

Methacton School District

Master Plan Debt Overview

Original Master Plan

- The original Master Plan was created to address the facility needs in Methacton School District.
 - The plan totaled \$98,563,138.
 - The plan covers all eleven buildings in the district.
 - 5 Elementary Schools.
 - 1 Upper Elementary School / Middle School.
 - 1 High School.
 - 1 High School Stadium.
 - 1 Transportation Building.
 - 2 Administration Buildings.
 - The original plan was to complete the work over a 10 year period.
 - Debt Service was estimated to increase by \$300k per year.

Original Master Plan Costs



FACILITIES STUDY WORKBOOK

Building Name	Cost of Work Completed To Date	Remaining Items Cost Estimate (With Inflation)	Fiscal Year for Implementation 1.50% Annual Construction Inflation (est.)						
			< 1 Year	1-2 Years		3-5 Years			6+ Years
			Priority 1 <i>2016-17</i>	Priority 2.1 <i>2017-18</i>	Priority 2.2 <i>2018-19</i>	Priority 3.1 <i>2019-20</i>	Priority 3.2 <i>2020-21</i>	Priority 3.3 <i>2021-22</i>	Priority 4 <i>TBD</i>
ARROW HEAD ELEMENTARY SCHOOL (AR)	\$0	\$12,716,850	\$940,000	\$1,192,625	\$494,400	\$2,724,838	\$975,200	\$3,539,438	\$2,850,350
AUDUBON ELEMENTARY SCHOOL (AU)	\$0	\$11,960,875	\$187,500	\$664,318	\$1,483,715	\$966,103	\$572,400	\$2,295,125	\$5,791,715
EAGLEVILLE ELEMENTARY SCHOOL (EV)	\$0	\$4,301,095	\$266,000	\$298,918	\$92,700	\$41,800	\$27,560	\$936,863	\$2,637,255
WOODLAND ELEMENTARY SCHOOL (WD)	\$0	\$2,602,358	\$153,000	\$200,463	\$242,050	\$0	\$636,000	\$26,875	\$1,343,970
WORCESTER ELEMENTARY SCHOOL (WR)	\$0	\$4,503,495	\$182,000	\$5,075	\$92,700	\$57,475	\$689,000	\$419,250	\$3,057,995
SKYVIEW-ARCOLA INTERMEDIATE SCHOOL (SA)	\$0	\$20,350,070	\$787,500	\$631,330	\$3,696,670	\$1,719,025	\$361,460	\$1,252,375	\$11,901,710
METHACTON HIGH SCHOOL (HS)	\$0	\$33,864,868	\$6,270,500	\$796,775	\$414,060	\$3,338,775	\$455,800	\$1,479,200	\$21,109,758
STADIUM & HS ATHLETICS (ATH)	\$0	\$2,692,495	\$20,000	\$0	\$288,400	\$1,725,295	\$408,100	\$0	\$250,700
FARINA EDUCATION CENTER (FA)	\$0	\$2,949,075	\$177,000	\$5,075	\$467,620	\$56,953	\$180,200	\$413,875	\$1,648,353
FACILITIES PLANT (FP)	\$0	\$804,060	\$232,000	\$7,105	\$0	\$205,865	\$79,500	\$38,700	\$240,890
TRANSPORTATION BUILDING (TB)	\$0	\$1,817,898	\$152,500	\$93,888	\$971,805	\$193,325	\$47,700	\$307,450	\$51,230
FACILITIES STUDY WORKBOOK	\$0	\$98,563,138	\$9,368,000	\$3,895,570	\$8,244,120	\$11,029,453	\$4,432,920	\$10,709,150	\$50,883,925

Original Master Plan Changes

Change to Buildings

- Audubon Elementary School was closed; therefore no work would be done at this location.
- Arrowhead Elementary School will be new construction.

Changes in timing of work

- The Transportation Building repairs were to be completed after the schools.
- The two administration buildings were to be completed after the schools.

Changes in Borrowings

- Borrowings would be \$9 Million of principal per year on average. This would keep the borrowings as Bank Qualified.

