CENTRAL BUCKS SCHOOL DISTRICT
Finance Committee Minutes
January 18, 2017

Committee Members Present

Glenn Schloeffel, Chairperson
Beth Darcy, Member
Paul Faulkner, Member

Other Board Members and Administrators Present

Sharon Collopy
Karen Smith
Dennis Weldon
Mr. Kopicki, Superintendent
Dr. Bolton, Assistant Elementary Superintendent

Dave Matyas, Business Administrator
Susan Vincent, Director of Finance

Committee Members Absent
Jerel Wohl, Member

The Finance Committee meeting was called to order at 6:00 p.m. by Glenn Schloeffel, Chairperson

PUBLIC COMMENT
Two members of the press were present as well as representatives of the real estate tax collectors group and other citizens.

Members of the tax collectors group spoke regarding the process they undertake to account for real estate tax bills, their office hours, customer service, their rate of pay, and the number of additional tax bills they process due to growth of real estate in the community.

Review of Minutes
The December 13, 2016 Finance Committee meeting minutes were accepted.

INFORMATION/ DISCUSSION/ACTION ITEMS

2015-16 Audit Review – Ed Furman, partner with Maillie LLP the school district audit firm, gave the committee an overview of the 2015-16 audit. The auditors expressed a clean opinion for the audit which covered the general fund, capital fund, food service fund, and fiduciary trust fund. Maillie also conducted an audit of federal programs in accordance with federal guidelines.

Mr. Furman then covered the methodology used to review financial data which includes a full download of all general ledger transactions that are then used for statistical sampling as well as the search process for possible theft or inconsistent accounting practices.

Finance Committee members asked several questions regarding fund balance, other post-employment benefit liabilities, and fixed assets. The committee asked for a detailed report on miscellaneous revenue items, the fixed asset variation as noted in the management discussion and analysis, and a further explanation of note N in the financial statements.

The full audit report is located on the district website under the financial section of the School Board page. The committee directed administration to place the audit report on the Board agenda for consideration.

Setting Real Estate Tax Collector Compensation – The committee voiced their viewpoints on compensation amounts for the next four-year election cycle with some members favoring no increase and other members favoring some type of percentage increase. Administration added a paragraph to the tax collector resolution discussing the general timing of payment reminder notices and that the district would reimburse tax collectors for the supply costs of sending out the reminder notices. The committee directed administration to place this item on the Board agenda for consideration.

Review of Financial Information Items - The Finance Information reports were reviewed, beginning with the Summary of Capital Reserve Account Activity and Fund Balance Status Report. Balances of the reserve accounts were noted and a review of the fund balance information included on the report was reviewed, noting that the fund balance amounts agree with the fund balances in the audit report for the year ending June 30, 2016. The Payroll, FICA/Medicare and Retirement Report, along with the Fringe Benefit Report were reviewed and it was noted that there were no significant changes in projections to date, but as the year progresses and more data is available the projected expenses will become more predictable. It was noted that healthcare expense projections are not real strong due to a delay in actual claims expenses to date, resulting from how health claims are being processed due to a new stop loss classification and that updated information will be available in the February/March timeframe. The projected Prescription Drug expense was also commented on with regard to the possibility the encumbrance amount may be slightly high, but is being reflected as such due to prior year trends. The Projected Tax Collection report was reviewed with some discussion on the current collection rate of Real Estate taxes being slightly up and the EIT tax collections looking very positive as well.

Budget Outlook - Administration reviewed two five-year budget scenarios with the committee. One scenario assumed a one mill real estate tax reduction from 124.1 mills to 123.1 mills. The other scenario assumed no tax increase meaning the millage rate would remain at 124.1 mills for the 2017-18 fiscal year through 2021-22

While it is early in the budget development cycle, the one mill reduction currently shows revenues exceeding expenses for 2017-18 by about $800k with expenses exceeding revenues over the remaining four years of the projection ranging from -$181k through -$3.4M assuming the millage rate remained at 123.1 mills over the five-year period.

The second scenario maintained the current millage rate of 124.1 mills for fiscal years 2017-18 through 2021-22. In this scenario revenues exceeded expenses through 2020-21 with fiscal year 2021-22 turning negative at -$1.6M

During the December Finance Committee Meeting, the committee asked for a report of payroll full time equivalencies (FTE) as of the first payroll in October for the past seven years. By employment category, the report shows the history of employment growth and reductions along with student enrollment trends. Several questions were asked surrounding the information and the methodology used for the FTE report; where full time and part-time employees are treated the same, in essence not a true FTE evaluation.

During the December Finance Committee Meeting, the committee also asked for a report of the history of real estate tax collections. Over the past eight years, the real estate tax collection rate has averaged 97.45%. If all real estate owners paid their tax bill taking advantage of the 2% discount period, the tax collection rate would be 98%.

The resolution to adopt the preliminary budget at the January 24th board meeting was reviewed with the committee. References in the resolution that the district would submit Act 1 retirement exceptions to the Pennsylvania Department of Education (PDE) were removed as the district will not be seeking a tax increase. The business office will continue to estimate what the retirement exceptions will be to preserve the history of Act 1 allowed real estate tax increases compared with actual CBSD tax increases.

A preview of the January 24th budget presentation was given with a summary of some of the high lights as follows:

- The employer's contribution rate into the state retirement system increased by about .5% since the December budget presentation which will result in a budget increase of about $800,0000. The new retirement contribution rate of 32.57% includes costs of 24% due to past unfunded liabilities for payments below the actuarial recommended amount.   Had past contributions been made at the appropriate amount, the current employer contribution rate would be about 8.5%
- The preliminary budget amount as of January 24th is $327,958,865
- State subsidies are finally equaling amounts received by CBSD prior to the great recession.
- Principal and interest payments on debt for 2017-18 will be approximately $15M or 4.7% of the total budget

An overview of draft legislation to eliminate real estate property taxes in Pennsylvania was reviewed. Some of the highlights presented were:

- Eliminates all school property taxes except amounts needed for debt payments.
- Implementation is projected to be July 1, 2017
- The state would increase the personal income tax from 3.07% to 4.95%
- The sales tax would increase from 6 to 7% and expand the types of items subject to taxation
- Under the tax shift, school districts would receive the same amount of money as they received from real estate tax collections
- To issue debt, the local community must approve it via a referendum vote
- The tax shift would eliminate most real estate taxes on businesses and be shifted to individuals
- Real estate tax write-offs on federal taxes would be significantly reduced.
- Recessions will have a comparatively larger impact on school district finances compared to reliance on real estate taxes
- The state Independent Fiscal Office (IFO) estimates that a $14B tax shift will need to take place across Pennsylvania

Audit Request for Proposal - The current engagement with Maillie LLP for audit services will conclude with the audit for the current year 2016-17. The committee asked administration to develop a request for proposal at the appropriate time and exclude Maillie from submitting a proposal so that a new audit firm can have a fresh look at district financials.

ADJOURNMENT

The meeting adjourned at 8:45p.m.

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

Central Bucks School District

Finance Committee

Board Room of the Education Services Center – 16 Welden Drive
Wednesday January 18th 2017, 6:00pm Projected time – 1 Hour and 30 Minutes

Glenn Schloeffel, Chairperson
Beth Darcy, Member
Dave Matyas, Business Administrator
Paul Faulkner, Member
Jerel Wohl, Member
Susan Vincent, Director of Finance

Agenda

1) Call to Order	Chairperson	Start Time
2) Public Comment	Chairperson	
3) Approval of Prior Meeting Minutes	Chairperson/Committee	Pages 1 -3
4) Information / Discussion / Action Items		
a. * Review of the 2015-16 Audit Report	30 minutes Ed Furman of Maillie	Handout
b. * Tax Collector Compensation Discussion and Resolution	5 minutes Dave Matyas	Pages 4 - 6
c. Review of Finance Information Items	5 minutes Susan Vincent	Discussion
d. 2017-18 Budget Update: No Millage Increase Vs 1 Mill Reduction	15 minutes Dave Matyas & Susan Vincent	Pages 7 - 8
e. Teacher Full Time Equivalency (FTE) 7-Year Review	5 minutes Dave Matyas	Page 9
f. History of Real Estate Tax Collection Rates	5 minutes Susan Vincent	Page 10
g. *Preliminary Budget Adoption Resolutions-Remove Act 1 Exceptions	10 minutes Dave Matyas	Pages 11 - 34
h. Audit Request for Proposal	2 minutes Susan Vincent	Discussion
5) Adjournment	Chairperson	End Time
6) Next Meeting Date: February 15th, 2017		

Information Items

* Treasurers Report	Pages 35 - 39
* Investment Report	Pages 40 - 45
Other Funds Report	Page 46
Payroll Expense Projections	Page 47
Benefit Expense Projections	Page 48
Tax Collection Projections	Page 49
LOGIC Report on Banking	Pages 50 – 77

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

Please note: Public comment should be limited to three minutes

CENTRAL BUCKS SCHOOL DISTRICT
Finance Committee Minutes
December 13, 2016

Committee Members Present

Glenn Schloeffel, Chairperson
Beth Darcy, Member
Paul Faulkner, Member

Other Board Members and Administrators Present

Sharon Collopy
Karen Smith
Dennis Weldon
Mr. Kopicki, Superintendent
Dr. Davidheiser, Assistant Secondary Superintendent

Dave Matyas, Business Administrator

Committee Members Absent
Jerel Wohl, Member
Susan Vincent, Director of Finance

The Finance Committee meeting was called to order at 6:00 p.m. by Glenn Schloeffel, Chairperson

PUBLIC COMMENT
There was no public comment. There were five members of the real estate tax collector group, and one member of the news media present.

Review of Minutes
The November 16, 2016 Finance Committee meeting minutes were accepted.

INFORMATION/ DISCUSSION/ACTION ITEMS

Setting Real Estate Tax Collector Compensation – The real estate tax collector group is asking for an increase in compensation from $619,710 for the current four-year cost to $708,240 for the 7/1/2018 through 6/30/2022 election cycle. The requested increase equates to approximately a 5.4% increase per year. The Board must take action to set the compensation for the next four-year election cycle by February 15th, 2017.

The committee had an open dialogue with representatives of the real estate tax collector group who were helpful answering questions concerning job duties, office hours, and past rates of pay. The tax collector group is also pursuing a pay increase as well from county and municipal sources.

The committee directed administration to provide the school board with a summary of compensation levels for other county school districts and to provide school board members with scenarios for various percent increases. The committee also directed administration to place the tax collector compensation item on the school board agenda for January 10th, 2017 for discussion.

Review of Financial Information Items - The treasurer's, capital, and fund balances monthly financial reports were reviewed for the month of November. The treasurers report was modified slightly to include the dates that accounts payable checks were printed. The all funds report shows a change in the assigned fund balance. The district ended the 2015-16 year with a positive budget variance of approximately $9.3M. The Finance Committee discussed using half of that amount to fund future year budgets to help minimize taxes. We met with the district audit firm who suggested we may want to assign half of the $9.3M positive budget variance to help document the purpose of the fund balance in future budget and future audit reports. This action does not prevent the Board from changing the designation of these funds in the future.

Budget Outlook - Administration reviewed the status of the 2017-18 budget process. During the second week in December the state pension board of trustees for PSERS recommended an employer contribution rate increase from the original number of 32.04% of gross payroll to 34.57%. This will increase district expenses by approximately $825,000 of which 50% will be reimbursed by the state. Future year projection show contribution rates increasing to 36.4%.

At the end of the November Finance Committee meeting, administration was asked to prepare a budget scenario that included a reduction in the real estate tax millage rate from 124.1 to 123.1 mills. One mill of real estate taxes brings in approximately $1.8M in revenue.

Administration adjusted some assumption from the November meeting to the December meeting as there seems to be a greater sense that local tax revenues continue to improve. Real estate assessed values for 2017-18 were increased as well as the projected real estate collection rate which helped to minimize a potential revenue loss of $1.8M down to about $1.1M.

Various charts for real estate assessed values, earned income taxes, real estate transfer taxes, and interim real estate taxes were reviewed to show the history of percent changes in revenue and associated volatility.

More aggressive assumptions for earned income taxes, real estate transfer taxes, and interim real estate taxes were used based on the latest revenue trends and projections. The change in projections yielded an increase in local tax revenue of approximately $650,000 after accounting for a one mill reduction in real estate taxes.

The committee asked administration to provide a five-year history of real estate tax collections, and to project the general fund budget out for five years with a frozen millage rate and with a one mill reduction.

State Construction Reimbursement (PLANCON) - Administration reviewed the state reimbursement process for school construction and renovations. The district's construction expense reimbursement was held up for several years by a lack of funding in the state budget. Most of the held up reimbursements were for the CB East high school project. After several years of not funding school construction, the state decided to borrow $350M to reimburse districts state-wide for back subsidies owed to them. CBSD will receive approximately $5.9M for some subsidies that date back to the 2008-09 fiscal year through 2015-16.

Salary Review - A five-year history of staffing was reviewed with the committee to show trends by employment category. A report was also review that showed the current year budget, projected actual expenses, and the budgeted 2017-18 salary expenses as of November 30th to give the committee a better sense of how the state accounting system for salaries works and the amount of money budgeted in each category.

The committee asked administration to expand the five-year staffing history to seven years for review at the next committee meeting.

Chalfont Borough Local Economic Revitalization Tax Assistance (LERTA) – The solicitor developed a draft resolution for the committee to review that provides a framework for supporting the Chalfont LERTA initiative to bring in more business development to the community. The LERTA agreement would limit real estate assessment growth in the LERTA zone for five years.

The committee asked what would happen to tax collections if a business was built on a vacant lot? Administration will follow up with the solicitor for the answer. *Post meeting note: The solicitor noted that the district would receive the taxes appropriate for a vacant lot for the five year LERTA period. The school district would start to receive the full land and building assessed value and associated real estate taxes upon expiration of the LERTA term (five-year period).*

The committee directed administration to work with the solicitor and Chalfont Borough to take the next step in the process of aligning legal documents for the borough, school district, and the county before placing the item on the school board agenda for discussion.

Food Service Freezer – The committee asked why the freezer project was put on hold/canceled. The general manager for the district food service provider, Aramark, was promoted with the new general manager transitioning to CBSD in November. Administration asked the new general manager if it would be possible to operate successfully without a new freezer. After some investigation, it was determined that more frequent frozen commodity deliveries could be arranged to help minimize freezer overcrowding and facilitate stock rotation. Also with the green initiative, the new manager wanted to evaluate existing kitchen equipment to see if there is enough dishwasher capacity to process reusable plates and bowls within the daily lunch period time constraints and possibly use the freezer budget allocation for other kitchen equipment.

The committee asked administration to report back with any higher supply costs associated with the improper handling of reusable materials by students. The committee also asked for a report of reduced usage of foam products as a result of substituting reusable products.

<u>ADJOURNMENT</u>
The meeting adjourned at 8:00p.m.

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

RESOLUTION NO. _____

CENTRAL BUCKS SCHOOL DISTRICT

<u>PROCEDURES FOR COLLECTING SCHOOL TAXES AND REMUNERATION</u>

In accordance with the Commonwealth's "Local Tax Collection Law," Act of May 25, 1945, P.I. 1050, as amended, and Public School Code of 1949, as amended, the following requirements have been adopted this 24th day of January, 2017, by the School Directors of the Central Bucks School District for all tax collectors elected to office on November 7, 2017, or those duly appointed thereafter, for these townships and boroughs – Buckingham Township, Chalfont Borough, Doylestown Borough, Doylestown Township, New Britain Borough, New Britain Township, Plumstead Township, Warrington Township and Warwick Township – for school years commencing July 1, 2018 and ending June 30, 2022:

1. All tax bills shall be prepared by the tax collector from the tax duplicate provided. All bills must state that checks shall be made payable to a payee as designated by the Central Bucks School District.

2. All tax collectors of school taxes shall furnish a surety bond in such amount as ordered by the Court of Common Pleas or its successor. The premium cost for the bond shall be paid by the School District.

3. Each tax collector shall deposit all taxes, when received, on a daily basis into an approved School District account and the School District and Tax Collectors will cooperate to institute a system of remote direct deposit of all taxes received to an approved School District account on a daily basis. The District shall be responsible for the coordination, acquisition and implementation of all required Software and/or equipment necessary to implement the remote daily direct deposit system. The tax collector will not have the authority to disburse any funds from the account other than transfers to the District or as specified below. A tax payment (other than those made by cash) not drawn to the order of the payee as directed above shall not be accepted by the tax collector unless it combines the payment of School District and County/Municipal taxes. If a check is received that combines payment of School District and County/Municipal Taxes, same shall be deposited into the tax collector's account and the appropriate disbursement of same shall be made as soon as possible thereafter. The Tax Collectors shall be permitted to deposit duplicate payments and overpayments in the tax collector's account for swift refunds to taxpayers and distribution to the School District.

Tax collectors shall do remote deposit of checks received by tax collectors, but it is understood and agreed that the equipment software, etc. required to do so will be provided by the District at no cost to the tax collectors.

4. In order to help minimize the number of real estate tax payers that may be at risk of paying their bill after October 31st and incur a 10% penalty, tax collectors shall send out reminder post cards to any real estate tax payer that has not paid their bill by mid-October. The school district shall reimburse the tax collectors for associated supply costs.

5. For cash payments received, tax collectors shall be required to issue a district approved triplicate cash receipt, which the District shall provide, noting date, name of the taxpayer, parcel number and amount of cash payment. One copy of this receipt must accompany the appropriate monthly report to the District, another copy shall be given to the taxpayer upon payment and the final copy shall be retained by the tax collector for audit.

6. On or before the 10th day of each month, tax collectors shall provide reports of collections for the preceding month to the District as provided under the Local Tax Collection Law, on forms that comply with the requirements of the Local Tax Collection Law, and, to the greatest extent possible, shall cooperate with the District Business Manager to provide such report, as requested by the District.

7. It shall be the duty of each tax collector to calculate adjustments, refunds and credits and report said calculations to the District along with the monthly report referred to in paragraph 5 of this Resolution.

8. Remuneration for all required services shall be made to the tax collectors as follows:

Year	Bill Collected or Liened
2018-2019	$3.50
2019-2020	$3.50
2020-2021	$3.50
2021-2022	$3.50

a. Payment shall be made within twenty (20) days of receipt of the payroll voucher and an accurate tax collector's monthly report.

b. Payment for taxes filed as liens with the County shall be made within three (3) weeks of verification that the liens have been filed with the county.

The District reserves the right to withhold all or any portion of remuneration due to each tax collector at any time when any of the above requirements are not met. If such a circumstance should arise, the funds will be released within twenty-one (21) days of the satisfactory completion of the task by the tax collector.

c. The District shall pay each tax collector an advance payment, representing thirty (30%) percent of the total compensation due, as calculated based upon the original tax duplicate, within three (3) weeks of certification by the tax collectors that all bills had been prepared and mailed and receipt of the payroll voucher.

9. It shall be the duty of each tax collector to make every effort possible to assure the accuracy of each duplicate using the information at hand at the time of tax billing.

10. Reimbursement expenses shall be in accordance with the School Code and the Tax Collection Code. Receipts and/or documentation i.e.: contract will be required. All expenses must reflect current market conditions. Expenses beyond current market conditions will not be reimbursable. Expenses shall be reimbursed within twenty (20) days of submission of verification of the amounts claimed. The District shall work with the tax collectors to maintain a system which provides timely payments and every effort shall be made to simplify and streamline reimbursement of those expenses.

11. All requirements of the Tax Collection Law, the School Code and all other regulations regarding tax collection procedures, etc., not specifically mentioned in this resolution must be adhered to strictly by all tax collectors.

12. The School Board reserves the right to appoint a duly designated auditor to audit compliance with this resolution, the School Code and the Tax Collection Code using generally accepted auditing standards as deemed necessary under the circumstance. Tax collectors shall cooperate with the designated School District auditor in the performance of his/her duties.

13. The Board strongly encourages all tax collectors to appoint a deputy tax collector to cover the entire term of this resolution.

14. The intent of the resolution is to implement adequate controls over revenues and to establish appropriate procedures to assure the timely transmittal of cash receipts to the District.

15. If any sentence, clause, section or part of this Resolution is found, by a court of competent jurisdiction, for any reason, to be unconstitutional, illegal or invalid, such unconstitutionality, illegality or invalidity shall not affect or impair any other remaining provisions, clauses, sentences, sections or parts of this Resolution. It is hereby declared the intent of the School District by its Board of School Directors that this Resolution would have been adopted even if such unconstitutionality, illegality or invalidity had not been included therein.

