

Upper Arlington City School District

Fiscal Year
2027
August

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

The Financial Forecast (Forecast) is required to be completed twice a year (August and February) for the General Fund and submitted to the Ohio Department of Education. Assumptions contained in this Forecast are based on information that is deemed the best available as of the time of preparation. Actual amounts may differ significantly from those contained in the Forecast. All school districts in the state of Ohio report on a fiscal year. A fiscal year (FY) begins July 1st and ends June 30th. For example, FY26 began July 1, 2025, and will end June 30, 2026. This Forecast includes the general operating fund of the District, called the General Fund. The years included on the graphs are fiscal years.

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 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031
Revenue:								
1.010 - General Property Tax (Real Estate)	97,263,587	99,552,920	101,652,759	100,977,792	101,893,618	102,310,661	102,743,851	103,873,284
1.020 - Public Utility Personal Property	4,001,107	3,832,639	4,060,211	3,964,604	4,019,102	4,039,229	4,059,469	4,079,765
1.035 - Unrestricted Grants-in-Aid	5,581,956	6,406,930	7,840,323	8,663,779	8,842,174	8,856,643	8,944,246	9,019,320
1.040 - Restricted Grants-in-Aid	942,585	1,270,758	703,063	849,320	841,700	826,424	815,196	812,655
1.050 - State Share of Local Property Taxes	9,440,777	9,570,660	9,614,133	9,729,246	9,829,764	9,874,143	9,920,277	9,943,399
1.060 - All Other Operating Revenues	5,828,869	7,279,812	7,626,026	6,576,381	6,018,322	5,758,520	5,355,925	4,855,925
1.070 - Total Revenue	123,058,881	127,913,719	131,496,515	130,761,122	131,444,680	131,665,620	131,838,964	132,584,348
Other Financing Sources:								
2.040 - Transfers-In	-	-	-	-	-	-	-	-
2.050 - Advances-In	2,721	249,272	34,867	9,025	30,000	30,000	30,000	30,000
2.060 - All Other Financing Sources	22,630	14,033	7,568	30,000	30,000	30,000	30,000	30,000
2.070 - Total Other Financing Sources	25,351	263,305	42,435	39,025	60,000	60,000	60,000	60,000
2.080 - Total Revenues and Other Financing Sources	123,084,232	128,177,024	131,538,950	130,800,147	131,504,680	131,725,620	131,898,964	132,644,348
Expenditures:								
3.010 - Personnel Services	66,979,529	73,275,124	76,055,185	79,411,200	82,979,000	86,952,000	91,180,000	95,438,000
3.020 - Employees' Retirement/Insurance Benefits	22,495,950	25,040,349	26,575,599	28,026,600	30,274,000	32,537,000	35,011,000	37,661,000
3.030 - Purchased Services	14,553,379	14,942,607	16,025,461	17,533,800	18,476,000	19,497,000	20,598,000	21,783,000
3.040 - Supplies and Materials	2,923,899	3,768,420	3,231,046	3,866,000	4,005,000	4,165,000	4,332,000	4,505,000
3.050 - Capital Outlay	78,425	43,011	71,441	195,000	202,000	210,000	218,000	218,000
4.300 - Other Objects	1,626,379	1,706,905	1,700,256	1,758,000	1,828,000	1,901,000	1,978,000	2,057,000
4.500 - Total Expenditures	108,657,561	118,776,416	123,658,988	130,790,600	137,764,000	145,262,000	153,317,000	161,662,000
Other Financing Uses								
5.010 - Operating Transfers-Out	1,886,050	28,883,921	10,087,675	230,000	230,000	230,000	230,000	230,000
5.020 - Advances-Out	249,272	34,867	9,025	30,000	30,000	30,000	30,000	30,000
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	2,135,322	28,918,788	10,096,700	260,000	260,000	260,000	260,000	260,000
5.050 - Total Expenditures and Other Financing Uses	110,792,883	147,695,204	133,755,688	131,050,600	138,024,000	145,522,000	153,577,000	161,922,000
Excess of Rev & Other Financing Uses Over (Under)								
6.010 - Expenditures and Other Financing Uses	12,291,349	(19,518,180)	(2,216,738)	(250,453)	(6,519,320)	(13,796,380)	(21,678,036)	(29,277,652)
Cash Balance July 1 - Excluding Proposed Renewal/								
7.010 - Replacement and New Levies	54,085,995	66,377,344	46,859,164	44,642,426	44,391,973	37,872,653	24,076,273	2,398,237
7.020 - Cash Balance June 30	66,377,344	46,859,164	44,642,426	44,391,973	37,872,653	24,076,273	2,398,237	(26,879,415)
8.010 - Estimated Encumbrances June 30	952,220	965,124	965,124	950,000	950,000	950,000	950,000	950,000
15.010 - Unreserved Fund Balance June 30	65,425,124	45,894,040	43,677,302	43,441,973	36,922,653	23,126,273	1,448,237	(27,829,415)
Board of Education - Budget Reserve	27,164,000	29,694,000	30,915,000	32,698,000	34,441,000	36,316,000	38,329,000	40,416,000
Unreserved Fund Balance June 30 (after budget reserve)	38,261,124	16,200,040	12,762,302	10,743,973	2,481,653	(13,189,727)	(36,880,763)	(68,245,415)

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Forecast Overview

Upper Arlington City School District

Bond and Operating Levy

A decade after the community initially embarked on a facilities master planning process for its schools, the community came together again over the past two years to plan a path forward for its three remaining aging buildings. After this extensive master planning process and extending the timing of an operating levy by an additional year, the district will return to voters on November 3, 2026, ballot with a combined operating levy and bond issue. The \$273.5 million bond issue would fund the second phase of the master plan, while the 4.9-mill operating levy would provide funding to maintain the district's educational programs, services, and daily operations.

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.

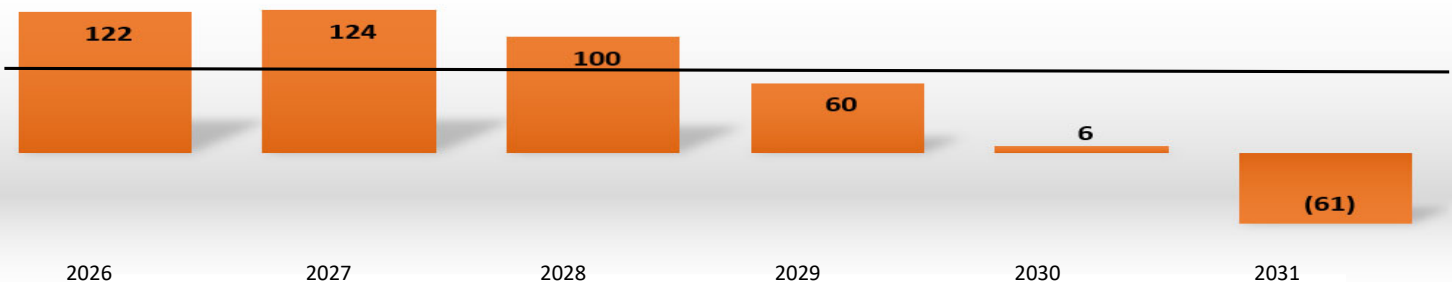
The Ohio Department of Education and Workforce's (ODEW) forecast template does NOT include a line to report Board approved budget reserve amounts such as this. **Thus, the unreserved fund balance amounts listed in line 15.010 of the forecast are misleading. Below are the unreserved fund balances the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

	Actual	FORECASTED				
	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031
15.010 - Unreserved Fund Balance June 30	\$ 43,677,302	\$ 43,441,973	\$ 36,922,653	\$ 23,126,273	\$ 1,448,237	\$ (27,829,415)
Less: Board of Education - Budget Reserve	\$ (30,915,000)	\$ (32,698,000)	\$ (34,441,000)	NA	NA	NA
Unreserved Fund Balance June 30	\$ 12,762,302	\$10,743,973	\$ 2,481,653			

In FY29 the district cannot meet its 25% (or approximately 90 days) of annual expenditures reserve policy. 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. As discussed above, the district's next operating levy request will be November 2026, a year later than originally shared with the community. 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.

NA - Not applicable as the the required budget reserve exceeds the unreserved fund balance

Days of Cash on Hand at Fiscal Year-end



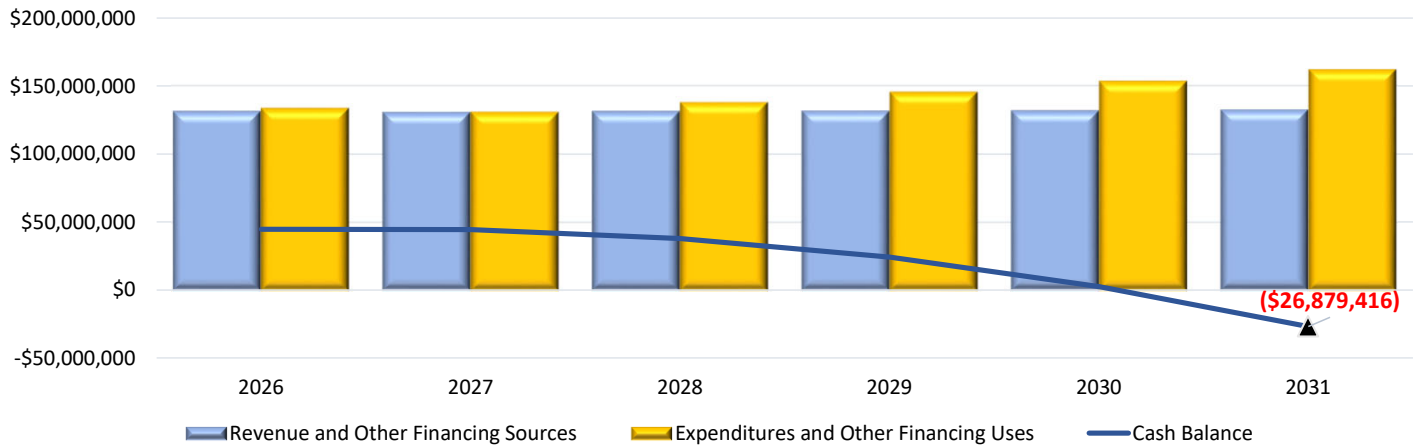
*based on 365 days

— Board approved 90 day reserve

Forecast Summary

Upper Arlington City School District

Projected Revenue, Expenditures, and Cash Balance



Financial Forecast Summary (Cash basis)

