

Central Bucks School District

Annual Financial Report

June 30, 2021

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Independent Auditor's Report

To the Board of School Directors
Central Bucks School District
Doylestown, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Central Bucks School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information Central Bucks School District as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 4 through 24, the budgetary comparison information on pages 71 and 72, and the pension and other post-employment benefits schedules on pages 73 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Bucks School District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2022, on our consideration of Central Bucks School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central Bucks School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Bucks School District's internal control over financial reporting and compliance.

Barsz Gowie Amon & Fultz, LLC

Media, Pennsylvania
March 9, 2022

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

INTRODUCTION

Our discussion and analysis of Central Bucks School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the Unassigned fund balance for the General Fund is \$25,758,573 or 7.3% of the total General Fund subsequent year's budget. In addition, there is a Non-spendable fund balance of \$236,077 and an Assigned fund balance of \$17,795,262. The Non-spendable funds are amounts that are not in a spendable form and are primarily composed of prepaid expenditures. The Assigned funds are amounts that have been constrained to specific purposes by the School District. The balance of Assigned Funds is comprised of the following: \$5,638,100 for additional future healthcare obligations; a reserve of \$1,518,097 for future real estate tax assessment appeals; a budgetary reserve in the amount of \$4,639,065 to be used in future budget years as a supplement to revenues; and a capital project fund transfer of \$6,000,000 which will be transferred to the Capital Project Fund-Long Term in 2021-22. As such, the Assigned funds can only be used for other purposes if direction to do so is provided by the Board of Directors.
- The impact of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, resulted in the liabilities of the district exceeding its assets at the close of the most recent fiscal year. At the close of the 2015-16 school year the district was required to recognize its share of the state pension liability, and the current balance of that liability as of the close of this current fiscal year is \$581,562,000. In addition, beginning at the close of the 2017-18 fiscal year, the district was also required to recognize its share of the state liability for other post-employment benefits. The current balance of that liability as of the close of this current fiscal year is \$25,440,000. The impact of the recognition of these liabilities resulted in taking the ending net position from a positive balance of \$442,208,521 to a negative balance of \$164,793,479. The basis of the pension and other post-employment benefits entries are further discussed in Note 10 and Note 11 of the financial statements, respectively.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Central Bucks School District's basic financial statements. The Central Bucks School District basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the finances of the Central Bucks School District, in a manner similar to a private-sector business.

The statement of net position presents information on all Central Bucks School District assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Central Bucks School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Central Bucks School District include general operations of public education.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Central Bucks School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Central Bucks School District can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds - Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, Governmental Funds financial statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds balance sheet and the Governmental Funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between Governmental Funds and governmental activities.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

The Central Bucks School District maintains two individual Governmental Funds. Information is presented separately in the Governmental Funds balance sheet and in the Governmental Funds statement of revenues, expenditures and changes in fund balances.

The Central Bucks School District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Fund - The Central Bucks School District maintains one Proprietary Fund which is Food Service. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements.

The Proprietary Fund provides the same type of information in the government-wide financial statements, only in more detail. The Proprietary Fund financial statements provide separate information for the Food Service function.

Fiduciary Funds - Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Central Bucks School District's own programs. The accounting used for Fiduciary Funds is much like that used for the Proprietary Fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

It was previously noted that the net position may serve over time as a useful indicator of a government's financial position and, given that the School District's current negative position results from recognizing its portion of the state pension and other post-employment benefits liabilities, the net position still indicates a strong financial standing. It is important to note that without the recognition of the post-employment liabilities that were made in accordance with GASB 68 and GASB 75, the district's net position at the close of the most recent fiscal year would not be a negative balance of \$164,793,479 but would reflect a positive balance of \$442,208,521.

Condensed Statements of Net Position
June 30, 2021 and 2020

Central Bucks School District's Net Position

	Governmental Activities		Business-Type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and other assets	\$ 121,858,189	\$ 126,233,828	\$ 1,572,559	\$ 640,378	\$ 123,430,748	\$ 126,874,206
Capital assets	367,647,648	368,920,880	330,295	383,437	367,977,943	369,304,317
TOTAL ASSETS	489,505,837	495,154,708	1,902,854	1,023,815	491,408,691	496,178,523
DEFERRED OUTFLOWS OF RESOURCES						
Pension	94,836,091	77,004,744	-	-	94,836,091	77,004,744
Other post-employment benefits	23,348,417	4,897,798	-	-	23,348,417	4,897,798
TOTAL DEFERRED OUTFLOWS OF RESOURCES	118,184,508	81,902,542	-	-	118,184,508	81,902,542
LIABILITIES						
Current liabilities	45,910,361	49,281,949	1,126,527	222,990	47,036,888	49,504,939
Long-term liabilities	693,933,370	642,750,281	-	-	693,933,370	642,750,281
TOTAL LIABILITIES	739,843,731	692,032,230	1,126,527	222,990	740,970,258	692,255,220
DEFERRED INFLOWS OF RESOURCES						
Pension	13,939,000	19,658,000	-	-	13,939,000	19,658,000
Other post-employment benefits	16,017,204	18,254,845	-	-	16,017,204	18,254,845
Deferred amounts on refunding bonds	2,683,889	1,282,067	-	-	2,683,889	1,282,067
TOTAL DEFERRED INFLOWS OF RESOURCES	32,640,093	39,194,912	-	-	32,640,093	39,194,912
NET POSITION						
Net investment in capital assets	355,132,446	348,581,804	330,295	383,437	355,462,741	348,965,241
Unrestricted	(519,925,925)	(502,751,696)	446,032	417,388	(519,479,893)	(502,334,308)
TOTAL NET POSITION	\$ (164,793,479)	\$ (154,169,892)	\$ 776,327	\$ 800,825	\$ (164,017,152)	\$ (153,369,067)

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

Governmental Activities - Governmental activities reduced the Central Bucks School District's net position by \$10,623,587. Business-type activities reduced the School District's net position by \$34,498, resulting in a total decrease in net position of \$10,658,085. Key elements of this change in position are as follows:

Changes in Net Position
Years Ended June 30, 2021 and 2020

	Central Bucks School District's Change in Net Position					
	Governmental Activities		Business-Type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenues						
Charges for services	\$ 567,500	\$ 763,888	\$ -	\$ 2,610,633	\$ 567,500	\$ 3,374,521
Operating grants and contributions	69,998,548	69,375,706	4,959,597	920,897	74,958,145	70,296,603
Capital grants and contributions	602,835	4,029,275	-	-	602,835	4,029,275
General Revenues						
Property taxes	236,864,702	234,011,062	-	-	236,864,702	234,011,062
Other taxes	29,131,460	27,446,934	-	-	29,131,460	27,446,934
Grants and contributions not restricted to specific programs	5,274,202	3,613,193	-	-	5,274,202	3,613,193
Other	537,363	3,044,982	596	2,228	537,959	3,047,210
TOTAL REVENUES	342,976,610	342,285,040	4,960,193	3,533,758	347,936,803	345,818,798
EXPENSES						
Instruction	221,674,395	217,431,135	-	-	221,674,395	217,431,135
Support services	111,971,905	106,893,702	-	-	111,971,905	106,893,702
Operation of non-instructional services	7,704,948	9,395,060	-	-	7,704,948	9,395,060
Facilities acquisition, construction, and improvement services	12,006,678	16,289,365	-	-	12,006,678	16,289,365
Debt service	242,271	1,746,332	-	-	242,271	1,746,332
Food service	-	-	4,994,691	3,438,040	4,994,691	3,438,040
TOTAL EXPENSES	353,600,197	351,755,594	4,994,691	3,438,040	358,594,888	355,193,634
CHANGE IN NET POSITION	(10,623,587)	(9,470,554)	(34,498)	95,718	(10,658,085)	(9,374,836)
NET POSITION:						
BEGINNING OF YEAR	(154,169,892)	(144,699,338)	800,825	705,107	(153,369,067)	(143,994,231)
END OF YEAR	\$ (164,793,479)	\$ (154,169,892)	\$ 766,327	\$ 800,825	\$ (164,027,152)	\$ (153,369,067)

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the Central Bucks School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Central Bucks School District’s Governmental Funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Central Bucks School District’s financing requirements. In addition, Unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Central Bucks School District. General Fund revenues of the Central Bucks School District come from three basic sources. The largest source was provided by local funding totaling \$265,500,468 (77.4%), of which \$223,333,656 were current and interim real estate tax revenues. State funding amounted to \$72,366,889 (21.1%). Federal funding amounted to \$5,137,631 (1.5%). According to State criteria, Central Bucks is a relatively wealthy district and, as such, State and Federal funding continue to provide a relatively small percentage (22.6%) of total School District revenue.

General Fund expenses of the School District fall into four major categories, and the changes are as follows:

	2020-21	2019-20	Change	
Instruction	\$ 211,049,597	\$ 204,222,180	\$ 6,827,417	3.3%
Support services	100,529,698	97,135,617	3,394,081	3.5%
Non-instructional	7,377,457	8,935,596	(1,558,139)	-17.4%
Debt service	21,747,795	9,283,365	12,464,430	134.3%
Other	30,751	32,876	(2,125)	-6.5%
Totals	\$ 340,735,298	\$ 319,609,634	\$ 21,125,664	6.6%

Revenues were over the budgeted estimates by \$6,336,402 due to some revenues that were higher than the budget due to the pandemic. These were earned income taxes, real estate transfer and current real estate taxes and childcare and aquatic program revenues. Actual expenditures were \$10,566,712 greater than budgeted driven by higher debt service due to refinancing of the 2011 bonds. These totals exclude transfers to other funds.

Budgetary line transfers were required to meet actual expenditures, which exceeded original estimates. These transfers, all relatively immaterial, were approved by the Board throughout the year.

Regarding the General Fund balance, the Board of Directors has adopted a practice to maintain an Unassigned fund balance of the General Fund at a range of 3-5% of the subsequent year’s budget and the state law is no higher than 8%. At the end of the current fiscal year, Unassigned fund balance is \$25,758,573, representing 7.3% of the subsequent year’s budget amount of \$350,477,179. This includes the anticipated Board approval of a transfer of \$6,000,000 from the General Fund to the Capital Project Fund during the 2021-22 fiscal year. The Assigned healthcare fund balance is also increasing by \$1,000,000. In addition to the Unassigned fund balance, there is also a Non-spendable fund balance of

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

\$236,077 and an Assigned fund balance of \$17,795,262, which includes the transfers listed above and is comprised of funds sets aside for additional future healthcare obligations, future real estate tax assessment appeals, a budgetary reserve to be used in future budget years as a supplement to revenues, and the capital project fund transfer.

A history of General Fund ending balances follows:

June 30, 2010	\$42,299,055
June 30, 2011	\$34,066,395
June 30, 2012	\$33,476,973
June 30, 2013	\$18,519,326
June 30, 2014	\$17,813,141
June 30, 2015	\$25,744,989
June 30, 2016	\$35,023,119
June 30, 2017*	\$48,201,020
June 30, 2018	\$46,300,233
June 30, 2019	\$26,713,023
June 30, 2020	\$32,962,893
June 30, 2021	\$43,789,912

* As restated to account for prior period adjustments of \$6,296,906

The Capital Project Fund has a total fund balance of \$34,523,530 as of the end of the current fiscal year, all of which is designated for capital improvements.

FINANCIAL ANALYSIS OF PROPRIETARY FUND

The Central Bucks School District’s Proprietary Fund provides the same type of information found in the government-wide financial statements, but in more detail. Net position of the Food Service Fund at the end of the year amounts to a balance of \$776,327, of which \$330,295 is the net investment in capital assets and \$446,032 is unrestricted. The Food Service Fund revenues are intended to offset daily operating costs to provide that service, such as labor, product, utilities and equipment.

CAPITAL ASSETS

The Central Bucks School District currently operates 23 school buildings:

- 15 Elementary Schools (K-6th grade)
- 5 Middle Schools (7th-9th grade)
- 3 High Schools (10th-12th grade)

In addition, the School District has two administration centers, three transportation centers, and one maintenance facility. Each facility is in very good condition and well-maintained.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

School	Original Construction	Year(s) of Additions / Renovations	Grades Housed	Rated Capacity	10/01/2021 Enrollment
Elementary:					
Barclay	1965	1968; 1971; 1990; 2006, 2020	K-6	725	665
Bridge Valley	2004		K-6	1,100	656
Buckingham	1955	1964; 1971; 2003	K-6	625	440
Butler	1964	1966; 1990; 2006, 2020	K-6	875	785
CB On-line school-COVID					283
Cold Spring	1995		K-6	800	474
Doyle	1966	1968; 1990	K-6	575	426
Gayman	1960	1965; 1971; 1990; 1998	K-6	600	407
Groveland	2000		K-6	1,100	789
Jamison	1997		K-6	800	539
Kutz	1936	1954; 1958; 1963; 1971; 1990; 2017	K-6	650	465
Linden	1960	1968; 1990	K-6	700	386
Mill Creek	2000		K-6	1,100	700
Pine Run	1971	1990; 2006; 2011	K-6	700	460
Titus	1951	1955; 1957; 1962; 2007	K-6	750	565
Warwick	1958	1962; 1979; 1990; 2003	K-6	725	510
Secondary:					
Holicong Middle	1971	1998; 2016, 2017	7-9	1,229	959
Lenape Middle	1956	1995; 2011	7-9	1,074	866
Tamanend Middle	1960	1990; 1995; 2012, 2019	7-9	1,069	841
Tohickon Middle	2002		7-9	1,399	879
Unami Middle	1964	1997; 2016, 2018	7-9	1,124	806
Central Bucks East HS	1969	1974; 1997; 2013, 2020	10-12	2,056	1,385
Central Bucks South HS	2004		10-12	2,167	1,724
Central Bucks West HS	1950	1972; 1989; 1996; 2005; 2010; 2021	10-12	2,062	1,508
Total				24,005	17,518

Enrollment	17,518
Building Capacity	24,005
Capacity %	73.4%

The above capacity calculation is a simple calculation assuming every classroom can house 25 students. This is a general rule of thumb, but please remember that special education laws limit class size to 12 students and in some cases 8 students or less when educating autistic support students. Special needs students typically make up 12 to 14% of the school district's population.

