Centennial School District

2018-19 Community Forum on School Budgeting
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About Centennial School District

- 5,475 students
- Six (6) school buildings
- Self-operated facilities, food service, and transportation (ownership)
- Three municipalities across 16.55 square miles
- $115 million budget (2017-18)
- $128 million in outstanding debt (June 30, 2017)
- $150 million in capital assets net of depreciation (June 30, 2017)
Our business is education
A budget is a plan: math curriculum example

- Math PQR-2016
  - 2016-17
  - 2017-18
- Aligned the Curriculum to PA CCSS (2017)
- EveryDay Math 4 adopted (2016)
- Khan Academy implemented
  - WD (2016-17)
  - Districtwide Gr. 3-5 (2017-18)
  - Klinger (2017-18)
- ST Math (2015)
- K-5 Math/Technology Instructional Coach
Math results

<table>
<thead>
<tr>
<th>McDonald</th>
<th>Davis</th>
<th>Willow Dale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 3 - 2016- 55%; 2017 - 52.5%</td>
<td>Grade 3- 2016 -63.2% 2017- 62.6%</td>
<td>Grade 3 - 2016 - 42.9% 2017 - 62.3%</td>
</tr>
<tr>
<td>Grade 4 - 2016 - 39%; 2017- 44.7%</td>
<td>Grade 4 - 2016 - 64.2% 2017 - 70.5%</td>
<td>Grade 4 - 2016 - 44.4% 2017 - 50.7%</td>
</tr>
<tr>
<td>Grade 5 - 2016 - 44.6%; 2017 - 35.4%</td>
<td>Grade 5 - 2016 - 55.2% 2017 - 53.9%</td>
<td>Grade 5 - 2016 - 38.7% 2017 - 43.8%</td>
</tr>
</tbody>
</table>

Significant increase with percentage of proficient and advanced students at WD in test scores across all grades!
Moody’s assigns Aa2 bond rating (creditworthiness)

• “The Aa2 rating reflects the district's stable tax base and above average wealth, strong management, and satisfactory debt levels, moderated by a fund balance policy that keeps reserves narrow versus peers.”

• “In addition to conservative budgeting practices, management… maintains a comprehensive long-term financial plan.”
Did you know?

• Our peers agree: Centennial School District staff presented on best practices in school budgeting at the 2017 Pennsylvania Association of School Business Officials annual conference, in addition to routinely training new school business officials through PASBO’s elements of budgeting, school finance, school law and organization, and applications in revenues workshops.
All Centennial Schools are Energy Star Certified

- Davis Elementary School, Klinger Middle School, Log College Middle School, McDonald Elementary School, William Tennent High School, and Willow Dale Elementary School have all earned the U.S. Environmental Protection Agency’s (EPA) ENERGY STAR® certification for superior energy efficiency.
- This recognition is awarded to buildings that outperform 75 percent of similar buildings nationwide. Willow Dale’s rating is literally 100.
- Only 300 K12 school buildings in the Commonwealth are certified. Bucks County has 18.
What determines how we account for revenues and expenditures?

Accounting and Financial Reporting Expenditure Focus
Governmental Accounting Standards Board

• The GASB is the independent organization that establishes and improves standards of accounting and financial reporting for United States’ state and local governments.

• The generally accepted accounting and reporting guidance included in Pennsylvania’s manual of accounting for school districts began with the National Council on Governmental Accounting, Statement No. 1, Governmental Accounting and Financial Reporting Principles, and were adopted by the GASB in 1984 in their first pronouncement, GASB Statement No. 1.
The National Center for Education Statistics, U.S. Department of Education (NCES)

• The National Center for Education Statistics (NCES) is the primary federal entity for collecting and analyzing data related to education in the U.S. and other nations. Located within the U.S. Department of Education, the NCES fulfills a Congressional mandate to collect, collate, analyze, and report complete statistics on the condition of American education; conduct and publish reports; and review and report on education activities internationally.

• Pennsylvania’s account code structure is modeled after the current Federal Accounting Handbook II, as revised, and promulgated by the NCES. A standard account code structure allows for the accumulation of program costs at the level of detail the school administration chooses, as well as provides for financial reporting in conformance with governmental accounting and financial reporting principles for all state and local governments, including public school systems.
The Association of School Business Officials (ASBO) International

• Founded in 1910, the ASBO International is a professional association of school business management professionals. They provide programs and services to promote the highest standards of school business management practices, professional growth, and the effective use of educational resources.
Pennsylvania Association of School Business Officials (PASBO)

• The Pennsylvania Association of School Business Officials (PASBO) is a statewide association devoted to providing members with education, training, professional development and timely access to legislative and policy news. It’s membership base covers school professionals working in finance, accounting, operations, facilities, transportation, food service, technology, communications, human resources, purchasing and safety services.

• The PASBO accounting committee is one of the PASBO committees whose purpose is to review and comment upon all matters relevant to school or governmental accounting and to act in an advisory capacity to the PASBO board and executive director in accounting and related matters. As part of their responsibilities, the committee regularly reviews and provides responses to the GASB on Exposure Drafts.
The Pennsylvania School Boards Association

• The PSBA is a nonprofit statewide association of public school boards, pledged to the highest ideals of local leadership for the public schools of the Commonwealth. Since their foundation in 1895, they set out to create an efficient system of public education by maintaining legislative awareness and communication with members of local, state, and federal legislative bodies.

• Centennial’s local Board policies are grounded in PSBA models.
American Institute of Certified Public Accountants (AICPA)

- Founded in 1887, the AICPA is the national, professional organization for all Certified Public Accountants. Its mission is to provide members with the resources, information, and leadership that enable them to provide valuable services in the highest professional manner to benefit the public, employers, and clients.

- The regional branch, the Pennsylvania Institute of Certified Public Accountants (PICPA), founded in 1897, is the second oldest and fifth largest state CPA organization in the United States.

- AICPA standards are instrumental to local audits.
Government Finance Officers Association

• The GFOA is the professional association of state/provincial and local finance officers in the United States and Canada, and has served the public finance profession since 1906. The association’s members are dedicated to the sound management of government financial resources.

• The association provides and administers a broad range of products, services, and programs in the major functional areas of government financial management, including accounting, auditing, and financial planning, along with many other areas.

• The GFOA is the publisher of Governmental Accounting, Auditing and Financial Reporting (GAAFR).
Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB)

• GAAP are accounting standards and practices that govern how an organization keeps information about its finance-related resources, obligations, and transactions and, ultimately, how it reports that data in financial statements. In the United States, GAAP for state and local governments have developed separately of and differently from GAAP for private-sector companies.

