

Gettysburg Area School District

2017-2018 Budget Work Session

Monday, April 10, 2017

6:30PM

- I. Fund Balance Management
 - a. Summary of Major Budget Categories (Tax rate scenarios)
 - b. Unassigned Fund Balance Worksheet
 - c. Fund Balance Limit Impacts Work-forward
 - d. Unassigned Fund Balance Worksheet
 - e. Summary of Major Budget Categories – Forecast A (2.5%)
 - f. Summary of Major Budget Categories – Forecast A-1 (0%)
 - g. Summary of Major Budget Categories – FIP information
- II. Financial Standing – Local & State
 - a. GASD Credit Scores – Dun & Bradstreet
 - b. GASD Rating – Standard & Poors
 - c. PA State Rating – Impact on Bond Rating
- III. Facilities Improvement Plans (FIP) 2022-2023 +
 - a. Background Info – Previous FIP plans/savings (PPT slides)
 - b. Long-range plans; Buildings & Grounds
- IV. Status & Update – Capital Funding Accounts
 - a. Capital Funding Accounts Summary
 - b. Capital Funding Accounts Chart
- V. Points for discussion & future decision-making
 - a. Revenue
 - b. Expenses
 - c. Fund Balance
 - d. Other considerations
- VI. Next Meeting

Gettysburg Area School District
 Summary of Major Budget Categories
 2017-2018 Budget - Tax Rate Scenarios
 March 29, 2017

2017-18 Value Per Mill:	\$2,657,589	\$2,655,320	\$2,654,100	\$2,652,850
RE Tax Rate Increase:	4.90%	2.50%	1.25%	0.00%

Category	Description	Actual 2015-16	Budget 2016-17	02/06/17 Approved Prelim Budget 2017-18	03/28/17 Handbook Budget 2017-18	Budget 2017-18	Budget 2017-18
Revenues							
6000	Local Sources	\$40,133,076 ⁽¹⁾	\$39,439,338 ⁽¹⁾	\$41,462,575 ⁽¹⁾	\$40,762,475 ⁽¹⁾	\$40,399,204 ⁽¹⁾	\$40,035,935 ⁽¹⁾
7000	State Sources	16,689,911 ⁽¹⁾	17,246,240 ⁽¹⁾	17,812,467 ⁽¹⁾	17,812,467 ⁽¹⁾	17,812,467 ⁽¹⁾	17,812,467 ⁽¹⁾
8000	Federal Sources	1,209,899	1,163,812	1,170,549	1,170,549	1,170,549	1,170,549
9000	Other Sources	7,846	2,000	2,000	2,000	2,000	2,000
	SUB-TOTAL REVENUES	58,040,732	57,851,390	60,447,591	59,747,491	59,384,220	59,020,951
0830	Use of Committed Fund Balance	0 ⁽²⁾	426,942	583,874	583,874	583,874	583,874
	TOTAL REVENUES	\$58,040,732	\$58,278,332	\$61,031,465	\$60,331,365	\$59,968,094	\$59,604,825

Expenses							
100	Salaries and Wages	\$21,682,040	\$22,072,551	\$22,502,582	\$22,502,582	\$22,502,582	\$22,502,582
200	Employee Benefits	14,030,073	15,054,149	16,447,427	16,447,427	16,447,427	16,447,427
	Sub-Total 100 to 200 Objects	35,712,113	37,126,700	38,950,009	38,950,009	38,950,009	38,950,009
300	Purchased Professional Services	5,267,610	5,523,459	5,749,638	5,654,287	5,654,287	5,654,287
400	Purchased Property Services	1,325,031	1,480,310	931,695	899,468	899,468	899,468
500	Other Purchased Services	6,599,404	7,345,106	7,463,293	8,159,909	8,159,909	8,159,909
600	Supplies	2,373,657	2,105,948	2,731,474	2,486,024	2,486,024	2,486,024
700	Property and Equipment	692,771	110,789	111,714	174,453	174,453	174,453
800	Other Objects	2,081,177	2,494,772	2,001,451	1,970,241	1,970,241	1,970,241
900	Other Financing Uses	3,609,751	5,067,318	5,618,318	6,279,558	6,279,558	6,279,558
	Sub-Total 300 to 900 Objects	21,949,401	24,127,702	24,607,583	25,623,940	25,623,940	25,623,940
	TOTAL EXPENSES	\$57,661,514	\$61,254,402	\$63,557,592	\$64,573,949	\$64,573,949	\$64,573,949

Increase/(Decrease) in Unassigned Fund Balance							
	General Fund - Actual	379,218					
	General Fund - Per Budget		(2,976,070)	(2,526,127)	(4,242,584)	(4,605,855)	(4,969,124)
	Tech Prep - Per Budget						

Unreconciled Difference							
	(Rev. - Exp. - Inc.)/(Dec.) in Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0
	Use of Unassigned Fund Balance Value in Mills:			0.9505	1.5978	1.7354	1.8731

Real Estate Tax millage analysis:				
2016/17:	10.5529	10.5529	10.5529	10.5529
Change:	0.5180	0.2638	0.1319	0.0000
2017/18:	11.0709	10.8167	10.6848	10.5529

⁽¹⁾ - 6111-Local Real Estate Tax is reduced by \$1,121,787 which is budgeted under 7340-State Property Tax Reduction Allocation.

