



CITY OF | **UPPER
ARLINGTON**

OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

Members of City Council
City of Upper Arlington
3600 Tremont Road
Upper Arlington, Ohio 43221-1558

We have reviewed the Independent Auditor's Report of the City of Upper Arlington, Franklin County, prepared by KPMG LLP, for the audit period January 1, 2003 through December 31, 2003. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 26, 2004

This Page is Intentionally Left Blank.

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2003**

ISSUED BY:

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

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

**Debra K. Miller, CPA
Finance Administrator**

**Scott D. Gill, CPA
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

**CITY OF UPPER ARLINGTON, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For The Fiscal Year Ended December 31, 2003**

Introductory Section

	<u>Page</u>
Table of Contents	i
Letter of Transmittal	v
Certificate of Achievement for Excellence in Financial Reporting	xi
Organizational Chart	xii
List of City Officials	xiii

Financial Section

Independent Auditors' Report	1
A. Required Supplementary Information – MD&A	
Management's Discussion & Analysis	5
B. Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	19
Statement of Activities	20
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	22
Reconciliation of Balance Sheet to the Statement of Net Assets	24
Statement of Revenues, Expenditures, and Changes in Fund Balances	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	28
Proprietary Fund Financial Statements:	
Statement of Net Assets	30
Statement of Revenues, Expenses, and Changes in Fund Net Assets	32
Statement of Cash Flows	34
Fiduciary Fund Financial Statement:	
Statement of Fiduciary Assets and Liabilities	38

**CITY OF UPPER ARLINGTON, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For The Fiscal Year Ended December 31, 2003**

Notes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies	39
2. Cash and Investments	45
3. Receivables	49
4. Capital Assets	51
5. Interfund Transactions	52
6. Long-term Liabilities	54
7. Risk Management.....	58
8. Joint Venture.....	59
9. Subsequent Event	60
10. Contingent Liabilities.....	60
11. Other Postemployment Benefits.....	60
12. Retirement Benefits	61
13. Change in Accounting Principle/Restatement	63

C. Required Supplementary Information Other Than MD&A

Budgetary Information

Budgetary Comparison Schedules (Non-GAAP Budgetary Basis)	67
Notes to the Required Supplementary Information.....	69

D. Other Supplementary Information – Description of All Funds 73

**E. Other Supplementary Information – Budgetary Comparison Schedules
 (Non-GAAP Budgetary Basis)**

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – All Nonmajor General Fund Accounts	80
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – All Nonmajor Special Revenue Funds	86
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – All Debt Funds	94
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – All Capital Project Funds	96
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – All Enterprise Funds	100
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – All Internal Service Funds	104

F. Other Supplementary Information – Combining Financial Statements

Nonmajor Governmental Funds

Combining Balance Sheet	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances...	110

**CITY OF UPPER ARLINGTON, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For The Fiscal Year Ended December 31, 2003**

Nonmajor Proprietary Funds

Combining Statement of Net Assets	114
Combining Statement of Revenues, Expenditures, and Changes in Net Assets	115
Combining Statement of Cash Flows	116

Fiduciary Funds

Combining Statement of Fiduciary Assets and Liabilities	118
Combining Statement of Changes in Assets and Liabilities	120

G. Capital Assets Used in the Operation of Governmental Funds

Assets by Source – Governmental Funds	123
Assets by Function and Activity – Governmental Funds	124
Assets – Schedule of Changes – Governmental Funds	126

Statistical Section

General Governmental Expenditures by Function – Last 10 Years (Table 1)	129
General Governmental Revenues by Source – Last 10 Years (Table 2)	130
Property Tax Levies and Collections – Last 10 Years (Table 3)	131
Assessed and Estimated Value of Taxable Property – Last 10 Years (Table 4)	132
Property Tax Rates – All Direct and Overlapping Governments – Last 10 Years (Table 5)	133
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita – Last 10 Years – (Table 6)	134
Computation of Legal Debt Margin – (Table 7)	135
Computation of Direct and Overlapping Debt – (Table 8)	136
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures – Last 10 Years – (Table 9)	137
Demographic Statistics – (Table 10)	138
Property Value, Construction and Bank Deposits – Last 10 Years – (Table 11)	139
Principal Property Taxpayers – (Table 12)	140
Miscellaneous Statistics – (Table 13)	141
Special Assessment Billings and Collections – Last 10 Years – (Table 14)	142



CITY OF | **UPPER ARLINGTON**

This page left blank intentionally.



May 28, 2004

To the Honorable Clark P. Pritchett 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, 2003, is submitted herewith. The report has a complete set of financial statements presented in conformity with generally accepted accounting principles (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 accounting principles generally accepted in the United States of America (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 ten 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 meets with the independent auditor to review the audit results. The City Council also has oversight responsibility over significant financial matters of the City. KPMG LLP, 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, 2003, 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, 2003, 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.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34). This statement represents a significant change in the way state and local governments present basic financial information. This statement change is effective for the periods beginning after June 15, 2002. For Fiscal 2003, the City implemented this statement.

Additional information on the City's implementation of GASB 34 can be found in Note 13 in the notes to the financial statements.

Profile of the Government

The City of Upper Arlington was organized on February 8, 1941 and is a home-rule, Municipal Corporation under the laws of the State of Ohio. 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 recreations, community development, 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 units 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 nonmajor 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. All departments of the City were required to submit requests for appropriation to the Finance Director on or before October 3, 2003. The Finance Director uses these requests as the starting point for developing a proposed budget. The Finance Director presents the proposed budget for the City Manager's review and approval. The City Manager and Finance Director then present the proposed budget to the City Council for review prior to November 15. 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, function (e.g., public safety), department (e.g., police) and line item (personal services). Budgetary authority is flexible in that the Finance Director may make transfers of \$2,500 or less among expenditure objects and between activities within a department when considered necessary for proper administration of the City government. Transfers of appropriations between line items, funds or when the amounts are greater than \$2,500, however, require the additional approval of the City Council. 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 67. 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 80.

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. Our Nation's economy continues to struggle in 2004 as it did in 2003. On a more local level, Central Ohio is working through their soft commercial real estate market.

The City continued to place priority on economic development activities in 2003, focusing on ways to maximize the potential of limited commercial stock. Some of the 2003 economic development highlights include:

- ❖ The Orthopedic Center of Excellence had its grand opening celebration in May. The Center is fully operational and contributing to the City's income tax revenues.
- ❖ The Shops on Lane Avenue renovations have made significant progress, with close to 30 establishments open for business, and announcements of an anchor tenant and their "grand re-opening" ceremony that occurred on May 7, 2004.
- ❖ Arlington Falls, LLC proceeded with plans to develop an office park at the corner of Henderson Road and Riverside Drive. The development will consist of 68,000 square feet of office "condominiums," allowing smaller businesses to purchase their own space, something that should prove to be an attractive and marketable product for the City.

Upper Arlington will continue to face the challenge of being a landlocked, built-out, first ring suburb. The City remains underserved by Class A office space. Emphasis on redevelopment and retaining existing employers will remain a priority in 2004 and beyond.

While progress on facilitating the redevelopment of Kingsdale into a thriving town center made little progress in 2003, this important Master Plan goal remains a City priority. This priority was further validated by a study by Bird & Houk that confirmed a mixed-use development at Kingsdale would be financially feasible from both the private and public sector perspectives, but how to achieve it is the challenge. Timing, market forces, plans of the current property owners and numerous other business considerations will all play a role in what ultimately could occur at this site.

Long-term financial planning. The City of Upper Arlington's Master Plan, adopted in 2001, serves as the community's vision for its future, comprehensively addressing 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. The 2003 Master Plan Annual Report indicated that more than half the Master Plan's 184 strategies had been addressed in a meaningful way in just two years.

A Master Plan Public Forum was held in October. The event was structured to re-familiarize residents with Master Plan goals, to report on progress made to date, and to provide an opportunity for obtaining feedback on how well the Master Plan is addressing resident needs and desires.

A 2003 Community Survey was undertaken to measure residents' perceptions of the basic quality of services provided by the City to determine which Master Plan issues should be a priority to the City, and to explore how best the City can communicate with residents on the issues they want to hear about.

The City assumed ownership of the community's three outdoor pools in February 2003. The pools were previously managed by the Parks and Recreation Department but held in a Pool Trust by the Upper Arlington School District. Assuming ownership 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.

An extensive public visioning process was undertaken, comprised of city hall and town meetings, surveys; and other outreach efforts to encourage community input on how the City should proceed. Following this process, management prepared a detailed Swimming Pools Report to City Council, outlining the visioning process, summarizing existing conditions and needs, and setting forth a series of recommendations for Council's consideration.

Cash management policies and practice. Cash temporarily idle during the year was invested in overnight repurchase agreements; in U.S. Treasury Notes ranging from one year to four years to maturity, in investments in mutual funds and pools managed by the State of Ohio, and in securities issued by government agencies, including the Federal Home Loan Mortgage Corporation and Federal National Mortgage Association and in Commercial Paper. The yields on the portfolio at December 31 ranged from approximately 1.5% to 4.33%, and the average for the entire portfolio was 2.59%. In 2003, investment income amounted to \$715,368.

Risk management. On October 1, 1997, the City established membership in the Central Ohio Risk Management Association (CORMA) Self-Insurance pool for property liability coverage. Membership in the Pool, which includes other cities, enables the City to have more control over claims and still realize any savings from the insurance pool. The City has purchased general liability insurance through CORMA, which covers claims up to \$10,000,000 with a \$100,000 deductible per claim through December 31, 2003.

Prior to membership in CORMA, the City was self-insured for property liability coverage. The action was taken after analyzing the City's experience for losses due to liability compared to the cost of the liability coverage paid to the insurer. The City has established an account for self-insurance and has reserved approximately \$1.85 million of the general fund balance to cover liability claims. The City has purchased insurance to cover claims above \$1 million. In addition, City Council has set aside \$5 million of the City's total debt capacity to be used for catastrophic liabilities. This means that the City could issue up to \$5 million in debt if needed.

Effective January 1, 1991, the City also assumed the responsibility for paying claims associated with health coverage for City employees. The City is also self-insured for dental claims associated with dental coverage for City employees, as well as the cost of short-term disability benefits. All operating funds of the City participate in the benefit programs and make payments to the Employee Benefit Fund based on actuarial estimates of the amounts needed to pay claims. The City purchases commercial insurance for claims, which exceed \$50,000 in one year to one employee, and for claims, which exceed 125% of the annual estimated claims.

The City purchases commercial coverage for property damage to the physical facilities, including the Municipal Services Center, Public Services Center, Senior Center and the three fire stations. The City also purchases fidelity bond coverage for its employees, life insurance coverage and long-term disability coverage.

Pension and other postemployment 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 Police and Firemen's Disability and Pension Fund of Ohio (PFDPF). The City provides postretirement health care benefits through the City's pension contributions to OPERS and Police and Firemen's Disability and Pension Fund of Ohio PFDPF.

Additional information on the City's pension arrangements and postemployment benefits can be found in Note 11 in the notes to the financial statements.

Awards and Acknowledgements

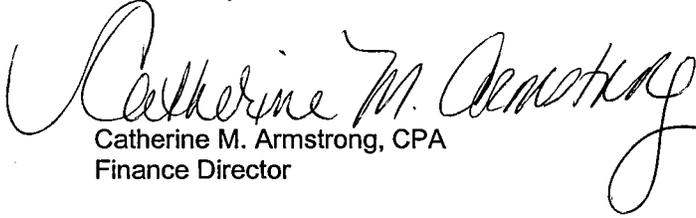
The Government Finance Officers Association of the United States and Canada (GFOA) awarded the 16th consecutive Certificate of Achievement for Excellence in Financial Reporting to the City of Upper Arlington for its comprehensive annual report for the fiscal year ended December 31, 2002.

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 generally accepted accounting principles and applicable legal requirements.

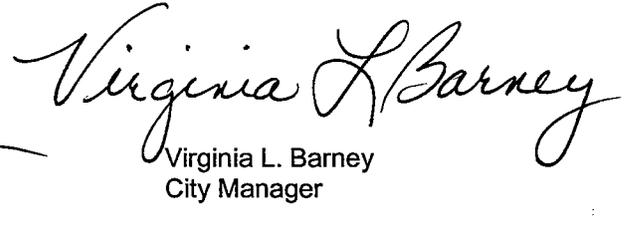
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

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, 2002

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.

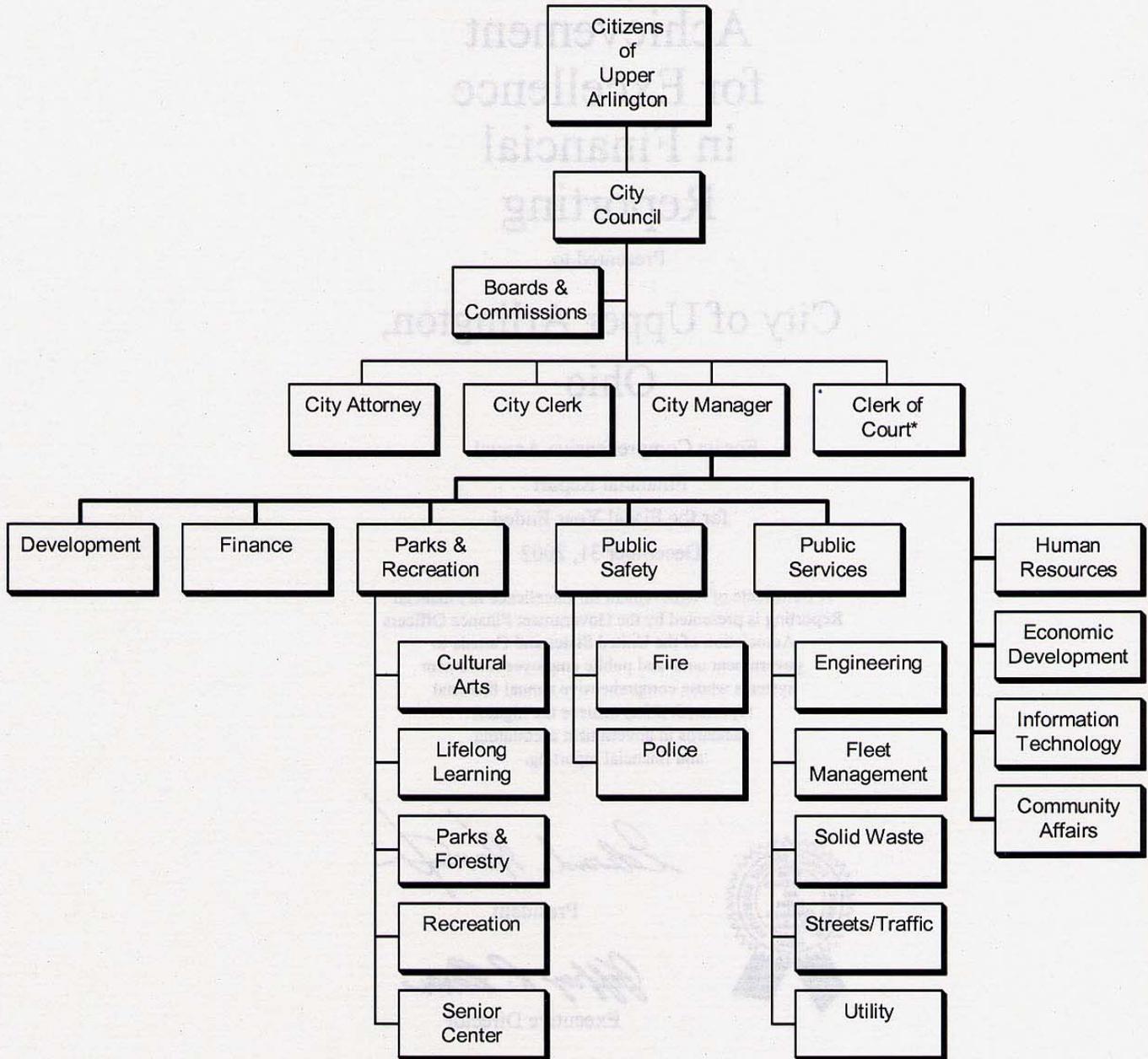


President

Executive Director



Organizational Chart



**Appointed by Mayor*

**CITY OF UPPER ARLINGTON, OHIO
LIST OF CITY OFFICIALS
December 31, 2003**

City Council

President/Mayor	Clark P. Pritchett Jr.
Vice President/Vice Mayor	James R. Winfree
Council Member	Paula Brooks
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	Margie Carvour
Clerk of Court	Cynthia J. Bitter

Executive Staff

Assistant City Manager	Gerald Smith
Development Director	Dean Sivinski
Finance Director	Catherine M. Armstrong
Fire Division Chief	Mitchell Ross
Parks and Recreation Director	Joseph T. Valentino
Police Division Chief	Dwight A. Holcomb
Public Services Director	Larry Helscel



CITY OF | **UPPER ARLINGTON**

This page left blank intentionally.



CITY OF | **UPPER**
ARLINGTON

This Page is Intentionally Left Blank.



KPMG LLP
Suite 500
191 West Nationwide Boulevard
Columbus, OH 43215-2568

Telephone 614 249 2300
Fax 614 249 2348

Independent Auditors' Report

Members of City Council
City of Upper Arlington, Ohio:

and

The Honorable Betty Montgomery
Auditor of State:

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, Ohio (the City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Upper Arlington, Ohio, as of December 31, 2003, 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.

As described in Note 13, the City has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* effective January 1, 2003. Additionally, as described in note 1 the City has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures* effective January 1, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.





The management's discussion and analysis on pages 5 through 16 and the budgetary comparison information on pages 67 through 70 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 financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining 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 introductory section and statistical section 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.

KPMG LLP

May 28, 2004

A. REQUIRED SUPPLEMENTARY INFORMATION – MD&A



CITY OF | **UPPER ARLINGTON**

This page left blank intentionally.

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, 2003. 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 \$74,567,073 (net assets). Of this amount, \$30,535,786 (unrestricted net assets) may be used to meet the government's ongoing governmental activities obligations and \$3,084,739 (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 \$1,312,287 or 1.8%.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$46,718,869, an increase of \$5,157,636 in comparison with the prior year. Approximately 88% of this total amount, \$41,097,854, is available for spending at the City's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$24,662,908, or 104% of the total general fund expenditures.
- The City's total net debt increased by \$8,157,731 (38 percent) during the current fiscal year due to the issuance of \$9,999,988 in general obligation bonds for planned capital improvements.

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 parks and recreation. The business-type activities of the City include five enterprise activities: a sanitary sewer system, a storm sewer and drainage system, a water system, solid waste collection and a swimming pool facility.

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.

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 18 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 14 governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these nonmajor 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 – 28 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 such as employee benefits. The services provided by these funds benefit both the governmental and the business-type functions.

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 water, sanitary sewer, storm water, which are considered to be major funds of the City. Data from the two nonmajor funds, swimming pool and solid waste collection operations, are combined into a single, aggregated presentation. 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 – 64 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 67 – 70 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor business-type funds are presented immediately following the other supplemental information. Combining and individual fund statements and schedules can be found on pages 73 – 120 of this report.

City of Upper Arlington						
Net Assets						
(in thousands)						
	Governmental activities		Business-type activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Current and other assets	\$ 67,278	72,131	3,788	3,960	\$ 71,066	76,091
Capital assets	<u>35,414</u>	<u>31,198</u>	<u>16,142</u>	<u>14,646</u>	<u>51,556</u>	<u>45,844</u>
Total assets	<u>\$ 102,692</u>	<u>103,329</u>	<u>19,930</u>	<u>18,606</u>	<u>\$ 122,622</u>	<u>121,935</u>
Long-term liabilities outstanding	26,299	17,857	5,809	5,603	32,108	23,460
Other liabilities	<u>15,449</u>	<u>24,219</u>	497	<u>1,001</u>	<u>15,946</u>	<u>25,220</u>
Total liabilities	<u>\$ 41,748</u>	<u>42,076</u>	<u>6,306</u>	<u>6,604</u>	<u>\$ 48,054</u>	<u>48,680</u>
Net assets:						
Invested in capital assets, net of related debt	20,492	15,644	10,539	8,512	31,031	24,156
Restricted	9,916	14,045			9,916	14,045
Unrestricted	<u>30,536</u>	<u>31,564</u>	<u>3,085</u>	<u>3,490</u>	<u>33,621</u>	<u>35,054</u>
Total net assets	<u>\$ 60,944</u>	<u>61,253</u>	<u>13,624</u>	<u>12,002</u>	<u>\$ 74,568</u>	<u>73,255</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 \$74,567,073 at the close of the most recent year. This is the first year for which the City has issued government-wide financial statements, hence prior year data for comparative analysis is supplied where available.

A large portion of the City's net assets (42 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.

