

COMPREHENSIVE ANNUAL FINANCIAL REPORT

HAMPTON TOWNSHIP
SCHOOL DISTRICT
ALLISON PARK, PA

FISCAL YEAR ENDED JUNE 30, 2010



COMPREHENSIVE ANNUAL FINANCIAL REPORT

of

HAMPTON TOWNSHIP SCHOOL DISTRICT

Allison Park, Pennsylvania

Fiscal Year Ended June 30, 2010

BOARD OF SCHOOL DIRECTORS

Dr. Harold P. Sarver, President
David A. Gurwin, Vice President
Mary Alice Hennessey, Treasurer
Pam Lamagna, Secretary
Alma Kolkman
Gail V. Litwiler
Jonathan C. Ritz
Robert Shages
Lawrence Vasko

John C. Hoover, Ph.D., Superintendent of Schools

Report Issued by the Hampton Township School District Business Office

Jeffrey Kline, Director of Administrative Services
Sharon R. McMorran, Business Manager

HAMPTON TOWNSHIP SCHOOL DISTRICT

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INTRODUCTORY SECTION

December 21, 2010

HAMPTON TOWNSHIP BOARD OF SCHOOL DIRECTORS:

The Hampton Township School District (School District) Administration presents our Comprehensive Annual Financial Report (CAFR) for the School District for the year ended June 30, 2010. Pennsylvania State law requires that every School District publish within six months of the close of each fiscal year a complete set of audited financial statements. Our data is accurately presented in all material respects and is presented in a manner to fairly present the financial position and results of operations of the School District as measured by the financial activity of the various funds. All disclosures necessary to enable a reader to gain a maximum understanding of the School District's finances have been included. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. Hosack, Specht, Muetzel and Wood LLP, Certified Public Accountants, have issued an unqualified opinion on the School District's financial statements for the year ended June 30, 2010. Their independent auditor's report is located within this report.

PROFILE OF THE GOVERNMENT

The Hampton Township School District is a suburban public school district located in southwestern Pennsylvania. During the 2009-10 school year, the district educated 3,109 students residing in Hampton Township; a 16 square mile municipality located 15 miles north of Pittsburgh. A nine-member board of school directors governs the School District. The School District educates students in grades kindergarten through twelve and operates five schools - a high school, middle school and three elementary schools. Instructional areas include regular education, special education, vocational education and all necessary support services. Vocational education is provided through a jointure agreement with eight other districts with the Northern Area Special Purpose Schools as described in Note 1, Part A "Joint Venture."

During the 2009-10 school year the district employed 19 administrators, 218 teachers, 45 paraprofessionals, 40 maintenance/custodial staff, 29 secretarial staff, 14 food service staff and 27 other staff members. The mission of the School District is, "Hampton Township School District will educate individual students by creating partnerships among staff, parents, students and the community...by providing a positive atmosphere in which students become lifelong learners and people of character who can achieve high expectations. One school...one community...one vision to perpetuate our tradition of educational excellence". This endeavor is manifested in our strategic plan, which drives the policy and decision-making process of all District employees.

Budget Development

The development of the School District budget is a year round process. Budget planning begins in the summer with a review of the prior year's process and implementation of necessary changes. The bidding process for supplies is initiated in October when prior year bid lists are distributed to the building levels for review and updating. In December, the Superintendent and Director of Administrative Services establish a budget calendar for the upcoming year. After the budget calendar is established, tentative allocations are developed for each of the building level administrator budgets, along with allocations for technology, textbooks and athletics. These allocations are based on a per pupil amount with an additional weighting for the pupils at the secondary level. However, all administrators are required to prepare their budgets utilizing a zero-based budgeting approach. Rationale for all projected expenditures are presented to and reviewed by the Superintendent. In January, the School District Planning Document, a report that details the results of operations for the previous five years and projects the results for the next five, is shared with the board at a public meeting. At the same meeting, the estimated budget (including projected millage requirements) and the allocations are discussed and reviewed. The Board decides in January whether it will seek additional revenue above the State Act 1 Index allowance or whether it will approve a resolution stating that it will not raise taxes above the State Act 1 Index.

Upon completion of all items outlined above, a preliminary budget is generated and reviewed by the Superintendent and administration. After these meetings, adjustments are made if necessary and the preliminary budget is finalized and presented to the Board of School Directors and the public in April. After discussion of the budget in public, any further changes deemed necessary are made and the final budget is considered by the Board of School Directors in June. The budget process will be accelerated by four months in years that the District will need to seek Act 1 exceptions or voter referendum approval for any millage increase that exceeds the State Act 1 Index.

The administration has established procedures to monitor the use of budgeted funds after the board has approved the annual operating budget and authorized the expenditure of funds. The procedures have been categorized as budget responsibility, expenditure controls, budgetary transfers and management reporting. Initially, each administrator is assigned responsibility for spending within his/her area. Expenditure controls are established through a requisition/purchase order system within the School District's financial accounting software. Budgetary transfers are required by each administrator to ensure program budgets are not overspent. Finally, administrators are provided with monthly budget reports from the Business Office to monitor the progress of spending in their area of responsibility.

Internal Controls

Internal controls within the School District are developed by the Business Office administrators to provide assurance that assets are safeguarded against loss from unauthorized use or disposition, as well as to provide reliability of the financial records. These controls and procedures are documented in the Business Office Procedures Manual. Additionally, modifications to internal controls evolve from a variety of other sources, including other School District administrators, the audit professionals and the Board of School Directors. The goal of the School District's internal accounting control system is to adequately safeguard assets and to provide assurance as to the proper recording and tracking of financial activity. The School District's financial data are subject to a comprehensive audit at the end of each fiscal year by a firm of independent certified public accountants in accordance with U.S. generally accepted governmental auditing standards.

Additionally, the Auditor General of the Commonwealth of Pennsylvania audits school district records as they relate to State subsidy payments and the State laws. Audits are generally completed in two-year increments within two years of the end of a given fiscal year. The Auditor General's audit for the 2004-05 and 2005-06 fiscal years was completed in December 2008. The audit resulted in no recommendations, findings or questioned costs. The Auditor General completed an audit for the 2006-07 and 2007-08 fiscal years in April 2010. The report was issued in November 2010 and indicated that there were no recommendations, findings or questioned costs.

LOCAL ECONOMY

The School District is coterminous with the Township of Hampton, a suburban community located north of the City of Pittsburgh. The School District encompasses 16 square miles and is made up mainly of residential housing, along with light industrial and retail enterprises. Enrollment has decreased from 3,229 students in the 2002-03 year to 3,109 students in the 2009-10 year (a 3.7% decrease.) The decrease in enrollment is similar to other suburban school districts in the area and less than the countywide trend.

Over the last eight fiscal years, the District has increased its millage from 18.25 mills to 20.88 mills. This is an average annual increase of only 1.8% per year; while the metropolitan Pittsburgh CPI has increased an average of 3.0% per year for the same period. The District is proud of the fact that its tax rates have increased at a rate significantly less than the local rate of inflation.

Hampton's current 2010-11 tax rate is 10.75% lower than the Allegheny County average and only 8 Districts in the County have a lower tax rate; while 33 have higher tax rates. When preparing the annual budget for the District, the School Board and Administration carefully consider the burden imposed on the School District taxpayers along with the expectations of the District's parents and students to continue providing a high quality education.

LONG TERM FINANCIAL PLANNING

State School District Funding - Act 1 of Special Session 2006 (The Taxpayer Relief Act)

Under the Taxpayer Relief Act, signed by the Governor of Pennsylvania on June 27, 2006, Pennsylvania School Districts became subject to a change in their taxing structure. Details of Act 1 are included in the "Management Discussion & Analysis" Section under "Future Economic Considerations."

Allegheny County Property Assessments

In 2005, Allegheny County approved a measure to freeze real estate assessments at the 2002 values for all properties in the School District and is in the process of appealing properties on behalf of the homeowners who had their assessments raised by School District appeals during the 2002-2005 years. In November 2009, the courts ruled that Allegheny County would be required to perform a county-wide reassessment of all properties by 2012. Approximately 59% of the District's revenues are derived from real estate taxes; therefore the reassessment could have a major effect on the District's tax base and tax rates.

Fund Balance

The School District ended the 2009-10 fiscal year with an unreserved, undesignated fund balance of \$3,022,072. This represents 7.0% of the projected 2011-12 general fund budget, which is below the 8% maximum amount of unreserved, undesignated fund balance permitted by the Pennsylvania Department of Education for a district wishing to raise its tax rate.

Pennsylvania School Employees' Retirement System Contributions

Actuarial projections for employer contributions to the Pennsylvania School Employees' Retirement System predict major future annual increases. Details of the impact on the School District are included in the "Management Discussion & Analysis Section under "Future Economic Considerations."

District Paid Health Insurance Costs

The increasing cost of health insurance remains a major concern as more resources are allocated to benefit costs. District paid health insurance rates (Keystone Blue Plan) have increased 107% over the past eight fiscal years (an average of 13.5% per year.) These increases and the likelihood of future health insurance increases, have forced the School District to carefully evaluate the cost of health insurance to its employees. These measures have included the commencement of healthcare premium contributions from employees and the forming of wellness committees to reduce healthcare utilization.

Capital Improvements

The District completed a renovation project for Poff Elementary School in 2008-09 and is working on its District-wide 2009 Capital Projects plan. Details are included in the Management Discussion & Analysis Section under "Future Economic Considerations."

DISTRICT AWARDS AND ACCOMPLISHMENTS

- In April 2010, *Forbes Magazine* recognized the Hampton Township School District as being one of the 25 best schools for housing value in the United States.
- *Family Circle Magazine* has recognized Hampton Township as one of the 10 Best Towns for Families in 2010. The honor was bestowed on the township in an article featured in the August 2010 edition of the magazine. Family Circle used data on population, median income, median home price, households with children, the student/teacher ratio and Great Schools Rating to determine its top 10 list. Hampton Township's population is 17,047, with 38 percent of those households having children. The District was the only one in the top 10 list to have earned a perfect 10 score from Great Schools Rating.
- In the five years that the *Pittsburgh Business Times* has ranked Pennsylvania public schools, Hampton Township School District placed among the top five in western Pennsylvania (out of 105 Districts) and among the top ten in the state (out of 500 Districts). The rankings are based on three years of PSSA test score data.
- In April of 2009, *Standard & Poor's* upgraded the District's general obligation debt from an "A" rating to an "AA-" rating "reflecting the district's continued healthy financial performances".
- The *Pennsylvania Department of Education* has recognized Pennsylvania public schools with Keystone Achievement Awards for achieving Adequate Yearly Progress (AYP) for 6 years. Hampton has had all 5 schools on the list for the entire six years. Only 2 others Districts in Allegheny County have had all their schools achieve AYP for six years.
- The Hampton Township School District earned the highest rating in Allegheny County in the *Standard & Poor's* "Return on Spending Index". The "Return on Spending Index" calculates the ratio of school district spending with student proficiency in math and reading.
- Hampton High School has the highest graduation rate of any public school in Allegheny County.

DISTRICT AWARDS AND ACCOMPLISHMENTS (continued)

- Hampton Township School District School Board Directors were awarded a Certificate of Recognition for the School Board's approval of the adoption of the *Pennsylvania School Boards Association's* (PSBA) recommended Standards for Effective School Governance and Code of Conduct for Members of Pennsylvania School Boards. The standards and code are designed to give Pennsylvania's 4,509 school board members specific guidance on providing the essential leadership required for highly effective boards.
- Hampton Township School District earned national recognition by being the first in the USA to be designated by the *Academic Development Institute* as Effective School Communities based on the success of Hampton Elementary Schools' Community Councils.
- In 2009, *US News and World Report* ranked Hampton High School in the top 5% of all US high schools.


Financial Reporting

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement to school districts that prepare a Comprehensive Annual Financial Report (CAFR) that meets the rigorous standards of the GFOA. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to each of the program's standards. Such reports must satisfy both Generally Accepted Accounting Principals (GAAP) and applicable legal requirements. The School District received the award for its 2008-09 CAFR, which is included in this report. We believe our 2009-10 CAFR meets the Certificate of Achievement Program requirements and are submitting it to the GFOA to determine its eligibility for certification.

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report was made possible by the efforts of Sharon McMorran, Business Manager and the Business Office staff.

Sincerely,



John C. Hoover, Ph.D.
Superintendent of Schools



Jeffrey Kline
Director of Administrative Services

HAMPTON TOWNSHIP SCHOOL DISTRICT

2009-10 BOARD OF SCHOOL DIRECTORS

Dr. Harold P. Sarver, President

Mr. David A. Gurwin, Vice President

Mrs. Mary Alice Hennessey, Treasurer

Mrs. Pam Lamagna, Secretary

Mrs. Alma Kolkman

Mrs. Gail V. Litwiler

Mr. Jonathan C. Ritz

Mr. Robert Shages

Mr. Lawrence Vasko

Mr. Patrick J. Clair, Solicitor (Non-Member)

Mrs. Margaret L. Caruso, Recording Secretary (Non-Member)

Hosack, Specht, Muetzel and Wood, External Auditor (Non-Member)

CENTRAL OFFICE ADMINISTRATION

John C. Hoover, Ph.D., Superintendent of Schools

Jo Welter Ed.D, Assistant Superintendent of Schools

Mr. Jeffrey Kline, CPA, Director of Administrative Services

Ms. Monique Mawhinney, Director of Student Services

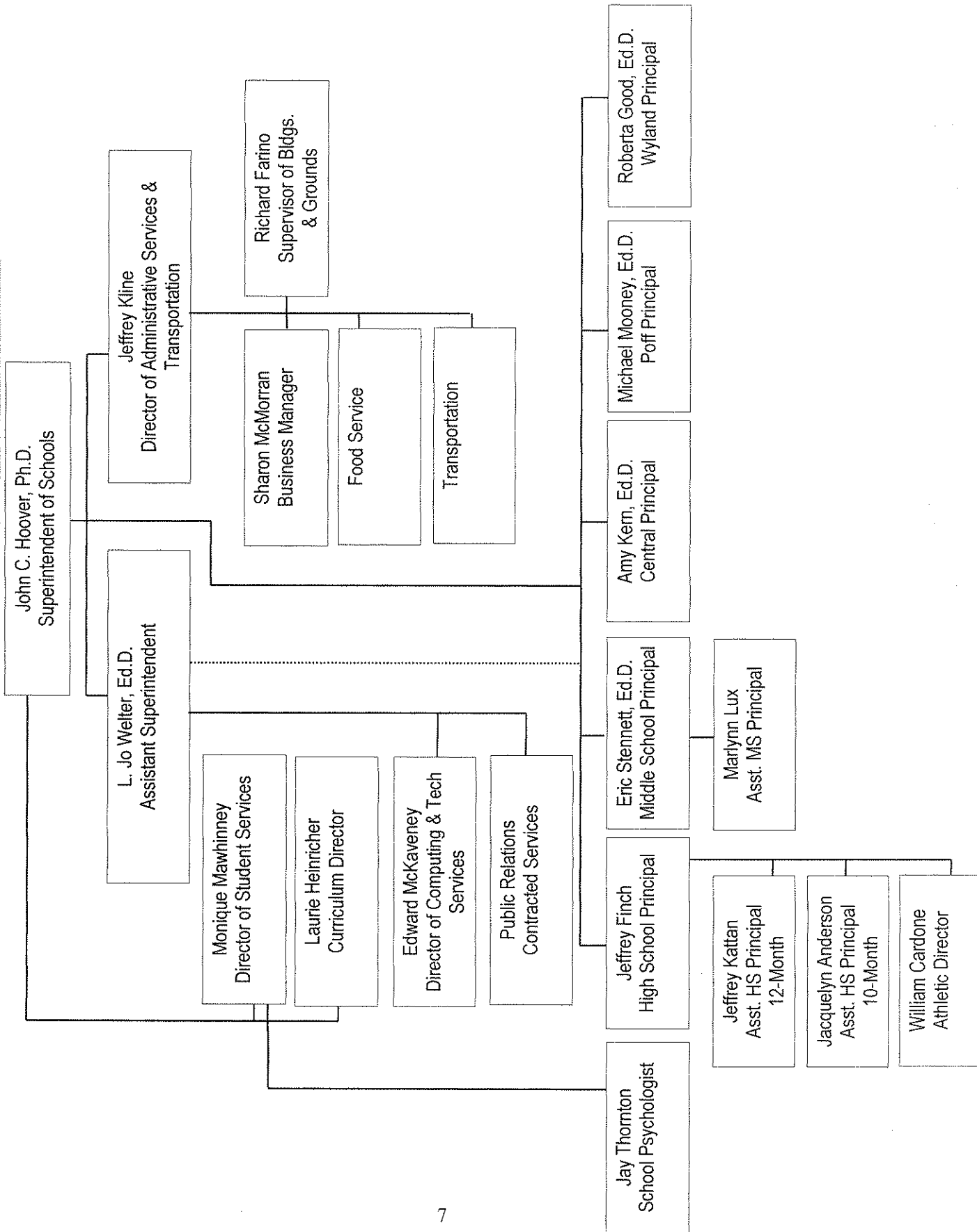
Ms. Laurie Heinricher, Curriculum Coordinator

Ms. Sharon R. McMorran, Business Manager

Mr. Richard L. Farino, Building and Grounds Supervisor

Mr. Edward McKaveney, Technology Coordinator

Hampton Township School District Administrative Organization



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hampton Township School
District, Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

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G. M. Hosack (1934-1941)
W. H. Specht (1934-1976)
A. C. Wood (1934-1978)
C. A. Muetzel (1934-1983)

Independent Auditor's Report

Members of the Board
Hampton Township School District
Allegheny County, Pennsylvania

Dear Members:

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 Hampton Township School District as of and for the year ended June 30, 2010, which collectively comprise Hampton Township School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hampton Township School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Hampton Township School District as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2010 on our consideration of Hampton Township 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and post-employment benefit information as shown in the table of contents 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.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Hampton Township School District's financial statements as a whole. The introductory section, individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The individual fund financial statement and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Respectfully submitted,



HOSACK, SPECHT, MUETZEL & WOOD LLP
December 20, 2010

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2010**

The discussion and analysis of Hampton Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements to enhance their understanding of the School District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in this MD&A.

Financial Highlights

General Fund

Preparation and Approval of the 2009/2010 General Fund Budget

The 2009/2010 general fund budget included an increase in expenditures over the 2008/2009 budget of \$278,439, or only 0.7%. Revenue projections were for an increase in revenues of \$57,124, or only 0.1%. The School District balanced the 2009/2010 general fund budget shortfall of \$423,004 by increasing the real estate tax rate from 20.53 mills to 20.88 mills, or 1.7%. This was the first increase in the real estate tax rate since the 2005/2006 fiscal year. The final 2009/2010 general fund budget was approved by the Hampton Township School District Board of Directors in June 2009, with revenues of \$40,253,889 and expenditures of \$40,253,889, and a millage rate of 20.88.

2009/2010 Actual Financial Results

Actual 2009/2010 general fund revenues were \$41,221,231 and actual expenditures were \$39,633,642, creating a surplus of \$1,587,589, which resulted in an ending fund balance at June 30, 2010 of \$7,870,846, of which \$3,022,072 was undesignated and unreserved. Below is a summary of individual items that significantly impacted the budget during 2009/2010.

