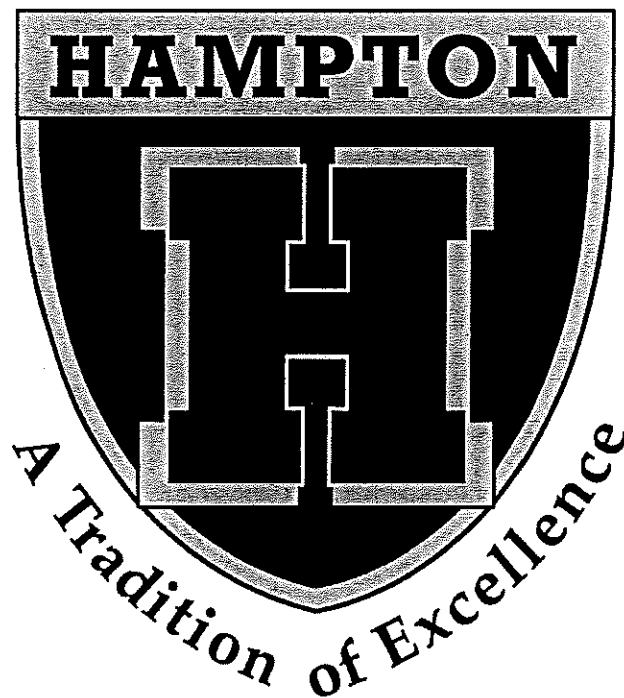


HAMPTON TOWNSHIP SCHOOL DISTRICT

ALLISON PARK, PENNSYLVANIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED JUNE 30, 2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

HAMPTON TOWNSHIP
SCHOOL DISTRICT
ALLISON PARK, PA

FISCAL YEAR ENDED JUNE 30, 2011



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

of

HAMPTON TOWNSHIP SCHOOL DISTRICT

Allison Park, Pennsylvania

Fiscal Year Ended June 30, 2011

BOARD OF SCHOOL DIRECTORS

David A. Gurwin, President
Mary Alice Hennessey, Vice President
Robert Shages, Treasurer
Pam Lamagna, Secretary
Alma Kolkman
Gail V. Litwiler
Jonathan C. Ritz
Lawrence Vasko
Bryant B. Wesley II

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

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HAMPTON TOWNSHIP SCHOOL DISTRICT

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HAMPTON TOWNSHIP SCHOOL DISTRICT

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INTRODUCTORY SECTION

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December 20, 2011

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, 2011. 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, 2011. 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 2010-11 school year, the district educated 3,090 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 2010-11 school year the district employed 215 teachers, 45 paraprofessionals, 40 maintenance/custodial staff, 29 secretarial staff, 18 administrators, 14 food service staff and 26 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.

Internal Controls (Continued)

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. An audit of the 2008-09 and 2009-10 fiscal years was completed in October 2011. The report has not been issued; however no recommendations, findings or questioned costs were noted during the exit conference

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 3,090 students in the 2010-11 year (a 4.3% decrease.) The decrease in enrollment is similar to other suburban school districts in the area and less than the countywide trend.

Over the last nine fiscal years, the District has increased its millage from 18.25 mills to 21.35 mills. This is an average annual increase of only 1.88% per year; while the metropolitan Pittsburgh CPI has increased an average of 3.20% 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 9.76% lower than the Allegheny County average and only 12 Districts in the County have a lower tax rate; while 29 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) as amended by Act 25 of 2011

Under the Taxpayer Relief Act, through Act 1 of 2006 and Act 25 of 2011, Pennsylvania School Districts became subject to a change in their taxing structure. Details of Act 1 and Act 25 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 60% 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 2010-11 fiscal year with an unassigned fund balance of \$4,326,415. This represents 9.9% of the projected 2012-13 general fund budget, which is above the 8% maximum amount of unassigned fund balance permitted by the Pennsylvania Department of Education for a district requesting to raise its tax rate. The District will be required to reduce its unassigned fund balance to 8% or less before it can consider raising taxes for 2012-13.

LONG TERM FINANCIAL PLANNING (Continued)

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 nine fiscal years (an average of 11.9% 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.

DISTRICT AWARDS AND ACCOMPLISHMENTS

- *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 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.
- Hampton High School once again was named as one of the high schools in the top six percent of the country by *Newsweek* magazine. The District is listed in the 2011 *Pittsburgh Business Times' Guide to Western PA Schools* in the top 10. Hampton is ranked fourth overall in Western Pennsylvania, and ninth in the Commonwealth, for academic performance, and while not explicitly stated, our overall ranking at the elementary level is No. 1 in Western Pennsylvania.
- 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 March 2011, *Standard & Poor's* assigned the Hampton Township School District's a credit rating of "AA-." This rating reaffirmed the *Standard & Poor's* upgrade of the District's credit rating from an "A" rating to an "AA-" rating in April 2009.
- 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.

DISTRICT AWARDS AND ACCOMPLISHMENTS (Continued)

- The Hampton Township School District earned the highest rating in Allegheny County in the *Standard & Poors* "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.
- 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.

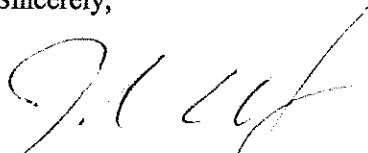
Financial Reporting

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 2009-10 CAFR, which is included in this report. We believe our 2010-11 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

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HAMPTON TOWNSHIP SCHOOL DISTRICT

2010-11 BOARD OF SCHOOL DIRECTORS

Mr. David A. Gurwin, President

Mrs. Mary Alice Hennessey, Vice President

Mr. Robert Shages, Treasurer

Mrs. Pam Lamagna, Secretary

Mrs. Alma Kolkman

Mrs. Gail V. Litwiler

Mr. Jonathan C. Ritz

Mr. Lawrence Vasko

Mr. Bryant B. Wesley II

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

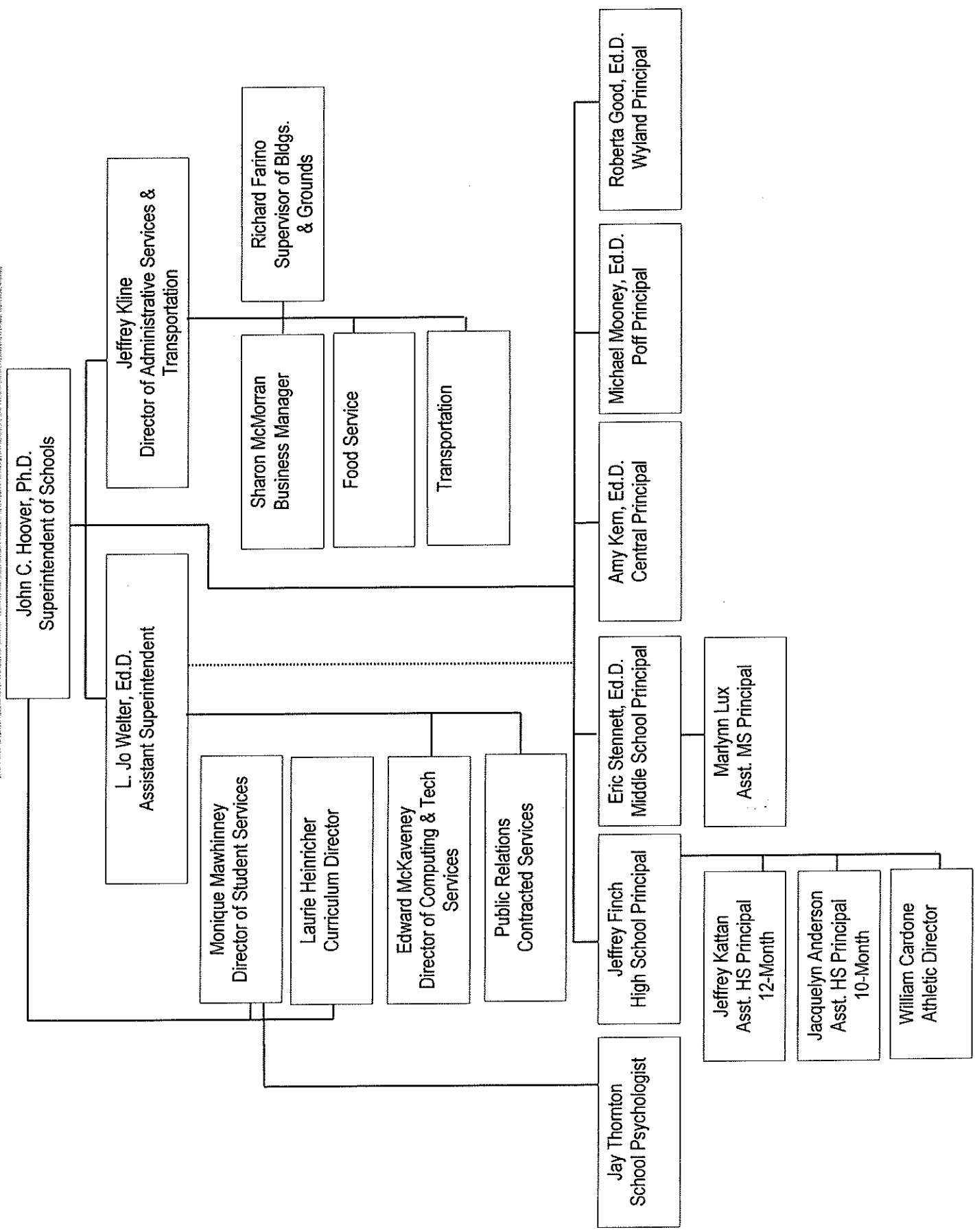
Ms. Laurie Heinricher, Curriculum Coordinator

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, 2010

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.



Linda C. Davidson

President

Jeffrey R. Enen

Executive Director

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FINANCIAL SECTION

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HOSACK, SPECHT, MUETZEL & WOOD LLP

CERTIFIED PUBLIC ACCOUNTANTS

305 MT. LEBANON BOULEVARD, SUITE 301

PITTSBURGH, PENNSYLVANIA 15234-1500

PHONE - (412) 343-9200

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Independent Auditor's Report

Members of the Board
Hampton Township School District
Allison Park, 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, 2011, 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, 2011, 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 19, 2011 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

HOSACK, SPECHT, MUETZEL & WOOD LLP
December 19, 2011

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2011**

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, 2011. 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 2010/2011 General Fund Budget

The 2010/2011 final expenditure budget included an increase of \$1,530,600, or 3.8% over the 2009/2010 budget. Revenue projections were for an increase in revenues of \$1,440,812, or 3.6%. The School District balanced the shortfall of \$89,788 with the utilization of a portion of its unreserved fund balance. The final 2010/2011 general fund budget was approved by the Hampton Township School District Board of Directors in June 2010, with revenues of \$41,694,701, expenditures of \$41,784,489 and a utilization of \$89,788 in unreserved fund balance. The millage rate remained unchanged at 20.88 mills.

2010/2011 Actual Financial Results

Actual 2010/2011 general fund revenues were \$42,833,654 and actual expenditures were \$41,057,584, creating a surplus of \$1,776,070, which resulted in an ending fund balance at June 30, 2011 of \$9,646,916, of which \$4,326,415 was unassigned. Below is a summary of individual items that significantly impacted the School District's financial results as compared to the budget during 2010/2011.

Revenues

School District revenues and other financing sources exceeded the amount budgeted by \$1,102,442. The primary factors contributing to the unanticipated revenues are as follows:

- Earned income tax revenues exceeded the budgeted amount by \$536,003. The majority of the amount exceeding budget was due to receipts from a single taxpayer in the School District. This single tax receipt accounted for \$427,411 in revenue, or 80% of the earned income tax budget variance. This increase in earned income tax collections is not expected to continue.
- The School District rental and sinking fund reimbursements provided by the state exceeded budget by \$318,989. The reason for the large budget variance was the timing of the receipt of several prior year reimbursements related to the reimbursements paid by the state to the School District for its variable rate debt.

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2011**

Financial Highlights (Cont'd)

General Fund (Cont'd)

Revenues (Cont'd)

- Delinquent real estate tax revenue collected exceeded the budget amount by \$234,957. The School District has increased the budgeted amount for delinquent real estate taxes regularly and significantly in recent years; however, the collections still exceeded the 2010/2011 budget. Delinquent real estate taxes are difficult to budget as the timing of the collections is unpredictable.
- Federal ACCESS funds received exceeded the budgeted amount by \$185,239. The School District accumulates ACCESS funds throughout the year through a funding formula. The funds are then "drawn down" periodically by the School District. The School District accelerated its drawdowns during the 2010/2011 fiscal year amid rumors of the funds being frozen by the state or federal government.
- Real estate tax revenue exceeded the budgeted amount by \$172,448. The percentage of current real estate taxes collected and the increase in overall School District assessed values were slightly higher than projected. The budget variance is only 0.69% over budget.
- The School District's state retirement subsidy was \$290,767 less than the budgeted amount. This was due to a change in the Public School Employee's Retirement System (PSERS) contribution rate from 8.22% of payroll to 5.64% of payroll. The decrease in rate was made as part of the final Commonwealth of Pennsylvania budget, which was not adopted until after the School District budget was adopted. This change reduced the School District's expenditures by \$572,000 as outlined below, but also reduced the School District's state reimbursement by \$291,000, as the state reimburses the School District approximately one half of its PSERS expenses.

Expenditures

School District expenditures and other financing uses were under budget by \$726,905. The primary factors contributing to the expenditures being under budget are as follows:

- The School District's benefits cost decreased as a result of the lowering of the projected state PSERS rate from 8.22% of payroll to 5.64% of payroll. This decrease was made as part of the final Commonwealth of Pennsylvania budget, which was not adopted until after the School District budget was adopted. This decrease caused the School District's expenditures for PSERS to be under budget by \$572,000 in the 2010/2011 fiscal year.
- The School District's purchased services and supplies for operation and maintenance of plant services were under budget by \$230,072. The primary reason for the positive budget variance was lower costs for

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2011**

Financial Highlights (Cont'd)

General Fund (Cont'd)

Expenditures (Cont'd)

- electricity and natural gas. Electricity and natural gas costs were \$136,000 less than budgeted. The lower costs were due to planned energy efficiencies in the School District and lower unit costs for both electricity and natural gas as a result of cooperative purchasing arrangements.

