

CENTRAL BUCKS SCHOOL DISTRICT
Finance Committee Minutes
May 21, 2014

Committee Members Present

Jerel Wohl, Chairperson
Jim Duffy, Member
Joe Jagelka, Member
Tyler Tomlinson, Member

Other Board Members and Administrators Present

Steve Corr
Paul Faulkner

Dave Matyas, Business Administrator
Susan Vincent, Director of Finance

Dr. Dave Weitzel, Superintendent
Ken Rodemer, Assistant Director of Operations

Committee Members Absent

The Finance Committee meeting was called to order at 7:15 p.m. by Jerel Wohl, Chairperson

PUBLIC COMMENT

Two member of the public were present.

APPROVAL OF MINUTES

The April 16, 2014 Finance Committee meeting minutes were accepted as presented.

INFORMATION/ DISCUSSION/ACTION ITEMS

2014-15 Budget – A brief budget presentation was given with some minor updates from the April Board presentation. There are no changes to the bottom line revenues or expenses since April. The district did receive notification from the Pennsylvania Department of Education (PDE) that it would receive an additional \$290,000 from the state in gambling rebates to help offset real estate taxes for homestead and farmstead properties. While this additional funding will increase state revenues by \$290,000, it will reduce local real estate tax collection by the same amount. The additional gambling rebates will have a positive impact on homeowners. The proposed 1.06% millage increase, equates to an additional \$52 in taxes for the typical home owner in CBSD, but after realizing a \$9 real estate tax reduction due to the increased gambling rebate, the actual increase is \$43 or about 0.9% tax increase.

Discussion also took place regarding the governor's proposed budget as state revenues may be \$1B or more short of original projections. The governor is also proposing to use several sources of non-recurring revenue to increase school district funding for 2014-15. If the governor is not able to provide the full increased allocation planned for CBSD of about \$1.25M, the district has several tools it can use to absorb the reduced state funding. The 2014-15 budget has a contingency of \$490,000, potential expense reductions can be managed throughout the year, local revenue projections are conservative so they may exceed the budgeted amount, and the district could also reduce budgeted transfers into capital accounts.

Discussion took place over the amount of funds in district capital reserves and fund balance. The district has about \$18.5M in the general fund balance with about \$25M in other capital funds (technology, transportation, short and long term capital, OPEB, and self-insured health care as of June 30, 2013). The district has about \$73k set aside for future debt pay off (after withdrawing \$73M to pay off debt in June of 2013) with the goal of accumulating \$60M to pay off more debt in the future. A question was also asked how much principal is paid off each year? About \$17M in principal payments and \$8M in interest

payments are made each year. These amounts will be reduced in future years due to pre-payment of debt in 2011 and 2013.

The committee questioned to re-confirm that there were no program cuts or increases to class size proposed in the 2014-15 budget.

The committee agreed to move forward with the final budget presentation on May 27th.

Update on Contracting for Food Services – Due to the changes scheduled for the 2014-15 school year by the Healthy Hunger-Free Kids Act, the school district must adopt a new food service contract after four years instead of the normal five year cycle. An overview of the food service company evaluation process was presented. PDE requires school districts evaluate eight major categories but does not specify the criteria to be used in the evaluation. Administration will evaluate the four criteria that are financially based, while an evaluation committee will review the four remaining categories that are more subjective in nature.

The food service companies will deliver their proposals on May 30th. The district will prepare review materials for the evaluation committee by June 5th. The evaluation committee should complete its work by June 11th. Administration will prepare a summary of the evaluation and make a recommendation to the finance committee on June 18th. The school board can then consider a new food service contract, pending solicitor review, on June 24th.

District Depositories – A list of financial institution was presented to the committee that the district intends to work with during 2014-15. The banks financial positions have been reviewed to make sure they are a reasonable risk for deposits and their financial performance will be reviewed quarterly.

The committee recommended this item be placed on the school board agenda for consideration.

Policy 810.3 Audio and Video Recordings on School Vehicles – A new Pennsylvania School Boards Association policy was reviewed with the committee. This is a new policy due to recent legislation making it legal across Pennsylvania to record audio and video on school vehicles if proper signage is in place. Prior to this law, school districts had to get approval from the local district attorney.

The committee asked how long a recording is maintained on the bus video system? The recordings typically can be held for about two weeks. Is the saved recording time reduced if the bus is used for field trips and sports trips? Yes, the recordings can be reduced to less than two weeks depending how many hours per week a bus is in service. The records are limited to the size of the hard drive on the bus recording system.

The committee recommended notification of the policy to parents is done through the yearly bus stop notification post card, via the student hand book embedded in the school calendar, and in the transportation section of the district website in lieu of a special letter sent to parents each year.

The committee directed that the new policy be placed on the school board agenda for consideration.

Lease of District Owned Farmland - Central Bucks School District owns approximately 40 acres along Anderson Road in Buckingham Township (tax parcel number 6-14-62). Mr. Stepnoski has been leasing this property from the district. The new lease would start April 2014 and end March 31, 2019. The lease can renew for one-year terms after the initial five years unless either party gives 90 days written notice. The prior lease was for \$30 per acre.

New payments will be \$50 per acre:

- \$2,000 September 1, 2014
- \$2,000 February 1, 2015
- \$2,000 February 1, 2016
- \$2,000 February 1, 2017
- \$2,000 February 1, 2018

In addition, Mr. Stepnoski agrees to comply and implement, at his expense, the best practices and recommendations of the Bucks County Conservation District to protect top soil, minimize soil erosion, and properly manage watershed.

The committee agreed to place this item on the school board agenda for consideration.

Accept the PDE Rebate from the 2013 Debt Defeasement - In June of 2013 the school board approved a debt defeasance plan. This plan used approximately \$73M to buy US government securities and place the securities in escrow accounts. Interest from the escrow accounts along with the original principal amount will be used to pay future bond principal and interest payments associated with school construction and renovation. The escrow accounts will also pay off a portion of the existing bond principal amounts outstanding upon reaching the bond call dates. The \$73M deposit into escrow will allow for a \$85.9M reduction in payments over the life of the district's bonds due to the elimination of future principal and interest payments because outstanding debt will be paid ahead of schedule.

The bond defeasance plan will reduce annual principal and interest expenses in the general fund budget for the life of the outstanding bond issues. The reduction in debt expense will help the district pay for the projected increase in Pennsylvania School Employees Retirement System (PSERS) expenses without maximum real estate tax increases each year. PSERS expenses are expected to increase by 83% over the next 6 years. Current PSERS expenses of approximately \$10M per year are expected to increase to \$19.4M by fiscal year 2019-20 assuming minimal wage inflation during that time period.

A second benefit of the school district's prepayment of debt is that the state will also see a savings. The state reimburses the district for a portion of our debt payments. Since future principal and interest payments will be lower, the state will not need to reimburse CBSD as much as originally anticipated. As a result of the prepayment of principal and state savings, PDE will send \$2,329,991.56 to the district on May 29th, 2014. This is the present value of future payments the state would have made to the district if CBSD had not prepaid some of the outstanding bond debt.

The PLANCON K document communicates the financial aspects of the debt defeasance to PDE. From this submission, PDE calculated the exact amount of reimbursement CBSD will receive: \$2,329,991.56

The committee discussed where it could place the one-time state reimbursement. A question was asked if the reimbursement could be used to eliminate the proposed tax increase? It could be used to eliminate the tax increase but caution was advised since the reimbursement was a one-time source of state funding and will not help to eliminate future budget deficits. The committee directed administration to place the state reimbursement in the technology capital fund to help replenish it from the expenses associated with the secondary schools wireless network project. Funding can be reallocated to other capital funds in the future upon a vote by the school board.

The committee recommended that this be placed on the school board agenda for consideration.

ADJOURNMENT

The meeting adjourned at 8:20 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 May 21st, 2014 7:00 pm Projected time – One Hour

Jerel Wohl, Chairperson
Jim Duffy, Member
Dave Matyas, Business Administrator

Joe Jagelka, Member
Tyler Tomlinson, Member
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 - 7
4) Information / Discussion / Action Items		
a) * Budget Update	10 minutes Dave Matyas	Presentation
a) Food Service RFP Update & Evaluation Committee	20 minutes Dave Matyas	Pages 8 – 19
b) * District Depositories for 2014-15	5 minutes Susan Vincent	Page 20
c) * Policy 810.2 Audio and Video Records on School Buses	5 minutes Dave Matyas	Pages 21 – 23
d) * Lease of District Owned Farmland on Anderson Road	5 minutes Dave Matyas	Pages 24 – 30
e) * Accept PDE Rebate for the 2013 Debt Defeasance	5 minutes Dave Matyas	Pages 31 – 38
5) Adjournment	Chairperson	End Time
6) Next Meeting Date: June 18, 2014		

Information Items

* Treasurers Report	Pages 39 – 43
Capital Reserve Fund Report	Page 44
Bond Fund Report	Page 45
* Investment Report	Page 46 - 51
Payroll Expense Projections	Page 52
Tax Collection Projections	Page 53
Benefits Projections	Page 54
LOGIC Report	Pages 55 - 85

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

Please note: Public comment should be limited to three minutes

CENTRAL BUCKS SCHOOL DISTRICT
Finance Committee Minutes
April 16, 2014

Committee Members Present

Jerel Wohl, Chairperson
Jim Duffy, Member
Joe Jagelka, Member
Tyler Tomlinson, Member

Other Board Members and Administrators Present

Steve Corr
Paul Faulkner
Geri McMullin

Dave Matyas, Business Administrator
Susan Vincent, Director of Finance

Dr. Dave Weitzel, Superintendent
Ken Rodemer, Assistant Director of Operations

Committee Members Absent

Tyler Tomlinson, Member

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

PUBLIC COMMENT

One member of the public was present. Beth Darcy commented on the usage of concession stands by parent groups.

APPROVAL OF MINUTES

The March 19, 2014 Finance Committee meeting minutes were accepted as presented.

INFORMATION/ DISCUSSION/ACTION ITEMS

Presentation on Healthy Hunger-Free Kids Act (HHFKA) ban on A La Carte Items Starting in 2014-15 – Craig Linn and Lindsay Sankovsky of Aramark presented a summary of the impact the HHFKA will have on district a la carte food sales at the high schools. A la carte food items will no longer be permitted to be sold in the National School Lunch Program starting in 2014-15. Looking at district statistics, approximately 80% of high school students who purchase breakfast or lunch, buy some type of a la carte item every day. Elimination of a la carte items will dramatically reduce the food choices high school students have every day.

If students lose many of the choices they currently have access to, there are concerns that the food service program may become unappealing as there will be a lack of variety for a captive set of high school students over the 184 day school year. There is also concern that limited food choices will impact the district's ability to expand wellness initiatives at all grade levels.

Student food based fund raisers that take part during the school day or within a half hour of the end of the school day must also be eliminated as they are considered competitive foods under the HHFKA.

Financially, the loss in revenues from eliminating a la carte items at the high schools would be \$300,000 per year at a minimum. This assumes there would be no loss in participation in the lunch program by high school students. Realistically, the loss per year would likely be in the \$400,000 to \$500,000 range. This level of lost revenue would make it difficult to pay for food service

related expenses such as equipment repair / replacement, utility expenses, and payment for lunch room aides and custodial services.

According to the USDA, the district has three options:

1. Keep the high schools on the National School Lunch Program (NSLP), lose food choices, and absorb the financial impact.
2. Provide a la carte foods as free side menu items on Mondays then make them available for sale Tuesday through Friday. All the current a la carte options would be nearly impossible to incorporate into a Monday only menu and also comply with the HHFKA calorie limits.
3. Remove the high schools from the NSLP.
 - a. This provides access to meals that will meet or exceed HHFKA.
 - b. Provide students with a much greater variety of food choices.
 - c. Will minimize a financial loss.
 - d. Will provide the district with the resources to expand district wellness initiatives at all grade levels.
 - e. The district wellness policy would govern food choices at the high school.
 - i. The district would not serve soda (diet or regular) under this program.
 - ii. The district would not re-install deep fryers.
 - iii. Vending machines would still maintain only healthy snack choices.
 - iv. Future high school menus would maintain current menu selections along with adding more options to choose minimally processed food items.

The committee had lengthy discussions on the merits of each option and ran through scenarios of keeping the high schools on the NSLP to taking all the schools off the NSLP. There was discussion on the best way to communicate this complicated topic to parents and students.

The committee asked what would happen to students of families that qualify for free or reduced priced meals if the high schools no longer participated in the NSLP? Students who qualify would continue to receive free or reduced price meals. Revenues from lost state and federal subsidies could be recovered by increasing prices by 3.5% at some point in time. But, the school district would like to see if increased student participation in the future will offset any lost state or federal subsidies before discussing potential price increases. The bottom line is students who qualify for free or reduced price meals will not see any changes under a plan to remove the high schools from the National School Lunch Program.

Why is the change happening now? The US Congress directed the USDA to grant a waiver from the a la carte rule for a one year period. The USDA ruled in early April that it did not have the authority to grant a waiver causing the district to take action now rather than in 2014-15 during the normal food service Request For Proposal (RFP) cycle.

The committee directed administration to present this information to the Board at a meeting in May.

Aramark Food Service Contract Extension – Administration is recommending a contract extension with Aramark. 2014-15 would be the district's fifth year with Aramark. The Aramark guarantee would remain at \$722,000 per year.

There is also a very good possibility that the district will need to complete a full Request For Proposal (RFP) for food services over the next two months due to the new US Department of Agriculture (USDA) regulations on a la carte food items. Eliminating a la carte choices from the

high schools would have a major impact on the meal choices high school students have every day and the food service revenue stream. In the best case scenario where there is no loss of student participation, it is estimated that food service revenues would decline by at least \$300,000 per year at the high school level. It is very likely that revenues would decline by \$400,000 to \$500,000 per year because student participation will very likely decline. This would create a material change in the existing contract requiring a completely new RFP process according to the Pennsylvania Department of Education (PDE).

As of April, PDE still feels there may be a one-year delay in implementation of the new a la carte rules. But as the end of the school year gets closer, the chances that the USDA will implement a delay are reduced.

The committee asked if the contract extension was perfunctory given the likelihood of completing a food service RFP process? Administration agreed that a contract extension with Aramark for year 5 may not be implemented, but it will keep the district in compliance with PDE and USDA as the district completes a full RFP process.

The committee recommended this item be placed on the Board agenda for consideration

Food Service Pricing for 2014-15 – Administration is proposing a pricing increases for 2014-15. The proposed meal prices will bring the district into compliance with the Healthy Hunger-Free Kids Act (HHFKA) requirements.

Proposed 2014-15 Pricing	Proposed 2014-15		Meets Federal Targets for 2014-15
	Current Prices	Prices	
Elementary Paid Breakfast	\$1.55	\$1.65	Yes
Middle Paid Breakfast	\$2.05	\$2.15	Yes
High School Paid Breakfast	\$2.30	\$2.30	Yes
Elementary Paid Lunch	\$2.45	\$2.55	Yes
Middle Paid Lunch	\$2.80	\$2.90	Yes
Middle Premium Lunch	\$3.30	\$3.40	Yes
High School Paid Lunch	\$2.80	\$2.90	Yes
High School Tier 2 Lunch	\$3.30	\$3.40	Yes
High School Tier 3 Lunch (minimally processed)	new for 2014-15	\$4.25	Yes

The committee asked the purpose behind the mandated price increase? The HHKA requires the average school district lunch prices to be at or above the current levels of state/federal reimbursement for students who receive free meals. This is an effort to make sure free meal subsidies are not use to help reduce the cost of full paid meals. The USDA also recognizes that food products are more expensive under the new HHKA regulations. Since the district food prices would be compliant with the HHFKA in 2014-15, can the district stop increasing prices? The district must evaluate food prices each year using a USDA provided flow chart to calculate if district meal prices conform to program requirements each year.

The committee recommended this item be placed on the Board agenda for consideration

2014-15 Budget Update – For 2013-14 earned income taxes are growing by about 10% compared to 2012-13. Administration believes that is because Keystone collection is becoming more efficient and partnering with the state department of revenue to find people who might not have filed local tax returns in the past. The growth is too much to attribute to wage growth or a reduction in the unemployment rate. The projected actual for 2013-14 is increasing by about \$2M over 2012-13 collections. Hopefully that trend continues moving forward. Administration would like to see another year of revenue to help confirm if a pattern of greater collection might be forming. Local revenue estimates tend to be conservative as they can vary with economic activity especially the real estate market.

Looking at budgeted state revenues, the district is using the Governor’s projections from his February budget briefing. For Central Bucks, the governor is proposing to increase basic subsidies by about \$50,000, special education by \$79,000, and increasing the Ready to Learn / Accountability Block Grant by \$1.1M. The retirement expense reimbursement is projected to increase by \$3.9M because district retirement expenses are increasing by over 25% for 2014-15.

In federal revenues, projections are for a reduction of about 10.5 percent. During 2013-14 it was anticipated that federal revenues would drop by 20% due to sequestration cuts. Due to fiscal year timing, part of the sequestration cuts occurred in 2013-14 with the remaining reductions likely to occur in 2014-15.

Expenses are increasing by 3.73% over the 2013-14 projected actual expenses lead by increases in retirement and health care expenses. Total expenses for 2014-15 are budgeted to be \$301,538,508. Revenues are projected to be \$2,213,360 below expenses. Administration is recommending a 1.06% increase in the real estate tax millage rate which equates to a 1.3 mill increase or about a \$52 tax increase for the typical Central Bucks home owner. This continues the trend for the past four year of low or no tax increases.

Act 1 Tax Index + Exceptions

	Act 1 Index with Allowable Exceptions in Mills	Actual CBSD Millage Increase	Status
2007-08	5.9	3.8	Actual
2008-09	5.6	4.6	Actual
2009-10	5.4	4.3	Actual
2010-11	4.7	4.4	Actual
2011-12	3.2	1.6	Actual
2012-13	3.6	2.0	Actual
2013-14	3.4	0.0	Actual
2014-15	4.9	1.3	Proposed

4/22/2014 2014-15 Proposed Final Budget 32

The committee expressed some concern with budgeting the full amount of the governor’s proposed revenue increases as state revenues are trending behind the Governor’s estimates. Administration recognizes this may be an issue and that state subsidies may be reduced by the legislature prior to the June 30th deadline for state budget adoption. Hopefully local revenues will continue to improve during 2014-15 and offset any losses that might be felt by state revenue reductions.

