

Hampton Township School District

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
FISCAL YEAR ENDED JUNE 30, 2014

4591 School Drive, Allison Park, PA 15101

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

HAMPTON TOWNSHIP  
SCHOOL DISTRICT  
ALLISON PARK, PA

FISCAL YEAR ENDED JUNE 30, 2014



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

of

## **HAMPTON TOWNSHIP SCHOOL DISTRICT**

Allison Park, Pennsylvania

**Fiscal Year Ended June 30, 2014**

### **BOARD OF SCHOOL DIRECTORS**

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

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

Report Issued by the Hampton Township School District Business Office

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

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# **INTRODUCTORY SECTION**





December 19, 2014

**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, 2014. 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, 2014. 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 2013-2014 school year, the district educated 3,029 students residing in Hampton Township; a 16 square mile municipality located 15 miles north of Pittsburgh. A nine-member board of school directors governs the School District. The School District educates students in grades kindergarten through twelve and operates five schools - a high school, middle school and three elementary schools. Instructional areas include regular education, special education, vocational education and all necessary support services. Vocational education is provided through a jointure agreement with eight other districts with the Northern Area Special Purpose Schools as described in Note 1, Part A "Joint Venture."

During the 2013-2014 school year the district employed 205 teachers, 51 paraprofessionals, 40 maintenance / custodial staff, 29 secretarial staff, 18 administrators, 12 food service staff and 24 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 1<sup>st</sup> 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). These audits 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 3,159 students in the 2004-05 year to 3,029 students in the 2013-14 year (a 4.1% decrease.) The decrease in enrollment is similar to other suburban school districts in the area and less than the countywide trend.

Hampton's current 2014-15 real estate tax millage rate of 17.85 mills is 14.85% lower than the Allegheny County average and only nine Districts in the County have a lower tax rate; while thirty-two 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 significant future annual increases. Details of the impact on the School District are included in the Management Discussion & Analysis Section under "Future Economic Considerations."

#### ***Allegheny County Property Assessments***

Allegheny County completed a court ordered county-wide reassessment of real property for the 2013 tax year in 2012. The initial result of the new assessments resulted in a collective increase to the assessed value of the School District's real estate property of 30.23% with an increase in assessed value from \$1.303 billion to \$1.699 billion. There were numerous tax appeals filed by property owners – some that were resolved before the 2013/14 budget was approved and some that were not resolved before the 2013/14 budget was approved.

There were numerous tax appeals filed by property owners – many of which are remain unresolved. As of November 2014, 236 tax appeals were unsettled. These unsettled appeals have a collective taxable assessed value of \$119 million. Therefore, there is still uncertainty regarding the final assessment levels. More than 60% of the District's revenues are derived from real estate taxes; therefore the impact of the reassessment and the proper resetting of the real estate tax millage rate is of the utmost importance to the District.

#### ***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."

## LONG TERM FINANCIAL PLANNING (Continued)

### *Fund Balance*

The School District ended the 2013-14 fiscal year with an unassigned fund balance of \$3,968,106. The unassigned fund balance is 8.69% of the 2014-15 general fund budget, which slightly 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 balance the budget before it can consider raising the rate of any taxes for the 2015-16 fiscal year.

## DISTRICT AWARDS AND ACCOMPLISHMENTS

- The Hampton Township School District was ranked as the 86<sup>th</sup> best school District in America by the online ranking and review resource *Niche.com*. *Niche.com* ranked 8,738 school districts based on key statistics such as academic performance, administration and policies, educational outcomes, resources and facilities and student culture and diversity. Per *Niche.com* a high ranking is indicative of a high-performing school district with “exceptional teachers, sufficient resources and a diverse set of high-achieving students who rate their experiences very highly.”
- *The Pittsburgh Business Times* ranked the Hampton Township School District 6<sup>th</sup> in the state (of 496 school districts ranked) in its “2014 Guide to Western Pennsylvania’s School Districts.” This is the 6<sup>th</sup> consecutive year that Hampton has ranked in the top-10 statewide in this ranking. Additionally, Hampton was ranked 3<sup>rd</sup> (of 106 school districts ranked) in the Western Pennsylvania region.
- *U.S. News and World Report* ranked Hampton High School as the 11<sup>th</sup> best high school in Pennsylvania in its “2014 Best High Schools” report. Hampton High School has ranked in the top 20 in Pennsylvania in all six years that the report has been issued. The methodology used to determine which schools make the list was developed by School Evaluation Services, a K-12 education data research business run by Standard & Poor’s. The methodology is a three-step process that analyzes first how schools are educating all of their students, then their minority and disadvantaged students, and finally their college-bound students based on student scores on statewide tests, Advanced Placement tests, and International Baccalaureate tests. The key principles for the methodology are that a great high school must serve all of its students well, not just those who are college-bound, and that it must be able to produce measurable academic outcomes to show the school is successfully educating its student body across a range of performance indicators.
- The online magazine, *NerdWallet* ranked Allison Park as the ninth best “Town in Pennsylvania for Young Families.” The ranking of the quality of the School District is the most important factor in their rankings. The study referenced the Hampton Township School District’s “Great Schools” organization score of “10” as the primary reason for the town’s high ranking.
- The Hampton Township School District was named the top school district in a regional poll conducted by *Heartland Homes*.
- In April 2014, *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.

## DISTRICT AWARDS AND ACCOMPLISHMENTS (Continued)

- Hampton High School and Hampton Middle School received the “Governor’s Award for Excellence in Academics” in May 2014 for the student academic achievement during 2012-13 school year. The Middle School earned a score of 94.2% and the High School earned a score of 91.8%. The scores are based on multiple measures of student academic achievement, including academic growth, performance on the Pennsylvania System of School Assessment (PSSA) test and attendance rates.
- Central Elementary teacher Mrs. Joell McMonigal earned *National Board Certification in the category of Literacy: Reading-Language Arts / Early and Middle Childhood*.
- Two Hampton High School Seniors were named as semifinalists for the 2015 National Merit Scholarship Program.
- The Hampton High School music production “Young Frankenstein” was named Best Musical (Budget Level II) at the *Gene Kelly Awards* held May 24, 2014 at the Benedum Center in Pittsburgh.

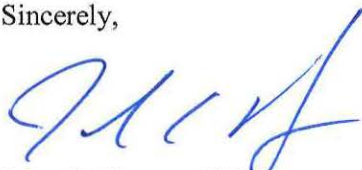
## Financial Reporting

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 2012-13 CAFR, which is included in this report. We believe our 2013-14 CAFR meets the Certificate of Achievement Program requirements and are submitting it to the GFOA to determine its eligibility for certification.

## ACKNOWLEDGEMENTS

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

Sincerely,



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



Jeffrey Kline  
Director of Administrative Services

# HAMPTON TOWNSHIP SCHOOL DISTRICT

## BOARD OF SCHOOL DIRECTORS

Mr. Bryant B. Wesley II, President

Mrs. Mary Alice Hennessey, Vice President

Mr. Robert Shages, Treasurer

Mrs. Pamela Lamagna, Secretary

Mrs. Denise Balason

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

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

Jeffrey Finch, Assistant Superintendent

Mr. Jeffrey Kline, CPA, Director of Administrative Services

Ms. Monique Mawhinney, Director of Student Services

Ms. Laurie Heinricher, Curriculum Coordinator

Ms. Sharon R. McMorrان, Business Manager

Mr. Richard L. Farino, Building and Grounds Supervisor

Mr. Edward McKaveney, Technology Coordinator

**Hampton Township School District  
Administrative Organization**

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

Jeffrey Finch  
Assistant Superintendent

Jeffrey Kline  
Director of Administrative Services &  
Transportation

Monique Mawhinney, Ed.D.  
Director of Student Services

Laurie Heinricher  
Curriculum Director

Edward McKaveney  
Director of Computing & Tech  
Services

Public Relations  
Contracted Services

Sharon McMorran  
Business Manager

Food Service  
Contracted Services

Transportation  
Contracted Services

Richard Farino  
Supervisor of Bldgs.  
& Grounds

Jay Thornton, Ed.D.  
School Psychologist

Marguerite Imbarlina, Ed.D.  
High School Principal

Eric Stennett, Ed.D.  
Middle School Principal

Amy Kern, Ed.D.  
Central Principal

Michael Mooney, Ed.D.  
Poff Principal

Roberta Good, Ed.D.  
Wyland Principal

Michael Amick  
Asst. HS Principal  
12-Month

Stephen Pellathy, Ed.D.  
Asst. HS Principal  
12-Month

William Cardone  
Athletic Director

Marlynn Lux  
Asst. MS Principal



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, 2013**

Executive Director/CEO



**FINANCIAL  
SECTION**

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

**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, 2014, and the related notes to the financial statements, which collectively comprise the 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 representation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Report on the Financial Statements (Cont'd)**

### ***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, 2014, 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.

### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements in the year ended June 30, 2014, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 65, "Items Previously Reported as Assets and Liabilities". Our opinion is not modified with respect to this matter.

### ***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 and post-employment benefit information as shown in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***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 U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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 are 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 19, 2014, 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 19, 2014

**Hampton Township School District  
Management's Discussion and Analysis  
June 30, 2014**

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, 2014. 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 2013/2014 General Fund Budget

The 2013/2014 general fund budget was approved by the Hampton Township School District Board of Directors in June 2013 with revenues of \$43,491,736 and expenditures of \$43,909,736. The School District balanced the shortfall of \$418,000 with the utilization of \$418,000 of its committed fund balance for the Public School Employees' Retirement System (PSERS) Rate Stabilization Fund and a 0.20 mill tax increase. Due to the Allegheny County real estate tax assessment, the millage rate decreased from the 2012/2013 rate of 21.35 mills to 17.59 mills. The final real estate millage calculation included a reduction to the calculated revenue-neutral millage rate of 17.39 mills and an increase of 0.20 mills to 17.59 mills. Property tax bills varied in their net increase or decrease, depending on individual property changes in assessed value.

The final expenditure budget was approved with an increase in expenditures of \$876,170, or 2.03% from the 2012/2013 budget. Nearly all of the increase in expenditures was due to the increase in the mandated PSERS contributions from the School District as the PSERS contribution rate increased from 12.36% to 16.93%. Other School District expenditures were nearly unchanged, primarily due to salary freezes in the administrators' and teachers' contracts and 19 teacher retirements at the end of the 2012/2013 fiscal year.

2013/2014 Actual Financial Results

Actual 2013/2014 general fund revenues were \$43,508,617 and actual expenditures were \$44,114,373, resulting in a deficit of \$605,756, which resulted in an ending fund balance at June 30, 2014 of \$10,084,728, of which \$3,968,106 was unassigned. The actual deficit of \$605,756 was \$187,756 higher than the budgeted deficit of \$418,000; however, the deficit includes the unbudgeted \$1,000,000 transfer to the capital projects fund made during the 2013/2014 fiscal year. Without the \$1,000,000 transfer, the School District would have had a general fund surplus of \$394,244, \$812,244 higher than budgeted. Below is a summary of individual items that significantly impacted the School District's financial results as compared to the budget during 2013/2014.

**Hampton Township School District  
Management's Discussion and Analysis  
June 30, 2014**

**Financial Highlights (Cont'd)**

General Fund (Cont'd)

Revenues

School District revenues exceeded the amount budgeted by \$16,881. This is a variance of only 0.04%. Despite the miniscule total variance, there were several line-item variances from budget to actual as outlined below.

- Current real estate tax collections exceeded the budgeted amount by \$164,869. The percentage variance is only 0.63% and is due to a slightly higher net taxable assessed value for the 2013/2014 year than projected. The budget was constructed with a projected net taxable assessed value of \$1.608 billion and the actual net taxable assessed value was \$1.620 billion. The School District has numerous outstanding real estate tax appeals with uncertain outcomes but has accounted for the projected settlement amounts within the 2013/2014 financial statements.
- Earned income taxes exceeded the budget amount by \$93,806, or 2.68%. The reason for the variance was the continued success of the Statewide Act 32 Earned Income Tax Collection model. Act 32 mandates that all earned income tax is withheld for all employees by their employer. The withheld taxes are remitted to a central tax collector and then distributed to the relevant taxing agency. Other taxing agencies have experienced similar increases during the previous two fiscal years.
- School District reimbursement from ACCESS funding fell short of the budgeted amount by \$153,866, or 64%. The School District budget for 2013/2014 included a 50% decrease in ACCESS funding due to the new funding formula utilized by the State and its service provider. However, the decrease in funding was greater than anticipated due to many state-wide and locally-uncontrollable portions of the funding formula. The School District further reduced the 2014/2015 budget to reflect these reductions and may have to reduce future budgets as well.
- Delinquent tax collections (real estate and earned income tax) fell short of the budget by \$57,749, or 5.13%. School District delinquent taxes have decreased over the previous 3 years since peaking at \$1,434,957 in the 2010/2011 fiscal year. The delinquent tax collections have decreased as current real estate and earned income tax collection rates have increased. The Act 32 model as discussed above will likely diminish delinquent earned income taxes in the future.

Expenditures

School District expenditures (including other financing uses) exceeded the budgeted amount by \$204,637. This is a variance of only 0.47%. The significant expenditure budget variances are outlined below.

- The School District transferred \$1,000,000 to the capital projects fund in May 2014. The transfer was not included in the original budget. The transfer was approved to finance future capital improvements, including school security upgrades and Hampton High School renovations.

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**Financial Highlights (Cont'd)**

Expenditures (Cont'd)

- The School District's salaries and benefits were under budget by \$506,881. This is a variance of 1.63%. The majority of the positive salary and benefit budget variance was due to unanticipated unpaid leaves by School District employees and several positions that were vacant during portions of the 2013/2014 fiscal year. Employees on unpaid leaves are replaced by long-term substitute instructors at a lower rate of pay. The average differential in pay is approximately \$40,000 per year. The School District does not budget reductions in salaries for unpaid leaves.

**Using the Annual Financial Report**

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

The first two statements are government-wide financial statements - the statement of net 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  
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**Using the Annual Financial Report (Cont'd)**

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

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

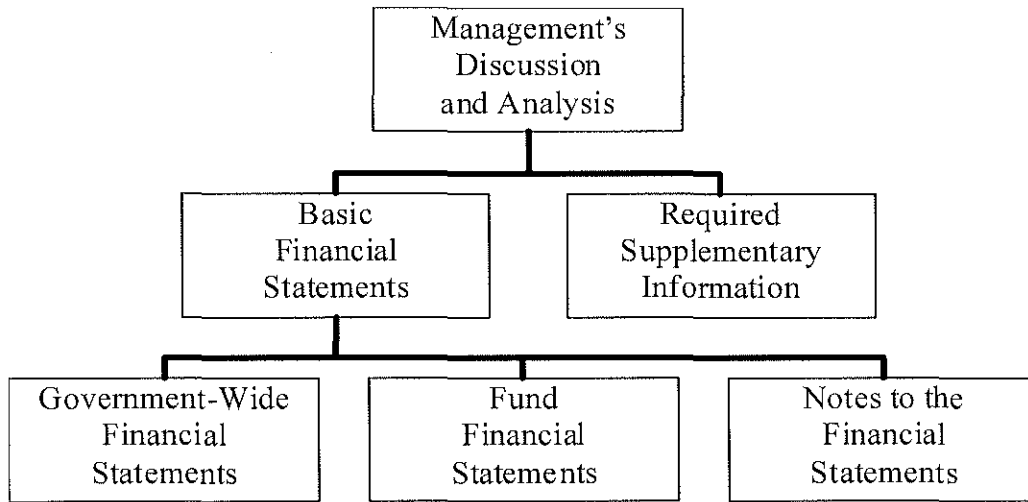


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents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



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

Government-Wide Statements (Cont'd)

The two government-wide statements report the School District's net position and 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 \$2,139,522 at June 30, 2014 and \$1,278,079 at June 30, 2013.

