



Neshaminy School District Langhorne, Pennsylvania

Comprehensive Annual Financial Report

*Fiscal Year Ended
June 30, 2011*

*Published
February 29, 2012*

*Neshaminy School District
2001 Old Lincoln Highway
Langhorne, PA 19047
215-809-6530
www.neshaminy.org*





Comprehensive Annual Financial Report

of the

Neshaminy School District

2001 Old Lincoln Highway
Langhorne, Pennsylvania 19047

Louis T. Muenker, D.Ed. Superintendent

Fiscal Year Ended June 30, 2011



Report Prepared by:

Mrs. Barbara Markowitz, Acting Business Administrator

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NESHAMINY SCHOOL DISTRICT
Langhorne, Pennsylvania

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Transmittal Letter	I-1 - I-7
GFOA Certificate of Achievement for Excellence in Financial Reporting - June 30, 2010	I-8
ASBO Certificate of Achievement for Excellence in Financial Reporting - June 30, 2010	I-9
Neshaminy School District Officials	I-10
Organizational Chart	I-11
Consultants and Advisors	I-12

FINANCIAL SECTION

Independent Auditors' Report	F-1 – F-2
Management's Discussion and Analysis (Unaudited)	F-3 – F-12

Basic Financial Statements

Government-Wide Financial Statements:

Statement of Net Assets	F-13
Statement of Activities	F-14

Fund Financial Statements:

Governmental Funds:

Balance Sheet – Governmental Funds	F-15
Reconciliation of Total Governmental Funds Balances to Net Assets of Governmental Activities	F-16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	F-17
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	F-18

Proprietary Fund:

Statement of Net Assets – Proprietary Fund	F-19
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund	F-20
Statement of Cash Flows – Proprietary Fund	F-21 – F-22

Fiduciary Funds:

Statement of Fiduciary Net Assets – Fiduciary Funds	F-23
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	F-24

Notes to Basic Financial Statements	F-25 – F-43
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TABLE OF CONTENTS - Continued

	<u>Page</u>
<u>Required Supplementary Information</u>	
Individual Fund Statement and Schedules	F-44
Description of General Fund	F-45
Budgetary Comparison Schedule – General Fund	F-46
Note to the Required Supplementary Information	F-47
Schedule of Funding Progress	F-48
 <u>Supplementary Information</u>	
Schedule of Expenditures by Function and Object-Budget and Actual (GAAP basis) – General Fund	F-49 – F-53
Schedule of General Fund Revenues	F-54
Description of Fiduciary Funds	F-55
Statement of Changes in Assets and Liabilities – Fiduciary Funds	F-56

STATISTICAL SECTION

Statistic Section Narrative	S-1
General Fund Expenditures and Other Financing Uses by Function - Last Ten Fiscal Years	S-2 – S-3
General Fund Revenues and Other Sources - Last Ten Fiscal Years	S-4 – S-7
Ten Year History of General Fund Expenditures by Function/Program	S-8
Ten Year History of General Fund Revenue Sources	S-9
Government-Wide Expenses by Function - Last Nine Fiscal Years	S-10 – S-11
Government-Wide Revenues by Other Sources – Last Nine Fiscal Years	S-12 – S-13
Net Assets by Component – Last Ten Fiscal Years	S-14 – S-15
Changes in Net Asset – Last Nine Fiscal Years	S-16 – S-17
Fund Balances of Governmental Funds – Last Ten Fiscal Years	S-18 – S-19
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	S-20 – S-21
Market Value and Assessed Value of Taxable Real Property - Last Ten Fiscal Years	S-22
Assessed Property Values - Last Ten Fiscal Years	S-23
Land Use Assessments by Municipalities	S-24
Property Tax Rates per \$1000 of Assessed Valuation - All Direct and Overlapping Governments - Last Ten Fiscal Years	S-25
Principal Property Taxpayers	S-26
Property Tax Levies and Collections - Last Ten Fiscal Years	S-27 – S-28
Ratio of Net General Bond Debt to Personal Income, Assessed Value and Net Bond Debt per Capita - Last Ten Fiscal Years	S-29
Ratio of Annual Debt Service Expenditures - Debt Service to Total General Fund Expenditures - Last Ten Fiscal Years	S-30
Outstanding Debt Service	S-31 – S-32
Computation of Legal Debt Margin	S-33
Computation of Direct and Overlapping Debt	S-34
Total Expenditures and Actual Instruction Expense Per Pupil – Last Ten Fiscal Years	S-35 – S-36

TABLE OF CONTENTS – Continued

<u>Statistical Section – continued</u>	<u>Page</u>
Demographic Statistics - Last Ten Fiscal Years	S-37
Attendance Data - Last Ten Fiscal Years	S-38
Principal Employers	S-39
School Building Data	S-40
Staff Positions by Function – Last Ten Fiscal Years	S-41 – S-42
Food Services Operations - Last Ten Fiscal Years	S-43 – S-44



INTRODUCTION



Neshaminy School District

2001 Old Lincoln Highway • Langhorne, Pennsylvania 19047-3295

Louis T. Muenker, D.Ed.
Superintendent

February 29, 2012

Neshaminy Board of School Directors and Community
Neshaminy School District
2001 Old Lincoln Highway
Langhorne, PA 19047-3295

Dear Board of School Directors and Community:

The Comprehensive Annual Financial Report (CAFR) of the Neshaminy School District for the fiscal year ended June 30, 2011, is submitted herewith. The report was prepared by the District's Accounting Department. The responsibility for the financial and other data lies with the Superintendent and the Acting Business Administrator. We believe all the data presented is accurate in all material respects. This information is presented in a manner that fairly represents the fiscal soundness of the District. All disclosures needed to maximize user comprehension of the contents have been included in this document.

The major objective of internal accounting controls is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against unauthorized use or loss. The concept of reasonable assurance recognizes that the cost of the system of internal accounting controls should not exceed the benefits derived. Internal accounting controls are also used to determine the reliability of financial records for preparing financial statements and maintaining accountability for assets. It also recognizes that the evaluation of these factors necessarily requires estimates and judgments by the administration. In this regard, this District has established policies and procedures to effectively implement and maintain a system of internal accounting controls, which safeguard the District's financial integrity. These policies and procedures are constantly evaluated and updated by the School Board, administration, and independent auditors to obtain the most accurate financial data possible.

The District requires an independent audit during each fiscal year. The 2010-2011 independent audit was conducted by Maillie, Falconiero & Company, LLP, who studied and evaluated the internal controls of the District. We are pleased to announce that the 2010-2011 audit detected no major deficiencies in the internal control process. However, as an ongoing commitment to excellence, the administration of the District will continue to study, refine and improve the internal controls. Any additional resources needed for this will be pre-approved by the Board of School Directors.

The Management's Discussion and Analysis, pages F-3 to F-12, gives an overall review of the District's financial activities for the fiscal year ended June 30, 2011. MD&A complement this letter of transmittal and should be read in conjunction with it. Neshaminy School District implemented new reporting model standards beginning July 1, 2001.

District profile

Basic Information. The Neshaminy School District is an independent financial reporting entity clearly within the criteria adopted by Governmental Accounting Standard Board as established by GASB 14, The Financial Reporting Entity.

The Neshaminy School District provides a full range of educational services appropriate to grade levels K through 12. These include regular, advanced academic, vocational education, and special education programs for gifted and handicapped children. The District also offers cooperative occupational education programs for seniors in high school as well as a Student Assistance Program (SAP), which provides student assistance throughout the District. SAP is a program that identifies at risk students whose behavior, attendance or grades indicate that they may have a problem related to substance abuse, are depressed, or have suicidal ideation.

The District has a nine-member elected school board and an appointed Superintendent and Business Administrator who oversees the daily operations of the District. The District is comprised of eight elementary schools, three middle schools, and one high school which also has a secondary level alternative school. The schools range in age from 36 years old to 60 years old.

The District completed the 2010-2011 fiscal year with an enrollment of 8,618 students in Neshaminy School District facilities. The District's budget also provides for the educational cost of an additional 587 students educated in other facilities for a total enrollment of 9,205 students. Neshaminy School District, at its peak, had 13,657 students enrolled in September of 1972. The actual October 2010 enrollment of 8,799 was 4,858 students less than peak and 141 students less than last year's October enrollment figure. The state census and school officials are projecting enrollment figures to decrease over the next several years. This can be seen in the Major Financial Issues section of the Management Discussion and Analysis page F-11 and F-12. The latest and most accurate figures from the state and school officials estimate that by September 2012 Neshaminy School District will have 8,651 students enrolled.

Budget. The accounting records of the Neshaminy School District are maintained in accordance with those generally accepted accounting principles applicable to government units.

According to the Public School Code of 1949, as amended, public school entities in the Commonwealth are required to submit an annual approved budget for the General Fund prior to the start of any fiscal year. The proposed budget must be available for public inspection at least 20 days prior to its adoption. The approved budget must be filed with the Pennsylvania Department of Education 15 days after its approval. Once this budget is adopted for the coming fiscal year, the Board of School Directors is prohibited from allocating or spending funds in excess of the budget amount. The Board may, however, approve budget transfers within the budget during the last nine (9) months of any fiscal year.

The Pennsylvania School Code also allows local districts to operate a Special Revenue Fund for its athletic program. This special revenue fund is not mandated; therefore, the District has chosen not to use this fund. Neshaminy School District has several line items in the revenue and expenditure portions of the general fund budget to account for all transactions made on behalf of the District athletic program.

The Neshaminy School District is constantly reviewing the budget to meet goals and set new objectives. The formal process begins the preceding August, when the administrative staff of the District assembles for workshops to review the current budget and discuss the upcoming budget.

The budget requests originate at the building or department level and are reviewed by the administrator responsible for each respective area. These requests are then reviewed by cabinet level administrators for further revisions and clarifications. After the cabinet reviews the requests, the requests are categorized into a budgetary document and submitted to the Board of School Directors and the public for review.

The Board of School Directors reviews the proposed budget during most public Board meetings held January through May. Revisions or further clarifications are made in response to Board and community concerns. Final passage of the budget occurs in June at the official public Board meeting. This budget is then adopted as a spending plan for the next fiscal year beginning on July 1st and ending on June 30th. This spending plan is closely monitored by the District's financial office after implementation.

The budget is segregated and controlled by a department or "Cost Center" within each program area and is reviewed daily to assure the funding plans are being implemented properly.

The Neshaminy School District's accounting records are maintained by fund. Each fund is a separate accounting entity with its own set of self-balancing accounts. The funds encompassing the District's financial affairs are described in "Notes to Basic Financial Statements."

The following are the details of the functions/programs for which budgets are annually appropriated:

Governmental activities:

Instructional Programs. These are the major categories of educational programs. The function defines the program within the account number.

The first category included in Instructional Programs is Regular Educational Programs. These elementary and secondary programs include activities designed to provide students (grades K through 12) with the learning experiences to prepare the student for activities as citizens, family members, and non-vocational workers as contrasted with programs designed to improve or overcome physical, mental, social, and/or emotional handicaps.

The second category included in Instructional Programs is Special Education Programs. These special programs include activities for students who need special attention. Kindergarten, elementary and secondary services for the gifted, mentally retarded, and physically handicapped are all included in the special education curriculum.

The third category included in Instructional Programs is Vocational Education Programs. The Vocational Education Programs include activities designed to prepare students in the pursuit of vocational occupations or to acquaint students with vocations for their own use and understanding.

The final category included in Instructional Programs is Other Instructional Programs. These elementary and secondary programs include those activities that provide students with learning experiences not included in the Regular, Special, or Vocational Programs. They include the District's Homebound Instruction Programs, Summer School Program, and Federal Assistance Programs.

Support Services. Those services which are not directly related to the education of a student. For instance:

Pupil Service programs are activities used to assess and improve the well being of students, to assist the teaching process and to meet the provisions of Article XIII of the Public School Code of 1949, as amended. Article XIII regulates the attendance and the transportation of all pupils including exceptional children. It also regulates the employment of children.

Instructional staff programs are activities whose prime objective is to assist the instructional staff to improve the content and manner in which the child learns. They include Library Services, Curriculum and Staff Development, and Audio Visual/Multimedia Services.

Administration programs are activities that develop, administer, enforce, implement, and refine existing policies in regards to the operations of the School District. This also includes the services of those professional, independent, and separate agencies or individuals that are elected, appointed, or retained to assist the administration in the decision-making process. Some of these people include the services of the School Board treasurer, secretary, the elected tax collectors, the independent auditors, and the District solicitor.

Pupil Health services are those services concerned with providing physical and mental health services that are not part of the curriculum and instruction. Some of these services that provide medical attention to students and staff are medical, dental, and nursing services.

Business Services are those services concerned with the administration of District business affairs. This includes accounting of revenues, expenditures, physical inventory, purchasing of goods and services, and the storage and distribution of received goods. Also included in this category are the costs related to the independent auditor and the copy center.

Operation and Maintenance of plant are those activities concerned with the well being of the physical plant. This includes the grounds keeping, building maintenance, and the safekeeping and maintenance of equipment in the District while maintaining building safety.

Pupil transportation is that department responsible for the transporting of the students to and from school, as provided for and defined by federal and state laws. This department includes trips between home and school and school activities.

Central Support Services are those services that support all of the preceding programs listed. Included in this are Information Services, Personnel Services, and Data Processing Services.

Other services are the Intermediate Unit district support expenses.

Operation of Non-Instructional Services. Includes the following activities:

Student Activities are those activities such as school-sponsored student activities and school-sponsored athletics.

Community Services are those services which benefit the community as well as the students before and after school. Included in this category are services like school crossing guards and GED reimbursements.

Facilities Acquisition, Construction, and Improvement Services. Include improvements of a material nature that are made to sites and buildings in the District.

Site Improvement includes expenditures on activities concerned with the improvement of the School District's land and open areas around the District's buildings. Building improvement includes those expenditures that are concerned with the initial installation, extension or building additions of service systems and other equipment attached to the buildings.

Interest on Long-Term Debt. Includes both interest and principal on all long-term debt of the District. Also budgeted in this category are the anticipated interest requirements on current loans.

There are no Component Units in the District.

Business-type activities:

Food Service. This program is the only operation that is treated as a Proprietary Fund. The accounting for this type of fund is on the full accrual basis of accounting. The intent of the District is to match the income with the expenses (including depreciation) in order to provide an accurate representation of the net cost of the goods and services in the District cafeterias.

The Food Service program experienced a gain of \$189,485 for 2010-2011. Financial statements and a statistical summary of the participation for this fund are included in the Management Discussion and Analysis page F-9 and in the Statistical section pages S-43 and S-44.

Local Economy

The District began to experience the problem of a reduced assessment base in the 1992-93 fiscal year, which had caused property tax revenues to drop. This situation began to improve in 1997-98 with an assessed property value increase of \$1,126,280. Since 1997-98, we have continued to see consistent increases. Property taxes are the most significant revenue source of the District. In 2010-2011 our assessed property value increased by 0.04%, compared to a decrease of 0.04% in 2009-2010. The Board of School Directors is aggressively researching and petitioning our state representatives for tax reform in funding public education in Pennsylvania. The 2000 census indicates 13.3 percent of the population of the District consists of residents 65 years of age or older, and 3.7 percent are those 60 to 64 years old. With a total of a little over 11,000 residents most likely on a fixed income or close to retirement, the District realizes their concern with absorbing increased property taxes.

The national economic picture continues to have a negative effect on the District's revenues. This includes negative effects on certain tax revenues as a result of the "sub-prime" mortgage crisis and the extremely low interest rates for investments. We are also trying to cope with astronomical increases in the cost of energy for fuel oil, natural gas, and diesel fuel. This will require modified plans for energy usage of all kinds in the near future.

We expect state revenues to decline as a percentage of total revenues. Subsidies for Special Education programs have not kept pace with the increased cost of state mandates, which are contributing to dramatic increases in expenditures.

See the chart below for revenues and expenditures by generic fund types for the past three years:

Revenues and Expenditures by Fund Type			
	2010-2011	2009-2010	2008-2009
Revenues:			
Governmental Funds	158,638,284	158,709,375	160,381,772
Proprietary Funds	2,238,502	2,297,344	2,338,151
Expenditures:			
Governmental Funds	154,155,286	160,981,836	178,368,234
Proprietary Funds	3,151,961	3,324,087	3,312,795

Long-term financial planning

During the 2010-2011 fiscal year, the District's financial department processed in excess of \$130 million and issued 5,060 checks through the District concentration account and 6,697 checks through the District payroll account. Through the payroll direct deposit of earnings, we issued 27,570 vouchers. During the interim between receiving and disbursing funds, we were able to invest approximately \$18,000,000. Funds invested in the Pennsylvania School Districts Liquid Asset Fund and a local bank, to maximize yield through certificates invested for portions of the fiscal year resulting in total General Fund earnings on investments of \$35,067 at an average rate of 0.39%. We also earned an additional \$146,800 in interest on General Fund overnight and temporary deposits in money market and savings accounts at an average rate of 0.05%. Workers Compensation Trust investments with Millennium Wealth Management & Private Banking resulted in earnings of \$18,931 with an average yield of 4.1%.

