#### CENTRAL BUCKS SCHOOL DISTRICT

#### Finance Committee Minutes November 20, 2013

Committee Members Present Other Board Members and Administrators Present

Jerel Wohl, Chairperson Steve Corr
Paul Faulkner, Member John Gamble
Tyler Tomlinson, Member Joe Jagelka
Geri McMullin

Kelly Unger

Dave Matyas, Business Administrator Dr. Dave Weitzel, Superintendent

Susan Vincent, Director of Finance Scott Kennedy, Director of Operations

Ken Rodemer, Assistant Director of Operations Nadine Garvin, Principal Bridge Valley Elementary

Committee Members Absent Craig Linn, Lea Huf, Lindsay Sankovsky, Aramark

Jim Duffy, Member

The Finance Committee meeting was called to order at 7:20 p.m. by Jerel Wohl, Chairperson

#### PUBLIC COMMENT

Five members of the public were present. One person commented on the 2012-13 audit and stated their opinion that the district fund balance was too large.

#### APPROVAL OF MINUTES

The October 16, 2013 Finance Committee meeting minutes were accepted as presented.

#### INFORMATION/ DISCUSSION/ACTION ITEMS

Analysis of Implementing a Minimally Processed Food Menu in CB Cafeterias – The committee heard a presentation by Aramark listing the advantages and disadvantages of implementing a minimally processed menu at each school. A minimally processed menu uses food that has not been fundamentally altered from its original state, tends to be lower in fat, is more nutrient dense, and uses less preservatives. Compared to the federal Healthy Hunger-Free Kids Act (HHFKA), which school districts were mandated to implement in September of 2012, a minimally processed menu is not much different than current school menus when looking at macro nutrients.

Macronutrient	H.H.F.K.A.	Minimally Processed
Carbohydrates	48%	50%
Fat	34%	30%
Protein	18%	20%

Over the next few years as HHFKA requirements increase and more minimally processed products are available from food suppliers, the two menu styles will have the same characteristics.

Looking at the advantages and disadvantages of a minimally processed menu:

Advantages	Disadvantages
More nutrient dense	Food safety
Lower sodium content	Added production time
Fewer calories from fat	Product sourcing
Fewer additives and preservatives	Consistency
	Increased product cost
	Increased labor costs
	Customer preferences
	Additional serving lines needed at
	the elementary level
	Serving line speed

If fully implemented at all schools, the additional cost of a minimally processed menu would be approximately \$.50 per lunch.

The committee thanked the Aramark team for investing over 200 hours to prepare a sample menu and analyze implementation issues. They also asked several questions.

Q: Could some minimally processed foods (MPF) be incorporated into the current menu?

A: Current school menus incorporate minimally process food items and more are added as they become available from food suppliers.

Q: Has a MPF menu been incorporated in other school districts?

A: Yes, but student participation suffered.

Q: Why do you think implementation has not been successful?

A: Mainly due to the different foods offered to students all at once.

Q: What are the barriers to implementing an MPF menu at the elementary level?

A: Mainly a lack of space to serve students two separate menus and a lack of preparation space that would be needed to maintain proper food sanitation when preparing raw meats.

The committee was reluctant to implement a single MPF menu district wide so as not to force all parents to pay the extra cost of a MPF menu. Physical space constraints limit implementing a dual menu plan at all buildings. The committee expressed hope that more MPF items would be available soon to incorporate into the current menu structure.

Fund Balance Review – An analysis of the 2012-13 fund balance was shared with the committee. The intent of the analysis was to provide more detail behind the audit numbers. The 2012-13 year started with a balance of \$33,476,973 less \$11,374,948 which was assigned to the district Post Employment Benefit Fund, not the district's general fund. This left a starting balance for 2012-13 of \$22,102,025. During the 2012-13 fiscal year operations, the district realized \$24,413,287 in revenues exceeding expenses. At the end of the fiscal year, the district transferred \$8,000,000 to a long term capital account to pay for future Holicong Middle school renovations and used \$20,000,000 to pay off long term debt to reduce the budget impact of future PSERS retirement obligations. Finally an audit adjustment of \$4,014 was made to correct a book entry made in error when the district migrated to new financial software. This left an ending general fund balance of \$18,519,326 for fiscal year 2012-13.

Review of the 2012-13 Audit – The independent audit firm of Maillie LLC finished its yearly audit of the district and reviewed its draft report with the committee. Jeff Mantz, a manager with the firm, went through the draft report page by page to provide insight on what the audit report was presenting and details of how the auditors review the district financial statements and procedures when looking for potential fraudulent activity. The scope of the audit was reviewed and he had the following comments:

This was Maillie's fifth year of auditing Central Bucks and that is was the easiest year since the start of the engagement. All account back up information was provided timely and all of the testing of internal controls and internal processes provided clean results. All items requested for review were provided in a timely manner. Jeff described a number of the various tests that are performed to look for procedure weakness, internal control failures, ghost employees in the payroll system, and indicated that all test results were solid and did not point to any areas of potential weakness or failure.

It was noted that there was a sizable number of additions to Capital Assets, which is in line with the large volume of capital project work that is ongoing in the district.

The auditor commented on the single audit statement, which includes reviews of federal programs, and indicated that there were no findings. He also commented that the district is making a good faith effort to meet its long term GASB 45 Post Employment benefit obligations through the years.

He was questioned on the results of the fraud questionnaire distributed to staff, administration, and the school board. It was noted that there were no reports of suspected fraud or noted weaknesses in district procedures, based on the SAS 114 and 115 reports received by the auditors.

When asked about the district's financial position at the end of the 2012-2013, the auditor indicated that the debt defeasance executed during the year helped to reduce the districts outstanding debt and improved its position to meet upcoming obligations, such as the pension liability. He commended the Board for taking an aggressive long term approach to addressing the PSERS retirement system cost increases by permanently paying off debt years ahead of the amortization schedule.

A district-to-district comparison of 15 other school districts audited by Maillie was provided. When asked how CBSD compares to other school districts it was noted that statistically Central Bucks' financial standing is on average with the other districts. The district's general fund balance of \$18,519,326, which is 6.4% of the 12-13 total budget and is actually on the low side compared to other districts.

When questioned about outstanding debt, it was also noted that the district's outstanding debt is also on par with that of other districts, which without the debt defeasance it would have been on the high side.

Jeff Mantz closed his audit review by restating that the audit opinion is clean, without any findings. There were no instances of non-compliance and proper internal controls are in place. Based on this audit and prior audits, CBSD is designated as a low risk auditee.

Financial Planning and Goal Setting – Reviewing the results of the school board's direction on setting financial goals, shows consistency through the years. Academics are priority one, followed by goals on student safety and goals that maintain the long term financial health of the district. The district financial advisors, Public Financial Management (PFM), indicates that the district should consider one more round of debt defeasance in the range of \$35M to \$50M to keep the district in the best financial position for the next 5 to 10 years. Within five years, the district should be hitting the maximum employer's contribution percentage into the PSERS retirement system.

	Goal Description (low value indicated highest ranked goal)	Total Score Low Score = Highest Rank	Average Score Low Score = Highest Rank
1	Maintain and Improve our Academics (re-establish initiatives)	12	1.3
2	Meet PSERS Obligations Without Max Tax Increases	40	4.4
3	Continue to Evaluate Security & Improve Where Possible	45	5.0
4	Minimize Real Estate Tax Increases	45	5.0
5	Pay Off More Debt	49	5.4
6	Pay for Building Renovations with Cash - No New Debt	53	5.9
7	Teacher Negotiations Budget Planning	60	6.7
8	Maintain General Fund Balance at 5%	72	8.0
9	Plan for the Affordable Care Act	79	8.8
10	Explore Alternate Revenue Streams (grants, Cyber Charter)	80	8.9
11	Increase the Number of School Days	94	10.4
12	Explore Walking More Students to School (Phase 2)	106	11,8
13	Explore Implementing Full-Day Kindergarten	113	12.6
14	Explore More Vocational (MBIT type) Programs at CB HS	115	12.8
15	Elem. Schools Without A/C, Make "A" Schools for Transp.	117	13.0

These rankings are the start of the process and can be refined in the future. The purpose is to provide general direction for the start of the budget process.

**Draft of Capital Uses for Projected Fund Balances** – For the next 5 years, the district would like to continue the practice of budgeting for approximately \$7M for short term capital needs as noted:

Transportation \$1M Technology \$2M Short Term Capital \$4.3M

In addition, administration feels we should be budgeting for other long term goals such as

- Long Term capital for future large construction projects that will cost approximately \$6-8M per year according to the district's long range capital plan. This will also eliminate the need to borrow for construction projects in the near term.
- It is also recommended to allocate some money towards the district's GASB 45 obligations which can also be used for debt defeasance in the future if the Board wishes to do so.
- The district should maintain a yearly budgetary reserve for self-insured health care expenses in case they exceed the expected budgeted amount. Any unused funds at the end of the fiscal year can also be used to help pay off current debt.
- Maintain budgetary reserves for future PSERS expenses since we know costs will
  go up dramatically over the next five years and our goal is to minimize tax
  increases during that period.

The reserves for GASB 45, health care, and PSERS could be used for debt defeasance or other future school board goals. The available funding for transfer to capital accounts is likely to decline over the next five years as PSERS contributions and health care cost continue to rise. It is also assumed that the school board will not raise taxes to the Act 1 maximum amounts over the next five years.

2014-15 Budget— The Act 1 base index for the 2014-15 budget process is 2.1%. This means real estate taxes could be raised by 2.1% if needed. In addition, it is anticipated that the district would also qualify for an exemption from Act 1 limits in the expense for state retirement payments (which will go from approximately 17% of gross payroll to 21%) and in the expense of special education costs bringing the total estimated maximum millage increase to approximately 3.3%. The actual calculation for the 2014-15 fiscal year is not available from PDE as of this date. As per past practice, administration will likely present an initial budget in December that has an increase greater than 2.1%. If administration doesn't do this, PDE will not allow the district to use Act 1 exceptions. Since we will not know until mid-February, via the governor's budget, if state subsidies will remain the same, or if we will see a reduction, we need to present a conservative budget at the start of the process.

As we look ahead to the 2014-15 budget, we have been looking at data from the state. The good news is that state revenue is trending upward for sales tax collected, corporate income taxes, real estate transfer taxes, and personal income taxes. The bad news is that every extra penny that the commonwealth takes in during 2014-15 will likely go towards meeting its PSERS and SERS pension obligations.

Projections from the state's Independent Fiscal Office show that most of the budgetary reserves will be used during 2014-15. This probably means that school district are unlikely to see subsidy increases for 2014-15.

Looking at local revenues, it appears that we have bounced off of the bottom and are starting to trend upward. Earned income taxes are up, real estate assessed values are increasing slightly, and the number of students eligible for free/reduced price lunches is dropping slightly. These are all good trends. Looking at real estate taxes, it is anticipated that the revenues will increase due to growth in real estate assessed values as new houses and business are built during the year. We are assuming that earned income taxes will grow by 2% or more per year over the next several years.

Other local taxes (interim RE, delinquent RE, PUC tax, and RE transfer) are assumed to have minimal growth. State and federal subsidies are assumed to have minimal growth over the years.

Looking at expenses, we anticipate salary increases to range from 1% to 2.4% depending on employment classification. Health care expenses are assumed to increase 7%. Prescription expenses are assumed to increase 6%. Dental, disability, life insurance, workers comp, and unemployment are projected to have moderate increases. Retirement expenses will increase by 26% in 2014-15.

300 Object: <u>Professional Services</u>: such as consultants, architects, legal, IU Services, psychologists, tax collection, doctor examinations, bank trustee and escrow, cooperative purchasing, I.T. Tech support, and athletic trainers are expected to increase 1% during 2014-15.

400 Object: <u>Purchased Property Services</u>: Copier lease, repair services by outside contractors, modular classroom lease, electricity, sewer, water, telephone system maintenance, are expected to increase 1% during 2014-15.

500 Object: Other Purchased Services: Services not provided by district personnel such as approved private schools for sp. ed., MBIT tuition, general travel expenses, homebound education, alternate education, charter school tuition, court placed education, postage costs, curriculum development, legal notices, insurance (E&O, Auto, Property, etc.), contracted transportation, phone line expenses, are expected to increase by .5% during 2014-15.

600 Object: <u>Supplies</u>: purchase of materials that are expendable and consumed in a short period of time, pencils, paper, office supplies, subscriptions, standardized test expenses, textbooks, audio visual materials, medical supplies, replacement parts, diesel fuel, gasoline, are expected to increase .5% during 2014-15.

700 Object: <u>Property and Equipment</u>: Expenditure for the acquisition of small fixed assets and replacement, TV's, projectors, Smartboards, DVD players, computers, medical equipment, athletic equipment, are expected to increase .5% during 2014-15.

800 Object: Other Expenses: Expenses not classified in other specific areas are organization/membership dues (PSBA, PASA, PASBO, etc), real estate taxes on unused land (county/municipal), and interest payments on debt. The good news is that interest payments on debt will be going down over the next five years due to prepayment of existing debt.

900 Object: Other Financing Uses: This group of expense accounts includes payment of principal on long term debt, transfers to other funds for major equipment purchases, improvement of facilities, prepayment of debt, self insured health care reserve, and other post employment benefits (GASB 45).

Principal payments on debt will be reduced over time due to the nearly \$100M debt payoff and debt restructuring that has occurred over the last few years. However, in the near term, principal payments on debt will remain at about \$16.2M per year.

Budgeted transfers to capital funds are the amounts for funding school buses, computers, and small construction projects.

Projected available for transfer to capital funds, are amounts budgeted for major construction projects, reserves for retirement system increases, and reserves for self-insured health care. If these reserves are not needed in the future, they can be used to pay off debt. PFM recommends a future debt defeasance of \$35M to \$50M.

The committee recommended submitting a proposed preliminary budget that would exceed the Act 1 base limit of 2.1% in case state funding levels are reduced in February. By using this process, the district could qualify for Act 1 exceptions – if needed.

**Athletic Trainer Services**– The district requested proposals for athletic trainer services and received three responses. A.T.I., the current company providing athletic trainer services provided the low quotation at \$68,000 per year. The new contract will save the district almost \$23,000 per year.

#### Athletic Training Services RFP - November 12, 2013

Vendor	Current Contract	14/15	15/16	16/17	17/18	18/19	Total
Bucks Phys. Ti		\$84,000.00	\$87,000.00	\$90,000.00	\$93,000.00	\$96,000.00	 \$450,000,00
NovaCare		\$75,000.00	\$76,500.00	\$78,030.00	\$79,590.60	\$31,182.41	\$390,303.01
ATI	\$90,850	\$58,000.00	\$68,000.00	\$58,000.00	\$68,000.00	\$68,000.00	\$340,000.00

The committee asked if ATI was providing good service to our students? Administration checked with the athletic directors and they have been very happy with the level of service and professionalism of the ATI athletic trainers. The committee recommended the contract be placed on the Board agenda for consideration.

#### **ADJOURNMENT**

The meeting adjourned at 10:15 p.m.

Minutes submitted by Dave Matyas, Business Administrator and Administrative Liaison to the Finance Committee

### Central Bucks School District

#### **Finance Committee**

Administration Center – 20 Welden Drive Wednesday November 20<sup>th</sup>, 7:00 pm Projected time – 2 Hours

Jerel Wohl, ChairpersonPaul Faulkner, MemberJim Duffy, MemberTyler Tomlinson, MemberDave Matyas, Business AdministratorSusan Vincent, Director of Finance

#### **Agenda**

1.	Call to Order	Chairperson	Start Time
2.	Public Comment	Chairperson	
3.	Approval of Prior Meeting Minutes	Chairperson/Committee	Pages 1 - 3
4.	Information / Discussion / Action Items		
	a) Review of Food Service Analysis of Minimally Processed Foods Menu	30 minutes Craig Linn, Aramark/ Dave Matyas	Pages 4 - 31
	b) 2012-13 Fund Balance Review	5 minutes Susan Vincent	Pages 32 - 33
	c) 2012-13 Audit Review	15 minutes Jeff Mantz of Maillie / Susan Vincent	Handout
	d) Follow-Up to the October Planning and Goal Setting	10 minutes Dave Matyas	Pages 34 - 38
	e) Draft of Capital Uses for Projected Fund Balances	10 minutes Dave Matyas	Page 39
	f) * Budget First Look and Draft of a Five Year Projection	40 minutes Dave Matyas / Susan Vincent	Pages 40 - 47
	g) * Athletic Training Services Contract	5 minutes Dave Matyas	Pages 48 – 54
5.	Adjournment	Chairperson	End Time
6.	Next Meeting Date: To be determined		

#### **Information Items**

* Treasurers Report	Pages 55 – 58
Capital Reserve Fund Report	Page 59
Bond Fund Report	Page 60
* Investment Report	Page 61 - 66
Payroll Expense Projections	Page 67
Tax Collection Projections	Page 68
Benefits Projections	Page 69
Article Summarizing the State's Financial Outlook	Pages 70 – 73

<sup>\*</sup> These item(s) may be on the public board agenda. ~ These item(s) may require executive session.

#### CENTRAL BUCKS SCHOOL DISTRICT

#### Finance Committee Minutes October 16, 2013

Committee Members Present Other Board Members and Administrators Present

Jerel Wohl, Chairperson Steve Corr
Paul Faulkner, Member Joe Jagelka
Tyler Tomlinson, Member Geri McMullin
Kelly Unger

Dave Matyas, Business Administrator
Susan Vincent, Director of Finance

Dr. Dave Weitzel, Superintendent
Scott Kennedy, Director of Operations

Ken Rodemer, Assistant Director of Operations

Committee Members Absent

Jim Duffy, Member

The Finance Committee meeting was called to order at 8:05 p.m. by Jerel Wohl, Chairperson

#### PUBLIC COMMENT

Five members of the public were present. They commented on policy 616 and posting of the audit on the district website.

#### APPROVAL OF MINUTES

The September 18, 2013 Finance Committee meeting minutes were accepted as presented.

#### INFORMATION/ DISCUSSION/ACTION ITEMS

**Discussion of Long Term Financial Goals** – The committee discussed financial goals for the district. Committee members weighed in on the merits of each goal, through discussion added more goals, and consolidated similar goals to create a draft listing. The goals are not listed in any particular order. The goals discussed were:

- Evaluate Funding Needed to Improve Academics and Educational Initiatives
- Maintain facilities Without New Debt
- Meet Future PSERS Obligations Without Maximum Tax Increases
- Explore Paying Off More Debt to Reduce the Financial Impact of the Projected PSERS Retirement Expense Increase
- Maintain the General Fund Balance at 5% of Budget
- Budget Planning for Teacher Negotiations
- Continue to Evaluate Security and Improve Where Possible

- Plan for the Affordable Care Act
- Minimize Real Estate Tax Increases
- Explore Implementing Full Day Kindergarten
- Increase the Number of Student Instructional Days
- Explore Alternate Revenue Streams (grants cyber charter schools, etc.)
- Explore Implementing More Vocational Programs in Our High Schools

The committee will continue discussion of these items in the future as they potentially can have a long term impact on the budget.

Review of the Walking Zone for St Jude School – Sidewalks are now installed for some housing developments within 1.5 miles of the school. The district transportation department has reviewed the areas and found them to be safe for walking. Some of the streets impacted by an expanded walking area are Sullivan, Heath Court, and Sutfield Court. The committee asked a question about students crossing route 202. A crossing guard is present on Route 202 to help make a safe transition onto the school property. Other students are currently walking and crossing route 202 with the help of the crossing guard. The committee recommended this area be designated as a walking zone starting with the 2014-15 school year. It also recommended the transportation department provide notice to parents in the near future to give them time to plan car pools or groups of walking partners.

**Review of Policies** – Policy 616 provides guidance on the payment of bills. A recommended addition to the policy is for purchases by the superintendent to be approved by the Board President and Vice President since there are no additional layers of higher authority within the school district organization chart.

The committee reviewed the policy at length discussing whether the President and Vice President should provide an initial review of the proposed expenditures then have the Board act on them at a meeting. There were concerns that calling attention to the superintendents position in this policy may dissuade future superintendent candidates from applying for the position. But, consensus was that the review is common in general business practice and audit review procedures and the superintendent position needed to be singled out for special consideration since only the Board has a higher position of authority.

Discussion also took place on checks and balances in place within the district. With more modernized software, purchase requisitions are now mostly electronic and review and approval moves along pre assigned paths depending on the initiator of the requisition. The process ends in the purchasing department for final review to help determine appropriate vendors, quotation limits and bid limit thresholds. The Accounting department also looks at purchases to make sure they will be paid from the proper departmental expense account.

Discussion also took place as to whether the Board should ratify bills for payment or approve them. With reduced building activity in the district, checks have gone from being produced once per week to twice per month. With the reduction in frequency, it may be possible to move from a check ratification process to a check approval process. Timing issues would need to be worked out when there is only one school board meeting scheduled in a month.

The committee also discussed the possibility of providing more detailed information on the bills for payment report without adding a large amount of additional pages to the board agenda.

The committee recommended policy 616 be placed on the Board agenda for second reading. The committee recommends modifying the sentence on the superintendents expense review to: Expenses of the superintendent shall be reviewed and approved by the Board President and Vice President prior to ratification by the school board.

The committee agreed that the additional sentence will provide a quick fix to the existing review process and asked administration to look at modifying the policy in the future to address some of their concerns.

**Budget Transfers** – Final Budget Transfers to close out the 2012-13 fiscal year were reviewed. The committee recommended that they be placed on the school board agenda for consideration.

**Budget Update** – The Act 1 base index for the 2014-15 budget process is 2.1%. This means real estate taxes could be raised by 2.1% if needed. In addition, it is anticipated that the district would also qualify for an exemption from Act 1 limits in the expense for state retirement payments (which will go from approximately 17% of gross payroll to 21%) and special education costs. As per past practice, administration will likely present an initial budget in December that has an increase greater than 2.1%. If administration doesn't do this, PDE will not allow the district to use Act 1 exceptions. And, since we will not know until mid-February, via the governor's budget, if state subsidies will remain the same or if we will see a reduction we need to present a conservative budget at the start of the process.

#### **ADJOURNMENT**

The meeting adjourned at 9:20 p.m.

Minutes submitted by Dave Matyas, Business Administrator and Administrative Liaison to the Finance Committee

#### Notes for Finance Committee 11-20-2013

- 1) Minimally Processed Foods, Dave W. to introduce the topic
  - a) As food companies become more comfortable with the Health Hunger-Free Kids Act requirements, more products will be available that are very close to minimally process standards with less risk of food contamination.
  - b) We estimate the additional cost of a lunch to be \$.50 if we rolled out the minimally processed menu throughout the district and took advantage of labor economies of scale.
  - c) The district would need to subsidize the cost of an elementary lunch by \$.50 to \$.55 during a pilot menu trial period.
    - i) This would be for the extra labor expense.
    - ii) We think the extra labor cost would be minimal if we rolled the menu out to the entire school district and took advantage of economies of scale.
    - iii) The subsidy would only be needed during the pilot period to help approximate the lunch costs to parents.
  - d) Do we want to survey the community to see if they are willing to pay another 50 cents per lunch for minimally processed food?
  - e) Encourage the Board to eat in our school cafeterias.
  - f) We would need to invest \$500,000 to \$1M in equipment and facilities, primarily at the elementary level, to be able to produce our current menu and the minimally processed menu at the same time.
  - g) The Board does not need to make a decision tonight.

#### 2) Detailed Fund Balance Review

a) With the audit almost complete, Susan put together a detailed analysis of our fund balance as of June 30<sup>th</sup> 2013 to give you more insight behind the numbers that are shown in the audit report.

- 3) Financial Goals Setting
  - a) The results from the goal setting are in
  - b) The Board continues to be very consistent as to what its most important financial goals are
    - i) Protect academics
    - ii) Meet PSERS obligations without max tax increases
    - iii) Maintain focus on security issues
    - iv) Minimize tax increases
    - v) Pay off debt
    - vi) Avoid future borrowing if at all possible by funding the long term capital account
  - c) The Board has been saying these things for the past several years and the survey reconfirms the Board's direction
  - d) We will use these general financial goals as we develop the 2014-15 budget and our 5 year financial plan.
  - e) These goals are not written in stone. We can turn on a dime and reallocate funding for other projects that might come up in the future.
  - f) We build in maximum flexibility when we set up our capital accounts.
  - g) Our financial advisors tell us that we should consider a one more round of debt defeasance in the range of \$35M to \$50M which would put us in the best financial position for the next 10 years.
  - h) We know that we need to get through the next 5 years of PSERS obligations to remain financially healthy. By 2018-19 we should be near the top of the PSERS spike.
  - i) Finally, we need to make sure we can meet the financial obligations of our employee contracts within the framework of Act 1.
    - i) We are going to start negotiations with teachers and I know we would like to get a 4 or 5 year agreement. We need to make sure we can meet the salary and benefit obligations over the next 5 years.
  - j) The article on the next page shows the importance of being able to fund construction projects internally. Eventually, the state is going to pass a law eliminating real estate taxes. Ne of the proposed provisions in the draft legislation is to prohibit school districts from borrowing without a referendum vote
  - k) We know from our New Jersey, Ohio, and Council Rock neighbors that communities don't vote for school district referendums unless you have buckets catching the rain water.

- 4) GASB 45 Other Post-Employment Benefits
  - a) Last week we met with our actuaries
  - b) Due to the poor interest rate environment, our obligation continues to increase.
  - c) Remember these are funds the Governmental Account Standards Board, statement #45 says school districts should set aside in the worst case scenario that the school district must close their doors and go out of business and still meet its financial obligation to retirees.
  - d) The post-employment benefit is a retirement incentive to teachers. We replace more experienced and more costly teachers with less experienced and less costly teachers.
  - e) We can boil the 27 page report down to three items
    - i) We need \$64.1M to fully fund our OPEB obligation probably never going to happen.
    - ii) The actuaries recommend that we put \$4,313,349 way each year toward meeting our goal
    - iii) The district currently has \$3,769,660 in the OPEB capital fund

- 5) Capital Projects Budgeting
  - a) For the next 5 years we would like to continue our practice of setting aside approximately \$7M for
    - i) Transportation \$1M
    - ii) Technology \$2M
    - iii) Short Term Capital \$4.3M
  - b) In addition, we think we should be budgeting for other long term goals
    - i) Long Term capital for future large construction projects, probably spend \$6-8M per year
    - ii) Put some money away towards our GASB 45 obligations which can also be used for debt defeasance
    - iii) Have a budgetary reserve for self-insured health care expenses in case they exceed the budgeted amount
    - iv) Have budgetary reserve for future PSERS expenses since we know cost will go up and we want to minimize a tax increase
  - c) The reserves for GASB 45, health care and PSERS could be used for debt defeasance or other future board goals. The money location and goals are flexible.
  - d) The available funds for transfer to capital accounts is likely to decline over the next five years
  - e) We are assuming the Board will not increase real estate taxes to the Act 1 maximums
  - f) Subtract \$8M from the bottom line numbers "total future transfers from the general fund" as it is likely that the \$8M will be spent each year on some type of building renovation.
  - g) The purpose of the spreadsheet is to show likely future trends and the possible availability of funds for future debt defeasance.

#### 6) 2014-15 Budget

- a) As we look ahead to the 2014-15 budget, we have been looking at data from the state
- b) The good news is that state revenue is trending upward for sales tax collected, corporate income taxes, real estate transfer taxes, and personal income taxes.
- c) The bad news is that every extra penny that state takes in during 2014-15 will likely go towards meeting its PSERS and SERS pension obligations.
- d) Projections from the state's Independent Fiscal Office show that most of the budgetary reserves will be used during 2014-15.
- e) This probably means that school district are unlikely to see subsidy increases for 2014-15
- f) Looking at local revenues, it appears that we have bounced off of bottom and are starting to trend upward,
  - i) Earned income taxes are up, real estate assessed values are increasing slightly, and the number of student eligible for free/reduced price lunches is dropping a little. These are all good trends
  - ii) If we look at our five year budget projection we have revenues in the top section of the spreadsheet, expenses in the bottom two thirds, and the percentages in the grey area are the assumptions for changes in revenues and expense over time.
  - iii) We haven't had much time to work on the five year projection so don't put too much faith in the numbers past 2014-15 for now.
  - iv) If you look at real estate taxes in the first line, you see that the revenues are going up even though there is no increase in the millage rate in the percentages of the grey area. This is due to the assumption that real estate assessed values will be increasing by about 1/3 of a percent each year.
  - v) We are assuming that earned income taxes are going to grow by 2 or more percent per year.
  - vi) Other local taxes (interim RE, delinquent RE, PUC tax, and RE transfer) are assumed to have minimal growth
  - vii) State and federal subsidies are assumed to have minimal growth over the years

#### g) Looking at expenses

- i) We are increasing teacher salaries by 1% per year. Since we are going to be negotiating soon, I don't want to put any other numbers in this spreadsheet since it is an appropriate topic for executive session.
- ii) We think transportation salaries are going to average 1.5% increase in the current contract.
- iii) We think support staff salaries are going to average 2% increase in the current contract.
- iv) We think administrative salaries are going to average 2.4% increase in the current contract.
- v) Health care expenses are assumed to increase 7 to 10% over the years. By 2018-19 we will have a much better idea of how the affordable care act will be impacting our budgets.
- vi) Rx is assumed to increase 6 to 9%
- vii) Dental, disability, life insurance, workers comp, and unemployment are projected to have moderate increases over the years
- viii) FICA is 7.65% of gross salary
- ix) Retirement projections are the latest figures we have from Harrisburg ranging from 21.3% to 30.1% of gross payroll.

- (1) Its interesting to see the relationship between retirement (PSERS). In 2013-14 retirement is double FICA, in 2014-15 it is triple FICA, by 2018-19 it quadruple FICA
- (2) When we get to 2018-19 we will be able to look at our financials and see if we have met our PSERS obligations. By then, the employer contribution rate should be near the max.
- x) Tuition Reimbursement, we have the wrong budget number in there for 2013-14 it should be around \$250k
- xi) 300 Object: <u>Professional Services</u>: such as consultants, architects, legal, IU Services, psychologists, tax collection, doctor examinations, bank trustee and excrow, cooperative purchasing, I.T. Tech support, athletic trainers.
- xii) 400 Object: <u>Purchased Property Services</u>: Copier lease, repair services by outside contractors, modular classroom lease, electricity, sewer, water, telephone system maintenance.
- xiii) 500 Object: Other Purchased Services: Services not provided by district personnel such as approved private schools for sp. Ed., MBIT tuition, general travel expenses, homebound education, alternate education, charter school tuition, court placed education, postage costs, curriculum development, legal notices, insurance (E&O, Auto, Property, etc), contracted transportation, phone line expenses.
- xiv) 600 Object: <u>Supplies</u>: purchase of materials that are expendable and consumed in a short period of time, pencils, paper, office supplies, subscriptions, standardized test expenses, textbooks, audio visual materials, medical suplies, replacement parts, diesel fuel, gasoline.
- xv) 700 Object: <u>Property and Equipment</u>: Expenditure for the acquisition of small fixed assets and replacement, TV's, projectors, smartboards, DVD players, computers, medical equipment, athletic equipment.
- xvi) 800 Object: Other Expenses: Expenses not classified in other specific areas, organization/membership dues (PSBA, PASA, PASBO, etc), real estate taxes on unused land (county/municipal), interest payments on debt. The good news is that interest payments on debt will be going down over the next five years.
- xvii) 900 Object: Other Financing Uses: Payment of principal on long term debt. These payments will be reduced over time due to \$100 debt payoff and debt restructuring. Transfers to other funds for major equipment purchases, improvement of facilities, prepayment of debt, self insured health care reserve, other post employment benefits (GASB 45). Budgetary reserve as current year operating contingency for items that could not be foreseen during budget development. The good news is that principal payments on debt will be going down over the next five years.
- xviii) Budgeted transfers to capital funds, these are the budgets for funding school bus, computer, and small construction projects.
- xix) Projected available for transfer to capital funds, these are budgeted for major construction projects, reserves for retirement system increases and reserve for self-insured health care. If these reserves are not needed in the future, they can be used to pay off debt. PFM recommends a future debt defeasance of \$35M to \$50M.
- xx) If the 2014-15 budget were adopted today, we would need a millage increase of 4.14 mills, which is a 3.37% increase.
- xxi) The millage increase at this point would cost the typical homeowner and extra \$165 per year.

- xxii) We still have a lot of work to do on the budget between now and the end of May.
- xxiii) This is our initial look at a 5 year budget, so don't get too worried about the numbers in the out years at this point.
- xxiv) Hopefully our student enrollment numbers will continue to decline over the next five years.
- xxv) We should also have a better idea of how the new teacher contract will impact future budgets by May.
- xxvi) In our assumptions, we are anticipating that the Board does not want to tax to the Act 1 limits.
- xxvii) By the time we get to 2018-19 we hope to have a budget surplus of about 1% \$13M \$8M for long term construction.
- xxviii) We would like to go ahead and start developing the 2014-15 budget with tonight's numbers as a starting point.

#### 7) Athletic Trainer Services Contract

- a) We received quotations for athletic trainer services.
- b) We received quotations from Bucks Physical Therapy, Nova Care, and ATI
- c) ATI is our current provider
- d) Our current contract from ATI costs \$90,850 per year
- e) The new proposed contract will cost \$68,000 per year saving us almost \$23,000 per year
- f) The athletic directors are happy with the current services from ATI and recommend them for an additional 5 years.
- g) Jeff Garton is currently reviewing the new contract. As soon as the review is complete we would like to place the contract on the Board agenda for consideration.





