

CENTRAL BUCKS SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2019

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MEMBER:
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Central Bucks School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information Central Bucks School District as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 6 through 28, the budgetary comparison information on pages 69 and 70, and the pension and other post-employment benefits schedules on pages 69 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Bucks School District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2019, on our consideration of Central Bucks School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central Bucks School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Central Bucks School District's internal control over financial reporting and compliance.

Dreslin and Company, Inc.

East Norriton, Pennsylvania
December 31, 2019

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

INTRODUCTION

Our discussion and analysis of Central Bucks School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2019.

FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the Unassigned fund balance for the General Fund is \$15,509,126 or 4.5% of the total General Fund subsequent year's budget. In addition, there is a Non-spendable fund balance of \$408,635 and an Assigned fund balance of \$10,795,262. The Non-spendable funds are amounts that are not in a spendable form and are primarily composed of prepaid expenditures. The Assigned funds are amounts that have been constrained to specific purposes by the School District. The balance of Assigned Funds is comprised of the following: \$4,638,100 for additional future healthcare obligations; a reserve of \$1,518,097 for future real estate tax assessment appeals; and a budgetary reserve in the amount of \$4,639,065 to be used in future budget years as a supplement to revenues. As such, the Assigned funds can only be used for other purposes if direction to do so is provided by the Board of Directors.
- The impact of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, resulted in the liabilities of the district exceeding its assets at the close of the most recent fiscal year. At the close of the 2015-16 school year the district was required to recognize its share of the state pension liability, and the current balance of that liability as of the close of this current fiscal year is \$553,929,000. In addition, beginning at the close of the 2017-18 fiscal year, the district was also required to recognize its share of the state liability for other post-employment benefits. The current balance of that liability as of the close of this current fiscal year is \$24,058,000. The impact of the recognition of these liabilities resulted in taking the ending net position from a positive balance of \$433,287,662 to a negative balance of \$144,699,338. The basis of the pension and other post-employment benefits entries are further discussed in Note 9 and Note 10 of the financial statements, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

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

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

Fund Financial Statements

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

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

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

The Central Bucks School District maintains three individual Governmental Funds. Information is presented separately in the Governmental Funds balance sheet and in the Governmental Funds statement of revenues, expenditures and changes in fund balances.

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

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

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

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

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

It was previously noted that the net position may serve over time as a useful indicator of a government's financial position and, given that the School District's current negative position results from recognizing its portion of the state pension and other post-employment benefits liabilities, the net position still indicates a strong financial standing. It is important to note that without the recognition of the post-employment liabilities that were made in accordance with GASB 68 and GASB 75, the district's net position at the close of the most recent fiscal year would not be a negative balance of \$144,699,338, but would reflect a positive balance of \$433,287,662.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

Condensed Statements of Net Position
June 30, 2019 and 2018

Central Bucks School District's Net Position

	Governmental Activities		Business-Type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current and other assets	\$ 145,606,700	\$ 138,389,910	\$ 740,459	\$ 588,243	\$ 146,347,159	\$ 138,978,153
Capital assets	370,421,432	384,842,701	440,181	520,174	370,861,613	385,362,875
TOTAL ASSETS	516,028,132	523,232,611	1,180,640	1,108,417	517,208,772	524,341,028
DEFERRED OUTFLOWS OF RESOURCES						
Pension	88,098,531	101,293,735	-	-	88,098,531	101,293,735
Other post-employment benefits	4,495,528	1,558,716	-	-	4,495,528	1,558,716
TOTAL DEFERRED OUTFLOWS OF RESOURCES	92,594,059	102,852,451	-	-	92,594,059	102,852,451
LIABILITIES						
Current liabilities	42,321,670	31,310,994	475,533	620,614	42,797,203	31,931,608
Long-term liabilities	679,804,813	701,242,755	-	-	679,804,813	701,242,755
TOTAL LIABILITIES	722,126,483	732,553,749	475,533	620,614	722,602,016	733,174,363
DEFERRED INFLOWS OF RESOURCES						
Pension	8,574,000	3,382,000	-	-	8,574,000	3,382,000
Other post-employment benefits	20,772,202	19,711,410	-	-	20,772,202	19,711,410
Deferred amounts on refunding bonds	1,848,844	2,718,506	-	-	1,848,844	2,718,506
TOTAL DEFERRED INFLOWS OF RESOURCES	31,195,046	25,811,916	-	-	31,195,046	25,811,916
NET POSITION						
Net investment in capital assets	313,430,816	317,313,742	440,181	520,174	313,870,997	317,833,916
Unrestricted	(458,130,154)	(449,594,345)	264,926	(32,371)	(457,865,228)	(449,626,716)
TOTAL NET POSITION	\$ (144,699,338)	\$ (132,280,603)	\$ 705,107	\$ 487,803	\$ (143,994,231)	\$ (131,792,800)

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

Governmental Activities - Governmental activities reduced the Central Bucks School District's net position by \$12,418,735. Business-type activities increased the School District's net position by \$217,304, resulting in a total decrease in net position of \$12,201,431. Key elements of this change in position are as follows:

Changes in Net Position
Years Ended June 30, 2019 and 2018

	Central Bucks School District's Change in Net Position					
	Governmental Activities		Business-Type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues						
Charges for services	\$ 1,069,534	\$ 1,072,789	\$3,819,430	\$3,584,686	\$ 4,888,964	\$ 4,657,475
Operating grants and contributions	68,952,887	67,070,195	1,031,118	980,606	69,984,005	68,050,801
Capital grants and contributions	1,564,661	1,716,066	-	-	1,564,661	1,716,066
General Revenues						
Property taxes	232,605,147	232,712,773	-	-	232,605,147	232,712,773
Other taxes	26,900,390	25,650,596	-	-	26,900,390	25,650,596
Grants and contributions not restricted to specific programs	1,911,205	1,912,678	-	-	1,911,205	1,912,678
Other	5,105,854	36,882	416	1,024	5,106,270	37,906
TOTAL REVENUES	338,109,678	330,171,979	4,850,964	4,566,316	342,960,642	334,738,295
EXPENSES						
Instruction	210,132,189	201,284,866	-	-	210,132,189	201,284,866
Support services	108,520,249	106,151,905	-	-	108,520,249	106,151,905
Operation of non-instructional services	8,989,419	8,669,320	-	-	8,989,419	8,669,320
Facilities acquisition, construction, and improvement services	21,328,860	24,425,601	-	-	21,328,860	24,425,601
Debt service	1,557,696	1,497,278	-	-	1,557,696	1,497,278
Food service	-	-	4,633,660	4,670,838	4,633,660	4,670,838
TOTAL EXPENSES	350,528,413	342,028,970	4,633,660	4,670,838	355,162,073	346,699,808
CHANGE IN NET POSITION	(12,418,735)	(11,856,991)	217,304	(104,522)	(12,201,431)	(11,961,513)
NET POSITION:						
BEGINNING OF YEAR	(132,280,603)	(120,423,612)	487,803	592,325	(131,792,800)	(119,831,287)
END OF YEAR	\$ (144,699,338)	\$ (132,280,603)	\$ 705,107	\$ 487,803	\$ (143,994,231)	\$ (131,792,800)

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

The focus of the Central Bucks School District's Governmental Funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Central Bucks School District's financing requirements. In addition, Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Central Bucks School District. General Fund revenues of the Central Bucks School District come from three basic sources. The largest source was provided by local funding totaling \$264,271,029 (78.6%), of which \$219,411,504 were current and interim real estate tax revenues. State funding amounted to \$70,128,862 (20.8%). Federal funding amounted to \$1,992,289 (.6%). According to State criteria, Central Bucks is a relatively wealthy district and, as such, State and Federal funding continue to provide a relatively small percentage (21.4%) of total School District revenue.

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

	<u>2018-19</u>	<u>2017-18</u>	<u>Change</u>	
Instruction	\$ 197,918,944	\$ 188,117,767	\$ 9,801,177	5.2%
Support services	96,786,068	93,122,677	3,663,391	3.9%
Non-instructional	8,563,154	8,146,901	416,253	5.1%
Debt service	13,024,444	14,590,144	(1,565,700)	-10.7%
Other	3,400	-	3,400	N/A
Totals	<u>\$ 316,296,010</u>	<u>\$ 303,977,489</u>	<u>\$ 12,318,521</u>	4.1%

Revenues fell slightly short of the budgeted estimates by \$748,470. Actual expenditures were \$316,296,010 as compared to a budget of \$317,540,650. These totals exclude transfers to other funds.

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

Regarding the General Fund balance, the Board of Directors has adopted a practice to maintain an Unassigned fund balance of the General Fund at a range of 3-5% of the subsequent year's budget. At the end of the current fiscal year, Unassigned fund balance is \$15,509,126, representing 4.5% of the subsequent year's budget amount of \$342,248,613. As of June 30, 2018, the Unassigned fund balance represented 6.7% of the subsequent year's budget due to a combination of a positive budget variance and prior-period adjustments. As it is the intent of the Board to use all available funds over the recommended range to build a reserve for future capital projects, the Board approved a transfer of \$12,396,119 from the General Fund to the Capital Project Fund in December 2018. In addition to the Unassigned fund balance, there is also a Non-spendable fund balance of \$408,635 and an Assigned fund balance of \$10,795,262, which is comprised of funds sets aside for additional future healthcare obligations, future real estate tax assessment appeals, and a budgetary reserve to be used in future budget years as a supplement to revenues.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

A history of General Fund ending balances follows:

June 30, 2010	\$42,299,055
June 30, 2011	\$34,066,395
June 30, 2012	\$33,476,973
June 30, 2013	\$18,519,326
June 30, 2014	\$17,813,141
June 30, 2015	\$25,744,989
June 30, 2016	\$35,023,119
June 30, 2017*	\$48,201,020
June 30, 2018	\$46,300,233
June 30, 2019	\$26,713,023

* As restated to account for prior period adjustments of \$6,296,906

The Capital Project Fund has a total fund balance of \$53,265,196 as of the end of the current fiscal year, all of which is designated for capital improvements.

The Debt Service Fund balance is \$30,170,952 as of the end of the current fiscal year, which includes a transfer from the General Fund of \$9,689,061 made during the 2018-19 fiscal year. The Board approved a resolution to defease \$30,000,000 in existing debt in May 2019. The debt defeasance, executed in July 2019, is discussed further in Note 7 of the financial statements.

FINANCIAL ANALYSIS OF PROPRIETARY FUND

The Central Bucks School District’s Proprietary Fund provides the same type of information found in the government-wide financial statements, but in more detail. Net position of the Food Service Fund at the end of the year amounts to a balance of \$705,107, of which \$440,181 is the net investment in capital assets and \$264,926 is unrestricted. The Food Service Fund revenues are intended to offset daily operating costs to provide that service, such as labor, product, utilities and equipment.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Central Bucks School District currently operates 23 school buildings:

- 15 Elementary Schools (K-6th grade)
- 5 Middle Schools (7th-9th grade)
- 3 High Schools (10th-12th grade)

In addition, the School District has two administration centers, three transportation centers, and one maintenance facility. Each facility is in very good condition and well-maintained.

