

**PICKERINGTON LOCAL SCHOOL DISTRICT – FAIRFIELD COUNTY
ASSUMPTIONS FOR FIVE-YEAR FINANCIAL FORECAST
PROJECTED FISCAL YEARS ENDING JUNE 30, 2014 THROUGH June 30, 2018**

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 34.4% 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 7% *reduction* in 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 6.3%. These amounts are lower than the Spring submission, and are based on conversations with the Fairfield County Auditor and by examination of market price to sales ratio data kept by the Ohio Department of Taxation.

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 1.90%
- 2019 reappraisal: Class I growth of 4.76%, and Class II growth of 4.65%
- 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 2013-2014, the forecast anticipates a .75% increase in Class I (Res/Ag) property valuation due to new construction each year, then a .50% to .80% increase in Class I property valuation due to new construction from FY 15-18 (starting at .50%, then increasing by .1% each year until 2018); 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 2013-2018 ranges from about .55%-.85% per year.

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

Exhibit 1—Detailed Look at Forecasted RE Collections

Percentage of Total Revenue:							
34.4%		Actual	Projected				
Collection Year >>>		2013	2014	2015	2016	2017	2018
Valuations	Class I and Class II Values	Projections are not Based Upon Previous Fiscal Year					
	Total Valuation for Collection Year	1,111,113,150	1,052,776,084	1,060,509,868	1,065,704,392	1,112,298,221	1,120,450,956
	Year-Over-Year Change	12,773,290	(58,337,066)	7,733,783	5,194,525	46,593,829	8,152,735
	Overall % Change	1.16%	-5.25%	0.73%	0.49%	4.37%	0.73%
	Inflation / Deflation	(2,354,910)	(66,937,338)	(835,082)	(841,346)	39,230,014	-
	New Construction	15,128,200	8,600,272	8,568,866	6,035,870	7,363,815	8,152,735
Tax Rates	Class I Tax Rates						
	Class I Eff. Tax Rate w/Levies (Current Year)	34.1683	35.5700	35.5700	35.5700	34.3695	34.3695
	Class I Emergency Levy Tax Rate w/Levies	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	Total Class I Effective	34.1683	35.5700	35.5700	35.5700	34.3695	34.3695
	Year over Year Class I Change	0.0628	1.4017	0.0000	0.0000	-1.2005	0.0000
	Percentage Change	0.18%	4.10%	0.00%	0.00%	-3.37%	0.00%
Tax Rates	Class II Tax Rates						
	Class II Eff. Tax Rate w/Levies (Current Year)	33.1281	33.5896	33.7049	33.8208	33.2610	33.2610
	Class II Emergency Levy Tax Rate w/Levies	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	Total Class II Effective	33.1281	33.5896	33.7049	33.8208	33.2610	33.2610
	Year over Year Class II Change	(0.01)	0.46	0.12	0.12	(0.56)	-
	Percentage Change	-0.04%	1.39%	0.34%	0.34%	-1.66%	0.00%
Tax Revenue	Fiscal Year >>>	2013	2014	2015	2016	2017	2018
	Total Taxes Levied for Fiscal Year	37,542,892	37,445,886	37,253,551	37,501,496	37,816,807	38,169,583
	Rollback and Homestead from Ohio	(4,374,077)	(4,359,994)	(4,324,350)	(4,350,839)	(4,384,973)	(4,423,598)
	Current Taxes Unpaid	(839,784)	(854,162)	(881,306)	(887,363)	(895,143)	(903,661)
	Adjustment for Collection Split	200,229	(113,799)	3,913	2,731	5,705	3,720
	Past Delinquencies Collected	866,224	709,812	710,000	700,000	700,000	700,000
	Other Adjustme	-	-	-	-	-	-
	Less Advances Paid in Prior Year	-	-	-	-	-	-
	Plus Advances Received Current Year	-	-	-	-	-	-
Total	33,397,054	33,397,054	32,828,081	32,761,808	32,966,024	33,242,396	33,546,044
	Dollar Change over Prior year	2,892,720	(568,973)	(66,273)	204,216	276,372	303,648
	Percentage Change over Prior Year	9.48%	-1.70%	-0.20%	0.62%	0.84%	0.91%

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 1.23% 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.

