

CENTRAL BUCKS SCHOOL DISTRICT

Finance Committee Notes

April 20th, 2016

Committee Members Present

Jerel Wohl, Chairperson
Beth Darcy, Member
Paul Faulkner, member
Glenn Schloeffel, Member

Dave Matyas, Business Administrator
Susan Vincent, Director of Finance

Committee Members Absent

None

Other Board Members and Administrators Present

Sharon Collopy
Meg Evans
John Gamble
Karen Smith
Dennis Weldon

Dr. Weitzel
Dr. Bolton

The Finance Committee meeting was called to order at 7:05 p.m. by Jerel Wohl, Chairperson

PUBLIC COMMENT

Two members of the public were present as well as a member of the press. Mark Chiavon of C and C Photography addressed the committee.

Review of Notes

The March 16, 2016 Finance Committee meeting notes were accepted as presented.

INFORMATION/ DISCUSSION/ACTION ITEMS

Budget Development - Administration updated the committee on the latest draft figures coming from Harrisburg for the current year, 2015-16, state subsidies. As of April 20th, school districts across Pennsylvania still do not know how much in state subsidies we will receive. Using the latest legislative estimates as opposed to the Governor's estimates will bring in \$713,256 in additional revenue compared to the estimates the district received in March, however, the April figures are still \$600,000 below the Governor's budget address numbers.

There has also been much discussion in Harrisburg about borrowing \$2.5B statewide to reestablish the construction reimbursement program, PLANCON, for which CBSD is currently owed about \$1M in state reimbursement for 2015-16.

Capital projects funding was reviewed. It was noted that Long Term Capital funding was reduced from \$9M to \$7M in the 2016-17 budget to reduce expenses and position the budget for no tax increase. In addition it was agreed to move painting, flooring, gym floor refinishing, concrete repairs, and grounds fertilization from the capital fund to the operations budget of the general fund as these items are more routine maintenance in nature rather than a depreciable asset.

The current \$30M debt defeasance (prepayment of debt) proposal was reviewed. The committee had in depth discussion on the merits of debt prepayment to help hold down future budget costs as well as the merits of holding on to a larger fund balance.

- A \$30M debt defeasance will reduce outstanding principal on construction debt and save the district about \$4.9M in future interest expenses

- This action provides the district with greater confidence that it can afford employee contracts five years out into the future.
- The district could hold onto the \$30M set aside for debt and use it for capital projects, but it is not recommended to use it as a funding source for academic programs or as an offset to future retirement expenses since these are recurring expenses and the \$30M appropriation is a one-time source of money that more than likely will not be replaced in the future.
- The committee recommended this item be placed on the Board agenda for consideration.

As the final round of debt defeasance for 2021 was cancelled there will be no need to transfer funds resulting from a positive budget variance to a debt service reserve fund in the future. Therefore a proposal was presented to use 50% of any audited positive budget variance to help offset future tax increases and the remaining 50% to help fund future capital projects. In discussions with Moody's as a part of their credit research, they felt the proposal to use positive budget variances was a solid approach. They also recommended that it be incorporated into a Board policy to help demonstrate long term fiscal discipline to rating agencies.

A comparison of retirement expenses between fiscal year 2010-11 and 2016-17 shows that retirement expenses have grown from \$7.8M to \$45M and represents 14% of the 2016-17 expenditure budget compared to less than 3% in 2010-11. This this alone has caused an increase to the district expenditure budget over the past 6 years of \$37.2M, which the district has been able to absorb with minimal tax increases due to prior years of debt defeasance. It is important to note that because of increasing state retirement contribution rates, coupled with rising employee payroll expenses, this area of the budget will continue to be a pressure point.

Health care expenses are trending down from the high point of \$10,750 per staff member in 2013-14. The anticipated budget for health care for 2016-17 is about \$9,900 per staff member which is helping to relieve inflationary cost pressures on the budget.

Per a request from the Board, a report was prepared showing the uncommitted expenses for the instructional area of the budget which includes regular education, special education, and vocational education. As of April 15th, 2016 this area of the expense budget has approximately 2.25% in uncommitted expenditures or about \$2.7M out of a budget of \$119M. Other areas of the budget will be reviewed during future meetings.

Administration will present a budget update for the public at the April 26th Board meeting.

Athletic Fund Raising and Equity – Dr. Weitzel reviewed the history for the athletic review process, staff members involved in the process to date, and the recommendations proposed.

- To help ensure equity in the staffing of coaches, it is recommended to increase Extra Duty Responsibilities (EDR's) by 20% and increase their pay value by 20% as well.
- It is expected that the increase in EDR assets will eliminate the need for parent fund raising to hire supplemental coaching staff or provide additional compensation to existing personnel.
- Athletic Directors, coaches, and secondary principals have met to determine appropriate coaching staff ratios and allow for flexibility based upon student participation levels.
- A report was prepared identifying supply and equipment items that have been purchased by parents or booster clubs in the past that will become the responsibility of the district moving forward.
- The committee discussed uniforms and safety gear realizing parents will likely to continue to buy some sports gear for their athletes such as baseball bats, lacrosse helmets and sticks, and

mouth guards. The district will also have a supply of these types of items if a student would need them. The district also implemented a five year uniform replacement cycle.

- The committee recommended administration meet with the parent leaders of each sport to review the athletic plan development in order to help determine if additional adjustments are needed.

Purchasing Actions – The district is busy preparing for the start of the 2016-17 school year. Bid results for the following items were reported: general supplies, team sports equipment and supplies, general art supplies, general teaching supplies, physical education supplies, secondary art supplies, science supplies, technical education supplies. The committee recommended these items be placed on the Board agenda for consideration.

Student Photography – The committee had lengthy discussion on the merits of maintaining the current contract with Barksdale for another year or switching to C and C Photography. The committee heard about the different picture processing systems each photographer used and the benefits of each. The committee discussed customer service, quality of the final product, and the financial value provided to district families from each firm. Determining the total value to a family considering the customer experience, picture quality, and pricing plans is difficult as each family may weigh each factor differently. The committee directed administration to pursue a contract with C and C photography and to terminate the current agreement with Barksdale.

ADJOURNMENT

The meeting adjourned at 9:05p.m.

Notes 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 April 20th, 2016 7:00 pm Projected time – 1 Hour and 45 Minutes

Jerel Wohl, Chairperson
Beth Darcy, Member
Dave Matyas, Business Administrator

Paul Faulkner, Member
Glenn Schloeffel, Member
Susan Vincent, Director of Finance

Agenda

1) Call to Order	Chairperson	Start Time
2) Public Comment	Chairperson	
3) Approval of Prior Meeting Notes	Chairperson/Committee	Pages 1 - 3
4) Information / Discussion / Action Items		
a. Budget Development, Preparing for the Proposed Final Budget	75 minutes Dave Matyas / Susan Vincent	Handouts
i. Update of State Subsidies		
ii. Review Capital Projects Funding		
iii. * Defeasement (pre pay) \$30M of Debt		
iv. Use of Positive Budget Variance		
v. Long Term Budget Projections		
vi. Historic Trends in Health Care		
vii. Overview of Major Expenditure Budget Line Items		
b. * Budget Resolutions and Notices for the April 26 th Agenda		Pages 4 - 6
c. Athletic Fund Raising and Equity	20 minutes Dr. Weitzel	Pages 7 - 12
d. * Purchasing Action	5 minutes Dave Matyas	Pages 13 - 29
e. * Student Photography Discussion	5 minutes Dave Matyas	Pages 30 - 33
5) Adjournment	Chairperson	End Time
6) Next Meeting Date: May 18th, 2016		

Information Items

* Treasurers Report	Pages 34 - 38
* Investment Report	Pages 39 - 42
Other Funds Report	Page 43
Payroll Expense Projections	Page 44
Tax Collection Projections	Page 45
Benefit Expense Projections	Page 46
LOGIC Report	Pages 47 - 76

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

Please note: Public comment should be limited to three minutes

CENTRAL BUCKS SCHOOL DISTRICT
Finance Committee Notes
March 17th, 2016

Committee Members Present

Jerel Wohl, Chairperson
Beth Darcy, Member
Paul Faulkner, member
Glenn Schloeffel, Member

Other Board Members and Administrators Present

Karen Smith

Dr. Bolton

Dave Matyas, Business Administrator
Susan Vincent, Director of Finance

Committee Members Absent

None

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

PUBLIC COMMENT

There was no public comment. Two members of the public were present as well as a member of the press.

Review of Notes

The February 17, 2016 Finance Committee meeting notes were accepted as presented.

INFORMATION/ DISCUSSION/ACTION ITEMS

Discussion with Barksdale Photography - Barksdale just completed the second year in a potential 5 year student photography contract. Barksdale was awarded the contract based upon a request for proposal process with favorable reviews from other school districts and the cost savings they could offer to district parents. The school district does not receive any revenue from the sale of student pictures.

Wayne Barksdale and Susan Sheridan of Barksdale photography, were present to address some customer service issues from parents and administration. Barksdale stated that the quality issues of the student ID cards was a result of inferior paper and would be fixed immediately. Staffing for their call center would be expanded to include longer hours through 8:00pm so that parents could contact them after work to address issues. There was also discussion on the trend toward digital printing and the improvements being made with technical innovation. They also stated that they would revise their lighting layout so that the camera flash would not be as reflective in the student portraits.

In order to do a fresh comparison, the committee directed administration to contact another local photography firm to identify services that they could provide, see if they could match current pricing and report back to the committee with an update.

IEP Writer Software Purchase Proposal – Mary Kay Speese, Director of Special Education and Corinne Sikora, Supervisor of Student Services presented an informational PowerPoint addressing a move from the District’s current IEP software system, “IEP Online” to (Leader Services) “IEP WRITER”. The District partnered with IEP Online in 2006.

Beginning in 2012, IEP Online’s responsiveness and overall support declined. Software was not updated as needed and overall communication with the District was minimal, despite repeated attempts from District personnel.

In October and November of 2015, the District organized a committee consisting of educational staff from varying departments to meet with three IEP software vendors. This committee agreed that the IEP WRITER software program would best meet the needs of the District.

A case comparison, to include overall development cost, training timeline/cost, and cost per student was shared. Full implementation date would occur July 1, 2016. The committee provided direction to check back with the IEP Writer sales team to see if they could provide better pricing to the district.

2016-17 Budget Update – A presentation was given that covered the status of the Pennsylvania state budget process, the impact of an incomplete state budget on the district’s state subsidies receivable for 2015-16, and an overview of the CBSD 2016-17 budget position.

As a follow up to last month’s meeting, administration reviewed the possibility of implementing a debt defeasance, pre-payment of construction debt, in June of 2016 rather than June of 2017 as a way to save additional money. Administration also looked at the possibility of defeasing approximately \$9M rather than \$30M. Discussion with Public Financial Management, the district’s financial advisor, provided the guidance that the district would save additional dollars by moving the process from June 2017 to June 2016, but that it is more beneficial to defease a larger portion of outstanding bonds given the amount of work, the number of professionals involved, all of which impact the cost of the process, making it less feasible with smaller amounts.

Administration presented a balanced budget for 2016-17 totaling \$320,886,903, which would require a proposed real estate tax increase of .97%, which is a reduction from the February proposed rate of 1.5%.

Much discussion took place about the value of long term financial planning and long term planning for capital projects. As a part of the 2016-17 budget, the following amounts will be included in the capital projects budget.

- Transportation \$1,000,000 School Bus Replacement
 - Technology \$2,000,000 Computers and network infrastructure
 - Short Term Capital \$12,000,000 Construction projects that last less than one year
 - Long Term capital \$7,000,000 Construction projects that last more than one year
 - Debt Service Fund \$0 Savings to pay for existing construction debt
- \$22,000,000

While administration’s initial recommendation was a budget with a .97% millage increase based upon current and future budget pressures, the committee indicated they would like to prepare a budget with no real estate millage increase and to reduce the amount budgeted for long term capital items in order to achieve a balanced budget with no millage increase.

The committee also had a lengthy discussions on the pros and cons of defeasing construction debt with an agreement to continue the discussion at the next meeting.

ADJOURNMENT

The meeting adjourned at 9:50p.m.

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

CENTRAL BUCKS SCHOOL DISTRICT

Final Budget Notice (Advertising)

NOTICE is given that the Proposed Final Budget for the General Fund of Central Bucks School District for the 2016- 2017 fiscal year in its most recent form is available for public inspection at the school district offices, 20 Welden Drive, Doylestown, Pennsylvania, and will be presented for adoption as a Final Budget at a school board meeting to be held in the School Board Room of the Education Support Center, 16 Welden Drive, Doylestown, Pennsylvania at 7:30 p.m. on June 14th 2016. The budget may be amended before final adoption.

_____, Secretary

CENTRAL BUCKS SCHOOL DISTRICT

**Resolution Authorizing Proposed Final Budget
Display and Advertising**

RESOLVED, by the Board of School Directors of Central Bucks School District, as follows:

1. The School District budget for the 2016-17 fiscal year as presented April 26th, 2016 to the School Board shall be considered the Proposed Final Budget for the 2016-17 fiscal year, and shall be made available for public inspection after this date. The 2016-17 Proposed Final Budget will be updated on form PDE-2028 as soon as the form is available from the state (expected in early May) and will then be made available in that format for public inspection.
2. At least ten (10) days before the date scheduled for adoption of the Final Budget, the Secretary shall advertise the **Final Budget Notice** in substantially the form as presented to the School Board. The Notice shall be advertised once in a newspaper of general circulation and shall be posted conspicuously at the School District offices. The School Board intends to adopt the Final Budget for fiscal year 2016-17 on June 14th, 2016.

**CERTIFICATION OF USE OF PDE-2028
FOR PUBLIC INSPECTION OF 2016-2017 PROPOSED BUDGET**

24 PS 6-687(a)(1)

(03/2006)

SCHOOL DISTRICT NAME	COUNTY NAME	AUN
Central Bucks School District	BUCKS	122092102

Section 687(a)(1) of the School Code requires the president of the board of school directors of each school district to certify to the Department of Education that the proposed budget was prepared, presented, and will be made available for public inspection using the uniform form prepared and furnished by the Department of Education.

I hereby certify that the proposed general fund budget was prepared, presented and made available for public inspection using the Department of Education's form PDE-2028, General Fund Budget.

SIGNATURE OF SCHOOL BOARD PRESIDENT	DATE

DUE DATE: IMMEDIATELY FOLLOWING
ADOPTION OF PROPOSED
FINAL GENERAL FUND BUDGET

RETURN TO: PENNSYLVANIA DEPARTMENT OF EDUCATION
BUREAU OF BUDGET AND FISCAL MANAGEMENT
DIVISION OF SUBSIDY DATA AND ADMINISTRATION
333 MARKET STREET, 4th FLOOR
HARRISBURG, PA 17126-0333

<u>SPORT</u>	<u>EQUIPMENT PURCHASED BY CBSD</u>	<u>EQUIPMENT PURCHASED BY PARENTS</u>	<u>DISTRICT IS GOING TO COVER THESE COSTS</u>	<u>Costs of Items Now Funded by the District</u>	<u>Notes</u>
All Sports			Coaching Apparel	Approx. \$25	Polo Shirt Only for each coach. School Determines style

Boys Lacrosse	Home/Away Jerseys	Helmets			
	Uniform Shorts	Chest/Rib Pads	Goalie Equipment	Appox. \$125	Add to bid list---Each school should have 2
	Game Balls	Cleats	Practice Balls	\$15/dz	Add to bid list--white pratice ball * added to bid list this year
	Net/Goals	Cup			
	Scorebooks/Rule Books	Mouthpiece			
		Game Day Warm up Shorts/Top			
		Practice Balls			
		Goalie Equipment-			
		Sticks			
		Coaching Apparel			
			Total		

Girls Lacrosse	Home/Away Jerseys	Sticks	Practice Balls	\$23/dz	Add to bid list--practice ball*added to the bid list this year
	Game Balls	Goggles			
	Goalie Equipment	Cleats			
	Nets/Goals	Mouth guard			
	Scorebooks/Rule Books	Practice Balls			
			Total		

<u>SPORT</u>	<u>EQUIPMENT PURCHASED BY CBSD</u>	<u>EQUIPMENT PURCHASED BY PARENTS</u>	<u>DISTRICT IS GOING TO COVER THESE COSTS</u>	<u>Costs of Items Now Funded by the District</u>	<u>Notes</u>
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Boys/Girls Soccer	Home/Away Uniforms	Practice balls	Practice Balls	\$22/dz	Currently, On bid list
	Socks	Pinnies	Cones/Disks	.48 each	Currently, On bid list
	Game Balls	Cones/Disks	Coever Nets	approx \$100	Bid List
	Nets/Goals	Training Aids	Coever Goals	\$615 to \$815	PO*added to bid list this year (grass bottom 615, turf bottom 815)
	Scorebooks/Rule Books	Training Goals	Pug Goals	\$65-\$85	Add to bid list
	Corner Flags	Spirit Pack	Agility Ladder	\$35-\$45	Add to bid list
		Shin guards	Training Sticks	\$75-\$80	Add to bid list
		Cleats	Pinnies		\$2 - \$5 Plain \$5 - \$10 with screen printing
		Coaching Apparel	Training Goals		\$600 - \$900 based on model and size
		Coerver Goals			
Total					

Softball/Baseball	Uniform Jerseys	Uniform Pants			
	Catcher's Eqmnt (1 set)	Catcher's Equipment	Pitching Machine	\$405 each	PO*added to bid list this year
	Game balls	Helmets	L-Screen	\$255 each	Currently, on bid list
	Incrediballs	Bats	L-Screen replacement list	\$29 each	Currently, on bid list
	Jug Balls	Tees	Hurricane Net	\$121 each	Add to bid list
	Bases	Screens	Practice balls	\$39/dz	Currently, on bid list
	Scorebooks/Rule Books	Hats			
		Socks			
		Cleats			
		Practice balls			
		Pitching Machine			
		L-Screen			
		Hurricane Nets			
		Coaching Apparel			
Total					

