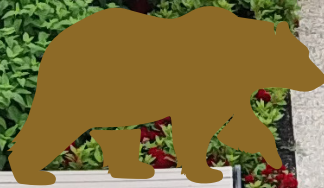


City of Upper Arlington, Ohio **2021 FINANCIAL REPORT**

Popular Annual Financial Report for the Year Ended December 31, 2021



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 17th Popular Annual Financial Report for the fiscal year ended December 31, 2021. 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 with 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 2021 Annual Comprehensive Financial Report (ACFR). 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 ACFR 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 33 consecutive years from the Government Finance Officers Association for its ACFR document.

While the numbers in this Popular Annual Financial Report come from the ACFR, 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 2021 ACFR, which is available on the City's website, at upperarlingtonoh.gov.

Members of the Finance Department and Staff across the organization are proud to serve this fine community. We hope the 2021 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

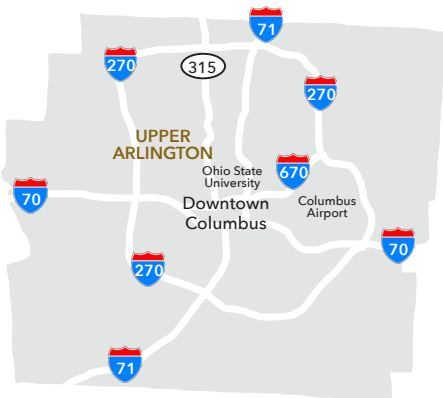
UPPER ARLINGTON AT A GLANCE...

The City of Upper Arlington is a premier, mostly residential community within the Columbus region. Our residents are friendly, welcoming, engaged, passionate and creative, with high expectations from their local government. Reflective of the educated, family-oriented community that we serve, the City is committed to exceptional, innovative service delivery. Our safety forces prioritize community engagement as much as they focus on saving lives and law enforcement. Our public works team builds and maintains infrastructure systems. Our parks and recreation professionals provide meaningful opportunities to gather, celebrate and enjoy our community's many amenities. Across the organization, our team members explore and embrace new ways to enhance service delivery, while furthering sustainability goals.

The City's role goes beyond managing the routine functions of government, it includes working to make Upper Arlington one of the best communities in the United States. As the primary steward of the community's health and wellbeing, top priorities for the City include a combination of long-range planning, sustainability, economic development and fiscal accountability.

The City organization, its elected leaders and the community are committed to advancing Upper Arlington as a place that is welcoming, inclusive and supportive for all who choose to live or work here, as well as all visitors to our community. With the guidance of a newly formed Community Relations Committee, the City is actively reviewing and updating its organizational policies, hiring practices and purchasing procedures to reflect this commitment.

LOCATION

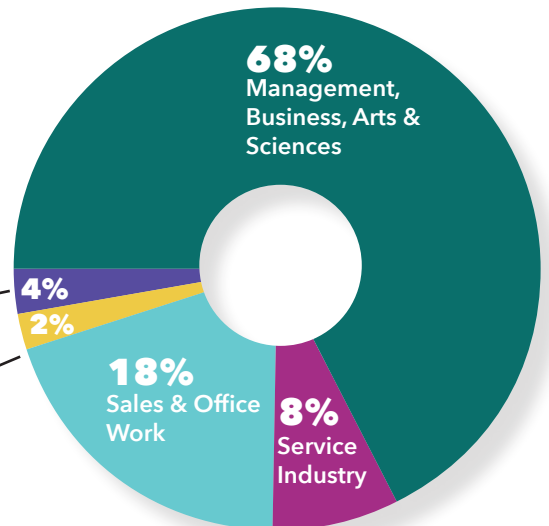


Upper Arlington is a premier suburb located in the heart of Central Ohio, with easy access to The Ohio State University, the 315 corridor, Battelle, major research hospitals, shopping districts such as Polaris and Easton and much more.

PREDOMINANT OCCUPATIONS

Transportation & Production

Natural Resources & Construction



UPPER ARLINGTON PROFILE (2020 US Census)

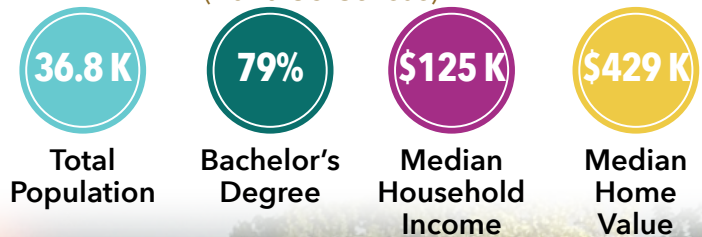


TABLE OF CONTENTS

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	Upper Arlington Community Center	14
The City's Net Position	8		

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.

Despite the COVID-19 pandemic, the City experienced 5% in revenue growth in its governmental funds during 2020. The revenue growth was attributed to several factors, but the primary reasons were the continued growth in the City's tax base, supplemented by approximately \$3.6 million in federal coronavirus relief funds, which exceeded the reduction experienced in the fee-based revenues.

In 2021, the governmental fund revenues stayed consistent with previous years' total revenue amounts. However, the lack of growth can be misleading. The City continued to see growth in its tax base and saw recovery in its fee-based revenues during 2021. This growth just happened to be offset with the reduction in federal relief funds and a volatile interest rate environment.

Income and property taxes are the City's largest sources of revenue and typically account for 70-75% of total governmental fund revenues. During 2021, the combined taxes came in a little higher than the average, at 77% of revenues. The growth in these areas can be directly attributed to continued development throughout the City, growth in the local economy, and property value increases. It is important that these two revenue sources continue to grow each year to support ongoing City operations.