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

Exhibit 2—Detailed Look at Forecasted PUPP Tax Revenue

Percentage of Total Revenue: 1.23%		Actual	Projected				
Tax Collection Year >>>		2013	2014	2015	2016	2017	2018
Valuations	Personal Property (PUPP)	Projections are not Based Upon Previous Fiscal Year					
	Total Valuation for Collection Year	18,106,270	18,106,270	18,106,270	18,106,270	18,106,270	18,106,270
	Year-Over-Year Change	3,179,020	-	-	-	-	-
	Overall % Change	21.30%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rates	Full Voted (PUPP)						
	Tangible Full Voted Approved Levies	72.2000	72.2000	72.2000	72.2000	72.2000	72.2000
	Year over Year Change	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	Overall % Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Revenue	Fiscal Year >>	2013	2014	2015	2016	2017	2018
	Total Taxes Levied for Fiscal Year	1,186,710	1,300,722	1,300,722	1,300,722	1,300,722	1,300,722
Total	1,192,175	1,201,972	1,300,722	1,300,722	1,300,722	1,300,722	1,300,722
	Dollar Change over Prior year	182,390	98,750	-	-	-	-
	Percentage Change over Prior Year	17.89%	8.22%	0.00%	0.00%	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, though collections through the first quarter of FY 2014 tend to show that FY 14 collections could be 2.53% higher than last year. 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

Percentage of Total Revenue: 14.77%						
	Actual	Projected				
	2013	2014	2015	2016	2017	2018
Overall Annual Income Tax Growth Projected:		2.53%	1.50%	1.50%	1.50%	1.50%
401 Prior FY Collection	-	14,357,756	14,721,497	14,942,320	15,166,454	15,393,951
Current Year Estimated Growth	-	363,741	220,822	224,135	227,497	230,909
Deduction for Phase-Out	-	-	-	-	-	-
Deduction for any reserved?	-	-	-	-	-	-
Net "cash" for this levy?	14,357,756	14,721,497	14,942,320	15,166,454	15,393,951	15,624,860
Net Levy Collection Amount	14,357,756	14,721,497	14,942,320	15,166,454	15,393,951	15,624,860
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		163,324				
Adjustment for Current Cash Flow Trend:						
Total	14,357,756	14,884,821	14,942,320	15,166,454	15,393,951	15,624,860
Dollar Change over Prior year		260,433	527,065	57,498	224,135	230,909
Percentage Change over Prior Year		1.85%	3.67%	0.39%	1.50%	1.50%

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

Representing 43.5% 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 final version of the budget bill that was approved by the Ohio legislature is quite significant for PLSD.

The new funding formula no longer relies on a district-specific charge off to determine local share. Rather, the formula relies on a per pupil property valuation index that ranks a district with all other districts in the state. Additionally, the formula also relies on a per pupil Ohio median income valuation index that also ranks a district with all other districts in the state, but the per pupil median income figure is only used if it is lower than the per pupil valuation index. In Pickerington's case, the district has a rather low per pupil property valuation index. For the current fiscal year, for example, the per pupil valuation for PLSD is \$109,087, while the state average is \$140,051. This leads to a valuation/wealth index of .7789 (state average would be 1, amounts less than 1 are 'poorer' than the state). A wealth index of .7789 leads to a state share of 58.1%. More importantly, as time progresses, the valuation per pupil for PLSD doesn't grow as fast as the state average, which again makes PLSD 'poorer' per the formula. This leads to a significant increase in state funding over the next 5 fiscal years. In point of fact, PLSD is formula funded in each of the five years of the forecast, and in FYs 2014 and 2016-2018, the formula funding for the district is capped (see line called Unfunded Formula Above Cap in Exhibit 4 below). Other key pieces of the funding formula are provided in Exhibit 4 below as well, including forecasted Casino Revenue. 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