The committee recommended the budget process continue with a presentation at the next school board meeting.

School Bus Purchases – The district solicited bids for 9 77-passenger buses, 1 48-passenger bus with a wheel chair lift, and 1 9-passenger van. Wolfington / International had the low bid on the 77 and 48 passenger buses with Fisher Chevrolet in Reading Pennsylvania having the low bid on the 9 passenger van.

CENTRAL BUCKS SCHOOL DISTRICT 77 PASSENGER TYPE "C" BUSES BID TABULATION APRIL 1, 2014				
DEALERS MANUFACTURERS MODEL YEAR	Rohrer	Brightbill Blue Bird 2015 Cummins	Wolfington International 2015 STOCK-OT 466 (5) On Dealers Lot	Wolfington International 2015 Alternate-MF7 Factory Order (4)
77 PASSENGER BUSES -9 (price ea.)	NB	82,650.00		
77 PASSENGER BUSES -5 (price ea.)			82,993.00	
77 PASSENGER BUSES -4 (price ea.)				82,753.00
OPTIONS:				
SPARE WHEEL		125.00	118.00	118.00
LUGGAGE COMPARTMENTS		1,400.00	not available	1,571.00
COST OF UREA SET UP (DEF) Fluid		1,333.33	N/A	N/A
COST PER BUS W/OPTIONS & DEF SET UP		85,008.33	83,111.00	84,442.00
Number Purchased		9	5	4
Total Cost Before Trade - Ins		\$769,575	\$415,555	\$337,768
Less: TRADES - 4 Buses (total value)		18,000.00	\$8,125	\$8,125
Total Price After Trades		\$751,575	\$409,430	\$331,643
Total Cost of Bus Purchases		\$751,575	\$741,073	

CENTRAL BUCKS SCHOOL DISTRICT 48 PASSENGER TYPE "C" BUS BID TABULATION APRIL 1, 2014			
DEALERS MANUFACTURERS MODEL YEAR	ROHRER	BRIGHTBILL BLUE BIRD 2015	WOLFINGTON INTERNATIONAL 2015
48 PASSENGER BUS Wheel Chair LIFT - 1	NB	105,725.00	95,999.00
TRADES - 1 (total value)		5,000.00	3,000.00
TOTAL PRICE (less trade)		101,725.00	92,999.00

CENTRAL BUCKS SCHOOL DISTRICT 9 PASSENGER PLUS DRIVER VAN BID TABULATION APRIL 1, 2014				
DEALERS MANUFACTURERS MODEL YEAR	ROHRER FORD	BRIGHTBILL	WOLFINGTON FORD	FISHER CHEV Reading, PA
9 PASSENGER PLUS DRIVER VAN	31,304.00	NB	34,773.00	30,710.00
TRADES - 1 (total value)	1,500.00		\$50.00	2,000.00
TOTAL PRICE (less trade)	29,804.00		33,823.00	28,710.00

The committee asked why the recommendation was to purchase buses off the lot instead of waiting for factory delivery? The transportation managers would like to have 5 new and hopefully more reliable buses as soon as possible to use for spring field trips that transport students to areas outside the district. These buses are \$240 more expensive than the factory ordered buses because they have V8 diesel engines as opposed to V6 turbo diesels. The minimal price difference is outweighed by the benefit achieved with quick delivery for use in this school year. It was also recommended to add storage compartments to 4 buses ordered from the factory to facilitate transportation of band and sports equipment to events.

A question was asked if the wheel chair bus included air conditioning? It includes air conditioning as a part of the base specifications since many special needs students with health conditions require air conditioning when transported during the summer extended school year program. The bus was also ordered with a white roof to help keep the bus cool.

The committee recommended that this item be placed on the school board agenda for consideration.

One Year Contract With Asset Control Solutions - An updated asset inventory will help Central Bucks manage fixed assets more efficiently. It will provide data to adequately insure our assets, providing proof of loss if engaged in an insurance claim, help with fiscal planning for replacement of assets, and reduce the risk of theft.

Central Bucks also recognizes the need to implement required accounting and financial reporting standards mandated by the Governmental Accounting Standards Board (GASB) and PDE. Both GASB 34 and PDE require the district to properly record and classify capital assets and to depreciate them over their recognized useful lives. Our local auditors rely on the information provided in our fixed asset schedules to adequately report assets on our financial statements and footnotes.

The last update to Central Bucks' asset inventory was performed about 10 year ago by Maximus, Inc. We have obtained 3 proposals for an update to our fixed asset inventory. It is therefore recommended that we move forward with the selection of the low cost proposal to perform an asset re-evaluation.

A question was asked if there was any concern with the discrepancy between the lowest price and the other two quotations? Given the equal scope of work provided by all three companies and their references from other school districts, administration is confident in the ability of the lowest priced company to perform the work needed.

Request for Proposal Responders were:

Asset Control Solutions Inc.	\$37,000
American Appraisal	\$59,850
Asset Works (Maximus)	\$64,995

The administration is recommending approval of a one-year contract with Asset Control Solutions.

Supply Bid Results – The committee reviewed bid results for the following categories

General Teaching	\$117,534.48
General Art	\$ 80,507.77
Secondary Art	\$ 39,191.90
Physical Education	\$ 17,529.94
Science	\$ 29,227.52
Technical Education	\$ 14,210.28
Team Sports	\$ 67,977.56

In addition, a purchase order was placed in February for uniforms for CB South. This order was placed to take advantage of an Early Buy Discount. Uniforms were ordered for Football , Boys & Girls Basketball and Boys & Girls Soccer. The order total was \$30,719.00. This order was placed

under a Commonwealth of Pennsylvania CoStars Cooperative Purchasing Bid Agreement. The uniforms were equal in cost to current bids and the district received the soccer uniforms for free.

The committee asked if all supply bids were for typical items purchased each year? The items bid and recommended for purchase are indeed typical yearly purchases.

The committee recommended this item will be placed on the Board agenda for consideration.

Audit Engagement approval - The School Code requires that a district conduct an annual audit of their financial statements by a firm of independent Certified Public Accounts. The audit is conducted in accordance with generally accepted auditing standards in the United States of America. An Independent Audit Report is provided that includes an introduction, a statement of scope and an opinion.

Central Bucks entered into a five year audit agreement with Maillie, LLP to perform the district's annual audit beginning with the 2007-2008 Fiscal Year. The audit engagement proposal is now provided on a year to year basis. The audit proposal for the 2013-14 Fiscal Year covers the same scope as prior year audits at a cost of \$35,000.00, which is slightly lower than prior year cost of \$37,500.00.

Included in the annual school district audit is a review of the local tax collector reports and reconciliations which provide an overall assurance of proper reporting of tax collections and remittance of tax revenues to the district. In addition to this review it is prudent to periodically audit individual tax collectors to ensure proper collection procedures and processes are being followed. It has been several years since an individual tax collector for the district has been audited so it is recommended that an audit be conducted of two tax collectors for the 13-14 school year to confirm compliance with required processes and reporting. A proposal from Maillie, LLP will provide their services at a cost not to exceed \$1,500 per tax collector audit.

The committee asked what are the benefits of a tax collector audit? The district would receive a management letter review that analyzes the tax collector process to make sure proper accounting and reconciling procedures are in place, are being followed, and timely deposits are made into district accounts. The committee asked if the new tax collectors would be audited? The recommendation is to audit tax collectors who have been in office for a while and have procedures and historical records in place for review.

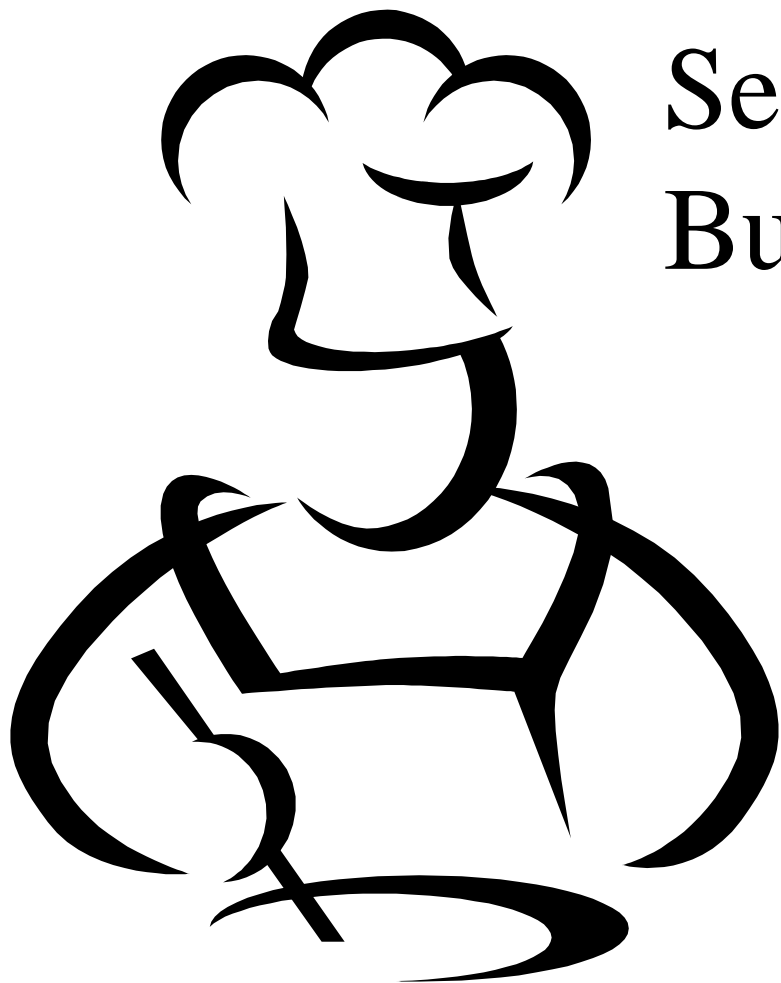
The committee recommended that this be placed on the school board agenda for consideration.

ADJOURNMENT

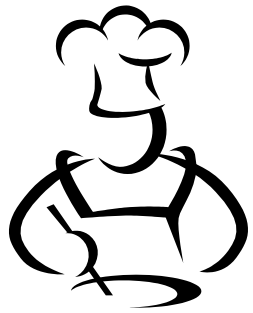
The meeting adjourned at 9:05 p.m.

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

Evaluating Food Service in Central Bucks School District

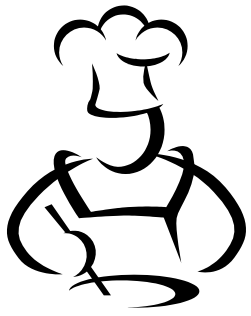


Costs and Revenues,
Service, Menus, Quality, Wellness, Safety,
Financial Condition / Stability,
Accounting and Reporting Systems,
Personnel Management,
Experience/References,
Marketing and Promotion,
Student Involvement



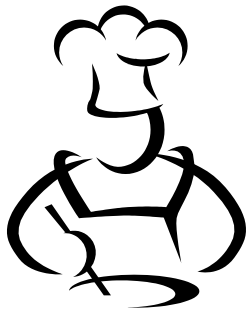
Contracting for Food Service - Overview

- Every 5 years school districts must initiate Request for Proposals (RFP) for Food Services.
 - This is a United States Department of Agriculture (USDA) requirement
 - The Pennsylvania Department of Education (PDE) manages the process.
 - We are re-bidding the food service contract after the 4th year due to material changes in the contract from implementation of the Healthy Hunger-Free Kids Act.



Contracting for Food Service - Overview continued

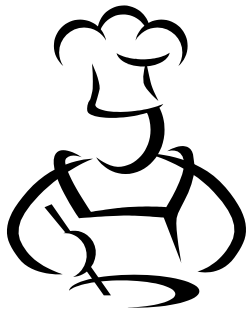
- The required structure of the RFP equates to a series of 1 year contracts over a 5 year period.
 - When the School Board awards a contract, they are awarding a 1 year contract.
 - If CBSD is satisfied with the performance of the food service company after the initial year, the School Board can vote to extend the contract each year for up to 4 more years.



Interest in CBSD

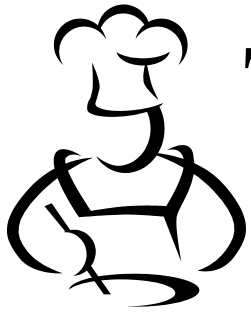
- There are 48 food service companies who are approved by PDE to provide food service for schools.
- About 6 of those companies can handle an account the size of CBSD
 - Aramark
 - Chartwells
 - Metz
 - Nutrition
 - ~~Sodexo~~
 - ~~Whitsons~~

All 6 requested our RFP package. Sodexo and Whitson's dropped out of the process



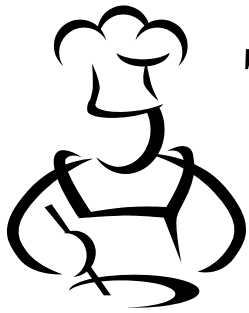
The Evaluation Process

- PDE is very specific on the requirements that must be included in the RFP document and the general categories to be evaluated.
- PDE does not specify how each school district must conduct the evaluation or prepare a recommendation.



The Evaluation Process continued

- The evaluation committee will use documentation provided by each company that is summarized in the categories required by PDE
 - Review the documentation provided in the RFP response and form an independent opinion
 - Reference checks



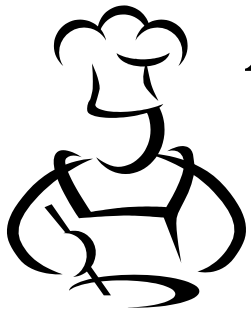
The Evaluation Process continued

- Each evaluator must work independently (USDA / PDE requirement)
- Award a numerical rating of 0 to 100 in an effort to quantify subjective material (100=best)
- Minor differences in criteria scores are not as important as the overall ranking of companies by major category....
 - **Cost and Revenue,**
 - Service, Menus, Quality, Wellness, Safety,
 - **Financial Condition/Business Stability,**
 - **Accounting and Reporting Systems,**
 - Personnel Management,
 - **Experience/References,**
 - Marketing and Promotion,
 - Student Involvement



The Evaluation Process continued

Major Category	Weighting	Reviewed By:
Costs and Revenues	25 Points	Administration
Service, Menus, Quality, Wellness, Safety	15 Points	Evaluation Committee
Financial Condition / Stability	5 Points	Administration
Accounting and Reporting Systems	5 Points	Administration
Personnel Management	20 Points	Evaluation Committee
Experience/References	15 Points	Administration
Marketing and Promotion	10 Points	Evaluation Committee
Student, Parent, staff, Involvement	5 Points	Evaluation Committee
Total Weighted Points	100 Points	



Applying the Scoring System

- Award a numerical rating of 0 to 100 (100=best) for each criteria in an effort to quantify subjective material. Only one company can receive a score of 100 for each criteria
- Try to create as much numerical differentiation as possible between companies for each criteria

Example

Category: Service, Menus, Quality, Wellness, Safety - Example

Criteria	Company A	Company B	Company C	Company D	Company-E	Company-F
Nutrition content of food offered	100	20	85	60		
Compliance with the district wellness policy	40	60	100	50		
Menus - design, variety by day / month	60	85	40	100		
Food quality	85	100	60	40		
Food Sanitation	50	40	100	60		
Employee safety, training, certification	100	75	90	50		
Total Points Out of 600 Possible Points	435	380	475	360	0	0
Map the evaluator score into the PDE system	13	11	15	9	0	0



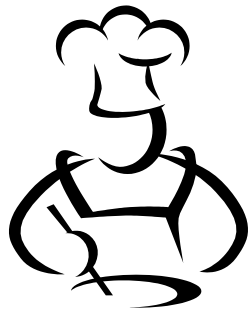
Applying the Scoring System continued

- Award a numerical rating of 0 to 100 (100=best) in an effort to quantify subjective material

Example

Category: Company Experience

Criteria	Company A	Company B	Company C	Company D	Company E	Company F
How many school districts served	60	90	100	40	0	0
How many school clients with enrollment over 7,000	100	80	70	60	0	0
How many years in the food service business	50	100	40	80	0	0
Reference checks	40	90	100	60	0	0
Total Points Out of 400 Possible Points	250	360	310	240	0	0
Points Awarded out of 15	11	15	13	9	0	0



Review Time lines

- May 30th 2:00pm, Companies deliver RFP responses to CBSD
- June 2nd- 4th, district assembles review materials for evaluation team
- June 5th, handout evaluation materials to committee
- June 11th, Evaluation Committee— reports due to Dr. Weitzel
- June 11th – 13th, School district summary of evaluator's results
- June 18th, School Board potential interviews at Finance Committee
- June 18th, Results presented to finance committee
- June 24th, School Board potentially awards food service contract
- July 1st, New contract becomes effective



Evaluation Committee

- The Evaluation Committee
 - Role is to provide feedback to the school board
 - New requirement: Each evaluator must work independently as they review materials, develop their scores, and make recommendations (per USDA and PDE)
 - Minimum of three evaluators per USDA / PDE
 - Review of food service company materials is proprietary / confidential

Action to Designate Depository Banks for school year 2014-15

The following Depositor Banks for School District accounts are recommended for the 2014-15 school year.