As noted above, the City's fee-based revenues recovered nicely from the 2020 pandemic. Residential and commercial property investment remained high in 2021, as evidenced by the Licenses and Permits line item for the Community

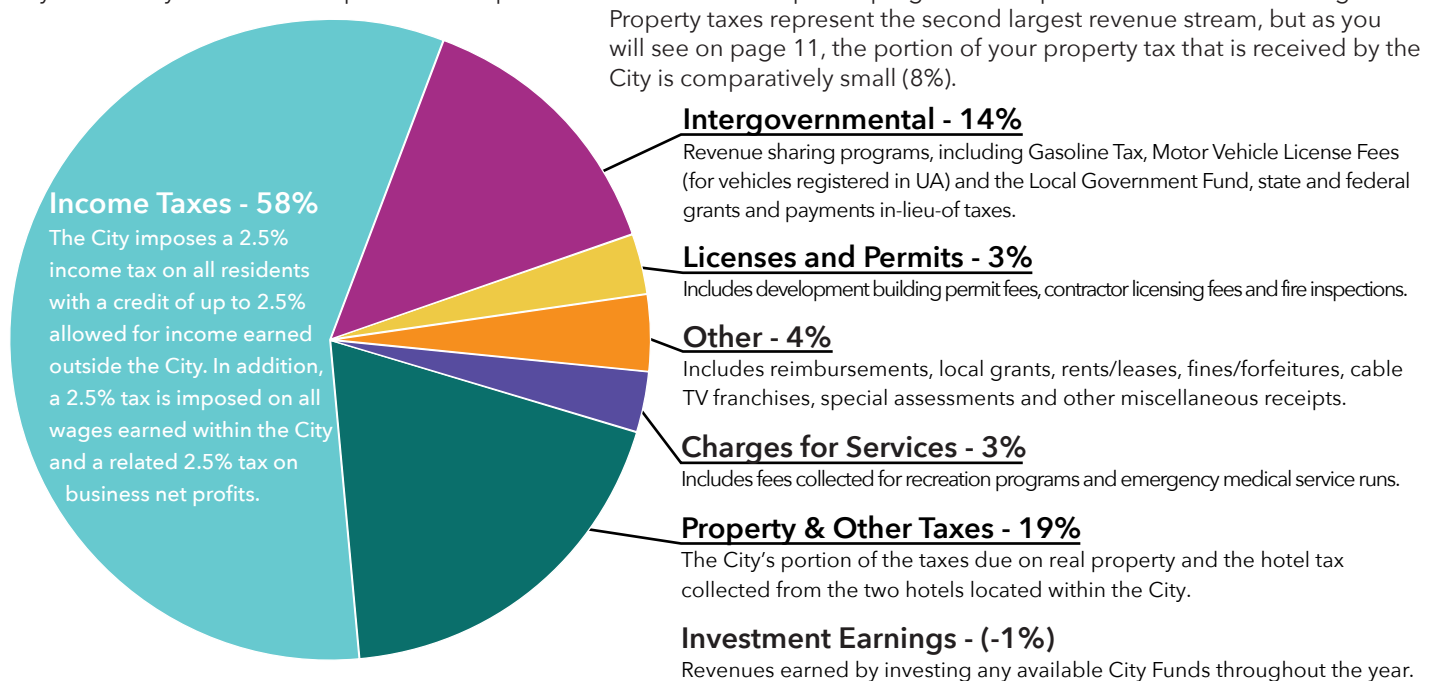
Development Department, which increased by just over 24% from 2020, and represents the second highest year for permit activity with a construction value of \$255 million – almost double the previous second highest value of \$128 million from 2020. The recent spikes in Licenses and Permits revenues and subsequent construction values have resulted from the commencement of major redevelopment projects, such as the Lane II and Upper Arlington Schools projects in 2019, and Arlington Gateway and the senior living building at the Kingsdale mixed-use project in 2021, all while the community continues to experience a high level of home renovations and expansions, as well as several new build or replacement homes occurring each year. These revenues are expected to remain high again in 2022, triggered by the start of new phases at Arlington Gateway and Kingsdale.

The Charges for Services revenue source was the one most impacted by the pandemic in 2020, which forced the closure or suspension of most recreation programs, including closure of the Senior Center. Fortunately, the City was able to re-open or adapt many of these programs during 2021 and revenues rebounded to pre-pandemic levels.

As noted above, the City's strong revenue recovery in many of its line items was offset by a reduction in federal relief funds and a significant reduction in investment earnings. The decrease in investment earnings is especially notable, reaching a "negative" level as of December 2021. This resulted from interest income being offset by large unrealized losses from an extremely volatile market and a period of low interest rates. While we carry these large unrealized losses, the City continues to support a strategy of actual income production in the present market, and it is our expectation that none of the current unrealized losses will be realized.

GOVERNMENTAL FUNDS - 2021 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.



Governmental Funds: Three-Year Revenue Summary by Type

REVENUE	2021	2020	2019
Property Taxes	\$11,454,836	\$10,325,689	\$10,110,457
Income Taxes	35,866,221	31,469,336	30,494,715
Intergovernmental	8,288,013	11,936,833	8,164,005
Charges for Services	1,917,036	1,286,625	2,129,521
Licenses and Permits	1,881,991	1,513,736	2,765,289
Investment Earnings	(-349,564)	2,075,666	2,000,912
Other	2,261,587	2,617,425	2,818,534
Total Revenues	\$61,320,120	\$61,225,310	\$58,483,433

