CENTRAL BUCKS SCHOOL DISTRICT
Finance Committee Minutes
October 16, 2013

Committee Members Present
Jerel Wohl, Chairperson
Paul Faulkner, Member
Tyler Tomlinson, Member

Dave Matyas, Business Administrator
Susan Vincent, Director of Finance

Other Board Members and Administrators Present
Steve Corr
Joe Jagelka
Geri McMullin
Kelly Unger

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.

<u>ADJOURNMENT</u>
The meeting adjourned at 9:20 p.m.

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

Central Bucks School District
Finance Committee

Education Support Center – 16 Welden Drive Executive Conference Room
Wednesday October 16th, 7:00 pm   Projected time – 1 Hour and 15 Minutes

Jerel Wohl, Chairperson	**Paul Faulkner, Member**
Jim Duffy, Member	**Tyler Tomlinson, Member**
Dave Matyas, Business Administrator	**Susan 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 - 2
4.	Information / Discussion / Action Items		
	a) Initial Discussion of Goals for Facility and Financial Areas of the District	45 minutes Scott Kennedy / Dave Matyas	Page 3
	b) Review of Elementary Walking Zone for St. Jude	10 minutes Dave Matyas	Page 4
	c) * Policy 616, Review and Discussion	10 minutes Dave Matyas	Pages 5 - 6
	d) * Budget Transfers for 2012-13 and Audit Posting Discussion	5 minutes Susan Vincent / Dave Matyas	Page 7
	e) 2014-15 Quick Budget Update	5 minutes Dave Matyas	Page 8
5.	Adjournment	Chairperson	End Time
6.	Next Meeting Date: 7:00pm November 20th, 2013		

Information Items

* Treasurers Report	Pages 9 – 12
Capital Reserve Fund Report	Page 13
Bond Fund Report	Page 14
* Investment Report	Page 15- 19
LOGIC Report Financial Institutions Health	Pages 20 – 52

*** These item(s) may be on the public board agenda. ~ These item(s) may require executive session.**

CENTRAL BUCKS SCHOOL DISTRICT
Finance Committee Minutes
September 18, 2013

Committee Members Present	Other Board Members and Administrators Present
Jerel Wohl, Chairperson	Steve Corr
Jim Duffy, Member	Kelly Unger
Dave Matyas, Business Administrator	Dr. Dave Weitzel, Acting Superintendent
Susan Vincent, Director of Finance	Ken Rodemer, Assistant Director of Operations

Committee Members Absent
Paul Faulkner, Member
Tyler Tomlinson, Member

The Finance Committee meeting was called to order at 7:25 p.m. by Jerel Wohl, Chairperson

PUBLIC COMMENT
Two members of the public were present.

APPROVAL OF MINUTES
The May 15, 2013 Finance Committee meeting minutes were accepted as presented.

INFORMATION/ DISCUSSION/ACTION ITEMS
Review of Policies – The Pennsylvania School Boards Association (PSBA) provides draft policies for school districts to use throughout the state. PSBA rewrote policies 610 and 611 to comply with changes in the school code that automatically change the dollar limits when school districts must receive official bids for items purchased or when they can receive price quotations. The dollar limits change based on the Consumer Price Index which is a measuring tool for the change in economic inflation/deflation. Currently, if an item costs $18,900 or more, the district must go through a formal bid process. If a purchase is estimated to cost between $10,200 and $18,899, then the district must receive at least three price quotations before purchasing an item.

Policy 610 also provides an option for receiving and maintaining non construction bids electronically. Administration does not currently see the merit in switching to an electronic system at the present time.

A committee member asked why we are not considering receiving bids electronically? The district does not currently own any software to facilitate the process of receiving electronic bids and keeping them secure until the designated opening date and time. There are also concerns that it may reduce staff efficiency instead of enhancing efficiency and electronic bidding may present a barrier to small local businesses participating in the bid process.

Policy 611 provides guidance on purchases subject to school district budgetary limits. All purchasing requests flow through the Purchasing Department to review the expenditure request for need, quality, proper accounting, and ensure budgeted funds are available.

A committee member asked about the approval process for purchases? Typically a purchase request comes from a school department chairperson which then must be approved by the building Principal, and the appropriate Assistant Superintendent. Following approvals, the purchase information is moved to the purchasing department for budget review, quality, and price comparison. With the change in finance system software, the purchasing process is now electronic.

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.

A committee member asked if both the president and vice president are needed for approval? The recommendation is to have both the president and vice president approve superintendent purchases to provide two signatures which is similar to the purchasing process for all other transactions.

The committee recommended policies 610, 611, and 616 be placed on the Board agenda for first reading.

Business Office Restructuring – a plan was presented to show the need for the addition of a half time accounting position in the business office. Two members of the business office have requested a 20% reduction in their work schedule to allow them more family time. In addition, we had a waiver of district health care benefits that now will be provided by spousal coverage. These two business office staff members are very valuable to the team and we would like to accommodate their request. By adding a part time position without health care benefits and without paid time off, the business office can cover the reduced staff time and save approximately $11,000 per year. The plan provides the added benefit of succession planning opportunities as the part time position can get exposure to many aspects of business office operations over time.

Long Range Financial Planning – In preparation for the October Finance Committee Meeting, committee members were asked think about major long term financial goals for the district. These goals will become the foundation for preparation of the 2014-15 and future year budgets.

Committee members asked for some examples of the level of detail administration is looking for in the financial goal setting process. Administration is looking for guidance on long term financial goals from a very broad or “40,000 foot view” such as ideas for financing future construction or, the motivation to prepay existing debt as examples. From these broad goals, more detailed activity will be developed as future year budgets and capital plans are built.

<u>ADJOURNMENT</u>
The meeting adjourned at 7:55 p.m.

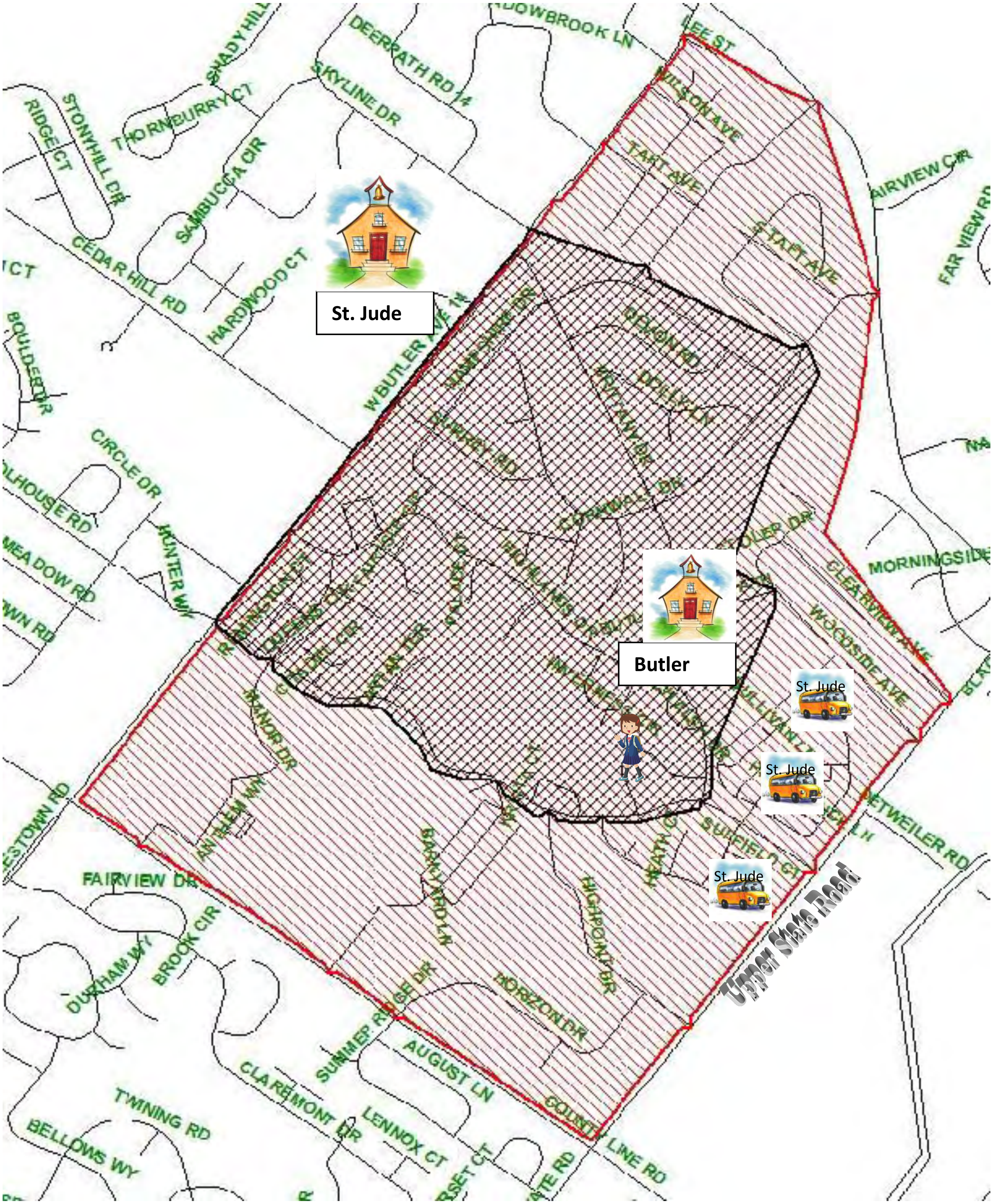
Minutes submitted by Dave Matyas, Business Administrator and Administrative Liaison to the Finance Committee

Major Accomplishments Over the Past 10 Years

- Tohickon Built 2002
- Bridge Valley Built 2005
- CB South Built 2005
- Warwick Elementary Renovations
- Barclay Elementary Renovations
- Buckingham Elementary Renovations and Additions
- Butler Elementary Renovations and Additions
- Linden Elementary Renovations
- Titus Elementary Renovations
- Pine Run Elementary Renovations
- CB West Renovations
- Tamanend Middle School Renovations
- Lenape Middle School Renovations
- Unami Middle School Renovations (Auditorium, Science Classrooms, Old Section Classrooms)
- CB East Renovations (January 2014)
- Future Near-Term Considerations
  - Holicong Renovation
  - CB East Stadium

- Good Market Timing for New Debt and Refinancing Debt
- 2011 Paid Off $35M in Debt and Extended Payments by Two Years Due to PSERS Concerns
- 2013 Paid Off $73M in Debt Due to PSERS Concerns
- 2013-14 No Tax Increase For the First Time in 20 Years
- Labor Peace by Negotiating Fair and Reasonable Contracts
- Cumulative Cost saving Measures Such as (redistricting, use of modular classrooms, more students walking to school, outsourcing services as appropriate, competitive heal care plans, energy efficiency, cooperative purchasing of energy)
- Building Security Upgrades and Disaster Preparation / Practice Drills
- Alliance for a Healthier Generation Bronze Award (Tohickon, Doyle, CB South)
- Very Moderate Tax Increases Once New Construction Stopped and Enrollment Slowed
- Low Cost of Education and High Test Scores

I:\My Documents\Budgeting\Cost Cutting Ideas\Major Accomplishments Over The Years 2013-10-11.Docx



RED AREA = BUTLER ELEMENTARY SCHOOL WALKING ZONE

BLACK AREA = CURRENT ST. JUDES ELEMENTARY WALKING ZONE

Proposal: 1) Have the new kindergarten student walk to St Jude's
2) Send Letters to Current St. Jude bus riders now to start walking in 2014-15

SECTION: FINANCES

PAYMENT OF BILLS
July 23, 2002

CENTRAL BUCKS SCHOOL DISTRICT

TITLE:
ADOPTED:
REVISED:

616. PAYMENT OF BILLS

1. Purpose

It is the Board's intent to direct prompt payment of bills but at the same time to ensure that due care has been taken in the review of district bills.

2. Authority
SC 439, 607,
1155

Each bill or obligation of this Board must be fully itemized, verified and ratified by the Board.

3. Delegation of Responsibility

It shall be the responsibility of the Business Administrator or designee, upon receipt of an invoice, to verify that the purchase invoice is in order, goods were received in acceptable condition or services were satisfactorily rendered, funds are available to cover the payment, the Board had budgeted for the item, and invoice is for the amount contracted. Expenses of the Superintendent shall be approved by the School Board President and Vice President prior to payment.

Should the invoice vary from the acknowledged purchase order, the administration shall document on the invoice the reason for such variance.

SC 607, 687

Should funds not be available in the account to which a proposed purchase will be charged, the Director of Finance shall determine the overage and request the Board make a legal transfer to cover it.

All claims for payment shall be submitted to the Board for ratification and recorded in the minutes of the Board meeting.

The list of bills shall include for each: Check Number, Check Date, Vendor, and Amount of Remittance

SC 439	Upon administrative approval of an order, the Business Administrator or designee shall prepare a check for payment and cancel the commitment placed against the appropriate account.
SC 427, 433, 439	All checks approved by the Board shall be signed by the Board Secretary and Treasurer.
4. Guidelines Act 276 of 1974	Signatures of the Treasurer and Board Secretary may be engraved on a facsimile. No check shall be made out to cash.
	Sales Tax
72 P.S. 7204(12)	The district is exempt from sales tax on the purchase of tangible, personal property or services that are sold or used by the district. The district shall control use of its sales tax exemption number issued by the Department of Revenue, in compliance with established regulations. The exemption number shall be used only when buying property or services for district use.
	The district shall obtain a sales tax license number for school organizations who purchase items to be resold.
	In order to monitor these activities, the Business Administrator shall develop procedures to assure coordination and accumulation of information and proper reporting and remittance to the Department of Revenue.

