

Central Bucks School District

Annual Financial Report

June 30, 2024

Table of Contents

	<u>Page Number</u>
Independent Auditor's Report	1 – 3
Required Supplementary Information	
Management's Discussion and Analysis	4 – 11
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13 – 14
Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Reconciliation of Net Change in Fund Balances – Governmental Funds to Change in Net Position of Governmental Activities	18
Statement of Net Position – Proprietary Fund	19
Statement of Revenues, Expenses, and Change in Fund Net Position – Proprietary Fund	20
Statement of Cash Flows – Proprietary Fund	21 – 22
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24
Notes to the Basic Financial Statements	25 – 57

(Continued)

Table of Contents

	<u>Page Number</u>
Required Supplementary Information	
Budgetary Comparison Schedule	58
Notes to the Budgetary Comparison Schedule	59
Schedule of the School District's Proportionate Share of the Net Pension Liability	60
Schedule of the School District's Pension Contributions	61
Schedule of the School District's Proportionate Share of the Net OPEB Liability – Health Insurance Premium Assistance Plan	62
Schedule of the School District's OPEB Contributions – Health Insurance Premium Assistance Plan	63
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios – Central Bucks School District OPEB Plan	64
Single Audit Section	
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 <i>Government Auditing Standards</i>	65 – 66
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	67 – 69
Schedule of Expenditures of Federal Awards	70 – 72
Notes to the Schedule of Expenditures of Federal Awards	73
Schedule of Findings and Questioned Costs	74 – 77
Corrective Action Plan	78



Independent Auditor's Report

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

Report on the Audit of 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, 2024, and the related notes to the financial statements, which collectively comprise Central Bucks School District's basic financial statements as listed in the table of contents.

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 of Central Bucks School District, as of June 30, 2024, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central Bucks School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Bucks School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Central Bucks School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Bucks School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 11, the budgetary comparison information on pages 58 and 59, and the pension and other post-employment benefits (OPEB) schedules on pages 60 – 64, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 26, 2025, 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 26, 2025

CENTRAL BUCKS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2024

The Central Bucks School District (the District) presents the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

School District Highlights

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. 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.

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.

The district consists of 15 elementary schools for students in kindergarten through 6th grade, five middle schools for grades 7-9, and three high schools for grades 10-12.

Financial Highlights

- As of the close of the current fiscal year, the Unassigned fund balance for the General Fund is \$24,130,215 or 5.77% of the total General Fund subsequent year's budget. In addition, there is a Non-spendable fund balance of \$180,938 and an Assigned fund balance of \$39,519,740. 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: \$6,408,830 for additional future healthcare obligations; a reserve of \$1,369,230 for future real estate tax assessment appeals; a budgetary reserve in the amount of \$7,741,680 to be used in future budget years as a supplement to revenues; and a capital project fund transfer of \$14,000,000 and \$10,000,000 for future expenditures related to district wide grade realignment in FY2026-2027. 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 \$514,440,000. 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 \$20,868,000. The impact of the recognition of these liabilities resulted in taking the ending net position from a positive balance of \$363,335,712 to a negative balance of \$103,081,732. The basis of the pension and other post-employment benefits entries are further discussed in Note 9 and Note 10 of the financial statements, respectively.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

Overview of the Financial Statements

This annual report consists of five parts: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, other supplementary information and the single audit section. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental funds statements tell how basic services such as instruction and transportation were financed in the short-term as well as what remains for future spending. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others. 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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

Figure CB-1 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

FIGURE CB-1:

Major Features of Central Bucks School District's Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business - Food Service	Instances in which the District is the trustee or agent to someone else's resources - Scholarship Funds
Required Financial Statements	Statement of Net Position, Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows	Statement of Fiduciary Net Position, Statement of Changes in Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and capital, and short-term and long-term
Type of Inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

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 District's current 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 \$103,081,732 but would reflect a positive balance of \$363,335,712.

Condensed Statements of Net Position
June 30, 2024 and June 30, 2023

Central Bucks School District's Net Position						
	Governmental Activities		Business-Type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and other assets	\$ 131,267,888	\$ 131,472,250	\$1,663,469	\$2,312,938	\$ 132,931,357	\$ 133,785,188
Capital assets	359,374,140	363,360,005	424,973	352,602	359,799,113	363,712,607
TOTAL ASSETS	490,642,028	494,832,255	2,088,442	2,665,540	492,730,470	497,497,795
DEFERRED OUTFLOWS OF RESOURCES						
Pension	84,069,191	78,494,471	-	-	84,069,191	78,494,471
Other post-employment benefits	16,796,037	19,954,271	-	-	16,796,037	19,954,271
TOTAL DEFERRED OUTFLOWS OF RESOURCES	100,865,228	98,448,742	-	-	100,865,228	98,448,742
LIABILITIES						
Current liabilities	37,885,820	36,614,743	723,398	616,470	38,609,218	37,231,213
Long-term liabilities	617,918,758	619,475,908	-	-	617,918,758	619,475,908
TOTAL LIABILITIES	655,804,578	656,090,651	723,398	616,470	656,527,976	656,707,121
DEFERRED INFLOWS OF RESOURCES						
Pension	14,059,000	19,898,000	-	-	14,059,000	19,898,000
Other post-employment benefits	23,968,256	28,701,875	-	-	23,968,256	28,701,875
Deferred amounts on refunding bonds	757,154	1,160,969	-	-	757,154	1,160,969
TOTAL DEFERRED INFLOWS OF RESOURCES	38,784,410	49,760,844	-	-	38,784,410	49,760,844
NET POSITION						
Net investment in capital assets	356,476,119	357,606,041	424,973	352,602	356,901,092	357,958,643
Unrestricted	(459,557,851)	(470,176,539)	940,071	1,696,468	(458,617,780)	(468,480,071)
TOTAL NET POSITION	\$(103,081,732)	\$(112,570,498)	\$1,365,044	\$2,049,070	\$(101,716,688)	\$(110,521,428)

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

Governmental Activities - Governmental activities increased the Central Bucks School District's net position by \$9,314,180. Business-type activities decreased the District's net position by \$684,026, resulting in a total increase in net position of \$8,630,154. Key elements of this change in position are as follows:

Changes in Net Position
Years Ended June 30, 2024 and June 30, 2023

Central Bucks School District's Change in Net Position						
	Governmental Activities		Business-Type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues						
Charges for services	\$ 720,370	\$ 541,574	\$3,709,119	\$3,714,062	\$ 4,429,489	\$ 4,255,636
Operating grants and contributions	80,634,486	79,936,781	2,447,040	2,715,785	83,081,526	82,652,566
Capital grants and contributions	454,961	9,218,076	-	-	454,961	9,218,076
General Revenues						
Property taxes	253,524,613	245,786,917	-	-	253,524,613	245,786,917
Other taxes	35,129,002	34,588,039	-	-	35,129,002	34,588,039
Grants and contributions not restricted to specific programs	4,636,820	10,793,532	-	-	4,636,820	10,793,532
Other	10,463,951	5,262,469	78,923	-	10,542,874	5,262,469
TOTAL REVENUES	385,564,203	386,127,388	6,235,082	6,429,847	391,799,285	392,557,235
EXPENSES						
Instruction	231,551,304	214,667,640	-	-	231,551,304	214,667,640
Support services	117,427,117	106,056,209	-	-	117,427,117	106,056,209
Operation of non-instructional services	10,224,779	9,038,342	-	-	10,224,779	9,038,342
Facilities acquisition, construction, and improvement services	17,310,333	17,188,445	-	-	17,310,333	17,188,445
Special items - loss	120,000				120,000	
Debt service	(383,510)	(354,853)	-	-	(383,510)	(354,853)
Food service	-	-	6,919,108	6,777,912	6,919,108	6,777,912
TOTAL EXPENSES	376,250,023	346,595,783	6,919,108	6,777,912	383,169,131	353,373,695
CHANGE IN NET POSITION	9,314,180	39,531,605	(684,026)	(348,065)	8,630,154	39,183,540
NET POSITION:						
BEGINNING OF YEAR	(112,395,912)	(151,927,517)	2,049,070	2,397,135	(110,346,842)	(149,530,382)
END OF YEAR	\$ (103,081,732)	\$ (112,395,912)	\$ 1,365,044	\$ 2,049,070	\$ (101,716,688)	\$ (110,346,842)

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

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 \$297,015,481 (77.3%). State funding amounted to \$82,363,948 (21.4%). Federal funding amounted to \$4,799,747 (1.3%). 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 (22.7%) of total School District revenue.

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

	2023-24	2022-23	Change	
Instruction	\$ 236,386,124	\$ 225,880,953	\$ 10,505,171	4.7%
Support services	114,217,416	107,495,976	6,721,440	6.3%
Non-instructional	10,562,451	9,640,043	922,408	9.6%
Debt service	2,953,750	4,364,304	(1,410,554)	-32.3%
Other	-	438,810	(438,810)	
Totals	\$ 364,119,741	\$ 347,820,086	\$ 16,299,655	4.7%

Revenues were over the budgeted estimates by \$3,891,951 due to some local revenues that were higher than originally predicted economically. These were significant gains in interest income due to higher-than-expected interest rates, delinquent real estate collections, along with gains in the community school program revenues. Federal Revenues were slightly higher than budget due to the timing of ESSER fund expenditures over the grant period. Expenses were also less than expected but by less than 2.6% of budget. Detail of budget to actual can be found in supplemental schedules.

