



PENNSBURY SCHOOL DISTRICT

134 YARDLEY AVENUE • P.O. BOX 338 • FALLSINGTON, PENNSYLVANIA 19058-0338



2020-2021

Budget Development Update

February 20, 2020

Christopher M. Berdnik, PCSBA
Chief Financial Officer



Mission Statement

Recognizing our proud traditions and diverse community, the Pennsbury School District prepares all students to become creative, ethical, and critical thinkers for lifelong success in a global society.

Comprehensive Plan

Our Plan Framework for 2020-2023



- **Student Supports**
- **Academic Advancement**
- **Facilities**

2019-20 Progress

- Pennsbury launched cyber learning.
- Infused STEM education into elementary education through the SPARK program.
- BoardDocs was implemented for electronic school board meeting management, providing the stakeholders greater transparency.
- The Pennsylvania School Board Association was contracted with to assist in modernizing Board policy.

2018-19 Legacy Challenges

■ EXPENDITURES

- Bucks County Intermediate Unit reconciliation for services rendered in 2018-19 of \$1.1 million, reflecting actual consumption exceed projected contract, is due in 2020-21. Not only is this a one-time cost, it means that the baseline was incorrect.
- Existing IEPs required additional paraprofessional support. This is the only net staffing increase built into 2020-21 payroll estimates.

2019-20 Legacy Challenges

■ REVENUES

- The real estate tax rate for 2019-20 was adopted at 170.076 mills (1.51%), when the budget was built assuming 171.076 mills (2.11% increase).
- The lower millage rate generates \$895,000 less.

■ EXPENDITURES

- Medical, pharmacy, and dental insurance was budgeted at a 3% decrease at the same time employee contributions declined.
- Projected actual costs total \$17.5 million, while the appropriation is just \$16.7 million.

2019-20 Legacy Challenges

- The impact of reduced employee share is material. Not only did the percentage decrease for some staff, but 45 employees shifted to family coverage.

PENNSBURY SCHOOL DISTRICT							2/18/2020	
IMPACT OF CHANGING COST SHARING								
ACCOUNT	COST SHARE 1/31/19	FINAL 18/19	COST SHARE 1/31/20	TREND TO 6/30/20	Benchmark 20/30/70 or 20/40/70			
SELF INS-MEDICAL	1,412,023	2,466,688	1,184,524	2,069,265	% Share Family	PESPA		
SELF INS-RX	286,743	497,759	249,939	433,871	2018-19	39%		
					2019-20	32%		
	1,698,766	2,964,447	1,434,463	2,503,136	2020-21	26%		
					2021-22	14%		
			Employee Variance Medical	(397,422)				
			Employee Variance RX	(63,888)	% Share Family	PEA		
					2018-19	13%		
				(461,311)	2019-20	13%		
					2020-21	14%		

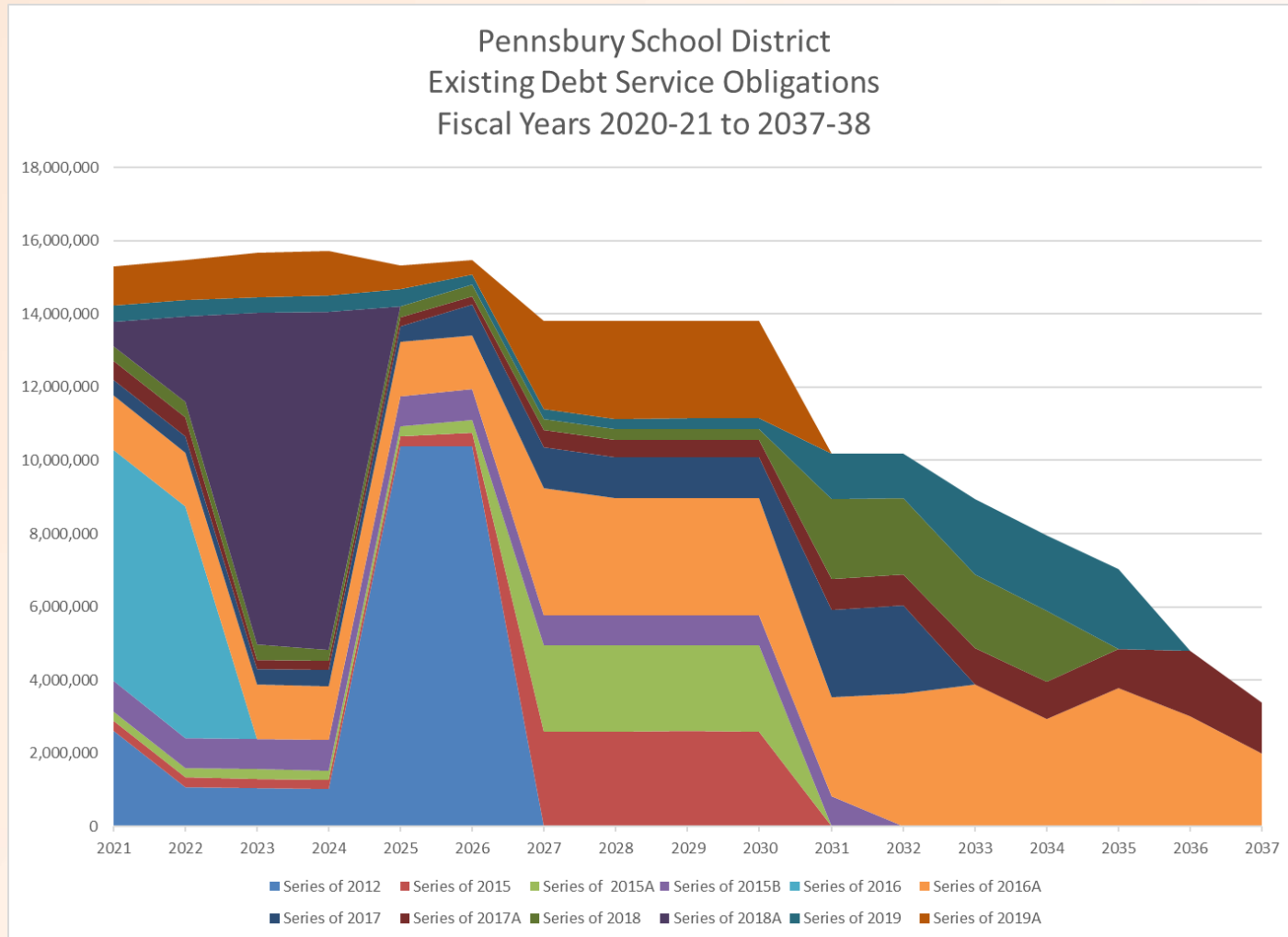
2019-20 Legacy Challenges

■ STRUCTURAL BALANCE

- The 2019-20 budget already included fund balance appropriation of \$1.541 million.
- Our baseline is now nearly a \$3.4 million draw on fund balance.

Budgeted draw on fund balance	\$1,541,000
Value of one mill	895,000
Health care projected > budget	735,053
Additional paraprofessional support	387,258
Update draw on fund balance	3,558,311

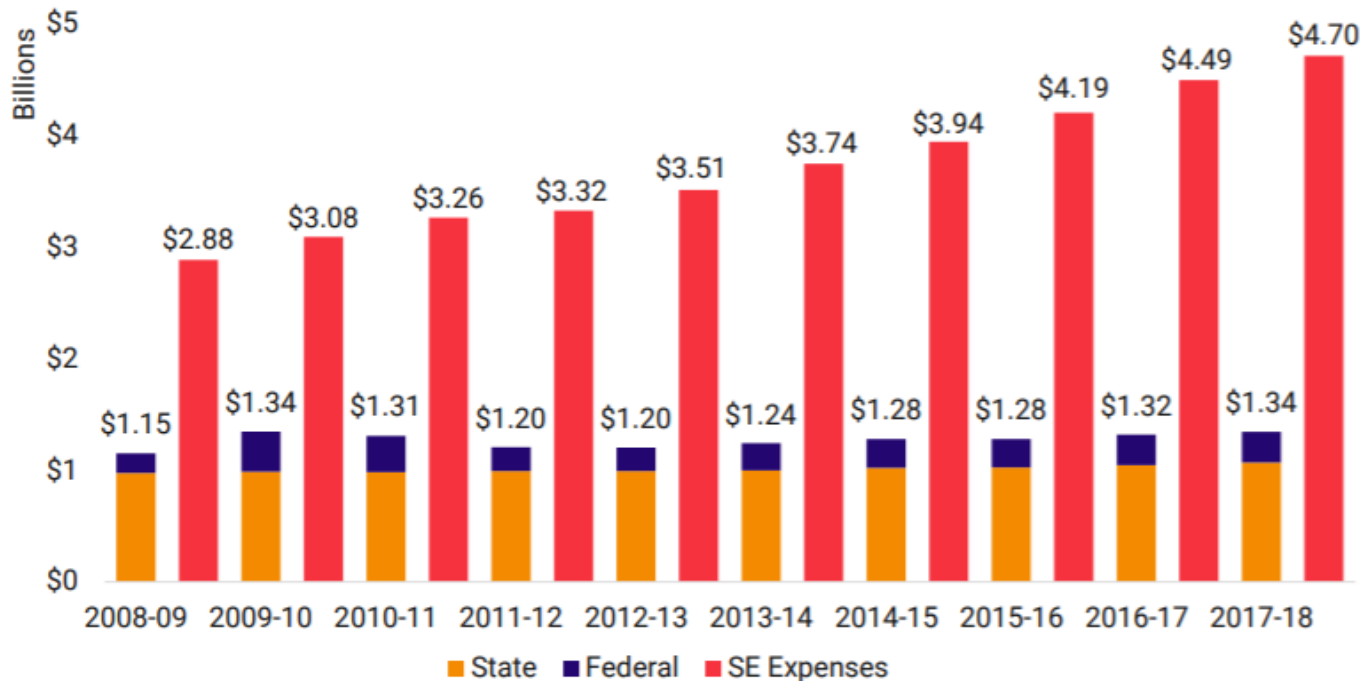
Existing Debt Service is Flat Through 2025-26



Statewide Challenge: Local Share of Special Education

State & Federal SE Funding vs SE Exp

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Statewide Challenge: Growing Student Needs

	2013-14	2014-15	2015-16	2016-17	2017-18	Total Change	Avg. Annual % Change
Cat. 1	278,297	271,977	279,307	290,360	303,525	25,228	2.27%
Cat. 2	18,026	20,512	21,838	21,965	22,180	4,154	5.76%
Cat. 3	6,754	6,899	7,504	8,430	9,104	2,350	8.70%
Total	303,077	299,388	308,649	320,755	334,809	31,732	2.62%

Source: PDE Special Education Data

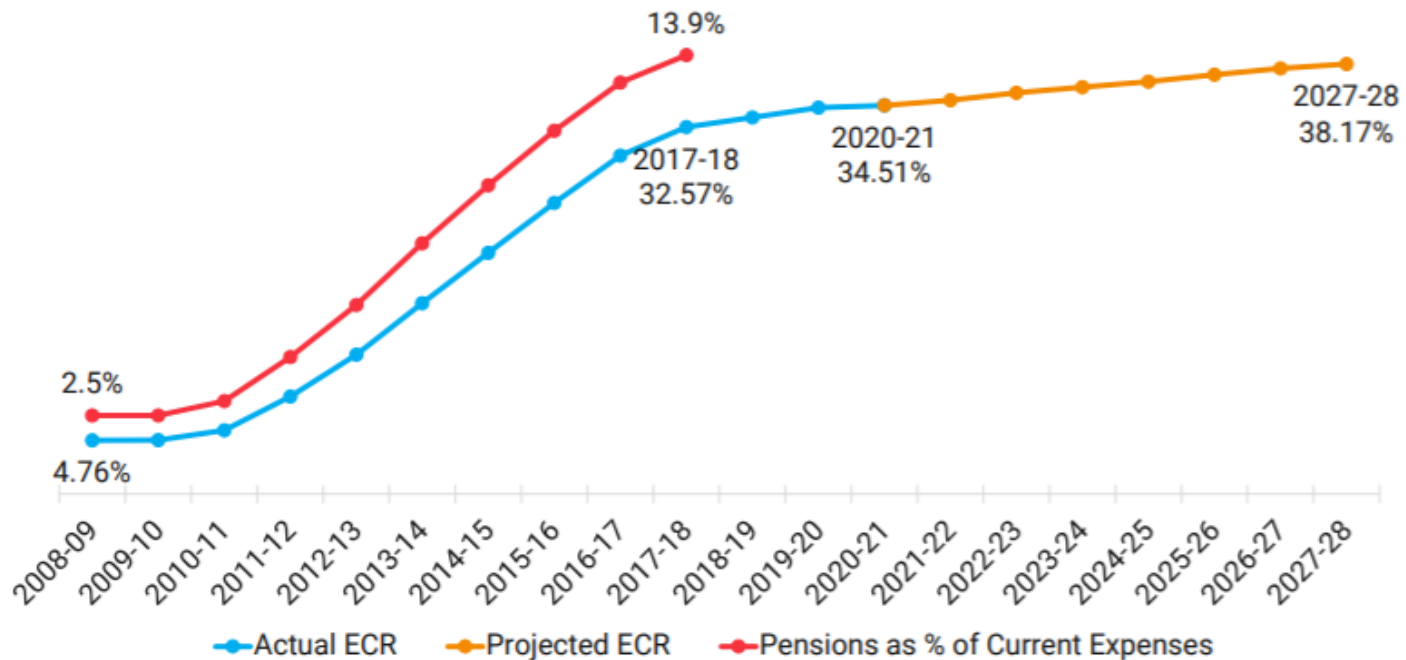
Between 2016-17 and 2017-18, the number of special education students with the lowest cost special education needs (less than about \$25,000 a year) increased by about 15,000 students. The average annual growth in the number of students in this category is 2.27%.