The District understands that we have to keep our operating costs low so that we may maintain the integrity of our educational programs. The Board of School Directors and the Administration continually look at any cost savings for the future. One item that the Board is currently addressing is the over capacity/under utilization issue at the elementary school level. Another item is a possible grade configuration change in order to utilize school facilities in the most efficient and cost effective manner possible. They are also looking into the use of solar energy.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) and the Association of School Business Officials International (ASBO) have awarded Certificates of Achievement for Excellence in Financial Reporting to Neshaminy School District for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the twentieth consecutive Certificate of Achievement earned from the Government Finance Officers Association of the United States and Canada (GFOA) and the seventeenth earned from the Association of School Business Officials International (ASBO).

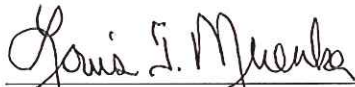
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA and to ASBO.

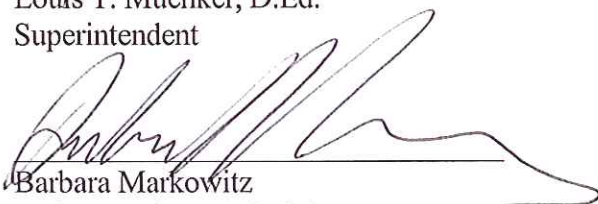
These coveted awards were earned for the first year submitted from the Government Finance Officers Association of the United States and Canada and for the second year submitted from the Association of School Business Officials International.

We, in the Neshaminy School District, express our appreciation to the members of the Board of School Directors for their ongoing concern to provide fiscal accountability to the citizens and taxpayers of the Neshaminy School District and to gain the support of all to provide the **"BEST EDUCATION"** possible for our children. The preparation of this report could not have been accomplished had it not been for the efficient and dedicated services of our internal accounting staff. To those staff members of the business office who assisted and contributed to this report we thank you.

Respectfully submitted,



Louis T. Muenker, D.Ed.
Superintendent



Barbara Markowitz
Acting Business Administrator

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Neshaminy School District
Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Sanison

President

Jeffrey R. Enen

Executive Director

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**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

NESHAMINY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

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Neshaminy School District Officials



Board of School Directors as of February 2011

Mr. Ritchie Webb, President
Mr. Kim Koutsouradis, Vice President

Ms. Irene M. Boyle
Mr. Scott E. Congdon
Mrs. Susan Cummings
Mr. Mike Morris
Mr. William Oettinger
Mr. Mark Shubin
Mr. Anthony Sposato

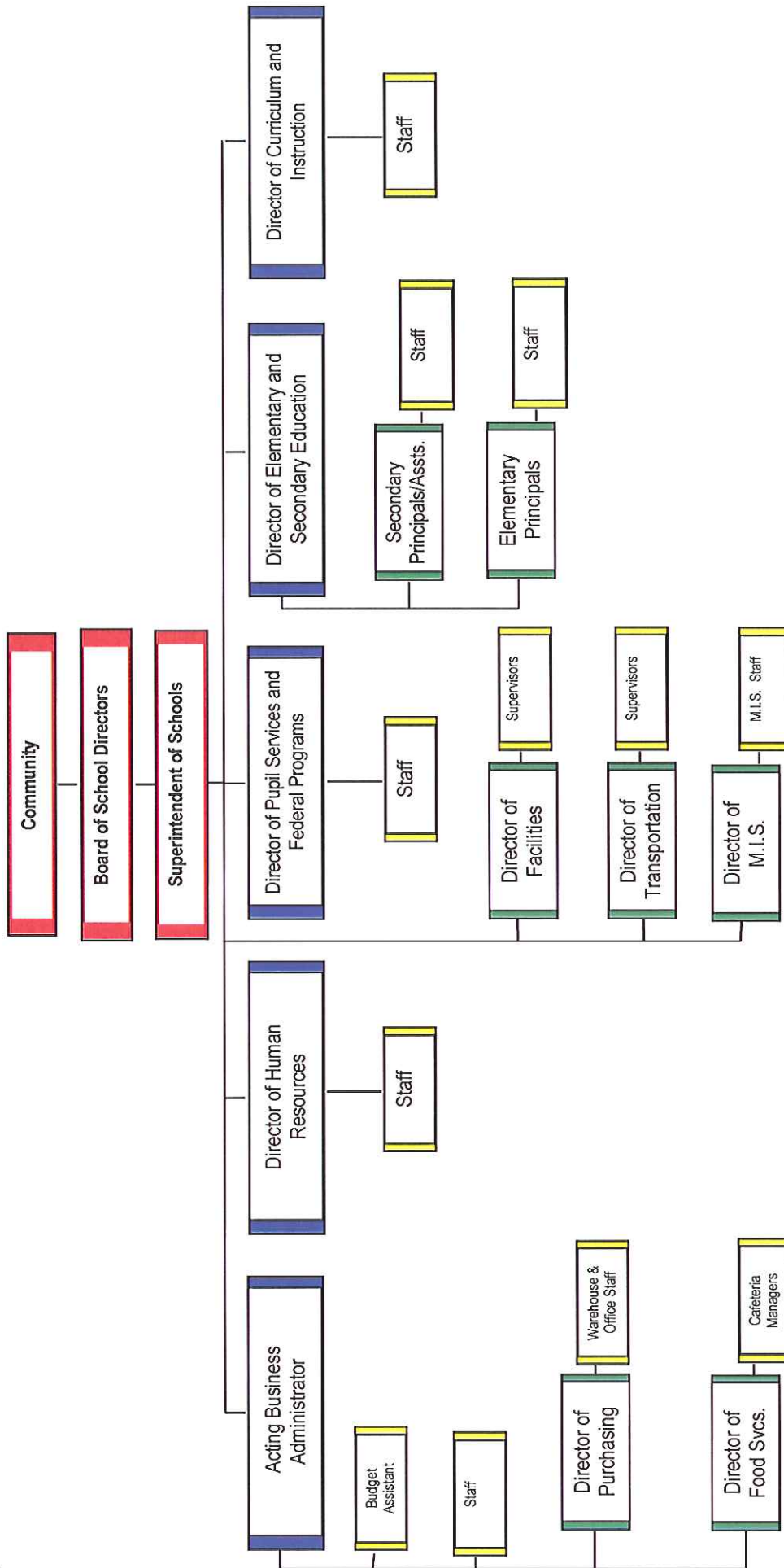
Dr. Louis T. Muenker, Superintendent of Schools
Mrs. Jennifer Burns, Secretary
Mrs. Debby Spadaccino, Assistant Secretary
Mrs. Barbara Markowitz, Treasurer



Superintendent's Cabinet

Dr. Jacqueline Rattigan, Director of Elementary/Secondary Education
Mr. Anthony Devlin, Director of Pupil Services
Dr. Geeta A. Heble, Director of Curriculum and Instruction
Mrs. Theresa Hinterberger, Director of Human Resources
Mrs. Barbara Markowitz, Acting Business Administrator

Neshaminy School District 2010-11 Staff Organizational Chart



**Neshaminy School District
Consultants and Advisors**

Audit Firm

Maillie, Falconiero & Company, LLP
P.O. Box 680
Oaks, Pennsylvania 19456

Official Depository

Citizens Bank of Pennsylvania
3025 Chemical Road, Suite 395
Plymouth Meeting, Pennsylvania 19462

Solicitor

Thomas J. Profy, III, Esquire
Begley, Carlin & Mandio LLP
680 Middletown Boulevard
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FINANCIALS



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Independent Auditors' Report

To the Board of Directors
Neshaminy School District
Langhorne, Pennsylvania

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 the Neshaminy School District as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Neshaminy School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Neshaminy School District as of June 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2012, on our consideration of the Neshaminy School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Directors
Neshaminy School District
Langhorne, Pennsylvania

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16, budgetary comparison information on pages 48 and 49 and postemployment benefits other than pension funding progress on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Neshaminy School District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal and state 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. The supplementary information and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Maullie Falconiero & Company, LLP

Oaks, Pennsylvania
January 4, 2012



NESHAMINY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The discussion and analysis of Neshaminy School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole, by providing additional information that is not provided in the government-wide financial statements. Please read it in conjunction with the basic financial statements and single audit report.

Financial Highlights

- The District's net assets exceeded liabilities by \$32.2 million at the close of the most recent fiscal year.
- Overall revenues were \$162.3 million, \$6.8 million greater than expenses.
- Student enrollment continues to remain constant.
- The Other Post Employment Benefits (OPEB) obligation for the year was \$2,172.

Overview of the Financial Statements

The accompanying financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement Number 34 and present government-wide financial statements, fund financial statements, and notes to the basic financial statements, using both the accrual and modified accrual basis of accounting respectively.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* reports assets and liabilities for the entire District (governmental activities and business-type activities), with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* reports the District's expenses, revenues, depreciation and other changes in net assets during the year. This report focuses on the net cost of individual functions with reconciliation between the beginning net assets and the ending net assets.

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how cash and other financial assets can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Such information may be useful in evaluating the government's short-term financing requirements. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information to explain the relationship (or differences) between them can be found in the reconciliation statements.

The *balance sheet – governmental funds* reports assets, liabilities and fund balance of the General Fund and Capital Projects Fund.

The *reconciliation of total governmental funds balances to net assets of governmental activities* explains the differences in governmental fund balance reported on the *balance sheet – governmental funds* and the total net assets reported on the *statement of net assets*.

NESHAMINY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The *statement of revenues, expenditures and changes in fund balances – governmental funds* reports the revenues, expenditures and changes in fund balance for the General Fund and Capital Projects Fund.

The *reconciliation of the governmental funds statement of revenues, expenditures and changes in fund balances to the statement of activities* provides a reconciliation of the changes in fund balances reported on the *statement of revenues, expenditures and changes in fund balances* to the changes in net assets as reported on the *statement of activities*.

- **Proprietary funds.** *Proprietary funds* are used to account for activities that are similar to those often found in the private sector. The District maintains one proprietary fund type, which is an enterprise fund, for food service. *Enterprise funds* are used to account for the District's operations that are financed and operated in a manner similar to private business enterprises. The cost of providing goods or services to the students on a continuing basis is financed or recovered primarily through user charges or cost reimbursement plans. The food service fund accounts for the revenues, food purchases, and other costs and expenses of providing meals to students during the school year. This fund is reported as a major fund.

The *statement of net assets – proprietary fund* reports assets, liabilities and net assets for the food service fund.

The *statement of revenues, expenses and changes in fund net assets – proprietary fund* reports the revenues, expenses and changes in net assets for the food service fund.

The *statement of cash flows – proprietary fund* reports the inflows and outflows of cash during the fiscal year for the food service fund.

- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statement because the District cannot use these funds to finance its operations. The District uses an *agency fund* to account for resources held for student activities in the middle schools and high school and a *trust fund* to account for the receipts and disbursement of monies contributed to the District for scholarships and memorials.

The *statement of net assets – fiduciary funds* reports assets and liabilities for the District's student activity accounts and scholarship accounts.

The *statement of changes in net assets – fiduciary funds* reports changes in net assets for the District's scholarship accounts.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

NESHAMINY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Government-wide Financial Analysis

As of June 30, 2011, the District had total assets of \$159.4 million with 12.1% of these assets being in cash and cash equivalents (or \$19.2 million), 2.4% (or \$3.8 million) being in investments, and 78.5% (or \$125.0 million) being in the net value of land, buildings, furniture and equipment, and construction in progress. The remaining 7.0% is almost entirely attributed to the \$11.4 million in receivables. Changes in the capital assets include additions of \$3,195,863 and retirement of assets of \$397,890.

As of June 30, 2011, the District had total liabilities of \$127.2 million with 82.4% (or \$104.8 million) being in bonds payable, 4.2% (or \$5.3 million) being in accumulated compensated absences, 5.3% (or \$6.7 million) being in accounts payable, 0.8% (or \$1.0 million) being in accrued interest, and 1.0% (or \$1.3 million) being in accrued salaries and benefits. The principal paid for debt service during the year was \$4.6 million.

The resulting \$32.2 million in net assets includes unrestricted assets of \$13.2 million and \$19.0 million in capital assets, net of related debt. There was an increase in invested in capital assets, net of related debt of 7.6% and an increase in unrestricted net assets of 71.5%. This results in an overall increase in net assets of 27.0%.

Statement of Net Assets

	Government-wide Activities		Total Change
	2011	2010	2011-2010
Assets:			
Governmental Activities:			
Other Assets	\$33,687,637	\$26,898,251	\$6,789,386
Capital Assets	124,733,787	128,275,779	(3,541,992)
Total Governmental Assets	158,421,424	155,174,030	3,247,394
Business-Type Activities:			
Other Assets	659,390	333,884	325,506
Capital Assets	304,402	332,526	(28,124)
Total Business-Type Assets	963,792	666,410	297,382
Total Assets:			
Other Assets	34,347,027	27,232,135	7,114,892
Capital Assets	125,038,189	128,608,305	(3,570,116)
Total Assets	\$159,385,216	\$155,840,440	\$3,544,776
Liabilities:			
Governmental Activities:			
Other Liabilities	\$9,385,366	\$7,113,609	\$2,271,757
Long-Term Liabilities	117,406,225	123,080,102	(5,673,877)
Total Governmental Liabilities	126,791,591	130,193,711	(3,402,120)
Business-Type Activities:			
Other Liabilities	425,804	317,907	107,897
Total Business-Type Liabilities	425,804	317,907	107,897
Total Liabilities:			
Other Liabilities	9,811,170	7,431,516	2,379,654
Long-Term Liabilities	117,406,225	123,080,102	(5,673,877)
Total Liabilities	\$127,217,395	\$130,511,618	(\$3,294,223)

NESHAMINY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Statement of Net Assets (continued)

	Government-wide Activities		Total Change
	2011	2010	2011-2010
Net Assets:			
Governmental Activities:			
Invested in Capital Assets,			
Net of Related Debt	\$18,694,070	\$17,317,263	\$1,376,807
Unrestricted Net Assets	12,935,763	7,663,056	5,272,707
Total Governmental Net Assets	31,629,833	24,980,319	6,649,514
Business-Type Activities:			
Invested in Capital Assets,			
Net of Related Debt	304,402	332,526	(28,124)
Unrestricted Net Assets	233,586	15,977	217,609
Total Business-Type Net Assets	537,988	348,503	189,485
Total Net Assets:			
Invested in Capital Assets,			
Net of Related Debt	18,998,472	17,649,789	1,348,683
Unrestricted Net Assets	13,169,349	7,679,033	5,490,316
Total Net Assets	\$32,167,821	\$25,328,822	\$6,838,999

As seen in the *changes in net assets* chart below, the District's total revenues increased by \$686,034, which included a governmental activities increase of \$684,308 and a business-type activities increase of \$1,726. The District's total expenses decreased by \$5,058,140, which consisted of a governmental activities decrease of \$4,885,155, and a business-type activities decrease of \$172,985. This resulted in an increase in total net assets of \$6,838,999, which included an increase in governmental activities of \$6,649,514 and an increase in business-type activities of \$189,485.

The largest increase in revenues was from delinquent real estate taxes. Delinquent real estate taxes increased by \$769,900 (42.6%) due to the collection of delinquent real estate taxes.

The largest decrease in expenses was from facilities acquisition, construction and improvement services. This decreased by \$5,665,723 (96.2%) due to the completion of the high school renovation project.

