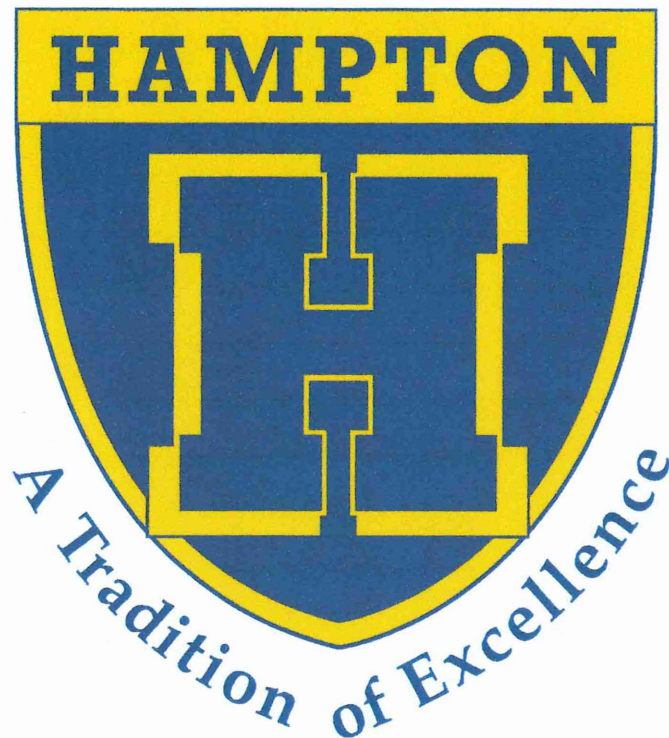


**HAMPTON TOWNSHIP SCHOOL DISTRICT
4591 SCHOOL DRIVE
ALLISON PARK, PA 15101**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDING JUNE 30, 2020**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

HAMPTON TOWNSHIP
SCHOOL DISTRICT
ALLISON PARK, PA

FISCAL YEAR ENDED JUNE 30, 2020



COMPREHENSIVE ANNUAL FINANCIAL REPORT

of

HAMPTON TOWNSHIP SCHOOL DISTRICT

Allison Park, Pennsylvania

Fiscal Year Ended June 30, 2020

BOARD OF SCHOOL DIRECTORS

Bryant B. Wesley II, President

Jill Hamlin, Vice President

Robert Shages, Treasurer

Denise Balason, Secretary

Matthew Jarrell

Joy Midgley

Gregory A. Stein

Lawrence Vasko

Trisha Webb

Dr. Michael Loughead, Superintendent of Schools

Report Issued by the Hampton Township School District Business Office

Jeffrey Kline, Director of Administrative Services

Tammi Kinzel, Manager of Accounting

HAMPTON TOWNSHIP SCHOOL DISTRICT

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HAMPTON TOWNSHIP SCHOOL DISTRICT

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HAMPTON TOWNSHIP SCHOOL DISTRICT

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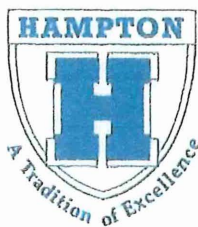
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INTRODUCTORY SECTION

Hampton Township School District



Jeffrey Kline
Director of Administrative Services
Tammi Kinzel
Manager of Accounting

December 18, 2020

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, 2020. 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 unmodified opinion on the School District's financial statements for the year ended June 30, 2020. 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 2019-2020 school year, the district educated 2,789 students residing in Hampton Township; a 16-square mile municipality located 12 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 D "Joint Venture."

During the 2019-20 school year the district employed 208 teachers, 57 paraeducators, 40 maintenance / custodial staff, 29 secretarial/administrative professional staff, 19 administrators, 6 food service staff and 33 other staff members. The District's Mission Statement and Vision as approved in its Pennsylvania Department of Education Comprehensive Plan are as follows:

Mission Statement:

Hampton Township School District works collaboratively with the community in support of every child becoming creative and innovative problem-solvers and communicators. The District maintains high expectations by furthering our tradition of excellence as our students develop the knowledge, character and integrity to impact the world.

Vision Statement:

A culture of high expectations encourages creative and innovative thinking while inspiring students to achieve their personal best.

PROFILE OF THE GOVERNMENT (Continued)

Budget Development

The development of the School District budget is nearly a year-round process. The District's fiscal year begins July 1st and the next year's budget planning begins shortly thereafter 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 November, 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 reasonable 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 reasonable 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.

PROFILE OF THE GOVERNMENT (Continued)

Internal Controls (Continued)

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 School District has received commendable reports from the Auditor General for the previous five audits & one limited procedure engagement – covering thirteen fiscal years (2002-03 to 2014-15). These audits and engagement resulted in no recommendations, findings or questioned costs.

LOCAL ECONOMY

The School District is coterminous with the Township of Hampton, a suburban community located north of the City of Pittsburgh. The School District encompasses 16 square miles and is made up mainly of residential housing, along with light industrial and retail enterprises. Enrollment has decreased from 3,090 students in the 2010-11 year to 2,789 students in the 2019-20 year (a 9.7% decrease.) The decrease in enrollment is similar to other suburban school districts in the region.

Hampton's current 2020-21 real estate tax millage rate of 19.71 mills is 14.60% lower than the Allegheny County average and only ten Districts in the County have a lower tax rate; while thirty-one 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

Pennsylvania School Employees' Retirement System Contributions

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

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."

Fund Balance

The School District ended the 2019-20 fiscal year with an unassigned general fund balance of \$4,262,456. The unassigned fund balance is 7.73% of the 2020-21 general fund budget, which is within the 8% maximum amount of unassigned fund balance permitted by the Pennsylvania Department of Education for a district requesting to raise its tax rate.

DISTRICT AWARDS AND ACCOMPLISHMENTS

- In April 2020, Hampton High School was ranked #1 in the Pittsburgh region and #7 in Pennsylvania by *U.S. News and World Report*.
- The *Pittsburgh Business Times* ranked Hampton among the top schools statewide for its performance on the 2019 SATs. In its article ranking the top schools statewide for scores on the 2019 SATs, Hampton is ranked at No. 5 for Southwest PA and No. 15 statewide.
- Hampton Middle School was honored with the 2019 “Schools to Watch” designation. Schools receiving this designation are selected by state leaders for their academic excellence, developmental responsiveness, social equity and organizational structures and processes.
- The Hampton Township School District was ranked as the 197th (out of 11,861) best school District in America by the online ranking and review resource *Niche.com* for 2018. *Niche.com* ranked school districts based on key statistics such as state assessment test scores, college readiness, graduation rates, SAT/ACT scores, teacher quality and student/parent reviews.
- The Hampton Township School Board was named as a 2018-19 “D. Richard Wynn School Board Award” recipient by the *Tri-State Area School Study Council*. To be considered for the award, school boards must demonstrate exemplary practices in addressing important issues that directly reflect on improving schooling for students over a minimum of a two-year period.
- The Hampton Township School District was inducted into the “League of Innovative Schools” by the *Digital Promise League* in August 2019. Selection to the league is competitive. School districts are selected from a competitive national pool of applicants based on their leadership, evidence of results, innovative vision for learning and commitment to equity and excellence. Presently, there are 114 school districts in 34 states who are members.
- The Hampton Township School District was the recipient of the “District Team Leadership Award” for 2019. The award is granted each year by the *Consortium for School Networking (CoSN)* and honors school district leadership teams for their transformative impact on student learning with technology.
- Hampton High School was named as a “National Blue-Ribbon School” for 2016. Hampton High School was one of only 328 schools nationwide to receive this prestigious award. National Blue-Ribbon Schools. Schools are selected for the honor based on their overall academic excellence or their progress in closing achievement gaps among student subgroups. According to the U.S. Department of Education, the award is confirmation of the hard work of students, educators, families and communities in creating safe and welcoming schools, where students master challenging content
- In April, 2015, the online magazine, *NerdWallet* ranked Hampton Township School District as the 4th “Best School District for your Buck” in Pennsylvania. *Nerdwallet stated the following*: “Boasting “a tradition of excellence,” it’s no surprise to see Hampton Township School District high on our list. The district’s graduation rate of 98.8% is the highest in our top 20, and 86.9% of those graduates go on to higher education. The high school offers over 16 AP courses, and requires students to perform at least 40 hours of community service before graduation. The district, where median home values are \$204,700, has been consistently recognized over the past decade for its academic accomplishments.”
- In November, 2020, *Standard & Poor's* assigned the Hampton Township School District a credit rating of "AA-." This rating reaffirmed the *Standard & Poor's* previous rating of “AA-“ in April 2017 and its previous upgrading of the District's credit rating from an "A" rating to an "AA-" in 2009.

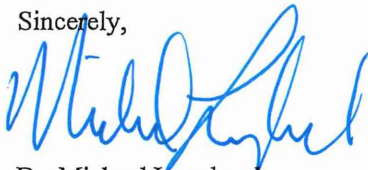
FINANCIAL REPORTING

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 2018-19 CAFR, which is included in this report. We believe our 2019-20 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 Tammi Kinzel, Manager of Accounting and the entire Business Office staff.

Sincerely,



Dr. Michael Loughead
Superintendent of Schools



Jeffrey Kline
Director of Administrative Services

HAMPTON TOWNSHIP SCHOOL DISTRICT

BOARD OF SCHOOL DIRECTORS

Mr. Bryant B. Wesley II, President

Mrs. Jill Hamlin, Vice President

Mr. Robert Shages, Treasurer

Mrs. Denise Balason, Secretary

Mr. Matthew Jarrell

Mrs. Joy Midgley

Mr. Gregory A. Stein

Mr. Lawrence Vasko

Mrs. Trisha Webb

Mr. Donald J. Palmer, Solicitor (Non-Member)

Mrs. Michelle Ambrose, Recording Secretary (Non-Member)

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

CENTRAL OFFICE ADMINISTRATION

Dr. Michael Loughead, Superintendent of Schools

Dr. Rebecca Cunningham, Assistant Superintendent

Mr. Jeffrey Kline, Director of Administrative Services

Ms. Tammi Kinzel, Manager of Accounting

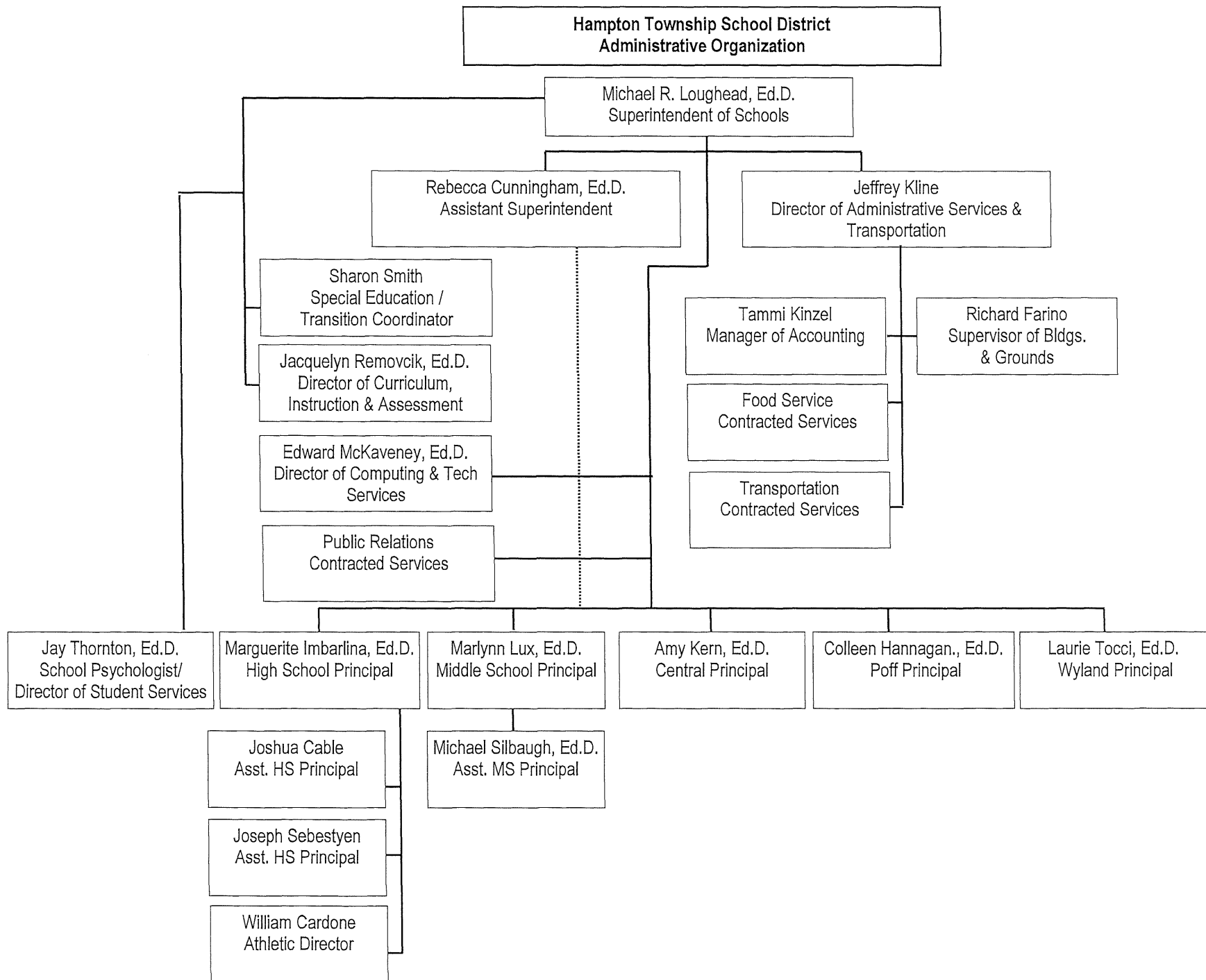
Dr. Jacqueline Removcik, Director of Curriculum, Instruction & Assessment

Dr. Jay Thornton, District Psychologist / Director of Student Services

Ms. Sharon Smith, Special Education / Transition Coordinator

Dr. Edward McKaveney, Technology Coordinator

Mr. Richard Farino, Building and Grounds Supervisor





Government Finance Officers Association

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, 2019

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
2 PENN CENTER WEST, SUITE 326
PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hampton Township School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Hampton Township School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Report on the Financial Statements (Cont'd)

Auditor's Responsibility (Cont'd)

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hampton Township School District, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Report on the Financial Statements (Cont'd)

Other Matters (Cont'd)

Other Information (Cont'd)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020, 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 the effectiveness of Hampton Township School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hampton Township School District's internal control over financial reporting and compliance.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
December 18, 2020

Hampton Township School District
Management's Discussion and Analysis
June 30, 2020

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, 2020. 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 and 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 2019/20 General Fund Budget

The 2019/20 general fund budget was approved by the Hampton Township School District Board of Directors in June 2019 with revenues of \$53,098,418 and expenditures of \$54,074,418. The deficit was balanced with the utilization of \$576,000 of the committed fund balance for the Public School Employees' Retirement System (PSERS) Rate Stabilization Fund and \$400,000 from the School District's unassigned fund balance. The budget also included a 0.43 mill or 2.27% tax increase. The 0.43 mill tax increase was necessary to balance the additional \$698,928 shortfall that existed at the 2018/19 millage rate of 18.95 mills.

The final expenditure budget included an increase in expenditures of \$1,845,459 or 3.53% from the 2018/19 budget. The primary components of the budget increase were as follows:

- The budget included \$713,124 to begin funding for the High School renovation project.
- The total budgeted salary increases were \$474,629 or 1.89%. The salary budget included the savings from (7) retirements under an early retirement incentive.
- PSERS Contributions were projected to increase by \$328,160 due to the employer contribution rate increase from 33.43% to 34.29%.
- Special education costs were projected to increase by \$138,550, primarily due to enrollments at approved private schools and the reduction in state subsidized "60/40" tuition arrangements.
- School District Cyber/Charter tuition was projected to increase by \$77,125 due to the projected enrollment of four additional students.

2019/20 Actual Financial Results

Actual 2019/20 general fund revenues were \$53,374,652 and actual expenditures (including other financing uses) were \$53,553,617 resulting in a deficit of \$178,965 and an ending fund balance at June 30, 2020 of \$7,327,344 of which \$4,262,456 was unassigned. The deficit of \$178,965 was favorable by \$797,035 when compared to the budgeted deficit of \$976,000. The significant budget items that impacted the School District's financial results as compared to the budget during 2019/20 are listed below.

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2020**

Financial Highlights (Cont'd)

General Fund (Cont'd)

Revenues

School District revenues exceeded the amount budgeted by \$276,234 for a favorable variance of 0.52%. The significant revenue budget variances are outlined below.

- The School District served as a pass-through agency for a PA Smart Grant in the amount of \$237,654. This amount was not included in the budget. The pass-through recipient was the “Boys and Girls Club of Western Pennsylvania,” who received \$226,337 of the grant funds.
- Current real estate tax collections exceeded the budgeted amount by \$185,170. The favorable percentage variance is 0.59% and is due to a slightly higher net taxable assessed value for the 2019/20 year than projected. The budget was constructed with a projected net taxable assessed value of \$1.738 billion and the actual net taxable assessed value was \$1.748 billion. The budgeted real estate collection percentage was 95.95% and the actual collection percentage was 95.89%.
- The School District received \$111,529 in “Section 1305 & 1306” tuition reimbursement from the State which was not included in the budget. This tuition reimbursement is for School District placements in private schools. The School District first received this reimbursement in the 2018/19 year and did not include it in the budget until the 2020/21 year.
- Delinquent tax collections (real estate and earned income tax) fell short of the budgeted amount by \$132,788 or 11.55%. The previous 5-years of delinquent tax collections shows fiscal year collections as low as \$891,483 and as high as \$1,568,802 – with a 5-year average of \$1,197,668. The 2019/20 budget amount of \$1,150,000 was based on the 5-year average of collections as the timing of delinquent collections is variable and unpredictable.
- The Basic Education Subsidy fell short of the budgeted amount by \$297,965 due to the 2019/20 budget including the Ready to Learn Block Grant within the Basic Education Subsidy per the Commonwealth of Pennsylvania’s proposed budget. The final Commonwealth budget continued the funding of the two separate line items, causing the shortfall in Basic Education and the overage in the Block Grant.

Expenditures

School District expenditures (including other financing uses) were under budget by \$520,801 for a favorable variance of 0.96%. The significant expenditure budget variances are outlined below.

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2020**

Financial Highlights (Cont'd)

Expenditures (Cont'd)

- The School District's Regular Programs purchased professional & technical services exceeded the budget by \$139,465 for a negative budget variance of 83%. This is due to \$112,552 of the pass-through funds associated with the PA Smart Grant being expensed in this category.
- The School District's Regular Programs other purchased services was under budget by \$151,647 or 30% due to the split of regular and special education tuition to cyber/charter schools being budgeted fully in the regular education function.
- The School District's Regular Programs property purchases exceeded the budget by \$110,550 for a negative budget variance of 41%. This budget overage was due to the purchase of additional computer devices to facilitate remote learning required during the COVID-19 pandemic in the spring of 2020.
- The School District's Special Programs other purchased services exceeded the budget by \$156,776 for a negative budget variance of 45% due to the split of regular and special education tuition to cyber/charter schools being budgeted fully in the regular education function.
- The School District's Student Transportation purchased services were under budget by \$263,978 for a positive variance of 11%. The School District's "in person" learning for the 2019/20 school year ended on March 13, 2020 due to the COVID-19 pandemic. The School District paid its transportation contractors 62% of their regular busing rates during this time to reflect the contractors' fixed costs and overhead for the lost transportation days.
- The School District's Refunds of Prior Year's Receipts exceeded the budget by \$125,508 for a negative budget variance of 502%. This was due to refunds of prior year real estate tax revenue due to change orders in the amount of \$150,508.
- The School District's debt service fund transfers were under budget by \$500,000 for a positive budget variance of 10%. This positive budget variance is due to the updating of the School District's PSERS stabilization fund to include \$500,000 of the School District's existing debt service reserve funds. The new stabilization fund is described in further detail on page 27.

