

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
FISCAL YEAR ENDING JUNE 30, 2016

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

HAMPTON TOWNSHIP
SCHOOL DISTRICT
ALLISON PARK, PA

FISCAL YEAR ENDED JUNE 30, 2016



COMPREHENSIVE ANNUAL FINANCIAL REPORT

of

HAMPTON TOWNSHIP SCHOOL DISTRICT

Allison Park, Pennsylvania

Fiscal Year Ended June 30, 2016

BOARD OF SCHOOL DIRECTORS

Bryant B. Wesley II, President
Mary Alice Hennessey, Vice President
Robert Shages, Treasurer
Denise Balason, Secretary
Pamela Lamagna
Gail V. Litwiler
Cathy Lueers
Gregory A. Stein
Lawrence Vasko

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

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INTRODUCTORY SECTION



December 20, 2016

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, 2016. Pennsylvania State law requires that every School District publish within six months of the close of each fiscal year a complete set of audited financial statements. Our data is accurately presented in all material respects and is presented in a manner to fairly present the financial position and results of operations of the School District as measured by the financial activity of the various funds. All disclosures necessary to enable a reader to gain a maximum understanding of the School District's finances have been included. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. Hosack, Specht, Muetzel and Wood LLP, Certified Public Accountants, have issued an unqualified opinion on the School District's financial statements for the year ended June 30, 2016. 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 2015-2016 school year, the district educated 2,909 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 2015-16 school year the district employed 206 teachers, 49 paraprofessionals, 40 maintenance / custodial staff, 29 secretarial staff, 19 administrators, 9 food service staff and 27 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 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 audit reports for the previous five audits – covering ten fiscal years (2002-03 to 2011-12). The School District has received commendable reports from the Auditor General for the previous five audits and one limited procedure engagement - covering thirteen fiscal years (2002-03 to 2014-15). These audits and engagements 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 3,123 students in the 2006-07 year to 2,909 students in the 2015-16 year (a 6.8% decrease.) The decrease in enrollment is similar to other suburban school districts in the area and less than the countywide trend.

Hampton's current 2016-17 real estate tax millage rate of 18.39 mills is 14.94% lower than the Allegheny County average and only eight Districts in the County have a lower tax rate; while thirty-three 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 2015-16 fiscal year with an unassigned general fund balance of \$4,636,428. The unassigned fund balance is 9.46% of the 2016-17 general fund budget, which exceeds the 8% maximum amount of unassigned fund balance permitted by the Pennsylvania Department of Education for a district requesting to raise its tax rate. The District will be required to utilize the excess portion of its fund balance to fund future capital projects or to balance the budget before it can consider raising the rate of any taxes in future fiscal years.

DISTRICT AWARDS AND ACCOMPLISHMENTS

- 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.
- *The Pittsburgh Business Times* ranked the Hampton Township School District 3rd in Western Pennsylvania (of 105 school districts ranked) and 7th in Pennsylvania (of 600 schools ranked) in its “2016 Guide to Western Pennsylvania’s School Districts.” *The Pittsburgh Business Times* rankings are based on three years of state standardized test scores.
- The Hampton Township School District was ranked as the 97th best school District in America by the online ranking and review resource *Niche.com* for 2016. *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.
- All three elementary schools were named among the best in Pennsylvania by *Niche.com*. The rankings, which were released in February 2016 provide a comprehensive assessment of the overall experience for students and parents at the public elementary schools. Placement on the list takes into account the quality and strength of academic programming, quality of the teaching staff, student culture and diversity and the overall quality of the school district. Poff Elementary ranked number 43, Wyland Elementary ranked number 48 and Central Elementary ranked number 74.
- 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.”
- Hampton High School was named a 2015 Distinguished Title I School by the Pennsylvania Department of Education, Division of Federal Programs. This distinguished designation was awarded to the top 5 percent of Title I schools in Pennsylvania and is based on a mixture of PSSA scores, Keystone scores, attendance and graduation rates, improvement on standardized testing and other academic measures.
- The Hampton High School Musical “Monty Python’s Spamalot” received three Gene Kelly Awards and had five nominations. The nominees and award winners were recognized at an awards show on May 28, 2016 at the Benedum Center in Pittsburgh.
- In August 2016, *Standard & Poor’s* assigned the Hampton Township School District a credit rating of “AA-.” This rating reaffirmed the *Standard & Poor’s* upgrade of the District’s credit rating from an “A” rating to an “AA-” rating in April 2009.

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 2014-15 CAFR, which is included in this report. We believe our 2015-16 CAFR meets the Certificate of Achievement Program requirements and are submitting it to the GFOA to determine its eligibility for certification.

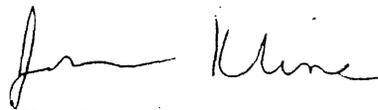
ACKNOWLEDGEMENTS

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. Mary Alice Hennessey, Vice President

Mr. Robert Shages, Treasurer

Mrs. Denise Balason, Secretary

Mrs. Pamela Lamagna

Mrs. Gail V. Litwiler

Mrs. Cathy Lueers

Mr. Gregory A. Stein

Mr. Lawrence Vasko

Mr. Patrick J. Clair, 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, CPA, Director of Administrative Services

Ms. Tammi Kinzel, Manager of Accounting

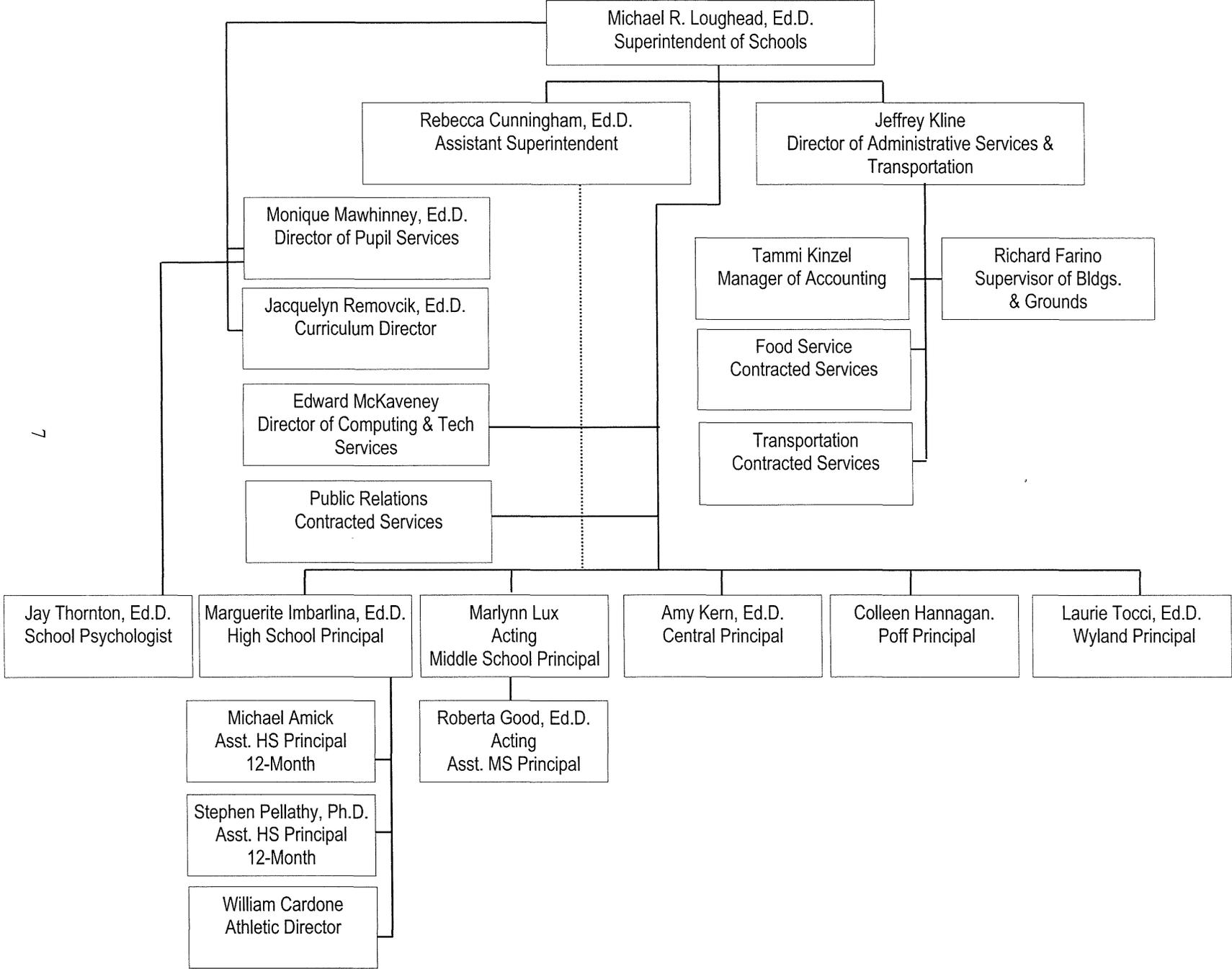
Dr. Monique Mawhinney, Director of Student Services

Dr. Jacqueline Removcik, Curriculum Coordinator

Mr. Richard L. Farino, Building and Grounds Supervisor

Mr. Edward McKaveney, Technology Coordinator

**Hampton Township School District
Administrative Organization**





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, 2015

Executive Director/CEO

**FINANCIAL
SECTION**

HOSACK, SPECHT, MUETZEL & WOOD LLP

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2016, 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, 2016, 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 20, 2016, on our consideration of Hampton Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 20, 2016

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2016**

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, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements to enhance their understanding of the School District's financial performance.

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

Financial Highlights

General Fund

Preparation and Approval of the 2015/2016 General Fund Budget

The 2015/2016 general fund budget was approved by the Hampton Township School District Board of Directors in June 2015 with revenues of \$46,154,183 and expenditures of \$47,496,987. The School District balanced the shortfall of \$1,342,804 with the utilization of \$722,000 of its committed fund balance for the Public School Employees' Retirement System (PSERS) Rate Stabilization Fund, the use of \$200,000 of its unassigned fund balance and a 0.27 mill tax increase. The real estate millage rate increased from 17.85 mills to 18.12 mills.

The final expenditure budget included an increase in expenditures of \$1,858,086 or 4.07% from the 2014/2015 budget. The primary components of the budget increase are as follows:

- PSERS Contributions were projected to increase by \$1,120,000 due to the employer contribution rate increase from 21.40% to 25.84%;
- The total salary increases were projected to increase by \$736,385, or 3.20%.

2015/2016 Actual Financial Results

Actual 2015/2016 general fund revenues were \$47,034,753 and actual expenditures were \$47,987,878, resulting in a deficit of \$953,125 and an ending fund balance at June 30, 2016 of \$9,442,677 of which \$4,636,428 was unassigned. The deficit of \$953,125 was \$31,125 higher than the budgeted deficit of \$922,000. Below is a summary of individual items that significantly impacted the School District's financial results as compared to the budget during 2015/2016.

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2016**

Financial Highlights (Cont'd)

General Fund (Cont'd)

Revenues

School District revenues exceeded the amount budgeted by \$459,766 for a favorable variance of 0.98%. The material line-item variances from budget to actual are outlined below.

- Current real estate tax collections exceeded the budgeted amount by \$256,277. The favorable percentage variance is 0.92% and is due to a slightly higher net taxable assessed value for the 2015/2016 year than projected. The budget was constructed with a projected net taxable assessed value of \$1.645 billion and the actual net taxable assessed value was \$1.668 billion - accounting for 1.4% of the increase. This increase was offset by a slightly lower than expected collection rate. The increase in assessed value was due to two factors: the results of pending assessment appeals from the 2013 Allegheny County reassessment and new construction.
- Delinquent tax collections (real estate and earned income tax) exceeded the budgeted amount by \$212,909, or 21.29%. The 5-year history of delinquent tax collections reveals collections as low as \$830,691 and as high as \$1,434,957 - with an average of approximately \$1,000,000. The budget was based on the 5-year average of collections as the timing of delinquent collections is unpredictable.

Expenditures

School District expenditures (including other financing uses) exceeded budget by \$490,891 for an unfavorable variance of 1.03%. The significant expenditure budget variances are outlined below.

- The School District's capital projects fund transfer exceeded the budget by \$1,000,000. The School Board approved the \$1,000,000 transfer to fund necessary capital projects. The outlay of the funds was for the concrete replacement project at the Middle School and for School District-wide technology upgrades.
- The School District's instructional salaries exceeded budget by \$326,417. This is an unfavorable variance of 2.27%. The majority of the unfavorable salary budget variance was due to unanticipated severance payments. The School District offered an early retirement incentive to teachers who chose to retire at the end of the 2015/2016 year. Ten teachers retired and received a total retirement incentive of \$150,000 (\$15,000 each). Additional severance payments of \$169,000 total for unused sick days were made for the ten teachers and two administrators. The early retirement incentive payments were not included in the 2015/2016 budget and only a small amount of the unused sick day severance was included.
- The School District's purchased services for contracted transportation was under budget by \$152,477, or 6.9%. The School District reduced its contracted bus routes by (2) vehicles in the 2015/2016 year as a result of bus consolidations and shared routes.

Hampton Township School District
Management's Discussion and Analysis
June 30, 2016

Financial Highlights (Cont'd)

General Fund (Cont'd)

Expenditures (Cont'd)

- The School District's operations & maintenance supplies were under budget by \$136,826 which represents a positive variance of 14.44%. The School District had significant energy savings due to lower energy costs. due to a milder winter and renegotiated natural gas and electricity rates through cooperative purchasing.

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 Uniform Grant Guidance. Within this financial section are the management's discussion and analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Hampton Township School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the statement of net 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 tell how general School District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the School District operates like a business. For this School District, this is our food service fund. Fiduciary fund statements provide information about financial relationships where the School District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2016**

Using the Annual Financial Report (Cont'd)

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

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

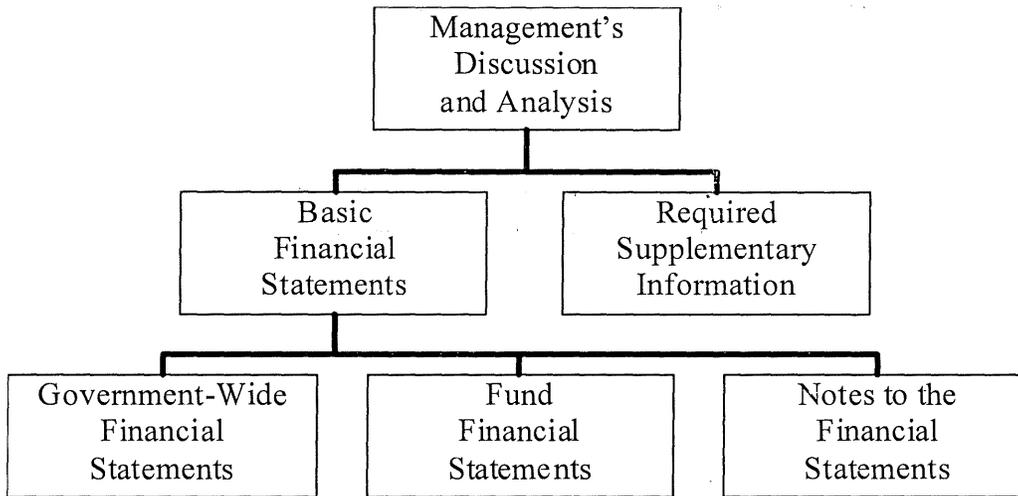


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents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

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

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

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as education, administration and community services	Activities the School District operates similar to private business - food services	Instances in which the School District is the trustee or agent to someone else's resources
Required financial statements	Statement of net 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
June 30, 2016**

Overview of Financial Statements (Cont'd)

Government-Wide Statements (Cont'd)

The two government-wide statements report the School District's net position and how it has changed. 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 need to consider additional non-financial factors, such as changes in the School District's property tax base and the performance of the students.

