



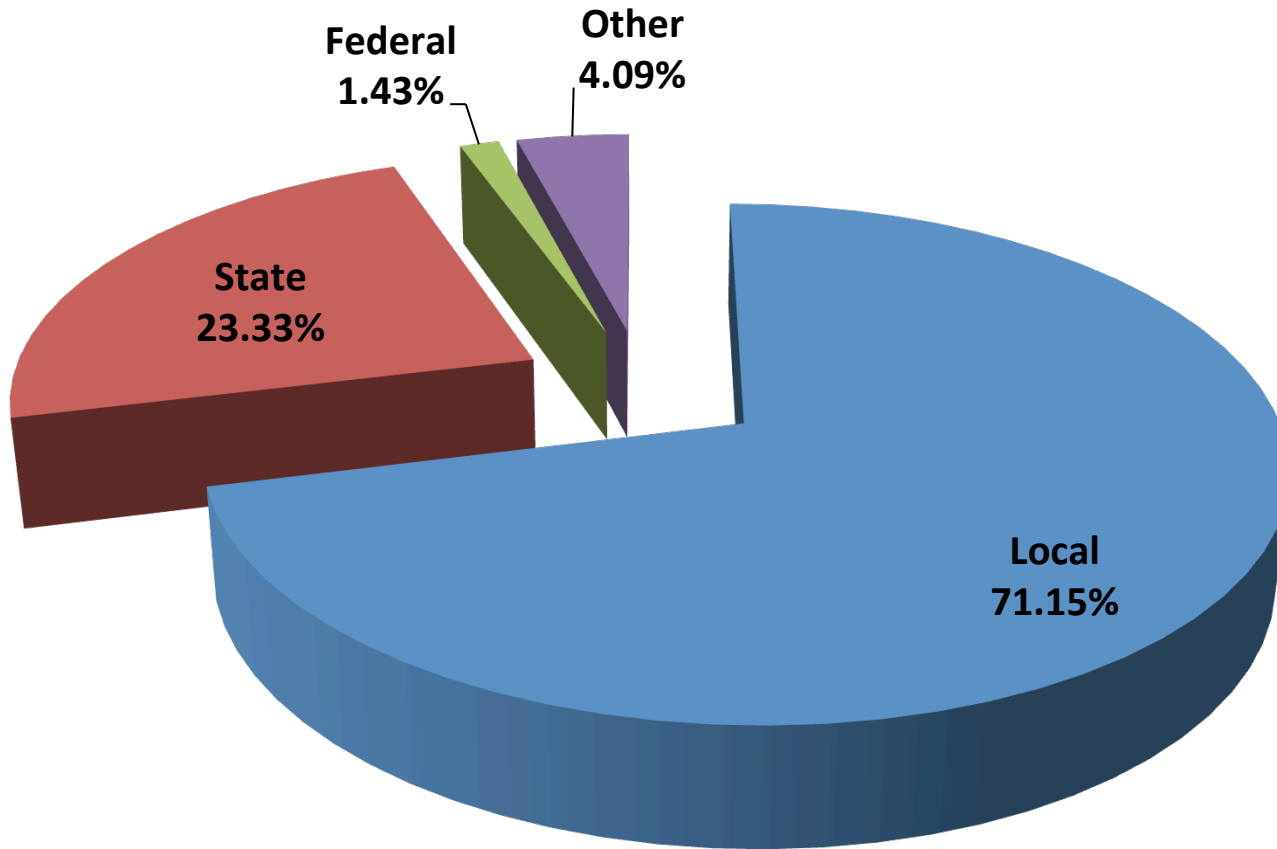
Central Dauphin School District

2017-2018 Budget Presentation #2

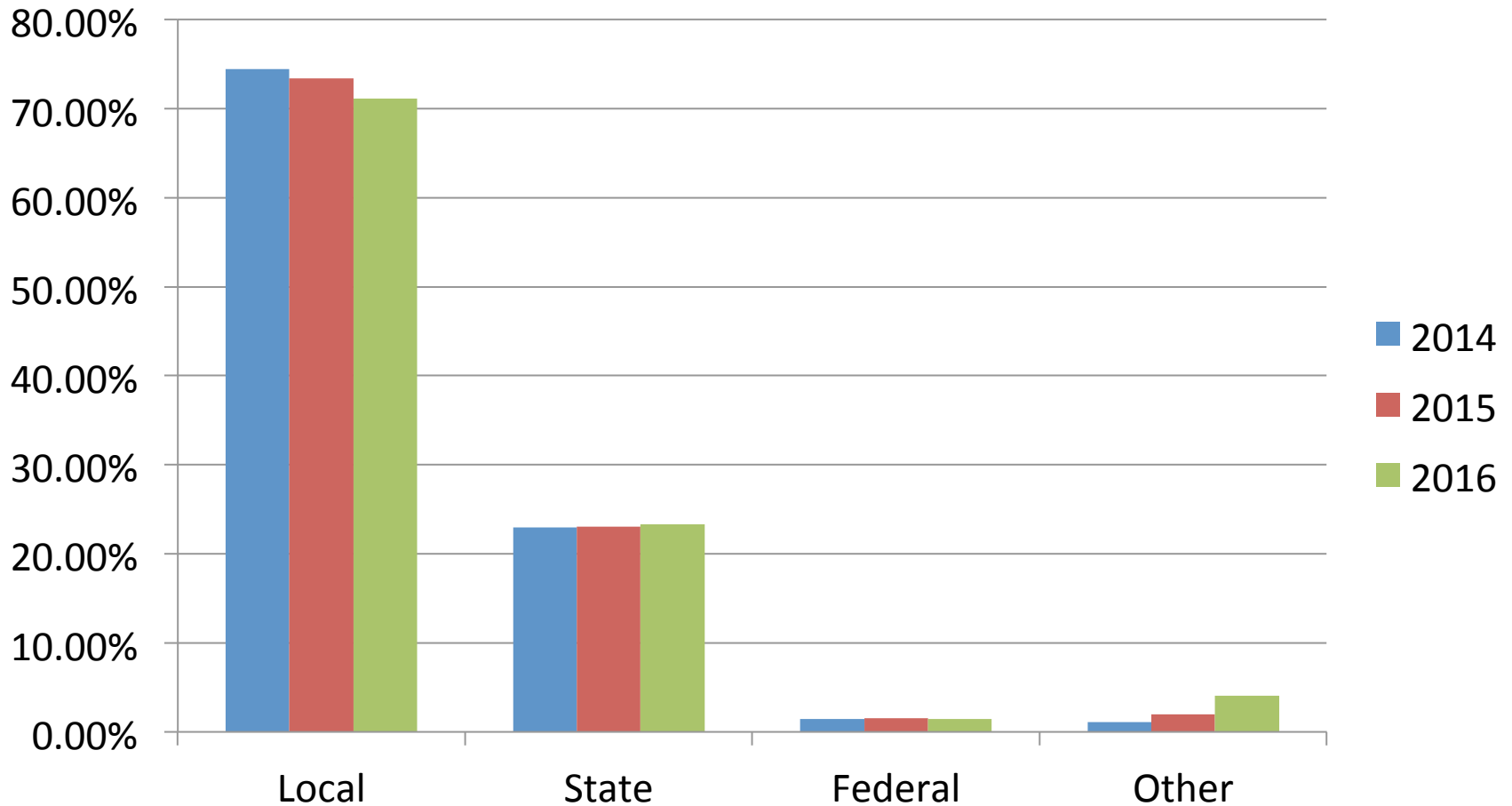
September 26, 2016

2016 Revenue Sources

(Unaudited)