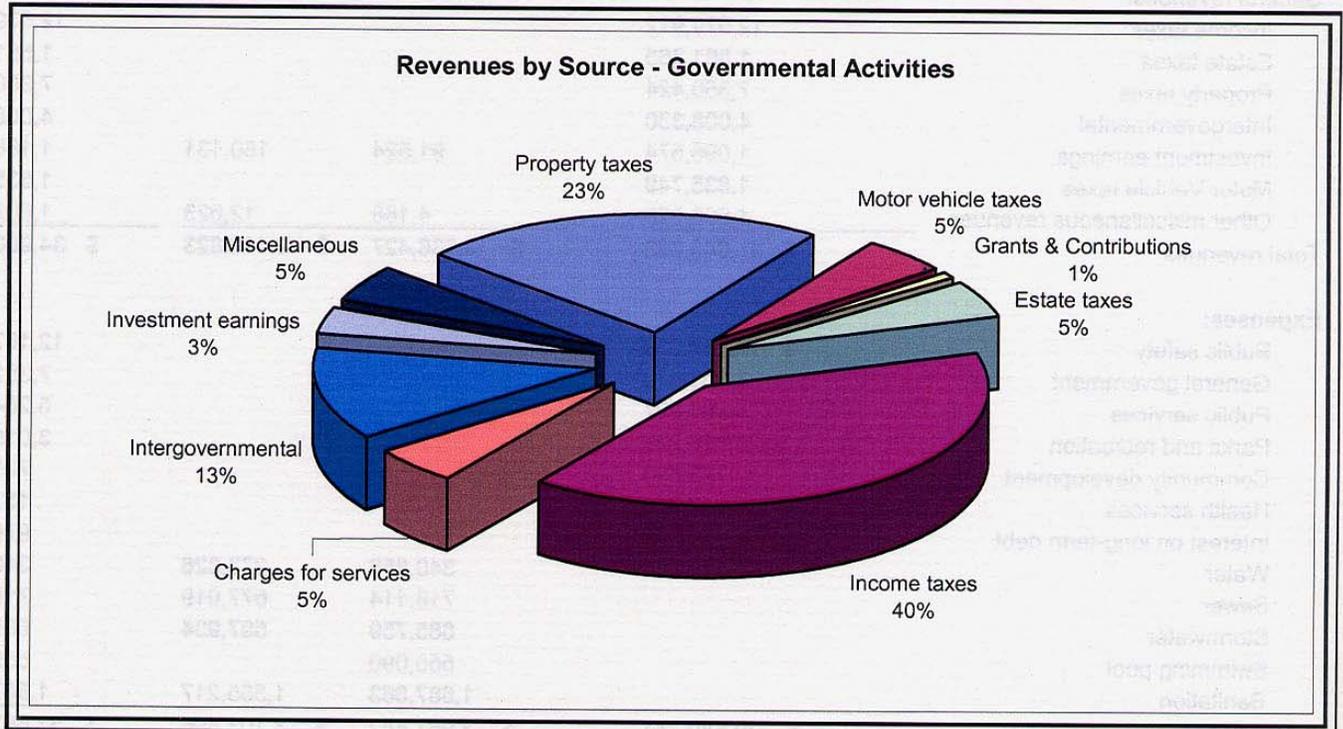
An additional portion of the City's net asset (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$33,620,525) may be used to meet the governments on-going obligations to citizens and creditors. It is important to note that although the total unrestricted net assets is \$33,620,525; the unrestricted net assets of the City's business-type activities (\$3,084,739) 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.

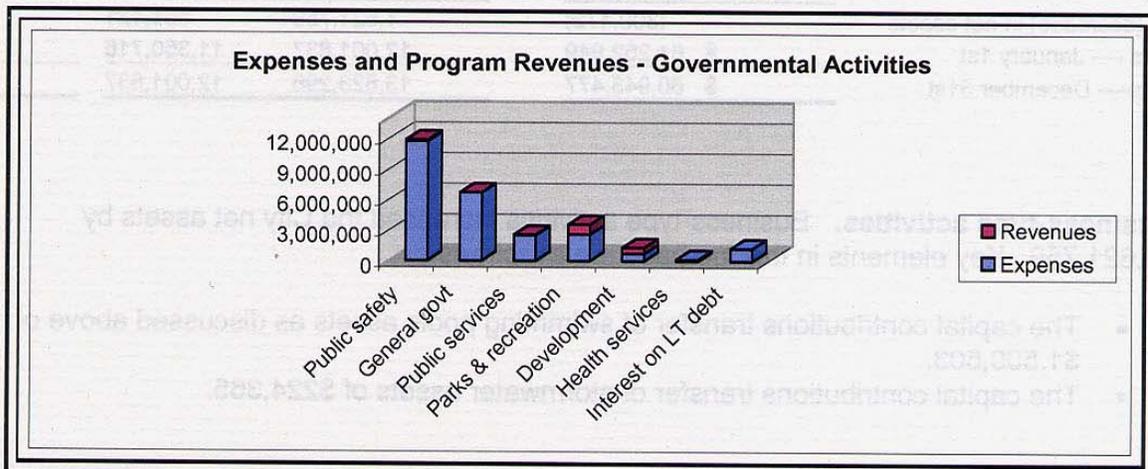
- The decrease in governmental activities total assets and total liabilities was due to the repayment of \$12 million short-term obligations offset by the issuance of \$9.9 million long-term general obligation bonds.

- The increase in business-type activities total assets was due primarily to the transfer of the Swimming Pool capital assets from the governmental activities via a capital contributions transfer.
- The business-type activities liabilities decreased due to the continued repayment of long-term debt.

Governmental activities. Governmental net assets remained stable with a slight decrease of \$309,472. The following charts illustrate the 2003 revenues and expenses for governmental activities.



For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

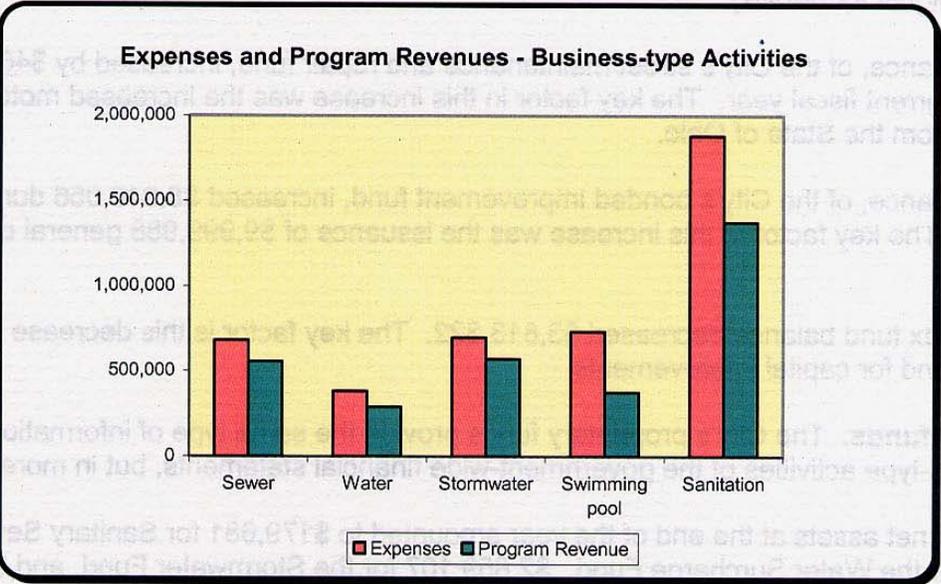
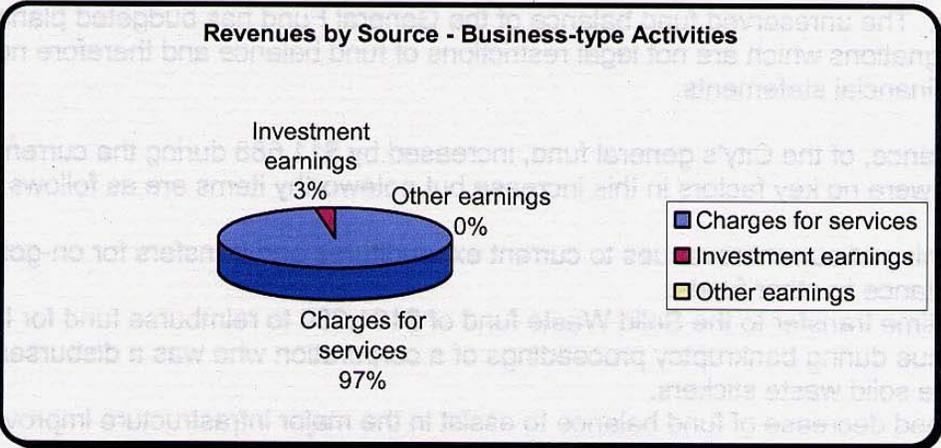


**City of Upper Arlington
Statement of Activities**

	<u>Governmental activities</u>	<u>Business-type activities</u>		<u>Total</u>
	<u>2003</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>
Revenues:				
<i>Program revenues:</i>				
Charges for services	\$ 1,589,686	\$ 3,240,735	\$ 3,250,669	\$ 4,830,421
Operating grants & contributions	83,754			83,754
Capital grants & contributions	119,360			119,360
<i>General revenues:</i>				
Income taxes	12,579,912			12,579,912
Estate taxes	1,581,365			1,581,365
Property taxes	7,350,424			7,350,424
Intergovernmental	4,008,330			4,008,330
Investment earnings	1,096,574	91,524	150,131	1,188,098
Motor Vehicle taxes	1,635,749			1,635,749
Other miscellaneous revenues	1,598,529	4,168	12,023	1,602,697
Total revenues	\$ 31,643,683	\$ 3,336,427	\$ 3,412,823	\$ 34,980,110
Expenses:				
Public safety	\$ 12,187,530			12,187,530
General government	7,352,470			7,352,470
Public services	5,264,297			5,264,297
Parks and recreation	3,018,224			3,018,224
Community development	723,694			723,694
Health services	157,354			157,354
Interest on long-term debt	976,772			976,772
Water		340,856	273,326	340,856
Sewer		718,114	677,019	718,114
Stormwater		685,759	597,934	685,759
Swimming pool		555,090		555,090
Sanitation		1,687,663	1,555,217	1,687,663
Total expenses	\$ 29,680,341	\$ 3,987,482	\$ 3,103,496	\$ 33,667,823
Increase (decrease) in net assets before transfers	1,963,342	(651,055)	309,327	1,312,287
Transfers	(2,272,814)	2,272,814	341,794	
Increase (decrease) in net assets	(309,472)	1,621,759	651,121	1,312,287
Net assets ---- January 1st	\$ 61,252,949	12,001,837	11,350,716	73,254,786
Net assets---- December 31st	\$ 60,943,477	13,623,296	12,001,837	74,567,073

Business-type activities. Business-type activities increased the City net assets by \$1,621,759. Key elements in this increase are as follows.

- The capital contributions transfer of swimming pools assets as discussed above of \$1,500,503.
- The capital contributions transfer of stormwater assets of \$224,365.



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 \$46,718,869, an increase of \$5,157,636 over the prior year. Approximately 88% of this total amount (\$41,097,854) constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is reserved. It has already been committed to liquidate contracts and purchase orders for the prior period (\$3,051,832), risk management utilization (\$1,867,720), or for capital equipment and inventory (\$701,463).

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 \$24,662,908, while total fund balance was \$27,662,681. The unreserved fund balance of the General Fund has budgeted plans and internal designations which are not legal restrictions of fund balance and therefore not reflected in the basic financial statements.

The fund balance, of the City's general fund, increased by \$11,688 during the current fiscal year. There were no key factors in this increase but noteworthy items are as follows:

- ❑ Matching of current revenues to current expenditures and transfers for on-going assistance to other funds.
- ❑ One-time transfer to the Solid Waste fund of \$101,250 to reimburse fund for loss of revenue during bankruptcy proceedings of a corporation who was a disbursement point for the solid waste stickers.
- ❑ Planned decrease of fund balance to assist in the major infrastructure improvement program of \$750,000.
- ❑ Estate Tax revenue transfer of \$2,584,780 (see page 14 under general fund budgetary highlights for details).

The fund balance, of the City's street maintenance and repair fund, increased by \$467,445 during the current fiscal year. The key factor in this increase was the increased motor fuel collections from the State of Ohio.

The fund balance, of the City's bonded improvement fund, increased \$8,945,056 during the fiscal year. The key factor in this increase was the issuance of \$9,999,988 general obligation bonds.

The estate tax fund balance decreased \$3,813,322. The key factor is this decrease was the use of the fund 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 \$179,681 for Sanitary Sewer Fund, \$320,658 for the Water Surcharge Fund, \$2,859,107 for the Stormwater Fund, and \$(274,707) for all other proprietary funds. The change in net assets was \$(32,803), \$(25,469), \$200,654, \$1,479,377 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion the City's business-type activities.

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, 2003, amounts to \$51,556,644 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 12.5%, a 13.5% increase for governmental activities and a 10.2% increase 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:

Beaumont Road reconstruction; Zollinger Road reconstruction; Harford/Essex Road reconstruction; Arterial streetlights; Final phase of the ADA curb ramps; Asbury Drive storm water lines; Riverside Drive South storm water lines; South Dorchester storm water lines; Eastcleft/Wickliffe storm water lines

Construction-in-progress infrastructure projects included: ADA curb ramps Phase 2003; Arterial streetlights; Zollinger Road reconstruction; Andover Road reconstruction; Street maintenance program

Completed infrastructure projects included: ADA curb ramps Phases 2001 and 2002.

- The Swimming Pools assets were formerly part of a trust with the Upper Arlington School District. The City entered into a management agreement to operate the pools for the trustee and reported the swimming pools as a component unit in 2002. In February 2003, the trust was dissolved and the City took ownership of the swimming pools. At that time, the City established an enterprise fund to account for the swimming pools.

City of Upper Arlington's Capital Assets (net of accumulated depreciation)						
	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 3,138,957	\$ 3,868,363	\$ 1,236,573	\$ 514	\$ 4,375,530	\$ 3,868,877
Building	1,540,982	2,237,020	94,994	99,866	1,635,976	2,336,886
Improvements	824,828		410,759		1,235,587	
Machinery and equipment	4,295,550	5,002,136	742,797	507,150	5,038,347	5,509,286
Infrastructure	14,367,226	13,678,179	13,656,720	14,038,912	28,023,946	27,717,091
Construction in progress	11,247,258	6,412,095			11,247,258	6,412,095
Total	\$35,414,801	\$ 31,197,793	\$16,141,843	\$14,646,442	\$ 51,556,644	\$ 45,844,235

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 \$26,885,917. This amount comprises debt backed by the full faith and credit of the government. The City does not have any revenue bonds.

City of Upper Arlington's Outstanding Debt General Obligation						
	Governmental Activities		Business-type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
General						
Obligation Bonds	\$ 24,046,434	\$ 15,264,546	\$ 2,839,482	\$ 3,176,382	\$ 26,885,916	\$ 18,440,928
Total	<u>\$ 24,046,434</u>	<u>\$ 15,264,546</u>	<u>\$ 2,839,482</u>	<u>\$ 3,176,382</u>	<u>\$ 26,885,916</u>	<u>\$ 18,440,928</u>

During the current fiscal year, the City's total net debt increased by \$8,157,731 or 38%. This net increase was due to a \$9,999,988 general obligation bond issuance for the City's capital improvements.

The City received an upgrade to "Aa1" (previously Aa2) rating from Moody's for general obligation debt. Moody's Investor's Service upgrade made 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 \$134,895,609, which is significantly greater than the City's outstanding general obligation debt.

The City created its first ever debt policy in 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 2003, the City issued a total of \$9,999,988 in debt, with \$9,750,000 in general obligation debt and \$249,988 in capital appreciation bonds, at interest rates ranging from 2.0% to 4.0%. Issuance costs of the new debt were \$101,955 and the net premium was \$104,775.

Additional information on the City's long-term debt can be found in note 6 on pages 59 - 62 of this report.

General Fund Budgetary Highlights

In 2003, the City amended the 2003 general fund budget by an increase of \$3,421,581. The major factor in this increase was the \$2,584,780 in estate tax revenue transfer from the General Fund to the Estate Tax Fund. Due to the unreliability of estate tax revenue, the City budgets only \$2,100,000 each year and any collections over the budgeted amount are set aside for future infrastructure needs. This transfer represents two years of estate tax revenue collected over the budgeted amount. Other factors included: new grant revenues and additional salary for Police and Fire Division to pay one of their negotiated benefits early. This request was made to assist in the implementation of the new payroll system.

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 4.7 percent, which is a decrease from a rate of 4.8 percent a year ago. This compares favorably to the state's average unemployment rate of 6.1 percent and the national average rate of 5.8 percent.
- The personal income per capita for Franklin County is \$37,128. This compares favorably to the state's personal income per capita of \$29,405 and the national average rate of \$30,941.
- Horizons Companies began the process of selling a portion of its property to Professional Planning Consultants, a financial investment firm that will result in over \$2 million in annual payroll, thus contributing to the City's income tax revenues. An access road extending Horizon's Drive to Henderson Road will be constructed in 2004, enhancing safety and the marketability of this site. This project is being funded through Tax Increment Financing.
- The City welcomed several new businesses including Merrill Lynch, America's Urgent Care, Ohio Plastic Surgeons, United Collection Bureau, and Ohio Cosmetics Dentists. Combined, these companies represent over \$8.8 million in new payroll.
- Key messages emerged from the 2003 Community Survey and the Master Plan Public Forum that tied in with Master Plan areas of focus currently being prioritized by the City. (1) A continued focus on economic development activities is necessary to attract new businesses to the City. To be successful and competitive in the market, the City should make use of the various economic development tools typically used by communities across the nation. (2) Aggressively addressing both surface and underground infrastructure issues to ensure the community's existing but aging inventory of roads, sanitary sewers and storm water drainage are adequately maintained and able to successfully serve the community for many years to come.
- 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.
- General contractor licensing was introduced in 2003 which requires that all general contractors doing work in the City be licensed within the City. It is anticipated this program will also result in additional income taxes for the City by providing our Tax Division an enhanced means to capture monies due on work performed within the City limits.

All of these factors were considered in preparing the City's Budget for the 2004 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased \$3,229,051 to a fund balance of \$24,662,908. The City has appropriated \$25,706,454 for spending in the 2004 fiscal year budget which includes the 2004 budgeted revenues.

Rate changes: The Enterprise Funds are self-supporting and therefore revenues need to closely match the expenses. The swimming pool membership and entrance fees were raised in 2004 in response to the pools visioning process and the feedback from residents on how they would like these aging pools to evolve into updated water recreation parks. The swimming pools are proprietary funds and therefore must raise their own revenue to cover operating and maintenance costs. Every three years, the solid waste sticker price is reevaluated since solid waste is a proprietary fund. The solid waste sticker price was raised in 2004 from \$2.25 to \$2.50. The insurance premium charged for the employee benefit funds was raised 4% for dental premiums and 37% for medical premiums.

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.

B. BASIC FINANCIAL STATEMENTS



CITY OF | **UPPER ARLINGTON**

This page left blank intentionally.

City of Upper Arlington, Ohio
Statement of Net Assets
December 31, 2003

ASSETS	Governmental Activities	Business-type Activities	Total
Cash, cash equivalents and investments	\$ 49,262,861	\$ 3,637,452	\$ 52,900,313
Receivables (net of allowance for uncollectibles)	17,704,667	178,643	17,883,310
Inventories	182,661		182,661
Deferred charges	99,406		99,406
Internal balances	27,804	(27,804)	-
Capital assets			
Land	3,138,957	1,236,573	4,375,530
Construction in progress	11,247,258		11,247,258
Other capital assets, net of accumulated depreciation	21,028,586	14,905,270	35,933,856
Total assets	<u>102,692,200</u>	<u>19,930,134</u>	<u>122,622,334</u>
 LIABILITIES			
Accounts payable	5,311,724	263,266	5,574,990
Accrued liabilities	1,306,454	25,931	1,332,385
Deferred revenue	8,831,116	207,525	9,038,641
Noncurrent liabilities:			
Due within one year:			
Accrued vacation and sick leave	336,920	53,162	390,082
Installment loan payable	96,271		96,271
OPWC loan payable		201,373	201,373
Bonds payable, net	1,661,065	348,935	2,010,000
Due in more than one year:			
Accrued vacation and sick leave	1,617,468	153,668	1,771,136
Installment loan payable	100,180		100,180
OPWC loan payable		2,562,131	2,562,131
Bonds payable, net	22,487,525	2,490,547	24,978,072
Total liabilities	<u>41,748,723</u>	<u>6,306,538</u>	<u>48,055,261</u>
 NET ASSETS			
Invested in capital assets, net of related debt	20,491,448	10,538,857	31,030,305
Restricted for:			
Capital projects	7,631,158		7,631,158
Debt service	947,941		947,941
Other purposes	1,337,144		1,337,144
Unrestricted	30,535,786	3,084,739	33,620,525
Total net assets	<u>\$ 60,943,477</u>	<u>\$ 13,623,596</u>	<u>\$ 74,567,073</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, 2003

<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	\$ 12,187,530	\$ 9,911	\$ 21,230	\$ 119,360
General Government	7,352,470		994	
Public Services	5,264,297	860	51,962	
Parks and Recreation	3,018,224	965,185	9,568	
Community Development	723,694	613,730		
Health Services	157,354			
Interest on long-term debt	976,772			
Total governmental activities	29,680,341	1,589,686	83,754	119,360
Business-type activities:				
Water	340,856	315,387		
Sewer	718,114	605,311		
Stormwater	685,759	570,524		
Swimming pool	555,090	375,077		
Sanitation	1,687,663	1,374,436		
Total business-type activities	3,987,482	3,240,735	-	-
Total government	\$ 33,667,823	4,830,421	83,754	119,360
General revenues:				
Income taxes				
Property taxes				
Estate taxes				
Motor vehicle 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
\$ (12,037,029)		\$ (12,037,029)
(7,351,476)		(7,351,476)
(5,211,475)		(5,211,475)
(2,043,471)		(2,043,471)
(109,964)		(109,964)
(157,354)		(157,354)
(976,772)		(976,772)
<u>(27,887,541)</u>		<u>(27,887,541)</u>
	(25,469)	(25,469)
	(112,803)	(112,803)
	(115,235)	(115,235)
	(180,013)	(180,013)
	<u>(313,227)</u>	<u>(313,227)</u>
	<u>(746,747)</u>	<u>(746,747)</u>
<u>(27,887,541)</u>	<u>(746,747)</u>	<u>(28,634,288)</u>
12,579,912		12,579,912
7,350,424		7,350,424
1,581,365		1,581,365
1,635,749		1,635,749
4,008,330		4,008,330
1,096,574	91,524	1,188,098
1,598,529	4,168	1,602,697
<u>(2,272,814)</u>	<u>2,272,814</u>	<u>-</u>
<u>27,578,069</u>	<u>2,368,506</u>	<u>29,946,575</u>
(309,472)	1,621,759	1,312,287
61,252,949	12,001,837	73,254,786
<u>\$ 60,943,477</u>	<u>\$ 13,623,596</u>	<u>\$ 74,567,073</u>

City of Upper Arlington, Ohio
Balance Sheet
Governmental Funds
December 31, 2003

ASSETS	<u>General</u>	<u>Street Maintenance and Repair</u>	<u>Bonded Improvement</u>
Cash, cash equivalents and investments	\$ 25,953,250	\$ 524,981	\$ 9,918,356
Receivables (net of allowance for uncollectibles)	15,246,974	1,557,061	3,594
Inventories	107,425	75,236	-
Total assets	<u>\$ 41,307,649</u>	<u>\$ 2,157,278</u>	<u>\$ 9,921,950</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	765,053	29,760	660,657
Due to other funds	218,746	16,619	
Deferred revenue	11,770,502	1,331,912	
Accrued Liabilities	890,667	48,129	
Total liabilities	<u>\$ 13,644,968</u>	<u>\$ 1,426,420</u>	<u>\$ 660,657</u>
Fund balances:			
Reserved for:			
Encumbrances	505,826	3,437	598,824
Capital equipment	518,802		
Inventory	107,425	75,236	
Self-Insurance	1,867,720		
Unreserved, reported in:			
General fund	24,662,908		
Special revenue funds		652,185	
Capital project funds			8,662,469
Debt service funds			
Total fund balances	<u>27,662,681</u>	<u>730,858</u>	<u>9,261,293</u>
Total liabilities and fund balances	<u>\$ 41,307,649</u>	<u>\$ 2,157,278</u>	<u>\$ 9,921,950</u>

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

Estate Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 9,983,521	\$ 2,877,412	\$ 49,257,520
7,632	889,406	17,704,667
-	-	182,661
<u>\$ 9,991,153</u>	<u>\$ 3,766,818</u>	<u>\$ 67,144,848</u>

3,498,609	357,645	5,311,724
	420	235,785
	830,633	13,933,047
	6,627	945,423
<u>\$ 3,498,609</u>	<u>\$ 1,195,325</u>	<u>\$ 20,425,979</u>

1,870,126	73,619	3,051,832
		518,802
		182,661
		1,867,720
		24,662,908
	606,286	1,258,471
4,622,418	848,796	14,133,683
	1,042,792	1,042,792
<u>6,492,544</u>	<u>2,571,493</u>	<u>46,718,869</u>
<u>\$ 9,991,153</u>	<u>\$ 3,766,818</u>	<u>\$ 67,144,848</u>

City of Upper Arlington, Ohio
 Reconciliation of the Balance Sheet to the
 Statement of Net Assets - Governmental Funds
 December 31, 2003

Total governmental fund balances \$46,718,869

Amounts reported for governmental activities in the
 statement of net assets are different because:

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds. 35,414,801

Other long-term assets are not available to pay for current period
 expenditures and therefore are deferred in the funds.