Revenues

- The School District rental and sinking fund reimbursements provided by the state exceeded budget by \$536,590. The reason for the large budget variance was the receipt of a one-time reimbursement for prior School District cash payments on the middle school construction project in the amount of \$508,144.
- Delinquent real estate tax revenue collected exceeded the budget amount by \$262,003. The School District has increased the budgeted amount for delinquent real estate taxes significantly in recent years; however, the collections still exceeded the 2009/2010 budget. Delinquent real estate taxes are difficult to budget as the timing of the collections is never predictable.

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2010**

Financial Highlights (Cont'd)

General Fund (Cont'd)

Revenues (Cont'd)

- The School District received \$211,663 in federal IDEA funds under the "American Recovery and Reinvestment Act" (ARRA). None of these funds were included in the 2009/2010 budget. The School District was not certain that these funds would be allocated to the School District during the budget process.
- Real estate tax revenue exceeded the budgeted amount by \$141,789. The percentage of current real estate taxes collected was slightly higher than forecast. The variance is only 0.56% over budget.

Expenditures

- The School District's salaries and benefits were under budget by \$494,386. A significant portion of this was due to unanticipated unpaid leaves by thirteen employees. Employees on unpaid leaves are replaced by long-term substitute instructors at a lower rate of pay. Additionally, there were two employee resignations after the budget was completed and before the start of school.
- The School District's benefit cost decreased as a result of the lowering of the mandatory state Public School Employees' Retirement System (PSERS) rate from 7.13% of payroll to 4.78% of payroll. This decrease saved the School District \$240,000 in the 2009/2010 fiscal year.

Using the Annual Financial Report

The audit report consists of an introductory section and a financial section that provide additional information regarding the School District and a single audit section which is issued to comply with federal guidelines as required in the U. S. Office of Management & Budget (OMB) Circular A-133 Compliance Supplement. Within this financial section are the management's discussion and analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Hampton Township School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the statement of net assets and the statement of activities. These provide both long-term and short-term information about the School District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements. The governmental funds statements tell how general School District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the School

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2010**

Using the Annual Financial Report (Cont'd)

District operates like a business. For this School District, this is our food service fund. Fiduciary fund statements provide information about financial relationships where the School District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of the financial section are arranged and relate to one another:

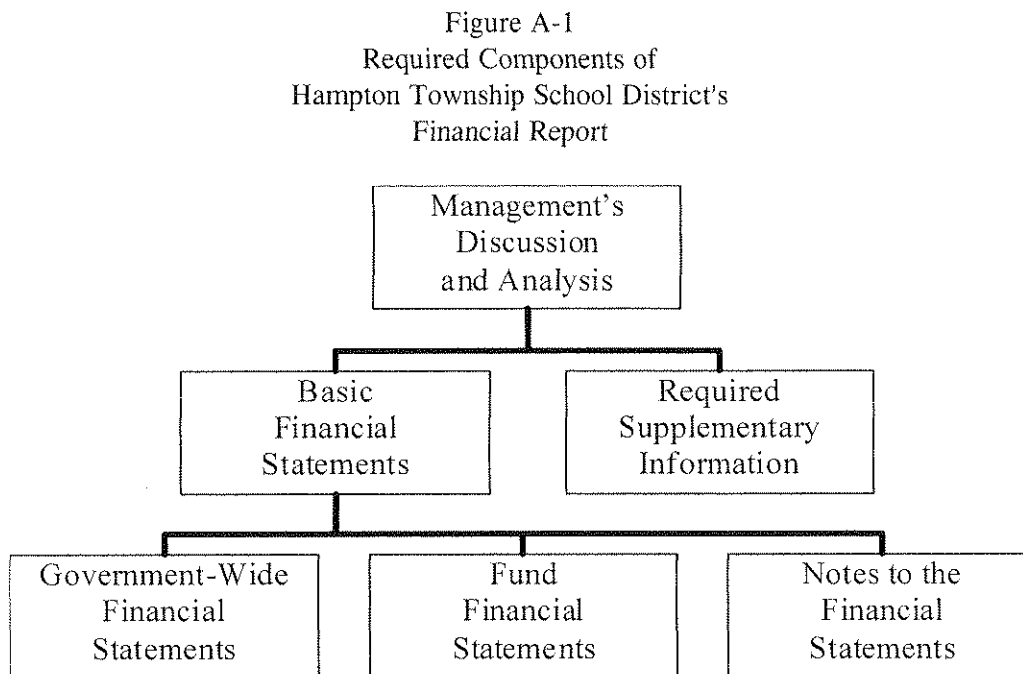


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2010**

Using the Annual Financial Report (Cont'd)

Figure A-2
Major Features of Hampton Township School District's
Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as education, administration and community services	Activities the School District operates similar to private business - food services	Instances in which the School District is the trustee or agent to someone else's resources
Required financial statements	Statement of net assets; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance	Statement of net assets; statement of revenues, expenses and changes in net assets; statement of cash flows	Statement of fiduciary net assets; statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of in-flow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Overview of Financial Statements

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**Hampton Township School District
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Overview of Financial Statements (Cont'd)

Government-Wide Statements (Cont'd)

The two government-wide statements report the School District's net assets and how they have changed. Net assets, the difference between the School District's assets and liabilities, are only one way to measure the School District's financial health or position.

Over time, increases or decreases in the School District's net assets are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the School District, you need to consider additional non-financial factors, such as changes in the School District's property tax base and the performance of the students.

The government-wide financial statements of the School District are divided into two categories:

- **Governmental activities** - All of the School District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business-type activities** - The School District operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required by state law and bond requirements.

Governmental funds - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the financial statements.

Proprietary funds - These funds are used to account for the School District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the School District charges customers for services it provides - whether to outside customers or to other units in the School District - these services are generally reported in proprietary funds. The food service fund is the School District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

**Hampton Township School District
Management's Discussion and Analysis
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Overview of Financial Statements (Cont'd)

Fund Financial Statements (Cont'd)

Fiduciary funds - The School District is the trustee, or fiduciary, for some scholarship funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets on Exhibit 10. We exclude these activities from the School District's other financial statement because the School District cannot use these assets to finance its operations.

Financial Analysis of the School District as a Whole

The School District's total net assets were a deficit \$(2,060,723) at June 30, 2010 and \$5,049,118 at June 30, 2009.

Table A-1
Years Ended June 30, 2010 and 2009
Net Assets

	2010			2009		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$14,273,851	\$186,954	\$14,460,805	\$16,256,227	\$209,912	\$16,466,139
Capital Assets	<u>65,398,095</u>	<u>79,056</u>	<u>65,477,151</u>	<u>64,276,284</u>	<u>68,183</u>	<u>64,344,467</u>
Total Assets	<u>\$79,671,946</u>	<u>\$266,010</u>	<u>\$79,937,956</u>	<u>\$80,532,511</u>	<u>\$278,095</u>	<u>\$80,810,606</u>
Current and Other Liabilities	\$ 6,597,319	\$ 38,319	\$ 6,635,638	\$ 6,902,658	\$165,181	\$ 7,067,839
Long-Term Liabilities	<u>75,363,041</u>	<u>-</u>	<u>75,363,041</u>	<u>68,693,649</u>	<u>-</u>	<u>68,693,649</u>
Total Liabilities	<u>81,960,360</u>	<u>38,319</u>	<u>81,998,679</u>	<u>75,596,307</u>	<u>165,181</u>	<u>75,761,488</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	(3,512,445)	79,056	(3,433,389)	(5,801,989)	68,183	(5,733,806)
Restricted	210,391	-	210,391	22,264	-	22,264
Unrestricted	<u>1,013,640</u>	<u>148,635</u>	<u>1,162,275</u>	<u>10,715,929</u>	<u>44,731</u>	<u>10,760,660</u>
Total Net Assets	<u>(2,288,414)</u>	<u>227,691</u>	<u>(2,060,723)</u>	<u>4,936,204</u>	<u>112,914</u>	<u>5,049,118</u>
Total Liabilities and Net Assets	<u>\$79,671,946</u>	<u>\$266,010</u>	<u>\$79,937,956</u>	<u>\$80,532,511</u>	<u>\$278,095</u>	<u>\$80,810,606</u>

Note: The School District implemented GASB Statement #53 for the year ending June 30, 2010. (See Note 18). For purposes of the Table A-1, the June 30, 2009 amounts were not restated.

Most of the School District's net assets are invested in capital assets (buildings, land, and equipment). The remaining unrestricted net assets are combined of designated and undesignated amounts. The difference between total net assets and the general fund balance exists due to the current depreciated value of the School District's buildings and equipment being less than the sum of future debt payments and that under generally accepted accounting principles, land is valued at historical cost, rather than current or appraised value. The School District's land was acquired at little or no cost many years ago; however, it has substantial market value.

Hampton Township School District
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Financial Analysis of the School District as a Whole (Cont'd)

The decrease in net assets from \$5,049,118 to \$(2,288,414) is due to the implementation of GASB Statement #53. See Note 18 in the notes to the financial statements. GASB Statement #53 requires the School District to record the fair market value of its interest rate swap investment derivatives. The fair market value of the investment derivative recorded in the governmental-wide financial statements negatively impact the School District's net assets. The School District is disclosing the negative fair market value of both the 2005 and 2007 swaptions. However, the School District is in the process of refunding the 2005 swaption by converting the variable rate bonds to fixed rate bonds. In a refunding transaction, the termination payments are offset by the savings on the current fixed rate bonds. The School District has been targeting a refunding of the 2005 variable rate bonds at a budgetary break even or small present value savings.

The results of this year's operations as a whole are reported in the statement of activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The two largest general revenues are the local taxes assessed to community taxpayers and the basic education subsidy provided by the state of Pennsylvania.

Table A-2 utilizes the information from that statement, rearranges it slightly to present revenues for the year.

Table A-2
Years Ended June 30, 2010 and 2009
Changes in Net Assets

	2010			2009		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 950,965	\$ 950,965	\$ -	\$ 944,174	\$ 944,174
Operating Grants and Contribs.	5,550,790	290,586	5,841,376	4,745,016	274,527	5,019,543
Capital Grants and Contribs.	1,085,453	-	1,085,453	480,899	-	480,899
General Revenues						
Property Taxes	25,714,324	-	25,714,324	24,898,507	-	24,898,507
Other Taxes	3,526,128	-	3,526,128	3,309,120	-	3,309,120
Grants, Subsidies and Contribs.						
Unrestricted	5,204,215	-	5,204,215	5,514,454	-	5,514,454
Investment Earnings	(1,075,357)	-	(1,075,357)	645,468	-	645,468
Other	<u>34,932</u>	<u>-</u>	<u>34,932</u>	<u>79,375</u>	<u>-</u>	<u>79,375</u>
Total Revenues	<u>40,040,485</u>	<u>1,241,551</u>	<u>41,282,036</u>	<u>39,672,839</u>	<u>1,218,701</u>	<u>40,891,540</u>

Hampton Township School District
Management's Discussion and Analysis
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Financial Analysis of the School District as a Whole (Cont'd)

Table A-2 (Cont'd)
Years Ended June 30, 2010 and 2009
Changes in Net Assets

	2010			2009		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Expenses						
Instruction	\$23,976,629	\$ -	\$23,976,629	\$24,218,079	\$ -	\$24,218,079
Instructional Student Support	2,274,767	-	2,274,767	2,371,672	-	2,371,672
Admin. and Financial						
Support Svcs.	3,651,599	-	3,651,599	3,624,420	-	3,624,420
Operation and Maintenance						
of Plant Services	4,053,972	-	4,053,972	3,591,400	-	3,591,400
Pupil Transportation	1,819,691	-	1,819,691	1,889,752	-	1,889,752
Student Activities	1,199,796	-	1,199,796	1,183,141	-	1,183,141
Community Services	1,761	-	1,761	-	-	-
Interest on Long-Term Debt	3,035,643	-	3,035,643	3,451,636	-	3,451,636
Food Service	-	1,126,774	1,126,774	-	1,120,031	1,120,031
Total Expenses	<u>40,013,858</u>	<u>1,126,774</u>	<u>41,140,632</u>	<u>40,330,100</u>	<u>1,120,031</u>	<u>41,450,131</u>
Increase (Decrease) in Net Assets						
Before Transfers	<u>26,627</u>	<u>114,777</u>	<u>141,404</u>	<u>(657,261)</u>	<u>98,670</u>	<u>(558,591)</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
Change in Net Assets	26,627	114,777	141,404	(557,261)	(1,330)	(558,591)
Beginning Net Assets (Restated – See Note 18)	<u>(2,315,041)</u>	<u>112,914</u>	<u>(2,202,127)</u>	<u>5,493,465</u>	<u>114,244</u>	<u>5,607,709</u>
Ending Net Assets	<u>\$(2,288,414)</u>	<u>\$ 227,691</u>	<u>\$(2,060,723)</u>	<u>\$ 4,936,204</u>	<u>\$ 112,914</u>	<u>\$ 5,049,118</u>

Summary of Significant Year-to-Year Variances

Governmental Activities

- Total governmental revenues increased by \$267,646. This increase was primarily due to the following:

Real estate tax collections increased by \$815,817. The increase in real estate tax collections was due to the increase in millage rate of 1.7% and an increase of 1.1% in the taxable assessed value.

As previously discussed under the budget variances, the School District received a “one time” reimbursement of \$508,144 for the middle school construction project and ARRA IDEA funds in the amount of \$211,663.

Interest earnings decreased by \$1,720,825. The change in GASB #53 liability is charged against interest earnings.

**Hampton Township School District
Management's Discussion and Analysis
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Summary of Significant Year-to-Year Variances (Cont'd)

Governmental Activities (Cont'd)

- Total governmental expenses decreased by \$316,242.
- The School District paid \$415,993 less in interest expenses on long-term debt due to improved interest rates for its variable rate debt.
- As previously noted under budget variances, the School District had thirteen employees on various unpaid leaves throughout the year, which resulted in a smaller increase to gross payroll between the 2008/2009 and 2009/2010 fiscal years.

Business-Type Activities

- The food service fund had an increase in net assets of \$114,777 in the 2009/2010 fiscal year due to the operating surplus achieved in the fund.

The following tables present the expenses of both the governmental activities and the business-type activities of the School District.

Table A-3 analyzes the School District's seven largest functions – instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, food service, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A-3
Years Ended June 30, 2010 and 2009
Governmental Activities

Functions/Programs	2010		2009	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Instruction	\$23,976,629	\$20,342,052	\$24,218,079	\$20,794,897
Instructional Student Support	2,274,767	2,030,661	2,371,672	2,079,049
Administrative and Fin. Support				
Svcs.	3,651,599	3,522,610	3,624,420	3,503,612
Oper. and Maintenance of Plant				
Svcs.	4,053,972	3,943,265	3,591,400	3,491,709
Pupil Transportation	1,819,691	1,035,919	1,889,752	1,115,467

**Hampton Township School District
Management's Discussion and Analysis
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Financial Analysis of the School District as a Whole (Cont'd)

Table A-3 (Cont'd)
Years Ended June 30, 2010 and 2009
Governmental Activities

	2010		2009	
Functions/Programs (Cont'd)	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Student Activities	\$ 1,199,796	\$ 1,109,838	\$ 1,183,141	\$ 1,148,714
Community Services	1,761	-	-	-
Interest on Long-Term Debt	<u>3,035,643</u>	<u>1,393,270</u>	<u>3,451,636</u>	<u>2,970,737</u>
Total Governmental Activities	<u>\$40,013,858</u>	33,377,615	<u>\$40,330,100</u>	35,104,185
Less:				
Unrestricted Grants, Subsidies		<u>(5,204,215)</u>		<u>(5,514,454)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$28,173,400</u>		<u>\$29,589,731</u>

The total needs from local taxes and other revenues decreased by \$1,416,331 from the 2008/2009 fiscal year to the 2009/2010 fiscal year. The decrease was mainly due to the School District receiving an additional \$211,663 in IDEA funds through the ARRA Act and the one-time rental reimbursement subsidy of \$508,144 that was received for the middle school construction project.

Table A-4 reflects the activities of the food service program, the only business-type activity of the School District.

Table A-4
Years Ended June 30, 2010 and 2009
Business-Type Activities

	2010		2009	
Functions/Programs	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Food Service	<u>\$1,126,774</u>	<u>\$(114,777)</u>	<u>\$1,120,031</u>	<u>\$(98,670)</u>

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2010**

Financial Analysis of the School District as a Whole (Cont'd)

Table A-4 (Cont'd)
Years Ended June 30, 2010 and 2009
Business-Type Activities

	2010		2009	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Less/Add:				
Transfers		\$ -		\$100,000
Total Business-Type Activities		<u>\$(114,777)</u>		<u>\$ 1,330</u>

The food service fund had a net profit of \$114,777 during the 2009/2010 fiscal year. The net profit was slightly higher than in the 2008/2009 fiscal year due to stable costs and slightly higher revenues from both breakfast and lunch sales and state and federal subsidies.

School District Funds

At June 30, 2010, the School District's governmental funds reported a combined fund balance of \$9,172,163, which is a decrease of \$1,611,408 from the July 1, 2009 combined fund balance. The primary reasons for the decrease in the combined fund balances are as follows:

- The School District's capital projects funds were utilized for the Poff Elementary School renovation and the 2009 capital projects fund. The capital projects fund balance decreased by \$3,387,124. Fund balance is not affected by capitalized fixed assets and construction, therefore, the fund balance has decreased by the amount of the expenditures; however, the capitalized assets, net of depreciation, have increased by \$1,299,893.
- The School District's general fund had a surplus of \$1,587,589 for reasons discussed in the "Financial Highlights" section of the MD&A.

General Fund Budget

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year. A schedule detailing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the financial statements.

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2010**

Capital Assets and Debt Administration

Capital Assets

At June 30, 2010, the School District had \$62,503,858 invested in a range of capital assets, including land, buildings and furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$1,299,893, or 2.1 % from the previous year. This increase is attributable to the substantial completion of the Poff Elementary School renovation and other projects in the 2009 capital projects fund projects as of June 30, 2010, less the annual depreciation for the School District's other capital assets. More detailed information about our capital assets is included in Note 5 of our financial statements.

Table A-5
Governmental Activities
Capital Assets - Net of Depreciation

	2010	2009
Land	\$ 1,081,390	\$ 1,081,390
Land Improvements	1,114,031	1,255,600
Buildings and Building Improvements	56,839,109	48,005,812
Furniture and Equipment	2,272,704	1,626,693
Construction in Progress	1,196,624	9,234,470

Debt Administration

As of July 1, 2009, the School District's total outstanding debt principal (for bonds and notes) was \$69,432,517. During the 2009/2010 fiscal year, there was \$175,605 in accretion on the Series of 1995 zero coupon bonds. The School District made payments toward the principal outstanding on the Series 1999, 2001 and 2005 variable rate demand bonds (VRDBs), 2006A and 2006B bonds, 2007 VRDB's and Series 2008 and 2009 bonds in the total amount of \$1,865,000. The School District also made payments toward the principal of the 2008 general obligation note in the amount of \$62,028 for its share of the A. W. Beattie Career and Technical School construction project. The fiscal year debt activity resulted in ending outstanding debt as of June 30, 2010, of \$67,681,094, a decrease of 2.5%. A comprehensive analysis of the School District's long-term debt is included in Note 8 - Long Term Debt, in the notes to the financial statements.

