500	237,694	9,806
Capital outlay	35,500	32,540	32,540	-

(continued)

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Total General Fund Accounts
(continued)

	Adopted Budget	Revised Budget	Actual	Variance
City Manager:				
Personal services	909,257	873,257	797,299	75,958
Other than personal services	196,535	202,535	189,115	13,420
Capital outlay	30,439	30,439	25,699	4,740
City Attorney				
Personal services	516,274	516,274	510,185	6,089
Other than personal services	101,700	121,700	120,547	1,153
City Clerk:				
Personal services	321,989	321,989	259,701	62,288
Other than personal services	14,100	14,100	9,967	4,133
City Council:				
Personal services	55,512	55,512	55,186	326
Other than personal services	8,000	13,000	12,419	581
Clerk of Court				
Personal services	138,021	138,021	136,568	1,453
Other than personal services	153,400	153,400	119,127	34,273
Finance				
Personal services	741,101	738,601	711,094	27,507
Other than personal services	296,672	299,172	219,581	79,591
Facilities Maintenance				
Personal services	181,370	191,690	191,690	-
Other than personal services	775,375	794,555	789,306	5,249
Capital outlay	-	8,721	8,721	-
Information Technology				
Personal services	367,349	307,349	293,525	13,824
Other than personal services	342,862	400,862	386,808	14,054
Capital outlay	197,125	183,396	139,058	44,338
General Administration				
Personal services	150,000	160,000	155,320	4,680
Other than personal services	1,176,900	1,549,900	1,335,553	214,347
Capital outlay	-	20,088	-	20,088
 Total expenditures	<u>26,403,609</u>	<u>27,263,887</u>	<u>25,520,109</u>	<u>1,743,778</u>
 Excess (deficiency) of revenues over expenditures	<u>1,412,438</u>	<u>2,935,160</u>	<u>6,462,211</u>	<u>3,527,051</u>

(continued)

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Total General Fund Accounts
(continued)

OTHER FINANCING SOURCES (USES):

Proceeds from sale of capital assets	-	-	42,791	42,791
Operating transfers-in	1,574	27,438	27,438	-
Operating transfers-out	(4,196,984)	(8,148,544)	(7,966,903)	181,641
Interaccount transfers-in	2,554,026	2,554,026	2,447,574	(106,452)
Interaccount transfers-out	(2,554,026)	(2,554,026)	(2,447,574)	106,452
Total other financing sources (uses)	<u>(4,195,410)</u>	<u>(8,121,106)</u>	<u>(7,896,674)</u>	<u>224,432</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(2,782,972)	(5,185,946)	(1,434,463)	3,751,483
Fund balances at beginning of year	20,839,967	20,839,967	20,839,967	
Lapsed encumbrances	120,553	120,553	120,553	
Fund balances at end of year	<u>\$ 18,177,548</u>	<u>\$ 15,774,574</u>	<u>\$ 19,526,057</u>	<u>\$ 3,751,483</u>



CITY OF | **UPPER ARLINGTON**

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City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Bonded Improvement Fund
For the Fiscal Year Ended December 31, 2005

	Bonded Improvement Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Investment earnings	\$ 150,000	\$ 150,000	\$ 145,590	\$ (4,410)
Miscellaneous	-	-	10,352	10,352
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>155,942</u>	<u>5,942</u>
EXPENDITURES:				
Current:				
Streets				
Capital	2,781,000	2,781,000	1,163,880	1,617,120
Facilities Maintenance				
Capital	200,000	200,000	81,663	118,337
Total expenditures	<u>2,981,000</u>	<u>2,981,000</u>	<u>1,245,543</u>	<u>1,735,457</u>
Excess (deficiency) of revenues over expenditures	<u>(2,831,000)</u>	<u>(2,831,000)</u>	<u>(1,089,601)</u>	<u>1,741,399</u>
OTHER FINANCING SOURCES (USES):				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(2,831,000)	(2,831,000)	(1,089,601)	1,741,399
Fund balances at beginning of year	2,862,568	2,862,568	2,862,568	-
Lapsed encumbrances	1,099,153	1,099,153	1,099,153	-
Fund balances at end of year	<u>\$ 1,130,721</u>	<u>\$ 1,130,721</u>	<u>\$ 2,872,120</u>	<u>\$ 1,741,399</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Estate Tax Capital Projects Fund
For the Fiscal Year Ended December 31, 2005

	Estate Tax Capital Projects Fund			
	Adopted Budget	Revised Budget	Actual	Variance
<u>REVENUES:</u>				
Investment earnings	\$ 250,000	\$ 250,000	\$ 331,551	\$ 81,551
Miscellaneous	-	-	346	346
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>331,897</u>	<u>81,897</u>
<u>EXPENDITURES:</u>				
Current:				
Parks and recreation				
Other than personal services	-	41,070	41,066	4
Capital	-	17,600	17,600	-
Public Service				
Capital	698,586	1,424,330	1,211,765	212,565
Total expenditures	<u>698,586</u>	<u>1,483,000</u>	<u>1,270,431</u>	<u>212,569</u>
Excess (deficiency) of revenues over expenditures	<u>(448,586)</u>	<u>(1,233,000)</u>	<u>(938,534)</u>	<u>294,466</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating transfers-in	-	1,616,704	1,616,704	-
Total other financing sources (uses)	<u>-</u>	<u>1,616,704</u>	<u>1,616,704</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(448,586)</u>	<u>383,704</u>	<u>678,170</u>	<u>294,466</u>
Fund balances at beginning of year	7,814,279	7,814,279	7,814,279	-
Lapsed encumbrances	554,569	554,569	554,569	-
Fund balances at end of year	<u><u>\$ 7,920,262</u></u>	<u><u>\$ 8,752,552</u></u>	<u><u>\$ 9,047,018</u></u>	<u><u>\$ 294,466</u></u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

Law Enforcement Fund

Established pursuant to Ohio Revised Section 2933.43, the fund accounts for the deposit of moneys received from the seizure of tangible property relinquished in accordance with the Contraband Seizure Forfeiture Act. Funds are used solely for law enforcement purposes.

Enforcement Education Fund

Established in 1995 pursuant to C.O. Section 225.03, the revenue of this Fund derived from Operating a Motor Vehicle While Intoxicated (OMVI) convictions, is used to pay the costs incurred in both enforcing and informing the public of the laws governing operation of a motor vehicle while under the influence of alcohol.

Civil Service Fund

Established in 1995 pursuant to C.O. Section 225.04 and funded by the General Fund, this fund pays the expenses associated with the Civil Service Commission and the cost of tests that are required for promotional examinations.

Board of Health Fund

Established in 1995, this Fund is used to pay the cost of activities provided by the Board of Health. The Board is independent of the City. Funds are transferred from the General Fund. The money is used to pay the contract with the Franklin County Board of Health who provides general health services to the City. Also funded are Board of Health recommendations of other supporting community health agencies. The fund was abolished in 2005 and its activities and accounting transferred to the General Fund.

Tax Incentive Review Fund

Created by C.O. 225.07, the fund receives required fees and pays administrative expenses associated with tax incentive agreements.

Tree Planting Fund

Established pursuant to C.O. Section 158.05 to receive money given to the Tree Commission, the fund's expenditures are to be made for the furtherance of tree planting and care and related arboricultural activities, subject to appropriations made by City Council.

Life Long Learning and Leisure Fund

The Life Long Learning and Leisure Fund created by C.O. Section 225.02, accounts for the operations of continuing education classes.

Mayor's Court Computer Fund

Established in 1995 pursuant to C.O. Section 171.05, the Mayor's Court collects a \$3.00 fee on each case. Revenues are to be used to pay the cost of computerization of the Mayor's Court and for computerized legal research services.

Special Revenue Funds, continued

Clerk of Court Fund

Enacted by C.O. 171.06, the Clerk of Courts Fund was created to account for fees established by the Rules of Court. The revenue is to be used to pay the cost of computerization of the Clerk of Courts' office. The current fee is \$3.00.

Neighborhood Lighting Fund

The fund receives and accounts for yearly fees and maintenance activities of neighborhood lights.

Community Improvement Corporation (CIC)

The Community Improvement Corporation is a blended component unit included within the City's financial statements. The CIC is a separate 501(c)6 established to support the City's economic development efforts. The City does not adopt a formal budget for this fund.

Economic Development Venture Fund

Established by C.O. 225.06 the fund commenced in January 1999 to stimulate investment in Upper Arlington by providing incentives and maintaining an attractive economic climate for business and expansion and new business recruitment.

Emergency Medical Services Fund

EMS Account – **See Fund description on General Fund Account description page.** The EMS account is shown as a special revenue fund in the budgetary statements but as a General Fund account in the GAAP statements.

Debt Service Fund

General Obligation Bond Retirement Fund

The fund receives property taxes and other receipts for the retirement of debt issued by the City. The funds are used for the payment of interest and principal on outstanding debt.

Capital Project Funds:

Infrastructure Improvement Fund

Created by C.O. 137.10, the Infrastructure Improvement Fund was created to account for a seven-year capital project program. The General Fund provides an annual fund transfer to fund the program.

Tax Increment Financing (TIF) Districts

The City, pursuant to the Ohio Revised Code and City ordinances, has established two TIFs. A TIF represents a geographic area wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owner of such property, however, must pay amounts equal to the property taxes, known as "service fees," as though the TIF had not been established. These "service fees" will then repay the City for capital outlay expenditures relating to public improvements within or adjacent to the TIF area. Property values existing before the commencement date of a TIF continue to be subjected to property taxes. The City has created capital project funds to account for two TIFs: the Chelsea TIF Fund and the Horizon TIF Fund. Construction in the TIFs was substantially completed during 2005.

City of Upper Arlington, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	<u>Law Enforcement</u>	<u>Enforcement Education</u>	<u>Civil Service</u>	<u>Board of Health</u>
ASSETS				
Cash, cash equivalents and investments	\$ 171,949	\$ 14,327	\$ 11,237	\$ -
Receivables (net of allowance for uncollectibles)	1,623			
Total assets	<u>\$ 173,572</u>	<u>\$ 14,327</u>	<u>\$ 11,237</u>	<u>\$ -</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable			\$ 500	
Unearned revenue				
Accrued liabilities				
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>500</u>	<u>\$ -</u>
 Fund balances:				
Reserved for:				
Encumbrances	4,925			
Unreserved, reported in:				
Special revenue funds	168,647	14,327	10,737	
Capital project funds				
Debt service funds				
Total fund balances	<u>173,572</u>	<u>14,327</u>	<u>10,737</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 173,572</u>	<u>\$ 14,327</u>	<u>\$ 11,237</u>	<u>\$ -</u>

Tax Incentive	Tree Planting	Life Long Learning & Leisure	Mayor's Court	Clerk of Court
\$ 11,856	\$ 2,036	\$ 28,673	\$ 67,151	\$ 53,277
<u>\$ 11,856</u>	<u>\$ 2,036</u>	<u>\$ 28,673</u>	<u>\$ 67,151</u>	<u>\$ 53,277</u>
		\$ 7,796		\$ 7
		2,449		
<u>\$ -</u>	<u>\$ -</u>	<u>10,245</u>	<u>\$ -</u>	<u>7</u>
		6,481		
11,856	2,036	11,947	67,151	53,270
<u>11,856</u>	<u>2,036</u>	<u>18,428</u>	<u>67,151</u>	<u>53,270</u>
<u>\$ 11,856</u>	<u>\$ 2,036</u>	<u>\$ 28,673</u>	<u>\$ 67,151</u>	<u>\$ 53,277</u>

(continued)

