

City of Upper Arlington, Ohio

2019 FINANCIAL REPORT

Popular Annual Financial Report for the Year Ended December 31, 2019



City of **Upper Arlington**[®]



A MESSAGE FROM THE FINANCE DIRECTOR



The reasons residents choose to live in Upper Arlington are varied, but they often revolve around quality of life issues. Beautiful homes and safe neighborhoods, a strong sense of community, convenient location, first-rate schools and excellent City services combine to create an attractive, stable environment in which to reside and raise a family. These positive attributes

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

Members of the Finance Department are pleased to present the City of Upper Arlington's 15th Popular Annual Financial Report for the fiscal year ended December 31, 2019. The City of Upper Arlington was organized on February 8, 1941 and is a home-rule, municipal corporation organized under the laws of the State of Ohio. The City provides through its departments the following services as authorized by its charter: public safety, public services, parks and recreation, and community development. This report is intended to present an accessible overview of the City's financial position and policies, and its commitment to providing responsive services and programs in a fiscally responsible manner.

Inside this publication, we provide you with 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 2019 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 utilized 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 32 consecutive years from the Government Finance Officers Association for its CAFR document.

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 2019 CAFR, which is available from the Finance Department, local libraries, and online at upperarlingtonoh.gov.

Members of the Finance Department and Staff across the organization are proud to serve this fine community. We hope the 2019 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. Please enjoy this view of your City's financial health.

Brent Lewis,
Finance Director

UPPER ARLINGTON 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 35,000 residents, often 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.

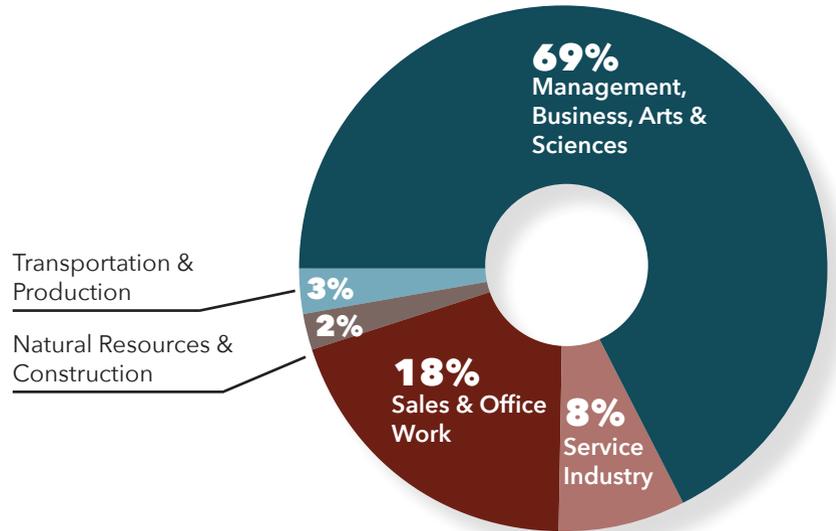
Over the decades, the community has often been a leader in setting the standard for quality of life expectations. The City boasts an extensive and well-used network of community parks with a rich variety of active and passive recreational opportunities. Community gatherings and celebrations are the standard, 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.

HOUSING DATA

In 2019, 25 new homes were built with an average value of \$970,000. Overall, 3,824 permits (including zoning, electric, HVAC, plumbing, etc.) were approved for a record total construction value of **\$407.6** million dollars, of which \$326.5 million was for commercial projects. The median home value in Upper Arlington is **\$376,400** with an 79.9% owner occupancy rate.



PREDOMINANT OCCUPATIONS



Ranked **10th BEST SUBURB TO LIVE IN OHIO** and **2nd BEST SUBURB FOR YOUNG PROFESSIONALS IN FRANKLIN COUNTY** by niche.com in 2020.

Ranked **27th BEST HIGH SCHOOL IN OHIO** by usnews.com in 2020.

UPPER ARLINGTON PROFILE

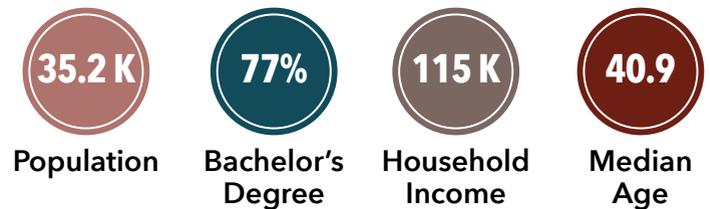


TABLE OF CONTENTS

Message from the Director	2	Value of Income Tax	10
Upper Arlington at a Glance	3	Property Tax & Outstanding Debt	11
Revenue Highlights	4	Capital Improvements	12
Expenditure Highlights	6	Lane Avenue Planning Study	14
The City's Net Position	8	Citizen Financial Review Task Force	15

REVENUE HIGHLIGHTS

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 the City receives the funding it needs in order to provide services to the community from a variety of sources.