NESHAMINY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Changes in Net Assets

	Government-wide Activities		Total Change
	2011	2010	2011-2010
Revenues:			
Program revenues:			
Governmental Activities:			
Charges for services	\$ 833,330	\$ 803,770	\$ 29,560
Operating grants and contributions	24,655,688	24,109,842	545,846
Business-Type Activities:			
Charges for services	2,224,002	2,297,344	(73,342)
Operating grants and contributions	1,117,444	1,042,376	75,068
General revenues:			
Governmental Activities:			
Property taxes	121,889,812	122,075,678	(185,866)
Unrestricted grants and contributions	10,391,740	10,959,053	(567,313)
Investment earnings	677,678	(236,489)	914,167
Gain (loss) of disposal of capital assets	(123,623)	(41,187)	(82,436)
Miscellaneous	676,965	646,615	30,350
Business-Type Activities:			
Total governmental activities revenues	159,001,590	158,317,282	684,308
Total business-type activities revenues	3,341,446	3,339,720	1,726
Total revenues	162,343,036	161,657,002	686,034
Expenses:			
Government Activities:			
Instruction:			
Regular	62,127,071	61,958,956	168,115
Special	28,281,469	27,479,483	801,986
Vocational	8,862,334	8,429,135	433,199
Other	2,333,968	2,311,902	22,066
Support services:			
Pupil	5,862,939	5,799,390	63,549
Instructional staff	3,057,351	2,992,464	64,887
Administration	8,145,021	8,274,527	(129,506)
Pupil Health	1,605,086	1,546,951	58,135
Business	1,870,013	1,630,566	239,447
Operation and maintenance of plant	12,052,286	12,454,624	(402,338)
Pupil transportation	8,573,858	8,975,137	(401,279)
Central	1,945,262	1,741,327	203,935
Other	114,562	110,281	4,281

NESHAMINY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Changes in Net Assets (continued)

	Government-wide Activities		Total Change
	2011	2010	2011-2010
Operation of non-instructional services:			
Student activities	1,401,211	1,407,654	(6,443)
Community services	311,447	457,970	(146,523)
Facilities acquisition, construction and improvement services	226,801	5,892,524	(5,665,723)
Interest on long-term debt	5,581,396	5,774,338	(192,942)
Total governmental activities expenses	152,352,074	157,237,229	(4,885,155)
Total business-type activities expenses – food service	3,151,961	3,324,946	(172,985)
Total expenses	155,504,035	160,562,175	(5,058,140)
Net (expense)/revenue:			
Governmental activities	6,649,516	1,080,053	5,569,463
Business-type activities	189,485	14,774	174,711
Total of revenues over expenses	6,839,001	1,094,827	5,744,174
Net assets - beginning:			
Governmental activities	24,980,317	23,900,266	1,080,051
Business-type activities	348,503	333,729	14,774
Total net assets - beginning	25,328,820	24,233,995	1,094,825
Net assets - ending:			
Governmental activities	31,629,833	24,980,319	6,649,514
Business-type activities	537,988	348,503	189,485
Total net assets - ending	<u>\$ 32,167,821</u>	<u>\$ 25,328,822</u>	<u>\$ 6,838,999</u>

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds.

Governmental funds report the differences between their assets and liabilities as fund balance, which are reported as five components: Nonspendable, Restricted, Committed, Assigned, and Unassigned. Nonspendable Fund Balance cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. Restricted Fund Balance are amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors. Committed Fund Balance are amounts that can be used only for specific purposes determined by a formal action by the Board of Directors. This includes the budget reserve account. Assigned Fund Balance are amounts that are intended to be used for a specific purpose, as expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the Authority. Unassigned Fund Balance are all amounts not included in other spendable classifications.

NESHAMINY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Fund balance in the *Balance Sheet – Governmental Funds* is the difference between revenue and expenditures at the end of the year, combined with the fund balance from the beginning of the year. Fund balance in the general fund is summarized below.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Difference</u>
Fund Balance:			
Nonspendable	\$ 2,128,152	\$ 644,791	\$ 1,483,361
Restricted	0	0	0
Committed	4,000,000	2,000,000	2,000,000
Assigned	282,398	96,897	185,501
Unassigned	<u>12,249,557</u>	<u>11,139,055</u>	<u>1,110,502</u>
Total Fund Balance	\$ <u>18,660,107</u>	\$ <u>13,780,743</u>	\$ <u>4,879,364</u>

For the year ended June 30, 2011, the fund balance increased \$4,879,364 from the prior year's balance. The increase in fund balance is primarily attributable to a favorable variance of budget to actual results in the following categories: Real estate taxes-current, salaries, benefits, purchased property services, and supplies. Non-emergency spending of expenditures was frozen in February 2011, which helped control the fund balance.

The fund balance in the capital projects fund decreased by \$379,070. This was due to the use of the General Obligation Bonds, 2006 and Series B of 2007, for the expenses of the high school renovation project. This decreased total assets by \$430,503 and decreased total liabilities by \$51,433. The capital projects fund balance is reserved for use with the capital projects only.

Proprietary Fund.

The proprietary fund is an enterprise fund (food service fund) that accounts for the revenues, food purchases, and other costs and expenses of providing meals to students during the school year. This fund is reported as a major fund.

Fund net assets in the *Statement of Net Assets – Proprietary Fund* is the difference between assets and liabilities at the end of the year. Total net assets are summarized below.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Difference</u>
Fund Net Assets:			
Total Assets	\$ 978,462	\$ 991,696	\$ 13,234
Total Liabilities	<u>440,474</u>	<u>643,193</u>	<u>202,719</u>
Invested in Capital Assets	304,402	332,526	(28,124)
Unrestricted	<u>233,586</u>	<u>15,977</u>	<u>217,609</u>
Total Net Assets	\$ <u>537,988</u>	\$ <u>348,503</u>	\$ <u>189,485</u>

As of June 30, 2011, the food service fund had \$537,988 in net assets. The increase of \$189,485 was due to a decrease of *invested in capital assets* of \$28,124 and an increase of *unrestricted assets* of \$217,609.

The food service revenues in 2010-2011 were 0.1% higher than the previous year. Some of the major increases were the special functions and federal subsidies. These increases were offset by decreases in the value of adult sales, student sales, value of donated commodities, and interest income.

The expenses in 2010-2011 were 5.2% less than the previous year. Some of the major decreases were in food costs, donated commodities, and profit sharing expense. These decreases were offset by increases in salary and payroll benefit expense, smallwares expense, depreciation expense, and supplies expense.

NESHAMINY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Fiduciary Funds.

The *fiduciary funds* consist of the *trust fund* and the *agency fund*. The *trust fund* accounts are the receipts and disbursement of monies contributed to the District for scholarships and memorials. The balance for 2010-2011 was \$72,301, which was \$7,146 greater than the previous year due to a decrease in scholarships payable. The *agency funds* are used for the student activity fund accounts for student activities in the high school and middle schools.

General Fund Budgetary Highlights

Variances between the original 2010-2011 budget and the final year-end budget were due to transfers done throughout the year and federal, state, and local grants. The grant budgets are increased as grants are awarded. These are not expected to have a significant effect on future services or liquidity.

The final revenue budget was \$1,248,247 over the original budget. This was due to additional funding from the state of \$243,502, from local sources of \$52,401, and \$952,344 in grants awarded during the fiscal year. The negative variance of actual revenues with the final budget of \$3,112,528 is primarily the result of real estate transfer taxes of \$314,504, business privilege taxes of \$101,070, penalties real estate taxes of \$225,451, income from investments of \$335,753, receipts/other PA school districts of \$156,080, and transportation subsidies of \$343,033.

The increase of \$1,010,865 in the final expenditure budget over the original budget is due to additional expenditures budgeted to take advantage of additional funding from the state grants awarded during the fiscal year. The positive variance of actual expenditures with the final budget of \$9,898,876 is primarily the result of the following factors: Savings of salaries and benefits \$3,942,260; purchased property services and other services \$1,177,563; general supplies \$1,281,201; property \$825,429 and other objects \$641,310.

Transfers

There was a transfer from the general fund to the capital reserve fund of \$1,000,000 to fund future capital projects.

Capital Asset and Debt Administration

Capital Assets. The District's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary fund capital assets are also reported in their fund financial statements.

For the year ending 2011, the District had \$124,773,787 in capital assets, less depreciation. The additions and retirements, less depreciation, were \$2,549,292 and construction in progress was \$542,104. For the year ending 2011, food service had \$304,402 in capital assets, less depreciation. More detailed information about capital assets can be found in Note F to the financial statements.

Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Total Change
	2011	2010	2011-2010
Land and improvements	\$ 4,627,464	\$ 4,627,464	\$ -
Buildings and building improvements	111,462,843	114,266,660	(2,803,817)
Furniture and equipment	8,101,376	8,922,813	(821,437)
Construction in process	542,104	458,842	83,262
Total capital assets	\$ 124,733,787	\$ 128,275,779	\$ (3,541,992)

NESHAMINY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

	Business-Type Activities		Total Change
	2011	2010	2011-2010
Furniture and equipment	304,402	332,526	(28,124)
Total capital assets	<u>\$ 304,402</u>	<u>\$ 332,526</u>	<u>\$ (28,124)</u>

Debt Administration. In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities.

For the year ending 2011, the District had \$104,555,000 in general obligation bonds, of which, \$4,760,000 are due within one year. Additional information on the District's bonds payable can be found in Notes G & H to the basic financial statements.

Bonds Payable

	Governmental Activities		Total Change
	2011	2010	2011-2010
Series 2004	18,345,000	19,375,000	(1,030,000)
Series 2006	68,480,000	68,485,000	(5,000)
Series A of 2007	8,960,000	12,505,000	(3,545,000)
Series B of 2007	8,770,000	8,775,000	(5,000)
Total bonds payable	<u>\$ 104,555,000</u>	<u>\$ 109,140,000</u>	<u>\$ (4,585,000)</u>

Major Financial Issues

Most of the major financial issues addressed by the District during the past year were a continuation of annual or on-going events that began in the prior year. Among these events are inadequate state funding and stagnant enrollment.

Inadequate State Funding. The Governor's 2010-2011 budget for the Commonwealth of Pennsylvania increased basic education funding 6.0% over the amount ultimately appropriated in 2009-2010. The funds were distributed based on a base cost amount and adjustments for poverty, school district size, geographic costs and English language learners. No school district received an increase of less than 2.0%. Neshaminy School District received a 2.0% increase.

The state did not increase the 2010-2011 school year allocations for special education funding.

The states' share of instruction expenditures has dropped from 54.2% in 1971-72 to 33.4% in 2010-2011.

o 1971-72	54.2%
o 1987-88	43.2%
o 1991-92	40.3%
o 2010-11	33.4%

Declining Enrollment. Unlike many of our surrounding school districts, Neshaminy School District has very little land available for future development. Without the influx of students caused by residential development, Neshaminy has been experiencing only the natural changes in demographics. These changes in demographics are caused by the aging of our community, and by a change in the number of children per household. According to projections made by school district officials and also by the Pennsylvania Department of Education, the District can expect declining and stagnant enrollment over the next few years.

NESHAMINY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

○ 2005-2006	9,214
○ 2006-2007	9,180
○ 2007-2008	8,963
○ 2008-2009	8,839
○ 2009-2010	8,687
○ 2010-2011	8,714
○ 2011-2012	8,641
○ 2012-2013	8,651

Strategic Plan

The District has elected to develop a comprehensive Strategic Plan that has focused our purpose and resources. A team of thirty-six visionary School Board members, administrators, teachers, support staff members, parents, community members, senior citizens, business leaders, known as the Strategic Planning Committee, were assembled to revise the Strategic Plan.

The Neshaminy community is committed to implementing the following strategies:

- We will build strong community partnerships by implementing processes for active community participation to ensure quality education.
- We will develop programs and services that will ensure the health, safety, and welfare of our students.
- We will restructure to integrate curriculum, instruction, and assessment to fulfill district and state requirements.
- We will promote the continuous growth of all staff so that they will be better able to help our students reach their greatest potential.

Labor Relations

The professional staff of the District is represented by the Neshaminy Federation of Teachers, an affiliation of the Pennsylvania Federation of Teachers. This group has the responsibility of bargaining for these employees. We are currently in negotiations since the agreement ended on June 30, 2008.

NESHAMINY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 18,765,862	\$ 486,469	\$ 19,232,331
Investments	3,778,109	-	3,778,109
Taxes receivable, net	3,917,464	-	3,917,464
Internal balances	14,670	(14,670)	-
Due from other governments	1,108,778	58,724	1,167,502
Other receivables, net	3,974,602	4,260	3,978,862
Inventories	243,299	139,921	383,220
Prepaid expenses	1,984,853	4,686	1,889,539
Capital assets			
Land and site improvements	4,627,464	-	4,627,464
Buildings and building improvements	177,651,776	-	177,651,776
Furniture and equipment	33,067,269	955,203	34,022,472
Construction in progress	542,104	-	542,104
Accumulated depreciation	(91,154,826)	(650,801)	(91,805,627)
TOTAL ASSETS	\$ 158,421,424	\$ 963,792	\$ 159,385,216
LIABILITIES AND NET ASSETS			
LIABILITIES			
Due to other governments	\$ 7,174	\$ -	\$ 7,174
Accounts payable	6,594,287	172,019	6,766,306
Accrued salaries and benefits	1,069,982	229,930	1,299,912
Self-insurance liability	661,297	-	661,297
Accrued interest	1,012,380	-	1,012,380
Unearned revenue	-	23,855	23,855
Other current liabilities	40,246	-	40,246
Long-term liabilities			
Portion due or payable within one year			
Bonds/note payable	5,016,814	-	5,016,814
Bond premium, net of issuance costs	90,485	-	90,485
Compensated absences	528,979	-	528,979
Portion due or payable after one year			
Bonds/note payable	99,795,000	-	99,795,000
Bond premium, net of issuance costs	1,137,418	-	1,137,418
Compensated absences	4,760,810	-	4,760,810
Derivative instrument, swap liability	350,599	-	350,599
Other postemployment benefits	5,726,120	-	5,726,120
TOTAL LIABILITIES	126,791,591	425,804	127,217,395
NET ASSETS			
Invested in capital assets, net of related debt	18,694,070	304,402	18,998,472
Restricted for standard fund balance reserves			
Capital projects	3,516,426	-	3,516,426
Unrestricted	9,419,337	233,586	9,652,923
TOTAL NET ASSETS	31,629,833	537,988	32,167,821
TOTAL LIABILITIES AND NET ASSETS	\$ 158,421,424	\$ 963,792	\$ 159,385,216

See accompanying notes to the basic financial statements.

NESHAMINY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
GOVERNMENTAL ACTIVITIES							
Instruction	\$ 62,127,071	\$ -	\$ 5,234,788	\$ -	\$ (56,892,283)	\$ -	\$ (56,892,283)
Regular programs	28,281,469	543,920	5,975,986	-	(21,761,563)	-	(21,761,563)
Special programs	8,862,334	8,575	-	-	(8,853,759)	-	(8,853,759)
Vocational education	2,333,968	110,139	10,617,590	-	8,393,761	-	8,393,761
Other instructional programs							
Support services							
Pupil personnel services	5,862,939	-	-	-	(5,862,939)	-	(5,862,939)
Instructional staff services	3,057,351	-	-	-	(3,057,351)	-	(3,057,351)
Administration services	8,145,021	-	-	-	(8,145,021)	-	(8,145,021)
Pupil health services	1,605,086	-	182,148	-	(1,422,938)	-	(1,422,938)
Business services	1,870,013	-	-	-	(1,870,013)	-	(1,870,013)
Operation and maintenance of plant services	12,052,286	-	-	-	(12,052,286)	-	(12,052,286)
Student transportation services	8,573,858	-	1,371,005	-	(7,202,853)	-	(7,202,853)
Central services	1,945,262	-	-	-	(1,945,262)	-	(1,945,262)
Other services	114,562	-	-	-	(114,562)	-	(114,562)
Operation of non-instructional services							
Student activities	1,401,210	71,731	-	-	(1,329,479)	-	(1,329,479)
Community services	311,447	98,965	35,343	-	(177,139)	-	(177,139)
Facilities acquisition, construction and improvement services	226,801	-	-	-	(226,801)	-	(226,801)
Loss on sale of capital assets	123,623	-	-	-	(123,623)	-	(123,623)
Interest on long-term debt	5,581,396	-	1,238,828	-	(4,342,568)	-	(4,342,568)
TOTAL GOVERNMENTAL ACTIVITIES	152,475,697	833,330	24,655,688	-	(126,986,679)	-	(126,986,679)
BUSINESS-TYPE ACTIVITIES							
Food service	3,151,961	2,238,502	1,102,944	-	-	189,485	189,485
TOTAL SCHOOL DISTRICT ACTIVITIES	\$ 155,627,658	\$ 3,071,832	\$ 25,758,632	\$ -	(126,986,679)	189,485	(126,797,194)
GENERAL REVENUES							
Property taxes, levied for general purposes					121,889,812	-	121,889,812
Grants and contributions not restricted to specific programs					10,391,740	-	10,391,740
Investment earnings					677,678	-	677,678
Miscellaneous					676,965	-	676,965
TOTAL GENERAL REVENUES					133,636,195	-	133,636,195
CHANGE IN NET ASSETS							
					6,649,516	189,485	6,839,001
NET ASSETS AT BEGINNING OF YEAR					24,980,317	348,503	25,328,820
NET ASSETS AT END OF YEAR					\$ 31,629,833	\$ 537,988	\$ 32,167,821

See accompanying notes to the basic financial statements.

