



# 2020-2021 Financial Update

May 2021

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Serve, Lead, Succeed

**BOARD OF EDUCATION**  
UPPER ARLINGTON SCHOOLS



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**RECOGNITION**  
OF FINANCIAL EXCELLENCE

Upper Arlington Schools is committed to being a good steward of our community's investment in our schools. Every year, we rely on external, third-party review of our finances by the state auditor's office.

**We are proud to consistently earn a clean audit opinion and the Auditor of State Award - recognizing our commitment to effective and accountable financial practices for our community.** Effective and efficient use of our financial resources is crucial to ensuring that we can provide the high-quality educational experiences that our students deserve and our community expects.



**W**e are pleased to provide you with the 2020-2021 Upper Arlington Schools Financial Update. This document is meant to provide our community with a clear and concise look at the state of the district's finances and the factors that will impact our financial situation in the coming years.

Everything we do throughout the Upper Arlington school district remains rooted in our strategic plan.

Launched in 2019, our strategic plan supports our mission of challenging and supporting every student, every step of the way. The foundational element of our strategic plan is continuous improvement – in every facet of our district, from teaching and learning to finances.

Financial information presented in this report was prepared on the cash basis of accounting, which differs from financial information prepared in accordance with generally accepted accounting principles (GAAP) in the United States. The information presented is unaudited and prepared for informational purposes only. Annual audited financial statements prepared in accordance with GAAP can be obtained at [www.uaschools.org](http://www.uaschools.org).

I hope you find this report both interesting and informative. As always, if you have any questions, please feel free to contact me at [treasurer@uaschools.org](mailto:treasurer@uaschools.org) or (614) 487-5000.

Sincerely,

Andrew L. Geistfeld  
Treasurer/CFO, Upper Arlington Schools  
[treasurer@uaschools.org](mailto:treasurer@uaschools.org)



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## GENERAL FUND FINANCIAL OVERVIEW

Total revenues/resources increased approximately 5.2% in fiscal year 2020 (July 2019 to June 2020), mostly due to the timing of tax receipts. In FY 2018, many residents paid their calendar 2018 taxes in one payment (in January 2018), instead of the typical two payments, due to changes related to tax reform. This resulted in a larger amount being collected in FY 2018 and led to tax collections being lower in August 2018 (FY 2019). This decrease was offset by the first full year collection of a new levy passed in November 2019. In FY 2020, collections were back to expectation. Additionally, in FY 2020, the state reduced district funding by approximately \$500,000 due to the impact of the COVID-19 pandemic on the state economy.

Total expenditures and services provided increased 4.1% in FY 2020. The major driver of this increase was staffing and related benefits. Contracts with both employee unions include increases in base compensation of approximately 2%. This increase was offset by decreases in substitute and overtime costs related to the closure of buildings in the fourth quarter due to the pandemic. The increase in advances to other funds in FY 2020 was due to the timing and collection of receipts. These advances from the general fund were repaid in FY 2021.

### RESOURCES TAKEN IN IN THOUSANDS OF DOLLARS

	FY20	FY19**	FY18
LOCAL TAXES*	82,693	77,064	80,105
STATE SUPPORT	12,826	13,307	13,291
INVESTMENT INCOME	1,993	1,806	904
TUITION AND FEES	239	252	315
OTHER REVENUE	628	1017	610
TRANSFERS/ADVANCES FROM OTHER FUNDS	139	526	89
<b>TOTAL REVENUES/ RESOURCES</b>	<b>98,518</b>	<b>93,972</b>	<b>95,314</b>

### SERVICES PROVIDED IN THOUSANDS OF DOLLARS

	FY20	FY19	FY18
INSTRUCTION	61,912	59,811	57,368
PUPIL SUPPORT	7,470	7,018	6,319
INSTRUCTIONAL STAFF SUPPORT	4,716	4,723	4,493
ADMINISTRATION	6,268	6,067	5,562
BUSINESS SUPPORT/ FINANCIAL	2,821	2,718	2,677
OPERATION AND MAINTENANCE	7,030	7,452	7,143
TRANSPORTATION	1,870	1,966	1,776
CENTRAL SUPPORT	1,601	1,576	1,430
OTHER	1,527	1,608	1,474
TRANSFERS/ADVANCES TO OTHER FUNDS	2,271	1,059	167
<b>TOTAL EXPENDITURES/ SERVICES PROVIDED</b>	<b>97,486</b>	<b>93,998</b>	<b>88,409</b>

### RESOURCES OVER (UNDER) EXPENDITURES IN THOUSANDS OF DOLLARS

	FY20	FY19	FY18
	1,032	-26	6,905

\* Tax incremental financing collections are included with local taxes.