Income and property taxes typically account for 70% - 75% of total Governmental Fund revenues. During 2019, income tax revenue accounted for approximately 40% of the revenue growth due to continued development throughout the City and growth in the local economy. Property tax revenue remained steady during 2019 after seeing a significant decrease in 2018 due to the expiration of tax associated

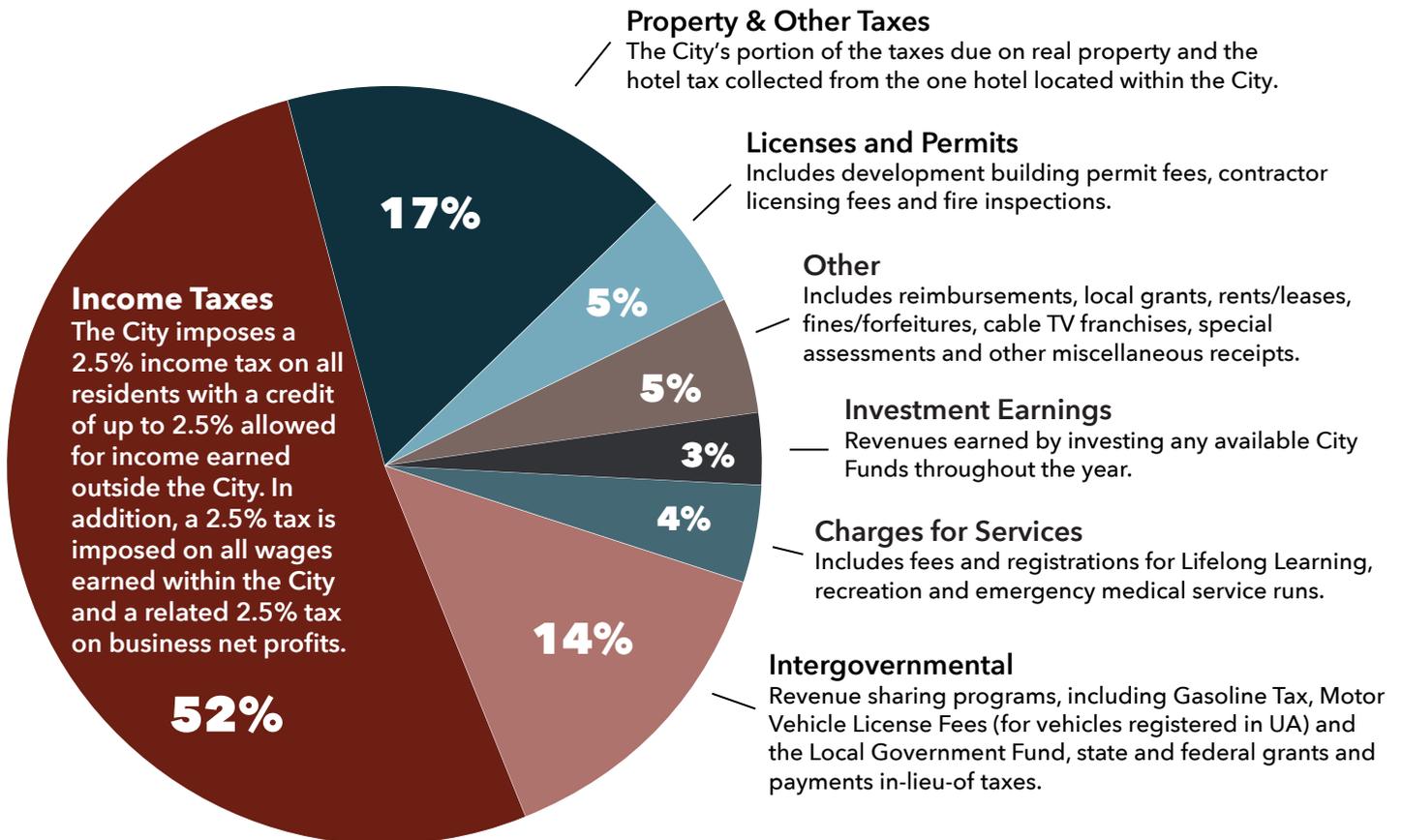
with a debt issuance. It is important that these two revenue sources continue to grow each year to support ongoing City operations.

During 2019, the City also saw significant revenue growth in license and permit fees and investment earnings line items. The growth in revenues generated from license and permit fees can be attributed to the significant construction projects that are occurring across the City, namely the Upper Arlington Schools project and the Lane II project, which includes the City's second hotel. Investment earnings saw a nice increase in 2019 as a result of a solid financial plan and more cash invested during the year.

GOVERNMENTAL FUNDS 2019 REVENUES BY SOURCE

The pie chart below depicts the significance each source of revenue has to the City's overall fiscal health. Income taxes lead the way and clearly indicate the importance of a proactive economic development program to keep this revenue stream strong.

Property taxes represent the second largest revenue stream, but as you will see on page 9, the portion of your property tax that is received by the City is comparatively small (8%).



Governmental Funds: Three-Year Revenue Summary by Type

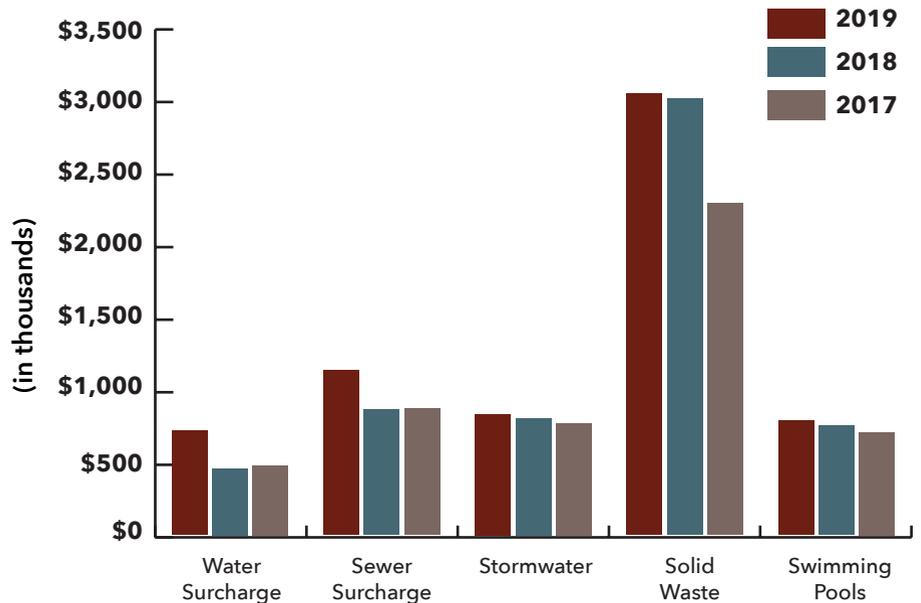
REVENUE	2019	2018	2017
Property Taxes	\$10,110,457	\$10,184,595	\$10,632,983
Income Taxes	\$30,494,715	\$28,232,156	\$26,777,498
Intergovernmental	\$8,164,005	\$7,091,923	\$6,989,725
Charges for Services	\$2,129,521	\$2,063,261	\$1,929,796
Licenses and Permits	\$2,765,289	\$1,359,976	\$1,244,281
Investment Earnings	\$2,000,912	\$1,190,051	\$778,696
Other	\$2,818,534	\$2,606,537	\$2,243,950
Total Revenues	\$58,483,433	\$52,728,499	\$50,596,929

