

**PICKERINGTON LOCAL SCHOOL DISTRICT – FAIRFIELD COUNTY
ASSUMPTIONS FOR FIVE-YEAR FINANCIAL FORECAST
PROJECTED FISCAL YEARS ENDING JUNE 30, 2013 THROUGH June 30, 2017**

INTRODUCTION TO THE FIVE YEAR FORECAST AND UNDERSTANDING THE PURPOSE OF THE FIVE YEAR FORECAST

The following is an excerpt from the Ohio Department of Education Website at:

<http://www.ode.state.oh.us/GD/Templates/Pages/ODE/ODEDetail.aspx?page=3&TopicRelationID=98&ContentID=30962&Content=127588>

A forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is viewed as a **key management tool and must be updated periodically**. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events take place that will significantly change their forecast or, at a minimum, when required under statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the *Assumptions to the Financial Forecast* before drawing conclusions or using the data as a basis for other calculations. The assumptions are very important to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

PURPOSES/OBJECTIVES OF THE FIVE-YEAR FORECAST

Here are at least three purposes or objectives of the five-year forecast:

- (1) To engage the local board of education and the community in 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 schools districts with potential financial problems

O.R.C. and O.A.C. REQUIREMENTS

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to submit a five-year projection of operational revenues and expenditures along with assumptions to the Department of Education prior to October 31 of each fiscal year and to update this forecast between April 1 and May 31 of each fiscal year. ODE encourages school districts to update their forecast whenever events take place that will significantly change the forecast.

Required funds to be included in the forecast are:

- General funds (001)
- Any special cost center associated with general fund money
- Emergency levy funds (016)
- Any debt service (002) activity that would otherwise have gone to the general fund
- Education Jobs Fund (504)

For the Pickerington Local School District, this forecast is required to consider the general fund and the other special cost centers associated with general fund money. Additionally, a small portion of Ed Jobs funding, which was provided by the federal government via stimulus funding, is also included for fiscal year 2013.

The following definitions will assist the reader/community member as he/she reads the assumptions to the forecast, or takes part in discussions about the forecast.

DEFINITIONS

412 Certificates – ORC 5705.412 requires the treasurer, superintendent, and president of the board of education to certify that adequate revenues will be available to maintain all personnel and programs for the current fiscal year and for a number of days in the succeeding fiscal years. 412 Certificates must be attached to:

- Appropriations for the current fiscal year
- Qualifying contracts covering the term of contract
- Wage and salary schedule for the term of contract

- Negotiated agreement(s) and contracts for benefits

Encumbrances – Money obligated to pay for any purchase. An end of year encumbrance is money obligated in the current fiscal year to be paid in the next fiscal year.

Expenditures – The spending of any public money for a specified purpose as approved by the BOE policy and procedures.

Fiscal Year – In education and state government, the fiscal year runs from July 1 through June 30, and each fiscal year is dated by the ending date. Example: FY12 would start July 1, 2011 and end June 30, 2012.

Revenues – Receipts generated from property taxes, school district income taxes, state foundation formula, and local monies (such as donations, fees, tuition, etc.).

Finally, since the preparation of a meaningful five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer of the Pickerington Local School District, Ryan Jenkins at (614) 833-2110 to discuss any questions you may have. You may also email him at ryan_jenkins@plsd.us.

REVENUES

LINE 1.010--General Property Tax (Real Estate).

Property taxes currently comprise 32.3% of total general fund revenue—a significant source of revenue for the district. The chart below shows some of the key factors that affect the property tax collections the district receives. One of the most significant factors is total property valuation, and the anticipated changes in property valuation. For PLSD, 2013 is a reappraisal year. This means that the Fairfield County Auditor is physically appraising the properties throughout the county and the district to determine the most accurate appraisals for real estate. This is a key assumption in the forecasted revenues for the district. For the 2013 reappraisal cycle (first payable in calendar year 2014), the district is forecasting a 4% *reduction* residential/agricultural values (Class I), and an overall 2% *reduction* in commercial/industrial valuations (Class II). The combined forecasted *reduction* in overall property valuation due to reappraisal is about 3.6%.

In future years, the forecast assumes growth due to reappraisal/re-evaluation as follows:

- 2016 re-evaluation: Class I growth of 3.86%; Class II growth 2%
- 2019 reappraisal: Class I and Class II growth of 4.75%
- Additionally, the forecast assumes slight (about .5%) *decreases* in Class II valuations in 2014 and 2015 due to Board of Revision complaints

While existing properties are revalued, there are also new properties that are *added* to the duplicate. For 2013-2015, the forecast anticipates a .5% increase in Class I (Res/Ag) property valuation due to new construction each year; simultaneously, it forecasts a 1.0%-1.25% increase in Class II (in PLSD's case, all Commercial) due to new construction each year. The combined forecasted increase in overall property valuation due to new construction for each year from 2013-2016 ranges from about .55%-.65% per year.