• Example requirements stemming from GAAP principles include financial reporting annually to the PA Department of Education and adopting an annual budget for the general fund.
Financial audits

- School districts, charter schools, cyber charter schools or area vocational-technical schools are required by Sections 2401 & 218 of the School Code to conduct annual financial statement audits of their books and records.

- Financial audits are designed to provide reasonable assurance about whether the audited financial statements present fairly the financial position, results of operations, and cash flows of the LEA in accordance with generally accepted accounting principles. Financial information, compliance requirements and internal controls are evaluated.

- **CSD has a clean audit opinion and zero audit findings:** https://www.centennialsd.org/cms/lib/PA01001061/Centricity/Domain/3/2016%20FS%20200617.pdf
Single Audits

• A single audit is an entity-wide financial audit consisting of two (2) main parts: an audit of the basic financial statements and an audit of the entity’s federal assistance programs.

• Centennial meets the US Office of Management and Budget thresholds requiring a single audit.

• Single audit components are incorporated into the very same annual report, with a clean opinion and zero findings: https://www.centennialsd.org/cms/lib/PA01001061/Centricity/Domain/3/2016%20FS%200617.pdf
Fund accounting 101

• A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources. It also contains all related liabilities and residual equities or balances or changes therein. Funds are established to carry on specific activities or attain certain objectives according to special legislation, regulations or other restrictions.

• The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is the primary fund of the District, and is where the operating revenue and expenditures of the District are budgeted and recorded.
Capital Reserve Fund

• Authorized by Municipal Code P.L. 145, Act of April 30, 1943, also known as Purdon’s 53 § 1431, the Capital Reserve Fund accounts for (1) monies transferred during any fiscal year from Appropriations made for any particular purpose which may not be needed, (2) surplus monies in the General Fund at the end of any fiscal year, and (3) interest earnings of the fund itself.

• Expenditures from this fund are limited to: capital improvements, replacement of and additions to public works and improvements, for deferred maintenance thereof, for the purchase or the replacement of school buses, and for no other purpose.
Other governmental funds

• The Capital Projects Fund is utilized to report the total of all capital project activity not specifically associated with the Capital Reserve Fund. Bond proceeds and associated expenditures are typically recorded in the Capital Projects Fund.

• A Debt Service Fund may be used by Pennsylvania school districts to account for resources accumulated to provide for payment of general long-term debt principal and interest. The Pennsylvania Local Government Unit Debt Act authorizes Pennsylvania public schools to maintain this fund. Centennial School District established this fund for the very specific purpose of leveling debt service payments in the General Fund.
Food Service Fund

- This fund, authorized under Section 504 of the Public School Code of 1949 accounts for all revenues and expenses pertaining to cafeteria operations. The Food Service Fund is self-supporting, receiving no aid from the General Fund in its operating budget.

- This fund accounts for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation and indirect cost) of providing goods or services on a continuing basis be financed or recovered primarily through fees and user charges rather than taxes or similar revenues.
Income statement concepts

• Revenue codes provide for the classification by source. The primary classification differentiates Local, State, and Federal revenue sources.

• Function describes the activities for which a service or material is acquired. The functions of an LEA are classified into five broad areas: (1) Instruction, (2) Support Services, (3) Operation of Non-instructional Services, (4) Facilities Acquisition, Construction, and Improvement Services, and (5) Other Financing Uses.

• Object is the service or commodity bought: (1) Personnel Services – Salaries, (2) Personnel Services – Employee Benefits, (3) Purchased Professional and Technical Services, (4) Purchased Property Services, (5) Other Purchased Services, (6) Supplies, (7) Property, (8) Other Objects, (9) Other Financing Uses.
Balance sheet concepts

• The Balance Sheet Account dimension consists of asset, deferred outflows of resources, liability, deferred inflows of resources, and fund balance accounts. When presented together in statement presentation, those accounts form the Balance Sheet, which is the basic financial statement used to disclose an LEA’s financial position at a specific date.

• GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.
PA limits school district fund balances

- PA limit applies to unassigned fund balance.
- Taken together with GFOA guidance on fund balance and Pennsylvania restrictions on unassigned fund balances, Centennial has in recent years maintained total General Fund balances on or about $10 million.
Fund balance has been carefully guarded
Who are our employees and how are they compensated?

Labor Relations
Labor relations overview

- There are presently 647 employees of the School District, including 419 teachers, 35 administrators, and 193 full-time secretaries, athletic staff, maintenance/custodial staff, transportation staff, cafeteria staff, and teachers’ aides. Part-time and substitute employees are not included in this total.

- Professional/instructional employees of the School District are represented for purposes of collective bargaining by the Centennial Education Association, which is affiliated with the Pennsylvania State Education Association (“PSEA”).
Management Team: Act 93 of 1984 (11-1164)

- School employers are required to meet and discuss in good faith with school administrators prior to adoption of a compensation plan.
- Centennial’s Act 93 Plan runs from July 1, 2017, to June 30, 2021. The compensation plan addresses all CSD administrators outside of the Superintendent, Assistant Superintendent, Director of Human Resources and Chief Financial Officer, who are precluded by the Act from being covered by the compensation plan.
- Base salary increases are 1% per year.
Non-Act 93 Administrators

• Superintendent is under contract through June 30, 2020. Section 1073 of the school code describes the procedure for hiring a Superintendent.

• Assistant Superintendent is under contract through June 30, 2021. Section 1076 of the code outlines the procedure for hiring an Assistant Superintendent.

• Director of Human Resources is under contract through June 30, 2021. Section 1164 precludes the personnel director’s coverage under the Act 93 plan.

• Chief Financial Officer is under contract through June 30, 2022. Section 1089 authorizes a school board to enter into a contract with a business administrator.
Support staff

• CSD support staff (secretaries, custodians, food service workers) are not represented by a union, but rather meet and discuss (see Act 93 process).
• Current compensation plan expires June 30, 2018.
• Recent increases:
  • 15/16: 1.0% plus increment
  • 16/17: 1.5% plus increment
  • 17/18: 1.5% plus increment
Centennial Education Association

• Represents professional employees, including classroom teachers, psychologists, school counselors, etc.

• Two rounds of concessionary bargaining in the recent past.

