

Upper Arlington City School District

Fiscal Year
2026
February

Financial
Forecast
Report



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Treasurer/CFO

Upper Arlington City School District

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Forecast Purpose/Objectives

Ohio Department of Education and Workforce's purposes/objectives for the financial forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology

This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year, and while cash flow monitoring helps to identify unexpected variances, no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

UPPER ARLINGTON CITY SCHOOL DISTRICT -- FRANKLIN COUNTY
Schedule Of Revenue, Expenditures and Changes In Fund Balances
Actual and Forecasted Operating Fund

	ACTUAL			FORECASTED				
	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030
Revenue:								
1.010 - General Property Tax (Real Estate)	90,645,510	97,263,587	99,552,920	100,313,752	101,064,065	102,096,109	102,513,027	103,588,334
1.020 - Public Utility Personal Property	3,722,772	4,001,107	3,832,639	4,060,121	3,968,916	4,017,390	4,037,509	4,055,364
1.035 - Unrestricted Grants-in-Aid	3,643,006	5,581,956	6,406,930	7,677,122	8,700,934	8,835,069	8,864,343	8,954,757
1.040 - Restricted Grants-in-Aid	570,166	942,585	1,270,758	822,044	848,689	855,412	855,062	858,854
1.050 - State Share of Local Property Taxes	9,256,292	9,440,777	9,570,660	9,619,739	9,736,243	9,845,789	9,890,140	9,995,299
1.060 - All Other Operating Revenues	4,344,380	5,828,869	7,279,812	7,219,672	6,624,381	6,141,592	5,659,318	5,177,577
1.070 - Total Revenue	112,182,126	123,058,882	127,913,718	129,712,450	130,943,228	131,791,361	131,819,399	132,630,185
Other Financing Sources:								
2.040 - Transfers-In	-	-	-	-	-	-	-	-
2.050 - Advances-In	732,041	2,721	249,272	34,867	30,000	34,867	34,867	34,867
2.060 - All Other Financing Sources	637,721	22,630	14,033	30,000	30,000	30,000	30,000	30,000
2.070 - Total Other Financing Sources	1,369,762	25,351	263,304	64,867	60,000	64,867	64,867	64,867
2.080 - Total Revenues and Other Financing Sources	113,551,888	123,084,233	128,177,023	129,777,317	131,003,228	131,856,228	131,884,266	132,695,052
Expenditures:								
3.010 - Personnel Services	63,408,813	66,979,529	73,275,124	76,381,097	79,834,369	83,545,224	87,628,732	91,720,280
3.020 - Employees' Retirement/Insurance Benefits	21,634,215	22,495,950	25,040,349	26,565,397	28,332,579	30,382,444	32,628,676	35,021,992
3.030 - Purchased Services	15,206,405	14,553,379	14,942,607	16,870,634	17,411,853	18,396,001	19,459,317	20,610,551
3.040 - Supplies and Materials	2,487,704	2,923,899	3,768,420	3,589,065	3,150,227	3,276,236	3,407,286	3,543,577
3.050 - Capital Outlay	131,694	78,425	43,011	115,000	119,600	124,384	129,359	134,534
4.300 - Other Objects	1,533,099	1,626,379	1,706,905	1,987,291	2,066,782	2,149,454	2,235,432	2,324,849
4.500 - Total Expenditures	104,401,930	108,657,561	118,776,416	125,508,483	130,915,411	137,873,743	145,488,801	153,355,783
Other Financing Uses								
5.010 - Operating Transfers-Out	1,842,277	1,886,050	28,883,921	10,330,000	230,000	230,000	230,000	230,000
5.020 - Advances-Out	2,721	249,272	34,867	30,000	30,000	30,000	30,000	30,000
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	1,844,998	2,135,321	28,918,787	10,360,000	260,000	260,000	260,000	260,000
5.050 - Total Expenditures and Other Financing Uses	106,246,928	110,792,882	147,695,203	135,868,483	131,175,411	138,133,743	145,748,801	153,615,783
Excess of Rev & Other Financing Uses Over (Under)								
6.010 - Expenditures and Other Financing Uses	7,304,960	12,291,351	(19,518,181)	(6,091,166)	(172,183)	(6,277,515)	(13,864,535)	(20,920,732)
Cash Balance July 1 - Excluding Proposed Renewal/ 7.010 - Replacement and New Levies	46,781,035	54,085,995	66,377,346	46,859,165	40,767,999	40,595,816	34,318,301	20,453,766
7.020 - Cash Balance June 30	54,085,995	66,377,346	46,859,165	40,767,999	40,595,816	34,318,301	20,453,766	(466,966)
8.010 - Estimated Encumbrances June 30	863,091	952,220	965,124	850,000	850,000	850,000	850,000	850,000
15.010 - Unreserved Fund Balance June 30	53,222,904	65,425,127	45,894,041	39,917,999	39,745,816	33,468,301	19,603,766	(1,316,966)
Board of Education - Budget Reserve	13,229,139	27,164,000	29,694,000	31,377,000	32,729,000	34,468,000	36,372,000	38,339,000
Unreserved Fund Balance June 30 (after budget reserve)	39,993,765	38,261,127	16,200,041	8,540,999	7,016,816	(999,699)	(16,768,234)	(39,655,966)

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Forecast Overview

Biennium Budget (FY26 and FY27)

The biennium budget approved by the state legislature for FY26 and FY27 included a cap that limited a school district's cash carryover balances in the general fund to 40% of annual expenditures. Because of that, the Board of Education took proactive steps to protect the community's investment in its schools by transferring \$26.75 million in FY25 out of the general fund to four key areas: a new Capital Project Fund for technology and vehicle needs, the Capital Project Future Fund to offset costs for phase two of the facilities master planning process, the Building Reserve Fund for ongoing maintenance, and the district's Benefit Fund. On June 30, 2025 the Governor line-item vetoed 67 items from the budget bill including the proposed 40% cap. However, in the Fall of 2025, the legislature has begun overriding a few of the Governor's vetoes but no action has been taken regarding a potential cap.

Budget Reserve

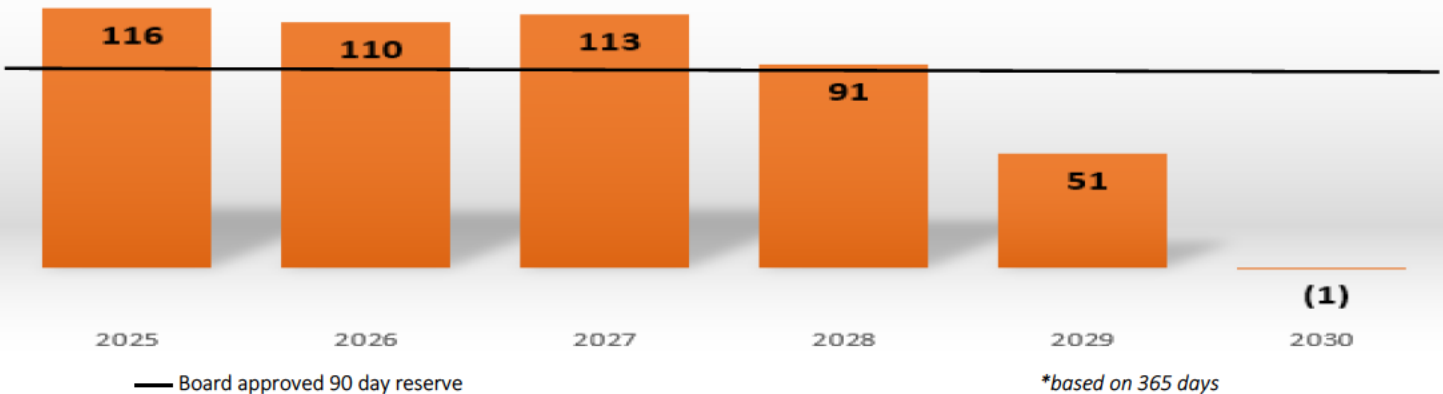
The Board formally adopted the practice of maintaining 25% (or approximately 90 days) of annual expenditures as a cash reserve into policy on May 10, 2016. This fiscally responsible practice protects the District in the event of any unforeseen budgetary constraints or unexpected revenue shortfall in the future. Decreasing reserve fund balances would also trigger conversations of future levy needs and budget reduction requirements when the reserve cannot be fulfilled due to decreasing fund balances.

The Ohio Department of Education and Workforce's (ODEW) forecast template does NOT include a line to report Board approved budget reserve amounts such as this. Thus, the unreserved fund balance amounts listed in line 15.010 of the forecast are misleading. Below are the unreserved fund balances the district uses when making short-term and long-term decisions:

	Actual	FORECASTED				
	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030
15.010 - Unreserved Fund Balance June 30	\$ 45,894,041	\$ 39,917,999	\$ 39,745,816	\$ 33,468,301	\$ 19,603,766	\$ (1,316,966)
Less: Board of Education - Budget Reserve	\$ (29,694,000)	\$ (31,377,000)	\$ (32,729,000)	\$ (34,468,000)	\$ (36,372,000)	\$ (38,339,000)
Unreserved Fund Balance June 30	\$ 16,200,041	\$ 8,540,999	\$ 7,016,816	\$ (999,699)	\$(16,768,234)	\$(39,655,966)

In FY28 the district cannot meet its 25% (or approximately 90 days) of annual expenditures reserve policy as indicated by the \$999,699 deficit balance. A deficit balance is expected in districts like Upper Arlington that are dependent on returning to voters for a new levy request every three years. Over the next two years the district will continue to evaluate its expenditures. The district anticipates its next levy request will be November 2026, a year later than originally shared with the community. It is also important to remember that \$19.25 million of the transfer discussed above is set aside to assist with capital needs, eliminating that demand on the general fund. As you will see in this forecast, revenue is anticipated to remain relatively flat and expenditures are anticipated to grow with inflation and enrollment growth over the next five years.