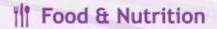
Alternate Menu Review

Central Bucks School District November 2013

Craig Linn, General Manager Lindsay Sankovsky, Registered Dietician



Helping students flourish



## **Table of Contents**





- NSLP & Eligibility
- USDA Guidelines & Current Menu
- · Why create a minimally processed menu?
- What is a minimally processed menu?
- Proposed Trial Menu
- Pros and Cons
- Effect on Program Costs
- Meal price recommendations
- Questions





## National School Lunch Program





# Purpose of National School Act:

- To encourage schools to serve nutritious meals that meet minimum nutritional requirements.
- To keep costs to students reasonable by offering subsidies to districts who participate.

Current Federal Subsidy per Meal					
Paid	Paid Reduced Free				
\$0.34 \$2.59 \$2.99					



# **National School Lunch** Program (NSLP)





# **Income Eligibility**

Household Size: 4

Meal	Annual Income
Reduced Price	\$43,568
Free	\$30,615







<b>Previous Requirements</b>	Current Requirements HHFKA
Calories (min. only)	Calorie Ranges (min. & max.)
Traditional Menu Planning	Only food-based menu planning allowed
Lunch:	Lunch:
633 (grades K-3)	550-650 (grades K-5)
785 (grades 4-12)	600-700 (grades 6-8)
825 (optional grades 7-12)	750-850 (grades 9-12)
Breakfast:	Breakfast:
554 (grades K-12)	350-500 (grades K-5)
.= ,	400-550 (grades 6-8)
Nutrient Based Menu Planning	450-600 (grades 9-12)
Lunch:	
664 (grades K-6)	
825 (grades 7-12)	

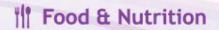
633 (optional grades K-3)

618 (optional grades 7-12)

Breakfast:

554 (grades K-12)



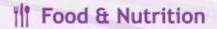


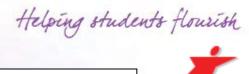




Previous Requirements	Current Requirements HHFKA
Saturated Fat <10% of total calories	Saturated Fat <10% of total calories
Trans Fat: no limit	New specification: zero grams per serving (nutrition label)





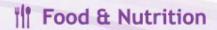




	Previous Requirements	Current Requirements HHFKA
Food Group Fruit and Vegetables	Previous Requirements K-12 ½ - ¾ cup of fruit and vegetables combined per day	Current Requirements K-12 (as of 7/1/12)  3/4 - 1 cup of vegetables plus  1/2 - 1 cup of fruit per day  Note: Students are allowed to select 1/2 cup fruit or vegetable under OVS.
Vegetables	No specifications as to type of vegetable subgroup	Weekly requirement for:      dark green     red/orange     beans/peas (legumes)     starchy     other (as defined in 2010 Dietary Guidelines)
Meat/Meat Alternate (M/MA)	1.5 – 2 oz eq. (daily minimum)	Daily minimum and weekly ranges:  Grades K-5: 1 oz eq. min. daily (8-10 oz weekly)  Grades 6-8: 1 oz eq. min. daily (9-10 oz weekly)  Grades 9-12: 2 oz eq. min. daily (10-12 oz weekly)









	Previous Requirements	Current Requirements HHFKA
Grains	8 servings per week (minimum of	Daily minimum and weekly ranges:
	1 serving per day)	Grades K-5: 1 oz eq. min. daily (8-9 oz weekly)
		Grades 6-8: 1 oz eq. min. daily (8-10 oz weekly)
		Grades 9-12: 2 oz eq. min. daily (10-12 oz weekly)
Whole Grains	Encouraged	At least half of the grains must be whole grain-rich beginning July 1, 2012.
		Beginning July 1, 2014, all grains must be whole grain rich.
Milk	1 cup	1 cup
	Variety of fat contents allowed; flavor not restricted	Must be fat-free(unflavored/flavored) or 1% low fat (unflavored)



## **USDA** Guidelines





- Age/grade specific minimum-maximum calorie range
- < 10% calories from saturated fat</li>
- Prior to last year no maximum calorie requirement

Grade Level	Min-Max Calories
K-8	600-650
9-12	750-850





# ARAMARK Healthy Initiatives at Central Bucks



- In many cases exceed USDA menu requirements
- Proactive in changing to more costly Traditional Food Based menu 2 years prior to being mandated.
- Removed fryers from all High Schools
- Developed menus and programs that enabled AHG certification at Tohickon, South and Doyle
- Exceed whole grain requirements
- Implemented new breakfast standards 1 year prior to requirements
- Exceed daily and weekly fresh fruit and vegetable requirements
- ✓ Breakfast and lunch participation up year over year despite lower enrollment





### Minimally Processed Menu

# Helping students flourish





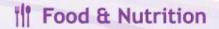


# **Nutrient Analysis** Comparison





Nutrient	Dietary Reference Intake (DRI) (daily)	Current HHFKA Menu (1/3 daily)	Proposed Minimal Processed Menu (1/3 daily)
Calories	-	638	606
Protein (g)	27	28.5	29.4
Carbohydrate (g)	130	77.4	76.4
Total Fat (g)	N/A	24.3	20.2
Saturated Fat (% cals)	N/A	9.9	8.8
Cholesterol (mg)	N/A	55	72
Sodium (mg)	1350	1058	902
Fiber (g)	22	5.7	8.7
Iron (g)	9	3.5	4.2
Calcium (mg)	1150	467	411
Vitamin A (mcg)	500	1518	2048
Vitamin C (mg)	35	13	56



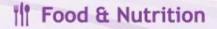
# **Nutrient Analysis** Comparison





Macronutrient	DRI: Acceptable Macronutrient Range	Current HHFKA Menu	Proposed Minimal Processed Menu
Carbohydrate	45-65%	48%	50%
Fat	25-35%	34%	30%
Protein	10-30%	18%	20%





# Current Menu Elementary School





Menu Item	Calories	Saturated Fat (% Cals)
Wedge Pizza	300	12%
Chicken Nugget	275	6.5%
Build Your Own Pizza	400	18%
Pretzel & Yogurt	320	5%
Caesar Salad	360	8%









Menu Item	Calories	Saturated Fat (% Cals)
Big Daddy's Pizza	340	16%
French Toast & Sausage	490	11%
Popcorn Chicken	220	10%
Salad Bar	360	3%
Pasta & Meatball	357	6%





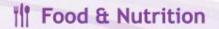






Menu Item	Calories	Saturated Fat (% Cals)
Pasta w/ Alfredo	400	22%
Buffalo Chicken Sandwich	310	<b>7</b> %
Philly Cheesesteak	385	19%
Deli Bar (Turkey Sandwich)	350	8%
Pasta Station (Marinara)	435	6%





## Why a Minimally Processed Menu?

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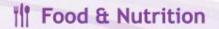


- ✓ Community Feedback
- Fresher and more local product sourcing
- Opportunity to improve food quality and presentation





Our Proudest Outcome



## What is a minimally processed menu?





## **USDA Definition of Minimal Processing**

 Product is handled in a manner that does not fundamentally alter the product







## Pros and Cons of a Minimally Processed Menu

Helping students flourish



## **PROS**

- ✓ More nutrient dense
- Lower sodium content
- Fewer calories from fat and saturated fat
- Fewer additives or preservatives
- Perceived quality improvement

## CONS

- Food safety
- Added production time
- ✓ Product sourcing
- **✓** Consistency
- Increased product cost
- ✓ Increased waste leading to increased food costs
- ✓ Increased labor costs
- Customer preferences
- Y Serving lines for dual menu
- ✓ Service line speed



Our Proudest Outcome



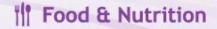
## **Dual Menu Concerns**





- Parent preference
- Cost differential
- Student selection (what will they select & will it be what their parents approve?)
- Are families willing to pay more?
- Should Taxes subsidize this program?





## Single Menu Only **Schools**





- Barclay
- Buckingham
- Butler
- **Cold Spring**
- Doyle
- Gayman
- **Jamison**
- Kutz
- Linden
- Pine Run
- **Titus**
- Warwick





## Minimally Processed Menu Added Costs





- Additional Food Cost= \$.55 per lunch
- Daily added labor cost =\$137.28
  - \$.50 per meal based on current participation
- Free and Reduced student meal costs additional \$48/day (based on current part.)
- Concern with participation decline if run exclusive alternate menu





## Minimally Processed Menu Added Costs





- \$186 per day additional food cost for test school plus additional \$137.28 per day in labor
- Participation decline would result in additional operating costs to the district



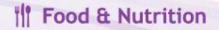
## **Selling Prices**





- \$3.00 sell price covers additional food cost for paid lunch (current Price \$2.45). Price does not include additional \$.50 for cook salary and fringe
- 2015 sy \$3.10 (estimated)
- 2016 sy \$3.20 (estimated)





## **Selling Prices**

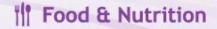




Estimated cost for lunch	\$3.50
Less district labor subsidy for pilot	\$ .50
Estimated lunch price for pilot	\$3.00

With successful district wide elementary rollout, the elementary lunch price would remain at \$3.00 this school year due to additional student participation.





## **Alternate Menu**

Helping students flourish



## **QUESTIONS?**







# helping students flourish

## **General Fund** Detailed Fund Balance Review - June 30, 2013

2011-2012 Accumulated Fund Balance as of 6/30/12 per Audit Statement

33,476,973

\*Less Funds included as Assigned to PEB

(11,374,948)

Accumulated General Fund Balance as of June 30, 2012

22,102,025

Note: The \$11,374,948 funds shown as assigned on the audit statement were part of the district Fund 7 PEB balance as a result of prior year fund transfers.

#### **Summary of 2012-2013 Operations**

Revenues over Expenditures before "Fund Transfer" Transactions 33,288,823

Budgeted Fund Transfers and other realized revenue:

\* Budgeted Transfers out to Capital Funds (9,370,000)

\* Budgeted Transfer in from Health Care 490,000 \* Sale of Fixed Assets (school Buses)

4,464

Available Funds Realized from 2012-2013 Operations:

24,413,287

Transfers out of Funds Realized from 2012-2013 Operations:

\* Transfer to Debt Service for Debt Defeasance

(9,000,000)

\* Transfer to Long Term Capital for Holicong

(8,000,000)

Increase to Fund Balance Resulting from 2012-2013 Operations

7,413,287

\* Less General Fund Balance used for debt defeasance

(11,000,000)

\*Audit adjustment for prior year system conversion difference

4,014

Net Change in Fund Balance

(3,582,699)

Fund Balance June 30, 2013

18,519,326

The audit adjustment relates to a 2008 finance software system implementation data entry transpositon

<sup>\*</sup> These items, less the audit adjustment of \$4,014, equals Total Other Financing Sources(Uses) of \$48,246,470 per audit report.

#### **CENTRAL BUCKS SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
Year Ended June 30, 2013

		General Fund		Capital Project Fund	Debt Service Fund	_	Total Governmental Funds
REVENUES				) - J	F		0.40.007.000
Local sources	\$	246,246,213	\$	37,822	\$ 53,864	\$	246,337,899
State sources		41,930,260	A.	-	-		41,930,260
Federal sources		2,337,459	. ·			-	2,337,459
TOTAL REVENUES		290,513,932	i Tir.,	37,822	53,864		290,605,618
EXPENDITURES			- 1 V.		•		
Instruction		148,897,715		Tarih Tarih Tarih	_		148,897,715
Support services		74,205,171		1,349,550	<u>.</u>		75,554,721
Operation of non-instructional services		5,381,420			-		5,381,420
Facilities acquisition, construction and improvement services				12,217,228	-		12,217,228
Debt service	Santa.	28,735,021		-	72,980,799		101,715,820
Refund of prior year revenues		5,782		<del>_</del> _		_	5,782
TOTAL EXPENDITURES	)).  }	257,225,109		13,566,778	72,980,799		343,772,686
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	Ç	33,288,823	•	(13,528,956)	(72,926,935)		(53,167,068)
OTHER FINANCING SOURCES (USES)							
Transfers in		490,000		16,000,000	50,000,000		66,490,000
Transfers out		(48,740,935)		(3,000,000)	· · ·		(51,740,935)
Proceeds from sale of fixed assets		4,465		952,000	-		956,465
TOTAL OTHER FINANCING SOURCES (USES)	(	(48,246,470)		13,952,000	50,000,000		15,705,530
NET CHANGE IN FUND BALANCES	Ì	(14,957,647)		423,044	(22,926,935)		(37,461,538)
FUND BALANCES AT BEGINNING OF YEAR	(	33,476,973		28,423,998	23,000,000		84,900,971
FUND BALANCES AT END OF YEAR	8	18,519,326	\$	28,847,042	\$ 73,065	\$	47,439,433

See accompanying notes to the basic financial statements.

## Initial Financial Goals Setting Session. Follow Up to the October 16th Meeting

Goal Description (low value indicated highest ranked goal)	Total Score Low Score = Highest Rank	Average Score Low Score = Highest Rank
1 Maintain and Improve our Academics (re-establish initiatives)	12	1.3
2 Meet PSERS Obligations Without Max Tax Increases	40	4.4
3 Continue to Evaluate Security & Improve Where Possible	45	5.0
4 Minimize Real Estate Tax Increases	45	5.0
5 Pay Off More Debt	49	5.4
6 Pay for Building Renovations with Cash - No New Debt	53	5.9
7 Teacher Negotiations Budget Planning	60	6.7
8 Maintain General Fund Balance at 5%	72	8.0
9 Plan for the Affordable Care Act	79	8.8
10 Explore Alternate Revenue Streams (grants, Cyber Charter)	80	8.9
11 Increase the Number of School Days	94	10.4
12 Explore Walking More Students to School (Phase 2)	106	11.8
13 Explore Implementing Full-Day Kindergarten	113	12.6
14 Explore More Vocational (MBIT type) Programs at CB HS	115	12.8
15 Elem. Schools Without A/C, Make "A" Schools for Transp.	117	13.0

These rankings are the start the process and can be refined in the future. The purpose is to provide general direction for the start of the budget process.



## September 2013

Volume 34, Issue 3

Smart Business + Informed Decisions = Great Schools

#### **Property Tax Reform Talks Gaining Momentum**

BY HANNAH BARRICK

With legislators scheduled to return to Harrisburg in just over a month, one topic that is getting a lot of attention in the media is property tax reform. The property tax reform discussion is not new and legislators have been trying to tackle the issue for decades to no avail. In addition to some of the other weighty issues that are still on the table for consideration by the General Assembly this fall - pension reform, transportation funding and liquor privatization - the property tax reform discussion is gaining traction and there is a chance that the House may venture down the path of examining this issue during the 22 session days this fall.

Last session a property tax elimination proposal emerged in House Bill 1776 and

Senate Bill 1400 that would require the elimination of school property taxes and would make up the deficit by increasing the state personal income tax, increasing the sales and use tax, as well as eliminating several current exclusions and allowing districts to pass local referenda to implement a local earned income or personal income tax. After several hearings in both legislative chambers and a report by the Governor's Independent Fiscal Office that showed the proposal had a \$1.5 billion shortfall, the chatter of property tax reform quieted down and supporters of the proposal went back to the drawing board.

With a new session underway, the sponsors and supporters of the property tax elimination plan tweaked the prior See Property Tax and Referendum, page 5

#### ASBO International Election Announcement

Vote. Submit. Confirm. That's all you need to do starting September 25 in the ASBO International election. PASBO's own Past President Charles E. Peterson, Jr, PRSBA is running for a director seat so please give him your support to represent Pennsylvania. PASBO has also endorsed Mark Pepera, MBA, RSBO, SFO from Ohio for the position of Vice President.

The ASBO International election will be held electronically using an email voting system that is tied directly to the ASBO membership database. The election will open on September 25 and remain open until 9:00 p.m. Eastern Time on Wednesday, October 9, 2013.

On September 25, all ASBO active, life and emeritus members will receive an invitation to vote by email.

This is another draft of legislation to eliminate property taxes in Pennsylvania. This is one of the reasons why we want to look at maintaining our buildings with yearly budgeted funds instead of relying on debt. Rarely does a school district win a referendum vote.

Council Rock was the latest district to lose a referendum vote on eliminating nuisance taxes.

## Property Tax and Referendum-

Continued from page 1

version to avoid a revenue short fall and introduced House Bill 76 and Senate Bill 76. Like the prior version, the proposal eliminates a school district's ability to levy, assess or collect a property tax (with some exceptions) beginning on July 1, 2014. A district will be able to continue to collect delinquent property taxes after that time and will be able to collect property taxes after that date for the sole purpose of making school district debt service payments; however, when that debt is paid off, the property tax is eliminated Additionally, the bill prohibits school districts from incurring any further debt and permits districts to do so only following a referendum.

The bill takes a three pronged approach to recouping the billions of dollars in property tax revenue that would be lost by eliminating the property tax. First, the bill allows school districts to implement (or increase) a local earned income or personal income tax. The district can only implement one and can only do so after public hearings and a voter referendum. The bill provides districts with the discretion to exempt individuals with a total income of less than \$12,000 from the earned income tax.

Second, the bill increases the state personal income tax rate an additional 1.27%, bringing the total state personal income tax rate to 4.34%. Termed the "Education Tax," the increase in the state personal income tax rate is how the sponsors of the bill made up the \$1.5 billion shortfall in the original draft. Finally, the bill proposes to increase the sales and use tax rate from 6% to 7% (this would increase to 8% in Allegheny County and to 9% in Philadelphia County). In addition to the increase in the overall sales and use tax rate, several items and services that were previously exempt from taxation would now be subject to tax, including food and beverages that are not part of the Women, Infants and Children Program, clothing and footwear purchases of greater than \$50, non-prescription drugs and personal hygiene products.

This money would be distributed to school districts

based on a basic formula that would give school districts the same amount of money they collected in property taxes in the 2013-14 school year—minus any revenue generated for the purpose of debt service payments. An annual adjustment of lesser of the CPI for that year or the percentage increase in sales and use tax collected from the previous calendar year would be included.

In addition to House Bill and Senate Bill 76, there is another slightly less drastic property tax reform proposal floating around and poised for discussion this fall. House Bill 1189 provides for property tax relief through an optional property tax elimination plan. House Bill 1189 does not automatically eliminate the ability of a district to impose a property tax, and instead, allows districts to pass a resolution to implement a local earned income tax, a business privilege tax and/or a mercantile tax for the purpose of reducing or eliminating property tax millage rates.

The school board would determine whether to implement one or several of these "elimination taxes" and would set the rate. implement the tax or increase the rate through resolution. Under this bill, a district must reduce the property tax millage rate based on the revenue achieved through the implementation or increase of the elimination taxes - the revenue cannot be used for general operations purposes. The bill gives districts discretion to exempt individuals from payment of the earned income tax if their total income is less than \$12,000. The bill keeps Act 1 in effect as long as a school district maintains a property tax and for districts that have eliminated the property tax, the bill allows the district to increase the rate of the earned income, business privilege or mercantile tax by the Act 1 index and keeps the Act 1 exceptions in place. Additionally, although optional, if a school district does eliminate the property tax entirely, the district is prohibited from ever levying, assessing or collecting a property tax in the future.

While these property tax reform proposals are the first major proposals on the table, several other options will likely emerge as the General Assembly begins to wade into this issue. While the chances that any comprehensive property tax reform is accomplished, especially amid an already busy fall agenda, may be slim it is a sure bet that the discussion will begin and PASBO intends to be a part of that discussion. Stay tuned for more information as this issue develops.

## CENTRAL BUCKS SCHOOL DISTRICT

## OTHER POSTEMPLOYMENT BENEFITS PROGRAM

GASB 45 Actuarial Valuation as of July 1, 2012

\$64.1M needed to fund the total O.P.E.B. liability.

The actuarial recommendation is to fund \$4,313,349 per year.

We currently have \$3,769,660 set aside for O.P.E.B. as of September 30, 2013

richard Gabriel associates

Actuarial and Employee Benefits Consultants

#### GASB 45

## PLAN OF BENEFITS FOR CENTRAL BUCKS SCHOOL DISTRICT

#### **EXHIBIT III**

#### **SUMMARY OF VALUATION RESULTS**

All values shown are as of July 1, 2012

(A)	Normal cost (annual)	\$ 1,740	0,684
(B)	Normal cost per active participant under assumed retirement age (1,752)	\$	994
(C)	Accrued liability		

(a) Active participants (1,818)
(b) Disabled (0)
(c) Retired participants and beneficiaries (169)
(d) Total (1,987)

(1) Present value of all benefits payable in future years

- (2) Present value of future normal costs
- (3) Actuarial accrued liability = (1)(d) (2)

Valuation assets

(E) Unfunded actuarial accrued liability = (C)(3) - (D)

\$ 55,363,845 0 8,730,453 \$ 64,094,298 - needed \$ 15,799,035 \$ 48,295,263

- \$ 0
- \$ 48,295,263

(D)

## PLAN OF BENEFITS FOR CENTRAL BUCKS SCHOOL DISTRICT

## (C) Determination of 2013-2014 Annual OPEB Cost

(1)	Normal cost for the plan year (per 7/1/2012 valuation)*	\$ 1,740,684
(2)	Net amortization charges*	\$ 1,609,842
(3)	Annual Required Contribution = (1) + (2)	\$ 3,350,526
(4)	Interest on Net OPEB Obligation	\$ 150,967
(5)	Adjustment to Annual Required Contribution**	\$ (287,557)
(6)	Annual OPEB Cost for 2013 - 2014 = (3) + (4) + (5)	\$ 3,213,936

#### (D) Determination of Net OPEB Obligation

riai a canada de la calcada	(1)	Net OPEB Obligation at July 1, 2012	\$ 3,592,305
(3) Contributions for 2012 - 2013 fiscal year \$ 2,009,309	(2)	Annual OPEB Cost in 2012 - 2013 fiscal year	\$ 2,730,353
	(3)	Contributions for 2012 - 2013 fiscal year	\$ 2,009,309
(4) Net OPEB Obligation at July 1, 2013 = (1) + (2) - (3) \$4,313,349	(4)	Net OPEB Obligation at July 1, $2013 = (1) + (2) - (3)$	\$ 4,313,349

## (E) Schedule of Amortization Bases as of July 1, 2012

Why	Date	Initial	Outstanding	Years	Charge OPRB (Credit) Obligation each year.
<u>Established</u>	<u>Established</u>	<u>Amount</u>	<u>Balance</u>	<u>Remaining</u>	
Consolidated base	7/1/2012	\$ 48,295,263	\$ 48,295,263	30	\$ 1,609,842

<sup>\*</sup> Using level percentage cost method.

<sup>\*\*</sup> Credit for fifteen year amortization of Net OPEB Obligation at 1.035/1.035 or 0.00% interest.

### **Draft to Illustrate Likely Trends**

## Capital Project Budgeting <u>Scenario</u>\* for Financial Goal Building

11-20-2013

Existing General Fund Capital Transfers	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Transportation	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Technology	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Short Term Capital	\$4,330,000	\$4,300,000	\$4,300,000	\$4,300,000	\$4,300,000	\$4,300,000
CBSD Health Care Reserve	\$370,000	\$0	\$0	\$0	\$0	\$0
	\$7,700,000	\$7,300,000	\$7,300,000	\$7,300,000	\$7,300,000	\$7,300,000

Future Estimated Transfers From the General Fund (assuming real estate taxes are not increased to the maximum Act 1 limits)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 Near the PSERS Peak	Total 2013-14 2018-19
Long Term Capital (2008 Bond) For Large Construction Expenses.  This ties in with financial goal number 6 - maintain buildings without incurring new debt.	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$48,000,000
Reserve for GASB 45 Post Employment Retirement Benefits Actuarial evaluation received 11-11-2013. These funds are not placed in an irrevocable trust and could be used to support any financial goal in the future.	\$4,200,000	\$4,000,000	\$3,000,000	\$3,000,000	\$2,000,000	\$1,000,000	\$17,200,000
Reserve for Health Care Attachment Point. If not needed for health care expenses during a budget year, these funds could be used to support any financial goal.	\$3,000,000	\$2,300,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$13,300,000
Reserve for future PSERS expenses. This reserve will decline over the next several years as the employer contribution rate increases. When not needed for PSERS expenses during a budget year, these funds could be used to support any financial goal.	\$3,000,000	\$2,500,000	\$1,000,000	\$500,000	\$500,000	\$2,000,000	\$9,500,000

Total Future Estimated Transfers From the General Fund

\$18,200,000 \$16,800,000 \$14,000,000 \$13,500,000 \$12,500,000 \$13,000,000

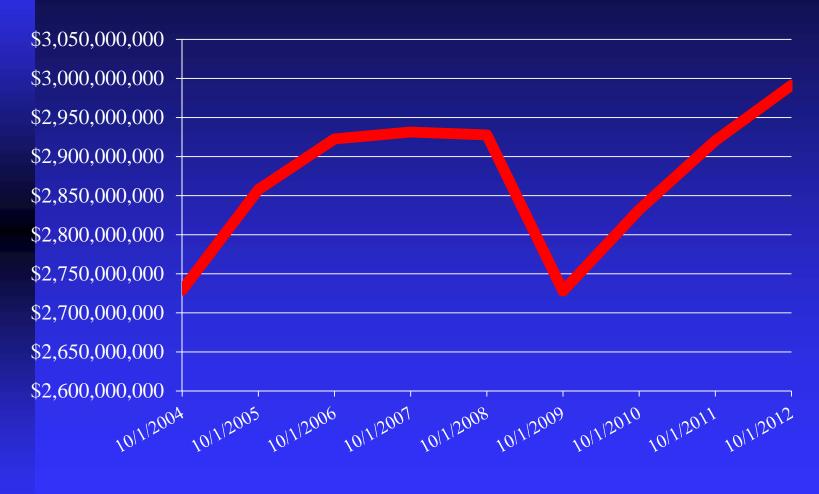


<sup>\*</sup> The purpose of this model is to show general trends over the next five years. Until the teacher contract is settled, a five year budget will be difficult to build with accuracy. Also the affordable Care Act implementation costs will become clearer over the next two years.

11/19/2013

## Major Sources of Pennsylvania State Revenue

## Sales Tax Collected as of October of Each Year

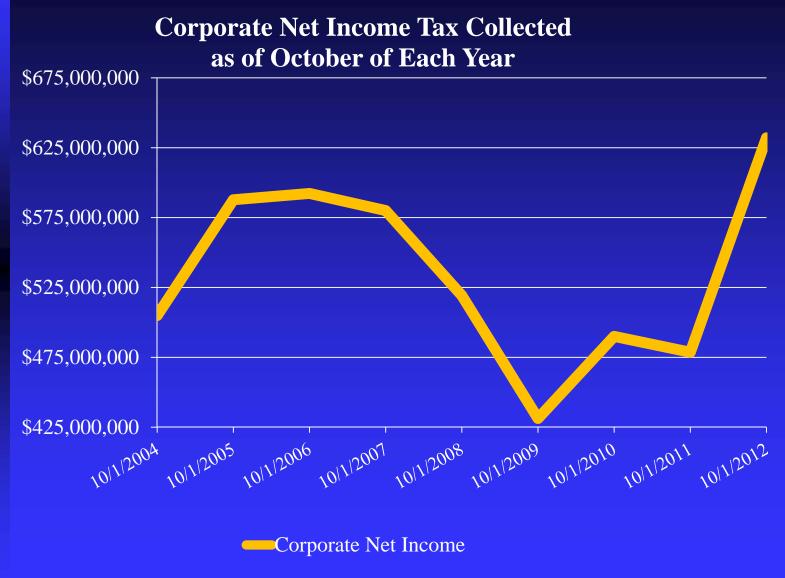


Sales Tax

Source: Pennsylvania Department of Revenue, Monthly Revenue Report http://www.revenue.state.pa.us/portal/server.pt/community/monthly revenue reports/14801

Tittp://www.revenue.state.pa.us/portal/server.pt/community/monthly\_revenue\_reports/14601

## Major Sources of Pennsylvania State Revenue



Source: Pennsylvania Department of Revenue, Monthly Revenue Report http://www.revenue.state.pa.us/portal/server.pt/community/monthly revenue reports/14801

## Major Sources of Pennsylvania State Revenue

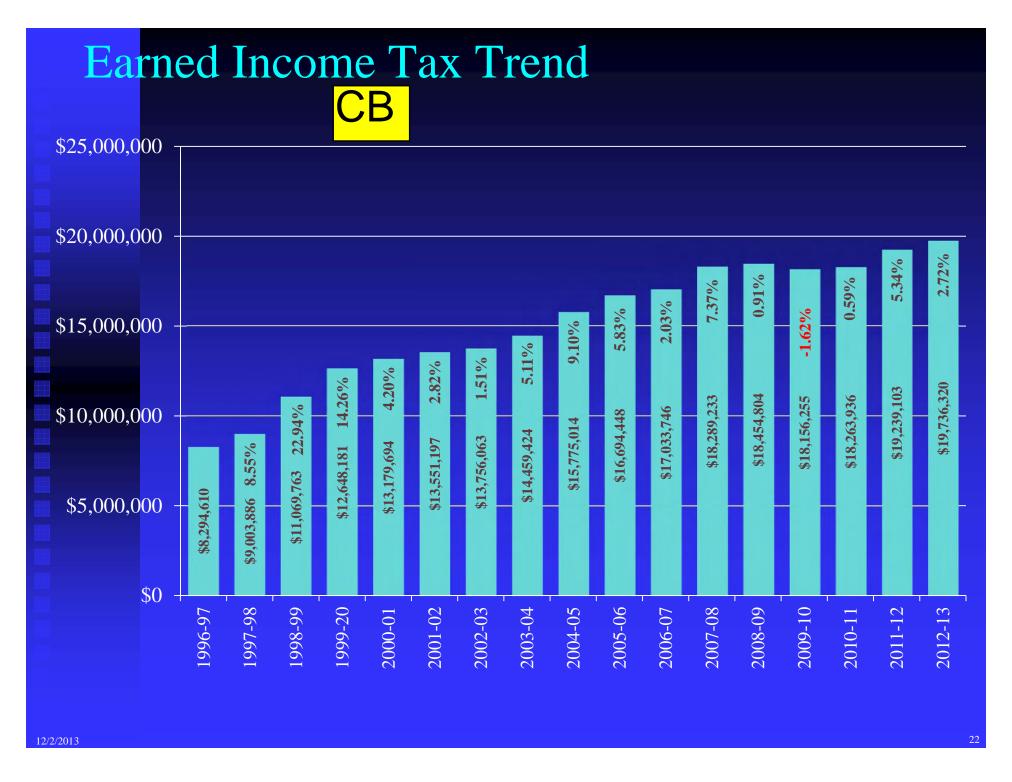


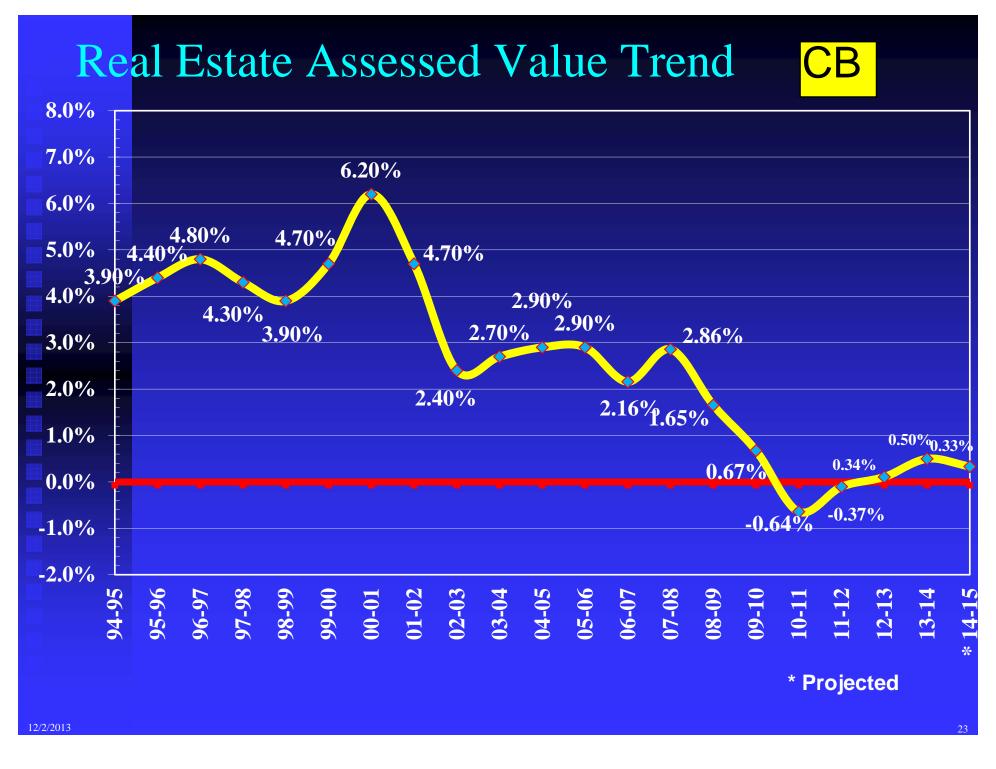


Realty Transfer Taxes

Source: Pennsylvania Department of Revenue, Monthly Revenue Report

http://www.revenue.state.pa.us/portal/server.pt/community/monthly\_revenue\_reports/14801