<u>SPORT</u>	<u>EQUIPMENT PURCHASED BY CBSD</u>	<u>EQUIPMENT PURCHASED BY PARENTS</u>	<u>DISTRICT IS GOING TO COVER THESE COSTS</u>	<u>Costs of Items Now Finded by the District</u>	<u>Notes</u>
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CC/TRACK	Starting Blocks	Timing System ??	Shot put	\$25-\$40 each	Currently, on bid list
	Uniforms	Sneakers	Discus	\$25-35 each	Currently, on bid list
	Stop Watches	Spirit Pack	Javelin	approx. \$225	Open PO: AAE *varies-based upon height/weight
	Shells	Coaching Apparel	Pole Vault	approx. \$300	Open PO: AAE* varies-based upon height/weight
	Cones	COMBO OF SCHOOL AND PARENT	Wagon	\$162 each	For the starting blocks Currently, on bid list
	Flags	Shot put			
	Tunneling System	Javelin			
	Hurdles	Discus			
	All field events facility equipment	Pole Vault			
	Rule Books	Wagon			
	Invitational Fees				
			Total		

B/G Volleyball	Uniforms	Spirit Pack			
	Standards	Shorts/spandex			
	Nets	Socks			
	Referee Stand	Knee pads			
	Game balls	Charity Event Items (DIG PINK)			
	Scorebooks/Rule Books	Coaching Apparel			
			Total		

Wrestling	Uniforms	Warm up	Uniform	\$80 each	Bid List--Each athlete will be provided a singlet at start of program for 4 years * We have been ordering these on bid list.
	Tournament Fees	Head Gear			
	Mat Cleaner	Shoes			
	Mats	Coaching Apparel			
	Scales				
	Digital System Fees				
	Recertification Scales				
			Total		

<u>SPORT</u>	<u>EQUIPMENT PURCHASED BY CBSD</u>	<u>EQUIPMENT PURCHASED BY PARENTS</u>	<u>DISTRICT IS GOING TO COVER THESE COSTS</u>	<u>Costs of Items Now Funded by the District</u>	<u>Notes</u>
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Cheerleading	Competition Fees	Nationals			
	Mats	Poms	Mats	\$1100 each	PO* We use Tiffin mats exclusively
		Signs	Music	?	PO
		Music	Signs	?	PO
		Choreography	Uniform Shell		\$150 - \$175 varies by style and color
		Tumbling Lessons	Uniform Skirt		\$15 - \$20 varies by style and color
		body Liner			
		Sneakers			
		Bloomers			
		Warm up			
		Summer Camp			
		Coaching Apparel			
			Total		

Golf	Course fee	Tryouts Green Fees			
	Golf Bags	Uniform Shirts			
		Hats			
		Clubs			
		Gloves			
		Shoes			
		Coaching Apparel			
			Total		

SPORT

**EQUIPMENT PURCHASED
BY CBSD**

**EQUIPMENT PURCHASED BY
PARENTS**

**DISTRICT IS GOING TO
COVER THESE COSTS**

**Costs of Items
Now Funded by
the District**

Notes

Swimming/Diving	\$1500 given to coaches for program usually used for Swim suits	kick boards Buoy Fins Parachute Resistance Cords Goggles Paddles Coaching Apparel	Kickboard Buoy Fins Uniforms	\$10-\$15 \$10 each \$15-\$20	PO: only when necessary PO: only when necessary PO: only when necessary PO: Allotment per student for uniform
Total					

B/G Basketball	Uniforms Game/Practice Balls **Summer camp money has been used to purchase uniforms in the past***	Shooting Shirts Warm up Shoes Socks Pinnies Coaching Apparel	Pinnies	\$10-\$15 each	Talk about with AD's* assuming w/ screenprinting
Total					

Football	Uniforms Helmets Pads Videographer \$1325 All Federation Equipment Goals/Pillions	Training Equipment Coaching Apparel Headsets Water horse (East) Cleats Coolers purchased by CBSD and Parents Sleds Shields	Water Horse Sleds Replacement Pads Sleds Sheilds	\$1,000 each \$2,773 (5 man) \$265 each \$30 each	PO * added to bid list this year PO * added to bid list this year (5 man) PO Add to bid list * body shield added to bid list this year
Total					

<u>SPORT</u>	<u>EQUIPMENT PURCHASED BY CBSD</u>	<u>EQUIPMENT PURCHASED BY PARENTS</u>	<u>DISTRICT IS GOING TO COVER THESE COSTS</u>	<u>Costs of Items Now Funded by the District</u>	<u>Notes</u>
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Tennis	Game and Practice Balls	Additional Needed Balls	Balls	\$62/case	Currentlty on bid list
	Uniforms	Rackets			
	Nets	Shoes			
	Scorekeeping device	Spirit Pack			
		Coaching Apparel			
			Total		

Field Hockey	Uniforms	Cleats	Agility Ladder	\$45-\$50	Add to bid list
	Goalie Equipment	Sticks	Pitching Machine	\$405 each	Added to bid list this year
	Googles	Training Equipment	EZ Goal Pocket Monster	\$150-\$175	Add to bid list
	Balls	Shin guards	Pinnies		\$2 - \$5 Plain \$5 - \$10 with screen printing
	Bags	Spirit pack			
	Mouth guards	Pinnies			
		Coaching Apparel			
			Total		

Coaching Apparel | Add to Bid list---Polo Shirt Only for each coach. School will determine style

CENTRAL BUCKS SCHOOL DISTRICT
SCHOOL BOARD MEETING

April 26, 2016

FOR ACTION: General Supply Purchases

The Central Bucks School District annually prepares formal bid lists for Classroom Supplies and Team Sport Supplies and Equipment. Quantities are aggregated from all schools in order to achieve the best overall price and value to the District as well as to comply with the School Code of the Commonwealth of Pennsylvania. Bids are solicited by electronic mail and advertisement to appropriate suppliers for each category. This year we used an online bidding tool that allowed the vendors to enter their own pricing instead of the Purchasing Department manually entering all pricing. This saved a great deal of time and allowed Purchasing more time to analyze the responses to make the best award decisions. We are very pleased with the awards and the aggressive pricing we received this year while still maintaining the integrity of the items we were requesting.

Of special note: PIAA chooses the official game balls for schools to use. There is currently a lawsuit between Rawlings (who is currently the chosen football manufacturer) and Wilson due to alleged infringements of football equipment patents. Because of this, PIAA has informed us that we are not to use the Rawlings R2 balls (even if we already have them) for official games and to use the Wilson GST-F ball. The Rawlings R2 balls that we currently have can still be used for practice. Because this ruling was made after the bids went out, we do not have bid pricing for the Wilson GST-F ball. We estimate that the cost of purchasing these balls will fall between \$7,000 and \$8,000 and a formal quotation will be done to achieve the best pricing.

For the 2016-2017 school year, bids were requested for the following subject areas:

General Teaching

General Art

Secondary Art

Physical Education

Science

Technology Education General Hardware

Team Sport Supplies & Equipment

RECOMMENDATION

The Administration is recommending that the Board approve that purchase orders be issued to the suppliers listed on the pages to follow as the lowest, on-specification items bid.

PURCHASING ACTION – TEAM SPORTS EQUIPMENT & SUPPLIES

16/17 GENERAL FUND

Bids were solicited by electronic mail and advertisement to suppliers of Team Sports Supplies and Equipment. A bid tabulation is available in the Purchasing Department for review.

The following 13 vendors received bid documents:

Triple Crown Sports	Responded
Kelly’s Sports	Responded
BSN Sports	Responded
Aluminum Athletic	Responded
MF Athletic	Responded
Longstreth	Responded
Riddell	Responded
Ewing Sports	No Response
Kampus Klothes	No Response
Ampro Sports	Responded
Sportswear Plus	Responded
LIDS.com	No Response
Metco	Responded

At this time it is recommended purchase order be issued to the following suppliers as the lowest, on specification bidder

Aluminum Athletic	\$19,204.00
Ampro Sports	\$16,831.00
BSN Sports	\$50,434.62
Kelly’s Sports	\$70,802.07
M-F Athletic	\$2,194.50
Riddell	\$8,804.67
Triple Crown Sports	\$16,392.70
Metco	\$486.00
<u>Longstreth</u>	<u>\$12,213.63</u>
Total	\$197,363.19

Both supplies and uniforms (as needed) were requested for the following sports covering both Boys & Girls teams:

Baseball
Basketball
Soccer
Tennis
Track/Cross Country
Volleyball
Lacrosse
Field Hockey
Football
Lacrosse
Golf
Softball
Wrestling

Some examples of items bid are:

Helmets
Shoulder Pads
Goalie Equipment
Basketballs
Bases
Ball Bags
Scorebooks
Ball Carts
Kettle Bells
Timers
Jerseys
Pants
Singlets
Shorts

PURCHASING ACTION – GENERAL ART SUPPLIES

16/17 GENERAL FUND

Bids were solicited by electronic mail and advertisement to suppliers of General Art Supplies. The bid tabulation is available in the Purchasing Department for review.

The following 13 vendors received bid documents:

Kurtz Brothers	Responded
Metco	Responded
Nasco	No Bid Response
National Art Supplies	Responded
S&S Worldwide	No Response
Ceramic Supply	No Response
Pyramid School Products	Responded
Standard Stationery Supply	Responded
Triarco Arts & Crafts	Responded
Commercial Art Supply	No Response
School Specialty	Responded
Dick Blick	Responded
Office Basics	Responded

At this time it is recommended purchase orders be issued to the following suppliers as the lowest, on specification bidders.

Dick Blick	\$ 6,610.23
Kurtz Bros	\$ 9,111.56
Metco	\$ 579.30
National Art Supplies	\$16,289.56
Office Basics	\$ 4,551.27
Pyramid School Products	\$14,371.59
School Specialty	\$31,242.71
Standard Stationary Supply	\$ 1,971.64
<u>Triarco Arts & Crafts</u>	<u>\$10,669.87</u>
Total	\$95,397.73

Main categories of items bid are as follows:

Adhesives
Boards (Poster, railroad and mat)

Clay
Drawing Ink
Fabrics
Specialty markers
Modeling tools for clay
Paint
Paint brushes
Specialty paper
Pencils, erasers, pastels
Printing ink & blocks

PURCHASING ACTION – GENERAL TEACHING SUPPLIES

16/17 GENERAL FUND

Bids were solicited by electronic mail and advertisement to suppliers of General Teaching Supplies. A bid tabulation is available in the Purchasing Department for review.

The following 9 vendors received bid documents:

Kurtz Bros	Responded
Metco	Responded
National Art Supplies	Responded
Office Basics	Responded
S & S Worldwide	No Response
School Specialty	Responded
Pyramid School Products	Responded
Discount School Supply	No Response
Standard Stationery Supply	Responded

At this time it is recommended purchase orders be issued to the following suppliers as the lowest, on specification bidders

Kurtz Bros	\$21,845.03
Metco	\$ 157.55
National Art Supplies	\$14,119.68
Office Basics	\$37,960.20
Pyramid School Products	\$43,970.43
School Specialty	\$12,137.04
Standard Stationery Supply	\$ 1,872.82
Total	\$132,062.75

Main categories of items bid are as follows:

Batteries
Calculators
Chalkboard/Whiteboard accessories
Chart stands
Composition books
Crayons
Envelopes
Erasers
Fasteners
Files & Folders

Index cards
Labels
Markers
Notebooks
Paper
Pencils & sharpeners
Pens
Plan books
Report covers & portfolios
Rulers & yardsticks
Staplers & supplies
Tape & dispensers

PURCHASING ACTION – PHYS ED SUPPLIES

16/17 GENERAL FUND

Bids were solicited by electronic mail and advertisement to suppliers of Phys Ed Supplies. A bid tabulation is available in the Purchasing Department for review.

The following 13 vendors received bid documents:

BSN Sports	Responded
Cannon Sports	No Response
GLS Sports	No Response
School Specialty	No Bid Response
My AAE World	No Response
Gopher Sports	No Response
Flaghouse	No Response
Palos Sports	No Response
Pyramid School Supply	Responded
Garden State Apparel	No Response
ADA Sports	Responded
Metco	Responded
Riddell	Responded

At this time it is recommended purchase orders be issued to the following suppliers as the lowest, on specification bidders

ADA Sports	\$ 1,698.00
Pyramid School Products	\$ 4,295.55
Sport Supply Group	<u>\$ 9,166.66</u>
Total	\$15,160.21

Main categories of items bid are as follows:

Archery
Badminton
Basketball
Football
General Equipment
Hockey
Misc. balls
Pickleball & paddleball
Pinnies & vests

Soccer
Softball
Table tennis
Tchoukball
Tennis
Volleyball

Tchoukball

From Wikipedia, the free encyclopedia

Tchoukball /ˈtʃuːkbɔːl/ is an indoor team sport developed in the 1970s by Swiss biologist Hermann Brandt.

The sport is usually played on an indoor court measuring 27 metres by 16 metres. At each end there is a 'frame' (a device similar to a trampoline off which the ball bounces) which measures one square metre and a semicircular D-shaped forbidden zone measuring three metres in radius. Each team can score on both ends on the field, and comprises twelve players, of which seven may be on the court at any one time. In order to score a point, the ball must be thrown by an attacking player, hit the frame and bounce outside the 'D' without being caught by the defending team. Physical contact is prohibited, and defenders may not attempt to intercept the attacking team's passes. Players may take three steps with the ball, hold the ball for a maximum of three seconds, and teams may not pass the ball more than three times before shooting at the frame.

Tchoukball has become an international sport, played in Brazil, Canada, China, the Czech Republic, Great Britain, Hong Kong, India, Italy, Japan, Macau, Philippines, Singapore, Switzerland, Taiwan, and the United States. It is governed by the Fédération Internationale de Tchoukball (FITB, founded in 1971). Taiwan hosted the 2004 World Championships and won both the women's and junior championships, with the Swiss men winning the men's championship. The 2006 European Championships were held in Switzerland, with Great Britain taking both the Men's and Under-18's titles, while the hosts won the Women's event.

Contents

- 1 History
- 2 Basic Rules
- 3 Positions
- 4 Playing the game
- 5 International Tchoukball Federation (FITB)
- 6 International Competitions^[2]
- 7 Notable Injuries
- 8 Other
- 9 Notes
- 10 External links
 - 10.1 Associations

History

Tchoukball



A tchoukball match in progress.

Highest governing body	Fédération Internationale de Tchoukball (FITB)
First played	1970

Characteristics

Contact	No
Team members	1: Chach (beach: 5)
Mixed gender	Not in international championships, but very common in some national championships
Type	Ball sport, team sport
Equipment	Tchoukball, frame
Presence	Worldwide
Country or region	
Olympic	No (demonstrated at the 2009 World Games)



Symbol of Tchoukball

PURCHASING ACTION – SECONDARY ART SUPPLIES

16/17 GENERAL FUND

Bids were solicited by electronic mail and advertisement to suppliers of Secondary Art Supplies. A bid tabulation is available in the Purchasing Department for review.

The following 12 vendors received bid documents:

Ceramic Supply	Responded
Kurtz Bros	Responded
Nasco	Responded
National Art Supplies	No Response
S&S Worldwide	No Response
Triarco Arts & Crafts	Responded
Commercial Art Supply	No Response
Metco	Responded
Dick Blick	Responded
Standard Stationary	Responded
Pyramid School Supply	Responded
School Specialty	Responded

At this time it is recommended purchase orders be issued to the following suppliers as the lowest, on specification bidders

Ceramic Supply of NY	\$11,575.66
Dick Blick	\$ 5,960.34
Kurtz Bros.	\$ 4,637.71
Metco	\$ 988.05
Nasco	\$ 4,958.08
Pyramid School Products	\$ 1,781.00
School Specialty	\$10,305.89
<u>Triarco Arts & Crafts</u>	<u>\$ 7,189.37</u>
Total	\$47,396.10

Main categories of items bid are as follows:

3-D Art supplies
Acetate & acrylic sheets
Adhesives
Canvas
Ceramic accessories
Ceramics tools
Clay & plaster

Digital Imaging
Drawing
Glazes, engobes & glosses
Mosaics
Paint
Paint Brushes
Paper
Pastels
Printing supplies
Trimmers & cutters

PURCHASING ACTION – SCIENCE SUPPLIES

16/17 GENERAL FUND

Bids were solicited by electronic mail and advertisement to suppliers of Science Supplies. The bid tabulation is available in the Purchasing Department for review.

The following 8 vendors received bid documents:

Frey Scientific	Responded
Flinn Scientific	No Response
Carolina Scientific	No Response
VWR/Wards Scientific	No Response
Metco	Responded
Parco Scientific	Responded
VWR/Sargent Welch	Responded
School Specialty	Responded

At this time it is recommended a purchase order be issued to the following supplier as the lowest, on specification bidder.

Metco	\$ 3,567.38
Parco Scientific	\$ 4,514.85
VWR/Sargent-Welch	\$13,448.04
School Specialty	\$ 7,061.27
Total	\$28,591.54

Main categories of items bid are as follows:

Anatomy
AP Chemistry labs
Aquarium supplies
Balances
Beakers
Bottles
Charts
Chemicals
Chemistry items
CSI
Cylinders
Dissection Equipment

Fingerprinting supplies
Flasks
Impression materials
Lab supplies
Microscopy supplies
Phyics
Plant Biology
Sample Sets (Rocks, minerals, etc.)
Serology
Stoppers
Trace Evidence
Tubing
Vernier specialty items

PURCHASING ACTION – TECH ED GENERAL HARDWARE

16/17 GENERAL FUND

Bids were solicited by electronic mail and advertisement to suppliers of Technology Education General Hardware. A bid tabulation is available in the Purchasing Department for review.