Percentage of Total Revenue:							
43.5%		Actual	Projected				
		2013	2014	2015	2016	2017	2018
		Not Projected Based Upon Previous Fiscal Year					
Core Aid Funding (See Note 2 for Detail)	Core Funding Per Pupil		\$5,745	\$5,800	\$5,858	\$5,917	\$5,976
	State Share of Core Funding		58.8%	58.8%	61.7%	61.7%	62.3%
	State Core Funding Per Pupil		\$3,378	\$3,411	\$3,612	\$3,648	\$3,722
	Total Formula ADM		10,174	10,182	10,153	10,061	10,015
	Total Calculated Core Funding		\$34,370,467	\$34,726,800	\$36,670,631	\$36,699,905	37,270,274
	District Adjustments		\$0	\$0	\$0	\$0	\$0
	Total Projected Core Funding for Fiscal Year from Note -2		\$34,370,467	\$34,726,800	\$36,670,631	\$36,699,905	37,270,274
Targeted Funding (See Note 2 for Detail)							
	Wealth Based Targeted Assistance Funding		\$4,075,083	\$4,140,190	\$4,167,526	\$4,090,956	\$3,915,639
	Agricultural Target Assistance Supplemental Sobul Funding		\$241,950	\$245,815	\$258,161	\$253,417	\$250,247
	Total Targeted Funding from Note -2		\$4,317,033	\$4,386,005	\$4,425,687	\$4,344,373	\$4,165,886
	Total Special Education Funding - Note 1		\$4,994,020	\$5,041,598	\$5,312,315	\$5,338,877	\$5,419,791
	K-3 Literacy Aid - Note 1		\$393,316	\$530,434	\$531,415	\$540,566	\$537,891
	Total ELL Funding - Note 1		\$177,522	\$179,277	\$187,964	\$187,964	\$189,863
	Total Gifted Funding - Note 1		\$491,948	\$497,270	\$498,066	\$495,609	\$495,493
	Total Economic Disadvantaged Aid - Note 1		\$151,873	\$153,687	\$154,027	\$153,399	\$153,467
	Transportation Aid		\$1,892,014	\$1,892,014	\$1,892,014	\$1,892,014	1,892,014
	Low Density Transportation Aid						
	Career Tech Weighted Funding		\$111,355	\$111,355	\$111,355	\$111,355	111,355
	Career Tech Associated Services						
	Total Transportation and Career Tech Funding		\$2,003,369	\$2,003,369	\$2,003,369	\$2,003,369	\$2,003,369
	Total Formula Aid		\$46,899,548	\$47,518,440	\$49,783,474	\$49,764,061	\$50,236,034
	Prior Year Funding Amount		\$41,817,609	\$44,431,210	\$47,518,440	\$47,518,440	47,518,440
	Guarantee Percentage		100%	100%	100%	100%	100%
	Transitional Aid		\$0	\$0	\$0	\$0	\$0
	Growth Cap		1.0625	1.1050	1.0000	1.0000	1.0000
	Maximum Capped Amount		44,431,210	49,096,487	47,518,440	47,518,440	47,518,440
	Final Funding Amount		44,431,210	47,518,440	47,518,440	47,518,440	47,518,440
	Unfunded Formula Above Cap		\$2,468,339	\$0	\$2,265,034	\$2,245,621	\$2,717,594
	Preschool		583320	583320	583320	583320	583320
	Special Education Transportation		259090	259090	259090	259090	259090
	Casino Funding		519486	519486	519486	519486	519486
	FY 13 Bridge Adjustments						
	Back out Career Tech Funding		(111535)	(111535)	(111535)	(111535)	(111535)
	Final Adjustment to Calculated State Funding						
	Adjustment for Current Cash Flow Trend:		42,317,267				
Total			42,317,267	45,681,571	48,768,801	48,768,801	48,768,801
	Dollar Change over Prior year		532,913	3,364,304	3,087,230	-	-
	Percentage Change over Prior Year		1.28%	7.95%	6.76%	0.00%	0.00%

LINE 1.040 AND 1.045--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 5—Detailed Look at Restricted Grants in Aid

Percentage of Total Revenue:							
0.6%							
		Actual	Projected				
		2013	2014	2015	2016	2017	2018
		Projections are not Based Upon Previous Fiscal Year					
1.040 - Restricted Grants-in-Aid							
	Career Tech Funding	161,459	111,355	111,355	111,355	111,355	111,355
	Catastrophic Aid Pmt.	20,742	19,000	21,000	21,000	21,000	21,000
Total [1.040]	182,201	182,201	130,355	132,355	132,355	132,355	132,355
		Projections are not Based Upon Previous Fiscal Year					
1.045 - Restricted Federal Grants-in-Aid - SESE							
	EdJobs	366,479					
Total [1.045]	366,479	366,479	-	-	-	-	-
Total [1.040 to 1.045]		548,680	130,355	132,355	132,355	132,355	132,355
	Dollar Change over Prior year	(1,708,952)	(418,325)	2,000	-	-	-
	Percentage Change over Prior Year	-75.70%	-76.24%	1.53%	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 4.5% 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 6, which shows a more detailed look at this revenue line, follows.