• Contract runs July 1, 2016 to June 30, 2020, with modest raises as follows:
  • 16/17: 1.0% plus increment
  • 17/18: 1.0% plus increment
  • 18/19: 0.8% plus increment
  • 19/20: 0.8% plus increment

• Clever language in the contract slows the velocity of increments.
Attracting and retaining talent matters: CSD teacher salaries are quite competitive

Did you know? Centennial SD’s average teacher salary ranked second in the county, but our administrative salaries were near the bottom, at 11th?
Pennsylvania public school teachers differ from other full-time employees on education level

Compensation and demographic characteristics of Pennsylvania public school teachers compared with other full-time Pennsylvania employees, 2010–2014

<table>
<thead>
<tr>
<th>Education</th>
<th>PA private-sector and state and local government employees</th>
<th>PA public school teachers</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school</td>
<td>34.30%</td>
<td>0.00%</td>
<td>-34.30%</td>
</tr>
<tr>
<td>Some college</td>
<td>11.40%</td>
<td>0.30%</td>
<td>-11.10%</td>
</tr>
<tr>
<td>Associate degree</td>
<td>11.50%</td>
<td>0.60%</td>
<td>-10.90%</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>22.10%</td>
<td>32.60%</td>
<td>10.50%</td>
</tr>
<tr>
<td>Master’s degree</td>
<td>7.40%</td>
<td>63.60%</td>
<td>56.20%</td>
</tr>
<tr>
<td>Professional degree</td>
<td>1.80%</td>
<td>1.90%</td>
<td>0.10%</td>
</tr>
<tr>
<td>Doctorate</td>
<td>1.30%</td>
<td>0.80%</td>
<td>-0.50%</td>
</tr>
<tr>
<td>Bachelor’s or higher</td>
<td>32.60%</td>
<td>98.90%</td>
<td>66.30%</td>
</tr>
</tbody>
</table>

Pennsylvania is losing teachers at an alarming rate

• The rate of Pennsylvania teacher certifications has declined by two-thirds between 2010 and 2015 (Benshoff 2016). In 2013, 16,631 students graduated from teacher-training programs; by 2015, that number had dropped to 6,125, a 63 percent decline.

• College students are shunning education majors, with reports indicating that enrollment fell by 36 percent in traditional teacher education programs at the 14 Pennsylvania State System of Higher Education colleges (Palochko 2016).
Medical plan cost containment

- Centennial joined the Delaware Valley Health Insurance Trust in 2011.
- Self-insured pool with a fully insured rate for the entity.
- Medical renewals have been outstanding:
  - 16/17: 1.33%, net of RSF
  - 17/18: 1.91%, net of RSF
  - 18/19: 3.82%, before RSF (should land around 2%)
Pharmacy plan cost containment

Did you know?
Centennial projects a 10% or greater reduction in pharmacy premium for 2018-19.
Avoiding Fool’s Gold: Just say no to ERIP

1

Minnesota examined statewide early retirement incentives over a 15 year period:

• Roughly 50% of employees would have retired during the same year had the incentive not been offered. Participants were induced to retire an average of 0.5 years to 1.7 years earlier than they would have retired without an incentive.

2

Virginia studied their statewide incentive program that included 3,535 Commonwealth and 2,607 political subdivision early retirees:

• Actuarial loss: $238.2 for State employees and $119 million for teachers.
Public School Employees’ Retirement System

• PSERS is the 16th largest state-sponsored defined benefit public pension fund in the nation and has a membership of approximately 256,000 active members and over 230,000 annuitants and beneficiaries receiving benefits.

• Act 120 of 2010 decreased PSERS benefits for employees hired in 2011 and later, while Act 5 of 2017 will further cut pension benefits for employees hired in 2019 (and beyond). Act 5 requires new employees to participate in a pension plan that significantly shifts funding from the state and school districts onto employees. The new plan includes 401(k)-style offerings, which also shift retirement income risk onto employees.
### Cost of an Average Centennial Teacher

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage Base</td>
<td>$41,193,321</td>
</tr>
<tr>
<td>FTE(s)</td>
<td>422.50</td>
</tr>
<tr>
<td>Average</td>
<td>97,499</td>
</tr>
<tr>
<td>PSERS @ 50% of 32.57%</td>
<td>15,878</td>
</tr>
<tr>
<td>FICA @ 50% of 7.65%</td>
<td>3,729</td>
</tr>
<tr>
<td>WC @ 1%</td>
<td>975</td>
</tr>
<tr>
<td>Health and Welfare (CEA avg. District cost)</td>
<td>16,809</td>
</tr>
<tr>
<td>Fully-loaded CEA</td>
<td>$134,890</td>
</tr>
</tbody>
</table>

What is the fully-loaded cost of a teacher?
How do we ensure the long-term health of our facilities?

Debt and Capital Planning
The Capital Budget

1. Establish a level of funding
2. Identify projects to be included
3. Arrange the projects in annual slots
4. Adjust to fit the funding level
5. Apply an accounting system

2/26/18
Infrastructure is a national crisis

• The American Society of Civil Engineers 2017 annual report card grades the nation’s public school buildings’ condition as D+, with 24% of the structure rated as being in fair to poor condition.

• Estimated $38 billion in annual underinvestment.

• Pennsylvania’s process for PlanCon reimbursement so hopelessly backup up that the Governor’s budget proposal again recommends borrowing just to reimburse districts (who borrowed to begin with) with already approved projects:
  • $140 million to pay for debt on bonds—NOT for new projects
  • $410 million borrowed in early January to cover reimbursement for 17-18 and 18-19
  • Additional borrowing will happen to cover state reimbursement for all projects in the current PlanCon pipeline
### About our school buildings (infrastructure is not a Centennial crisis)

<table>
<thead>
<tr>
<th>Elementary School</th>
<th>Original Construction</th>
<th>Year(s) of Additions/Renovations</th>
<th>Grades Housed</th>
<th>Rated Capacity</th>
<th>2017-18 Enrollment(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Davis Elementary School</td>
<td>2012</td>
<td>---</td>
<td>K-5</td>
<td>1,341</td>
<td>764</td>
</tr>
<tr>
<td>McDonald Elementary School</td>
<td>2013</td>
<td>---</td>
<td>K-5</td>
<td>1,465</td>
<td>806</td>
</tr>
<tr>
<td>Willow Dale Elementary School</td>
<td>1970</td>
<td>2011</td>
<td>K-5</td>
<td>1,515</td>
<td>803</td>
</tr>
<tr>
<td><strong>Secondary</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Klinger Middle School</td>
<td>1964</td>
<td>2017</td>
<td>6-8</td>
<td>734</td>
<td>670</td>
</tr>
<tr>
<td>Log College Middle School</td>
<td>1967</td>
<td>1969</td>
<td>6-8</td>
<td>869</td>
<td>696</td>
</tr>
<tr>
<td>William Tennent High School</td>
<td>1973</td>
<td>2011</td>
<td>9-12</td>
<td>2,590</td>
<td>1,736</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8,514</td>
</tr>
</tbody>
</table>

(1) As of 10/01/17.

