



# 2018-2019 Financial Update

April 2019

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**BOARD OF EDUCATION**  
UPPER ARLINGTON SCHOOLS



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**W**e are pleased to provide you with the fourth annual 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.

The Upper Arlington Schools staff is dedicated to the district's mission of challenging and supporting every

student, every step of the way. To stay true to that mission, our work is guided by the 2015-2018 Strategic Plan, which outlines five goals in the areas that matter most to our students, their families and the residents of Upper Arlington. To meet our academic goals, we must realize fiscal and operational excellence. To that end, we are committed to the strategies identified in the Strategic Plan.

This is an exciting time for our schools as we begin to implement the facilities master plan. After a nearly three-year community-driven planning process, residents supported a \$230 million bond package to fund the first phase, which includes rebuilding the high school and renovating or rebuilding all five elementary schools. These bonds were sold in January 2018.

The new and renovated schools will provide much-needed additional space for our growing enrollment. Projections indicate that districtwide enrollment will grow to 7,440 students in 2028-2029, an increase of 1,250 students, or 20%, over 10 years. The district has not experienced growth like this in decades.

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

**STAY CONNECTED**  
WITH UA SCHOOLS

Upper Arlington Schools is a national leader in education due, in large part, to an unprecedented level of partnership with its community. We invite all residents to stay connected with the schools and to feel welcome to reach out with any questions or ideas.

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## GENERAL FUND FINANCIAL OVERVIEW

Total revenues/resources increased approximately 9% in fiscal year 2018 (July 2017 to June 2018). This is mostly due to two factors related to local tax revenue. First, FY 2018 saw the initial first half collection of a new 3.75 mil school operating levy passed by the community in November 2017. Second, many residents paid their calendar year 2018 taxes in one payment (in January 2018) due to changes related to tax reform instead of the typical two payments. This resulted in a larger amount being collected in FY 2018 and led to tax collection being lower in August 2018 (FY 2019).

Total expenditures and services provided increased 5% in FY 2018. The major driver of this increase was staffing and related benefits. Contracts with both employee unions included increases of approximately 2%. Also, in FY 2018 the district added approximately 13 certified positions, mostly due to enrollment growth and the additional programming and supervision needs tied to this growth. The addition of these teaching positions has an impact on most expense categories. Finally, essential repairs throughout the district increased in FY 2018 due to the age of the buildings.

### RESOURCES TAKEN IN IN THOUSANDS OF DOLLARS

	FY18	FY17	FY16
LOCAL TAXES*	80,105	72,877	71,708
STATE SUPPORT	13,291	13,250	13,143
INVESTMENT INCOME	904	607	389
TUITION AND FEES	315	257	312
OTHER REVENUE	610	612	653
TRANSFERS/ADVANCES FROM OTHER FUNDS	89	178	70
<b>TOTAL REVENUES/ RESOURCES</b>	<b>95,314</b>	<b>87,781</b>	<b>86,275</b>

### SERVICES PROVIDED IN THOUSANDS OF DOLLARS

	FY18	FY17	FY16
INSTRUCTION	57,368	55,174	53,171
PUPIL SUPPORT	6,319	5,784	5,688
INSTRUCTIONAL STAFF SUPPORT	4,493	4,088	4,133
ADMINISTRATION	5,562	5,186	5,211
BUSINESS SUPPORT/ FINANCIAL	2,677	2,556	2,521
OPERATION AND MAINTENANCE	7,143	6,731	6,664
TRANSPORTATION	1,776	1,674	1,658
CENTRAL SUPPORT	1,430	1,302	1,269
OTHER	1,474	1,431	1,522
TRANSFERS/ADVANCES TO OTHER FUNDS	167	162	593
<b>TOTAL EXPENDITURES/ SERVICES PROVIDED</b>	<b>88,409</b>	<b>84,088</b>	<b>82,430</b>