	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031
Beginning Balance (Line 7.010)	44,642,426	44,391,973	37,872,653	24,076,273	2,398,236
+ Revenue and Other Financing Sources	130,800,147	131,504,680	131,725,620	131,898,964	132,644,348
- Expenditures and Other Financing Uses	(131,050,600)	(138,024,000)	(145,522,000)	(153,577,000)	(161,922,000)
= Revenue Surplus or Deficit	(250,453)	(6,519,320)	(13,796,380)	(21,678,036)	(29,277,652)
Line 7.020 Ending Balance	44,391,973	37,872,653	24,076,273	2,398,236	(26,879,416)

Expenditure growth is projected to outpace revenue change. By the end of FY31, the cash balance is projected to decline by \$71,521,842 compared with FY26. Starting in FY27 and beyond, expenditures and other financing uses are projected to exceed revenue and other financing sources, resulting in a cash shortfall in 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 6.04% (\$6,604,315 annually). However, it is projected to increase by 0.17% (\$221,080 annually) through FY31. Notably, Real Estate revenue is expected to be \$3,648,199 lower per year than historical averages, as projected revenue from 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 7.40% (\$7,253,717 annually) during the past 5-year period and are projected to increase by 3.94% (\$5,633,262 annually) through FY31. The forecast line with the greatest change on the expense side, Other Uses, is projected to be \$3,532,464 lower per year over the projected period than historical averages. This is due to the one-time transfer of \$26.75 million in FY25.

The graph above illustrates the district's financial position with NO reserves for the next five years, based on the projections and assumptions in this forecast (see the 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. In July 2026, the Board of Education approved a resolution to place its next operating levy request on the November 2026 ballot, which would help address the declining cash balance.

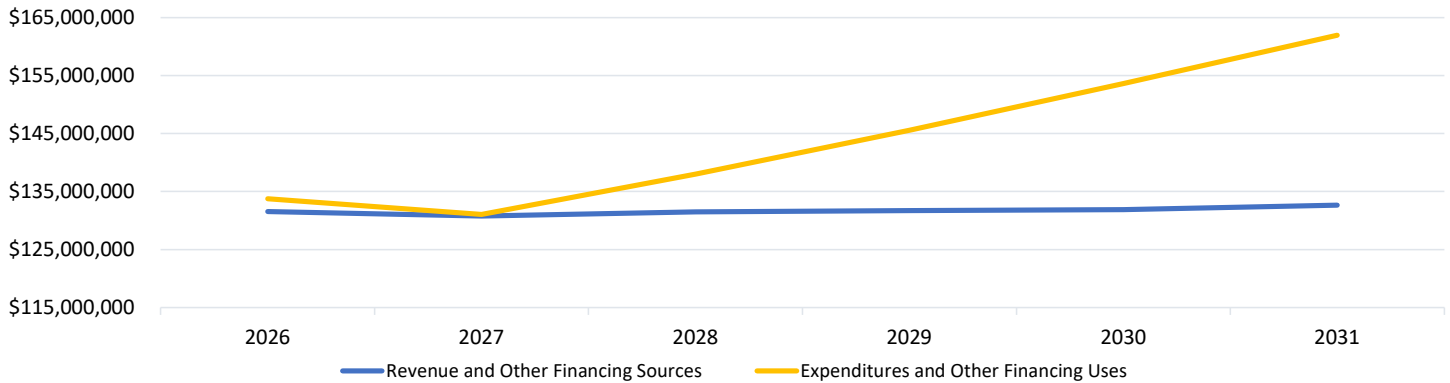
The graph depicts a typical levy cycle: revenue initially exceeds expenditures in the first few years after a new levy is approved, then expenditures exceed revenue. The district typically requests a new property tax operating levy every three years; however, this time will be four years. Future levies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

See the detailed trends and explanations on the following pages.

Forecast Analysis

Upper Arlington City School District

Revenue Compared to Expenditures



From 2027 to 2031, the average change in revenue and other financing sources annually is 0.17%

Expenditure change is expected to outpace revenue change.

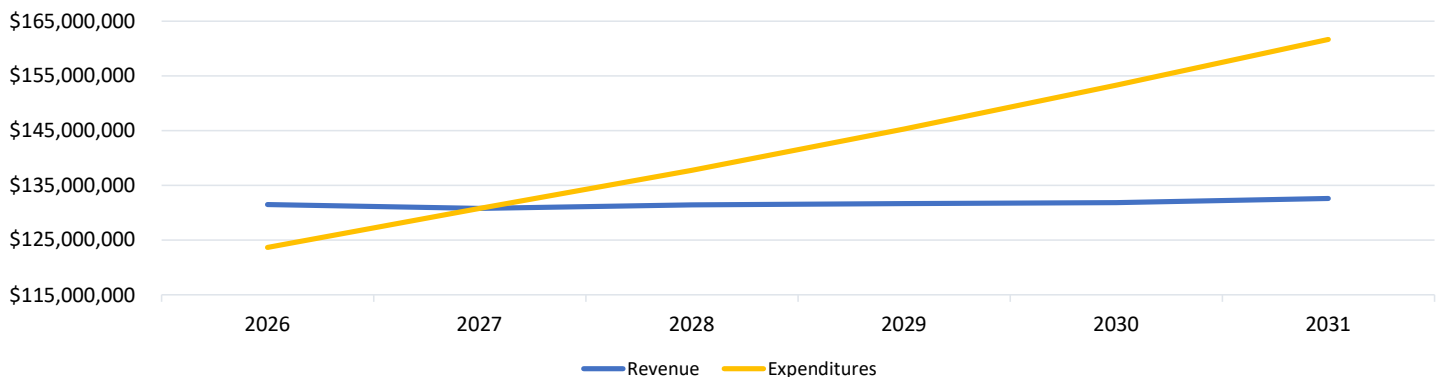
From 2027 to 2031, the average change in expenditures and other financing uses annually is 3.94%

Explanation of Graphs

The graph above does not reflect the normal levy or expenditure cycle because it includes Other Financing Uses. In FY26, the Board approved one-time transfers of \$10,000,000 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 first phase of the master plan starting in 2018 (see page 26 for more details). The district does not anticipate this amount of transfers in future years.

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

Revenue Compared to Expenditures



Forecast Analysis

Upper Arlington City School District

Forecast Risks and Uncertainty

We have estimated revenues and expenditures based on the best data available to us at the time of this forecast. Any financial forecast has inherent risks and uncertainty, especially in the 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 property values continue to grow, this will eventually impact the affordability for prospective homebuyers and could eventually impact property values.

* Enrollment growth - As noted below, the district expects enrollment growth through 2031. The district uses a third-party for enrollment projections. If actual enrollment is materially different than enrollment projections, staffing projections could be impacted.

* Legislation - The legislature has introduced many bills regarding changes in property taxes and carryover balances over the last couple of years. To date, the passed legislation has only minimally impacted our district; however, any broad change to property tax calculations could impact future revenue projections. Additionally, a group is seeking a ballot initiative to eliminate property taxes in Ohio. The district assumes the current law regarding property taxation continues throughout this forecast.

* Economy - In past years, the State of Ohio experienced economic growth, allowing for the additional phasing-in of the state funding formula. However, should the economy experience a downturn, 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 various support positions. Additionally, the district will be negotiating with its two unions in calendar year 2027.

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 FY27-31 was obtained from the Enrollment Projections Report compiled by Woolpert and dated April 3, 2025. The enrollment in FY26 is the district's actual enrollment as of May 2026.

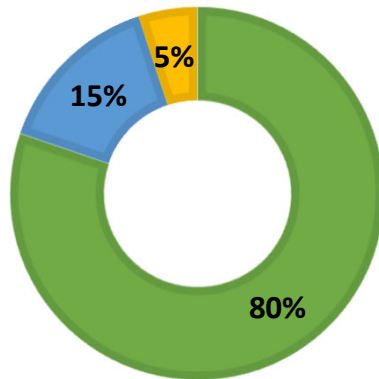
	Actual FY25	Actual FY26	Projected FY27	Projected FY28	Projected FY29	Projected FY30	Projected FY31
K-12 Total	6,455	6,389	6,460	6,550	6,540	6,590	6,620
% growth	1.7%	-1.0%	1.1%	1.4%	-0.2%	0.8%	0.5%

