

City of Upper Arlington, Ohio

2017 FINANCIAL REPORT

POPULAR ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017



UPPER ARLINGTON

A CHERISHED PAST ★ A GOLDEN FUTURE

Page 4
2017 Financial
Overview

Page 6
Capital
Improvements

Page 8
The City's Net
Position

Page 10
Survey Represents
Positive Views

Page 11
The Value of
Income Tax

UA at a glance...

The City of Upper Arlington is a first-ring, primarily residential suburb of Columbus, Ohio. Founded in 1918, and just under 10 square miles in size, Upper Arlington is called home by more than 34,000 residents, with multiple generations of the same family to be found in close proximity to each other. They value its strong sense of tradition and community, excellent school system, beautiful neighborhoods with mature street trees and the many exceptional safety and City services that are provided.

Over the decades, the community has often been a leader in setting the standard for quality of life expectations. The City boasts an extensive and well-used network of community parks with a rich variety of active and passive recreational opportunities. Community gatherings and celebrations are the standard, not the exception here, including a resident-driven Fourth of July parade and festival, the region's premier one-day arts festival on Labor Day, summer concerts and more.



UA Residents



Population



Median Age



Bachelors Degree

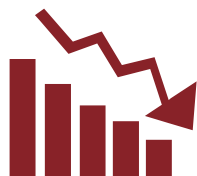


Household Income



Predominant Occupations

- Management/Arts/Sciences	65.5%
- Sales & Office Work	20.4%
- Service	7.8%
- Production & Transportation	2.4%
- Construction, Maintenance	2.3%
- Other	1.6%



Unemployment Data

The local unemployment rate for the year was **2.7%** in 2017, compared to a State rate of 5%. Data from previous years indicates that the local rate typically runs approximately 2% below the State average.

UA Housing



+1.4%
Increase in
median sale
price from
2015 to 2016.

The median home value for a single family home was **\$338,000!** And **80.4%** of single family homes are owner occupied, which is **1.65** times more than the national average.

Ranked **BEST PLACE TO LIVE IN OHIO**, and **BEST CENTRAL OHIO SUBURB** by niche.com in 2016.

A **TOP 25 NEIGHBORHOOD** for **SMALL BUSINESSES** in the **NATION** by welcomematservices.com in 2016.

In the **TOP 100 SAFEST CITIES** in the **NATION** by neighborhoodscout.com in 2016.

The **#4 BEST PLACE TO LIVE** in **OHIO** and **#2 place FOR MILLENIALS** in niche.com.

2017 City Service Highlights

The City of Upper Arlington is proud to support its citizenry with a full array of services that include:



Police Safety Services:
patrol, communications,
detective bureau, community
relations and education



Fire Safety Services:
fire, emergency medical services,
fire prevention and inspections,
community relations and education

Over **35,000 SQUARE FEET OF PAVEMENT** was excavated and repaired and approximately **1,200 POTHOLE**s were filled in 2017.

Welcome

As Upper Arlington celebrates its 100th anniversary in 2018, the community is positioned for a successful second century. Signs of reinvestment are all around us. Upper Arlington enjoys one of the strongest housing markets in the region, and with record investment in home renovations, homeowners continue to demonstrate their belief in the community's future. The Upper Arlington Schools are embarking on a remarkable transformation, replacing four schools, renovating two more and building new athletic fields, all part of the first phase of a community-developed master plan. The business community is thriving, with significant redevelopment projects along Lane Avenue on the cusp of becoming reality, further enhancing an already vibrant district. Last but not least, the City is halfway through an expanded, 10-year capital program that is bringing our streets, underground infrastructure and parks up to a standard reflective of our great community.

This era of enhancement is the result of many years of community, commitment and visioning, combined with solid financial planning from your local government entities.

Each year, the Finance Department presents an abridged report to the community of the City's financial standing, its policies, and its commitment to providing responsive services and programs in a fiscally responsible manner. Inside the pages of the latest edition of our

Popular Annual Financial Report—for the fiscal year ended December 31, 2017—we provide details of how the City's revenue is generated, where dollars are spent, and how the local economy impacts Upper Arlington's overall financial status. Above all, our goal is to provide you an opportunity to better understand the many financial aspects that affect your local government.

The financial annual report information provided here is drawn from detailed information found within the 2017 Comprehensive Annual Financial Report (CAFR). The financial statements appearing in the comprehensive document were prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by an independent auditing firm, receiving an unqualified (or clean) opinion. The numbers contained within the CAFR were obtained by employing the basis of accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

In short, the highest standards of accounting principles have been used to ensure full financial disclosure and accountability. Recognition of this commitment is evidenced by the City attaining the Certificate of Achievement for Excellence in Financial Reporting for 30 consecutive years from the Government Finance Officer's Association for its CAFR document.



Brent Lewis
Finance Director

While the numbers in this Popular Annual Financial Report come from an audited source, they are presented in an abridged, un-audited, non-GAAP format and do not include the City's discretely presented component unit, the Community Improvement Corporation. Citizens who wish to review audited GAAP-basis financial statements can refer to the City's 2017 CAFR, which is available from the Finance Department, local libraries, and at www.upperarlingtonoh.gov

We hope the 2017 Popular Annual Financial Report serves its purpose and helps assure you that every effort is made to manage the community's tax dollars wisely for the benefit of all.

Brent Lewis, CPA
Finance Director



Public Service:

engineering, streets maintenance/signage, snow removal, leaf collection, street and traffic lights, storm sewer and sanitary sewer maintenance



Parks & Recreation:

parks maintenance, youth/adult senior programming, special events, cultural arts, aquatics, tennis, forestry, community beautification



Community Development:

planning and zoning, building inspections, code compliance

2017 Financial Overview

In this section, we present an overview of monies in and monies out for the City of Upper Arlington for the year ended December 31, 2017.