⁽²⁾ - \$66,729 of the 15-16 PSERS Committed Fund balance was used, however, \$500,000 was also added to the fund so the net result was an increase to the fund of \$433,271

Gettysburg Area School District
 Unassigned Fund Balance Worksheet
 April 10, 2017

	Handbook With 2.5% Tax Increase	Handbook With 1.25% Tax Increase	Handbook With 0% Tax Increase
Unassigned Fund Balance (Balance) at 6/30/16 -Per June 30, 2016 Audit Report	\$11,517,083	\$11,517,083	\$11,517,083
2016/17 Budget Impact on Balance			
Revenue Budget	\$57,851,390	\$57,851,390	\$57,851,390
Use of PSERS Committed Fund Balance	426,942	426,942	426,942
Expense Budget	(61,254,402)	(61,254,402)	(61,254,402)
Net Change in Fund Balance	(2,976,070)	(2,976,070)	(2,976,070)
	8,541,013	8,541,013	8,541,013
Recommendations for Action:			
Add to PSERS Fund	0	0	0
Fund 17/18 Capital Needs	0	0	0
Designate for Future FIP	0	0	0
Other Capital Needs	0	0	0
Projected Balance at 6/30/17	8,541,013	8,541,013	8,541,013
Amount Needed to Balance 2017/18 Budget	(4,242,584)	(4,605,855)	(4,969,124)
Projected Balance 6/30/18 6.66% of 17/18 budget	<u>\$4,298,429</u>	<u>\$3,935,158</u>	<u>\$3,571,889</u>
Limit on Projected Balance at 6/30/18			
Projected 2017/18 Expense Budget	\$64,573,949	\$64,573,949	\$64,573,949
8% Limit	<u>5,165,915</u>	<u>5,165,915</u>	<u>5,165,915</u>
Projected Balance Above/(Below) Projected Limit	<u>(867,486)</u>	<u>(1,230,757)</u>	<u>(1,594,026)</u>

17/18 Budget Revenue Draft	59,747,491	59,384,220	59,020,951
17/18 Use of PSERS fund	583,874	583,874	583,874
17/18 Budget Expense Draft	(64,573,949)	(64,573,949)	(64,573,949)
Difference	(4,242,584)	(4,605,855)	(4,969,124)

Gettysburg Area School District
Fund Balance Limit Impacts Workforward
April 10, 2017

	Approved Preliminary Budget 2/6/17	Removed Act 1 Exceptions 2/21/17	Update Revenues and Expenses Per Handbook 3/28/17
Unassigned Fund Balance 6/30/16, per Audit	\$11,517,083	\$11,517,083	\$11,517,083
2016/17 Budget Impact on Balance			
Revenue Budget	\$57,851,390	\$57,851,390	\$57,851,390
Use of PSERS Committed Fund Balance	426,942	426,942	426,942
Expense Budget	(61,254,402)	(61,254,402)	(61,254,402)
Net Change in Fund Balance	<u>(2,976,070)</u>	<u>(2,976,070)</u>	<u>(2,976,070)</u>
Projected Balance at 6/30/17	8,541,013	8,541,013	8,541,013
2017/18 Draft Budget Impact on Balance			
Revenue Budget	\$60,447,591	\$59,749,491	\$59,747,491
Use of PSERS Committed Fund Balance	583,874	583,874	583,874
Expense Budget	(63,557,592)	(63,557,592)	(64,573,949)
Net Change in Fund Balance	<u>(2,526,127)</u>	<u>(3,224,227)</u>	<u>(4,242,584)</u>
Projected Balance at 6/30/18	6,014,886	5,316,786	4,298,429
Percent of 17/18 budget:	9.46%	8.37%	6.66%
Limit on Projected Balance at 6/30/18			
Projected 2017/18 Expense Budget	\$63,557,592	\$63,557,592	\$64,573,949
8% Limit	<u>5,084,607</u>	<u>5,084,607</u>	<u>5,165,915</u>
Projected Balance Above/(Below) Projected Limit (Available for Other Needs)	<u>\$930,279</u>	<u>\$232,179</u>	<u>(\$867,486)</u>

Gettysburg Area School District
 Unassigned Fund Balance Workforward
 Updated 4/10/17

Fiscal Year	Beginning Unassigned Fund Balance - Budgeted		Budgeted Expenses	Estimated Change in Unassigned Fund Balance	Estimated Ending Unassigned Fund Balance	Actual Revenues	Actual Expenses	Budget-Actual Difference - Revenues - Fav/(Unfav)	Budget-Actual Difference - Expenses - Fav/(Unfav)	Change in Unassigned Fund Balance Due to Revenues/ Expenses	Net Changes in Reserves/ Commitments	Actual Ending Unassigned Fund Balance - Per Audit
	Per Audit	Revenues										
2003-04	6,033,959	36,724,326	37,193,587	(469,261)	5,564,698	36,755,590	38,013,743	31,264	(820,156)	(1,258,153)	349,996	4,425,810
2004-05	4,425,810	38,988,564	39,488,564	(500,000)	3,925,810	40,395,845	38,030,334	1,407,281	1,458,230	2,365,511	16,018	6,775,303
2005-06	6,775,303	40,868,996	41,482,957	(613,961)	6,161,342	42,156,850	42,942,821	1,287,854	(1,459,864)	(785,971)	508,998	5,480,334
2006-07	5,480,334	43,243,654	44,837,311	(1,593,657)	3,886,677	44,838,700	41,901,318	1,595,046	2,935,993	2,937,382	188,189	8,229,527
2007-08	8,229,527	45,170,039	46,139,170	(969,131)	7,260,396	46,767,514	44,352,486	1,597,475	1,786,684	2,415,028	3,365,400	7,279,155
2008-09	7,279,155	47,134,608	48,351,465	(1,216,857)	6,062,298	47,205,735	45,611,468	71,127	2,739,997	1,594,267	3,790,183	5,083,239
2009-10	5,083,239	47,962,612	49,322,773	(1,360,161)	3,723,078	49,358,842	47,141,194	1,396,230	2,181,579	2,217,648	(71,507)	7,372,394
2010-11	7,372,394	49,170,171	50,393,619	(1,223,448)	6,148,946	50,571,394	48,785,511	1,401,223	1,608,108	1,785,883	1,071,464	8,086,813
2011-12	8,086,813	49,207,779	50,933,021	(1,725,242)	6,361,571	52,110,256	49,560,609	2,902,477	1,372,412	2,549,647	1,909,353	8,727,107
2012-13	8,727,107	51,326,207	52,538,562	(1,212,355)	7,514,752	53,266,512	50,289,092	1,940,305	2,249,470	2,977,420	2,614,909	9,089,618
2013-14	9,089,618	52,806,493	53,782,683	(976,190)	8,113,428	53,795,580	57,452,051	989,087	(3,669,368)	(3,656,471)	(2,898,820)	8,331,967
2014-15	8,331,967	54,644,353	55,799,854	(1,155,501)	7,176,466	58,212,460	55,103,944	3,568,107	695,910	3,108,516	141,783	11,298,700
2015-16	11,298,700	56,195,523	57,318,251	(1,122,728)	10,175,972	58,040,732	57,661,517	1,845,209	(343,266)	379,215	160,832	11,517,083
2016-17	11,517,083	58,278,332	61,254,402	(2,976,070)	8,541,013							
2017-18	8,541,013	60,331,365	64,573,949	(4,242,584)	4,298,429							