City of Upper Arlington, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Neighborhood Lighting	Community Improvement Corp	Economic Development	Total Special Revenue
ASSETS				
Cash, cash equivalents and investments	\$ 305,765	\$ 8,006	\$ 605,534	\$ 1,279,811
Receivables (net of allowance for uncollectibles)	2,887			4,510
Total assets	<u>\$ 308,652</u>	<u>\$ 8,006</u>	<u>\$ 605,534</u>	<u>\$ 1,284,321</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,202			\$ 10,505
Unearned revenue				
Accrued liabilities				2,449
Total liabilities	<u>2,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>12,954</u>
Fund balances:				
Reserved for:				
Encumbrances			331,653	343,059
Unreserved, reported in:				
Special revenue funds	306,450	8,006	273,881	928,308
Capital project funds				
Debt service funds				
Total fund balances	<u>306,450</u>	<u>8,006</u>	<u>605,534</u>	<u>1,271,367</u>
Total liabilities and fund balances	<u>\$ 308,652</u>	<u>\$ 8,006</u>	<u>\$ 605,534</u>	<u>\$ 1,284,321</u>

Debt Service	Capital Projects Infrastructure	Capital Projects Chelsea TIF	Capital Projects Horizon TIF	Total Nonmajor Governmental Funds
\$ 937,229	\$ 2,243,428	\$ 23,170	\$ 152,021	\$ 4,635,659
884,284				888,794
<u>\$ 1,821,513</u>	<u>\$ 2,243,428</u>	<u>\$ 23,170</u>	<u>\$ 152,021</u>	<u>\$ 5,524,453</u>
\$ 835,592	\$ 25,467		\$ 93,877	\$ 129,849
				835,592
				2,449
<u>835,592</u>	<u>25,467</u>	<u>\$ -</u>	<u>93,877</u>	<u>967,890</u>
	131,758		24,671	499,488
				928,308
	2,086,203	23,170	33,473	2,142,846
985,921				985,921
<u>985,921</u>	<u>2,217,961</u>	<u>23,170</u>	<u>58,144</u>	<u>4,556,563</u>
<u>\$ 1,821,513</u>	<u>\$ 2,243,428</u>	<u>\$ 23,170</u>	<u>\$ 152,021</u>	<u>\$ 5,524,453</u>

City of Upper Arlington, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	<u>Law Enforcement</u>	<u>Enforcement Education</u>	<u>Civil Service</u>	<u>Board of Health</u>
REVENUES				
Taxes:				
Property				
Intergovernmental	\$ 8,146			
Charges for services				
Fines and forfeits		\$ 3,955		
Investment earnings	6,175			
Net decrease) in FV of investments	(1,985)			
Miscellaneous	41,490			
Total revenues	<u>53,826</u>	<u>3,955</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
Public Safety		258		
General Government			\$ 22,955	
Public Services				
Parks and Recreation				
Debt service:				
Principal				
Interest				
Capital outlay:				
Capital outlay	49,645			
Total expenditures	<u>49,645</u>	<u>258</u>	<u>22,955</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	4,181	3,697	(22,955)	-
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				\$ (7,438)
Proceeds from sale of capital assets	67,041			
Total other financing sources and uses	<u>67,041</u>	<u>-</u>	<u>-</u>	<u>(7,438)</u>
Net change in fund balances	71,222	3,697	(22,955)	(7,438)
Fund balances -- January 1	102,350	10,630	33,692	7,438
Fund balances -- December 31	<u>\$ 173,572</u>	<u>\$ 14,327</u>	<u>\$ 10,737</u>	<u>\$ -</u>

<u>Tax Incentive</u>	<u>Tree Planting</u>	<u>Life Long Learning & Leisure</u>	<u>Mayor's Court</u>	<u>Clerk of Court</u>
	\$ 2,515	\$ 303,987	\$ 12,472	\$ 12,472
\$ 3,562	1,050	12,256		
<u>3,562</u>	<u>3,565</u>	<u>316,243</u>	<u>12,472</u>	<u>12,472</u>
			11,083	5,337
	10,845	327,666		
<u>-</u>	<u>10,845</u>	<u>327,666</u>	<u>11,083</u>	<u>5,337</u>
3,562	(7,280)	(11,423)	1,389	7,135
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,562	(7,280)	(11,423)	1,389	7,135
8,294	9,316	29,851	65,762	46,135
<u>\$ 11,856</u>	<u>\$ 2,036</u>	<u>\$ 18,428</u>	<u>\$ 67,151</u>	<u>\$ 53,270</u>

(continued)

City of Upper Arlington, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	<u>Neighborhood Lighting</u>	<u>Community Improvement Corp</u>	<u>Economic Development</u>	<u>Total Nonmajor Special Revenue</u>
REVENUES				
Taxes:				
Property				
Intergovernmental				\$ 8,146
Charges for services	\$ 60,378			366,880
Fines and forfeits				28,899
Investment earnings	14,652	\$ 137		20,964
Net decrease in FV of investments	(3,529)			(5,514)
Miscellaneous	4,785			63,143
Total revenues	76,286	137	-	482,518
EXPENDITURES				
Current:				
Public Safety				16,678
General Government		7,216		30,171
Public Services	28,350			28,350
Parks and Recreation				338,511
Debt service:				
Principal				
Interest				
Capital outlay:				
Capital outlay			\$ 465,013	514,658
Total expenditures	28,350	7,216	465,013	928,368
Excess (deficiency) of revenues over (under) expenditures	47,936	(7,079)	(465,013)	(445,850)
OTHER FINANCING SOURCES (USES)				
Transfers in			757,218	757,218
Transfers out				(7,438)
Proceeds from sale of capital assets				67,041
Total other financing sources and uses	-	-	757,218	816,821
Net change in fund balances	47,936	(7,079)	292,205	370,971
Fund balances -- January 1	258,514	15,085	313,329	900,396
Fund balances -- December 31	\$ 306,450	\$ 8,006	\$ 605,534	\$ 1,271,367

<u>Debt Service</u>	<u>Capital Projects Infrastructure</u>	<u>Capital Projects Chelsea TIF</u>	<u>Capital Projects Horizon TIF</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 852,703				\$ 852,703
137,311	\$ 20,000			165,457
				366,880
				28,899
				20,964
				(5,514)
				63,143
<u>990,014</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>1,492,532</u>
				16,678
				30,171
				28,350
				338,511
1,626,034				1,626,034
1,008,065				1,008,065
	2,045,507	\$ 851,163	\$ 310,305	3,721,633
<u>2,634,099</u>	<u>2,045,507</u>	<u>851,163</u>	<u>310,305</u>	<u>6,769,442</u>
(1,644,085)	(2,025,507)	(851,163)	(310,305)	(5,276,910)
1,749,425	2,350,000	900,000	600,000	6,356,643
(45,850)		(25,667)	(231,551)	(310,506)
				67,041
<u>1,703,575</u>	<u>2,350,000</u>	<u>874,333</u>	<u>368,449</u>	<u>6,113,178</u>
59,490	324,493	23,170	58,144	836,268
926,431	1,893,468			3,720,295
<u>\$ 985,921</u>	<u>\$ 2,217,961</u>	<u>\$ 23,170</u>	<u>\$ 58,144</u>	<u>\$ 4,556,563</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Law Enforcement Fund
For the Fiscal Year Ended December 31, 2005

	Law Enforcement Fund			
	Adopted Budget	Revised Budget	Actual	Variance
<u>REVENUES:</u>				
Investment earnings	\$ 780	\$ 780	\$ 4,683	\$ 3,903
Miscellaneous	-	-	49,636	49,636
Total revenues	<u>780</u>	<u>780</u>	<u>54,319</u>	<u>53,539</u>
<u>EXPENDITURES:</u>				
Current:				
Police				
Other than personal services	23,710	28,442	13,402	15,040
Capital	30,500	31,318	31,318	-
Total expenditures	<u>54,210</u>	<u>59,760</u>	<u>44,720</u>	<u>15,040</u>
Excess (deficiency) of revenues over expenditures	<u>(53,430)</u>	<u>(58,980)</u>	9,599	<u>68,579</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Proceeds from sale of capital assets	25,000	25,000	67,041	42,041
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>67,041</u>	<u>42,041</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(28,430)	(33,980)	76,640	110,620
Fund balances at beginning of year	97,294	97,294	97,294	-
Fund balances at end of year	<u>\$ 68,864</u>	<u>\$ 63,314</u>	<u>\$ 173,934</u>	<u>\$ 110,620</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Enforcement Education Fund
For the Fiscal Year Ended December 31, 2005

	Enforcement Education Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Fines and forfeits	\$ 2,800	\$ 2,800	\$ 3,955	\$ 1,155
Total revenues	<u>2,800</u>	<u>2,800</u>	<u>3,955</u>	<u>1,155</u>
EXPENDITURES:				
Current:				
Police				
Other than personal services	2,800	2,800	258	2,542
Total expenditures	<u>2,800</u>	<u>2,800</u>	<u>258</u>	<u>2,542</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>3,697</u>	<u>3,697</u>
OTHER FINANCING SOURCES (USES):				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>3,697</u>	<u>3,697</u>
Fund balances at beginning of year	10,630	10,630	10,630	-
Fund balances at end of year	<u>\$ 10,630</u>	<u>\$ 10,630</u>	<u>\$ 14,327</u>	<u>\$ 3,697</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Civil Service Fund
For the Fiscal Year Ended December 31, 2005

	Civil Service Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
City Manager:				
Other than personal services	20,000	25,000	22,955	2,045
Total expenditures	20,000	25,000	22,955	2,045
Excess (deficiency) of revenues over expenditures	(20,000)	(25,000)	(22,955)	2,045
OTHER FINANCING SOURCES (USES):				
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(20,000)	(25,000)	(22,955)	2,045
Fund balances at beginning of year	33,692	33,692	33,692	-
Fund balances at end of year	<u>\$ 13,692</u>	<u>\$ 8,692</u>	<u>\$ 10,737</u>	<u>\$ 2,045</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Board of Health Fund
For the Fiscal Year Ended December 31, 2005

	Board of Health Fund			
	Adopted Budget	Revised Budget	Actual	Variance
<u>REVENUES:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES:</u>				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating transfers-out	(1,574)	(7,438)	(7,438)	-
Total other financing sources (uses)	(1,574)	(7,438)	(7,438)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(1,574)	(7,438)	(7,438)	-
Fund balances at beginning of year	7,438	7,438	7,438	-
Fund balances at end of year	\$ 5,864	\$ -	\$ -	\$ -

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Tax Incentive Review Fund
For the Fiscal Year Ended December 31, 2005

	Tax Incentive Review Fund			
	Adopted Budget	Revised Budget	Actual	Variance
<u>REVENUES:</u>				
Miscellaneous	\$ 2,500	\$ 2,500	\$ 3,562	\$ 1,062
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>3,562</u>	<u>1,062</u>
<u>EXPENDITURES:</u>				
Current:				
Finance				
Personal services	2,500	2,500	-	2,500
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>3,562</u>	<u>3,562</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	-	3,562	3,562
Fund balances at beginning of year	8,294	8,294	8,294	-
Fund balances at end of year	<u>\$ 8,294</u>	<u>\$ 8,294</u>	<u>\$ 11,856</u>	<u>\$ 3,562</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Tree Planting Fund
For the Fiscal Year Ended December 31, 2005