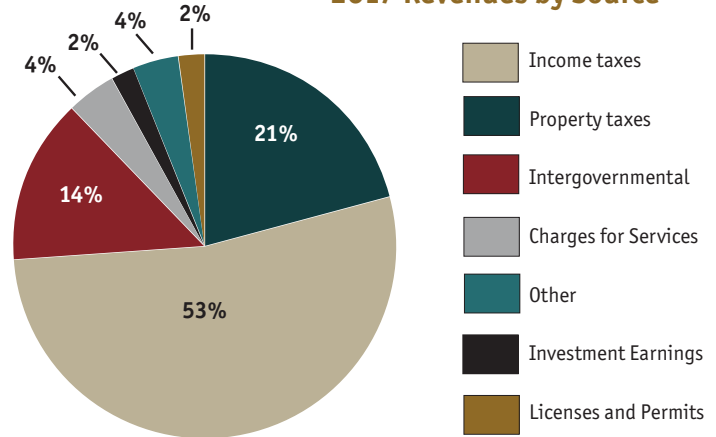
MONIES IN

As a governmental entity, the City uses fund accounting, or self-balancing sets of accounts segregated for specific activities. Governmental funds are used to account for tax-supported activities and a variety of other revenue sources that the City uses to provide services to the community. The table below presents a summary of governmental revenues by primary type for 2017, 2016 and 2015, to present a picture of typical revenues from year to year.

Income and property taxes accounted for approximately 74% of total Governmental Fund revenues in 2017. These two revenue sources accounted for approximately 80% of the revenue growth during 2017 as a result of continued development throughout the City and growth in the local economy. The remaining 20% of the growth in revenues during 2017 was the result of increases in investment earnings and miscellaneous-type revenues being offset by small decreases in intergovernmental and fee-based revenue streams.

The pie chart to the right depicts the significance each source of revenue has to the City's overall fiscal health. It's clear that income tax is the City's largest source of revenue and indicates the importance of a proactive economic development program to keep this revenue stream strong. Property tax represents the second largest revenue stream, but as you will see on page 9, only 8% of your property taxes support the City of Upper Arlington.

Governmental Funds 2017 Revenues by Source



The City also receives additional revenue sources from various "business type" activities. Referred to as Enterprise Funds, these operations are set apart from other revenue sources since they are designed to be self-supporting. Revenues generated from these activities are used to maintain and improve water, sewer and stormwater infrastructures, and cover the costs associated with providing residents with solid waste collection and three swimming pools.

Governmental Funds Three-Year Revenue Summary by Type

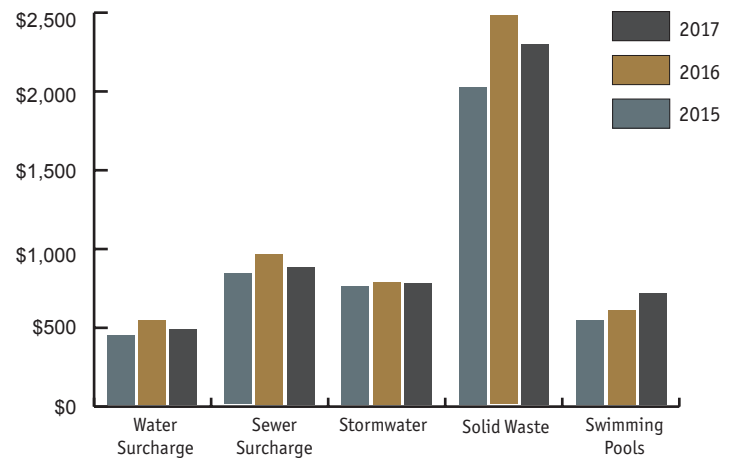
Revenue	2017	2016	2015
Property taxes	\$10,632,983	\$10,323,503	\$9,850,497
Income taxes	\$26,777,498	\$25,295,141	\$22,138,138
Intergovernmental	\$6,989,725	\$7,232,171	\$10,158,493
Charges for services	\$1,929,796	\$2,014,138	\$2,102,097
Licenses and permits	\$1,244,281	\$1,213,273	\$1,181,194
Investment earnings	\$778,696	\$533,011	\$509,757
Other	\$2,243,950	\$1,705,251	\$2,225,261
Total Revenues	\$50,596,929	\$48,316,488	\$48,165,437

*The revenues reflected here are representative of the City's fund level statements and do not include bond proceeds or the City's Enterprise Funds.

REVENUE TYPE DEFINITIONS

- **Property and other taxes-** the City's portion of the taxes due on real property and the hotel tax collected from the one hotel located within the City.
- **Income taxes-** the City imposes a 2.5% income tax on all residents with a credit of up to 2.5% allowed for income earned outside the City. In addition, a 2.5% tax is imposed on all wages earned within the City and a related 2.5% tax on business net profits.
- **Intergovernmental-** revenue sharing programs, including Gasoline Tax, Motor Vehicle License Fees (for vehicles registered in UA) and the Local Government sharing program of State sales tax, corporate franchise tax, public utility excise tax, estate tax, state and federal grants and payments in-lieu-of taxes.
- **Charges for services-** includes fees and registrations for Lifelong Learning, recreation and emergency medical service runs.
- **Licenses and permits-** includes development building permit fees, contractor licensing fees and fire inspections.
- **Investment earnings-** revenues earned by investing any available City funds throughout the year.
- **Other-** includes reimbursements, local grants, rents/leases, fines/forfeitures, cable TV franchises, special assessments and other miscellaneous receipts.

Enterprise Fund Revenues (in thousands)



The City's water and sewer services are provided by the City of Columbus. Though Columbus provides these services, Upper Arlington is required to provide and maintain the water and sewer lines. In order to fund the maintenance and improvements, a 10% (water) and 18% (sewer) surcharge is added to the City of Columbus' billed cost of the service and remitted to Upper Arlington. These surcharge percentages have remained constant since 2007.

All other "business type" activity-related fees are billed and collected directly by the City. They include:

- A \$45 stormwater fee on each residential household to fund maintenance and improvements to the City's stormwater infrastructure.
- A \$64 solid waste service fee and sale of trash stickers (\$2.90/sticker) to fund the City's refuse collection and recycling services.

Beginning in 2018, the City transitioned to a new solid waste program which eliminated the use of trash stickers and implemented a new collection service featuring standardized containers and a semi-annual fee that pays for the solid waste program.