Final Budgetary Transfers -2
June, 2013

FROM:	1200-100	Special Ed - Salaries	490,000	
TO:	1200-200	Special Ed - Benefits		490,000

Reallocate funds within the Special Education function for higher than anticipated benefits expenses

****

FROM:	1400-500	Other Instructional Programs - Other Purch Services	1,000	
TO:	1400-600	Other Instructional Programs - Supplies		1,000

Reallocate funds within the Other Instructional Programs for higher than expected supply expenses

****

FROM:	3200-100	Student Activities - Salaries	82,000	
	3200-200	Student Activities - Benefits	50,000	
	3200-300	Student Activities - Purch Prof/Tech Services	139,000	
	3200-700	Student Activities - Property	11,800	
	2600-600	Operations - Supplies	33,350	
TO:	3200-600	Student Activities - Supplies		316,150

Reallocate funds within the Student Activity Budget and transfer additional funds from Operation Supplies to Student Activity Supplies

NOTICES

Index Calculation Required by the Taxpayer Relief Act

[43 Pa.B. 5476]
[Saturday, September 14, 2013]

Under section 333(l) of the Taxpayer Relief Act (53 P. S. § 6926.333(l)), the Department of Education (Department) has calculated the index for Fiscal Year (FY) 2014-2015.

The index is the average of the percentage increase in the Statewide average weekly wage and the Employment Cost Index. For FY 2014-2015, the base index is 2.1%.

For school districts with a market value/income aid ratio greater than 0.4000, an adjusted index will be posted on the Department's web site at www.education. state.pa.us by September 30, 2013.

CAROLYN C. DUMARESQ,
Acting Secretary

[Pa.B. Doc. No. 13-1683. Filed for public inspection September 13, 2013, 9:00 a.m.]

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webmaster@PaBulletin.com

To: Sharon Reiner
From: Brett Haskin
Date: October 1, 2013

Board Agenda Information:

General Fund Disbursements, September 2013

Checks September 2013		3,180,472.84
Electronic Payments		47,604,030.13
Transfers to Payroll		6,757,038.04
	TOTAL	**$57,541,541.01**

Other Disbursements, September 2013

Capital Fund(net voids)		$2,725,450.71
Food Service		$68,531.93
	TOTAL	**$2,793,982.64**
	All Funds	**$60,335,523.65**

The Central Bucks School District
General Fund
Treasurer's Report
9/30/2013

Beginning Cash Balance		26,069,866.59
Beginning Cash Balance- First of Month		**$26,069,866.59**
Receipts		
Local General Funds Receipts		
Local Collectors	33,716,620.48	
County of Bucks	826,364.41	
EIT	887,964.62	
Interest Earnings	3,840.42	
Facility Use Fees	26,188.50	
Tuition, Community School	364,567.45	
Contributions	53,404.80	
Miscellaneous	7,063.27	
Total Local General Funds Receipts	**$35,886,013.95**	
State General Fund Receipts		
Soc Sec & Retirement	4,234,280.48	
State Subsidy- Other	1,187,234.00	
Total State General Fund Receipts	**$5,421,514.48**	
Federal General Fund Receipts		
Title 2	39,828.41	
IDEA(I.U.)	537,644.85	
Other Federal Subsidies	381,978.60	
Total Federal General Fund Receipts	**$959,451.86**	
Other Receipts		
Offsets to Expenditures	214,117.37	
Total Other Receipts	**$214,117.37**	
Total Receipts		**$42,481,097.66**
Total Beginning Cash Balance and Receipts		**$68,550,964.25**

The Central Bucks School District
General Fund
Treasurer's Report
9/30/2013

Disbursements			
Checks (see detail on following page)		3,180,472.84	
Electronic Payments:			
Employee Payroll Taxes	1,337,104.66		
Employer Payroll Taxes	454,696.64		
PSERS Retire	6,446,392.67		
403B/457PMT	184,288.65		
Health Benefit Payments	2,181,547.51		
Investments Placed	37,000,000.00		
Electronic Payments Total:		47,604,030.13	
Transfer to Payroll		6,757,038.04	
Total Disbursements			**$57,541,541.01**

Summary:		
Total Beginning Cash Balance and Receipts (from previous page)		**$68,550,964.25**
Cash Disbursements		**$57,541,541.01**
Ending Cash Balance	**9/30/2013**	**$11,009,423.24**

General Fund
Treasurer's Report
Check Reconciliation

First Check Run	$1,555,536.76
Second Check Run	$977.29
Third Check Run	$1,328,683.75
Fourth Check Run	$30,974.10
Total Check Run (see attached detail)	**$2,916,171.90**
Less Voided Checks	($6,365.41)
Check Run Sub-Total	**$2,909,806.49**
Add Prior Month A/P Funded This Month	$493,546.85
Less This Month A/P To Be Funded Next Month	$222,880.50
Checks Funded This Month	**$3,180,472.84**

Capital Funds As of Sept 30, 2013

	Beg. Bal. 7/1/2013	*Transfers from (to other Funds)	Transfers from General Fund	Interest Earnings	Expenditures	Commitments	Balance 9/30/2013	Target Amount	Percent of Target	Comments
Short term Capital	$8,094,493		$4,330,000	$ 3,937	$ 3,468,430	$ 1,935,284	$ 7,024,715	$ 14,000,000	50%	
Technology	$3,013,161		$2,000,000	$ 2,484	$ 1,191,857		$ 3,823,788	$ 2,000,000	191%	
Transportation	$899,274		$1,000,000	$ 1,132		$ 838,551	$ 1,061,855	$ 2,100,000	51%	
Debt Service	$73,065			$ 1			$ 73,066			
Millage Reduction	$0						$ -	$ 2,000,000	0%	
Long Term Capital	$8,000,000			$ 5,810			$ 8,005,810	$ 8,000,000		
Totals **	$20,079,993	$0	$7,330,000	$ 13,363	$ 4,660,287	$ 2,773,835	$ 19,989,235	$ 28,100,000	71%	

** This report excludes the following Funds:

	Balance	% of Target
Post Employment (GASB 45)	$3,769,660	13%
Health Care	$1,745,195	70%

Capital Bond Funds As of September 30 ,2013

	Beg. Bal.	Interest Earnings	Expenditures	Commitments	Balance 9/30/2013
PSDLAF 2007 Bond	$0	0	0		$ -
Citizens Bank- 2008 Bond	$12,936,322	60,059	1,429,235	4,175,609	$ 7,391,537
Totals	$12,936,322	60,059	1,429,235	4,175,609	$ 7,391,537

2008 Bond Project
Tamamend Renov
Lenape Renov
Warwick Cafeteria
Unami Auditorium
CB East Renovations
Holicong Renovations
CBE Stadium
Unami Classroom

2007 Bond Projects
CB East Locker Rooms
Warwick Elem Site Drainage
Warwick Driveway
Pine Run Nursing area
Buckingham & Gayman Roofing
CBE Track
Unami Science Classrooms

2003 Bond Projects-History
Tohickon MS-Balance after 2000 Bond Depleted
Warwick Elementary Renovation & Addition
Barclay
Buckingham
Butler
Linden
Pine Run
CB West
CB WEST PHASE II
CB East

Central Bucks School District
Investment Portfolio
Summary Totals by Bank
September 30, 2013

Bank Name	Principal Amount
3rd Fed Bank	249,000
Bank of America	23,003,315
First Niagara	11,291,592
First Savings Bank of Perkasie	249,000
Firstrust Bank	248,000
Fulton Bank	107,318
Hatboro Savings & Loan	248,000
JP Morgan/Chase	43,046,801
MBS	980,000
Milestone Bank	243,000
Monument Bank	244,000
National Penn	43,005,654
PLIGIT	1,240,992
PNC	54,966
PSDLAF	9,093,869
Quakertown National Bank	9,553,086
Sovereign	42,623,880
Susquehanna	73,066
TD Bank	40,023,864
Team Capital Bank	249,000
William Penn Bank	248,000
Total	226,076,404

Central Bucks School District
Investment Portfolio
General Fund
September 30, 2013

Purchase Date	Bank Name	Maturity Date	Rate of Interest	Principal Amount
GENERAL FUND BANK ACCOUNTS				
9/30/13	TD Bank	10/1/13	0.30%	11,009,423
9/30/13	TD Bank Municiple Choice	10/1/13	* 0.55%	10,800,000
9/30/13	PLIGIT	10/1/13	0.02%	992
9/30/13	PSDLAF MAX Acct	10/1/13	0.01%	193,141
		Total General Fund Bank Accounts		22,003,557
GENERAL FUND CDs				
	Individual 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
	PLGIT 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
	PSDLAF 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
	Multi Bank Securities CDs:			
10/3/12	Mizuho Corporate Bank USA NY	10/3/13	0.35%	245,000
10/11/12	Synovus Bank, Columbus, GA	10/11/13	0.40%	245,000
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
		Total General Fund CDs		9,795,318
GENERAL FUND MONEY MARKET ACCOUNTS				
9/30/13	First Niagara	10/1/13	0.20%	118
9/30/13	Sovereign	10/1/13	0.30%	34,618,070
9/30/13	Bank of America	10/1/13	0.20%	23,003,315
9/30/13	National Penn (1652)	10/1/13	0.25%	43,005,654
9/30/13	Quakertown National Bank	10/1/13	0.25%	9,553,086
9/30/13	PNC	10/1/13	0.10%	54,966
9/30/13	JP Morgan/Chase	10/1/13	0.25%	43,046,801
9/30/13	PSDLAF(Athletic Full Flex)	10/1/13	0.15%	254,276
		Total General Fund Money Market Accounts		153,536,287
		Total General Fund		185,335,162

* Interest earnings credited to offset fees

Central Bucks School District
Investment Portfolio
Capital Fund
September 30, 2013

Purchase Date	Bank Name	Maturity Date	Rate of Interest	Principal Amount
2008 Bond				
9/30/13	First Niagara	10/1/13	0.20%	9,601,190
9/30/13	PSDLAF MAX ACCT	10/1/13	0.01%	5,955
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	**11,567,146**
Transportation Capital Reserve				
9/30/13	TD Bank	10/1/13	0.30%	1,900,406
			Total Transportation Reserve	**1,900,406**
Technology Capital Reserve				
9/30/13	TD Bank	10/1/13	0.30%	3,823,788
			Total Technology Reserve	**3,823,788**
Short Term Capital Reserve				
9/30/13	PSDLAF Max Acct	10/1/13	0.01%	147
9/30/13	TD Bank Fund 3 Acct	10/1/13	0.30%	949,136
9/30/13	TD Bank	10/1/13	0.30%	8,906,889
			Total Short Term Capital Reserve	**9,856,172**
Long Term Capital Reserve				
9/30/13	Sovereign	10/1/13	0.30%	8,005,810
			Total Long Term Capital Reserve	**8,005,810**
			Total Capital Fund	**35,153,322**

Investment Portfolio
Debt Service Fund
September 30, 2013

Purchase Date	Bank Name	Maturity Date	Rate of Interest	Principal Amount
Debt Service Reserve				
9/30/13	Susquehanna	10/1/13	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
September 30, 2013

Purchase Date	Bank Name	Maturity Date	Rate of Interest	Principal Amount
Post Employment Trust Fund Reserve				
9/30/13	First Niagara	10/1/13	0.20%	1,690,284
9/30/13	TD Bank	10/1/13	0.30%	2,079,376
			Total Post Employment Reserve	**3,769,660**
Healthcare Trust Fund Reserve				
9/30/13	PSDLAF Max Account	10/1/13	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
9/30/13	TD Bank	10/1/13	0.30%	554,846
			Healthcare Reserve	**1,745,195**
			Total Trust Fund	**5,514,855**
			Grand Total	**226,076,404**
			Weighted Average Rate of Return	**0.26%**

LOGIC

QUARTERLY REPORT

(AS OF SEPTEMBER 23, 2013)

CENTRAL BUCKS SCHOOL DISTRICT

Lawlace Consulting LLC is pleased to continue assisting the Central Bucks School District in providing services related to the investment of public funds. In accordance with our Investment Consulting Agreement, we have prepared the following analysis and review of services provided to you.

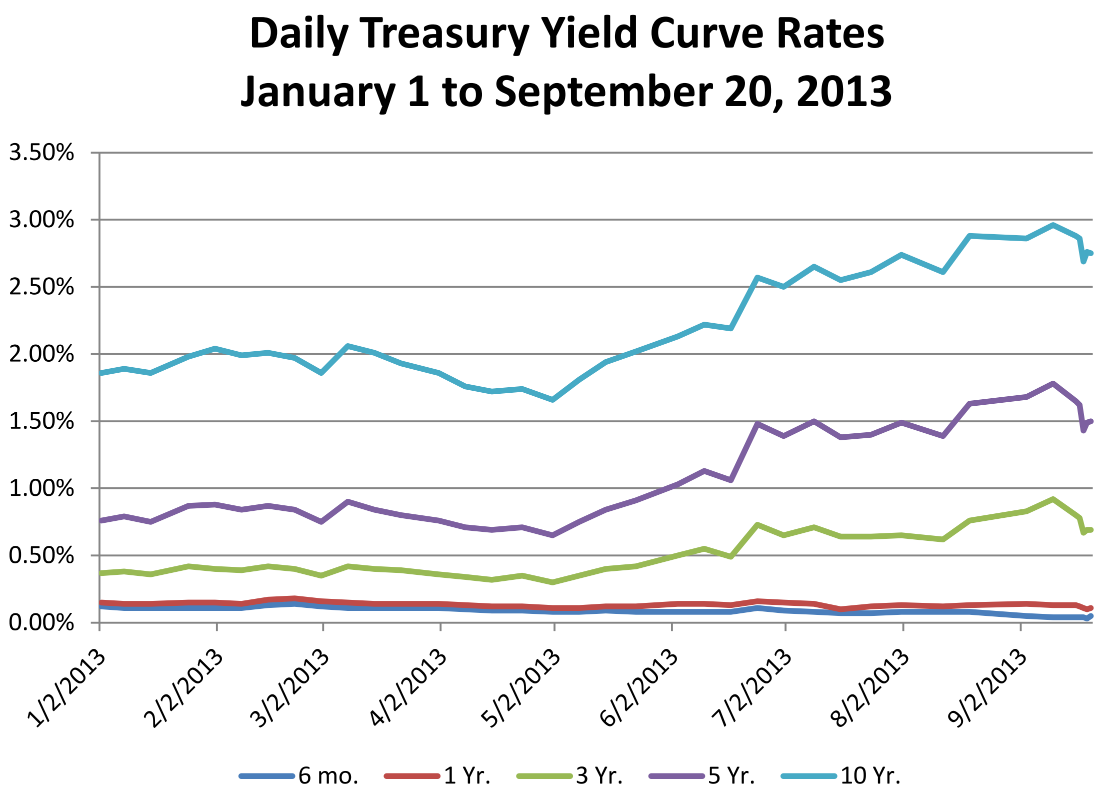
Financial Markets Overview

The unexpected decision by the Federal Reserve to maintain the current pace of asset purchases surprised investors and led to a decline in intermediate term interest rates and some uncertainty about the Fed's plans for the next few months. Short-term interest rates are unlikely to climb until 2015. The banking industry continued its string of profitable quarters.