As of October of Each Year

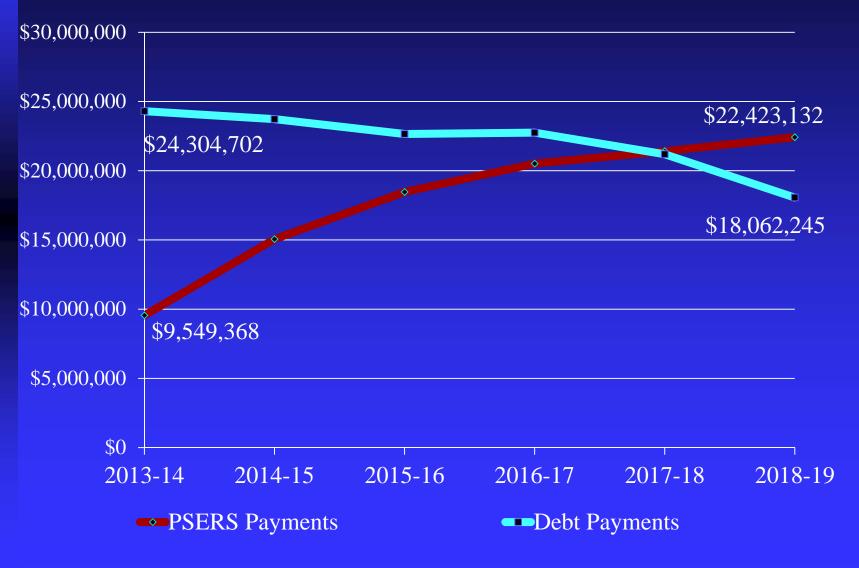
http://www.portal.state.pa.us/portal/server.pt/community/national\_school\_lunch/7488

## First Draft - Macro Level Five Year Budget Projection Scenario 11-20-2013

	0	2.1	~		~						
	% Incr. 14-15	% Incr. 15-16	% Incr. 16-17	% Incr. 17-18	% Incr. 18-19	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Real Estate Taxes	0.00%	0.00%	0.00%	0.00%	0.00%	203,518,979	204,231,295	204,946,105	205,663,416	206,383,238	207,105,580
Earned Income Tax	2.00%	2.00%	2.25%	2.50%	2.75%	19,700,000	20,094,000	20,495,880	20,957,037	21,480,963	22,071,690
Other Local Taxes	0.50%	0.50%	0.00%	0.25%	0.00%	14,759,685	14,833,483	14,907,651	14,907,651	14,944,920	14,944,920
State Subsidies	0.00%	0.00%	0.50%	0.00%	0.50%	35,031,824	35,031,824	35,031,824	35,206,983	35,206,983	35,383,018
State FICA Reimburse.		-				5,150,000	5,404,485	5,474,619	5,545,794	5,618,028	5,691,339
State Retire. Reimb.	1/2 of PSI	ERS expen	ises			10,013,908	15,054,847	18,463,420	20,515,812	21,407,256	22,423,131
Federal Subsidies	0.00%	0.00%	0.50%	0.50%	0.50%	2,019,586	2,019,586	2,019,586	2,029,684	2,039,832	2,050,032
Fund Balance Usage	-100.0%	0.00%	0.00%	0.00%	0.00%	490,000	-	-	-	-	-
Total Revenues						290,683,982	296,669,521	301,339,085	304,826,377	307,081,221	309,669,709
Expenses											
Teachers Salaries	1.00%	1.00%	1.00%	1.00%	1.00%	99,623,845	100,620,083	101,626,284	102,642,547	103,668,973	104,705,662
Transport. Salaries	1.50%	1.50%	1.50%	1.50%	1.50%	6,201,455	6,294,477	6,388,894	6,484,727	6,581,998	6,680,728
Support Salaries	1.75%	2.00%	2.00%	2.00%	2.00%	22,643,917	23,040,186	23,500,989	23,971,009	24,450,429	24,939,438
Admin. Salaries	2.00%	2.40%	2.40%	2.40%	2.40%	11,116,652	11,338,985	11,611,121	11,889,788	12,175,142	12,467,346
Health Care	7.00%	8.00%	9.00%	10.00%	10.00%	19,064,154	20,398,649	22,030,541	24,013,289	26,414,618	29,056,080
Rx	6.00%	7.00%	8.00%	9.00%	9.00%	5,441,393	5,767,877	6,171,628	6,665,358	7,265,240	7,919,112
Dental	2.00%	2.00%	2.00%	3.00%	3.00%	1,487,648	1,517,401	1,547,749	1,578,704	1,626,065	1,674,847
Disability	1.50%	1.50%	1.50%	1.50%	1.50%	373,120	378,717	384,398	390,164	396,016	401,956
Life Ins	1.50%	1.50%	1.50%	1.50%	1.50%	290,000	294,350	298,765	303,247	307,795	312,412
Workers Comp	0.50%	0.50%	0.50%	0.50%	0.50%	1,027,371	706,469	715,636	724,940	734,383	743,966
Unemployment	0.40%	0.40%	0.40%	0.40%	0.40%	361,392	565,175	572,509	579,952	587,506	595,173
FICA	7.65%	7.65%	7.65%	7.65%	7.65%	9,964,527	10,808,970	10,949,238	11,091,587	11,236,056	11,382,678
Retirement (PSERS)	21.31%	25.80%	28.30%	29.15%	30.14%	19,566,276	30,109,694	36,926,840	41,031,624	42,814,512	44,846,263
Tuition Reimb	233.33%	1.00%	1.00%	1.00%	1.00%	75,000	249,998	252,497	255,022	257,573	257,573
Misc	0.25%	0.25%	0.25%	0.25%	0.25%	240,000	240,600	241,202	241,805	242,409	242,409
300 Object	1.00%	1.00%	1.00%	1.00%	1.00%	6,685,145	6,751,996	6,819,516	6,887,712	6,956,589	7,026,155
400 Object	1.00%	1.00%	1.00%	1.00%	1.00%	6,571,450	6,637,165	6,703,536	6,770,572	6,838,277	6,906,660
500 Object	0.75%	1.00%	1.00%	1.00%	1.00%	19,800,128	19,948,629	20,148,115	20,349,596	20,553,092	20,758,623
600 Object	0.50%	1.00%	1.00%	1.00%	1.00%	8,794,285	8,838,256	8,926,639	9,015,905	9,106,064	9,197,125
700 Object	0.50%	0.50%	0.50%	0.50%	0.50%	1,151,522	1,157,280	1,163,066	1,168,881	1,174,726	1,180,599
800 Object	-7.84%	-9.45%	-9.90%	-10.80%	-12.10%	8,179,702	7,538,413	6,826,033	6,150,256	5,486,028	4,822,219
900 Object	0.40%	-2.24%	4.90%	-5.40%	-15.70%	16,125,000	16,189,500	15,826,855	16,602,371	15,705,843	13,240,026
Budgeted Transfers to	Capital I	Funds				7,700,000	7,300,000	7,300,000	7,300,000	7,300,000	7,300,000
Projected Available fo	r Transfe	r to Cap	ital Fund	ds		18,200,000	16,800,000	14,000,000	13,500,000	12,500,000	13,000,000
Total Expenses						290,683,982	303,492,869	310,932,052	319,609,057	324,379,336	329,657,050
Revenues in Excess or ( - und	ler) expens	es				\$0.00	-\$6,823,347.75	-\$9,592,967.63	-\$14,782.680.03	-\$17,298,115.10	-\$19,987.340.69
Approximate Millage I	· •		(in mills	١			4.14	5.81	8.96	10.48	12.11
Approximate % Increa							3.37%	4.38%	6.32%	6.89%	7.37%
Impact on average ho			_				\$165	4.38% \$233	\$358	\$419	7.37% \$485
Act 1 Base Index (limit				10,000)			2.10%				
ACL I DASE ITUEX (IIIIII	.s growth	111111111111111111111111111111111111111	ge rate)				2.10%	2%+ (estimate)	2%+ (estimate)	2%+ (estimate)	2%+ (estimate)

I:\My Documents\Budgeting\2014-15 Budget\Projections\Five Year Budget Projection

# Relationship of Debt Payments to Projected PSERS Expenses



#### Athletic Training Services RFP - November 12, 2013

Vendor	Current Contract	14/15	15/16	16/17	17/18	18/19	Total
Bucks Phys. Therapy		\$84,000.00	\$87,000.00	\$90,000.00	\$93,000.00	\$96,000.00	\$450,000.00
NovaCare		\$75,000.00	\$76,500.00	\$78,030.00	\$79,590.60	\$81,182.41	\$390,303.01
ATI	\$90,850	\$68,000.00	\$68,000.00	\$68,000.00	\$68,000.00	\$68,000.00	\$340,000.00

Proposals for Athletic Trainer Service show an annual savings of \$22,850.

Savings over the length of the five year contract will be \$114,250.

\*\* The contract must be reviewed by the solicitor.



#### Services Agreement

THIS AGREEMENT made this 12<sup>th</sup> day of November, between Central Bucks School District (hereinafter referred to as "School")

#### AND

ATI Holdings, LLC dba ATI Physical Therapy, (hereinafter referred to as "Contractor"). WITNESSETH:

.(

WHEREAS, the School, desires to have certain athletic training services, pre-game taping, game training supervision and medical assistance services performed in connection with athletic programs;

WHEREAS, Contractor has agreed to perform such services on behalf of School under terms and conditions as set forth in this Agreement.

NOW, THEREFORE, the parties, intending to be legally bound, and in consideration of the mutual covenants and agreements herein contained, do hereby agree as follows:

- 1. <u>Description of Services.</u> Contractor agrees to furnish all labor services as set forth more fully in <u>Schedule A</u> entitled "Services" hereby referenced and incorporated herein and to attend those events set forth in a <u>Schedule B</u> entitled "Compensation and Attendance Schedule" hereby referenced and incorporated herein.
- 2. Home Games. The parties understand and agree that it is the primary responsibility of Contractor to attend athletic events throughout the school year as determined by the athletic director. In the event there are two home athletic events scheduled at the same time, the Athletic Directors for School will dictate whether Contractor shall divide his/her time between the athletic events or whether the Contractor shall only attend one of the events.
- 3. Site of Services and School Support of Programs. The School shall provide appropriate space for the conduct of any sports medicine program including, but not limited to, appropriate equipment for the development of preventative programs and an appropriate level of sports medicine supplies for the use of its students. The School shall be solely responsible for determining the times of practice and for scheduling all athletic events. The School shall facilitate communications and schedule changes between School, coaches and Contractor. The School shall submit to the Contractor within fourteen (14) calendar days all school holiday practice/game schedules. The School agrees to provide appropriate support for the development of a sports medicine program and the Services to be provided in connection with its sports medicine program and athletic practices and events and shall designate an individual(s) (athletic director(s)) to directly monitor and evaluate compliance of the Contractor. The School shall be responsible providing access to all emergency phone locations.
- 4. <u>Compensation.</u> School will pay to Contractor, for the contemplated performance of Services hereunder, sums as set forth fully in the attached Schedule B "Compensation and Attendance Schedule" incorporated herein.
- 5. Term. This agreement shall be in full force and effect from August 1, 2014 through and including June 15, 2019 unless terminated earlier by either party upon at least (30) calendar days prior written notice to the other party of its intention to terminate.
- 6. Exclusivity. School agrees that it has not authorized and during the Term of this Agreement, will

#### Taking Physical Therapy to a Higher Level



not authorize or permit, the endorsement or promotion of any services or products directly or indirectly competitive with ATI Physical Therapy services.

- 7. Independent Contractor. It is hereby understood and agreed that Contractor, in performing this Agreement, is acting in the capacity of an independent contractor, and that Contractor is not an agent, servant, partner, nor employee of School. Contractor will have control over the work to be performed, and shall be solely responsible to pay its own federal and local taxes, salary, social security payments, and any and all other payments incurred by Contractor in the performance of this Agreement, as well as perform all necessary legal requirements pertaining to employment. None of the benefits provided by School to its employees, including but not limited to workers' compensation insurance, disability insurance, medical insurance, and employment insurance are available from School to Contractor and/or any and all of Contractor's agents, servants, and employees. Contractor has no authority hereunder to assume or create any obligation or responsibility, express or implied, on behalf or in the name of School or to bind School in any way whatsoever.
- 8. Insurance. Contractor shall be responsible for providing general liability, professional liability insurance, and workers' compensation insurance for its athletic trainers and its Services. The limits of liability for ATI Physical Therapy's general liability and professional liability insurance policies shall be no less than \$1,000,000.00 per occurrence, \$3,000,000.00 per annual aggregate and workers' compensation coverage in accordance with. applicable federal and state statutory requirements. The School shall be responsible for providing general liability insurance including, premises liability insurance, and professional liability insurance for the activities of its employees. The parties shall provide evidence to each other's satisfaction that such insurance is in force. The parties shall maintain such insurance coverage during the term of this Agreement. Appropriate certificates evidencing such insurance shall be provided upon request.
- 9. Indemnification. "Each party (in such case, an "Indemnifying Party") agrees to indemnify and hold harmless the other party (in such case, an "Indemnified Party") and the Indemnified Party's directors, members, managers, officers, employees, subcontractors, agents, representatives, volunteers, successors and assigns from any and all claims, demands, causes of action, losses and damages arising out of or relating to any alleged acts or omissions of the Indemnifying Party in undertaking the Indemnifying Party's duties under this Agreement.
- 10. Force Majeure. Neither party shall be liable for any delay, failure or inability to perform its obligations (except the obligation to make payments) under this Agreement due to any cause beyond its reasonable control including, but not limited to, Acts of God, civil disturbances, accidents, equipment breakdowns, utility failures, and unavailability of personnel due to disability, leaves or other reasons.
- 11. <u>Notices.</u> All notices under this Agreement shall be made in writing and shall be deemed to have been given if personally delivered or transmitted by facsimile during regular business hours, or mailed by certified mail, postage pre-paid, return receipt requested, to the other party at its last known address, and, if sent to ATI Physical Therapy, addressed to the attention of the Sports Medicine Director.
- 12. <u>Assignment</u>. ATI Physical Therapy shall have the right to subcontract any of the Services to qualified and duly certified personnel and ATI Physical Therapy shall remain solely liable for the oversight and performance of such personnel.
- 13. Non-Solicitation. School agrees that during the Term and for a period of twelve (12) months after termination of the Agreement, School shall not without prior written approval of Contractor directly or indirectly, take any action that constitutes, results or may reasonably be expected to result in soliciting, inducing or encouraging any Contractor employee (presently or affiliated with Contractor in the then most recent twelve (12) month period) to curtail or terminate such person's affiliation or employment, or taking any action that results in, or might reasonably be expected to result in any employee ceasing to perform services for Contractor.

Taking Physical Therapy to a Higher Level



Nothing herein shall limit School's rights to post opportunities in publications or on-line websites of general or trade circulation, or to engage, hire or recruit any person who responds to such a posting.

- 14. Severability. In the event that any provision of this Agreement, or application of such provision to persons or circumstances is held to be invalid, illegal, or unenforceable pursuant to judicial decree or decision, the remainder of this Agreement or the application of such provisions to persons or circumstances other than those to which it is held invalid, will not be affected thereby, and shall be construed as if such invalid provisions had never been contained herein and shall remain valid and enforceable according to its terms.
- 15. Entire Agreement. This Agreement supersedes and replaces all prior agreements between the parties with respect to the Agreement's subject matter. This Agreement may not be amended or rescinded except by the mutual written consent of authorized representatives of the parties. This Agreement shall be governed by state law in the state in which services are rendered, without regard to rules of conflicts of law. The parties irrevocably waive their rights to a jury trial.

A ...

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

ATI HOLDINGS, LLC	School
Ву:	Ву:
Print Name:	Print Name:
Title:	Title:



#### Schedule A

#### Services

ATI Physical Therapy, with the approval of the School, shall designate an individual to provide the physical therapy services described in this Agreement while serving as the primary athletic trainer each High School in the District ("Services"). The Services shall consist of:

- (a) Assistance in the coordination of the sports medicine program at the School.
- (b) Advising the School on supplies and training equipment needed for the sports medicine program.
- (c) Assisting the School faculty and athletic coaching staff in the design and implementation of a student sports medicine program.
- (d) Assisting the School faculty and athletic coaching staff in the design and implementation of a continuing education program for the School's athletic coaching staff.
- (e) Providing conditioning and flexibility training suggestions to the School coaching staff under the direction of a licensed physician to be provided through the School.
- (f) Assistance in monitoring athletic injuries and assistance in developing an injury prevention training program under the direction of a licensed physician to be provided through the School.
- (g) Coordinating and providing injury follow-up and evaluation to assist the treating physicians of students.
- (h) Coordination of weight certifications for wrestling.
- (i) Coordination and assistance in performing pre-season screenings and physicals.
- (h) Attendance at the School's practices, games and other functions as set forth on the attached <u>Schedule B</u>, unless the School has scheduled two or more events at the same time. In such instance, ATI Physical Therapy's athletic trainer, in conjunction with the School's athletic director, shall determine which athletic events are to be covered. The parties acknowledge that from time <u>Schedule A</u> may be modified by mutual written consent of parties as needed.
- (i) Coordination of educational training for coaches, parents and athletes.



Compensation and Attendance Schedule

Contractor will provide Certified Athletic Trainer coverage for the school terms of 2014-2019. Each high school will be given an allotment of 1600 hours per school year. All of the expenses of ATI Physical Therapy's athletic trainer are included at no additional charge, except when the School requests the athletic trainer to participate in an out-of-town athletic event requiring travel or overnight lodging. In such instances, the School shall pay the direct costs of such additional expenses as they are incurred by or on behalf of the athletic trainer. In the event that the School desires ATI Physical Therapy's athletic trainer to cover other School sporting events (those not indicated on Schedule B), ATI Physical Therapy and the School will attempt to mutually agree on the coverage of the event and the additional fee for such coverage. ATI Physical Therapy's athletic trainer will only cover state sanctioned events. If affiliate is not a member of a state association, ATI Physical Therapy's athletic trainer will only cover school sanctioned events of practices. All events or practices covered are to be mutually agreed upon by the athletic trainer and the athletic director.

#### Upon School agreement:

School will provide ATI Physical Therapy with an opportunity to display signage and banners at each of the athletic events in prominent locations and allow ATI Physical Therapy to place information regarding ATI Physical Therapy services and various programs in the School and at the site of the athletic events. Allow ATI Physical Therapy to display the School name and logo and that it is the "Preferred Sports Medicine Affiliate" for the School on ATI Physical Therapy marketing and advertising materials including, but not limited to, the website used by ATI Physical Therapy in its business, marketing brochures, posters and other marketing collateral. Placement of ATI logo and text link on the School's official website with an announcement that ATI Physical Therapy is the "Official Sports Medicine Providers" for the organization. School will comply with a minimum of one (1) PA announcement (script written by ATI Physical Therapy) during all Home games (with announcer present), and pre-game announcement stating Sports Medicine services are provided by ATI Physical Therapy.

Year One: 2014-2015	\$68,000
Monthly statements sent in the amount of	\$6,800
Year Two: 2015-2016	\$68,000
Monthly statements sent in the amount of	\$6,800
Year Three: 2016-2017	\$68,000
Monthly statements sent in the amount of	\$6,800
Year Four: 2017-2018	\$68,000
Monthly statements sent in the amount of	\$6,800
Year Five: 2018-2019	\$68,000
Monthly statements sent in the amount of	\$6,800

Billing will be sent on a monthly basis from September through June for review and payment shall be sent to the following address:

1.

ATI Physical Therapy 62718 Collection Center Dr. Chicago, IL 60693-0627



#### Coverage:

Training Room and Game coverage are based on 40 hours per week.

Traveling coverage will only be for Varsity football games and all playoff games unless mutually agreed upon between School and Contractor.

#### Fall:

Coverage for all levels at all home contests for the following sports:

Cheerleading, Boys and Girls Cross Country, Field Hockey, Football (Freshman, Sophomore, JV, and Varsity), Boys and Girls Soccer, Girls Tennis, Girls Volleyball and any PIAA tournament hosted by School.

#### Winter:

Coverage for all levels at all home contests for the following sports:

Boys and Girls Basketball, Cheerleading, Boys and Girls Swimming and Diving, Boys and Girls Indoor Track, Wrestling and any PIAA tournament hosted by School.

#### Spring:

Coverage for all levels at all home contests for the following sports:

Baseball, Boys and Girls Lacrosse, Softball, Boys and Girls Track and Field, Boys Volleyball and any PIAA tournament hosted by School.

A ...



LEADING THE WAY

The Central Bucks Schools will provide all students with the academic and problem-solving skills essential for personal development, responsible citizenship, and life-long learning.

To:

**Sharon Reiner** 

From:

**Brett Haskin** 

Date:

November 1, 2013

**Board Agenda Information:** 

#### **General Fund Disbursements, October 2013**

Checks October 2013	2,892,060.15
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Electronic Payments 6,965,833.83

Transfers to Payroll 7,417,389.21

TOTAL \$17,275,283.19

#### Other Disbursements, October 2013

Capital Fund(net voids) \$2,278,799.11

Food Service \$26,771.91

TOTAL \$2,305,571.02

All Funds \$19,580,854.21

Central Bucks Administrative Services Center • 20 Welden Drive • Doylestown, PA 18901-2359 • (267) 893-2000 • Fax: (267) 893-5800

## The Central Bucks School District

### **General Fund**

## Treasurer's Report 10/31/2013

Beginning Cash Balance  Beginning Cash Balance- First of Month		11,009,423.24 \$11,009,423.24
Receipts		
Local General Funds Receipts		
Local Collectors	12,831,322.08	
County of Bucks	758,110.14	
EIT	1,343,970.43	
Interest Earnings	4,750.44	
Facility Use Fees	3,409.00	
Tuition, Community School	319,567.03	
Contributions	43,226,86	
Miscellaneous	388,167.81	
Total Local General Funds Receipts	\$15,692,523.79	
State General Fund Receipts		
Basic Ed Subsidy	2,291,377.00	
Soc Sec & Retirement	416,287.00	
State Subsidy- Other	3,951,121.40	
Total State General Fund Receipts	\$6,658,785.40	
Federal General Fund Receipts		
Other Federal Subsidies	25,657.48	
Total Federal General Fund Receipts	\$25,657.48	
Other Receipts		
Offsets to Expenditures	192,380.33	
Total Other Receipts	\$192,380.33	
Total Receipts		\$22,569,347.00
Total Beginning Cash Balance and Receipts		\$33,578,770.24

# The Central Bucks School District General Fund Treasurer's Report 10/31/2013

Disbursements				
Checks (see detail	on following page)		2,892,060.15	
Electronic Paymer	nts:			
Employee Pa	yroll Taxes	2,507,616.32		
Employer Pa	yroll Taxes	856,808.23		
PSERS Retire		795,887.29		
403B/457PN	<b>I</b> T	306,528.36		
Health Benef	it Payments	2,253,993.63		
Investments	Placed	245,000.00		
Electronic Paymer	nts Total:		6,965,833.83	
Transfer to Payrol			7,417,389.21	
Total Disburseme	ents			\$17,275,283.19
	Summary:			
	Total Beginning Cash Ba	lance and Receipts (from	m previous page)	\$33,578,770.24
	Cash Disbursements			\$17,275,283.19
	Ending Cash Balance	10/31,	/2013	\$16,303,487.05

### General Fund Treasurer's Report Check Reconciliation

First Check Run	\$895,147.87
Second Check Run	\$75,926.13
Third Check Run	\$2,006,588.89
Fourth Check Run	\$108,165.66
Total Check Run (see attached detail)	\$3,085,828.55
Less Voided Checks	(\$5,938.86)
Check Run Sub-Total	\$3,079,889.69
Add Prior Month A/P Funded This Month	\$222,880.50
Less This Month A/P To Be Funded Next Month	\$410,710.04
Checks Funded This Month	\$2,892,060.15

## Capital Funds As of Oct 31, 2013

	Beg. Bal. 7/1/2013	*Transfers from (to other Funds)	Transfers from General Fund	nterest arnings	Expenditures	C	ommitments	Balance 10/31/2013	Target <u>Amount</u>	Percent Comments of Target
Short term Capital	\$8,094,493		\$4,330,000	\$ 9,135	\$ 4,537,002	\$	1,654,292	\$ 6,242,333	\$ 14,000,000	45%
Technology	\$3,013,161		\$2,000,000	\$ 3,458	\$ 1,191,857			\$ 3,824,762	\$ 2,000,000	191%
Transportation	\$899,274		\$1,000,000	\$ 1,617		\$	838,551	\$ 1,062,340	\$ 2,100,000	51%
Debt Service	\$73,065			\$ 1				\$ 73,066		
Millage Reduction	\$0							\$ -	\$ 2,000,000	0%
Long Term Capital	\$8,000,000			\$ 7,981				\$ 8,007,981	\$ 8,000,000	
Totals **	\$20,079,993	\$0	\$7,330,000	\$ 22,191	\$ 5,728,859	\$	2,492,843	\$ 19,210,483	\$ 28,100,000	68%

\*\* This report excludes the following Funds:

	Balance	% of Target
Post Employment (GASB 45)	\$3,770,477	6%
Health Care	\$1,745,336	70%

## Capital Bond Funds As of October 31,2013

	Beg. Bal.	Interest Earnings	Expenditures	Commitments	Balance 10/31/2013
PSDLAF 2007 Bond	\$0	0	0		\$ -
Citizens Bank- 2008 Bond	\$12,937,661	6,963	2,636,830	4,352,427	\$ 5,955,366
Totals	\$12,937,661	6,963	2,636,830	4,352,427	\$ 5,955,366

2008 Bond Project		2003 Bond Projects-History
Tamamend Renov		Tohickon MS-Balance after 2000 Bond Depleted
Lenape Renov	2007 Bond Projects	Warwick Elementary Renovation & Addition
Warwick Cafeteria	CB East Locker Rooms	Barclay
Unami Auditorium	Warwick Elem Site Drainage	Buckingham
CB East Renovations	Warwick Driveway	Butler
Holicong Renovations	Pine Run Nursing area	Linden
CBE Stadium	Buckingham & Gayman Roofing	Pine Run
Unami Classroom	CBE Track	CB West
	Unami Science Classrooms	CB WEST PHASE II
		CB East

## Central Bucks School District Investment Portfolio Summary Totals by Bank October 31, 2013

Bank	Principal
Name	Amount
3rd Fed Bank	249,000
Bank of America	23,007,916
First Niagara	10,032,454
First Savings Bank of Perkasie	249,000
Firstrust Bank	248,000
Fulton Bank	107,318
Hatboro Savings & Loan	248,000
JP Morgan/Chase	43,054,631
MBS	1,225,000
Milestone Bank	243,000
Monument Bank	244,000
National Penn	43,014,492
PLIGIT	1,240,992
PNC	54,969
PSDLAF	9,040,814
Quakertown National Bank	9,555,115
Santander(Sovereign)	42,632,311
Susquehanna	73,066
TD Bank	44,348,868
Team Capital Bank	249,000
William Penn Bank	248,000
Total	229,365,946

### Central Bucks School District Investment Portfolio General Fund October 31, 2013

Purchase Date	Bank Name	Maturity Date	Rate of Interest	Principal Amount
GENIEDAI EIIA	ID BANK ACCOUNTS			
10/31/13	TD Bank	11/1/13	0.30%	16,303,487
10/31/13	TD Bank Municiple Choice	11/1/13	* 0.55%	10,800,000
10/31/13	PLIGIT	11/1/13	0.02%	992
10/31/13	PSDLAF MAX Acct	11/1/13	0.01%	139,982
		Total General Fund I	Bank Accounts	27,244,461
GENERAL FUN	ID CDs			
In	dividual Bank CDs:			
2/24/12	William Penn Bank	2/24/14	0.70%	248,000
3/2/13	Hatboro Savings & Loan	3/2/14	0.50%	148,000
4/26/13	3rd Fed Bank	4/26/14	0.40%	249,000
5/1/13	First Savings Bank of Perkasie	5/1/14	0.30%	249,000
5/21/13	Team Capital Bank	5/22/14	0.25%	249,000
2/28/13	Fulton Bank	5/28/14	0.45%	107,318
5/1/13	Firstrust Bank	7/1/14	0.35%	248,000
9/1/12	Monument Bank	9/1/14	1.05%	244,000
8/27/13	Hatboro Savings & Loan	8/27/15	0.50%	100,000
5/23/13	Milestone Bank	12/23/15	1.05%	243,000
PL	GIT CDs :			
5/13/13	Bank Leumi USA, New York, NY	5/13/14	0.50%	248,000
5/13/13	Privatebank & Trust Co.	5/13/14	0.30%	248,000
5/13/13	Bank of China, New York, NY	5/13/14	0.35%	248,000
5/13/13	Bank of East Asia Ltd., New York, NY	/ 5/13/14	0.40%	248,000
8/19/13	Israel Discount Bank of New York	8/19/14	0.40%	248,000
PS	DLAF CD's:			
8/6/13	PSDLAF Collateralized CD Pool	2/4/14	0.20%	5,000,000
4/10/13	Fifth Third(OH)	4/10/14	0.30%	245,000
5/23/13	First Republic Bank	5/23/14	0.45%	245,000
M	ulti Bank Securities CDs:			
8/1/12	First Bank PR Santurce(Puerto Rico)	11/1/13	0.65%	245,000
5/24/13	Investors Bank	2/24/14	0.25%	245,000
10/18/13	State Bank India, New York, NY	10/17/14	0.50%	245,000
10/18/13	Bank Barada, New York, NY	10/17/14	0.35%	245,000
10/31/13	Bank India New York, NY	10/31/14	0.40%	245,000
		Total Gen	erał Fund CDs	10,040,318
GENERAL FUN	D MONEY MARKET ACCOUNTS			
10/31/13	First Nlagara	11/1/13	0.20%	118
10/31/13	Santander(Sovereign)	11/1/13	0.30%	34,624,330
10/31/13	Bank of America	11/1/13	0.20%	23,007,916
10/31/13	National Penn (1652)	11/1/13	0.25%	43,014,492
10/31/13	Quakertown National Bank	11/1/13	0.25%	9,555,115
10/31/13	PNC	11/1/13	0.10%	54,969
10/31/13	JP Morgan/Chase	11/1/13	0.20%	43,054,631
10/31/13	PSDLAF(Athletic Full Flex)	11/1/13	0.15%	254,308
	Total Gen	eral Fund Money Ma	rket Accounts	153,565,877
		Total Gen	eral Fund	190,850,657

<sup>\*</sup> Interest earnings credited to offset fees

# Central Bucks School District Investment Portfolio Capital Fund October 31, 2013

Purchase	Bank	Maturity	Rate of	Principal
Date	Name	Date	Interest	Amount
	The state of the s		<u> </u>	
2008 Bond				
10/31/13	First Niagara	11/1/13	0.20%	8,341,765
10/31/13	PSDLAF MAX ACCT	11/1/13	0.01%	6,028
5/29/13	PSDLAF(Financial Federal Savings Bank)	5/29/14	0.20%	245,000
5/29/13	PSDLAF(Liberty Bank of Arkansas)	5/29/14	0.20%	245,000
5/29/13	PSDLAF(Merchants Bank of Indiana)	5/29/14	0.20%	245,000
5/30/13	PSDLAF(GBC International Bank)	5/30/14	0.20%	245,000
6/3/13	PSDLAF(Grandpoint Bank)	6/3/14	0.20%	245,000
6/5/13	PSDLAF(Discover Bank)	6/5/14	0.20%	245,000
6/21/13	PSDLAF(Merrick Bank Corp)	6/20/14	0.25%	245,000
6/28/13	PSDLAF(Safra National Bank of NY)	7/28/14	0.25%	245,000
		Total	2008 Bond Account	10,307,793
Transportation C	apital Reserve			
10/31/13	TD Bank	11/1/13	0.30%	1,900,891
		Total Tran	sportation Reserve	1,900,891
Technology Capit	tal Reserve			
10/31/13	TD Bank	11/1/13	0.30%	3,824,762
		Total 1	echnology Reserve	3,824,762
<b>Short Term Capit</b>	al Reserve			
10/31/13	PSDLAF Max Acct	11/1/13	0.01%	147
10/31/13	TD Bank Fund 3 Acct	11/1/13	0.30%	988,358
10/31/13	TD Bank	11/1/13	0.30%	7,896,478
		Total Short Te	rm Capital Reserve	8,884,983
Long Term Capita	al Reserve			
10/31/13	Santander(Sovereign)	11/1/13	0.30%	8,007,981
		Total Long Te	rm Capital Reserve	8,007,981
		To	tal Capital Fund	32,926,410

## Central Bucks School District Investment Portfolio Debt Service Fund October 31, 2013

Purchase Date	Bank Name	MaturityDate	Rate of	Principal Amount
Debt Service Rese		44440	0.400	,
10/31/13	Susquehanna	11/1/13	0.10%	3,066
6/27/13	Susquehanna	6/27/14	0.20%	70,000
			Total Debt Service Reserve	73,066

# Central Bucks School District Investment Portfolio Trust Fund October 31, 2013

Purchase	Bank	Maturity	Rate of	Principal
Date	Name	Date	Interest	Amount
Post Employmen	t Trust Fund Reserve			
10/31/13	First Niagara	11/1/13	0.20%	1,690,571
10/31/13	TD Bank	11/1/13	0.30%	2,079,906
			Total Post Employment Reserve	3,770,477
Healthcare Trust	Fund Reserve			
10/31/13	PSDLAF Max Account	11/1/13	0.01%	10,349
4/18/13	PSDLAF(The First Bancorp)	4/18/14	0.25%	245,000
7/19/12	PSDLAF(GE Capital Financial)	7/19/14	0.90%	245,000
7/23/13	PSDLAF(One West Bank)	7/23/14	0.50%	245,000
7/31/13	PSDLAF(Beal Bank USA)	7/30/14	0.30%	245,000
7/31/13	PSDLAF(Ally Bank)	7/31/15	0.65%	200,000
10/31/13	TD Bank	11/1/13	0.30%	554,987
			Healthcare Reserve	1,745,336
			Total Trust Fund	5,515,813
			Grand Total	229,365,946
			Weighted Average Rate of Return	0.26%

## Central Bucks School District Ratification of Investments for the Month of October, 2013

Ratifying action is requested on the following Investments which were made during the above timeframe.