The table to the left presents a three-year summary of governmental revenues by primary type in order to provide a picture of what typical revenues look like annually. The revenues reflected are representative of the City's fund level statements and do not include bond proceeds or the City's Enterprise Funds.

ENTERPRISE FUNDS REVENUE

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

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 has been added to the City of Columbus' billed cost of the service since 2007 and remitted to Upper Arlington. In order to cover the increasing cost associated with these utilities, City Council adopted a 5% increase to both of the surcharges effective January 1, 2019. All other "business" activity-related fees are billed and collected directly by the City. They include:



been added to the City of Columbus' billed cost of the service since 2007 and remitted to Upper Arlington. In order to cover the increasing cost associated with these utilities, City Council adopted a 5% increase to both of the surcharges effective January 1, 2019. All other "business" 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. The \$45 fee has remained consistent since 2011. Other types of properties including multi-family, condominiums and commercial also pay a stormwater fee.
- A **\$227 solid waste fee** (plus or minus any premium service or senior discount) on each residential household for operation of the solid waste collection program. This pricing structure began in 2018 when the City ended its pay as you throw program and implemented a cart-based solid waste system with a standard pricing model.
- **Various fees** are charged to residents (and non-residents) for the use of the City's three swimming pools. These revenues are dedicated to operations, maintenance and improvements.

With the exception of the noted fee adjustments for the water and sewer surcharge, the increases or decreases in these revenue sources from year to year are primarily a reflection in a change of usage levels.



EXPENDITURE HIGHLIGHTS

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, 2019 Governmental Fund expenditures increased by \$8.5 million (12%) as compared to 2018. During 2019, the City saw increases in operating expenditures (6%) due to an overall increase in the costs of goods/services and labor and benefits.

As mentioned above, the City continued its focus on capital improvements during 2019. Capital-related expenditures increased \$4.9 million when compared to the prior year. Of the \$21.5 million in capital-related expenditures, nearly 60% was spent on capital improvements associated with the City's 10-year Capital Improvement Program. The other significant portion of capital-related expenditures (nearly 40%) were related to public improvements related to the Lane II project. Remaining amounts were 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 \$1.4 million increase is primarily related to the scheduled debt service payments affiliated with bond issuances related to the City's Capital Improvement Program.

Governmental Funds: Three-Year City Expenditures by Type

EXPENDITURES	2019	2018	2017
Public Safety	\$18,405,985	\$17,688,108	\$17,009,989
General Government	\$11,169,685	\$10,210,143	\$9,940,138
Public Service	\$4,164,061	\$3,857,157	\$3,755,954
Parks & Recreation	\$3,878,949	\$3,708,024	\$3,538,645
Community Development	\$977,585	\$897,908	\$866,779
Subtotal	\$38,596,265	\$36,361,340	\$35,111,505
Debt Service Payments	\$8,388,962	\$6,974,495	\$7,564,927
Capital Outlay	\$21,518,114	\$16,621,708	\$20,054,043
Total Expenditures	\$68,503,341	\$59,957,543	\$62,730,475

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, 2019, prepared in accordance with Generally Accepted Accounting Principles, and does not reflect the Upper Arlington Community Improvement Corporation, a component unit of the City.

GOVERNMENTAL FUNDS 2019 OPERATING EXPENDITURES

The pie chart below provides a view of expenditure types within the City's operating budget (excluding debt service and capital outlay expenditures). 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.



Public Safety

Encompasses the Police and Fire divisions. The Police Division is composed of three bureaus; patrol, investigative (detective services) and support services (community relations and education programs). The Fire Division is composed of fire, emergency medical services, fire prevention and inspections, community relations and education programs.



Community Development

Encompasses Building Standards, Code Compliance, and Zoning and Planning.



Parks & Recreation

Encompasses the services, programs and facilities provided by the divisions of Cultural Arts, Parks & Forestry, Tennis, Recreation and the Senior Center.



