



2023-2024 Financial Update

March 2024

1619 Zollinger Road
Upper Arlington, Ohio 43221
(614) 487-5000

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UPPER ARLINGTON BOARD OF EDUCATION

From left: Liz George Stump, Lori Trent, Vice President Lou Sauter, President Jenny McKenna and Nidhi Satiani

The Board of Education is proud to serve the students, staff, families and residents of Upper Arlington Schools. Our school district is a national leader in education due in large part to an unprecedented level of partnership with our community. We invite all residents to stay connected with the schools and to reach out with questions.

Upper Arlington Board of Education
boe@uaschools.org

Robert Hunt, Ph.D., Superintendent
superintendent@uaschools.org

Andrew Geistfeld, Treasurer/CFO
treasurer@uaschools.org

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Upper Arlington Schools**
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We are pleased to provide you with the 2023-2024 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.

The Upper Arlington Schools 2019-2024 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.

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 or (614) 487-5000.

Sincerely,

Andrew L. Geistfeld
Treasurer/CFO, Upper Arlington Schools
treasurer@uaschools.org

FISCAL HIGHLIGHTS

RECOGNITION OF EXCELLENCE



Upper Arlington Schools is **#3 in the state for the percentage of funding dedicated to classroom instruction** out of approximately 610 public school districts in the state of Ohio (2022-2023 Ohio State Report Card).

Upper Arlington Schools has received **the Auditor of State Award for 11 consecutive years** in recognition of our commitment to effective and accountable financial practices for our community.

Upper Arlington Schools continues to be one of a handful of Ohio school districts that has **the highest bond rating — AAA — from S&P Global** in recognition of our strong financial planning and community support. The rating allows districts to obtain lower interest rates when issuing debt, decreasing the costs for our community.



LEGACY CAPITAL CAMPAIGN

The Legacy Capital Campaign has gone above and beyond its initial goal to support the monumental task of building comprehensive academic facilities for Upper Arlington students today and for generations to come. Since its inception following the passage of the \$230 million bond-levy in November 2017, private donors have come together to raise \$7.5 million. The first \$5 million went to the completion of construction costs, as promised to the community during the bond-levy campaign. The additional \$2.5 million supported programming and building enhancements that impact students' daily academic and co-curricular experiences. The Legacy campaign successfully reached its goal of \$7.5 million in April 2021 and continued to fundraise an additional \$800,000 after new donors came forward following the opening of the new Upper Arlington High School and five new or renovated elementary buildings.

TREASURER'S FINANCE ADVISORY COMMITTEE

Upper Arlington Schools has re-established the Treasurer's Finance Advisory Committee — one of the recommendations resulting from the Listen Learn Lead community engagement process launched in 2022. This committee builds on the district's long history of utilizing the expertise in the community, meeting quarterly to review and provide feedback on the financial operations of the district.



INVESTING IN FACILITIES NEEDS

Due to a strong bond investment strategy, higher interest rates and the completion of construction on time and on budget with fewer change orders than expected, Upper Arlington Schools is able to address two significant facilities needs eliminated in the first phase of the master plan. By utilizing remaining bond interest funding, the district is moving forward with window replacement in the older areas of Barrington and Tremont elementary schools.

WHERE THE MONEY COMES FROM

Total revenues/resources increased approximately 13.5% in fiscal year 2023 (July 2022 to June 2023). In November 2022, the community passed a new 6.9 mil tax levy. This new levy is projected to generate approximately \$16.2 million in calendar year 2023. The first half collection of this new levy occurred in the spring of 2023 (FY2023), which was the major impact of the increase. State support increased as the district received more funding for special education related to preschool and transportation costs, along with increased revenue associated with regular transportation. Finally, investment income increased due to higher interest rates and cash balances.

Total expenditures and services provided increased 2.3% in FY2023. The major driver of this increase was staffing and related benefits. Contracts with both employee unions included increases in base compensation from 2% to 2.5%.