Property taxes receivable	124,561
Income taxes receivable	2,816,285
Estate taxes receivable	274,438
Intergovernmental revenue receivable	1,886,647
Deferred charges, net	99,406

Long-term liabilities, including bonds payable, are
 not due and payable in the current period and therefore
 are not reported in the funds.

Interest payable	(92,101)
Accrued vacation and sick leave	(1,954,388)
Installment loan payable	(196,451)
Bonds payable	(24,046,434)
Premium on bonds, net	(102,156)

Net assets of governmental activities \$60,943,477

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



CITY OF | **UPPER ARLINGTON**

This page left blank intentionally.

City of Upper Arlington, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

REVENUES	<u>General</u>	<u>Street Maintenance and Repair</u>
Taxes:		
Property	\$ 6,886,464	
Income	12,796,984	
Estate	2,441,686	
Motor Fuel		1,535,852
Intergovernmental	3,755,301	
Licenses and permits	623,641	
Charges for services	557,012	860
Fines and forfeits	326,563	
Investment earnings	509,513	11,626
Net increase in fair value of investments	193,644	4,815
Miscellaneous	976,450	43,708
Total revenues	<u>29,067,258</u>	<u>1,596,861</u>
 EXPENDITURES		
Current:		
Public Safety	11,815,251	
General Government	6,322,441	
Public Services	1,201,211	1,359,471
Parks and Recreation	2,257,938	
Community Development	719,420	
Health Services		
Debt service:		
Principal	92,515	
Interest	11,732	
Bond issuance costs		
Capital outlay:		
Capital outlay	1,326,541	
Total expenditures	<u>23,747,049</u>	<u>1,359,471</u>
Excess (deficiency) of revenues over (under) expenditures	5,320,209	237,390
 OTHER FINANCING SOURCES (USES)		
Transfers in	29,825	230,055
Transfers out	(5,405,169)	
Proceeds from issuance of bonds		
Premium from issuance of bonds		
Proceeds from sale of capital assets	66,823	
Total other financing sources and uses	<u>(5,308,521)</u>	<u>230,055</u>
Net change in fund balances	11,688	467,445
 Fund balances -- January 1, as restated (Note 13)	27,650,993	263,413
Fund balances -- December 31	<u>\$ 27,662,681</u>	<u>\$ 730,858</u>

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

<u>Bonded Improvement</u>	<u>Estate Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$ 918,234	\$ 7,804,698
			12,796,984
			2,441,686
			1,535,852
		140,972	3,896,273
			623,641
		408,173	966,045
		28,058	354,621
7,026	266,886	8,279	803,330
	91,560	3,225	293,244
	311,939	23,074	1,355,171
<u>7,026</u>	<u>670,385</u>	<u>1,530,015</u>	<u>32,871,545</u>
		5,754	11,821,005
		277,585	6,600,026
		40,361	2,601,043
		359,543	2,617,481
			719,420
		157,354	157,354
		1,218,100	1,310,615
		943,260	954,992
101,955			101,955
<u>1,032,145</u>	<u>6,995,092</u>	<u>1,144,881</u>	<u>10,498,659</u>
<u>1,134,100</u>	<u>6,995,092</u>	<u>4,146,838</u>	<u>37,382,550</u>
(1,127,074)	(6,324,707)	(2,616,823)	(4,511,005)
	2,511,385	2,565,287	5,336,552
(32,633)		(446,696)	(5,884,498)
9,999,988			9,999,988
104,775			104,775
		45,001	111,824
<u>10,072,130</u>	<u>2,511,385</u>	<u>2,163,592</u>	<u>9,668,641</u>
8,945,056	(3,813,322)	(453,231)	5,157,636
316,237	10,305,866	3,024,724	41,561,233
<u>\$ 9,261,293</u>	<u>\$ 6,492,544</u>	<u>\$ 2,571,493</u>	<u>\$ 46,718,869</u>

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, 2003

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

Net change in fund balances --- total governmental funds (page 27)	\$ 5,157,636
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	5,941,876
Contributions of capital assets from governmental funds to proprietary funds are reported as a transfer in the Statement of Activities. However, capital assets are not recorded on the governmental balance sheets.	(1,724,868)
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.	(1,319,713)
The issuance of long-term debt (e.g. bonds 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.	(8,692,193)
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. This amount is the net effect of the reversal of prior year items against current year accruals.	327,790
Change in net assets of governmental activities (page 21)	<u>\$ (309,472)</u>

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



CITY OF | **UPPER ARLINGTON**

This page left blank intentionally.

City of Upper Arlington, Ohio
Statement of Net Assets
Proprietary Funds
December 31, 2003

Business-type Activities - Enterprise Funds

ASSETS	Water Surcharge	Sewer Surcharge	Stormwater
Current assets:			
Cash, cash equivalents and investments	\$ 283,238	\$ 168,507	\$ 2,895,534
Accounts receivable (net of allowance for uncollectibles)	50,440	94,506	33,499
Due from other funds			
Total current assets	333,678	263,013	2,929,033
Noncurrent assets:			
Capital assets:			
Land	514		
Buildings			
Improvements	238,244		
Infrastructure	8,418,973	8,634,490	10,134,019
Machinery and equipment	40,382	442,643	214,182
Less accumulated depreciation	(3,563,024)	(4,429,727)	(6,222,296)
Total capital assets (net of accumulated depreciation)	5,135,089	4,647,406	4,125,905
Total noncurrent assets	5,135,089	4,647,406	4,125,905
Total assets	\$ 5,468,767	\$ 4,910,419	\$ 7,054,938
LIABILITIES			
Current liabilities:			
Accounts payable	7,479	42,509	27,708
Due to other funds	1,568	5,748	2,297
Deferred revenue			4,423
Accrued liabilities	2,351	13,532	8,259
Accrued vacation and sick leave			
Ohio Public Works Commission Loans - current	83,284	118,089	
General obligation bonds - current	109,809	107,566	131,560
Total current liabilities	204,491	287,444	174,247
Noncurrent liabilities:			
Accrued vacation and sick leave	1,622	21,543	27,239
General obligation bonds payable (net of unamortized discounts)	232,186	327,201	1,931,160
Ohio Public Works Commission Loans	1,076,648	1,485,483	
Total noncurrent liabilities	1,310,456	1,834,227	1,958,399
Total liabilities	1,514,947	2,121,671	2,132,646
NET ASSETS			
Invested in capital assets, net of related debt	3,633,162	2,609,067	2,063,185
Unrestricted	320,658	179,681	2,859,107
Total net assets	\$ 3,953,820	\$ 2,788,748	\$ 4,922,292

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

Business-type Activities - Enterprise Funds

Nonmajor Enterprise Funds	Total
\$ 290,173	\$ 3,637,452
198	178,643
<u>290,371</u>	<u>3,816,095</u>
1,236,059	1,236,573
219,218	219,218
424,513	662,757
	27,187,482
1,406,138	2,103,345
(1,052,485)	(15,267,532)
<u>2,233,443</u>	<u>16,141,843</u>
<u>2,233,443</u>	<u>16,141,843</u>
<u>\$ 2,523,814</u>	<u>\$ 19,957,938</u>
185,570	263,266
18,191	27,804
203,102	207,525
1,789	25,931
53,162	53,162
	201,373
	348,935
<u>461,814</u>	<u>1,127,996</u>
103,264	153,668
	2,490,547
	2,562,131
<u>103,264</u>	<u>5,206,346</u>
<u>565,078</u>	<u>6,334,342</u>
2,233,443	10,538,857
(274,707)	3,084,739
<u>\$ 1,958,736</u>	<u>\$ 13,623,596</u>

**Governmental
Activities
Internal Service Fund
Employee
Benefits**

\$ 5,341
263,589
<u>268,930</u>
-
-
<u>\$ 268,930</u>
268,930
-
-
<u>\$ -</u>
268,930
-
-
<u>\$ -</u>

City of Upper Arlington, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003

Business-type Activities - Enterprise Funds

	<u>Water Surcharge</u>	<u>Sewer Surcharge</u>	<u>Stormwater</u>
Operating revenues:			
Charges for sales and services:			
Charges for services	\$ 315,387	\$ 605,311	\$ 570,524
Total operating revenues	<u>315,387</u>	<u>605,311</u>	<u>570,524</u>
Operating expenses:			
Personal services	64,653	289,488	191,855
Materials and supplies	33,338	157,783	103,447
Self-insurance			
Disposal fees			
Depreciation	185,724	187,016	292,100
Total operating expenses	<u>283,715</u>	<u>634,287</u>	<u>587,402</u>
Operating income (loss)	31,672	(28,976)	(16,878)
Nonoperating revenues (expenses):			
Other			
Investment earnings and increase in fair value			91,524
Interest expense	(57,141)	(83,827)	(98,357)
Total nonoperating revenue (expenses)	<u>(57,141)</u>	<u>(83,827)</u>	<u>(6,833)</u>
Income (loss) before contributions and transfers	(25,469)	(112,803)	(23,711)
Capital contributions		-	224,365
Transfers in		80,000	
Change in net assets	<u>(25,469)</u>	<u>(32,803)</u>	<u>200,654</u>
Total net assets -- January 1	3,979,289	2,821,551	4,721,638
Total net assets -- December 31	<u>\$ 3,953,820</u>	<u>\$ 2,788,748</u>	<u>\$ 4,922,292</u>

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

<u>Business-type Activities - Enterprise Funds</u>		<u>Governmental Activities Internal Service Fund Employee Benefits</u>
<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
\$ 1,749,513	\$ 3,240,735	\$ 2,085,202
1,749,513	3,240,735	2,085,202
1,431,547	1,977,543	
432,449	727,017	
		2,085,202
232,115	232,115	
146,642	811,482	
2,242,753	3,748,157	2,085,202
(493,240)	(507,422)	-
4,168	4,168	
	91,524	
	(239,325)	
4,168	(143,633)	-
(489,072)	(651,055)	-
1,500,503	1,724,868	
467,946	547,946	
1,479,377	1,621,759	-
479,359	12,001,837	-
\$ 1,958,736	\$ 13,623,596	\$ -

City of Upper Arlington, Ohio
Statement of Cash Flows
Proprietary Funds
For the year Ended December 31, 2003

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Surcharge</u>	<u>Sewer Surcharge</u>	<u>Stormwater</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 339,309	\$ 645,890	\$ 530,784
Payments to suppliers	(47,788)	(137,227)	(98,225)
Payments to employees	(63,033)	(283,438)	(187,208)
Net cash provided (used) by operating activities	<u>228,488</u>	<u>225,225</u>	<u>245,351</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from other funds		<u>80,000</u>	
Net cash provided (used) by noncapital financing activities		80,000	
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES			
Purchases of capital assets	(29,272)	(36,330)	(32,523)
Principal paid on capital debt	(186,521)	(219,521)	(125,600)
Interest paid on capital debt	(57,141)	(83,827)	(98,357)
Net cash provided (used) by capital and related financial activities	<u>(272,934)</u>	<u>(339,678)</u>	<u>(256,480)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received			<u>90,067</u>
Net increase (decrease) in cash and cash equivalent	(44,446)	(34,453)	78,938
Cash and cash equivalents, January 1	<u>327,684</u>	<u>202,960</u>	<u>2,816,596</u>
Cash and cash equivalents, December 31	<u>\$ 283,238</u>	<u>\$ 168,507</u>	<u>\$ 2,895,534</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	
Nonmajor Enterprise Funds	Total		
\$ 1,952,571	\$ 3,468,554	\$ 2,007,285	
(653,210)	(936,450)	(2,050,272)	
(1,392,993)	(1,926,672)	-	
(93,632)	605,432	(42,987)	
<hr/>	<hr/>	<hr/>	<hr/>
489,734	569,734		
<hr/>	<hr/>	<hr/>	<hr/>
489,734	569,734	-	
(288,615)	(386,740)		
	(531,642)		
	(239,325)		
<hr/>	<hr/>	<hr/>	<hr/>
(288,615)	(1,157,707)	-	
<hr/>	<hr/>	<hr/>	<hr/>
4,062	94,129	-	
111,549	111,588	(42,987)	
178,624	3,525,864	48,328	
<hr/>	<hr/>	<hr/>	<hr/>
\$ 290,173	\$ 3,637,452	\$ 5,341	
<hr/>	<hr/>	<hr/>	<hr/>

(continued)

City of Upper Arlington, Ohio
Statement of Cash Flows
Proprietary Funds
For the year Ended December 31, 2003

	Business-type Activities - Enterprise Funds		
	Water Surcharge	Sewer Surcharge	Stormwater
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 31,672	\$ (28,976)	\$ (16,878)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	185,724	187,016	292,100
(Increase) decrease in accounts receivable	23,922	40,579	(31,285)
Increase (decrease) in accounts payable	715	37,443	26,830
Increase (decrease) in compensated absences payable	875	4,418	4,820
Increase (decrease) in amounts payable related to equipment purchases	(15,165)	(16,887)	(21,608)
Increase (decrease) in deferred revenue			(8,455)
Increase (decrease) in due to other funds	745	1,632	(173)
Total adjustments	<u>196,816</u>	<u>254,201</u>	<u>262,229</u>
Net cash provided (used) by operating activities	<u>\$ 228,488</u>	<u>\$ 225,225</u>	<u>\$ 245,351</u>
Non cash investing, capital, and financing activities:			
Contributions of capital assets from government	-	-	\$ 224,365
Increase in fair value of investments	-	-	\$ 22,851

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

(continued)

<u>Business-type Activities - Enterprise Funds</u>		<u>Governmental Activities Internal Service Fund Employee Benefits</u>
<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
\$ (493,240)	\$ (507,422)	
146,642	811,482	
201,900	235,116	(77,917)
11,354	76,342	34,930
32,870	42,983	
	(53,660)	
1,158	(7,297)	
5,684	7,888	
<u>399,608</u>	<u>1,112,854</u>	<u>(42,987)</u>
<u>\$ (93,632)</u>	<u>\$ 605,432</u>	<u>\$ (42,987)</u>
<u>\$ 1,500,503</u>	<u>\$ 1,724,868</u>	
<u>\$ 765</u>	<u>\$ 23,616</u>	

City of Upper Arlington, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
As of December 31, 2003

	Agency Funds
ASSETS:	
Cash and investments	\$ 1,787,909
Total assets	<u>\$ 1,787,909</u>
LIABILITIES:	
Due to others	\$ 1,787,909
Total liabilities	<u>\$ 1,787,909</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, 2003

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 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, health and sanitation.

As required by generally accepted accounting principles in the United States of America (GAAP), the accompanying basic financial statements include all the organizations, activities and functions in which the City (the primary government) and its component unit exercises 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* and any related effect of GASB Statement No. 34 can be found in Note 13. 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 comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The basic (government-wide) 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, 2003

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 providing 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.

Additionally, the City implemented GASB Statement No. 40, *Deposits and Investment Risk Disclosures* which requires certain disclosures to be made in the notes of the financial statements. 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 not yet determined the effect, if any, GASB Statement No. 42 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 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 disclosure of 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, the proprietary fund and fiduciary 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 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.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

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, in which the City receives value without directly giving equal value in return, included 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 settled.

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.

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 to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and 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 as of this fund. The resources of this fund are restricted as to use by the 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 repair streets, and finally street lights and traffic signals. The revenue is obtained from gasoline taxes and motor vehicle licenses.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

The capital projects funds, Estate Tax and Bonded Improvement, are reported as major funds due to each having over 10% of the governmental assets and 5% of the enterprise assets. 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 the this fund are dedicated for capital needs.

The government reports the following major proprietary funds:

The water, sanitary sewer and stormwater funds account for the utility activities of the government. 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 government 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, Board of Health, Tax Incentive, Mayor's Court, Life Long Learning and Leisure, Civil Service, 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 one additional capital project fund: Infrastructure Improvement 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.

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.

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 has the following other proprietary funds: Solid Waste and Swimming Pools.

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.

(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 considers all highly liquid investments to be cash equivalents when purchased.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

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 (STAROhio), government securities, and commercial paper. STAROhio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner 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 STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31st. The STAROhio 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 2003 and remained uncollected at December 31, 2003 and the amount assessed in 2003 for collection in 2004. The property taxes levied for collection in 2003 and collected within 60 days are recorded as revenue. Accrued property taxes receivable represent delinquent taxes outstanding and current property taxes, which are measurable as of December 31, 2003. 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, 2003 and June 20, 2003 for those taxes due during 2003. 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 required to be completed no less than every six years. The last revaluation was completed in November 2002. 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.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

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 utilized 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 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 initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of five years. 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 assets 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, 2003

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 and sick leave at varying rates.

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.

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 believe 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 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

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.

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, 2003 fair value was \$322,167 above the City's net costs for its investments. At December 31, 2002 fair value was \$644,177 above net cost. Fair value is determined by quoted market prices and acceptable other pricing methodologies.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

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, provide the City with its authorized investment instruments, which do not include derivatives. The City does invest in STAROhio, an investment pool managed by the State Treasurer's office that allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price that is the price the investment could be sold for on December 31, 2003.

Management of STAROhio 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 STAROhio portfolio at December 31, 2003 was 54 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 their 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, 2003 were 673 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.
- (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.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

- (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, by Standard & Poor's or Moody's Investor Service.
- (10) The State Treasurer's investment pool (STAROhio).

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 110% 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, 2003, the carrying value of the City's cash deposits was \$1,220,614, of which \$500,000 was non-negotiable certificates of deposit. Cash balances per the banks were \$1,154,257. \$211,180 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, 2003, \$543,077 of the City's bank balance of \$1,154,257 was exposed to custodial risk as follows:

Uninsured and collateral held by the pledging financial institutions agents not in the City's name	\$ 543,077
---	------------

The carrying amount of deposits for CIC, a blended component unit, was \$11,180 with a cash balance per the bank of \$11,180. The CIC deposits were all insured by Federal depository insurance.

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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25 to 36 months</u>	<u>37 to 48 months</u>	<u>49 to 60 months</u>
Federal Agency-- noncallable	19,617,622	9,184,341	4,023,125	3,485,156	2,925,000	-
Federal Agency-callable	21,032,212	-	10,001,676	11,030,536	-	-
Total investments	<u>\$40,649,834</u>	<u>9,184,341</u>	<u>14,024,801</u>	<u>14,515,696</u>	<u>2,925,000</u>	<u>-</u>

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

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, 2003.