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

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

Fund Financial Statements

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

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

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

Fund Financial Statements (Cont'd)

- 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.

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 (\$65,867,448) at June 30, 2016 and (\$64,527,489) at June 30, 2015.

Table A-1
Years Ended June 30, 2016 and 2015
Net Position

	2016			2015		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$ 19,092,584	\$ 414,077	\$ 19,506,661	\$ 20,134,236	\$ 421,443	\$ 20,555,679
Capital Assets	<u>52,788,362</u>	<u>147,803</u>	<u>52,936,165</u>	<u>53,679,791</u>	<u>135,440</u>	<u>53,815,231</u>
Total Assets	<u>71,880,946</u>	<u>561,880</u>	<u>72,442,826</u>	<u>73,814,027</u>	<u>556,883</u>	<u>74,370,910</u>
Deferred Outflows of Resources						
Amounts Related to Pensions	7,851,622	66,341	7,917,963	4,649,426	40,223	4,689,649
Deferred Charge on Refunding	<u>324,035</u>	<u>-</u>	<u>324,035</u>	<u>347,737</u>	<u>-</u>	<u>347,737</u>
Total Deferred Outflows of Resources	<u>8,175,657</u>	<u>66,341</u>	<u>8,241,998</u>	<u>4,997,163</u>	<u>40,223</u>	<u>5,037,386</u>
Current and Other Liabilities	6,427,896	62,088	6,489,984	6,018,293	60,518	6,078,811
Noncurrent Liabilities						
Due Within One Year	2,946,388	-	2,946,388	2,857,748	-	2,857,748
Due in More Than One Year	<u>134,787,190</u>	<u>636,834</u>	<u>135,424,024</u>	<u>128,076,088</u>	<u>606,580</u>	<u>128,682,668</u>
Total Liabilities	<u>144,161,474</u>	<u>698,922</u>	<u>144,860,396</u>	<u>136,952,129</u>	<u>667,098</u>	<u>137,619,227</u>
Deferred Inflows of Resources						
Amounts Related to Pensions	1,621,000	14,000	1,635,000	6,181,297	57,703	6,239,000
Unavailable Grant Revenues	<u>56,876</u>	<u>-</u>	<u>56,876</u>	<u>77,558</u>	<u>-</u>	<u>77,558</u>
Total Deferred Inflows of Resources	<u>1,677,876</u>	<u>14,000</u>	<u>1,691,876</u>	<u>6,258,855</u>	<u>57,703</u>	<u>6,316,558</u>

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2016**

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

Table A-1 (Cont'd)
Years Ended June 30, 2016 and 2015
Net Position

	2016			2015		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Net Position						
Net Investment in						
Capital Assets	\$ (1,965)	\$ 147,803	\$ 145,838	\$ (1,690,470)	\$ 135,440	\$ (1,555,030)
Restricted	21,912	-	21,912	21,885	-	21,885
Unrestricted	<u>(65,802,694)</u>	<u>(232,504)</u>	<u>(66,035,198)</u>	<u>(62,731,209)</u>	<u>(263,135)</u>	<u>(62,994,344)</u>
Total Net Position	<u><u>\$(65,782,747)</u></u>	<u><u>\$ (84,701)</u></u>	<u><u>\$(65,867,448)</u></u>	<u><u>\$(64,399,794)</u></u>	<u><u>\$(127,695)</u></u>	<u><u>\$(64,527,489)</u></u>

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.

The decrease in net position of \$1,339,959 from (\$64,527,489) to (\$65,867,448) is primarily the result of the following factors:

- The pension liability (including deferred outflows, deferred inflows and net pension liability) increased by \$955,686;
- The fair market value of the 2007 variable rate debt decreased by \$519,766 during the 2015/2016 fiscal year.

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, rearranges it slightly to present revenues for the year.

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2016**

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

Table A-2
Years Ended June 30, 2016 and 2015
Changes in Net Position

	2016			2015		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 868,408	\$ 868,408	\$ -	\$ 869,703	\$ 869,703
Operating Grants and Contribs.	7,056,944	355,907	7,412,851	6,357,195	342,762	6,699,957
Capital Grants and Contribs.	654,723	-	654,723	717,822	-	717,822
General Revenues						
Property Taxes	29,044,052	-	29,044,052	28,394,285	-	28,394,285
Other Taxes	4,443,726	-	4,443,726	4,353,731	-	4,353,731
Grants, Subsidies and Contribs.						
Unrestricted	5,734,511	-	5,734,511	5,615,286	-	5,615,286
Investment Earnings	(479,881)	-	(479,881)	264,632	-	264,632
Other	40,900	-	40,900	36,178	22	36,200
Total Revenues	46,494,975	1,224,315	47,719,290	45,739,129	1,212,487	46,951,616
Expenses						
Instruction	28,959,979	-	28,959,979	27,451,751	-	27,451,751
Instructional Student Support	3,085,366	-	3,085,366	2,843,331	-	2,843,331
Admin. and Financial						
Support Svcs.	4,676,518	-	4,676,518	4,551,271	-	4,551,271
Operation and Maintenance						
of Plant Services	5,096,514	-	5,096,514	5,119,529	-	5,119,529
Pupil Transportation	2,078,458	-	2,078,458	2,138,090	-	2,138,090
Student Activities	1,364,500	-	1,364,500	1,298,071	-	1,298,071
Interest on Long-Term Debt	2,616,593	-	2,616,593	2,694,123	-	2,694,123
Food Service	-	1,181,321	1,181,321	-	1,190,362	1,190,362
Total Expenses	47,877,928	1,181,321	49,059,249	46,096,166	1,190,362	47,286,528
Change in Net Position	(1,382,953)	42,994	(1,339,959)	(357,037)	22,125	(334,912)
Beginning Net Position	(64,399,794)	(127,695)	(64,527,489)	(64,042,757)	(149,820)	(64,192,577)
Ending Net Position	<u>\$(65,782,747)</u>	<u>\$(84,701)</u>	<u>\$(65,867,448)</u>	<u>\$(64,399,794)</u>	<u>\$(127,695)</u>	<u>\$(64,527,489)</u>

Summary of Significant Year-to-Year Variances

Governmental Activities

Total governmental revenues increased by \$755,846 from \$45,739,129 to \$46,494,975. This increase was primarily due to the following:

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

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

Governmental Activities (Cont'd)

- Revenues from property taxes and other taxes increased by \$739,762. This is due to the property tax increase of 0.27 mills, the increase in taxable assessed value and the continued increase in earned income tax receipts.

- Operating grants and contributions increased by \$699,749. This increase is primarily due to the increase in PSERS subsidy from the State. The PSERS subsidy increased by \$567,906 from \$2,350,367 to \$2,918,273 as the contribution rate increased from 21.40% to 25.84%.

Total governmental expenses increased by \$1,781,762 from \$46,096,166 to \$47,877,928. The primary reason for the increase was in the general fund as expenditures increased by \$1,936,730.

Business-Type Activities

The food service fund had an increase in net position of \$42,994 in the 2015/2016 fiscal year due to the operating surplus achieved in the fund.

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

Table A-3 analyzes the School District's 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, 2016**

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

Table A-3
Years Ended June 30, 2016 and 2015
Governmental Activities

Functions/Programs	2016		2015	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Instruction	\$28,959,979	\$24,117,738	\$27,451,751	\$23,146,854
Instructional Student Support	3,085,366	2,561,637	2,843,331	2,386,599
Administrative and Fin. Support Svcs.	4,676,518	4,280,970	4,551,271	4,216,063
Oper. and Maintenance of Plant Svcs.	5,096,514	4,767,487	5,119,529	4,846,701
Pupil Transportation	2,078,458	1,295,362	2,138,090	1,312,343
Student Activities	1,364,500	1,181,197	1,298,071	1,136,288
Interest on Long-Term Debt	<u>2,616,593</u>	<u>1,961,870</u>	<u>2,694,123</u>	<u>1,976,301</u>
Total Governmental Activities	<u>\$47,877,928</u>	40,166,261	<u>\$46,096,166</u>	39,021,149
Less:				
Unrestricted Grants, Subsidies		<u>(5,734,511)</u>		<u>(5,615,286)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$34,431,750</u>		<u>\$33,405,863</u>

The total needs from local taxes and other revenues increased by \$1,025,887 from \$33,405,863 to \$34,431,750. The primary reason for the increase is the increase in the general fund expenditure budget. The increased need in local taxes was primarily funded by a 0.27 mill increase in the real estate tax rate.

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, 2016**

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

Table A-4
Years Ended June 30, 2016 and 2015
Business-Type Activities

Functions/Programs	2016		2015	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Food Service	<u>\$1,181,321</u>	<u>\$(42,994)</u>	<u>\$1,190,362</u>	<u>\$(22,125)</u>

The food service fund net profit increased by \$20,869 from \$22,125 to \$42,994. The primary reason for the increase in net profit is a reduction in salaries and benefit costs. The number of School District-employed staff members was reduced from twelve to nine through retirements. The collective bargaining agreement between the School District and Cafeteria Association permits the School District to reduce staff through attrition and retirements. The School District has achieved savings due to reduced health and PSERS benefits by utilizing cafeteria employees hired by the food service management company.

School District Funds

At June 30, 2016, the School District's governmental funds reported a combined fund balance of \$10,818,574 which is a decrease of \$1,379,313 from the July 1, 2015 combined fund balance of \$12,197,887. The general fund balance decreased by \$953,125 for the reasons outlined in the "Financial Highlights" section of the Management's Discussion and Analysis. The debt service fund balance increased by \$80,221 as the School District's 2007 variable rate debt payments were less than budgeted. The capital reserve fund balance (categorized in Nonmajor Funds) decreased by \$506,436. The decrease in the capital reserve fund balance is due to expenditures related to the School District's Captured Vestibule Project, Technology Infrastructure upgrades and the Wyland Elementary Roof Replacement project.

General Fund Budget

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

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2016**

Capital Assets and Debt Administration

Capital Assets

At June 30, 2016, the School District had \$52,788,362 invested in a range of capital assets, including land, buildings, furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$891,429, or 1.66% from the previous year. This decrease is attributable to depreciation expense of \$2,669,435 exceeding the new construction additions of \$892,454 and depreciable equipment additions of \$885,552. 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

	2016	2015
Land	\$ 1,081,390	\$ 1,081,390
Land Improvements	1,035,267	1,194,182
Buildings and Building Improvements	48,570,090	49,336,503
Furniture and Equipment	2,101,615	1,798,569
Construction in Progress	-	269,147

Debt Administration

As of July 1, 2015, the School District's total outstanding debt principal (for bonds and notes) was \$59,710,191. During the 2015/2016 fiscal year, there was \$267,675 in accretion of the Series of 1995 zero coupon bonds. The School District made payments toward the principal outstanding on the Series of 2006A and 2006B bonds, 2007 VRDBs, Series of 2008, 2009, 2011A and 2011B bonds in the total amount of \$2,550,000. The School District also made payments toward the principal of the 2008 general obligation note in the amount of \$75,381 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, 2016 of \$57,352,485, a decrease of \$2,357,706, or 3.94%. A comprehensive analysis of the School District's long-term debt is included in the notes to the financial statements.

Table A-6
Outstanding Debt

General Obligation Bonds/Notes	As of 06/30/16	As of 06/30/15
Bonds - Series of 1995	\$ 3,945,513	\$ 3,677,838
Bonds - Series of 2006A	8,495,000	8,670,000

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2016**

Capital Assets and Debt Administration (Cont'd)

Debt Administration (Cont'd)

Table A-6 (Cont'd)
Outstanding Debt

General Obligation Bonds/Notes	As of 06/30/16	As of 06/30/15
Bonds - Series of 2006B	\$ 6,495,000	\$ 6,535,000
Bonds - Series of 2007 (VRDBs)	18,350,000	19,210,000
Bonds - Series of 2008	8,880,000	9,025,000
Bonds - Series of 2009	-	895,000
Bonds - Series of 2011A	9,105,000	9,535,000
Bonds - Series of 2011B	760,000	765,000
Notes - Series of 2008	1,321,972	1,397,353

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 2016/2017 Budget and Tax Rates

The general fund budget for the 2016/2017 year was adopted in June 2016. The 2016/2017 expenditure budget of \$48,963,301 was an increase of \$1,466,314, or 3.09% from the 2015/2016 final budget. Approximately 69% of the increase, or \$1,012,000, was due to the increase in School District contributions to PSERS. The PSERS employer contribution rate increased from 25.84% of payroll in 2015/2016 to 30.03% of payroll in 2016/2017. The School District's revenues were projected at \$47,797,900 resulting in a deficit of \$1,165,401. The School District was able to offset its budget deficit through the utilization of \$747,000 of its PSERS Rate Stabilization Fund (Year 6) and a minor real estate tax rate increase of 0.27 mills from 18.12 mills to 18.39 mills.

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

Table A-7

	Budgeted Revenues	
	2016/2017	2015/2016
Local	71.4%	71.5%
State	27.9%	27.8%
Federal/Other	0.7%	0.7%

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2016**

Economic Factors and the 2016/2017 Budget and Tax Rates (Cont'd)

Table A-7 (Cont'd)

	<u>Budgeted Expenditures</u>	
	2016/2017	2015/2016
Instruction	56.0%	55.7%
Support Services	30.4%	30.5%
Noninstructional	2.7%	2.6%
Fund Transfers/Debt	10.9%	11.2%

Future School District Economic Considerations

Public School Employees' Retirement System (PSERS) Contributions

Actuarial projections (updated December 2016) 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 36.40% by the 2021/2022 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%	3,455,000	533,000
2017/2018	32.57%	3,867,000	412,000
2018/2019	34.18%	4,200,000	333,000
2019/2020	35.53%	4,550,000	350,000
2020/2021	35.95%	4,740,000	190,000
2021/2022	36.40%	4,950,000	210,000

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2016**

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 30.03% in 2016/2017 has added \$2,850,000 to the School District's budget (net of state reimbursement). The projected future rate increases and sustained high rates will add another \$1,495,000 (net of state reimbursement) to the School District's budget by the 2021/2022 fiscal year.

The School District was proactive in preparing for the higher PSERS contribution rates. The School District established a PSERS Rate Stabilization Fund during the 2009/2010 fiscal year. As of June 30, 2016, the fund has \$4.468 million to allocate to future PSERS costs. The School District first allocated PSERS Rate Stabilization Funds to assist in balancing the 2011/2012 budget and the current plan will continue to allocate funds through the 2025/2026 fiscal year. The annual allocations approved by the School Board are as follows:

2011/2012	\$ 68,000	2019/2020	\$576,000
2012/2013	151,000	2020/2021	505,000
2013/2014	418,000	2021/2022	430,000
2014/2015	573,000	2022/2023	352,000
2015/2016	722,000	2023/2024	265,000
2016/2017	747,000	2024/2025	172,000
2017/2018	702,000	2025/2026	70,000
2018/2019	649,000		

The PSERS Rate Stabilization Fund has provided the School District with a tremendous resource to balance its annual budgets within the Act 1 Index.

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 2013/2014 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 2014/2015 and 2015/2016 budgets as well. The previous four budgets accounted for the 2013 reassessment as follows:

- 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.

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2016**

Future School District Economic Considerations (Cont'd)

Allegheny County Real Estate Tax Assessments (Cont'd)

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

May 2012	\$1,699,505,200
January 2013	1,677,308,260
May 2013	1,662,351,045
January 2014	1,658,125,665
May 2014	1,655,929,545
January 2015	1,660,116,373
May 2015	1,659,933,573
November 2015	1,662,560,623
May 2016	1,671,119,843

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:

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).

**Hampton Township School District
Management's Discussion and Analysis
June 30, 2016**

Future School District Economic Considerations (Cont'd)

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

3. 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 nine of the ten 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 real estate tax increase, or 2.25%.