RESOURCES TAKEN IN IN THOUSANDS OF DOLLARS

	FY 23	FY22	FY21**
LOCAL TAXES*	96,875	84,753	84,316
STATE SUPPORT	13,470	12,721	13,252
INVESTMENT INCOME	953	423	758
TUITION AND FEES	353	343	324
OTHER REVENUE	531	342	158
TRANSFERS/ADVANCES FROM OTHER FUNDS	1,370	1,465	2,213
TOTAL REVENUES/ RESOURCES	113,552	100,047	101,021

SERVICES PROVIDED IN THOUSANDS OF DOLLARS

	FY23	FY22	FY21
INSTRUCTION	66,924	65,562	64,005
PUPIL SUPPORT	8,557	8,204	7,589
INSTRUCTIONAL STAFF SUPPORT	5,063	4,844	4,910
ADMINISTRATION	6,814	6,885	6,862
BUSINESS SUPPORT/ FINANCIAL	3,286	3,071	2,909
OPERATION AND MAINTENANCE	8,219	7,885	7,267
TRANSPORTATION	1,977	1,843	1,893
CENTRAL SUPPORT	1,823	1,920	1,451
OTHER	1,739	1,549	1,514
TRANSFERS/ADVANCES TO OTHER FUNDS	1,845	2,059	3,124
TOTAL EXPENDITURES/ SERVICES PROVIDED	106,247	103,822	101,524

RESOURCES OVER (UNDER) EXPENDITURES IN THOUSANDS OF DOLLARS

	FY23	FY22	FY21
	7,305	(-3,775)	(-503)

* Tax increment financing collections are included with local taxes.

** Items reclassified to be consistent with FY22.

WHERE THE MONEY COMES FROM

GENERAL FUND REVENUE

Local Property Taxes includes residential, commercial and public utility property taxes and tax increment financing proceeds. State Support includes aid based on a funding formula, the state’s share of local property taxes, 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 — 85% — from local property taxes. The burden on local taxpayers is likely to grow as state aid is expected to remain steady. 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 as these taxes are strictly related to the city.

LOCAL PROPERTY TAXES

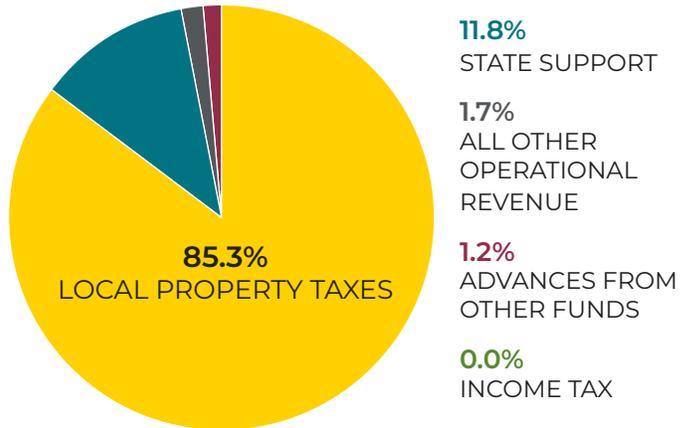
This graph shows the amount of cash collections received by the district from real and personal property taxes. Property taxes provide a majority of the local revenue to operate and maintain our schools. The district accounts for these collections in three funds.

GENERAL FUND (OPERATING LEVY): Tax dollars are received by the district for day-to-day operations, which primarily entail employee salaries and benefits. The fluctuation between FY22 and FY23 was due to the collection of a new 6.9 mil levy.