Attest: **CENTRAL BUCKS SCHOOL DISTRICT**
BOARD OF SCHOOL DIRECTORS

_______________________________ By:_______________________________

Sharon L. Reiner, Secretary Elizabeth A. Darcy, President

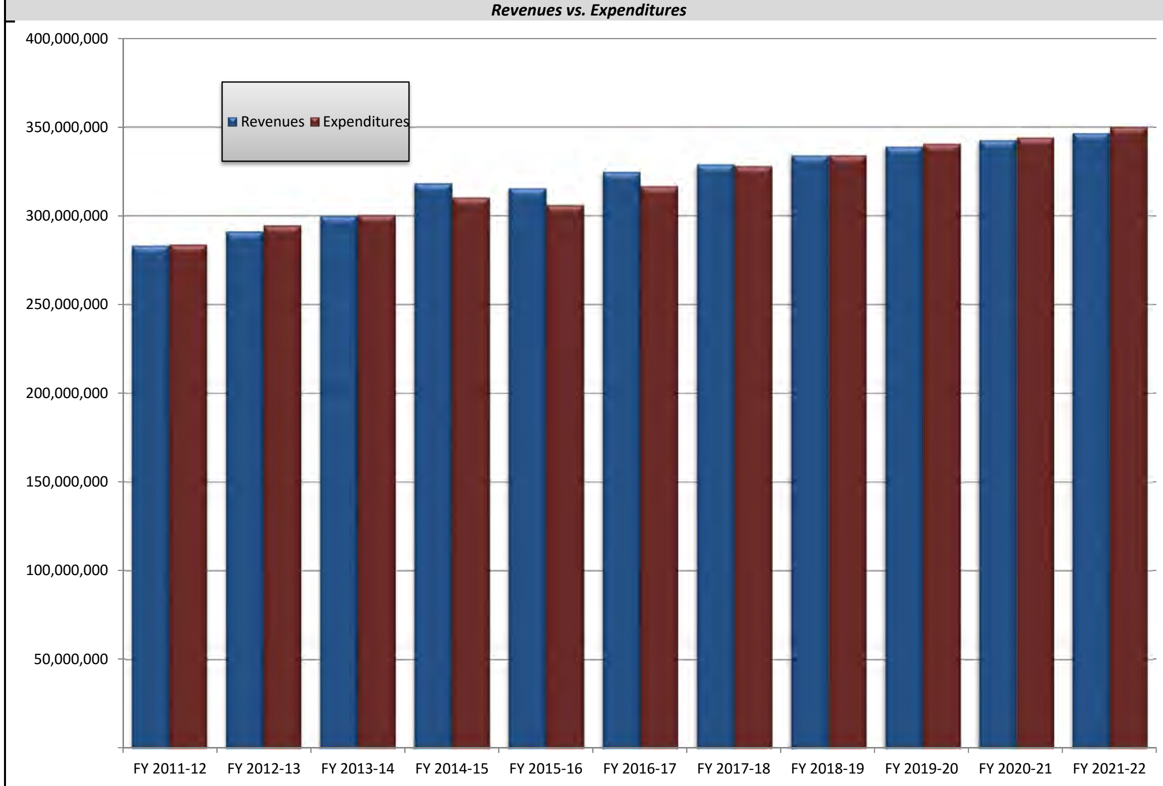
Central Bucks School District

Millage rate is 123.1 mills in this scenario

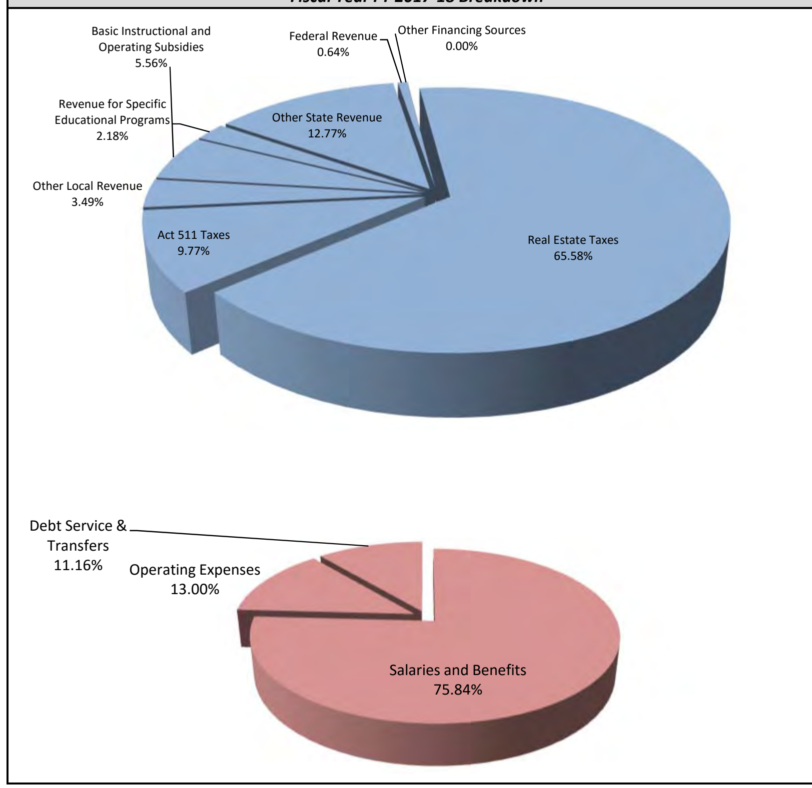
Concise Summary Report

	Actual FY 2011-12	Actual FY 2012-13	Actual FY 2013-14	Actual FY 2014-15	Actual FY 2015-16	Proj. Actual FY 2016-17	Budget FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20	Forecast FY 2020-21	Forecast FY 2021-22
REVENUES											
Real Estate Taxes	201,105,788	204,609,760	204,833,919	210,319,089	212,579,896	215,015,037	215,596,420	217,599,939	219,612,122	221,642,429	223,691,023
Act 511 Taxes	22,337,500	23,808,540	27,415,509	26,795,892	28,618,799	30,927,900	32,115,456	33,014,250	33,820,124	34,712,295	35,489,720
Other Local Revenue	11,915,783	11,717,679	11,364,937	11,261,674	11,494,620	11,710,765	11,483,244	11,578,244	11,687,543	11,806,231	11,929,984
Basic Instructional and Operating Subsidies	15,901,473	15,928,828	16,388,802	16,296,886	16,954,618	17,950,177	18,279,181	18,617,764	18,965,819	19,323,266	19,690,048
Revenue for Specific Educational Programs	7,360,291	7,363,102	7,289,294	7,265,957	7,262,128	7,131,934	7,167,594	7,203,432	7,239,449	7,275,646	7,312,024
Other State Revenue	21,997,241	24,748,564	30,365,219	31,894,576	36,698,681	39,719,680	41,981,208	43,717,925	45,392,148	45,663,666	46,542,128
Federal Revenue	1,982,701	2,337,459	1,577,172	2,050,534	1,725,342	2,160,671	2,116,955	2,076,379	2,038,803	2,004,096	1,972,135
Other Financing Sources	492,500	494,465	490,000	12,305,900	22,815						
TOTAL REVENUES	**283,093,277**	**291,008,396**	**299,724,852**	**318,190,508**	**315,356,901**	**324,616,164**	**328,740,057**	**333,807,932**	**338,756,009**	**342,427,629**	**346,627,061**
EXPENDITURES											
Salaries and Benefits	183,718,048	190,418,421	196,359,315	210,582,001	221,127,730	236,780,188	248,735,591	258,205,786	268,000,494	274,430,721	282,404,213
Operating Expenses	36,726,602	38,065,884	38,983,156	38,599,641	38,591,231	41,833,981	42,632,927	43,464,054	44,317,598	45,179,028	46,057,438
Debt Service & Transfers	63,237,992	66,110,804	65,088,566	61,077,021	46,359,809	38,068,394	36,590,348	32,324,652	28,122,156	24,307,910	21,611,315
TOTAL EXPENDITURES	**283,682,642**	**294,595,109**	**300,431,037**	**310,258,663**	**306,078,770**	**316,682,563**	**327,958,865**	**333,994,491**	**340,440,248**	**343,917,659**	**350,072,965**
NET OPERATING BALANCE	**(589,365)**	**(3,586,713)**	**(706,185)**	**7,931,845**	**9,278,131**	**7,933,601**	**781,192**	**(186,559)**	**(1,684,239)**	**(1,490,030)**	**(3,445,904)**

Revenues vs. Expenditures



Fiscal Year FY 2017-18 Breakdown



Central Bucks School District

Concise Summary Report

Millage rate is 124.1 mills in this scenario

	Actual FY 2011-12	Actual FY 2012-13	Actual FY 2013-14	Actual FY 2014-15	Actual FY 2015-16	Proj. Actual FY 2016-17	Budget FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20	Forecast FY 2020-21	Forecast FY 2021-22
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Other Local Revenue	11,915,783	11,717,679	11,364,937	11,261,674	11,494,620	11,710,765	11,483,244	11,578,244	11,687,543	11,806,231	11,929,984
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Revenue for Specific Educational Programs	7,360,291	7,363,102	7,289,294	7,265,957	7,262,128	7,131,934	7,167,594	7,203,432	7,239,449	7,275,646	7,312,024
Other State Revenue	21,997,241	24,748,564	30,365,219	31,894,576	36,698,681	39,719,680	41,981,208	43,717,925	45,392,148	45,663,666	46,542,128
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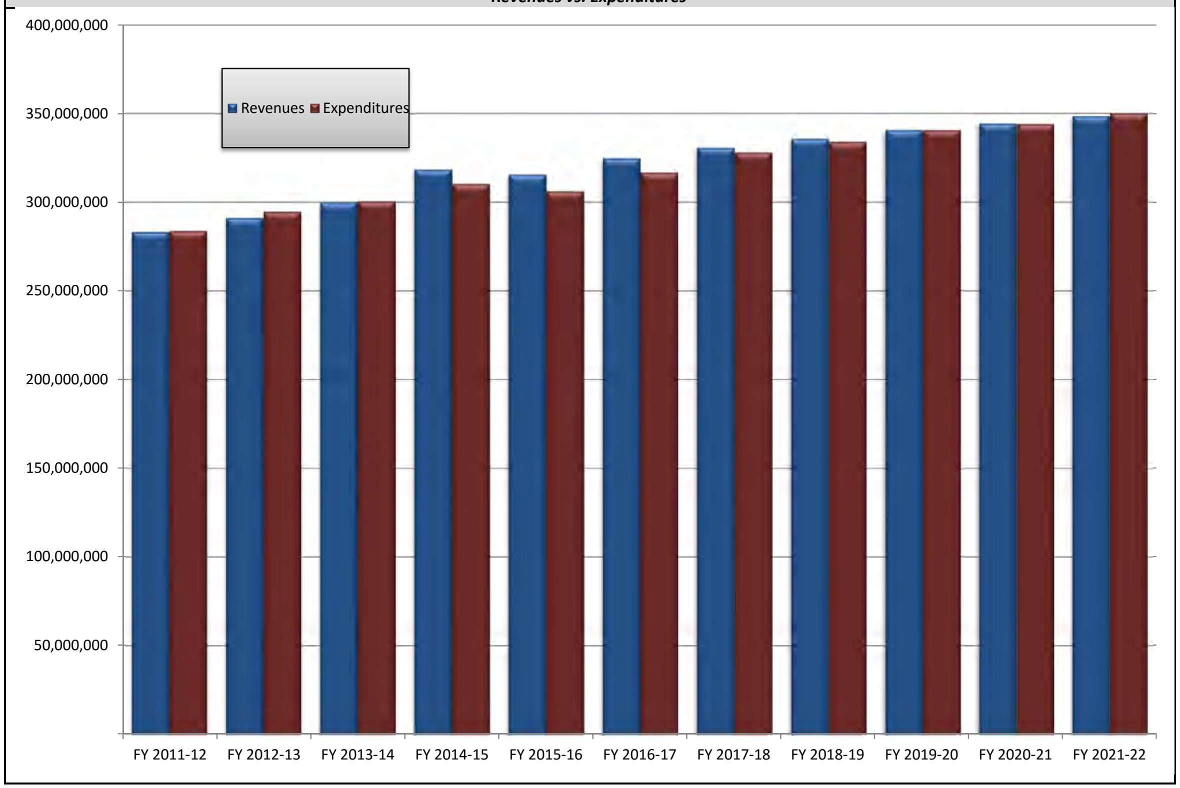
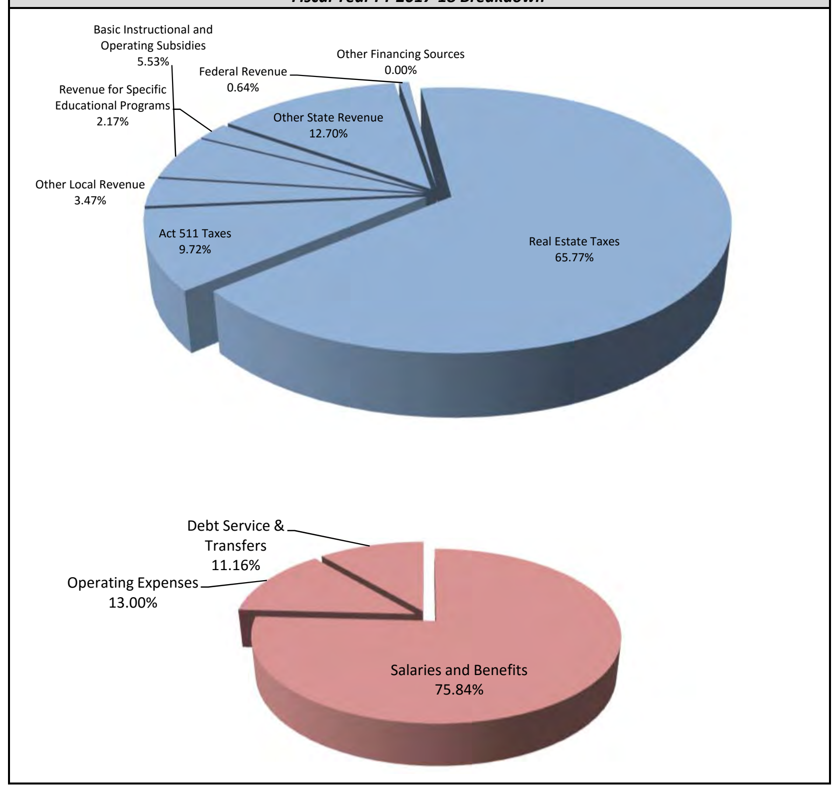
Debt Service & Transfers	63,237,992	66,110,804	65,088,566	61,077,021	46,359,809	38,068,394	36,590,348	32,324,652	28,122,156	24,307,910	21,611,315
TOTAL EXPENDITURES	**283,682,642**	**294,595,109**	**300,431,037**	**310,258,663**	**306,078,770**	**316,682,563**	**327,958,865**	**333,994,491**	**340,440,248**	**343,917,659**	**350,072,965**
NET OPERATING BALANCE	**(589,365)**	**(3,586,713)**	**(706,185)**	**7,931,845**	**9,278,131**	**7,933,601**	**2,562,908**	**1,611,192**	**129,692**	**340,226**	**(1,599,175)**

Revenues vs. Expenditures



Fiscal Year FY 2017-18 Breakdown



Description	Payroll Employee Count 10/1/10	10/1/11	10/1/12	10/1/13	10/1/14	10/1/15	10/1/16	7 Year Change	7 Year % Change
Administrator	102	97	96	96	98	102	104	2	2.0%
Teacher	1259	1,226	1,192	1,195	1,187	1,162	1,270	11	0.9%
Long-term Sub Teacher	79	62	90	82	87	130	28	(51)	-64.6%
12 Month Support_nonfacility	87	84	81	81	79	80	88	1	1.1%
Confidential Secretary	6	6	6	7	7	6	10	4	66.7%
10 Month Support Staff	472	450	469	480	487	485	496	24	5.1%
Ea + Title 1/Basic Sk/Com Schl	18	19	23	15	19	27	24	6	33.3%
Ea's Transportation	31	28	29	30	27	31	27	(4)	-12.9%
Title I/Basic Skls Assistants	58	50	52	49	49	51	49	(9)	-15.5%
Ttl1/Basic Skls + Ea Or Comm S	29	38	40	35	30	34	35	6	20.7%
Maint/Custodial	181	180	176	178	175	184	182	1	0.6%
Transportation	174	137	95	88	98	94	101	(73)	-42.0%
Transp.12month	13	11	10	11	10	11	10	(3)	-23.1%
Perm_cert - Per Diem Subs	155	137	128	125	99	95	61	(94)	-60.6%
Emerg_cert - Per Diem Subs	27	22	15	16	14	12	14	(13)	-48.1%
Assigned PER DIEM SUBS	15	18	15	11	13	13	18	3	20.0%
Homebound Instructor	0	1	-			1	-	-	0.0%
Building/District Subs			-				-	-	0.0%
Comm_sch_cc	106	109	114	113	116	115	123	17	16.0%
Community School-other	20	13		1	1	-	-	(20)	-100.0%
Aquatics-commschool	39	10	13	14	12	14	15	(24)	-61.5%
Sub Ed Asst	64	20	9	10	13	9	12	(52)	-81.3%
Student Swim	0	19	17	19	17	13	14	14	0.0%
Sub Custodial	9	6	4	2	3	3	2	(7)	-77.8%
Sub Driver - Transportation	32	36	35	42	37	43	38	6	18.8%
Sub Nurse	10	9	6	6	4	-	4	(6)	-60.0%
Daily Sub Secretarial	3	1				-	-	(3)	-100.0%
Pre-term Dept	7	5	4	4	9	10	6	(1)	-14.3%
Extra Duty Responsibility	2	-		1	2	-	-	(2)	-100.0%
Tax Collector	4	4	3	3	3	1	3	(1)	-25.0%
	3,002	**2,798**	**2,722**	**2,714**	**2,696**	**2,726**	**2,734**	(268)	-8.9%
Student Enrollment	20,440	20,092	19,856	19,566	19,090	18,728	18,390	(2,050)	-10.0%
Percentage Change per year		-1.70%	-1.17%	-1.46%	-2.43%	-1.90%	-1.80%		

History of Real Estate Tax Collection Rates Due to Discounts Offered and Non-Payment * = Budget							
Fiscal Year	Taxable Real Estate Value (July County Report)	Millage Rate	Gross Taxes to Collect (Tax Collector Charge)	Less Gambling Rebate to Home Owners and Farmers	Taxes to Collect = Gross Taxes less Gambling Rebate	Actual Real Estate Taxes Collected (AFR)	Tax Collection Rate
2008-09	$1,747,643,729	110.5	$193,114,632	$5,871,758	$187,242,874	$182,314,976	97.4%
2009-10	$1,758,920,930	114.8	$201,924,123	$5,852,326	$196,071,797	$189,510,931	96.7%
2010-11	$1,745,244,010	119.2	$208,033,086	$6,102,837	$201,930,249	$197,014,776	97.6%
2011-12	$1,739,340,925	120.8	$210,112,384	$5,867,454	$204,244,930	$200,205,438	98.0%
2012-13	$1,753,234,000	122.8	$215,297,135	$6,110,235	$209,186,900	$202,823,557	97.0%
2013-14	$1,755,942,610	122.8	$215,629,753	$5,736,098	$209,893,655	$204,860,837	97.6%
2014-15	$1,764,454,819	124.1	$218,968,843	$6,026,215	$212,942,628	$208,548,450	97.9%
2015-16	$1,790,636,350	124.1	$222,217,971	$5,857,240	$216,360,731	$210,709,262	97.4%
2016-17*	$1,808,326,670	124.1	$224,413,340	$6,044,858	$218,368,482		

Proposing to use a real estate tax collection rate of 97.5% for 2017-18. We used a tax collection rate of 97.2% in past years.

CENTRAL BUCKS SCHOOL DISTRICT

Resolution Approving Preliminary Budget
~~and Authorizing Referendum Exception~~ and Final Budget Notice

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

1. The Proposed Preliminary Budget of the School District for the 2017- 2018 fiscal year on form PDE 2028 as presented to the School Board is adopted as a Preliminary Budget Proposal for the School District General Fund. The Administration and School Board will continue review of budget components, and the Preliminary Budget may be revised prior to adoption of a Final Budget for the 2017- 2018 fiscal year.

2. The Act 1 index applicable to the School District as calculated by the Pennsylvania Department of Education is 2.5%. ~~The Preliminary Budget Proposal assumes that the School District will receive approval for use of one or more Act 1 real estate tax referendum exceptions. The School District shall take all steps required to obtain approval for the referendum exceptions contemplated in the Preliminary Budget Proposal, including advertising once in a newspaper of general circulation and placing on the School District internet website Act 1 Referendum Exception Notice in substantially the form as presented to the School Board.~~

3. The School District shall continue to make the Preliminary Budget Proposal available for public inspection, and shall make the Proposed Final Budget in its then current form available for public inspection at least 20 days before the date scheduled for adoption of the Final Budget.

4. At least 10 days before the date scheduled for adoption of the Final Budget, the Secretary shall advertise 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.