NESHAMINY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2011

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 18,765,862	\$ -	\$ 18,765,862
Investments	268,174	3,509,935	3,778,109
Taxes receivable, net	3,917,464	-	3,917,464
Due from other funds	14,670	-	14,670
Due from other governments	1,108,778	-	1,108,778
Other receivables, net	3,968,111	6,491	3,974,602
Inventories	243,299	-	243,299
Prepaid items	1,884,853	-	1,884,853
TOTAL ASSETS	\$ 30,171,211	\$ 3,516,426	\$ 33,687,637
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 6,594,287	\$ -	\$ 6,594,287
Due to other governments	7,174	-	7,174
Self-insurance liability	661,297	-	661,297
Unearned revenue	3,138,118	-	3,138,118
Accrued salaries and benefits	1,069,982	-	1,069,982
Other current liabilities	40,246	-	40,246
TOTAL LIABILITIES	11,511,104	-	11,511,104
FUND BALANCES			
Nonspendable			
Inventories	243,299	-	243,299
Prepaid items	1,884,853	-	1,884,853
Restricted for capital projects	-	3,516,426	3,516,426
Committed to PSERS	4,000,000	-	4,000,000
Assigned to			
Operating expenses	282,398	-	282,398
Term swap savings	96,897	-	96,897
Unassigned	12,152,660	-	12,152,660
TOTAL FUND BALANCES	18,660,107	3,516,426	22,176,533
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,171,211	\$ 3,516,426	\$ 33,687,637

See accompanying notes to the basic financial statements.

NESHAMINY SCHOOL DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

June 30, 2011

TOTAL GOVERNMENTAL FUNDS BALANCES

\$ 22,176,533

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:

Land and site improvements	4,627,464
Buildings and building improvements	177,651,776
Furniture and equipment	33,067,269
Construction in progress	542,104
Accumulated depreciation	(91,154,826)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Accrued interest	(1,012,380)
Bonds/note payable	(104,811,814)
Bond premium, net of issuance costs	(1,227,903)
Compensated absences	(5,289,789)
Derivative instrument, swap liability	(350,599)
Other postemployment benefits	(5,726,120)

Some of the School District's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

3,138,118

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 31,629,833

See accompanying notes to the basic financial statements.

NESHAMINY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS Year Ended June 30, 2011

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources	\$ 123,646,741	\$ 3,329	\$ 123,650,070
State sources	29,141,111	-	29,141,111
Federal sources	5,847,103	-	5,847,103
TOTAL REVENUES	<u>158,634,955</u>	<u>3,329</u>	<u>158,638,284</u>
EXPENDITURES			
Instruction	97,951,195	-	97,951,195
Support services	41,916,395	-	41,916,395
Operation of non-instructional services	1,641,960	-	1,641,960
Facilities acquisition, construction and improvement services	705,187	1,382,399	2,087,586
Debt service			
Principal	5,354,804	-	5,354,804
Interest	5,203,346	-	5,203,346
TOTAL EXPENDITURES	<u>152,772,887</u>	<u>1,382,399</u>	<u>154,155,286</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,862,068</u>	<u>(1,379,070)</u>	<u>4,482,998</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,000,000	1,000,000
Transfers out	(1,000,000)	-	(1,000,000)
Proceeds from sale of capital assets	17,296	-	17,296
TOTAL OTHER FINANCING SOURCES (USES)	<u>(982,704)</u>	<u>1,000,000</u>	<u>17,296</u>
NET CHANGE IN FUND BALANCES	4,879,364	(379,070)	4,500,294
FUND BALANCES AT BEGINNING OF YEAR	<u>13,780,743</u>	<u>3,895,496</u>	<u>17,676,239</u>
FUND BALANCES AT END OF YEAR	<u>\$ 18,660,107</u>	<u>\$ 3,516,426</u>	<u>\$ 22,176,533</u>

See accompanying notes to the basic financial statements.

NESHAMINY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 4,500,294

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 (\$6,250,598) exceeds capital outlays (\$2,849,525) in the current period.

(3,401,073)

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

(40,618)

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net assets.

4,918,799

In the statement of activities, certain operating expenses--compensated absences (vacations and sick leave) and other postemployment benefits--are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

229,701

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.

57,955

Derivative instrument, change in swap liability

527,549

The net change in the liability for the net OPEB obligation is reported in the government-wide statements but not in the Governmental Funds statements.

(2,172)

Loss on disposal of capital assets is not recorded in the Governmental Funds. This is the amount of loss on disposal of capital assets.

(140,919)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 6,649,516

See accompanying notes to the basic financial statements.

NESHAMINY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

June 30, 2011

	Enterprise Fund Food Service Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 466,469
Accounts receivable, net	4,260
Due from other governments	58,724
Inventories	139,921
Prepaid expenses	4,686
	<hr/>
TOTAL CURRENT ASSETS	674,060
CAPITAL ASSETS	
Furniture and equipment	955,203
Accumulated depreciation	(650,801)
TOTAL CAPITAL ASSETS	<hr/> 304,402
TOTAL ASSETS	\$ <hr/> 978,462
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Due to other funds	\$ 14,670
Accounts payable	172,019
Accrued salaries and benefits	229,930
Deferred revenue	23,855
	<hr/>
TOTAL CURRENT LIABILITIES	440,474
NET ASSETS	
Invested in capital assets	304,402
Unrestricted	233,586
TOTAL NET ASSETS	<hr/> 537,988
TOTAL LIABILITIES AND NET ASSETS	\$ <hr/> 978,462

See accompanying notes to the basic financial statements.

NESHAMINY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUND Year Ended June 30, 2011

	Enterprise Fund Food Service Fund
OPERATING REVENUES	
Food service revenues	\$ 2,238,502
OPERATING EXPENSES	
Salaries	1,209,472
Employee benefits	407,535
Purchased professional and technical service	6,216
Purchased property service	19,541
Other purchased service	5,291
Supplies	1,431,052
Property	4,530
Depreciation	68,324
TOTAL OPERATING EXPENSES	3,151,961
OPERATING LOSS	(913,459)
NONOPERATING REVENUES	
Earnings on investments	589
State sources	185,502
Federal sources	916,853
TOTAL NONOPERATING REVENUES	1,102,944
CHANGE IN NET ASSETS	189,485
NET ASSETS AT BEGINNING OF YEAR	348,503
NET ASSETS AT END OF YEAR	\$ 537,988

See accompanying notes to the basic financial statements.

NESHAMINY SCHOOL DISTRICT**STATEMENT OF CASH FLOWS****PROPRIETARY FUND***Year Ended June 30, 2011*

	<u>Enterprise Fund Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,212,467
Payments to employees	(1,544,461)
Payments to suppliers	<u>(1,551,014)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(883,008)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal sources	788,814
State sources	<u>185,502</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>974,316</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition, construction and improvements of capital assets	<u>(40,200)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	<u>589</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,697
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>414,772</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 466,469</u>

NESHAMINY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

Year Ended June 30, 2011

Enterprise
Fund
Food
Service Fund

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating loss	\$ (913,459)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	68,324
Donated foods	128,039
(Increase) decrease in	
Accounts receivable	4,663
Inventories	36,006
Prepaid expenses	(3,862)
Increase (decrease) in	
Due to other funds	(310,616)
Accounts payable	66,049
Accrued salaries and benefits	72,546
Deferred revenue	<u>(30,698)</u>

NET CASH USED BY OPERATING ACTIVITIES \$ (883,008)

SUPPLEMENTAL DISCLOSURES

Noncash activities	
Donated foods	\$ 128,039

See accompanying notes to the basic financial statements.

NESHAMINY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	Private- Purpose Trust Funds	Activity Fund
ASSETS		
Cash and cash equivalents	\$ 18,371	\$ 406,242
Investments	<u>55,407</u>	<u>-</u>
TOTAL ASSETS	<u>73,778</u>	<u>\$ 406,242</u>
LIABILITIES		
Scholarships payable	1,477	\$ -
Due to student groups	<u>-</u>	<u>406,242</u>
TOTAL LIABILITIES	<u>1,477</u>	<u>\$ 406,242</u>
NET ASSETS		
Reserved for scholarships	<u>\$ 72,301</u>	

See accompanying notes to the basic financial statements.

NESHAMINY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2011

	<u>Private- Purpose Trust Funds</u>
ADDITIONS	
Contributions	\$ 7,544
Investment earnings	<u>602</u>
TOTAL ADDITIONS	8,146
DEDUCTIONS	
Scholarships awarded	<u>1,000</u>
CHANGE IN NET ASSETS	7,146
NET ASSETS AT BEGINNING OF YEAR	<u>65,155</u>
NET ASSETS AT END OF YEAR	<u>\$ 72,301</u>

See accompanying notes to the basic financial statements.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Neshaminy School District (the "School District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its Proprietary Fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, in that the financial statements include all organizations, activities and functions for which the School District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (1) the School District's ability to impose its will over a component unit or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden on the School District. This report presents the activities of the Neshaminy School District. The School District is not a component unit of another reporting entity nor does it have any component units.

Basis of Presentation and Accounting

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the Proprietary Fund financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Governmental Funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

Fund Financial Statements - Fund financial statements report detailed information about the School District. The focus of Governmental and Proprietary Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary Funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for 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 School District considers revenues to be available if they are collected within 60 days of the end of the 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. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The Proprietary Fund Type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the School District's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Trust Funds are reported using the economic resources measurement focus.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

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

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measureable and available (i.e., collectible within the current year or within 60 days from year-end and available to pay obligations of the current period). This includes property taxes, interest earnings, real estate transfer taxes and certain fees for services. Revenues for state and federally funded projects are recognized at the time the expenditures are made or when received in advance.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Pennsylvania.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and improvements in accordance with the applicable general obligation bond agreements.

Proprietary Fund

Food Service Fund - The Food Service Fund is used to account for operations (1) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Private-Purpose Trust Fund and Activity Fund - The Private-Purpose Trust and Activity Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Cash and Cash Equivalents

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are valued at fair value.

Short-Term Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the Governmental Funds balance sheet. Short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which, when present, are shown as internal balances.

Inventories and Prepaid Items

Inventory of food and milk in the Food Service Fund consists of supplies purchased and donated foods received from the federal government. Donated foods are valued at their fair market value in accordance with the *Manual of Accounting for Pennsylvania School Systems - Food Service Fund*. Food and supplies are carried at cost using the first-in, first-out method. Inventories of Governmental Funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/items in both the government-wide and fund financial statements. Prepaid expenses are reported under the purchase method.

Capital Assets

Capital assets, which include property, plant, equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The School District defines a capital asset as an asset with an initial, individual cost equal to or greater than \$4,000 or purchased with debt proceeds. The asset must also have an estimated useful life in excess of one year. Capital 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.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Property, plant and equipment of the School District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and building improvements	10-45
Furniture and equipment	5-20

Deferred Revenue

Deferred revenue arises when assets are recognized before the revenue recognition criteria have been satisfied. Such is the case in the General Fund, where deferred revenue has been established to offset real estate tax receivables. Deferred revenue also arises when resources are received by the School District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when the School District has a legal claim to the resources, the liability for deferred revenue is removed from the Governmental Funds balance sheet and revenue is recognized.

Long-Term Obligations

In the government-wide financial statements and the Proprietary Fund Type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, Governmental Funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Self-Insurance

The School District is self-insured for workers' compensation. The School District accounts for its self-insurance program in the General Fund.

The School District has accrued \$661,297 in the General Fund representing incurred but unreported claims for the workers' compensation program.

Compensated Absences

It is the School District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. These benefits are accrued when incurred in the government-wide, Proprietary and Fiduciary Funds financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GASB Statement No. 54

As of June 30, 2011, the School District has adopted GASB Statement No. 54, which redefined how fund balances of the Governmental Funds are presented in the financial statements. Fund balances are classified as follows:

- ***Nonspendable*** - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- ***Restricted*** - Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- ***Committed*** - Amounts that can be used only for specific purposes determined by a board motion approved by the Board of Directors. This includes the budget reserve account.
- ***Assigned*** - Amounts that are intended to be used for a specific purpose, as expressed by the Board of Directors or by the Business Administrator to which the Board of Directors has delegated the authority.
- ***Unassigned*** - All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds balance sheet (page 19). Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of Directors. The School District does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order. Fund balance at the beginning of the year for the Capital Projects Fund has been increased by \$3,068,342 to include the reclassification of the Capital Reserve Fund.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE B CASH AND INVESTMENTS

Cash

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2011, \$20,909,497 of the School District's bank balance of \$22,140,741 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the School District's name	\$ <u>20,909,497</u>
---	----------------------

Interest Rate Risk - The School District's investment policy limits investment maturities in accordance with the Commonwealth of Pennsylvania School Code as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments

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

Investment Type	Percentage of Investments	Fair Value	Maturities	
			Less Than One Year	1 to 5 Years
PA INVEST	82.43%	\$ 3,159,982	\$ 3,159,982	\$ -
PSDLAF	16.12%	618,127	618,127	-
Certificates of deposit	1.45%	55,407	33,418	21,989
		<u>\$ 3,833,516</u>	<u>\$ 3,811,527</u>	<u>\$ 21,989</u>

Investments with the Pennsylvania Local Government Investment Trust, PA INVEST and Pennsylvania School District Liquid Asset Fund (PSDLAF) are SEC Rule 2a7-like and are similar to investments in AAA money market mutual funds. These pooled investments are not subject to regulatory oversight and, as such, collateral is not required since the School District owns a proportionate share in the securities held in the trusts. The fair value of the School District's position in the pool is the same as the value of the pool share.

Credit Risk - State law permits the School District to invest funds in the following types of investments:

Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

The School District's investment policy does not further limit its investment choices. As of June 30, 2011, the School District's investment in the state investment pool was rated AAAM by Standard & Poor's.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The School District has no investment subject to custodial credit risk.

NOTE C TAXES - REAL ESTATE AND OTHER

The School Board is authorized by state law to levy property taxes for School District operations, capital improvements and debt service. Property taxes are based on assessed valuations of real property within the School District.

Taxes are levied on July 1 and payable in the following periods:

Discount period.....July 1 to August 31 - 2% of gross levy
Face period..... September 1 to October 31
Penalty period.....October 31 to collection - 10% of gross levy
Lien date..... January 15

School District taxes are billed and collected by the local elected tax collector. Property taxes attach as an enforceable lien on property as of July 1.

NOTE D ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2011, consisted of taxes, interest, other revenue and intergovernmental grants and entitlements. All receivables are considered fully collectible due to the ability to lien property for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

A summary of accounts receivable by fund is as follows:

	General Fund	Capital Projects Fund	Food Service Fund
Real estate taxes	\$ 3,582,438	\$ -	\$ -
Section 511 taxes	335,026	-	-
Due from other governments	1,108,778	-	58,724
Other receivables	3,968,111	6,491	4,260
	<u>\$ 8,994,353</u>	<u>\$ 6,491</u>	<u>\$ 62,984</u>

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE E INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2011, is as follows:

<u>Due to/from Other Funds</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	General Fund	Food Service Fund	\$ 14,670

The amounts between the Food Service Fund and the General Fund are General Fund monies used to pay the salary and benefits of Food Service Fund employees.

NOTE F CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated	\$ 4,627,464	\$ -	\$ -	\$ 4,627,464
Land and site improvements	458,842	378,300	(295,038)	542,104
Construction in progress	5,086,306	378,300	(295,038)	5,169,568
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED				
Capital assets being depreciated	176,294,979	1,356,797	-	177,651,776
Buildings and building improvements	(62,028,319)	(4,160,614)	-	(66,188,933)
Accumulated depreciation	114,266,660	(2,803,817)	-	111,462,843
TOTAL BUILDINGS AND BUILDING IMPROVEMENTS, net				
Furniture and equipment	32,055,693	1,409,466	(397,890)	33,067,269
Accumulated depreciation	(23,132,880)	(2,089,984)	256,971	(24,965,893)
TOTAL FURNITURE AND EQUIPMENT, net				
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net				
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	123,189,473	(3,484,335)	(140,919)	119,564,219
	128,275,779	(3,106,035)	(435,957)	124,733,787
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated	915,004	40,199	-	955,203
Furniture and equipment	(582,478)	(68,323)	-	(650,801)
Accumulated depreciation	332,526	(28,124)	-	304,402
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net				
CAPITAL ASSETS, net	\$ 128,608,305	\$ (3,134,159)	\$ (435,957)	\$ 125,038,189

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Depreciation expense was charged to governmental functions as follows:

INSTRUCTION	
Regular programs	\$ 2,652,404
Special programs	1,199,500
Vocational education	375,733
Other instructional programs	98,951
SUPPORT SERVICES	
Pupil personnel services	248,016
Instructional staff services	129,510
Administration services	344,553
Pupil health services	67,899
Business services	79,106
Operation and maintenance of plant services	517,048
Student transportation services	372,568
Central services	87,937
Other services	4,846
NON-INSTRUCTIONAL SERVICES	
Student activities	59,352
Community services	<u>13,175</u>
	<u>\$ 6,250,598</u>

Depreciation expense was charged to proprietary functions as follows:

Food Service Fund	<u>\$ 68,323</u>
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During 2009-2010, the School District entered into a contract for \$583,000 for repairs to a building on the high school campus. The renovations will allow the building to house the School District's alternative education program, the School District's purchasing department and the School District's facilities/operations department. The project is expected to be completed during the 2011-2012 school year.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE G LONG-TERM DEBT

General Obligation Bonds

The School District issues general obligation bonds to provide funds for acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$130,260,000. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year.