Exhibit 6—Detailed Look at Property Tax Allocation

Percentage of Total Revenue: 4.5%		Actual	Projected				
		2013	2014	2015	2016	2017	2018
		Projections are not Based Upon Previous Fiscal Year					
Rollback and Homestead	10% Rollback Total Dollars	3,192,774	3,167,578	3,144,089	3,163,349	3,188,166	3,216,249
	2.5% Residential Rollback Total Dollars	643,189	640,453	635,703	639,597	644,615	650,293
	Homestead Total Dollars	539,694	548,626	544,558	547,893	552,192	557,056
	Adjustments	-	-	-	-	-	-
	Total Rollback and Homestead	4,375,658	4,356,657	4,324,350	4,350,839	4,384,973	4,423,598
Total	4,374,175	4,374,175	4,356,657	4,324,350	4,350,839	4,384,973	4,423,598
	Dollar Change over Prior year	396,519	(17,518)	(32,306)	26,489	34,133	38,625
	Percentage Change over Prior Year	9.97%	-0.40%	-0.74%	0.61%	0.78%	0.88%

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 1% of total general fund revenue.

Exhibit 7—Detailed Look at All Other Revenues

Percentage of Total Revenue:							
1.0%	Actual	Projected					
	2013	2014	2015	2016	2017	2018	
Actual Amount Received in Prior Year:	786,350	1,002,880	912,909	922,038	931,258	940,571	
Net Basis to be Used for Current and Subsequent Forecasted Amount:	786,350	1,002,880	912,909	922,038	931,258	940,571	
Ongoing Adjustments to Current & Subsequent Years							
Annual Percentage Change	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
Annual Dollar Change Based Upon Percentage	7,864	10,029	9,129	9,220	9,313	9,406	
One-Time Adjustments to the Current Year Only							
<i>189% increase in spec. ed tuition rpt. Code 1223</i>	200,754	(100,000)					
Total	1,002,880	1,002,881	912,909	922,038	931,258	940,571	
Dollar Change over Prior year	216,531	(89,972)	9,129	9,220	9,313	9,406	
Percentage Change over Prior Year	27.54%	-8.97%	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 assumes wage inflation (comprised as step and base increases, whether negotiated or not) as follows:

Allocation of Prior Year Salary Expenditures	2013	2014	2015	2016	2017	2018
Estimated Certified Annual Salary	39,661,531	38,453,846	40,544,635	42,590,361	43,613,950	44,769,208
Annual Percentage for Experience Steps	2.12%	2.12%	2.12%	2.12%	2.12%	2.12%
Annual Percentage Change for Negotiations	0.00%	2.50%	2.25%	1.50%	1.50%	1.50%
Total Percentage Change	2.12%	4.62%	4.37%	3.62%	3.62%	3.62%
Dollar Change due to Percentage Change	840,824	1,776,568	1,771,801	1,541,771	1,578,825	1,620,645
Total Dollar Change Certified	840,824	1,776,568	1,771,801	1,541,771	1,578,825	1,620,645
Estimated Classified Annual Salary	6,953,645	6,223,451	6,561,829	6,892,914	7,058,573	7,245,543
Annual Percentage for Experience Steps	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Annual Percentage Change for Negotiations	0.00%	2.50%	2.25%	1.50%	1.50%	1.50%
Total Percentage Change	2.00%	4.50%	4.25%	3.50%	3.50%	3.50%
Dollar Change due to Percentage Change	139,073	280,055	278,878	241,252	247,050	253,594
Total Dollar Change Classified	139,073	280,055	278,878	241,252	247,050	253,594
Estimated Administrative Annual Salary	4,893,306	3,799,847	4,006,450	4,208,600	4,309,747	4,423,905
Annual Percentage for Experience Steps	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Annual Percentage Change for Negotiations	0.00%	2.50%	2.25%	1.50%	1.50%	1.50%
Total Percentage Change	1.30%	3.80%	3.55%	2.80%	2.80%	2.80%
Dollar Change due to Percentage Change	63,613	144,394	142,229	117,841	120,673	123,869
Total Dollar Change Administrative	63,613	144,394	142,229	117,841	120,673	123,869

The forecast assumes the following changes in FTE as well:

		2013	2014	2015	2016	2017	2018
Certified - Teachers							
% of Avg Salary	Average Salary	\$ 65,669	\$ 68,703	\$ 71,705	\$ 74,301	\$ 76,990	\$ 79,778
125.00%	FTE + or (-) Change >>	(23.0)	(16.8)	(12.0)	(12.0)	(12.0)	(12.0)
100.00%	FTE + or (-) Change >>	0.0	(6.3)	(5.0)	0.0	0.0	0.0
75.00%	FTE + or (-) Change >>	12.0	32.0	30.0	12.0	12.0	12.0
Total Change (Avg Sal X % Avg Sal X FTE Chg)		\$ (1,296,960)	\$ (218,990)	\$ 179,263	\$ (445,805)	\$ (461,943)	\$ (478,665)
Certified - Other Professionals							
% of Avg Salary	Average Salary	\$ 48,504	\$ 50,745	\$ 52,963	\$ 54,880	\$ 56,867	\$ 58,925
125.00%	FTE + or (-) Change >>	0.0	0.0	0.0	0.0	0.0	0.0
100.00%	FTE + or (-) Change >>	14.2	0.0	0.0	0.0	0.0	0.0
75.00%	FTE + or (-) Change >>	0.0	0.0	0.0	0.0	0.0	0.0
Total Annual Dollar Change for Position Group		\$ 690,218	\$ -	\$ -	\$ -	\$ -	\$ -
Certified - Administration							
% of Avg Salary	Average Salary	\$ 81,787	\$ 84,895	\$ 87,909	\$ 90,370	\$ 92,900	\$ 95,502
125.00%	FTE + or (-) Change >>	(1.5)	0.0	0.0	0.0	0.0	0.0
100.00%	FTE + or (-) Change >>	0.0	3.1	0.0	0.0	0.0	0.0
75.00%	FTE + or (-) Change >>	0.0	2.8	0.0	0.0	0.0	0.0
Total Annual Dollar Change for Position Group		\$ (153,350)	\$ 438,270	\$ -	\$ -	\$ -	\$ -
Classified - Maintenance/Custodial/Mechanic							
% of Avg Salary	Average Salary	\$ 36,446	\$ 38,086	\$ 39,705	\$ 41,095	\$ 42,533	\$ 44,022
125.00%	FTE + or (-) Change >>	0.0	1.0	0.0	0.0	0.0	0.0
100.00%	FTE + or (-) Change >>	2.0	0.0	0.0	0.0	0.0	0.0
75.00%	FTE + or (-) Change >>	(1.4)	0.0	0.0	0.0	0.0	0.0
Total Annual Dollar Change for Position Group		\$ 35,171	\$ 48,084	\$ -	\$ -	\$ -	\$ -

A detailed look at the changes in wage inflation and FTEs, and how these factors affect overall personnel wages, follows in Exhibit 8.

Exhibit 8—Detailed Look at Personnel Services

Percentage of Total Expenditures:							
54.8%	Actual	Projected					
	2013	2014	2015	2016	2017	2018	
Actual Amount Expended in Prior Year:	51,508,482	50,597,166	53,348,204	56,039,949	57,386,776	58,906,853	
Net Basis to be Used for Current and Subsequent Forecasted Amount:	51,508,482	50,597,166	53,348,204	56,039,949	57,386,776	58,906,853	
Note 1 Negotiations, Steps, Etc	1,043,510	2,247,623	2,237,406	1,932,981	1,979,437	2,031,869	
Total Annual Salary Change	1,043,510	2,247,623	2,237,406	1,932,981	1,979,437	2,031,869	
One-Time Adjustments to the Current Year Only							
Asst. Supt. not replaced balance of 12-13	(55,000)	(9,167)					
Other RIF related factors	(436,397)	-					
\$300 Stipend to Teachers FY 15			183,900	(183,900)			
RE educator stipends		44,000					
Article 10 changes to supplementals		50,000					
Ongoing Adjustments to Current & Subsequent Years							
\$300 stipend per 2080 hrs. worked for classified			56,460	(56,460)			
Add'l Hours for Duty Aides, Office Asst's		80,341					
Note 3 Changes in FTE & Avg. Salary	(1,581,218)	202,951	213,978	(345,794)	(459,361)	(475,990)	
Adjust for Prior Year Actual and Current Year Cash Flow	117,789						
Total	50,597,166	50,597,166	53,348,204	56,039,949	57,386,776	58,906,853	60,462,733
Dollar Change over Prior year	(911,316)	2,751,038	2,691,745	1,346,827	1,520,077	1,555,880	
Percentage Change over Prior Year	-1.77%	5.44%	5.05%	2.40%	2.65%	2.64%	