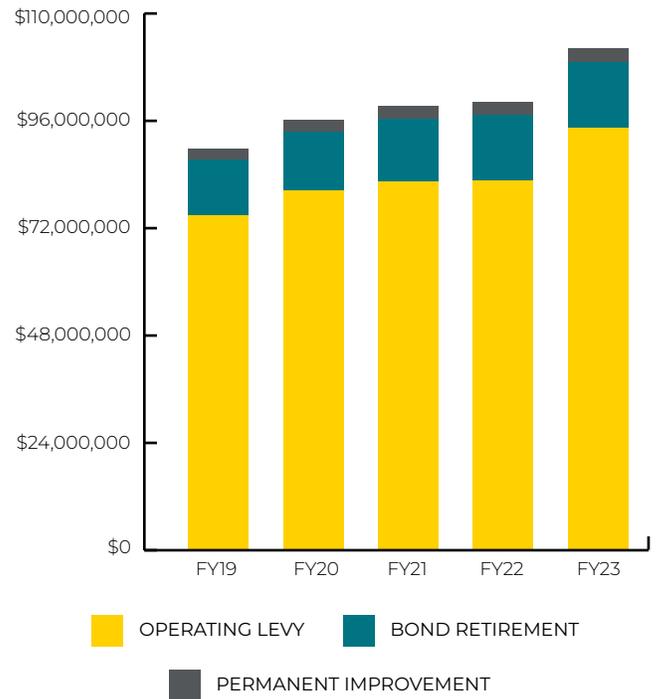
BOND RETIREMENT: Tax dollars are received for the payment of principal and interest on voter-approved bond issues related to renovation/ construction of buildings. Bond millage rates are set by the county auditor to generate sufficient revenue to pay the principal and interest on outstanding bonds.

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. See Page 10 for details.

GENERAL FUND REVENUE FY 2023



PROPERTY TAX REVENUE THE THREE DISTRICT FUNDS



WHERE THE MONEY COMES FROM

STATE SUPPORT (GENERAL FUND)

State sources of revenue generated \$13,500,000, or 12%, 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. This reduction lasted one year.

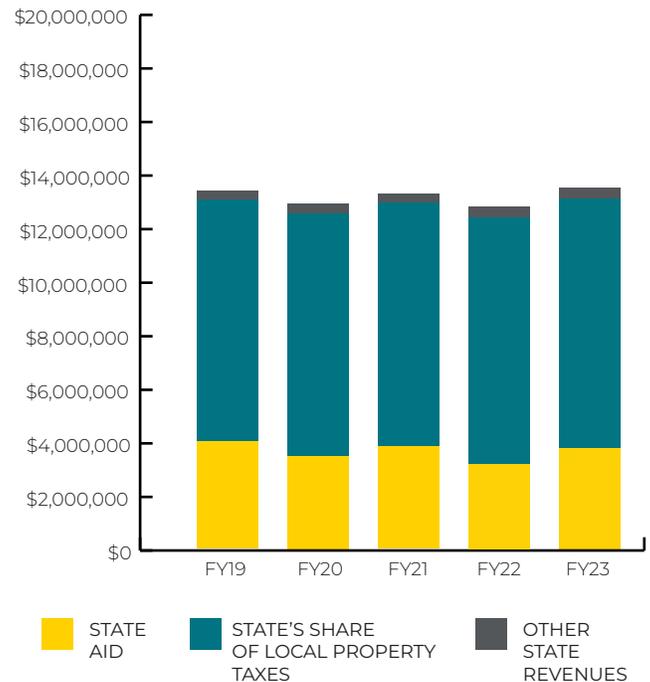
A portion (\$3,804,000) of the district's state support comes from State Aid, which in most years is a formula calculation based mostly on student enrollment. However, before FY2022, the district would lose money if its funding was calculated on this formula. As a result, the state guaranteed the district the same amount it received the previous year. A new funding formula was implemented by the State of Ohio for FY2022, which is driven by a base cost methodology that incorporates components identified as necessary to the education process. This formula changed how funding is distributed so that it is based on where students are educated versus their district of residence. The increase in FY2023 related to increased state support involving special education and transportation.

The majority of state support (approximately \$9,256,000) derives from the state's share of local property taxes, also referred to as Homestead and Rollback credits.