General Obligation Notes

The School District issues general obligation notes to provide funds for acquisition and construction of major capital facilities. The School District issued the 2007 note to finance the costs associated with the purchase and installation of technology equipment. General obligation notes are direct obligations and pledge the full faith and credit of the government.

Annual debt service requirements to maturity for general obligation bonds and the general obligation note are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 5,016,814	\$ 4,880,090
2013	4,940,000	4,679,270
2014	4,790,000	4,493,173
2015	4,895,000	4,272,610
2016	5,135,000	4,036,860
2017 to 2021	29,495,000	16,347,495
2022 to 2026	29,305,000	8,628,344
2027 to 2028	21,235,000	922,313
	<u>\$ 104,811,814</u>	<u>\$ 48,260,155</u>

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE H CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Interest Rate	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GENERAL OBLIGATION BONDS AND NOTE							
General obligation bonds							
Series of 2004	3.00% to 5.00%	4/15/2024	\$ 19,375,000	\$ -	\$ (1,030,000)	\$ 18,345,000	\$ 1,075,000
Series of 2006	3.30% to 5.00%	5/1/2027	68,485,000	-	(5,000)	68,480,000	5,000
Series A of 2007	3.60% to 4.50%	2/15/2014	12,505,000	-	(3,545,000)	8,960,000	3,675,000
Series B of 2007	3.60% to 5.00%	2/15/2028	8,775,000	-	(5,000)	8,770,000	5,000
TOTAL GENERAL OBLIGATION BONDS			<u>109,140,000</u>	<u>-</u>	<u>(4,585,000)</u>	<u>104,555,000</u>	<u>4,760,000</u>
General obligation note							
Series of 2007	5.46%	7/19/2011	500,128	-	(243,314)	256,814	256,814
TOTAL GENERAL OBLIGATION BONDS AND NOTE			<u>109,640,128</u>	<u>-</u>	<u>(4,828,314)</u>	<u>104,811,814</u>	<u>5,016,814</u>
DEFERRED AMOUNTS							
Bond premium			1,318,388	-	(90,485)	1,227,903	90,485
COMPENSATED ABSENCES							
			5,519,490	1,307,733	(1,537,434)	5,289,789	528,979
OTHER POSTEMPLOYMENT BENEFITS							
			5,723,948	5,452,641	(5,450,469)	5,726,120	-
TOTAL LONG-TERM LIABILITIES			<u>\$ 122,201,954</u>	<u>\$ 6,760,374</u>	<u>\$ (11,906,702)</u>	<u>\$ 117,055,626</u>	<u>\$ 5,636,278</u>

Compensated absences are generally liquidated by the General Fund.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE I INTEREST RATE SWAP

Objective

As a means to assist the School District in managing interest costs when compared against the School District's fixed-rate debt, the School District entered into a Fixed Spread Basis Swap (the "Swap") to take advantage of historically low interest rates without completing a refunding of any of its long-term debt.

Terms

The School District entered into the Swap agreement with Royal Bank of Canada (the "counterparty") on March 1, 2006, which matures on May 1, 2037. The executed transaction is a 15-year amortizing floating-to-fixed interest rate swap. The notional amount of the Swap is \$34,985,000. The School District pays the counterparty a variable rate equivalent to the Securities Industry and Financial Markets Association (SIFMA), which was 0.09% as of June 30, 2011. The counterparty pays the School District a combination of a fixed rate of 3.90% and a computed rate of 0.12432% of the London InterBank Offered Rate (LIBOR). The LIBOR was 0.18555% as of June 30, 2011.

Fair Value

As of June 30, 2011, the Swap had a negative fair value of \$(350,599). An interest rate swap is a financial instrument whose economic value will change over time. The economic value may be positive or negative, depending on interest rate movements after the initial trade date. The Swap's fair value was estimated by comparing the fixed rate set at the inception of the transaction and the "swap replacement rate," which represents the market rate for an offsetting interest rate swap with the same notional amount and final maturity date. The market value was then determined by calculating the present value interest differential between the contractual swap and the replacement swap.

Credit Risk

As of June 30, 2011, the Swap's negative fair value represented the School District's credit exposure to the counterparty's in the amount of the Swap's fair value. The counterparty was rated Aa1 by Moody's, AA by Fitch and AA- by Standard & Poor's.

Basis Risk

The Swap exposes the School District to basis risk should the relationship between LIBOR and SIFMA converge and short-term interest rates rise significantly. If a change occurs that results in the rates moving to convergence, or a significant increase in short-term interest rates occurs, the expected cost savings may not be realized. At June 30, 2011, the estimated accrued interest was \$20,003.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Termination Risk

The School District or the counterparty may terminate the Swap if the other party fails to perform under the terms of the agreement. If, at the time of termination, the Swap has a negative fair value, the School District would be liable to the counterparty for a payment equal to the Swap's fair value.

NOTE J NONCANCELABLE LEASE OBLIGATION

In December 1995, the Bucks County Technical School Authority (the "Authority") issued 20-year School Revenue Bonds in the aggregate amount of \$35,360,000 for a new technical school and renovations on the old technical school. These bonds were refinanced in 2005. The bonds are secured under a trust indenture between the Authority and Wachovia National Bank by a pledge of, and are payable solely from, lease rentals payable by the Authority's member school districts, which includes the School District, under an assignment of the lease. Thus, the School District is obligated for a portion of the above amount. Each member school district's portion of the debt is based on a calculation of the apportionment of the lease rental among the member school districts made to create an equal millage impact upon all member school districts, which is effective for five years. This apportionment is then adjusted every five years thereafter until the lease expires or all payments are made. The School District made rental payments in the amount of \$768,964 for the year ended June 30, 2011, of which \$526,490 represented principal payments.

Shown below are the School District's lease payments for the next five years and thereafter, based on the apportionment that is binding through fiscal year 2011:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Administrative</u> <u>Fees</u>	<u>Totals</u>
2012	\$ 549,074	\$ 219,589	\$ 5,604	\$ 774,267
2013	574,481	193,848	5,604	773,933
2014	598,476	169,865	5,604	773,945
2015	625,295	142,263	5,604	773,162
2016	657,759	110,187	5,604	773,550
2017 to 2019	<u>2,148,303</u>	<u>150,382</u>	<u>16,812</u>	<u>2,315,497</u>
	<u>\$ 5,153,388</u>	<u>\$ 986,134</u>	<u>\$ 44,832</u>	<u>\$ 6,184,354</u>

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE K UNEARNED REVENUE

General Fund

Real estate taxes collected within 60 days of the close of the fiscal year are recorded as current revenues. The noncurrent portion of real estate taxes receivable is recorded as unearned revenue until such time as it becomes available. Program grants received prior to the incurrence of qualifying expenditures are recorded as unearned revenue.

At June 30, 2011, unearned revenue consisted of delinquent taxes receivable of \$3,138,118.

Food Service Fund

Unearned revenue of \$23,855 in the Food Service Fund represents deferred donated commodity revenue.

NOTE L PENSIONS

School districts in the Commonwealth of Pennsylvania participate in a state administered pension program. Under the program, contributions are made by each of three parties--the School District, the state and the employee. All full-time employees of the School District and part-time employees who meet certain minimum employment requirements participate in the program.

Plan Description

Name of Plan: Public School Employees' Retirement System (the "System").

Type of Plan: Governmental cost-sharing multiple-employer defined benefit plan.

Benefits: Retirement and disability, legislatively mandated *ad hoc* cost-of-living adjustments, healthcare insurance premium assistance to qualifying annuitants.

Authority: The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa. C. S. 8101-8535).

Annual Financial Report: The System issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Diane J. Wert, Office of Financial Management, Public School Employees' Retirement System, PO Box 125, Harrisburg, PA 17108-0125. This publication is also available on the PSERS website at www.psers.state.pa.us/publications/cafr/index.htm.

Funding Policy

Authority: The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers and the Commonwealth.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Contribution Rates

Member Contributions

- Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System after June 30, 2001, 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.

Employer Contributions: Contributions required of employers are based upon an actuarial valuation. For the fiscal year ended June 30, 2011, the rate of employer's contribution was 5.64% of covered payroll. The 5.64% rate is composed of a pension contribution rate of 5.00% for pension benefits and .64% for healthcare insurance premium assistance.

The School District's contribution to PSERS for the years ended June 30, 2011, 2010 and 2009, was \$3,838,331, \$3,862,447 and \$3,751,133, respectively, equal to the required contribution for each year.

NOTE M OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The School District provides medical and dental insurance benefits to eligible retired employees, spouses and dependents through a single-employer defined benefit plan. The benefits, benefits level, employee contribution and employer contribution are administered by the School Board and can be amended by the School District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the School District's General Fund.

Funding Policy

The School District negotiates the contribution percentage between the School District and employees through union contracts and its personnel policy. The required contribution rates of the employer and the members vary depending on the applicable agreement. The School District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the School District.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Annual OPEB Cost and Net OPEB Obligation

The School District's annual other postemployment 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 No. 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 (or funding excess) over a period not to exceed 30 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 to the plan:

Normal cost	\$ 1,936,036
Amortization of unfunded actuarial accrued liability	3,566,783
Interest	87,122
ANNUAL REQUIRED CONTRIBUTION (ARC)	5,589,941
Interest on net OPEB obligation	257,578
Adjustment to ARC	(394,878)
ANNUAL OPEB EXPENSE	5,452,641
Net OPEB contributions during the year	(5,450,469)
INCREASE IN NET OPEB OBLIGATION	2,172
Net OPEB obligation at beginning of year	5,723,948
NET OPEB OBLIGATION AT END OF YEAR	\$ 5,726,120

<u>Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 5,596,863	55.3%	\$ 5,474,394
2010	5,458,627	95.4%	5,723,948
2011	5,452,641	99.9%	5,726,120

Funded Status and Funding Progress

As of January 1, 2010, the actuarial accrued liability for benefits was \$51,702,301, and the actuarial value of assets was \$0, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$66,886,777, and the ratio of the UAAL to the covered payroll was 77.30%.

The projection of future benefit payments for an ongoing plan involves 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.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

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 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 the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 7.5% initially, reduced by decrements to an ultimate rate of 5% in 2015 and later. Both rates included a 3% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was 27 years.

NOTE N COMPENSATED ABSENCES

School District employees who are required to work on a 12-month schedule are credited with vacation at rates which vary with length of service or job classification. Vacation (for most employee categories) may be taken or accumulated within certain limits and is paid prior to retirement or termination at the employee's current rate of pay.

The liability to current employees is estimated and will change since unused vacation will be paid at the rate of pay in effect at the time of separation. These accumulated leaves are recorded as an expenditure in the period taken or as an accrued expenditure in the fiscal year of separation. Termination compensation payable in future years, which was \$5,289,789 at June 30, 2011, is recorded in compensated absences in the statement of net assets.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE O RISK MANAGEMENT

Workers' Compensation Self-Insurance

In fiscal year 1996, the School District established a Workers' Compensation Program to account for and finance its uninsured risks of loss due to employee claims. This program provides coverage up to a maximum of \$300,000 for each individual worker's compensation occurrence with specific, lower annual maximums over the life of the claim. The School District purchases commercial insurance for claims in excess of coverage provided by the program.

All School District employees are covered by the program. All salary-paying funds of the School District participate in the program and make payments to the program, which are accounted for in the General Fund, based on estimates of the amounts needed to pay prior and current period claims. The claims liability of \$661,297 is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the program's claims liability for the year ended June 30, 2011, is presented below:

<u>Balance</u> <u>June 30, 2010</u>	<u>Current Year</u> <u>Claims and</u> <u>Changes in</u> <u>Estimates</u>	<u>Claim</u> <u>Payments</u>	<u>Market</u> <u>Adjustment</u>	<u>Balance</u> <u>June 30, 2011</u>
\$ <u>732,038</u>	\$ <u>245,324</u>	\$ <u>(312,827)</u>	\$ <u>(3,238)</u>	\$ <u>661,297</u>

Other Risks

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the School District to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NESHAMINY SCHOOL DISTRICT

Individual Fund
Statements and Schedules

Required Supplementary Information

Individual Fund Schedules are presented to provide information on the individual funds where the School District has only one fund of a specific type or to present detail in addition to that provided in the combining statements.

Schedules, although not necessary for fair presentation in conformity with generally accepted accounting principles, are provided for the reader's information. The schedules are presented to demonstrate finance-related legal and contractual compliance, to provide detail of data summarized in the financial statements, and to present other information deemed useful to the reader.

NESHAMINY SCHOOL DISTRICT

Description of General Fund

Required Supplementary Information

The General Fund accounts for all financial resources of the District except for those specifically required by law to be accounted in another fund.

NESHAMINY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 125,645,719	\$ 125,698,120	\$ 123,646,741	\$ (2,051,379)
State sources	32,832,130	33,075,632	29,141,111	(3,934,521)
Federal sources	2,021,387	2,973,731	5,847,103	2,873,372
TOTAL REVENUES	160,499,236	161,747,483	158,634,955	(3,112,528)
EXPENDITURES				
Instruction	99,812,408	101,032,722	97,951,195	3,081,527
Support services	46,277,757	46,077,169	41,916,395	4,100,774
Operation of non-instructional services	1,821,788	1,831,078	1,641,960	189,118
Facilities acquisition, construction and improvement services	1,541,546	1,541,546	705,187	836,359
Debt service	11,907,399	11,907,399	10,558,150	1,249,249
Budgetary reserve	400,000	441,849	-	441,849
TOTAL EXPENDITURES	161,660,898	162,671,763	152,772,887	9,898,876
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,161,662)	(924,280)	5,862,068	6,786,348
OTHER FINANCING SOURCES (USES)				
Transfers, net	(1,000,000)	(1,000,000)	(1,000,000)	-
Proceeds from sale of capital assets	-	-	17,296	17,296
TOTAL OTHER FINANCING SOURCES (USES)	(1,000,000)	(1,000,000)	(982,704)	17,296
NET CHANGE IN FUND BALANCE	(2,161,662)	(1,924,280)	4,879,364	6,803,644
FUND BALANCE AT BEGINNING OF YEAR	13,780,743	13,780,743	13,780,743	-
FUND BALANCE AT END OF YEAR	\$ 11,619,081	\$ 11,856,463	\$ 18,660,107	\$ 6,803,644

See accompanying note to the budgetary comparison schedule.

NESHAMINY SCHOOL DISTRICT
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2011

NOTE A BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for the Capital Projects Fund.

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to March 1, the Business Manager submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The School District also prepares budgets for the Capital Projects Fund. No budget is prepared for the Food Service Fund.
2. Public hearings are conducted at the School District offices to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance. The Capital Projects Fund budgets are not legally adopted.
4. Legal budgetary control is maintained by the School Board at the department level. Transfers between departments, whether between funds or within a fund, or revisions that alter total revenues and expenditures of any fund must be approved by the School Board. Budgetary information in the combined operating statements is presented at or below the legal level of budgetary control. It also includes the effects of approved budget amendments. There were no budget amendments made in fiscal year 2011.
5. Budgetary data are included in the School District's management information system and are employed as a management control device during the year.
6. Unused appropriations lapse at the end of each fiscal year; however, the School District increases the subsequent year's appropriation by an amount equal to outstanding encumbrances and reserves a portion of the fund balance in a like amount.
7. The budget for the General Fund is adopted substantially on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

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 budgets during the year).