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.

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2020**

Using the Annual Financial Report (Cont'd)

The first two statements are government-wide financial statements - the statement of net position 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 detail 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 - specifically the food service fund. Fiduciary fund statements provide information about financial relationships where the School District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

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

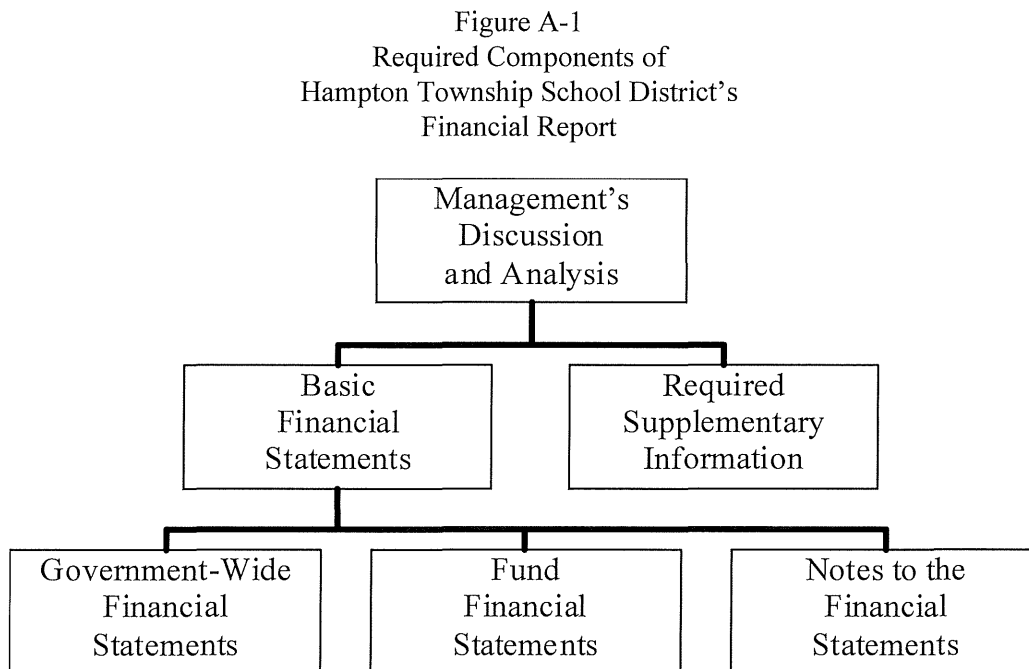


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents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

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2020**

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 position; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance	Statement of net position; statement of revenues, expenses and changes in net position; statement of cash flows	Statement of fiduciary net position; statement of changes in fiduciary net position
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 position 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 position and changes in net position. Net position, the difference between the School District's assets and liabilities, is only one way to measure the School District's financial health or position.

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

To assess the overall health of the School District, you should consider additional factors, such as academic performance and demographic data and trends.

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 position 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, 2020**

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 position 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 position was (\$75,075,975) at June 30, 2020 and (\$73,215,363) at June 30, 2019.

Table A-1
Years Ended June 30, 2020 and 2019
Net Position

	2020			2019		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$ 17,682,970	\$ 147,174	\$ 17,830,144	\$ 19,592,026	\$ 323,727	\$ 19,915,753
Capital Assets	<u>46,454,944</u>	<u>127,953</u>	<u>46,582,897</u>	<u>46,949,659</u>	<u>148,875</u>	<u>47,098,534</u>
Total Assets	<u>64,137,914</u>	<u>275,127</u>	<u>64,413,041</u>	<u>66,541,685</u>	<u>472,602</u>	<u>67,014,287</u>
Deferred Outflows of Resources						
Amounts related to Pensions	11,795,899	81,274	11,877,173	13,457,266	97,136	13,554,402
Amounts related to OPEB	555,631	3,238	558,869	474,626	2,627	477,253
Deferred Charge on Refunding	<u>745,913</u>	<u>-</u>	<u>745,913</u>	<u>814,470</u>	<u>-</u>	<u>814,470</u>
Total Deferred Outflows of Resources	13,097,443	84,512	13,181,955	14,746,362	99,763	14,846,125
Current and Other Liabilities	7,559,582	122,429	7,682,011	7,453,704	155,514	7,609,218
Noncurrent Liabilities						
Due Within One Year	3,340,632	-	3,340,632	3,325,026	-	3,325,026
Due in More Than One Year	<u>137,067,309</u>	<u>616,411</u>	<u>137,683,720</u>	<u>140,718,318</u>	<u>644,415</u>	<u>141,362,733</u>
Total Liabilities	<u>147,967,523</u>	<u>738,840</u>	<u>148,706,363</u>	<u>151,497,048</u>	<u>799,929</u>	<u>152,296,977</u>
Deferred Inflows of Resources						
Amounts related to Pensions	3,650,017	25,983	3,676,000	2,354,662	17,338	2,372,000
Amounts related to OPEB	279,589	1,124	280,713	309,939	1,433	311,372
Deferred Grant Revenues	<u>7,895</u>	<u>-</u>	<u>7,895</u>	<u>95,426</u>	<u>-</u>	<u>95,426</u>
Total Deferred Inflows of Resources	3,937,501	27,107	3,964,608	2,760,027	18,771	2,778,798
Net Position						
Net Investment in						
Capital Assets	3,279,812	127,953	3,407,765	655,093	148,875	803,968
Restricted	22,899	-	22,899	22,627	-	22,627
Unrestricted	<u>(77,972,378)</u>	<u>(534,261)</u>	<u>(78,506,639)</u>	<u>(73,646,748)</u>	<u>(395,210)</u>	<u>(74,041,958)</u>
Total Net Position	<u>\$(74,669,667)</u>	<u>\$(406,308)</u>	<u>\$(75,075,975)</u>	<u>\$(72,969,028)</u>	<u>\$(246,335)</u>	<u>\$(73,215,363)</u>

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2020**

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

The decrease in net position of \$1,860,612 from (\$73,215,363) to (\$75,075,975) is primarily due to the pension liability (including deferred outflows, deferred inflows and net pension liability) increasing by \$1,905,229.

Most of the School District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is combined of restricted and unrestricted amounts. The difference between total net position 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 land is valued at historical costs (under generally accepted accounting principles), rather than current or appraised value. The School District's land was acquired at little or no cost many years ago; however, it has significant market value. Another factor for the difference between total net position and general fund balance is due to the inclusion of the unfunded PSERS liability when calculating net position. These future costs are being funded annually by the School District and there are no plans or ability for the School District to fully fund the pension liability.

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 School District taxpayers and the basic education subsidy provided by the state of Pennsylvania.

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

Table A-2
Years Ended June 30, 2020 and 2019
Changes in Net Position

	2020			2019		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 617,537	\$ 617,537	\$ -	\$ 810,236	\$ 810,236
Operating Grants and Contribs.	8,931,333	328,509	9,259,842	8,428,917	361,178	8,790,095
Capital Grants and Contribs.	561,309	-	561,309	580,528	-	580,528
General Revenues						
Property Taxes	32,725,818	-	32,725,818	31,691,467	-	31,691,467
Other Taxes	4,834,202	-	4,834,202	4,720,553	-	4,720,553
Grants, Subsidies and Contribs.						
Unrestricted	6,046,489	-	6,046,489	5,973,112	-	5,973,112
Investment Earnings	7,011	1,184	8,195	254,610	2,979	257,589
Other	-	-	-	4,304	-	4,304
Total Revenues	<u>53,106,162</u>	<u>947,230</u>	<u>54,053,392</u>	<u>51,653,491</u>	<u>1,174,393</u>	<u>52,827,884</u>

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2020**

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

Table A-2 (Cont'd)
Years Ended June 30, 2020 and 2019
Changes in Net Position

	2020			2019		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Expenses						
Instruction	\$ 34,011,611	\$ -	\$ 34,011,611	\$ 32,677,258	\$ -	\$ 32,677,258
Instructional Student Support	3,594,434	-	3,594,434	3,542,132	-	3,542,132
Admin. and Financial						
Support Svcs.	5,459,846	-	5,459,846	5,202,896	-	5,202,896
Operation and Maintenance						
of Plant Services	5,909,255	-	5,909,255	5,820,410	-	5,820,410
Pupil Transportation	2,156,484	-	2,156,484	2,374,242	-	2,374,242
Student Activities	1,572,277	-	1,572,277	1,437,111	-	1,437,111
Community Services	-	-	-	-	-	-
Interest on Long-Term Debt	2,102,894	-	2,102,894	2,196,148	-	2,196,148
Food Service	<u>-</u>	<u>1,107,203</u>	<u>1,107,203</u>	<u>-</u>	<u>1,274,417</u>	<u>1,274,417</u>
Total Expenses	<u>54,806,801</u>	<u>1,107,203</u>	<u>55,914,004</u>	<u>53,250,197</u>	<u>1,274,417</u>	<u>54,524,614</u>
Change in Net Position	(1,700,639)	(159,973)	(1,860,612)	(1,596,706)	(100,024)	(1,696,730)
Beginning Net Position	(72,969,028)	(246,335)	(73,215,363)	(71,372,322)	(146,311)	(71,518,633)
Ending Net Position	<u>\$(74,669,667)</u>	<u>\$(406,308)</u>	<u>\$(75,075,975)</u>	<u>\$(72,969,028)</u>	<u>\$(246,335)</u>	<u>\$(73,215,363)</u>

Summary of Significant Year-to-Year Variances

Governmental Activities

Total governmental revenues increased by \$1,452,671 from \$51,653,491 to \$53,106,162. This increase was primarily due to the following:

- Revenues from property taxes increased by \$1,034,351. Current real estate collections increased by \$1,203,275 due to the tax rate increase and increase in assessments. Interim real estate tax collections decreased by \$168,924 due to fewer new commercial and residential properties being added to the tax rolls in the 2019/20 year as compared to the 2018/19 year.

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2020**

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

Summary of Significant Year-to-Year Variances (Cont'd)

Governmental Activities (Cont'd)

- Operating grants and contributions increased by \$502,416. The increase is due to the receipt of the PA Smart Grant and the increased PSERS subsidy from the State. The 2019/20 PA Smart Grant revenue was \$237,654. The PSERS subsidy increased by \$157,126 as the contribution rate increased from 33.43% to 34.29%.
- Investment earnings decreased by \$247,599. This is primarily due to the difference in fair market value change of the 2007 variable rate debt, which decreased by \$288,511. The decrease does not affect the School District's annual budget or tax rate.

Total governmental expenses increased by \$1,556,604 from \$53,250,197 to \$54,806,801, primarily due to the increase in general fund expenditures included in the 2019/20 budget.

Business-Type Activities

Total business-type revenues in the food service fund decreased by \$227,163 from \$1,174,393 to \$947,230. The decrease is due to the "in-person" school closing due to the COVID-19 pandemic which forced the School District to hold remote learning for the last 56 scheduled days of the 2019/20 school year. The School District served "grab & go" meals to families during the remote learning period and the summer; however, the participation rate did not make up for the loss of 30% of the scheduled "in-person" days in the 2019/20 school year.

Total business-type expenses in the food service fund decreased by \$167,214 from \$1,274,417 to \$1,107,203. This is due to the "in-person" school closing due to the COVID-19 pandemic as outlined above. The decrease in expenses was less than the decrease in revenues due to the Commonwealth of Pennsylvania's mandate (Act 13) that all employees continue to receive their scheduled pay and benefits during the COVID-19 closing whether or not the employee worked.

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 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.

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2020**

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

Table A-3
Years Ended June 30, 2020 and 2019
Governmental Activities

	2020		2019	
Functions/Programs	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$34,011,611	\$27,835,951	\$32,677,258	\$26,793,413
Instructional Student Support	3,594,434	2,983,854	3,542,132	2,961,627
Administrative and Fin. Support Svcs.	5,459,846	4,890,613	5,202,896	4,663,890
Oper. and Maintenance of Plant Svcs.	5,909,255	5,421,731	5,820,410	5,356,170
Pupil Transportation	2,156,484	1,386,917	2,374,242	1,627,033
Student Activities	1,572,277	1,253,508	1,437,111	1,222,999
Interest on Long-Term Debt	<u>2,102,894</u>	<u>1,541,585</u>	<u>2,196,148</u>	<u>1,615,620</u>
Total Governmental Activities	<u>\$54,806,801</u>	45,314,159	<u>\$53,250,197</u>	44,240,752
Less:				
Unrestricted Grants, Subsidies		<u>(6,046,489)</u>		<u>(5,973,112)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$39,267,670</u>		<u>\$38,267,640</u>

The total needs from local taxes and other revenues increased by \$1,000,030. The primary reason for the increase is due to the budgeted expenditure increase in the general fund of \$1,845,459. This need was met with an increase in revenues from real estate and other taxes of \$1,148,000.

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

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2020**

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

Table A-4
Years Ended June 30, 2020 and 2019
Business-Type Activities

	2020		2019	
Functions/Programs	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Food Service	<u>\$1,107,203</u>	\$161,157	<u>\$1,274,417</u>	\$103,003
Less Investment Earnings		<u>(1,184)</u>		<u>(2,979)</u>
		<u>\$159,973</u>		<u>\$100,024</u>

The food service fund net results decreased by \$59,949, from a net cost of \$100,024 to a net cost of \$159,973. The food service fund results were negatively impacted by the COVID-19 pandemic and the loss of 56 "in-school" days during the 2019/20 fiscal year. Revenues from meal sales and reimbursements decreased, while most fixed costs continued to be paid to comply with PA Act 13.

School District Funds

At June 30, 2020, the School District's governmental funds reported a combined fund balance of \$8,756,930 which is a decrease of \$2,014,347 from the July 1, 2019 combined fund balance of \$10,771,277. The total general fund balance decreased by \$178,965 for the reasons outlined in the "Financial Highlights" section of the Management's Discussion and Analysis. The debt service fund balance decreased by \$463,775 as \$500,000 was shifted to the general fund stabilization fund. This was slightly offset by the School District's 2007 variable rate debt payments being less than budgeted. The capital reserve fund balance decreased by \$1,371,879. The decrease in the capital reserve fund balance is due to revenues from general fund transfers and interest earnings of \$903,619 offset by \$2,275,498 in capital expenditures. The School District's capital expenditures included the Central Elementary roof replacement and the Fridley Field turf and track replacement.

General Fund Budget

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

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2020**

Capital Assets and Debt Administration

Capital Assets

At June 30, 2020, the School District had \$46,454,944 invested in capital assets, including land, buildings, furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$494,715, or 1.05% from the previous year. This decrease is attributable to depreciation expense of \$2,629,860 exceeding the net additions and construction in progress of \$2,135,145. More detailed information about the School District's capital assets is included in Note 5 to the financial statements.

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

	2020	2019
Land	\$1,081,390	\$ 1,081,390
Land Improvements	1,685,887	688,608
Buildings and Building Improvements	42,040,049	43,105,106
Furniture and Equipment	1,301,885	1,782,928
Construction in Progress	345,733	291,627

Debt Administration

As of July 1, 2019, the School District's total outstanding debt principal (for bonds and notes) was \$51,753,096. During the 2019/20 fiscal year, there was \$354,526 in accretion of the Series of 1995 zero coupon bonds. The School District made payments toward the principal outstanding on the 2007 VRDBs, Series 2011A, 2011B, 2016, 2017 and 2018A bonds in the total amount of \$3,080,000. The School District also made payments toward the principal of the 2016 general obligation note in the amount of \$83,566 for its share of the A. W. Beattie Career and Technical School general obligation note.

The fiscal year debt activity resulted in ending outstanding debt as of June 30, 2020, of \$48,944,056 a decrease of \$2,809,040 or 5.43%. A comprehensive analysis of the School District's long-term debt is included in the notes to the financial statements.

In November 2020, Standard & Poor's assigned the School District a credit rating of "AA-", reaffirming the previous rating from March 2018.

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2020**

Capital Assets and Debt Administration (Cont'd)

Debt Administration (Cont'd)

Table A-6
Outstanding Debt

General Obligation Bonds/Notes	As of 06/30/20	As of 06/30/19
Bonds - Series of 1995	\$ 5,225,714	\$ 4,871,188
Bonds - Series of 2007 (VRDB's)	14,450,000	15,500,000
Bonds - Series of 2011A	3,190,000	4,725,000
Bonds - Series of 2011B	735,000	745,000
Bonds - Series 2016	7,785,000	7,940,000
Bonds - Series 2017	6,970,000	7,075,000
Bonds - Series 2018A	8,755,000	8,980,000
Bonds - Series 2018B	890,000	890,000
Notes - Series of 2016	943,342	1,026,908

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 the School District's long-term liabilities is included in Notes 8 - 10 to the financial statements.

Economic Factors and the 2020/21 Budget and Tax Rates

The general fund budget for the 2020/21 year was adopted by the Hampton Township School District School Board in June 2020. The 2020/21 expenditure budget of \$55,124,584 was an increase of \$1,050,166, or 1.94% from the 2019/20 final budget. The School District's revenues at the existing millage rate of 19.38 mills were projected at \$53,405,608 resulting in a deficit of \$1,718,976. The School District was able to offset its budget deficit through the utilization of \$625,000 of its updated stabilization fund (Year 1 of 7), utilization of \$500,000 of its unassigned fund balance and a real estate tax rate increase of 0.33 mills from 19.38 mills to 19.71 mills.

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

Table A-7

	Budgeted Revenues	
	2020/21	2019/20
Local	71.2%	72.0%
State	28.0%	27.4%
Federal/Other	0.8%	0.6%

**Hampton Township School District
Management's Discussion and Analysis
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Economic Factors and the 2020/21 Budget and Tax Rates (Cont'd)

Table A-7 (Cont'd)

	Budgeted Expenditures	
	2020/21	2019/20
Instruction	57.5%	56.9%
Support Services	30.4%	29.8%
Noninstructional	2.4%	2.5%
Fund Transfers/Debt	9.7%	10.8%

Future School District Economic Considerations

Public School Employees' Retirement System (PSERS) Contributions

Actuarial projections for future School District contributions to PSERS continue to forecast increases in the employer contribution rate. The forecast shows annual increases in the employer contribution rate to 36.12% in the 2023/24 fiscal year as outlined below:

Fiscal Year	Employer Contribution Rate	Hampton Township School District Annual PSERS Cost Net of State Reimbursement	Hampton Township School District Increase in Annual Net PSERS Cost
2010/2011	5.64%	\$ 610,000	\$ -
2011/2012	8.65%	923,000	313,000
2012/2013	12.36%	1,341,000	418,000
2013/2014	16.93%	1,791,000	450,000
2014/2015	21.40%	2,354,000	563,000
2015/2016	25.84%	2,922,000	568,000
2016/2017	30.03%	3,427,000	505,000
2017/2018	32.57%	3,845,000	418,000
2018/2019	33.43%	4,081,000	236,000
2019/2020	34.29%	4,239,000	158,000
2020/2021	34.51%	4,420,000	181,000
2021/2022	34.94%	4,615,000	195,000
2022/2023	*35.62%	4,825,000	210,000
2023/2024	*36.12%	5,050,000	225,000

*-Projected Rates

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2020**

Future School District Economic Considerations (Cont'd)

Public School Employees' Retirement System (PSERS) Contributions (Cont'd)

Although half of the School District's contributions are reimbursed by the state, the PSERS rate increases have a tremendous financial impact on the School District. The increase in contribution rate from 5.64% in 2010/2011 to 34.51% in 2020/2021 has added \$3,810,000 to the School District's budget (net of state reimbursement). The projected future rate increases and sustained high rates will add another \$630,000 (net of state reimbursement) to the School District's budget by the 2023/2024 fiscal year.