Monetary Policy and Interest Rates. The Federal Open Markets Committee announced on September 18, to the surprise of investors and financial markets, that it would maintain the current pace of asset purchases under its "quantitative easing" program. Since December the Federal Reserve has acted to drive down long-term interest rates by making monthly purchases of $40 billion of long-term Treasury securities and of Fannie Mae, Freddie Mac and Ginnie Mae mortgage-backed securities at the rate of $45 billion per month in an effort to keep long-term rates low to encourage borrowing, spending and investing. The Fed had signaled at its June meeting that it expected to begin the process of winding down the purchase program as the economic recovery strengthened.

At its September meeting the FOMC noted that economic activity had been expanding at a moderate pace over the summer with household spending and business fixed investment increasing and with some improvements in the labor market. The continued elevated unemployment rate, a rise in mortgage rates and fiscal policy all restrained economic growth. "The Committee sees the downside risks to the outlook for the economy and the labor market as having diminished, on net, since last fall, but the tightening of financial conditions observed in recent months, if sustained, could slow the pace of improvement in the economy and labor market." The Fed statement also cited the impact of federal fiscal entrenchment due to the sequester. In comments made after the release of the FOMC statement, Chairman Ben Bernanke warned that a government shutdown and the failure to raise the federal debt ceiling limit could have very serious consequences for the economy and the financial markets. The FOMC statement emphasized that "asset purchases are not on a preset course, and the Committee's decisions about their pace will remain contingent on the Committee's economic outlook as well as its assessment of the likely efficacy and costs of such purchases." The FOMC next meets on October 29-30 when it will again consider whether to slow its asset purchase program.

The bond market reacted quickly to the unexpected decision to continue the quantitative easing program at its current levels and intermediate term rates dropped sharply as bond prices rose, as shown in the chart below. The chart shows the fast rise in bond yields following the June meeting when the FOMC announced its expectation that it would begin to taper its asset purchase program and the even sharper decline in yields following the September meeting.



The Fed also maintained the target range for the federal funds rate at 0 to ¼ percent where it has been since December 2008 and left unchanged its expectations that this exceptionally low rate will be appropriate until unemployment drops to 6.5% with inflation remaining below 2.5%. Twelve out of seventeen FOMC participants indicated in September that they believe that the first increase in the target federal funds rate from the current range of 0 to ¼ percent will occur in 2015. Three believed the increase would occur in 2014 and two thought it would happen in 2016.

The September FOMC meeting followed the announcement that Lawrence Summers had withdrawn his name from consideration for the next chairman of the Federal Reserve. Janet Yellen, the other leading candidate, is considered by most observers to be in favor of continuing a "highly accommodative" monetary policy to expand the monetary supply. The expansion of the monetary supply is intended to make making money less expensive to borrow by lowering interest rates, thereby encouraging more spending from consumers and businesses.

Banking Industry Highlights. Profits for FDIC-insured institutions increased again during the second quarter of 2013, the 16th consecutive quarter that year-over-year earnings improved. The FDIC cited increased noninterest income, lower noninterest expenses and lower provisions for loan losses as accounting for the earnings growth. The banking industry reported aggregate net income for the second quarter of $42.2 billion, a 22.6% improvement over the second quarter of 2012.

The average return on assets (ROA) climbed to 1.17% from 0.99% a year ago, the highest quarterly ROA since 1.22% for the second quarter of 2007. ROA is considered a basic measurement of profitability. The banking industry recorded a 1.27% ROA average from 2000 through 2006.

Loan balances increased by 1.8% after a 0.5% decline during the first quarter. The growth in loans was led by a 2% increase in commercial and industrial loan balances.

Asset quality indicators improved as insured institutions reduced loss reserves for the 13th consecutive quarter with total reserves declining by 4.1%. The FDIC noted that most of the reduction in reserves occurred at large institutions. Average net interest margin fell to 3.26%, its lowest level since 2006. Quarterly highlights include:

- Half of the institutions reported higher net income than a year earlier
- 8.2% of banks lost money in the 2nd quarter, down from 11.3% in 2Q2012
- Net charge-offs fell 30.7% from a year earlier
- Noncurrent loans and leases declined by 8.3%
- Total assets dropped by 0.1%, as the market value of securities held for trading declined as interest rates rose

The number of FDIC-insured institutions decreased from 7,019 to 6,940 during the second quarter as 62 banks merged and 12 failed. The FDIC's problem institutions (those with financial, operational, or managerial weaknesses that threaten continued viability) dropped for a ninth quarter to 553, down from the high of 888 at the end of the first quarter of 2011. These problem institutions equal 7.9% of all insured institutions.

Bank Deposits and FDIC Insurance. The expiration of the FDIC's Transaction Account Guarantee (TAG) insurance program on December 31 did not trigger large deposit outflows from banks as some banking industry observers had feared. These fully-insured accounts formed a significant part of the banking industry's assets at the end of 2012, representing 12.1% of total bank assets. The FDIC noted that noninterest-bearing transaction deposits with balances greater than $250,000 (the FDIC insurance limit) fell by $51 billion (4.3%) during the first six months of 2013 and now represent 10% of total assets as of June 30. Excluding those deposit amounts that received temporary insurance coverage through the end of 2012, estimated insured deposits rose by 4.4% over the twelve months ending June 30, 2013.

These ongoing challenges to financial institutions continue to require vigilance in monitoring the financial health of banks entrusted with public funds deposits.

Credit & Collateral Review

The Board Investments Report as of August 31, 2013 shows that the School District maintains significant investment deposits with First Niagara Bank, JPMorgan Chase Bank, National Penn Bank, QNB Bank, Sovereign Bank, Susquehanna Bank, TD Bank, the Pennsylvania Local Government Investment Trust ("PLGIT") and the Pennsylvania School District Liquid Asset Fund ("PSDLAF"). The School District also has additional investments with banks that are below the FDIC insurance limit. This report also reviews Citibank, Citizens Bank of Pennsylvania and PNC Bank where the School District formerly invested funds.

In connection with this report we reviewed the available collateral reports of the financial institutions utilized by the School District. Act 72 of 1971, the Commonwealth statute that governs the collateralization of public funds, provides significant latitude to financial institutions and permits them to use types of securities as collateral that are not allowed for direct investment by the School District. Therefore, credit and collateral review is an on-going process.

Collateral Characteristics. The latitude allowed by Act 72 permits financial institutions to sue a wide variety of types of securities, many of which may be subject to rapidly fluctuating values, as demonstrated by the turmoil in credit markets over the last three years.

Obligations of the United States, including direct United States Treasury obligations and obligations issued by Government National Mortgage Association (GNMA), are obviously the safest type of collateral for deposits, followed by obligations of federal agencies such as Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC). GNMA, FNMA and FHLMC issue pooled securities containing mortgages that meet the criteria for conforming loans set by regulators. These federal agency pooled securities are highly rated and highly liquid and are guaranteed by the federal agencies so that the securities maintain their value even if the underlying mortgages encounter problems.

Other institutions pledge municipal debt obligations such as general obligation and revenue bonds issued by states, counties, municipalities, authorities and school districts. Municipal obligations issued by Pennsylvania entities are permitted investments for school districts under Section 440.1 of the School Code. It should be noted that municipal obligations of entities located outside of Pennsylvania may be used as collateral even though school districts are not permitted to invest in them directly. While not as secure as U.S. Treasury obligations or federal agency instruments, municipal securities are generally considered to be safe. In addition, many of them are insured by municipal bond insurers, adding another layer of security. A 2003 study by Fitch Ratings of municipal defaults found that the cumulative default rate on municipal bonds issued between 1987 and 1994 was 0.63 percent.

Private label mortgage-backed securities (MBS), collateralized mortgage obligations (CMO), asset-backed securities (ABS) and collateralized debt obligations (CDO) may be used by some institutions as collateral. Each of these types of securities has different structures and characteristics that affect their value in different markets and therefore their suitability as part of a collateral pool.

Thomson Reuters Bank Insight Ratings. The LOGIC program uses financial analysis provided by Thomson Reuters Bank Insight (formerly known as Highline Financial) as one tool for evaluating the strength of a financial institution. Thomson Reuters Bank Insight provides ratings of financial institutions on a quarterly basis using publicly available financial data. A rating is based on a scale from 0 – 99 with 0 being the lowest and 99 being the highest. Ratings are distributed on a bell curve with the large majority of institutions falling somewhere in the middle. Bank Insight's ratings are based on specific financial ratios that were selected after a study examining the best combination of ratios to determine the potential for failure. The study was conducted on 50 high performance and 50 failed institutions in 1988 and 1991 when there were high failure rates for banks.

These ratios examine capital adequacy, asset quality, earnings and liquidity which are then weighted to indicate the relative importance of each ratio used in the rating system, as follows:

Capital Adequacy	30%
Asset Quality	35%
Earnings	25%
Liquidity	10%

Bank Insight also assigns a peer group ranking based on the cumulative percentage of institutions rated below a particular rating. For example, an institution may have a rating of 50 with a rating rank of 60 meaning that 60% of all institutions in the peer group have a ranking of 50 or below. We generally consider a ranking of 20 to be the minimum acceptable level. A decline of 10 points or more from one quarterly reporting period to another may also be an indication that the institution has experienced financial difficulty deserving inquiry.

Bank Insight's peer group rating compares a financial institution to all institutions of like size based on the institution's total assets. The asset size peer groups for banks are:

1. Total Assets > than $10 billion
2. $5 billion to $9.9 billion
3. $1 billion to $4.9 billion
4. $500 million to $999 million
5. $300 million to $499 million
6. $100 million to $299 million
7. $50 million to $99 million
8. $25 million to $49 million
9. $10 million to $24 million
10. $0 to $9 million
11. Chartered in last 3 years and assets less than $150 million

This report looks at the Bank Insight peer group ratings in order to provide an overview of how each bank has fared during the course of the financial crisis. The report also provides regional bank ratings that compare all institutions of like types to all others in a certain region based on where the bank is headquartered. The Northeast region includes all of New England, New York, New Jersey and Pennsylvania.

Bank Information. The financial information regarding each bank is presented as of June 30, 2013, the most recently available data. Financial institutions continue to experience significant volatility that may not be reflected in this quarterly financial data.

Capital Adequacy. Section 131 of the FDIC Improvement Act of 1991 established five capital levels ranging from "well-capitalized" to "critically undercapitalized" to determine whether a bank requires prompt corrective action. The highest level, Capital Category 1, requires that an institution meet or exceed the following requirements: (i) a Total Risk-Based Capital Ratio of 10.00%, (ii) a Tier 1 Capital Ratio (core capital weighted assets) of 6.0%), and (iii) a Leverage Ratio (core capital to adjusted total assets) of 5.0%.

Thomson Reuters Bank Insight also calculates a Capital Adequacy Ratio based on Tier 1 capital minus any loss on assets held for sale divided by adjusted total assets. Thomson Reuters Bank Insight develops a peer group ranking for the Capital Adequacy Ratio using the same criteria as the overall peer group ranking described above.

Troubled Assets. The "troubled asset ratio" compares the sum of the bank's troubled assets with the sum of Tier 1 Capital plus Loan Loss Reserves. "Troubled assets" are calculated by adding together the amounts of loans past due 90 days or more, loans in non-accrual status and Other Real Estate Owned (primarily properties obtained through foreclosure). Non-loan bank assets such as mortgage-backed securities or collateralized debt obligations that a bank may own are not included in the valuation of troubled assets. Higher values in this ratio generally indicate that a bank is under more stress caused by loans that are not paying as scheduled.

Citibank N.A.

Overview. Citigroup Inc. is the parent company of Citibank. Citigroup Inc. reported net income of $4.2 billion on revenues of $20.5 billion for the second quarter of 2013 compared to net income of $2.9 billion on revenues of $18.4 billion for the corresponding quarter of 2012.

Citigroup is "repositioning" its efforts to focus on urban areas and in mid-December announced that it will shut its branches in many suburban Philadelphia locations, including Doylestown, Southampton and Warrington, Bucks County, and Berwyn, Chester County. No indication was given as to where any existing deposits or banking relationships would be transferred.