per Handbook Budget draft 3/28/17

Note 1 - Revenues include planned use of PSERS Committed Funds

2012/13	93,413
2013/14	223,713
2014/15	414,173
2015/16	667,219
2016/17	426,942
2016/18	583,874

per Handbook Budget draft 3/28/17

Forecast A

Category	Description	03/28/17 Handbook Draft 2.50% 2017-18	Draft Budget 2018-19	Draft Budget 2019-20	Draft Budget 2020-21	Draft Budget 2021-22	Draft Budget 2022-23	Draft Budget 2023-24
<u>Beginning Unassigned Fund Balance</u>		\$8,541,013	\$5,298,429	\$2,055,845	(\$1,186,739)	(\$4,429,323)	(\$7,671,907)	(\$10,914,491)
Revenues		59,747,491	59,747,491	59,747,491	59,747,491	59,747,491	59,747,491	59,747,491
	0830 Use of Committed Fund Balance	583,874	583,874	583,874	583,874	583,874	583,874	583,874
<u>Total Available Resources</u>		<u>68,872,378</u>	<u>65,629,794</u>	<u>62,387,210</u>	<u>59,144,626</u>	<u>55,902,042</u>	<u>52,659,458</u>	<u>49,416,874</u>
Expenses		(64,573,949)	(64,573,949)	(64,573,949)	(64,573,949)	(64,573,949)	(64,573,949)	(64,573,949)
	Budget Performance Factor	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<u>Change in Unassigned Fund Balance</u>		<u>(\$3,242,584)</u>	<u>(\$3,242,584)</u>	<u>(\$3,242,584)</u>	<u>(\$3,242,584)</u>	<u>(\$3,242,584)</u>	<u>(\$3,242,584)</u>	<u>(\$3,242,584)</u>
<u>Ending Unassigned Fund Balance</u>		<u>\$5,298,429</u>	<u>\$2,055,845</u>	<u>(\$1,186,739)</u>	<u>(\$4,429,323)</u>	<u>(\$7,671,907)</u>	<u>(\$10,914,491)</u>	<u>(\$14,157,075)</u>

Gettysburg Area School District
 Summary of Major Budget Categories
 2017-2018 Draft Budget
 April 10, 2017

2017-18 real estate tax increase at 0%
 No other changes to revenues or expenses
 Budgets perform \$1,000,000 better than expected overall

Forecast A-1

Category	Description	03/28/17 Handbook Draft 0.00% 2017-18	Draft Budget 2018-19	Draft Budget 2019-20	Draft Budget 2020-21	Draft Budget 2021-22	Draft Budget 2022-23	Draft Budget 2023-24
<u>Beginning Unassigned Fund Balance</u>		\$8,541,013	\$4,571,889	\$602,765	(\$3,366,359)	(\$7,335,483)	(\$11,304,607)	(\$15,273,731)
Revenues		59,020,951	59,020,951	59,020,951	59,020,951	59,020,951	59,020,951	59,020,951
	0830 Use of Committed Fund Balance	583,874	583,874	583,874	583,874	583,874	583,874	583,874
Total Available Resources		<u>68,145,838</u>	<u>64,176,714</u>	<u>60,207,590</u>	<u>56,238,466</u>	<u>52,269,342</u>	<u>48,300,218</u>	<u>44,331,094</u>
Expenses		(64,573,949)	(64,573,949)	(64,573,949)	(64,573,949)	(64,573,949)	(64,573,949)	(64,573,949)
	Budget Performance Factor	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<u>Change in Unassigned Fund Balance</u>		<u>(\$3,969,124)</u>	<u>(\$3,969,124)</u>	<u>(\$3,969,124)</u>	<u>(\$3,969,124)</u>	<u>(\$3,969,124)</u>	<u>(\$3,969,124)</u>	<u>(\$3,969,124)</u>
<u>Ending Unassigned Fund Balance</u>		<u>\$4,571,889</u>	<u>\$602,765</u>	<u>(\$3,366,359)</u>	<u>(\$7,335,483)</u>	<u>(\$11,304,607)</u>	<u>(\$15,273,731)</u>	<u>(\$19,242,855)</u>

Gettysburg Area School District
 Summary of Major Budget Categories
 2017-2018 Budget - Tax Rate Scenarios
 March 29, 2017

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8000	Federal Sources	1,209,899	1,163,812	1,170,549	1,170,549	1,170,549	1,170,549
9000	Other Sources	7,846	2,000	2,000	2,000	2,000	2,000
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TOTAL EXPENSES		\$57,661,514	\$61,254,402	\$63,557,592	\$64,573,949	\$64,573,949	\$64,573,949