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 7.9% 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. By negotiating a decrease in the Board cap, the District has

averted a substantial portion of the Cadillac Tax, though it will not be avoided entirely. The District will have to include the 40% Cadillac Tax beginning in the Five Year Forecast that includes FY 19. 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 9—Detailed Look at Retirement/Insurance Benefits

Percentage of Total Expenditures:								
21.2%	Actual	Projected						
	2013	2014	2015	2016	2017	2018		
Actual Amount Expended in Prior Year:	19,447,748	19,577,317	21,186,246	22,793,659	24,028,074	25,327,697		
Net Basis to be Used for Current Year Forecasted Amount:	19,447,748	19,577,317	21,186,246	22,793,659	24,028,074	25,327,697		
Historical Information from district's Gen Fund FINDET:								
FY 2012 Posted Expense:	FY 2013 Posted Expense:	Express Modeling of Projected Insurance Financial Changes						
\$10,019,991	\$10,674,752							
% of Total Cost>	51.5%	54.5%						
Use Express Model?	Yes	% Change	8.9%	7.10%	7.70%	7.90%	7.90%	7.90%
Dollar Impact of Express Modeling Health Insurance	891,779	757,907	880,315	972,725	1,049,570	1,132,486		
From Note 1: Salary-based Fringe Benefits Percentage	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%		
Dollar Amount from Projected Changes in Salaries (Note 3.01)	(149,911)	452,546	442,792	221,553	250,053	255,942		
Pro-Growth Reinstated		72,000	48,000					
Health Insurance Savings From FY12 RIF	(400,000)							
Admin Tuition Reimbursement Reinstated		50,000						
Health Insurance Savings from FY13 RIF	(212,299)	(28,500)						
ESC contract changes		47,220	2,500					
Opt-out bonus changes		86,700	(1,090)					
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				
Total	19,577,317	21,186,246	22,793,659	24,028,074	25,327,697	26,716,126		
Dollar Change over Prior year	129,569	1,608,929	1,607,413	1,234,415	1,299,623	1,388,428		
Percentage Change over Prior Year	0.67%	8.22%	7.59%	5.42%	5.41%	5.48%		

LINE 3.030--Purchased Services.

This line item is based on historical patterns and current economic factors, which includes a 1.50% yearly increase that is equal to the August 2013 CPI-U City Average for all items. 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. The District has also added a capital lease with Apple for technological equipment, and anticipates a capital lease for musical instruments. Finally, in 2016, it is anticipated that the next transportation contract will be higher than current terms.

Exhibit 10—Detailed Look at Purchased Services

Percentage of Total Expenditures:							
15.2%	Actual	Projected					
	2013	2014	2015	2016	2017	2018	
Actual Amount Expended in Prior Year:	13,462,011	14,077,994	15,172,376	15,421,560	15,849,698	16,109,475	
Net Basis to be Used for Current and Subsequent Forecasted Amount:	13,462,011	14,077,994	15,172,376	15,421,560	15,849,698	16,109,475	
Ongoing Adjustments to Current & Subsequent Years							
Annual Percentage Change	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	
Annual Dollar Change Based Upon Percentage	201,930	211,170	227,586	231,323	237,745	241,642	
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 mid-FY 14??							
Attendance officer in house		(75,000)					
Participation fees reduced 6%--increased busing costs		50,000					
Apple Lease for District Upgrade		575,000					
Pre-school costs paid by district		190,000					
Music Lease Program		66,828					
Note 1 - Open Enrollment, Comm School Tuition, Etc.	627,321	21,384	21,598	21,814	22,032	22,253	
Adjustment for Current Cash Flow Trend:	(213,268)						
Total	14,077,994	14,077,994	15,172,376	15,421,560	15,849,698	16,109,475	16,373,370
Dollar Change over Prior year	615,983	1,094,382	249,184	428,138	259,778	263,895	
Percentage Change over Prior Year	4.58%	7.77%	1.64%	2.78%	1.64%	1.64%	

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, which is 1% higher than the August 2013 CPI-U. The increase is due to the fact that beyond inflationary pressures, the District is purchasing more in the way of supplies and materials to meet required curricular spending. For FY 14, building budgets were increased by \$5/student. Additionally, this category includes additional expenses in FY2014 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 11—Detailed Look at Supplies

