



Exeter Township School District

Debt Book

June 1, 2022

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**EXETER TOWNSHIP SCHOOL DISTRICT
SUMMARY OF OUTSTANDING INDEBTEDNESS**

Debt Service Requirements

1	2	3	4	5	6	7
Fiscal Year Ended	G.O. Bonds Series of 2017	G.O. Bonds Series of 2019	G.O. Bond Series of 2020	G.O. Bonds Series A of 2020	G.O. Bonds Series B of 2020	Total Debt Service
6/30/2022	852,125	808,900	533,740	5,772,250	137,000	8,104,015
6/30/2023	849,000	813,150	530,620	5,774,250	137,000	8,104,020
6/30/2024	846,450	816,150	3,681,016	2,878,750	137,000	8,359,366
6/30/2025	850,150	827,900	6,470,160	180,000	137,000	8,465,210
6/30/2026	853,450	2,027,900	5,519,164	179,750	137,000	8,717,264
6/30/2027		221,650	6,860,490	1,029,500	137,000	8,248,640
6/30/2028		5,231,400		2,766,750	137,000	8,135,150
6/30/2029		410,800			2,877,000	3,287,800
6/30/2030						
TOTAL	4,251,175	11,157,850	23,595,190	18,581,250	3,836,000	61,421,465

Local Effort Requirements

8	9	10	11	12	13	14
Fiscal Year Ended	G.O. Bonds Series of 2017	G.O. Bonds Series of 2019	G.O. Bond Series of 2020	G.O. Bonds Series A of 2020	G.O. Bonds Series B of 2020	Total Local Effort
6/30/2022	745,273	774,515	500,045	5,439,436	137,000	7,596,268
6/30/2023	742,539	778,584	497,122	5,441,321	137,000	7,596,566
6/30/2024	740,309	781,456	3,448,635	2,712,768	137,000	7,820,169
6/30/2025	743,545	792,707	6,061,701	169,622	137,000	7,904,575
6/30/2026	746,431	1,941,696	5,170,741	169,386	137,000	8,165,255
6/30/2027		212,228	6,427,390	970,142	137,000	7,746,759
6/30/2028		5,009,019		2,607,226	137,000	7,753,245
6/30/2029		393,337			2,877,000	3,270,337
6/30/2030						
TOTAL	3,718,098	10,683,543	22,105,635	17,509,900	3,836,000	57,853,176

Principal *: 3,255,000 8,545,000 22,325,000 11,285,000 2,740,000 **48,150,000**

PE%: 21.77% 7.38% 10.96% 10.01% 0.00%
PE% Status: Perm Perm Perm Est. Est.
AR% (21-22): 57.60% 57.60% 57.60% 57.60% 57.60%
Call Date: 9/1/2022 5/15/2027 9/1/2023 Noncallable Noncallable

Purpose: Cur Ref Portion 2011 New Money Cur Ref 2013, 2015A, 2015B Cur Ref 2012A, New Money New Money



* Outstanding as of 5/27/2022

EXETER TOWNSHIP SCHOOL DISTRICT

Series of 2017

DATED 9/21/2017

 AR% (21-22): 57.46%
 PE%: 21.77%

1	2	3	4	5	6	7	8
<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Proposed Fiscal Year Debt Service</u>	<u>Less: State Aid</u>	<u>Proposed Local Effort</u>
9/1/2021	745,000	5.000	62,875.00	807,875.00			
3/1/2022			44,250.00	44,250.00	852,125.00	(106,592.67)	745,532.33
9/1/2022	780,000	5.000	44,250.00	824,250.00			
3/1/2023			24,750.00	24,750.00	849,000.00	(106,201.77)	742,798.23
9/1/2023	805,000	2.000	24,750.00	829,750.00			
3/1/2024			16,700.00	16,700.00	846,450.00	(105,882.79)	740,567.21
9/1/2024	825,000	2.000	16,700.00	841,700.00			
3/1/2025			8,450.00	8,450.00	850,150.00	(106,345.62)	743,804.38
9/1/2025	845,000	2.000	8,450.00	853,450.00			
3/1/2026					853,450.00	(106,758.42)	746,691.58
TOTALS	4,000,000		251,175.00	4,251,175.00	4,251,175.00	-531,781.27	3,719,393.73
Principal *:	3,255,000						

EXETER TOWNSHIP SCHOOL DISTRICT

Series of 2019

DATED	6/18/2019	AR% (21-22): 57.60%	
		PE%: 7.38%	

1	2	3	4	5	6	7	8
<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Proposed Fiscal Year Debt Service</u>	<u>Less: State Aid</u>	<u>Proposed Local Effort</u>
11/15/2021			196,950.00	196,950.00			
5/15/2022	415,000	5.000	196,950.00	611,950.00	808,900.00	(34,385.37)	774,514.63
11/15/2022			186,575.00	186,575.00			
5/15/2023	440,000	5.000	186,575.00	626,575.00	813,150.00	(34,566.03)	778,583.97
11/15/2023			175,575.00	175,575.00			
5/15/2024	465,000	5.000	175,575.00	640,575.00	816,150.00	(34,693.56)	781,456.44
11/15/2024			163,950.00	163,950.00			
5/15/2025	500,000	5.000	163,950.00	663,950.00	827,900.00	(35,193.04)	792,706.96
11/15/2025			151,450.00	151,450.00			
5/15/2026	1,725,000	5.000	151,450.00	1,876,450.00	2,027,900.00	(86,203.60)	1,941,696.40
11/15/2026			108,325.00	108,325.00			
5/15/2027	5,000	5.000	108,325.00	113,325.00	221,650.00	(9,422.08)	212,227.92
11/15/2027			108,200.00	108,200.00			
5/15/2028	5,015,000	4.000	108,200.00	5,123,200.00	5,231,400.00	(222,380.54)	5,009,019.46
11/15/2028			7,900.00	7,900.00			
5/15/2029	395,000	4.000	7,900.00	402,900.00	410,800.00	(17,462.62)	393,337.38
TOTALS	8,960,000		2,197,850.00	11,157,850.00	11,157,850.00	-474,306.81	10,683,543.19
Principal *:	8,545,000						