	Tree Planting Fund			
	Adopted Budget	Revised Budget	Actual	Variance
<u>REVENUES:</u>				
Charges for services	\$ 3,500	\$ 3,500	\$ 2,515	\$ (985)
Miscellaneous	-	-	1,050	1,050
Total revenues	3,500	3,500	3,565	65
 <u>EXPENDITURES:</u>				
Current:				
Parks and recreation				
Other than personal services	3,500	10,845	10,845	-
Total expenditures	3,500	10,845	10,845	-
Excess (deficiency) of revenues over expenditures	-	(7,345)	(7,280)	65
<u>OTHER FINANCING SOURCES (USES):</u>				
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	(7,345)	(7,280)	65
Fund balances at beginning of year	9,315	9,315	9,315	-
Fund balances at end of year	\$ 9,315	\$ 1,970	\$ 2,035	\$ 65

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Life Long Learning and Leisure Fund
For the Fiscal Year Ended December 31, 2005

	Life Long Learning and Leisure Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Charges for services	\$ 425,000	\$ 425,000	\$ 303,987	\$ (121,013)
Reimbursements	-	-	12,255	12,255
Total revenues	<u>425,000</u>	<u>425,000</u>	<u>316,242</u>	<u>(108,758)</u>
EXPENDITURES:				
Current:				
Parks and recreation				
Personal services	171,817	171,817	126,344	45,473
Other than personal services	252,590	252,590	206,142	46,448
Total expenditures	<u>424,407</u>	<u>424,407</u>	<u>332,486</u>	<u>91,921</u>
Excess (deficiency) of revenues over expenditures	<u>593</u>	<u>593</u>	<u>(16,244)</u>	<u>(16,837)</u>
OTHER FINANCING SOURCES (USES):				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	593	593	(16,244)	(16,837)
Fund balances at beginning of year	31,254	31,254	31,254	-
Lapsed encumbrances	6,643	6,643	6,643	-
Fund balances at end of year	<u>\$ 38,490</u>	<u>\$ 38,490</u>	<u>\$ 21,653</u>	<u>\$ (16,837)</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Mayor's Court Computer Fund
For the Fiscal Year Ended December 31, 2005

	Mayor's Court Computer Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Fines and forfeits	\$ 12,000	\$ 12,000	\$ 12,472	\$ 472
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>12,472</u>	<u>472</u>
EXPENDITURES:				
Current:				
Clerk of Court				
Personal services	10,000	10,000	2,750	7,250
Other than personal services	10,000	10,000	8,333	1,667
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>11,083</u>	<u>8,917</u>
Excess (deficiency) of revenues over expenditures	<u>(8,000)</u>	<u>(8,000)</u>	<u>1,389</u>	<u>9,389</u>
OTHER FINANCING SOURCES (USES):				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(8,000)	(8,000)	1,389	9,389
Fund balances at beginning of year	65,762	65,762	65,762	-
Fund balances at end of year	<u>\$ 57,762</u>	<u>\$ 57,762</u>	<u>\$ 67,151</u>	<u>\$ 9,389</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Clerk of Courts Fund
For the Fiscal Year Ended December 31, 2005

	Clerk of Courts Fund			
	Adopted Budget	Revised Budget	Actual	Variance
<u>REVENUES:</u>				
Fines and forfeits	\$ 12,500	\$ 12,500	\$ 12,472	\$ (28)
Total revenues	<u>12,500</u>	<u>12,500</u>	<u>12,472</u>	<u>(28)</u>
<u>EXPENDITURES:</u>				
Current:				
Clerk of Court				
Other than personal services	8,000	8,000	5,420	2,580
Total expenditures	<u>8,000</u>	<u>8,000</u>	<u>5,420</u>	<u>2,580</u>
Excess (deficiency) of revenues over expenditures	<u>4,500</u>	<u>4,500</u>	<u>7,052</u>	<u>2,552</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	4,500	4,500	7,052	2,552
Fund balances at beginning of year	46,225	46,225	46,225	-
Fund balances at end of year	<u>\$ 50,725</u>	<u>\$ 50,725</u>	<u>\$ 53,277</u>	<u>\$ 2,552</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Neighborhood Lighting Fund
For the Fiscal Year Ended December 31, 2005

	Neighborhood Lighting Fund			
	Adopted Budget	Revised Budget	Actual	Variance
<u>REVENUES:</u>				
Charges for services	\$ 60,000	\$ 60,000	\$ 60,690	\$ 690
Investment earnings	7,000	7,000	12,096	5,096
Miscellaneous	-	-	1,980	1,980
Reimbursements	-	-	2,805	2,805
Total revenues	<u>67,000</u>	<u>67,000</u>	<u>77,571</u>	<u>10,571</u>
<u>EXPENDITURES:</u>				
Current:				
Public Service Administration				
Other than personal services	<u>50,000</u>	<u>50,000</u>	<u>27,921</u>	<u>22,079</u>
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>27,921</u>	<u>22,079</u>
Excess (deficiency) of revenues over expenditures	<u>17,000</u>	<u>17,000</u>	<u>49,650</u>	<u>32,650</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	17,000	17,000	49,650	32,650
Fund balances at beginning of year	258,617	258,617	258,617	-
Fund balances at end of year	<u>\$ 275,617</u>	<u>\$ 275,617</u>	<u>\$ 308,267</u>	<u>\$ 32,650</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Economic Development Venture Fund
For the Fiscal Year Ended December 31, 2005

	Economic Development Venture Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Reimbursements	\$ -	\$ -	\$ 231,551	\$ 231,551
Total revenues	<u>-</u>	<u>-</u>	<u>231,551</u>	<u>231,551</u>
EXPENDITURES:				
Current:				
City Manager:				
Other than personal services	<u>500,000</u>	<u>500,000</u>	<u>369,073</u>	<u>130,927</u>
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>369,073</u>	<u>130,927</u>
Excess (deficiency) of revenues over expenditures	<u>(500,000)</u>	<u>(500,000)</u>	<u>(137,522)</u>	<u>362,478</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers-in	<u>500,000</u>	<u>500,000</u>	<u>525,667</u>	<u>25,667</u>
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>525,667</u>	<u>25,667</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	-	388,145	388,145
Fund balances at beginning of year	131,676	131,676	131,676	-
Lapsed encumbrances	16,427	16,427	16,427	-
Fund balances at end of year	<u>\$ 148,103</u>	<u>\$ 148,103</u>	<u>\$ 536,248</u>	<u>\$ 388,145</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Emergency Medical Services Fund
For the Fiscal Year Ended December 31, 2005

	Emergency Medical Services Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Charges for services	\$ 400,000	\$ 600,000	\$ 679,016	\$ 79,016
Total revenues	<u>400,000</u>	<u>600,000</u>	<u>679,016</u>	<u>79,016</u>
EXPENDITURES:				
Current:				
Fire				
Other than personal services	82,750	146,750	132,592	14,158
Capital	79,300	53,300	29,963	23,337
Total expenditures	<u>162,050</u>	<u>200,050</u>	<u>162,555</u>	<u>37,495</u>
Excess (deficiency) of revenues over expenditures	<u>237,950</u>	<u>399,950</u>	<u>516,461</u>	<u>116,511</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers-out	-	(20,000)	(20,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	237,950	379,950	496,461	116,511
Fund balances at beginning of year	134,505	134,505	134,505	-
Fund balances at end of year	<u>\$ 372,455</u>	<u>\$ 514,455</u>	<u>\$ 630,966</u>	<u>\$ 116,511</u>

City of Upper Arlington, Ohio
Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Debt Service Fund
For the Fiscal Year Ended December 31, 2005

	Debt Service Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Property taxes	\$ 949,913	\$ 949,913	\$ 893,005	\$ (56,908)
Intergovernmental	-	-	99,557	99,557
Total revenues	<u>949,913</u>	<u>949,913</u>	<u>992,562</u>	<u>42,649</u>
EXPENDITURES:				
Current:				
Finance				
Other than personal services	<u>7,145,070</u>	<u>7,145,070</u>	<u>7,145,070</u>	-
Total expenditures	<u>7,145,070</u>	<u>7,145,070</u>	<u>7,145,070</u>	-
Excess (deficiency) of revenues over expenditures	<u>(6,195,157)</u>	<u>(6,195,157)</u>	<u>(6,152,508)</u>	<u>42,649</u>
OTHER FINANCING SOURCES (USES):				
Issuance of notes	3,972,000	3,972,000	3,991,388	19,388
Operating transfers-in	<u>2,223,157</u>	<u>2,223,157</u>	<u>2,223,157</u>	-
Total other financing sources (uses)	<u>6,195,157</u>	<u>6,195,157</u>	<u>6,214,545</u>	<u>19,388</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	-	62,037	62,037
Fund balances at beginning of year	875,192	875,192	875,192	-
Fund balances at end of year	<u>\$ 875,192</u>	<u>\$ 875,192</u>	<u>\$ 937,229</u>	<u>\$ 62,037</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Infrastructure Improvement Fund
For the Fiscal Year Ended December 31, 2005

	Infrastructure Improvement Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Miscellaneous	\$ 100,000	\$ 20,000	\$ 20,000	\$ -
Reimbursements	-	824,000	824,000	-
Total revenues	<u>100,000</u>	<u>844,000</u>	<u>844,000</u>	<u>-</u>
EXPENDITURES:				
Current:				
Parks and recreation				
Other than personal services	50,000	50,000	27,759	22,241
Capital	850,000	2,485,000	1,813,618	671,382
Public Service				
Capital	325,000	925,000	39,262	885,738
Total expenditures	<u>1,225,000</u>	<u>3,460,000</u>	<u>1,880,639</u>	<u>1,579,361</u>
Excess (deficiency) of revenues over expenditures	<u>(1,125,000)</u>	<u>(2,616,000)</u>	<u>(1,036,639)</u>	<u>1,579,361</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers-in	750,000	2,350,000	2,350,000	-
Total other financing sources (uses)	<u>750,000</u>	<u>2,350,000</u>	<u>2,350,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(375,000)	(266,000)	1,313,361	1,579,361
Fund balances at beginning of year	756,616	756,616	756,616	-
Lapsed encumbrances	26,401	26,401	26,401	-
Fund balances at end of year	<u>\$ 408,017</u>	<u>\$ 517,017</u>	<u>\$ 2,096,378</u>	<u>\$ 1,579,361</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Chelsea Tax Increment Equivalent Fund
For the Fiscal Year Ended December 31, 2005

	Chelsea Tax Increment Equivalent Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
City Manager:				
Capital	900,000	874,332	851,163	23,169
Total expenditures	900,000	874,332	851,163	23,169
Excess (deficiency) of revenues over expenditures	(900,000)	(874,332)	(851,163)	23,169
OTHER FINANCING SOURCES (USES):				
Operating transfers-in	900,000	900,000	900,000	-
Operating transfers-out	-	(25,668)	(25,668)	-
Total other financing sources (uses)	900,000	874,332	874,332	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	-	23,169	23,169
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ 23,169	\$ 23,169

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Horizon Tax Incentive Fund
For the Fiscal Year Ended December 31, 2005

	Horizon Tax Incentive Fund			
	Adopted Budget	Revised Budget	Actual	Variance
<u>REVENUES:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES:</u>				
Current:				
City Manager:				
Other than personal services		5,100	5,090	10
Capital	-	594,900	561,437	33,463
Total expenditures	-	600,000	566,527	33,473
Excess (deficiency) of revenues over expenditures	-	(600,000)	(566,527)	33,473
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating transfers-in	-	600,000	600,000	-
Total other financing sources (uses)	-	600,000	600,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	-	33,473	33,473
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ 33,473	\$ 33,473

ENTERPRISE FUNDS

Water Surcharge Fund

For the purpose of paying the cost of maintaining the City's water distribution system, a surcharge is applied to the consumption of water by all users within the City. Established pursuant to C.O. Section 137.07, funds may be used for the construction and reconstruction of the water distribution system, including the repair/replacement of fire hydrants.