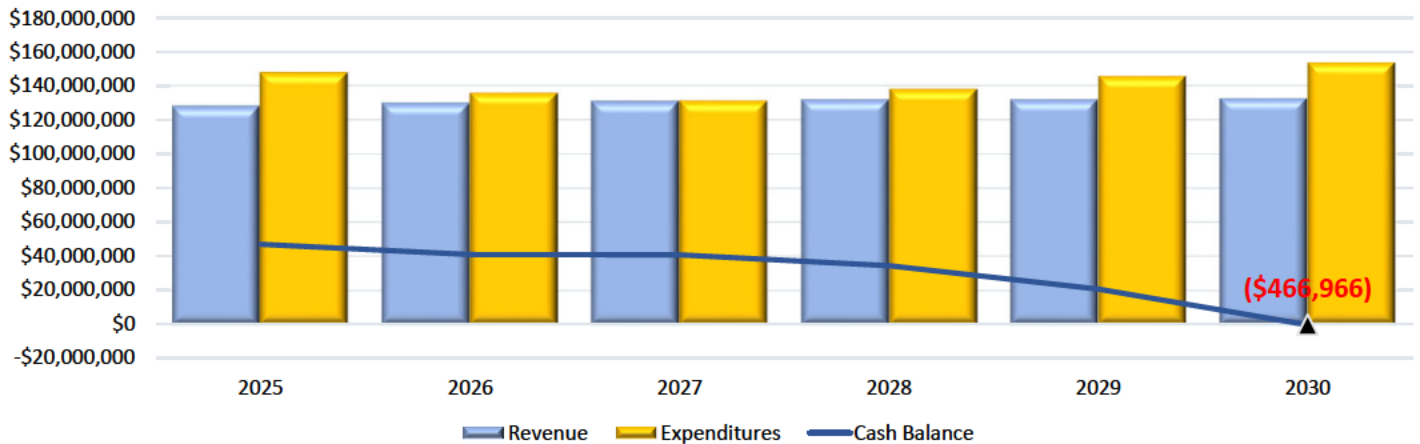
Days of Cash on Hand at Fiscal Year-end



Forecast Summary

Upper Arlington City School District

Projected Revenue, Expenditures, and Cash Balance



Financial Forecast Summary

	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030
Beginning Balance (Line 7.010) <i>*Includes Renewal/New Levy Revenue, see Disclosures</i>	46,859,165	40,767,999	40,595,816	34,318,301	20,453,766
+ Revenue	129,777,317	131,003,228	131,856,228	131,884,266	132,695,052
- Expenditures	(135,868,483)	(131,175,411)	(138,133,743)	(145,748,801)	(153,615,783)
= Revenue Surplus or Deficit	(6,091,166)	(172,183)	(6,277,515)	(13,864,535)	(20,920,732)
Line 7.020 Ending Balance with Renewal/New Levies	40,767,999	40,595,816	34,318,301	20,453,766	(466,966)

Financial Summary Notes

Expenditure growth is projected to outpace revenue change. By the end of 2030, the cash balance is projected to decline by a total of \$47,326,131 compared to 2025. For fiscal year 2030, expenditures are currently projected to exceed revenue, resulting in a revenue shortfall the final year of the forecast period.

The projected change in revenue is expected to be less than the historical average. Over the past five years, revenue increased by 5.52% (\$5,931,929 annually). However, it is projected to increase by 0.70% (\$903,606 annually) through fiscal year 2030. Notably, Real Estate revenue, is expected to be \$3,648,199 less per year compared to historical averages, as projected revenue generated by new levies is not included in the balances above until the levy is approved by the community.

Expenses are forecasted to increase at a slower pace than the historical trend. Expenditures increased by 9.27% (\$10,041,620 annually) during the past 5-year period and are projected to increase by 0.95% (\$1,184,116 annually) through 2030. The forecast line with the most change on the expense side, Other Uses, is anticipated to be \$11,061,299 less per year in the projected period compared to historical averages. This is due to the one-time transfer out of \$26.75 million that occurred in 2025, as discussed previously.

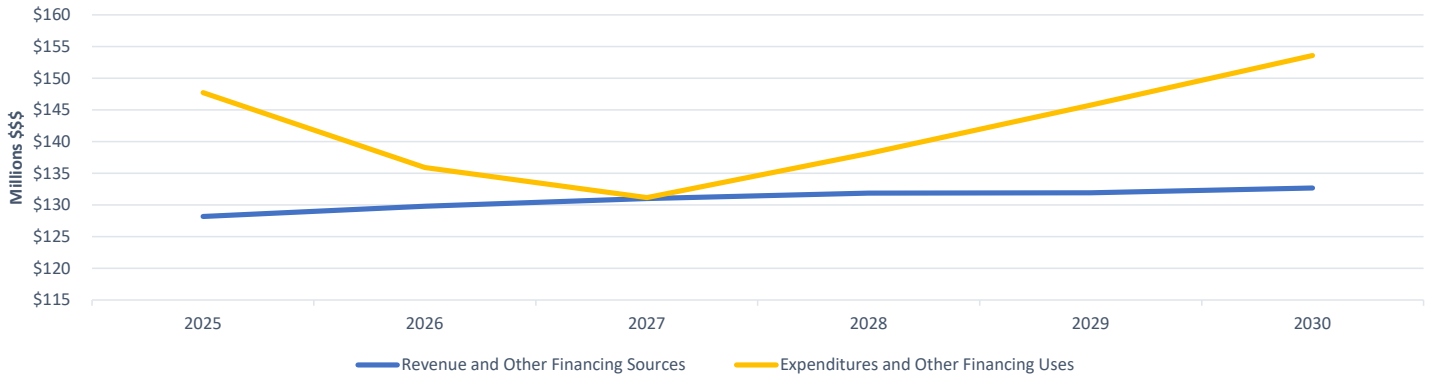
The graph above illustrates the financial position of the district with NO reserves for the next five years based on the projections and assumptions in this forecast (see detailed assumptions that follow). The successful passage of the November 2022 levy put the district in a strong financial position in the early years of the forecast. However, the district anticipates its next operating levy request will be in November 2026 which would help address the decreasing cash balance.

The graph depicts a typical levy cycle when revenue initially exceeds expenditures in the first few years after the approval of a new levy and then expenditures begin to exceed revenue. The district typically requests a new property tax operating levy every three years; however, this time will be four years. Future levies are NOT included in the forecast until the voters approve a levy.

See detailed trends and explanations discussed in the following pages.

Forecast Analysis

Revenue and Other Financing Sources Compared to Expenditures and Other Financing Uses



From 2026 to 2030, total revenues are projected to change by 0.70%

Expenditure change is expected to outpace revenue change.

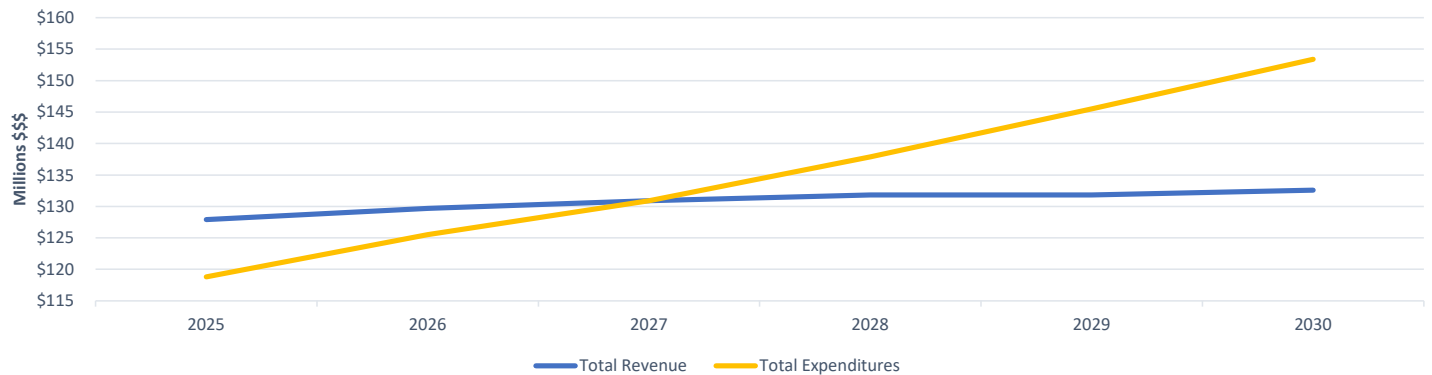
From 2026 to 2030, total expenses are projected to change by 0.95%

Explanation of Graphs

The graph above does not portray the normal levy or expenditure cycle due to the inclusion of Other Financing Uses. In FY25 the board approved one-time transfers of \$26.75 million to various funds in preparation of building capital needs and pending legislation (as discussed under the Forecast Overview section on page 5). In FY 26 the board also approved one-time transfers of \$10 million to other funds to set aside for future required curriculum and technology purchases over the next 5 years, along with continued accumulation of funds in preparation of future expenses related to the district's assets that were rebuilt and/or renovated during the 1st phase of the master plan starting in 2018 (see page 26 for more details). The district does not anticipate this level of transfers in future years.

The graph below does NOT include Other Financing Uses (ie. transfers). The exclusion of transfers helps illustrate the typical expenditure pattern from year to year (ie. growth) and illustrates a normal levy cycle with revenue exceeding expenditures in the early years and then expenditures exceeding revenue in the outer years.

Revenue Compared to Expenditures



Forecast Risks and Uncertainty

We have estimated revenues and expenses based on the best data available to us at the time of this forecast. Any financial forecast has inherent risks and uncertainty, especially in later years. The items below give a short description of significant current issues, risks, and uncertainty:

- Rising interest rates, property values, inflation and the economy – The District is heavily reliant on local property tax revenue. Property values continue to increase in the greater central Ohio area. As the property values continue to grow, this eventually will impact the affordability for prospective homebuyers and could eventually impact property values.
- Enrollment growth – As noted below, the district expects to gain an additional 204 students from FY24 to FY30. The district uses the “recommended” enrollment growth estimate from the Woolpert enrollment projection report. If actual enrollment is materially different than projections, staffing could be impacted.
- Legislation – The legislature has introduced many bills regarding changes in property tax, and the legislature has overridden a few vetoes by the Governor regarding changes the legislature approved. Any future changes in property tax could reduce future revenue projections.
- Economy – Currently, the State of Ohio is experiencing economic growth. This economic growth allowed for additional phasing-in of the state funding formula. However, should there be a downturn in the economy over the next five years, portions of school funding could be at risk. This was most recently experienced during the COVID pandemic as the district’s state funding was temporarily reduced.
- Labor – Similar to other districts across the state, the district continues to have difficulty filling openings for bus drivers, nutritional services and aide positions.

Enrollment

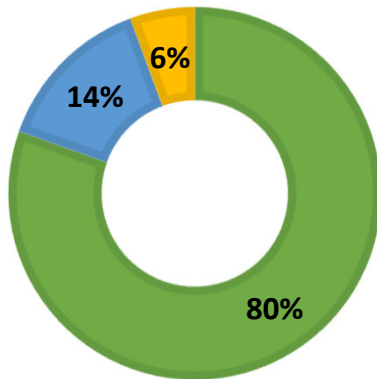
The District contracts with a third party to complete enrollment projections. The enrollment growth will influence future staffing and space needs of the district. The enrollment % growth for FY27-30 was obtained from the Enrollment Projections Report compiled by Woolpert and dated April 3, 2025. The enrollment in FY26 is the district's projected enrollment by May 2026 for state funding purposes.

	Actual FY24	Actual FY25	Projected FY26	Projected FY27	Projected FY28	Projected FY29	Projected FY30
K-12 Total	6,410	6,455	6,410	6,485	6,571	6,565	6,614
% growth	1.7%	0.7%	-0.7%	1.2%	1.3%	-0.1%	0.7%

In a majority of districts across Ohio, enrollment is decreasing. Even though Upper Arlington is landlocked, the District's enrollment is projected to continue to grow over the next five years as housing is turning over and families with young children are moving in.