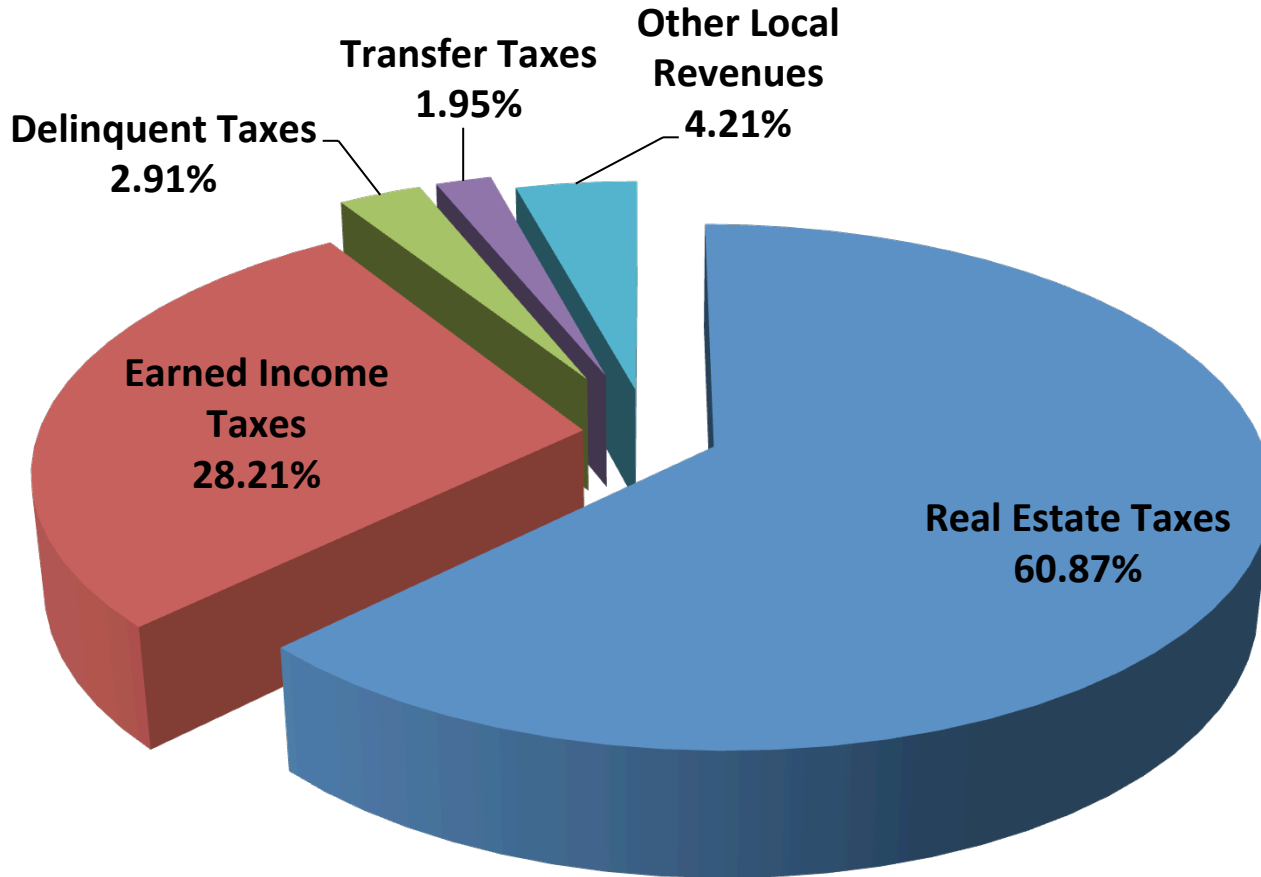


Revenue Source Comparison

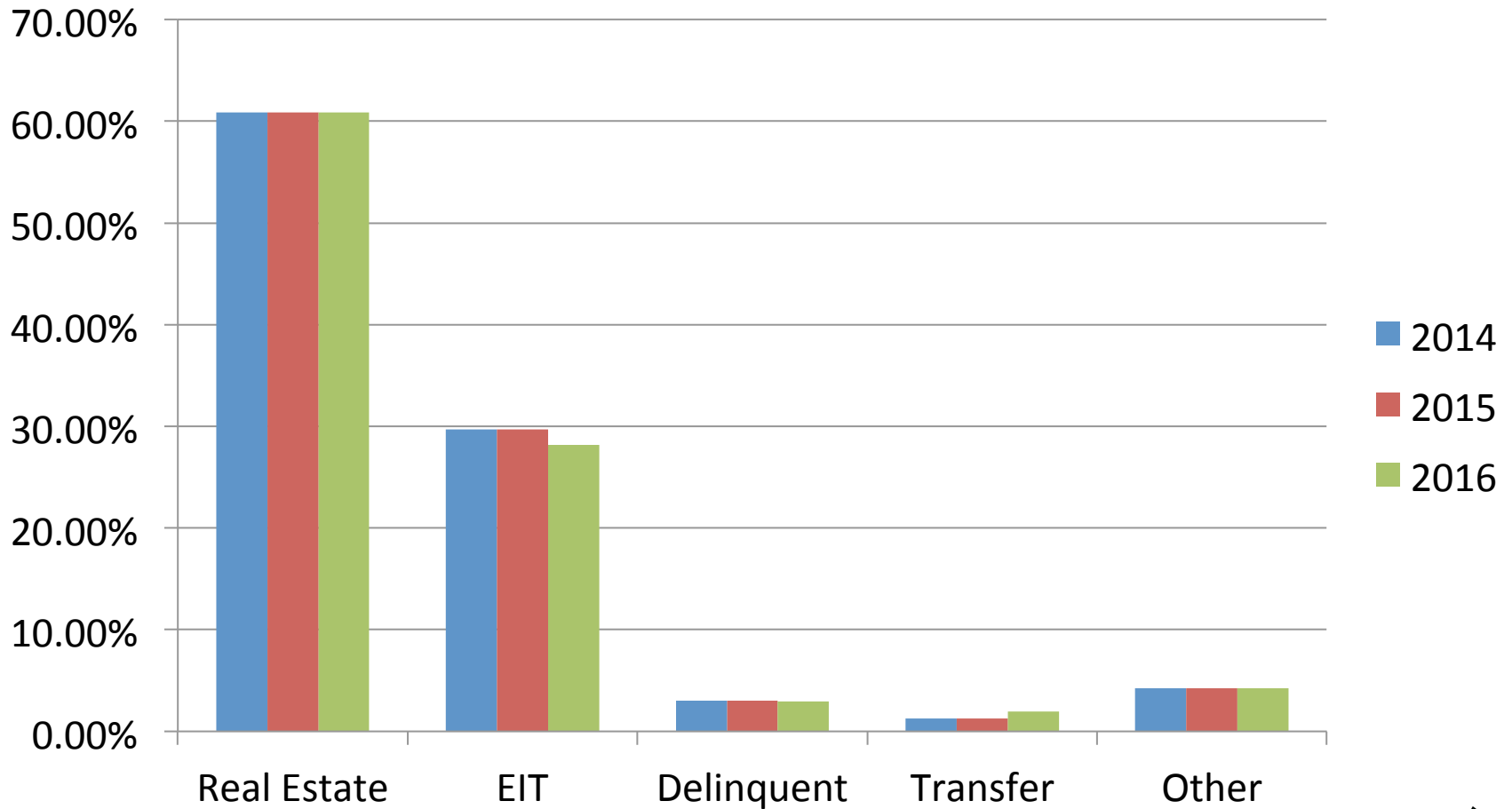