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	FY21	FY22	FY23
	\$266,000	\$393,000	\$409,000

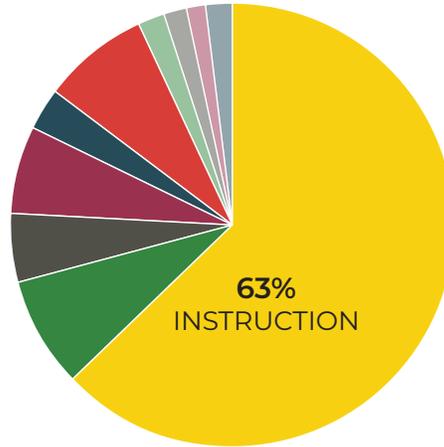
PERCENTAGE OF TOTAL REVENUE/ RESOURCES	FY21	FY22	FY23
	0.3%	0.3%	0.3%

WHERE THE MONEY GOES

EXPENDITURES AND SERVICES (GENERAL FUND) FOR FY 2023

INSTRUCTION

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



- 8.1% PUPIL SUPPORT
- 4.8% INSTRUCTIONAL STAFF SUPPORT
- 6.4% ADMINISTRATION
- 3.1% BUSINESS SUPPORT / FISCAL
- 7.7% OPERATION AND MAINTENANCE
- 1.9% TRANSPORTATION
- 1.7% CENTRAL SUPPORT
- 1.6% OTHER
- 1.7% TRANSFERS / ADVANCES TO OTHER FUNDS

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

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 2023 tax year collected in calendar year 2024.

UNBUNDLING THE TAX RATE 2023 COLLECTION YEAR

	GROSS RATE	EFFECTIVE RATE	YEAR APPROVED	LENGTH APPROVED
INSIDE OPERATING*	5.65 MILLS	5.65 MILLS	N/A	PERMANENT
VOTED OPERATING	107.11 MILLS	31.44 MILLS	VARIOUS	PERMANENT
PERMANENT IMPROVEMENT	2.0 MILLS	1.12 MILLS	2007	PERMANENT
BOND RETIREMENT	5.7 MILLS	5.7 MILLS	VARIOUS	VARIOUS
TOTAL RATE	120.46 MILLS	43.91 MILLS	—	—

* 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
2024	\$2,704,208,530	\$191,441,570	\$36,631,720	\$2,932,281,820
2023	\$2,142,430,500	\$178,291,730	\$35,529,580	\$2,356,251,810
2022	\$2,129,321,590	\$183,166,090	\$33,759,250	\$2,346,246,930
2021	\$2,112,763,320	\$167,126,010	\$31,930,290	\$2,311,819,620
2020	\$1,780,400,940	\$138,290,130	\$29,552,740	\$1,948,243,810
2019	\$1,770,205,240	\$139,692,830	\$28,203,640	\$1,938,101,710
2018	\$1,770,534,840	\$146,465,390	\$26,122,100	\$1,943,122,330
2017	\$1,572,002,900	\$130,772,140	\$25,476,890	\$1,728,251,930
2016	\$1,563,721,350	\$130,320,970	\$25,127,720	\$1,719,170,040
2015	\$1,552,365,800	\$141,855,270	\$25,444,440	\$1,719,665,510

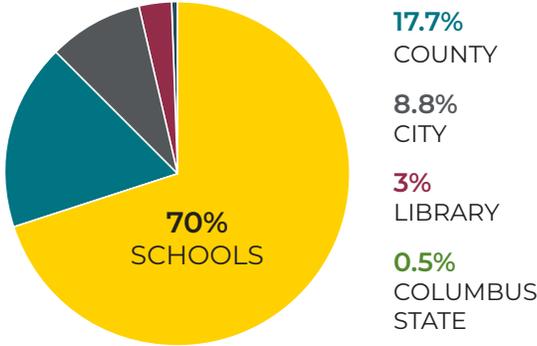
* During the past 10 collection years, residential assessed valuation averaged more than 90 percent of the district's total assessed valuation.

Source: Franklin County Auditor

PROPERTY TAX

Shown below are the 2024 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 \$2,196 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.

2024 APPROXIMATE ANNUAL COST PER \$100,000 IN HOME VALUE	
SCHOOLS	\$1,537
COUNTY	\$389
CITY	\$192
LIBRARY	\$67
COLUMBUS STATE	\$11
TOTAL	\$2,196



2024 SCHOOL PROPERTY TAX RATES

HOW UPPER ARLINGTON COMPARES WITH OTHER LOCAL DISTRICTS

This chart illustrates the residential property tax collected in 2024 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.