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2010**

Capital Assets and Debt Administration (Cont'd)

Debt Administration (Cont'd)

Table A-6
Outstanding Debt

General Obligation Bonds/Notes	As of 06/30/10	As of 06/30/09
Bonds - Series of 1995	\$ 2,588,448	\$ 2,412,843
Bonds - Series of 1999	-	110,000
Bonds - Series of 2001	20,000	25,000
Bonds - Series of 2005 (VRDBs)	9,515,000	9,625,000
Bonds - Series of 2006A	9,450,000	9,485,000
Bonds - Series of 2006B	6,705,000	6,735,000
Bonds - Series of 2007 (VRDBs)	22,885,000	23,520,000
Bonds - Series of 2008	9,715,000	9,835,000
Bonds - Series of 2009	5,065,000	5,885,000
Notes - Series of 2008	1,737,646	1,799,674

Other long-term obligations include accrued vacation pay and sick leave for specific employees of the School District, termination benefits and capital lease obligations. More detailed information about our long-term liabilities is included in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The general fund budget for the 2010/2011 year was adopted in June 2010, with revenues of \$41,694,701 and expenditures of \$41,784,489. The School District funded the shortfall of \$89,788 through utilization of a portion of its June 30, 2010 fund balance.

The comparison of budgeted revenues and expenditures categories are as follows:

Table A-7

	Budgeted Revenues	
	2010/2011	2009/2010
Local	72.6%	73.5%
State	25.7%	25.5%
Federal/Other	1.7%	1.0%

**Hampton Township School District
Management's Discussion and Analysis
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Economic Factors and Next Year's Budgets and Rates (Cont'd)

	Budgeted Expenditures	
	2010/2011	2009/2010
Instruction	55.8%	55.6%
Support Services	29.4%	29.2%
Noninstructional	2.7%	2.6%
Fund Transfers/Debt	12.1%	12.6%

Future School District Economic Considerations

2009 Capital Projects Fund

The School District has established and implemented the 2009 capital projects fund to address the School District's non-reimbursable capital projects needs. To date, the 2009 capital projects fund has addressed the following School District's facility needs:

Project	Status
• Fridley Field grandstand stabilization	Completed July 2008
• Fridley Field water abatement	Completed December 2008
• Hampton Middle School field renovation/water remediation	Completed September 2009
• Wyland Elementary air conditioning installation	Completed August 2009
• Fridley Fieldhouse hillside remediation	Completed September 2009
• Fridley Field turf replacement	Completed July 2009
• Fridley Field track resurfacing	Completed September 2009
• Hampton High School "parking lot" field upgrades	Completed Spring 2010
• Central Elementary air conditioning renovation	Completed November 2010
• Camera System – HS/MS/Wyland/Central	Target Date Winter 2010

The School District allocated nearly \$4.3 million toward the 2009 capital projects fund as of June 30, 2010. These funds were generated from the following sources:

1999 and 2001 Bond Refinancing	\$ 867,133
Wickline Road Property Sale	693,016
Transfer of a Portion of 2005/2006 General Fund Surplus	675,000
Transfer of 2006/2007 General Fund Surplus	1,093,000
2008 Poff Elementary Bond Issue	<u>942,648</u>
Total Funding of 2009 Capital Projects Fund	<u>\$4,270,797</u>

The School District will consider further allocations to fund several additional projects.

**Hampton Township School District
Management's Discussion and Analysis
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Future School District Economic Considerations (Cont'd)

Public School Employees' Retirement System Contributions

Actuarial projections for future employer contributions to the Public School Employees' Retirement System predict annual increases in the employer contribution rate for the years 2011/2012 through 2014/2015. The projections show a "spike" in the employer rate in 2014/2015 to approximately 33% of payroll. Although half of the School District's contributions are reimbursed by the state, this increase would have a tremendous financial impact on the School District. An increase from the 2009/2010 employer contribution rate of 4.78% to 33% would add approximately \$4.0 million to the School District's budget. In order to prepare for the contingency of higher retirement contribution rates, the School District designated \$3.95 million of its June 30, 2010 fund balance toward future retirement contributions.

Act 1 of Special Session 2006 (The Taxpayer Relief Act)

Under the Taxpayer Relief Act, signed by the Governor of Pennsylvania on June 27, 2006, Pennsylvania school districts became subject to a change in their taxing structure. Act 1 expanded Pennsylvania's property tax and rent rebate programs for senior citizens and provided for a local referendum to consider increases to the local earned income tax or a change to a local personal income tax in order to fund dollar for dollar decreases in local property taxes.

The voters of Hampton Township rejected the proposed tax shift from the current earned income tax at 0.5% to a personal income tax at 1.2% in May 2007. The School District's tax structure will remain unchanged unless the tax shift is proposed for a future referendum.

However, Hampton Township School District is still subject to a "back-end referendum" for future millage increases. Without voter approval by referendum, school districts may not increase the rate of any tax by more than the annual state index, nor may they increase or levy any new taxes. The state index is the average of the percentage increase in the statewide average weekly wage (as reported by the Pennsylvania Department of Labor and Industry) and the national employment cost index (as reported by the Federal Bureau of Labor Statistics) for elementary and secondary schools. The back-end referendum requirement has 10 exceptions, as outlined below:

1. To pay costs incurred in responding to a declared emergency or disaster
2. To pay costs incurred in implementing a court or administrative order
3. To pay interest and principal on debt incurred prior to the effective date of Act 1
4. To pay costs incurred in responding to conditions posing an immediate threat of harm to persons
5. To pay for special education cost increases that exceeds the state index
6. To pay expenses incurred in complying with a corrective action plan under the No Child Left Behind Act

**Hampton Township School District
Management's Discussion and Analysis
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Future School District Economic Considerations (Cont'd)

Act 1 of Special Session 2006 (The Taxpayer Relief Act) (Cont'd)

7. To pay costs necessary to maintain: (a) per pupil local tax revenue, adjusted by the index in a school district that has experienced significant student population growth (7.5% or more over a 3-year period); or (b) per pupil actual instruction expense if the increase between the current year and prior year is less than the index
8. To maintain revenues derived from real estate property taxes, earned income taxes, basic education and special education funding allocations as adjusted by the index
9. To pay for health insurance expense increases for collective bargaining agreements in effect on January 1, 2006
10. To make employer contributions into the Public School Employees' Retirement System (PSERS) when the increase in the PSERS employer contribution rate exceeds the index

Hampton Township School District has not utilized any of the above exceptions for the budget years of 2007/2008 to 2010/2011. It is anticipated the School District will apply for the PSERS exception in the 2011/2012 fiscal year.

The Hampton Township School District School Board and Administration prepare the budget each year in order to balance the needs of the students with the resources of the community. The School District is proud that its tax rate is 10.75% lower than the average Allegheny County School District. Additionally, there are only eight Allegheny County school districts with a lower millage rate than Hampton and thirty-three with a higher millage rate. The School District has only had to raise its tax rate once in the past five fiscal years for a cumulative increase of 1.7%, or 0.34% annually.

Contacting the School District Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the Board's accountability for the funds it receives. If you have questions about this report or wish to request additional financial information, please contact Mr. Jeffrey Kline, Director of Administrative Services of Hampton Township School District, 4591 School Road, Allison Park, PA 15101, (412) 492-6308 or by email at kline@ht-sd.org.

Hampton Township School District
Statement of Net Assets
June 30, 2010

Exhibit 1

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$11,565,136	\$144,880	\$11,710,016
Taxes Receivable, Net	1,625,874	-	1,625,874
Due from Other Governments	590,622	7,970	598,592
Other Receivables	198,615	4,828	203,443
Inventories	-	29,276	29,276
Prepaid Items	<u>293,604</u>	<u>-</u>	<u>293,604</u>
Total Current Assets	<u>14,273,851</u>	<u>186,954</u>	<u>14,460,805</u>
Noncurrent Assets			
Land	1,081,390	-	1,081,390
Land Improvements, Net	1,114,031	-	1,114,031
Buildings and Building Improvements	56,839,109	-	56,839,109
Furniture and Equipment	2,272,704	79,056	2,351,760
Construction in Progress	1,196,624	-	1,196,624
Long-Term Prepayments (Net of Amortization)	<u>2,894,237</u>	<u>-</u>	<u>2,894,237</u>
Total Noncurrent Assets	<u>65,398,095</u>	<u>79,056</u>	<u>65,477,151</u>
TOTAL ASSETS	<u>\$79,671,946</u>	<u>\$266,010</u>	<u>\$79,937,956</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Current Liabilities			
Internal Balances	\$ (3,056)	\$ 3,056	\$ -
Accounts Payable	692,281	1,112	693,393
Contracts Payable	727,755	-	727,755
Current Portion of Long-Term Debt	2,266,593	-	2,266,593
Accrued Salaries and Benefits	2,157,182	-	2,157,182
Payroll Deductions and Withholdings	274,627	-	274,627
Unearned Revenues	91,622	17,067	108,689
Other Current Liabilities	<u>390,315</u>	<u>17,084</u>	<u>407,399</u>
Total Current Liabilities	<u>6,597,319</u>	<u>38,319</u>	<u>6,635,638</u>
Noncurrent Liabilities			
Bonds Payable	64,043,448	-	64,043,448
Notes Payable	1,673,895	-	1,673,895
Lease Purchase Obligations	49,784	-	49,784
Long-Term Portion of Compensated Absences	847,907	-	847,907
Other Post-Employment Benefit Obligations	88,491	-	88,491
Investment Derivative	8,461,032	-	8,461,032
Termination Benefits	<u>198,484</u>	<u>-</u>	<u>198,484</u>
Total Noncurrent Liabilities	<u>75,363,041</u>	<u>-</u>	<u>75,363,041</u>
Total Liabilities	<u>81,960,360</u>	<u>38,319</u>	<u>81,998,679</u>
Net Assets			
Invested in Capital Assets (Net of Related Debt)	(3,512,445)	79,056	(3,433,389)
Restricted for Permanent Endowment - Nonexpendable	20,400	-	20,400
Restricted for Permanent Endowment - Expendable	1,482	-	1,482
Other Restrictions	188,509	-	188,509
Unrestricted	<u>1,013,640</u>	<u>148,635</u>	<u>1,162,275</u>
Total Net Assets	<u>(2,288,414)</u>	<u>227,691</u>	<u>(2,060,723)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$79,671,946</u>	<u>\$266,010</u>	<u>\$79,937,956</u>

See Accompanying Notes

Hampton Township School District
Statement of Activities
Year Ended June 30, 2010

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Gov- ern- mental Activities	Busi- ness- Type Activities	Totals
Governmental Activities						
Instruction	\$23,976,629	\$ -	\$3,634,577	\$ (20,342,052)	\$ -	\$ (20,342,052)
Instructional Student Support	2,274,767	-	244,106	(2,030,661)	-	(2,030,661)
Administrative and Financial Support Services	3,651,599	-	128,989	(3,522,610)	-	(3,522,610)
Operation and Maintenance of Plant Services	4,053,972	-	110,707	(3,943,265)	-	(3,943,265)
Pupil Transportation	1,819,691	-	783,772	(1,035,919)	-	(1,035,919)
Student Activities	1,199,796	-	89,958	(1,109,838)	-	(1,109,838)
Community Services	1,761	-	1,761	-	-	-
Interest on Long-Term Debt	3,035,643	-	556,920	(1,393,270)	-	(1,393,270)
Total Governmental Activities	40,013,858	-	5,550,790	(33,377,615)	-	(33,377,615)
Business-Type Activities						
Food Service	1,126,774	950,965	290,586	-	114,777	114,777
Total Primary Government	\$41,140,632	\$950,965	\$5,841,376	(33,377,615)	114,777	(33,262,838)
General Revenues						
Taxes						
Property Taxes, Levied for General Purposes (Net)				25,714,324	-	25,714,324
Other Taxes, Levied for General Purposes (Net)						
Earned Income Taxes				3,158,898	-	3,158,898
Real Estate Transfer Taxes				326,209	-	326,209
Public Utility Realty Taxes				41,021	-	41,021
Grants, Subsidies and Contributions not Restricted				5,204,215	-	5,204,215
Investment Earnings				(1,075,357)	-	(1,075,357)
Miscellaneous Income				34,932	-	34,932
Total General Revenues				33,404,242	-	33,404,242
Changes in Net Assets				26,627	114,777	141,404
Net Assets - July 1, 2009 (Restated - See Note 18)				(2,315,041)	112,914	(2,202,127)
Net Assets - June 30, 2010				\$ (2,288,414)	\$227,691	\$ (2,060,723)

See Accompanying Notes

Hampton Township School District
Balance Sheet
Governmental Funds
June 30, 2010

Exhibit 3

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 9,700,798	\$ 102	\$1,842,354	\$21,882	\$11,565,136
Taxes Receivable (Net)	1,625,874	-	-	-	1,625,874
Due from Other Funds	3,056	188,407	-	-	191,463
Due from Other Governments	590,622	-	-	-	590,622
Other Receivables	198,615	-	-	-	198,615
Prepaid Items	<u>293,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,604</u>
TOTAL ASSETS	<u>\$12,412,569</u>	<u>\$188,509</u>	<u>\$1,842,354</u>	<u>\$21,882</u>	<u>\$14,465,314</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 190,907	\$ -	\$ -	\$ -	\$ 190,907
Accounts Payable	668,608	-	23,673	-	692,281
Contracts Payable	-	-	727,755	-	727,755
Accrued Salaries and Benefits	2,157,182	-	-	-	2,157,182
Payroll Deductions and Withholdings	274,627	-	-	-	274,627
Deferred Revenues	1,197,436	-	-	-	1,197,436
Other Current Liabilities	<u>52,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,963</u>
Total Liabilities	<u>4,541,723</u>	<u>-</u>	<u>751,428</u>	<u>-</u>	<u>5,293,151</u>
Fund Balances					
Reserve for School Programs	-	-	-	21,882	21,882
Reserve for Prepaid Items	293,604	-	-	-	293,604
Reserve for Encumbrances	5,170	-	-	-	5,170
Reserve for Retirement of Long-Term Debt	-	188,509	-	-	188,509
Reserve for Capital Projects	-	-	169,743	-	169,743
Reserve for Tax Refunds	600,000	-	-	-	600,000
Unreserved - Designated	3,950,000	-	921,183	-	4,871,183
Unreserved - Undesignated General Fund	<u>3,022,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,022,072</u>
Total Fund Balances	<u>7,870,846</u>	<u>188,509</u>	<u>1,090,926</u>	<u>21,882</u>	<u>9,172,163</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$12,412,569</u>	<u>\$188,509</u>	<u>\$1,842,354</u>	<u>\$21,882</u>	<u>\$14,465,314</u>

See Accompanying Notes

Hampton Township School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2010

Exhibit 4

Total Fund Balances - Governmental Funds	\$ 9,172,163
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$90,501,242, and the accumulated depreciation is \$27,997,384.	62,503,858
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Property taxes receivable will be collected next year but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the fund financial statements.	1,105,814
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Deferred charges on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net assets.	1,271,581
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The payment to the joint venture is capitalized and amortized over the life of the notes payable issued.	1,622,656
--	-----------

Derivative instruments used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	(8,461,032)
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Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the fund financial statements. Long-term liabilities at year-end consist of:

Bonds Payable	\$(65,943,448)	
Accrued Interest on the Bonds	(334,852)	
Capital Leases Payable	(72,855)	
Notes Payable	(1,737,646)	
Other Post-Employment Benefits	(88,491)	
Termination Benefits	(448,255)	
Compensated Absences	(877,907)	(69,503,454)

Total Net Assets - Governmental Activities	\$ <u>(2,288,414)</u>
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See Accompanying Notes

Hampton Township School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2010

Exhibit 5

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenues					
Local Sources	\$30,198,044	\$ -	\$ 15,992	\$ 18	\$30,214,054
State Sources	10,036,054	-	-	-	10,036,054
Federal Sources	<u>986,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>986,569</u>
Total Revenues	<u>41,220,667</u>	<u>-</u>	<u>15,992</u>	<u>18</u>	<u>41,236,677</u>
Expenditures					
Current					
Instruction	22,211,880	-	-	-	22,211,880
Support Services	11,351,452	-	231,517	-	11,582,969
Noninstructional Services	1,075,038	-	-	76	1,075,114
Capital Outlay	-	-	3,255,959	-	3,255,959
Debt Service					
Principal	21,937	1,865,000	-	-	1,886,937
Interest	4,287	2,809,990	-	-	2,814,277
Other	<u>21,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,513</u>
Total Expenditures	<u>34,686,107</u>	<u>4,674,990</u>	<u>3,487,476</u>	<u>76</u>	<u>42,848,649</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,534,560</u>	<u>(4,674,990)</u>	<u>(3,471,484)</u>	<u>(58)</u>	<u>(1,611,972)</u>
Other Financing Sources (Uses)					
Transfers In	-	4,863,175	84,360	-	4,947,535
Sale/Compensation for Fixed Assets	564	-	-	-	564
Transfers Out	<u>(4,947,535)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,947,535)</u>
Total Other Financing Sources (Uses)	<u>(4,946,971)</u>	<u>4,863,175</u>	<u>84,360</u>	<u>-</u>	<u>564</u>
Net Changes in Fund Balances	1,587,589	188,185	(3,387,124)	(58)	(1,611,408)
Fund Balances - July 1, 2009	<u>6,283,257</u>	<u>324</u>	<u>4,478,050</u>	<u>21,940</u>	<u>10,783,571</u>
Fund Balances - June 30, 2010	<u>\$ 7,870,846</u>	<u>\$ 188,509</u>	<u>\$ 1,090,926</u>	<u>\$21,882</u>	<u>\$ 9,172,163</u>

See Accompanying Notes

**Hampton Township School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2010**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds	\$(1,611,408)
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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 capital outlays exceeds depreciation in the period.

Depreciation Expense	\$(2,397,469)	
Capital Outlays	<u>3,697,362</u>	1,299,893

Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year.