The following 5 vendors received bid documents:

Pitsco	No Response
Midwest Technology	Responded
Paxton Patterson	Responded
Metco	Responded
Satco Supply	No Response

At this time it is recommended purchase order be issued to the following supplier as the lowest, on specification bidder

Metco	\$ 9,400.85
Midwest Technology	\$ 6,738.56
Paxton-Patterson	\$ 5,862.38
Total	\$22,001.79

Main categories of items bid are as follows:

- Adhesives & tapes
- Brushes
- Car unit
- Clock supplies
- Cutting tools
- Dowel rods & misc. wood
- Drill & router bits
- Fasteners, screws, bolts
- Files & rasps
- Flight unit
- Hand tools
- Knobs, handles, pulls & pegs
- Laser engraving
- Pen & pencil unit
- Robotics
- Sanding & polishing

Solder & soldering supplies
Stains, varnishes and fillers
Tiling
Vinyl supplies

As a result of the Finance Committee Meeting that took place on March 17th, 2016, the School Board asked that Barksdale Photography and C & C Photography be contacted for an up to date summary of what they both have to offer. Here are the findings:

Barksdale:

- New pricing structure

Original Pricing	Revised Pricing
Package A \$18	\$17
Package B \$15	\$14
Package C \$13	\$12
Package D \$10	\$9
Package E \$15	\$14

- New for **Secondary** Schools

Barksdale will include retouching at **no charge** to all middle and high school students

- Photography equipment has been modified to reduce or eliminate all shine on subjects face
- ID's will be printed on a PVC "hard" card instead of the bendable cards that were provided this year. A second set will be provided at no charge and all ID's will be delivered within 2 weeks
- Guaranteed delivery of school pictures within 3 weeks
- All retakes will be delivered prior to Thanksgiving
- An additional Customer Service person will be dedicated to the district and the line will stay open until 8 pm M-F
- A dedicated Sales support will be assigned to assist the Sales Rep

C & C Photography:

Pricing remains the same as original proposal:

Package A	\$21
Package B	\$20
Package C	\$16
Package D	\$14
Package E	\$17

- C & C is a fully operational Chemistry Lab

- **No** additional charges for retouching
- All retakes will be delivered before Thanksgiving
- If a student misses picture & retake day, the student can have their picture taken at the studio in Doylestown
- Provided numerous letters of recommendation

Enclosed are the cover letters that both companies provided with their submission.

BARKSDALE SCHOOL PORTRAITS

EXECUTIVE SUMMARY

A few of the schools in Central Bucks School District are reporting they received parent phone calls concerning Barksdale School Portraits. The parents and schools are reporting on quality of pictures, timely delivery of pictures and ability to reach Customer Service with questions.

Barksdale is committed to providing outstanding service and products to all customers by investing in people, technology and equipment. These investments will reduce or eliminate parent, school concerns and phone calls.

PROPOSAL

To address the mentioned concerns, we propose the following:

Quality: (shine)

- A. Photography equipment has been modified to reduce or eliminate all shine on subjects face.
- B. Barksdale will include retouching at **no charge** to all middle school and high school students.
- C. All Central Bucks ID cards will be printed on a PVC hard card; quality is the same as the replacement cards printed at the High Schools. A second set of ID cards will be provided at no charge to the district. ID cards will be delivered to the schools within two weeks.

Delivery of Pictures: (pictures delivered after Thanksgiving)

- A. Barksdale fulfilled the requirements of the RFP within our proposed delivery time of thirty days. Parents in CBSD were anticipating a quicker turnaround and therefore Barksdale agrees to process all of CBSD school pictures and guarantee delivery within **three weeks**.
- B. All school retake pictures will be delivered prior to the Thanksgiving break in November.

Customer Service: (phone calls)

- A. Barksdale will add additional Customer Service Personnel to handle parent calls. In addition Barksdale's Customer Service Call Center will remain open until 8 pm, Monday thru Friday.
- B. Barksdale will assign a dedicated Sales Support Representative to assist the Sales Representatives, Deb Robinson and Susan Sheridan. In the event the Sales Rep is out of the office or unavailable School administrators and secretaries will immediately be connected with Sales Support to assist them.
- C. Barksdale reached out to CBSD schools for feedback. All schools that responded reported "no issues or complaints from parents".
- D. Price Reduction: Barksdale is offering a customer service price reduction taking one dollar off each package for 2016. See pricing below.

The proposed solutions are already in place for our spring picture season. Barksdale is a full service production facility allowing us complete control of the process and ability to fulfill the above promises.

RECOMMENDATION: Barksdale is currently in year two of a five year agreement with CBSD. It is our position that, per the RFP, we have "performed in accordance with the specifications, provided acceptable quality work, and have not violated any of the terms and conditions of the specifications", and therefore this agreement should not be terminated. With the exception of a few, most schools are rebooked on our calendar for fall of 2016. We are asking that the Central Bucks School Board approve the contract for the 2016 school year, exercising your right to a reevaluation next year if deemed necessary.

March 29, 2016

Dear Mr. Matyas and the CBSD School Board,

Thank you for allowing C and C to submit our proposal for the Central Bucks School District. As an introduction to you and your board we have been servicing the district with school pictures for over 20 years. During that time, we have provided quality photographs and free service items to the district. We are a local family business with the owners actually working in the field to provide continuity with the schools and students. We employ professional photographers and local people, some of whom are graduates of the district or parents of students in the district. Our quality has been outstanding and is evidenced by the low number of complaints and retakes. Our understanding is that after losing the contract for 2 years, the service the parents have come to expect has not been there. We understand this through personal contacts with CB parents, the article in The Intelligencer and the calls we received complaining about the current provider. Hopefully we can correct that situation and restore confidence in the picture taking process.

The last year of our contract we offered prices that were not far off of the prices offered in 2000 and there had been no change in price since 2009. We have been happy to take small margins for the privilege of servicing the entire district, but, after such a long time of no increases we proposed a one-dollar increase per package and lost the bid. Like all businesses, including school districts, our costs have risen and not just labor but, materials and the cost of the service items provided to the schools. This brings us to your request to honor the prices originally proposed by the company who failed which are lower than our 2009-2014 prices. Our good name and reputation prevents us from buying inferior material, like the badges you received from your current supplier the paper they are using which does not conform to the RFP you presented and the technique used to process photographs (see addendum 1). So we are asking you to understand our proposal in that light.

What I would like to propose is the original proposal we sent when the bids were opened (see addendum 2). It would give us a modest increase of one-dollar a package and allow us to offer you a solution to the parents, they will be back where they were before the change. While we would consider that a win-win, we realize you need to get this behind you with as little push back as possible so please consider this next scenario.

We were asked to give an apple to apples proposal which is hard to do with the pricing the present company is giving. With that in mind we would like to look at the general offer that they made which includes choice of background but not retouching which we offer as standard and is not marked up as theirs is (see addendum 3). Our old pricing was 20, 19, 15, and 13 which is slightly less. In year 3 of the contract we would look for a one-dollar increase per package and in year 5 another one-dollar increase which, should we be awarded the next contract would stay the same through the next 5 years (see addendum 4). As for those who can't afford a photo or the prices offered, we have worked in the past with the student advisors and provided a limited number of free pictures per school for those families who are in need.

As you can see, it is very difficult to match a bad bid and make everyone happy but if you take out the complexity in that bid and focus on what matters, namely good photos and happy parents, we may have a win-win after all.

Once again we are happy to be selected to offer our services and would love to sit and discuss this further if that would help you with your decision to re-establish C and C Photo Studios as the districts photographer.



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: April 1, 2016

Board Agenda Information:

General Fund Disbursements, March 2016

Checks	3,870,956.09
Electronic Payments	\$17,557,194.41
Transfers to Payroll	7,824,038.74
TOTAL	<u>\$29,252,189.24</u>

Other Disbursements, March 2016

Capital Fund Checks	\$201,895.12
Food Service Checks & Electronic Payments	\$402,141.88
TOTAL	<u>\$604,037.00</u>

Grand total of all Funds \$29,856,226.24

**The Central Bucks School District
General Fund
Treasurer's Report
3/31/2016**

Beginning Cash Balance		\$28,961,192.74
Receipts		
Local General Funds Receipts		
Local Collectors	480,188.33	
County of Bucks	360,316.69	
EIT	1,951,230.12	
Interest Earnings	12,445.41	
Facility Use Fees	77,180.50	
Tuition, Community School	386,790.31	
Contributions	29,555.37	
Miscellaneous	16,463.26	
Total Local General Funds Receipts	\$3,314,169.99	
State General Fund Receipts		
Soc Sec & Retirement	5,294,480.08	
State Subsidy- Other	1,709,686.00	
Total State General Fund Receipts	\$7,004,166.08	
Federal General Fund Receipts		
Title 2	18,805.13	
Other Federal Subsidies	442,303.93	
Total Federal General Fund Receipts	\$461,109.06	
Other Receipts		
Investments Matured	394,000.00	
Offsets to Expenditures	175,623.74	
Total Other Receipts	\$569,623.74	
Total Receipts		\$11,349,068.87
Total Beginning Cash Balance and Receipts(carried to next page)		\$40,310,261.61

**The Central Bucks School District
General Fund
Treasurer's Report Continued
3/31/2016**

Total Beginning Cash Balance and Receipts(from previous page) **\$40,310,261.61**

Disbursements

* Checks (see detail below) \$3,870,956.09

Electronic Payments:

Employee Payroll Taxes/WH 2,713,164.12

Employer Payroll Taxes 922,072.50

PSERS Retire 10,393,314.31

403B/457PMT 451,361.14

Health Benefit Payments 2,777,282.34

** Transfer to PSDLAF Account 300,000.00

Electronic Payments Total: 17,557,194.41

Transfer to Payroll 7,824,038.74

Total Disbursements **\$29,252,189.24**

Ending Cash Balance **3/31/2016** **\$11,058,072.37**

*** Check Detail**

First Check Run- Board Approved 03/08/2016 \$88,425.36

Second Check Run- Board Approved 03/08/2016 \$1,913,129.26

Third Check Run- Board Approved 03/22/2016 \$88,347.11

Fourth Check Run- Board Approved 03/22/2016 \$788,124.86

Fifth Check Run Board Approved 04/12/2016 \$92,177.72

Total Check Runs- Detail provided when Board Approved **\$2,970,204.31**

Less Voided Checks (\$2,407.60)

February Check Disbursements **\$2,967,796.71**

Add Prior Month A/P Funded This Month \$1,065,108.76

Less This Month A/P To Be Funded Next Month \$161,949.38

Checks Funded This Month **\$3,870,956.09**

**PSDLAF account is funded to cover credit card purchases.

**The Central Bucks School District
Capital Fund
Treasurer's Report Continued
3/31/2016**

Beginning Cash Balance		\$31,761.13
Receipts		
Interest Earnings	\$28.25	
Cash Transfers from Reserve Accounts	\$1,007,400.43	
Total Receipts		\$1,007,428.68
Disbursements		
* Checks (see detail below)		\$201,895.12
Ending Cash Balance		\$837,294.69

*** Check Detail**

First Check Run-	Board Approved 3/22/16	\$110,173.42
Second Check Run-	Board Approved 04/12/2016	\$42,126.00
Third Check Run-	Board Approved 04/12/2016	\$823,249.88
March Check Disbursements	Detail provided when Board Approved	<u>\$975,549.30</u>
Add Prior Month A/P Funded This Month		\$18,278.22
Less This Month A/P To Be Funded Next Month		<u>\$791,932.40</u>
Checks Funded This Month		<u><u>\$201,895.12</u></u>

**The Central Bucks School District
Food Service
Treasurer's Report Continued
3/31/2016**

Beginning Cash Balance		\$515,371.55
Receipts		
Interest Earnings	\$200.64	
Student Lunch Account Deposits	\$407,754.56	
Subsidies	\$88,462.42	
Total Receipts		\$496,417.62
Disbursements		
* Checks (see detail below)	\$15,823.82	
Electronic Payments	\$386,318.06	
Total Disbursements		\$402,141.88
Ending Cash Balance		\$609,647.29

*** Check Detail**

First Check Run-	Board Approved 04/12/2016	<u>\$26,307.33</u>
March Check Disbursements	Detail provided when Board Approved	<u>\$26,307.33</u>
Add Prior Month A/P Funded This Month		\$15,823.82
Less This Month A/P To Be Funded Next Month		<u>\$26,307.33</u>
Checks Funded This Month		<u><u>\$15,823.82</u></u>

**Central Bucks School District
Investment Portfolio
Summary Totals by Bank
March 31, 2016**

Bank Name	Principal Amount
First Niagara	1,697,094
Firsttrust Bank	25,296,954
Hatboro Federal Savings	100,000
MBS	1,960,000
National Penn	1,212,492
PLGIT	20,250,656
Provident Bank(Team Capital Bank)	247,000
PSDLAF	28,409,308
Quakertown National Bank	3,543,083
Santander	41,514,683
TD Bank	29,373,060
Valley Green Bank(Univest)	245,579
William Penn Bank	248,000
Total	154,097,907

**Central Bucks School District
Investment Portfolio
General Fund- Bank Balances
March 31, 2016**

<u>Purchase Date</u>	<u>Bank Name</u>	<u>Maturity Date</u>	<u>Rate of Interest</u>	<u>Principal Amount</u>
<u>GENERAL FUND BANK ACCOUNTS</u>				
3/31/16	TD Bank	4/1/16	0.40%	11,058,072
3/31/16	TD Bank Munciple Choice	4/1/16	* 0.55%	8,800,000
3/31/16	PLGIT	4/1/16	0.26%	3,656
3/31/16	Valley Green Bank(Univest)	4/1/16	0.35%	245,579
3/31/16	PSDLAF MAX Acct	4/1/16	0.25%	672
3/31/16	PSDLAF MAX Acct	4/1/16	0.25%	291,171
Total General Fund Bank Accounts				20,399,151
<u>GENERAL FUND CDs</u>				
Individual Bank CDs:				
5/22/14	Provident Bank(Team Capital Bank)	5/22/16	0.50%	247,000
8/20/15	William Penn Bank	8/19/16	0.55%	248,000
9/1/15	Hatboro Federal Savings	9/1/16	0.50%	100,000
PLGIT CDs :				
9/18/15	PLGIT Term	6/24/16	0.39%	20,000,000
8/19/15	Bank Leumi USA	8/18/16	0.75%	247,000
PSDLAF CD's:				
6/11/15	Nexbank, SSB	6/10/16	0.60%	220,000
7/23/15	One West Bank-Healthcare	7/22/16	0.80%	245,000
8/4/15	Financial Federal Savings Bank-Healthcare	8/3/16	0.70%	245,000
8/4/15	GBC International Bank-Healthcare	8/3/16	0.55%	200,000
7/29/15	American Express FSB-Healthcare	1/30/17	0.80%	245,000
Multi Bank Securities CDs:				
10/17/14	GE Capital Bank, Salt Lake City, UT	4/18/16	0.70%	245,000
8/24/15	Comenity Capital Bank	8/24/16	0.65%	245,000
8/28/15	Enerbank USA	8/29/16	0.60%	245,000
9/2/15	Beal Bank USA	8/31/16	0.65%	245,000
6/26/15	Mercantil Commercebank	12/27/16	0.80%	245,000
7/1/15	Discover Bank, Greenwood, Del	1/3/17	0.75%	245,000
7/1/15	Goldman Sachs Bank USA	1/3/17	0.75%	245,000
7/1/15	American Express Centurion Bank	1/3/17	0.80%	245,000
Total General Fund CDs				23,957,000
<u>GENERAL FUND MONEY MARKET ACCOUNTS</u>				
3/31/16	First Niagara	4/1/16	0.00%	100
3/31/16	Santander	4/1/16	0.30%	26,532,818
3/31/16	PSDLAF Full Flex Acct	4/1/16	0.33%	18,000,000
3/31/16	National Penn (1652)	4/1/16	0.25%	1,212,492
3/31/16	Firsttrust Bank	4/1/16	0.30%	25,296,954
3/31/16	Quakertown National Bank	4/1/16	0.30%	7,323
3/31/16	First Niagara- Post Employment	4/1/16	0.15%	1,696,994
3/31/16	Quakertown National Bank-Post Employment	4/1/16	0.55%	3,535,760
3/31/16	TD Bank- Healthcare	4/1/16	0.40%	1,581,795
3/31/16	TD Bank- Post Employment	4/1/16	0.40%	4,103,915
Total General Fund Money Market Accounts				81,968,150
Total General Fund				126,324,300

* Interest earnings credited to offset fees

**Central Bucks School District
Investment Portfolio
Capital Fund- Bank Balances
March 31, 2016**

<u>Purchase Date</u>	<u>Bank Name</u>	<u>Maturity Date</u>	<u>Rate of Interest</u>	<u>Principal Amount</u>
<u>Fund 3 Operations Account</u>				
3/31/16	TD Bank Fund 3 Operations Acct	4/1/16	0.40%	837,295
		Total Fund 3 Operations Account		837,295
<u>Short Term Capital Reserve</u>				
3/31/16	TD Bank	4/1/16	0.40%	716,677
		Total Short Term Capital Reserve		716,677
<u>Capital Café Equip Reserve</u>				
3/31/16	TD Bank Capital Proj- Bldg Cafeteria/Equip	4/1/16	0.40%	738,448
		Capital Café Equip Reserve		738,448
<u>Technology Capital Reserve</u>				
3/31/16	TD Bank	4/1/16	0.40%	697,990
		Total Technology Reserve		697,990
<u>Transportation Capital Reserve</u>				
3/31/16	TD Bank	4/1/16	0.40%	648,266
		Total Transportation Reserve		648,266
<u>Long Term Capital Reserve</u>				
3/31/16	Santander	4/1/16	0.30%	14,981,865
		Total Long Term Capital Reserve		14,981,865
		Total Capital Fund		18,620,540

**Central Bucks School District
Investment Portfolio
Debt Service Fund- Bank Balances
March 31, 2016**

<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>				
5/29/14	PSDLAF(US Treasury Strip)	8/15/16	0.34%	4,962,500
6/10/14	PSDLAF(US Treasury Strip)	8/15/16	0.40%	3,999,964
3/31/16	TD Bank	4/1/16	0.40%	190,602
			Total Debt Service Reserve	9,153,066
			Grand Total- All Funds	154,097,907
			Weighted Average Rate of Return	0.35%