Percentage of Total Expenditures:							
2.3%	Actual	Projected					
	2013	2014	2015	2016	2017	2018	
Actual Amount Expended in Prior Year:	1,992,221	2,120,695	2,271,853	2,328,650	2,386,866	2,446,538	
Net Basis to be Used for Current and Subsequent Forecasted Amount:	1,992,221	2,120,695	2,271,853	2,328,650	2,386,866	2,446,538	
Ongoing Adjustments to Current & Subsequent Years							
Annual Percentage Change	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Annual Dollar Change Based Upon Percentage	49,806	53,017	56,796	58,216	59,672	61,163	
Ongoing Adjustments to Current & Subsequent Years							
Implementation of Revised Academic Standards (Common Core)	81,061						
Increase building budgets 10% per pupil		50,000					
Increased Supply Purchases		48,141					
Adjustment for Current Cash Flow Trend:	(2,392)						
Total	2,120,695	2,271,853	2,328,650	2,386,866	2,446,538	2,507,701	
Dollar Change over Prior year	128,474	151,158	56,796	58,216	59,672	61,163	
Percentage Change over Prior Year	6.45%	7.13%	2.50%	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 2018, and will be purchasing up to 2 school vehicles per year through 2018.

Exhibit 12—Detailed Look at Equipment

Percentage of Total Expenditures:							
0.8%	Actual	Projected					
	2013	2014	2015	2016	2017	2018	
Actual Amount Expended in Prior Year:	205,621	734,645	1,284,174	1,284,174	1,284,174	1,284,174	1,284,174
Net Basis to be Used for Current and Subsequent Forecasted Amount:	205,621	734,645	1,284,174	1,284,174	1,284,174	1,284,174	1,284,174
Ongoing Adjustments to Current & Subsequent Years							
Annual Percentage Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Ongoing Adjustments to Current & Subsequent Years							
Increased Equipment Purchases	529,024						
Additional Technological Needs		409,529					
Purchases Add'l School Vehicle (Up to 2/yr.)		50,000					
Purchase Add'l School Bus (1/yr.)		90,000					
Total	734,645	734,645	1,284,174	1,284,174	1,284,174	1,284,174	1,284,174
Dollar Change over Prior year	529,024	549,529	-	-	-	-	-
Percentage Change over Prior Year	257.28%	74.80%	0.00%	0.00%	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 13—Detailed Look at Other Objects

Percentage of Total Expenditures:							
2.2%	Actual	Projected					
	2013	2014	2015	2016	2017	2018	
Actual Amount Expended in Prior Year:	1,968,744	2,041,465	1,600,216	1,645,022	1,691,083	1,738,433	
Net Basis to be Used for Current and Subsequent Forecasted Amount:	1,968,744	2,041,465	1,600,216	1,645,022	1,691,083	1,738,433	
Ongoing Adjustments to Current & Subsequent Years							
Annual Percentage Change	3.00%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
Annual Dollar Change Based Upon Percentage	59,062	57,161	44,806	46,061	47,350	48,676	
Ongoing Adjustments to Current & Subsequent Years							
Addition of FCESC spec ed to PLSD payroll, reduce 844 object		(213,523)					
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	21,269						
Adjustment for Current Cash Flow Trend:	(7,610)						
Total	2,041,465	2,041,465	1,600,216	1,645,022	1,691,083	1,738,433	1,787,109
Dollar Change over Prior year	72,721	(441,249)	44,806	46,061	47,350	48,676	
Percentage Change over Prior Year	3.69%	-21.61%	2.80%	2.80%	2.80%	2.80%	2.80%

LINE 5.010—Operating Transfers Out.

This line shows expenditures of \$3,200,000 in FY2013 and \$2,500,000 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, and to the Permanent Improvement Fund (003) to fund capital projects in the district. 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, and .

Exhibit 14—Detailed Look at Transfers Out

Percentage of Total Expenditures:							
3.5%		Actual	Projected				
		2013	2014	2015	2016	2017	2018
5.010 - Operating Transfers-Out		Projections are not Based Upon Previous Fiscal Year					
Transfer to Fund 035 to Cover Termination Benefits		2,000,000	1,500,000				
Transfer to Capital Improvement Fund		1,200,000	1,000,000	1,000,000			
Total [5.010]	3,200,000	3,200,000	2,500,000	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.