EXETER TOWNSHIP SCHOOL DISTRICT
SERIES OF 2020

DATED	6/10/2020		AR% (21-22):	57.60%
			PE%:	10.96%

1	2	3	4	5	6	7	8
					Proposed Fiscal Year	Less: State Aid	Proposed Local Effort
<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Debt Service</u>		
9/1/2021	300,000	1.040	117,650.00	417,650.00			
3/1/2022			116,090.00	116,090.00	533,740.00	(33,694.79)	500,045.21
9/1/2022	300,000	1.040	116,090.00	416,090.00			
3/1/2023			114,530.00	114,530.00	530,620.00	(33,497.83)	497,122.17
9/1/2023	3,470,000	1.040	114,530.00	3,584,530.00			
3/1/2024			96,486.00	96,486.00	3,681,016.00	(232,381.07)	3,448,634.93
9/1/2024	6,310,000	1.040	96,486.00	6,406,486.00			
3/1/2025			63,674.00	63,674.00	6,470,160.00	(408,458.61)	6,061,701.39
9/1/2025	5,420,000	1.040	63,674.00	5,483,674.00			
3/1/2026			35,490.00	35,490.00	5,519,164.00	(348,422.62)	5,170,741.38
9/1/2026	6,825,000	1.040	35,490.00	6,860,490.00			
 TOTALS	 22,625,000		 970,190.00	 23,595,190.00	 23,595,190.00	 -1,489,554.91	 22,105,635.09
 Principal *:	 22,325,000						

EXETER TOWNSHIP SCHOOL DISTRICT
SERIES A OF 2020

DATED	11/5/2020		AR% (21-22):	57.60%
			PE%:	7.38%

1	2	3	4	5	6	7	8
					Proposed	Less:	Proposed
<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Semi-Annual</u>	<u>Fiscal Year</u>	<u>State</u>	<u>Local</u>
				<u>Debt Service</u>	<u>Debt Service</u>	<u>Aid</u>	<u>Effort</u>
11/15/2021			406,125.00	406,125.00			
5/15/2022	4,960,000	5.000	406,125.00	5,366,125.00	5,772,250.00	(245,371.42)	5,526,878.58
11/15/2022			282,125.00	282,125.00			
5/15/2023	5,210,000	5.000	282,125.00	5,492,125.00	5,774,250.00	(245,456.44)	5,528,793.56
11/15/2023			151,875.00	151,875.00			
5/15/2024	2,575,000	5.000	151,875.00	2,726,875.00	2,878,750.00	(122,372.21)	2,756,377.79
11/15/2024			87,500.00	87,500.00			
5/15/2025	5,000	5.000	87,500.00	92,500.00	180,000.00	(7,651.58)	172,348.42
11/15/2025			87,375.00	87,375.00			
5/15/2026	5,000	5.000	87,375.00	92,375.00	179,750.00	(7,640.96)	172,109.04
11/15/2026			87,250.00	87,250.00			
5/15/2027	855,000	5.000	87,250.00	942,250.00	1,029,500.00	(43,762.81)	985,737.19
11/15/2027			65,875.00	65,875.00			
5/15/2028	2,635,000	5.000	65,875.00	2,700,875.00	2,766,750.00	(117,611.22)	2,649,138.78
TOTALS	16,245,000		2,336,250.00	18,581,250.00	18,581,250.00	-789,866.64	17,791,383.36
Principal *:	11,285,000						

EXETER TOWNSHIP SCHOOL DISTRICT
SERIES B OF 2020

DATED 11/5/2020

AR% (21-22): 57.60%
 PE%: 7.38%

1	2	3	4	5	6	7	8
<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Proposed Fiscal Year Debt Service</u>	<u>Less: State Aid</u>	<u>Proposed Local Effort</u>
11/15/2021			68,500.00	68,500.00			
5/15/2022			68,500.00	68,500.00	137,000.00	(5,823.71)	131,176.29
11/15/2022			68,500.00	68,500.00			
5/15/2023			68,500.00	68,500.00	137,000.00	(5,823.71)	131,176.29
11/15/2023			68,500.00	68,500.00			
5/15/2024			68,500.00	68,500.00	137,000.00	(5,823.71)	131,176.29
11/15/2024			68,500.00	68,500.00			
5/15/2025			68,500.00	68,500.00	137,000.00	(5,823.71)	131,176.29
11/15/2025			68,500.00	68,500.00			
5/15/2026			68,500.00	68,500.00	137,000.00	(5,823.71)	131,176.29
11/15/2026			68,500.00	68,500.00			
5/15/2027			68,500.00	68,500.00	137,000.00	(5,823.71)	131,176.29
11/15/2027			68,500.00	68,500.00			
5/15/2028			68,500.00	68,500.00	137,000.00	(5,823.71)	131,176.29
11/15/2028			68,500.00	68,500.00			
5/15/2029	2,740,000	5.000	68,500.00	2,808,500.00	2,877,000.00	(122,297.82)	2,754,702.18
TOTALS	2,740,000		1,096,000.00	3,836,000.00	3,836,000.00	-163,063.76	3,672,936.24
Principal *:	2,740,000						

RatingsDirect®

Summary:

Exeter Township School District, Pennsylvania; General Obligation

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Exeter Township School District, Pennsylvania; General Obligation

Credit Profile

US\$20.475 mil GO bnds ser 2020A due 05/15/2029

Long Term Rating

AA/Stable

New

US\$3.62 mil GO bnds ser 2020B due 05/15/2028

Long Term Rating

AA/Stable

New

Exeter Twp Sch Dist GO bnds

Long Term Rating

AA/Stable

Affirmed

Exeter Twp Sch Dist GO bnds ser 2017 due 09/01/2025

Long Term Rating

AA/Stable

Affirmed

Exeter Twp Sch Dist GO State Credit Enhancement

Long Term Rating

AA/Stable

Affirmed

Rating Action

S&P Global Ratings assigned its 'AA' rating and stable outlook to Exeter Township School District, Pa.'s approximately \$24 million series 2020A and series 2020B general obligation (GO) bonds and affirmed its 'AA' rating, with a stable outlook, on the district's existing GO debt.

The district's full-faith-and-credit pledge secures the bonds, subject to Act 1 limitations. Under Pennsylvania commonwealth statute, the Act 1 Index 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 rate the limited-tax GO debt at the same level as our view of the district's general creditworthiness, as reflected in the unlimited-tax GO bond rating, due to a lack of limitations on the fungibility of resources available for debt service. Officials plan to use series 2020A bond proceeds to refund the district's series 2012A bonds for interest-cost savings, and to use bond proceeds from the series 2020B bond proceeds for various capital projects.