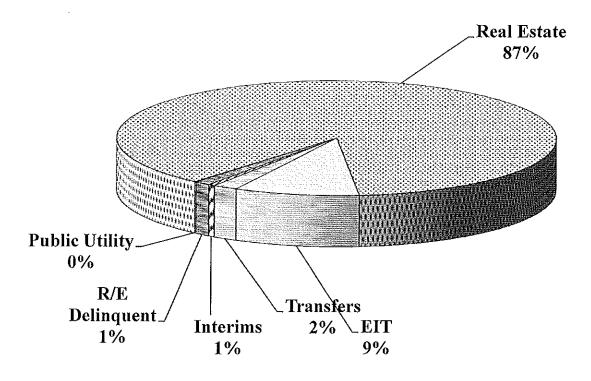
### **General Fund**

Category	Purchase Date	Principal	Maturity Date	Rate	Yield	Bank Name
MBS	10/18/2013	\$245,000.00	10/17/2014	0.50%	\$1,221.64	State Bank India New York, NY
MBS	10/18/2013	\$245,000.00	10/17/2014	0.35%	\$855.15	Bank Barada New York, NY
MBS	10/31/2013	\$245,000.00	10/29/2014	0.40%	\$974.63	Bank India New York, NY
	TOTALS	\$735,000.00			\$3,051.42	

### Payroll Projection October, 2013

	Estimated Final
Budgeted Payroll, Social Security & Retirement Adjusted for Transfers	174,247,328
Projected spending	169,973,728
Positive (Negative) Variance	4,273,600

## Central Bucks School District Projected Tax Collections Oct 31, 2013



Revenues Property of the Revenues	<b>Projected</b>	<b>Budget</b>	<u>Variance</u>
Real Estate	\$204,075,000	\$203,518,979	\$556,021
EIT	21,500,000	20,420,000	1,080,000
Transfers	4,200,000	3,150,000	1,050,000
Interims	1,150,000	575,000	575,000
R/E Delinquent	2,750,000	3,000,000	(250,000)
Public Utility	303,755	289,000	14,755
Total	\$ <u>233,978,755</u>	\$230,952,979	\$ <u>3,025,776</u>

TCM I Drive, Tax projections for Finance

### Central Bucks School District Fringe Benefits October 31, 2013

	Budget	Encumbered	Spent	Balance	% Committed
Health care	29,022,386	13,812,656	6,209,722	10,393,219	69%
Dental coverage	1,487,648	986,352	493,176	8,120	99%
Life insurance	290,000	142,121	71,061	76,818	74%
Disability coverage	373,120	206,384	53,192	113,544	70%
Prescription drugs	5,441,393	2,948,243	1,501,750	991,400	82%
Unemployment comp	361,392	285,000	67,262	9,130	97%
Workers comp	1,027,371	366,739	683,395	(22,763)	102%
Miscellaneous	240,000	115,257	50,243	74,500	69%
Totals	38,243,310	18,862,752	9,129,801	11,643,968	73%

fringe.xls



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Based on the projections from the state's Independent Fiscal Office, it doesn't look like there will much opportunity for state subsidy increases in the future.

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## News



November 15, 2013 | By Eric Boehm | Posted in General News

## Three things to know about Pennsylvania's fiscal outlook for the next five years

By Eric Boehm | PA Independent

A memo to budget-crafting lawmakers and state officials: Think things were hard the past two years? Well, they aren't about to get any easier.

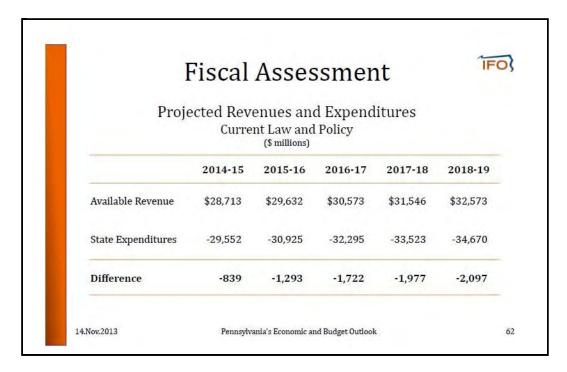
Yes, it's only mid-November and the furious budget scramble of June is more than seven months away, but the **Independent Fiscal Office** on Thursday released its long-term economic and budget outlook for the state. The big conclusion: **Pennsylvania** is facing a long-term structural deficit and lawmakers — sooner or later — must face it.

Driven primarily by rising health-care costs and increasing pension debt obligations, the state's mandatory spending on the expenditure side is going to increase in the next few years, but the surplus revenue that has buoyed previous budgets is just about gone and this time won't help to close the gap.

"The report finds that the commonwealth faces a long-term structural deficit," said Matthew Knittel, director of the IFO. "Furthermore, policymakers will enter (fiscal) 2014-15 budget deliberations without the healthy beginning balances that have characterized the last three fiscal years."

Here's the three things you need to know about the state's fiscal future:

### 1. The structural deficit is the result of expected expenditures outpacing expected revenue



The IFO analysis says a structural deficit exists in Pennsylvania's current budget and predicts it will grow in coming years as the state's revenue grows by an average of 3.1 percent per year and expenditures grow by 4.1 percent per year.

The deficit, which the IFO estimates will be \$839 million in the 2014-15 budget, would grow to more than \$2 billion by the 2018-19 budget. That's an indication that policymakers will have to make difficult choices to balance future budgets.

Making things harder: After the 2010-11 fiscal year, the state had a surplus of \$1.3 million, but lawmakers have used those dollars to balance subsequent budgets, and the excess will be gone by the end of this year, the IFO projects.

Of course, the IFO – like the **Congressional Budget Office** in Washington, D.C. – is working off current law. If lawmakers voted to raise taxes or cut spending on certain items, that would change the projections.

### 2. Most of the expenditure increases are the result of pension obligations coming due

	Ex	pend	iture	S		
		ype of Ex (\$ millio	penditur			
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Wages	\$1,878	\$1,912	\$1,950	\$1,998	\$2,055	\$2,116
Pensions-SERS	412	537	668	807	884	893
Pensions-PSERS	1,017	1,499	1,880	2,178	2,350	2,501
Non Pension	783	813	845	878	912	944
Debt Service	1,067	1,109	1,159	1,209	1,285	1,363
All Other	23,218	23,682	24,423	25,225	26,037	26,853
Total	28,375	29,552	30,925	32,295	33,523	34,670
Growth	2.4%	4.1%	4.6%	4.4%	3.8%	3.4%

State contributions to the **State Employee Retirement System**, or SERS, and the **Public School Employee Retirement System**, or PSERS, total \$1.4 billion in the current budget. That total is projected to double by the 2016-17 budget and keep on climbing until it hits \$3.4 billion in 2018-19.

Here's the quick math.

The IFO projects state spending to increase by about 22 percent over the next five years. Pension costs will climb by 137 percent during the same time, while all non-pension state spending creeps upward about 15 percent.

But there isn't much that can be done to avoid the pension spike. A decade of underfunding the pension plans while promising greater benefits to workers and retirees (combined with the stock market collapse of 2008) created this mess, and the only question lawmakers have left to answer is how will they pay for it – and who will have to shoulder the burden.

<u>Corbett administration officials and Republican legislative leaders have talked about the urgency for "pension reform" in next year's budget</u>, when the spike really begins to hit. But there is little consensus for the various proposals offered so far, and Democrats think the state needs to meet the promised obligations without making changes to the system.

3. An aging population will be a drag on the state's economy; natural gas boom will be a boost

		F	ocus on T	hree Pop	oulations	6	
	Age ohort	Residen 2010	uts (000s) 2020	<u>Change:</u> Number	2010-20 Growth	Share of F	opulation 2020
(	0-19	3,173.0	3,115.7	-57.3	-1.8%	25.0%	23.6%
2	20-64	7,575.4	7,578.5	3.2	0.0%	59.6%	57.3%
	65+	1,963.0	2,209.8	573.0	29.2%	15.4%	19.2%
7	<b>Fotal</b>	12,711.3	13,230.2	518.9	4.1%	100.0%	100.0%

Though the IFO projects increases in tax collections for the next five years, those increases will be tempered by the aging of Pennsylvania's already-quite-old population. The state has the second oldest average age in the nation, behind only Florida, and by 2020 nearly one out of every five Pennsylvanians will be older than 65.

The consequences are two-fold. First, retirees are by definition no longer working and therefore not contributing as much to the state in income taxes. Second, as the population ages, it drives up the cost of health care and other programs designed to help the elderly.

But there are bright spots too, most notably Pennsylvania's potential natural gas boom.

The IFO projects that jobs in the oil and gas industries will continue their upward trend through at least 2017. Other sectors of the economy, such as manufacturing, will feel the positive effects of the gas boom, too.

Boehm can be reached at Eric@PAIndependent.com and follow @PAIndependent on Twitter for more.

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Eric Boehm is a reporter for PA Independent. He can be reached at Eric@PAIndependent.com or at .

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Report Tips and Leads

Maillie LLP School District Comparison- Government Wide Total 6/30/2013

6/30/2013	4		•		3		4		_		6		7		0		0		10	
Balance Sheet	Total	% of Total	<u>Total</u>	% of Total	<u>Total</u>	% of Total	<u>Total</u>	% of Total	<u>Total</u>	% of Total	<u>Total</u>	% of Total	Total	% of Total	<u>Total</u>	% of Total	<u>Total</u>	% of Total		% of Total
Assets																				
Cash	6,554,482	3.45%	1,778,535	2.11%	8,346,315	10.15%	22,948,228	22.23%	734,339	0.62%	22,853,669	22.93%	14,121,709	9.11%	12,527,024	8.12%	47,412,310	40.95%	38,852,566	55.53%
Investments	19,741,469	10.40%	36,251,431	42.98%	24,543,687	29.84%	-	0.00%	25,477,727	21.43%	1,015,453	1.02%	-	0.00%	42,303,350	27.43%	1,336,466	1.15%	3,712,000	5.30%
Receivable, net	9,337,062	4.92%	1,446,628	1.72%	1,214,492	1.48%	7,468,935	7.23%	2,691,031	2.26%	474,738	0.48%	1,643,805	1.06%	1,051,954	0.68%	-	0.00%	-	0.00%
Due from other governments	2,574,353	1.36%	1,949,226	2.31%	2,297,028	2.79%	4,788,169	4.64%	1,791,176	1.51%	991,726	1.00%	1,380,845	0.89%	1,847,249	1.20%	517,122	0.45%	13,619,648	19.46%
Other receivables, net	1,683,537	0.89%	34,702	0.04%	302,681	0.37%	49,353	0.05%	109,424	0.09%	93,185	0.09%	150,092	0.10%	300,368	0.19%	2,239,676	1.93%	-	0.00%
Bond discounts, net	-	0.00% 0.00%	-	0.00% 0.00%	-	0.00% 0.00%	-	0.00% 0.00%	292,158	0.25% 0.00%	-	0.00% 0.00%	70.002	0.00% 0.05%	-	0.00%	1 252 442	0.00%	- 35,703	0.00% 0.05%
Prepaid expenses OPEB asset	248,736	0.00%	-	0.00%	-	0.00%	-	0.00%	1,365	0.00%	-	0.00%	79,002	0.03%	_	0.00% 0.00%	1,353,442	1.17% 0.00%	184,093	0.05%
Other assets	240,700	0.00%	_	0.00%	_	0.00%	_	0.00%	141,057	0.12%	_	0.00%	_	0.00%	_	0.00%	_	0.00%	-	0.00%
Inventories	56,974	0.03%	68,856	0.08%	40,802	0.05%	39,258	0.04%	90,523	0.08%	55,043	0.06%	36,151	0.02%	26,227	0.02%	44,536	0.04%	43,873	0.06%
Capital Assets, net	149,708,526	78.83%	42,821,195	50.77%	45,509,700	55.33%	67,954,486	65.82%	87,583,185	73.65%	74,169,353	74.43%	137,559,838	88.76%	96,166,373	62.36%	62,866,412	54.30%	13,524,839	19.33%
Total Assets	189,905,139	100.00%	84,350,573	100.00%	82,254,705	100.00%	103,248,429	100.00%	118,911,985	100.00%	99,653,167	100.00%	154,971,442	100.00%	154,222,545	100.00%	115,769,964	100.00%	69,972,722	100.00%
Deferred Outflows of Resources																				
Interest hedge swap	_	0.00%	_	0.00%	_	0.00%	-	0.00%	_	0.00%	_	0.00%	_	0.00%	_	0.00%	_	0.00%	_	0.00%
Deferred charge on refunding	29,021	100.00%	39,890	100.00%	-	0.00%	-	0.00%	2,506,649	100.00%	223,685	100.00%	4,849,776	100.00%	918,873	100.00%	-	0.00%	-	0.00%
Total Deferred Outflows of Resources	29,021	100.00%	39,890	100.00%	-	0.00%	-	0.00%	2,506,649	100.00%	223,685	100.00%	4,849,776	100.00%	918,873	100.00%	-	0.00%	-	0.00%
Liabilities																				
Accounts Payable and accrued exp.	2,834,473	1.88%	3,314,168	7.69%	2,299,439	14.48%	7,328,441	5.93%	1,228,684	1.28%	1,829,171	2.40%	393,283	0.27%	4,459,913	6.03%	3,760,001	5.17%	10,107,945	28.48%
Accrued salaries and benefits	5,331,061	3.54%	5,083,327	11.80%	9,337,067	58.79%	10,287,511	8.32%	4,721,362	4.91%	2,158,986	2.83%	7,692,011	5.22%	5,597,800	7.57%	2,158,336	2.97%	5,094,271	14.36%
Due to other governments	-	0.00%	-	0.00%	-	0.00%	45,572	0.04%	1,485	0.00%	51,700	0.07%		0.00%	-	0.00%	-	0.00%	3,299,886	9.30%
Accrued Interest	261,574	0.17%	291,177	0.68%	-	0.00%	844,717	0.68%	1,239,736	1.29%	729,123	0.96%	1,154,743	0.78%	914,039	1.24%	438,378	0.60%	42,575	0.12%
Other current liabilitites	3,859	0.00%	-	0.00%	1,215,287	7.65%	106,444	0.09%	23,952	0.02%	-	0.00%		0.00%	-	0.00%	-	0.00%	-	0.00%
Due to other funds	-	0.00%	1,348,928	3.13%	-	0.00%		0.00%		0.00%		0.00%		0.00%		0.00%	-	0.00%	-	0.00%
Unearned revenues	33,820	0.02%	154,448	0.36%	32,413	0.20%	21,708	0.02%	50,636	0.05%	209,319	0.27%	27,637	0.02%	224,283	0.30%	- 040 407	0.00%	188,985	0.53%
Compensated absences Net OPEB liability	966,971	0.64% 0.00%	2,480,050 595,062	5.76% 1.38%	1,997,181 999,861	12.58% 6.30%	6,043,377 26,182	4.89% 0.02%	1,834,398 270,645	1.91% 0.28%	623,976 505,452	0.82% 0.66%	1,581,513 252,156	1.07% 0.17%	6,306,290 2,777,733	8.52% 3.75%	842,437 288,231	1.16% 0.40%	1,911,544	5.39% 0.00%
Termination benefits	-	0.00%	393,062	0.00%	-	0.00%	1,437,646	1.16%	270,043	0.20%	505,452	0.00%	252,150	0.17 %	2,777,733	0.00%	200,231	0.40%	-	0.00%
Certificates of participation	_	0.00%	_	0.00%	_	0.00%	23,611,449	19.10%	_	0.00%	_	0.00%	_	0.00%	_	0.00%	_	0.00%	_	0.00%
Early Retirement Incentive Program	660,028	0.44%	-	0.00%	-	0.00%		0.00%	-	0.00%	140,000	0.18%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Debt	140,418,809	93.29%	29,805,892	69.20%	-	0.00%	73,850,680	59.75%	86,771,869	90.25%	69,911,597	91.80%	136,196,612	92.46%	53,696,376	72.59%	65,266,655	89.71%	14,842,288	41.82%
Total Liabilitites	150,510,595	100.00%	43,073,052	100.00%	15,881,248	100.00%	123,603,727	100.00%	96,142,767	100.00%	76,159,324	100.00%	147,297,955	100.00%	73,976,434	100.00%	72,754,038	100.00%	35,487,494	100.00%
Deferred Inflows of Resources																				
Deferred amounts on refunding	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Interest hedge swap Total Deferred Inflows of Resources		0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	4,849,776 4,849,776	100.00% 100.00%	-	0.00%	-	0.00%	-	0.00%
		0.00 %	-	0.00%		0.00%	-	0.00%	-	0.00%	-	0.00 %		100.00%	-	0.00 %	-	0.00 %	-	0.00%
Net Position (Deficit)	39,423,565		41,317,411		66,373,457		(20,355,298)		25,275,867		23,717,528		7,673,487		81,164,984		43,015,926		34,485,228	
Statement of Activities																				
Revenues																				
Property taxes	61,735,671	59.17%	63,375,520			71.02%	82,556,014	63.58%	40,237,013	61.43%	37,850,373	70.06%	77,455,960	80.71%	90,687,764	79.68%	34,007,107	65.03%	-	0.00%
Local taxes	6,852,880	6.57%	5,262,240	5.83%	8,054,277	9.37%	8,926,282	6.87%	4,772,746	7.29%	3,158,766	5.85%	1,188,919	1.24%	2,281,368	2.00%	3,070,800	5.87%	-	0.00%
Unrestricted grants	20,974,144	20.10%	8,894,551	9.86%	5,182,523	6.03%	10,426,167	8.03%	9,311,066	14.22%	3,501,119	6.48%	5,010,785	5.22%	5,180,321	4.55%	5,748,509	10.99%	-	0.00%
Capital grants and contributions	- 99,146	0.00% 0.10%	218,607	0.24% 0.05%	-	0.00% 0.07%	1,045,474	0.81% 0.04%	86,752 89,799	0.13% 0.14%	250,436	0.46% 0.37%	99,518	0.10% 0.07%	171,227 165,097	0.15% 0.15%	-	0.00% 0.24%	- 54 400	0.00%
Investment income Gain (loss) on sale of capital assets	(480,959)	-0.46%	43,297	0.00%	60,995 -	0.00%	48,120 -	0.04%	31,009	0.14%	200,715 265	0.00%	66,645	0.07%	971	0.15%	123,419 -	0.24%	51,423 -	0.05% 0.00%
Miscellaneous income	174,641	0.17%	2,299	0.00%	68,037	0.08%	18,161	0.01%	468,461	0.72%	214,757	0.40%	155,991	0.16%	791,592	0.70%	224,107	0.43%	_	0.00%
Charges for services	1,944,310	1.86%	3,549,604	3.93%	1,743,518	2.03%	972,601	0.75%	1,444,288	2.21%	1,409,612	2.61%	1,536,903	1.60%	2,856,745	2.51%	1,286,015	2.46%	20,859,674	20.16%
Operating grants and contributions	13,044,885	12.50%	8,892,810	9.85%	9,804,523	11.41%	25,861,682	19.92%	9,056,316	13.83%	7,440,244	13.77%	10,449,285	10.89%	11,679,675	10.26%	7,837,599	14.99%	82,561,469	79.79%
Total Revenues	104,344,718	100.00%	90,238,928	100.00%	85,958,422	100.00%	129,854,501	100.00%	65,497,450	100.00%	54,026,287	100.00%	95,964,006	100.00%	113,814,760	100.00%	52,297,556	100.00%	103,472,566	100.00%
Expenses																				
Instruction	58,779,457	61.63%	50,207,899	60.72%		61.87%	78,999,984	61.46%	40,456,535	55.50%	28,048,640	56.44%	59,054,873	62.00%	67,048,174	60.06%	28,084,196	58.23%	37,820,871	37.75%
Support	26,381,947	27.66%	26,552,538	32.11%		33.72%	39,557,527	30.77%	16,490,295	22.62%	15,313,324	30.82%	27,634,380	29.01%	37,546,089	33.63%	16,497,849	34.20%	61,756,196	61.63%
Non-Instructional	1,305,813	1.37%	1,250,510	1.51%	1,590,710	1.89%	1,560,427	1.21%	1,284,135	1.76%	678,083	1.36%	1,363,903	1.43%	1,930,075	1.73%	1,023,307	2.12%	-	0.00%
Depreciation and amortization Interest on long-term debt	- 6,379,748	0.00% 6.69%	- 1,127,965	0.00% 1.36%	- 324,162	0.00% 0.39%	4,477,360	0.00% 3.48%	12,733,500	0.00% 17.47%	- 2,691,444	0.00% 5.42%	5,326,397	0.00% 5.59%	- 2,327,441	0.00% 2.08%	1,235,800	0.00% 2.56%	608,990	0.00% 0.61%
Facilities acquisition	0,019,140	0.00%	190,606	0.23%	324,162	0.39%	4,477,300	0.00%	77,998	0.11%	1,411,229	2.84%	5,520,597	0.00%	د,ندا , <del>44</del> ا -	0.00%	1,233,000	0.00%	-	0.00%
Business-type	2,520,747	2.64%	3,352,125	4.05%	1,797,764	2.14%	3,946,181	3.07%	1,852,231	2.54%	1,550,965	3.12%	1,866,651	1.96%	2,777,768	2.49%	1,392,314	2.89%	11,723	0.01%
Total Expenditures	95,367,712	100.00%	82,681,643	100.00%	84,069,786	100.00%	128,541,479	100.00%	72,894,694	100.00%	49,693,685	100.00%	95,246,204	100.00%	111,629,547	100.00%	48,233,466	100.00%	100,197,780	100.00%
Net Activity	8,977,006		7,557,285		1,888,636		1,313,022		(7,397,244)		4,332,602		717,802		2,185,213		4,064,090		3,274,786	

Maillie LLP School District Comparison- Government Wide Total - Continued 6/30/2013

Assets Cash	0.63% 12.83% 1.19% 1.76% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.02% 83.57%
Cash   43,759,466   20,23%   35,354,924   14,22%   34,370,029   6,56%   34,632,447   21,97%   680,076   1   1   1   1   1   1   1   1   1	12.83% 1.19% 1.76% 0.00% 0.00% 0.00% 0.00% 0.00% 0.02% 83.57%
Cash   43,759,466   20,23%   35,354,924   14,22%   34,370,029   6,56%   34,632,447   21,97%   680,076   1   1   1   1   1   1   1   1   1	12.83% 1.19% 1.76% 0.00% 0.00% 0.00% 0.00% 0.00% 0.02% 83.57%
Receivable, net	1.19% 1.76% 0.00% 0.00% 0.00% 0.00% 0.00% 0.02% 83.57%
Due from other governments	1.76% 0.00% 0.00% 0.00% 0.00% 0.00% 0.02% 83.57%
Cher receivables, net   608,721   0.28%   390,222   0.16%   375,717   0.07%   774,578   0.49%   375   1.000	0.00% 0.00% 0.00% 0.00% 0.00% 0.02% 83.57%
Bond discounts, net	0.00% 0.00% 0.00% 0.00% 0.02% 83.57%
Prepaid expenses   133,087	0.00% 0.00% 0.00% 0.02% 83.57%
OPEB asset	0.00% 0.00% 0.02% 83.57%
Chemistic   Chem	0.00% 0.02% 83.57%
Capital Assets, net	0.02% 83.57%
Capital Assets, net Total Assets   164,897,952   76,22%   184,699,870   74,30%   438,535,953   83,69%   113,102,707   71,74%   90,166,807   8   Total Assets   216,333,156   100.00%   248,597,927   100.00%   523,979,721   100.00%   157,663,800   100.00%   107,893,756   10	83.57%
Deferred Outflows of Resources         1.691,565         74,59%         - 0.00%         - 0.00%         - 0.00%         4,701,028         0.00%         107,893,756         10           Deferred Outflows of Resources         Interest hedge swap         1.691,565         74,59%         - 0.00%         - 0.00%         - 0.00%         4,701,028         0.00%         107,148         10           Liabilities         Accounts Payable and accrued exp.         5,084,553         3.59%         4,251,524         2.73%         6,178,893         2.98%         2.385,027         1.27%         1,360,628           Accrued salaries and benefits         7,735,698         5.46%         8,515,303         5.46%         13,612,158         6.56%         19,495,988         10.37%         3,971,845         10.00%         - 0.	
Interest hedge swap	
Interest hedge swap	
Deferred charge on refunding   576,293   25.41%   1,175,499   100.00%   - 0.00%   4,701,028   0.00%   107,148   10     Total Deferred Outflows of Resources   2,267,858   100.00%   1,175,499   100.00%   - 0.00%   4,701,028   0.00%   107,148   10     Liabilities	
Total Deferred Outflows of Resources         2,267,858         100.00%         1,175,499         100.00%         -         0.00%         4,701,028         0.00%         107,148         10           Liabilities         Accounts Payable and accrued exp.         5,084,553         3.59%         4,251,524         2.73%         6,178,893         2.98%         2,385,027         1.27%         1,360,628           Accrued salaries and benefits         7,735,698         5.46%         8,515,303         5.46%         13,612,158         6.56%         19,495,988         10.37%         3,971,845           Due to other governments         -         0.00%         461,907         0.30%         -         0.00%	0.00%
Liabilities         Accounts Payable and accrued exp.         5,084,553         3.59%         4,251,524         2.73%         6,178,893         2.98%         2,385,027         1.27%         1,360,628           Accrued salaries and benefits         7,735,698         5.46%         8,515,303         5.46%         13,612,158         6.56%         19,495,988         10.37%         3,971,845           Due to other governments         -         0.00%         461,907         0.30%         -         0.00%         -	100.00%
Accounts Payable and accrued exp.  5,084,553  3.59%  4,251,524  2.73%  6,178,893  2.98%  2,385,027  1.27%  1,360,628  Accrued salaries and benefits  7,735,698  5.46%  8,515,303  5.46%  13,612,158  6.56%  19,495,988  10.37%  3,971,845  Due to other governments  - 0.00%  461,907  0.30%  - 0.00%  - 0.00%  461,907  0.30%  - 0.00%  54,847  0.96%  961,378  0.46%  2,993,631  1.59%  768,562  Other current liabilitites  - 0.00%  54,847  0.04%  - 0.00%  6,960,626  3.70%  - 0.0	
Accrued salaries and benefits 7,735,698 5.46% 8,515,303 5.46% 13,612,158 6.56% 19,495,988 10.37% 3,971,845 Due to other governments - 0.00% 461,907 0.30% - 0.00% - 0.	1.58%
Due to other governments         -         0.00%         461,907         0.30%         -         0.00%         -         0.00%         -         0.00%         -         0.00%         -         0.00%         -         0.00%         -         0.00%         -         0.00%         -         0.00%         -         0.00%         -         0.00%         -         0.00%         -         0.00%         6,960,626         3.70%         -         0.00%         -         0.00%         6,960,626         3.70%         -         0.00%         -         0.00%         -         0.00%         6,960,626         3.70%         -         0.00%         -	4.62%
Accrued Interest 772,088 0.55% 1,489,927 0.96% 961,378 0.46% 2,993,631 1.59% 768,562 Other current liabilitities - 0.00% 54,847 0.04% - 0.00% 6,960,626 3.70% - 0.00% 0.00% -	0.00%
Due to other funds         -         0.00%         -	0.89%
Unearmed revenues 991,715 0.70% 2,215,681 1.42% 607,110 0.29% 641,315 0.34% - Compensated absences 2,585,828 1.83% 1,887,305 1.21% 1,635,779 0.79% 2,782,519 1.48% 665,200 Net OPEB liability 3,375,759 2.38% 2,027,795 1.30% 4,313,349 2.08% 825,325 0.44% 638,506 Termination benefits - 0.00% - 0.0	0.00%
Compensated absences         2,585,828         1.83%         1,887,305         1.21%         1,635,779         0.79%         2,782,519         1.48%         665,200           Net OPEB liability         3,375,759         2.38%         2,027,795         1.30%         4,313,349         2.08%         825,325         0.44%         638,506           Termination benefits         -         0.00%         <	0.00%
Net OPEB liability         3,375,759         2.38%         2,027,795         1.30%         4,313,349         2.08%         825,325         0.44%         638,506         7           Termination benefits         -         0.00%         10.00%         10.00%         10.00%         10.00%	0.00%
Termination benefits         -         0.00%         0.00%         -         0.00%         -         0.00%         0.00%         -         0.00%         0.00%         -         0.00%         0.00%         0.0	0.77%
Certificates of participation         -         0.00%         10.00%         0.00%         10.00%         10.00%         10.00%         0.00%         0.00%         0.00%         -         0.00%         0.00%         0.00%         0.00%         0.00%         -         0.00%         0.00%         0.00%         0.00%         0.00%         0.00%         0.00%         0.00%         0.00%         0.00%         0.00%         0.00%         0.00%	0.74% 0.00%
Early Retirement Incentive Program         -         0.00%         <	0.00%
Debt Total Liabilities         121,102,348         85.50% 134,981,782         86.59% 180,254,960         86.84% 151,848,290         80.80% 78,629,728         9           Deferred Inflows of Resources Deferred amounts on refunding         -         0.00%         -         0.00% 8,212,590         100.00% 100.00%         100.00% 151,848,290         80.80% 78,629,728         9	0.00%
Total Liabilitites 141,647,989 100.00% 155,886,071 100.00% 207,563,627 100.00% 187,932,721 100.00% 86,034,469 10  Deferred Inflows of Resources  Deferred amounts on refunding - 0.00% - 0.00% 8,212,590 100.00% 0.00% - 0.00% -	91.39%
Deferred amounts on refunding - 0.00% - 0.00% 8,212,590 100.00% 0.00% -	100.00%
Interest hedge swap 1.691.565 100.00% - 0.00% - 0.00% - 0.00% -	0.00%
	0.00%
Total Deferred Inflows of Resources 1,691,565 100.00% - 0.00% 8,212,590 0.00% - 0.00% -	0.00%
Net Position (Deficit)         75,261,460         93,887,355         308,203,504         (25,567,893)         21,966,435	
Statement of Activities	
Revenues	
	64.33%
	6.75%
Unrestricted grants 12,150,738 10.48% 10,852,270 8.40% 1,395,847 0.47% 18,757,649 10.73% 6,216,161 10.48%	10.26%
Capital grants and contributions 276,067 0.24% 1,421,012 1.10% 1,585,267 0.54% 682,877 0.39% -	0.00%
	0.09%
	0.01%
	0.00%
	2.68% 15.88%
	100.00%
Expenses	
·	48.02%
	21.14%
	2.02%
	5.28%
	20.40%
	0.00%
	3.14% 100.00%
Net Activity (486,796) 9,248,469 40,690,163 (4,909,043) (10,281,033)	