A more detailed look at property taxes follows in Exhibit 1:

Exhibit 1—Detailed Look at Forecasted RE Collections

Collection Year >>>	Actual	Projected				
	2012	2013	2014	2015	2016	2017
Valuations	Class I and Class II Values					
	Projections are not Based Upon Previous Fiscal Year					
Total Valuation for Collection Year	1,098,339,860	1,111,111,187	1,078,122,612	1,083,822,730	1,089,133,819	1,136,805,463
Year-Over-Year Change	(2,804,960)	12,771,327	(32,988,575)	5,700,118	5,311,089	47,671,644
Overall % Change	-0.25%	1.16%	-2.97%	0.53%	0.49%	4.38%
Inflation / Deflation	(5,857,610)	1,915,896	(39,284,402)	(835,060)	(841,323)	40,167,283
New Construction	3,052,650	10,855,431	6,295,827	6,535,178	6,152,411	7,504,361
Tax Rates	Class I Tax Rates					
Class I Eff. Tax Rate w/Levies (Current Year)	34.1054	34.0424	34.8450	34.8450	34.8450	33.6727
Class I Emergency Levy Tax Rate w/Levies	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Class I Effective	34.1054	34.0424	34.8450	34.8450	34.8450	33.6727
Year over Year Class I Change	5.5516	-0.0630	0.8026	0.0000	0.0000	-1.1723
Percentage Change	19.44%	-0.18%	2.36%	0.00%	0.00%	-3.36%
Tax Rates	Class II Tax Rates					
Class I Eff. Tax Rate w/Levies (Current Year)	33.1402	33.1512	33.6108	33.7262	33.8422	33.2819
Class I Emergency Levy Tax Rate w/Levies	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Class I Effective	33.1402	33.1512	33.6108	33.7262	33.8422	33.2819
Year over Year Class I Change	6.03	0.01	0.46	0.12	0.12	(0.56)
Percentage Change	22.26%	0.03%	1.39%	0.34%	0.34%	-1.66%
Tax Revenue	Fiscal Year >>>					
	2012	2013	2014	2015	2016	2017
Total Taxes Levied for Fiscal Year	34,249,157	37,485,809	37,512,865	37,463,856	37,674,512	37,992,962
Rollback and Homestead from Ohio	(3,977,669)	(4,374,077)	(4,330,399)	(4,317,919)	(4,339,105)	(4,373,388)
Current Taxes Unpaid	(953,481)	(743,256)	(911,881)	(1,060,061)	(985,919)	(993,446)
Adjustment for Collection Split	338,884	157,752	(150,181)	2,537	2,342	4,880
Past Delinquencies Collected	850,496	866,224	700,000	750,000	700,000	775,000
Total	30,507,387	33,397,054	32,820,403	32,838,413	33,051,830	33,406,007
Dollar Change over Prior year	3,197,965	2,889,667	(576,650)	18,010	213,417	354,178
Percentage Change over Prior Year	11.71%	9.47%	-1.73%	0.05%	0.65%	1.07%

LINE 1.020--Tangible Personal Property Tax.

The tangible personal property tax has been eliminated for business tangible property (per HB 66). However, it *has not* been eliminated for *public* tangible personal property (PUPP). In the past, this revenue line has been included into the real estate values above. At only about 1.08% of total general fund revenue, PUPP doesn't generate a great deal of revenue, but the detail derived from separating it out into its own revenue line is vitally important. The district currently has about \$18.1 million in PUPP valuation, and there is little to no increase anticipated in PUPP valuation, and therefore PUPP taxes, moving forward. The appreciable difference noted from FY 2012 to FY 14 is due to the passage of the 5.50 mill levy passed in August of 2011, which increased collections in fiscal years 2012 and 2013, and due to an increase in PUPP valuation from 2011 to 2012.

A more detail look at TPP (PUPP) follows in Exhibit 2:

Exhibit 2—Detailed Look at Forecasted PUPP Tax Revenue

Tax Revenue	Fiscal Year >>	2012	2013	2014	2015	2016	2017
Total		1,023,624	1,192,167	1,287,664	1,294,200	1,294,200	1,294,200
Dollar Change over Prior year		47,965	168,543	95,497	6,536	-	-
Percentage Change over Prior Year		4.92%	16.47%	8.01%	0.51%	0.00%	0.00%

LINE 1.030—Income Tax.

The noticeable decline in income tax revenue from 2009 to 2010 seems to be largely behind the district, which is a good development considering that this funding source is about 15% of total general fund revenue. FY 2012 income tax revenue was back above pre-recession levels, representing an 8.49% increase over FY 2011 collections. The district also saw a 1.85% increase in FY 2013 funding compared to FY 2012, and moving forward, the district is projecting an increase of 1.50% in year over year collections. In FY 14, part of the increase will be attributed to the 'fiscal cliff' effect that took place at the end of CY 2012. Many individuals did the best they could to claim as much income in CY 2012 to avoid the anticipated tax increases that were scheduled to go into effect after January 1, 2013. By claiming this income in CY 2012, estimated payments collected at the April 15 tax deadline increased, but a greater increase will occur with the payments that were due by April 15 that will be included in the July 2013 settlement.

A more detailed look at Income Tax revenue follows in Exhibit 3:

Exhibit 3—Detailed Look at Forecasted Income Tax Revenue

	Actual	Projected				
	2012	2013	2014	2015	2016	2017
Overall Annual Income Tax Growth Projected:		1.85%	1.50%	1.50%	1.50%	1.50%
401 Prior FY Collection	-	14,097,323	14,357,757	14,573,123	14,791,720	15,013,596
Current Year Estimated Growth	-	260,434	215,366	218,597	221,876	225,204
Deduction for Phase-Out	-	-	-	-	-	-
Deduction for any reserved?	-	-	-	-	-	-
Net "cash" for this levy?	14,097,323	14,357,757	14,573,123	14,791,720	15,013,596	15,238,799
Net Levy Collection Amount	14,097,323	14,357,757	14,573,123	14,791,720	15,013,596	15,238,799
Other Adjustments:						
April '13 Settlement Adj for ES 101 (see Feb OBM report on Fiscal Cliff)		-				
July '13 Settlement Adj for SD100 pmts with return			200,000			
Total Income Tax	14,097,323	14,357,757	14,773,123	14,791,720	15,013,596	15,238,799
Dollar Change over Prior year	1,102,846	260,434	415,366	18,597	221,876	225,204
Percentage Change over Prior Year	8.49%	1.85%	2.89%	0.13%	1.50%	1.50%

LINE 1.035--Unrestricted Grants-in-Aid (State Foundation).