Current Sources of Funds Available

Source	Bal. as of 08/31/20
Committed Funds	\$3,918,802.00
2019 Bond	\$0.00
2019 A Bond	\$2,895,533.52
2020 A Bond	\$18,012,185.18
Capital Reserve	\$1,016,477.40
Total Funds	\$25,842,998.10

Committed Funds

- \$3.9M of funds that have been committed by the School Board.

Changes in Borrowings

- Borrowings are currently at \$20.9M.

Capital Reserve

- \$1,016,477.40 as of 08/31/2020.

Recent Borrowings

2020 Bond – Refinancing of GOB 2016 & 2013A

- This borrowing was for budgetary relief due to COVID-19's impact on the budget.
- In addition to budgetary relief, the goal was to smooth out the long term borrowings so that they have less of an impact on the budget.
- Original projects were an increased cost of \$792k, but actual increased costs were \$506k.
- 2020-2021 debt service was reduced by \$880,175.
- Max Debt payment based on local effort in the new schedule is \$8.8M.

Recent Borrowings (continued)

2020A Bond – \$18M

- Interest rates were very low and the opportunity to lock into an interest rate in an unknown and unstable situation made good business sense.
- Due to the lower than anticipated interest rates at closing the bond was able to stay within projected interest rates and generate a premium of \$2,385,110.45.
- Lower interest rates along with the desire to continue to complete Master Plan work should a new Arrowhead be approved allowed for both scenarios.

Initial Projection V Current Status

FY	Projected MP Debt Service		Actual / Current Projections***	Fiscal Budget		
	Projected Increase**	Local Effort*		Budget	Project Debt as % of Budget	Current Debt as % of Budget
16-17		\$ 9,129,738	\$ 8,341,526	\$ 104,544,052	8.73%	7.98%
17-18	\$ 300,000	\$ 9,429,738	\$ 9,437,742	\$ 106,894,058	8.82%	8.83%
18-19	\$ 300,000	\$ 9,729,738	\$ 9,509,287	\$ 109,398,167	8.89%	8.69%
19-20	\$ 300,000	\$ 10,029,738	\$ 9,479,515	\$ 111,863,609	8.97%	8.47%
20-21	\$ 300,000	\$ 10,329,738	\$ 9,124,238	\$ 111,790,201	9.24%	8.16%
21-22	\$ 300,000	\$ 10,629,738	\$ 9,355,528			
22-23	\$ 300,000	\$ 10,929,738	\$ 9,237,304			
23-24	\$ 300,000	\$ 11,229,738	\$ 8,874,834			
24-25	\$ 300,000	\$ 11,529,738	\$ 8,511,768			
25-26	\$ 300,000	\$ 11,829,738	\$ 7,963,160			
26-27	\$ 300,000	\$ 12,129,738	\$ 7,773,675			

* - 2016-2017 Figure is as of 2016-12-05 Financial Summary.

** - Initial Projection of the Master Plan Debt cost was an additional \$300,000 per year.

*** Actual Amounts are from 16-17 through 19-20, 20-21 and forward assumes no additional debt.

Relationship to Local Real Estate Taxes

Budgeted Local Real Estate Tax	RE Tax As % of Budget	% of RE Tax used for Debt
\$ 69,229,512	66.22%	5.28%
\$ 71,116,139	66.53%	5.87%
\$ 72,799,305	66.55%	5.78%
\$ 73,905,576	66.07%	5.60%
\$ 75,373,324	67.42%	5.50%

Millage	Millage for Debt	Median Assessment	Median RE Tax for Debt
28.7400	1.5185	173,185	\$ 262.99
29.4585	1.7304	173,550	\$ 300.31
30.0431	1.7378	173,660	\$ 301.79
30.3781	1.7008	174,095	\$ 296.10
30.8534	1.6979	174,280	\$ 295.91

Debt Service as a percentage of the budget has reduced over the past 3 years. As this reduces so does the amount of Local Real Estate Taxes associated with debt. This then also translates into a lower amount of the millage rate being used for taxes and ultimately the amount of real estate tax that is attributable to debt.