For Comparison Purposes Only

Maillie LLP School District Comparison- General Fund 6/30/2013

	1		2		3		4		5		6		7		8		9		10	
Balance Sheet	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	<u>Total</u>	% of Total	Total	% of Total	Total	% of Total	Total	% of Total		% of Total	Total	% of Total
Assets																				
Cash	3,315,099	14.39%	572,034	2.03%	7,972,216	23.24%	21,612,715	63.62%	332,689	1.42%	12,799,899	84.24%	10,902,991	84.80%	5,395,616	13.87%	15,435,564	77.78%	24,913,519	68.32%
Investments	11,465,094	49.78%	25,494,113	90.52%	22,528,316	65.67%	7,468,935	21.99%	18,523,307	78.92%	389,084	2.56%	<del>-</del>	0.00%	27,141,007	69.76%	<del>-</del>	0.00%	-	0.00%
Taxes Receivable, net	4,140,118	17.98%	-	0.00%	1,214,492	3.54%	-	0.00%	2,736,119	11.66%	474,738	3.12%	373,565	2.91%	1,051,954	2.70%	1,336,466	6.73%	-	0.00%
Due from other funds	2 505 612	0.00% 10.88%	141,556 1,921,481	0.50% 6.82%	103,684 2,271,225	0.30% 6.62%	270,961 4,605,828	0.80% 13.56%	1,390	0.01% 7.57%	512,589 899,096	3.37% 5.92%	1,351,963	0.00% 10.52%	3,201,164 1,831,478	8.23% 4.71%	346,349 472,593	1.75% 2.38%	790,975	2.17% 29.39%
Due from other governments Inventories	2,505,613	0.00%	1,921,401	0.02%	1,099	0.02%	1,800	0.01%	1,777,049	0.00%	30,703	0.20%	1,351,963	0.00%	1,031,470	0.00%	39,576	0.20%	10,716,086 43,873	0.12%
Prepaid expenses	_	0.00%	-	0.00%	-	0.00%	-	0.00%	1,365	0.01%	-	0.00%	79,002	0.61%	-	0.00%	53,500	0.27%		0.00%
Other Receivables	1,603,940	6.96%	34,194	0.12%	214,415	0.63%	10,501	0.03%	98,161	0.42%	87,707	0.58%	149,802	1.17%	287,011	0.74%	2,161,050	10.89%	_	0.00%
Total Assets	23,029,864	100.00%	28,163,378	100.00%	34,305,447	100.00%	33,970,740	100.00%	23,470,080	100.00%	15,193,816	100.00%	12,857,323	100.00%	38,908,230	100.00%	19,845,098	100.00%	36,464,453	100.00%
Liabilities																				
Accounts Payable	1,334,642	15.09%	3,015,597	24.77%	2,032,960	15.87%	7,256,386	41.00%	848,664	15.55%	1,459,534	35.33%	389,833	4.82%	2,840,950	33.31%	1,322,869	30.50%	8,246,195	49.13%
Unearned revenue	, , , , <u>-</u>	0.00%	102,164	0.84%	24,941	0.19%	7,347	0.04%	12,464	0.23%	185,479	4.49%	· -	0.00%	91,191	1.07%	6,038	0.14%	188,985	1.13%
Accrued salaries and benefits	5,331,061	60.27%	4,922,411	40.43%	9,337,067	72.89%	10,281,511	58.10%	4,572,484	83.76%	2,125,529	51.45%	7,655,712	94.72%	5,597,800	65.63%	2,158,336	49.77%	5,094,271	30.35%
Due to other governments	, , , , <u>-</u>	0.00%	· · · · -	0.00%	· · · · -	0.00%	45,572	0.26%	1,485	0.03%	51,700	1.25%	, , , <u>-</u>	0.00%	-	0.00%	· · · ·	0.00%	3,255,031	19.39%
Due to other funds	2,176,215	24.60%	4,136,398	33.97%		0.00%	-	0.00%	, -	0.00%	309,168	7.48%	33,684	0.42%	-	0.00%	7,000	0.16%	· · · -	0.00%
Other payables	3,859	0.04%	-	0.00%	1,415,005	11.05%	106,444	0.60%	23,952	0.44%	-	0.00%	3,450	0.04%	-	0.00%	842,437	19.43%	-	0.00%
Total Liabilitities	8,845,777	100.00%	12,176,570	100.00%	12,809,973	100.00%	17,697,260	100.00%	5,459,049	100.00%	4,131,410	100.00%	8,082,679	100.00%	8,529,941	100.00%	4,336,680	100.00%	16,784,482	100.00%
Deferred Inflows of Resources																				
Unavailable revenue, property taxes	2,542,504	100.00%	-	0.00%	807,484	100.00%	5,724,747	100.00%	2,254,388	100.00%	415,723	100.00%	-	0.00%	860,255	100.00%	951,156	100.00%	-	0.00%
Fund balance- general fund	11,641,583		15,986,808		20,687,990		10,548,733		15,756,643		10,646,683		4,774,644		29,518,034		14,557,262		19,679,971	
Statement of Activities																				
Revenues																				
Local sources	71,166,132	73.48%	68,986,398	79.80%	70,603,987	83.84%	91,407,629	72.83%	45,147,624	71.73%	42,125,544	80.63%	78,887,424	84.00%	95,354,018	85.80%	37,454,882	73.82%	8,753,112	13.82%
State sources	23,188,939	23.94%	14,218,315	16.45%	13,082,572	15.54%	26,241,828	20.91%	16,441,785	26.12%	9,436,321	18.06%	13,549,631	14.43%	14,658,417	13.19%	12,085,345	23.82%	22,612,398	35.70%
Federal sources	2,496,510	2.58%	3,248,449	3.76%	525,445	0.62%	7,865,720	6.27%	1,214,257	1.93%	685,268	1.31%	1,477,734	1.57%	1,118,167	1.01%	1,197,620	2.36%	31,979,954	50.48%
Receipts from other districts	-	0.00%	-	0.00%	-	0.00%	-	0.00%	134.933	0.21%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Revenues	96,851,581	100.00%	86,453,162	100.00%	84,212,004	100.00%	125,515,177	100.00%	62,938,599	99.79%	52,247,133	100.00%	93,914,789	100.00%	111,130,602	100.00%	50,737,847	100.00%	63,345,464	100.00%
Expenses																				
Instruction	56,251,403	60.34%	48,316,546	60.83%	51,807,614	63.02%	77,799,543	62.79%	35,681,252	51.66%	27,809,282	63.91%	56,089,537	59.47%	63,084,301	63.04%	26,348,273	56.04%	16,113,807	24.69%
Support	26,550,633	28.48%	25,468,802	32.06%	24,390,783	29.67%	38,903,110	31.40%	16,081,852	23.29%	15,028,397	34.54%	26,442,181	28.04%	35,188,511	35.16%	15,418,569	32.80%	48,560,477	74.41%
Non-Instructional	1,189,811	1.28%	1,293,053	1.63%	1,582,937	1.93%	1,577,645	1.27%	1,241,073	1.80%	678,083	1.56%	1,351,202	1.43%	1,804,568	1.80%	969,650	2.06%	-	0.00%
Facilities acquisition, construction and improvement	-	0.00%	2,231	0.00%	-	0.00%	-	0.00%	61,162	0.09%	-	0.00%	858,858	0.91%	-	0.00%	88,971	0.19%	-	0.00%
Debt Service	9,234,695	9.91%	4,350,189	5.48%	4,424,011	5.38%	5,623,873	4.54%	15,998,695	23.17%	-	0.00%	9,568,926	10.15%	-	0.00%	4,189,511	8.91%	590,442	0.90%
Total Expenditures	93,226,542	100.00%	79,430,821	100.00%	82,205,345	100.00%	123,904,171	100.00%	69,064,034	100.00%	43,515,762	100.00%	94,310,704	100.00%	100,077,380	100.00%	47,014,974	100.00%	65,264,726	100.00%
Excess (deficiency) of revenues over expenditures	3,625,039		7,022,341		2,006,659		1,611,006		(6,125,435)		8,731,371		(395,915)		11,053,222		3,722,873		(1,919,262)	
Other Financing Sources (Uses)																				
Transfers in	35,430	-0.99%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	68,263	-0.98%	691,608	44.61%	-	0.00%	-	0.00%	3269286	100.00%
Transfers out	(4,933,303)	138.27%	(3,438,914)	100.00%	-	0.00%	-	0.00%	-	0.00%	(7,003,342)	100.99%	-	0.00%	(16,826,587)	102.01%	(5,194,702)	100.00%	-	0.00%
Discounts on bond issuances	-	0.00%	-	0.00%	-	0.00%	-	0.00%	(139,373)	-1.71%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Bond issue costs	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	(160,240)	2.31%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Premiums on bond issuances	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1,777,060	21.78%	89,476	-1.29%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Refund of prior year expenses	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	331,649	-2.01%	-	0.00%	-	0.00%
Refunding bond issued	-	0.00%	-	0.00%	-	0.00%	-	0.00%	36,390,000	445.99%	9,105,000	-131.29%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Payment to refunded bond escrow agent	-	0.00%	-	0.00%	-	0.00%	-	0.00%	(30,164,983)	-369.69%	(9,034,236)	130.27%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Proceeds from sale of capital assets	1,330,021	-37.28%	-	0.00%	57,030	100.00%	-	0.00%	296,746	3.64%	265	0.00%	858,858	55.39%	-	0.00%	-	0.00%	-	0.00%
Total Other Financing Sources (Uses)	(3,567,852)	100.00%	(3,438,914)	100.00%	57,030	100.00%	-	0.00%	8,159,450	100.00%	(6,934,814)	100.00%	1,550,466	100.00%	(16,494,938)	100.00%	(5,194,702)	100.00%	3,269,286	100.00%
Net Change in Fund Balance	57,187		3,583,427		2,063,689		1,611,006		2,034,015		1,796,557		1,154,551		(5,441,716)		(1,471,829)		1,350,024	

Maillie LLP School District Comparison- General Fund - Continued 6/30/2013

	11		1:	2	13		14		15	
Balance Sheet	<u>Total</u>	% of Total	<u>Total</u>	% of Total	Total	% of Total	<u>Total</u>	% of Total		% of Total
Assets										
Cash	23,340,702	78.21%	19,711,903	44.47%	20,318,032	40.43%	32,520,062	72.31%	145,301	1.18%
Investments	2,940,000	9.85%	18,353,911	41.41%	4,795,318	9.54%	-	0.00%	9,040,786	73.17%
Taxes Receivable, net	1,711,915	5.74%	2,712,177	6.12%	7,631,408	15.19%	3,217,260	7.15%	1,281,142	10.37%
Due from other funds	106,614	0.36%	243,384	0.55%	11,052,199	21.99%	2,858,087	6.36%	170	0.00%
Due from other governments	827,237	2.77%	1,655,453	3.73%	5,719,517	11.38%	4,233,500	9.41%	1,886,052	15.26%
Inventories	476,144	1.60%	-	0.00%	39,927	0.08%	454,612	1.01%	-	0.00%
Prepaid expenses	26,271	0.09%	1,277,617	2.88%	502,756	1.00%	925,934	2.06%	2,550	0.02%
Other receivables	416,452	1.40%	371,394	0.84%	193,173	0.38%	761,334	1.69%	375	0.00%
Total Assets	29,845,335	100.00%	44,325,839	100.00%	50,252,330	100.00%	44,970,789	100.00%	12,356,376	100.00%
Liabilities										
Accounts Payable	1,667,363	12.75%	4,231,352	24.97%	3,662,161	14.16%	2,316,873	8.05%	401,628	9.08%
Unearned revenue	966,333	7.39%	2,113,122	12.47%	499,915	1.93%	81,707	0.28%	-	0.00%
Accrued salaries and benefits	8,796,695	67.25%	8,515,303	50.25%	13,612,158	52.65%	19,495,988	67.70%	4,021,552	90.92%
Due to other governments	-	0.00%	461,907	2.73%	-	0.00%	-	0.00%	-	0.00%
Due to other funds	1,650,000	12.61%	1,400,000	8.26%	8,079,929	31.25%	-	0.00%	-	0.00%
Other payables		0.00%	223,821	1.32%	-	0.00%	6,904,137	23.97%	-	0.00%
Total Liabilitities	13,080,391	100.00%	16,945,505	100.00%	25,854,163	100.00%	28,798,705	100.00%	4,423,180	100.00%
Deferred Inflows of Resources										
Unavailable revenue, property taxes	1,169,853	100.00%	2,279,117	0.00%	5,878,841	100.00%	2,694,937	100.00%	935,062	100.00%
Fund balance- general fund	15,595,091		25,101,217		18,519,326		13,477,147		6,998,134	
Statement of Activities										
Revenues										
Local sources	89,357,068	78.71%	102,857,298	81.41%	246,246,213	84.76%	133,259,390	77.73%	44,182,205	75.77%
State sources	22,896,127	20.17%	22,346,598	17.69%	41,930,260	14.43%	36,332,262	21.19%	12,998,944	22.29%
Federal sources	1,270,464	1.12%	1,148,134	0.91%	2,337,459	0.80%	1,857,055	1.08%	1,128,042	1.93%
Receipts from other districts	.,,	0.00%	-,	0.00%	_,====	0.00%	-	0.00%	-	0.00%
Total Revenues	113,523,659	100.00%	126,352,030	100.00%	290,513,932	100.00%	171,448,707	100.00%	58,309,191	100.00%
Total Nevenues	110,020,000	100.0070	120,002,000	100.0076	230,313,932	100.0070	171,440,707	100.0070	30,303,131	100.0070
Expenses										
Instruction	66,842,228	59.99%	71,249,006	59.01%	148,897,715	57.89%	112,805,491	65.10%	34,078,645	65.45%
Support	29,455,034	26.44%	34,184,652	28.31%	74,205,171	28.85%	46,652,917	26.92%	16,560,501	31.81%
Non-Instructional	1,349,012	1.21%	1,927,933	1.60%	5,381,420	2.09%	1,268,976	0.73%	1,429,339	2.75%
Facilities acquisition, construction and improvement	1,391,090	1.25%		0.00%		0.00%	15,195	0.01%	178	0.00%
Debt Service	12,375,881	11.11%	13,371,257	11.08%	28,735,021	11.17%	12,532,833	7.23%	-	0.00%
Total Expenditures	111,413,245	100.00%	120,732,848	100.00%	257,219,327	100.00%	173,275,412	100.00%	52,068,663	100.00%
Excess (deficiency) of revenues over expenditures	2,110,414		5,619,182		33,294,605		(1,826,705)		6,240,528	
Other Financing Sources (Uses)										
Other Financing Sources (Uses)	_	0.000/		0.000/	400.000	1.000/	107 400	0.000/	25 000	0.270/
Transfers in Transfers out	(2,000,000)	0.00% 103.29%	- (1,410,877)	0.00% 99.89%	490,000	-1.02% 101.01%	107,409	0.00% 0.00%	25,000 (6,791,563)	-0.37% 100.37%
Discounts on bond issuances	(2,000,000)	0.00%	(1,410,077)	0.00%	(48,740,935)	0.00%	-	0.00%	(0,131,003)	0.00%
Bond issue costs	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Premiums on bond issuances	867,388	-44.80%	_	0.00%	-	0.00%	5,552,159	0.00%	-	0.00%
Refund of prior year expenses	(711,180)	36.73%	(1,616)	0.11%	(5,782)	0.00%	(14,205)	-3.36%	-	0.00%
Refunding bond issued	43,190,000	-2230.50%	(1,010)	0.00%	(3,732)	0.01%	31,730,000	0.00%	-	0.00%
Payment to refunded bond escrow agent	(43,319,342)		_	0.00%	_	0.00%	(36,952,684)	0.00%	-	0.00%
Proceeds from sale of capital assets	36,800	-1.90%	-	0.00%	4,465	-0.01%	13	0.00%	-	0.00%
Total Other Financing Sources (Uses)	(1,936,334)	100.00%	(1,412,493)	100.00%	(48,252,252)	100.00%	422,692	-3.36%	(6,766,563)	100.00%
Net Change in Fund Balance	174,080		4,206,689		(14,957,647)		(1,404,013)		(526,035)	

Maillie LLP School District Comparison- Food Service Fund 6/30/2013

	1		2		3		4		5		6		7		8		9		10	)
Balance Sheet	<u>Total</u>	% of Total	Total	% of Total	Total	% of Total														
Assets																.=		. =		
Cash	205,766	40.19%	716,949	73.70%	6,393	2.94%	462,964	61.95%	401,650	29.56%	394,985	44.03%	139,772	29.45%	636,457	45.08%	17,204	15.32%	18,032	6.25%
Investments		0.00%	-	0.00%	-	0.00%	-	0.00%	735,000	54.09%	-	0.00%	-	0.00%	249,343	17.66%	-	0.00%	=	0.00%
Accounts receivable, net	79,597	15.55%	-	0.00%	-	0.00%	-	0.00%	3,970	0.29%	- 	0.00%	<u>-</u>	0.00%	=	0.00%		0.00%	-	0.00%
Due from other funds	1,215	0.24%	<u>-</u>	0.00%	<u>-</u>	0.00%		0.00%	<del>-</del>	0.00%	309,168	34.46%	33,684	7.10%	<del>-</del>	0.00%	7,000	6.23%	-	0.00%
Due from other governments	68,740	13.43%	27,745	2.85%	25,803	11.88%	182,341	24.40%	14,127	1.04%	92,630	10.32%	28,882	6.08%	15,771	1.12%	44,529	39.66%	-	0.00%
Other receivables	-	0.00%	508	0.05%	88,266	40.64%	38,852	5.20%	-	0.00%	4,667	0.52%	290	0.06%	1,126	0.08%	-	0.00%	-	0.00%
Inventories	56,974	11.13%	68,856	7.08%	39,703	18.28%	37,458	5.01%	90,523	6.66%	24,340	2.71%	36,151	7.62%	26,227	1.86%	4,960	4.42%	-	0.00%
Capital Assets, net	99,648	19.46%	158,783	16.32%	57,038	26.26%	25,687	3.44%	113,593	8.36%	71,380	7.96%	235,876	49.69%	483,034	34.21%	38,595	34.37%	270,505	93.75%
Total Assets	511,940	100.00%	972,841	100.00%	217,203	100.00%	747,302	100.00%	1,358,863	100.00%	897,170	100.00%	474,655	100.00%	1,411,958	100.00%	112,288	100.00%	288,537	100.00%
Liabilities																				
Accounts Payable and accrued expenses	36,657	13.55%	196,116	56.95%	182,560	62.16%	78,055	21.48%	148,878	79.01%	33,086	75.17%	36,299	56.77%	38,381	16.74%	58,549	45.67%	5,532	100.00%
Due to other funds	200,000	73.94%	-	0.00%	103,684	35.30%	270,961	74.57%	1,390	0.74%	-	0.00%	-	0.00%	57,780	25.20%	69,648	54.33%	´-	0.00%
Compensated absences	-	0.00%	95.950	27.86%	-	0.00%	-	0.00%	-	0.00%		0.00%	-	0.00%	- ,	0.00%	-	0.00%	-	0.00%
Unearned revenue	33,820	12.50%	52,284	15.18%	7,472	2.54%	14,361	3.95%	38,172	20.26%	10,930	24.83%	27,637	43.23%	133,092	58.05%	-	0.00%	-	0.00%
Total Liabilitities	270,477	100.00%	344,350	100.00%	293,716	100.00%	363,377	100.00%	188,440	100.00%	44,016	100.00%	63,936	100.00%	229,253	100.00%	128,197	100.00%	5,532	100.00%
Net Position- food service fund	241,463		628,491		(76,513)		383,925		1,170,423		853,154		410,719		1,182,705		(15,909)		283,005	
Net i osition- lood service fund	241,403		020,431		(70,513)		303,923		1,170,423		000,104		410,713		1,102,703		(13,303)		203,003	
Statement of Activities																				
Revenues																				
Food Service Revenue	1,347,435	52.77%	1,350,345	70.29%	1,213,853	74.43%	749,379	18.85%	1,059,686	60.35%	789,425	59.21%	1,392,066	73.73%	2,161,114	83.73%	1,070,401	78.68%	3,703	100.00%
State Sources	158,070	6.19%	51,666	2.69%	28,961	1.78%	276,280	6.95%	114,681	6.53%	44,943	3.37%	120,499	6.38%	139,125	5.39%	17,430	1.28%	=	0.00%
Federal Sources	1,054,104	41.28%	518,398	26.98%	387,987	23.79%	2,949,495	74.19%	570,617	32.50%	496,162	37.21%	375,432	19.88%	279,957	10.85%	269,998	19.85%	-	0.00%
Earnings on investments	39	0.00%	712	0.04%	-	0.00%	213	0.01%	6,899	0.39%	953	0.07%	104	0.01%	844	0.03%	2,547	0.19%	-	0.00%
Miscellaneous Revenue	- (2.222)	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1,873	0.14%	-	0.00%	-	0.00%	-	0.00%	=	0.00%
Gain (Loss) on sale of assets	(6,092)	-0.24%	-	0.00%	-	0.00%	-	0.00%	3,900	0.22%	-	0.00%	-	0.00%	-	0.00%	- 4 000 070	0.00%		0.00%
Total Revenues	2,553,556	100.00%	1,921,121	100.00%	1,630,801	100.00%	3,975,367	100.00%	1,755,783	100.00%	1,333,356	100.00%	1,888,101	100.00%	2,581,040	100.00%	1,360,376	100.00%	3,703	100.00%
Expenses																				
Salaries and employee benefits	1,266,823	50.26%	988,458	49.64%	-	0.00%	1,957,925	49.62%	951,032	51.35%	644,771	51.38%	1,103,538	59.12%	1,606,870	57.85%	52,262	3.75%	-	0.00%
Purchased services	16,439	0.65%	908,810	45.64%	1,708,886	95.06%	52,998	1.34%	168,587	9.10%	23,627	1.88%	17,875	0.96%	-	0.00%	15,960	1.15%	-	0.00%
Other operating expenses	1,038	0.04%	393	0.02%	29,089	1.62%	3,905	0.10%	2,565	0.14%	9,583	0.76%	2,240	0.12%	37,527	1.35%	5,854	0.42%	-	0.00%
Depreciation	18,554	0.74%	25,031	1.26%	12,452	0.69%	7,749	0.20%	17,850	0.96%	48,185	3.84%	28,133	1.51%	64,012	2.30%	7,651	0.55%	7,769	66.27%
Supplies	1,217,893	48.31%	68,475	3.44%	47,337	2.63%	1,923,604	48.75%	712,197	38.45%	528,773	42.14%	714,865	38.30%	1,069,359	38.50%	1,310,587	94.13%	3,954	33.73%
Total Expenditures	2,520,747	100.00%	1,991,167	100.00%	1,797,764	100.00%	3,946,181	100.00%	1,852,231	100.00%	1,254,939	100.00%	1,866,651	100.00%	2,777,768	100.00%	1,392,314	100.00%	11,723	100.00%
Transfers (out)	(35,430)		-		-		-		-		(50,000)		-		-		-		-	
Food Service - Change in Net Position	(2,621)		(70,046)		(166,963)		29,186		(96,448)		28,417		21,450		(196,728)		(31,938)		(8,020)	
- 134 Comment Comments	(2,021)		(. 0,0 10)		(.55,555)		_5,105		(55, 115)		_5,		_1,100		(.55,125)		(51,000)		(3,023)	

Maillie LLP School District Comparison- Food Service Fund - Continued 6/30/2013

	1	11	1	2	13	3	1	4	15		
Balance Sheet	<u>Total</u>	% of Total	<u>Total</u>	% of Total	<u>Total</u>	% of Total	<u>Total</u>	% of Total	<u>Total</u>	% of Total	
Assets Cash	050 505	62.020/	112.000	10 1 10/	1 160 070	E0 260/	1EC 0E7	10.669/	E00 602	66.20%	
	950,525	62.92% 13.76%	112,009	12.14% 49.76%	1,169,978	50.36% 0.00%	156,957	19.66% 0.00%	500,693	66.20% 0.00%	
Investments	207,838		459,246		-	0.00%	-	0.00%	-	0.00%	
Accounts receivable, net  Due from other funds	-	0.00% 0.00%	-	0.00% 0.00%	-	0.00%	-	0.00%	-	0.00%	
	- 52 000	3.51%	- 20 467	3.08%	- 68,561	2.95%	193,801	24.27%	- 0 567	1.13%	
Due from other governments Other receivables	53,088 14,728	0.97%	28,467 18,828	2.04%	182,074	7.84%	13,244	1.66%	8,567 -	0.00%	
Inventories	80,176	5.31%	70,898	2.04% 7.68%	28,088	1.21%	128,961	16.15%	- 26,252	3.47%	
Capital Assets, net	204,432	13.53%	233,461	25.30%	874,724	37.65%	305,444	38.26%	20,232	29.20%	
Total Assets	1,510,787	100.00%	922,909	100.00%	2,323,425	100.00%	798,407	100.00%	756,386	100.00%	
Total Assets	1,510,707	100.00 /6	322,303	100.00 /8	2,323,423	100.00 /6	190,401	100.00 /6	730,300	100.00 /6	
Liabilities											
Accounts Payable and accrued expenses	13	0.01%	4,605	1.15%	462,919	73.98%	56,489	16.83%	10,550	98.41%	
Due to other funds	101,655	64.87%	243,384	60.94%	55,607	8.89%	186,743	55.64%	170	1.59%	
Compensated absences	23,919	15.26%	48,814	12.22%	-	0.00%	-	0.00%	-	0.00%	
Unearned revenue	31,118	19.86%	102,559	25.68%	107,195	17.13%	92,385	27.53%	-	0.00%	
Total Liabilitities	156,705	100.00%	399,362	100.00%	625,721	100.00%	335,617	100.00%	10,720	100.00%	
Net Position- food service fund	1,354,082		523,547		1,697,704		462,790		745,666		
Statement of Activities											
Statement of Activities											
Revenues											
Food Service Revenue	1,742,279	66.98%	2,129,004	74.28%	4,160,499	81.27%	2,205,020	66.23%	1,197,840	53.54%	
State Sources	96,780	3.72%	155,893	5.44%	122,249	2.39%	79,854	2.40%	137,095	6.13%	
Federal Sources	758,330	29.15%	580,580	20.26%	835,890	16.33%	1,044,553	31.37%	902,205	40.33%	
Earnings on investments	3,940	0.15%	740	0.03%	884	0.02%	-	0.00%	-	0.00%	
Miscellaneous Revenue	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
Gain (Loss) on sale of assets	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	
Total Revenues	2,601,329	100.00%	2,866,217	100.00%	5,119,522	100.00%	3,329,427	100.00%	2,237,140	100.00%	
Expenses											
Salaries and employee benefits	1,177,583	48.56%	1,677,789	57.13%	_	0.00%	1,588,705	47.04%	971,402	43.71%	
Purchased services	53,095	2.19%	76,606	2.61%	4,800,888	96.80%	249,935	7.40%	36,167	1.63%	
Other operating expenses	1,449	0.06%	12,843	0.44%	27,722	0.56%	9,680	0.29%	198	0.01%	
Depreciation	44,180	1.82%	28,766	0.98%	131,072	2.64%	49,011	1.45%	53,053	2.39%	
Supplies	1,148,832	47.37%	1,140,545	38.84%	80	0.00%	1,480,148	43.82%	1,161,515	52.27%	
Total Expenditures	2,425,139	100.00%	2,936,549	100.00%	4,959,762	100.00%	3,377,479	100.00%		100.00%	
Transfers (out)	-		15,132		-		26,938		(25,000)		
Food Service - Change in Net Position	176,190		(55,200)		159,760		(21,114)		(10,195)		

## **ANNUAL FINANCIAL REPORT**

Year Ended June 30, 2013

## 

Maillie Inc.

## **INTRODUCTORY SECTION**

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## FINANCIAL SECTION

## 

### Independent Auditors' Report

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

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Central Bucks School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Central Bucks School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Central Bucks School District as of June 30, 2013, 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.

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

### Emphasis of Matter

As discussed in Note N to the financial statements, for the year ended June 30, 2013, the Central Bucks School District adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Our opinion is not modified with respect to this matter.

#### Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 19, budgetary comparison information on pages 50 and 51 and postemployment benefits other than pension funding progress on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Bucks School District's basic financial statements. The schedule of expenditures of federal and certain state awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal and certain state awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and certain state 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 \_\_\_\_\_\_\_, on our consideration of the 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 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 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 the Central Bucks School District's internal control over financial reporting and compliance.

Oaks, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Year Ended June 30, 2013

### INTRODUCTION

Our discussion and analysis of Central Bucks School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013.

### FINANCIAL HIGHLIGHTS

- The assets of the Central Bucks School District exceeded its liabilities at the close of the most recent fiscal year by \$308,203,504 (net position). Of this amount, \$35,208,360 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, unassigned fund balance for the General Fund was \$17,481,643 or 7.0% of the total General Fund expenditures. It is the intent of the Board to use all available funds over 3-5% to offset pension and GASB 45 obligations, to establish a long term Capital Reserve Account, and to reduce the majority of future Debt Service obligations.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

### **Government-Wide Financial Statements**

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Year Ended June 30, 2013

### Fund Financial Statements

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

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

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

The Central Bucks School District maintains three individual Governmental Funds. Information is presented separately in the Governmental Funds balance sheet and in the Governmental Funds statement of revenues, expenditures and changes in fund balances. Data from other Governmental Funds is combined into a single, aggregated presentation.

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

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

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

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

### Notes to the Financial Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Year Ended June 30, 2013

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Central Bucks School District, assets exceeded liabilities and deferred inflows of resources by \$308,203,504 at the close of the most recent fiscal year.

## Condensed Statements of Net Position June 30, 2013 and 2012

	_	Governmental Activities		
	_	2013	2012	
ASSETS Current and other assets Capital assets TOTAL ASSETS	\$	84,050,674 437,661,229 521,711,903	\$ 122,038,69 440,085,09 562,123,78	93
LIABILITIES Other liabilities Long-term liabilities outstanding TOTAL LIABILITIES NET POSITION		20,789,425 186,204,088 206,993,513	30,730,77 265,417,6 <sup>2</sup> 296,148,38	13
Net investment in capital assets Unrestricted		272,120,420 34,385,380	184,011,05 81,964,34	
TOTAL NET POSITION	\$ <u>_</u>	306,505,800	\$ 265,975,39	97

A portion of the Central Bucks School District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$35,208,360 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Central Bucks School District is able to report positive balances in both categories of net position.

_	Business-Type Activities				Total Government		
_	2013		2012	_	2013	_	2012
					-		
\$	1,393,094	\$	1,019,148	\$	85,443,768	\$	123,057,840
_	874,724		900,776		438,535,953		440,985,869
	2,267,818		1,919,924	_	523,979,721	_	564,043,709
							a
	570,114		384,534	•	21,359,539		31,115,309
_	-			_	<u> 186,204,088</u>		265,417,613
	570,114		384 534		207 563,627		296,532,922
		•					
	874,724		900,776		272,995,144		184,911,827
-	822,980		634,614	_	35,208,360	_	82,598,960
\$	1,697,704	\$ <u></u>	1,535,390	\$_	308,203,504	\$	267,510,787

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Year Ended June 30, 2013

**Governmental Activities** - Governmental activities increased the Central Bucks School District's net position by \$40,530,403, thereby accounting for 99% of the total increase in net position of \$40,690,163. Key elements of this increase are as follows:

### Changes in Net Position Years Ended June 30, 2013 and 2012

rears Linded varie 30, 2013 and 2012	Covern	Governmental Activities	
	2013	2012	
REVENUES			
Program revenues			
Charges for services	\$ 3,840,323	\$ 3,813,027	
Operating grants and contributions	44,031,906	41,568,697	
Capital grants and contributions	1,585,267	1,596,608	
General revenues	1,505,207	1,596,606	
Property taxes	217,645,729	242 222 670	
Other taxes		213,222,679	
Grants and contributions not restricted to specific	20,493,553	20,699,091	
•	4 205 047	4 005 004	
programs Other	1,395,847	1,025,231	
	2,092,114	1,675,176	
TOTAL REVENUES	291,084,739	283,600,509	
	<del>=====================================</del>		
EXPENSES			
Instruction	151,025,751	147,115,819	
Support services	77,303,637	77,342,917	
Operation of non-instructional services	5,381,420	5,275,377	
Debt service	7,579,280	12,147,859	
Facilities acquisition, construction and improvement	1,513,200	12, 147,009	
services	9,264,248	8,765,181	
Food service	3,204,240	0,700,101	
TOTAL EXPENSES	250,554,336	250,647,153	
TOTAL EXITERACEO	250,554,550	250,647,155	
CHANGE IN NET POSITION	40,530,403	32,953,356	
	10,000,400	02,000,000	
NET POSITION AT BEGINNING OF YEAR, as restated	265,975,397	233,022,041	
,			
NET POSITION AT END OF YEAR	\$ 306,505,800	\$ 265,975,397	

Business-Type Activities					Total Government				
2013 2012		_	2013	2012					
•			-	_					
\$	4,160,499	\$	4,432,612	\$	8,000,822	\$	8,245,639		
	958,139		1,117,583		44,990,045		42,686,280		
			-		1,585,267		1,596,608		
	-		-		217,645,729		213,222,679		
•	-		_		20,493,553		20,699,091		
			_		1,395,847		1,025,231		
	884_		<u> </u>	<b></b>	2,092,998		1,675,348		
	5,119,522	· 	5,550,367		296,204,261		289,150,876		
							<u> </u>		
	-		-		151,025,751		147,115,819		
	-		-		77,303,637		77,342,917		
	-		-		5,381,420		5,275,377		
	<b>-</b>		-		7,579,280		12,147,859		
			-		9,264,248		8,765,181		
	4,959,762	<u> </u>	5,291,312	_	4,959,762		5,291,312		
	4,959,762		5,291,312	_	255,514,098		255,938,465		
	159,760		259,055		40,690,163		33,212,411		
	1,537,944		1,278,889	_	267,513,341		234,300,930		
, \$	1,697,704	\$	1,537,944	\$_	308,203,504	\$	267,513,341		

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Year Ended June 30, 2013

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds: 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 particular, unreserved 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. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$17,481,643. Unassigned fund balance represents 7.0% of the total fund expenditures. It is the intent of the Board to use all available funds over 3-5% to offset pension and GASB 45 obligations and to reduce future Debt Service obligations.

General Fund revenues of the Central Bucks School District came from four basic sources. The largest source was provided by local funding \$246,246,213 (84.76%), of which \$204,306,004 were current and interim real estate tax revenues. State funding amounted to \$41,930,260 (14.43%). Federal funding amounted to \$2,337,459 (.80%).

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 (15.23%) of total District revenue.

The Food Service Program revenues are intended to offset daily operating costs to provide that service, such as labor, product, utilities and equipment.

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

	2012-2013	2011-2012	Change	% Change
Instruction	\$ 148,897,715	\$ 141,785,034	\$ 7,112,681	5.02%
Support services	74,205,171	73,384,273	820,898	1.12%
Non-instructional	5,381,420	5,275,377	106,043	2.01%
Debt service	28,735,021	28,732,632	2,389	0.01%
Refund of prior year revenues	5,782	860	4,922	572.3%
	\$ 257,225,109	\$ 249,178,176	\$8,046,933_	3.23%

The Capital Projects Fund has a total fund balance of \$28,847,042, of which \$12,882,019 is reserved for encumbrances and \$15,965,023 is designated for capital improvements.

**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 amounted to a balance of \$1,697,704, of which \$822,980 was unreserved and \$874,724 was the net investment in capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Year Ended June 30, 2013

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

Assets and liabilities remained relatively unchanged. The Board of Directors has adopted a practice to maintain a General Fund operating balance at a minimum range of 3% to 5% of the subsequent year's budget. The District's ending balance at June 30, 2013, of \$18,519,326 was 6.4% of the 2012-2013 operating budget of \$287,238,850. Management projects that the General Fund balance at June 30, 2014, will be approximately 6.4% of the 2013-2014 budget.