2016 Local Revenue

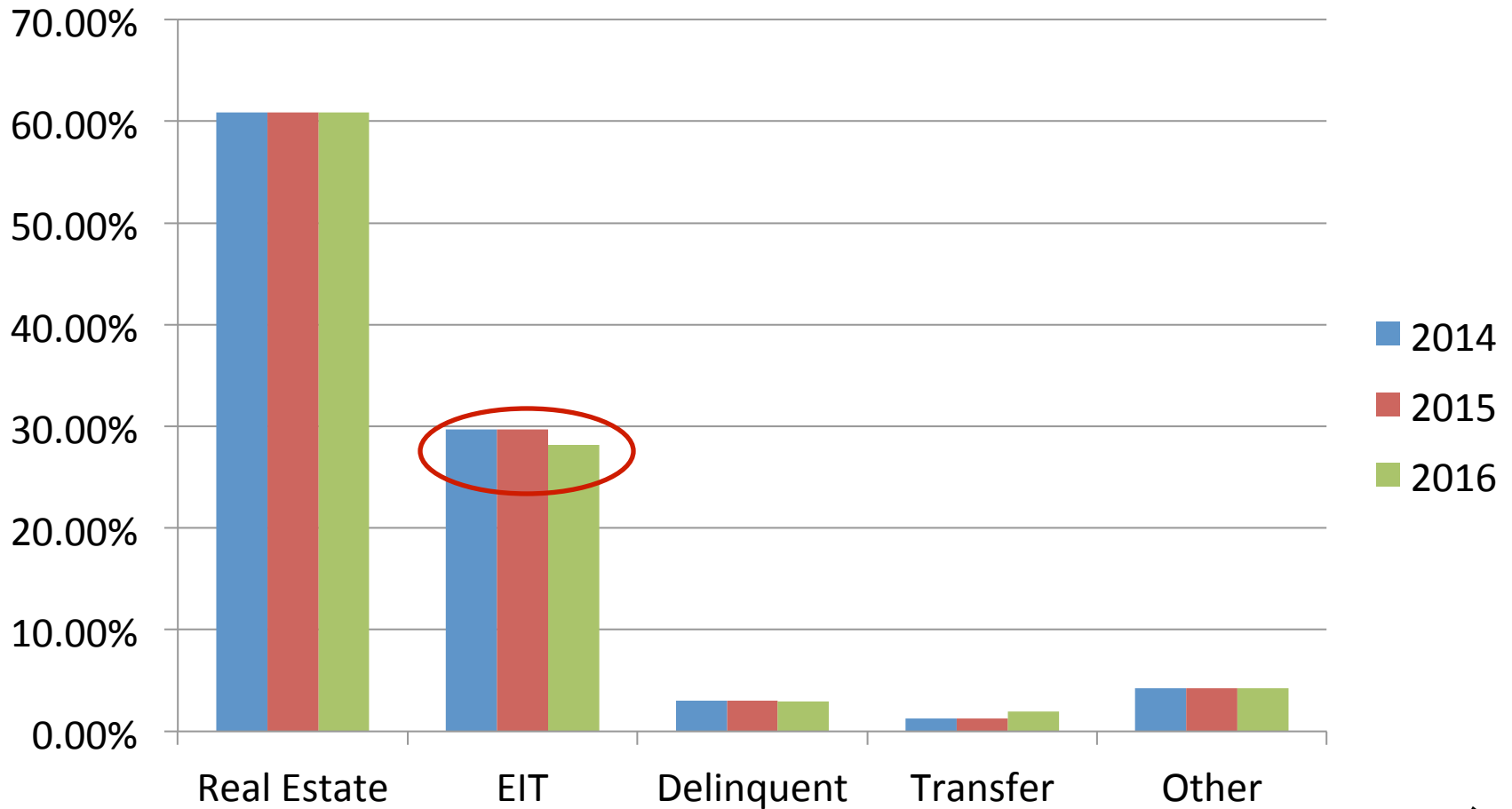
(Unaudited)