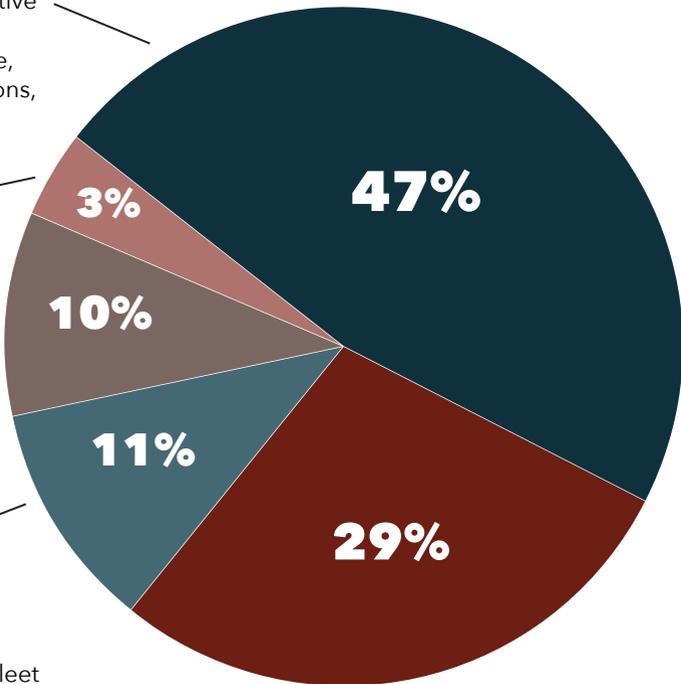
Public Service

Encompasses Public Works, Engineering, Electrical and Streets/Utilities.

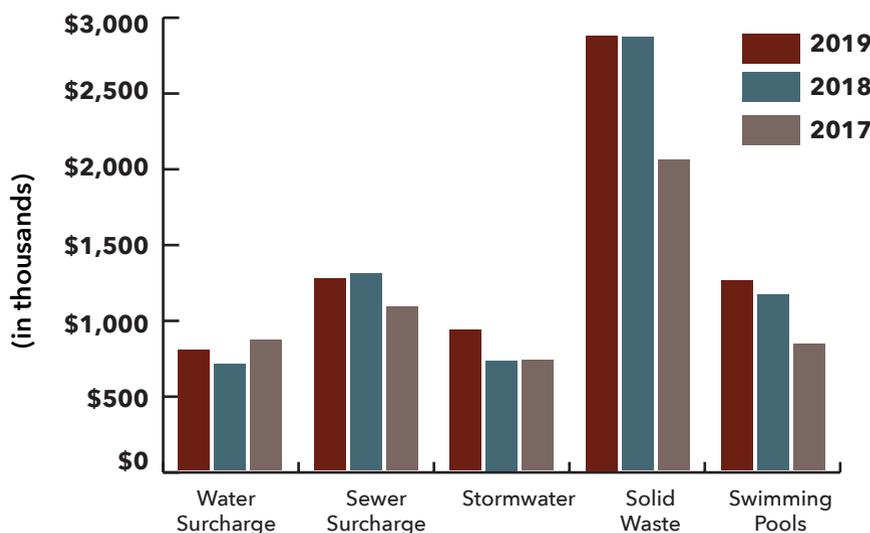


General Government

Functions serving City operations as a whole, including: Fleet Maintenance, City Manager's Office, City Attorney's Office, Mayor's Court, Finance, Building Maintenance, Information Technology and General Administration.



ENTERPRISE FUND EXPENSES



Total Enterprise Fund expenses (\$7.1 million) increased during 2019 by approximately \$361,000, or 5.4%. The increase can be attributed to increasing costs for contractual services, an increase in annual depreciation expense as result of a focus on utility-related infrastructure assets in the 10-year CIP, and an increase in labor and benefit costs.

It should be noted that the increase in labor and benefits in the City's utility funds (Water, Sewer, and Stormwater Funds) represents how the Public Works Division's workload was allocated during the year. These amounts regularly vary between the various utility funds, as well as between Enterprise and Governmental Fund activities, based on the specific types of projects budgeted for the year.

THE CITY'S NET POSITION

The statement of net position presents information on all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City 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 2019, the City saw total net position increase by approximately \$24.2 million (25%). The increase in overall net position can be primarily attributed to four main factors:

- An increase in income tax revenue as a result of continued economic development and a growing economy;
- Receiving significant grant funding related to infrastructure improvements;
- Capital asset additions exceeding depreciation expense; and
- 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** – The largest portion of the City's overall net position 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 ongoing 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 overall increase in total net position during 2019, the unrestricted portion remains in the negative. The negative balance is the product of spending down existing unrestricted fund balance 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 the requirement to record net pension and other post-employment liabilities in accordance with the Governmental Accounting Standards Board (GASB) Statements No. 68 and 75 (see full CAFR for further explanation).

Net Position (in thousands)	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets		<i>Restated</i>				<i>Restated</i>
Current and other assets	\$109,866	\$92,916	\$7,645	\$6,597	\$117,511	\$99,513
Capital assets, net	\$123,662	\$112,898	\$51,722	\$48,213	\$175,384	\$161,111
Net pension asset	\$14	\$17	\$2	\$2	\$16	\$19
Total Assets	\$233,542	\$205,831	\$59,369	\$54,812	\$292,911	\$260,643
<u>Deferred Inflows of Resources</u>						
Total deferred inflows of resources	\$20,457	\$12,480	\$823	\$575	\$21,280	\$13,055
<u>Liabilities</u>						
Current and other liabilities	\$4,140	\$2,837	\$85	\$294	\$4,225	\$3,131
Long-term liabilities outstanding	\$168,819	\$152,530	\$4,895	\$3,873	\$173,714	\$156,403
Total Liabilities	\$172,959	\$155,367	\$4,980	\$4,167	\$177,939	\$159,534
<u>Deferred Inflows of Resources</u>						
Total deferred inflows of resources	\$14,945	\$16,989	\$137	\$505	\$15,082	\$17,494
<u>Net Position</u>						
Net investment in capital assets	\$62,875	\$56,030	\$49,838	\$46,220	\$112,713	\$102,250
Restricted	\$35,233	\$34,268	-	-	\$35,233	\$34,268
Unrestricted	(\$32,013)	(\$44,336)	\$5,237	\$4,495	(\$26,776)	(\$39,841)
Total Net Position	\$66,095	\$45,962	\$55,075	\$50,715	\$121,170	\$96,677

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 52% of

governmental expenditures. Special revenue funds, such as the Street Maintenance & Repair Fund, are group revenues raised for a specific purpose. Capital projects 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 below.