Credit overview

While the scope of the economic and financial challenges posed by the COVID-19 pandemic remains to be seen, given a track record of balanced operations and the maintenance of reserves we consider very strong, we believe the district is well-positioned to navigate the possible effects of the pandemic. The district also has the benefit of access to the greater Reading region, which has provided stability and is beneficial to its overall property tax base since property tax revenue accounts for more than two-thirds of general fund revenue. S&P Global Economics indicates that the pandemic has caused the national economy to fall into a recession and recovery will be slow (see "The U.S. Faces A Longer And Slower Climb From The Bottom," published June 25, 2020, on RatingsDirect), which we expect will cause severely limited growth at the local level. However, we believe management will adjust spending as needed to meet its

obligations while maintaining structural balance. While our outlook generally covers up to two years, we believe that the next six-to-12 months are critical to evaluating the impact on the school corporation's primary source of revenue and any corresponding expenditure adjustments. Therefore, rating stability will depend on the district's response to adjusting for any potential changes in state aid revenue and lingering financial and economic effects from the pandemic and subsequent recession.

The 'AA' rating reflects our opinion of the district's:

- Predominantly residential taxpayer base, with access to deep and diverse employment opportunities in Berks County and throughout the greater Reading metropolitan statistical area (MSA);
- Strong resident wealth and incomes;
- Strong financial management policies and practices under our Financial Management Assessment (FMA);
- Historically strong financial performance, generating reserves we view as very strong;
- Moderate debt burden that we believe will not weaken in the absences of future additional debt plans with rapid amortization; and
- Strong local revenue streams with little reliance on the commonwealth for operations.

Environmental, social, and governance factors

Currently, we are not aware of any environmental, social, and governance risks that could threaten our view of the district's creditworthiness. Given the growing risk associated with cyber security, Exeter Township School District has put in place infrastructure to mitigate these risks. We have incorporated our view of the health and safety risks posed by the COVID-19 pandemic, which we consider social risk factors. Although the scope of economic and financial challenges posed by the pandemic remains unknown, we believe a prolonged disruption could weaken the district's local economy. Absent the implications of COVID-19, we consider the district's social risks to be in line with those of the sector. We also view governance and environmental risks as being in line with our view of the sector as a whole.

Stable Outlook

Downside scenario

Should any event lead to budgetary deterioration and a subsequent drawdown of reserves to levels that we no longer consider very strong, we could lower the rating.

Upside scenario

We could raise the rating if economic indicators significantly improve while increasing available reserves to levels commensurate with those of higher-rated peers. However, given our expectations of current economic volatility as a result of the recession and the likelihood of decreases in state foundation allowance, we view this as unlikely.

Credit Opinion

Economy

Exeter Township School District is in the Reading MSA in Berks County, approximately 30 miles northeast of Lancaster and 50 miles northwest of Philadelphia. The 26.1-square-mile district includes Exeter Township and St. Lawrence Borough, where it serves a population estimate of 28,137. Residents of the primarily residential district commute to other parts of the county for employment. In our opinion, median household effective buying income (EBI) is strong at 129% of the national level and per capita EBI is also strong at 115%. Market value totaled \$1.8 billion in fiscal 2020, which we consider strong at \$63,699 per capita. The school district continues to see some development along their commercial corridor as well as the addition of several new homes within the district. Assessed value (AV) grew by a total of 2.5% to \$1.4 billion from fiscal 2016 to fiscal 2020. The tax base is very diverse, in our view, with the 10 leading taxpayers accounting for approximately 10.0% of AV. The township recently sold Pennsylvania-American Water Co., which will add \$22 million to the tax base will also bring in approximately \$40,000 of additional tax revenue.

While we understand the majority of the county's employers have remained open as essential businesses during the pandemic, the local economy's exposure to the manufacturing sector is still an ongoing credit risk. Should pressure from the pandemic persist, or a prolonged recession result in a significant continued downturn in demand, we believe manufacturers' exposure could pressure the district's operations, causing decreases in enrollment and property tax collection as residents move elsewhere for work. The county unemployment rate was 4.3% in 2019; we expect this might rise in 2020 due to the pandemic and recession. However, July unemployment was 13.4%, down from an April peak of 16.8%.

Exeter Township School District currently operates four elementary schools, one junior high school, and one high school. Student enrollment has declined by 3.9% in the past three school years to 3,868 in the 2019-2020 school year. The Pennsylvania Department of Education projects enrollment to continue to decrease slightly over the next five years by 50-100 students. The district faces competition from cyber charter schools in the area and continues to develop the existing cyber and virtual programs to attract approximately 80 students back into the district. Because of the pandemic, students are currently receiving instruction through virtual learning through Oct. 28, with officials expecting to attract students who might have received virtual instruction outside of the district before the pandemic. We do not expect this trend to have a significant effect on state aid to the district because Pennsylvania's school district basic education funding formula is mainly weighted by a district's wealth, current tax effort, and the ability to raise revenues, in addition to enrollment.

Finances

The district maintains a very strong financial position supported by its maintenance of very strong available reserves. This reflects its conservative budgeting practices, tight budgetary controls, and consistent tax increases within the Act 1 Index. Therefore, Exeter Township School District has been able to incorporate increases in pension costs and avoid any negative effects due to the uncertainty in state funding. State aid accounted for approximately 30% of general fund revenue in fiscal 2019, so while the state aid environment is expected to remain stable in the upcoming budgeted year, beyond fiscal 2021 it remains uncertain; we believe the district will be able to absorb potential revenue pressures.

Exeter Township School District has demonstrated financial stability, with the posting in fiscal 2019 of the first general fund operating shortfall since fiscal 2008, and has consistently maintained strong fund balances during this period. In

2019, the district reported a general fund operating deficit of \$656,000 (less than 1% of general fund expenditures) despite the district budgeting a \$1.9 million deficit. Officials attribute the better-than-budgeted results to various measures taken and occurrences, including attrition, employee turnover, conservative budgeting, and implementation of a cyber program, as well as an increase in collection rates for a number of taxes in the area. The shortfall was primarily attributed to increasing special education costs related to additional support staff and transportation. Despite the recent drawdown, the district's available (assigned, unassigned, and committed) fund balance at the end of fiscal 2019 was \$16.4 million, or a very strong at 21.6% of expenditures. Included in the district's available fund balance are unassigned and assigned funds (\$16.4 million), committed for capital funds (\$1.4 million), the retirement rate stabilization fund (\$1.1 million), and property tax (\$160,000). While committed, the funds can be reallocated with board action. The district also has \$9.8 million available in its capital reserve and capital project funds, and while these funds can only be used for capital improvements and replacement of school transportation vehicles, this can alleviate budgetary pressure from the general fund.

Despite an original deficit budget of \$2.3 million, unaudited results show a year-end drawdown totaling a \$275,000, or less than negative 1% of general fund expenditures. Management associates the results with a variety of factors, including higher turnover in staff, resulting in lower wage and benefits cost. In addition, health care costs were lower and revenues came in as expected, despite the final quarter being affected by the pandemic, with tax collection above budget and the district experiencing earned income tax growth. While Exeter Township School District did have cost savings from pandemic-induced school closings, with substitute teachers and other support staff not required during that period, management anticipates what amounts to \$300,000 in pandemic-related savings compared to overall expenditure savings of \$2.6 million.