Source: School District Officials.
### Capital Reserve Fund

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Ending Balance 6/30/16</td>
<td>6,399,704</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016-17 Revenues</td>
<td>3,648,324</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016-17 Expenditures</td>
<td>(5,402,975)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ending Balance 6/30/17</td>
<td>4,645,053</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Starting balance</td>
<td>4,645,053</td>
<td>2,641,740</td>
<td>424,078</td>
<td>864,078</td>
<td>14,578</td>
</tr>
<tr>
<td>Interest</td>
<td>40,000</td>
<td>30,000</td>
<td>15,000</td>
<td>500</td>
<td>2,000</td>
</tr>
<tr>
<td>General Fund contribution</td>
<td>-</td>
<td>400,000</td>
<td>575,000</td>
<td>575,000</td>
<td>575,000</td>
</tr>
<tr>
<td>Propane Tank grant</td>
<td>292,338</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cameras/security</td>
<td>(20,000)</td>
<td>(20,000)</td>
<td>(25,000)</td>
<td>(30,000)</td>
<td>(35,000)</td>
</tr>
<tr>
<td>Johnsville demolition/field</td>
<td>(1,700,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paving/sidewalks</td>
<td>(20,000)</td>
<td>(20,000)</td>
<td>(25,000)</td>
<td>(30,000)</td>
<td>(35,000)</td>
</tr>
<tr>
<td>Planetarium upgrades</td>
<td>(204,500)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Propane busses, wave 2</td>
<td>(333,380)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Propane tanks</td>
<td>(800,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Siemens' DDC enhancements</td>
<td>(49,660)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signage/other finishes</td>
<td>(1,250,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stadium scoreboard/sound system</td>
<td>(67,893)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stadium turf/track</td>
<td>(15,000)</td>
<td>(15,000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swan Way (e.g., retainage, etc.)</td>
<td>(868,296)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation heating/roofing system</td>
<td>(50,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation pumps</td>
<td>(396,700)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WTHS gym wall pads, bleacher overhaul, scoreboard</td>
<td>(250,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingency/emergency items</td>
<td>(82,884)</td>
<td>(100,000)</td>
<td>(100,000)</td>
<td>(100,000)</td>
<td>(425,000)</td>
</tr>
<tr>
<td>Ending Balance 6/30/19</td>
<td>2,641,740</td>
<td>424,078</td>
<td>864,078</td>
<td>14,578</td>
<td>81,578</td>
</tr>
<tr>
<td>Budget size</td>
<td>2,043,313</td>
<td>2,940,000</td>
<td>150,000</td>
<td>1,425,000</td>
<td>510,000</td>
</tr>
</tbody>
</table>

**Total impact to layer over two years**: 2,145,000

(1) Includes mothballing the pool space.
Sources of borrowed money

• Bank loans as a commercial customer
• General obligation bond
• Bond pool
• Through a conduit issuer
Federal tax laws

• The Internal Revenue Code (the “Code”) permits the Issuer to borrow funds at a tax-exempt interest rate and invest the proceeds at an unlimited yield during the period of project construction, but not more than 3 years, if the reasonable expectations of the Issuer are to meet the following 3 tests:
  • Expenditure Test – spend 85% of the proceeds within 3 years;
  • Time Test – incur within 6 months a substantial binding obligation to expend at least 5% of the proceeds;
  • Due Diligence Test – proceed with due diligence to complete the capital project and expend the proceeds for the capital project.
State tax laws

• Local Government Unit Debt Act (“LGUDA”)
• Department of Community and Economic Development approval process
• Overall level debt – no balloon payments
• Phasing in of annual payments
• Advertising requirements
• Maximum debt limit – 225% of average revenues for the last 3 years
The Financing Team

- School business official
- Financial advisor
- Bond counsel
- Solicitor
- Underwriter
- Paying Agent
- Rating Agency
- Bond Insurer
- Architect
Method of bond sale

• Competitive bond sale, as in sealed bid delivered by hand, is a thing of the past.

• Negotiated bond sale is where the underwriting team is selected in advance. This structure is useful when markets are volatile or timing is crucial.

• Internet auction has many of the characteristics of a competitive sale, but is technically a “negotiated sale by invitation.”

• CSD uses a competitive request for proposals for underwriter, financial advisor, and bond counsel to drive down underwriting spreads, but still control timing.
Debt service is flat through 2038. Each additional borrowing adds to the budget.
Refunding saved the district $11 million

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<thead>
<tr>
<th>CENTENNIAL SCHOOL DISTRICT</th>
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<tr>
<td>REFINANCING SUMMARY FOR 2016 &amp; 2017</td>
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<td>FINAL RESULTS</td>
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<td>Refunds 2009A</td>
<td>Refunds 2009B</td>
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<td>Savings Structure</td>
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<td>($514,200)</td>
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2/26/18
Series 2018 General Obligation Bonds

• General Obligation Bonds in the estimated amount of $15 million par to fund Phase II of warm, safe, and dry.
• Financing plan will be reviewed with the Board of School Directors on February 27th.
• A parameters resolution will be presented for approval on March 13th.
• Pricing will occur after satisfactory receipt of the estimated costs of the next ESCO wave from Reynolds in time for a June 2018 start date.
Interest rate swaps

• Act 23 of 2003 authorized the use of interest rate swaps for Pennsylvania municipalities.
• An interest rate swap is a financial contract, not a security, between two parties to exchange interest rate payments at specified dates in the future.
• Payment exchange is based on derived interest rate times a notational principal amount (specific to the underlying debt of the municipality).
• Ugly history of Pennsylvania swaps. Some school districts have taken multimillion dollar losses.
• Centennial has never entered into a swap.
What is the District’s property and casualty insurance plan?

Managing Risk
Property and casualty insurance program

• Centennial is self-insured for unemployment compensation.
• The district participates in the School District Insurance Consortium for Workers Compensation. A joint labor-management workplace safety committee meets monthly to address the frequency and severity of incidents.
• We carry commercial insurance automobile, building and contents, general liability, crime, boiler and machinery, school board legal liability, pollution, student accident, builder’s risk, and umbrella liability.
• CSD recovered $525,000 towards remediation of Swan Way in 2017.
Where is our money?