COMPONENTS OF FUND BALANCE AT DECEMBER 31, 2019 (in millions)

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 City's \$49.2 million restricted fund balance primarily consists of a restriction of funds for future capital projects as outlined in the City's 10-year Capital Improvement Program (\$41.7 million). Other significant restrictions of fund balance include funds for the repayment of debt (\$2.4 million) and payment of police and fire pensions (\$2.6 million).

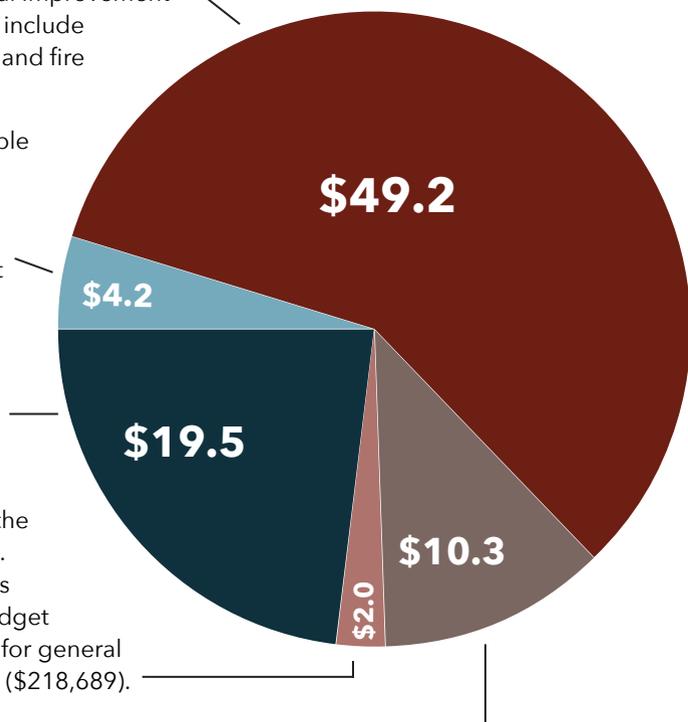
Nonspendable fund balances are amounts that are not in spendable form or are required to be maintained intact. The City's \$4.2 million nonspendable fund balance primarily consists of monies advanced from the General fund to the City's TIF funds, which are not expected to be repaid within one year (\$3.3 million) and the value of assets that are specifically being held for resale (\$505,725).

Unassigned fund balance represents fund balance that is spendable and has not been restricted, committed, or assigned. The unassigned fund balance at December 31, 2019 totaled \$19.5 million for governmental funds.

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 \$2 million assigned fund balance is the amount Council has assigned to cover the 2020 General Fund budget deficit (\$1 million). Other significant assignments of fund balance are for general government purposes (\$570,765) and parks and recreation purposes (\$218,689).

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 the \$10.3 million in committed fund balance is for capital projects (\$7.6 million). Other significant commitments include funds for economic development (\$653,143) and the City's self-insurance program (\$871,214).

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.



TRIPLE A RATINGS

In 2019, and for the 11th consecutive time, the City retained the highest possible financial ratings from two national ratings agencies: AAA from S&P Global, and Aaa from Moody's Investors Service. This accomplishment speaks to the City's exceptional fiscal policies and financial oversight, and translates to significant interest rate savings when the City issues bonds to support capital projects.

THE VALUE OF INCOME TAX

Income tax is the largest source of revenue for the City, representing 52% 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.

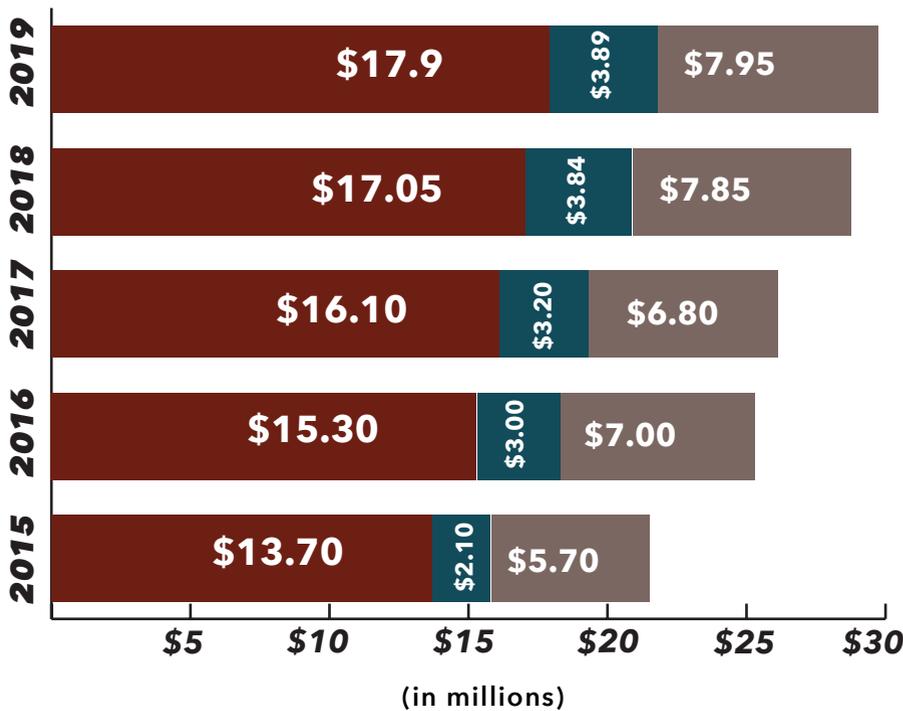
The City's income tax applies to earned income, and business net profits. All Upper Arlington residents over the age of 18 are required to file an income tax return with the City, regardless of whether any tax is due.