Sanitary Sewer Surcharge Fund

For the purpose of paying the cost of maintaining the City's sanitary sewer system, a surcharge is applied to the consumption of water by all users within the City. Established pursuant to C.O. Section 137.06, funds may be used for enlargement or replacement of the system and construction and reconstruction of main and interceptor sewers.

Stormwater Management Fund

Pursuant to C.O. Section 937.13, all revenues from stormwater drainage service charges, permit and inspection fees, direct charges and investment earnings are deposited into this fund. Funds are used to pay the operating expenses of the stormwater management utility, including the purchase of capital equipment, and capital improvements, including the payment of principal and interest on debt issued for such purposes.

Swimming Pools Fund

Pursuant to C.O. Section 225.01, the fund was established by a management agreement between the City and the Upper Arlington Board of Education (Board). In 2002, an agreement was reached between the City and Board to transfer ownership of the swimming pools. The transfer of ownership was completed in 2003. Revenues are generated from admission to the Pool. Expenditures are for operating costs and capital equipment.

Solid Waste Fund

Revenues are generated from the refuse collection fees charged to the City's residents. Expenditures are for operating costs and capital equipment.

City of Upper Arlington, Ohio
Schedule of Revenues, Expenses and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Water Surcharge Fund
For the Fiscal Year Ended December 31, 2005

	Water Surcharge Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Charges for services	\$ 327,250	\$ 327,250	\$ 354,912	\$ 27,662
Miscellaneous	-	10,916	10,916	-
Total revenues	<u>327,250</u>	<u>338,166</u>	<u>365,828</u>	<u>27,662</u>
EXPENDITURES:				
Current:				
Water Surcharge				
Personal services	58,221	68,221	67,126	1,095
Other than personal services	159,003	159,003	140,437	18,566
Capital outlay	-	11,000	9,719	1,281
Total expenditures	<u>217,224</u>	<u>238,224</u>	<u>217,282</u>	<u>20,942</u>
Excess (deficiency) of revenues over expenditures	<u>110,026</u>	<u>99,942</u>	<u>148,546</u>	<u>48,604</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers-in	-	112,166	12,166	(100,000)
Operating transfers-out	(123,416)	(123,416)	(123,416)	-
Total other financing sources (uses)	<u>(123,416)</u>	<u>(11,250)</u>	<u>(111,250)</u>	<u>(100,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(13,390)	88,692	37,296	(51,396)
Fund balances at beginning of year	23,969	23,969	23,969	-
Lapsed encumbrances	1,425	1,425	1,425	-
Fund balances at end of year	<u>\$ 12,004</u>	<u>\$ 114,086</u>	<u>\$ 62,690</u>	<u>\$ (51,396)</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenses and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Sanitary Sewer Surcharge Fund
For the Fiscal Year Ended December 31, 2005

	Sanitary Sewer Surcharge Fund			
	Adopted Budget	Revised Budget	Actual	Variance
<u>REVENUES:</u>				
Charges for services	\$ 650,000	\$ 650,000	\$ 672,191	\$ 22,191
Miscellaneous	-	4,300	4,854	554
Total revenues	<u>650,000</u>	<u>654,300</u>	<u>677,045</u>	<u>22,745</u>
<u>EXPENDITURES:</u>				
Current:				
Sewer Surcharge				
Personal services	429,382	429,382	364,919	64,463
Other than personal services	320,589	319,990	248,332	71,658
Capital outlay	11,000	15,599	15,555	44
Total expenditures	<u>760,971</u>	<u>764,971</u>	<u>628,806</u>	<u>136,165</u>
Excess (deficiency) of revenues over expenditures	<u>(110,971)</u>	<u>(110,671)</u>	<u>48,239</u>	<u>158,910</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Proceeds from sale of capital assets				-
Operating transfers-in	115,972	170,963	115,407	(55,556)
Operating transfers-out	(124,791)	(124,791)	(124,791)	-
Total other financing sources (uses)	<u>(8,819)</u>	<u>46,172</u>	<u>(9,384)</u>	<u>(55,556)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(119,790)</u>	<u>(64,499)</u>	<u>38,855</u>	<u>103,354</u>
Fund balances at beginning of year	119,790	119,790	119,790	-
Lapsed encumbrances	1,376	1,376	1,376	-
Fund balances at end of year	<u>\$ 1,376</u>	<u>\$ 56,667</u>	<u>\$ 160,021</u>	<u>\$ 103,354</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenses and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Stormwater Management Fund
For the Fiscal Year Ended December 31, 2005

	Stormwater Management Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Charges for services	\$ 525,000	\$ 525,000	\$ 527,311	\$ 2,311
Investment earnings	104,000	104,000	116,081	12,081
Total revenues	<u>629,000</u>	<u>629,000</u>	<u>643,392</u>	<u>14,392</u>
EXPENDITURES:				
Current:				
Stormwater				
Personal services	327,528	327,528	301,122	26,406
Other than personal services	97,430	97,430	24,446	72,984
Capital outlay	428,500	51,190	42,202	8,988
Total expenditures	<u>853,458</u>	<u>476,148</u>	<u>367,770</u>	<u>108,378</u>
Excess (deficiency) of revenues over expenditures	<u>(224,458)</u>	<u>152,852</u>	<u>275,622</u>	<u>122,770</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers-out	<u>(225,525)</u>	<u>(225,525)</u>	<u>(225,525)</u>	-
Total other financing sources (uses)	<u>(225,525)</u>	<u>(225,525)</u>	<u>(225,525)</u>	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(449,983)	(72,673)	50,097	122,770
Fund balances at beginning of year	2,845,943	2,845,943	2,845,943	-
Fund balances at end of year	<u>\$ 2,395,960</u>	<u>\$ 2,773,270</u>	<u>\$ 2,896,040</u>	<u>\$ 122,770</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenses and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Swimming Pools Fund
For the Fiscal Year Ended December 31, 2005

	Swimming Pools Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Charges for services	\$ 500,000	\$ 575,000	\$ 598,346	\$ 23,346
Miscellaneous	-	-	4,290	4,290
Total revenues	<u>500,000</u>	<u>575,000</u>	<u>602,636</u>	<u>27,636</u>
EXPENDITURES:				
Current:				
Parks and recreation				
Personal services	370,048	412,593	412,588	5
Other than personal services	162,250	123,224	115,527	7,697
Capital outlay	6,500	331,137	330,182	955
Total expenditures	<u>538,798</u>	<u>866,954</u>	<u>858,297</u>	<u>8,657</u>
Excess (deficiency) of revenues over expenditures	<u>(38,798)</u>	<u>(291,954)</u>	<u>(255,661)</u>	<u>36,293</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers-in	-	1,560	1,560	-
Total other financing sources (uses)	<u>-</u>	<u>1,560</u>	<u>1,560</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(38,798)</u>	<u>(290,394)</u>	<u>(254,101)</u>	<u>36,293</u>
Fund balances at beginning of year	71,910	71,910	71,910	-
Lapsed encumbrances	266,378	266,378	266,378	-
Fund balances at end of year	<u>\$ 299,490</u>	<u>\$ 47,894</u>	<u>\$ 84,187</u>	<u>\$ 36,293</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenses and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Solid Waste Fund
For the Fiscal Year Ended December 31, 2005

	Solid Waste Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Charges for services	\$ 1,725,000	\$ 1,725,000	\$ 1,574,591	\$ (150,409)
Investment earnings	4,500	4,500	2,873	(1,627)
Miscellaneous	62,000	137,000	139,365	2,365
Total revenues	<u>1,791,500</u>	<u>1,866,500</u>	<u>1,716,829</u>	<u>(149,671)</u>
EXPENDITURES:				
Current:				
Solid Waste		-		
Personal services	1,324,544	1,324,544	1,255,619	68,925
Other than personal services	408,775	453,375	448,290	5,085
Capital outlay	220,000	202,900	140,113	62,787
Total expenditures	<u>1,953,319</u>	<u>1,980,819</u>	<u>1,844,022</u>	<u>136,797</u>
Excess (deficiency) of revenues over expenditures	<u>(161,819)</u>	<u>(114,319)</u>	<u>(127,193)</u>	<u>(12,874)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers-in	159,141	121,641	121,641	-
Total other financing sources (uses)	<u>159,141</u>	<u>121,641</u>	<u>121,641</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(2,678)	7,322	(5,552)	(12,874)
Fund balances at beginning of year	2,678	2,678	2,678	-
Lapsed encumbrances	3,243	3,243	3,243	-
Fund balances at end of year	<u>\$ 3,243</u>	<u>\$ 13,243</u>	<u>\$ 369</u>	<u>\$ (12,874)</u>

Internal Service Fund

Employee Benefit Fund

Pursuant to Codified Ordinances Section 137.05, moneys are deposited into the fund for the purpose of paying the cost of employee benefits, including but not limited to health care, prescriptions, dental care, life insurance, and long and short-term disability benefits. Revenues come from the proportionate cost of employee benefits contained in the operating budgets of departments of other funds, third party reimbursements and refunds for employee benefits.

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
Internal Service Fund
For the Fiscal Year Ended December 31, 2005

	Employee Benefit Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Charges for services	\$ 2,839,666	\$ 2,839,666	\$ 2,646,833	\$ (192,833)
Reimbursements	-	-	1,121	1,121
Total revenues	<u>2,839,666</u>	<u>2,839,666</u>	<u>2,647,954</u>	<u>(191,712)</u>
EXPENDITURES:				
Current:				
Finance				
Personal services	2,138,412	2,138,412	1,853,155	285,257
Other than personal services	700,908	700,908	613,538	87,370
Total expenditures	<u>2,839,320</u>	<u>2,839,320</u>	<u>2,466,693</u>	<u>372,627</u>
Excess (deficiency) of revenues over expenditures	<u>346</u>	<u>346</u>	<u>181,261</u>	<u>180,915</u>
OTHER FINANCING SOURCES (USES):				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>346</u>	<u>346</u>	<u>181,261</u>	<u>180,915</u>
Fund balances at beginning of year	60,433	60,433	60,433	-
Lapsed encumbrances	59,777	59,777	59,777	-
Fund balances at end of year	<u>\$ 120,556</u>	<u>\$ 120,556</u>	<u>\$ 301,471</u>	<u>\$ 180,915</u>



CITY OF | **UPPER ARLINGTON**

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FIDUCIARY FUNDS - Agency Funds

Returnable Bonds Fund

The fund accounts for moneys temporarily on deposit from by citizens pending the return of City property such as traps.

Unclaimed Funds

The fund accounts for moneys owed to citizens that cannot be immediately located.

Construction Withholding Fund

The fund holds the ten percent withholding required by construction contracts until acceptance of the project.

Mayor's Court Fund

The fund receives fines and forfeitures from citizens as a result of violating City laws.

Flexible Benefits Fund

The Flex Benefits Fund accounts for funds on deposits for payment of Employee's health care claims by a third party administrator.

Payroll Clearing Fund

The fund accounts for payroll and deduction checks of employees.

Revolving Fund

The fund accounts for miscellaneous deposits of funds collected by the City and due to other governments.