Investments
Public School Code of 1949 (24 P.S. 4-440.1) governs allowable investments in PA

- Short-term obligations of the US Government, or its agencies or instrumentalities. Short-term is 13 months or less.
- Direct obligations (treasury bills, notes, bonds) are fine for short or long-term.
- Accounts and time certificates (FDIC insurance $250,000 is per institution; collateral at 102% beyond insured limits).
- Repurchase agreements (very uncommon).
- Mutual funds (registered with SEC, highest rating, underlying investments follow above restrictions).
- Intergovernmental Cooperation Act investment pools (PLGIT, PSDLAF, INVEST).
Act 10 of 2016 broadened investments

- Examples include Bankers Acceptance (180 days or less), Commercial Paper (270 days or less), Negotiable CDs (Pennsylvania School Boards Association has issued a warning that these fall outside of the scope of the Act 72 collateralization and are therefore illegal).
- The additional Act 10 tools offer a slight bump in earnings, offset by credit risk and greater volatility in market pricing.
- CSD sticks to the basic investments contemplated by 440.1.
PA School District Liquid Asset Fund

- In 1982, PSDLAF (The Fund) was created specifically to assist Local Governments (Local Education Agencies and Municipal Entities) in the Commonwealth of Pennsylvania to help manage their investment needs.
- The Fund provides Local Governments multiple investment programs, in accordance with the provisions of the Pennsylvania Intergovernmental Cooperation Act and Section 521 of the Pennsylvania Public School Code.
- The Fund’s Multiple Series (presently PSDLAF MAX) have always maintained Standard and Poor’s (S&P) highest credit rating of AAAm.
- PSDLAF is sponsored by the Pennsylvania Association of School Business Officials (PASBO) and the Pennsylvania School Boards Associations (PSBA) and supports over $6 billion in public fund assets.
The Pennsylvania Local Government Investment Trust (PLGIT)

• PLGIT was created in 1981 to meet the short-term investment needs of local governments, school districts, municipal authorities, and other types of governments in the Commonwealth of Pennsylvania.
• PLGIT serves more than 2,900 public entity investors across the Commonwealth and cooperatively invests more than $3.9 billion across multiple programs.
• Annual report: https://www.plgit.com/uploadedFiles/PLGIT/LeftMenu/FormsandDocuments/4992_PLGIT_AR[FINAL].pdf
INVEST program for governments and non-profits

• Created by the Pennsylvania Treasury, INVEST is a family of highly rated investment pools designed specifically for local government and nonprofit groups. INVEST is similar in concept to money market funds, offering two rated pools with short-term maturity as well as periodic custom investment opportunities for longer-term investment needs.

• The program’s portfolios are managed by the Pennsylvania Treasury’s investment staff, which also oversees the investment and custody of nearly more than $100 billion in public funds.

• Standard & Poor’s rates the the Invest Daily Pool and Invest Community Pool AAAm.

How does the District procure goods and services?

Purchasing
Quotation threshold

• Quotations are required under section 807.1 for all purchases from a base amount of $10,900 to $20,100 for calendar year 2018. The threshold adjusts every January.

• Written or telephonic price quotations from at least three (3) qualified and responsible vendors shall be requested.

• Written price quotations, written records of telephonic price quotations and memoranda shall be retained for a period of three (3) years.

• Emergencies do not exempt the need for obtaining quotes
Bid threshold

- Supplies costing $20,100 or more shall be purchased by the board of school directors only after public notice has been given by advertisement once a week for three (3) weeks in not less than two (2) newspapers of general circulation. In any district where no newspaper is published, said notice may, in lieu of such publication, be posted in at least five (5) public places.

- Centennial School District has in place a PA Department of Education mandate waiver to save on advertising costs. Instead, we post on public websites.

- Bid threshold also adjusts every January.
Bid rules

• The board of school directors shall accept the bid of the lowest responsible bidder—kind, quality and material being equal—but shall have the right to reject any and all bids, or select a single item from any bid.

• Important to write bid specifications so that clear judgments can be made.

• Breaking up purchases to evade rules is prohibited.
Construction work

• Separate section of school code has the same quote/bid thresholds for construction, reconstruction, repairs, maintenance or work of any nature, including the introduction of plumbing, heating and ventilating or lighting systems upon any school building or school property. PA’s Guaranteed Energy Savings Act provides an alternative vehicle.

• The Department of Labor and Industry, through the Bureau of Labor Law Compliance, determines prevailing wage rates for the construction industry and enforces the rates and classifications under heavy, highway and building construction projects of $25,000 or more when public funds are involved.
Work by school personnel

• School district maintenance personnel may be used to perform any construction, reconstruction, repairs or work of any nature where the entire cost is less than $10,900 (adjusted annually).

• Use of school district maintenance personnel to perform “maintenance” work without restrictions as to cost.

• Centennial employs four skilled tradespersons and uses an electronic work order system to manage preventive and reactive work orders. Additionally, each building supervisor is allocated 50% to building maintenance (with the balance dedicated to building cleaning).
Items exempt from bid/quote rules

• The following shall be exempt from bidding and quotations: maps, music, globes, charts, educational films, filmstrips, prepared transparencies and slides, pre-recorded magnetic tapes and disc recordings, textbooks, games, toys, prepared kits, flannel board materials, flash cards, models, projectuals and teacher demonstration devices necessary for school use.

• Services (most, not all) are also exempt from the requirements. As a practical matter, Centennial issues requests for proposals for key services, such as auditor and solicitor.
Special rules for federal funds

• Federal funds have their own set of rules which changed as of July 1, 2017.
• Federal rules include services as well as goods, which is different from state purchasing rules.
• Federal thresholds will require quotes from $3,000 up to $150,000.
• Federal thresholds will require bids over $150,000.
• For Centennial, our impact is really in the Food Service program.
Cooperative purchasing

• Cooperative purchasing is permitted in Pennsylvania. A district can “piggyback” on most state contracts and can purchase through national bid contracts.

• BuyBoard, COSTARS, PEPPM, and US Communities are examples of cooperative contracts. Centennial actually leads a Food Services buying consortium in Southeastern PA.

• Prior to the start of every school year the Board approves a master list of cooperative contracts. We do an extensive amount of local bidding, and use cooperative contracts to cover large portions of the balance.
Follow our bids: https://www.centennialsd.org/Page/4955
Where do school district funds come from?