It is important to note, residents who work outside Upper Arlington pay their income tax to the community in which they are employed. However, if you are a resident of Upper Arlington but work in a community that has a rate less than 2.5%, the difference between the two rates is remitted to Upper Arlington.

This has significant impact on the City because Upper Arlington is considered a bedroom community, where approximately 81% of the total income earned by residents occurs in other communities.

This fact is presented in a slightly different manner in the table below (presented on the cash basis) which shows approximately 60% of the City's income tax revenues come from employer withholdings (residents and non-residents working in the City), while just over 13% comes from taxes on business net profits.

INCOME TAX CATEGORIES



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.

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%.

UA SPOTLIGHT: LANE II UPDATE

East of Westmont Boulevard, construction of the five-story, 116-room TownePlace Suites Hotel is moving quickly, with an early fall completion date. The site will also include two condominium buildings and a surface parking lot behind the hotel.

West of Westmont Boulevard, construction has begun on the five-story mixed-use building that will include two restaurants on the ground floor, 20,000 square feet of office space, residential units and a 248-space parking garage. For more details and updates on Lane II, visit upperarlingtonoh.gov.



WHERE YOUR PROPERTY TAXES GO

Property Tax Breakdown

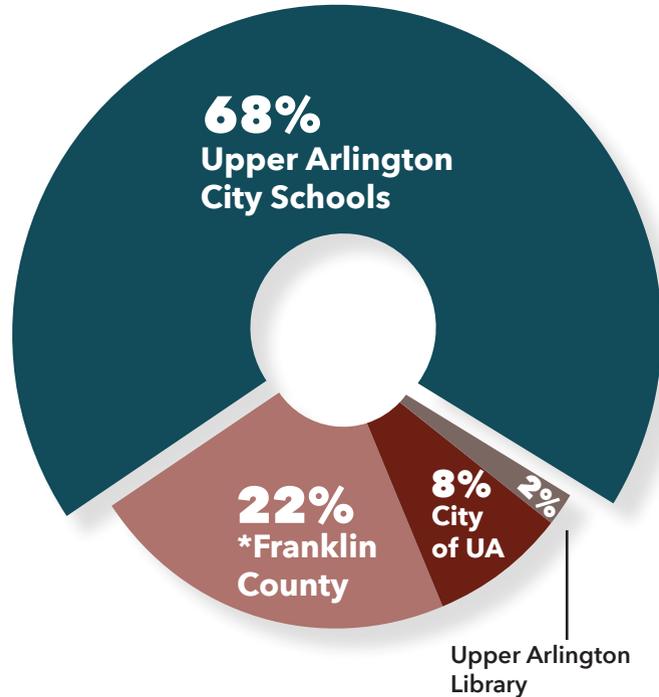
Taxing Authority	Effective Mills
City of UA	6.00
Franklin County*	17.08
UA Schools	52.62
UA Library	1.66
Total	77.36

*Franklin County includes Alcohol, Drug, & Mental Health, Columbus Zoo, Senior Options, Franklin County Board of Developmental Disabilities and Franklin County Children's Services

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 our 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 pie chart at right indicates, only a small portion of your property taxes support the City of Upper Arlington. The majority supports the Upper Arlington Schools and various Franklin County levies. Concurrently, property taxes account for one of the largest and most stable revenue sources for the City, representing approximately 17% of total governmental revenues.

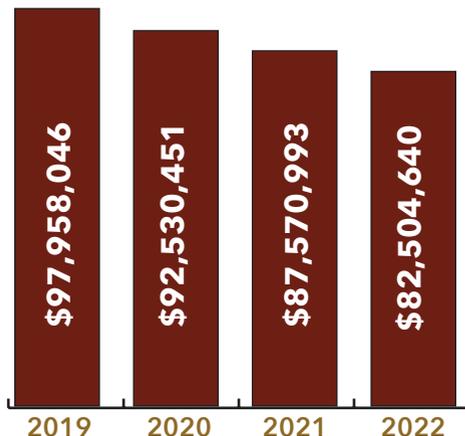
For more property tax information, including a calculator to determine your valuation and how your taxes are distributed, contact the Franklin County Auditor's office or visit www.franklincountyauditor.com.



OUTSTANDING DEBT

The repayment of debt is primarily funded using income tax collections that have been set aside for capital investments or its related debt. Ohio Law limits the amount of outstanding debt allowed to 10.5% of the taxable value of property. In 2019, the assessed value of the City of Upper Arlington's property was \$1,934,730,440.

The City's general obligation debt, less amounts set aside for debt repayment, represents just 3.9% of the estimated taxable value of property. The table on the right provides a summary of the type (including definitions) and amount of debt outstanding. The chart on the left provides the balance of bonds and loans payable outstanding.