Representing 44.24% of general fund revenue, Unrestricted Grants in Aid (a.k.a. State Foundation) is the most critical piece of funding for the district. This is also the piece of the funding that is directly tied to the biennial budget. The current budget bill was originally proffered by Governor Kasich’s Executive Budget, which the House then picked up as HB 59. The House deliberated on the bill for most of March and April, and created a substitute version of the bill known as Substitute HB 59. The differences in the two versions *drastically affect PLSD*. The difference is so pronounced it is worthy of inclusion in these notes/assumptions to the forecast, as the funding produced by the two versions greatly affects the bottom line for the district.

The forecasted revenues will be shown in Exhibits 4 and 5, but first it is important to discuss some other items that are common to both iterations. First, the district is experiencing stagnation in growth, and could possibly be looking at a decline in enrollment moving forward. The final enrollment projections are included as an appendix to this forecast. Smaller entering kindergarten classes are not keeping up with the size of the classes exiting upon graduation, and enrollment is experiencing attrition over time. It will be crucial to monitor enrollment in the future, as this critical factor determines whether a district is formula-funded or on the guarantee. The implications of this issue are detailed by Governor’s Kasich’s version of the budget bill, which is forecasted to eliminate guarantees after FY 16.

Also, all stimulus funding that had some effect on this revenue line is now exhausted.

Finally, forecasted Casino Revenue is included in this funding. The district received its first casino payment of about \$212,260 in January of 2013, and future distributions are estimated to be about \$50/pupil beginning in FY 14. This funding will need to be watched carefully to be sure that legislative changes do not decrease overall GRF funding to schools as an offset to these gains.

Exhibit 4—Detailed Look at Substitute HB 59 State Aid

	Actual	Projected				
	2012	2013	2014	2015	2016	2017
Projected State Basic Resources "O"	41,420,189	41,628,559	43,950,141	43,950,141	43,067,909	42,203,321
Additional Funding Items/Adjusts:						
Preschool	-	-	-	-	-	-
Special Education Transportation	228,304	259,090	259,090	259,090	259,090	259,090
FY12 Bridge Adjustment (Nov #2 Payment)		148,144				
Casino Distribution Jan 2013 (\$21.00) +\$50 PP in 2014		212,260	523,068	495,000	495,000	495,000
Total Unrestricted State Aid	41,784,354	42,275,716	44,732,299	44,704,231	43,821,999	42,957,411
Dollar Change over Prior year	1,206,572	491,362	2,456,583	(28,068)	(882,232)	(864,587)
Percentage Change over Prior Year	2.97%	1.18%	5.81%	-0.06%	-1.97%	-1.97%

Note that the different versions of the budget bill produce *drastically* different state funding. Sub HB 59 puts the district on the formula for FY 14, and increases the Guarantee level. The Executive version phases out Guarantees.

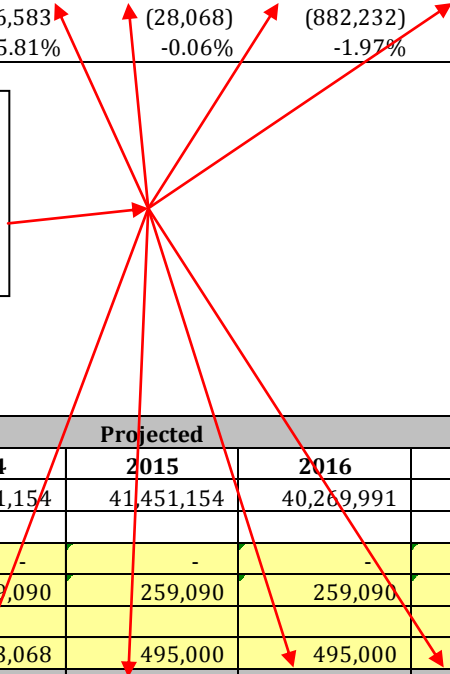


Exhibit 5—Detailed Look at Executive Budget HB 59 State Aid

	Actual	Projected				
	2012	2013	2014	2015	2016	2017
Projected State Basic Resources "O"	41,420,189	41,628,559	41,451,154	41,451,154	40,269,991	39,140,432
Additional Funding Items/Adjusts:						
Preschool	-	-	-	-	-	-
Special Education Transportation	228,304	259,090	259,090	259,090	259,090	259,090
FY12 Bridge Adjustment (Nov #2 Payment)		148,144				
Casino Distribution Jan 2013 (\$21.00) +\$50 PP in 2014		212,260	523,068	495,000	495,000	495,000
Total Unrestricted State Aid	41,784,354	42,275,716	42,233,312	42,205,244	41,024,081	39,894,522
Dollar Change over Prior year	1,206,572	491,362	(42,404)	(28,068)	(1,181,164)	(1,129,558)
Percentage Change over Prior Year	2.97%	1.18%	-0.10%	-0.07%	-2.80%	-2.75%

LINE 1.040--Restricted Grants-in-Aid, and LINE 1.045 Ed Jobs (Stimulus) Grants-in-Aid.