Local tax revenues exceeded the budgeted estimates by \$10,129,643.

Actual expenditures were \$257,225,109 as compared to a budget of \$277,868,850.

A history of ending fund balances follows:

June 30, 2004		\$11,800,000
June 30, 2005		18,200,000
June 30, 2006		19,700,000
June 30, 2007		16,816,000
June 30, 2008*		21,470,091
June 30, 2009*		26,841,685
June 30, 2010*	CONTROLLER. PRINCIPLE AND ADMINISTRA AND ADMINISTRA AND ADMINISTRA	42,299,055
June 30, 2012*	***************************************	
June 30, 2013		18,519,326

<sup>\*</sup>Includes restricted postemployment benefits.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Year Ended June 30, 2013

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The Central Bucks School District's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$438,525,709 (net of accumulated depreciation). The investment in capital assets includes land, construction in progress, site improvements, buildings and building improvements and furniture and equipment.

The District continued to address several major financial issues during the fiscal year, the most important of which was to restructure outstanding debt.

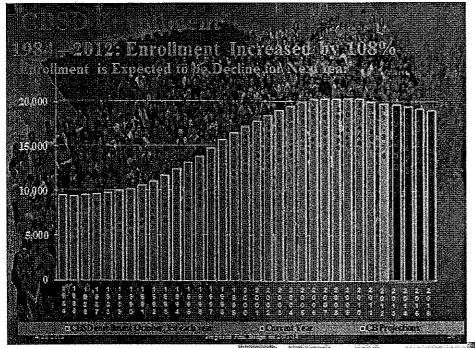
### Capital Assets, Net of Depreciation

	· _	Governmental Activities				
•	-	2013	2012			
Land	\$	13,835,164	\$ 14,138,902			
Site improvements		7,727,334	8,390,763			
Buildings and improvements		373,050,267	380,621,235			
Machinery and equipment		12,084,803 30,953,417	14,937,677			
Construction in progress		图 30,953,417	21,996,516			
		437,650,985	\$ 440,085,093			

Additional information of the Central Bucks School District's capital assets can be found in Note F on page 40 of this report.

	Business-	Type Activ	<i>i</i> ities		Totals				
	2013		2012		2013	_	2012		
\$	-	\$	_	\$	13,835,164	\$	14,138,902		
	-		_		7,727,334		8,390,763		
	-		_		373,050,267		380,621,235		
	874,724		900,776		12,959,527		15,838,453		
					12,959,527 30,953,417		21,996,516		
· -	874,724	\$	900,776	\$	438,525,709		440,985,869		

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Year Ended June 30, 2013

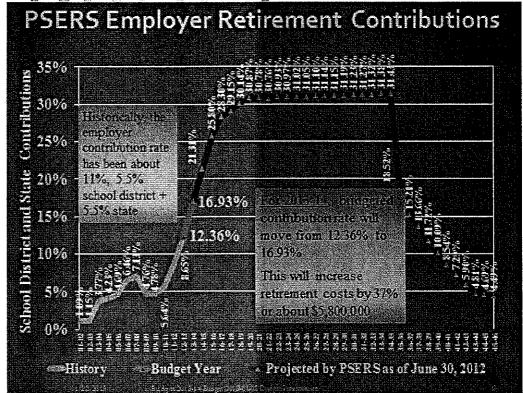


Enrollment for the 2012-13 fiscal year was 19,856 students which continues the steady enrollment decline from the peak year of 2009 at 20,456 students. Enrollment projection completed by the Pennsylvania Economy League indicate the district will continue to decline in enrollment through 2018-19 when 18.100 students are projected to be enrolled K-12.

From 2001 through 2009, the state legislature artificially suppressed the employer contribution rates in the Pennsylvania School Employee Retirement System (PSERS). It was suppressed in hope that the stock market declines from the dot com bust would rebound as increased stock market value would help offset

losses from the recession in the early part of the century. The Great Recession of 2008 compounded earlier stock market losses and consequently the funding level of the PSERS retirement system. Artificially low

employer contribution rates and stock market losses have caused the future now employer contribution rates into the PSERS system to increase dramatically. These high contribution rates will remain in place for over 25 The employer contriyears. bution rate is the percentage of gross payroll that must be contributed equally by the Central Bucks School District and the state of Pennsylvania. The increased employer contribution rate is one of the influences maior causing financial stress within the district. Luckily, over the past few years, the district is losing approximately 200 students per year due to enrollment decline. The decline is due to a reduced birthrate and the



housing construction market whose growth has slowed down considerably from the mid 2000's. The reduced student enrollment has allowed the district to reduce positions without impacting the number of students per classroom.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Year Ended June 30, 2013

At the start of the 2011-12 school year 37 school buses were outsourced from Central Bucks School District operations to First Student, the largest student transportation company in the country. This outsourcing was within the provisions of the transportation union contract.

During 2011-12, negotiations took place with the school district transportation union. Discussions centered around the ability of the school district to outsource more internal transportation operations to First Student.

An incentive of \$5,000 was given to drivers who volunteered to resign their positions with the school district. The incentive was used as a bridge for employees to purchase health care or Medicare supplements in the private market. 44 school district bus drivers were removed from district payroll as a result of the incentive. The reason for the outsourcing action is to reduce costs. Outsourcing saves the school district \$12,000 per year per bus outsourced. The savings are a result of the cost disadvantages of paying for full-time school district health care and retirement benefits for part time work.

The transportation restructuring has reduced the number of Central Bucks Bus drivers from 165 down to 84. Starting with the 2013-14 school year, the district and the school district transportation union agreed that future outsourcing would be done through attrition. As Central Bucks transportation employees resign or retire, that position would be outsourced. The benefit of this agreement is that it slows down the rate of transportation outsourcing. First Student was struggling to find drivers when large numbers of positions were given to them. It is anticipated that the outsourcing process will slow down to 5 to 8 positions per year moving forward.

The downturn in the economy and its impact on housing values has caused many homeowners within the school district to file an appeal of the assessed value (taxable value) of their real estate. The tax assessment appeals have been ongoing for the past five years. The cumulative effect of the appeal process is that the school district is losing \$6.3M per year in real estate tax revenue.

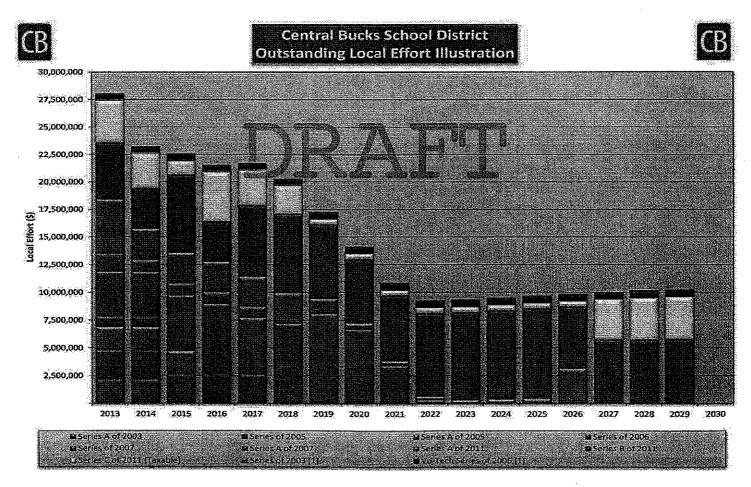
Bucks County has not conducted a study comparing current property values to their taxable value since 1972. Consequently many home owners are overpaying their real estate taxes while others are underpaying their real estate taxes. The district has initiated an appeal process with the county to increase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

When looking at the overall revenue picture, revenue lines associated with real estate (real estate tax, real estate transfer tax, interim real estate taxes) have declined in the recent past but over the past two years, real estate assessed values (taxable value) are starting to grow modestly. Investment income is at historic low points. State subsidies over the years have also declined which in turn put more pressure on local real estate taxes to maintain services. An overall economy that is growing at less than 2% per year is not producing any extra revenue at the state level. Unemployment rates over 7.5% for the past five years also places a strain on government services such as unemployment compensation, food stamps, and welfare programs. With a stressed state budget and federal budgets running trillion dollar deficits and the implementation of the federal sequestration plan, additional state or federal subsidies are unlikely over the next three to five years.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Year Ended June 30, 2013

To combat revenue losses and higher retirement system expenses, the district has eliminated positions, outsourced services, renegotiated contracts, implemented energy efficiency measures saving \$1.5M per year, made general cost reductions, restructured debt, paid off debt, and has entered into more cooperative purchasing agreements. On a brighter note, we are seeing an improvement in interim real estate taxes. This is a revenue line that is historically difficult to project since it is revenue derived from expanded real estate values through new construction or renovations to existing structures. Hopefully this is an indication of an improving economy for the long term and not just a one year movement associated with current low interest rates on mortgages.

During 2012-13 fiscal year, the district had an opportunity to restructure/prepay some of its existing debt associated with construction and renovation of school buildings. Any reductions in principal or interest payments on outstanding debt will help offset cost increases associated with the state retirement system contributions and revenue losses incurred to date.



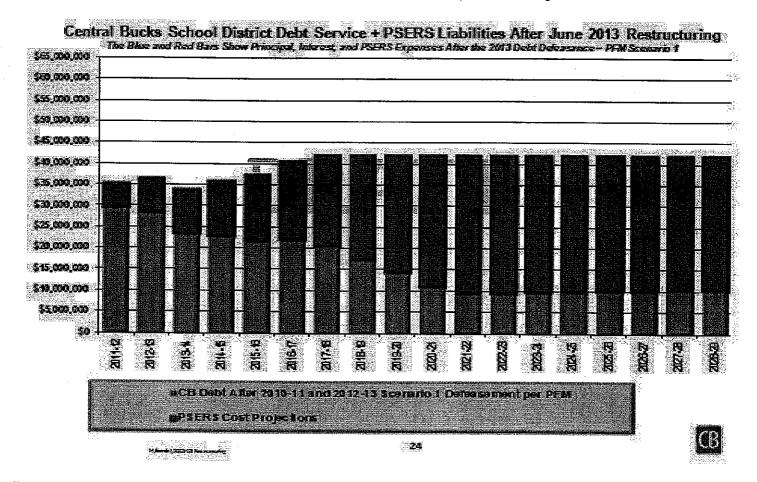
This graph shows the reduction in principal and interest payments in future years due to the restructuring of outstanding debt and prepayment of debt. Prior to the debt restructuring in 2011 and debt prepayment in 2013, the school district had principal and interest payments on outstanding debt of over \$29M per year which would have continued through fiscal year 2026-27.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended June 30, 2013

The 2012-13 school year was a busy year for the school district business office. During the year the department implemented a new financial accounting software system, developed a budget with no real estate tax increase, and developed/implemented a plan to pay off \$73M in outstanding long term debt. The reduction in future debt payments will help the school district pay for the escalating costs of the state retirement system contributions without major tax increases.

If we consider future projected payments into the state retirement system as if it were debt, the resulting graph shows an increase in costs which further illustrates the escalation of state retirement system payments in the future. In the graph below, the blue portion of each year represents the new principal and interest payment structure on existing debt, while the red portion represents projected retirement payments. As you can see, even with declining debt, the state retirement system will increase expenses through 2017-18.



During 2007-08 Moody's rating agency upgraded Central Bucks School District's financial creditworthiness from a AA2 to AA1 which is one step below AAA rating. This helped to reduce the district borrowing cost on the 2008 bond issue particularly since the bond issue was not insured by a third party. In March of 2011, the district refinanced \$170M in outstanding debt saving the district interest costs of \$1,500,000 per year on average and reducing yearly principal payments by \$1M in the near term to \$8M in 2025.

In June of 2013, the district paid off about \$73M in long term debt which will save the district about \$24M in interest expenses over the next 16 years or about \$1.5M per year. Paying off this debt early will also result in reduced principal payments of \$1M in 2013-14 to \$7M in fiscal year 2024-25.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended June 30, 2013

The interesting thing about the debt prepayment is that it may actually lower the district's credit rating since the rating agencies prefer organizations to have extra cash on hand and are less interested in reducing outstanding debt. For the school district, it is more important to realize the budgetary savings each year than to preserve a credit rating since it is not anticipated that the district will need to borrow money for construction in the near future. Paying off debt in 2013 combined with a similar effort in 2011 will go a long way towards defusing the future financial liabilities associated with the state pension crisis - at least from the Central Bucks School District perspective. Paying off debt will eliminate the need for yearly maximum real estate tax increases to meet mandated state pension contribution requirements.

Also in an effort to minimize future principal and interest payments, the district established a special long term capital account during 2012-13 to fund future large building renovations and repairs. The goal of the long term capital account is to pay for future building renovations with cash on hand instead of incurring more debt and the expenses associated with borrowing money and, of course, eliminating future interest payments.

Over the past five years, Central Bucks School District has experienced revenue losses and increased expense pressures from health care benefits and the state mandated PSERS retirement system. The convergence of these economic factors along with real estate tax limits imposed by Act 1 is creating a lot of financial stress. The good news is the district has successfully navigated through the financial storm to this point in time. Real estate tax increases have been very moderate over the last five years and there is no real estate tax increase for 2013-14. Moving forward, it is anticipated that future tax increases will be moderate, revenues will start to improve, and there should not be any major education or extracurricular program reductions.

The District continues to provide one of the lowest educational costs in south-eastern Pennsylvania, a robust curriculum, and high student achievement.

The District is planning to deal with the uncertainties of local tax reform, and a significant increase in pension costs. Pension contribution rates were 12.36% in 2012-13, and are projected to increase as follows:

Fiscal Year	Pension Rate
2013-14	16.93%
2014-15	21.31%
2015-16	25.80%
2016-17	28.30%
2017-18	29.15%

Currently, one-half of the retirement system cost is funded by the State . The District is committed to implement significant cost cutting initiatives to deal with the current and expected difficult economic times.

The contract covering the professional staff is in place through June 30, 2014. The Support staff contract is in place through June 30, 2016, and provides for annual increases to bring wages in line with existing market conditions. The Administrative staff agreement is in place through fiscal 2015-16. The transportation agreement expired June 30, 2011 is in the final stages of negotiation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Year Ended June 30, 2013

The District maintains and plans strategic and financial tactics which are developed around the District's mission statement and goals which are outlined below:



# 2013-2014 Central Bucks School District Goals

The Central Bucks Schools will provide all students with the academic and problem-solving skills essential for personal development, responsible citizenship, and life-long learning.

- 1. Strengthen the district's educational programs and services.
  - Continue to emphasize the constructs of rigor, relevance, relationships, resiliency, and reflection throughout our curriculum, instructional practices, and assessments.
  - Communicate the effective utilization of reading and writing strategies within all content areas.
  - Establish consistent grading practices and other measures of student proficiency for secondary students.
  - Implement the K-12 Educator Effectiveness system
  - Continue to embed principles of Growth Mindset in curriculum, instructional practice, and school culture.
  - Ensure the effective implementation of the PA Common Core Standards in the 2013-2014 school year.
  - Redesign the Elementary Report Card aligning it with Common Core Standards.
  - Coordinated data driven writing assessment model, beginning in elementary and extending to secondary.
  - Research service delivery models in order to increase time students receive instruction.
- 2. Improve the availability, use, and integration of technology throughout the district in both instructional and non-instructional areas.
  - Continue the use of technology to improve efficiency of district operations, communication, management and security.
  - Continue to expand and extend learning opportunities beyond the classroom (e.g. web-based, cloud-based, and virtual learning environments).
  - Investigate improved user-level security procedures while simultaneously seeking to improve usability of network systems.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Year Ended June 30, 2013

- 3. Promote positive relationships between our schools and community.
  - Improve district-wide communication by expanding the use of electronic media.
  - Utilize security systems and continue to coordinate response efforts with local municipalities.
  - Monitor new walking routes and bus stop consolidation plans.
  - Revitalize Educational Foundation and Education Alliance.
  - Identify public relation opportunities that highlight the strengths of district programs.
  - Implement the Transportation Alert System for private school students.
  - Evaluate and implement security recommendations by the Department of Homeland Security.
- 4. Respond to the educational needs of school-aged children through plans designed to provide safe, productive, and flexible learning environments.
  - Continue to implement the long range capital improvement plan to provide resources to the existing facilities.
  - Evaluate and update District security equipment and practices.
  - Maximize "Green Practices" to generate revenue, effectively manage our facilities, and practice environmental stewardship.
- 5. Strengthen the financial base of the district.
  - Direct time and resources to assist with shaping legislative issues dealing with education.
  - Pursue ways to enhance revenues, improve efficiency, and reduce expenditures while maintaining quality programs.
  - Develop funding for long term building renovation needs without borrowing money and restructuring debt.
  - Evaluate CBSD's continued participation in the Bucks/Montgomery SD Health Care Trust.
  - Implement the Patient Protection and Affordable Care Act (PPACA) and evaluate the impact on future labor contracts.
  - Research alternative (green) fuel sources for district vehicles.
  - Develop more detailed five-year budget projections including costing out scenarios for contract negotiations.
  - Implement accounting procedures for the new PDE Title IX athletic reporting requirements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Year Ended June 30, 2013

## **CHANGE IN LEADERSHIP**

Central Bucks School District had no changes in school board members during the 2012-2013 school year.

Several administrative changes did occur in the 2012-2013 school year.

#### These include:

Dr. N. Robert Laws, Superintendent retired and was replaced by Dr. Rodney Green, new to the district from East China School District in Michigan where he served as Superintendent 12+ years. In June of 2013, Dr. David Weitzel was named as the interim Superintendent placing Dr. Green.

Thomas C. McCambridge, Director of Finance was replaced by Suzanne Vincent, supervisor of accounting employed by the district in business office for the past 18 years

Building Principals, replaced with internal Assistant Principal staff members with the exception of one outside hire, Christina Lang.

#### REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Gentral Bucks District's finances 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.

STATEMENT OF NET POSITION

June 30, 2013

		Governmental Activities	_	Business-Type Activities	_	Totals
ASSETS						
Cash and cash equivalents	\$	33,200,051	\$	1,169,978	\$	34,370,029
Investments	•	25,803,412	Ψ	-	Ψ	25,803,412
Taxes receivable, net		18,535,761		_		18,535,761
Internal balances		55,607		(55,607)		10,000,701
Due from other governments		5,719,517		68,561		5,788,078
Other receivables, net		193,643		182,074		375,717
Inventories		39,927		28,088		68,015
Prepaid expenses		502,756		20,000		502,756
Capital assets		00=,, 00				002,100
Land		13,835,164		_		13,835,164
Site improvements		15,043,367		_		15,043,367
Buildings and building improvements		528,574,781		• . <del>-</del>		528,574,781
Machinery and equipment		57,539,796		2,736,647		60,276,443
Construction in progress		30,953,417		_,,		30,953,417
Accumulated depreciation		(208,285,296)		(1,861,923)		(210,147,219)
TOTAL ASSETS	-	521,711,903	-	2,267,818	-	523,979,721
Accounts payable Accrued salaries and benefits Unearned revenue Accrued interest Long-term liabilities Portion due or payable within one year Bonds payable Compensated absences Portion due or payable after one year Bonds payable Compensated absences Net OPEB obligation TOTAL LIABILITIES		17,147,036 163,107,924 1,472,201 4,313,349 206,993,513		462,919 - 107,195 - - - - - 570,114	_	6,178,893 13,612,158 607,110 961,378 17,147,036 163,578 163,107,924 1,472,201 4,313,349 207,563,627
DEFERRED INFLOWS OF RESOURCES Deferred amounts on refunding	_	8,212,590	_	_	_	8,212,590
NET POSITION						
Net investment in capital assets		272,120,420		874,724		272,995,144
Unrestricted		34,385,380		822,980		35,208,360
TOTAL NET POSITION	\$_	306,505,800	\$_	1,697,704	\$_	308,203,504

See accompanying notes to the basic financial statements.

# STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

			Program Revenues	
			Operating	Capital
		Charges for	Grants and	Grants and
Functions/Programs	Expenses	Services	Contributions	Contributions
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular programs	\$ 106,202,065	\$ 811,905	\$ 16,033,405	\$ -
Special programs	35,894,431	•	23,303,908	-
Vocational education	4,508,905	<u></u>	-	
Other instructional programs	4,264,031	-	904,558	_
Adult education programs	156,319	-	-	_
Support services	•			
Pupil personnel services	9,183,311	**	10,167	-
Instructional staff services	9,690,529	_	26,887	_
Administration services	12,003,195	-	-	-
Pupil health services	3,163,848	-	393,493	_
Business services	1,336,313	-	-	_
Operation and maintenance of plant	,,,,,,,,,			
services	21,222,628	-	_	-
Student transportation services	18,094,419	2,987,176	-	_
Central services	2,377,347	_,,	_	
Other services	232,047	_	-	-
Operation of non-instructional services				
Student activities	2,707,404	-	<del></del>	-
Community services	2,674,016	_	3,359,488	_
Facilities acquisition, construction and improvement services	9:264,248	47,242	j -	-
Debt service	7.579.280		-	1,585,267
TOTAL GOVERNMENTAL				-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
ACTIVITIES	250,554,336	3,840,323	44,031,906	1,585,267
BUSINESS-TYPE ACTIVITIES				
Food service	4,959,762	4,160,499	958,139	
TOTAL SCHOOL DISTRICT				
ACTIVITIES	\$ 255,514,098	\$ 8,000,822	\$ 44,990,045	\$ 1,585,267
				.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,

#### **GENERAL REVENUES**

Taxes

Property taxes, levied for general purposes Earned income, per capita and occupation taxes Public utility taxes

Grants and contributions not restricted to specific programs

Investment earnings

Gain on sale of capital assets

Miscellaneous

**TOTAL GENERAL REVENUES** 

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR, as restated

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

	Net (Expense)	) Revenue and Chan	ges in	Net Position		
	Governmental	Business-Type			1	
	Activities	Activities		Totals		
			•		1	
\$	(00 3EC 7EE)	dr.	•	(00.050.755)		
Ф	(89,356,755)	\$ -	\$	(89,356,755)		
	(12,590,523)	-		(12,590,523)		
	(4,508,905)	-		(4,508,905)		
	(3,359,473)	-		(3,359,473)		
	(156,319)	-		(156,319)		
	(9,173,144)	-		(9,173,144)		
	(9,663,642)	_		(9,663,642)		
	(12,003,195)	_		(12,003,195)		
	(2,770,355)	_		(2,770,355)		
	(1,336,313)	-		(1,336,313)		
	(04 000 000)					
	(21,222,628)			(21,222,628)		
	(15,107,243)	-		(15,107,243)		
	(2,377,347)	-		(2,377,347)		
	(232,047)	-		(232,047)		
	(2,707,404)	-		(2,707,404)		•
	685,472	-		685,472		
						a d
	(9,223,006)	-		(9,223,006)		
	(5,994,013)			(5,994,013)		
				Here divining days in		
	(201,096,840)	-		(201,096,840)		
	_	158,876		158,876		
	, <del></del>					
	(201,096,840)	158,876		(200,937,964)		
•			-			
				•		
	217,645,729	_		217,645,729		
	20,189,798	-		20,189,798		
	303,755	-		303,755		
	1 205 947			4 005 047		
	1,395,847	- 004		1,395,847		
	409,844	884		410,728		
	956,465			956,465		
-	725,805		_	725,805		
-	241,627,243	884	-	241,628,127		
	40,530,403	159,760		40,690,163		
-	265,975,397	1,537,944	_	267,513,341		
\$_	306,505,800	\$1,697,704	\$_	308,203,504		

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2013

	_	General Fund	_	Capital Project Fund		Debt Service Fund		Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$	20,318,032	\$	12,882,019	\$	-	\$	33,200,051
Investments		4,795,318		20,935,029		73,065		25,803,412
Taxes receivable, net		7,631,408		<u>-</u>		-		7,631,408
Due from other funds		11,052,199		8,006,980		-		19,059,179
Due from other governments		5,719,517		-		-		5,719,517
Other receivables		193,173		470		-		193,643
Inventories		39,927		<del>-</del>		-		39,927
Prepaid items	_	502,756	_	-	٠	-	_	502,756
TOTAL ASSETS	\$_	50,252,330	\$_	41,824,498	\$	73,065	\$_	92,149,893
LIABILITIES, DEFERRED INFLOWS OF RES	OURCE	ES AND FUND E	BALAN	NCES				
LIABILITIES					•			
Accounts payable	\$	3,662,161	\$	2,053,813	\$	_	\$	5,715,974
Due to other funds	•	8,079,929	*	10,923,643	*	_	*	19,003,572
Unearned revenue		499,915				_		499,915
Accrued salaries and benefits		13,612,158		_		_		13,612,158
TOTAL LIABILITIES	-	25,854,163	-	12,977,456	_	_	_	38,831,619
			4				_	
DEFERRED INFLOWS OF RESOURCES			<u>a</u>					
Unavailable revenues, property taxes	<i>.</i>	5,878,841				-	_	5,878,841
FUND BALANCES								
Nonspendable								
Inventories		39,927		_		_		39.927
Prepaid assets		502,756		_		_		502,756
Restricted for capital projects		002,700		12,882,019		_		12,882,019
Committed to				12,002,010				12,002,010
Capital projects		_		15,965,023		_		15,965,023
Future budget expenditures		495.000		-		_		495,000
Debt service		.00,000		_		73,065		73,065
Unassigned		17,481,643		_		-		17,481,643
TOTAL FUND BALANCES	-	18,519,326	<del>-</del>	28,847,042	_	73,065	_	47,439,433
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$_	50,252,330	\$_	41,824,498	\$	73,065	\$_	92,149,893
	_		_				_	

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2013

TOTAL GOVERNMENTAL FUNDS BALANCES	\$	47,439,433
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:		
Land		13,835,164
Site improvements		15,043,367
Buildings and building improvements		528,574,781
Machinery and equipment		57,539,796
Construction in progress		30,953,417
Accumulated depreciation		(208,285,296)
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		(961,378)
Bonds payable		(180,254,960)
Deferred amounts on refundings, net of amortization		(8,212,590)
Compensated absences		(1,635,779)
Net OPEB obligation		(4,313,349)
Some of the School District's revenues willabe collected after year end- but are not available soon enough to pay for the current period's		
expenditures and therefore are deferred in the funds.	_	16,783,194
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$_	306,505,800

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

		General Fund	ı	Capital Project Fund	-	Debt Service Fund	-	Total Governmental Funds
REVENUES	_						_	
Local sources	\$	246,246,213	\$	37,822	\$	53,864	\$	246,337,899
State sources Federal sources		41,930,260 2,337,459		-		-		41,930,260 2,337,459
i edelai soulces		2,007,400	•		•		•	2,007,400
TOTAL REVENUES		290,513,932	į	37,822	-	53,864		290,605,618
EXPENDITURES								
Instruction		148,897,715		-		-		148,897,715
Support services		74,205,171		1,349,550		-		75,554,721
Operation of non-instructional services		5,381,420		-		-		5,381,420
Facilities acquisition, construction and improvement services				12,217,228				12,217,228
Debt service		28,735,021		12,217,220		72,980,799		101,715,820
Refund of prior year revenues		5,782		_		,000,100		5,782
TOTAL EXPENDITURES		257,225,109	-	13,566,778		72,980,799		343,772,686
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		33,288,823		(13,528,956)	] .	(72,926,935)		(53,167,068)
OTHER FINANCING SOURCES (USES) Transfers in		490,000		16,000,000		50,000,000		66,490,000
Transfers out		(48,740,935)		(3,000,000)		· · ·		(51,740,935)
Proceeds from sale of fixed assets		4,465		952,000				956,465
TOTAL OTHER FINANCING SOURCES (USES)		(48,246,470)		13,952,000		50,000,000		15,705,530
NET CHANGE IN FUND BALANCES		(14,957,647)		423,044		(22,926,935)		(37,461,538)
FUND BALANCES AT BEGINNING OF YEAR	i e	33,476,973		28,423,998		23,000,000		84,900,971
FUND BALANCES AT END OF YEAR	\$	18,519,326	\$	28,847,042	\$	73,065	<b>\$</b>	47,439,433

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (37,461,538)
--	-----------------

Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays, net (\$13,627,669) did not exceed depreciation (\$16,051,533) in the current period.

(2,423,864)

Deferred charges are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the term lives of debt instruments as amortization expense. This is the amount by which deferred charges exceed amortization in the current period.

2,278,403

Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Deferred tax revenues decreased by this amount this year.

(471,562)

Proceeds from the bond issue are a revenue item in the Governmental Funds, but this amount increases the long-term liabilities in the statement of net position.

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.

78,970,000

The net change in the liability for the net OPEB obligation is reported in the government-wide statements but not in the Governmental Funds statements.

(721,044)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in Governmental Funds.

Accrued interest not reflected in Governmental Funds Compensated absences not reflected in Governmental Funds 417,475 (57,467)

#### CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 40,530,403

See accompanying notes to the basic financial statements.

STATEMENT OF NET POSITION PROPRIETARY FUND Year Ended June 30, 2013

	Enterprise Fund Food Service Fund
ASSETS	
CURRENT ASSETS Cash and cash equivalents Due from other governments Other receivables Inventories	\$ 1,169,978 68,561 182,074 28,088
TOTAL CURRENT ASSETS	1,448,701_
CAPITAL ASSETS  Machinery and equipment Accumulated depreciation TOTAL CAPITAL ASSETS  TOTAL ASSETS	2,736,647 (1,861,923) 874,724 
LIABILITIES	
CURRENT LIABILITIES  Due to other funds  Accounts payable  Unearned revenue  TOTAL LIABILITIES	55,607 462,919 107,195 625,721
NET POSITION  Net investment in capital assets  Unrestricted	874,724 822,980
TOTAL NET POSITION	\$ <u>1,697,704</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUND
Year Ended June 30, 2013

	Enterprise Fund
	Food
	Service Fund
OPERATING REVENUES	
Charges for services	\$ <u>4,160,499</u>
OPERATING EXPENSES	
Purchased property service	412,340
Other purchased service	4,388,548
Supplies	80
Depreciation	131,072
Other operating expenses	27,722
TOTAL OPERATING EXPENSES	4,959,762
OPERATING LOSS	(799,263)
NONOPERATING REVENUES	
Interest and investment revenue	884
State sources	122,249
Federal sources	835,890
TOTAL NONOPERATING REVENUES	959,023
CHANGE IN NET POSITION	159,760
NET POSITION AT BEGINNING OF YEAR	1,537,944_
NET POSITION AT END OF YEAR	\$ <u>1,697,704</u>

STATEMENT OF CASH FLOWS PROPRIETARY FUND Year Ended June 30, 2013

	Enterprise
	Fund
	Food
	Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 3,978,425
Cash received from supplier	162,748
Payments to suppliers	(4,695,049)
NET CASH USED BY OPERATING ACTIVITIES	(553,876)
NET CASITOSED BY OF ERATING ACTIVITIES	(333,870)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal sources	835,589
State sources	•
	122,249
NET CASH PROVIDED BY NONCAPITAL FINANCING	057.000
ACTIVITIES	957,838
CARLELONS EDOM CARITAL AND RELATED FINANCING ACTIVITIES	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition, construction and improvements of capital assets	(105,020)
CASH FLOWS FROM INVESTING ACTIVITIES  Farnings on investments	
Earnings on investments	884_
NET INCREASE IN CASH AND CASH EQUIVALENTS	299,826
CARL AND CARL TOUR AT DECUMEND OF VEAR	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	870,152
OAGULAND GAGULEGUNALENTO AT END OF VEAD	<b>#</b> 4.400.073
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>1,169,978</u>

STATEMENT OF CASH FLOWS PROPRIETARY FUND Year Ended June 30, 2013

		Enterprise Fund Food service Fund
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY		
OPERATING ACTIVITIES	\$	(799,263)
Operating loss	Φ	(199,203)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation		131,072
Donated foods		169,631
(Increase) decrease in		,
Due from other funds		
Other receivables		(33,179)
Inventories		6,882
Increase (decrease) in		·
Due to other funds		(214,599)
Accounts payable		219,215
Unearned revenue		(33,635)
NET CASH USED BY OPERATING ACTIVITIES	\$=	(553,876)
SUPPLEMENTAL DISCLOSURES		
Noncash activities		
Donated foods	\$	169,631

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS June 30, 2013

	Trust Funds	Agency Fund
ASSETS Cash and cash equivalents Investments Other receivables	\$ 97,882 5,627,659 6,104	-
TOTAL ASSETS	\$ 5,731,645	\$ 1,276,878
LIABILITIES AND NET POSITION		
LIABILITIES  Due to student groups  Other payables  TOTAL LIABILITIES	\$ 1,149,872 470 1,150,342	
NET POSITION  Held in trust for benefits and other purposes	4,581,303	3
TOTAL LIABILITIES AND NET POSITION	\$_5,731,645	<u>5                                    </u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS Year Ended June 30, 2013

	<u></u>	rust Funds
ADDITIONS Contributions Investment earnings Transfer from other funds	\$	48,114 70,598 12,740,935
TOTAL ADDITIONS		12,859,647
DEDUCTIONS Scholarships awarded Transfer to other funds TOTAL DEDUCTIONS		45,427 27,490,000 27,535,427
CHANGE IN NET POSITION	(′	14,675,780)
NET POSITION AT BEGINNING OF YEAR		19,257,083
NET POSITION AT END OF YEAR	\$	4,581,303



NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

#### NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the 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.

#### 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 the Central Bucks School District. The School District is not a component unit of another reporting entity nor coes it have any component units.

#### 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due. The financial statements for Governmental Funds are 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.

The Proprietary Fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this 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.

The Proprietary Fund distinguishes *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 Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

Trust 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.