Investments (summarized above)	\$	40,649,834
Certificate of deposits		500,000
Carrying amount of the City's Deposits		720,614
StarOhio		10,071,537
Money Market Funds held by Trustee		<u>2,746,237</u>
Total	\$	<u><u>54,688,222</u></u>
 Governmental Activities		
Governmental Funds		
Cash and investments with treasurer	\$	49,257,520
Internal Services Funds (governmental portion)		
Cash and investments with treasurer		<u>5,371</u>
Total Cash and Investments - Governmental Activities	\$	<u><u>49,262,861</u></u>
 Business-Type Activities		
Enterprise funds		
Cash and cash equivalents	\$	3,637,452
Total Cash and Investments - Business-Type Activities	\$	<u><u>3,637,452</u></u>
 Agency Funds		
Total	\$	<u><u>1,787,909</u></u>
		<u><u>54,688,222</u></u>

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

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:

	<u>GOVERNMENTAL MAJOR FUNDS</u>				Nonmajor	
	<u>General</u>	<u>Street Maint.</u>	<u>Bonded Impr.</u>	<u>Estate Tax</u>	<u>Governmental Funds</u>	<u>Governmental Total</u>
Receivables:						
Interest	\$ 16,143	\$ 401	\$ 3,594	\$ 7,632	\$ 269	\$ 28,039
Taxes	13,699,128				847,052	14,546,180
Intergovernmental	1,531,703	1,556,660			41,550	3,129,913
Customer Accounts					535	535
Other						
Total receivables	<u>\$ 15,246,974</u>	<u>\$ 1,557,061</u>	<u>\$ 3,594</u>	<u>\$ 7,632</u>	<u>\$ 889,406</u>	<u>\$ 17,704,667</u>

	<u>BUSINESS-TYPE MAJOR FUNDS</u>			Nonmajor	
	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Business-type Funds</u>	<u>Business-type Total</u>
Receivables:					
Interest			\$ 2,214	\$ 198	\$ 2,412
Taxes				-	-
Intergovernmental				-	-
Customer Accounts	50,440	94,506	31,285	101,250	277,481
Other					
Total receivables	50,440	94,506	33,499	101,448	279,893
Less:					
Allowance for uncollectibles				(101,250)	(101,250)
Net total receivables	<u>\$ 50,440</u>	<u>\$ 94,506</u>	<u>\$ 33,499</u>	<u>\$ 198</u>	<u>\$ 178,643</u>

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

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.	Nonmajor & Other Funds	
Deferred Revenue				
Unavailable:				
Property taxes receivable	\$ 11,215,767	-	830,633	12,046,400
Intergovernmental	554,735	1,331,912	-	1,886,647
	<u>\$ 11,770,502</u>	<u>1,331,912</u>	<u>830,633</u>	<u>13,933,047</u>

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

Note (4) – Capital Assets

Capital asset activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,868,363	231,551	-	(960,957)	\$ 3,138,957
Construction in progress	6,412,095	5,825,085	-	(989,922)	11,247,258
Total capital assets, not being depreciated	<u>10,280,458</u>	<u>6,056,636</u>	<u>-</u>	<u>(1,950,879)</u>	<u>14,386,215</u>
Capital assets, being depreciated:					
Buildings	10,986,367	-	-	(1,467,719)	9,518,648
Improvements other than buildings	-	242,355	-	1,723,057	1,965,412
Machinery and equipment	11,529,352	880,473	(238,348)	(794,884)	11,376,593
Infrastructure	19,139,854	497,061	-	989,922	20,626,837
Total capital assets being depreciated	<u>41,655,573</u>	<u>1,619,889</u>	<u>(238,348)</u>	<u>450,376</u>	<u>43,487,490</u>
Less accumulated depreciation for:					
Buildings	8,749,347	83,742	-	(855,423)	7,977,666
Improvements other than buildings	-	49,196	-	1,091,388	1,140,584
Machinery and equipment	6,527,216	984,595	(194,803)	(235,965)	7,081,043
Infrastructure	5,461,675	797,936	-	-	6,259,611
Total accumulated depreciation	<u>20,738,238</u>	<u>1,915,469</u>	<u>(194,803)</u>	<u>-</u>	<u>22,458,904</u>
Total capital assets being depreciated, net	<u>20,917,335</u>	<u>(295,580)</u>	<u>(43,545)</u>	<u>450,376</u>	<u>21,028,586</u>
Governmental capital assets, net	<u>31,197,793</u>	<u>5,761,056</u>	<u>(43,545)</u>	<u>(1,500,503)</u>	<u>35,414,801</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 514	-	-	1,236,059	\$ 1,236,573
Total capital assets, not being depreciated	<u>514</u>	<u>-</u>	<u>-</u>	<u>1,236,059</u>	<u>1,236,573</u>
Capital assets, being depreciated:					
Buildings	219,218	-	-	-	219,218
Improvements other than buildings	238,244	164,613	-	259,900	662,757
Machinery and equipment	1,916,533	412,636	(230,367)	4,543	2,103,345
Infrastructure	26,947,952	239,530	-	-	27,187,482
Total capital assets being depreciated	<u>29,321,947</u>	<u>816,779</u>	<u>(230,367)</u>	<u>264,443</u>	<u>30,172,802</u>
Less accumulated depreciation for:					
Buildings	119,352	4,872	-	-	124,224
Improvements other than buildings	238,244	7,883	-	5,871	251,998
Machinery and equipment	1,409,383	177,005	(219,969)	(5,871)	1,360,548
Infrastructure	12,909,040	621,722	-	-	13,530,762
Total accumulated depreciation	<u>14,676,019</u>	<u>811,482</u>	<u>(219,969)</u>	<u>-</u>	<u>15,267,532</u>
Total capital assets being depreciated, net	<u>14,645,928</u>	<u>5,297</u>	<u>(10,398)</u>	<u>264,443</u>	<u>14,905,270</u>
Business-type capital assets, net	<u>\$ 14,646,442</u>	<u>5,297</u>	<u>(10,398)</u>	<u>1,500,503</u>	<u>\$ 16,141,843</u>

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

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

Governmental activities:	
Public safety	\$ 522,194
General government	230,211
Public services	992,536
Parks and recreation	160,769
Community development	9,759
Total depreciation expense - governmental activities	<u>\$ 1,915,469</u>
Business-type activities:	
Water	\$ 185,724
Sewer	187,016
Stormwater	292,100
Swimming pool	9,849
Solid Waste	136,793
Total depreciation expense - business-type activities	<u>\$ 811,482</u>

Construction commitments

The City has active construction projects as of December 31, 2003. The projects include rebuilding streets, sewer, 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>
Andover Road	\$ 2,796,964	\$ 17,691
2002 Street Maintenance Program	2,790,380	404,385
2003 Street Maintenance Program	2,007,199	619,236
2003 Wheelchair ramp construction	1,876,485	254,952
2003 Arterial Lights	1,374,402	193,507
Asbury Drive	752	434,279
Zollinger Road reconstruction	251,249	34,388
Harford/Essex Roads	44,013	55,285
Beaumont Road	30,469	66,873
Other projects	75,345	154,721
	<u>\$ 11,247,258</u>	<u>\$ 2,235,317</u>

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.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

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.

The composite of Interfund balances as of December 31, 2003, is as follows:

Due to/from other funds:

The routine nature of these transactions are for the funding of insurance claim payments.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<i>Internal Service Fund:</i>		
Employee Benefit Fund	General Fund	\$ 218,746
	<i>Special Revenue Funds:</i>	
	Streets	16,619
	Life Long Learning	420
	<i>Enterprise Funds:</i>	
	Solid Waste	18,191
	Water	1,568
	Sewer	5,748
	Stormwater	2,297
Total		\$ 263,589

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.

Non-routine interfund transfers occurred in 2003 to start up the Swimming Pool enterprise fund and to fund the Solid Waste fund to reimburse loss of sticker revenue due to bankruptcy of vendor.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

	Transfers In					Business Type Activities – Enterprise Funds
	Total Transfers Out	General	Street Maintenance & Repair	Estate Tax Fund	Other Governmental Funds	
General Fund						
Street Maintenance	\$ 230,055	-	230,055	-	-	-
Estate Tax	2,511,385	-	-	2,511,385	-	-
Bonded Retirement	1,122,479	-	-	-	1,122,479	-
Capital Infrastructure	750,000	-	-	-	750,000	-
Civil Service	20,000	-	-	-	20,000	-
CIC	10,000	-	-	-	10,000	-
Board of Health	160,000	-	-	-	160,000	-
Economic Development	500,000	-	-	-	500,000	-
Solid Waste	101,250	-	-	-	-	101,250
Total General Fund	<u>5,405,169</u>	<u>-</u>	<u>230,055</u>	<u>2,511,385</u>	<u>2,562,479</u>	<u>101,250</u>
Bonded Improvement Fund						
General	29,825	29,825	-	-	-	-
Bonded Retirement Fund	2,808	-	-	-	2,808	-
Total Bond Improvement Fund	<u>32,633</u>	<u>29,825</u>	<u>-</u>	<u>-</u>	<u>2,808</u>	<u>-</u>
Other Governmental Funds						
Transfer from Special Revenue fund to Swimming Pool Enterprise Fund	366,696	-	-	-	-	366,696
Interfund transfer from Special Revenue fund to Sewer Surcharge Enterprise Fund	80,000	-	-	-	-	80,000
Total government activities	<u>\$ 5,884,498</u>	<u>29,825</u>	<u>230,055</u>	<u>2,511,385</u>	<u>2,565,287</u>	<u>547,946</u>
Capital contribution transfer to Swimming Pool Enterprise for the transfer of Capital Assets (net of accumulated depreciation) from governmental activities						1,500,503
Capital contributions transfer to Stormwater Enterprise for the transfer of Capital Assets from governmental sources						224,365
Total business-type activities						<u>\$ 2,272,814</u>

Note (6) – Long-term Liabilities

Bonds, loans, compensating absences and notes payable in the Statement of Net Assets are comprised of the following:

	Governmental Activities	Business-type Activities
Amount outstanding at December 31, 2003	\$ 26,197,273	\$ 5,809,816
Bond premium	104,775	
Accumulated amortized bond premium	(2,619)	
Amount per Statement of Net Assets	<u>\$ 26,299,429</u>	<u>\$ 5,809,816</u>

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

General Obligation Bonds:

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues general obligation bonds 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. During the current fiscal year, general obligation bonds totaling \$9,999,988 were issued, exclusive of \$104,775 in bond premium and \$101,955 in bond issue cost. These bonds generally are issued as 20-year serial bonds with fairly equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.00% - 6.375%	24,046,434
Business-type activities	2.98% - 4.76%	<u>2,839,482</u>
		<u>26,885,916</u>

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

<u>Year Ending</u> <u>December 31:</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	1,661,065	958,657	348,935	127,384
2005	1,626,034	994,526	360,970	112,762
2006	1,659,748	953,778	379,177	97,497
2007	1,094,600	806,043	175,400	81,141
2008	889,988	947,919	170,000	73,199
2009 – 2013	5,950,000	3,261,892	710,000	268,926
2014 – 2018	6,900,000	1,890,841	695,000	86,775
2019 – 2023	4,265,000	515,798	0	0
	<u>\$ 24,046,434</u>	<u>\$ 10,329,454</u>	<u>\$ 2,839,482</u>	<u>\$ 847,684</u>

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%. \$4,820,929 was for infrastructure improvements while \$2,000,000 was for renovating and improving the Municipal Services Building and other site improvements.

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. \$5.1 million was issued in 1998, while 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.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

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 five 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%	\$ 1,159,932
Sewer Surcharge	3.50%	1,603,572
Total		<u>\$ 2,763,504</u>

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

<u>Year Ending</u>	<u>Business-type Activities</u>	
<u>December 31:</u>	<u>Principal</u>	<u>Interest</u>
2004	201,372	91,320
2005	208,228	84,463
2006	215,319	77,371
2007	222,653	70,039
2008	230,237	62,455
2009 – 2013	1,274,344	189,114
2014 – 2016	411,350	15,508
	<u>\$ 2,763,504</u>	<u>\$ 590,270</u>

Installment Loan

The City entered into a financing arrangement to purchase a safety vehicle in 2001. The City paid a cash deposit for the construction of such vehicle in the amount of \$120,530. The financing arrangement is recorded as an installment loan and will be repaid over five years in equal installments.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	4.06%	196,451

Annual debt service requirements to maturity for the safety vehicle are as follows:

<u>Year Ending</u>	<u>Governmental Activities</u>	
<u>December 31:</u>	<u>Principal</u>	<u>Interest</u>
2004	96,271	7,976
2005	100,180	4,067
	<u>\$ 196,451</u>	<u>\$ 12,043</u>

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

Changes in long-term liabilities:

Long-term liability activity for the year ended December 31, 2003, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 15,264,546	\$ 9,999,988	\$ 1,218,100	\$ 24,046,434	\$ 1,661,065
Installment loan	288,966		92,515	196,451	96,271
Total debt payable	15,553,512	9,999,988	1,310,615	24,242,885	1,757,336
Accrued vacation & sick leave	2,349,712	153,524	548,848	1,954,388	336,920
Governmental activity					
Long-term liabilities	<u>\$ 17,903,224</u>	<u>\$ 10,153,512</u>	<u>\$ 1,859,463</u>	<u>\$ 26,197,273</u>	<u>\$ 2,094,256</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 3,176,382	\$	\$ 336,900	\$ 2,839,482	\$ 348,935
Ohio Public Works Comm.	2,958,246		194,742	2,763,504	201,373
Total debt payable	6,134,628		531,642	5,602,986	550,308
Accrued vacation & sick leave	133,088	97,690	23,948	206,830	53,162
Business-type activity					
Long-term liabilities	<u>\$ 6,267,716</u>	<u>\$ 97,690</u>	<u>\$ 555,590</u>	<u>\$ 5,809,816</u>	<u>\$ 603,470</u>

Accrued vacation and sick leave will be paid with available resources within the appropriate fund that relates to each particular employee.

Short-term

In 2002, the City issued two 1-year limited general obligation bond anticipation notes. The \$12.65 million in acquisition note proceeds are for the economic development purchase of the Kingsdale Shopping Center. Ultimately, the City decided not to purchase the property and repaid the acquisition notes in November 2003.

<u>Activity</u>	<u>Beginning</u> <u>Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending</u> <u>Balance</u>
Anticipation notes	\$ 12,650,000	\$ -	\$ 12,650,000	\$ -

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

Operating Leases:

The City leases copiers and other equipment under noncancelable operating leases. Total costs for such leases were \$38,914 for the year ended December 31, 2003. The future minimum lease payments for these leases are as follows:

<u>Year ending</u>	<u>Amount</u>
December 31, 2004	\$ 28,385
December 31, 2005	28,385
December 31, 2006	28,385
December 31, 2007	<u>22,992</u>
Total	<u>\$108,147</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

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 \$1,867,720 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 one representative 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 provide 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 employee's 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.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

Settlements did not exceed insurance coverage in 2000, 2001, and 2002. There were no reductions on insurance coverage from the prior year.

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

	<u>2002</u>	
	<u>General Liability</u>	<u>Health Claims</u>
Unpaid claims - January 1, 2002	\$ 3,007	\$ 60,382
Incurred claims	38,713	2,113,152
Payment of claims	<u>(41,614)</u>	<u>(1,939,534)</u>
Unpaid claims - December 31, 2002	<u>\$ 106</u>	<u>\$ 234,000</u>
	<u>2003</u>	
Unpaid claims - January 1, 2003	\$ 106	\$ 234,000
Incurred 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>

A claims liability of \$268,930 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 Venture

The Joint Recreation District (JRD) was created by resolution of the City of Upper Arlington and the Upper Arlington School District in conformance with Sections 755.12 to 755.18 of the Ohio Revised Code on July 8, 2002. The Joint Recreation District was established to provide recreational facilities and programs for the benefit of the residents of the City of Upper Arlington and consists of the aggregate territory of the City of Upper Arlington and the Upper Arlington City School District. The Joint Recreation District shall have all the powers afforded by Ohio law and therefore is fiscally responsible for itself.

The Joint Recreation District shall exist until:

- a) One year from date of certificate of establishment (July 8, 2003), unless the voters of the District shall, during the year, approve a tax levy to provide revenues for the District; or
- b) If the voters of the District approve a tax levy, on such date as the City and School District shall mutually determine, but not earlier than the final maturity of all bonds that may be issued to finance facilities of the District.

The Joint Recreation District proposed a 1.5 tax levy on the November 5, 2002 ballot. The total tax valuation of the Joint Recreation District is \$1,127,813,175, which would produce estimated property tax revenue of \$1,691,719.77. The voters of the District did not pass the Joint Recreation District's tax levy, and as such the JRD is no longer in existence as of December 31, 2003.

Information about the Joint Recreation District 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, 2003

Note (9) – Subsequent Event

On January 15, 2004, 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 \$19,275. 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, 2003.

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 Police and Firemen's Disability and Pension Fund of Ohio (PFDPF).

Police and Firemen's Disability and Pension Fund of Ohio (PFDPF)

The PFDPF provides post-retirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a two-thirds basis. The health care coverage provided by the PFDPF 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 PFDPF 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. Currently 7.75% of covered payroll (7.75% in 2002), the Board-defined allocation, is used to pay retiree health care expenses. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The portion of the City's contribution that was used to pay post-employment healthcare benefits was approximately \$240,028 for Police and \$296,606 for Firefighters. The Police and Firemen's Disability and Pension Fund of Ohio's total health care expense for the year ending December 31, 2002 was \$141,028,006, which is net of member contributions of \$12,623,875.

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 2003 employer contribution rate was 13.55% of covered payroll; 5% was the portion that was used to fund health for the year 2003.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

OPERS administers three separate pension plans: The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plan; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment benefit (OPEB) as described in GASB Statement No. 12.

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 care provisions are expected to be sufficient to sustain the program indefinitely. Outlined below are the following assumptions and calculations based on the system's latest Actuarial Review performed as of December 31, 2002:

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 investment 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; while the investment return assumption rate for 2002 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 4.0% base increase were assumed to range from 0.50% to 6.3%; and health care cost were assumed to increase 4.0% annually.

The portion of the City's contribution that was used to pay post-employment healthcare benefits (OPEB) for general employees was approximately \$383,602. The Ohio Public Employee Retirement had net assets available for future OPEB payments were \$10.0 billion. The number of benefit recipients eligible for OPEB at December 31, 2002 was 364,881.

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 4.3% 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 Police and Firemen's Disability and Pension Fund of Ohio (PFDPF).

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

Police and Firemen's Disability and Pension Fund of Ohio

Plan description – The City contributes to the Police and Firemen's Disability and Pension Fund (PFDPF), a cost sharing multiple-employer defined benefit pension plan. PFDPF 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 PFDPF 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 PFDPF, 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 PFDPF for the years ending December 31, 2003, 2002 and 2001 were \$1,558,891, \$1,479,337, and \$1,410,861 respectively.

The employees' contributions to PFDPF for the years ended December 31, 2001, 2002 and 2003 were \$639,971, \$675,481 and \$698,802 respectively.

Annual Pension Percentage of APC

<u>Fiscal Year Ending</u>	<u>Employer</u> <u>Cost (APC)</u>	<u>Employee</u> <u>Cost (APC)</u>	<u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/2001	\$ 1,410,861	\$ 639,971	100%	\$0
12/31/2002	1,479,337	675,481	100%	0
12/31/2003	1,558,891	698,802	100%	0

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), a cost sharing multiple employer defined benefit pension plan. OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan member beneficiaries. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefit provisions. OPERS issues a stand-alone, publicly available comprehensive annual financial report, which includes financial statements and required supplementary information for OPERS. This report may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

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 amounts that were actuarially determined for 2003. These rates were 13.55% for the City and 8.5% for covered employees on payroll covered by OPERS. During 2003, 5% 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 2002 and 4.3% in 2001.

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, 2003, 2002 and 2001 were \$1,039,571, \$1,017,045, and \$936,820 respectively.

The City's employee's contributions to OPERS for the years ended December 31, 2003, 2002 and 2001 were \$652,289, \$575,763, \$594,898 respectively.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

Annual Pension Percentage of APC

<u>Fiscal Year Ending</u>	<u>Employer Cost (APC)</u>	<u>Employee Cost (APC)</u>	<u>Contributed</u>	<u>Net Pension Obligation</u>
12/31/2001	\$ 936,820	\$ 594,898	100%	\$0
12/31/2002	1,017,045	575,763	100%	0
12/31/2003	1,039,571	652,289	100%	0

Note (13) – Change in Accounting Principle/Restatement

Effective January 1, 2003, the City adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Disclosures*.

Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments. Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund but aggregate all of the City’s governmental activities on the statement of net assets and statement of activities. Significantly, the City’s statement of net assets includes both noncurrent assets and noncurrent liabilities of the City, which were not recorded in the fund financial statements. In addition, the government-wide statement of activities reflects the effect of depreciation expenses on the City’s capital assets.

In addition to the government-wide financial statements, the City has prepared fund financial statements which continue to use the modified accrual basis of accounting and the current financial resources measurement focus for governmental funds and the accrual basis of accounting and economic resources measurement focus for proprietary funds. Accordingly, the accounting and financial reporting for the City’s General Fund, Special Revenue Funds, Debt Service, Capital Projects, Internal Service, Enterprise and Agency Funds is similar to that previously presented in the City’s financial statements although the format of financial statements has been modified by Statement No. 34. Statement No. 34 also requires as supplementary information Management’s Discussion and Analysis, which includes an analytical overview of the City’s financial activities. In addition, budgetary comparison schedules are presented that compare the adopted and modified budget with actual results for the General Fund and the Street Maintenance Repair Fund. Statement No. 34 also requires certain additions and modifications to the notes of the basic financial statements.

Statement No. 38 requires certain disclosure to be made in the notes to the financial statements concurrent with the implementation of Statement No. 34. While this Statement did not affect amounts reported in the financial statements of the City, certain note disclosures have been added and/or amended, including descriptions of activities of major funds, violations of legal or contractual provisions, future debt service and lease obligations in five-year increments, short-term obligations, interest rates, and interfund balances and transactions.

In addition, effective January 1, 2003, the City adopted the provisions of GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This Interpretation clarifies that long-term indebtedness, including debt issues, compensated absences, and claims and judgments should be recorded as a fund liability in governmental funds when they mature (i.e., are due) and unmatured liabilities should only be reported as general long-term liabilities in government-wide statement of net assets.

City of Upper Arlington, Ohio
Notes to the Financial Statements, continued
December 31, 2003

The beginning net asset amount for the governmental funds at December 31, 2002, represents fund balance for the combined governmental funds adjusted as follows:

Total Governmental Fund	
Balances at December 31, 2002, as restated (see below)	\$ 41,561,233
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	31,197,793
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	6,421,644
Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and therefore are not reported in the funds.	
Interest payable	(70,251)
Compensated absences	(2,303,958)
Loan Payable	(288,966)
Bonds payable	(15,264,546)
Net Assets of Governmental Activities at December 31, 2002	\$ 61,252,949

In conjunction with the above information, the City changed its revenue recognition methodology of recording property tax revenue to more appropriately record revenue in accordance with GASB No.33 and implemented GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*:

	Governmental Fund Balances at December 31, 2002, <u>As previously reported</u>	Property tax revenue previously recognized in advance of the year <u>intended to finance</u>	Compensating Absence liabilities previously recognized in advance of <u>of the year, due and payable</u>	Governmental Fund Balances at December 31, 2002, <u>as restated</u>
General Fund	31,022,739	(3,682,682)	310,936	27,650,993
Street Maintenance and Repair Fund	263,413			263,413
Bonded Improvement Fund	316,237			316,237
Estate Tax Fund	10,305,866			10,305,866
Nonmajor Governmental Funds	3,519,893	(495,169)		3,024,724
Total	\$ 45,428,148	\$ (4,177,851)	\$ 310,936	\$ 41,561,233

Additionally, the City restated Capital Assets at the beginning of the year as previously reported in the General Fixed Assets Account Group to properly include infrastructure, construction in progress, and related accumulated depreciation on capital assets, where appropriate (See Note 1D(4)):

Capital Assets, as previously reported in the General Fixed Asset Account Group	\$ 26,384,082
Infrastructure assets, net of accumulated depreciation	13,678,179
Accumulated depreciation on previously recorded assets	(15,276,563)
Construction in progress	6,412,095
Capital Assets-Governmental activities, at December 31, 2002, as restated	\$ 31,197,793

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



CITY OF | **UPPER ARLINGTON**

This page left blank intentionally.