Ratings. Ratings for both Citigroup and Citibank are as follows:

	Moody's	S&P	Fitch
Citigroup			
Outlook	Uncertain	Negative	Stable
Senior Debt	Baa2	A-	A
Citibank, N.A.			
Outlook	Stable	Negative	Stable
Senior Debt	A3	A	A

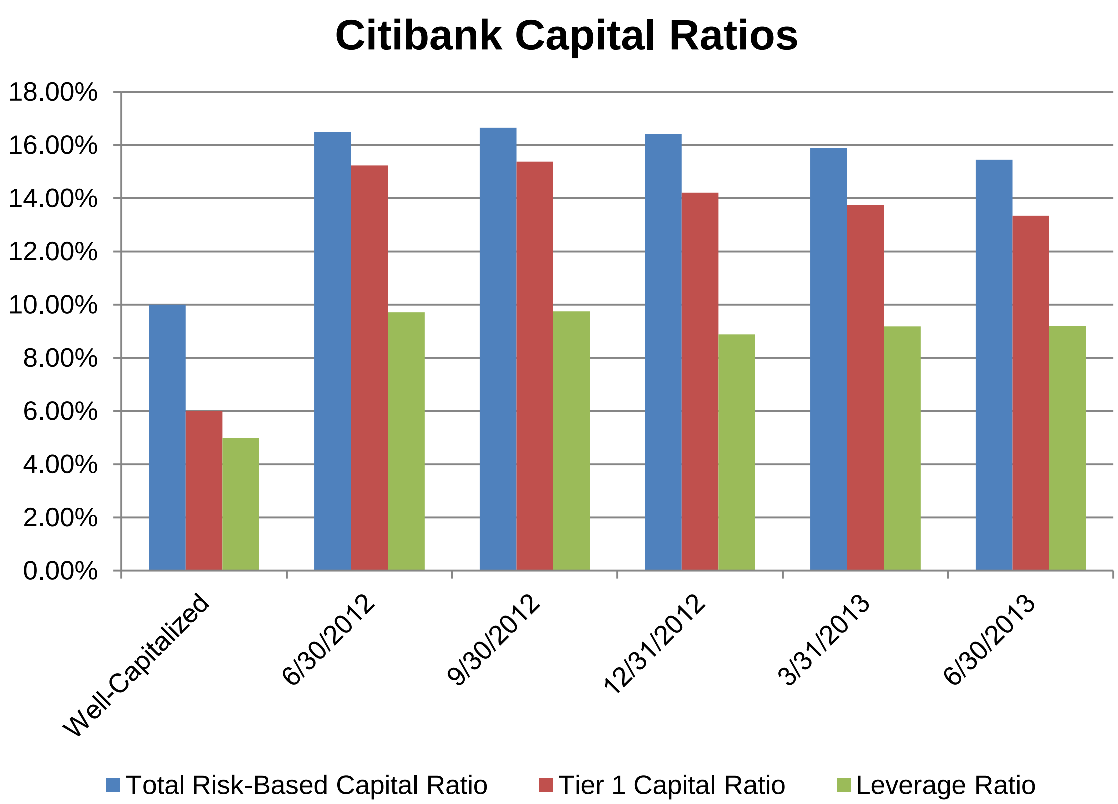
Citibank's Thomson Reuters Bank Insight peer group rating for June 30 was "64", placing the bank in the 66th percentile of its peer group of banks with total assets exceeding $10 billion. Bank Insight ratings and rankings for the last two years were:

Quarter	Peer Group Rating	Peer Group Ranking	Regional Rating	Regional Ranking
6/30/2013	64	66	68	74
3/31/2013	62	64	66	67
12/31/2012	58	41	58	41
9/30/2012	61	54	61	50
6/30/2012	62	55	62	53
3/31/2012	62	61	62	53
12/31/2011	63	64	61	58
9/30/2011	64	65	63	64

Troubled Assets. The bank's "troubled asset ratio" for the last five quarters is set forth below:

	National Median	Troubled Asset Ratio
6/30/2013	9.5	7.7
3/31/2013	10.2	8.2
12/31/2012	10.7	9.0
9/30/2012	11.4	8.8
6/30/2012	11.9	8.2

Capital Adequacy. Citibank is classified as "well-capitalized" (Capital Category 1) for federal regulatory purposes by meeting or exceeding the minimum measurements set forth below.



Bank Insight's Capital Adequacy Ratio places the bank in the 44^{th} percentile of its peer group.

Citizens Bank of Pennsylvania

Recent Developments. Citizens Bank has resumed use of pooled securities as collateral for public funds deposits following the expiration of unlimited FDIC insurance coverage for non-interest bearing transaction accounts that expired on December 31, 2012

Citizens Bank of Pennsylvania is an operating bank subsidiary of Citizens Financial Group Inc., a commercial bank holding company that is a fully owned subsidiary of The Royal Bank of Scotland Group plc (RBSG). The United Kingdom government owns 83% of RBSG following massive infusions of taxpayer funds to shore up RBSG during the financial crisis. RBSG recently announced that it plans to sell up to 25% of Citizens Bank of Pennsylvania and its other U.S. banking operations "probably at around two years from now." RBSG has been under increasing pressure from the UK regulatory authorities to raise capital. No plan has yet been announced for the U.K. government to sell its ownership interest in RBSG.

Ratings. Current ratings for RBSG and Citizens follow:

	Moody's	S&P	Fitch
RBSG			
Outlook	Review for downgrade	Negative	Stable
Long Term	Baa1	A-	A
Citizens Bank of Pennsylvania			
Outlook	Review for downgrade	Negative	Stable
Long Term	A3	A	A-

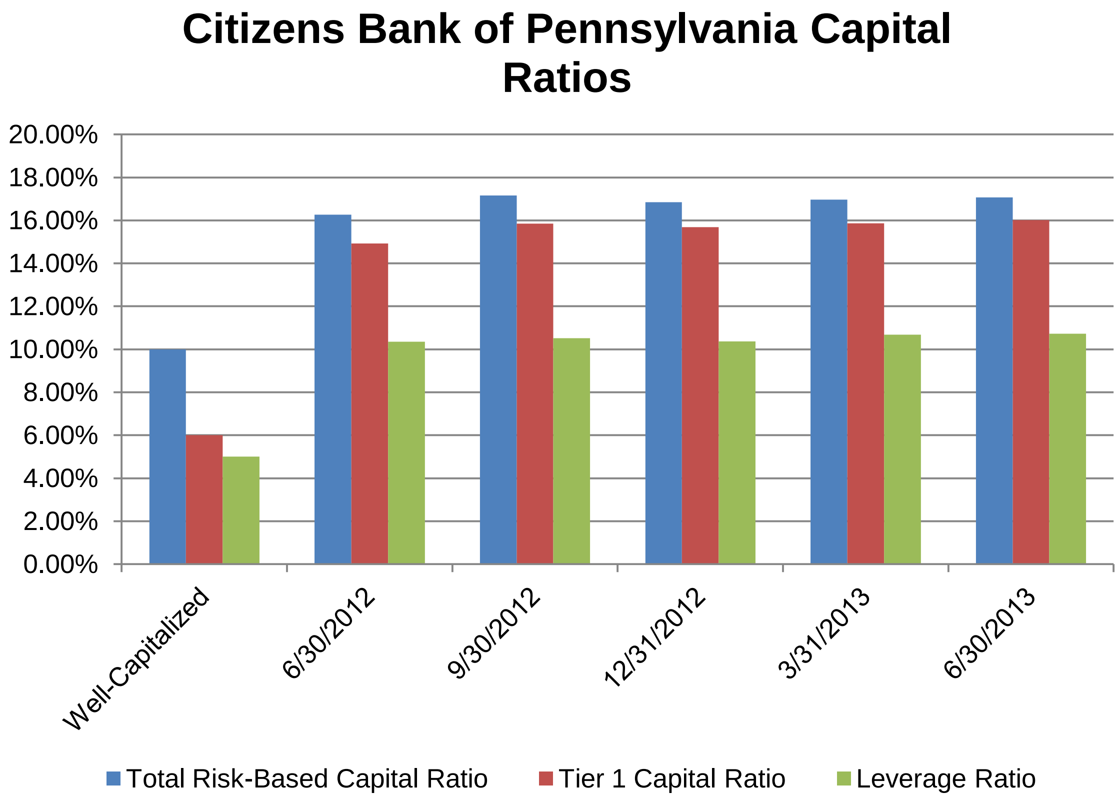
Citizens' Thomson Reuters Bank Insight peer group rating for June 30 was "50", placing the bank in the 28th percentile of its peer group of banks with total assets greater than $10 billion. Bank Insight ratings and rankings for the last two years were:

Quarter	Peer Group Rating	Peer Group Ranking	Regional Rating	Regional Ranking
6/30/2013	50	28	51	47
3/31/2013	47	20	49	41
12/31/2012	52	30	49	40
9/30/2012	51	29	49	41
6/30/2012	50	29	48	40
3/31/2012	50	30	47	38
12/31/2011	50	34	46	42
9/30/2011	52	39	47	44

Troubled Assets. The bank's "troubled asset ratio" for the last five quarters is set forth below:

	National Median	Troubled Asset Ratio
6/30/2013	9.5	7.3
3/31/2013	10.2	8.7
12/31/2012	10.7	8.5
9/30/2012	11.4	7.6
6/30/2012	11.9	8.5

Capital Adequacy. Citizens Bank is classified as "well-capitalized" (Capital Category 1) for federal regulatory purposes by meeting or exceeding the minimum measurements as set forth below.



Bank Insight's Capital Adequacy Ratio places the bank in the 76th percentile of its peer group.

Collateral Review. Citizens resumed the use of an Act 72 collateral pool following the expiration of the TAG FDIC program discussed above. Citizens Bank maintained collateral coverage in its Act 72 collateral pool of 104.2% of public funds held for deposit as of August 31, 2013.

The collateral securing the deposits consists of securities issued by Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC). These securities are either direct obligations of the agencies or pools of residential mortgages that meet the criteria for conforming loans set by regulators for these federal agencies. These federal agency pooled securities are highly rated and highly liquid. These pooled securities are guaranteed by the federal agencies so that the securities maintain their value even if the underlying mortgages encounter problems.

First Niagara Bank

Recent Events. First Niagara reported operating net earnings of $63.6 million, or 18 cents per diluted share, for the quarter ended June 30, compared to $59.7 million, or 17 cents per diluted share, for the quarter ended March 31, 2013 and a loss of $18.5 million, or $0.05 per diluted share, for the quarter ended June 30, 2012. Nonperforming assets equaled 0.51% of total assets, the same as at March 31, 2013.

Ratings. On February 15, 2013 Fitch affirmed its long-term investment ratings of FNFG at BBB- with a negative outlook. Fitch expressed concern that capital levels were not high enough to deal with future potential losses. Fitch noted that the bank's capital position is much lower than its peers and that the bank's risk profile has risen. Moody's and S&P both affirmed their ratings in recent months.

	Moody's	S&P	Fitch
First Niagara Financial Group			
Outlook	Stable	Stable	Negative
Long Term	Baa2	BBB	BBB-
First Niagara Bank			
Outlook		Stable	Negative
Long Term		BBB+	BBB-

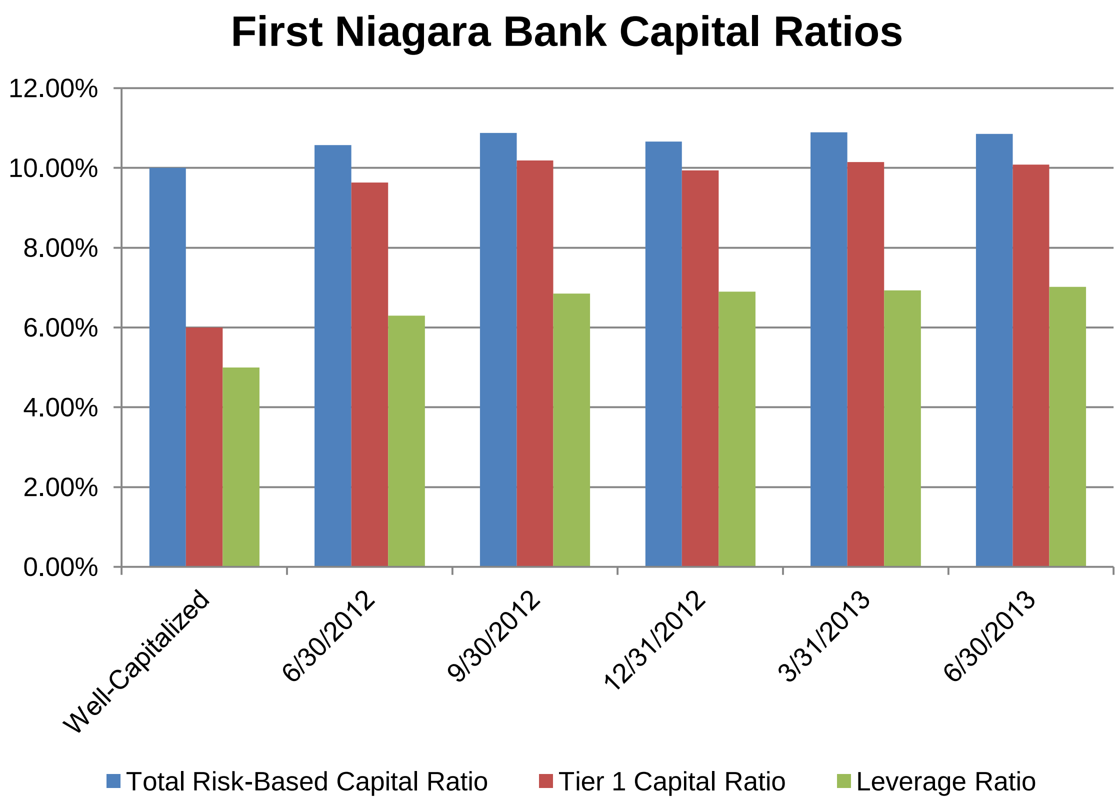
First Niagara Bank's Thomson Reuters Bank Insight peer group rating for June 30 was "50", placing the bank in the 28th percentile of its peer group of banks with assets of greater than $10 billion. Bank Insight ratings and rankings for the last two years were:

Quarter	Peer Group Rating	Peer Group Ranking	Regional Rating	Regional Ranking
6/30/2013	50	28	51	47
3/31/2013	50	28	51	49
12/31/2012	47	19	46	32
9/30/2012	48	26	46	32
6/30/2012	43	16	42	26
3/31/2012	58	50	55	62
12/31/2011	58	53	52	60
9/30/2011	53	42	48	49

Troubled Assets. The bank's "troubled asset ratio" for the last five quarters is set forth below:

	National Median	Troubled Asset Ratio
6/30/2013	9.5	12.4
3/31/2013	10.2	12.6
12/31/2012	10.7	13.2
9/30/2012	11.4	11.3
6/30/2012	11.9	11.0

Capital Adequacy. First Niagara is classified as "well-capitalized" (Capital Category 1) for federal regulatory purposes by meeting or exceeding the minimum measurements set forth below.



Bank Insight's Capital Adequacy Ratio places the bank in the 12th percentile of its peer group.

Collateral Review. First Niagara Bank maintained collateral coverage of 124.01% of public funds held for deposit as of June 30, 2013 (with non-Pennsylvania municipal securities valued at 80% of market value). The securities in the First Niagara collateral pool as of June 30 consisted of federal agency securities (4.37%), Pennsylvania municipal securities (14.80%) and municipal securities from outside of Pennsylvania (80.83%).

JPMorgan Chase Bank N.A.