School	Original Construction	Year(s) of Additions / Renovations	Grades Housed	Rated Capacity	Current Enrollment
Elementary:					
Barclay	1965	1968; 1971; 1990; 2006	K-6	525	644
Bridge Valley	2004		K-6	1,100	699
Buckingham	1955	1964; 1971; 2003	K-6	625	442
Butler	1964	1966; 1990; 2006	K-6	575	844
Cold Spring	1995		K-6	800	495
Doyle	1966	1968; 1990	K-6	575	472
Gayman	1960	1965; 1971; 1990; 1998	K-6	600	407
Groveland	2000		K-6	1,100	880
Jamison	1997		K-6	800	554
Kutz	1936	1954; 1958; 1963; 1971; 1990	K-6	650	515
Linden	1960	1968; 1990	K-6	700	417
Mill Creek	2000		K-6	1,100	709
Pine Run	1971	1990; 2006; 2011	K-6	700	477
Titus	1951	1955; 1957; 1962; 2007	K-6	600	644
Warwick	1958	1962; 1979; 1990; 2003	K-6	725	565
Secondary:					
Holicong Middle	1971	1998; 2016	7-9	1,106	994
Lenape Middle	1956	1995; 2011	7-9	931	897
Tamanend Middle	1960	1990; 1995; 2012	7-9	917	852
Tohickon Middle	2002		7-9	1,100	909
Unami Middle	1964	1997; 2016	7-9	1,012	875
Central Bucks East HS	1969	1974; 1997; 2013	10-12	1,869	1,520
Central Bucks South HS	2004		10-12	2,000	1,724
Central Bucks West HS	1950	1972; 1989; 1996; 2005; 2010	10-12	1,856	1,504
				21,966	18,039

Enrollment	18,039
Building Capacity	21,966
Capacity %	82.1%

The above capacity calculation is a simple calculation assuming every classroom can house 25 students. This is a general rule of thumb, but please remember that special education laws limit class size to 12 students and in some cases 8 students or less when educating autistic support students. Special needs students typically make up 12 to 14% of a school district's population.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

Capital Assets

The Central Bucks School District’s investment in capital assets for its governmental and business-type activities (net of accumulated depreciation) amounts to \$370,421,432 and \$440,181, respectively, as of June 30, 2019. The investment in capital assets includes land, construction in progress, site improvements, buildings and building improvements and furniture and equipment. The construction in progress of \$407,605 as of June 30, 2019 reflects the expenditures recognized on construction contracts in progress as of the end of the year, which total \$10,400,402.

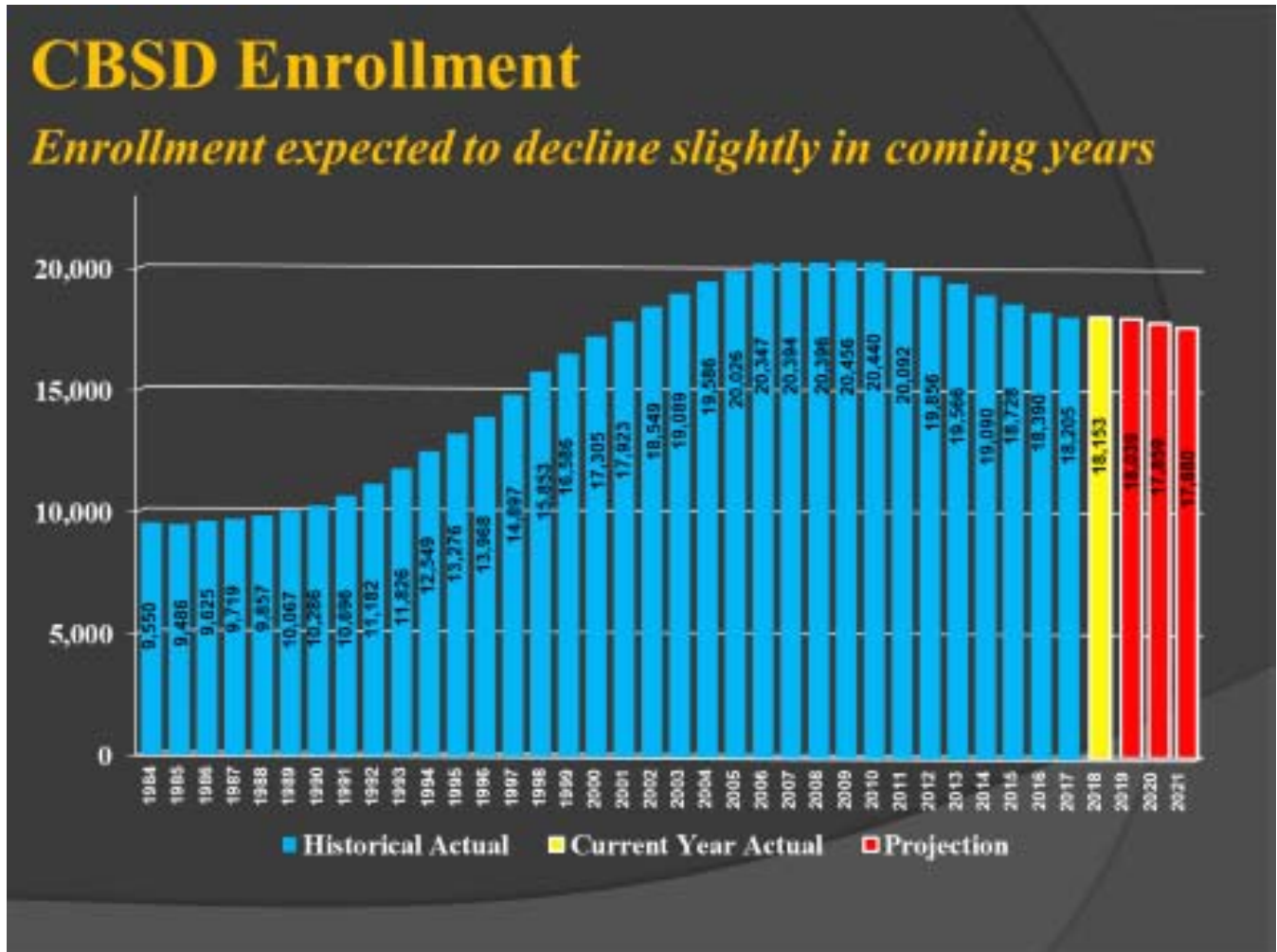
The School District continued to address several major financial matters during the fiscal year, the most important of which was the transfer of additional funds to the capital funds to accumulate funding for future major expenses such as school building HVAC, roofing, and other infrastructure improvements, technology upgrades, and school bus replacements.

Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 13,419,843	\$ 13,419,843	\$ -	\$ -	\$ 13,419,843	\$ 13,419,843
Construction in progress	407,605	4,549,694	-	-	407,605	4,549,694
Site improvements	14,761,668	16,021,910	-	-	14,761,668	16,021,910
Buildings and improvements	327,578,634	336,103,322	-	-	327,578,634	336,103,322
Machinery and equipment	14,253,682	14,747,932	440,181	520,174	14,693,863	15,268,106
Totals	\$ 370,421,432	\$ 384,842,701	\$ 440,181	\$ 520,174	\$ 370,861,613	\$ 385,362,875

Additional information of the Central Bucks School District’s capital assets can be found in Note 6 on page 49 of this report.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019



Enrollment for the 2018-19 fiscal year was 18,153 students which continues the gradual enrollment decline from the peak year of 2009 at 20,456 students. Enrollment projections completed by the Pennsylvania Economy League indicate the district will continue to decline.

The District does not expect any loss of state subsidies as a result of enrollment declines. Even with declining enrollment, the District is seeing pockets of elementary school enrollment growth due to new housing development. Localized growth has required the District to add portable classrooms at one elementary school and plan for a building addition at another elementary school. Realignment of some minor attendance boundaries in new neighborhoods to shift student populations to lower enrolled schools may also be necessary in the near future. Because of the decreased enrollment being widespread, it has not had much impact on staffing. Any staff decreases have been offset by the district’s STEM-QUEST initiative, new middle school schedule, and increased staffing needs in the special education area.

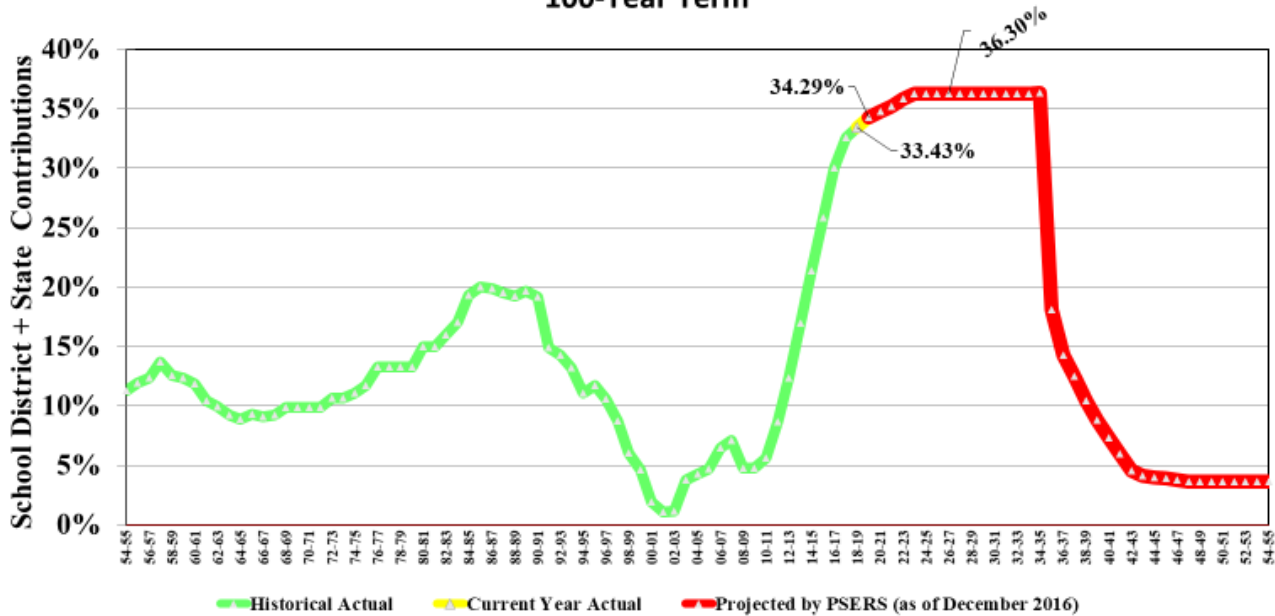
CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

Employee Count							
Description	2014	2015	2016	2017	2018	5-Year Change	
ADMINISTRATOR	98	102	105	106	102	4	4.1%
TEACHER	1,187	1,165	1,206	1,234	1,227	40	3.4%
LONG-TERM SUB TEACHER	87	132	89	104	97	10	11.5%
12 MONTH SUPPORT NON-FACILITY	79	80	88	85	86	7	8.9%
CONFIDENTIAL SECRETARY	7	6	10	9	9	2	28.6%
10 MONTH SUPPORT STAFF	487	516	496	478	486	(1)	-0.2%
EA + TITLE 1/BASIC SK/COM SCHL	19	52	24	46	54	35	184.2%
EA'S TRANSPORTATION	27	31	27	29	33	6	22.2%
TITLE I/BASIC SKLS ASSISTANTS	49	56	49	36	50	1	2.0%
TTL1/BASIC SKLS + EA OR COMM S	30	64	35	29	31	1	3.3%
MAINT/CUSTODIAL	175	182	182	180	188	13	7.4%
TRANSPORTATION	98	166	101	120	119	21	21.4%
TRANSP. 12MONTH	10	12	10	11	11	1	10.0%
PERM_CERT - PER DIEM SUBS	99	98	61	52	53	(46)	-46.5%
EMERG_CERT - PER DIEM SUBS	14	12	14	19	24	10	71.4%
Assigned PER DIEM SUBS	13	13	18	14	14	1	7.7%
HOMEBOUND INSTRUCTOR	-	-	1	-	-	-	n/a
BUILDING/DISTRICT SUBS	-	-	1	5	21	21	n/a
COMM_SCH_CC	116	120	123	117	132	16	13.8%
COMMUNITY SCHOOL-OTHER	1	-	4	-	-	(1)	-100.0%
AQUATICS-COMMSCHOOL	12	14	15	19	15	3	25.0%
SUB ED ASST	13	9	12	8	8	(5)	-38.5%
STUDENT SWIM	17	13	14	5	16	(1)	-5.9%
SUB CUSTODIAL	3	5	2	2	3	-	0.0%
SUB DRIVER - TRANSPORTATION	37	43	38	34	28	(9)	-24.3%
SUB NURSE	4	-	4	3	4	-	0.0%
DAILY SUB SECRETARIAL	-	-	-	-	1	1	n/a
PRE-TERM DEPT	9	8	6	5	4	(5)	-55.6%
TAX COLLECTOR	3	1	8	6	1	(2)	-66.7%
DISTRICT TOTAL	2,694	2,900	2,743	2,756	2,817	123	4.6%

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

Debt Administration

**Pennsylvania School Employees Retirement System (PSERS) Employer Retirement Contributions
 100-Year Term**



From 2001 through 2015, the state legislature artificially suppressed the employer contribution rates below the actuarial requirements for the Pennsylvania School Employee Retirement System (PSERS). It was suppressed in hope that the stock market declines from the dot com bust of 2001 would rebound as increased stock market value would help offset losses from the recession in the early part of the century.