Although the district budgeted for a \$3.2million deficit in fiscal 2021, this figure includes a \$200,000 budgetary reserve and inflated expenditures for fixed costs and other one-time expenditures. Combining a conservative cost estimation approach with its flat or declining revenue assumptions, Exeter Township School District has historically outperformed its budget. Management noted that challenges the district has faced during the pandemic are from adopting a virtual platform, and it expects to be reimbursed by federal funds for some of the capital outlay associated with that pivot. Regardless of the reimbursement, the district is expecting another better-than-budgeted year. It is actively planning for any impact from the pandemic in fiscal 2021, and expects to remain within the budgetary expectations adopted. Should the year-end align with the budget, the district would still maintain approximately \$13 million of the available fund balance or a very strong 16% of general fund expenditures. We expect that the district will likely maintain its very strong financial position given its track record. We also believe that it will have the budgetary flexibility to absorb any potential delays in state funding, which accounts for nearly 30% of revenues in fiscal 2018.

Management

We consider the district's management practices good under our FMA methodology, indicating financial practices exist in most areas but that governance officials might not formalize or monitor all of them on a regular basis.

The district is conservative in its revenue and expenditure assumptions, using at least five years of historical data for revenue and expenditures and applying growth factors. Management provides the school board with monthly budget-to-actual reports. It also maintains a five-year long-term financial plan that is updated multiple times throughout the year. In 2017, the district undertook a facilitywide capital project assessment, which is updated

annually.

Exeter Township School District's investment policy mirrors commonwealth guidelines, and management presents investment holdings and earnings to the board in the monthly treasurer's report. The policy stipulates the board will take action if the unassigned fund balance ever falls outside that range. The district's formal reserve policy also follows commonwealth guidelines to maintain an unassigned fund balance within 5%-8% of expenditures.

We do not believe the district maintains a comprehensive debt policy as the policy does not provide additional guidance in terms of debt affordability measures nor does it contain a targeted pay-out ratio.

Debt

Overall net debt is moderate in our opinion, as a percentage of market value at 5.6%, and moderate on a per capita basis at \$3,445. With 100% of the district's direct debt scheduled to be retired within 10 years, amortization is rapid. Debt service carrying charges were 12.4% of total governmental fund expenditures excluding capital outlay in fiscal 2019, which we also consider moderate.

On June 10, 2020, the district entered into a \$22.6 million direct-placement GO bond (series 2020) with JPMorgan Chase Bank, N.A., which fully retire on Sept. 1, 2026. Proceeds were used to refinance and restructure a number outstanding debt obligations for interest-cost savings. There are no provisions in the loan agreement that would lead to immediate bond acceleration. Therefore, we recognize that the agreement contains no events of default or covenant violations that we deem nonstandard pursuant to our contingent liquidity criteria.

Exeter Township School District continuously looks to refinance bond issuance outstanding to provide further interest-cost savings, reducing the debt service pressure, and currently has no plans to issue further debt. However, as the district reviews its capital plan, management could consider additional funds as part of a potential refinancing opportunity. Incorporating the additional debt associated with the series 2020A and 2020B GO bonds, the district's direct debt will total approximately \$63 million.

Pension and other postemployment benefit liabilities

Highlights of the district's pension and other postemployment benefits (OPEB) liabilities include the following:

- Pension and OPEB obligations remain a credit pressure;
- Some of the pension cost is reimbursed by the state, reducing its effects on the budget; and
- Our view that pay-as-you go funding for the district's OPEB plans, as well as underlying plan assumptions and methodologies for pensions, are likely to increase the risk of contribution volatility and cost escalations, potentially pressuring the district's budget.

Exeter Township School District participates in the following plans:

- Pennsylvania Public School Employees' Retirement System (PSERS): 56% funded, with a proportionate share of the plan's net pension liability of about \$107 million; and
- PSERS OPEB: 5.6% funded, with a proportionate share of plan's net OPEB liability of about \$4.9 million.
- Single-employer, defined benefit health care plan: 6.0% funded, with a net OPEB liability of about \$4.4 million.

The pension plan made funding progress in the most recent year, with contributions slightly in excess of static funding, but less than our minimum funding progress metric. The district makes contractual contributions based on an actuarial calculation. Employer contributions to the plan are actuarially calculated using a layered amortization, with a level percent-of-pay method, over a 24-year period. The plan's amortization methods, especially the level 5% of payroll amortization, defer costs and will result in slow funding progress. With liabilities measured using a discount rate of 7.25%, we see some risk of cost escalation resulting from market volatility, but we believe there also remains a risk of contributions not keeping up with an actuarial plan toward full funding.

School districts in Pennsylvania have seen employer contributions increase sharply in the past five years, and although these are projected to remain steady in the near term, we expect pension costs will remain a source of budgetary pressure. Combined pension and OPEB carrying charges totaled 13.6% of total governmental fund expenditures in 2019, a number that we consider manageable, given the reimbursement of some of these costs by the state.

Related Research

- Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020
- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019
- 2019 Update Of Institutional Framework For U.S. Local Governments

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.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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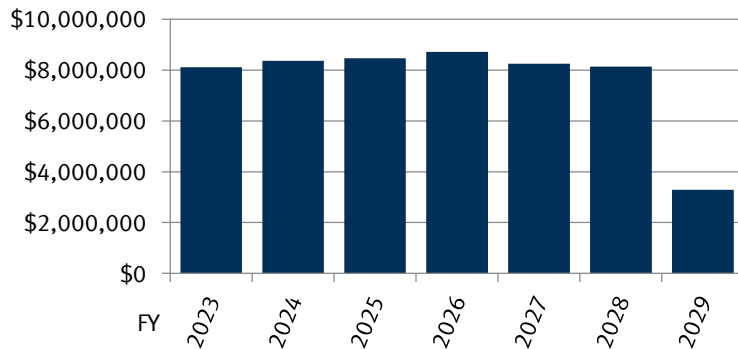
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THE DISTRICT'S OUTSTANDING DEBT AS OF JULY 1, 2022