Overview. JPMorgan Chase & Co. is the parent company of JPMorgan Chase Bank, the largest bank in the United States. JPMorgan Chase & Co. reported net income of $6.5 billion on revenues of $26.0 billion for the second quarter of 2013 compared to net income of $5.0 billion for the corresponding quarter in 2012 on revenues of $22.9 billion.

Ratings. Ratings for both JPMorgan Chase & Co. and JPMorgan Chase Bank are as follows:

	Moody's	S&P	Fitch
JPMorgan Chase & Co.			
Outlook	Possible Downgrade	Negative	Stable
Senior Debt	A2	A	A+
JPMorgan Chase Bank			
Outlook	Stable	Stable	Stable
Long-Term Debt	Aa3	A+	A+

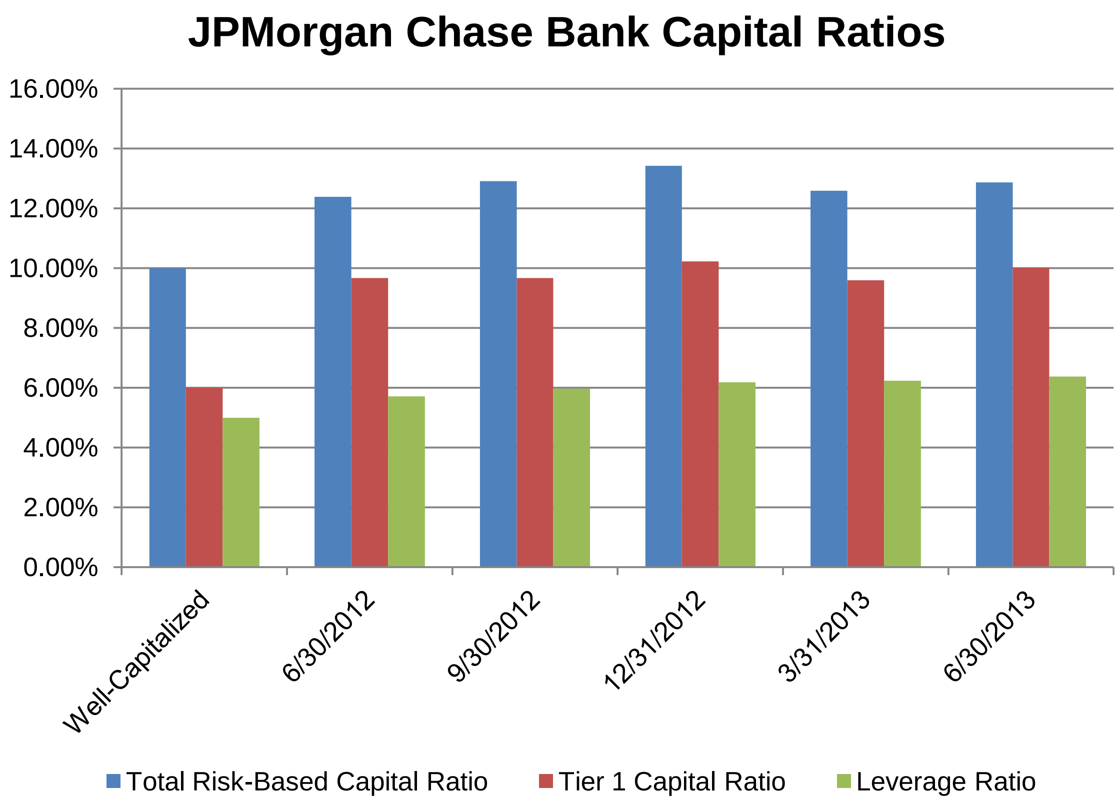
JPMorgan Chase's Thomson Reuters Bank Insight peer group rating for June 30 was "50", placing the bank in the 28th percentile of its peer group of 19 banks with total assets exceeding $10 billion. Bank Insight ratings and rankings for the last two years were:

Quarter	Peer Group Rating	Peer Group Ranking	Regional Rating	Regional Ranking
6/30/2013	50	28	61	52
3/31/2013	48	24	59	49
12/31/2012	46	18	54	39
9/30/2012	44	16	51	35
6/30/2012	42	14	50	36
3/31/2012	42	14	48	33
12/31/2011	41	16	46	36
9/30/2011	40	18	44	34

Troubled Assets. The bank's "troubled asset ratio" for the last five quarters is set forth below:

	National Median	Troubled Asset Ratio
6/30/2013	9.5	13.5
3/31/2013	10.2	15.1
12/31/2012	10.7	16.1
9/30/2012	11.4	17.6
6/30/2012	11.9	18.1

Capital Adequacy. JPMorgan Chase is classified as "well-capitalized" (Capital Category 1) for federal regulatory purposes by meeting or exceeding the minimum measurements set forth below.



Bank Insight's Capital Adequacy Ratio places the bank in the 4th percentile of its peer group.

Collateral Review. We have no information about JPMorgan Chase Bank's collateral policies.

National Penn Bank

Recent Developments. National Penn Bancshares, the parent company of National Penn Bank, reported net income of $25.0 million, or $0.17 per share compared to adjusted net income of $23.4 million for the first quarter of 2013, or $0.16 per diluted common share exclusive of first quarter debt extinguishment and trust preferred redemption. Nonperforming assets also continued to decline.

National Penn also announced recently that it was moving its headquarters from Boyertown to Allentown.

Ratings. National Penn Bancshares, Inc., the parent company of National Penn Bank, does not have a credit rating.

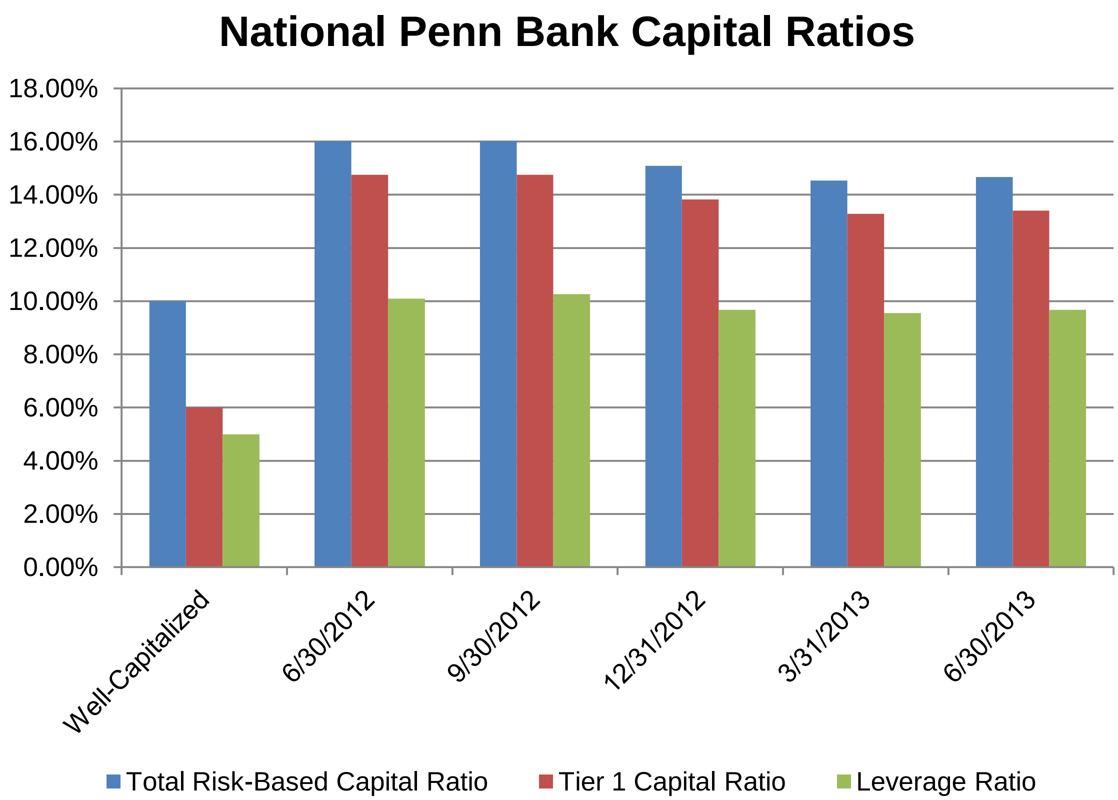
National Penn Bank's Thomson Reuters Bank Insight peer group rating for June 30 was "50", placing the bank in the 24th percentile of peer group banks with assets of $5 billion to $9.9 billion. Bank Insight ratings and rankings for the last two years were:

Quarter	Peer Group Rating	Peer Group Ranking	Regional Rating	Regional Ranking
6/30/2013	50	24	45	29
3/31/2013	32	12	29	10
12/31/2012	72	77	62	80
9/30/2012	72	73	62	80
6/30/2012	72	72	61	78
3/31/2012	73	75	61	79
12/31/2011	70	77	58	78
9/30/2011	70	78	58	77

Troubled Assets. The bank's "troubled asset ratio" for the last five quarters is set forth below:

	National Median	Troubled Asset Ratio
6/30/2013	9.5	5.5
3/31/2013	10.2	5.7
12/31/2012	10.7	5.4
9/30/2012	11.4	6.3
6/30/2012	11.9	6.5

Capital Adequacy. National Penn Bank is classified as "well-capitalized" (Capital Category 1) for federal regulatory purposes by meeting or exceeding the minimum measurements set forth below.



Bank Insight's Capital Adequacy Ratio places the bank in the 53rd percentile of its peer group.

Collateral Review. National Penn Bank maintained collateral coverage of 106.3% as of February 28, 2013, the last information available to us. The custodian for the pooled collateral account is the Federal Home Loan Bank. While National Penn will provide collateral reports on a regular basis, its policy is to supply a listing of the actual collateral only upon specific request from a customer so we suggest that you request such a listing periodically.

We reviewed the list of collateral in the pool securing public funds deposits as of June 30, 2009, the last listing available to us. The collateral consisted entirely of municipal general obligation and revenue bonds, some from Pennsylvania but the majority from out-of-state issuers. While the School District would not be permitted under Section 440.1 of the School Code to own these out-of state obligations directly, Act 72 does permit the use of these securities as collateral.

PNC Bank

Recent Events. PNC reported net income for the second quarter of 2013 of $1.1 billion, or $1.99 per diluted common share, compared to net income of $1.0 billion, or $1.76 per diluted common share for the first quarter of 2013 and $546 million or $0.98 per diluted common share for the second quarter of 2012. Nonperforming assets to total assets were 1.24 % at June 30, 2013 compared with 1.31% at March 31, 2013 and 1.39% at June 30, 2012.

Ratings. PNC Financial Services Group Inc. is the parent company of PNC Bank, N.A. Credit ratings for both entities are as follows:

	Moody's	S&P	Fitch
PNC Financial Services Group, Inc.			
Senior Debt	A3	A-	A+
PNC Bank, N.A.			
Long-Term Deposits	A2	A	AA-

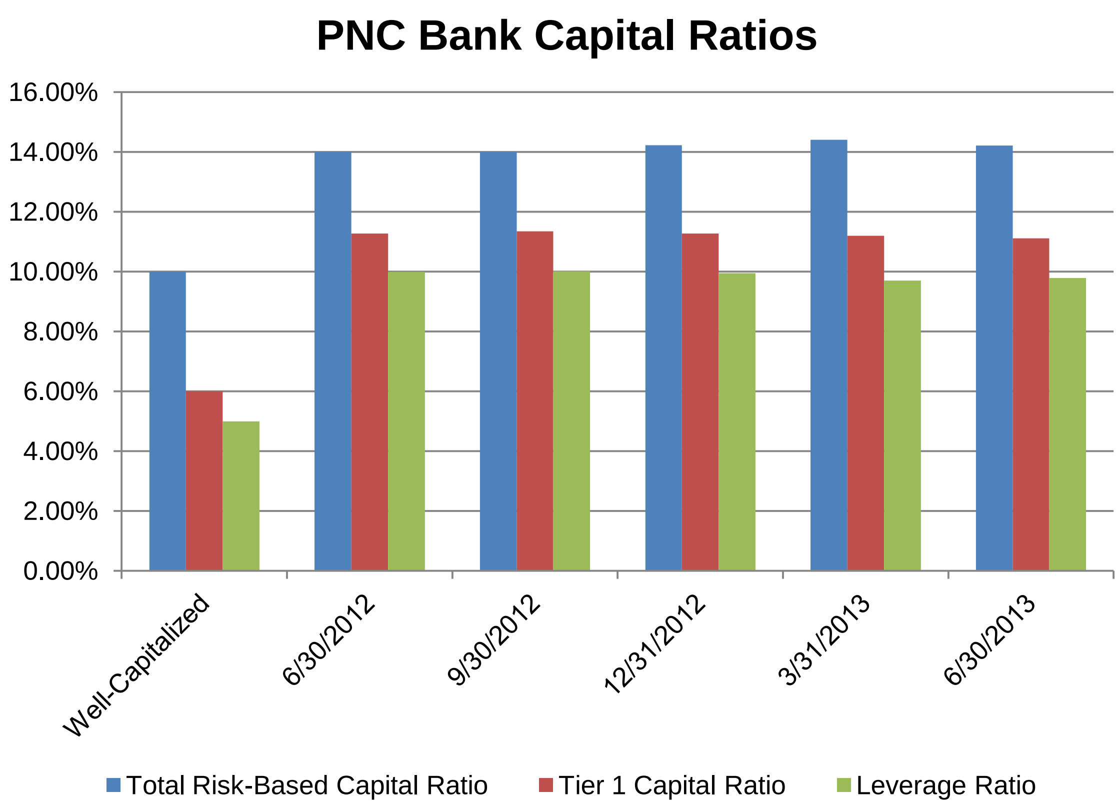
PNC's Thomson Reuters Bank Insight peer group rating for June 30 was "53", placing the bank in the 35th percentile of its peer group of banks with total assets greater than $10 billion. Bank Insight ratings and rankings for the last two years were:

Quarter	Peer Group Rating	Peer Group Ranking	Regional Rating	Regional Ranking
6/30/2013	53	35	70	68
3/31/2013	51	31	69	67
12/31/2012	52	30	66	61
9/30/2012	50	28	65	60
6/30/2012	48	25	64	59
3/31/2012	50	30	65	62
12/31/2011	51	37	61	67
9/30/2011	51	37	61	67

Troubled Assets. The bank's "troubled asset ratio" for the last five quarters is set forth below:

	National Median	Troubled Asset Ratio
6/30/2013	9.5	16.4
3/31/2013	10.2	18.2
12/31/2012	10.7	17.1
9/30/2012	11.4	15.8
6/30/2012	11.9	16.4

Capital Adequacy. PNC is classified as "well-capitalized" (Capital Category 1) for federal regulatory purposes by meeting or exceeding the minimum measurements set forth below.