In past years, Restricted Grants in Aid have included Stimulus Funding (both ARRA and Ed Jobs). Those funding sources are now exhausted. As the district moves forward, this funding will only include the Vocational Funding received from the state (less than 1% of total funding in future years).

Exhibit 6—Detailed Look at Restricted Grants in Aid

	Actual	Projected				
	2012	2013	2014	2015	2016	2017
	Projections are not Based Upon Previous Fiscal Year					
1.040 - Restricted Grants-in-Aid						
Career Tech Funding	161,459	161,459	161,459	161,459	161,459	161,459
	30,896					
Total [1.040]	192,355	161,459	161,459	161,459	161,459	161,459
1.045 - Restricted Federal Grants-in-Aid - SFSE						
EdJobs	2,065,277	366,479				
Total [1.045]	2,065,277	366,479	-	-	-	-
Total [1.040 to 1.045]	2,257,632	527,938	161,459	161,459	161,459	161,459
Dollar Change over Prior year	(1,394,797)	(1,729,694)	(366,479)	-	-	-
Percentage Change over Prior Year	-38.19%	-76.62%	-69.42%	0.00%	0.00%	0.00%

LINE 1.050--Property Tax Allocation.

This category includes State reimbursements for property tax rollbacks and homestead exemptions, and comprises about 4.2% of total general fund revenue.

In the past, this revenue line also included the business tangible personal property reimbursement payments to district as a way to hold them harmless from the effects of eliminating business TPP from local tax duplicates (see line 1.020). The TPP direct payment was phased out of the FY 12-13 biennial budget per HB 153.

This revenue line now includes only those reimbursements from the state of the 12.5% property tax credit provided to local homeowners.

Exhibit 7, which shows a more detailed look at this revenue line, follows.

Exhibit 7—Detailed Look at Property Tax Allocation

	Actual	Projected				
	2012	2013	2014	2015	2016	2017
Rollback and Homestead						
10% Rollback Total Dollars	2,920,163	3,185,501	3,171,164	3,162,025	3,177,540	3,202,645
2.5% Residential Rollback Total Dollars	584,252	639,358	636,480	634,646	637,760	642,799
Homestead Total Dollars	472,287	525,118	522,755	521,248	523,806	527,944
Adjustments	-	-	-	-	-	-
Total Rollback and Homestead	3,976,702	4,349,977	4,330,399	4,317,919	4,339,105	4,373,388
Total	3,977,656	4,374,175	4,330,399	4,317,919	4,339,105	4,373,388
Dollar Change over Prior year	(629,988)	396,518	(43,776)	(12,480)	21,187	34,283
Percentage Change over Prior Year	-13.67%	9.97%	-1.00%	-0.29%	0.49%	0.79%

LINE 1.060--All Other Revenues.

This category mostly includes tuition payments made to PLSD for students attending the district, TIF payments, and Medicaid School Provider payments. This revenue line only accounts for about .8% of total general fund revenue.

Exhibit 8—Detailed Look at All Other Revenues

	Actual	Projected				
	2012	2013	2014	2015	2016	2017
Ongoing Adjustments to Current & Subsequent Years						
Annual Percentage Change		1.00%	1.00%	1.00%	1.00%	1.00%
Annual Dollar Change Based Upon Percentage		7,864	7,942	8,022	8,102	8,183
Total	786,350	794,214	802,156	810,177	818,279	826,462
Dollar Change over Prior year	(47,111)	7,864	7,942	8,022	8,102	8,183
Percentage Change over Prior Year	-5.65%	1.00%	1.00%	1.00%	1.00%	1.00%

EXPENDITURES

LINE 3.010--Personnel Services.

Calculations for Personnel Services (salaries and wages) are based on actual historical expenditures, current staffing levels, forecast staffing levels, and approved salary schedules and contracts, including the negotiated agreement with the Pickerington Education Association. In FY 2012, the district enacted a reduction in force that resulted in approximately 77 fewer certified staff and 20 fewer support staff. Base salaries were frozen for all staff for FY2011, FY2012 and FY2013. Step increases were frozen for teachers and support staff for FY2012. The forecast continues to assume 0% base salary increases through FY2017; moving forward, it is important to note that a 1% increase on the base salary results in about a \$515,500 increase in overall salaries. Step increases for FY2013 through FY2017 are included in the forecast, and are traditionally 2% for certified staff and classified staff, and about 1% for administrators. The forecast assumes the following staff positions to be added, for programming and special education and enrollment needs: 14 in FY 2014, and 15 in FY 2015; and adding the supervision staff from the Fairfield County ESC to the district personnel. Also, the forecast assumes an increase in projected retirements and replacements of staff due to changes in State Teachers Retirement System and School Employees Retirement System benefits.