The economic downturn in 2008 compounded earlier stock market losses and consequently further impacted the funding level of the PSERS retirement system. Artificially low employer contribution rates and stock market losses have now caused the future employer contribution rates into the PSERS system to increase dramatically. These high contribution rates will remain in place for over 20 years. The employer contribution rate is the percentage of gross payroll that must be contributed equally by the Central Bucks School District and the State of Pennsylvania. The increased employer contribution rate is one of the major influences causing financial stress within the District. Fortunately, over the past few years, the reduced student enrollment has allowed the district to maintain staffing levels without impacting the number of students per classroom.

To help combat the spiking employer contribution rate to the state retirement system, the District has been refinancing and paying off debt ahead of schedule to ease the future tax burden on the community.

During 2007-08 Moody's rating agency upgraded Central Bucks School District's financial creditworthiness from AA2 to AA1 which is one step below AAA rating. This helped to reduce the district borrowing cost on the 2008 bond issue particularly since the bond issue was not insured by a third party. In March of 2011, the district refinanced \$170M in outstanding debt and prepaid \$35M in construction

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

debt saving the district interest costs of \$1.5M per year on average and reducing yearly principal payments by \$1M in the near term to \$8M in 2025.

In June of 2013, the district paid off (defeasance) about \$72M in long term debt which will save the district about \$24M in interest expenses over the next 15 years or about \$1.5M per year. Paying off this debt early will also result in reduced principal payments of an additional \$1M in 2013-14 to \$7M in fiscal year 2024-25.

In June of 2015 the district paid off about \$40M in long term debt reducing debt payments between \$1M and \$7M in future years.

As discussed earlier, the school board also approved a debt defeasance of \$30M during the 2018-19 school year, executed in July 2019, to provide future budgetary relief and offset future state retirement system pressures.

Prior to 2011, the District had level debt payments of approximately \$29M per year. Through these efforts to reduce debt, the District has changed the debt structure from flat payments to declining payments. These declining debt payments have allowed and will continue to allow the District to partly offset the dramatically higher state retirement system payments, with the latest estimates capping out at around 36.4% of gross payroll.

As the district approaches the top of the PSERS curve in the 2020-21 timeframe, the Act 1 PSERS exception for real estate tax increases will go away. The district must also plan for rising future health care costs. There is no provision in the Act 1 tax reform law to give school districts a real estate tax exception for health care costs that grow at a rate that is greater than the general rate of inflation.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

General Fund Debt Schedule
2018 - 2019

Issue	Balance as of 6/30/18	Payments Due 2018-2019		Retirement Date
		Principal	Interest	
2007	\$ 17,810,000	\$ 7,590,000	\$ 890,500	05/2022
2011 A	800,000	-	37,550	05/2026
2011 B	45,805,000	2,325,000	2,181,394	05/2029
Totals	\$ 64,415,000	\$ 9,915,000	\$ 3,109,444	

2018-2019 Average Rate of Interest = 4.83%

Year Ending June 30,	Principal	Interest	Totals
2020	8,885,000	2,636,944	11,521,944
2021	7,215,000	2,192,694	9,407,694
2022	5,860,000	1,851,094	7,711,094
2023	6,150,000	1,613,344	7,763,344
2024	6,345,000	1,305,844	7,650,844
2025	5,675,000	988,594	6,663,594
2026	4,930,000	704,844	5,634,844
2027	4,080,000	458,344	4,538,344
2028	3,175,000	254,344	3,429,344
2029	2,185,000	95,594	2,280,594
Totals	\$ 54,500,000	\$ 12,101,640	\$ 66,601,640

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

Remaining Borrowing Capacity	Fiscal Year Ending June 30,		
	2017	2018	2019
General Fund Revenues	\$ 331,014,158	\$ 330,026,513	\$ 336,392,180
Add: Fund Transfers In	-	-	-
Add: Proceeds from the Sale of Capital Assets	9,536	50,189	1,800
Total Net General Fund Revenues	331,023,694	330,076,702	336,393,980
Less: State Subsidies For Debt Reimbursement	7,288,894	1,256,126	1,086,397
Less: Proceeds from Disposition of Capital Assets or Other Non-Recurring Revenue (9000 Function)	9,536	50,189	1,800
Total Exclusions	7,298,430	1,306,315	1,088,197
Net Revenues	\$ 323,725,264	\$ 328,770,387	\$ 335,305,783
Total Net Revenues for Three Years			\$ 987,801,434
Borrowing Base = Total Net Revenues for Three Years / 3			329,267,145
Debt Limit = 225% of Borrowing Base			740,851,076
Less: Outstanding Principal Amount on Debt as of June 30th			56,990,616
Remaining Borrowing Capacity			\$ 683,860,460

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

CONTINUING DISCLOSURE

The downturn in the economy and its impact on housing values had caused many homeowners within the school district to file an appeal of the assessed value (taxable value) of their real estate. The tax assessment appeals had been ongoing for a nine-year period from 2009 thru 2018. The cumulative effect of the appeal process is that the school district lost about \$6.5M per year in real estate tax revenue. Thankfully residential assessment appeals have slowed down, while commercial real estate assessment appeals continue, but at a slower rate. The Central Bucks School District is a bedroom community. As a percent of tax parcels, CBSD has a small proportion of commercial properties. Starting in 2017-18, the District changed its accounting for potential real estate assessment appeals from a liability to an assignment of General Fund balance with a value of \$1.5M.

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

The following table reports the Market Value and Assessed Value of real estate property in the Central Bucks School District.

Fiscal Year	Market Value (1)	Assessed Value (1)	% Change in Assessed Value	Assessed-to-Market Value Ratio
2004-05	\$ 9,234,681,000	\$ 1,617,550,460	2.92%	17.5%
2005-06	\$ 11,435,008,500	\$ 1,668,633,280	3.16%	14.6%
2006-07	\$ 11,867,551,050	\$ 1,716,314,580	2.86%	14.5%
2007-08	\$ 13,630,865,378	\$ 1,744,705,280	1.65%	12.8%
2008-09	\$ 13,678,628,811	\$ 1,756,437,950	0.67%	12.8%
2009-10	\$ 14,534,680,307	\$ 1,746,427,980	-0.57%	12.0%
2010-11	\$ 14,453,591,123	\$ 1,743,359,970	-0.18%	12.1%
2011-12	\$ 14,762,607,313	\$ 1,745,225,880	0.11%	11.8%
2012-13	\$ 14,845,052,275	\$ 1,751,278,260	0.35%	11.8%
2013-14	\$ 15,038,198,731	\$ 1,768,074,260	0.96%	11.8%
2014-15	\$ 15,187,267,524	\$ 1,784,990,000	0.96%	11.8%
2015-16	\$ 15,389,037,645	\$ 1,802,557,600	0.98%	11.7%
2016-17	\$ 15,569,804,782	\$ 1,819,570,430	0.94%	11.7%
2017-18	\$ 16,189,253,057	\$ 1,839,739,540	1.11%	11.4%
2018-19	n/a	\$ 1,844,208,180	0.24%	n/a

(1) Source: Pennsylvania State Tax Equalization Board (DCED)

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

The following table lists the top 25 taxpayers in the District.

Largest Real Estate Taxpayers in Central Bucks		
Real Estate Taxpayer	Business Type	Property Taxable (Assessed) Value
Doylestown Hospital (combined 2 parcels)	Health/ Retirement/ Skilled Care	\$7,393,520
Valley Square Owner LLC	Shopping Center	\$4,621,410
KRT Property Holding Inc.	Shopping Center	\$3,471,760
Capital Enterprise Inc.	Shopping Center	\$3,460,640
Stonington Farm 2018 LLC	Apartment Complex	\$2,538,000
Park at Westminster Assoc.	Apartment Complex	\$2,484,000
Valley Square 1 LP	Shopping Center	\$2,465,720
New Britain Land Ltd Part	Shopping Center	\$2,417,860
Doylestown Commerce Center	Shopping Center	\$2,233,910
Anchor Cogdell Doylestown LP	Office Building	\$2,132,880
Buckingham VLG LTD	Shopping Center	\$2,123,080
ERP New Britain Property Owners	Shopping Center	\$2,098,480
Cross Keys Development Co.	Office Building	\$2,097,600
Goodman, Bruce A & Rubin Seymore	Shopping Center	\$1,910,520
Wegman's Food Markets Inc.	Grocery Store	\$1,867,760
New Heritage Towers	Apartment Complex	\$1,798,000
Wal-Mart Real Estate Bus. Trust	Retail Shopping	\$1,618,990
BRE RC Creekview PA LP	Apartment Complex	\$1,617,660
Heritage Warrington Ctr	Shopping Center	\$1,604,380
FW PA Mercer Square LLC	Shopping Center	\$1,589,990
Warrington Real Estate	Movie Complex, fast Food	\$1,512,900
FW PA Warwick Plaza LLC	Shopping Center	\$1,454,200
Signature Living at Summer Hill	Apartment Complex	\$1,435,000
Regency Woods Assoc	Apartment Complex	\$1,390,800

When looking at the overall revenue picture, revenue lines associated with real estate (real estate tax, real estate transfer tax, interim real estate taxes) had declined in the period of 2009-2012, but over the last few years, real estate assessed values (taxable values) are starting to grow modestly due to new home construction and some commercial development.

Earned Income Tax revenues have also improved in recent years. As the Act 32 tax collection law gains in efficiency and sophistication, more taxpayers that fell through the cracks in the collection process are now paying the 1% wage tax and providing needed additional revenue. State subsidies over the years have declined which in turn puts more pressure on local real estate taxes to maintain services. Governor Wolf has been pushing for greater state subsidies to school districts which is yielding more state support for school districts.

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

Taxes and Taxing Powers - General

The School District, as a school district of the second class, is permitted to impose the following taxes under the School Code:

1. An annual tax on all taxable real estate, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An annual tax on all taxable real estate without limit to provide for the payment of:
 - (a) Salaries and increments of the teaching and supervisory staff.
 - (b) Rentals due any municipal authority, non-profit corporation or the State Public School Building Authority.
 - (c) Sinking fund charges incurred in connection with indebtedness authorized under the Act.
 - (d) The amortization of a bond issue which financed the construction of school facilities if issued prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident over eighteen years of age of not more than \$5.

The School District may also levy under The Local Tax Enabling Act, Act No. 511, approved December 31, 1965, as amended (the "Tax Enabling Act"), an additional per capita tax, wage taxes, and other taxes as provided for therein; provided, however, that the aggregate amount of taxes imposed under the Tax Enabling Act may not exceed 1.25% of the market valuation of the real estate in the School District as determined by the State Tax Equalization Board, and subject to certain other limitations. These taxes are also subject to apportionment between overlapping municipalities and the School District where such municipalities exercise the right of such apportionment.

	Fiscal Years Ending June 30,				
	2015	2016	2017	2018	2019
Real Estate Tax Collections					
Assessed Valuation	\$ 1,784,990,000	\$ 1,802,557,600	\$ 1,819,570,430	\$ 1,839,739,540	\$ 1,844,208,180
Tax Levy (Assessed Value x Millage Rate)	221,517,259	223,697,398	225,808,690	228,311,677	228,866,235
Homestead Exclusion	6,026,215	5,857,240	6,042,074	6,080,991	5,994,705
Tax Levy, Net of Homestead Exclusion	<u>\$ 215,491,044</u>	<u>\$ 217,840,158</u>	<u>\$ 219,766,616</u>	<u>\$ 222,230,686</u>	<u>\$ 222,871,530</u>
Current Collections (net of discounts/penalties)	\$ 208,548,450	\$ 210,709,262	\$ 213,183,523	\$ 214,782,854	\$ 217,290,729
Delinquent Real Estate Taxes	2,942,983	2,610,694	2,586,535	2,331,101	2,432,209
Total Collections	<u>\$ 211,491,433</u>	<u>\$ 213,319,956</u>	<u>\$ 215,770,058</u>	<u>\$ 217,113,955</u>	<u>\$ 219,722,938</u>
Percent of Current Collections divided by Tax Levy	94.15%	94.19%	94.41%	94.07%	94.94%
Percent of Total Collections divided by Tax Levy	95.47%	95.36%	95.55%	95.10%	96.00%
Act 511 Taxes - Proportional Assessments:					
Earned Income Tax Revenue at 0.5%					
Budget	\$ 20,775,000	\$ 22,000,000	\$ 23,875,000	\$ 25,347,000	\$ 26,107,410
Actual	22,107,520	23,274,334	24,759,500	24,580,718	25,762,362
Difference	<u>\$ 1,332,520</u>	<u>\$ 1,274,334</u>	<u>\$ 884,500</u>	<u>\$ (766,282)</u>	<u>\$ (345,048)</u>
Real Estate Transfer Tax Revenue at 0.5%					
Budget	\$ 4,000,000	\$ 4,522,500	\$ 4,900,000	\$ 5,807,500	\$ 5,715,628
Actual	4,688,472	5,344,465	5,137,676	5,263,456	5,128,220
Difference	<u>\$ 688,472</u>	<u>\$ 821,965</u>	<u>\$ 237,676</u>	<u>\$ (544,044)</u>	<u>\$ (587,408)</u>

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

Over the past few years, the Central Bucks School District has experienced increased budget pressures from health care benefits and the state-mandated PSERS retirement system, with only incremental revenue growth. However, the District has successfully navigated through the financial storm to this point in time and should continue to do so in the foreseeable future. As the table below reflects, recent real estate tax increases have been very modest, with 2018-19 marking the fourth straight year without a millage rate increase.