34,544

Repayment of bond principal and note principal and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

1,948,965

In the statement of activities, certain operating expenses - compensated absences (sick pay and vacations), termination benefits and other post-employment benefits (OPEB) - are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Compensated Absences	(27,512)	
Termination Benefits	38,166	
Other Post-Employment Benefits	<u>(76,955)</u>	(66,301)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

**Hampton Township School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2010**

Exhibit 6

Net Change in Accrued Interest on the Bonds	\$ (15,592)	
Accretion of Interest on the School District's Capital Appreciation Bonds	<u>(175,605)</u>	\$ (191,197)

Governmental funds report changes in investment derivative instruments only when those instruments provide or use financial resources. However, in the statement of activities, changes in the fair value of investment derivative instruments are changes in economic resources and are reported in each period in which there is a change in the fair value of the investment. This is the amount of the change in the fair value of investment derivatives in the current period. (1,209,787)

Bond issuance costs and bond discount are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

Amortization of Joint Venture Payment	(88,509)	
Amortization of Issuance Costs, Discount and Deferred		
Loss on Refunding	<u>(89,573)</u>	<u>(178,082)</u>

Change in Net Assets of Governmental Activities	\$ <u>26,627</u>
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See Accompanying Notes

Hampton Township School District
Statement of Net Assets
Proprietary Funds
June 30, 2010

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$144,880
Due from Other Governments	7,970
Other Receivables	4,828
Inventories	<u>29,276</u>
Total Current Assets	<u>186,954</u>
Noncurrent Assets	
Furniture and Equipment (Net)	<u>79,056</u>
TOTAL ASSETS	<u>\$266,010</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Current Liabilities	
Due to Other Funds	\$ 3,056
Accounts Payable	1,112
Deferred Revenues	17,067
Other Current Liabilities	<u>17,084</u>
Total Liabilities	<u>38,319</u>
Net Assets	
Invested in Capital Assets	79,056
Unrestricted	<u>148,635</u>
Total Net Assets	<u>227,691</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$266,010</u>

See Accompanying Notes

Hampton Township School District
Statement of Revenues, Expenses and Changes
in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2010

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	\$ <u>950,965</u>
Operating Expenses	
Salaries	262,008
Employee Benefits	52,583
Other Purchased Services	714,036
Supplies	88,137
Depreciation	9,374
Dues and Fees	<u>636</u>
Total Operating Expenses	<u>1,126,774</u>
Operating Income (Loss)	<u>(175,809)</u>
Nonoperating Revenues (Expenses)	
State Sources	58,962
Federal Sources	<u>231,624</u>
Total Nonoperating Revenues (Expenses)	<u>290,586</u>
Change in Net Assets	114,777
Net Assets - July 1, 2009	<u>112,914</u>
Net Assets - June 30, 2010	\$ <u><u>227,691</u></u>

See Accompanying Notes

**Hampton Township School District
Statement of Cash Flows
Proprietary Fund Type
Year Ended June 30, 2010**

Exhibit 9

	Food Service Fund
Cash Flows from Operating Activities	
Cash Received from Users	\$ 956,543
Cash Payments to Employees for Services	(311,849)
Cash Payments to Suppliers for Goods and Services	<u>(770,992)</u>
Net Cash Used for Operating Activities	<u>(126,298)</u>
Cash Flows from Non-Capital Financing Activities	
State Sources	59,134
Federal Sources	<u>165,757</u>
Net Cash Provided by Non-Capital Financing Activities	<u>224,891</u>
Cash Flows from Capital and Related Financing Activities	
Facilities Acquisition/Const./Imp. Services	<u>(20,247)</u>
Cash Flows from Investing Activities	
Loans Paid	<u>(100,000)</u>
Net Decrease in Cash and Cash Flows	(21,654)
Cash and Cash Equivalents - July 1, 2009	<u>166,534</u>
Cash and Cash Equivalents - June 30, 2010	\$ <u>144,880</u>
Operating Income (Loss)	\$(<u>175,809</u>)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities	
Depreciation	9,374
Donated Commodities	66,213
(Increase) Decrease in Accounts Receivable	1,951
(Increase) Decrease in Inventories	(3,478)
Increase (Decrease) in Accounts Payable	(28,176)
Increase (Decrease) in Accrued Salaries and Benefits	<u>3,627</u>
Total Adjustments	<u>49,511</u>
Cash Used for Operating Activities	\$(<u>126,298</u>)
Noncash Investing, Capital and Financing Activities	
During the year ended June 30, 2010, the School District received \$63,900 of U. S. D. A. Donated Commodities in the food service fund.	

See Accompanying Notes

**Hampton Township School District
Statement of Net Assets
Fiduciary Funds
June 30, 2010**

Exhibit 10

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$109,385
Due from Other Funds	<u>2,500</u>
TOTAL ASSETS	<u>\$111,885</u>
LIABILITIES	
Liabilities	
Other Current Liabilities	<u>\$111,885</u>

See Accompanying Notes

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 1 - Summary of Significant Accounting Policies

Hampton Township School District, located in Allegheny County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of the Township of Hampton. The School District operates under a nine person elected Board of Directors.

The School District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the School District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the School District has chosen not to do so. The more significant accounting policies established in GAAP and used by the School District are discussed below.

The following is a summary of the more significant policies:

A. Financial Reporting Entity

In evaluating how to define a government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and more specifically, the provisions of Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity". The following summarizes the guidance provided by GASB in determining the governmental activities, organizations, functions and component units that should be included in the governing entity's financial statements. The criterion for inclusion of a component unit is if the primary government is financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, it has been determined that the School District (the primary government) has no potential component units to be included in its financial reporting entity, but does participate in a joint venture as described below.

Joint Venture

The School District is one of nine member school districts of the A. W. Beattie Career Center (Beattie). Beattie provides vocational-technical training and education to participating students of the member districts. Beattie is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Beattie's operations are the responsibility of the Joint Committee, which consists of two representatives from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Beattie. The School District's share of annual operating and capital costs for Beattie fluctuates, based on the percentage of enrollment of each member

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Cont'd)

A. Financial Reporting Entity (Cont'd)

Joint Venture (Cont'd)

district in the school. The School District's financial obligation to Beattie for the year ended June 30, 2010, was \$305,550 which was paid in the year ended June 30, 2010 to Beattie and reported in the School District's general fund. The School District has no equity interest in Beattie as of June 30, 2010. Complete financial statements for Beattie can be obtained from the administrative offices at 9600 Babcock Boulevard, Allison Park, PA 15101-2091.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the School District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Agency funds have no measurement focus and only report assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of any uncollectible amounts, 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.

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

Governmental fund financial statements are reported 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes levied but collected beyond 60 days after year end are recorded as deferred revenue to be recognized as revenue when the taxes are collected. 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.

Property taxes, intergovernmental revenues, investment income, rent and certain miscellaneous revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenues (state and federal sources), the legal and contractual requirements of the individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the School District; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure. All other revenue items are considered to be measurable and available only when cash is received by the government.

The School District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* account for financial resources to be used for the acquisition of construction of major capital facilities or equipment (other than those financed by proprietary funds).

The School District reports the following major proprietary fund:

The *food service fund* accounts for the revenues, food purchases, and other costs and expenses providing meals to students and/or faculty during the school year.

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

Additionally, the School District reports the following fund type:

The *agency fund* represents the School District's student activity funds. These funds account for student activities in the high school and middle school.

The School District also reports as a nonmajor governmental fund the following:

Permanent funds are used to account for assets held by the School District pursuant to a trust agreement. The principle portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund. The Emily Scott Memorial and Spanos Memorial funds are considered permanent funds. The earnings are to be used for specific school programs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Proprietary funds distinguish *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 operation. The principal operating revenues of the School District's enterprise fund are charges to customers for sales of food. Operating expenses for enterprise funds include the 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.

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

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

D. Cash and Cash Equivalents

The School District's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. Investments

Investments are stated at fair value except that treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Fair value is based on quoted market prices. Funds are invested pursuant to the Public School Code of 1949 and investment policy guidelines established by the School District and approved by the Members of the Board. The School Code states that authorized types of investments shall be: United States Treasury Bills; short-term obligations of the United States Government or its agencies or instrumentalities; deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States and the Commonwealth of Pennsylvania.

F. Budgets

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the general fund. This is the only fund for which a budget is required and for which taxes may be levied. The general fund is the only fund that has an annual budget that has been legally adopted by the School Board. The Public School Code allows the School Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year. The School Board approved various budget transfers throughout the school year. There were no supplemental budgetary appropriations made during the year ended June 30, 2010.

The final budget data reflected in the financial statements includes the effect of approved budget transfer amendments and, for comparative purposes. The actual amounts have also been presented. The School District expenditures may not legally exceed the revised budget amounts by function. Function is defined as a program area such as instructional services. Management may amend the budget without seeking prior approval of the Board within a function. Amendments between functions require prior Board approval. Excess of expenditures over appropriations in the general fund is presented in the required supplementary information section.

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Cont'd)

F. Budgets (Cont'd)

All appropriations lapse at the end of each fiscal year (June 30).

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

H. Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund, if considered material. There was no material inventory balance as of June 30, 2010.

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2010 are reported as deferred revenue.

I. Prepaid Items

In both the government-wide and fund financial statements, certain payments to vendors reflect costs applicable to future accounting periods are recorded as prepaid items.

J. Capital Assets

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$1,500 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such 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.

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Cont'd)

J. Capital Assets (Cont'd)

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	20-40
Land Improvements	20
Furniture	5-20
Vehicles	10
Equipment	5-10
Computers	5

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 12 years.

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond premiums, discount and issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discount, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discount 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

The School District's policies regarding vacation and sick time is provided through various contracts. Employees can accumulate sick and/or vacation days which they are paid for upon retirement or termination

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Cont'd)

L. Compensated Absences (Cont'd)

of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the amount of reimbursable unused vacation or sick leave to employees who have terminated their employment as of the end of the fiscal year, while the proprietary funds report the liability as it is incurred.

M. Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements. See Note 14 for additional disclosures.

Note 2 - Deposits and Investments

The deposit and investment policy of the School District adheres to state statutes and prudent business practice. 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.

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 2 - Deposits and Investments (Cont'd)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of June 30, 2010, \$3,375,750 of the School District's bank balance of \$3,859,450 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging	
Bank's Agent not in the School District's Name	<u>\$3,375,750</u>

As of June 30, 2010, the School District had the following investments:

Investments	Fair Value
First American Government Obligation Fund	\$ 101
PSDLAF	<u>8,304,512</u>
	<u>\$8,304,613</u>

Interest Rate Risk - The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2010, the School District had investment with the following maturities:

	Investment Maturities (in Years)				
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Investment Derivative Instruments	<u>\$(8,461,032)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(8,461,032)</u>

The School District is invested in two interest rate swaps with terms as noted below:

Transaction Date	02/24/04	02/24/04
Effective Date	11/15/05	08/31/07
Maturity Date	11/15/21	09/01/27

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 2 - Deposits and Investments (Cont'd)

Custodial Credit Risk – Deposits (Cont'd)

Terms	School District pays fixed from 5.97351% to 6.0% and receives 68% of one-month LIBOR plus 30 basis points	School District pays fixed from 5.0% to 5.02164% and receives 68% of one-month LIBOR plus 30 basis points
Notional Amount	\$9,395,000	\$22,220,000

Credit Risks - The Pennsylvania Public School Code authorizes the types of investments allowed. These are described in Note 1E. The School District has no investment policy that would further limit its investment choices. The School District's investments in Pennsylvania School District Liquid Asset Fund (PSDLAF) and the First American Government Obligation Fund were rated AAAm by Standard & Poor's.

Credit Risk Relating to its Investment Derivative – The risk the School District will have exposure to a swap counterparty under the swap. Credit risk is mitigated by several factors, including minimum credit rating criteria and ratings downgrade triggers in the swap documents. The credit ratings for the counterparties are as follows: Moody's – Aa2; Standard & Poor's – AA and Fitch AA-.

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one issue.

Investments

The Pennsylvania School District Liquid Asset Fund (PSDLAF) was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania. Shares of the fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the fund is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. The fund has the characteristics of open-end mutual funds and is not subject to custodial credit risk classification.

PSDLAF is governed by an elected board of trustees who are responsible for the overall management of the fund. The trustees are elected from the several classes of local governments participating in the fund. The fund is audited annually by independent auditors. The fund operates in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The fund uses amortized cost to report net assets to compute share prices. The fund maintains net asset value of \$1 per share. Accordingly, the fair value of the position in PSDLAF is the same as the value of PSDLAF shares.

Note 3 - Real Estate Taxes

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The School District's tax rate for all purposes in 2009/2010 was 20.88 mills (\$20.88 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2009/2010 is as follows:

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 3 - Real Estate Taxes (Cont'd)

Tax Levy Date	July 1, 2009
2% Discount Period	Through August 31, 2009
Face Payment Period	September 1 - October 31, 2009
10% Penalty Period	November 1 Until Liened
Lien Filing Date	July 1, 2010

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as deferred revenue on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of \$1,105,814 net of estimated uncollectible of \$122,868, along with other taxes receivable of \$520,060.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2010, the following amounts are due from other governmental units:

	Governmental Funds	Enterprise Fund	Totals
Federal (through the state)	\$241,250	\$6,257	\$247,507
State	305,866	1,713	307,579
Local	<u>43,506</u>	<u>-</u>	<u>43,506</u>
	<u>\$590,622</u>	<u>\$7,970</u>	<u>\$598,592</u>

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance 07/01/09	Additions	Transfers	Balance 06/30/10
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,081,390	\$ -	\$ -	\$ 1,081,390
Construction in Progress	<u>9,234,470</u>	<u>3,260,267</u>	<u>(11,298,113)</u>	<u>1,196,624</u>
	<u>10,315,860</u>	<u>3,260,267</u>	<u>(11,298,113)</u>	<u>2,278,014</u>

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 5 - Capital Assets (Cont'd)

	Balance 07/01/09	Additions	Transfers	Balance 06/30/10
Governmental Activities (Cont'd)				
Capital Assets Being Depreciated				
Land Improvements	\$ 3,478,888	\$ -	\$ -	\$ 3,478,888
Buildings and Building Improvements	68,324,077	-	10,610,653	78,934,730
Furniture and Equipment	<u>4,685,055</u>	<u>437,095</u>	<u>687,460</u>	<u>5,809,610</u>
Total Capital Assets Being Depreciated	<u>76,488,020</u>	<u>437,095</u>	<u>11,298,113</u>	<u>88,223,228</u>
Less Accumulated Depreciation				
Land Improvements	2,223,288	141,569	-	2,364,857
Buildings and Building Improvements	20,318,265	1,777,356	-	22,095,621
Furniture and Equipment	<u>3,058,362</u>	<u>478,544</u>	<u>-</u>	<u>3,536,906</u>
Total Accumulated Depreciation	<u>25,599,915</u>	<u>2,397,469</u>	<u>-</u>	<u>27,997,384</u>
Total Capital Assets Being Depreciated, Net	<u>50,888,105</u>	<u>(1,960,374)</u>	<u>11,298,113</u>	<u>60,225,844</u>
Governmental Activities Capital Assets, Net	<u>\$61,203,965</u>	<u>\$ 1,299,893</u>	<u>\$ -</u>	<u>\$62,503,858</u>
Business-Type Activities				
Furniture and Equipment	\$ 222,718	\$ 20,247	\$ -	\$ 242,965
Less Accumulated Depreciation	<u>154,535</u>	<u>9,374</u>	<u>-</u>	<u>163,909</u>
Business-Type Capital Assets, Net	<u>\$ 68,183</u>	<u>\$ 10,873</u>	<u>\$ -</u>	<u>\$ 79,056</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Instruction	\$2,017,900
Instructional Student Support	4,815
Administration and Financial Support Services	19,852
Operation and Maintenance of Plant Services	226,279
Pupil Transportation	2,537
Student Activities	<u>126,086</u>
Total Depreciation Expense	<u>\$2,397,469</u>
Business-Type Activities	
Food Service	<u>\$ 9,374</u>

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 6 - Interfund Balances

Interfund balances at June 30, 2010, were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 3,056	\$190,907
Debt Service Fund	188,407	-
Enterprise Fund		
Food Service Fund	-	3,056
Agency Fund	<u>2,500</u>	<u>-</u>
	<u>\$193,963</u>	<u>\$193,963</u>

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All the balances above are expected to be collected in the subsequent year.

Note 7 - Interfund Transfers

For the year ended June 30, 2010, interfund transfers consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u> General Fund
Capital Projects Fund	\$ 84,360
Debt Service Fund	<u>4,863,175</u>
	<u>\$4,947,535</u>

The general fund annually transfers monies to the debt service funds to pay the principal and interest due on the outstanding general obligation bonds of the School District. The general fund also transferred \$84,360 to the capital projects fund for future capital projects.

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 8 - Long-Term Debt

The following are changes in the long-term liabilities for the fiscal year ended June 30, 2010:

	Balance 07/01/09	Additions	Accretion	Retirements	Balance 06/30/10	Due Within One Year
Governmental Activities						
General Obligation Bonds	\$67,632,843	\$ -	\$175,605	\$1,865,000	\$65,943,448	\$1,900,000
General Obligation Notes	1,799,674	-	-	62,028	1,737,646	63,751
Capital Lease Obligations	94,792	-	-	21,937	72,855	23,071
Compensated Absences Payable	850,395	61,790	-	34,278	877,907	30,000
Termination Benefits	<u>486,421</u>	<u>246,834</u>	<u>-</u>	<u>285,000</u>	<u>448,255</u>	<u>249,771</u>
	<u>\$70,864,125</u>	<u>\$308,624</u>	<u>\$175,605</u>	<u>\$2,268,243</u>	<u>\$69,080,111</u>	<u>\$2,266,593</u>

General Obligation Bonds

Series of 1995 - Capital Appreciation Bonds; original
issuance amount \$882,165; bonds payable in annual
installments, final maturity November 15, 2025; yield 7.15% \$ 2,588,448

Series of 2001 in the amount of \$6,000,000; 3.45% - 5.125%
current interest bonds payable in semi-annual installments;
final payment due August 15, 2011 20,000

Series of 2005 in the amount of \$9,930,000; due serially
through November 15, 2021; interest is variable 9,515,000

Refunding Series of 2006 A in the amount of \$9,625,000;
3.5% - 4.25% current interest bonds payable in semi-annual
installments; final payment due November 15, 2029 9,450,000

Refunding Series of 2006 B in the amount of \$6,905,000;
3.5% - 4.25% current interest bonds payable in semi-annual
installments; final payment due August 15, 2031 6,705,000

Series of 2007 in the amount of \$24,125,000; due serially
through September 1, 2027; interest is variable 22,885,000

Series of 2008 in the amount of \$9,990,000; 2.0% - 4.0%
current interest; bonds payable in semi-annual installments;
final payment due August 15, 2032 9,715,000

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 8 - Long-Term Debt (Cont'd)

General Obligation Bonds (Cont'd)

Refunding Series of 2009 in the amount of \$5,885,000; 1.0% - 2.90% current interest; bonds payable in semi-annual installments; final payment due August 15, 2015	\$ <u>5,065,000</u>
	\$ <u>65,943,448</u>

Notes Payable

Series of 2008 in the amount of \$1,799,674; 3.0% - 4.60%, payable in semi-annual installments; final payment due October 25, 2028	\$ <u>1,737,646</u>
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The debt service source for the above debt is the general fund. The bonds were issued for capital project purposes. The interest requirements on the 2005 and 2007 variable rate bonds used in the amounts below were based on the rate effective at year end. Interest on the variable rate bonds shall be no greater than 12% per annum, or the weekly rate, which is determined by the remarketing agent. The general fund typically has been used in prior years to liquidate the liability for capital leases, compensated absences and termination benefits.

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences, capital leases and termination benefits) as of June 30, 2010, including interest, sinking fund payments and accretion on the capital appreciation bonds, are as follows:

Year Ended June 30,	<u>General Obligation Bonds</u>		<u>General Obligation Notes</u>		Totals
	Principal	Interest	Principal	Interest	
2011	\$1,900,000	\$ 1,255,472	\$ 63,751	\$ 69,656	\$ 3,288,879
2012	1,965,000	1,230,977	65,905	67,711	3,329,593
2013	2,035,000	1,202,381	67,628	65,624	3,370,633
2014	2,110,000	1,170,604	70,212	63,384	3,414,200
2015	2,195,000	1,134,943	72,797	60,787	3,463,527
2016-2020	12,980,000	5,230,006	407,921	259,462	18,877,389
2021-2025	12,079,290	9,155,046	500,963	165,823	21,901,122
2026-2030	17,757,875	5,317,473	488,469	45,583	23,609,400
2031-2033	<u>11,215,000</u>	<u>607,519</u>	<u>-</u>	<u>-</u>	<u>11,822,519</u>
	64,237,165	26,304,421	1,737,646	798,030	93,077,262
Accretion to Date	<u>1,706,283</u>	<u>(1,706,283)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$65,943,448</u>	<u>\$24,598,138</u>	<u>\$1,737,646</u>	<u>\$798,030</u>	<u>\$93,077,262</u>

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 8 - Long-Term Debt (Cont'd)

In prior years, the School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. At June 30, 2010, \$5,935,000 of bonds outstanding are considered defeased.