Local Revenue Comparison

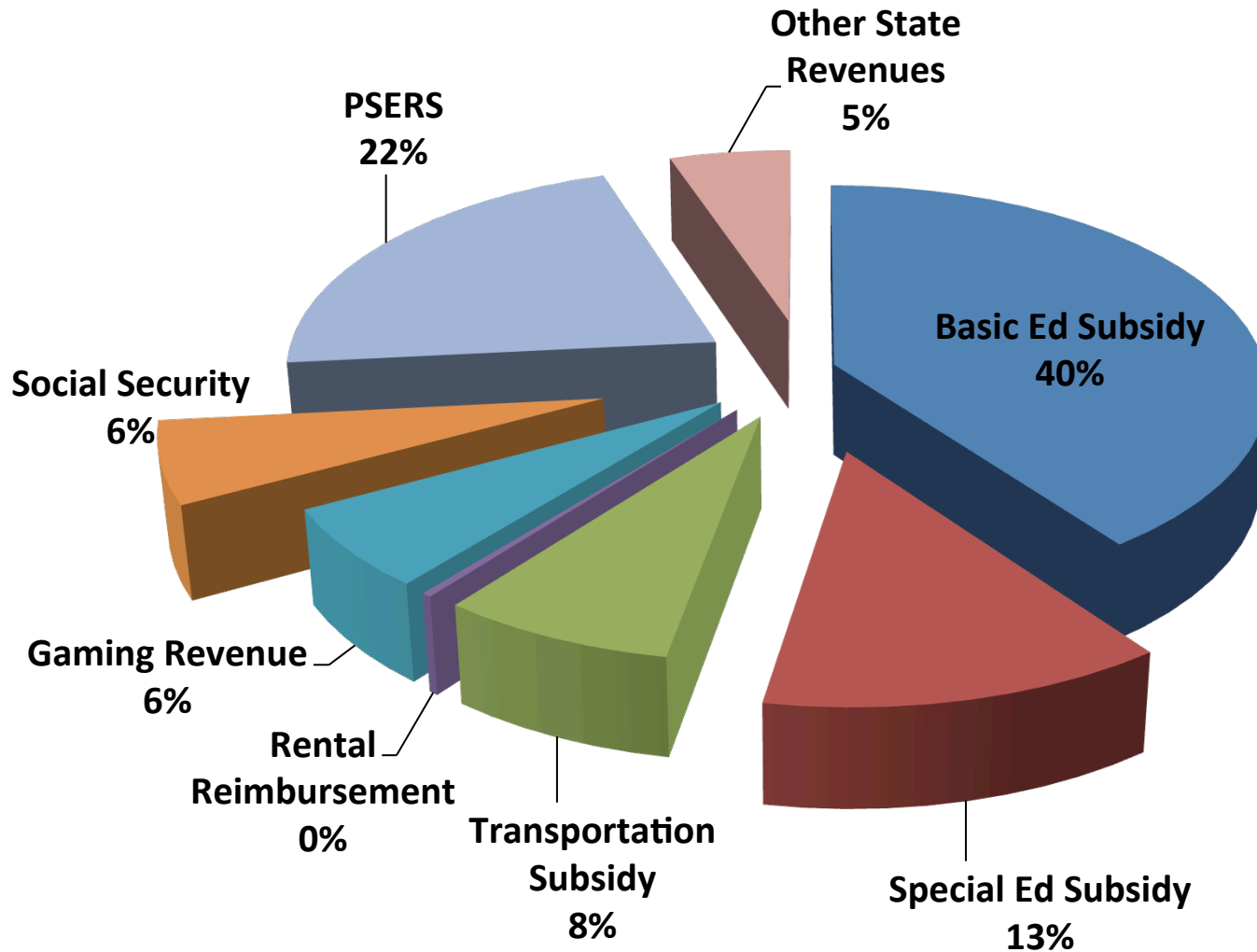


Local Revenue Comparison