5. School District officials shall take all action necessary or appropriate to carry out the intent of this resolution.

~~CENTRAL BUCKS SCHOOL DISTRICT~~

~~Act 1 Referendum Exception Notice~~

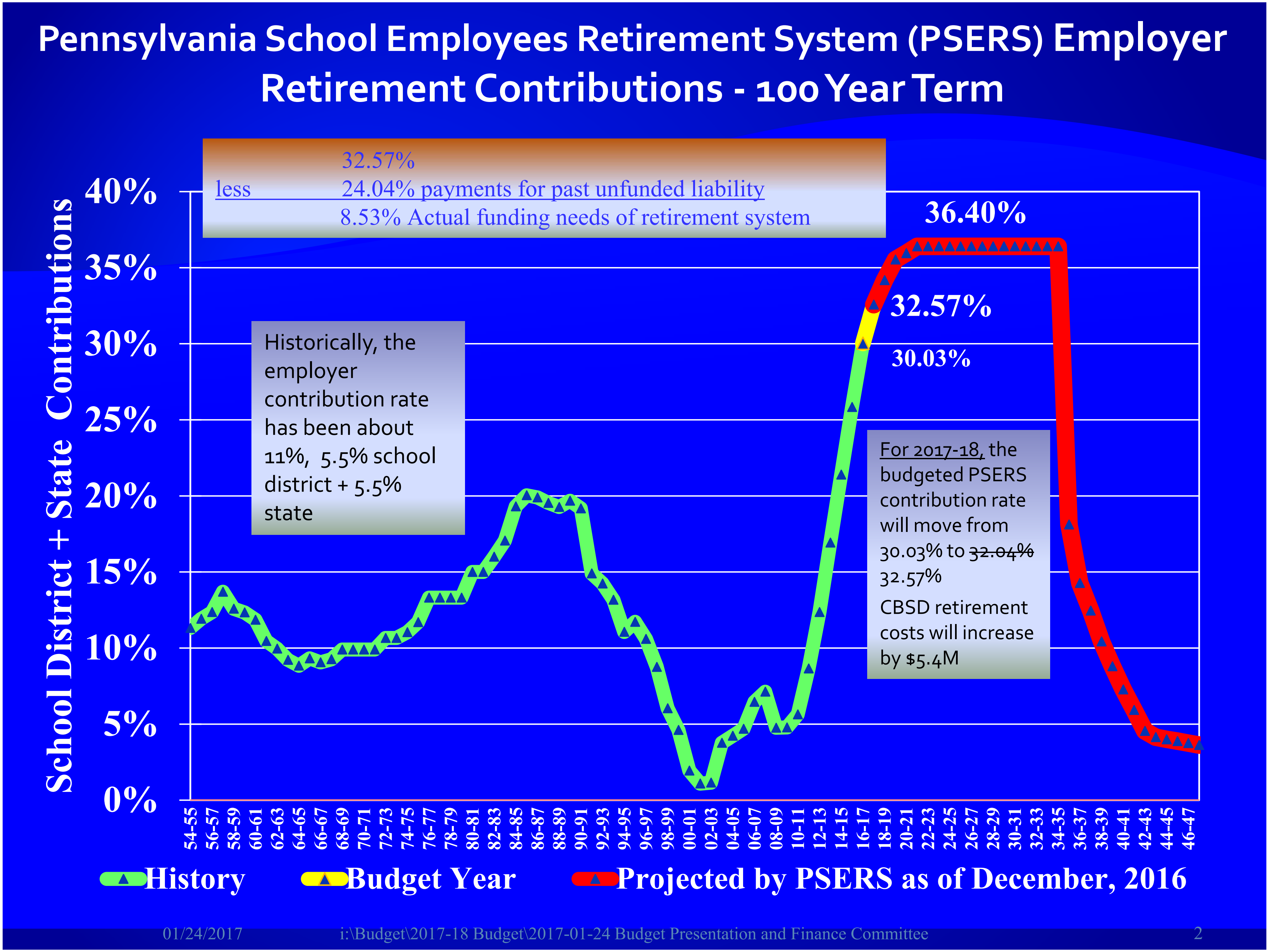
~~Pursuant to Act 1, the Pennsylvania Department of Education publishes an index % applicable to the School District. The school district real estate tax increase for the next fiscal year is limited to the index % unless the proposed tax rate is approved by voters pursuant to a referendum or the School District qualifies for an Act 1 exception(s). As a result of special circumstances covered by an Act 1 referendum exception, a tax rate % increase above the index might be required to balance the School District budget for the next fiscal year. The tax to be levied is required to provide a quality education program as reflected in the School District Preliminary Budget.~~

~~The School District intends to seek approval from the Pennsylvania Department of Education as required by Act 1 for an exception allowing increase of the real estate tax as reflected in the School District Preliminary Budget. The Preliminary Budget is available for public inspection at WWW.CBSD.Org and at the School District offices, 20 Welden Drive, Doylestown, Pennsylvania.~~

______________________________, Secretary

Preliminary Budget Adoption

January 24, 2017



Pennsylvania School Employees Retirement System (PSERS) Employer Retirement Contributions - 100 Year Term
32.57%
less 24.04% payments for past unfunded liability
8.53% Actual funding needs of retirement system
School District + State Contributions
40%
35%
30%
25%
20%
15%
10%
5%
0%
36.40%
32.57%
30.03%
Historically, the employer contribution rate has been about 11%, 5.5% school district + 5.5% state
For 2017-18, the budgeted PSERS contribution rate will move from 30.03% to ~~32.04%~~ 32.57%
CBSD retirement costs will increase by $5.4M
54-55 56-57 58-59 60-61 62-63 64-65 66-67 68-69 70-71 72-73 74-75 76-77 78-79 80-81 82-83 84-85 86-87 88-89 90-91 92-93 94-95 96-97 98-99 00-01 02-03 04-05 06-07 08-09 10-11 12-13 14-15 16-17 18-19 20-21 22-23 24-25 26-27 28-29 30-31 32-33 34-35 36-37 38-39 40-41 42-43 44-45 46-47
History
Budget Year
Projected by PSERS as of December, 2016
01/24/2017
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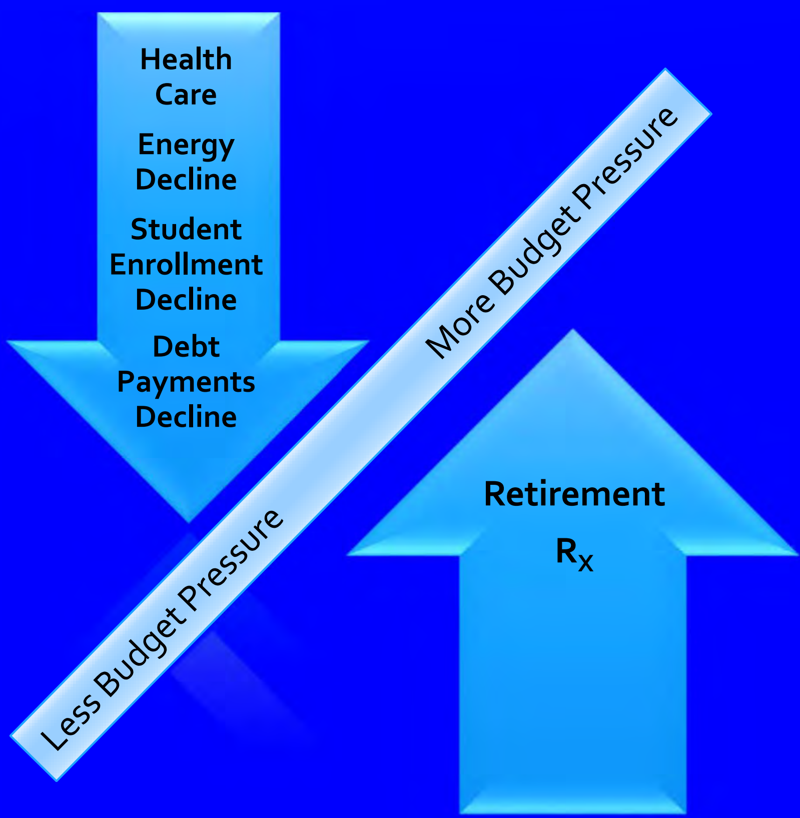
2

2017-18 Budget Pressure Points

Expenses

- Retirement System + 8.5%
- R_X prescription + 12%

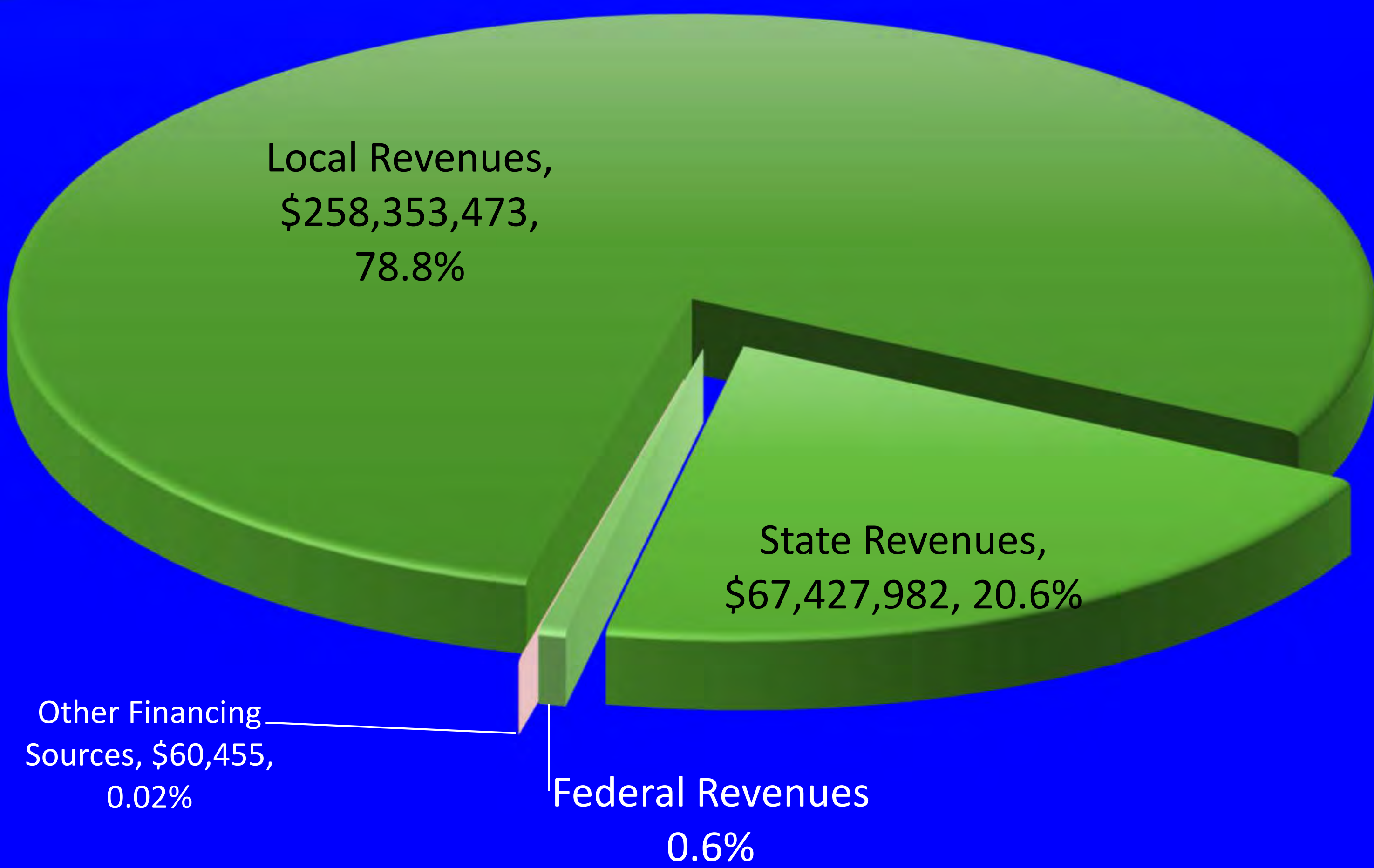


Revenues

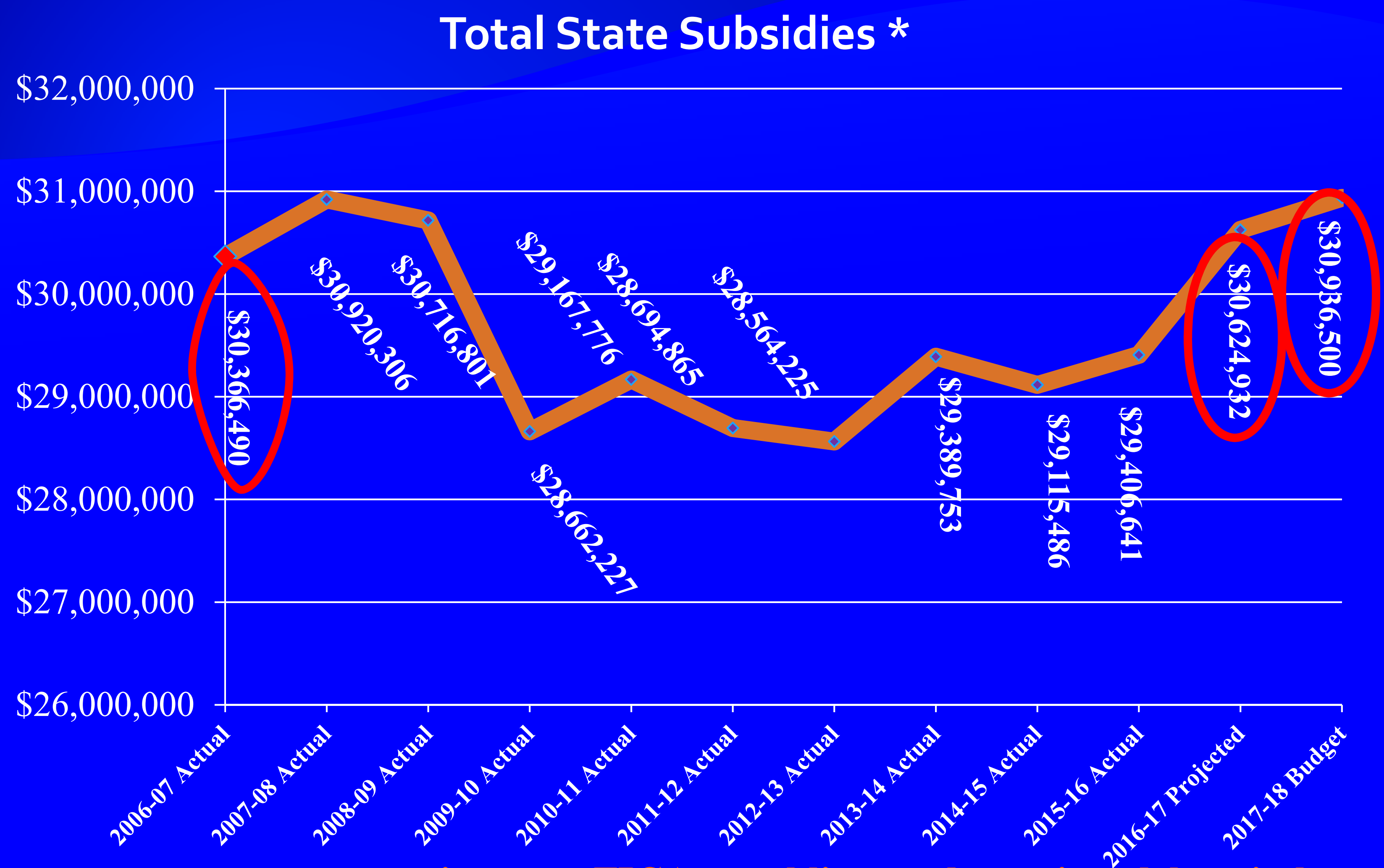
- Act 1 Basic Growth Index at 2.5% for 2017-18
- Projected Growth in State and Federal Funding ± 2%

2017-18 Budgeted Revenues By Funding Source

With no tax increase planned for 2017-18, our preliminary budget revenue projection is $327,958,865



Historical State Revenue for CBSD *



* All state revenues except: retirement, FICA, gambling, and one-time debt reimbursement

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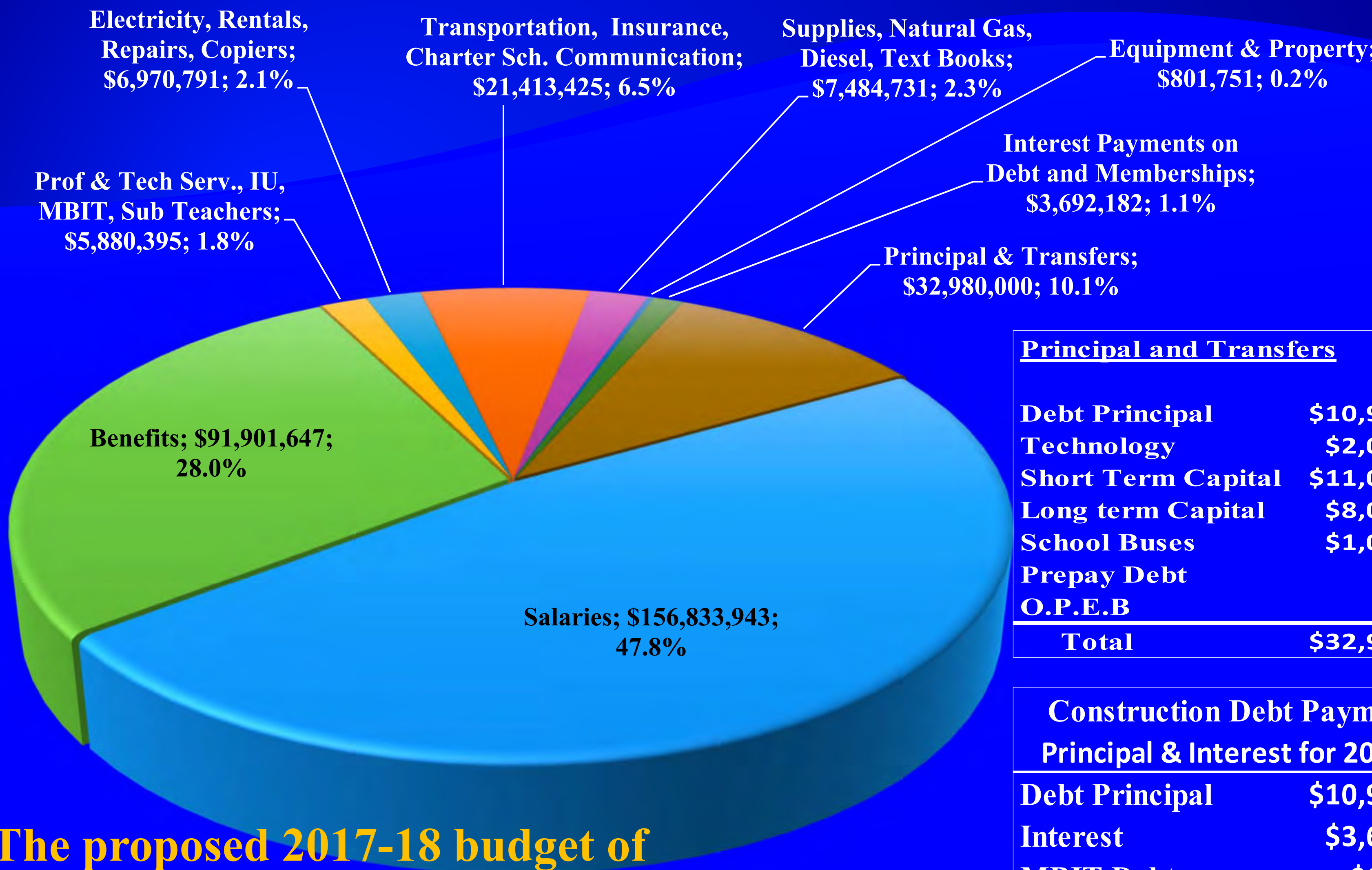
CBSD Expenditures by Major Categories



Principal and Transfers	
Debt Principal	$10,980,000
Technology	$2,000,000
Short Term Capital	$11,000,000
Long term Capital	$8,000,000
School Buses	$1,000,000
Prepay Debt	$0
O.P.E.B	$0
Total	$32,980,000

Construction Debt Payments Principal & Interest for 2017-18	
Debt Principal	$10,980,000
Interest	$3,610,000
MBIT Debt	$670,000
Total	$15,260,000
% of Budget	4.7%

The proposed 2017-18 budget of $327,958,865 is a 3.56% increase over the 2016-17 projected expense budget

01/24/2017 i:\Budget\2017-18 Budget\2017-01-24 Budget Presentation and Finance Committee 6

CBSD Expense Budget

Category	2017-18	2016-17 (Projected Actual)	% Change
Salaries	156,833,943	151,900,551	3.25%
Employee Benefits	91,901,647	84,879,637	8.27%
Prof. Services, Special Ed., EIT Tax Fees, Legal	5,880,395	5,709,690	2.99%
Electricity, Rentals, Repairs, Copiers	6,970,791	6,816,407	2.26%
Contracted Services, Transp., MBIT, IU, Charter Sch	21,413,425	20,990,754	2.01%
Supplies, Natural Gas, Diesel, Heating Oil	7,484,731	7,471,220	0.18%
Equipment	801,751	765,203	4.78%
Interest Payments on Bonds, and Memberships	3,692,182	4,144,101	-10.91%
Principal Pay. on Debt, Buses, Technology, Renovations	32,980,000	34,005,000	-3.01%
Total Budget	$327,958,865	$316,682,563	3.56%

01/24/2017 i:\Budget\2017-18 Budget\2017-01-24 Budget Presentation and Finance Committee 7

Revenues

- In general our local revenues have been improving over the past four years.
- So far during 2016-17, our revenues are trending about $6.5M above the budgeted amount.
- We will provide a complete run down on projected revenues once we see what the Governor proposes for school districts during his budget address in February.

Estimated Act 1 Exception for Retirement

[does not include special education exceptions]

	Act 25 of 2011 Caps the Salary Base at 2011-12 Levels $133,209,000	Actual Dollar Value of Estimated Payments for 2016-2017		Actual Dollar Value of Estimated Payments for 2017-2018
(a)	Salary Base - Total	$151,900,551		$156,833,943
(a)	2011-12 PSERS Salary Base	$133,209,851		$133,209,851
(b)	PSERS Employer Contribution Rate	30.03%		32.57%
(c)	Gross PSERS Amount for Reimbursement (a x b)	$40,002,918		$43,386,448
(d)	Revenue 7820	$20,001,459		$21,693,224
(e)	Percent Share	50.00%		50.00%
(f)	Expenditure Object 230 - Local & Federal Share of Total (c - d)	$20,001,459		$21,693,224
(g)	Salary Base - Federal	$1,983,111		$1,983,111
(h)	Expenditure Object 230 - Federal (g x b)	$595,528		$645,899
(i)	State & Fed Share for Fed Programs (h x e)	$297,764		$322,950
(j)	PSERS Retirement - Prelimiinary Local Share (f - i)	$19,703,695		$21,370,274
	School District's Base Act 1 Index for 2016-2017			2.5%
(k)	Base Index multiplied by 2016-2017 budgeted school district share of payments to PSERS: k			$492,592
(L)	2017-2018 minus 2016-2017 Preliminary Local Share: (2017 j - 2016 j)			$1,666,579
	Allowable Retirement Exception (L - k):			**$1,173,987**
	Estimated millage increase due to Act 1 Exception	0.66	mills or	0.53%
	Allowable Act 1 Base Index Increase in Mills	3.10	mills or	2.50%
	Estimated Maximum Millage Increase Allowed by Act 1	3.76	mills or	3.03%

Act 1 Tax Index + Exceptions

	Index with Allowable Exceptions in Mills	Actual CBSD Millage Increase	Status
2007-08	5.9	3.9	Actual
2008-09	5.6	4.6	Actual
2009-10	5.4	4.3	Actual
2010-11	4.7	4.4	Actual
2011-12	3.2	1.6	Actual
2012-13	3.6	2.0	Actual
2013-14	3.7	0.0	Actual
2014-15	4.9	1.3	Actual
2015-16	4.0	0.0	Actual
2016-17	4.3	0.0	Actual
2017-18	3.8	0.0	Estimated
Total Mills	**49.2**	**22.1**	

Next Steps…

- Board of School Directors
  - Consideration of the 2017-18 Preliminary Expenditure Budget Adoption of $327,958,865
  - Expenditure Increase of 3.56% or $11,276,302 over projected actual
    - **Retirement expense $5,400,000 is about half of the increase**
    - **Remainder of budget increase is for salaries and other benefits**
  - Final Budget Adoption is Scheduled for June 13th
- Superintendent and Cabinet
  - Determine Staffing Needs
  - Refine Health Care Numbers
  - Analyze Revenue Projections
  - Refine Expenditure Projections
  - Analyze the Governor's proposed 2017-18 Budget

Preliminary Budget Resolution

CENTRAL BUCKS SCHOOL DISTRICT

Resolution Approving Preliminary Budget
~~and Authorizing Referendum Exception~~ and Final Budget Notice

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

1. The Proposed Preliminary Budget of the School District for the 2017- 2018 fiscal year on form PDE 2028 as presented to the School Board is adopted as a Preliminary Budget Proposal for the School District General Fund. The Administration and School Board will continue review of budget components, and the Preliminary Budget may be revised prior to adoption of a Final Budget for the 2017-2018 fiscal year.