The School District was proactive in preparing for the higher PSERS contribution rates. The School District established the PSERS Rate Stabilization Fund during the 2009/10 fiscal year. The fund allocated \$6.4 million towards future PSERS costs and included a formula to allocate the funds for fifteen budget years. In preparation for the 2020/21 budget amid the uncertainty due to the COVID-19 Pandemic, the School District adjusted the original PSERS Rate Stabilization fund for the 2020/21 budget and renamed it the "Stabilization Fund." The goal of the new Stabilization Fund is to add support to the next (3) budget years to maintain educational programs during the period of economic uncertainty.

The PSERS Rate Stabilization Fund had \$1.794 million remaining on July 1, 2020 to allocate to future PSERS costs as follows:

2020/21 - \$505,000	2023/24 - \$265,000
2021/22 - \$430,000	2024/25 - \$172,000
2022/23 - \$352,000	2025/26 - \$70,000

The School District used \$425,000 of savings related to the spring 2020 "in person" school closure school savings and \$500,000 or 50% of the existing debt service stabilization fund that is reserved for variable rate debt increases. The readjusted "Stabilization Fund" will have \$2.719 million to allocate as follows:

2020/21 - \$625,000	2024/25 - \$300,000
2021/22 - \$575,000	2025/26 - \$200,000
2022/23 - \$525,000	2026/27 - \$94,000
2023/24 - \$400,000	

Allegheny County Real Estate Tax Assessments

Allegheny County completed a county-wide real estate reassessment in 2013. The updated assessments were first used by the School District for the 2013/2014 budget year. The School District was legally required to reduce its 2013/2014 real estate tax rate to create revenue neutrality for the change in assessed value. The outstanding appeals existing at the time of adoption of the 2013/14 budget required the School District to calculate an allowance for outstanding appeals in order to adopt an equitable tax rate. The delay in settlement of many of the appeals caused the School District to continue & modify this method for the 2014/15 and 2015/16 budgets as well. The previous eight budgets accounted for the 2013 reassessment as follows:

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2020**

Future School District Economic Considerations (Cont'd)

Allegheny County Real Estate Tax Assessments (Cont'd)

2013/2014 Budget - Utilized a projection of settlement values for all outstanding appeals
2014/2015 Budget - Utilized a projection of settlement values for all outstanding appeals
2015/2016 Budget - Utilized a projection of settlement values for only the significant dollar amount outstanding appeals.
2016/2017 Budget - Included no allowance for outstanding appeals.
2017/2018 Budget - Included no allowance for outstanding appeals
2018/2019 Budget - Included no allowance for outstanding appeals
2019/2020 Budget - Included no allowance for outstanding appeals
2020/2021 Budget - Included no allowance for outstanding appeals

The history of the School District's gross real estate taxable assessed value using the 2013 base year is as follows:

May 2012	\$1,699,505,200
May 2013	1,662,351,045
May 2014	1,655,929,545
May 2015	1,659,933,573
May 2016	1,671,119,843
May 2017	1,691,645,763
May 2018	1,717,530,333
May 2019	1,738,316,361
May 2020	1,756,266,517

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, the 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 state-wide 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 ten 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:

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2020**

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)

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

The School District has not applied for nor utilized any of the Act 1 exceptions in eleven of the twelve budget years since the advent of Act 1. 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, but only used a portion of the available exception to balance the 2011/2012 budget with a 0.47 mill or 2.25% real estate tax increase.

The School District Administration and School Board 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 2020/2021 real estate tax rate of 19.71 mills is 3.37 mills, or 14.60% lower than the average school district in Allegheny County. There are ten Allegheny County school districts with a lower 2020/2021 millage rate than Hampton Township School District and thirty-one with a higher millage rate.

Contacting the School District Financial Management

The School District's financial report is designed to provide its 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 Position
June 30, 2020

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 12,688,686	\$ 46,901	\$ 12,735,587
Taxes Receivable, Net	1,678,334	-	1,678,334
Due From Other Governments	2,101,706	39,721	2,141,427
Other Receivables	158,316	5,123	163,439
Inventories	-	55,429	55,429
Prepaid Items	338,961	-	338,961
Long-Term Prepayments (net of amortization)	716,967	-	716,967
Capital Assets not Being Depreciated			
Land	1,081,390	-	1,081,390
Construction in Progress	345,733	-	345,733
Capital Assets, Net of Accumulated Depreciation			
Land Improvements	1,685,887	-	1,685,887
Building & Building Improvements	42,040,049	-	42,040,049
Furniture & Equipment	1,301,885	127,953	1,429,838
TOTAL ASSETS	64,137,914	275,127	64,413,041
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	745,913	-	745,913
Amounts Related to OPEB	555,631	3,238	558,869
Amounts Related to Pension	11,795,899	81,274	11,877,173
TOTAL DEFERRED OUTFLOWS OF RESOURCES	13,097,443	84,512	13,181,955
LIABILITIES			
Internal Balances	5,589	(5,589)	-
Accounts Payable	749,297	35,365	784,662
Accrued Salaries and Benefits	5,862,768	-	5,862,768
Payroll Deductions and Withholdings	546,919	-	546,919
Unearned Revenues	-	30,974	30,974
Other Current Liabilities	395,009	61,679	456,688
Noncurrent Liabilities:			
Due Within One Year	3,340,632	-	3,340,632
Due in More Than One Year:			
Notes Payable	855,469	-	855,469
Capital Leases	59,671	-	59,671
Compensated Absences	827,293	-	827,293
Bonds Payable	44,982,164	-	44,982,164
Other Post-Employment Benefits	4,464,959	26,809	4,491,768
Investment Derivative	3,054,355	-	3,054,355
Net Pension Liability	82,823,398	589,602	83,413,000
TOTAL LIABILITIES	147,967,523	738,840	148,706,363
DEFERRED INFLOWS OF RESOURCES			
Deferred Grant Revenues	7,895	-	7,895
Amounts Related to OPEB	279,589	1,124	280,713
Amounts Related to Pension	3,650,017	25,983	3,676,000
TOTAL DEFERRED INFLOWS OF RESOURCES	3,937,501	27,107	3,964,608
NET POSITION			
Net Investment in Capital Assets	3,279,812	127,953	3,407,765
Restricted for:			
Permanent Endowment - Expendable	2,499	-	2,499
Permanent Endowment - Nonexpendable	20,400	-	20,400
Unrestricted	(77,972,378)	(534,261)	(78,506,639)
TOTAL NET POSITION	\$ (74,669,667)	\$ (406,308)	\$ (75,075,975)

See Accompanying Notes

Hampton Township School District
Statement of Activities
Year Ended June 30, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
Instruction	\$ 34,011,611	\$ -	\$ 6,175,660	\$ -	\$ (27,835,951)	\$ -	\$ (27,835,951)
Instructional Student Support	3,594,434	-	610,580	-	(2,983,854)	-	(2,983,854)
Administrative and Financial Support Services	5,459,846	-	569,233	-	(4,890,613)	-	(4,890,613)
Operation and Maintenance of Plant Services	5,909,255	-	487,524	-	(5,421,731)	-	(5,421,731)
Pupil Transportation	2,156,484	-	769,567	-	(1,386,917)	-	(1,386,917)
Student Activities	1,572,277	-	318,769	-	(1,253,508)	-	(1,253,508)
Interest on Long-Term Debt	2,102,894	-	-	561,309	(1,541,585)	-	(1,541,585)
Total Governmental Activities	54,806,801	-	8,931,333	561,309	(45,314,159)	-	(45,314,159)
Business-type Activities:							
Food Service	1,107,203	617,537	328,509	-	-	(161,157)	(161,157)
Total Primary Government	\$ 55,914,004	\$ 617,537	\$ 9,259,842	\$ 561,309	(45,314,159)	(161,157)	(45,475,316)
General Revenues							
Taxes							
Property Taxes Levied for General Purposes, Net					32,725,818	-	32,725,818
Earned Income Taxes					4,311,591	-	4,311,591
Real Estate Transfer Taxes					490,356	-	490,356
Other Taxes Levied for General Purposes, Net					32,255	-	32,255
Grants, Subsidies and Contributions not Restricted					6,046,489	-	6,046,489
Investment Earnings					7,011	1,184	8,195
Total General Revenues					43,613,520	1,184	43,614,704
Change in Net Position					(1,700,639)	(159,973)	(1,860,612)
Net Position - July 1, 2019					(72,969,028)	(246,335)	(73,215,363)
Net Position - June 30, 2020					\$ (74,669,667)	\$ (406,308)	\$ (75,075,975)

See Accompanying Notes

**Hampton Township School District
Balance Sheet
Governmental Funds
June 30, 2020**

Exhibit 3

	General Fund	Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 11,818,190	\$ 870,496	\$ 12,688,686
Taxes Receivable, Net	1,678,334	-	1,678,334
Due from Other Funds	-	561,300	561,300
Due from Other Governments	2,101,706	-	2,101,706
Other Receivables	158,316	-	158,316
Prepaid Items	338,961	-	338,961
TOTAL ASSETS	<u><u>\$ 16,095,507</u></u>	<u><u>\$ 1,431,796</u></u>	<u><u>\$ 17,527,303</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Due to Other Funds	\$ 566,889	\$ -	\$ 566,889
Accounts Payable	747,087	2,210	749,297
Accrued Salaries and Benefits	5,862,768	-	5,862,768
Payroll Deductions and Withholdings	546,919	-	546,919
Other Current Liabilities	155,343	-	155,343
Total Liabilities	<u>7,879,006</u>	<u>2,210</u>	<u>7,881,216</u>
Deferred Inflows of Resources			
Unavailable Revenues - Property Taxes	881,262	-	881,262
Unavailable Revenues - Grants	7,895	-	7,895
Total Deferred Inflows of Resources	<u>889,157</u>	<u>-</u>	<u>889,157</u>
Fund Balances			
Nonspendable	338,961	20,400	359,361
Restricted	-	2,499	2,499
Committed	2,719,000	1,406,687	4,125,687
Assigned	6,927	-	6,927
Unassigned	4,262,456	-	4,262,456
Total Fund Balances	<u>7,327,344</u>	<u>1,429,586</u>	<u>8,756,930</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 16,095,507</u></u>	<u><u>\$ 1,431,796</u></u>	<u><u>\$ 17,527,303</u></u>

See Accompanying Notes

**Hampton Township School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020**

Exhibit 4

Total Fund Balances - Governmental Funds	\$	8,756,930
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Amounts reported for governmental activities in the statement of net position 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 \$101,159,309, and the accumulated depreciation is \$54,704,365.		46,454,944
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Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures and, therefore, are not reported as assets in governmental funds.		881,262
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Premiums and discounts on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position.		(176,450)
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Deferred charges on refunding bonds issued are amortized over the life of the bonds as deferred outflows of resources in the statement of net position.		745,913
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The payment to the joint venture career and technical center is capitalized and amortized over the life of the notes payable issued.		716,967
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Derivative instruments used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		(3,054,355)
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Long-term liabilities, including bonds, notes and capital leases 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	\$ (48,000,714)	
Accrued Interest on the Bonds	(239,666)	
Capital Leases Payable	(87,430)	
Notes Payable	(943,342)	
Compensated Absences	(857,293)	(50,128,445)

Hampton Township School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Exhibit 4

Some liabilities, including net pension obligations and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

OPEB Liability District Plan	\$ (699,768)	
OPEB Liability PSERS Plan	(3,765,191)	
Net Pension Liability	<u>(82,823,398)</u>	\$ (87,288,357)

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflows of Resources Related to Pensions	11,795,899	
Deferred Inflows of Resources Related to Pensions	(3,650,017)	
Deferred Outflows of Resources Related to OPEB-District	91,229	
Deferred Inflows of Resources Related to OPEB-District	(121,713)	
Deferred Outflows of Resources Related to OPEB-PSERS	464,402	
Deferred Inflows of Resources Related to OPEB-PSERS	<u>(157,876)</u>	<u>8,421,924</u>

Total Net Position - Governmental Activities	<u>\$ (74,669,667)</u>
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See Accompanying Notes

Hampton Township School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

Exhibit 5

	General Fund	Non-Major Funds	Total Governmental Funds
Revenues			
Local Sources	\$ 38,237,457	\$ 14,035	\$ 38,251,492
State Sources	14,850,198	-	14,850,198
Federal Sources	286,997	-	286,997
	<u>53,374,652</u>	<u>14,035</u>	<u>53,388,687</u>
Total Revenues			
Expenditures			
Current			
Instruction	30,941,817	-	30,941,817
Support Services	15,820,300	-	15,820,300
Noninstructional Services	1,335,491	-	1,335,491
Capital Outlay	-	2,275,498	2,275,498
Debt Service			
Principal	26,460	3,080,000	3,106,460
Interest	4,890	1,768,070	1,772,960
Other	150,508	-	150,508
	<u>48,279,466</u>	<u>7,123,568</u>	<u>55,403,034</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>5,095,186</u>	<u>(7,109,533)</u>	<u>(2,014,347)</u>
Other Financing Sources (Uses)			
Transfers In	-	5,274,151	5,274,151
Transfers Out	(5,274,151)	-	(5,274,151)
	<u>(5,274,151)</u>	<u>5,274,151</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(178,965)	(1,835,382)	(2,014,347)
Fund Balances - July 1, 2019	<u>7,506,309</u>	<u>3,264,968</u>	<u>10,771,277</u>
Fund Balances - June 30, 2020	<u>\$ 7,327,344</u>	<u>\$ 1,429,586</u>	<u>\$ 8,756,930</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, 2020**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds	\$ (2,014,347)
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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	\$ (2,629,860)	
Capital Outlays	<u>2,135,145</u>	(494,715)

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

156,494

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

3,190,026

In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations), other post-employment benefits (OPEB) and termination payments 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	(53,360)	
Termination Payments	105,000	
Other Post-Employment Benefits	<u>18,582</u>	70,222

**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, 2020**

Exhibit 6

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 Bonds	\$ 11,617	
Accretion of Interest on Capital Appreciation Bonds	<u>(354,526)</u>	\$ (342,909)

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.

(288,511)

Bond discount, premium and deferred charges on bonds are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

Amortization of Joint Venture Payment	(81,167)	
Amortization of Discount, Premium and Deferred Loss on Refunding	<u>12,975</u>	(68,192)

Governmental funds report School District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense

District Pension Contributions to PSERS	8,286,005	
Cost of Benefits Earned	<u>(10,194,712)</u>	<u>(1,908,707)</u>

Change in Net Position of Governmental Activities		<u>\$ (1,700,639)</u>
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See Accompanying Notes

Hampton Township School District
Statement of Net Position
Proprietary Funds
June 30, 2020

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 46,901
Due From Other Governments	39,721
Due From Other Funds	5,589
Other Receivables	5,123
Inventories	55,429
Total Current Assets	<u>152,763</u>
Noncurrent Assets	
Machinery and Equipment, Net	<u>127,953</u>
TOTAL ASSETS	<u>280,716</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts Related to OPEB PSERS Plan	3,238
Amounts Related to Pensions	81,274
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>84,512</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	35,365
Unearned Revenues	30,974
Other Current Liabilities	61,679
Total Current Liabilities	<u>128,018</u>
Noncurrent Liabilities	
Net OPEB Liability PSERS Plan	26,809
Net Pension Liability	589,602
Total Noncurrent Liabilities	<u>616,411</u>
TOTAL LIABILITIES	<u>744,429</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to OPEB PSERS Plan	1,124
Amounts Related to Pensions	25,983
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>27,107</u>
NET POSITION	
Invested in Capital Assets	127,953
Unrestricted	(534,261)
TOTAL NET POSITION	<u>\$ (406,308)</u>

See Accompanying Notes

Hampton Township School District
Statement of Revenues, Expenses and Changes
in Fund Net Position
Proprietary Funds
Year Ended June 30, 2020

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	<u>\$ 617,537</u>
Operating Expenses	
Salaries	182,012
Employee Benefits	76,453
Other Purchased Services	735,552
Supplies	92,131
Depreciation	<u>20,922</u>
Total Operating Expenses	<u>1,107,070</u>
Operating Income (Loss)	<u>(489,533)</u>
Nonoperating Revenues (Expenses)	
Earnings on Investments	1,184
State Sources	57,392
Federal Sources	271,117
Refunds of Prior Year's Expenditures	<u>(133)</u>
Total Nonoperating Revenues (Expenses)	<u>329,560</u>
Change in Net Position	(159,973)
Net Position - July 1, 2019	<u>(246,335)</u>
Net Position - June 30, 2020	<u><u>\$ (406,308)</u></u>

See Accompanying Notes

Hampton Township School District
Statement of Cash Flows
Proprietary Fund Types
Year Ended June 30, 2020

Exhibit 9

	Food Service Fund
Cash Flows From Operating Activities	
Cash Received from Users	\$ 647,238
Cash Payments to Employees for Services	(262,882)
Cash Payments to Suppliers for Goods and Services	<u>(825,975)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(441,619)</u>
Cash Flows From Non-Capital Financing Activities	
State Sources	56,242
Federal Sources	170,427
Refunds of Prior Year's Expenditures	<u>(133)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>226,536</u>
Cash Flows From Investing Activities	
Earnings on Investments	<u>1,184</u>
Net Increase (Decrease) in Cash and Cash Flows	(213,899)
Cash and Cash Equivalents - July 1, 2019	<u>260,800</u>
Cash and Cash Equivalents - June 30, 2020	<u>\$ 46,901</u>
Operating Income (Loss)	\$ (489,533)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	20,922
Change in Pensions and OPEB Liability	(4,417)
Donated Commodities	65,893
(Increase) Decrease in Accounts Receivable	6,383
(Increase) Decrease in Inventories	3,314
Increase (Decrease) in Accounts Payable	(68,561)
Increase (Decrease) in Other Current Liabilities	<u>24,380</u>
Total Adjustments	<u>47,914</u>
Cash Provided by (Used for) Operating Activities	<u>\$ (441,619)</u>
Noncash Non-Capital Financing Activities	
During the year ended June 30, 2020, the School District received \$75,927 of U.S.D.A Donated Commodities in the food service fund.	

See Accompanying Notes

**Hampton Township School District
Statement of Net Position
Fiduciary Funds
June 30, 2020**

Exhibit 10

	Agency Fund
ASSETS	
Cash and Cash Equivalents	<u>\$ 125,568</u>
LIABILITIES	
Other Current Liabilities	<u><u>\$ 125,568</u></u>

See Accompanying Notes

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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.

A. Basic Financial Statements - Government-Wide Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Hampton Township School District. *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. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. In the government-wide statement of net position, governmental activities are represented on a consolidated basis by column.

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.

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

B. Basic Financial Statements - Fund Financial Statements

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three categories: governmental; proprietary; and fiduciary.

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized in a single column. The nonmajor funds are combined in a column in the fund financial statements.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

B. Basic Financial Statements - Fund Financial Statements (Cont'd)

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The School District reports the following major governmental fund and fund type:

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 School District also reports as nonmajor governmental funds the following:

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

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.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The School District reports the following proprietary fund type:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The *food service fund* accounts for the revenues, food purchases and other costs and expenses for providing meals to students and/or faculty during the school year.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

B. Basic Financial Statements - Fund Financial Statements (Cont'd)

3. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and are therefore not available to support School District programs. The reporting focus is on net position and changes in net position. The School District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose, or agency). The School District reports the following fiduciary 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.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e. the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

C. Measurement Focus and Basis of Accounting (Cont'd)

The 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. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, intergovernmental revenues, interest, rent and certain miscellaneous income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measureable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

D. 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 district in the school. The School District's financial obligation to Beattie for the year ended June 30, 2020, was \$570,392 which was paid in the year ended June 30, 2020 to Beattie and reported in the School District's general fund. The School District has no equity interest in Beattie as of June 30, 2020. Complete financial statements for Beattie can be obtained from the administrative offices at 9600 Babcock Boulevard, Allison Park, PA 15101-2091.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

E. 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.

F. 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.

G. 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, 2020.

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.