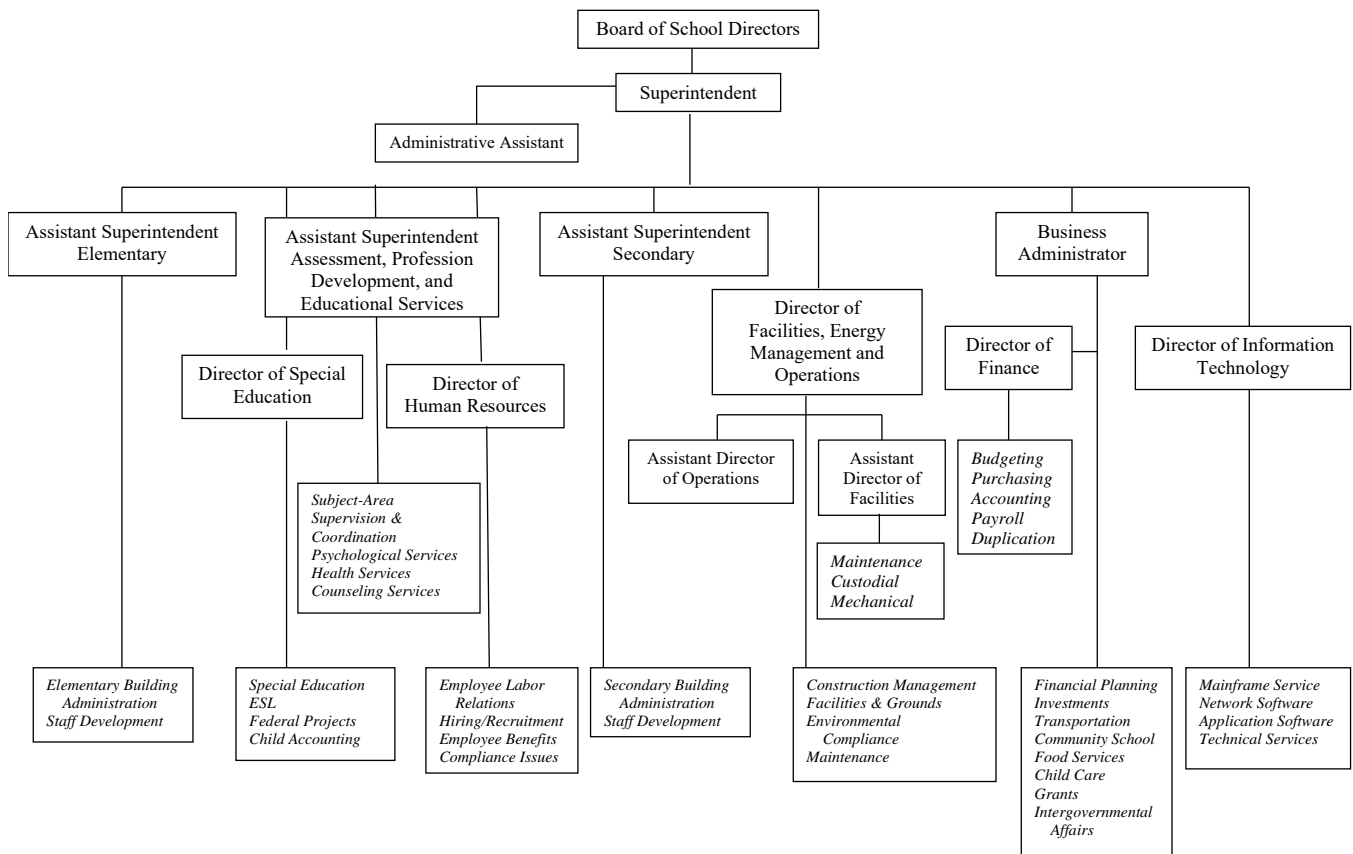
Year	Maximum Act 1 Index Millage Rate Increase (%)	Actual CBSD Millage Rate Increase (%)	Maximum Act 1 Index Millage Increase	Actual CBSD Millage Increase	Actual CBSD Millage Rate
2007-08	5.8%	3.79%	5.9	3.8	105.9
2008-09	5.3%	4.37%	5.6	4.6	110.5
2009-10	4.9%	3.89%	5.4	4.3	114.8
2010-11	4.1%	3.83%	4.7	4.4	119.2
2011-12	2.7%	1.34%	3.2	1.6	120.8
2012-13	3.0%	1.66%	3.6	2.0	122.8
2013-14	3.0%	0.00%	3.4	0.0	122.8
2014-15	4.0%	1.06%	4.9	1.3	124.1
2015-16	3.2%	0.00%	4.0	0.0	124.1
2016-17	3.5%	0.00%	4.3	0.0	124.1
2017-18	3.3%	0.00%	4.0	0.0	124.1
2018-19	3.2%	0.00%	4.0	0.0	124.1

CENTRAL BUCKS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2019

GOVERNANCE

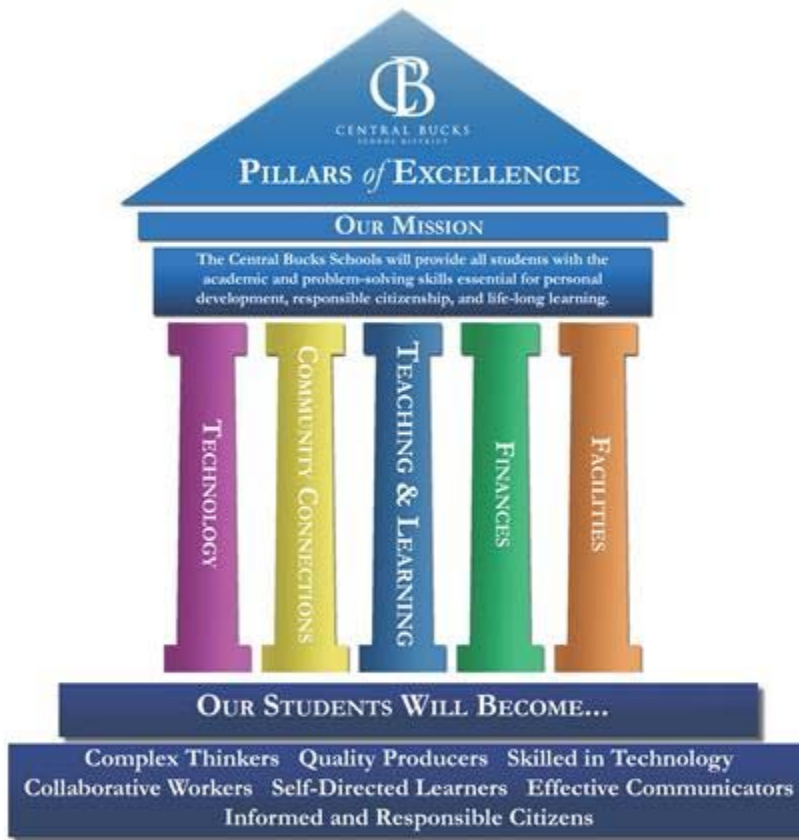
The district is governed by the Board of School Directors. Nine members of the community are elected by voting region and serve for a term of four years. The Superintendent of Schools is considered a non-voting member of the board. Central Bucks School District is a second-class school district (school districts in the Commonwealth of Pennsylvania are classified as first, second, third, or fourth class according to population) and operates under and pursuant to the code of education as amended and supplemented.

Central Bucks School District Organization Chart



The school district is comprised of nine municipalities including the townships of Buckingham, Doylestown, New Britain, Plumstead, Warrington, Warrick, and the boroughs of Chalfont, Doylestown, and New Britain. The school district is located in the central part of Bucks County approximately 30 miles north of the city of Philadelphia. The school district covers approximately 122 square miles.

A VISION *for Our* SCHOOLS



Providing Access, Resources, & Opportunities

MEETING THE NEEDS OF ALL LEARNERS

REQUESTS FOR INFORMATION

This financial report is designed to provide a general financial overview of the Central Bucks District for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Central Bucks School District, Director of Finance, 20 Welden Drive, Doylestown, PA 18901.

CENTRAL BUCKS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental <u>Activities</u>	Business-type <u>Activity</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 72,431,915	\$ 452,786	\$ 72,884,701
Investments	47,570,000	-	47,570,000
Accrued Investment Income	452,138	-	452,138
Taxes receivable	7,507,705	-	7,507,705
Internal balances	14,857	(14,857)	-
Due from other governments	15,303,298	251,515	15,554,813
Other receivables	1,918,152	51,015	1,969,167
Inventories	47,979	-	47,979
Prepaid expenses	360,656	-	360,656
Capital assets, net	370,421,432	440,181	370,861,613
	<u>\$ 516,028,132</u>	<u>\$ 1,180,640</u>	<u>\$ 517,208,772</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	88,098,531	-	88,098,531
Other post-employment benefits	4,495,528	-	4,495,528
	<u>92,594,059</u>	<u>-</u>	<u>92,594,059</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES			
	<u>92,594,059</u>	<u>-</u>	<u>92,594,059</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	<u>\$ 608,622,191</u>	<u>\$ 1,180,640</u>	<u>\$ 609,802,831</u>
LIABILITIES			
Accounts payable	\$ 4,387,413	\$ 357,195	\$ 4,744,608
Accrued salaries and benefits	28,530,403	-	28,530,403
Unearned revenue	191,018	118,338	309,356
Accrued interest	327,836	-	327,836
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	8,885,000	-	8,885,000
Portion due or payable after one year:			
Bonds payable	48,105,616	-	48,105,616
Compensated absences	2,178,940	-	2,178,940
Net pension liability	553,929,000	-	553,929,000
Net other post-employment benefits liabilities	75,591,257	-	75,591,257
	<u>722,126,483</u>	<u>475,533</u>	<u>722,602,016</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts on refundings, net	1,848,844	-	1,848,844
Pension	8,574,000	-	8,574,000
Other post-employment benefits	20,772,202	-	20,772,202
	<u>31,195,046</u>	<u>-</u>	<u>31,195,046</u>
NET POSITION			
Net investment in capital assets	313,430,816	440,181	313,870,997
Unrestricted	(458,130,154)	264,926	(457,865,228)
	<u>(144,699,338)</u>	<u>705,107</u>	<u>(143,994,231)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
	<u>\$ 608,622,191</u>	<u>\$ 1,180,640</u>	<u>\$ 609,802,831</u>

The accompanying notes are an integral part of these financial statements.