Revenue Focus
A quick history of school finance in PA

• In 1794, legislation required a funding partnership between state (20%) and local (80%). The local portion was derived from levies on real estate and other properties. This was the European concept of tax applied to wealth and not income.

• The Era of Tax Reform:
  • 1960’s – The Local Enabling Tax Act
  • 1970’s – Pennsylvania Income Tax
  • 1990’s – Act 50 Homestead Property Exclusion Program
  • 2000’s – Occupation Tax Replacement, taxpayer relief attempts (Act 72 of 2004 and Act 1 of 2006).
Important terms and concepts

• Flat vs. ad valorem taxes
• Regressive vs. progressive taxes
• Direct vs. indirect taxes
• School Board taxing authority comes from two principal sources:
  • Public School Code of 1949
  • Act 511 of 1965
• Article VIII, Section 1 of the Pennsylvania Constitution requires uniformity upon the same class of subjects. The Homestead Exclusion was created by a Constitutional Amendment.
Real estate concepts

• Millage is the language of public school finance. A mill is 1/1000, or .001, or a tenth of a percent.

• Assessments are set by counties in Pennsylvania. Millage is not necessarily comparable.

• Taxpayers’ Homestead/Farmstead applications are due to the county by March 1st. The determination is made by the county. Property tax relief flows from the Commonwealth from gaming revenue.

• Important litigation coming of Valley Forge requires due diligence by municipal governments to avoid the appearance of spot assessments through appeals.
Installments, discounts, and penalties

• Approved homestead/farmsteads must have the option of an installment plan.

• District – 2% of face amount if paid within two months of the mailing date.

• Face – if paid within four months of the mailing date.

• Penalty – 10% if paid after four months.
The Act 1 index limitation

- Prior law granted boards almost unlimited power to tax.
- 2006 law imposes limitations on real estate tax increases.
- Increase is limited to an annual inflationary index comprised of the statewide average weekly wage and education cost index.
- A school district cannot use prior year’s allowable tax increases (if not used).
Act 1 of 2006 capped property tax increases.
Our residential tax burden is relatively low.
Tax Collectors

• Ivyland, Upper Southampton, and Ivyland real estate tax collectors are elected.
• Bucks County collects real estate transfer taxes and delinquent real estate.
• Act 32 consolidated collections of earned income and local services taxes. Keystone is the tax collector for Bucks County.
• Berkheimer is the collector for business privilege and mercantile taxes. Warminster Township and Centennial leverage a third party to discover previously unreported taxable values.
We lead the County in PILOT revenues

Did you know? Centennial SD’s payment in lieu of taxes exceeded all other Bucks County school districts combined for 2015-16, a huge benefit to our residents.
Key concepts in state sources

• Appropriation subsidy
  • Budget controllable (e.g., basic education subsidy)
  • Limited to the time covered in the approved budget

• Entitlement subsidy
  • Formula fixed in original legislation – obligation to pay spans budgets (e.g., transportation subsidy and PlanCon reimbursement)

• No reimbursement for charter school tuition.
• Basic education and special education subsidies include a component of student weighting.
Aid ratios reflect deep Bucks County tax bases

2017-18 Market Value/Personal Income Aid Ratio
All Bucks County, PA School Districts

Did you know? The MV/PI AR represents the relative wealth (market value and income), in relation to the state average, for each pupil in a school district. A smaller value represents a wealthier school district.

Source: PA Department of Education
PSERS and social security reimbursements

• For social security, the state reimburses approximately 50% of the district’s employer social security tax, excluding federal wages from the calculation.

• PSERS contribution rates fluctuate (33.43% of payroll for 2018/19). The district pays the full share and receives reimbursement for approximately 50% quarterly.

• Government Accounting Standards Board statement 68 requires disclosure of the district’s share of pension obligations on the government wide financial statements.
Pension rates stress state and local budgets
Milk, lunch, breakfast reimbursements

• NSLP began in 1935 with purchase of agricultural commodities.
• Expanded in WWII in response to malnourished youth to report to physicals.
• Further expanded to include reimbursements for milk, free/reduced lunches, and breakfasts.
• Centennial added a summer feeding program in 2017.
Other federal sources

• Title I, II, III, IV are administered by the PA Department of Education’s Division of Federal Programs. The district submits quarterly reports. This source is not growing.

• IDEA funds for special education flow to the district as a pass-through from the Bucks County Intermediate Unit. **IDEA nationally falls well short of covering the 40% federal funding target in the enabling legislation.** The district submits periodic and annual requests for reimbursement.

• Receipt of federal funding triggers our requirement for a Single Audit and OMB applicable standards.
Federal budget gaps persist

Source: Congressional Budget Office
Our revenue per student is the Bucks’ median

2015-16 Revenue per Student
All Bucks County, PA School Districts

Did you know? Centennial SD’s revenue per student was the Bucks County median for 2015-16.

Source: PA Department of Education
How do we meet deadlines while considering the future impact of decisions?

Budgeting and Long-Range Planning
Basic budgeting concepts

• The basic theory of public sector budgeting:
  • Private sector budgets are business plans and are revenue oriented.
  • Public sector budgets represent legal spending limits and are program oriented.

• Budgeting concepts and styles:
  • Zero based
  • Level of service
  • Site based

• Simple formula for tracking budgets: budget minus expenditures minus encumbrances equals available.
Basic budgeting process

• PA law sets forth a requirement for preliminary, proposed, and final general fund budgets. A school district may skip the preliminary budget process if it passes a resolution to not exceed the Act 1 limit.

• Budgets are required to be balanced. Contingency is typically incorporated to allow for unforeseen conditions.

• Budgets may be adjusted for unanticipated windfalls of state or federal funds.

• General fund budget transfers are allowed by 2/3 Board vote prior to 9/30 and by majority vote after 9/30. Transfers between major functions and major objects in the general fund go to the Board.
Focus on 5 Major Areas

1. Plan and Prepare
2. Set Instructional Priorities
3. Pay for Priorities
4. Implement Plan
5. Ensure Sustainability
Centennial’s budget focuses on education.
Multiyear planning is our lens
Multiyear plans are deployed across departments

**Curriculum Renewal Cycle**

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**District Technology Equipment Replacement Cycle**

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<th>600 Access Points (All)</th>
<th>Switches/Controllers (HS, LC, RL, Trans)</th>
<th>Switches/Controllers (MC, WD, DA, Admin)</th>
<th>Phone Hardware Upgrade</th>
<th>Controller Core Switches</th>
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**TOTAL**

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2/26/18
Three main rails for a 21st Century education

Equity and excellence!