H. 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".

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

I. Inventories

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

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund, if considered material. There was no material inventory balance as of June 30, 2020.

The inventory of the food service fund consists of government donated commodities which were valued at estimated value provided by the USDA and purchased commodities and supplies, valued at lower of cost or market using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2020 are reported as unearned revenue.

J. 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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

K. 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 measured at acquisition value.

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.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

K. Capital Assets (Cont'd)

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

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

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

L. 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 position. Bond premiums and discount 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 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 expenditures.

M. 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.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

N. Defining Operating Revenues and Expenses

The School District's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the School District's food service fund consist of charges for meals and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School District has four items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other items in the government-wide statement of net position are related to the participation in the cost-sharing defined benefit pension plan and the School District's OPEB plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The School District has three items reported in the government-wide statement of net position relating to the cost-sharing defined benefit pension plan and the School District's OPEB plan. The School District also has items, which arise only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants. The unavailable grants are also reported in the government-wide statements. These amounts are deferred and recognized as inflows of resources in the period that the amount becomes available.

P. Equity Classifications

Government-Wide Statements

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

Net investment in capital assets - 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.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

P. Equity Classifications (Cont'd)

Government-Wide Statements (Cont'd)

Restricted net position - consists of net position 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 position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

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 Board motion, which is approval of a motion by the majority of the School Board. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially commit the money.

Assigned - reflects the School District's intent to use the money for a specific purpose but is not considered restricted or committed. The assignment of fund balance can be assigned by management in the business office.

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.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

P. Equity Classifications (Cont'd)

Fund Statements - Fund Balance (Cont'd)

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, 2020, is as follows:

General Fund

1. Nonspendable fund balance of \$338,961 is for prepaid items.
2. The committed fund balance of \$2,719,000 is to add support to the next three budget years to maintain educational programs during this period of economic uncertainty.
3. The assigned fund balance of \$6,927 is for summer school programs.

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 \$2,499 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.
3. The committed fund balance of \$1,406,687 is for future debt payments on the School District's 2007 variable rate bonds in the amount of \$561,301 and \$845,386 for future capital projects.

Note 2 - Deposits and Investments

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

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 2 - Deposits and Investments (Cont'd)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of June 30, 2020, \$1,805,074 of the School District's bank balance of \$2,055,074 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>\$1,805,074</u>

As of June 30, 2020, the School District had the following investments:

Investments	Fair Value
PSDLAF	<u>\$11,478,613</u>

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

As of June 30, 2020, the School District had investments 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>\$(3,054,355)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(3,054,355)</u>	<u>\$ -</u>

The School District is invested in one interest rate swap with terms 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	\$14,450,000

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 2 - Deposits and Investments (Cont'd)

Custodial Credit Risk - Deposits (Cont'd)

Credit Risks - The Pennsylvania Public School Code authorizes the types of investments allowed. These are described in Note 1F. 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) is rated AAAm by Standard & Poor's.

Credit Risk Relating to its Investment Derivative - The risk the School District will have is 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 - A+ and Fitch - AA-.

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

Investments

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

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 is a local government investment pool and is exempt from the requirement of SEC's Rule 2(a)7 of the Investment Company Act of 1940. The fund measures for financial reporting purposes its assets at amortized cost and maintains a stable 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. There are no limitations or restrictions on withdrawals.

Fair Value of Investments

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2020:

- Investment derivative instruments of (\$3,054,355) are valued using significant observable inputs (Level 2 inputs). The valuation was performed using a proprietary model which incorporated a model described in GASBS No. 72 used to calculate the fair value of the swap. There was no change in the valuation technique used between years.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 3 - Real Estate Taxes

The municipal tax collector bills and collects 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 2019/2020 was 19.38 mills (\$19.38 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2019/2020 is as follows:

Tax Levy Date	July 1, 2019
2% Discount Period	Through August 31, 2019
Face Payment Period	September 1 - October 31, 2019
10% Penalty Period	November 1 Until Liened
Lien Filing Date	July 1, 2020

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 \$881,262 net of estimated uncollectible of \$97,917, along with other taxes receivable of \$797,072.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2020, the following amounts are due from other governmental units:

	Governmental Funds	Business-Type Activities	Totals
Federal (through the state)	\$ 13,337	\$38,146	\$ 51,483
State	2,055,686	1,575	2,057,261
Local	<u>32,683</u>	<u>-</u>	<u>32,683</u>
	<u>\$2,101,706</u>	<u>\$39,721</u>	<u>\$2,141,427</u>

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance 07/01/19	Additions	Transfers	Balance 06/30/20
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,081,390	\$ -	\$ -	\$ 1,081,390
Construction in Progress	<u>291,627</u>	<u>2,017,490</u>	<u>(1,963,384)</u>	<u>345,733</u>
Total Capital Assets not Being Depreciated	<u>1,373,017</u>	<u>2,017,490</u>	<u>(1,963,384)</u>	<u>1,427,123</u>

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 5 - Capital Assets (Cont'd)

	Balance 07/01/19	Additions	Transfers	Balance 06/30/20
Governmental Activities (Cont'd)				
Capital Assets Being Depreciated				
Land Improvements	\$ 4,405,145	\$ -	\$ 1,072,697	\$ 5,477,842
Buildings and Building Improvements	82,548,183	-	890,687	83,438,870
Furniture and Equipment	<u>10,697,819</u>	<u>117,655</u>	<u>-</u>	<u>10,815,474</u>
Total Capital Assets Being Depreciated	<u>97,651,147</u>	<u>117,655</u>	<u>1,963,384</u>	<u>99,732,186</u>
Less Accumulated Depreciation				
Land Improvements	3,716,537	75,418	-	3,791,955
Buildings and Building Improvements	39,443,077	1,955,744	-	41,398,821
Furniture and Equipment	<u>8,914,891</u>	<u>598,698</u>	<u>-</u>	<u>9,513,589</u>
Total Accumulated Depreciation	<u>52,074,505</u>	<u>2,629,860</u>	<u>-</u>	<u>54,704,365</u>
Total Capital Assets Being Depreciated, Net	<u>45,576,642</u>	<u>(2,512,205)</u>	<u>1,963,384</u>	<u>45,027,821</u>
Governmental Activities Capital Assets, Net	<u>\$46,949,659</u>	<u>\$ (494,715)</u>	<u>\$ -</u>	<u>\$46,454,944</u>
Business-Type Activities				
Furniture and Equipment	\$ 485,035	\$ -	\$ -	\$ 485,035
Less Accumulated Depreciation and Equipment	<u>336,160</u>	<u>20,922</u>	<u>-</u>	<u>357,082</u>
Business-Type Activities Capital Assets, Net	<u>\$ 148,875</u>	<u>\$ (20,922)</u>	<u>\$ -</u>	<u>\$ 127,953</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Instruction	\$1,951,290
Administration and Financial Support Services	7,982
Operation and Maintenance of Plant Services	519,383
Student Activities	<u>151,205</u>
Total Depreciation Expense	<u>\$2,629,860</u>
Business-Type Activities	
Food Service	<u>\$ 20,922</u>

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 6 - Interfund Balances

Interfund balances at June 30, 2020, were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$566,889
Nonmajor - Debt Service Fund	561,300	-
Enterprise Fund		
Food Service Fund	<u>5,589</u>	<u>-</u>
	<u>\$566,889</u>	<u>\$566,889</u>

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

Note 7 - Interfund Transfers

For the year ended June 30, 2020, interfund transfers consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u> General Fund
Nonmajor Fund	
Debt Service Fund	\$4,384,027
Capital Projects Fund	<u>890,124</u>
	<u>\$5,274,151</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 \$890,124 to the capital projects fund for current and future capital projects.

Note 8 - Long-Term Debt

The following are changes in the long-term liabilities for the fiscal year ended June 30, 2020:

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

	Balance 07/01/19	Additions	Accretion	Reductions	Balance 06/30/20	Due Within One Year
Governmental Activities						
Bonds Payable	\$50,726,188	\$ -	\$354,526	\$3,080,000	\$48,000,714	\$3,195,000
Add: Bond Premium	400,325	-	-	92,702	307,623	-
Less: Bond Discount	<u>(142,343)</u>	<u>-</u>	<u>-</u>	<u>(11,170)</u>	<u>(131,173)</u>	<u>-</u>
Total Bonds Payable	<u>50,984,170</u>	<u>-</u>	<u>354,526</u>	<u>3,161,532</u>	<u>48,177,164</u>	<u>3,195,000</u>
General Obligation Notes	1,026,908	-	-	83,566	943,342	87,873
Capital Leases Payable	113,890	-	-	26,460	87,430	27,759
Termination Payments	105,000	-	-	105,000	-	-
Compensated Absences Payable	<u>803,933</u>	<u>58,685</u>	<u>-</u>	<u>5,325</u>	<u>857,293</u>	<u>30,000</u>
Governmental Activities Long-Term Liabilities	<u>\$55,033,901</u>	<u>\$ 58,685</u>	<u>\$354,526</u>	<u>\$3,381,883</u>	<u>\$50,065,229</u>	<u>\$3,340,632</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%	\$ 5,225,714
Series of 2007 in the amount of \$24,125,000; due serially through September 1, 2027; interest is variable	14,450,000
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	3,190,000
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	735,000
Series of 2016 in the amount of \$8,365,000; 1.90% - 3.0% current interest; bonds payable in semi-annual installments; final payment due November 15, 2029	7,785,000
Series of 2017 in the amount of \$7,295,000; 2.0% - 3.0% current interest; bonds payable in semi-annual installments; final payment due August 15, 2031	6,970,000
Series of 2018A in the amount of \$9,105,000; 2.375% - 3.25% current interest; bonds payable in semi-annual installments; final payment due August 15, 2032	8,755,000

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

General Obligation Bonds (Cont'd)

Series of 2018B in the amount of \$890,000; 3.125% current interest; bonds payable in semi-annual installments; final payment due August 15, 2032

\$ 890,000

\$48,000,714

Notes Payable

Series of 2016 in the amount of \$1,272,005; 0.50% - 5.0%, payable in semi-annual installments; final payment due October 25, 2028

\$ 943,342

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 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 other post-employment benefit obligations. The net pension liability is allocated between the general fund and proprietary fund as that liability is directly related to and expected to be paid from these two funds.

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences, capital leases and termination benefits) as of June 30, 2020, including interest, sinking fund payments and accretion on the capital appreciation bonds, are as follows:

Year Ended June 30,	<u>General Obligation Bonds</u>		<u>General Obligation Notes</u>		Totals
	Principal	Interest	Principal	Interest	
2021	\$ 3,195,000	\$ 883,431	\$ 87,873	\$ 31,673	\$ 4,197,977
2022	3,305,000	788,924	92,181	27,171	4,213,276
2023	1,999,294	2,213,619	96,919	22,443	4,332,275
2024	2,057,717	2,214,727	101,657	17,480	4,391,581
2025	2,112,279	2,215,928	106,826	12,267	4,447,300
2026-2030	18,172,875	4,614,946	457,886	19,939	23,265,646
2031-2033	<u>12,815,000</u>	<u>615,836</u>	<u>-</u>	<u>-</u>	<u>13,430,836</u>
	43,657,165	13,547,411	943,342	130,973	58,278,891
Accretion to Date	<u>4,343,549</u>	<u>(4,343,549)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$48,000,714</u>	<u>\$ 9,203,862</u>	<u>\$943,342</u>	<u>\$130,973</u>	<u>\$58,278,891</u>

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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. If the School District is in default of the lease, the School District must deliver, at its expense, the equipment to the lessor.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset	
Machinery and Equipment	\$139,113
Less: Accumulated Depreciation	<u>(41,734)</u>
Total	<u>\$ 97,379</u>

The future minimum lease obligations and the net present value of these minimum lease payments, as of June 30, 2020, were as follows:

Year Ended June 30,	Governmental Activities
2021	\$31,351
2022	31,351
2023	<u>31,351</u>
	\$94,053
Less: Amount Representing Interest	<u>(6,623)</u>
Present Value of Minimum Lease Payments	<u>\$87,430</u>

Note 10 - Termination Benefits

The School District approved an early retirement incentive for 2018/2019, which provided retirement enhancements to qualified employees. In order to qualify under the incentive, the employee must have at least seventeen years of service in Hampton Township School District and retire by June 30, 2019.

Under the program, teachers electing the incentive receive a payment of \$30,000. The payment is being distributed in equal annual installments of \$15,000 which are made directly to the employee's 403(b) plan. The School District did not use a discount rate to calculate the discounted present value of the expected future benefit payments since the payments will be made in just over one year from the incurrence of the liability. Seven teachers participated in the plan, and the balance outstanding as of June 30, 2019 of \$105,000 was paid in the fiscal year ended June 30, 2020. There is no outstanding liability as of June 30, 2020.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

A. Summary of Significant Accounting Policies

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

B. General Information about the Pension Plan

1. Plan Description

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

2. Benefits Provided

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

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

B. General Information about the Pension Plan (Cont'd)

2. Benefits Provided (Cont'd)

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

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

3. Contributions

Member Contributions

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

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

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation.

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

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

B. General Information about the Pension Plan (Cont'd)

3. Contributions (Cont'd)

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2020 was 33.36% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$8,342,292 for the year ended June 30, 2020.

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

At June 30, 2020, the School District reported a liability of \$83,413,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2018 to June 30, 2019. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll.

At June 30, 2020, the School District's proportion was 0.1783%, which was an increase of 0.0023% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the School District recognized pension expense of \$10,247,521. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 459,000	\$2,765,000
Net difference between projected and actual investment earnings	-	239,000
Change in assumptions	797,000	-
Changes in proportions	2,097,000	672,000
Difference between employer contributions and proportionate share of total contributions	181,881	-
Contributions subsequent to the measurement date	<u>8,342,292</u>	<u>-</u>
	<u>\$11,877,173</u>	<u>\$3,676,000</u>

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

\$8,342,292 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2021	\$1,228,287
2022	(993,846)
2023	(534,536)
2024	<u>158,976</u>
	<u>\$ (141,119)</u>

1. Actuarial Assumptions

The total pension liability as of June 30, 2019 was determined by rolling forward the System's total pension liability at June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

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

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

1. Actuarial Assumptions (Cont'd)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0%	5.6%
Fixed income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	10.0%	4.1%
Infrastructure/MLPs	8.0%	5.5%
Real estate	10.0%	4.1%
Alternate investments	15.0%	7.4%
Cash	3.0%	0.3%
Financing (LIBOR)	(20.0%)	0.7%
	<u>100%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2019.

2. Discount Rate

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

Hampton Township School District
Notes to Financial Statements
June 30, 2020

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

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	(In thousands)		
	1.00% Decrease 6.25%	Current Discount Rate 7.25%	1.00% Increase 8.25%
School District's proportionate share of the net pension liability	\$103,901	\$83,413	\$66,066

4. Pension Plan Fiduciary Net Position

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

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, 2020 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.

The COVID-19 outbreak in the United States has caused business disruption and economic uncertainties. The School District's operations are heavily dependent on the ability to raise and collect taxes and assess fees. Additionally, access to grants and contracts from federal, state and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued adverse impact on economic and market conditions. This situation is expected to impact the School District's operating results and the fair value of its investments, however, the financial impact of these uncertainties is unknown at this time.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 13 - Other Post-Employment Benefit Plan - School District

A. Plan Description

Hampton Township School District administers a single-employer defined benefit healthcare plan ("The Supplemental Health Plan"). The plan provides medical, prescription drug, dental and vision for all employees. 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. The general fund is the fund to liquidate the other post-employment benefit obligation. 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

Qualified retirees under PA Act 110 can elect to remain in the School District's medical benefits plan provided they pay 100% of the premium rate.

For employees who retire and remain in the medical plan, they have a choice of either a PPO or an EPO 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 Community Blue Flex PPO and the EPO is referred to as Community Blue Flex EPO. A summary of the benefits available are as follows:

Eligibility/Contributions

The eligibility criteria are that the employee must meet the "superannuation" criteria under PSERS or qualify under PSERS retirement criteria, which are as follows:

PSERS Superannuation Retirement

- For individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age.
- For individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 13 - Other Post-Employment Benefit Plan - School District (Cont'd)

B. Funding Policy (Cont'd)

Eligibility/Contributions (Cont'd)

PSERS Retirement

- For individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS retirement if he (or she) is eligible for either: 1) PSERS early retirement while under 62 with 5 years of PSERS service; or 2) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age.
- For individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS retirement if he (or she) is eligible for either: 1) PSERS early retirement while under 65 with 10 years of PSERS service; or 2) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service.
- All individuals are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service.

Retirees are eligible to purchase medical, prescription drug, dental and vision benefits through the School District's insurance carriers. All retirees must pay 100% of the School District's cost for the purchase of medical, dental and vision benefits. Retirees can opt to purchase medical benefits until they reach the age of 65. Dental and vision benefits may be purchased for as long as the retiree and/or spouse chooses.

Employees Covered by Benefit Terms

At July 1, 2019, the following employees were covered by the benefits terms:

Retired Participants	15
Active Employees	<u>367</u>
	<u>382</u>

C. Total OPEB Liability

The School District's total OPEB liability of \$699,768 was measured as of July 1, 2019, and was determined by rolling forward the actuarial valuation as of July 1, 2018.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 13 - Other Post-Employment Benefit Plan - School District (Cont'd)

D. Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2019 measurement date was based on the July 1, 2018 actuarial valuation, which was rolled forward using standard roll-forward techniques and was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	3.50%
Discount Rate	3.36%
Healthcare Cost Trend Rates	5.50% for 2019 through 2021 decreasing gradually from 5.4% in 2022 to 3.8% in 2075

The discount rate was based on the S & P Municipal Bond 20-Year High Grade Rate Index.

Separate mortality rates are assumed preretirement and postretirement using the rates assumed in PSERS defined benefit pension plan actuarial valuation.

The actuarial assumptions used in the July 1, 2018 valuation and in the roll-forward measurement date of July 1, 2019, were selected using input from the School District based upon actual experience.

E. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$729,014
Changes for the Year:	
Service Cost	41,055
Interest	21,741
Changes of Assumptions	(17,285)
Benefit Payments	<u>(74,757)</u>
Net Changes	<u>(29,246)</u>
Balance at June 30, 2020	<u>\$699,768</u>

F. Changes of Assumptions and Other Inputs

- Changed the discount rate from 2.98% to 3.36%.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 13 - Other Post-Employment Benefit Plan - School District (Cont'd)

G. Sensitivity of the Total Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.36%) or one percentage point higher (4.36%) than the current discount rate:

	1.00% Decrease 2.36%	Current Discount Rate 3.36%	1.00% Increase 4.36%
Total OPEB Liability	\$745,814	\$699,768	\$655,689

H. Sensitivity of the Total Liability to Changes in the Healthcare Cost Trend Rates

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

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	\$622,887	\$699,768	\$790,491

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

For the year ended June 30, 2020, the School District recognized OPEB Expense of \$54,885. At June 30, 2020, the School District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$105,758
Changes in assumptions	33,364	15,955
Benefit payments subsequent to the measurement date	<u>57,865</u>	<u>-</u>
	<u>\$91,229</u>	<u>\$121,713</u>

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 13 - Other Post-Employment Benefit Plan - School District (Cont'd)

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

The \$57,865 amount reported as deferred outflows of resources resulting from the School District's benefit payments subsequent to the measurement date will be recognized as a reduction in next year's total OPEB liability. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2021	\$ (7,911)
2022	(7,911)
2023	(7,911)
2024	(7,911)
2025	(7,911)
Thereafter	<u>(48,794)</u>
	<u>\$(88,349)</u>

Note 14 - Other Post-Employment Benefits - PSERS

A. Summary of Significant Accounting Policies

Other Post-Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

B. General Information about the Health Insurance Premium Assistance Program

1. Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost-sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 14 - Other Post-Employment Benefits - PSERS (Cont'd)

B. General Information about the Health Insurance Premium Assistance Program (Cont'd)

1. Health Insurance Premium Assistance Program (Cont'd)

receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019, there were no assumed future benefit increases to participating eligible retirees.