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 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.

**Hampton Township School District
Management's Discussion and Analysis
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Using the Annual Financial Report (Cont'd)

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

Figure A-1
Required Components of
Hampton Township School District's
Financial Report

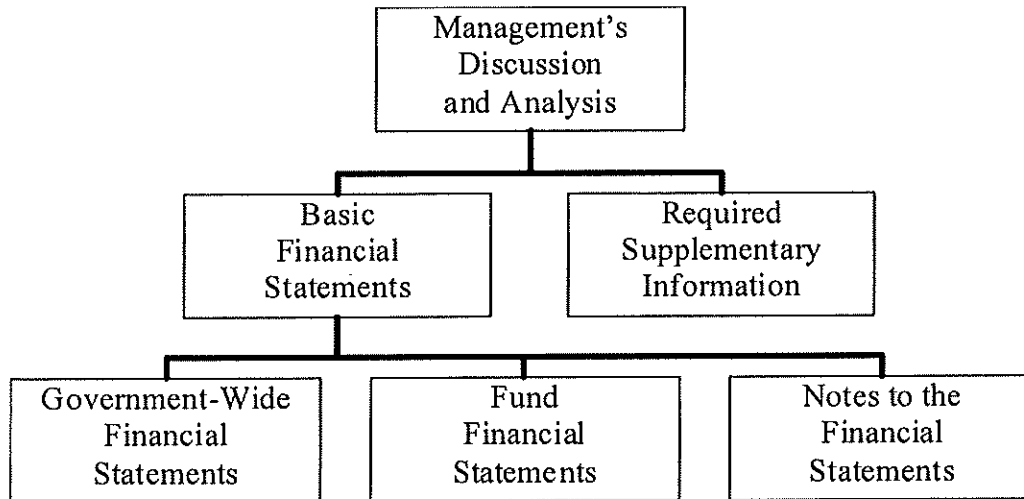


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents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

**Hampton Township School District
Management's Discussion and Analysis
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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
Management's Discussion and Analysis
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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 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
June 30, 2011**

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 \$866,097 at June 30, 2011 and a deficit \$(2,060,723) at June 30, 2010.

Table A-1
Years Ended June 30, 2011 and 2010
Net Assets

	2011			2010		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$15,449,702	\$280,055	\$15,729,757	\$14,273,851	\$186,954	\$14,460,805
Capital Assets	<u>64,523,562</u>	<u>91,394</u>	<u>64,614,956</u>	<u>65,398,095</u>	<u>79,056</u>	<u>65,477,151</u>
Total Assets	<u>\$79,973,264</u>	<u>\$371,449</u>	<u>\$80,344,713</u>	<u>\$79,671,946</u>	<u>\$266,010</u>	<u>\$79,937,956</u>
Current and Other Liabilities	\$ 6,635,113	\$ 63,382	\$ 6,698,495	\$ 6,597,319	\$ 38,319	\$ 6,635,638
Long-Term Liabilities	<u>72,780,121</u>	<u>-</u>	<u>72,780,121</u>	<u>75,363,041</u>	<u>-</u>	<u>75,363,041</u>
Total Liabilities	<u>79,415,234</u>	<u>63,382</u>	<u>79,478,616</u>	<u>81,960,360</u>	<u>38,319</u>	<u>81,998,679</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	(5,181,505)	91,394	(5,090,111)	(3,512,445)	79,056	(3,433,389)
Restricted	567,483	-	567,483	210,391	-	210,391
Unrestricted	<u>5,172,052</u>	<u>216,673</u>	<u>5,388,725</u>	<u>1,013,640</u>	<u>148,635</u>	<u>1,162,275</u>
Total Net Assets	<u>558,030</u>	<u>308,067</u>	<u>866,097</u>	<u>(2,288,414)</u>	<u>227,691</u>	<u>(2,060,723)</u>
Total Liabilities and Net Assets	<u>\$79,973,264</u>	<u>\$371,449</u>	<u>\$80,344,713</u>	<u>\$79,671,946</u>	<u>\$266,010</u>	<u>\$79,937,956</u>

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

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2011**

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

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.

The increase in governmental activities net assets of \$2,846,444 from \$(2,288,414) to \$558,030 is the result of two primary factors:

- The School District achieved a general fund surplus of \$1,776,070 during the 2010/2011 fiscal year as described in the "Financial Highlights" of the MD&A.
- The School District terminated its 2005 variable rate debt issue. This eliminated a negative \$(2,819,103) fair market value on the School District-wide statements and added \$1,750,000 in debt outstanding with the issuance of \$11,145,000 in Series 2011A bonds and the defeasance of \$9,395,000 in Series 2005 bonds. The 2005 swaption was refunded in March 2011 yielding a net future budgetary savings of \$291,553. The School District is currently targeting a refunding of the 2007 variable rate bonds at a budgetary breakeven.

The results of the 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, 2011 and 2010
Changes in Net Assets

	2011			2010		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 936,982	\$ 936,982	\$ -	\$ 950,965	\$ 950,965
Operating Grants and Contribs.	6,491,928	291,607	6,783,535	5,550,790	290,586	5,841,376
Capital Grants and Contribs.	867,994	-	867,994	1,085,453	-	1,085,453
General Revenues						
Property Taxes	26,057,138	-	26,057,138	25,714,324	-	25,714,324
Other Taxes	4,111,925	-	4,111,925	3,526,128	-	3,526,128
Grants, Subsidies and Contribs.						
Unrestricted	4,950,063	-	4,950,063	5,204,215	-	5,204,215
Investment Earnings	1,570,582	-	1,570,582	(1,075,357)	-	(1,075,357)
Other	<u>51,638</u>	<u>-</u>	<u>51,638</u>	<u>34,932</u>	<u>-</u>	<u>34,932</u>
Total Revenues	<u>44,101,268</u>	<u>1,228,589</u>	<u>45,329,857</u>	<u>40,040,485</u>	<u>1,241,551</u>	<u>41,282,036</u>

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2011**

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

Table A-2 (Cont'd)
Years Ended June 30, 2011 and 2010
Changes in Net Assets

	2011			2010		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Expenses						
Instruction	\$24,952,692	\$ -	\$24,952,692	\$23,976,629	\$ -	\$23,976,629
Instructional Student Support	2,460,798	-	2,460,798	2,274,767	-	2,274,767
Admin. and Financial Support Svcs.	3,595,493	-	3,595,493	3,651,599	-	3,651,599
Operation and Maintenance of Plant Services	4,099,330	-	4,099,330	4,053,972	-	4,053,972
Pupil Transportation	1,934,158	-	1,934,158	1,819,691	-	1,819,691
Student Activities	1,214,667	-	1,214,667	1,199,796	-	1,199,796
Community Services	5,200	-	5,200	1,761	-	1,761
Interest on Long-Term Debt	2,992,486	-	2,992,486	3,035,643	-	3,035,643
Food Service	-	1,148,213	1,148,213	-	1,126,774	1,126,774
Total Expenses	41,254,824	1,148,213	42,403,037	40,013,858	1,126,774	41,140,632
Change in Net Assets	2,846,444	80,376	2,926,820	26,627	114,777	141,404
Beginning Net Assets	(2,288,414)	227,691	(2,060,723)	(2,315,041)	112,914	(2,202,127)
Ending Net Assets	\$ 558,030	\$ 308,067	\$ 866,097	\$(2,288,414)	\$ 227,691	\$(2,060,723)

Summary of Significant Year-to-Year Variances

Governmental Activities

Total governmental revenues increased by \$4,060,783. This increase was primarily due to the following:

- Investment earnings increased \$2,645,939, which was the result of the change in the fair value of the School District's investment derivatives between years.
- Operating grants and contributions increased by \$941,138. This was primarily due to an increase of \$454,932 in ACCESS funds received and an increase of \$99,032 in state PSERS reimbursement due to the increase in the PSERS contribution rate for both the School District and state.
- Other taxes increased by \$585,797. This increase is due to the unanticipated increase in earned income tax collections as outlined in the "Financial Highlights" of the MD&A.

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Management's Discussion and Analysis
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Summary of Significant Year-to-Year Variances (Cont'd)

Governmental Activities (Cont'd)

Total government expenses increased by \$1,240,966. The increase was primarily due to the following:

- General fund expenditures for salaries increased by \$768,084, or 3.52%. This was due to contractual salary increases and severance payments made to employees who retired in June 2011.
- General fund expenditures for benefits increased by \$354,386, or 6.39%. This is due to the overall increase in salaries of 3.52% and the increase in the PSERS contribution rate from 4.78% of payroll to 5.64% of payroll, which added an additional \$50,000 in benefits expense.

Business-Type Activities

- The food service fund had an increase in net assets of \$80,376 in the 2010/2011 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 services; 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, 2011 and 2010
Governmental Activities

Functions/Programs	2011		2010	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Instruction	\$24,952,692	\$20,712,556	\$23,976,629	\$20,342,052
Instructional Student Support	2,460,798	2,185,244	2,274,767	2,030,661
Administrative and Fin. Support Svcs.	3,595,493	3,125,375	3,651,599	3,522,610
Oper. and Maintenance of Plant Svcs.	4,099,330	3,986,466	4,053,972	3,943,265
Pupil Transportation	1,934,158	1,157,313	1,819,691	1,035,919

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Management's Discussion and Analysis
June 30, 2011**

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

Table A-3 (Cont'd)
Years Ended June 30, 2011 and 2010
Governmental Activities

	2011		2010	
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	\$ 1,214,667	\$ 1,117,624	\$ 1,199,796	\$ 1,109,838
Community Services	5,200	149	1,761	-
Interest on Long-Term Debt	<u>2,992,486</u>	<u>1,610,175</u>	<u>3,035,643</u>	<u>1,393,270</u>
Total Governmental Activities	<u>\$41,254,824</u>	33,894,902	<u>\$40,013,858</u>	33,377,615
Less:				
Unrestricted Grants, Subsidies		<u>(4,950,063)</u>		<u>(5,204,215)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$28,944,839</u>		<u>\$28,173,400</u>

The total needs from local taxes and other revenues increased by \$771,439. This increase was met without a tax increase because of the increase in real estate assessed valuation within the School District and the increases in other taxes.

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, 2011 and 2010
Business-Type Activities

	2011		2010	
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>\$1,148,213</u>	<u>\$(80,376)</u>	<u>\$1,126,774</u>	<u>\$(114,777)</u>

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

The food service fund achieved a net profit of \$80,376 during the 2010/2011 fiscal year. The net profit was slightly higher than in the 2009/2010 fiscal year due to similar revenues and slightly higher food costs.

School District Funds

At June 30, 2011, the School District's governmental funds reported a combined fund balance of \$10,911,125, which is an increase of \$1,738,962 from the July 1, 2010 combined fund balance. The primary reason for the increase in the combined fund balance is that the School District's general fund achieved a surplus of \$1,776,070 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.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2011, the School District had \$61,635,114 invested in a range of capital assets, including land, buildings and furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$868,744, or 1.3% from the previous year. This decrease is attributable to the depreciation expense of \$2,659,884 exceeding the additional equipment purchases and construction in progress of \$1,791,140. More detailed information about our capital assets is included in Note 5 of the financial statements.

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

	2011	2010
Land	\$ 1,081,390	\$ 1,081,390
Land Improvements	972,462	1,114,031
Buildings and Building Improvements	56,826,807	56,839,109
Furniture and Equipment	2,692,461	2,272,704
Construction in Progress	61,994	1,196,624

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Management's Discussion and Analysis
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Capital Assets and Debt Administration (Cont'd)

Debt Administration

As of July 1, 2010, the School District's total outstanding debt principal (for bonds and notes) was \$67,681,094. During the 2010/2011 fiscal year, there was \$188,387 in accretion on the Series of 1995 zero coupon bonds. The School District made payments toward the principal outstanding on the Series 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 \$1,900,000. The School District also made payments toward the principal of the 2008 general obligation note in the amount of \$63,751 for its share of the A. W. Beattie Career and Technical School construction project. The School District refunded its Series 2005 VRDBs and replaced them with Series 2011A general obligation bonds. The School District issued \$785,000 in Series 2011B bonds to fund School District capital projects.

The fiscal year debt activity resulted in ending outstanding debt as of June 30, 2011, of \$68,440,730, an increase of 1.1%. 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.

Table A-6
Outstanding Debt

General Obligation Bonds/Notes	As of 06/30/11	As of 06/30/10
Bonds - Series of 1995	\$2,776,835	\$ 2,588,448
Bonds - Series of 2001	10,000	20,000
Bonds - Series of 2005 (VRDBs)	-	9,515,000
Bonds - Series of 2006A	9,305,000	9,450,000
Bonds - Series of 2006B	6,680,000	6,705,000
Bonds - Series of 2007 (VRDBs)	22,220,000	22,885,000
Bonds - Series of 2008	9,580,000	9,715,000
Bonds - Series of 2009	4,265,000	5,065,000
Bonds - Series of 2011A	11,145,000	-
Bonds - Series of 2011B	785,000	-
Notes - Series of 2008	1,673,895	1,737,646

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 2011/2012 year was adopted in June 2011. The 2011/2012 expenditure budget of \$41,565,500 was a decrease of \$218,989, or 0.52% from the 2010/2011 final budget. However, the School District was still forced to raise its real estate tax rate from 20.88 mills to 21.35 mills, an increase of 2.25%, due

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

to the decreases in state funding. At the time of the budget adoption, the state was proposing to decrease its funding to Hampton Township School District by \$758,984 from the 2010/2011 fiscal year. This decrease was later reduced in the final state budget to \$504,584.