Bank Insight's Capital Adequacy Ratio places the bank in the 57th percentile of its peer group.

Collateral Review. As of August 31, 2013 PNC maintained collateral coverage of 108.12% and 108.9% as of July 31, 2013. The pooled collateral is held by the Federal Reserve Bank of Boston as third party custodian in an account entitled "Pooled Assets Account."

A review of PNC's collateral as of December 31, 2012 showed that it consisted of high grade federal agency securities from Fannie Mae and Freddie Mac and mortgage-backed securities issued or guaranteed by Fannie Mae and Freddie Mac that present little credit or liquidity risk. PNC now posts its collateral reports online but the monthly reports since December did not include a listing of the securities in the collateral pool

QNB Bank

Overview. QNB Corp. is the holding company for QNB Bank, headquartered in Quakertown. QNB Bank operates eleven branches in Montgomery, Lehigh and Bucks counties.

QNB Corp. reported net income of $1,894,000 or $0.58 per share for the quarter ended June 30, 2013 compared to $2,505,000 or $0.78 per share for the corresponding quarter of 2012. Nonperforming assets declined to 2.77% of total assets compared to 2.75% for the quarter ended March 31, 2013.

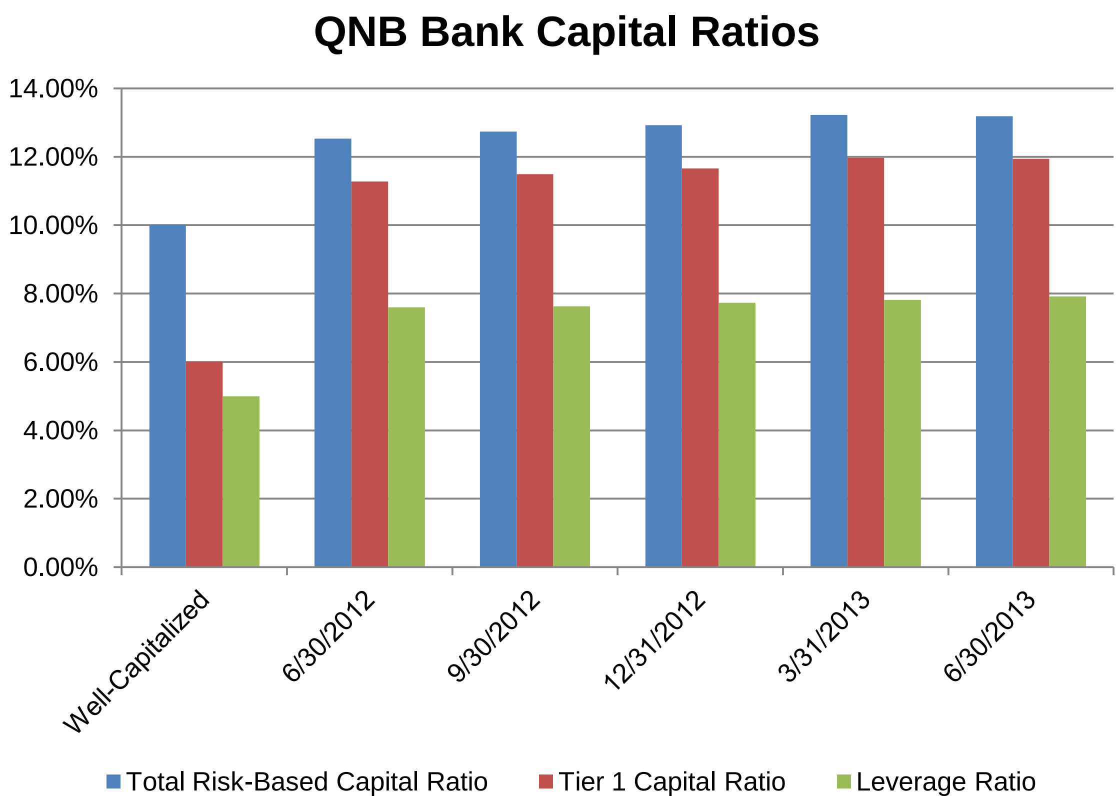
Ratings. QNB Bank's Thomson Reuters Bank Insight peer group rating for June 30 was "51", placing the bank in the 24th percentile of its peer group of banks with total assets of $500 million to $999 million. Bank Insight ratings and rankings for the last two years were:

Quarter	Peer Group Rating	Peer Group Ranking	Regional Rating	Regional Ranking
6/30/2013	51	24	39	18
3/31/2013	52	28	39	20
12/31/2012	52	26	39	18
9/30/2012	53	30	40	21
6/30/2012	58	40	43	28
3/31/2012	56	39	41	26
12/31/2011	50	41	38	25
9/30/2011	51	43	38	26

Troubled Assets. The bank's "troubled asset ratio" for the last five quarters is set forth below:

	National Median	Troubled Asset Ratio
6/30/2013	9.5	25.8
3/31/2013	10.2	26.2
12/31/2012	10.7	27.6
9/30/2012	11.4	28.2
6/30/2012	11.9	26.5

Capital Adequacy. QNB Bank is classified as "well-capitalized" (Capital Category 1) for federal regulatory purposes by meeting or exceeding the following measurements.



Bank Insight's Capital Adequacy Ratio places the bank in the 9th percentile of its peer group.

Collateral Review. We have no information about QNB Bank's collateral policies. ***We suggest you request QNB to provide you with a collateral report as of September 30 and each quarter thereafter.***

Sovereign Bank

Ratings. Credit ratings for Banco Santander, Sovereign Bank's parent company, are shown below.

	Moody's	S&P	Fitch
Banco Santander			
Long Term	Baa2	BBB	BBB+
Outlook	Negative	Negative	Negative
Sovereign Bank, N.A.			
Long Term Counterparty	Baa1	BBB	

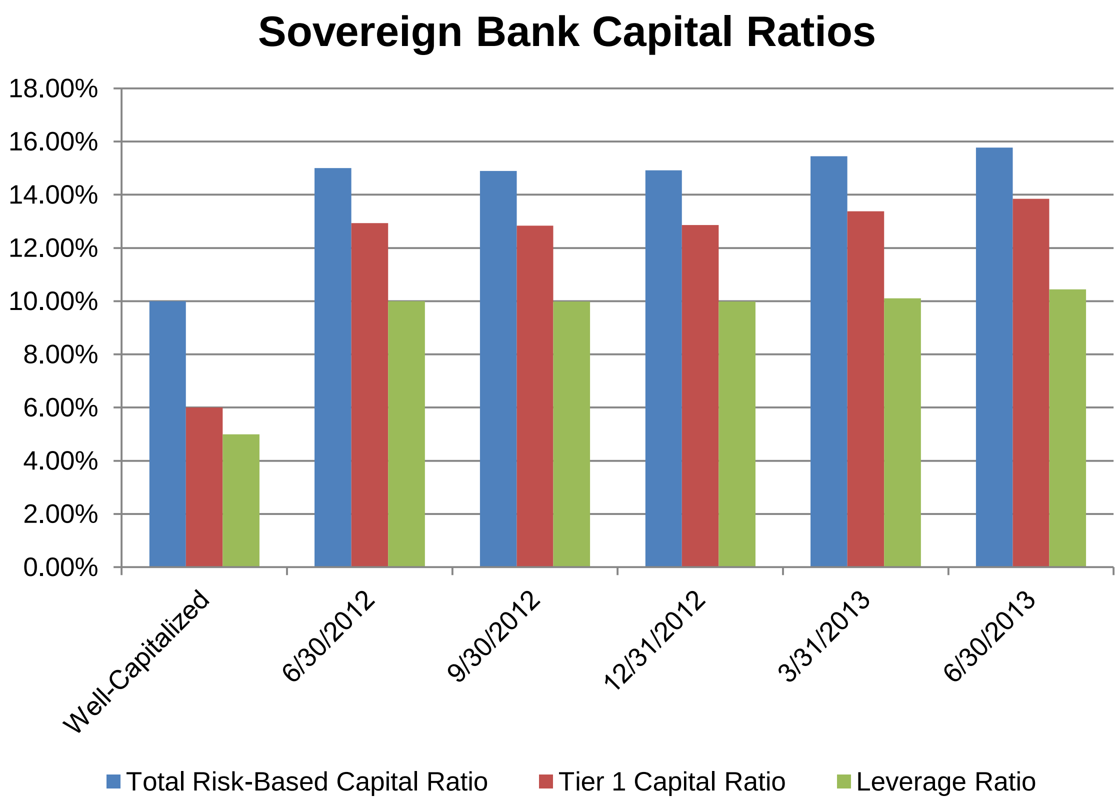
Sovereign Bank's Thomson Reuters Bank Insight peer group rating for June 30 was "47", placing the bank in the 18th percentile of its peer group of banks with total assets greater than $10 billion. Prior to March 31, 2012 Sovereign Bank's peer group consisted of savings and loans with total assets greater than $5 billion. Thomson Reuters has now consolidated its Bank Insight ratings for savings and loans with the ratings for all other banks. Bank Insight ratings and rankings for the last two years were:

Quarter	Peer Group Rating	Peer Group Ranking	Regional Rating	Regional Ranking
6/30/2013	47	18	67	60
3/31/3013	46	17	66	59
12/31/2012	46	18	62	52
9/30/2012	47	25	63	56
6/30/2012	47	23	63	57
3/31/2012	46	24	63	58
12/31/2011	53	36	56	53
9/30/2011	56	44	59	61

Troubled Assets. The bank's "troubled asset ratio" for the last five quarters is set forth below:

	National Median	Troubled Asset Ratio
6/30/2013	9.5	12.1
3/31/2013	10.2	12.8
12/31/2012	10.7	13.7
9/30/2012	11.4	14.2
6/30/2012	11.9	13.5

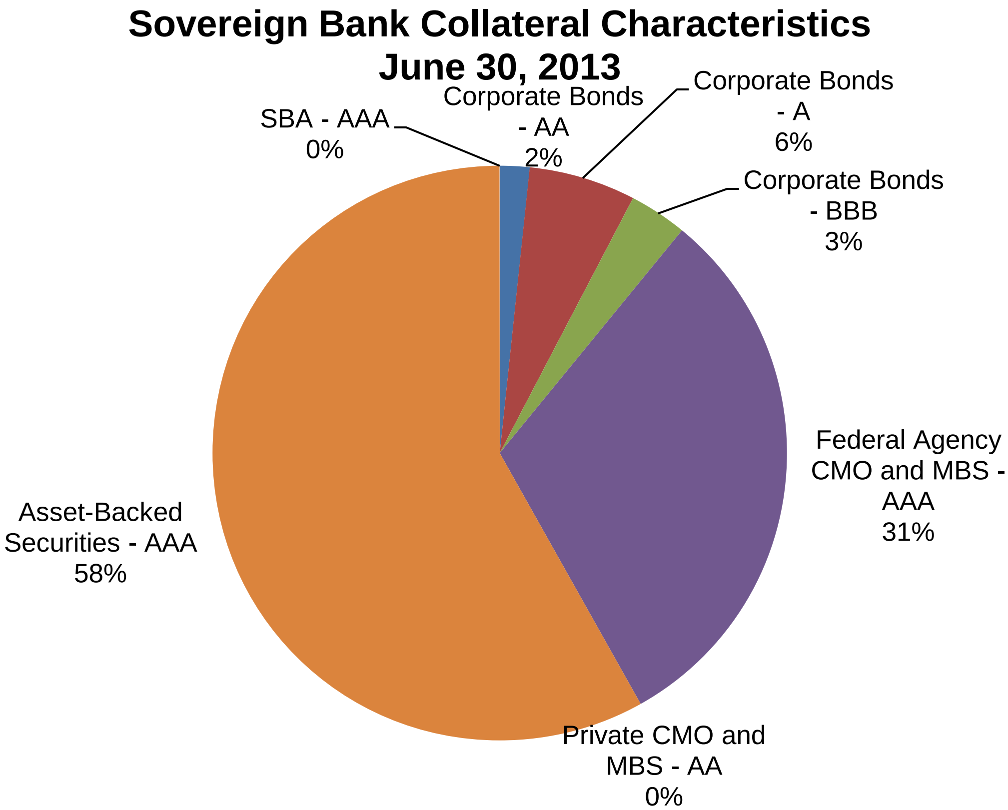
Capital Adequacy. Sovereign Bank is classified as "well-capitalized" (Capital Category 1) for federal regulatory purposes by meeting or exceeding the minimum measurements set forth below.