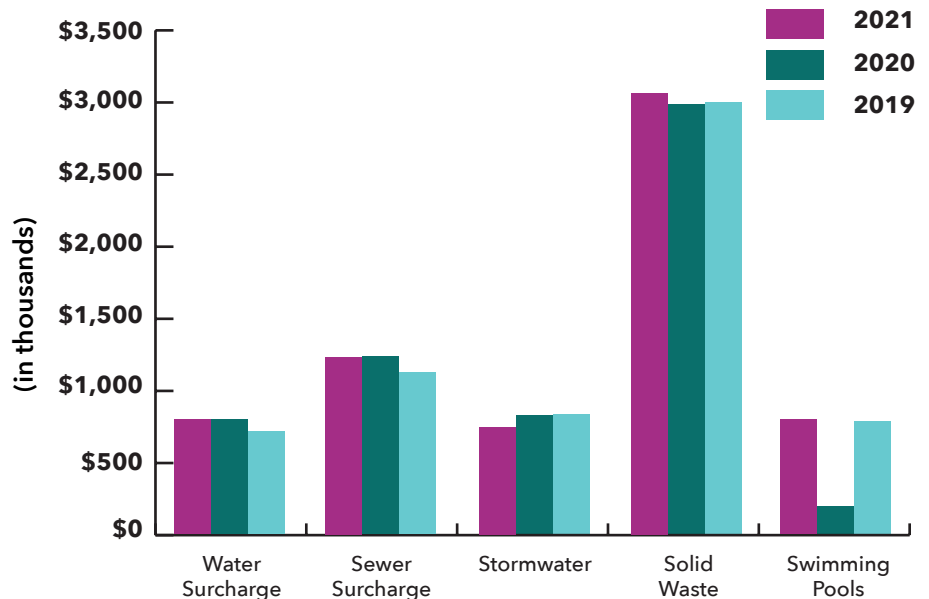
The table to the left presents a three-year summary of governmental revenues by primary type in order to provide a picture of what typical revenues look like annually. The revenues reflected are representative of the City's fund level statements and do not include bond proceeds or the City's Enterprise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

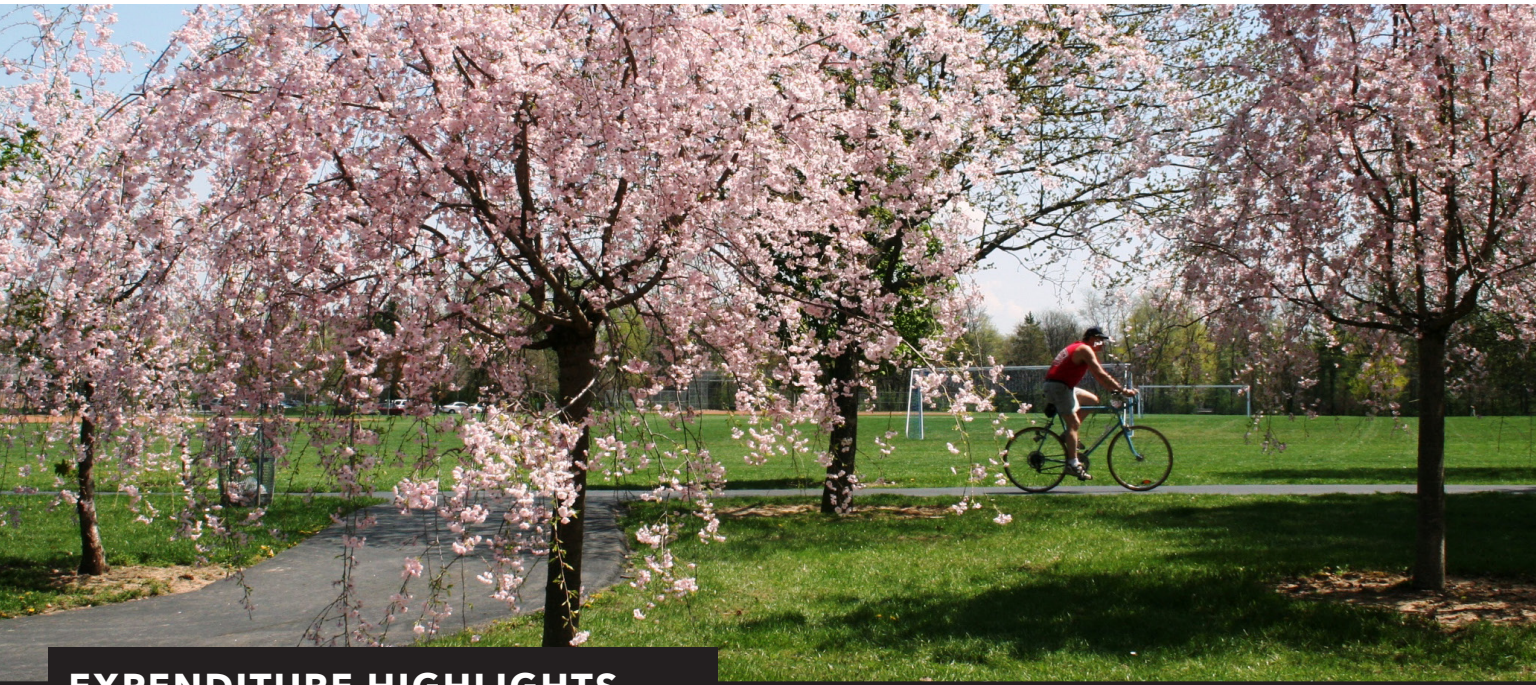
The City's water and sewer services are provided by the City of Columbus. While Columbus provides these services, Upper Arlington is required to provide and maintain the water and sewer lines. In order to fund the maintenance and improvements, a 15% (water) and 23% (sewer) surcharge is added to the City of Columbus' billed cost of the service. 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 implemented a cart-based solid waste system with a standard pricing model.
- Various fees are charged to residents (and non-residents) for use of the City's three swimming pools. These revenues are dedicated to operations, maintenance and improvements.