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

Upper Arlington City School District

Revenue Sources

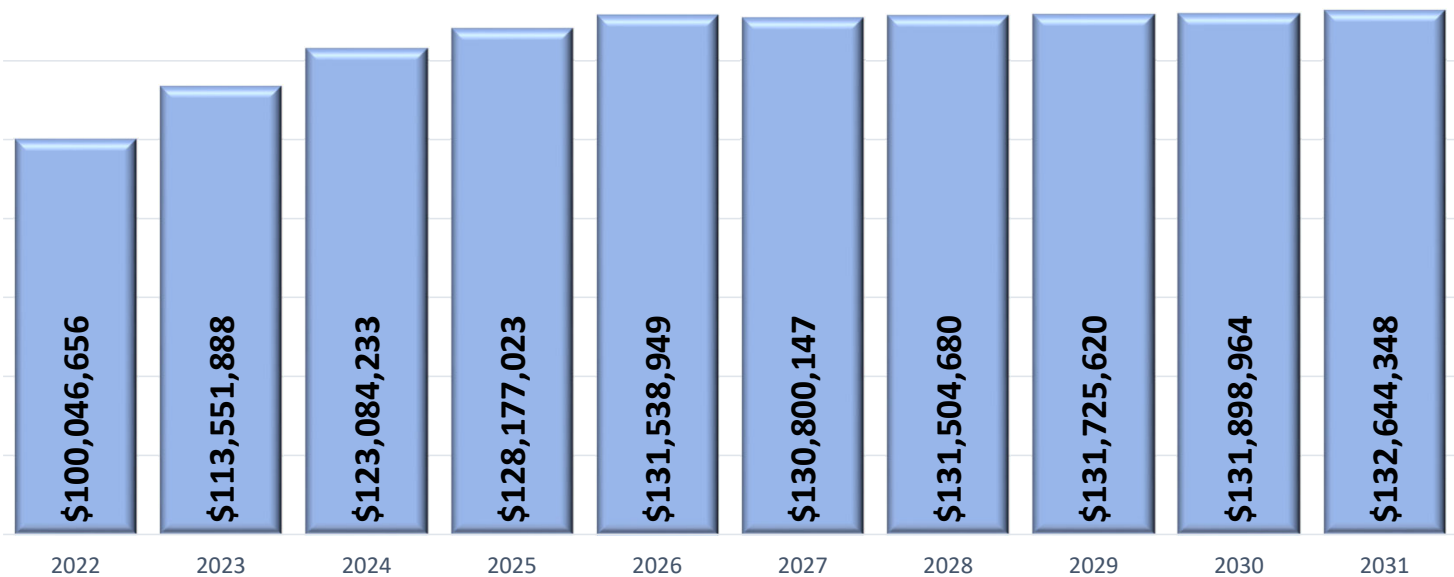


Local Taxes	
Real Estate Tax	77.20%
Public Utility Tax	3.03%
Income Tax	0.00%

State Sources	
State Funding	6.62%
Restricted Aid	0.65%
State Reimb Prop Tax Credit	7.44%

All Other Revenue	
Other Revenue	5.03%
Other Sources	0.03%

Annual Revenue Actual + Projected



Historic Revenue Change versus Projected Revenue Change

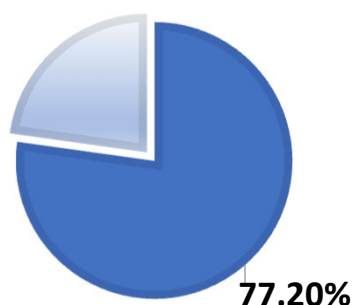
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	
Real Estate	\$4,875,250	\$444,105	(\$4,431,145)	Over the past five years, revenue increased by 6.04% (\$6,604,315 annually). However, it is projected to increase by 0.17% (\$221,080 annually) through FY31. Notably, Real Estate is expected to be \$4,431,145 lower per year than historical averages, as projected revenue from new levies is not included in the balances above until the levy is approved by the community.
Public Utility	\$200,728	\$3,911	(\$196,817)	
Income Tax	\$0	\$0	\$0	
State Funding	\$947,066	\$257,718	(\$689,348)	State funding is not expected to increase at the historical average rate because a new funding plan was implemented in FY22 and is being phased in through FY27.
State Reimb Prop Tax Credits	\$119,327	\$65,853	(\$53,474)	
All Othr Op Rev	\$482,289	(\$554,020)	(\$1,036,309)	
Other Sources	(\$20,345)	\$3,513	\$23,858	All other operating revenue is not expected to increase as much in future years due to the projected decline in interest income as rates and cash balances decrease.
Total Average Annual Change	\$6,604,315	\$221,080	(\$6,383,235)	
	6.04%	0.17%	-5.87%	

For Comparison:
Expenditure average annual change is projected to be > \$5,633,262

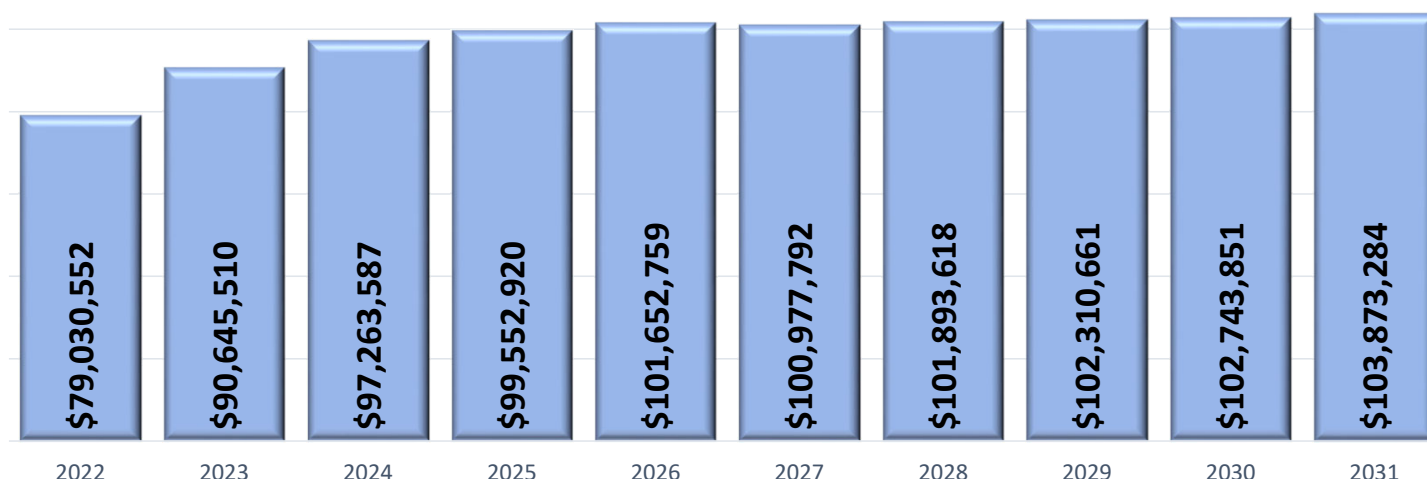
On an annual average basis, expenditures are projected to grow faster than revenue.

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 77.20% 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	
2025	2,903,262,895	(14,960,775)	37.23	-	51.82	-	99.0%
2026	3,137,759,895	234,497,000	34.96	(2.27)	49.41	(2.41)	99.0%
2027	3,139,933,895	2,174,000	35.08	0.12	49.59	0.18	99.0%
2028	3,148,393,895	8,460,000	35.14	0.06	49.67	0.09	99.0%
2029	3,156,880,895	8,487,000	35.20	0.06	49.76	0.09	99.0%
2030	3,388,868,895	231,988,000	33.26	(1.93)	47.66	(2.10)	99.0%

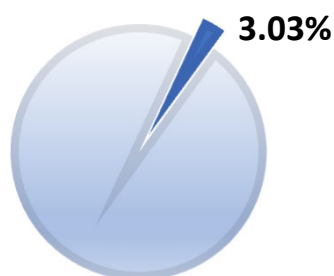
Class I, or residential/agricultural taxes, make up approximately 89.97% of the real estate property tax revenue. The Class I projected tax rate is 34.96 mills in tax year 2026. The projections reflect an average gross collection rate of 99.0% annually through tax year 2030. The revenue changed at an average annual historical rate of 5.75% and is projected to change at an average annual rate of 0.43% through FY31. This difference is due to projected revenue from new levies, which is not included in the balances above until the levies are approved by the community.

SEE APPENDIX FOR MORE DETAILS ON KEY ASSUMPTIONS IMPACTING PROPERTY TAXES

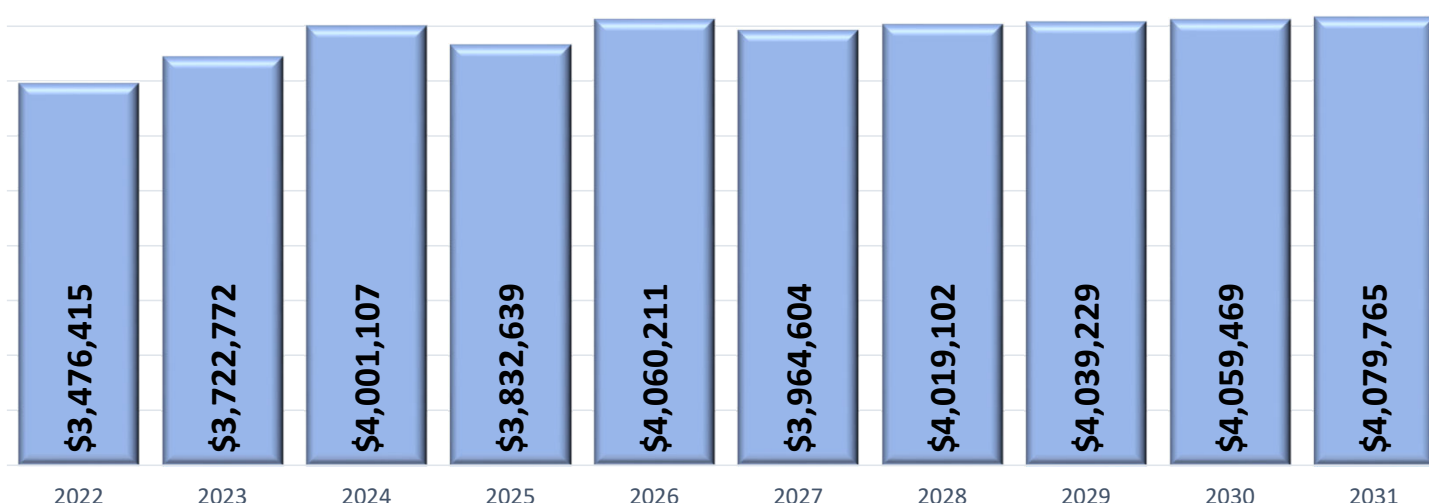
The district records all Tax Incremental Financing (TIF) and Payment in Lieu of Tax (PILOT) receipts in Other Revenue. Property values recorded in the TIF area are reclassified, and revenue generated from these areas is reported as "Other Revenue" instead of "Real Estate Tax." See note Line 1.06 – All 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 3.03% of total district general fund revenue.