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 \$24,130,215, representing 5.8% of the subsequent year's budget amount of \$418,436,953. As it is the intent of the Board to use funds over the recommended range to build a reserve for future capital projects, the Board is expected to approve a transfer of \$14,000,000 from the General Fund to the Capital Project Fund during the 2024-25 fiscal year along with \$10,000,000 for the grade realignment slated to occur in the 2026-2027 school year for which work will begin in the 2024-2025 school year. In addition to the Unassigned fund balance, there is also a Non-spendable fund balance of \$180,938 and other Assigned fund balance of \$15,519,740 which includes the transfers listed above and funds sets aside for additional

CENTRAL BUCKS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2024

future healthcare obligations (\$6,408,830), future real estate tax assessment appeals (\$1,369,230), a budgetary reserve to be used in future budget years as a supplement to revenues (\$7,741,680).

The Capital Project Fund has a total fund balance of \$29,709,496 as of the end of the current fiscal year, all of which is committed 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 \$1,365,044, of which \$424,973 is the net investment in capital assets and \$940,071 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's investment in capital assets for its governmental and business-type activities (net of accumulated depreciation) amounts to \$359,374,140 and \$424,973 respectively, as of June 30, 2024. 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 \$12,732,146 as of June 30, 2024 reflects the expenditures recognized on construction contracts in progress as of the end of the year.

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 11,819,843	\$ 11,819,843	\$ -	\$ -	\$ 11,819,843	\$ 11,819,843
Construction in progress	12,732,146	11,166,099	-	-	12,732,146	11,166,099
Site improvements	16,942,714	18,619,673	-	-	16,942,714	18,619,673
Buildings and improvements	303,584,781	306,639,014	-	-	303,584,781	306,639,014
Vehicles	3,471,745	3,089,696	-	-	3,471,745	3,089,696
Machinery and equipment	9,672,383	10,255,472	424,973	352,602	10,097,356	10,608,074
Amortized Assets	1,150,528	1,770,208	-	-	1,150,528	1,770,208
Totals	<u>\$ 359,374,140</u>	<u>\$ 363,360,005</u>	<u>\$ 424,973</u>	<u>\$ 352,602</u>	<u>\$ 359,799,113</u>	<u>\$ 363,712,607</u>

DEBT ADMINISTRATION

In the government-wide and the Proprietary Fund financial statements, outstanding debt is reported as liabilities.

For the year ended June 30, 2024, the School District had \$1,695,000 in future debt service requirements related to general obligation bonds, of which \$1,345,000 in principal and \$84,750 in interest is due within one year. Additional information on the School District's bonds payable can be found in Note 7 to the basic financial statements.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

General Fund Debt Schedule

Issue	Principal Balance as of 6/30/24	Payments Due 2024-2025		Retirement Date
		Principal	Interest	
2021	1,695,000	1,345,000	84,750	05/2026
Totals	\$ 1,695,000	\$ 1,345,000	\$ 84,750	

2023-2024 Average Rate of Interest = 5.00%

Year Ending June 30	Principal	Interest	Totals
2025	1,345,000	84,750	1,429,750
2026	350,000	17,500	367,500
Totals	\$ 1,695,000	\$ 102,250	\$ 1,797,250

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, continued to tick up in the current fiscal year. 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. This was continued in the current year. Additionally, inflationary factors due to supply chain and energy constraints continue to put pressure on budgets across the state. There will be some minor relief from the continuing increase in PSERS contributions, but they will be short lived as rates are expected to rise in 2024-2025 after falling slightly in 2023-2024. On a positive note, the district is seeing increased levels of earned income tax indicating continued wage growth in the district. Lastly, the change in administration at the state level will bring different budgetary goals and expectations.

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, 2024

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 103,628,756	\$ 902,947	\$ 104,531,703
Taxes receivable	8,912,298	-	8,912,298
Internal balances	(125,748)	125,748	-
Due from private purpose trust funds	27,362	-	27,362
Due from other governments	15,731,617	593,756	16,325,373
Other receivables	2,832,665	41,018	2,873,683
Inventories	64,146	-	64,146
Prepaid expenses	196,792	-	196,792
Capital assets, net	359,374,140	424,973	359,799,113
<u>Total Assets</u>	490,642,028	2,088,442	492,730,470
<u>Deferred Outflows of Resources</u>			
Pension	84,069,191	-	84,069,191
Other post-employment benefits	16,796,037	-	16,796,037
<u>Total Deferred Outflows of Resources</u>	100,865,228	-	100,865,228
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 591,507,256</u>	<u>\$ 2,088,442</u>	<u>\$ 593,595,698</u>
<u>Liabilities</u>			
Accounts payable	\$ 6,060,110	\$ 458,689	\$ 6,518,799
Accrued salaries and benefits	31,618,725	-	31,618,725
Unearned revenue	176,449	264,709	441,158
Accrued interest	10,536	-	10,536
Due to private purpose trust funds	20,000	-	20,000
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	1,345,000	-	1,345,000
Lease obligations	408,262	-	408,262
Subscription-based technology arrangement obligations	69,064	-	69,064
Portion due or payable after one year:			
Bonds payable	798,154	-	798,154
Lease obligations	346,605	-	346,605
Compensated absences	2,277,629	-	2,277,629
Net pension liability	514,440,000	-	514,440,000
Net other post-employment benefits liabilities	98,234,044	-	98,234,044
<u>Total Liabilities</u>	655,804,578	723,398	656,527,976
<u>Deferred Inflows of Resources</u>			
Pension	14,059,000	-	14,059,000
Other post-employment benefits	23,968,256	-	23,968,256
Deferred amounts on refundings, net	757,154	-	757,154
<u>Total Deferred Inflows of Resources</u>	38,784,410	-	38,784,410
<u>Net Position</u>			
Net investment in capital assets	356,476,119	424,973	356,901,092
Unrestricted	(459,557,851)	940,071	(458,617,780)
<u>Total Net Position</u>	(103,081,732)	1,365,044	(101,716,688)
<u>Total Liabilities, Deferred Inflows of Resources, and Net Position</u>	<u>\$ 591,507,256</u>	<u>\$ 2,088,442</u>	<u>\$ 593,595,698</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, 2024

		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
	Expenses						
<u>Governmental Activities</u>							
Current							
Instruction							
Regular programs	\$ 159,157,023	\$ 720,370	\$ 42,877,141	\$ -	\$ (115,559,512)	\$ -	\$ (115,559,512)
Special programs	62,197,466	-	17,184,777	-	(45,012,689)	-	(45,012,689)
Vocational education	6,337,945	-	-	-	(6,337,945)	-	(6,337,945)
Other instructional programs	3,829,664	-	1,397,470	-	(2,432,194)	-	(2,432,194)
Non-public school programs	29,206	-	-	-	(29,206)	-	(29,206)
Support services							
Pupil personnel services	16,422,443	-	2,311,867	-	(14,110,576)	-	(14,110,576)
Instructional staff services	19,661,182	-	1,921,981	-	(17,739,201)	-	(17,739,201)
Administration services	18,839,066	-	2,132,878	-	(16,706,188)	-	(16,706,188)
Pupil health services	4,564,957	-	883,731	-	(3,681,226)	-	(3,681,226)
Business services	2,196,434	-	259,205	-	(1,937,229)	-	(1,937,229)
Operation and maintenance of plant services	27,560,110	-	2,708,851	-	(24,851,259)	-	(24,851,259)
Student transportation services	23,014,170	-	4,391,014	-	(18,623,156)	-	(18,623,156)
Central services	4,960,720	-	306,170	-	(4,654,550)	-	(4,654,550)
Other support services	228,035	-	-	-	(228,035)	-	(228,035)
Operation of non-instructional services							
Student activities	6,773,048	-	711,978	-	(6,061,070)	-	(6,061,070)
Community services	3,451,731	-	3,547,423	-	95,692	-	95,692
Facilities acquisition, construction, and improvement services	17,310,333	-	-	454,961	(16,855,372)	-	(16,855,372)
Special items - loss	120,000	-	-	-	(120,000)	-	(120,000)
Interest expense	(383,510)	-	-	-	383,510	-	383,510
<u>Total Governmental Activities</u>							
(Carried Forward)	376,270,023	720,370	80,634,486	454,961	(294,460,206)	-	(294,460,206)

(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, 2024

	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
Expenses							
<u>Total Governmental Activities</u> <u>(Brought Forward)</u>	\$ 376,270,023	\$ 720,370	\$ 80,634,486	\$ 454,961	\$ (294,460,206)	\$ -	\$ (294,460,206)
<u>Business-Type Activity</u>							
Food service	6,919,108	3,709,119	2,447,040	-	-	(762,949)	(762,949)
<u>Total School District Activities</u>	<u>\$ 383,189,131</u>	<u>\$ 4,429,489</u>	<u>\$ 83,081,526</u>	<u>\$ 454,961</u>	<u>(294,460,206)</u>	<u>(762,949)</u>	<u>(295,223,155)</u>
 <u>General Revenues</u>							
Taxes							
Property taxes, levied for general purposes					253,524,613	-	253,524,613
Earned income taxes					34,887,846	-	34,887,846
Public utility taxes					241,156	-	241,156
Grants and contributions not restricted to specific programs					4,636,820	-	4,636,820
Investment earnings					10,127,975	78,923	10,206,898
Gain on sale of capital assets					44,206	-	44,206
Miscellaneous					311,770	-	311,770
<u>Total General Revenues</u>					<u>303,774,386</u>	<u>78,923</u>	<u>303,853,309</u>
<u>Change in Net Position</u>					9,314,180	(684,026)	8,630,154
<u>Net Position, Beginning of Year (As Restated)</u>					<u>(112,395,912)</u>	<u>2,049,070</u>	<u>(110,346,842)</u>
<u>Net Position, End of Year</u>					<u>\$ (103,081,732)</u>	<u>\$1,365,044</u>	<u>\$ (101,716,688)</u>