2. Premium Assistance Eligibility Criteria

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

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

3. Pension Plan Description

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

4. Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2020 was 0.84% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$210,058 for the year ended June 30, 2020.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 14 - Other Post-Employment Benefits - PSERS (Cont'd)

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

At June 30, 2020, the School District reported a liability of \$3,792,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2018 to June 30, 2019. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the School District's proportion was 0.1783%, which was an increase of 0.0023% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the School District recognized OPEB expense of \$193,517. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 21,000	\$ -
Changes in assumptions	126,000	113,000
Net difference between projected and actual investment earnings	6,000	-
Changes in proportions	103,000	46,000
Difference between employer contributions and proportionate share of total contributions	1,582	-
Contributions subsequent to the measurement date	<u>210,058</u>	<u>-</u>
	<u>\$467,640</u>	<u>\$159,000</u>

\$210,058 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2021	\$ 9,517
2022	9,517
2023	8,357
2024	7,191
2025	46,000
Thereafter	<u>18,000</u>
	<u>\$98,582</u>

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 14 - Other Post-Employment Benefits - PSERS (Cont'd)

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

1. Actuarial Assumptions

The total OPEB liability as of June 30, 2019 was determined by rolling forward the System's total OPEB liability at June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.79%, S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre age 65 at 50%.
 - Eligible retirees will elect to participate post age 65 at 70%.

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2019.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 14 - Other Post-Employment Benefits - PSERS (Cont'd)

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

1. Actuarial Assumptions (Cont'd)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	13.2%	0.2%
US Core Fixed Income	83.1%	1.0%
Non-US Developed Fixed	<u>3.7%</u>	0.0%
	<u>100%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2019.

2. Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.79%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.79% which represents the S&P 20-year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 14 - Other Post-Employment Benefits - PSERS (Cont'd)

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2019, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

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

	(In thousands)		
	1.00% Decrease	Current	1.00% Increase
System Net OPEB Liability	\$3,792	\$3,792	\$3,793

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

The following presents the net OPEB liability, calculated using the discount rate of 2.79%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.79%) or 1 percentage point higher (3.79%) than the current rate:

	(In thousands)		
	1.00% Decrease 1.79%	Current Discount Rate 2.79%	1.00% Increase 3.79%
School District's Proportionate Share of the Net OPEB Liability	\$4,320	\$3,792	\$3,355

5. OPEB Plan Fiduciary Net Position

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

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 14 - Other Post-Employment Benefits - PSERS (Cont'd)

D. OPEB Expense

Total OPEB expense recognized between both School District plans for the year ended June 30, 2020 was \$248,402.

Note 15 - Risk Management

The School District is one of forty-six members of the Allegheny County School Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions to the Consortium totaled \$3,686,822 and \$3,703,449 for the years ended June 30, 2020 and 2019, 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 position or deficiency in net position, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2020, the net position of the Consortium was \$75,471,061 of which \$900,228 is attributable to the School District.

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

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

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

Note 16 - On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2020 was \$5,245,960. This includes \$4,274,714 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 \$971,246 to the federal government for social security and Medicare taxes for the year ended June 30, 2020. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

Hampton Township School District
Notes to Financial Statements
June 30, 2020

Note 17 - Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2020, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the June 30, 2020 financial statements, are as follows:

	<u>Change in Fair Value</u>		<u>Fair Value at June 30, 2020</u>		Notional in Thousands
	Classification	Amount	Classification	Amount	
Governmental Activities					
Investment Derivative Instruments:					
Interest rate Swap- 2007; Pay Fixed	Investment Revenue	\$(288,511)	Investment	\$(3,054,355)	\$14,450

Note 18 - Subsequent Event

The School District approved a resolution in April 2020 to authorize the incurring on nonelectoral debt in the amount not to exceed ten million dollars (\$10,000,000). The bond issue is expected to be closed on or around December 17, 2020. The proceeds of the bonds are to be used to pay for (1) the design and construction of renovations and additions to the High School and other miscellaneous improvements to the School District's facilities and (2) the costs of issuance of the bonds.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$ 31,488,528	\$ 31,488,528	\$ 31,673,698	\$ 185,170
Interim Real Estate Taxes	175,000	175,000	106,634	(68,366)
Public Utility Realty Taxes	35,000	35,000	32,255	(2,745)
Earned Income Taxes	4,175,000	4,175,000	4,233,879	58,879
Real Estate Transfer Taxes	475,000	475,000	490,356	15,356
Delinquent Taxes	1,150,000	1,150,000	1,017,212	(132,788)
Earnings on Investments	325,000	325,000	281,487	(43,513)
Other Local Revenues				
Revenue from Student Activities	80,000	80,000	76,020	(3,980)
Federal Revenues from IU	250,000	250,000	313,498	63,498
Contributions & Donations from Private Sources	15,000	15,000	-	(15,000)
Rentals	30,000	30,000	12,418	(17,582)
Refund of Prior Year's Expenditures	5,000	5,000	-	(5,000)
Miscellaneous Revenue	35,000	35,000	-	(35,000)
Total Revenues from Local Sources	<u>38,238,528</u>	<u>38,238,528</u>	<u>38,237,457</u>	<u>(1,071)</u>
State Sources				
Basic Instructional & Oper. Subsidies				
Basic Instructional Subsidy	5,486,090	5,486,090	5,188,125	(297,965)
Tuition	-	-	111,529	111,529
Subsidies for Spec. Educ. Programs				
Special Education of Excep. Pupils	1,557,507	1,557,507	1,546,169	(11,338)
Subsidies for Noneduc. Programs				
Transportation (Regular & Additional)	785,000	785,000	760,078	(24,922)
Rentals & Sinking Fund Payments	578,688	578,688	561,309	(17,379)
Ready to Learn Block Grant	-	-	294,130	294,130
Health Services	65,000	65,000	60,910	(4,090)
State Property Tax Reduction	858,364	858,364	858,364	-
School Safety Grants	-	-	21,592	21,592
Social Security Payments	962,091	962,091	964,439	2,348
State Retirement Revenue	4,239,150	4,239,150	4,245,899	6,749
PA Smart Grant	-	-	237,654	237,654
Total Revenues from State Sources	<u>14,531,890</u>	<u>14,531,890</u>	<u>14,850,198</u>	<u>318,308</u>

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Federal Sources				
Gov't. through the Commonwealth				
Title I	192,000	192,000	139,040	(52,960)
Title II	60,000	60,000	46,089	(13,911)
Title IV	-	-	12,219	12,219
CARES Act Funding	-	-	20,816	20,816
Medical Assistance - Access	75,000	75,000	68,087	(6,913)
Medical Assistance - Admin.	-	-	746	746
	<u>327,000</u>	<u>327,000</u>	<u>286,997</u>	<u>(40,003)</u>
Total Revenues from Federal Sources				
	<u>53,097,418</u>	<u>53,097,418</u>	<u>53,374,652</u>	<u>277,234</u>
Total Revenues				
Other Financing Sources				
Sale of Capital Assets	1,000	1,000	-	(1,000)
	<u>53,098,418</u>	<u>53,098,418</u>	<u>53,374,652</u>	<u>276,234</u>
Total Revenues and Other Financing Sources				
Expenditures				
Current				
Instruction				
Regular Program				
Personal Services				
Salaries	15,531,967	15,531,967	15,624,739	(92,772)
Employee Benefits	8,466,313	8,466,313	8,388,325	77,988
Purchased Prof. and Tech. Services	167,000	167,000	306,465	(139,465)
Purchased Property Services	98,625	98,625	57,761	40,864
Other Purchased Services	501,612	500,112	348,465	151,647
Supplies	562,147	559,451	566,303	(6,852)
Property	271,094	271,089	381,639	(110,550)
Other Objects	6,495	6,495	2,175	4,320
	<u>25,605,253</u>	<u>25,601,052</u>	<u>25,675,872</u>	<u>(74,820)</u>
Total Regular Program				
Special Programs				
Personal Services				
Salaries	2,282,584	2,282,584	2,330,972	(48,388)
Employee Benefits	1,234,988	1,234,988	1,215,417	19,571

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Purchased Prof. and Tech. Services	485,044	485,044	451,892	33,152
Other Purchased Services	351,229	351,229	508,005	(156,776)
Supplies	<u>26,474</u>	<u>26,474</u>	<u>52,732</u>	<u>(26,258)</u>
Total Special Programs	<u>4,380,319</u>	<u>4,380,319</u>	<u>4,559,018</u>	<u>(178,699)</u>
Vocational Education Programs				
Other Purchased Services	<u>689,917</u>	<u>689,917</u>	<u>689,917</u>	<u>-</u>
Other Instructional Programs				
Personal Services				
Salaries	16,000	16,000	9,170	6,830
Employee Benefits	8,658	8,658	3,418	5,240
Other Purchased Services	<u>12,500</u>	<u>12,500</u>	<u>450</u>	<u>12,050</u>
Total Other Instructional Programs	<u>37,158</u>	<u>37,158</u>	<u>13,038</u>	<u>24,120</u>
Nonpublic School Programs				
Purchased Prof. and Tech. Services	<u>10,000</u>	<u>10,000</u>	<u>3,972</u>	<u>6,028</u>
Total Instruction	<u>30,722,647</u>	<u>30,718,446</u>	<u>30,941,817</u>	<u>(223,371)</u>
Support Services				
Pupil Personnel				
Personal Services				
Salaries	1,074,893	1,074,893	1,106,524	(31,631)
Employee Benefits	582,629	582,629	599,501	(16,872)
Purchased Prof. and Tech. Services	43,000	43,000	46,580	(3,580)
Other Purchased Services	110	110	1,629	(1,519)
Supplies	8,409	8,409	7,649	760
Other Objects	<u>900</u>	<u>900</u>	<u>838</u>	<u>62</u>
Total Pupil Personnel	<u>1,709,941</u>	<u>1,709,941</u>	<u>1,762,721</u>	<u>(52,780)</u>

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Instructional Staff				
Personal Services				
Salaries	705,300	705,300	626,016	79,284
Employee Benefits	361,438	361,438	367,329	(5,891)
Purchased Prof. and Tech. Services	68,517	68,517	102,204	(33,687)
Purchased Property Services	2,550	2,550	765	1,785
Other Purchased Services	12,100	12,100	10,977	1,123
Supplies	137,491	136,718	124,132	12,586
	<u>1,287,396</u>	<u>1,286,623</u>	<u>1,231,423</u>	<u>55,200</u>
Total Instructional Staff				
	<u>1,287,396</u>	<u>1,286,623</u>	<u>1,231,423</u>	<u>55,200</u>
Administration				
Personal Services				
Salaries	1,985,750	1,985,750	1,907,150	78,600
Employee Benefits	1,080,979	1,080,979	1,048,931	32,048
Purchased Prof. and Tech. Services	409,485	409,485	444,602	(35,117)
Purchased Property Services	2,500	2,500	8,773	(6,273)
Other Purchased Services	122,550	121,550	190,245	(68,695)
Supplies	51,691	52,191	66,595	(14,404)
Property	270	270	539	(269)
Other Objects	35,387	35,387	27,274	8,113
	<u>3,688,612</u>	<u>3,688,112</u>	<u>3,694,109</u>	<u>(5,997)</u>
Total Administration				
	<u>3,688,612</u>	<u>3,688,112</u>	<u>3,694,109</u>	<u>(5,997)</u>
Pupil Health				
Personal Services				
Salaries	316,607	316,607	295,268	21,339
Employee Benefits	171,298	171,298	136,368	34,930
Purchased Prof. and Tech. Services	12,100	12,100	13,581	(1,481)
Purchased Property Services	400	400	-	400
Other Purchased Services	1,086	1,086	646	440
Supplies	16,404	16,404	7,722	8,682
	<u>517,895</u>	<u>517,895</u>	<u>453,585</u>	<u>64,310</u>
Total Pupil Health				
	<u>517,895</u>	<u>517,895</u>	<u>453,585</u>	<u>64,310</u>

Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Business				
Personal Services				
Salaries	286,400	286,400	288,125	(1,725)
Employee Benefits	155,352	155,352	162,417	(7,065)
Purchased Prof. and Tech. Services	13,250	13,250	10,773	2,477
Purchased Property Services	2,500	2,500	1,473	1,027
Other Purchased Services	4,500	4,500	2,364	2,136
Supplies	7,500	7,500	5,455	2,045
Other Objects	<u>2,000</u>	<u>2,000</u>	<u>1,629</u>	<u>371</u>
Total Business	<u>471,502</u>	<u>471,502</u>	<u>472,236</u>	<u>(734)</u>
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	2,244,880	2,244,880	2,275,704	(30,824)
Employee Benefits	1,214,955	1,214,955	1,235,017	(20,062)
Purchased Prof. and Tech. Services	-	-	5,525	(5,525)
Purchased Property Services	308,409	349,409	317,705	31,704
Other Purchased Services	187,500	187,500	91,192	96,308
Supplies	894,000	879,000	911,612	(32,612)
Property	104,641	104,641	140,225	(35,584)
Other Objects	<u>-</u>	<u>-</u>	<u>49</u>	<u>(49)</u>
Total Oper. and Maint. of Plant Svcs.	<u>4,954,385</u>	<u>4,980,385</u>	<u>4,977,029</u>	<u>3,356</u>
Student Transportation Services				
Personal Services				
Salaries	29,564	29,564	24,816	4,748
Employee Benefits	15,994	15,994	13,971	2,023
Purchased Prof. and Tech. Services	4,300	4,300	4,050	250
Other Purchased Services	2,375,700	2,375,700	2,111,722	263,978
Supplies	<u>-</u>	<u>-</u>	<u>34</u>	<u>(34)</u>
Total Student Transportation Services	<u>2,425,558</u>	<u>2,425,558</u>	<u>2,154,593</u>	<u>270,965</u>
Central				
Personal Services				
Salaries	496,951	496,951	497,097	(146)
Employee Benefits	268,422	268,422	275,204	(6,782)

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Purchased Prof. and Tech. Services	62,400	62,400	39,797	22,603
Purchased Property Services	98,007	98,007	107,710	(9,703)
Other Purchased Services	61,167	51,251	58,573	(7,322)
Supplies	37,437	52,827	50,877	1,950
Total Central	<u>1,024,384</u>	<u>1,029,858</u>	<u>1,029,258</u>	<u>600</u>
Other				
Other Purchased Services	<u>48,403</u>	<u>48,403</u>	<u>45,346</u>	<u>3,057</u>
Total Support Services	<u>16,128,076</u>	<u>16,158,277</u>	<u>15,820,300</u>	<u>337,977</u>
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	688,977	688,977	711,467	(22,490)
Employee Benefits	282,791	282,791	254,229	28,562
Purchased Prof. and Tech. Services	27,600	27,600	32,952	(5,352)
Purchased Property Services	21,500	21,500	23,409	(1,909)
Other Purchased Services	174,000	174,000	154,253	19,747
Supplies	147,350	146,750	129,661	17,089
Property	17,581	17,581	16,207	1,374
Other Objects	<u>18,750</u>	<u>19,350</u>	<u>13,313</u>	<u>6,037</u>
Total Student Activities	<u>1,378,549</u>	<u>1,378,549</u>	<u>1,335,491</u>	<u>43,058</u>
Total Noninstructional Services	<u>1,378,549</u>	<u>1,378,549</u>	<u>1,335,491</u>	<u>43,058</u>
Debt Service				
Interest	-	-	4,890	(4,890)
Refunds of Prior Year's Receipts	25,000	25,000	150,508	(125,508)
Redemption of Principal	<u>-</u>	<u>-</u>	<u>26,460</u>	<u>(26,460)</u>
Total Debt Service	<u>25,000</u>	<u>25,000</u>	<u>181,858</u>	<u>(156,858)</u>
Total Expenditures	<u>48,254,272</u>	<u>48,280,272</u>	<u>48,279,466</u>	<u>806</u>

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Other Financing Uses				
Fund Transfers				
Capital Projects Fund	890,124	890,124	890,124	-
Debt Service Fund	4,884,027	4,884,027	4,384,027	500,000
Budgetary Reserve	45,995	19,995	-	19,995
	<u>5,820,146</u>	<u>5,794,146</u>	<u>5,274,151</u>	<u>519,995</u>
Total Other Financing Uses				
	<u>54,074,418</u>	<u>54,074,418</u>	<u>53,553,617</u>	<u>520,801</u>
Total Expenditures and Other Financing Uses				
	<u>54,074,418</u>	<u>54,074,418</u>	<u>53,553,617</u>	<u>520,801</u>
Net Change in Fund Balance	(976,000)	(976,000)	(178,965)	797,035
Fund Balance - July 1, 2019	<u>7,094,599</u>	<u>7,094,599</u>	<u>7,506,309</u>	<u>411,710</u>
Fund Balance - June 30, 2020	<u>\$ 6,118,599</u>	<u>\$ 6,118,599</u>	<u>\$ 7,327,344</u>	<u>\$ 1,208,745</u>

Hampton Township School District
Note to Required Supplementary Information
Budget Comparison
June 30, 2020

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
Schedule of School District's Contributions
PSERS
Last Six Years**

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution	\$ 8,299,424	\$ 7,984,871	\$ 7,466,500	\$ 6,596,768	\$ 5,601,481	\$ 4,435,082
Contributions in Relation to the Contractually Required Contribution	<u>8,299,424</u>	<u>7,984,871</u>	<u>7,466,500</u>	<u>6,596,768</u>	<u>5,601,481</u>	<u>4,435,082</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$24,849,813	\$24,595,453	\$23,701,265	\$22,899,667	\$22,758,140	\$22,098,877
Contributions as a Percentage of Covered Payroll	33.40%	32.46%	31.50%	28.81%	24.61%	20.07%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2019 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2020.

Hampton Township School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net Pension Liability
PSERS
Last Seven Years
(Dollar Amount in Thousands)

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
School District's Proportion of the Net Pension Liability (Asset)	0.1783%	0.1760%	0.1720%	0.1757%	0.1717%	0.1657%	0.1704%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 83,413	\$ 84,489	\$ 84,948	\$ 87,071	\$ 74,373	\$ 65,585	\$ 69,755
School District's Covered Payroll	\$ 24,595	\$ 23,701	\$ 22,899	\$ 22,758	\$ 22,090	\$ 21,198	\$ 21,866
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	339.15%	356.48%	370.97%	382.60%	336.68%	309.39%	319.01%
Plan Fiduciary Net Position as a Percentage of The Total Pension Liability	55.66%	54.00%	51.84%	51.84%	50.14%	54.36%	57.24%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**Hampton Township School District
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
and Related Ratios
Last Four Years**

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability				
Service Cost	\$ 41,055	\$ 53,393	\$ 50,133	\$ -
Interest	21,741	26,984	20,630	-
Change of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	-	(124,986)	-	-
Changes of Assumptions and Other Inputs	(17,285)	1,128	41,248	-
Benefit Payments	<u>(74,757)</u>	<u>(79,063)</u>	<u>(84,695)</u>	<u>-</u>
Net Change in Total OPEB Liability	(29,246)	(122,544)	27,316	-
Total OPEB Liability - Beginning	<u>729,014</u>	<u>851,558</u>	<u>824,242</u>	<u>-</u>
Total OPEB Liability - Ending	<u><u>\$ 699,768</u></u>	<u><u>\$ 729,014</u></u>	<u><u>\$ 851,558</u></u>	<u><u>\$ 824,242</u></u>
Covered-Employee Payroll	\$ 22,679,628	\$ 22,679,628	\$ 22,505,222	N/A
Total OPEB Liability as a Percentage of Covered-Employee Payroll	3.09%	3.21%	3.78%	N/A

Notes to Schedule:

GASB 75 was implemented beginning with fiscal year ended June 30, 2018.