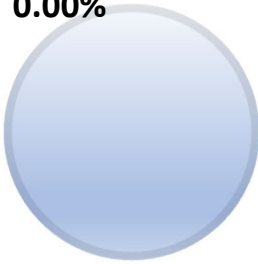
Key Assumptions & Notes

Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2025	39,246,832	(401,178)	112.76	-	100.0%
2026	35,554,740	(3,692,092)	112.76	-	100.0%
2027	35,732,740	178,000	112.76	-	100.0%
2028	35,911,740	179,000	112.76	-	100.0%
2029	36,091,740	180,000	112.76	-	100.0%
2030	36,271,740	180,000	112.76	-	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 2026 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 \$200,728 and is projected to change at an average annual dollar amount of \$3,911 through FY31. This difference is also due to projected revenue generated by new levies, which is not included in the balances above until the levy is approved by the community.

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.

0.00%

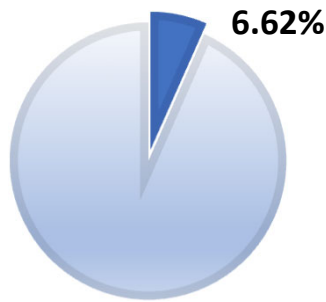


\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	2023	2024	2025	2026	2027	2028	2029	2030	2031

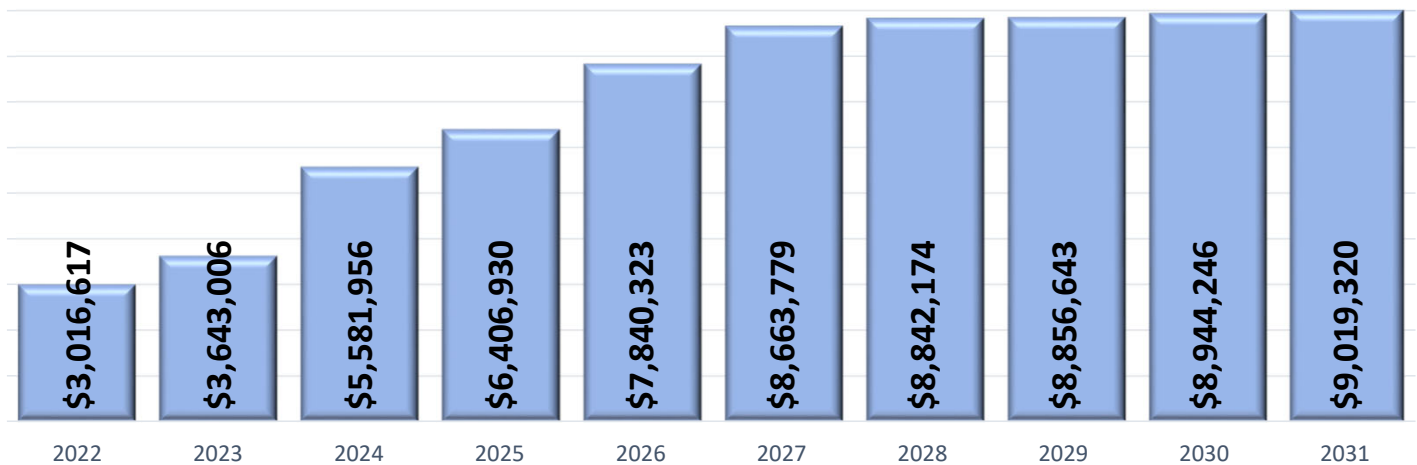
The district does not have an income tax levy.

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



Unrestricted State Aid revenue accounts for 6.62% of total district general fund revenue.



Key Assumptions & Notes

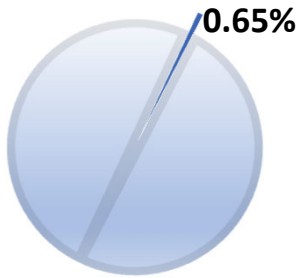
Beginning in FY22, the state adopted the Fair School Funding Plan (FSFP). Funding is driven by a base-cost methodology that incorporates four components identified as necessary for the education process. The base cost is currently calculated over two years using a statewide average derived from historical actual data. For Upper Arlington Schools, the projected total calculated base cost is approximately \$52,060,000 in FY27. The state's share of the total calculated base cost is 5,252,000, or \$812 per pupil. With this new base-cost methodology, the district's state revenue 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, increasing 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.

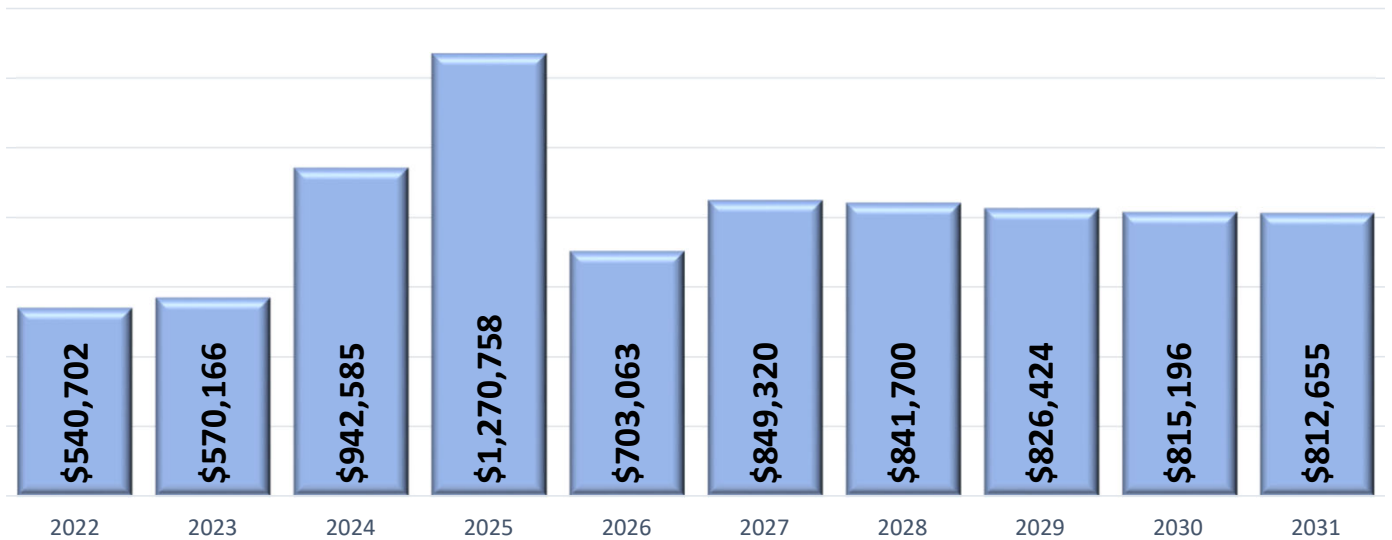
In June 2025, the State biennium budget covering FY26 and FY27 was approved. This budget continued the phase-in of the FSFP to 83.3% in FY26 and 100% in FY27; however, the base cost inputs for calculations remained at FY22 costs. For FY26 and FY27, the State Legislature implemented a performance supplement based on the State Report Card results. The district anticipates receiving this supplemental funding (approximately \$400,000) annually through FY31, assuming State Report Card results are 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 0.65% 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 0.65% of the district's total revenue. Starting in FY22, 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 for 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.

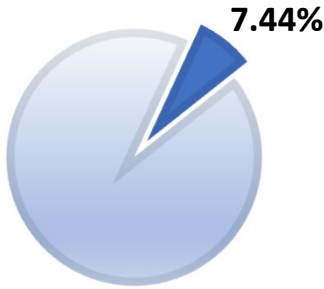
Also included in restricted funds are a partial reimbursement of specific student services costs. The district's student services cost reimbursement increased to \$388,000 in FY25 and decreased to \$289,000 in FY26 as more districts applied for these funds across the state, reducing the reimbursement percentage. Similar decreases are expected in future years.

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

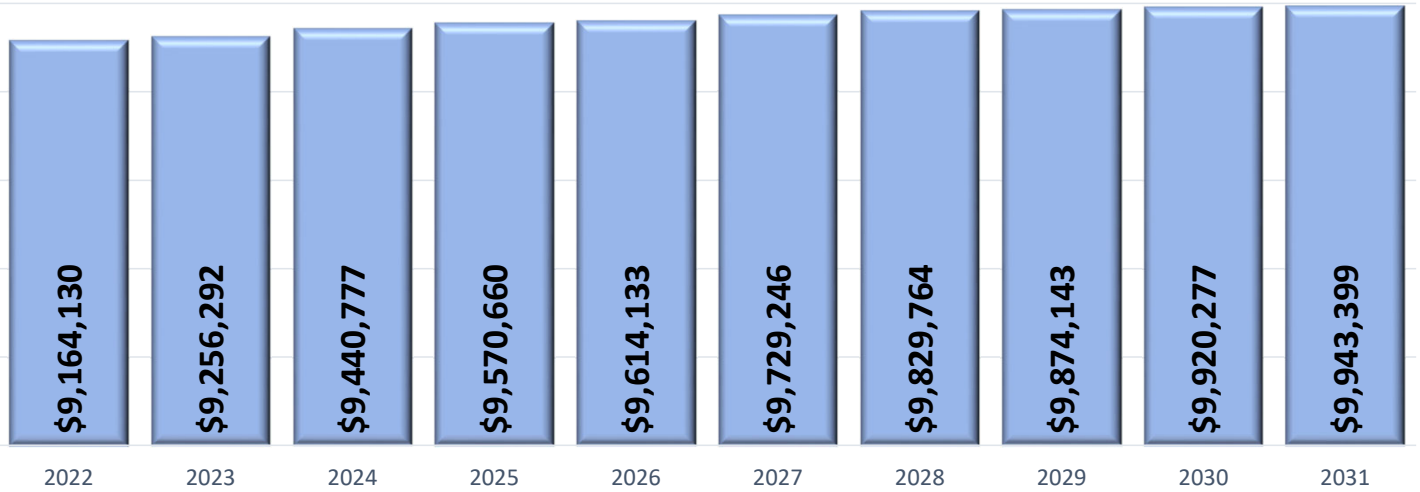
The district also received a one-time \$450,000 increase in FY25 for Science of Reading stipends from the State for staff members who complete required training.

1.050 - State Reimbursement Property Tax Credits

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



State Reimbursement of Property Tax Credit revenue accounts for 7.44% of total district general fund revenue.