Innovation!

Academic rigor and relevance!
Our cost per pupil is the Bucks’ median

2015-16 General Fund Expenditures per Student
All Bucks County, PA School Districts

Did you know? Centennial SD’s expenditure per student was the Bucks County median for 2015-16.

Source: PA Department of Education
Centennial families value their public schools

2015-16 Charter School Average Daily Membership
All Bucks County, PA School Districts

Source: PA Department of Education
CSD is a destination for English language learners

2016-17 Limited English Proficiency Students
All Bucks County, PA School Districts

Source: PA Department of Education
Special education needs exceed State average.
Lower Bucks County districts provide significant special education services

2016-17 Percent Special Education
All Bucks County, PA School Districts

Source: PA Department of Education

Did you know? Centennial SD's percent special education students was the Bucks County median for 2016-17.
Costs outside of payroll, tuitions, and debt service have grown by only 0.25% over 5 years.
Centennial School District
5-Year Change in General Fund Budget
2013-14 Actual to 2018-19 Preliminary
By Major Object
Variance from 2013-14 actual to preliminary 2018-19 can be explained by a handful of cost drivers

<table>
<thead>
<tr>
<th>Cost Driver</th>
<th>5 Year Change $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement and Social Security</td>
<td>$10,732,565</td>
</tr>
<tr>
<td>Professional Education Regular Salaries</td>
<td>4,126,494</td>
</tr>
<tr>
<td>Medical Insurance</td>
<td>1,793,098</td>
</tr>
<tr>
<td>Tuition to MBIT/Charter Schools/Special Education Placements</td>
<td>1,437,720</td>
</tr>
<tr>
<td>Principal Payments</td>
<td>1,089,175</td>
</tr>
<tr>
<td>Technology Hardware, Software, and Repair</td>
<td>619,172</td>
</tr>
<tr>
<td>IU Specialized Transportation Services</td>
<td>168,429</td>
</tr>
<tr>
<td>Books and Periodicals</td>
<td>60,930</td>
</tr>
<tr>
<td><strong>Subtotal Major Cost Drivers</strong></td>
<td><strong>20,027,583</strong></td>
</tr>
<tr>
<td><strong>Less 5 Year Change in Everything Else in the Budget</strong></td>
<td><strong>-24,499</strong></td>
</tr>
<tr>
<td><strong>Total 5 Year Change</strong></td>
<td>$20,003,084</td>
</tr>
</tbody>
</table>
Preliminary budget reflects a mix of strategies

• 3.6% increase is preliminary.
• 2.4% reduction in departmental and site-based requests, plus aggressive management of health and welfare benefits.
• 2.4% Act 1 index increase primarily offsets cost of warm, safe, dry middle schools phase two (Log College).
• Special education exception addresses growth in needs.
• Applying for exception at this phase is our hedge against Harrisburg and Washington unknowns.
• Refinement by May.
The reader of this document agrees by definition that projections are designed to assist decision makers in selecting wisely. Projections change as inputs are adjusted, often quite frequently. Disclosure changes behavior. If you do not agree, please do not read further.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning All-In Fund Balance</td>
<td>10,041,303</td>
<td>10,318,055</td>
<td>10,665,916</td>
<td>10,665,916</td>
<td>10,665,916</td>
<td>7,043,215</td>
</tr>
<tr>
<td>6000 Local Revenue</td>
<td>78,589,104</td>
<td>82,791,663</td>
<td>83,483,636</td>
<td>89,052,132</td>
<td>89,315,146</td>
<td>89,625,191</td>
</tr>
<tr>
<td>7000 State Subsidies</td>
<td>27,070,202</td>
<td>30,755,808</td>
<td>30,541,396</td>
<td>29,295,293</td>
<td>29,862,950</td>
<td>30,178,376</td>
</tr>
<tr>
<td>8000 Federal Programs</td>
<td>1,402,688</td>
<td>984,740</td>
<td>1,394,387</td>
<td>1,119,722</td>
<td>1,119,722</td>
<td>1,119,722</td>
</tr>
<tr>
<td>9000 Other Financing Sources</td>
<td>15,573</td>
<td>557,755</td>
<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>107,077,567</td>
<td>115,089,966</td>
<td>115,444,419</td>
<td>119,492,147</td>
<td>120,322,818</td>
<td>120,948,289</td>
</tr>
<tr>
<td>100 Wages and Salaries</td>
<td>53,109,637</td>
<td>54,558,030</td>
<td>55,250,618</td>
<td>56,492,446</td>
<td>57,679,728</td>
<td>58,688,114</td>
</tr>
<tr>
<td>200 Employee Benefits</td>
<td>25,907,432</td>
<td>28,757,769</td>
<td>31,136,040</td>
<td>32,103,865</td>
<td>33,806,417</td>
<td>34,956,933</td>
</tr>
<tr>
<td>300 Purchased Profession &amp; Tech Svcs</td>
<td>5,630,171</td>
<td>4,767,488</td>
<td>5,705,959</td>
<td>5,473,335</td>
<td>6,134,273</td>
<td>6,164,950</td>
</tr>
<tr>
<td>400 Purchased Services/Maintenance</td>
<td>2,041,757</td>
<td>2,211,044</td>
<td>2,175,259</td>
<td>2,124,518</td>
<td>2,124,743</td>
<td>2,135,365</td>
</tr>
<tr>
<td>500 Other Purchased Services</td>
<td>5,345,203</td>
<td>6,165,600</td>
<td>6,172,814</td>
<td>6,730,796</td>
<td>6,800,519</td>
<td>6,834,534</td>
</tr>
<tr>
<td>600 Supplies/Food</td>
<td>2,522,246</td>
<td>2,636,255</td>
<td>3,243,347</td>
<td>2,964,246</td>
<td>2,964,246</td>
<td>3,131,825</td>
</tr>
<tr>
<td>700 Equipment and Property</td>
<td>1,237,229</td>
<td>1,855,377</td>
<td>2,431,843</td>
<td>1,478,326</td>
<td>1,858,947</td>
<td>1,865,558</td>
</tr>
<tr>
<td>800 Dues/Fees/Interest on Debt</td>
<td>6,165,313</td>
<td>6,267,274</td>
<td>6,367,985</td>
<td>7,355,182</td>
<td>7,216,870</td>
<td>7,062,408</td>
</tr>
<tr>
<td>900 Debt Principal Pymts &amp; Fund Transfs</td>
<td>6,146,563</td>
<td>8,523,268</td>
<td>3,460,554</td>
<td>5,269,433</td>
<td>5,707,978</td>
<td>5,899,208</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>108,200,759</td>
<td>114,742,105</td>
<td>115,944,419</td>
<td>119,992,147</td>
<td>124,445,519</td>
<td>126,728,895</td>
</tr>
<tr>
<td>Annual Surplus/(Deficit)</td>
<td>(1,123,193)</td>
<td>347,861</td>
<td>(500,000)</td>
<td>(500,000)</td>
<td>(4,122,701)</td>
<td>(5,780,606)</td>
</tr>
<tr>
<td>One-time $ sale of Newtown Road</td>
<td>1,399,945</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add Back Contingency for Emergencies</td>
<td>-</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Adjusted Annual Surplus/(Deficit)</td>
<td>276,752</td>
<td>347,861</td>
<td>-</td>
<td>-</td>
<td>(3,622,701)</td>
<td>(5,280,606)</td>
</tr>
<tr>
<td>Ending All-In Fund Balance</td>
<td>10,318,055</td>
<td>10,665,916</td>
<td>10,665,916</td>
<td>10,665,916</td>
<td>7,043,215</td>
<td>1,762,609</td>
</tr>
</tbody>
</table>
## Centennial School District