Much like governmental revenues, the business-type revenues had been greatly impacted by the start of the pandemic in 2020. The swimming pools operated under a restricted format, greatly reducing revenues, while water and sewer surcharges increased with many people staying/working at home. By 2021, all three pools had returned to normal operations, with revenues rebounding to pre-pandemic levels, while water and sewer surcharge revenues remained close to 2020 levels as many people continued to work from home.



EXPENDITURE HIGHLIGHTS

A three-year comparison of the City's Governmental Fund expenditures is presented below. The table shows a continued focus on the City's 10-year Capital Improvement Program (debt service and capital outlay) and operating expenditures remaining under \$40 million annually. In total, 2021 Governmental Fund expenditures only increased by \$502,026 (1%) as compared to 2020. The overall increase in expenditures is a balance between increases in operational spending (4%) offset by a reduction in capital and related debt spending.

As mentioned above, the City continued its focus on capital improvements during 2021. Capital-related

expenditures decreased slightly when compared to the prior year. Of the \$24.7 million in capital-related expenditures, nearly 55% was spent on capital improvements associated with the City's 10-year Capital Improvement Program and/or the Community Center project. The other significant portion of capital-related expenditures (nearly 38%) was related to public improvements for the Arlington Gateway project. The remaining amounts were spent on equipment or machinery for the various departments throughout the City.

Governmental Funds: Three-Year City Expenditures by Type

EXPENDITURES	2021	2020	2019
Public Safety	\$19,575,276	\$18,872,987	\$18,405,985
General Government	9,979,265	10,018,445	11,169,685
Public Service	4,487,005	4,060,559	4,164,061
Parks & Recreation	3,984,991	3,623,087	3,878,949
Community Development	1,172,192	1,137,864	977,585
Subtotal	\$39,198,729	\$37,712,942	\$38,596,265
Debt Service Payments	9,395,659	9,656,131	8,388,962
Capital Outlay	24,702,685	25,425,974	21,518,114
Total Expenditures	\$73,297,073	\$72,795,047	\$68,503,341

NOTE: The data included in the review of revenues and expenditures provides an abridged summary of the City's detailed financial statements as presented in the ACFR for the year ended December 31, 2021, 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 2021 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 - 50%

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 - 3%

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



Parks & Recreation - 10%

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



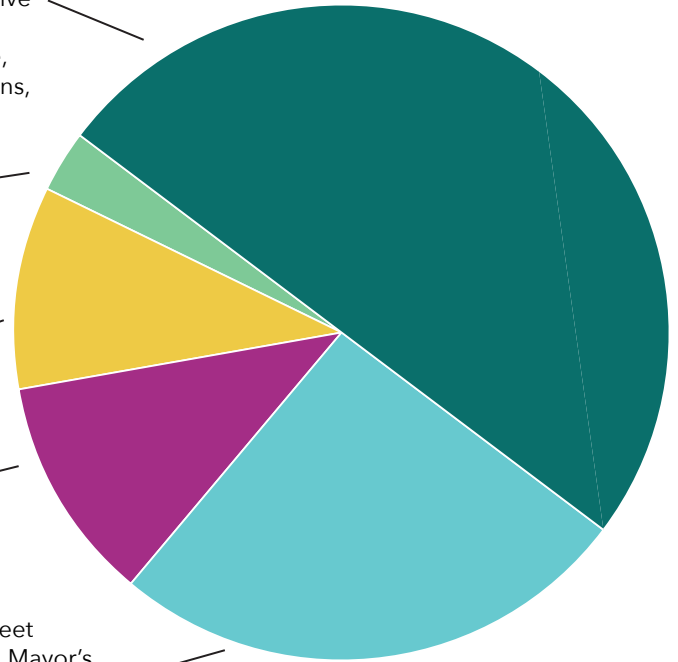
Public Service - 11%

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

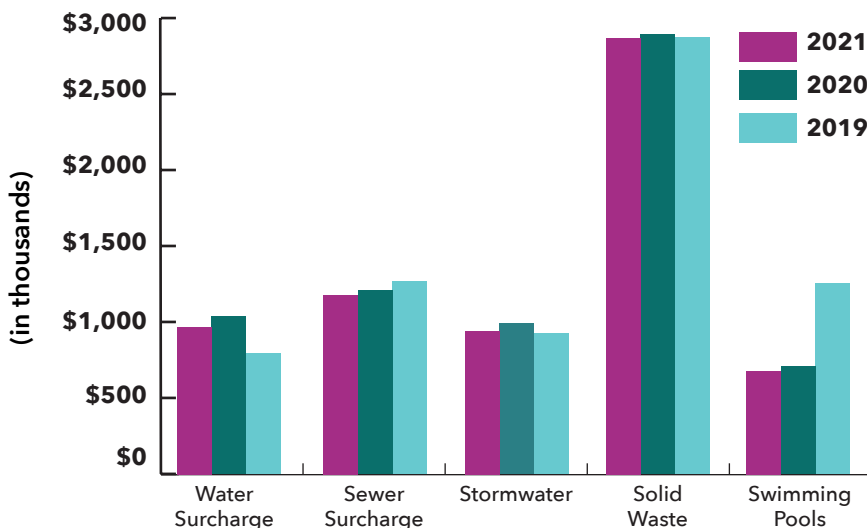


General Government - 26%

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 (\$6.3 million) decreased during 2021 by approximately \$528,000, or -8%. The decrease was spread out against all of the enterprise funds and was primarily related to a reduction in labor and benefit expenses offset by increased contractual expenses. It should be noted that the labor and benefit expenses 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. Prime examples would be safety forces and street crews. Business-type activities include services primarily funded through user charges, such as utility billings and swimming pool memberships.