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 2016/2017 real estate tax rate of 18.37 mills is 3.23 mills, or 14.94% lower than the average school district in Allegheny County. There are only eight Allegheny County school districts with a lower 2016/2017 millage rate than Hampton Township School District and thirty-three 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, 2016

Exhibit 1

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 10,549,689	\$ 342,671	\$ 10,892,360
Investments	2,988,800	-	2,988,800
Taxes Receivable, Net	1,763,858	-	1,763,858
Due from Other Governments	2,169,631	35,379	2,205,010
Other Receivables	215,087	662	215,749
Inventories	-	35,365	35,365
Prepaid Items	313,917	-	313,917
Long-Term Prepayments (Net of Amortization)	1,091,602	-	1,091,602
Capital Assets not Being Depreciated			
Land	1,081,390	-	1,081,390
Capital Assets, Net of Accumulated Depreciation			
Land Improvements	1,035,267	-	1,035,267
Building and Building Improvements	48,570,090	-	48,570,090
Furniture and Equipment	<u>2,101,615</u>	<u>147,803</u>	<u>2,249,418</u>
TOTAL ASSETS	<u>71,880,946</u>	<u>561,880</u>	<u>72,442,826</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts Related to Pensions	7,851,622	66,341	7,917,963
Deferred Charge on Refunding	<u>324,035</u>	<u>-</u>	<u>324,035</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>8,175,657</u>	<u>66,341</u>	<u>8,241,998</u>
LIABILITIES			
Internal Balances	(4,772)	4,772	-
Accounts Payable	719,891	4,834	724,725
Contracts Payable	171,906	-	171,906
Accrued Salaries and Benefits	4,519,635	-	4,519,635
Payroll Deductions and Withholdings	601,170	-	601,170
Unearned Revenues	-	25,547	25,547
Other Current Liabilities	420,066	26,935	447,001
Noncurrent Liabilities			
Due Within One Year	2,946,388	-	2,946,388
Due in More Than One Year			
Notes Payable	1,243,575	-	1,243,575
Capital Leases	30,565	-	30,565
Compensated Absences	704,139	-	704,139
Bonds Payable	53,512,710	-	53,512,710
Other Post-Employment Benefits	580,269	-	580,269
Investment Derivative	4,979,766	-	4,979,766
Net Pension Liability	<u>73,736,166</u>	<u>636,834</u>	<u>74,373,000</u>
TOTAL LIABILITIES	<u>144,161,474</u>	<u>698,922</u>	<u>144,860,396</u>
DEFERRED INFLOWS OF RESOURCES			
Amounts Related to Pensions	1,621,000	14,000	1,635,000
Unavailable Grant Revenues	<u>56,876</u>	<u>-</u>	<u>56,876</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,677,876</u>	<u>14,000</u>	<u>1,691,876</u>
NET POSITION			
Net Investment in Capital Assets	(1,965)	147,803	145,838
Restricted for Permanent Endowment - Expendable	1,512	-	1,512
Restricted for Permanent Endowment - Nonexpendable	20,400	-	20,400
Unrestricted	<u>(65,802,694)</u>	<u>(232,504)</u>	<u>(66,035,198)</u>
TOTAL NET POSITION	<u>\$(65,782,747)</u>	<u>\$(84,701)</u>	<u>\$(65,867,448)</u>

See Accompanying Notes

Hampton Township School District
Statement of Activities
Year Ended June 30, 2016

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	Govern- mental Activities	Business- Type Activities	Totals
Governmental Activities							
Instruction	\$28,959,979	\$ -	\$4,842,241	\$ -	\$(24,117,738)	\$ -	\$(24,117,738)
Instructional Student Support	3,085,366	-	523,729	-	(2,561,637)	-	(2,561,637)
Administrative and Financial Support Services	4,676,518	-	395,548	-	(4,280,970)	-	(4,280,970)
Operation and Maintenance of Plant Services	5,096,514	-	329,027	-	(4,767,487)	-	(4,767,487)
Pupil Transportation	2,078,458	-	783,096	-	(1,295,362)	-	(1,295,362)
Student Activities	1,364,500	-	183,303	-	(1,181,197)	-	(1,181,197)
Interest on Long-Term Debt	<u>2,616,593</u>	<u>-</u>	<u>-</u>	<u>654,723</u>	<u>(1,961,870)</u>	<u>-</u>	<u>(1,961,870)</u>
Total Governmental Activities	<u>47,877,928</u>	<u>-</u>	<u>7,056,944</u>	<u>654,723</u>	<u>(40,166,261)</u>	<u>-</u>	<u>(40,166,261)</u>
Business-Type Activities							
Food Service	<u>1,181,321</u>	<u>868,408</u>	<u>355,907</u>	<u>-</u>	<u>-</u>	<u>42,994</u>	<u>42,994</u>
Total Primary Government	<u>\$49,059,249</u>	<u>\$868,408</u>	<u>\$7,412,851</u>	<u>\$654,723</u>	<u>(40,166,261)</u>	<u>42,994</u>	<u>(40,123,267)</u>
General Revenues							
Taxes							
Property Taxes Levied for General Purposes, Net					29,044,052	-	29,044,052
Earned Income Taxes					3,972,074	-	3,972,074
Real Estate Transfer Taxes					435,019	-	435,019
Public Utility Taxes					36,633	-	36,633
Grants, Subsidies and Contributions not Restricted					5,734,511	-	5,734,511
Investment Earnings					(479,881)	-	(479,881)
Miscellaneous Income					<u>40,900</u>	<u>-</u>	<u>40,900</u>
Total General Revenues					<u>38,783,308</u>	<u>-</u>	<u>38,783,308</u>
Changes in Net Position					(1,382,953)	42,994	(1,339,959)
Net Position - July 1, 2015					<u>(64,399,794)</u>	<u>(127,695)</u>	<u>(64,527,489)</u>
Net Position - June 30, 2016					<u>\$(65,782,747)</u>	<u>\$(84,701)</u>	<u>\$(65,867,448)</u>

See Accompanying Notes

**Hampton Township School District
Balance Sheet
Governmental Funds
June 30, 2016**

Exhibit 3

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 9,571,784	\$ 1	\$977,904	\$10,549,689
Investments	2,988,800	-	-	2,988,800
Taxes Receivable, Net	1,763,858	-	-	1,763,858
Due from Other Funds	4,772	823,004	-	827,776
Due from Other Governments	2,169,631	-	-	2,169,631
Other Receivables	215,087	-	-	215,087
Prepaid Items	<u>313,917</u>	<u>-</u>	<u>-</u>	<u>313,917</u>
TOTAL ASSETS	<u>\$17,027,849</u>	<u>\$823,005</u>	<u>\$977,904</u>	<u>\$18,828,758</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Due to Other Funds	\$ 823,004	\$ -	\$ -	\$ 823,004
Accounts Payable	466,785	-	253,106	719,891
Contracts Payable	-	-	171,906	171,906
Accrued Salaries and Benefits	4,519,635	-	-	4,519,635
Payroll Deductions and Withholdings	601,170	-	-	601,170
Other Current Liabilities	<u>91,253</u>	<u>-</u>	<u>-</u>	<u>91,253</u>
Total Liabilities	<u>6,501,847</u>	<u>-</u>	<u>425,012</u>	<u>6,926,859</u>
Deferred Inflows of Resources				
Unavailable Revenues - Property Taxes	1,026,449	-	-	1,026,449
Unavailable Revenues - Grants	<u>56,876</u>	<u>-</u>	<u>-</u>	<u>56,876</u>
Total Deferred Inflows of Resources	<u>1,083,325</u>	<u>-</u>	<u>-</u>	<u>1,083,325</u>
Fund Balances				
Nonspendable	313,917	-	20,400	334,317
Restricted	-	-	1,512	1,512
Committed	4,468,000	823,005	530,980	5,821,985
Assigned	24,332	-	-	24,332
Unassigned	<u>4,636,428</u>	<u>-</u>	<u>-</u>	<u>4,636,428</u>
Total Fund Balances	<u>9,442,677</u>	<u>823,005</u>	<u>552,892</u>	<u>10,818,574</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$17,027,849</u>	<u>\$823,005</u>	<u>\$977,904</u>	<u>\$18,828,758</u>

See Accompanying Notes

Hampton Township School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016

Exhibit 4

Total Fund Balances - Governmental Funds \$ 10,818,574

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 \$96,832,648 and the accumulated depreciation is \$44,044,286. 52,788,362

Property taxes receivable will be collected next year but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows in the funds. 1,026,449

Deferred charges on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position. 176,838

The payment to the joint venture is capitalized and amortized over the life of the notes payable issued. 1,091,602

Derivative instruments used in governmental activities are not financial resources and therefore, are not reported in the governmental funds. (4,979,766)

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	\$(56,030,513)	
Accrued Interest on the Bonds	(328,813)	
Capital Leases Payable	(60,016)	
Notes Payable	(1,321,972)	
Other Post-Employment Benefits Payable	(580,269)	
Termination Benefits	(143,540)	
Compensated Absences	<u>(734,139)</u>	(59,199,262)

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

Net Pension Liability (73,736,166)

Hampton Township School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016

Exhibit 4

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

Deferred Outflows of Resources Related to Pensions	\$ 7,851,622	
Deferred Inflows of Resources Related to Pensions	<u>(1,621,000)</u>	<u>\$ 6,230,622</u>
Total Net Position - Governmental Activities		<u>\$(65,782,747)</u>

See Accompanying Notes

**Hampton Township School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016**

Exhibit 5

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Revenues				
Local Sources	\$33,924,328	\$ 1	\$ 31	\$33,924,360
State Sources	12,793,094	-	-	12,793,094
Federal Sources	<u>310,331</u>	<u>-</u>	<u>-</u>	<u>310,331</u>
 Total Revenues	 <u>47,027,753</u>	 <u>1</u>	 <u>31</u>	 <u>47,027,785</u>
 Expenditures				
Current				
Instruction	26,605,512	-	-	26,605,512
Support Services	13,951,981	-	-	13,951,981
Noninstructional Services	1,213,408	-	-	1,213,408
Capital Outlay	-	-	1,628,675	1,628,675
Debt Service				
Principal	28,377	2,550,000	-	2,578,377
Interest	2,807	2,379,780	-	2,382,587
Other	<u>53,558</u>	<u>-</u>	<u>-</u>	<u>53,558</u>
 Total Expenditures	 <u>41,855,643</u>	 <u>4,929,780</u>	 <u>1,628,675</u>	 <u>48,414,098</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>5,172,110</u>	 <u>(4,929,779)</u>	 <u>(1,628,644)</u>	 <u>(1,386,313)</u>
 Other Financing Sources (Uses)				
Transfers In	-	5,010,000	1,122,235	6,132,235
Sale/Compensation for Capital Assets	7,000	-	-	7,000
Transfers Out	<u>(6,132,235)</u>	<u>-</u>	<u>-</u>	<u>(6,132,235)</u>
 Total Other Financing Sources (Uses)	 <u>(6,125,235)</u>	 <u>5,010,000</u>	 <u>1,122,235</u>	 <u>7,000</u>
 Net Changes in Fund Balances	 (953,125)	 80,221	 (506,409)	 (1,379,313)
 Fund Balances - July 1, 2015	 <u>10,395,802</u>	 <u>742,784</u>	 <u>1,059,301</u>	 <u>12,197,887</u>
 Fund Balances - June 30, 2016	 <u>\$ 9,442,677</u>	 <u>\$ 823,005</u>	 <u>\$ 552,892</u>	 <u>\$10,818,574</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, 2016**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$(1,379,313)

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	\$(2,669,435)	
Capital Outlays	<u>1,778,006</u>	(891,429)

Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Unavailable revenues increased by this amount this year. 33,514

Repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,653,758

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

Compensated Absences	63,480	
Termination Benefits	38,278	
Other Post-Employment Benefits	<u>(63,707)</u>	38,051

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

**Hampton Township School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2016**

Exhibit 6

Net Change in Accrued Interest on the Bonds	\$ 3,735	
Accretion of Interest on the School District's Capital Appreciation Bonds	<u>(267,675)</u>	\$ (263,940)

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. (519,766)

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

Amortization of Joint Venture Payment	(88,509)	
Amortization of Discount, Premium and Deferred Loss on Refunding	<u>29,934</u>	(58,575)

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.

School District Contributions to PSERS	5,633,485	
Cost of Benefits Earned	<u>(6,628,738)</u>	<u>(995,253)</u>

Change in Net Position of Governmental Activities		\$ <u>(1,382,953)</u>
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See Accompanying Notes

**Hampton Township School District
Statement of Net Position
Proprietary Funds
June 30, 2016**

Exhibit 7

	Food Service Fund
ASSETS	
Cash and Cash Equivalents	\$ 342,671
Due from Other Governments	35,379
Other Receivables	662
Inventories	<u>35,365</u>
Total Current Assets	<u>414,077</u>
Noncurrent Assets	
Furniture and Equipment, Net	<u>147,803</u>
TOTAL ASSETS	<u>561,880</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts Related to Pensions	<u>66,341</u>
LIABILITIES	
Current Liabilities	
Due to Other Funds	4,772
Accounts Payable	4,834
Unearned Revenues	25,547
Other Current Liabilities	<u>26,935</u>
Total Current Liabilities	<u>62,088</u>
Noncurrent Liabilities	
Net Pension Liability	<u>636,834</u>
TOTAL LIABILITIES	<u>698,922</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to Pensions	<u>14,000</u>
NET POSITION	
Net Investment in Capital Assets	147,803
Unrestricted	<u>(232,504)</u>
TOTAL NET POSITION	<u>\$ (84,701)</u>

See Accompanying Notes

Hampton Township School District
Statement of Revenues, Expenses and Changes
in Fund Net Position
Proprietary Funds
Year Ended June 30, 2016

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	\$ <u>868,408</u>
Operating Expenses	
Salaries	200,370
Employee Benefits	44,842
Other Purchased Services	801,515
Supplies	111,424
Depreciation	23,020
Dues and Fees	<u>150</u>
Total Operating Expenses	<u>1,181,321</u>
Operating Income (Loss)	<u>(312,913)</u>
Nonoperating Revenues (Expenses)	
State Sources	62,549
Federal Sources	<u>293,358</u>
Total Nonoperating Revenues (Expenses)	<u>355,907</u>
Change in Net Position	42,994
Net Position - July 1, 2015	<u>(127,695)</u>
Net Position - June 30, 2016	\$ <u>(84,701)</u>

See Accompanying Notes

**Hampton Township School District
Statement of Cash Flows
Proprietary Fund Types
Year Ended June 30, 2016**

Exhibit 9

	Food Service Fund
Cash Flows from Operating Activities	
Cash Received from Users	\$ 870,931
Cash Payments to Employees for Services	(284,779)
Cash Payments to Suppliers for Goods and Services	(826,071)
Cash Payments for Other Operating Expenses	<u>(150)</u>
Net Cash Used for Operating Activities	<u>(240,069)</u>
Cash Flows from Non-Capital Financing Activities	
State Sources	62,020
Federal Sources	<u>204,709</u>
Net Cash Provided by Non-Capital Financing Activities	<u>266,729</u>
Cash Flows from Capital and Related Financing Activities	
Facilities Acquisition, Construction and Improvement Services	<u>(35,383)</u>
Net Decrease in Cash and Cash Flows	(8,723)
Cash and Cash Equivalents - July 1, 2015	<u>351,394</u>
Cash and Cash Equivalents - June 30, 2016	<u>\$ 342,671</u>
Operating Income (Loss)	\$(312,913)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities	
Depreciation	23,020
Changes in Pension Expense and Net Pension Liability	(39,567)
Donated Commodities	84,597
(Increase) Decrease in Accounts Receivable	2,385
(Increase) Decrease in Inventories	892
Increase (Decrease) in Accounts Payable	1,379
Increase (Decrease) in Other Current Liabilities	<u>138</u>
Total Adjustments	<u>72,844</u>
Cash Used for Operating Activities	<u>\$(240,069)</u>
Noncash Non-Capital Financing Activities	
During the year ended June 30, 2016, the School District received \$84,650 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, 2016**

Exhibit 10

	Agency Fund
ASSETS	
Cash and Cash Equivalents	<u>\$134,929</u>
LIABILITIES	
Other Current Liabilities	<u>\$134,929</u>

See Accompanying Notes

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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, 2016

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 these major governmental funds and fund types:

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

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

The 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).