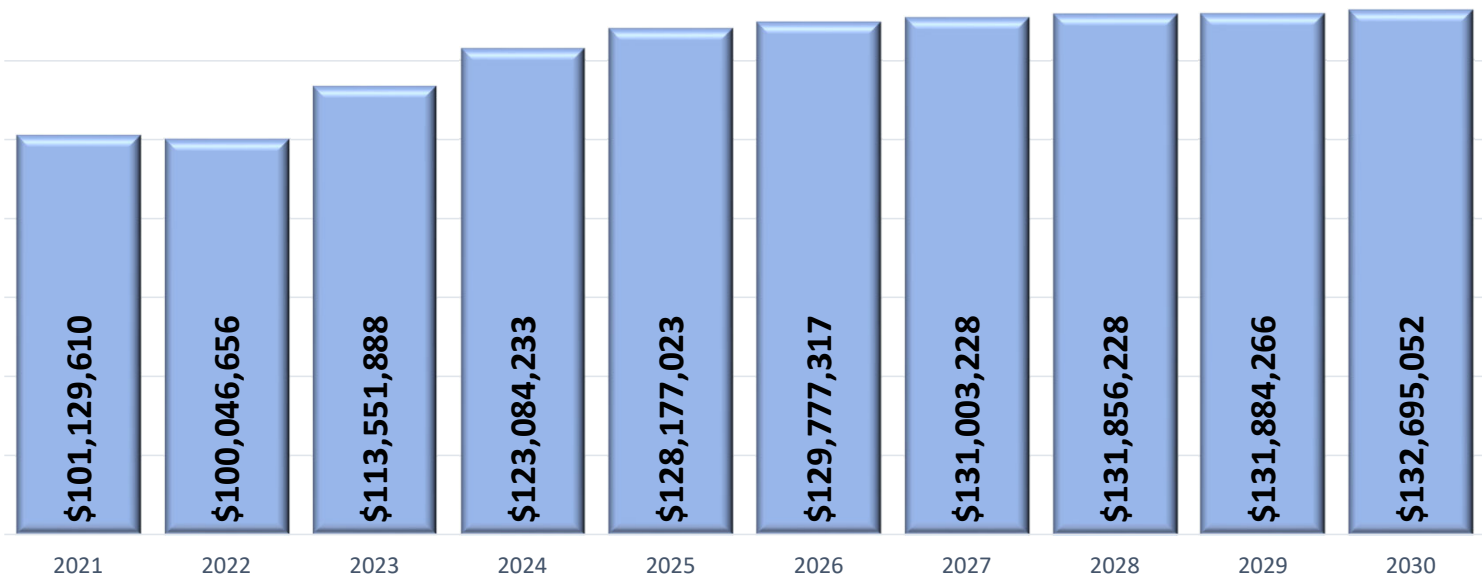
Revenue Overview

Revenue Sources



Local Taxes	
Real Estate Tax	77.30%
Public Utility Tax	3.13%
Income Tax	0.00%
State Sources	
State Funding	5.92%
Restricted Aid	0.63%
State Reimb Prop Tax Credits	7.41%
All Other Revenue	
Other Revenue	5.56%
Other Sources	0.05%

Annual Revenue Actual + Projected



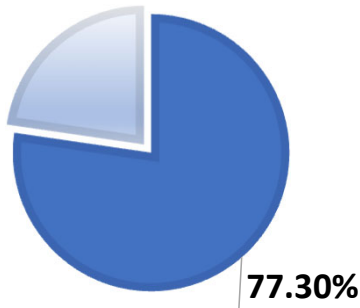
Historic Revenue Change versus Projected Revenue Change

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Real Estate	\$4,455,282	\$807,083	(\$3,648,199)	<p>Over the past five years, revenue increased by 5.52% (\$5,931,929 annually). However, it is projected to increase by 0.70% (\$903,606 annually) through fiscal year 2030. Notably, Real Estate, is expected to be \$3,648,199 less per year compared to historical averages as projected revenue generated by new levies, is not included in the balances above until the levy is approved by the community.</p> <p>State funding is not expected to increase as much compared to historical averages as a new funding plan was implemented in 2022 and smaller increases thereafter. All other operating revenue is not expected to increase as much in future years due to the projected decrease in interest income as rates and cash balances decline.</p>
Public Utility	\$155,214	\$44,545	(\$110,668)	
Income Tax	\$0	\$0	\$0	
State Funding	\$773,926	\$427,185	(\$346,741)	
State Reimb Prop Tax Credits	\$110,633	\$84,928	(\$25,705)	
All Othr Op Rev	\$413,046	(\$420,447)	(\$833,493)	
Other Sources	\$23,829	(\$39,687)	(\$63,516)	
Total Average Annual Change	\$5,931,929	\$903,606	(\$5,028,324)	
	5.52%	0.70%	-4.83%	

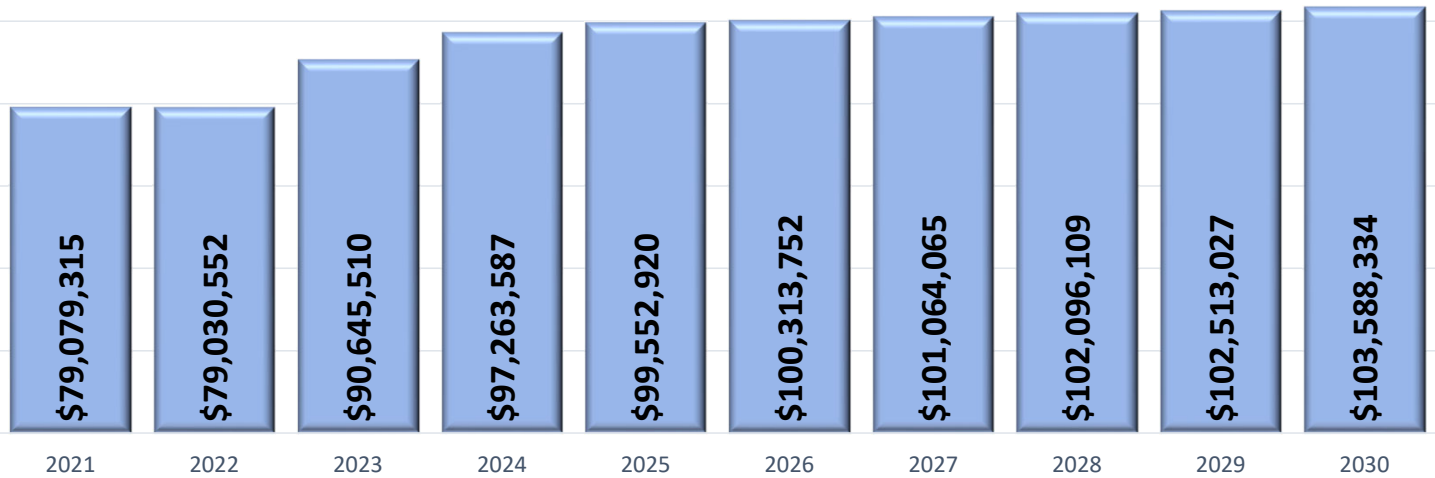
For Comparison: Expenditure average annual change is projected to be > \$1,184,116 On an annual average basis, expenditures are projected to grow faster than revenue.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



Real estate property tax revenue accounts for 77.30% of total district general fund revenue.



Key Assumptions & Notes

Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class 2 Rate	Change	
2024	2,918,223,670	22,567,210	37.18	-	51.02	-	98.7%
2025	2,903,263,300	(14,960,370)	37.23	0.05	51.73	0.71	99.0%
2026	3,207,192,300	303,929,000	34.31	(2.92)	47.49	(4.24)	99.0%
2027	3,209,395,300	2,203,000	34.43	0.12	47.66	0.17	99.0%
2028	3,218,023,300	8,628,000	34.49	0.06	47.75	0.08	99.0%
2029	3,554,917,300	336,894,000	31.73	(2.76)	43.78	(3.96)	99.0%

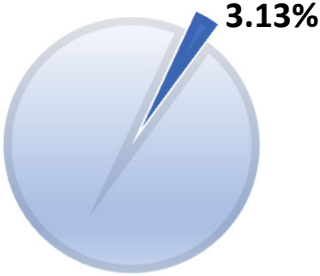
Class I, or residential/agricultural taxes make up approximately 89.57% of the real estate property tax revenue. The Class I tax rate is 37.23 mills in tax year 2025. The projections reflect an average gross collection rate of 99.0% annually through tax year 2029. The revenue changed at an average annual historical rate of 5.32% and is projected to change at an average annual rate of 0.80% through fiscal year 2030.

SEE APPENDIX FOR MORE DETAIL ON KEY ASSUMPTIONS IMPACTING PROPERTY TAXES

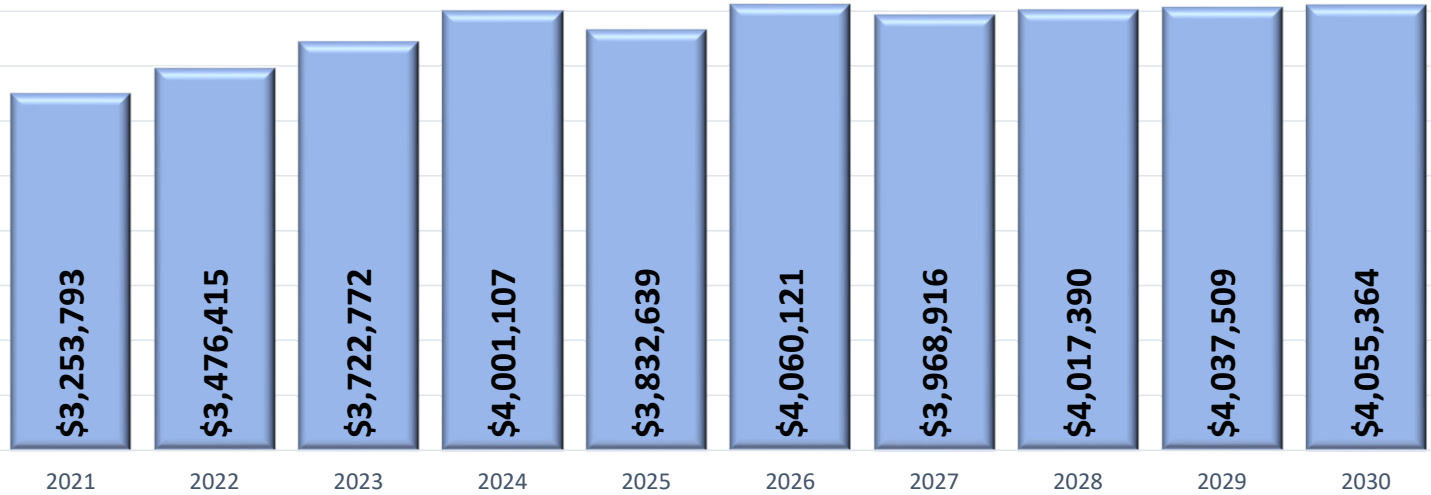
The District records all Tax Incremental Financing (TIF) and Payment in Lieu of Tax (PILOT) receipts in Other Revenue. Property values recorded in the TIF area are reclassified, and revenue generated from these areas are reported as "Other Revenue" instead of "Real Estate Tax." See note Line 1.06 – All Other Revenue for additional information.