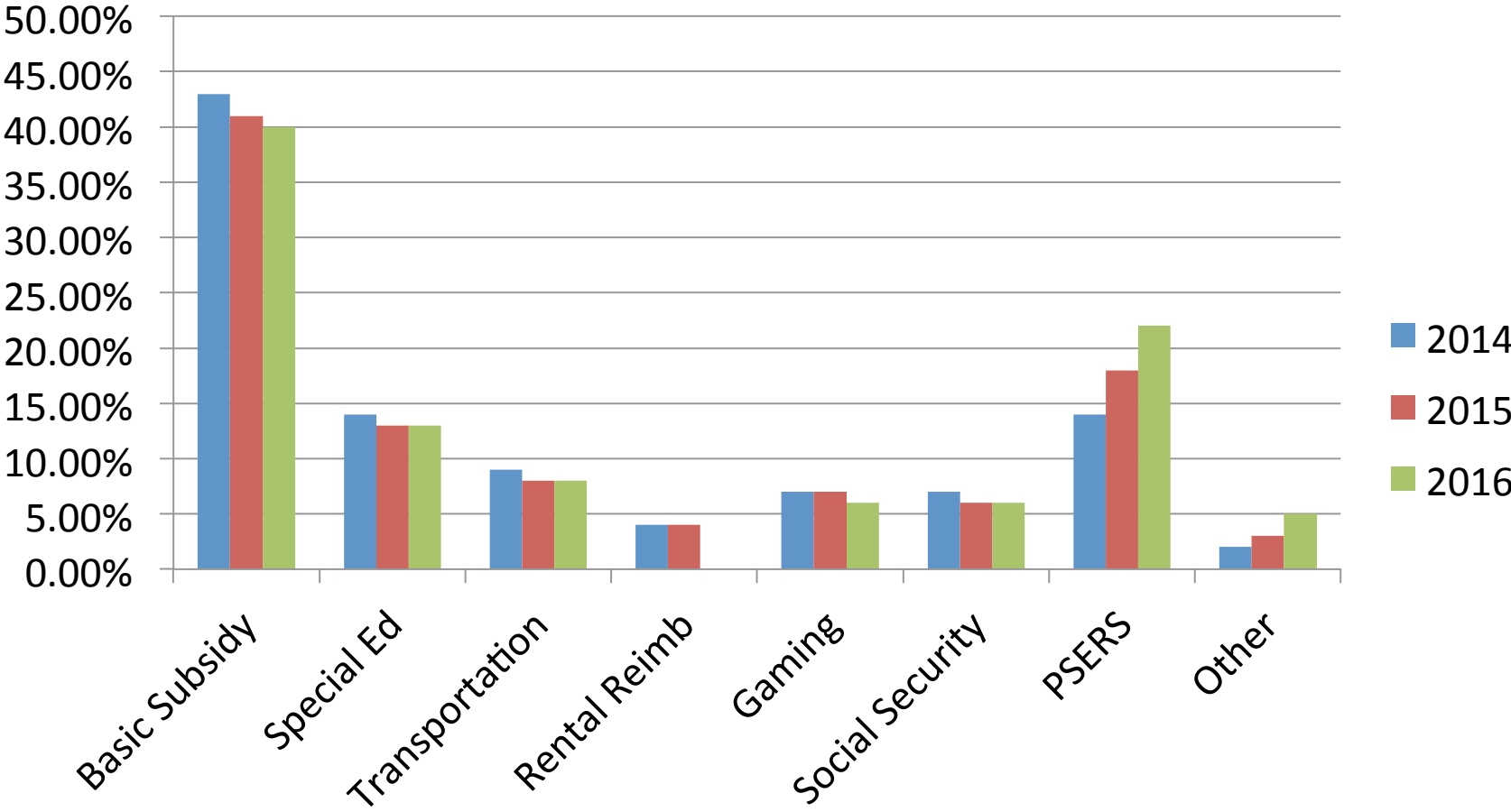


2016 State Revenues

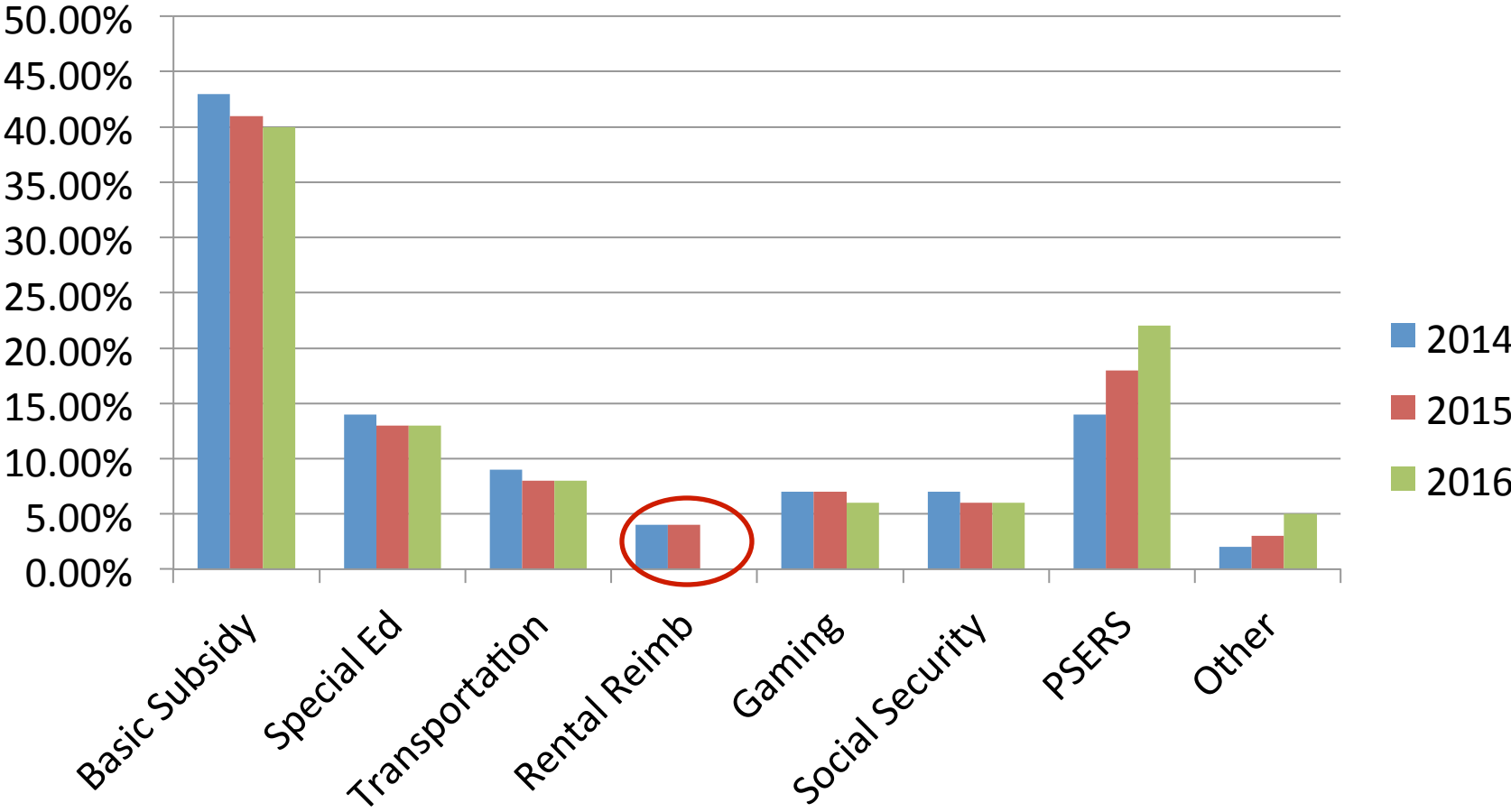
(Unaudited)