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

Central Bucks School District
Balance Sheet
Governmental Funds
June 30, 2024

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 72,936,641	\$ 30,692,115	\$ 103,628,756
Taxes receivable	8,912,298	-	8,912,298
Interfund receivables	77,483	-	77,483
Due from other governments	15,731,617	-	15,731,617
Other receivables	2,832,665	-	2,832,665
Inventories	64,146	-	64,146
Prepaid expenditures	116,792	80,000	196,792
<u>Total Assets</u>	<u>\$ 100,671,642</u>	<u>\$ 30,772,115</u>	<u>\$ 131,443,757</u>
<u>Liabilities</u>			
Accounts payable	\$ 2,575,295	\$ 3,484,815	\$ 6,060,110
Accrued salaries and benefits	31,618,725	-	31,618,725
Interfund payable	145,748	50,121	195,869
Unearned revenue	176,449	-	176,449
<u>Total Liabilities</u>	<u>34,516,217</u>	<u>3,534,936</u>	<u>38,051,153</u>
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	2,324,532	-	2,324,532
<u>Total Deferred Inflows of Resources</u>	<u>2,324,532</u>	<u>-</u>	<u>2,324,532</u>
<u>Fund Balances</u>			
Non-spendable			
Inventories	64,146	-	64,146
Prepaid expenditures	116,792	-	116,792
Committed			
Capital projects	-	27,237,179	27,237,179
Assigned			
Budgetary reserve	7,741,680	-	7,741,680
Healthcare	6,408,830	-	6,408,830
Tax assessment appeals	1,369,230	-	1,369,230
Capital projects	14,000,000	-	14,000,000
Structural and programmatic changes	10,000,000	-	10,000,000
Unassigned	24,130,215	-	24,130,215
<u>Total Fund Balances</u>	<u>63,830,893</u>	<u>27,237,179</u>	<u>91,068,072</u>
<u>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</u>	<u>\$ 100,671,642</u>	<u>\$ 30,772,115</u>	<u>\$ 131,443,757</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, 2024

<u>Total Governmental Fund Balances</u>		\$ 91,068,072
<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.		359,374,140
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	\$ (10,536)	
Bonds payable	(2,143,154)	
Deferred amounts on refundings, net of amortization	(757,154)	
Lease obligations	(754,867)	
Subscription-based technology arrangement obligations	(69,064)	
Compensated absences	(2,277,629)	
Net OPEB liability, net of related deferred outflows and inflows	(105,406,263)	
Net pension liability, net of related deferred outflows and inflows	<u>(444,429,809)</u>	
		(555,848,476)
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>2,324,532</u>	
		<u>2,324,532</u>
<u>Net Position of Governmental Activities</u>		<u><u>\$ (103,081,732)</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, 2024

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>			
Local sources	\$ 297,015,481	\$ 1,004,104	\$ 298,019,585
State sources	82,363,948	-	82,363,948
Federal sources	4,799,747	-	4,799,747
<u>Total Revenues</u>	<u>384,179,176</u>	<u>1,004,104</u>	<u>385,183,280</u>
<u>Expenditures</u>			
Instruction	236,386,124	1,078,989	237,465,113
Support services	114,237,416	5,836,073	120,073,489
Operation of non-instructional services	10,562,451	-	10,562,451
Facilities acquisition, construction, and improvement services	-	15,843,625	15,843,625
Debt service	2,953,750	706,655	3,660,405
<u>Total Expenditures</u>	<u>364,139,741</u>	<u>23,465,342</u>	<u>387,605,083</u>
<u>Excess (Deficiency) of Revenues Over (Under) Expenditures</u>	<u>20,039,435</u>	<u>(22,461,238)</u>	<u>(2,421,803)</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds from extended term financing	651,330	-	651,330
Proceeds from sale of fixed assets	44,206	-	44,206
Interfund transfers in	-	18,223,818	18,223,818
Interfund transfers out	(18,223,818)	-	(18,223,818)
Special items - loss	(120,000)	-	(120,000)
<u>Total Other Financing Sources (Uses)</u>	<u>(17,648,282)</u>	<u>18,223,818</u>	<u>575,536</u>
<u>Net Change in Fund Balances</u>	<u>2,391,153</u>	<u>(4,237,420)</u>	<u>(1,846,267)</u>
<u>Fund Balances, Beginning of Year</u>	<u>61,439,740</u>	<u>31,474,599</u>	<u>92,914,339</u>
<u>Fund Balances, End of Year</u>	<u>\$ 63,830,893</u>	<u>\$ 27,237,179</u>	<u>\$ 91,068,072</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, 2024

Net Change in Fund Balances - Governmental Funds \$ (1,846,267)

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 or amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the period.

Depreciation and amortization expense	\$ (22,449,343)	
Capital outlays	<u>18,463,478</u>	(3,985,865)

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. 356,717

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). (196,355)

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	14,111	
Pension expense	14,561,720	
Other post-employment benefits (OPEB) expense	<u>(2,968,355)</u>	11,607,476

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.

Proceeds from extended term financing	(651,330)	
Repayment of bond principal	2,270,000	
Amortization of bond discounts, premiums, and refunding gains and losses	642,831	
Repayment of lease obligations	823,671	
Repayment of subscription-based technology arrangement obligations	<u>293,302</u>	<u>3,378,474</u>

Change in Net Position of Governmental Activities \$ 9,314,180

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

Central Bucks School District
Statement of Net Position -
Proprietary Fund
June 30, 2024

	Food Service <u>Fund</u>
<u>Assets</u>	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 902,947
Interfund receivable	125,748
Due from other governments	593,756
Other Receivables	<u>41,018</u>
<u>Total Current Assets</u>	<u>1,663,469</u>
<u>Property and Equipment</u>	
Machinery and equipment	3,426,223
Accumulated depreciation	<u>(3,001,250)</u>
<u>Net Property and Equipment</u>	<u>424,973</u>
<u>Total Assets</u>	<u><u>\$ 2,088,442</u></u>
<u>Liabilities and Net Position</u>	
<u>Current Liabilities</u>	
Accounts payable	\$ 458,689
Unearned revenue	<u>264,709</u>
<u>Total Liabilities</u>	<u>723,398</u>
<u>Net Position</u>	
Net investment in capital assets	424,973
Unrestricted	<u>940,071</u>
<u>Total Net Position</u>	<u>1,365,044</u>
<u>Total Liabilities and Net Position</u>	<u><u>\$ 2,088,442</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, 2024

	Food Service <u>Fund</u>
<u>Operating Revenues</u>	
Food service revenues	\$ 3,709,119
<u>Total Operating Revenues</u>	<u>3,709,119</u>
<u>Operating Expenses</u>	
Purchased professional and technical services	50,784
Purchased property services	1,165,787
Other purchased services	5,596,848
Supplies	48,117
Depreciation	57,572
<u>Total Operating Expenses</u>	<u>6,919,108</u>
<u>Operating (Loss)</u>	<u>(3,209,989)</u>
<u>Nonoperating Revenues</u>	
Earnings on investments	78,923
State sources	623,667
Federal sources	1,823,373
<u>Total Nonoperating Revenues</u>	<u>2,525,963</u>
<u>Change in Net Position</u>	<u>(684,026)</u>
<u>Net Position, Beginning of Year</u>	<u>2,049,070</u>
<u>Net Position, End of Year</u>	<u><u>\$ 1,365,044</u></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, 2024

	Food Service <u>Fund</u>
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$ 3,789,508
Payments to suppliers	<u>(6,679,182)</u>
<u>Net Cash (Used) by Operating Activities</u>	<u>(2,889,674)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State sources	578,373
Federal sources	<u>1,531,221</u>
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>2,109,594</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition, construction, and improvements of capital assets	<u>(129,943)</u>
<u>Net Cash (Used) by Capital and Related Financing Activities</u>	<u>(129,943)</u>
<u>Cash Flows from Investing Activities</u>	
Earnings on investments	<u>78,923</u>
<u>Net Cash Provided by Investing Activities</u>	<u>78,923</u>
<u>Net (Decrease) in Cash and Cash Equivalents</u>	(831,100)
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>1,734,047</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 902,947</u>

(Continued)

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

Central Bucks School District
Statement of Cash Flows (Continued)
Proprietary Fund
For the Year Ended June 30, 2024

Food
Service
Fund

Reconciliation of Operating Loss to Net Cash

Used by Operating Activities:

Operating (loss)	\$ (3,209,989)
Adjustments to reconcile operating (loss) to net cash (used)	
by operating activities:	
Donated commodities	322,408
Depreciation	57,572
(Increase) in:	
Due from other funds	(125,575)
Other receivables	(41,018)
Increase (Decrease) in:	
Accounts payable	(14,479)
Unearned revenue	<u>121,407</u>
 <u>Net Cash (Used) by Operating Activities</u>	 <u><u>\$ (2,889,674)</u></u>