Name of Institute	General Fund	Food Service	Special Rev. & Activity Accounts	Payroll	Bond Issues & Reserve Accts.	Tax Collectors
3rd Federal Savings & Loan	X		X			
Bank of America	X		X			
Bank of New York/Mellon					X	
Chase Manhattan/J.P. Morgan	X					
Citibank	X					
Citizens Bank			X			
First National Bank & Trust Company of Newtown			X			
First Niagara Bank	X		X		X	
Firsttrust Bank	X					
First Savings Bank of Perkasio			X			
Fulton Bank	X		X			
Hatboro Savings & Loan	X					
Huntingdon Valley Federal Savings & Loan			X			
Milestone Bank	X					
Monument Bank	X					
Multi-Bank Securities	X					
National Penn	X		X			
PNC	X		X			
Quakertown National Bank	X					
Santander Bank	X				X	
Susquehanna Bank					X	
TD Bank	X	X	X	X	X	X
Team Capital Bank	X					
Univest			X			
Wells Fargo Bank			X		X	
William Penn Bank	X					
Other member FDIC Commercial Banks and Savings and Loan Institutions in Accordance with investment policy	X		X		X	
Pennsylvania School District Liquid Asset Fund recommended Commercial Banks and Savings & Loan Institutes	X				X	
Pennsylvania Local Government Investment Trust recommended Commercial Banks and Savings & Loan Institutes	X					
PA State Treasury	X		X		X	

Agenda Item

Recommendation to approve Policy 810.2 Transportation Video / Audio Recording for first reading

The Pennsylvania School Boards Association (PSBA) provides draft policies for school districts to use throughout the state. PSBA wrote policy 810.2 to comply with new state laws that permit school districts to record audio and video on school buses. Prior to the new laws, it was permitted to make recordings with the permission of the district attorney's office and following the direction of the district attorney's office such as posting signs on school buses so that passengers are aware of the recordings.

- This is a new policy developed by PSBA.
- Administration does not recommend any changes to the policy.
- The district is currently in compliance with all of the policy requirements and recommendations.

FOR ACTION: Approval of School Board Policies (first read)

#810.2 Transportation Video / Audio Recording

RECOMMENDATION:

Approve policy 810.2 on first read



SECTION: OPERATIONS

TITLE: TRANSPORTATION -
VIDEO/AUDIO RECORDING

ADOPTED:

REVISED:

810.2. TRANSPORTATION - VIDEO/AUDIO RECORDING	
1. Purpose	The use of video and audio recording equipment supports efforts to maintain discipline and to ensure the safety and security of all students, staff, contractors and others being transported on district-owned, operated, or contracted school buses or school vehicles.
2. Definitions 75 Pa. C.S.A. Sec. 102	School bus means a motor vehicle that is designed to carry eleven (11) passengers or more, including the driver, and is used for the transportation of preprimary, primary or secondary school students to or from public, private or parochial schools or events related to such schools or school-related activities.
75 Pa. C.S.A. Sec. 102	School vehicle means a motor vehicle, except a motorcycle, designed for carrying no more than ten (10) passengers, including the driver, and used for the transportation of preprimary, primary or secondary school students while registered by or under contract to the school district. The term includes vehicles having chartered, group and party rights under the Pennsylvania Public Utility Commission and used for the transportation of school children.
3. Authority 18 Pa. C.S.A. Sec. 5704	The Board authorizes the use of video and audio recording on school buses and school vehicles.
18 Pa. C.S.A. Sec. 5704	The Board prohibits the use of audio recording on any school bus or school vehicle that is not being used for a school-related purpose.
4. Delegation of Responsibility	The Board directs the Superintendent or designee to ensure that:
18 Pa. C.S.A. Sec. 5704	1. Each school bus and school vehicle that is equipped with video and audio recording equipment contains a clearly posted notice informing drivers and passengers of the potential for video and audio recording.

810.2. TRANSPORTATION - VIDEO/AUDIO RECORDING - Pg. 2

<p>18 Pa. C.S.A. Sec. 5704</p> <p>5. Guidelines Pol. 113.4, 216</p>	<p>2. Parents/Guardians and students are annually informed, by letter mailed to the students' home addresses, of the policy authorizing video and audio recording on school buses and school vehicles.</p> <p>The district shall comply with the provisions of federal and state law and regulations regarding student record requirements as applicable to the district's use and disclosure of recordings. Recordings considered part of a student's educational record shall be maintained in accordance with established student record procedures governing access, review and disclosure of student records.</p> <p>References:</p> <p>School Code – 24 P.S. Sec. 510</p> <p>Wiretap and Electronic Surveillance Act – 18. Pa. C.S.A. Sec. 5704</p> <p>Vehicle Code – 75 Pa. C.S.A. Sec. 102</p> <p>Board Policy – 113.4, 216, 218, 805.1, 810</p> <p>PSBA New 2/14</p>
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Agenda Item

Recommendation to enter into an agreement with Mr. Aaron Stepnoski to lease district property for the cultivation of crops at a rate of \$50 per acre per year for a five year term.

FOR ACTION: Five Year Lease With Mr. Stepnoski

Central Bucks School District owns approximately 40 acres along Anderson Road in Buckingham Township (tax parcel number 6-14-62). Mr. Stepnoski has been leasing this property from the district. The new lease would start April 2014 and end March 31, 2019. The lease can renew for one-year terms after the initial five years unless either party gives 90 days written notice. The prior lease was for \$30 per acre.

Payments will be:

- \$2,000 September 1, 2014
- \$2,000 February 1, 2015
- \$2,000 February 1, 2016
- \$2,000 February 1, 2017
- \$2,000 February 1, 2018

In addition, Mr. Stepnoski agrees to comply and implement, at his expense, the best practices and recommendations of the Bucks County Conservation District to protect top soil, minimize soil erosion, and properly manage watershed.

RECOMMENDATION:

The administration is recommending approval of the five-year lease with Mr. Aaron Stepnoski.

2014 FINANCIAL ASSISTANCE PROGRAM MANUAL
LANDOWNER PERMISSION TO INSTALL AND MAINTAIN
CONSERVATION PRACTICES

I certify that Aaron L. Stepnoski has my permission to install and maintain conservation practices and activities on the land listed below from January 2014 to December 31,, 2017 for the purpose of satisfying the terms and conditions of a conservation program contract with the USDA Natural Resources Conservation Service. Aaron L. Stepnoski is solely responsible for the terms and conditions of the Natural Resources Conservation Service contract as stated in APPENDIX TO FORM NRCS-CPA-1202 CONSERVATION PROGRAM CONTRACT for the conservation program. This consent does not relieve Aaron L. Stepnoski from complying with terms of other applicable lease or land use requirements.

Farm Number 4629 Tract(s) 3262

Farm Number _____ Tract(s) _____

Farm Number _____ Tract(s) _____

Printed Name of Landowner _____

Signature of Landowner _____

Date _____

Program Participant Aaron L. Stepnoski

Program Participant Signature _____

Date _____

November 30, 2013

LEASE AGREEMENT

THIS AGREEMENT made this day of , 2014, by and between **THE CENTRAL BUCKS SCHOOL DISTRICT**, a School District created pursuant to the laws of the Commonwealth of Pennsylvania, having a principal place of business at 20 Welden Drive, Doylestown, Pennsylvania (hereinafter referred to as "Lessor") and **AARON STEP NOSKI**, an adult individual residing at 3105 Brentwood Drive, Doylestown, Pennsylvania 18902 (hereinafter referred to as "Lessee").

WITNESSETH:

The Lessor does hereby demise, lease and lets unto the Lessee, the premises consisting of approximately 40 tillable acres (less the single-family dwelling and curtilage around the single-family dwelling (consisting of approximately two (2) acres and other non-tillable acres)) in gross as described in the map hereto attached as Exhibit "A" and being located on Ash Mill Road in Buckingham Township, Bucks County, Pennsylvania. The property is also identified as Tax Parcel No. 6-14-62. The terms and conditions of said Lease are as follows:

1. Minimum Rent.

The rent during the term of this Lease shall be \$50.00 per year, per acre, payable as follows:

- (a) Rental in the amount of \$2,000 for the first year of the lease shall be paid on or before September 1, 2014; and
- (b) Annual rental in the amount of \$2,000 for the second and ensuing years shall be due on or before February 1, 2015 and annually thereafter on the 1st of February.

2. Term of Lease.

The initial term of the lease shall be a five (5) years beginning on the 1st day of April, 2014 and ending on the 31st day of March, 2019. The Lease shall automatically renew for an additional term of one (1) year from year to year unless either party gives the other party ninety (90) days written notice of his or its intention to terminate this Lease.

3. Place of Payment.

All rent shall be payable without notice or demand at the office of Lessor, 20 Weldon Road, Doylestown, Pennsylvania or at such other place as Lessor may from time to time designate by notice in writing.

4. Additional Rent/Indemnification.

Lessee agrees to pay as rent in addition to the minimum rental any and all sums which may become due by reason of the failure of Lessee to comply with all of the covenants of this Lease and any and all damages, costs and expenses which the Lessor may suffer or incur by reason of any default of the Lessee or failure on his part to comply with the covenants of this Lease and each of them, and also any and all damages to the demised premises caused by any act or neglect of the Lessee.

5. Use of Premises.

Lessee agrees to occupy and use the demised premises solely for the purpose of farming. Lessee agrees to farm and otherwise use the premises in accordance with the following requirements.

- 1) Lessee shall not be permitted to use the property for growing of sod or waygoing crops.
- 2) Lessee shall not be permitted to sell or remove from the premises any topsoil, sand, gravel, rock, oil, coal or other mineral.

3) Lessee shall not be permitted to clear any portion of the premises or to sell or remove from the premises any lumber, post or wood.

4) Lessee shall not be permitted to erect any structures thereon.

5) Lessee shall agree to at all times to farm and maintain the premises in accordance with good agricultural husbandry practices.

6) Lessee agrees to, at all times to comply with the requirements of the Soil Conservation Service as to protection of the property from erosion.

6. Right of Entry.

Lessor, its' employees or agents, shall have the right, upon reasonable advance notice, to enter upon the property in order to make studies, service tests, surveys, general and engineering inspections, appraisals and for all other purposes related to School District matters, however, if in making such entry the School District materially damages Lessee's crop, the School District shall reimburse Lessee for the fair market value of any damage.

7. Surrender of Possession.

Lessee agrees to maintain the premises, including the soil on the premises, in good condition, order and repair, and agrees to peacefully deliver up and surrender possession of the premises to the Lessor at the expiration or sooner termination of this Lease and to surrender the premises in the same condition as Lessee has herein agreed to keep the same during the continuance of this Lease, except if there are crops growing as of the termination of the Lease, then Lessee may harvest those crops.

8. Assignment and Subletting.

Lessee agrees not to assign, mortgage or pledge this Lease or under-let or sublease or otherwise transfer, the demised premises, or any part thereof, or permit any other person, firm or corporation to occupy the demised premises, or any part thereof without Lessor's

prior written consent; nor shall any assignee or sublessee assign, mortgage or pledge or otherwise transfer any interest in this Lease or any sublease hereunder, without an additional written consent by the Lessor, and without such consent no such assignment, mortgage or pledge shall be valid. If the Lessee becomes embarrassed or insolvent, or makes an assignment for the benefit of creditors, or if a petition in bankruptcy is filed by or against the Lessee or a bill in equity or other proceeding for the appointment of a receiver for the Lessee is filed, or if the real or personal property of the Lessee shall be sold or levied upon by a Sheriff, Marshal or constable, the same shall be a violation of this Lease.

9. Release, Indemnification and Insurance.

Lessee agrees to release, indemnify, defend and hold harmless the Lessor from and against all liability, damages, losses, and injuries by reason of any injury or damage to any person or property in the demised premises, whether belonging to the Lessee or any other person.

Accordingly, Lessee shall be required to obtain and keep in full force through the lease term or any extension thereof, liability insurance in an amount of not less than \$500,000.00 for personal injury and \$300,000.00 for property damage per occurrence, naming Lessor as additional insureds, within thirty (30) days from the date of execution of this Lease Agreement, a copy of which shall be furnished to the Lessor immediately upon obtaining same.

10. Conduct of Lessee.

The Lessee recognizes that the property being farmed pursuant to this Agreement is located in an area where residential development has occurred. The Lessee shall make all reasonable efforts to coexist with the homes in the area of the leased premises.

11. Termination of Lessee.

This Lease shall automatically terminate if Lessee discontinues farming.

12. Notices.

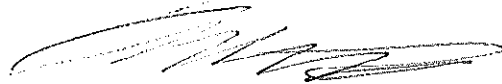
All notices required to be given by Lessor to Lessee shall be sufficiently given by leaving the same upon the demised premises, but notices given by Lessee to Lessor must be given by registered mail, and as against Lessor the only admissible evidence that notice has been given by Lessee shall be registered return receipt signed by Lessor or its agent.

IN WITNESS WHEREOF, the parties hereto have executed these presents the day and year first above written, and intend to be legally bound thereby.

Sealed and delivered in the presence of:

CENTRAL BUCKS SCHOOL DISTRICT

BY: _____



AARON STEPNOSKI, Lessee

Agenda Item

Recommendation to approve receipt of PDE reimbursement for the partial debt defeasance of the 2011A and 2011C bond issues and place the reimbursement into the _____ capital fund.

FOR ACTION: PDE Receipt Approval

In June of 2013 the school board approved a debt defeasance plan. This plan used approximately \$73M to buy US government securities and place the securities in escrow accounts. Interest from the escrow accounts along with the original principal amount will be used to pay future bond principal and interest payments associated with school construction and renovation. The escrow accounts will also pay off a portion of the existing bond principal amounts outstanding upon reaching the bond call dates. The \$73M deposit into escrow will return \$85.9M in savings over the life of the district’s bonds due to the elimination of future interest payments because principal amounts will be paid ahead of schedule.

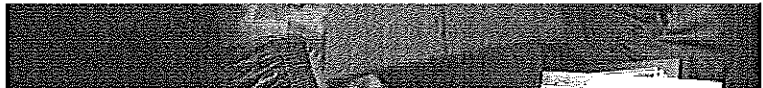
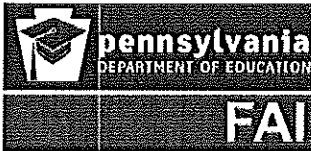
The bond defeasance plan will reduce yearly principal and interest expenses in the general fund budget for the life of the outstanding bond issues. The reduction in debt expense will help the district pay for the projected increase in PSERS state retirement expenses without maximum real estate tax increases each year. PSERS expenses are expected to increase by 83% over the next 6 years. Current PSERS expenses of approximately \$10M per year are expected to increase to \$19.4M by fiscal year 2019-20 assuming minimal wage inflation during that time period.

A second benefit of the school district’s prepayment of debt is that the state will also see a savings. The state reimburses the district for a portion of our debt payments. Since future principal and interest payments will be lower, the state will not need to reimburse CBSD as much as originally anticipated. As a result of the prepayment of principal and state savings, PDE will send \$2,329,991.56 to the district on May 29th, 2014. This is the present value of future payments the state would have made to the district if CBSD had not prepaid some of the outstanding bond debt.

The PLANCON K document communicates the financial aspects of the debt defeasance to PDE. From this submission, PDE calculated the exact amount of reimbursement CBSD will receive: \$2,329,991.56

RECOMMENDATION:

The administration is recommending approval of the PDE reimbursement so that it may be properly recorded in the minutes as required by PDE.



Financial Accounting Information v2 (FAI v2)

[HELP](#)

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AUN 122092102
 Central Bucks SD
 20 Welden Dr
 Doylestown, PA 18901-2359

VENDOR ID 0000119354
 CENTRAL BUCKS SCHOOL DISTRICT
 20 WELDEN DR
 DOYLESTOWN, PA 18901-2359

Status of Program as of Thursday, May 15, 2014 12:18 PM

Payment Breakdown

[Back To Payment List](#)

Payment Date: 05/29/2014 *
 Total Amount Paid: \$2,373,222.21
 State Fiscal Year of Payment: 2013-2014

Application	Document Number	Document Total
School Finance Division	VT# 1622013076	\$2,373,222.21

VT# 1622013076: \$2,373,222.21

Project Code	Description	Amount Paid	School Revenue Code	CFDA Number	School Year	Deduction Letter
<u>575</u>	Ren Subsidy	\$2,329,991.56	7320		2012 -2013	View
<u>593</u>	SD Sp Ed Extraord	\$43,230.65	7271		2013 -2014	View

What is the function of this web page?

This web page displays a breakdown of the payments made on a selected day. Information is broken down by document number within application. In other words, each VT number gets its own table. The VT numbers are separated by department application, like ECS grant, National School Lunch Program, School Finance. Clicking on a grant, subsidy, or claim project will bring up a status page for the appropriate project or program area.

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APPLICATION FOR REIMBURSEMENT FOR SCHOOL CONSTRUCTION PROJECT

Send to Bureau of Commonwealth Accounting Special Accounting Division, Central Agencies and School Finance
 555 Walnut Street, 9th Floor, Harrisburg, PA 17101. For additional information go to www.education.state.pa.us
 Click on "Programs." Click on "Programs S-Z." Click on "School Construction and Facilities."
 Click on "Reimbursable Projects." Click on "Forms and Instructions." Click on "Reimbursement Application."

LEA NAME: CENTRAL BUCKS SCHOOL DISTRICT PDE Lease #: 112596
 COUNTY: Bucks AUN: 1-22-09-210-2

Amount of Issue, Note or Loan \$50,005,000.00 **COMPTROLLER'S USE ONLY**
 Scheduled Payment Date: November 15, 2013 PAY DATE _____
 VT NO. _____


Has this issue been refinanced or restructures since the last scheduled payment? YES _____ NO _____
 If so, confirm that PlanCon Part K was completed and submitted to PDE and that you have received the PlanCon
 Part K approval letter; do not submit the PDE-2071 until you receive the PlanCon Part K approval letter from PDE.
 Is this the final payment on this issue? YES _____ NO _____

1. **TOTAL SCHEDULED PAYMENT** (AS PER Part H of K approved payment schedule) \$ 33,991,075.38
2. **Non-reimbursable Amount** \$ 0
 - a. Administrative Expenses \$ 0
 - b. Sale of Buildings and Land \$ 0
 - c. Rental Income \$ 0
 - d. Insurance Income \$ 0
 - e. Adjustments (Per higher of Part H or K approval or bank credit) \$ 0
 - f. Escrow Account \$ 0
 - g. Federal Subsidy (BAB, QSCB & QZAB) \$ 0
 - h. Other, specify _____
 - i. Total Non-Reimbursable Amount (Sum items a through g) \$ _____
3. Total Eligible Amount (Item 1 minus 2h) \$ 33,991,075.38
4. Reimbursable Percentage (Per Part H, J, or K Approval letter) .1332

Area Vocational Technical Schools, Career and Technical Centers, and Special Schools,
 Omit Items 5-7; complete Page 2 and sign below

5. Eligible reimbursable amount (Item 3 times 4) \$ 4,527,611.24
6. Applicable Aid Ratio (The greater of the Permanent Capital
 Account. Reimbursement Fraction: minimum
 Fraction (.5000) for density; or Market Value Aid ratio) .2618

7. Reimbursable Amount (Items 5 times 6) \$ 1,185,328.62
 The facilities financed under this lease number are being used for classroom activities, or for the originally approved purpose, or have been
 granted an exception by the Department of Education pursuant to Section 349.28 of the School Building Standards. I certify that the information
 provided above is true to the best of my knowledge.