- Various fees are charged to residents (and non-residents) for the use of the City's three swimming pools which are dedicated to operations, maintenance and improvements.

The increases or decreases in these revenue sources from year to year are primarily a reflection in a change of usage levels.

MONIES OUT

The three-year Governmental Fund expenditure comparison presented below shows a steady increase in operating expenditures, as well as a continued focus on the City's 10-year Capital Improvement Program. In total, Governmental Fund expenditures grew by \$2.4 million (4%), during 2017 as compared to 2016. During 2017, the City saw increases in operating expenditures (4%) due to an overall increase in the costs of goods/services and labor and benefits. However, the City also saw increases in operating expenditures as a result of special initiatives, such as transitioning dispatching services to the Northwest Regional Emergency Communication Center (NRECC) and performing a parks comprehensive study.

As mentioned above, the City continued its focus on capital improvements during 2017. Though there was a decrease in capital-related

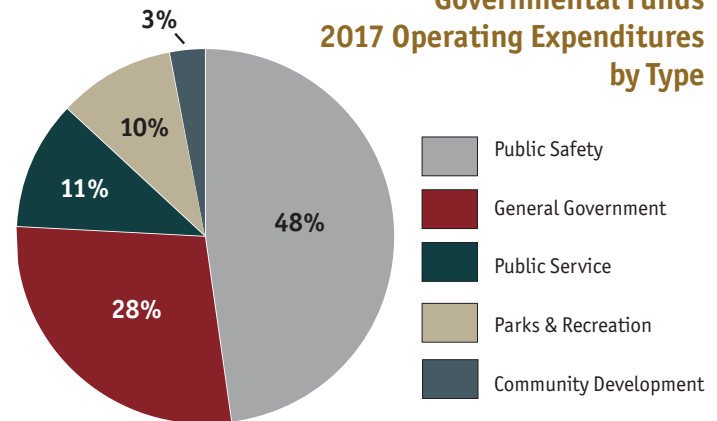
Governmental Funds Three-Year City Expenditures by Type

Expenditure	2017	2016	2015
Public Safety	\$17,009,989	\$15,991,284	\$15,546,755
General Government	\$9,940,138	\$9,819,085	\$9,636,512
Public Service	\$3,755,954	\$3,914,648	\$2,787,829
Parks & Recreation	\$3,538,645	\$3,264,418	\$2,963,259
Community Development	\$866,779	\$814,330	\$844,077
Subtotal	\$35,111,505	\$33,803,765	\$31,778,432
Debt Service Payments	\$7,564,927	\$5,701,321	\$9,240,230
Capital Outlay	\$20,054,043	\$20,839,166	\$12,561,822
Total Expenditures	\$62,730,475	\$60,344,252	\$53,580,484

EXPENDITURE TYPE DEFINITIONS

- **Public Safety**- encompasses the Police and Fire divisions.
- **General Government**- functions serving City operations as a whole, including: Fleet Maintenance, City Manager's Office, City Attorney, Mayor's Court, Finance, Building Maintenance, Information Technology and General Administration.
- **Public Service**- encompasses Public Service and Public Works including: Administration, Engineering, Streets and Electrical divisions.
- **Parks & Recreation**- encompasses the services, programs and facilities provided by the divisions of Cultural Arts, Lifelong Learning, Parks & Forestry, Recreation and the Senior Center.
- **Community Development**- encompasses the department sections of Building Standards, Code Compliance and Planning.
- **Debt Service Payments**- interest and other related costs affiliated with the City's issuance of debt to support various capital improvement activities.
- **Capital Outlay**- expenditures on the City's Capital Improvement Program projects, such as road improvements and capital equipment.

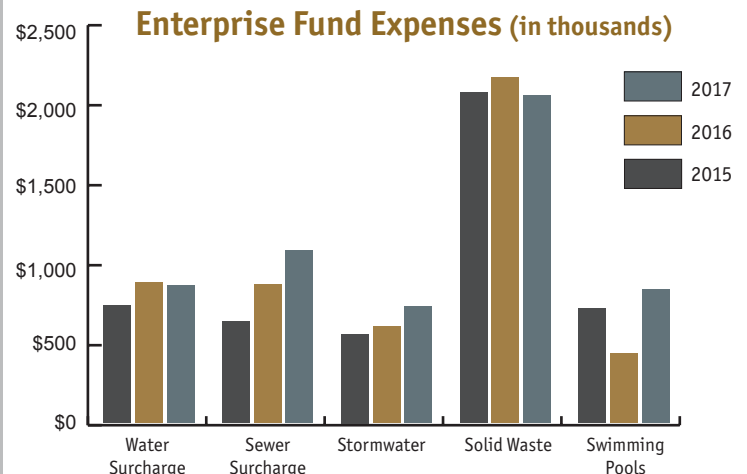
Governmental Funds 2017 Operating Expenditures by Type



expenditures from the prior year, the City still expended approximately \$20 million on capital-related items. Of the \$20 million, approximately 95% was spent on capital improvements associated with the City's 10-year Capital Improvement Program. The remaining 5% was spent on equipment or machinery for the various departments throughout the City. Debt service payments also contributed to the increase in total Governmental Fund expenditures. The \$1.9 million increase is primarily related to the City making larger debt service payments affiliated with bond issuances for the City's capital improvement program.

The pie chart above provides a view of expenditure types within the City's operating budget (excluding debt service payments and capital outlay). Public Safety consistently ranks as the largest outlay and is also recognized as an important community priority. Large workforces are required around the clock, in addition to the need to maintain extensive equipment and facilities. As a result, safety in Upper Arlington is considered one of the community's best attributes, often cited by residents as a reason for living here.

Like Governmental Fund expenditures, total Enterprise Fund expenses increased during 2017 (approximately \$600,000, or 12% from the prior year). The majority of the increase in 2017 can be attributed to an increase in labor and benefit costs. However, this increase is two-fold. First, the City saw a significant increase in labor costs as a result of re-opening Tremont Pool in 2017. Second, the increase in labor and benefits for the City's utility funds (Water, Sewer, and Stormwater) represents how the Public Service Department's funds were allocated during the year. These amounts regularly vary between utility funds, as well as between Enterprise and Governmental Fund activities, based on the specific types of projects budgeted for the year.