Supplemental Disclosure:

Noncash noncapital financing activity:	
USDA donated commodities	<u><u>\$ 322,408</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, 2024

	Private- Purpose Trust Funds	Custodial Fund
<u>Assets</u>		
Cash and cash equivalents	\$ 112,180	\$1,693,570
Interfund receivable	20,000	-
<u>Total Assets</u>	<u>\$ 132,180</u>	<u>\$1,693,570</u>
<u>Liabilities and Net Position</u>		
<u>Liabilities</u>		
Interfund payable	\$ 27,362	\$ -
<u>Total Liabilities</u>	<u>27,362</u>	<u>-</u>
<u>Net Position</u>		
Held in trust for scholarships	98,568	-
Held in trust for other purposes	6,250	-
Restricted for student activities	-	1,693,570
<u>Total Net Position</u>	<u>104,818</u>	<u>1,693,570</u>
<u>Total Liabilities and Net Position</u>	<u>\$ 132,180</u>	<u>\$1,693,570</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, 2024

	Private- Purpose Trust Funds	Custodial Fund
<u>Additions</u>		
Gifts and contributions		
For scholarships	\$ 24,001	\$ -
For other purposes	26,868	-
Revenue from student sponsored activities	-	4,113,359
Interest	3,634	-
	<u>54,503</u>	<u>4,113,359</u>
<u>Total Additions</u>		
	<u>54,503</u>	<u>4,113,359</u>
<u>Deductions</u>		
Scholarships awarded	29,044	-
Donations	24,706	-
Student sponsored activities	-	4,057,908
	<u>53,750</u>	<u>4,057,908</u>
<u>Total Deductions</u>		
	<u>53,750</u>	<u>4,057,908</u>
<u>Change in Net Position</u>	753	55,451
<u>Net Position, Beginning of Year</u>	<u>104,065</u>	<u>1,638,119</u>
<u>Net Position, End of Year</u>	<u>\$ 104,818</u>	<u>\$1,693,570</u>

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

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

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, 2024 has not been determined and is not reflected in these financial statements. As of June 30, 2024, the total net position of the Institute’s governmental activities was \$(5,464,358) and the total fund balance of the Institute’s governmental funds was \$568,627.

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, 2024

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 that 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.

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.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 1 Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation and Accounting (continued)

Fund Financial Statements (continued)

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.

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.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 1 Summary of Significant Accounting Policies (Continued)

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 for-profit business enterprises. The fund accounts for all revenues, food purchases, and costs and expenses for its food service program.

Fiduciary Funds

Private-Purpose 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’s governing body. This accounting reflects the School District’s 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. Cash and cash equivalents include deposits in the Pennsylvania School District Liquid Asset Fund (“PSDLAF”). 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, 2024

Note 1 Summary of Significant Accounting Policies (Continued)

F. Investments

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.

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 “interfund receivables” or “interfund payables” 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, construction in progress, furniture, fixtures, equipment, vehicles, and right-to-use assets, 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, and right-to-use assets	5-20
Vehicles	8

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

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 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, 2024

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 and amortization, 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.
- *Committed* – Amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority (the Board of School 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.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 1 Summary of Significant Accounting Policies (Continued)

O. Fund Balances (continued)

- *Assigned* – Amounts the School District intends to use for a specific purpose. Intent can be expressed by the Board of School Directors or by an official or body to which the Board of School Directors delegates the authority. The School Board has delegated such authority to the Chief of Operations.
- *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 School 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.

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 the Pennsylvania Public School Code of 1949, as amended. As of June 30, 2024, the carrying value of the School District's deposits totaled \$106,337,453; the total bank balance of the School District's deposits was \$108,871,991, of which \$2,734,367 was insured, \$84,390,097 was uninsured but collateralized with securities held by the pledging bank's trust department not in the School District's name, and \$21,747,527 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.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 2 Cash and Investments (Continued)

Cash (continued)

Custodial Credit Risk (continued)

As of June 30, 2024, the School District had a \$50,000,000 irrevocable stand-by letter of credit issued by the Federal Home Loan Bank of Pittsburgh, expiring on December 23, 2024, that served as collateral for the School District's deposits. The letter of credit was renewed on December 23, 2024, and currently expires on June 23, 2025.

Interest Rate Risk

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

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

As of June 30, 2024, the School District had no investments.

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 collectors. 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, 2024

Note 4 Taxes Receivable

Taxes receivable as of June 30, 2024 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	\$ 5,626,816
Real estate taxes	2,777,055
Real estate transfer taxes	<u>508,427</u>
Total	<u>\$ 8,912,298</u>

Note 5 Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2024, is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 77,483	\$ 145,748
Capital project fund	-	50,121
Food service fund	125,748	-
Private purpose trust fund	<u>20,000</u>	<u>27,362</u>
	<u>\$ 223,231</u>	<u>\$ 223,231</u>

Interfund balances as of June 30, 2024 included the following:

- A \$50,121 interfund balance due from the capital projects fund to the general fund is related to capital project fund expenditures paid by the general fund that had not been reimbursed as of June 30, 2024.
- A \$125,748 interfund balance from the general fund to the food service fund represents a reimbursement due for the total of food service accounts receivable written off as of June 30, 2024, totaling \$120,000, and interfund borrowings to pay for operations, totaling \$5,748.
- A \$20,000 interfund balance due from the general fund to the private purpose trust fund is to reimburse the private purpose trust fund for a contribution made to Central Bucks Education Foundation.
- A \$27,362 interfund balance due from the private purpose trust fund is related to grant funds deposited into the private purpose trust fund that should be recognized in the general fund.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 5 Interfund Receivables, Payables, and Transfers (Continued)

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 \$18,223,818 during the year ended June 30, 2024.

Note 6 Capital Assets

A summary of changes in capital assets is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<u>Governmental Activities</u>				
<u>Capital assets not being depreciated</u>				
Land	\$ 11,819,843	\$ -	\$ -	\$ 11,819,843
Construction in progress	11,166,099	15,811,325	(14,245,278)	12,732,146
Total capital assets not being depreciated	22,985,942	15,811,325	(14,245,278)	24,551,989
<u>Capital assets being depreciated</u>				
Site improvements	43,265,526	-	-	43,265,526
Buildings and building improvements	654,664,229	14,282,847	-	668,947,076
Machinery and equipment	30,729,365	513,612	-	31,242,977
Vehicles	16,867,078	1,449,642	(490,343)	17,826,377
Total capital assets being depreciated	745,526,198	16,246,101	(490,343)	761,281,956
Accumulated depreciation and amortization				
Site improvements	(24,645,853)	(1,676,959)	-	(26,322,812)
Buildings and building improvements	(348,025,215)	(17,337,080)	-	(365,362,295)
Machinery and equipment	(20,473,893)	(1,096,701)	-	(21,570,594)
Vehicles	(13,777,382)	(1,067,593)	490,343	(14,354,632)
Total accumulated depreciation	(406,922,343)	(21,178,333)	490,343	(427,610,333)
Total capital assets being depreciated, net	338,603,855	(4,932,232)	-	333,671,623
<u>Capital assets being amortized</u>				
Right-to-use assets - equipment	3,789,508	651,330	(858,666)	3,582,172
Right-to-use assets - subscription-based information technology arrangements	666,873	-	-	666,873
Total capital assets being amortized	4,456,381	651,330	(858,666)	4,249,045
Accumulated amortization				
Right-to-use assets - equipment	(2,389,571)	(972,992)	858,666	(2,503,897)
Right-to-use assets - subscription-based information technology arrangements	(296,602)	(298,018)	-	(594,620)
Total accumulated amortization	(2,686,173)	(1,271,010)	858,666	(3,098,517)
Total capital assets being amortized, net	1,770,208	(619,680)	-	1,150,528
Governmental activities capital assets, net	<u>\$ 363,360,005</u>	<u>\$ 10,259,413</u>	<u>\$ (14,245,278)</u>	<u>\$ 359,374,140</u>

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 6 **Capital Assets (Continued)**

	Balance <u>July 1, 2023</u>	Additions	Deletions	Balance <u>June 30, 2024</u>
<u>Business-Type Activities</u>				
<u>Capital assets being depreciated</u>				
Machinery and equipment	\$ 3,296,280	\$ 129,943	\$ -	\$ 3,426,223
Accumulated depreciation	<u>(2,943,678)</u>	<u>(57,572)</u>	<u>-</u>	<u>(3,001,250)</u>
Business-type activities capital assets, net	<u>\$ 352,602</u>	<u>\$ 72,371</u>	<u>\$ -</u>	<u>\$ 424,973</u>

Depreciation and amortization expense was charged to governmental functions as follows:

Instruction - regular programs	\$ 2,783,397
Operation and maintenance of plant	243,665
Student transportation services	1,705,652
Central services	438,596
Facilities	<u>17,278,033</u>
Total	<u>\$ 22,449,343</u>

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.

Bonds outstanding as of June 30, 2024 include the following bond issue:

- *Series of 2021:* The remaining bonds are stated to mature on May 15 of each year from 2025 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%.

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>
2025	\$ 1,345,000	\$ 84,750	\$ 1,429,750
2026	<u>350,000</u>	<u>17,500</u>	<u>367,500</u>
Totals	<u>\$ 1,695,000</u>	<u>\$ 102,250</u>	<u>\$ 1,797,250</u>

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 7 Long-Term Debt (Continued)

General Obligation Bonds (continued)

General obligation bond debt service payments are made from the School District's general fund.