During that same time frame, the number of students with more significant special education needs (ranging in costs from about \$25,000 to \$50,000 per year) increased by about 220 students, and the average annual growth in the number of students in this category is 5.76%.

Finally, the number of students requiring the most extensive special education programs and services (generally costing in excess of \$50,000 per year) increased by nearly 700 students. The average annual growth in the number of students in this category is 8.70%.

Statewide Challenge: PERS Rate Still Growing

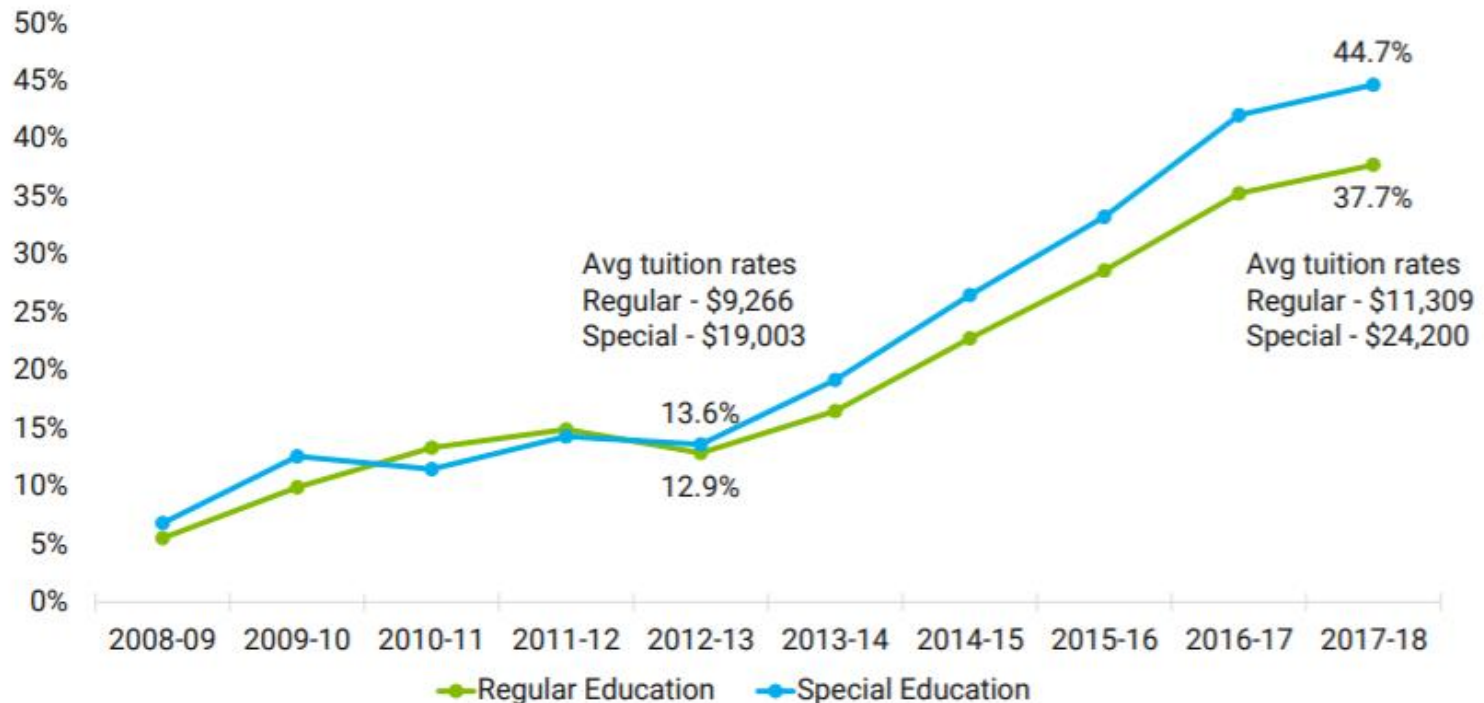
PSERS Employer Contributions & Spending 24



Statewide Challenge: Charter School Tuition

Avg Tuition Rate Growth from 2007-08

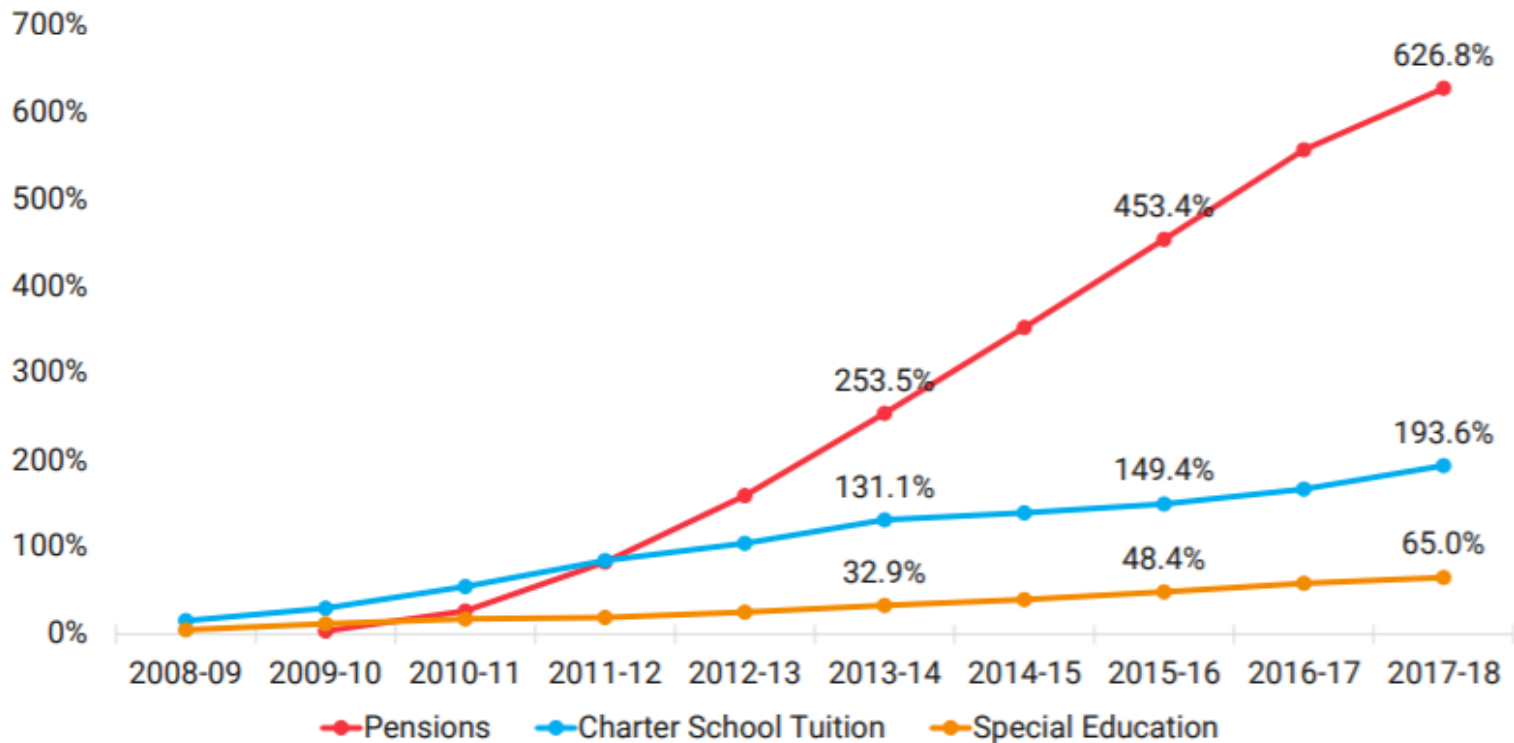
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Statewide Challenge: Un/Underfunded Mandates