The Central Bucks School District's investment in capital assets for its governmental and business-type activities (net of accumulated depreciation) amounts to \$367,647,648 and \$330,295 respectively, as of June 30, 2021. The investment in capital assets includes land, construction in progress, site improvements, buildings and building improvements, machinery and equipment and vehicles. The construction in progress of \$1,563,696 as of June 30, 2021 reflects the expenditures recognized on construction contracts in progress as of the end of the year, which total \$5,041,281.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

The School District continued to address several major financial matters during the fiscal year, the most important of which was the transfer of additional funds to the capital funds to accumulate funding for future major expenses such as school building HVAC, roofing, and other infrastructure improvements, technology upgrades, and school bus replacements.

Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 11,819,843	\$ 13,419,843	\$ -	\$ -	\$ 11,819,843	\$ 13,419,843
Construction in progress	1,563,696	14,405,375	-	-	1,563,696	14,405,375
Site improvements	21,278,213	15,226,149	-	-	21,278,213	15,226,149
Buildings and improvements	319,529,239	312,056,287	-	-	319,529,239	312,056,287
Vehicles	4,482,425	4,652,181	-	-	4,482,425	4,652,181
Machinery and equipment	8,974,232	9,161,045	330,295	383,437	9,304,527	9,544,482
Totals	<u>\$ 367,647,648</u>	<u>\$ 368,920,880</u>	<u>\$ 330,295</u>	<u>\$ 383,437</u>	<u>\$ 367,977,943</u>	<u>\$ 369,304,317</u>

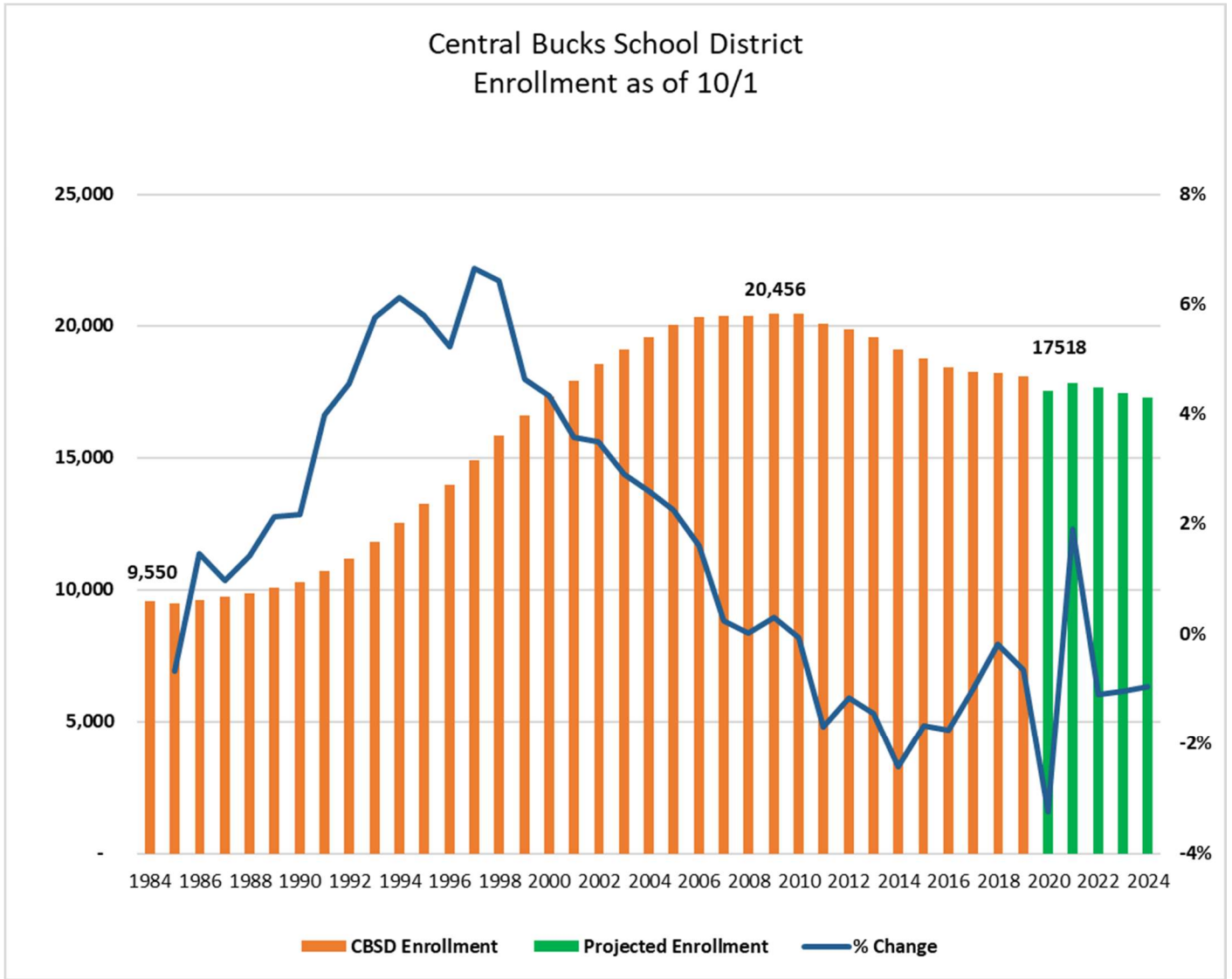
Additional information of the Central Bucks School District’s capital assets can be found in Note 6 on page 50 of this report.

ENROLLMENT

Enrollment for the 2020-21 fiscal year totaled 17,518 students, which continues the gradual enrollment decline from the peak year of 2009 at 20,456 students. Enrollment projections provided by the Pennsylvania Department of Education indicate the district will continue to decline, as reflected in the graph below.

The District does not expect any loss of state subsidies as a result of enrollment declines. Even with declining enrollment, the District is seeing pockets of elementary school enrollment growth due to new housing developments. Localized growth has required the District to add portable classrooms at one elementary school and plan for a building addition at another elementary school. Realignment of some minor attendance boundaries in new neighborhoods to shift student populations to lower enrolled schools may also be necessary in the near future. Because of the decreased enrollment being widespread, it has not had much impact on staffing. Any staff decreases have been offset by retirements and other programs in the district.

CENTRAL BUCKS SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
 YEAR ENDED JUNE 30, 2021



CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

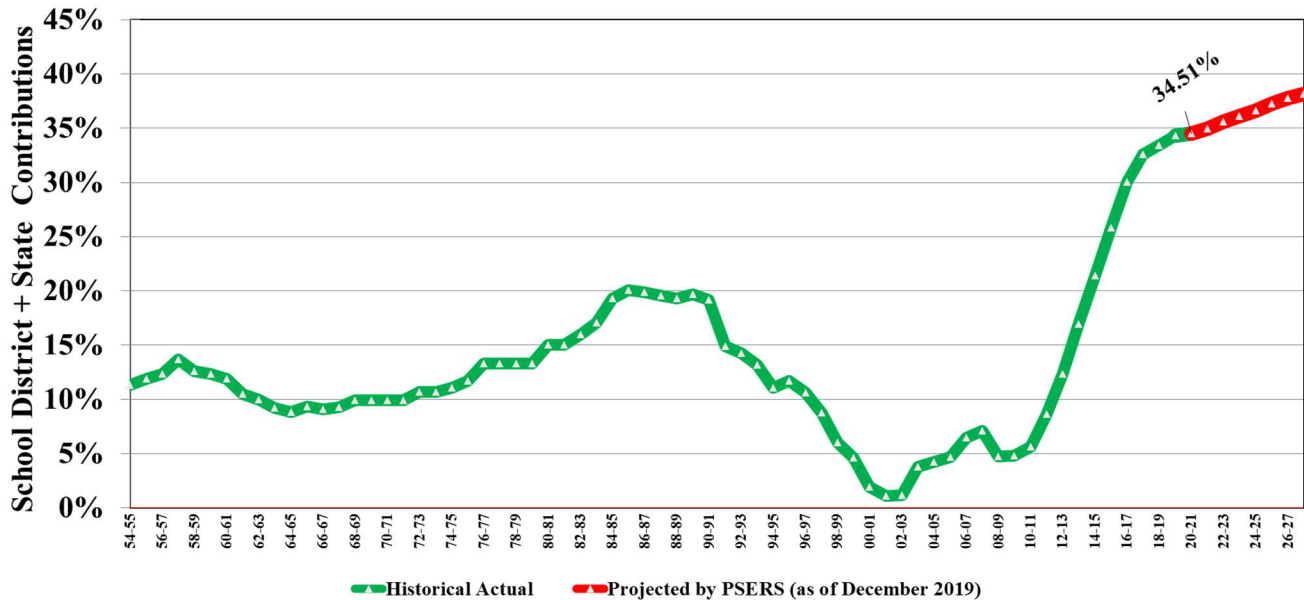
EMPLOYEE COUNT

Central Bucks School District							
Employee Count (as of October 1)							
Description	2016	2017	2018	2019	2020	5-Year Change	
Administrator	105	106	101	103	103	(2)	-2%
Teacher	1,206	1,234	1,234	1,244	1,292	86	7%
Long-Term Substitute Teacher	89	104	94	89	92	3	3%
Support Staff, Non-Facility (12-month)	88	85	86	85	87	(1)	-1%
Confidential Secretary	10	9	9	9	9	(1)	-10%
Support Staff (10-month)	496	478	484	480	625	129	26%
EA, Title 1/Basic Skills, Comm School	108	111	124	134	27	(81)	-75%
Transportation EA	27	29	33	35	34	7	26%
Maintenance/Custodial	182	180	188	196	191	9	5%
Transportation	101	120	118	126	127	26	26%
Transportation (12-month)	10	11	11	11	10	0	0%
Per Diem Substitutes (Certified)	75	71	54	50	198	123	164%
Per Diem Substitutes (Assigned)	18	14	10	11	11	(7)	-39%
Homebound Instructor	1	0	0	0	9	8	800%
Substitutes - Building, District	1	5	6	1	61	60	6000%
Community School CC	127	117	128	122	91	(36)	-28%
Community School - Aquatics	15	19	12	13	51	36	240%
Substitutes - EA	12	8	11	11	18	6	50%
Community School - Aquatics (Student)	14	5	15	3	0	(14)	-100%
Substitutes - Custodial	2	2	2	1	12	10	500%
Substitutes - Transportation	38	34	30	23	25	(13)	-34%
Substitutes - Nurse	4	3	2	2	14	10	250%
Substitutes - Secretarial	0	0	1	0	1	1	n/a
Pre-term employees	6	5	7	3	0	(6)	-100%
EDR	87	109	104	114	391	304	349%
Tax Collector	7	7	7	7	7	0	0%
District Total	2,829	2,866	2,871	2,873	3,486	657	23%

CENTRAL BUCKS SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
 YEAR ENDED JUNE 30, 2021

DEBT ADMINISTRATION

**Pennsylvania School Employees Retirement System (PSERS)
 Employer Retirement Contributions**



The Pennsylvania School Employee Retirement System (PSERS) employer contribution rate is the percentage of gross payroll that must be contributed equally by the Central Bucks School District and the State of Pennsylvania to the pension program. From 2001 through 2015, the state legislature artificially suppressed the employer contribution rates below the PSERS actuarial requirements. The contribution rate was suppressed in hopes that the stock market declines from the “dot com” bust of 2001 would rebound. The economic downturn in 2008 compounded earlier stock market losses and consequently further impacted the funding level of the PSERS retirement system.

Artificially low employer contribution rates and stock market losses have now caused the future employer contribution rates into the PSERS system to increase dramatically. These high contribution rates are expected to remain in place for over 20 years. The increased employer contribution rate is one of the major influences causing financial stress within the District. Fortunately, over the past few years, the reduced student enrollment has allowed the district to maintain staffing levels without impacting the number of students per classroom.

In addition, to help combat the spiking employer contribution rate to the state retirement system, the District has been refinancing and paying off debt ahead of schedule to ease the future tax burden on the community.

During 2007-08 Moody’s rating agency upgraded Central Bucks School District’s financial creditworthiness from AA2 to AA1 which is one step below AAA rating. This helped to reduce the District borrowing cost on the 2008 bond issue particularly since the bond issue was not insured by a third party. In March of 2011, the District refinanced \$170M in outstanding debt and prepaid \$35M in construction debt saving the District interest costs of \$1.5M per year on average and reducing yearly principal payments by \$1M in the near-term.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

In June 2013, the District paid off (defeasance) about \$72M in long-term debt, saving the District roughly \$24M in interest expenses over the following 15 years, or about \$1.5M per year.

In June 2015, the District paid off another \$40M in long term debt reducing debt payments between \$1M and \$7M in future years.

In July 2019, the District executed a debt defeasance of \$30M to provide future budgetary relief and offset future state retirement system pressures.

In February 2021, the District refinanced the 2011 Series B bonds into Series of 2021 bonds.

Prior to 2011, the District had level debt payments of approximately \$29M per year. Through these efforts to reduce debt, the District has changed the debt structure from flat payments to declining payments. These declining debt payments have allowed and will continue to allow the District to partly offset the dramatically higher state retirement system payments, with the contribution rate exceeding 38% of gross payroll in 2027-28 in the latest estimates.