Increase/(Decrease) in Unassigned Fund Balance							
General Fund - Actual		379,218					
General Fund - Per Budget			(2,976,070)	(2,526,127)	(4,242,584)	(4,605,855)	(4,969,124)
Tech Prep - Per Budget							

Unreconciled Difference	\$0	\$0	\$0	\$0	\$0	\$0
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(Rev. - Exp. - Inc./(Dec.) in Fund Balance

Use of Unassigned Fund Balance Value in Mills:	0.9505	1.5978	1.7354	1.8731
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Real Estate Tax millage analysis:

2016/17:								
General Use	10.4397		10.4397		10.4397		10.4397	
FIP	0.1132		0.1132		0.1132		0.1132	
Total	10.5529		10.5529		10.5529		10.5529	
Change:								
General Use	0.4054		0.1510		0.0190		(0.1130)	
FIP	0.1126		0.1128		0.1129		0.1130	
Total	0.5180		0.2638		0.1319		0.0000	
2017/18:		% Inc	% Inc	% Inc	% Inc	% Inc	% Inc	
General Use	10.8451	3.88%	10.5907	1.45%	10.4587	0.18%	10.3267	-1.08%
FIP	0.2258	1.03%	0.2260	1.05%	0.2261	1.07%	0.2262	1.08%
Total	11.0709	4.91%	10.8167	2.50%	10.6848	1.25%	10.5529	0.00%

⁽¹⁾ - 6111-Local Real Estate Tax is reduced by \$1,121,787 which is budgeted under 7340-State Property Tax Reduction Allocation.

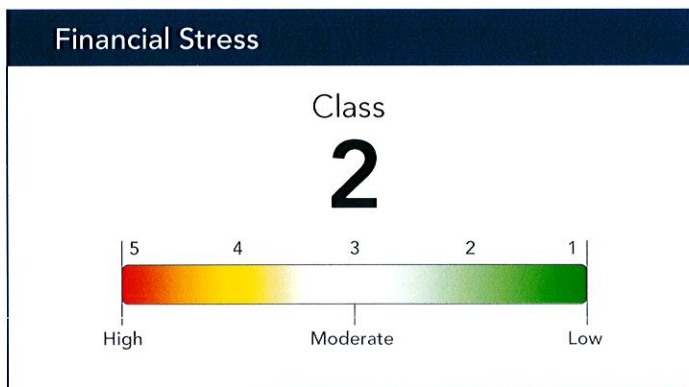
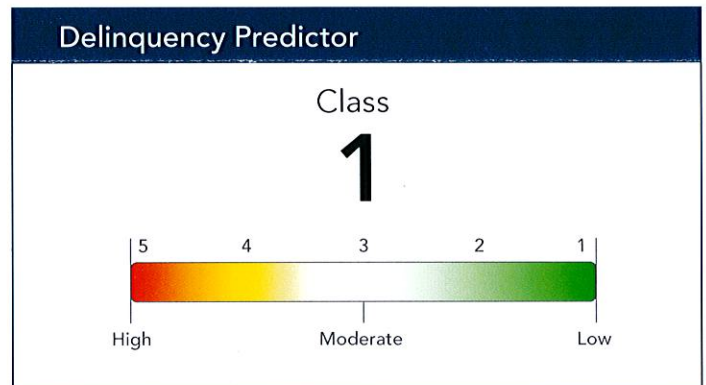
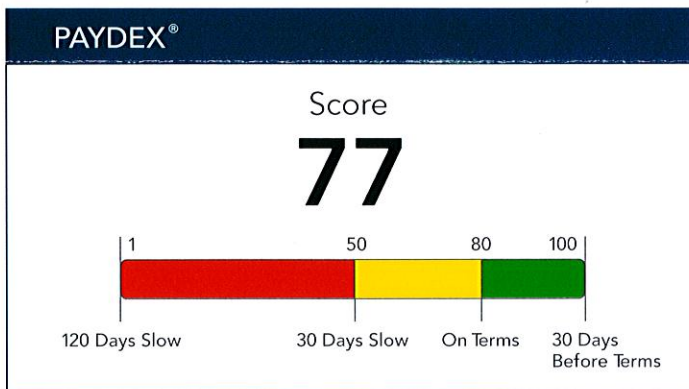
⁽²⁾ - \$66,729 of the 15-16 PSERS Committed Fund balance was used, however, \$500,000 was also added to the fund so the net result was an increase to the fund of \$433,271.

Company Name: **Gettysburg Area School District**

D&B D-U-N-S® Number: **05-730-7043**

SCORES AS OF:
1/1/2017

Overview of Your D&B® Business Credit Scores



If you would like to speak further about the activity in your D&B credit file, please call **1-800-383-3250** OR visit **www.DandB.com/mycredit** to learn more about specialist business credit services that may be available to you.

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RatingsDirect®

Summary:

Gettysburg Area School District, Pennsylvania; General Obligation

Primary Credit Analyst:

Michael J Mooney, New York (1) 212-438-4943; michael.mooney1@spglobal.com

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Summary:

Gettysburg Area School District, Pennsylvania; General Obligation

Credit Profile

US\$22.975 mil GO bnds ser 2016 due 01/15/2026

<i>Long Term Rating</i>	AA-/Stable	New
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Gettysburg Area Sch Dist GO State Credit Enhancement

<i>Long Term Rating</i>	AA-/Stable	Affirmed
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<i>Underlying Rating for Credit Program</i>	NR	
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Rationale

S&P Global Ratings assigned its 'AA-' rating to Gettysburg Area School District, Pa.'s series 2016 general obligation (GO) bonds and affirmed its 'AA-' rating on the district's existing GO debt. The outlook is stable.