\*\* Items reclassified to be consistent with FY20.

# WHERE THE MONEY COMES FROM

## GENERAL FUND REVENUE

Local Property Taxes includes residential, commercial and public utility property taxes and tax incremental financing proceeds. State Support includes aid based on a funding formula, the Homestead (owner-occupied) and Rollback credit, and the district's portion of casino revenue. All Other Operational Revenue includes tuition, student activity fees, rental charges, investment income and donations.

The district received the majority of its revenue – 84% – from local property taxes. The burden on local taxpayers is likely to grow as state aid is expected to decrease. Approximately 90% of property taxes are generated from residential property as the district has relatively little commercial property. The district does not receive any local income tax.

## LOCAL PROPERTY TAXES

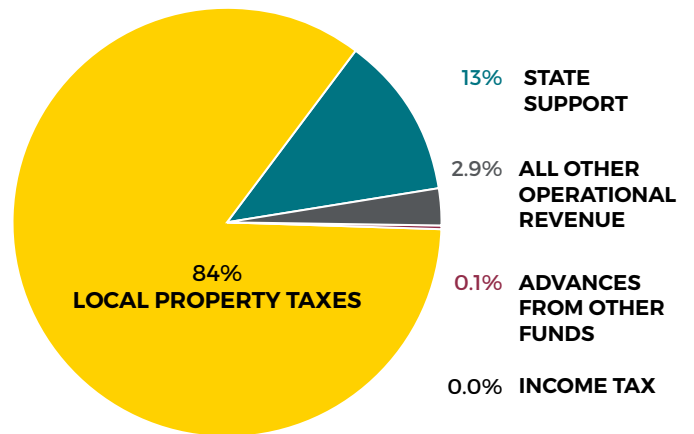
This graph shows the amount of cash collections received by the district from real and personal property taxes. Property taxes provide a majority of the local revenue to operate and maintain our schools. The district accounts for these collections in three funds.

**GENERAL FUND (OPERATING LEVY):** Tax dollars are received by the district for day-to-day operations, which primarily entail employee salaries and benefits. The increase is due to a new 3.75 mill operating levy and timing of tax payments as discussed on Page 3.

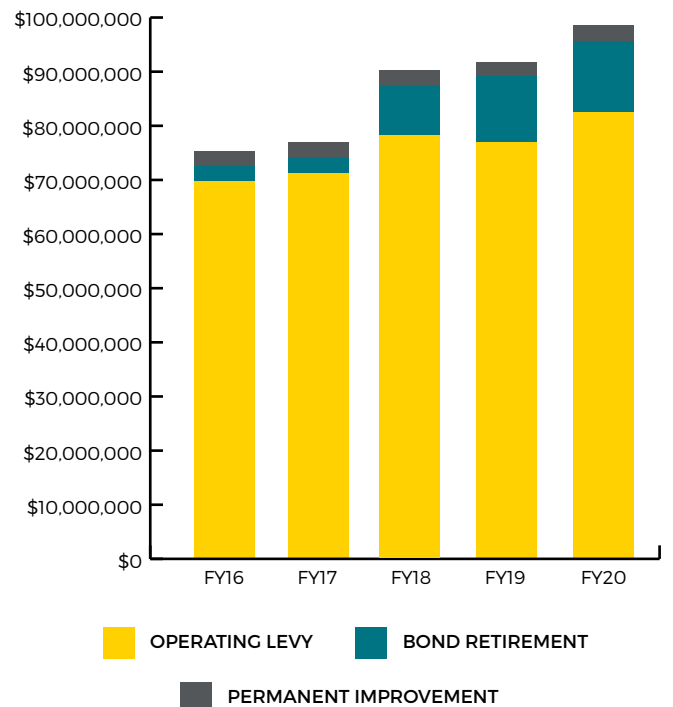
**BOND RETIREMENT:** Tax dollars are received for the payment of principal and interest on voter-approved bond issues related to renovation/ construction of buildings. Bond millage rates are set by the county auditor to generate sufficient revenue to pay the principal and interest on outstanding bonds. The increase is due to tax collection related to the \$230 million bond issue in January 2018. See Page 10 for more details.