During 2021, the City's total net position increased by approximately \$21.5 million (16%). The increase in overall net position can be attributed to significant growth in the City's assets (+40.5 million), offset by moderate growth in its liabilities (+\$13.8 million). The City's current and other assets increased as a result, with unspent bond proceeds on hand at year-end, while capital asset totals continued to increase as a result of capital asset acquisitions exceeding current year depreciation expense.

The growth in the City's liabilities can be attributed to an increase in accounts payable at year-end and an increase in other long-term liabilities, such as bonds payable, due to the issuance of debt for capital projects and economic development.

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 2021, 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 ACFR for further explanation).

Net Position (in thousands)	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$139,662	\$119,096	\$9,615	\$8,745	\$ 149,277	\$ 127,841
Capital assets, net	157,807	142,062	53,845	51,592	211,652	193,654
Net pension asset	974	-	133	-	1,107	-
Total Assets	\$298,443	\$ 261,158	\$63,593	\$60,337	\$362,036	\$321,495
<u>Deferred Outflows of Resources</u>						
Total deferred outflows of resources	10,685	12,423	418	556	11,103	12,979
<u>Liabilities</u>						
Current and other liabilities	8,495	6,304	335	288	8,830	6,592
Long-term liabilities outstanding	181,447	168,568	2,836	4,134	184,283	172,702
Total Liabilities	\$189,942	\$174,872	\$3,171	\$4,422	\$193,113	\$179,294
<u>Deferred Inflows of Resources</u>						
Total deferred inflows of resources	25,984	22,928	978	680	26,962	23,608
<u>Net Position</u>						
Net investment in capital assets	73,466	69,394	52,192	49,812	125,658	119,206
Restricted	41,697	37,226	-	-	41,697	37,226
Unrestricted	(21,961)	(30,839))	7,670	5,979	(14,291))	(24,860)
Total Net Position	\$93,202	\$75,781	\$59,862	\$55,791	\$153,064	\$131,572

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 50% 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, 2021 (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 \$58.1 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 (\$49 million). Other significant restrictions of the fund balance include funds for the repayment of debt (\$3.1 million) and the payment of police and fire pensions (\$3.6 million).

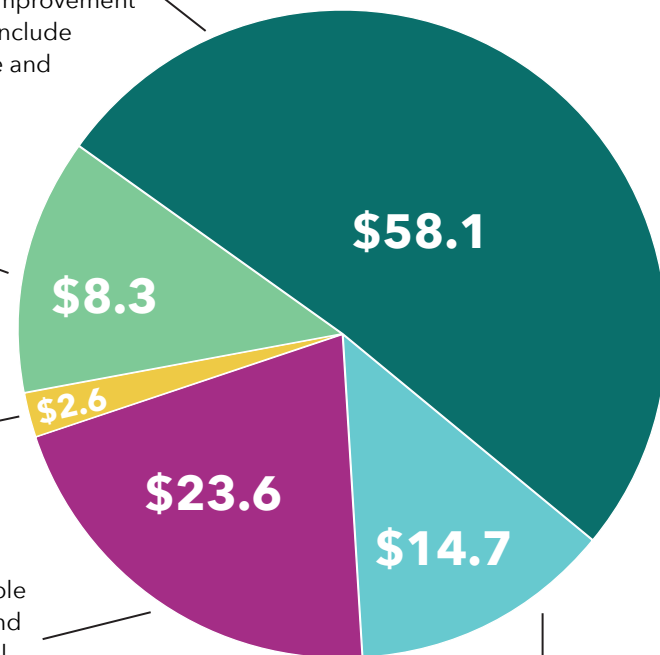
Assigned fund balances are constrained by the City's intent to use the funds for a specific purpose, but are neither restricted nor committed. The most significant portion of the \$8.3 million assigned fund balance is the amount Council has assigned to cover the 2021 General Fund projected budget deficit (\$7.7 million). It's important to note that \$6 million of the \$7.7 million is being allocated to costs associated with the Community Center.

Nonspendable fund balances are amounts that are not in spendable form or are required to be maintained intact. The City's \$2.6 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 (\$1.8 million) and the value of assets that are specifically being held for resale (\$505,725).

Unassigned fund balance represents the fund balance that is spendable and has not been restricted, committed, or assigned. The unassigned fund balance as of December 31, 2021 totaled \$23.6 million for governmental funds.

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 \$14.7 million in committed fund balance is for capital projects (\$11.5 million). Other significant commitments include funds for economic development (\$1.25 million) and the City's self-insurance program (\$891,659).

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 2021, for the 13th 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 58% 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.

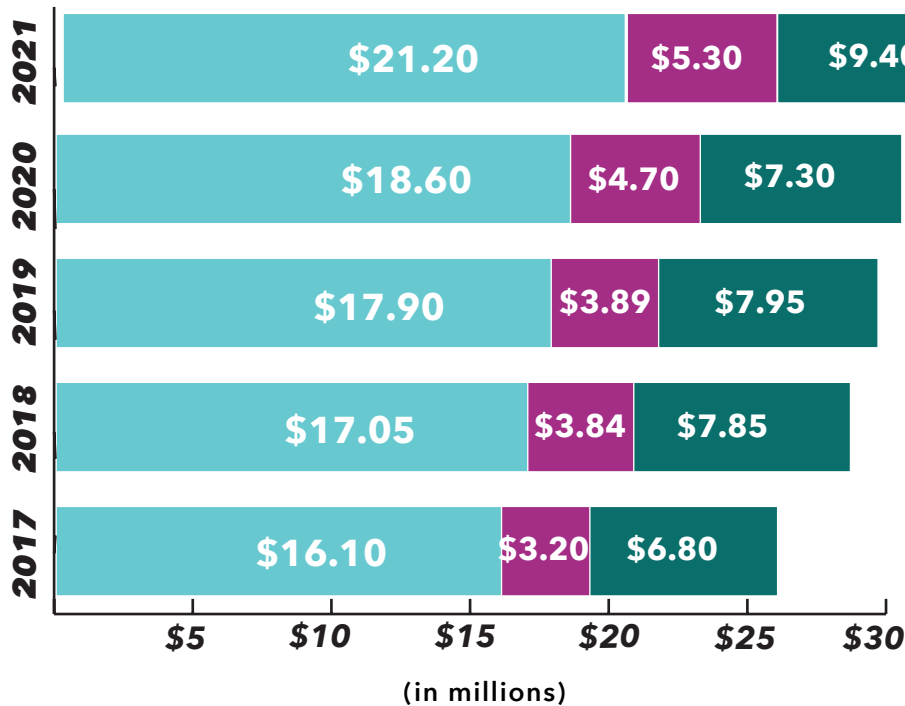
It is important to note, residents who work outside Upper Arlington pay their income tax to the community in which they are employed. However, if you are a resident of Upper Arlington but work in a community that has a rate less than 2.5%, the