Long-Term Lease Obligations

The School District leases certain equipment under various long-term leases. For the government-wide financial statements, the lease obligations are reported as debt and the related assets are included in right-to-use assets. For the fund financial statements, the proceeds from the financing are reported as proceeds from financed purchases in the year the lease was initiated, and subsequent lease payments are classified as debt service expenditures. Actual or imputed interest rates on the long-term leases range from 3.64% to 5.867%.

Future required payments under these leases are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 408,262	\$ 29,674	\$ 437,936
2026	173,893	13,183	187,076
2027	172,712	6,364	179,076
Totals	<u>\$ 754,867</u>	<u>\$ 49,221</u>	<u>\$ 804,088</u>

Lease payments are made from the School District's general fund and capital project fund.

Summary

Long-term liability activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
General obligation bonds					
Series of 2021	\$ 3,965,000	\$ -	\$ (2,270,000)	\$ 1,695,000	\$ 1,345,000
Total general obligation bonds	3,965,000	-	(2,270,000)	1,695,000	1,345,000
Bond premiums	687,170	-	(239,016)	448,154	-
Total general obligation bonds, net	4,652,170	-	(2,509,016)	2,143,154	1,345,000
Long-term lease obligations	1,101,794	651,330	(998,257)	754,867	408,262
Subscription-based technology arrangement obligations	362,366	-	(293,302)	69,064	69,064
Compensated absences	2,081,274	196,355	-	2,277,629	-
Net pension obligation	517,588,000	-	(3,148,000)	514,440,000	-
Net OPEB obligation	93,690,304	5,061,740	(518,000)	98,234,044	-
Total long-term liabilities	<u>\$ 619,475,908</u>	<u>\$ 5,909,425</u>	<u>\$ (7,466,575)</u>	<u>\$ 617,918,758</u>	<u>\$ 1,822,326</u>

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 8 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.

Note 9 Defined Benefit 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 1 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.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 9 Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (continued)

Benefits Provided (continued)

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally equal to 1% to 2.5%, depending upon membership class, of the members' 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, 2024

Note 9 Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (continued)

Member Contributions

The contribution rates based on qualified member compensation for virtually all members are presented below:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
				7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50%
				After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30%
				After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25%
				After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50%
				After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/-0.50%	5.50%	9.50%
T-F	10.30%	+/-0.50%	8.30%	12.30%
T-G	5.50%	+/-0.75%	2.50%	8.50%
T-H	4.50%	+/-0.75%	1.50%	7.50%

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 33.09%* 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 \$61,442,191 for the year ended June 30, 2024.

*The defined contribution rate of 0.27% is an estimated rate. It is recommended employers use the actual defined contributions made to the PSERS defined contribution plan. This may impact contributions made to the pension plan.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 9 Defined Benefit Pension Plan (Continued)

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

As of June 30, 2024, the School District reported a liability of \$514,440,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. 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 covered payroll. As of June 30, 2024, the School District's proportion was 1.1564%, which was a decrease of 0.0078% from its proportion measured as of June 30, 2023.

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

For the year ended June 30, 2024, the School District recognized pension expense of \$46,880,471. As of June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 117,000	\$ 7,044,000
Change in assumptions	7,676,000	-
Net difference between projected and actual investment earnings	14,557,000	-
Changes in proportions	277,000	7,015,000
Contributions subsequent to the measurement date	61,442,191	-
Totals	<u>\$ 84,069,191</u>	<u>\$ 14,059,000</u>

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 9 Defined Benefit Pension Plan (Continued)

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

An amount of \$61,442,191 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, 2025. 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>
2025	\$ 2,311,000
2026	(13,192,000)
2027	14,592,000
2028	<u>4,857,000</u>
	<u>\$ 8,568,000</u>

Changes in actuarial assumptions

The total pension liability as of June 30, 2023 was determined by rolling forward the System's total pension liability as of the June 30, 2022 actuarial valuation to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement.

- Valuation Date – June 30, 2022
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00%, includes inflation at 2.50%.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously 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. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 9 Defined Benefit Pension Plan (Continued)

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2020.

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, 2023.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public equity	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Absolute return	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	<u>-10.5%</u>	1.2%
Total	<u>100.0%</u>	

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 9 Defined Benefit Pension Plan (Continued)

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

Discount rate

The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 666,857,000	\$ 514,440,000	\$ 385,847,000

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.

Note 10 Other Post-Employment Benefits (OPEB)

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* (GASB 75), requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. GASB 75 requires the liability for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 10 Other Post-Employment Benefits (OPEB) (Continued)

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, 2023, 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.

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

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.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 10 Other Post-Employment Benefits (OPEB) (Continued)

Health Insurance Premium Assistance Program (Continued)

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.75% 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 \$1,188,365 for the year ended June 30, 2024.

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

As of June 30, 2024, the School District reported a liability of \$20,868,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. 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, 2024, the School District's proportion was 1.1534%, which was a decrease of 0.0084% from its proportion measured as of June 30, 2023.

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

For the year ended June 30, 2024, the School District recognized OPEB expense of \$698,691. As of June 30, 2024, 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	\$ 137,000	\$ 207,000
Change in assumptions	1,803,000	3,949,000
Net difference between projected and actual investment earnings	47,000	-
Changes in proportions	292,000	431,000
Contributions subsequent to the measurement date	<u>1,188,365</u>	<u>-</u>
Totals	<u>\$ 3,467,365</u>	<u>\$ 4,587,000</u>

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 10 Other Post-Employment Benefits (OPEB) (Continued)

Health Insurance Premium Assistance Program (Continued)

An amount of \$1,188,365 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, 2025. 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>
2025	\$ (349,000)
2026	(504,000)
2027	(636,000)
2028	(751,000)
2029	<u>(68,000)</u>
	<u>\$ (2,308,000)</u>

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2023, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2022, to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% 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 a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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%

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 10 Other Post-Employment Benefits (OPEB) (Continued)

Health Insurance Premium Assistance Program (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2023.
- 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: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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.

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, 2023.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	<u>100.0%</u>	1.20%
Total	<u>100.0%</u>	

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 10 Other Post-Employment Benefits (OPEB) (Continued)

Health Insurance Premium Assistance Program (Continued)

The discount rate used to measure the Total OPEB Liability was 4.13%. 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 4.13%, which represents the S&P 20 year Municipal Bond Rate at June 30, 2023, 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, 2023, 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, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 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.

The following presents the System net OPEB liability for June 30, 2023, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if the health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 20,866,000	\$ 20,868,000	\$ 20,869,000

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 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

	<u>1% Decrease 3.13%</u>	<u>Current Discount Rate 4.13%</u>	<u>1% Increase 5.13%</u>
Total OPEB liability	\$ 23,593,000	\$ 20,868,000	\$ 18,586,000

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 10 Other Post-Employment Benefits (OPEB) (Continued)

Health Insurance Premium Assistance Program (Continued)

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.psers.pa.gov.

Central Bucks School District Retiree Health Benefit Program

General Information about the OPEB Plan

Central Bucks School District Retiree Health Benefit Program (the "Plan") is a single employer defined benefit plan. The benefits, benefits level, employee contribution, and employer contribution are administered by the Central Bucks Board of School Directors 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.

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, 2022, the following employees were covered by the benefit terms:

Active employees	2,102
Inactive employees or beneficiaries currently receiving benefit payments	<u>94</u>
Total	<u>2,196</u>

Total OPEB Liability

The School District's total OPEB liability of \$77,366,044 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2022.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 10 Other Post-Employment Benefits (OPEB) (Continued)

Central Bucks School District Retiree Health Benefit Program (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 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	3.65%
Healthcare cost trend rates:	
2022 trend	6.00%
2024 trend	7.50%
Ultimate trend	4.54%
Year ultimate trend is reached	2090
Salary increases	3.50%

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, 2023.

Mortality rates were based on Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 Teachers Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Teachers Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021.

The following were significant changes from the previous actuarial valuation:

- Increasing the discount rate from 2.16% to 3.65%.
- Initial trend rates were advanced, the model for trends in subsequent years is based on the Getzen Model as updated through September 2022.
- The payroll growth rate was increased from 3.00% to 3.50%.
- The marriage assumption was increased to 60%.
- Mortality assumption changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Year 2006) to Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 Teachers Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Teachers Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021.
- The morbidity assumptions were updated to use the Dale Yamamoto model published by the Society of Actuaries to give a better projection of anticipated costs as adjusted for age.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 10 Other Post-Employment Benefits (OPEB) (Continued)

Central Bucks School District Retiree Health Benefit Program (continued)

Changes in the Total OPEB Liability

OPEB liability as of July 1, 2023	\$ 72,304,304
Changes for the year:	
Service cost	3,910,753
Plan change	2,752,620
Benefit payments	<u>(1,601,633)</u>
 OPEB liability as of June 30, 2024	 <u>\$ 77,366,044</u>

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 3.65%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

	1% Decrease <u>2.65%</u>	Current Discount Rate <u>3.65%</u>	1% Increase <u>4.65%</u>
Total OPEB liability	\$ 84,342,341	\$ 77,366,044	\$ 70,744,221

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 starting at 6%, 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 or one percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	Current Trend Rate <u>6%</u>	<u>1% Increase</u>
Total OPEB liability	\$ 65,976,067	\$ 77,366,044	\$ 91,069,421

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 10 Other Post-Employment Benefits (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, 2024, the School District recognized an OPEB expense of \$5,059,662. As of June 30, 2024, the School District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Assumptions	\$ 12,549,813	\$ 5,395,208
Difference between Expected and Actual Experience	<u>778,859</u>	<u>13,986,048</u>
Totals	<u>\$ 13,328,672</u>	<u>\$ 19,381,256</u>

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
2025	\$ (1,603,711)
2026	(9,937,026)
2027	(204,238)
2028	1,356,435
2029	1,864,769
Thereafter	<u>2,471,187</u>
Total	<u>\$ (6,052,584)</u>

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 10 Other Post-Employment Benefits (OPEB) (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:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Health insurance premium assistance program	\$ 20,868,000	\$ 3,467,365	\$ 4,587,000
School District's post-employment benefit plan	<u>77,366,044</u>	<u>13,328,672</u>	<u>19,381,256</u>
Totals	<u>\$ 98,234,044</u>	<u>\$ 16,796,037</u>	<u>\$ 23,968,256</u>

Note 11 Commitments and Contingencies

Construction Contracts

As of June 30, 2024, the School District was committed under various construction contracts, totaling \$4,217,924.