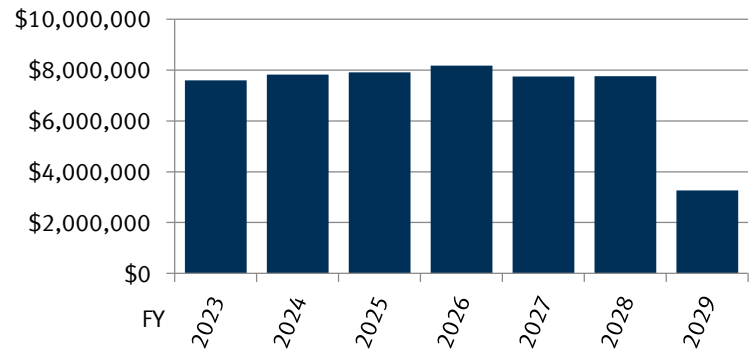
Series	Series 2017	Series 2019	Series 2020	Series 2020A	Series 2020B
Par Outstanding	\$ 3,255,000	\$ 8,545,000	\$ 22,325,000	\$ 11,285,000	\$ 2,740,000
Tax Status	Tax-Exempt	Tax-Exempt	Tax-Exempt	Tax-Exempt	Tax-Exempt
Final Maturity	9/1/2025	5/15/2029	9/1/2026	5/15/2028	5/15/2029
Call Date	9/1/2022	5/15/2027	9/1/2023	Non-Callable	Non-Callable
Obligation Type	Bonds	Bonds	Bank Loan	Bonds	Bonds
Purpose	Ref 2011	Ref 2014 / NM	Ref 2013, 2015AB	Ref 2012A	New Money
State Aid Reimb.	12.54%	4.25%	6.31%	5.77%	0.00%

Total Par Amount Outstanding \$ 48,150,000

GROSS DEBT SERVICE AS OF JULY 1, 2022



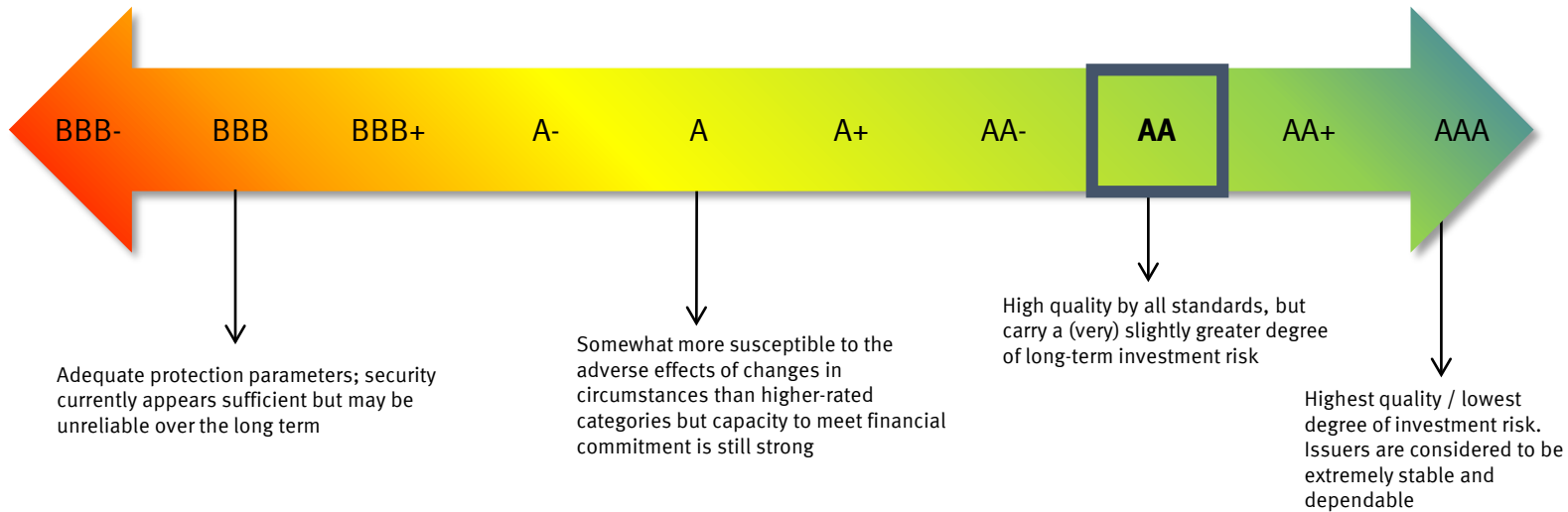
EST. NET DEBT SERVICE AS OF JULY 1, 2022



DEBT RELATED METRICS AS OF JULY 1, 2022

Direct Debt Outstanding	\$ 48,150,000	Est. Remaining Borrowing Capacity	\$ 118,391,746
FY 2021-2022 Budgeted Revenue	\$ 78,507,608	Debt as % of Budgeted Revenue	61.33%
Market Value (2020)	\$ 1,865,915,871	Debt to Market Value	2.58%
Assessed Value (2020)	\$ 1,398,115,830	Debt to Assessed Value	3.44%
Population (2010)	27,359	Debt Per Capita	\$ 1,760
Final Maturity	5/15/2029	100% of Debt Matured In	7.12 Years
% of Debt Matured in 10 Years	100.00%	% of Debt matured in 20 Years	100.00%
Weighted Average Maturity	3.47 Years	Weighted Average Interest Rate	2.90%