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 80% 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 that approximately 59% of the City's income tax revenues come from employer withholdings (residents and non-residents working in the City), while just over 15% 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%.

CITY SPOTLIGHT: PLAY UA

UA Parks & Recreation recently launched the PLAY UA Financial Assistance Program, designed to support community members who face financial barriers that may prevent them from participating in the department's programs.

PLAY UA builds upon previous efforts to provide access to recreation programs for all in the community, such as the Recreation FUNd established in 2014 by the Upper Arlington Community Foundation. It is designed to meet affordability and accessibility goals identified through the 2018 Parks & Recreation Comprehensive Plan process that were endorsed by both City Council and the Parks & Recreation Advisory Board. Most recently, the Community Center Feasibility Task

Force recommended the formation of a financial assistance program that would provide access to the future UA Community Center, funded through a portion of program and PLAY UA Financial Assistance Program membership fees.

The PLAY UA Financial Assistance Program will provide a 50% reduction for most program and membership fees - including summer and winter camps (with a cap of \$400 for summer day camp assistance), Safety Town, and membership passes for pools, tennis and the Senior Center's Studio 55 - for qualifying residents and those who work in Upper Arlington. The program is not available for daily admission fees or facility rentals. Assistance is awarded as funds are available.

WHERE YOUR PROPERTY TAXES GO

Property Tax Breakdown

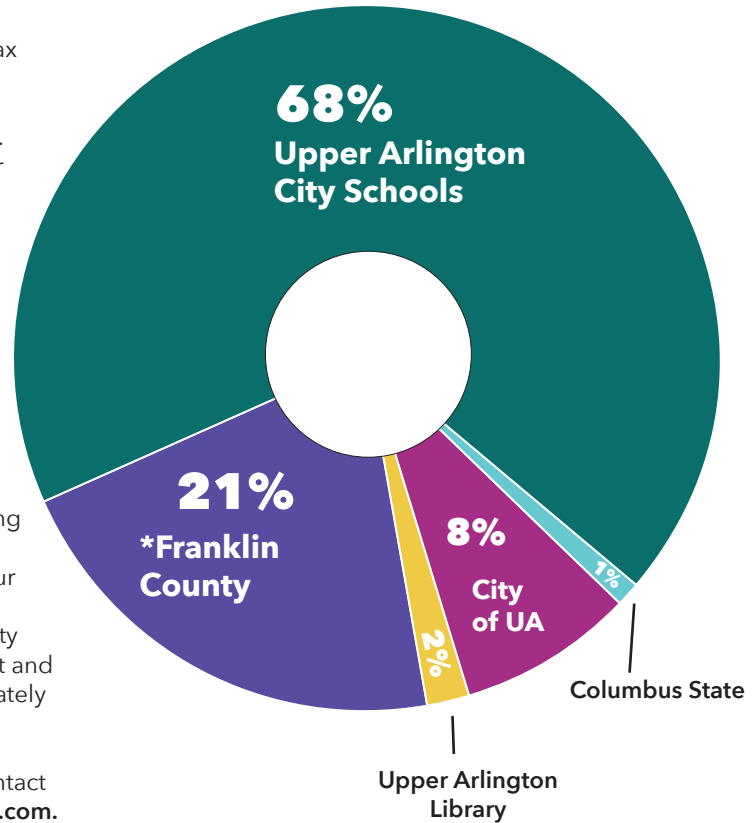
Taxing Authority	Effective Mills
City of UA	5.68
Franklin County*	14.50
UA Schools	46.21
UA Library	1.41
Columbus State	0.52
Total	68.32

*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 19% 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 franklincountyauditor.com.

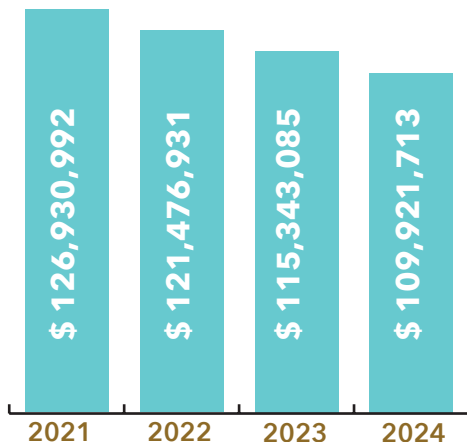


OUTSTANDING DEBT

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 2021, the assessed value of the City of Upper Arlington's property was \$2,329,975,190.

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 table below 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.