Summary of Reserve Account Activity & Fund Balance Status

Fund 3-Summary of Reseve Account Commitments & Balances

	Req. Bal. 7/1/2015	Transfers from General Fund	Interest Earnings	Expenditures	Commitments	Balance 3/31/2016	Target Amount	% of Target	Comments
Short term Capital	\$ 2,368,073.00	\$ 5,330,000.00	\$ 5,024.66 *	\$ 6,986,420.66	\$ 1,147,640.48	\$ (430,963.48)	\$ 6,000,000.00	-7%	Commitments will be increasing over next few months; this will include project work funded by 1617 transfers
Short Term Capital- Café Equip	\$ 802,372.00		\$ 1,845.99	\$ 65,769.99		\$ 738,448.00			
Technology	\$ 3,020,246.00		\$ 4,993.21	\$ 2,327,249.19	\$ 178,465.11	\$ 519,524.91	\$ 3,500,000.00	15%	
Transportation	\$ 1,125,561.00	\$ 1,000,000.00	\$ 2,670.23	\$ 1,479,965.43	\$ 19,029.00	\$ 629,236.80	\$ 2,100,000.00	30%	
Long Term Capital	\$ 10,596,472.00	\$ 8,489,665.00	\$32,098.94 **	\$ 4,136,370.94	\$ 4,326,110.00	\$ 10,655,755.00	\$ 25,000,000.00	43%	
2008 Bond Fund Proceeds	\$ 1,236,334.00		\$ 486.60 ***	\$ 1,236,820.60		\$			Commitments are estimates; any actual expenditures that exceed available funds will be funded by LTC.
Totals	\$ 19,149,058.00	\$ 14,819,665.00	\$47,119.63	\$ 16,232,596.81	\$ 5,671,244.59	\$ 12,112,001.23	\$ 36,600,000.00	33%	

Reserve Account Expenditure Detail:			
Short Term Capital	Long Term Capital	2008 Bond Proceeds	
Unami \$ 2,169,303		Stadium Expenses \$ 802,410	
Misc Projects \$ 4,817,118	Holicong \$ 4,136,371	CBE Expenses \$ 434,411	
Total * \$ 6,986,421	Total ** \$ 4,136,371	Total *** \$ 1,236,821	

Fund 4-Debt Service Fund Balance Projections

	Fund Balance 7/1/2015	Budgeted Transfer From General Fund	Interest Earnings	Expenditures	Commitments	Projected Balance as of 3/31/2016	Target Amount	% of Target	Comments
Debt Service	* \$ 9,149,665.00	\$ 10,500,000.00	\$ 3,401.00			\$ 19,653,066.00	\$ 30,000,000.00		No transfers are budgeted for the debt fund in future years

*Beginning balance adjusted to reflect funds due back to Fund 1 which were transferred in August

Fund 1-General Fund Fund Balances: Nonspendable, Unassigned & Assigned

Fund Balance 7/1/2015	
Nonspendable Fund Balance	\$ 2,511,016.00 Prepaid Healthcare exp with Bucks Montco consortium
Unassigned Fund Balance	\$ 11,414,539.00 3.66% of 15-16 Budget
Assigned Fund Balance:	
Post Employment Reserve	\$ 9,336,669.00
Health Care Reserve	\$ 2,516,795.00
Ttl Assigned Fund Balance:	\$ 11,853,464.00
FUND 1 TOTAL FUND BALANCE	\$ 25,779,019.00

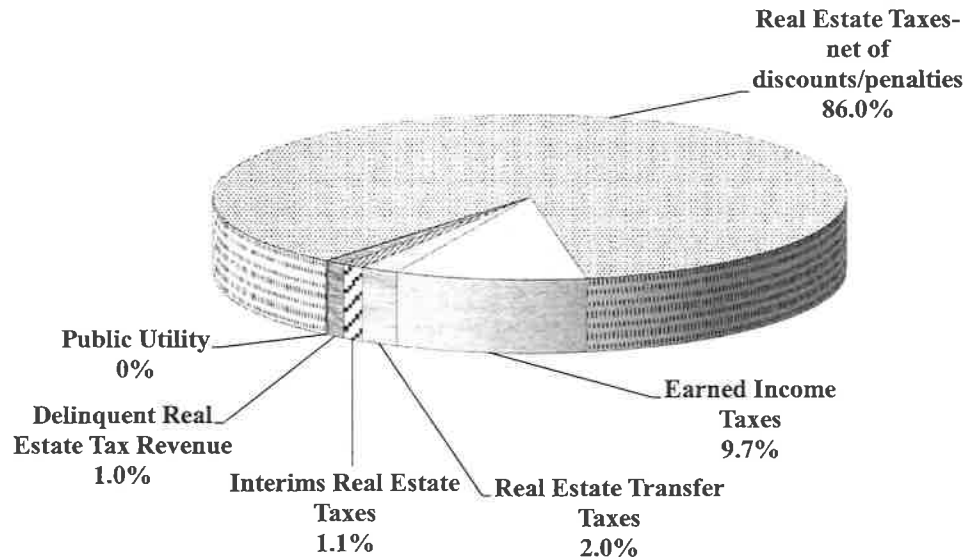
Fund-5 Food Service Fund Balance

Fund Balance 7/1/2015	
Unassigned Fund Balance	\$ 695,229.00

**Payroll Projection
March 31, 2016**

	Estimated Final
<i>Budgeted Payroll, Social Security & Retirement ** Adjusted for Transfers**</i>	196,169,841
<i>Projected spending</i>	<u>193,914,424</u>
<i>Positive (Negative) Variance</i>	<u>2,255,417</u>

**Central Bucks School District
Projected Tax Collections
March 31, 2016**



<u>Revenues</u>	<u>2015-2016 Budget</u>	<u>Estimated Actual</u>	<u>Projected Variance Positive/(Negative)</u>	<u>Collections as of March 31, 2016</u>	<u>2014-2015 Actual</u>
1 Real Estate Taxes-net of discounts/penalties	\$210,025,826	\$210,742,220	\$716,394	209,914,893	208,470,687
2 Earned Income Taxes	22,375,000	\$23,870,000	\$1,495,000	15,820,404	22,621,867
3 Real Estate Transfer Taxes	4,522,500	4,800,000	277,500	3,439,447	4,688,372
4 Interims Real Estate Taxes	2,000,000	2,750,000	750,000	1,423,023	1,554,650
5 Delinquent Real Estate Tax Revenue	2,487,000	2,500,000	13,000	2,062,329	2,644,404
6 Public Utility	295,000	274,496	(20,504)	274,496	293,751
Total	\$241,705,326	\$244,936,716	\$3,231,390	232,934,592	240,273,731
			1.337%		

- 1 Tax Collector collections are complete by the end of January. Remaining balance lien with collections for 1516 continuing through the county; based on collections as of March 31st expect to meet projection.
- 2 Earned Income Tax collections to date are still running behind the 2013-14 & 2014-15 collections at this point in the year. Collections for both February and March did exceed prior years, so if the last 3 months continue at this pace we will be in line with the projected amount.
- 3 Transfer Tax collections are about even with last year collections at this time; based on prior year trends still expect to exceed budget
- 4 The total interim tax billings are up about 3.68%, so if collections continue at the same pace as last year we will reach the projected amount.
- 5 Based on current collections & the rate of collections last year we should be on track to meet
- 6 Final - 100% collected.

**Central Bucks School District
Fringe Benefits
31-Mar-16**

	Budget	* Adjusted Budget	Encumbered	Spent	Balance	% Committed	1415 Actuals	1516 Budget Increase	* Curr Yr Budget Adjustment
271 Health care Self Insured: Spent based on paid claims; encumbered = expected claims based on trends; less empl prem cost share	19,537,340	19,537,340	5,268,675	12,538,847 17,807,522	1,729,818	91%	18,478,791	1,058,549	-
Health exps are running below prior years; while this is a positive situation, it is not advisable to decrease 1617 as more staff will be covered & this decrease may not continue									
272 Dental coverage Self Insured: Curr Yr = 99,000 per month w/qrtrly reconciliations	1,388,743	1,200,000	305,000	906,486	(11,486)	101%	1,100,480	99,520	(188,743)
213 Life insurance Premium based; adjusted monthly based on salary report	175,000	230,000	82,632	135,861	11,507	95%	211,652	18,348	55,000
274 Disability coverage Self Insured: Expense = paid to date; encumbered = expected claims based on experience	301,306	281,405	85,910	191,820	3,675	99%	238,768	42,637	(19,901)
276 Prescription drugs Self Insured: Spent based on submitted claims; encumbered = expected claims based on experience & trends	5,293,592	5,375,000	2,015,000	4,059,133	(699,133)	113%	5,575,976	(200,976)	81,408
250 Unemployment comp Self Insured: Spent based on submitted claims; encumbered = expected claims based on experience & trends	318,997	115,000	26,000	27,310	61,690	46%	52,809	62,191	(203,997)
260 Workers comp Self Insured: Spent based on submitted claims encumbered = expected claims based on experience & trends	1,303,616	1,280,000	120,000	1,154,856	5,144	100%	1,198,153	81,847	(23,616)
240/ 290 Miscellaneous/Tuition Expenses incurred over course of the year	255,151	555,000	274,146	264,559	16,295	97%	553,359	1,641	299,849
Totals	28,573,745	28,573,745	8,177,363	19,278,872 27,456,235	1,117,510	96%	27,409,988	1,163,757	-

LOGIC
QUARTERLY REPORT
(AS OF MARCH 24, 2016)

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.

Financial Markets Overview

The Federal Reserve hit the pause button on plans to continue raising the fed funds rate at its March meeting. The banking industry generated profits in the fourth quarter in spite of challenging economic conditions with restrained revenue growth and growing credit risks.

Monetary Policy and Interest Rates. Continuing doubts about the strength and direction of the American economy led the Federal Reserve to pause plans to raise interest rates. At its meeting on March 16 the Federal Reserve kept the target range for the federal funds rate at $\frac{1}{4}$ to $\frac{1}{2}$ percent, a level established in December that ended a seven-year stretch when the target was 0 to $\frac{1}{4}$ percent. The Federal Open Market Committee (FOMC) noted that economic activity has been expanding at a moderate pace despite global economic and financial developments of recent months. The FOMC found that while household spending and the housing sector had improved, business fixed investment and net exports had been soft. The labor market strengthened and inflation, while increasing, remained below the Committee's 2 percent longer-run objective.

The Committee affirmed that the timing and size of future adjustments in the fed funds target rate will depend on the Committee's assessment of "realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments." The Committee expects economic activity to change in a manner that "will warrant only gradual increases in the federal funds rate."

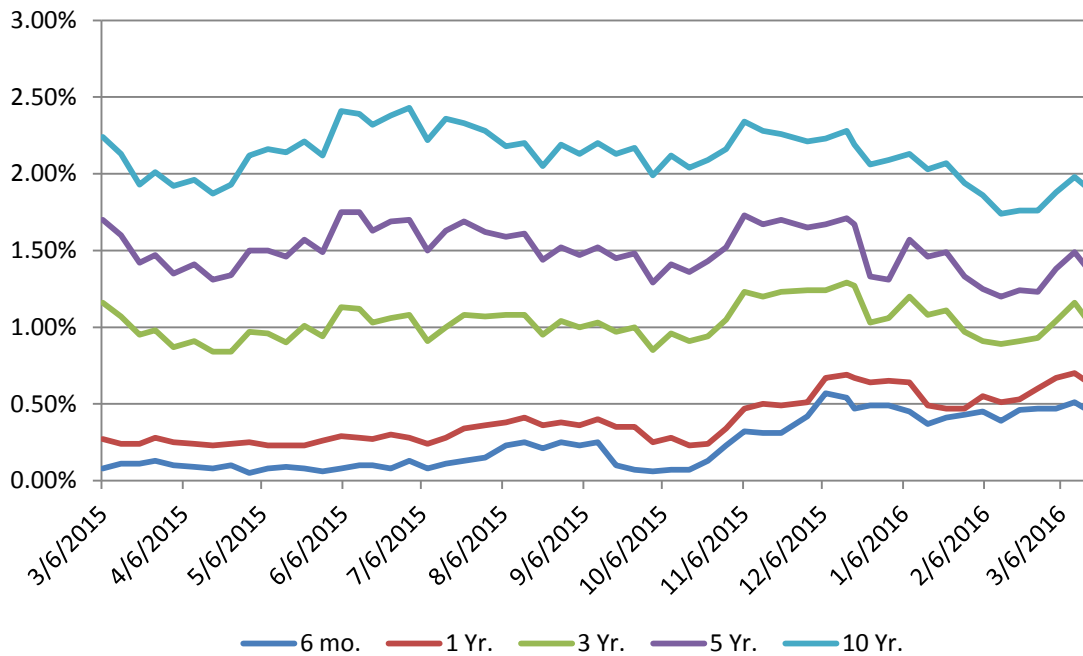
The Committee's 17 members projected an appropriate fed funds rate increase to 0.875% at the end of 2016, with a possible increase in June and a second rise before the end of 2016. Previously the Committee's members had signaled four increases during the year, with the fed funds rate ending up at 1.375% with four quarter-point increases in the target range during 2016. The fed funds rate is now expected to reach 1.875% by the end of 2017 and 3% by the end of 2018.

The Fed reaffirmed its practice of reinvesting principal payments on its holdings in agency mortgage-backed securities and rolling over maturing Treasury securities at

auction and anticipated that practice will continue until normalization of the level of the federal funds rate is well underway.

The chart below shows the bond market’s reaction to these developments over the last year. Short-term interest rates jumped sharply in December as the FOMC raised the fed funds rate and then dropped as economic trends worsened after the first of the year before rising again before the March FOMC meeting. Six-month notes reached a peak of 0.58% on December 7 before easing off and ending at 0.44% in March. Five-year and ten-year rates trended downward from their peaks in December and were 1.34% and 1.88%, respectively, as of March 18.

Daily Treasury Yield Curve Rates March 2015 to March 2016



Banking Industry Highlights. FDIC-insured institutions reported net income of \$40.8 billion in the fourth quarter of 2015, 11.9% higher than for the corresponding quarter in 2014, with 56.6% of institutions reporting year-over-year improvement in quarterly net income. The improvement in net income was attributed to a \$6.8 billion increase in net operating revenue and a \$2.7 billion decrease in noninterest expense, driven by a \$2.4 billion reduction in litigation expenses at a few large banks. The proportion of unprofitable banks fell to 9.1%, compared with 9.9% in fourth quarter 2014. FDIC Chairman Martin J. Gruenberg observed that “Revenue and income were up from the previous year, overall asset quality continued to improve, loan balances increased, and there were fewer banks on the problem list. However, banks are operating in a challenging environment. Revenue growth continues to be held back by narrow interest margins. Many institutions are reaching for yield, given the competition for

borrowers and low interest rates. And there are signs of growing credit risk, particularly among loans related to energy and agriculture.” Net operating revenue was 4% higher than a year ago with loan growth boosting revenue as net interest income rose \$3.9 billion (3.6%) compared to the fourth quarter of 2014. Noninterest income increased by 5% as servicing income also rose by \$2 billion.

Asset quality indicators showed some worrying developments as net charge-offs increased 7% from a year earlier, the first year-over-year increase in quarterly charge-offs in 22 quarters. Net interest margins (NIM) remained under pressure. The average net interest margin (the difference between the average yield on banks’ interest-earning investments and the average interest expense of funding those investments) was 3.13%, slightly higher than the 3.12% average the year before, the first time in five years that the average quarterly NIM hasn’t been lower than the year earlier. Most of the margin improvement occurred at larger banks, whose asset portfolios were better-positioned to benefit from the increase in short-term interest rates late in the fourth quarter. The FDIC reported that total equity capital increased by only 0.2% in the fourth quarter. At the end of 2015, 98.9% of all insured institutions, representing 99.8% of total industry assets, met or exceeded the requirements for the highest regulatory capital category as defined for prompt corrective action purposes.

The FDIC quarterly report showed that net income of community banks increased by 4% compared to the fourth quarter of 2014. Close to fifty-seven percent of all community banks reported higher earnings compared with the year-ago quarter. Unprofitable community banks in the fourth quarter totaled 9.6 percent, up from 5.27% for the third quarter, but down from 10.2% for the fourth quarter 2014. The report covered 5,375 community banks in the fourth quarter of 2015, down 77 from the first quarter.

The number of FDIC-insured commercial banks and savings institutions filing quarterly financial results declined from 6,270 to 6,182 during the fourth quarter. Merger transactions absorbed 81 institutions; there were two insured institution failure; no new charter was added. The number of problem banks fell again, from 203 to 183, the smallest number of problem institutions in more than seven years and which is down dramatically from the peak of 888 in the first quarter of 2011.

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 Investment Report as of February 29, 2016 shows that the School District maintains significant investment deposits with First Niagara Bank, Firstrust Savings 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”). We have also included analysis of WSFS Bank at your request as well as Univest (Valley Green) where the School District formerly maintained significant investment deposits. The School District also has additional investments with banks that are below the FDIC insurance 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 turmoil in credit markets during and after the financial crisis.

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.

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.

Bank Insight Ratings. The LOGIC program uses financial analysis provided by SNL Financial Bank Insight (successor to Thomson Reuters) as one tool for evaluating the strength of a financial institution. 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, 2015, 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%.

Asset Quality Ranking. Bank Insight also provides analysis and rankings of the quality of a bank’s assets. The Asset Quality ranking used herein calculates “the percentile rank of a depository institution’s asset quality ratio within its asset-size peer group as compared to all depository institutions in that peer group.” The rankings are based on the cumulative percentage of institutions rated below a particular asset quality ratio. This Asset Quality Ranking is used instead of the Troubled Asset Ratio provided in prior reports.

First Niagara Bank

Quarterly Results. First Niagara Financial Group (FNFG), the parent company of First Niagara Bank, reported net income available to common shareholders of \$43.3 million or \$0.12 per diluted share for the fourth quarter of 2015, compared to \$52.9 million, or \$0.15 per diluted share, for the quarter ended September 30, 2015. Non-performing assets for the bank were 0.73% of total assets as of December 31, compared to 0.73% as of September 30, 2015.

FNFG and KeyCorp announced on October 30 that they entered into a definitive agreement under which KeyCorp will acquire First Niagara in a transaction valued at approximately \$4.1 billion. KeyCorp, based in Cleveland, Ohio, provides banking services in 12 states through KeyBank National Association. The transaction is expected to close in the third quarter of 2016. KeyCorp is the 13th largest commercial bank headquartered in the U.S.