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, 2016

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, 2016

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 measurable 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, 2016, was \$534,992 which was paid in the year ended June 30, 2016 to Beattie and reported in the School District's general fund. The School District has no equity interest in Beattie as of June 30, 2016. 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, 2016

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, 2016.

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

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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

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".

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, 2016.

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2016 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.

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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

K. Capital Assets (Cont'd)

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

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

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

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

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

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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

M. Compensated Absences (Cont'd)

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.

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 two 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 item in the government-wide statement of net position is related to the participation in the cost sharing defined benefit pension 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 has one item reported in the government-wide statement of net position relating to the cost sharing defined benefit pension 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:

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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

P. Equity Classifications (Cont'd)

Government-Wide Statements (Cont'd)

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.

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, 2016

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, 2016, is as follows:

General Fund

1. Nonspendable fund balance of \$313,917 is for prepaid items.
2. The committed fund balance of \$4,468,000 is for employer retirement expenditures future increases.
3. The assigned fund balance of \$24,332 is for summer school programs.

Debt Service Fund

The committed fund balance of \$823,005 is for future debt payments on the School District's 2007 variable rate bonds.

Nonmajor Funds

1. The nonspendable fund balance of \$20,400 is the principal portion of the permanent fund original contribution which must remain intact.
2. The restricted fund balance of \$1,512 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 \$530,980 is 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, 2016

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, 2016, \$3,535,159 of the School District's bank balance of \$4,765,159 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging	
Bank's Agent not in the School District's Name	<u>\$3,535,159</u>

As of June 30, 2016, the School District had the following investments:

Investments	Fair Value
U. S. Treasuries	\$2,988,800
PSDLAF	<u>6,823,729</u>
	<u>\$9,812,529</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, 2016, the School District had investments with the following maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
U. S. Treasuries	\$ 2,988,800	\$2,988,800	\$ -	\$ -	\$ -
Investment Derivative Instruments	<u>(4,979,766)</u>	-	-	-	<u>(4,979,766)</u>
Totals	<u>\$(1,990,966)</u>	<u>\$2,988,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(4,979,766)</u>

Hampton Township School District
Notes to Financial Statements
June 30, 2016

Note 2 - Deposits and Investments (Cont'd)

Custodial Credit Risk - Deposits (Cont'd)

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

Transaction Date	02/24/04
Effective Date	08/31/07
Maturity Date	09/01/27
Terms	School District pays fixed from 5.0% to 5.02164% and receives 68% of one-month LIBOR plus 30 basis points
Notional Amount	\$18,350,000

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 - AA- and Fitch AA.

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

Investments

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

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.

Hampton Township School District
Notes to Financial Statements
June 30, 2016

Note 2 - Deposits and Investments (Cont'd)

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, 2016:

- U. S. Treasury securities of \$2,988,800 are valued using quoted market prices (Level 1 inputs);
- Investment derivative instruments of (\$4,979,766) are valued using significant observable inputs (Level 2 inputs).

Note 3 - Real Estate Taxes

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The School District's tax rate for all purposes in 2015/2016 was 18.12 mills (\$18.12 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2015/2016 is as follows:

Tax Levy Date	July 1, 2015
2% Discount Period	Through August 31, 2015
Face Payment Period	September 1 - October 31, 2015
10% Penalty Period	November 1 Until Liated
Lien Filing Date	July 1, 2016

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as deferred revenue on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of \$1,026,449 net of estimated uncollectible of \$114,050, along with other taxes receivable of \$737,409.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2016, the following amounts are due from other governmental units:

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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

	Governmental Funds	Business-Type Activities	Totals
Federal (through the state)	\$ 33,442	\$30,834	\$ 64,276
State	2,083,577	4,545	2,088,122
Local	<u>52,612</u>	<u>-</u>	<u>52,612</u>
	<u>\$2,169,631</u>	<u>\$35,379</u>	<u>\$2,205,010</u>

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance 07/01/15	Additions	Transfers	Balance 06/30/16
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,081,390	\$ -	\$ -	\$ 1,081,390
Construction in Progress	<u>269,147</u>	<u>892,454</u>	<u>(1,161,601)</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>1,350,537</u>	<u>892,454</u>	<u>(1,161,601)</u>	<u>1,081,390</u>
Capital Assets Being Depreciated				
Land Improvements	4,342,666	-	-	4,342,666
Buildings and Building Improvements	81,008,588	-	1,161,601	82,170,189
Furniture and Equipment	<u>8,352,851</u>	<u>885,552</u>	<u>-</u>	<u>9,238,403</u>
Total Capital Assets Being Depreciated	<u>93,704,105</u>	<u>885,552</u>	<u>1,161,601</u>	<u>95,751,258</u>
Less Accumulated Depreciation				
Land Improvements	3,148,484	158,915	-	3,307,399
Buildings and Building Improvements	31,672,085	1,928,014	-	33,600,099
Furniture and Equipment	<u>6,554,282</u>	<u>582,506</u>	<u>-</u>	<u>7,136,788</u>
Total Accumulated Depreciation	<u>41,374,851</u>	<u>2,669,435</u>	<u>-</u>	<u>44,044,286</u>
Total Capital Assets Being Depreciated, Net	<u>52,329,254</u>	<u>(1,783,883)</u>	<u>1,161,601</u>	<u>51,706,972</u>
Governmental Activities Capital Assets, Net	<u>\$53,679,791</u>	<u>\$ (891,429)</u>	<u>\$ -</u>	<u>\$52,788,362</u>

Hampton Township School District
Notes to Financial Statements
June 30, 2016

Note 5 - Capital Assets (Cont'd)

	Balance 07/01/15	Additions	Transfers	Balance 06/30/16
Business-Type Activities				
Furniture and Equipment	\$ 376,808	\$ 35,383	\$ -	\$ 412,191
Less Accumulated Depreciation	<u>241,368</u>	<u>23,020</u>	<u>-</u>	<u>264,388</u>
Business-Type Capital Assets, Net	<u>\$ 135,440</u>	<u>\$ 12,363</u>	<u>\$ -</u>	<u>\$ 147,803</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Instruction	\$1,909,661
Instructional Student Support	191
Administration and Financial Support Services	56,302
Operation and Maintenance of Plant Services	577,546
Student Activities	<u>125,735</u>
Total Depreciation Expense	<u>\$2,669,435</u>
Business-Type Activities	
Food Service	<u>\$ 23,020</u>

Note 6 - Interfund Balances

Interfund balances at June 30, 2016, were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 4,772	\$823,004
Debt Service Fund	823,004	-
Enterprise Fund		
Food Service Fund	<u>-</u>	<u>4,772</u>
	<u>\$827,776</u>	<u>\$827,776</u>

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

Hampton Township School District
Notes to Financial Statements
June 30, 2016

Note 7 - Interfund Transfers

For the year ended June 30, 2016, interfund transfers consisted of the following:

Transfer To	Transfer From General Fund
Nonmajor Funds	
Capital Projects Fund	\$1,122,235
Debt Service Fund	<u>5,010,000</u>
	<u>\$6,132,235</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 \$1,122,235 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, 2016:

	Balance 07/01/15	Additions	Accretion	Retirements	Balance 06/30/16	Due Within One Year
Governmental Activities						
General Obligation Bonds	\$58,312,838	\$ -	\$267,675	\$2,550,000	\$56,030,513	\$2,665,000
Less: Bond Discount	(252,087)	-	-	(16,993)	(235,094)	-
Add: Bond Premium	<u>452,920</u>	-	-	<u>70,629</u>	<u>382,291</u>	-
Net General Obligation Bonds	<u>58,513,671</u>	<u>-</u>	<u>267,675</u>	<u>2,603,636</u>	<u>56,177,710</u>	<u>2,665,000</u>
General Obligation Notes	1,397,353	-	-	75,381	1,321,972	78,397
Capital Lease Obligations	88,393	-	-	28,377	60,016	29,451
Compensated Absences Payable	797,619	82,876	-	146,356	734,139	30,000
Termination Payments	<u>181,818</u>	<u>293,540</u>	<u>-</u>	<u>331,818</u>	<u>143,540</u>	<u>143,540</u>
Governmental Activities Long-Term Liabilities	<u>\$60,978,854</u>	<u>\$376,416</u>	<u>\$267,675</u>	<u>\$3,185,568</u>	<u>\$58,437,377</u>	<u>\$2,946,388</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%

\$ 3,945,513

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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

General Obligation Bonds (Cont'd)

Refunding Series of 2006 A in the amount of \$9,625,000; 3.5% - 4.25% current interest bonds payable in semi-annual installments; final payment due November 15, 2029	\$ 8,495,000
Refunding Series of 2006 B in the amount of \$6,905,000; 3.5% - 4.25% current interest bonds payable in semi-annual installments; final payment due August 15, 2031	6,495,000
Series of 2007 in the amount of \$24,125,000; due serially through September 1, 2027; interest is variable	18,350,000
Series of 2008 in the amount of \$9,990,000; 2.0% - 4.0% current interest; bonds payable in semi-annual installments; final payment due August 15, 2032	8,880,000
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	9,105,000
Series of 2011B in the amount of \$785,000; 2.25% - 4.75% current interest; bonds payable in semi-annual installments; final payment due March 15, 2032	<u>760,000</u>
	<u>\$56,030,513</u>

Notes Payable

Series of 2008 in the amount of \$1,799,674; 3.0% - 4.60%, payable in semi-annual installments; final payment due October 25, 2028	<u>\$ 1,321,972</u>
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The debt service source for the above debt is the general fund. The bonds were issued for capital project purposes. The interest requirements on the 2007 variable rate bonds used in the amounts below were based on the rate effective at year end. Interest on the variable rate bonds shall be no greater than 12% per annum, or the weekly rate, which 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, termination benefits 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.

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences, capital leases and termination benefits) as of June 30, 2016, including interest, sinking fund payments and accretion on the capital appreciation bonds, are as follows:

Year Ended June 30,	General Obligation Bonds		General Obligation Notes		Totals
	Principal	Interest	Principal	Interest	
2017	\$ 2,665,000	\$ 1,435,333	\$ 78,397	\$ 55,223	\$ 4,233,953
2018	2,750,000	1,375,924	81,412	52,125	4,259,461
2019	2,850,000	1,306,909	84,427	48,808	4,290,144
2020	2,960,000	1,227,931	88,304	45,298	4,321,533
2021	3,075,000	1,138,271	91,750	41,527	4,346,548
2022-2026	11,072,165	10,825,185	523,362	143,782	22,564,494
2027-2031	20,040,000	3,463,005	374,320	26,097	23,903,422
2032-2033	<u>7,555,000</u>	<u>282,528</u>	<u>-</u>	<u>-</u>	<u>7,837,528</u>
	52,967,165	21,055,086	1,321,972	412,860	75,757,083
Accretion to Date	<u>3,063,348</u>	<u>(3,063,348)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$56,030,513</u>	<u>\$17,991,738</u>	<u>\$1,321,972</u>	<u>\$412,860</u>	<u>\$75,757,083</u>

Note 9 - Capital Leases

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

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset	
Machinery and Equipment	\$142,083
Less: Accumulated Depreciation	<u>(85,251)</u>
Total	<u>\$ 56,832</u>

The future minimum lease obligations and the net present value of these minimum lease payments, as of June 30, 2016, were as follows:

Hampton Township School District
Notes to Financial Statements
June 30, 2016

Note 9 - Capital Leases (Cont'd)

Year Ended June 30,	Governmental Activities
2017	\$31,184
2018	<u>31,184</u>
Total Minimum Lease Payments	62,368
Less: Amount Representing Interest	<u>(2,352)</u>
Present Value of Minimum Lease Payments	<u>\$60,016</u>

Note 10 - Termination Benefits

The School District, as part of the collective bargaining agreement with teachers, has available certain early retirement enhancements to qualified employees. In order to qualify under the current bargaining agreement, the employee must have at least seventeen years of service in Hampton Township School District and retire by June 30, 2013.

Under the program, teachers electing the incentive receive a payment of \$40,000. The payment is being distributed in equal annual installments of \$10,000 which are made directly to the employee's 403(b) plan. The plan was modified under a memorandum of understanding in September 2015. The memorandum of understanding provided benefits to employees if they retired by June 30, 2016 and provides payments of \$30,000 in two installments directly into the employee's 403(b) plan. The School District used a discount rate of 4.5% to calculate the discounted present value of the expected future benefit payments of \$143,540 at June 30, 2016. Nineteen teachers are participating in the original plan and ten teachers are participating in the new plan.

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's 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.

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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

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.state.pa.us.

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

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

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

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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

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

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%.

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2016 was 25.0% 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 \$5,680,668 for the year ended June 30, 2016.

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

At June 30, 2016, the School District reported a liability of \$74,373,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014 to June 30, 2015. The School District's proportion of the net pension

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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)

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, 2015, the School District's proportion was 0.1717%, which was a decrease of 0.006% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School District recognized pension expense of \$6,636,354. At June 30, 2016, 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
Net difference between expected and actual experience	\$ -	\$ 307,000
Net difference between projected and actual investment earnings	-	151,000
Changes in proportions	2,036,000	1,177,000
Difference between employer contributions and proportionate share of total contributions	201,295	-
Contributions subsequent to the measurement date	<u>5,680,668</u>	<u>-</u>
	<u>\$7,917,963</u>	<u>\$1,635,000</u>

\$5,680,668 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, 2016. 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,	
2017	\$ (227,646)
2018	(227,646)
2019	(227,646)
2020	<u>1,285,233</u>
	<u>\$ 602,295</u>

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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

The total pension liability as of June 30, 2015 was determined by rolling forward the System's total pension liability as of the June 30, 2014 actuarial valuation to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay
- Investment return - 7.50%, includes inflation at 3.00%
- Salary increases - effected average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1.00%, and merit or seniority increase of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females.

The actuarial assumptions used in the June 30, 2014 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the Board at its March 11, 2011 Board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

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

The pension plan's policy in regard to 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
Public markets global equity	22.5%	4.8%
Private markets (equity)	15.0%	6.6%
Private real estate	12.0%	4.5%
Global fixed income	7.5%	2.4%
U.S. long treasuries	3.0%	1.4%
TIPS	12.0%	1.1%

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
High yield bonds	6.0%	3.3%
Cash	3.0%	0.7%
Absolute return	10.0%	4.9%
Risk parity	10.0%	3.7%
MLPs/Infrastructure	5.0%	5.2%
Commodities	8.0%	3.1%
Financing (LIBOR)	<u>(14.0%)</u>	1.1%
	<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, 2015.

2. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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.

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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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 (Cont'd)

	(In thousands)		
	1.00%	Current	1.00%
	Decrease	Discount Rate	Increase
	6.50%	7.50%	8.50%
School District's proportionate share of the net pension liability	\$91,671	\$74,373	\$59,833

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.state.pa.us.