Balance of Bonds & Loans Payable



Two-Year Debt Summary (in thousands)

Debt Type	2021	2020
General Obligation Bonds	\$78,595	\$83,745
Special Non-tax Revenue Bonds	45,805	20,340
Loans	2,530	2,827
Total Debt	\$126,930	\$106,912

- **General Obligation Bonds**- long-term debts that are repaid from the City's available resources.
- **Special Non-tax Revenue Bonds**- long-term debt that is secured with non-tax revenues and repaid from revenues collected from specific property owners.
- **Loans**- low-interest loans from the Ohio Public Works Commission and Franklin County Infrastructure Bank to support capital improvements.

CAPITAL IMPROVEMENTS

The eighth year of the City's 10-year Capital Improvement Program was implemented in 2021. Since the City expanded its Capital Improvement Program to 10 years, approximately \$88 million has been invested in our streets, waterlines, bridges, sanitary sewer lines, streetlights and traffic signals, with positive results. Additionally, the Engineering Division has been able to maximize the community's reinvestment in its streets and underground infrastructure by securing more than \$15.4 million in grants or low/no interest loans to help fund

projects for years 2015-2023, representing approximately 10% of the costs for the entire 10-year program. The most recent two-year street paving conditions rating exercise—a process for measuring road conditions to help prioritize projects—continues a trend of improvement: the average rating for pavement condition has shifted from 82.7 in 2012 to 89.9 in 2020 (out of 100); and curb conditions have improved from an average of 2.3 in 2012 to 1.8 in 2020 (on a scale of one to five, with one being the best condition).

2021 HIGHLIGHTS

Street Maintenance Program

Routine road surfacing repairs designed to prolong the useful life of a street on sections of 16 streets.

Street Reconstruction Program

Complete road reconstruction, new curb and gutter, driveway apron replacement and storm sewer improvements on sections of six streets.

McCoy Road Improvements

Road, water and storm improvements, in addition to a pedestrian safety improvements near Thompson Park.

Turkey Run Erosion Control

Erosion control measures on Turkey Run Stream along and downstream from Reed Road Park

Northwest Boulevard Storm Sewer Improvements

Upgrades to aging storm sewer infrastructure, between Barrington and North Star roads.

Sustainable Sewer Solutions - Year 3

Updates to the City's sanitary sewer system, including lining, point repairs, and cleaning of main sewer lines, laterals and manholes.



Reed Road Park Playground

Parks Improvements

Projects underway or completed in 2021 included:

- Northam Park improvements - preliminary stormwater improvements, providing some initial benefit and allowing for future expansion
- Oxford Park Playground - complete replacement
- Thompson Tennis Courts - resurfacing, sealing, color coating, and striping of existing tennis courts, including striping for pickleball
- Tremont Fountain Park Improvements - replace most of the fountain and utility connections



Northam Park Tennis Courts

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 major City departments. 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 2021) 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. As noted previously, 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 allows the City to borrow money at very favorable interest rates. In 2021, approximately 74% of the improvements were financed using debt proceeds and 26% were financed using existing cash, grants, etc.

Three-Year Capital Investment Summary

Investment Type	2021	2020	2019
Governmental Funds			
Capital Equipment	\$ 1,357,812	\$1,426,027	\$871,728
Capital Improvements	22,798,152	22,770,188	19,132,099
Subtotal	24,155,964	24,196,215	20,003,827
Enterprise Funds			
Capital Equipment	132,338	-	-
Capital Improvements	-	-	-
Subtotal	132,338	-	-
Total Capital Investment	\$ 24,288,302	\$24,196,215	\$20,003,827

CITY SPOTLIGHT: 2021 POLICE AND FIRE PENSION LEVY

In 2021, Upper Arlington voters once again expressed their support for the work that we do at the City, passing Issue 24 - the 10th Police and Fire Pension Levy - by approximately 79%.

Issue 24 sought to renew an existing levy that funds the state-mandated retirement and disability fund for the City's police and fire personnel, providing the continuation of a predictable, fixed source of income for our safety forces' pensions. One hundred percent of the funds collected for this levy are dedicated to the Police and Fire Pension Fund.

In preparation for the ballot issue, a five-year projection of the City's responsibility for the Police and Fire Pension indicated that a decrease of approximately 8.25% in the existing .97 mill levy - to .89 mills - would be sufficient to cover this \$3.2 million annual expense. This translates to a \$2.80 decrease for an annual cost of \$31.15 per \$100,000 of a home's value. The new rate will take effect for tax year 2022, to be collected for the first time in 2023.

The safety services provided by our Police and Fire divisions are among the top amenities that make our community so appealing. The importance of and satisfaction with these services consistently tops the list in community surveys. The City is proud to provide these services at one of the lowest costs per capita when compared to



similar Ohio communities. Yet, safety still represents a significant expense for the City—about half of the annual operating budget. The continuation of the Police and Fire Pension levy enables the City to continue its provision of the best possible safety services, while ensuring it can meet its pension obligations for our police, fire and EMS professionals.

UPPER ARLINGTON COMMUNITY CENTER

Once-in-a-Lifetime Goal Becomes UA's Future



Conceptual Rendering of One of the Community Center Exterior Options

At the close of 2020 and following an 18-month study process, the resident-led Community Center Feasibility Task Force shared its findings with City Council, concluding it was feasible for the City to construct a community center without an increase in City income or property taxes. In response, early in 2021, Council approved legislation to place the proposed Upper Arlington Community Center (UACC) issue on the May 2021 ballot, and to authorize various funding mechanisms that would enable the City to construct a community center without any increase in City income or property taxes.

Upper Arlington voters approved the Upper Arlington Community Center Ballot Issue by approximately 80%. With this strong message of support, the City quickly moved forward with plans to construct a community center on the site of the former Macy's at Kingsdale, as part of the Kingsdale Mixed-Use Development.