State Revenue Comparison

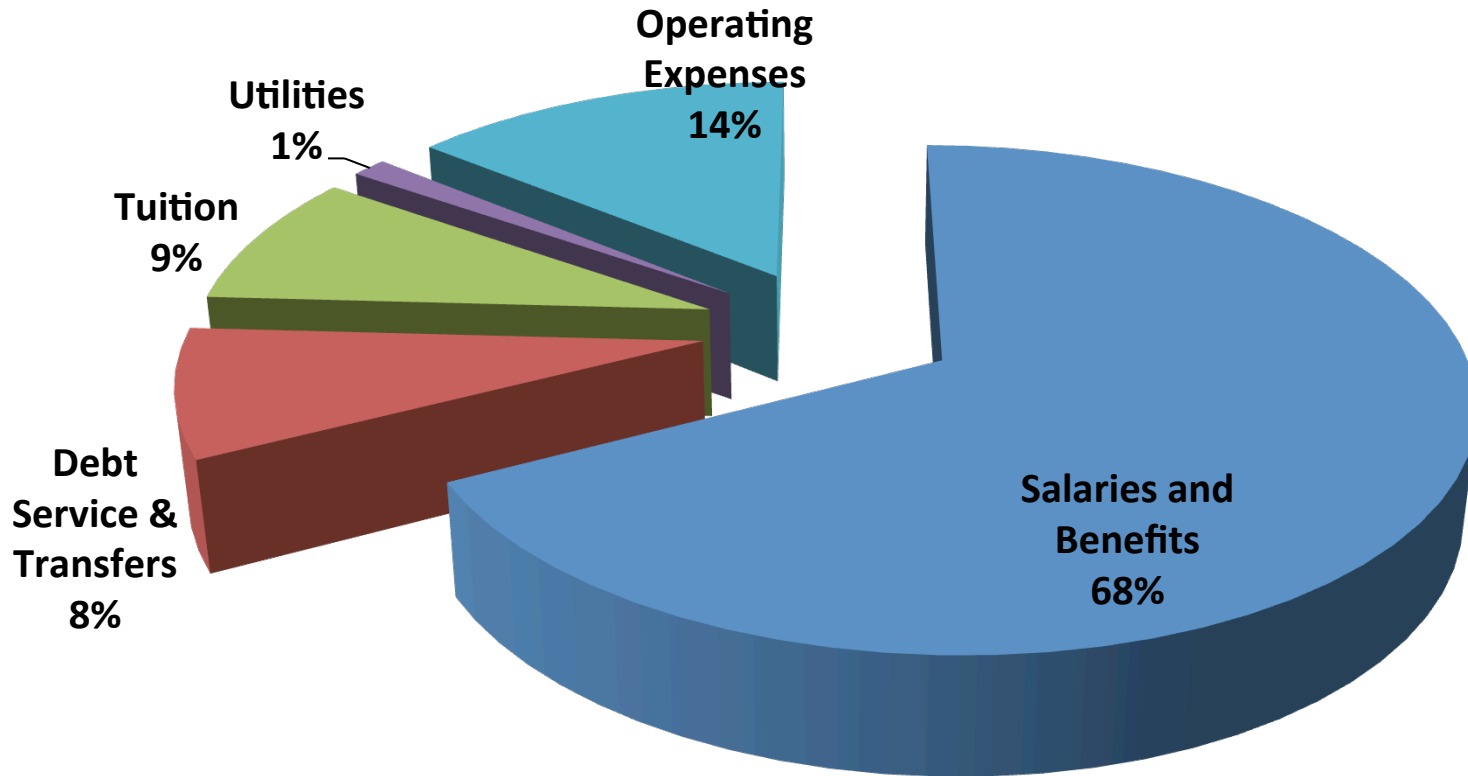


State Revenue Comparison

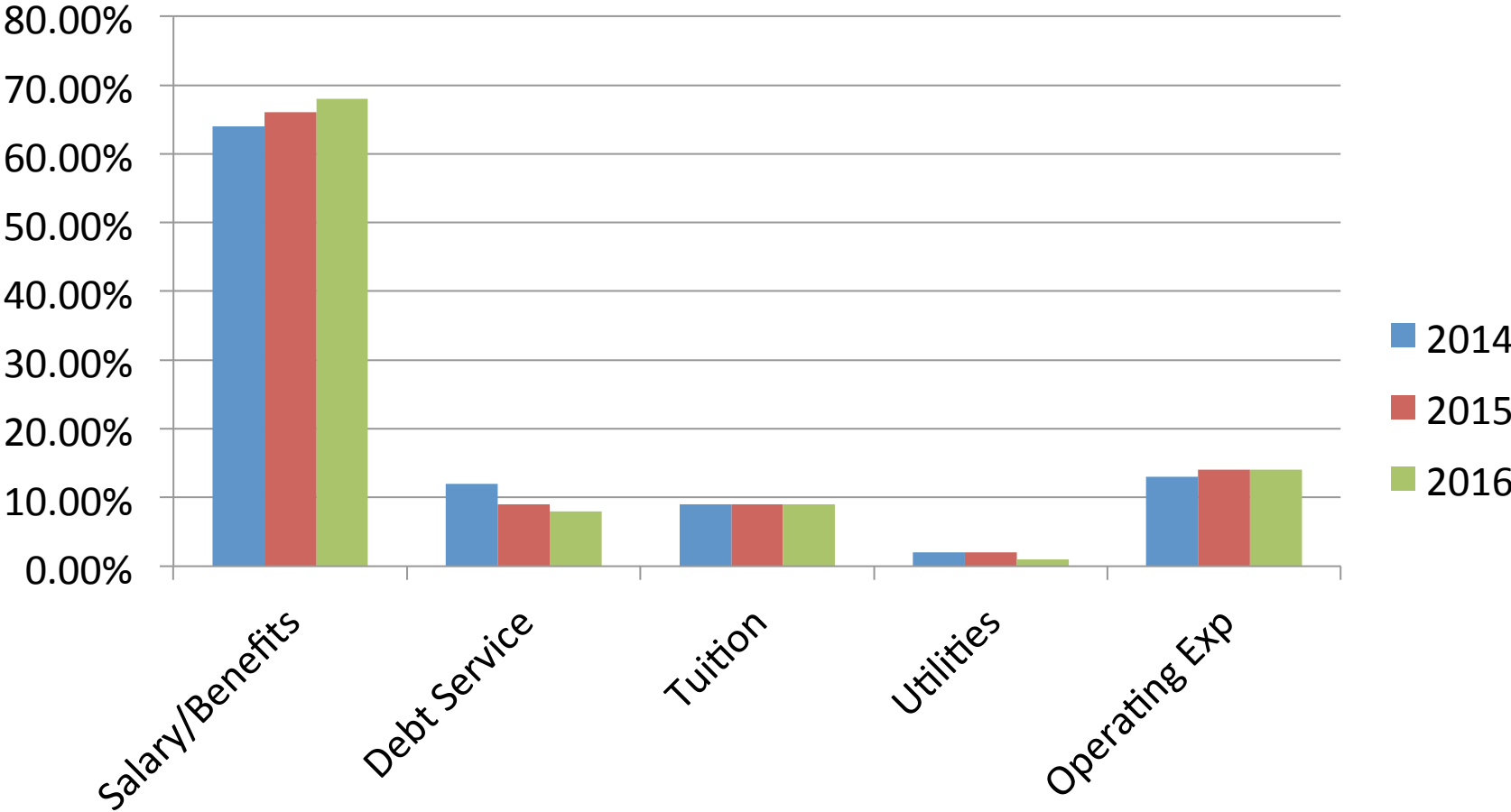


2016 Expenditures

(Unaudited)



Expenditure Comparison



PSERS Discussion

- Pew Research Center
- PSERS Performance
- Contribution Rates



Pew Research Center

- Pew Research Center issued the following information on August 24, 2016:
 - Pennsylvania ranks 47th for managing government pensions
 - Illinois (48)
 - New Jersey (49)
 - Kentucky (50)

Pew Research Center

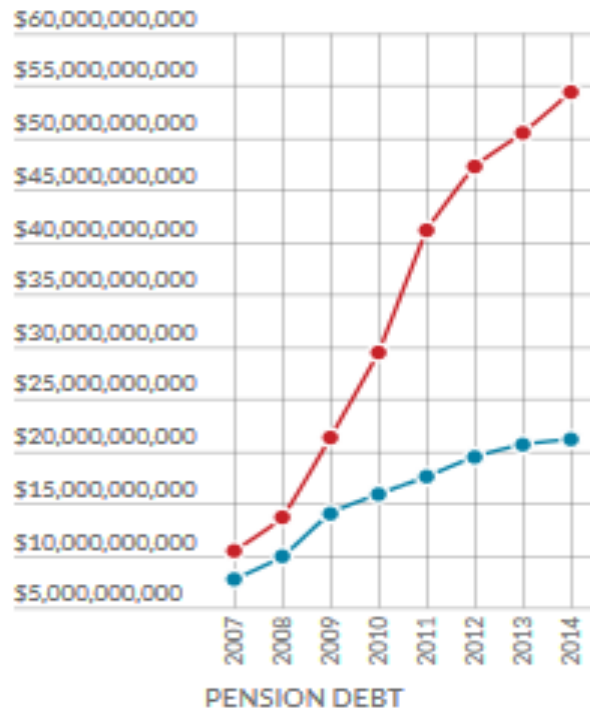
- During the 10-year period from 2004 to 2014, PA failed to make more than \$14.8 billion in payments to its government retirement plans.
 - For example, in 2013, lawmakers gave \$2.2 billion to pensions, though the required contribution based on actuarial data, should have been \$4.2 billion.
 - The last time Pennsylvania made the required contribution based on actuarial data was 2004

Pew Research Center

- In 2014, Pennsylvania's pension debt of \$54 billion was twice the national average.
- The value of PA's pension assets also was reported to be falling.
 - 2008 the value was \$91 billion
 - 2014 the value was \$80.3 billion
 - 12-percent decrease
- Representatives from SERS and PSERS expressed hope that PA will start to properly finance retirement plans beginning this fiscal year.