**CENTRAL BUCKS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
GOVERNMENTAL ACTIVITIES							
Instruction							
Regular programs	\$ 154,027,819	\$ 1,069,534	\$ 36,046,140	\$ -	\$(116,912,145)	\$ -	\$(116,912,145)
Special programs	47,173,721	-	14,460,711	-	(32,713,010)	-	(32,713,010)
Vocational education	4,842,842	-	-	-	(4,842,842)	-	(4,842,842)
Other instructional programs	4,052,442	-	1,191,958	-	(2,860,484)	-	(2,860,484)
Non-public school programs	35,365	-	-	-	(35,365)	-	(35,365)
Support services							
Pupil personnel services	14,553,885	-	-	-	(14,553,885)	-	(14,553,885)
Instructional staff services	18,557,687	-	1,773,745	-	(16,783,942)	-	(16,783,942)
Administration services	15,519,331	-	1,464,577	-	(14,054,754)	-	(14,054,754)
Pupil health services	4,472,467	-	2,039,472	-	(2,432,995)	-	(2,432,995)
Business services	2,094,238	-	516,739	-	(1,577,499)	-	(1,577,499)
Operation and maintenance of plant services	26,317,642	-	250,247	-	(26,067,395)	-	(26,067,395)
Student transportation services	22,290,634	-	5,267,308	-	(17,023,326)	-	(17,023,326)
Central services	4,491,040	-	1,182,220	-	(3,308,820)	-	(3,308,820)
Other support services	223,325	-	276,352	-	53,027	-	53,027
Operation of non-instructional services							
Student activities	5,262,308	-	-	-	(5,262,308)	-	(5,262,308)
Community services	3,727,111	-	4,483,418	-	756,307	-	756,307
Facilities acquisition, construction, and improvement services	21,328,860	-	-	478,264	(20,850,596)	-	(20,850,596)
Interest expense	1,557,696	-	-	1,086,397	(471,299)	-	(471,299)
TOTAL GOVERNMENTAL ACTIVITIES (Carried Forward)	<u>350,528,413</u>	<u>1,069,534</u>	<u>68,952,887</u>	<u>1,564,661</u>	<u>(278,941,331)</u>	<u>-</u>	<u>(278,941,331)</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

**CENTRAL BUCKS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
TOTAL GOVERNMENTAL ACTIVITIES (Brought Forward)	\$ 350,528,413	\$ 1,069,534	\$ 68,952,887	\$ 1,564,661	\$ (278,941,331)	\$ -	\$ (278,941,331)
BUSINESS-TYPE ACTIVITY							
Food service	<u>4,633,660</u>	<u>3,819,430</u>	<u>1,031,118</u>	<u>-</u>	<u>-</u>	<u>216,888</u>	<u>216,888</u>
TOTAL SCHOOL DISTRICT ACTIVITIES	<u>\$ 355,162,073</u>	<u>\$ 4,888,964</u>	<u>\$ 69,984,005</u>	<u>\$ 1,564,661</u>	<u>(278,941,331)</u>	<u>216,888</u>	<u>(278,724,443)</u>
GENERAL REVENUES							
Taxes							
Property taxes, levied for general purposes					232,605,147	-	232,605,147
Earned income taxes					26,646,906	-	26,646,906
Public utility taxes					253,484	-	253,484
Grants and contributions not restricted to specific programs					1,911,205	-	1,911,205
Investment earnings					4,598,394	416	4,598,810
Gain on sale of capital assets					1,800	-	1,800
Miscellaneous					<u>505,660</u>	<u>-</u>	<u>505,660</u>
TOTAL GENERAL REVENUES					<u>266,522,596</u>	<u>416</u>	<u>266,523,012</u>
CHANGE IN NET POSITION					(12,418,735)	217,304	(12,201,431)
NET POSITION, BEGINNING OF YEAR					<u>(132,280,603)</u>	<u>487,803</u>	<u>(131,792,800)</u>
NET POSITION, END OF YEAR					<u>\$ (144,699,338)</u>	<u>\$ 705,107</u>	<u>\$ (143,994,231)</u>

The accompanying notes are an integral part of these financial statements.

**CENTRAL BUCKS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 32,255,097	\$ 10,005,866	\$ 30,170,952	\$ 72,431,915
Investments	3,650,000	43,920,000	-	47,570,000
Taxes receivable	7,507,705	-	-	7,507,705
Due from other funds	39,029	-	-	39,029
Due from other governments	15,303,298	-	-	15,303,298
Other receivables	1,918,152	-	-	1,918,152
Inventories	47,979	-	-	47,979
Prepaid expenditures	360,656	-	-	360,656
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 61,081,916</u>	<u>\$ 53,925,866</u>	<u>\$ 30,170,952</u>	<u>\$ 145,178,734</u>
LIABILITIES				
Accounts payable	\$ 3,750,915	\$ 636,498	\$ -	\$ 4,387,413
Accrued salaries and benefits	28,530,403	-	-	28,530,403
Due to other funds	-	24,172	-	24,172
Unearned revenue	191,018	-	-	191,018
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>32,472,336</u>	<u>660,670</u>	<u>-</u>	<u>33,133,006</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,896,557	-	-	1,896,557
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,896,557</u>	<u>-</u>	<u>-</u>	<u>1,896,557</u>
FUND BALANCES				
Non-spendable				
Inventories	47,979	-	-	47,979
Prepaid expenditures	360,656	-	-	360,656
Committed to				
Capital projects	-	53,265,196	-	53,265,196
Debt service	-	-	30,170,952	30,170,952
Assigned				
Budgetary Reserve	4,639,065	-	-	4,639,065
Healthcare	4,638,100	-	-	4,638,100
Tax Assessment Appeals	1,518,097	-	-	1,518,097
Unassigned	15,509,126	-	-	15,509,126
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>26,713,023</u>	<u>53,265,196</u>	<u>30,170,952</u>	<u>110,149,171</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 61,081,916</u>	<u>\$ 53,925,866</u>	<u>\$ 30,170,952</u>	<u>\$ 145,178,734</u>

The accompanying notes are an integral part of these financial statements.

**CENTRAL BUCKS SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 110,149,171
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.</p>		370,421,432
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:</p>		
Accrued interest	\$ (327,836)	
Bonds payable	(56,990,616)	
Deferred amounts on refundings, net of amortization	(1,848,844)	
Compensated absences	(2,178,940)	
Net OPEB liability, net of related deferred outflows and inflows	(91,867,931)	
Net pension liability, net of related deferred outflows and inflows	<u>(474,404,469)</u>	
		(627,618,636)
<p>Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds:</p>		
Unavailable revenue - property taxes	1,896,557	
Investment earnings	<u>452,138</u>	
		<u>2,348,695</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$(144,699,338)</u></u>

The accompanying notes are an integral part of these financial statements.

CENTRAL BUCKS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources	\$ 264,271,029	\$ 1,107,932	\$ 544,796	\$ 265,923,757
State sources	70,128,862	-	-	70,128,862
Federal sources	1,992,289	-	-	1,992,289
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	336,392,180	1,107,932	544,796	338,044,908
EXPENDITURES				
Instruction	197,918,944	-	-	197,918,944
Support services	96,786,068	7,454,490	-	104,240,558
Operation of non-instructional services	8,563,154	-	-	8,563,154
Facilities acquisition, construction, and improvement services	-	9,330,207	-	9,330,207
Debt service	13,024,444	-	-	13,024,444
Refund of prior-year revenues	3,400	-	-	3,400
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	316,296,010	16,784,697	-	333,080,707
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<hr/>	<hr/>	<hr/>	<hr/>
	20,096,170	(15,676,765)	544,796	4,964,201
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	1,800	-	-	1,800
Interfund transfers in	-	29,996,119	9,689,061	39,685,180
Interfund transfers out	(39,685,180)	-	-	(39,685,180)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES	(39,683,380)	29,996,119	9,689,061	1,800
NET CHANGE IN FUND BALANCES	(19,587,210)	14,319,354	10,233,857	4,966,001
FUND BALANCES, BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>	<hr/>
	46,300,233	38,945,842	19,937,095	105,183,170
FUND BALANCES, END OF YEAR	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 26,713,023	\$ 53,265,196	\$ 30,170,952	\$ 110,149,171

The accompanying notes are an integral part of these financial statements.

**CENTRAL BUCKS SCHOOL DISTRICT
RECONCILIATION OF NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
TO CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 4,966,001

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation expense	\$ (19,597,782)	
Capital outlays	<u>5,176,513</u>	(14,421,269)

Because some revenues will not be collected within sixty days of the District's fiscal year, those revenues are not considered as "available" revenues in the governmental funds.

66,370

In the statement of activities, certain operating expenses-compensated absences (vacations and sick leave) are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used (the amounts actually paid).

(206,027)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest expense	58,743	
Pension expense	(12,597,204)	
Other post-employment benefits (OPEB) expense	<u>(1,693,354)</u>	(14,231,815)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. In addition, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of bond principal	9,915,000	
Amortization of bond discounts, premiums, and refunding gains and losses	<u>1,493,005</u>	<u>11,408,005</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (12,418,735)

The accompanying notes are an integral part of these financial statements.

**CENTRAL BUCKS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019**

	Enterprise Fund <hr/> Food Service Fund
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 452,786
Due from other governments	251,515
Other Receivables	<hr/> 51,015
Total Current Assets	<hr/> 755,316
PROPERTY AND EQUIPMENT:	
Machinery and equipment	3,188,912
Accumulated depreciation	<hr/> (2,748,731)
Net Property and Equipment	<hr/> 440,181
TOTAL ASSETS	<hr/> <hr/> <u>\$ 1,195,497</u>
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts payable	\$ 357,195
Due to other funds	14,857
Unearned revenue	<hr/> 118,338
TOTAL (CURRENT) LIABILITIES	<hr/> 490,390
NET POSITION	
Net investment in capital assets	440,181
Unrestricted	<hr/> 264,926
TOTAL NET POSITION	<hr/> 705,107
TOTAL LIABILITIES AND NET POSITION	<hr/> <hr/> <u>\$ 1,195,497</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL BUCKS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Fund <u>Food Service Fund</u>
OPERATING REVENUES	
Food service revenues	\$ 3,819,430
TOTAL OPERATING REVENUES	<u>3,819,430</u>
OPERATING EXPENSES	
Purchased property services	325,332
Other purchased services	4,185,385
Supplies	19,774
Depreciation	79,993
Other operating expenses	<u>23,176</u>
TOTAL OPERATING EXPENSES	<u>4,633,660</u>
OPERATING (LOSS)	<u>(814,230)</u>
NONOPERATING REVENUES	
Earnings on investments	416
State sources	77,489
Federal sources	<u>953,629</u>
TOTAL NONOPERATING REVENUES	<u>1,031,534</u>
CHANGE IN NET POSITION	217,304
NET POSITION, BEGINNING OF YEAR	<u>487,803</u>
NET POSITION, END OF YEAR	<u><u>\$ 705,107</u></u>

The accompanying notes are an integral part of these financial statements.

**CENTRAL BUCKS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Enterprise Fund <hr/> Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 3,743,895
Cash received from supplier	135,230
Payments to suppliers	<u>(4,438,717)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(559,592)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	77,671
Federal sources	<u>721,897</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>799,568</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	<u>416</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>416</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	240,392
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>212,394</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 452,786</u></u>

(Continued)

The accompanying notes are an integral part of these financial statements.

**CENTRAL BUCKS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Enterprise Fund</u> <u>Food Service Fund</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating (loss)	\$ (814,230)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Donated commodities	224,860
Depreciation	79,993
Decrease in:	
Other receivables	84,215
Increase (Decrease) in:	
Accounts payable	14,669
Due to other funds	10,651
Unearned revenue	<u>(159,750)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u><u>\$ (559,592)</u></u>
SUPPLEMENTAL DISCLOSURE:	
Noncash noncapital financing activity:	
USDA donated commodities	<u><u>\$ 224,860</u></u>

The accompanying notes are an integral part of these financial statements.

**CENTRAL BUCKS SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019**

	<u>Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	<u>\$ 81,354</u>	<u>\$1,384,023</u>
TOTAL ASSETS	<u><u>\$ 81,354</u></u>	<u><u>\$1,384,023</u></u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Due to student groups	<u>\$ -</u>	<u>\$1,384,023</u>
TOTAL LIABILITIES	<u>-</u>	<u><u>\$1,384,023</u></u>
NET POSITION		
Held in trust for benefits and other purposes	<u>81,354</u>	
TOTAL NET POSITION	<u>81,354</u>	
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 81,354</u></u>	

The accompanying notes are an integral part of these financial statements.

**CENTRAL BUCKS SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Trust Funds</u>
ADDITIONS	
Gifts and contributions	\$ 15,232
Interest	<u>83</u>
TOTAL ADDITIONS	<u>15,315</u>
DEDUCTIONS	
Scholarships awarded	<u>15,735</u>
TOTAL DEDUCTIONS	<u>15,735</u>
CHANGE IN NET POSITION	(420)
NET POSITION, BEGINNING OF YEAR	<u>81,774</u>
NET POSITION, END OF YEAR	<u><u>\$ 81,354</u></u>

The accompanying notes are an integral part of these financial statements.