Note 9 - Capital Leases

The School District has entered into a lease agreement as lessee for financing the acquisition of copiers. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset	
Machinery and Equipment	\$115,650
Less: Accumulated Depreciation	<u>(48,187)</u>
Total	<u>\$ 67,463</u>

The future minimum lease obligations and the net present value of these minimum lease payments, as of June 30, 2010, were as follows:

Year Ended June 30,	Governmental Activities
2011	\$26,224
2012	26,224
2013	<u>26,224</u>
Total Minimum Lease Payments	78,672
Less: Amount Representing Interest	<u>(5,817)</u>
Present Value of Minimum Lease Payments	<u>\$72,855</u>

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 10 - Termination Benefits

The School District, as part of the collective bargaining agreement with teachers, has available certain early retirement enhancements to qualified employees. The program was originally limited to retirements no later than June 30, 2008 or June 30, 2009 but was extended to June 30, 2010. The employee must have at least seventeen years service in Hampton Township School District and are before, at, or beyond PSERS' superannuation if retired by June 30, 2008 or are before or at PSERS superannuation if retired by June 30, 2009 or 2010. Superannuation is 35 years of service, any age; 30 years of service, age 60; or any years of service at age 62.

Teachers electing the incentive receive a payment of \$40,000. The payment is being distributed in equal annual installments of \$10,000 which are made directly to the employee's 403(b) plan. The School District used a discount rate of 4.5% to calculate the discounted present value of the expected future benefit payments of \$448,255 at June 30, 2010. Twenty-eight teachers participated in the plan.

Note 11 - Public School Employees' Retirement System (PSERS)

A. Plan Description

Hampton Township School District contributes to the Public School Employees' Retirement System of Pennsylvania (PSERS), a cost-sharing, multiple-employer defined benefit pension plan administered by PSERS. PSERS provides retirement and disability benefits, legislative mandated ad hoc cost of living adjustments, and health care insurance premium assistance to qualifying annuitants.

The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended, 24 Pa. C.S. 8101-8535) assigns the authority to establish and amend benefit provisions to the PSERS Board of Trustees. PSERS issues a publicly available financial report that includes financial statements and required supplementary information for the pension plan. That report may be obtained by writing to Public School Employees' Retirement System; P.O. Box 125; Harrisburg, PA 17108-0125.

B. Funding Policy

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth of Pennsylvania. Active members who joined the system prior to July 22, 1983, contribute at 5.25% (Membership Class TC) or at 6.50% (Membership Class TD) of the member's qualifying compensation. Members who joined the system after June 30, 2001 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. Contributions required of employers are based upon an actuarial valuation. For the fiscal year ended June 30, 2010, the rate of employer contribution was 4.78% of covered payroll, or 2.39% for both the School District and the Commonwealth.

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 11 - Public School Employees' Retirement System (PSERS) (Cont'd)

B. Funding Policy (Cont'd)

The School District's contributions to PSERS for the years ending June 30, 2010, 2009 and 2008 were \$991,033, \$996,763 and, \$1,425,186, equal to the required contributions for each year. One half of the required contributions noted above were paid by the Commonwealth of Pennsylvania as a reimbursement to the School District.

Note 12 - Contingent Liabilities

Hampton Township School District participates in a number of federally assisted grant programs, principal of which are IDEA and National School Lunch Program. The programs are subject to program compliance audits by the grantors or their representatives. The audits of some of these programs for and including the year ended June 30, 2010 have not yet been conducted. Accordingly, the School District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Note 13 - Post-Employment Healthcare Plan

A. Plan Description

Hampton Township School District administers a single-employer defined benefit healthcare plan ("The Supplemental Health Plan"). The plan provides medical, and in some cases dental and vision, for six groups of employees: teachers; administrators; secretaries/para-professionals; custodial/maintenance cafeteria and "other". The benefits provided are for the eligible retirees and their spouses through the School District group health insurance plan which covers both active and retired members. Benefit provisions are mostly established through negotiations between the School District and union or group representing the employees. The plan does not issue a publicly available financial report.

B. Funding Policy

Medical Benefits

All employees, including teachers, can "retire" at any time and elect to remain in the School District plan provided they pay 100% of the premium rate.

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 13 - Post-Employment Healthcare Plan (Cont'd)

B. Funding Policy (Cont'd)

Medical Benefits (Cont'd)

Teachers

There are retirement incentives in place approved in prior years which provided for contribution requirements which were less costly than the retiree paying 100%. A summary of these incentives is as follows:

- Teachers who retired in the fiscal year ending June 30, 2004 were provided with a benefit as follows: The School District will pay medical costs up to a maximum of \$13,124 per year up to the age of 65. However, PSERS provides a benefit of \$100 per month towards the cost of this benefit. The net maximum cost to the School District is \$10,764. Any costs above the threshold will be paid for by the retiree.
- Teachers who retired in the fiscal year ending June 30, 2007 were provided with \$20,000 to be used towards the purchase of retiree medical.
- There is a small group of teachers (4) who retired back in the 1990s who are provided with retiree drug coverage where the retiree is required to pay 100% of the cost.
- There are also 3 retirees who are provided with medical coverage where the School District pays 100% of the cost. These benefits are to be provided up to the age of 65 only.

For employees who retire and remain in the medical plan, they have a choice of either a PPO or an HMO product. Both programs are provided through the Allegheny County Schools Health Insurance Consortium (ACSHIC) and are administered by Highmark. The PPO program is referred to as PPOBlue and the HMO is referred to as Keystone. A summary of the benefits available under each of these options can be found below:

Eligibility/Contributions

The eligibility criteria for the current incentive is as follows: an employee must have at least 17 years with the School District and the employee must meet the "superannuation" criteria under PSERS. The superannuation criteria is 35 years of PSERS service at any age, 30 years of service with attainment of age 60, or any amount of service and attainment of age 62.

For the year ended June 30, 2010, the School District contributed \$141,798. Plan members receiving benefits contributed \$221,778. The plan is financed on a pay-as-you-go basis.

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 13 - Post-Employment Healthcare Plan (Cont'd)

C. Annual OPEB Cost and Net OPEB Obligation

The School District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (funding excess) over a period not to exceed thirty years. The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the School District's net OPEB obligation.

Annual Required Contribution	\$ 400,607
Interest on Net OPEB Obligation	519
Adjustment to Annual Required Contribution	<u>(1,458)</u>
Annual OPEB Cost (Expense)	399,668
Contributions Made	<u>(322,713)</u>
Increase in OPEB Obligation	76,955
Net OPEB Obligation - Beginning of Year	<u>11,536</u>
Net OPEB Obligation - End of Year	<u>\$ 88,491</u>

The School District's OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the years ended June 30, 2010 and 2009, is as follows. This is the second year of implementation of GASB Statement 45 and therefore, three years of information is not reflected.

The School District implemented the stated prospectively.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/10	\$399,668	80.75 %	\$88,491
06/30/09	400,607	97.12 %	11,536

D. Funded Status and Funding Progress

As of July 1, 2008, the actuarial accrued liability for benefits was \$2,649,821, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$20,646,769 and the ratio of unfunded actuarial accrued liability to the covered payroll was 12.83%.

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 13 - Post-Employment Healthcare Plan (Cont'd)

D. Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Multi-year information will be presented in future years.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a discount rate of 4.5%; an annual healthcare cost trend rate of 9% initially decreasing by 1% per year to an ultimate rate of 5%. The method used to determine the actuarial value of assets is not applicable since there are no plan assets. The unfunded actuarial accrued liability is being amortized using the level dollar method. The amortization period for the most recent actuarial valuation is ten years. The period is open.

Note 14 - Fund Balance Reserve/Designation

The general fund reserve fund balance is comprised of \$293,604 for prepaid items, \$5,170 for encumbrances and \$600,000 for potential real estate tax refunds. The designated fund balance of \$3,950,000 in the general fund is for future School District paid retirement contributions. The \$21,882 reserve fund balance in the nonmajor funds is for the School District's permanent funds (the memorial funds) where the interest is to be used for the School District's tennis and social studies programs. The reserved fund balance of \$169,743 in the capital projects fund is for the elementary school building project and other capital projects. The designated fund balance of \$921,183 in the School District's capital project fund is designated for future capital projects. The reserve fund balances in the debt service fund of \$188,509 is for future debt payments on the School District's 2005 and 2007 variable rate bonds.

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 15 - Risk Management

The School District is one of forty-six members of the Allegheny County School Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions to the Consortium totaled \$3,202,113 and \$3,149,337 for the years ended June 30, 2010 and 2009, respectively.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net assets or deficiency in net assets, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2010, the net assets of the Consortium were \$59,356,194 of which \$864,404 is attributable to the School District.

The School District participates in an insurance program offered by a commercial insurance company. It purchases commercial insurance policies for risks of losses for casualty, workmen's compensation and liability claims.

The School District is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Note 16 - On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2010 was \$1,336,112.

This includes \$510,581 recognized for revenues and expenditures relating to pension contributions for its employees that the Commonwealth of Pennsylvania paid to the Public School Employees' Retirement System (PSERS) for pension and \$825,531 to the federal government for social security and Medicare taxes for the year ended June 30, 2010. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

Hampton Township School District
Notes to Financial Statements
June 30, 2010

Note 17 – Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2010, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the June 30, 2010 financial statements, are as follows:

	<u>Change in Fair Value</u>		<u>Fair Value at June 30, 2010</u>		Notional in Thousands
Governmental Activities	Classification	Amount	Classification	Amount	
Investment Derivative Instruments:					
Interest rate Swap- 2005; Pay Fixed	Investment Revenue	\$(300,210)	Investment	\$(2,819,103)	\$ 9,395
Interest rate Swap- 2007; Pay Fixed	Investment Revenue	(909,577)	Investment	(5,641,929)	22,220

The fair values of the interest rate swaps are estimated based on economic assessment of the transaction or instrument and is derived from model prices; external sources or market prices.

Note 18 – Restated Net Assets

During the year ended June 30, 2010, the School District implemented GASBS No. 53 “Accounting and Financial Reporting for Derivative Instruments” as it relates to its derivative instruments. The School District has two outstanding derivatives that are considered to be investment derivative instruments. The fair market value of the derivative instruments as of June 30, 2009, was a negative \$7,251,245. In accordance with the Statement, the beginning governmental activities net assets were restated from \$4,936,204 to \$(2,315,041) to reflect the negative fair market value of its investment derivatives as of June 30, 2009.

Note 19 - Construction Commitment

As of June 30, 2010, the School District had construction commitments in the amount of approximately \$663,000 for the Central Elementary Building renovations. It is anticipated this project will be completed in the 2010/2011 school year.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$24,359,116	\$24,359,116	\$24,500,905	\$ 141,789
Interim Real Estate Taxes	125,000	125,000	66,494	(58,506)
Public Utility Realty Taxes	8,000	8,000	41,021	33,021
Earned Income Taxes	3,000,000	3,000,000	3,030,789	30,789
Real Estate Transfer Taxes	360,000	360,000	326,209	(33,791)
Delinquencies on Taxes	1,000,000	1,000,000	1,262,003	262,003
Earnings on Investments	160,000	160,000	118,420	(41,580)
Other Local Revenues				
Revenue from Student Activities	45,000	45,000	53,573	8,573
Revenues from IUs	509,517	509,517	754,174	244,657
Rentals	20,000	20,000	15,022	(4,978)
Tuition	5,000	5,000	10,088	5,088
Miscellaneous Revenue	5,000	5,000	11,080	6,080
Refunds of Prior Year's Expenditures	5,000	5,000	8,266	3,266
Total Revenues from Local Sources	<u>29,601,633</u>	<u>29,601,633</u>	<u>30,198,044</u>	<u>596,411</u>
State Sources				
Basic Instruct. & Oper. Subsidies				
Basic Instructional Subsidy	4,700,162	4,700,162	4,143,502	(556,660)
Charter Schools - Nonpublic	85,000	85,000	81,265	(3,735)
Tuition	9,000	9,000	-	(9,000)
Subsidies for Spec. Educ. Programs				
Special Education of Excep. Pupils	1,479,839	1,479,839	1,456,621	(23,218)
Subsidies for Noneduc. Programs				
Transportation (Regular & Add'l.)	870,000	870,000	781,835	(88,165)
Rentals and Sinking Fund Payments	548,863	548,863	1,085,453	536,590
State Property Tax Reduction Allocation	858,726	858,726	858,726	-
Health Services	68,000	68,000	65,783	(2,217)
PA Accountability Grant	241,157	241,157	241,157	-
Extra Grants	5,000	5,000	-	(5,000)
Social Security Payments	851,000	851,000	818,512	(32,488)
State Retirement Revenue	514,000	514,000	503,200	(10,800)
Total Revenues from State Sources	<u>10,230,747</u>	<u>10,230,747</u>	<u>10,036,054</u>	<u>(194,693)</u>

Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues (Cont'd)				
Federal Sources				
Restricted Grants-in-Aid from the Fed. Gov't. through the Commonwealth				
Title I	\$ -	\$ -	\$ 97,430	\$ 97,430
Title II	50,000	50,000	64,267	14,267
Other Federal Grants	-	-	5,874	5,874
ARRA - State Fiscal Stabilization Fund	-	-	556,920	556,920
Drug-Free Schools	-	-	6,028	6,028
Medical Assistance - Access	366,509	366,509	256,050	(110,459)
Total Revenues from Federal Sources	416,509	416,509	986,569	570,060
Total Revenues	40,248,889	40,248,889	41,220,667	971,778
Other Financing Sources				
Sale of Capital Assets	5,000	5,000	564	(4,436)
Total Revenues and Other Financing Sources	40,253,889	40,253,889	41,221,231	967,342
Expenditures				
Current				
Instruction				
Regular Programs				
Personal Services				
Salaries	12,734,943	12,734,943	12,859,281	(124,338)
Employee Benefits	3,425,805	3,425,807	3,351,510	74,297
Purchased Prof. & Tech. Services	128,000	128,000	37,972	90,028
Purchased Property Services	85,908	83,549	56,375	27,174
Other Purchased Services	335,432	335,867	271,073	64,794
Supplies	398,300	406,736	471,285	(64,549)
Property	236,729	386,486	339,465	47,021
Other Objects	11,003	8,013	7,862	151
Total Regular Programs	17,356,120	17,509,401	17,394,823	114,578
Special Programs				
Personal Services				
Salaries	2,608,138	2,608,138	2,420,719	187,419
Employee Benefits	703,000	703,000	623,890	79,110

Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures (Cont'd)				
Current (Cont'd)				
Instruction (Cont'd)				
Special Programs (Cont'd)				
Purchased Prof. & Tech. Services	\$ 405,888	\$ 405,888	\$ 406,049	\$ (161)
Purchased Property Services	-	-	746	(746)
Other Purchased Services	275,118	275,118	320,353	(45,235)
Supplies	14,872	14,872	66,049	(51,177)
Property	-	-	11,233	(11,233)
Total Special Programs	<u>4,007,016</u>	<u>4,007,016</u>	<u>3,849,039</u>	<u>157,977</u>
Vocational Education Programs				
Personal Services				
Salaries	392,018	392,018	369,447	22,571
Employee Benefits	103,923	103,923	95,370	8,553
Purchased Property Services	3,000	3,000	2,803	197
Other Purchased Services	365,373	365,373	365,521	(148)
Supplies	<u>32,270</u>	<u>32,270</u>	<u>30,907</u>	<u>1,363</u>
Total Vocational Education Programs	<u>896,584</u>	<u>896,584</u>	<u>864,048</u>	<u>32,536</u>
Other Instructional Programs				
Personal Services				
Salaries	16,000	16,000	16,408	(408)
Employee Benefits	4,242	4,242	4,236	6
Other Purchased Services	<u>86,900</u>	<u>86,900</u>	<u>73,661</u>	<u>13,239</u>
Total Other Instructional Programs	<u>107,142</u>	<u>107,142</u>	<u>94,305</u>	<u>12,837</u>
Nonpublic School Programs				
Purchased Prof. & Tech. Services	-	-	9,665	(9,665)
Total Instruction	<u>22,366,862</u>	<u>22,520,143</u>	<u>22,211,880</u>	<u>308,263</u>
Support Services				
Pupil Personnel				
Personal Services				
Salaries	840,874	840,874	744,909	95,965
Employee Benefits	223,982	223,982	191,695	32,287

Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary	Final Budget
			Basis)	Positive
				(Negative)
Expenditures (Cont'd)				
Current (Cont'd)				
Support Services (Cont'd)				
Pupil Personnel (Cont'd)				
Purchased Prof. & Tech. Services	\$ 8,825	\$ 8,825	\$ 15,654	\$ (6,829)
Purchased Property Services	100	100	-	100
Other Purchased Services	3,400	3,400	3,192	208
Supplies	5,131	4,131	3,420	711
Other Objects	<u>1,020</u>	<u>1,020</u>	<u>900</u>	<u>120</u>
Total Pupil Personnel	<u>1,083,332</u>	<u>1,082,332</u>	<u>959,770</u>	<u>122,562</u>
Instructional Staff				
Personal Services				
Salaries	643,537	643,537	618,278	25,259
Employee Benefits	154,045	154,045	144,291	9,754
Purchased Prof. & Tech. Services	24,022	21,253	62,052	(40,799)
Purchased Property Services	3,800	3,500	1,133	2,367
Other Purchased Services	6,400	6,400	13,792	(7,392)
Supplies	93,939	97,008	93,966	3,042
Property	<u>2,850</u>	<u>2,850</u>	<u>2,845</u>	<u>5</u>
Total Instructional Staff	<u>928,593</u>	<u>928,593</u>	<u>936,357</u>	<u>(7,764)</u>
Administration				
Personal Services				
Salaries	1,754,731	1,754,731	1,603,647	151,084
Employee Benefits	465,148	465,148	401,367	63,781
Purchased Prof. & Tech. Services	488,700	488,700	514,689	(25,989)
Purchased Property Services	10,750	10,750	10,571	179
Other Purchased Services	116,260	114,596	102,314	12,282
Supplies	34,650	34,676	31,058	3,618
Property	250	-	-	-
Other Objects	<u>25,543</u>	<u>25,150</u>	<u>22,586</u>	<u>2,564</u>
Total Administration	<u>2,896,032</u>	<u>2,893,751</u>	<u>2,686,232</u>	<u>207,519</u>