2. The Act 1 index applicable to the School District as calculated by the Pennsylvania Department of Education is 2.5%. ~~The Preliminary Budget Proposal assumes that the School District will receive approval for use of one or more Act 1 real estate tax referendum exceptions. The School District shall take all steps required to obtain approval for the referendum exceptions contemplated in the Preliminary Budget Proposal, including advertising once in a newspaper of general circulation and placing on the School District internet website Act 1 Referendum Exception Notice in substantially the form as presented to the School Board.~~

3. The School District shall continue to make the Preliminary Budget Proposal available for public inspection, and shall make the Proposed Final Budget in its then current form available for public inspection at least 20 days before the date scheduled for adoption of the Final Budget.

4. At least 10 days before the date scheduled for adoption of the Final Budget, the Secretary shall advertise 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.

5. School District officials shall take all action necessary or appropriate to carry out the intent of this resolution.

- The Act 1 Base index is 2.5%.
- In May/June the final budget will be available for a 20 day public inspection.
- Advertise the intent to adopt a final budget 10 days prior to the meeting.

~~Act 1 Exception Notice~~

~~CENTRAL BUCKS SCHOOL DISTRICT~~
~~Act 1 Referendum Exception Notice~~

~~Pursuant to Act 1, the Pennsylvania Department of Education publishes an index % applicable to the School District. The school district real estate tax increase for the next fiscal year is limited to the index % unless the proposed tax rate is approved by voters pursuant to a referendum or the School District qualifies for an Act 1 exception. As a result of special circumstances covered by an Act 1 referendum exception, a tax rate % increase above the index might be required to balance the School District budget for the next fiscal year. The tax to be levied is required to provide a quality education program as reflected in the School District Preliminary Budget.~~

~~The School District intends to seek approval from the Pennsylvania Department of Education as required by Act 1 for an exception allowing increase of the real estate tax as reflected in the School District Preliminary Budget. The Preliminary Budget is available for public inspection at WWW.CBSD.Org and at the School District offices, 20 Welden Drive, Doylestown, Pennsylvania.~~

Real Estate Tax Reform

for 2017-18

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Real Estate Tax Reform

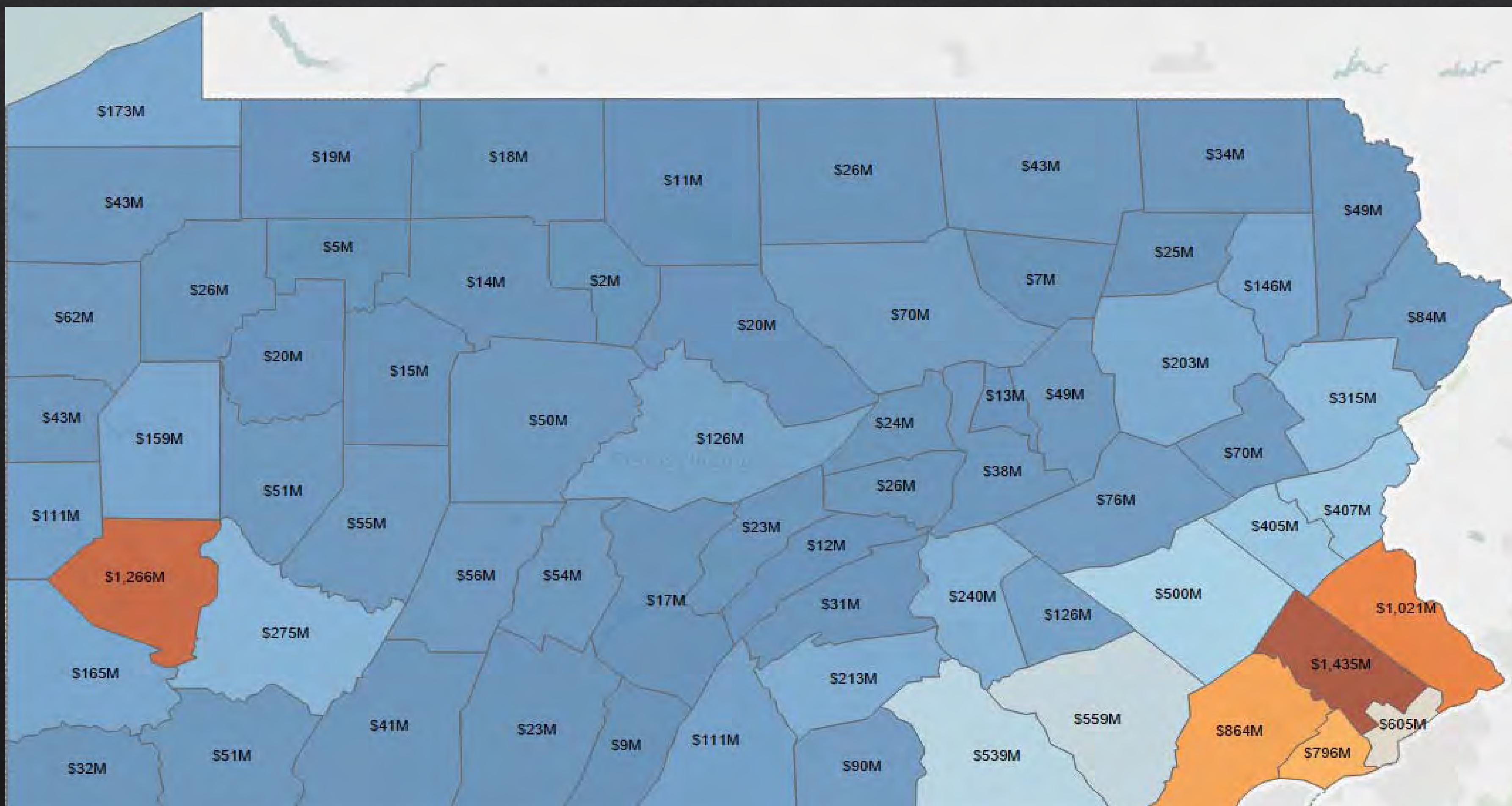
- The state house and senate are preparing to introduce legislation that will eliminate school property taxes except those that would pay for existing principal and interest payments on construction debt.
- Implementation would be July 1, 2017
- To replace most school district real estate taxes, the state would need to shift the burden on to other tax sources. Based upon past legislative bills, it is estimated that:
  - The state Personal Income Tax (PIT) would increase from 3.07% to 4.95%
  - The sales and use tax (SUT) would increase from 6% to 7% and include most food and clothing as well as services such as legal, mental health, architects, etc.
- Under the tax shift, school districts would receive state subsidies equal to the amount of real estate tax they received during 2016-17 less the grandfathered real estate taxes for construction debt.

Real Estate Tax Reform

- School districts would receive yearly increases equal to the lessor of the State Average Weekly Wage or the increases for (SUT, PIT and hotel occupancy taxes averaged together)
- With voter approval via a referendum, school districts would have limited ability to raise some taxes by increasing the local Earned Income Tax (EIT) or Personal Income Tax (PIT).
- School districts can't issue any future debt without voter referendum
- The state would look at school district debt payments each year
  - No incentive to have declining debt payments under this proposal

Implications of Real Estate Tax Reform

- Local tax dollars won't stay local any longer
- Most of the new taxes will flow to just 6 counties



Implications of Real Estate Tax Reform continued

- The new equitable basic state education funding formula would be essentially eliminated
- Tax shift from businesses to individuals
- Eliminates most of the local control and funding authority
  - How will hiring decisions be made?
  - How will contracts be negotiated?
- School facilities are likely to deteriorate over time
- How will PSERS and health care expenses be paid for when they are increasing greater than the general rate of inflation?
- Real estate tax write-offs on federal taxes will be significantly reduced giving greater revenues to the federal government from Pennsylvania.
  - Will this also impact the value of housing in Pennsylvania?

Implications of Real Estate Tax Reform continued

- A recession will have a much larger impact on school district finances without the stability of real estate taxes
  - School districts can't layoff teachers for economic reasons
- Budget timelines would need to change
  - Since most funding would come from the state
  - No time for school districts to adjust spending proposals assuming a June 30th state budget adoption
- Where will some of the new tax dollars go?
  - $250,000,000 to the Transportation Assistance Fund
  - Will other competing interest also siphon away some education dollars in the future?
- The state Independent Fiscal Office estimates a $14B tax shift will need to occur.

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Implications of Real Estate Tax Reform continued

- Does not address the factors driving school expenses
  - PSERS
  - Charter schools
  - Special education
  - Health care
- The state Independent Fiscal Office estimates a $14B tax shift will need to occur.

Implications of Real Estate Tax Reform continued

- Last Year the senate narrowly defeated property tax elimination by 1 vote
- Moving forward, looks like the senate and house have the votes needed this year

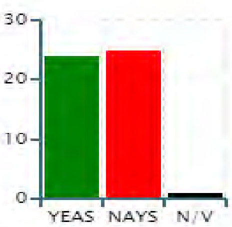
Senate of Pennsylvania
Session of 2015 - 2016 Regular Session

Details for RCS# 338

Monday Nov. 23, 2015
House Bill 683 PN 1427
A4499 ARGALL AMENDMENT NO. A-4499

Summary

YEAS	24
NAYS	25
LVE	0
N/V	1
TOTAL	50



Prime Sponsor

RAPP

Short Title

An Act amending the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, in senior citizens property tax and rent re...

👍 ALLOWAY
👍 ARGALL
👍 AUMENT
👍 BAKER
👍 BARTOLOTTA
👎 BLAKE
👍 BOSCOLA
👍 BREWSTER
👎 BROOKS
👍 BROWNE
👎 CORMAN
👎 COSTA
👍 DINNIMAN
👍 EICHELBERGER
👎 FARNESE
👍 FOLMER
✖ FONTANA
👎 GORDNER
👎 GREENLEAF
👎 HAYWOOD
👎 HUGHES
👎 HUTCHINSON
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👍 SCAVELLO
👍 SCHWANK
👍 SMUCKER
👍 STEFANO
👎 TARTAGLIONE
👎 TEPLITZ
👎 TOMLINSON
👎 VANCE
👍 VOGEL
👍 VULAKOVICH
👍 WAGNER
👎 WARD
👍 WHITE
👎 WILEY
👎 WILLIAMS
👍 WOZNIAK
👎 YAW
👍 YUDICHAK

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: January 3, 2017

Board Agenda Information:

General Fund Disbursements, December 2016

Checks	$1,694,195.62
Electronic Payments	$15,167,124.19
Transfers to Payroll	$8,038,763.48
TOTAL	**$24,900,083.29**

Other Disbursements, December 2016

Capital Fund Checks & Electronic Payments	$835,813.26
Food Service Checks & Electronic Payments	$771,493.55
TOTAL	**$1,607,306.81**
Grand total of all Funds	**$26,507,390.10**

The Central Bucks School District
General Fund
Treasurer's Report
12/31/2016

Beginning Cash Balance		**$15,265,687.36**
Receipts		
Local General Funds Receipts		
Local Collectors	2,114,370.80	
County of Bucks	478,540.74	
EIT	1,821,033.93	
Interest Earnings	5,995.79	
Facility Use Fees	21,379.50	
Tuition, Community School	314,472.54	
Contributions	24,985.23	
Miscellaneous	45,342.92	
Total Local General Funds Receipts	**$4,826,121.45**	
State General Fund Receipts		
Basic Ed Subsidy	2,427,411.42	
Soc Sec & Retirement	2,674,312.22	
State Subsidy- Other	5,641,281.74	
Total State General Fund Receipts	**$10,743,005.38**	
Federal General Fund Receipts		
Title 2	73,801.47	
IDEA	235,903.00	
Other Federal Subsidies	91,876.00	
Total Federal General Fund Receipts	**$401,580.47**	
Other Receipts		
Investments Matured	15,245,000.00	
Offsets to Expenditures	61,717.51	
Total Other Receipts	**$15,306,717.51**	
Total Receipts		**$31,277,424.81**
Total Beginning Cash Balance and Receipts(carried to next page)		**$46,543,112.17**

The Central Bucks School District
General Fund
Treasurer's Report Continued
12/31/2016

Total Beginning Cash Balance and Receipts(from previous page)			**$46,543,112.17**
Disbursements			
* Checks (see detail below)		$1,694,195.62	
Electronic Payments:			
Employee Payroll Taxes/WH	4,058,387.28		
Employer Payroll Taxes	1,414,257.91		
PSERS Retire	6,147,292.59		
403B/457PMT	551,194.76		
Health Benefit Payments	2,502,991.65		
Transfer to Other Banks	3,000.00		
Investments Placed	490,000.00		
Electronic Payments Total:		$15,167,124.19	
Transfer to Payroll		$8,038,763.48	
Total Disbursements			**$24,900,083.29**
Ending Cash Balance		**12/31/2016**	**$21,643,028.88**

* **Check Detail:** Check Registers provided for Board Approvals

12/15/2016 Check Run-	Board to Approve 01/10/2017	$89,095.30
12/20/2016 Check Run-	Board to Approve 01/10/2017	$1,459,087.58
12/31/2016 Check Run-	Board to Approve 01/10/2017	$89,077.85
Total Check Runs-		**$1,637,260.73**
Less Voided Checks		$0.00
December Check Disbursements		**$1,637,260.73**
Add Prior Month A/P Funded This Month		$1,520,182.84
Less This Month A/P To Be Funded Next Month		$1,463,247.95
Checks Funded This Month		**$1,694,195.62**

The Central Bucks School District
Capital Fund
Treasurer's Report Continued
12/31/2016

Beginning Cash Balance		**$69,136.61**
Receipts		
Interest Earnings	$98.25	
Cash Transfers from Reserve Accounts	$868,253.54	
Total Receipts		$868,351.79
Disbursements		
* Checks (see detail below)	$835,813.26	
Electronic Payment	$0.00	
Total Disbursements		$835,813.26
Ending Cash Balance		**$101,675.14**

* **Check Detail:** Check Registers provided for Board Appovals

12/08/16 Check Run-	Board to Approve 1/10/17	$104,343.45
12/22/16 Check Run-	Board to Approve 1/10/17	$750,917.37
Total Check Runs		**$855,260.82**
Less Voided Checks		$0.00
December Check Disbursements		**$855,260.82**
Add Prior Month A/P Funded This Month		$71,306.08
Less This Month A/P To Be Funded Next Month		$90,753.64
Checks Funded This Month		**$835,813.26**

The Central Bucks School District
Food Service
Treasurer's Report Continued
12/31/2016

Beginning Cash Balance		**$799,782.49**
Receipts		
Interest Earnings	$260.08	
Student Lunch Account Deposits	$371,143.68	
Subsidies	$90,626.00	
Total Receipts		$462,029.76
Disbursements		
* Checks (see detail below)	$26,364.53	
Electronic Payments	$745,129.02	
Total Disbursements		$771,493.55
Ending Cash Balance		**$490,318.70**

* **Check Detail:** Check Registers provided for Board Appovals

12/7/16 Check Run-	Board to Approve 1/10/17	$26,247.68
Total Check Runs		**$26,247.68**
Voided Checks		($40.00)
December Check Disbursements		**$26,207.68**
Add Prior Month A/P Funded This Month		$267.61
Less This Month A/P To Be Funded Next Month		$110.76
Checks Funded This Month		**$26,364.53**

Central Bucks School District
Ratification of Investments for the Month of December, 2016

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

General Fund-Term Investments

Category	Purchase Date	Principal	Maturity Date	Rate	Term Yield	Bank Name
MBS	12/14/2016	$245,000.00	12/14/2017	1.00%	$2,450.00	BMW Bank of North America
MBS	12/21/2016	$245,000.00	12/21/2017	1.00%	$2,450.00	Enerbank USA
	TOTALS	**$490,000.00**			**$4,900.00**	

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

Bank Name	Principal Amount
BB&T Bank	6,040
Firstrust Bank	45,086,677
MBS	1,960,000
PLGIT	16,296,498
PSDLAF	20,925,552
Quakertown National Bank	3,557,738
Santander	47,629,064
TD Bank	42,125,254
Univest Bank & Trust	47,257,105
William Penn Bank	248,000
Total	225,091,928

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

Purchase Date	Bank Name	Maturity Date	Rate of Interest	Principal Amount
GENERAL FUND BANK ACCOUNTS				
12/31/16	TD Bank	1/1/17	0.40%	21,643,029
12/31/16	TD Bank Municiple Choice	1/1/17	* 0.55%	8,800,000
12/31/16	PLGIT	1/1/17	0.32%	5,527
12/31/16	PSDLAF MAX Acct	1/1/17	0.36%	697
12/31/16	PSDLAF MAX Acct-Healthcare	1/1/17	0.36%	278
12/31/16	PSDLAF MAX Acct	1/1/17	0.36%	131,764
		Total General Fund Bank Accounts		**30,581,295**
GENERAL FUND CDs				
	Individual Bank CDs:			
8/22/16	Univest Bank & Trust	2/22/17	0.75%	20,000,000
8/24/16	Univest Bank & Trust	2/24/17	0.75%	20,000,000
8/19/16	William Penn Bank	8/19/17	0.75%	248,000
	PLGIT CDs :			
8/22/16	Cit Bank	8/22/17	1.00%	247,000
	PSDLAF CD's:			
7/29/15	American Express FSB-Healthcare	1/30/17	0.80%	245,000
6/14/16	Western Alliance Bank	6/14/17	0.80%	191,000
	Multi Bank Securities CDs:			
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
8/29/16	Commonwealth Business Bank	8/29/17	0.75%	245,000
8/31/16	BankUnited National Association	8/31/17	0.75%	245,000
9/1/16	Ally Bank	9/1/17	0.75%	245,000
12/14/16	BMW Bank of North America	12/14/17	1.00%	245,000
12/21/16	Enerbank USA	12/21/17	1.00%	245,000
		Total General Fund CDs		**42,891,000**
GENERAL FUND MONEY MARKET ACCOUNTS				
12/31/16	Santander	1/1/17	0.45%	31,554,755
12/31/16	BB&T Bank	1/1/17	0.25%	6,040
12/31/16	PSDLAF Full Flex-Healthcare	1/1/17	0.50%	696,000
12/31/16	PLGIT I-Class	1/1/17	0.49%	16,043,972
12/31/16	Univest Bank & Trust	1/1/17	0.45%	7,257,105
12/31/16	Firstrust Bank	1/1/17	0.45%	45,086,677
12/31/16	Quakertown National Bank	1/1/17	0.30%	7,340
12/31/16	Quakertown National Bank-Post Employment	1/1/17	0.55%	3,550,398
12/31/16	TD Bank- Healthcare	1/1/17	0.40%	1,586,555
12/31/16	TD Bank- Post Employment	1/1/17	0.40%	5,816,835
		Total General Fund Money Market Accounts		**111,605,677**
		Total General Fund		**185,077,972**

* Interest earnings credited to offset fees

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

Purchase Date	Bank Name	Maturity Date	Rate of Interest	Principal Amount
Fund 3 Operations Account				
12/31/16	TD Bank Fund 3 Operations Acct	1/1/17	0.40%	101,676
		Total Fund 3 Operations Account		**101,676**
Short Term Capital Reserve				
12/31/16	TD Bank	1/1/17	0.40%	1,974,722
		Total Short Term Capital Reserve		**1,974,722**
Capital Café Equip Reserve				
12/31/16	TD Bank Capital Proj- Bldg Cafeteria/Equip	1/1/17	0.40%	693,447
		Capital Café Equip Reserve		**693,447**
Technology Capital Reserve				
12/31/16	TD Bank	1/1/17	0.40%	198,323
		Total Technology Reserve		**198,323**
Transportation Capital Reserve				
12/31/16	TD Bank	1/1/17	0.40%	726,974
		Total Transportation Reserve		**726,974**
Long Term Capital Reserve				
12/31/16	Santander	1/1/17	0.45%	16,074,310
		Total Long Term Capital Reserve		**16,074,310**
			Total Capital Fund	**19,769,451**

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

Purchase Date	Bank Name	Maturity Date	Rate of Interest	Principal Amount
Debt Service Reserve				
12/31/16	PSDLAF MAX Acct	1/1/17	0.36%	5,813
12/31/16	PSDLAF Full Flex Acct	1/1/17	0.50%	19,655,000
12/31/16	TD Bank	1/1/17	0.40%	93,374
			Total Debt Service Reserve	**19,754,187**