General Fund Debt Schedule

Issue	Principal Balance as of 6/30/21	Payments Due 2021-2022		Retirement Date
		Principal	Interest	
2007	\$ 335,000	\$ 335,000	\$ 16,750	05/2022
2021	11,015,000	3,530,000	550,750	05/2026
Totals	\$ 11,350,000	\$ 3,865,000	\$ 567,500	

2021-2022 Average Rate of Interest = 5.00%

Year Ending June 30,	Principal	Interest	Totals
2022	3,865,000	567,500	4,432,500
2023	3,520,000	374,250	3,894,250
2024	2,270,000	198,250	2,468,250
2025	1,345,000	84,750	1,429,750
2026	350,000	17,500	367,500
Totals	\$ 11,350,000	\$ 1,242,250	\$ 12,592,250

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

Remaining Borrowing Capacity	Fiscal Year Ending June 30,		
	2019	2020	2021
General Fund Revenues	\$ 336,392,180	\$ 341,071,039	\$ 343,004,988
Add: Fund Transfers In	-	-	-
Add: Proceeds from the Sale of Capital Assets	1,800	10,494	7,250
Total Net General Fund Revenues	336,393,980	341,081,533	343,012,238
Less: State Subsidies For Debt Reimbursement	1,086,397	3,544,386	261,156
Less: Proceeds from Disposition of Capital Assets or Other Non-Recurring Revenue (9000 Function)	1,800	10,494	7,250
Total Exclusions	1,088,197	3,554,880	268,406
Net Revenues	\$ 335,305,783	\$ 337,526,653	\$ 342,743,832
Total Net Revenues for Three Years			\$ 1,015,576,268
Borrowing Base = Total Net Revenues for Three Years / 3			338,525,423
Debt Limit = 225% of Borrowing Base			761,682,201
Less: Outstanding Principal Amount on Debt as of June 30th			11,350,000
Remaining Borrowing Capacity			\$ 750,332,201

CONTINUING DISCLOSURE

The downturn in the economy resulting from the pandemic has caused many homeowners and commercial property owners within the school district to file an appeal of the assessed value (taxable value) of their real estate. The tax assessment appeals, which had slowed since the time of the 2008 economic downturn, have picked up again. The Central Bucks School District is a bedroom community and, as a percent of tax parcels, has a small proportion of commercial properties. Starting in 2017-18, the District changed its accounting for potential real estate assessment appeals from a liability to an assignment of General Fund balance with a value of \$1.5M.

Bucks County has not conducted a study comparing current property values to their taxable value since 1972. Consequently, some homeowners are overpaying their real estate taxes while others are underpaying their real estate taxes. The district has initiated an appeal process with the county to increase the taxable value of some commercial real estate properties that are projected to be under taxed by significant amounts.

The following table reports the Market Value and Assessed Value of real estate property in the Central Bucks School District.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

Real Estate Value				
Fiscal Year	Market Value	Assessed Value	% Change in Assessed Value	Assessed-to-Market Value Ratio
2004-05	\$ 9,234,681,000	\$ 1,617,550,460	2.92%	17.5%
2005-06	\$ 11,435,008,500	\$ 1,668,633,280	3.16%	14.6%
2006-07	\$ 11,867,551,050	\$ 1,716,314,580	2.86%	14.5%
2007-08	\$ 13,630,865,378	\$ 1,744,705,280	1.65%	12.8%
2008-09	\$ 13,678,628,811	\$ 1,756,437,950	0.67%	12.8%
2009-10	\$ 14,534,680,307	\$ 1,746,427,980	-0.57%	12.0%
2010-11	\$ 14,453,591,123	\$ 1,743,359,970	-0.18%	12.1%
2011-12	\$ 14,762,607,313	\$ 1,745,225,880	0.11%	11.8%
2012-13	\$ 14,845,052,275	\$ 1,751,278,260	0.35%	11.8%
2013-14	\$ 15,038,198,731	\$ 1,768,074,260	0.96%	11.8%
2014-15	\$ 15,187,267,524	\$ 1,784,990,000	0.96%	11.8%
2015-16	\$ 15,389,037,645	\$ 1,802,557,600	0.98%	11.7%
2016-17	\$ 15,569,804,782	\$ 1,819,570,430	0.94%	11.7%
2017-18	\$ 16,189,253,057	\$ 1,839,739,540	1.11%	11.4%
2018-19	\$ 16,354,867,260	\$ 1,857,306,750	0.95%	11.4%
2019-20	\$ 16,925,415,263	\$ 1,872,365,700	0.81%	11.1%
2020-21	n/a	\$ 1,876,838,700	0.24%	n/a

Source: Pennsylvania State Tax Equalization Board (DCED)

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

The following table lists the top taxpayers in the District.

Central Bucks School District
Top Taxpayers

Real Estate Taxpayer	Business Type	Property Taxable (Assessed) Value
Doylestown Hospital	Health/Retirement	\$ 7,393,520
Valley Square Owner LLC	Shopping Center	\$ 4,621,410
Capital Enterprise Inc.	Shopping Center	\$ 3,460,640
KRT Property Holding	Shopping Center	\$ 3,324,400
Stonington Farm 2018 LLC	Apartment Complex	\$ 2,538,000
Park at Westminster Assoc.	Apartment Complex	\$ 2,484,000
Valley Square 1 LP	Shopping Center	\$ 2,465,720
New Britain Land Ltd Part	Shopping Center	\$ 2,417,860
Doylestown Commerce Center	Shopping Center	\$ 2,233,910
Anchor Cogdell Doylestown LP	Office Complex	\$ 2,132,880
Buckingham VLG LTD	Shopping Center	\$ 2,123,080
ERP New Britain Property Owners	Shopping Center	\$ 2,098,480
Cross Keys Development Co.	Office Complex	\$ 2,097,600
Goodman, Bruce A & Rubin Seymore	Shopping Center	\$ 1,910,520
Wegman's Food Markets Inc.	Retail Shopping	\$ 1,867,760
New Heritage Towers	Apartment Complex	\$ 1,798,000
Wal-Mart Real Estate Bus. Trust	Retail Shopping	\$ 1,618,990
BRE RC Creekview PA LP	Apartment Complex	\$ 1,617,600
Heritage Warrington Ctr	Shopping Center	\$ 1,604,380
FW PA Mercer Square LLC	Shopping Center	\$ 1,589,990
Warrington Real Estate	Retail Shopping	\$ 1,512,900
Signature Living at Summer Hill	Apartment Complex	\$ 1,435,000
Regency Woods Assoc	Apartment Complex	\$ 1,390,800
Peruto, Jim Ltd Part	Retail Shopping	\$ 1,379,470

Earned Income Tax revenues have improved in recent years. As the Act 32 tax collection law gains in efficiency and sophistication, more taxpayers that fell through the cracks in the collection process are now paying the 1% wage tax and providing needed additional revenue. State subsidies over the years have declined which in turn puts more pressure on local real estate taxes to maintain services. Governor Wolf has been pushing for greater state subsidies to school districts which is yielding more state support for school districts.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

Taxes and Taxing Powers - General

The School District, as a school district of the second class, is permitted to impose the following taxes under the School Code:

1. An annual tax on all taxable real estate, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An annual tax on all taxable real estate without limit to provide for the payment of:
 - (a) Salaries and increments of the teaching and supervisory staff.
 - (b) Rentals due any municipal authority, non-profit corporation or the State Public School Building Authority.
 - (c) Sinking fund charges incurred in connection with indebtedness authorized under the Act.
 - (d) The amortization of a bond issue which financed the construction of school facilities if issued prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident over eighteen years of age of not more than \$5.

The School District may also levy under The Local Tax Enabling Act, Act No. 511, approved December 31, 1965, as amended (the "Tax Enabling Act"), an additional per capita tax, wage taxes, and other taxes as provided for therein; provided, however, that the aggregate amount of taxes imposed under the Tax Enabling Act may not exceed 1.25% of the market valuation of the real estate in the School District as determined by the State Tax Equalization Board, and subject to certain other limitations. These taxes are also subject to apportionment between overlapping municipalities and the School District where such municipalities exercise the right of such apportionment.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

	Fiscal Years Ending June 30,				
	2017	2018	2019	2020	2021
Real Estate Tax Collections					
Assessed Valuation	\$ 1,819,570,430	\$ 1,839,739,540	\$ 1,857,306,750	\$ 1,872,365,700	\$ 1,876,838,700
Tax Levy (Assessed Value x Millage Rate)	225,808,690	228,311,677	230,491,768	232,360,583	232,915,683
Homestead Exclusion	6,042,074	6,080,991	5,994,705	6,217,942	6,277,434
Tax Levy, Net of Homestead Exclusion	<u>\$ 219,766,616</u>	<u>\$ 222,230,686</u>	<u>\$ 224,497,063</u>	<u>\$ 226,142,641</u>	<u>\$ 226,638,249</u>
Current Collections (net of discounts/penalties)	\$ 213,127,211	\$ 214,782,854	\$ 217,290,729	\$ 219,815,808	\$ 222,069,420
Delinquent Real Estate Taxes	2,422,170	2,331,101	2,432,209	1,686,011	1,209,144
Total Collections	<u>\$ 215,549,381</u>	<u>\$ 217,113,955</u>	<u>\$ 219,722,938</u>	<u>\$ 221,501,819</u>	<u>\$ 223,278,564</u>
Percent of Current Collections divided by Tax Levy	94.38%	94.07%	94.27%	94.60%	95.34%
Percent of Total Collections divided by Tax Levy	95.46%	95.10%	95.33%	95.33%	95.86%
Act 511 Taxes - Proportional Assessments:					
Earned Income Tax Revenue at 0.5%					
Budget	\$ 23,875,000	\$ 25,347,000	\$ 26,107,410	\$ 25,893,750	\$ 23,350,000
Actual	24,759,500	24,580,718	25,762,362	26,232,070	27,901,250
Difference	<u>\$ 884,500</u>	<u>\$ (766,282)</u>	<u>\$ (345,048)</u>	<u>\$ 338,320</u>	<u>\$ 4,551,250</u>
Real Estate Transfer Tax Revenue at 0.5%					
Budget	\$ 4,900,000	\$ 5,807,500	\$ 5,715,628	\$ 5,720,000	\$ 4,000,000
Actual	5,137,676	5,263,456	5,128,220	4,985,307	6,113,716
Difference	<u>\$ 237,676</u>	<u>\$ (544,044)</u>	<u>\$ (587,408)</u>	<u>\$ (734,693)</u>	<u>\$ 2,113,716</u>

Over the past few years, the Central Bucks School District has experienced increased budget pressures from health care benefits and the state-mandated PSERS retirement system, with only incremental revenue growth. However, the District has successfully navigated through the financial storm to this point in time and should continue to do so in the foreseeable future. As the table below reflects, recent real estate tax increases have been very modest, with 2020-21 marking the sixth straight year without a millage rate increase.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

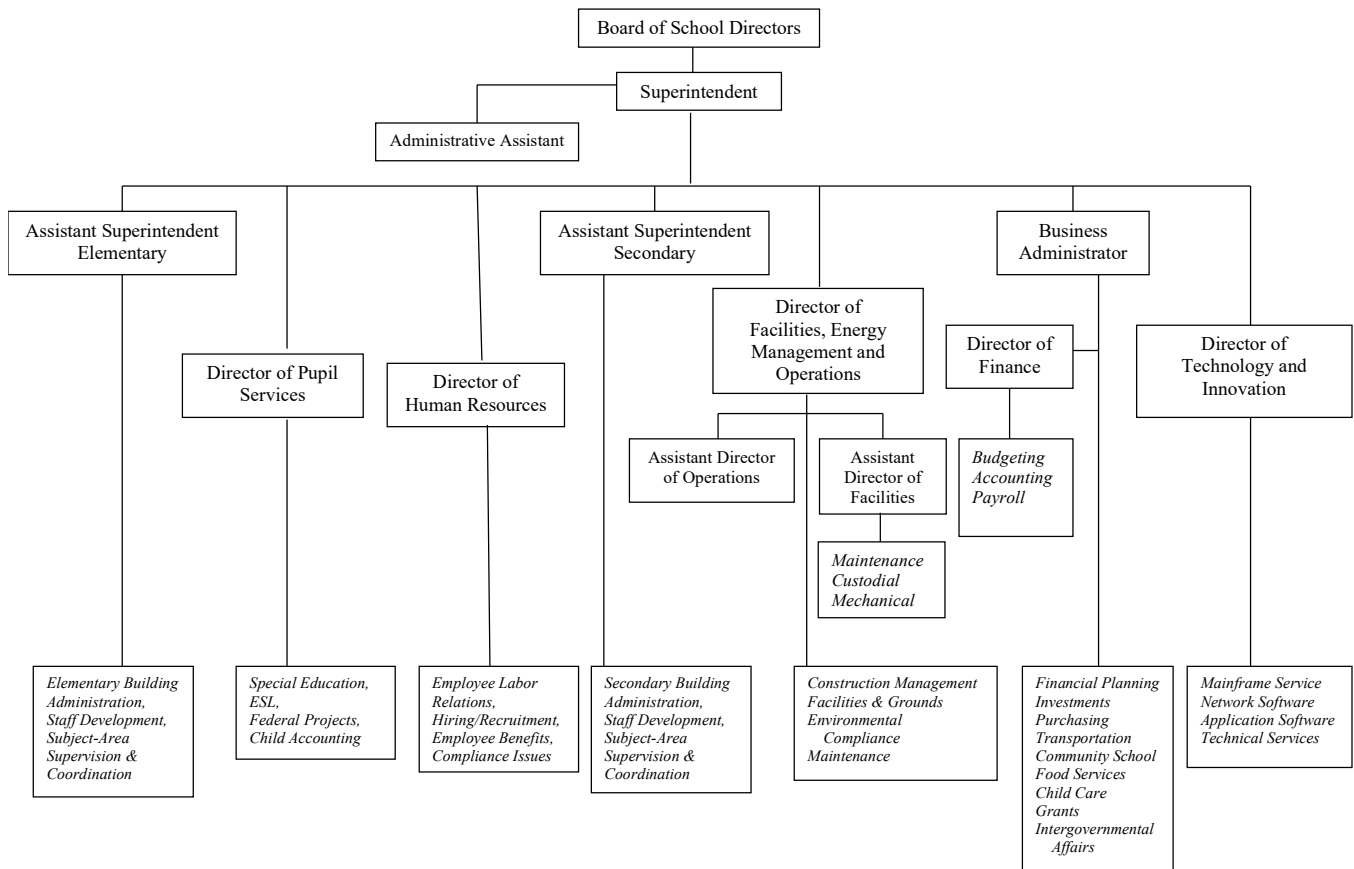
Tax Year	Act 1 Index Millage Rate Increase (%)	Actual CBSD Millage Rate Increase (%)	Actual CBSD Millage Increase	Actual CBSD Millage Rate
2008-09	4.40%	4.37%	4.60	110.50
2009-10	4.10%	3.89%	4.30	114.80
2010-11	2.90%	3.83%	4.40	119.20
2011-12	1.40%	1.34%	1.60	120.80
2012-13	1.70%	1.66%	2.00	122.80
2013-14	1.70%	0.00%	0.00	122.80
2014-15	2.10%	1.06%	1.30	124.10
2015-16	1.90%	0.00%	0.00	124.10
2016-17	2.40%	0.00%	0.00	124.10
2017-18	2.50%	0.00%	0.00	124.10
2018-19	2.40%	0.00%	0.00	124.10
2019-20	2.30%	0.00%	0.00	124.10
2020-21	2.60%	0.00%	0.00	124.10