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



Public Utility Personal Property tax revenue accounts for 3.13% of total district general fund revenue.



Key Assumptions & Notes

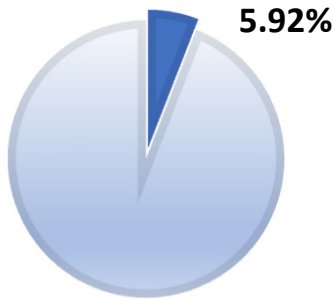
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2024	39,648,010	3,022,650	112.76	-	102.7%
2025	34,857,740	(4,790,270)	112.76	0.00	100.0%
2026	35,554,740	697,000	112.71	(0.05)	100.0%
2027	35,732,740	178,000	112.71	-	100.0%
2028	35,911,740	179,000	112.71	-	100.0%
2029	36,091,740	180,000	112.58	(0.13)	100.0%

The Public Utility Personal Property Tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. The property is taxed at the full voted tax rate which in tax year 2025 is 112.76 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$155,214 and is projected to change at an average annual dollar amount of \$44,545 through fiscal year 2030.

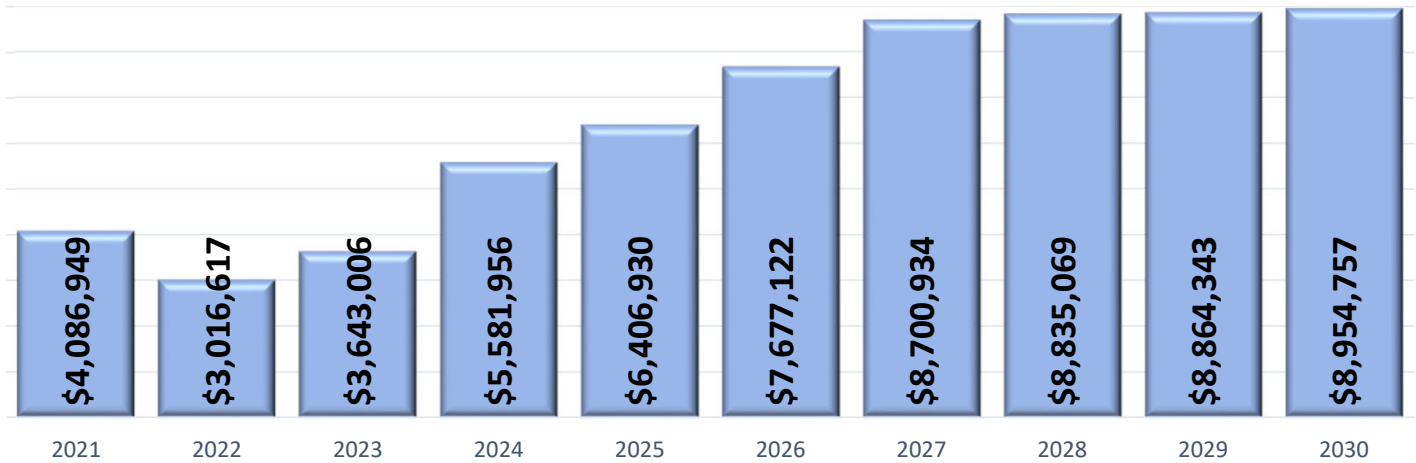
Starting in Tax Year 2027 any new public utility personal property valuation will be taxed at 33% (instead of 100%) due to a change in State legislation.

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



Unrestricted State Aid revenue accounts for 5.92% of total district general fund revenue.



Key Assumptions & Notes

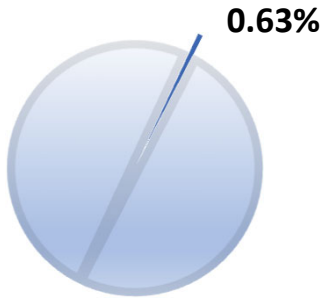
Beginning in FY 2022, the state adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates four components identified as necessary to the education process. The base cost is currently calculated for two years using a statewide average based upon historical actual data. Additionally, the FSFP changed funding to where students are educated versus where students live. In past years, the district received funding for students who lived in the district but attended other schools (i.e. community schools). For Upper Arlington Schools, the projected total calculated base cost is approximately \$52,381,000 in FY 2026. The state's share of the total calculated base cost is \$5,232,000, or \$814 per pupil. With this new base cost methodology, state revenue for the district will increase as enrollment grows.

In June 2023, the State Legislature approved the State biennium budget that covers FY24 and FY25. The budget included a few changes to the FSFP that increased the District's allocation by almost \$2 million. The three most impactful adjustments to the district were: 1) the phase-in of the FSFP to 50% in FY24 and 66.7% in FY25, compared with the 33.3% phase-in previously; 2) an increase in the funding floor from 5% to 10% (UA is on the funding floor); and 3) updated base cost inputs for calculations from FY18 costs to FY22 costs.

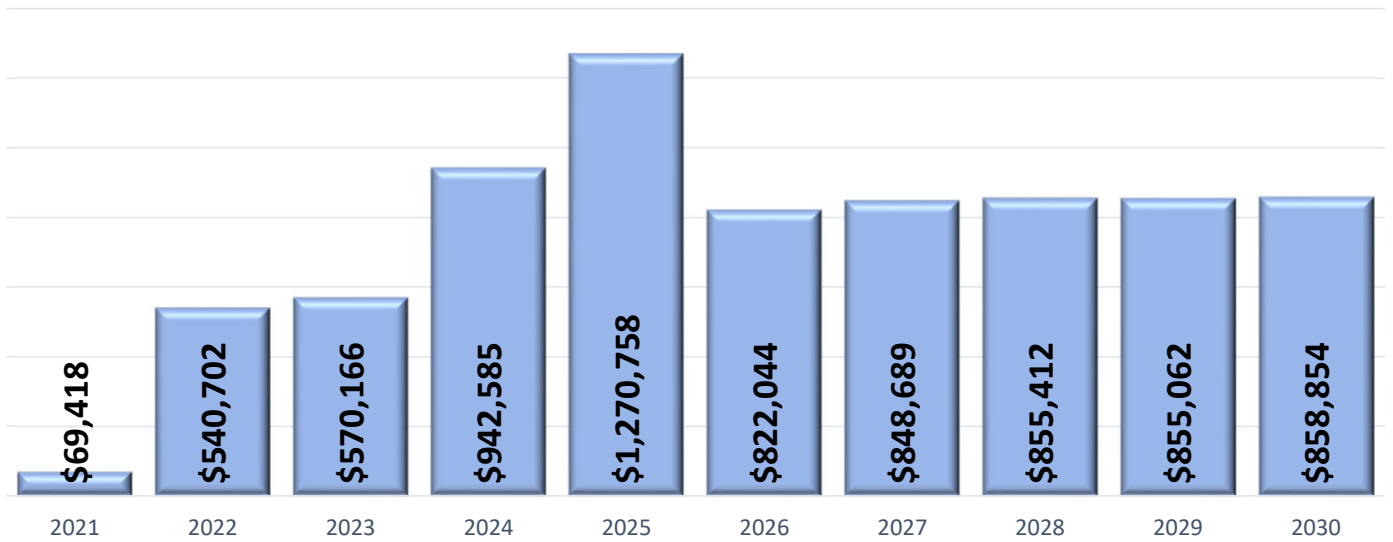
In June 2025, the State biennium budget covering FY26 and FY27 was approved. This budget continued the phase-in of the FSFP to 83.3% in FY25 and 100% in FY27; however, the base cost inputs for calculations remained at FY22 costs. For FY26 and FY27 the State Legislature implemented a performance supplemental based on the results of the State Report Card. The District anticipates receiving this supplemental (approximately \$400,000) annually through 2030, assuming State Report Card results similar to prior years.

1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted State Aid revenue accounts for 0.63% of total district general fund revenue.



Key Assumptions & Notes

Restricted State Aid is the portion of state per pupil funding that must be classified as restricted use. Restricted funds represent 0.63% of the district's total revenue. Starting in fiscal year 2022, the district's Success & Wellness funding became restricted; the state's share of this funding recorded as restricted is \$221,000. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

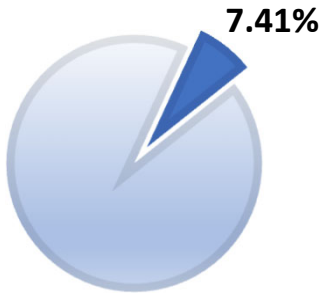
Also included in restricted funds are a partial reimbursement of specific student services costs. The district's student services cost reimbursement increased to \$388,000 in FY25 and is projected to reduce to \$325,000 in future years as more districts apply for these funds across that state which will reduce the reimbursement percentage.

In FY24, the district received a one-time allocation of approximately \$300,000 from the State to purchase English Language Art materials aligned with the Science of Reading.

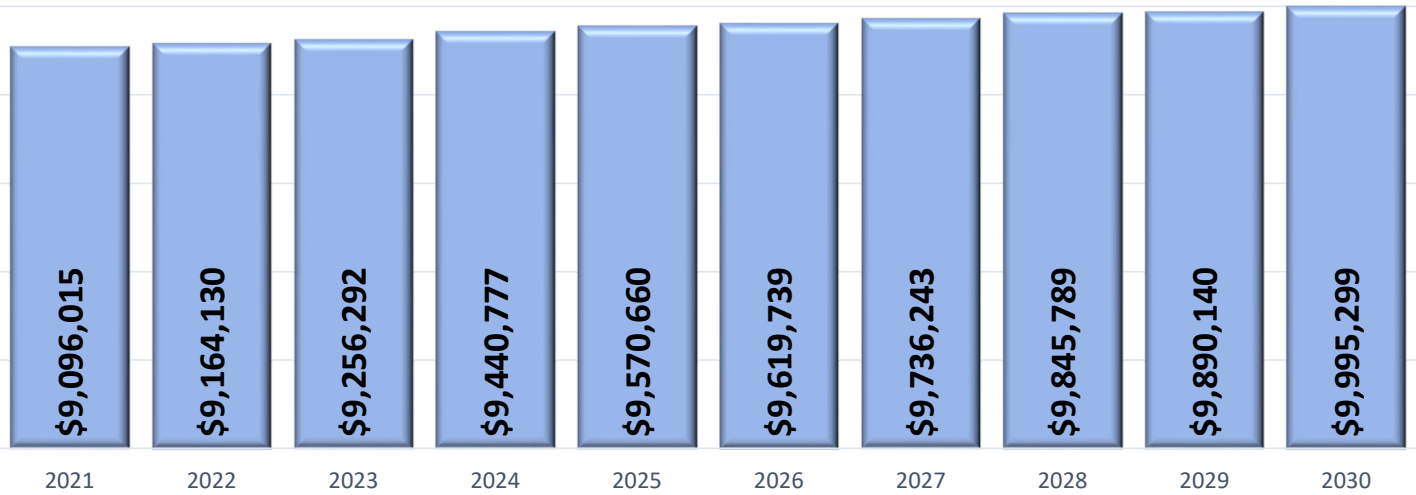
The district also received a one-time \$450,000 increase in FY25 for Science of Reading stipends from the State for staff members who complete required training.