Credit Ratings. Moody’s upgraded the ratings of 60 U.S. regional banks and three custodian banks, including First Niagara, on May 14, 2015 following the release of its new bank rating methodology, under which bank subsidiaries of 62 U.S. banking groups were assigned counterparty risk assessments and which takes into account the “very strong” U.S. macro profiles, the banks’ strong core financial ratios, the protection offered to depositors compared to senior creditors and the likelihood of government support for these institutions. S&P had previously downgraded its ratings for First Niagara by one notch in January citing reduced flexibility as a result of operating losses. "The rating action reflects our view that First Niagara Financial Group's past aggressive acquisition strategy has led to senior management changes in the past year accompanied by a shift in strategy, a weaker capital position, and somewhat constrained financial flexibility relative to peers," according to S&P. Ratings for both FNFG and First Niagara Bank are as follows:

	Moody's	S&P	Fitch
First Niagara Financial Group, Inc.			
<i>Long-Term Ratings</i>	Ba1	BBB-	BBB-
<i>Outlook</i>	Positive	Positive	Positive

First Niagara Bank N.A.

Long-Term Ratings

Baa1

BBB

BBB-

Outlook

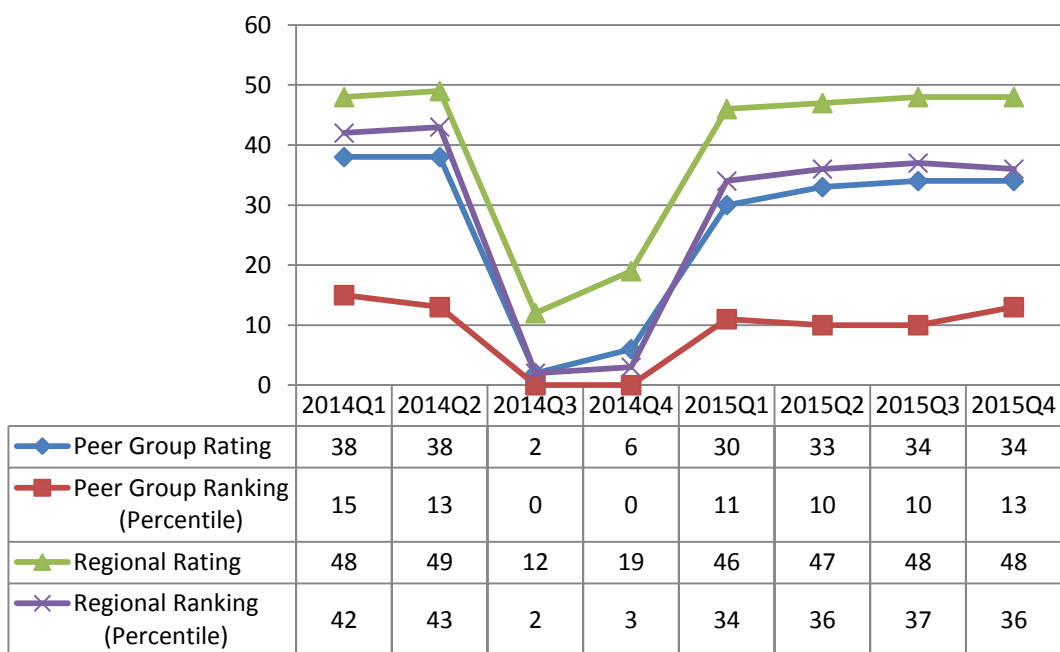
Positive

Positive

Positive

Peer Group Ratings. First Niagara Bank’s Bank Insight peer group rating for December 31 was “34”, placing the bank in the 13th percentile of its peer group of banks with assets of greater than \$10 billion. The drop to 0 in peer group ratings for the third quarter 2014 resulted from the large net loss reported for that period. KeyCorp’s Bank Insight peer group rating for December 31 was “55”, placing the bank in the 55th percentile of its peer group of banks with assets of greater than \$10 billion. Bank Insight ratings and rankings for First Niagara for the last two years were:

First Niagara Bank Peer Group Ratings and Rankings

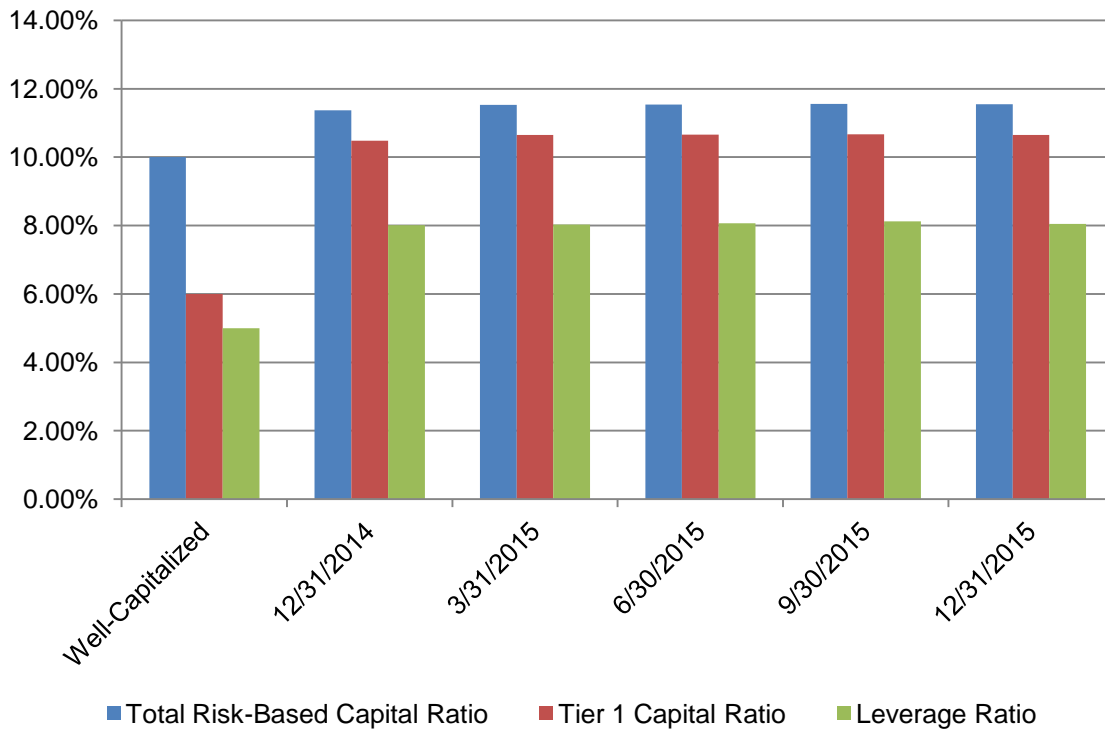


Asset Quality Ratio. The bank’s asset quality ratios and percentile rankings for the last five quarters are set forth below:

	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015
Asset Quality Ratio	1.33	1.41	1.25	1.21	1.19
Asset Quality Ranking	28	25	28	28	28

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



Collateral Review. First Niagara Bank maintained collateral coverage of 116.29% of public funds held for deposit as of December 31, 2015. The securities in the First Niagara collateral pool as of December 31 consisted of federal agency securities (52.94%), Pennsylvania municipal securities (7.20%) and municipal securities from outside of Pennsylvania (39.86%).

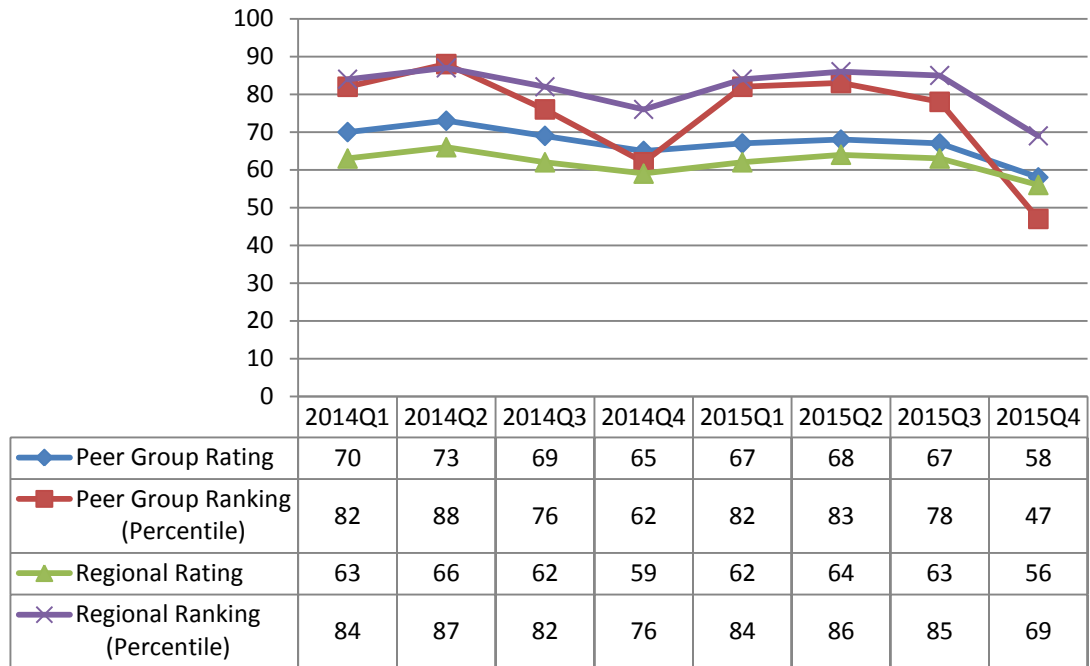
Firsttrust Saving Bank

Overview. Firsttrust Savings Bank, based in Conshohocken, was established in 1934 and has \$2.62 billion in assets. The bank reported a net loss of \$8,832,000 for the fourth quarter of 2015, compared to net income of \$884,000 for the corresponding quarter in 2014. Net interest margin fell from 4.22% for the fourth quarter of 2014 to 4.12% for the fourth quarter of 2015. Nonperforming assets were 1.02% of total assets as of December 31, 2015 compared to 1.20% as of September 30, 2015 and 1.00% as of December 31, 2014.

Credit Ratings. Firsttrust Savings Bank does not have a long-term credit rating.

Peer Group Ratings. Firsttrust Savings Bank’s Bank Insight peer group rating for December 31 was “58”, placing the bank in the 47th percentile of its peer group of banks with total assets between \$1 billion to \$4.9 billion. Bank Insight ratings and rankings for the last two years were:

Firsttrust Bank Peer Group Ratings and Rankings

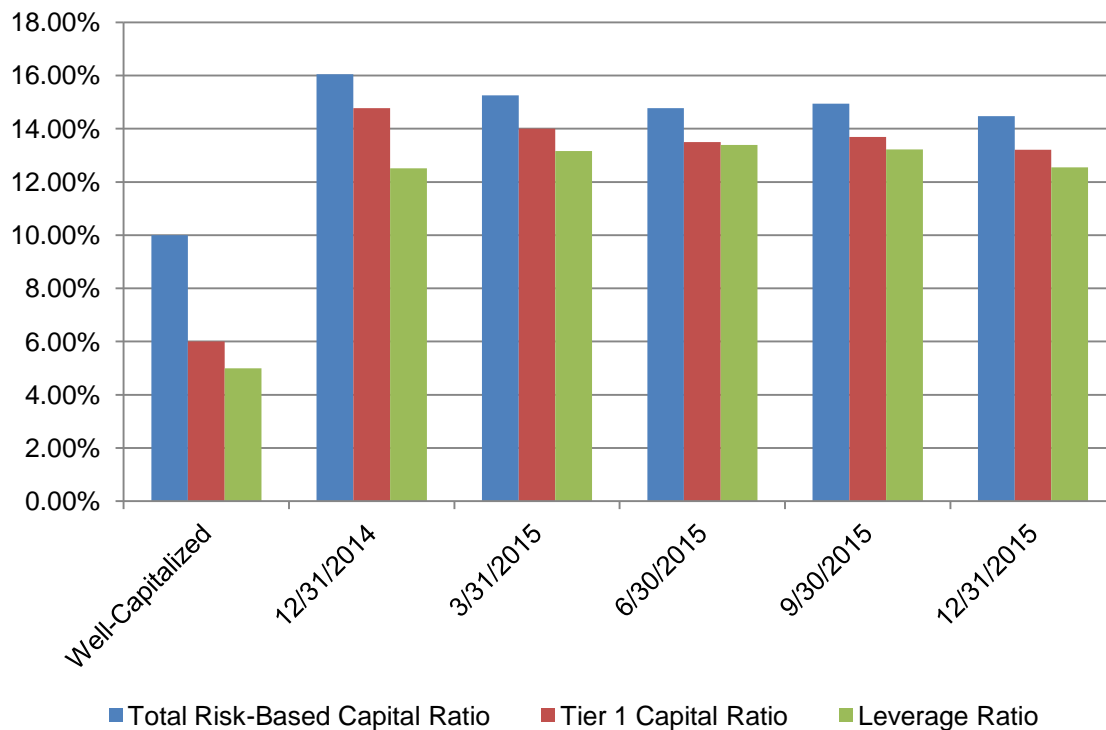


Asset Quality Ratio. The bank’s asset quality ratios and percentile rankings for the last five quarters are set forth below:

	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015
<i>Asset Quality Ratio</i>	0.94	1.13	1.16	1.05	0.90
<i>Asset Quality Ranking</i>	53	45	39	42	46

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

Firstrust Bank Capital Ratios



Collateral Review. Firstrust Savings Bank maintained collateral coverage of 154.4% of public funds held for deposit as of December 31, 2015. The report stated that the collateral was held at the Federal Home Loan Bank of Pittsburgh as custodian for the collateral pool. This use of a third-party custodian is a recommended way to protect school district depositors in the event of a bank default. The collateral consisted of federal agency securities.

National Penn Bank

Quarterly Results. National Penn Bancshares, the parent company of National Penn Bank, reported net income of \$28.9 million, or \$0.20 per diluted share, for the fourth quarter of 2015, compared to net income of \$27.9 million, or \$0.20 per diluted share, in the prior quarter. Exclusive of merger-related expenses, adjusted net income for the quarter was \$29.6 million, or \$0.21 per share, compared to \$29.2 million or \$0.21 per share, in the third quarter. Net income for the year was \$110.7 million, or \$0.78 per diluted share, while adjusted net income was \$112.8 million, or \$0.80 per share, compared to adjusted net income of \$100.8 million, or \$0.71 per diluted share, for 2014. Adjusted return on average assets, exclusive of merger-related costs, remained strong at 1.22% and 1.18% for the fourth quarter and full year 2015, respectively.

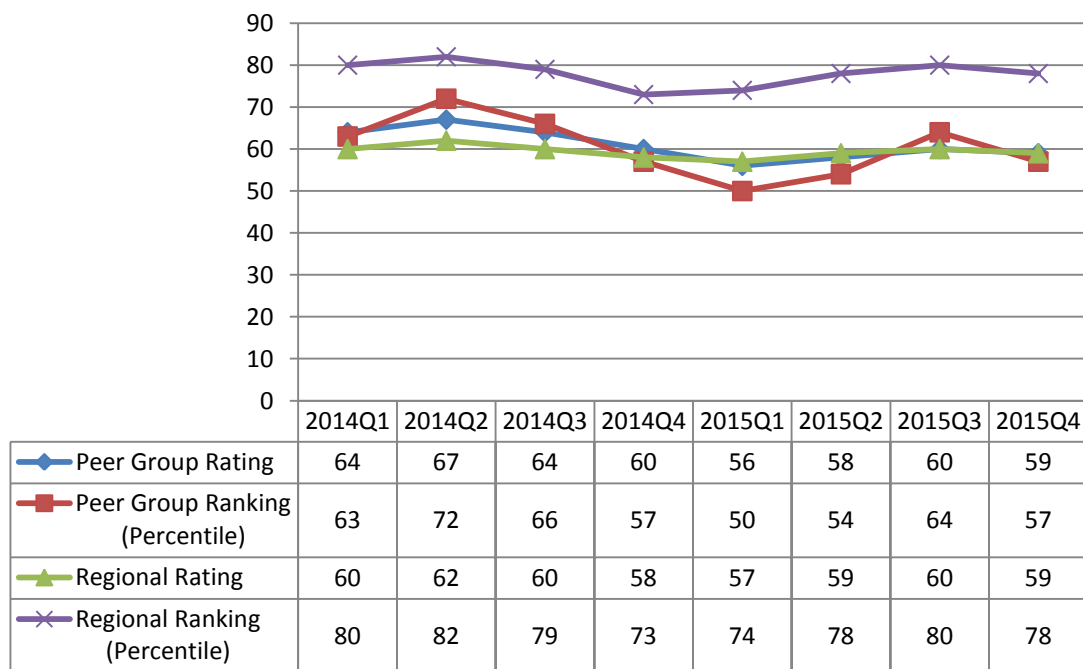
BB&T Corporation and National Penn Bancshares, Inc. announced on August 17 the signing of a definitive agreement under which BB&T will acquire National Penn in a cash and stock transaction for total consideration valued at approximately \$1.8 billion.

This acquisition will significantly expand BB&T’s footprint in the Mid-Atlantic region and improve its deposit market share to #4 in Pennsylvania. BB&T completed its acquisition of Susquehanna Bancshares, Inc., parent of Susquehanna Bank, in early August 2015. BB&T, based in Winston-Salem, North Carolina, is the twelfth largest banking institution in the United States with \$209.9 billion in assets as of December 31, 2015. BB&T operates 2,139 financial centers in 15 states and Washington, D.C. The National Penn acquisition is expected to close in mid-2016.

Credit Ratings. National Penn Bancshares, Inc., the parent company of National Penn Bank, has a Baa2 (Outlook Stable) long-term rating from Moody’s.