Exhibit 15—Simplified Income and Expense Statement

Income and Expense Simplified Statement - Projected Fiscal Years

Pickerington Local School District

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Beginning Balance	17,547,585	20,306,923	22,946,302	23,936,085	22,286,683
+ Revenue	100,122,408	103,152,393	103,616,454	104,163,768	104,746,357
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(97,363,070)	(100,513,014)	(102,626,671)	(105,813,170)	(109,131,213)
= Revenue Surplus or Deficit	2,759,338	2,639,379	989,782	(1,649,402)	(4,384,856)
Ending Balance	20,306,923	22,946,302	23,936,085	22,286,683	17,901,826
Revenue Surplus or Deficit w/o Levies	2,759,338	2,639,379	989,782	(1,649,402)	(4,384,856)
Ending Balance w/o Levies	20,306,923	22,946,302	23,936,085	22,286,683	17,901,826

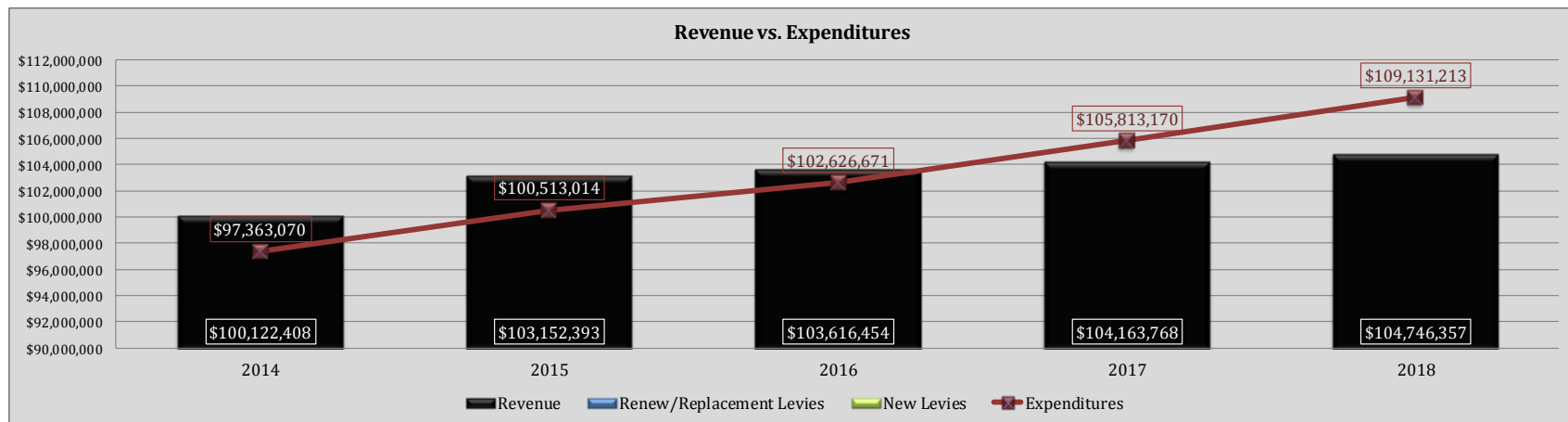


Exhibit 16—Enrollment Projections

Head Count Summary/Analysis		Pickerington Local School District				
		2014	2015	2016	2017	2018
Prior Year Actual/Estimated Enrollment (October Count)		10,203	10,195	10,212	10,175	10,076
Projected Changes to Prior Year Enrollment						
Net All-Grade Level Mobility Factor (Change) to Prior Year		156	157	160	156	152
Net Aggregate Manual Adjustments to Mobility Factor		49	0	0	0	0
New Kindergartners In		612	630	613	600	600
Loss of Seniors from Prior Year		-825	-770	-810	-855	-798
Net Change in Outgoing and Incoming Pupils		-213	-140	-197	-255	-198
Current Year Estimated Enrollment (Simulated October Count)		10,195	10,212	10,175	10,076	10,030
District Head Count		Grade				
K		612	630	613	600	600
1		693	684	705	686	671
2		705	706	697	718	699
3		759	722	723	714	736
4		747	769	732	733	723
5		825	762	785	747	748
6		807	842	778	801	762
7		855	829	865	799	823
8		870	862	835	872	805
9		831	889	881	853	891
10		892	832	890	882	854
11		829	875	816	873	865
12		770	810	855	798	853
Total Can Differ by Rounding		10,195	10,212	10,175	10,076	10,030
Year-Over-Year Percentage Change		-0.08%	0.17%	-0.36%	-0.97%	-0.46%

Historic vs. Projected Enrollment