City of Upper Arlington, Ohio
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2003

	General Fund			
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>positive (negative)</u>
REVENUES:				
Income tax	\$ 12,250,000	\$ 11,800,000	\$ 12,276,220	\$ 476,220
Property taxes	6,157,320	6,678,335	6,855,694	177,359
Intergovernmental	3,070,000	3,145,000	3,360,634	215,634
Estate Tax	2,100,000	2,100,000	2,326,605	226,605
Charges for services	550,000	550,000	557,012	7,012
Investment earnings	864,090	840,000	820,157	(19,843)
Fines and forfeits	300,000	300,000	347,685	47,685
Licenses and permits	450,000	450,000	623,641	173,641
Miscellaneous	511,000	654,000	653,819	(181)
Reimbursements	445,000	445,000	432,696	(12,304)
Total revenues	<u>26,697,410</u>	<u>26,962,335</u>	<u>28,254,163</u>	<u>1,291,828</u>
EXPENDITURES:				
Current:				
Public safety	11,849,413	12,129,878	11,761,839	368,039
General government	6,643,318	6,666,373	6,202,056	464,317
Public services	1,177,199	1,174,699	1,153,167	21,532
Parks and recreation	2,409,298	2,420,298	2,243,079	177,219
Community development	856,393	856,333	701,951	154,382
Capital outlay	869,743	1,058,126	960,701	97,425
Total expenditures	<u>23,805,364</u>	<u>24,305,707</u>	<u>23,022,793</u>	<u>1,282,914</u>
Excess (deficiency) of revenues over expenditures	2,892,046	2,656,628	5,231,370	2,574,742
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	21,314	21,314
Operating transfers-in	-	-	29,825	29,825
Operating transfers-out	(2,782,534)	(5,589,564)	(5,397,319)	192,245
Total other financing sources (uses)	<u>(2,782,534)</u>	<u>(5,589,564)</u>	<u>(5,346,180)</u>	<u>243,384</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	109,512	(2,932,936)	(114,810)	2,818,126
Fund balances at beginning of year	25,100,681	25,100,681	25,100,681	
Lapsed encumbrances	41,519	41,519	41,519	
Fund balances at end of year	<u>\$ 25,251,712</u>	<u>\$ 22,209,264</u>	<u>\$ 25,027,390</u>	<u>\$ 2,818,126</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	(114,810)
(Increases) decreases from revenues:	
Received in cash during year but already accrued as receivables (GAAP) at December 31, 2002	(14,870,716)
Accrued as receivables at December 31, 2003 but not recognized in budget	15,343,994
Deferred at December 31, 2002 but not recognized in budget	11,340,974
Deferred at December 31, 2003 but recognized in budget	(9,630,431)
(Increases) decreases from encumbrances:	
Expenditures of amounts encumbered during the year ended December 31, 2002	(355,654)
Recognized as expenditures in the budget	384,833
(Increases) decreases from expenditures:	
Accrued as liabilities at December 31, 2002 recognized as expenditures (GAAP) but not in budget	2,223,011
Accrued as liabilities at December 31, 2003	(4,309,513)
Net change in fund balance per the Statement of Revenues, Expenditures, and Changes in Fund Balance	<u>\$ 11,688</u>

City of Upper Arlington, Ohio
Budgetary Comparison Schedule
Street Construction and Maintenance Repair Fund
For the Year Ended December 31, 2003

	Street Construction Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance positive (negative)
REVENUES:				
Income tax				
Property taxes				
Intergovernmental	1,000,000	1,040,000	1,386,673	346,673
Estate Tax				
Charges for services			860	860
Investment earnings	10,596	13,250	15,440	2,190
Fines and forfeits				
Licenses and permits				
Miscellaneous	12,000	48,000		(48,000)
Reimbursements			6,746	6,746
Total revenues	1,022,596	1,101,250	1,409,719	308,469
EXPENDITURES:				
Current:				
Public safety				
General government				
Public services	1,345,305	1,478,855	1,341,105	137,750
Parks and recreation				
Community development				
Capital outlay				
Total expenditures	1,345,305	1,478,855	1,341,105	137,750
Excess (deficiency) of revenues over expenditures	(322,709)	(377,605)	68,614	446,219
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets				
Operating transfers-in	230,055	351,055	230,055	(121,000)
Operating transfers-out				
Total other financing sources (uses)	230,055	351,055	230,055	(121,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(92,654)	(26,550)	298,669	325,219
Fund balances at beginning of year	198,163	198,163	198,163	
Lapsed encumbrances	195	195	195	
Fund balances at end of year	\$ 105,704	\$ 171,808	\$ 497,027	\$ 325,219

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	298,669
(Increases) decreases from revenues:	
Received in cash during year but already accrued as receivables (GAAP) at December 31, 2002	(38,671)
Accrued as receivables at December 31, 2003 but not recognized in budget	1,557,811
Deferred at December 31, 2002 but not recognized in budget	-
Deferred at December 31, 2003 but recognized in budget	-
(Increases) decreases from encumbrances:	
Expenditures of amounts encumbered during the year ended December 31, 2002	87,071
Recognized as expenditures in the budget	(1,409,801)
(Increases) decreases from expenditures:	
Accrued as liabilities at December 31, 2002 recognized as expenditures (GAAP) but not in budget	(34,153)
Accrued as liabilities at December 31, 2003	6,519
Net change in fund balance per the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 467,445

City of Upper Arlington, Ohio
Notes to the Required Supplementary Information
December 31, 2003

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 2003-2004.

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 object for each activity within each fund.

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 object level. During 2003 various transfers of appropriations and supplemental appropriations were made in the following amounts:

General Fund	\$3,421,581
Special Revenue Funds	\$13,450,363
Capital Project Funds	\$6,126,154
Enterprise Funds	\$58,751
Internal Service Funds	\$50,000

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 \$3,421,581, summarized as follows:

- \$2,807,030 in appropriated fund transfers for the following:
 - \$2,584,780 in estate tax revenue for deposit into the Estate Tax Fund
 - \$121,000 budgeted transfer to the Street Maintenance fund for additional salt purchases due to the large snowfall in the winter of 2003.
 - \$101,250 to the Solid Waste Fund to reimburse loss of sticker revenue due to bankruptcy of vendor.
- \$217,793 in grant revenues received by the City, including one grant of \$132,368 for the Office of Criminal Justice Services Consortium Project from the State of Ohio.
- \$220,000 for additional salary for Police and Fire Division to pay one of their negotiated benefits early. This request was made to assist in the implementation of the new payroll system.

City of Upper Arlington, Ohio
Notes to the Required Supplementary Information
December 31, 2003

- 76,758 in miscellaneous increases for insurance increases, microfilming and physicals.

Of the \$3,421,581 in additional appropriations, \$2,807,030 were appropriations to the fund transfer line item to move funds from one fund to another. The largest transfer being \$2,584,780 of estate tax revenue from the General Fund to the Estate Tax Capital Improvement Fund for future capital projects. An additional \$114,208 was an inter-account fund transfer appropriation. Additionally, \$217,793 of appropriations were offset by various grants received by the City during the year, leaving only \$282,550 of additional appropriations reducing the unappropriated balance of the General Fund.

Special Revenue Funds: Street Construction Maintenance and Repair

Differences between the original budget and the final amended budget were \$66,104 and can be briefly summarized as follows.

- \$66,104 in the Street Construction Maintenance and Repair Fund to appropriate for the negotiated union agreement and additional salt needs due to heavy snowfall.

**D. OTHER SUPPLEMENTARY INFORMATION –
DESCRIPTION OF ALL FUNDS**



CITY OF | **UPPER ARLINGTON**

This page left blank intentionally.

CITY OF UPPER ARLINGTON
DESCRIPTION OF ALL FUNDS

MAJOR FUNDS

These funds are characterized as “major funds”, as defined by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The criteria in GASB Statement No. 34 for characterizing a fund as “major” is as follows:

- a) The general fund is always a major fund.
- b) Total assets, liabilities, revenues or expenditures (excluding extraordinary items) of a fund are at least 10% of the corresponding total for all funds of that fund type **and**
- c) Total assets, liabilities, revenues or expenditures of a fund are at 5% of the corresponding total for all governmental and enterprise funds combined.
- d) Internal service funds and fiduciary funds are excluded from major fund testing.

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.

Special Revenue Funds

Street Construction Maintenance and Repair Fund

Required by Ohio Revised Code Sections 4501.04 and 5735.27 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.

Capital Improvement 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.

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.

NONMAJOR FUNDS

Special Revenue Funds

Law Enforcement Fund

Established pursuant to Ohio Revised Section 2933.43 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.

Tree Planting Fund

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

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.

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.

Tax Incentive Review Fund

Created by C.O. 225.07 to received required fees and pay administrative expenses associated with tax incentive agreements.

Mayor's Court Computer Fund

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

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.

Special Revenue Funds (continued)

Civil Service Fund

Established in 1995 pursuant to C.O. Section 225.04, this Fund is used to pay the expenses associated with the Civil Service Commission. The money is transferred from the General Fund and used to pay the Civil Service Commission Secretary and the cost of tests that are required for promotional examinations.

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

This fund is used to account for the maintenance of neighborhood lights of which a yearly maintenance fee is charged.

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.

Economic Development Venture Fund

Established by C.O. 225.06 effective January 1999 for stimulating investment in Upper Arlington by providing incentives and maintaining an attractive economic climate for business and expansion and new business recruitment.

Capital Improvement 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. Resources are obtained from an annual fund transfer from the General Fund.

Debt Service Fund

General Obligation Bond Retirement Fund

To account for retirement of debt issued by the City, the fund receives property tax and other receipts. Funds are used for the payment of interest and principal on outstanding debt.

Enterprise Funds

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.

Swimming Pools Fund

To account for the balance of funds on deposit with the City of Upper Arlington due to the Trustees of the Upper Arlington Swimming pools.

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.

Agency Funds

Returnable Bonds Fund

To account for moneys deposited by citizens for traps, barricade fees, etc., that are to be returned.

Unclaimed Funds

To account for moneys owed to citizens that cannot be immediately located.

Construction Withholding Fund

To hold the ten percent withholding required by construction contracts until acceptance of the project.

Mayor's Court Fund

To receive 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

To account for payroll and deduction checks of employees.

Revolving Fund

To account for miscellaneous deposits of funds collected by the City and due to other governments.



CITY OF | **UPPER ARLINGTON**

This page left blank intentionally.

**E. OTHER SUPPLEMENTARY INFORMATION – BUDGETARY
COMPARISON SCHEDULES (NON-GAAP BUDGETARY BASIS)**

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
All General Fund Accounts
For the Fiscal Year Ended December 31, 2003

	General Operating Account			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Income tax	\$ 10,657,500	\$ 10,227,000	\$ 10,558,050	\$ 331,050
Property taxes	3,957,500	4,393,000	4,429,580	36,580
Intergovernmental	2,825,000	2,825,000	3,039,862	214,862
Estate Tax	2,100,000	2,100,000	2,326,605	226,605
Charges for services	550,000	550,000	557,012	7,012
Investment earnings	775,000	775,000	748,072	(26,928)
Fines and forfeits	300,000	300,000	347,685	47,685
Licenses and permits	450,000	450,000	623,641	173,641
Miscellaneous	450,000	461,000	445,253	(15,747)
Reimbursements	445,000	445,000	373,319	(71,681)
Total revenues	<u>22,510,000</u>	<u>22,526,000</u>	<u>23,449,079</u>	<u>923,079</u>
EXPENDITURES:				
Current:				
Public safety	11,849,413	12,129,878	11,761,839	368,039
General government	6,543,318	6,566,373	6,176,931	389,442
Public services	1,177,199	1,174,699	1,153,167	21,532
Parks and recreation	2,409,298	2,420,298	2,243,079	177,219
Community development	856,393	856,333	701,951	154,382
Capital outlay				
Total expenditures	<u>22,835,621</u>	<u>23,147,581</u>	<u>22,036,967</u>	<u>1,110,614</u>
Excess (deficiency) of revenues over expenditures	<u>(325,621)</u>	<u>(621,581)</u>	<u>1,412,112</u>	<u>2,033,693</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets			21,314	21,314
Operating transfers-in			29,825	29,825
Operating transfers-out	(1,660,055)	(4,467,085)	(4,274,840)	192,245
Interaccount transfers-in	1,969,300	2,083,508	1,952,698	(130,810)
Interaccount transfers-out	(295,500)	(295,500)	(295,500)	
Total other financing sources (uses)	<u>13,745</u>	<u>(2,679,077)</u>	<u>(2,566,503)</u>	<u>112,574</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(311,876)</u>	<u>(3,300,658)</u>	<u>(1,154,391)</u>	<u>2,146,267</u>
Fund balances at beginning of year	19,894,799	19,894,799	19,894,799	
Lapsed encumbrances	37,643	37,643	37,643	
Fund balances at end of year	<u>\$ 19,620,566</u>	<u>\$ 16,631,784</u>	<u>\$ 18,778,051</u>	<u>\$ 2,146,267</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
All General Fund Accounts
For the Fiscal Year Ended December 31, 2003

	Capital Improvements Account			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Income tax				\$ -
Property taxes	475,520	561,035	567,895	6,860
Intergovernmental		75,000	75,320	320
Estate Tax				-
Charges for services				-
Investment earnings				-
Fines and forfeits				-
Licenses and permits				-
Miscellaneous		132,000	126,110	(5,890)
Reimbursements				-
Total revenues	<u>475,520</u>	<u>768,035</u>	<u>769,325</u>	<u>1,290</u>
EXPENDITURES:				
Current:				
Public safety				-
General government				-
Public services				-
Parks and recreation				-
Community development				-
Capital outlay	765,743	954,126	865,841	88,285
Total expenditures	<u>765,743</u>	<u>954,126</u>	<u>865,841</u>	<u>88,285</u>
Excess (deficiency) of revenues over expenditures	<u>(290,223)</u>	<u>(186,091)</u>	<u>(96,516)</u>	<u>89,575</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets				-
Operating transfers-in				-
Operating transfers-out				-
Interaccount transfers-in	252,500	252,500	252,500	-
Interaccount transfers-out				-
Total other financing sources (uses)	<u>252,500</u>	<u>252,500</u>	<u>252,500</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(37,723)</u>	<u>66,409</u>	<u>155,984</u>	<u>89,575</u>
Fund balances at beginning of year	497,463	497,463	497,463	
Lapsed encumbrances	3,876	3,876	3,876	
Fund balances at end of year	<u>\$ 463,616</u>	<u>\$ 567,748</u>	<u>\$ 657,323</u>	<u>\$ 89,575</u>

Self-Insured Loss Account				Communications and Technology Account			
Adopted Budget	Revised Budget	Actual	Variance	Adopted Budget	Revised Budget	Actual	Variance
			\$ -				\$ -
			-				-
			-				-
89,090	65,000	72,085	7,085				-
			-				-
		59,377	59,377	61,000	61,000	82,456	21,456
<u>89,090</u>	<u>65,000</u>	<u>131,462</u>	<u>66,462</u>	<u>61,000</u>	<u>61,000</u>	<u>82,456</u>	<u>21,456</u>
			-				-
100,000	100,000	25,125	74,875				-
			-				-
			-				-
			-	104,000	104,000	94,860	9,140
<u>100,000</u>	<u>100,000</u>	<u>25,125</u>	<u>74,875</u>	<u>104,000</u>	<u>104,000</u>	<u>94,860</u>	<u>9,140</u>
<u>(10,910)</u>	<u>(35,000)</u>	<u>106,337</u>	<u>141,337</u>	<u>(43,000)</u>	<u>(43,000)</u>	<u>(12,404)</u>	<u>30,596</u>
			-				-
			-				-
			-	43,000	43,000	43,000	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,000</u>	<u>43,000</u>	<u>43,000</u>	<u>-</u>
(10,910)	(35,000)	106,337	141,337	-	-	30,596	30,596
1,749,645	1,749,645	1,749,645		74,961	74,961	74,961	
<u>\$ 1,738,735</u>	<u>\$ 1,714,645</u>	<u>\$ 1,855,982</u>	<u>\$ 141,337</u>	<u>\$ 74,961</u>	<u>\$ 74,961</u>	<u>\$ 105,557</u>	<u>\$ 30,596</u>

(continued)

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
All General Fund Accounts
For the Fiscal Year Ended December 31, 2003

	Total General Fund Accounts			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Income tax	\$ 12,250,000	11,800,000	12,276,220	\$ 476,220
Property taxes	6,157,320	6,678,335	6,855,694	177,359
Intergovernmental	3,070,000	3,145,000	3,360,634	215,634
Estate Tax	2,100,000	2,100,000	2,326,605	226,605
Charges for services	550,000	550,000	557,012	7,012
Investment earnings	864,090	840,000	820,157	(19,843)
Fines and forfeits	300,000	300,000	347,685	47,685
Licenses and permits	450,000	450,000	623,641	173,641
Miscellaneous	511,000	654,000	653,819	(181)
Reimbursements	445,000	445,000	432,696	(12,304)
Total revenues	26,697,410	26,962,335	28,254,163	1,291,828
EXPENDITURES:				
Current:				
Public safety	11,849,413	12,129,878	11,761,839	368,039
General government	6,643,318	6,666,373	6,202,056	464,317
Public services	1,177,199	1,174,699	1,153,167	21,532
Parks and recreation	2,409,298	2,420,298	2,243,079	177,219
Community development	856,393	856,333	701,951	154,382
Capital outlay	869,743	1,058,126	960,701	97,425
Total expenditures	23,805,364	24,305,707	23,022,793	1,282,914
Excess (deficiency) of revenues over expenditures	2,892,046	2,656,628	5,231,370	2,574,742
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	21,314	21,314
Operating transfers-in	-	-	29,825	29,825
Operating transfers-out	(2,782,534)	(5,589,564)	(5,397,319)	192,245
Interaccount transfers-in	2,264,800	2,379,008	2,248,198	(130,810)
Interaccount transfers-out	(2,264,800)	(2,379,008)	(2,248,198)	130,810
Total other financing sources (uses)	(2,782,534)	(5,589,564)	(5,346,180)	243,384
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	109,512	(2,932,936)	(114,810)	2,818,126
Fund balances at beginning of year	25,100,681	25,100,681	25,100,681	
Lapsed encumbrances	41,519	41,519	41,519	
Fund balances at end of year	\$ 25,251,712	\$ 22,209,264	\$ 25,027,390	\$ 2,818,126



CITY OF | **UPPER ARLINGTON**

This page left blank intentionally.