Two-Year Debt Summary (in thousands)

Debt Type	2019	2018
General Obligation Bonds	\$74,620	\$74,365
Special Non-tax Revenue Bonds	\$20,340	-
Loans	\$2,998	\$3,229
Total Debt	\$97,958	\$77,594

- **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 Non-tax Revenue Bonds**- long-term debt that is secured with non-tax revenues and repaid from revenues collected from specific property owners.

CAPITAL IMPROVEMENTS

Since the City expanded its Capital Improvement Program in 2014, approximately **\$74 million** has been invested in our streets, waterlines, bridges, sanitary sewer lines, streetlights, traffic signals and parks improvements, with positive results. The most recent two-year street pavement and curb condition ratings—a process for measuring road conditions to help

prioritize projects—show that the average rating for pavement condition has increased from 82.7 in 2012 to 89.2 in 2018 (out of 100); and curb conditions have improved from an average of 2.3 in 2012 to 1.9 in 2018 (on a scale of one to five, with one being the best condition).

2019 HIGHLIGHTS

Street Maintenance Program

\$1 million invested in resurfacing and spot curb and gutter repairs on sections of more than nine streets.

Street Reconstruction Program

\$3 million invested in complete road reconstruction, new curb and gutter, driveway apron replacement and storm sewer improvements on 10 streets.

Sidewalk Connection

\$500,000 invested in improving connectivity throughout the City through the Sidewalk Maintenance Program and new sidewalks associated with the street reconstruction program projects. An additional 3,000 feet of new sidewalks were installed in 2019.

Barrington Elementary School Safe Routes to School Safety Improvements

\$350,000 invested in improving the safety around Barrington Elementary School by installing new sidewalks and rectangular rapid flash beacons (RRFBs).

Traffic Signal Improvements

\$400,000 invested in replacing the traffic signals at two intersections.

Henderson Road Improvements

\$2.3 million invested in improving Henderson Road (pictured below) between Riverside Drive and Sawmill Road by adding new curb and gutter, new storm and sanitary sewer improvements, replacing the existing waterline, adding a new eight foot wide shared-use path, new street lights, and installing new landscaping.

Waterline

\$500,000 invested in replacing 1,700 feet (0.3 miles) of waterline mains and services on two streets.

Storm Sewer

\$400,000 invested in storm sewer infrastructure to replace aging infrastructure.

Sustainable Sewer Solutions

\$1.7 million invested to update the City's sanitary sewer system, including lining, point repairs, and cleaning of main sewer lines, laterals and manholes.

Parks Improvements

\$465,000 invested in improvements to the City's parks and structures including design services for Northam Shared-Use Path, Northam Athletic Fields and Tennis Complex and the Veteran's Plaza at Mallway Park; replacement of Reed Road dugouts and playground; and completion of 2019 funded projects replacing the Devon Pool bathhouse and concession facility and Westover playground.



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 the fiscal 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. However, the City also annually allocates a portion of its general tax revenues (\$1.25 million in 2019) and monies generated from the water and sewer surcharge and stormwater utility bills towards the CIP. The combination of these sources are used to pay off existing capital-related debt, newly issued capital-related debt and cash funding of capital projects.

General obligation bonds are the primary source of debt issued for capital 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 - the highest ratings obtainable. This credit rating allows the City to borrow money at very favorable interest rates. In 2019, approximately 60% of the improvements were financed using debt proceeds and 40% were financed using existing cash, grants, etc.

Three-Year Capital Investment Summary

Investment Type	2019	2018	2017
Governmental Funds			
Capital Equipment	\$ 871,728	\$887,261	\$929,324
Capital Improvements	\$19,132,099	\$14,647,341	\$17,374,190
Subtotal	\$20,003,827	\$15,534,602	\$18,303,514
Enterprise Funds			
Capital Equipment	-	\$278,628	-
Capital Improvements	-	\$9,524	\$38,762
Subtotal	-	\$288,152	\$38,762
Total Capital Investment	\$20,003,827	\$15,822,754	\$18,342,276

UA SPOTLIGHT: COMMUNITY CENTER FEASIBILITY TASK FORCE

After a 10-month study process, the Community Center Feasibility Task Force (CCFTF) provided an update on June 29, 2020 to City Council on its work to date, findings and next steps.

City Council formed the 16-member Task Force in the summer of 2019, in response to a key recommendation within the 2018 Parks & Recreation Comprehensive Plan for the City to revisit the issue of inadequate indoor community gathering space.

The Task Force determined that the study should be conducted in two phases. In Phase 1—which is now complete—the CCFTF was seeking answers to three questions: What kind of community center makes sense for UA? Do we want a community center? Do we need a community center? If the answer to the last two questions is “YES,” the study would transition to Phase 2, drilling into details such as what facilities to include, where a community center might be located, and the costs for construction, operations and ongoing maintenance.

In the spirit of making sure the study is resident-driven, a critical component of Phase 1 was to involve residents as much as possible through an extensive community engagement process. This included focus groups and stakeholder interviews, community pop up activities and public meetings. In March, a statistically valid survey was fielded to provide further clarity on community sentiment about this issue.

Phase 1 of the study has also included a detailed review of existing recreation facilities and programming in the community, market trends and facilities in peer communities. This information, when combined with the feedback obtained through the community engagement activities has helped the Task Force identify at a high-level what components should be included in a community center.

The Task Force will be starting Phase 2 in August 2020. To learn more about Phase 2 and opportunities to participate, or to view associated documents regarding Phase 1, please visit uacommunitycenter.gov.

LANE AVENUE PLANNING STUDY

The Lane Avenue business corridor is the City's most rapidly evolving commercial district. This transformation has enhanced the area's vibrancy and appeal, providing new dining, retail, housing and service options—including the community's first hotel, with a second hotel nearing completion. As the area has changed, the City has implemented measures to address parking and traffic concerns, provide transitional buffers from the commercial district into adjoining residential neighborhoods, and to enhance pedestrian and bicycle access where possible.