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

Table A-7

	<u>Budgeted Revenues</u>	
	2011/2012	2010/2011
Local	74.5%	72.6%
State	24.0%	25.7%
Federal/Other	1.5%	1.7%

	<u>Budgeted Expenditures</u>	
	2011/2012	2010/2011
Instruction	55.6%	55.8%
Support Services	29.4%	29.4%
Noninstructional	2.5%	2.7%
Fund Transfers/Debt	12.5%	12.1%

Future School District Economic Considerations

Public School Employees' Retirement System Contribution

Actuarial projections for future employer contributions to the Public School Employees' Retirement System predict annual increases in the employer contribution rate for the years 2012/2013 through 2019/2020. The projections show annual increases in the employer contribution rate to 27% of payroll by the 2019/2020 fiscal year. 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 2010/2011 employer contribution rate of 5.64% to 27% would negatively impact the School District's budget by \$2.4 million each year. In order to prepare for the contingency of higher retirement contribution rates, the School District committed \$4.4 million of its June 30, 2011 fund balance toward future retirement contributions.

Allegheny County Real Estate Tax Assessments

Allegheny County is in the process of completing a court ordered countywide reassessment of real property, which will result in changes in assessment values to many commercial and residential properties. The County currently utilizes a "base year" assessment system that attempts to value all properties at their historical 2002

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Future School District Economic Considerations (Cont'd)

Allegheny County Real Estate Tax Assessments (Cont'd)

base year value. The new court ordered assessment will attempt to provide current values. The new assessments will likely cause many property values to increase and some to decrease in value. The School District will, again, be financially liable to many property owner initiated tax appeals that could result in decreases to the new assessed values. Historically, the property owner initiated tax appeals take multiple years to work through the County appeal system. The School District has an existing commitment of \$600,000 for real estate tax refunds that was established in 2006. This committed fund balance was established at the onset of the implementation of the base year system when many appeals resulting in decreases were expected. Real estate tax refunds were not as numerous as expected from the initiation of the base year system, and those that were received were paid from current School District funds, rather than the committed funds. The School District will reevaluate the dollar amount committed prior to the end of the 2011/2012 fiscal year.

Act 1 of Special Session 2006 (The Taxpayer Relief Act) as amended by Act 25 of 2011

Under the Taxpayer Relief Act (Act 1), 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 originally had 10 exceptions under Act 1 of 2006, but was amended to include only three exceptions by Act 25 of 2011. The three remaining referendum exceptions are outlined below:

1. To pay interest and principal on debt incurred prior to the effective date of Act 1.
2. To pay for special education cost increases above the index (net of state special education payments).
3. To make employer contributions into the Public School Employees' Retirement System (PSERS) when the increase in the PSERS employer contribution rate exceeds the index, as determined by the Department of Education using the School District's total compensation for the year the exception is being sought,

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Future School District Economic Considerations (Cont'd)

Act 1 of Special Session 2006 (The Taxpayer Relief Act) as amended by Act 25 of 2011 (Cont'd)

3. (Cont'd)

or the School District's total compensation for the 2011/2012 year, whichever is less.
This change in the PSERS exception will reduce the revenue available from the exception as salaries increase over a period of years.

Hampton Township School District did not utilize any of the Act 1 exceptions for the budget years of 2007/2008 to 2010/2011. The School District did apply for and receive PA Department of Education approval for the use of the PSERS exception for the 2011/2012 budget year. The School District used a portion of the available PSERS exception to balance the 2011/2012 budget with a 0.47 mill increase. The School District's Act 1 index would have limited the millage increase at 0.35 mills. The PSERS exception would have allowed an additional 0.28 mill increase to 0.63 mills total. However, the School District was able to balance the budget with the aforementioned 0.47 mill increase.

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 2011/2012 real estate tax rate is 9.76% lower than the average Allegheny County School District. Additionally, there are only twelve Allegheny County school districts with a lower millage rate than Hampton and twenty-nine with a higher millage rate. The School District has only had to raise its tax rate once in the past six fiscal years for a cumulative increase of 3.99%, or 0.67% annually.

The new provisions of Act 25 will make it imperative that the School District consider its budget over a period of years, rather than annually, because the School District's ability to raise taxes above the state determined index will be greatly reduced in future years.

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, 2011

Exhibit 1

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$12,635,171	\$185,126	\$12,820,297
Taxes Receivable, Net	1,454,545	-	1,454,545
Due from Other Governments	908,803	49,616	958,419
Other Receivables	130,682	7,375	138,057
Inventories	-	37,938	37,938
Prepaid Items	320,501	-	320,501
Total Current Assets	<u>15,449,702</u>	<u>280,055</u>	<u>15,729,757</u>
Noncurrent Assets			
Land	1,081,390	-	1,081,390
Land Improvements, Net	972,462	-	972,462
Buildings and Building Improvements	56,826,807	-	56,826,807
Furniture and Equipment	2,692,461	91,394	2,783,855
Construction in Progress	61,994	-	61,994
Long-Term Prepayments (Net of Amortization)	<u>2,888,448</u>	<u>-</u>	<u>2,888,448</u>
Total Noncurrent Assets	<u>64,523,562</u>	<u>91,394</u>	<u>64,614,956</u>
TOTAL ASSETS	<u>\$79,973,264</u>	<u>\$371,449</u>	<u>\$80,344,713</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Current Liabilities			
Internal Balances	\$ (2,660)	\$ 2,660	\$ -
Accounts Payable	796,810	18,813	815,623
Contracts Payable	35,626	-	35,626
Current Portion of Long-Term Debt	2,538,809	-	2,538,809
Accrued Salaries and Benefits	2,381,478	-	2,381,478
Payroll Deductions and Withholdings	302,438	-	302,438
Unearned Revenues	88,135	20,012	108,147
Other Current Liabilities	<u>494,477</u>	<u>21,897</u>	<u>516,374</u>
Total Current Liabilities	<u>6,635,113</u>	<u>63,382</u>	<u>6,698,495</u>
Noncurrent Liabilities			
Bonds Payable	64,576,835	-	64,576,835
Notes Payable	1,607,990	-	1,607,990
Lease Purchase Obligations	25,519	-	25,519
Long-Term Portion of Compensated Absences	825,232	-	825,232
Other Post-Employment Benefit Obligations	154,977	-	154,977
Investment Derivative	4,609,625	-	4,609,625
Termination Benefits	244,683	-	244,683
Other Long-Term Liabilities	<u>735,260</u>	<u>-</u>	<u>735,260</u>
Total Noncurrent Liabilities	<u>72,780,121</u>	<u>-</u>	<u>72,780,121</u>
Total Liabilities	<u>79,415,234</u>	<u>63,382</u>	<u>79,478,616</u>
Net Assets			
Invested in Capital Assets (Net of Related Debt)	(5,181,505)	91,394	(5,090,111)
Restricted for Permanent Endowment - Nonexpendable	20,400	-	20,400
Restricted for Permanent Endowment - Expendable	1,482	-	1,482
Other Restrictions	545,601	-	545,601
Unrestricted	<u>5,172,052</u>	<u>216,673</u>	<u>5,388,725</u>
Total Net Assets	<u>558,030</u>	<u>308,067</u>	<u>866,097</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$79,973,264</u>	<u>\$371,449</u>	<u>\$80,344,713</u>

See Accompanying Notes

Hampton Township School District
Statement of Activities
Year Ended June 30, 2011

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	Governmental Activities	Business-Type Activities	Totals
Governmental Activities						
Instruction	\$24,952,692	\$ -	\$ -	\$ (20,712,556)	\$ -	\$ (20,712,556)
Instructional Student Support	2,460,798	-	-	(2,185,244)	-	(2,185,244)
Administrative and Financial Support Services	3,595,493	-	-	(3,125,375)	-	(3,125,375)
Operation and Maintenance of Plant Services	4,099,330	-	-	(3,986,466)	-	(3,986,466)
Pupil Transportation	1,934,158	-	-	(1,157,313)	-	(1,157,313)
Student Activities	1,214,667	-	-	(1,117,624)	-	(1,117,624)
Community Services	5,200	-	-	(149)	-	(149)
Interest on Long-Term Debt	2,992,486	-	867,994	(1,610,175)	-	(1,610,175)
Total Governmental Activities	<u>41,254,824</u>	<u>-</u>	<u>867,994</u>	<u>(33,894,902)</u>	<u>-</u>	<u>(33,894,902)</u>
Business-Type Activities						
Food Service	1,148,213	936,982	-	-	80,376	80,376
Total Primary Government	<u>\$42,403,037</u>	<u>\$936,982</u>	<u>\$867,994</u>	<u>(33,894,902)</u>	<u>80,376</u>	<u>(33,814,526)</u>
General Revenues						
Taxes						
Property Taxes, Levied for General Purposes (Net)				26,057,138	-	26,057,138
Other Taxes, Levied for General Purposes (Net)						
Earned Income Taxes				3,781,364	-	3,781,364
Real Estate Transfer Taxes				289,888	-	289,888
Public Utility Realty Taxes				40,673	-	40,673
Grants, Subsidies and Contributions not Restricted				4,950,063	-	4,950,063
Investment Earnings				1,570,582	-	1,570,582
Miscellaneous Income				51,638	-	51,638
Total General Revenues				<u>36,741,346</u>	<u>-</u>	<u>36,741,346</u>
Changes in Net Assets						
				2,846,444	80,376	2,926,820
Net Assets - July 1, 2010				<u>(2,288,414)</u>	<u>227,691</u>	<u>(2,060,723)</u>
Net Assets - June 30, 2011				<u>\$ 558,030</u>	<u>\$308,067</u>	<u>\$ 866,097</u>

See Accompanying Notes

Hampton Township School District
Balance Sheet
Governmental Funds
June 30, 2011

Exhibit 3

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$11,862,331	\$ 2	\$750,956	\$21,882	\$12,635,171
Taxes Receivable (Net)	1,454,545	-	-	-	1,454,545
Due from Other Funds	2,660	545,599	-	-	548,259
Due from Other Governments	908,803	-	-	-	908,803
Other Receivables	130,682	-	-	-	130,682
Prepaid Items	<u>320,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>320,501</u>
TOTAL ASSETS	<u>\$14,679,522</u>	<u>\$545,601</u>	<u>750,956</u>	<u>\$21,882</u>	<u>\$15,997,961</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 545,599	\$ -	\$ -	\$ -	\$ 545,599
Accounts Payable	778,206	-	18,604	-	796,810
Contracts Payable	-	-	35,626	-	35,626
Accrued Salaries and Benefits	2,381,478	-	-	-	2,381,478
Payroll Deductions and Withholdings	302,438	-	-	-	302,438
Unearned Revenues	973,029	-	-	-	973,029
Other Current Liabilities	<u>51,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,856</u>
Total Liabilities	<u>5,032,606</u>	<u>-</u>	<u>54,230</u>	<u>-</u>	<u>5,086,836</u>
Fund Balances					
Nonspendable	320,501	-	-	20,400	340,901
Restricted	-	-	159,073	1,482	160,555
Committed	5,000,000	545,601	537,653	-	6,083,254
Unassigned	<u>4,326,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,326,415</u>
Total Fund Balances	<u>9,646,916</u>	<u>545,601</u>	<u>696,726</u>	<u>21,882</u>	<u>10,911,125</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$14,679,522</u>	<u>\$545,601</u>	<u>\$750,956</u>	<u>\$21,882</u>	<u>\$15,997,961</u>

See Accompanying Notes

**Hampton Township School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2011**

Exhibit 4

Total Fund Balances - Governmental Funds \$ 10,911,125

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 \$92,292,382 and the accumulated
depreciation is \$30,657,268. 61,635,114

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 funds. 884,894

Deferred charges on bonds issued and refunded are capitalized and
amortized over the life of the bonds in the statement of net assets. 619,041

The payment to the joint venture is capitalized and amortized over
the life of the notes payable issued. 1,534,147

Derivative instruments used in governmental activities are not
financial resources and therefore, are not reported in the governmental
funds. (4,609,625)

Long-term liabilities, including bonds payable, are not due and payable
in the current period, and therefore are not reported as liabilities in
the funds. Long-term liabilities at year-end consist of:

Bonds Payable	\$(66,766,835)	
Accrued Interest on the Bonds	(442,621)	
Capital Leases Payable	(49,784)	
Notes Payable	(1,673,895)	
Other Post-Employment Benefits	(154,977)	
Termination Benefits	(473,322)	
Compensated Absences	<u>(855,232)</u>	<u>(70,416,666)</u>

Total Net Assets - Governmental Activities \$ 558,030

See Accompanying Notes

**Hampton Township School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011**

Exhibit 5

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenues					
Local Sources	\$31,252,474	\$ -	\$ 684	\$ 5	\$31,253,163
State Sources	9,775,088	-	-	-	9,775,088
Federal Sources	<u>1,803,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,803,992</u>
Total Revenues	<u>42,831,554</u>	<u>-</u>	<u>684</u>	<u>5</u>	<u>42,832,243</u>
Expenditures					
Current					
Instruction	23,107,646	-	-	-	23,107,646
Support Services	11,704,379	176,258	578,616	-	12,459,253
Noninstructional Services	1,147,027	-	-	5	1,147,032
Capital Outlay	-	-	698,916	-	698,916
Debt Service					
Principal	23,071	1,900,000	-	-	1,923,071
Interest	3,153	2,680,654	-	-	2,683,807
Other	<u>9,562</u>	<u>2,354,000</u>	<u>-</u>	<u>-</u>	<u>2,363,562</u>
Total Expenditures	<u>35,994,838</u>	<u>7,110,912</u>	<u>1,277,532</u>	<u>5</u>	<u>44,383,287</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,836,716</u>	<u>(7,110,912)</u>	<u>(1,276,848)</u>	<u>-</u>	<u>(1,551,044)</u>
Other Financing Sources (Uses)					
Bond Proceeds	-	785,000	-	-	785,000
Refunding Bond Proceeds	-	11,145,000	-	-	11,145,000
(Discount) Premium on Bonds Issued	-	752,906	-	-	752,906
Transfers In	-	4,937,746	882,648	-	5,820,394
Sale/Compensation for Capital Assets	2,100	-	-	-	2,100
Debt Service - Payment to Refunded Bond Escrow Agent	-	(9,395,000)	-	-	(9,395,000)
Transfers Out	<u>(5,062,746)</u>	<u>(757,648)</u>	<u>-</u>	<u>-</u>	<u>(5,820,394)</u>
Total Other Financing Sources (Uses)	<u>(5,060,646)</u>	<u>7,468,004</u>	<u>882,648</u>	<u>-</u>	<u>3,290,006</u>
Net Changes in Fund Balances	1,776,070	357,092	(394,200)	-	1,738,962
Fund Balances - July 1, 2010	<u>7,870,846</u>	<u>188,509</u>	<u>1,090,926</u>	<u>21,882</u>	<u>9,172,163</u>
Fund Balances - June 30, 2011	<u>\$ 9,646,916</u>	<u>\$ 545,601</u>	<u>\$ 696,726</u>	<u>\$21,882</u>	<u>\$10,911,125</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, 2011**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds	\$1,738,962
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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 depreciation exceeds capital outlays in the period.