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, 2016 have not yet been conducted. Accordingly, the School District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Note 13 - Post-Employment Healthcare Plan

A. Plan Description

Hampton Township School District administers a single-employer defined benefit healthcare plan ("The Supplemental Health Plan"). The plan provides medical, and in some cases dental and vision, for six groups of employees: teachers; administrators; secretaries/para-professionals; custodial/maintenance cafeteria and

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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

A. Plan Description (Cont'd)

“other”. The benefits provided are for the eligible retirees and their spouses through the School District group health insurance plan which covers both active and retired members. 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 for the current incentive is as follows: an employee must have at least 17 years with the School District and the employee must meet the “superannuation” criteria under PSERS. The superannuation criteria is 35 years of PSERS service at any age, 30 years of service with attainment of age 60, or any amount of service and attainment of age 62. Retirees are eligible to purchase medical, 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.

For the year ended June 30, 2016, the School District contributed \$-0-. Plan members receiving benefits contributed \$275,190. The plan is financed on a pay-as-you-go basis.

C. Annual OPEB Cost and Net OPEB Obligation

The School District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (funding excess) over

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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

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

a period not to exceed thirty years. The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the School District's net OPEB obligation.

Annual Required Contribution	\$ 297,579
Interest on Net OPEB Obligation	20,662
Adjustment to Annual Required Contribution	<u>(63,687)</u>
Annual OPEB Cost (Expense)	254,554
Contributions Made	<u>(190,847)</u>
Increase on OPEB Obligation	63,707
Net OPEB Obligation - Beginning of Year	<u>516,562</u>
Net OPEB Obligation - End of Year	<u>\$ 580,269</u>

The School District's OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the years ended June 30, 2016, 2015 and 2014, is as follows.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/16	\$254,554	74.97%	\$580,269
06/30/15	261,749	67.00%	516,562
06/30/14	420,028	76.88%	430,189

D. Funded Status and Funding Progress

As of July 1, 2014, the actuarial accrued liability for benefits was \$1,751,677, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$22,489,769 and the ratio of unfunded actuarial accrued liability to the covered payroll was 7.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the

Hampton Township School District
Notes to Financial Statements
June 30, 2016

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

D. Funded Status and Funding Progress (Cont'd)

plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Multi-year information will be presented in future years.

E. Actuarial Methods and Assumptions

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

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a discount rate of 4.0%; an annual healthcare cost trend rate of 7% initially decreasing by 0.25% per year to an ultimate rate of 4.5% and an inflation rate of 2.75%. The method used to determine the actuarial value of assets is not applicable since there are no plan assets. The unfunded actuarial accrued liability is being amortized using the level dollar method. The amortization period for the most recent actuarial valuation is ten years. The period is open.

Note 14 - 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 \$3,454,828 and \$3,431,179 for the years ended June 30, 2016 and 2015, 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, 2016, the net position of the Consortium were \$43,916,293 of which \$621,855 is attributable to the School District.

Hampton Township School District
Notes to Financial Statements
June 30, 2016

Note 14 - Risk Management (Cont'd)

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 15 - On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2016 was \$3,831,260. This includes \$2,942,763 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 \$888,497 to the federal government for social security and Medicare taxes for the year ended June 30, 2016. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

Note 16 - Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the June 30, 2016 financial statements, are as follows:

	<u>Change in Fair Value</u>		<u>Fair Value at June 30, 2016</u>		Notional in Thousands
	Classification	Amount	Classification	Amount	
Governmental Activities					
Investment Derivative Instruments:					
Interest rate Swap- 2007; Pay Fixed	Investment Revenue	\$(519,766)	Investment	\$(4,979,766)	\$18,350

Hampton Township School District
Notes to Financial Statements
June 30, 2016

Note 17 - Construction Commitment

As of June 30, 2016, the School District had construction commitments in the amount of approximately \$68,875 for various improvements to school facilities. It is anticipated these projects will be completed in the 2016/2017 school year.

Note 18 - Subsequent Event

In September 2016, the School District issued general obligation bonds, Series of 2016 in the amount of \$8,365,000. The proceeds from the sale of the bonds will be used to currently refund a portion of the general obligation bonds Series A of 2006 maturing on or after November 15, 2017 and pay the costs of issuance.

**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, 2016**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$27,618,464	\$27,618,464	\$27,874,741	\$ 256,277
Interim Real Estate Taxes	50,000	50,000	91,007	41,007
Public Utility Realty Taxes	38,500	38,500	36,633	(1,867)
Earned Income Taxes	3,760,000	3,760,000	3,857,513	97,513
Real Estate Transfer Taxes	380,000	380,000	435,019	55,019
Delinquencies on Taxes	1,000,000	1,000,000	1,212,909	212,909
Earnings on Investments	40,000	40,000	39,853	(147)
Other Local Revenues				
Revenue from Student Activities	75,000	75,000	81,552	6,552
Federal and State Revenues from IUs	285,000	285,000	241,201	(43,799)
Contribs. and Donations from Priv. Sources	-	-	20,000	20,000
Rentals	30,000	30,000	22,237	(7,763)
Tuition	5,000	5,000	-	(5,000)
Miscellaneous Revenue	10,000	10,000	11,386	1,386
Refunds of Prior Year's Expenditures	<u>10,000</u>	<u>10,000</u>	<u>277</u>	<u>(9,723)</u>
Total Revenues from Local Sources	<u>33,301,964</u>	<u>33,301,964</u>	<u>33,924,328</u>	<u>622,364</u>
State Sources				
Basic Instruct. and Oper. Subsidies				
Basic Instructional Subsidy	5,179,841	5,179,841	4,854,171	(325,670)
Subsidies for Spec. Educ. Programs				
Special Education of Excep. Pupils	1,539,261	1,539,261	1,485,846	(53,415)
Subsidies for Noneduc. Programs				
Transportation (Regular and Add'l.)	800,000	800,000	779,357	(20,643)
Rentals and Sinking Fund Payments	700,160	700,160	654,723	(45,437)
Extra Grants	16,921	16,921	-	(16,921)
Health Services	68,000	68,000	64,635	(3,365)
State Property Tax Reduction Allocation	860,340	860,340	860,340	-
Ready to Learn Block Grant	-	-	294,130	294,130
Social Security Payments	864,000	864,000	881,619	17,619
State Retirement Revenue	<u>2,943,000</u>	<u>2,943,000</u>	<u>2,918,273</u>	<u>(24,727)</u>
Total Revenues from State Sources	<u>12,971,523</u>	<u>12,971,523</u>	<u>12,793,094</u>	<u>(178,429)</u>

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues (Cont'd)				
Federal Sources				
Restricted Grants-in-Aid from the Fed. Gov't. through the Commonwealth				
Title I	\$ 148,000	\$ 148,000	\$ 197,574	\$ 49,574
Title II	51,000	51,000	45,523	(5,477)
Medical Assistance - Access	<u>100,000</u>	<u>100,000</u>	<u>67,234</u>	<u>(32,766)</u>
Total Revenues from Federal Sources	<u>299,000</u>	<u>299,000</u>	<u>310,331</u>	<u>11,331</u>
Total Revenues	<u>46,572,487</u>	<u>46,572,487</u>	<u>47,027,753</u>	<u>455,266</u>
Other Financing Sources				
Sale of Capital Assets	<u>2,500</u>	<u>2,500</u>	<u>7,000</u>	<u>4,500</u>
Total Revenues and Other Financing Sources	<u>46,574,987</u>	<u>46,574,987</u>	<u>47,034,753</u>	<u>459,766</u>
Expenditures				
Current				
Instruction				
Regular Programs				
Personal Services				
Salaries	14,320,297	14,320,297	14,646,714	(326,417)
Employee Benefits	6,696,436	6,696,436	6,661,163	35,273
Purchased Prof. and Tech. Services	93,000	93,000	96,198	(3,198)
Purchased Property Services	95,303	95,303	62,696	32,607
Other Purchased Services	350,493	345,165	270,797	74,368
Supplies	512,441	517,879	475,951	41,928
Property	197,092	197,092	232,851	(35,759)
Other Objects	<u>4,640</u>	<u>4,722</u>	<u>3,690</u>	<u>1,032</u>
Total Regular Programs	<u>22,269,702</u>	<u>22,269,894</u>	<u>22,450,060</u>	<u>(180,166)</u>
Special Programs				
Personal Services				
Salaries	2,111,251	2,111,251	1,997,703	113,548
Employee Benefits	976,245	976,245	926,277	49,968

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current (Cont'd)				
Instruction (Cont'd)				
Special Programs (Cont'd)				
Purchased Prof. and Tech. Services	\$ 220,420	\$ 220,420	\$ 222,021	\$ (1,601)
Other Purchased Services	161,238	161,238	296,570	(135,332)
Supplies	<u>9,890</u>	<u>9,890</u>	<u>14,601</u>	<u>(4,711)</u>
Total Special Programs	<u>3,479,044</u>	<u>3,479,044</u>	<u>3,457,172</u>	<u>21,872</u>
Vocational Education Programs				
Other Purchased Services	<u>668,440</u>	<u>668,440</u>	<u>668,385</u>	<u>55</u>
Other Instructional Programs				
Personal Services				
Salaries	16,000	16,000	3,015	12,985
Employee Benefits	7,398	7,398	1,409	5,989
Other Purchased Services	<u>15,000</u>	<u>15,000</u>	<u>25,471</u>	<u>(10,471)</u>
Total Other Instructional Programs	<u>38,398</u>	<u>38,398</u>	<u>29,895</u>	<u>8,503</u>
Total Instruction	<u>26,455,584</u>	<u>26,455,776</u>	<u>26,605,512</u>	<u>(149,736)</u>
Support Services				
Pupil Personnel				
Personal Services				
Salaries	970,389	970,389	899,973	70,416
Employee Benefits	449,765	449,765	419,440	30,325
Purchased Prof. and Tech. Services	29,150	29,150	8,075	21,075
Other Purchased Services	2,000	2,000	1,969	31
Supplies	4,824	4,824	4,201	623
Other Objects	<u>1,646</u>	<u>1,646</u>	<u>978</u>	<u>668</u>
Total Pupil Personnel	<u>1,457,774</u>	<u>1,457,774</u>	<u>1,334,636</u>	<u>123,138</u>

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures (Cont'd)				
Current (Cont'd)				
Support Services (Cont'd)				
Instructional Staff				
Personal Services				
Salaries	\$ 752,452	\$ 752,452	\$ 746,788	\$ 5,664
Employee Benefits	328,903	328,903	327,784	1,119
Purchased Prof. and Tech. Services	30,482	30,482	48,498	(18,016)
Purchased Property Services	2,600	2,600	1,932	668
Other Purchased Services	25,950	25,950	11,154	14,796
Supplies	90,984	90,984	86,928	4,056
Property	1,250	1,250	530	720
Total Instructional Staff	1,232,621	1,232,621	1,223,614	9,007
Administration				
Personal Services				
Salaries	1,879,959	1,879,959	1,846,264	33,695
Employee Benefits	875,957	875,957	816,920	59,037
Purchased Prof. and Tech. Services	406,635	406,635	407,822	(1,187)
Purchased Property Services	9,000	9,000	8,019	981
Other Purchased Services	117,705	117,513	122,876	(5,363)
Supplies	39,047	39,047	29,974	9,073
Property	270	270	-	270
Other Objects	25,087	25,087	25,360	(273)
Total Administration	3,353,660	3,353,468	3,257,235	96,233
Pupil Health				
Personal Services				
Salaries	343,747	343,747	290,798	52,949
Employee Benefits	158,951	158,951	133,223	25,728
Purchased Prof. and Tech. Services	11,000	11,000	11,000	-
Purchased Property Services	100	100	50	50
Other Purchased Services	662	662	306	356
Supplies	7,849	7,849	6,216	1,633
Property	-	-	42	(42)
Total Pupil Health	522,309	522,309	441,635	80,674

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures (Cont'd)				
Current (Cont'd)				
Support Services (Cont'd)				
Business				
Personal Services				
Salaries	\$ 265,066	\$ 265,066	\$ 257,395	\$ 7,671
Employee Benefits	122,964	122,964	119,763	3,201
Purchased Prof. and Tech. Services	11,000	11,000	3,600	7,400
Purchased Property Services	2,500	2,500	1,993	507
Other Purchased Services	5,500	5,500	2,829	2,671
Supplies	11,500	11,500	10,782	718
Other Objects	1,500	1,500	1,711	(211)
Total Business	420,030	420,030	398,073	21,957
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	1,945,115	1,945,115	2,007,272	(62,157)
Employee Benefits	899,792	899,792	922,740	(22,948)
Purchased Prof. and Tech. Services	-	-	2,600	(2,600)
Purchased Property Services	214,850	214,850	266,497	(51,647)
Other Purchased Services	176,000	176,000	165,139	10,861
Supplies	947,000	947,000	810,174	136,826
Property	108,995	108,995	92,887	16,108
Other Objects	750	750	461	289
Total Oper. and Maint. of Plant Svcs.	4,292,502	4,292,502	4,267,770	24,732
Student Transportation Services				
Personal Services				
Salaries	26,918	26,918	22,505	4,413
Employee Benefits	12,446	12,446	10,477	1,969
Purchased Prof. and Tech. Services	4,000	23,795	1,200	22,595
Other Purchased Services	2,214,980	2,195,185	2,042,708	152,477
Supplies	-	-	578	(578)
Total Student Transportation Services	2,258,344	2,258,344	2,077,468	180,876

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current (Cont'd)				
Support Services (Cont'd)				
Central				
Personal Services				
Salaries	\$ 431,750	\$ 431,750	\$ 431,184	\$ 566
Employee Benefits	198,721	198,721	195,970	2,751
Purchased Prof. and Tech. Services	500	500	1,340	(840)
Purchased Property Services	75,110	75,110	73,170	1,940
Other Purchased Services	12,500	12,500	60,724	(48,224)
Supplies	89,400	89,400	109,049	(19,649)
Property	<u>88,487</u>	<u>88,487</u>	<u>32,374</u>	<u>56,113</u>
Total Central	<u>896,468</u>	<u>896,468</u>	<u>903,811</u>	<u>(7,343)</u>
Other				
Other Purchased Services	<u>48,000</u>	<u>48,000</u>	<u>47,739</u>	<u>261</u>
Total Support Services	<u>14,481,708</u>	<u>14,481,516</u>	<u>13,951,981</u>	<u>529,535</u>
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	671,320	671,320	635,097	36,223
Employee Benefits	220,615	220,615	207,229	13,386
Purchased Prof. and Tech Services	25,000	25,000	25,000	-
Purchased Property Services	21,500	21,500	22,789	(1,289)
Other Purchased Services	170,230	170,230	195,602	(25,372)
Supplies	134,845	134,845	112,413	22,432
Other Objects	<u>18,950</u>	<u>18,950</u>	<u>15,278</u>	<u>3,672</u>
Total Noninstructional Services	<u>1,262,460</u>	<u>1,262,460</u>	<u>1,213,408</u>	<u>49,052</u>

**Hampton Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Debt Service				
Interest	\$ -	\$ -	\$ 2,807	\$ (2,807)
Refunds of Prior Year's Receipts	75,000	75,000	53,558	21,442
Redemption of Principal	<u>-</u>	<u>-</u>	<u>28,377</u>	<u>(28,377)</u>
Total Debt Service	<u>75,000</u>	<u>75,000</u>	<u>84,742</u>	<u>(9,742)</u>
Total Expenditures	<u>42,274,752</u>	<u>42,274,752</u>	<u>41,855,643</u>	<u>419,109</u>
Other Financing Uses				
Fund Transfers				
Debt Service Fund	5,010,000	5,010,000	5,010,000	-
Capital Projects Fund	122,235	122,235	1,122,235	(1,000,000)
Budgetary Reserve	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>90,000</u>
Total Other Financing Uses	<u>5,222,235</u>	<u>5,222,235</u>	<u>6,132,235</u>	<u>(910,000)</u>
Total Expenditures and Other Financing Uses	<u>47,496,987</u>	<u>47,496,987</u>	<u>47,987,878</u>	<u>(490,891)</u>
Net Change in Fund Balance	(922,000)	(922,000)	(953,125)	(31,125)
Fund Balance - July 1, 2015	<u>9,202,084</u>	<u>9,202,084</u>	<u>10,395,802</u>	<u>1,193,718</u>
Fund Balance - June 30, 2016	<u>\$ 8,280,084</u>	<u>\$ 8,280,084</u>	<u>\$ 9,442,677</u>	<u>\$ 1,162,593</u>

Hampton Township School District
Note to Required Supplementary Information
Budget Comparison
June 30, 2016

Note 1 - Budgetary Information

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

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

**Hampton Township School District
Required Supplementary Information
Other Post-Employment Benefits
June 30, 2016**

Schedule of Funding Progress for Retiree Health Plan

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (AVA/AAL)	Covered Payroll	UAAL as Percentage of Covered Payroll
07/01/08	\$ -	\$2,649,821	\$2,649,821	0.0%	\$20,646,769	12.83%
07/01/10	-	3,185,932	3,185,932	0.0%	21,844,481	14.58%
07/01/12	-	2,497,860	2,497,800	0.0%	22,194,789	11.25%
07/01/14	-	1,751,677	1,751,677	0.0%	22,489,769	7.79%

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

	June 30, 2016	June 30, 2015
Contractually Required Contribution	\$ 5,601,481	\$ 4,435,082
Contributions in Relation to the Contractually Required Contribution	<u>5,601,481</u>	<u>4,435,082</u>
Contribution Deficiency (Excess)	\$ <u> -</u>	\$ <u> -</u>
School District Covered-Employee Payroll	\$22,758,140	\$22,098,877
Contributions as a Percentage of Covered Employee Payroll	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.