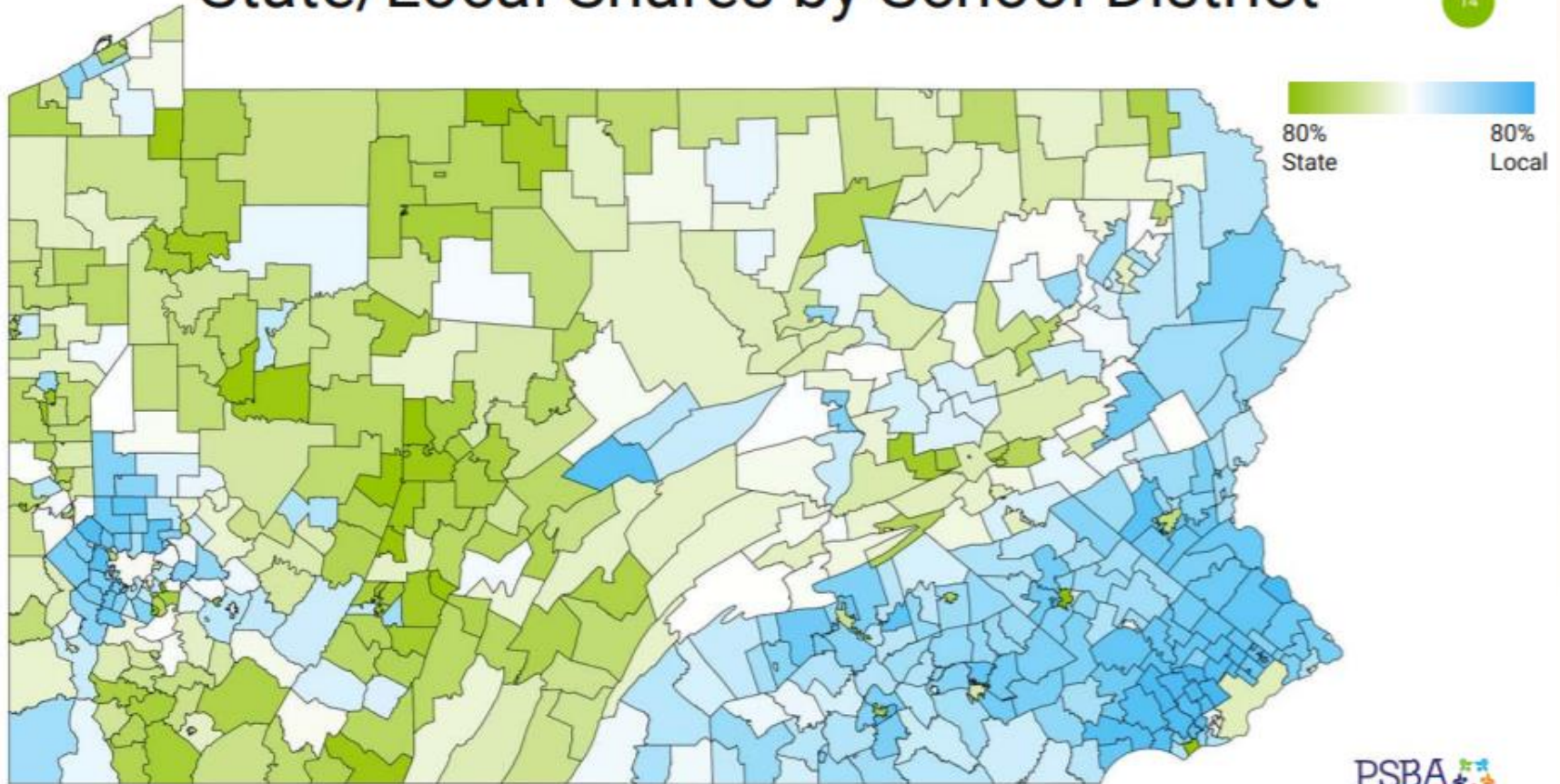
Mandated Cost Increases from 2007-08

31

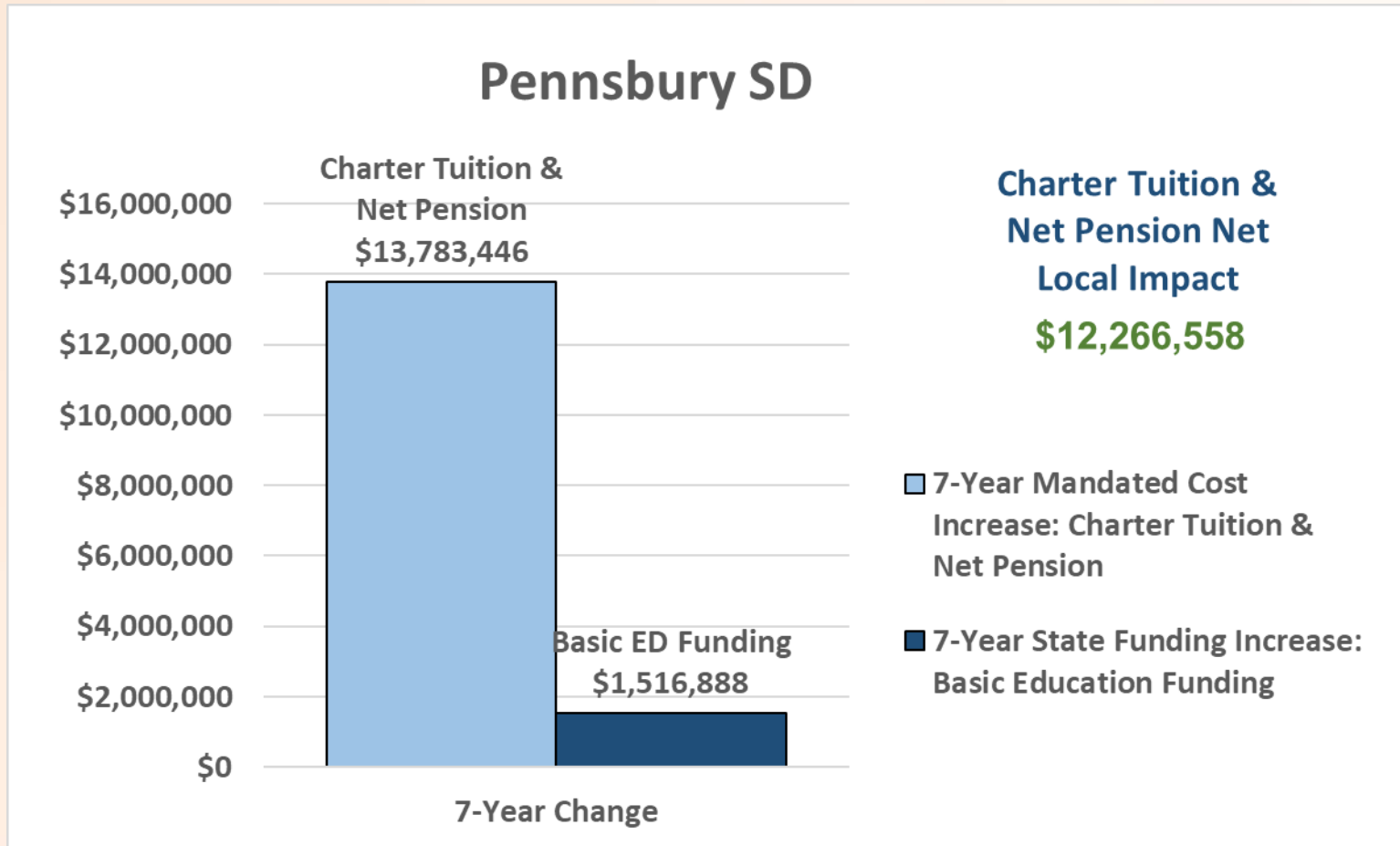


Statewide Challenge: State Share of Education

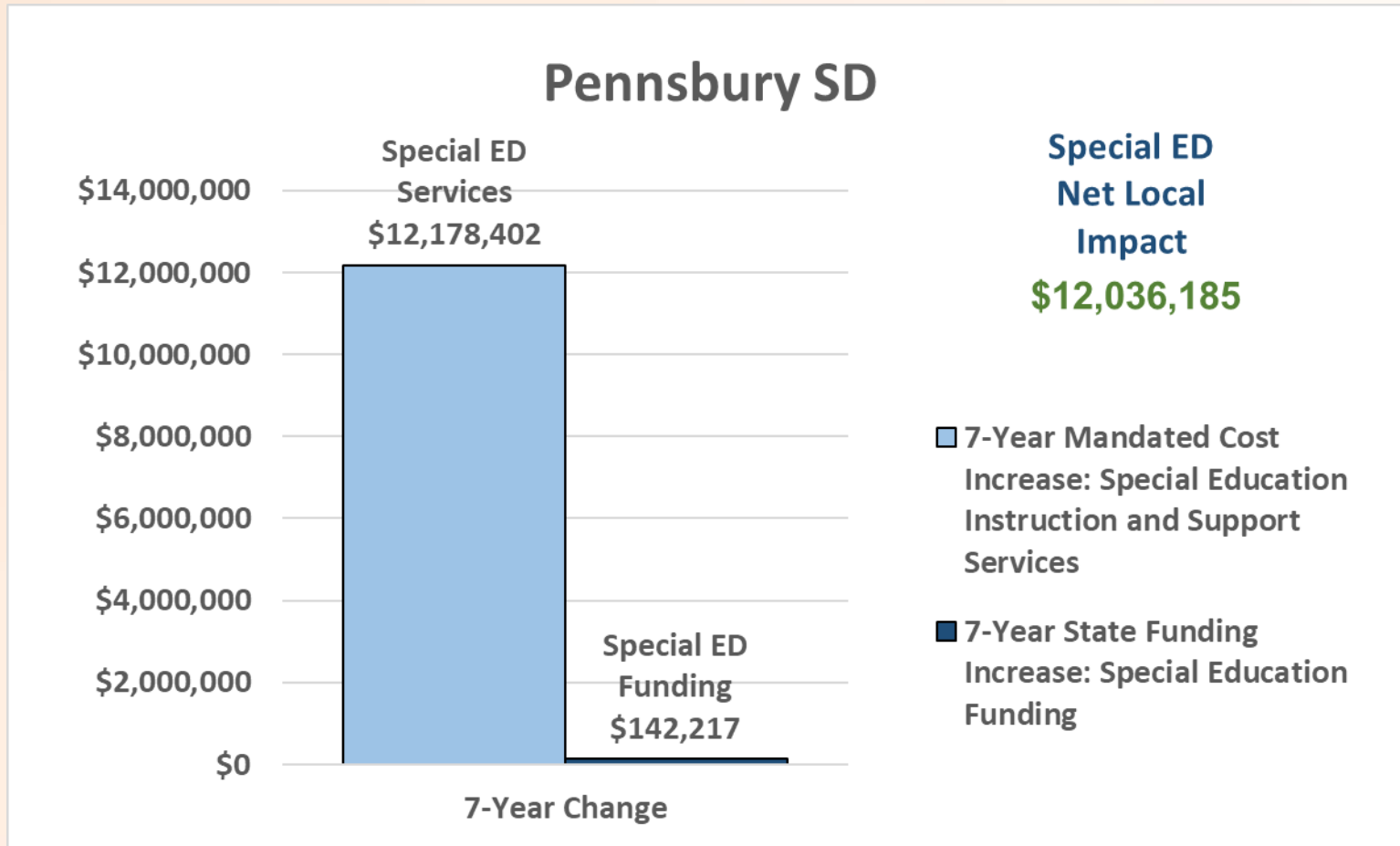
State/Local Shares by School District



Growth of Pennsbury Underfunded Mandates



Growth of Pennsbury Underfunded Mandates



Statewide Challenge: Governor's Budget Proposal

Budget Proposal by the Numbers

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(In Thousands)	2019-20 Budget	2020-21 Budget	Difference
Basic Education	\$6,742,838	\$6,857,471	\$114,633
Special Education	\$1,186,815	\$1,211,815	\$25,000
Ready-to-Learn	\$268,000	\$268,000	\$0
Career & Technical Ed	\$99,000	\$99,000	\$0
CTE Equipment Grants	\$5,500	\$5,500	\$0
Transportation	\$549,097	\$549,097	\$0
Nonpublic/Charter Trans	\$79,442	\$79,442	\$0
Pensions	\$2,628,000	\$2,747,000	\$119,000
Early Intervention	\$314,500	\$325,500	\$11,000
Teacher Prof. Dev.	\$5,309	\$5,809	\$500



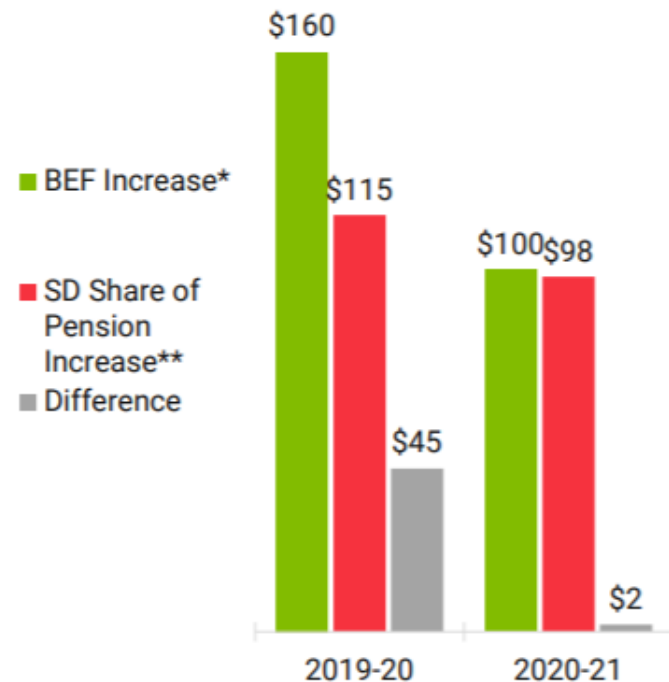
Statewide Challenge: Governor's Budget Proposal

BEF Increases vs Local Pension Increases

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2019-20 was the first year which BEF increases were estimated to be more than increase in local share of pension costs...2020-21 should be the same

	2020-21 Increase
Basic Education	\$100,000,000
Estimated Local Share of Pension Increase	\$98,000,000
Net Change	\$2,000,000



* BEF amounts and increases based on actual/available budget line item looking back at the prior year.

** Estimates based on increase in state share of pension costs.



Statewide Challenge: Governor's Charter Proposal

Governor's Charter Reform Proposal

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Funding reforms

1. Establish a flat statewide cyber charter school tuition rate of \$9,500
2. Apply the special education funding formula recommendations to charter schools
3. Legislates using actual expenditures in tuition rate calculations instead of budgeted
4. Expands list of expenses that can be deducted from tuition calculation
 - Federal funds
 - Payments to charter schools
 - Grants/Gifts to school district
 - And more

Budget proposal includes estimated savings from charter reform

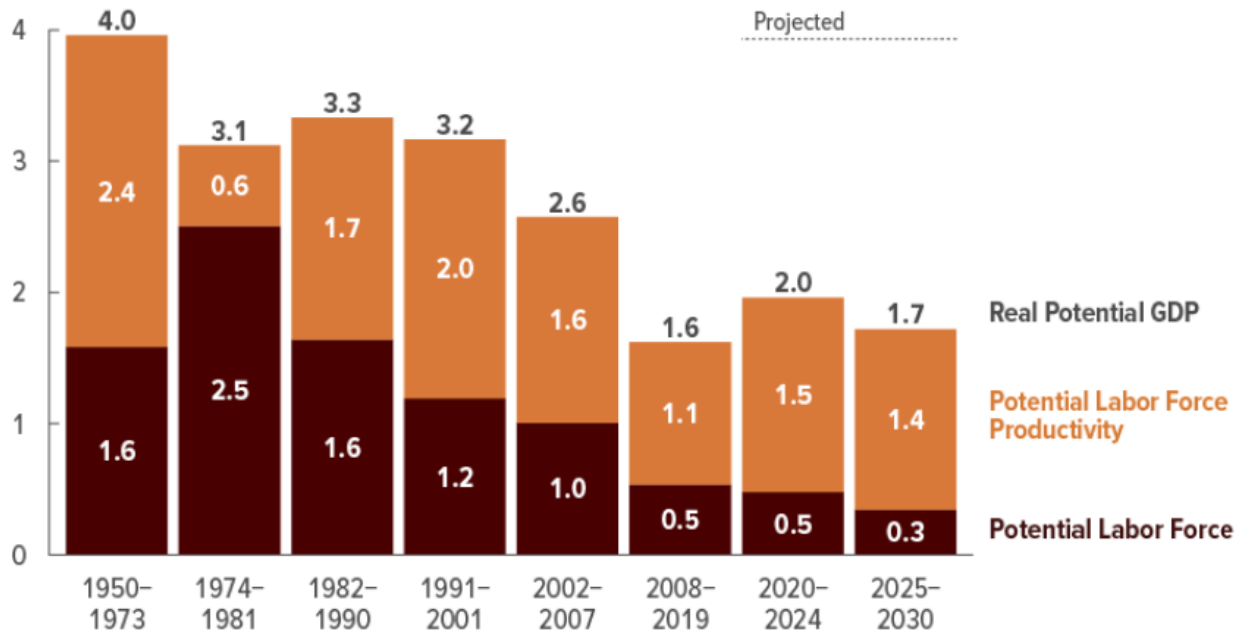
Proposal	Est. Savings
Statewide cyber tuition rate	\$133 million
Special education formula	\$147 million
TOTAL	\$280 million