NESHAMINY SCHOOL DISTRICT
POSTEMPLOYMENT BENEFITS OTHER THAN
PENSION FUNDING PROGRESS
Year Ended June 30, 2011

SCHEDULE OF FUNDING PROGRESS

Valuation Date January 1,	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
2008	\$ -	\$ 48,547,816	\$ 48,547,816	0%	\$ 78,141,319	62.13%
2010	-	51,702,301	51,702,301	0%	66,886,777	77.30%

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NESHAMINY SCHOOL DISTRICT
Schedule of Expenditures by Function and Object
Budget and Actual (GAAP Basis) - General Fund
Year Ended June 30, 2011

	General Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>INSTRUCTIONAL PROGRAMS</u>			
<u>Regular Education:</u>			
Salaries	\$41,162,495	39,529,637	1,632,858
Employee Benefits	17,271,602	16,539,197	732,405
Professional Services	608,205	581,393	26,812
Property Services	261,421	252,491	8,930
Other Services	1,718,041	1,718,041	0
Supplies	1,017,975	888,452	129,523
Other Objects	590,562	539,511	51,051
Sub Total Regular Education	62,630,301	60,048,722	2,581,579
<u>Special Education:</u>			
Salaries	10,068,987	10,068,986	(1)
Employee Benefits	4,350,746	4,103,875	246,871
Professional Services	9,658,787	9,658,787	0
Property Services	2,000	723	1,277
Other Services	3,153,056	3,153,056	0
Supplies	239,553	166,704	72,849
Other Objects	110,744	3,771	106,973
Sub Total Special Education	27,583,873	27,155,902	427,971
<u>Vocational Education:</u>			
Salaries	3,104,263	3,104,262	1
Employee Benefits	1,429,856	1,370,925	58,931
Professional Services	0	0	0
Other Services	3,996,194	3,996,245	(51)
Supplies	38,253	34,924	3,329
Other Objects	0	0	0
Sub Total Vocational Education	8,568,566	8,506,356	62,210
<u>Other Instructional Programs:</u>			
Salaries	892,786	892,786	0
Employee Benefits	321,141	312,120	9,021
Professional Services	87,980	87,980	0
Property Services	35,074	33,860	1,214
Other Services	898,345	898,797	(452)
Supplies	13,656	13,655	1
Other Objects	1,000	1,000	0
Sub Total Other Instructional Programs	2,249,982	2,240,198	9,784
TOTAL INSTRUCTIONAL PROGRAMS	\$101,032,722	97,951,178	3,081,544

continued to next page

NESHAMINY SCHOOL DISTRICT
Schedule of Expenditures by Function and Object
Budget and Actual (GAAP Basis) - General Fund
Year Ended June 30, 2011

continued from prior page

	General Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>SUPPORT SERVICES</u>			
<u>Pupil Services:</u>			
Salaries	\$3,939,009	3,867,425	71,584
Employee Benefits	1,699,191	1,546,164	153,027
Professional Services	200,000	183,746	16,254
Property Services	1,600	0	1,600
Other Services	17,125	9,896	7,229
Supplies	19,850	7,694	12,156
Other Objects	0	0	0
Sub Total Pupil Services	5,876,775	5,614,925	261,850
<u>Instructional Services:</u>			
Salaries	2,285,690	1,939,919	345,771
Employee Benefits	835,877	717,124	118,753
Professional Services	28,147	22,776	5,371
Property Services	54,358	29,087	25,271
Other Services	62,591	38,468	24,123
Supplies	239,926	183,399	56,527
Other Objects	4,000	1,246	2,754
Sub Total Instructional Services	3,510,589	2,932,019	578,570
<u>Administrative Services:</u>			
Salaries	5,160,886	5,160,885	1
Employee Benefits	2,229,043	1,887,737	341,306
Professional Services	553,563	553,178	385
Property Services	6,470	6,266	204
Other Services	85,265	78,222	7,043
Supplies	98,791	75,706	23,085
Other Objects	60,921	38,477	22,444
Sub Total Administrative Services	8,194,939	7,800,471	394,468
<u>Health Services:</u>			
Salaries	1,111,481	1,111,481	0
Employee Benefits	426,793	404,436	22,357
Professional Services	9,150	8,757	393
Other Services	232	231	1
Supplies	12,280	12,280	0
Other Objects	550	0	550
Sub Total Health Services	\$1,560,486	1,537,185	23,301

continued to next page

NESHAMINY SCHOOL DISTRICT
Schedule of Expenditures by Function and Object
Budget and Actual (GAAP Basis) - General Fund
Year Ended June 30, 2011

continued from prior page

	General Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>SUPPORT SERVICES</u>			
<u>Business Services:</u>			
Salaries	\$1,021,235	1,021,235	0
Employee Benefits	535,934	535,933	1
Professional Services	163,606	83,998	79,608
Property Services	33,300	17,671	15,629
Other Services	101,000	71,462	29,538
Supplies	27,390	16,664	10,726
Other Objects	145,743	43,945	101,798
Sub Total Business Services	2,028,208	1,790,908	237,300
<u>Plant Operations & Maintenance:</u>			
Salaries	5,232,453	5,192,441	40,012
Employee Benefits	2,188,121	1,979,834	208,287
Professional Services	325,000	286,337	38,663
Property Services	2,726,929	2,244,864	482,065
Other Services	392,404	345,164	47,240
Supplies	2,294,146	1,544,487	749,659
Other Objects	228,281	112,515	115,766
Sub Total Operations & Maintenance	13,387,334	11,705,642	1,681,692
<u>Transportation:</u>			
Salaries	3,247,604	3,247,604	0
Employee Benefits	2,063,136	2,063,136	(0)
Professional Services	118,074	69,481	48,593
Property Services	6,920	3,753	3,167
Other Services	2,115,122	1,994,690	120,432
Supplies	927,710	837,548	90,162
Other Objects	572,203	218,479	353,724
Sub Total Transportation	9,050,769	8,434,691	616,078
<u>Central Services:</u>			
Salaries	710,947	659,309	51,638
Employee Benefits	294,278	294,277	1
Professional Services	524,315	431,824	92,491
Property Services	369,735	319,390	50,345
Other Services	10,550	3,253	7,297
Supplies	214,850	133,805	81,045
Other Objects	173,675	148,980	24,695
Sub Total Central Services	\$2,298,350	1,990,838	307,512

continued to next page

NESHAMINY SCHOOL DISTRICT
Schedule of Expenditures by Function and Object
Budget and Actual (GAAP Basis) - General Fund
Year Ended June 30, 2011

continued from prior page

	General Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>SUPPORT SERVICES</u>			
Other Support Programs			
Other Services	\$109,717	109,716	1
Sub Total Other Support Services	109,717	109,716	1
<u>TOTAL SUPPORT SERVICES</u>	\$46,017,167	41,916,395	4,100,772
 <u>NON-INSTRUCTIONAL SERVICES</u>			
<u>Student Activities:</u>			
Salaries	1,035,279	960,756	74,523
Employee Benefits	154,487	131,160	23,327
Professional Services	106,783	78,354	28,429
Property Services	46,625	30,467	16,158
Other Services	16,211	16,211	0
Supplies	148,322	105,360	42,962
Other Objects	27,395	21,395	6,000
Sub Total Student Activities	1,535,102	1,343,703	191,399
<u>Community Services:</u>			
Salaries	97,367	57,542	39,825
Employee Benefits	15,881	5,484	10,397
Professional Services	169,553	161,891	7,662
Property Services	1,500	286	1,214
Other Services	3,400	591	2,809
Supplies	6,575	121	6,454
Other Objects	1,700	613	1,087
Sub Total Community Services	295,976	226,528	69,448
<u>TOTAL NON-INSTRUCTIONAL SERVICES</u>	1,831,078	1,570,231	260,847
 <u>FACILITIES ACQUISITION</u>			
Construction & Improvements:			
Other Objects	1,541,546	705,187	836,359
<u>TOTAL FACILITIES ACQUISITION</u>	\$1,541,546	705,187	836,359

continued to next page

NESHAMINY SCHOOL DISTRICT
Schedule of Expenditures by Function and Object
Budget and Actual (GAAP Basis) - General Fund
Year Ended June 30, 2011

continued from prior page

	General Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>DEBT SERVICE</u>			
Other Objects:			
Principal	\$5,354,804	5,354,803	1
Interest	5,452,595	5,275,090	177,505
<u>TOTAL DEBT SERVICE</u>	<u>10,807,399</u>	<u>10,629,893</u>	<u>177,506</u>
<u>OTHER FINANCING USES</u>			
Capital Reserve Fund Transfers	1,000,000	1,000,000	0
<u>TOTAL OTHER FINANCING USES</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
<u>BUDGETARY RESERVE</u>	<u>441,849</u>	<u>0</u>	<u>441,849</u>
<u>TOTAL EXPENDITURES</u>	<u>\$162,671,762</u>	<u>153,772,884</u>	<u>8,898,876</u>

NESHAMINY SCHOOL DISTRICT
SCHEDULE OF GENERAL FUND REVENUES
Year Ended June 30, 2011

GENERAL FUND REVENUES

Local sources

Taxes, current and interim real estate	\$ 113,849,818
Real estate transfer tax	1,064,730
Public utility realty tax	171,822
Public current per capita tax	383,133
Current business privilege tax	1,325,798
Current mercantile tax	1,237,542
Current occupational privilege tax	158,340
Amusement tax	643,055
Delinquent taxes (all levies)	3,061,638
TOTAL TAXES	121,895,876
Receipts from Pennsylvania school districts	543,920
Earnings from temporary deposits and investments	146,800
Rent from school and other facilities	656,317
Miscellaneous revenue	403,828
TOTAL LOCAL SOURCES	123,646,741

State sources

Basic instructional subsidy	10,391,740
Charter school subsidy	365,544
Special education	5,975,986
Transportation	1,371,005
Health service	182,148
Retirement subsidy	2,060,667
Social Security subsidy	2,808,577
Rental payment subsidy	1,238,828
Alternative education	(3,441)
Educational assistance program	215,958
Property tax reduction allocation	3,591,236
Miscellaneous grants	942,863
TOTAL STATE SOURCES	29,141,111

Federal sources

State Fiscal Stabilization	1,197,782
Title I	90,140
Other federal programs and grants	4,559,181
TOTAL FEDERAL SOURCES	5,847,103

TOTAL GENERAL FUND REVENUES **\$ 158,634,955**

NESHAMINY SCHOOL DISTRICT

Description of Fiduciary Funds

The agency funds account for assets held by the District as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds include Student Activities' Funds.

The Trust Fund accounts for the receipts and disbursements of monies contributed to the District for scholarships and memorials.

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NESHAMINY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
Year Ended June 30, 2011

	Activity Fund			
	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS				
Cash and cash equivalents	\$ <u>464,128</u>	\$ <u>1,067,093</u>	\$ <u>(1,124,979)</u>	\$ <u>406,242</u>
LIABILITIES				
Due to student groups	\$ <u>464,128</u>	\$ <u>1,067,093</u>	\$ <u>(1,124,979)</u>	\$ <u>406,242</u>



STATISTICS

NESHAMINY SCHOOL DISTRICT

Statistical Section Narrative (Unaudited)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trend Data

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity Data

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity Data

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 with the fiscal year beginning July 1, 2001; therefore, schedules presenting government-wide information include information beginning with June 30, 2001.

NESHAMINY SCHOOL DISTRICT

General Fund Expenditures and Other Financing Uses by Function Last Ten Fiscal Years (Unaudited)

<u>Function Groups</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>
Instructional Programs:			
Regular Education	49,139,293	51,369,252	54,157,549
Special Education	15,623,140	17,250,791	18,473,437
Vocational Education	7,685,042	6,597,827	7,295,892
Other Instructional Programs	2,838,966	3,518,636	3,631,494
TOTAL INSTRUCTIONAL PROGRAMS	75,286,441	78,736,506	83,558,372
Support Services:			
Pupil Personnel	4,220,562	4,153,861	4,382,918
Instructional	2,666,585	2,708,268	2,818,427
Administrative	6,586,897	7,069,417	7,525,009
Pupil Health	1,210,215	1,333,373	1,414,906
Business Office	1,288,249	1,416,084	1,563,458
Plant Operation & Maintenance	10,979,931	10,877,730	11,764,308
Student Transportation	5,744,109	5,976,395	6,772,738
Central Support	723,495	1,152,747	952,649
Other Support	116,330	111,813	110,859
TOTAL SUPPORT SERVICES	33,536,373	34,799,688	37,305,272
Non-Instructional Services:			
Student Activities	1,339,315	1,368,700	1,445,521
Community Services	250,166	228,056	277,036
TOTAL NON-INSTRUCTIONAL SERVICES	1,589,481	1,596,756	1,722,557
Facilities Acquisition, Construction and Improvement Services	567,955	1,716,578	874,847
TOTAL CURRENT EXPENDITURES	110,980,250	116,849,528	123,461,048
Debt Service	4,842,844	5,091,173	7,263,780
Other	0	0	0
TOTAL DEBT SERVICE/OTHER	4,842,844	5,091,173	7,263,780
Other Financing Uses:			
Operating Transfers In			2,285,707
Operating Transfers Out	24,569	12,586	514,476
TOTAL EXPENDITURES AND OTHER USES	115,847,663	121,953,287	133,525,011

Sources: Pennsylvania Department of Education PDE-2057 and School District Financial Statements

<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
55,207,048	58,127,086	59,608,559	65,742,429	61,214,473	59,486,990	60,048,738
19,900,029	22,260,500	23,284,137	24,813,761	26,823,325	26,386,597	27,155,903
8,107,999	8,663,591	9,261,454	9,867,253	9,318,439	8,079,084	8,506,356
4,616,054	4,994,171	5,455,528	3,460,576	1,981,041	2,215,918	2,240,198
87,831,130	94,045,348	97,609,678	103,884,019	99,337,278	96,168,589	97,951,195
4,580,018	4,780,364	5,122,629	5,510,953	5,403,059	5,571,157	5,614,920
2,950,036	3,181,356	3,110,253	3,398,391	3,022,443	2,874,469	2,932,019
7,616,374	8,240,200	8,081,779	8,684,393	7,527,717	7,948,170	7,800,472
1,500,093	1,542,966	1,601,187	1,658,683	1,427,265	1,485,934	1,537,185
1,513,836	1,853,247	1,712,303	1,739,071	1,623,841	1,566,261	1,790,910
12,111,889	12,844,953	13,197,161	13,332,357	13,443,881	12,075,595	11,705,643
7,824,049	8,106,425	8,465,538	8,943,664	9,369,080	8,778,629	8,434,691
999,336	1,299,188	1,460,840	1,885,295	1,993,291	1,672,648	1,990,838
109,230	109,089	106,622	105,822	108,329	108,220	109,716
39,204,861	41,957,789	42,858,313	45,258,631	43,918,906	42,081,083	41,916,395
1,598,186	1,586,372	1,603,747	1,768,174	1,559,281	1,552,276	1,415,432
227,087	264,678	254,948	269,707	211,440	240,909	226,528
1,825,273	1,851,049	1,858,695	2,037,881	1,770,721	1,793,185	1,641,960
532,701	546,440	528,618	371,175	222,430	599,124	705,187
129,393,965	138,400,626	142,855,304	151,551,706	145,249,335	140,641,981	142,214,737
6,994,048	7,274,918	9,024,870	10,274,422	10,791,893	10,562,471	10,558,150
0	0	349,737	0	0	0	0
6,994,048	7,274,918	9,374,607	10,274,422	10,791,893	10,562,471	10,558,150
516,058	517,612	1,449,000	500,000	0	250,000	1,000,000
136,904,071	146,193,156	153,678,911	162,326,128	156,041,228	151,454,452	153,772,887

NESHAMINY SCHOOL DISTRICT

General Fund Revenues and Other Sources Last Ten Fiscal Years (Unaudited)

	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>
<u>Local Sources</u>			
Taxes, Current & Interim Real Estate	81,149,179	87,503,362	94,284,728
Real Estate Transfer Tax	1,342,786	1,412,532	1,742,849
Public Utility Realty Tax	159,672	141,177	162,364
Public Current Per Capita Tax	384,571	385,845	389,974
Current Business Privilege Tax	1,083,666	1,091,837	1,146,888
Current Mercantile Tax	1,458,890	1,270,148	1,369,114
Current Occupational Privilege Tax	233,074	215,974	198,971
Amusement Tax	727,508	700,419	631,069
Delinquent Taxes (all levies)	2,804,806	3,759,329	2,510,971
TOTAL TAXES	89,344,152	96,480,623	102,436,928
Receipts from Pennsylvania School Districts	741,813	721,874	630,439
Earnings Temporary Deposits/Investments	1,212,183	850,269	419,044
Rent from School and Other Facilities	269,987	200,762	196,613
Miscellaneous Revenue	932,449	1,054,628	1,362,047
TOTAL OTHER LOCAL REVENUE	3,156,432	2,827,533	2,608,143
TOTAL REVENUE FROM LOCAL SOURCES	92,500,584	99,308,156	105,045,071
<u>State Sources</u>			
Basic Instructional Subsidy	10,098,241	10,405,516	10,748,154
Charter Schools	3,141	116,177	95,819
Tuition-Court Place & Inst. Children	211,532	170,050	159,890
Homebound Instruction	6,074	4,966	3,370
Special Education	5,329,447	5,427,944	5,563,624
Transportation	2,085,900	2,583,928	2,363,384
Vocational Education	3,272	3,312	9,591
Instructional Support Team			
Rentals & Sinking Fund Payments	812,528	1,402,463	931,417
Driver Education (Student)			
Medical and Dental Services			
Nurse Services			
Health Services (See Note 1)	211,532	211,730	208,136
Social Security	2,643,018	2,786,071	2,799,745
Retirement (See Note 2)	378,096	417,038	1,374,026
Incentive Awards	9,744	111,735	31,621
Technology Grants	0	0	0
Property Tax Reduction Allocation	0	0	0
Extra Grants	464,827	568,270	450,887
TOTAL STATE REVENUE	22,257,352	24,209,200	24,739,663