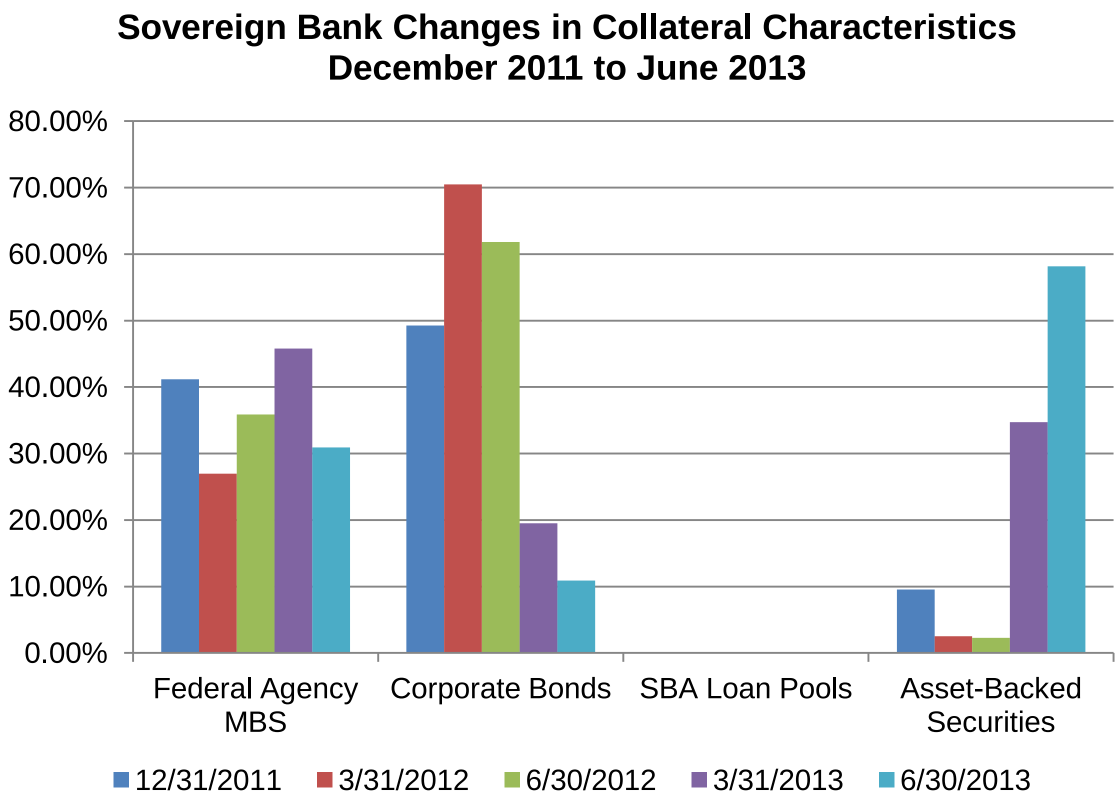
Bank Insight's Capital Adequacy Ratio places the bank in the 68th percentile of its peer group.

Collateral Review. Sovereign Bank maintained collateral coverage of 116.4% as of June 30. The collateral is held at the Bank of New York in the name of Sovereign Bank and is subject to a written security agreement. This use of a third-party custodian is a recommended way to protect school district depositors in the event of a bank default.

Sovereign's collateral portfolio as of June 30 consisted of the securities shown in the chart below. Federal agency securities in the portfolio include direct and pooled obligations of Fannie Mae and Freddie Mac. The portfolio includes minor investments in Small Business Administration loan pools that have the full faith and credit of the federal government behind them.



The composition of the portfolio has changed over the past year with an increased use of asset-backed securities and a reduction in the use of corporate bonds. The asset-backed securities are highly rated but may be subject to volatility as the underlying assets are paid off. Federal agency securities are generally considered to be the safest type of collateral for public funds deposits. The changes in the collateral characteristics over the last year are shown on the following analysis.



Susquehanna Bank

Ratings. Susquehanna Bancshares, Inc. is the parent company of Susquehanna Bank. Standard & Poor's long-term issuer rating on Susquehanna Bancshares is BBB- (outlook positive) which is the lowest investment grade rating. Moody's long-term rating for Susquehanna's is Baa2. Susquehanna Bank's certificate of deposit rating is Baa2. Susquehanna Bank PA is the commercial bank subsidiary of Susquehanna Bancshares, Inc. that provides financial services in Pennsylvania with its main office in Lancaster.

Susquehanna's Thomson Reuters Bank Insight peer group rating for June 30 was "58", placing the bank in the 50th percentile of its peer group of banks with more than $10 billion in total assets. Bank Insight ratings and rankings for the last two years were:

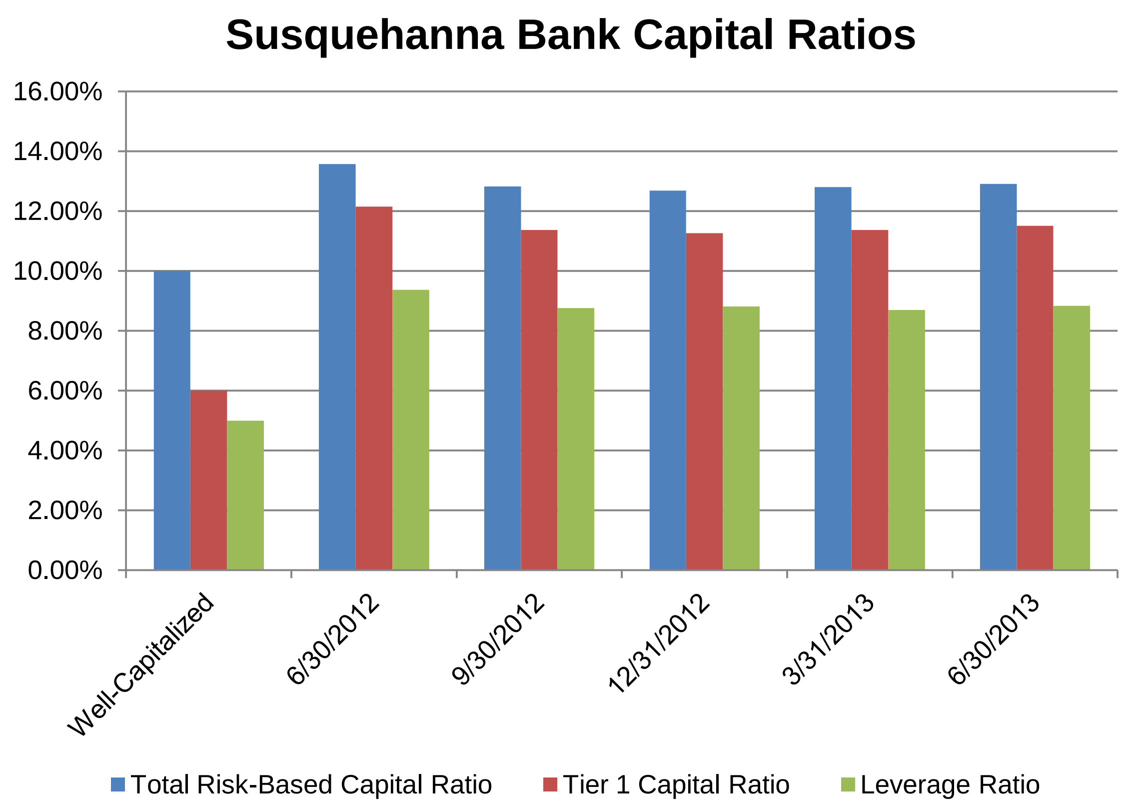
Quarter	Peer Group Rating	Peer Group Ranking	Regional Rating	Regional Ranking
6/30/2013	58	50	59	74
3/31/2013	57	50	58	71
12/31/2012	62	51	58	70
9/30/2012	61	54	57	67
6/30/2012	60	52	57	67
3/31/2012	58	50	55	62

12/31/2011	50	34	45	39
9/30/2011	49	34	45	40

Troubled Assets. The bank's "troubled asset ratio" for the last five quarters is set forth below:

	National Median	Troubled Asset Ratio
6/30/2013	9.5	7.5
3/31/2013	10.2	7.8
12/31/2012	10.7	8.0
9/30/2012	11.4	9.4
6/30/2012	11.9	9.9

Capital Adequacy. The bank is classified as "well-capitalized" (Capital Category 1) for federal regulatory purposes by meeting or exceeding the minimum measurements asset forth below.



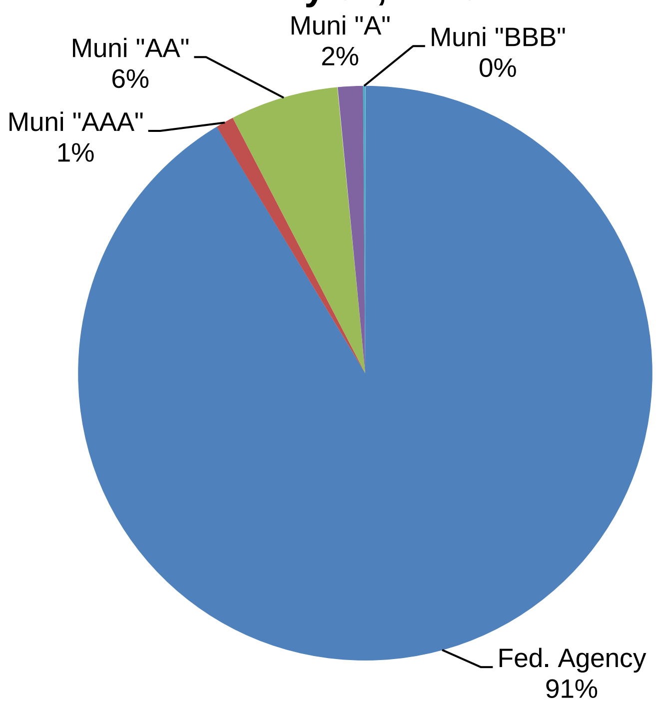
Bank Insight's Capital Adequacy Ratio places the bank in the 39th percentile of its peer group.

Collateral Review. As of July 31, 2013, Susquehanna maintained collateral coverage of 119.7% of public funds held for deposit. As of June 30, 2013 collateral coverage equaled 123.3% of public funds.

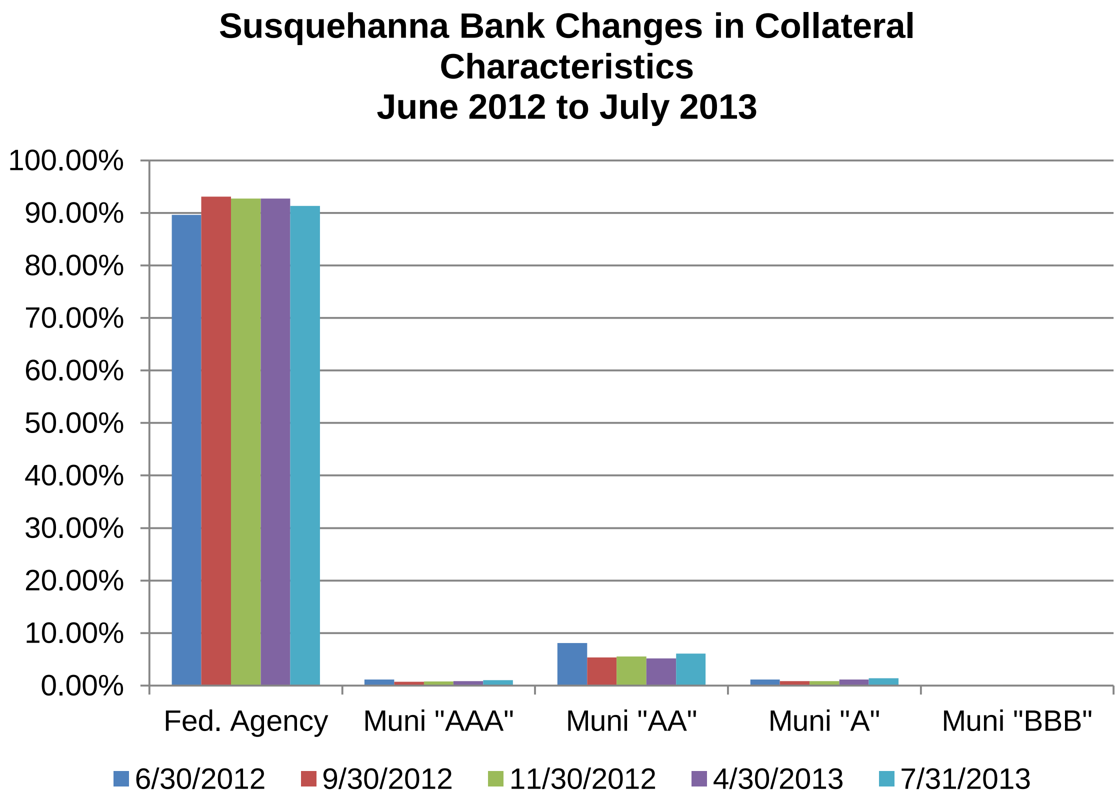
Approximately 91% of the collateral as of July 31 consisted of pooled mortgage-backed securities issued by Fannie Mae and Freddie Mac. These FNMA and FHLMC pooled securities contain residential mortgages that meet the criteria for conforming loans set by regulators for these federal agencies. These federal agency pooled securities are highly rated and highly liquid. These pooled securities are guaranteed by the federal agencies so that the securities maintain their value even if the underlying mortgages encounter problems. Federal agency securities like these are among the safest types of collateral for public deposits.

The remaining collateral consists of debt obligations of municipalities both inside and outside of Pennsylvania. The securities in the collateral pool are held by a third-party custodian, the Federal Home Loan Bank.

Susquehanna Bank Collateral Characteristics
July 31, 2013



The composition of the portfolio has remained largely unchanged over the past year with federal agency securities over 90% of the portfolio as shown in the chart below. Federal agency securities are generally considered to be the safest type of collateral for public funds deposits.