Angela Jacobs ajacobs@cbsd.org (267) 893-2074 (267) 893-5800
 Contact Person Contact Person's email address Phone number Fax number

Dr. David P. Weitzel 04/22/13
 Signature, Chief School Administrator Name, Chief School Administrator Date

TRUSTEE OR PAYING AGENT: COMPLETE THE SECTION BELOW AND RETURN TO SCHOOL DISTRICT

- A. **TOTAL SCHEDULED PAYMENT** for the above referenced bond, issue or note (payment must match approved schedule) \$ _____
 - B. Credits
 1. **First schedules payment** - This credit represents accrued interest and interest thereon,
 from the bond closing in the amount of: \$ _____ (Non-reimbursable,
 see item 2.e. above)
 2. **Escrow Account** - This credit represents excess funds from the closing of the escrow
 account in the amount of: \$ _____ (Non-reimbursable,
 see item 2.f. above)
 3. **All other payments** - This credit represents interest earnings due to early deposits of
 payments or monies held for unrepresented items in the amount of: \$ _____ (Reimbursable do not deduct)
 4. **Other credit applied** - Explain _____ \$ _____
- If this is an authority issue, have bonds been redeemed in advance of the original
 amortization schedule? YES NO
- C. Actual Payment Made by School District/AVTS (Item A minus Item B) \$ _____
 - D. Funds Available (after this scheduled payment) \$ _____
 - E. Principal Outstanding (after this scheduled payment) \$ _____
- NOTE: For Capital Appreciation Bonds, use maturity value.

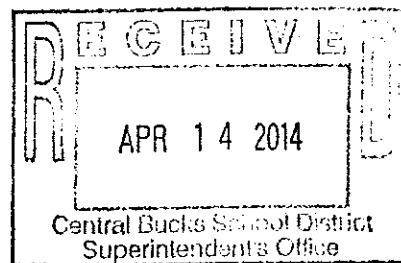
Wells Fargo (612) 667-8850
 Name, Trustee or Paying Agent (typed or printed) Phone number

 Signature Date



April 4, 2014

Ms. Sharon L. Reiner
Board Secretary
Central Bucks School District
20 Welden Drive
Doylestown, PA 18901



RE: PLANCON PART K: PROJECT REFINANCING

Lease Number: 112596
Reimbursable Percent: 13.32% (Temporary)
Refinancing Type: Partial Cash Defeasance, General Obligation Bonds, Series A of 2011

Dear Mr. Lewis:

This letter acknowledges receipt of the PlanCon Part K, "Project Refinancing," for the above-referenced bond issue. The material is in a form acceptable to the Department and is hereby approved. This approval is based on a limited review of the documents submitted. If information reviewed subsequent to this approval violates law, policy or procedure, the Department reserves the right to rescind any and all approvals materially affected.

The School District will be reimbursed for the \$33,991,075.38 contributed to the partial cash defeasance of the Series A of 2011 bonds at 13.32 percent under Lease Number 112596. An application must be forwarded to the Comptroller's Office for prompt payment.

The school district must file form PDE-2071, "Application For Reimbursement For School Construction Project," to the Comptroller's Office to receive the reimbursement on this financing. The lease number and reimbursable percent referenced above must be included on form PDE-2071.

This document and appended materials should be entered into the minutes of the next board meeting. If you have any questions, please contact James Grant at 717.787.5993.

Sincerely,

Jeannine J. Weiser, Chief
Division of Budget

Attachments

cc: Public Financial Management, Inc.
School Finance
Refunding
Budget
Chronological File

SUMMARY OF SOURCES AND USES OF FUNDS

District/CTC: Central Bucks School District	Financing Name: 2013 Cash Defeasance - Series of 2011 A	Closing Date: 6/25/2013
--	--	----------------------------

REPORT TO THE PENNY - DO NOT ROUND

	SERIES CASH	SERIES _____
SOURCES:		
Bond Issue (Par)		
Original Issue Discount/Premium		
Accrued Interest		
Cash Contribution by District	33,991,075.38	
Unallocated Funds from Bond Issues Being Refunded		
Other Sources of Funds (Specify)		
1. _____		
2. _____		
3. _____		
4. _____		
TOTAL - Sources of Available Funds	\$33,991,075.38	
USES:		
Purchase of Investments/Escrow	\$33,991,075.38	
Cash for Current Refunding		
Issuance Costs:		
1. Underwriter Fees		
2. Bond Insurance		
3. Bond Counsel		
4. School Solicitor		
5. Financial Advisor		
5. Paying Agent/Trustee Fees and Expenses		
7. Printing		
8. Rating Fee		
9. Verification Report		
10. Computer Fees		
11. CUSIP		
12. Internet Auction Fee		
13. Escrow Agent		
14. _____		
15. _____		
Total - Issuance Costs		
Accrued Interest		
Capitalized Interest		
Surplus Monies or Cash to School District		
Other Uses of Funds (Specify)		
1. _____		
2. _____		
TOTAL - USES OF AVAILABLE FUNDS	\$33,991,075.38	

APPLICATION FOR REIMBURSEMENT FOR SCHOOL CONSTRUCTION PROJECT

Send to Bureau of Commonwealth Accounting Special Accounting Division, Central Agencies and School Finance
 555 Walnut Street, 9th Floor, Harrisburg, PA 17101. For additional information go to www.education.state.pa.us
 Click on "Programs." Click on "Programs S-Z." Click on "School Construction and Facilities."
 Click on "Reimbursable Projects." Click on "Forms and Instructions." Click on "Reimbursement Application."

LEA NAME: CENTRAL BUCKS SCHOOL DISTRICT PDE Lease #: 112899
 COUNTY: Bucks AUN: 1-22-09-210-2

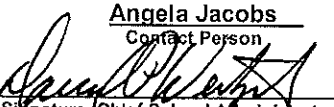
Amount of Issue, Note or Loan \$47,780,000 **COMPTROLLER'S USE ONLY**
 Scheduled Payment Date: May 15, 2013 PAY DATE _____
 VT NO. _____

Has this Issue been refinanced or restructures since the last scheduled payment? YES _____ NO X
 If so, confirm that PlanCon Part K was completed and submitted to PDE and that you have received the PlanCon Part K approval letter; do not submit the PDE-2071 until you receive the PlanCon Part K approval letter from PDE.
 Is this the final payment on this issue? YES _____ NO X

1. **TOTAL SCHEDULED PAYMENT** (AS PER Part H of K approved payment schedule) \$ 24,385,276.94
2. **Non-reimbursable Amount**
 - a. Administrative Expenses \$ 0
 - b. Sale of Buildings and Land \$ 0
 - c. Rental Income \$ 0
 - d. Insurance Income \$ 0
 - e. Adjustments (Per higher of Part H or K approval or bank credit) \$ 0
 - f. Escrow Account \$ 0
 - g. Federal Subsidy (BAB, QSCB & QZAB) \$ 0
 - h. Other, specify _____
 - i. Total Non-Reimbursable Amount (Sum items a through g) \$ _____
3. Total Eligible Amount (Item 1 minus 2h) \$ 24,385,276.94
4. Reimbursable Percentage (Per Part H, J, or K Approval letter) .1793

Area Vocational Technical Schools, Career and Technical Centers, and Special Schools, Omit Items 5-7; complete Page 2 and sign below

5. Eligible reimbursable amount (Item 3 times 4) \$ 4,372,280.15
6. Applicable Aid Ratio (The greater of the Permanent Capital Account. Reimbursement Fraction: minimum Fraction (.5000) for density; or Market Value Aid ratio) .2618
7. Reimbursable Amount (Items 5 times 6) \$1,144,662.94
 The facilities financed under this lease number are being used for classroom activities, or for the originally approved purpose, or have been granted an exception by the Department of Education pursuant to Section 349.28 of the School Building Standards. I certify that the information provided above is true to the best of my knowledge.

Angela Jacobs ajacobs@cbsd.org (267) 893-2074 (267) 893-5800
 Contact Person Contact Person's email address Phone number Fax number
 Dr. David P. Weitzel 04/22/13
 Signature, Chief School Administrator Name, Chief School Administrator Date

TRUSTEE OR PAYING AGENT: COMPLETE THE SECTION BELOW AND RETURN TO SCHOOL DISTRICT

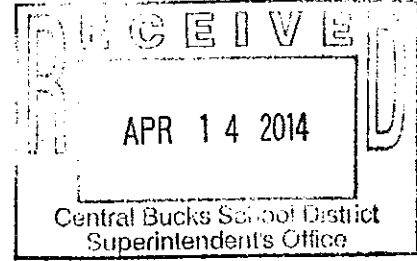
- A. **TOTAL SCHEDULED PAYMENT** for the above referenced bond, issue or note (payment must match approved schedule) _____
- B. Credits
1. **First schedules payment** - This credit represents accrued interest and interest thereon, from the bond closing in the amount of: \$ _____ (Non-reimbursable, see item 2.e. above)
 2. **Escrow Account** - This credit represents excess funds from the closing of the escrow account in the amount of: \$ _____ (Non-reimbursable, see item 2.f. above)
 3. **All other payments** - This credit represents interest earnings due to early deposits of payments or monies held for unrepresented items in the amount of: \$ _____ (Reimbursable do not deduct)
 4. **Other credit applied** - Explain _____ \$ _____
- If this is an authority issue, have bonds been redeemed in advance of the original amortization schedule? YES NO
- C. **Actual Payment Made by School District/AVTS** (Item A minus Item B) \$ _____
 D. **Funds Available** (after this scheduled payment) \$ _____
 E. **Principal Outstanding** (after this scheduled payment) \$ _____
- NOTE: For Capital Appreciation Bonds, use maturity value.

Wells Fargo (612) 667-8850
 Name, Trustee or Paying Agent (typed or printed) Phone number
 _____ Signature _____ Date



April 4, 2014

Ms. Sharon L. Reiner
Board Secretary
Central Bucks School District
20 Welden Drive
Doylestown, PA 18901



RE: PLANCON PART K: PROJECT REFINANCING

Lease Number: 112899
Reimbursable Percent: 17.93% (Temporary)
Refinancing Type: Partial Cash Defeasance, General Obligation Bonds, Series C of 2011

Dear Mr. Lewis:

This letter acknowledges receipt of the PlanCon Part K, "Project Refinancing," for the above-referenced bond issue. The material is in a form acceptable to the Department and is hereby approved. This approval is based on a limited review of the documents submitted. If information reviewed subsequent to this approval violates law, policy or procedure, the Department reserves the right to rescind any and all approvals materially affected.

The School District will be reimbursed for the \$24,385,276.94 contributed to the partial cash defeasance of the Series C of 2011 bonds at 17.93 percent under Lease Number 112899. An application must be forwarded to the Comptroller's Office for prompt payment.

The school district must file form PDE-2071, "Application For Reimbursement For School Construction Project," to the Comptroller's Office to receive the reimbursement on this financing. The lease number and reimbursable percent referenced above must be included on form PDE-2071.

This document and appended materials should be entered into the minutes of the next board meeting. If you have any questions, please contact James Grant at 717.787.5993.

Sincerely,

Jeannine J. Weiser, Chief
Division of Budget

Attachments

- cc: Public Financial Management, Inc.
- School Finance
- Refunding
- Budget
- Chronological File

SUMMARY OF SOURCES AND USES OF FUNDS

District/CTC: Central Bucks School District	Financing Name: 2013 Cash Defeasance - Series of 2011 C	Closing Date: 6/25/2013
--	--	----------------------------

REPORT TO THE PENNY - DO NOT ROUND

	SERIES CASH	SERIES _____
SOURCES:		
Bond Issue (Par)		
Original Issue Discount/Premium		
Accrued Interest		
Cash Contribution by District	24,385,276.94	
Unallocated Funds from Bond Issues Being Refunded		
Other Sources of Funds (Specify)		
1. _____		
2. _____		
3. _____		
4. _____		
TOTAL - Sources of Available Funds	\$24,385,276.94	
USES:		
Purchase of Investments/Escrow	\$24,385,276.94	
Cash for Current Refunding		
Issuance Costs:		
1. Underwriter Fees		
2. Bond Insurance		
3. Bond Counsel		
4. School Solicitor		
5. Financial Advisor		
5. Paying Agent/Trustee Fees and Expenses		
7. Printing		
8. Rating Fee		
9. Verification Report		
10. Computer Fees		
11. CUSIP		
12. Internet Auction Fee		
13. Escrow Agent		
14. _____		
15. _____		
Total - Issuance Costs		
Accrued Interest		
Capitalized Interest		
Surplus Monies or Cash to School District		
Other Uses of Funds (Specify)		
1. _____		
2. _____		
TOTAL - USES OF AVAILABLE FUNDS	\$24,385,276.94	



CENTRAL BUCKS SCHOOL DISTRICT

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: May 1, 2014

Board Agenda Information:

General Fund Disbursements, April 2014

Checks April 2014	2,462,829.00
Electronic Payments	7,264,859.43
Transfers to Payroll	7,621,449.15
TOTAL	<u>\$17,349,137.58</u>

Other Disbursements, April 2014

Capital Fund(net voids)	\$306,051.56
Food Service(checks issued)	\$11,815.78
TOTAL	<u>\$317,867.34</u>

All Funds	<u><u>\$17,667,004.92</u></u>
-----------	-------------------------------

**The Central Bucks School District
General Fund
Treasurer's Report
4/30/2014**

Beginning Cash Balance	\$12,280,237.04
 Receipts	
Local General Funds Receipts	
Local Collectors	652,865.24
County of Bucks	329,389.15
EIT	1,670,879.43
Interest Earnings	4,271.68
Facility Use Fees	76,556.25
Tuition, Community School	337,523.85
Contributions	61,820.08
Miscellaneous	17,464.94
Total Local General Funds Receipts	\$3,150,770.62
 State General Fund Receipts	
Basic Ed Subsidy	2,291,372.00
Soc Sec & Retirement	415,899.00
State Subsidy- Other	403,420.86
Total State General Fund Receipts	\$3,110,691.86
 Federal General Fund Receipts	
Title 2	54,802.20
IDEA(I.U.)	334,659.81
Total Federal General Fund Receipts	\$389,462.01
 Other Receipts	
Investments Matured	15,000,000.00
Offsets to Expenditures	33,430.85
Transfer from Other Funds	2,078.00
Total Other Receipts	\$15,035,508.85
Total Receipts	\$21,686,433.34
Total Beginning Cash Balance and Receipts	\$33,966,670.38

**The Central Bucks School District
General Fund
Treasurer's Report
4/30/2014**

Disbursements		
Checks (see detail on following page)		2,462,829.00
Electronic Payments:		
Employee Payroll Taxes	2,634,361.28	
Employer Payroll Taxes	902,576.84	
PSERS Retire	873,226.30	
403B/457PMT	334,578.32	
Health Benefit Payments	2,268,582.18	
Transfer to Other Banks	250,000.00	
Transfer to Other Funds	<u>1,534.51</u>	
Electronic Payments Total:		7,264,859.43
Transfer to Payroll		7,621,449.15
Total Disbursements		\$17,349,137.58
Summary:		
Total Beginning Cash Balance and Receipts (from previous page)		\$33,966,670.38
Cash Disbursements		\$17,349,137.58
Ending Cash Balance	4/30/2014	\$16,617,532.80

The Central Bucks School District
General Fund
Treasurer's Report
Check Reconciliation
4/30/2014

First Check Run	\$1,517,830.45
Second Check Run	\$82,766.61
Third Check Run	\$787,358.62
Fourth Check Run	\$112,412.12
Total Check Run (see attached detail)	<u>\$2,500,367.80</u>
Less Voided Checks	(\$4,506.74)
 Check Run Sub-Total	 <u>\$2,495,861.06</u>
 Add Prior Month A/P Funded This Month	 \$142,086.81
Less This Month A/P To Be Funded Next Month	<u>\$175,118.87</u>
 Checks Funded This Month	 <u><u>\$2,462,829.00</u></u>

**The Central Bucks School District
Food Service
Treasurer's Report
4/30/2014**

Beginning Cash Balance		\$ 660,454.20
Receipts		
Subsidies	\$ 76,697.77	
Student Lunch Account Deposits	\$ 394,765.19	
Interest Earnings	<u>\$ 387.27</u>	
Total Receipts		\$ 471,850.23
Disbursements		
Checks	\$ 8,984.41	
Electronic payments	<u>\$ 436,923.11</u>	
Total Disbursements		\$ 445,907.52
Cash per Bank Statement		\$ 686,396.91
Less Outstanding Checks	<u>\$ (7,403.44)</u>	
Ending Cash Balance @ 4/30/14		\$ 678,993.47

Capital Funds As of Apr 30, 2014

	Beg. Bal. 7/1/2013	*Transfers from (to other Funds)	Transfers from General Fund	Interest Earnings	Expenditures	Commitments	Balance 4/30/2014	Target Amount	Percent of Target	Comments
Short term Capital	\$8,094,493		\$4,330,000	\$ 19,576	\$ 6,066,873	\$ 916,737	\$ 5,460,458	\$ 6,000,000	91%	
Technology	\$3,013,161		\$2,000,000	\$ 8,639	\$ 1,786,276	\$ 262,248	\$ 2,973,276	\$ 3,500,000	85%	
Transportation	\$899,274		\$1,000,000	\$ 3,710	\$ 838,551	\$ 869,066	\$ 195,367	\$ 2,100,000	9%	
Debt Service	\$73,065			\$ 3			\$ 73,068	\$ 60,000,000	0%	
Long Term Capital	\$8,000,000			\$ 20,143			\$ 8,020,143	\$ 25,000,000	32%	
Totals **	\$20,079,993	\$0	\$7,330,000	\$ 52,071	\$ 8,691,701	\$ 2,048,051	\$ 16,722,312	\$ 96,600,000	17%	