BEXLEY*	\$1,742
WORTHINGTON	\$1,669
DUBLIN	\$1,646
OLENTANGY	\$1,539
UPPER ARLINGTON	\$1,537
PICKERINGTON*	\$1,431
WESTERVILLE	\$1,365
NEW ALBANY	\$1,303
HILLIARD	\$1,267
GAHANNA	\$1,253
REYNOLDSBURG*	\$1,252
COLUMBUS	\$1,120
GRANDVIEW HEIGHTS	\$1,091
WHITEHALL	\$1,032
GROVEPORT	\$978
SOUTHWESTERN	\$890

* The district's school income tax collection was converted into mills by dividing calendar year 2023 gross income tax distribution by tax year 2023 total property tax valuation and multiplying by 1,000. Information was obtained from the Ohio Department of Taxation website. School district income tax rates are the following: Bexley (.75%), Pickerington (1%) and Reynoldsburg (.5%).

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 1.12 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 2023



BUILDINGS AND GROUNDS

\$34,882,000

These funds have addressed immediate space needs of the district at all levels and immediate concerns related to keeping the district's school facilities safe, dry and secure (renovation of entrances, patching of roofs, HVAC improvements, ADA enhancements, parking lot updates, renovation of athletic venues, maintenance / custodial equipment, additions to educational buildings, and other projects).



TECHNOLOGY AND RESOURCES

\$11,223,000

Traditionally, these funds were used for printed textbooks. Starting in FY 2016, a majority of these funds were used for student and staff 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

\$2,399,000

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

CAPITAL PROJECT RESERVE FUND

Responsible planning for future financial needs is a crucial part of the district's commitment to being a good steward of the community's investment in its schools. With that commitment in mind, the Board of Education in January 2023 approved moving forward with a capital project reserve fund to proactively plan for eventual replacement needs for district facilities such as new HVAC systems, roofs, or a turf field once it has reached its expected lifespan. This had been discussed during the facilities master planning process, and it will not impact the district's general fund. Beginning with the 2022-2023 fiscal year, the district set aside \$750,000 annually in permanent improvement funding for the capital project reserve fund. The current balance in this fund as of December 31, 2023, was \$1,767,500.

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 2023, 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, 2023, is approximately \$197,671,700 in bonds. The outstanding bonds relate to the bond levy approved by voters in November 2017 and with the original issue of \$230,000,000. In 2022, \$73,500,000 of these bonds were refinanced for a \$24,200,000 gross savings (interest and principal) over the life of these bonds.

LEASES

The district entered into a four-year lease in 2022 for the purchase of technology devices related to its one-to-one technology initiative. As of December 31, 2023, the total outstanding lease amount is approximately \$732,220 in principal.

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.

EFFICIENCY AND FUTURE FOCUS



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. Below are some examples of recent steps to reduce costs and pursue other avenues for funding.

PHARMACY BENEFIT MANAGER SERVICES

Upper Arlington Schools continues to re-evaluate service providers and related contracts for the best services and costs. The district worked with its third-party insurance broker to conduct a request for proposals related to its pharmacy benefit manager (PBM). This resulted in a three-year savings of approximately \$2.4 million — a difference of 29% — as costs were reduced and additional rebates were added.

CONSORTIUMS/PURCHASING GROUPS

Upper Arlington Schools is a member of several consortiums/purchasing groups, allowing the district to get the best price possible by leveraging collective purchasing power. The district has found additional benefits to these consortiums/purchasing groups, including the following examples.

- The Nutritional Services Department has been part of a consortium for many years — which, in addition to cost savings, has resulted in an increased pool of vendors for ordering that the district would not have had access to on its own. As nutritional resources such as fruits and vegetables become more challenging to obtain, the benefit of the consortium is increasing.
- The Operations Department used consortium pricing to replace the Marv Moorehead Stadium turf field recently at Upper Arlington High School. In addition to the pricing benefit, the district reduced required administrative time as the request for proposals and review process was performed by the consortium.