NOTE: The data included in this review of revenues and expenditures provides an abridged summary of the City's detailed financial statements as presented in the Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2017, prepared in accordance with Generally Accepted Accounting Principles, and does not reflect the Upper Arlington Community Improvement Corporation, a component unit of the City.

Capital Improvements

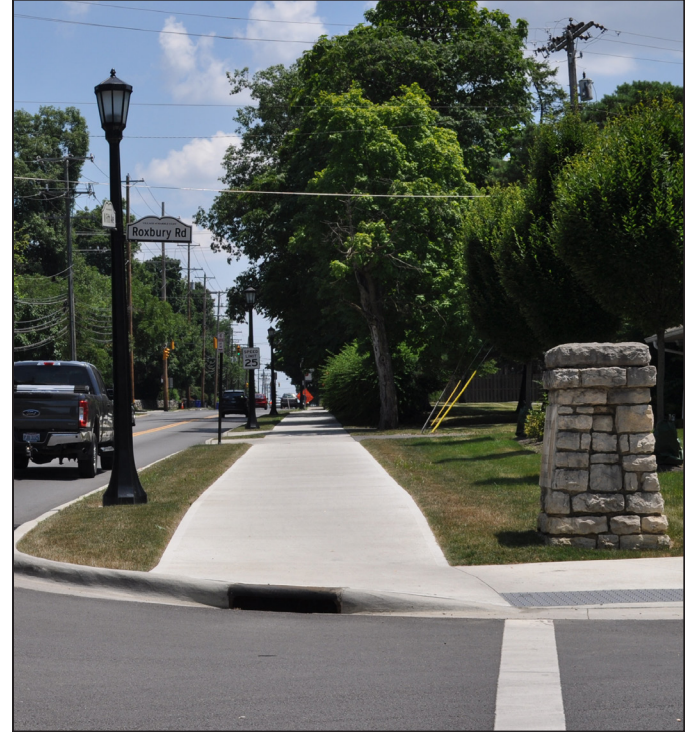
2017 represented the fourth year of an expanded 10-Year Capital Improvement Program (CIP), which enables the City to address a significant backlog of necessary improvements to the community's infrastructure (our roads, bridges, underground storm and sanitary sewer lines, waterlines and parks). Since the implementation of the 10-year CIP, the City has spent more than \$45 million in infrastructure improvements.

The City's pledge to the community of addressing the backlog of necessary infrastructure maintenance and improvements continues to be realized in a noticeable way. Similar to the reconstruction of Tremont Road in 2016, Reed Road—from Henderson Road south to Lane Road—was reconstructed with the addition of new street lighting, sidewalks, bicycle infrastructure and safe crossing points for pedestrians.

Along with Reed Road, 18 additional streets were reconstructed and 22 streets received maintenance, and that has not gone unnoticed. The most recent street paving conditions shifted from 88.17 in 2016 to 89.2 in 2018. Curb conditions have also improved from an average 2.1 in 2016 to 1.9 in 2018 (on a scale of one to five, with one being the best condition). The rating system is updated every two years by the City's Engineering Division.

2017 CAPITAL PROJECT HIGHLIGHTS

- **Reed Road Reconstruction:** Full reconstruction from Henderson Road south to Lane Road that included new street lighting, bike infrastructure, pedestrian crosswalks. 80% of the costs were federally funded.
- **W. Fifth Avenue Bike Path and Roadway Improvement Project:** Made possible through grant monies and a partnership with Marble Cliff to construct a bike path along the southside of W. Fifth Avenue from Arlington Avenue to Dublin Road.
- **Street Reconstruction Program:** \$3.8 million invested in complete road reconstruction, new curb and gutter, driveway apron replacement and storm sewer repairs on 18 streets.
- **Street Maintenance Program:** \$1.6 million invested in resurfacing and spot curb and gutter repairs were undertaken on sections of more than 22 streets.
- **Sidewalk Connection:** \$1.8 million invested in new sidewalks to six streets, adding more than five miles of sidewalks in support of the City's Safe Routes to School Travel Plan and in response to resident requests.
- **Sustainable Sewer Solutions:** \$2.8 million invested—representing year one of a 14-year remediation plan—to update the City's current stormwater and sewer system, including renovation, installation of a liner, cleaning or replacement of main sewer lines, sanitary laterals and manholes.
- **Parks Improvements:** \$7.0 million invested in improvements to the City's parks and structures including reinforcing the Devon Pool diving well, resurfacing the tennis and hockey courts at Sunny 95 Park, Reed Road Water Park slide resurfacing, expansion of the parking lot and leveling the park greenspace at Miller Park. Improvements also include completion of the Tremont Pool and Northam Park playground and reading garden construction, begun in 2016.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

City of Upper Arlington

For its Annual Financial Report for the Fiscal Year Ended December 31, 2017

Christopher P. Morrell

Executive Director/CEO

How Capital Investments are Funded

The City's capital outlay consists of investments in our underground and surface infrastructure (sewer and water lines, roads, traffic lights, bridges, etc.), capital equipment, public facilities and parks.

The City's financial policies include guidance for maintaining a 10-year Capital Improvement Program (CIP) with the goal of achieving the annual replacement cost of the infrastructure based upon service life of each component. The CIP is managed and developed by a committee consisting of representatives from all the major divisions of the City. This committee is responsible for evaluating potential projects, adding and removing projects, and prioritizing the projects included within the CIP.

The CIP provides City Council the ability to determine the fiscal viability of the plan and the opportunity to monitor its impact on the operating budget long before the improvements take place. Using the adopted financial and debt policies for capital investments, the plan consists of a combination of cash and debt financing.