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
All Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2003

	Law Enforcement Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Intergovernmental				\$ -
Estate Tax				-
Charges for services				-
Investment earnings	750	750	5,296	4,546
Fines and forfeits				-
Licenses and permits				-
Miscellaneous	5,000	5,000	48,518	43,518
Reimbursements				-
Total revenues	<u>5,750</u>	<u>5,750</u>	<u>53,814</u>	<u>48,064</u>
EXPENDITURES:				
Current:				
Public safety	10,500	12,500	1,906	10,594
General government				-
Public services				-
Parks and recreation				-
Health Services				-
Capital outlay	52,200	68,887	64,265	4,622
Debt service payments				
Total expenditures	<u>62,700</u>	<u>81,387</u>	<u>66,171</u>	<u>15,216</u>
Excess (deficiency) of revenues over expenditures	<u>(56,950)</u>	<u>(75,637)</u>	<u>(12,357)</u>	<u>63,280</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets				-
Operating transfers-in				-
Operating transfers-out				-
Interaccount transfers-in				-
Interaccount transfers-out				
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>(56,950)</u>	<u>(75,637)</u>	<u>(12,357)</u>	<u>63,280</u>
Fund balances at beginning of year	141,321	141,321	141,321	
Lapsed encumbrances				
Fund balances at end of year	<u>\$ 84,371</u>	<u>\$ 65,684</u>	<u>\$ 128,964</u>	<u>\$ 63,280</u>

Enforcement Education Fund				Tax Incentive Review Fund			
Adopted Budget	Revised Budget	Actual	Variance	Adopted Budget	Revised Budget	Actual	Variance
			\$ -				\$ -
			-				-
			-				-
1,200	1,200	3,061	1,861				-
			-	2,500	2,500	829	(1,671)
			-				-
<u>1,200</u>	<u>1,200</u>	<u>3,061</u>	<u>1,861</u>	<u>2,500</u>	<u>2,500</u>	<u>829</u>	<u>(1,671)</u>
1,200	1,200	(36)	1,236				-
			-	2,500			-
			-				-
			-				-
	8,000	5,790	2,210				-
<u>1,200</u>	<u>9,200</u>	<u>5,754</u>	<u>3,446</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(8,000)</u>	<u>(2,693)</u>	<u>5,307</u>	<u>-</u>	<u>2,500</u>	<u>829</u>	<u>(1,671)</u>
			-				-
			-				-
			-				-
			-				-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(8,000)	(2,693)	5,307	-	2,500	829	(1,671)
9,638	9,638	9,638		3,750	3,750	3,750	
<u>\$ 9,638</u>	<u>\$ 1,638</u>	<u>\$ 6,945</u>	<u>\$ 5,307</u>	<u>\$ 3,750</u>	<u>\$ 6,250</u>	<u>\$ 4,579</u>	<u>\$ (1,671)</u>

(continued)

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
All Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2003

	Board of Health Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Intergovernmental				\$ -
Estate Tax				-
Charges for services				-
Investment earnings				-
Fines and forfeits				-
Licenses and permits				-
Miscellaneous				-
Reimbursements				-
 Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Public safety				-
General government				-
Public services				-
Parks and recreation				-
Health Services	165,000	165,000	157,354	7,646
Capital outlay				-
Debt service payments				
Total expenditures	<u>165,000</u>	<u>165,000</u>	<u>157,354</u>	<u>7,646</u>
 Excess (deficiency) of revenues over expenditures	<u>(165,000)</u>	<u>(165,000)</u>	<u>(157,354)</u>	<u>7,646</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets				-
Operating transfers-in	160,000	160,000	160,000	-
Operating transfers-out				-
Interaccount transfers-in				-
Interaccount transfers-out				
 Total other financing sources (uses)	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>-</u>
 Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(5,000)</u>	<u>(5,000)</u>	<u>2,646</u>	<u>7,646</u>
 Fund balances at beginning of year	11,928	11,928	11,928	
Lapsed encumbrances				
 Fund balances at end of year	<u>\$ 6,928</u>	<u>\$ 6,928</u>	<u>\$ 14,574</u>	<u>\$ 7,646</u>

Tree Planting Fund				Life Long Learning and Leisure Fund			
Adopted Budget	Revised Budget	Actual	Variance	Adopted Budget	Revised Budget	Actual	Variance
			\$ -				\$ -
			-	405,000	405,000	341,807	(63,193)
			-				-
2,500	2,500	3,972	1,472				-
			-				-
<u>2,500</u>	<u>2,500</u>	<u>3,972</u>	<u>1,472</u>	<u>405,000</u>	<u>405,000</u>	<u>341,807</u>	<u>(63,193)</u>
			-				-
2,500	2,500	1,713	787	384,748	404,748	348,633	56,115
			-				-
<u>2,500</u>	<u>2,500</u>	<u>1,713</u>	<u>787</u>	<u>384,748</u>	<u>404,748</u>	<u>348,633</u>	<u>56,115</u>
-	-	2,259	2,259	20,252	252	(6,826)	(7,078)
			-				-
			-				-
			-				-
			-				-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	2,259	2,259	20,252	252	(6,826)	(7,078)
4,510	4,510	4,510		86,731	86,731	86,731	
<u>\$ 4,510</u>	<u>\$ 4,510</u>	<u>\$ 6,769</u>	<u>\$ 2,259</u>	<u>\$ 106,983</u>	<u>\$ 86,983</u>	<u>\$ 79,905</u>	<u>\$ (7,078)</u>

(continued)

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
All Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2003

	Civil Service Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Intergovernmental				\$ -
Estate Tax				-
Charges for services				-
Investment earnings				-
Fines and forfeits				-
Licenses and permits				-
Miscellaneous				-
Reimbursements				-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Public safety				-
General government	20,000	30,000	29,688	312
Public services				-
Parks and recreation				-
Health Services				-
Capital outlay				-
Debt service payments				-
Total expenditures	<u>20,000</u>	<u>30,000</u>	<u>29,688</u>	<u>312</u>
Excess (deficiency) of revenues over expenditures	<u>(20,000)</u>	<u>(30,000)</u>	<u>(29,688)</u>	<u>312</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets				-
Operating transfers-in	20,000	20,000	20,000	-
Operating transfers-out				-
Interaccount transfers-in				-
Interaccount transfers-out				-
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	(10,000)	(9,688)	312
Fund balances at beginning of year	51,542	51,542	51,542	
Lapsed encumbrances				
Fund balances at end of year	<u>\$ 51,542</u>	<u>\$ 41,542</u>	<u>\$ 41,854</u>	<u>\$ 312</u>

Mayor's Court Computer Fund				Clerk of Courts Fund			
Adopted Budget	Revised Budget	Actual	Variance	Adopted Budget	Revised Budget	Actual	Variance
			\$ -				\$ -
			-				-
			-				-
			-				-
10,000	12,000	12,499	499	10,000	10,000	12,498	2,498
			-				-
			-				-
<u>10,000</u>	<u>12,000</u>	<u>12,499</u>	<u>499</u>	<u>10,000</u>	<u>10,000</u>	<u>12,498</u>	<u>2,498</u>
			-				-
5,000	7,500	1,052	6,448	7,500	5,000	4,562	438
			-				-
			-				-
<u>5,000</u>	<u>7,500</u>	<u>1,052</u>	<u>6,448</u>	<u>7,500</u>	<u>5,000</u>	<u>4,562</u>	<u>438</u>
5,000	4,500	11,447	6,947	2,500	5,000	7,936	2,936
			-				-
			-				-
			-				-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5,000	4,500	11,447	6,947	2,500	5,000	7,936	2,936
43,816	43,816	43,816		32,789	32,789	32,789	
<u>\$ 48,816</u>	<u>\$ 48,316</u>	<u>\$ 55,263</u>	<u>\$ 6,947</u>	<u>\$ 35,289</u>	<u>\$ 37,789</u>	<u>\$ 40,725</u>	<u>\$ 2,936</u>

(continued)

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
All Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2003

	Economic Development Venture Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Intergovernmental				\$ -
Estate Tax				-
Charges for services				-
Investment earnings				-
Fines and forfeits				-
Licenses and permits				-
Miscellaneous			1,000,598	1,000,598
Reimbursements				-
Total revenues	-	-	1,000,598	1,000,598
EXPENDITURES:				
Current:				
Public safety				-
General government	500,000	575,000	462,499	112,501
Public services				-
Parks and recreation				-
Health Services				-
Capital outlay				
Debt service payments		13,187,626	12,918,813	268,813
Total expenditures	500,000	13,762,626	13,381,312	381,314
Excess (deficiency) of revenues over expenditures	(500,000)	(13,762,626)	(12,380,714)	1,381,912
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets				-
Operating transfers-in	500,000	500,000	500,000	-
Operating transfers-out				-
Interaccount transfers-in				-
Interaccount transfers-out				-
Total other financing sources (uses)	500,000	500,000	500,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	(13,262,626)	(11,880,714)	1,381,912
Fund balances at beginning of year	11,930,837	11,930,837	11,930,837	
Lapsed encumbrances	28,128	28,128	28,128	
Fund balances at end of year	\$ 11,958,965	\$ (1,303,661)	\$ 78,251	\$ 1,381,912

Neighborhood Lighting Fund				Total Nonmajor Special Revenue Funds			
Adopted Budget	Revised Budget	Actual	Variance	Adopted Budget	Revised Budget	Actual	Variance
			\$ -	\$ -	\$ -	\$ -	\$ -
60,000	60,000	62,113	2,113	465,000	465,000	403,920	(61,080)
4,500	4,500	8,430	3,930	5,250	5,250	13,726	8,476
			-	21,200	23,200	28,058	4,858
			-	-	-	-	-
		1,812	1,812	10,000	10,000	1,053,917	1,043,917
				-	-	1,812	1,812
<u>64,500</u>	<u>64,500</u>	<u>72,355</u>	<u>7,855</u>	<u>501,450</u>	<u>503,450</u>	<u>1,501,433</u>	<u>997,983</u>
			-	11,700	13,700	1,870	11,830
50,000	50,000	44,791	5,209	535,000	617,500	497,801	119,699
			-	50,000	50,000	44,791	5,209
			-	387,248	407,248	350,346	56,902
			-	165,000	165,000	157,354	7,646
			-	52,200	76,887	70,055	6,832
				-	13,187,626	12,918,813	268,813
<u>50,000</u>	<u>50,000</u>	<u>44,791</u>	<u>5,209</u>	<u>1,201,148</u>	<u>14,517,961</u>	<u>14,041,030</u>	<u>476,931</u>
<u>14,500</u>	<u>14,500</u>	<u>27,564</u>	<u>13,064</u>	<u>(699,698)</u>	<u>(14,014,511)</u>	<u>(12,539,597)</u>	<u>1,474,914</u>
			-	-	-	-	-
			-	680,000	680,000	680,000	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>680,000</u>	<u>680,000</u>	<u>680,000</u>	<u>-</u>
14,500	14,500	27,564	13,064	(19,698)	(13,334,511)	(11,859,597)	1,474,914
157,165	157,165	157,165		12,474,027	12,474,027	12,474,027	
12,983	12,983	12,983		41,111	41,111	41,111	
<u>\$ 184,648</u>	<u>\$ 184,648</u>	<u>\$ 197,712</u>	<u>\$ 13,064</u>	<u>\$ 12,495,440</u>	<u>\$ (819,373)</u>	<u>\$ 655,541</u>	<u>\$ 1,474,914</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, 2003

	Debt Service Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Income tax				\$ -
Property taxes	856,869	715,576	914,866	199,290
Intergovernmental		90,000	99,422	9,422
Estate Tax				-
Charges for services				-
Investment earnings				-
Fines and forfeits				-
Licenses and permits				-
Miscellaneous			2,808	2,808
Reimbursements				-
Total revenues	<u>856,869</u>	<u>805,576</u>	<u>1,017,096</u>	<u>211,520</u>
EXPENDITURES:				
Current:				
Public safety				-
General government				-
Public services				-
Parks and recreation				-
Community development				-
Capital outlay				
Debt service payments	2,547,623	2,547,623	2,370,821	176,802
Total expenditures	<u>2,547,623</u>	<u>2,547,623</u>	<u>2,370,821</u>	<u>176,802</u>
Excess (deficiency) of revenues over expenditures	<u>(1,690,754)</u>	<u>(1,742,047)</u>	<u>(1,353,725)</u>	<u>388,322</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets				-
Operating transfers-in	1,600,754	1,600,754	1,600,754	-
Operating transfers-out				-
Interaccount transfers-in				-
Interaccount transfers-out				-
Total other financing sources (uses)	<u>1,600,754</u>	<u>1,600,754</u>	<u>1,600,754</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(90,000)</u>	<u>(141,293)</u>	<u>247,029</u>	<u>388,322</u>
Fund balances at beginning of year	737,795	737,795	737,795	
Lapsed encumbrances				
Fund balances at end of year	<u>\$ 647,795</u>	<u>\$ 596,502</u>	<u>\$ 984,824</u>	<u>\$ 388,322</u>



CITY OF | **UPPER ARLINGTON**

This page left blank intentionally.

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
All Capital Project Funds
For the Fiscal Year Ended December 31, 2003

	Bonded Improvement Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Income tax				\$ -
Property taxes				-
Intergovernmental				-
Estate Tax				-
Charges for services				-
Investment earnings	200,000	200,000	4,025	(195,975)
Fines and forfeits				-
Licenses and permits				-
Miscellaneous				-
Reimbursements				-
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>4,025</u>	<u>(195,975)</u>
EXPENDITURES:				
Current:				
Public safety				-
General government				-
Public services				-
Parks and recreation				-
Community development				-
Capital outlay	4,957,000	4,927,000	903,604	4,023,396
Total expenditures	<u>4,957,000</u>	<u>4,927,000</u>	<u>903,604</u>	<u>4,023,396</u>
Excess (deficiency) of revenues over expenditures	<u>(4,757,000)</u>	<u>(4,727,000)</u>	<u>(899,579)</u>	<u>3,827,421</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets				-
Proceeds from sale of bonds	5,000,000	10,000,000	10,101,955	101,955
Operating transfers-in				-
Operating transfers-out		(30,000)	(29,825)	175
Interaccount transfers-in				-
Interaccount transfers-out				-
Total other financing sources (uses)	<u>5,000,000</u>	<u>9,970,000</u>	<u>10,072,130</u>	<u>102,130</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	243,000	5,243,000	9,172,551	3,929,551
Fund balances at beginning of year	17,869	17,869	17,869	
Lapsed encumbrances	65,063	65,063	65,063	
Fund balances at end of year	<u>\$ 325,932</u>	<u>\$ 5,325,932</u>	<u>\$ 9,255,483</u>	<u>\$ 3,929,551</u>

Infrastructure Improvement Fund				Estate Tax Fund			
Adopted Budget	Revised Budget	Actual	Variance	Adopted Budget	Revised Budget	Actual	Variance
			\$ -				\$ -
			-				-
			-				-
			-	400,000	400,000	452,220	52,220
			-				-
600,000	100,000	16,916	(83,084)			311,939	311,939
			-				-
<u>600,000</u>	<u>100,000</u>	<u>16,916</u>	<u>(83,084)</u>	<u>400,000</u>	<u>400,000</u>	<u>764,159</u>	<u>364,159</u>
			-				-
			-				-
			-				-
1,250,000	1,780,000	692,427	1,087,573		6,126,154	6,114,520	11,634
<u>1,250,000</u>	<u>1,780,000</u>	<u>692,427</u>	<u>1,087,573</u>	<u>-</u>	<u>6,126,154</u>	<u>6,114,520</u>	<u>11,634</u>
(650,000)	(1,680,000)	(675,511)	1,004,489	400,000	(5,726,154)	(5,350,361)	375,793
			-				-
750,000	750,000	750,000	-			2,511,385	2,511,385
(80,000)	(80,000)	(80,000)	-				-
			-				-
<u>670,000</u>	<u>670,000</u>	<u>670,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,511,385</u>	<u>2,511,385</u>
			-				-
20,000	(1,010,000)	(5,511)	1,004,489	400,000	(5,726,154)	(2,838,976)	2,887,178
761,967	761,967	761,967		9,235,529	9,235,529	9,235,529	
43,362	43,362	43,362		1,038	1,038	1,038	
<u>\$ 825,329</u>	<u>\$ (204,671)</u>	<u>\$ 799,818</u>	<u>\$ 1,004,489</u>	<u>\$ 9,636,567</u>	<u>\$ 3,510,413</u>	<u>\$ 6,397,591</u>	<u>\$ 2,887,178</u>

(continued)

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
All Capital Project Funds
For the Fiscal Year Ended December 31, 2003

	Total Capital Project Funds			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Income tax	\$ -	\$ -	\$ -	\$ -
Property taxes				
Intergovernmental				
Estate Tax				
Charges for services				
Investment earnings	600,000	600,000	456,245	(143,755)
Fines and forfeits				
Licenses and permits				
Miscellaneous	600,000	100,000	328,855	228,855
Reimbursements				
Total revenues	<u>1,200,000</u>	<u>700,000</u>	<u>785,100</u>	<u>85,100</u>
EXPENDITURES:				
Current:				
Public safety				
General government				
Public services				
Parks and recreation				
Community development				
Capital outlay	6,207,000	12,833,154	7,710,551	5,122,603
Total expenditures	<u>6,207,000</u>	<u>12,833,154</u>	<u>7,710,551</u>	<u>5,122,603</u>
Excess (deficiency) of revenues over expenditures	<u>(5,007,000)</u>	<u>(12,133,154)</u>	<u>(6,925,451)</u>	<u>5,207,703</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets				
Proceeds from sale of capital assets	5,000,000	10,000,000	10,101,955	101,955
Operating transfers-in	750,000	750,000	3,261,385	2,511,385
Operating transfers-out	(80,000)	(110,000)	(109,825)	175
Interaccount transfers-in				
Interaccount transfers-out				
Total other financing sources (uses)	<u>5,670,000</u>	<u>10,640,000</u>	<u>13,253,515</u>	<u>2,613,515</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	663,000	(1,493,154)	6,328,064	7,821,218
Fund balances at beginning of year	10,015,365	10,015,365	10,015,365	
Lapsed encumbrances	109,463	109,463	109,463	
Fund balances at end of year	<u>\$ 10,787,828</u>	<u>\$ 8,631,674</u>	<u>\$ 16,452,892</u>	<u>\$ 7,821,218</u>



CITY OF | **UPPER ARLINGTON**

This page left blank intentionally.

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
All Enterprise Funds
For the Fiscal Year Ended December 31, 2003

	Solid Waste Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Intergovernmental				\$ -
Estate Tax				-
Charges for services	1,552,500	1,442,500	1,511,381	68,881
Investment earnings	7,500		4,783	4,783
Fines and forfeits				-
Licenses and permits				-
Miscellaneous	60,000	60,000	66,114	6,114
Reimbursements				-
Total revenues	<u>1,620,000</u>	<u>1,502,500</u>	<u>1,582,278</u>	<u>79,778</u>
EXPENDITURES:				
Current:				
Public safety	1,537,823	1,557,324	1,493,053	64,271
General government				-
Public services				-
Parks and recreation				-
Community development				-
Capital outlay	158,000	158,000	151,032	6,968
Debt payments				
Total expenditures	<u>1,695,823</u>	<u>1,715,324</u>	<u>1,644,085</u>	<u>71,239</u>
Excess (deficiency) of revenues over expenditures	<u>(75,823)</u>	<u>(212,824)</u>	<u>(61,807)</u>	<u>151,017</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets				-
Operating transfers-in		101,250	101,250	-
Operating transfers-out				-
Interaccount transfers-in				-
Interaccount transfers-out				-
Total other financing sources (uses)	<u>-</u>	<u>101,250</u>	<u>101,250</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(75,823)</u>	<u>(111,574)</u>	<u>39,443</u>	<u>151,017</u>
Fund balances at beginning of year	62,493	62,493	62,493	
Lapsed encumbrances	1,745	1,745	1,745	
Fund balances at end of year	<u>\$ (11,585)</u>	<u>\$ (47,336)</u>	<u>\$ 103,681</u>	<u>\$ 151,017</u>

Water Surcharge Fund				Sanitary Sewer Surcharge Fund			
Adopted Budget	Revised Budget	Actual	Variance	Adopted Budget	Revised Budget	Actual	Variance
			\$ -				\$ -
			-				-
327,250	327,250	339,309	12,059	635,250	635,250	645,775	10,525
			-				-
			-				-
			-	3,000	250	115	(135)
			-				-
<u>327,250</u>	<u>327,250</u>	<u>339,309</u>	<u>12,059</u>	<u>638,250</u>	<u>635,500</u>	<u>645,890</u>	<u>10,390</u>
91,617	117,167	108,667	8,500	448,012	444,612	417,091	27,521
			-				-
			-				-
			-				-
30,000	30,000	29,272	728	22,500	22,600	22,563	37
119,503	119,503	119,503	-	173,190	173,190	173,190	-
<u>241,120</u>	<u>266,670</u>	<u>257,442</u>	<u>9,228</u>	<u>643,702</u>	<u>640,402</u>	<u>612,844</u>	<u>27,558</u>
86,130	60,580	81,867	21,287	(5,452)	(4,902)	33,046	37,948
			-				-
			-	80,000	80,000	80,000	-
(124,159)	(124,159)	(124,159)	-	(130,159)	(130,159)	(130,159)	-
			-				-
<u>(124,159)</u>	<u>(124,159)</u>	<u>(124,159)</u>	<u>-</u>	<u>(50,159)</u>	<u>(50,159)</u>	<u>(50,159)</u>	<u>-</u>
(38,029)	(63,579)	(42,292)	21,287	(55,611)	(55,061)	(17,113)	37,948
318,052	318,052	318,052		141,963	141,963	141,963	
				2,512	2,512	2,512	
<u>\$ 280,023</u>	<u>\$ 254,473</u>	<u>\$ 275,760</u>	<u>\$ 21,287</u>	<u>\$ 88,864</u>	<u>\$ 89,414</u>	<u>\$ 127,362</u>	<u>\$ 37,948</u>

(continued)

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
All Enterprise Funds
For the Fiscal Year Ended December 31, 2003

	Stormwater Management Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Intergovernmental				\$ -
Estate Tax				-
Charges for services	525,000	525,000	555,943	30,943
Investment earnings	105,000	105,000	112,918	7,918
Fines and forfeits				-
Licenses and permits				-
Miscellaneous				-
Reimbursements				-
Total revenues	<u>630,000</u>	<u>630,000</u>	<u>668,861</u>	<u>38,861</u>
EXPENDITURES:				
Current:				
Public safety	270,468	287,468	280,600	6,868
General government				-
Public services				-
Parks and recreation				-
Community development				-
Capital outlay	25,500	25,500	23,058	2,442
Debt payments				
Total expenditures	<u>295,968</u>	<u>312,968</u>	<u>303,658</u>	<u>9,310</u>
Excess (deficiency) of revenues over expenditures	<u>334,032</u>	<u>317,032</u>	<u>365,203</u>	<u>48,171</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets				-
Operating transfers-in				-
Operating transfers-out	(223,957)	(223,957)	(223,957)	-
Interaccount transfers-in				-
Interaccount transfers-out				-
Total other financing sources (uses)	<u>(223,957)</u>	<u>(223,957)</u>	<u>(223,957)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	110,075	93,075	141,246	48,171
Fund balances at beginning of year	2,696,394	2,696,394	2,696,394	
Lapsed encumbrances	16,445	16,445	16,445	
Fund balances at end of year	<u>\$ 2,822,914</u>	<u>\$ 2,805,914</u>	<u>\$ 2,854,085</u>	<u>\$ 48,171</u>

Swimming Pool Fund				Total Enterprise Funds			
Adopted Budget	Revised Budget	Actual	Variance	Adopted Budget	Revised Budget	Actual	Variance
			\$ -	\$ -	\$ -	\$ -	\$ -
			-	-	-	-	-
455,000	455,000	375,077	(79,923)	3,495,000	3,385,000	3,427,485	42,485
			-	112,500	105,000	117,701	12,701
			-	-	-	-	-
			-	63,000	60,250	66,229	5,979
			-	-	-	-	-
<u>455,000</u>	<u>455,000</u>	<u>375,077</u>	<u>(79,923)</u>	<u>3,670,500</u>	<u>3,550,250</u>	<u>3,611,415</u>	<u>61,165</u>
434,813	580,313	535,543	44,770	2,782,733	2,986,884	2,834,954	151,930
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
395,700	250,200	188,320	61,880	631,700	486,300	414,245	72,055
			-	292,693	292,693	292,693	-
<u>830,513</u>	<u>830,513</u>	<u>723,863</u>	<u>106,650</u>	<u>3,707,126</u>	<u>3,765,877</u>	<u>3,541,892</u>	<u>223,985</u>
<u>(375,513)</u>	<u>(375,513)</u>	<u>(348,786)</u>	<u>26,727</u>	<u>(36,626)</u>	<u>(215,627)</u>	<u>69,523</u>	<u>285,150</u>
			-	-	-	-	-
			-	80,000	181,250	181,250	-
			-	(478,275)	(478,275)	(478,275)	-
			-	-	-	-	-
			-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(398,275)</u>	<u>(297,025)</u>	<u>(297,025)</u>	<u>-</u>
(375,513)	(375,513)	(348,786)	26,727	(434,901)	(512,652)	(227,502)	285,150
367,510	367,510	367,510		3,586,412	3,586,412	3,586,412	
				20,702	20,702	20,702	
<u>\$ (8,003)</u>	<u>\$ (8,003)</u>	<u>\$ 18,724</u>	<u>\$ 26,727</u>	<u>\$ 3,172,213</u>	<u>\$ 3,094,462</u>	<u>\$ 3,379,612</u>	<u>\$ 285,150</u>