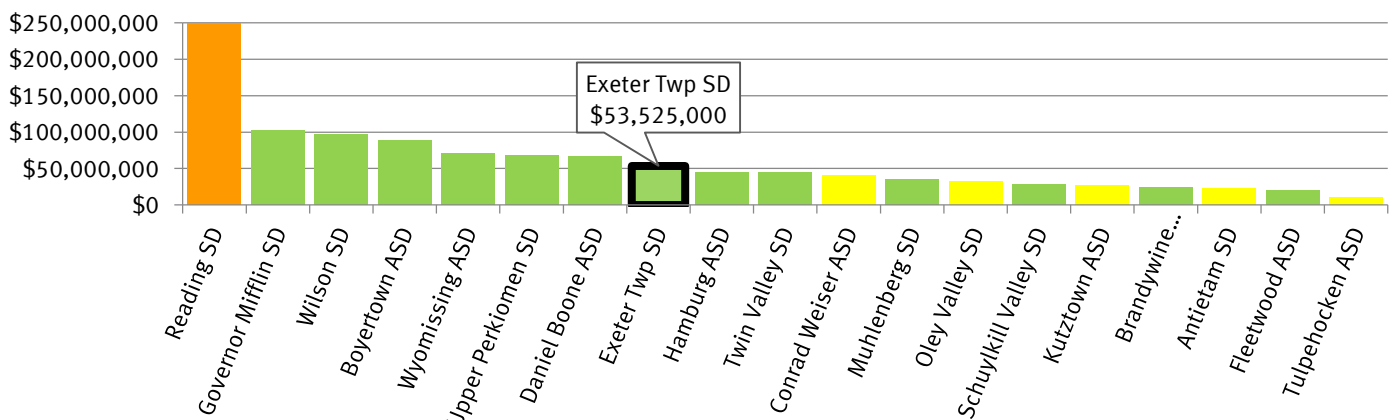
UNDERLYING CREDIT RATING



RATING PEER COMPARISON

"BBB" / "Baa"		"A" / "A"		"AA" / "Aa"	
Reading	"Baa2"	Antietam	"A+"	Exter Township	"AA"
		Conrad Weiser	"A+"	Muhlenberg	"Aa2"
		Kutztown Area	"A+"	Upper Perkiomen	"Aa2"
		Oley Valley	"A+"	Wilson	"AA"
		Tulpehocken Area	"A+"		
				Brandywine Heights	"AA-"
				Boyertown Area	"AA-"
				Daniel Boone Area	"AA-"
				Fleetwood Area	"AA-"
				Governor Mifflin	"AA-"
				Hamburg Area	"AA-"
				Schuylkill Valley	"AA-"
				Twin Valley	"Aa3"
				Wyomissing Area	"AA-"

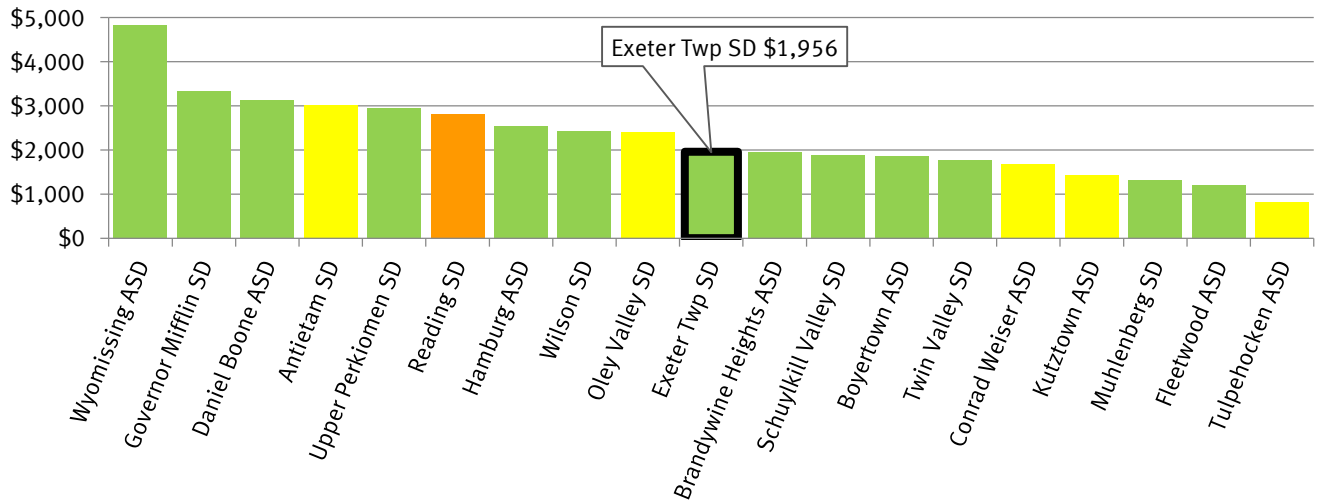
PEER COMPARISON: TOTAL OUTSTANDING DEBT



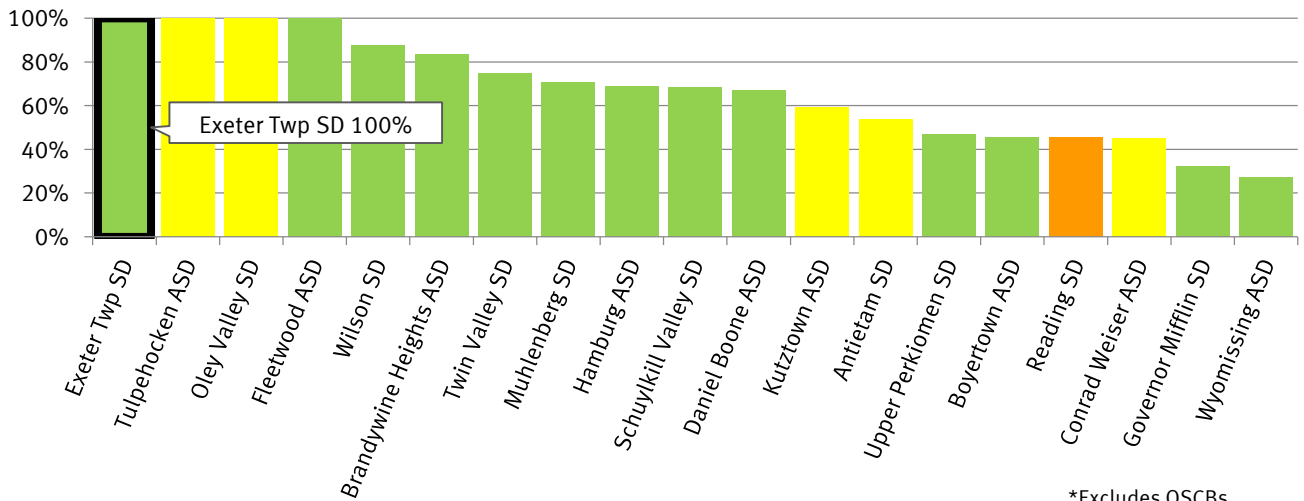
Source: LGUDA Statement as of 4/1/2022 and other publicly available information.