### RESOURCES OVER EXPENDITURES IN THOUSANDS OF DOLLARS

	FY18	FY17	FY16
	6,905	3,693	3,845

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

# 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

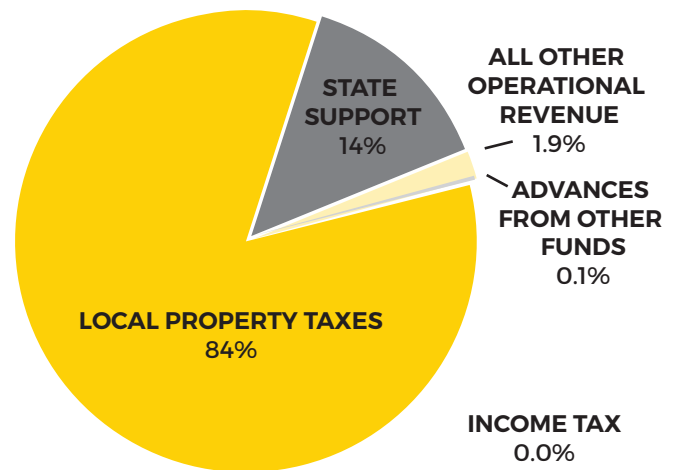
This graph shows the amount of cash collections received by the district from real and personal property taxes. Property taxes provide a majority of the local revenue to operate and maintain our schools. The district accounts for these collections in three funds.

**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.

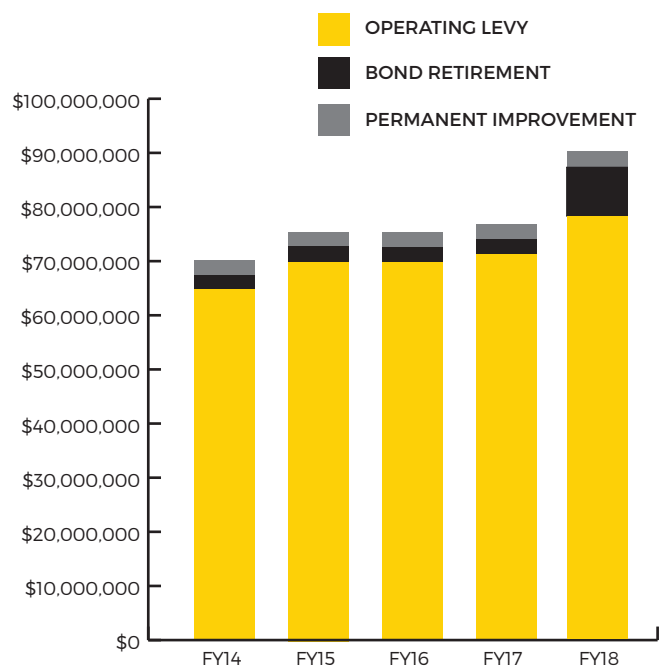
**BOND RETIREMENT:** Tax dollars are received for the payment of principal and interest on voter-approved bond issues related to renovation/ construction of buildings. Bond millage rates are set by the county auditor to generate sufficient revenue to pay the principal and interest on outstanding bonds. 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 2018



**PROPERTY TAX REVENUE**  
THE THREE DISTRICT FUNDS



## WHERE THE MONEY COMES FROM

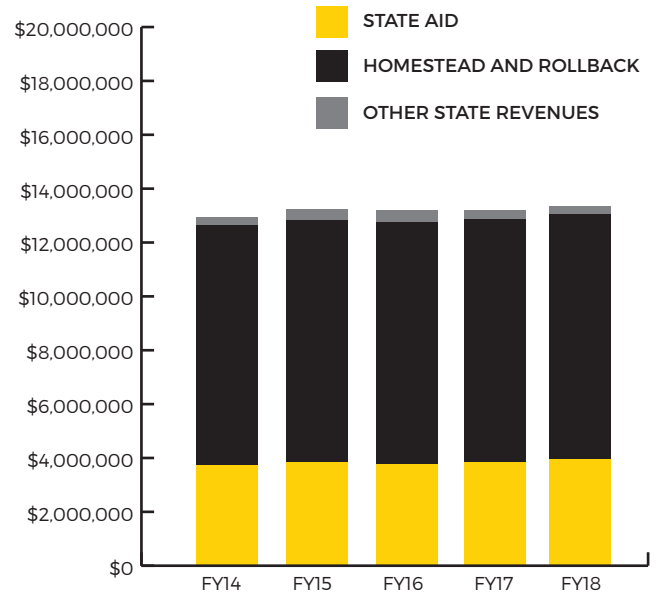
### STATE SUPPORT (GENERAL FUND)

State sources of revenue generated \$13,291,000, or 14%, 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.

A portion (\$3,962,000) of the district's state support comes from State Aid, which 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 \$9,016,000) derives from Homestead and Rollback payments, which represent the portion of the local tax bill paid by the state instead of the local taxpayer.