Depreciation Expense	\$(2,659,884)	
Capital Outlays	<u>1,791,140</u>	(868,744)

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 decreased by this amount this year.	(220,920)
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Repayment of bond principal, 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.	1,986,822
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The School District's bonded debt was also reduced by a current refunding of debt. Resources of (\$9,395,000) was paid to the escrow agent for the current refunding of outstanding bonds (\$9,395,000).	9,395,000
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Bond and note proceeds are reported as financing sources in governmental funds and, thus, contribute to the change in fund balances. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. The proceeds were:

Bonds Payable	(11,930,000)
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**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, 2011**

Exhibit 6

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	\$ 22,675	
Termination Benefits	(25,067)	
Other Post-Employment Benefits	<u>(66,486)</u>	\$ (68,878)

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.

Net Change in Accrued Interest on the Bonds	(107,769)	
Accretion of Interest on the School District's Capital Appreciation Bonds	<u>(188,387)</u>	(296,156)

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.

3,851,407

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.

Bond Premium	(752,906)	
Bond Issue Costs	176,258	
Amortization of Joint Venture Payment	(88,509)	
Amortization of Issuance Costs, Discount and Deferred		
Loss on Refunding	<u>(75,892)</u>	<u>(741,049)</u>

Change in Net Assets of Governmental Activities	<u>\$ 2,846,444</u>
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See Accompanying Notes

Hampton Township School District
Statement of Net Assets
Proprietary Funds
June 30, 2011

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$185,126
Due from Other Governments	49,616
Other Receivables	7,375
Inventories	<u>37,938</u>
Total Current Assets	<u>280,055</u>
Noncurrent Assets	
Furniture and Equipment (Net)	<u>91,394</u>
TOTAL ASSETS	<u>\$371,449</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Current Liabilities	
Due to Other Funds	\$ 2,660
Accounts Payable	18,813
Deferred Revenues	20,012
Other Current Liabilities	<u>21,897</u>
Total Liabilities	<u>63,382</u>
Net Assets	
Invested in Capital Assets	91,394
Unrestricted	<u>216,673</u>
Total Net Assets	<u>308,067</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$371,449</u>

See Accompanying Notes

Hampton Township School District
Statement of Revenues, Expenses and Changes
in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2011

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	\$ <u>936,982</u>
Operating Expenses	
Salaries	246,337
Employee Benefits	57,915
Other Purchased Services	757,911
Supplies	73,868
Depreciation	11,298
Dues and Fees	<u>884</u>
Total Operating Expenses	<u>1,148,213</u>
Operating Income (Loss)	<u>(211,231)</u>
Nonoperating Revenues (Expenses)	
State Sources	59,509
Federal Sources	<u>232,098</u>
Total Nonoperating Revenues (Expenses)	<u>291,607</u>
Change in Net Assets	80,376
Net Assets - July 1, 2010	<u>227,691</u>
Net Assets - June 30, 2011	\$ <u>308,067</u>

See Accompanying Notes

**Hampton Township School District
Statement of Cash Flows
Proprietary Fund Types
Year Ended June 30, 2011**

Exhibit 9

	Food Service Fund
Cash Flows from Operating Activities	
Cash Received from Users	\$ 939,248
Cash Payments to Employees for Services	(304,648)
Cash Payments to Suppliers for Goods and Services	<u>(767,826)</u>
Net Cash Used for Operating Activities	<u>(133,226)</u>
Cash Flows from Non-Capital Financing Activities	
State Sources	51,352
Federal Sources	<u>145,756</u>
Net Cash Provided by Non-Capital Financing Activities	<u>197,108</u>
Cash Flows from Capital and Related Financing Activities	
Facilities Acquisition/Const./Imp. Services	<u>(23,636)</u>
Net Increase in Cash and Cash Flows	40,246
Cash and Cash Equivalents - July 1, 2010	<u>144,880</u>
Cash and Cash Equivalents - June 30, 2011	\$ <u>185,126</u>
Operating Income (Loss)	\$(211,231)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities	
Depreciation	11,298
Donated Commodities	52,853
(Increase) Decrease in Accounts Receivable	(2,547)
(Increase) Decrease in Inventories	(5,717)
Increase (Decrease) in Accounts Payable	17,305
Increase (Decrease) in Other Current Liabilities	<u>4,813</u>
Total Adjustments	<u>78,005</u>
Cash Used for Operating Activities	\$(133,226)
Noncash Investing, Capital and Financing Activities	
During the year ended June 30, 2011, the School District received \$55,798 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, 2011

Exhibit 10

Agency
Fund

ASSETS

Cash and Cash Equivalents

\$100,829

LIABILITIES

Liabilities

Other Current Liabilities

\$100,829

See Accompanying Notes

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Hampton Township School District
Notes to Financial Statements
June 30, 2011

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, 2011

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, 2011, was \$362,539 which was paid in the year ended June 30, 2011 to Beattie and reported in the School District's general fund. The School District has no equity interest in Beattie as of June 30, 2011. 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, 2011

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.

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.

Hampton Township School District
Notes to Financial Statements
June 30, 2011

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

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

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.

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.

Hampton Township School District
Notes to Financial Statements
June 30, 2011

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

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, 2011.

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.

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.

Hampton Township School District
Notes to Financial Statements
June 30, 2011

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

H. Inventories (Cont'd)

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, 2011.

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, 2011 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.

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:

Hampton Township School District
Notes to Financial Statements
June 30, 2011

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

J. Capital Assets (Cont'd)

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 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:

**Hampton Township School District
Notes to Financial Statements
June 30, 2011**

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

M. Equity Classifications (Cont'd)

Government-Wide Statements (Cont'd)

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 - Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the School District classifies governmental fund balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action by the School District's highest level of authority, school board. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially constrain the money.

Assigned - reflects the School District's intent to use the money for a specific purpose but is not considered restricted or committed. Fund balance may be assigned by the superintendent or business manager.

Hampton Township School District
Notes to Financial Statements
June 30, 2011

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

M. Equity Classifications (Cont'd)

Fund Statements - Fund Balance (Cont'd)

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

The School District's policy is that it considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It also considers committed amounts to be spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance could be used.

The purpose of the nonspendable, restricted, committed and assigned fund balance as of June 30, 2011, is as follows:

General Fund

1. Nonspendable fund balance of \$320,501 is for prepaid items.
2. The committed fund balance of \$5,000,000 is for the following purposes:

a. Employer Retirement	
Expenditures future increases	\$4,400,000
b. Real Estate Tax Appeals	<u>600,000</u>
	<u>\$5,000,000</u>

Debt Service Fund

The committed fund balance of \$545,601 is for future debt payments on the School District's 2007 variable rate bonds.

Capital Projects Fund

1. The restricted fund balance of \$159,073 is for the elementary school building project and other capital projects as per the bond indenture.
2. The committed fund balance of \$537,653 is for future capital projects.

Hampton Township School District
Notes to Financial Statements
June 30, 2011

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

M. Equity Classifications (Cont'd)

Fund Statements - Fund Balance (Cont'd)

Nonmajor Funds

1. The nonspendable fund balance of \$20,400 is the principal portion of the permanent fund original contribution which must remain intact.
2. The restricted fund balance of \$1,482 is the earnings in the permanent fund which must be used to achieve the objectives as outlined in the agreement between the School District and the contributor.

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.

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, 2011, \$4,709,440 of the School District's bank balance of \$6,059,433 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>\$4,709,440</u>

As of June 30, 2011, the School District had the following investments:

Investments	Fair Value
First American Government Obligation Fund	\$ 2
PSDLAF	<u>7,378,050</u>
	<u>\$7,378,052</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.

Hampton Township School District
Notes to Financial Statements
June 30, 2011

Note 2 - Deposits and Investments (Cont'd)

Custodial Credit Risk - Deposits (Cont'd)

As of June 30, 2011, 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>\$(4,609,625)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(4,609,625)</u>

The School District is invested in one interest rate swap with term as noted below:

Transaction Date	02/24/04
Effective Date	08/31/07
Maturity Date	09/01/27
Terms	School District pays fixed from 5.0% to 5.02164% and receives 68% of one-month LIBOR plus 30 basis points
Notional Amount	\$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

Hampton Township School District
Notes to Financial Statements
June 30, 2011

Note 2 - Deposits and Investments (Cont'd)

Investments (Cont'd)

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 2010/2011 was 20.88 mills (\$20.88 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2010/2011 is as follows:

Tax Levy Date	July 1, 2010
2% Discount Period	Through August 31, 2010
Face Payment Period	September 1 - October 31, 2010
10% Penalty Period	November 1 Until Liened
Lien Filing Date	July 1, 2011

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 \$884,894 net of estimated uncollectible of \$98,322, along with other taxes receivable of \$569,651.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2011, the following amounts are due from other governmental units:

Hampton Township School District
Notes to Financial Statements
June 30, 2011

Note 4 - Due from Other Governments (Cont'd)

	Governmental Funds	Enterprise Fund	Totals
Federal (through the state)	\$290,318	\$39,746	\$330,064
State	347,899	9,870	357,769
Local	<u>270,586</u>	<u>-</u>	<u>270,586</u>
	<u>\$908,803</u>	<u>\$49,616</u>	<u>\$958,419</u>

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance 07/01/10	Additions	Transfers	Balance 06/30/11
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,081,390	\$ -	\$ -	\$ 1,081,390
Construction in Progress	<u>1,196,624</u>	<u>768,245</u>	<u>(1,902,875)</u>	<u>61,994</u>
Total Capital Assets Not Being Depreciated	<u>2,278,014</u>	<u>768,245</u>	<u>(1,902,875)</u>	<u>1,143,384</u>
Capital Assets Being Depreciated				
Land Improvements	3,478,888	-	-	3,478,888
Buildings and Building Improvements	78,934,730	-	1,902,875	80,837,605
Furniture and Equipment	<u>5,809,610</u>	<u>1,022,895</u>	<u>-</u>	<u>6,832,505</u>
Total Capital Assets Being Depreciated	<u>88,223,228</u>	<u>1,022,895</u>	<u>1,902,875</u>	<u>91,148,998</u>
Less Accumulated Depreciation				
Land Improvements	2,364,857	141,569	-	2,506,426
Buildings and Building Improvements	22,095,621	1,915,177	-	24,010,798
Furniture and Equipment	<u>3,536,906</u>	<u>603,138</u>	<u>-</u>	<u>4,140,044</u>
Total Accumulated Depreciation	<u>27,997,384</u>	<u>2,659,884</u>	<u>-</u>	<u>30,657,268</u>
Total Capital Assets Being Depreciated, Net	<u>60,225,844</u>	<u>(1,636,989)</u>	<u>1,902,875</u>	<u>60,491,730</u>
Governmental Activities Capital Assets, Net	<u>\$62,503,858</u>	<u>\$ (868,744)</u>	<u>\$ -</u>	<u>\$61,635,114</u>

Hampton Township School District
Notes to Financial Statements
June 30, 2011

Note 5 - Capital Assets (Cont'd)

	Balance 07/01/10	Additions	Transfers	Balance 06/30/11
Business-Type Activities				
Furniture and Equipment	\$ 242,965	\$ 23,636	\$ -	\$ 266,601
Less Accumulated Depreciation	<u>163,909</u>	<u>11,298</u>	<u>-</u>	<u>175,207</u>
Business-Type Capital Assets, Net	<u>\$ 79,056</u>	<u>\$ 12,338</u>	<u>\$ -</u>	<u>\$ 91,394</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Instruction	\$2,047,039
Instructional Student Support	2,958
Administration and Financial Support Services	46,052
Operation and Maintenance of Plant Services	433,860
Pupil Transportation	1,268
Student Activities	<u>128,707</u>
 Total Depreciation Expense	 <u>\$2,659,884</u>
Business-Type Activities	
Food Service	<u>\$ 11,298</u>

Note 6 - Interfund Balances

Interfund balances at June 30, 2011, were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 2,660	\$545,599
Debt Service Fund	545,599	-
Enterprise Fund		
Food Service Fund	<u>-</u>	<u>2,660</u>
	<u>\$548,259</u>	<u>\$548,259</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.

Hampton Township School District
Notes to Financial Statements
June 30, 2011

Note 7 - Interfund Transfers

For the year ended June 30, 2011, interfund transfers consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>		<u>Totals</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	
Capital Projects Fund	\$ 125,000	\$757,648	\$ 882,648
Debt Service Fund	<u>4,937,746</u>	<u>-</u>	<u>4,937,746</u>
	<u>\$5,062,746</u>	<u>\$757,648</u>	<u>\$5,820,394</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 \$125,000 to the capital projects fund for future capital projects.

The debt service fund transferred \$757,648 to the capital projects fund. This represents net Series 2011B bond proceeds issued in 2010/2011 to be used for various capital projects.