The district's full-faith-and-credit pledge secures the GO bonds. The Act 1 Index under Pennsylvania commonwealth statute restricts a district's ability to raise the tax levy higher than a certain index, which the Pennsylvania Department of Education determines.

Despite these limitations, we did not make a rating distinction for the limited-tax GO pledge since we believe the district possesses the financial stability necessary to sustain identical ratings on its unlimited- and limited-tax GO bonds.

Officials intend to use series 2016 bond proceeds to advance refund a portion of the district's series 2011 GO debt.

The rating reflects our opinion of the district's:

- Stable property tax base with good incomes and strong wealth;
- Very strong general fund balance, aided by strong budgetary performance; and
- Moderate debt, tempered by rapid principal amortization.

Economy

The 182-square-mile Gettysburg Area School District serves an estimated population of 27,539 in Adams County in south-central Pennsylvania. The median household effective buying income (EBI) in the district is 105% of the national average and the per capita EBI is 92% of the national average, both of which we consider good. At \$79,568 per capita, the 2017 market value totaling \$2.2 billion is, in our opinion, strong. Assessed value (AV) grew by a total of 2.1% since 2015 to \$2.9 billion in 2017. The 10 leading taxpayers make up an estimated 6.9% of AV, which we consider very diverse.

Residents have additional employment opportunities in Harrisburg, York, and Baltimore. Therefore, regional unemployment has historically been below commonwealth and national rates. Although unemployment is not

available for the district itself, county unemployment for calendar 2015 was 4.1%, well below commonwealth and national rates.

The district includes three elementary and two secondary schools. It has another school building that is leased to a charter school. Enrollment has been steady, increasing by 1% since the 2013-2014 school year to 2,891 in the 2016-2017 school year. Officials expect very slight enrollment increases over the next few years, but they report there is ample capacity for more. We do not expect this to have a significant effect on state aid the district could receive because it is mainly wealth driven.

Finances

The district's available fund balance of \$9.4 million is very strong, in our view, at 17% of general fund expenditures at fiscal year-end June 30, 2015. It reported a surplus operating result of 2.2% of expenditures in 2015.

Including \$6.26 million of committed fund balance management could make available with school board approval, total available fund balance increased to \$15.65 million, or 29.1% of expenditures, which we consider very strong. Total general fund balance increased to \$20.5 million, or a very strong 38.2% of expenditures.

The district has posted general fund surpluses in eight of the past nine audited fiscal years. Officials attribute positive financial performance to conservative budgeting, which helps with the ability to use fund balance for many capital needs instead of issuing debt.

Estimated fiscal 2016 figures show the district posted a \$590,232 general fund surplus that would increase total available fund balance to \$16.9 million, or a very strong 29.5% of estimated expenditures. Total general fund balance would increase to \$21.1 million, or a very strong 36.8% of estimated expenditures.

The fiscal 2017 budget totals \$61.3 million, using \$3.4 million of fund balance appropriation to balance the budget, which the district has done as part of its conservative budgeting. Officials report most line items are currently coming in as expected, and energy costs are currently lower than usual. Although the district has not yet halfway completed the year, it should post another general fund surplus if all goes as expected for the remainder of the year.

Management

We consider the district's management practices standard under our Financial Management Assessment methodology, indicating the finance department maintains adequate policies in some, but not all, key areas.

Highlights include management's:

- Use of historical data and considering future trends when budgeting,
- Budget-to-actual reporting to the school board three times a year,
- Five-year capital plan that it updates annually,
- Formal investment policy with monthly investment reports, and
- Formal reserve policy that will not let fund balance fall below 6% of expenditures.

The district currently lacks long-term financial planning and a formal debt policy.

Debt

At 5.3% of market value and \$4,187 per capita, overall net debt is moderate, in our view. With 90% of the district's direct debt scheduled to be retired within 10 years, amortization is rapid. Debt service carrying charges were 10% of total governmental fund expenditures (excluding capital outlay) in fiscal 2015, which we consider moderate.

The district issued variable-rate debt in 1997 through the Emmaus Bond Pool and sold its 2008 GO refunding notes to Adams County National Bank (ACNB) through a private-placement transaction. It also issued refunding GO notes in 2015 through a private placement with ACNB. While we believe the standby bond purchase agreement and loan agreement supporting the Emmaus debt expose the district to contingent liquidity risk, we believe that risk is reduced by its very strong internal liquidity. The district does not currently have any new debt issuance planned until fiscal 2021.

Pension and other postemployment benefit liabilities

The district contributes to a defined-benefit pension plan administered by the Pennsylvania Public School Employees' Retirement System. In fiscal 2015, it paid its full required contribution of \$4.5 million, or 7.1% of total governmental expenditures, to its pension obligations. The district funds its other postemployment benefits (OPEBs) on a pay-as-you-go basis. In fiscal 2015, it also paid \$235,000, or 0.4% of total governmental expenditures, to its OPEB obligation. Combined pension and OPEB carrying charges totaled 7.5% of total governmental fund expenditures in fiscal 2015.

Outlook

The stable outlook reflects S&P Global Ratings' opinion that the district will likely maintain its very strong finances, supported by prudent budgetary practices. We believe the district's stable economy, good incomes, and strong wealth underpin rating stability. While the debt profile indicates some concerns due to the district's exposure to contingent liquidity risks, its ability to manage its debt profile and very strong liquidity help mitigate this uncertainty. Therefore, we do not expect to change the rating over the outlook's two-year period.

Upside scenario

If economic indicators were to improve to levels we consider commensurate with the district's peers at a higher rating, barring no weakening of any other rating factors, we could raise the rating.