CENTRAL BUCKS SCHOOL DISTRICT
Notes to the Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of Central Bucks School District (the “School District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District’s accounting policies are described below.

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities, and functions for which the School District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit’s board and either (1) the School District’s ability to impose its will over a component unit, or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden on the School District. In addition, component units can be other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the School District’s financial statements to be misleading. This report presents the activities of Central Bucks School District. The School District is not a component unit of another reporting entity nor does it have any component units.

B. Joint Venture

The School District is a participating school district in Middle Bucks Institute of Technology (the “Institute”), which was organized and is governed by a group of four school districts located in Bucks County, Pennsylvania. The Institute provides career and vocational education to high school students who are residents of the participating school districts, as well as out-of-school adults. Each school district is responsible for a share of the operating budget based on student enrollment using a formula described within the Articles of Agreement of the joint venture. Continuing education for out-of-school adults receives no school district funding.

The value of the School District’s interest in the Institute as of June 30, 2019 has not been determined and is not reflected in these financial statements. As of June 30, 2019, the total net position of the Institute is \$(12,723,012) and the total fund balance of the Institute’s governmental funds was \$838,927.

Audited financial statements of the Institute can be obtained at their administrative offices at: Middle Bucks Institute of Technology, 2740 York Road, Jamison, PA 18929.

C. Basis of Presentation and Accounting

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental funds financial statements are prepared. Governmental funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

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

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

Fund Financial Statements

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred,

as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due. The financial statements for governmental funds include a balance sheet, which generally includes only current assets and current liabilities; and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Trust Funds are reported using the economic resources measurement focus.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary, and fiduciary.

Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Pennsylvania.

Capital Project Fund – The Capital Project Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and improvements in accordance with the applicable general obligation bond agreements.

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

Proprietary Fund

Food Service Fund – The Food Service Fund is used to account for operations (1) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

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

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

E. Cash and Cash Equivalents

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

F. Investments

Investments consist of certificates of deposit and deposits in the Pennsylvania School District Liquid Asset Fund. Certificates of deposit are stated at cost plus accrued interest. Deposits in the Pennsylvania School District Liquid Asset Fund are valued at amortized cost in accordance with GASB Statement No. 79.

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

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

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

G. Short-Term Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the governmental funds balance sheet. Short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities which, when present, are shown as internal balances.

H. Inventories

Inventory of purchased food and paper supplies within the Proprietary Fund is carried at cost using the first-in, first-out method of accounting and is subsequently charged to expense when consumed. Inventory of donated foods is valued at fair market value as established by the U.S. Department of Agriculture.

I. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The School District defines a capital asset as an asset with an initial individual cost equal to or greater than \$5,000 or purchased with debt proceeds and must also have an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

	<u>Years</u>
Land improvements, buildings and building improvements	15-40
Furniture, fixtures and equipment	5-20
Vehicles	8

J. Unearned Revenue

Unearned revenue arises when assets are recognized before the revenue recognition criteria have been satisfied. Unearned revenue arises when resources are received by the School District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when the School District has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds balance sheet and revenue is recognized.

K. Long-Term Obligations

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

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

L. Compensated Absences

Full-time School District employees (excluding teachers) earn vacation based on job classifications and length of service. Unused vacation pay is due upon termination. School District employees accumulate sick time in accordance with their applicable contracts. Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees and are included in accrued salaries and benefits.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has two items that qualify for reporting in this category, which include deferred outflow of resources related to pension activity and deferred outflows of resources related to other post-employment benefits (OPEB) activity, which is reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has four items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The second item, deferred inflows related to pension activity, is reported in the government-wide statement of net position. The third item, deferred inflows related to other post-employment benefits (OPEB) activity, is reported in the government-wide statement of net position. The fourth item is the School District's deferred amount on refunding, which is reported net of accumulated amortization on the government-wide statement of net position. The deferred amount on refunding is the result of deferred charges on debt refundings. A deferred charge on refunding results from the difference in the carrying value of refunded debt, reacquisition price, and any unamortized premium/discount on the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

N. Net Position

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

O. Fund Balances

Fund balances are classified as follows:

- *Non-spendable* – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* – Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- *Committed* – Amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority (the Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest-level action to remove or change the constraint.
- *Assigned* – Amounts the School District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. The School District has delegated such authority to the Director of Business Affairs.
- *Unassigned* – All amounts not included in other spendable classifications.

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

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

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Cash

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's policy is that all monies be invested in accordance with School Code, Act 72. As of June 30, 2019, the carrying value of the School District's deposits totaled \$74,350,078; the total bank balance of the School District's deposits was \$77,498,851, of which \$2,113,435 was insured, \$66,483,744 was uninsured but collateralized with securities held by the pledging bank's trust department not in the School District's name, and \$8,901,672 was held in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and are uninsured. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that the objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit.

Interest Rate Risk

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

Investments

As of June 30, 2019, the School District had the following investments and maturities:

<u>Investment Type</u>	<u>Maturities</u>	
	<u>Less Than One Year</u>	<u>Amortized Cost</u>
Bank certificates of deposit	\$ 37,927,000	\$ 37,927,000
PLGIT certificates of deposit	243,000	243,000
PSDLAF fixed income	<u>9,400,000</u>	<u>9,400,000</u>
Total	<u>\$ 47,570,000</u>	<u>\$ 47,570,000</u>

Credit Risk

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

- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America
- Obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth
- Obligations of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision

The School District’s investment policy does not further limit its investment choices. As of June 30, 2019, the School District’s investment in the state investment pool was rated AAAM by Standard & Poor’s.

3. TAXES

The School Board is authorized by state law to levy property taxes for School District operations, capital improvements, and debt service. In addition, the School District levies a 0.5% earned income tax. Property taxes are based on assessed valuations of real property within the School District.

Taxes are levied on March 1 and payable in the following periods:

Discount period	July 1 to August 31 – 2% of gross levy
Face period	September 1 to October 31
Penalty period	November 1 to collection – 10% of gross levy
Lien date	January 1

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

4. TAXES RECEIVABLE

Taxes receivable as of June 30, 2019 consisted of real estate taxes and earned income tax. All taxes receivables are considered fully collectible due to the ability to lien property for the nonpayment of taxes. A summary of taxes receivable is as follows:

Earned income taxes	\$ 4,230,437
Real estate taxes	<u>3,277,268</u>
Total	<u>\$ 7,507,705</u>

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2019, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Project Fund	\$ 24,172
General Fund	Food Service Fund	<u>14,857</u>
		<u>\$ 39,029</u>

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

Interfund Transfers

The School District typically transfers funds from the General Fund to the Capital Project Fund to pay for improvements and capital acquisitions. Transfers from the General Fund to the Capital Project Fund totaled \$29,996,119 during the year ended June 30, 2019. In addition, the School District transferred \$9,689,061 from the General Fund to the Debt Service Fund to pay for future bond redemptions.

6. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
GOVERNMENTAL ACTIVITIES				
<u>Capital assets not being depreciated</u>				
Land	\$ 13,419,843	\$ -	\$ -	\$ 13,419,843
Construction in progress	<u>4,549,694</u>	<u>407,605</u>	<u>(4,549,694)</u>	<u>407,605</u>
Total capital assets not being depreciated	<u>17,969,537</u>	<u>407,605</u>	<u>(4,549,694)</u>	<u>13,827,448</u>
<u>Capital assets being depreciated</u>				
Site improvements	31,825,382	83,701	-	31,909,083
Buildings and building improvements	600,231,968	7,351,521	-	607,583,489
Machinery and equipment	<u>40,550,762</u>	<u>1,883,380</u>	<u>(885,286)</u>	<u>41,548,856</u>
Total capital assets being depreciated	<u>672,608,112</u>	<u>9,318,602</u>	<u>(885,286)</u>	<u>681,041,428</u>
Accumulated depreciation				
Site improvements	(15,803,472)	(1,343,943)	-	(17,147,415)
Buildings and building improvements	(264,128,646)	(15,876,209)	-	(280,004,855)
Machinery and equipment	<u>(25,802,830)</u>	<u>(2,377,630)</u>	<u>885,286</u>	<u>(27,295,174)</u>
Total accumulated depreciation	<u>(305,734,948)</u>	<u>(19,597,782)</u>	<u>885,286</u>	<u>(324,447,444)</u>
Total capital assets being depreciated, net	<u>366,873,164</u>	<u>(10,279,180)</u>	<u>-</u>	<u>356,593,984</u>
Governmental activities capital assets, net	<u>\$ 384,842,701</u>	<u>\$ (9,871,575)</u>	<u>\$ (4,549,694)</u>	<u>\$ 370,421,432</u>
BUSINESS-TYPE ACTIVITIES				
<u>Capital assets being depreciated</u>				
Machinery and equipment	\$ 3,188,912	\$ -	\$ -	3,188,912
Accumulated depreciation	<u>(2,668,738)</u>	<u>(79,993)</u>	<u>-</u>	<u>(2,748,731)</u>
Business-type activities capital assets, net	<u>\$ 520,174</u>	<u>\$ (79,993)</u>	<u>\$ -</u>	<u>\$ 440,181</u>

Depreciation expense was charged to governmental functions as follows:

Instruction - regular programs	\$ 2,198,871
Operation and maintenance of plant	215,576
Student transportation services	1,509,029
Central services	388,036
Facilities	<u>15,286,270</u>
Total	<u>\$ 19,597,782</u>

7. LONG-TERM DEBT

General Obligation Bonds

The School District issues general obligation bonds to provide funds for acquisition and construction of major capital facilities or to refund prior year bond issues. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Bonds outstanding as of June 30, 2019 include the following bond issues:

- *Series A of 2011:* The remaining bonds are stated to mature on May 15 of each year from 2020 through 2026 inclusive, with interest payable semi-annually on May 15 and November 15 of each year. Currently, the interest rate on the remaining bonds range from 4.5% to 5%.
- *Series B of 2011:* The remaining bonds are stated to mature on May 15 of each year from 2020 through 2029 inclusive, with interest payable semi-annually on May 15 and November 15 of each year. Currently, the interest rate on the remaining bonds range from 4% to 5%.
- *Series of 2007:* The remaining bonds are stated to mature on May 15 of each year from 2020 through 2022 inclusive, with interest payable semi-annually on May 15 and November 15 of each year. Currently, the interest rate on the remaining bonds range from 4% to 4.125%.

Certain bonds have been defeased in substance by placing an amount in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. As of June 30, 2019, the School District's portion of bonds outstanding that are considered defeased totaled \$118,280,000.

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

Year Ending	Principal	Interest	Total
<u>June 30</u>			
2020	\$ 8,885,000	\$ 2,636,944	\$ 11,521,944
2021	7,215,000	2,192,694	9,407,694
2022	5,860,000	1,851,094	7,711,094
2023	6,150,000	1,613,344	7,763,344
2024	6,345,000	1,305,844	7,650,844
2025	5,675,000	988,594	6,663,594
2026	4,930,000	704,844	5,634,844
2027	4,080,000	458,344	4,538,344
2028	3,175,000	254,344	3,429,344
2029	<u>2,185,000</u>	<u>95,594</u>	<u>2,280,594</u>
Totals	<u>\$ 54,500,000</u>	<u>\$ 12,101,640</u>	<u>\$ 66,601,640</u>

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2019</u>	Due Within <u>One Year</u>
General obligation bonds					
Series A of 2011	\$ 800,000	\$ -	\$ -	\$ 800,000	\$ -
Series B of 2011	45,805,000	-	(2,325,000)	43,480,000	2,385,000
Series of 2007	17,810,000	-	(7,590,000)	10,220,000	6,500,000
Total general obligation bonds	64,415,000	-	(9,915,000)	54,500,000	8,885,000
Bond premiums	3,113,959	-	(623,343)	2,490,616	-
Total general obligation bonds, net	67,528,959	-	(10,538,343)	56,990,616	8,885,000
Compensated absences	1,972,913	206,027	-	2,178,940	-
Net pension obligation	559,719,000	-	(5,790,000)	553,929,000	-
Net OPEB obligation	72,021,883	3,569,374	-	75,591,257	-
Total long-term liabilities	<u>\$ 701,242,755</u>	<u>\$ 3,775,401</u>	<u>\$ (16,328,343)</u>	<u>\$ 688,689,813</u>	<u>\$ 8,885,000</u>

On May 28, 2019, the Board of Directors approved a resolution to defease (pre-pay the principal) portions of the Series A and Series B of 2011 bonds, totaling \$30,000,000. Portions of these bonds were defeased in July 2019.