Other Commitments

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.

Litigation

Litigation Filed Under the Equal Pay Act

There are two sets of cases against the School District that were filed under the Equal Pay Act. The first set of cases includes two lawsuits that were filed against the School District under the Equal Pay Act and have been consolidated. The Plaintiffs argue that men were paid more favorably than women and have asserted a settlement demand of \$7.9 million. The School District is vigorously defending the cases and management believes that a defense verdict will be obtained.

A second set of similar cases were filed against the School District in January 2025 by 130 women who will, in the aggregate, be seeking millions of dollars in damages. The trial court dismissed the claims of all except one of the plaintiffs and directed that each plaintiff must file a separate action. The plaintiffs have appealed the court's order to the Third Circuit. There has been no indication the extent of damages the 130 plaintiffs may be seeking, assuming that the Third Circuit reverses the District Court and allows their action to proceed. The School District will vigorously defend the cases, and management believes that a defense verdict is likely.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 11 Commitments and Contingencies (Continued)

Litigation (continued)

Litigation Filed Under the Equal Pay Act (continued)

The School District is protected from loss under insurance coverage, subject to deductibles, limitations, and exclusions.

Litigation Claiming Discrimination/Retaliation

Counsel for the School District is representing the School District in a discrimination/retaliation case brought by a former employee whose job was lost and was not regained when there was a subsequent vacancy. The School District has achieved summary judgment; however, management believes the Plaintiff will appeal. In the event that the Plaintiff were to prevail, the Plaintiff would be able to recover the value of lost wages as well as legal fees. Although the value of the lost wages is not material to the School District, the Plaintiff's legal fees are estimated to be in the range of \$500,000 to \$1,000,000. The School District is vigorously defending the case and management believes that the case will ultimately be decided on appeal in favor of the School District.

Litigation Claiming Retaliation

A former employee of a certain nonprofit organization (the plaintiff) filed a claim against the School District on September 25, 2024, alleging that management of the School District ceased supporting the nonprofit organization as retaliation for the nonprofit organization's and the plaintiff's protected activities in advocating for certain positions with which School District management and the School Board at the time disagreed. The plaintiff alleges that their position was eliminated solely due to financial constraints brought on by the School District's decision. The plaintiff seeks damages for loss of position (approximately \$90,000 per year over 10 years, for a total of \$900,000), attorneys' fees, and an award of punitive damages against the School District. The School District filed a Motion to Dismiss the Complaint on the basis that it is time barred and/or that the School District is immune for the state law claims brought under the Political Subdivision Tort Claims Act. Finally, the School District asserts that the plaintiff cannot recover punitive damages against the School District as a matter of law.

Litigation Claiming Damage to Health

The plaintiffs, husband and wife, filed a Complaint against numerous defendants alleging that each defendant is in some way responsible for the husband's exposure to asbestos over the course of several decades and his consequent diagnosis with lung cancer. The School District filed a "short form" answer as permitted by special pleading rules pertaining to asbestos litigation, which prevents the need for any further pleadings. Discovery has not yet begun, but the plaintiffs asserts exposure to asbestos while the husband was performing work on Lenape Middle School sometime in the 1980s. Given the uncertainty of the facts at this stage, the scope of the School District's potential liability cannot reasonably be estimated.

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 11 Commitments and Contingencies (Continued)

Other Contingencies

Allegations of Mistreatment of Students

Allegations of the mistreatment of certain students by a teacher and an aide at one of the School District's elementary schools were made in November 2024. Generally, the allegations include: (1) that students were mistreated and/or abused by staff in the subject classroom; (2) that families were not properly notified as to incidents which may have resulted in injuries to students within the room and/or complaints and concerns about what was occurring within the room; and (3) that there was a failure to properly and/or fully report allegations of child abuse and neglect by various staff and administrators. At this time, no claims or lawsuits have been filed, but the School District has placed its insurance carriers on hold that these allegations may lead to future litigation matters. Management believes that any damages would be covered by insurance, subject to an insurance deductible of \$100,000.

Note 12 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, 2024, the liability for healthcare claims was \$2,307,919 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, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Liability balance as of beginning of year	\$ 2,307,919	\$ 2,560,303
Current-year claims and changes in estimates	51,458,431	74,213,430
Claim payments	<u>(48,822,794)</u>	<u>(74,465,814)</u>
Liability balance as of end of year	<u>\$ 4,943,556</u>	<u>\$ 2,307,919</u>

Central Bucks School District
Notes to the Basic Financial Statements
June 30, 2024

Note 12 Risk Management (Continued)

As of June 30, 2024, the School District's claim payments for prescription benefits exceeded current-year claims and changes in estimates by \$1,199,410. 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, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
(Asset) balance as of beginning of year	\$ (559,083)	\$ (59,208)
Current-year claims and changes in estimates	12,256,362	18,638,711
Claim payments	<u>(12,896,689)</u>	<u>(19,138,586)</u>
(Asset) balance as of end of year	<u>\$ (1,199,410)</u>	<u>\$ (559,083)</u>

Note 13 Prior Period Adjustment

Restatement of Net Position of Governmental Activities

Management has determined that the balance of lease obligations was overstated by \$174,586 as of June 30, 2023. Accordingly, the beginning net position of the governmental activities has been restated to correct the misstatement, as shown below.

Net position as of June 30, 2023, as previously stated	\$(112,570,498)
Restatement of net position to adjust the June 30, 2023 balance of lease obligations	<u>174,586</u>
Net position as of June 30, 2023, as restated	<u><u>\$(112,395,912)</u></u>

Note 14 Subsequent Events

The School District has evaluated all subsequent events through March 26, 2025, 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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Local sources	\$ 294,739,534	\$ 294,739,534	\$ 297,015,481	\$ 2,275,947
State sources	82,831,277	82,831,277	82,363,948	(467,329)
Federal sources	2,716,414	2,716,414	4,799,747	2,083,333
<u>Total Revenues</u>	<u>380,287,225</u>	<u>380,287,225</u>	<u>384,179,176</u>	<u>3,891,951</u>
<u>Expenditures</u>				
Instruction	239,429,134	236,935,967	236,386,124	549,843
Support services	123,364,194	123,337,962	114,237,416	9,100,546
Operation of non-instructional services	8,513,736	11,033,135	10,562,451	470,684
Debt service	2,468,250	2,468,250	2,953,750	(485,500)
<u>Total Expenditures</u>	<u>373,775,314</u>	<u>373,775,314</u>	<u>364,139,741</u>	<u>9,635,573</u>
<u>Excess of Revenues Over Expenditures</u>	<u>6,511,911</u>	<u>6,511,911</u>	<u>20,039,435</u>	<u>13,527,524</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from extended term financing	-	-	651,330	651,330
Proceeds from sale of fixed assets	-	-	44,206	44,206
Interfund transfers out	(14,532,000)	(14,532,000)	(18,223,818)	(3,691,818)
Special items - loss	-	-	(120,000)	(120,000)
<u>Total Other Financing Sources (Uses)</u>	<u>(14,532,000)</u>	<u>(14,532,000)</u>	<u>(17,648,282)</u>	<u>(3,116,282)</u>
<u>Net Change in Fund Balance</u>	<u>(8,020,089)</u>	<u>(8,020,089)</u>	<u>2,391,153</u>	<u>10,411,242</u>
<u>Fund Balance, Beginning of Year</u>	<u>45,134,526</u>	<u>45,134,526</u>	<u>61,439,740</u>	<u>16,305,214</u>
<u>Fund Balance, End of Year</u>	<u>\$ 37,114,437</u>	<u>\$ 37,114,437</u>	<u>\$ 63,830,893</u>	<u>\$ 26,716,456</u>

Central Bucks School District
Note to the Budgetary Comparison Schedule
June 30, 2024

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 Ten Fiscal Years

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<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	1.1564%	1.1642%	1.1834%	1.1811%	1.1669%	1.1539%	1.1333%	1.1200%	1.0975%	1.0577%
School district's proportionate share of the net pension liability	\$ 514,440,000	\$ 517,588,000	\$ 485,865,000	\$ 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	\$ 176,713,203	\$ 170,833,633	\$ 167,571,250	\$ 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	291.12%	302.98%	289.95%	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	61.85%	61.34%	63.67%	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 Ten Fiscal Years