City of Upper Arlington, Ohio
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds - (Agency Funds Only)
As of December 31, 2005

	Agency Funds			
	Returnable Bonds Fund	Unclaimed Funds	Construction Withholding Fund	Mayor's Court Fund
ASSETS:				
Cash and investments	\$ 38,596	\$ 10,869	\$ 917,959	\$ 8,722
Total assets	<u>\$ 38,596</u>	<u>\$ 10,869</u>	<u>\$ 917,959</u>	<u>\$ 8,722</u>
LIABILITIES:				
Due to others	\$ 38,596	\$ 10,869	\$ 917,959	\$ 8,722
Total liabilities	<u>\$ 38,596</u>	<u>\$ 10,869</u>	<u>\$ 917,959</u>	<u>\$ 8,722</u>

Agency Funds		
Payroll Clearing Fund	Revolving Fund	Total Agency Funds
\$ 1,285,480	\$ 135,051	\$ 2,386,254
<u>\$ 1,285,480</u>	<u>\$ 135,051</u>	<u>\$ 2,386,254</u>
\$ 1,285,480	\$ 135,051	\$ 2,386,254
<u>\$ 1,285,480</u>	<u>\$ 135,051</u>	<u>\$ 2,386,254</u>

City of Upper Arlington, Ohio
 Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 Fiduciary Funds - (Agency Funds Only)
 For the Fiscal Year Ended December 31, 2005

	Balances Jan. 1, 2005	Additions	Deductions	Balances Dec. 31, 2005
RETURNABLE BONDS				
Assets				
Cash and investments	\$ 45,108		6,512	\$ 38,596
Liabilities				
Due to others	\$ 45,108		6,512	\$ 38,596
UNCLAIMED FUNDS				
Assets				
Cash and investments	\$ 10,594	410	135	\$ 10,869
Liabilities				
Due to others	\$ 10,594	410	135	\$ 10,869
CONSTRUCTION WITHHOLDING				
Assets				
Cash and investments	\$ 1,124,988	720,580	927,609	\$ 917,959
Liabilities				
Due to others	\$ 1,124,988	720,580	927,609	\$ 917,959
MAYOR'S COURT				
Assets				
Cash and investments	\$ 6,645	588,125	586,048	\$ 8,722
Liabilities				
Due to others	\$ 6,645	588,125	586,048	\$ 8,722
FLEX BENEFITS FUND				
Assets				
Cash and investments	\$ -		10,423	\$ (10,423)
Liabilities				
Due to others	\$ -		10,423	\$ (10,423)
PAYROLL CLEARING FUND				
Assets				
Cash and investments	\$ 1,234,577	25,810,122	25,759,219	\$ 1,285,480
Liabilities				
Due to others	\$ 1,234,577	25,810,122	25,759,219	\$ 1,285,480
REVOLVING FUND				
Assets				
Cash and investments	\$ 70,854	120,257	56,060	\$ 135,051
Liabilities				
Due to others	\$ 70,854	120,257	56,060	\$ 135,051
TOTAL AGENCY FUNDS				
Assets				
Cash and investments	\$ 2,492,766	27,239,494	27,346,006	\$ 2,386,254
Liabilities				
Due to others	\$ 2,492,766	27,239,494	27,346,006	\$ 2,386,254

CITY OF UPPER ARLINGTON
STATISTICAL SECTION

This part of the City'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. These tables are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

<u>Contents</u>	<u>Tables</u>
<i>Financial Trends</i> These schedules contain trend information to help understand how the City's financial performance and wellbeing has changed over time.	1-4
<i>Revenue Capacity</i> These schedules contain information to help assess the City's most significant revenue sources.	5-14
<i>Debt Capacity</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	15-18
<i>Demographic and Economic Information</i> This schedule contains service and infrastructure data to help the reader understand how the information in the City's financial activities take place.	19
<i>Operating Information</i> These schedules contain service and infrastructure 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.	20-22



CITY OF | **UPPER ARLINGTON**

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City of Upper Arlington, Ohio
Net Assets by Component
Last Three Fiscal Years (1)
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities			
Invested in capital assets, net of related debt	\$ 23,315	\$ 19,898	\$ 19,045
Restricted	17,158	13,849	12,382
Unrestricted	22,673	25,792	31,042
<i>Total Governmental Activities Net Assets</i>	<u>\$ 63,146</u>	<u>\$ 59,539</u>	<u>\$ 62,469</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 16,539	\$ 12,460	\$ 10,539
Restricted	-	-	-
Unrestricted	3,227	5,489	3,085
<i>Total Business-Type Activities Net Assets</i>	<u>\$ 19,766</u>	<u>\$ 17,949</u>	<u>\$ 13,624</u>
Primary Government			
Invested in capital assets, net of related debt	\$ 39,854	\$ 32,358	\$ 29,584
Restricted	17,158	13,849	12,382
Unrestricted	25,900	31,281	34,127
<i>Total Primary Government Net Assets</i>	<u>\$ 82,912</u>	<u>\$ 77,488</u>	<u>\$ 76,093</u>

Note:

(1) GASB Statement No. 44, *Economic Condition Reporting*: The Statistical Section recommended that this information be presented starting with the fiscal year in which a government implemented GASB Statement No. 34.

Source:

1. City of Upper Arlington Finance Department

City of Upper Arlington, Ohio
Changes in Net Assets, Last Three Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

	Fiscal Year		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses			
Governmental Activities:			
Public Safety	\$ 13,436	\$ 13,227	\$ 12,172
General Government	8,547	8,045	6,910
Public Services	4,882	4,868	4,317
Parks and Recreation	3,025	3,021	2,897
Community Development	875	870	724
Health Services	163	167	157
Interest on long-term debt	1,095	1,006	977
<i>Total Governmental Activities Expenses</i>	<u>32,023</u>	<u>31,204</u>	<u>28,154</u>
Business-Type activities:			
Water	325	643	341
Sewer	697	671	718
Stormwater	635	643	686
Swimming pool	635	539	555
Sanitation	1,855	1,789	1,688
<i>Total Business-Type Activities Expenses</i>	<u>4,147</u>	<u>4,285</u>	<u>3,988</u>
<i>Total Primary Government Expenses</i>	<u>\$ 36,170</u>	<u>\$ 35,489</u>	<u>\$ 32,142</u>
Program Revenues			
Governmental Activities:			
Charges for services:			
Public Safety	\$ 1,275	\$ 8	\$ 10
General Government	59	68	-
Public Services	65	321	1
Parks and Recreation	741	503	965
Community Development	796	964	614
Health Services	-	-	-
Operating grants and contributions	1,688	70	84
Capital grants and contributions	91	-	119
<i>Total Governmental Activities Program Revenues</i>	<u>4,715</u>	<u>1,934</u>	<u>1,793</u>
Business-Type Activities:			
Charges for services:			
Water	368	324	315
Sewer	680	629	605
Stormwater	531	555	571
Swimming pools	603	445	375
Solid Waste	1,780	1,823	1,375
Operating grants and contributions			
Capital grants and contributions	1,814	610	
<i>Total Business-Type Activities Program Revenues</i>	<u>5,776</u>	<u>4,386</u>	<u>3,241</u>
<i>Total Primary Government Program Revenues</i>	<u>\$ 10,491</u>	<u>\$ 6,320</u>	<u>\$ 5,034</u>

(continued)

City of Upper Arlington, Ohio
Changes in Net Assets, Last Three Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(continued)

	<u>2005</u>	<u>Fiscal Year</u> <u>2004</u>	<u>2003</u>
Net(Expense)Revenue			
Governmental Activities	\$ (27,308)	\$ (29,270)	\$ (26,361)
Business-Type Activities	1,629	101	(747)
<i>Total Primary Government Net Expense</i>	<u>(25,679)</u>	<u>(29,169)</u>	<u>(27,108)</u>
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
Taxes			
Income taxes	14,292	11,109	12,580
Property taxes	7,834	7,881	7,350
Estate taxes	3,775	3,287	1,581
Intergovernmental	2,866	5,780	5,644
Unrestricted investment earnings	1,078	855	1,097
Miscellaneous	1,319	1,578	1,599
Transfers	(250)	(4,150)	(2,273)
<i>Total governmental activities</i>	<u>30,914</u>	<u>26,340</u>	<u>27,578</u>
Business-type activities:			
Investment earnings	109	75	91
Miscellaneous	(172)	-	4
Transfers	251	4,150	2,273
<i>Total Business-Type Activities</i>	<u>188</u>	<u>4,225</u>	<u>2,368</u>
<i>Total Primary Government</i>	<u>31,102</u>	<u>30,565</u>	<u>29,946</u>
Change in Net Assets			
Governmental activities	3,606	(2,930)	1,217
Business-type activities	1,817	4,326	1,621
<i>Total Primary Government Change in Net Assets</i>	<u>\$ 5,423</u>	<u>\$ 1,396</u>	<u>\$ 2,838</u>

Note:

(1) GASB Statement No. 44, Economic Condition Reporting: The Statistical Section recommended that this information be presented starting with the fiscal year in which a government implemented GASB Statement No. 34.

Sources:

1. City of Upper Arlington Finance Department

City of Upper Arlington, Ohio
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General fund				
Reserved	\$ 820	\$ 1,929	\$ 3,000	\$ 6,906
Unreserved	21,739	22,180	24,326	24,117
<i>Total General Fund</i>	<u>\$ 22,559</u>	<u>\$ 24,109</u>	<u>\$ 27,326</u>	<u>\$ 31,023</u>
All other governmental funds				
Reserved	\$ 1,373	\$ 4,384	\$ 2,621	\$ 1,732
Unreserved, reported in:				
Special revenue funds	1,646	1,244	1,258	1,218
Capital projects funds	13,866	12,272	14,134	10,209
Debt service funds	986	926	1,043	1,246
<i>Total All Other Governmental Funds</i>	<u>\$ 17,871</u>	<u>\$ 18,826</u>	<u>\$ 19,056</u>	<u>\$ 14,405</u>

Sources:

1. City of Upper Arlington Finance Department

Fiscal Year					
<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
\$ 6,086	\$ 5,144	\$ 3,655	\$ 4,481	\$ 3,603	\$ 4,481
17,636	14,726	14,243	11,487	8,715	11,487
<u>\$ 23,722</u>	<u>\$ 19,870</u>	<u>\$ 17,898</u>	<u>\$ 15,968</u>	<u>\$ 12,318</u>	<u>\$ 15,968</u>
\$ 2,767	\$ 1,124	\$ 1,978	\$ 354	\$ 1,216	\$ 354
1,234	886	985	620	401	620
15,445	7,577	5,414	5,271	3,266	5,271
749	747	650	559	33	559
<u>\$ 20,195</u>	<u>\$ 10,334</u>	<u>\$ 9,027</u>	<u>\$ 6,804</u>	<u>\$ 4,916</u>	<u>\$ 6,804</u>

City of Upper Arlington, Ohio
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues				
Taxes	\$ 27,056	\$ 23,881	\$ 24,580	\$ 27,772
Intergovernmental	3,510	4,427	3,896	3,372
Licenses and permits	866	703	624	623
Charges for services	1,561	1,139	966	1,435
Fines and forfeits	439	414	355	342
Investment earnings	1,365	855	1,096	1,870
Miscellaneous	1,005	1,121	1,355	1,306
<i>Total Revenues</i>	<u>35,802</u>	<u>32,540</u>	<u>32,872</u>	<u>36,720</u>
Expenditures				
Public Safety	13,079	12,723	11,821	11,472
General Government	6,239	6,045	6,600	7,311
Public Services	3,490	3,648	2,601	2,044
Parks and Recreation	2,858	2,791	2,618	2,967
Community Development	863	855	719	622
Health Services	161	167	157	154
Capital outlay	8,585	10,759	10,499	9,020
Debt services				
Principal	5,793	1,757	1,311	1,331
Interest	1,103	967	955	714
Other charges	-	15	102	
<i>Total Expenditures</i>	<u>42,171</u>	<u>39,727</u>	<u>37,383</u>	<u>35,635</u>
<i>Excess of Revenues Over(Under) Expenditures</i>	(6,369)	(7,187)	(4,511)	1,085
Other Financing Sources (Uses)				
Transfers in	8,026	3,399	5,337	2,341
Transfers out	(8,277)	(7,539)	(5,885)	(2,421)
Bonds issued	3,972	3,972	10,000	
Refunding bonds and escrow transfer				
Premium on bonds issued	33	35	105	
Installment loan issued	-	500		
Sale of capital assets	110	64	112	
<i>Total Other Financing Sources (Uses)</i>	<u>3,864</u>	<u>431</u>	<u>9,669</u>	<u>(80)</u>
<i>Net Change in Fund Balances</i>	<u>\$ (2,505)</u>	<u>\$ (6,756)</u>	<u>\$ 5,158</u>	<u>\$ 1,005</u>
Debt Service as a Percentage of Noncapital Expenditures	25.84%	10.38%	9.20%	8.32%