Table A-1  
Years Ended June 30, 2014 and 2013  
Net Position

	2014			2013 (Restated)		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$19,799,306	\$391,776	\$20,191,082	\$18,765,428	\$398,918	\$19,164,346
Capital Assets	<u>55,759,888</u>	<u>155,594</u>	<u>55,915,482</u>	<u>57,669,953</u>	<u>96,682</u>	<u>57,766,635</u>
Total Assets	<u>75,559,194</u>	<u>547,370</u>	<u>76,106,564</u>	<u>76,435,381</u>	<u>495,600</u>	<u>76,930,981</u>
Deferred Outflows of Resources						
Deferred Charge on Refunding	<u>377,906</u>	<u>-</u>	<u>377,906</u>	<u>408,075</u>	<u>-</u>	<u>408,075</u>
Current and Other Liabilities	5,611,310	83,701	5,695,011	4,729,947	52,991	4,782,938
Noncurrent Liabilities						
Due Within One Year	2,774,129	-	2,774,129	2,747,402	-	2,747,402
Due in More Than One Year	<u>65,875,808</u>	<u>-</u>	<u>65,875,808</u>	<u>68,530,637</u>	<u>-</u>	<u>68,530,637</u>
Total Liabilities	<u>74,261,247</u>	<u>83,701</u>	<u>74,344,948</u>	<u>76,007,986</u>	<u>52,991</u>	<u>76,060,977</u>
Net Position						
Net Investment in Capital Assets	(2,078,560)	155,594	(1,922,966)	(2,587,682)	96,682	(2,491,000)
Restricted	21,884	-	21,884	21,884	-	21,884
Unrestricted	<u>3,732,529</u>	<u>308,075</u>	<u>4,040,604</u>	<u>3,401,268</u>	<u>345,927</u>	<u>3,747,195</u>
Total Net Position	<u>\$ 1,675,853</u>	<u>\$463,669</u>	<u>\$ 2,139,522</u>	<u>\$ 835,470</u>	<u>\$442,609</u>	<u>\$ 1,278,079</u>

**Hampton Township School District  
Management's Discussion and Analysis  
June 30, 2014**

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

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 increase in net position of \$861,443 from \$1,278,079 to \$2,139,522 is the result of three primary factors:

- The capital projects fund had an increase in fund balance of \$819,240 primarily due to the \$1,000,000 transfer from the general fund to fund future capital improvements, specifically school security upgrades and high school renovations. These funds were transferred in May 2014 but not spent as of June 30, 2014. This transfer does not change the overall financial position of the School District.
- The School District had a general fund deficit of \$605,756 during the 2013/2014 fiscal year, as outlined in the "Financial Highlights" of the Management's Discussion and Analysis.
- The fair market value of the 2007 variable rate debt increased by \$316,000 during the 2013/2014 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.

Table A-2  
Years Ended June 30, 2014 and 2013  
Changes in Net Position

	2014			2013 (Restated)		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ -	\$ 904,701	\$ 904,701	\$ -	\$ 919,745	\$ 919,745
Operating Grants and Contribs.	5,617,807	335,016	5,952,823	5,716,137	319,814	6,035,951
Capital Grants and Contribs.	694,370	-	694,370	695,693	-	695,693
General Revenues						
Property Taxes	27,254,366	-	27,254,366	26,614,766	-	26,614,766
Other Taxes	4,215,048	-	4,215,048	4,181,267	-	4,181,267

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

Table A-2 (Cont'd)  
Years Ended June 30, 2014 and 2013  
Changes in Net Position

	2014			2013 (Restated)		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
<b>Revenues (Cont'd)</b>						
Grants, Subsidies and Contribs.						
Unrestricted	\$ 5,610,726	\$ -	\$ 5,610,726	\$ 5,486,494	\$ -	\$ 5,486,494
Investment Earnings	337,301	-	337,301	1,814,958	-	1,814,958
Other	<u>43,423</u>	<u>-</u>	<u>43,423</u>	<u>49,428</u>	<u>-</u>	<u>49,428</u>
Total Revenues	<u>43,773,041</u>	<u>1,239,717</u>	<u>45,012,758</u>	<u>44,558,743</u>	<u>1,239,559</u>	<u>45,798,302</u>
<b>Expenses</b>						
Instruction	25,569,301	-	25,569,301	26,039,315	-	26,039,315
Instructional Student Support	2,541,500	-	2,541,500	2,620,825	-	2,620,825
Admin. and Financial Support Svcs.	4,067,991	-	4,067,991	4,101,942	-	4,101,942
Operation and Maintenance of Plant Services	4,532,657	-	4,532,657	4,143,134	-	4,143,134
Pupil Transportation	2,199,611	-	2,199,611	2,017,116	-	2,017,116
Student Activities	1,223,049	-	1,223,049	1,169,924	-	1,169,924
Community Services	-	-	-	65	-	65
Interest on Long-Term Debt	2,798,549	-	2,798,549	2,853,487	-	2,853,487
Food Service	<u>-</u>	<u>1,218,657</u>	<u>1,218,657</u>	<u>-</u>	<u>1,185,120</u>	<u>1,185,120</u>
Total Expenses	<u>42,932,658</u>	<u>1,218,657</u>	<u>44,151,315</u>	<u>42,945,808</u>	<u>1,185,120</u>	<u>44,130,928</u>
Change in Net Position	840,383	21,060	861,443	1,612,935	54,439	1,667,374
Beginning Net Position	<u>835,470</u>	<u>442,609</u>	<u>1,278,079</u>	<u>(777,465)</u>	<u>388,170</u>	<u>(389,295)</u>
Ending Net Position	<u>\$ 1,675,853</u>	<u>\$ 463,669</u>	<u>\$ 2,139,522</u>	<u>\$ 835,470</u>	<u>\$ 442,609</u>	<u>\$ 1,278,079</u>

**Summary of Significant Year-to-Year Variances**

**Governmental Activities**

Total governmental revenues decreased by \$785,702 from \$44,558,743 to \$43,773,041. This decrease was primarily due to the following:

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

Governmental Activities (Cont'd)

- Investment earnings decreased by \$1,477,657. This is primarily due to the difference in fair market value change for the 2007 variable rate debt. The 2013/2014 investment earnings include an increase in fair market value of the 2007 variable rate debt of \$316,000. The previous year's revenues included an increase in fair market value of the 2007 variable rate debt of \$1,769,000. Neither of the increases affects the School District's tax rate or annual budget.
- Property taxes and other taxes increased by \$639,000. This is due to the minor property tax rate increase of 0.20 mills and the increase in earned income taxes collected under the Act 32 collection model.

Total governmental expenses decreased by \$13,150 from \$42,945,808 to \$42,932,658. There was a budgeted increase in the general fund expenditure budget of \$876,170 which was due primarily to PSERS contribution increases. However, the actual operating results were little changed in total on a year-to-year basis, primarily due to the 19 instructor retirements at the end of the 2012/2013 fiscal year and the salary freezes in the teachers' and administrators' contracts.

Business-Type Activities

The food service fund had an increase in net position of \$21,060 in the 2013/2014 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  
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**Financial Analysis of the School District as a Whole (Cont'd)**

Table A-3  
Years Ended June 30, 2014 and 2013  
Governmental Activities

	2014		2013 (Restated)	
Functions/Programs	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Instruction	\$25,569,301	\$21,783,279	\$26,039,315	\$22,488,948
Instructional Student Support	2,541,500	2,134,708	2,620,825	1,886,535
Administrative and Fin. Support Svcs.	4,067,991	3,792,654	4,101,942	3,772,766
Oper. and Maintenance of Plant Svcs.	4,532,657	4,308,211	4,143,134	3,970,257
Pupil Transportation	2,199,611	1,409,828	2,017,116	1,234,410
Student Activities	1,223,049	1,087,622	1,169,924	1,023,268
Community Services	-	-	65	-
Interest on Long-Term Debt	<u>2,798,549</u>	<u>2,104,179</u>	<u>2,853,487</u>	<u>2,157,794</u>
Total Governmental Activities	<u>\$42,932,658</u>	36,620,481	<u>\$42,945,808</u>	36,533,978
Less:				
Unrestricted Grants, Subsidies		<u>(5,610,726)</u>		<u>(5,486,494)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$31,009,755</u>		<u>\$31,047,484</u>

The total needs from local taxes and other revenues decreased slightly by \$37,729 from \$31,047,484 to \$31,009,755.

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

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

Table A-4  
Years Ended June 30, 2014 and 2013  
Business-Type Activities

	2014		2013	
	Total Cost (Expense) of Services	Net (Cost) Profit of Services	Total Cost (Expense) of Services	Net (Cost) Profit of Services
Food Service	<u>\$1,218,657</u>	<u>\$21,060</u>	<u>\$1,185,120</u>	<u>\$54,439</u>

The food service fund net profit decreased from \$54,439 in the 2012/2013 fiscal year to \$21,060 during the 2013/2014 fiscal year. The decrease of \$33,379 is primarily due to a lower overall participation rate as a result of the nutritional changes included in the Federal "Healthy, Hunger-Free Kids Act." The School District's overall participation rate for qualifying reimbursable lunches fell from 80% in the 2012/2013 school year to 73% in the 2013/2014 school year. Under the "Healthy, Hunger-Free Kids Act," if a student declines the serving of a specific meal component (i.e., a fruit or vegetable), the sale does not qualify as a reimbursable meal; rather as a non-reimbursable a la carte item.

**School District Funds**

At June 30, 2014, the School District's governmental funds reported a combined fund balance of \$12,319,568 which is an increase of \$286,427 from the July 1, 2013 combined fund balance of \$12,033,141. The reason for the increase in the combined fund balance is that although the general fund had a deficit of \$605,756, a large portion of the general fund deficit was due to the \$1,000,000 transfer to the capital projects fund. The capital projects fund balance increased by \$819,240 from \$729,676 to \$1,548,916.

**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.



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**Capital Assets and Debt Administration**

Capital Assets

At June 30, 2014, the School District had \$55,759,888 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 \$1,910,065, or 3.31% from the previous year. This decrease is attributable to the depreciation expense of \$2,675,804 and the \$46,260 disposal of capital assets (copiers on a capital lease) exceeding the new depreciable equipment purchases of \$811,999. More detailed information about the School District's capital assets is included in Note 6 to the financial statements.

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

	2014	2013
Land	\$ 1,081,390	\$ 1,081,390
Land Improvements	1,361,294	1,419,946
Buildings and Building Improvements	51,244,048	53,154,246
Furniture and Equipment	2,073,156	2,014,371

Debt Administration

As of July 1, 2013, the School District's total outstanding debt principal (for bonds and notes) was \$64,226,100. During the 2013/2014 fiscal year, there was \$232,589 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 \$2,385,000. The School District also made payments toward the principal of the 2008 general obligation note in the amount of \$70,212 for its share of the A. W. Beattie Career and Technical School construction project.

The fiscal year debt activity resulted in ending outstanding debt as of June 30, 2014, of \$62,003,477, a decrease of \$2,222,623, or 3.46%. 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

	As of 06/30/14	As of 06/30/13
General Obligation Bonds/Notes		
Bonds - Series of 1995	\$ 3,428,327	\$ 3,195,738
Bonds - Series of 2006A	8,840,000	9,000,000

**Hampton Township School District  
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**Capital Assets and Debt Administration (Cont'd)**

Debt Administration (Cont'd)

Table A-6 (Cont'd)  
Outstanding Debt

General Obligation Bonds/Notes	As of 06/30/14	As of 06/30/13
Bonds - Series of 2006B	\$ 6,570,000	\$ 6,610,000
Bonds - Series of 2007 (VRDBs)	20,020,000	20,790,000
Bonds - Series of 2008	9,175,000	9,315,000
Bonds - Series of 2009	1,765,000	2,615,000
Bonds - Series of 2011A	9,965,000	10,385,000
Bonds - Series of 2011B	770,000	775,000
Notes - Series of 2008	1,470,150	1,540,362

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 9 -11 to the financial statements.

**Economic Factors and the 2014/2015 Budget and Tax Rates**

The general fund budget for the 2014/2015 year was adopted in June 2014. The 2014/2015 expenditure budget of \$45,638,901 was an increase of \$1,729,165, or 3.94% from the 2013/2014 final budget. Approximately 64% of the increase, or \$1,115,000, was due to the increase in School District contributions to PSERS. The PSERS employer contribution rate increased from 16.93% of payroll in 2013/2014 to 21.40% of payroll in 2014/2015. The School District's revenues were projected at \$44,695,697, resulting in a deficit of \$943,204. The School District was able to offset its budget deficit through the utilization of \$573,000 of its PSERS Rate Stabilization Fund (Year 4) and a small real estate tax rate increase of 1.48% from 17.59 mills to 17.85 mills.

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

Table A-7

	Budgeted Revenues	
	2014/2015	2013/2014
Local	72.1%	73.1%
State	27.2%	26.0%
Federal/Other	0.7%	0.9%

**Hampton Township School District  
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**Economic Factors and the 2014/2015 Budget and Tax Rates (Cont'd)**

Table A-7 (Cont'd)

	Budgeted Expenditures	
	2014/2015	2013/2014
Instruction	55.0%	54.9%
Support Services	30.6%	30.2%
Noninstructional	2.7%	2.6%
Fund Transfers/Debt	11.7%	12.3%

**Future School District Economic Considerations**

Public School Employees' Retirement System (PSERS) Contributions

Actuarial projections for future School District contributions to PSERS continue to forecast increases in the employer contribution rate. The forecast shows annual increases in the employer contribution rate to 32.43% by the 2025/2026 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 PSERS Cost
2010/2011	5.64%	\$ 617,000	\$ -
2011/2012	8.65%	927,000	310,000
2012/2013	12.36%	1,350,000	423,000
2013/2014	16.93%	1,850,000	500,000
2014/2015	21.40%	2,390,000	540,000
2015/2016	25.84%	2,990,000	600,000
2016/2017	29.27%	3,490,000	500,000
2017/2018	30.25%	3,720,000	230,000
2018/2019	31.28%	3,960,000	240,000
2019/2020	32.08%	4,180,000	220,000
2020/2021	32.02%	4,300,000	120,000
2021/2022	32.01%	4,430,000	130,000
2022/2023	32.22%	4,590,000	160,000
2023/2024	32.30%	4,740,000	150,000
2024/2025	32.36%	4,890,000	150,000
2025/2026	32.43%	5,050,000	160,000

**Hampton Township School District  
Management's Discussion and Analysis  
June 30, 2014**

**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. An increase from the 2013/2014 employer contribution rate of 16.93% to 32.43% will increase the School District's PSERS expenditures by \$6.4 million (net increase of \$3.2 million after state reimbursement) in the 2025/2026 fiscal year. Even more staggering is the projection of cumulative 15-year PSERS additional net cost to the School District of \$43.6 million between the 2010/2011 and 2025/2026 fiscal years.

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, 2014, the fund has \$5.76 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 and funding plan will cover only 14% of the gross 15-year increase in PSERS costs for the School District; however, it will provide 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 court-ordered, county-wide reassessment of real property for the 2013 tax year in 2012. The initial result of the new assessments resulted in a collective increase to the assessed value of the School District's real estate property of 30.23% with an increase in assessed value from \$1.303 billion to \$1.699 billion. There were numerous tax appeals filed by property owners, some that were resolved before the 2013/2014 budget was approved and some that were not resolved before the 2013/2014 budget was approved.