City of Upper Arlington, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (NON-GAAP Budgetary Basis)
All Internal Service Funds
For the Fiscal Year Ended December 31, 2003

	Employee Benefit Fund			
	Adopted Budget	Revised Budget	Actual	Variance
REVENUES:				
Intergovernmental				\$ -
Estate Tax				-
Charges for services	2,079,036	2,079,036	1,986,205	(92,831)
Investment earnings				-
Fines and forfeits				-
Licenses and permits				-
Miscellaneous				-
Reimbursements			21,081	21,081
Total revenues	<u>2,079,036</u>	<u>2,079,036</u>	<u>2,007,286</u>	<u>(71,750)</u>
EXPENDITURES:				
Current:				
Public safety				-
General government				-
Public services				-
Parks and recreation				-
Insurance claims	2,007,546	2,057,546	2,050,272	7,274
Capital outlay				
Total expenditures	<u>2,007,546</u>	<u>2,057,546</u>	<u>2,050,272</u>	<u>7,274</u>
Excess (deficiency) of revenues over expenditures	<u>71,490</u>	<u>21,490</u>	<u>(42,986)</u>	<u>(64,476)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets				-
Operating transfers-in				-
Operating transfers-out				-
Interaccount transfers-in				-
Interaccount transfers-out				
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	71,490	21,490	(42,986)	(64,476)
Fund balances at beginning of year	48,328	48,328	48,328	
Lapsed encumbrances				
Fund balances at end of year	<u>\$ 119,818</u>	<u>\$ 69,818</u>	<u>\$ 5,342</u>	<u>\$ (64,476)</u>

**F. OTHER SUPPLEMENTARY INFORMATION –
COMBINING FINANCIAL STATEMENTS**

City of Upper Arlington, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

ASSETS	Law Enforcement	Enforcement Education	Civil Service
Cash, cash equivalents and investments	\$ 139,649	\$ 6,944	\$ 43,230
Receivables (net of allowance for uncollectibles)	107		
Due from other funds			
Inventories			
Total assets	<u>\$ 139,756</u>	<u>\$ 6,944</u>	<u>\$ 43,230</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	9,402		1,375
Due to other funds			
Deferred revenue			
Accrued Liabilities			
Accrued Vacation & Sick Leave Liability			
Total liabilities	<u>\$ 9,402</u>	<u>\$ -</u>	<u>\$ 1,375</u>
 Fund balances:			
Reserved for:			
Encumbrances			407
Unreserved, reported in:			
General fund			
Special revenue funds	130,354	6,944	41,448
Capital project funds			
Debt service funds			
Total fund balances	<u>130,354</u>	<u>6,944</u>	<u>41,855</u>
Total liabilities and fund balances	<u>\$ 139,756</u>	<u>\$ 6,944</u>	<u>\$ 43,230</u>

Board of Health	Tax Incentive	Tree Planting	Life Long Learning & Leisure	Mayor's Court	Clerk of Court
\$ 14,574	\$ 4,579	\$ 6,769	\$ 82,710	\$ 54,652	\$ 43,914
<u>\$ 14,574</u>	<u>\$ 4,579</u>	<u>\$ 6,769</u>	<u>\$ 82,710</u>	<u>\$ 54,652</u>	<u>\$ 43,914</u>
			10,349		3,636
			420		
			6,627		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,396</u>	<u>\$ -</u>	<u>\$ 3,636</u>
			3,212		3,188
14,574	4,579	6,769	62,102	54,652	37,090
<u>14,574</u>	<u>4,579</u>	<u>6,769</u>	<u>65,314</u>	<u>54,652</u>	<u>40,278</u>
<u>\$ 14,574</u>	<u>\$ 4,579</u>	<u>\$ 6,769</u>	<u>\$ 82,710</u>	<u>\$ 54,652</u>	<u>\$ 43,914</u>

(continued)

City of Upper Arlington, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

	Neighborhood Lighting	Community Improvement Corp	Economic Development
ASSETS			
Cash, cash equivalents and investments	\$ 211,988	\$ 11,180	\$ 342,251
Receivables (net of allowance for uncollectibles)	697		-
Due from other funds			
Inventories			
Total assets	<u>\$ 212,685</u>	<u>\$ 11,180</u>	<u>\$ 342,251</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	12,585		266,743
Due to other funds			
Deferred revenue			
Accrued Liabilities			
Accrued Vacation & Sick Leave Liability			
Total liabilities	<u>\$ 12,585</u>	<u>\$ -</u>	<u>\$ 266,743</u>
 Fund balances:			
Reserved for:			
Encumbrances	6,565		32,449
Unreserved, reported in:			
General fund			
Special revenue funds	193,535	11,180	43,059
Capital project funds			
Debt service funds			
Total fund balances	<u>200,100</u>	<u>11,180</u>	<u>75,508</u>
Total liabilities and fund balances	<u>\$ 212,685</u>	<u>\$ 11,180</u>	<u>\$ 342,251</u>

Total Special Revenue	Debt Service	Capital Projects Infrastructure	Total Nonmajor Governmental Funds
\$ 962,440	\$ 984,823	\$ 930,149	\$ 2,877,412
804	888,602		889,406
-			-
-			-
<u>\$ 963,244</u>	<u>\$ 1,873,425</u>	<u>\$ 930,149</u>	<u>\$ 3,766,818</u>
304,090		53,555	357,645
420			420
-	830,633		830,633
6,627			6,627
-			-
<u>\$ 311,137</u>	<u>\$ 830,633</u>	<u>\$ 53,555</u>	<u>\$ 1,195,325</u>
45,821		27,798	73,619
-			-
-			-
606,286			606,286
-		848,796	848,796
-	1,042,792		1,042,792
<u>652,107</u>	<u>1,042,792</u>	<u>876,594</u>	<u>2,571,493</u>
<u>\$ 963,244</u>	<u>\$ 1,873,425</u>	<u>\$ 930,149</u>	<u>\$ 3,766,818</u>

City of Upper Arlington, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2003

	<u>Law Enforcement</u>	<u>Enforcement Education</u>	<u>Civil Service</u>
REVENUES			
Taxes:			
Property			
Income			
Estate			
Motor Fuel			
Intergovernmental			
Licenses and permits			
Charges for services			
Fines and forfeits		3,060	1
Special assessments			
Investment earnings	2,606		
Net inc (dec) in FV of investments	1,281		
Miscellaneous	3,517		
Total revenues	<u>7,404</u>	<u>3,060</u>	<u>1</u>
EXPENDITURES			
Current:			
Public Safety	-	5,754	
General Government			28,688
Public Services			
Parks and Recreation			
Community Development			
Health Services			
Debt service:			
Principal			
Interest			
Bond issuance costs			
Capital outlay:			
Capital outlay	76,074		
Total expenditures	<u>76,074</u>	<u>5,754</u>	<u>28,688</u>
Excess (deficiency) of revenues over (under) expenditures	(68,670)	(2,694)	(28,687)
OTHER FINANCING SOURCES (USES)			
Transfers in			20,000
Transfers out			
Proceeds of bond sale			
Sale of capital assets	45,001		
Total other financing sources and uses	<u>45,001</u>	<u>-</u>	<u>20,000</u>
Net change in fund balances	(23,669)	(2,694)	(8,687)
Fund balances -- January 1	154,023	9,638	50,542
Fund balances -- December 31	<u>\$ 130,354</u>	<u>\$ 6,944</u>	<u>\$ 41,855</u>

<u>Board of Health</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>
		3,972	341,807	12,499	12,498
	829				
-	829	3,972	341,807	12,499	12,498
				4,502	5,008
		1,713	357,830		
157,354					
157,354	-	1,713	357,830	4,502	11,648
(157,354)	829	2,259	(16,023)	7,997	850
160,000					
160,000	-	-	-	-	-
2,646	829	2,259	(16,023)	7,997	850
11,928	3,750	4,510	81,337	46,655	39,428
\$ 14,574	\$ 4,579	\$ 6,769	\$ 65,314	\$ 54,652	\$ 40,278

(continued)

City of Upper Arlington, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2003

	<u>Neighborhood Lighting</u>	<u>Community Improvement Corp</u>	<u>Economic Development</u>
REVENUES			
Taxes:			
Property			
Income			
Estate			
Motor Fuel			
Intergovernmental			
Licenses and permits			
Charges for services	62,394		
Fines and forfeits			
Special assessments			
Investment earnings	5,469	204	-
Net inc (dec) in FV of investments	1,944		
Miscellaneous	1,812		
Total revenues	71,619	204	-
EXPENDITURES			
Current:			
Public Safety			
General Government		3,795	235,592
Public Services	40,361		
Parks and Recreation			
Community Development			
Health Services			
Debt service:			
Principal			
Interest			268,813
Bond issuance costs			
Capital outlay:			
Capital outlay			254,000
Total expenditures	40,361	3,795	758,405
Excess (deficiency) of revenues over (under) expenditures	31,258	(3,591)	(758,405)
OTHER FINANCING SOURCES (USES)			
Transfers in		10,000	500,000
Transfers out			
Proceeds of bond sale			
Sale of capital assets			
Total other financing sources and uses	-	10,000	500,000
Net change in fund balances	31,258	6,409	(258,405)
Fund balances -- January 1	168,842	4,771	333,913
Fund balances -- December 31	\$ 200,100	\$ 11,180	\$ 75,508

<u>Total Nonmajor Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects Infrastructure</u>	<u>Total Nonmajor Governmental Funds</u>
-	918,234		918,234
-	140,972		140,972
408,173			408,173
28,058			28,058
8,279			8,279
3,225			3,225
6,158		16,916	23,074
<u>453,893</u>	<u>1,059,206</u>	<u>16,916</u>	<u>1,530,015</u>
5,754			5,754
277,585			277,585
40,361			40,361
359,543			359,543
157,354			157,354
-	1,218,100		1,218,100
268,813	674,447		943,260
336,714		808,167	1,144,881
<u>1,446,124</u>	<u>1,892,547</u>	<u>808,167</u>	<u>4,146,838</u>
(992,231)	(833,341)	(791,251)	(2,616,823)
690,000	1,125,287	750,000	2,565,287
-		(446,696)	(446,696)
45,001			45,001
<u>735,001</u>	<u>1,125,287</u>	<u>303,304</u>	<u>2,163,592</u>
(257,230)	291,946	(487,947)	(453,231)
909,337	750,846	1,364,541	3,024,724
<u>\$ 652,107</u>	<u>\$ 1,042,792</u>	<u>\$ 876,594</u>	<u>\$ 2,571,493</u>

City of Upper Arlington, Ohio
Statement of Net Assets
Nonmajor Proprietary Funds
December 31, 2003

	<u>Business-type Activities - Nonmajor Enterprise Funds</u>		
	<u>Solid Waste</u>	<u>Swimming Pool</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash, cash equivalents and investments	\$ 258,352	\$ 31,821	\$ 290,173
Accounts receivable (net of allowance for uncollectibles)	198		198
Due from other funds			
Total current assets	<u>258,550</u>	<u>31,821</u>	<u>290,371</u>
Noncurrent assets:			
Deferred charges			
Capital assets:			
Land		1,236,059	1,236,059
Buildings	219,218		219,218
Improvements		424,513	424,513
Machinery and equipment	1,380,421	25,717	1,406,138
Less accumulated depreciation	<u>(1,035,688)</u>	<u>(16,797)</u>	<u>(1,052,485)</u>
Total capital assets (net of accumulated depreciation)	<u>563,951</u>	<u>1,669,492</u>	<u>2,233,443</u>
Total noncurrent assets	<u>563,951</u>	<u>1,669,492</u>	<u>2,233,443</u>
Total assets	<u>\$ 822,501</u>	<u>\$ 1,701,313</u>	<u>\$ 2,523,814</u>
LIABILITIES			
Current liabilities:			
Accounts payable	172,289	13,281	185,570
Due to other funds	18,191		18,191
Deferred Revenue	203,102		203,102
Accrued Liabilities	54,105	846	54,951
Total current liabilities	<u>447,687</u>	<u>14,127</u>	<u>461,814</u>
Noncurrent liabilities:			
Accrued vacation and sick leave	<u>103,264</u>		<u>103,264</u>
Total noncurrent liabilities	<u>103,264</u>	<u>-</u>	<u>103,264</u>
Total liabilities	<u>550,951</u>	<u>14,127</u>	<u>565,078</u>
NET ASSETS			
Invested in capital assets, net of related debt	563,951	1,669,492	2,233,443
Restricted for debt service			
Unrestricted	(292,401)	17,694	(274,707)
Total net assets	<u>\$ 271,550</u>	<u>\$ 1,687,186</u>	<u>\$ 1,958,736</u>

City of Upper Arlington, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Year Ended December 31, 2003

	Business-type Activities - Nonmajor Enterprise Funds		
	Solid Waste	Swimming Pools	Total
Operating revenues:			
Charges for sales and services:			
Charges for services	\$ 1,374,436	\$ 375,077	\$ 1,749,513
Total operating revenues	1,374,436	375,077	1,749,513
Operating expenses:			
Personal Services	1,131,479	300,068	1,431,547
Materials and Supplies	187,276	245,173	432,449
Disposal Fees	232,115		232,115
Depreciation	136,793	9,849	146,642
Total operating expenses	1,687,663	555,090	2,242,753
Operating income	(313,227)	(180,013)	(493,240)
Nonoperating revenues (expenses):			
Miscellaneous earnings	4,168		4,168
Total nonoperating revenue (expenses)	4,168	-	4,168
Income before contributions and transfers	(309,059)	(180,013)	(489,072)
Capital contributions		1,500,503	1,500,503
Transfers in	101,250	366,696	467,946
Transfers out			-
Change in net assets	(207,809)	1,687,186	1,479,377
Total net assets -- January 1	479,359	-	479,359
Total net assets -- December 31	\$ 271,550	\$ 1,687,186	\$ 1,958,736

City of Upper Arlington, Ohio
Statement of Cash Flows
Nonmajor Proprietary Funds
For the year Ended December 31, 2003

	Business-type Activities - Nonmajor Enterprise Funds		
	Solid Waste	Swimming Pool	Total
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,577,494	\$ 375,077	\$ 1,952,571
Payments to suppliers	(396,935)	(256,275)	(653,210)
Payments to employees	(1,093,170)	(299,823)	(1,392,993)
Net cash provided (used) by operating activities	<u>87,389</u>	<u>(181,021)</u>	<u>(93,632)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from other funds	101,250	388,484	489,734
Net cash provided (used) by noncapital and related financing activities	<u>101,250</u>	<u>388,484</u>	<u>489,734</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES			
Purchases of capital assets	(112,973)	(175,642)	(288,615)
Proceeds from sales of capital assets			
Net cash provided (used) by capital and related financial activities	<u>(112,973)</u>	<u>(175,642)</u>	<u>(288,615)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	4,062		4,062
Net increase in cash and cash equivalents	79,728	31,821	111,549
Cash and cash equivalents, January 1	<u>178,624</u>	<u>-</u>	<u>178,624</u>
Cash and cash equivalents, December 31	<u>\$ 258,352</u>	<u>\$ 31,821</u>	<u>\$ 290,173</u>

City of Upper Arlington, Ohio
Statement of Cash Flows
Nonmajor Proprietary Funds
For the year Ended December 31, 2003

	Business-type Activities - Nonmajor Enterprise Funds		
	Solid Waste	Swimming Pool	Total
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	(313,227)	(180,013)	(493,240)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	136,793	9,849	146,642
(Increase) decrease in accounts receivable	201,900		201,900
Increase (decrease) in accounts payable	22,456	(11,102)	11,354
Increase (decrease) in compensated absences payable	32,625	245	32,870
Increase (decrease) in amounts payable related to equipment purchases			-
Increase (decrease) in deferred revenue	1,158		1,158
Increase (decrease) in due to other funds	5,684		5,684
Total adjustments	<u>400,616</u>	<u>(1,008)</u>	<u>399,608</u>
Net cash provided (used) by operating activities	<u>\$ 87,389</u>	<u>\$ (181,021)</u>	<u>\$ (93,632)</u>
Non cash investing, capital, and financing activities:			
Contributions of capital assets from government	<u>\$ -</u>	<u>\$ 1,500,503.00</u>	<u>\$ 1,500,503</u>
Increase in fair value of investments	<u>\$ 765</u>	<u>\$ -</u>	<u>\$ 765</u>

City of Upper Arlington, Ohio
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds - (Agency Funds Only)
As of December 31, 2003

	Agency Funds				
	Returnable Bonds Fund	Unclaimed Funds	Construction Withholding Fund	Mayor's Court Fund	Flexible Benefits Fund
ASSETS:					
Cash and investments	\$ 38,546	\$ 10,723	\$ 587,057	\$ 14,183	\$ 10,423
Total assets	<u>\$ 38,546</u>	<u>\$ 10,723</u>	<u>\$ 587,057</u>	<u>\$ 14,183</u>	<u>\$ 10,423</u>
LIABILITIES:					
Due to others	\$ 38,546	\$ 10,723	\$ 587,057	\$ 14,183	\$ 10,423
Total liabilities	<u>\$ 38,546</u>	<u>\$ 10,723</u>	<u>\$ 587,057</u>	<u>\$ 14,183</u>	<u>\$ 10,423</u>

<u>Agency Funds</u>		
<u>Payroll Clearing Fund</u>	<u>Revolving Fund</u>	<u>Total Agency Funds</u>
\$ 1,095,371	\$ 31,606	\$ 1,787,909
<u>\$ 1,095,371</u>	<u>\$ 31,606</u>	<u>\$ 1,787,909</u>
\$ 1,095,371	\$ 31,606	\$ 1,787,909
<u>\$ 1,095,371</u>	<u>\$ 31,606</u>	<u>\$ 1,787,909</u>

City of Upper Arlington, Ohio
Agency Funds
Combining Statement of Changes in
Assets and Liabilities - (Agency Funds Only)
For the Fiscal Year Ended December 31, 2003

	Balances Jan. 1, 2003	Additions	Deductions	Balances Dec. 31, 2002
RETURNABLE BONDS				
Assets				
Cash and investments	\$ 39,296	11,146	11,896	38,546
Liabilities				
Due to others	\$ 39,296	11,146	11,896	38,546
UNCLAIMED FUNDS				
Assets				
Cash and investments	\$ 20,096	3,545	12,918	10,723
Liabilities				
Due to others	\$ 20,096	3,545	12,918	10,723
CONSTRUCTION WITHHOLDING				
Assets				
Cash and investments	\$ 610,329	412,203	435,475	587,057
Liabilities				
Due to others	\$ 610,329	412,203	435,475	587,057
MAYOR'S COURT				
Assets				
Cash and investments	\$ 42,529	513,871	542,217	14,183
Liabilities				
Due to others	\$ 42,529	513,871	542,217	14,183
FLEX BENEFITS FUND				
Assets				
Cash and investments	\$ 37,810	126,125	153,512	10,423
Liabilities				
Due to others	\$ 37,810	126,125	153,512	10,423
PAYROLL CLEARING FUND				
Assets				
Cash and investments	\$ 1,391,796	5,473,409	5,769,834	1,095,371
Liabilities				
Due to others	\$ 1,391,796	5,473,409	5,769,834	1,095,371
REVOLVING FUND				
Assets				
Cash and investments	\$ 14,124	72,308	54,826	31,606
Liabilities				
Due to others	\$ 14,124	72,308	54,826	31,606
TOTAL AGENCY FUNDS				
Assets				
Cash and investments	\$ 2,155,980	6,612,607	6,980,678	1,787,909
Liabilities				
Due to others	\$ 2,155,980	6,612,607	6,980,678	1,787,909

**G. CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**



CITY OF | **UPPER ARLINGTON**

This page left blank intentionally.