#### **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.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

#### **Proprietary Fund**

Food Service Fund - The Food Service Fund is 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.

#### Fiduciary Funds

**Private-Purpose Trust Funds** - Private-Purpose Trust Funds account for the receipts and disbursements of monies contributed to the School District for scholarships and memorials.

Agency Fund - The Agency Fund accounts for the receipts and disbursements of monies from student activity organizations. These organizations exist at the explicit approval, subject to revocation, of the School District governing body. This accounting reflects the School District agency relationship with the student activity organizations. Accordingly, receipts and disbursements of the Agency Fund are not included in the revenues and expenditures of the School District. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

### 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.

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report 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 government has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report 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 government has two types of items that qualify for reporting in this category. The first item is the unavailable revenue, reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. The second item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### Investments

Investments, which consist of certificates of deposit and deposits in the Pennsylvania School District Liquid Asset Fund, are valued at fair value.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

### Short-Term Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the Governmental Funds balance sheet. Short-term interfund loans are classified as "interfund receivables/payables." 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.

#### **Inventories**

Inventory of the General Fund, consisting principally of textbooks and instructional supplies, is not valued, since it is the consistent policy to charge these items to expense upon acquisition.

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.

### Capital Assets and Depreciation

Capital assets, which include property plant, equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The School District defines a capital asset as an asset with an initial, individual cost equal to or greater than \$15,000 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.

Property, plant and equipment of the School District are depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements, buildings and building improvements	15-40
Furniture, fixtures and equipment	5-15
Vehicles	8

#### **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.

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

#### **Long-Term Obligations**

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

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

#### **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.

#### Net Position

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

#### 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

#### GASB Statement No. 54

As of June 30, 2011, the School District adopted GASB Statement No. 54, which redefined how fund balances of the Governmental Funds are presented in the financial statements. Fund balances are classified as follows:

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

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

The details of the fund balances are included in the Governmental Funds balance sheet (page 20). Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of Directors. The School District does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

#### Change of Accounting Principles

During the year ended June 30, 2013, the School adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities.* 

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

#### NOTE B CASH AND INVESTMENTS

#### <u>Cash</u>

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 does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$23,890,959 of the School District's bank balance of \$37,489,822 is uninsured and collateralized with securities held by the pledging bank's trust department not in the School District's name and \$338,190 is uninsured and uncollateralized. The uninsured and uncollateralized funds are placed with the Pennsylvania School District Liquid Asset Fund (PSDLAF).

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

#### **Investments**

As of June 30, 2013, the School District had the following investments and maturities:



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

Obligations of (1) 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, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

The School District's investment policy does not further limit its investment choices. As of June 30, 2013, the School District's investment in the state investment pool was rated AAA by Standard & Poor's.

Concentration of Credit Risk - More than 5% of the School District's investments are in 2008 PSDLAF, 2008 First Niagara, Sovereign Bank and TD Post-Employment accounts. These amounts are 6.51%, 36.33%, 26.50% and 11.85% respectively, of the School District's total investments.

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

### NOTE C TAXES - REAL ESTATE AND OTHER

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 1% 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
	September 1 to October 31
	October 31 to collection - 10% of gross levy
	January 1

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

### NOTE D ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 20/3 consisted of taxes, interest, other revenue and intergovernmental grants and entitlements. All receivables are considered fully collectible due to the ability to lien property for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

A summary of accounts receivable by fund is as follows:

	General Fund	Food Service Fund
Real estate taxes Due from other governments Other receivables	\$ 7,631,408 5,719,517 193,173	\$ - 68,561 182,074
	\$ <u>13,544,098</u>	\$ 250,635

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

# NOTE E INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2013, is as follows:

#### Due to/from Other Funds

Receivable Fund	Payable Fund	_	Amount
General Fund	Food Service Fund	\$	128,556
General Fund	Capital Project Fund		10,923,643
Capital Project Fund	General Fund		8,006,980
Food Service Fund	General Fund	_	72,949
		\$_	19,132,128

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

# **Interfund Transfers**

The School District typically transfers funds from the General Fund to the Capital Project Fund to pay for improvements and capital acquisitions. The transfers from the General Fund to the Trust and Agency Funds were for future benefits of student groups and scholarship funds. Transfers to the Debt Service Fund were for debt service defeasance on General Obligation Bonds.

Transfer In	Transfer Out	_	Amount
Capital Project Fund	General Fund	\$	16,000,000
Debt Service Fund	General Fund		20,000,000
Debt Service Fund	Capital Projects		3,000,000
Debt Service Fund	Trust and Agency Funds		27,000,000
Trust and Agency Funds	General Fund		12,740,935
General Fund	Trust and Agency Funds	-	490,000
		\$_	79,230,935

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

## NOTE F CAPITAL ASSETS

A summary of changes in capital as	se		ws:					Balance
		Balance		A .1.30/		D-1-#		
	-	July 1, 2012	-	Additions	_	Deletions	-	June 30, 2013
GOVERNMENTAL ACTIVITIES								
Capital assets not being depreciated								
Land	\$	14,138,902	\$	-	\$	(303,738)	\$	13,835,164
Construction in progress		21,996,516	_	8,956,901	_			30,953,417
TOTAL CAPITAL ASSETS NOT	-							
BEING DEPRECIATED	_	36,135,418	_	8,956,901	_	(303,738)	_	44,788,581
Capital assets being depreciated								
Site improvements		15,053,611		-		(10,244)		15,043,367
Buildings and building improvements		525,619,846		2,954,935		-		528,574,781
Machinery and equipment		56,068,422		2,019,571		(548,197)		57,539,796
TOTAL CAPITAL ASSETS	-		-		_		•	
BEING DEPRECIATED		596,741,879		4,974,506		(558,441)		601,157,944
Accumulated depreciation	-				_		•	
Site improvements		(6,662,848)		(653,185)		10,244		(7,305,789)
Buildings and building improvements		(144,998,611)		(10,525,903)		-		(155,524,514)
Machinery and equipment		(41,130,745)		(4,872,445)		548,197		(45,454,993)
TOTAL ACCUMULATED				e grande state	_		•	
DEPRECIATION	Ì	(1,92,7,92,204)		(16,051,533)		558,441		(208,285,296)
TOTAL CAPITAL ASSETS	, -				_		-	
BEING DEPRECIATED net	<u>.</u>	403,949,675		( <u>11077,</u> 027)		(558,441)		392,872,648
GOVERNMENTAL ACTIVITIES **			<del>-</del>		_		•	
CAPITAL ASSETS, net		440,085,093		(2,120,126)		(862,179)		437,661,229
	-		•	<del> </del>	_		•	
BUSINESS-TYPE ACTIVITIES								
Capital assets being depreciated								
Machinery and equipment		2,631,627		105,020		-		2,736,647
Accumulated depreciation		(1,730,851)		(131,072)		-		(1,861,923)
BUSINESS-TYPE ACTIVITIES	-	· ·	•		_		•	
CAPITAL ASSETS, net	-	900,776	-	(26,052)	_			874,724
CAPITAL ASSETS, net	\$_	440,985,869	\$_	(2,146,178)	\$=	(862,179)	\$	438,535,953

# Depreciation expense was charged to governmental functions as follows:

,		
INSTRUCTION	_	
Regular programs	\$	1,800,982
SUPPORT SERVICES		
Operation and maintenance of plant services		176,567
Student transportation services		1,235,968
Central services		317,820
FACILITIES ACQUISITION, CONSTRUCTION		
AND IMPROVEMENT SERVICES	_	12,520,196
	\$	16,051,533

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

#### NOTE G 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.

On June 25, 2013, the School District paid cash to advanced refund portions of General Obligation Bonds, Series A of 2007 (\$12,965,000), Series A of 2011 (\$28,210,000) and Series C of 2011 (\$20,030,000), and pay the costs and expenses of defeasing the bonds. The advance refunding was undertaken to create overall relief of PSERS costs and reduce total debt service payments, starting in 2016-2017 by \$88,732,054 and resulted in an economic gain of \$64,534,436.

The School District will defease certain bonds by placing the proceeds of new bonds or district cash in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the general purpose financial statements. At June 30, 2013, the School District's portion of bonds outstanding that are considered defeased is \$1,2000.

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

Year Ending June 30,		Principal	_	Interest	-	Totals
2014	\$	16,125,000	\$	7,624,807	\$	23,749,807
2015	_	15,845,000		6,997,226		22,842,226
2016		15,470,000		6,298,203		21,768,203
2017		16,230,000		5,636,003		21,866,003
2018		15,315,000		5,248,913		20,563,913
2019 to 2023		42,205,000		16,944,200		59,149,200
2024 to 2028		38,715,000		8,145,950		46,860,950
2029	_	9,430,000		444,160	_	9,874,160
	\$	169,335,000	\$	57,339,462	\$	226,674,462

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

#### NOTE H CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Interest
GENERAL OBLIGATION BONDS	
Series A of 2011	3.00% to 5.00%
Series B of 2011	3.00% to 5.00%
Series C of 2011	1.50% to 5.20%
Series A of 2007	4.00% to 4.20%
Series of 2007	3.50% to 5.00%
Series of 2006	5.00%
Series A of 2005	3.00% to 3.75%
Series of 2005	3.00% to 5.00%
Series A of 2003	1.50% to 4.00%
TOTAL GENERAL OBLIGATION BONDS	
Bond premium	
TOTAL GENERAL OBLIGATION BONDS, net	

OPEB OBLIGATION

**TOTAL LONG-TERM LIABILITIES** 

# NOTE I DEFERRED INFLOW OF RESOURCES AND UNAVAILABLE AND UNEARNED REVENUE

#### General Fund

Unavailable revenues represent primarily delinquent taxes 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 unearned revenue.

At June 30, 2013, deferred inflow of resources consisted of delinquent taxes receivable of \$5,878,841 and the unearned revenue consisted of other donations and grants of \$499,915.

#### Food Service Fund

Unearned revenues represent food received in the School District's food service operations that is on hand at June 30, 2013. Such revenues will be recognized when the food commodities are used.

	Beginning			Ending		Due Within
_	Balance	Additions	Reductions	Balance		One Year
_						
\$	48,460,000	\$ -	\$ (31,225,000)	\$ 17,235,000	\$	2,160,000
	71,350,000	<b>-</b> ,	(2,015,000)	69,335,000		525,000
	44,440,000	-	(22,175,000)	22,265,000		2,435,000
	17,665,000	-	(13,845,000)	3,820,000		915,000
	41,055,000	-	(2,220,000)	38,835,000		2,270,000
	1,965,000	-	(955,000)	1,010,000		1,010,000
	6,565,000	-	(2,110,000)	4,455,000		2,185,000
	12,330,000	-	(2,230,000)	10,100,000		2,345,000
	4,475,000	-	(2,195,000)	2,280,000		2,280,000
-	248,305,000	_	(78,970,000)	169,335,000		16,125,000
	11,941,996	-	(1,022,036)	10,919,960		1,022,036
_	260,246,996		(79,992,036)	180,254,960 1,635,779		17,147,036
	1,578,312	57,467		1,635,779		163,578
-	3,592,305	721,044		4,313,349		-
\$_	265,417,613	\$ 778,511	\$ (79,992,036)	\$ 186,204,088	\$_	17,310,614

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

#### NOTE J PENSIONS

School districts in the Commonwealth of Pennsylvania participate in a state administered pension program. Under the program, contributions are made by each of three parties--the School District, the state and the employee. All full-time employees of the School District and part-time employees who meet certain minimum employment requirements participate in the program.

#### Plan Description

Name of Plan: Public School Employees' Retirement System (the "System").

Type of Plan: Governmental cost-sharing multiple-employer 401(a) defined benefit plan.

**Benefits**: Retirement and disability, legislatively mandated ad hoc cost-of-living adjustments, healthcare insurance premium assistance to qualifying annuitants.

Authority: The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa. C. S. 8101-9102).

Annual Financial Report. The System issues a Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Beth Girman, Office of Financial Management, Public School Employees' Retirement System, 5 North 5th Street, Harrisburg, PA 17101-1905 or by emailing Beth at bgirman@pa.gov. The CAFR is also available on the publications page of the PSERS website, www.psers.state.pa.us.

#### **Funding Policy**

**Authority**: The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers and the Commonwealth.

#### **Contribution Rates**

#### **Member Contributions**

- Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

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

**Employer Contributions**: Contributions required of employers are based upon an actuarial valuation. For the fiscal year ended June 30, 2013, the rate of employer's contribution was 12.36% of covered payroll. The 11.50% rate is composed of a pension contribution rate of 11.50% for pension benefits and .86% for healthcare insurance premium assistance.

The School District's contribution to PSERS for the years ended June 30, 2013, 2012 and 2011, was \$14,736,139, \$10,179,351 and \$7,418,440, respectively, equal to the required contribution for each year.

## NOTE K POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

### **Plan Description**

The School District provides medical and prescription drug insurance benefits to eligible retired employees, spouses and dependents through a single-employer defined benefit plan. The benefits, benefits level, employee contribution and employer contribution are administered by School District Supervisors and can be amended by the School District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as 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.

#### Annual OPEB Cost and Net OPEB Obligation

The School District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

The components of the School District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the School District's net OPEB obligation to the plan are as follows:

Normal cost			\$	1,500,518
Amortization of un	funded actuarial accrued liabili	ty		1,315,779
ANI	NUAL REQUIRED CONTRIBU	TION (ARC)	_	2,816,297
Interest on net OP	EB obligation	, ,		161,654
Adjustment to ARC				(247,598)
ANI	NUAL OPEB EXPENSE		_	2,730,353
Net OPEB contribu	utions during the year			(2,009,309)
INC	REASE IN NET OBLIGATION			721,044
Net OPEB obligati	on at beginning of year			3,592,305
NE"	COPEB OBLIGATION AT END	OF YEAR	\$	4,313,349
146	OF ED OBEIGATION AT LINE		Ψ=	1,010,010
		Doroontogo		
		Percentage of Annual		
Voor Ended	AI			Net OPEB
Year Ended	Annual	OPEB Cost		
June 30,	OPEB Cost	Contributed	-	Obligation
			_	
2011	\$ 2,384,977	92.60%	\$	3,304,942
2012	2,628,909	89.07%		3,592,305
2013	2,730,353	73.59%		4,313,349

#### Funded Status and Funding Progress

As of June 30, 2012, the actuarial accrued liability for benefits was \$48,295,263 and the actuarial value of assets was \$0, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$136,738,545, and the ratio of the UAAL to the covered payroll was 35.3%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information on page 52, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

#### **Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.5% initially, reduced by decrements of 0.5% to an ultimate rate of 4.5% after eight years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013, was 26 years.

# NOTE L COMMITMENTS AND CONTINGENCIES.

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

#### NOTE M 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 employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

#### NOTE N PRIOR PERIOD ADJUSTMENT

For the year ended June 30, 2013, the School District has adopted GASB Statement No. 65, which states that debt issuance costs should be recognized as an outflow of resources in the period incurred rather than recognized over the life of the debt incurred.

For the government-wide governmental activities, the School District is treating debt issuance costs of \$3,655,020 previously incurred as having been recognized in the period incurred. As a result, the prior period's amortization expense decreased by \$158,529, which increased the prior period's change in net position by \$158,529. The School District has adjusted beginning net position for the governmental activities from \$268,347,188 to \$265,975,397.



# REQUIRED SUPPLEMENTARY INFORMATION

# DRAFT

BUDGETARY COMPARISON SCHEDULE GENERAL FUND

Year Ended June 30, 2013

	Budgeted Original	l Amounts Final	Actual	Variance With Final Budget Positive (Negative)		
REVENUES	<b>A</b> 040 000 000	A 000 440 E70	<b>#</b> 040 040 040	e 40.400.640		
Local sources	\$ 243,098,298 41,266,265	\$ 236,116,570 47,835,280	\$ 246,246,213 41,930,260	\$ 10,129,643 (5,905,020)		
State sources Federal sources	1,973,579	2,107,000	2,337,459	230,459		
rederal sources	1,973,079	2,107,000	2,337,439	230,433		
TOTAL REVENUES	286,338,142_	286,058,850	_290,513,932	4,455,082		
EXPENDITURES						
Instruction	158,162,165	157,829,701	148,897,715	8,931,986		
Support services	85,790,945	85,008,693	74,205,171	10,803,522		
Operation of non-instructional services	5,800,010	5,645,434	5,381,420	264,014		
Debt service	28,735,022	28,735,022	28,735,021	1		
Refund of prior year revenues	<del>,-</del>	-	5,782	(5,782)		
Budgetary reserve	350,000	650,000	_	650,000		
TOTAL EXPENDITURES	278,838,142	277,868,850	257,225,109	20,643,741		
EXCESS OF REVENUES						
OVER EXPENDITURES	7,500,000	8,190,000	33,288,823	25,098,823		
OTHER FINANCING SOURCES (USES) Transfers in Transfers out	700,000 (9,500,000)	490,000 (9,370,00 <u>0</u> )	490,000 (48,740,935)	- (39,370,935)		
Proceeds from sale of fixed assets			4,465	4,465		
TOTAL OTHER FINANCING SOURCES (USES)	(8,800,000)	(8,880,000)	(48,246,470)	(39,366,470)		
NET CHANGE IN FUND BALANCE	\$(1,300,000)	\$(690,000)	\$ <u>(14,957,647)</u>	\$ (14,267,647)		
FUND BALANCE AT BEGINNING OF YEAR			33,476,973			
FUND BALANCE AT END OF YEAR			\$18,519,326			

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION Year Ended June 30, 2013

#### NOTE A 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.
- 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 Special Revenue Funds. 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).

POSTEMPLOYMENT BENEFITS OTHER THAN PENSION FUNDING PROGRESS Year Ended June 30, 2013

## SCHEDULE OF FUNDING PROGRESS

			(b) Entry Age								(f) L as a
Valuation Date July 1,	 (a) Actuarial Value of Assets	_	Actuarial Accrued Liability (AAL)	_	(c) Unfunded AAL (UAAL) (b)-(a)	Fun Ra	d) ided atio /(b)	_	(e) Covered Payroll	of C Pa	entage overed syroll )/(e)
2008 2010 2012	\$ -	\$	38,759,208 35,548,015 48,295,263	\$	38,759,208 35,548,015 48,295,263		0% 0% 0%	\$	137,907,578 136,101,124 136,738,545	2	28.11% 26.12% 35.32%

# DRAFII

#### Independent Auditors' 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 Directors Central Bucks School District Doylestown, Pennsylvania

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Central Bucks School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Central Bucks School District's basic financial statements, and have issued our report thereon dated \_\_\_\_\_\_\_\_.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Central Bucks School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

Oaks, Pennsylvania

# Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With OMB Circular A-133

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

#### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the Central Bucks School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Central Bucks School District's major federal programs for the year ended June 30, 2013. The Central Bucks School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

## Management's Responsibility

Management is responsible for compliance with the requirements of laws regulations, contracts and grants applicable to its federal programs.

#### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Central Bucks School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Central Bucks School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### Opinion on Each Major Federal Program

In our opinion, the 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, 2013.

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

#### REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Central Bucks School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Central Bucks School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Central Bucks School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 charges with governance.

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

#### Purpose of this Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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# SUPPLEMENTARY INFORMATION - MAJOR FEDERAL AWARD PROGRAMS AUDIT

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SCHEDULE OF EXPENDITURES OF FEDERAL AND CERTAIN STATE AWARDS Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates
U.S. DEPARTMENT OF EDUCATION			
Passed through the Pennsylvania Department of Education Title I - Improving Basic Programs	84.010	013-130069	July 1, 2012 to September 30, 2013
Title III	84.365	010-13069	July 1, 2012 to September 30, 2013
Title III	84.365	010-12069	July 1, 2011 to September 30, 2012
Title II - Improving Teacher Quality	84.367	020-130069	July 1, 2012 to September 30, 2013
Title II - Improving Teacher Quality	84.367	020-120069	July 1, 2011 to September 30, 2012
Passed through the Bucks County Intermediate Unit #22 IDEA	84.027		July 1, 2012 to June 30, 2013
IDEA	84.027		July 1, 2011 to June 30, 2012
IDEA Section 619	841173	31-120022	July 1, 2012 to June 30, 2013
IDEA Section 619	84.173	131-120022	July 1, 2011 to June 30, 2012
Passed through the Pennsylvania Department of Education Access TOTAL FORWARD	93.778		
PENNSYLVANIA DEPARTMENT OF EDUCATION			
Food Nutrition Service	N/A	510	July 1, 2012 to June 30, 2013
Food Nutrition Service	N/A	510	July 1, 2011 to June 30, 2012
Food Nutrition Service	N/A	511	July 1, 2012 to June 30, 2013
Food Nutrition Service	N/A	511	July 1, 2011 to June 30, 2012
Food Nutrition Service	-N/A	512	July 1, 2011 to June 30, 2012
SUBTOTAL FORWARD	•		Julio 30, 2012

Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2012	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2013	
\$ 603,638	\$ 567,048	\$ -	\$ 603,604	\$ 603,604	\$ 36,556	
26,887	26,887	-	26,887	26,887	-	
29,124	13,999	13,999	•	-	•	
300,954	241,211	~.	300,954	300,954	59,743	
291,761	57,342	57,342	_	-	-	
2,556,519	2,018,874	-	2,556,519	2,556,519	537,645	
2,606,380	247,380	2274380			-	
10,167	-		10,167	10,467	10,167	
20,991	20,991	20,991	· -	-		
,	21,919 3,215,651	339,712	36,600 3,534,731	36,600 3,534,731	14,681 658,792	
N/A	107,126	-	115,195	115,195	8,069	
N/A	33,461	8,858	24,603	24,603	-	
N/A	6,657	-	7,286	7,286	629	
N/A	1,405	926	479	479	-	
N/A	5,577	4,502	1,075	1,075	<u> </u>	
	\$ 154,226	\$14,286_	\$ 148,638	\$ 148,638	\$8,698	

# SCHEDULE OF EXPENDITURES OF FEDERAL AND CERTAIN STATE AWARDS Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates
U.S. DEPARTMENT OF EDUCATION TOTAL FORWARDED			
PENNSYLVANIA DEPARTMENT OF EDUCATION SUBTOTAL FORWARDED			
Food Nutrition Service	N/A	513	July 1, 2012 to June 30, 2013
Food Nutrition Service  TOTAL PENNSYLVANIA DEPARTMENT OF EDUCAT	N/A	513	July 1, 2011 to June 30, 2012
,	1014		
U.S. DEPARTMENT OF AGRICULTURE Passed through the Pennsylvania Department of Education			
Reg/Ndy Breakfast	10.553	365	July 1, 2012 to June 30, 2013
Reg/Ndy Breakfast	10.553	365	July 1, 2011 to June 30, 2012
Lunch Hi/Low	10.555	362	July 1, 2012 to June 30, 2013
Lunch Hi/Low	10.555	362	July 1, 2011 to June 30, 2012
Passed through the Pennsylvania Department of Agriculture National School Lunch Program	10.555	N/A	June 50, 2012
TOTAL U.S. DEPARTMENT OF AGRICULTURE			

TOTAL FEDERAL AND STATE AWARDS

Less state awards

**TOTAL FEDERAL AWARDS** 

Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2012	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2013	
	\$ 3,215,651	\$ 339,712	\$ 3,534,731	\$_3,534,731_	\$ 658,792	
	154,226	14,286	148,638	148,638	8,698	
N/A	18	· •	18	18	-	
N/A	140_	49	91_	91		
	154,384	14,335	148,747_	148,747	8,698	
N/A	68,594	-	73,992	73,992	5,398	
N/A	4,824	4,824	-	- -	-	
N/A	836,527		890/992	890,992	54,465	
N/A	63,139	63,139	-	-	-	
N/A	162,748 1,135,832	(26,471) 41,492	169,631 1,134,615	169,631 1,134,615	(19,588) 40,275	
	4,505,867	395,539	4,818,093	4,818,093	707,765	
	(154,384)	(14,335)	(148,747)	(148,747)	(8,698)	
	\$ 4,351,483	\$ 381,204	\$ 4,669,346	\$ 4,669,346	\$ 699,067	

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND CERTAIN STATE AWARDS Year Ended June 30, 2013

#### NOTE A ORGANIZATION AND SCOPE

The federal programs as listed in the schedule of expenditures of federal and certain state awards are accounted for by the School District in the General Fund for U.S. Department of Education programs and in the Food Service Fund for U.S. Department of Agriculture programs.

#### NOTE B DONATED FOODS

Donated foods were valued according to cost estimates provided by the U.S.D.A.



SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2013

#### A. SUMMARY OF AUDITORS' RESULTS

- 1. The auditors' report expresses an unmodified opinion on the financial statements of the Central Bucks School District.
- No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' 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.
- 3. No instances of noncompliance material to the financial statements of the Central Bucks School District were disclosed during the audit.
- 4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With OMB Circular A-133.
- 5. The auditors' report on compliance for the major award programs for the Central Bucks School District expresses an unmodified opinion.
- 6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7. The programs tested as major programs were:

Program

CFDA

Improving Teacher Quality State Grants
Child Nutrition Cluster

84.367
10.553, 10.555

- 8. The threshold used for distinguishing Types A and B programs was \$300,000.
- The Central Bucks School District was determined to be a low-risk auditee.

#### B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

# OTHER POSTEMPLOYMENT BENEFITS PROGRAM

GASB 45 Actuarial Valuation as of July 1, 2012

\$64.1M needed to fund the total O.P.E.B. liability.

The actuarial recommendation is to fund \$4,313,349 per year.

We currently have \$3,769,660 set aside for O.P.E.B. as of September 30, 2013



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Employee Benefits Consultants and Actuaries

601 Dresher Road, Suite 201

Horsham, Pennsylvania 19044-2203

October 1, 2013

Mr. David W. Matyas Business Administrator Central Bucks School District 20 Welden Drive Doylestown, PA 18901

Re: Plan of Benefits for Central Bucks School District

Dear Dave:

This report contains the results of our GASB 45 Actuarial Valuation of the Other Postemployment Benefits Program for Central Bucks School District as of July 1, 2012. This valuation determines the Annual OPEB Cost for the July 1, 2013 to June 30, 2014 and July 1, 2014 to June 30, 2015 fiscal years.

Highlights of the valuation along with our comments and certification are detailed in the Discussion section of this Report.

Sincerely,

Ronald C. Stokes

F.S.A., M.A.A.A.

Enrolled Actuary No. 11-05287

Ronald C. Stokes

Gabriel J. Zinni

/jas

cbsrsgasb45.712.rpt.wpd

# PLAN OF BENEFITS FOR CENTRAL BUCKS SCHOOL DISTRICT

# GASB 45 ACTUARIAL VALUATION as of July 1, 2012

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# PLAN OF BENEFITS FOR CENTRAL BUCKS SCHOOL DISTRICT

#### **GASB 45 ACTUARIAL VALUATION**

#### **BACKGROUND**

Government entities which sponsor postemployment defined benefit health and welfare plans realize that the cost of these postemployment benefits can be significant. As life expectancy increases and medical technology becomes more sophisticated, costs for future retirees can significantly exceed the cost of similar benefits for active employees today. Most postemployment health care plans for public employees operated on a pay-as-you-go (cash) basis, in which the cost of the benefits was recognized only when the benefits were paid to the retirees. This method effectively defers the cost of the postemployment benefits for many years. Central Bucks School District has post-employment medical and prescription drug coverage for eligible participants who retire with full eligibility for an unreduced pension from the Pennsylvania School Employees Retirement System (PSERS). Teachers and administrators are eligible for these benefits if they work 15 years for Central Bucks School District. Transport personnel are eligible for these benefits if their age plus years of service are at least equal to 65.

The cost of these benefits must be recognized during an active participant's employment once Statement No. 45 of the Governmental Accounting Standards Board becomes effective. If a segregated trust is used, the employer contributions to the plan must be irrevocable and plan assets can only be used to provide the other postemployment benefits to the retirees and their beneficiaries.

#### **INTRODUCTION TO GASB 45**

The Governmental Accounting Standards Board (GASB) determines the various principles required to assemble the information presented in a public employer plan's or public employer's financial statements, better known as generally accepted accounting principles (GAAP). Due to the increasing number and size of public employer postemployment health benefit plans, the Board issued GASB Statement No. 45 (GASB 45) in 2004. To improve the accuracy, consistency and usefulness of public employer financial statements, this statement requires recognition of the cost of the non-pension postemployment benefits, called "Other Postemployment Benefits" (OPEB), during the time that the employee's service is being rendered. The employee's cost to the employer is no longer deferred but is matched to the value of his services while working. This statement is similar to previous statements issued concerning non-pension postretirement benefits, such as Financial Accounting Standards Board (FASB) Statement 106 (now FASB Accounting Standards Codification (ASC) 715-60) for private employers and Statement of Position 92-6 (now FASB ASC 965) for multiemployer plans that provide postretirement benefits.

GASB 45 applies not just to state and local governments in their capacity as employers but to other public entities, such as public utilities, public hospitals, school districts and most colleges and universities. School districts in Pennsylvania are required by law to comply with GAAP, and therefore with GASB 45. GASB 45 actuarial valuation reports are not required in cases where a GASB 43 report, which covers accounting for non-pension postemployment benefits by the plans themselves, is already publicly available. However, if a public employer has an OPEB plan and sets up a separate trust for the benefits and the trust assets are included in the employer's financial statements, the public employer must comply with both GASB 43 and GASB 45. Only one report would be needed in this case because GASB 43 and GASB 45 require disclosure of essentially the same information.

Implementation of this GASB 45 Statement was required in three phases based on total annual revenues of the government entity in the first fiscal year ending after June 15, 1999. Phase 1 governments, whose annual revenues are at least \$100 million, must comply with this statement in the first fiscal year beginning after December 15, 2006. Phase 2 governments, whose annual revenues are at least \$10 million but less than \$100 million, must comply with this statement in the first fiscal year beginning after December 15, 2007. Phase 3 governments, whose annual revenues are less than \$10 million, must comply with this statement in the first fiscal year beginning after December 15, 2008. Central Bucks School District had total revenues of \$131,211,472 in the fiscal year ending June 30, 1999. Therefore, Central Bucks School District is a Phase 1 government entity and compliance was required to begin no later than the July 1, 2007 to June 30, 2008 fiscal year.

In effect, this Accounting Standard requires employers to change from the pay-as-you-go accounting method to an accrual basis recognition for all postemployment benefits other than pensions (OPEB). For purposes of this Statement, OPEB includes (a) postemployment healthcare benefits, including medical, dental, vision, hearing, and other health-related benefits, whether provided separately or provided through a defined benefit pension plan, and (b) other forms of postemployment benefits, e.g., life insurance, disability, long-term care, tuition assistance, day care, legal services, and other benefits when provided separately from a defined benefit pension plan. This Statement does not cover special termination benefits or unused sick leave unless they are converted to provide or enhance OPEB.

As with pensions, the cost of providing benefits under a defined benefit OPEB plan (as opposed to a defined contribution OPEB plan, in which benefits are limited to an account balance of contributions accumulated with investment earnings to retirement) should be recognized over the full period of the employee's service, a process known as attribution. The principles involved in estimating this liability are similar to those for pension plans. However, the benefit payments, and therefore the liabilities, can vary more widely in an OPEB plan than in a pension plan. This year to year variation occurs because many health plans do not set limits on benefits, the average level of utilization can change significantly over time, and the benefits paid by the plan are affected by medical technology, medical inflation rates, demographics, cost sharing arrangements and plan amendments.

Another complication in measuring this future liability and the associated annual cost deals with the selection of the health-related actuarial assumptions. In addition to the standard actuarial assumptions chosen for defined benefit pension plans, such as life expectancy, turnover, disability and other demographic factors, actuaries for postemployment health plans must also choose per capita claim rates by age and the medical inflation rate. The use of these additional assumptions creates more opportunity for experience to vary from the expected results. For that reason, GASB 45 requires a disclosure that the assumptions are long-range estimates only and that these assumptions are subject to periodic review and revision.

The projected future benefits using these assumptions are then discounted to a present value using an appropriate discount rate and allocated over the service lifetime of the employees. For funded plans, this discount rate should be the expected rate of return of the plan assets. For unfunded plans, it should be the expected long-term investment rate on the employer's assets. Since public employer assets can be invested only in government bonds for Pennsylvania-based school districts, the assumed investment return is 3.5% based on the current 30-year treasury bond rates.

Instead of only one prescribed actuarial cost method, GASB 45 allows a choice of several methods for allocating the cost of the projected benefits over the working lifetime of the employee. These cost methods, which are also used for defined benefit pension plans, include entry age normal, frozen initial liability, attained age normal, individual level premium, projected unit credit, and pure aggregate. Some of these methods allocate each employee's cost to each individual employee's working lifetime and some do this allocation only in the aggregate. The demographic characteristics of the active group are helpful in determining which method is appropriate. The cost may be allocated as a level dollar amount or a constant percentage of the employee's salary each year. The determination usually depends on whether the postemployment benefits are salary-related. For funding methods that allocate some of the cost to past service, an actuarial accrued liability is created. The excess of this liability over plan assets becomes an unfunded actuarial accrued liability (UAAL). Components of this UAAL must be amortized over a period of time which must not be more than 30 years.

For the purposes of this valuation, the entry age normal funding method, with cost allocated as a level percentage of salary, was retained. All components of the UAAL are now amortized as a level percentage of salary. This method produces lower initial amortization amounts, but they increase with the assumed salary scale each year.