At the time the 2013/2014 budget was approved, there were 491 tax appeals outstanding with a collective 2013 taxable assessed value of \$254 million. The expected assessment decrease for the 491 outstanding tax appeals was projected to be \$54 million. The School District reduced its real estate tax millage rate from 21.35 mills to 17.39 mills to achieve a revenue neutral millage rate for the 2013/2014 fiscal year. The millage rate reduction was based on the May 2013 taxable assessed value of \$1.662 billion less the projected amount for unresolved appeals of \$54 million for a net 2013/2014 taxable assessed value of \$1.608 billion.

**Hampton Township School District  
Management's Discussion and Analysis  
June 30, 2014**

**Future School District Economic Considerations (Cont'd)**

Allegheny County Real Estate Tax Assessments (Cont'd)

As of November 2014, 236 tax appeals remained outstanding with a collective taxable assessed value of \$119 million. The School District factored these outstanding appeals into the 2013/2014 financial statements and 2014/2015 budget. Real estate tax refunds payable of \$471,936 were calculated into the June 30, 2014 financial statements (replacing the existing \$600,000 committed fund balance) and the 2014/2015 budget was adopted based on a projected taxable assessed value of \$1.627 billion.

The history of the School District's gross real estate taxable assessed value per Allegheny County (excluding pending/open appeals) is as follows:

Date	Hampton Township School District Gross Assessed Value	# of Hampton Township School District Appeals Outstanding	Assessed Value of Outstanding Appeals
May 2012	\$1,699,505,200	N/A*	N/A*
January 2013	1,677,308,260	N/A*	N/A*
May 2013	1,662,351,045	491	\$254,494,700
January 2014	1,658,125,665	354	168,193,200
May 2014	1,655,929,545	280	155,475,100
November 2014	1,654,963,225	236	119,489,400

\* Detailed information regarding appeals was not available until 2013.

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.

**Hampton Township School District  
Management's Discussion and Analysis  
June 30, 2014**

**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)

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).
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 or utilized any of the Act 1 exceptions in seven of the eight 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 2013/2014 real estate tax rate of 17.85 mills is 3.11 mills, or 14.85% lower than the average school district in Allegheny County. There are only nine Allegheny County school districts with a lower 2013/2014 millage rate than Hampton Township School District and thirty-two 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](mailto:kline@ht-sd.org).

**Hampton Township School District**  
**Statement of Net Position**  
**June 30, 2014**

**Exhibit 1**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$15,138,616	\$356,708	\$15,495,324
Taxes Receivable, Net	1,823,931	-	1,823,931
Due from Other Governments	1,172,523	-	1,172,523
Other Receivables	56,078	2,517	58,595
Inventories	-	32,551	32,551
Prepaid Items	339,538	-	339,538
Long-Term Prepayments (Net of Amortization)	1,268,620	-	1,268,620
Capital Assets Not Being Depreciated			
Land	1,081,390	-	1,081,390
Capital Assets, Net of Accumulated Depreciation			
Land Improvements	1,361,294	-	1,361,294
Building and Building Improvements	51,244,048	-	51,244,048
Furniture and Equipment	<u>2,073,156</u>	<u>155,594</u>	<u>2,228,750</u>
<b>TOTAL ASSETS</b>	<u>75,559,194</u>	<u>547,370</u>	<u>76,106,564</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding	<u>377,906</u>	<u>-</u>	<u>377,906</u>
<b>LIABILITIES</b>			
Internal Balances	(11,714)	11,714	-
Accounts Payable	1,072,338	22,518	1,094,856
Contracts Payable	26,145	-	26,145
Accrued Salaries and Benefits	3,524,601	-	3,524,601
Payroll Deductions and Withholdings	508,236	-	508,236
Unearned Revenues	80,876	22,671	103,547
Other Current Liabilities	410,828	26,798	437,626
Noncurrent Liabilities			
Due Within One Year	2,774,129	-	2,774,129
Due in More Than One Year			
Notes Payable	1,397,353	-	1,397,353
Capital Leases	88,393	-	88,393
Compensated Absences	767,539	-	767,539
Bonds Payable	58,310,516	-	58,310,516
Other Post-Employment Benefits	430,189	-	430,189
Termination Benefits	181,818	-	181,818
Investment Derivative	<u>4,700,000</u>	<u>-</u>	<u>4,700,000</u>
<b>TOTAL LIABILITIES</b>	<u>74,261,247</u>	<u>83,701</u>	<u>74,344,948</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	(2,078,560)	155,594	(1,922,966)
Restricted for Permanent Endowment - Expendable	1,484	-	1,484
Restricted for Permanent Endowment - Nonexpendable	20,400	-	20,400
Unrestricted	<u>3,732,529</u>	<u>308,075</u>	<u>4,040,604</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,675,853</u>	<u>\$463,669</u>	<u>\$ 2,139,522</u>

See Accompanying Notes

**Hampton Township School District**  
**Statement of Activities**  
**Year Ended June 30, 2014**

**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
<b>Governmental Activities</b>							
Instruction	\$25,569,301	\$ -	\$3,786,022	\$ -	\$(21,783,279)	\$ -	\$(21,783,279)
Instructional Student Support	2,541,500	-	406,792	-	(2,134,708)	-	(2,134,708)
Administrative and Financial Support Services	4,067,991	-	275,337	-	(3,792,654)	-	(3,792,654)
Operation and Maintenance of Plant Services	4,532,657	-	224,446	-	(4,308,211)	-	(4,308,211)
Pupil Transportation	2,199,611	-	789,783	-	(1,409,828)	-	(1,409,828)
Student Activities	1,223,049	-	135,427	-	(1,087,622)	-	(1,087,622)
Interest on Long-Term Debt	<u>2,798,549</u>	<u>-</u>	<u>-</u>	<u>694,370</u>	<u>(2,104,179)</u>	<u>-</u>	<u>(2,104,179)</u>
<b>Total Governmental Activities</b>	<u>42,932,658</u>	<u>-</u>	<u>5,617,807</u>	<u>694,370</u>	<u>(36,620,481)</u>	<u>-</u>	<u>(36,620,481)</u>
<b>Business-Type Activities</b>							
Food Service	<u>1,218,657</u>	<u>904,701</u>	<u>335,016</u>	<u>-</u>	<u>-</u>	<u>21,060</u>	<u>21,060</u>
<b>Total Primary Government</b>	<u>\$44,151,315</u>	<u>\$904,701</u>	<u>\$5,952,823</u>	<u>\$694,370</u>	<u>(36,620,481)</u>	<u>21,060</u>	<u>(36,599,421)</u>
<b>General Revenues</b>							
<b>Taxes</b>							
Property Taxes, Levied for General Purposes, Net					27,254,366	-	27,254,366
Earned Income Taxes					3,728,470	-	3,728,470
Real Estate Transfer Taxes					448,175	-	448,175
Public Utility Realty Taxes					38,403	-	38,403
Grants, Subsidies and Contributions not Restricted					5,610,726	-	5,610,726
Investment Earnings					337,301	-	337,301
Miscellaneous Income					<u>43,423</u>	<u>-</u>	<u>43,423</u>
<b>Total General Revenues</b>					<u>37,460,864</u>	<u>-</u>	<u>37,460,864</u>
<b>Changes in Net Position</b>					840,383	21,060	861,443
<b>Net Position - July 1, 2013 (Restated - See Note 2)</b>					<u>835,470</u>	<u>442,609</u>	<u>1,278,079</u>
<b>Net Position - June 30, 2014</b>					<u>\$ 1,675,853</u>	<u>\$463,669</u>	<u>\$ 2,139,522</u>

See Accompanying Notes



**Hampton Township School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

**Exhibit 3**

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$13,541,669	\$ 2	\$1,596,945	\$15,138,616
Taxes Receivable, Net	1,823,931	-	-	1,823,931
Due from Other Funds	11,714	664,038	-	675,752
Due from Other Governments	1,172,523	-	-	1,172,523
Other Receivables	56,078	-	-	56,078
Prepaid Items	<u>339,538</u>	<u>-</u>	<u>-</u>	<u>339,538</u>
<b>TOTAL ASSETS</b>	<b><u>\$16,945,453</u></b>	<b><u>\$664,040</u></b>	<b><u>\$1,596,945</u></b>	<b><u>\$19,206,438</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Due to Other Funds	\$ 664,038	\$ -	\$ -	\$ 664,038
Accounts Payable	1,072,338	-	-	1,072,338
Contracts Payable	-	-	26,145	26,145
Accrued Salaries and Benefits	3,524,601	-	-	3,524,601
Payroll Deductions and Withholdings	508,236	-	-	508,236
Unearned Revenues	80,876	-	-	80,876
Other Current Liabilities	<u>54,437</u>	<u>-</u>	<u>-</u>	<u>54,437</u>
<b>Total Liabilities</b>	<b><u>5,904,526</u></b>	<b><u>-</u></b>	<b><u>26,145</u></b>	<b><u>5,930,671</u></b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenues - Property Taxes	<u>956,199</u>	<u>-</u>	<u>-</u>	<u>956,199</u>
<b>Fund Balances</b>				
Nonspendable	339,538	-	20,400	359,938
Restricted	-	-	1,484	1,484
Committed	5,763,000	664,040	1,548,916	7,975,956
Assigned	14,084	-	-	14,084
Unassigned	<u>3,968,106</u>	<u>-</u>	<u>-</u>	<u>3,968,106</u>
<b>Total Fund Balances</b>	<b><u>10,084,728</u></b>	<b><u>664,040</u></b>	<b><u>1,570,800</u></b>	<b><u>12,319,568</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$16,945,453</u></b>	<b><u>\$664,040</u></b>	<b><u>\$1,596,945</u></b>	<b><u>\$19,206,438</u></b>

See Accompanying Notes

**Hampton Township School District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2014**

**Exhibit 4**

Total Fund Balances - Governmental Funds \$ 12,319,568

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 \$94,470,599 and the accumulated depreciation is \$38,710,711. 55,759,888

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. 956,199

Deferred charges on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position. 130,717

The payment to the joint venture is capitalized and amortized over the life of the notes payable issued. 1,268,620

Derivative instruments used in governmental activities are not financial resources and therefore, are not reported in the governmental funds. (4,700,000)

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	\$(60,533,327)	
Accrued Interest on the Current Interest Bonds	(356,391)	
Capital Leases Payable	(115,736)	
Notes Payable	(1,470,150)	
Other Post-Employment Benefits	(430,189)	
Termination Benefits	(355,807)	
Compensated Absences	<u>(797,539)</u>	<u>(64,059,139)</u>

Total Net Position - Governmental Activities \$ 1,675,853

See Accompanying Notes

**Hampton Township School District  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2014**

**Exhibit 5**

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>				
Local Sources	\$31,955,679	\$ -	\$ 14	\$31,955,693
State Sources	11,316,697	-	-	11,316,697
Federal Sources	<u>227,671</u>	<u>-</u>	<u>-</u>	<u>227,671</u>
<b>Total Revenues</b>	<u>43,500,047</u>	<u>-</u>	<u>14</u>	<u>43,500,061</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	24,060,083	-	-	24,060,083
Support Services	12,756,630	-	-	12,756,630
Noninstructional Services	1,096,223	-	1	1,096,224
Capital Outlay	-	-	467,856	467,856
<b>Debt Service</b>				
Principal	26,347	2,385,000	-	2,411,347
Interest	4,838	2,475,338	-	2,480,176
Other	<u>7,700</u>	<u>84,271</u>	<u>-</u>	<u>91,971</u>
<b>Total Expenditures</b>	<u>37,951,821</u>	<u>4,944,609</u>	<u>467,857</u>	<u>43,364,287</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>5,548,226</u>	<u>(4,944,609)</u>	<u>(467,843)</u>	<u>135,774</u>
<b>Other Financing Sources (Uses)</b>				
Capital Lease	-	-	142,083	142,083
Transfers In	-	5,017,552	1,145,000	6,162,552
Sale of General Capital Assets	8,570	-	-	8,570
Transfers Out	<u>(6,162,552)</u>	<u>-</u>	<u>-</u>	<u>(6,162,552)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(6,153,982)</u>	<u>5,017,552</u>	<u>1,287,083</u>	<u>150,653</u>
<b>Net Changes in Fund Balances</b>	(605,756)	72,943	819,240	286,427
<b>Fund Balances - July 1, 2013</b>	<u>10,690,484</u>	<u>591,097</u>	<u>751,560</u>	<u>12,033,141</u>
<b>Fund Balances - June 30, 2014</b>	<u>\$10,084,728</u>	<u>\$ 664,040</u>	<u>\$1,570,800</u>	<u>\$12,319,568</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, 2014**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$ 286,427

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	\$(2,675,804)	
Capital Outlays	811,999	
Net Book Value of Assets Retired	<u>(46,260)</u>	(1,910,065)

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 decreased by this amount this year. (43,890)

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. 2,481,559

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	(6,205)	
Termination Benefits	262,190	
Other Post-Employment Benefits	<u>(97,126)</u>	158,859

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, 2014**

Exhibit 6

Net Change in Accrued Interest on the Bonds	\$ (1,513)	
Accretion of Interest on the School District's Capital Appreciation Bonds	<u>(232,589)</u>	\$ (234,102)

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. 316,000

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>16,187</u>	(72,322)

Some capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as an other financing source. The capital leases are not revenues in the statement of activities, but constitute long-term liabilities in the statement of net position. (142,083)

Change in Net Position of Governmental Activities		\$ <u>840,383</u>
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See Accompanying Notes

**Hampton Township School District**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

**Exhibit 7**

	Food Service Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$356,708
Other Receivables	2,517
Inventories	<u>32,551</u>
Total Current Assets	<u>391,776</u>
Noncurrent Assets	
Furniture and Equipment, Net	<u>155,594</u>
<b>TOTAL ASSETS</b>	<u><b>547,370</b></u>
<b>LIABILITIES</b>	
Due to Other Funds	11,714
Accounts Payable	22,518
Unearned Revenues	22,671
Other Current Liabilities	<u>26,798</u>
<b>TOTAL LIABILITIES</b>	<u><b>83,701</b></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	155,594
Unrestricted	<u>308,075</u>
<b>TOTAL NET POSITION</b>	<u><b>\$463,669</b></u>

See Accompanying Notes

**Hampton Township School District**  
**Statement of Revenues, Expenses and Changes**  
**in Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2014**

**Exhibit 8**

	Food Service Fund
Operating Revenues	
Food Service Revenue	\$ <u>904,701</u>
Operating Expenses	
Salaries	220,018
Employee Benefits	73,663
Other Purchased Services	806,324
Supplies	98,416
Depreciation	<u>20,236</u>
Total Operating Expenses	<u>1,218,657</u>
Operating Income (Loss)	<u>(313,956)</u>
Nonoperating Revenues (Expenses)	
State Sources	58,304
Federal Sources	<u>276,712</u>
Total Nonoperating Revenues (Expenses)	<u>335,016</u>
Change in Net Position	21,060
Net Position - July 1, 2013	<u>442,609</u>
Net Position - June 30, 2014	<u>\$ 463,669</u>

See Accompanying Notes

**Hampton Township School District**  
**Statement of Cash Flows**  
**Proprietary Fund Types**  
**Year Ended June 30, 2014**

**Exhibit 9**

	Food Service Fund
Cash Flows from Operating Activities	
Cash Received from Users	\$ 903,025
Cash Payments to Employees for Services	(283,754)
Cash Payments to Suppliers for Goods and Services	<u>(814,691)</u>
Net Cash Used for Operating Activities	<u>(195,420)</u>
Cash Flows from Non-Capital Financing Activities	
State Sources	58,907
Federal Sources	<u>202,833</u>
Net Cash Provided by Non-Capital Financing Activities	<u>261,740</u>
Cash Flows from Capital and Related Financing Activities	
Facilities Acquisition/Const./Imp. Services	<u>(79,148)</u>
Net Decrease in Cash and Cash Flows	(12,828)
Cash and Cash Equivalents - July 1, 2013	<u>369,536</u>
Cash and Cash Equivalents - June 30, 2014	\$ <u>356,708</u>
Operating Income (Loss)	\$(313,956)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities	
Depreciation	20,236
Donated Commodities	77,694
(Increase) Decrease in Accounts Receivable	(980)
(Increase) Decrease in Inventories	195
Increase (Decrease) in Accounts Payable	<u>21,391</u>
Total Adjustments	<u>118,536</u>
Cash Used for Operating Activities	\$( <u>195,420</u> )
Noncash Non-Capital Financing Activities	
During the year ended June 30, 2014, the School District received \$86,558 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, 2014**

**Exhibit 10**

	Agency Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$119,449</u>
<b>LIABILITIES</b>	
Other Current Liabilities	<u>\$119,449</u>

See Accompanying Notes

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**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, 2014**

**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, 2014**

**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 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, 2014**

**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, 2014, was \$433,194 which was paid in the year ended June 30, 2014 to Beattie and reported in the School District's general fund. The School District has no equity interest in Beattie as of June 30, 2014. 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, 2014**

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**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, 2014.