The main source of funding for the CIP is a 28% allocation of income tax revenues. This revenue source is used to pay off existing capital-related debt, newly issued capital-related debt, and cash funding of capital projects. Furthermore, the City annually allocates a portion of general tax revenues (\$3.75 million in 2017) and pays a portion of the capital-related debt from the Water Surcharge, Sanitary Sewer Surcharge and Stormwater Management Funds, based on the respective projects paid with bond proceeds.

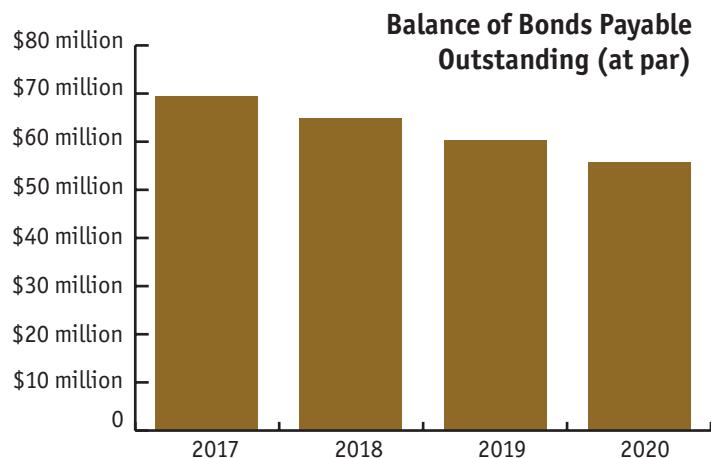
General obligation bonds are the primary source of debt issued for capital

Two-Year Capital Investment Summary

Investment Type	2017	2016
<i>Governmental Funds</i>		
-Capital Equipment	\$929,324	\$519,170
-Capital Improvements	\$17,374,190	\$19,751,130
<i>Subtotal</i>	<i>\$18,303,514</i>	<i>\$20,270,300</i>
<i>Enterprise Funds</i>		
-Capital Equipment	-	\$26,181
-Capital Improvements	\$38,762	\$17,606
<i>Subtotal</i>	<i>\$38,762</i>	<i>\$43,787</i>
Total Capital Investment	\$18,342,276	\$20,314,087

improvements. The City is proud to have attained a bond rating of Aaa from Moody's Investors Service and a rating of AAA from S&P Global (formerly Standard and Poor's) - the highest ratings obtainable. This credit rating allows the City to borrow money at very favorable interest rates.

In 2017, approximately half of the improvements were financed using debt proceeds and half were financed using existing cash, grants, etc.



The City of Upper Arlington is proud of its record as a fiscally prudent and responsive municipality. Over the years, the hard work of the Finance Division has been recognized consistently for maintaining exceptionally high standards:

Award for Outstanding Achievement in Popular Annual Financial Reporting – 12 years

Certificate of Achievement for Excellence in Financial Reporting – 30 years

Distinguished Budget Presentation Award – 28 years

Auditor of State Award with Distinction – formerly known as the Excellence in Financial Reporting award – 22 years

Bond rating of Aaa from Moody's Investors Service and a rating of AAA from S & P Global - The Highest Ratings Obtainable

OUTSTANDING DEBT

As stated above, the repayment of debt is primarily funded using income tax collections that have been set aside for capital investments or its related debt.

The tables in this section provide a summary of the type and amount of debt outstanding.

Two-Year Debt Summary (Rounded to Nearest Thousand)

Debt Type	2017	2016
General Obligation Bonds	\$69,296	\$64,510
Special Assessment Bonds	\$135	\$260
Loans	\$3,458	\$3,633
Capital Lease	-	\$187
Total Debt	\$72,889	\$68,590

DEBT TYPE DEFINITIONS

- **General Obligation Bonds**- long-term debts that are repaid from the City's available resources.
- **Loans**- low-interest loans from the Ohio Public Works Commission and Franklin County Infrastructure Bank to support capital improvements.
- **Special Assessment Bonds**- long-term debt that is repaid from specific assessments collected from the related property owners.
- **Capital Lease**- lease which generally transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Ohio law limits the amount of outstanding debt allowed to 10.5% of the taxable value of property. In 2017, the assessed value of the City of Upper Arlington's property was \$1,927,472,250. The City's general obligation debt, less amounts set aside for debt repayment, represents just 3.6% of the estimated taxable value of property.

The City's Net Position

Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current & other assets	\$88,143	\$89,407	\$6,150	\$5,423	\$94,293	\$94,830
Capital assets	\$105,807	\$101,291	\$45,166	\$36,670	\$150,973	\$137,961
Net pension asset	\$7	\$5	\$1	-	\$8	\$5
Total assets	\$193,957	\$190,703	\$51,317	\$42,093	\$245,274	\$232,796
Deferred outflows of resources	\$11,242	\$11,770	\$ 817	\$453	\$12,059	\$12,223
Liabilities						
Current and other liabilities	\$3,905	\$2,909	\$239	\$235	\$4,144	\$3,144
Long-term liabilities outstanding	\$118,156	\$111,908	\$3,686	\$3,270	\$121,842	\$115,178
Total liabilities	\$122,061	\$114,817	\$3,925	\$3,505	\$125,986	\$118,322
Deferred inflows of resources	\$13,192	\$12,307	\$123	\$213	\$13,315	\$12,520
Net investment in capital assets	\$50,937	\$44,989	\$43,064	\$34,284	\$94,001	\$79,273
Restricted	\$32,084	\$26,134	-	-	\$32,084	\$26,134
Unrestricted	(\$13,075)	\$4,226	\$5,022	\$4,544	(\$8,053)	\$8,770
Total net position	\$69,946	\$75,349	\$48,086	\$38,828	\$118,032	\$114,177

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

Net position is categorized by activity type. Governmental activities include services largely funded through non-exchange revenues, such as income and property taxes. Safety forces and street crews are prime examples. Business-type activities include services primarily funded through user charges, such as utility billings and swimming pool memberships.

During 2017, the City's net position increased by approximately \$3.9 million (3%). The increase can be primarily attributed to four main factors: (1) an increase in income tax revenue as a result of continued economic development and a growing economy; (2) receiving significant grant funding related to infrastructure improvements; (3) capital asset additions exceeding depreciation expense; and (4) an increase in debt burden as a result of issuing bonds and loans for the purpose of fund infrastructure.