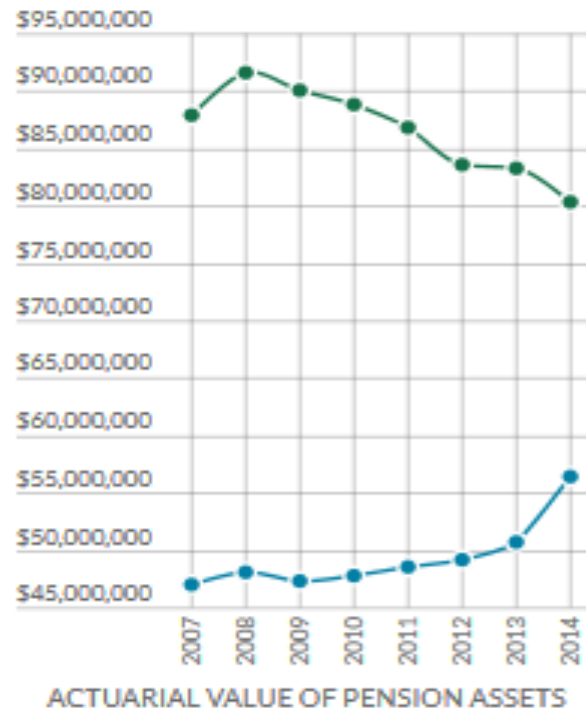
Pennsylvania's Underfunded Retirement Plans

The state's pension debt, or unfunded liability, has soared above other states.



- PENNSYLVANIA
- AVERAGE FOR U.S. STATES

The value of state pension assets dropped by 12 percent, or \$11 billion, between 2008 and 2014.



- PENNSYLVANIA PENSIONS
- AVERAGE FOR U.S. STATES

PSERS' Performance (Net of Fees) As of March 31, 2016

<u>Asset Class</u>	<u>Quarter</u>	<u>Fiscal Year to Date*</u>	<u>1 Year</u>	<u>3 Years (Annualized)</u>	<u>5 Years (Annualized)</u>	<u>10 Years (Annualized)</u>
Equities						
U.S. Equities	2.36%	0.81%	1.08%	11.48%	11.14%	6.64%
Non-U.S. Equities	(3.63)	(8.17)	(8.47)	4.68	3.75	4.64
Private Equity / Venture Capital / Private Debt	0.81	1.94	3.47	7.22	8.72	9.88
Fixed Income	3.49	1.48	(0.74)	2.77	5.53	6.96
Master Limited Partnership	(5.98)	(33.93)	(35.31)	(5.76)	4.74	N/A
Infrastructure	7.37	N/A	N/A	N/A	N/A	N/A
Commodities	7.54	(9.51)	(8.75)	(10.26)	(9.42)	N/A
Real Estate	3.55	6.57	7.98	13.08	11.45	2.84
Risk Parity	2.66	(5.20)	(8.36)	(0.39)	N/A	N/A
Absolute Return	(2.01)	(2.56)	(3.31)	2.67	3.31	5.01
TOTAL FUND	1.49%	(2.59%)	(3.09%)	4.47%	5.59%	4.51%

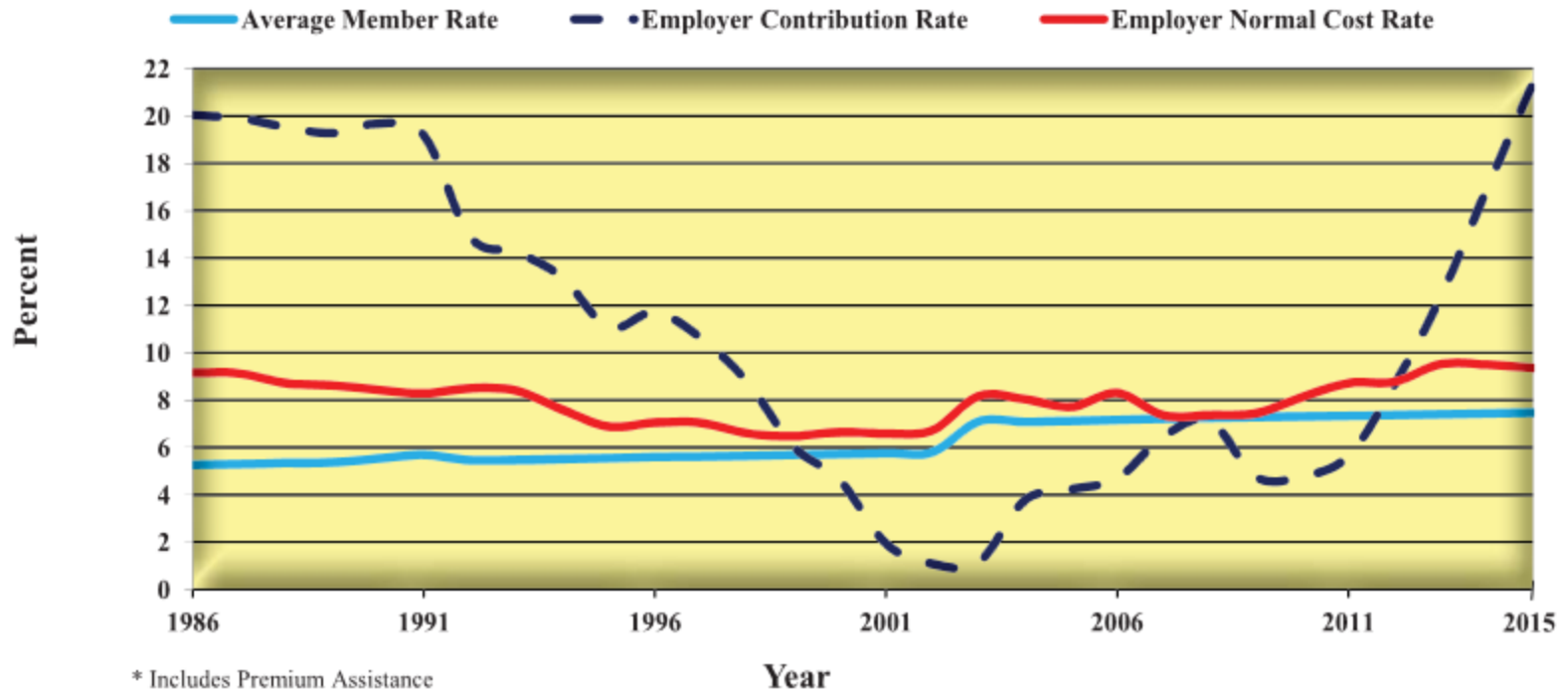
* - PSERS' Fiscal Year ends on June 30.