Exhibit 9—Detailed Look at Personnel Services

	Actual	Projected				
	2012	2013	2014	2015	2016	2017
Actual Amount Expended in Prior Year:	56,297,744	51,508,482	50,784,826	52,343,313	53,814,726	54,607,023
Other Changes						
Note 1 Negotiations, Steps, Etc	-	911,700	1,028,850	1,060,423	1,090,233	1,106,284
Total Annual Salary Change	-	911,700	1,028,850	1,060,423	1,090,233	1,106,284
One-Time Adjustments to the Current Year Only						
Asst. Supt. not replaced balance of 12-13		(55,000)	(9,167)			
Other RIF related factors		(248,737)				
Note 3 Changes in FTE & Avg. Salary	(4,869,407)	(1,331,619)	538,804	410,990	(297,936)	(420,395)
Total	51,508,482	50,784,826	52,343,313	53,814,726	54,607,023	55,292,911
Dollar Change over Prior year	(4,789,262)	(723,656)	1,558,487	1,471,413	792,297	685,888
Percentage Change over Prior Year	-8.51%	-1.40%	3.07%	2.81%	1.47%	1.26%

LINE 3.020--Employees' Retirement/Insurance Benefits.

This line item is based on the negotiated agreement with the PEA, employee benefit plans and Board policy. This category includes retirement system contributions, Medicare, medical/dental/vision/life insurance, workers' compensation, School Employees Retirement System surcharge, and unemployment compensation. Significant savings for the district were realized in the PEA negotiated agreement in regard to health insurance costs, and the forecast reflects the assumed continuation of a 9.5% Board cap on annual health insurance premium increases. Though this does place a cap on the Board's year over year contribution rate, the increase is still one of the most significant costs for the Board in future years. At a rate of 9.5%, health insurance premiums will *double* within an 8 year time period. The Cadillac Tax, a part of the Patient Protection and Affordability Act, looms after January 1, 2018, and with increases in the 9-10% range, it is quite possible that the district could run afoul of the 40% surcharge. Projections also assume continuation of current Board and employee shares of insurance costs. Finally, future year estimates are based on historical trends, staff numbers (including additional staffing), plan enrollments and expected economic factors.

Exhibit 10—Detailed Look at Retirement/Insurance Benefits

	Actual	Projected				
	2012	2013	2014	2015	2016	2017
Actual Amount Expended in Prior Year:	22,076,874	19,459,816	19,735,540	21,443,799	23,305,256	24,989,029
	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%
11,715,509 Annual Percentage Increase due to Health Insurance	5.0%	8.00%	9.50%	9.50%	9.50%	9.50%
Dollar Impact of Express Modeling Health Insurance	585,775	984,103	1,262,112	1,382,012	1,513,304	1,657,067
Dollar Impact of Express Modeled Salary Change On Ret/Fringes	(787,834)	(119,041)	256,371	242,047	130,333	112,829
Total Annual Benefits Change	(202,058)	865,061	1,518,483	1,624,060	1,643,636	1,769,896
Ongoing Adjustments to Current & Subsequent Years						
Health Insurance Savings From FY11 RIF	(15,000)					
Health Insurance Savings From FY12 RIF	(2,400,000)	(400,000)				
Health Insurance Savings from FY13 RIF		(189,337)	(28,500)			
Pickup on pickup supervisors from FCESC			34,720			
In house employee-classified attendance offcr. add insurance			12,500	2,500		
Add'l FTE Added Insurance: Estimate 75% Family, 25% Single			171,056	34,211		
Add'l FTE Added Insurance: Estimate 75% Family, 25% Single				200,685	40,137	
Note 3	-	-	-	-	-	-
Adjustment for Current Cash Flow Trend:		-				
Total	19,459,816	19,735,540	21,443,799	23,305,256	24,989,029	26,758,925
Dollar Change over Prior year	(2,617,058)	275,724	1,708,259	1,861,456	1,683,774	1,769,896
Percentage Change over Prior Year	-11.85%	1.42%	8.66%	8.68%	7.22%	7.08%

LINE 3.030--Purchased Services.

This line item is based on historical patterns and current economic factors, which includes a 2.8% yearly increase tied to the CPI-U index. This category includes a wide variety of expenditures including utilities, student transportation, legal fees, tuition paid to other districts, equipment repairs, mileage reimbursements and other expenses. Of importance, the district is also forecasting an increase of 10 minutes per bus route to accommodate routing for FY 14, and is showing the addition of an attendance officer to district staffing, which would decrease the fee paid to the Franklin County ESC for this service. Finally, in 2016, it is anticipated that the next transportation contract will be higher than current terms.

Exhibit 11—Detailed Look at Purchased Services

	Actual	Projected				
	2012	2013	2014	2015	2016	2017
Actual Amount Expended in Prior Year:	13,077,901	13,462,011	14,111,037	14,507,246	14,924,104	15,522,334
Ongoing Adjustments to Current & Subsequent Years						
Annual Percentage Change		2.46%	2.80%	2.80%	2.80%	2.80%
Annual Dollar Change Based Upon Percentage		330,573	395,109	406,203	417,875	434,625
Ongoing Adjustments to Current & Subsequent Years						
Add 10 minutes to bus routes scheduling (52 routes)			55,000			
Increased Costs of Next Transportation Contract					175,000	
3 Tier Routing in FY 14??						
Attendance officer in house			(75,000)			
Other RIF factors	(252,133)					
Note 1 - Open Enrollment, Comm School Tuition, Etc.	636,243	318,456	21,100	10,656	5,354	-
Total	13,462,011	14,111,037	14,507,246	14,924,104	15,522,334	15,956,959
Dollar Change over Prior year	384,110	649,025	396,209	416,858	598,229	434,625
Percentage Change over Prior Year	2.94%	4.82%	2.81%	2.87%	4.01%	2.80%

Line 3.040--Supplies and Materials.