Net position is further broken down into the following three components:

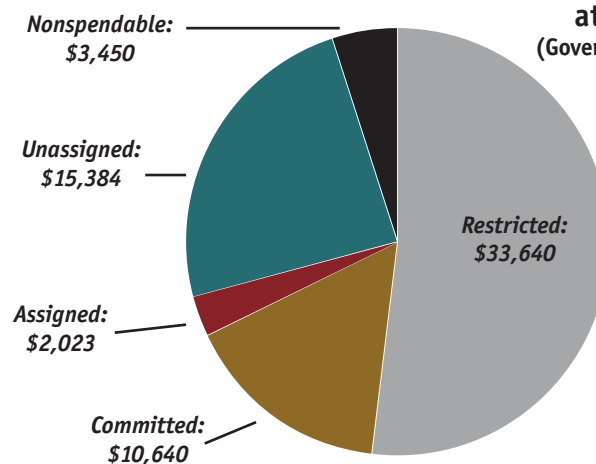
- **Net Investment in Capital Assets** - A large portion of the City's overall net position (80%) reflects its investment in capital assets (land, buildings, improvements, equipment and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Therefore, these assets are not available for future spending.
- **Restricted** - This is the portion of net position which represents resources subject to restrictions

on how they may be used. This includes limitations imposed either through legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- **Unrestricted** - The balance of net position is classified as unrestricted and ultimately may be used to meet the government's on-going obligations to its citizens and creditors. It is important to note that the unrestricted net position of the City's business-type activities may not be used to fund governmental activities.

Though all of the items listed above contributed to an increase in total net position during 2017, the Governmental Activities total net position decreased \$5.4 million as a result of a significant decrease in the unrestricted component. The decrease is the result of spending down existing unrestricted fund balances on capital-related projects, recording liabilities and expending income tax dollars for business-type related capital assets (i.e water lines, sewer lines, etc.), and an increase in net pension liability required to be recorded in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68.

Components of Fund Balance at December 31, 2017 (Governmental Funds, in thousands)



FUND ACCOUNTING

State and local governments such as the City, employ fund accounting whereby assets and liabilities are grouped according to the purpose for which they are to be used. Each grouping, or fund, operates as a separate, self-balancing set of accounts. The General Fund is the chief operating fund of the City and General Fund expenditures account for 54% of governmental expenditures. Special revenue funds, such as the Street Maintenance & Repair Fund, are group revenues raised for a specific purpose. Capital project funds account for financial resources to be used for the acquisition or construction of major capital facilities. These intended uses can be demonstrated by viewing the five components of governmental fund balances.

- **Nonspendable fund balances** are amounts that are not in spendable form or are required to be maintained intact. The City's nonspendable fund balance includes inventory balances (\$184,822), monies advanced from the General fund to the City's TIF funds, which are not expected to be repaid within one year (\$2.8 million), and the value of assets that are specifically being held for resale (\$505,725).
- **Restricted fund balances** have constraints that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions. The most significant restriction of fund balance (\$28.5 million) is to fund future capital projects as outlined in the City's 10-year Capital Improvement Program. Other restrictions of fund balance include: debt (\$552,653), pensions (\$2.1 million), street maintenance and repairs (\$1.1 million), law enforcement and education (\$1 million), and various other purposes (\$328,860).
- **Committed fund balances** have constraints as to use, based on a formal action taken by City Council. Committed fund balances also incorporate contractual obligations to the extent that resources have been specifically committed for use in satisfying those contractual requirements. Similar to restricted fund balances, the most significant portion of committed fund balance is for capital projects (\$8.9 million). Other commitments include: emergency medical services (\$293,557), economic development (\$275,618), self-insurance (\$811,781), and various other purposes (\$313,036).
- **Assigned fund balances** are constrained by the City's intent to use the funds for a specific purpose, but are neither restricted nor committed. The most significant portion of the assigned fund balance is the amount Council has assigned to cover the 2018 General Fund budget deficit (\$1.5 million). Other assignments of fund balance are for general government purposes (\$413,385) and various other purposes (\$115,673).
- **Unassigned fund balances** represent the fund balance that is spendable and has not been restricted, committed, or assigned. The unassigned fund balance as of December 31, 2017 totaled \$15.4 million for governmental funds.

While the fund balance is an important component of fiscal planning and factors into the City's debt rating, it is anticipated that the balance will decline over the next few years since expenditures are expected to rise at a faster pace than general revenue sources.

Where Your Property Taxes Go

One of the biggest tax bills we typically face each year is tied to the property we own.

Property tax in Upper Arlington is administered by Franklin County and is usually calculated into your monthly mortgage payment. As a result, we don't always think of it in concrete terms, nor do we explore in detail how this funding mechanism is used.

As the table and pie chart on this page indicate, only a small portion of your property taxes go

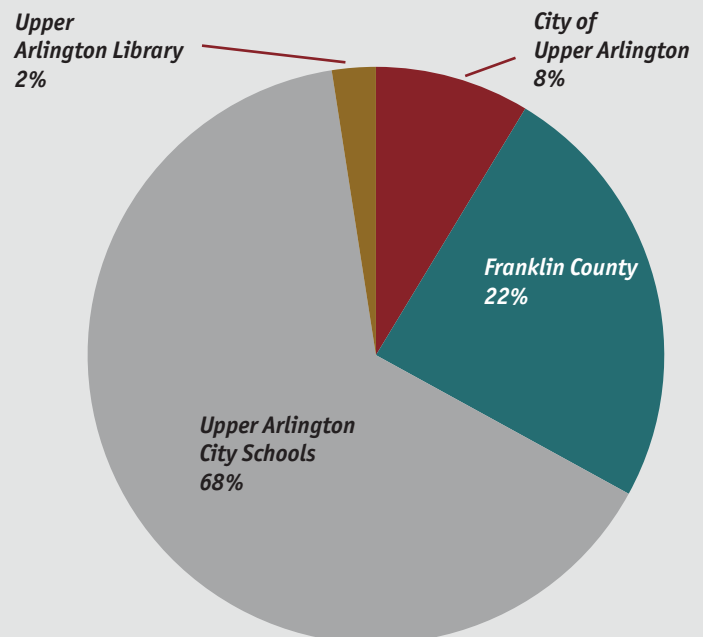
to support the City of Upper Arlington. The majority supports the Upper Arlington City Schools and various Franklin County levies.