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

	June 30, 2015	June 30, 2014	June 30, 2013
School District's Proportion of the Net Pension Liability (Asset)	0.1717%	0.1657%	0.1704%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$74,373	\$65,585	\$69,755
School District's Covered Employee Payroll	\$22,090	\$21,148	\$21,866
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	336.68%	310.12%	319.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.36%	57.24%	54.49%

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 is used for the acquisition or construction of capital facilities or equipment.

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, 2016**

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	<u>\$955,992</u>	<u>\$21,912</u>	<u>\$977,904</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$253,106	\$ -	\$253,106
Contracts Payable	<u>171,906</u>	<u>-</u>	<u>171,906</u>
Total Liabilities	<u>425,012</u>	<u>-</u>	<u>425,012</u>
Fund Balances			
Nonspendable	-	20,400	20,400
Restricted	-	1,512	1,512
Committed	<u>530,980</u>	<u>-</u>	<u>530,980</u>
Total Fund Balances	<u>530,980</u>	<u>21,912</u>	<u>552,892</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$955,992</u></u>	<u><u>\$21,912</u></u>	<u><u>\$977,904</u></u>

Hampton Township School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
Revenues			
Local Sources	\$ <u>4</u>	\$ <u>27</u>	\$ <u>31</u>
Expenditures			
Capital Outlay	<u>1,628,675</u>	<u>-</u>	<u>1,628,675</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,628,671)</u>	<u>27</u>	<u>(1,628,644)</u>
Other Financing Sources (Uses)			
Transfers In	<u>1,122,235</u>	<u>-</u>	<u>1,122,235</u>
Net Changes in Fund Balances	(506,436)	27	(506,409)
Fund Balance - July 1, 2015	<u>1,037,416</u>	<u>21,885</u>	<u>1,059,301</u>
Fund Balance - June 30, 2016	<u>\$ 530,980</u>	<u>\$21,912</u>	<u>\$ 552,892</u>

**Hampton Township School District
Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2016**

	Balance 07/01/15	Additions	Deductions	Balance 06/30/16
Activities Fund				
Assets				
Cash and Cash Equivalents	<u>\$124,003</u>	<u>\$281,221</u>	<u>\$270,295</u>	<u>\$134,929</u>
Liabilities				
Other Current Liabilities	<u>\$124,003</u>	<u>\$281,221</u>	<u>\$270,295</u>	<u>\$134,929</u>

**STATISTICAL
SECTION**

FINANCIAL TREND DATA

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

Table 1

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities								(1)		
Net investment in capital assets	(4,652,355)	(5,537,165)	(5,801,989)	(3,512,445)	(5,181,505)	(4,886,788)	(2,587,682)	(2,078,560)	(1,690,470)	(1,965)
Restricted	78,587	78,783	22,264	210,391	567,483	21,884	21,884	21,884	21,885	21,912
Unrestricted	<u>8,770,212</u>	<u>10,951,847</u>	<u>10,715,929</u>	<u>1,013,640</u>	<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>
Total Governmental Activities Net Position	4,196,444	5,493,465	4,936,204	(2,288,414)	558,030	(291,617)	835,470	(64,042,757)	(64,399,794)	(65,782,747)
Business - Type Activities										
Net investment in capital assets	52,012	58,222	68,183	79,056	91,394	89,356	96,682	155,594	135,440	147,803
Unrestricted	<u>(9,207)</u>	<u>56,022</u>	<u>44,731</u>	<u>148,635</u>	<u>216,673</u>	<u>298,814</u>	<u>345,927</u>	<u>(305,414)</u>	<u>(263,135)</u>	<u>(232,504)</u>
Total Business - Type Activities Net Position	42,805	114,244	112,914	227,691	308,067	388,170	442,609	(149,820)	(127,695)	(84,701)
Total Primary Government										
Net investment in capital assets	(4,600,343)	(5,478,943)	(5,733,806)	(3,433,389)	(5,090,111)	(4,797,432)	(2,491,000)	(1,922,966)	(1,555,030)	145,838
Restricted	78,587	78,783	22,264	210,391	567,483	21,884	21,884	21,884	21,885	21,912
Unrestricted	<u>8,761,005</u>	<u>11,007,869</u>	<u>10,760,660</u>	<u>1,162,275</u>	<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>
Total Primary Government Net Position	<u>4,239,249</u>	<u>5,607,709</u>	<u>5,049,118</u>	<u>(2,060,723)</u>	<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>

Source: District Financial Reports

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

Table 2

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction	22,783,167	23,777,886	24,218,079	23,976,629	24,952,692	24,254,511	26,039,315	25,569,301	27,451,751	28,959,979
Instructional Student Support	2,236,309	2,395,676	2,371,672	2,274,767	2,460,798	2,499,327	2,620,825	2,541,500	2,843,331	3,085,366
Administrative and Financial Support	3,231,827	3,595,772	3,624,420	3,651,599	3,595,493	3,851,404	4,101,942	4,067,991	4,551,271	4,676,518
Operation and Maintenance of Plant	3,527,392	3,444,710	3,591,400	4,053,972	4,099,330	4,042,035	4,143,134	4,532,657	5,119,529	5,096,514
Pupil Transportation	1,719,236	1,813,142	1,889,752	1,819,691	1,934,158	2,057,909	2,017,116	2,199,611	2,138,090	2,078,458
Student Activities	1,035,196	1,076,299	1,183,141	1,199,796	1,214,667	1,158,129	1,169,924	1,223,049	1,298,071	1,364,500
Community Services	-	-	-	1,761	5,200	2,171	65	-	-	-
Interest on long term debt	<u>2,758,813</u>	<u>2,948,458</u>	<u>3,451,636</u>	<u>3,035,643</u>	<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>
Total Governmental Activities Expense	<u>37,291,940</u>	<u>39,051,943</u>	<u>40,330,100</u>	<u>40,013,858</u>	<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>
Business - Type Activities										
Food Service	1,069,884	1,086,218	1,120,031	1,126,774	1,148,213	1,189,299	1,185,120	1,218,657	1,190,362	1,181,321
Total Primary Government Expenses	<u>38,361,824</u>	<u>40,138,161</u>	<u>41,450,131</u>	<u>41,140,632</u>	<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>
Program Revenues										
Governmental Activities										
Charges for Services										
Operation and Maintenance of Plant	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	4,637,497	5,316,520	4,745,016	5,550,790	6,491,928	5,128,784	5,716,137	5,617,807	6,357,195	7,056,944
Capital grants and contributions	<u>453,494</u>	<u>367,143</u>	<u>480,899</u>	<u>1,085,453</u>	<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>
Total Governmental Activities Revenues	5,090,991	5,683,663	5,225,915	6,636,243	7,359,922	6,164,740	6,411,830	6,312,177	7,075,017	7,711,667
Business - Type Activities										
Charges for Services										
Food Service	855,350	893,340	944,174	950,965	936,982	972,331	919,745	904,701	869,703	868,408
Operating grants and contributions	<u>254,652</u>	<u>264,317</u>	<u>274,527</u>	<u>290,586</u>	<u>291,607</u>	<u>297,071</u>	<u>319,814</u>	<u>335,016</u>	<u>342,762</u>	<u>355,907</u>
Total Business - Type Activities	1,110,002	1,157,657	1,218,701	1,241,551	1,228,589	1,269,402	1,239,559	1,239,717	1,212,465	1,224,315
Total Primary Government Program Revenues	<u>6,200,993</u>	<u>6,841,320</u>	<u>6,444,616</u>	<u>7,877,794</u>	<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>
Net (Expense) / Revenue										
Total Primary government net expense	<u>(32,160,831)</u>	<u>(33,296,841)</u>	<u>(35,005,515)</u>	<u>(33,262,838)</u>	<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>

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)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense) / Revenue										
Governmental Activities	(32,200,949)	(33,368,280)	(35,104,185)	(33,377,615)	(33,894,902)	(34,619,999)	(36,533,978)	(36,620,481)	(39,021,149)	(40,166,261)
Business - Type Activities	<u>40,118</u>	<u>71,439</u>	<u>98,670</u>	<u>114,777</u>	<u>80,376</u>	<u>80,103</u>	<u>54,439</u>	<u>21,060</u>	<u>22,103</u>	<u>42,994</u>
Total Primary government net expense	(32,160,831)	(33,296,841)	(35,005,515)	(33,262,838)	(33,814,526)	(34,539,896)	(36,479,539)	(36,599,421)	(38,999,046)	(40,123,267)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property Taxes	24,852,713	25,400,476	24,898,507	25,714,324	26,057,138	26,648,641	26,614,766	27,254,366	28,394,285	29,044,052
Earned Income Tax	3,048,386	3,353,897	2,974,761	3,158,898	3,781,364	3,335,190	3,824,345	3,728,470	3,919,833	3,972,074
Other Current Taxes	509,623	419,894	334,359	367,230	330,561	378,847	356,922	486,578	433,898	471,652
Grants & Contributions not Restricted	4,440,344	4,519,095	5,514,454	5,204,215	4,950,063	5,466,534	5,486,494	5,610,726	5,615,286	5,734,511
Investment Earnings	831,626	900,907	645,468	(1,075,357)	1,570,582	(2,136,017)	1,814,958	337,301	264,632	(479,881)
Other	85,351	71,032	79,375	34,932	51,638	77,157	49,428	43,423	36,178	40,900
Special Item	686,746	-	-	-	-	-	-	-	-	-
Transfers	-	-	100,000	-	-	-	-	-	-	-
Total Governmental Activities Revenues	<u>34,454,789</u>	<u>34,665,301</u>	<u>34,546,924</u>	<u>33,404,242</u>	<u>36,741,346</u>	<u>33,770,352</u>	<u>38,146,913</u>	<u>37,460,864</u>	<u>38,664,112</u>	<u>38,783,308</u>
Business - Type Activities										
Investment Earnings	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	22	-
Transfers	-	-	(100,000)	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	(100,000)	-	-	-	-	-	22	-
Total Primary Government	<u>34,454,789</u>	<u>34,665,301</u>	<u>34,446,924</u>	<u>33,404,242</u>	<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>
Change in Net Position										
Governmental Activities	2,253,840	1,297,021	(557,261)	26,627	2,846,444	(849,647)	1,612,935	840,383	(357,037)	(1,382,953)
Business - Type Activities	<u>40,118</u>	<u>71,439</u>	<u>(1,330)</u>	<u>114,777</u>	<u>80,376</u>	<u>80,103</u>	<u>54,439</u>	<u>21,060</u>	<u>22,125</u>	<u>42,994</u>
Total Primary Government	<u>2,293,958</u>	<u>1,368,460</u>	<u>(558,591)</u>	<u>141,404</u>	<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>

Source: District Financial Reports

Table 4

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	876,068	859,799	953,489	898,774	-	-	-	-	-	-
Unreserved,										
Designated	-	-	2,314,000	3,950,000	-	-	-	-	-	-
Undesignated	4,873,570	5,195,412	3,015,768	3,022,072	-	-	-	-	-	-
Nonspendable	-	-	-	-	320,501	317,288	325,924	339,538	354,161	313,917
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	5,000,000	4,932,000	6,781,000	5,763,000	5,190,000	4,468,000
Assigned	-	-	-	-	-	-	3,908	14,084	16,490	24,332
Unassigned	-	-	-	-	4,326,415	5,738,225	3,579,652	3,968,106	4,835,151	4,636,428
Total General Fund	<u>5,749,638</u>	<u>6,055,211</u>	<u>6,283,257</u>	<u>7,870,846</u>	<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>
All Other Governmental Funds										
Reserved	78,587	6,208,970	743,945	380,134	-	-	-	-	-	-
Unreserved -										
Designated for Capital Projects										
Reported in Capital Projects Funds	2,950,545	4,984,361	3,756,369	921,183	-	-	-	-	-	-
Nonspendable	-	-	-	-	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
Committed	-	-	-	-	1,083,254	787,110	1,320,773	2,212,956	1,780,200	1,353,985
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other Governmental Funds	<u>3,029,132</u>	<u>11,193,331</u>	<u>4,500,314</u>	<u>1,301,317</u>	<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>

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

Source: District Financial Reports

Table 5

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Local Sources										
Real Estate Tax	23,897,894	24,404,423	23,860,559	24,567,399	24,998,024	25,742,986	25,825,296	26,373,369	27,273,860	27,965,748
Earned Income Tax	2,874,304	3,190,970	2,873,641	3,030,789	3,636,003	3,202,347	3,753,476	3,593,806	3,774,071	3,857,513
Other Local Taxes	1,771,231	1,943,100	1,665,320	1,629,233	1,765,518	1,336,736	1,187,613	1,553,829	1,667,671	1,684,561
Interest Earnings	831,626	1,116,567	645,468	134,430	73,175	39,358	45,958	21,301	25,158	39,885
Other Local Sources	384,763	523,744	504,740	852,203	780,443	551,334	536,301	413,388	388,438	376,653
Total Local Sources	<u>29,759,818</u>	<u>31,178,804</u>	<u>29,549,728</u>	<u>30,214,054</u>	<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>
State Sources										
Basic Education Subsidy	4,385,512	4,476,415	4,608,256	4,143,502	4,037,114	4,608,256	4,608,210	4,752,269	4,752,203	4,854,171
Special Education Subsidy	1,407,564	1,418,868	1,439,883	1,456,621	1,448,222	1,448,222	1,448,222	1,448,268	1,463,844	1,485,846
Other State Subsidies	3,078,966	3,380,121	3,807,371	4,435,931	4,289,752	4,553,679	4,680,984	5,116,160	5,895,306	6,453,077
Total State Sources	<u>8,872,042</u>	<u>9,275,404</u>	<u>9,855,510</u>	<u>10,036,054</u>	<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>
Federal Sources										
Other Federal Sources	354,921	468,892	459,494	986,569	1,803,992	546,140	674,035	227,671	221,966	310,331
Total Federal Sources	<u>354,921</u>	<u>468,892</u>	<u>459,494</u>	<u>986,569</u>	<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>
Total Revenues	<u>38,986,781</u>	<u>40,923,100</u>	<u>39,864,732</u>	<u>41,236,677</u>	<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>