Sources:

1. City of Upper Arlington Finance Department

Table 4

Fiscal Year						
<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	
\$ 27,048	\$ 24,203	\$ 25,537	\$ 22,561	\$ 19,898	\$ 17,190	
2,687	2,623	2,483	2,417	2,553	2,403	
307	333	299	269	343	399	
905	843	840	778	754	742	
367	379	317	279	262	234	
2,172	2,202	684	1,816	837	598	
1,261	1,309	1,179	1,369	1,029	1,072	
<u>34,747</u>	<u>31,892</u>	<u>31,339</u>	<u>29,489</u>	<u>25,676</u>	<u>22,638</u>	
10,698	9,916	10,350	9,534	8,879	9,558	
6,437	6,620	6,054	5,150	4,918	5,076	
2,383	2,019	1,951	1,842	1,813	1,835	
2,316	1,981	2,079	2,008	1,928	1,869	
602	492	567	550	557	559	
161	138	109	121	119	153	
3,505	5,198	4,168	4,931	2,271	555	
1,506	1,236	1,188	8,326	1,011	1,239	
608	529	580	672	492	562	
<u>28,216</u>	<u>28,129</u>	<u>27,046</u>	<u>33,134</u>	<u>21,988</u>	<u>21,406</u>	
6,531	3,763	4,293	(3,645)	3,688	1,232	
6,859	9,095	6,602	2,843	2,762	2,330	
(6,939)	(9,577)	(6,741)	(3,006)	(2,966)	(2,884)	
6,778			9,354	4,906		
			44			
482						
<u>7,180</u>	<u>(482)</u>	<u>(139)</u>	<u>9,235</u>	<u>4,702</u>	<u>(554)</u>	
<u>\$ 13,711</u>	<u>\$ 3,281</u>	<u>\$ 4,154</u>	<u>\$ 5,590</u>	<u>\$ 8,390</u>	<u>\$ 678</u>	
9.36%	8.34%	8.38%	46.85%	8.25%	9.45%	

City of Upper Arlington, Ohio
Governmental Activities Tax Revenues by Source
Last Three Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Income Tax</u>	<u>Property Tax</u>	<u>Estate Tax</u>	<u>Motor Fuel Tax</u>	<u>Total</u>
2003	\$ 12,580	\$ 7,350	\$ 1,581	\$ 1,636	\$ 23,147
2004	11,109	7,881	3,287	1,411	23,688
2005	14,292	7,834	3,775	1,503	27,404

Note:

(1) GASB Statement No. 44, Economic Condition Reporting: The Statistical Section recommended that this information be presented starting with the fiscal year in which a government implemented GASB Statement No. 34.

Sources:

1. City of Upper Arlington Finance Department

**City of Upper Arlington, Ohio
Top Principal Property Taxpayers
December 31, 2005**

	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
<u>Public Utilities</u>		
1. Columbus Southern Power Co.	\$9,502,320	0.61%
2. Ohio Bell Telephone Company	5,681,900	0.37%
3. Columbia Gas of Ohio Inc.	1,209,090	0.08%
<u>Real Estate</u>		
		0.47%
1. UAP-Columbus JV-326132	7,310,450	0.39%
2. First Community Village	5,971,010	0.36%
3. RRC Acquisitions Inc.	5,529,590	0.33%
4. CompuServe Inc.	5,166,640	0.26%
5. Scioto Country Club Inc.	4,048,730	0.23%
6. Kimco Development Corporation	3,500,570	0.22%
7. New Plan Financing I Inc.	3,456,260	0.15%
8. Kenbrook Village Company	2,310,000	0.11%
9. Huntington National Bank	1,686,480	0.11%
10. Lazarus Real Estate II	1,645,000	0.11%
<u>Tangible Personal Property (1)</u>		
1. America Online Inc.	1,747,163	0.11%
2. CBC Companies Inc.	1,692,158	0.11%
3. Time Warner Entertainment Company LP	1,470,998	0.10%
4. Honeywell International Incorporated	835,628	0.05%
5. Ohio Orthopedic Center of Excellence Inc.	515,385	0.03%
6. Rich's Department Stores Inc.	443,055	0.03%
7. Kroger Company	407,025	0.03%
8. Tamarkin Company	356,018	0.02%
9. Ohio Orthopedic Surgery Institute LLC	317,648	0.02%
10. TJX Companies Inc.	214,725	0.01%
ALL OTHERS	<u>1,480,618,241</u>	<u>95.69%</u>
TOTAL ASSESSED VALUATION	<u><u>\$1,545,636,084</u></u>	<u><u>100.00%</u></u>

Source: Franklin County, Ohio; County Auditor

(1) HB66 has begun the phase-out of Tangible Personal Property Tax in the next three years. To reflect this phase out, the assessed valuation listed above for TPP is 75% of the 2005 Actual Assessed Valuation.

**City of Upper Arlington, Ohio
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>City of Upper Arlington</u>					<u>Overlapping Rates Franklin County</u>			
	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Police & Fire Pension Millage</u>	<u>Capital Equipment Millage</u>	<u>Total City Millage</u>	<u>Operating Millage</u>	<u>Specialty Service Millage¹</u>	<u>Metro Parks Millage</u>	<u>Total County Millage</u>
2005	3.90	0.54	1.80	0.50	6.74	1.47	16.32	0.65	18.44
2004	3.90	0.65	1.80	0.50	6.85	1.47	15.52	1.45	18.44
2003	3.90	0.66	1.80	0.50	6.86	1.47	15.52	0.55	17.54
2002	3.90	0.66	1.80	0.50	6.86	1.47	15.52	0.55	17.54
2001	3.90	0.76	1.60	0.50	6.76	1.47	15.52	0.55	17.54
2000	3.90	0.39	1.60	0.50	6.39	1.47	15.52	0.55	17.54
1999	3.90	0.39	1.60	0.50	6.39	1.47	15.52	0.55	17.54
1998	3.90	0.42	1.60	0.50	6.42	1.47	15.52	0.55	17.54
1997	3.90	0.84	1.60	0.50	6.84	1.47	13.20	0.55	15.22
1996	3.90	0.27	1.60	0.50	6.27	1.47	13.10	0.25	14.82

Notes:

(1) Specialty service includes: Children Services, ADAMH Board, MR & DD, Zoological Park, Office on Aging

Sources:

(1) Franklin County, Ohio Auditor's Office

(2) Upper Arlington Library

(3) Upper Arlington Schools, Treasurer's Office

Overlapping Rates					
Upper Arlington Schools			Library		Total Direct & Overlapping Rates
Operating Millage	Debt Service Millage	Total School Millage	Operating Millage	Total Library Millage	
93.91	1.97	95.88	2.00	2.00	123.06
93.91	2.33	96.24	2.00	2.00	123.53
86.11	3.00	89.11	2.00	2.00	115.51
86.11	3.04	89.15	2.00	2.00	115.55
86.11	3.41	89.52	1.00	1.00	114.82
79.91	3.41	83.32	1.00	1.00	108.25
79.91	4.04	83.95	1.00	1.00	108.88
79.91	4.12	84.03	1.00	1.00	108.99
73.71	4.15	77.86	1.00	1.00	100.92
73.71	4.11	77.82	1.00	1.00	99.91

City of Upper Arlington, Ohio
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended December 31	Real Property			Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Public Utility Property	General				
2005	\$1,385,515,540	\$131,105,350	\$16,565,250	\$12,449,944	\$1,545,636,084	6.74	\$4,430,331,605	34.89%
2004	1,142,159,690	119,509,430	17,262,240	17,585,944	1,296,517,304	6.85	3,724,433,376	34.81%
2003	1,134,538,040	115,313,410	17,191,600	17,677,037	1,284,720,087	6.86	3,690,831,148	34.81%
2002	1,126,012,710	114,682,550	17,101,280	21,904,698	1,279,701,238	6.86	3,681,323,192	34.76%
2001	954,491,780	104,513,470	18,983,560	29,031,195	1,107,020,005	6.76	3,196,092,809	34.64%
2000	945,863,830	102,426,630	23,253,360	31,888,687	1,103,432,507	6.39	3,189,108,519	34.60%
1999	941,586,020	102,123,720	23,718,420	34,396,677	1,101,824,837	6.39	3,187,381,451	34.57%
1998	848,893,600	91,216,790	24,237,840	56,148,837	1,020,497,067	6.42	2,979,876,005	34.25%
1997	843,235,460	91,876,440	24,400,470	45,182,344	1,004,694,714	6.84	2,922,193,290	34.38%
1996	840,040,120	90,819,740	24,740,590	38,912,009	994,512,459	6.27	2,885,935,036	34.46%

Source: Franklin County, Ohio; County Auditor

**City of Upper Arlington, Ohio
Principal Employers
Ranked by Number of Full-time Employees**

2005		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
UA Board of Education	741	4.2%
AOL Midwest	350	2.0%
First Community Village	340	1.9%
City of Upper Arlington	276	1.6%
Kroger	240	1.4%
Giant Eagle	182	1.0%
Scioto Country Club	182	1.0%
Wellington School	167	1.0%
National Church Residences	161	0.9%
Hilb, Rogal & Hobbs	150	0.9%
 Total	 2,789	 15.95%
 Total City Employees	 17,487	

2004		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
UA Board of Education	758	n/a
AOL Midwest	442	n/a
First Community Village	350	n/a
City of Upper Arlington	265	n/a
Hilb, Royal & Hobbs	165	n/a
 Total	 1,980	 n/a
 Total City Employees	 n/a	

Sources:

1. City of Upper Arlington Finance Department
2. Regional Income Tax Authority

**City of Upper Arlington, Ohio
Income Tax Statistics
Last Four Years**

Income Averages for Upper Arlington Tax Years 2001-2004

Tax Year	Income Range Tax Year	Individual Resident Filers	Percent of Filers	Local Taxable Income	Percent of Taxable Income
2004	0-19,999	3,006	26.37%	\$20,217,366	2.0%
2004	20,000-49,999	2,220	19.47%	77,488,367	7.5%
2004	50,000-74,999	1,580	13.86%	98,128,545	9.5%
2004	75,000-99,999	1,242	10.89%	107,756,835	10.4%
2004	Over 100,000	<u>3,352</u>	29.40%	<u>732,638,515</u>	70.7%
Total		11,400		\$1,036,229,628	
Local taxes paid by residents				Tax Dollars	
2004	Taxes paid to Upper Arlington			\$2,893,662	14.0%
2004	Taxes credited to other municipalities			<u>17,830,931</u>	86.0%
Total				<u>\$20,724,593</u>	

Tax Year	Income Range Tax Year	Individual Resident Filers	Percent of Filers	Local Taxable Income	Percent of Taxable Income
2003	0-19,999	3,048	26.74%	\$20,832,873	2.1%
2003	20,000-49,999	2,308	20.25%	80,697,366	8.0%
2003	50,000-74,999	1,681	14.75%	104,452,389	10.3%
2003	75,000-99,999	1,301	11.41%	113,105,862	11.2%
2003	Over 100,000	<u>3,298</u>	28.93%	<u>691,332,818</u>	68.4%
Total		11,636		\$1,010,421,307	
Local taxes paid by residents				Tax Dollars	
2003	Taxes paid to Upper Arlington			\$2,468,736	12.2%
2003	Taxes credited to other municipalities			<u>17,742,940</u>	87.8%
Total				<u>\$20,211,676</u>	

Source: Regional Income Tax Agency, Brecksville, Ohio.