Fiscal Year Ending June 30	Appropriation Payroll (thousands)	Contribution Rates ²							
		Employee	Employer Normal Cost	Employer Unfunded Liability	Preliminary Employer Pension	Final Employer Pension ⁷	Employer Health Insurance	Total Employer	Funded Ratio
2005 ³	\$ 11,062,589	7.12%	7.48%	(7.10%)	0.38%	4.00%	0.23%	4.23%	83.7%
2006	11,505,093	7.16	7.61	(4.28)	3.33	4.00	0.69	4.69	81.2
2007 ⁴	11,821,951	7.21	6.62	(0.95)	5.67	5.72	0.74	6.46	85.8
2008	12,881,244	7.25	6.68	(0.24)	6.44	6.44	0.69	7.13	86.0
2009	12,500,000	7.29	6.68	(3.37)	3.31	4.00	0.76	4.76	79.2
2010 ⁵	12,899,000	7.32	7.35	(3.72)	3.63	4.00	0.78	4.78	75.1
2011 ^{5,6}	13,510,000	7.34	8.08	(0.50)	7.58	5.00	0.64	5.64	69.1
2012	14,112,000	7.37	8.12	10.15	18.27	8.00	0.65	8.65	66.4
2013 ⁸	14,297,000	7.40	8.66	12.99	21.65	11.50	0.86	12.36	63.8
2014	13,720,000	7.43	8.57	15.25	23.82	16.00	0.93	16.93	62.0
2015	13,482,000	7.46	8.46	17.51	25.97	20.50	0.90	21.40	60.6
2016	13,375,000	7.49	8.38	19.44	27.82	25.00	0.84	25.84	59.6
2017	13,739,290	7.50	8.21	20.64	28.85	28.85	0.84	29.69	58.7
2018	14,097,299	7.50	8.05	21.74	29.79	29.79	0.83	30.62	58.4
2019	14,477,945	7.51	7.89	22.85	30.74	30.74	0.82	31.56	60.0
2020	14,875,749	7.51	7.74	23.69	31.43	31.43	0.80	32.23	61.7
2021	15,280,718	7.51	7.60	23.64	31.24	31.24	0.78	32.02	63.0
2022	15,689,939	7.51	7.45	23.68	31.13	31.13	0.77	31.90	64.7
2023	16,112,661	7.52	7.29	23.92	31.21	31.21	0.75	31.96	66.5
2024	16,541,176	7.52	7.14	24.02	31.16	31.16	0.74	31.90	68.1
2025	16,980,255	7.52	6.99	24.12	31.11	31.11	0.72	31.83	69.9
2026	17,416,242	7.52	6.83	24.37	31.20	31.20	0.70	31.90	71.8



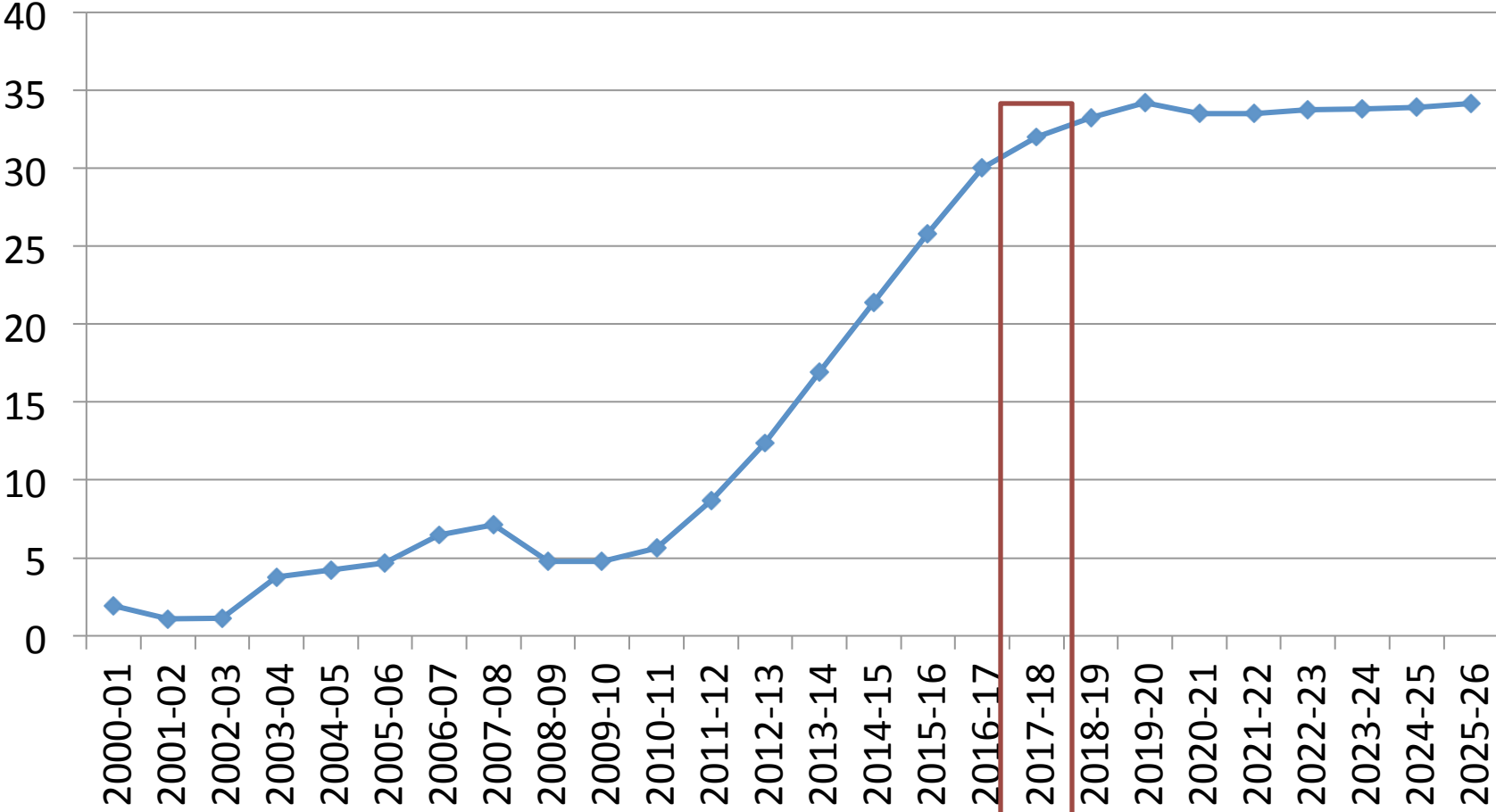
History of PSERS' Contribution Rates as a Percent of Payroll*



* Includes Premium Assistance



PSERS Employer Contribution Rate



Next Steps

- Financial Statement Audit
- 5-Year Model