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, 2014**

**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, 2014.

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, 2014 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 recorded at estimated fair market value at the date of donation.

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

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

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**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, 2014**

**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 only has one item that qualifies for reporting in this category. It 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The School District has only one type of item, which arises 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. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

P. Equity Classifications

Government-Wide Statements

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

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

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

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

**P. Equity Classifications (Cont'd)**

**Government-Wide Statements (Cont'd)**

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

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

**Fund Statements - Fund Balance**

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

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

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

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action, 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, 2014**

**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, 2014, is as follows:

General Fund

1. Nonspendable fund balance of \$339,538 is for prepaid items.
2. The committed fund balance of \$5,763,000 is for employer retirement expenditures future increases.
3. The assigned fund balance of \$14,084 is for summer school programs.

Debt Service Fund

The committed fund balance of \$664,040 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 \$1,484 is the earnings in the permanent fund which must be used to achieve the objectives as outlined in the agreement between the School District and the contributor.
3. The committed fund balance of \$1,548,916 is for future capital projects.

**Note 2 - Restatement of Beginning Net Position, Governmental Activities**

Hampton Township School District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of July 1, 2013 and applied the statement retroactively. Beginning net position of the governmental activities in the government-wide financial statements was restated as of July 1, 2013. The result of the effects of applying this new statement is summarized below.

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 2 - Restatement of Beginning Net Position, Governmental Activities (Cont'd)**

Net Position, June 30, 2013 (previously reported)	\$1,270,281
<p>Prior to implementation of GASBS No. 65, bond issuance costs were deferred and amortized over the life of the bonds. Under the new statement, bond issuance costs are expensed when incurred. The result is a decrease in beginning net position for unamortized bond issuance costs.</p>	
	<u>(434,811)</u>
Restated Net Position, July 1, 2013	<u>\$ 835,470</u>

The pro forma effects of retroactive application are shown in the schedule below for the governmental activities. The change in the expenses is in the function administrative and financial support services. The amount originally was reported as \$4,152,979; the pro forma amount is \$4,101,942 which is a decrease of \$51,037.

	Actual (Previously Reported)	Pro Forma
Total Revenues	<u>\$44,558,743</u>	<u>\$44,558,743</u>
Total Expenses	<u>42,996,845</u>	<u>42,945,808</u>
Increase (Decrease) in Net Position	1,561,898	1,612,935
Beginning Net Position	<u>(291,617)</u>	<u>(777,465)</u>
Ending Net Position	<u>\$ 1,270,281</u>	<u>\$ 835,470</u>

**Note 3 - Deposits and Investments**

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

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 3 - Deposits and Investments (Cont'd)**

Custodial Credit Risk - Deposits (Cont'd)

collateral held by an approved custodian in the institution's name. As of June 30, 2014, \$7,927,219 of the School District's bank balance of \$15,611,963 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>\$7,927,219</u>
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As of June 30, 2014, the School District had the following investments:

Investments	Fair Value
First American Government Obligation Fund	\$ 2
PSDLAF	<u>3,269,742</u>
	<u>\$3,269,744</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, 2014, the School District had investment with the following maturities:

Investment Maturities (in Years)					
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Investment Derivative Instruments	<u>\$(4,700,000)</u>	\$ _____	\$ _____	\$ _____	<u>\$(4,700,000)</u>

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

Transaction Date	02/24/04
Effective Date	08/31/07
Maturity Date	09/01/27
Terms	School District pays fixed from 5.0% to 5.02164% and receives 68% of one-month LIBOR plus 30 basis points
Notional Amount	\$20,020,000

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 3 - Deposits and Investments (Cont'd)**

**Custodial Credit Risk - Deposits (Cont'd)**

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

Credit Risk Relating to its Investment Derivative - The risk the School District will have exposure to a swap counterparty under the swap. Credit risk is mitigated by several factors, including minimum credit rating criteria and ratings downgrade triggers in the swap documents. The credit ratings for the counterparties are as follows: Moody's - Aa3; Standard & Poor's - AA- and Fitch AA-.

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

**Investments**

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

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

**Note 4 - 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 2013/2014 was 17.59 mills (\$17.59 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2013/2014 is as follows:

Tax Levy Date	July 1, 2013
2% Discount Period	Through August 31, 2013
Face Payment Period	September 1 - October 31, 2013
10% Penalty Period	November 1 Until Liened
Lien Filing Date	July 1, 2014

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 4 - Real Estate Taxes (Cont'd)**

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 \$956,201 net of estimated uncollectible of \$106,244, along with other taxes receivable of \$867,730.

**Note 5 - Due from Other Governments**

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2014, the following amounts are due from other governmental units:

	Governmental Funds
Federal (through the state)	\$ 143,819
State	962,099
Local	<u>66,605</u>
	<u>\$1,172,523</u>

**Note 6 - Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance 07/01/13	Additions	Disposals	Balance 06/30/14
<b>Governmental Activities</b>				
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ <u>1,081,390</u>	\$ _____ -	\$ _____ -	\$ <u>1,081,390</u>
<b>Capital Assets Being Depreciated</b>				
Land Improvements	4,228,244	114,422	-	4,342,666
Buildings and Building Improvements	81,008,588	-	-	81,008,588
Furniture and Equipment	<u>7,456,028</u>	<u>697,577</u>	<u>115,650</u>	<u>8,037,955</u>
<b>Total Capital Assets Being Depreciated</b>	<u>92,692,860</u>	<u>811,999</u>	<u>115,650</u>	<u>93,389,209</u>

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 6 - Capital Assets (Cont'd)**

	Balance 07/01/13	Additions	Disposals	Balance 06/30/14
Governmental Activities (Cont'd)				
Less Accumulated Depreciation				
Land Improvements	\$ 2,808,298	\$ 173,074	\$ -	\$ 2,981,372
Buildings and Building Improvements	27,854,342	1,910,198	-	29,764,540
Furniture and Equipment	<u>5,441,657</u>	<u>592,532</u>	<u>69,390</u>	<u>5,964,799</u>
Total Accumulated Depreciation	<u>36,104,297</u>	<u>2,675,804</u>	<u>69,390</u>	<u>38,710,711</u>
Total Capital Assets Being Depreciated, Net	<u>56,588,563</u>	<u>(1,863,805)</u>	<u>46,260</u>	<u>54,678,498</u>
Governmental Activities Capital Assets, Net	<u>\$57,669,953</u>	<u>\$(1,863,805)</u>	<u>\$ 46,260</u>	<u>\$55,759,888</u>
Business-Type Activities				
Furniture and Equipment	\$ 297,660	\$ 79,148	\$ -	\$ 376,808
Less Accumulated Depreciation	<u>200,978</u>	<u>20,236</u>	<u>-</u>	<u>221,214</u>
Business-Type Capital Assets, Net	<u>\$ 96,682</u>	<u>\$ 58,912</u>	<u>\$ -</u>	<u>\$ 155,594</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Instruction	\$1,937,854
Instructional Student Support	475
Administration and Financial Support Services	74,768
Operation and Maintenance of Plant Services	535,882
Student Activities	<u>126,825</u>
Total Depreciation Expense	<u>\$2,675,804</u>
Business-Type Activities	
Food Service	<u>\$ 20,236</u>

**Note 7 - Interfund Balances**

Interfund balances at June 30, 2014, were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 11,714	\$664,038
Debt Service Fund	664,038	-



**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 7 - Interfund Balances (Cont'd)**

Fund	Interfund Receivable	Interfund Payable
Enterprise Fund		
Food Service Fund	\$ _____ -	\$ <u>11,714</u>
	<u>\$675,752</u>	<u>\$675,752</u>

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

**Note 8 - Interfund Transfers**

For the year ended June 30, 2014, interfund transfers consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u> General Fund
Nonmajor Funds	
Capital Projects Fund	\$1,145,000
Debt Service Fund	<u>5,017,552</u>
	<u>\$6,162,552</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 \$1,145,000 to the capital projects fund for future capital projects.

**Note 9 - Long-Term Debt**

The following are changes in the long-term liabilities for the fiscal year ended June 30, 2014:

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 9 - Long-Term Debt (Cont'd)**

	Balance 07/01/13	Additions	Accretion	Retirements	Balance 06/30/14	Due Within One Year
Governmental Activities						
General Obligation Bonds	\$62,685,738	\$ -	\$232,589	\$2,385,000	\$60,533,327	\$2,470,000
Less: Bond Discount	(300,545)	-	-	(24,229)	(276,316)	-
Add: Bond Premium	<u>594,090</u>	<u>-</u>	<u>-</u>	<u>70,585</u>	<u>523,505</u>	<u>-</u>
Net General Obligation Bonds	<u>62,979,283</u>	<u>-</u>	<u>232,589</u>	<u>2,431,356</u>	<u>60,780,516</u>	<u>2,470,000</u>
General Obligation Notes	1,540,362	-	-	70,212	1,470,150	72,797
Capital Lease Obligations	-	142,083	-	26,347	115,736	27,343
Compensated Absences Payable	791,334	21,769	-	15,564	797,539	30,000
Termination Payments	<u>617,997</u>	<u>27,810</u>	<u>-</u>	<u>290,000</u>	<u>355,807</u>	<u>173,989</u>
Governmental Activities Long-Term Liabilities	<u>\$65,928,976</u>	<u>\$191,662</u>	<u>\$232,589</u>	<u>\$2,833,479</u>	<u>\$63,519,748</u>	<u>\$2,774,129</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%	\$ 3,428,327
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	8,840,000
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	6,570,000
Series of 2007 in the amount of \$24,125,000; due serially through September 1, 2027; interest is variable	20,020,000
Series of 2008 in the amount of \$9,990,000; 2.0% - 4.0% current interest; bonds payable in semi-annual installments; final payment due August 15, 2032	9,175,000
Refunding Series of 2009 in the amount of \$5,885,000; 1.0% - 2.90% current interest; bonds payable in semi-annual installments; final payment due August 15, 2015	1,765,000

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 9 - Long-Term Debt (Cont'd)**

General Obligation Bonds (Cont'd)

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	\$ 9,965,000
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>770,000</u>
	<u>\$60,533,327</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>\$ 1,470,150</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 and termination benefits.

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences, capital leases and termination benefits) as of June 30, 2014, 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	
2015	\$ 2,470,000	\$ 1,473,658	\$ 72,797	\$ 60,787	\$ 4,077,242
2016	2,550,000	1,422,631	75,381	58,012	4,106,024
2017	2,665,000	1,370,218	78,397	55,223	4,168,838
2018	2,750,000	1,314,280	81,412	52,125	4,197,817
2019	2,850,000	1,248,930	84,427	48,808	4,232,165
2020-2024	13,027,012	8,085,566	480,287	186,739	21,779,604

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 9 - Long-Term Debt (Cont'd)**

Year Ended June 30,	<u>General Obligation Bonds</u>		<u>General Obligation Notes</u>		Totals
	Principal	Interest	Principal	Interest	
2025-2029	\$15,635,153	\$ 7,278,766	\$ 597,449	\$ 69,965	\$23,581,333
2030-2033	<u>16,040,000</u>	<u>1,269,141</u>	<u>-</u>	<u>-</u>	<u>17,309,141</u>
	57,987,165	23,463,190	1,470,150	531,659	83,452,164
Accretion to Date	<u>2,546,162</u>	<u>(2,546,162)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$60,533,327</u>	<u>\$20,917,028</u>	<u>\$1,470,150</u>	<u>\$531,659</u>	<u>\$83,452,164</u>

In prior years, the School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. At June 30, 2014, \$5,925,000 of bonds outstanding are considered defeased.

**Note 10 - 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>(28,417)</u>
Total	<u>\$113,666</u>

The future minimum lease obligations and the net present value of these minimum lease payments, as of June 30, 2014, were as follows:

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 10 - Capital Leases (Cont'd)**

Year Ended June 30,	Governmental Activities
2015	\$ 31,184
2016	31,184
2017	31,184
2018	<u>31,184</u>
Total Minimum Lease Payments	124,736
Less: Amount Representing Interest	<u>(9,000)</u>
Present Value of Minimum Lease Payments	<u>\$115,736</u>

**Note 11 - Termination Benefits**

The School District, as part of the collective bargaining agreement with teachers, has available certain early retirement enhancements to qualified employees. Under the current bargaining agreement, the employee must have at least seventeen years of service in Hampton Township School District if retired by June 30, 2013. A similar program was offered in both 2009/2010 and 2010/2011.

Under each of the programs, teachers electing the incentive receive a payment of \$40,000. The payment is being distributed in equal annual installments of \$10,000 which are made directly to the employee's 403(b) plan. The School District used a discount rate of 4.5% to calculate the discounted present value of the expected future benefit payments of \$355,807 at June 30, 2014. Twenty-nine teachers are participating in the plan.

**Note 12 - Public School Employees' Retirement System (PSERS)**

A. Plan Description

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

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

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 12 - Public School Employees' Retirement System (PSERS) (Cont'd)**

**B. Funding Policy**

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth of Pennsylvania. Active members who joined the system prior to July 22, 1983, contribute at 5.25% (Membership Class TC) or at 6.50% (Membership Class TD) of the member's qualifying compensation. Members who joined the system after June 30, 2001 contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Two new classes of membership (Class T-E and Class T-F) were created for anyone that becomes a new member of PSERS for the first time on or after July 1, 2011. For Class T-E members, the pension multiplier is 2% and the employee contribution base rate is 7.5% with a "shared risk". For Class T-F members, the pension multiplier is 2.5% and the employee contribution base rate is 10.3% with a "shared risk". Contributions required of employers are based upon an actuarial valuation. For the fiscal year ended June 30, 2014, the rate of employee contribution was 16.93% of covered payroll, or 8.465% for both the School District and the Commonwealth.

The School District's contributions to PSERS for the years ending June 30, 2014, 2013 and 2012 were \$3,498,711, \$2,654,260 and \$1,812,271, equal to the required contributions for each year. One half of the required contributions noted above were paid by the Commonwealth of Pennsylvania as a reimbursement to the School District.

**Note 13 - 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, 2014 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 14 - 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, 2014**

**Note 14 - 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 HMO product. Both programs are provided through the Allegheny County Schools Health Insurance Consortium (ACSHIC) and are administered by Highmark. The PPO program is referred to as PPOBlue and the HMO is referred to as Keystone. A summary of the benefits available 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, 2014, the School District contributed \$-0-. Plan members receiving benefits contributed \$409,425. The plan is financed on a pay-as-you-go basis.