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

GOVERNANCE

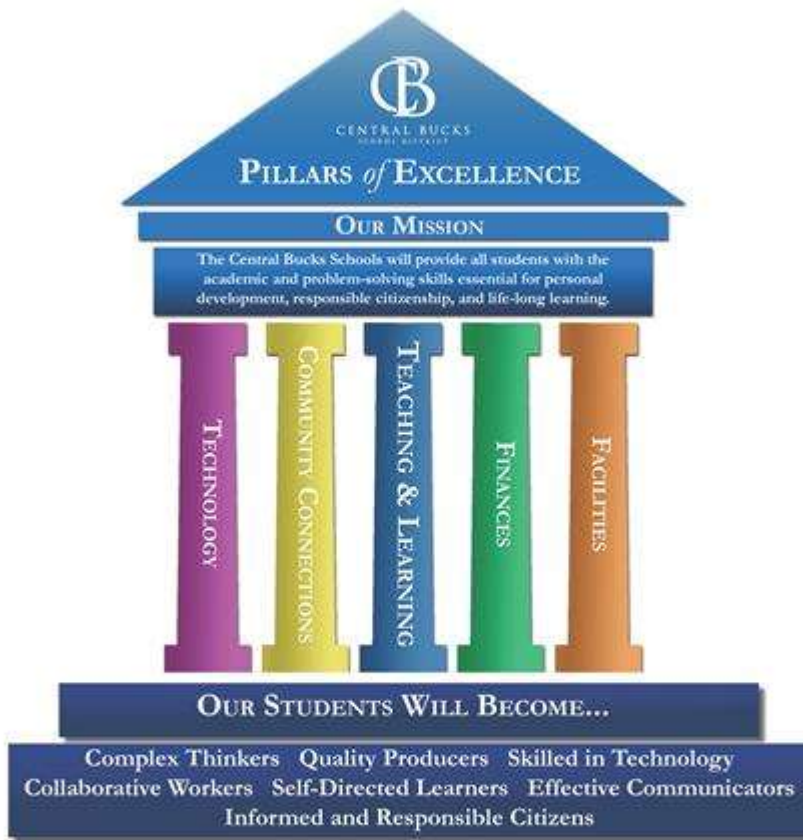
The district is governed by the Board of School Directors. Nine members of the community are elected by voting region and serve for a term of four years. The Superintendent of Schools is considered a non-voting member of the board. Central Bucks School District is a second-class school district (school districts in the Commonwealth of Pennsylvania are classified as first, second, third, or fourth class according to population) and operates under and pursuant to the code of education as amended and supplemented.

Central Bucks School District Organization Chart



The school district is comprised of nine municipalities including the townships of Buckingham, Doylestown, New Britain, Plumstead, Warrington, Warwick, and the boroughs of Chalfont, Doylestown, and New Britain. The school district is located in the central part of Bucks County approximately 30 miles north of the city of Philadelphia. The school district covers approximately 122 square miles.

A VISION *for Our* SCHOOLS



Providing Access, Resources, & Opportunities

MEETING THE NEEDS OF ALL LEARNERS

REQUESTS FOR INFORMATION

This financial report is designed to provide a general financial overview of the Central Bucks District for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Central Bucks School District, Director of Finance, 20 Welden Drive, Doylestown, PA 18901.

Central Bucks School District
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activity	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 95,281,435	\$ 67,459	\$ 95,348,894
Investments	244,000	-	244,000
Taxes receivable	7,923,819	-	7,923,819
Internal balances	855,073	(855,073)	-
Due from other governments	15,298,545	2,360,173	17,658,718
Other receivables	2,019,240	-	2,019,240
Inventories	41,415	-	41,415
Prepaid expenses	194,662	-	194,662
Capital assets, net	367,647,648	330,295	367,977,943
	<u>489,505,837</u>	<u>1,902,854</u>	<u>491,408,691</u>
<u>Deferred Outflows of Resources</u>			
Pension	94,836,091	-	94,836,091
Other post-employment benefits	23,348,417	-	23,348,417
	<u>118,184,508</u>	<u>-</u>	<u>118,184,508</u>
	<u>\$ 607,690,345</u>	<u>\$ 1,902,854</u>	<u>\$ 609,593,199</u>
<u>Liabilities</u>			
Accounts payable	\$ 3,790,804	\$ 899,546	\$ 4,690,350
Accrued salaries and benefits	38,057,347	-	38,057,347
Unearned revenue	123,964	226,981	350,945
Accrued interest	73,246	-	73,246
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	3,865,000	-	3,865,000
Portion due or payable after one year:			
Bonds payable	8,650,202	-	8,650,202
Compensated absences	1,975,668	-	1,975,668
Net pension liability	581,562,000	-	581,562,000
Net other post-employment benefits liabilities	101,745,500	-	101,745,500
	<u>739,843,731</u>	<u>1,126,527</u>	<u>740,970,258</u>
<u>Deferred Inflows of Resources</u>			
Pension	13,939,000	-	13,939,000
Other post-employment benefits	16,017,204	-	16,017,204
Deferred amounts on refundings, net	2,683,889	-	2,683,889
	<u>32,640,093</u>	<u>-</u>	<u>32,640,093</u>
<u>Net Position</u>			
Net investment in capital assets	355,132,446	330,295	355,462,741
Unrestricted	(519,925,925)	446,032	(519,479,893)
	<u>(164,793,479)</u>	<u>776,327</u>	<u>(164,017,152)</u>
	<u>\$ 607,690,345</u>	<u>\$ 1,902,854</u>	<u>\$ 609,593,199</u>

The accompanying notes are an integral part of these financial statements.

Central Bucks School District
Statement of Activities
For the Year Ended June 30, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<u>Governmental Activities</u>							
Instruction							
Regular programs	\$ 162,811,369	\$ 567,500	\$ 38,348,476	\$ -	\$ (123,895,393)	\$ -	\$ (123,895,393)
Special programs	50,897,788	-	15,092,082	-	(35,805,706)	-	(35,805,706)
Vocational education	5,050,217	-	-	-	(5,050,217)	-	(5,050,217)
Other instructional programs	2,899,566	-	1,327,858	-	(1,571,708)	-	(1,571,708)
Non-public school programs	15,455	-	-	-	(15,455)	-	(15,455)
Support services							
Pupil personnel services	15,251,382	-	-	-	(15,251,382)	-	(15,251,382)
Instructional staff services	19,617,158	-	1,881,391	-	(17,735,767)	-	(17,735,767)
Administration services	16,273,195	-	1,617,649	-	(14,655,546)	-	(14,655,546)
Pupil health services	4,327,321	-	2,149,609	-	(2,177,712)	-	(2,177,712)
Business services	1,828,113	-	508,465	-	(1,319,648)	-	(1,319,648)
Operation and maintenance of plant services							
	28,061,655	-	210,191	-	(27,851,464)	-	(27,851,464)
Student transportation services	21,396,572	-	5,069,224	-	(16,327,348)	-	(16,327,348)
Central services	4,990,930	-	1,124,120	-	(3,866,810)	-	(3,866,810)
Other support services	225,579	-	292,843	-	67,264	-	67,264
Operation of non-instructional services							
Student activities	5,254,652	-	-	-	(5,254,652)	-	(5,254,652)
Community services	2,450,296	-	2,376,640	-	(73,656)	-	(73,656)
Facilities acquisition, construction, and improvement services							
	12,006,678	-	-	341,679	(11,664,999)	-	(11,664,999)
Interest expense	242,271	-	-	261,156	18,885	-	18,885
<u>Total Governmental Activities</u>							
<u>(Carried Forward)</u>	<u>353,600,197</u>	<u>567,500</u>	<u>69,998,548</u>	<u>602,835</u>	<u>(282,431,314)</u>	<u>-</u>	<u>(282,431,314)</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

Central Bucks School District
Statement of Activities (Continued)
For the Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<u>Total Governmental Activities</u> (Brought Forward)	\$ 353,600,197	\$ 567,500	\$ 69,998,548	\$ 602,835	\$ (282,431,314)	\$ -	\$ (282,431,314)
<u>Business-Type Activity</u>							
Food service	4,994,691	-	4,959,597	-	-	(35,094)	(35,094)
<u>Total School District Activities</u>	\$ 358,594,888	\$ 567,500	\$ 74,958,145	\$ 602,835	(282,431,314)	(35,094)	(282,466,408)
<u>General Revenues</u>							
Taxes							
Property taxes, levied for general purposes				236,864,702	-		236,864,702
Earned income taxes				28,883,159	-		28,883,159
Public utility taxes				248,301	-		248,301
Grants and contributions not restricted to specific programs				5,274,202	-		5,274,202
Investment earnings				649,922	596		650,518
(Loss) on sale of capital assets				(553,553)	-		(553,553)
Miscellaneous				440,994	-		440,994
<u>Total General Revenues</u>				271,807,727	596		271,808,323
<u>Change in Net Position</u>				(10,623,587)	(34,498)		(10,658,085)
<u>Net Position, Beginning of Year</u>				(154,169,892)	800,825		(153,369,067)
<u>Net Position, End of Year</u>				\$ (164,793,479)	\$ 766,327		\$ (164,027,152)

The accompanying notes are an integral part of these financial statements.

Central Bucks School District
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 59,177,161	\$ 36,104,274	\$ 95,281,435
Investments	244,000	-	244,000
Taxes receivable	7,923,819	-	7,923,819
Due from other funds	901,180	-	901,180
Due from other governments	15,298,545	-	15,298,545
Other receivables	2,019,240	-	2,019,240
Inventories	41,415	-	41,415
Prepaid expenditures	194,662	-	194,662
	<u>\$ 85,800,022</u>	<u>\$ 36,104,274</u>	<u>\$ 121,904,296</u>
<u>Liabilities</u>			
Accounts payable	\$ 2,256,167	\$ 1,534,637	\$ 3,790,804
Accrued salaries and benefits	38,057,347	-	38,057,347
Due to other funds	-	46,107	46,107
Unearned revenue	123,964	-	123,964
	<u>40,437,478</u>	<u>1,580,744</u>	<u>42,018,222</u>
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	1,572,632	-	1,572,632
	<u>1,572,632</u>	<u>-</u>	<u>1,572,632</u>
<u>Fund Balances</u>			
Non-spendable			
Inventories	41,415	-	41,415
Prepaid expenditures	194,662	-	194,662
Committed			
Capital projects	-	34,523,530	34,523,530
Assigned			
Budgetary reserve	4,639,065	-	4,639,065
Healthcare	5,638,100	-	5,638,100
Tax assessment appeals	1,518,097	-	1,518,097
Capital projects	6,000,000	-	6,000,000
Unassigned	25,758,573	-	25,758,573
	<u>43,789,912</u>	<u>34,523,530</u>	<u>78,313,442</u>
	<u>\$ 85,800,022</u>	<u>\$ 36,104,274</u>	<u>\$ 121,904,296</u>

The accompanying notes are an integral part of these financial statements.

Central Bucks School District
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2021

<u>Total Governmental Fund Balances</u>		\$ 78,313,442
 <u>Amounts reported for governmental activities in the statement of net position are different because:</u>		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		367,647,648
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Accrued interest	\$ (73,246)	
Bonds payable	(12,515,202)	
Deferred amounts on refundings, net of amortization	(2,683,889)	
Compensated absences	(1,975,668)	
Net OPEB liability, net of related deferred outflows and inflows	(94,414,287)	
Net pension liability, net of related deferred outflows and inflows	<u>(500,664,909)</u>	(612,327,201)
Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds:		
Unavailable revenue - property taxes	<u>1,572,632</u>	<u>1,572,632</u>
 <u>Net Position of Governmental Activities</u>		 <u><u>\$ (164,793,479)</u></u>

The accompanying notes are an integral part of these financial statements.