This line contains textbooks, instructional materials, fuel, office supplies and maintenance supplies. Forecasted years are based on historical trends, current economic conditions and current budget levels for school buildings and departments. It is also tied to economic factors, and includes a 2.5% increase based on the CPI-U. For FY 14, building budgets will increase by \$5/student. Additionally, this category includes additional expenses in FY2013 and future years due to the implementation of revised academic

standards (Common Core), the third grade reading guarantee, and other factors. Fluctuations in fuel prices may significantly impact the expenditures in this category.

Exhibit 12—Detailed Look at Supplies

	Actual	Projected				
	2012	2013	2014	2015	2016	2017
Actual Amount Expended in Prior Year:	1,991,469	1,992,221	2,239,635	2,345,625	2,404,266	2,464,373
Ongoing Adjustments to Current & Subsequent Years						
Annual Percentage Change		2.50%	2.50%	2.50%	2.50%	2.50%
Annual Dollar Change Based Upon Percentage		49,806	55,991	58,641	60,107	61,609
Ongoing Adjustments to Current & Subsequent Years						
Implementation of Revised Academic Standards (Common Core)		200,000				
Increase building budgets 10% per pupil			50,000			
Total	1,992,221	2,239,635	2,345,625	2,404,266	2,464,373	2,525,982
Dollar Change over Prior year	752	247,414	105,991	58,641	60,107	61,609
Percentage Change over Prior Year	0.04%	12.42%	4.73%	2.50%	2.50%	2.50%

LINE 3.050--Capital Outlay.

This line contains new and replacement equipment, vehicles and other capital expenditures, including technology purchases. In future years, it includes significant additions (about \$500,000) for the purchase of technological equipment. This is designed to allow the district to stay up to speed with PARRC and other required programmatic changes (Common Core, STEM, etc.). Because of the savings appreciated via our transportation contracts by purchasing our own buses, the district is also budgeting to purchase 1 additional bus per year through 2017, and will be purchasing up to 2 school vehicles per year through 2017.

Exhibit 13—Detailed Look at Equipment

	Actual	Projected				
	2012	2013	2014	2015	2016	2017
Actual Amount Expended in Prior Year:	608,350	205,621	705,899	1,345,899	1,345,899	1,345,899
Ongoing Adjustments to Current & Subsequent Years						
Annual Percentage Change		0.00%	0.00%	0.00%	0.00%	0.00%
Annual Dollar Change Based Upon Percentage		-	-	-	-	-
Ongoing Adjustments to Current & Subsequent Years						
Increased Equipment Purchases		500,278				
Additional Technological Needs			500,000			
Purchases Add'l School Vehicle (Up to 2/yr.)			50,000			
Purchase Add'l School Bus (1/yr.)			90,000			
Other RIF Factors	(402,729)					
Total	205,621	705,899	1,345,899	1,345,899	1,345,899	1,345,899
Dollar Change over Prior year	(402,729)	500,278	640,000	-	-	-
Percentage Change over Prior Year	-66.20%	243.30%	90.66%	0.00%	0.00%	0.00%

LINE 4.300--Other Objects.

This line contains miscellaneous expenditure categories; this estimate is based on historical trends. The major expenditures in this line include county auditor and treasurer fees, and State Foundation deductions for the Fairfield County Educational Service Center. Of note, in FY 14, the district will be moving supervision services that were purchased from the Fairfield County ESC ‘in house,’ which will reduce the amount paid to the ESC.

Exhibit 14—Detailed Look at Other Objects

	Actual	Projected				
	2012	2013	2014	2015	2016	2017
Actual Amount Expended in Prior Year:	2,112,417	1,968,744	2,049,075	1,621,563	1,666,966	1,713,641
Ongoing Adjustments to Current & Subsequent Years						
Annual Percentage Change		3.00%	2.80%	2.80%	2.80%	2.80%
Annual Dollar Change Based Upon Percentage		59,062	57,374	45,404	46,675	47,982
Ongoing Adjustments to Current & Subsequent Years						
Addition of FCESC spec ed to PLSD payroll, reduce 844 object			(200,000)			
Addition of FCESC supervisors to PLSD payroll, reduce 844 object			(250,167)			
Pickup on Pickup of supervisors, reduce 844 object code			(34,720)			
Other factors	(143,673)	21,269				
Total	1,968,744	2,049,075	1,621,563	1,666,966	1,713,641	1,761,623
Dollar Change over Prior year	(143,673)	80,331	(427,513)	45,404	46,675	47,982
Percentage Change over Prior Year	-6.80%	4.08%	-20.86%	2.80%	2.80%	2.80%

LINE 5.010—Operating Transfers Out.

This line shows expenditures of \$2,000,000 in FY2013 and \$1,000,000 in FY2014. These amounts are proposed to be transferred to the Termination Benefits Fund (035) to fund the estimated liability for severance pay for staff eligible for retirement. As mentioned previously, the District expects an increase in projected retirements of staff due to changes in State Teachers Retirement System and School Employees Retirement System benefits.