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)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction										
Regular Programs	16,383,083	17,526,961	17,163,503	17,394,823	17,960,807	18,726,894	19,910,625	20,109,716	21,224,721	22,450,060
Special Programs	3,911,429	3,905,622	3,827,517	3,849,039	4,045,812	3,397,760	3,408,320	3,352,173	3,383,113	3,457,172
Vocational Education Programs	664,143	689,461	731,688	864,048	996,154	329,114	498,479	572,354	669,331	668,385
Other Instructional Programs	83,186	86,282	99,814	94,305	89,797	17,953	7,318	19,270	6,406	29,895
Nonpublic School Programs	-	-	-	9,665	15,076	11,869	14,115	6,570	7,441	-
Support Services										
Pupil Personnel	1,017,844	1,010,492	1,015,672	959,770	1,043,243	1,035,206	1,099,268	1,076,596	1,228,836	1,334,636
Instructional Staff	846,427	974,308	937,647	936,357	1,029,282	1,074,732	1,114,950	1,018,177	1,058,743	1,223,614
Administration	2,414,211	2,667,375	2,681,591	2,686,232	2,778,205	2,823,222	3,038,688	2,985,656	3,242,822	3,257,235
Pupil Health	368,543	404,446	409,206	373,792	388,315	388,458	413,613	446,252	486,837	441,635
Business	386,600	345,470	340,491	351,306	369,815	325,753	358,225	370,777	388,151	398,073
Operation & Maint. of Plant Services	3,675,534	4,348,928	4,244,002	3,896,905	4,187,484	3,497,585	3,621,197	3,931,134	4,095,476	4,267,770
Pupil Transportation	1,714,189	1,809,350	1,887,215	1,817,154	1,932,890	2,057,909	2,017,116	2,199,611	2,137,306	2,077,468
Central Services	325,887	412,482	496,456	513,676	681,399	579,463	559,986	680,773	753,755	903,811
Other Support Services	42,437	44,254	46,453	47,777	48,620	47,195	47,500	47,654	47,808	47,739
Non Instructional Services										
Student Activities	917,732	978,279	1,056,097	1,073,353	1,141,832	1,028,078	1,042,316	1,096,224	1,152,661	1,213,408
Community Services	-	-	-	1,761	5,200	2,171	65	-	-	-
Capital Outlay *	301,439	2,589,996	8,113,965	3,255,959	698,916	779,477	360,676	467,856	718,682	1,628,675
Debt Service										
Principal	1,430,000	1,545,000	1,770,858	1,886,937	1,923,071	2,190,000	2,335,519	2,411,347	2,497,343	2,578,377
Swaption Termination Fees**	-	-	-	-	2,354,000	-	-	-	-	-
Interest	2,813,368	3,072,639	3,311,546	2,814,277	2,683,807	2,827,052	2,675,132	2,564,447	2,484,642	2,382,587
Refund of Prior Year's Receipts	124,442	45,539	170,636	21,513	9,562	4,585	353	7,700	4,322	53,558
Total Expenditures	<u>37,420,494</u>	<u>42,456,884</u>	<u>48,304,357</u>	<u>42,848,649</u>	<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>
Debt Service as a Percentage of non capital*** expenditures	11.43%	11.58%	12.37%	12.00%	10.55%	12.47%	11.94%	11.69%	11.07%	10.64%

* - Capital outlay increased for the fiscal years ending June 30, 2007 and June 30, 2008 for the Poff Elementary renovation project

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

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

Source: District Financial Reports

Table 7

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess of Revenues Over (Under) Expenditures	1,566,287	(1,533,784)	(8,439,625)	(1,611,972)	(1,551,044)	884,582	236,634	135,774	(125,879)	(1,386,313)
Other Financing Sources (Uses)										
Long Term Debt Issued	16,257,016	34,128,556	7,663,762	-	12,682,906	-	-	142,083	-	-
Long Term Debt Retired	(15,196,973)	(24,125,000)	(5,789,108)	-	(9,395,000)	-	-	-	-	-
Sale of Capital Assets	4,960	-	-	564	2,100	800	-	8,570	4,198	7,000
Transfers In	6,044,533	5,916,389	5,277,665	4,947,535	5,820,394	5,315,000	5,878,750	6,162,552	5,235,545	6,132,235
Transfers Out	<u>(6,044,533)</u>	<u>(5,916,389)</u>	<u>(5,177,665)</u>	<u>(4,947,535)</u>	<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>
Total Other Financing Sources (Uses)	<u>1,065,003</u>	<u>10,003,556</u>	<u>1,974,654</u>	<u>564</u>	<u>3,290,006</u>	<u>800</u>	<u>-</u>	<u>150,653</u>	<u>4,198</u>	<u>7,000</u>
Special Item	<u>693,016</u>	<u>-</u>								
Net Change in Governmental Fund Balance	<u>3,324,306</u>	<u>8,469,772</u>	<u>(6,464,971)</u>	<u>(1,611,408)</u>	<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>

Source: District Financial Reports

REVENUE CAPACITY STATISTICS

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

Table 8

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

<u>Fiscal Year Ended June 30</u>		<u>Tax Rate</u>	<u>Total Tax Levy</u>	<u>Taxes Collected In Current Fiscal Year</u>	<u>Percent of Levy Collected In Current Fiscal Year</u>	<u>Taxes Collected in Subsequent Years</u>	<u>Total Taxes Collected to Date</u>	<u>Percent of Levy Collected to Date</u>
2016	(1),(2)	18.12	\$29,365,723	\$27,874,741	94.92%	N/A	\$27,874,741	94.92%
2015	(1),(2)	17.85	28,600,288	27,225,174	95.19%	440,525	27,665,699	96.73%
2014	(1),(2)	17.59	27,640,759	26,326,262	95.24%	739,921	27,066,183	97.92%
2013	(1)	21.35	27,044,689	25,822,231	95.48%	854,514	26,676,745	98.64%
2012	(1)	21.35	26,944,776	25,715,701	95.44%	779,709	26,495,410	98.33%
2011	(1)	20.88	26,018,630	24,867,448	95.58%	825,010	25,692,458	98.75%
2010	(1)	20.88	25,742,981	24,500,905	95.18%	871,494	25,372,399	98.56%
2009	(1)	20.53	24,924,430	23,705,681	95.11%	1,017,454	24,723,135	99.19%
2008		20.53	25,306,021	24,052,946	95.05%	1,073,144	25,126,090	99.29%
2007		20.53	25,016,096	23,804,688	95.16%	1,081,560	24,886,248	99.48%

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

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

(1) - The District's Total tax levy for the years ended June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013, June 30, 2012, June 30, 2011, June 30, 2010 and June 30, 2009 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 to the resident's taxable assessed value.

<u>Year Ending</u>	<u>Total Property</u>	<u>Property Tax</u>
	<u>Tax Distribution to District</u>	<u>Relief per Approved Property</u>
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
June 30, 2010	858,726	161
June 30, 2009	859,427	165

(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 June 30,	Residential Property	Commercial Property	Total Assessed Value	School District Millage Rate (a)
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
2010	1,126,774,601	147,240,230	1,274,014,831	20.88
2009	1,106,340,531	149,060,040	1,255,400,571	20.53
2008	1,088,501,722	144,134,490	1,232,636,212	20.53
2007	1,073,361,412	145,152,780	1,218,514,192	20.53

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**

Calendar Year	Number of Permits	Commercial Cost	Residential Cost	Total Cost	Taxable Property Value (Total)
2015	47	\$0	\$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
2009	22	1,380,000	5,007,315	6,387,315	1,274,014,831
2008	47	\$0	10,297,476	10,297,476	1,255,400,571
2007	54	11,799,638	450,000	12,249,638	1,232,636,212
2006	74	1,645,500	13,035,935	14,681,435	1,218,514,192

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
2015-16 Fiscal Year and 2006-07 Fiscal Year**

<u>Name</u>	<u>Type of Property</u>	2015-16	
		<u>Assessment</u>	<u>% of Total Assessment</u>
Coventry Square Associates	Apartments	20,000,000	1.20%
Shoppers Plaza Land Company	Commercial	14,533,400	0.87%
Stone Lodge, Inc.	Country Club	9,190,300	0.55%
St. Margaret Nursing Home	Medical/Residential	8,118,000	0.49%
PPG Industries	Office/Research	6,500,000	0.39%
Allison Park Facility	Medical/Residential	4,700,000	0.28%
Route 8 Holding Company	Commercial	4,544,000	0.27%
Enterprise Bank	Banking/Finance	4,154,100	0.25%
Sierra Properties	Commercial	3,401,400	0.20%
Hutchison, Timothy	Residential	3,300,000	0.20%
Total Assessed Value - Ten Principal Taxpayers (2015-16)		<u>\$78,441,200</u>	<u>4.70%</u>

Total District Assessed Value (2015-16) \$1,668,105,022

<u>Name</u>	<u>Type of Property</u>	2006-07	
		<u>Assessment</u>	<u>% of Total Assessment</u>
Coventry Square Associates	Apartments	17,118,400	1.40%
PPG Industries	Office/Research	10,000,000	0.82%
Shoppers Plaza Land Company	Commercial	9,197,000	0.75%
St. Margaret Nursing Home	Medical/Residential	7,728,100	0.63%
Stone Lodge, Inc.	Country Club	4,043,100	0.33%
Landmark Manor	Medical/Residential	3,800,000	0.31%
Route 8 Holding Co., Inc.	Commercial	3,352,000	0.28%
New Wave Car Wash	Commercial	2,794,400	0.23%
Conceptual Development Inc	Commercial	2,291,500	0.19%
Schmitt, Louis & Carol	Residential	2,225,000	0.18%
Total Assessed Value - Ten Principal Taxpayers (2006-07)		<u>\$62,549,500</u>	<u>5.13%</u>

Total District Assessed Value (2006-07) 1,218,514,192

Note:

2015-16 Assessments are based on the Allegheny County 2012 base year assessment

2006-07 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 District	 -----Overlapping Rates----- 		Total Direct & Overlapping Rates
		<u>Hampton Township</u>	<u>Allegheny County</u>	
2016	18.12	2.4966	4.73	25.3466
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
2010	20.88	2.5045	4.69	28.0745
2009	20.53	2.5045	4.69	27.7245
2008	20.53	2.2805	4.69	27.5005
2007	20.53	2.1600	4.69	27.3800

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
2015-16 Fiscal Year and 2006-07 Fiscal Year

<u>Employer Name</u>	<u>Product or Service</u>	<u>Approximate Employment 2015-16</u>	<u>Percent of Total Employment 2015-16</u>	<u>Approximate Employment 2006-07</u>	<u>Percent of Total Employment 2006-07</u>
PPG Industries	Office / Research	733	11.8%	450	7.4%
Hampton Township School District	Public Education	514	8.3%	418	6.9%
Home Depot	Retail	164	2.6%	N/A	N/A
Township of Hampton	Government	160	2.6%	65	1.1%
Miller Electric Construction	Construction / Contracting	151	2.4%	N/A	N/A
Wildwood Golf Club	Country Club	150	2.4%	N/A	N/A
Nathan Contracting	Construction / Contracting	137	2.2%	N/A	N/A
Eat 'n Park	Restaurant	114	1.8%	N/A	N/A
St. Paul's United Methodist Church	Church	102	1.6%	N/A	N/A
Uhl Construction Co	Construction	99	1.6%	N/A	N/A
Approximate District-Wide Employment		6,200		6,100	

Source: Earned Income Tax and Local Services Tax Reports

Note: Differences in employment numbers are due to a change in the source of the data from the Occupation Privilege Tax to the Local Services Tax in 2007. The Local Services Tax has fewer exemptions than the Occupational Privilege Tax and therefore the report includes more seasonal and part-time employees than were previously included.

DEBT CAPACITY STATISTICS

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

Table 14

HAMPTON TOWNSHIP SCHOOL DISTRICT
Outstanding Debt Analysis
Last 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)			
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
2010	72,855	67,681,094	11.18%	5.32%	5.18%	3,591
2009	94,792	69,432,517	11.69%	5.54%	5.39%	3,683
2008	115,650	69,074,147	10.31%	5.61%	5.60%	3,762
2007	-	60,476,561	9.92%	4.96%	4.96%	3,293

(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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Borrowing Base Revenues	\$109,491,502	\$119,848,117	\$122,367,197	\$123,680,197	\$127,503,433	\$127,816,387	\$132,332,653	\$132,015,554	\$137,762,654	\$139,683,642
Average borrowing Base (total revenues divided by 3)	\$36,497,167	\$39,949,372	\$40,789,066	\$41,226,732	\$42,501,144	\$42,605,462	\$44,110,884	\$44,005,185	\$45,920,885	\$46,561,214
Multiplied by Debt Limit Percentage	x225%	x225%	x225%	x225%	x225%	x225%	x225%	x225%	x225%	x225%
Equals: Debt Limit	\$82,118,627	\$89,886,088	\$91,775,398	\$92,760,147	\$95,627,575	\$95,862,290	\$99,249,490	\$99,011,666	\$103,321,991	\$104,762,732
Total District Debt applicable to Limit (1)	<u>\$60,476,561</u>	<u>\$69,074,147</u>	<u>\$69,432,517</u>	<u>\$67,681,094</u>	<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>
Legal Debt Margin	<u>\$21,642,066</u>	<u>\$20,811,941</u>	<u>\$22,342,881</u>	<u>\$25,079,053</u>	<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>
Legal Debt Margin as a Percentage of Debt Limit	26.35%	23.15%	24.35%	27.04%	28.43%	30.85%	35.29%	37.38%	42.21%	45.25%

(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, 2016**

Governmental Unit	Debt Outstanding	Percentage Applicable to School District Residents	Estimated Share of Direct and Overlapping Debt
Overlapping Debt			
Township of Hampton (a)	\$15,585,245	100.00%	\$15,585,245
County of Allegheny (a)	\$862,980,954	2.240% (b)	<u>\$19,330,773</u>
	Subtotal of Overlapping Debt		\$34,916,018
Direct Debt			
Hampton Township School District Bonds, Notes and Capital Lease, net of Bond Discount and Premium			<u>\$57,559,698</u>
Total Direct and Overlapping Debt			<u>\$92,475,716</u>
Ratio of Total Direct and Overlapping Debt			
Percentage of Real Estate Assessed Value			5.54%
Per Capita (c)			\$5,036

(a) Township and County Outstanding Debt as of December 31, 2015

(b) County Percentage of Overlapping Debt based on the ratio of School District Assessed Value (\$1,668,105,022) to County Assessed Value (\$74,412,648,641)

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 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)
2016	18,363	\$771,502,600	\$42,014	5.8%
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	7.3%
2012	18,363	640,469,400	34,878	7.7%
2011	18,363	727,200,600	39,601	7.9%
2010	18,363	606,157,800	33,010	8.0%
2009	18,363	574,728,200	31,298	7.6%
2008	18,363	638,194,000	34,754	5.1%
2007	18,363	574,860,800	31,305	4.5%

Source:

(a) Population data from the 2010 Census

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

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

OPERATING STATISTICS

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

Table 18

HAMPTON TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	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	
2016	2,909	\$41,770,901	\$14,359	\$48,414,098	\$16,643	206	14.12	13.97%	(b)
2015	2,967	39,883,407	13,442	45,588,396	15,365	206	14.40	11.43%	(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	10.75%	(b)
2012	3,095	35,347,945	11,421	41,144,476	13,294	209	14.81	8.37%	
2011	3,090	35,968,614	11,640	44,383,287	14,364	215	14.37	9.18%	
2010	3,109	34,659,883	11,148	42,848,649	13,782	218	14.26	8.33%	
2009	3,087	34,234,962	11,090	48,304,357	15,648	218	14.16	6.89%	
2008	3,085	34,339,211	11,131	42,456,884	13,762	218	14.15	6.31%	
2007	3,123	32,645,266	10,453	37,420,494	11,982	217	14.39	6.04%	

(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.