National Challenge: Economic Growth

Composition of the Growth of Real Potential GDP

Percentage Change



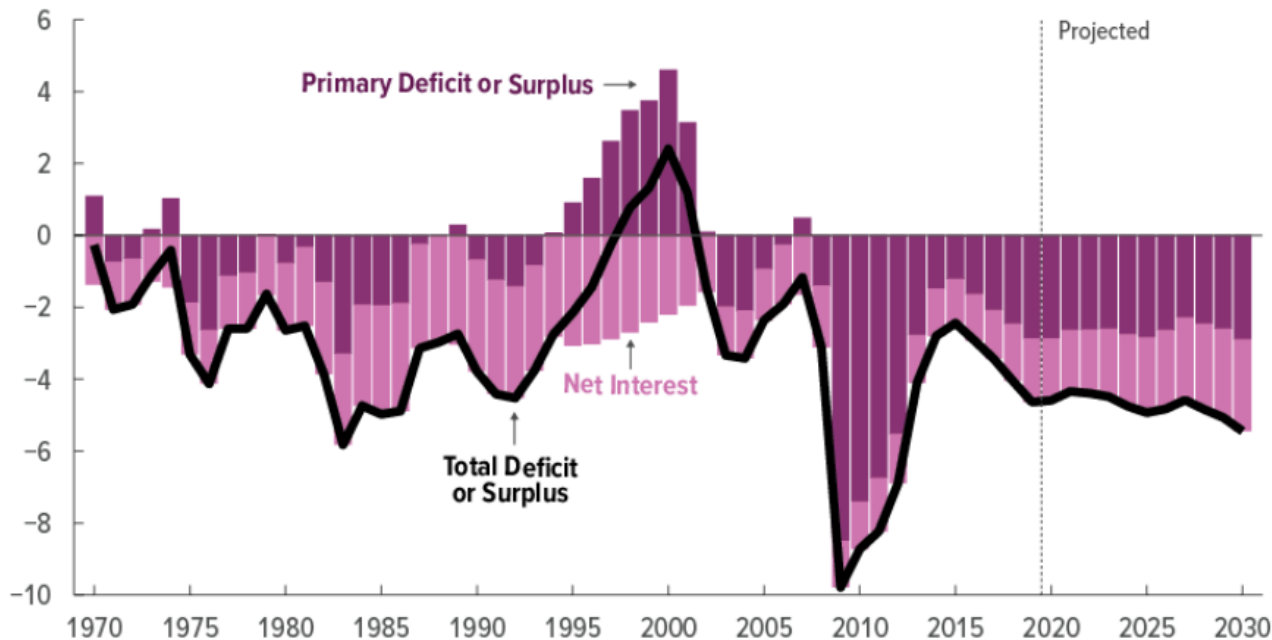
Over the next decade, real potential GDP is projected to grow faster than it has since the last recession because of faster growth in potential labor force productivity. However, growth in the potential labor force is projected to be slower than in previous periods, largely because of the aging of the population.

Source: Congressional Budget Office.

National Challenge: Federal Deficits

Total Deficit, Primary Deficit, and Net Interest

Percentage of GDP



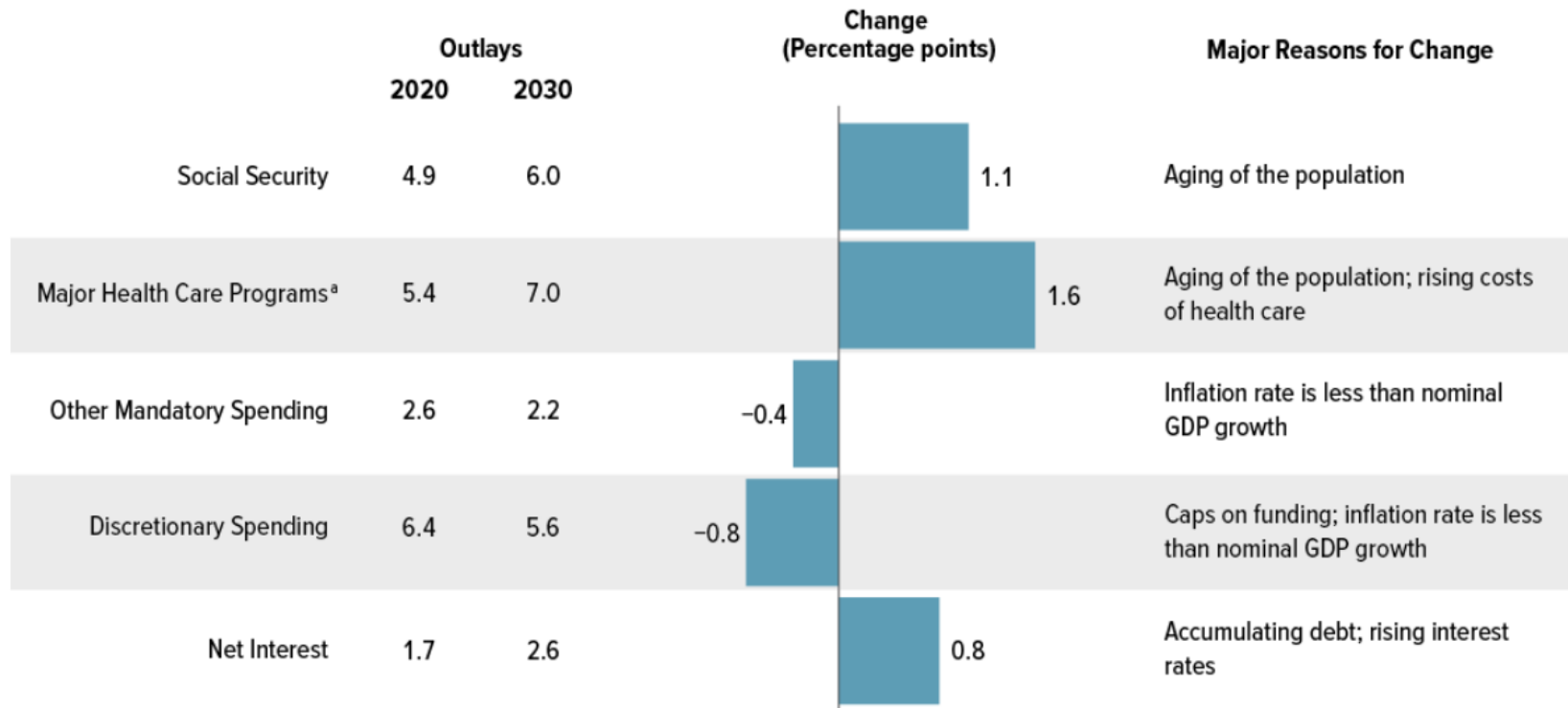
In CBO's projections, primary deficits fluctuate between 2.3 percent and 2.9 percent of GDP over the next decade, but total deficits grow because of rising interest costs.

Source: Congressional Budget Office.

National Challenge: Limited Federal Funding

Changes in Projected Outlays From 2020 to 2030

Percentage of GDP



Source: Congressional Budget Office.

Budget Basics

■ REVENUES

- Local
- State
- Federal

■ EXPENDITURES

- Salaries
- Benefits
- Services
- Materials
- Debt Service & Other

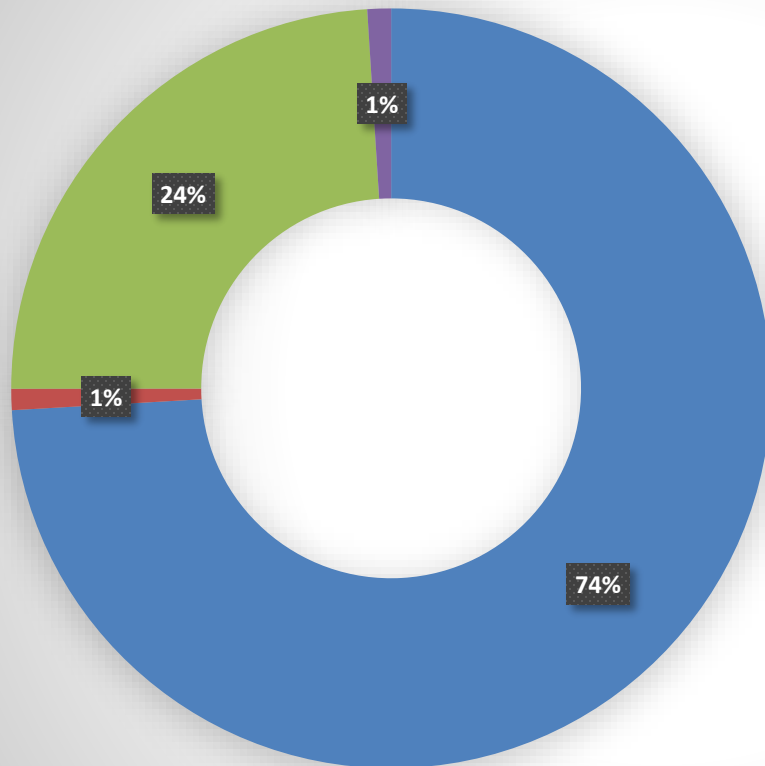
Key Assumptions 2020-21

- The preliminary budget already reflects the assumption of 23 retirements creating a savings between the incumbent and replacement salary and benefit expenses.
- Historical growth in property assessment is already factored, along with the Act 1 index.
- There is no allocation for new positions.
- There are no hidden set asides for anything.

Revenues

					ACTUAL REVENUE 2017-2018	ACTUAL REVENUE 2018-2019	APPROVED BUDGET 2019-2020	PROPOSED BUDGET 2020-2021	BUDGET % INCREASE/ DECREASE
6000	Local Sources				\$151,148,659	\$155,614,740	\$160,231,610	\$164,198,201	2.5%
7000	State Sources				\$48,958,082	\$50,295,046	\$52,275,059	\$53,224,216	1.8%
8000	Federal Sources				\$2,457,692	\$2,214,042	\$2,671,693	\$2,223,022	-16.8%
9000	Other Financing Sources				\$448,027	\$182,914	\$0	\$0	n/a
TOTAL REVENUE & OTHER FINANCING SOURCES					\$203,012,460	\$208,306,741	\$215,178,362	\$219,645,439	2.1%
FUND BALANCE APPROPRIATION					\$0	\$851,033	\$1,541,000	\$1,957,139	27.0%
TOTAL GENERAL FUND REVENUES					\$203,012,460	\$209,157,774	\$216,719,362	\$221,602,578	2.3%