**Multiyear Financial Planning Tool**

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<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Major Assumptions (unless adjusted above)</strong></td>
<td>Adj Budget</td>
<td>Working File</td>
<td>Adopted/Adj</td>
<td>Projected</td>
<td>Projected</td>
</tr>
<tr>
<td><strong>Interim RET</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Modest</td>
<td>Modest</td>
</tr>
<tr>
<td><strong>Select a projected RET base growth %</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>The above assumptions already bake in development of closed/sold school property. Do not count on this twice.</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>PUITA</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>OPT</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>EIT</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>RE transfer</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>The above assumption already bakes in development of closed/sold school property. Do not count on this twice.</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>BPT</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Modest</td>
<td>Modest</td>
</tr>
<tr>
<td><strong>Mercantile</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Modest</td>
<td>Modest</td>
</tr>
<tr>
<td><strong>Delinquent RET</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Modest</td>
<td>Modest</td>
</tr>
<tr>
<td><strong>Delinquent EIT</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Modest</td>
<td>Modest</td>
</tr>
<tr>
<td><strong>Delinquent Bus Taxes</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Modest</td>
<td>Modest</td>
</tr>
<tr>
<td><strong>PILOT</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Flat</td>
<td>Modest</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>All other Local Revenues growth</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Various</td>
<td>Flat-Moderate</td>
<td>Flat-Moderate</td>
</tr>
<tr>
<td><strong>Select a state subsidy growth (BEF/RTL/SEF)</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Gov’s Proposal</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>FICAPSERS Reimbursement %</strong></td>
<td>Per budget</td>
<td>50.00%</td>
<td>50.00%</td>
<td>50.00%</td>
<td>50.00%</td>
</tr>
<tr>
<td><strong>Propane grants</strong></td>
<td>336,338</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Federal funds/IDEA</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>Staffing level</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>Natural retirements</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Flat</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td><strong>Brand new programs are funding by</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Zero sum cuts</td>
<td>Zero sum cuts</td>
<td>Zero sum cuts</td>
</tr>
<tr>
<td><strong>CAW Wages</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per plan</td>
<td>Per plan</td>
<td>Per plan</td>
</tr>
<tr>
<td><strong>CEW Wages</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per plan</td>
<td>Per plan</td>
<td>Per plan</td>
</tr>
<tr>
<td><strong>Support Staff Wages</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per plan</td>
<td>Status quo</td>
<td>Status quo</td>
</tr>
<tr>
<td><strong>FICA % Payroll</strong></td>
<td>Per budget</td>
<td>7.65%</td>
<td>7.65%</td>
<td>7.65%</td>
<td>7.65%</td>
</tr>
<tr>
<td><strong>FICA % Payroll</strong></td>
<td>Per budget</td>
<td>30.03%</td>
<td>32.57%</td>
<td>33.43%</td>
<td>34.79%</td>
</tr>
<tr>
<td><strong>Medical Increase</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Status quo</td>
<td>Status quo</td>
</tr>
<tr>
<td><strong>Prescription Increase</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>Dental Increase</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>Tuition/Unemployment/Workers Comp</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Flat-Decline</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>Objects 300, 400, 500</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Per draft</td>
<td>Various</td>
<td>Very modest</td>
</tr>
<tr>
<td><strong>Adjustment for one time BCIU credit 16/17</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>6,000,330</td>
<td>749,037</td>
<td>-</td>
</tr>
<tr>
<td><strong>Objects 600, 700, 800 to 820</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Various</td>
<td>Very modest</td>
<td>Very modest</td>
</tr>
<tr>
<td><strong>Contingency/Transfers/Other</strong></td>
<td>Per budget</td>
<td>Per draft</td>
<td>Flat</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td><strong>Specific Transfer to the capital reserve fund</strong></td>
<td>3,000,000</td>
<td>3,605,173</td>
<td>575,000</td>
<td>575,000</td>
<td></td>
</tr>
<tr>
<td><strong>Debt Service</strong></td>
<td>Per budget</td>
<td>Per schedule</td>
<td>Per schedule</td>
<td>New $</td>
<td>Per schedule</td>
</tr>
</tbody>
</table>

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Centennial School District
Projected 2018-19 General Fund Revenues
as of 2/22/18

- 6000 Local Revenue (75%)
- 7000 State Subsidies (24%)
- 8000 Federal Programs (1%)
- 9000 Other Financing Sources (0%)
- 6000 Local Revenue (75%)
Centennial School District
Projected 2018-19 General Fund Expenditures
as of 2/22/18

Payroll and Benefits, 74%
Services and Tuitions, 12%
Supplies, Equipment, and Utilities, 4%
Debt Service and Contingency, 10%

Did you know?
In 2015-16 CSD spent 73.03% of its budget on payroll, very consistent with Central Bucks at 72.25%, and Council Rock at 75.2%.
Next steps

• Adjust projections with updated information, reflective of Board and stakeholder feedback.

• Yes, it should get better. Slight adjustments to the 2018-19 budget and working multiyear model occur daily.

• May adoption of the proposed final budget.

• June adoption of the final budget.