Assumption Changes:

Discount rate used for fiscal year ending:

2020	3.36%
2019	2.98%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**Hampton Township School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS OPEB Plan
Last Three Years**

	June 30, 2020	June 30, 2019	June 30, 2018
Contractually Required Contribution	\$ 210,058	\$ 204,951	\$ 197,836
Contributions in Relation to the Contractually Required Contribution	<u>210,058</u>	<u>204,951</u>	<u>197,836</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 24,849,813	\$ 24,595,453	\$ 23,701,265
Contributions as a Percentage of Covered Payroll	0.84%	0.83%	0.83%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2019 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2020.

**Hampton Township School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net OPEB Liability
PSERS OPEB Plan
Last Three Years**

	June 30, 2019	June 30, 2018	June 30, 2017
School District's Proportion of the Net OPEB Liability (Asset)	0.1783%	0.1760%	0.1720%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 3,792	\$ 3,670	\$ 3,504
School District's Covered Payroll	\$ 24,595	\$ 23,701	\$ 22,899
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	15.42%	15.48%	15.30%
Plan Fiduciary Net Position as a Percentage of The Total OPEB Liability	5.56%	5.56%	5.73%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**SUPPLEMENTARY
INFORMATION SECTION**

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS

The capital projects fund accounts for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

DEBT SERVICE

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.

PERMANENT FUNDS

The permanent funds are used to account for assets held by the School District to a trust agreement. The earnings are to be used for specific school programs.

FIDUCIARY FUND

Agency Fund - This fund allows for assets held as an agent for various student activities.

Hampton Township School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$847,596	\$ 1	\$22,899	\$ 870,496
Due from Other Funds	<u>-</u>	<u>561,300</u>	<u>-</u>	<u>561,300</u>
TOTAL ASSETS	<u>\$847,596</u>	<u>\$561,301</u>	<u>\$22,899</u>	<u>\$1,431,796</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ <u>2,210</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,210</u>
Fund Balances				
Nonspendable	-	-	20,400	20,400
Restricted	-	-	2,499	2,499
Committed	<u>845,386</u>	<u>561,301</u>	<u>-</u>	<u>1,406,687</u>
Total Fund Balances	<u>845,386</u>	<u>561,301</u>	<u>22,899</u>	<u>1,429,586</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$847,596</u>	<u>\$561,301</u>	<u>\$22,899</u>	<u>\$1,431,796</u>

Hampton Township School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds
Revenues				
Local Sources	\$ <u>13,495</u>	\$ <u>268</u>	\$ <u>272</u>	\$ <u>14,035</u>
Expenditures				
Capital Outlay	2,275,498	-	-	2,275,498
Debt Service				
Principal	-	3,080,000	-	3,080,000
Interest	<u>-</u>	<u>1,768,070</u>	<u>-</u>	<u>1,768,070</u>
Total Expenditures	<u>2,275,498</u>	<u>4,848,070</u>	<u>-</u>	<u>7,123,568</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,262,003)</u>	<u>(4,847,802)</u>	<u>272</u>	<u>(7,109,533)</u>
Other Financing Sources (Uses)				
Transfers In	<u>890,124</u>	<u>4,384,027</u>	<u>-</u>	<u>5,274,151</u>
Net Changes in Fund Balances	(1,371,879)	(463,775)	272	(1,835,382)
Fund Balance - July 1, 2019	<u>2,217,265</u>	<u>1,025,076</u>	<u>22,627</u>	<u>3,264,968</u>
Fund Balance - June 30, 2020	\$ <u>845,386</u>	\$ <u>561,301</u>	\$ <u>22,899</u>	\$ <u>1,429,586</u>

Hampton Township School District
Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2020

	Balance 07/01/19	Additions	Deductions	Balance 06/30/20
Activities Fund				
Assets				
Cash and Cash Equivalents	<u>\$164,879</u>	<u>\$140,408</u>	<u>\$179,719</u>	<u>\$125,568</u>
Liabilities				
Other Current Liabilities	<u>\$164,879</u>	<u>\$140,408</u>	<u>\$179,719</u>	<u>\$125,568</u>

STATISTICAL SECTION

FINANCIAL TREND DATA

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

Table 1

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities				(1)			(2)	(3)		
Net investment in capital assets	(5,181,505)	(4,886,788)	(2,587,682)	(2,078,560)	(1,690,470)	(1,965)	(265,374)	(672,245)	655,093	3,279,812
Restricted	567,483	21,884	21,884	21,884	21,885	21,912	21,987	22,177	22,627	22,899
Unrestricted	<u>5,172,052</u>	<u>4,573,287</u>	<u>3,401,268</u>	<u>(61,986,081)</u>	<u>(62,731,209)</u>	<u>(65,802,694)</u>	<u>(67,296,210)</u>	<u>(70,722,254)</u>	<u>(73,646,748)</u>	<u>(77,972,378)</u>
Total Governmental Activities Net Position	558,030	(291,617)	835,470	(64,042,757)	(64,399,794)	(65,782,747)	(67,539,597)	(71,372,322)	(72,969,028)	(74,669,667)
Business - Type Activities										
Net investment in capital assets	91,394	89,356	96,682	155,594	135,440	147,803	147,608	170,497	148,875	127,953
Unrestricted	<u>216,673</u>	<u>298,814</u>	<u>345,927</u>	<u>(305,414)</u>	<u>(263,135)</u>	<u>(232,504)</u>	<u>(293,740)</u>	<u>(316,808)</u>	<u>(395,210)</u>	<u>(534,261)</u>
Total Business - Type Activities Net Position	308,067	388,170	442,609	(149,820)	(127,695)	(84,701)	(146,132)	(146,311)	(246,335)	(406,308)
Total Primary Government										
Net investment in capital assets	(5,090,111)	(4,797,432)	(2,491,000)	(1,922,966)	(1,555,030)	145,838	(117,766)	(501,748)	803,968	3,407,765
Restricted	567,483	21,884	21,884	21,884	21,885	21,912	21,987	22,177	22,627	22,899
Unrestricted	<u>5,388,725</u>	<u>4,872,101</u>	<u>3,747,195</u>	<u>(62,291,495)</u>	<u>(62,994,344)</u>	<u>(66,035,198)</u>	<u>(67,589,950)</u>	<u>(71,039,062)</u>	<u>(74,041,958)</u>	<u>(78,506,639)</u>
Total Primary Government Net Position	<u>866,097</u>	<u>96,553</u>	<u>1,278,079</u>	<u>(64,192,577)</u>	<u>(64,527,489)</u>	<u>(65,867,448)</u>	<u>(67,685,729)</u>	<u>(71,518,633)</u>	<u>(73,215,363)</u>	<u>(75,075,975)</u>

Source: District Financial Reports

(1) - June 30, 2014 amounts restated due to the implementation of GASB 68.

(2) - June 30, 2017 amounts restated due to the implementation of GASB 75.

(3) - June 30, 2018 amounts restated due to a correction in the implementation of GASB 75.

Table 2

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction	24,952,692	24,254,511	26,039,315	25,569,301	27,451,751	28,959,979	30,774,623	31,283,657	32,677,258	34,011,611
Instructional Student Support	2,460,798	2,499,327	2,620,825	2,541,500	2,843,331	3,085,366	3,273,393	3,408,378	3,542,132	3,594,434
Administrative and Financial Support	3,595,493	3,851,404	4,101,942	4,067,991	4,551,271	4,676,518	5,617,627	5,258,751	5,202,896	5,459,846
Operation and Maintenance of Plant	4,099,330	4,042,035	4,143,134	4,532,657	5,119,529	5,096,514	6,043,486	5,676,724	5,820,410	5,909,255
Pupil Transportation	1,934,158	2,057,909	2,017,116	2,199,611	2,138,090	2,078,458	2,182,669	2,247,300	2,374,242	2,156,484
Student Activities	1,214,667	1,158,129	1,169,924	1,223,049	1,298,071	1,364,500	1,565,764	1,476,913	1,437,111	1,572,277
Community Services	5,200	2,171	65	-	-	-	-	-	-	-
Interest on long term debt	<u>2,992,486</u>	<u>2,919,253</u>	<u>2,853,487</u>	<u>2,798,549</u>	<u>2,694,123</u>	<u>2,616,593</u>	<u>2,286,134</u>	<u>2,240,790</u>	<u>2,196,148</u>	<u>2,102,894</u>
Total Governmental Activities Expense	<u>41,254,824</u>	<u>40,784,739</u>	<u>42,945,808</u>	<u>42,932,658</u>	<u>46,096,166</u>	<u>47,877,928</u>	<u>51,743,696</u>	<u>51,592,513</u>	<u>53,250,197</u>	<u>54,806,801</u>
Business - Type Activities										
Food Service	1,148,213	1,189,299	1,185,120	1,218,657	1,190,362	1,181,321	1,238,205	1,170,288	1,274,417	1,107,203
Total Primary Government Expenses	<u>42,403,037</u>	<u>41,974,038</u>	<u>44,130,928</u>	<u>44,151,315</u>	<u>47,286,528</u>	<u>49,059,249</u>	<u>52,981,901</u>	<u>52,762,801</u>	<u>54,524,614</u>	<u>55,914,004</u>
Program Revenues										
Governmental Activities										
Charges for Services										
Operating grants and contributions	6,491,928	5,128,784	5,716,137	5,617,807	6,357,195	7,056,944	7,439,603	8,187,439	8,428,917	8,931,333
Capital grants and contributions	<u>867,994</u>	<u>1,035,956</u>	<u>695,693</u>	<u>694,370</u>	<u>717,822</u>	<u>654,723</u>	<u>662,423</u>	<u>598,746</u>	<u>580,528</u>	<u>561,309</u>
Total Governmental Activities Revenues	<u>7,359,922</u>	<u>6,164,740</u>	<u>6,411,830</u>	<u>6,312,177</u>	<u>7,075,017</u>	<u>7,711,667</u>	<u>8,102,026</u>	<u>8,786,185</u>	<u>9,009,445</u>	<u>9,492,642</u>
Business - Type Activities										
Charges for Services										
Food Service	936,982	972,331	919,745	904,701	869,703	868,408	803,470	825,484	810,236	617,537
Operating grants and contributions	<u>291,607</u>	<u>297,071</u>	<u>319,814</u>	<u>335,016</u>	<u>342,762</u>	<u>355,907</u>	<u>372,065</u>	<u>367,448</u>	<u>361,178</u>	<u>328,509</u>
Total Business - Type Activities	<u>1,228,589</u>	<u>1,269,402</u>	<u>1,239,559</u>	<u>1,239,717</u>	<u>1,212,465</u>	<u>1,224,315</u>	<u>1,175,535</u>	<u>1,192,932</u>	<u>1,171,414</u>	<u>946,046</u>
Total Primary Government Program Revenues	<u>8,588,511</u>	<u>7,434,142</u>	<u>7,651,389</u>	<u>7,551,894</u>	<u>8,287,482</u>	<u>8,935,982</u>	<u>9,277,561</u>	<u>9,979,117</u>	<u>10,180,859</u>	<u>10,438,688</u>
Net (Expense) / Revenue										
Total Primary government net expense	<u>(33,814,526)</u>	<u>(34,539,896)</u>	<u>(36,479,539)</u>	<u>(36,599,421)</u>	<u>(38,999,046)</u>	<u>(40,123,267)</u>	<u>(43,704,340)</u>	<u>(42,783,684)</u>	<u>(44,343,755)</u>	<u>(45,475,316)</u>

Source: District Financial Reports

Table 3

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense) / Revenue										
Governmental Activities	(33,894,902)	(34,619,999)	(36,533,978)	(36,620,481)	(39,021,149)	(40,166,261)	(43,641,670)	(42,806,328)	(44,240,752)	(45,314,159)
Business - Type Activities	<u>80,376</u>	<u>80,103</u>	<u>54,439</u>	<u>21,060</u>	<u>22,103</u>	<u>42,994</u>	<u>(62,670)</u>	<u>22,644</u>	<u>(103,003)</u>	<u>(161,157)</u>
Total Primary government net expense	(33,814,526)	(34,539,896)	(36,479,539)	(36,599,421)	(38,999,046)	(40,123,267)	(43,704,340)	(42,783,684)	(44,343,755)	(45,475,316)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property Taxes	26,057,138	26,648,641	26,614,766	27,254,366	28,394,285	29,044,052	30,206,246	30,588,709	31,691,467	32,725,818
Earned Income Tax	3,781,364	3,335,190	3,824,345	3,728,470	3,919,833	3,972,074	4,017,502	4,046,757	4,152,057	4,311,591
Other Current Taxes	330,561	378,847	356,922	486,578	433,898	471,652	441,218	488,091	568,496	522,611
Grants & Contributions not Restricted	4,950,063	5,466,534	5,486,494	5,610,726	5,615,286	5,734,511	5,869,057	6,078,546	5,973,112	6,046,489
Investment Earnings	1,570,582	(2,136,017)	1,814,958	337,301	264,632	(479,881)	1,563,096	1,252,442	254,610	7,011
Other	<u>51,638</u>	<u>77,157</u>	<u>49,428</u>	<u>43,423</u>	<u>36,178</u>	<u>40,900</u>	<u>23,114</u>	<u>25,722</u>	<u>4,304</u>	<u>-</u>
Total Governmental Activities Revenues	36,741,346	33,770,352	38,146,913	37,460,864	38,664,112	38,783,308	42,120,233	42,480,267	42,644,046	43,613,520
Business - Type Activities										
Investment Earnings	-	-	-	-	-	-	1,239	3,038	2,979	1,184
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	-	-	-	-	22	-	1,239	3,038	2,979	1,184
Total Primary Government	<u>36,741,346</u>	<u>33,770,352</u>	<u>38,146,913</u>	<u>37,460,864</u>	<u>38,664,134</u>	<u>38,783,308</u>	<u>42,121,472</u>	<u>42,483,305</u>	<u>42,647,025</u>	<u>43,614,704</u>
Change in Net Position										
Governmental Activities	2,846,444	(849,647)	1,612,935	840,383	(357,037)	(1,382,953)	(1,521,437)	(326,061)	(1,596,706)	(1,700,639)
Business - Type Activities	<u>80,376</u>	<u>80,103</u>	<u>54,439</u>	<u>21,060</u>	<u>22,125</u>	<u>42,994</u>	<u>(61,431)</u>	<u>25,682</u>	<u>(100,024)</u>	<u>(159,973)</u>
Total Primary Government	<u>2,926,820</u>	<u>(769,544)</u>	<u>1,667,374</u>	<u>861,443</u>	<u>(334,912)</u>	<u>(1,339,959)</u>	<u>(1,582,868)</u>	<u>(300,379)</u>	<u>(1,696,730)</u>	<u>(1,860,612)</u>

Source: District Financial Reports

Table 4

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	320,501	317,288	325,924	339,538	354,161	313,917	311,495	316,297	363,261	338,961
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	5,000,000	4,932,000	6,781,000	5,763,000	5,190,000	4,468,000	3,721,000	3,019,000	2,370,000	2,719,000
Assigned	-	-	3,908	14,084	16,490	24,332	26,449	22,174	27,494	6,927
Unassigned	<u>4,326,415</u>	<u>5,738,225</u>	<u>3,579,652</u>	<u>3,968,106</u>	<u>4,835,151</u>	<u>4,636,428</u>	<u>4,636,220</u>	<u>4,794,582</u>	<u>4,745,554</u>	<u>4,262,456</u>
Total General Fund	<u>9,646,916</u>	<u>10,987,513</u>	<u>10,690,484</u>	<u>10,084,728</u>	<u>10,395,802</u>	<u>9,442,677</u>	<u>8,695,164</u>	<u>8,152,053</u>	<u>7,506,309</u>	<u>7,327,344</u>
All Other Governmental Funds										
Nonspendable	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400
Restricted	160,555	1,484	1,484	1,484	1,485	1,512	1,587	1,777	2,227	2,499
Committed	1,083,254	787,110	1,320,773	2,212,956	1,780,200	1,353,985	2,321,064	3,594,981	3,242,341	1,406,687
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other Governmental Funds	<u>1,264,209</u>	<u>808,994</u>	<u>1,342,657</u>	<u>2,234,840</u>	<u>1,802,085</u>	<u>1,375,897</u>	<u>2,343,051</u>	<u>3,617,158</u>	<u>3,264,968</u>	<u>1,429,586</u>

Source: District Financial Reports

Table 5

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Local Sources										
Real Estate Tax	24,998,024	25,742,986	25,825,296	26,373,369	27,273,860	27,965,748	28,966,310	29,821,111	30,846,519	31,780,332
Earned Income Tax	3,636,003	3,202,347	3,753,476	3,593,806	3,774,071	3,857,513	3,903,381	3,900,568	4,047,052	4,233,879
Other Local Taxes	1,765,518	1,336,736	1,187,613	1,553,829	1,667,671	1,684,561	2,010,020	1,379,574	1,649,871	1,539,823
Interest Earnings	73,175	39,358	45,958	21,301	25,158	39,885	114,775	243,997	497,454	295,522
Other Local Sources	<u>780,443</u>	<u>551,334</u>	<u>536,301</u>	<u>413,388</u>	<u>388,438</u>	<u>376,653</u>	<u>355,821</u>	<u>536,103</u>	<u>365,734</u>	<u>401,936</u>
Total Local Sources	<u>31,253,163</u>	<u>30,872,761</u>	<u>31,348,644</u>	<u>31,955,693</u>	<u>33,129,198</u>	<u>33,924,360</u>	<u>35,350,307</u>	<u>35,881,353</u>	<u>37,406,630</u>	<u>38,251,492</u>
State Sources										
Basic Education Subsidy	4,037,114	4,608,256	4,608,210	4,752,269	4,752,203	4,854,171	4,987,827	5,048,171	5,113,574	5,188,125
Special Education Subsidy	1,448,222	1,448,222	1,448,222	1,448,268	1,463,844	1,485,846	1,498,472	1,505,547	1,523,499	1,546,169
Other State Subsidies	<u>4,289,752</u>	<u>4,553,679</u>	<u>4,680,984</u>	<u>5,116,160</u>	<u>5,895,306</u>	<u>6,453,077</u>	<u>6,908,797</u>	<u>7,335,859</u>	<u>7,693,037</u>	<u>8,115,904</u>
Total State Sources	<u>9,775,088</u>	<u>10,610,157</u>	<u>10,737,416</u>	<u>11,316,697</u>	<u>12,111,353</u>	<u>12,793,094</u>	<u>13,395,096</u>	<u>13,889,577</u>	<u>14,330,110</u>	<u>14,850,198</u>
Federal Sources										
Other Federal Sources	<u>1,803,992</u>	<u>546,140</u>	<u>674,035</u>	<u>227,671</u>	<u>221,966</u>	<u>310,331</u>	<u>243,252</u>	<u>464,773</u>	<u>286,867</u>	<u>286,997</u>
Total Federal Sources	<u>1,803,992</u>	<u>546,140</u>	<u>674,035</u>	<u>227,671</u>	<u>221,966</u>	<u>310,331</u>	<u>243,252</u>	<u>464,773</u>	<u>286,867</u>	<u>286,997</u>
Total Revenues	<u>42,832,243</u>	<u>42,029,058</u>	<u>42,760,095</u>	<u>43,500,061</u>	<u>45,462,517</u>	<u>47,027,785</u>	<u>48,988,655</u>	<u>50,235,703</u>	<u>52,023,607</u>	<u>53,388,687</u>