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PEER COMPARISON: DEBT PER CAPITA

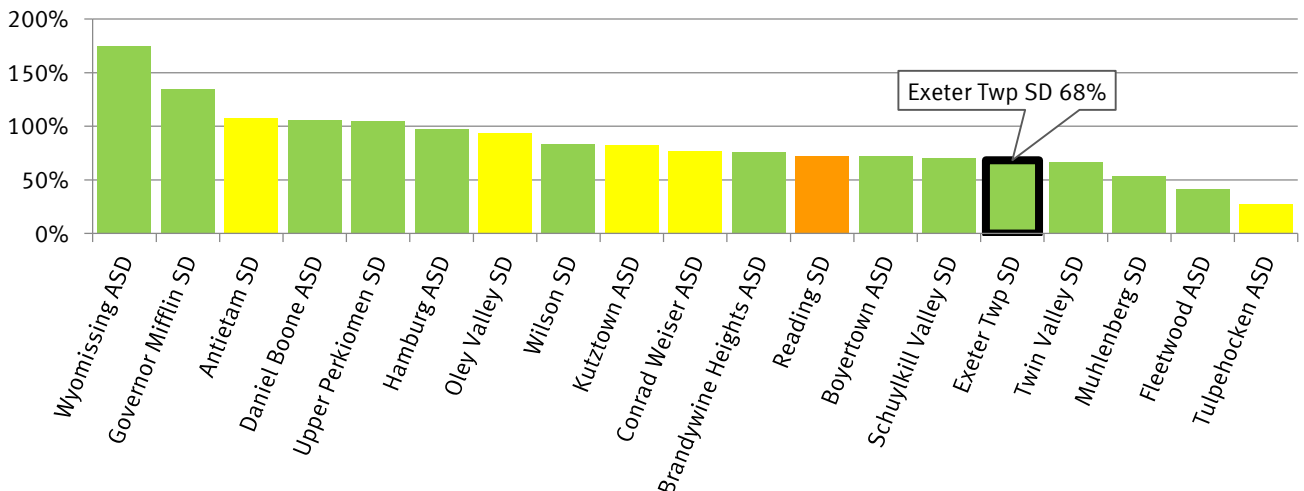


PEER COMPARISON: % OF DEBT MATURED IN 10 YEARS

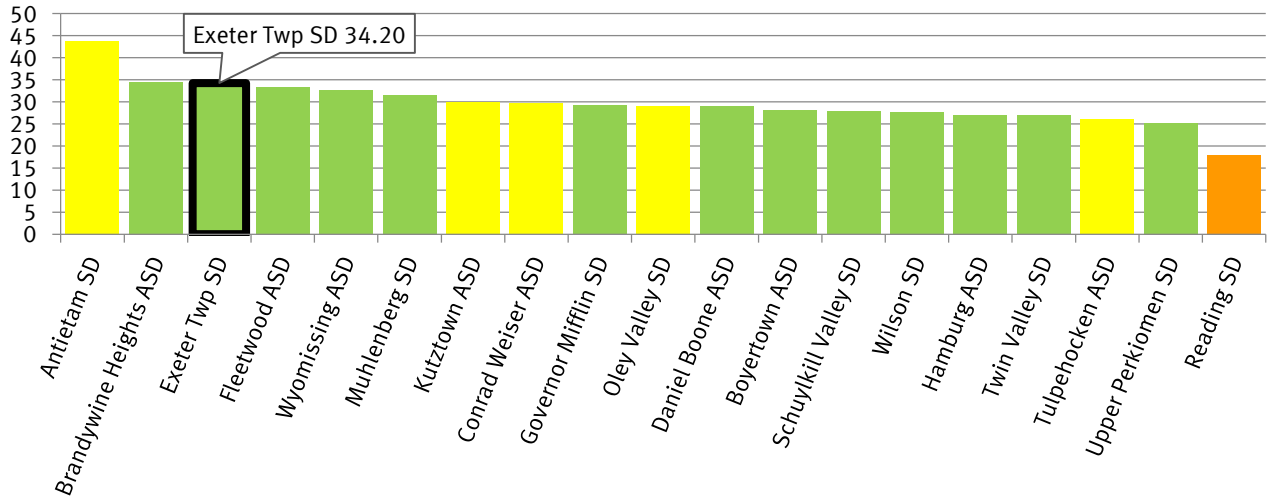


*Excludes QSCBs

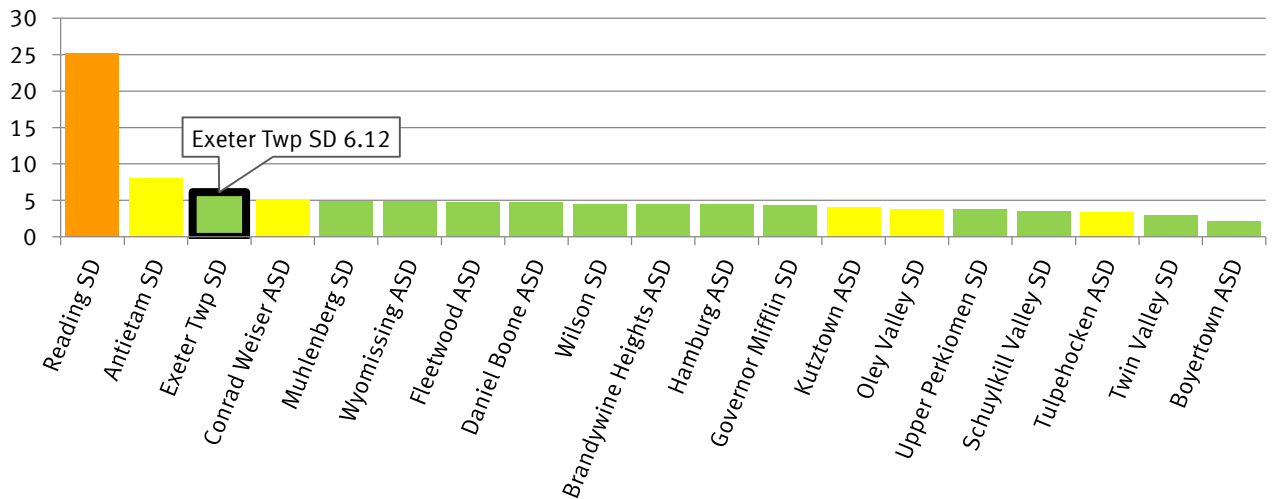
PEER COMPARISON: DEBT AS % OF BUDGETED REVENUE