<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
99,624,164	103,384,036	106,379,217	110,295,703	111,483,096	114,117,043	113,891,535
2,001,809	2,084,628	2,092,827	1,543,527	1,267,998	1,209,896	1,064,730
129,578	170,552	176,232	165,387	153,029	166,568	171,822
392,265	384,727	387,400	390,328	390,234	385,692	383,133
1,116,942	1,321,172	1,308,658	1,394,156	1,466,518	1,454,850	1,321,398
1,307,141	1,366,112	1,355,232	1,293,606	1,350,545	1,117,115	1,233,142
226,337	248,074	230,116	142,752	153,616	153,540	158,340
548,475	611,978	591,957	765,917	525,543	566,890	643,055
2,603,520	2,383,699	2,253,767	2,523,376	3,175,909	2,374,612	3,061,638
107,950,231	111,954,978	114,775,406	118,514,752	119,966,488	121,546,206	121,928,793
585,190	517,697	722,767	776,682	663,287	524,052	543,920
860,104	2,222,248	3,255,248	2,879,996	1,240,054	325,850	146,800
190,462	271,147	283,189	333,266	407,267	623,429	656,317
1,441,288	2,367,523	2,325,535	2,269,518	2,170,387	2,274,200	2,195,541
3,077,044	5,378,615	6,586,739	6,259,462	4,480,995	3,747,531	3,542,578
111,027,275	117,333,593	121,362,145	124,774,214	124,447,483	125,293,737	125,471,370
10,989,066	11,209,127	11,600,654	11,833,313	12,188,271	10,959,053	10,391,740
121,893	210,417	338,049	327,184	355,411	386,669	365,544
143,422	115,022	114,432	150,547	83,255	40,168	0
4,345	4,692	2,785	2,981	2,511	0	0
5,813,670	5,864,076	5,951,299	6,053,630	6,154,117	6,164,829	5,975,986
2,561,597	2,257,824	1,758,011	1,868,460	1,680,805	1,546,219	1,371,005
13,019	10,419	9,423	8,783	36	0	0
913,745	885,585	297,522	1,985,695	1,433,750	1,237,806	1,238,828
205,879	195,548	191,097	193,308	189,985	193,987	182,148
2,838,748	3,003,993	3,051,211	3,114,956	2,970,235	2,831,725	2,808,577
1,605,162	1,923,740	2,676,372	2,909,966	1,819,172	1,754,700	2,060,667
6,157	2,906	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	3,591,157	3,591,050	3,591,236
899,956	993,677	1,386,129	1,940,751	1,509,756	1,194,328	1,155,380
26,116,659	26,677,026	27,376,984	30,389,574	31,978,461	29,900,534	29,141,111

(Continued to the next page)

NESHAMINY SCHOOL DISTRICT

General Fund Revenues and Other Sources Last Ten Fiscal Years (Unaudited)

	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>
<u>Federal Sources</u>			
Disadvantaged Children, ECIA Chapter I and Title I	436,627	591,308	620,948
Drug Free Schools Program	109,402	44,999	27,315
ESEA, Chapter 2/Title VI	94,033	0	0
ESEA Title II	40,156	263,813	273,446
Vocational Education			
U. S. Dept. of Defense-ROTC			
Energy Grant			
Goals 2000 Grant, Title III			
Other ESEA			
Other Federal Programs & Grants	336,106	203,998	157,670
TOTAL FEDERAL REVENUE	1,016,324	1,104,118	1,079,379
TOTAL REVENUE	115,774,260	124,621,474	130,864,113
<u>Other Financing Sources(Uses)</u>			
Sale of Fixed Assets	26,510		26,779
Current Refunds of Prior Years' Expenditures (See Note 3)			
Proceeds Extended Term Financing			
Receipts from Other LEAS (See Note 3)			
TOTAL OTHER FINANCING SOURCES	26,510	0	26,779
TOTAL GENERAL FUND REVENUE AND OTHER SOURCES	115,800,770	124,621,474	130,890,892

Note 1: Accounting changes made by the Pennsylvania Department of Education required that in 1995-96 the Medical and Dental Services and the Nurse Services be combined into one account, Health Services.

Note 2: The Provisions of Act 29 of 1994 required that beginning July 1, 1995, the district record a revenue for the state's share of retirement which was previously paid directly to the pension system.

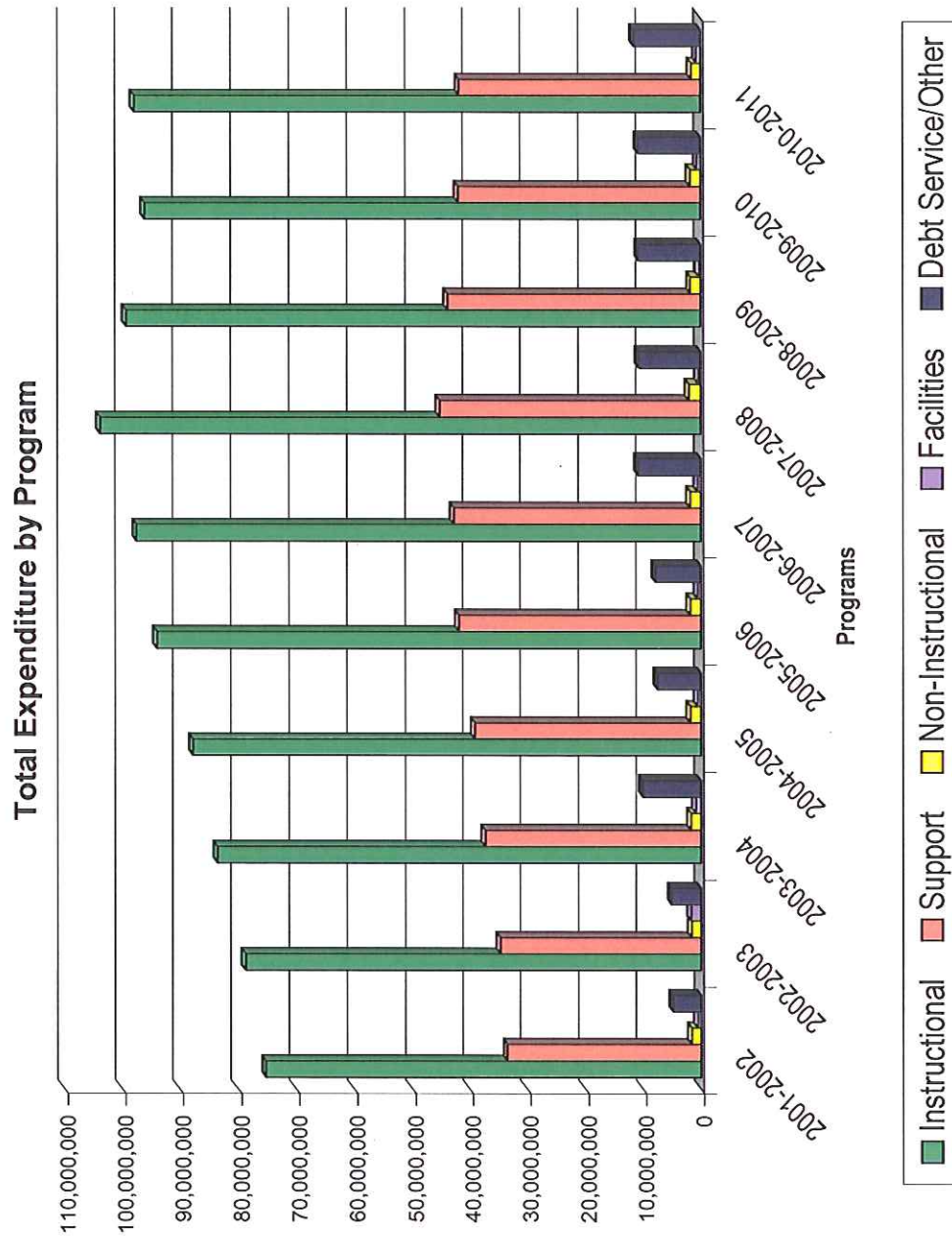
Note 3: Accounting changes made by the Pennsylvania Department of Education required that in 2001-02 Current Refunds of Prior Years' Expenditures and Receipts from Other LEAS be included in Revenues from Local Sources

Source: School District Financial Statement PDE-2057 and School District Financial Statements

<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
445,810	467,452	438,960	433,466	452,209	443,814	90,140
32,105	56,783	15,671	18,560	35,048	16,722	9,924
0	0	0	0	0	0	0
268,364	215,918	342,921	273,149	295,021	162,220	354,097
492,147	459,003	411,076	389,755	220,628	2,576,539	3,568,313
1,238,426	1,199,156	1,208,628	1,114,931	1,002,906	3,199,295	4,022,473
138,382,360	145,209,775	149,947,757	156,278,719	157,428,850	158,393,566	158,634,955
10,129	0	0	25,189	13,175	4,873	17,296
10,129	0	0	25,189	13,175	4,873	17,296
138,392,489	145,209,775	149,947,757	156,303,907	157,442,025	158,398,439	158,652,251

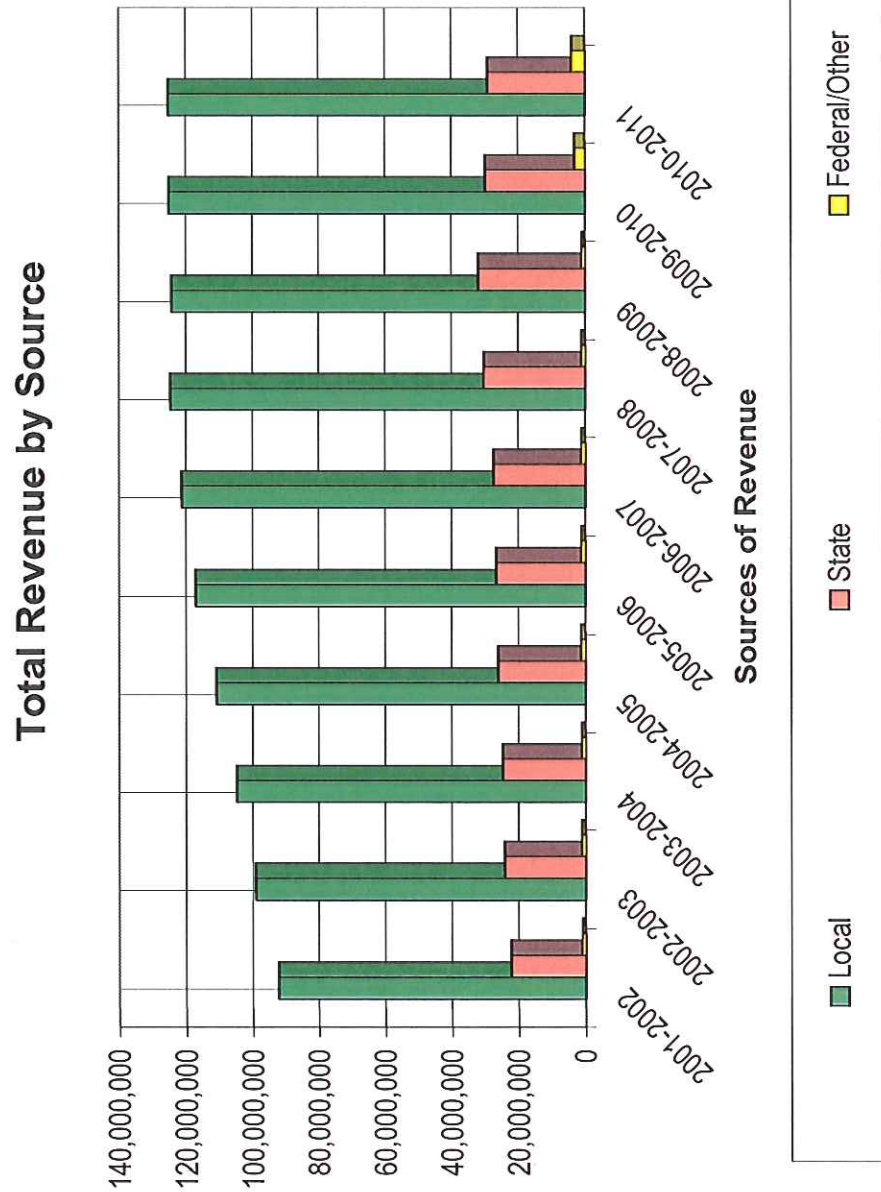
NESHAMINY SCHOOL DISTRICT

Ten Year History of General Fund Expenditures by Function/Program



NESHAMINY SCHOOL DISTRICT

Ten Year History of General Fund Revenue Sources



NESHAMINY SCHOOL DISTRICT

Government-Wide Expenses by Function Last Ten Fiscal Years (first year of implementation of GASB 34) (Unaudited)

<u>Function Groups</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>
Governmental activities:			
Instructional Programs:			
Regular Education	49,041,323	52,044,206	53,414,215
Special Education	15,623,141	17,209,444	18,549,407
Vocational Education	7,685,042	6,597,827	7,291,060
Other Instructional Programs	2,838,967	3,518,637	3,733,259
TOTAL INSTRUCTIONAL PROGRAMS	75,188,473	79,370,114	82,987,941
Support Services:			
Pupil Personnel	4,220,562	4,153,861	4,382,918
Instructional	2,671,869	2,704,984	2,720,134
Administrative	6,613,581	7,106,214	7,530,122
Pupil Health	1,214,344	1,325,704	1,418,446
Business Office	1,521,460	1,416,084	1,561,892
Plant Operation & Maintenance	10,886,338	10,640,255	11,792,121
Student Transportation	6,164,349	6,392,632	6,120,593
Central Support	523,288	1,002,612	1,075,230
Other Support	116,330	111,810	110,859
TOTAL SUPPORT SERVICES	33,932,121	34,854,156	36,712,315
Non-Instructional Services:			
Student Activities	1,337,250	1,380,441	1,455,088
Community Services	250,166	228,057	277,036
TOTAL NON-INSTRUCTIONAL SERVICES	1,587,416	1,608,498	1,732,124
Facilities Acquisition, Construction and Improvement Services	1,935,576	3,551,083	2,230,302
TOTAL CURRENT EXPENSES	112,643,586	119,383,851	123,662,682
Debt Service	2,874,437	2,794,721	2,758,579
Other	0	0	0
TOTAL DEBT SERVICE/OTHER	2,874,437	2,794,721	2,758,579
TOTAL GOVERNMENTAL ACTIVITIES	115,518,023	122,178,572	126,421,261
Business-type activities:			
Food service	2,689,253	2,837,041	2,868,163
TOTAL BUSINESS-TYPE ACTIVITIES	2,689,253	2,837,041	2,868,163
TOTAL GOVERNMENT-WIDE EXPENSES	118,207,276	125,015,613	129,289,424

Sources: School District Financial Statements

Note: The school district implemented GASB 34 in 2001, so there is no information prior to that since government-wide financial statements were not required before this period.