Revenues by Source



■ Local Sources

■ Fund Balance Appropriation

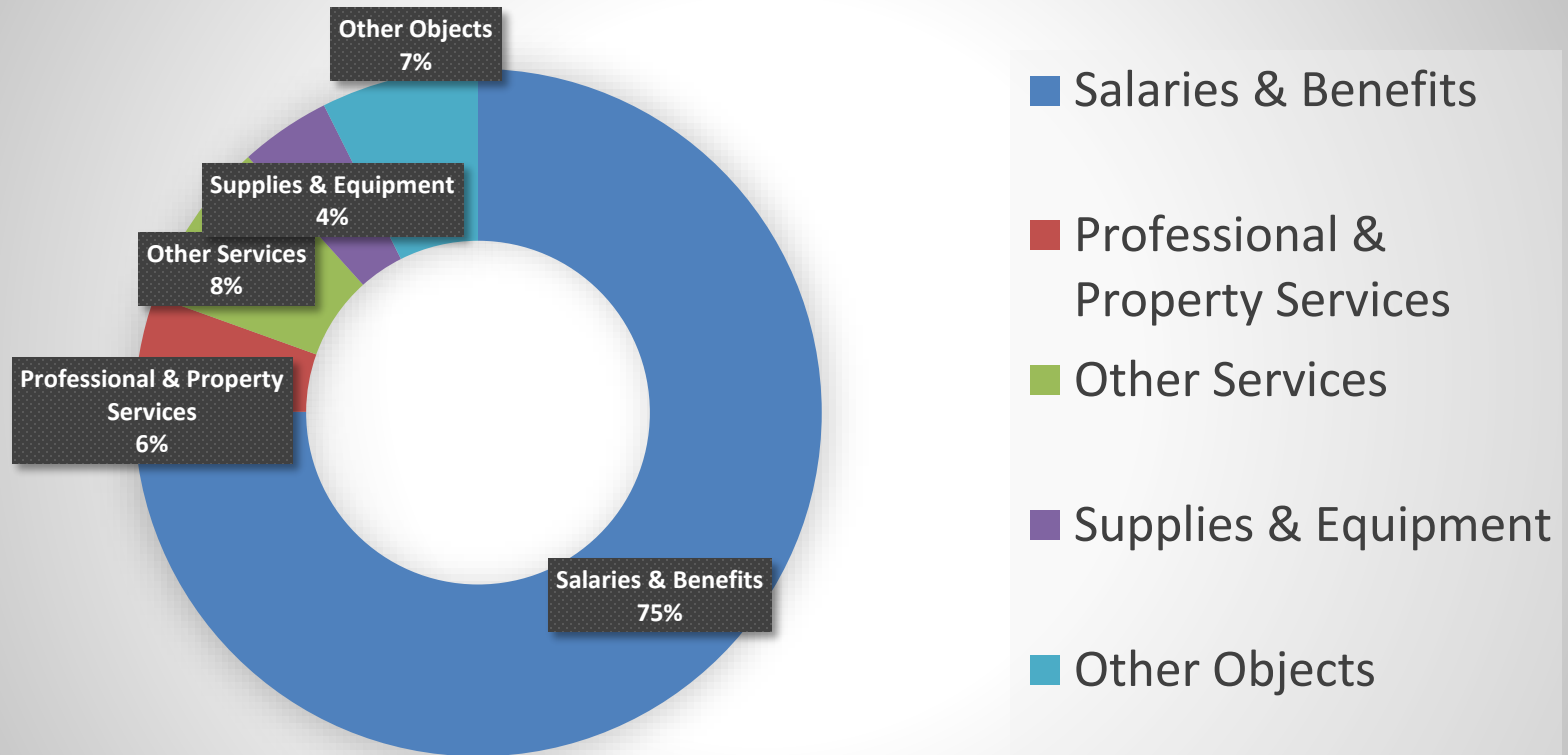
■ State Sources

■ Federal Sources

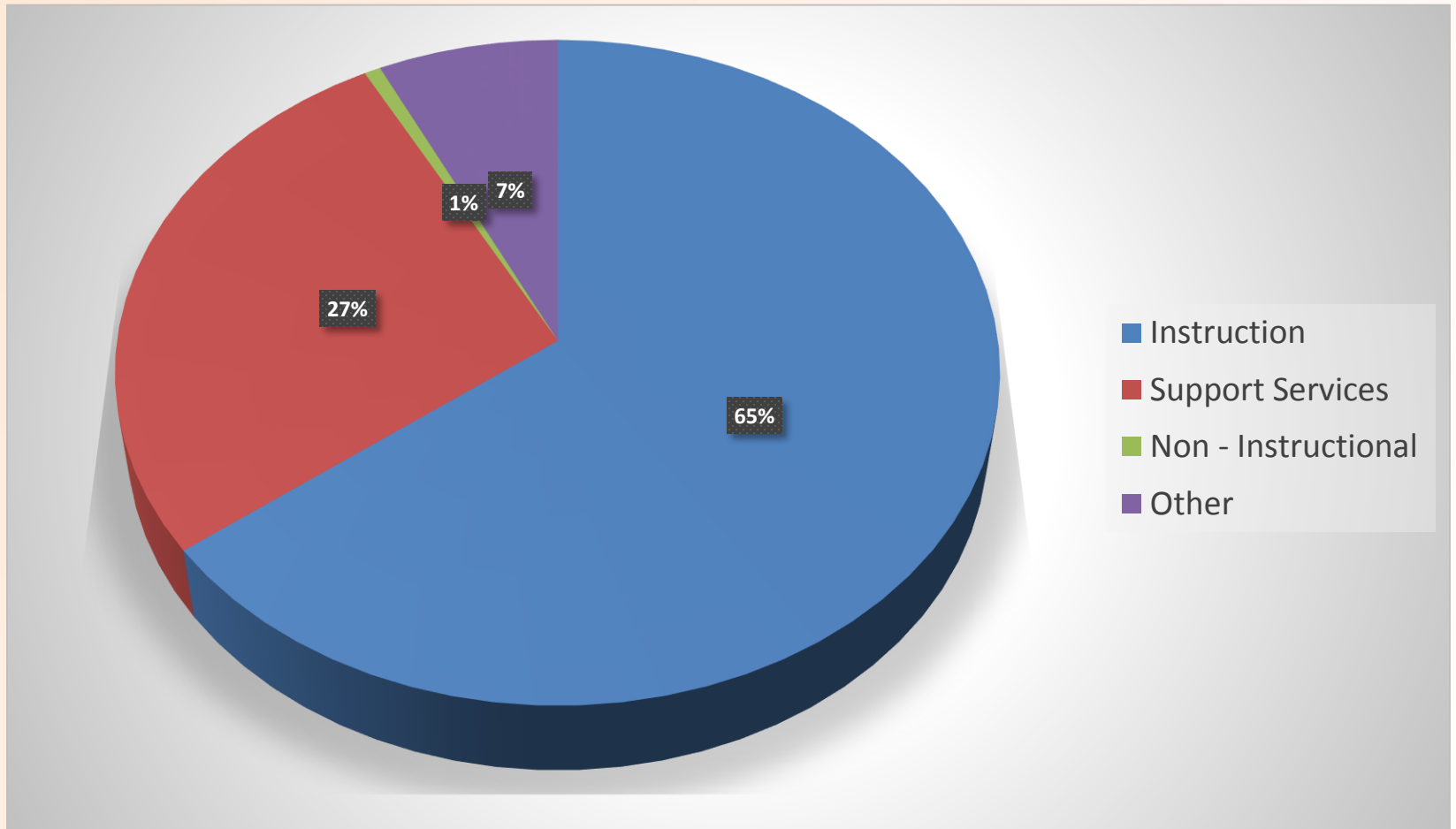
Expenditures

	ACTUAL EXPENDITURES 2017-2018	ACTUAL EXPENDITURES 2018-2019	APPROVED BUDGET 2019-2020	PROPOSED BUDGET 2020-2021	BUDGET % INCREASE/ (DECREASE)
EXPENDITURES (BY OBJECT):					
Salaries	\$93,652,794	\$95,751,224	\$101,365,490	103,405,246	2.0%
Benefits	56,052,715	58,529,859	61,136,969	62,957,706	3.0%
Professional Services	8,472,943	8,021,907	8,224,261	9,064,722	10.2%
Property Services	2,429,159	2,803,081	3,119,006	2,955,106	-5.3%
Other Services	16,771,337	17,528,582	15,481,587	17,391,955	12.3%
Supplies	6,705,340	7,025,321	7,390,867	7,617,504	3.1%
Property	981,459	1,491,856	1,713,516	1,820,122	6.2%
Other Objects	6,669,766	6,544,222	9,037,666	6,705,858	-25.8%
Other Uses of Funds	9,663,716	11,461,722	9,250,000	9,684,359	4.7%
Total Expenditures by Object	\$201,399,228	\$209,157,774	\$216,719,362	\$221,602,578	2.3%

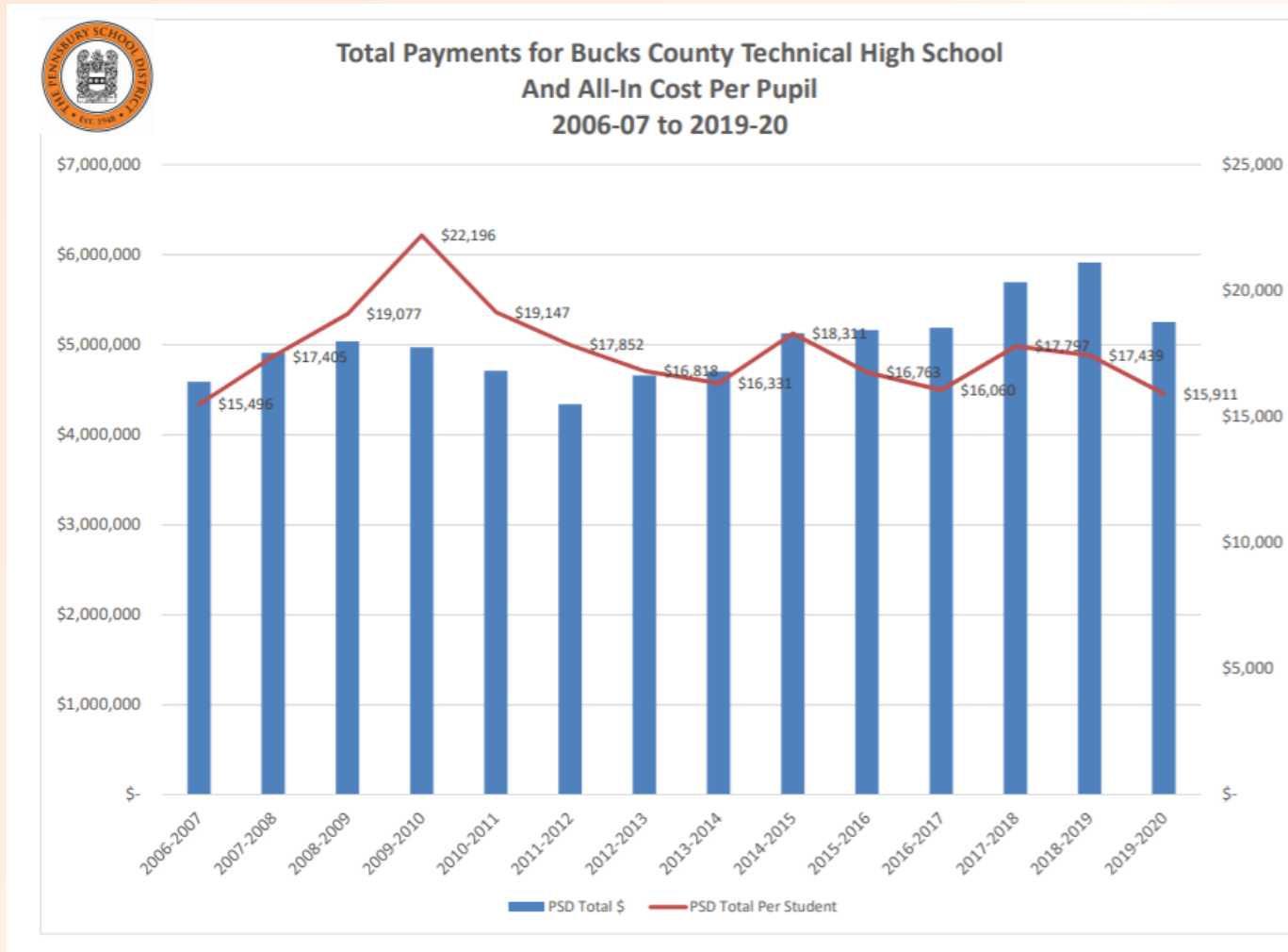
Expenditures by Object



Expenditures by Function



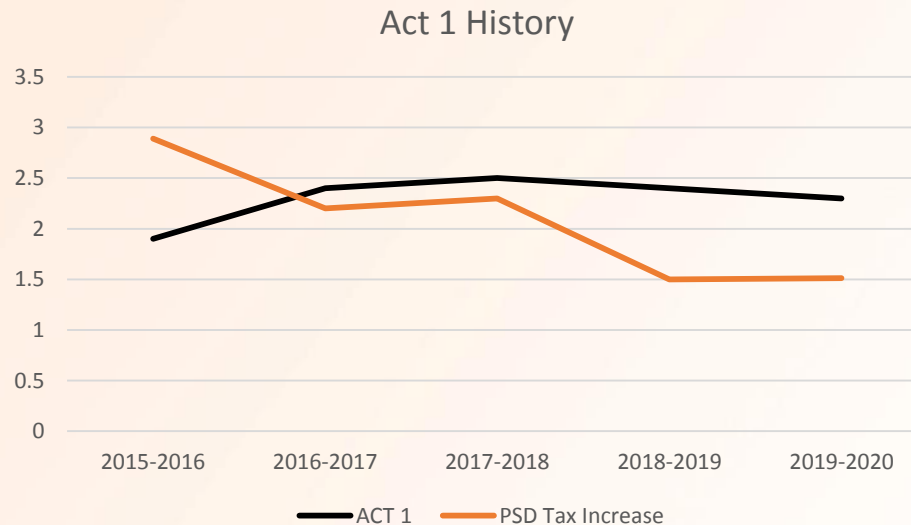
Bucks County Technical HS: Pennsbury's Share



Budget Resolution

Relevant facts:

- 2020 – 2021 index is 2.6%
- Pennsbury has adopted a resolution indicating it would not seek an exception.