8. DEFERRED INFLOWS OF RESOURCES AND UNAVAILABLE AND UNEARNED REVENUE

General Fund

Unearned revenue represents revenue collected before the revenue is earned by the School District.

Unavailable revenue represents delinquent tax revenues earned but not collected within 60 days subsequent to the School District's year-end. It is expected that these receivables will be collected and included in revenues of future fiscal years. In the governmental funds financial statements, these receivables are reported as deferred inflows of resources.

Food Service Fund

Unearned revenue represents the total balance of amounts paid by students in advance of meals served.

9. PENSION PLAN

General Information about the Pension Plan

Plan Description

The Public School Employees' Retirement System (PSERS) is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render

at least 500 hours of service in the school year, and part-time per-diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

Member Contributions:

Active members who joined the System prior to July 22, 1983 contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001 contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011 contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

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

Employer Contributions:

The School District’s contractually-required contribution rate for the fiscal year ended June 30, 2019 was 32.60% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$52,398,531 for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the School District reported a liability of \$553,929,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System’s total pension liability as of June 30, 2017 to June 30, 2018. The School District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the School District’s proportion was 1.1539 percent, which was an increase of 0.0206 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the School District recognized pension expense of \$64,995,735. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 4,459,000	\$ 8,574,000
Change in Assumptions	10,321,000	-
Net Difference between Projected and Actual Investment Earnings	2,715,000	-
Changes in Proportions	18,205,000	-
Contributions Subsequent to the Measurement Date	<u>52,398,531</u>	<u>-</u>
Totals	<u>\$ 88,098,531</u>	<u>\$ 8,574,000</u>

An amount of \$52,398,531 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2020	\$ 20,268,000
2021	11,469,000
2022	(2,495,000)
2023	<u>(2,116,000)</u>
	<u>\$ 27,126,000</u>

Actuarial assumptions

The total pension liability as of June 30, 2018 was determined by rolling forward the System’s total pension liability as of the June 30, 2017 actuarial valuation to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement.

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%.
- Salary growth – Effective average of 5.00%, which was comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan’s policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

The following was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2018.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Public Equity	20.0%	5.2%
Fixed Income	36.0%	2.2%
Commodities	8.0%	3.2%
Absolute Return	10.0%	3.5%
Risk Parity	10.0%	3.9%
Infrastructure/MLPs	8.0%	5.2%
Real Estate	10.0%	4.2%
Alternative Investments	15.0%	6.7%
Cash	3.0%	0.4%
Financing (LIBOR)	<u>-20.0%</u>	0.9%
Total	<u>100.0%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	<u>1% Decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
Center's Proportionate Share of the Net Pension Liability	\$ 686,636,000	\$ 553,929,000	\$ 441,722,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report, which can be found on the System's website at www.psers.pa.gov.

10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially-determined expense on the statement of activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefits. The post-employment benefit liability is recognized on the statement of net position over time.

The School District accounts for two post-employment benefit plans: (1) the Health Insurance Premium Assistance Plan, which is a governmental cost-sharing multi-employer defined benefit pension plan, that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania; and (2) the Central Bucks School District's OPEB plan, which is a single-employer plan that provides medical insurance benefits to its eligible employees.

Health Insurance Premium Assistance Program

General Information about the Health Insurance Premium Assistance Program

The administrative staff of the Pennsylvania Public School Employees' Retirement System (PSERS or the System) administers the Health Insurance Premium Assistance Program. The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24-½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Pension Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2019 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$1,334,073 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the School District reported a liability of \$24,058,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2017 to June 30, 2018. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the School District's proportion was 1.1539%, which was an increase of 0.0206% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the School District recognized OPEB expense of \$2,018,716. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 149,000	\$ -
Change in Assumptions	380,000	912,000
Difference between Projected and Actual Investment Earnings	41,000	-
Changes in Proportions	580,000	-
Contributions Subsequent to the Measurement Date	<u>1,334,073</u>	<u>-</u>
Totals	<u>\$ 2,484,073</u>	<u>\$ 912,000</u>

An amount of \$1,334,073 reported as deferred outflows of resources related to OPEB resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2020	\$ 21,000
2021	21,000
2022	21,000
2023	15,000
2024	9,000
Thereafter	<u>151,000</u>
	<u>\$ 238,000</u>

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2018, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 2.98% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in Premium Assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre-age 65 at 50%
 - Eligible retirees will elect to participate Post-age 65 at 70%

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2018.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect Premium Assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

The following was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2018.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	5.9%	0.03%
US Core Fixed Income	92.8%	1.50%
Non-US Developed Fixed	<u>1.3%</u>	0.04%
Total	<u>100.0%</u>	

The discount rate used to measure the Total OPEB Liability was 2.98%. Under the plan’s funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a “pay-as-you-go” plan. A discount rate of 2.98%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2018, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2018, retirees’ Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2017, 93,380 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2017, 1,077 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

Sensitivity of the School District’s proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, calculated using the discount rate of 2.98%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.98%) or 1-percentage-point higher (3.98%) than the current rate:

	1% Decrease <u>1.98%</u>	Current Discount Rate <u>2.98%</u>	1% Increase <u>3.98%</u>
Total OPEB liability	\$ 27,360,000	\$ 24,058,000	\$ 21,317,000

The following presents the System net OPEB liability for June 30, 2018, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 24,053,000	\$ 24,058,000	\$ 24,062,000

OPEB plan fiduciary net position

Detailed information about PSERS’ fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System’s website at www.psers.pa.gov.

Central Bucks School District OPEB Plan

General Information about the OPEB Plan

The School District’s post-employment benefits plan is a single-employer defined benefit plan. The benefits, benefits level, employee contribution, and employer contribution are administered by School District Supervisors and can be amended by the School District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, since an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the School District’s General Fund.

Benefits Provided

The School District provides medical and prescription drug insurance benefits to eligible retired employees, spouses, and dependents through a single-employer defined benefit plan.

Employees Covered by Benefit Terms

As of July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	71
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>2,097</u>
Total	<u><u>2,168</u></u>

Total OPEB Liability

The School District’s total OPEB liability of \$51,533,257 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates:	
2018-2019	2.89%
2019-2020	9.50%
Decrement	0.50%
Ultimate trend	5.00%
Year ultimate trend is reached	2029
Salary increases	3.00%
Discount rate	3.50%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2019.

Mortality rates were based on the RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006).

Changes in the Total OPEB Liability

OPEB liability as of July 1, 2018	\$ 48,931,883
Changes for the year:	
Service cost	3,025,489
Interest	1,654,028
Assumption changes	(2,922,098)
Difference between actual and expected experience	1,652,345
Benefit payments	<u>(808,390)</u>
OPEB liability as of June 30, 2019	<u>\$ 51,533,257</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using a discount rate of 3.50%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

	1% Decrease <u>2.50%</u>	Current Discount Rate <u>3.50%</u>	1% Increase <u>4.50%</u>
Total OPEB liability	\$ 56,663,714	\$ 51,533,257	\$ 46,570,503

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability, calculated using the trend rate of 2.98%, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rates that is one percentage point lower (1.89%) or one percentage point higher (3.98%) than the current healthcare cost trend rates:

	1% Decrease <u>1.89%</u>	Current Trend Rate <u>2.89%</u>	1% Increase <u>3.89%</u>
Total OPEB liability	\$ 43,694,304	\$ 51,533,257	\$ 60,742,262

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the School District recognized an OPEB expense of \$2,551,416. As of June 30, 2019, the School District reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 1,506,764	\$ 17,195,558
Change in Assumptions	<u>504,691</u>	<u>2,664,644</u>
Totals	<u>\$ 2,011,455</u>	<u>\$ 19,860,202</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ending <u>June 30</u>	<u>Amount</u>
2020	\$ (2,128,091)
2021	(2,128,091)
2022	(2,128,091)
2023	(2,128,091)
2024	(2,128,091)
Thereafter	<u>(7,208,292)</u>
Total	<u>\$ (17,848,747)</u>

Summary of Net Other Post-Employment Liabilities and Related Deferred Outflows of Resources and Deferred Inflows of Resources

The following is a summary of the School District’s net other post-employment liabilities and related deferred outflows of resources and deferred inflows of resources:

	Net OPEB <u>Liability</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Health insurance premium assistance program	\$ 24,058,000	\$ 2,484,073	\$ 912,000
School District's post-employment benefit plan	<u>51,533,257</u>	<u>2,011,455</u>	<u>19,860,202</u>
Totals	<u>\$ 75,591,257</u>	<u>\$ 4,495,528</u>	<u>\$ 20,772,202</u>

11. COMMITMENTS AND CONTINGENCIES

Construction Contracts

As of June 30, 2019, the School District was committed under various construction contracts, as follows:

Total cost of construction contracts	\$ 10,400,402
<u>Less: Recognized as expenditures through June 30, 2019</u>	<u>(407,605)</u>
Contract commitments as of June 30, 2019	<u>\$ 9,992,797</u>

Other Commitments

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

12. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the School District to purchase commercial insurance for the risks of loss to which it is exposed, including workers’ compensation and liability insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Beginning July 1, 2018, the School District began self-funding healthcare and prescription benefits for its employees. The School District currently reports the cost of these benefits in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

As of June 30, 2019, the liability for healthcare claims was \$2,143,939 and is included in accrued salaries and benefits. This liability is the School District's best estimate based on available information. Changes in the reported liability for the year ended June 30, 2019 are as follows:

Liability balance as of June 30, 2018	\$ -
Current-year claims and changes in estimates	21,842,302
Claim payments	<u>(19,698,363)</u>
 Liability balance as of June 30, 2018	 <u>\$ 2,143,939</u>

As of June 30, 2019, the School District's claim payments for prescription benefits exceeded current-year claims and changes in estimates by \$1,141,212. This asset, which is included in other receivables, is the School District's best estimate based on available information. Changes in the reported asset for the year ended June 30, 2019 are as follows:

Liability balance as of June 30, 2018	\$ -
Current-year claims and changes in estimates	7,115,012
Claim payments	<u>(8,256,224)</u>
 (Asset) balance as of June 30, 2018	 <u>\$ (1,141,212)</u>

**CENTRAL BUCKS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	\$ 263,984,117	\$ 263,984,117	\$ 264,271,029	\$ 286,912
State sources	70,863,150	70,863,150	70,128,862	(734,288)
Federal sources	2,293,383	2,293,383	1,992,289	(301,094)
	<u>337,140,650</u>	<u>337,140,650</u>	<u>336,392,180</u>	<u>(748,470)</u>
EXPENDITURES				
Instruction	196,545,494	198,262,106	197,918,944	343,162
Support services	99,514,483	97,614,872	96,786,068	828,804
Operation of non-instructional services	8,456,229	8,639,228	8,563,154	76,074
Debt service	13,024,444	13,024,444	13,024,444	-
Refund of prior-year revenues	-	-	3,400	(3,400)
	<u>317,540,650</u>	<u>317,540,650</u>	<u>316,296,010</u>	<u>1,244,640</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>19,600,000</u>	<u>19,600,000</u>	<u>20,096,170</u>	<u>496,170</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	-	-	1,800	1,800
Interfund transfers out	(19,600,000)	(19,600,000)	(39,685,180)	(20,085,180)
	<u>(19,600,000)</u>	<u>(19,600,000)</u>	<u>(39,683,380)</u>	<u>(20,083,380)</u>
NET CHANGE IN FUND BALANCE				
	<u>-</u>	<u>-</u>	<u>(19,587,210)</u>	<u>(19,587,210)</u>
FUND BALANCE, BEGINNING OF YEAR				
	<u>33,600,000</u>	<u>33,600,000</u>	<u>46,300,233</u>	<u>12,700,233</u>
FUND BALANCE, END OF YEAR				
	<u>\$ 33,600,000</u>	<u>\$ 33,600,000</u>	<u>\$ 26,713,023</u>	<u>\$ (6,886,977)</u>

The accompanying notes are an integral part of these financial statements.