Downside scenario

We could lower the rating if budgetary performance were to weaken, causing reserves to deteriorate to levels we no longer consider very strong.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Summary: Gettysburg Area School District, Pennsylvania; General Obligation

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Impact of Bond Rating for the Commonwealth of Pennsylvania

- Information from article by Joseph N. DiStefano, for Philly.Com/Business, and from the Commonwealth of Pennsylvania Official Statement for its General Obligation Bonds \$355,000,000 First Series of 2016 and \$633,175,000 First Refunding Series of 2016

Pennsylvania has the 3rd worst funded pension in the nation. Only New Jersey and Illinois

Pennsylvania has the 2nd worst state budget deficit, with a shortfall of \$2.3 billion over two budget years. Only New York's is worse, but their pensions are fully funded.

Pennsylvania's Bond Rating is the 3rd worst in the nation. Only New Jersey and Illinois are

Pennsylvania is one of 11 states whose ratings Moody's is threatening to cut again.

Pennsylvania pays an extra 0.7% on its debt, compared to AAA- rated Delaware. This results in 25% more in interest costs.

According to a 2016 Official Statement for a Commonwealth of PA General Obligation Bond Issue, the interest cost on PA's General Obligation debt alone is \$558,872,000. That is \$111,774,400 more than the same debt would cost Delaware. That is more than the proposed net increase of \$75,000,000 for Public Education for 2017-2018.

Gettysburg Area School District

Millage Impact for Facility Improvements

1992 - 2000

Fiscal Year	Projected September 1992		Actual	
	Millage Increment	Cumulative Impact	Millage Increment	Cumulative Impact
1992-93	0.25	0.25	0.25	0.25
1993-94	0.80	1.05	1.00	1.25
1994-95	0.80	1.85	1.00	2.25
1995-96	0.80	2.65	1.00	3.25
1996-97	0.80	3.45	1.00	4.25
1997-98	0.80	4.25	1.00	5.25
1998-99	0.80	5.05	1.00	6.25
1999-00	0.80	5.85	1.00	7.25

Gettysburg Area School District						
Facility Improvement Projects Summary						
Updated 9/24/12						
Project Costs to be Funded						
		Preliminary		Current		Current
		Estimates		Estimates		Estimates
	Funded From	<u>8/1/2011</u>	<u>Changes</u>	<u>8/11/2012</u>	<u>Changes</u>	<u>8/11/2012</u>
Adams County Tech Prep	Capital Projects	\$4,200,000	\$3,875	\$4,203,875		\$4,203,875
Lincoln Elem Playground	Capital Projects	375,000	12,264	387,264		387,264
Lincoln Elem Add/ Renovations	Capital Projects	1,500,000	(1,475,000)	25,000		25,000
Franklin Twp Elem Add & Renovations	Bond Fund	4,200,000	1,927,228	6,127,228	(1,237,427)	4,889,801
James Gettys Elem Renovations	Capital Projects	1,900,000	(456,398)	1,443,602		1,443,602
Keefauver Elem Demolition	Capital Projects	350,000	(155,000)	195,000		195,000
New Middle School	Bond Fund	35,000,000	3,040,007	38,040,007		38,040,007
Future Projects	Both	3,000,000	(1,485,826)	1,514,174	1,237,427	2,751,601
	Total	\$50,525,000	\$1,411,150	\$51,936,150	\$0	\$51,936,150

Gettysburg Area School District					
Facility Improvement Time Line					
2009-2015					
03-04		Transfer \$1,250,000 from Gen Fund			
04-05	Add .25 mills				
05-06	Add .50 mills				
06-07	Add .50 mills				
07-08	Add .50 mills	Transfer \$2,750,000 from Gen Fund			
08-09	Add .50 mills				
09-10	Add .50 mills				
10-11	Add .50 mills	Transfer \$700,000 from Gen Fund			
11-12		Borrow \$41,500,000 Transfer \$900,000 from Gen Fund	Open new Tech Prep Building		
12-13			Renovate James Gettys Elem.		
13-14			Renovate/Add to Franklin Twp Elem		
14-15			Open new Middle School		

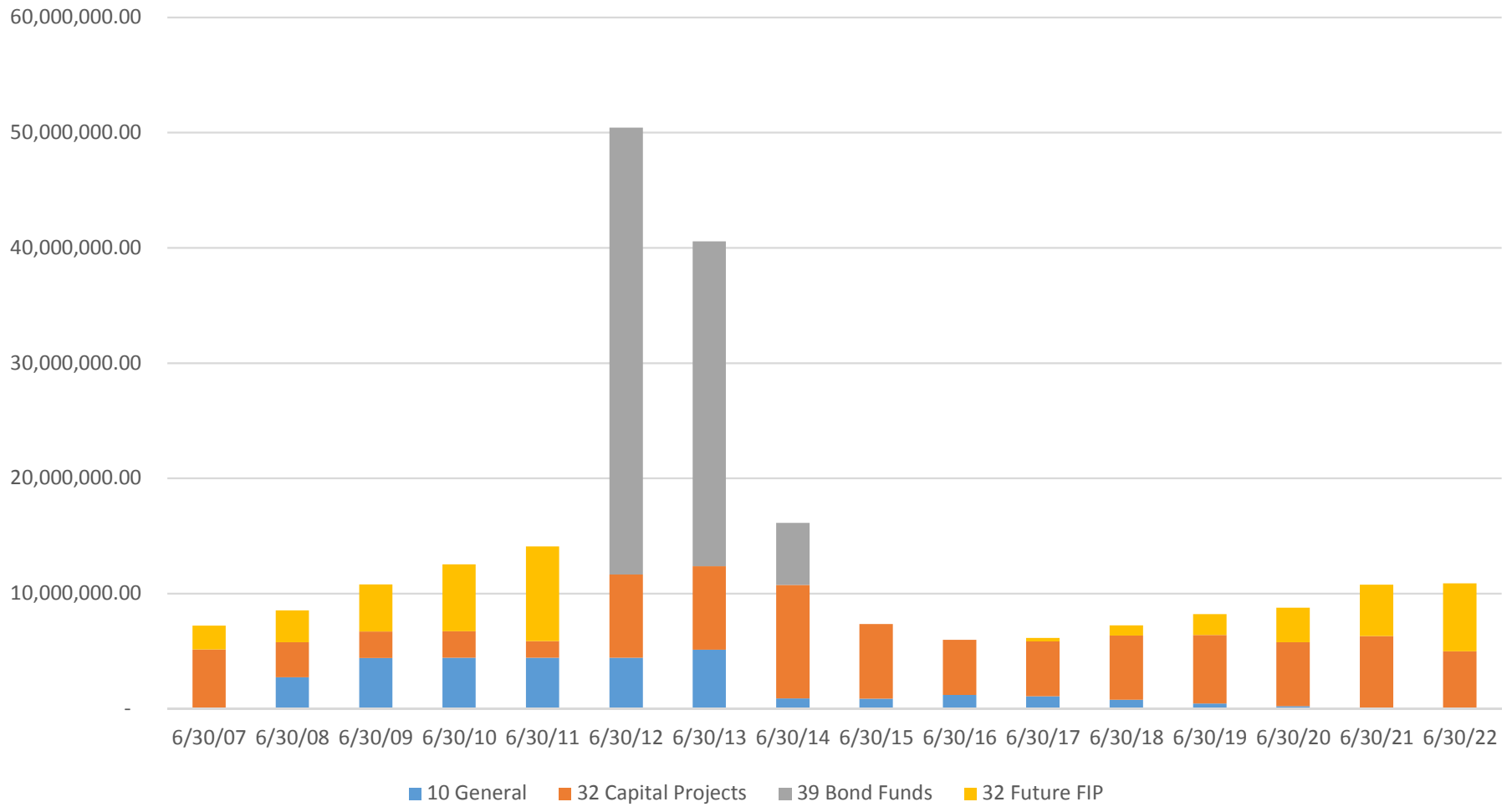
Savings !