Peer Group Ratings. National Penn Bank’s Bank Insight peer group rating for December 31 was “59”, placing the bank in the 57th percentile of peer group banks with assets of \$5 billion to \$9.9 billion. BB&T’s Bank Insight peer group rating for December 31 was “56”, placing the bank in the 60th percentile of peer group banks with over \$10 billion in assets. Bank Insight ratings and rankings for National Penn for the last two years were:

National Penn Bank Peer Group Ratings and Rankings

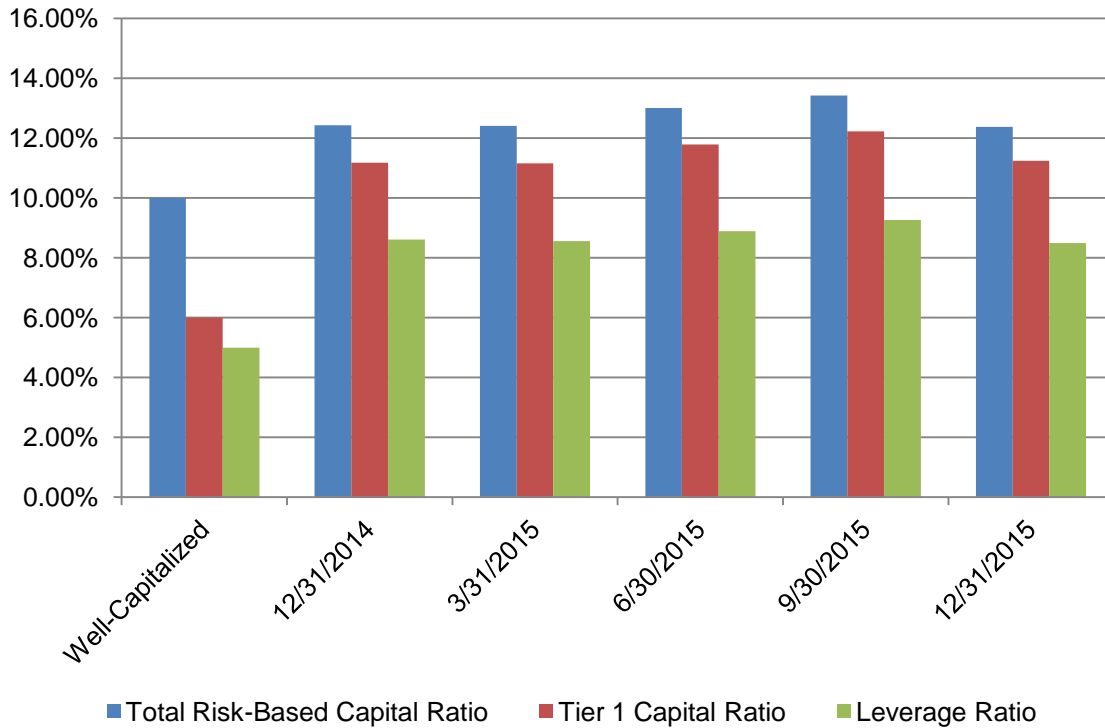


Asset Quality Ratio. The bank’s asset quality ratios and percentile rankings for the last five quarters are set forth below:

	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015
Asset Quality Ratio	0.93	0.94	0.73	0.68	0.62
Asset Quality Ranking	60	56	65	68	65

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



Collateral Review. National Penn Bank maintained collateral coverage of 118% as of February 29, 2016 and 105.49% as of January 31, 2016. 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.

QNB Bank

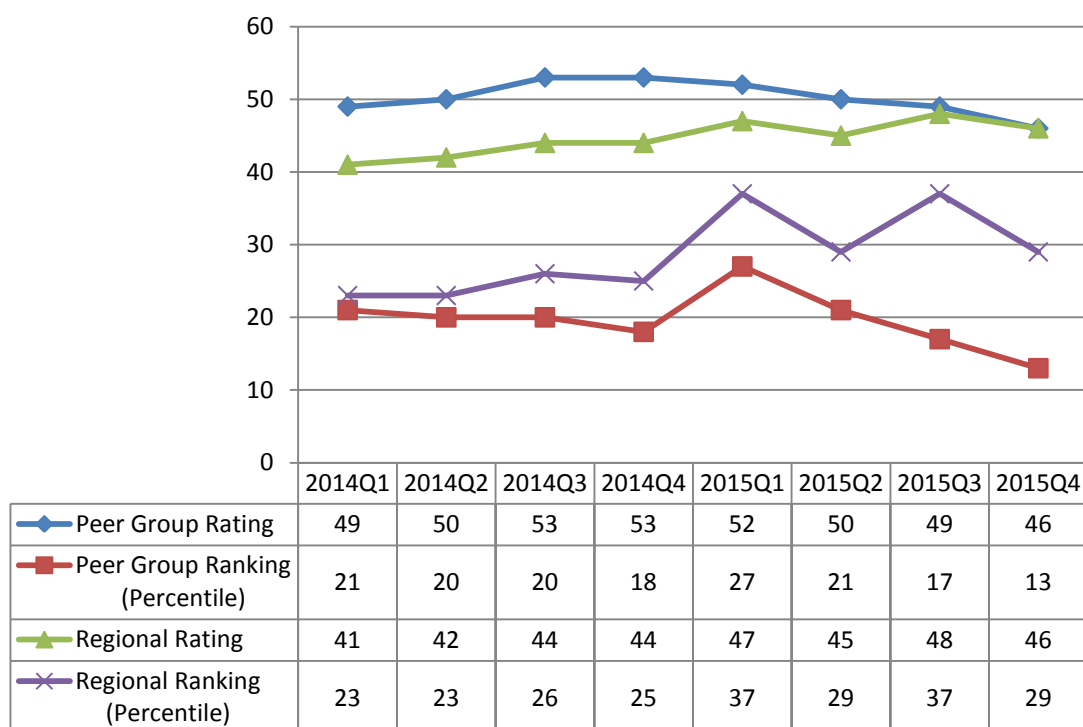
Quarterly Results. QNB Corp. is the holding company for QNB Bank, headquartered in Quakertown. QNB Corp. reported net income for the fourth quarter of 2015 of \$1,943,000, or \$0.58 per share on a diluted basis. This compares to net income

of \$2,486,000, or \$0.75 per share on a diluted basis, for the same period in 2014. For the year ended December 31, 2015, QNB reported net income of \$8,233,000, or \$2.46 per share on a diluted basis. This compares to net income of \$8,998,000, or \$2.72 per share on a diluted basis, reported for 2014 reported net income for the third quarter of 2015 of \$2,220,000, or \$0.66 per share on a diluted basis. This compares to net income of \$2,044,000, or \$0.62 per share on a diluted basis, for the same period in 2014. Nonperforming assets for the bank were 1.32% of total assets for the quarter ended December 31, 2015 compared to 1.10% for the quarter ended September 30, 2015.

Credit Ratings. QNB Corp and QNB Bank do not have long-term credit ratings.

Peer Group Ratings. QNB Bank’s Bank Insight peer group rating for December 31 was “46”, placing the bank in the 13th 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:

QNB Bank Peer Group Ratings and Rankings

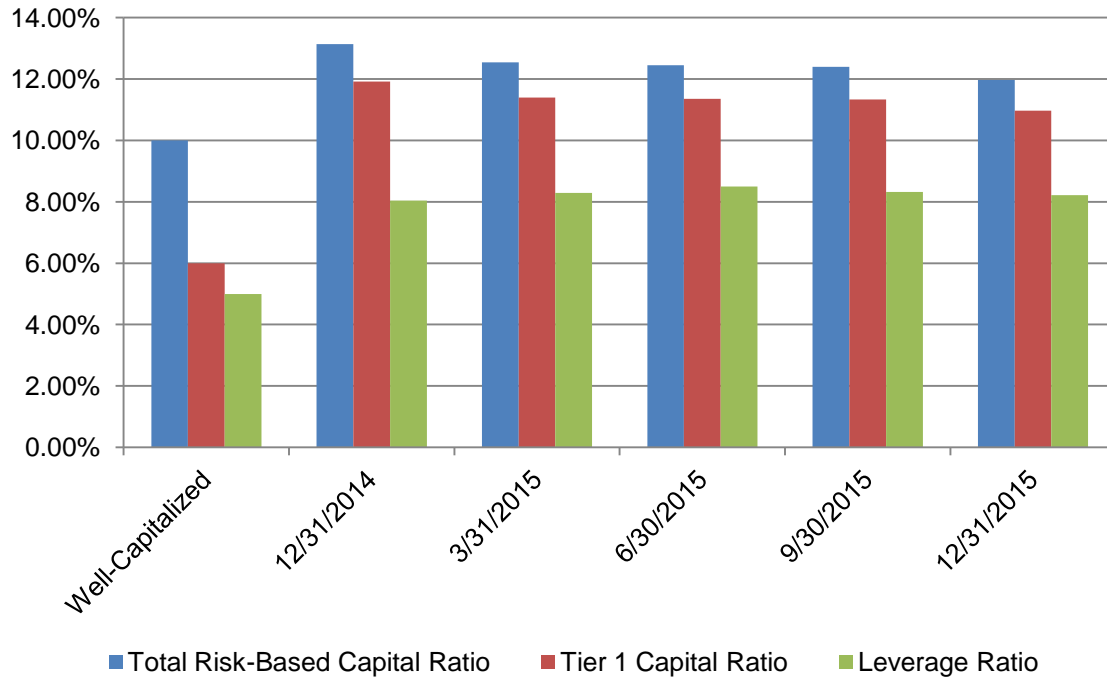


Asset Quality Ratio. The bank’s asset quality ratios and percentile rankings for the last five quarters are set forth below:

	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015
<i>Asset Quality Ratio</i>	2.47	1.48	1.75	1.40	1.53
<i>Asset Quality Ranking</i>	22	41	31	30	25

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



Collateral Review. The Bank maintained collateral coverage in its Act 72 collateral pool of 107.3% of public funds held for deposit as of December 31, 2015 and 110.7% as of September 30, 2015. 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.

Santander Bank

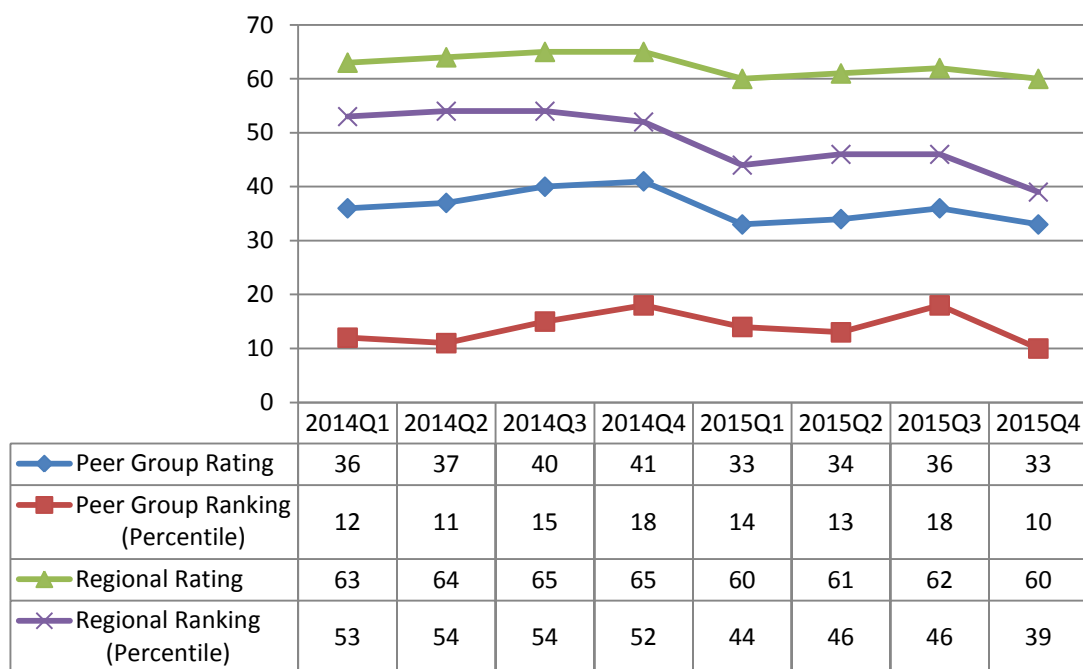
Quarterly Results. Santander Holdings USA Inc. is the holding company for Santander Bank, N.A. and is in turn is owned by Banco Santander SA in Spain. Santander Bank reported net income of \$6.5 million for the quarter ended December 31, 2015 compared to \$11.2 million for the quarter ended September 30, 2015 and \$101.7 million for the corresponding quarter of 2014. Nonperforming assets increased to 0.95% of total assets compared to 0.89% for the quarter ended September 30, 2015.

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

	Moody's	S&P	Fitch
Banco Santander SA			
Long-Term Ratings	A3	A-	A-
Outlook	Stable	Stable	Stable
Santander Bank, N.A.			
Long-Term Ratings	A2	BBB+	
Outlook	Stable	Stable	

Peer Group Ratings. Santander Bank's Bank Insight peer group rating for December 31 was "33", placing the bank in the 10th 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:

Santander Bank Peer Group Ratings and Rankings

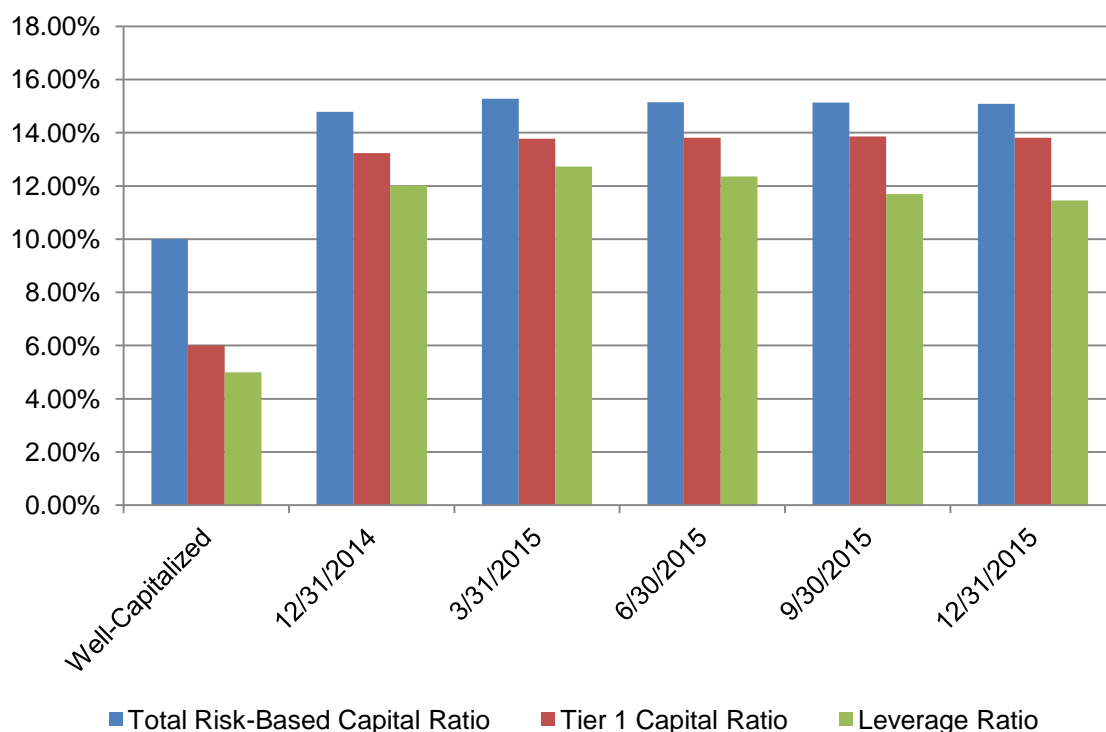


Asset Quality Ratio. The bank's asset quality ratios and percentile rankings for the last five quarters are set forth below:

	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015
Asset Quality Ratio	1.35	1.23	1.05	1.01	1.02
Asset Quality Ranking	27	34	38	36	36

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



Collateral Review. Santander Bank maintained collateral coverage of 109.45% as of December 31, 2015. 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 December 31, 2015 consisted of federal agency securities (85.7%) and corporate bonds (14.3%). The corporate bonds are rated from BBB+ to AA-.

TD Bank

Quarterly Results. Toronto-Dominion Bank of Canada is the parent company of TD Bank US Holding Company which owns TD Bank, N.A. TD Bank reported net income for the fourth quarter of 2015 of \$229.4 million compared to net income of \$351.7 million for the third quarter of 2015 and \$233.0 million for the fourth quarter of 2014. Nonperforming assets to total assets were 0.78% at December 31, 2015, compared to 0.70 % at September 30, 2015 and 0.67% at December 31, 2014.

Credit Ratings. Moody’s upgraded the ratings of 60 U.S. regional banks and three custodian banks, including TD, on May 14, 2015 following the release of its new bank rating methodology, under which bank subsidiaries of 62 U.S. banking groups were

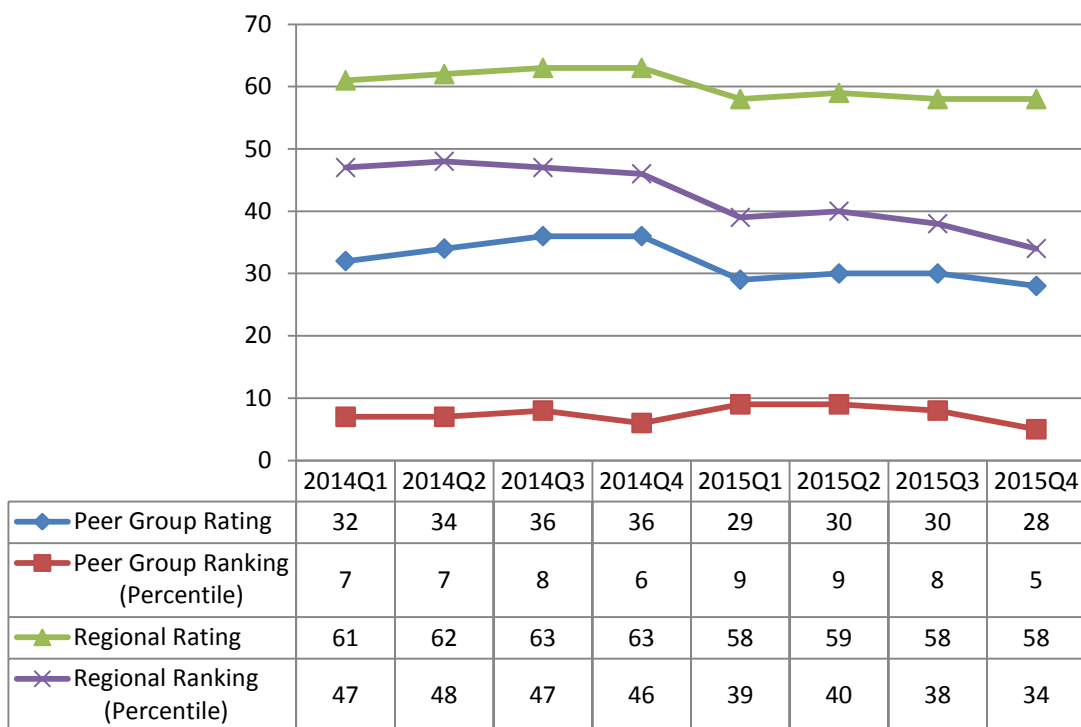
assigned counterparty risk assessments and which takes into account the “very strong” U.S. macro profiles, the banks’ strong core financial ratios, the protection offered to depositors compared to senior creditors and the likelihood of government support for these institutions.