Central Bucks School District
Investment Portfolio
Food Service Fund- Bank Balances
December 31, 2016

Purchase Date	Bank Name	Maturity Date	Rate of Interest	Principal Amount
Fund 5 Operations Account				
12/31/16	TD Bank Fund 5 Operations Acct	1/1/17	0.40%	490,319
			Total Food Service Fund	**490,319**
			Grand Total- All Funds	**225,091,928**
			Weighted Average Rate of Return	**0.50%**

Summary of Capital Reserve Account Activity & Fund Balance Status

Fund 3 - Summary of Capital Reserve Account Commitments & Balances

	Beginning Balance 7/1/2016	Transfers from General Fund	Interest Earnings	Expenditures	Commitments	Balance 12/31/2016	Target Amount	% of Target	Comments
Short term Capital	$299,754.19	$12,000,000.00	$10,170.65	$10,335,202.84	$421,991.64	$1,552,730.36			
Café Equipment Capital	$709,952.00		$1,835.44	$18,340.44	$62,373.15	$631,073.85			
Technology	$599.00	$2,086,639.00	$726.28	$1,889,640.81	$62,373.15	$135,950.32			
Transportation	$639,347.00	$1,000,000.00	$2,985.00	$915,358.00	$716,421.00	$10,553.00			
Long Term Capital	$16,037,834.41		$36,375.59			$16,074,210.00	$42,000,000.00	38%	
Totals	**$17,687,486.60**	**$15,086,639.00**	**$52,092.96**	**$13,158,542.09**	**$1,263,158.94**	**$18,404,517.53**	**$42,000,000.00**	**38%**	

Capital Reserve Account Expenditure Detail:

Comments

Short Term Capital	
Unami	$946,516.10
Holicong	$4,000,953.81
Misc. Projects	$5,387,732.93
Total	**$10,335,202.84**

Technology

* $1,578,246.50 of the total expenditures occured in 15-16 and was temporarily funded from Long Term Capital

Fund 4 - Debt Service Fund Balance Projections

	Beginning Balance 7/1/2016	Transfers from General Fund	Interest Earnings	Expenditures	Commitments	Balance	Target Amount	% of Target	Comments
Debt Service	$19,655,650.00		$98,537.00			$19,754,187.00	$30,000,000.00		No future transfers budgeted for the debt service fund. Additional $10.3M needed for the potential $30M debt defeasance is available in the general fund balance from the following sources: 1. OPEB Reserve of $9.3M, considered unnecessary by the auditors. 2. $1M of the 2015-16 positive budget variance is available

Fund Balances: Non-spendable, Unassigned & Assigned - General Fund 1

	Fund Balance 7/01/2016	
Unassigned:	**$ 13,997,592.00**	4.4% of 16-17 Budget
Assigned:		
Budgetary Reserve	$ 4,639,065.00	From 15-16
Post Employment Reserve	$ 9,346,223.00	as noted above - could use for debt defeasance
Health Care Reserve	$ 2,518,369.00	
Total Assigned:	**$ 16,503,657.00**	
Non-spendable	**$ 4,521,870.00**	Prepaid Healthcare exp with Bucks Montco consortium
TOTAL FUND BALANCE	**$ 35,023,119.00**	

Fund Balance Food Service - Fund 5

	Fund Balance 7/01/2016
Unassigned:	**$ 991,296.27**

M Rziccardi,Finance,CapitalProjectsSV

Payroll,
FICA, Medicare
and Retirement Projection
December 31, 2016

	Adjusted Budget	Projected Expense	*Positive (Negative) Variance*	
PAYROLL	152,134,017	151,833,609	300,408	
FICA_MED	11,290,300	10,752,288	538,012	
RETIREMENT	45,013,913	45,108,862	(94,949)	
TOTAL	208,438,230	207,694,759	743,471	
			0.36%	Of Budget

Updated projection based on history and current payroll trends - still early to have solid projections

		100
Original Budgeted Amounts	**Orig Bdg**	151,514,017
Adjust Budget for positions added subsequent to budget passing		
1. New Assistant Principal at Butler		99,000.00
2. New PCA - various locations -		250,000.00
3. Additional ELLTeachers - 1.5 FTE		75,000.00
4. New Teaching positions - these are primarily in the special education area		360,000.00
5. IT Secretary - 1.0		40,000.00
6. Community School Program Growth - new positions		59,500.00
7. HR payroll - director contract + clericalGrowth		18,000.00
Est cost of new positions		901,500
Estimated additions to payroll lines		152,415,517
Adjusted Payroll Budget		152,134,017
Additional cost should be absorbed within budget by turnover etc.		(281,500)

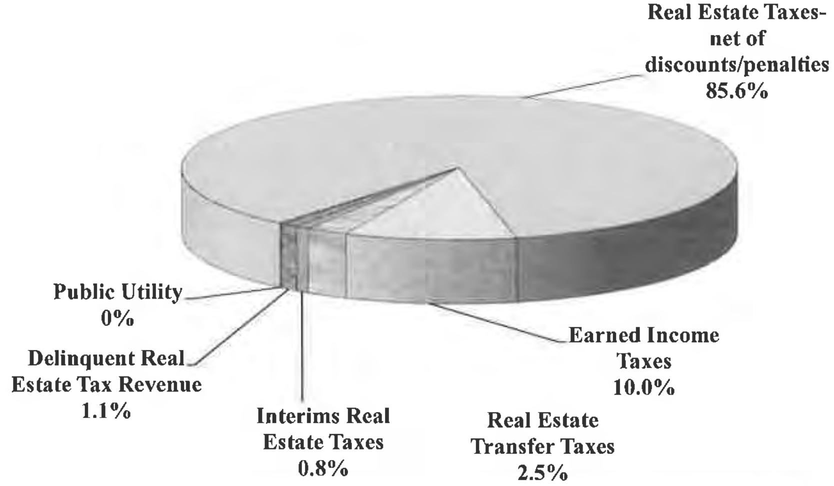
Central Bucks School District - Fringe Benefits Report
31-Dec-16

		2017-18 Proposed Budget	2016-17 Adjusted Budget	Encumbered	Spent (Net of Payments less copays)	Balance	% Committed	2015-16 Actuals	2016-17 Budget Increase over 15-16 Actual	% increase 2016-17 Budget to 15-16 Actual
271	**Healthcare**	20,789,921	**20,184,389**	**9,888,528**	**8,360,347**	**1,935,514**	**90%**	16,574,742	3,609,647	21.78%
	Self Insured: Spent based on paid claims; encumbered = expected claims based on trends; less empl prem cost share	3.00%		There has been a change in the management of claims with regard to claims classified under the stop loss category of the plan; actual claims costs are not yet available for this category so amounts are estimates - should have more data in February			18,164,361			
272	**Dental coverage**	1,357,559	**1,318,018**	**580,590**	**652,720**	**84,708**	**94%**	1,166,300	151,718	13.01%
	Self Insured:Curr Yr = 99,000 per month w/qrtrly reconciliations	3.00%								
213	**Life insurance**	239,359	**234,666**	**108,900**	**104,690**	**21,076**	**91%**	207,680	26,986	12.99%
	Premium based; adjusted monthly based on salary report	2.00%								
274	**Disability coverage**	260,701	**255,589**	**125,000**	**46,863**	**83,726**	**67%**	225,464	30,125	13.36%
	Self Insured:Expense = paid to date; encumbered = expected claims based on experience	2.00%			50% lower than to date in 1516; if continues will be under budget					
276	**Prescription drugs**	7,166,767	**6,635,895**	**3,495,500**	**3,649,504**	**(509,109)**	**108%**	6,232,368	403,527	6.47%
	Self Insured: Spent based on submitted claims; encumbered = expected claims based on experience & trends	8.00%			3.10% incrs year to date; if continues will be about 6.39M					
250	**Unemployment comp**	45,951	**45,496**	**28,325**	**16,640**	**531**	**99%**	48,980	(3,484)	-7.11%
	Self Insured: Spent based on submitted claims; encumbered = expected claims based on experience & trends	1.00%								
260	**Workers comp**	1,340,747	**1,308,046**	**505,690**	**920,474**	**(118,118)**	**109%**	1,207,874	100,172	8.29%
	Self Insured: Based on estimated premium provided by SDIC and adjusted based on prior yr experience	2.50%								
240 / 290	**Miscellaneous/Tuition**	519,751	**509,560**	**236,369**	**231,226**	**41,965**	**92%**	507,579	1,981	0.39%
	Expenses incurred over course of the year	2.00%								
	Totals	**31,720,756**	**30,491,659**	**14,968,902**	**13,982,465**	**1,540,292**	**94.95%**	**26,170,987**	4,320,672	16.5% *
		$ 1,229,097 or 4.03%* Total 1718 budget incrs over 1617			28,951,367		**5.05% + Var**	10.62%	% Incrs in exps. 1617 to 1516 based on projections	

Note: Healthcare and prescription expenses are a significant portion of the fringe expense. The projected expense for these lines is based on actual claims to date. Because of a change in process, not all claims information is available. Will have better information in the February/March timeframe.

* % increase in 1718 budget is significantly lower than the % the 1617 budget increased due to:
1. The projected increase in health care expenses has been decreased based on prior year actuals; this may require a budget transfer if a bad expenience year occurs
2. The increase in Dental Ins., Life Ins., Disability Ins., PA UC and Workers Comp Ins. has been pulled back, as have had positive budget variances on these line in prior years.
3. As Prescription Drug exps. have been increased to a higher expense level over the past couple of years, we expect the line to level off and increase at a slower rate.
4. It may be determined that the 1718 budget amounts will need to be adjusted as current year data is updated.

Central Bucks School District
Projected Tax Collections
31-Dec-16



	Revenues	2016-2017 Budget	Estimated Actual	Variance Positive/(Negative)	% Actual to Budget	2015-2016 Actual	2017-2018 Preliminary Budget
1	Real Estate Taxes-net of discounts/penalties	$212,302,642	$212,950,272	$647,630	100.3%	210,702,760	214,705,324
2	Earned Income Taxes	23,875,000	$24,780,000	$905,000	103.8%	23,942,867	23,875,000
3	Real Estate Transfer Taxes	4,900,000	6,147,900	1,247,900	25.47%	5,344,465	4,900,000
4	Interims Real Estate Taxes	1,850,000	2,000,000	150,000	8.11%	1,602,641	1,850,000
5	Delinquent Real Estate Tax Revenue	2,550,000	2,700,000	150,000	5.88%	2,689,277	2,550,000
6	Public Utility	242,000	269,762	27,762	11.47%	274,496	242,000
	Total	$245,719,642	$248,847,934	$3,128,292	1.27%	244,556,506	248,122,324
				1.273%			

1 Collections look good so increased projection - may have a higher collection rate in this year

2 The EIT revenue jumped by 11% in 2013-14 and given that some of the spike was due to delinquent collections, it was uncertain if that level of revenue would continue. In 2016-17 the budget amount was increased by 6.7% to bump it up to the level that collections seem to be maintaining. To date are collections are looking strong, so will wait until the end of January to see how collections are trending to determine the how much to increase for the 1718 budget.

3 Real Estate Transfer taxes have increased at about 16.5% over the past 2 years. This trend seems to be holding, although collections to date for this year are down from last year it is still expected that budget will be exceeded. Will revise 1718 budget once there is a better projection for this year.

4 Interim Tax billings are up about 30% over last year at this time, but collection rates are below prior years. Projected 1617 revenue is based on collection rate keeping pace with the 1516 collections. Still too early to predict where interims will come in, so propose holding at current projection.

5 Expect collections of Delinquent Taxes in 1617 to be close to last year; current to date is lagging by about 28%, but will wait and see.

6 Final - 100% collected - line was decreased too much, will move back to the $270,000 range for 1718

I:\Budget Info_FilesBYyr\1617\Revenue

LOGIC
QUARTERLY REPORT
(AS OF DECEMBER 15, 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 raised the fed funds rate a quarter point in December and indicated its expectation that rates will rise again in 2017. The banking industry posted generally positive results in the third quarter with 60.8% of all insured institutions reporting year-over-year growth in quarterly earnings.

Monetary Policy and Interest Rates. The Federal Reserve raised the target range for the federal funds rate a quarter point to ½ to ¾ percent at its December 14 meeting, the only increase during 2016 and only the second increase in ten years. The Federal Open Market Committee (FOMC) noted that "the labor market has continued to strengthen and that economic activity has been expanding at a moderate pace since mid-year. Job gains have been solid in recent months and the unemployment rate has declined." The FOMC found that while household spending had improved, business fixed investment remained soft. Inflation indicators have not changed in recent months.

The Committee stated its expectation that, "with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace and labor market conditions will strengthen somewhat further. Inflation is expected to rise to 2 percent over the medium term as the transitory effects of past declines in energy and import prices dissipate and the labor market strengthens further."

The Committee's statement repeated its language 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."

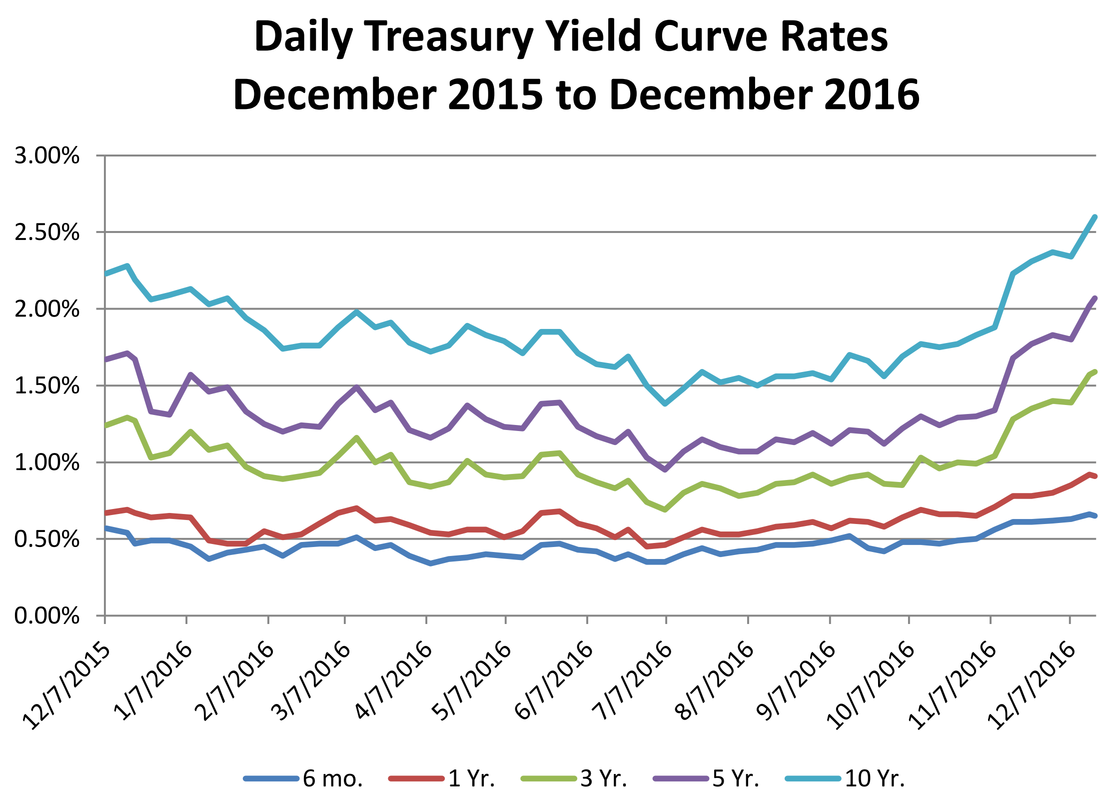
Federal Reserve Chairwoman Janet Yellin observed in her press conference following the meeting that the neutral nominal federal funds rate-- that is, the interest rate that is neither expansionary nor contractionary and keeps the economy operating on an even keel--is currently quite low by historical standards. Since the federal funds rate is only modestly below the neutral rate, the Committee continues to expect that gradual increases in the federal funds rate will likely be sufficient to get to a neutral policy stance over the next few years.

The median projection for the federal funds rate by the 17 members of the FOMC shows a rise to 1.4 percent at the end of 2017, 2.1 percent at the end of 2018, and 2.9 percent by the end of 2019. This suggests that there will be three quarter-point increases in the fed funds rate over the course of 2017.

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.

Chairwoman Yellin touched on possible changes to the economy that may occur in the Trump administration noting that "the economic outlook is highly uncertain, and [FOMC] participants will adjust their assessments of the appropriate path for the federal funds rate in response to changes to the economic outlook and associated risks. As many observers have noted, changes in fiscal policy or other economic policies could potentially affect the economic outlook. . . .In making our policy decisions, we will continue--as always--to assess economic conditions relative to our objectives of maximum employment and 2 percent inflation."

The chart below shows the bond market's reaction to these developments over the last year. Short-term interest rates moved within a relatively narrow band as economic trends fluctuated during 2016 before moving upward following the election. Six-month notes dropped from a peak of 0.58% on December 7, 2015 to a low at 0.35% on July 5 and rose to 0.65% as of December 16. Five-year and ten-year rates trended downward from their peaks in December 2015 before shooting up this month to 2.07% and 2.60%, respectively, as of December 16.



Banking Industry Highlights. Commercial banks and savings institutions insured by the Federal Deposit Insurance Corporation (FDIC) reported aggregate net income of $45.6 billion in the third quarter of 2016, up $5.2 billion (12.9 percent) from a year earlier. The increase in earnings was mainly attributable to a $10 billion (9.2 percent) increase in net interest income and a $1.2 billion (1.9 percent) rise in noninterest income. One-time accounting and expense items at three institutions had an impact on the growth in income. Banks increased their loan-loss provisions by $2.9 billion (34 percent) from a year earlier.

Of the 5,980 insured institutions reporting third quarter financial results, 60.8 percent reported year-over-year growth in quarterly earnings. The proportion of banks that were unprofitable in the third quarter fell to 4.6 percent from 5.2 percent a year earlier. That was the lowest percentage since the third quarter of 1997.

"Revenue and net income rose from a year ago, loan balances increased, asset quality improved, and the number of unprofitable banks and 'problem banks' continued to fall," Gruenberg said. "Community banks also reported solid results for the quarter with strong income, revenue, and loan growth.

"Nevertheless, the banking industry continues to operate in a challenging environment," he said. "Low interest rates for an extended period have led some institutions to reach for yield, which has increased their exposure to interest-rate risk, liquidity risk, and credit risk. Current oil and gas prices continue to affect borrowers that depend on the energy sector and have had an adverse effect on asset quality. These challenges will only intensify as interest rates normalize. Banks must manage risks prudently to ensure that growth is on a long-run, sustainable path."

Quarterly earnings were 12.9 percent higher than in the third quarter of 2015, as the average return on assets rose to 1.10 percent from 1.03 percent a year earlier. Strong revenue growth helped propel quarterly earnings. Net operating revenue – the sum of net interest income and total noninterest income -- was $183.3 billion, an increase of $11.2 billion (6.5 percent) from a year earlier.

Banks charged off $10.1 billion in the third quarter, an increase of $1.5 billion (16.9 percent) from a year earlier. This is the fourth consecutive quarter that net charge-offs (NCOs) have risen year-over-year. NCOs of loans to commercial and industrial (C&I) borrowers were up $946 million (82.7 percent), while credit card NCOs were up $658 million (13.4 percent) from the previous year. The average NCO rate in the third quarter was 0.44 percent, up from 0.40 percent a year earlier. The amount of loans and leases that were noncurrent – 90 days or more past due or in nonaccrual status – fell $2.5 billion (1.8 percent) during the three months ended September 30. Noncurrent credit card loans rose $1 billion (12.9 percent) and noncurrent C&I loans increased $154 million (0.6 percent), but noncurrent real estate loans fell $3.6 billion (3.8 percent). The overall noncurrent loan rate dropped to 1.45 percent from 1.50 percent at second quarter 2016.

The FDIC reported that total equity capital increased by $16.3 billion (0.9 percent) in third quarter 2016. Retained earnings contributed $15.1 billion to equity growth in the third quarter, $458 million (0.3 percent) more than a year earlier. Banks declared $30.5 billion in quarterly dividends, a $4.8 billion (18.5 percent) increase over third quarter 2015. A $3.7

billion decline in accumulated other comprehensive income limited the growth in equity. The average equity-to-assets ratio for the industry declined from 11.28 percent to 11.22 percent. At the end of the quarter, more than 99 percent of all banks, representing 99.9 percent of 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 the 5,521 insured institutions identified as community banks reported a $593 million (11.8 percent) increase in net income in the third quarter. Total loans and lease balances for community banks rose $31.1 billion during the third quarter. During the past 12 months, loans and leases at community banks were up $127.6 billion (9.4 percent). Net operating revenue of $23 billion at community banks was $1.8 billion (8.5 percent) higher than a year earlier. The number of FDIC-insured community banks declined from 5,602 in the second quarter to 5,521 (down 81), with two community bank failures.

The number of FDIC-insured commercial banks and savings institutions reporting quarterly financial results fell to 5,980 in the third quarter, from 6,058 in the second quarter of 2016. There were 71 mergers of insured institutions, while two insured banks failed. No new charters were added during the quarter. The number of insured institutions on the FDIC's "Problem List" declined from 147 to 132, as total assets of problem banks fell from $29 billion to $24.9 billion.

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 November 30, 2016 shows that the School District maintains significant investment deposits with Firstrust Savings Bank, QNB Bank, Santander Bank, TD Bank, Univest, the Pennsylvania Local Government Investment Trust ("PLGIT") and the Pennsylvania School District Liquid Asset Fund ("PSDLAF"). This report also examines BB&T (formerly National Penn Bank) and KeyBank (formerly First Niagara Bank) where the School District formerly had significant deposits and WSFS Bank at your request, 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 September 30, 2016, 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.