**PERMANENT IMPROVEMENT:** Tax dollars are received by the district and can be used only for repairs, improvements to buildings and grounds, technology, vehicles, textbooks, and other capital assets with a useful life of five years or more. These funds cannot be used for employee salaries and benefits.

## GENERAL FUND REVENUE FY 2020



## PROPERTY TAX REVENUE THE THREE DISTRICT FUNDS



## WHERE THE MONEY COMES FROM

### STATE SUPPORT (GENERAL FUND)

State sources of revenue generated \$12,826,000, or 13%, of all general fund revenues. Because of a relatively high property valuation and income per pupil, as well as other demographic figures, the district is considered wealthy and receives much less than the state average. In fact, private schools received more in state support per pupil compared with the district. District leaders continue to advocate for raising our state support to the same amount a private school receives.

In FY20, the state reduced its funding by approximately \$500,000 due to the impact of the pandemic on the state economy.

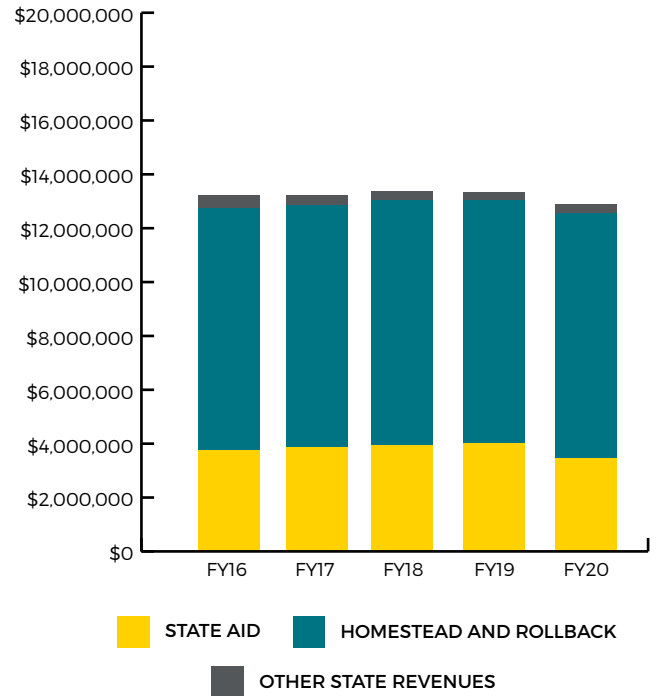
A portion (\$3,471,000) of the district's state support comes from State Aid, which in most years is a formula calculation based mostly on student enrollment. However, because the district would lose money if its funding was calculated on this formula, the state guarantees the district the same amount it received the previous year.

The majority of state support (approximately \$9,017,000) derives from Homestead and Rollback payments, which represent the portion of the local tax bill paid by the state instead of the local taxpayer.

### CASINO REVENUE

The state legislature designated 34 percent of tax receipts generated from casinos to school districts across the state starting in calendar year 2013. The district is appreciative of any additional funding; however, as illustrated in the chart at right, the impact of this revenue source is minimal. Casino revenue is included in "Other State Revenues" in the graph above.