The ratings for Toronto-Dominion Bank and TD Bank, N.A. are as follows:

	Moody's	S&P	Fitch
Toronto-Dominion Bank			
Long-Term Ratings	Aa1	AA-	AA-
Outlook	Negative	Stable	Stable
TD Bank, N.A.			
Long-Term Ratings	Aa1	AA-	AA-
Outlook	Stable	Negative	Stable

Peer Group Ratings. TD Bank’s Bank Insight peer group rating for December 31 was “28”, placing the bank in the 5th percentile of its peer group of banks with more than \$10 billion in total assets. Bank Insight ratings and rankings for the last two years were:

TD Bank Peer Group Ratings and Rankings

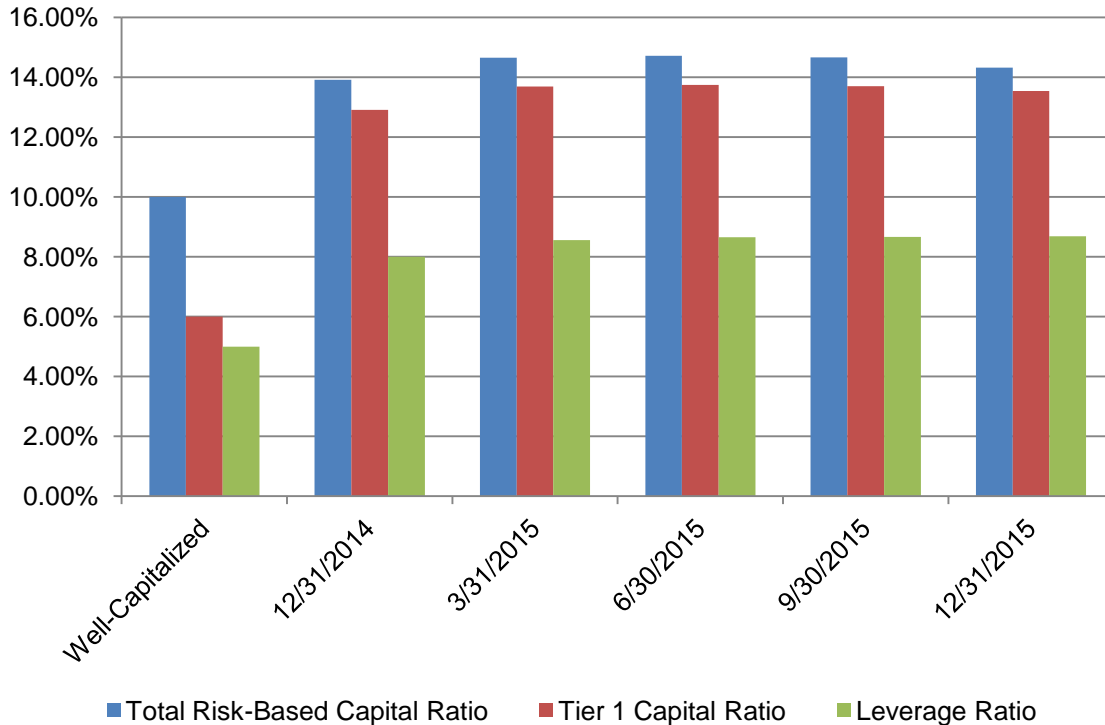


Asset Quality Ratio. The bank’s asset quality ratios and percentile rankings for the last five quarters are set forth below:

	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015
<i>Asset Quality Ratio</i>	1.45	1.39	1.36	1.40	1.53
<i>Asset Quality Ranking</i>	23	27	22	21	13

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



Collateral Review. TD Bank maintained collateral coverage of 107.22% as of January 31, 2016 and 104.80% as of December 31, 2015 of public funds held for deposit.

The securities in TD’s collateral pool as of January 31 consist of asset-backed securities (ABS) backed by credit card 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 but may be subject to volatility in times of economic recession.

Univest Bank and Trust Co.

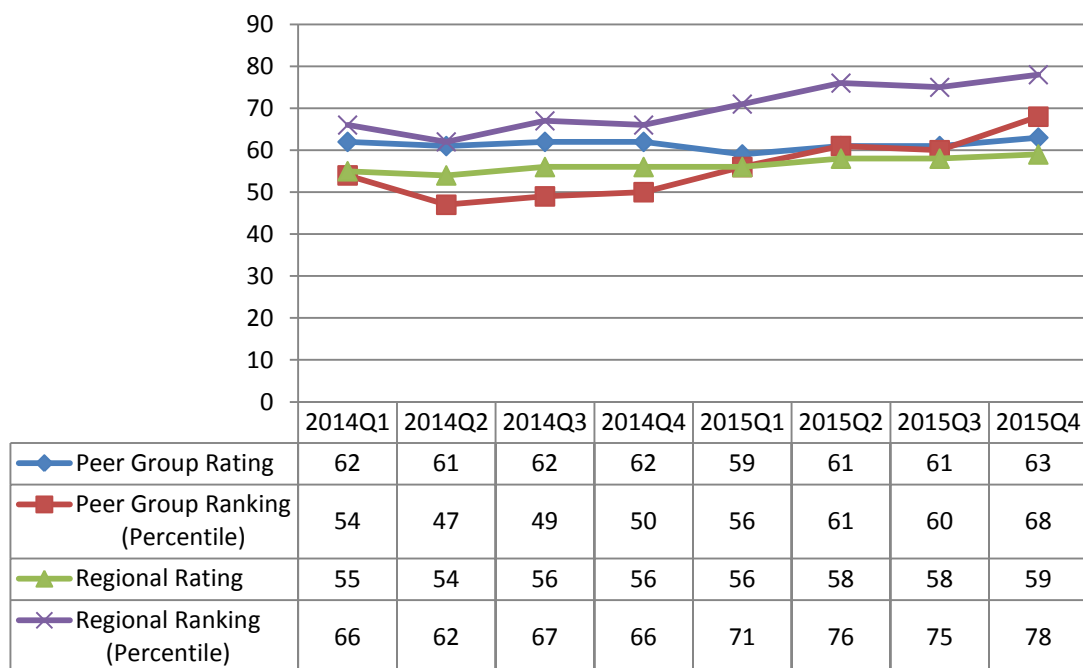
Overview. Univest Corp. of Pennsylvania is the parent company of Univest Bank and Trust Co. and is based in Souderton. Univest Bank has \$2.86 billion in assets. Univest Corp. completed its acquisition of Valley Green Bank on January 1, 2015. The bank reported net income of \$8,031,000 for the fourth quarter of 2015, compared to net income of \$5,366,000 for the corresponding quarter in 2014 (before the Valley Green acquisition). Net interest margin rose from 3.57% for the fourth quarter of 2014 to 3.73% for the fourth quarter of 2015. Nonperforming assets were 0.77% of total assets as of December 31, 2015 compared to 0.99% as of September 30, 2015 and 1.07% as of December 31, 2014.

Univest announced in early December that it had agreed to acquire Hatboro-based Fox Chase Bancorp Inc. in a cash-and-stock transaction with an aggregate value of about \$244.3 million. The combined bank will have about \$4 billion in total assets and will be the ninth-largest bank headquartered in Pennsylvania.

Credit Ratings. Neither Univest Corp. of Pennsylvania nor Univest Bank and Trust Co. has a long-term credit rating.

Peer Group Ratings. Univest Bank's Bank Insight peer group rating for December 31 was "63", placing the bank in the 68th percentile of its peer group of banks with total assets between \$1 billion to \$4.9 billion. Bank Insight ratings and rankings for the last two years were:

Univest Bank Peer Group Ratings and Rankings

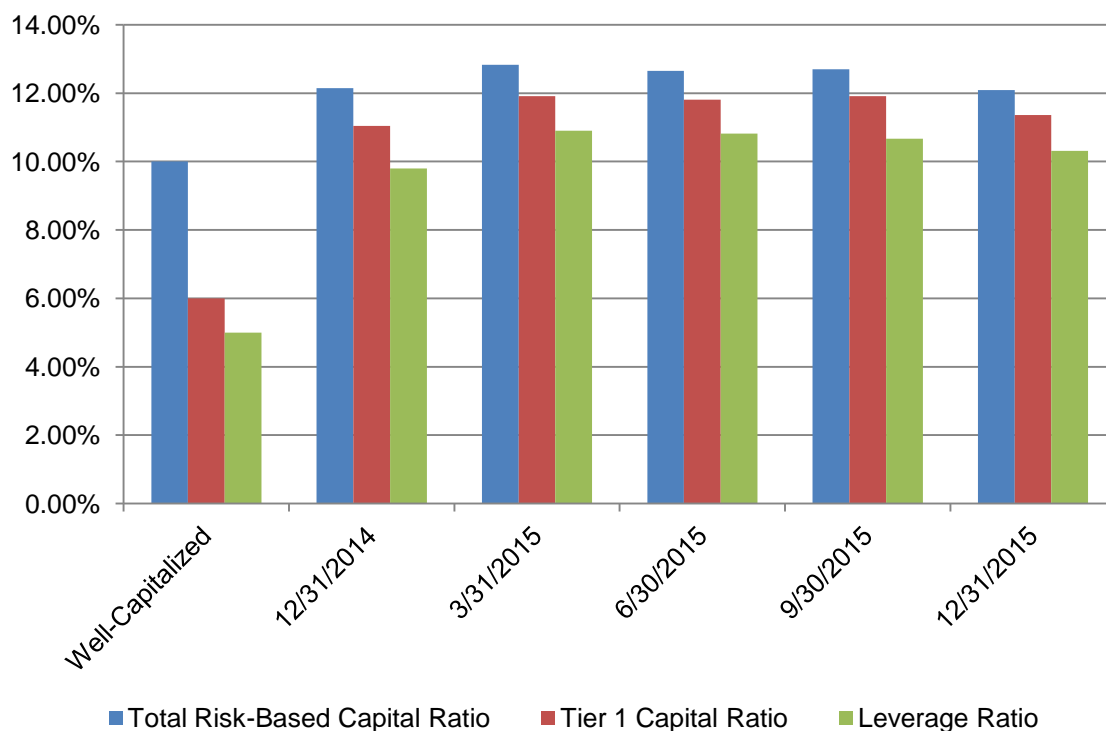


Asset Quality Ratio. The bank’s asset quality ratios and percentile rankings for the last five quarters are set forth below:

	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015
Asset Quality Ratio	1.04	0.93	0.92	1.06	0.73
Asset Quality Ranking	50	53	49	41	57

Capital Adequacy. Uninvest Bank and Trust Co. is classified as “well-capitalized” (Capital Category 1) for federal regulatory purposes by meeting or exceeding the minimum measurements as shown below.

Uninvest Bank Capital Ratios



Collateral Review. Uninvest maintained collateral coverage of 100.85% of public funds held for deposit as of September 30, 2015 and 104.28% as of June 30, 2015. The report for September 30, 2015 showed that the collateral at that time consisted of FHLB letters of credit, a Treasury note and federal agency securities.

WSFS Bank (Wilmington Savings Fund Society, FSB)

Overview. WSFS Financial Corporation (Nasdaq:WSFS), the parent company of WSFS Bank, reported net income of \$14.0 million, or \$0.46 per diluted common share for the fourth quarter of 2015 compared to net income of \$12.7 million, or \$0.44 per share for the fourth quarter of 2014 and net income of \$14.4 million, or \$0.51 per share for the third quarter of 2015. Net income for the full year of 2015 was \$53.5 million, or \$1.85 per diluted common share, as compared to \$53.8 million, or \$1.93 per share for

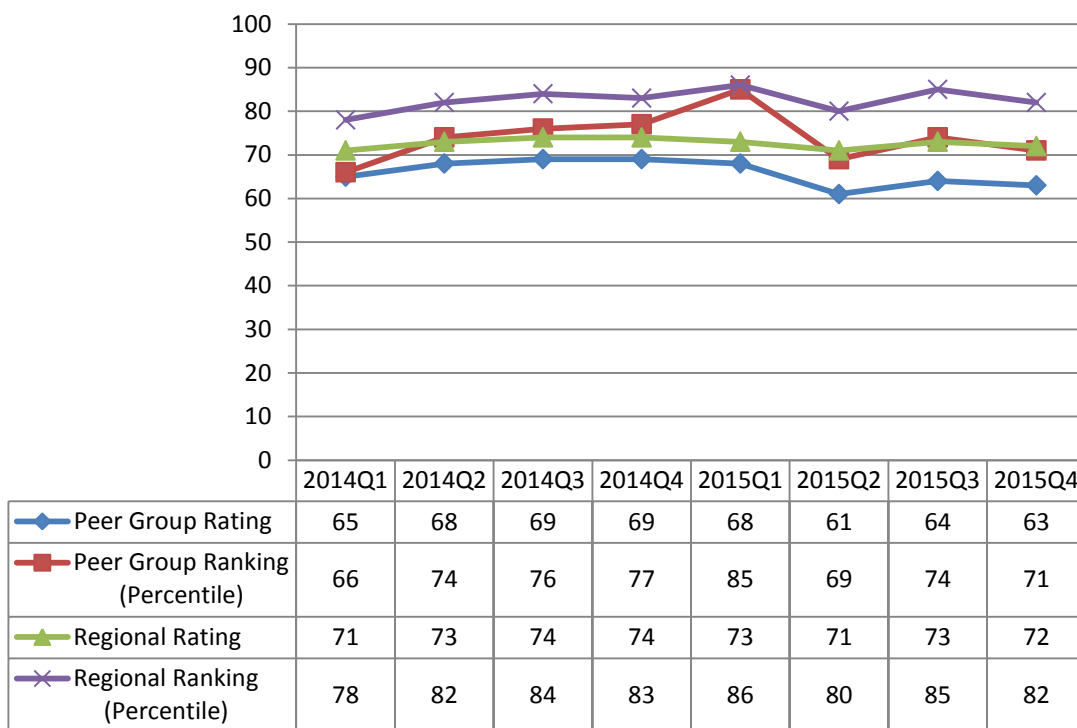
the full year of 2014. Results for 2014 included a one-time tax benefit of \$6.7 million, or \$0.24 per share, and \$3.6 million (pre-tax), or \$0.08 per share, less in corporate development costs.

Net interest margin rose from 3.82% for the fourth quarter of 2014 to 4.18% for the fourth quarter of 2015. Nonperforming assets were 0.72% of total assets as of December 31, 2015 compared to 0.88% as of September 30, 2015 and 1.06% as of December 31, 2014.

Credit Ratings. Neither WSFS Financial Corporation nor WSFS Bank has a long-term credit rating.

Peer Group Ratings. WSFS Bank’s Bank Insight peer group rating for December 31 was “63”, placing the bank in the 71st percentile of its peer group of banks with total assets between \$5 billion to \$9.9 billion. Bank Insight ratings and rankings for the last two years were:

WSFS Bank Peer Group Ratings and Rankings

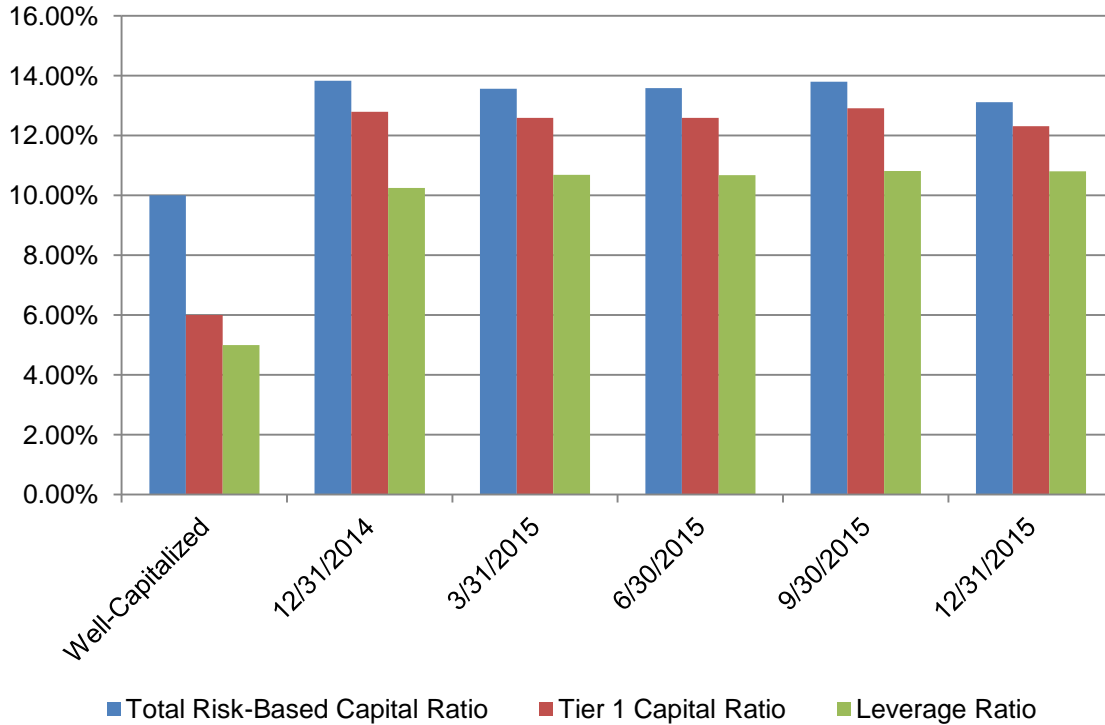


Asset Quality Ratio. The bank’s asset quality ratios and percentile rankings for the last five quarters are set forth below:

	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015
<i>Asset Quality Ratio</i>	0.91	0.81	1.17	0.92	1.15
<i>Asset Quality Ranking</i>	55	60	37	53	34

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

WSFS Bank Capital Ratios



Collateral Review. WSFS maintained collateral coverage of 110% of public funds held for deposit as of October 2015. The report for October showed that the collateral at that time consisted of federal agency securities.