- Accumulated funds:
 - Total \$10,000,000 set aside
 - Earned \$265,000 interest
 - Allowed timing issue to marked – saved \$670,000
 - Reduced bond closing costs by \$70,000
 - Reduced future interest costs by \$5,700,000
 - Shortened term of borrowing to 15 years
 - Saved \$9,000,000 in debt payments

Final Notes

- Since 1993:
 - 7 new money issues - \$93,210,000
 - 13 refinancing issues - \$83,392,000
 - \$3,256,256 saved through refinancing
 - \$15,000,000 completed without borrowing
 - \$55,000,000 debt remaining outstanding
 - Final payoff is 13.5 years away

Gettysburg Area School District - Capital Funding - All Funds 4/10/17



All Funds Combined

Fund Source	Description	Audited Balance	Audited Balance	Audited Balance	Audited Balance	Audited Balance	Audited Balance	Audited Balance	Audited Balance	Audited Balance	Projected Balance	Projected Balance	Projected Balance	Projected Balance	Projected Balance	Projected Balance	
		6/30/07	6/30/08	6/30/09	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22
000	Unspecified	5,032,817.43	5,614,422.05	4,956,895.19	4,963,898.03	3,317,305.29	42,112,808.23	32,471,604.22	6,328,084.44	1,024,305.94	309,060.92	817,810.92	2,062,010.92	3,306,210.92	4,550,410.92	5,794,610.92	7,038,810.92
000	Future FIP	2,066,137.65	2,757,837.15	4,100,262.84	5,809,724.84	8,235,218.13	-	-	-	-	300,000.00	900,000.00	1,800,000.00	3,000,000.00	4,475,000.00	5,925,000.00	
117	ATRP	-	-	-	-	16,790.14	-	-	-	-	-	48,556.54	71,056.54	93,556.54	0.54	22,500.54	45,000.54
118	24-7 Computing	-	-	-	-	-	-	-	-	-	245,479.87	245,479.87	245,479.87	245,479.87	245,479.87	245,479.87	
119	Misc B&G	-	-	-	-	57,600.00	57,600.00	57,600.00	57,600.00	56,059.64	44,094.11	-	-	-	-	-	
120	Lease Avoid	-	-	-	-	-	-	-	-	-	43,900.67	1,900.67	(26,099.33)	(54,099.33)	(82,099.33)	(132,099.33)	
121	Stadium/Track	-	-	-	65,000.00	65,000.00	65,000.00	207,535.96	2,795,886.87	39,370.63	13,574.99	5,663.33	5,663.33	5,663.33	5,663.33	5,663.33	
122	Technology	-	-	-	-	34,887.13	89,210.00	110,161.88	129,589.54	220,804.95	215,733.92	417,678.96	405,178.96	405,178.96	405,178.96	405,178.96	
123	Middle School	-	-	-	-	-	5,489,993.66	4,249,213.91	3,754,455.69	3,550,884.39	3,200,546.72	3,091,528.59	3,091,528.59	3,091,528.59	3,091,528.59	3,091,528.59	
124	5 Yr Plan - Flooring	-	-	-	-	152,396.14	152,396.14	152,396.14	95,391.21	85,742.38	42,646.18	(47,353.82)	(83,353.82)	(123,353.82)	(123,353.82)	(123,353.82)	
125	5 Yr Plan - Large Items	-	-	869,122.00	869,122.00	871,625.45	1,171,625.45	869,122.00	-	398,800.00	1,227,210.08	717,225.26	306,225.26	(66,274.74)	(1,541,426.74)	(1,914,926.74)	
126	5 Yr Plan - Roofing	-	-	71,240.00	71,240.00	466,199.83	466,199.83	271,199.83	271,199.83	271,199.83	271,199.83	271,199.83	271,199.83	(364,800.17)	(384,800.17)	(2,650,800.17)	
127	5 Yr Plan - Paving	-	-	386,000.00	386,000.00	462,869.27	462,869.27	462,869.27	462,869.27	1,162,869.27	280,697.38	(13,970.22)	(45,970.22)	(45,970.22)	(122,970.22)	(217,970.22)	
129	Food Services Equip	134,474.89	184,474.89	84,891.12	84,891.12	83,374.13	-	-	-	-	-	-	-	-	-	-	
131	5 Yr Plan - Fleet	-	-	230,000.00	230,000.00	274,214.93	274,214.93	274,214.93	274,214.93	274,214.93	205,591.53	115,053.53	34,053.53	16,053.53	(66,446.47)	(127,446.47)	
132	5 Yr Plan - Energy	-	-	107,100.00	69,638.00	69,638.00	69,638.00	69,638.00	69,638.00	63,348.67	63,348.67	63,348.67	39,348.67	(48,651.33)	(135,500.00)	(260,500.00)	
133	Admin Bldg	-	-	-	-	-	297,713.90	1,290,513.57	61,694.32	0.41	0.41	0.41	0.41	0.41	0.41	0.41	
134	Trane Chillers	-	-	-	-	-	467,035.20	372,503.70	277,428.60	213,678.90	155,915.10	89,679.60	73,156.50	55,972.80	23,101.50	4,515.60	
135	Student Home #5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
136	Student Home #6	-	-	-	-	-	100,000.00	100,000.00	(80,497.00)	(80,497.00)	(80,497.00)	(80,497.00)	(80,497.00)	(80,497.00)	(80,497.00)	(80,497.00)	
137	Student Home #7	-	-	-	-	-	-	-	(76,387.01)	(76,387.01)	(76,387.01)	(76,387.01)	(76,387.01)	(76,387.01)	(76,387.01)	(76,387.01)	
138	Student Home #8	-	-	-	-	-	-	-	(76,387.01)	(76,387.01)	(76,387.01)	(76,387.01)	(76,387.01)	(76,387.01)	(76,387.01)	(76,387.01)	
139	Student Home #4/AEC	-	-	-	-	-	-	-	95,654.01	84,475.50	70,591.50	70,591.50	70,591.50	70,591.50	70,591.50	70,591.50	
164	Eisenhower	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
165	Franklin Twp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
166	James Gettys	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
167	Lincoln	-	-	-	-	-	42,271.42	-	-	-	-	-	-	-	-	-	
168	Keefauver	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
169	High School	-	-	-	-	-	-	169,085.69	-	-	-	-	-	-	-	-	
173	Tech Prep	-	-	-	-	-	-	235,958.06	-	-	-	-	-	-	-	-	
Total		7,233,429.97	8,556,734.09	10,805,311.15	12,549,513.99	14,107,118.44	50,451,712.26	40,570,910.16	16,146,741.73	7,368,737.68	6,021,518.73	6,159,358.12	7,267,322.62	8,238,999.52	8,802,959.15	10,789,287.85	10,907,401.95