Source: District Records / District Financial Reports

Table 19

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

Position	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Teachers	217	218	219	218	215	209	208	205	206	206
Paraprofessionals	54	52	50	45	45	42	48	51	48	49
Maintenance / Custodial	39	38	39	40	40	40	40	40	40	40
Secretarial	31	30	30	29	29	29	29	29	29	29
Other	27	29	27	27	26	25	26	24	24	27
Administrators	19	19	19	19	18	18	18	18	18	19
Food Service	<u>29</u>	<u>20</u>	<u>17</u>	<u>14</u>	<u>14</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>10</u>	<u>9</u>
Total	<u>416</u>	<u>406</u>	<u>401</u>	<u>392</u>	<u>387</u>	<u>375</u>	<u>381</u>	<u>379</u>	<u>375</u>	<u>379</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 2	Step 17 (Max)	Step 2	Step 17 (Max)
2016	\$52,512	\$92,840	\$54,762	\$95,090
2015	50,537	90,865	52,787	93,115
2014	50,537	90,335	52,787	92,585
2013	50,537	90,335	52,787	92,585
2012	50,537	89,595	52,787	92,285
2011	49,562	87,295	51,812	89,985
2010	48,612	85,095	50,862	87,785
2009	47,687	82,945	49,937	85,635
2008	46,787	80,820	49,037	83,510
2007	45,887	78,720	48,137	81,410

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

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<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	534	516	513	510	522	513	528	517	502	485
Professional Staff	38	43	38	39	38	37	33	38	38	39
Support Staff	35	25	24	22	22	21	27	25	20	21
Poff Elementary										
Original Construction - 1962; Latest Renovation - 2009										
Square Feet	45,400	45,400	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	336	323	319	329	317	307	272	285	276	272
Professional Staff	22	30	26	29	28	27	26	23	21	22
Support Staff	24	17	16	15	15	15	11	11	13	12
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	29
Enrollment	409	410	410	413	397	419	426	405	384	400
Professional Staff	24	33	33	33	33	33	30	29	30	30
Support Staff	24	16	16	15	15	15	21	19	18	18

Table 21
(Continued)

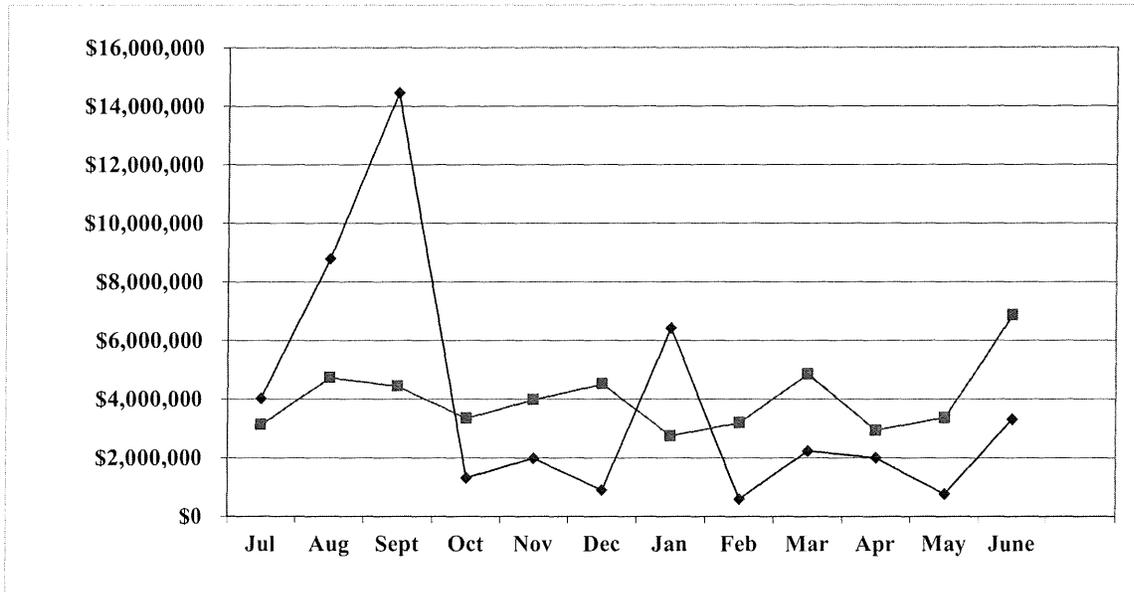
HAMPTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<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	752	771	790	756	759	745	746	721	721	713
Professional Staff	62	69	71	66	67	65	61	65	64	65
Support Staff	33	31	30	28	27	26	26	26	29	29
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	1,092	1,065	1,055	1,101	1,095	1,111	1,115	1,101	1,084	1,039
Professional Staff	79	77	79	83	81	77	81	80	82	83
Support Staff	57	46	48	44	43	41	47	45	42	42
<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	9	10	10	8	7	7	7	7	7	7
Support Staff	9	9	9	10	11	11	11	11	11	11

Source: School District Records

**HAMPTON TOWNSHIP SCHOOL DISTRICT
Cash Flow Analysis
2015-16 General Fund**

<u>Month</u>	<u>Receipts</u>	<u>Disbursements</u>
July	\$4,017,142	\$3,123,437
August	8,790,402	4,729,840
September	14,452,703	4,438,998
October	1,317,471	3,344,423
November	1,985,181	3,973,496
December	902,156	4,512,264
January	6,419,902	2,748,824
February	601,083	3,187,057
March	2,233,369	4,846,933
April	2,003,913	2,944,765
May	765,271	3,368,175
June	<u>3,313,073</u>	<u>6,862,184</u>
Total	<u>\$46,801,666</u>	<u>\$48,080,396</u>



Receipts are highest in the months of August and September, due to real estate tax collections. The "spike" in January receipts was due to the lump sum distribuion of State funds covering the months of July to December. 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	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Allegheny Valley	22.23	23.21	23.46	23.46	23.46	23.46	19.95	20.35	20.35	20.35
Avonworth	18.80	18.80	19.30	20.00	20.00	20.94	17.70	18.67	18.67	18.67
Baldwin-Whitehall	24.61	23.61	23.50	23.40	23.40	23.40	19.61	17.61	18.42	19.25
Bethel Park	22.75	23.18	23.73	24.56	24.97	25.49	21.86	22.43	22.88	22.88
Brentwood	28.27	28.27	28.27	28.27	28.27	28.27	24.80	26.83	28.19	29.53
Carlynton	24.15	24.15	24.15	24.15	23.15	23.15	19.09	19.60	20.58	21.56
Chartiers Valley	19.32	19.32	19.32	19.88	19.88	19.88	16.22	16.22	16.22	16.61
Clairton (1)	22.00	22.00	22.00	25.79	25.79	26.80	25.25	25.25	25.25	24.91
Cornell	21.74	22.93	22.93	24.11	25.96	26.55	22.75	22.75	23.31	23.31
Deer Lakes	24.04	25.32	26.25	26.25	26.69	26.69	21.95	21.95	21.95	21.95
Duquesne	21.10	21.10	21.10	21.10	21.10	21.10	17.50	17.50	17.50	17.50
East Allegheny	26.54	26.54	26.54	27.54	27.54	27.54	27.54	27.54	25.80	26.97
Elizabeth Forward	21.36	21.36	23.51	23.76	25.01	25.01	20.61	20.61	20.61	20.61
Fox Chapel	19.71	20.30	20.78	21.26	21.56	21.56	18.45	18.63	18.63	18.98
Gateway	19.41	19.41	19.41	21.02	21.02	21.85	18.89	18.89	19.33	19.33
Hampton Township School District	20.53	20.53	20.88	20.88	21.35	21.35	17.59	17.85	18.12	18.39
Highlands	23.71	23.71	23.71	24.41	26.41	26.41	23.80	23.80	23.80	23.80
Keystone Oaks	21.31	21.31	21.31	22.03	22.03	22.03	18.63	18.63	18.63	19.08
McKeesport	17.71	17.71	16.71	16.71	17.05	17.49	15.22	15.70	16.15	16.74
Montour	18.90	18.90	18.90	18.90	18.90	18.90	16.90	16.90	17.22	17.96
Moon Area	19.61	20.47	21.30	21.30	21.30	21.30	18.12	18.85	18.85	19.56
Mt. Lebanon	23.56	23.81	24.11	26.63	26.63	27.13	22.61	23.15	23.55	23.93
North Allegheny	19.34	18.99	18.99	19.74	20.26	20.92	17.40	17.40	18.00	18.00
North Hills	19.10	19.60	19.35	19.91	20.91	21.26	17.06	17.26	17.40	17.80
Northgate	24.50	24.50	24.50	27.60	28.60	28.60	23.71	24.79	24.79	24.79
Penn Hills	23.39	24.81	24.81	24.81	24.81	24.81	23.47	24.15	24.81	26.31
Pine Richland	20.20	20.20	20.20	21.91	21.91	22.82	19.21	19.21	19.21	19.21
Plum	22.20	22.20	22.20	22.20	22.20	22.20	18.76	18.76	18.76	19.38
Quaker Valley	19.35	19.75	19.75	20.70	20.95	21.25	16.93	17.15	17.32	17.74
Riverview	23.36	23.11	23.26	24.05	24.79	25.36	21.18	22.45	22.45	22.45
Shaler	24.70	24.70	24.70	25.63	25.63	25.63	20.76	21.34	21.87	22.56
South Allegheny	18.11	18.11	18.11	18.11	18.49	18.49	17.24	17.24	17.24	17.24
South Fayette	23.14	24.04	24.04	24.88	27.83	28.82	24.71	25.21	26.12	26.70
South Park	24.70	25.99	25.99	25.99	25.99	25.99	21.85	22.48	23.06	23.82
Steel Valley	21.21	21.21	21.21	24.07	24.16	24.16	21.31	21.31	21.31	22.01
Sto - Rox	25.00	25.00	25.00	25.00	25.00	25.00	23.19	23.19	23.19	23.19
Upper St. Clair	24.45	22.45	23.37	23.77	24.10	25.72	21.41	22.20	23.04	24.34
West Allegheny	21.50	22.00	22.00	22.00	22.00	22.00	18.51	18.51	18.51	18.51
West Jefferson Hills	19.99	21.08	21.08	21.08	21.08	21.08	18.10	18.59	19.04	19.63
West Mifflin	21.09	22.29	22.99	22.99	22.99	22.99	20.34	24.50	24.50	24.50
Wilkinsburg	35.00	35.00	35.00	35.00	35.00	36.67	32.63	32.63	32.63	32.63
Woodland Hills	24.65	24.65	25.65	25.65	25.65	26.21	22.40	22.40	22.40	25.35
County Wide Average Millage Rate	22.29	22.51	22.70	23.35	23.66	23.96	20.60	20.96	21.18	21.62
Hampton Township Schools Millage Rate	<u>20.53</u>	<u>20.53</u>	<u>20.88</u>	<u>20.88</u>	<u>21.35</u>	<u>21.35</u>	<u>17.59</u>	<u>17.85</u>	<u>18.12</u>	<u>18.39</u>
Difference - Favorable (Unfavorable)	<u>1.76</u>	<u>1.98</u>	<u>1.82</u>	<u>2.47</u>	<u>2.31</u>	<u>2.61</u>	<u>3.01</u>	<u>3.11</u>	<u>3.06</u>	<u>3.23</u>
Difference % - Favorable (Unfavorable)	<u>7.91%</u>	<u>8.82%</u>	<u>8.01%</u>	<u>10.56%</u>	<u>9.77%</u>	<u>10.89%</u>	<u>14.61%</u>	<u>14.85%</u>	<u>14.46%</u>	<u>14.94%</u>

Source: Allegheny Intermediate Unit Survey

(1) - Clairton School District's tax rate has (2) components - a millage rate for land and a millage rate for buildings. For this comparison - a 25% / 75% split between land / building is used to determine a comparable rate to other school districts.

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 2016 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**

HOSACK, SPECHT, MUETZEL & WOOD LLP

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

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Hampton Township School District for the period ended June 30, 2016 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 20, 2016

**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, 2016, 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 20, 2016.

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 20, 2016

HOSACK, SPECHT, MUETZEL & WOOD LLP

Exhibit B

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2016. 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, 2016.

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 20, 2016

**Hampton Township School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

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, 2016

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 07/01/15	Revenue Recognized	Expend- itures	Accrued or (Deferred) Revenue 06/30/16
U. S. Department of Education										
Passed through the Pennsylvania										
Department of Education										
Title I	I	84.010	013-160179	08/16/15-09/30/16	\$165,693	\$129,618	\$ -	\$155,574	\$155,574	\$ 25,956
Title I	I	84.010	013-150179	07/01/14-09/30/15	90,834	24,550	24,550	-	-	-
Academic Achievement	I	84.010	077-150179	03/18/15-09/30/15	42,000	24,000	(18,000)	42,000	42,000	-
						<u>178,168</u>	<u>6,550</u>	<u>197,574</u>	<u>197,574</u>	<u>25,956</u>
Title II - Improving Teacher Quality	I	84.367	020-160179	08/16/15-09/30/16	51,464	33,159	-	40,644	40,644	7,485
Title II - Improving Teacher Quality	I	84.367	020-150179	07/01/14-09/30/15	51,392	10,260	5,381	4,879	4,879	-
						<u>43,419</u>	<u>5,381</u>	<u>45,523</u>	<u>45,523</u>	<u>7,485</u>
Special Education Cluster (IDEA)										
Passed through the Allegheny										
Intermediate Unit										
IDEA Grant	I	84.027	062-160003	07/01/15-09/30/16	235,441	199,705	-	235,441	235,441	35,736
IDEA Grant	I	84.027	062-150003	07/01/14-09/30/15	274,332	2,840	-	2,840	2,840	-
IDEA - Preschool Grant	I	84.173	131-150003	07/01/15-06/30/16	785	785	-	785	785	-
Total Special Education Cluster (IDEA)						<u>203,330</u>	<u>-</u>	<u>239,066</u>	<u>239,066</u>	<u>35,736</u>
Passed through the Allegheny										
Intermediate Unit										
Title III	I	84.365	999-150603	07/01/15-09/30/16	3,368	3,368	-	2,135	2,135	(1,233)
Total U. S. Dept. of Education						<u>428,285</u>	<u>11,931</u>	<u>484,298</u>	<u>484,298</u>	<u>67,944</u>
Department of Health and Human Services										
Passed through the Pennsylvania										
Department of Public Welfare										
Medical Assistance Reimbursement for Adm. Title 19	I	93.778	N/A	N/A	N/A	1,723	-	1,723	1,723	-
U. S. Department of Agriculture										
Child Nutrition Cluster										
Passed through the Pennsylvania										
Department of Education										
National School Lunch Program	I	10.555	N/A	07/01/15-06/30/16	N/A	186,891	24,100	190,840	190,840	28,049
National School Breakfast Program	I	10.553	N/A	07/01/15-06/30/16	N/A	17,818	2,684	17,921	17,921	2,787
Passed through the Pennsylvania										
Department of Agriculture										
National School Lunch Program (Donated Commodities Noncash Assistance)	I	10.555	N/A	07/01/15-06/30/16	N/A	84,650	(25,494)	84,597	84,597	(25,547)
Total U. S. Department of Agriculture and Child Nutrition Cluster						<u>289,359</u>	<u>1,290</u>	<u>293,358</u>	<u>293,358</u>	<u>5,289</u>
Total Federal Financial Assistance						<u>\$719,367</u>	<u>\$ 13,221</u>	<u>\$779,379</u>	<u>\$779,379</u>	<u>\$ 73,233</u>

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, 2016

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, 2016. 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	\$ 719,367
Add: State Funding on Confirmation	30,652
Less: Pass Through AIU	(206,698)
Less: Donated Commodities	(84,650)
Less: Title 19	<u>(1,723)</u>
Per Subsidy Confirmation	<u>\$ 456,948</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, 2016**

Exhibit E

1 Copy - Bureau of Audits

1 Copy - Bureau of the Census