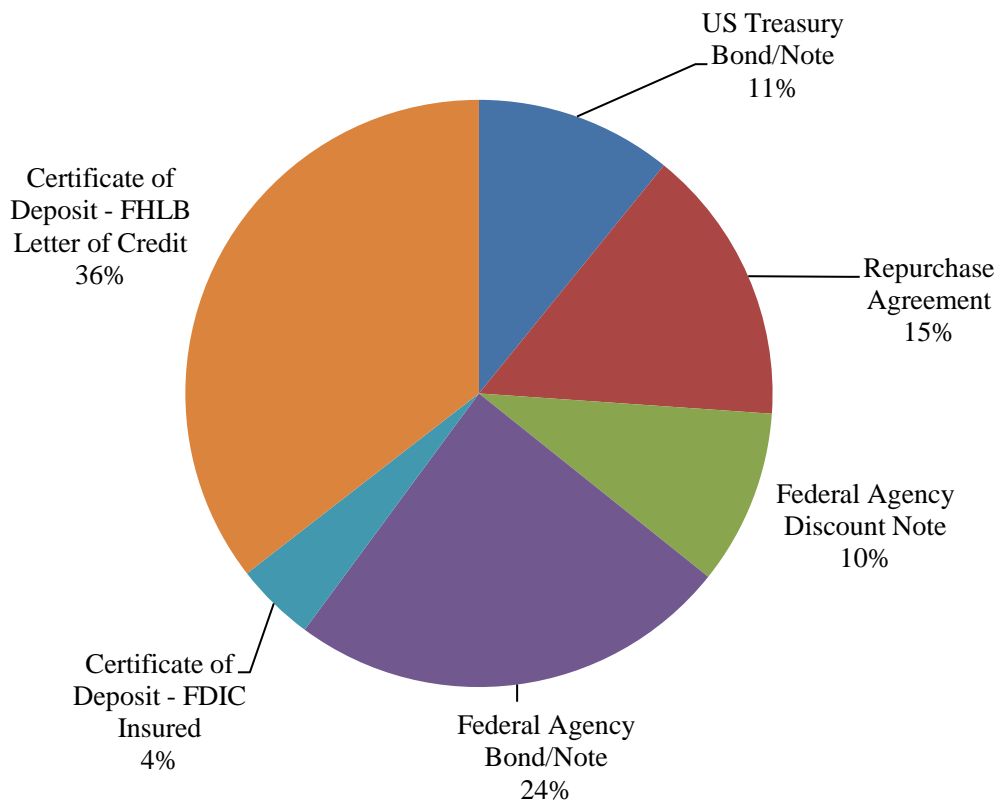
PLGIT AND PSDLAF

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, 2015 consisted of bank deposits (20.7%) and U.S. Government Agency and Treasury obligations (79.2%).

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, 2015.

PLGIT PLUS Composition of Securities in Portfolio December 31, 2015



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 29, 2016 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.

First Niagara's Bank Insight ranking rose slightly to the 13th percentile, continuing a climb from a ranking at 0 a year ago. The abysmal rating of 0 resulted from the large net loss reported for the third quarter 2014 which should not be repeated since it resulted from a one-time accounting charge. Its asset quality ranking was at the 28th percentile. The bank's Total Risk Based Capital Ratio has climbed slowly over the last year up to 11.55%, and is now over one and a half percent above the 10.0% minimum. First Niagara's collateral is of good quality. The acquisition of First Niagara by KeyCorp will improve the bank's standing.

Firsttrust Savings Bank's peer group Bank Insight ranking fell sharply to the 47th percentile. The bank's asset ranking as of December 31 was at the 46th percentile. Firsttrust's capital ratios are well in excess of the required minimums. Firsttrust Savings Bank provides satisfactory collateral coverage.

National Penn's Bank Insight peer group ranking fell from the 64th percentile to the 57th percentile; its asset quality ranking was at the 65th percentile. The bank's capital ratios are over two percentage points above the required minimums. National Penn provides collateral of reasonable quality and with satisfactory coverage ratios to provide additional security. National Penn has agreed to be acquired by BB&T Bank based in North Carolina.

QNB Bank's peer group Bank Insight ranking fell from the 17th percentile to the 13th percentile in December with its asset quality ranking declining to the 25th percentile. QNB's capital ratios declined but provide a satisfactory margin above the required minimums. The bank's collateral coverage is satisfactory and the quality of the collateral was very good.

Santander (Sovereign) Bank's Bank Insight ranking declined to the 10th percentile during the fourth quarter while its asset quality ranking was unchanged at the 36th percentile. 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 December 2015 was very good.

TD Bank's Bank Insight peer group ranking fell to the 5th percentile while its asset quality ranking also declined to the 13th percentile. It maintains strong margins above the required capital ratio minimums. TD's collateral consists exclusively of highly-rated asset backed securities. Collateral coverage for TD provides a reasonable cushion over the required minimum.

Univest Bank and Trust Co's Bank Insight peer group ranking rose eight points to the 68th percentile. The bank's asset quality ratio was at the 57th percentile. Its capital ratios are well above the required minimums. Univest provides satisfactory collateral coverage.

WSFS's Bank Insight peer group ranking rose slightly to the 74th percentile. The bank's asset quality ratio was at the 53rd percentile. Its capital ratios are well above the required minimums. WSFS provides satisfactory collateral coverage.

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

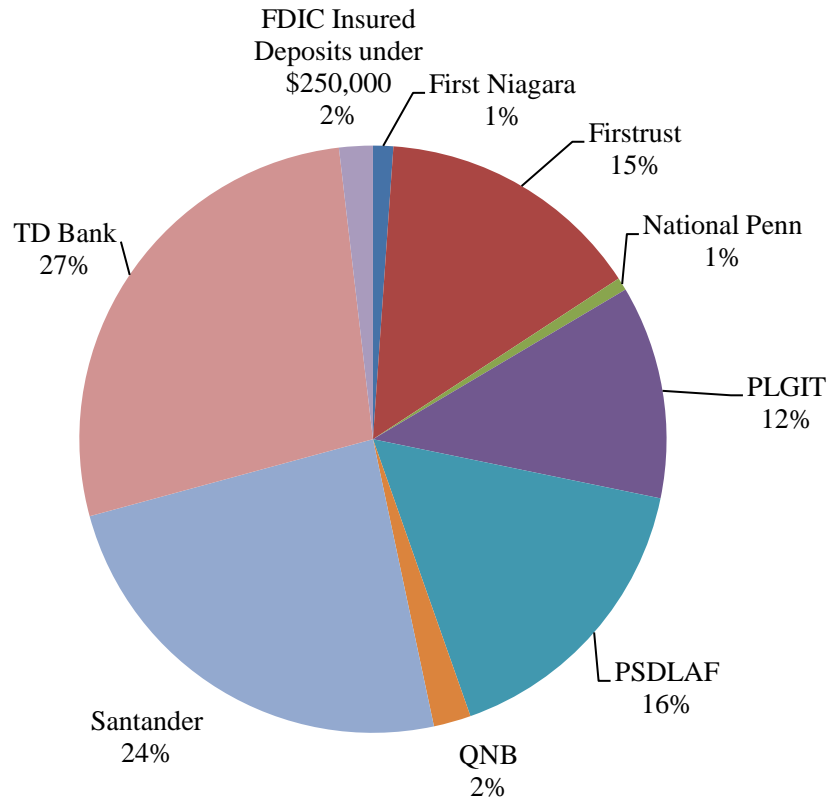
March 24, 2016

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 29, 2016



LOGIC
SUPPLEMENT TO QUARTERLY REPORT
(AS OF MARCH 29, 2016)

CENTRAL BUCKS SCHOOL DISTRICT

Lawlace Consulting LLC is pleased to provide Central Bucks School District with an updated report on National Penn Bank that includes an analysis of the bank's collateral pool as of September 2015.

National Penn Bank

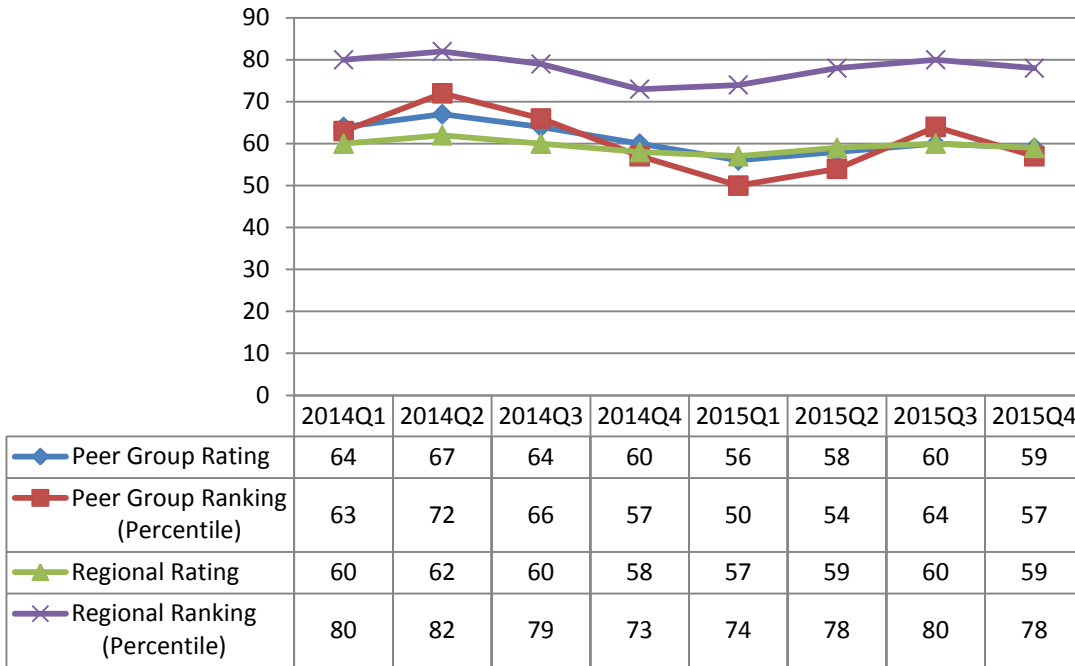
Quarterly Results. National Penn Bancshares, the parent company of National Penn Bank, reported net income of \$28.9 million, or \$0.20 per diluted share, for the fourth quarter of 2015, compared to net income of \$27.9 million, or \$0.20 per diluted share, in the prior quarter. Exclusive of merger-related expenses, adjusted net income for the quarter was \$29.6 million, or \$0.21 per share, compared to \$29.2 million or \$0.21 per share, in the third quarter. Net income for the year was \$110.7 million, or \$0.78 per diluted share, while adjusted net income was \$112.8 million, or \$0.80 per share, compared to adjusted net income of \$100.8 million, or \$0.71 per diluted share, for 2014. Adjusted return on average assets, exclusive of merger-related costs, remained strong at 1.22% and 1.18% for the fourth quarter and full year 2015, respectively.

BB&T Corporation and National Penn Bancshares, Inc. announced on August 17 the signing of a definitive agreement under which BB&T will acquire National Penn in a cash and stock transaction for total consideration valued at approximately \$1.8 billion. This acquisition will significantly expand BB&T's footprint in the Mid-Atlantic region and improve its deposit market share to #4 in Pennsylvania. BB&T completed its acquisition of Susquehanna Bancshares, Inc., parent of Susquehanna Bank, in early August 2015. BB&T, based in Winston-Salem, North Carolina, is the twelfth largest banking institution in the United States with \$209.9 billion in assets as of December 31, 2015. BB&T operates 2,139 financial centers in 15 states and Washington, D.C. The National Penn acquisition is expected to close in mid-2016.

Credit Ratings. National Penn Bancshares, Inc., the parent company of National Penn Bank, has a Baa2 (Outlook Stable) long-term rating from Moody's.

Peer Group Ratings. National Penn Bank's Bank Insight peer group rating for December 31 was "59", placing the bank in the 57th percentile of peer group banks with assets of \$5 billion to \$9.9 billion. BB&T's Bank Insight peer group rating for December 31 was "56", placing the bank in the 60th percentile of peer group banks with over \$10 billion in assets. Bank Insight ratings and rankings for National Penn for the last two years were:

National Penn Bank Peer Group Ratings and Rankings

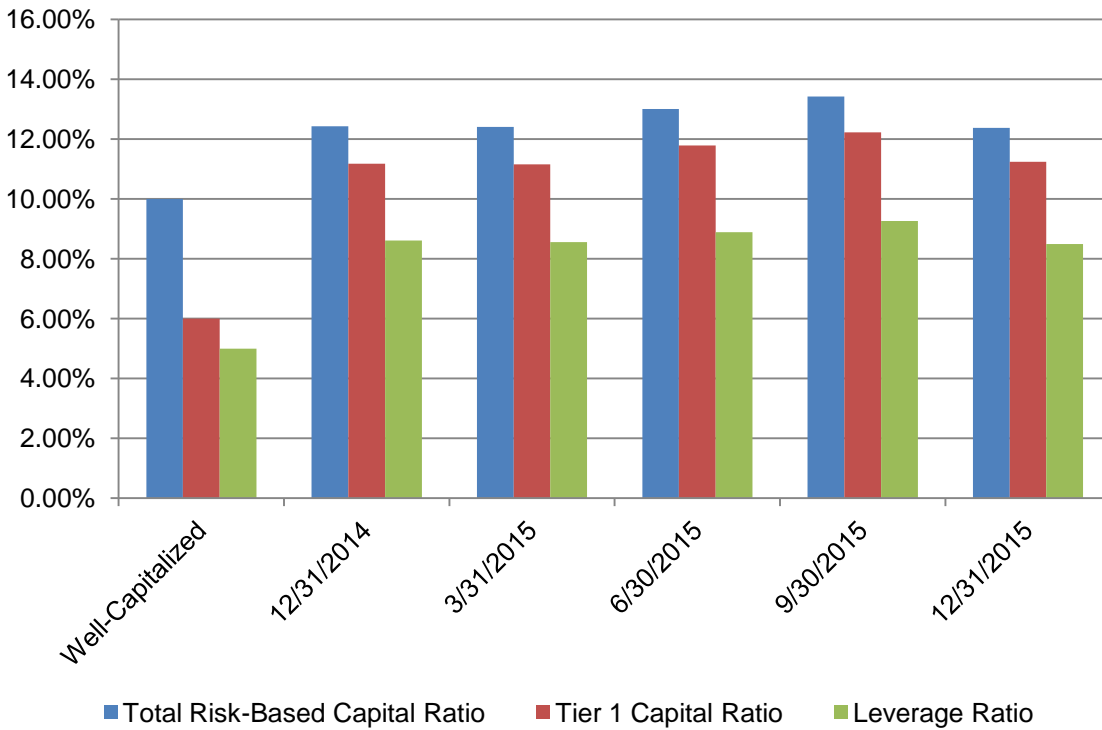


Asset Quality Ratio. The bank’s asset quality ratios and percentile rankings for the last five quarters are set forth below:

	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015
Asset Quality Ratio	0.93	0.94	0.73	0.68	0.62
Asset Quality Ranking	60	56	65	68	65

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.

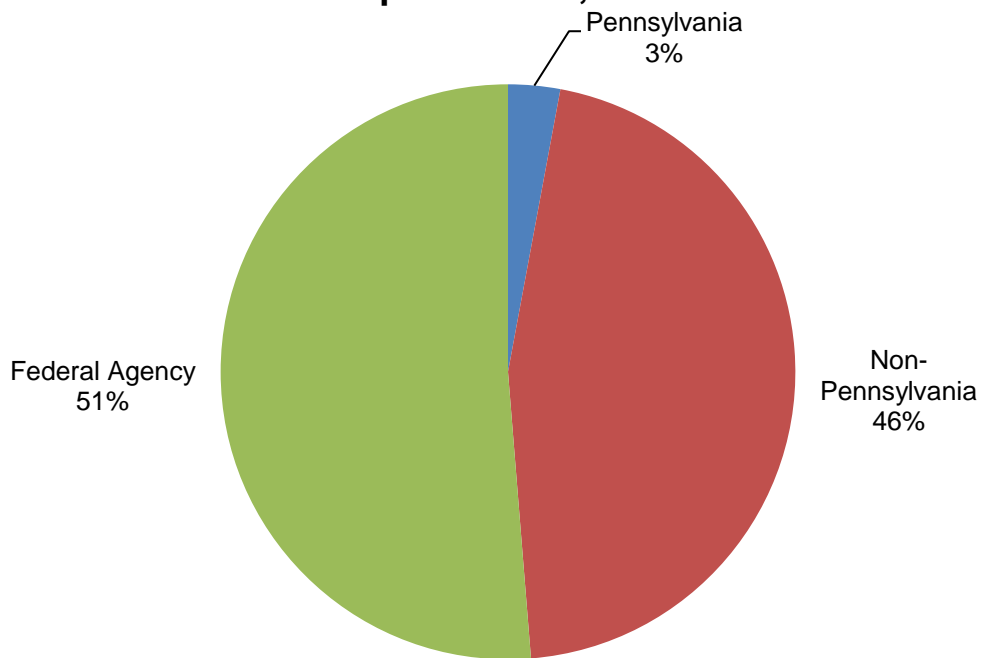
National Penn Bank Capital Ratios



Collateral Review. National Penn Bank maintained collateral coverage of 118% as of February 29, 2016 and 105.49% as of January 31, 2016. 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 September 30, 2015. The collateral consisted entirely of Federal agency securities and municipal general obligation and revenue bonds, from Pennsylvania and out-of-state issuers as shown in the chart below.

National Penn Bank Collateral Characteristics September 30, 2015



Summary

National Penn's Bank Insight peer group ranking fell from the 64th percentile to the 57th percentile; its asset quality ranking was at the 65th percentile. The bank's capital ratios are over two percentage points above the required minimums. National Penn provides collateral of reasonable quality and with satisfactory coverage ratios to provide additional security. National Penn has agreed to be acquired by BB&T Bank based in North Carolina.

March 29, 2016

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.