### STATE SOURCES OF REVENUE FIVE-YEAR COMPARISON



### CASINO REVENUE VERSUS TOTAL REVENUE

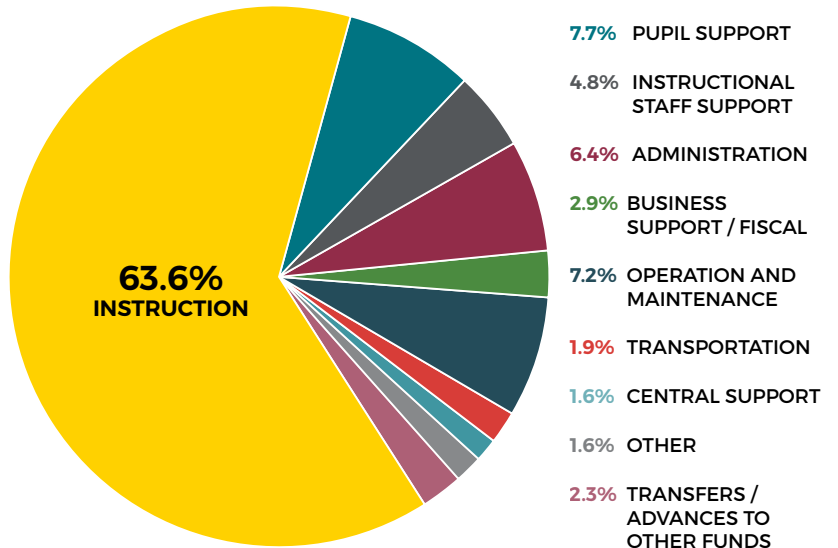
CASINO REVENUE	FY18	FY19	FY20
	\$313,000	\$327,000	\$337,000
PERCENTAGE OF TOTAL REVENUE/ RESOURCES	0.3%	0.3%	0.3%

# WHERE THE MONEY GOES

## EXPENDITURES AND SERVICES FOR FY 2020

### INSTRUCTION

This largest expenditure category relates to the direct instruction of our students. Students are directly impacted by expenditures from this category.



### PUPIL SUPPORT

This area comprises all guidance services, health/safety monitors, health aides, nurses, speech, hearing, occupational therapy, physical therapy and psychological services.

### INSTRUCTIONAL STAFF SUPPORT

These expenditures include library services, curriculum development, staff training, technology integration support and teacher aides.

### ADMINISTRATION

These expenditures represent those of the administration and Board of Education's operation of the district. This includes school building administration and secretarial support.

### BUSINESS SUPPORT / FISCAL

These costs include business services such as risk management, construction management, courier services and tax collection fees. Also included are various financial functions such as accounts payable, accounts receivable, payroll, auditing, budgeting and reporting, and fringe benefit administration.

### OPERATION AND MAINTENANCE

These costs relate to the safe and efficient environment of the school including building maintenance, grounds and custodial services.

### TRANSPORTATION

These expenditures relate to providing transportation to students who live in the Upper Arlington City School District, consistent with Board of Education policies and the laws of the State of Ohio.

### CENTRAL SUPPORT

These central support expenditures include community relations, technology department, human resource management, and other service costs across the district.

### OTHER

These costs account for salaries, benefits and supplies for club- and athletic-related activities.

### TRANSFERS/ADVANCES

These transfers/advances account for withdrawing money from one fund and placing it in another fund either temporarily (advances) or permanently (transfers).



## TAX RATES AND VALUATION

All tax rates for the district, except inside millage and bond retirement, are reduced as property valuations increase. In accordance with House Bill 920, as property valuations increase during the triennial update and reappraisal periods, the voted millage is reduced to generate the same amount of tax revenue for the district as was received when each levy was initially approved by the voters. The chart below illustrates the difference between the district's gross, or voted, tax rates and the effective rate, or the amount that is being collected for residential properties. The rates below are for the 2020 tax year collected in calendar year 2021.

### UNBUNDLING THE TAX RATE 2021 COLLECTION YEAR

	GROSS RATE	EFFECTIVE RATE	YEAR APPROVED	LENGTH APPROVED
INSIDE OPERATING*	5.65 MILLS	5.65 MILLS	N/A	PERMANENT
VOTED OPERATING	100.21 MILLS	32.65 MILLS	VARIOUS	PERMANENT
PERMANENT IMPROVEMENT	2.0 MILLS	1.41 MILLS	2007	PERMANENT
BOND RETIREMENT	6.5 MILLS	6.5 MILLS	VARIOUS	VARIOUS
<b>TOTAL RATE</b>	<b>114.36 MILLS</b>	<b>46.21 MILLS</b>	—	—

\* Inside operating millage is provided by the Constitution of the State of Ohio and is levied without a vote of the people. It is called inside millage because it is "inside" the law. This millage amount does not change.