### STATE SOURCES OF REVENUE FIVE-YEAR COMPARISON



### 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.

### CASINO REVENUE VERSUS TOTAL REVENUE

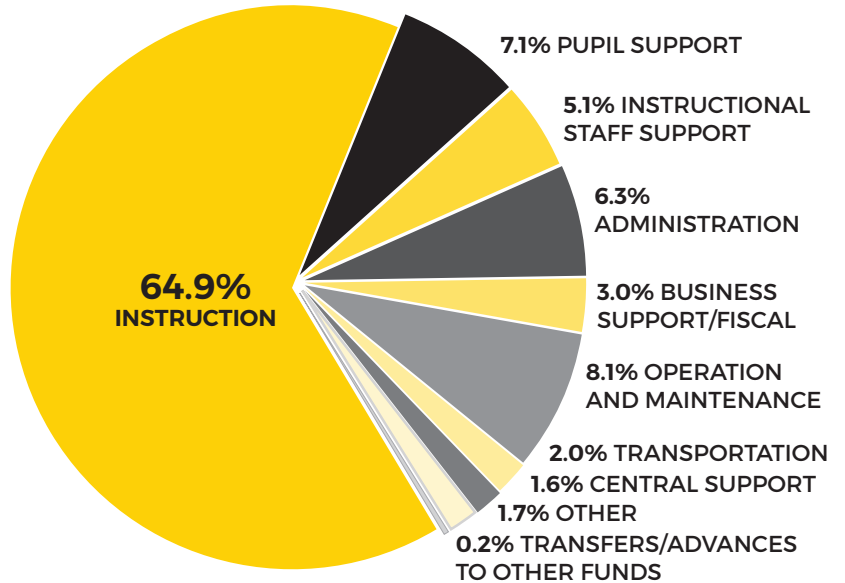
CASINO REVENUE	FY16	FY17	FY18
	\$299,000	\$298,000	\$313,000
PERCENTAGE OF TOTAL REVENUE/ RESOURCES	0.3%	0.3%	0.3%

# WHERE THE MONEY GOES

## EXPENDITURES AND SERVICES FOR FY 2018

### 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

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

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 2018 tax year collected in calendar year 2019.

### UNBUNDLING THE TAX RATE 2019 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	38.36 MILLS	VARIOUS	PERMANENT
PERMANENT IMPROVEMENT	2.0 MILLS	1.65 MILLS	2007	PERMANENT
BOND RETIREMENT	6.9 MILLS	6.9 MILLS	VARIOUS	VARIOUS
<b>TOTAL RATE</b>	<b>114.76 MILLS</b>	<b>52.56 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	TANGIBLE PERSONAL*	TOTAL
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>
2011	\$1,451,941,830	\$131,376,540	\$13,441,950	—	<b>\$1,596,760,320</b>
2010	\$1,448,510,040	\$134,749,240	\$12,142,180	\$701,757	<b>\$1,596,103,217</b>

\* State legislation resulted in a tangible personal property (TPP) tax phaseout period that began in collection year 2006 and culminated in the elimination of TPP tax in collection year 2010. During the past 10 collection years, residential assessed valuation averaged more than 90 percent of the district's total assessed valuation.

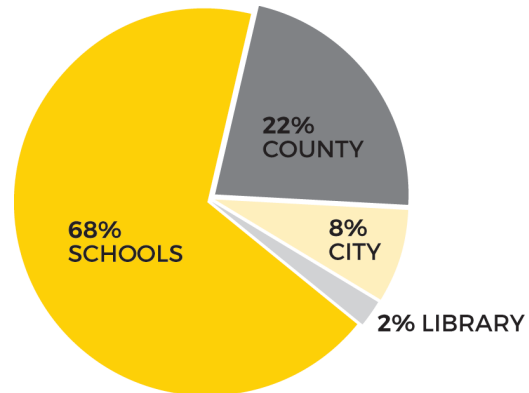
Source: Franklin County Auditor

## PROPERTY TAX

Shown below are the 2019 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 \$2,697 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.

### 2019 APPROXIMATE ANNUAL COST PER \$100,000 IN HOME VALUE

SCHOOLS	\$1,840
COUNTY	\$589
CITY	\$210
LIBRARY	\$58
<b>TOTAL</b>	<b>\$2,697</b>



### 2019 SCHOOL PROPERTY TAX RATES

HOW UPPER ARLINGTON COMPARES WITH OTHER LOCAL DISTRICTS

This chart illustrates the residential property tax collected in 2019 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.