Note 8 - Long-Term Debt

The following are changes in the long-term liabilities for the fiscal year ended June 30, 2011:

	<u>Balance 07/01/10</u>	<u>Additions</u>	<u>Accretion</u>	<u>Retirements</u>	<u>Defeased</u>	<u>Balance 06/30/11</u>	<u>Due Within One Year</u>
Governmental Activities							
General Obligation Bonds	\$65,943,448	\$11,930,000	\$188,387	\$1,900,000	\$9,395,000	\$66,766,835	\$2,190,000
General Obligation Notes	1,737,646	-	-	63,751	-	1,673,895	65,905
Capital Lease Obligations	72,855	-	-	23,071	-	49,784	24,265
Compensated Absences Payable	877,907	46,872	-	69,547	-	855,232	30,000
Termination Benefits	<u>448,255</u>	<u>395,067</u>	<u>-</u>	<u>370,000</u>	<u>-</u>	<u>473,322</u>	<u>228,639</u>
	<u>\$69,080,111</u>	<u>\$12,371,939</u>	<u>\$188,387</u>	<u>\$2,426,369</u>	<u>\$9,395,000</u>	<u>\$69,819,068</u>	<u>\$2,538,809</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%

\$ 2,776,835

Series of 2001 in the amount of \$6,000,000; 3.45% - 5.125% current interest bonds payable in semi-annual installments;

Hampton Township School District
Notes to Financial Statements
June 30, 2011

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

General Obligation Bonds (Cont'd)

final payment due August 15, 2011	\$ 10,000
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	9,305,000
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	6,680,000
Series of 2007 in the amount of \$24,125,000; due serially through September 1, 2027; interest is variable	22,220,000
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	9,580,000
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	4,265,000
Refunding Series of 2011A in the amount of \$11,145,000; 2.0% - 5.0% current interest; bonds payable in semi-annual installments; final payment due November 15, 2021	11,145,000
Series of 2011B in the amount of \$785,000; 2.25% - 4.75% current interest; bonds payable in semi-annual installments; final payment due March 15, 2032	<u>785,000</u>
	<u>\$66,766,835</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>1,673,895</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 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

Hampton Township School District
Notes to Financial Statements
June 30, 2011

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

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, 2011, including interest, sinking fund payments and accretion on the capital appreciation bonds, are as follows:

Year Ended June 30,	General Obligation Bonds		General Obligation Notes		Totals
	Principal	Interest	Principal	Interest	
2012	\$ 2,190,000	\$ 1,658,645	\$ 65,905	\$ 67,711	\$ 3,982,261
2013	2,310,000	1,567,589	67,628	65,624	4,010,841
2014	2,385,000	1,529,592	70,212	63,384	4,048,188
2015	2,470,000	1,483,332	72,797	60,787	4,086,916
2016	2,550,000	1,431,879	75,381	58,012	4,115,272
2017-2021	14,300,000	6,234,481	424,290	242,980	21,201,751
2022-2026	11,072,165	10,667,940	523,362	143,782	22,407,249
2027-2031	20,040,000	3,447,924	374,320	26,097	23,888,341
2032-2033	<u>7,555,000</u>	<u>282,528</u>	<u>-</u>	<u>-</u>	<u>7,837,528</u>
	64,872,165	28,303,910	1,673,895	728,377	95,578,347
Accretion to Date	<u>1,894,670</u>	<u>(1,894,670)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$66,766,835</u>	<u>\$26,409,240</u>	<u>\$1,673,895</u>	<u>\$728,377</u>	<u>\$95,578,347</u>

On March 30, 2011, the School District issued \$11,145,000 of general obligation refunding bonds Series of 2011A with interest rates from 2.00% to 5.00% to currently refund all of the outstanding 2005 variable rate demand bonds and provide funds to pay the swap termination fee of \$2,354,000. The net proceeds, including the bond premium and after the payment of issuance costs and the swap termination fee of \$2,354,000, was used to currently refund all of the 2005 bonds outstanding of \$9,395,000. As a result, those bonds are considered defeased, and the liability for those bonds has been removed as a liability in these fund financial statements.

The School District advance refunded the 2005 bonds as part of its termination of the 2005 swap and interest rate management plan. The cash flows and economic gain/loss from the refunding are not reflected due to the fact that the Series of 2011A included bonds issued that were for the swap termination fee in addition to the advance refunding, and the 2005 bonds were variable rate bonds.

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, 2011, \$5,925,000 of bonds outstanding are considered defeased.

Hampton Township School District
Notes to Financial Statements
June 30, 2011

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>(71,317)</u>
Total	<u>\$ 44,333</u>

The future minimum lease obligations and the net present value of these minimum lease payments, as of June 30, 2011, were as follows:

Year Ended June 30,	Governmental Activities
2012	\$26,224
2013	<u>26,224</u>
Total Minimum Lease Payments	52,448
Less: Amount Representing Interest	<u>(2,664)</u>
Present Value of Minimum Lease Payments	<u>\$49,784</u>

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. The employee must have at least seventeen years of 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, 2010 or 2011. Superannuation is 35 years of service, any age; 30 years of service, age 60; or any years of service at age 62. A program without the PSERS superannuation requirements was offered in both 2009/2010 and 2010/2011.

Under each of the programs, 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

Hampton Township School District
Notes to Financial Statements
June 30, 2011

Note 10 - Termination Benefits (Cont'd)

School District used a discount rate of 4.5% to calculate the discounted present value of the expected future benefit payments of \$473,322 at June 30, 2011. Thirty-seven 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, 2011, the rate of employer contribution was 5.64% of covered payroll, or 2.82% for both the School District and the Commonwealth.

The School District's contributions to PSERS for the years ending June 30, 2011, 2010 and 2009 were \$1,219,179, \$991,033 and \$996,763, 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,

Hampton Township School District
Notes to Financial Statements
June 30, 2011

Note 12 - Contingent Liabilities (Cont'd)

2011 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.

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.

Hampton Township School District
Notes to Financial Statements
June 30, 2011

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

B. Funding Policy (Cont'd)

Medical Benefits (Cont'd)

Teachers (Cont'd)

- There are a select few 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, 2011, the School District contributed \$99,666. Plan members receiving benefits contributed \$427,554. The plan is financed on a pay-as-you-go basis.

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	\$ 580,531
Interest on Net OPEB Obligation	3,761
Adjustment to Annual Required Contribution	<u>(14,880)</u>
Annual OPEB Cost (Expense)	569,412

Hampton Township School District
Notes to Financial Statements
June 30, 2011

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

C. Annual OPEB Cost and Net OPEB Obligation (Cont'd)

Contributions Made	\$(502,926)
Increase in OPEB Obligation	66,486
Net OPEB Obligation - Beginning of Year	<u>88,491</u>
Net OPEB Obligation - End of Year	<u>\$ 154,977</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, 2011, 2010 and 2009, is as follows.

The School District implemented the statement prospectively.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/11	\$569,412	88.32%	\$154,977
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, 2010, the actuarial accrued liability for benefits was \$3,185,932, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$21,844,481 and the ratio of unfunded actuarial accrued liability to the covered payroll was 14.58%.

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

Hampton Township School District
Notes to Financial Statements
June 30, 2011

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

E. Actuarial Methods and Assumptions (Cont'd)

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, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a discount rate of 4.25%; 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 seven years. The period is open.

Note 14 - 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 \$3,334,511 and \$3,202,113 for the years ended June 30, 2011 and 2010, 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, 2011, the net assets of the Consortium were \$56,972,610 of which \$826,387 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.

Hampton Township School District
Notes to Financial Statements
June 30, 2011

Note 15 - On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2011 was \$1,456,022. This includes \$610,289 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 \$845,733 to the federal government for social security and Medicare taxes for the year ended June 30, 2011. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

Note 16 - Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2011, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the June 30, 2011 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- 2007; Pay Fixed	Investment Revenue	\$1,032,304	Investment	\$(4,609,625)	\$22,220

The School District also had an investment derivative, interest rate swap - 2005, that was terminated in the current fiscal year. The School District paid \$2,354,000 to terminate the swap. The fair value of the swap as of June 30, 2010 was a negative \$2,819,103. The difference between the fair value and the termination payment was reported as a change in fair value under investment revenue in the government-wide financial statements.

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

Note 17 - Construction Commitment

As of June 30, 2011, the School District had construction commitments in the amount of approximately \$602,000 for the athletic field's additions and renovations. It is anticipated this project will be completed in the 2011/2012 school year.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

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Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$24,695,000	\$24,695,000	\$24,867,448	\$ 172,448
Interim Real Estate Taxes	125,000	125,000	130,576	5,576
Public Utility Realty Taxes	41,000	41,000	40,673	(327)
Earned Income Taxes	3,100,000	3,100,000	3,636,003	536,003
Real Estate Transfer Taxes	375,000	375,000	289,888	(85,112)
Delinquencies on Taxes	1,200,000	1,200,000	1,434,957	234,957
Earnings on Investments	100,000	100,000	72,486	(27,514)
Other Local Revenues				
Revenue from Student Activities	45,000	45,000	58,952	13,952
Revenues from IUs	580,000	580,000	653,417	73,417
Rentals	15,000	15,000	21,079	6,079
Tuition	5,000	5,000	18,536	13,536
Miscellaneous Revenue	5,000	5,000	15,781	10,781
Refunds of Prior Year's Expenditures	<u>5,000</u>	<u>5,000</u>	<u>12,678</u>	<u>7,678</u>
Total Revenues from Local Sources	<u>30,291,000</u>	<u>30,291,000</u>	<u>31,252,474</u>	<u>961,474</u>
State Sources				
Basic Instruct. and Oper. Subsidies				
Basic Instructional Subsidy	4,958,470	4,958,470	4,037,114	(921,356)
Charter Schools - Nonpublic	49,000	49,000	51,622	2,622
Tuition	9,000	9,000	-	(9,000)
Subsidies for Spec. Educ. Programs				
Special Education of Excep. Pupils	1,440,076	1,440,076	1,448,222	8,146
Subsidies for Noneduc. Programs				
Transportation (Regular and Add'l.)	800,000	800,000	775,565	(24,435)
Rentals and Sinking Fund Payments	549,005	549,005	867,994	318,989
State Property Tax Reduction Allocation	859,493	859,493	859,493	-
Health Services	68,000	68,000	67,539	(461)
PA Accountability Grant	241,157	241,157	226,143	(15,014)
Extra Grants	5,000	5,000	-	(5,000)
Social Security Payments	850,000	850,000	839,163	(10,837)
State Retirement Revenue	<u>893,000</u>	<u>893,000</u>	<u>602,233</u>	<u>(290,767)</u>
Total Revenues from State Sources	<u>10,722,201</u>	<u>10,722,201</u>	<u>9,775,088</u>	<u>(947,113)</u>

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		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	\$ 90,000	\$ 90,000	\$ 126,511	\$ -
Title II	64,000	64,000	75,211	11,211
ARRA - State Fiscal Stabilization Fund	-	-	558,578	558,578
ARRA - Educ Jobs Fund	-	-	330,853	330,853
Drug-Free Schools	-	-	2,600	2,600
Medical Assistance - Access	<u>525,000</u>	<u>525,000</u>	<u>710,239</u>	<u>185,239</u>
Total Revenues from Federal Sources	<u>679,000</u>	<u>679,000</u>	<u>1,803,992</u>	<u>1,088,481</u>
Total Revenues	<u>41,692,201</u>	<u>41,692,201</u>	<u>42,831,554</u>	<u>1,102,842</u>
Other Financing Sources				
Sale of Capital Assets	<u>2,500</u>	<u>2,500</u>	<u>2,100</u>	<u>(400)</u>
Total Revenues and Other Financing Sources	<u>41,694,701</u>	<u>41,694,701</u>	<u>42,833,654</u>	<u>1,102,442</u>
Expenditures				
Current				
Instruction				
Regular Programs				
Personal Services				
Salaries	12,882,682	12,932,182	13,228,581	(296,399)
Employee Benefits	3,861,006	3,630,011	3,544,898	85,113
Purchased Prof. and Tech. Services	128,000	128,000	23,830	104,170
Purchased Property Services	84,752	84,465	60,549	23,916
Other Purchased Services	287,927	287,279	212,093	75,186
Supplies	526,384	627,144	598,285	28,859
Property	239,175	245,075	289,024	(43,949)
Other Objects	<u>7,121</u>	<u>5,264</u>	<u>3,547</u>	<u>1,717</u>
Total Regular Programs	<u>18,017,047</u>	<u>17,939,420</u>	<u>17,960,807</u>	<u>(21,387)</u>
Special Programs				
Personal Services				
Salaries	2,649,966	2,680,754	2,605,509	75,245
Employee Benefits	780,008	780,008	686,953	93,055

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2011**

	<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. and Tech. Services	\$ 375,010	\$ 375,010	\$ 410,311	\$ (35,301)
Purchased Property Services	-	-	3,917	(3,917)
Other Purchased Services	251,659	251,659	275,203	(23,544)
Supplies	73,999	73,999	53,166	20,833
Property	<u>10,500</u>	<u>10,500</u>	<u>10,753</u>	<u>(253)</u>
Total Special Programs	<u>4,141,142</u>	<u>4,171,930</u>	<u>4,045,812</u>	<u>126,118</u>
Vocational Education Programs				
Personal Services				
Salaries	403,091	403,091	432,334	(29,243)
Employee Benefits	118,649	118,648	112,509	6,139
Purchased Property Services	3,000	3,000	2,689	311
Other Purchased Services	406,773	406,773	418,769	(11,996)
Supplies	<u>29,879</u>	<u>30,079</u>	<u>29,853</u>	<u>226</u>
Total Vocational Education Programs	<u>961,392</u>	<u>961,591</u>	<u>996,154</u>	<u>(34,563)</u>
Other Instructional Programs				
Personal Services				
Salaries	16,000	16,000	14,487	1,513
Employee Benefits	4,709	4,709	3,795	914
Other Purchased Services	<u>95,000</u>	<u>95,000</u>	<u>71,515</u>	<u>23,485</u>
Total Other Instructional Programs	<u>115,709</u>	<u>115,709</u>	<u>89,797</u>	<u>25,912</u>
Nonpublic School Programs				
Purchased Prof. and Tech. Services	<u>-</u>	<u>-</u>	<u>15,076</u>	<u>(15,076)</u>
Total Instruction	<u>23,235,290</u>	<u>23,188,650</u>	<u>23,107,646</u>	<u>81,004</u>
Support Services				
Pupil Personnel				
Personal Services				
Salaries	907,240	907,240	803,541	103,699
Employee Benefits	268,149	268,149	211,477	56,672

Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2011

	<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 Personnel (Cont'd)				
Purchased Prof. and Tech. Services	\$ 8,950	\$ 8,950	\$ 16,364	\$ (7,414)
Purchased Property Services	50	50	-	50
Other Purchased Services	3,000	3,000	3,614	(614)
Supplies	6,865	6,865	7,469	(604)
Other Objects	<u>1,020</u>	<u>1,020</u>	<u>778</u>	<u>242</u>
Total Pupil Personnel	<u>1,195,274</u>	<u>1,195,274</u>	<u>1,043,243</u>	<u>152,031</u>
Instructional Staff				
Personal Services				
Salaries	673,524	673,524	683,211	(9,687)
Employee Benefits	181,423	181,423	158,606	22,817
Purchased Prof. and Tech. Services	72,210	73,040	48,217	24,823
Purchased Property Services	2,550	2,135	1,398	737
Other Purchased Services	7,550	7,550	14,568	(7,018)
Supplies	106,826	106,916	119,729	(12,813)
Property	<u>3,635</u>	<u>3,635</u>	<u>3,553</u>	<u>82</u>
Total Instructional Staff	<u>1,047,718</u>	<u>1,048,223</u>	<u>1,029,282</u>	<u>18,941</u>
Administration				
Personal Services				
Salaries	1,711,690	1,669,138	1,615,857	53,281
Employee Benefits	503,511	488,500	417,030	71,470
Purchased Prof. and Tech. Services	425,025	464,925	408,623	56,302
Purchased Property Services	10,750	10,750	10,557	193
Other Purchased Services	120,396	119,336	95,426	23,910
Supplies	17,970	16,827	29,805	(12,978)
Property	250	250	3,027	(2,777)
Other Objects	<u>23,825</u>	<u>24,228</u>	<u>21,622</u>	<u>2,606</u>
Total Administration	<u>2,813,417</u>	<u>2,793,954</u>	<u>2,601,947</u>	<u>192,007</u>

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2011**

	<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	\$ 323,479	\$ 323,479	\$ 292,765	\$ 30,714
Employee Benefits	95,214	95,214	76,298	18,916
Purchased Prof. and Tech. Services	11,000	11,000	11,000	-
Purchased Property Services	50	50	234	(184)
Other Purchased Services	650	650	569	81
Supplies	6,762	6,762	7,449	(687)
Property	-	235	-	235
Total Pupil Health	<u>437,155</u>	<u>437,390</u>	<u>388,315</u>	<u>49,075</u>
Business				
Personal Services				
Salaries	236,767	236,767	263,079	(26,312)
Employee Benefits	70,050	70,050	69,601	449
Purchased Prof. and Tech. Services	7,750	7,750	7,712	38
Purchased Property Services	7,200	7,200	1,689	5,511
Other Purchased Services	6,250	6,250	6,174	76
Supplies	6,700	6,700	8,803	(2,103)
Property	-	-	160	(160)
Other Objects	750	750	12,597	(11,847)
Total Business	<u>335,467</u>	<u>335,467</u>	<u>369,815</u>	<u>(34,348)</u>
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	1,701,637	1,701,637	1,731,759	(30,122)
Employee Benefits	501,204	501,204	456,319	44,885
Purchases Prof. and Tech. Services	-	-	1,080	(1,080)
Purchased Property Services	245,750	245,750	184,391	61,359
Other Purchased Services	203,200	203,200	153,871	49,329
Supplies	1,063,375	1,063,375	943,991	119,384
Property	127,925	127,925	136,351	(8,426)
Other Objects	800	800	1,106	(306)
Total Oper. and Maint. of Plant Svcs.	<u>3,843,891</u>	<u>3,843,891</u>	<u>3,608,868</u>	<u>235,023</u>

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2011**

	<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)				
Student Transportation Services				
Personal Services				
Salaries	\$ 17,165	\$ 17,165	\$ 19,536	\$ (2,371)
Employee Benefits	3,348	3,348	3,253	95
Purchased Prof. and Tech. Services	825	825	914	(89)
Other Purchased Services	1,908,538	1,908,538	1,908,871	(333)
Supplies	<u>-</u>	<u>-</u>	<u>316</u>	<u>(316)</u>
Total Student Transportation Services	<u>1,929,876</u>	<u>1,929,876</u>	<u>1,932,890</u>	<u>(3,014)</u>
Central				
Personal Services				
Salaries	299,117	284,933	299,096	(14,163)
Employee Benefits	85,312	85,312	77,727	7,585
Purchased Prof. and Tech. Services	400	400	2,433	(2,033)
Purchased Property Services	55,697	55,697	48,051	7,646
Other Purchased Services	4,400	4,400	3,840	560
Supplies	24,500	24,500	23,708	792
Property	<u>80,224</u>	<u>230,224</u>	<u>226,544</u>	<u>3,680</u>
Total Central	<u>549,650</u>	<u>685,466</u>	<u>681,399</u>	<u>4,067</u>
Other				
Other Purchased Services	<u>46,500</u>	<u>46,500</u>	<u>48,620</u>	<u>(2,120)</u>
Total Support Services	<u>12,198,948</u>	<u>12,316,041</u>	<u>11,704,379</u>	<u>611,662</u>
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	627,257	627,257	621,688	5,569
Employee Benefits	102,063	102,063	79,680	22,383
Purchased Prof. and Tech Services	-	-	11,000	(11,000)
Purchased Property Services	20,500	20,189	12,261	7,928
Other Purchased Services	155,400	155,755	224,954	(69,199)

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2011**

	<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	\$ 129,650	\$ 128,953	\$ 123,629	\$ 5,324
Property	15,000	55,872	56,628	(756)
Other Objects	<u>17,050</u>	<u>16,696</u>	<u>11,987</u>	<u>4,709</u>
Total Student Activities	<u>1,066,920</u>	<u>1,106,785</u>	<u>1,141,827</u>	<u>(35,042)</u>
Community Services				
Personal Services				
Salaries	-	-	1,122	(1,122)
Employee Benefits	-	-	148	(148)
Supplies	<u>-</u>	<u>-</u>	<u>3,930</u>	<u>(3,930)</u>
Total Community Services	<u>-</u>	<u>-</u>	<u>5,200</u>	<u>(5,200)</u>
Total Noninstructional Services	<u>1,066,920</u>	<u>1,106,785</u>	<u>1,147,027</u>	<u>(40,242)</u>
Debt Service				
Interest	-	-	3,153	(3,153)
Refund of Prior Year's Receipts	100,000	100,000	9,562	90,438
Redemption of Principal	<u>-</u>	<u>-</u>	<u>23,071</u>	<u>(23,071)</u>
Total Debt Service	<u>100,000</u>	<u>100,000</u>	<u>35,786</u>	<u>64,214</u>
Total Expenditures	<u>36,601,158</u>	<u>36,711,476</u>	<u>35,994,838</u>	<u>716,638</u>
Other Financing Uses				
Fund Transfers				
Capital Projects Fund	125,000	125,000	125,000	-
Debt Service Fund	4,937,746	4,937,746	4,937,746	-
Budgetary Reserve	<u>120,585</u>	<u>10,267</u>	<u>-</u>	<u>10,267</u>
Total Other Financing Uses	<u>5,183,331</u>	<u>5,073,013</u>	<u>5,062,746</u>	<u>10,267</u>
Total Expenditures and Other Financing Uses	<u>41,784,489</u>	<u>41,784,489</u>	<u>41,057,584</u>	<u>726,905</u>

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Net Change in Fund Balance	\$ (89,788)	\$ (89,788)	\$ 1,776,070	\$1,865,858
Fund Balance - July 1, 2010	<u>3,326,632</u>	<u>3,326,632</u>	<u>7,870,846</u>	<u>4,544,214</u>
Fund Balance - June 30, 2011	<u>\$ 3,236,844</u>	<u>\$ 3,236,844</u>	<u>\$ 9,646,916</u>	<u>\$6,410,072</u>

Hampton Township School District
Note to Required Supplementary Information
Budget Comparison
June 30, 2011

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, 2011**

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%
07/01/10	-	3,185,932	3,185,932	0.0%	21,844,481	14.58%

**SUPPLEMENTARY
INFORMATION SECTION**

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Fiduciary Fund

Agency Fund

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

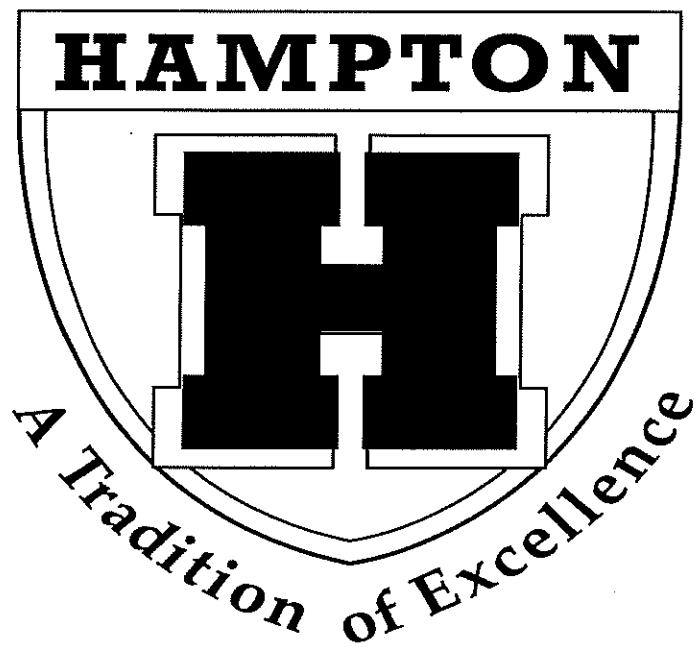
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Hampton Township School District
Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2011

	Balance 07/01/10	Additions	Deductions	Balance 06/30/11
Activities Fund				
Assets				
Cash and Cash Equivalents	\$109,385	\$236,942	\$245,498	\$100,829
Due from Other Funds	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>-</u>
Total Assets	<u>\$111,885</u>	<u>\$236,942</u>	<u>\$247,998</u>	<u>\$100,829</u>
Liabilities				
Other Current Liabilities	<u>\$111,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$100,829</u>

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STATISTICAL SECTION

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FINANCIAL TREND DATA

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

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Table 1

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

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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)	(5,181,505)
Restricted	58,138	20,599	20,860	21,351	78,587	78,783	22,264	210,391	567,483
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	5,172,052
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)	558,030
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	91,394
Unrestricted	(37,530)	(25,480)	(55,108)	(54,361)	(9,207)	56,022	44,731	148,635	216,673
Total Business - Type Activities Net Assets	(28,259)	(17,911)	(49,039)	2,687	42,805	114,244	112,914	227,691	308,067
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)	(5,090,111)
Restricted	58,138	20,599	20,860	21,351	78,587	78,783	22,264	210,391	567,483
Unrestricted	3,020,129	2,585,615	3,598,301	5,560,704	8,761,005	11,007,869	10,760,860	1,162,275	5,388,725
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)	866,097

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 Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental Activities									
Instruction	19,268,934	20,740,455	21,466,328	22,150,583	22,783,167	23,777,886	24,218,079	23,976,629	24,952,692
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	2,460,798
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	3,595,483
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	4,099,330
Pupil Transportation	1,494,189	1,733,114	1,646,821	1,719,512	1,719,236	1,813,142	1,889,752	1,819,691	1,934,158
Student Activities	790,851	878,386	1,068,051	982,766	1,035,196	1,076,299	1,183,141	1,199,796	1,214,667
Community Services	-	-	-	-	-	-	-	1,761	5,200
Interest on long term debt	3,301,581	3,088,327	3,054,222	2,983,053	2,758,813	2,948,458	3,451,636	3,035,643	2,992,486
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	41,254,824
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	1,148,213
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	42,403,037
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	6,491,928
Capital grants and contributions	614,513	614,578	535,353	502,763	453,494	367,143	480,899	1,085,453	867,994
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	7,359,922
Business - Type Activities									
Charges for Services									
Food Service	778,094	840,258	730,317	768,789	855,350	893,340	944,174	950,965	936,982
Operating grants and contributions	185,294	210,435	225,612	242,407	254,652	264,317	274,527	290,586	291,607
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	1,228,589
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	8,588,511
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)	(33,814,526)

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 Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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)	(33,894,902)
Business - Type Activities	(33,894)	10,072	(31,128)	51,726	40,118	71,439	98,670	114,777	80,376
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)	(33,814,526)
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	26,057,138
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	3,781,364
Other Current Taxes	621,418	406,653	464,127	417,248	509,623	419,894	334,359	367,230	330,561
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	4,950,063
Investment Earnings	243,321	2,615,368	227,630	513,426	831,626	900,907	645,468	(1,075,357)	1,570,582
Other	16,842	5,178	126,559	115,441	85,351	71,032	79,375	34,932	51,638
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	36,741,346
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	36,741,346
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	2,846,444
Business - Type Activities	(33,484)	10,348	(31,128)	51,726	40,118	71,439	(1,330)	114,777	80,376
Total Primary Government	(282,155)	1,798,012	309,441	1,393,663	2,293,958	1,368,460	(558,591)	141,404	2,926,820

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 Nine Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved									
Unreserved,	233,743	252,581	267,344	872,270	876,068	859,799	953,489	898,774	
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	
Nonspendable									320,501
Restricted									-
Committed									5,000,000
Unassigned									4,326,415
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	9,646,916
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	
Nonspendable									20,400
Restricted									160,555
Committed									1,083,254
Unassigned									-
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	1,264,209

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.

Note: Beginning with the 2010-2011 fiscal year, the Hampton Township School District implemented GASB Statement 54: "Fund Balance Reporting and Governmental Fund Type Definitions. The implementation changed the disclosure and terminology used to categorize fund balances.