By the summer, the City had selected the architecture and design team of MSA Sport and Perkins&Will to lead the detailed design process, which began in earnest in the fall. While much had already been accomplished to determine the community's needs and wants for a community center through the work of the Task Force, the challenge moving forward was to incorporate the desired programming within a limited footprint in a way that reflects our community's standards and values.

While the core building programming remains true to recommendations from the Task Force, the vision has continued to evolve in response to community feedback, physical limitations of the site, and a significant pricing shift in the construction industry resulting from supply chain issues, material cost increases and labor shortages.

In keeping with the Task Force's commitment to transparency and community engagement throughout its study process, this next phase included many opportunities for resident involvement, including a series of community meetings, focus group discussions on senior programming,

youth & teen activities, aquatics, inclusion & accessibility, and sustainability, and an online survey. Through these activities, various preferences emerged relative to the best locations for specific programming areas.

Concurrently, recognizing the likely impacts of unpredictable, inflationary market conditions in the construction industry, some design adjustments have been made to help contain costs. This includes reducing the building height to avoid high-rise construction premiums and reducing the overall area of tenant space, while retaining the full slate of programming elements identified by the Task Force.

The detailed design phase should conclude by the fall of 2022, with construction expected to begin toward the close of the year. Thereafter, the team has identified a tentative opening date by the close of 2024.

Full details on the UA Community Center, including the work of the Task Force and the more recent detailed design process, can be found at

uacommunitycenter.com.

COMMUNITY CENTER CAPITAL CAMPAIGN

As the City's detailed design process began in earnest, the Upper Arlington Community Foundation launched its fundraising initiative to gain the private sector's support, forming the UA Community Center Capital Campaign Committee.

With an initial fundraising goal of \$5.4 million, in August of 2021 the Committee was pleased to announce receipt of a \$2 million gift from Loann Crane, in memory of her husband, Bob Crane. This lead gift inspired others to pledge their financial support, and early in 2022 - with the initial target already met - the Committee expanded its goal to \$8 million to assure that the Community Center is built in a way that maximizes use of the space within the facility, reflects residents hopes and expectations, and ensures that everyone feels a sense of ownership.

In the summer of 2022, the campaign opened to all in the community with the launch of a \$250,000 matching funds challenge, made possible by a generous, anonymous donor. Through the end of 2022 - or until the \$250,000 target has been reached - every donation up to \$1,000 in value will be doubled.

Full details of the Campaign can be found at

togetherua.org/give.



COMMUNITY CENTER HIGHLIGHTS

The facilities and programming plan for the community center are a direct result of the input gathered by the Task Force early in the study process:

- It will serve as the central community gathering place for events, celebrations and casual use desired by residents.
- It will provide fitness, wellness, health and leisure opportunities for all ages and interests.
- It will provide seniors with new space that has been designed specifically to meet their needs, while also giving seniors access to many new programming opportunities.
- It will be affordable, through a combination of tiered membership levels, daily passes, rental and program fees.
- A financial assistance fund will be built into the operations budget, to assist residents facing financial barriers to participation.

The Facilities

The UA Community Center will include:

- Indoor pool
- Fitness and exercise spaces
- 3 gymnasiums (1 multi-purpose)
- Running/walking track
- Senior lounge
- Shared classrooms
- Multi-purpose event/party space
- Locker rooms
- Outdoor terraces/programming space
- Indoor play area, teen space, child watch
- Entry/lobby with café

CONSTRUCTION FINANCIALS

While not finalized, the current total projected construction costs for the UA Community Center – including leasable office/partner space – have increased by approximately 25% from the original, high-level cost assessment exercise conducted by the Task Force. The current estimate is consistent with inflationary price increases that have occurred throughout the building construction industry.

December 2020 CCFTF Study

Detail	Square Footage	Estimated Cost
UACC Building Area	95,300	\$54M
Office/Partner Space	60,000	\$16M

Total Estimated Project Budget: \$70M

June 2022 Schematic Design Estimate

Detail	Square Footage	Estimated Cost
UACC Building Area	105,000	\$70-72M
Office/Partner Space	39,000	\$15-16M

Total Estimated Project Budget: \$85-88M

The City plans to use a combination of debt and cash financing for the UA Community Center, which includes:

- The issuance of income tax revenue bonds (not-to-exceed \$55 million per Ordinance 2-2021), to be repaid through various sources including Tax Increment Financing (TIF) funds, as well as current and generated revenue sources from the Kingsdale Mixed-Use Development.
- The use of unreserved/uncommitted funds.
- The \$8 million in projected private donations raised by the Upper Arlington Community Foundation through its Upper Arlington Community Center Capital Campaign (see inset for details).
- A State Capital grant of \$450,000.
- A separate bond issuance to finance the leasable office space, to be repaid through corresponding lease revenues.



3600 Tremont Road,
Upper Arlington, OH 43221
upperarlingtonoh.gov



BUSINESS HOURS

Municipal Services Center

Monday-Friday, 8 am-5 pm

Public Service Center

Monday-Friday, 7 am-4:30 pm

Presort Standard
US Postage
PAID
Columbus OH
Permit #758

2021 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:

Award for Outstanding Achievement in Popular Annual Financial Reporting - 16 years

Certificate of Achievement for Excellence in Financial Reporting - 34 years

Distinguished Budget Presentation Award - 31 years

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



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, 2020

Christopher P. Morill

Executive Director/CEO

2022 UPPER ARLINGTON CITY COUNCIL



Left to Right: Michaela Burriss, Jim Lynch, Brendan T. King (President), Kathy Adams, Brian C. Close (Vice President), John Kulewicz, Ukeme Awakessien Jeter



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 2021 Annual Comprehensive Financial Report (ACFR). Copies of the ACFR 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.