C. Annual OPEB Cost and Net OPEB Obligation

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

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 14 - Post-Employment Healthcare Plan (Cont'd)**

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

Annual Required Contribution	\$ 447,769
Interest on Net OPEB Obligation	13,323
Adjustment to Annual Required Contribution	<u>(41,064)</u>
Annual OPEB Cost (Expense)	420,028
Contributions Made	<u>(322,902)</u>
Increase on OPEB Obligation	97,126
Net OPEB Obligation - Beginning of Year	<u>333,063</u>
Net OPEB Obligation - End of Year	<u>\$ 430,189</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, 2014, 2013 and 2012, is as follows.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/14	\$420,028	76.88 %	\$430,189
06/30/13	431,657	67.65 %	333,063
06/30/12	561,058	93.15 %	193,436

D. Funded Status and Funding Progress

As of July 1, 2012, the actuarial accrued liability for benefits was \$2,497,860, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$22,194,789 and the ratio of unfunded actuarial accrued liability to the covered payroll was 11.25%.

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



**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 14 - Post-Employment Healthcare Plan (Cont'd)**

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, 2012 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 8% initially decreasing by 0.5% 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 15 - Risk Management**

The School District is one of forty-six members of the Allegheny County School Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions to the Consortium totaled \$3,266,446 and \$3,250,079 for the years ended June 30, 2014 and 2013, 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, 2014, the net position of the Consortium were \$30,047,603 of which \$413,064 is attributable to the School District.

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

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

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

**Hampton Township School District**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 16 - On-Behalf Payments**

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2014 was \$2,643,523. This includes \$1,810,478 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 \$833,045 to the federal government for social security and Medicare taxes for the year ended June 30, 2014. 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 17 - Derivative Instruments**

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2014, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the June 30, 2014 financial statements, are as follows:

	<u>Change in Fair Value</u>		<u>Fair Value at June 30, 2014</u>		Notional in Thousands
	Classification	Amount	Classification	Amount	
Governmental Activities					
Investment Derivative Instruments:					
Interest rate Swap- 2007; Pay Fixed	Investment Revenue	\$316,000	Investment	\$(4,700,000)	\$20,020

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

**Note 18 - Construction Commitment**

As of June 30, 2014, the School District had construction commitments in the amount of approximately \$250,000 for various improvements to school facilities. It is anticipated these projects will be completed in the 2014/2015 school year.

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**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, 2014**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
<b>Local Sources</b>				
<b>Taxes</b>				
Current Real Estate Taxes	\$26,161,393	\$26,161,393	\$26,326,262	\$ 164,869
Interim Real Estate Taxes	60,000	60,000	47,107	(12,893)
Public Utility Realty Taxes	41,500	41,500	38,403	(3,097)
Earned Income Taxes	3,500,000	3,500,000	3,593,806	93,806
Real Estate Transfer Taxes	375,000	375,000	448,175	73,175
Delinquencies on Taxes	1,125,000	1,125,000	1,067,251	(57,749)
Earnings on Investments	40,000	40,000	21,287	(18,713)
<b>Other Local Revenues</b>				
Revenue from Student Activities	70,000	70,000	69,362	(638)
Federal and State Revenues from IUs	370,000	370,000	309,173	(60,827)
Rentals	25,000	25,000	21,079	(3,921)
Tuition	5,000	5,000	-	(5,000)
Miscellaneous Revenue	10,000	10,000	8,734	(1,266)
Refunds of Prior Year's Expenditures	<u>10,000</u>	<u>10,000</u>	<u>5,040</u>	<u>(4,960)</u>
<b>Total Revenues from Local Sources</b>	<u>31,792,893</u>	<u>31,792,893</u>	<u>31,955,679</u>	<u>162,786</u>
<b>State Sources</b>				
<b>Basic Instruct. and Oper. Subsidies</b>				
Basic Instructional Subsidy	4,723,267	4,723,267	4,752,269	29,002
Tuition	6,000	6,000	-	(6,000)
<b>Subsidies for Spec. Educ. Programs</b>				
Special Education of Excep. Pupils	1,440,427	1,440,427	1,448,268	7,841
<b>Subsidies for Noneduc. Programs</b>				
Transportation (Regular and Add'l.)	775,000	775,000	787,206	12,206
Rentals and Sinking Fund Payments	703,843	703,843	694,370	(9,473)
Health Services	68,000	68,000	67,831	(169)
State Property Tax Reduction Allocation	858,457	858,457	858,457	-
PA Accountability Grants	88,849	88,849	88,848	(1)
Social Security Payments	816,000	816,000	827,082	11,082
State Retirement Revenue	<u>1,820,000</u>	<u>1,820,000</u>	<u>1,792,366</u>	<u>(27,634)</u>
<b>Total Revenues from State Sources</b>	<u>11,299,843</u>	<u>11,299,843</u>	<u>11,316,697</u>	<u>16,854</u>

**Hampton Township School District**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**Year Ended June 30, 2014**

	<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	\$ 95,000	\$ 95,000	\$ 89,755	\$ (5,245)
Title II	60,000	60,000	51,782	(8,218)
Medical Assistance - Access	<u>240,000</u>	<u>240,000</u>	<u>86,134</u>	<u>(153,866)</u>
Total Revenues from Federal Sources	<u>395,000</u>	<u>395,000</u>	<u>227,671</u>	<u>(167,329)</u>
Total Revenues	<u>43,487,736</u>	<u>43,487,736</u>	<u>43,500,047</u>	<u>12,311</u>
Other Financing Sources				
Sale of Capital Assets	<u>4,000</u>	<u>4,000</u>	<u>8,570</u>	<u>4,570</u>
Total Revenues and Other Financing Sources	<u>43,491,736</u>	<u>43,491,736</u>	<u>43,508,617</u>	<u>16,881</u>
Expenditures				
Current				
Instruction				
Regular Programs				
Personal Services				
Salaries	13,460,817	13,460,817	13,794,342	(333,525)
Employee Benefits	5,146,740	5,146,740	5,100,035	46,705
Purchased Prof. and Tech. Services	78,500	78,500	81,144	(2,644)
Purchased Property Services	93,880	93,880	61,939	31,941
Other Purchased Services	338,449	338,160	233,411	104,749
Supplies	593,184	592,334	533,373	58,961
Property	301,886	299,886	301,828	(1,942)
Other Objects	<u>6,856</u>	<u>6,518</u>	<u>3,644</u>	<u>2,874</u>
Total Regular Programs	<u>20,020,312</u>	<u>20,016,835</u>	<u>20,109,716</u>	<u>(92,881)</u>
Special Programs				
Personal Services				
Salaries	2,069,857	2,069,857	1,895,431	174,426
Employee Benefits	786,465	786,465	708,098	78,367

**Hampton Township School District  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund - Budget and Actual  
Year Ended June 30, 2014**

	<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	\$ 439,804	\$ 439,804	\$ 377,808	\$ 61,996
Other Purchased Services	139,774	139,774	352,126	(212,352)
Supplies	5,386	5,386	13,514	(8,128)
Property	<u>4,073</u>	<u>4,073</u>	<u>5,196</u>	<u>(1,123)</u>
Total Special Programs	<u>3,445,359</u>	<u>3,445,359</u>	<u>3,352,173</u>	<u>93,186</u>
Vocational Education Programs				
Other Purchased Services	<u>566,420</u>	<u>566,420</u>	<u>572,354</u>	<u>(5,934)</u>
Other Instructional Programs				
Personal Services				
Salaries	16,000	16,000	14,032	1,968
Employee Benefits	6,080	6,080	5,220	860
Other Purchased Services	<u>50,000</u>	<u>50,000</u>	<u>18</u>	<u>49,982</u>
Total Other Instructional Programs	<u>72,080</u>	<u>72,080</u>	<u>19,270</u>	<u>52,810</u>
Nonpublic School Programs				
Purchased Prof. and Tech. Services	<u>-</u>	<u>-</u>	<u>6,570</u>	<u>(6,570)</u>
Total Instruction	<u>24,104,171</u>	<u>24,100,694</u>	<u>24,060,083</u>	<u>40,611</u>
Support Services				
Pupil Personnel				
Personal Services				
Salaries	869,223	869,223	730,058	139,165
Employee Benefits	330,269	330,269	271,819	58,450
Purchased Prof. and Tech. Services	13,000	13,000	66,909	(53,909)
Purchased Property Services	50	50	-	50
Other Purchased Services	2,000	1,825	2,560	(735)
Supplies	6,600	6,600	4,385	2,215
Other Objects	<u>1,020</u>	<u>1,020</u>	<u>865</u>	<u>155</u>
Total Pupil Personnel	<u>1,222,162</u>	<u>1,221,987</u>	<u>1,076,596</u>	<u>145,391</u>

**Hampton Township School District  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund - Budget and Actual  
Year Ended June 30, 2014**

	<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)				
Instructional Staff				
Personal Services				
Salaries	\$ 657,664	\$ 657,664	\$ 645,443	\$ 12,221
Employee Benefits	230,635	230,635	217,322	13,313
Purchased Prof. and Tech. Services	50,567	51,210	46,411	4,799
Purchased Property Services	1,100	2,100	1,601	499
Other Purchased Services	14,450	14,350	7,938	6,412
Supplies	96,651	100,991	98,491	2,500
Property	<u>1,150</u>	<u>1,150</u>	<u>971</u>	<u>179</u>
Total Instructional Staff	<u>1,052,217</u>	<u>1,058,100</u>	<u>1,018,177</u>	<u>39,923</u>
Administration				
Personal Services				
Salaries	1,885,098	1,885,098	1,793,504	91,594
Employee Benefits	715,456	715,456	642,926	72,530
Purchased Prof. and Tech. Services	395,200	395,200	383,329	11,871
Purchased Property Services	10,000	8,000	7,083	917
Other Purchased Services	111,255	110,530	97,074	13,456
Supplies	37,497	38,827	38,156	671
Property	259	-	-	-
Other Objects	<u>25,070</u>	<u>25,345</u>	<u>23,584</u>	<u>1,761</u>
Total Administration	<u>3,179,835</u>	<u>3,178,456</u>	<u>2,985,656</u>	<u>192,800</u>
Pupil Health				
Personal Services				
Salaries	347,824	347,824	318,413	29,411
Employee Benefits	132,161	132,161	114,341	17,820
Purchased Prof. and Tech. Services	11,000	11,000	6,073	4,927
Purchased Property Services	1,100	100	50	50
Other Purchased Services	750	750	556	194
Supplies	<u>8,640</u>	<u>8,640</u>	<u>6,819</u>	<u>1,821</u>
Total Pupil Health	<u>501,475</u>	<u>500,475</u>	<u>446,252</u>	<u>54,223</u>

**Hampton Township School District  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund - Budget and Actual  
Year Ended June 30, 2014**

	<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)				
Business				
Personal Services				
Salaries	\$ 251,640	\$ 251,640	\$ 251,786	\$ (146)
Employee Benefits	95,614	95,614	93,733	1,881
Purchased Prof. and Tech. Services	9,500	9,500	9,500	-
Purchased Property Services	3,650	3,650	1,993	1,657
Other Purchased Services	7,500	7,500	3,192	4,308
Supplies	9,000	9,000	9,313	(313)
Other Objects	<u>1,250</u>	<u>1,250</u>	<u>1,260</u>	<u>(10)</u>
Total Business	<u>378,154</u>	<u>378,154</u>	<u>370,777</u>	<u>7,377</u>
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	1,835,981	1,835,981	1,855,433	(19,452)
Employee Benefits	697,601	697,601	687,134	10,467
Purchased Prof. and Tech. Services	-	-	720	(720)
Purchased Property Services	216,000	220,578	195,082	25,496
Other Purchased Services	168,500	168,500	156,688	11,812
Supplies	997,500	997,500	940,079	57,421
Property	97,608	93,030	95,752	(2,722)
Other Objects	<u>1,000</u>	<u>1,000</u>	<u>246</u>	<u>754</u>
Total Oper. and Maint. of Plant Svcs.	<u>4,014,190</u>	<u>4,014,190</u>	<u>3,931,134</u>	<u>83,056</u>
Student Transportation Services				
Personal Services				
Salaries	25,590	25,590	21,371	4,219
Employee Benefits	7,469	7,469	5,839	1,630
Purchased Prof. and Tech. Services	1,200	1,200	1,200	-
Other Purchased Services	2,139,167	2,139,167	2,170,814	(31,647)
Supplies	<u>-</u>	<u>-</u>	<u>387</u>	<u>(387)</u>
Total Student Transportation Services	<u>2,173,426</u>	<u>2,173,426</u>	<u>2,199,611</u>	<u>(26,185)</u>



**Hampton Township School District  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund - Budget and Actual  
Year Ended June 30, 2014**

	<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	\$ 353,460	\$ 353,460	\$ 332,486	\$ 20,974
Employee Benefits	132,799	132,799	121,008	11,791
Purchased Prof. and Tech. Services	500	20,500	12,073	8,427
Purchased Property Services	59,217	59,217	59,667	(450)
Other Purchased Services	7,000	7,000	11,320	(4,320)
Supplies	21,100	21,100	20,168	932
Property	<u>120,954</u>	<u>120,954</u>	<u>124,051</u>	<u>(3,097)</u>
Total Central	<u>695,030</u>	<u>715,030</u>	<u>680,773</u>	<u>34,257</u>
Other				
Other Purchased Services	<u>47,528</u>	<u>47,528</u>	<u>47,654</u>	<u>(126)</u>
Total Support Services	<u>13,264,017</u>	<u>13,287,346</u>	<u>12,756,630</u>	<u>530,716</u>
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	636,501	636,501	584,313	52,188
Employee Benefits	154,800	154,800	134,778	20,022
Purchased Prof. and Tech Services	25,000	25,000	25,000	-
Purchased Property Services	21,500	21,500	23,770	(2,270)
Other Purchased Services	161,710	161,858	197,404	(35,546)
Supplies	127,828	127,828	116,061	11,767
Property	10,000	10,000	-	10,000
Other Objects	<u>20,450</u>	<u>20,450</u>	<u>14,897</u>	<u>5,553</u>
Total Noninstructional Services	<u>1,157,789</u>	<u>1,157,937</u>	<u>1,096,223</u>	<u>61,714</u>

**Hampton Township School District  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund - Budget and Actual  
Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Debt Service				
Interest	\$ -	\$ -	\$ 4,838	\$ (4,838)
Refunds of Prior Year's Receipts	100,000	100,000	7,700	92,300
Redemption of Principal	<u>-</u>	<u>-</u>	<u>26,347</u>	<u>(26,347)</u>
Total Debt Service	<u>100,000</u>	<u>100,000</u>	<u>38,885</u>	<u>61,115</u>
 Total Expenditures	 <u>38,625,977</u>	 <u>38,645,977</u>	 <u>37,951,821</u>	 <u>694,156</u>
 Other Financing Uses				
Fund Transfers				
Debt Service Fund	5,017,552	5,017,552	5,017,552	-
Capital Projects Fund	145,000	145,000	1,145,000	(1,000,000)
Budgetary Reserve	<u>121,207</u>	<u>101,207</u>	<u>-</u>	<u>101,207</u>
Total Other Financing Uses	<u>5,283,759</u>	<u>5,263,759</u>	<u>6,162,552</u>	<u>(898,793)</u>
 Total Expenditures and Other Financing Uses	 <u>43,909,736</u>	 <u>43,909,736</u>	 <u>44,114,373</u>	 <u>(204,637)</u>
 Net Change in Fund Balance	 (418,000)	 (418,000)	 (605,756)	 (187,756)
 Fund Balance - July 1, 2013	 <u>9,819,225</u>	 <u>9,819,225</u>	 <u>10,690,484</u>	 <u>871,259</u>
 Fund Balance - June 30, 2014	 <u>\$ 9,401,225</u>	 <u>\$ 9,401,225</u>	 <u>\$10,084,728</u>	 <u>\$ 683,503</u>