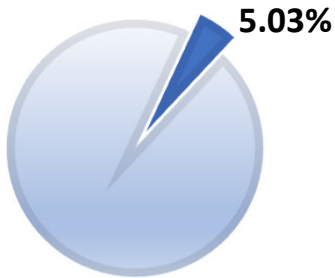


Key Assumptions & Notes

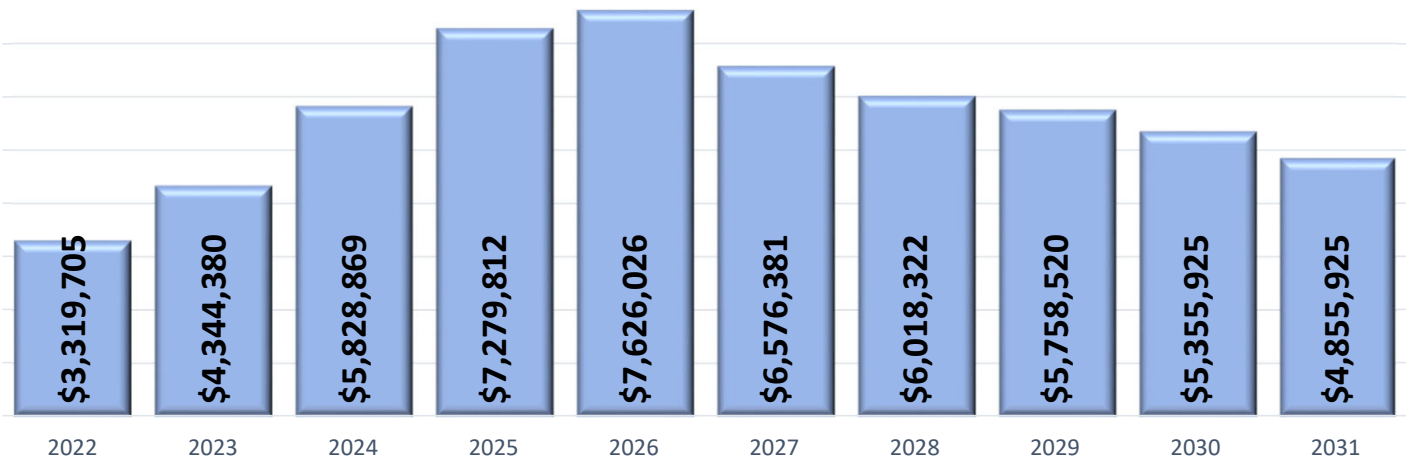
State Reimbursement of Property Tax Credits primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions to their tax bill. The state reduces the local taxpayers' tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY27, 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 5.03% of total district general fund revenue.



Key Assumptions & Notes

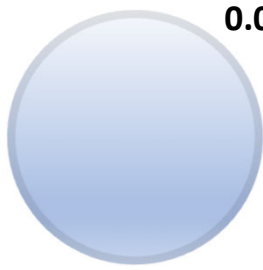
Other Revenue includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$482,289. The projected average annual change is -\$554,020 through FY31. Investment income increased in FY26 as interest rates increased and investment balances remained steady. In FY26, investment income earned was \$4,014,000 (\$423,000 in FY22) 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 share of TIF collections equals property tax collections without a TIF; however, because the project is classified as a TIF, the district records the revenue separately from real estate taxes. The district received TIF payments for 14 projects in the City of Upper Arlington in FY25. The variance between FY24 and FY25 is due to the timing of property owners' payments.

Actual FY24	Actual FY25	Actual FY26	Projected FY27	Projected FY28	Projected FY29	Projected FY30	Projected FY31
\$ 2,288,000	\$ 2,692,000	\$ 2,495,000	\$2,491,400	\$2,444,300	\$2,639,300	\$2,718,300	\$2,718,300

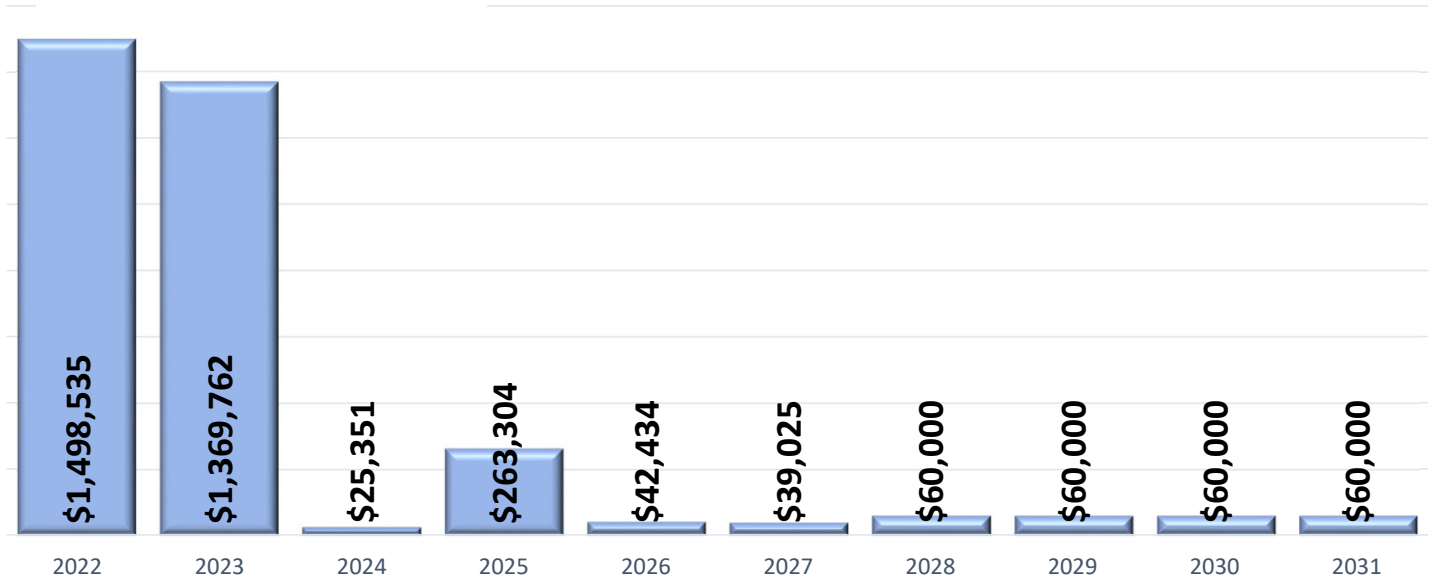
2.070 - Total Other Financing Sources

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.



0.03%

Other Sources of revenue accounts for 0.03% of total district general fund revenue.



Key Assumptions & Notes

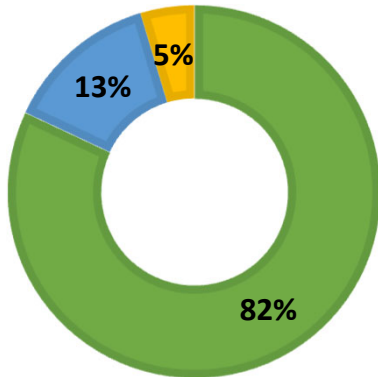
	FORECASTED					
	2026	2027	2028	2029	2030	2031
Transfers In	-	-	-	-	-	-
Advances In	34,867	9,025	30,000	30,000	30,000	30,000
All Other Financing Sources	7,568	30,000	30,000	30,000	30,000	30,000

Other sources include revenue that is generally classified as non-operating. Return of advances-in are the most common revenue source. In FY26, the district received \$34,867 as advances-in and is projecting advances of \$9,025 in FY27. The district also receives other financing sources, such as the refund of prior year expenditures in this category. The district projects that all other financing sources will total \$30,000 in FY27 and average \$30,000 annually through FY31.

Expenditure Overview

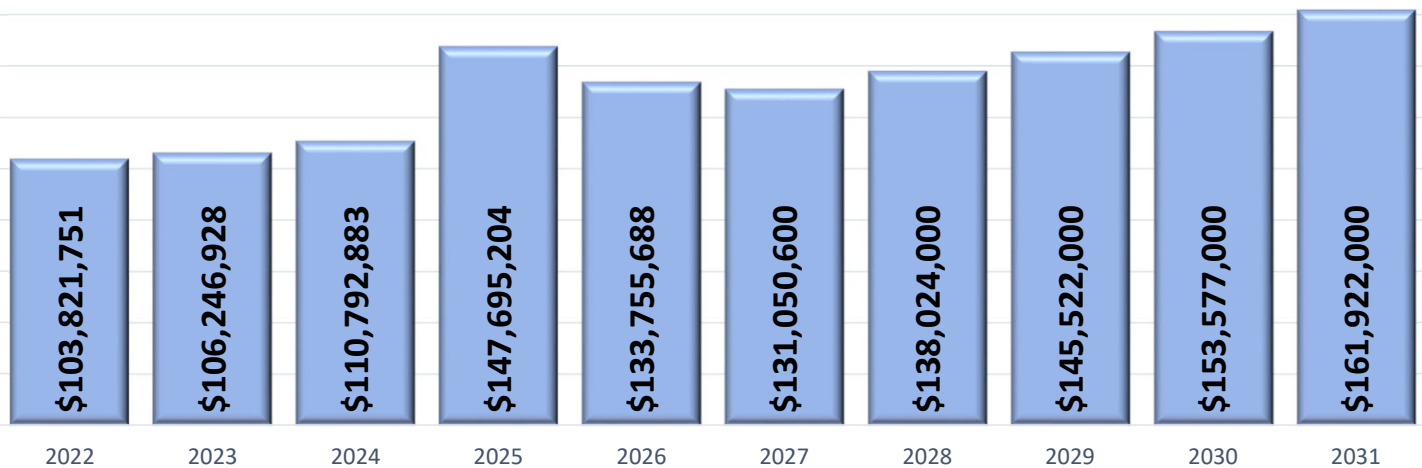
Upper Arlington City School District

Expenditure Categories



Personnel Costs	
Salaries	60.60%
Benefits	21.38%
Purchased Services	
	13.38%
All Other Expenditures	
Supplies, Capital, Debt, Other Obj	4.44%
Other Uses	0.20%