1.050 - State Share of Local Property Taxes

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



State Share of Local Property Tax revenue accounts for 7.41% of total district general fund revenue.

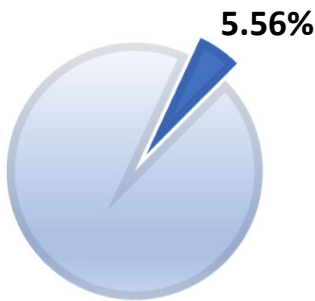


Key Assumptions & Notes

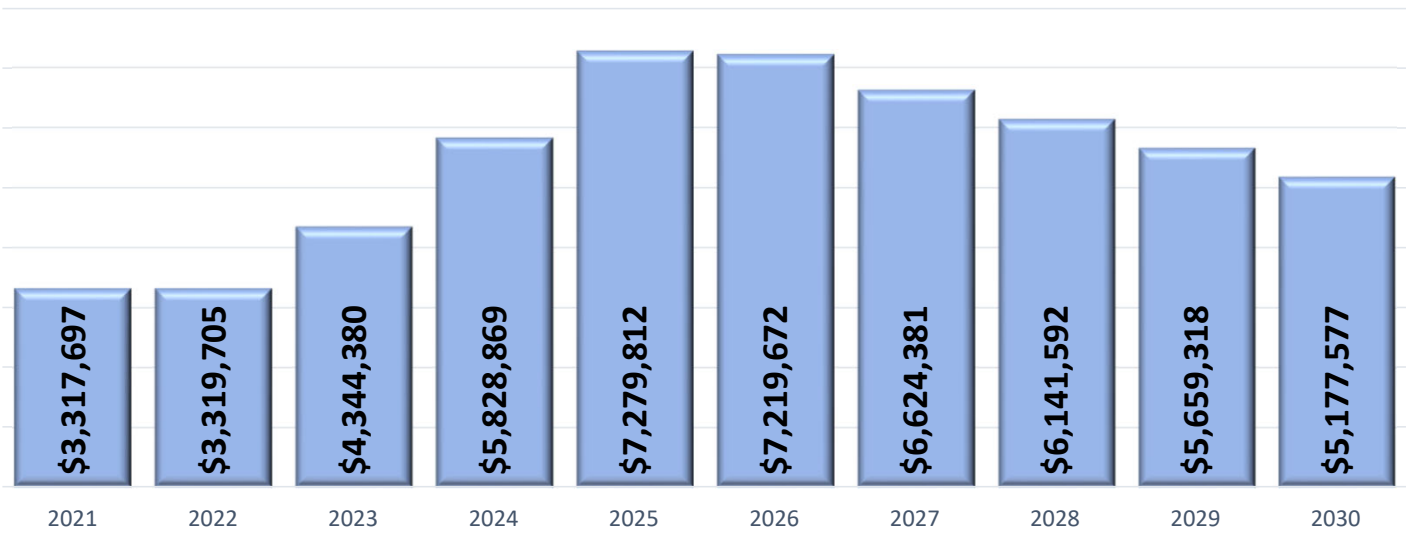
State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions to their tax bill. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In fiscal year 2026, approximately 8.9% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 0.6% will be reimbursed in the form of qualifying homestead exemption credits.

1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



All Other Revenue accounts for 5.56% of total district general fund revenue.



Key Assumptions & Notes

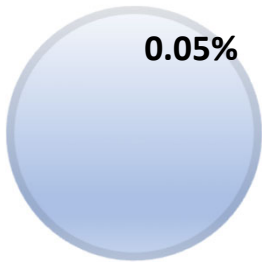
Other Revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$413,046. The projected average annual change is -\$420,447 through fiscal year 2030. Investment income has increased in FY2025 as interest rates and investment balances have increased. In FY2025, investment income earned was \$3,566,000 (\$423,000 in FY2022) and is projected to decrease \$500,000 annually starting in FY27 as interest rates and investment balances decrease.

Tax Incremental Financing (TIF) redirects routine property taxes to various projects. In most TIF cases, the District's portion of TIF collections is equal to property tax collections without a TIF; however, because the project is classified as a TIF, the District records the revenue separate from real estate taxes. In FY22, the District received TIF payments for 12 projects in the City of Upper Arlington. In FY23, the increase relates to an additional TIF and timing of payments, and FY24 was the start of another new TIF. The district is expecting another TIF to begin in FY26.

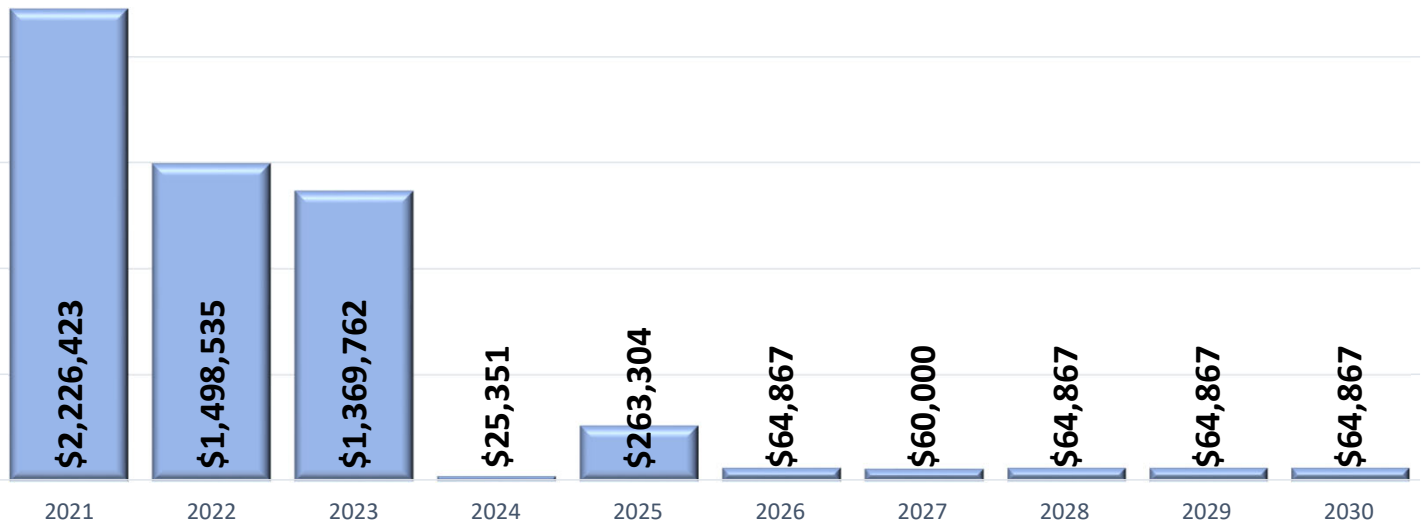
Actual FY23	Actual FY24	Actual FY25	Projected FY26	Projected FY27	Projected FY28	Projected FY29	Projected FY30
\$ 2,507,000	\$ 2,799,000	\$ 2,082,000	\$ 2,603,000	\$ 2,491,000	\$ 2,491,000	\$ 2,491,000	\$ 2,491,000

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



Other Sources of revenue accounts for 0.05% of total district general fund revenue.



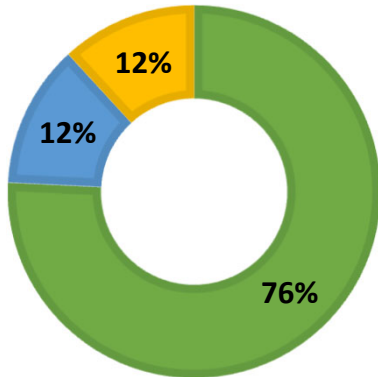
Key Assumptions & Notes

	FORECASTED					
	2025	2026	2027	2028	2029	2030
Transfers In	-	-	-	-	-	-
Advances In	249,272	34,867	30,000	34,867	34,867	34,867
All Other Financing Sources	14,033	30,000	30,000	30,000	30,000	30,000

Other Sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In 2025 the district receipted \$249,272 as advances-in and is projecting advances of \$34,867 in fiscal year 2026. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$30,000 in 2026 and average \$30,000 annually through 2030.

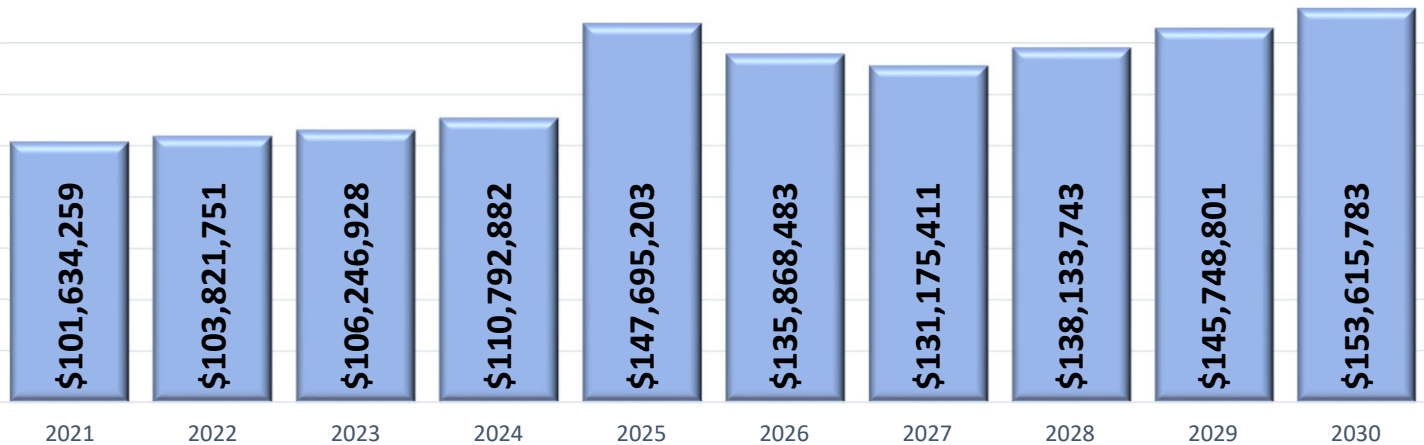
Expenditure Overview

Expenditure Categories



Personnel Costs	
Salaries	56.22%
Benefits	19.55%
Purchased Services	
Professional and Technical Services	7.93%
Utilities	1.57%
Repairs, Leases, Tuition, Contracts, Other	2.92%
All Other Expenditures	
Supplies, Capital, Debt, Other Obj	4.18%
Other Uses	7.63%