BB&T

Overview. BB&T Corporation (NYSE: BBT) reported that net income available to common shareholders for the third quarter of 2016 was $599 million, up 21.7% from the third quarter of 2015. Earnings per diluted common share were $0.73 for the third quarter of

2016. Excluding pre-tax merger-related and restructuring charges of $43 million ($27 million after tax), net income available to common shareholders was $626 million, or $0.76 per diluted share.

Net income available to common shareholders was $541 million ($0.66 per diluted share) for the second quarter of 2016 and $492 million ($0.64 per diluted share) for the third quarter of 2015.

"We are pleased to report record earnings for the third quarter," said Chairman and Chief Executive Officer Kelly S. King. "We achieved strong revenue growth and excellent expense control by capitalizing on our recent acquisitions.

"Taxable-equivalent revenues were $2.8 billion, up $325 million compared to the third quarter of 2015," said King. "For comparison, noninterest expense increased $117 million over the same period, highlighting the strong leverage we achieved with our acquisitions.

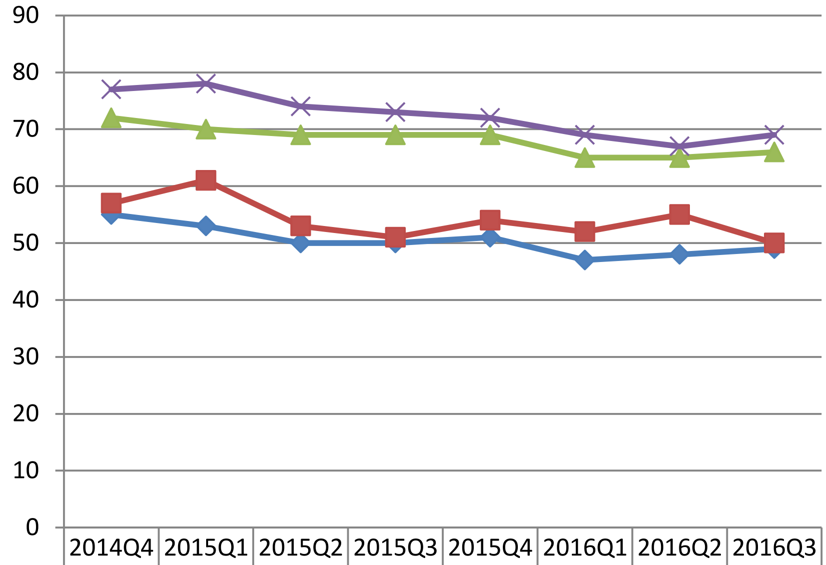
"We also completed several strategic actions during the quarter," said King. "We terminated our loss sharing agreements with the FDIC, settled certain matters related to FHA-insured mortgage loans, made a $50 million charitable contribution and completed $160 million of share repurchases. While these actions did not have a significant net impact on our quarterly results, they will reduce ongoing costs and complexity and position us to provide greater returns for our shareholders."

Credit Ratings. Current ratings for BB&T Corp. and Branch Banking & Trust Company follow:

	Moody's	S&P	Fitch
BB&T Corp.			
Long-Term Ratings	A2	A-	A+
Outlook	Stable	Stable	Stable
Branch Banking & Trust Company			
Long-Term Ratings	Aa1	A	A+
Outlook	Stable	Stable	Stable

Peer Group Ratings. BB&T's Bank Insight peer group rating for September 30 was "49", placing the bank in the 50th percentile of its peer group of banks with total assets over $10 billion. Bank Insight ratings and rankings for the last two years were:

Branch Banking and Trust Company Peer Group Ratings and Rankings

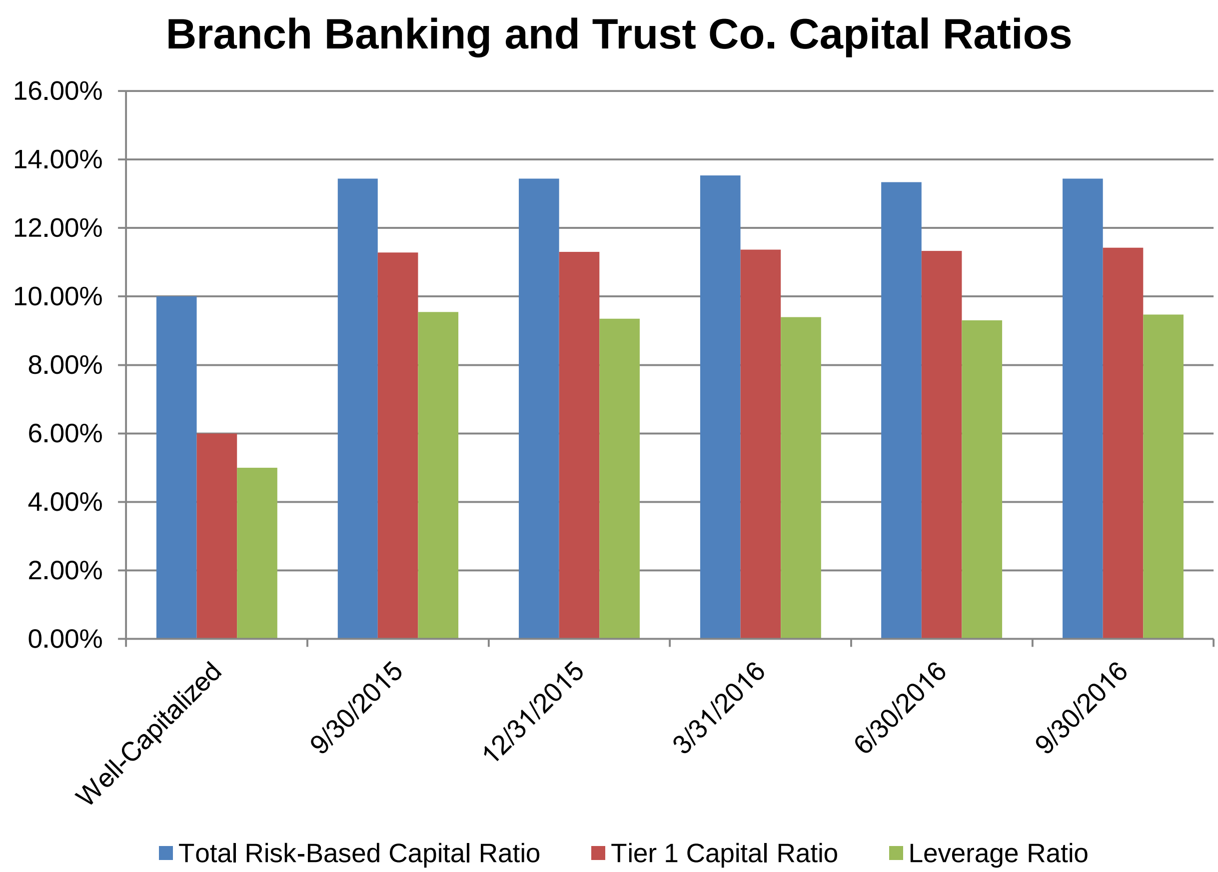


	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3
Peer Group Rating	55	53	50	50	51	47	48	49
Peer Group Ranking (Percentile)	57	61	53	51	54	52	55	50
Regional Rating	72	70	69	69	69	65	65	66
Regional Ranking (Percentile)	77	78	74	73	72	69	67	69

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

	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016
Asset Quality Ratio	0.75	0.61	0.74	0.70	0.69
Asset Quality Ranking	60	72	64	67	63

Capital Adequacy. Branch Banking and Trust Company is classified as "well-capitalized" (Capital Category 1) for federal regulatory purposes by meeting or exceeding the minimum measurements as shown below.



Collateral Review. Branch Banking & Trust Company maintained collateral coverage in its Act 72 collateral pool of 102.36% of public funds held for deposit as of November 30 2016. Collateral coverage for August was only 96.27% of public funds held for deposit although additional collateral was deposited in the pool on the next two days that brought collateral coverage up to 102.72%. Collateral coverage for September was 104.18% and 102/33% for October. We have observed that this type of shortfall can occasionally occur at the end of a month when additional public funds are deposited before additional collateral is added.

The collateral securing the deposits consists of securities issued by Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC). These securities are either direct obligations of the agencies or pools of residential mortgages that meet the criteria for conforming loans set by regulators for these federal agencies. These federal agency pooled securities are highly rated and highly liquid. These pooled securities are guaranteed by the federal agencies so that the securities maintain their value even if the underlying mortgages encounter problems. The November collateral also included one collateralized mortgage obligation consisting of residential mortgage-backed securities issued by the JPMorgan Mortgage Trust which was rated AAA upon issuance.

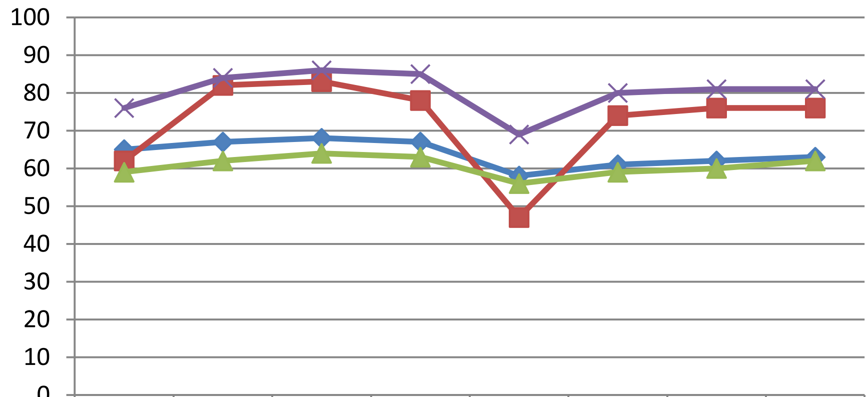
Firstrust Saving Bank

Overview. Firstrust Savings Bank, based in Conshohocken, was established in 1934 and has $3.02 billion in assets. The bank reported net income of $11,567,000 for the third quarter of 2016, compared to net income of $8,189,000 for the corresponding quarter in 2015. Net interest margin declined from 4.18% for the third quarter of 2015 to 4.11% for the third quarter of 2016. Nonperforming assets were 0.70% of total assets as of September 30, 2016 compared to 0.74% as of June 30, 2016 and 1.20% as of September 30, 2015.

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

Peer Group Ratings. Firstrust Savings Bank's Bank Insight peer group rating for September 30 was "63", placing the bank in the 76th 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:

Firstrust Bank Peer Group Ratings and Rankings

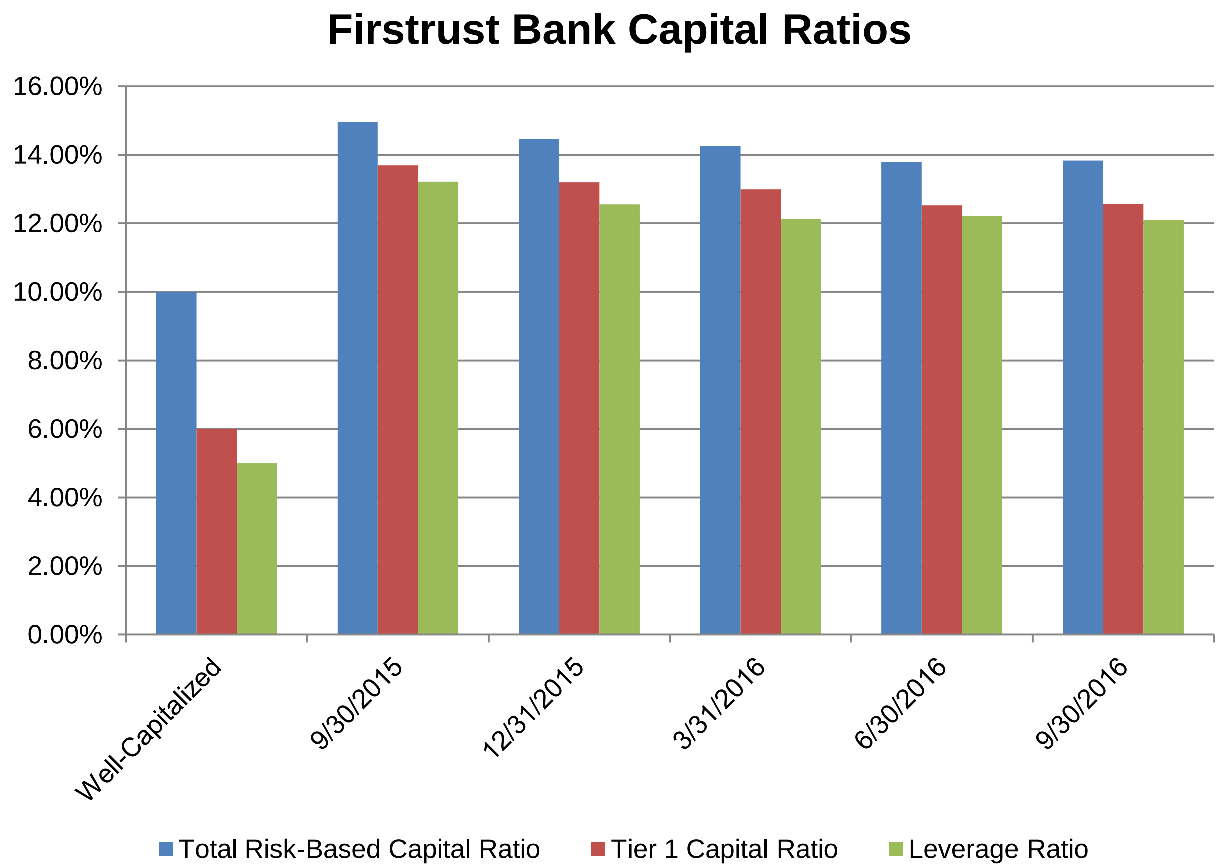


	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3
Peer Group Rating	65	67	68	67	58	61	62	63
Peer Group Ranking (Percentile)	62	82	83	78	47	74	76	76
Regional Rating	59	62	64	63	56	59	60	62
Regional Ranking (Percentile)	76	84	86	85	69	80	81	81

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

	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016
Asset Quality Ratio	1.05	0.90	0.66	0.60	0.58
Asset Quality Ranking	42	46	60	64	61

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



Collateral Review. Firstrust Savings Bank maintained collateral coverage of 102.35% of public funds held for deposit as of September 30, 2016. 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 United States Treasury and federal agency securities.

KeyBank

Quarterly Results. KeyCorp (NYSE: KEY) announced third quarter net income from continuing operations attributable to Key common shareholders of $165 million, or $.16 per common share, compared to $193 million, or $.23 per common share, for the second quarter of 2016, and $216 million, or $.26 per common share, for the third quarter of 2015. During the third quarter of 2016, Key incurred merger-related charges totaling $207 million, or $.14 per common share, compared to $45 million, or $.04 per common share, in the second quarter of 2016. Excluding merger-related charges, earnings per common share were $.30 for the third quarter of 2016 and $.27 for the second quarter of 2016. No merger-related charges were incurred in the third quarter of 2015.

"Third quarter results reflect strong momentum and performance in Key's core businesses, and we achieved a significant milestone with the completion of our First Niagara acquisition," said Chairman and Chief Executive Officer Beth Mooney. "Excluding the impact from the acquisition and merger-related charges, Key's revenue was up 6%, benefiting from solid loan growth and strong fee income, including a record quarter for investment banking and debt placement fees. Credit quality remained solid with net charge-offs as a percent of average loans remaining below our targeted range. Also, during the quarter, we leveraged Key's strong capital position by reinitiating our share repurchase program."

"With the completion of our acquisition, we were pleased to welcome our new colleagues and one million new clients from First Niagara," Mooney continued. "We successfully converted branches, ATMs, systems and client accounts to Key earlier this month, and I continue to be encouraged and energized by the opportunity we have ahead. Our focus remains on achieving our financial targets and delivering on the commitments we have made to our shareholders."

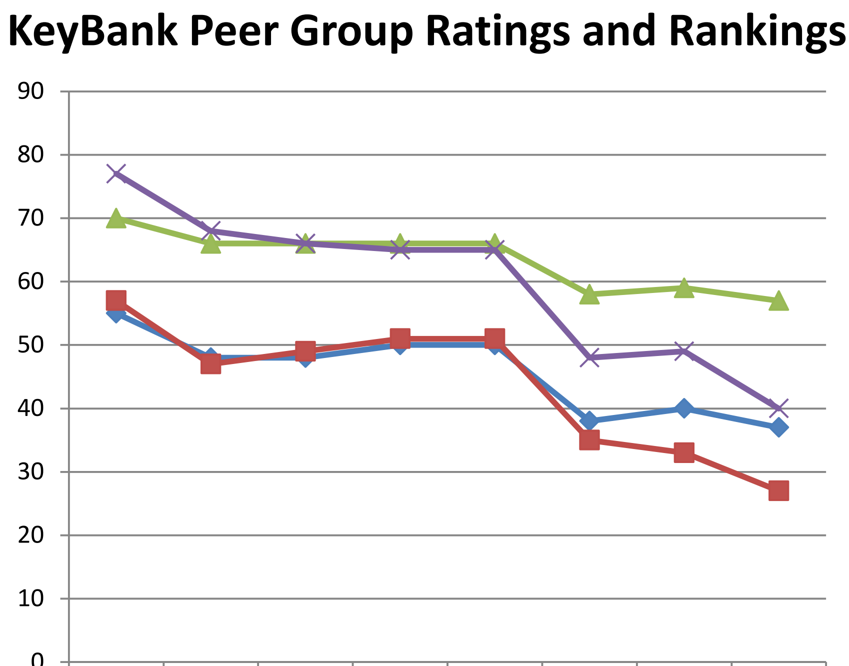
KeyCorp's third quarter results reflect its acquisition of First Niagara Financial Group ("First Niagara"), effective August 1, 2016, in exchange for total consideration paid of $4 billion, including the cash consideration of $811 million, the issuance of 240 million common shares valued at $2.8 billion, and the issuance of a new series of KeyCorp preferred stock to replace the First Niagara preferred stock valued at $350 million. Results of the operations acquired from First Niagara have been reflected in Key's results since the acquisition date. Assets acquired in the transaction totaled approximately $35.6 billion, while liabilities assumed were $33 billion, not reflecting the impact of branch divestitures.

In connection with Key's acquisition of First Niagara, third quarter 2016 results also include the divestiture of 18 branches on September 9, 2016. The impact of divested branches on Key's third quarter 2016 results included $439 million of loans and $1.6 billion of deposits.

Credit Ratings. Ratings for KeyCorp and KeyBank are as follows:

	Moody's	S&P	Fitch
KeyCorp			
Long-Term Ratings	Baa1	BBB+	A-
Outlook	Stable	Negative	Negative
KeyBank N.A.			
Long-Term Ratings	Aa3	A-	A-
Outlook	Stable	Negative	Negative

Peer Group Ratings. KeyBank's Bank Insight peer group rating for September 30 was "37", placing the bank in the 27th percentile of its peer group of banks with assets of greater than $10 billion. Bank Insight ratings and rankings for KeyBank for the last two years were:

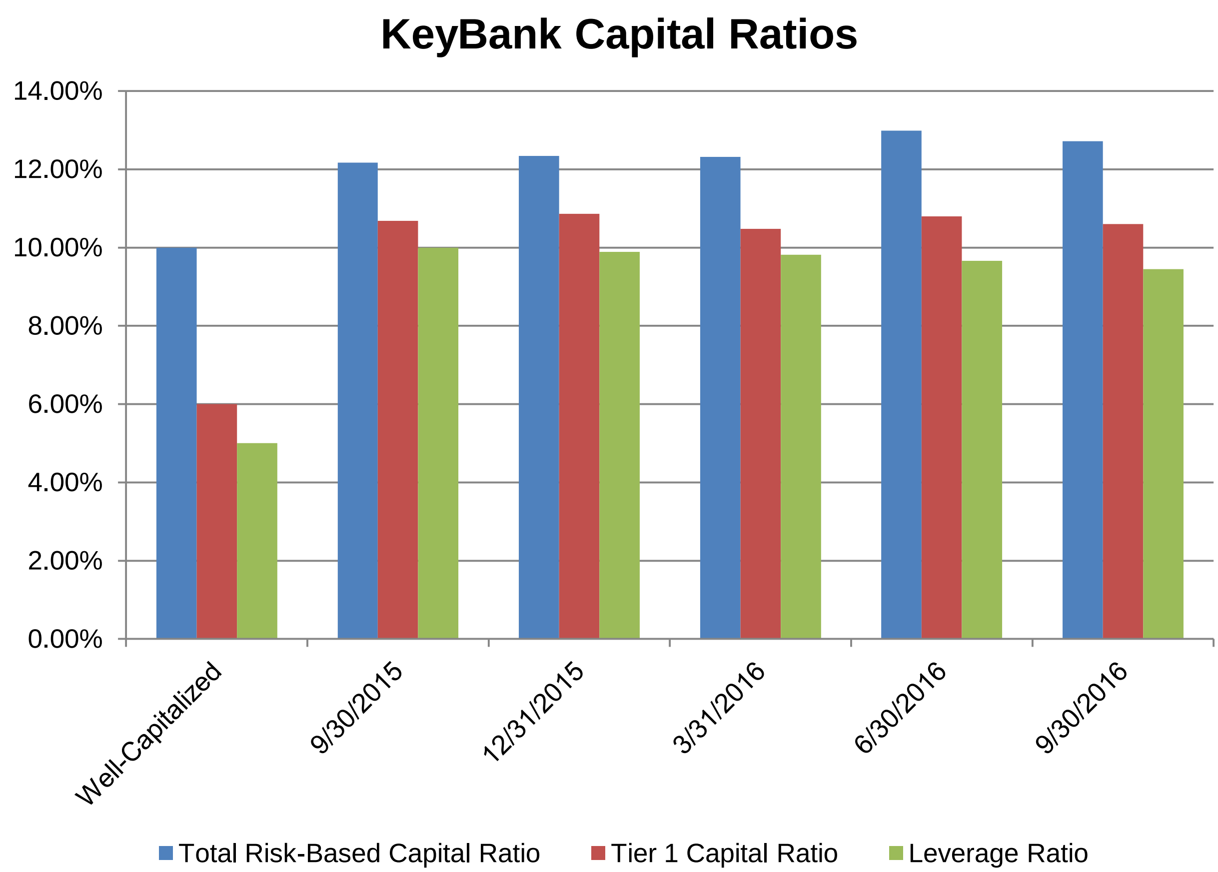


	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3
Peer Group Rating	55	48	48	50	50	38	40	37
Peer Group Ranking (Percentile)	57	47	49	51	51	35	33	27
Regional Rating	70	66	66	66	66	58	59	57
Regional Ranking (Percentile)	77	68	66	65	65	48	49	40

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

	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016
Asset Quality Ratio	0.8	0.78	1.28	1.13	1.00
Asset Quality Ranking	53	57	31	33	43

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



Collateral Review. No collateral information is available for KeyBank. Before the acquisition by KeyBank, First Niagara Bank maintained collateral coverage of 103.6% of public funds held for deposit as of June 30, 2016. The securities in the First Niagara collateral pool as of June 30 consisted of federal agency securities (44.7%), Pennsylvania municipal securities (6.41%) and municipal securities from outside of Pennsylvania (48.79%). We suggest that you request that KeyBank provide you with collateral information on a periodic basis.