Concurrently, property taxes account for one of the largest and most stable revenue sources for the City at approximately 21% of total revenue funds.

Property Tax Breakdown

Taxing Authority	Effective Mills
City of UA	6.05
Franklin County*	16.82
UA Schools	52.38
UA Library	1.65
Total	76.09

*Franklin County includes ADAMH, Columbus Zoo, Senior Options, Franklin County MRDD and Franklin County Children's Services



Franklin County Auditor

www.franklincountyauditor.com

Check here for more property tax information, including a calculator to determine your valuation, how your taxes are distributed and more.

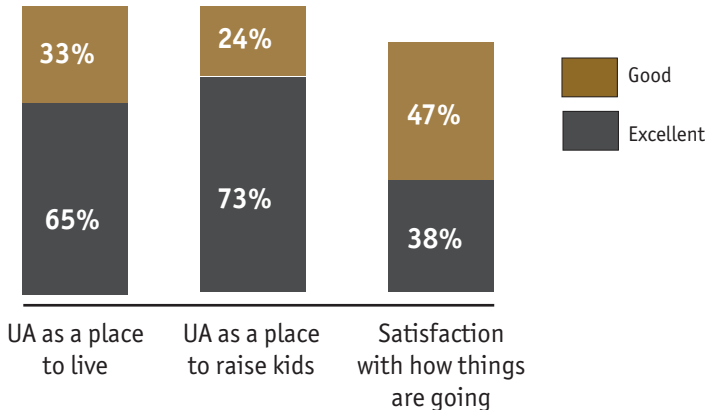
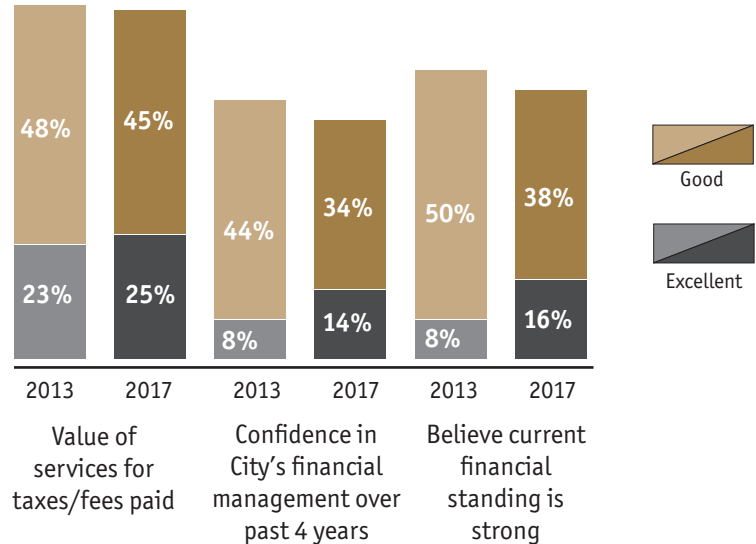
Survey Says...We're on the Right Track



The City of Upper Arlington's 2017 Community Survey, which interviewed a representative sample of over 500 Upper Arlington residents, revealed the following key research findings.

Every few years, the City undertakes a broad based community survey to obtain feedback that is reliable and statistically representative of the entire community. It provides a means to check the City's service delivery is on track and helps the administration allocate public funds during its budget process. Results can also identify any key issues that may require attention.

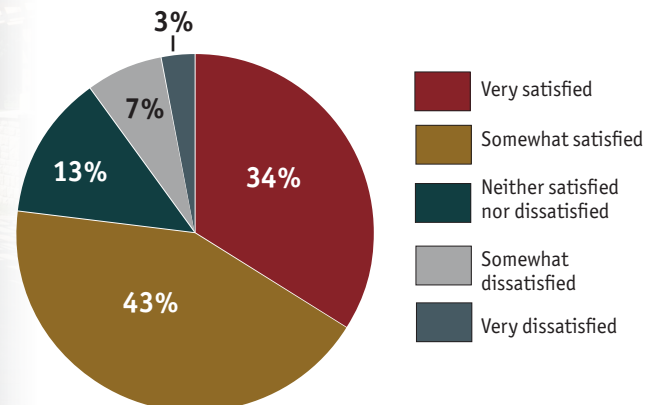
For 2017, the City contracted with Illuminology (formerly The Strategy Team), with a hybrid data collection approach to account for UA's higher percentage of older adult demographics. 1,500 randomly selected households across the community were first invited to complete the survey online, followed with a hard copy version mailed to those households yet to complete the survey. A total of 521 residents (35%) completed the survey.



OVERALL, RESIDENTS HOLD STRONG, POSITIVE VIEWS OF LIFE IN UPPER ARLINGTON

Nearly all respondents believe UA is a great place to live and raise children, and most are satisfied with how things are going in the City. The chart to the left shows the majority of residents rate the quality of most municipal services provided by the City as "excellent" or "good." The chart above indicates that 48% of residents think the City's financial management has been "good" or "excellent" and over half (54%) of residents believed the City's current financial situation is "excellent" or "good."

What do residents think, overall, of the City's capital improvements work since 2014?



Planted **575** trees throughout UA in 2017.



Collected over **17,700** cubic yards of leaves.

The Value of Income Tax

MOST ARE SUPPORTIVE OF UA'S CAPITAL IMPROVEMENT INVESTMENTS

Over three-quarters of residents (77%) reported being "very" or "somewhat satisfied" with the capital improvements work completed since 2014. Furthermore, 80% are in favor of the City paying for the installation of new sidewalks on qualifying streets to expand safe access to schools, if funds are available. Most (75%) support the idea of the City improving recreational facilities, among other infrastructure investments, as part of its Capital Improvements Program.