Source: Franklin County Auditor

### ASSESSED VALUATION A YEAR-OVER-YEAR COMPARISON

COLLECTION YEAR	RESIDENTIAL	COMMERCIAL	PUBLIC UTILITY	TOTAL
2021	\$2,112,763,320	\$167,126,010	\$31,930,290	<b>\$2,311,819,620</b>
2020	\$1,780,400,940	\$138,290,130	\$29,552,740	<b>\$1,948,243,810</b>
2019	\$1,770,205,240	\$139,692,830	\$28,203,640	<b>\$1,938,101,710</b>
2018	\$1,770,534,840	\$146,465,390	\$26,122,100	<b>\$1,943,122,330</b>
2017	\$1,572,002,900	\$130,772,140	\$25,476,890	<b>\$1,728,251,930</b>
2016	\$1,563,721,350	\$130,320,970	\$25,127,720	<b>\$1,719,170,040</b>
2015	\$1,552,365,800	\$141,855,270	\$25,444,440	<b>\$1,719,665,510</b>
2014	\$1,423,681,260	\$126,625,020	\$24,361,790	<b>\$1,574,668,070</b>
2013	\$1,423,771,040	\$130,053,810	\$23,367,670	<b>\$1,577,192,520</b>
2012	\$1,429,149,240	\$143,813,000	\$14,833,180	<b>\$1,587,795,420</b>

\* During the past 10 collection years, residential assessed valuation averaged more than 90 percent of the district's total assessed valuation.

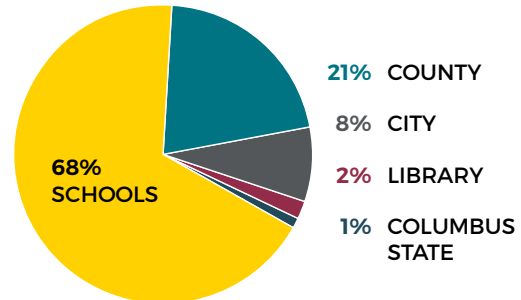
Source: Franklin County Auditor

## PROPERTY TAX

Shown below are the 2021 collection year amounts generated from an Upper Arlington home that the county auditor appraised at \$100,000. The pie chart represents the percentage of each dollar going to each taxing entity. The approximate total of \$2,391 is the annual amount a \$100,000 home would generate in taxes. These amounts, which are rounded to the nearest dollar, include the portion the state pays directly for state credits such as Homestead (owner-occupied) and Rollback for levies passed before November 2013.

### 2021 APPROXIMATE ANNUAL COST PER \$100,000 IN HOME VALUE

SCHOOLS	\$1,617
COUNTY	\$508
CITY	\$199
LIBRARY	\$49
COLUMBUS STATE	\$18
<b>TOTAL</b>	<b>\$2,391</b>



## 2021 SCHOOL PROPERTY TAX RATES

### HOW UPPER ARLINGTON COMPARES WITH OTHER LOCAL DISTRICTS

This chart illustrates the residential property tax collected in 2021 on a county-appraised \$100,000 home for various school districts in Franklin County. These amounts, which are rounded to the nearest dollar, include the portion the state pays directly for state credits such as Homestead (owner-occupied) and Rollback for levies passed before November 2013.

OLENTANGY	\$1,991
WESTERVILLE	\$1,833
WORTHINGTON	\$1,820
DUBLIN	\$1,780
NEW ALBANY	\$1,738
HILLIARD	\$1,640
GAHANNA	\$1,633
BEXLEY*	\$1,620
<b>UPPER ARLINGTON</b>	<b>\$1,617</b>
WHITEHALL	\$1,381
REYNOLDSBURG*	\$1,346
COLUMBUS	\$1,339
SOUTHWESTERN	\$1,301
GRANDVIEW HEIGHTS	\$1,250
PICKERINGTON*	\$1,221
GROVEPORT	\$1,209

\* These districts also collect income tax that is not included in the above amounts.