Trust Funds As of Apr 30, 2014

	Beg. Bal. 7/1/2013	*Transfers from (to other Funds)	Transfers from General Fund	Interest Earnings		Balance 4/30/2014	Comments
Post Employment (GASB 45)	\$3,767,099			\$ 8,015		\$ 3,775,114	Per the Actuarial Report, the present value of benefits payable in the future years, as of 10/1/13, is \$64,094,298. Goal is to fund \$2M per yr towards this liability. Funds remain unrestricted, so can be accessed if needed.
Health Care	\$1,860,560	\$490,000	\$370,000	\$ 8,454		\$ 1,749,014	Goal is to maintain \$2.5 m to provide additional funding in a year of high level claims that might exceed budget.
Totals **	\$5,627,659	\$490,000	\$370,000	\$ 16,469	\$ -	\$ 5,524,128	

Capital Bond Funds As of Apr 30 ,2014

	Beg. Bal. 7/1/2013	Interest Earnings	Expenditures	Commitments	Balance 4/30/2014
2008 Bond Fund Proceeds	\$12,937,661	17,767	4,569,609	1,359,860	\$ 7,025,959
Totals	\$12,937,661	17,767	4,569,609	1,359,860	\$ 7,025,959

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
Ratification of Investments for the Month of
April, 2014**

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

General Fund

<u>Category</u>	<u>Purchase Date</u>	<u>Principal</u>	<u>Maturity Date</u>	<u>Rate</u>	<u>Yield</u>	<u>Bank Name</u>
PSDLAF	4/11/2014	\$245,000.00	4/13/2015	0.40%	\$985.37	GE Capital Retail Bank(UT)
Bank CD	4/26/2014	\$249,000.00	4/15/2015	0.40%	\$965.98	3rd Fed Bank
TOTALS		\$494,000.00			\$1,951.35	

Trust Fund

Healthcare Reserve

<u>Category</u>	<u>Purchase Date</u>	<u>Principal</u>	<u>Maturity Date</u>	<u>Rate</u>	<u>Yield</u>	<u>Bank Name</u>
PSDLAF	4/21/2014	\$245,000.00	4/21/2015	0.45%	\$1,102.50	Far East National Bank(CA)
TOTALS		\$245,000.00			\$1,102.50	

**Central Bucks School District
Investment Portfolio
Summary Totals by Bank
April 30, 2014**

Bank Name	Principal Amount
3rd Fed Bank	249,000
Bank of America	10,845
First Niagara	8,119,914
First Savings Bank of Perkasie	249,000
Firstrust Bank	248,000
Fulton Bank	107,318
Hatboro Savings & Loan	248,000
JP Morgan/Chase	63,989
MBS	2,205,000
Milestone Bank	243,000
Monument Bank	244,000
National Penn	43,068,146
PLGIT	2,232,500
PNC	54,980
PSDLAF	4,369,491
Quakertown National Bank	4,575,019
Santander	42,701,048
Susquehanna	73,068
TD Bank	41,738,046
Team Capital Bank	249,000
William Penn Bank	247,000
Total	151,296,364

Central Bucks School District

Investment Portfolio

General Fund

April 30, 2014

<u>Purchase Date</u>	<u>Bank Name</u>	<u>Maturity Date</u>	<u>Rate of Interest</u>	<u>Principal Amount</u>
GENERAL FUND BANK ACCOUNTS				
4/30/14	TD Bank	5/1/14	0.30%	16,617,533
4/30/14	TD Bank Munciple Choice	5/1/14	* 0.55%	10,799,925
4/30/14	PLGIT	5/1/14	0.02%	500
4/30/14	PSDLAF MAX Acct	5/1/14	0.01%	204,050
Total General Fund Bank Accounts				27,622,008
GENERAL FUND CDs				
Individual Bank CDs:				
5/1/13	First Savings Bank of Perkasio	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	Firsttrust Bank	7/1/14	0.35%	248,000
9/1/12	Monument Bank	9/1/14	1.05%	244,000
4/26/14	3rd Fed Bank	4/15/15	0.25%	249,000
2/21/14	William Penn Bank	8/20/15	0.60%	247,000
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
3/2/14	Hatboro Savings & Loan	3/4/16	0.50%	148,000
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
11/7/13	Valley Green Bank, Philadelphia, PA	11/7/14	0.45%	248,000
11/7/13	Stearns Bank, St. Cloud, MN	11/7/14	0.35%	248,000
11/7/13	Franklin Synergy Bank, Franklin, TN	11/7/14	0.35%	248,000
11/7/13	Bridgewater Bank, Bloomington, MN	11/7/14	0.35%	248,000
PSDLAF CD's:				
5/23/13	First Republic Bank	5/23/14	0.45%	245,000
4/11/14	GE Capital Retail Bank	4/13/15	0.40%	245,000
12/18/13	Luana Savings Bank(Athletic CD)	6/11/15	0.35%	140,000
2/7/14	Carver Federal Savings Bank	2/5/16	0.80%	245,000
Multi Bank Securities CDs:				
2/19/14	Banco Popular DE PR Hato Rey	8/19/14	0.30%	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
11/4/13	Bank Hapoalim BM New York	11/4/14	0.45%	245,000
11/15/13	BMW BK North Amer Salt Lake City, UT	11/14/14	0.35%	245,000
2/26/14	Customers Bank Phoenixville, PA	8/26/15	0.35%	245,000
2/26/14	BBCN Bank Los Angeles, CA	8/26/15	0.35%	245,000
2/20/14	Compass Bank Birmingham, AL	2/22/16	0.50%	245,000
Total General Fund CDs				7,396,318
GENERAL FUND MONEY MARKET ACCOUNTS				
4/30/14	First Niagara	5/1/14	0.02%	8,868
4/30/14	Santander	5/1/14	0.30%	34,680,905
4/30/14	Bank of America	5/1/14	0.20%	10,845
4/30/14	National Penn {1652}	5/1/14	0.25%	43,068,146
4/30/14	Quakertown National Bank	5/1/14	0.25%	4,575,019
4/30/14	PNC	5/1/14	0.05%	54,980
4/30/14	JP Morgan/Chase	5/1/14	0.03%	63,989
4/30/14	PSDLAF(Athletic Full Flex)	5/1/14	0.10%	130,209
Total General Fund Money Market Accounts				82,592,960
Total General Fund				117,611,286

* Interest earnings credited to offset fees

**Central Bucks School District
Investment Portfolio
Capital Fund
April 30, 2014**

<u>Purchase Date</u>	<u>Bank Name</u>	<u>Maturity Date</u>	<u>Rate of Interest</u>	<u>Principal Amount</u>
<u>2008 Bond</u>				
4/30/14	First Niagara	5/1/14	0.15%	6,418,935
4/30/14	PSDLAF MAX ACCT	5/1/14	0.01%	6,884
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				8,385,819
<u>Transportation Capital Reserve</u>				
4/30/14	TD Bank	5/1/14	0.30%	1,064,433
Total Transportation Reserve				1,064,433
<u>Technology Capital Reserve</u>				
4/30/14	TD Bank	5/1/14	0.30%	3,235,524
Total Technology Reserve				3,235,524
<u>Short Term Capital Reserve</u>				
4/30/14	PSDLAF Max Acct	5/1/14	0.01%	147
4/30/14	TD Bank Fund 3 Acct	5/1/14	0.30%	1,004,768
4/30/14	TD Bank	5/1/14	0.30%	6,377,048
Total Short Term Capital Reserve				7,381,963
<u>Long Term Capital Reserve</u>				
4/30/14	Santander	5/1/14	0.30%	8,020,143
Total Long Term Capital Reserve				8,020,143
Total Capital Fund				28,087,882

Central Bucks School District
Investment Portfolio
Debt Service Fund
April 30, 2014

<u>Purchase Date</u>	<u>Bank Name</u>	<u>Maturity Date</u>	<u>Rate of Interest</u>	<u>Principal Amount</u>
<u>Debt Service Reserve</u>				
4/30/14	Susquehanna	5/1/14	0.10%	3,068
6/27/13	Susquehanna	6/27/14	0.20%	70,000
Total Debt Service Reserve				73,068

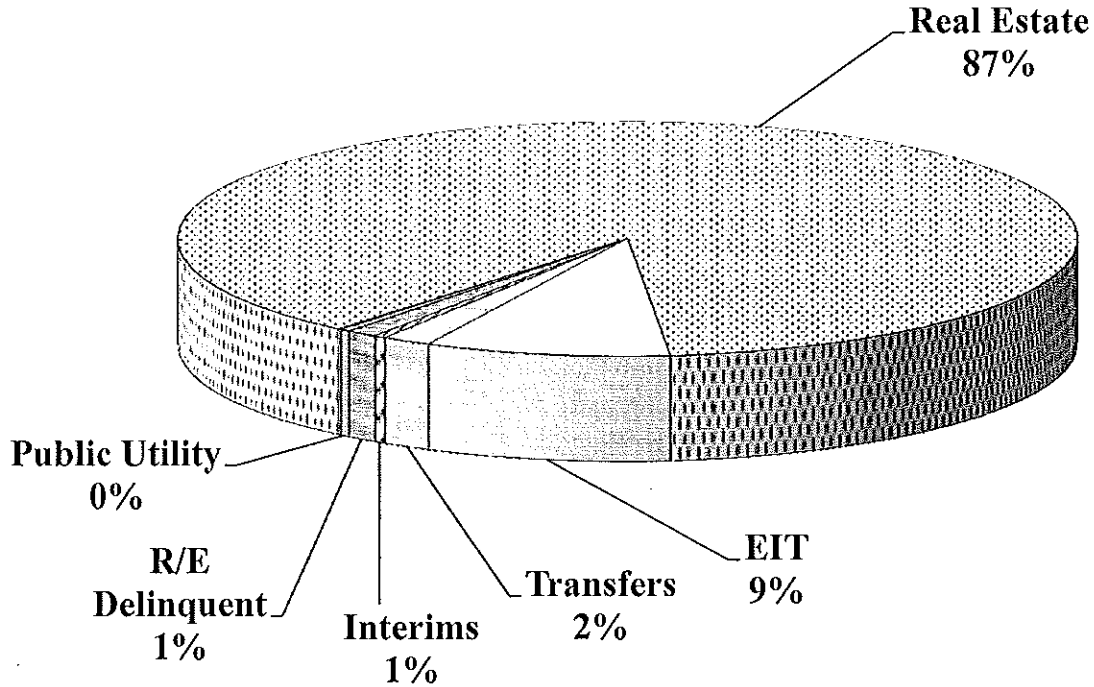
**Central Bucks School District
Investment Portfolio
Trust Fund
April 30, 2014**

<u>Purchase Date</u>	<u>Bank Name</u>	<u>Maturity Date</u>	<u>Rate of Interest</u>	<u>Principal Amount</u>
<u>Post Employment Trust Fund Reserve</u>				
4/30/14	First Niagara	5/1/14	0.15%	1,692,112
4/30/14	TD Bank	5/1/14	0.30%	2,083,002
Total Post Employment Reserve				3,775,114
<u>Healthcare Trust Fund Reserve</u>				
4/30/14	PSDLAF Max Account	5/1/14	0.01%	13,201
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
4/21/14	PSDLAF(Far East National Bank)	4/21/15	0.45%	245,000
7/31/13	PSDLAF(Ally Bank)	7/31/15	0.65%	200,000
4/30/14	TD Bank	5/1/14	0.30%	555,813
Healthcare Reserve				1,749,014
 Total Trust Fund				5,524,128
 Grand Total- All Funds				151,296,364
 Weighted Average Rate of Return				0.28%

Payroll Projection
April 30, 2014

	Estimated Final
<i>Budgeted Payroll, Social Security & Retirement</i> <i>** Adjusted for Transfers**</i>	169,718,058
<i>Projected spending</i>	<u>169,350,016</u>
<i>Positive (Negative) Variance</i>	<u>368,042</u>

**Central Bucks School District
Projected Tax Collections
April 30, 2013**



<u>Revenues</u>	<u>Projected</u>	<u>Budget</u>	<u>Variance</u>
Real Estate	\$203,186,715	\$202,911,293	\$275,422
EIT	20,500,000	18,400,000	2,100,000
Transfers	4,100,000	3,050,000	1,050,000
Interims	980,750	694,400	286,350
R/E Delinquent	2,622,050	2,525,000	97,050
EIT Delinquent	855,110	775,000	80,110
Public Utility	<u>303,755</u>	<u>289,000</u>	<u>14,755</u>
Total	<u>\$232,548,380</u>	<u>\$228,644,693</u>	<u>\$3,903,687</u>

**Central Bucks School District
Fringe Benefits
30-Apr-14**

	Budget	Adjusted Budget	Encumbered	Spent	Balance	% Committed (based on Adj. Budget)
Health care	29,022,386	19,662,349	3,090,000	15,176,840	1,395,509	93%
Dental coverage	1,487,648	1,487,648	135,145	1,155,979	196,524	87%
Life insurance	290,000	290,000	72,056	175,350	42,594	85%
Disability coverage	373,120	373,120	72,395	158,805	141,920	62%
Prescription drugs	5,441,393	5,306,393	1,519,932	3,382,294	404,167	92%
Unemployment comp	361,392	363,462	120,000	217,083	26,379	93%
Workers comp	1,027,371	1,033,329	68,931	1,091,215	(126,817)	112%
Miscellaneous	240,000	315,000	75,563	151,688	87,749	72%
Totals	38,243,310	28,831,301	5,154,022	21,509,254	2,168,025	92%

LOGIC
QUARTERLY REPORT
(AS OF MARCH 31, 2014)

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 Janet Yellin years at the Federal Reserve started with additional reductions in the Fed's monthly asset purchase program. The Fed maintained its commitment to extremely low short-term interest rates but indicated a potential rise in the fed funds rate in 2015. Almost all of the 30 largest financial institutions passed the annual stress test and the banking industry continued its string of profitable quarters.

Monetary Policy and Interest Rates. Janet Yellin's first meeting as Chair of the Federal Reserve featured a calibrated reduction in the Fed's "taper" of its bond-buying quantitative easing program and a shift in the factors that the Fed will consider in setting the benchmark fed funds rate.

The Federal Reserve began monthly purchases of \$40 billion of long-term Treasury securities and \$45 billion of Fannie Mae, Freddie Mac and Ginnie Mae mortgage-backed securities in December 2012 in an effort to keep long-term rates low to encourage borrowing, spending and investing. The Fed dropped its monthly bond purchases from \$85 billion to \$75 billion in December 2013, the first step toward ending this version of quantitative easing, followed by an additional reduction of \$10 billion in January. The Fed made "a further measured reduction in the pace of its asset purchases" to \$55 billion per month at its March meeting. The Federal Open Markets Committee (FOMC) noted that it is likely to reduce the pace of asset purchases at future meetings; the current downward trend is likely to extinguish the taper by the fall.

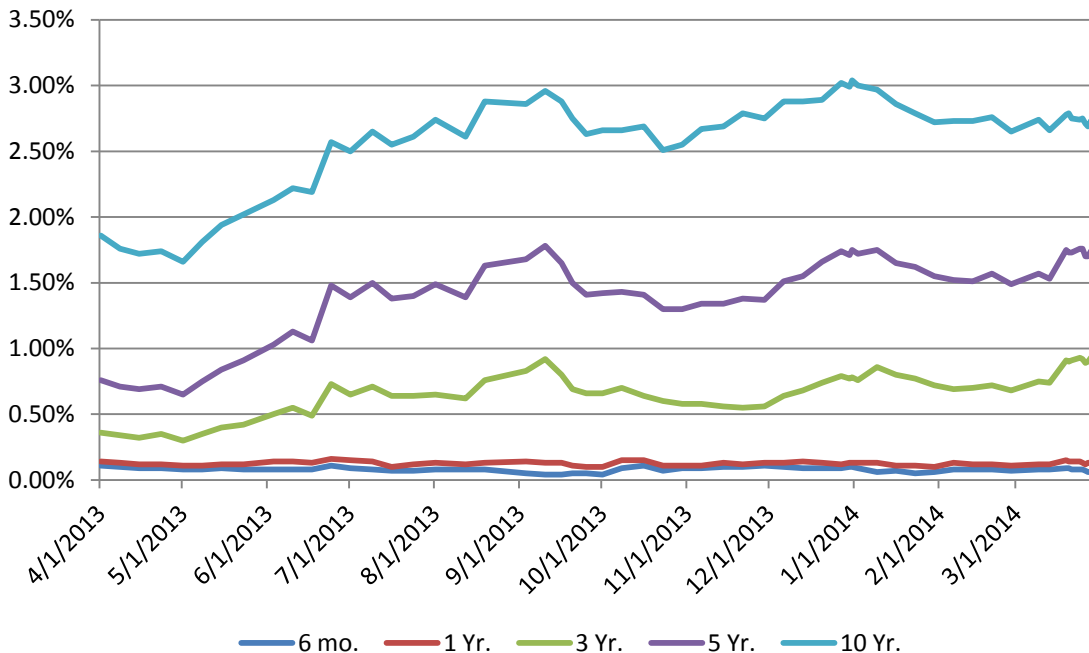
The Committee reiterated its commitment to keeping short-term interest rates near zero by maintaining the current 0 to ¼ percent target range for the fed funds rate. How long that extremely low rate will be maintained will depend on the FOMC's assessment of progress towards its twin objectives of maximum employment and 2 percent inflation by evaluating such factors as measurements of labor market conditions, indicators of inflation pressures and inflation expectations and readings on financial developments. The FOMC's statement concluded that it "continues to anticipate, based on its assessment of these factors, that it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable time after the asset purchase program ends." This formulation represented a change from prior pronouncements which linked an increase in the fed funds rate to a reduction in the unemployment rate below 6.5%, a goal now in sight with the current unemployment rate at 6.7%.

At a news conference after the release of the FOMC statement, Janet Yellin suggested that a “considerable time” after the end of the asset purchase program might be defined as six months or so. That would put the first increase in the fed funds rate about March 2015, if current trends continue, considerably earlier than the markets expected. Chair Yellin emphasized that dropping a 6.5% unemployment rate benchmark for raising interest rates “does not indicate any change in the committee’s policy intentions,” signaling that the Fed expects to continue its “easy money” policy.