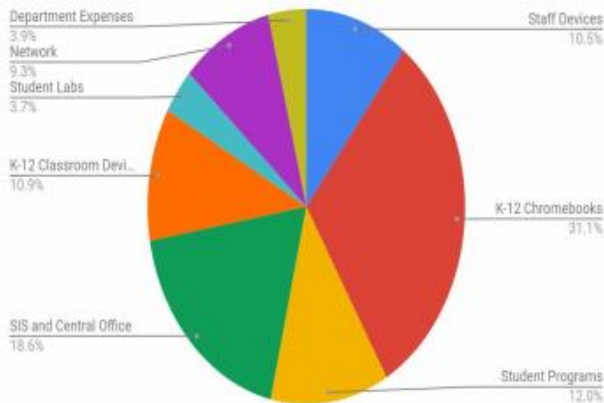
Multiyear Planning: Technology

Technology Department Budget Cycle Pennsbury School District 2019-2020 to 2024-2025

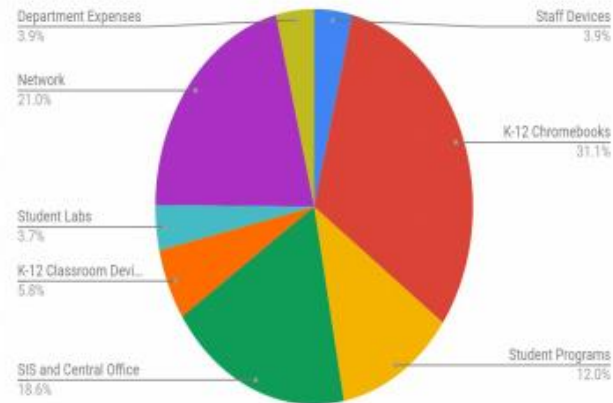
Rev. 2/2020

Category	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Staff Devices	\$270,000.00	\$270,000.00	\$270,000.00	\$270,000.00	\$100,000.00	\$100,000.00
K-12 Chromebooks	\$800,000.00	\$855,000.00	\$745,000.00	\$800,000.00	\$800,000.00	\$800,000.00
Student Programs	\$310,000.00	\$310,000.00	\$310,000.00	\$310,000.00	\$310,000.00	\$310,000.00
SIS and Central Office	\$479,000.00	\$479,000.00	\$479,000.00	\$479,000.00	\$479,000.00	\$479,000.00
K-12 Classroom Devices	\$280,000.00	\$65,000.00	\$145,000.00	\$200,000.00	\$370,000.00	\$150,000.00
Student Labs	\$95,000.00	\$95,000.00	\$95,000.00	\$95,000.00	\$95,000.00	\$95,000.00
Network	\$240,000.00	\$400,000.00	\$430,000.00	\$320,000.00	\$320,000.00	\$540,000.00
Department Expenses	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00
Totals	\$2,574,000.00	\$2,574,000.00	\$2,574,000.00	\$2,574,000.00	\$2,574,000.00	\$2,574,000.00

2019-2020

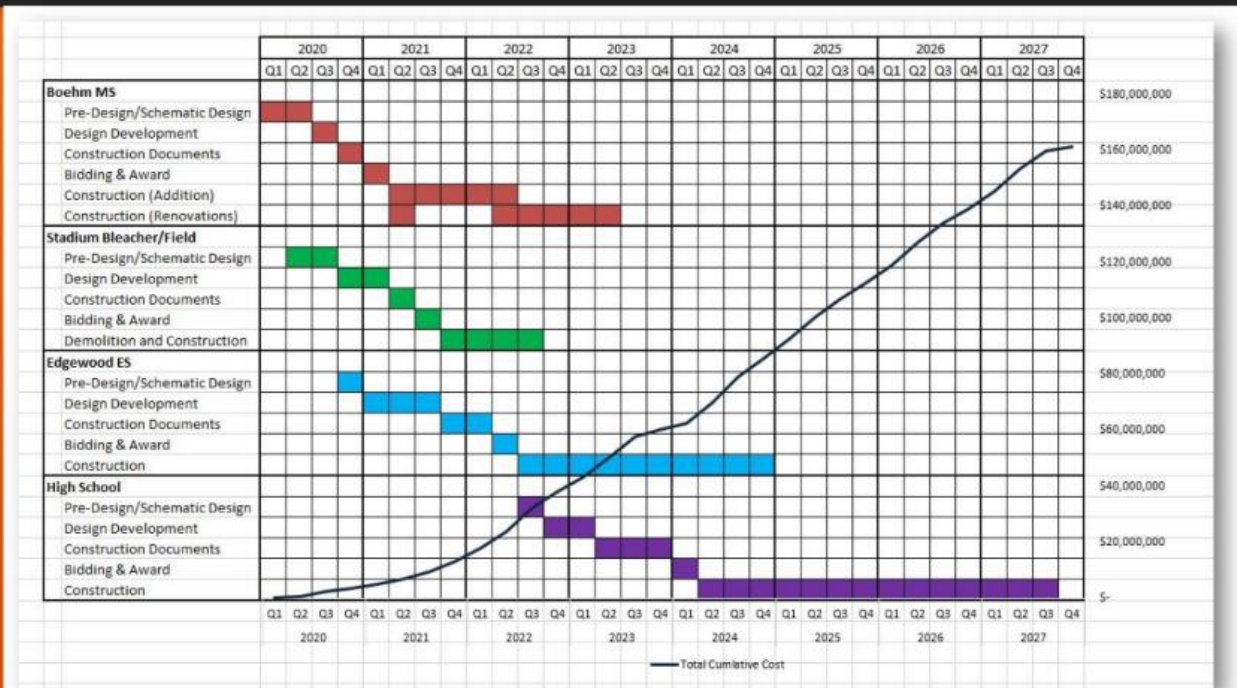


2024-2025




Multiyear Planning: Capital Projects

Pre-Design Planning Services Budget Validation



Multiyear Planning: Debt Service

PENNSBURY SCHOOL DISTRICT NEW MONEY FINANCING PLAN		ESTIMATED - FOR ILLUSTRATIVE PURPOSES ONLY									
NEW MONEY SCENARIO - \$181,088,722 TOTAL PROJECT FUND DEPOSIT											

 PENNSBURY SCHOOL DISTRICT	1	2	3	4	5	6	7	8	9	
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Total	
	Par Amount	\$6,925,000	\$15,590,000	\$24,140,000	\$18,765,000	\$27,550,000	\$23,510,000	\$23,510,000	\$10,285,000	\$150,275,000
	Project Fund Dep.	\$8,196,038	\$18,767,089	\$29,146,003	\$22,603,021	\$33,289,985	\$28,379,575	\$28,379,575	\$12,327,435	\$181,088,721
	Settlement Date	10/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027	
Structure	Wrap	Wrap	Wrap	Wrap	Wrap	Wrap	Wrap	Wrap	Wrap	

	10	11	12	13	14	15	16	17	18	19	20
Fiscal Year Ending	Existing Debt Service	Estimated New Debt Serv.	Estimated New Debt Serv.	Estimated New Debt Serv.	Estimated New Debt Serv.	Estimated New Debt Serv.	Estimated New Debt Serv.	Estimated New Debt Serv.	Estimated New Debt Serv.	Estimated New Debt Serv.	Estimated New Debt Service*
6/30/2020	15,133,966										15,133,966
6/30/2021	15,287,907	115,105									15,403,012
6/30/2022	15,461,534	350,268	454,163								16,266,965
6/30/2023	15,668,958	350,173	783,518	703,538							17,506,187
6/30/2024	15,728,186	350,080	783,423	1,211,018	546,767						18,619,474
6/30/2025	15,319,421	349,986	783,330	1,210,923	942,268	802,997					19,408,924
6/30/2026	15,463,061	349,892	783,236	1,210,830	942,173	1,381,518	685,163				20,815,872
6/30/2027	13,800,581	349,797	783,142	1,210,736	942,080	1,381,423	1,179,518	685,163			20,332,439
6/30/2028	13,804,578	349,625	783,047	1,210,642	941,986	1,381,330	1,179,423	1,179,518	299,434		21,129,581
6/30/2029	13,799,210	349,375	782,875	1,210,547	941,892	1,381,236	1,179,330	1,179,423	1,179,268		21,342,155
6/30/2030	13,811,341	349,125	782,625	1,210,375	941,797	1,381,142	1,179,236	1,179,330	1,179,330		21,353,143
6/30/2031	10,191,523	812,000	1,723,250	2,521,500	1,848,375	1,381,047	1,179,142	1,179,236	1,179,236		21,354,151
6/30/2032	10,188,649	812,375	1,723,500	2,522,250	1,850,375	1,380,875	1,179,047	1,179,142	1,179,142		21,354,198
6/30/2033	8,940,744	811,500	1,726,125	2,519,500	1,864,500	2,618,875	1,178,875	1,179,047	1,179,047		21,357,058
6/30/2034	7,959,456	814,250	1,721,125	2,523,000	1,860,750	2,906,125	1,875,750	1,178,875	1,178,875		21,357,129
6/30/2035	7,025,850	819,625	1,723,375	2,522,500	1,864,250	2,907,250	2,522,250	1,300,500	1,517,625		21,194,225
6/30/2036	4,795,600	815,500	1,722,625	2,522,875	1,864,750	2,909,000	2,519,500	2,585,875	639,250		20,374,975
6/30/2037	3,394,425	813,750	1,723,750	2,519,000	1,862,250	2,906,250	2,523,000	2,586,250	1,120,250		19,448,925
6/30/2038		815,375	1,721,625	2,520,625	1,861,625	2,908,750	2,522,500	2,587,750	1,122,875		16,061,125
6/30/2039		810,375	1,721,125	2,522,375	1,862,625	2,906,250	2,522,875	2,585,250	1,123,750		16,054,625
6/30/2040		813,625	1,722,000	2,519,125	1,865,000	2,908,500	2,519,000	2,588,500	1,122,875		16,058,625
6/30/2041		814,875	1,724,000	2,520,625	1,863,625	2,910,125	2,520,625	2,587,250	1,120,250		16,061,375
6/30/2042			1,722,000	2,521,500	1,863,375	2,906,000	2,522,375	2,586,375	1,120,750		15,242,375
6/30/2043				2,521,500	1,864,000	2,905,875	2,519,125	2,585,625	1,119,250		13,515,375
6/30/2044					1,860,375	2,909,250	2,520,625	2,584,750	1,120,625		10,995,625
6/30/2045						2,905,875	2,521,500	2,588,375	1,119,750		9,135,500
6/30/2046							2,521,500	2,586,250	1,121,500		6,229,250
6/30/2047								2,588,125	1,120,750		3,708,875
6/30/2048									1,122,375		1,122,375
TOTAL	215,774,990	12,207,675	27,393,858	41,954,983	32,254,837	47,979,691	41,070,358	41,286,608	18,019,504		477,936,504

*Assumes estimated interest rates. Actual rates would be determined at time of pricing.
 **Assumes no state reimbursement

Our progress in reducing the 2020-21 request by \$1.5 million

Target	Achieved	1,500,000	Notes
Natural Gas	(37,943)	1,462,057	Adjustment to Provident estimates
Electric	122,873	1,584,930	Adjustment to Provident estimates
Gasoline/Other	(27,326)	1,557,604	Diesel lower
Curriculum Materials	(59,999)	1,497,605	Additional request withdrawn by secondary
BoardDocs/Policies	5,883	1,503,488	Increased to budget for efficiency and effectiveness measures
Tax Collection	47,074	1,550,562	Original request did not align with history
Student Services/Tuition	(242,582)	1,307,980	Original request did not align with trend
Health Care	(475,841)	832,139	Heavy, heavy lifting to overcome underbudgeted 2019-20
Total	(667,861)		

Health Care Strategy 2020-21

- We explored the following:
 - Pooled self-insurance (Delaware Valley Health Insurance Trust) vs. stand-alone self-insurance.
 - Alternative pharmacy benefit manager (e.g., Capital) and formulary (e.g., select versus premium).
 - Stop-loss coverage deductible level.
- Staying self-insured with IBC as the platform is the least disruptive.

Cost Reduction: Stop-Loss Insurance

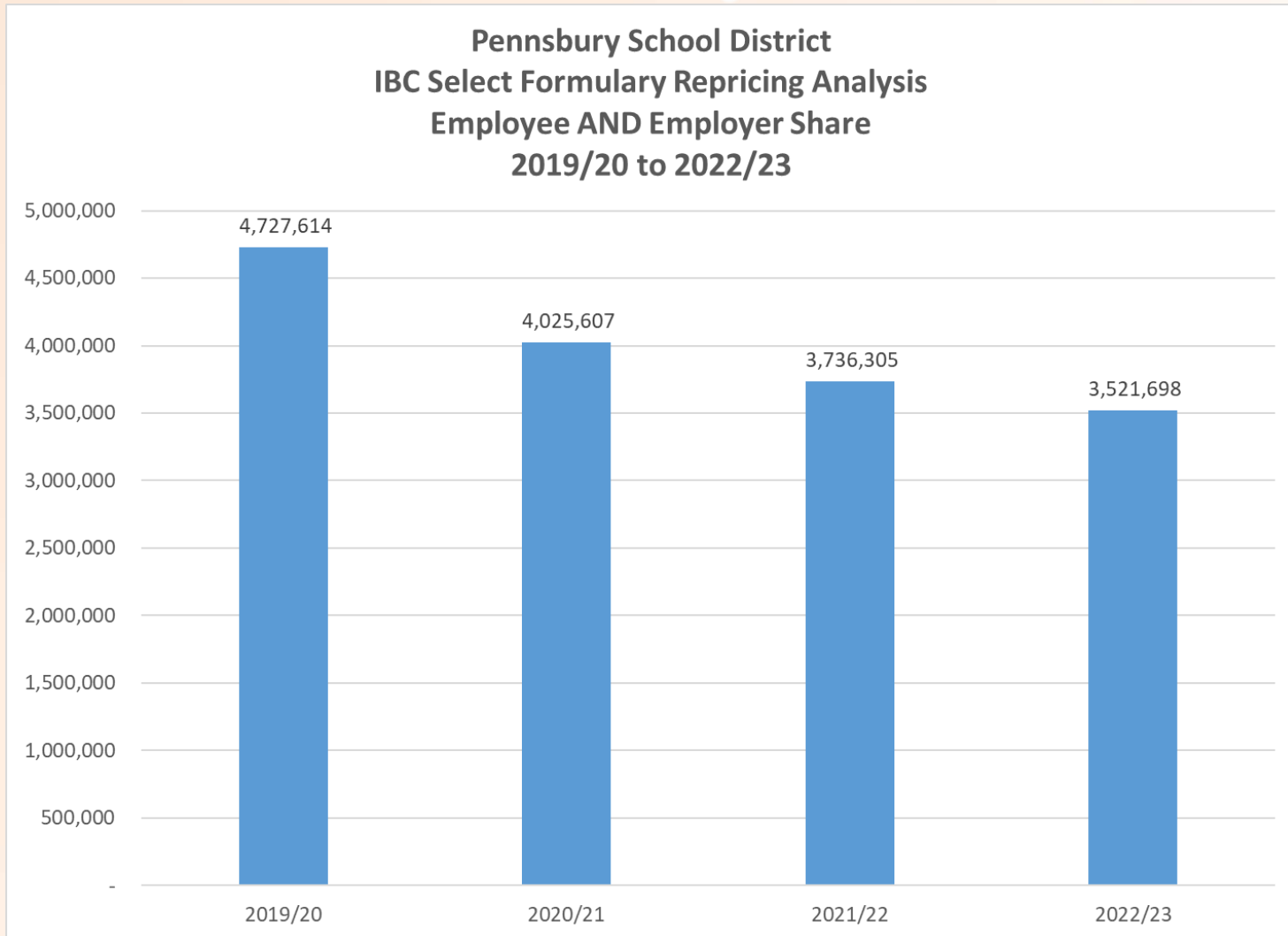
**PENNSBURY SCHOOL DISTRICT
ANALYSIS OF STOP LOSS INSURANCE**

2/7/2020

This analysis takes the 19/20 policy and three deductible scenarios for 20/21 and captures the theoretical value of the policy had it been in place over the last three fiscal years.