Central Bucks School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>			
Local sources	\$ 265,500,468	\$ 935,725	\$ 266,436,193
State sources	72,366,889	-	72,366,889
Federal sources	5,137,631	-	5,137,631
<u>Total Revenues</u>	<u>343,004,988</u>	<u>935,725</u>	<u>343,940,713</u>
<u>Expenditures</u>			
Instruction	211,049,597	-	211,049,597
Support services	100,529,698	6,266,775	106,796,473
Operation of non-instructional services	7,377,457	-	7,377,457
Facilities acquisition, construction, and improvement services	-	15,792,811	15,792,811
Debt service	21,747,795	-	21,747,795
Refund of prior-year revenues	30,751	-	30,751
<u>Total Expenditures</u>	<u>340,735,298</u>	<u>22,059,586</u>	<u>362,794,884</u>
<u>Excess (Deficiency) of Revenues Over (Under) Expenditures</u>	<u>2,269,690</u>	<u>(21,123,861)</u>	<u>(18,854,171)</u>
<u>Other Financing Sources (Uses)</u>			
Face value of bonds issued	13,855,000		13,855,000
Bond premiums	1,195,079		1,195,079
Proceeds from sale of fixed assets	7,250	1,039,197	1,046,447
Interfund transfers in	-	6,500,000	6,500,000
Interfund transfers out	(6,500,000)	-	(6,500,000)
<u>Total Other Financing Sources (Uses)</u>	<u>8,557,329</u>	<u>7,539,197</u>	<u>16,096,526</u>
<u>Net Change in Fund Balances</u>	<u>10,827,019</u>	<u>(13,584,664)</u>	<u>(2,757,645)</u>
<u>Fund Balances, Beginning of Year</u>	<u>32,962,893</u>	<u>48,108,194</u>	<u>81,071,087</u>
<u>Fund Balances, End of Year</u>	<u>\$ 43,789,912</u>	<u>\$ 34,523,530</u>	<u>\$ 78,313,442</u>

The accompanying notes are an integral part of these financial statements.

Central Bucks School District
Reconciliation of Net Change in Fund Balances - Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances - Governmental Funds \$ (2,757,645)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation expense	\$ (22,245,688)	
Capital outlays	<u>22,572,456</u>	326,768

The net effect of capital asset sales and dispositions was to decrease net position (1,600,000)

Because some revenues will not be collected within sixty days of the District's fiscal year; those revenues are not considered as "available" revenues in the governmental funds. (379,799)

In the statement of activities, certain operating expenses - compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used (the amounts actually paid). 59,561

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest expense	33,393	
Pension expense	(12,105,653)	
Other post-employment benefits (OPEB) expense	<u>(622,264)</u>	(12,694,524)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. In addition, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of bonds, including bond premium	(15,050,079)	
Repayment of bond principal	20,825,000	
Amortization of bond discounts, premiums, and refunding gains and losses	<u>647,131</u>	<u>6,422,052</u>

Change in Net Position of Governmental Activities \$ (10,623,587)

The accompanying notes are an integral part of these financial statements.

Central Bucks School District
Statement of Net Position -
Proprietary Fund
June 30, 2021

	<u>Food Service Fund</u>
<u>Assets</u>	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 67,459
Due from other governments	<u>2,360,173</u>
<u>Total Current Assets</u>	<u>2,427,632</u>
<u>Property and Equipment</u>	
Machinery and equipment	3,188,912
Accumulated depreciation	<u>(2,858,617)</u>
<u>Net Property and Equipment</u>	<u>330,295</u>
<u>Total Assets</u>	<u><u>\$ 2,757,927</u></u>
<u>Liabilities and Net Position</u>	
<u>Current Liabilities</u>	
Accounts payable	\$ 899,546
Due to other funds	855,073
Unearned revenue	<u>226,981</u>
<u>Total Liabilities</u>	<u>1,981,600</u>
<u>Net Position</u>	
Net investment in capital assets	330,295
Unrestricted	<u>446,032</u>
<u>Total Net Position</u>	<u>776,327</u>
<u>Total Liabilities and Net Position</u>	<u><u>\$ 2,757,927</u></u>

The accompanying notes are an integral part of these financial statements.

Central Bucks School District
Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Fund
For the Year Ended June 30, 2021

	<u>Food Service Fund</u>
<u>Operating Revenues</u>	
Food service revenues	\$ -
<u>Total Operating Revenues</u>	<u>-</u>
<u>Operating Expenses</u>	
Purchased professional and technical services	5,982
Purchased property services	389,077
Other purchased services	4,530,156
Supplies	16,334
Depreciation	53,142
<u>Total Operating Expenses</u>	<u>4,994,691</u>
<u>Operating (Loss)</u>	<u>(4,994,691)</u>
<u>Nonoperating Revenues</u>	
Earnings on investments	596
Contributions	10,000
State sources	82,121
Federal sources	4,877,476
<u>Total Nonoperating Revenues</u>	<u>4,970,193</u>
<u>Change in Net Position</u>	<u>(24,498)</u>
<u>Net Position, Beginning of Year</u>	<u>800,825</u>
<u>Net Position, End of Year</u>	<u>\$ 776,327</u>

The accompanying notes are an integral part of these financial statements.

Central Bucks School District
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

	<u>Food Service Fund</u>
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$ 8,002
Payments to suppliers	<u>(2,894,253)</u>
<u>Net Cash (Used) by Operating Activities</u>	<u>(2,886,251)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Local sources - contributions	10,000
State sources	91,108
Federal sources	<u>2,412,039</u>
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>2,513,147</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	<u>-</u>
<u>Cash Flows from Investing Activities</u>	
Earnings on investments	<u>596</u>
<u>Net Cash Provided by Investing Activities</u>	<u>596</u>
<u>Net (Decrease) in Cash and Cash Equivalents</u>	<u>(372,508)</u>
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>439,967</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 67,459</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

Central Bucks School District
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

	<u>Food Service Fund</u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating (loss)	\$ (4,994,691)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Donated commodities	311,761
Depreciation	53,142
Increase in:	
Accounts payable	895,535
Due to other funds	840,000
Unearned revenue	<u>8,002</u>
 <u>Net Cash (Used) by Operating Activities</u>	 <u><u>\$ (2,886,251)</u></u>
 <u>Supplemental Disclosure:</u>	
Noncash noncapital financing activity:	
USDA donated commodities	<u><u>\$ 311,761</u></u>

The accompanying notes are an integral part of these financial statements.

Central Bucks School District
Statement of Fiduciary Net Position -
Fiduciary Funds
June 30, 2021

	<u>Trust Funds</u>	<u>Custodial Fund</u>
<u>Assets</u>		
Cash and cash equivalents	<u>\$ 99,851</u>	<u>\$1,211,341</u>
<u>Total Assets</u>	<u><u>\$ 99,851</u></u>	<u><u>\$1,211,341</u></u>
 <u>Liabilities and Net Position</u>		
 <u>Liabilities</u>	 <u>\$ -</u>	 <u>\$ -</u>
 <u>Net Position</u>		
Restricted for scholarships	99,851	-
Restricted for student activities	<u>-</u>	<u>1,211,341</u>
<u>Total Net Position</u>	<u>99,851</u>	<u>1,211,341</u>
<u>Total Liabilities and Net Position</u>	<u><u>\$ 99,851</u></u>	<u><u>\$1,211,341</u></u>

The accompanying notes are an integral part of these financial statements.

Central Bucks School District
Statement of Changes in Net Position -
Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Trust Funds</u>	<u>Custodial Fund</u>
<u>Additions</u>		
Gifts and contributions	\$ 33,607	\$ -
Revenue from student sponsored activities	-	1,531,806
Interest	240	-
<u>Total Additions</u>	<u>33,847</u>	<u>1,531,806</u>
<u>Deductions</u>		
Scholarships awarded	23,435	-
Student sponsored activities	-	1,702,368
<u>Total Deductions</u>	<u>23,435</u>	<u>1,702,368</u>
<u>Change in Net Position</u>	10,412	(170,562)
<u>Net Position, Beginning of Year</u>	<u>89,439</u>	<u>1,381,903</u>
<u>Net Position, End of Year</u>	<u>\$ 99,851</u>	<u>\$1,211,341</u>

The accompanying notes are an integral part of these financial statements.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 1 Summary of Significant Accounting Policies

The basic financial statements of Central Bucks School District (the “School District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District’s accounting policies are described below.

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities, and functions for which the School District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit’s board and either (1) the School District’s ability to impose its will over a component unit, or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden on the School District. In addition, component units can be other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the School District’s financial statements to be misleading. This report presents the activities of Central Bucks School District. The School District is not a component unit of another reporting entity nor does it have any component units.

B. Joint Venture

The School District is a participating school district in Middle Bucks Institute of Technology (the “Institute”), which was organized and is governed by a group of four school districts located in Bucks County, Pennsylvania. The Institute provides career and vocational education to high school students who are residents of the participating school districts, as well as out-of-school adults. Each school district is responsible for a share of the operating budget based on student enrollment using a formula described within the Articles of Agreement of the joint venture. Continuing education for out-of-school adults receives no school district funding.

The value of the School District’s interest in the Institute as of June 30, 2021 has not been determined and is not reflected in these financial statements. As of June 30, 2020, the total net position of the Institute was \$(13,412,268) and the total fund balance of the Institute’s governmental funds was \$745,291. Financial statement information is not yet available for the year ended June 30, 2021.

Audited financial statements of the Institute can be obtained at their administrative offices at: Middle Bucks Institute of Technology, 2740 York Road, Jamison, PA 18929.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation and Accounting

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental funds financial statements are prepared. Governmental funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation and Accounting (Continued)

Fund Financial Statements

Fund financial statements report detailed information about the School District. The focus of governmental and proprietary funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column (Other Governmental Funds). Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due. The financial statements for governmental funds include a balance sheet, which generally includes only current assets and current liabilities; and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Proprietary funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation and Accounting (Continued)

Fund Financial Statements (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District's proprietary fund are charges to customers for sales and services. Operating expenses for the proprietary fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds are reported using the economic resources measurement focus.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary, and fiduciary.

Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Pennsylvania.

Capital Project Fund – The Capital Project Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and improvements in accordance with the applicable general obligation bond agreements.

Proprietary Fund

Food Service Fund – The Food Service Fund is used to account for the School District's food service operations that are operated in a manner similar to provide business enterprises. The fund accounts for all revenues, food purchases, and costs and expenses for its food service program.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Fiduciary Funds

Trust Funds – The School District’s trust funds account for the receipts and disbursements of monies contributed to the School District for scholarships and memorials.

Custodial Fund – The custodial fund accounts for the receipts and disbursements of monies from student activity organizations. These organizations exist at the explicit approval, subject to revocation, of the School District governing body. This accounting reflects the School District custodial relationship with the student activity organizations.

E. Cash and Cash Equivalents

The School District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

F. Investments

Investments consist of certificates of deposit and deposits in the Pennsylvania School District Liquid Asset Fund. Certificates of deposit are stated at cost plus accrued interest. Deposits in the Pennsylvania School District Liquid Asset Fund are valued at amortized cost in accordance with GASB Statement No. 79.

Deposits in savings accounts or time deposits or share accounts of institutions are insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

The deposit and investment policy of the School District adheres to state statutes. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School District.

The Pennsylvania School District Liquid Asset Fund (“PSDLAF”) was established as a common law trust organized under the laws of the Commonwealth of Pennsylvania. Shares of the PSDLAF are offered to certain Pennsylvania school districts, intermediate units, and area vocational-technical schools. The purpose of the PSDLAF is to enable governmental units to pool their available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

G. Short-Term Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds for interfund reimbursements or transfers. These receivables and payables are classified as “due from other funds” or “due to other funds” on the governmental funds balance sheet. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities which, when present, are shown as internal balances.

H. Inventories

Inventory of purchased food and paper supplies within the proprietary fund is carried at cost using the first-in, first-out method of accounting and is subsequently charged to expense when consumed. Inventory of donated foods is valued at fair market value as established by the U.S. Department of Agriculture.

I. Capital Assets and Depreciation

Capital assets, which include land and land improvements, buildings and building improvements, furniture, fixtures, equipment, vehicles, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The School District defines a capital asset as an asset with an initial individual cost equal to or greater than \$5,000 or purchased with debt proceeds and must also have an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the School District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements, buildings and building improvements	15-40
Furniture, fixtures, and equipment	5-20
Vehicles	8

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

J. Unearned Revenue

Unearned revenue arises when assets are recognized before the revenue recognition criteria have been satisfied. Unearned revenue arises when resources are received by the School District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when the School District has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds balance sheet and revenue is recognized.

K. Long-Term Obligations

In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Compensated Absences

Full-time School District employees (excluding teachers) earn vacation based on job classifications and length of service. Unused vacation pay is due upon termination. School District employees accumulate sick time in accordance with their applicable contracts. Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees and are included in accrued salaries and benefits.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has two items that qualify for reporting in this category, which include deferred outflow of resources related to pension activity and deferred outflows of resources related to other post-employment benefits (OPEB) activity, which is reported in the government-wide statement of net position.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

M. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has four items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The second item, deferred inflows related to pension activity, is reported in the government-wide statement of net position. The third item, deferred inflows related to other post-employment benefits (OPEB) activity, is reported in the government-wide statement of net position. The fourth item is the School District's deferred amount on refunding, which is reported net of accumulated amortization on the government-wide statement of net position. The deferred amount on refunding is the result of deferred charges on debt refundings. A deferred charge on refunding results from the difference in the carrying value of refunded debt, reacquisition price, and any unamortized premium/discount on the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

N. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

O. Fund Balances

Fund balances are classified as follows:

- *Non-spendable* – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* – Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

O. Fund Balances (Continued)

- *Committed* – Amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority (the Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest-level action to remove or change the constraint.
- *Assigned* – Amounts the School District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. The School Board has delegated such authority to the Director of Business Affairs.
- *Unassigned* – All amounts not included in other spendable classifications.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of a motion. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance is intended to be used by the School District for specific purposes but does not meet the criteria to be classified as restricted or committed.

The details of the fund balances are included in the governmental funds balance sheet. Restricted funds are used first, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of Directors. The School District does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

Q. New Accounting Standards Adopted

The School District adopted GASB Statement No. 84, *Fiduciary Activities* (“GASB 84”), beginning July 1, 2021. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. In accordance with the requirements of GASB 84, the statement of changes in fiduciary net position now reports additions to and deductions from all fiduciary funds, including custodial funds.