City of Upper Arlington, Ohio
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Governmental funds capital assets:		
Land	\$ 3,138,957	\$ 3,868,363
Construction in Progress	11,247,258	6,412,095
Buildings	9,518,648	10,986,367
Improvements	1,965,412	
Machinery and Equipment	11,376,593	11,529,352
Infrastructure	20,626,837	19,139,854
Total governmental funds capital assets	<u>\$ 57,873,705</u>	<u>\$ 51,936,031</u>
Investments in governmental funds capital assets by source:		
General Fund - operating account	\$ 36,819	\$ 36,819
General Fund - liability insurance account	2,589	2,589
General Fund - capital equipment account	21,321,177	20,605,207
General Fund - communication & technology account	185,700	125,618
<u>Special Revenues:</u>		
Street Maintenance and Repair Fund	21,908,900	20,560,697
Law Enforcement Fund	358,477	301,736
Enforcement Education Fund	8,495	2,705
Mayor's Court Computer Fund	43,423	40,678
Life Long Learning and Leisure Fund		
Economic Development Fund	231,551	
Clerk of Courts Fund	4,898	4,898
Community Improvement Corporation	659,469	659,469
<u>Capital Improvement Funds:</u>		
Bonded Improvement Fund	11,861,847	7,018,793
Infrastructure Improvement Fund	471,229	205,594
Estate Tax Improvement Fund	702,866	702,212
<u>Enterprise Funds:</u>		
Solid Waste Fund	62,335	62,335
Sewer Surcharge Fund		
Stormwater Management Fund	13,930	13,930
Swimming Pool Fund		1,592,751
	<u>\$ 57,873,705</u>	<u>\$ 51,936,031</u>

City of Upper Arlington, Ohio
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2003

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Machinery and Equipment</u>
General government:				
City Attorney	\$ -	\$ -	\$ -	\$ 30,745
City Clerk				30,825
Mayor's Court				53,197
Facility Maintenance			6,263	274,184
Finance				27,565
Information Technology				1,229,198
Fleet Maintenance				329,162
City Manager	1,024,106	2,404,227	453,318	372,896
Utility Division				34,741
	<u>1,024,106</u>	<u>2,404,227</u>	<u>459,581</u>	<u>2,382,513</u>
Parks and recreation:				
Parks and recreation	1,778,982	819,700	1,324,210	1,186,293
	<u>1,778,982</u>	<u>819,700</u>	<u>1,324,210</u>	<u>1,186,293</u>
Public services:				
Public Administration	128,751	4,766,712	56,839	340,567
Street Division		28,212		2,100,170
	<u>128,751</u>	<u>4,794,924</u>	<u>56,839</u>	<u>2,440,737</u>
Public safety:				
Fire Division	207,118	1,499,797	48,388	2,980,699
Police Division			76,394	2,300,025
	<u>207,118</u>	<u>1,499,797</u>	<u>124,782</u>	<u>5,280,724</u>
Community Development				
Development				86,326
	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,326</u>
Total governmental funds				
capital assets	<u>\$ 3,138,957</u>	<u>\$ 9,518,648</u>	<u>\$ 1,965,412</u>	<u>\$ 11,376,593</u>

<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ -	\$ -	\$ 30,745
		30,825
		53,197
		280,447
		27,565
		1,229,198
		329,162
	554	4,255,101
		34,741
<u>-</u>	<u>554</u>	<u>6,270,981</u>
		5,109,185
<u>-</u>	<u>-</u>	<u>5,109,185</u>
		5,292,869
<u>20,626,837</u>	<u>11,228,517</u>	<u>33,983,736</u>
20,626,837	11,228,517	39,276,605
		4,736,002
	18,187	2,394,606
<u>-</u>	<u>18,187</u>	<u>7,130,608</u>
		86,326
<u>-</u>	<u>-</u>	<u>86,326</u>
<u>\$ 20,626,837</u>	<u>\$ 11,247,258</u>	<u>\$ 57,873,705</u>

City of Upper Arlington, Ohio
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the fiscal year ended December 31, 2003

<u>Function and Activity</u>	Governmental Funds		
	Capital Assets		
	<u>January 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>
General government:			
City Attorney	\$ 29,512	\$ 1,233	\$ -
City Clerk	30,825		
Mayor's Court	46,297	6,900	
Facility Maintenance	273,589	8,708	(1,850)
Finance	24,014	3,551	
Information Technology	1,117,692	138,046	(26,540)
Fleet Maintenance	323,133	6,028	-
City Manager	3,982,030	243,873	(19,579)
Utility Division	34,741		
	<u>5,861,833</u>	<u>408,339</u>	<u>(47,969)</u>
Parks and recreation:			
Parks and recreation	6,259,020	398,309	(48,974)
	<u>6,259,020</u>	<u>398,309</u>	<u>(48,974)</u>
Public services:			
Public Administration	5,272,130	20,739	
Street Division	27,659,229	6,470,023	(78,494)
	<u>32,931,359</u>	<u>6,490,762</u>	<u>(78,494)</u>
Public safety:			
Fire Division	4,661,361	90,464	(15,823)
Police Division	2,162,720	264,556	(40,139)
	<u>6,824,081</u>	<u>355,020</u>	<u>(55,962)</u>
Community Development			
Development	59,738	24,095	
	<u>59,738</u>	<u>24,095</u>	<u>-</u>
Total governmental funds capital assets	<u>\$ 51,936,031</u>	<u>\$ 7,676,525</u>	<u>\$ (231,399)</u>

<u>Transfers</u>	<u>Governmental Funds Capital Assets December 31, 2003</u>
\$ -	\$ 30,745
	30,825
	53,197
	280,447
	27,565
-	1,229,198
-	329,161
48,778	4,255,102
	34,741
<u>48,778</u>	<u>6,270,981</u>
 (1,499,170)	 5,109,185
<u>(1,499,170)</u>	<u>5,109,185</u>
	 5,292,869
(67,022)	33,983,736
<u>(67,022)</u>	<u>39,276,605</u>
	 4,736,002
-	2,394,606
7,469	7,130,608
<u>7,469</u>	<u>7,130,608</u>
	 86,326
2,493	86,326
<u>2,493</u>	<u>86,326</u>
 <u>\$(1,507,452)</u>	 <u>\$ 57,873,705</u>



CITY OF | **UPPER ARLINGTON**

This page left blank intentionally.



CITY OF | **UPPER**
ARLINGTON

**General Governmental Expenditures by Function
Last Ten Years
(All Governmental Fund Types)**

Fiscal Year	Public Safety	General Government	Public Services	Parks and Recreation	Community Development	Health	Debt Service	Capital Outlay	Total
1994	\$ 8,963,329	\$5,143,635	\$2,363,810	\$2,140,063	\$ 598,093	\$ 192,027	\$ 1,828,866	\$2,725,113	23,954,936
1995	8,823,084	4,545,731	2,228,412	2,340,395	584,402	162,474	1,810,040	445,707	20,940,245
1996	9,557,755	5,075,901	1,834,849	1,868,871	559,622	152,860	1,801,842	554,714	21,406,414
1997	8,878,570	4,917,977	1,813,259	1,927,825	557,421	118,922	1,502,953	2,271,254	21,988,181
1998	9,533,696	5,149,758	1,841,950	2,008,057	550,421	120,688	8,998,268	4,931,346	33,134,184
1999	10,349,664	6,054,366	1,950,505	2,078,885	566,864	108,552	1,768,708	4,168,235	27,045,779
2000	9,915,840	6,619,799	2,018,615	1,981,096	492,099	137,987	1,765,440	5,197,964	28,128,840
2001	10,697,929	6,436,954	2,383,048	2,316,486	601,614	161,421	2,113,414	3,505,275	28,216,141
2002	11,471,936	7,311,405	2,043,689	2,966,906	621,527	153,639	2,045,082	9,020,391	35,634,575
2003	11,821,005	6,600,026	2,601,043	2,617,481	719,420	157,354	2,367,562	10,498,659	37,382,550

NOTE: Fiscal years 1994 - 2002 are reported on a pre-GASB34 basis.

Source: Finance Department, City of Upper Arlington

**General Revenues by Source
Last Ten Years
(All Governmental Fund Types)**

Fiscal Year	Property Taxes	Income Taxes	Estate Taxes	Inter-Governmental	Licenses And Permits	Charges For Services	Fines And Forfeitures	Investment Earnings	Increase (Decrease) in Fair Value of Investments (2)	Miscellaneous(1)	Total
1994	\$ 5,388,055	\$ 7,953,375	\$ 2,668,587	\$ 3,090,712	\$ 291,057	\$ 471,932	\$ 232,771	\$ 594,245	\$	\$ 708,154	\$21,398,888
1995	5,373,884	8,355,598	2,184,447	3,285,765	227,973	650,470	266,337	592,224		686,069	21,622,787
1996	5,441,146	8,205,419	2,406,737	3,540,056	399,084	742,135	233,653	597,948		1,072,212	22,638,390
1997	5,875,318	8,079,010	4,888,658	3,609,192	342,816	753,938	262,009	836,797		1,028,810	25,676,548
1998	7,519,363	9,406,931	4,687,336	3,364,427	268,601	777,985	279,149	1,500,726	315,157	1,369,356	29,489,031
1999	6,685,315	12,313,204	5,641,678	3,379,885	298,740	840,531	317,521	1,319,607	(636,407)	1,178,745	31,338,619
2000	7,479,554	11,776,958	3,895,389	3,673,534	333,064	842,915	379,326	1,678,846	523,313	1,309,137	31,892,036
2001	7,633,843	13,877,775	4,261,767	3,961,428	308,492	904,900	367,339	1,839,820	332,209	1,261,301	34,746,874
2002	10,295,227	12,386,901	4,149,899	4,312,034	622,813	1,435,276	341,999	1,665,656	203,720	1,306,160	36,719,685
2003	7,804,698	12,796,984	2,441,686	3,896,273	623,641	966,045	354,621	803,330	293,244	2,891,023	32,871,545

Notes:

- (1) Includes special assessments and gasoline tax
(2) 1998 was the first year for this revenue category which records unrealized gains on investments in accordance with GASB Statement No. 31.
(3) Fiscal years 1994 - 2002 are reported on a pre-GASB34 basis.

Source: Finance Department, City of Upper Arlington

**Property Tax Levies and Collections
Last Ten Years**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent Of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
1994	\$ 5,317,615	\$ 5,239,310	98.53%	\$ 107,526	\$ 5,346,836	100.55%	138,790	2.61%
1995	5,344,932	5,285,826	98.89%	83,737	5,369,563	100.46%	145,917	2.73%
1996	5,412,824	5,347,189	98.79%	76,001	5,423,190	100.19%	164,550	3.04%
1997	6,013,241	5,773,906	96.02%	96,416	5,870,322	97.62%	345,160	5.74%
1998	6,946,627	6,827,432	98.28%	296,137	7,123,569	102.55%	238,964	3.44%
1999	6,412,472	6,313,867	98.46%	157,309	6,471,176	100.92%	214,818	3.35%
2000	6,923,375	6,823,885	98.56%	129,453	6,953,338	100.43%	618,950	8.94%
2001	6,931,261	6,763,017	97.57%	164,082	6,927,099	99.94%	881,726	12.72%
2002	7,333,379	7,180,875	97.92%	197,253	7,378,128	100.61%	730,405	9.96%
2003	8,560,068	8,404,207	98.18%	176,682	8,580,889	100.24%	291,042	3.40%

Source: Office of the County Auditor, Franklin County, Ohio

**Assessed and Estimated Actual Value of Taxable Property
Last Ten Years**

<u>Tax Year</u>	<u>Real Property & Public Utility</u>		<u>Tangible Personal Property</u>		<u>Total Assessed Value</u>
	<u>Assessed Value</u>	<u>Estimated Actual Value (1)</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
1994	\$ 839,485,790	\$ 2,398,530,829	\$ 26,530,456	\$ 106,121,824	\$ 866,016,246
1995	842,038,480	2,405,824,229	29,186,722	116,746,888	871,225,202
1996	955,600,450	2,730,287,000	38,912,009	155,648,036	994,512,459
1997	959,512,370	2,741,463,914	45,182,344	180,729,376	1,004,694,714
1998	964,348,230	2,755,280,657	56,148,837	224,595,348	1,020,497,067
1999	1,067,428,160	3,049,794,743	34,396,677	137,586,708	1,101,824,837
2000	1,071,543,820	3,061,553,771	31,888,687	127,554,748	1,103,432,507
2001	1,077,988,810	3,079,968,029	29,031,195	116,124,780	1,107,020,005
2002	1,257,796,540	3,593,704,400	21,904,698	87,618,792	1,279,701,238
2003	1,267,043,050	3,620,123,000	17,677,037	70,708,148	1,284,720,087

Notes:

(1) Real property and public utility property are assessed at 35% of appraised value.

Source: Office of the County Auditor, Franklin County, Ohio

**Property Tax Rates - All Direct and Overlapping Governments
Last Ten Years
Property Tax Rates per \$1,000 of Assessed Valuation**

Tax Year	<u>City of Upper Arlington</u>					<u>Other Governments</u>				Total
	General Fund	Debt Retirement	Police and Fire Pensions	Capital Improvement	Total	School District	County	Library		
1994	3.90	0.28	1.60	0.50	6.28	74.65	14.57	1.00	96.50	
1995	3.90	0.29	1.60	0.50	6.29	78.12	14.82	1.00	100.23	
1996	3.90	0.27	1.60	0.50	6.27	78.12	14.82	1.00	100.21	
1997	3.90	0.84	1.60	0.50	6.84	77.86	15.22	1.00	100.92	
1998	3.90	0.42	1.60	0.50	6.42	84.03	17.54	1.00	108.99	
1999	3.90	0.39	1.60	0.50	6.39	83.95	17.64	1.00	108.98	
2000	3.90	0.39	1.60	0.50	6.39	83.32	17.64	1.00	108.35	
2001	3.90	0.76	1.60	0.50	6.76	89.52	17.64	1.00	114.92	
2002	3.90	0.66	1.80	0.50	6.86	89.15	17.64	2.00	115.65	
2003	3.90	0.66	1.80	0.50	6.86	89.11	17.64	2.00	115.61	

Source: Office of the County Auditor, Franklin County

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

Tax Year	Assessed Value (1)	Gross General Bonded Debt (2)	Less Debt Service Fund	Net General Bonded Debt	Ratio of Net General Bonded Debt to		Estimated Population (3)	Net General Bonded Debt Per Capita
					Assessed Value	Population (3)		
1994	\$866,016,246	\$ 13,205,000	\$ 3,826	\$ 13,201,174	1.53	34,279	385.11	
1995	871,225,202	11,740,000	10,880	11,729,120	1.35	35,700	328.55	
1996	994,512,459	10,205,000	22,658	10,182,342	1.02	35,686	285.33	
1997	1,004,694,714	9,045,000	32,602	9,012,398	0.90	35,686	252.55	
1998	1,020,497,067	17,849,988	558,936	17,291,052	1.69	35,686	484.53	
1999	1,101,824,837	16,339,988	649,988	15,690,000	1.42	35,686	439.67	
2000	1,103,432,507	14,769,988	747,913	14,022,075	1.27	33,686	416.26	
2001	1,107,020,005	19,908,965	748,918	19,160,047	1.73	33,686	568.78	
2002	1,279,701,238	18,440,929	1,246,015	17,194,914	1.34	33,686	510.45	
2003	1,284,720,087	24,046,434	1,042,792	23,003,642	1.79	33,686	682.88	

Notes:

(1) Assessed value from Table 4

(2) Amounts excluded Bond Anticipation Notes

(3) Population estimates for 2000 are from the U.S. Census Bureau.

Other estimates are prepared by the City of Upper Arlington.

**Computation of Legal Debt Margin
December 31, 2003**

Total Assessed Valuation		<u>\$ 1,284,720,087</u>
Overall Debt Limitation:		
10 1/2% of assessed valuation		134,895,609
Gross bonded indebtedness	24,046,434	
Less: Amount available in debt service fund	<u>1,042,792</u>	
Net debt within limitation		<u>23,003,642</u>
Legal debt margin within 10 1/2% limitation		<u>\$ 111,891,967</u>
Unvoted Debt Limitation:		
5 1/2% of assessed valuation		\$ 70,659,605
Gross bonded indebtedness	24,046,434	
Less: Debt outside limitations	<u>8,565,929</u>	
Debt within limitation	15,480,505	
Less: Amount available in debt service fund	<u>1,042,792</u>	
Net debt within limitation		<u>14,437,713</u>
Legal debt margin within 5 1/2% limitation		<u>\$ 56,221,892</u>

Source: Finance Department, City of Upper Arlington

**Computation of Direct and Overlapping Debt
December 31, 2003**

	<u>Assessed Valuation</u>	<u>Net Outstanding</u>	<u>Percent Overlapping</u>	<u>Amount Applicable To City of Upper Arlington</u>
Direct - City of Upper Arlington	\$ 1,284,720,087	<u>\$ 23,003,642</u>	100.00%	<u>\$ 23,003,642</u>
Overlapping:				
Upper Arlington Schools	1,299,102,818	37,449,366	98.62%	36,932,565
Dublin Schools	2,440,505,938	160,427,586	0.15%	240,641
Franklin County	24,771,631,080	<u>86,435,000</u>	5.19%	<u>4,485,977</u>
Total Overlapping		<u>284,311,952</u>		<u>41,659,183</u>
Total - Direct and Overlapping Debt		<u><u>\$307,315,594</u></u>		<u><u>\$ 64,662,825</u></u>

Sources: Office of the County Auditor, Franklin County, Ohio

**Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures
Last Ten Years**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Percentage of Debt Service to General Expenditures</u>
1994	\$1,400,000	\$ 877,402	\$ 2,277,402	\$ 23,954,936	9.51%
1995	1,465,000	799,257	2,264,257	20,940,245	10.81%
1996	1,535,000	717,194	2,252,194	21,406,414	10.52%
1997	1,160,000	630,418	1,790,418	21,988,181	8.14%
1998	1,445,000	643,906	2,088,906	33,134,183	6.30%
1999	1,510,000	774,446	2,284,446	27,045,779	8.45%
2000	1,570,000	710,617	2,280,617	28,128,840	8.11%
2001	1,681,952	845,018	2,526,970	28,216,141	8.96%
2002	1,468,036	951,024	2,419,060	35,634,575	6.79%
2003	1,218,100	674,446	1,892,546	37,408,534	5.06%

Source: Finance Department, City of Upper Arlington

Note: Prior to 2003, proprietary debt was included

**Demographic Statistics
Last Five Census**

<u>Year</u>	<u>Population</u>	<u>Occupied Households</u>	<u>Total Dwelling Units</u>	<u>Persons Per Household</u>	<u>Median Income</u>
1960	28,486	8,503	8,868	3.35	\$11,915
1970	38,630	12,311	12,642	3.13	17,971
1980	35,648	13,542	13,902	3.06	32,184
1990	34,128	13,956	14,376	2.40	53,140
2000	33,686	13,985	14,432	2.39	62,787

Source: U.S. Census Bureau, Census 2000

Property Value, Construction, and Bank Deposits Last Ten Years

Fiscal Year	Residential (1)		Commercial (1)		Total		Bank Deposits (2)	Property Value (3)
	No. of Permits	Value	No. of Permits	Value	No. of Permits	Total Value		
1994	406	18,259,982	45	3,595,709	451	21,855,691	19,048,525,000	2,474,332,131
1995	271	10,659,878	64	3,684,361	335	14,344,239	20,065,000,000	2,405,824,229
1996	275	15,539,650	69	27,766,303	344	43,305,953	20,601,499,000	2,730,287,000
1997	292	15,318,859	82	12,655,046	374	27,973,905	19,077,211,000	2,741,463,914
1998	296	13,263,492	76	7,688,901	372	20,952,393	41,599,732,000	2,755,280,657
1999	331	26,774,877	88	4,576,772	419	31,351,649	39,568,044,000	3,049,794,743
2000	306	26,702,623	55	11,994,250	361	38,696,873	36,931,205,000	3,061,553,771
2001	302	24,392,481	54	22,630,527	356	47,023,008	39,056,316,000	3,079,968,029
2002	324	27,670,535	59	16,216,977	383	43,887,512	36,916,366,000	3,593,704,400
2003	347	25,546,137	84	6,480,305	431	32,026,442	38,886,875,000	3,620,123,000

Sources:

(1) City of Upper Arlington, Development Department

(2) Total deposits of all banks headquartered in Franklin County (includes national and state chartered banks.) State of Ohio Department of Commerce, Banks Division

(3) Office of the County Auditor, Franklin County, Ohio

**Principal Property Taxpayers
December 31, 2003**

	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
<u>Real Property & Public Utility</u>		
1. Columbus & Southern Power Company	\$8,921,230	0.69
2. Ohio Bell Telephone Company	7,260,340	0.57
3. Columbia Gas of Ohio Inc.	1,172,440	0.09
4. First Community Village	6,597,510	0.51
5. RRC Acquisitions, Inc.	6,068,240	0.47
6. UAP-Columbus JV	5,237,050	0.41
7. Compuserve, Inc.	4,052,940	0.32
8. New Plan Financing Inc.	3,601,690	0.28
9. Scioto Country Club, Inc.	3,561,790	0.28
10. Kimco Development Corp.	<u>2,999,160</u>	0.23
Total	<u><u>\$49,472,390</u></u>	
<u>Tangible Personal Property</u>		
1. America Online Inc.	3,164,850	0.25
2. Time Warner Entertainment Co., LP	1,955,080	0.15
3. CBC Companies Inc.	1,399,530	0.11
4. Rich's Department Stores Inc.	834,000	0.06
5. Kroger Company	582,650	0.05
6. Penn Traffic Company	457,390	0.04
7. TJX Companies	332,620	0.03
8. Wild Oats Market Inc.	296,230	0.02
9. IBM Credit LLC	283,410	0.02
10. Horizons Video & Film Inc.	<u>283,130</u>	0.02
Total	<u><u>\$9,588,890</u></u>	

Source: Office of the County Auditor, Franklin County, Ohio

Miscellaneous Statistics

General City Information

Date of Incorporation	February 8, 1941
Form of Government	Council – City Manager
Full-Time Employees	257
Area	9.7 square miles
Population	33,686
Dwellings	14,432
Median Family Income	\$62,787
Median Age	42.6

Community

Shopping centers	8 (241 stores)
Grocery stores	4
Restaurants	40
Gas Stations	8
Financial Institutions	21
Churches	16

Parks & Recreation

Parks	17 (180 acres)
Swimming pools	3
Baseball/softball fields	21
Tennis courts	36
Shuffleboard courts	8
Senior Center	1

Police Protection

Number of stations	1
Number of sworn officers	48
Number of civilian personnel	12
Pieces of equipment	25

Fire Protection

Number of stations	3
Number of sworn personnel	61
Number of civilian personnel	4
Pieces of equipment	23

Education

Public – Elementary	5
Public – Middle School	2
Public – High School	1
Parochial	2
Private	1

Source: City of Upper Arlington, Finance Department

Special Assessment Billings and Collections Last Ten Years

<u>Fiscal Year</u>	<u>Assessment Billings</u>	<u>Assessment Collections</u>
1994	\$ 24,768	\$ 19,949
1995	33,831	27,366
1996	34,739	28,793
1997	38,222	46,495
1998	41,176	42,846
1999	278,861	275,593
2000	357,762	307,461
2001	288,991	242,909
2002	247,721	241,828
2003	402,517	390,545

Source: Office of the County Auditor, Franklin County, Ohio



KPMG LLP
Suite 500
191 West Nationwide Boulevard
Columbus, OH 43215-2568

Telephone 614 249 2300
Fax 614 249 2348

**Independent Auditors' Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of Basic Financial Statements
Performed in Accordance With *Government Auditing Standards***

Members of City Council
City of Upper Arlington, Ohio

and

The Honorable Betty Montgomery
Auditor of State:

We have audited the basic financial statements of the City of Upper Arlington, Ohio (the City) as of and for the year ended December 31, 2003, and have issued our report thereon dated May 28, 2004. The City has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* effective January 1, 2003. Additionally, the City has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures* effective January 1, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic 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.





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

KPMG LLP

Columbus, Ohio
May 28, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
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
AUGUST 10, 2004**



CITY OF | **UPPER**
ARLINGTON

3600 Tremont Road
Upper Arlington, Ohio 43221-1595
Phone: 614-583-5280 • TDD: 614-442-3216
Fax: 614-457-6620
www.ua-ohio.net