		Performance applying prior year claims to this structure			
		2016-17	2017-18	2018-19	Average
2019-20 Policy \$175K					
Deductible Level	175,000				
Aggregate Specific Corridor	100,000				
Total Lasers if 2019	12				
Policy Cost	1,506,166				
Reimbursement if was in force		1,130,031.47	344,132.51	510,945.28	
Theoretical net if was in force		(376,134.97)	(1,162,033.93)	(995,221.16)	(844,463.35)
2020-21 Scenario \$200K					
Deductible Level	200,000				
Aggregate Specific Corridor	100,000				
Total Lasers if 2019	10				
Policy Cost	1,513,132				
Reimbursement if was in force		1,069,981.24	279,903.82	588,281.30	
Theoretical net if was in force		(443,150.60)	(1,233,228.02)	(924,850.54)	(867,076.39)
2020-21 Scenario \$250K					
Deductible Level	250,000				
Aggregate Specific Corridor	100,000				
Total Lasers if 2019	9				
Policy Cost	1,212,167				
Reimbursement if was in force		832,066.82	78,227.25	388,281.30	
Theoretical net if was in force		(380,100.58)	(1,133,940.15)	(823,886.10)	(779,308.94)
2020-21 Scenario \$300K					
Deductible Level	300,000				
Aggregate Specific Corridor	100,000				
Total Lasers if 2019	4				
Policy Cost	1,004,428				
Reimbursement if was in force		682,066.82	-	248,745.50	
Theoretical net if was in force		(322,361.38)	(1,004,428.20)	(755,682.70)	(694,157.43)

Cost Reduction: Pharmacy Plan



Cost Reduction: Three (3) month administrative fee holiday

Pennsbury School District



Medical Program Administrative Services

Customer Identification Number: 0000044968

Contracts: 1,243

Administration Fees (per contract per month unless otherwise noted)

	Multi Year Contract		
	7/2020-6/2021	7/2021-6/2022	7/2022-6/2023
Core Medical Administration			
PPO	\$42.40	\$43.42	\$44.46
HMO	\$42.40	\$43.42	\$44.46
Value Add Services			
Claims Fiduciary - Independence	\$2.68	\$2.76	\$2.83
Commitments			
Administrative Bill Credit	3 months	Not Applicable	Not Applicable

Please see Conditions and Disclosures section for additional details.

Future Steps: Potential 2020 Bond Refunding

PENNSBURY SCHOOL DISTRICT
SUMMARY OF POTENTIAL REFUNDING SCENARIOS

ESTIMATED - FOR
ILLUSTRATIVE PURPOSES ONLY

	1	2			
	SCENARIO 1: SINGLE NON-BQ REFUNDING	SCENARIO 2: THREE SEPARATE BQ REFUNDINGS			TOTAL
Refunds	The Series of 2015, 2015A, and 2015B	Series of 2015	Series A of 2015	Series B of 2015	-
Principal	\$23,555,000	\$9,995,000	\$9,210,000	\$7,550,000	\$26,755,000
Estimated Sale Date	September 30, 2020	September 30, 2020	October 19, 2020	November 4, 2020	-
Estimated Settlement Date	November 4, 2020	November 4, 2020	November 23, 2020	December 9, 2020	-
Estimated Call Date	February 1, 2028	February 1, 2026	February 1, 2026	February 1, 2026	-
Net Refunding Savings	\$1,318,387	\$350,645	\$438,879	\$679,112	\$1,468,636

Fiscal Year Ending	Existing Local Effort	Refunding Savings [1]	New Local Effort	Series of 2015 Refunding Savings [1]	Series A of 2015 Refunding Savings [1]	Series B of 2015 Refunding Savings [1]	Total Refunding Savings	New Local Effort
6/30/2020	14,037,931		14,037,931					14,037,931
6/30/2021	14,157,711	122,165	14,035,546	35,438	45,873	60,378	141,688	14,016,022
6/30/2022	14,145,484	122,790	14,022,695	34,134	45,371	62,356	141,860	14,003,624
6/30/2023	13,837,586	118,448	13,719,138	34,687	45,894	60,708	141,289	13,696,296
6/30/2024	13,871,092	118,881	13,752,211	35,242	41,741	63,428	140,411	13,730,681
6/30/2025	14,457,145	118,623	14,338,522	35,798	42,319	60,382	138,500	14,318,646
6/30/2026	14,583,988	118,243	14,465,745	36,357	42,626	61,590	140,572	14,443,416
6/30/2027	13,101,713	120,233	12,981,480	35,629	45,708	62,309	143,645	12,958,068
6/30/2028	13,105,676	122,857	12,982,820	32,088	41,212	62,509	135,809	12,969,867
6/30/2029	13,100,559	119,050	12,981,509	34,788	45,406	62,386	142,559	12,957,999
6/30/2030	13,112,392	118,692	12,993,700	36,505	42,729	61,923	141,157	12,971,235
6/30/2031	9,833,828	118,406	9,715,422			61,145	61,145	9,772,683
6/30/2032	9,778,340		9,778,340					9,778,340
6/30/2033	8,636,182		8,636,182					8,636,182
6/30/2034	7,706,832		7,706,832					7,706,832
6/30/2035	6,720,707		6,720,707					6,720,707
6/30/2036	4,525,923		4,525,923					4,525,923
6/30/2037	3,203,542		3,203,542					3,203,542
6/30/2038								
6/30/2039								
TOTAL	201,916,632	1,318,387	200,598,244	350,645	438,879	679,112	1,468,636	200,447,996

[1] Assumes current interest rates as of January 29, 2020 with an additional 25bps added to the spread. Actual rates will vary depending on market conditions at time of pricing.

Future Steps: Potential 2022 Bond Refunding

PENNSBURY SCHOOL DISTRICT
SERIES OF 2012 REFINANCING OPTIONS ESTIMATED - FOR
ILLUSTRATIVE PURPOSES ONLY

	1	2
	SCENARIO 1: ADVANCE REFUNDING THE SERIES OF 2012	SCENARIO 2: CURRENT REFUNDING THE SERIES OF 2012
Tax Status	Taxable	Tax-Exempt
Principal	\$21,820,000	\$19,120,000
Estimated Settlement Date	April, 2020	May, 2022
Net Refunding Savings	\$651,100	\$1,496,442

The breakeven spread is approximately + 140bps

3	4	5	6	7	8	9	10
Fiscal Year Ending	Existing Local Effort	Refunding Local Effort	Refunding Savings	New Local Effort	Refunding Local Effort	Refunding Savings	New Local Effort
6/30/2020	14,037,931			14,037,931			14,037,931
6/30/2021	14,157,711	925,641	1	14,157,710			14,157,711
6/30/2022	14,145,484	925,429	213	14,145,272			14,145,484
6/30/2023	13,837,588	924,805	838	13,838,749	924,145	1,497	13,838,089
6/30/2024	13,871,092	923,740	1,902	13,869,190	919,607	6,035	13,865,057
6/30/2025	14,457,145	9,402,482	322,372	14,134,774	8,980,106	744,748	13,712,398
6/30/2026	14,583,988	9,399,428	325,776	14,258,212	8,981,042	744,163	13,839,828
6/30/2027	13,101,713			13,101,713			13,101,713
6/30/2028	13,105,678			13,105,678			13,105,678
6/30/2029	13,100,559			13,100,559			13,100,559
6/30/2030	13,112,392			13,112,392			13,112,392
6/30/2031	9,833,828			9,833,828			9,833,828
6/30/2032	9,778,340			9,778,340			9,778,340
6/30/2033	8,638,182			8,638,182			8,638,182
6/30/2034	7,706,832			7,706,832			7,706,832
6/30/2035	6,720,707			6,720,707			6,720,707
6/30/2036	4,525,923			4,525,923			4,525,923
6/30/2037	3,203,542			3,203,542			3,203,542
6/30/2038							
6/30/2039							
TOTAL	201,916,632	22,501,525	651,100	201,265,531	19,804,900	1,496,442	200,420,190

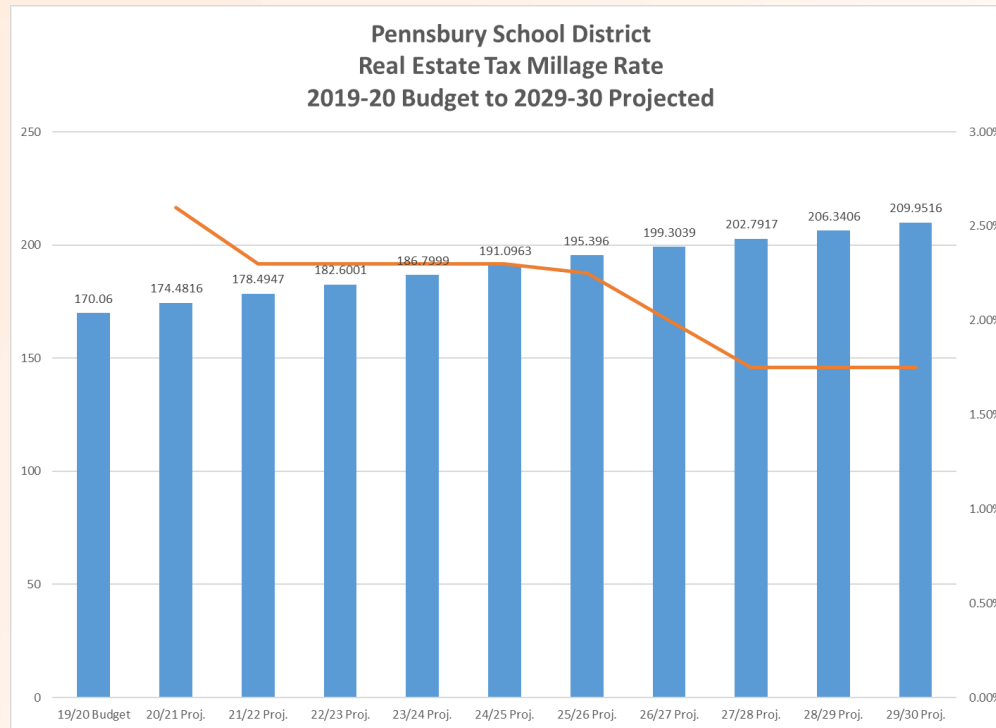
¹⁾ For these purposes the rates assume a current market scale from RBC Capital Markets plus a spread of 25bps. Actual rates will vary depending on market conditions at time of pricing.