QNB Bank

Quarterly Results. QNB Corp. (the "Company" or "QNB") (OTC Bulletin Board: QNBC), the parent company of QNB Bank (the "Bank"), reported net income for the third quarter of 2016 of $2,292,000, or $0.67 per share on a diluted basis. This compares to net income of $2,220,000, or $0.66 per share on a diluted basis, for the same period in 2015. For the nine months ended September 30, 2016, QNB reported net income of $6,655,000, or $1.96 per share on a diluted basis. This compares to net income of $6,290,000, or $1.88 per share on a diluted basis, reported for the same period in 2015.

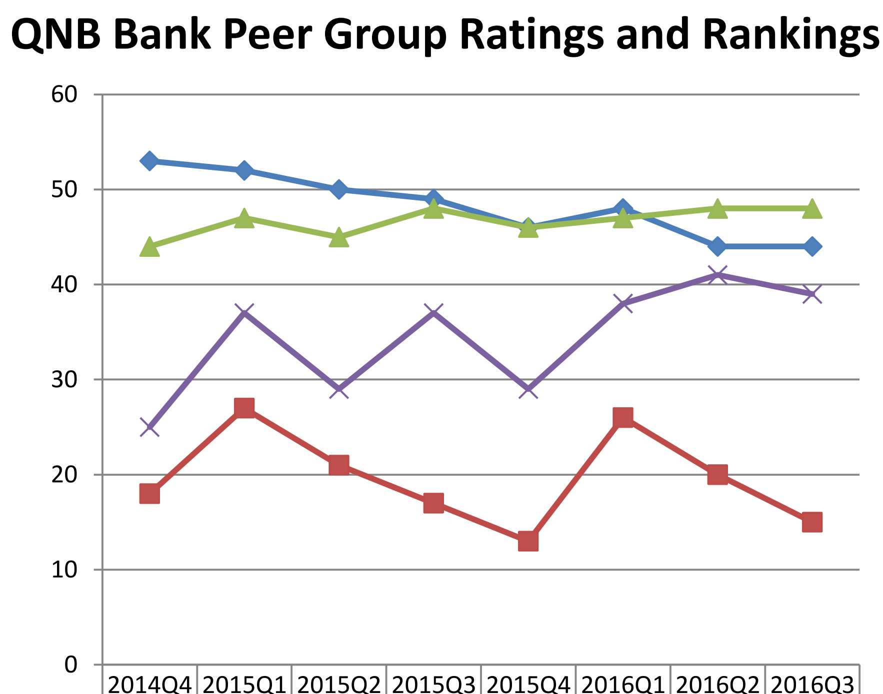
For the third quarter ended September 30, 2016, the rate of return on average assets and average shareholders' equity was 0.86% and 9.57%, respectively, compared with 0.88% and 9.86%, respectively, for the third quarter 2015. For nine months ended September 30, 2016, the rate of return on average assets and average shareholders' equity was 0.87% and 9.48%, respectively, compared with 0.86% and 9.56%, respectively, for the same period in 2015.

Total assets as of September 30, 2016 were $1,071,931,000 compared with $1,020,936,000 at December 31, 2015. Loans receivable at September 30, 2016 were $608,231,000 compared with $615,270,000 at December 31, 2015, a decrease of $7,039,000, or 1.1%. Total deposits at September 30, 2016 were $926,712,000 compared with $889,786,000 at December 31, 2015l.

"QNB is pleased to report our third consecutive quarter of year-over-year increases in net income and earnings per share," said David W. Freeman, President and Chief Executive Officer. "Household growth continues to outpace last year, and we continue to see improvement in asset quality." Mr. Freeman added, "QNB Financial Services, our wealth management and retail brokerage business expanded assets under management to $95 million at September 30, 2016, an increase of approximately $25 million from December 31, 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 September 30 was "44", placing the bank in the 15th percentile of its peer group of banks with total assets of $1 billion to $4.9 billion. QNB Bank moved into a new peer group in the first quarter as its assets dropped below $1 billion so that it was compared to a different set of institutions for that quarter. The bank's assets exceeded $1 billion for the third and fourth quarters of 2015 and again for the second and third quarters of 2016. Bank Insight ratings and rankings for the last two years were:

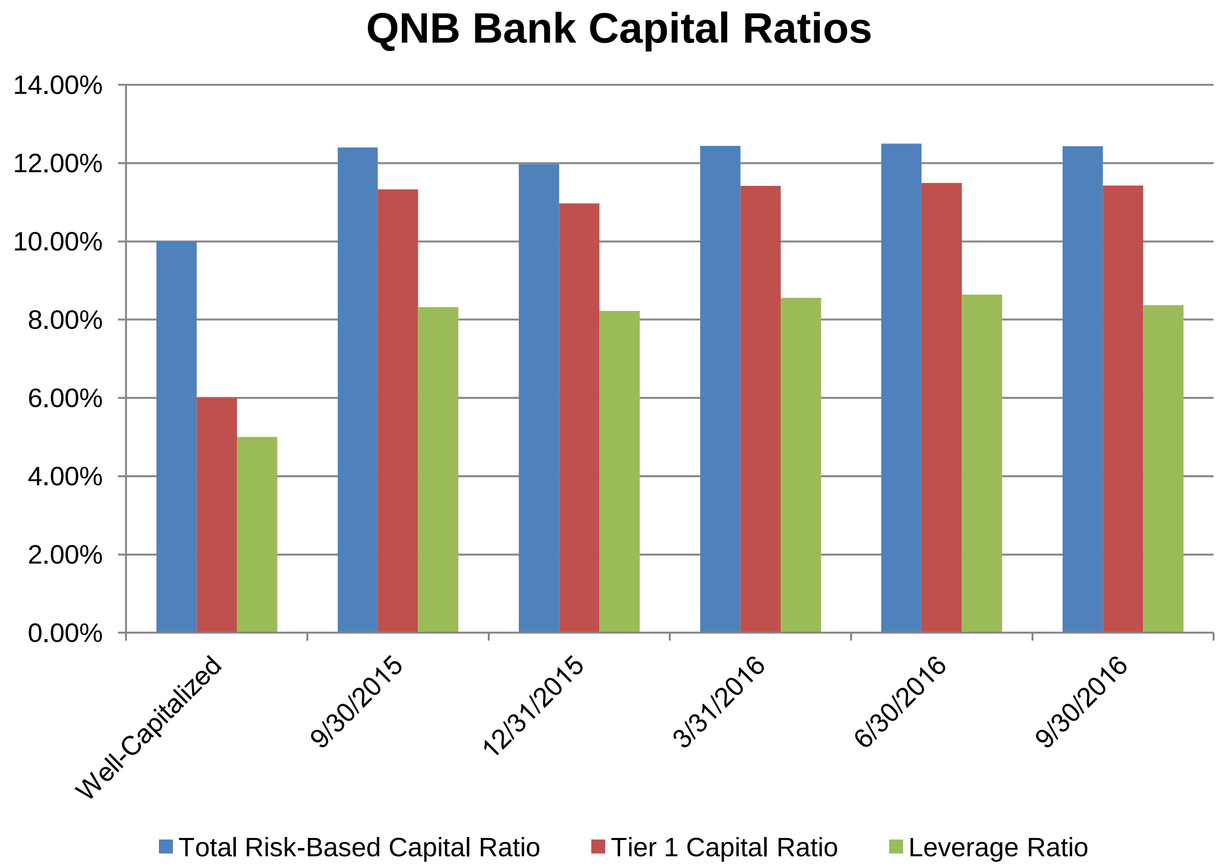


	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3
Peer Group Rating	53	52	50	49	46	48	44	44
Peer Group Ranking (Percentile)	18	27	21	17	13	26	20	15
Regional Rating	44	47	45	48	46	47	48	48
Regional Ranking (Percentile)	25	37	29	37	29	38	41	39

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

	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016
Asset Quality Ratio	1.40	1.53	1.42	1.40	1.31
Asset Quality Ranking	30	25	33	24	25

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



Collateral Review. The Bank maintained collateral coverage in its Act 72 collateral pool of 111.76% of public funds held for deposit as of September 30, 2016 and 109.65% of public funds held for deposit as of June 30, 2016. 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

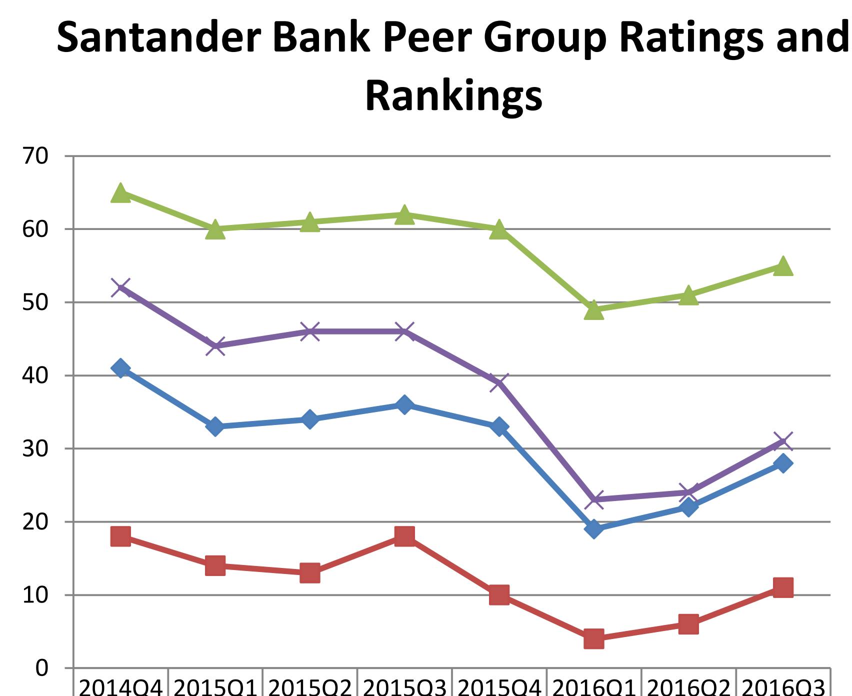
Quarterly Results. Santander Holdings USA Inc. is the holding company for Santander Bank, N.A. and is in turn owned by Banco Santander SA in Spain. Santander Bank reported net income of $79.1 million for the quarter ended September 30, 2016 compared to net income of $92.4 million for the quarter ended June 30, 2016 and $11.1

million for the corresponding quarter of 2015. Nonperforming assets declined to 1.15% of total assets compared to 1.24% for the quarter ended June 30, 2016.

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 September 30 was "28", placing the bank in the 11th 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:

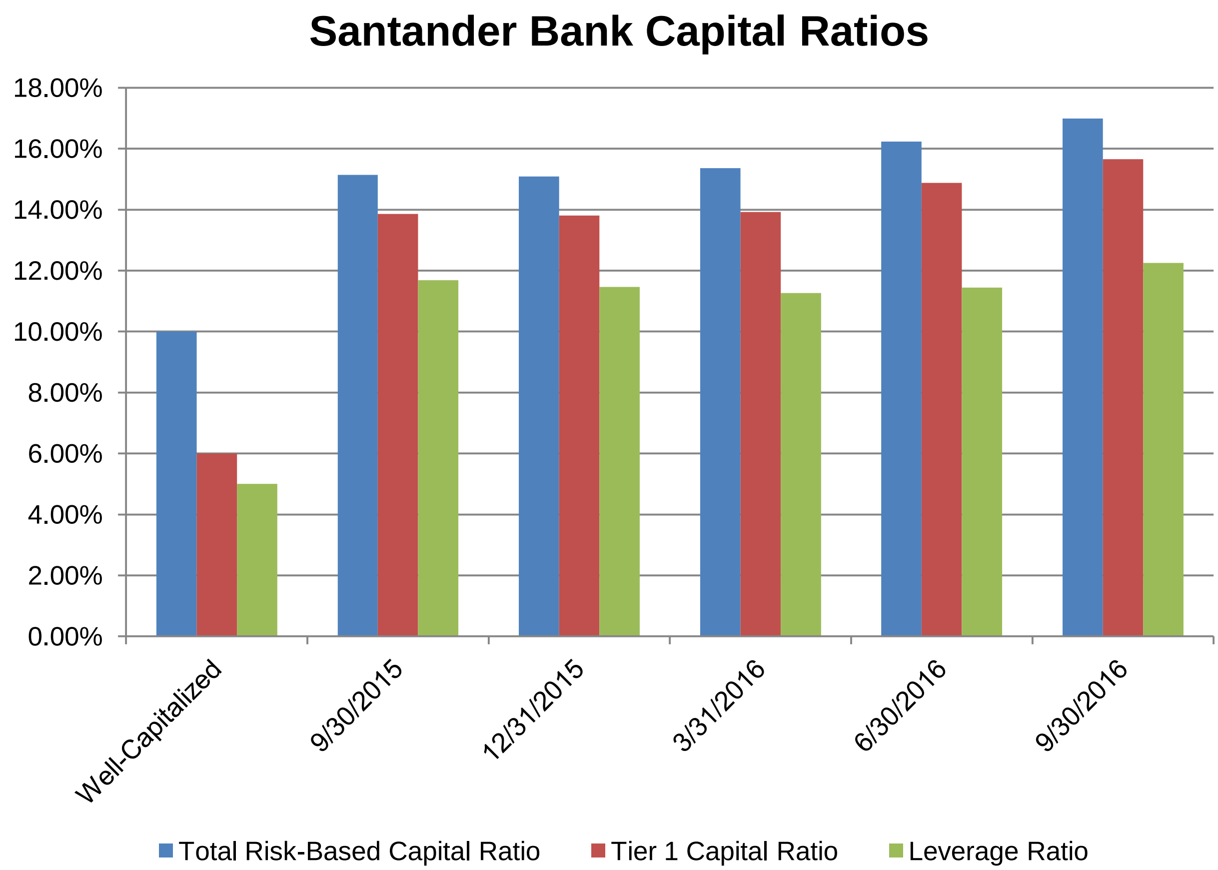


	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3
Peer Group Rating	41	33	34	36	33	19	22	28
Peer Group Ranking (Percentile)	18	14	13	18	10	4	6	11
Regional Rating	65	60	61	62	60	49	51	55
Regional Ranking (Percentile)	52	44	46	46	39	23	24	31

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

	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016
Asset Quality Ratio	1.01	1.02	1.37	1.33	1.22
Asset Quality Ranking	36	36	27	24	28

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.



Collateral Review. Santander Bank maintained collateral coverage of 117.55% as of September 30, 2016. 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 June 30 collateral portfolio consisted of federal agency securities.

TD Bank

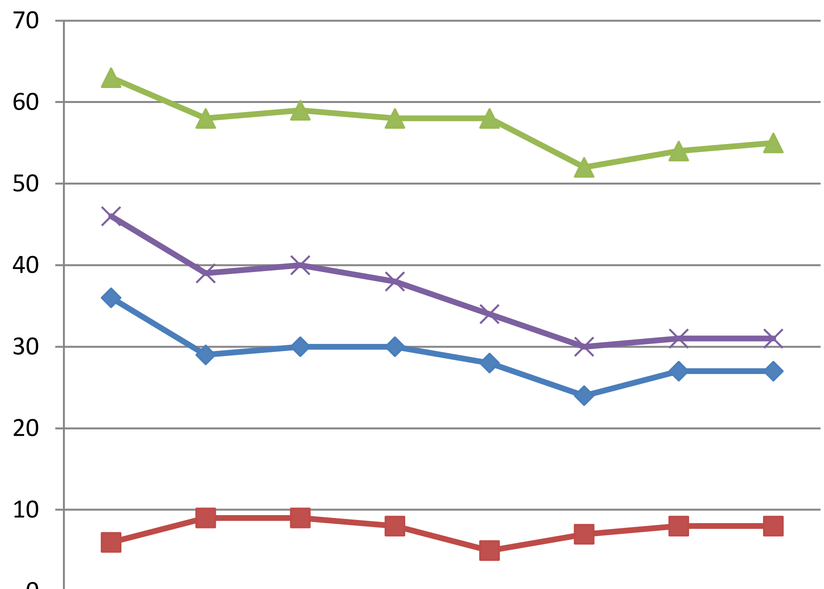
Quarterly Results. Toronto-Dominion Bank of Canada is the parent company of TD Bank US Holding Company which owns TD Bank, N.A. TD Bank reported net income for the third quarter of 2016 of $359 million compared to net income of $369.9 million for the second quarter of 2016 and $351.7 million for the third quarter of 2015. Nonperforming assets to total assets were 0.67% at June 30, 2016, compared to 0.71 % at June 30, 2016 and 0.70% at September 30, 2015.

Credit Ratings. 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	Stable	Stable

Peer Group Ratings. TD Bank's Bank Insight peer group rating for September 30 was "27", placing the bank in the 8th 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

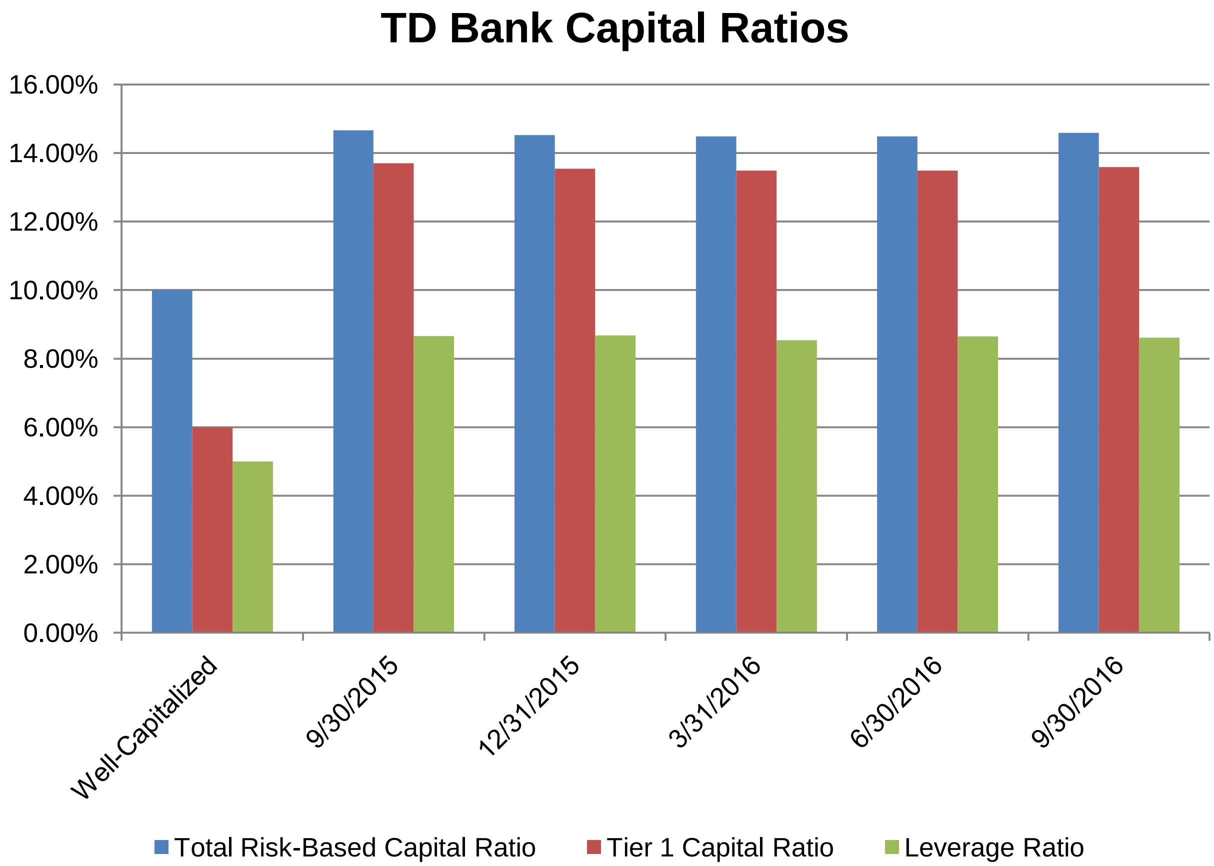


	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3
Peer Group Rating	36	29	30	30	28	24	27	27
Peer Group Ranking (Percentile)	6	9	9	8	5	7	8	8
Regional Rating	63	58	59	58	58	52	54	55
Regional Ranking (Percentile)	46	39	40	38	34	30	31	31

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

	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016
Asset Quality Ratio	1.40	1.53	1.57	1.34	1.29
Asset Quality Ranking	21	13	15	21	25

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.