Annual Expenditures Actual + Projected



Historic Expenditures Change versus Projected Expenditures Change

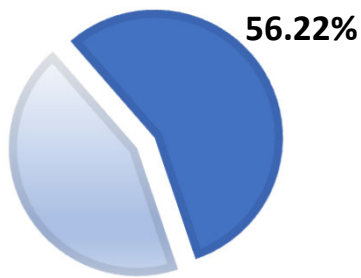
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Salaries	\$3,105,634	\$3,689,031	\$583,397	Expenditures increased by 9.27% (\$10,041,620 annually) during the past 5-year period, and are projected to increase by 0.95% (\$1,184,116 annually) through 2030. The forecast line with the most change on the expense side, Other Uses, is anticipated to be \$11,061,299 less per year in the projected period compared to historical averages. This is due to the one-time transfer of \$26.75 million made in FY25 - as discussed on page 3. Salaries are expected to increase compared with past years due to annual raises and additional staff required to meet programmatic needs. A portion of the benefits increase is directly related to salaries, and the remainder is due to higher increases in healthcare costs than in prior years.
Benefits	\$918,641	\$1,996,329	\$1,077,687	
Purchased Services	\$323,597	\$1,133,589	\$809,992	
Supplies & Materials	\$332,737	(\$44,969)	(\$377,706)	
Capital Outlay	(\$34,909)	\$18,304	\$53,213	
Intergov & Debt	\$0	\$0	(\$0)	
Other Objects	\$66,377	\$123,589	\$57,211	
Other Uses	\$5,329,542	(\$5,731,757)	(\$11,061,299)	
Total Average Annual Change	\$10,041,620	\$1,184,116	(\$8,857,504)	
	9.27%	0.95%	-8.32%	

For Comparison:
Revenue average annual change is projected to be >

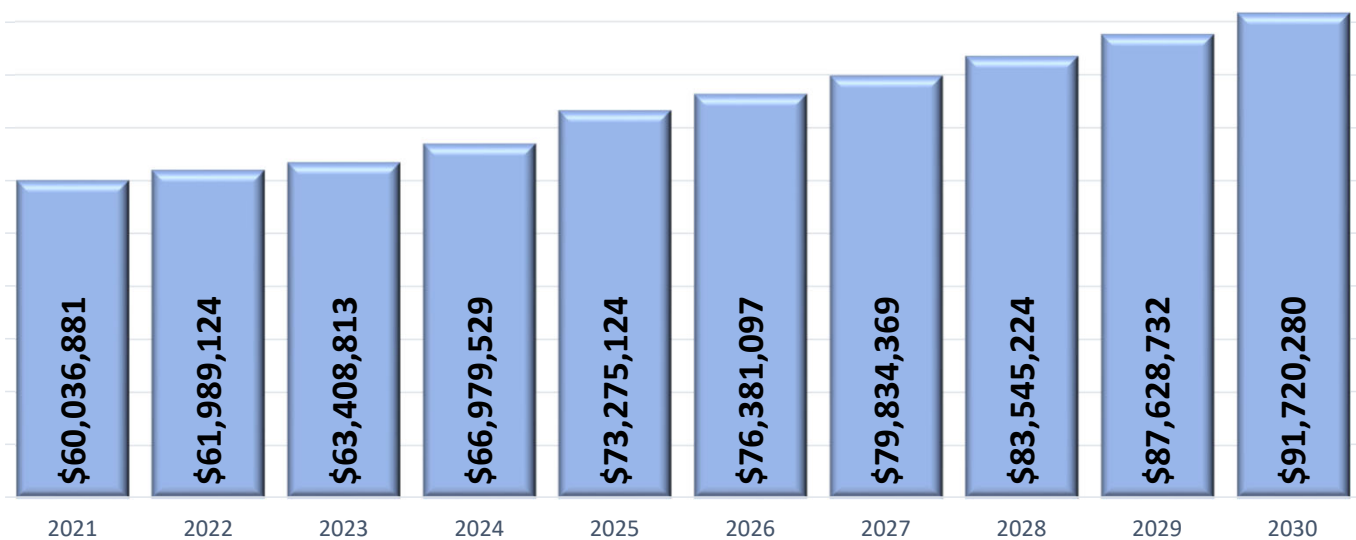
\$903,606 On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries account for 56.22% of the district's total general fund spending.



Key Assumptions & Notes

Salaries represent 56.22% of total expenditures and increased at a historical average annual rate of 4.91% (or \$3,105,634). This category of expenditure is projected to grow at an annual average rate of 4.59% (or \$3,689,031) through fiscal year 2030. The projected average annual rate of change is 0.31% less than the five year historical annual average.

In FY24, the district began operating its preschool special education program itself instead of contracting these services. This change added approximately 10 positions in FY24. Also in FY24, the district hired its four student service coordinators directly instead of contracting for these positions. These changes increased payroll and benefits but reduced purchased services costs in FY24.

In FY25, approximately 30 new positions started being paid out of the General Fund. The Federal ESSERS grant ended in FY24, requiring 13 positions to be brought into the General Fund. Approximately 13.5 positions were added for student services support (intervention specialists, multilingual learners, psychological services, occupational therapists and gifted support) and 5.4 positions were added due to increased enrollment.

In FY26, the number of new staffing positions were less than past years. The district added approximately 8.1 new positions to help with growth and programmatic changes.

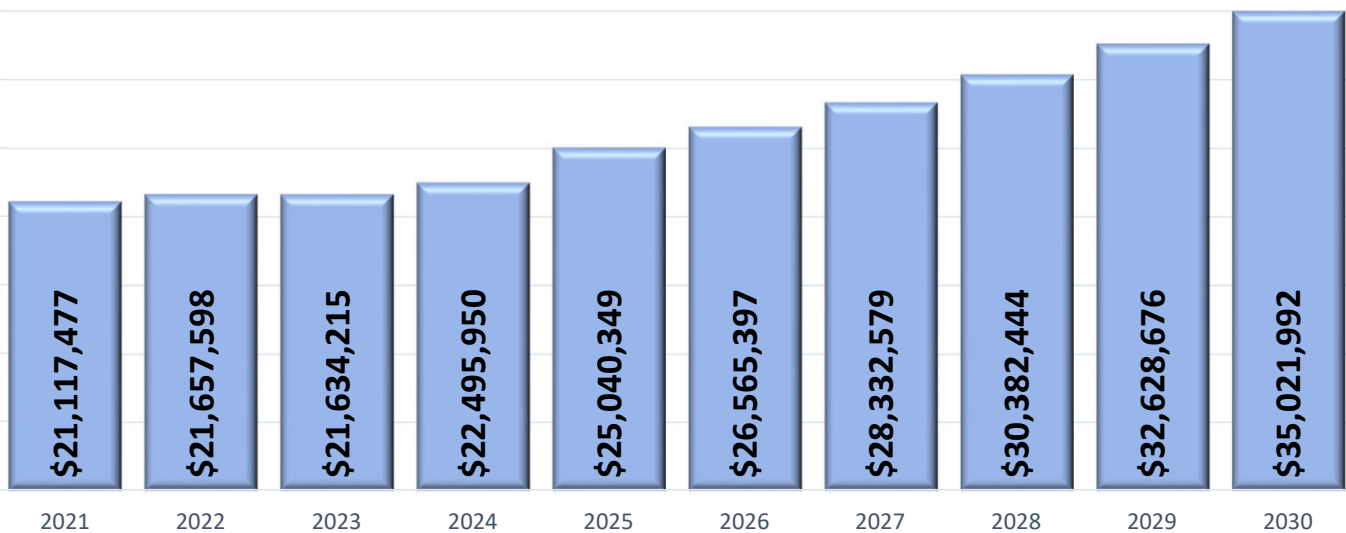
The teachers association contract includes increases on the salary schedule from July 2024 to June 2027, between 3.25% and 3.5%. The salary schedule for support personnel was changed in FY25 to be more aligned with the Central Ohio market. There was not a consistent percentage increase in FY25 as each position was evaluated separately. Salary increases on the salary schedule for support personnel are 2.75% for FY26 and 3% in FY27. In both of these contracts, automatic step increases occur (avg. 1.8% for teaching staff).

3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits account for 19.55% of the district's total general fund spending.



Key Assumptions & Notes

Benefits represent 19.55% of total expenditures and increased at a historical average annual rate of 4.20%. This category of expenditure is projected to grow at an annual average rate of 6.94% through fiscal year 2030. The projected average annual rate of change is 2.74% more than the five year historical annual average.

Insurance (50% of employees' benefit expenditures)

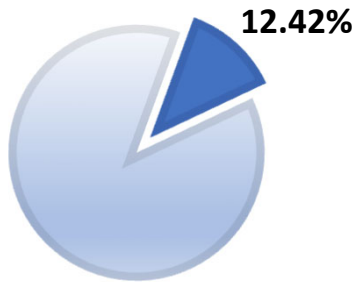
Annual health insurance renewals and future negotiated agreements will affect this category. The District is self-funded and offers a high-deductible medical insurance plan. On average, premium increases have been less than the industry trend. Due to plan changes, including the addition of co-insurance in 2020, and low claims, the District experienced no premium increase in 5 of the last 8 calendar years. The District's claims in 2024 were higher than anticipated, causing a 7.99% premium increase in 2025. Based on discussion with the actuaries and projected claim increases, the District has projected a 13.23% increase in calendar year 2026 and future medical insurance increases for calendar years 2027-2029 ranging between 8% and 10%. Additionally, the number of employees utilizing the insurance plans have increased with staffing. The District will continue to review insurance plans and processes for future savings.

Pension (46% of employees' benefit expenditures)

The Ohio Revised Code requires all districts to contribute 14% of total employees' payroll into a state pension system, i.e. State Teachers Retirement System (STRS) or School Employees Retirement System (SERS). Any fluctuations in payroll will have a direct impact on pension expenditures. See line 3.01 – Personnel Services for additional detail on payroll fluctuations.

3.030 - Purchased Services

Amounts paid for services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utility costs and other services which the school district may purchase.



Purchased Services account for 12.42% of the district's total general fund spending.



Key Assumptions & Notes

Purchased Services represent 12.42% of total expenditures and increased at a historical average annual rate of 2.39%. This category of expenditure is projected to grow at an annual average rate of 6.69% through fiscal year 2030.

This line includes items such as tuition owed to other private entities for district students attending programs for specific needs and support, transportation of pupils, property insurance, legal services, utilities, technology contracts/leases, substitutes, professional development and others. It also includes a contract with the Educational Service Center of Central Ohio (ESC) for staffing and various student programs related to special education.