**Hampton Township School District**  
**Note to Required Supplementary Information**  
**Budget Comparison**  
**June 30, 2014**

**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, 2014**

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%

**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, 2014**

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	<u>\$1,575,061</u>	<u>\$21,884</u>	<u>\$1,596,945</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Contracts Payable	<u>\$ 26,145</u>	<u>\$ -</u>	<u>\$ 26,145</u>
Fund Balances			
Nonspendable	-	20,400	20,400
Restricted	-	1,484	1,484
Committed	<u>1,548,916</u>	<u>-</u>	<u>1,548,916</u>
Total Fund Balances	<u>1,548,916</u>	<u>21,884</u>	<u>1,570,800</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><b>\$1,575,061</b></u>	<u><b>\$21,884</b></u>	<u><b>\$1,596,945</b></u>

**Hampton Township School District**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2014**

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
Revenues			
Local Sources	\$ <u>13</u>	\$ <u>1</u>	\$ <u>14</u>
Expenditures			
Current			
Noninstructional Services	-	1	1
Capital Outlay	<u>467,856</u>	<u>-</u>	<u>467,856</u>
Total Expenditures	<u>467,856</u>	<u>1</u>	<u>467,857</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(467,843)</u>	<u>-</u>	<u>(467,843)</u>
Other Financing Sources (Uses)			
Capital Lease	142,083	-	142,083
Transfers In	<u>1,145,000</u>	<u>-</u>	<u>1,145,000</u>
Total Other Financing Sources (Uses)	<u>1,287,083</u>	<u>-</u>	<u>1,287,083</u>
Net Changes in Fund Balances	819,240	-	819,240
Fund Balance - July 1, 2013	<u>729,676</u>	<u>21,884</u>	<u>751,560</u>
Fund Balance - June 30, 2014	<u>\$1,548,916</u>	<u>\$21,884</u>	<u>\$1,570,800</u>



**Hampton Township School District**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**Year Ended June 30, 2014**

	Balance 07/01/13	Additions	Deductions	Balance 06/30/14
Activities Fund				
Assets				
Cash and Cash Equivalents	<u>\$112,118</u>	<u>\$248,341</u>	<u>\$241,010</u>	<u>\$119,449</u>
Liabilities				
Other Current Liabilities	<u>\$112,118</u>	<u>\$248,341</u>	<u>\$241,010</u>	<u>\$119,449</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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>										
Net investment in capital assets	(3,073,602)	(3,693,812)	(4,652,355)	(5,537,165)	(5,801,989)	(3,512,445)	(5,181,505)	(4,886,788)	(2,587,682)	(2,078,560)
Restricted	20,860	21,351	78,587	78,783	22,264	210,391	567,483	21,884	21,884	21,884
Unrestricted	<u>3,653,409</u>	<u>5,615,065</u>	<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>3,732,529</u>
Total Governmental Activities Net Position	600,667	1,942,604	4,196,444	5,493,465	4,936,204	(2,288,414)	558,030	(291,617)	835,470	1,675,853
<b>Business - Type Activities</b>										
Net investment in capital assets	6,069	57,048	52,012	58,222	68,183	79,056	91,394	89,356	96,682	155,594
Unrestricted	<u>(55,108)</u>	<u>(54,361)</u>	<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>308,075</u>
Total Business - Type Activities Net Position	(49,039)	2,687	42,805	114,244	112,914	227,691	308,067	388,170	442,609	463,669
<b>Total Primary Government</b>										
Net investment in capital assets	(3,067,533)	(3,636,764)	(4,600,343)	(5,478,943)	(5,733,806)	(3,433,389)	(5,090,111)	(4,797,432)	(2,491,000)	(1,922,966)
Restricted	20,860	21,351	78,587	78,783	22,264	210,391	567,483	21,884	21,884	21,884
Unrestricted	<u>3,598,301</u>	<u>5,560,704</u>	<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>4,040,604</u>
Total Primary Government Net Position	<u>551,628</u>	<u>1,945,291</u>	<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>2,139,522</u>

Source: District Financial Reports

**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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction	21,466,328	22,150,583	22,783,167	23,777,886	24,218,079	23,976,629	24,952,692	24,254,511	26,039,315	25,569,301
Instructional Student Support	2,103,182	2,024,654	2,236,309	2,395,676	2,371,672	2,274,767	2,460,798	2,499,327	2,620,825	2,541,500
Administrative and Financial Support	2,732,831	3,031,453	3,231,827	3,595,772	3,624,420	3,651,599	3,595,493	3,851,404	4,101,942	4,067,991
Operation and Maintenance of Plant	3,140,060	3,117,306	3,527,392	3,444,710	3,591,400	4,053,972	4,099,330	4,042,035	4,143,134	4,532,657
Pupil Transportation	1,646,621	1,719,512	1,719,236	1,813,142	1,889,752	1,819,691	1,934,158	2,057,909	2,017,116	2,199,611
Student Activities	1,068,051	982,766	1,035,196	1,076,299	1,183,141	1,199,796	1,214,667	1,158,129	1,169,924	1,223,049
Community Services	-	-	-	-	-	1,761	5,200	2,171	65	-
Interest on long term debt	3,054,222	2,993,053	2,758,813	2,948,458	3,451,636	3,035,643	2,992,486	2,919,253	2,853,487	2,798,549
Total Governmental Activities Expense	35,211,295	36,019,327	37,291,940	39,051,943	40,330,100	40,013,858	41,254,824	40,784,739	42,945,808	42,932,658
<b>Business - Type Activities</b>										
Food Service	987,057	959,470	1,069,884	1,086,218	1,120,031	1,126,774	1,148,213	1,189,299	1,185,120	1,218,657
Total Primary Government Expenses	36,198,352	36,978,797	38,361,824	40,138,161	41,450,131	41,140,632	42,403,037	41,974,038	44,130,928	44,151,315
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for Services	-	-	-	-	-	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	4,015,761	4,205,187	4,637,497	5,316,520	4,745,016	5,550,790	6,491,928	5,128,784	5,716,137	5,617,807
Capital grants and contributions	535,353	502,763	453,494	367,143	480,899	1,085,453	867,994	1,035,956	695,693	694,370
Total Governmental Activities Revenues	4,551,114	4,707,950	5,090,991	5,683,663	5,225,915	6,636,243	7,359,922	6,164,740	6,411,830	6,312,177
<b>Business - Type Activities</b>										
Charges for Services	-	-	-	-	-	-	-	-	-	-
Food Service	730,317	768,789	855,350	893,340	944,174	950,965	936,982	972,331	919,745	904,701
Operating grants and contributions	225,612	242,407	254,652	264,317	274,527	290,586	291,607	297,071	319,814	335,016
Total Business - Type Activities	955,929	1,011,196	1,110,002	1,157,657	1,218,701	1,241,551	1,228,589	1,269,402	1,239,559	1,239,717
Total Primary Government Program Revenues	5,507,043	5,719,146	6,200,993	6,841,320	6,444,616	7,877,794	8,588,511	7,434,142	7,651,389	7,551,894
<b>Net (Expense) / Revenue</b>										
Total Primary government net expense	(30,691,309)	(31,259,651)	(32,160,831)	(33,296,841)	(35,005,515)	(33,262,838)	(33,814,526)	(34,539,896)	(36,479,539)	(36,599,421)

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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Net (Expense) / Revenue</b>										
Governmental Activities	(30,660,181)	(31,311,377)	(32,200,949)	(33,368,280)	(35,104,185)	(33,377,615)	(33,894,902)	(34,619,999)	(36,533,978)	(36,620,481)
Business - Type Activities	(31,128)	51,726	40,118	71,439	98,670	114,777	80,376	80,103	54,439	21,060
Total Primary government net expense	(30,691,309)	(31,259,651)	(32,160,831)	(33,296,841)	(35,005,515)	(33,262,838)	(33,814,526)	(34,539,896)	(36,479,539)	(36,599,421)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities										
Taxes										
Property Taxes	23,263,220	24,411,463	24,852,713	25,400,476	24,898,507	25,714,324	26,057,138	26,648,641	26,614,766	27,254,366
Earned Income Tax	2,736,081	2,923,443	3,048,386	3,353,897	2,974,761	3,158,898	3,781,364	3,335,190	3,824,345	3,728,470
Other Current Taxes	464,127	417,248	509,623	419,894	334,359	367,230	330,561	378,847	356,922	486,578
Grants & Contributions not Restricted	4,183,133	4,272,293	4,440,344	4,519,095	5,514,454	5,204,215	4,950,063	5,466,534	5,486,494	5,610,726
Investment Earnings	227,630	513,426	831,626	900,907	645,468	(1,075,357)	1,570,582	(2,136,017)	1,814,958	337,301
Other	126,559	115,441	85,351	71,032	79,375	34,932	51,638	77,157	49,428	43,423
Special Item	-	-	686,746	-	-	-	-	-	-	-
Transfers	-	-	-	-	100,000	-	-	-	-	-
Total Governmental Activities Revenues	31,000,750	32,653,314	34,454,789	34,665,301	34,546,924	33,404,242	36,741,346	33,770,352	38,146,913	37,460,864
Business - Type Activities										
Investment Earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	(100,000)	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	(100,000)	-	-	-	-	-
Total Primary Government	31,000,750	32,653,314	34,454,789	34,665,301	34,446,924	33,404,242	36,741,346	33,770,352	38,146,913	37,460,864
<b>Change in Net Position</b>										
Governmental Activities	340,569	1,341,937	2,253,840	1,297,021	(557,261)	26,627	2,846,444	(849,647)	1,612,935	840,383
Business - Type Activities	(31,128)	51,726	40,118	71,439	(1,330)	114,777	80,376	80,103	54,439	21,060
Total Primary Government	309,441	1,393,663	2,293,958	1,368,460	(558,591)	141,404	2,926,820	(769,544)	1,667,374	861,443

Source: District Financial Reports

Table 4

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	267,344	872,270	876,068	859,799	953,489	898,774	-	-	-	-
Unreserved,										
Designated	-	-	-	-	2,314,000	3,950,000	-	-	-	-
Undesignated	2,647,572	3,783,854	4,873,570	5,195,412	3,015,768	3,022,072	-	-	-	-
Nonspendable	-	-	-	-	-	-	320,501	317,288	325,924	339,538
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	5,000,000	4,932,000	6,781,000	5,763,000
Assigned	-	-	-	-	-	-	-	-	3,908	14,084
Unassigned	-	-	-	-	-	-	4,326,415	5,738,225	3,579,652	3,968,106
<b>Total General Fund</b>	<b>2,914,916</b>	<b>4,656,124</b>	<b>5,749,638</b>	<b>6,055,211</b>	<b>6,283,257</b>	<b>7,870,846</b>	<b>9,646,916</b>	<b>10,987,513</b>	<b>10,690,484</b>	<b>10,084,728</b>
All Other Governmental Funds										
Reserved	60,201	21,351	78,587	6,208,970	743,945	380,134	-	-	-	-
Unreserved -										
Designated for Capital Projects										
Reported in Capital Projects Funds	711,598	776,989	2,950,545	4,984,361	3,756,369	921,183	-	-	-	-
Nonspendable	-	-	-	-	-	-	20,400	20,400	20,400	20,400
Restricted	-	-	-	-	-	-	160,555	1,484	1,484	1,484
Committed	-	-	-	-	-	-	1,083,254	787,110	1,320,773	2,212,956
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total all other Governmental Funds</b>	<b>771,799</b>	<b>798,340</b>	<b>3,029,132</b>	<b>11,193,331</b>	<b>4,500,314</b>	<b>1,301,317</b>	<b>1,264,209</b>	<b>808,994</b>	<b>1,342,657</b>	<b>2,234,840</b>

*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**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Local Sources</b>										
Real Estate Tax	22,345,992	23,664,953	23,897,894	24,404,423	23,860,559	24,567,399	24,998,024	25,742,986	25,825,296	26,373,369
Earned Income Tax	2,597,290	2,687,087	2,874,304	3,190,970	2,873,641	3,030,789	3,636,003	3,202,347	3,753,476	3,593,806
Other Local Taxes	1,407,000	1,294,817	1,771,231	1,943,100	1,665,320	1,629,233	1,765,518	1,336,736	1,187,613	1,553,829
Interest Earnings	227,630	530,205	831,626	1,116,567	645,468	134,430	73,175	39,358	45,958	21,301
Other Local Sources	465,040	422,773	384,763	523,744	504,740	852,203	780,443	551,334	536,301	413,388
<b>Total Local Sources</b>	<b>27,042,952</b>	<b>28,599,835</b>	<b>29,759,818</b>	<b>31,178,804</b>	<b>29,549,728</b>	<b>30,214,054</b>	<b>31,253,163</b>	<b>30,872,761</b>	<b>31,348,644</b>	<b>31,955,693</b>
<b>State Sources</b>										
Basic Education Subsidy	4,154,099	4,237,181	4,385,512	4,476,415	4,608,256	4,143,502	4,037,114	4,608,256	4,608,210	4,752,269
Special Education Subsidy	1,328,240	1,388,192	1,407,564	1,418,868	1,439,883	1,456,621	1,448,222	1,448,222	1,448,222	1,448,268
Other State Subsidies	2,782,143	2,778,343	3,078,966	3,380,121	3,807,371	4,435,931	4,289,752	4,553,679	4,680,984	5,116,160
<b>Total State Sources</b>	<b>8,264,482</b>	<b>8,403,716</b>	<b>8,872,042</b>	<b>9,275,404</b>	<b>9,855,510</b>	<b>10,036,054</b>	<b>9,775,088</b>	<b>10,610,157</b>	<b>10,737,416</b>	<b>11,316,697</b>
<b>Federal Sources</b>										
Other Federal Sources	131,284	252,416	354,921	468,892	459,494	986,569	1,803,992	546,140	674,035	227,671
<b>Total Federal Sources</b>	<b>131,284</b>	<b>252,416</b>	<b>354,921</b>	<b>468,892</b>	<b>459,494</b>	<b>986,569</b>	<b>1,803,992</b>	<b>546,140</b>	<b>674,035</b>	<b>227,671</b>
<b>Total Revenues</b>	<b>35,438,718</b>	<b>37,255,967</b>	<b>38,986,781</b>	<b>40,923,100</b>	<b>39,864,732</b>	<b>41,236,677</b>	<b>42,832,243</b>	<b>42,029,058</b>	<b>42,760,095</b>	<b>43,500,061</b>