Source: District Financial Reports

Table 6

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular Programs	17,960,807	18,726,894	19,910,625	20,109,716	21,224,721	22,450,060	23,134,311	24,110,680	25,188,469	25,675,872
Special Programs	4,045,812	3,397,760	3,408,320	3,352,173	3,383,113	3,457,172	3,590,613	3,910,352	4,318,462	4,559,018
Vocational Education Programs	996,154	329,114	498,479	572,354	669,331	668,385	622,209	641,014	653,058	689,917
Other Instructional Programs	89,797	17,953	7,318	19,270	6,406	29,895	15,155	8,719	15,394	13,038
Nonpublic School Programs	15,076	11,869	14,115	6,570	7,441	-	12,196	14,499	10,811	3,972
Support Services										
Pupil Personnel	1,043,243	1,035,206	1,099,268	1,076,596	1,228,836	1,334,636	1,566,792	1,629,246	1,650,870	1,762,721
Instructional Staff	1,029,282	1,074,732	1,114,950	1,018,177	1,058,743	1,223,614	1,074,004	1,199,470	1,298,524	1,231,423
Administration	2,778,205	2,823,222	3,038,688	2,985,656	3,242,822	3,257,235	3,856,048	3,615,278	3,863,089	3,694,109
Pupil Health	388,315	388,458	413,613	446,252	486,837	441,635	429,196	459,428	513,091	453,585
Business	369,815	325,753	358,225	370,777	388,151	398,073	436,150	452,728	449,843	472,236
Operation & Maint. of Plant Services	4,187,484	3,497,585	3,621,197	3,931,134	4,095,476	4,267,770	4,638,279	4,893,150	5,380,587	4,977,029
Pupil Transportation	1,932,890	2,057,909	2,017,116	2,199,611	2,137,306	2,077,468	2,180,002	2,245,808	2,373,188	2,154,593
Central Services	681,399	579,463	559,986	680,773	753,755	903,811	957,808	950,347	982,764	1,029,258
Other Support Services	48,620	47,195	47,500	47,654	47,808	47,739	48,634	48,854	50,133	45,346
Non Instructional Services										
Student Activities	1,141,832	1,028,078	1,042,316	1,096,224	1,152,661	1,213,408	1,375,052	1,315,915	1,347,393	1,335,491
Community Services	5,200	2,171	65	-	-	-	16	49	-	-
Capital Outlay	698,916	779,477	360,676	467,856	718,682	1,628,675	658,904	472,218	187,755	2,275,498
Debt Service										
Principal	1,923,071	2,190,000	2,335,519	2,411,347	2,497,343	2,578,377	2,819,451	2,910,565	3,070,223	3,106,460
Swaption Termination Fees*	2,354,000	-	-	-	-	-	-	-	-	-
Interest	2,683,807	2,827,052	2,675,132	2,564,447	2,484,642	2,382,587	2,139,648	2,005,136	1,808,287	1,772,960
Refund of Prior Year's Receipts	<u>9,562</u>	<u>4,585</u>	<u>353</u>	<u>7,700</u>	<u>4,322</u>	<u>53,558</u>	<u>2,638</u>	<u>16,681</u>	<u>2,863</u>	<u>150,508</u>
Total Expenditures	<u>44,383,287</u>	<u>41,144,476</u>	<u>42,523,461</u>	<u>43,364,287</u>	<u>45,588,396</u>	<u>48,414,098</u>	<u>49,557,106</u>	<u>50,900,137</u>	<u>53,164,804</u>	<u>55,403,034</u>
Debt Service as a Percentage of non capital** expenditures	10.55%	12.47%	11.94%	11.69%	11.07%	10.64%	10.09%	9.81%	9.38%	9.16%

* - 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 Ten Fiscal Years
(Accrual Basis of Accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Excess of Revenues Over (Under) Expenditures	(1,551,044)	884,582	236,634	135,774	(125,879)	(1,386,313)	(568,451)	(664,434)	(1,141,197)	(2,014,347)
Other Financing Sources (Uses)										
Long Term Debt Issued	12,682,906	-	-	142,083	-	-	15,857,890	9,928,637	139,113	-
Long Term Debt Retired	(9,395,000)	-	-	-	-	-	(15,069,826)	(8,533,207)	-	-
Sale of Capital Assets	2,100	800	-	8,570	4,198	7,000	28	-	4,150	-
Transfers In	5,820,394	5,315,000	5,878,750	6,162,552	5,235,545	6,132,235	6,550,500	6,459,038	5,238,500	5,274,151
Transfers Out	<u>(5,820,394)</u>	<u>(5,315,000)</u>	<u>(5,878,750)</u>	<u>(6,162,552)</u>	<u>(5,235,545)</u>	<u>(6,132,235)</u>	<u>(6,550,500)</u>	<u>(6,459,038)</u>	<u>(5,238,500)</u>	<u>(5,274,151)</u>
Total Other Financing Sources (Uses)	<u>3,290,006</u>	<u>800</u>	<u>-</u>	<u>150,653</u>	<u>4,198</u>	<u>7,000</u>	<u>788,092</u>	<u>1,395,430</u>	<u>143,263</u>	<u>-</u>
Net Change in Governmental Fund Balance	<u>1,738,962</u>	<u>885,382</u>	<u>236,634</u>	<u>286,427</u>	<u>(121,681)</u>	<u>(1,379,313)</u>	<u>219,641</u>	<u>730,996</u>	<u>(997,934)</u>	<u>(2,014,347)</u>

Source: District Financial Reports

REVENUE CAPACITY STATISTICS

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

Table 8

HAMPTON TOWNSHIP SCHOOL DISTRICT
Real Estate Tax Levy and Collection History
Last Ten 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
2020	(1),(2)	19.38	\$33,030,556	\$31,673,698	95.89%	N/A	\$31,673,698	95.89%
2019	(1),(2)	18.95	31,913,284	30,570,961	95.79%	473,728	31,044,689	97.28%
2018	(1),(2)	18.77	31,224,741	29,721,415	95.19%	695,504	30,416,919	97.41%
2017	(1),(2)	18.39	30,332,639	28,805,907	94.97%	781,831	29,587,738	97.54%
2016	(1),(2)	18.12	29,365,723	27,874,741	94.92%	864,547	28,739,288	97.87%
2015	(1),(2)	17.85	28,600,288	27,225,174	95.19%	1,006,691	28,231,865	98.71%
2014	(1),(2)	17.59	27,640,759	26,326,262	95.24%	1,086,473	27,412,735	99.18%
2013	(1)	21.35	27,044,689	25,822,231	95.48%	973,362	26,795,593	99.08%
2012	(1)	21.35	26,944,776	25,715,701	95.44%	837,422	26,553,123	98.55%
2011	(1)	20.88	26,018,630	24,867,448	95.58%	861,945	25,729,393	98.89%

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

(1) - The District's Total tax levy for the years ended June 30, 2011 to June 30, 2020 was reduced by the Commonwealth of Pennsylvania's Property Tax Relief Program. The Commonwealth distributed the following amounts to the School district for property tax relief to its residents. The property tax relief was in the form of a homestead/farmstead exclusion.

Year Ending	Total Property Tax Distribution	Property Tax Relief per Approved Property
June 30, 2020	\$858,364	\$156
June 30, 2019	859,538	157
June 30, 2018	858,898	157
June 30, 2017	861,230	158
June 30, 2016	860,340	157
June 30, 2015	862,557	157
June 30, 2014	858,457	154
June 30, 2013	858,284	156
June 30, 2012	858,278	157
June 30, 2011	859,492	159

(2) - The Tax Rate was reduced in the 2013-14 fiscal year to account for the County-wide reassessment. The District's tax rate was reduced by 18.55% (from 21.35 mills to 17.39 mills) to achieve the revenue neutral tax rate.

A 0.20 mill increase was approved in the 2013-14 budget - resulting in the final 2013-14 tax rate of 17.59 mills.

Table 9

HAMPTON TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten 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>	<u>School District</u> <u>Millage</u> <u>Rate (a)</u>
2020	\$1,533,534,527	\$215,119,760	\$1,748,654,287	19.38
2019	1,520,969,547	208,466,960	1,729,436,507	18.95
2018	1,507,061,855	202,242,300	1,709,304,155	18.77
2017	1,489,687,884	206,553,000	1,696,240,884	18.39
2016	1,463,475,422	204,629,600	1,668,105,022	18.12
2015	1,444,400,280	206,123,600	1,650,523,880	17.85
2014	1,395,814,201	224,380,000	1,620,194,201	17.59 (1)
2013	1,148,012,947	155,295,790	1,303,308,737	21.35
2012	1,153,095,689	149,155,100	1,302,250,789	21.35
2011	1,140,026,197	147,240,230	1,287,266,427	20.88

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

(1) - The School District tax rate was reduced in the 2013-14 fiscal year to account for the County-wide reassessment and overall increase in assessed value. The District's tax rate was reduced by 18.55% (from 21.35 mills to 17.39 mills) to achieve the revenue neutral tax rate. A 0.20 mill increase was approved in the 2013-14 budget - resulting in the final 2013-14 tax rate of 17.59 mills.

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 (Total)</u>
2019	30	\$1,434,475	\$9,342,417	\$10,776,892	\$1,748,654,287
2018	27	5,000,000	10,437,537	15,437,537	1,729,436,507
2017	19	1,114,032	6,650,621	7,764,653	1,709,304,155
2016	24	15,859,487	6,584,899	22,444,386	1,696,240,884
2015	47	-	11,843,193	11,843,193	1,668,105,022
2014	39	1,863,378	11,320,963	13,184,341	1,650,523,880
2013	33	6,148,754	7,490,603	13,639,357	1,620,194,201
2012	21	1,196,514	5,578,000	6,774,514	1,303,308,737
2011	11	42,000	3,329,400	3,371,400	1,302,250,789
2010	20	300,000	5,447,752	5,747,752	1,287,266,427

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

Source: Hampton Township Planning / Zoning Commission

Table 11

**HAMPTON TOWNSHIP SCHOOL DISTRICT
Ten Largest Real Estate Taxpayers Comparison
2019-20 Fiscal Year and 2010-11 Fiscal Year**

	Type of	2019-20	2019-20
<u>Name</u>	<u>Property</u>	<u>Assessment</u>	<u>% of Total</u>
Coventry Square Associates	Apartments	20,000,000	1.14%
St. Margaret Nursing Home Corp	Medical/Residential	16,569,100	0.95%
Shoppers Plaza Land Company	Commercial	14,533,400	0.83%
PPG Industries	Office/Research	6,500,000	0.37%
Guardian Storage	Storage	5,566,900	0.32%
Allison Park Facility	Medical/Residential	4,700,000	0.27%
Route 8 Holding Company	Commercial	4,544,000	0.26%
Sirera Properties	Commercial	4,013,400	0.23%
Stone Lodge, Inc.	Country Club	3,400,000	0.19%
Conceptual Development	Commercial	3,100,000	0.18%
Total Assessed Value - Ten Principal Taxpayers (2019-20)		<u>\$82,926,800</u>	<u>4.74%</u>

Total District Assessed Value (2019-20) **\$1,748,654,287**

	Type of	2010-11	2010-11
<u>Name</u>	<u>Property</u>	<u>Assessment</u>	<u>% of Total</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) **\$ 1,287,266,427**

Note:

2019-20 Assessments are based on the Allegheny County 2012 base year assessment

2010-11 Assessments are based on the Allegheny County 2002 base year assessment

Source: District Tax Assessment Records

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 <u>Rates</u>
		<u>Hampton Township</u>	<u>Allegheny County</u>	
2020	19.38	2.9241	4.73	27.0341
2019	18.95	2.4966	4.73	26.1766
2018	18.77	2.4966	4.73	25.9966
2017	18.39	2.4966	4.73	25.6166
2016	18.12	2.4026	4.73	25.2526
2015	17.85	2.4026	4.73	24.9826
2014	17.59 (a)	2.4026	4.73	24.7226
2013	21.35	2.4026 (b)	4.73 (b)	28.4826
2012	21.35	2.5045	5.69	29.5445
2011	20.88	2.5045	4.69	28.0745

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

(a) - The School District tax rate was reduced in the 2013-14 fiscal year to account for the County-wide reassessment and overall increase in assessed value. The District's tax rate was reduced by 18.55% (from 21.35 mills to 17.39 mills) to achieve the revenue neutral tax rate. A 0.20 mill increase was approved in the 2013-14 budget - resulting in the final 2013-14 tax rate of 17.59 mills.

(b) - The year ended June 30, 2013 tax rates for Hampton Township and Allegheny County include the 2013 Allegheny County reassessment values. The year ended June 30, 2013 Hampton Township School District rate was based on the 2012 Assessed Value. This is because the Township and County fiscal years end on December 31st whereas the School District's fiscal year ends on June 30th.

Table 13

HAMPTON TOWNSHIP SCHOOL DISTRICT
Major Employers within the School District Comparison
2019-20 Fiscal Year and 2010-11 Fiscal Year

<u>Employer Name</u>	<u>Product or Service</u>	Approximate Employment	Percent of Total Employment	Approximate Employment	Percent of Total Employment
		<u>2019-20</u>	<u>2019-20</u>	<u>2010-11</u>	<u>2010-11</u>
Hampton Township School District	Public Education	480	7.5%	409	6.6%
PPG Industries	Office / Research	397	6.2%	291	4.7%
Home Depot	Retail	155	2.4%	151	2.4%
Township of Hampton	Government	154	2.4%	69	1.1%
Wildwood Golf Club	Country Club	121	1.9%	102	1.6%
Miller Electric Construction	Construction / Contracting	95	1.5%	N/A	N/A
Quality Foods Corp / Kuhn's Grocery	Retail	93	1.5%	N/A	N/A
Eat 'n Park	Restaurant	89	1.4%	87	1.4%
St. Paul's United Methodist Church	Church	81	1.3%	N/A	N/A
Allison Park Church	Church	72	1.1%	N/A	N/A
Approximate District-Wide Employment		6400		6200	

Source: Earned Income Tax and Local Services Tax Reports

DEBT CAPACITY STATISTICS

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

Table 14

HAMPTON TOWNSHIP SCHOOL DISTRICT
Outstanding Debt Analysis
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Capital Leases Outstanding	General Obligation		Ratio of Bonds, Notes & Capital Leases Outstanding to Assessed Value (b)	Ratio of Bonded Debt to Assessed Value (b)	Ratio of Bonded Debt Per Capita (c)
		Governmental Activities General Obligation Bonds & Notes Outstanding	Bonds, Notes & Capital Leases Outstanding as a Percent of Personal Income (a)			
2020	\$87,430	\$49,120,506	5.81%	2.81%	2.76%	\$2,624
2019	113,890	52,011,078	6.44%	3.01%	2.95%	2,776
2018	-	54,886,824	7.04%	3.21%	3.15%	2,929
2017	30,565	56,029,822	7.18%	3.30%	3.23%	2,987
2016	60,016	57,499,682	7.46%	3.45%	3.37%	3,059
2015	88,393	59,911,024	7.95%	3.64%	3.55%	3,186
2014	115,736	62,250,666	8.67%	3.85%	3.75%	3,310
2013	-	64,111,570	8.54%	4.92%	4.80%	3,407
2012	-	66,288,580	8.83%	5.09%	5.00%	3,546
2011	49,784	68,440,730	9.42%	5.32%	5.19%	3,636

(a) - District Personal Income is calculated based on annual current earned income tax collections

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

(c) - 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 Ten Fiscal Years

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Borrowing Base Revenues	\$127,503,433	\$127,816,387	\$132,332,653	\$132,015,554	\$137,762,654	\$139,683,642	\$146,068,678	\$151,576,468	\$156,682,083	\$159,336,497
Average borrowing Base (total revenues divided by 3)	\$42,501,144	\$42,605,462	\$44,110,884	\$44,005,185	\$45,920,885	\$46,561,214	\$48,689,559	\$50,525,489	\$52,227,361	\$53,112,166
Multiplied by Debt Limit Percentage	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>
Equals: Debt Limit	\$95,627,575	\$95,862,290	\$99,249,490	\$99,011,666	\$103,321,991	\$104,762,732	\$109,551,509	\$113,682,351	\$117,511,562	\$119,502,373
Total District Debt applicable to Limit (1)	<u>\$68,440,730</u>	<u>\$66,288,580</u>	<u>\$64,226,100</u>	<u>\$62,003,477</u>	<u>\$59,710,191</u>	<u>\$57,352,485</u>	<u>\$55,601,364</u>	<u>\$54,547,310</u>	<u>\$51,753,096</u>	<u>\$48,944,056</u>
Legal Debt Margin	<u>\$27,186,845</u>	<u>\$29,573,710</u>	<u>\$35,023,390</u>	<u>\$37,008,189</u>	<u>\$43,611,800</u>	<u>\$47,410,247</u>	<u>\$53,950,145</u>	<u>\$59,135,041</u>	<u>\$65,758,466</u>	<u>\$70,558,317</u>
Legal Debt Margin as a Percentage of Debt Limit	28.43%	30.85%	35.29%	37.38%	42.21%	45.25%	49.25%	52.02%	55.96%	59.04%

(1) - The Pennsylvania "Local Government Unit Debt Act" utilizes Gross Bonds and Notes Outstanding and excludes Capital Leases in the calculation of the legal debt margin.

Source: District Financial Reports

Table 16

HAMPTON TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Government Debt
as of June 30, 2020

Governmental Unit	Debt Outstanding	Percentage Applicable to School District Residents	Estimated Share of Direct and Overlapping Debt
Overlapping Debt			
Township of Hampton (a)	\$37,876,358	100.00%	\$37,876,358
County of Allegheny (a)	\$896,483,478	2.194% (b)	<u>\$19,667,246</u>
Subtotal of Overlapping Debt			\$57,543,604
Direct Debt			
Hampton Township School District Bonds, Notes and Capital Lease, net of Bond Discount and Premium			<u>\$49,207,936</u>
Total Direct and Overlapping Debt			<u>\$106,751,540</u>
Ratio of Total Direct and Overlapping Debt Percentage of Real Estate Assessed Value			6.10%
Per Capita (c)			\$5,813

(a) Township and County Outstanding Debt as of December 31, 2019

(b) County Percentage of Overlapping Debt based on the ratio of School District

Assessed Value (\$1,748,654,287) to County Assessed Value (\$79,708,143,385)

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.

DEMOGRAPHIC AND ECONOMIC STATISTICS

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

Table 17

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

Fiscal Year Ending June 30,	Population (a)	Personal Income (b)	Per Capita Personal Income	Unemployment Rate (c)
2020	18,363	\$846,775,800	\$46,113	12.9%
2019	18,363	809,410,400	44,078	4.4%
2018	18,363	780,113,600	42,483	4.5%
2017	18,363	780,676,200	42,514	5.2%
2016	18,363	771,502,600	42,014	5.9%
2015	18,363	754,814,200	41,105	5.5%
2014	18,363	718,761,200	39,142	5.9%
2013	18,363	750,695,200	40,881	7.2%
2012	18,363	640,469,400	34,878	7.6%
2011	18,363	727,200,600	39,601	7.9%

Source:

(a) Population data from the 2010 Census

(b) Personal Income calculated from current earned income tax collections

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

OPERATING STATISTICS

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

Table 18

HAMPTON TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten 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	
2020	2,789	\$48,097,608	\$17,245	55,403,034	\$19,865	208	13.41	11.81%	(b)
2019	2,804	47,343,510	16,884	53,164,804	18,960	207	13.55	13.77%	(b)
2018	2,834	45,364,095	16,007	50,900,137	17,961	210	13.50	11.21%	(b)
2017	2,883	43,706,720	15,160	49,557,106	17,189	205	14.06	12.41%	(b)
2016	2,909	41,770,901	14,359	48,414,098	16,643	206	14.12	11.99%	(b)
2015	2,967	39,883,407	13,442	45,588,396	15,365	206	14.40	9.95%	(b)
2014	3,029	37,920,636	12,519	43,364,287	14,316	205	14.78	11.54%	(b)
2013	3,087	37,152,132	12,035	42,523,461	13,775	208	14.84	11.24%	(b)
2012	3,095	35,347,945	11,421	41,144,476	13,294	209	14.81	9.01%	
2011	3,090	35,968,614	11,640	44,383,287	14,364	215	14.37	9.18%	

(a) Operating expenditures are total general fund expenditures less debt service and fund transfers

(b) The District's official percentage of free or reduced eligible students increased beginning with the 2012-13 school year due to the expansion of the Commonwealth of Pennsylvania direct certification and Medicaid programs.