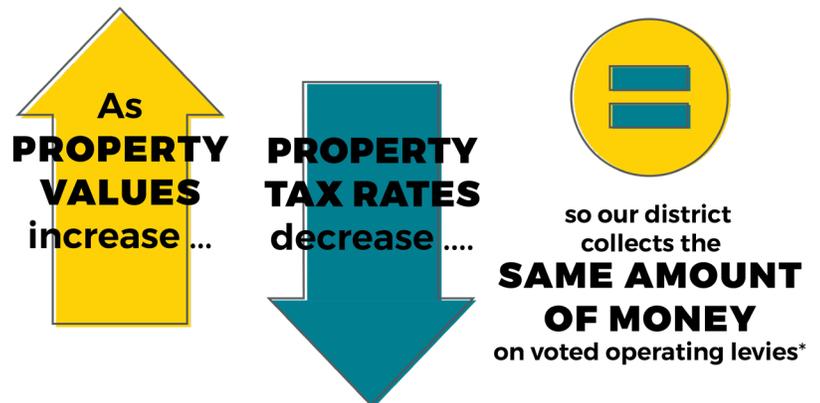
OTHER RESOURCES

Typically, Upper Arlington Schools receives little grant money based on its demographics. However, over the past two years, the district has had more success securing additional funds. The district received \$800,000 (\$100,000 per K-12 school) in safety grant money from the State of Ohio, which allowed the district to make safety improvements without impacting its bottom line. In 2024, the district was awarded a \$500,000 career tech grant from the State of Ohio, which will help establish new educational pathways for Upper Arlington High School students in the 2024-2025 school year by providing teacher training, equipment and physical updates to the 1950 North Mallway building to support these new pathways. The district continues to evaluate other grants and resources to help offset the pressure on the general fund.

EFFICIENCY AND FUTURE FOCUS

STATE FUNDING

During the summer of 2023, the Ohio legislature and Governor Mike DeWine approved the biennium budget, covering the 2023-2024 and 2024-2025 fiscal years. Thanks to revisions to the Fair School Funding Plan contained in the budget, Upper Arlington Schools is projected to receive approximately \$2 million more annually in state aid for the 2023-2024 fiscal year and beyond. Even though the Fair School Funding Plan represents a very small portion of the district's overall budget, this still represents an increase of approximately 58 percent in state foundation and additional state aid. In light of the increase in state funding, the Board of Education took action at their November meeting to replenish the budget reserve to the pre-COVID level of 25 percent, or 90 days' worth of annual expenditures. Maintaining a budget reserve of 90 days or 25 percent of annual expenditures is a long-standing, fiscally responsible practice in our district and ultimately benefits the community by helping to protect against any unforeseen budgetary constraints or shifts in revenue in the future.



** The district realizes a small amount of new revenue from new construction.*

HOUSE BILL 920

In Upper Arlington, approximately 96 percent of district revenues are fixed, with little or no room for growth. A major factor in this is House Bill 920, a state law passed in the 1970s. House Bill 920 ensures that voted operating levies do not grow as property values increase. In fact, as property values increase, tax rates actually decrease for homeowners, so the district gets about the same amount of money. Generally speaking, because of House Bill 920, the only way school districts see an increase in property tax revenue related to operating levies is when voters approve a new operating levy. That is why suburban school districts like Upper Arlington return to voters every three to five years in order to keep up with inflation and maintain the current level of operations.



STRATEGIC PLANNING

At the start of 2024, Upper Arlington Schools launched an ambitious strategic planning process that draws from the innovative and collaborative vision of students, staff, parents/guardians and community members for the future of education in Upper Arlington. The new strategic plan will shape the future of education in the Upper Arlington Schools for the next three to five years. Feedback from Dr. Hunt's UAdventure tour, the Listen Learn Lead process, the district-wide equity audit and other key data points has provided the foundation for the district's next strategic plan. That feedback has informed the development of three key priority areas — **engaged learning, well-being and belonging**, and **connection and communication** — each strengthened by a focus on continuous improvement through **excellence and innovation**. The strategic planning process will continue to unfold over four stages and 12 months, culminating with the adoption of a new strategic plan to launch in 2025.



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