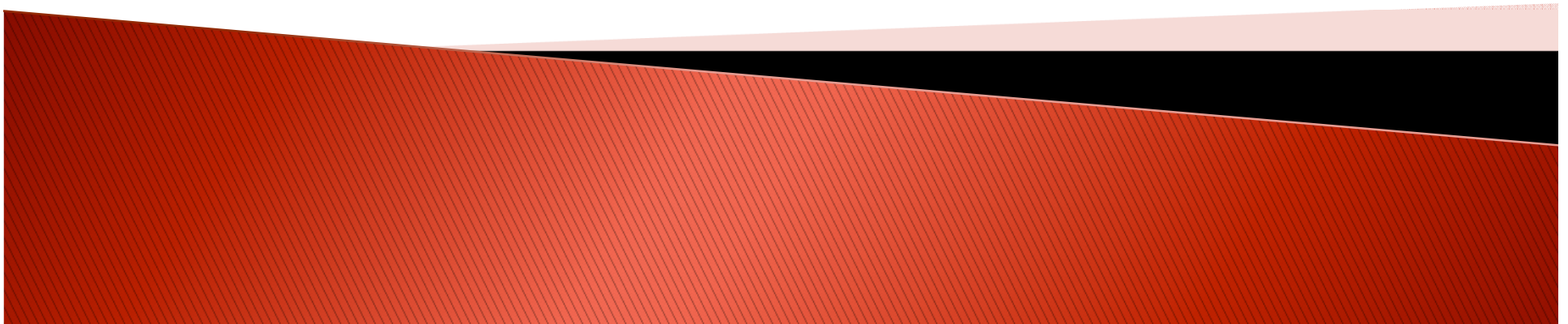


**Preliminary Budget Presentation
January 2017**



Moody's Press Release

- ▶ **Moody's assigns Aa2 Rating on Hempfield SD \$8.9M GO bonds**
- ▶ **Credit Strengths/Potential Future Upgrade**
 - Stable financial position with solid reserves
 - Large tax base with above average wealth
 - Significant growth of reserve levels
 - Substantial tax base and economic growth

Moody's Press Release

▶ Credit Challenges/Potential Future Downgrade

- Rising costs for employee benefits
- Above average pension liability
- Trend of operating deficits resulting to reserve declines
- Significant decline in tax base or change in the demographic profile
- Material increase in debt

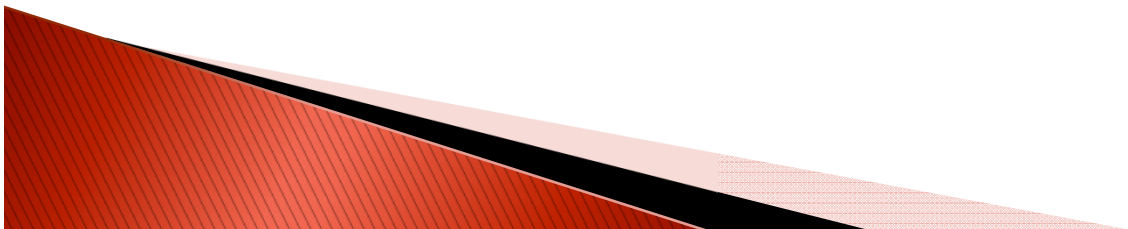
2017-18 Budget Timeline

- ▶ 1 / 10 / 17 – School Board Vote on Resolution to Advertise Preliminary Budget
- ▶ 1 / 25 / 17 – Deadline to Publish Preliminary Budget on Form PDE–2028
- ▶ 2 / 14 / 17 – School Board Vote to Adopt Preliminary Budget
- ▶ 3 / 2 / 17 – Deadline to File for Referendum Exceptions
- ▶ 5 / 09 / 17 – Adopt Final Proposed Budget
- ▶ 6 / 13 / 17 – Adopt Final Budget

2017-18 Budget Discussions

State Budget

- ▶ Estimated PA Revenue Deficit 2016–17:
\$500 Million
- ▶ Estimated PA Budget Deficit 2017–18:
\$3 Billion
- ▶ Governor's Proposed Budget Release:
February 7



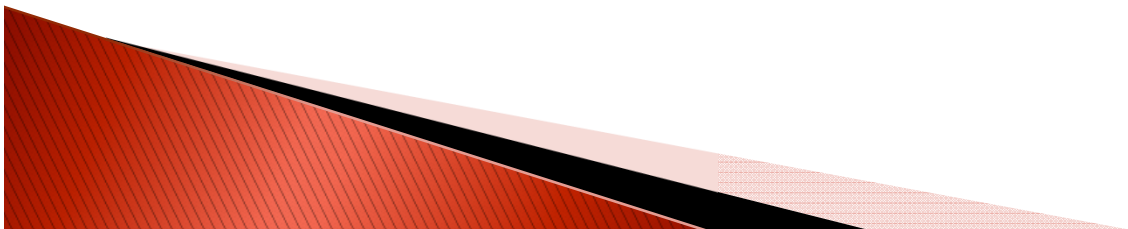
2017-18 Preliminary Budget Development – Trend Basis

- Wages – 2.25%
- PSERS – 32.57%
- Medical cost trend estimate – 5%
- Special Education – 2015–16 increase 8%
- Other Costs – estimate 1.5%–2% increase

- Subsidies related to Social Security & PSERS calculated 50% state reimbursement
- Other State Subsidies – Hold flat with no increase until state budget is adopted

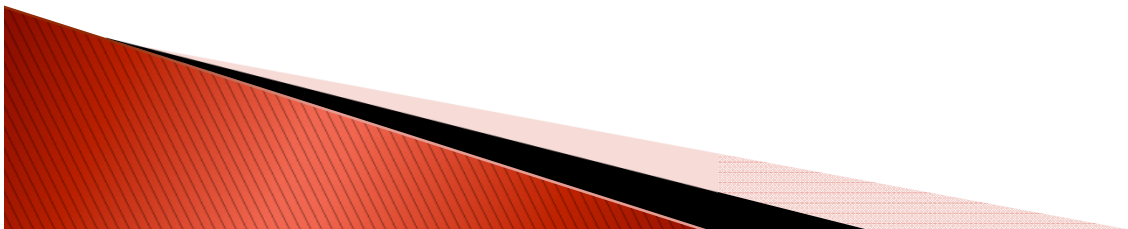
2017-18 Preliminary Budget

	2017-18 Prelim Budget	2016-17 Budget	2015-16 Actual								
Revenues	120,675,183	115,266,151	111,923,852								
<table> <tr> <td>% Tax Increase</td> <td>5.5</td> <td>2.4</td> <td>1.0</td> </tr> <tr> <td>Millage</td> <td>21.2315</td> <td>20.1246</td> <td>19.6530</td> </tr> </table>				% Tax Increase	5.5	2.4	1.0	Millage	21.2315	20.1246	19.6530
% Tax Increase	5.5	2.4	1.0								
Millage	21.2315	20.1246	19.6530								
Expenses	<u>121,169,941</u>	<u>116,706,802</u>	<u>113,187,877</u>								
Excess Expenses Over Revenues	<u>(494,758)</u>	<u>(1,440,651)</u>	<u>(1,264,025)</u>								



Revenue Budget – Act 1 Index

➤ 2016–17	Current Base Millage	20.1246
➤ 2017–18	Act 1 Index (2.5%)	20.6277
➤ 2017–18	Preliminary Budget Millage (5.5%)	21.2315



Preliminary Budget

DISCUSSION / QUESTIONS?