Multiyear Planning is the new-new

Pennsbury School District												2/18/2020
Multiyear Financial Projection												
Borrow \$179,610,000 over 10 years - D'Huy estimate, plus \$1.5 million per year for various minor capital projects (this does not yet include a central bus facility or Fallsington Elementary)												
Total debt service to the last maturity of all bonds under this scenario is:												\$ 477,936,504
Capital Project	19/20 Proj.	20/21 Proj.	21/22 Proj.	22/23 Proj.	23/24 Proj.	24/25 Proj.	25/26 Proj.	26/27 Proj.	27/28 Proj.	28/29 Proj.	29/30 Proj.	Notes
Project Fund Deposit		8,196,038	18,767,089	29,146,003	22,603,021	33,289,985	28,379,575	28,379,575	9,327,435	1,500,000	-	-
Cumulative Project	-	8,196,038	26,963,128	56,109,131	78,712,152	112,002,137	140,381,712	168,761,287	178,088,722	179,588,722	179,588,722	
Revenues	19/20 Budget	20/21 Proj.	21/22 Proj.	22/23 Proj.	23/24 Proj.	24/25 Proj.	25/26 Proj.	26/27 Proj.	27/28 Proj.	28/29 Proj.	29/30 Proj.	Notes
Real Estate Base (adj. for 170 v 171)	148,164,610	148,219,878	153,214,147	157,913,608	162,757,213	167,749,384	172,894,677	178,110,693	183,035,453	187,635,363	192,350,874	
Assessed Value Growth		1,111,649	1,149,106	1,184,352	1,220,679	1,258,120	1,296,710	1,335,830	1,372,766	1,407,265	1,442,632	0.75%
Millage Increase \$		3,882,620	3,550,355	3,659,253	3,771,492	3,887,173	3,919,306	3,588,930	3,227,144	3,308,246	3,391,386	
Millage Increase (%)	170.06	2.60%	2.30%	2.30%	2.30%	2.30%	2.25%	2.00%	1.75%	1.75%	1.75%	2.13%
Other Local Sources	11,172,000	10,984,054	11,037,309	11,092,198	11,148,770	11,207,078	11,265,868	11,319,702	11,368,109	11,417,733	11,468,604	1.50%
State (except PSERS and FICA)	30,952,320	31,424,800	32,072,151	32,732,837	33,407,133	34,095,320	34,797,684	35,514,516	36,246,115	36,992,785	37,754,836	2.06%
PSERS and FICA	21,322,739	21,799,416	22,470,184	23,280,060	24,020,050	24,769,133	25,624,215	26,462,825	27,217,807	27,877,799	28,553,893	Various
New PlanCon, 2 year lag			113,200	237,222	348,551	427,496	568,191	519,847	599,562	620,819	621,918	10.00%
Federal	2,671,693	2,223,022	2,223,022	2,223,022	2,223,022	2,223,022	2,223,022	2,223,022	2,223,022	2,223,022	2,223,022	Adj. one time spike; flat
Total Sources	214,283,362	219,645,439	225,829,474	232,322,552	238,896,910	245,616,726	252,589,673	259,075,365	265,289,978	271,483,032	277,807,165	
Expenditures	19/20 Budget	20/21 Proj.	21/22 Proj.	22/23 Proj.	23/24 Proj.	24/25 Proj.	25/26 Proj.	26/27 Proj.	27/28 Proj.	28/29 Proj.	29/30 Proj.	Notes
Wages and Benefits	163,669,373	166,383,021	170,731,113	175,439,698	180,093,323	184,852,567	189,913,954	195,035,351	200,085,344	205,044,209	210,137,237	2.53%
IU Reconciliation 18/19		1,119,737	1,136,533	1,153,581	1,170,885	1,188,448	1,206,275	1,224,369	1,242,735	1,261,376	1,280,297	
Everything Except Debt Service	36,329,012	38,571,805	39,150,382	39,737,638	40,333,703	40,938,709	41,552,790	42,176,082	42,808,723	43,450,854	44,102,617	1.50%
Debt Service	15,133,966	15,403,012	16,265,965	17,506,187	18,619,474	19,408,924	20,815,872	20,332,439	21,129,581	21,342,155	21,353,143	PFM
Contingency		250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	Unforeseen
Placeholder future BCTHS bond			640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	31% x \$27m/5%/20 yrs.
Transfer to Debt Service Fund	2,500,000	(124,997)	(374,898)	(422,262)	(215,326)	(653,721)	(708,796)					-
Transfer to Capital Reserve Fund										500,000	1,000,000	Prep for next wave
Recurring Reductions Target 20/21			(844,621)	(857,290)	(870,149)	(883,201)	(896,449)	(909,896)	(923,544)	(937,397)	(951,458)	
Program Cuts Required for 5% FB												-
Total Uses	217,632,351	221,602,578	226,954,474	233,447,552	240,021,910	245,741,726	252,773,646	258,748,345	265,232,839	271,551,197	277,811,836	
Recurring Reductions Target 20/21		832,139										
Assume 50% Returned		125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	
Gap	(3,348,989)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	-	(58,973)	452,020	182,139	56,835	120,329	
Fund Balance	17,163,529	16,163,529	15,163,529	14,163,529	13,163,529	13,163,529	13,104,556	13,556,576	13,738,715	13,795,550	13,915,879	
FB % Expenditures	7.89%	7.29%	6.68%	6.07%	5.48%	5.36%	5.18%	5.24%	5.18%	5.08%	5.01%	

Projected millage rates 2020-21 to 2029-30

- 2019-20 starting point was one (1) mill lower than the Board intended.
- 2020-21 reflects the 2.6% Act 1 index.

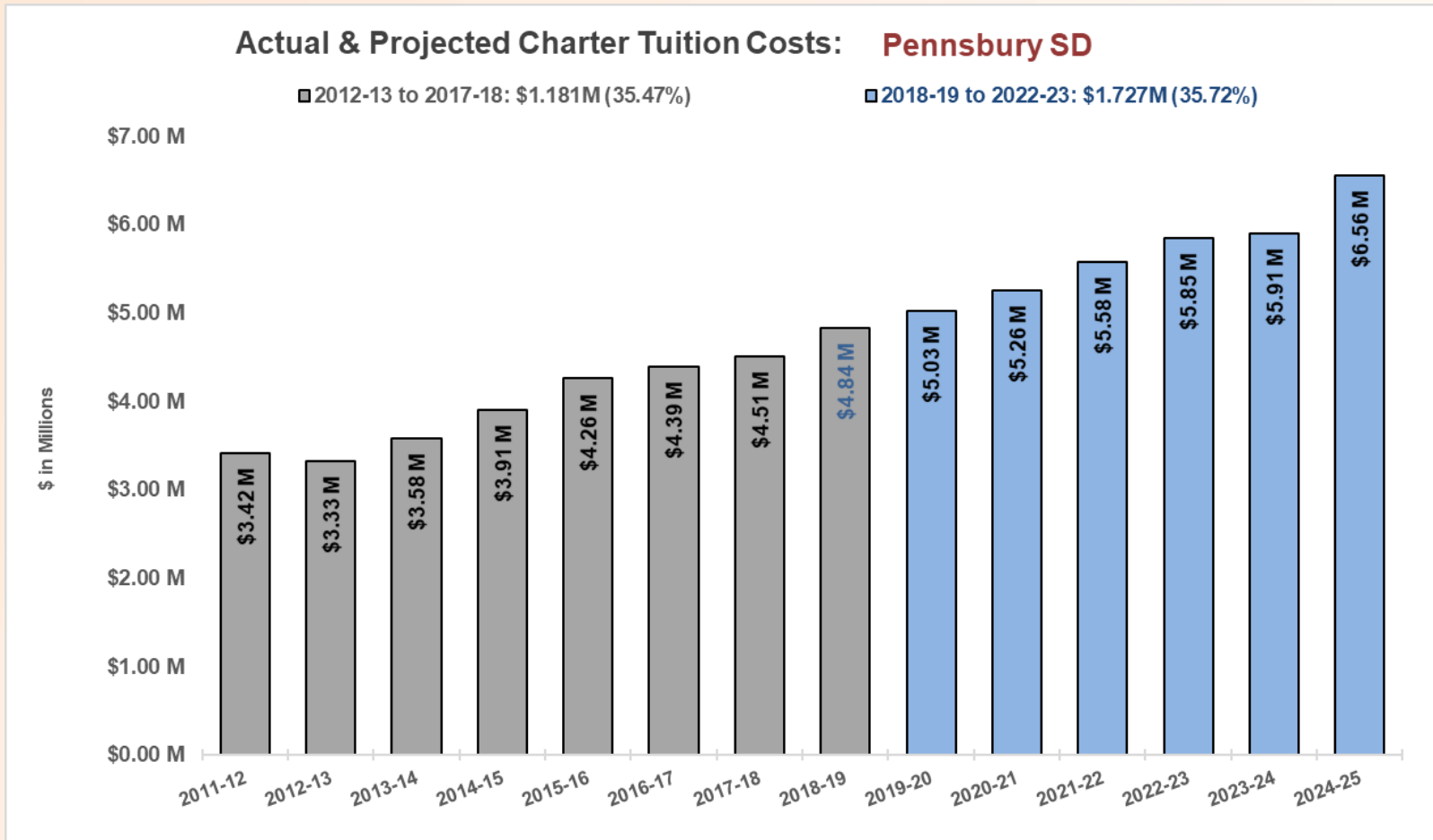


What can you do to help?

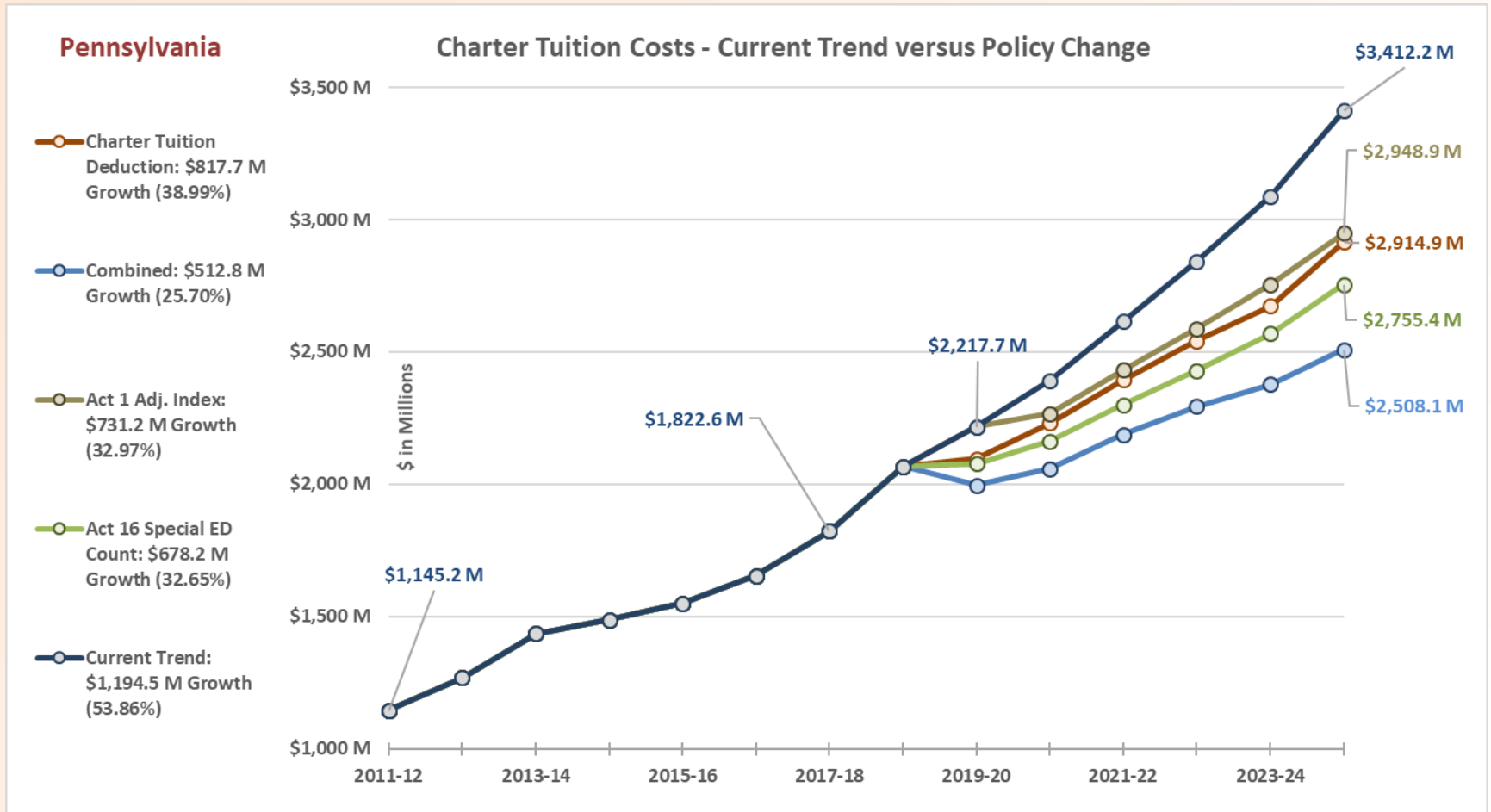
Become an advocate.

- Advocate for charter school reform:
 - Pennsylvania school districts spend more than \$1.8 billion in taxpayer money annually in mandatory payments to charter schools.
 - The current funding formula, created in 1997, forces school districts to pay charter schools based solely on district expenditures with no basis on what it actually costs to educate the child in the charter school. If adopted, Governor Wolf’s proposal would save PSD an estimated \$700,000 annually.
 - www.pacharterchange.org/take-action/

Actual and Projected Charter School Tuition



Statewide Impact of Charter School Funding Reform



Budget Timeline

- Refine budget data – February through May
- **Adopt proposed final budget – May 21, 2020**
- Deadline to make proposed final budget available for public inspection – May 30, 2020
- Deadline to offer public notice of the intent to adopt final budget – June 10, 2020
- Adopt final budget – June 18, 2020