Source: District Financial Reports



Table 6

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Instruction</b>										
Regular Programs	15,446,849	15,932,259	16,383,083	17,526,961	17,163,503	17,394,823	17,960,807	18,726,894	19,910,625	20,109,716
Special Programs	3,566,268	3,652,525	3,911,429	3,905,622	3,827,517	3,849,039	4,045,812	3,397,760	3,408,320	3,352,173
Vocational Education Programs	616,737	655,084	664,143	689,461	731,688	864,048	996,154	329,114	498,479	572,354
Other Instructional Programs	88,066	91,074	83,186	86,282	99,814	94,305	89,797	17,953	7,318	19,270
Nonpublic School Programs						9,665	15,076	11,869	14,115	6,570
<b>Support Services</b>										
Pupil Personnel	983,181	906,165	1,017,844	1,010,492	1,015,672	959,770	1,043,243	1,035,206	1,099,268	1,076,596
Instructional Staff	784,969	765,422	846,427	974,308	937,647	936,357	1,029,282	1,074,732	1,114,950	1,018,177
Administration	2,020,183	2,193,928	2,414,211	2,667,375	2,681,591	2,686,232	2,778,205	2,823,222	3,038,688	2,985,656
Pupil Health	318,630	342,729	368,543	404,446	409,206	373,792	388,315	388,458	413,613	446,252
Business	325,191	338,062	386,600	345,470	340,491	351,306	369,815	325,753	358,225	370,777
Operation & Maint. of Plant Services	3,164,159	3,071,219	3,675,534	4,348,928	4,244,002	3,896,905	4,187,484	3,497,585	3,621,197	3,931,134
Pupil Transportation	1,639,941	1,714,466	1,714,189	1,809,350	1,887,215	1,817,154	1,932,890	2,057,909	2,017,116	2,199,611
Central Services	311,040	384,090	325,887	412,482	496,456	513,676	681,399	579,463	559,986	680,773
Other Support Services	38,844	39,835	42,437	44,254	46,453	47,777	48,620	47,195	47,500	47,654
<b>Non Instructional Services</b>										
Student Activities	945,821	871,476	917,732	978,279	1,056,097	1,073,353	1,141,832	1,028,078	1,042,316	1,096,224
Community Services	-	-	-	-	-	1,761	5,200	2,171	65	-
Capital Outlay *	63,304	187,338	301,439	2,589,996	8,113,965	3,255,959	698,916	779,477	360,676	467,856
<b>Debt Service</b>										
Principal	1,335,000	1,380,000	1,430,000	1,545,000	1,770,858	1,886,937	1,923,071	2,190,000	2,335,519	2,411,347
Swaption Termination Fees**	-	-	-	-	-	-	2,354,000	-	-	-
Interest	2,938,364	2,948,660	2,813,368	3,072,639	3,311,546	2,814,277	2,683,807	2,827,052	2,675,132	2,564,447
Refund of Prior Year's Receipts	216,037	13,886	124,442	45,539	170,636	21,513	9,562	4,585	353	7,700
<b>Total Expenditures</b>	<b>34,802,584</b>	<b>35,488,218</b>	<b>37,420,494</b>	<b>42,456,884</b>	<b>48,304,357</b>	<b>42,848,649</b>	<b>44,383,287</b>	<b>41,144,476</b>	<b>42,523,461</b>	<b>43,364,287</b>
<b>Debt Service as a Percentage of non capital*** expenditures</b>										
	12.30%	12.26%	11.43%	11.58%	12.37%	12.00%	10.55%	12.47%	11.94%	11.69%

\* - 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**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Excess of Revenues Over (Under) Expenditures	636,134	1,767,749	1,566,287	(1,533,784)	(8,439,625)	(1,611,972)	(1,551,044)	884,582	236,634	135,774
Other Financing Sources (Uses)										
Long Term Debt Issued	-	9,930,000	16,257,016	34,128,556	7,663,762	-	12,682,906	-	-	142,083
Long Term Debt Retired	-	(9,930,000)	(15,196,973)	(24,125,000)	(5,789,108)	-	(9,395,000)	-	-	-
Sale of Capital Assets	-	-	4,960	-	-	564	2,100	800	-	8,570
Operating Transfers In	5,323,364	4,604,892	6,044,533	5,916,389	5,277,665	4,947,535	5,820,394	5,315,000	5,878,750	6,162,552
Operating Transfers Out	(5,323,364)	(4,604,892)	(6,044,533)	(5,916,389)	(5,177,665)	(4,947,535)	(5,820,394)	(5,315,000)	(5,878,750)	(6,162,552)
Total Other Financing Sources (Uses)	-	-	1,065,003	10,003,556	1,974,654	564	3,290,006	800	-	150,653
Special Item	-	-	693,016	-	-	-	-	-	-	-
Net Change in Governmental Fund Balance	<u>636,134</u>	<u>1,767,749</u>	<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>

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>
2014 (1),(2)	17.59	\$27,640,759	\$26,326,262	95.24%	N/A	\$26,326,262	95.24%
2013 (1)	21.35	27,044,689	25,822,231	95.48%	361,741	26,183,972	96.82%
2012 (1)	21.35	26,944,776	25,715,701	95.44%	574,469	26,290,170	97.57%
2011 (1)	20.88	26,018,630	24,867,448	95.58%	689,321	25,556,769	98.22%
2010 (1)	20.88	25,742,981	24,500,905	95.18%	811,051	25,311,956	98.33%
2009 (1)	20.53	24,924,430	23,705,681	95.11%	977,468	24,683,149	99.03%
2008	20.53	25,306,021	24,052,946	95.05%	1,043,484	25,096,430	99.17%
2007	20.53	25,016,096	23,804,688	95.16%	1,061,229	24,865,917	99.40%
2006	20.53	24,242,885	23,333,594	96.25%	988,320	24,321,914	100.33% (3)
2005	20.10	23,479,779	22,345,992	95.17%	904,085	23,250,077	99.02%

The sum of the taxes collected and the taxes lien 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, 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 Tax Distribution to District</u>	<u>Property Tax Relief per Approved Property</u>
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.

(3) - The total percent of levy to date for the 2006 tax year exceeds 100% due to subsequent additional billings after the lien date of December 31, 2006

Table 9

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

Fiscal Year Ended <u>June 30,</u>	Residential <u>Property</u>	Commercial <u>Property</u>	Total Assessed <u>Value</u>	School District Millage <u>Rate (a)</u>
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
2006	1,038,301,136	142,550,540	1,180,851,676	20.53
2005	1,029,363,622	138,784,610	1,168,148,232	20.10

*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**

<b>Calendar Year</b>	<b>Number of Permits</b>	<b>Commercial Cost</b>	<b>Residential Cost</b>	<b>Total Cost</b>	<b>Taxable Property value</b>
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	-	10,297,476	10,297,476	1,255,400,571
2007	54	11,799,638	450,000	12,249,638	1,232,636,212
2006	74	1,645,500	13,035,935	14,681,435	1,218,514,192
2005	104	2,931,000	21,004,376	23,935,376	1,180,851,676
2004	78	11,368,000	17,220,549	28,588,549	1,168,148,832

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

*Source: Hampton Township Planning / Zoning Commission*

Table 11

**HAMPTON TOWNSHIP SCHOOL DISTRICT  
Ten Largest Real Estate Taxpayers Comparison  
2013-14 Fiscal Year and 2004-05 Fiscal Year**

<u>Name</u>	<u>Type of Property</u>	2013-14	
		<u>Assessment</u>	<u>% of Total Assessment</u>
Coventry Square Associates	Apartments	24,323,800	1.50%
Shoppers Plaza Land Company	Commercial	16,828,400	1.04%
PPG Industries	Office/Research	11,430,200	0.71%
Stone Lodge, Inc.	Country Club	9,190,300	0.57%
St. Margaret Nursing Home	Medical/Residential	8,118,000	0.50%
Route 8 Holding Company	Commercial	6,559,600	0.40%
Schmitt, Louis & Carol	Residential	5,233,700	0.32%
Allison Park Facility	Medical/Residential	3,952,000	0.24%
BBTR Trust Agreement	Residential	3,909,500	0.24%
Conceptual Development Inc	Commercial	3,865,100	0.24%
<b>Total Assessed Value - Ten Principal Taxpayers (2013-14)</b>		<b><u>\$93,410,600</u></b>	<b><u>5.77%</u></b>

**Total District Assessed Value (2013-14)** \$1,620,194,201

<u>Name</u>	<u>Type of Property</u>	2004-05	
		<u>Assessment</u>	<u>% of Total Assessment</u>
Coventry Square Associates	Apartments	15,917,470	1.36%
PPG Industries	Office/Research	10,000,000	0.86%
Shoppers Plaza Land Company	Commercial	8,819,700	0.76%
St. Margaret Nursing Home	Medical/Residential	7,728,100	0.66%
Stone Lodge, Inc.	Country Club	4,043,100	0.35%
Allison Park Facility LP	Medical/Residential	3,800,000	0.33%
Route 8 Holding Co., Inc	Commercial	3,352,000	0.29%
Schmitt, Louis & Carol	Residential	2,982,300	0.26%
Conceptual Development, Inc	Commercial	2,291,500	0.20%
Ebonhurst Apartments	Apartments	1,867,700	0.16%
<b>Total Assessed Value - Ten Principal Taxpayers (2004-05)</b>		<b><u>\$60,801,870</u></b>	<b><u>5.20%</u></b>

**Total District Assessed Value (2004-05)** 1,168,148,232

*Note:*

*2004-05 Assessments are based on the Allegheny County 2002 base year assessment*

*2013-14 Assessments are based on the Allegheny County 2012 base year assessment*

*Source: District Tax Assessment Records*

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

<b>Fiscal Year Ended <u>June 30,</u></b>	<b>Hampton Township School District</b>	<b> -----Overlapping Rates----- </b>		<b>Total Direct &amp; Overlapping Rates</b>
		<b><u>Hampton Township</u></b>	<b><u>Allegheny County</u></b>	
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
2006	20.53	2.1600	4.69	27.3800
2005	20.10	2.0000	4.69	26.7900

*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 and the School District's fiscal year ends June 30th.



**Table 13**

**HAMPTON TOWNSHIP SCHOOL DISTRICT  
Major Employers within the School District Comparison  
2013-14 Fiscal Year and 2004-05 Fiscal Year**

<u>Employer Name</u>	<u>Product or Service</u>	Approximate	Percent of Total	Approximate	Percent of Total
		Employment	Employment	Employment	Employment
		<u>2013-14</u>	<u>2013-14</u>	<u>2004-05</u>	<u>2004-05</u>
Hampton Township School District	Public Education	568	9.2%	421	7.3%
PPG Industries	Office / Research	321	5.2%	450	7.8%
Township of Hampton	Government	162	2.6%	65	1.1%
Wildwood Golf Club	Country Club	162	2.6%	N/A	N/A
Home Depot	Retail	151	2.4%	N/A	N/A
Miller Electric Construction	Construction / Contracting	126	2.0%	N/A	N/A
Eat 'n Park	Restaurant	103	1.7%	N/A	N/A
St. Paul's United Methodist Church	Church	102	1.6%	N/A	N/A
Nathan Contracting	Construction / Contracting	94	1.5%	N/A	N/A
Wildwood Peddler Fair	Warehouse / Other	90	1.5%	N/A	N/A
Approximate District-Wide Employment		6,200		5,800	

*Source: Earned Income Tax and Local Services Tax Reports*

Note: Differences in employment numbers are due to a change in the source of the employees from the Occupation Privilege Tax to the Local Services Tax in 2006. 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 included previously.

# **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.

**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)	Bonds, Notes & Capital Leases Outstanding Per Capita (c,d)
		Governmental Activities General Obligation Bonds & Notes Outstanding	Bonds, Notes & Capital Leases Outstanding as a Percent of Personal Income (a)		
2014	\$115,736	\$62,250,666	8.67%	3.85%	\$3,396 (d)
2013	-	64,111,570	8.54%	4.92%	3,491 (d)
2012	-	66,288,580	8.83%	5.09%	3,611 (d)
2011	49,784	68,440,730	9.42%	5.32%	3,730 (d)
2010	72,855	67,681,094	11.18%	5.32%	3,690 (d)
2009	94,792	69,432,517	11.69%	5.54%	3,786 (d)
2008	115,650	69,074,147	10.31%	5.61%	3,768 (d)
2007	-	60,476,561	9.92%	4.96%	3,293 (d)
2006	-	60,084,324	10.28%	5.09%	3,272 (c)
2005	-	61,331,741	11.21%	5.25%	3,499 (c)

(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 2000 Census - District population was 17,526

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

Source: District Financial Reports, United States Census Data

**HAMPTON TOWNSHIP SCHOOL DISTRICT  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Borrowing Base Revenues	\$100,313,896	\$106,719,542	\$109,491,502	\$119,848,117	\$122,367,197	\$123,680,197	\$127,503,433	\$127,816,387	\$132,332,653	\$132,015,554
Average borrowing Base (total revenues divided by 3)	\$33,437,965	\$35,573,181	\$36,497,167	\$39,949,372	\$40,789,066	\$41,226,732	\$42,501,144	\$42,605,462	\$44,110,884	\$44,005,185
Multiplied by Debt Limit Percentage	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>	<u>x225%</u>
Equals: Debt Limit	\$75,235,422	\$80,039,657	\$82,118,627	\$89,886,088	\$91,775,398	\$92,760,147	\$95,627,575	\$95,862,290	\$99,249,490	\$99,011,666
Total District Debt applicable to Limit (1)	<u>\$61,331,741</u>	<u>\$60,084,324</u>	<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>
Legal Debt Margin	<u>\$13,903,681</u>	<u>\$19,955,333</u>	<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>
Legal Debt Margin as a Percentage of Debt Limit	18.48%	24.93%	26.35%	23.15%	24.35%	27.04%	28.43%	30.85%	35.29%	37.38%

(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, 2014**

Governmental Unit	Debt Outstanding	Percentage Applicable to School District Residents	Estimated Share of Direct and Overlapping Debt
<b>Overlapping Debt</b>			
Township of Hampton (a)	\$15,902,441	100.00%	\$15,902,441
County of Allegheny (a)	\$859,534,858	2.215% (b)	<u>\$19,038,697</u>
	Subtotal of Overlapping Debt		\$34,941,138
<b>Direct Debt</b>			
Hampton Township School District Bonds, Notes and Capital Lease, net of Bond Discount and Premium			<u>\$62,366,402</u>
Total Direct and Overlapping Debt			<u>\$97,307,540</u>
Ratio of Total Direct and Overlapping Debt			
Percentage of Real Estate Assessed Value			6.01%
Per Capita (c)			\$5,299

(a) Township and County Outstanding Debt as of December 31, 2013

(b) County Percentage of Overlapping Debt based on the ratio of School District  
Assessed Value (\$1,620,194,201) to County Assessed Value (\$73,150,422,595)

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)
2014	18,363	\$718,761,200	\$39,142	5.5%
2013	18,363	750,695,200	40,881	7.2%
2012	18,363	640,469,400	34,878	7.6%
2011	18,363	727,200,600	39,601	7.6%
2010	18,363	606,157,800	33,010	7.8%
2009	18,363	574,728,200	31,298	7.4%
2008	18,363	638,194,000	34,754	5.2%
2007	18,363	574,860,800	31,305	4.4%
2006	18,363	537,417,400	29,266	5.0%
2005	17,526	519,458,000	29,639	5.4%

*Source:*

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

(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**

<b>Fiscal Year Ending June 30,</b>	<b>Enrollment</b>	<b>Operating Expenditures (a)</b>	<b>Operating Cost / Student</b>	<b>Total Governmental Expenditures</b>	<b>Gross Cost per Student</b>	<b>Teaching Staff</b>	<b>Pupil to Staff Ratio</b>	<b>Percentage of Students Receiving Free or Reduced Meals</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%	
2006	3,110	30,921,138	9,942	35,488,218	11,411	221	14.07	6.54%	
2005	3,159	30,465,832	9,644	34,802,584	11,017	217	14.56	6.47%	

(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 program.