Notes:

- (1) Income reported represents income taxable at the local level. Local taxable income excludes some revenue sources taxable at the federal level, such as pensions, investment earnings, and capital gains.
- (2) While the City imposes a 2% income tax on its residents, a credit of up to 2% is allowed for income earned outside the City. Thus, the City's actual income tax collections are substantially less than 2% of local taxable income. In addition local taxable income includes income tax received from non-resident individuals who work within the

Tax Year	Income Range Tax Year	Individual Resident Filers	Percent of Filers	Local Taxable Income	Percent of Taxable Income
2002	0-19,999	2,982	26.16%	\$20,697,810	1.99%
2002	20,000-49,999	2,258	19.81%	80,098,043	7.68%
2002	50,000-74,999	1,664	14.60%	102,703,820	9.85%
2002	75,000-99,999	1,257	11.03%	108,995,420	10.46%
2002	Over 100,000	<u>3,173</u>	27.83%	<u>729,808,957</u>	70.02%
	Total	11,334		\$1,042,304,050	
	Local taxes paid by residents			Tax Dollars	
2002	Taxes paid to Upper Arlington			\$2,060,205	9.9%
2002	Taxes credited to other municipalities			<u>18,803,243</u>	90.1%
	Total			<u>\$20,863,448</u>	

Tax Year	Income Range Tax Year	Individual Resident Filers	Percent of Filers	Local Taxable Income	Percent of Taxable Income
2001	0-19,999	2,848	25.38%	\$19,625,574	2.0%
2001	20,000-49,999	2,356	20.99%	83,669,809	8.6%
2001	50,000-74,999	1,675	14.93%	103,433,894	10.6%
2001	75,000-99,999	1,250	11.14%	108,490,644	11.1%
2001	Over 100,000	<u>3,093</u>	27.56%	<u>659,380,501</u>	67.7%
	Total	11,222		\$974,600,423	
	Local taxes paid by residents			Tax Dollars	
2001	Taxes paid to Upper Arlington			\$2,539,492	13.0%
2001	Taxes credited to other municipalities			<u>16,954,769</u>	87.0%
	Total			<u>\$19,494,261</u>	

(3) Differences in amounts reported as local tax collected by Upper Arlington residents and "Taxes from Individuals" amounts reported in Table 11 result from timing differences in collection and distribution of tax by the Regional Income Tax Agency (RITA), along with payments by non-resident individuals who remit payments for taxes from work performed inside the City.

City of Upper Arlington, Ohio
Income Tax Revenue Base and Collections (Cash Basis)
For the Last Ten Fiscal Years
(amounts expressed in thousands)

Tax Year	Tax Rate	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
2005	2.0%	\$14,092	\$8,447	60%	\$2,070	15%	\$3,575	25%
2004	2.0%	12,103	7,789	64%	1,358	11%	2,956	24%
2003	2.0%	12,276	7,534	61%	1,447	12%	3,295	27%
2002	2.0%	12,835	8,407	66%	702	22%	3,726	29%
2001	2.0%	13,393	9,749	73%	734	5%	2,910	22%
2000	2.0%	11,974	8,468	71%	999	8%	2,507	21%
1999	2.0%	12,124	8,776	72%	779	6%	2,569	21%
1998	2.0%	9,094	6,004	66%	901	10%	2,189	24%
1997	2.0%	8,214	5,723	71%	427	5%	2,064	25%
1996	2.0%	8,055	5,800	72%	310	4%	1,945	24%

Sources:

1. City of Upper Arlington Finance Department

City of Upper Arlington, Ohio
Special Assessment Billings and Collections
Last Ten Years

Fiscal Year	Assessment Billings	Assessment Collections
2005	\$176,490	\$168,968
2004	193,890	180,040
2003	402,517	390,545
2002	247,721	241,828
2001	288,991	242,909
2000	357,762	307,461
1999	278,861	275,593
1998	41,176	42,846
1997	38,222	46,495
1996	34,739	28,793

Source: Franklin County, Ohio; County Auditor

City of Upper Arlington, Ohio
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date			Outstanding Delinquent Taxes
		Amount	Percentage of Levy	Delinquent Amount	Total Collected	Percentage of Levy	
2005	\$8,676	\$8,538	98.41%	\$132	\$8,670	99.93%	\$231
2004	8,612	8,462	98.24%	192	8,654	100.49%	238
2003	8,560	8,404	98.18%	177	8,581	100.24%	291
2002	7,333	7,181	97.92%	197	7,378	100.61%	730
2001	6,931	6,763	97.57%	164	6,927	99.94%	882
2000	6,923	6,824	98.56%	129	6,953	100.43%	319
1999	6,412	6,314	98.46%	157	6,471	100.92%	215
1998	6,947	6,827	98.28%	296	7,123	102.55%	239
1997	6,013	5,774	96.02%	96	5,870	97.62%	345
1996	5,413	5,347	98.79%	76	5,423	100.19%	165

Sources:

1. City of Upper Arlington Finance Department
2. Franklin County, Ohio Auditor's Office



CITY OF | **UPPER ARLINGTON**

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City of Upper Arlington, Ohio
Enterprise Funds Summary Data
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Water Surcharge Fund										
Assets	\$5,904,731	\$5,236,168	\$5,468,767	\$5,678,422	\$5,564,038	\$5,600,115	\$4,854,391	\$5,013,589	\$5,338,044	\$5,572,185
Net Assets	4,789,701	3,919,893	3,953,820	3,979,289	3,653,058	3,498,150	2,567,936	2,545,618	2,786,986	2,894,410
Operating Revenue	367,837	323,738	315,387	361,719	322,848	451,220	375,174	361,226	299,301	195,474
Operating Expense	(281,602)	(592,922)	(283,715)	(233,576)	(245,057)	(212,019)	(250,178)	(249,136)	(254,719)	(232,960)
Non-operating										
Investment income	0	0	0	0	0	0	0	0	0	0
Interest expense	(43,170)	(50,303)	(57,141)	(39,750)	(89,717)	(118,007)	(102,678)	(126,040)	(114,997)	(113,852)
Other, net	0	0	0	0	0	0	0	0	0	0
Transfers in	12,166	132,500	0	0	0	0	0	24,186	15,000	415,000
Changes in net asset/net income	869,808	(33,927)	(25,469)	180,340	78,576	204,713	94,199	81,996	18,871	340,596
Rate per 1000 cubic feet (MCF)	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25
Sewer Surcharge Fund										
Assets	\$4,975,935	\$4,778,126	\$4,910,419	\$5,119,250	\$5,297,170	\$5,497,588	\$5,445,261	\$5,594,801	\$5,723,824	\$5,889,328
Net Assets	3,352,075	2,927,519	2,788,748	2,821,551	2,742,874	2,737,263	2,472,309	2,428,589	2,413,351	2,445,125
Operating Income	679,508	628,936	605,311	679,076	632,288	844,449	689,728	674,945	612,658	540,965
Operating Expense	(615,965)	(595,873)	(634,287)	(610,517)	(599,254)	(496,296)	(516,877)	(544,191)	(526,179)	(535,512)
Non-operating										
Investment income	0	0	0	0	0	0	370	0	0	3,000
Interest expense	(81,605)	(75,066)	(83,827)	(66,502)	(107,423)	(153,302)	(516,877)	(141,381)	(168,330)	(150,700)
Other, net	0	0	0	0	0	0	0	0	0	0
Transfers in	115,407	111,892	80,000	80,000	80,000	0	0	0	50,000	0
Changes in net asset/net income	424,556	138,771	(32,803)	177,685	103,784	294,285	140,970	85,881	65,519	(38,688)
Rate per 1000 cubic feet (MCF)	\$4.90	\$4.90	\$4.90	\$4.90	\$4.65	\$4.65	\$4.65	\$4.65	\$4.65	\$4.65
Stormwater Fund										
Assets	\$7,298,612	\$6,938,644	\$7,054,938	\$6,974,867	\$7,013,378	\$6,942,548	\$6,134,709	\$5,879,780	\$6,034,292	\$6,131,000
Net Assets	5,447,922	4,924,013	4,922,292	4,721,638	4,670,894	4,478,320	3,552,664	3,175,331	3,252,620	3,197,715
Operating Income	531,407	554,837	570,524	481,247	532,081	531,840	524,553	521,358	528,598	509,057
Operating Expense	(546,910)	(549,591)	(587,402)	(494,722)	(469,460)	(452,112)	(484,602)	(564,924)	(465,705)	(410,211)
Non-operating										
Investment income	106,217	72,928	91,524	135,425	108,322	128,905	87,525	103,988	106,972	218,411
Interest expense	(88,005)	(93,333)	(98,357)	(103,212)	(112,624)	(117,442)	(121,743)	(175,592)	(114,960)	(105,783)
Other, net	0	0	0	14,706	34,700	38,892	279,757	0	0	(11,200)
Transfers in	0	0	0	0	0	346,913	0	0	0	0
Changes in net asset/net income	523,909	1,721	200,654	174,215	224,758	605,853	468,969	7,138	175,495	308,783
Annual residential rate	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00	\$33.00

**City of Upper Arlington
Enterprise Funds Summary Data, cont.**

	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Swimming Pools Fund										
Assets	\$5,834,355	\$6,689,387	\$1,701,313	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net Assets	5,818,409	5,870,319	1,687,186	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Operating Income	602,636	444,735	375,077	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Operating Expense	(634,911)	(539,115)	(555,090)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Non-operating	634,911	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Investment income	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Interest expense	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other, net	(172,202)	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Transfers in	1,560	3,906,000	366,696	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Changes in net asset/net income	(51,910)	4,183,133	1,687,186	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cost of a resident family membership	\$180.00	\$180.00	\$150.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Solid Waste Fund										
Assets	\$507,750	\$632,074	\$822,501	\$827,703	\$633,994	\$711,178	\$514,529	\$388,669	\$283,522	\$346,534
Net Assets	357,469	307,684	271,550	479,359	283,890	256,465	(28,847)	(163,341)	(428,805)	(544,091)
Operating Income	1,780,473	1,823,425	1,374,436	1,728,627	1,608,683	1,577,837	1,393,536	1,469,731	1,476,753	1,485,920
Operating Expense	(1,854,940)	(1,789,696)	(1,687,663)	(1,555,217)	(1,611,401)	(1,451,708)	(1,405,950)	(1,369,018)	(1,503,840)	(1,533,819)
Non-operating										
Investment income	2,611	2,405	4,168	10,420	7,899	19,017	9,246	6,732	3,262	4,580
Interest expense	0	0	0	0	0	0	0	0	0	(6,898)
Other, net	0	0	0	(1,603)	(1,531)	(3,329)	(2,350)	0	0	(46,700)
Transfers in	121,641	0	101,250	0	0	135,410	139,110	139,111	139,111	139,111
Changes in net asset/net income	49,785	36,134	(207,809)	202,928	28,671	292,813	141,139	252,612	120,195	140,585
Cost of a single trash sticker	\$2.50	\$2.50	\$2.25	\$2.25	\$2.25	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10

Source: City of Upper Arlington Finance Department

City of Upper Arlington, Ohio
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
	<u>General Obligation Bonds</u>	<u>General Obligation Bonds</u>			
1996	\$7,885	\$2,320	10,205	1.14%	\$299
1997	6,896	2,149	9,045	0.95%	265
1998	13,342	4,508	17,850	1.78%	523
1999	11,524	4,186	15,710	1.51%	460
2000	10,917	3,853	14,770	1.39%	438
2001	16,405	3,504	19,909	1.84%	591
2002	15,265	3,176	18,441	1.64%	547
2003	24,046	2,839	26,885	2.34%	798
2004	26,357	2,491	28,848	2.25%	856
2005	24,731	2,130	26,861	1.90%	797

Notes:

(1) See the Schedule of Demographic and Economic Statistics on page 154 for personal income and population data.