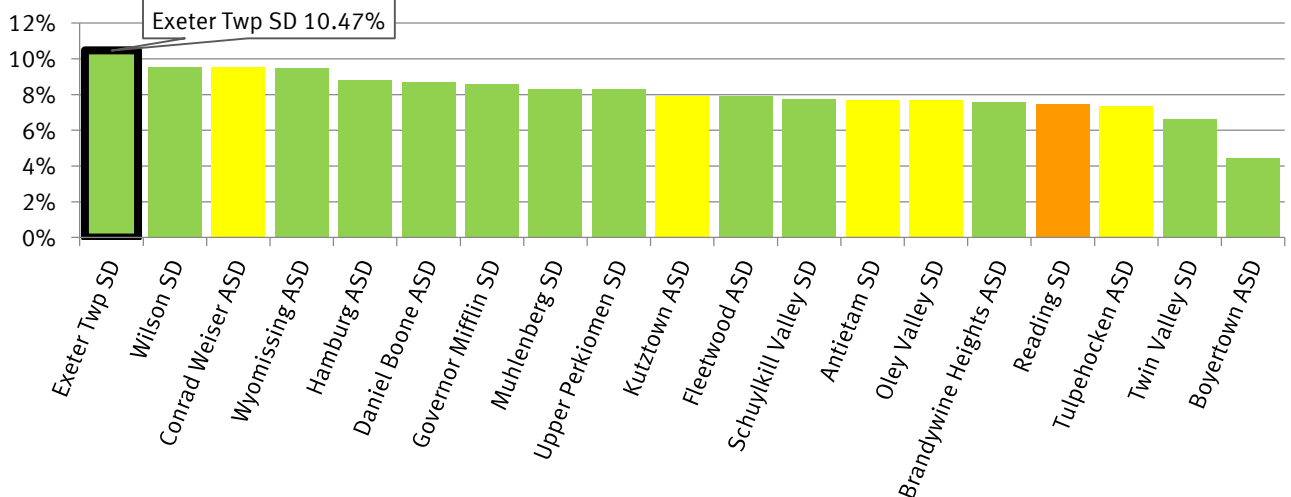
PEER COMPARISON: MILLAGE



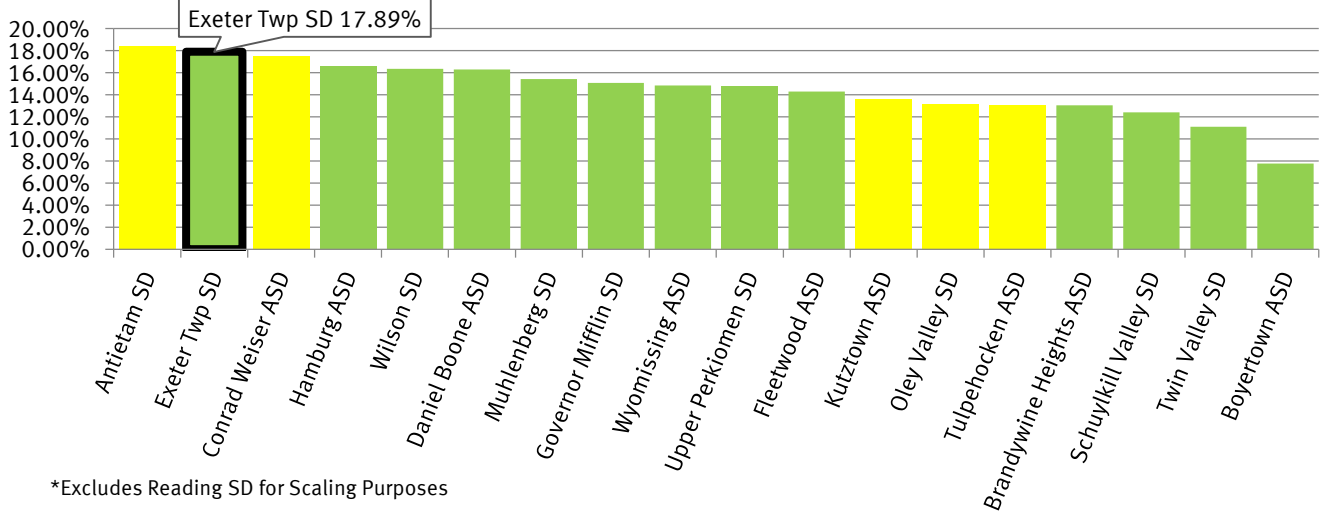
PEER COMPARISON: MILLAGE REQUIRED FOR ANNUAL DEBT SERVICE



PEER COMPARISON: ANNUAL DEBT SERVICE AS % OF BUDGETED EXPENDITURES



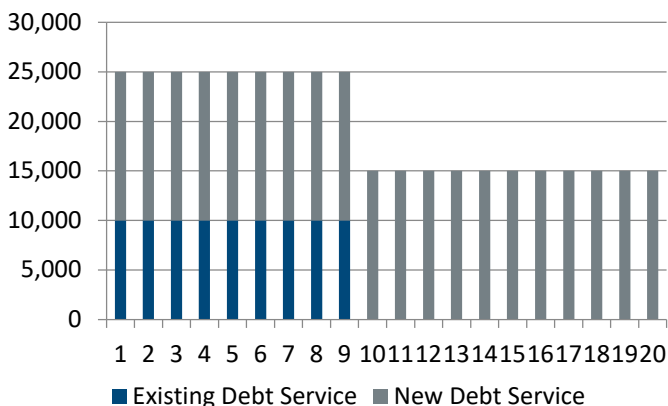
PEER COMPARISON: ANNUAL DEBT SERVICES AS % OF TOTAL MILLAGE (REAL ESTATE TAX)



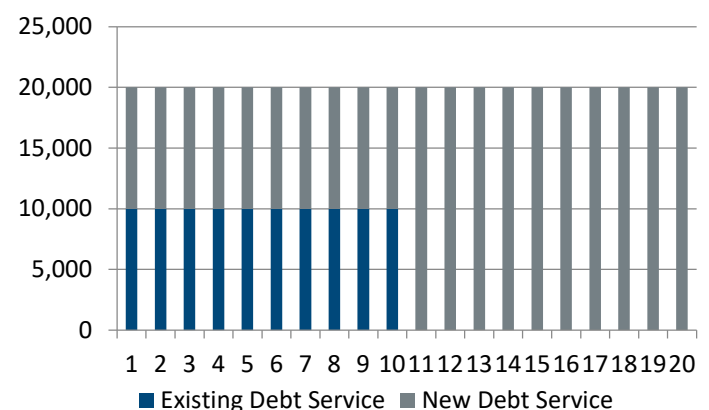
LEVEL VS. WRAP AROUND DEBT SERVICE

STRUCTURE	DESCRIPTION	CONSIDERATIONS
Level Debt Service	<ul style="list-style-type: none"> Level debt service financing achieves equal annual debt service payments over the life of the obligation, similar to a mortgage 	<ul style="list-style-type: none"> When an issuer has several outstanding bond issues, all structured as level debt, the resulting overall debt service is not level and is more burdensome in the early years Lower debt service cost over life of issuance vs. wrap debt service
Wrap Debt Service	<ul style="list-style-type: none"> Allows the Issuer to minimize debt service payments in the years immediately following the issuance of new debt at a time when an Issuer's existing debt service payments may be at their highest. 	<ul style="list-style-type: none"> Debt service in the immediate future is lower and the overall "aggregate" debt service payments are level or more so The wrap around structure increases principal payments in the later maturities which increases the total debt service due over the life of the issue

EXAMPLE LEVEL DEBT SERVICE



EXAMPLE WRAP AROUND DEBT SERVICE



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