## PERMANENT IMPROVEMENT FUND

In November of 2007, Upper Arlington voters approved a 6.2-mill combined operating levy and permanent improvement levy, with 2.0 mills (currently collected at 1.65 mills), or approximately \$3,000,000 per year, in permanent improvement revenue. The permanent improvement levy has allowed the district to dedicate funds specifically to repair, maintain and upgrade its buildings; purchase educational resources and textbooks; and purchase vehicles and technology equipment – all vital in meeting the needs of our students. These funds cannot be used for employee salaries, day-to-day operations or consumables.

### ACCUMULTATED EXPENDITURES

FY 2009 - FY 2020



#### BUILDINGS AND GROUNDS

\$24,856,000

These funds have addressed immediate space needs of the district (building additions to Greensview, Barrington and Tremont elementary schools) and immediate concerns related to keeping the district's school buildings safe, dry and secure (renovation of entrances, patching of roofs, restroom renovations, HVAC improvements and ADA enhancements).



#### TECHNOLOGY AND RESOURCES

\$9,585,000

Traditionally, these funds were used for printed textbooks. Starting in FY 2016, a majority of these funds were used for student devices relating to the one-to-one technology initiative. These funds have also been used for technology upgrades, implementation of wireless networks, creation of a computer replacement cycle and phone system replacement.



#### VEHICLES

\$1,526,000

These funds have reduced the average life of district vehicles (buses and maintenance), allowing for increased student and staff safety.

## DEBT

### BOND RATINGS

For many years, Upper Arlington Schools has been one of a handful of Ohio school districts able to maintain high bond ratings from both Standard & Poor's and Moody's. In January of 2018, both bond agencies upheld the district's high ratings. Even though the district was about to embark on a large investment into its facilities, both agencies found that a long history of community support and strong financial practices provided a solid foundation for these projects.

### OUTSTANDING BONDS AND BOND ANTICIPATION NOTES

The Debt Service Fund accounts for the accumulation of resources for and the payment of debt principal and interest. Revenues from this fund are generated from local sources in the form of property taxes. Outstanding as of December 31, 2020, is approximately \$215,090,000 in bonds. The majority of the outstanding bonds, \$209,540,000, relates to the bond levy approved by voters in November 2017. The remaining \$5,550,000 consists of refunded bonds that relate to the original issuance of \$44,400,000 approved by the community in 1995.

### LEASES

The district entered into a four-year lease for the purchase of technology devices related to its one-to-one technology initiative. As of December 31, 2020, the total outstanding lease amount is approximately \$1,388,600 in principal.

### NOTES PAYABLE

In May 2016, the district issued tax anticipation notes in the amount of \$4,500,000 to be used for constructing a building addition at Tremont Elementary School. The outstanding amount as of December 31, 2020, is approximately \$775,000. A portion of current and future revenue collected from the district's permanent improvement levy will be used to pay off this note.

## FIVE-YEAR FORECAST

All Ohio school districts are required to file a five-year forecast with the Ohio Department of Education. The report reflects three years of historical revenues and expenditures as well as a forecast of the current fiscal year and four additional fiscal years. While the forecast is an important planning tool, it paints a picture of the future based upon a combination of current realities, certain assumptions and predictions. As such, it is a living document that is subject to frequent change and is officially updated in May and October of each year. The most recent five-year forecast is available at [www.uaschools.org](http://www.uaschools.org).

## FUTURE FOCUS



The foundational element of the Upper Arlington Schools 2019-2024 Strategic Plan is continuous improvement. We are looking at every facet of our district — including finances — through the lens of continuous improvement. Upper Arlington Schools is committed to providing the best possible experience for the students of Upper Arlington and a sound financial future for our schools. This means keeping a keen eye on efficient and effective use of our financial resources, with the goal of preserving the overall student experience.

### EFFICIENCY COMMITMENT

Upper Arlington Schools is committed to being a responsible steward of our residents' investments in our schools. Amid the pandemic and economic crisis in the summer of 2020, the Board of Education called on the district to creatively seek out cost savings and dip into the budget reserve fund in order to maintain district operations and continue to provide a high quality of education to the students of Upper Arlington. The district has achieved significant savings, primarily due to a three-year hiring freeze on new positions with few exceptions. The district will continue to seek out efficiencies, with the goal of maintaining the overall student experience.