When this Statement became effective, each public employer was assigned a net debt of zero for its non-pension postemployment benefits (OPEB). This is called the Net OPEB Obligation. Each employer was also assigned an Annual Required Contribution (ARC), which is the cost of the OPEB assigned to the current year under the selected funding method, plus the amount to amortize the UAAL over not more than 30 years. The Net OPEB Obligation, if any, is accumulated with interest, which is added to the ARC to determine the Annual OPEB Cost. This Annual OPEB Cost is then offset against employer

contributions for the fiscal year. Contributions can take the form of benefit payments made directly to retired participants, payments to an insurer to provide the postemployment benefits, or contributions to a segregated trust. When contributions are less than the Annual OPEB Cost, the shortfall is added to the Net OPEB Obligation. This Obligation grows with additional contribution shortfalls and interest, and is reported as a debt owed by the government entity in its subsequent financial statements. The amortization of the Net OPEB Obligation then serves to increase the Annual OPEB Cost for future years. If not funded, this Net OPEB Obligation can accumulate to a level where it negatively impacts the public employer's ability to borrow.

Besides presenting the Annual OPEB Cost and the Net OPEB Obligation, the Fund is required to report Required Supplementary Information (RSI). This includes the actuarial value of assets, the unfunded actuarial accrued liability and a schedule of funding progress. This schedule is similar to the one required under GASB 27 for defined benefit pension plans of public employers and under GASB 43 for any non-pension postretirement benefit plans of public employers. The Annual OPEB Cost and the corresponding percentage of that cost covered by the employer's contribution are shown by year. The liabilities include not only the obligations for existing retirees, but also include a prorated liability for active employees who have not yet retired.

Any OPEB provided by Central Bucks School District must be disclosed according to GASB 45. Under GASB 45, the real cost of the postemployment benefits programs must be determined and reflected in the financial statements of public employers. Plan sponsors may discover that their Annual OPEB Cost will far exceed the current annual cost of active and retiree benefit payments. This cost increase can occur because the medical trend rates can significantly exceed the interest rate used to discount the cost of the future benefits. This is also due to the initial recognition of the liabilities incurred for past service, if they have not been previously funded. In such a case, the annual OPEB Cost would include an amount that is needed to "catch-up" for prior accounting years, where the prescribed method was pay-as-you-go.

For public employers, the purpose of GASB 45 is to provide a more complete disclosure of the plan's total cost and the benefit obligations. Actuarial valuations are required at least biennially for plans that have at least 200 total members (actives and retirees), otherwise triennially. Since Central Bucks School District has more than 200 participants in the OPEB program, an actuarial valuation must be done at least once every two years after the GASB 45 statement takes effect. According to the GASB 45 implementation guidelines, the valuation date must be no earlier than 24 months before the start of the two year period for biennial valuations. Therefore, a July 1, 2012 valuation could be used for the two fiscal years beginning July 1, 2012 and 2013, 2013 and 2014 or 2014 and 2015, but not for later years. The current policy is for the valuation date to be one year prior to the start of the fiscal year for which it is used.

#### **DISCUSSION**

This Report contains the results of our July 1, 2012 actuarial valuation under GASB 45 for the participants of the Other Postemployment Benefits Program for Central Bucks School District. This Report is based on employee data as submitted by the employer.

The information was reviewed for reasonableness, but not subjected to further audits. All calculations, including the Annual OPEB Cost, were completed on the basis of this data, our interpretation of the Postemployment Benefits to be provided, and the Actuarial Assumptions and Methods as outlined in Exhibit VII.

In order to better reflect actual experience of this plan and reasonable future expectations, we have made the following changes to the actuarial assumptions:

- Per recent revisions to Actuarial Standard of Practice No. 35, a one year age setback was added to the mortality table to reflect expected mortality improvement.
- The interest rate was reduced from 4.5% to 3.5% to reflect the recent decline in government bond rates.
- 90% (formerly 85%) of future retirees were assumed to elect the PPO plan, with the remainder electing the HMO plan.
- The salary scale was reduced from 4.0% to 3.5%.

many dre to lower 173. Interest rate

These changes increased the actuarial accrued liability by \$5,386,173. Interest rate

Effective July 1, 2012, all the amortization bases were consolidated into a single base and the amortization period was reset to 30 years. This change reduced the net Annual OPEB cost by approximately \$500,000 and offset most of the cost increase from the actuarial loss and assumption changes.

The exhibits that follow in this Report, as described below, form the basis of the valuation results.

Exhibit I shows the development of the net assets available for benefits as of June 30, 2012. Since no separate fund has yet been established, the value of the plan assets is zero. This is because we do not have a previouble first set up.

Exhibit II reconciles the unfunded actuarial accrued liability from the previous valuation. This process includes the determination of the actuarial gain or loss. The plan incurred a large actuarial loss of \$6,070,905 for the two years ending June 30, 2012. The loss occurred because the retiree claim rates increased 36% when a 23% increase was expected. The equivalency rates, on which retiree copayments are based, increased

approximately 11% over the last two years while the retiree claims rates increased 36%. Since part of the copayments are fixed dollar amounts, the retiree copayments as a percentage of claims declined. The number of actives decreased from 1,967 to 1,818, and the average age of the active employees increased from 44.8 to 45.5 from July 1, 2010 to July 1, 2012.

Due to recent changes in collective bargaining agreements, the copayment rates have increased for retired teachers and administrators. These changes decreased the unfunded actuarial accrued liability by \$360,813. However, the actuarial loss and the abovementioned assumption changes more than offset this decrease in the liabilities.

**Exhibit III** discloses the summary of the valuation results. The present value of future benefits, totaling \$64,094,298, is the amount of assets that would be needed at the valuation date to fund all the postemployment benefits for the current group of participants. This amount includes not only obligations to current retirees, but also the obligation on behalf of active employees. The manner of proration of this obligation varies with the funding method chosen. The actuarial accrued liability is the portion of the total OPEB Obligation allocated to past service. The normal cost is the portion of the total OPEB Obligation allocated to the current plan year.



**Exhibit IV** shows the development of the Annual OPEB Cost. This cost, if not funded by employer contributions, will increase the debt, called the Net OPEB Obligation, to the employer's financial statements. As of July 1, 2012, the Net OPEB Obligation is \$3,592,305. As of July 1, 2013, the Net OPEB Obligation is \$4,313,349. The Annual OPEB Cost for the July 1, 2013 to June 30, 2014 fiscal year, which is the first year the cost will be based on this valuation, is \$3,213,936.

**Exhibit V** discloses the required supplemental information including the schedule of funding progress and the schedule of contributions from the employer and other contributing entities. The schedule of funding progress shows whether the actuarial value of assets has been steadily increasing or decreasing as a percentage of the actuarial accrued liability. Due to the absence of a segregated trust, the funding percentage remains at zero. The unfunded actuarial accrued liability has increased from 26.1% to 35.3% of payroll, because the assumption changes and actuarial loss more than offset the effect of the plan amendment. The schedule of contributions provides a comparison of employer contributions to the annual funding requirements.

**Exhibit VI** shows a projection of the expected benefit payments over the next ten years under this plan. The benefit payments are net of contributions by retirees.

**Exhibit VII** lists the actuarial assumptions and cost method used to determine the employer's Annual OPEB Cost and Obligations. These assumptions have been determined based on our review of the plan's recent experience.

**Exhibit VIII** contains a summary of the Plan provisions.

### **CERTIFICATION**

The information contained in this report was prepared for the use of Central Bucks School District and its auditors. The actuarial computations made are for purposes of fulfilling GASB 45 accounting requirements for Central Bucks School District's non-pension postemployment benefits, called "Other Postemployment Benefits" (OPEB). The report has been prepared for the purposes outlined herein and should not be relied upon for any other purpose. Determinations for purposes other than meeting GASB 45 accounting requirements may be significantly different than the results presented in this report. To avoid misrepresentation, the report is intended to be used in its entirety.

Our calculations were based upon the employee data as of June 30, 2012, as provided by Central Bucks School District. While the scope of our engagement did not call for us to perform an audit or independent verification of this information, we have reviewed this information for reasonableness. The accuracy of the results is dependent upon the accuracy and completeness of the underlying information, which is the responsibility of those who supply the data.

The actuarial cost method and assumptions, other than those prescribed by law or regulations, are selected by the actuary. In our opinion, the actuarial methods used are appropriate for purposes of the valuation and the actuarial assumptions used are reasonably related to the experience of the group and represent our best estimate of anticipated experience of the group.

We certify that this Report has been prepared in accordance with generally accepted actuarial principles and to the best of our knowledge fairly represents the OPEB Cost and OPEB Obligations, as set forth under the Government Accounting Standards Board Statement No. 45 (GASB 45). The actuary and the firm responsible for this report have no conflicts of interest that may impair the objectivity of our work. We further certify that we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Ronald C. Stokes F.S.A., M.A.A.A.

Enrolled Actuary No. 11-05287

Ronald C. Stokes

cbsrsgasb45.712.rpt.wpd

# PLAN OF BENEFITS FOR CENTRAL BUCKS SCHOOL DISTRICT

## **EXHIBIT I**



# **DEVELOPMENT OF NET ASSETS AVAILABLE FOR BENEFITS**

(A)	Composition of Fund Assets as of June 30, 2012	<u>Mar</u>	<u>Market Value</u>	
	Assets			
	Investment Categories			
	Cash and Money Funds	\$	0	
	U.S. Government Bonds		0	
	Corporate Bonds		0	
	Common Stock		0	
	Property and Equipment (less depreciation)		0	
	Prepaid Expenses		0	
	Receivables			
	Employer Contributions		0	
	Accrued Income		0	
	Due from Affiliates and Brokers		0	
	COBRA Receivable		0	
	Accounts Receivable		0	
	Unsettled Investment Proceeds		<u>0</u>	
	Total Assets and Receivables	\$	0	
	Liabilities			
	Accounts Payable	\$	0	
	Total Liabilities	\$	0	
	Net Assets Available for Benefits			
	as of June 30, 2012	\$	0	

# PLAN OF BENEFITS FOR CENTRAL BUCKS SCHOOL DISTRICT

# (B) Summary of Transactions: July 1, 2011 - June 30, 2012

Receipts Employer Contributions Employees' Contributions Investment Income Unrealized Gains or (Losses) Realized Gains or (Losses)	\$	0 0 0 0
Total Receipts	\$	0
Disbursements Insurance Premiums Plan Administrative Expenses		0 <u>0</u>
Total Disbursements	\$	0
Net Increase in Net Assets for the Year		0
Net Assets as of July 1, 2011		0
Net Assets as of June 30, 2012		0

# (C) Valuation Assets

For valuation purposes, the market value of assets of \$0 is used.

### EXHIBIT II

## **DETERMINATION OF ACTUARIAL GAIN/LOSS**

(A)	Unfunded actuarial accrued liability as of July 1, 2010	\$ 3	5,548,015
(B)	Normal cost for the 2010 - 2011 plan year	\$	1,442,806
(C)	Interest on (A) and (B) for one year	\$	1,664,587
(D)	Net contributions (benefit payments) on account of the plan year	\$	2,209,609
(E)	Interest on (D) from the dates paid to the end of the plan year	\$	53,859
(F)	Expected unfunded actuarial accrued liability as of July 1, 2011 = (A) + (B) + (C) - (D) - (E)	\$ 3	6,391,940
(G)	Normal cost for 2011 - 2012 plan year	\$	1,500,518
(H)	Interest on (F) and (G) for the 2011 - 2012 plan year	\$	1,705,161
<b>(</b> 1)	Net contributions (benefit payments) for 2011 - 2012 plan year	\$	2,341,546
(J)	Interest on (I) from dates paid to the end of the plan year	\$	57,075
(K)	Expected unfunded actuarial accrued liability as of July 1, 2012 = (F) + (G) + (H) - (l) - (J)	\$ 3	7,198,998
(L)	Actual unfunded actuarial accrued liability as of July 1, 2012, before changes	\$ 4	3,269,903
(M)	Actuarial gain / (loss) = (K) - (L)	\$ (	6,070,905)
(N)	Change in unfunded actuarial accrued liability due to plan amendment	\$	(360,813)
(O)	Change in unfunded actuarial accrued liability due to assumption changes	\$	5,386,173
(P)	Change in unfunded actuarial accrued liability due to funding method change		N/A
(Q)	Unfunded actuarial accrued liability as of July 1, 2012, after changes = (L) + (N) + (O) + (P)	\$ 4	8,295,263

### **EXHIBIT III**

## **SUMMARY OF VALUATION RESULTS**

All values shown are as of July 1, 2012

(A)	Normal cost (annual)	\$ 1,740,684	
(B)	Normal cost per active participant under assumed retirement age (1,752)	\$ 994	
(C)	Accrued liability		
	(1) Present value of all benefits payable in future years		
	<ul> <li>(a) Active participants (1,818)</li> <li>(b) Disabled (0)</li> <li>(c) Retired participants and beneficiaries (169)</li> <li>(d) Total (1,987)</li> </ul>	\$ 55,363,845 0 8,730,453 \$ 64,094,298 - needed	
	(2) Present value of future normal costs	\$ 15,799,035	
	(3) Actuarial accrued liability = (1)(d) - (2)	\$ 48,295,263	
(D)	Valuation assets	\$ 0	
(E)	Unfunded actuarial accrued liability = (C)(3) - (D) \$48,295,263		

### **EXHIBIT IV**

## **DETERMINATION OF ANNUAL OPEB COST AND NET OPEB OBLIGATION**

(A)	Determination of 2012-2013 Annual OPEB Cost		
	(1)	Normal cost for the plan year (per 7/1/2010 valuation)*	\$ 1,500,518
	(2)	Net amortization charges*	\$ 1,315,779
	(3)	Annual Required Contribution = (1) + (2)	\$ 2,816,297
	(4)	Interest on Net OPEB Obligation	\$ 161,654
	(5)	Adjustment to Annual Required Contribution**	\$ (247,598)
	(6)	Annual OPEB Cost for 2012 - 2013 = (3) + (4) + (5)	\$ 2,730,353
(B)	Dete	ermination of Net OPEB Obligation	
	(1)	Net OPEB Obligation at July 1, 2011	\$ 3,304,942
	(2)	Annual OPEB Cost in 2011 - 2012 fiscal year	\$ 2,628,909
	(3)	Contributions for 2011 - 2012 fiscal year	\$ 2,341,546
	(4)	Net OPEB Obligation at July 1, 2012 = (1) + (2) - (3)	\$ 3,592,305

<sup>\*</sup>Using level percentage cost method.

<sup>\*\*</sup>Credit for fifteen year amortization of the Net OPEB Obligation at 1.045/1.04 or 0.48% interest.

## (C) Determination of 2013-2014 Annual OPEB Cost

(1)	Normal cost for the plan year (per 7/1/2012 valuation)*	\$ 1,740,684
(2)	Net amortization charges*	\$ 1,609,842
(3)	Annual Required Contribution = (1) + (2)	\$ 3,350,526
(4)	Interest on Net OPEB Obligation	\$ 150,967
(5)	Adjustment to Annual Required Contribution**	\$ (287,557)
(6)	Annual OPEB Cost for 2013 - 2014 = (3) + (4) + (5)	\$ 3,213,936

## (D) Determination of Net OPEB Obligation

(1)	Net OPEB Obligation at July 1, 2012	\$ 3,592,305
(2)	Annual OPEB Cost in 2012 - 2013 fiscal year	\$ 2,730,353
(3)	Contributions for 2012 - 2013 fiscal year	\$ 2,009,309
(4)	Net OPEB Obligation at July 1, 2013 = (1) + (2) - (3)	\$ 4,313,349

### (E) Schedule of Amortization Bases as of July 1, 2012

Why	Date	Initial	Outstanding	Years	Charge OPRB (Credit) Obligation  Each year.
<u>Established</u>	<u>Established</u>	<u>Amount</u>	<u>Balance</u>	<u>Remaining</u>	
Consolidated base	7/1/2012	\$ 48,295,263	\$ 48,295,263	30	\$ 1,609,842

<sup>\*</sup> Using level percentage cost method.

<sup>\*\*</sup> Credit for fifteen year amortization of Net OPEB Obligation at 1.035/1.035 or 0.00% interest.

#### **EXHIBIT V**

#### REQUIRED SUPPLEMENTAL INFORMATION FOR GASB STATEMENT NO. 45

### (A) Schedule of Funding Progress

	(a)	(b)	(c)	(d)	(e)	(f)
		Entry Age				
		Actuarial	Unfunded			UAAL as a
	Actuarial	Accrued	AAL	Funded		% of Covered
Valuation	Value	Liability	(UAAL)	Ratio	Covered	Payroll
<u>Date</u>	of Assets	(AAL)	<u>(b)-(a)</u>	<u>(a)÷(b)</u>	<u>Payroll</u>	(c)÷(e)
7/1/2006	\$ 0	\$31.084.634	\$31,084,634	0.0%	\$131,272,396	23.7%
7/1/2008	\$ 0	• •	\$38,759,208	0.0%	\$137,907,578	28.1%
7/1/2010	\$ 0	\$35,548,015	\$35,548,015	0.0%	\$136,101,124	26.1%
7/1/2012	\$ 0	\$48,295,263	\$48,295,263	0.0%	\$136,738,545	35.3%

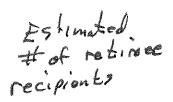
## (B) Schedule of Contributions from the Employer and Other Contributing Entities

Fiscal <u>Year</u>	Annual OPEB Cost	Contributions From Employer	Percentage Contributed	End of Year Net OPEB <u>Obligation</u>
2007 - 2008	\$2,922,872	\$1,390,959	47.6%	\$1,531,913
2008 - 2009	\$2,855,308	\$1,737,521	60.9%	\$2,649,700
2009 - 2010	\$2,301,849	\$1,821,975	79.2%	\$3,129,574
2010 - 2011	\$2,384,977	\$2,209,609	92.6%	\$3,304,942
2011 - 2012	\$2,628,909	\$2,341,546	89.1%	\$3,592,305
2012 - 2013	\$2,730,353	\$2,009,309	73.6%	<b>\$4,313,349</b>
2013 - 2014	\$3,213,936		,	

#### Notes:

- (1) The above information was determined as part of the actuarial valuation as of the valuation dates. This schedule shows the multiyear trend information as to whether the actuarial value of assets is increasing or decreasing relative to the actuarial accrued liability.
- (2) Amortization Method of Unfunded Actuarial Accrued Liability: Level percentage of payroll amounts with 30 year amortization period for the unfunded amount.

#### **EXHIBIT VI**



### **PROJECTED BENEFIT PAYMENTS**

<u>Year</u>	<b>Number of Recipients</b>	<u>Amount</u>
2012	314	\$2,652,000
2013	328	2,901,000
2014	297	2,677,000
2015	304	2,660,000
2016	311	2,705,000
2017	305	2,654,000
2018	292	2,488,000
2019	295	2,497,000
2020	273	2,355,000
2021	269	2,350,000

#### Notes:

- (1) Survivorship is based on the valuation assumptions. Recipients include covered spouses.
- (2) For actives, this projection reflects only expected postemployment health benefits commencing at the assumed retirement age. All current benefit recipients, including spouses, are included.
- (3) The expected benefit payments are net of retiree contributions.
- (4) It is assumed that no future new entrants will be eligible for postemployment health benefits during the next ten years.

#### **EXHIBIT VII**

#### **ACTUARIAL ASSUMPTIONS AND METHODS**

### I. Actuarial Assumptions

#### (1) Interest

3.5% compounded annually, net of investment expenses.

#### (2) Mortality

RP 2000 Mortality Table for Males and Females. A one year setback in age is used to reflect expected mortality improvement. For disabled lives, the table from Revenue Ruling 96-7 for disabled lives not receiving Social Security disability benefits is used.

(3) Disablement Rates - 250% of the 1955 UAW disability rates.

### **Annual Rate of Disability**

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	0.075%	0.125%
30	0.100%	0.150%
35	0.125%	0.200%
40	0.175%	0.250%
45	0.250%	0.375%
50	0.450%	0.650%
55	0.900%	1.225%
60	2.250%	3.025%

(4) Termination Rates - Sarason T-8 less deaths. Sample rates are as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	11.66%	11.68%
30	11.26%	11.28%
35	10.61%	10.64%
40	9.49%	9.53%
45	7.75%	7.79%
50	5.27%	5.31%
55	2.41%	2.50%
60	1.03%	1.20%

#### (5) Plan Administrative Expenses

No administrative expense loading is used because retiree administrative expenses are incorporated into the medical claim rates.

#### (6) Retirement Ages

All eligible administrators and teachers are assumed to retire before age 65.

For educational support personnel, 10% are assumed to retire before age 65 if eligible for postemployment benefits. The other 90% are assumed to retire at age 65 and collect no OPEB benefits.

For transport personnel, 15% are assumed to retire before age 65 if eligible for postemployment benefits, and the other 85% are assumed to retire at age 65 and collect no OPEB benefits.

For all eligible active participants retiring before age 65, the following rates of retirement apply:

<u>Age</u>	Percentage Retiring
53-54	5%
55-61	10%
62	20%
63	10%
64	100%

### (7) Marriage/Family

57% of the active participants are assumed to be married at retirement with no dependent children. Males are assumed to be three years older than females. 40% of the new retirees are assumed to be single and 3% are assumed to elect family coverage.

### (8) Ages

Age nearest birthday as of the Valuation Date.

### (9) Medical Trend Rates

After the valuation date, all postemployment medical rates are assumed to increase 12% in the first year, 11% in the second year and 10% in the third year, with a 1% decline in each subsequent year to an ultimate rate of 6% in the seventh year. Retiree copayments are assumed to increase at the same rate.

#### (10) Benefit Accrual

All full-time employees are assumed to earn a full year of full-time service for benefit eligibility purposes in each future year. Part-time employees are assumed to remain part-time employees. Because only full-time service counts for eligibility purposes, part-time employees are not assumed to receive any benefits.

### (11) Current Average Claim and Premium Equivalency Rates

Each retiree is assumed to have \$12,922 per year in claims. This rate was developed from the last five years of retiree claim experience.

Of the two types of postemployment health coverage offered by Central Bucks School District, 90% are assumed to choose the PPO plan and the other 10% are assumed to choose the HMO plan. The monthly equivalency rates for the PPO plan are \$609.65 for single, \$1,093.88 for two party and \$1,598.87 for family. The monthly equivalency rates for the HMO plan are \$453.74 for single, \$882.12 for two party and \$1,237.32 for family. These equivalency rates are used for determining the retiree copayments and are not used to determine the cost of the retiree benefits.

Because premiums and copayments occur uniformly throughout the year, all premiums and copayments are reduced by 1.75% or half a year of interest.

### (12) Amortization Period

Level percentage of payroll method using the valuation interest rate. The amortization period is 30 years for the unfunded actuarial accrued liability and 15 years for all subsequent changes. Due to a fresh start and consolidation of all amortization bases as of July 1, 2012, the unfunded liability is amortized over

30 years. Therefore, the equivalent single amortization period is 30.0 years as of the valuation date.

#### (13) Election of Coverage

90% of eligible teachers and administrators who retire before age 65 are assumed to elect the postemployment coverage provided by this plan. Among retiring teachers, 75% are assumed to be eligible for the early retirement incentive plan. The remaining 25% receive the same coverage but must make higher copayments. Among retirees, 90% are assumed to elect the PPO coverage and 10% are assumed to elect the HMO coverage. The assumed monthly copayment rate for all future retired administrators is \$100 plus 20% of the equivalency rate.

Employees who have currently declined health coverage or are covered as a dependent spouse under Central Bucks School District are assumed not to elect postemployment coverage and are excluded from the valuation. Part-time employees (benefit code = 999) are also excluded.

### (14) Stop Loss Premiums

Although the plan pays stop-loss premiums to an insurance company, these premiums are assumed to be covered in the premium/equivalency rates set by the insurer. The stop loss premiums are also included in the retiree claim rates.

#### (15) Implicit Rate Subsidies

Since the retiree claim rates are developed from the experience of the retirees only, implicit rate subsidies are not applicable.

The assumptions listed above are based on the presumption that the plan will continue. The actuarial assumptions are selected based on a long-term perspective. The assumptions are estimates only, and may be periodically reviewed and revised in light of developing experience.

#### II. Employee Data

As furnished by Central Bucks School District. The census data was provided as of October 24, 2012 and was used for the July 1, 2013 to June 30, 2014 Annual OPEB cost calculations.

#### III. Actuarial Valuation Cost Method

Entry Age Normal. Cost is allocated as a level percentage of payroll over each active employee's working lifetime. For this purpose, each employee's salary is assumed to increase at 3.5% per year.

#### IV. Data Qualifications

If any active employees had birth dates after 2000, the birth dates were set back 100 years. If the birth date for retirees was 1900 or earlier, it was reset to 65 years before the Medicare eligibility date. If the sex was missing, it was assigned based on the person's first name. If the date of retirement was missing for a retiree, it was assumed to be age 57.

### V. Changes in Assumptions and Actuarial Cost Method

The actuarial assumptions are the same as those used in the previous valuation, except as follows:

- A one year age setback was added to the mortality table to reflect expected mortality improvement.
- The interest rate was reduced from 4.5% to 3.5% to reflect the recent decline in government bond rates.
- The benefit election assumption was changed from an 85%/15% PPO/HMO split to a 90%/10% PPO/HMO split.
- The salary scale for amortization purposes was reduced from 4.0% to 3.5% per year.

#### **EXHIBIT VIII**

## SUMMARY OF PLAN PROVISIONS OTHER POSTEMPLOYMENT BENEFIT COVERAGE

### I. Eligibility

Employees who have reached superannuation status under PSERS (age 60 with 30 years of service, age 62 with one year of service, or any age with 35 years of service) are eligible for the postemployment medical and prescription drug coverage provided by Central Bucks School District. Teachers and administrators who have worked for Central Bucks School District for 15 years are eligible for the postemployment benefits at any age. Individuals who have worked for Central Bucks School District for 15 years and who have been granted a disability benefit by PSERS are also eligible for postemployment medical and prescription drug benefits at retirement. In the absence of disability, the employee must retire from active service to receive the postemployment benefits. An employee must work the full year in full-time status for Central Bucks School District to be credited with one year of service.

For transport personnel, which includes both 12-month employees and non 12-month employees (bus drivers), to be eligible, the age plus years of service at retirement must be at least 65.

Spouses and dependent children of participating retirees are also eligible for coverage.

### II. Plan Type

Single employer, defined benefit OPEB plan. The third party administrator for the HMO Plan is Aetna and the third party administrator for the PPO Plan is AmeriHealth. Both plans are self-insured.

## III. Other Postemployment Benefits

### Medical Coverage

Retirees can choose from two types of health plans - the PPO plan and an HMO plan. The retirees can switch between plans each year.

Provisions of the PPO Plan are as follows:

#### **SCHEDULE OF BENEFITS**

Medical Expense Benefit	THE COVERED PERSON PAYS	
Choice PPO Plan	In-Network	Out-of-Network
Deductible, per Benefit Year*		
Per Individual	None	\$175 (\$100)
Per Family	None	\$475 (\$300)
Out-of-Pocket Maximum, per Benefit Year (Excluding Deductible, Office Visit Co-Pays, Prescription Co-Pays, and Mental Health and Substance Abuse Treatment)		
Per Individual	N/A	\$1,000
Per Family	N/A	\$2,000

<sup>\*</sup> The deductibles are applicable for members of the Central Bucks Educational Support Personnel Association, the Central Bucks Transportation Association and the Central Bucks Confidential Secretaries. The deductibles in parentheses are applicable for Commissioned Officers, Supervisory and Administrative Staff and Members of the Central Bucks Education Association.

Medical Expense Benefit	THE PLAN PAYS	
Choice PPO Plan	In-Network	Out-of-Network
Hospital Facility Charges		
Pre-Admission Review	Required	Required
Room and Board (Semiprivate)	100%	80% after deductible
Special Care Units	100%	80% after deductible
Miscellaneous Facility Expenses	100%	80% after deductible
Skilled Nursing Facility (120 days/plan year)	100%	80% after deductible
Home Health Care	100%	80% after deductible
Hospice Care (\$30,000 lifetime limit)	100%	80% after deductible
Birthing Facility	100%	80% after deductible
Outpatient Surgery	100%	80% after deductible
Professional Charges		
Surgery	100%	80% after deductible
Anesthesia	100%	80% after deductible
Inpatient Physician Visits	100%	80% after deductible
Physician Office Visits	100% (after \$15 co-pay)	80% after deductible
Specialist Office Visits (No referral necessary)	100% (after \$25 co-pay)	80% after deductible
Emergency Room Care	100%* (after \$100 co-pay)	80% after deductible
Ambulance	100%	100% after deductible (80% if non-emergency)

<sup>\*</sup> Indicates co-pay is waived if inpatient admission occurs at any hospital following emergency room care. Also waived for teachers.

If services are rendered by an Out-of-Network Provider due to the need for emergency treatment outside of the BCPHA Network service area, reimbursement will be made at the In-Network level.

Medical Expense Benefit	THE PLAN PAYS	
Choice PPO Plan	In-Network	Out-of-Network
Other Facility and/or <u>Professional Charges</u>		
Outpatient Diagnostic X-Ray / Radiology	100%* (after \$5 co-pay)	80% after deductible
Physical & Occupational Therapy (up to 60 visits per benefit year)	100%	80% after deductible
Chiropractic Care (\$2,000 annual limit, \$5,000 lifetime limit)	100%	80% after deductible
TMJ (\$10,000 lifetime limit)	100%	80% after deductible
Durable Medical Equipment	100%	80% after deductible
Chemo / Radiation / Dialysis	100%	80% after deductible
Outpatient Laboratory / Pathology	100% (after \$5 co-pay)	80% after deductible
Well Child Preventive Care	100%*	Not Covered
Routine Physical Exams	100%	Not Covered
Mammograms	100%	Not Covered
Routine Gynecological Exams/PAP (1 annually)	100%*	Not Covered
All Other Covered Charges	100%	80% after deductible
Mental Health Care and Substance Abuse Treatment		
Outpatient	100% (after \$15 co-pay)	80% after deductible
Inpatient	Teachers: \$75 per day, up to 5 days per hospitalization	80% after deductible
	Non-Teachers: 100%	80% after deductible

<sup>\* \$15</sup> copayment for non-teachers.

#### III. Other Postemployment Benefits (cont'd)

The HMO Plan covers the same type of services as the PPO Plan except there are no annual deductibles. Out-of-pocket maximums are \$1,500 per person and \$3,000 per family per calendar year. Most of the copayments are \$5 or \$10 per visit. The \$100 copayment for emergency room care is waived if admitted.

Hospital care for inpatient coverage, maternity, mental illness, detoxification and/or inpatient rehabilitation is \$75 per day for the first five days per admission and 100% thereafter. The same rates apply for a skilled nursing facility and hospice care.

Teachers and administrators eligible for the early retirement incentive plan (15 years of service with Central Bucks School District or eligible for unreduced retirement benefits from the Pennsylvania School Employees Retirement System (PSERS) under the superannuation or "30 and out" provisions) receive a continuation of the medical benefits that are being provided to active employees. The coverage continues for 12 years after retirement, but not beyond age 65.

#### Prescription Drug Coverage (Provided by the PPO Plan)

80% after the medical deductible is paid. The HMO Plan provides prescription drug coverage only for educational support and transportation personnel.

## IV. Retiree Copayments

(1) For commissioned officers, administrators and non-bargaining professional employees and supervisors meeting certain eligibility requirements, the District will pay the following percentage of the cost of the retiree's coverage:

Years of Service	Retiree Contribution	District Contribution
0 - 4	100%	0%
5 - 9	65%	35%
10 + (not superannuated)	30%	70%
10 + (superannuated)	0%	100%

The District also pays 100% if the retiree was an administrator for Central Bucks School District for at least 10 years and was eligible for an unreduced pension from PSERS.

Effective September 1, 2012, administrators not meeting the eligibility requirements (i.e., most retired administrators) pay \$100 per month plus 20% of the equivalency rate.

A retiree in this group can add dependents by contributing 100% of the monthly premium/equivalency rate for dependent coverage. The retiree must be eligible for a retirement benefit from PSERS and must pay his contribution from his PSERS benefit.

- (2) For teachers (division codes 200-299) who have at least 15 years of service in Central Bucks School District and who are not eligible for the early retirement incentive plan, the retiree must pay 75% of the actual premium/equivalency rate for the first five years of retirement and 100% thereafter.
- (3) Teachers and administrators eligible for the early retirement incentive plan must pay \$100 per month for the coverage, plus 14.5% of the premium/equivalency rate.
- (4) Education Support Personnel must pay 102% of the premium/equivalency rate.
- (5) Bus drivers and all other transport personnel (division code 500) must pay 100% of the premium/equivalency rate charged by the insurer and/or administrator to all participants in this plan for participation in the HMO or PPO plan.

### V. Disability

A member who is approved for a disability retirement is eligible for postemployment health benefits if he has at least 15 years of service. The benefits commence at the start of retirement under PSERS.

#### VI. Duration of Benefits

Benefits are payable until the retiree reaches age 65 or 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. Spouses of teachers eligible for the early retirement incentive plan will have coverage continued until the retiree would have reached age 65 (or 12 years after retirement, if sooner) unless the spouse remarries or becomes covered under another insurance plan.

#### VII. Death Benefits

No preretirement or postretirement death benefits are paid from this plan.

### VIII. Funding Policy

As of July 1, 2012, the employer has no segregated assets. The employer does not use a segregated trust for funding the OPEB benefits. Stop loss premiums to the insurance company on behalf of retirees are made when due. All retiree OPEB benefits are also paid when due.

#### IX. Changes in Benefits

Central Bucks School District has the authority to change benefit levels. Any changes are subject to collective bargaining.

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