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<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	\$ 61,442,191	\$ 60,630,300	\$ 58,066,352	\$ 56,153,126	\$ 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>(61,442,191)</u>	<u>(60,630,300)</u>	<u>(58,066,352)</u>	<u>(56,153,126)</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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 185,682,054	\$ 176,713,203	\$ 170,833,633	\$ 167,571,250	\$ 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	34.00%	34.31%	33.99%	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 Eight Fiscal Years

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<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	1.1534%	1.1618%	1.1821%	1.1774%	1.1669%	1.1539%	1.1333%	1.1200%
District's Proportionate Share of the Net OPEB Liability	\$ 20,868,000	\$ 21,386,000	\$ 28,016,000	\$ 25,440,000	\$ 24,818,000	\$ 24,058,000	\$ 23,090,000	\$ 24,125,000
District's Covered-employee Payroll	\$ 176,713,203	\$ 170,833,633	\$ 167,571,250	\$ 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	11.81%	12.52%	16.72%	15.39%	15.42%	15.48%	15.30%	16.63%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.22%	6.86%	5.30%	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 Eight Fiscal Years

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<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	\$ 1,188,365	\$ 1,325,349	\$ 1,366,669	\$ 1,374,084	\$ 1,388,150	\$ 1,335,768	\$ 1,289,724	\$ 1,252,351
Contributions in Relation to the Contractually- Required Contribution	<u>(1,188,365)</u>	<u>(1,325,349)</u>	<u>(1,366,669)</u>	<u>(1,374,084)</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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 185,682,054	\$ 176,713,203	\$ 170,833,633	\$ 167,571,250	\$ 165,255,946	\$ 160,935,915	\$ 155,388,484	\$ 150,885,722
Contributions as a Percentage of Covered- employee Payroll	0.64%	0.75%	0.80%	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 Eight Fiscal Years

	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB liability								
Service cost	\$ 3,910,753	\$ 3,773,037	\$ 4,403,135	\$ 4,310,038	\$ 3,131,381	\$ 3,025,489	\$ 3,265,570	\$ 7,319,129
Interest	2,752,620	2,573,379	1,637,875	1,532,114	1,789,022	1,654,028	1,326,060	1,741,637
Plan change	-	-	-	(4,201,495)	-	-	-	-
Assumption changes	-	(5,052,026)	-	20,300,115	-	(2,922,098)	(1,414,840)	(21,128,466)
Difference between actual and expected experience	-	(8,835,443)	-	(316,538)	-	1,652,345	-	-
Benefit payments	(1,601,633)	(1,545,232)	(955,921)	(935,710)	(836,684)	(808,390)	(1,546,690)	(2,046,810)
Net change in total OPEB liability	5,061,740	(9,086,285)	5,085,089	20,688,524	4,083,719	2,601,374	1,630,100	(14,114,510)
Total OPEB liability - beginning of year	72,304,304	81,390,589	76,305,500	55,616,976	51,533,257	48,931,883	47,301,783	61,416,293
Total OPEB liability - end of year	<u>\$ 77,366,044</u>	<u>\$ 72,304,304</u>	<u>\$ 81,390,589</u>	<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	\$ 160,337,569	\$ 154,915,525	\$ 145,684,369	\$ 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	48.25%	46.67%	55.87%	52.38%	38.03%	36.29%	35.82%	35.67%

Notes to Schedule

Valuation date: July 1, 2022.

Significant changes from the previous actuarial valuation:

- Increasing the discount rate from 2.16% to 3.65%.
- Initial trend rates were advanced, the model for trends in subsequent years is based on the Getzen Model as updated through September 2022.
- The payroll growth rate was increased from 3.00% to 3.50%.
- The marriage assumption was increased to 60%.
- Mortality assumption changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Year 2006) to Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 Teachers Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Teachers Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021.
- The morbidity assumptions were updated to use the Dale Yamamoto model published by the Society of Actuaries to give a better projection of anticipated costs as adjusted for age.



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, 2024, 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 26, 2025.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a significant deficiency.

Report on 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*.

Central Bucks School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Central Bucks School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Central Bucks School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Barsz Gowie Amon & Fultz, LLC

Media, Pennsylvania
March 26, 2025



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

Opinion on Each Major Federal Program

We have audited Central Bucks School District's compliance with the types of compliance requirements identified as subject to audit 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, 2024. 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.

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, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Central Bucks School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Central Bucks School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Central Bucks School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Central Bucks School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Central Bucks School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Central Bucks School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Central Bucks School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Central Bucks School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 26, 2025

Central Bucks School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

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 6/30/23	Accrued or (Deferred) Revenue 6/30/24	Revenue Recognized	Expenditures	Amounts Passed Through to Sub- Recipients
<u>U.S. Department of Education</u>										
<u>Passed through PA Department of Education</u>										
Title I - Improving Basic Programs	84.010	FA-013-24-0069	8/21/23 - 9/30/24	\$ 669,743	\$ 478,157	\$ -	\$ (91,882)	\$ 386,275	\$ 386,275	\$ -
Title I - Improving Basic Programs	84.010	FA-013-23-0069	9/1/22 - 9/30/23	608,466	395,374	66,765	-	328,609	328,609	-
<u>Total Title I - AL # 84.010</u>					873,531	66,765	(91,882)	714,884	714,884	-
<u>Passed through Bucks County Intermediate Unit</u>										
Special Education—Grants to States (IDEA)	84.027	062-240022	7/1/23 - 6/30/24	2,926,001	2,283,708	-	642,293	2,926,001	2,926,001	-
Special Education—Grants to States (IDEA)	84.027	062-230022	7/1/22 - 6/30/23	2,673,310	2,591,828	2,591,828	-	-	-	-
<u>Total IDEA - AL # 84.027</u>					4,875,536	2,591,828	642,293	2,926,001	2,926,001	-
<u>Passed through Bucks County Intermediate Unit</u>										
Special Education—Preschool Grants (IDEA Section 619)	84.173	131-230022	7/1/23 - 6/30/24	8,195	8,195	-	-	8,195	8,195	-
Special Education—Preschool Grants (IDEA Section 619)	84.173	131-220022	7/1/22 - 6/30/23	8,007	8,007	8,007	-	-	-	-
<u>Total IDEA Section 619 - CFDA # 84.173</u>					16,202	8,007	-	8,195	8,195	-
<u>Total Special Education Cluster</u>					4,891,738	2,599,835	642,293	2,934,196	2,934,196	-
<u>Passed through PA Department of Education</u>										
Title III - Language Instruction for Limited English Proficient and Immigrant Students	84.365	FA-010-24-0069	8/21/23 - 9/30/24	109,812	94,125	-	7,707	101,832	101,832	-
Title III - Language Instruction for Limited English Proficient and Immigrant Students	84.365	FA-010-23-0069	9/1/22 - 9/30/23	91,305	70,234	55,528	-	14,706	14,706	-
<u>Total Title III - AL # 84.365</u>					164,359	55,528	7,707	116,538	116,538	-
<u>Passed through PA Department of Education</u>										
Title II - Improving Teacher Quality	84.367	FA-020-24-0069	8/21/23 - 9/30/24	297,606	232,380	-	61,441	293,821	293,821	-
Title II - Improving Teacher Quality	84.367	FA-020-23-0069	9/1/22 - 9/30/23	268,572	206,594	202,598	-	3,996	3,996	-
<u>Total Title II - AL # 84.367</u>					438,974	202,598	61,441	297,817	297,817	-
<u>Passed through PA Department of Education</u>										
Title IV - Student Support and Academic Enrichment	84.424	FA-144-24-0069	8/21/23 - 9/30/24	54,646	50,743	-	(2,415)	48,328	48,328	-
Title IV - Student Support and Academic Enrichment	84.424	FA-144-23-0069	9/1/22 - 9/30/23	64,437	47,356	37,955	-	9,401	9,401	-
<u>Total Title IV - AL # 84.424</u>					98,099	37,955	(2,415)	57,729	57,729	-
<u>Totals (Carried Forward)</u>					\$ 6,466,701	\$ 2,962,681	\$ 617,144	\$ 4,121,164	\$ 4,121,164	\$ -

(Continued)

Central Bucks School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

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 6/30/23	Accrued or (Deferred) Revenue 6/30/24	Revenue Recognized	Expenditures	Amounts Passed Through to Sub- Recipients
Totals (Brought Forward)					\$ 6,466,701	\$ 2,962,681	\$ 617,144	\$ 4,121,164	\$ 4,121,164	\$ -
<u>U.S. Department of Education (Continued)</u>										
<u>Passed through PA Department of Education</u>										
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	200-210069	3/13/20 - 9/30/23	3,567,669	2,820,948	2,820,948	-	-	-	-
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER):										
ARP ESSER	84.425U	223-210069	3/13/20 - 9/30/24	7,216,362	2,361,718	417,457	(98,823)	1,845,438	1,845,438	-
ARP ESSER Learning Loss	84.425U	225-210069	3/13/20 - 9/30/24	400,623	138,397	101,804	176,375	212,968	212,968	-
ARP ESSER Summer Programs	84.425U	225-210069	3/13/20 - 9/30/24	80,125	27,679	62,267	34,588	-	-	-
ARP ESSER After School Programs	84.425U	225-210069	3/13/20 - 9/30/24	80,125	27,680	(16,025)	30,090	73,795	73,795	-
ARP ESSER Homeless Children and Youth	84.425U	181-212066	7/1/21 - 9/30/24	35,954	7,375	(1,849)	7,634	16,858	16,858	-
Total Education Stabilization Fund - AL # 84.425					5,383,797	3,384,602	149,864	2,149,059	2,149,059	-
Total U.S. Department of Education					11,850,498	6,347,283	767,008	6,270,223	6,270,223	-
<u>U.S. Department of Health and Human Services</u>										
<u>Passed through PA Department of Human Services</u>										
Access	93.778	N/A	7/1/23 - 6/30/24		-	-	59,426	59,426	59,426	-
Access	93.778	N/A	7/1/22 - 6/30/23		49,385	49,385	-	-	-	-
Total Access - AL # 93.778					49,385	49,385	59,426	59,426	59,426	-
Total Medicaid Cluster					49,385	49,385	59,426	59,426	59,426	-
Total U.S. Department of Health and Human Services					\$ 49,385	\$ 49,385	\$ 59,426	\$ 59,426	\$ 59,426	\$ -