Note 2 Cash And Investments

Cash

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the School District’s deposits may not be returned to it. The School District’s policy is that all monies be invested in accordance with School Code, Act 72. As of June 30, 2021, the carrying value of the School District’s deposits totaled \$96,660,086; the total bank balance of the School District’s deposits was \$100,519,629, of which \$2,591,264 was insured, \$90,076,369 was uninsured but collateralized with securities held by the pledging bank's trust department not in the School District’s name, and \$7,851,996 was held in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and are uninsured. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that the objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit.

Interest Rate Risk

The School District’s investment policy limits investment maturities in accordance with the Commonwealth of Pennsylvania School Code as a means of managing its exposure to fair value losses arising from increasing interest rates.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 2 Cash And Investments (Continued)

Investments

As of June 30, 2021, the School District had the following investments and maturities:

<u>Investment Type</u>	<u>Maturities</u>		<u>Total</u>	<u>Amortized Cost</u>
	<u>Less Than One Year</u>	<u>More Than One Year</u>		
Bank certificates of deposit	\$ 244,000	\$ -	\$ 244,000	\$ 244,000

Credit Risk

State law permits the School District to invest funds in the following types of investments:

- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America
- Obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth
- Obligations of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision

The School District's investment policy does not further limit its investment choices. As of June 30, 2021, the School District's investment in the state investment pool was rated AAAM by Standard & Poor's.

Note 3 Taxes

The School Board is authorized by state law to levy property taxes for School District operations, capital improvements, and debt service. In addition, the School District levies a 0.5% earned income tax. Property taxes are based on assessed valuations of real property within the School District.

Taxes are levied on March 1 and payable in the following periods:

Discount period	July 1 to August 31 – 2% of gross levy
Face period	September 1 to October 31
Penalty period	November 1 to collection – 10% of gross levy
Lien date	January 1

School District property taxes are billed and collected by the local elected tax collector. Property taxes attach as an enforceable lien on property as of July 1.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 4 Taxes Receivable

Taxes receivable as of June 30, 2021 consisted of earned income taxes, real estate taxes, and real estate transfer taxes. All taxes receivables are considered fully collectible. A summary of taxes receivable is as follows:

Earned income taxes	\$ 4,878,771
Real estate taxes	2,495,987
Real estate transfer taxes	<u>549,061</u>
Total	<u>\$ 7,923,819</u>

Note 5 Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2021, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Project Fund	\$ 46,107
General Fund	Food Service Fund	<u>855,073</u>
		<u>\$ 901,180</u>

The interfund balance between the Food Service Fund and the General Fund represents interfund borrowings to pay for operations. The interfund balance between the General Fund and the Capital Project Fund are for renovations to facilities or purchases of equipment.

Interfund Transfers

The School District typically transfers funds from the General Fund to the Capital Project Fund to pay for improvements and capital acquisitions. Transfers from the General Fund to the Capital Project Fund totaled \$6,500,000 during the year ended June 30, 2021.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 6 Capital Assets

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
<u>Governmental Activities</u>				
<u>Capital assets not being depreciated</u>				
Land	\$ 13,419,843	\$ -	\$ (1,600,000)	\$ 11,819,843
Construction in progress	<u>14,405,375</u>	<u>1,563,696</u>	<u>(14,405,375)</u>	<u>1,563,696</u>
Total capital assets not being depreciated	<u>27,825,218</u>	<u>1,563,696</u>	<u>(16,005,375)</u>	<u>13,383,539</u>
<u>Capital assets being depreciated</u>				
Site improvements	33,721,450	8,615,993	-	42,337,443
Buildings and building improvements	607,991,094	25,363,455	-	633,354,549
Machinery and equipment	26,766,383	743,990	-	27,510,373
Vehicles	<u>15,407,089</u>	<u>690,697</u>	<u>(80,892)</u>	<u>16,016,894</u>
Total capital assets being depreciated	<u>683,886,016</u>	<u>35,414,135</u>	<u>(80,892)</u>	<u>719,219,259</u>
<u>Accumulated depreciation</u>				
Site improvements	(18,495,301)	(2,563,929)	-	(21,059,230)
Buildings and building improvements	(295,934,807)	(17,890,503)	-	(313,825,310)
Machinery and equipment	(17,605,338)	(930,803)	-	(18,536,141)
Vehicles	<u>(10,754,908)</u>	<u>(860,453)</u>	<u>80,892</u>	<u>(11,534,469)</u>
Total accumulated depreciation	<u>(342,790,354)</u>	<u>(22,245,688)</u>	<u>80,892</u>	<u>(364,955,150)</u>
Total capital assets being depreciated, net	<u>341,095,662</u>	<u>13,168,447</u>	<u>-</u>	<u>354,264,109</u>
Governmental activities capital assets, net	<u>\$ 368,920,880</u>	<u>\$ 14,732,143</u>	<u>\$ (16,005,375)</u>	<u>\$ 367,647,648</u>
<u>Business-Type Activities</u>				
<u>Capital assets being depreciated</u>				
Machinery and equipment	\$ 3,188,912	\$ -	\$ -	\$ 3,188,912
Accumulated depreciation	<u>(2,805,475)</u>	<u>(53,142)</u>	<u>-</u>	<u>(2,858,617)</u>
Business-type activities capital assets, net	<u>\$ 383,437</u>	<u>\$ (53,142)</u>	<u>\$ -</u>	<u>\$ 330,295</u>

Depreciation expense was charged to governmental functions as follows:

Instruction - regular programs	\$ 2,495,966
Operation and maintenance of plant	244,703
Student transportation services	1,712,918
Central services	440,465
Facilities	<u>17,351,636</u>
Total	<u>\$ 22,245,688</u>

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 7 Long-Term Debt

General Obligation Bonds

The School District issues general obligation bonds to provide funds for acquisition and construction of major capital facilities or to refund prior year bond issues. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

During the year ended June 30, 2021, the School District issued General Obligation Bonds, Series of 2021, in the principal amount of \$13,855,000. The proceeds of the bonds were used to refund all of the School District's outstanding General Obligation Bonds, Series B of 2011, in the aggregate principal amount of \$14,600,000 and pay the costs and expenses of issuing the Bonds. The difference between the cash flow required to service the old debt and that required to service the new debt and complete the refunding was \$1,014,576.

Bonds outstanding as of June 30, 2021 include the following bond issues:

- *Series of 2021*: The remaining bonds are stated to mature on May 15 of each year from 2022 through 2026 inclusive, with interest payable semi-annually on May 15 and November 15 of each year. The interest rate on the bonds is 5%.
- *Series of 2007*: The remaining bonds are stated to mature on May 15 of each year from 2021 through 2022 inclusive, with interest payable semi-annually on May 15 and November 15 of each year. Currently, the interest rate on the remaining bonds range from 4% to 4.125%.

Certain bonds have been defeased in substance by placing an amount in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,865,000	\$ 567,500	\$ 4,432,500
2023	3,520,000	374,250	3,894,250
2024	2,270,000	198,250	2,468,250
2025	1,345,000	84,750	1,429,750
2026	350,000	17,500	367,500
Totals	<u>\$ 11,350,000</u>	<u>\$ 1,242,250</u>	<u>\$ 12,592,250</u>

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 7 Long-Term Debt (Continued)

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
General obligation bonds					
Series of 2021	\$ -	\$ 13,855,000	\$ (2,840,000)	\$ 11,015,000	\$ 3,530,000
Series B of 2011	14,600,000	-	(14,600,000)	-	-
Series of 2007	3,720,000	-	(3,385,000)	335,000	335,000
Total general obligation bonds	18,320,000	13,855,000	(20,825,000)	11,350,000	3,865,000
Bond premiums	2,019,076	1,195,079	(2,048,953)	1,165,202	-
Total general obligation bonds, net	20,339,076	15,050,079	(22,873,953)	12,515,202	3,865,000
Compensated absences	2,035,229	-	(59,561)	1,975,668	-
Net pension obligation	545,906,000	35,656,000	-	581,562,000	-
Net OPEB obligation	80,434,976	21,310,524	-	101,745,500	-
Total long-term liabilities	<u>\$ 648,715,281</u>	<u>\$ 72,016,603</u>	<u>\$ (22,933,514)</u>	<u>\$ 697,798,370</u>	<u>\$ 3,865,000</u>

Note 8 Lines of Credit

The School District has a \$2,000,000 guidance line of credit with TD Bank that is renewable on an annual basis that currently expires on June 30, 2022. The School District also has a \$7,500,000 Automated Clearinghouse (ACH) facility line of credit to support the direct deposit of payroll and health savings accounts, which is annually increased to \$17,500,000 in June to cover summer salaries. There were no outstanding amounts due on the lines of credit as of June 30, 2021.

Note 9 Deferred Inflows of Resources and Unavailable and Unearned Revenue

General Fund

Unearned revenue represents revenue collected before the revenue is earned by the School District.

Unavailable revenue represents delinquent tax revenues earned but not collected within 60 days subsequent to the School District's year-end. It is expected that these receivables will be collected and included in revenues of future fiscal years. In the governmental funds financial statements, these receivables are reported as deferred inflows of resources.

Food Service Fund

Unearned revenue represents the total balance of amounts paid by students in advance of meals served.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 10 Pension Plan

General Information about the Pension Plan

Plan Description

The Public School Employees' Retirement System (PSERS) is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per-diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 10 Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Member Contributions

Active members who joined the System prior to July 22, 1983 contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001 contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011 contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The School District's contractually-required contribution rate for the fiscal year ended June 30, 2021 was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$55,987,091 for the year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2021, the School District reported a liability of \$581,562,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported contributions. As of June 30, 2021, the School District's proportion was 1.1811%, which was an increase of 0.0142% from its proportion measured as of June 30, 2020.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 10 Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2021, the School District recognized pension expense of \$68,092,744. As of June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,521,000	\$13,939,000
Change in Assumptions	-	-
Net difference between projected and actual investment earnings	25,559,000	-
Changes in proportions	11,769,000	-
Contributions subsequent to the measurement date	<u>55,987,091</u>	<u>-</u>
Totals	<u>\$94,836,091</u>	<u>\$13,939,000</u>

An amount of \$55,987,091 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2022	\$ 3,792,000
2023	4,266,000
2024	9,260,000
2025	<u>7,592,000</u>
	<u>\$ 24,910,000</u>

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 10 Pension Plan (Continued)

Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward the System's total pension liability as of the June 30, 2019 actuarial valuation to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement.

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%.
- Salary growth – Effective average of 5.00%, which was comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

The following was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public equity	15.0%	5.2%
Private equity	15.0%	7.2%
Fixed Income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Risk parity	8.0%	3.3%
Cash	6.0%	-1.0%
Financing (LIBOR)	-14.0%	-0.7%
Total	<u>100.0%</u>	

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 10 Pension Plan (Continued)

Actuarial Assumptions (Continued)

Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School District's proportionate share of the net pension liability	\$ 719,515,000	\$ 581,562,000	\$ 464,696,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report, which can be found on the System's website at www.psers.pa.gov.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 11 Post-Employment Benefits Other Than Pensions (OPEB)

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially-determined expense on the statement of activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefits. The post-employment benefit liability is recognized on the statement of net position over time.

The School District accounts for two post-employment benefit plans: (1) the Health Insurance Premium Assistance Plan, which is a governmental cost-sharing multi-employer defined benefit pension plan, that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania; and (2) the Central Bucks School District's OPEB plan, which is a single-employer plan that provides medical insurance benefits to its eligible employees.

Health Insurance Premium Assistance Program

General Information about the Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24-½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 11 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Health Insurance Premium Assistance Program (Continued)

Pension Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$1,370,021 for the year ended June 30, 2021.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2021, the School District reported a liability of \$25,440,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. As of June 30, 2021, the School District's proportion was 1.1774%, which was an increase of 0.0105% from its proportion measured as of June 30, 2020.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 11 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Health Insurance Premium Assistance Program (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2021, the School District recognized OPEB expense of \$1,469,609. As of June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 234,000	\$ -
Change in assumptions	1,037,000	558,000
Difference between projected and actual investment earnings	44,000	-
Changes in proportions	759,000	-
Contributions subsequent to the measurement date	<u>1,370,021</u>	<u>-</u>
Totals	<u>\$ 3,444,021</u>	<u>\$ 558,000</u>

An amount of \$1,370,021 reported as deferred outflows of resources related to OPEB resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2022	\$ 264,000
2023	258,000
2024	252,000
2025	394,000
2026	237,000
Thereafter	<u>111,000</u>
	<u>\$ 1,516,000</u>

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 11 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Health Insurance Premium Assistance Program (Continued)

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2020, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 2.66% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in Premium Assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre-age 65 at 50%
 - Eligible retirees will elect to participate Post-age 65 at 70%

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect Premium Assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 11 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Health Insurance Premium Assistance Program (Continued)

The OPEB plan’s policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

The following was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	50.3%	-1.00%
US Core Fixed Income	46.5%	-0.10%
Non-US Developed Fixed	<u>3.2%</u>	-0.10%
Total	<u><u>100.0%</u></u>	

The discount rate used to measure the Total OPEB Liability was 2.66%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 2.66% which represents the S&P 20 year Municipal Bond Rate as of June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 11 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Health Insurance Premium Assistance Program (Continued)

The following presents the System net OPEB liability for June 30, 2020, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 25,437,000	\$ 25,440,000	\$ 25,443,000

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

	1% Decrease <u>1.66%</u>	Current Discount Rate <u>2.66%</u>	1% Increase <u>3.66%</u>
Total OPEB liability	\$ 29,006,000	\$ 25,440,000	\$ 22,487,000

OPEB plan fiduciary net position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.pasers.pa.gov.