Source: District Financial Reports

Table 5

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

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	24,998,024
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	3,636,003
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	1,765,518
Interest Earnings	243,321	94,022	227,630	530,205	831,626	1,116,567	645,468	134,430	73,175
Other Local Sources	344,889	2,885,734	465,040	422,773	384,763	523,744	504,740	852,203	780,443
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	31,253,163
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	4,037,114
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	1,448,222
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	4,289,752
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	9,775,088
Federal Sources									
Other Federal Sources	221,869	153,864	131,284	252,416	354,921	468,892	459,494	986,569	1,803,992
Total Federal Sources	221,869	153,864	131,284	252,416	354,921	468,892	459,494	986,569	1,803,992
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	42,832,243

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 Nine Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	17,960,807
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	4,045,812
Vocational Education Programs	670,273	676,897	616,737	655,084	664,143	689,461	731,688	864,048	996,154
Other Instructional Programs	209,349	88,851	88,066	91,074	83,186	86,282	99,814	94,305	89,797
Nonpublic School Programs								9,665	15,076
Support Services									
Pupil Personnel	850,964	914,473	963,181	906,165	1,017,844	1,010,492	1,015,672	959,770	1,043,243
Instructional Staff	631,516	718,862	784,969	765,422	846,427	974,308	937,647	936,357	1,029,282
Administration	2,080,227	1,927,936	2,020,183	2,183,928	2,414,211	2,667,375	2,681,591	2,686,232	2,778,205
Pupil Health	264,145	292,197	318,630	342,729	368,543	404,446	409,206	373,792	388,315
Business	285,331	312,831	325,191	338,062	386,600	345,470	340,491	351,306	369,815
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	4,187,484
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	1,932,890
Central Services	197,479	200,970	311,040	384,090	325,887	412,482	496,456	513,676	681,399
Other Support Services	36,335	36,289	38,844	39,835	42,437	44,254	46,453	47,777	48,620
Non Instructional Services									
Student Activities	678,081	757,085	945,821	871,476	917,732	978,279	1,056,097	1,073,353	1,141,832
Community Services	-	-	-	-	-	-	-	1,761	5,200
Capital Outlay*	6,679,271	3,238,180	63,304	187,338	301,439	2,589,996	8,113,965	3,255,959	698,916
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	1,923,071
Swaption Termination Fees**	-	-	-	-	-	-	-	-	2,354,000
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	2,683,807
Refund of Prior Year's Receipts	153,917	169,389	216,037	13,886	124,442	45,539	170,636	21,513	9,562
Total Expenditures	38,609,049	36,314,605	34,802,584	35,488,218	37,420,494	42,456,884	48,304,357	42,848,649	44,383,287
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%	16.34%

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.

** - The Swaption Termination fee was a nonrecurring fee paid to terminate the District's 2005 swaption in March 2011.

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

Source: District Financial Reports

Table 7

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

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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)	(1,551,044)
Other Financing Sources (Uses)									
Long Term Debt Issued	9,995,000	-	-	9,930,000	16,257,016	34,128,556	7,663,762	-	12,682,906
Long Term Debt Retired	(8,672,161)	-	-	(9,930,000)	(15,196,973)	(24,125,000)	(5,789,108)	-	(9,395,000)
Sale of Fixed Assets	-	21,500	-	-	4,960	-	-	564	2,100
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	5,820,394
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)	(5,820,394)
Total Other Financing Sources (Uses)	1,322,839	21,500	-	-	1,065,003	10,003,556	1,974,654	564	3,290,006
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)	1,738,962

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

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REVENUE CAPACITY STATISTICS

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

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Table 8

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

Fiscal Year Ended June 30		Tax Rate	Total Tax Levy	Taxes Collected In Current Fiscal Year	Percent of Levy Collected In Current Fiscal Year	Taxes Collected in Subsequent Years	Total Taxes Collected to Date	Percent of Levy Collected to Date
2011	(1)	20.88	\$26,018,630	\$24,867,448	95.58%	N/A	\$24,867,448	95.58%
2010	(1)	20.88	25,742,981	24,500,905	95.18%	352,994	24,853,899	96.55%
2009	(1)	20.53	24,924,430	23,705,681	95.11%	771,111	24,476,792	98.20%
2008		20.53	25,306,021	24,052,946	95.05%	960,258	25,013,204	98.84%
2007		20.53	25,016,096	23,804,688	95.16%	1,021,602	24,826,290	99.24%
2006		20.53	24,242,885	23,333,594	96.25%	971,801	24,305,395	100.26%
2005		20.10	23,479,779	22,345,992	95.17%	889,709	23,235,701	98.96%
2004		19.25	22,456,960	21,376,879	95.19%	835,197	22,212,076	98.91%
2003		18.25	20,940,393	19,542,637	93.33%	708,320	20,250,957	96.71%

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, 2011, June 30, 2010 and June 30, 2009 was reduced by the Commonwealth of Pennsylvania's Property Tax Relief Program. The Commonwealth allocated \$859,492 for the year ending June 30, 2011, \$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 \$159 per homestead for the year ending June 30, 2011, \$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 Nine Fiscal Years

Fiscal Year Ended <u>June 30,</u>	<u>Residential</u> <u>Property</u>	<u>Commercial</u> <u>Property</u>	<u>Total Assessed</u> <u>Value</u>	School District Millage <u>Rate (a)</u>
2011	\$1,140,026,197	\$147,240,230	\$1,287,266,427	20.88
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>
2010	20	\$300,000	\$5,447,752	\$5,747,752	\$1,287,266,427
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

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
2010-11 Fiscal Year and 2002-03 Fiscal Year**

<u>Name</u>	<u>Type of Property</u>	2010-11	
		<u>Assessment</u>	<u>% of Total Assessment</u>
Coventry Square Associates	Apartments	17,118,400	1.33%
PPG Industries	Office/Research	10,000,000	0.78%
Shoppers Plaza Land Company	Commercial	8,865,500	0.69%
St. Margaret Nursing Home	Medical/Residential	7,728,100	0.60%
Stone Lodge, Inc.	Country Club	4,169,200	0.32%
Allison Park Facility	Medical/Residential	3,800,000	0.30%
Route 8 Holding Co., Inc.	Commercial	3,149,910	0.24%
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 (2010-11)		<u>\$62,142,010</u>	<u>4.83%</u>
Total District Assessed Value (2010-11)		<u>\$1,287,266,427</u>	

<u>Name</u>	<u>Type of Property</u>	2002-03	
		<u>Assessment</u>	<u>% 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)		<u>\$1,147,418,816</u>	

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>	
2011	20.88	2.5045	4.69	28.0745
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

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

Table 13

HAMPTON TOWNSHIP SCHOOL DISTRICT
Major Employers within the School District Comparison
2010-11 Fiscal Year and 2002-03 Fiscal Year

<u>Employer Name</u>	<u>Product or Service</u>	<u>Approximate Employment</u> <u>2010-11</u>	<u>Percent of Total Employment</u> <u>2010-11</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	409	6.6%	426	7.3%
PPG Industries	Office / Research	291	4.7%	450	7.8%
Home Depot	Retail	151	2.4%	N/A	N/A
Wildwood Golf Club	Country Club	102	1.6%	110	1.9%
Eat 'n Park	Restaurant	87	1.4%	90	1.6%
Township of Hampton	Government	69	1.1%	70	1.2%
University of Pittsburgh Medical Center	Medical	63	1.0%	N/A	N/A
Pennsylvania Turnpike	Government	61	1.0%	75	N/A
Landmark Health Care	Medical / Residential	57	0.9%	65	N/A
County of Allegheny	Government	54	0.9%	60	1.0%
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.

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HAMPTON TOWNSHIP SCHOOL DISTRICT
Outstanding Debt Analysis
Last Nine Fiscal Years

Fiscal Year Ended June 30,	Capital Leases Outstanding	General Obligation		Ratio of Bonds, Notes & Capital Leases Outstanding to Assessed Value (b)	Bonds, Notes & Capital Leases Outstanding Per Capita (c,d)
		Governmental Activities General Obligation Bonds & Notes Outstanding	Bonds, Notes & Capital Leases Outstanding as a Percent of Earned Income (a)		
2011	\$49,784	\$68,440,730	9.42%	5.32%	\$3,730 (d)
2010	72,855	67,681,094	11.18%	5.32%	3,690 (d)
2009	94,792	69,432,517	11.69%	5.54%	3,786 (d)
2008	115,650	69,074,147	10.31%	5.61%	3,768 (d)
2007	-	60,476,561	9.92%	4.96%	3,293 (d)
2006	-	60,084,324	10.28%	5.09%	3,272 (d)
2005	-	61,331,741	11.21%	5.25%	3,499 (c)
2004	-	62,543,148	12.90%	5.36%	3,569 (c)
2003	-	63,722,946	14.46%	5.55%	3,636 (c)

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

(d) - Population data from 2010 Census - District population was 18,363

Source: District Financial Reports, United States Census Data

Table 15

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

	Fiscal Year Ending June 30.								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$123,680,197	\$127,503,433
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	\$41,226,732	\$42,501,144
Multiplied by Debt Limit Percentage	x225%	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	\$92,760,148	\$95,627,575
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	\$68,440,730
Legal Debt Margin	\$3,350,322	\$7,583,141	\$13,903,681	\$19,955,333	\$21,642,066	\$20,811,941	\$22,342,881	\$25,079,054	\$27,186,845
Legal Debt Margin as a Percentage of Debt Limit	5.00%	10.81%	18.48%	24.93%	26.35%	23.15%	24.35%	27.04%	28.43%

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, 2011

Governmental Unit	Debt Outstanding	Percentage Applicable to School District Residents	Estimated Share of Direct and Overlapping Debt
Overlapping Debt			
Township of Hampton (a)	\$17,218,463	100.00%	\$17,218,463
County of Allegheny (a)	\$655,824,866	2.19% (b)	<u>\$14,379,420</u>
Subtotal of Overlapping Debt			\$31,597,883
Direct Debt			
Hampton Township School District			
Bonds, Notes and Capital Lease			<u>\$68,490,514</u>
Total Direct and Overlapping Debt			<u>\$100,088,397</u>
Ratio of Total Direct and Overlapping Debt			
Percentage of Real Estate Assessed Value			7.78%
Per Capita (c)			\$5,451

(a) Township and County Outstanding Debt as of December 31, 2010

(b) County Percentage of Overlapping Debt based on the ratio of School District
Assessed Value (\$1,287,266,427) to County Assessed Value (\$58,710,386,788)

School District Assessed Value data is detailed in Table 9

(c) Population data from 2010 Census - District population was 18,363

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

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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.

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

Fiscal Year Ending June 30,	Population (a)	Personal Income (b)	Per Capita Personal Income	Unemployment Rate (c)
2011	18,363	\$727,200,600	\$39,601	7.4%
2010	18,363	606,157,800	33,010	8.5%
2009	18,363	594,952,200	33,947	7.7%
2008	18,363	670,779,400	38,273	5.1%
2007	18,363	609,677,200	34,787	4.4%
2006	18,363	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

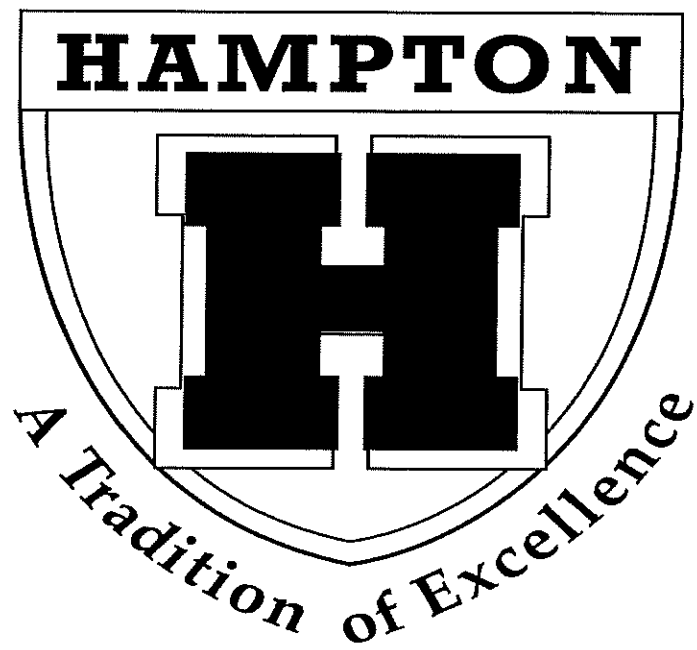
Source:

(a) Population data from 2000 and 2010 Census - 2000 population was 17,526; 2010 population was 18,363

(b) Personal Income calculated from Earned Income Collections

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

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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.

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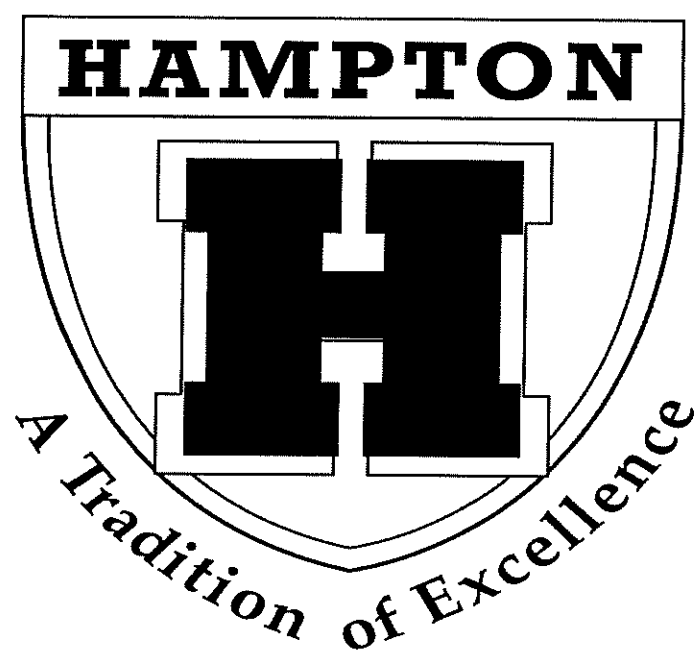


Table 18

HAMPTON TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Nine Fiscal Years

Fiscal Year Ending June 30,	Enrollment	Operating Expenditures (a)	Operating Cost / Student	Total Governmental Expenditures	Gross Cost per Student	Teaching Staff	Pupil to Staff Ratio	Percentage of Students Receiving Free or Reduced Meals
2011	3,090	\$35,968,614	\$11,640	\$44,383,287	\$14,364	215	14.37	9.18%
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 Classification
Last Nine Fiscal Years

Position	2003	2004	2005	2006	2007	2008	2009	2010	2011
Teachers	223	217	217	221	217	218	219	218	215
Paraprofessionals	64	54	54	50	54	52	50	45	45
Maintenance / Custodial	37	40	40	39	39	38	39	40	40
Secretarial	31	31	30	31	31	30	30	29	29
Other	23	34	31	30	27	29	27	27	26
Administrators	17	18	18	18	19	19	19	19	18
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>	<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>	<u>387</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