Annual Expenditures Actual + Projected



Historic Expenditures Change versus Projected Expenditures Change

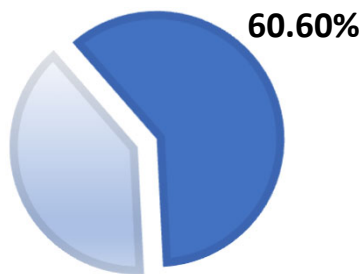
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Expenditures increased by 7.40% (\$7,253,717, on average, annually) during the past 5-year period, and are projected to increase by 3.94% (\$5,633,262 annually) through FY31. The forecast line with the most change on the expense side, Other Uses, is anticipated to be \$3,532,464 less per year in the projected period compared to historical averages. This is due to a one-time transfer of \$26.75 million made in FY25 and \$10 million made in FY26 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.
Salaries	\$3,661,646	\$3,876,563	\$214,917	
Benefits	\$1,225,691	\$2,217,080	\$991,389	
Purchased Services	\$540,167	\$1,151,508	\$611,340	
Supplies & Materials	\$225,263	\$254,791	\$29,528	
Capital Outlay	(\$29,223)	\$29,312	\$58,534	
Intergov & Debt	\$0	\$0	(\$0)	
Other Objects	\$65,048	\$71,349	\$6,301	
Other Uses	\$1,565,124	(\$1,967,340)	(\$3,532,464)	
Total Average Annual Change	\$7,253,717	\$5,633,262	(\$1,620,454)	
	7.40%	3.94%	-3.46%	

For Comparison:
Revenue average annual change is projected to be > \$221,080

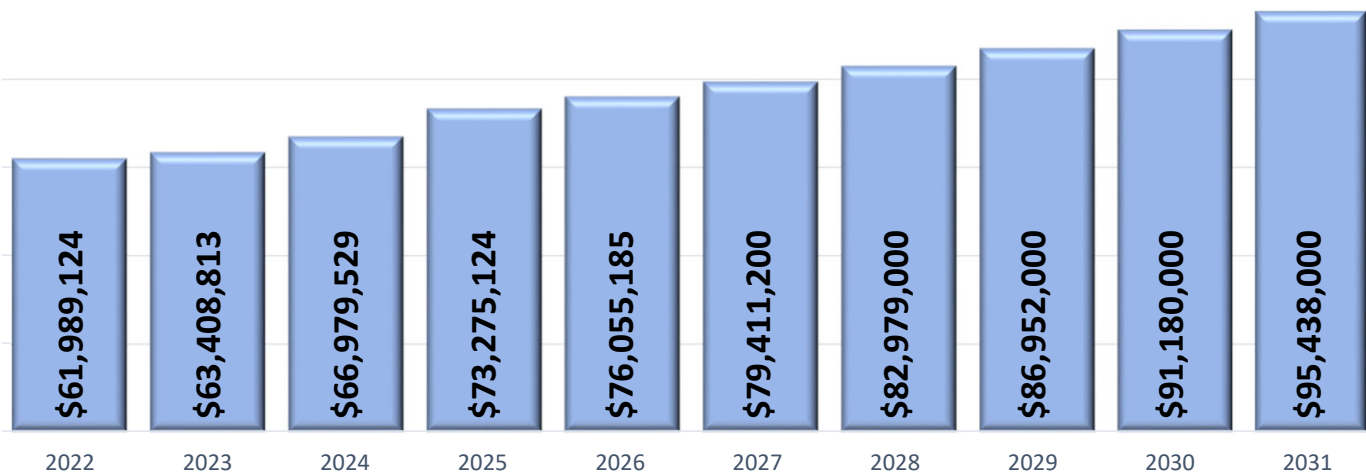
On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

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



Salaries account for 60.60% of the district's total general fund spending.



Key Assumptions & Notes

Salaries represent 60.60% of total expenditures and increased at a historical average annual rate of 5.69% (or \$3,661,646). This category of expenditure is projected to grow at an annual average rate of 4.65% (or \$3,876,563) through FY31. The projected average annual rate of change is 1.05 percentage points lower than the five-year historical annual average.

In FY24, the district began operating its preschool special education program in-house rather than contracting for 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 began being paid from 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 was less than in past years. The district added approximately 8.1 new positions to help with growth and programmatic changes.

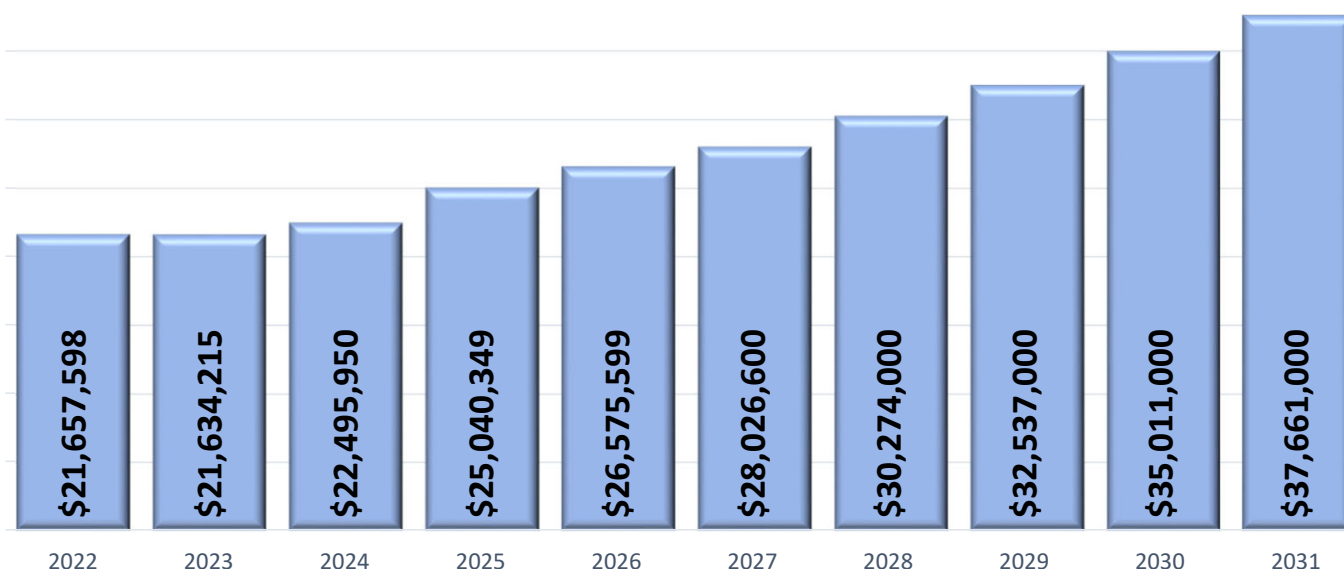
The teachers' association contract includes salary schedule increases from July 2024 to June 2027, ranging from 3.25% to 3.5%. The salary schedule for support personnel was updated in FY25 to better align with the central Ohio market. There was no consistent percentage increase in FY25, as each position 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 (average. 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 21.39% of the district's total general fund spending.



Key Assumptions & Notes

Benefits represent 21.39% of total expenditures and increased at a historical average annual rate of 5.45%. This category of expenditure is projected to grow at an annual average rate of 7.23% through fiscal year 2031. The projected average annual rate of change is 1.78% more than the five-year historical annual average.

Insurance (50% of employees' benefit expenditures)

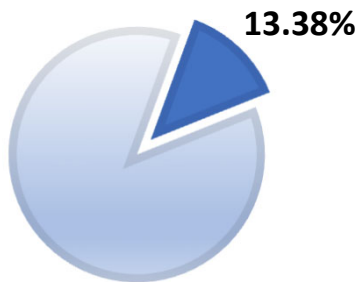
Annual health insurance renewals and future negotiated agreements will affect this category. The district is self-funded and offers a high-deductible medical insurance plan. On average, premium increases have been less than the industry trend. Due to plan changes, including the addition of co-insurance in calendar year 2020, and low claims, the District experienced no premium increase in 5 of the last 8 calendar years. The district's claims in calendar year 2025 were higher than anticipated, causing a 13.23% premium increase in calendar year 2026. Based on discussion with the actuaries and projected claim, the district has projected a 10% increase in calendar year 2027 and future medical insurance increases for calendar years 2028-2030 ranging between 8% and 10%. Additionally, the number of employees using the insurance plans has increased as staffing has grown. The district will continue to review insurance plans and processes for future savings.

Pension (46% of employees' benefit expenditures)

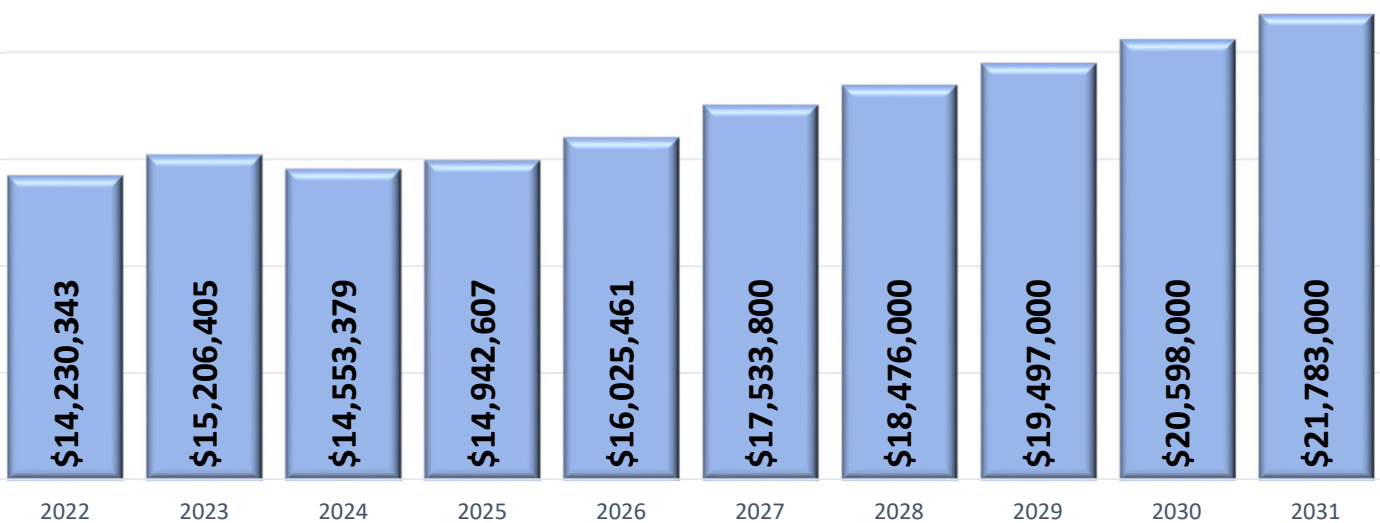
The Ohio Revised Code requires all districts to contribute 14% of total employees' payroll into a state pension system, i.e. State Teachers Retirement System (STRS) or School Employees Retirement System (SERS). Any fluctuations in payroll will directly impact pension expenditures. See line 3.01 – Personnel 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 13.38% of the district's total general fund spending.