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures (Cont'd)				
Current (Cont'd)				
Support Services (Cont'd)				
Pupil Health				
Personal Services				
Salaries	\$ 297,281	\$ 297,281	\$ 282,505	\$ 14,776
Employee Benefits	78,809	78,809	72,180	6,629
Purchased Prof. & Tech. Services	10,000	10,000	11,000	(1,000)
Purchased Property Services	988	988	815	173
Other Purchased Services	525	525	604	(79)
Supplies	6,236	6,236	6,116	120
Property	<u>571</u>	<u>571</u>	<u>572</u>	<u>(1)</u>
Total Pupil Health	<u>394,410</u>	<u>394,410</u>	<u>373,792</u>	<u>20,618</u>
Business				
Personal Services				
Salaries	225,454	225,454	261,246	(35,792)
Employee Benefits	60,116	60,116	66,757	(6,641)
Purchased Prof. & Tech. Services	7,475	7,475	7,429	46
Purchased Property Services	8,500	8,500	1,689	6,811
Other Purchased Services	6,000	6,000	5,668	332
Supplies	7,500	7,500	7,468	32
Other Objects	<u>1,000</u>	<u>1,000</u>	<u>1,049</u>	<u>(49)</u>
Total Business	<u>316,045</u>	<u>316,045</u>	<u>351,306</u>	<u>(35,261)</u>
Oper. & Maint. of Plant Svcs.				
Personal Services				
Salaries	1,652,629	1,652,629	1,702,254	(49,625)
Employee Benefits	438,442	438,442	436,939	1,503
Purchases Prof. & Tech. Services	-	-	720	(720)
Purchased Property Services	276,474	276,474	237,616	38,858
Other Purchased Services	211,365	211,365	167,229	44,136
Supplies	1,110,500	1,110,500	1,059,087	51,413
Property	60,995	60,995	59,194	1,801
Other Objects	<u>800</u>	<u>800</u>	<u>2,349</u>	<u>(1,549)</u>
Total Oper. & Maint. of Plant Svcs.	<u>3,751,205</u>	<u>3,751,205</u>	<u>3,665,388</u>	<u>85,817</u>

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	(Budgetary	Final Budget
			Basis)	Positive
				(Negative)
Expenditures (Cont'd)				
Current (Cont'd)				
Support Services (Cont'd)				
Student Transportation Services				
Personal Services				
Salaries	\$ 14,595	\$ 14,595	\$ 31,650	\$ (17,055)
Employee Benefits	2,182	2,182	6,242	(4,060)
Purchased Prof. & Tech. Services	800	800	864	(64)
Other Purchased Services	1,840,780	1,840,780	1,778,386	62,394
Supplies	-	-	12	(12)
Total Student Transportation Services	<u>1,858,357</u>	<u>1,858,357</u>	<u>1,817,154</u>	<u>41,203</u>
Central				
Personal Services				
Salaries	290,448	290,448	296,759	(6,311)
Employee Benefits	74,308	74,308	73,061	1,247
Purchased Prof. & Tech. Services	300	300	5,406	(5,106)
Purchased Property Services	55,697	55,697	45,077	10,620
Other Purchased Services	4,200	4,200	1,989	2,211
Supplies	40,500	40,500	40,351	149
Property	<u>9,700</u>	<u>9,700</u>	<u>51,033</u>	<u>(41,333)</u>
Total Central	<u>475,153</u>	<u>475,153</u>	<u>513,676</u>	<u>(38,523)</u>
Other				
Other Purchased Services	<u>47,000</u>	<u>47,000</u>	<u>47,777</u>	<u>(777)</u>
Total Support Services	<u>11,750,127</u>	<u>11,746,846</u>	<u>11,351,452</u>	<u>395,394</u>
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	599,635	599,635	637,378	(37,743)
Employee Benefits	78,488	78,488	76,370	2,118
Purchased Prof. & Tech Services	-	-	11,000	(11,000)
Purchased Property Services	18,500	19,000	22,040	(3,040)
Other Purchased Services	154,800	151,766	200,659	(48,893)

Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures (Cont'd)				
Current (Cont'd)				
Noninstructional Services (Cont'd)				
Student Activities (Cont'd)				
Supplies	\$ 125,460	\$ 127,994	\$ 109,913	\$ 18,081
Other Objects	<u>19,350</u>	<u>19,350</u>	<u>15,917</u>	<u>3,433</u>
Total Student Activities	<u>996,233</u>	<u>996,233</u>	<u>1,073,277</u>	<u>(77,044)</u>
Community Services				
Supplies	<u>-</u>	<u>-</u>	<u>1,761</u>	<u>(1,761)</u>
Total Noninstructional Services	<u>996,233</u>	<u>996,233</u>	<u>1,075,038</u>	<u>(78,805)</u>
Debt Service				
Interest	-	-	4,287	(4,287)
Refund of Prior Year's Receipts	100,000	43,132	21,513	21,619
Redemption of Principal	<u>-</u>	<u>-</u>	<u>21,937</u>	<u>(21,937)</u>
Total Debt Service	<u>100,000</u>	<u>43,132</u>	<u>47,737</u>	<u>(4,605)</u>
Total Expenditures	<u>35,213,222</u>	<u>35,306,354</u>	<u>34,686,107</u>	<u>620,247</u>
Other Financing Uses				
Fund Transfers				
Capital Projects Fund	84,360	84,360	84,360	-
Debt Service Fund	4,863,175	4,863,175	4,863,175	-
Budgetary Reserve	<u>93,132</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Uses	<u>5,040,667</u>	<u>4,947,535</u>	<u>4,947,535</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>40,253,889</u>	<u>40,253,889</u>	<u>39,633,642</u>	<u>620,247</u>
Net Change in Fund Balance	-	-	1,587,589	1,587,589
Fund Balance - July 1, 2009	<u>2,656,400</u>	<u>2,656,400</u>	<u>6,283,257</u>	<u>3,626,857</u>
Fund Balance - June 30, 2010	<u>\$ 2,656,400</u>	<u>\$ 2,656,400</u>	<u>\$ 7,870,846</u>	<u>\$ 5,214,446</u>

Hampton Township School District
Note to the Required Supplementary Information
Budget Comparison
June 30, 2010

Note 1 - Budgetary Information

Budgets are adopted on a basis consistent with U. S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at year-end.

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 budget during the year).

**Hampton Township School District
Required Supplementary Information
Other Post-Employment Benefits
June 30, 2010**

Schedule of Funding Progress for Retiree Health Plan

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (AVA/ AAL)	Covered Payroll	UAAL as Percentage of Covered Payroll
07/01/08	\$ -	\$2,649,821	\$2,649,821	0.0%	\$20,646,769	12.83%

**SUPPLEMENTARY
INFORMATION SECTION**

Fiduciary Fund

Agency Fund

This fund accounts for assets held as an agent for various student activities.

Hampton Township School District
Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2010

	Balance 07/01/09	Additions	Deductions	Balance 06/30/10
Activities Fund				
Assets				
Cash and Cash Equivalents	\$117,215	\$256,478	\$264,308	\$109,385
Due from Other Funds	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total Assets	<u>\$117,215</u>	<u>\$258,978</u>	<u>\$264,308</u>	<u>\$111,885</u>
Liabilities				
Other Current Liabilities	<u>\$117,215</u>	<u>\$258,978</u>	<u>\$264,308</u>	<u>\$111,885</u>

STATISTICAL SECTION

FINANCIAL TREND DATA

These schedules contain trend information to assist the reader in understanding how the District's financial performance has changed over time.

Table 1

HAMPTON TOWNSHIP SCHOOL DISTRICT
Net Assets by Component
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities								
Invested in capital assets, net of related debt	(4,643,363)	(2,371,596)	(3,073,602)	(3,693,812)	(4,652,355)	(5,537,165)	(5,801,989)	(3,512,445)
Restricted	58,138	20,599	20,860	21,351	78,587	78,783	22,264	210,391
Unrestricted	3,057,659	2,611,095	3,653,409	5,615,065	8,770,212	10,951,847	10,715,929	1,013,640
Total Governmental Activities Net Assets	(1,527,566)	260,098	600,667	1,942,604	4,196,444	5,493,465	4,936,204	(2,288,414)
Business - Type Activities								
Invested in capital assets, net of related debt	9,271	7,569	6,069	57,048	52,012	58,222	68,183	79,056
Unrestricted	(37,530)	(25,480)	(55,108)	(54,361)	(9,207)	56,022	44,731	148,635
Total Business - Type Activities Net Assets	(28,259)	(17,911)	(49,039)	2,687	42,805	114,244	112,914	227,691
Total Primary Government								
Invested in capital assets, net of related debt	(4,634,092)	(2,364,027)	(3,067,533)	(3,636,764)	(4,600,343)	(5,478,943)	(5,733,806)	(3,433,389)
Restricted	58,138	20,599	20,860	21,351	78,587	78,783	22,264	210,391
Unrestricted	3,020,129	2,585,615	3,598,301	5,560,704	8,761,005	11,007,869	10,760,660	1,162,275
Total Primary Government Net Assets	(1,555,825)	242,187	551,628	1,945,291	4,239,249	5,607,709	5,049,118	(2,060,723)

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44:

"Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated.

Source: District Financial Reports

Table 2

HAMPTON TOWNSHIP SCHOOL DISTRICT
Expenses, Program Revenues and Net (Expense) / Revenue
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental Activities								
Instruction	19,268,934	20,740,455	21,466,328	22,160,583	22,763,167	23,777,866	24,218,079	23,976,629
Instructional Student Support	1,766,566	1,944,572	2,103,182	2,024,654	2,236,309	2,395,676	2,371,672	2,274,767
Administrative and Financial Support	2,611,474	2,511,962	2,732,831	3,031,453	3,231,827	3,595,772	3,624,420	3,651,599
Operation and Maintenance of Plant	2,756,922	3,047,680	3,140,060	3,117,306	3,527,392	3,444,710	3,591,400	4,053,972
Pupil Transportation	1,494,189	1,733,114	1,646,621	1,719,512	1,719,236	1,813,142	1,889,752	1,819,691
Student Activities	790,851	878,386	1,068,051	982,766	1,035,196	1,076,299	1,183,141	1,199,796
Community Services	-	-	-	-	-	-	-	1,761
Interest on long term debt	3,301,581	3,088,327	3,054,222	2,993,053	2,758,813	2,948,458	3,451,636	3,035,643
Total Governmental Activities Expense	31,990,517	33,944,496	35,211,295	36,019,327	37,291,940	39,051,943	40,330,100	40,013,858
Business - Type Activities								
Food Service	997,282	1,040,621	987,057	959,470	1,069,884	1,086,218	1,120,031	1,126,774
Total Primary Government Expenses	32,987,799	34,985,117	36,198,352	36,978,797	38,361,824	40,138,161	41,450,131	41,140,632
Program Revenues								
Governmental Activities								
Charges for Services								
Operation and Maintenance of Plant	44,662	63,306	-	-	-	-	-	-
Operating grants and contributions	3,630,977	3,743,534	4,015,761	4,205,187	4,637,497	5,316,520	4,745,016	5,550,790
Capital grants and contributions	614,513	614,578	535,353	502,763	453,494	367,143	480,899	1,085,453
Total Governmental Activities Revenues	4,290,152	4,421,418	4,551,114	4,707,950	5,090,991	5,683,663	5,225,915	6,636,243
Business - Type Activities								
Charges for Services								
Food Service	778,094	840,258	730,317	768,789	855,350	893,340	944,174	950,965
Operating grants and contributions	185,294	210,435	225,612	242,407	254,652	264,317	274,527	290,586
Total Business - Type Activities	963,388	1,050,693	955,929	1,011,196	1,110,002	1,157,657	1,218,701	1,241,551
Total Primary Government Program Revenues	5,253,540	5,472,111	5,507,043	5,719,146	6,200,993	6,841,320	6,444,616	7,877,794
Net (Expense) / Revenue								
Total Primary government net expense	(27,734,259)	(29,513,006)	(30,691,309)	(31,259,651)	(32,160,831)	(33,296,841)	(35,005,515)	(33,262,838)

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44: "Economic Condition Reporting: The Statistical Section."

Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated.

Source: District Financial Reports

Table 3

HAMPTON TOWNSHIP SCHOOL DISTRICT
General Revenues and Total Change in Net Assets
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Net (Expense) / Revenue								
Governmental Activities	(27,700,365)	(29,523,078)	(30,660,181)	(31,311,377)	(32,200,949)	(33,368,280)	(35,104,185)	(33,377,615)
Business - Type Activities	(33,894)	10,072	(31,128)	51,726	40,118	71,439	98,670	114,777
Total Primary government net expense	(27,734,259)	(29,513,006)	(30,691,309)	(31,259,651)	(32,160,831)	(33,296,841)	(35,005,515)	(33,262,838)
General Revenues and Other Changes in Net Assets								
Governmental Activities								
Taxes								
Property Taxes	20,324,460	21,774,585	23,263,220	24,411,463	24,852,713	25,400,476	24,898,507	25,714,324
Earned Income Tax	2,203,537	2,424,153	2,736,081	2,923,443	3,048,386	3,353,897	2,974,761	3,158,898
Other Current Taxes	621,418	406,653	464,127	417,248	509,623	419,894	334,359	367,230
Grants & Contributions not Restricted	4,042,116	4,084,805	4,183,133	4,272,293	4,440,344	4,519,095	5,514,454	5,204,215
Investment Earnings	243,321	2,615,368	227,630	513,426	831,626	900,907	645,468	(1,075,357)
Other	16,842	5,178	126,559	115,441	85,351	71,032	79,375	34,932
Special Item	-	-	-	-	686,746	-	-	-
Transfers	-	-	-	-	-	-	100,000	-
Total Governmental Activities Revenues	27,451,694	31,310,742	31,000,750	32,653,314	34,454,789	34,665,301	34,546,924	33,404,242
Business - Type Activities								
Investment Earnings	410	276	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(100,000)	-
Total Business-Type Activities	410	276	-	-	-	-	(100,000)	-
Total Primary Government	27,452,104	31,311,018	31,000,750	32,653,314	34,454,789	34,665,301	34,446,924	33,404,242
Change in Net Assets								
Governmental Activities	(248,671)	1,787,664	340,569	1,341,937	2,253,840	1,297,021	(557,261)	26,627
Business - Type Activities	(33,484)	10,348	(31,128)	51,726	40,118	71,439	(1,330)	114,777
Total Primary Government	(282,155)	1,798,012	309,441	1,393,663	2,293,958	1,368,460	(558,591)	141,404

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44: "Economic Condition Reporting: The Statistical Section."

Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated.

Source: District Financial Reports

Table 4

HAMPTON TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Eight Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	233,743	252,581	267,344	872,270	876,068	859,799	953,489	898,774
Unreserved,								
Designated	1,400,000						2,314,000	3,950,000
Undesignated	914,910	1,977,901	2,647,572	3,783,854	4,873,570	5,195,412	3,015,768	3,022,072
Total General Fund	2,548,653	2,230,482	2,914,916	4,656,124	5,749,638	6,055,211	6,283,257	7,870,846
All Other Governmental Funds								
Reserved	58,138	20,599	60,201	21,351	78,587	6,208,970	743,945	380,134
Unreserved -								
Designated for Capital Projects								
Reported in Capital Projects Funds	464,704	799,500	711,598	776,989	2,950,545	4,984,361	3,756,369	921,183
Total all other Governmental Funds	522,842	820,099	771,799	798,340	3,029,132	11,193,331	4,500,314	1,301,317

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44:

"Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated.

Source: District Financial Reports

Table 5

HAMPTON TOWNSHIP SCHOOL DISTRICT
Governmental Funds Revenues
Last Eight Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Local Sources								
Real Estate Tax	19,677,190	21,376,879	22,345,992	23,664,953	23,897,894	24,404,423	23,860,559	24,567,399
Earned Income Tax	2,203,537	2,212,912	2,597,290	2,687,087	2,874,304	3,190,970	2,873,641	3,030,789
Other Local Taxes	1,466,776	1,555,631	1,407,000	1,294,817	1,771,231	1,943,100	1,665,320	1,629,233
Interest Earnings	243,321	94,022	227,630	530,205	831,626	1,116,567	645,468	134,430
Other Local Sources	344,889	2,885,734	465,040	422,773	384,763	523,744	504,740	852,203
Total Local Sources	23,935,713	28,125,178	27,042,952	28,599,835	29,759,818	31,178,804	29,549,728	30,214,054
State Sources								
Basic Education Subsidy	3,945,734	4,072,485	4,154,099	4,237,181	4,385,512	4,476,415	4,608,256	4,143,502
Special Education Subsidy	1,371,552	1,328,300	1,328,240	1,388,192	1,407,564	1,418,868	1,439,883	1,456,621
Other State Subsidies	2,465,066	2,592,364	2,782,143	2,778,343	3,078,966	3,380,121	3,807,371	4,435,931
Total State Sources	7,782,352	7,993,149	8,264,482	8,403,716	8,872,042	9,275,404	9,855,510	10,036,054
Federal Sources								
Other Federal Sources	221,869	153,864	131,284	252,416	354,921	468,892	459,494	986,569
Total Federal Sources	221,869	153,864	131,284	252,416	354,921	468,892	459,494	986,569
Total Revenues	31,939,934	36,272,191	35,438,718	37,255,967	38,986,781	40,923,100	39,864,732	41,236,677

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44: "Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated.

Source: District Financial Reports

Table 6

HAMPTON TOWNSHIP SCHOOL DISTRICT
Governmental Funds Expenditures and Debt Service Ratio
Last Eight Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Instruction								
Regular Programs	13,727,925	14,846,902	15,446,849	15,932,259	16,383,083	17,526,961	17,163,503	17,394,823
Special Programs	3,259,877	3,412,679	3,566,268	3,652,525	3,911,429	3,905,622	3,827,517	3,849,039
Vocational Education Programs	670,273	676,897	616,737	655,084	664,143	689,461	731,888	864,048
Other Instructional Programs	209,349	88,851	88,066	91,074	83,186	86,282	99,814	94,305
Nonpublic School Programs								9,665
Support Services								
Pupil Personnel	850,964	914,473	983,181	906,165	1,017,844	1,010,492	1,015,672	959,770
Instructional Staff	631,516	718,862	784,969	765,422	846,427	974,308	937,647	936,357
Administration	2,080,227	1,927,936	2,020,183	2,193,928	2,414,211	2,667,375	2,681,591	2,686,232
Pupil Health	264,145	292,197	318,630	342,729	368,543	404,446	409,206	373,792
Business	285,331	312,831	325,191	338,062	386,600	345,470	340,491	351,306
Operation & Maint. of Plant Services	2,884,447	2,847,344	3,164,159	3,071,219	3,675,534	4,348,928	4,244,002	3,896,905
Pupil Transportation	1,454,862	1,600,221	1,639,941	1,714,466	1,714,189	1,809,350	1,887,215	1,817,154
Central Services	197,479	200,970	311,040	384,090	325,887	412,482	496,456	513,676
Other Support Services	36,335	36,289	38,844	39,835	42,437	44,254	46,453	47,777
Non Instructional Services								
Student Activities	678,081	757,085	945,821	871,476	917,732	978,279	1,056,097	1,073,353
Community Services	-	-	-	-	-	-	-	1,761
Capital Outlay*	6,679,271	3,238,180	63,304	187,338	301,439	2,589,996	8,113,965	3,255,959
Debt Service								
Principal	1,250,000	1,295,000	1,335,000	1,380,000	1,430,000	1,545,000	1,770,858	1,886,937
Interest	3,295,050	2,978,499	2,938,364	2,948,660	2,813,368	3,072,639	3,311,546	2,814,277
Refund of Prior Year's Receipts	153,917	169,389	216,037	13,886	124,442	45,539	170,636	21,513
Total Expenditures	<u>38,609,049</u>	<u>36,314,605</u>	<u>34,802,584</u>	<u>35,488,218</u>	<u>37,420,494</u>	<u>42,456,884</u>	<u>48,304,357</u>	<u>42,848,649</u>
Debt Service as a Percentage of non capital** expenditures	14.23%	12.92%	12.30%	12.26%	11.43%	11.58%	12.37%	12.00%

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44: "Economic Condition Reporting: The Statistical Section."

Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated.

* - Capital Outlay decreased subsequent to the fiscal year ending June 30, 2004 due to the completion of the Middle School construction project and increased in the fiscal year ending June 30, 2008 with the commencement of the Poff Elementary renovation project

** - Non Capital expenditures include capital assets in the various functional categories.

Source: District Financial Reports

HAMPTON TOWNSHIP SCHOOL DISTRICT
Other Financing Sources and Uses and Net Change in Fund Balance
Last Eight Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Excess of Revenues Over (Under) Expenditures	(6,669,115)	(42,414)	636,134	1,767,749	1,566,287	(1,533,784)	(8,439,625)	(1,611,972)
Other Financing Sources (Uses)								
Long Term Debt Issued	9,995,000	-	-	9,930,000	16,257,016	34,128,556	7,663,762	-
Long Term Debt Retired	(8,672,161)	-	-	(9,930,000)	(15,196,973)	(24,125,000)	(5,789,108)	-
Sale of Fixed Assets	-	21,500	-	-	4,960	-	-	564
Operating Transfers In	6,301,514	9,185,903	5,323,364	4,604,892	6,044,533	5,916,389	5,277,665	4,947,535
Operating Transfers Out	(6,301,514)	(9,185,903)	(5,323,364)	(4,604,892)	(6,044,533)	(5,916,389)	(5,177,665)	(4,947,535)
Total Other Financing Sources (Uses)	1,322,839	21,500	-	-	1,065,003	10,003,556	1,974,654	564
Special Item	-	-	-	-	693,016	-	-	-
Net Change in Governmental Fund Balance	(5,346,276)	(20,914)	636,134	1,767,749	3,324,306	8,469,772	(6,464,971)	(1,611,408)

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44:

"Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated.

Source: District Financial Reports

REVENUE CAPACITY STATISTICS

These schedules contain information to assist the reader in assessing the District's ability to generate tax revenue.

Table 8

HAMPTON TOWNSHIP SCHOOL DISTRICT
Real Estate Tax Levy and Collection History
Last Eight Fiscal Years

<u>Fiscal Year Ended June 30</u>		<u>Tax Rate</u>	<u>Total Tax Levy</u>	<u>Taxes Collected In Current Fiscal Year</u>	<u>Percent of Levy Collected In Current Fiscal Year</u>	<u>Taxes Collected in Subsequent Years</u>	<u>Total Taxes Collected to Date</u>	<u>Percent of Levy Collected to Date</u>
2010	(1)	20.88 \$	25,742,981 \$	24,500,905	95.18%	N/A	24,500,905	95.18%
2009	(1)	20.53	24,924,430	23,705,681	95.11%	331,297	23,705,681	95.11%
2008		20.53	25,306,021	24,052,946	95.05%	771,075	24,439,154	96.57%
2007		20.53	25,016,096	23,804,688	95.16%	923,198	24,537,987	98.09%
2006		20.53	24,242,885	23,333,594	96.25%	883,752	24,102,811	99.42%
2005		20.1	23,479,779	22,345,992	95.17%	827,893	23,128,756	98.50%
2004		19.25	22,456,960	21,376,879	95.19%	807,362	22,165,645	98.70%
2003		18.25	20,940,393	19,542,637	93.33%	700,227	20,228,155	96.60%

The sum of the taxes collected and the taxes liened do not equal the taxes levied because of penalties assessed, discounts received and Allegheny County real estate change orders.

Tax rate is expressed in mills. One mill of tax is equal to \$1.00 for every \$1,000 of assessed property value.

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44 - "Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated

(1) - The District's Total tax levy for the years ended June 30, 2010 and June 30, 2009 was reduced by the Commonwealth of Pennsylvania's Property Tax Relief Program. The Commonwealth allocated \$858,726 for the year ending June 30, 2010 and \$859,427 for the year ending June 30, 2009 to the District to reduce property taxes. The tax relief was in the form of a homestead exemption rebate of \$161 per homestead for the year ending June 30, 2010 and \$165 per homestead for the year ending June 30, 2009

Source: District Tax Assessment Records

Table 9

HAMPTON TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Eight Fiscal Years

Fiscal Year				School District
Ended	Residential	Commercial	Total Assessed	Millage
<u>June 30.</u>	<u>Property</u>	<u>Property</u>	<u>Value</u>	<u>Rate (a)</u>
2010	1,126,774,601	147,240,230	1,274,014,831	20.88
2009	1,106,340,531	149,060,040	1,255,400,571	20.53
2008	1,088,501,722	144,134,490	1,232,636,212	20.53
2007	1,073,361,412	145,152,780	1,218,514,192	20.53
2006	1,038,301,136	142,550,540	1,180,851,676	20.53
2005	1,029,363,622	138,784,610	1,168,148,232	20.10
2004	1,035,529,925	131,065,400	1,166,595,325	19.25
2003	1,012,941,916	134,476,900	1,147,418,816	18.25

Property is assessed at full market value

(a) - Tax rate is expressed in mills. One mill of tax is equal to \$1.00 for every \$1,000 of assessed property value.

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44 - "Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated

Source: District Tax Assessment Records

Table 10

HAMPTON TOWNSHIP SCHOOL DISTRICT
Construction Costs and Property Values
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Number of Permits</u>	<u>Commercial Cost</u>	<u>Residential Cost</u>	<u>Total Cost</u>	<u>Taxable Property value</u>
2009	22	\$1,380,000	\$5,007,315	\$6,387,315	1,274,014,831
2008	47	0	10,297,476	10,297,476	1,255,400,571
2007	54	11,799,638	450,000	12,249,638	1,232,636,212
2006	74	1,645,500	13,035,935	14,681,435	1,218,514,192
2005	104	2,931,000	21,004,376	23,935,376	1,180,851,676
2004	78	11,368,000	17,220,549	28,588,549	1,168,148,832
2003	36	5,450,000	9,355,143	14,805,143	1,166,595,325
2002	53	990,000	12,340,285	13,330,285	1,147,418,816
2001	65	22,450,000	13,611,000	36,061,000	1,029,325,909
2000	62	1,533,000	11,526,000	13,059,000	788,091,900

Data is for new construction only. Additions and alterations are not counted. The cost is the value listed by the Hampton Township building inspector and may not reflect actual value.

Source: Hampton Township Planning / Zoning Commission

Table 11

**HAMPTON TOWNSHIP SCHOOL DISTRICT
Ten Largest Real Estate Taxpayers Comparison
2009-10 Fiscal Year and 2002-03 Fiscal Year**

<u>Name</u>	<u>Type of Property</u>	<u>2009-10 Assessment</u>	<u>% of Total Assessment</u>
Coventry Square Associates	Apartments	17,118,400	1.34%
PPG Industries	Office/Research	10,000,000	0.78%
Shoppers Plaza Land Company	Commercial	8,865,500	0.70%
St. Margaret Nursing Home	Medical/Residential	7,728,100	0.61%
Stone Lodge, Inc.	Country Club	4,169,200	0.33%
Allison Park Facility	Medical/Residential	3,800,000	0.30%
Route 8 Holding Co., Inc.	Commercial	3,149,910	0.25%
New Wave Car Wash	Commercial	2,794,400	0.22%
Conceptual Development Inc	Commercial	2,291,500	0.18%
Schmitt, Louis & Carol	Residential	2,225,000	0.17%
Total Assessed Value - Ten Principal Taxpayers (2009-10)		<u>\$62,142,010</u>	<u>4.88%</u>

Total District Assessed Value (2009-10) **\$1,274,014,831**

<u>Name</u>	<u>Type of Property</u>	<u>2002-03 Assessment</u>	<u>2002-03 % of Total Assessment</u>
Coventry Square Associates	Apartments	14,075,700	1.23%
PPG Industries	Office/Research	11,735,400	1.02%
St. Margaret Nursing Home	Medical/Residential	7,728,100	0.67%
Shoppers Plaza Land Company	Commercial	5,641,900	0.49%
Stone Lodge, Inc.	Country Club	5,343,900	0.47%
Route 8 Holding Co., Inc.	Commercial	4,321,900	0.38%
Hammel, Charles	Residential	3,084,800	0.27%
Schmitt, Louis & Carol	Residential	2,982,300	0.26%
HCPI Trust	Commercial	2,453,100	0.21%
SAR Hospitality	Medical/Residential	2,349,700	0.20%
Total Assessed Value - Ten Principal Taxpayers (2002-03)		<u>\$59,716,800</u>	<u>5.20%</u>

Total District Assessed Value (2002-03) **\$1,147,418,816**

Source: District Tax Assessment Records

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44 - "Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated

Table 12

HAMPTON TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended <u>June 30,</u>	Hampton Township School <u>District</u>	-----Overlapping Rates-----		Total Direct & Overlapping Rates
		<u>Hampton Township</u>	<u>Allegheny County</u>	
2010	20.88	2.5045	4.69	28.0745
2009	20.53	2.5045	4.69	27.7245
2008	20.53	2.2805	4.69	27.5005
2007	20.53	2.1600	4.69	27.3800
2006	20.53	2.1600	4.69	27.3800
2005	20.10	2.0000	4.69	26.7900
2004	19.25	2.1500	4.69	26.0900
2003	18.25	1.8000	4.69	24.7400
2002	18.10	2.1000	4.72	24.9200
2001	103.00	11.1000	25.20	139.3000

Tax rate is expressed in mills. One mill of tax is equal to \$1.00 for every \$1,000 of assessed property value.

The millage reduction in 2002 from 139.3 mills to 24.92 mills resulted from a county wide property reassessment which was intended to increase the assessed value of all property to 100% of current market value.

Source: District Records, Hampton Township, Allegheny County

HAMPTON TOWNSHIP SCHOOL DISTRICT
Major Employers within the School District Comparison

2009-10 Fiscal Year and 2002-03 Fiscal Year

<u>Employer Name</u>	<u>Product or Service</u>	<u>Approximate Employment</u> <u>2009-10</u>	<u>Percent of Total Employment</u> <u>2009-10</u>	<u>Approximate Employment</u> <u>2002-03</u>	<u>Percent of Total Employment</u> <u>2002-03</u>
Hampton Township School District	Public Education	422	6.8%	426	7.3%
PPG Industries	Office / Research	291	4.7%	450	7.8%
Wildwood Golf Club	Country Club	143	2.3%	N/A	N/A
Home Depot	Retail	128	2.1%	N/A	N/A
Township of Hampton	Government	76	1.2%	65	1.1%
Eat 'n Park	Restaurant	76	1.2%	N/A	N/A
Landmark Health Care	Medical / Residential	63	1.0%	N/A	N/A
Pennsylvania Turnpike	Government	58	0.9%	N/A	N/A
University of Pittsburgh Medical Center	Medical	56	0.9%	N/A	N/A
Micor Inc	Medical	47	0.8%	N/A	N/A
Approximate District-Wide Employment		6,200		5,800	

Source: Earned Income Tax and Local Services Tax Reports

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44 - "Economic Condition Reporting: The Statistical Section." Since the information

reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated

DEBT CAPACITY STATISTICS

These schedules present information to assist the reader in assessing the amount of the District's debt and the District's ability to issue future debt.

Table 14

HAMPTON TOWNSHIP SCHOOL DISTRICT
Outstanding Debt Analysis
Last Eight Fiscal Years

Fiscal Year Ended June 30,	Capital Leases Outstanding	Governmental	General Obligation	Ratio of Bonds & Notes Outstanding to Assessed Value (b)	Bonds & Notes Outstanding Per Capita (c)
		Activities General Obligation Bonds & Notes Outstanding	Bonds & Notes Outstanding as a Percent of Earned Income (a)		
2010	\$72,855	\$67,681,094	11.18%	5.32%	\$3,866
2009	94,792	69,432,517	11.69%	5.54%	3,967
2008	115,650	69,074,147	10.31%	5.61%	3,948
2007	-	60,476,561	9.92%	4.96%	3,451
2006	-	60,084,324	10.28%	5.09%	3,428
2005	-	61,331,741	11.21%	5.25%	3,499
2004	-	62,543,148	12.90%	5.36%	3,569
2003	-	63,722,946	14.46%	5.55%	3,636

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44 - "Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated

(a) - District Earned Income calculated based on annual Earned Income Tax Collections

(b) - Annual Assessed Value data is detailed in Table 9

(c) - Population data from 2000 Census - District population was 17,526

Source: District Financial Reports

HAMPTON TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Eight Fiscal Years

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Total Borrowing Base Revenues	\$89,431,024	\$93,501,718	\$100,313,896	\$106,719,542	\$109,491,502	\$119,848,117	\$122,367,197	\$122,993,451
Average borrowing Base (total revenues divided by 3)	\$29,810,341	\$31,167,239	\$33,437,965	\$35,573,181	\$36,497,167	\$39,949,372	\$40,789,066	\$40,997,817
Multiplied by Debt Limit Percentage	x225%	x225%	x225%	x225%	x225%	x225%	x225%	x225%
Equals: Debt Limit	\$67,073,268	\$70,126,289	\$75,235,422	\$80,039,657	\$82,118,627	\$89,886,088	\$91,775,398	\$92,245,088
Total District Debt applicable to Limit	\$63,722,946	\$62,543,148	\$61,331,741	\$60,084,324	\$60,476,561	\$69,074,147	\$69,432,517	\$67,681,094
Legal Debt Margin	\$3,350,322	\$7,583,141	\$13,903,681	\$19,955,333	\$21,642,066	\$20,811,941	\$22,342,881	\$24,563,994
Legal Debt Margin as a Percentage of Debt Limit	5.00%	10.81%	18.48%	24.93%	26.35%	23.15%	24.35%	26.63%

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB

Statement 44 - "Economic Condition Reporting: The Statistical Section." Since the information

reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated

Source: District Financial Reports

Table 16

HAMPTON TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Government Debt
as of June 30, 2010

Governmental Unit	Debt Outstanding	Percentage Applicable to School District Residents	Estimated Share of Direct and Overlapping Debt
Overlapping Debt			
Township of Hampton (a)	18,083,098	100.00%	\$18,083,098
County of Allegheny (a)	689,125,322	2.19% (b)	<u>\$15,095,100</u>
	Subtotal of Overlapping Debt		\$33,178,198
Direct Debt			
Hampton Township School District			
Bonds, Notes and Capital Lease			<u>\$ 67,753,949</u>
Total Direct and Overlapping Debt			<u>\$100,932,147</u>
Ratio of Total Direct and Overlapping Debt			
Percentage of Real Estate Assessed Value			7.92%
Per Capita (c)			\$5,759

(a) Township and County Outstanding Debt as of December 31, 2009

(b) County Percentage of Overlapping Debt based on the ratio of School District
Assessed Value (\$1,274,014,831) to County Assessed Value (\$58,161,646,272)

School District Assessed Value data is detailed in Table 9

(c) Population data from 2000 Census - District population was 17,526

Source: School District, Hampton Township and Allegheny County Financial Reports.

DEMOGRAPHIC AND ECONOMIC STATISTICS

These schedules offer demographic and economic indicators to assist the reader in understanding the environment in which the District's financial activities take place.

Table 17

HAMPTON TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Eight Fiscal Years

Fiscal Year Ending June 30,	Population (a)	Personal Income (b)	Per Capita Personal Income	Unemployment Rate (c)
2010	17,526	\$606,157,800	\$34,586	8.5%
2009	17,526	594,952,200	33,947	7.7%
2008	17,526	670,779,400	38,273	5.1%
2007	17,526	609,677,200	34,787	4.4%
2006	17,526	584,688,600	33,361	5.0%
2005	17,526	547,216,200	31,223	5.9%
2004	17,526	484,830,600	27,664	5.9%
2003	17,526	440,707,400	25,146	6.4%

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44 - "Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily -available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated

Source:

(a) Population data from 2000 Census - District population was 17,526

(b) Personal Income calculated from Earned Income Collections

(c) Unemployment Rate is for the Metropolitan Pittsburgh Area June 30th rate

OPERATING STATISTICS

These schedules contain information about the District's operations and resources to assist the reader in understanding how the District's financial information relates to the services that the District provides.

HAMPTON TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Eight Fiscal Years

Fiscal Year Ending June 30,	Enrollment	Operating Expenditures (a)	Operating Cost / Student	Total Governmental Expenses	Gross Cost per Student	Teaching Staff	Pupil to Staff Ratio	Percentage of Students Receiving Free or Reduced Meals
2010	3,109	\$34,659,883	\$11,148	\$42,848,649	\$13,782	218	14.26	8.33%
2009	3,087	34,234,962	11,090	48,304,357	15,648	218	14.16	6.89%
2008	3,085	34,339,211	11,131	42,456,884	13,762	218	14.15	6.31%
2007	3,123	32,645,266	10,453	37,291,940	11,941	217	14.39	6.04%
2006	3,110	30,921,138	9,942	36,019,327	11,582	221	14.07	6.54%
2005	3,159	30,465,832	9,644	35,211,295	11,146	217	14.56	6.47%
2004	3,219	28,802,819	8,948	33,944,496	10,545	217	14.83	7.06%
2003	3,229	27,304,833	8,456	31,990,517	9,907	223	14.48	5.91%

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB

Statement 44 - "Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated

(a) Operating Expenditures are Total General Fund Expenditures less Debt Service and Fund Transfers

Source: District Records / District Financial Reports

Table 19

HAMPTON TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent Employees by Type
Last Eight Fiscal Years

Position	2003	2004	2005	2006	2007	2008	2009	2010
Teachers	223	217	217	221	217	218	219	218
Paraprofessionals	64	54	54	50	54	52	50	45
Maintenance / Custodial	37	40	40	39	39	38	39	40
Secretarial	31	31	30	31	31	30	30	29
Other	23	34	31	30	27	29	27	27
Administrators	17	18	18	18	19	19	19	19
Food Service	<u>30</u>	<u>26</u>	<u>26</u>	<u>29</u>	<u>29</u>	<u>20</u>	<u>17</u>	<u>14</u>
Total	<u>425</u>	<u>420</u>	<u>416</u>	<u>418</u>	<u>416</u>	<u>406</u>	<u>401</u>	<u>392</u>

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44 - "Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated

Source: District Records

Table 20

HAMPTON TOWNSHIP SCHOOL DISTRICT
Instructor Base Salaries
Last Eight Fiscal Years

Fiscal Year Ending June 30,	-----Bachelor's Degree-----		-----Masters Degree-----	
	Step 2	Step 17 (Max)	Step 2	Step 17 (Max)
2010	\$48,612	\$85,095	\$50,862	\$87,785
2009	47,687	82,945	49,937	85,635
2008	46,787	80,820	49,037	83,510
2007	45,887	78,720	48,137	81,410
2006	43,110	76,820	45,360	79,510
2005	40,935	75,070	42,960	77,610
2004	39,385	73,320	41,127	75,710
2003	39,111	72,270	39,811	73,810

Note: The Hampton Township School District / Hampton Township Education Association Professional Negotiations Agreement did not specify salaries for 1st year instructors until the year ending June 30, 2008. For consistency purposes with previous years, the "step 2" salary is used.