Fund 10 General Fund

Fund Source	Description	Audited Balance	Audited Balance	Audited Balance	Audited Balance	Audited Balance	Audited Balance	Audited Balance	Audited Balance	Audited Balance	Projected Balance	Projected Balance	Projected Balance	Projected Balance	Projected Balance	Projected Balance	
		6/30/07	6/30/08	6/30/09	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22
000	Unspecified	-	2,750,000.00	2,750,000.00	2,750,000.00	2,750,000.00	2,750,000.00	3,300,000.00	-	-	-	-	-	-	-	-	
000	Future FIP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
117	ATRP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
118	24-7 Computing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
119	Misc B&G	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
120	Lease Avoid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
121	Stadium/Track	-	-	-	65,000.00	65,000.00	65,000.00	65,000.00	-	-	-	-	-	-	-	-	
122	Technology	-	-	-	-	-	-	34,918.00	-	-	-	-	-	-	-	-	
123	Middle School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
124	5 Yr Plan - Flooring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
125	5 Yr Plan - Large Items	-	-	869,122.00	869,122.00	869,122.00	869,122.00	869,122.00	-	800,000.00	800,000.00	600,000.00	400,000.00	200,000.00	-	-	
126	5 Yr Plan - Roofing	-	-	71,240.00	71,240.00	71,240.00	71,240.00	71,240.00	71,240.00	71,240.00	71,240.00	71,240.00	71,240.00	-	-	-	
127	5 Yr Plan - Paving	-	-	386,000.00	386,000.00	386,000.00	386,000.00	386,000.00	386,000.00	386,000.00	-	-	-	-	-	-	
129	Food Services Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
131	5 Yr Plan - Fleet	-	-	230,000.00	230,000.00	230,000.00	230,000.00	230,000.00	230,000.00	230,000.00	70,838.60	39,348.67	15,348.67	-	-	-	
132	5 Yr Plan - Energy	-	-	107,100.00	69,638.00	69,638.00	69,638.00	69,638.00	69,638.00	63,348.67	63,348.67	39,348.67	15,348.67	-	-	-	
133	Admin Bldg	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
134	Trane Chillers	-	-	-	-	-	-	163,236.60	149,656.50	135,532.80	120,843.90	105,567.30	89,679.60	73,156.50	55,972.80	38,101.50	
135	Student Home #5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
136	Student Home #6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
137	Student Home #7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
138	Student Home #8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
139	Student Home #4/AEC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
164	Eisenhower	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
165	Franklin Twp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
166	James Gettys	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
167	Lincoln	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
168	Keefauver	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
169	High School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
173	Tech Prep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total		-	2,750,000.00	4,413,462.00	4,441,000.00	4,441,000.00	4,441,000.00	5,154,236.60	941,452.50	892,410.80	1,216,809.17	1,110,994.57	800,268.27	488,505.17	255,972.80	38,101.50	19,515.60