Source: District Records / District Financial Reports

**Table 19**

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

<b>Position</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Teachers	217	221	217	218	219	218	215	209	208	205
Paraprofessionals	54	50	54	52	50	45	45	42	48	51
Maintenance / Custodial	40	39	39	38	39	40	40	40	40	40
Secretarial	30	31	31	30	30	29	29	29	29	29
Other	31	30	27	29	27	27	26	25	26	24
Administrators	18	18	19	19	19	19	18	18	18	18
Food Service	<u>26</u>	<u>29</u>	<u>29</u>	<u>20</u>	<u>17</u>	<u>14</u>	<u>14</u>	<u>12</u>	<u>12</u>	<u>12</u>
<b>Total</b>	<u>416</u>	<u>418</u>	<u>416</u>	<u>406</u>	<u>401</u>	<u>392</u>	<u>387</u>	<u>375</u>	<u>381</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)
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
2006	43,110	76,820	45,360	79,510
2005	40,935	75,070	42,960	77,610

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**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b><u>Elementary Schools</u></b>										
<b>Central Elementary</b>										
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	549	520	534	516	513	510	522	513	528	517
Professional Staff	43	38	38	43	38	39	38	37	33	38
Support Staff	26	35	35	25	24	22	22	21	27	25
<b>Poff Elementary</b>										
Original Construction - 1962; Latest Renovation - 2009										
Square Feet	45,400	45,400	45,400	45,400	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	364	330	336	323	319	329	317	307	272	285
Professional Staff	25	22	22	30	26	29	28	27	26	23
Support Staff	20	24	24	17	16	15	15	15	11	11
<b>Wyland Elementary</b>										
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	416	423	409	410	410	413	397	419	426	405
Professional Staff	32	24	24	33	33	33	33	33	30	29
Support Staff	17	24	24	16	16	15	15	15	21	19

**Table 21  
(Continued)**

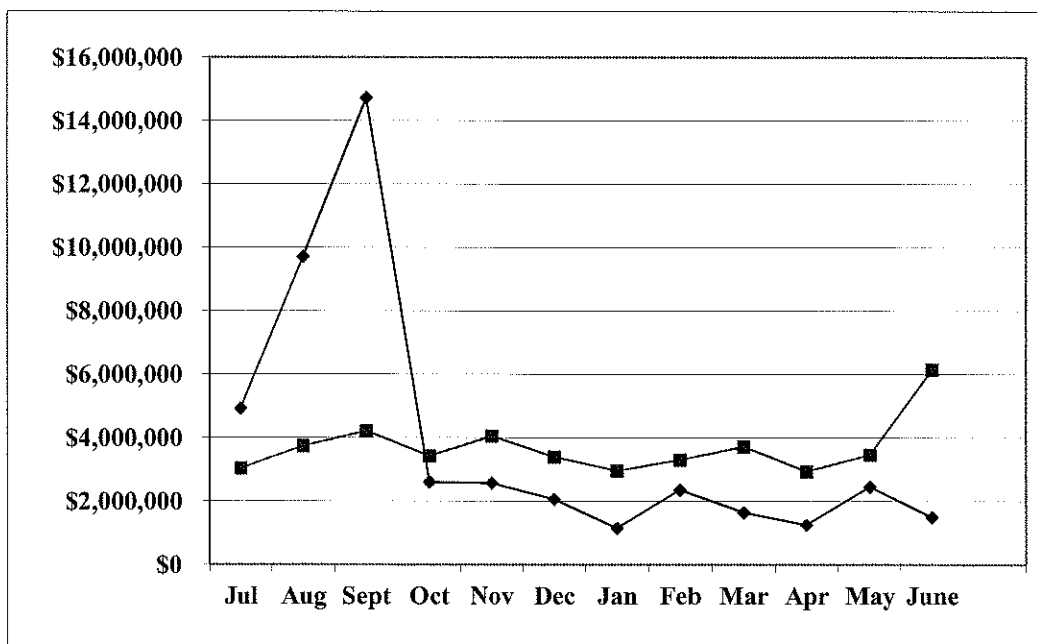
**HAMPTON TOWNSHIP SCHOOL DISTRICT  
School Building Information  
Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b><u>Secondary Schools</u></b>										
<b>Middle School</b>										
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	725	741	752	771	790	756	759	745	746	721
Professional Staff	64	62	62	69	71	66	67	65	61	65
Support Staff	33	34	33	31	30	28	27	26	26	26
<b>High School</b>										
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	1,105	1,086	1,092	1,065	1,055	1,101	1,095	1,111	1,115	1,101
Professional Staff	82	79	79	77	79	83	81	77	81	80
Support Staff	59	57	57	46	48	44	43	41	47	45
<b><u>Administration Offices</u></b>										
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	9	9	10	10	8	7	7	7	7
Support Staff	9	10	9	9	9	10	11	11	11	11

Source: School District Records

**HAMPTON TOWNSHIP SCHOOL DISTRICT  
Cash Flow Analysis  
2013-14 General Fund**

<u>Month</u>	<u>Receipts</u>	<u>Disbursements</u>
July	\$4,925,997	\$3,042,571
August	9,708,163	3,745,874
September	14,719,419	4,215,168
October	2,603,385	3,425,779
November	2,573,037	4,056,878
December	2,064,094	3,396,467
January	1,155,709	2,963,667
February	2,357,790	3,304,626
March	1,645,782	3,719,593
April	1,256,827	2,943,203
May	2,453,468	3,465,147
June	<u>1,498,141</u>	<u>6,149,342</u>
<b>Total</b>	<b><u>\$46,961,812</u></b>	<b><u>\$44,428,315</u></b>



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

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

Source: School District Records

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

**Table 23**

School District Name	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Allegheny Valley	20.50	21.50	22.23	23.21	23.46	23.46	23.46	23.46	19.95	20.35
Avonworth	17.20	18.20	18.80	18.80	19.30	20.00	20.00	20.94	17.70	18.67
Baldwin-Whitehall	23.11	24.61	24.61	23.61	23.50	23.40	23.40	23.40	19.61	17.61
Bethel Park	22.25	22.75	22.75	23.18	23.73	24.56	24.97	25.49	21.86	22.43
Brentwood	26.85	28.27	28.27	28.27	28.27	28.27	28.27	28.27	24.80	26.83
Carlynton	24.15	24.15	24.15	24.15	24.15	24.15	23.15	23.15	19.09	19.60
Chartiers Valley	18.60	19.32	19.32	19.32	19.32	19.88	19.88	19.88	16.22	16.22
Clairton (1)	22.00	22.00	22.00	22.00	22.00	25.79	25.79	26.80	25.25	25.25
Cornell	19.89	20.89	21.74	22.93	22.93	24.11	25.96	26.55	22.75	22.75
Deer Lakes	23.00	23.00	24.04	25.32	26.25	26.25	26.69	26.69	21.95	21.95
Duquesne	21.10	21.10	21.10	21.10	21.10	21.10	21.10	21.10	17.50	17.50
East Allegheny	24.54	25.54	26.54	26.54	26.54	27.54	27.54	27.54	27.54	27.54
Elizabeth Forward	21.36	21.36	21.36	21.36	23.51	23.76	25.01	25.01	20.61	20.61
Fox Chapel	17.82	19.07	19.71	20.30	20.78	21.26	21.56	21.56	18.45	18.63
Gateway	19.40	19.41	19.41	19.41	19.41	21.02	21.02	21.85	18.89	18.89
<b>Hampton Township School District</b>	<b>20.53</b>	<b>20.53</b>	<b>20.53</b>	<b>20.53</b>	<b>20.88</b>	<b>20.88</b>	<b>21.35</b>	<b>21.35</b>	<b>17.59</b>	<b>17.85</b>
Highlands	23.71	23.71	23.71	23.71	23.71	24.41	26.41	26.41	23.80	23.80
Keystone Oaks	21.31	21.31	21.31	21.31	21.31	22.03	22.03	22.03	18.63	18.63
McKeesport	18.21	17.71	17.71	17.71	16.71	16.71	17.05	17.49	15.22	15.70
Montour	18.30	18.30	18.90	18.90	18.90	18.90	18.90	18.90	16.90	16.90
Moon Area	15.97	19.11	19.61	20.47	21.30	21.30	21.30	21.30	18.12	18.85
Mt. Lebanon	23.18	23.56	23.56	23.81	24.11	26.63	26.63	27.13	22.61	23.15
North Allegheny	18.52	19.72	19.34	18.99	18.99	19.74	20.26	20.92	17.40	17.40
North Hills	18.50	18.50	19.10	19.60	19.35	19.91	20.91	21.26	17.06	17.26
Northgate	23.50	24.50	24.50	24.50	24.50	27.60	28.60	28.60	23.71	24.79
Penn Hills	19.91	23.39	23.39	24.81	24.81	24.81	24.81	24.81	23.47	24.15
Pine Richland	20.20	20.20	20.20	20.20	20.20	21.91	21.91	22.82	19.21	19.21
Plum	21.20	22.20	22.20	22.20	22.20	22.20	22.20	22.20	18.76	18.76
Quaker Valley	16.90	18.85	19.35	19.75	19.75	20.70	20.95	21.25	16.93	17.15
Riverview	22.10	22.74	23.36	23.11	23.26	24.05	24.79	25.36	21.18	22.45
Shaler	23.50	24.25	24.70	24.70	24.70	25.63	25.63	25.63	20.76	21.34
South Allegheny	20.46	18.21	18.11	18.11	18.11	18.11	18.49	18.49	17.24	17.24
South Fayette	20.29	21.19	23.14	24.04	24.04	24.88	27.83	28.82	24.71	25.21
South Park	24.70	24.70	24.70	25.99	25.99	25.99	25.99	25.99	21.85	22.48
Steel Valley	18.92	18.92	21.21	21.21	21.21	24.07	24.16	24.16	21.31	21.31
Sto - Rox	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	23.19	23.19
Upper St. Clair	22.45	22.45	24.45	22.46	23.37	23.77	24.10	25.72	21.41	22.20
West Allegheny	21.50	21.50	21.50	22.00	22.00	22.00	22.00	22.00	18.51	18.51
West Jefferson Hills	19.99	19.99	19.99	21.08	21.08	21.08	21.08	21.08	18.10	18.59
West Mifflin	21.09	21.09	21.09	22.29	22.99	22.99	22.99	22.99	20.34	24.50
Wilkinsburg	35.00	35.00	35.00	35.00	35.00	35.00	35.00	36.67	32.63	32.63
Woodland Hills	23.90	23.90	24.65	24.65	25.65	25.65	25.65	26.21	22.40	22.40
County Wide Average Millage Rate	21.44	21.95	22.29	22.51	22.70	23.35	23.66	23.96	20.60	20.96
Hampton Township Schools Millage Rate	<u>20.53</u>	<u>20.53</u>	<u>20.53</u>	<u>20.53</u>	<u>20.88</u>	<u>20.88</u>	<u>21.35</u>	<u>21.35</u>	<u>17.59</u>	<u>17.85</u>
Difference - Favorable (Unfavorable)	<u>0.91</u>	<u>1.42</u>	<u>1.76</u>	<u>1.98</u>	<u>1.82</u>	<u>2.47</u>	<u>2.31</u>	<u>2.61</u>	<u>3.01</u>	<u>3.11</u>
Difference % - Favorable (Unfavorable)	<u>4.26%</u>	<u>6.45%</u>	<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>

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 (86% of the 2013 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**

**CERTIFIED PUBLIC ACCOUNTANTS**

**305 MT. LEBANON BOULEVARD, SUITE 301**

**PITTSBURGH, PENNSYLVANIA 15234-1500**

**PHONE - 412-343-9200**

**FAX - 412-343-9209**

**HSMW@HSMWCPA.COM**

**WWW.HSMWCPA.COM**

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, 2014 were prepared to fulfill the requirements of the Office of Management and Budget's Circular A-133. A summary of the reports are as follows:

- A. 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 OMB Circular A-133
- C. Schedule of Findings and Questioned Costs
- D. Schedule of Expenditures of Federal Awards
- E. List of Report Distribution

Respectfully submitted,

*Hosack, Specht, Muetzel & Wood LLP*

HOSACK, SPECHT, MUETZEL & WOOD LLP

Pittsburgh, Pennsylvania

December 19, 2014

**CERTIFIED PUBLIC ACCOUNTANTS**

**305 MT. LEBANON BOULEVARD, SUITE 301**

**PITTSBURGH, PENNSYLVANIA 15234-1500**

**PHONE - 412-343-9200**

**FAX - 412-343-9209**

**HSMW@HSMWCPA.COM**

**WWW.HSMWCPA.COM**

**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, 2014, 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 19, 2014.

**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 19, 2014

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

**Exhibit B**

**Independent Auditor's Report on Compliance for Each Major Program and  
on Internal Control Over Compliance Required by OMB Circular A-133**

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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Hampton Township School District's major federal programs for the year ended June 30, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hampton Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

## **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, 2014.

## **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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hampton Township School District's internal control over compliance.

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

*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.

**Report on Internal Control Over Compliance (Cont'd)**

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Hosack, Specht, Muetzel & Wood LLP*

HOSACK, SPECHT, MUETZEL & WOOD LLP  
Pittsburgh, Pennsylvania  
December 19, 2014

**Hampton Township School District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014**

**Exhibit C**

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued was unmodified.

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?                         yes                      √   no

*Federal Awards*

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?                         yes                      √   no

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs:                    \$300,000

Auditee qualified as low-risk auditee?                      √   yes                         no



**Hampton Township School District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014**

**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, 2014**

**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 07/01/13	Revenue Recognized	Expend- itures	Accrued or (Deferred) Revenue 06/30/14
U. S. Department of Education										
Passed through the Pennsylvania										
Department of Education										
Title I	I	84.010	013-140179	07/01/13-09/30/14	\$ 89,755	\$ 36,036	\$ -	\$ 89,755	\$ 89,755	\$ 53,719
Title I	I	84.010	013-130179	09/18/12-09/30/13	98,566	51,822	51,822	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-140179	07/01/13-09/30/14	51,782	44,922	-	51,782	51,782	6,860
Passed through the Allegheny										
Intermediate Unit										
IDEA Grant	I	84.027	062-130003	07/01/12-06/30/13	367,673	97,719	97,719	-	-	-
IDEA Grant	I	84.027	062-140003	07/01/13-09/30/14	304,317	247,256	-	304,317	304,317	57,061
IDEA - Preschool Grant	I	84.173	131-130003	07/01/13-06/30/14	1,120	<u>1,120</u>	-	<u>1,120</u>	<u>1,120</u>	-
Total U. S. Department of Education						<u>478,875</u>	<u>149,541</u>	<u>446,974</u>	<u>446,974</u>	<u>117,640</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	<u>3,133</u>	-	<u>3,133</u>	<u>3,133</u>	-
U. S. Department of Agriculture										
Passed through the Pennsylvania										
Department of Education										
National School Lunch Program	I	10.555	N/A	07/01/13-06/30/14	N/A	187,310	3,019	183,616	183,616	(675)
National School Breakfast Program	I	10.553	N/A	07/01/13-06/30/14	N/A	15,521	382	15,402	15,402	263
Passed through the Pennsylvania										
Department of Agriculture										
National School Lunch Program (Donated Commodities Noncash Assistance)	I	10.555	N/A	07/01/13-06/30/14	N/A	<u>86,558</u>	<u>(13,807)</u>	<u>77,694</u>	<u>77,694</u>	<u>(22,671)</u>
Total U. S. Department of Agriculture						<u>289,389</u>	<u>(10,406)</u>	<u>276,712</u>	<u>276,712</u>	<u>(23,083)</u>
Total Federal Financial Assistance						<u>\$771,397</u>	<u>\$139,135</u>	<u>\$726,819</u>	<u>\$726,819</u>	<u>\$ 94,557</u>

III

**Hampton Township School District**  
**Schedule of Expenditures of Federal Awards**  
**Footnotes**  
**June 30, 2014**

**Exhibit D**

**Note A - Significant Accounting Policies**

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

**Note B - Source Code**

The Source Code (I) indicates funds received indirectly.

**Note C - Reconciliation with Subsidy Confirmation**

Amount Received Per Schedule	\$ 771,397
Add: State Funding on Confirmation	34,832
Add: Medical Assistance	271,965
Less: Pass Through AIU	(346,095)
Less: Donated Commodities	(86,558)
Less: Title 19	<u>(3,133)</u>
Per Subsidy Confirmation	<u>\$ 642,408</u>

**Hampton Township School District  
List of Report Distribution  
June 30, 2014**

**Exhibit E**

1 Copy - Bureau of Audits

1 Copy - Bureau of the Census