HAMPTON TOWNSHIP SCHOOL DISTRICT
Instructor Base Salaries
Last Nine Fiscal Years

Fiscal Year Ending June 30,	-----Bachelor's Degree-----		-----Masters Degree-----	
	Step 2	Step 17 (Max)	Step 2	Step 17 (Max)
2011	\$49,562	\$87,295	\$51,812	\$89,985
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

Table 21

HAMPTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Nine Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Elementary Schools									
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	84,000
Capacity	932	932	932	932	932	932	932	932	932
Number of Classrooms	32	32	32	32	32	32	32	32	32
Enrollment	568	551	549	520	534	516	513	510	522
Professional Staff	43	43	43	38	38	43	38	39	38
Support Staff	31	28	26	35	35	25	24	22	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	49,000
Capacity	475	475	475	475	475	475	475	475	475
Number of Classrooms	24	24	24	24	24	24	24	24	24
Enrollment	390	379	364	330	336	323	319	329	317
Professional Staff	27	27	25	22	22	30	26	29	28
Support Staff	15	18	20	24	24	17	16	15	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	71,000
Capacity	600	600	600	600	600	600	600	600	600
Number of Classrooms	29	29	29	29	29	29	29	29	29
Enrollment	414	420	416	423	409	410	410	413	397
Professional Staff	29	30	32	24	24	33	33	33	33
Support Staff	22	22	17	24	24	16	16	15	15

Table 21
(Continued)

HAMPTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Nine Fiscal Years

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<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	144,500
Capacity	N/A	900	900	900	900	900	900	900	900
Number of Classrooms	N/A	52	52	52	52	52	52	52	52
Enrollment	N/A	751	725	741	752	771	790	756	759
Professional Staff	N/A	65	64	62	62	69	71	66	67
Support Staff	N/A	34	33	34	33	31	30	28	27
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	N/A
Capacity	865	N/A	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	N/A
Enrollment	786	N/A	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	N/A
Support Staff	49	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 21
(Continued)

HAMPTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Nine Fiscal Years

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<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	233,000
Capacity	1,269	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	67
Enrollment	1,071	1,118	1,105	1,086	1,092	1,065	1,055	1,101	1,095
Professional Staff	77	83	82	79	79	77	79	83	81
Support Staff	49	60	59	57	57	46	48	44	43
<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	5,850
Professional Staff	N/A	9	9	9	9	10	10	8	7
Support Staff	N/A	9	9	10	9	9	9	10	11

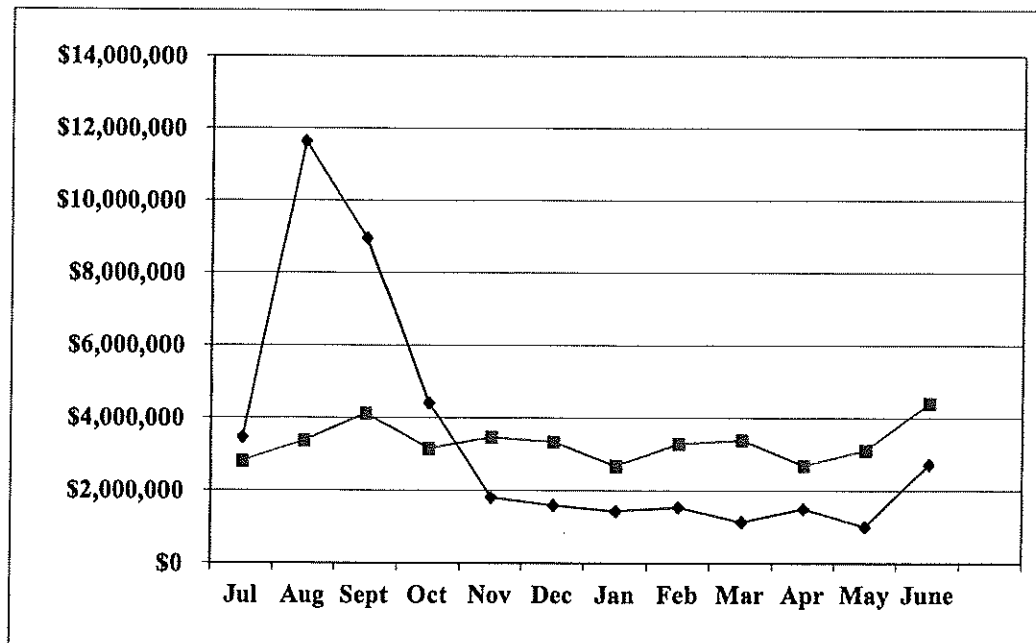
Note: Beginning with the 2005-2006 fiscal year, the Hampton Township School District implemented GASB Statement 44: "Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in previous years, the report only includes readily-available information. 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
2010-11 General Fund

<u>Month</u>	<u>Receipts</u>	<u>Disbursements</u>
July	\$4,097,331	\$2,866,930
August	12,313,937	3,702,625
September	9,885,502	3,896,004
October	2,723,307	3,337,753
November	2,540,675	3,546,152
December	1,548,901	3,602,189
January	2,164,407	2,763,473
February	1,500,718	3,375,385
March	1,164,379	3,388,737
April	2,004,898	2,860,646
May	890,912	3,065,132
June	<u>2,533,004</u>	<u>4,760,381</u>
Total	<u>\$43,367,971</u>	<u>\$41,165,407</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 Ten Fiscal Years

School District Name	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Allegheny Valley	18.00	18.00	18.00	20.50	21.50	22.23	23.21	23.46	23.46	23.46
Avonworth	14.70	14.70	17.70	17.20	18.20	18.80	18.80	19.30	20.00	20.00
Baldwin-Whitehall	21.11	23.11	23.11	23.11	24.61	24.61	23.61	23.50	23.40	23.40
Bethel Park	18.50	19.41	22.00	22.25	22.75	22.75	23.18	23.73	24.56	24.97
Brentwood	24.85	25.85	25.85	26.85	28.27	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	23.15
Chartiers Valley	16.25	18.60	18.60	18.60	19.32	19.32	19.32	19.32	19.88	19.88
Clairton	19.50	19.50	19.50	22.00	22.00	22.00	22.00	22.00	25.79	25.79
Cornell	17.80	19.89	19.89	19.89	20.89	21.74	22.93	22.93	24.11	25.96
Deer Lakes	21.00	21.50	23.00	23.00	23.00	24.04	25.32	26.25	26.25	26.69
Duquesne	21.10	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	27.54
Elizabeth Forward	20.61	21.61	21.36	21.36	21.36	21.36	21.36	23.51	23.76	25.01
Fox Chapel	16.57	16.57	17.82	17.82	19.07	19.71	20.30	20.78	21.26	21.56
Gateway	16.55	17.41	18.41	19.40	19.41	19.41	19.41	19.41	21.02	21.02
Hampton Township School District	18.25	19.25	20.10	20.53	20.53	20.53	20.53	20.88	20.88	21.35
Highlands	20.00	21.25	23.71	23.71	23.71	23.71	23.71	23.71	24.41	26.41
Keystone Oaks	19.41	19.41	20.41	21.31	21.31	21.31	21.31	21.31	22.03	22.03
McKeesport	18.14	18.21	18.21	18.21	17.71	17.71	17.71	16.71	16.71	17.05
Montour	16.24	16.24	18.80	18.30	18.30	18.90	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	21.30
Mt. Lebanon	18.12	20.16	22.76	23.18	23.56	23.56	23.81	24.11	26.63	26.63
North Allegheny	16.71	18.52	18.52	18.52	19.72	19.34	18.99	18.99	19.74	20.26
North Hills	16.50	16.50	18.50	18.50	18.50	19.10	19.60	19.35	19.91	20.91
Northgate	23.00	23.00	23.50	23.50	24.50	24.50	24.50	24.50	27.60	28.60
Penn Hills	18.25	19.00	19.91	19.91	23.39	23.39	24.81	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	21.91
Plum	18.40	19.00	20.80	21.20	22.20	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	20.95
Riverview	19.10	20.80	21.50	22.10	22.74	23.36	23.11	23.26	24.05	24.79
Shaler	20.32	22.30	23.00	23.50	24.25	24.70	24.70	24.70	25.63	25.63
South Allegheny	13.83	14.98	20.96	20.46	18.21	18.11	18.11	18.11	18.11	18.49
South Fayette	20.29	20.29	20.29	20.29	21.19	23.14	24.04	24.04	24.88	27.83
South Park	22.70	22.70	24.70	24.70	24.70	24.70	25.99	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	24.16
Sto - Rox	21.00	24.00	25.00	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	24.10
West Allegheny	17.10	18.60	18.60	21.50	21.50	21.50	22.00	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	21.08
West Mifflin	18.09	18.59	21.09	21.09	21.09	21.09	22.29	22.99	22.99	22.99
Wilkinsburg	32.00	32.00	32.00	35.00	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	25.65
County Wide Average	19.03	19.91	21.03	21.44	21.95	22.29	22.51	22.70	23.35	23.66
Hampton Township Schools Millage	<u>18.25</u>	<u>19.25</u>	<u>20.10</u>	<u>20.53</u>	<u>20.53</u>	<u>20.53</u>	<u>20.53</u>	<u>20.88</u>	<u>20.88</u>	<u>21.35</u>
Difference - Favorable (Unfavorable)	<u>0.78</u>	<u>0.66</u>	<u>0.93</u>	<u>0.91</u>	<u>1.42</u>	<u>1.76</u>	<u>1.98</u>	<u>1.82</u>	<u>2.47</u>	<u>2.31</u>

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.

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SINGLE AUDIT SECTION

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HOSACK, SPECHT, MUETZEL & WOOD LLP

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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, 2011 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 19, 2011

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, 2011, which collectively comprise Hampton Township School District's basic financial statements and have issued our report thereon dated December 19, 2011. 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 19, 2011

HOSACK, SPECHT, MUETZEL & WOOD LLP**CERTIFIED PUBLIC ACCOUNTANTS****305 MT. LEBANON BOULEVARD, SUITE 301****PITTSBURGH, PENNSYLVANIA 15234-1500****PHONE - (412) 343-9200****FAX - (412) 343-9209****HSMW@HSMWCPA.COM****WWW. HSMWCPA.COM**

**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, 2011. 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, 2011.

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 19, 2011

Hampton Township School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

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
84.410	ARRA - EduJobs Fund
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, 2011

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, 2011**

Exhibit D

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 07/01/10	Revenue Recognized	Expend- itures	Accrued or (Deferred) Revenue 06/30/11
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	\$ 37,724	\$ 12,797	\$ 24,927	\$ 24,927	\$ -
Title I	I	84.010	013-110179	09/20/10-09/30/11	96,700	74,914	-	90,609	90,609	15,695
Title I - Academic Achievement	I	84.010	077-110179	09/20/10-09/30/11	10,000	2,308	-	10,000	10,000	7,692
Title I - Academic Achievement	I	84.010	077-110179	10/26/09-09/30/10	11,800	11,800	10,086	975	975	(739)
ARRA - State Fiscal Stabilization Fund	I	84.394	126-110179	07/01/10-06/30/11	558,578	558,578	-	558,578	558,578	-
ARRA - EduJobs Fund	I	84.410	140-159090	08/10/10-09/30/11	330,853	330,853	-	330,853	330,853	-
Title II - Improving Teacher Quality	I	84.367	020-110179	09/20/10-09/30/11	65,469	20,216	-	27,770	27,770	7,554
Title II - Improving Teacher Quality	I	84.367	020-100179	10/26/09-09/30/10	64,663	37,720	(9,721)	47,441	47,441	-
Drug-Free Schools	I	84.186	100-100179	08/06/09-09/30/10	5,970	2,189	(411)	2,600	2,600	-
Passed through the Allegheny Intermediate Unit										
IDEA Grant	I	84.027	062-100003	07/01/09-06/30/10	396,789	210,843	210,843	-	-	-
IDEA Grant	I	84.027	062-110003	07/01/10-06/30/11	389,992	262,254	-	389,992	389,992	127,738
ARRA-IDEA Grant	I	84.391	128-110003	07/01/10-06/30/11	265,390	186,142	-	261,591	261,591	75,449
Title III - English Language Acquisition	I	84.365	RA-010-110603	10/25/10-09/30/11	1,322	1,322	-	-	-	(1,322)
Total U. S. Department of Education						<u>1,736,863</u>	<u>223,594</u>	<u>1,745,336</u>	<u>1,745,336</u>	<u>232,067</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	2,331	-	-	2,331	2,331	2,331
U. S. Department of Agriculture										
Passed through the Pennsylvania Department of Education										
National School Lunch Program	I	10.555	N/A	07/01/10-06/30/11	N/A	133,361	5,601	163,522	163,522	35,762
National School Breakfast Program	I	10.553	N/A	07/01/10-06/30/11	N/A	12,395	657	15,723	15,723	3,985
Passed through the Pennsylvania Department of Agriculture										
Value of USDA Donated Commodities (Non-Cash Assistance)	I	10.555	N/A	07/01/10-06/30/11	N/A	55,798	(17,067)	52,853	52,853	(20,012)
Total U. S. Department of Agriculture						<u>201,554</u>	<u>(10,809)</u>	<u>232,098</u>	<u>232,098</u>	<u>19,735</u>
Total Federal Financial Assistance						<u>\$1,944,291</u>	<u>\$218,659</u>	<u>\$1,979,765</u>	<u>\$1,979,765</u>	<u>\$254,133</u>

Hampton Township School District
Schedule of Expenditures of Federal Awards
Footnotes
June 30, 2011

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	\$1,944,291
Add: State Funding on Confirmation	36,723
Add: Medical Assistance	450,864
Less: Pass Through AIU	(660,561)
Less: Donated Commodities	(55,798)
Less: Disaster Grants	<u>(5,874)</u>
Per Subsidy Confirmation	<u>\$1,709,645</u>

**Hampton Township School District
List of Report Distribution
June 30, 2011**

Exhibit E

1 Copy - Bureau of Audits

1 Copy - Bureau of the Census