Key Assumptions & Notes

Purchased Services represent 13.38% of total expenditures and increased at a historical average annual rate of 3.86%. This category of expenditure is projected to grow at an annual average rate of 6.34% through FY31.

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

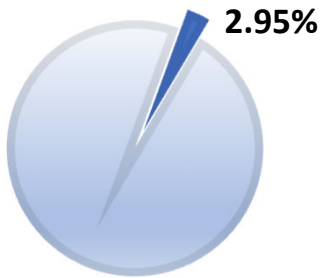
As mentioned earlier, in FY24, the district began operating its preschool special education program internally. These changes increased payroll/benefits but decreased purchased services from the ESC by approximately \$1.4 million. A portion of this decrease was offset by a larger-than-normal increase 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 past several years. The district was locked into lower rates through FY25 due to previous contracts. However, once these contracts expired, the district experienced a large increase in gas and electric costs. Electric expenditures increased by over 26% in FY26 vs FY25 due to new rates and higher usage driven by temperature fluctuations. Utilities are projected to increase by 8% to 15% in the coming years.

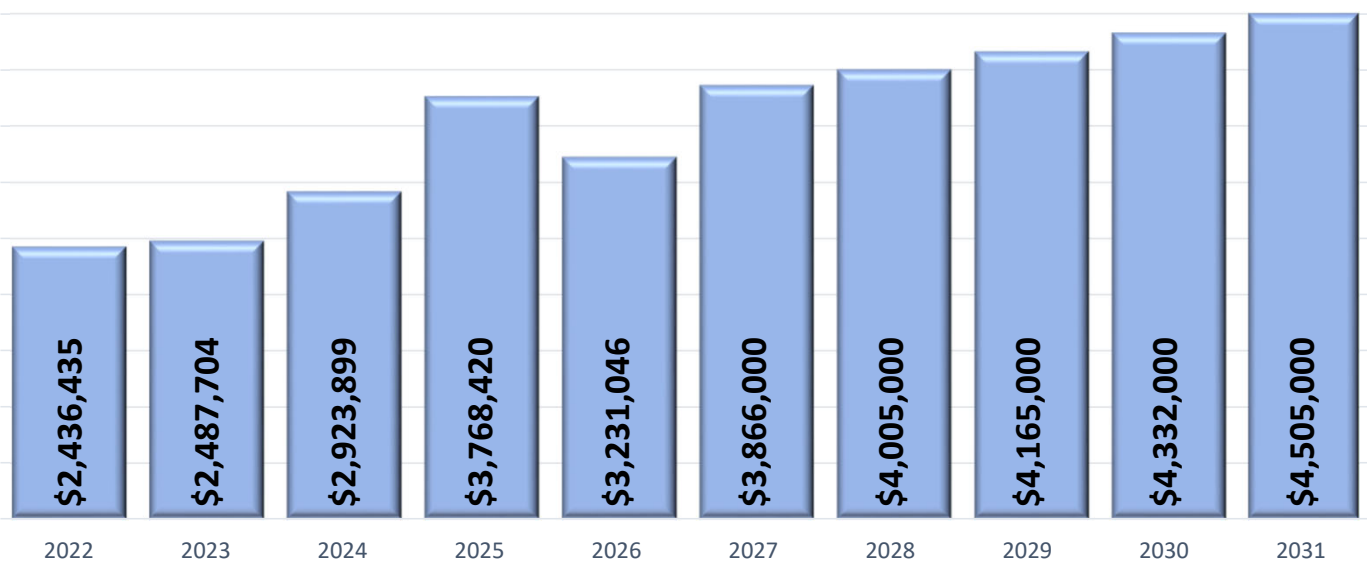
Substitute costs are expected to increase by approximately \$440,000, or 18%, in FY27, primarily due to curriculum cycle reviews scheduled over the next four years and testing requirements.

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 2.95% of the district's total general fund spending.



Key Assumptions & Notes

Supplies & Materials represent 2.95% of total expenditures and increased at a historical average annual rate of 10.00%. This category of expenditure is projected to grow at an annual average rate of 7.05% through FY31. The projected average annual rate of change is 2.96% less than the five-year historical annual average.

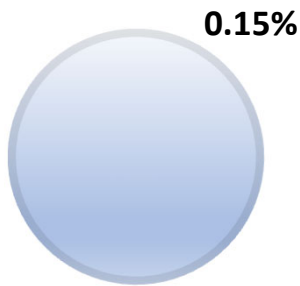
These items include textbooks, software, instructional materials, and building budget items for classroom and office supplies, classroom equipment, and library materials. Software used for district operations is also included in this category (i.e. virus protection, human resources, fiscal, networking,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

Prior to FY26, the district annually expended over \$500,000 for new textbooks and other instructional resources necessary to support the outcome of curriculum reviews over a five-year cycle. In FY26, the district transferred \$5.5 million from the general fund to the permanent improvement fund for future textbooks and educational resources. This transfer will make funds available for new resources related to curriculum cycle purchasing over the next five years, regardless of the timing of resource adoptions and payments, which was a challenge in the past.

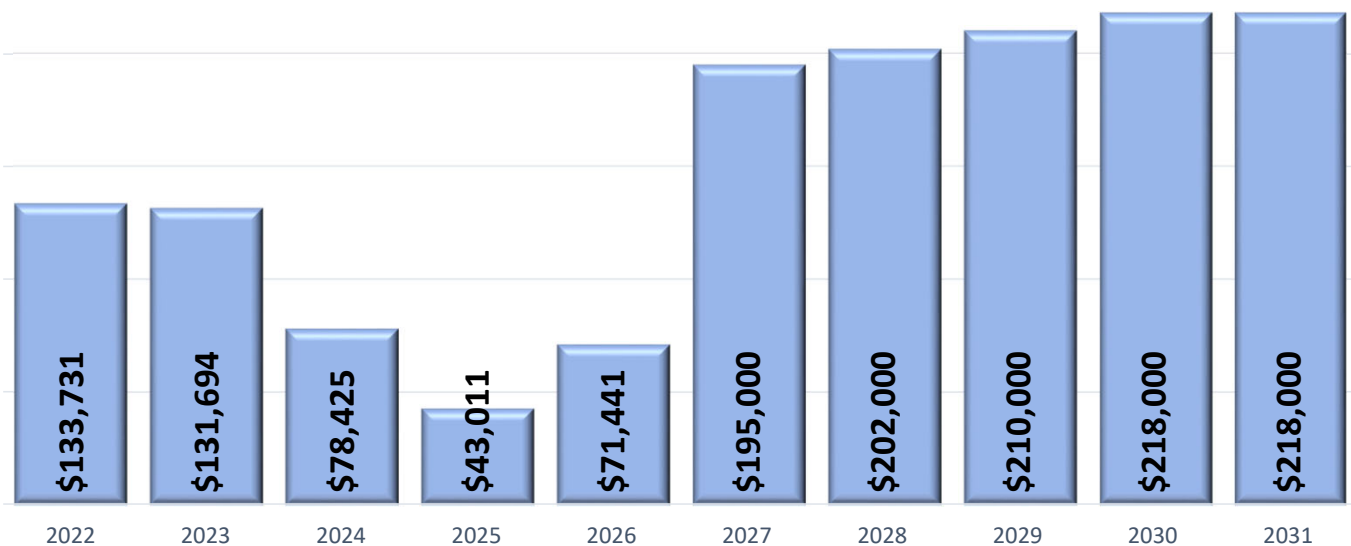
The decrease in curriculum resources purchased from the general fund is offset by safety and security costs, as the district continues to strengthen its controls and protections against potential cyberattacks. The district budgeted an additional \$500,000 in FY27 and beyond for additional software.

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.



Capital Outlay account for 0.15% of the district's total general fund spending.



Key Assumptions & Notes

Capital Outlay represent 0.15% of total expenditures and decreased at a historical average annual amount of \$29,223. This category of expenditure is projected to grow at an annual average rate of \$29,312 through FY31. The projected average annual change exceeds the five-year historical average.

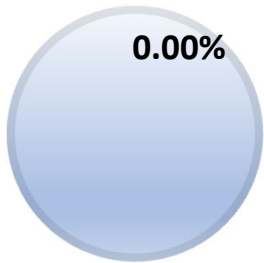
Most capital outlay expenditures for building improvements and maintenance are reported in the district's Permanent Improvement Fund, which is not included in the Forecast. This fund was created in 2007 after the district's residents passed a 2.0-mill permanent improvement levy. These funds cannot be 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 are instead recorded in other district accounts.

The increase in FY27 and beyond is related to network security equipment.

3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



Intergovernmental and Debt account for 0.00% of the district's total general fund spending.