(Continued)

Central Bucks School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

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 6/30/23	Accrued or (Deferred) Revenue 6/30/24	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	7/1/23 - 6/30/24	N/A	\$ 172,039	\$ -	\$ 91,459	\$ 263,498	\$ 263,498	\$ -
School Breakfast Program	10.553	365	7/1/22 - 6/30/23	N/A	72,788	72,788	-	-	-	-
<u>Total School Breakfast Program - AL # 10.553</u>					244,827	72,788	91,459	263,498	263,498	-
<u>Passed through PA Department of Education</u>										
National School Lunch Program	10.555	356	7/1/23 - 6/30/24	N/A	298,922	-	-	298,922	298,922	-
National School Lunch Program	10.555	362	7/1/23 - 6/30/24	N/A	622,709	-	310,072	932,781	932,781	-
National School Lunch Program	10.555	362	7/1/22 - 6/30/23	N/A	358,999	358,999	-	-	-	-
National School Lunch Program	10.555									
<u>Passed through PA Department of Agriculture</u>										
National School Lunch Program	10.555	N/A	7/1/23 - 6/30/24	N/A	322,408	-	-	322,408	322,408	-
<u>Total National School Lunch Program - AL # 10.555</u>					1,603,038	358,999	310,072	1,554,111	1,554,111	-
<u>Total Child Nutrition Cluster</u>					1,847,865	431,787	401,531	1,817,609	1,817,609	-
<u>Passed through PA Department of Education</u>										
State Pandemic Electronic Benefit Transfer										
Administrative Costs Grants	10.649	358	7/1/23 - 6/30/24	N/A	5,763	-	-	5,763	5,763	-
<u>Total State Pandemic Electronic Benefit Transfer Administrative Costs Grants - AL # 10.649</u>					5,763	-	-	5,763	5,763	-
<u>Total U.S. Department of Agriculture</u>					1,853,628	431,787	401,531	1,823,372	1,823,372	-
<u>Total Federal Awards</u>					\$ 13,753,511	\$ 6,828,455	\$ 1,227,965	\$ 8,153,021	\$ 8,153,021	\$ -

Central Bucks School District
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2024

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, 2023. 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, 2024.

Central Bucks School District
Schedule of Findings and Questioned Costs
June 30, 2024

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?	Yes
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>
Education Stabilization Fund:		
ARP ESSER	84.425U	<u>2,149,059</u>
Total Education Stabilization Fund		<u>2,149,059</u>
Child Nutrition Cluster:		
School Breakfast Program	10.553	263,498
National School Lunch Program	10.555	<u>1,554,111</u>
Total Child Nutrition Cluster		<u>1,817,609</u>
Total Major Programs		<u>\$ 3,966,668</u>
Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low risk auditee?		No

Central Bucks School District
Schedule of Findings and Questioned Costs (Continued)
June 30, 2024

Section II – Financial Statement Findings

Status of Prior-Year Findings:

2023-001 Reconciliation of Capital Asset Additions to Expenditures Reported in the Funds

Condition: The total cost of capital asset additions as reflected in the summary of changes in capital assets prepared by the School District's third-party service provider was not reconciled to total expenditures for capital assets as reflected in the funds for the year ended June 30, 2023. In addition, the balance of capital assets as of June 30, 2023, as shown on the summary of changes in capital assets did not agree to the balance of capital assets as reported in the School District's financial statements for the year ended June 30, 2023.

Criteria: Expenditures recorded in the funds for capital assets that have been placed in service as of June 30th should be included as additions to capital assets in the government-wide financial statements, and expenditures for uncompleted capital projects should be included in construction in progress in the government-wide financial statements. The total cost of capital asset additions as reflected in the summary of changes in capital assets and in the government-wide financial statements should be reconciled to total expenditures for capital assets as reflected in the funds.

Cause: Management did not have a procedure in place to ensure that all expenditures for capital assets are included as capital assets in the government-wide financial statements.

Effect: Adjustments were required to revise the capital asset records, which in turn required an adjustment to the government-wide financial statements.

Context: Audit procedures performed related to the audit of the financial statements revealed that capital expenditures recorded in the funds exceeded total capital asset additions reflected in the School District's capital asset records by \$14,112,879. In addition, the cost of capital assets that were incurred in the prior year, totaling \$5,470,502, were not included in the summary of changes in capital assets prepared by the School District's third-party service provider.

Recommendation: Management should establish a procedure whereby the total cost of capital asset additions as reflected in the summary of changes in capital assets and in the government-wide financial statements is reconciled to the total expenditures for capital assets as reflected in the funds.

Status: Management uses a third-party service provider to maintain its capital asset records. The summary of capital assets for the year ended June 30, 2024, provided by the third-party service provider did not capture all capital asset additions for the year ended June 30, 2024. In addition, the summary was not updated to include all capital asset additions identified by the School District for the years ended June 30, 2023, and 2022. See current year finding 2024-001.

Central Bucks School District
Schedule of Findings and Questioned Costs (Continued)
June 30, 2024

Section II – Financial Statement Findings (Continued)

Current-Year Findings:

2024-001 Reconciliation of Capital Asset Additions to Expenditures Reported in the Funds

Condition: Management uses a third-party service provider to maintain its capital asset records. The summary of capital assets for the year ended June 30, 2024, provided by the third-party service provider did not capture all capital asset additions for the year ended June 30, 2024, and the summary does not include the cost of construction in progress. In addition, the summary was not updated to include all capital asset additions identified by the School District for the years ended June 30, 2023, and 2022.

Criteria: Expenditures recorded in the funds for capital assets that have been placed in service as of June 30th should be included as additions to capital assets in the government-wide financial statements, and expenditures for uncompleted capital projects should be included in construction in progress in the government-wide financial statements. The total cost of capital asset additions as reflected in the summary of changes in capital assets and in the government-wide financial statements should be reconciled to total expenditures for capital assets as reflected in the funds.

Cause: Management relies on the third-party service provider to identify capital asset additions based on their inventory of capital assets that is performed at the end of each fiscal year. Beyond the third-party service provider's identification of capital asset additions, management does not have a procedure in place to ensure that all expenditures for capital assets are included as capital assets in the summary of capital assets summary that is used as a basis for reporting capital assets in the government-wide financial statements.

Effect: Adjustments were required to revise the capital asset records, which in turn affected the valuation of capital assets reported in the government-wide financial statements.

Context: Audit procedures performed related to the audit of the financial statements revealed that the net book value of capital assets identified by reviewing capital expenditures recorded in the fund financial statements for the current and prior two fiscal years, as well as identifying right-of-use assets acquired during those fiscal years, exceeded the net book value reported by the third-party service provider by \$46,806,911.

Recommendation: Management should establish a procedure whereby the total cost of capital asset additions as reflected in the summary of changes in capital assets and in the government-wide financial statements is reconciled to the total expenditures for capital assets as reflected in the funds. In addition, management should establish procedures to ensure that all capital assets identified by the School District are included in the reports prepared by the third-party service provider.

Views of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan.

Central Bucks School District
Schedule of Findings and Questioned Costs (Continued)
June 30, 2024

Section III – Federal Award Findings and Questioned Costs

Status of Prior-Year Findings:

None

Current-Year Findings and Questioned Costs:

None



Corrective Action Plan
For the Year Ended June 30, 2024

March 26, 2025

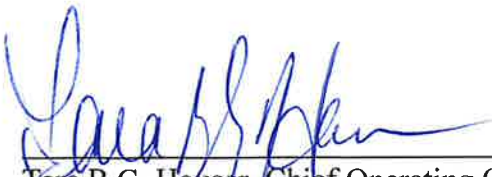
In response to the Finding noted on the Schedule of Findings and Questioned Costs, Central Bucks School District has adopted the following Corrective Action Plan. The finding from the schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

Finding

2024-001 **Reconciliation of Capital Asset Additions to Expenditures Reported in the Funds**

Recommendation: Management should establish a procedure whereby the total cost of capital asset additions as reflected in the summary of changes in capital assets and in the government-wide financial statements is reconciled to the total expenditures for capital assets as reflected in the funds. In addition, management should establish procedures to ensure that all capital assets identified by the School District are included in the reports prepared by the third-party service provider.

Corrective Actions Plan: The Director of Finance will verify, when reviewing the third-party service provider's report, that the asset additions given to them are listed on the report. If the additions are not listed, the Director of Finance will contact the third-party service provider to have them added and have a new report issued.



Tara B.G. Houser, Chief Operating Officer
Central Bucks School District