Table 19

HAMPTON TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent Employees by Classification
Last Ten Fiscal Years

Position	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Teachers	215	209	208	205	206	206	205	210	207	208
Paraeducators / Paraprofessionals	45	42	48	51	48	49	51	52	56	57
Maintenance / Custodians	40	40	40	40	40	40	40	40	40	40
Other	26	25	26	24	24	27	28	25	32	33
Administrative Professionals	29	29	29	29	29	29	29	29	29	29
Administrators	18	18	18	18	18	19	19	19	19	19
Food Service	<u>14</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>10</u>	<u>9</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>6</u>
Total	<u>387</u>	<u>375</u>	<u>381</u>	<u>379</u>	<u>375</u>	<u>379</u>	<u>380</u>	<u>383</u>	<u>391</u>	<u>392</u>

Source: District Records

Table 20

HAMPTON TOWNSHIP SCHOOL DISTRICT
Instructor Base Salaries
Last Ten Fiscal Years

Fiscal Year Ending June 30,	-----Bachelor's Degree-----		-----Masters Degree-----	
	Step 1	Step 18 (Max)	Step 1	Step 18 (Max)
2020	\$46,788	\$98,190	\$49,038	\$100,440
2019	45,338	96,740	47,588	98,990
2018	43,888	95,290	46,138	97,540
2017	42,438	93,840	44,688	96,090
2016	41,438	92,840	43,688	95,090
2015	39,463	90,865	41,713	93,115
2014	38,933	90,335	41,183	92,585
2013	38,933	90,335	41,183	92,585
2012	38,750	89,595	40,250	92,285
2011	37,775	87,295	39,275	89,985

Source: Hampton Township School District / Hampton Township Education Association Professional Collective Bargaining Agreements

Table 21

HAMPTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Elementary Schools</u>										
Central Elementary										
Original Construction - 1971; Latest Renovation - 1997										
Square Feet	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000
Capacity	932	932	932	932	932	932	932	932	932	932
Number of Classrooms	32	32	32	32	32	32	32	32	32	32
Enrollment	522	513	528	517	502	485	493	471	473	456
Professional Staff	38	37	33	38	38	39	39	40	39	40
Support Staff	22	21	27	25	20	21	21	21	19	19
Poff Elementary										
Original Construction - 1962; Latest Renovation - 2009										
Square Feet	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000
Capacity	475	475	475	475	475	475	475	475	475	475
Number of Classrooms	24	24	24	24	24	24	24	24	24	24
Enrollment	317	307	272	285	276	272	299	294	316	334
Professional Staff	28	27	26	23	21	22	22	25	24	25
Support Staff	15	15	11	11	13	12	12	12	11	11
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	71,000
Capacity	600	600	600	600	600	600	600	600	600	600
Number of Classrooms	29	29	29	29	29	29	29	29	29	30
Enrollment	397	419	426	405	384	400	386	363	377	372
Professional Staff	33	33	30	29	30	30	30	31	32	31
Support Staff	15	15	21	19	18	18	19	19	21	22

Table 21
(Continued)

HAMPTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

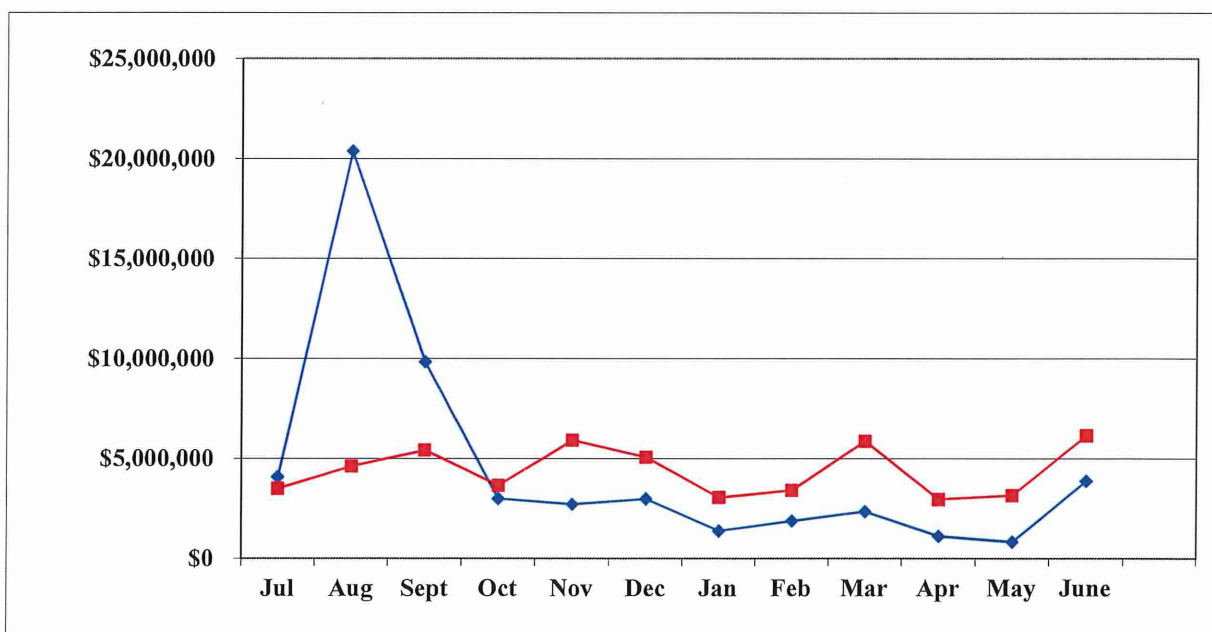
	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Secondary Schools</u>										
Middle School										
Original Construction - 2003										
Square Feet	144,500	144,500	144,500	144,500	144,500	144,500	144,500	144,500	144,500	144,500
Capacity	900	900	900	900	900	900	900	900	900	900
Number of Classrooms	52	52	52	52	52	52	52	52	52	52
Enrollment	759	745	746	721	721	713	700	697	644	679
Professional Staff	67	65	61	65	64	65	65	65	67	67
Support Staff	27	26	26	26	29	29	30	29	34	33
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	233,000
Capacity	1,269	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	67
Enrollment	1,095	1,111	1,115	1,101	1,084	1,039	1,005	1,009	994	948
Professional Staff	81	77	81	80	82	83	82	82	80	81
Support Staff	43	41	47	45	42	42	42	41	46	45
<u>Administration Offices</u>										
Original Construction - 2003										
Square Feet	5,850	5,850	5,850	5,850	5,850	5,850	5,850	5,850	5,850	5,850
Professional Staff	7	7	7	7	7	7	7	7	7	7
Support Staff	11	11	11	11	11	11	11	11	11	11

Source: School District Records

Table 22

HAMPTON TOWNSHIP SCHOOL DISTRICT
Cash Flow Analysis
2019-20 General Fund

<u>Month</u>	<u>Receipts</u>	<u>Disbursements</u>
July	\$4,092,398	\$3,527,138
August	\$20,390,192	\$4,649,268
September	\$9,846,381	\$5,436,335
October	\$3,004,185	\$3,670,347
November	\$2,733,715	\$5,927,976
December	\$2,998,519	\$5,084,833
January	\$1,391,848	\$3,079,140
February	\$1,899,586	\$3,431,408
March	\$2,370,454	\$5,897,632
April	\$1,134,945	\$2,981,330
May	\$841,584	\$3,170,631
June	\$3,899,831	\$6,173,159
Total	<u>\$54,603,638</u>	<u>\$53,029,197</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

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

Table 23

School District Name	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Allegheny Valley	23.46	23.46	19.95	20.35	20.35	20.35	20.35	20.84	20.84	20.84
Avonworth	20.00	20.94	17.70	18.67	18.67	18.67	18.67	19.10	19.53	19.53
Baldwin-Whitehall	23.40	23.40	19.61	17.61	18.42	19.25	20.37	21.05	21.76	21.76
Bethel Park	24.97	25.49	21.86	22.43	22.88	22.88	22.88	22.88	21.00	21.77
Brentwood	28.27	28.27	24.80	26.83	28.19	29.53	29.53	30.54	31.55	32.71
Carlynton	23.15	23.15	19.09	19.60	20.58	21.56	22.50	23.50	24.18	25.79
Chartiers Valley	19.88	19.88	16.22	16.22	16.22	16.61	16.61	17.07	17.56	18.21
Clairton	25.79	26.80	25.25	25.25	25.25	25.28	25.28	26.24	27.30	28.65
Cornell	25.96	26.55	22.75	22.75	23.31	23.31	23.31	23.68	23.68	23.68
Deer Lakes	26.69	26.69	21.95	21.95	21.95	21.95	21.95	21.95	21.95	21.95
Duquesne	21.10	21.10	17.50	17.50	17.50	17.50	17.50	17.50	17.50	17.50
East Allegheny	27.54	27.54	27.54	27.54	25.80	26.97	26.97	26.97	26.97	29.97
Elizabeth Forward	25.01	25.01	20.61	20.61	20.61	22.01	22.97	24.02	24.79	25.68
Fox Chapel	21.56	21.56	18.45	18.63	18.63	18.98	19.34	19.58	19.58	19.87
Gateway	21.02	21.85	18.89	18.89	19.33	19.33	19.33	19.87	19.87	20.17
Hampton Township School District	21.35	21.35	17.59	17.85	18.12	18.39	18.77	18.95	19.38	19.71
Highlands	26.41	26.41	23.80	23.80	23.80	23.80	23.80	24.63	24.88	24.88
Keystone Oaks	22.03	22.03	18.63	18.63	18.63	19.08	19.08	19.31	19.50	19.50
McKeesport	17.05	17.49	15.22	15.70	16.15	16.74	17.37	19.48	20.16	20.96
Montour	18.90	18.90	16.90	16.90	17.22	17.96	17.96	17.96	17.96	17.96
Moon Area	21.30	21.30	18.12	18.85	18.85	19.56	20.30	21.12	22.10	22.67
Mt. Lebanon	26.63	27.13	22.61	23.15	23.55	23.93	23.93	24.32	24.79	24.79
North Allegheny	20.26	20.92	17.40	17.40	18.00	18.00	18.00	18.46	19.14	19.14
North Hills	20.91	21.26	17.06	17.26	17.40	17.80	18.00	18.25	18.65	18.65
Northgate	28.60	28.60	23.71	24.79	24.79	24.79	24.79	24.79	25.50	25.50
Penn Hills	24.81	24.81	23.47	24.15	24.81	26.31	27.56	28.66	28.66	29.70
Pine Richland	21.91	22.82	19.21	19.21	19.21	19.21	19.59	19.59	19.59	19.59
Plum	22.20	22.20	18.76	18.76	18.76	19.38	20.24	21.08	21.08	21.08
Quaker Valley	20.95	21.25	16.93	17.15	17.32	17.74	18.40	18.91	19.47	19.47
Riverview	24.79	25.36	21.18	22.45	22.45	22.45	23.01	23.01	23.27	23.27
Shaler	25.63	25.63	20.76	21.34	21.87	22.56	23.28	23.53	23.53	23.53
South Allegheny	18.49	18.49	17.24	17.24	17.24	17.24	17.24	17.86	19.50	20.26
South Fayette	27.83	28.82	24.71	25.21	26.12	26.70	26.70	26.70	26.70	26.70
South Park	25.99	25.99	21.85	22.48	23.06	23.82	24.60	25.38	25.96	25.96
Steel Valley	24.16	24.16	21.31	21.31	21.31	22.01	22.76	23.49	24.22	25.08
Sto - Rox	25.00	25.00	23.19	23.19	23.19	23.19	24.09	24.09	24.09	24.09
Upper St. Clair	24.10	25.72	21.41	22.20	23.04	24.34	25.16	25.86	26.38	26.90
West Allegheny	22.00	22.00	18.51	18.51	18.51	18.51	18.51	18.51	18.51	18.51
West Jefferson Hills	21.08	21.08	18.10	18.59	19.04	19.63	20.24	20.84	21.45	21.45
West Mifflin	22.99	22.99	20.34	24.50	24.50	24.50	24.50	24.50	24.50	25.38
Wilkinsburg	35.00	36.67	32.63	32.63	32.63	32.63	32.63	29.50	29.50	29.50
Woodland Hills	25.65	26.21	22.40	22.40	22.40	25.35	25.35	25.35	26.11	27.00
County-Wide Average Millage	23.66	23.96	20.60	20.96	21.18	21.66	21.99	22.36	22.68	23.08
Hampton Township SD Millage Rate	<u>21.35</u>	<u>21.35</u>	<u>17.59</u>	<u>17.85</u>	<u>18.12</u>	<u>18.39</u>	<u>18.77</u>	<u>18.95</u>	<u>19.38</u>	<u>19.71</u>
Difference - Favorable (Unfavorable)	<u>2.31</u>	<u>2.61</u>	<u>3.01</u>	<u>3.11</u>	<u>3.06</u>	<u>3.27</u>	<u>3.22</u>	<u>3.41</u>	<u>3.30</u>	<u>3.37</u>
Difference % - Favorable (Unfavorable)	<u>9.77%</u>	<u>10.89%</u>	<u>14.61%</u>	<u>14.85%</u>	<u>14.46%</u>	<u>15.10%</u>	<u>14.63%</u>	<u>15.23%</u>	<u>14.56%</u>	<u>14.60%</u>

Source: Allegheny Intermediate Unit Survey

HAMPTON TOWNSHIP SCHOOL DISTRICT AND HAMPTON TOWNSHIP

The School District

The Hampton Township School District shares the same boundaries and residents as Hampton Township. The District encompasses approximately 16 square miles in northern Allegheny County and is located approximately 12 miles northeast 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 2020 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 arts, professional sports and health care.

**SINGLE AUDIT
SECTION**

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

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Hampton Township School District for the period ended June 30, 2020 were prepared to fulfill the requirements of Government Auditing Standards and the Uniform Grant Guidance. A summary of the reports are as follows:

- A. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- B. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- 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
Pittsburgh, Pennsylvania
December 18, 2020

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Exhibit A

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hampton Township School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Hampton Township School District's basic financial statements, and have issued our report thereon dated December 18, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
December 18, 2020

HOSACK, SPECHT, MUETZEL & WOOD LLP

Exhibit B

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**Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited Hampton Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hampton Township School District's major federal programs for the year ended June 30, 2020. 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.

Management's Responsibility

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

Auditor's Responsibility

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

Report on Compliance for Each Major Federal Program (Cont'd)

Auditor's Responsibility (Cont'd)

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

Opinion on Each Major Federal Program

In our opinion, Hampton Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Hampton Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hampton Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Members of the Board
Hampton Township School District
Exhibit B
Page 3

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
December 18, 2020

**Hampton Township School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

Exhibit C

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued was unmodified.

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 unmodified.

Any audit findings disclosed that are required to
be reported in accordance with 2CFR Section
200.516(a)? ☐ yes ☒ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027; 84.173	Special Education Cluster

Dollar threshold used to distinguish between
type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**Hampton Township School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

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, 2020

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 07/01/19	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/20
U.S. Department of Education										
Passed through the Pennsylvania										
Department of Education										
Title I Improving Basic Programs	I	84.010	013-200179	09/05/19-09/30/20	\$ 139,040	\$ 139,040	\$ -	\$ 139,040	\$ 139,040	\$ -
Title I Improving Basic Programs	I	84.010	013-190179	08/30/18-09/30/19	163,240	58,300	58,300	-	-	-
						197,340	58,300	139,040	139,040	-
Title II Improving Teacher Quality	I	84.367	020-200179	09/05/19-09/30/20	44,823	30,659	-	41,119	41,119	10,460
Title II Improving Teacher Quality	I	84.367	020-190179	08/30/18-09/30/19	52,043	-	(4,970)	4,970	4,970	-
						30,659	(4,970)	46,089	46,089	10,460
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-200179	09/05/19-09/30/20	12,218	7,519	-	10,396	10,396	2,877
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-190179	08/30/18-09/30/19	13,816	7,895	6,072	1,823	1,823	-
						15,414	6,072	12,219	12,219	2,877
Passed through the Allegheny Intermediate Unit										
Special Education Cluster										
IDEA B	I	84.027	062-200003	07/01/19-09/30/20	288,078	288,078	-	288,078	288,078	-
IDEA B	I	84.027	062-190003	07/01/18-09/30/19	264,091	71,158	71,158	-	-	-
IDEA B Section 619	I	84.173	131-190003	07/01/19-06/30/20	1,488	1,488	-	1,488	1,488	-
IDEA B Section 619	I	84.173	131-180003	07/01/18-06/30/19	1,729	1,729	1,729	-	-	-
						362,453	72,887	289,566	289,566	-
Passed through the Intermediate Unit 1										
IDEA B	I	84.027	062-200032	07/01/19-09/30/20	30,000	-	-	23,009	23,009	23,009
Subtotal Special Education Cluster						362,453	72,887	312,575	312,575	23,009
Passed through the Allegheny Intermediate Unit										
Title III	I	84.365	N/A	07/01/19-09/30/20	923	-	-	923	923	923
Total U.S. Department of Education						605,866	132,289	510,846	510,846	37,269

Hampton Township School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

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 07/01/19	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/20
U.S. Department of the Treasury Passed through the PA Commission on Crime & Delinquency COVID-19 Health & Safety Grant	I	21.019	N/A	03/01/20-10/30/20	230,305	-	-	20,816	20,816	20,816
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	N/A	630	310	746	746	426
U.S. Department of Agriculture Passed through the Pennsylvania Department of Education National School Lunch Program	I	10.555	N/A	07/01/19-06/30/20	N/A	153,219	2,830	175,342	175,342	24,953
National School Breakfast Program	I	10.553	N/A	07/01/19-06/30/20	N/A	17,208	519	29,882	29,882	13,193
Passed through the Pennsylvania Department of Agriculture National School Lunch Program (Donated Commodities Non Cash Assistance)	I	10.555	N/A	07/01/19-06/30/20	N/A	75,927	(20,940)	65,893	65,893	(30,974)
Total U.S. Department of Agriculture and Nutrition Cluster						246,354	(17,591)	271,117	271,117	7,172
Total Federal Financial Assistance						\$ 852,850	\$ 115,008	\$ 803,525	\$ 803,525	\$ 65,683

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Hampton Township School District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Exhibit D

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Hampton Township School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Hampton Township School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Hampton Township School District.

Note B - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Hampton Township School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C - Source Code

The Source Code (I) indicates funds received indirectly.

Note D - Reconciliation with Subsidy Confirmation

Amount Received Per Schedule	\$ 852,850
Add: State Funding on Confirmation	192,259
Add: Medical Assistance	67,912
Less: Pass Through AIU	(362,453)
Less: Donated Commodities	(75,927)
Less: Title 19	<u>(630)</u>
Per Subsidy Confirmation	<u>\$ 674,011</u>

Note E - Subrecipients

The School District did not pass through any federal expenditures to subrecipients.

**Hampton Township School District
List of Report Distribution
June 30, 2020**

Exhibit E

1 Copy - Bureau of Audits

1 Copy - Bureau of the Census