The Fed also released rate forecasts from FOMC members which showed that thirteen of sixteen participants judged that the first increase in the target fed funds rate from the current range of 0 to ¼ percent will occur in 2015 with eleven of the sixteen forecasting a 2015 year-end target fed funds rate of 1.0% or higher. The average forecast for fed funds in 2016 rose to 2.42%.

The bond market reacted to these developments with falling prices and rising yields on intermediate term bonds as shown in the chart below. Yields on two-year Treasury notes rose as much as 10 basis points the day after the FOMC meeting. Short-term rates remained level over the last year while intermediate term rates trended upward. 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 when it unexpectedly delayed the start of its taper of bond purchases. Rates declined again following the December FOMC meeting and the start of the Fed’s taper. The increase in intermediate term rates after the FOMC meeting represents a resumption of this year-long climb.

Daily Treasury Yield Curve Rates April 2013 to March 2014



The Federal Reserve conducted its fourth annual stress test of the capital plans of the largest banking institutions and concluded that they are “collectively better positioned to continue to lend to households and businesses and to meet their financial commitments in an extremely severe economic downturn than they were five years ago,” reflecting continued broad improvement in banks’ capital positions. The 2014 stress tests added an additional 12 firms with assets greater than \$50 billion to the 18 institutions that have been included in the stress tests since 2009. Only Zions Bancorp, a regional lender based in Salt Lake City, failed to meet the Fed’s minimum standards for a hypothetical two-year downturn lasting into 2015 that included a deep recession featuring a severe drop in housing prices, a sharp increase in unemployment and a nearly 50% decline in stock prices. The Fed also rejected capital plans for distributions to shareholders from Citigroup, Zions and the U.S. units of HSBC Holdings PLC, Royal Bank of Scotland Group PLC (parent of Citizens Bank) and Banco Santander SA (parent of Santander Bank, formerly Sovereign Bank). Many of the remaining large banks planned to increase dividends or stock buyback plans following their successful stress test evaluations.

Banking Industry Highlights. Quarterly net income for FDIC-insured institutions was \$40.3 billion in the fourth quarter of 2013, 17% higher than for the corresponding quarter in 2012. Earnings improved despite a decline of year-over-year quarterly revenues for the second consecutive quarter caused primarily by reduced mortgage lending. Fifty-three percent of all insured institutions reported year-over-year growth in quarterly earnings, with only 12.2% of banks unprofitable, down from 15% in the last quarter of 2012.

The FDIC Chairman, Martin J. Gruenberg, noted that the “slow but steady improvement” since 2009 continued: “Asset quality improved, loan balances were up, and there were fewer troubled institutions. However, challenges remain in the industry. Narrow margins, modest loan growth, and a decline in mortgage refinancing activity have made it difficult for banks to increase revenue and profitability.”

Net income for all of 2013 was \$154.7 billion, an increase of 9.6% compared to 2012. Only 7.8% of institutions were unprofitable in 2013, the lowest annual percentage of unprofitable banks since 2005.

Asset quality indicators improved at insured institutions as the amount of noncurrent loans and leases fell by 6.3% during the quarter. Average net interest margin rose to 3.28%, the highest quarterly average in 2013, but still down from 3.34% in the fourth quarter of 2012. Quarterly highlights include:

- ❖ Total loan balances increased by 1.2% during the quarter
- ❖ Average return on assets rose to 1.10% from 0.96% in 4Q2012
- ❖ Rising interest rates in 2013 reduced demand for mortgage financings
- ❖ The number of problem banks fell for the 11th consecutive quarter
- ❖ 24 banks failed during 2013, compared to 50 in 2012.

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 February 28, 2014 shows that the School District maintains significant investment deposits with First Niagara Bank, National Penn Bank, QNB Bank, Santander 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, JPMorgan Chase Bank and PNC Bank where the School District formerly invested funds or where current deposits fall below the FDIC limit.

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 December 31, 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 \$2.7 billion on revenues of \$17.8 billion for the fourth quarter of 2013 compared to net income of \$1.2 billion on revenues of \$17.9 billion for the corresponding quarter of 2012. For all of 2013, Citigroup reported net income of \$13.9 billion on revenues of \$76.4 billion compared to net income of \$7.5 billion on net revenues of \$69.1 billion for 2012. On February 28, 2014 Citigroup revised downward its financial results described above by \$235 million resulting from discovery of a fraud in its subsidiary in Mexico. This revision reduced its net income for 2013 to \$13.7 billion. Citigroup’s capital plans for shareholder distributions were rejected by the Federal Reserve as part of annual stress tests, as discussed above.

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	Stable	Negative	Stable
Senior Debt	Baa2	A-	A
Citibank, N.A.			
Outlook	Stable	Negative	Stable
Senior Debt	A2	A	A

Citibank's Thomson Reuters Bank Insight peer group rating for December 31 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:

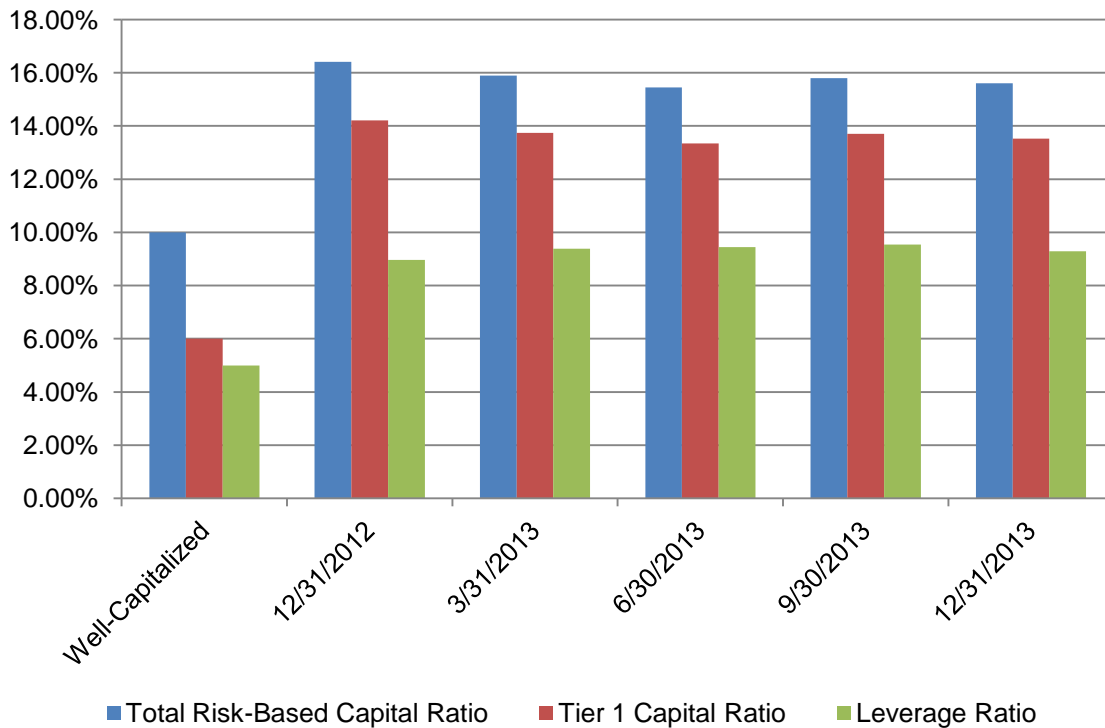
<u>Quarter</u>	<u>Peer Group Rating</u>	<u>Peer Group Ranking</u>	<u>Regional Rating</u>	<u>Regional Ranking</u>
12/31/2013	64	66	67	70
9/30/2013	64	66	67	68
6/30/2013	64	66	68	73
3/31/2013	63	66	66	67
12/31/2012	59	45	59	44
9/30/2012	61	54	61	50
6/30/2012	62	56	63	56
3/31/2012	62	61	63	56

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

	<u>National Median</u>	<u>Troubled Asset Ratio</u>
12/31/2013	8.4	7.0
9/30/2013	9.1	7.5
6/30/2013	9.5	7.7
3/31/2013	10.2	8.2
12/31/2012	10.7	9.0

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.

Citibank Capital Ratios



Bank Insight’s Capital Adequacy Ratio places the bank in the 45th percentile of its peer group.

Citizens Bank of Pennsylvania

Recent Developments. The Royal Bank of Scotland Group plc (RBSG), the parent company of Citizens Bank of Pennsylvania, recently announced that it had moved up the timing of its plans to sell a 25 percent share in its U.S. subsidiary, Citizens Financial Group (“CFG”), through an initial public offering. The IPO is now expected to occur in the second half of 2014 with a full divestiture of Citizens by the end of 2016. Analysts suggested that the planned IPO might raise \$10 billion for RBSG. The United Kingdom government, which owns 83% of RBSG following massive infusions of taxpayer funds to shore up RBSG during the financial crisis, has been pressuring RBSG to raise capital to repay the British government.

This announcement followed a \$4.4 billion pre-tax goodwill impairment charge during the second quarter of 2013 which resulted in a \$3.7 billion loss for the six months ended June 30, 2013. The Fitch ratings review of Citizens Financial Group’s ratings stated that the impairment charge “was the result of the prolonged delay in the full recovery of the U.S. economy and the impact of that delay on earnings estimates.” The timing of the impairment charge may have been in anticipation of the proposed sale of

CFG. As a result, the Thomson Reuters Bank Insight ratings discussed below plummeted, even though regulatory capital ratios and other measurements of financial health remained strong.

The Wall Street Journal reported on March 25 that Japan's Sumitomo Mitsui Financial Group Inc. was in preliminary talks with RBSG about acquiring Citizens Financial Group. TD Bank has also been rumored to be considering a purchase of Citizens.

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.

Ratings. Current ratings for RBSG and Citizens follow:

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

Citizens' Thomson Reuters Bank Insight peer group rating for December 31 was "21", placing the bank in the 3rd 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:

<u>Quarter</u>	<u>Peer Group Rating</u>	<u>Peer Group Ranking</u>	<u>Regional Rating</u>	<u>Regional Ranking</u>
12/31/2013	21	3	27	6
9/30/2013	16	3	22	5
6/30/2013	7	3	12	3
3/31/2013	48	22	50	45
12/31/2012	53	30	50	44
9/30/2012	52	29	50	45

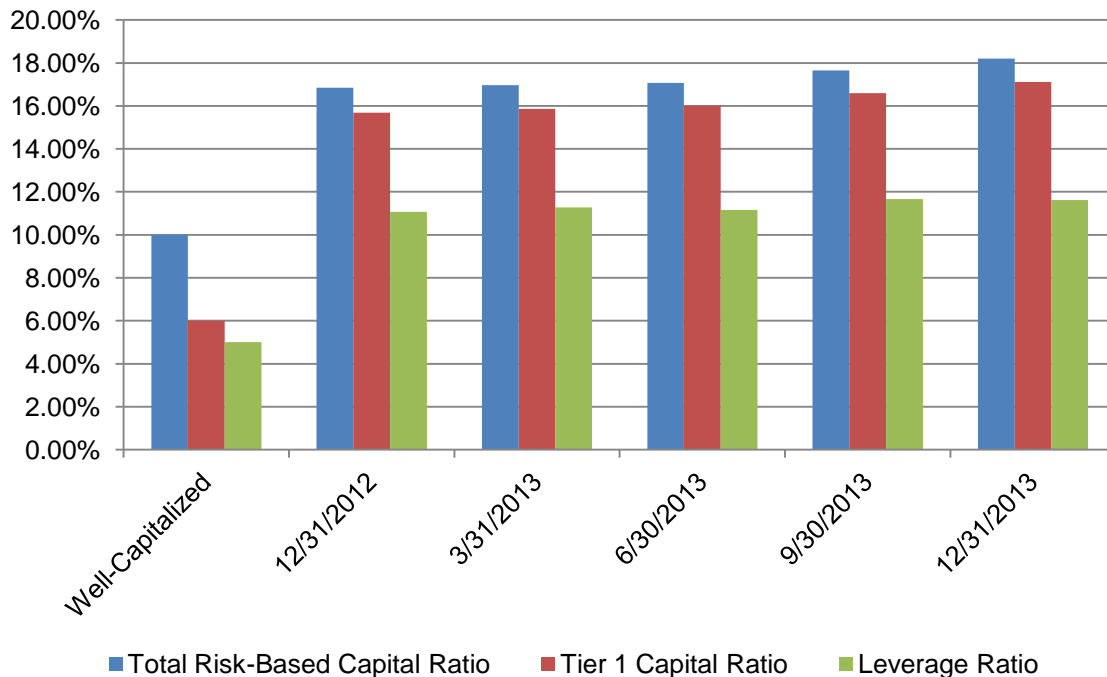
6/30/2012	50	27	49	42
3/31/2012	50	29	48	40

Troubled Assets. The bank’s “troubled asset ratio” for the last five quarters is set forth below:

	<u>National Median</u>	<u>Troubled Asset Ratio</u>
12/31/2013	8.4	6.5
9/30/2013	9.1	7.5
6/30/2013	9.5	7.3
3/31/2013	10.2	8.7
12/31/2012	10.7	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.

Citizens Bank of Pennsylvania Capital Ratios



Bank Insight’s Capital Adequacy Ratio places the bank in the 78th percentile of its peer group.

Collateral Review. Citizens resumed the use of an Act 72 collateral pool following the expiration of the FDIC program discussed above. Citizens Bank

maintained collateral coverage in its Act 72 collateral pool of 105.2% of public funds held for deposit as of February 28, 2014.

The collateral securing the deposits consists of securities issued by Government National Mortgage Association (GNMA) and Federal National Mortgage Association (FNMA). 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 \$70.1 million, or 20 cents per diluted share, for the quarter ended December 31, compared to \$71.6 million, or 20 cents per diluted share, for the quarter ended September 30, 2013 and \$53.6 million, or \$0.15 per diluted share, for the quarter ended December 31, 2012. Nonperforming assets equaled 0.53% of total assets and 0.51% same as at June 30, 2013. Net income for all of 2013 was \$265.1 million or \$0.75 per diluted share compared to \$140.7 million or \$0.40 per diluted share for 2012. The 2012 results reflected \$184.0 million in pre-tax acquisition and restructuring related expenses.

Ratings. On February 5, 2014 Fitch affirmed its long-term investment ratings of FNFG at BBB- and changed its outlook from negative to positive. Fitch noted that the ratings are supported by the bank’s consistent performance during a difficult operating environment and credit performance that remains solid. Fitch noted that the bank’s capital position is much lower than its peers and that may limit financial flexibility.

	Moody's	S&P	Fitch
First Niagara Financial Group			
Outlook	Stable	Stable	Stable
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 December 31 was “52”, placing the bank in the 26th 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:

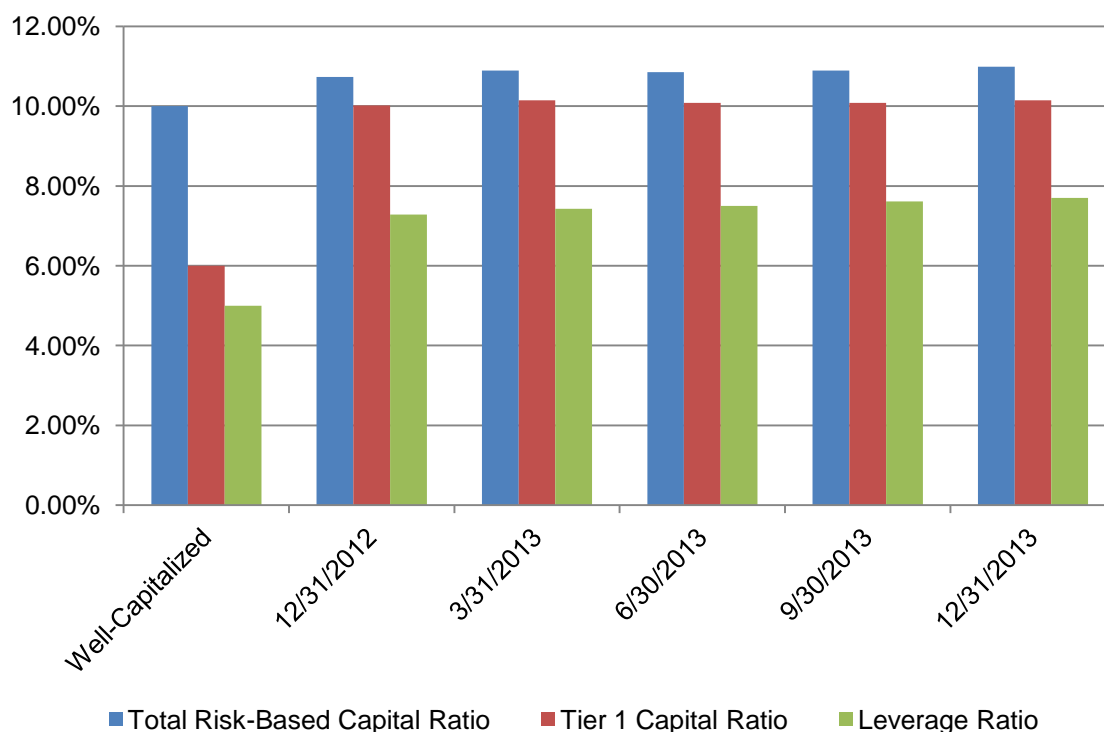
<u>Quarter</u>	<u>Peer Group Rating</u>	<u>Peer Group Ranking</u>	<u>Regional Rating</u>	<u>Regional Ranking</u>
12/31/2013	52	26	54	59
9/30/2013	52	31	53	53
6/30/2013	51	28	52	51
3/31/2013	50	28	52	52
12/31/2012	48	21	46	32
9/30/2012	48	26	46	33
6/30/2012	43	15	42	26
3/31/2012	56	41	54	57

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

	<u>National Median</u>	<u>Troubled Asset Ratio</u>
12/31/2013	8.4	10.8
9/30/2013	9.1	11.4
6/30/2013	9.5	12.4
3/31/2013	10.2	12.6
12/31/2012	10.7	13.2

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.

First Niagara Bank Capital Ratios



Bank Insight’s Capital Adequacy Ratio places the bank in the 17th percentile of its peer group.