DUBLIN	\$2,055
HILLIARD	\$1,969
WORTHINGTON	\$1,948
OLENTANCY	\$1,881
WESTERVILLE	\$1,864
NEW ALBANY	\$1,863
<b>UPPER ARLINGTON</b>	<b>\$1,840</b>
WHITEHALL	\$1,671
COLUMBUS	\$1,601
REYNOLDSBURG*	\$1,583
GAHANNA	\$1,537
BEXLEY*	\$1,536
PICKERINGTON*	\$1,499
SOUTHWESTERN	\$1,492
GRANDVIEW HEIGHTS	\$1,424

\* 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.

### ACCUMULATED EXPENDITURES

FY 2009 - FY 2018



#### BUILDINGS AND GROUNDS

\$21,124,000

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

\$7,383,000

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

\$1,129,000

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, 2018, is approximately \$233,090,000 in bonds. The majority of the outstanding bonds, \$222,170,00, relates to the bond levy approved by voters in November 2017. The remaining \$10,920,000 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 two four-year leases for the purchase of technology devices related to its one-to-one technology initiative. As of December 31, 2018, the total outstanding lease amount is approximately \$520,349 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, 2018, is approximately \$2,285,000. 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 district anticipates that several internal and external factors will have a significant impact on financial planning in the near future. The financial priorities that stand out for the district in the immediate future are continued enrollment growth, with its associated space and staffing needs, as well as the construction phase for the first phase of the district’s facilities master plan.

### ENROLLMENT GROWTH

As of the end of the 2018-2019 school year, enrollment in the Upper Arlington City School District is projected to exceed 6,170 students in kindergarten through grade 12, continuing a period of growth that began more than 10 years ago. Based on third-party enrollment projections updated in October 2018, the district should anticipate growing to approximately 7,440 students – an increase of approximately 1,250 students, or 20%, over the next 10 years. That would be an increase of more than 31% over the 20-year period stretching back to 2008-2009.

The district has not experienced growth to this degree in decades, and it poses significant financial challenges in the need for additional space and additional staffing.

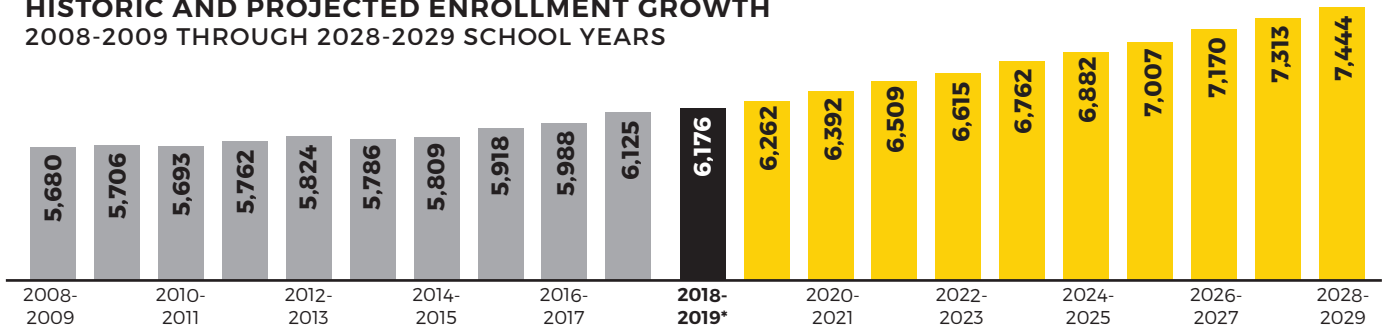
The new and renovated school buildings in the

first phase of the master plan are designed to provide additional space for the district’s growing enrollment. In the event that growth exceeds projections, each project has been designed to have a logical place for a classroom addition, if needed.

As the student population increases, so too must the staff. More students necessitate more classes and more teachers and staff across all departments - including transportation and nutritional services.

The district will continue to monitor enrollment growth and work to efficiently manage the costs associated with the growth. In the next several years, the district will carefully monitor enrollment growth at the buildings in the second phase of the master plan – the middle schools and Burbank Early Childhood School.