Collateral Review. TD Bank maintained collateral coverage of 103.85% as of November 30, 2016 and 104.38% as of October 31, 2016 of public funds held for deposit.

The securities in TD's collateral pool as of November 30 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.

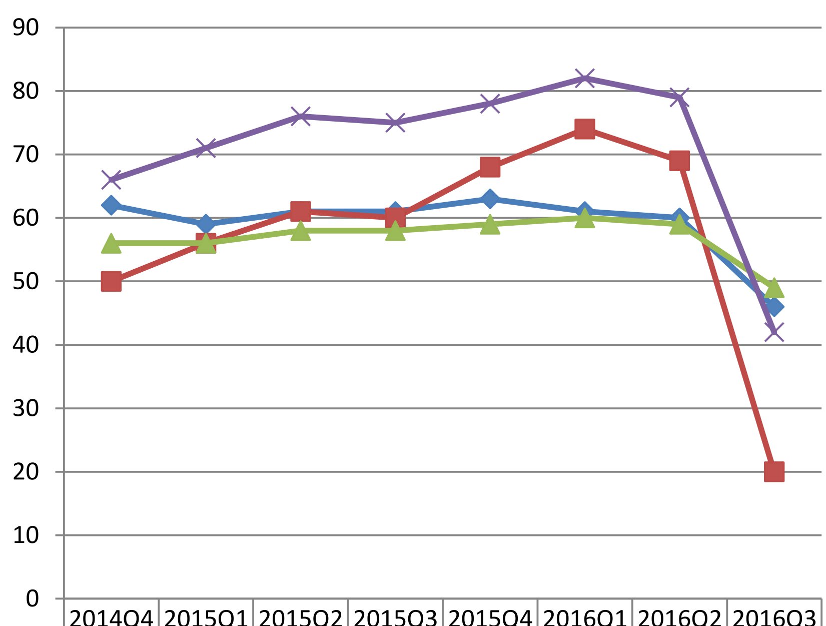
Overview. Univest Corporation of Pennsylvania ("Univest" or "Corporation") (NASDAQ:UVSP), parent company of Univest Bank and Trust Co. ("Bank") and its insurance, investments and equipment financing subsidiaries, reported net income of $58 thousand or $0.00 diluted earnings per share for the three months ended September 30, 2016, compared to net income of $7.5 million or $0.39 diluted earnings per share for the three months ended September 30, 2015. Net income for the nine months ended September 30, 2016 was $12.6 million or $0.57 diluted earnings per share, compared to net income of $20.1 million or $1.02 diluted earnings per share for the comparable period in the prior year.

The financial results for the three and nine months ended September 30, 2016 included $9.2 million and $10.6 million, net of tax, respectively, of acquisition and integration related costs associated with the acquisition of Fox Chase Bancorp ("Fox Chase"), or a total of $0.35 and $0.48, respectively, of diluted earnings per share. The nine months ended September 30, 2015 included $2.4 million, net of tax, of integration and acquisition-related costs and restructuring charges incurred during the first and second quarters, or $0.12 of diluted earnings per share. The current quarter is the first reporting period reflecting financial results inclusive of Fox Chase which Univest acquired on July 1, 2016. On September 12, 2016, Univest completed the Fox Chase system conversion, moving all operations to Univest and providing all Univest and Fox Chase customers with access to an expanded financial center and ATM network.

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 September 30 was "46", placing the bank in the 20th 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

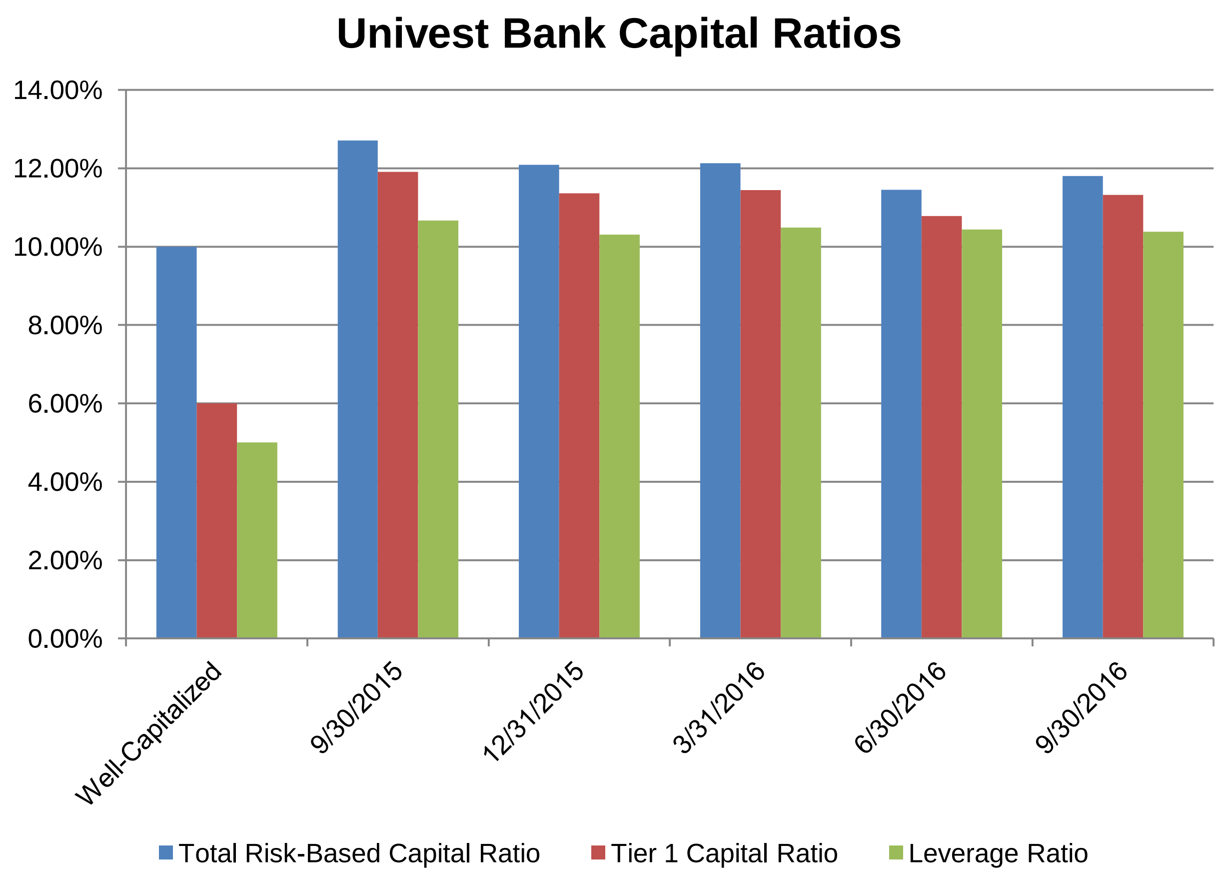


	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3
Peer Group Rating	62	59	61	61	63	61	60	46
Peer Group Ranking (Percentile)	50	56	61	60	68	74	69	20
Regional Rating	56	56	58	58	59	60	59	49
Regional Ranking (Percentile)	66	71	76	75	78	82	79	42

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

	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016
Asset Quality Ratio	1.06	0.73	0.81	0.73	1.11
Asset Quality Ranking	41	57	50	53	32

Capital Adequacy. Univest 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.



Collateral Review. Univest maintained collateral coverage of 104.69% of public funds held for deposit as of September 30, 2016. 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)

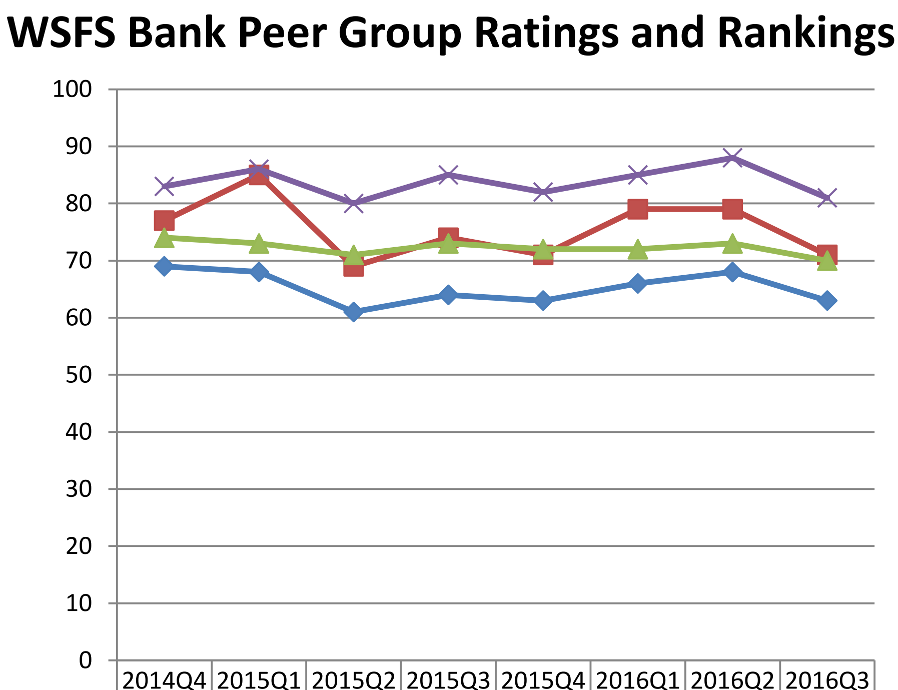
Overview. WSFS Financial Corporation (NASDAQ:WSFS), the parent company of WSFS Bank, reported net income of $12.7 million, or $0.41 per diluted common share for 3Q 2016 compared to net income of $14.4 million, or $0.51 per share for 3Q 2015 and net income of $17.5 million, or $0.58 per share for 2Q 2016.

Net income for the first nine months of 2016 grew $6.4 million, or 16%, to $46.0 million, or $1.50 per diluted common share, from $39.5 million, or $1.39 per share for the same period of 2015 resulting in EPS growth of $0.11 per share, or 8%.

Results for 3Q 2016 compared to 3Q 2015 reflect net revenues of $75.9 million, an increase of $13.2 million, or 21%, net interest income of $49.0 million, or an increase of $8.0 million, noninterest income of $26.8 million, or an increase of $5.2 million and noninterest expenses of $50.5 million, or an increase of $11.8 million. The increase in noninterest expenses includes higher one-time corporate development costs as enumerated below.

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 September 30 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:

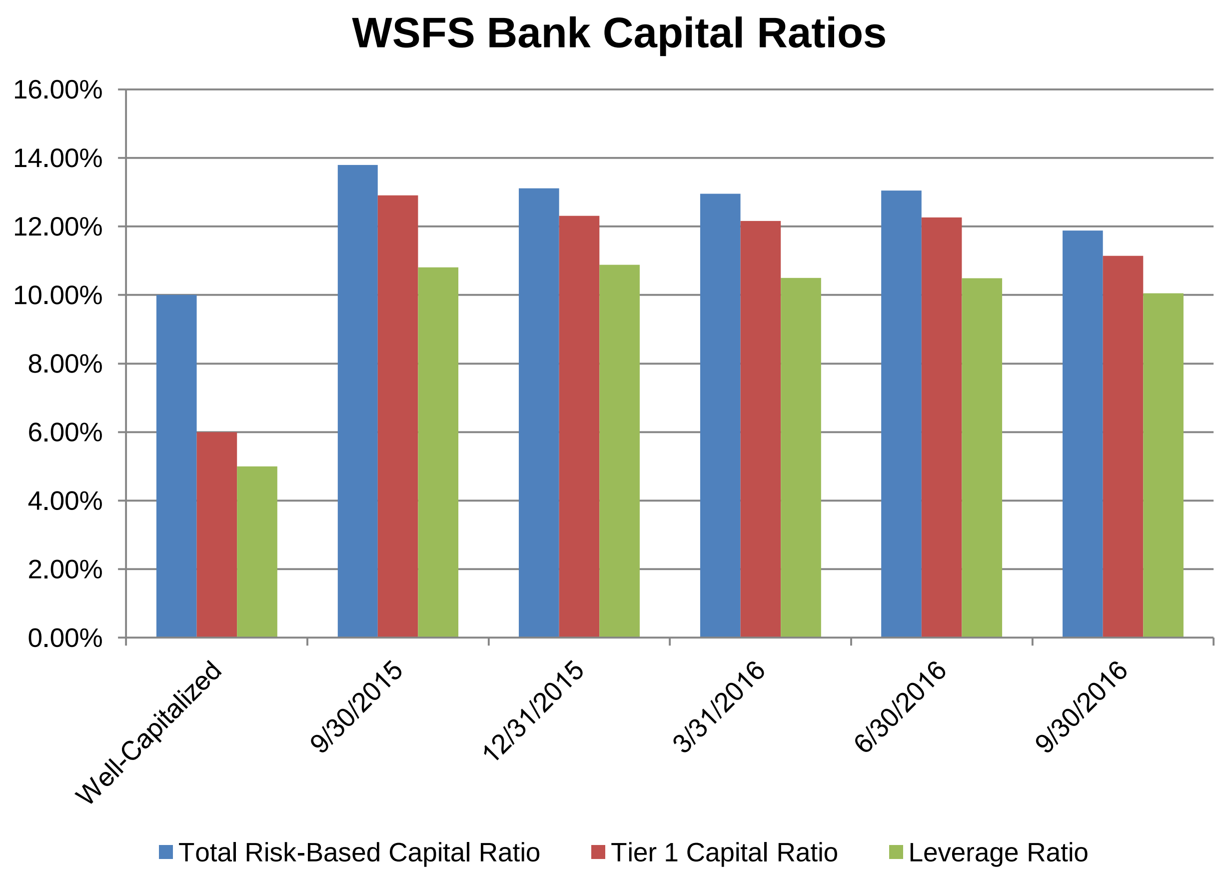


	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3
Peer Group Rating	69	68	61	64	63	66	68	63
Peer Group Ranking (Percentile)	77	85	69	74	71	79	79	71
Regional Rating	74	73	71	73	72	72	73	70
Regional Ranking (Percentile)	83	86	80	85	82	85	88	81

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

	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016
Asset Quality Ratio	0.92	1.15	0.67	0.47	0.6
Asset Quality Ranking	53	34	61	75	60

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.



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.

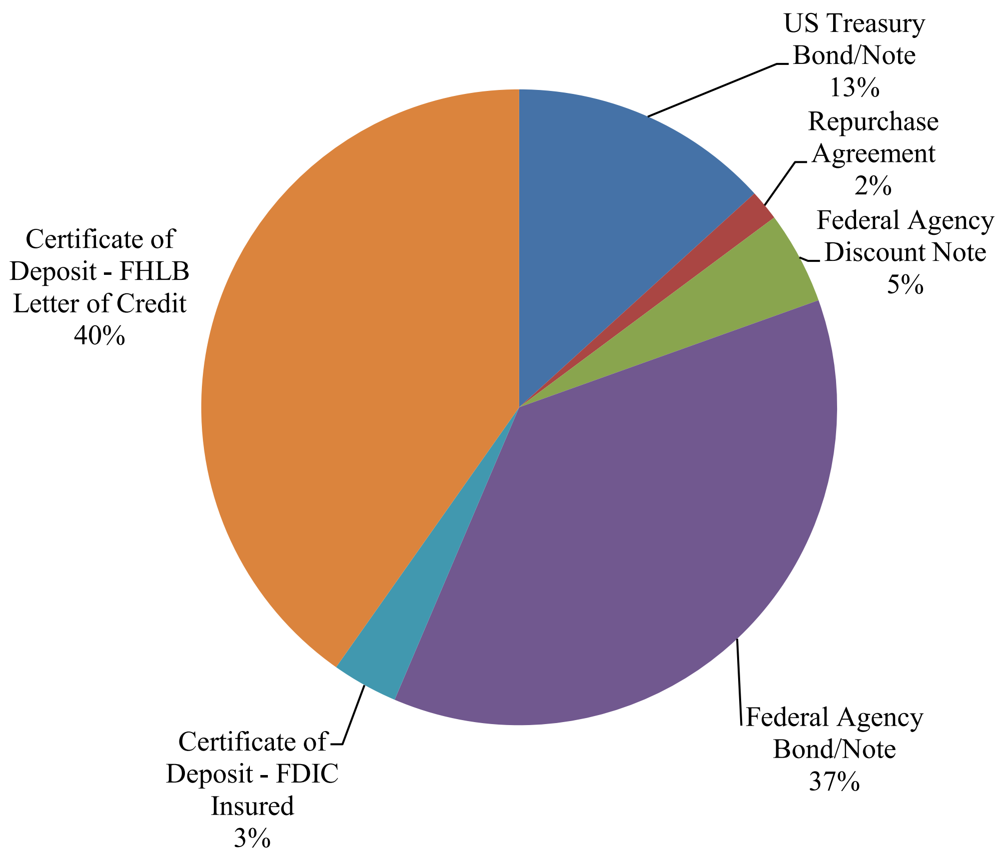
PLGIT AND PSDLAF

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, 2014 consisted of demand deposits (9.16%), repurchase agreements (15.57%), municipal obligations (2.22%) and U.S. Government Agency obligations (73.04%).

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 September 30, 2016.

PLGIT PLUS Composition of Securities in Portfolio
September 30, 2016



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 November 30, 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.

BB&T's Bank Insight peer group ranking fell from the 55th percentile to the 50th percentile. BB&T has capital ratios well in excess of the required minimums. BB&T's asset quality ranking is at the 63rd percentile. BB&T provides excellent collateral coverage. The third quarter results reflect BB&T's acquisition of National Penn Bank on April 1.

Firstrust Savings Bank's peer group Bank Insight ranking was unchanged at the 76th percentile. The bank's asset ranking as of September 30 was at the 61st percentile. Firstrust's capital ratios are well in excess of the required minimums. Firstrust Savings Bank provides satisfactory collateral coverage.

KeyBank's Bank Insight peer group ranking declined from the 33rd percentile to the 27th percentile following the completion of the acquisition of First Niagara. KeyBank's asset quality ranking rose to the 43rd percentile. Its capital ratios are above the required minimums. We do not have current collateral information for KeyBank.

QNB Bank's peer group Bank Insight ranking fell from the 20th percentile to the 15th percentile. QNB moved into a new peer group as of March as its assets increased. Its asset quality ranking was at the 25th percentile. QNB's capital ratios rose slightly and 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 Bank's Bank Insight ranking rose from the 6th percentile to the 11th percentile during the third quarter while its asset quality ranking also climbed to the 28th 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 September 2016 was very good.

TD Bank's Bank Insight peer group ranking was unchanged at the 8th percentile while its asset quality ranking increased to the 25th 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 dropped dramatically from the 69th percentile to the 20th percentile. The bank's asset quality ratio also fell from the 53rd percentile to the 32nd percentile. These declines reflect the expenses and other changes associated with Univest's completion of the acquisition of Fox Chase Bancorp as of July 1. Its capital ratios are well above the required minimums. Univest provides satisfactory collateral coverage.

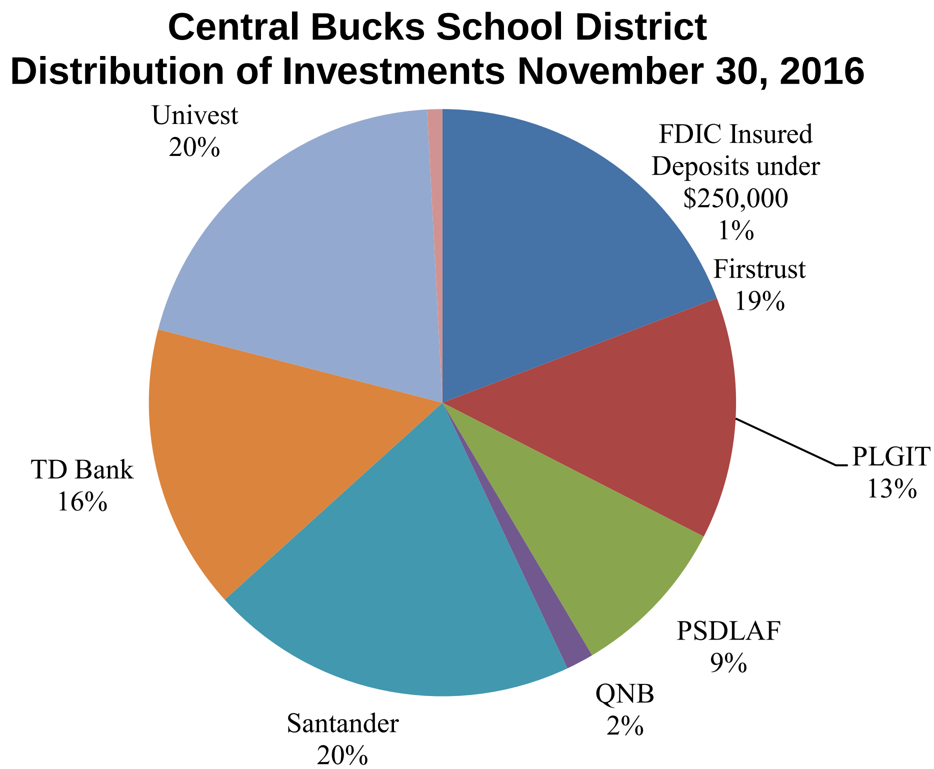
WSFS's Bank Insight peer group ranking dropped from the 79th percentile to the 71st percentile. The bank's asset quality ratio was at the 60th percentile. Its capital ratios are well above the required minimums. WSFS provides satisfactory collateral coverage.

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

December 19, 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 November 30, 2016
Univest
20%
FDIC Insured
Deposits under
$250,000
1%
Firstrust
19%
PLGIT
13%
TD Bank
16%
PSDLAF
9%
QNB
2%
Santander
20%