Collateral Review. First Niagara Bank maintained collateral coverage of 136.83% of public funds held for deposit as of February 28, 2014 (with non-Pennsylvania municipal securities valued at 80% of market value). The securities in the First Niagara collateral pool as of February 28 consisted of federal agency securities (13.25%), Pennsylvania municipal securities (10.48%) and municipal securities from outside of Pennsylvania (75.97%).

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 \$0.45 billion on revenues of \$23.9 billion for the third quarter of 2013 compared to net income of \$5.1 billion for the corresponding quarter in 2012 on revenues of \$25.9 billion. Third-quarter results included legal expense in Corporate of \$9.2 billion (\$7.2 billion after-tax), and a benefit from reserve releases of \$1.6 billion (\$992 million after-tax). Excluding these items, third-quarter net income would have been \$5.8 billion, or \$1.42 per share.

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

	Moody's	S&P	Fitch
JPMorgan Chase & Co.			
Outlook Senior Debt	Stable A3	Negative A	Stable A+
JPMorgan Chase Bank			
Outlook Long-Term Debt	Stable Aa3	Stable A+	Stable A+

JPMorgan Chase's Thomson Reuters Bank Insight peer group rating for December 31 was "50", placing the bank in the 25th 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:

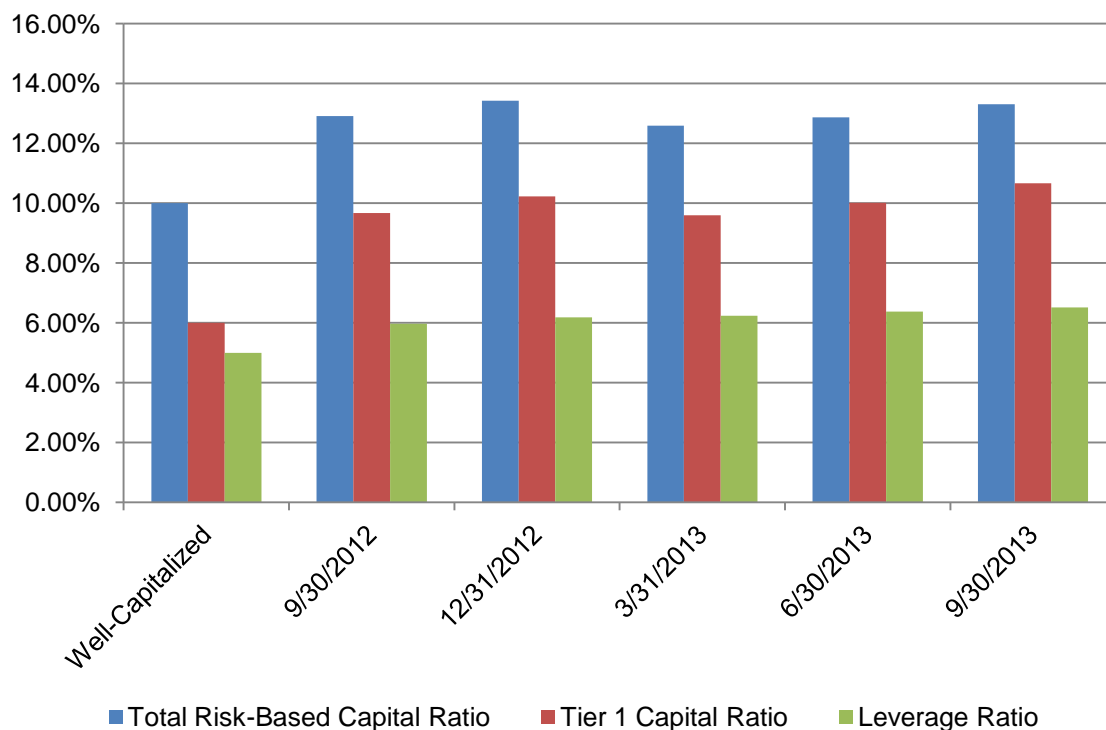
<u>Quarter</u>	<u>Peer Group Rating</u>	<u>Peer Group Ranking</u>	<u>Regional Rating</u>	<u>Regional Ranking</u>
9/30/2013	50	25	61	51
6/30/2013	51	28	61	51
3/31/2013	48	22	60	50
12/31/2012	46	18	54	39
9/30/2012	44	16	51	35
6/30/2012	42	13	50	36
3/31/2012	42	14	49	34
12/31/2011	41	16	46	36

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

	<u>National Median</u>	<u>Troubled Asset Ratio</u>
9/30/2013	9.1	11.0
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

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.

JPMorgan Chase Bank Capital Ratios



Bank Insight’s Capital Adequacy Ratio places the bank in the 6th percentile of its peer group.

Collateral Review. A letter from JPMorgan Chase to the District confirms that U.S. Treasury Notes have been pledged as collateral for the District and are held at the Federal Reserve Bank of New York. As of December 31, 2013 JPMorgan Chase stated that the pledge securities had a market value of \$16,673,431.25. The District’s investment report showed investments with JPMorgan of \$16,563,454 as of December 31. Using those figures, the collateral coverage as of December 31 was 100.66%.

National Penn Bank

Recent Developments. National Penn Bancshares, the parent company of National Penn Bank, reported net income of \$21.20 million, or \$0.15 per share compared to adjusted net income of \$24.56 million for the third quarter of 2013, or \$0.17 per diluted common share inclusive of a restructuring charge. For the twelve months ended December 31, 2013, the bank reported net income of \$53.38 million or \$0.37 per share compared to net income of \$98.91 million or \$0.66 for 2012. 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 December 31 was “59”, placing the bank in the 39th 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:

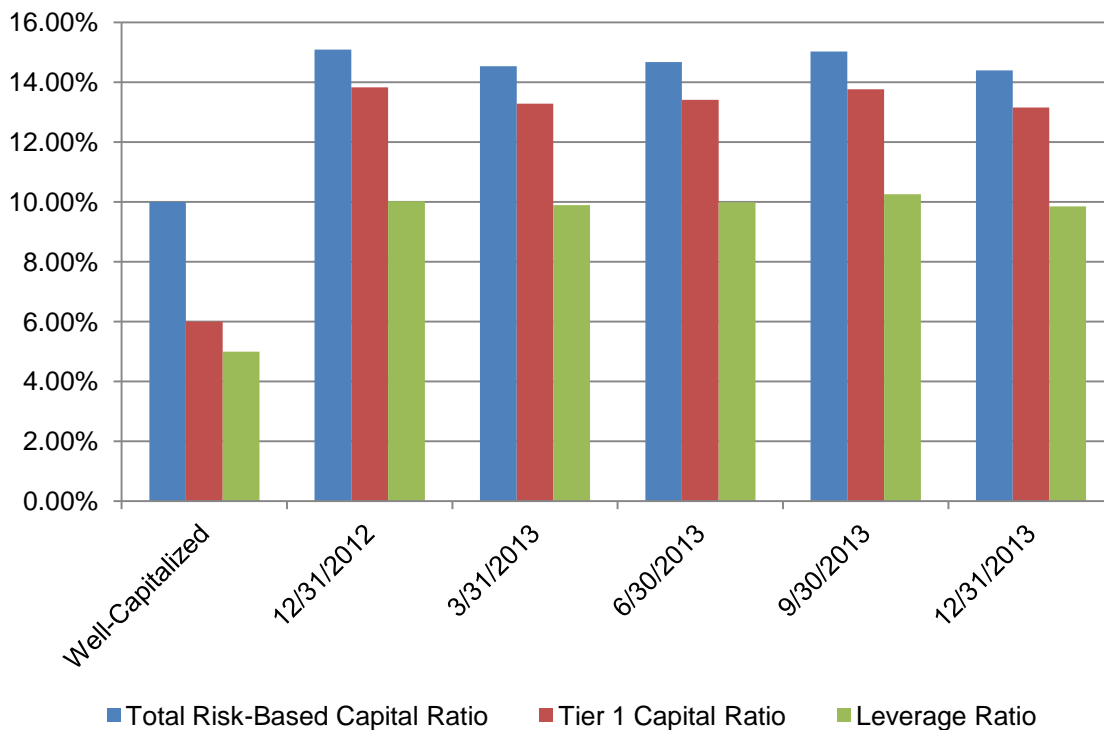
<u>Quarter</u>	<u>Peer Group Rating</u>	<u>Peer Group Ranking</u>	<u>Regional Rating</u>	<u>Regional Ranking</u>
12/31/2013	59	39	53	53
9/30/2013	57	37	52	50
6/30/2013	50	23	46	33
3/31/2013	32	10	29	10
12/31/2012	73	82	63	82
9/30/2012	73	77	63	83
6/30/2012	72	74	61	79
3/31/2012	73	75	62	80

Troubled Assets. The bank’s “troubled asset ratio” for the last five quarters is set forth below:

	<u>National Median</u>	<u>Troubled Asset Ratio</u>
12/31/2013	8.4	5.5
9/30/2013	9.1	5.3
6/30/2013	9.5	5.5
3/31/2013	10.2	5.7
12/31/2012	10.7	5.4

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.

National Penn Bank Capital Ratios



Bank Insight’s Capital Adequacy Ratio places the bank in the 51st percentile of its peer group.

Collateral Review. National Penn Bank maintained collateral coverage of 116.06% as of January 31, 2014. 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 fourth quarter of 2013 of \$1.1 billion, or \$1.85 per diluted common share, compared to net income of \$1.0 billion, or \$1.79 per diluted common share for the third quarter of 2013 and \$719 million or \$1.24 per diluted common share for the fourth quarter of 2012. Net income for 2013 was \$4.2 billion or \$7.39 per diluted common share compared with 2012 net income of \$3.0 billion or \$5.30 per diluted common share. Nonperforming assets to total assets were 1.08 % at

December 31, 2013 compared with 1.17% at September 30, 2013 and 1.24% at December 31, 2012.

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

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

PNC's Thomson Reuters Bank Insight peer group rating for December 31 was "56", placing the bank in the 39th 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:

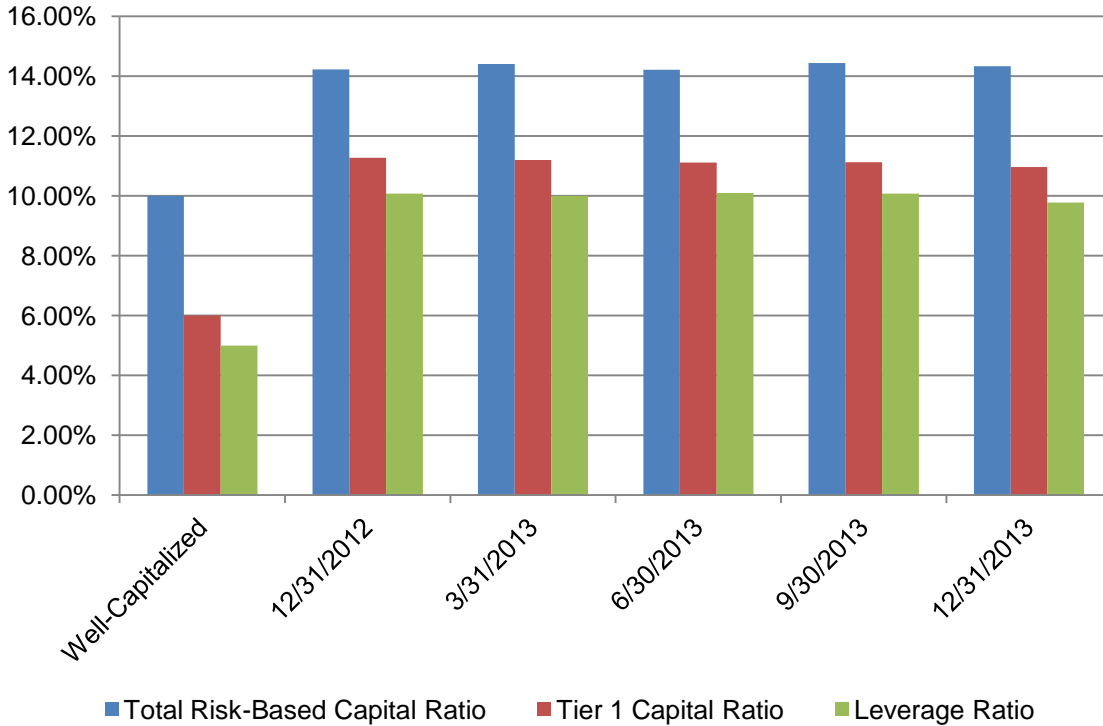
<u>Quarter</u>	<u>Peer Group Rating</u>	<u>Peer Group Ranking</u>	<u>Regional Rating</u>	<u>Regional Ranking</u>
12/31/2013	56	39	71	71
9/30/2013	55	41	72	72
6/30/2013	54	37	71	71
3/31/2013	51	29	69	66
12/31/2012	52	28	67	64
9/30/2012	50	28	66	62
6/30/2012	48	25	64	59
3/31/2012	50	29	65	61

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

	<u>National Median</u>	<u>Troubled Asset Ratio</u>
12/31/2013	8.4	14.5
9/30/2013	9.1	15.4
6/30/2013	9.5	16.4
3/31/2013	10.2	18.2
12/31/2012	10.7	17.1

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.

PNC Bank Capital Ratios



Bank Insight’s Capital Adequacy Ratio places the bank in the 52nd percentile of its peer group.

Collateral Review. As of November 30, 2013 PNC maintained collateral coverage of 108.76% and 108.9% as of October 31, 2013. The bulk of the security for the collateral for October and November is a \$2,500,000,000 letter of credit issued by the Federal Home Loan Bank of Pittsburgh. The use of a FHLB letter of credit is permitted by Act 72. The remaining securities used as collateral is held in an Act 72 pool by the Federal Reserve Bank of Boston as third party custodian in an account entitled “Pooled Assets Account.” Prior to October PNC used the securities in the Act 72 pool as the collateral for its public funds deposits.

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 \$1,962,000 or \$0.60 per share on a diluted basis for the quarter ended December 31, 2013 compared to \$2,125,000 or \$0.66 per share for the corresponding quarter of 2012. For the year ended December 31, 2013, net income was \$8,392,000 or \$2.57 per share compared to 2012 net income of \$9,175,000 or \$2.86 per share on a diluted basis. Nonperforming assets declined to 2.18% of total assets compared to 2.49% for the quarter ended September 30, 2013.

Ratings. QNB Bank's Thomson Reuters Bank Insight peer group rating for December 31 was "53", placing the bank in the 22nd 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:

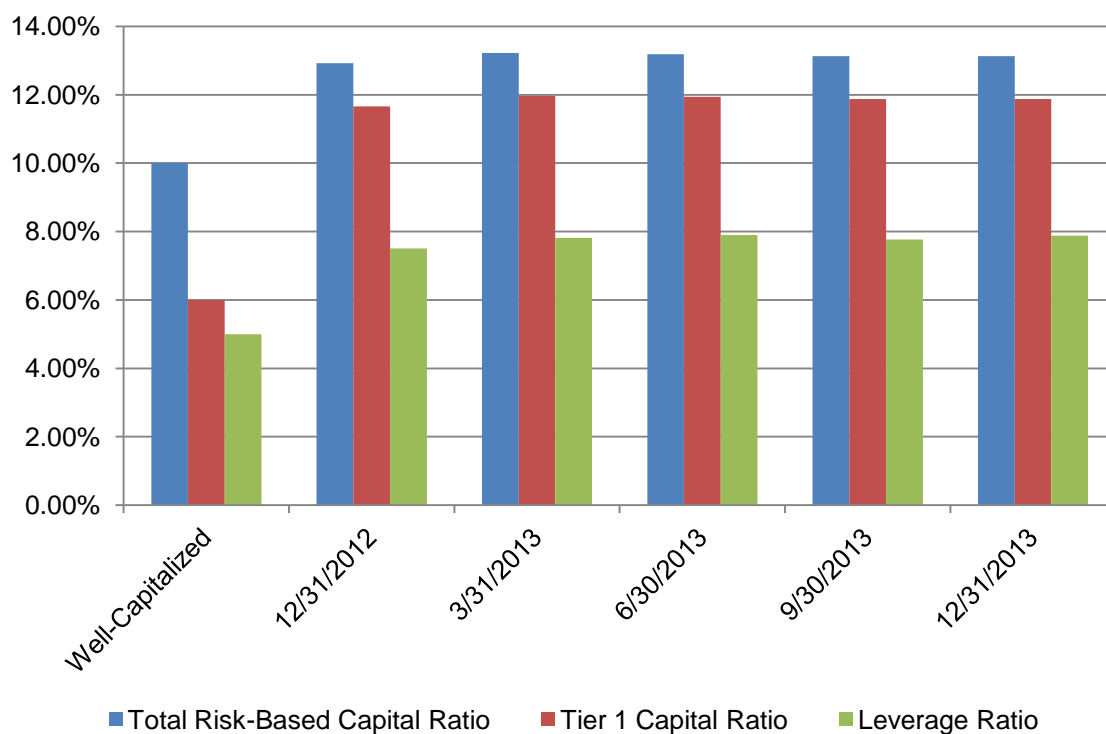
<u>Quarter</u>	<u>Peer Group Rating</u>	<u>Peer Group Ranking</u>	<u>Regional Rating</u>	<u>Regional Ranking</u>
12/31/2013	53	22	41	20
9/30/2013	52	22	40	18
6/30/2013	51	24	39	18
3/31/2013	52	28	39	19
12/31/2012	52	27	39	17
9/30/2012	53	30	39	20
6/30/2012	58	40	43	28
3/31/2012	56	38	42	27

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

	<u>National Median</u>	<u>Troubled Asset Ratio</u>
12/31/2013	8.4	22.3
9/30/2013	9.1	23.4
6/30/2013	9.5	25.8
3/31/2013	10.2	26.2
12/31/2012	10.7	27.6

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

QNB Bank Capital Ratios



Bank Insight’s Capital Adequacy Ratio places the bank in the 6th percentile of its peer group.

Collateral Review. The Bank maintained collateral coverage in its Act 72 collateral pool of 105.76% of public funds held for deposit as of December 31, 2013. The letter does not indicate whether the securities are held by a third party custodian or by the bank itself. The collateral securities consist of full faith and credit obligations of the United States Government or fixed rate obligations of government sponsored enterprises such as GNMA, Federal Home Loan Bank, FNMA, FHLMC and Federal Farm Credit. ***We suggest you request QNB to provide you with a collateral report on a quarterly basis.***

Santander (Sovereign) Bank

Recent Developments. Sovereign Bank officially changed its name to Santander Bank, the name of its parent company, in October.