TD Bank

Ratings. TD Bank Financial Group is the parent company of TD Bank, N.A. The ratings for the bank are as follows:

	Moody's	S&P	Fitch
TD Bank, N.A.			
Long Term Debt (Deposits)	Aa3	AA-	AA-
Outlook	Stable	Stable	Stable

TD Bank's Thomson Reuters Bank Insight peer group rating for June 30 was "39", placing the bank in the 9th percentile of peer group banks with total assets greater than $10 billion. Bank Insight ratings and rankings for the last two years were:

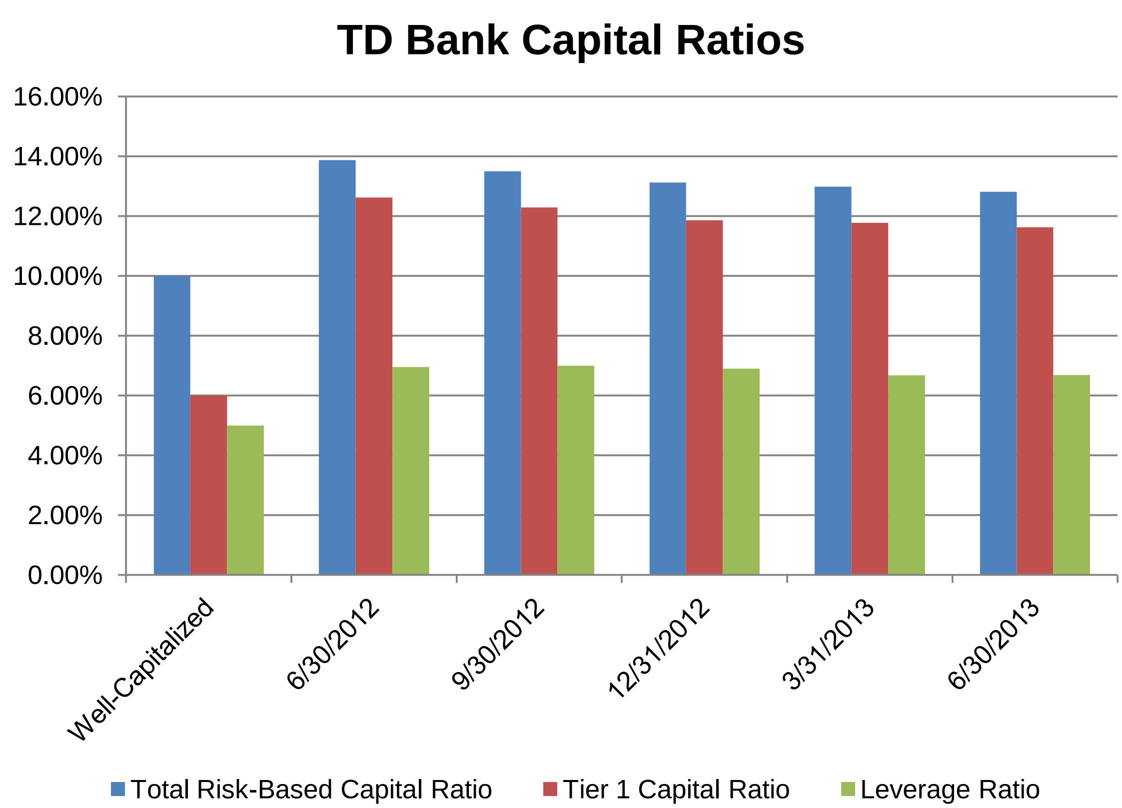
Quarter	Peer Group Rating	Peer Group Ranking	Regional Rating	Regional Ranking
6/30/2013	39	9	62	48
3/31/2013	40	11	62	49

12/31/2012	46	18	62	52
9/30/2012	46	24	62	53
6/30/2012	45	19	62	55
3/31/2012	45	22	62	55
12/31/2011	45	23	57	58
9/30/2011	47	29	59	64

Troubled Assets. The bank's "troubled asset ratio" for the last five quarters is set forth below:

	National Median	Troubled Asset Ratio
6/30/2013	9.5	11.5
3/31/2013	10.2	11.9
12/31/2012	10.7	11.8
9/30/2012	11.4	11.8
6/30/2012	11.9	12.0

Capital Adequacy. TD Bank is classified as "well-capitalized" (Capital Category 1) for federal regulatory purposes by meeting or exceeding the minimum measurements set forth below.



Bank Insight's Capital Adequacy Ratio places the bank in the 5th percentile of its peer group.

Collateral Review. TD Bank maintained collateral coverage of 104.75% of public funds held for deposit as of August 31, 2013 and 102.67% as of July 31, 2013.

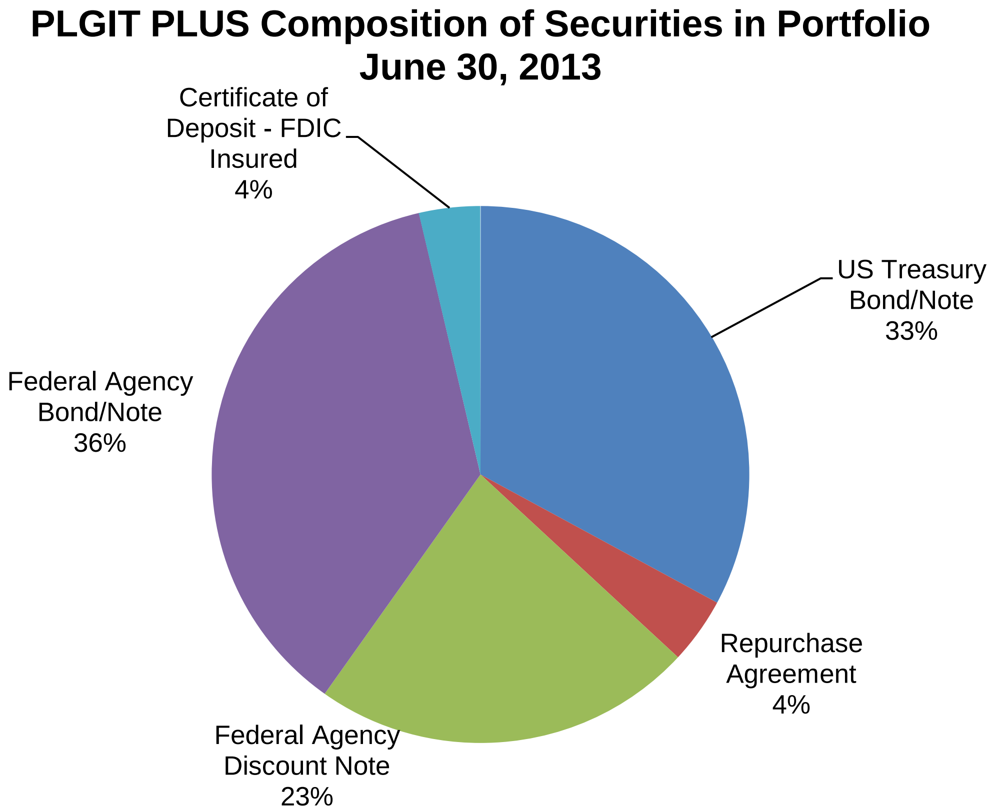
The securities in TD's collateral pool as of August 31 consist of asset-backed securities (ABS) backed by credit card receivables. An ABS is a debt obligation backed by financial assets such as credit card receivables, auto loans and home-equity loans. The financial institutions that originate the loans sell pools of the loans to a special purpose-vehicle, usually a corporation that sells them to a trust. The loans are then repackaged by the trust as interest-bearing securities issued by the trust and sold to investors by investments banks that underwrite them. The securities are generally provided with credit enhancement, whether internal (such as over-collateralization) or external (such as a surety bond or third party guarantee). The ABS securities in TD's collateral portfolio are rated triple-A.

PLGIT AND PSDLAF

Investments placed with PLGIT and PSDLAF are similar to an investment in a AAA rated money market mutual fund (although they are not eligible for SIPC insurance coverage). As such, collateral is not required since the School District owns a proportionate share in the securities held in the Trust. Therefore, it is important to review the detailed listing of securities purchased for the portfolios held by the Trust. A recent review indicates that the securities held are in compliance with the School Code (440.1). Each of the funds is rated AAAm by S&P, the highest rating for a money market type of fund. The AAAm rating is defined by S&P as follows: "Safety is excellent. Superior capacity to maintain principal value and limit exposure to loss."

PSDLAF's Portfolio of Investments as of September 30, 2012 consisted of demand deposits (24.02%), repurchase agreements (38.24%), municipal obligations (3.65%) and U.S. Government Agency obligations (33.81%). The December 31, 2012 and March 31, 2013 quarterly results had not been posted on PSDLAF's website as of the date of this report.

PLGIT's pooled investment vehicles are similarly invested in a variety of permitted securities. The following chart shows the composition of PLGIT's Plus portfolio as of June 30, 2013.



Summary

The School District continues to diversify its investments over a variety of financial institutions. The District's General Fund investments were distributed among the financial institutions and funds as of August 31, 2013 as shown in the chart on the last page. The principal amount of each of the FDIC Insured CDs is below the FDIC insurance limit, thus providing additional diversification and safety.

Citibank's Bank Insight peer group ranking stayed steady at the 66th percentile after increasing sharply from the 41st percentile to the 64st percentile in the prior quarter. Citibank has capital ratios well in excess of the required minimums. Citibank's troubled asset ratio is two points below the national median.

Citizens Bank's Bank Insight rankings rose from the 20th percentile to the 28th percentile. Citizens Bank continues to maintain a comfortable capital position and a troubled asset ratio two points below the national median. As discussed above, Citizens has resumed the use of an Act 72 collateral pool with excellent coverage following the expiration of unlimited FDIC insurance for non-interest bearing transaction accounts.

First Niagara's Bank Insight ranking was steady at the 28th percentile as it continued to consolidate a major acquisition by the bank. Its troubled asset ratio is about three points above the national median. The bank's capital ratios declined following completion of the acquisition. The bank's Total Risk Based Capital Ratio is now at 10.85%, still only slightly above the 10.0% minimum, although the capital ratios for First

Niagara Financial Group, Inc., the bank's parent, are stronger. The bank's capital had increased dramatically at the end of 2011 when First Niagara raised $1.1 billion in new capital. First Niagara's collateral is of good quality.

JPMorgan Chase Bank's Bank Insight peer group ranking rose from the 24th percentile to the 28th percentile, although it should be noted that there are only 19 banks in this peer group of banks with assets exceeding $10 billion. The bank's troubled asset ratio is four points above the national median. The bank's capital ratios are in excess of the required minimums. We do not have any information regarding JPMorgan Chase's collateral practices.

National Penn's Bank Insight peer group ranking rose to the 24th percentile after plummeting from the 77th percentile as of December 31 to the 12th percentile, in March, primarily as a result of a one-time repayment of high cost funding designed to improve the company's balance sheet, as discussed above. Its troubled asset ratio is four points below the national median. The bank's capital ratios are substantially above the required minimums. National Penn provides collateral of reasonable quality and with satisfactory coverage ratios to provide additional security.

PNC's ratings stayed steady at the 35th percentile and its troubled asset ratio declined slightly to seven points above the national median. The bank's capital ratios have a substantial margin above the required minimums and the collateral is of high quality.

QNB Bank's peer group Bank Insight ranking was steady at the 24rd percentile in June. The bank's troubled asset ratio is about sixteen points above the national median. QNB's capital ratios have improved over the last several quarters and provide a satisfactory margin above the required minimums. We have no information about QNB's collateral practices. .

Sovereign's Bank Insight ranking remained steady at the 18th percentile during the second quarter. The bank's rankings are lower in comparison to last year's rankings in part because Sovereign's peer group has been expanded and now consists of all banks with assets greater than $10 billion. Previously Sovereign was ranked in comparison to savings and loan institutions with assets greater than $5 billion. Its troubled asset ratio is about three points above the national median. The bank's capital ratios continue to exceed the well-capitalized minimums by a comfortable margin. Sovereign's collateral coverage is satisfactory and the quality of the collateral as of June was very good.

Susquehanna's Bank Insight ranking remained steady at the 50th percentile. Susquehanna is considered to be well-capitalized, and its capital ratios remain well above the required minimums even though they have fallen somewhat since reaching new highs a year ago. The bank's troubled asset ratio is two points below the national median and its collateral is generally of very good quality with over 90% of the collateral portfolio consisting of federal agency securities.

TD Bank's Bank Insight peer group rankings dropped from the 11th percentile to the 9th percentile. Its capital ratios have declined over the last year but it maintains adequate capital margins above the required minimums. Its troubled asset ratio is two points above the national median. TD's collateral consists exclusively of highly-rated asset backed securities. Collateral coverage for TD provides a reasonable cushion over the required minimum.

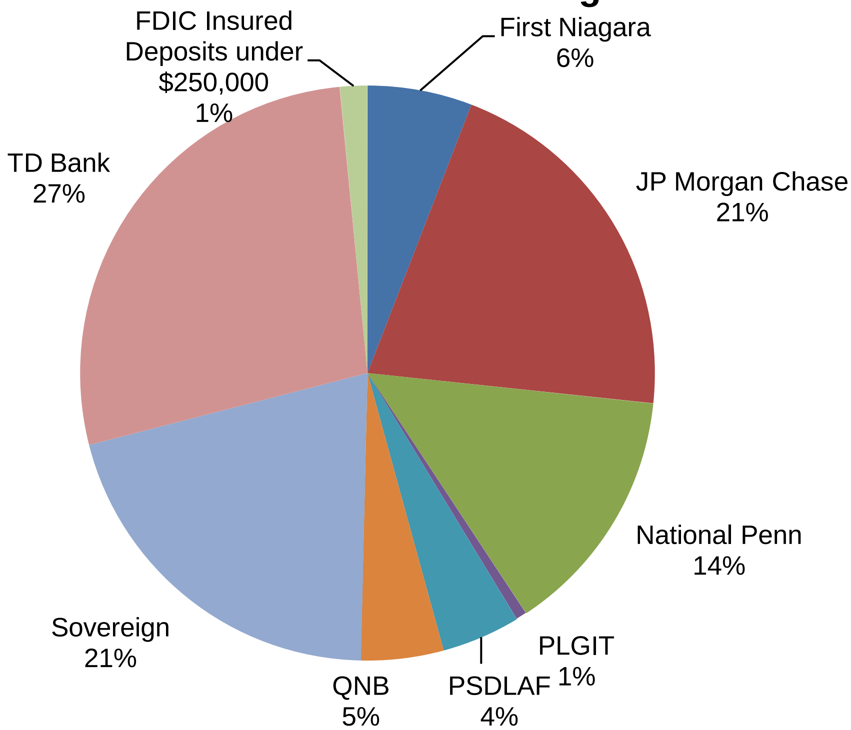
We appreciate the opportunity to assist the School District in the investment of its funds.

September 23, 2013 ***LAWLACE CONSULTING LLC***

<u>Disclosure</u>

This report is provided for informational purposes only and shall in no event be construed as an offer to sell or a solicitation of an offer to buy any securities or to recommend investments or deposits or withdrawals from any institution discussed herein. The information described herein is taken from sources which we believe to be reliable, but the accuracy and completeness of such information is not guaranteed by us. The opinions expressed herein may be given only such weight as opinions warrant. Decisions to invest with or to deposit or withdraw funds from any financial institution should be based on the investor's investment objectives and risk tolerance and should not rely solely on the information provided herein.

Central Bucks School District
Distribution of Investments - August 2013



33