Exhibit 15—Detailed Look at Transfers Out

	Actual	Projected				
	2012	2013	2014	2015	2016	2017
5.010 - Operating Transfers-Out	Projections are not Based Upon Previous Fiscal Year					
Transfer to Fund 035 to Cover Termination Benefits		2,000,000	1,000,000			
Transfer to Capital Improvement Fund		1,200,000				
Total [5.010]	-	3,200,000	1,000,000	-	-	-

Lines 6.010, 7.010, 7.020

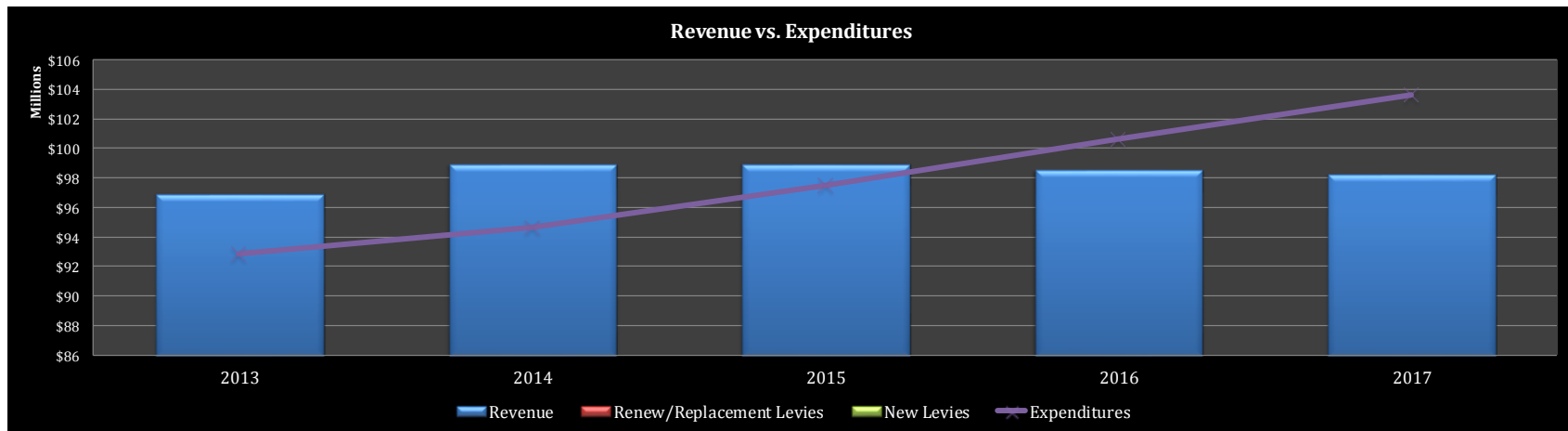
The following exhibit shows the overall impact on a simplified income/expense statement for the district. It assumes that Sub HB 59 becomes law.

Exhibit 16—Simplified Income and Expense Statement

Income and Expense Simplified Statement - Projected Fiscal Years

Pickerington Local School District

	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Beginning Balance	12,715,103	16,799,829	21,099,887	22,556,788	20,414,957
+ Revenue	96,922,259	98,907,503	98,918,119	98,500,467	98,257,728
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(92,837,532)	(94,607,445)	(97,461,217)	(100,642,299)	(103,642,300)
= Revenue Surplus or Deficit	4,084,726	4,300,057	1,456,901	(2,141,831)	(5,384,572)
Ending Balance	16,799,829	21,099,887	22,556,788	20,414,957	15,030,385
Revenue Surplus or Deficit w/o Levies	4,084,726	4,300,057	1,456,901	(2,141,831)	(5,384,572)
Ending Balance w/o Levies	16,799,829	21,099,887	22,556,788	20,414,957	15,030,385



Lines 6.010, 7.010, 7.020

The following exhibit shows the overall impact on a simplified income/expense statement for the district. It assumes that the Executive Budget HB 59 becomes law.

Exhibit 17—Simplified Income and Expense Statement

Income and Expense Simplified Statement - Projected Fiscal Years

Pickerington Local School District

	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Beginning Balance	12,715,103	16,799,825	18,600,892	17,558,803	12,619,050
+ Revenue	96,922,259	96,408,516	96,419,132	95,702,549	95,194,839
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(92,837,536)	(94,607,449)	(97,461,221)	(100,642,302)	(103,642,304)
= Revenue Surplus or Deficit	4,084,722	1,801,067	(1,042,089)	(4,939,753)	(8,447,465)
Ending Balance	16,799,825	18,600,892	17,558,803	12,619,050	4,171,585
Revenue Surplus or Deficit w/o Levies	4,084,722	1,801,067	(1,042,089)	(4,939,753)	(8,447,465)
Ending Balance w/o Levies	16,799,825	18,600,892	17,558,803	12,619,050	4,171,585