Ratings. Credit ratings for Banco Santander, the Bank’s parent company, are shown below.

	Moody's	S&P	Fitch
Banco Santander			
Long Term	Baa1	BBB	BBB+
Outlook	Stable	Stable	Stable

Santander Bank’s Thomson Reuters Bank Insight peer group rating for December 31 was “48”, placing the bank in the 15th percentile of its peer group of banks with total assets greater than \$10 billion. Prior to March 31, 2012 Santander 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:

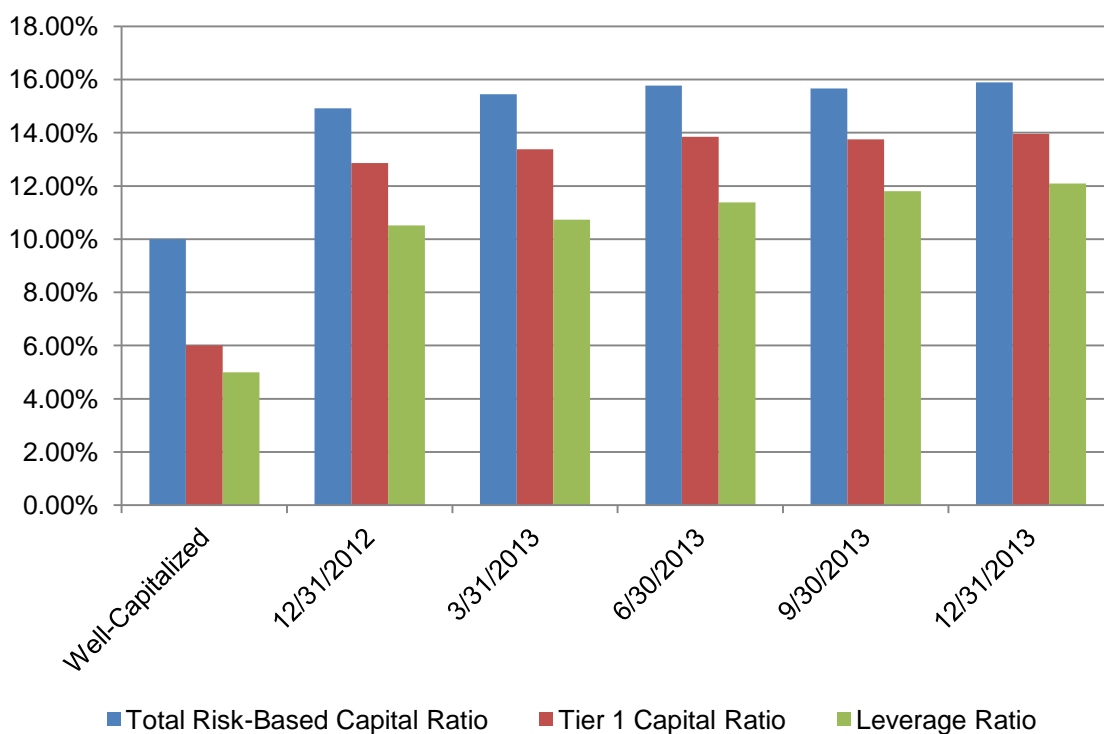
<u>Quarter</u>	<u>Peer Group Rating</u>	<u>Peer Group Ranking</u>	<u>Regional Rating</u>	<u>Regional Ranking</u>
12/31/2013	48	15	67	58
9/30/2013	48	19	67	58
6/30/2013	49	21	68	62
3/31/2013	47	18	66	58
12/31/2012	46	18	63	54
9/30/2012	48	26	64	58
6/30/2012	48	25	64	59
3/31/2012	47	24	63	57

Troubled Assets. The bank’s “troubled asset ratio” for the last five quarters is set forth below:

	<u>National Median</u>	<u>Troubled Asset Ratio</u>
12/31/2013	8.4	11.8
9/30/2013	9.1	12.0
6/30/2013	9.5	12.1
3/31/2013	10.2	12.8
12/31/2012	10.7	13.7

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

Santander Bank Capital Ratios

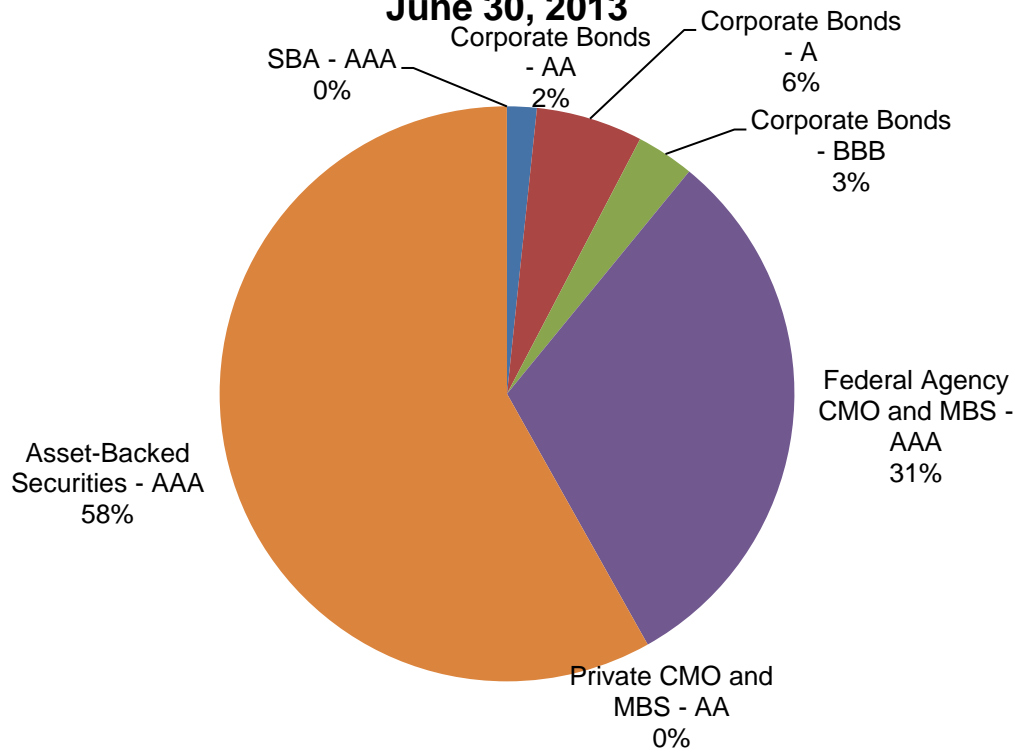


Bank Insight’s Capital Adequacy Ratio places the bank in the 84th percentile of its peer group.

Collateral Review. Santander Bank maintained collateral coverage of 112.6% as of December 31, 2013. The collateral is held at the Bank of New York in the name of Santander 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.

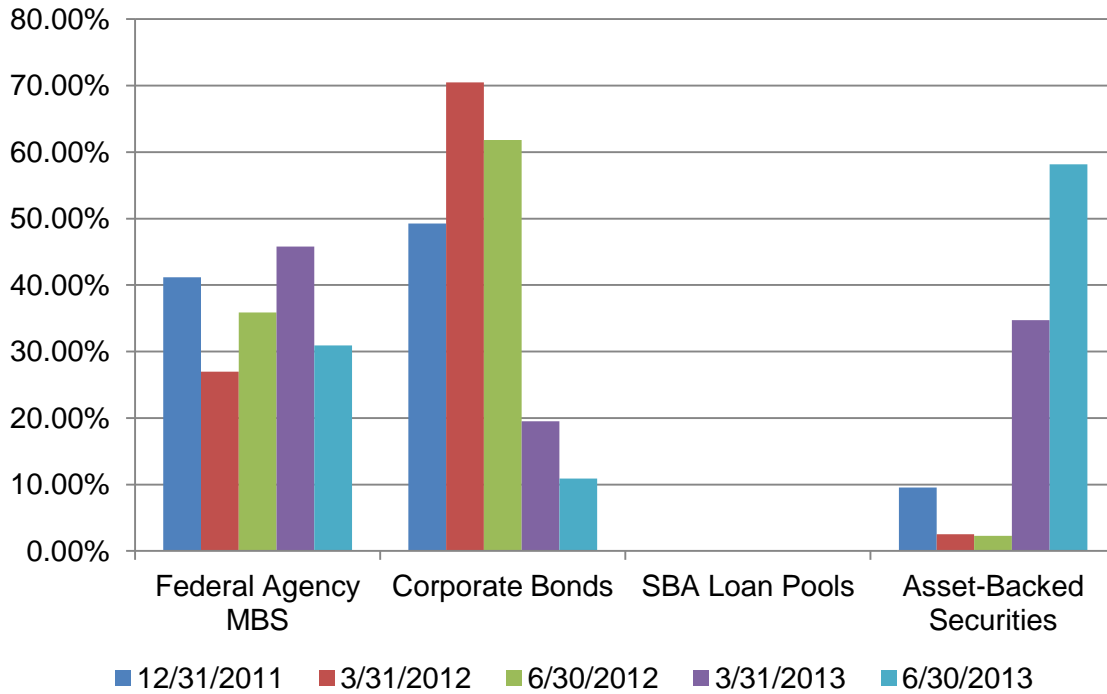
Santander’s collateral portfolio as of June 30, 2013 consisted of the securities shown in the chart below. We did not receive a collateral listing as of December 31. Federal agency securities in the portfolio include direct and pooled obligations of Fannie Mae and Freddie Mac. The portfolio includes minor investments in Small Business Administration loan pools that have the full faith and credit of the federal government behind them.

Santander Bank Collateral Characteristics June 30, 2013



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.

Santander Bank Changes in Collateral Characteristics December 2011 to June 2013



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-	
Outlook	Stable	Stable	

TD Bank's Thomson Reuters Bank Insight peer group rating for December 31 was "41", placing the bank in the 10th percentile of peer group banks with total assets greater than \$10 billion. Bank Insight ratings and rankings for the last two years were:

<u>Quarter</u>	<u>Peer Group Rating</u>	<u>Peer Group Ranking</u>	<u>Regional Rating</u>	<u>Regional Ranking</u>
12/31/2013	41	10	62	44
9/30/2013	41	11	63	48

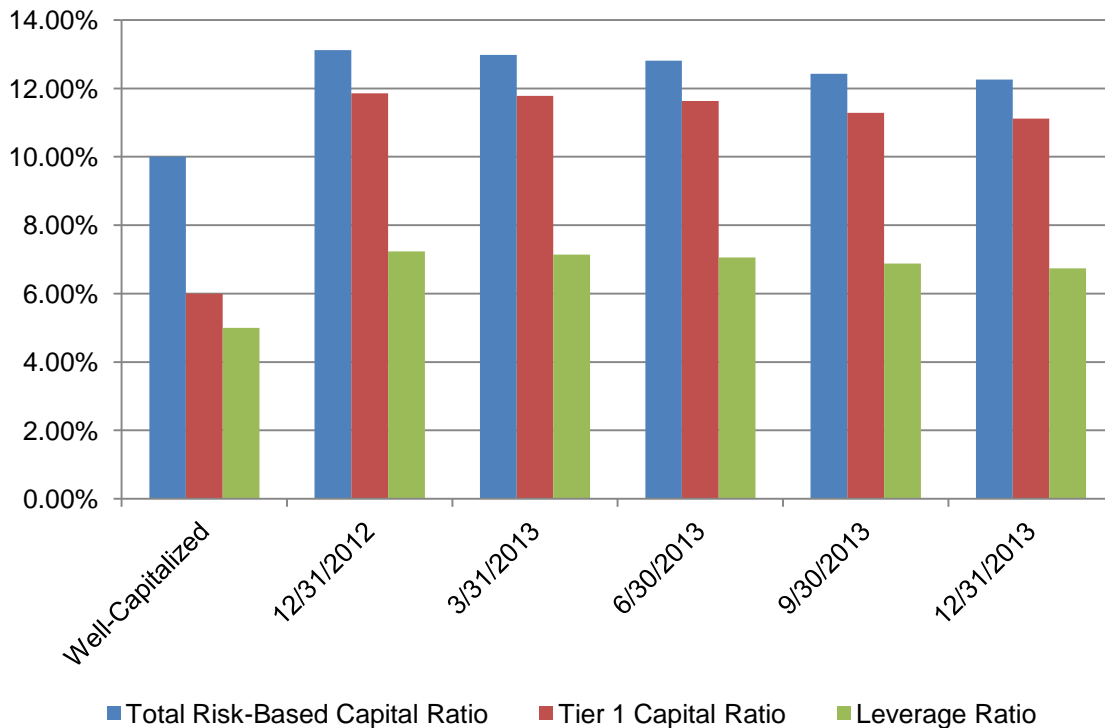
6/30/2013	41	13	62	47
3/31/2013	41	11	63	51
12/31/2012	46	18	63	54
9/30/2012	46	22	63	56
6/30/2012	46	22	63	57
3/31/2012	46	22	62	55

Troubled Assets. The bank’s “troubled asset ratio” for the last five quarters is set forth below:

	<u>National Median</u>	<u>Troubled Asset Ratio</u>
12/31/2013	8.4	11.3
9/30/2013	9.1	11.2
6/30/2013	9.5	11.5
3/31/2013	10.2	11.9
12/31/2012	10.7	11.8

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.

TD Bank Capital Ratios



Bank Insight's Capital Adequacy Ratio places the bank in the 6th percentile of its peer group.

Collateral Review. TD Bank maintained collateral coverage of 109.23% of public funds held for deposit as of December 31, 2013 and 109.25% as of January 31, 2014.

The securities in TD's collateral pool as of December 31 consist of asset-backed securities (ABS) backed by credit card, auto loan and equipment loan 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). These types of ABS securities are generally considered to be of high quality.

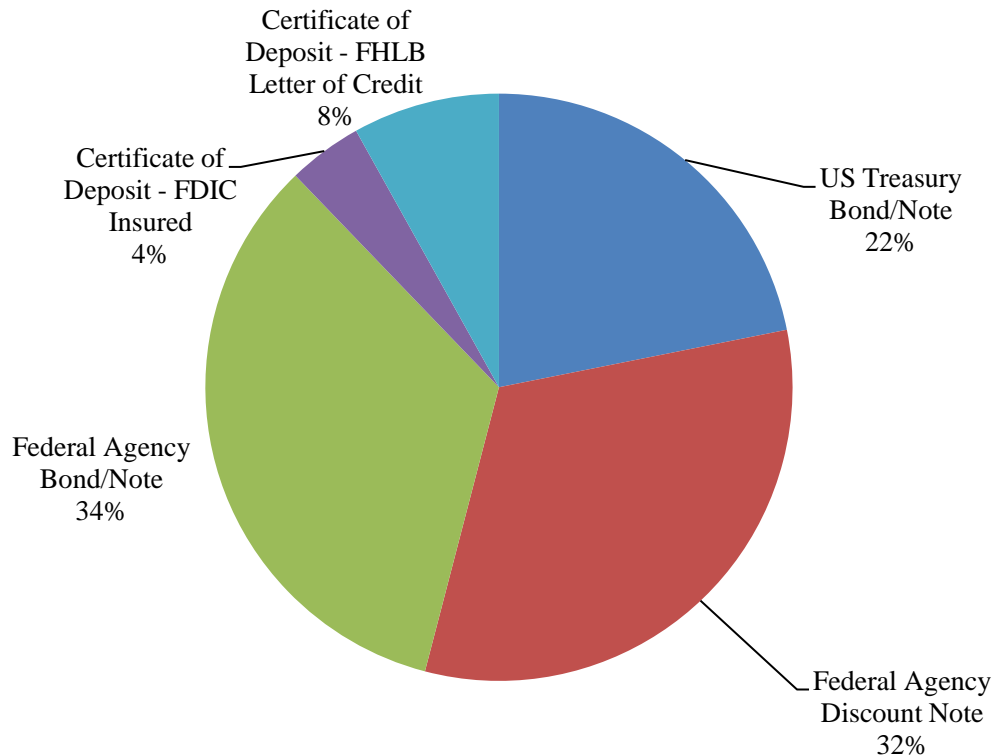
PLGIT AND PSDLAF

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, 2013 consisted of demand deposits (17.75%), repurchase agreements (22.67%), municipal obligations (3.62%) and U.S. Government Agency obligations (55.69%).

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 December 31, 2013.

PLGIT PLUS Composition of Securities in Portfolio December 31, 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 February 28, 2014 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. Citibank has capital ratios well in excess of the required minimums. Citibank's troubled asset ratio is more than a point below the national median.

Citizens Bank's Bank Insight rankings stayed at the 3rd percentile. As discussed above, the drop to that level followed a goodwill impairment charge that appears to be related to the plans for the sale of Citizens by its parent company. Citizens Bank maintains a comfortable capital position and a troubled asset ratio almost 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 dropped five points to the 26th percentile. Its troubled asset ratio is two points above the national median. The bank's Total Risk Based Capital Ratio is now at 10.99%, still only slightly above the 10.0% minimum, although the capital ratios for First Niagara Financial Group, Inc., the bank's parent, are stronger. First Niagara's collateral is of good quality.

JPMorgan Chase Bank's Bank Insight peer group ranking dropped slightly to the 25th percentile from 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 two 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 39th percentile after plummeting from the 82nd percentile as of December 31, 2012 to the 10th percentile, in March 2013, 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 three 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 were steady at the 39th percentile and its troubled asset ratio is six 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 22nd percentile in December. The bank's troubled asset ratio is about fourteen 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. The bank's collateral coverage is satisfactory and the quality of the collateral as of December 2013 was very good.

Santander (Sovereign) Bank's Bank Insight ranking dropped slightly to the 15th percentile during the fourth quarter. The bank's rankings are lower in comparison to last year's rankings in part because Santander's peer group has been expanded and now consists of all banks with assets greater than \$10 billion. Previously Santander 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. Santander's collateral coverage is satisfactory and the quality of the collateral as of June 2013 was very good.

TD Bank's Bank Insight peer group rankings hovered at the 10th 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 three 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.

March 31, 2014

LAWLACE CONSULTING LLC

Disclosure

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 February 28, 2014