Central Bucks School District
Note to the Budgetary Comparison Schedule
For the Year Ended June 30, 2019

1. BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for the Capital Project Fund.

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to March 1, the Business Manager submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the School District offices to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. The Business Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. Formal budgetary integration is not employed for the Capital Project Fund. Formal budgetary integration is also not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
6. Budgeted amounts are as originally adopted or as amended by the School Board.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year).

CENTRAL BUCKS SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Five Fiscal Years

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
School district's proportion of the net pension liability	1.1539%	1.1333%	1.1200%	1.0975%	1.0577%
School district's proportionate share of the net pension liability	\$ 553,929,000	\$ 559,719,000	\$ 555,036,000	\$ 475,386,000	\$ 418,645,000
School district's covered-employee payroll	\$ 155,388,484	\$ 150,885,722	\$ 145,056,187	\$ 141,210,865	\$ 134,977,166
School district's proportionate share of the net pension liability as a percentage of its covered-employee payroll	356.48%	370.96%	382.64%	336.65%	310.16%
The plan's fiduciary net position as a percentage of the total pension liability	54.00%	51.84%	50.14%	54.36%	57.24%

The amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

CENTRAL BUCKS SCHOOL DISTRICT
Schedule of the School District's Pension Contributions
Last Five Fiscal Years

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Contractually Required Contribution	\$ 52,398,531	\$ 49,320,305	\$ 44,058,631	\$ 36,264,047	\$ 28,948,227
Contributions in Relation to the Contractually Required Contribution	<u>(52,398,531)</u>	<u>(49,320,305)</u>	<u>(44,058,631)</u>	<u>(36,264,047)</u>	<u>(28,948,227)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 160,731,690	\$ 155,388,484	\$ 150,885,722	\$ 145,056,187	\$ 141,210,865
Contributions as a Percentage of Covered- employee Payroll	32.60%	31.74%	29.20%	25.00%	20.50%

The amounts presented for each fiscal year were determined as of the end of the current fiscal year.

CENTRAL BUCKS SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Health Insurance Premium Assistance Plan
Last Three Fiscal Years

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
District's Proportion of the Net OPEB Liability	1.1539%	1.1333%	1.1200%
District's Proportionate Share of the Net OPEB	24,058,000	\$ 23,090,000	\$ 24,125,000
District's Covered-employee Payroll	\$ 155,388,484	\$ 150,885,722	\$ 145,056,187
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-employee Payroll	15.48%	15.30%	16.63%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.56%	5.73%	5.47%

The amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

CENTRAL BUCKS SCHOOL DISTRICT
Schedule of School District's OPEB Contributions
Health Insurance Premium Assistance Plan
Last Three Fiscal Years

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Contractually Required Contribution	\$ 1,334,073	\$ 1,289,724	\$ 1,252,351
Contributions in Relation to the Contractually- Required Contribution	<u>(1,334,073)</u>	<u>(1,289,724)</u>	<u>(1,252,351)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 160,731,690	\$ 155,388,484	\$ 150,885,722
Contributions as a Percentage of Covered- employee Payroll	0.83%	0.83%	0.83%

The amounts presented for each fiscal year were determined as of the end of the current fiscal year.

CENTRAL BUCKS SCHOOL DISTRICT
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios
Central Bucks School District OPEB Plan
Last Three Fiscal Years

	<u>6/30/19</u>	<u>6/30/18</u>	<u>6/30/17</u>
Total OPEB liability			
Service cost	\$ 3,025,489	\$ 3,265,570	\$ 7,319,129
Interest	1,654,028	1,326,060	1,741,637
Changes in benefit terms	-	-	-
Assumption changes and difference between actual and expected experience	(2,922,098)	(1,414,840)	(21,128,466)
Difference between actual and expected experience	1,652,345	-	-
Change in actuarial cost method	-	-	-
Benefit payments	<u>(808,390)</u>	<u>(1,546,690)</u>	<u>(2,046,810)</u>
Net change in total OPEB liability	2,601,374	1,630,100	(14,114,510)
Total OPEB liability - beginning of year	<u>48,931,883</u>	<u>47,301,783</u>	<u>61,416,293</u>
Total OPEB liability - end of year	<u>\$ 51,533,257</u>	<u>\$ 48,931,883</u>	<u>\$ 47,301,783</u>
Covered-employee payroll	\$ 141,990,859	\$ 136,596,726	\$ 132,618,181
Total OPEB liability as a percentage of covered-employee payroll	36.29%	35.82%	35.67%

Notes to Schedule

Assumption changes and difference between actual and expected experience. The amount presented for the year ended June 30, 2017 represents the difference between the expected net OPEB liability and the OPEB liability as of July 1, 2016 calculated in accordance with GASB Statement No. 45. The amount presented for the years ended June 30, 2019 and 2018 represents the effect of other changes in assumptions.

MEMBER:

American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Central Bucks School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Central Bucks School District's basic financial statements, and have issued our report thereon dated December 31, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Bucks School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Bucks School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Bucks School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Dreslin and Company, Inc.

East Norriton, Pennsylvania
December 31, 2019

MEMBER:
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Central Bucks School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Central Bucks School District's major federal programs for the year ended June 30, 2019. Central Bucks School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Central Bucks School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Bucks School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Central Bucks School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dresler and Company, Inc.

East Norriton, Pennsylvania
December 31, 2019

**CENTRAL BUCKS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 6/30/18	Accrued or (Deferred) Revenue 6/30/19	Revenue Recognized	Expenditures	Amounts Passed Through to Sub- Recipients
U.S. DEPARTMENT OF EDUCATION										
Passed through PA Department of Education										
Title I - Improving Basic Programs	84.010	013-19-0069	8/15/18 - 9/30/20	\$ 1,146,583	\$ 667,521	\$ -	\$ 50,803	\$ 718,324	\$ 718,324	\$ -
Title I - Improving Basic Programs	84.010	013-18-0069	7/30/17 - 9/30/18	661,331	50,574	101,148	50,574	-	-	-
Total Title I - CFDA # 84.010					718,095	101,148	101,377	718,324	718,324	-
Title III - Language Instruction for Limited English Proficient and Immigrant Students	84.365	010-19-0069	8/15/18 - 9/30/19	60,226	55,924	-	1,579	57,503	57,503	-
Title III - Language Instruction for Limited English Proficient and Immigrant Students	84.365	010-18-0069	7/30/17 - 9/30/18	53,132	4,087	4,087	-	-	-	-
Total Title III - CFDA # 84.365					60,011	4,087	1,579	57,503	57,503	-
Title II - Improving Teacher Quality	84.367	020-19-0069	8/15/18 - 9/30/20	348,948	231,555	-	77,444	308,999	308,999	-
Title II - Improving Teacher Quality	84.367	020-18-0069	7/30/17 - 9/30/18	335,906	77,115	77,115	-	-	-	-
Total Title II - CFDA # 84.367					308,670	77,115	77,444	308,999	308,999	-
Title IV - Student Support and Academic Enrichment	84.424	FA-144-19-0069	8/15/18 - 9/30/19	48,682	31,296	-	15,173	46,469	46,469	-
Title IV - Student Support and Academic Enrichment	84.424	FA-144-18-0069	7/30/17 - 9/30/18	15,209	1,170	2,340	-	(1,170)	(1,170)	-
Total Title IV - CFDA # 84.424					32,466	2,340	15,173	45,299	45,299	-
Access	93.778	N/A	7/1/18 - 6/30/19	46,910	5,995	-	42,214	48,209	48,209	-
Access	93.778	N/A	7/1/17 - 6/30/18	41,681	37,963	37,963	-	-	-	-
Total Access - CFDA # 93.778					43,958	37,963	42,214	48,209	48,209	-
Total Medicaid Cluster					43,958	37,963	42,214	48,209	48,209	-
Passed through Bucks County Intermediate Unit										
IDEA	84.027	062-180022	7/1/18 - 6/30/19	2,456,945	1,891,644	-	565,301	2,456,945	2,456,945	-
IDEA	84.027	062-170022	7/1/17 - 6/30/18	2,457,390	694,565	694,565	-	-	-	-
Total IDEA - CFDA # 84.027					2,586,209	694,565	565,301	2,456,945	2,456,945	-
IDEA Section 619	84.173	131-180022	7/1/18 - 6/30/19	8,162	8,162	-	-	8,162	8,162	-
IDEA Section 619	84.173	131-170022	7/1/17 - 6/30/18	8,085	8,085	8,085	-	-	-	-
Total IDEA Section 619 - CFDA # 84.173					16,247	8,085	-	8,162	8,162	-
Total Special Education Cluster					2,602,456	702,650	565,301	2,465,107	2,465,107	-
Total U.S. Department of Education (Carried Forward)					3,765,656	925,303	803,088	3,643,441	3,643,441	-

(Continued)

**CENTRAL BUCKS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019**

Grantor/Pass-through Grantor/ Program Title	Federal CDFA Number	Pass-Through Grantor's Number	Grant Period	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 6/30/18	Accrued or (Deferred) Revenue 6/30/19	Revenue Recognized	Expenditures	Amounts Passed Through to Sub- Recipients
TOTAL U.S. DEPARTMENT OF EDUCATION (Brought Forward)					<u>3,765,656</u>	<u>925,303</u>	<u>803,088</u>	<u>3,643,441</u>	<u>3,643,441</u>	<u>-</u>
U.S. DEPARTMENT OF AGRICULTURE										
Passed through PA Department of Education										
School Breakfast Program	10.553	365	7/1/18 - 6/30/19	N/A	53,064	-	27,532	80,596	80,596	-
School Breakfast Program	10.553	365	7/1/17 - 6/30/18	N/A	21,857	21,857	-	-	-	-
Total School Breakfast Program - CFDA # 10.553					<u>74,921</u>	<u>21,857</u>	<u>27,532</u>	<u>80,596</u>	<u>80,596</u>	<u>-</u>
National School Lunch Program	10.555	362	7/1/18 - 6/30/19	N/A	448,349	-	199,825	648,174	648,174	-
National School Lunch Program	10.555	362	7/1/17 - 6/30/18	N/A	198,627	198,627	-	-	-	-
Total National School Lunch Program - CFDA # 10.555					<u>646,976</u>	<u>198,627</u>	<u>199,825</u>	<u>648,174</u>	<u>648,174</u>	<u>-</u>
Passed through PA Department of Agriculture										
National School Lunch Program	10.555	2-08-09-210	7/1/18 - 6/30/19	N/A	224,860	-	-	224,860	224,860	-
Total Child Nutrition Cluster					<u>946,757</u>	<u>220,484</u>	<u>227,357</u>	<u>953,630</u>	<u>953,630</u>	<u>-</u>
Total U.S. Department of Agriculture					<u>946,757</u>	<u>220,484</u>	<u>227,357</u>	<u>953,630</u>	<u>953,630</u>	<u>-</u>
TOTAL FEDERAL AWARDS					<u>\$ 4,712,413</u>	<u>\$ 1,145,787</u>	<u>\$ 1,030,445</u>	<u>\$ 4,597,071</u>	<u>\$ 4,597,071</u>	<u>\$ -</u>

CENTRAL BUCKS SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Central Bucks School District under programs of the federal government for the year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Central Bucks School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Central Bucks School District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Central Bucks School District did not elect to use the 10% *de minimis* indirect cost rate.

3. NON-MONETARY FEDERAL AWARDS – DONATED COMMODITIES

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures for USDA Donated Commodities, reported in the Schedule of Expenditures of Federal Awards under CFDA #10.555, National School Lunch Program, represent surplus food consumed by Central Bucks School District during the year ended June 30, 2019.

**CENTRAL BUCKS SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major program:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of Major Programs:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures of Federal Awards</u>
School Breakfast Program	10.553	\$ 80,596
National School Lunch Program	10.555	<u>873,034</u>
Total Child Nutrition Cluster		<u>\$ 953,630</u>

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low risk auditee?	Yes

CENTRAL BUCKS SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section II – Financial Statement Findings

Status of Prior-Year Findings:

None

Current-Year Findings and Questioned Costs:

None

Section III – Federal Award Findings and Questioned Costs

Status of Prior-Year Findings:

None

Current-Year Findings and Questioned Costs:

None