Sources:

1. City of Upper Arlington Finance Department

City of Upper Arlington, Ohio
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
1996	\$10,205	\$23	\$10,182	1.02%	\$285
1997	9,045	33	9,012	0.90%	253
1998	17,850	559	17,291	1.69%	485
1999	16,340	650	15,690	1.42%	440
2000	14,770	748	14,022	1.27%	416
2001	19,909	749	19,160	1.73%	569
2002	18,441	1,246	17,195	1.34%	510
2003	24,046	1,043	23,003	1.79%	683
2004	26,357	926	25,431	1.98%	760
2005	24,731	986	23,745	0.54%	705

Sources:

1. City of Upper Arlington Finance Department
2. Franklin County, Ohio Auditor's Office

City of Upper Arlington, Ohio
Direct and Overlapping Governmental Activities Debt
As of December 31, 2005
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Assessed Valuation</u>	<u>Gross General Obligation</u>	<u>Percent Applicable to District</u>	<u>Amount Applicable to District</u>
Direct				
City of Upper Arlington	\$ 1,545,636,084	\$ 27,278,640	100.00%	\$ 27,278,640
Overlapping				
Franklin County	28,168,095,362	144,596,863	5.49%	7,938,368
Columbus City School District	10,085,987,651	380,701,116	12.00%	45,684,134
Dublin City School District	2,850,937,127	105,939,196	39.00%	41,316,286
Upper Arlington City School District	1,556,173,976	<u>34,804,366</u>	99.49%	34,626,864
Total overlapping		666,041,541		
Total direct and overlapping debt		<u>\$ 693,320,181</u>		

Source: Auditor, Franklin County; Settlement Division



CITY OF | **UPPER ARLINGTON**

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**City of Upper Arlington, Ohio
Legal Debt Margin Information
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year			
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Overall debt limit	\$ 104,424	\$ 105,493	\$ 107,152	\$ 115,692
Total net debt applicable to limit	12,682	9,012	17,291	15,690
Legal debt margin	\$ 91,742	\$ 96,481	\$ 89,861	\$ 100,002
Total net debt applicable to the limit as a percentage of debt limit	12.14%	8.54%	16.14%	13.56%
Unvoted Debt limit	\$ 54,698	\$ 55,258	\$ 56,127	\$ 60,600
Total net debt applicable to limit	12,477	9,012	12,171	10,770
Legal debt margin	\$ 42,221	\$ 46,246	\$ 43,956	\$ 49,830
Total net debt applicable to the limit as a percentage of debt limit	22.81%	16.31%	21.68%	17.77%

Legal Debt Margin Calculation for Fiscal Year 2004

Overall (Voted and Unvoted) Debt Limitation:

Total assessed value	\$ 1,545,636
Debt limit (10 1/2% of total assessed value)	162,292
Debt applicable to limit:	
General obligation bonds	26,861
Less: Amount set aside for repayment of general obligation debt	986
Total net debt applicable to limit	<u>25,875</u>
Legal debt margin	<u><u>\$ 136,417</u></u>

Sources:

1. City of Upper Arlington Finance Department

Fiscal Year						
<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	
\$ 115,860	\$ 116,237	\$ 134,369	\$ 134,896	\$ 136,134	\$ 162,292	
14,022	19,160	17,195	23,004	25,431	26,861	
\$ 101,838	\$ 97,077	\$ 117,174	\$ 111,892	\$ 110,703	\$ 135,431	
12.10%	16.48%	12.80%	17.05%	18.68%	16.55%	
\$ 60,689	\$ 60,886	\$ 70,384	\$ 70,660	\$ 71,308	\$ 85,010	
9,312	14,597	8,219	14,438	17,290	18,101	
\$ 51,377	\$ 46,289	\$ 62,165	\$ 56,222	\$ 54,018	\$ 66,909	
15.34%	23.97%	11.68%	20.43%	24.25%	21.29%	

Unvoted Debt Limitation:

Total assessed value	\$ 1,545,636
Debt limit (5 1/2% of total assessed value)	85,010
Debt applicable to limit:	
General obligation bonds	26,861
Less: Debt outside limitations	<u>7,774</u>
Debt within limitation	19,087
Less: Amount set aside for repayment of general obligation debt	<u>986</u>
Total net debt applicable to limit	<u>18,101</u>
Legal debt margin for unvoted debt	<u><u>\$ 66,909</u></u>

**City of Upper Arlington, Ohio
Demographic and Economic Statistics
Last Ten Fiscal Years
(amounts expressed in thousands)**

Fiscal Year	Population 1	Personal Income (amounts expressed in thousands)	Per Capita Personal Income 2	Median Age 1	School Enrollment 3	Unemployment	
						Local Rate 4	State Rate 5
2005	33,686	\$1,415,654	\$42,025	42.6	5,440	4.6%	5.5%
2004	31,860	1,214,376	38,116	42.6	5,388	5.0%	5.7%
2003	32,323	1,103,895	34,152	42.6	5,491	4.7%	6.0%
2002	32,808	1,097,920	33,465	42.6	5,328	5.0%	5.7%
2001	33,308	1,067,055	32,036	42.6	5,400	3.8%	4.3%
2000	33,637	1,060,474	31,527	42.6	5,451	2.3%	4.1%
1999	34,128	1,038,140	30,419	42.5	5,630	2.5%	4.3%
1998	34,128	1,004,216	29,425	42.5	5,548	3.1%	4.3%
1997	34,128	953,878	27,950	42.5	5,569	2.8%	4.6%
1996	34,128	892,208	26,143	42.5	**	3.0%	4.9%

Notes:

** Data not available or kept

Sources:

1. U.S. Census Bureau, Census 1990 and 2000
2. United States Department of Labor and Franklin County, Ohio; County Auditor's Office
3. Ohio Department of Education Report Card
4. U.S. Bureau of Labor Statistics
5. Franklin County, Ohio; County Auditor's Office

City of Upper Arlington, Ohio
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of December 31				
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Public Safety					
Police	61.0	60.0	60.0	60.0	60.0
Fire	64.0	64.0	64.0	64.0	64.0
General Government	45.0	45.0	45.0	45.0	45.0
Public Services	31.0	32.0	32.0	32.0	32.0
Parks and Recreation (1)	23.0	23.0	23.0	21.0	21.0
Community Development	10.0	10.0	10.0	8.0	8.0
Utilities (2)	10.0	11.0	11.0	11.0	11.0
Sanitation	19.0	20.0	20.0	20.0	20.0
	-				
Total	263.0	265.0	265.0	261.0	261.0

Function	Full-time Equivalent Employees as of December 31				
	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Public Safety					
Police	60.5	60.5	59.5	59.5	58.5
Fire	64.0	64.0	64.0	64.0	64.0
General Government	40.5	40.5	38.5	37.5	40.5
Public Services	30.0	30.0	29.0	29.0	30.5
Parks and Recreation (1)	19.0	19.0	19.0	19.0	23.0
Community Development	8.0	8.0	8.0	10.0	10.0
Utilities (2)	11.0	11.0	11.0	11.0	11.5
Sanitation	18.0	18.0	18.0	19.0	19.0
Total	251.0	251.0	247.0	249.0	257.0

Notes:

(1) Includes swimming pool

(2) Includes water, sewer and stormwater

Sources:

1. City of Upper Arlington Finance Department

City of Upper Arlington, Ohio
Capital Asset Statistics
For the year ended December 31, 2005

Function	2005
Public Safety - Police	
Number of police stations	1
Number of police cruisers	13
Number of pieces of equipment	251
Public Safety - Fire	
Number of fire stations	3
Number of fire engines	3
Number of medics	3
Number of pieces of equipment	299
Public Services	
Miles of roads	153
Number of traffic signals	54
Number of streetlights	659
Parks and Recreation	
Number of parks	25
Acres of parkland	169
Number of swimming pools	3
Number of tennis courts	16
Number of senior centers	1
Utilities	
Number of fire hydrants	175
Number of catch basins	57
Miles of sanitary sewer	113
Solid Waste	
Number of packer trucks	10
Number of satellite vehicles	23

Notes:

** Data not available or kept

Sources:

1. City of Upper Arlington departments



CITY OF | **UPPER ARLINGTON**

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**City of Upper Arlington, Ohio
Operating Indicators by Function
Last Ten Fiscal Years**

Function	Operating Indicators by Function			
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Public Safety - Police				
Number of citations issued	5014	5,275	5,265	4,902
Number of arrests	806	872	907	824
Number of accidents	549	583	609	638
Public Safety - Fire				
Number of fire responses	3,410	2,438	3,491	3,640
Number of EMS responses	2,894	2,914	3,621	3,777
Number of inspections	1,757	1,138	1,517	1,027
General Government				
Number of probation cases	244	236	223	289
Number of traffic cases	3,486	3,520	4,114	4,022
Number of fleet management repairs	3,194	3,242	3,661	3,428
Public Services				
Roadway repairs-surface (sq. ft.)	121,610	105,439	108,308	107,050
Street cleaning-leaf collection (cu. Yds.)	23,941	21,091	20,068	22,470
Street cleaning-snow removal (hours)	1,465	1,000	661	584
Parks and Recreation				
Number of registrations for programs	25,663	10,816	13,697	9,578
Number of programs/classes	927	612	639	647
Number of trees planted (less removed trees)	390	170	280	240
Community Development				
Number of building permits issued	433	406	432	383
Number of building inspections conducted	2,481	2,469	2,318	1,639
Number of code investigations	664	964	862	536
Utilities				
Number of fire hydrant repairs (water)	175	117	88	95
Number of catch basin repairs (stormwater)	57	108	137	101
Number of manhole repairs (sewer)	113	119	120	119
Solid Waste				
Number of refuse collected (tons)	6,406	7,542	7,693	7,538
Number of yard waste collected (tons)	640	667	855	733
Number of recyclables collected (tons)	5,701	5,456	5,750	5,586

Notes:

** Data not available or kept

Sources:

1. City of Upper Arlington departments

Operating Indicators by Function

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
5,182	5,394	5,096	4,597	4,296	4,197
808	776	892	935	894	853
627	721	725	747	753	751
3,474	2,142	2,605	2,588	2,153	2,434
3,045	2,674	4,000	3,489	4,229	4,170
1,647	1,065	2,134	2,068	2,144	1,171
218	252	186	282	251	202
4,586	4,540	4,357	3,821	3,705	3,661
3,125	**	**	**	**	**
145,298	136,865	421,043	52,920	144,573	**
20,687	18,905	18,452	22,906	24,809	22,650
188	1,114	2,348	225	780	1,022
8,314	15,153	15,228	15,221	14,179	11,971
557	482	596	578	525	382
210	**	**	**	**	**
350	360	384	362	358	337
1,407	1,578	1,516	1,788	1,551	1,550
450	331	318	339	335	301
99	81	73	81	120	78
155	247	118	260	211	138
43	**	**	**	**	**
7,766	8,408	8,370	8,151	7,309	7,312
955	1,095	1,269	1,322	1,411	2,680
5,677	5,410	4,572	4,721	4,644	5,076



CITY OF | **UPPER ARLINGTON**

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**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF UPPER ARLINGTON

FRANKLIN 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 27, 2006**