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44 - "Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated

Source: Hampton Township School District / Hampton Township Education Association Professional Negotiations Agreement

HAMPTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Eight Fiscal Years

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<u>Elementary Schools</u>								
Central Elementary								
Original Construction - 1971; Latest Renovation - 1997								
Square Feet	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000
Capacity	932	932	932	932	932	932	932	932
Number of Classrooms	32	32	32	32	32	32	32	32
Enrollment	568	551	549	520	534	516	513	510
Professional Staff	43	43	43	38	38	43	38	39
Support Staff	31	28	26	35	35	25	24	22
Poff Elementary								
Original Construction - 1962; Latest Renovation - 2009								
Square Feet	45,400	45,400	45,400	45,400	45,400	45,400	49,000	49,000
Capacity	475	475	475	475	475	475	475	475
Number of Classrooms	24	24	24	24	24	24	24	24
Enrollment	390	379	364	330	336	323	319	329
Professional Staff	27	27	25	22	22	30	26	29
Support Staff	15	18	20	24	24	17	16	15
Wyland Elementary								
Original Construction - 1956; Latest Renovation - 1992								
Square Feet	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000
Capacity	600	600	600	600	600	600	600	600
Number of Classrooms	29	29	29	29	29	29	29	29
Enrollment	414	420	416	423	409	410	410	413
Professional Staff	29	30	32	24	24	33	33	33
Support Staff	22	22	17	24	24	16	16	15

Table 21
(Continued)

HAMPTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Eight Fiscal Years

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<u>Secondary Schools</u>								
Middle School								
Original Construction - 2003								
Square Feet	N/A	144,500	144,500	144,500	144,500	144,500	144,500	144,500
Capacity	N/A	900	900	900	900	900	900	900
Number of Classrooms	N/A	52	52	52	52	52	52	52
Enrollment	N/A	751	725	741	752	771	790	756
Professional Staff	N/A	65	64	62	62	69	71	66
Support Staff	N/A	34	33	34	33	31	30	28
Middle School								
Original Construction - 1941 ; Latest Renovation - 1957								
Square Feet	105,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	865	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Classrooms	44	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	786	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Professional Staff	77	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Support Staff	49	N/A	N/A	N/A	N/A	N/A	N/A	N/A

HAMPTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Eight Fiscal Years

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<u>Secondary Schools (continued)</u>								
High School								
Original Construction - 1970 ; Latest Renovation - 2000								
Square Feet	233,000	233,000	233,000	233,000	233,000	233,000	233,000	233,000
Capacity	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269
Number of Classrooms	67	67	67	67	67	67	67	67
Enrollment	1,071	1,118	1,105	1,086	1,092	1,065	1,055	1,101
Professional Staff	77	83	82	79	79	77	79	83
Support Staff	49	60	59	57	57	46	48	44
<u>Administration Offices</u>								
Original Construction - 2003								
Square Feet	N/A	5,850	5,850	5,850	5,850	5,850	5,850	5,850
Professional Staff	N/A	9	9	9	9	10	10	8
Support Staff	N/A	9	9	10	9	9	9	10

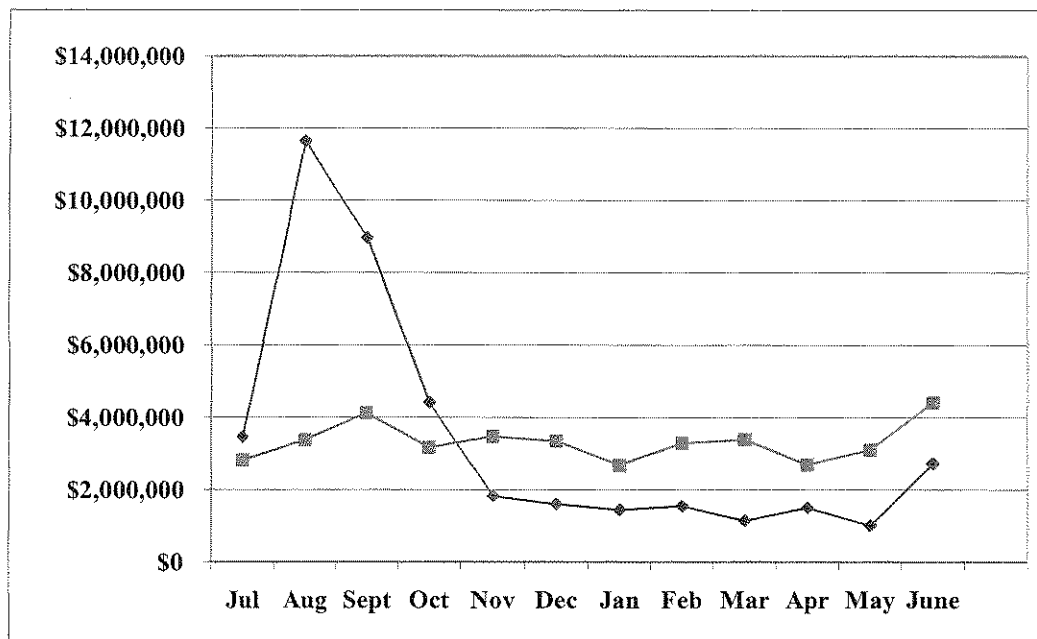
Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44 - "Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated

Source: School District Records

Table 22

HAMPTON TOWNSHIP SCHOOL DISTRICT
Cash Flow Analysis
2009-10 General Fund

<u>Month</u>	<u>Receipts</u>	<u>Disbursements</u>
July	\$3,465,070	\$2,816,395
August	11,647,384	3,379,212
September	8,970,212	4,125,747
October	4,418,324	3,163,663
November	1,821,835	3,474,547
December	1,605,995	3,344,171
January	1,446,951	2,677,359
February	1,549,531	3,294,614
March	1,144,749	3,389,936
April	1,505,419	2,692,960
May	1,009,689	3,102,907
June	<u>2,729,916</u>	<u>4,408,735</u>
Total	<u>\$41,315,075</u>	<u>\$39,870,246</u>



Receipts are highest in the months of August and September, due to real estate tax collections

Disbursements are highest in the month of June, due to the balance of contract salary payments

Source: School District Records

Table 23

HAMPTON TOWNSHIP SCHOOL DISTRICT
Allegheny County School District Millage Rates
Last Eight Fiscal Years

School District Name	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Allegheny Valley	18.00	18.00	18.00	20.50	21.50	22.23	23.21	23.46	23.46
Avonworth	14.70	14.70	17.70	17.20	18.20	18.80	18.80	19.30	20.00
Baldwin-Whitehall	21.11	23.11	23.11	23.11	24.61	24.61	23.61	23.50	23.40
Bethel Park	18.50	19.41	22.00	22.25	22.75	22.75	23.18	23.73	24.56
Brentwood	24.85	25.85	25.85	26.85	28.27	28.27	28.27	28.27	28.27
Carlynton	21.50	21.50	24.15	24.15	24.15	24.15	24.15	24.15	24.15
Chartiers Valley	16.25	18.60	18.60	18.60	19.32	19.32	19.32	19.32	19.88
Clairton	19.50	19.50	19.50	22.00	22.00	22.00	22.00	22.00	27.60
Cornell	17.80	19.89	19.89	19.89	20.89	21.74	22.93	22.93	24.11
Deer Lakes	21.00	21.50	23.00	23.00	23.00	24.04	25.32	26.25	26.25
Duquesne	21.10	21.10	21.10	21.10	21.10	21.10	21.10	21.10	21.10
East Allegheny	19.30	22.15	23.54	24.54	25.54	26.54	26.54	26.54	27.54
Elizabeth Forward	20.61	21.61	21.36	21.36	21.36	21.36	21.36	23.51	23.76
Fox Chapel	16.57	16.57	17.82	17.82	19.07	19.71	20.30	20.78	21.26
Gateway	16.55	17.41	18.41	19.40	19.41	19.41	19.41	19.41	21.02
Hampton Township School District	18.25	19.25	20.10	20.53	20.53	20.53	20.53	20.88	20.88
Highlands	20.00	21.25	23.71	23.71	23.71	23.71	23.71	23.71	24.41
Keystone Oaks	19.41	19.41	20.41	21.31	21.31	21.31	21.31	21.31	22.03
McKeesport	18.14	18.21	18.21	18.21	17.71	17.71	17.71	16.71	16.71
Montour	16.24	16.24	18.80	18.30	18.30	18.90	18.90	18.90	18.90
Moon Area	14.69	15.72	15.97	15.97	19.11	19.61	20.47	21.30	21.30
Mt. Lebanon	18.12	20.16	22.76	23.18	23.56	23.56	23.81	24.11	26.63
North Allegheny	16.71	18.52	18.52	18.52	19.72	19.34	18.99	18.99	19.74
North Hills	16.50	16.50	18.50	18.50	18.50	19.10	19.60	19.35	19.91
Northgate	23.00	23.00	23.50	23.50	24.50	24.50	24.50	24.50	27.60
Penn Hills	18.25	19.00	19.91	19.91	23.39	23.39	24.81	24.81	24.81
Pine Richland	17.60	18.60	20.20	20.20	20.20	20.20	20.20	20.20	21.91
Pium	18.40	19.00	20.80	21.20	22.20	22.20	22.20	22.20	22.20
Quaker Valley	13.95	15.10	16.90	16.90	18.85	19.35	19.75	19.75	20.70
Riverview	19.10	20.80	21.50	22.10	22.74	23.36	23.11	23.26	24.05
Shaler	20.32	22.30	23.00	23.50	24.25	24.70	24.70	24.70	25.63
South Allegheny	13.83	14.98	20.96	20.46	18.21	18.11	18.11	18.11	18.11
South Fayette	20.29	20.29	20.29	20.29	21.19	23.14	24.04	24.04	24.88
South Park	22.70	22.70	24.70	24.70	24.70	24.70	25.99	25.99	25.99
Steel Valley	18.92	18.92	18.92	18.92	18.92	21.21	21.21	21.21	24.07
Sto - Rox	21.00	24.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Upper St. Clair	18.67	20.26	21.78	22.45	22.45	24.45	22.45	23.37	23.77
West Allegheny	17.10	18.60	18.60	21.50	21.50	21.50	22.00	22.00	22.00
West Jefferson Hills	18.79	18.79	19.99	19.99	19.99	19.99	21.08	21.08	21.08
West Mifflin	18.09	18.59	21.09	21.09	21.09	21.09	22.29	22.99	22.99
Wilkinsburg	32.00	32.00	32.00	35.00	35.00	35.00	35.00	35.00	35.00
Woodland Hills	21.90	23.30	23.30	23.90	23.90	24.65	24.65	25.65	25.65
County Wide Average	19.03	19.91	21.03	21.44	21.95	22.29	22.51	22.70	23.39
Hampton Township Schools Millage	18.25	19.25	20.10	20.53	20.53	20.53	20.53	20.88	20.88
Difference - Favorable (Unfavorable)	0.78	0.66	0.93	0.91	1.42	1.76	1.98	1.82	2.51

Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Stmt 44 -

"Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated

Source: Allegheny Intermediate Unit Survey

HAMPTON TOWNSHIP SCHOOL DISTRICT AND HAMPTON TOWNSHIP

The School District

The Hampton Township School District is coterminous with the municipality of Hampton Township. The District encompasses approximately 16 square miles in northern Allegheny County and is located approximately 15 miles north of the City of Pittsburgh. The first school in Hampton was opened in 1800 in a log cabin. The first public schools were recorded with the Commonwealth of Pennsylvania in 1862. The District is bordered by Shaler Township (Shaler Area School District) on the south; McCandless Township (North Allegheny School District) on the west; Richland Township (Pine-Richland School District) on the north; and West Deer Township (Deer Lakes School District) and Indiana Township (Fox Chapel Area School District) on the east.

The Township

The Township of Hampton was founded in 1861 and incorporated as a local government within the Commonwealth of Pennsylvania in 1875. Effective August 27, 1981, the Township became a Home Rule Municipality under Pennsylvania Act 62, the Home Rule Charter and Optional Plans Law, following a referendum. The Township is governed by a five member Council, each of which is elected at large.

Hampton Township was named after Judge Moses Hampton and included parts of present day McCandless, West Deer and Indiana Townships. Early Hampton was made up of eight villages that slowly merged into Hampton Township, as it is known today. During the 1800s, Hampton was known as an agricultural center with farming being the major trade. The Township eventually moved from an agricultural based community to a residential community.

Today, Hampton serves as a bedroom community for the Metropolitan Pittsburgh area. In addition to the light industry present in the Township, the Route 8 corridor provides commercial and retail businesses. The majority of the land use (88% of the assessed value) in the Township is residential.

Because of its proximity to Pittsburgh, Hampton enjoys many of the benefits of a larger city. These benefits include higher education, culture and the art, professional sports and health care.

SINGLE AUDIT SECTION

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Members of the Board
Hampton Township School District
Allison Park, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Hampton Township School District for the period ended June 30, 2010 were prepared to fulfill the requirements of the Office of Management and Budget's Circular A-133. A summary of the reports are as follows:

- A. 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*
- B. Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133
- C. Schedule of Findings and Questioned Costs
- D. Schedule of Expenditures of Federal Awards
- E. List of Report Distribution

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP

December 20, 2010

HOSACK, SPECHT, MUETZEL & WOOD LLP

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**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***

Members of the Board
 Hampton Township School District
 Allison Park, Pennsylvania

Dear Members:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hampton Township School District as of and for the year ended June 30, 2010, which collectively comprise Hampton Township School District's basic financial statements and have issued our report thereon dated June 30, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hampton Township School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hampton Township School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hampton Township School District's internal control over financial reporting.

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 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.

Internal Control Over Financial Reporting (Cont'd)

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hampton Township School District's financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board, others within the entity, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
December 20, 2010

HOSACK, SPECHT, MUETZEL & WOOD LLP

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**Report on Compliance With Requirements That Could Have a Direct
and Material Effect on Each Major Program and on Internal Control
Over Compliance in Accordance With OMB Circular A-133**

Members of the Board
Hampton Township School District
Allison Park, Pennsylvania

Dear Members:

Compliance

We have audited Hampton Township School District's compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Hampton Township School District's major federal programs for the year ended June 30, 2010. Hampton Township 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hampton Township School District's management. Our responsibility is to express an opinion on Hampton Township School District's compliance based on our audit.

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 OMB Circular A-133. Those standards and OMB Circular A-133 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 Hampton Township 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. Our audit does not provide a legal determination of Hampton Township School District's compliance with those requirements.

In our opinion, Hampton Township School District, complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of Hampton Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Hampton Township School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Hampton Township 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
December 20, 2010

**Hampton Township School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010**

Exhibit C

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued was unqualified.

Internal control over financial reporting:

- Material weakness (es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial
statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs was unqualified.

Any audit findings disclosed that are required to
be reported in accordance with Section 510(a) of
OMB Circular A-133?

☐ yes ☒ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.394	ARRA - State Fiscal Stabilization Fund
84.027; 84.391	Special Education Cluster - IDEA; ARRA - IDEA

Dollar threshold used to distinguish between
type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

**Hampton Township School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010**

Exhibit C

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Status of Prior Year's Findings

Not applicable.

Hampton Township School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/09	Revenue Recognized	Expend- itures	Accrued or (Deferred) Revenue 06/30/10
U. S. Department of Education										
Passed through the Pennsylvania										
Department of Education										
Title I	I	84.010	013-100179	10/26/09-09/30/10	\$ 91,173	\$ 53,184	\$ -	\$ 65,981	\$ 65,981	\$ 12,797
Title I	I	84.010	013-090179	10/31/08-09/30/09	90,687	20,869	228	20,641	20,641	-
Title I - Academic Achievement	I	84.010	077-090179	10/31/08-09/30/09	3,000	2,000	1,278	722	722	-
Title I - Academic Achievement	I	84.010	077-100179	10/26/09-09/30/10	11,800	-	-	10,086	10,086	10,086
ARRA - State Fiscal Stabilization Fund	I	84.394	126-100179	07/01/09-06/30/10	556,920	556,920	-	556,920	556,920	-
Title II - Improving Teacher Quality	I	84.367	020-090179	10/31/08-09/30/09	65,337	27,224	(19,821)	47,045	47,045	-
Title II - Improving Teacher Quality	I	84.367	020-100179	10/26/09-09/30/10	64,663	26,943	-	17,222	17,222	(9,721)
Drug-Free Schools	I	84.186	100-090179	04/01/08-09/30/09	5,258	3,155	127	3,028	3,028	-
Drug-Free Schools	I	84.186	100-100179	08/06/09-09/30/10	5,970	3,411	-	3,000	3,000	(411)
Passed through the Allegheny										
Intermediate Unit										
IDEA Grant	I	84.027	062-100003	07/01/09-06/30/10	396,789	185,946	-	396,789	396,789	210,843
ARRA-IDEA Grant	I	84.391	128-100003	07/01/09-06/30/10	457,362	211,663	-	211,663	211,663	-
Title III - English Language Acquisition	I	84.365	N/A	07/01/09-06/30/10	14,761	14,761	-	14,761	14,761	-
Total U. S. Department of Education						<u>1,106,076</u>	<u>(18,188)</u>	<u>1,347,858</u>	<u>1,347,858</u>	<u>223,594</u>
Department of Homeland Security										
Passed through the Pennsylvania										
Emergency Management Grants										
Disaster Grants - Public Assistance	I	97.036	N/A	N/A	5,874	-	-	5,874	5,874	-
U. S. Department of Health and Human Services										
Passed through the Pennsylvania										
Department of Public Welfare										
Medical Assistance Reimb. for										
Adm. Title 19	I	93.778	N/A	N/A	3,073	3,073	-	3,073	3,073	-
U. S. Department of Agriculture										
Passed through the Pennsylvania										
Department of Education										
National School Lunch Program	I	10.555	N/A	07/01/09-06/30/10	N/A	151,661	5,883	151,379	151,379	5,601
National School Breakfast Program	I	10.553	N/A	07/01/09-06/30/10	N/A	14,098	723	14,032	14,032	657
Passed through the Pennsylvania										
Department of Agriculture										
Value of USDA Donated										
Commodities (Non-Cash Assistance)	I	10.555	N/A	07/01/09-06/30/10	N/A	63,900	(19,380)	66,213	66,213	(17,067)
Total U. S. Department of Agriculture						<u>229,659</u>	<u>(12,774)</u>	<u>231,624</u>	<u>231,624</u>	<u>(10,809)</u>
Total Federal Financial Assistance						<u>\$1,338,808</u>	<u>\$ (30,962)</u>	<u>\$1,588,429</u>	<u>\$1,588,429</u>	<u>\$218,659</u>

Hampton Township School District
Schedule of Expenditures of Federal Awards
Footnotes
June 30, 2010

Exhibit D

Note A - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Note B - Source Code

The Source Code (I) indicates funds received indirectly.

Note C - Reconciliation with Subsidy Confirmation

Amount Received Per Schedule	\$1,338,808
Add: State Funding on Confirmation	44,734
Add: Medical Assistance	252,976
Less: Pass Through AIU	(412,370)
Less: Donated Commodities	(63,900)
Less: Medical Assistance	<u>(3,073)</u>
Per Subsidy Confirmation	<u>\$1,157,175</u>

**Hampton Township School District
List of Report Distribution
June 30, 2010**

Exhibit E

1 Copy - Bureau of Audits
1 Copy - Bureau of the Census