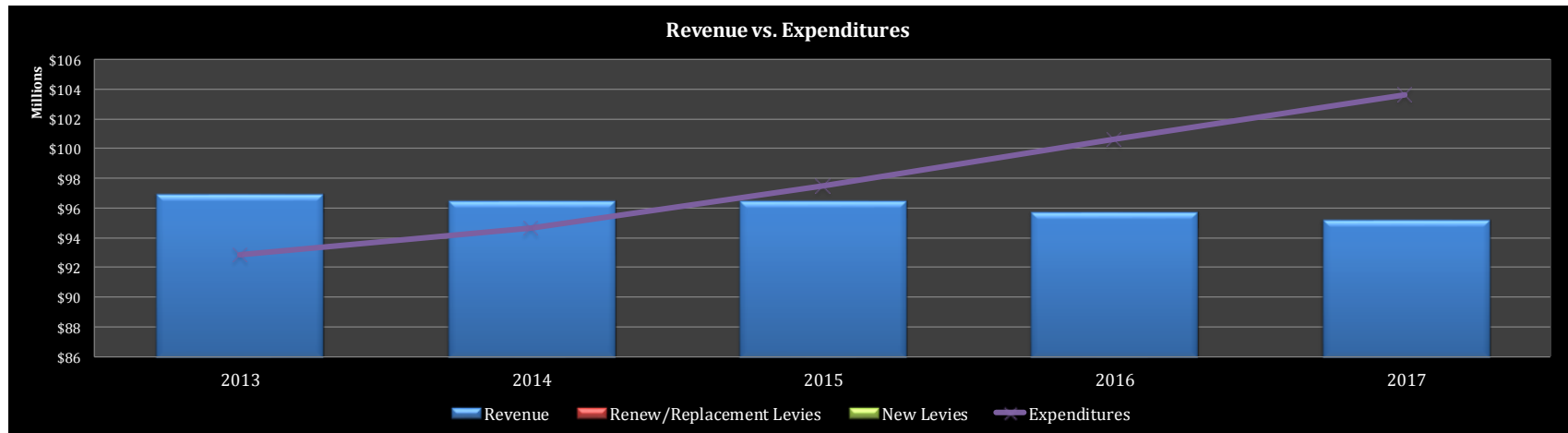


Exhibit 18—Enrollment Projections (Includes Open Enrollment Out)

Grade		K	1	2	3	4	5	6	7	8	9	10	11	12	Total
Actual Headcount from Prior FY		586	701	702	786	783	819	809	791	911	866	825	853	849	10,281
Fiscal Year: 2013															
Census Population Potential		734													
Percent of Census Enrolling		83%													
Prior Year Students Advancing		606	586	701	702	786	783	819	809	791	911	866	825	853	10,038
% Growth from Prior Grade and Year Grades 1-12			11.00%	2.00%	3.50%	2.25%	2.25%	2.24%	2.59%	0.69%	2.50%	0.25%	-1.75%	-2.25%	
# Growth Calculated from Percentage Growth			64	14	25	18	18	18	21	5	23	2	-14	-19	175
# Growth from Prior Grade and Year Grades 1-12			28	20	-5	-1	10	-10	12	18	-37	-16	-14	-8	-3
Additional Students Lost (-) or Gained (+) to Open Enrollment In															0
Additional Students Lost (-) or Gained (+) to Open Enrollment Out															0
Students Lost (-) or Gained (+) to Community School															0
Total Enrollment at District Current Year (Estimated October Count)		606	678	735	722	803	811	827	842	814	897	852	797	826	10,210
Fiscal Year: 2014															
Census Population Potential		688													
Percent of Census Enrolling		85%													
Prior Year Students Advancing		585	606	678	735	722	803	811	827	842	814	897	852	797	9,968
% Growth from Prior Grade and Year Grades 1-12			10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
# Growth Calculated from Percentage Growth			61	0	0	0	0	0	0	0	0	0	0	0	61
# Growth from Prior Grade and Year Grades 1-12															0
Additional Students Lost (-) or Gained (+) to Open Enrollment In															0
Additional Students Lost (-) or Gained (+) to Open Enrollment Out															0
Students Lost (-) or Gained (+) to Community School															0
Total Enrollment at District for Modeled Year (Est. October Count)		585	667	678	735	722	803	811	827	842	814	897	852	797	10,029
Fiscal Year: 2015															
Census Population Potential		630													
Percent of Census Enrolling		85%													
Prior Year Students Advancing		536	585	667	678	735	722	803	811	827	842	814	897	852	9,768
% Growth from Prior Grade and Year Grades 1-12			10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
# Growth Calculated from Percentage Growth			58	0	0	0	0	0	0	0	0	0	0	0	58
# Growth from Prior Grade and Year Grades 1-12															0
Additional Students Lost (-) or Gained (+) to Open Enrollment In															0
Additional Students Lost (-) or Gained (+) to Open Enrollment Out															0
Students Lost (-) or Gained (+) to Community School															0
Total Enrollment at District for Modeled Year (Est. October Count)		536	643	667	678	735	722	803	811	827	842	814	897	852	9,826
Fiscal Year: 2016															
Census Population Potential		613													
Percent of Census Enrolling		85%													
Prior Year Students Advancing		521	536	643	667	678	735	722	803	811	827	842	814	897	9,495
% Growth from Prior Grade and Year Grades 1-12			10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
# Growth Calculated from Percentage Growth			54	0	0	0	0	0	0	0	0	0	0	0	54
# Growth from Prior Grade and Year Grades 1-12															0
Additional Students Lost (-) or Gained (+) to Open Enrollment In															0
Additional Students Lost (-) or Gained (+) to Open Enrollment Out															0
Students Lost (-) or Gained (+) to Community School															0
Total Enrollment at District for Modeled Year (Est. October Count)		521	590	643	667	678	735	722	803	811	827	842	814	897	9,549
Fiscal Year: 2017															
Census Population Potential		635													
Percent of Census Enrolling		85%													
Prior Year Students Advancing		539.75	521	590	643	667	678	735	722	803	811	827	842	814	9,192
% Growth from Prior Grade and Year Grades 1-12			10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
# Growth Calculated from Percentage Growth			52	0	0	0	0	0	0	0	0	0	0	0	52
# Growth from Prior Grade and Year Grades 1-12															0
Additional Students Lost (-) or Gained (+) to Open Enrollment In															0
Additional Students Lost (-) or Gained (+) to Open Enrollment Out															0
Students Lost (-) or Gained (+) to Community School															0
Total Enrollment at District for Modeled Year (Est. October Count)		540	573	590	643	667	678	735	722	803	811	827	842	814	9,244