Central Bucks School District OPEB Plan

General Information about the OPEB Plan

The School District's post-employment benefits plan is a single-employer defined benefit plan. The benefits, benefits level, employee contribution, and employer contribution are administered by School District Supervisors and can be amended by the School District through its personnel manual and union contracts. The plan is not accounted for as a trust fund since an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the School District's General Fund.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 11 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Central Bucks School District OPEB Plan (Continued)

Benefits Provided

The School District provides medical insurance benefits to eligible retired employees and eligible dependents. Eligibility provisions vary depending on the employee classification. Retirees contribute from 20% to 102% of the premium cost for the benefits elected. Benefits are payable until the retiree reaches age 65 or, if earlier, becomes covered by another insurance plan. If the retiree dies or reaches age 65, the spouse (if under age 65) is eligible to elect COBRA.

Employees Covered by Benefit Terms

As of July 1, 2020, the following employees were covered by the benefit terms:

Active employees	2,070
Retirees	83
	83
Total	2,153

Total OPEB Liability

The School District's total OPEB liability of \$76,305,500 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.16%
Healthcare cost trend rates:	
Actual 2020-2021 premium rate increase	15.00%
2021-2022 trend	7.00%
Ultimate trend	4.04%
Year ultimate trend is reached	2089
Salary increases	3.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2021.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Year 2006).

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 11 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Central Bucks School District OPEB Plan (Continued)

Actuarial Assumptions and Other Inputs

The following were significant changes from the previous actuarial valuation:

- Decreasing the discount rate from 3.50% to 2.16%.
- Initial trend rates were advanced; the model for trends in subsequent years is based on the Getzen Model as updated through September 2020.
- The tables used for retirement and termination assumptions were updated to reflect the most recent tables from the Pennsylvania Public School Employees' Retirement System Actuarial Valuation dated June 30, 2019.
- The plan election assumption was changed to reflect that 50% of new retirees electing coverage are assumed to elect coverage under the PPO plan and 50% are assumed to elect coverage under the HMO plan.
- Mortality assumption changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006) to SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Year 2006).
- Morbidity factors were adjusted to reflect rates that better reflect expected underlying costs.
- Plan Change: The contributions for Administrative Positions were changed from a range of 14% to 20% to 20%.

Changes in the Total OPEB Liability

OPEB liability as of July 1, 2020	\$ 55,616,976
Changes for the year:	
Service cost	4,310,038
Plan change	(4,201,495)
Interest at 2.16%	1,532,114
Contributions	(935,710)
Assumption changes	20,300,115
Difference between actual and expected experience	(316,538)
OPEB liability as of June 30, 2021	\$ 76,305,500

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 11 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Central Bucks School District OPEB Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using a discount rate of 3.50%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

	<u>1% Decrease</u> <u>2.50%</u>	<u>Current</u> <u>Discount</u> <u>Rate</u> <u>3.50%</u>	<u>1% Increase</u> <u>4.50%</u>
Total OPEB liability	\$ 60,935,985	\$ 55,616,976	\$ 50,442,960

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability, calculated using the trend rate of 2.89%, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rates that is one percentage point lower (1.89%) or on percentage point higher (3.89%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 46,948,075	\$ 55,616,976	\$ 65,842,268

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 11 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Central Bucks School District OPEB Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the School District recognized an OPEB expense of \$1,458,386. As of June 30, 2021, the School District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 1,215,602	\$13,309,468
Change in Assumptions	18,688,794	2,149,736
Totals	\$19,904,396	\$15,459,204

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ending June 30	Amount
2022	\$ (182,271)
2023	(182,271)
2024	(182,271)
2025	(182,271)
2026	(182,271)
Thereafter	5,356,547
Total	\$ 4,445,192

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 11 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Central Bucks School District OPEB Plan (Continued)

Summary of Net Other Post-Employment Liabilities and Related Deferred Outflows of Resources and Deferred Inflows of Resources

The following is a summary of the School District's net other post-employment liabilities and related deferred outflows of resources and deferred inflows of resources:

	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Health insurance premium assistance program	\$ 25,440,000	\$ 3,444,021	\$ 558,000
School District's post-employment benefit plan	<u>76,305,500</u>	<u>19,904,396</u>	<u>15,459,204</u>
Totals	<u>\$ 101,745,500</u>	<u>\$ 23,348,417</u>	<u>\$ 16,017,204</u>

Note 12 Commitments and Contingencies

Construction Contracts

As of June 30, 2021, the School District was committed under various construction contracts, as follows:

Total cost of construction contracts	\$ 5,041,281
<u>Less: Recognized as expenditures through June 30, 2021</u>	<u>(1,563,696)</u>
Contract commitments as of June 30, 2021	<u>\$ 3,477,585</u>

Operating Lease

The District is currently leasing computer equipment under a four-year lease that calls for four annual payments of \$181,570 beginning on August 1, 2020. Rental expenditures incurred under the lease totaled \$181,570 for the year ended June 30, 2021. Future minimum lease payments are scheduled as follows:

<u>Fiscal Year Ended June 30</u>	<u>Amount</u>
2022	\$ 181,570
2023	181,570
2024	<u>181,570</u>
Total	<u>\$ 544,710</u>

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 12 Commitments and Contingencies (Continued)

Other Commitments

As of June 30, 2021, the School District had secured from TD Bank a standby letter of credit for the benefit of Warrington Township in the amount of \$156,756.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Note 13 Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the School District to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and liability insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Beginning July 1, 2018, the School District began self-funding healthcare and prescription benefits for its employees. The School District currently reports the cost of these benefits in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

As of June 30, 2021, the liability for healthcare claims was \$3,149,555 and is included in accrued salaries and benefits. This liability is the School District's best estimate based on available information. Changes in the reported liability for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Liability balance as of beginning of year	\$ 2,402,389	\$ 2,143,939
Current-year claims and changes in estimates	34,812,225	29,046,893
Claim payments	<u>(34,065,059)</u>	<u>(28,788,443)</u>
Liability balance as of end of year	<u>\$ 3,149,555</u>	<u>\$ 2,402,389</u>

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2021

Note 13 Risk Management (Continued)

As of June 30, 2021, the School District's claim payments for prescription benefits exceeded current-year claims and changes in estimates by \$502,805. This asset, which is included in other receivables, is the School District's best estimate based on available information. Changes in the reported asset for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
(Asset) balance as of beginning of year	\$ (82,680)	\$ (1,141,212)
Current-year claims and changes in estimates	10,324,811	9,870,599
Claim payments	<u>(10,744,936)</u>	<u>(8,812,067)</u>
(Asset) balance as of end of year	<u>\$ (502,805)</u>	<u>\$ (82,680)</u>

Note 14 Subsequent Events

An ongoing worldwide pandemic of coronavirus disease 2019 (COVID-19) has continued to have an effect on the United States since March 2020 when many of the large metropolitan areas of the United States imposed strict limits on social gathering and forced non-essential businesses with physical locations to temporarily close. This forced many organizations to find alternatives to continue their operations. As of the report dated, the School District is evaluating the ongoing effects of this pandemic on its current and future operations.

The School District has evaluated all subsequent events through March 9, 2022, the date the financial statements were available to be issued.

Central Bucks School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local sources	\$ 259,626,804	\$ 259,626,804	\$ 265,500,468	\$ 5,873,664
State sources	72,212,482	72,212,482	72,366,889	154,407
Federal sources	4,829,300	4,829,300	5,137,631	308,331
<u>Total Revenues</u>	<u>336,668,586</u>	<u>336,668,586</u>	<u>343,004,988</u>	<u>6,336,402</u>
<u>Expenditures</u>				
Instruction	211,232,564	211,233,444	211,049,597	183,847
Support services	102,222,874	103,569,224	100,529,698	3,039,526
Operation of non-instructional services	9,890,398	8,543,168	7,377,457	1,165,711
Debt service	6,822,750	6,822,750	21,747,795	(14,925,045)
Refund of prior-year revenues	-	-	30,751	(30,751)
<u>Total Expenditures</u>	<u>330,168,586</u>	<u>330,168,586</u>	<u>340,735,298</u>	<u>(10,566,712)</u>
<u>Excess (Deficiency) of Revenues Over (Under) Expenditures</u>	<u>6,500,000</u>	<u>6,500,000</u>	<u>2,269,690</u>	<u>(4,230,310)</u>
<u>Other Financing Sources (Uses)</u>				
Face value of bonds issued	-	-	13,855,000	13,855,000
Bond premiums	-	-	1,195,079	1,195,079
Proceeds from sale of fixed assets	-	-	7,250	7,250
Interfund transfers out	(6,500,000)	(6,500,000)	(6,500,000)	-
<u>Total Other Financing Sources (Uses)</u>	<u>(6,500,000)</u>	<u>(6,500,000)</u>	<u>8,557,329</u>	<u>15,057,329</u>
<u>Net Change in Fund Balance</u>	<u>-</u>	<u>-</u>	<u>10,827,019</u>	<u>10,827,019</u>
<u>Fund Balance, Beginning of Year</u>	<u>26,304,000</u>	<u>26,304,000</u>	<u>32,962,893</u>	<u>6,658,893</u>
<u>Fund Balance, End of Year</u>	<u>\$ 26,304,000</u>	<u>\$ 26,304,000</u>	<u>\$ 43,789,912</u>	<u>\$ 17,485,912</u>

Central Bucks School District
Note to the Budgetary Comparison Schedule
June 30, 2021

Note 1 Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for the Capital Project Fund.

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to March 1, the Business Manager submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the School District offices to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. The Business Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. Formal budgetary integration is not employed for the Capital Project Fund. Formal budgetary integration is also not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
6. Budgeted amounts are as originally adopted or as amended by the School Board.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year).

Central Bucks School District
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Seven Fiscal Years

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
School district's proportion of the net pension liability	1.1811%	1.1669%	1.1539%	1.1333%	1.1200%	1.0975%	1.0577%
School district's proportionate share of the net pension liability	\$ 581,562,000	\$ 545,906,000	\$ 553,929,000	\$ 559,719,000	\$ 555,036,000	\$ 475,386,000	\$ 418,645,000
School district's covered-employee payroll	\$ 165,255,946	\$ 160,935,915	\$ 155,388,484	\$ 150,885,722	\$ 145,056,187	\$ 141,210,865	\$ 134,977,166
School district's proportionate share of the net pension liability as a percentage of its covered-employee payroll	351.92%	339.21%	356.48%	370.96%	382.64%	336.65%	310.16%
The plan's fiduciary net position as a percentage of the total pension liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

The amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

Central Bucks School District
Schedule of the School District's Pension Contributions
Last Seven Fiscal Years

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Contractually Required Contribution	\$ 55,987,091	\$ 55,129,384	\$ 52,465,108	\$ 49,320,305	\$ 44,058,631	\$ 36,264,047	\$ 28,948,227
Contributions in Relation to the Contractually Required Contribution	<u>(55,987,091)</u>	<u>(55,129,384)</u>	<u>(52,465,108)</u>	<u>(49,320,305)</u>	<u>(44,058,631)</u>	<u>(36,264,047)</u>	<u>(28,948,227)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 167,075,771	\$ 165,255,946	\$ 160,935,915	\$ 155,388,484	\$ 150,885,722	\$ 145,056,187	\$ 141,210,865
Contributions as a Percentage of Covered-employee Payroll	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%

The amounts presented for each fiscal year were determined as of the end of the current fiscal year.

Central Bucks School District
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Health Insurance Premium Assistance Plan
Last Five Fiscal Years

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
District's Proportion of the Net OPEB Liability	1.1774%	1.1669%	1.1539%	1.1333%	1.1200%
District's Proportionate Share of the Net OPEB Liability	25,440,000	24,818,000	24,058,000	\$ 23,090,000	\$ 24,125,000
District's Covered-employee Payroll	\$ 165,255,946	\$ 160,935,915	\$ 155,388,484	\$ 150,885,722	\$ 145,056,187
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-employee Payroll	15.39%	15.42%	15.48%	15.30%	16.63%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.69%	5.56%	5.56%	5.73%	5.47%

The amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

Central Bucks School District
Schedule of School District's OPEB Contributions
Health Insurance Premium Assistance Plan
Last Five Fiscal Years

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Contractually Required Contribution	\$ 1,370,021	\$ 1,388,150	\$ 1,335,768	\$ 1,289,724	\$ 1,252,351
Contributions in Relation to the Contractually-Required Contribution	<u>(1,370,021)</u>	<u>(1,388,150)</u>	<u>(1,335,768)</u>	<u>(1,289,724)</u>	<u>(1,252,351)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 167,075,771	\$ 165,255,946	\$ 160,935,915	\$ 155,388,484	\$ 150,885,722
Contributions as a Percentage of Covered-employee Payroll	0.82%	0.84%	0.83%	0.83%	0.83%

The amounts presented for each fiscal year were determined as of the end of the current fiscal year.

Central Bucks School District
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios
Central Bucks School District OPEB Plan
Last Five Fiscal Years

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability					
Service cost	\$ 4,310,038	\$ 3,131,381	\$ 3,025,489	\$ 3,265,570	\$ 7,319,129
Interest	1,532,114	1,789,022	1,654,028	1,326,060	1,741,637
Plan change	(4,201,495)	-	-	-	-
Assumption changes and difference between actual and expected experience	20,300,115	-	(2,922,098)	(1,414,840)	(21,128,466)
Difference between actual and expected experience	(316,538)	-	1,652,345	-	-
Change in actuarial cost method	-	-	-	-	-
Benefit payments	<u>(935,710)</u>	<u>(836,684)</u>	<u>(808,390)</u>	<u>(1,546,690)</u>	<u>(2,046,810)</u>
Net change in total OPEB liability	20,688,524	4,083,719	2,601,374	1,630,100	(14,114,510)
Total OPEB liability - beginning of year	<u>55,616,976</u>	<u>51,533,257</u>	<u>48,931,883</u>	<u>47,301,783</u>	<u>61,416,293</u>
Total OPEB liability - end of year	<u>\$ 76,305,500</u>	<u>\$ 55,616,976</u>	<u>\$ 51,533,257</u>	<u>\$ 48,931,883</u>	<u>\$ 47,301,783</u>
Covered-employee payroll	\$ 145,684,369	\$ 146,250,584	\$ 141,990,859	\$ 136,596,726	\$ 132,618,181
Total OPEB liability as a percentage of covered-employee payroll	52.38%	38.03%	36.29%	35.82%	35.67%

Notes to Schedule

Significant changes from the previous actuarial valuation: Mortality assumption changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006) to SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Year 2006):

- Decreasing the discount rate from 3.50% to 2.16%.
- Initial trend rates were advanced, the model for trends in subsequent years is based on the Getzen Model as updated through September 2020.
- The tables used for retirement and termination assumptions were updated to reflect the most recent tables from the Pennsylvania Public School Employees' Retirement System Actuarial Valuation dated June 30, 2019.
- The plan election assumption was changed to reflect that 50% of new retirees electing coverage are assumed to elect coverage under the PPO plan and 50% are assumed to elect coverage under the HMO plan.
- Mortality assumption changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006) to SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Year 2006).
- Morbidity factors were adjusted to reflect rates that better reflect expected underlying costs.
- Plan Change: The contributions for Administrative Positions were changed from a range of 14% to 20% to 20%.