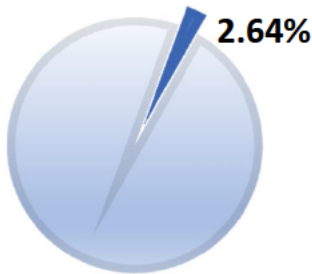
As mentioned earlier, in FY24 the District began operating its preschool special education program internally. These changes increased payroll/benefits but decreased purchased services from the ESC by approximately \$1.4 million. A portion of this decrease was offset by a larger than normal increase in contracted staffing costs (market driven) related to student services support staff. The District also contracts with the ESC for all classroom substitutes. This cost increases annually as staffing continues to grow in the District.

The District manages its utility costs through purchasing co-ops, which has led to consistency over the last several years. The District is locked into lower rates through FY25 due to previous contracts. However, once these contracts expire, the District will experience large increases in gas and electric costs. Electric is anticipated to increase 26% and gas 15% in FY26 and between 8% and 15% in future years.

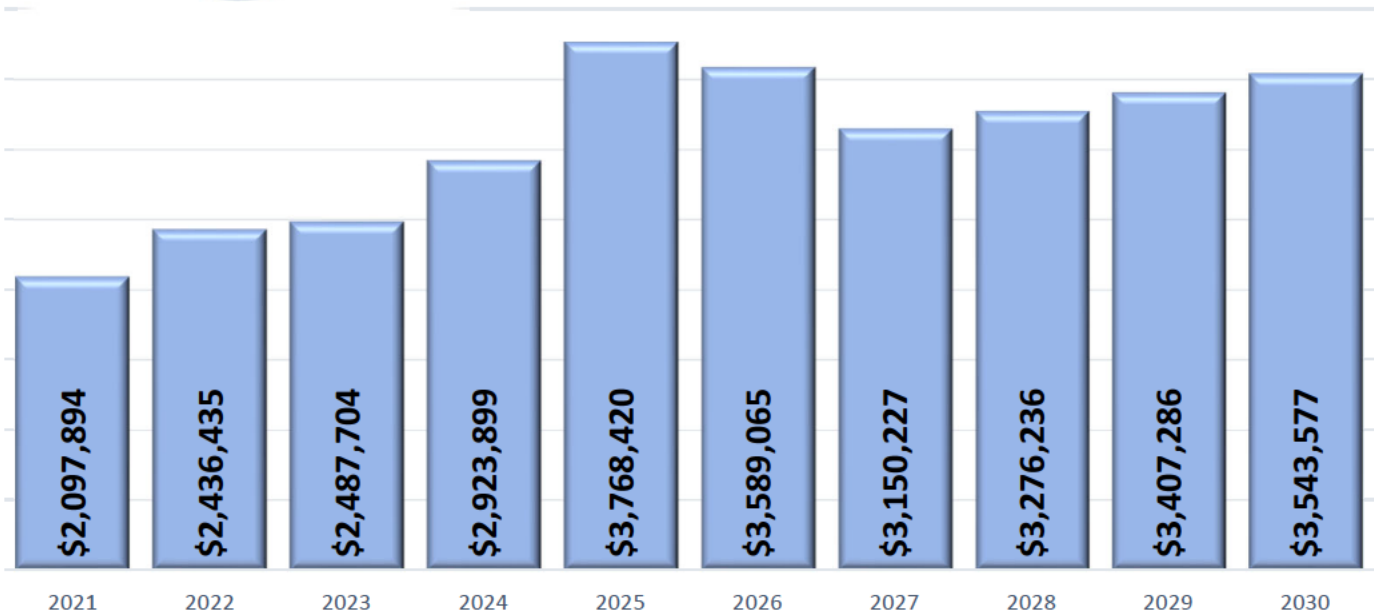
Estimates for tuition owed to private entities and cybersecurity contracts are expected to increase FY26 expenditures by approximately \$700,000.

3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies and Materials account for 2.64% of the district's total general fund spending.



Key Assumptions & Notes

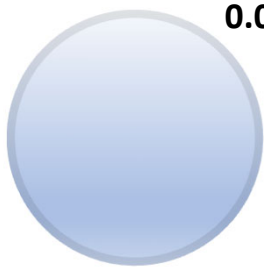
Supplies & Materials represent 2.64% of total expenditures and increased at a historical average annual rate of 12.87%. This category of expenditure is projected to decrease at an annual average rate of 1.00% through fiscal year 2030. The projected average annual rate of change is 13.86% less than the five year historical annual average.

These items include textbooks, software, instructional materials and building budget items that go toward classroom and office supplies, classroom equipment, and library materials. Software used for district operations is also included in this category (i.e. virus protection, human resources, fiscal, networking, etc.).

In the previous forecast, the district included a \$1 million budget line annually for new textbooks and other instructional resources necessary to support the outcome of curriculum reviews over a five-year cycle. In this forecast, the district eliminated the \$1 million budget for new resources in FY26 and beyond due to the inconsistent timing of payment for purchases during curriculum cycle reviews (i.e. not consistently spending \$1 million a year but fluctuating annually based on the subject being reviewed) and added a transfer out of \$5.5 million from the general fund to the permanent improvement fund in 2026. This transfer will allow funds to be available for new resources related to the curriculum cycle purchasing for the next five years regardless of the timing of payments.

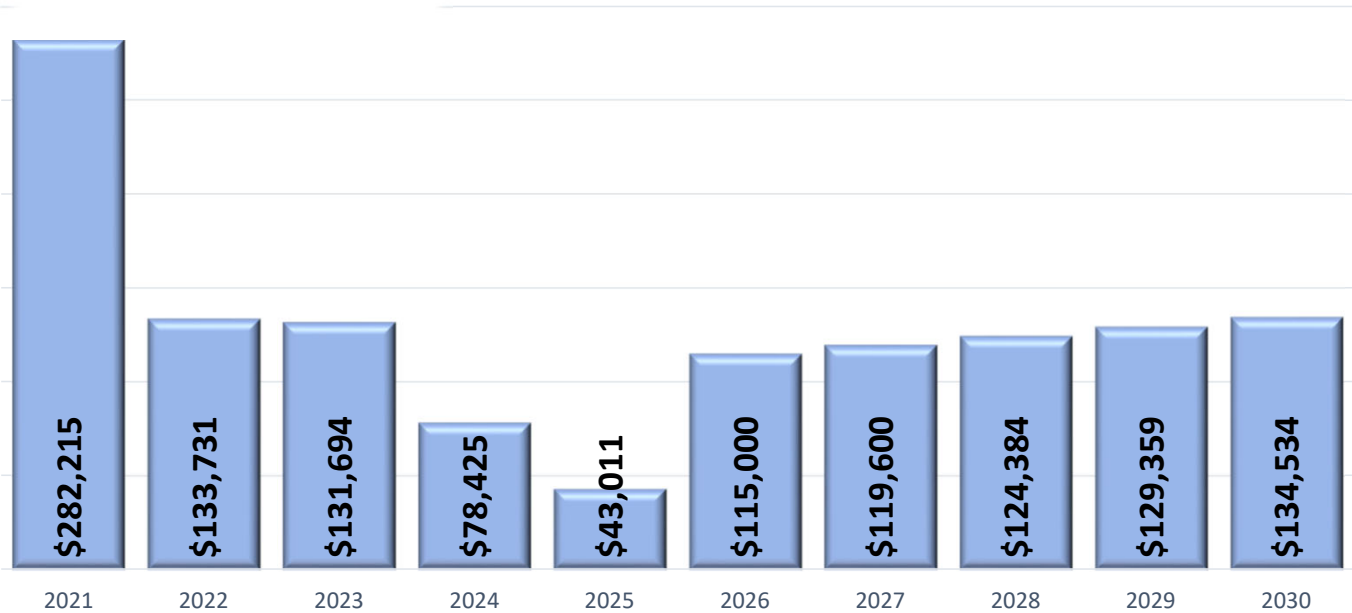
3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



0.08%

Capital Outlay account for 0.08% of the district's total general fund spending.



Key Assumptions & Notes

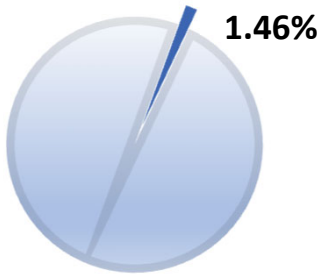
Capital Outlay represent 0.08% of total expenditures and decreased at a historical average annual amount of \$34,909. This category of expenditure is projected to grow at an annual average rate of \$18,304 through 2030. The projected average annual change is more than the five year historical annual average.

Most capital outlay expenditures for building improvements and maintenance are reported in the District's Permanent Improvement Fund, which is not included in the Forecast. This fund was created in 2007 thanks to the District's residents passing a 2.0 mill permanent improvement levy. These funds cannot be used for employees' salaries and benefits.

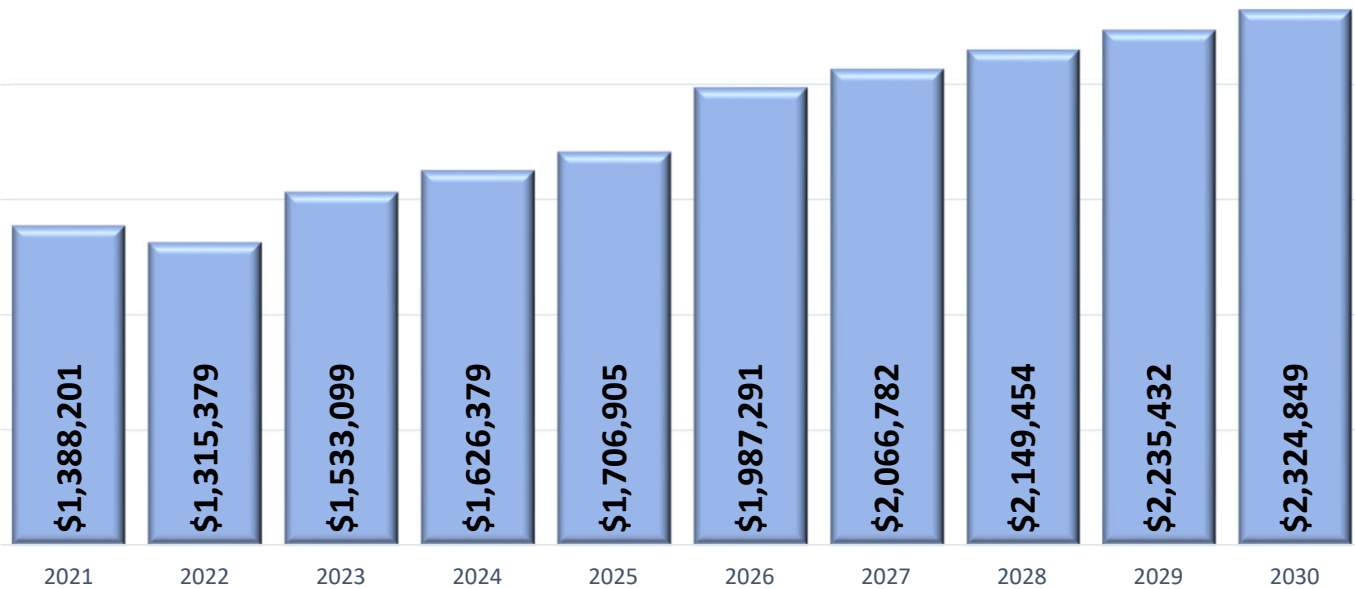
In addition, the District completed a \$230 million building project in FY22 that included a new high school, three new elementary buildings and two fully renovated elementary buildings. The bonds and construction expenses related to these projects are not included in the Forecast but in other district accounts.