### HISTORIC AND PROJECTED ENROLLMENT GROWTH 2008-2009 THROUGH 2028-2029 SCHOOL YEARS



\* 2018-2019 enrollment figure is from the October 2018 Enrollment Projections report. Number may fluctuate during the school year.

# FUTURE FOCUS



## FUNDING AND IMPLEMENTING THE FACILITIES MASTER PLAN

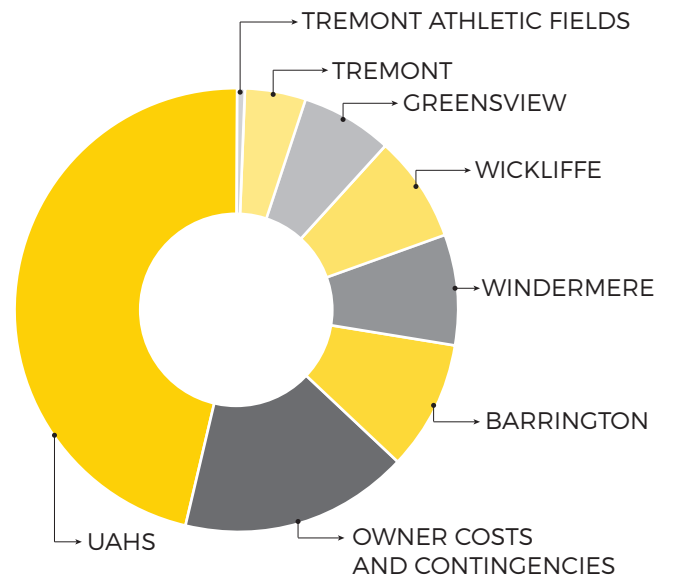
After more than two and a half years and more than 8,000 touch points with the Upper Arlington community, the facilities master planning process came to an end in the spring of 2017. In November 2017, Upper Arlington voters endorsed a combined operating levy and \$230 million bond issue, providing both the needed operating money to maintain the district’s high-quality academic programs and the bond funding to build a new high school and renovate or rebuild all five elementary schools in the first phase of the master plan.

Immediately after the passage of the bond levy, the Board of Education launched a design process involving as many community members, staff members and students as possible in the design of the six new or renovated buildings. At several points during the process, independent construction estimates were produced to ensure that the projects stay on budget and on schedule. The budget approved by the Upper Arlington Board of Education for all six projects plus the Tremont athletic fields is \$230 million in bond funding plus \$5 million in capital fundraising.

## THE 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. The Legacy Capital Campaign seeks to raise at least \$7.5 million: \$5 million toward construction costs, as promised to the community throughout the bond levy

## ALLOCATED BUDGET FIRST PHASE OF THE MASTER PLAN



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

campaign, and an additional \$2.5 million to go beyond construction costs to further enhance students’ academic journey. The capital fundraising campaign will allow community members, alumni and businesses to leave a mark on the future of education in Upper Arlington. Through this campaign, numerous opportunities at various support levels will be available.

# FUTURE FOCUS



## CONSTRUCTION TIMELINE

As of March 2019, construction is expected to follow the tentative timeline below. This timeline may be revised during the construction process based on any potential delays that arise.

2019

### ONGOING

Construction continues on the Tremont athletic fields on the district-owned land behind Tremont Elementary School adjacent to Northam Park. Work began on the site in May 2018, and the first element – a turf field – opened in September 2018.

### MARCH 2019

Site work and site utilities begins in preparation for construction of a new Upper Arlington High School. Construction begins on the high school stadium, with spring sports relocated.

### LATE SPRING / SUMMER 2019

Community groundbreaking ceremonies will be held and construction will begin on the high school, Barrington, Greensview, Tremont and Wickliffe sites. The final elements of the new Tremont athletic fields – baseball and softball diamonds – open.

### FALL 2019

The high school stadium opens.

2020

### JUNE 2020

Demolition of the current Windermere building begins to make way for the new school to be built on the same footprint; the old Wickliffe will open as transitional space for Windermere students for the 2020-2021 school year.

### FALL 2020

The new Greensview and Wickliffe Progressive elementary schools and the renovated Tremont elementary school will open to students.



2021

### FALL 2021

The new Windermere and renovated Barrington elementary schools, as well as the new high school, will open to students. Work will continue on the high school site to demolish the old building and develop athletic fields.

2022

### FALL 2022

The new high school site and the first phase of the community-developed master plan will be fully completed.

## SECOND PHASE OF THE MASTER PLAN

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.



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