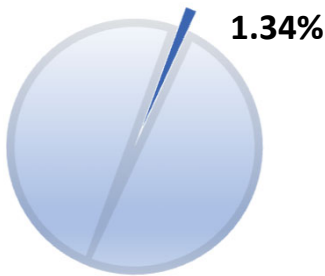
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Key Assumptions & Notes

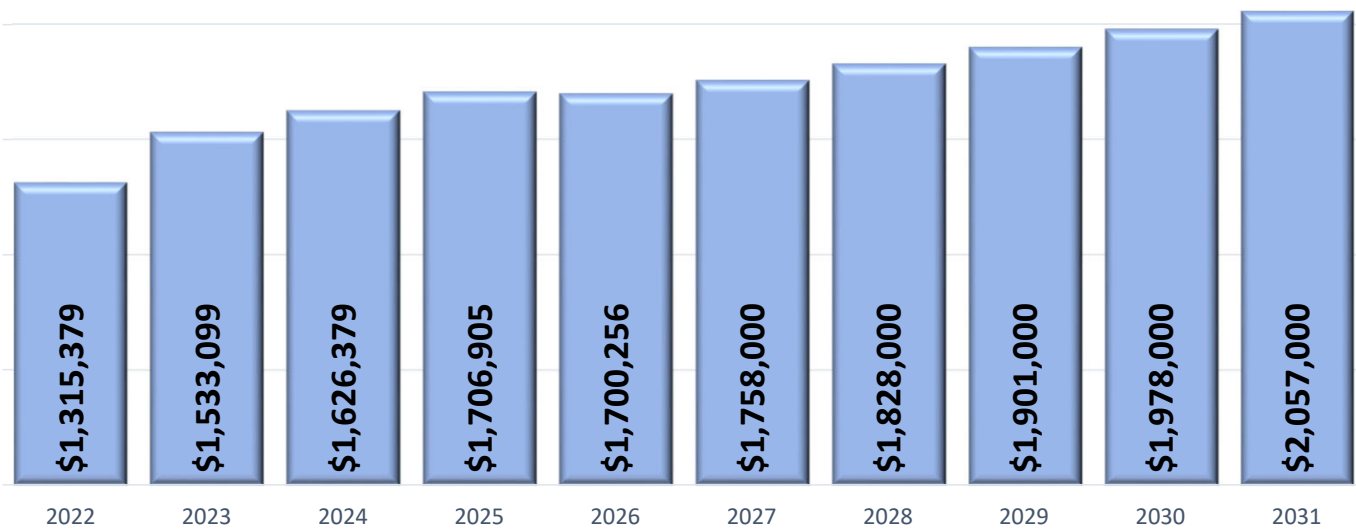
The Intergovernmental/Debt expenditure category details general fund debt issued by the district. The district has no activity in this line. All debt payments activity is recorded in the debt service fund.

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 1.34% of the district's total general fund spending.



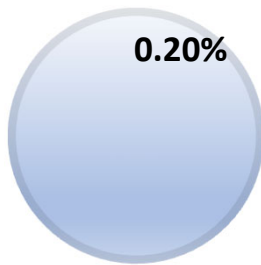
Key Assumptions & Notes

Other Objects represent 1.34% of total expenditures and increased at a historical average annual rate of 4.57%. This category of expenditure is projected to grow at an average annual rate of 3.88% through FY31. The projected average annual rate of change is 0.69% less than the five-year historical annual average.

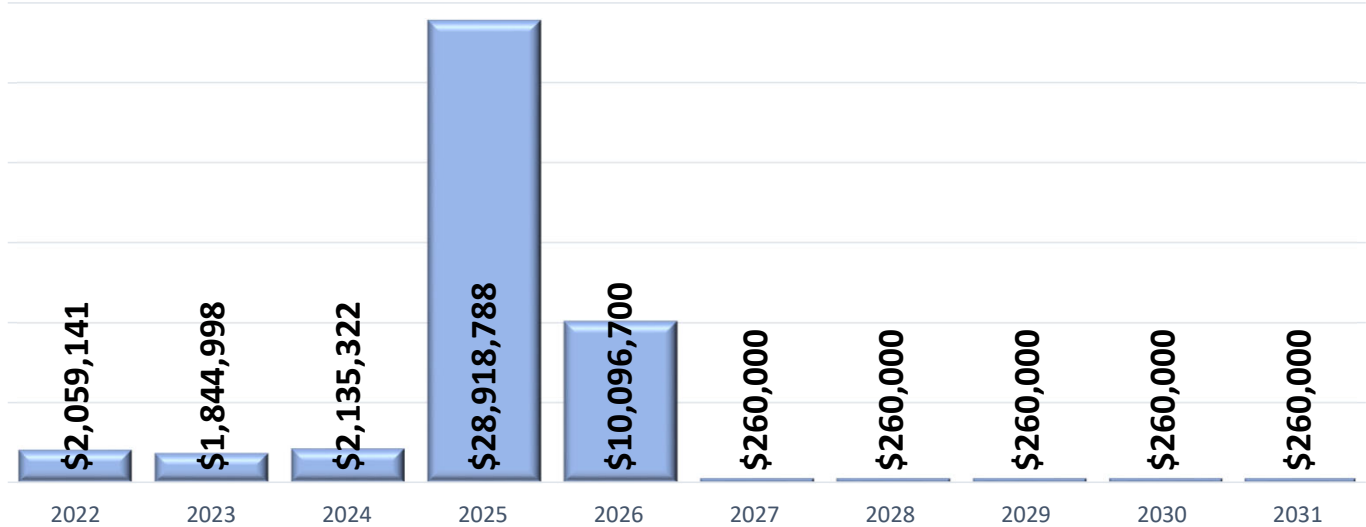
The primary item included in this category are the auditor and treasurer fees related to collection of property taxes.

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 0.20% of the district's total general fund spending.



Key Assumptions & Notes

	FORECASTED					
	2026	2027	2028	2029	2030	2031
Transfers Out	10,087,675	230,000	230,000	230,000	230,000	230,000
Advances Out	9,025	30,000	30,000	30,000	30,000	30,000

Other uses include expenditures that are generally classified as non-operating. It is typically in the form of advances-out, which are then repaid to the general fund from other district funds. The district anticipates minimal advances through FY31. The district can also permanently move general funds to other funds, and, as the schedule above shows, the district has transfers forecast through FY31.

The district transferred \$26.75 million in FY25. The majority of this transfer was made by the Board of Education to capital project funds to help offset future costs for vehicles, technology, and construction and repair. This is another example of the Board of Education planning ahead and protecting the district's assets.

Additionally, the district transferred 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 one another.

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

Line 1.010 – Real Estate Tax

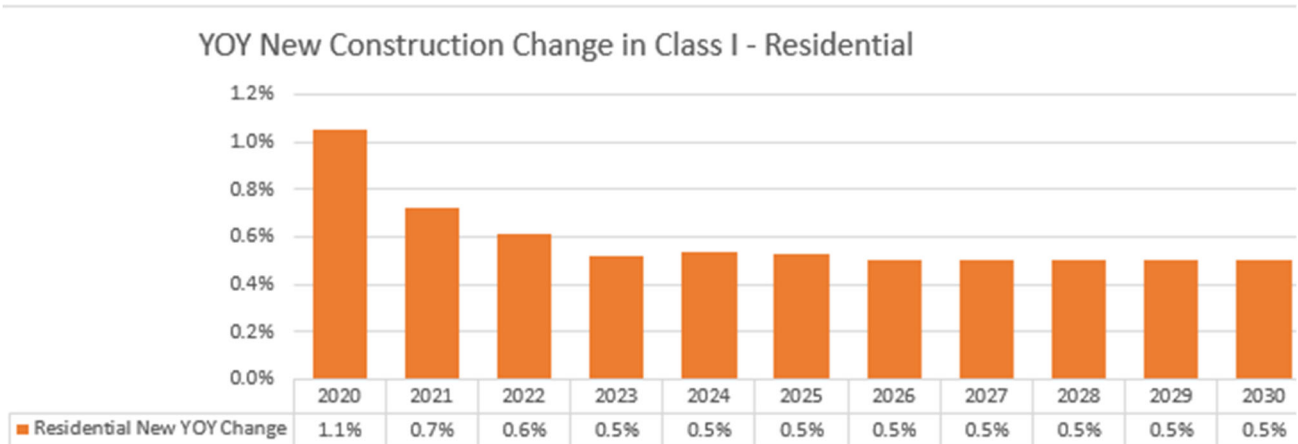
The three reasons real estate tax revenue increases are: a new levy, new construction, and, to a lesser degree, appraisals.

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, most of the new residential construction, which is minimal, consists of remodeling existing homes. New residential construction has resulted in an assessed valuation increase of 0.30% to 1.28% since 2002. New construction reached a recent high of 1.1% in 2020. New construction is projected to increase valuations by 0.5% per year in calendar years 2026-2030. 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).



*Tax years 2020-2025 are actual percentages and 2026-2030 are projections.

3) Appraisals

The County Auditor performs appraisals every three years. The latest county appraisal, conducted in the fall of 2023, resulted in a 25.7% increase in residential valuation for calendar year 2024, affecting FY24 and FY25. The next reappraisal will occur in the fall of 2026 and impact FY27 and FY28. The district is forecasting a 7.8% increase in residential valuation for calendar year 2027.

Due to the number of valuation challenges filed by homeowners seeking valuation decreases over the years, the district's residential valuation is projected to decrease by 0.2% to 0.4% during non-appraisal years. (Tax year 2024 and 2025 valuation decreased 0.4% and 0.2%, respectively.) See the graph on the next page for past fluctuations and future projections on appraisals. Additionally, as valuation challenges are finalized, the decision could result in one-time refunds for 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 recognize that valuation changes resulting from the appraisal process have little impact on the district's revenue under 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 legally provided for by the Ohio Constitution and is not related to tax issues approved 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 historical and projected increases in inflation on residential valuations.



*Tax years 2020-2025 are actual percentages and 2026-2030 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 a single collection year, it spans multiple fiscal years. For the 2024 collection year, this trend unexpectedly changed due to the timing of business payments. 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 the 2025 collection year, it appears the timing of payments is again inconsistent with the past, but this time it relates to residential property. Only 53.47% of residential property taxes (typically 55.5%) were received in the first half of the year, with the remaining 46.53% expected in the second half. 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.