Assumption changes and difference between actual and expected experience. The amount presented for the year ended June 30, 2017 represents the difference between the expected net OPEB liability and the OPEB liability as of July 1, 2016 calculated in accordance with GASB Statement No. 45. The amounts presented for the years ended June 30, 2020, 2019, and 2018 represents the effect of other changes in assumptions.



Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance With Government Auditing Standards

To the Board of School Directors
Central Bucks School District
Doylestown, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Central Bucks School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Central Bucks School District's basic financial statements, and have issued our report thereon dated March 9, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Bucks School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Bucks School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Bucks School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Bucks School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barz Gowie Amon & Fultz, LLC

Media, Pennsylvania
March 9, 2021



Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of School Directors
Central Bucks School District
Doylestown, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Central Bucks School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Central Bucks School District's major federal programs for the year ended June 30, 2021. Central Bucks School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Central Bucks School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Bucks School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Central Bucks School District's compliance.

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Opinion on Each Major Federal Program

In our opinion, Central Bucks School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Central Bucks School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Central Bucks School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central Bucks School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Barsz Gowie Amon & Fultz, LLC

Media, Pennsylvania
March 9, 2022

Central Bucks School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/ Program Title	Federal AL Number	Pass-Through Grantor's Number	Grant Period	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 6/30/20	Accrued or (Deferred) Revenue 6/30/21	Revenue Recognized	Expenditures	Amounts Passed Through to Sub- Recipients
U.S. Department of Education										
<u>Passed through PA Department of Education</u>										
Title I - Improving Basic Programs	84.010	FA-013-21-0069	10/21/20 - 9/30/21	\$ 770,374	\$ 515,661	\$ -	\$ (92,903)	\$ 422,758	\$ 422,758	\$ -
Title I - Improving Basic Programs	84.010	FA-013-20-0069	8/23/19 - 9/30/20	930,024	730,733	251,671	-	479,062	479,062	-
Title I - Improving Basic Programs	84.010	013-19-0069	8/15/18 - 9/30/20	1,146,583	479,062	479,062	-	-	-	-
<u>Total Title I - AL # 84.010</u>					<u>1,725,456</u>	<u>730,733</u>	<u>(92,903)</u>	<u>901,820</u>	<u>901,820</u>	<u>-</u>
<u>Passed through PA Department of Education</u>										
Special Education--Grants to States/ COVID-19 SECIM	84.027	252-200069	3/13/20 - 9/30/21	176,327	46,402	-	126,376	172,778	172,778	-
<u>Passed through Bucks County Intermediate Unit</u>										
Special Education--Grants to States/ IDEA	84.027	062-210022	7/1/20 - 6/30/21	2,595,641	1,467,048	-	1,128,593	2,595,641	2,595,641	-
Special Education--Grants to States/ IDEA	84.027	062-200022	7/1/19 - 6/30/20	2,561,476	1,325,530	1,325,530	-	-	-	-
<u>Total IDEA - AL # 84.027</u>					<u>2,838,980</u>	<u>1,325,530</u>	<u>1,254,969</u>	<u>2,768,419</u>	<u>2,768,419</u>	<u>-</u>
<u>Passed through Bucks County Intermediate Unit</u>										
IDEA Section 619	84.173	131-200022	7/1/20 - 6/30/21	6,885	6,885	-	-	6,885	6,885	-
IDEA Section 619	84.173	131-190022	7/1/19 - 6/30/20	9,686	9,686	9,686	-	-	-	-
<u>Total IDEA Section 619 - CFDA # 84.173</u>					<u>16,571</u>	<u>9,686</u>	<u>-</u>	<u>6,885</u>	<u>6,885</u>	<u>-</u>
<u>Total Special Education Cluster</u>					<u>2,855,551</u>	<u>1,335,216</u>	<u>1,254,969</u>	<u>2,775,304</u>	<u>2,775,304</u>	<u>-</u>
<u>Passed through PA Department of Education</u>										
Title III - Language Instruction for Limited English Proficient and Immigrant Students	84.365	FA-010-21-0069	10/21/20 - 9/30/22	83,766	34,902	-	(3,828)	31,074	31,074	-
Title III - Language Instruction for Limited English Proficient and Immigrant Students	84.365	FA-010-20-0069	8/23/19 - 9/30/20	61,650	13,211	4,334	(3,576)	5,301	5,301	-
<u>Total Title III - AL # 84.365</u>					<u>48,113</u>	<u>4,334</u>	<u>(7,404)</u>	<u>36,375</u>	<u>36,375</u>	<u>-</u>
<u>Passed through PA Department of Education</u>										
Title II - Improving Teacher Quality	84.367	FA-020-21-0069	10/21/20 - 9/30/22	284,394	143,583	-	12,016	155,599	155,599	-
Title II - Improving Teacher Quality	84.367	FA-020-20-0069	8/23/19 - 9/30/20	318,889	113,883	60,898	-	52,985	52,985	-
<u>Total Title II - AL # 84.367</u>					<u>257,466</u>	<u>60,898</u>	<u>12,016</u>	<u>208,584</u>	<u>208,584</u>	<u>-</u>
<u>Passed through PA Department of Education</u>										
Title IV - Student Support and Academic Enrichm	84.424	FA-144-21-0069	10/21/20 - 9/30/21	86,201	71,834	-	(3,851)	67,983	67,983	-
Title IV - Student Support and Academic Enrichm	84.424	FA-144-20-0069	8/23/19 - 9/30/20	100,239	7,160	1,831	-	5,329	5,329	-
<u>Total Title IV - AL # 84.424</u>					<u>78,994</u>	<u>1,831</u>	<u>(3,851)</u>	<u>73,312</u>	<u>73,312</u>	<u>-</u>
<u>Totals (Carried Forward)</u>					<u>\$ 4,965,580</u>	<u>\$ 2,133,012</u>	<u>\$ 1,162,827</u>	<u>\$ 3,995,395</u>	<u>\$ 3,995,395</u>	<u>\$ -</u>

(Continued)

Central Bucks School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/ Program Title	Federal AL Number	Pass-Through Grantor's Number	Grant Period	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 6/30/20	Accrued or (Deferred) Revenue 6/30/21	Revenue Recognized	Expenditures	Amounts Passed Through to Sub- Recipients
<u>Totals (Brought Forward)</u>					\$ 4,965,580	\$ 2,133,012	\$ 1,162,827	\$ 3,995,395	\$ 3,995,395	\$ -
<u>U.S. Department of Education (Continued)</u>										
<u>Passed through PA Department of Education</u>										
CARES Act - ESSER Fund Local	84.425D	200-200069	3/13/20 - 9/30/21	933,573	933,573	-	-	933,573	933,573	-
<u>Passed through Commonwealth of Pennsylvania</u>										
CARES Act - ESSER Fund Local	84.425D	2020-ES-01-35248	3/13/20 - 9/30/22	524,330	520,119	-	-	520,119	520,119	-
<u>Passed through Community Services for Children Inc.</u>										
CARES Act - ESSER Fund Local	84.425D	N/A	3/1/20 - 3/1/21	199,500	199,500	-	-	199,500	199,500	-
<u>Total CARES Act - ESSER Fund Local - AL # 84.425</u>					1,653,192	-	-	1,653,192	1,653,192	-
<u>Total U.S. Department of Education</u>					6,618,772	2,133,012	1,162,827	5,648,587	5,648,587	-
<u>U.S. Department of the Treasury</u>										
<u>Passed through Commonwealth of Pennsylvania</u>										
CARES Act - COVID RF School Safety and Security	21.019	2020-CS-01-33997	3/1/20 - 10/30/20	822,119	822,119	-	-	822,119	822,119	-
<u>Passed through Bucks County Intermediate Unit</u>										
CARES Act - COVID RF School Safety and Security	21.019	N/A	3/1/20 - 12/31/20	332,620	332,620	-	-	332,620	332,620	-
<u>Total CARES Act - COVID RF School Safety and Security - AL # 21.019</u>					1,154,739	-	-	1,154,739	1,154,739	-
<u>Total U.S. Department of the Treasury</u>					1,154,739	-	-	1,154,739	1,154,739	-
<u>U.S. Department of Health and Human Services</u>										
<u>Passed through PA Department of Human Services</u>										
Access	93.778	N/A	7/1/20 - 6/30/21		20,904	-	43,449	64,353	64,353	-
Access	93.778	N/A	7/1/19 - 6/30/20		31,303	31,303	-	-	-	-
<u>Total Access - AL # 93.778</u>					52,207	31,303	43,449	64,353	64,353	-
<u>Total Medicaid Cluster</u>					52,207	31,303	43,449	64,353	64,353	-
<u>Total U.S. Department of Health and Human Services</u>					52,207	31,303	43,449	64,353	64,353	-
<u>U.S. Department of Homeland Security</u>										
<u>Passed through Commonwealth of Pennsylvania</u>										
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	N/A	7/1/20 - 6/30/21	34,962	26,222	-	-	26,222	26,222	-
<u>Total Disaster Grants-Public Assistance - AL 97.036</u>					34,962	26,222	-	26,222	26,222	-
<u>Total U.S. Department of Homeland Security</u>					34,962	26,222	-	26,222	26,222	-

(Continued)

Central Bucks School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/ Program Title	Federal AL Number	Pass-Through Grantor's Number	Grant Period	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 6/30/20	Accrued or (Deferred) Revenue 6/30/21	Revenue Recognized	Expenditures	Amounts Passed Through to Sub- Recipients
<u>U.S. Department of Agriculture</u>										
<u>Passed through PA Department of Education</u>										
School Breakfast Program	10.553	365	7/1/20 - 6/30/21	N/A	\$ 433,374	\$ -	\$ -	\$ 433,374	\$ 433,374	\$ -
School Breakfast Program	10.553	365	7/1/19 - 6/30/20	N/A	4,309	4,309	-	-	-	-
<u>Total School Breakfast Program - AL # 10.553</u>					437,683	4,309	-	433,374	433,374	-
National School Lunch Program	10.555	362	7/1/20 - 6/30/21	N/A	1,772,169	-	-	1,772,169	1,772,169	-
National School Lunch Program	10.555	362	7/1/19 - 6/30/20	N/A	202,187	202,187	-	-	-	-
<u>Passed through PA Department of Agriculture</u>										
National School Lunch Program	10.555	2-08-09-210	7/1/19 - 6/30/20	N/A	311,761	-	-	311,761	311,761	-
<u>Total National School Lunch Program - AL # 10.555</u>					2,286,117	202,187	-	2,083,930	2,083,930	-
<u>Passed through PA Department of Education</u>										
Summer Food Service Program for Children	10.559	N/A	3/1/21 - 8/31/21	N/A	-	-	2,360,173	2,360,173	2,360,173	-
<u>Total Summer Food Service Program for Children - AL # 10.559</u>					-	-	2,360,173	2,360,173	2,360,173	-
<u>Total Child Nutrition Cluster</u>					2,723,800	206,496	2,360,173	4,877,477	4,877,477	-
<u>Total U.S. Department of Agriculture</u>					2,723,800	206,496	2,360,173	4,877,477	4,877,477	-
<u>Total Federal Awards</u>					\$ 10,575,740	\$ 2,370,811	\$ 3,566,449	\$ 11,771,378	\$ 11,771,378	\$ -

Central Bucks School District
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2021

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Central Bucks School District under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Central Bucks School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Central Bucks School District.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Central Bucks School District did not elect to use the 10% *de minimis* indirect cost rate.

Note 3 Non-Monetary Federal Awards – Donated Commodities

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures for USDA Donated Commodities, reported in the Schedule of Expenditures of Federal Awards under CFDA #10.555, National School Lunch Program, represent surplus food consumed by Central Bucks School District during the year ended June 30, 2021.

Central Bucks School District
Schedule of Findings and Questioned Costs
June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards:

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major program:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of Major Programs:

<u>Program Title</u>	<u>Federal AL Number</u>	<u>Expenditures of Federal Awards</u>
School Breakfast Program	10.553	\$ 433,374
National School Lunch Program	10.555	2,083,930
Summer Food Service Program for Children	10.559	<u>2,360,173</u>
Total Child Nutrition Cluster		4,877,477
CARES Act - ESSER Fund Local	84.425D	1,653,192
CARES Act - COVID RF School Safety and Security	21.019	<u>1,154,739</u>
Total Major Programs		<u><u>\$ 7,685,408</u></u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low risk auditee? Yes

Central Bucks School District
Schedule of Findings and Questioned Costs (Continued)
June 30, 2021

Section II – Financial Statement Findings

Status of Prior-Year Findings:

None

Current-Year Findings and Questioned Costs:

None

Section III – Federal Award Findings and Questioned Costs

Status of Prior-Year Findings:

None

Current-Year Findings and Questioned Costs:

None