SATISFACTION WITH THE CITY'S ECONOMIC DEVELOPMENT EFFORTS

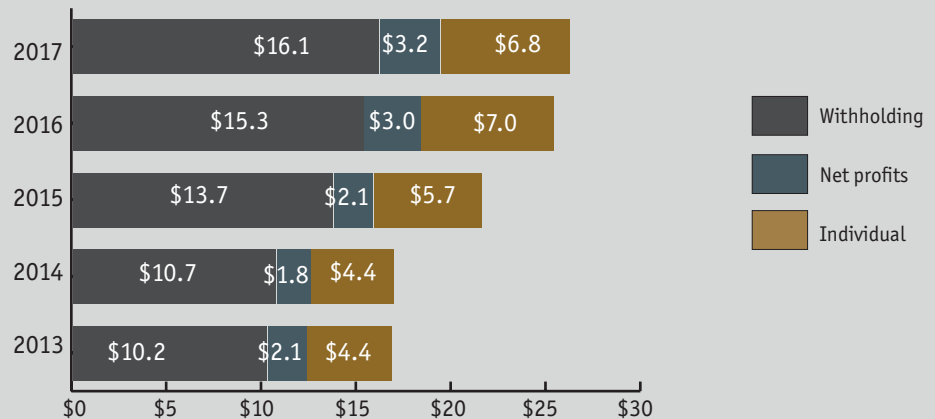
Most residents are "very" or "somewhat satisfied" with the economic development that has occurred along Lane Avenue over the past few years. They are also satisfied with the economic development that has occurred in the Kingsdale area.

OPINIONS ABOUT GOVERNMENT OFFICIALS ARE MOSTLY POSITIVE

Most survey respondents trust Upper Arlington's government officials to do the right thing most of the time, and a majority agree with the statement, "The Upper Arlington City Council effectively represents the attitudes and opinions of UA residents."

Full details of the 2017 community survey are available online, at www.upperarlingtonoh.gov

Income Tax Categories (in millions)



Note: The City imposes a 2.5% income tax on all residents with a credit of up to 2.5% allowed for income earned outside the City. In addition, a 2.5% tax is imposed on all wages earned within the City and a related 2.5% tax on business net profits. Prior to January 1, 2015 the income tax rate was 2%.

DEFINITIONS

- **Withholding**- 2.5% tax due on all employees who work in the City, typically withheld from their salary and paid to the City by the employer.
- **Net Profits**- 2.5% tax levied on the profits realized by UA businesses after other taxes have been applied.
- **Individual**- 2.5% tax due on most additional income earned by individuals, including partnerships, trusts, sole proprietorships and rental income.

Income tax is the largest source of revenue for the City, representing 53% of all governmental revenues, yet we are reliant on a small number of larger employers as a result of the limited amount of land dedicated to commercial use.

The City's income tax applies to earned income, and business net profits. All Upper Arlington residents over the age of 18 are required to file an income tax return with the City, regardless of whether any tax is due.

It is important to note, residents who work in communities outside of Upper Arlington pay their income tax to the community in which they are employed (unless the community has a rate less than that of Upper Arlington, in that case, the difference between the two rates will be remitted to Upper Arlington) and the money stays in that community. This is significant for the City because Upper Arlington is considered a bedroom community, where approximately 84% of the total income earned by residents occurs in other communities. This fact is presented in a slightly different manner in the table above which shows approximately 62% of the City's income tax revenues come from employer withholdings (residents and non-residents working the City), while only just over 12% comes from taxes on business net profits.



Replaced **732** street signs and inspected and cleaned over **70,600** linear feet of UA's sanitary sewer.



CITY OF UPPER ARLINGTON

3600 Tremont Road,
Upper Arlington, OH 43221

BUSINESS HOURS

Municipal Services Center

Monday-Friday, 8 am-5 pm

Public Service Center

Monday-Friday, 7 am-4:30 pm

 www.facebook.com/CityofUA | [@CityofUA](https://twitter.com/CityofUA) 

Presort Standard
US Postage
PAID
Columbus OH
Permit #758

2017 POPULAR ANNUAL FINANCIAL REPORT

www.upperarlingtonoh.gov

CITY BUILDINGS AND PHONE NUMBERS

Municipal Services Center

3600 Tremont Road
Upper Arlington, OH 43221

Phone: 614-583-5000
TDD: 442-3216
Fax: 457-6620

Emergency- Police, Fire & Medical	9-1-1
Police non-life-threatening emergencies	614-459-2800
Fire/Medical non-life-threatening emergencies	614-451-9700

City Attorney's Office	614-583-5020
City Clerk's Office	614-583-5030
City Manager's Office	614-583-5040
Clerk of Court's Office	614-583-5060
Community Development	614-583-5070
Finance Department	614-583-5280
Information Technology	614-583-5200
Parks & Recreation	614-583-5300
Police (Administration)	614-583-5150
Police/Fire Communications Center	614-583-5400

Public Service Center	614-583-5350
4100 Roberts Road	Fax: 614-442-3219
Electrical	614-583-5382
Engineering	614-583-5360
Parks & Forestry	614-583-5340
Solid Waste	614-583-5370
Streets	614-583-5380
Utilities	614-583-5385

Fire Station 72	614-583-5472
3861 Reed Road	Fax: 614-583-5496
Fire (Administration)	614-583-5100

UPPER ARLINGTON CITY COUNCIL



2018 Upper Arlington City Council

Front Row (from left): Michele Hoyle, Brendan King (Vice President), Kip Greenhill (President), Carolyn Casper
Back Row: Jim Lynch, Brian Close, Sue Ralph



Theodore J. Staton
City Manager



Brent Lewis
Finance Director

This Popular Annual Financial Report is intended to summarize the financial activities of the City of Upper Arlington and is drawn from the financial information appearing in the 2017 Comprehensive Annual Financial Report (CAFR). Copies of the CAFR are available at the libraries and can be viewed on the City's website. The data included in this review is not prepared in accordance with GAAP as only a portion of the City's financial statements is presented.