With new developments already underway or on the horizon, combined with the pressures of a growing region, City Council initiated the Lane Avenue Planning Study in August of 2019 to help the City better understand the impacts of future growth and put in place a framework to guide this growth.

In June of 2020, a summary of the process, findings and recommendations were shared with City Council. The final report is scheduled for Council review and action early in the fall.

For more on this process, look for the Lane Avenue Planning Study page under the Community Projects section of our website, at upperarlingtonoh.gov.

77% of people felt Lane Avenue should serve as UA's downtown

250+ In-person touch-points

3,000 responded to online surveys

The consultant team, led by OHM Advisors, crafted an extensive study process that has included:

- *Three phases of citizen engagement—including public meetings, community pop up activities and online surveys—providing opportunities for residents to learn about the significance of the business district for Upper Arlington's future and to provide input on what they believe should be priority considerations.*
- *A detailed review of pertinent guiding documents, such as the Master Plan, Unified Development Ordinance, past studies, and survey data.*
- *Development of streetscape standards to enhance the district, with a focus on pedestrian activity, accessibility, outdoor dining, and opportunities for public art and public gathering spaces.*
- *Recommendations for modifying the City's Planned Mixed-Use District regulations for the Lane Avenue district.*
- *A comprehensive traffic evaluation of Lane Avenue, from Riverside Drive to State Route 315, which included current and projected traffic counts and development of a phased approach to congestion mitigation and parking requirements.*



CITIZEN FINANCIAL REVIEW TASK FORCE

In response to a recommendation of the 2014 Citizen Financial Review Task Force, City Council formed a 2019 task force to measure the effectiveness of steps taken to implement the recommendations of the 2014 report and determine if additional recommendations should be established and pursued by the City.

Citizen Financial Review Task Force Members

- Ann Gabriel (Chair)
- Jamie Crane
- Colin Gawel
- Greg Guy
- Ukeme Awakessien Jeter
- Tim Keen
- Matthew J. Kirby
- Matthew Rule
- Kaz Unalan

THE CHARGE

The Task Force conducted its work from early April through June of 2019, and was charged with the following:

1. Review the report of the 2014 Task Force.
2. Determine the extent to which recommendations have been implemented; evaluate whether desired outcomes were achieved for each implemented recommendation, or if not, determine if each recommendation is still valid at this time.
3. Undertake a high-level review of the City's current financial status and overall outlook.
4. Explore further privatization and/or collaboration opportunities.
5. Undertake a high-level assessment of existing service levels to verify alignment with community needs and/or expectations.
6. Assess the status of capital investments made to date and the outlook/plans for the next 10-year Capital Improvement Program.
7. Examine and recommend specific program areas where a fuller review may be necessary.
8. Report findings and make recommendations for City Council to consider.

City Council accepted the report in August of 2019. The entire report and details of the Task Force process can be found on the Finance Department webpage, at upperarlingtonoh.gov.

FINDING & RECOMMENDATIONS

Based on a study of financial information, interviews with many City staff, reviews of the Capital Improvement Program, the 2017 Community Survey, the River Ridge/Kingsdale West study, and the Parks & Recreation Comprehensive Plan, as well as extensive discussions at multiple public meetings of the Task Force, the Upper Arlington Citizen Financial Review Task Force reached consensus on the following conclusions:

- *Most of the recommendations of the 2014 Task Force have been implemented and the desired outcomes have been achieved. Those not implemented are still valid at this time.*
- *Fund balances are very strong and the City is in stable financial shape. There are sufficient revenues to support the operations of the City and a robust capital plan to address the extensive capital needs.*
- *We commend the City on its privatization and collaboration initiatives implemented to date. In general, back office functions where employees do not work face to face with the public are prime candidates for privatization and/or shared services. In general, areas commonly considered for privatization or shared services include Information Technology (IT), Human Resources compliance functions, and Fleet Maintenance.*
- *For the most part, citizens are happy with service levels and the City has been responsive to areas of concern identified in the 2017 Community Survey. Areas of service level not being met relate primarily to Parks & Recreation.*
- *We are impressed with the Capital Improvement Program processes in place. It allows City Council to make thoughtful and deliberate choices about allocation of City resources to fund our capital needs.*
- *Identified areas where a fuller review may be necessary include program costs, program fees and program subsidies, a capital equipment planning and budgeting process, and economic development activities.*



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@CityofUA

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Public Service Center

Monday-Friday, 7 am-4:30 pm

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2019 Popular Annual Financial Report

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

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Distinguished Budget Presentation Award - 30 years

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

UPPER ARLINGTON CITY COUNCIL



Front Row (from left): John J. Kulewicz, Michele M. Hoyle, Jim Lynch. Back Row (from left): Brendan T. King (Vice President), Kip Greenhill (President), Michaela Burriss, Brian C. Close



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Award for Outstanding Achievement in Popular Annual Financial Reporting

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For its Annual Financial Report for the Fiscal Year Ended
December 31, 2018

Christopher P. Morvill

Executive Director/CEO



Steve Schoeny
City Manager



Brent Lewis
Finance Director

This Popular Annual Financial Report (PAFR) is intended to summarize the financial activities of the City of Upper Arlington and is drawn from the financial information appearing in the 2019 Comprehensive Annual Financial Report (CAFR). Copies of the CAFR are available at the libraries and can be viewed on the City's website as well as a digital version of the PAFR. 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.