4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects account for 1.46% of the district's total general fund spending.



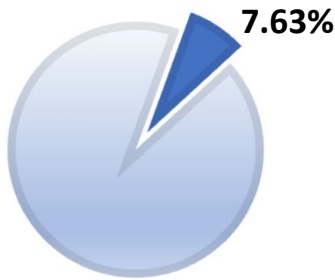
Key Assumptions & Notes

Other Objects represent 1.46% of total expenditures and increased at a historical average annual rate of 4.66%. This category of expenditure is projected to grow at an annual average rate of 6.49% through fiscal year 2030. The projected average annual rate of change is 1.83% more than the five year historical annual average.

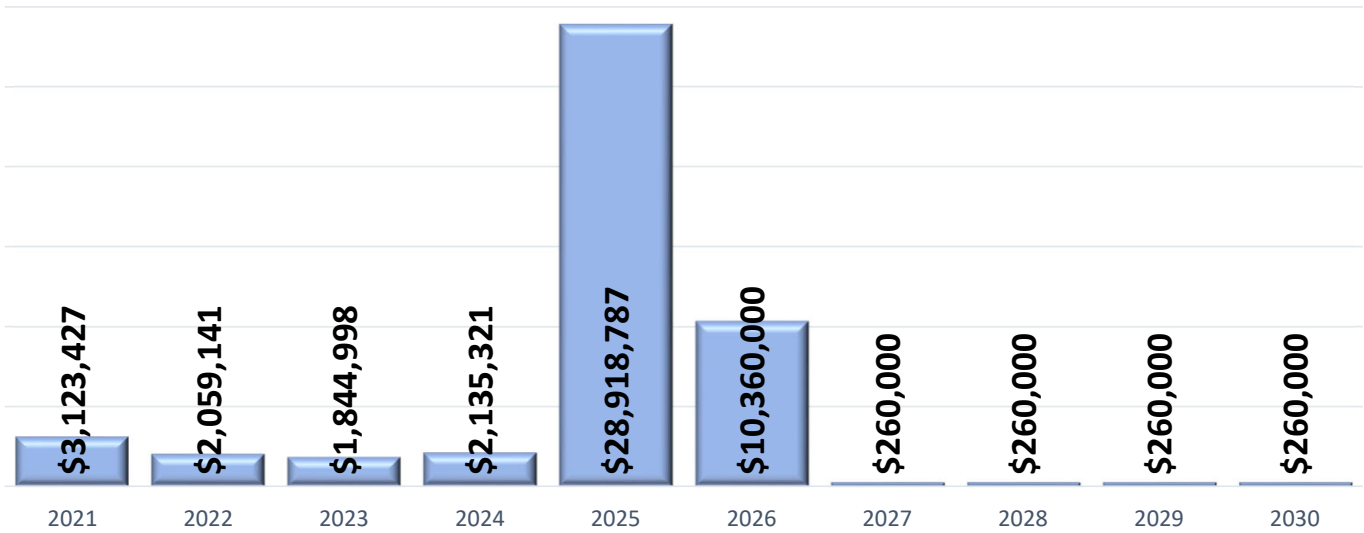
The primary item included in this category are the auditor and treasurer fees related to collection of property taxes.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



Other Uses account for 7.63% of the district's total general fund spending.



Key Assumptions & Notes

	FORECASTED					
	2025	2026	2027	2028	2029	2030
Transfers Out	28,883,921	10,330,000	230,000	230,000	230,000	230,000
Advances Out	34,867	30,000	30,000	30,000	30,000	30,000
Other Financing Uses	-	-	-	-	-	-

Other Uses include expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In 2025 the district had advances-out and has advances-out forecasted through fiscal year 2030. The district can also move general funds permanently to other funds, and as the schedule above presents, the district has transfers forecasted through fiscal year 2030. The table above presents the district's planned advances and transfers. The district can also have other uses of funds, which is reflected in the table above.

As mentioned previously, the district transferred \$26.75 million in FY25 due to pending legislation at the time that would cap carryover cash balances. The majority of this transfer was made by the Board of Education to capital project funds to help offset future costs of vehicles, technology and construction/repair costs. This is another example of the Board of Education planning ahead and protecting the district's assets.

Additionally, the district plans to transfer approximately \$10 million in FY26 to other funds to set aside for future purchases of curriculum resources (\$5.5 million) related to curriculum cycles (as discussed previously); future purchase of technology related to the district's one-to-one initiative (\$2.5 million) and future replacement costs (\$2 million) related to new HVAC systems, roofs and/or turf fields that will all come due around the same time since six buildings were opened within a year of each other.

UPPER ARLINGTON CITY SCHOOL DISTRICT
Five-Year Forecast Assumptions/Notes

Line 1.010 – Real Estate Tax

The three reasons real estate tax revenue increase are: a new levy, new construction and, to a lesser degree, appraisals.

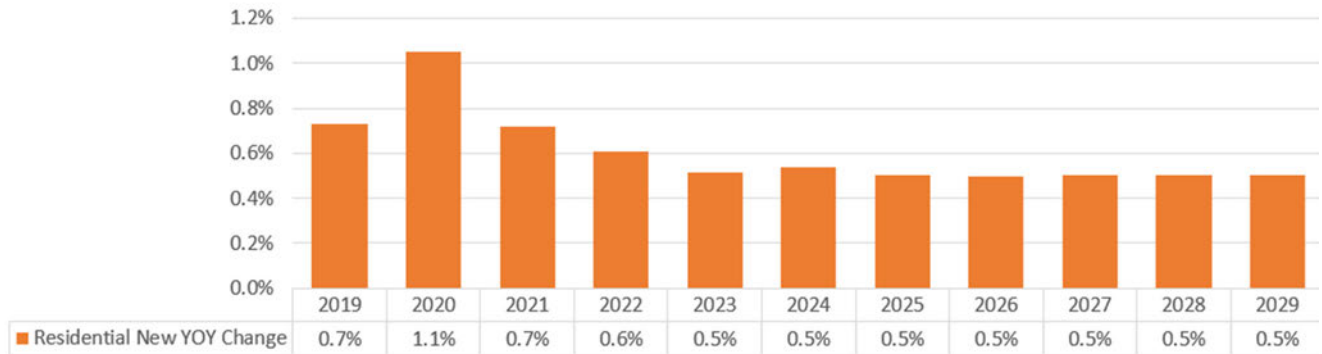
1) Levies

The District’s residents approved a new 6.9 mil operating levy in November 2022. This levy generated an additional \$16.1 million annually. Revenue collection for this levy started in calendar year 2023; thus, approximately half of the collection amount was recorded in FY23 and a full year of collection was reported in FY24.

2) New Construction

The District is landlocked with very few vacant lots; thus, the majority of residential new construction, which is minimal, consists of remodeling existing homes. Residential new construction has resulted in assessed valuation increasing between 0.30% and 1.28% since 2002. New construction reached a recent high in 2021 of 1.1%. New construction is projected to increase valuations by 0.5% per year in calendar years 2026-2029. An example of the limited impact of new construction is in calendar year 2025; new construction increased residential valuation by 0.54%, generating approximately \$541,000 of additional revenue (including the State’s amount for homestead and rollback).

YOY New Construction Change in Class I - Residential



*Tax years 2019-2025 are actual percentages and 2026-2029 are projections.

3) Appraisals

The County Auditor performs appraisals every three years. The latest appraisal by the county was conducted in the fall of 2023 and resulted in a 25.7% increase in residential valuation for calendar year 2024, which impacted FY24 and FY25. The next reappraisal will occur in fall of 2026 and impact FY27 and FY28. The District is forecasting a 10% increase in residential valuation for calendar year 2027.

Due to the number of valuation challenges filed by homeowners requesting decreases in valuation throughout the years, the District’s residential valuation is projected to decrease between 0.2% and 0.4% during non-appraisal years. (Collection year 2019 and 2020 valuation decreased 0.4% and 0.2%, respectively.) See the graph on next page for past fluctuations and future projections on appraisals. Additionally, as valuation challenges are finalized, the impact of the decision could generate one-time refunds related to prior year payments.

UPPER ARLINGTON CITY SCHOOL DISTRICT
Five-Year Forecast Assumptions/Notes

Line 1.010 – Real Estate Tax, continued

Overall, Upper Arlington continues to experience growth in property values. However, it is important to realize that increased or decreased valuation due to the appraisal process has little impact on the District’s revenue due to House Bill (HB) 920. In its simplest form, HB 920 means that as property values increase, most tax rates actually decrease for homeowners so districts receive the same revenue as the year before. The only exception to this rule is something called “inside millage,” which is a fixed millage rate that is legally provided for by the Ohio Constitution and is not related to tax issues provided by voters. The inside millage rate was set decades ago. For Upper Arlington, the inside millage rate is 5.65 mils. As property values increase, the District receives additional revenue generated from inside millage and as valuations decrease the District loses revenue. For example, the impact of a 10% increase in valuation due to the reappraisal in calendar year 2024 was approximately \$1.2 million (including the State’s amount for Homestead and Rollback credits), not a 10% increase in total residential tax revenue.

This graph illustrates the historical and future projections of inflationary increases on residential valuations.



*Tax years 2019-2025 are actual percentages and 2026-2029 are projections.

Collections

The District typically receives 58% of its commercial property taxes in the first half of the collection year (i.e. March) and 42% in the second half of the collection year (i.e. September). Even though this is one collection year, it splits between fiscal years. For collection year 2024, this trend unexpectedly changed due to timing of payments by businesses. Only 49% of the commercial property taxes were received in the first half of the year, and 51% were received in the second half of the year. This led to property taxes being understated by approximately \$850,000 in FY24 and overstated by \$850,000 in FY25.

For collection year 2025, it appears the timing of payments is again not consistent with the past but this time it relates to residential property. Only 53.47% (typically 55.5%) of the residential property taxes were received in the first half of the year, and 46.53% is expected in the second half of the year. This timing difference led to property taxes being understated by approximately \$1.6 million in FY25 and overstated by \$1.6 million in FY26.

This change in payment pattern is not expected to occur in future collection years.