### ENROLLMENT GROWTH

Enrollment growth is one of our most exciting challenges as a district and a community. Enrollment has been growing districtwide, and projections indicate that it will continue to grow even more significantly in the years ahead. We also expect an enrollment increase in the fall of 2021 because of families choosing alternate programs or delaying kindergarten for the 2020-2021 school year amid the pandemic.

**\$4,600,000**  
**IN COST SAVINGS**  
*since the summer of 2020*



### PROJECTED K-12 ENROLLMENT

**21%** **projected increase — or nearly 1,300 students**  
*2020-2021 to 2029-2030*

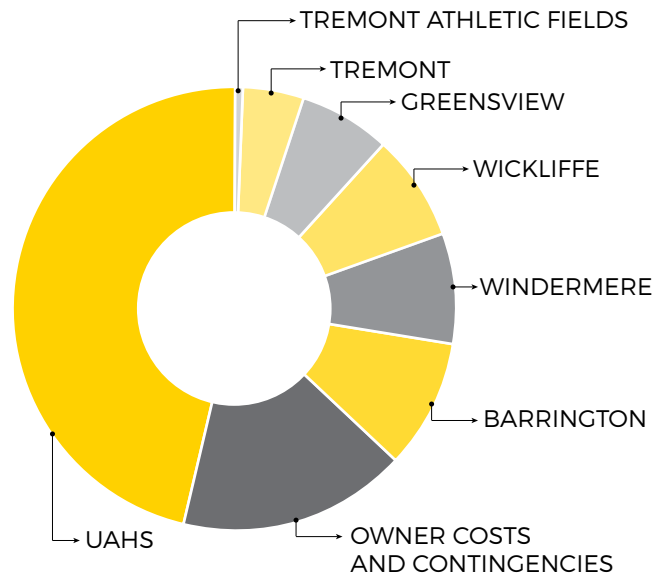
# FUTURE FOCUS



## BUILDING OUR FUTURE MASTER PLAN CONSTRUCTION PHASE

The first phase of the community-developed facilities master plan for Upper Arlington Schools continues to progress on budget and on schedule. August 2020 brought the completion of the new Greensview, the renovated Tremont and the new Wickliffe elementary schools, as well as the new Barrington addition. The Barrington renovation, the new Windermere Elementary School and the new Upper Arlington High School building will be completed in August 2021 for the start of the school year. Work will continue through the 2021-2022 school year on the athletic fields and outside areas of the high school site. The district will also continue its research into the Pleasant Litchford family cemetery site, adjacent to the current high school building. After the completion of the first phase of the master plan, the Board of Education and the community will need to revisit the second phase, including the two middle schools and Burbank Early Childhood School.

## ALLOCATED BUDGET FIRST PHASE OF THE MASTER PLAN



## LEGACY CAPITAL CAMPAIGN

In finalizing the district's facilities master plan, the Board of Education committed to offsetting the cost of the first phase of the master plan to Upper Arlington homeowners through a capital fundraising campaign. As of the spring of 2021, the Legacy Capital Campaign has fulfilled its goal, successfully raising \$7.5 million including \$5 million toward construction costs. The additional funds raised go beyond construction costs to further enhance students' academic journey and learning environments in our schools.

PROJECT COSTS	\$235,000,000
LESS: PRIVATE FUNDRAISING	(\$5,000,000)
<b>TOTAL</b>	<b>\$230,000,000</b>

## FUTURE FOCUS



**OPENING IN AUGUST 2021!**  
New Upper Arlington High School



**OPENING IN AUGUST 2021!**  
New Windermere Elementary School



**Barrington Elementary School addition and renovation final phase to be completed in August 2021**



**New Greensview Elementary School completed in August 2020**



**New Wickliffe Elementary Progressive School completed in August 2020**



**Tremont Elementary School addition and renovation completed in August 2020**



CHALLENGE AND SUPPORT  
**EVERY STUDENT,**  
EVERY STEP OF THE WAY.