<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
55,371,256	58,209,531	53,492,242	68,872,750	63,934,377	61,958,956	62,127,071
19,894,521	22,254,509	23,944,580	26,299,938	28,219,029	27,479,483	28,281,469
8,108,500	8,664,090	9,461,751	10,490,959	9,805,884	8,429,135	8,862,334
4,516,352	5,002,975	5,640,178	3,629,360	2,084,666	2,311,902	2,333,968
87,890,629	94,131,105	92,538,751	109,293,007	104,043,956	100,179,476	101,604,842
4,580,018	4,780,364	5,225,254	5,692,950	5,593,739	5,799,390	5,862,939
2,933,207	3,190,119	3,174,693	3,489,008	3,129,101	2,992,464	3,057,351
7,604,286	8,252,186	8,248,346	8,956,221	7,793,348	8,274,527	8,145,021
1,503,632	1,543,556	169,724	1,703,992	1,477,636	1,546,951	1,605,086
1,514,532	1,829,819	1,747,782	1,784,376	1,681,136	1,630,566	1,870,013
12,162,729	12,851,327	13,299,314	12,824,514	13,302,818	12,454,624	12,052,286
6,703,824	8,834,098	7,053,632	8,521,838	8,231,971	8,975,137	8,573,858
1,243,705	1,307,811	536,970	1,376,459	2,026,342	1,741,327	1,945,262
109,230	109,091	106,622	105,822	112,151	110,281	114,562
38,355,163	42,698,371	39,562,337	44,455,180	43,348,242	43,525,267	43,226,378
1,515,186	1,600,887	1,636,972	1,654,396	1,538,465	1,407,654	1,401,210
227,088	264,677	254,947	424,101	288,963	457,970	311,447
1,742,274	1,865,564	1,891,919	2,078,497	1,827,428	1,865,624	1,712,657
3,985,520	8,902,149	3,354,551	1,649,814	227,783	5,892,524	226,801
131,973,586	147,597,189	137,347,558	157,476,498	149,447,409	151,462,891	146,770,678
3,509,229	4,742,194	6,760,670	6,720,204	6,170,188	5,774,338	5,581,396
0	0	0	0	0	0	0
3,509,229	4,742,194	6,760,670	6,720,204	6,170,188	5,774,338	5,581,396
135,482,815	152,339,383	144,108,228	164,196,702	155,617,597	157,237,229	152,352,074
2,881,347	3,110,146	3,162,204	3,220,880	3,312,795	3,324,946	3,151,961
2,881,347	3,110,146	3,162,204	3,220,880	3,312,795	3,324,946	3,151,961
138,364,162	155,449,529	147,270,432	167,417,582	158,930,392	160,562,175	155,504,035

NESHAMINY SCHOOL DISTRICT

Government-Wide Revenues by Other Sources Last Ten Fiscal Years (first year of implementation of GASB 34) (Unaudited)

	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>
Program Revenues:			
Governmental Activities:			
Charges for Services	1,049,257	1,006,923	947,289
Operating Grants and Contributions	8,396,628	15,451,973	16,028,405
TOTAL GOVERNMENTAL ACTIVITIES	9,445,885	16,458,896	16,975,694
Business-type activities:			
Charges for Services	2,222,277	2,138,410	2,208,180
Operating Grants and Contributions	622,996	596,146	661,712
TOTAL BUSINESS-TYPE ACTIVITIES	2,845,273	2,734,556	2,869,892
TOTAL PROGRAM REVENUES	12,291,158	19,193,452	19,845,586
General revenues:			
Governmental Activities:			
Property taxes, levied for general purposes	89,714,133	95,406,571	102,768,379
Grants and entitlements not restricted to specific programs	15,427,692	10,529,378	10,748,153
Refund of prior year revenues	0	0	0
Investment earnings	1,216,871	858,003	291,286
Gain/(Loss) on disposal of capital assets	0	0	0
Miscellaneous	370,847	302,324	311,073
TOTAL GOVERNMENTAL ACTIVITIES	106,729,543	107,096,276	114,118,891
Business-type activities:			
Property taxes, levied for general purposes	0	0	0
Grants and entitlements not restricted to specific programs	0	0	0
Investment earnings	0	0	0
Gain/(Loss) on disposal of capital assets	0	0	0
Miscellaneous	0	0	0
TOTAL BUSINESS-TYPE ACTIVITIES	0	0	0
TOTAL GENERAL REVENUES	106,729,543	107,096,276	114,118,891
TOTAL GOVERNMENT-WIDE REVENUES	119,020,701	126,289,728	133,964,477

Source: School District Financial Statement

Note: The school district implemented GASB 34 in 2001, so there is no information prior to that since government-wide financial statements were not required before this period

<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
921,178	842,121	1,050,198	1,093,517	952,311	803,770	833,330
17,357,069	18,570,901	18,796,783	21,503,962	22,630,770	24,109,842	24,655,688
18,278,247	19,413,022	19,846,981	22,597,479	23,583,081	24,913,612	25,489,018
2,218,480	2,321,849	2,371,951	2,337,763	2,338,151	2,297,344	2,238,502
716,718	786,545	798,893	842,377	929,736	1,042,376	1,102,944
2,935,198	3,108,394	3,170,844	3,180,140	3,267,887	3,339,720	3,341,446
21,213,445	22,521,416	23,017,825	25,777,619	26,850,968	28,253,332	28,830,464
107,530,874	111,772,879	115,182,989	118,776,441	120,095,033	122,075,678	121,889,812
10,989,066	11,209,127	11,600,654	11,833,313	12,188,271	10,959,053	10,391,740
0	0	(349,737)	0	0	0	0
1,381,995	3,144,821	6,292,895	5,469,767	4,192,975	(236,489)	677,678
(23,053)	(318)	2,576	(666,131)	11,872	(41,187)	(123,623)
314,841	410,400	338,792	372,521	448,053	646,615	676,965
120,193,723	126,536,909	133,068,169	135,785,911	136,936,204	133,403,670	133,512,572
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	(4,764)	0	(2,193)	0	0
0	0	0	0	0	0	0
0	0	(4,764)	0	(2,193)	0	0
120,193,723	126,536,909	133,063,405	135,785,911	136,934,011	133,403,670	133,512,572
141,407,168	149,058,325	156,081,230	161,563,530	163,784,979	161,657,002	162,343,036

NESHAMINY SCHOOL DISTRICT

Net Assets by Component Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	2002	2003	2004	2005
Governmental Activities				
Invested in capital assets, net of related debt	\$5,126,206	\$5,856,650	\$8,012,796	\$12,079,779
Restricted	1,643,024	1,362,204	618,305	(548,386)
Unrestricted	5,573,360	6,487,750	9,734,351	10,880,639
Total governmental activities net assets	<u>\$12,342,590</u>	<u>\$13,706,604</u>	<u>\$18,365,452</u>	<u>\$22,412,032</u>
Business-Type Activities				
Invested in capital assets, net of related debt	\$292,746	\$289,127	\$286,094	\$261,985
Restricted	0	0	0	0
Unrestricted	112,873	26,593	45,831	139,849
Total business-type activities net assets	<u>\$405,619</u>	<u>\$315,720</u>	<u>\$331,925</u>	<u>\$401,834</u>
Primary Government				
Invested in capital assets, net of related debt	\$5,418,952	\$6,145,777	\$8,298,890	\$12,341,764
Restricted	1,643,024	1,362,204	618,305	(548,386)
Unrestricted	5,686,233	6,514,343	9,780,182	11,020,488
Total primary government net assets	<u>\$12,748,209</u>	<u>\$14,022,324</u>	<u>\$18,697,377</u>	<u>\$22,813,866</u>

Source: School District Financial Statements

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$6,777,222	\$16,931,971	\$54,529,520	\$13,457,627	\$17,317,263	\$18,694,070
587,517	587,691	0	0	0	3,516,426
8,640,229	7,292,228	(35,530,942)	10,442,639	7,663,056	9,419,337
<u>\$16,004,968</u>	<u>\$24,811,890</u>	<u>\$18,998,578</u>	<u>\$23,900,266</u>	<u>\$24,980,319</u>	<u>\$31,629,833</u>
\$256,878	\$296,071	\$392,705	\$361,028	\$332,526	\$304,402
0	0	0	0	0	0
160,816	125,499	(11,875)	(27,299)	15,977	233,586
<u>\$417,694</u>	<u>\$421,570</u>	<u>\$380,830</u>	<u>\$333,729</u>	<u>\$348,503</u>	<u>\$537,988</u>
\$7,034,100	\$17,228,042	\$54,922,225	\$13,818,655	\$17,649,789	\$18,998,472
587,517	587,691	0	0	0	3,516,426
8,801,045	7,417,727	(35,542,817)	10,415,340	7,679,033	9,652,923
<u>\$16,422,662</u>	<u>\$25,233,460</u>	<u>\$19,379,408</u>	<u>\$24,233,995</u>	<u>\$25,328,822</u>	<u>\$32,167,821</u>

NESHAMINY SCHOOL DISTRICT

Changes in Net Assets Last Ten Fiscal Years (first year of implementation of GASB 34) (Unaudited)

	Fiscal Year		
	2002	2003	2004
Expenses			
Governmental Activities:			
Instruction	\$75,188,473	\$79,370,114	\$82,987,941
Support Services	33,932,121	34,854,156	36,712,315
Operation of noninstructional services	1,587,416	1,608,498	1,732,124
Facilities acquisition, construction and improvement services	1,935,576	3,551,083	2,230,302
Interest on long-term debt	2,874,437	2,794,721	2,758,579
Total governmental activities expenses	115,518,023	122,178,572	126,421,261
Business-Type Activities:			
Food service	2,689,253	2,837,041	2,868,163
Total business-type activities expenses	2,689,253	2,837,041	2,868,163
Total primary government expenses	\$118,207,276	\$125,015,613	\$129,289,424
Program Revenues			
Governmental Activities:			
Charges for services:			
Instruction	850,083	839,669	748,384
Support Services	-	-	-
Operation of noninstructional services	199,174	167,254	198,905
Facilities acquisition, construction and improvement services	-	-	-
Interest on long-term debt	-	-	-
Operating grants and contributions	8,396,628	15,451,973	16,028,405
Total governmental activities program revenues	9,445,885	16,458,896	16,975,694
Business-Type Activities:			
Charges for services	2,222,277	2,138,410	2,208,180
Operating grants and contributions	622,996	596,146	661,712
Total business-type activities program revenues	2,845,273	2,734,556	2,869,892
Total primary government program revenues	\$12,291,158	\$19,193,452	\$19,845,586
Net (expense)/revenue			
Governmental activities	(\$106,072,138)	(\$105,719,676)	(\$109,445,567)
Business-type activities	156,020	(102,485)	1,729
Total primary government net expense	(\$105,916,118)	(\$105,822,161)	(\$109,443,838)
General Revenues and Other Changes in Net Assets			
Government activities:			
Property taxes	\$89,714,133	\$95,406,571	\$102,768,379
Unrestricted grants and contributions	15,427,692	10,529,378	10,748,153
Refund of prior year revenues	-	-	-
Investment earnings	1,216,871	858,003	291,286
Gain/(Loss) on disposal of capital assets	-	-	-
Miscellaneous	370,847	302,324	311,073
Transfers	(24,569)	(12,586)	(14,476)
Total government activities	106,704,974	107,083,690	114,104,415
Business-type activities:			
Gain/(Loss) on disposal of capital assets	-	-	-
Transfers	24,569	12,586	14,476
Total business-type activities	24,569	12,586	14,476
Total primary government	\$106,729,543	\$107,096,276	\$114,118,891
Changes in Net Assets			
Governmental activities	\$632,836	\$1,364,014	\$4,658,848
Business-type activities	180,589	(89,899)	16,205
Total primary government	\$813,425	\$1,274,115	\$4,675,053

Source: School District Financial Statements

Note: The first year of implementation of GASB 34 was 2001-2002

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
\$87,890,629	\$94,131,105	\$92,538,751	\$109,293,007	\$104,043,956	\$100,179,476	\$101,604,842
38,355,163	42,698,371	39,562,337	44,455,180	43,348,242	43,525,267	43,226,378
1,742,274	1,865,564	1,891,919	2,078,497	1,827,428	1,865,624	1,712,657
3,985,520	8,902,149	3,354,551	1,649,814	227,783	5,892,524	226,801
3,509,229	4,742,194	6,760,670	6,720,204	6,170,188	5,774,338	5,581,396
135,482,815	152,339,383	144,108,228	164,196,702	155,617,597	157,237,229	152,352,074
2,881,347	3,110,146	3,162,204	3,220,880	3,312,795	3,324,946	3,151,961
2,881,347	3,110,146	3,162,204	3,220,880	3,312,795	3,324,946	3,151,961
\$138,364,162	\$155,449,529	\$147,270,432	\$167,417,582	\$158,930,392	\$160,562,175	\$155,504,035
707,212	644,118	848,887	900,570	791,497	642,821	662,634
-	-	-	-	-	-	-
213,966	198,003	201,311	192,947	160,814	160,949	170,696
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,357,069	18,570,901	18,796,783	21,503,962	22,630,770	24,109,842	24,655,688
18,278,247	19,413,022	19,846,981	22,597,479	23,583,081	24,913,612	25,489,018
2,218,480	2,321,849	2,371,951	2,337,763	2,338,151	2,297,344	2,238,502
716,718	786,545	798,893	842,377	929,736	1,042,376	1,102,944
2,935,198	3,108,394	3,170,844	3,180,140	3,267,887	3,339,720	3,341,446
\$21,213,445	\$22,521,416	\$23,017,825	\$25,777,619	\$26,850,968	\$28,253,332	\$28,830,464
(\$117,204,568)	(\$132,926,361)	(\$124,261,247)	(\$141,599,223)	(\$132,034,516)	(\$132,323,617)	(\$126,863,056)
53,851	(1,752)	8,640	(40,740)	(44,908)	14,774	189,485
(\$117,150,717)	(\$132,928,113)	(\$124,252,607)	(\$141,639,963)	(\$132,079,424)	(\$132,308,843)	(\$126,673,571)
\$107,530,874	\$111,772,879	\$115,182,989	\$118,776,441	\$120,095,033	\$122,075,678	\$121,889,812
10,989,066	11,209,127	11,600,654	11,833,313	12,188,271	10,959,053	10,391,740
-	-	(349,737)	0	0	0	0
1,381,995	3,144,821	6,292,895	5,469,767	4,192,975	(236,489)	677,678
(23,053)	(318)	2,576	(666,131)	11,872	(41,187)	(123,623)
314,841	410,400	338,792	372,521	448,053	646,615	676,965
(16,058)	(17,612)	-	-	-	-	-
120,177,665	126,519,297	133,068,169	135,785,911	136,936,204	133,403,670	133,512,572
-	-	(4,764)	0	(2,193)	0	0
16,058	17,612	-	-	-	-	-
16,058	17,612	(4,764)	0	(2,193)	0	0
\$120,193,723	\$126,536,909	\$133,063,405	\$135,785,911	\$136,934,011	\$133,403,670	\$133,512,572
\$2,973,097	(\$6,407,064)	\$8,806,922	(\$5,813,312)	\$4,901,688	\$1,080,053	\$6,649,516
69,909	15,860	3,876	(40,740)	(47,101)	14,774	189,485
\$3,043,006	(\$6,391,204)	\$8,810,798	(\$5,854,052)	\$4,854,587	\$1,094,827	\$6,839,001

NESHAMINY SCHOOL DISTRICT

Fund Balances of Governmental Funds Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
Reserved	\$1,445,442	\$1,022,332	\$850,293	\$555,304
Unreserved	7,681,888	10,773,185	12,882,519	14,665,925
Nonspendable				
Restricted (reported in Capital Projects Fund)				
Committed				
Assigned				
Unassigned				
Total General Fund	<u>\$9,127,330</u>	<u>\$11,795,517</u>	<u>\$13,732,812</u>	<u>\$15,221,229</u>
 All other governmental funds				
Reserved	\$197,582	\$339,872	\$21,175,340	\$18,790,023
Nonspendable				
Restricted (reported in Capital Projects Fund)				
Committed				
Assigned				
Unassigned	-	-	-	-
Total all other governmental fund	<u>\$197,582</u>	<u>\$339,872</u>	<u>\$21,175,340</u>	<u>\$18,790,023</u>

Source: School District Financial Statements

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$579,516	\$587,691	\$623,728	\$518,506	\$644,791	
13,658,332	9,921,580	4,812,233	6,318,252	13,135,952	\$2,128,152
					4,000,000
					379,295
					12,152,660
<u>\$14,237,848</u>	<u>\$10,509,271</u>	<u>\$5,435,961</u>	<u>\$6,836,758</u>	<u>\$13,780,743</u>	<u>\$18,660,107</u>
\$78,948,827	\$61,216,220	\$32,481,153	\$13,107,069	\$3,895,496	
					3,516,426
-	-	-	-	-	
<u>\$78,948,827</u>	<u>\$61,216,220</u>	<u>\$32,481,153</u>	<u>\$13,107,069</u>	<u>\$3,895,496</u>	<u>\$3,516,426</u>

NESHAMINY SCHOOL DISTRICT

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (Unaudited)

	Fiscal Year		
	2002	2003	2004
Revenues:			
Local sources	\$92,505,272	\$99,315,890	\$104,944,092
State sources	22,257,352	24,209,200	24,739,663
Federal sources	1,016,324	1,104,118	1,079,379
Total revenues	<u>115,778,948</u>	<u>124,629,208</u>	<u>130,763,134</u>
Expenditures:			
Instruction	75,286,441	78,736,506	83,558,372
Support services	33,536,373	34,799,688	37,531,000
Noninstructional services	1,589,481	1,596,756	1,722,557
Capital outlays	567,955	3,827,093	3,428,891
Debt service:			
Principal	2,303,592	2,666,448	5,062,303
Interest	2,539,252	2,447,654	2,224,406
Total expenditures	<u>115,823,094</u>	<u>124,074,145</u>	<u>133,527,529</u>
Excess of revenues over (under) expenditures	(44,146)	555,063	(2,764,395)
Other financing sources (uses)			
Bond proceeds	-	-	25,000,000
Bond premium	-	-	551,634
Payment to refund bond-escrow agent	-	-	-
Refund of prior year revenues	-	-	-
Interfund transfers	24,569	(12,586)	(14,476)
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	<u>24,569</u>	<u>(12,586)</u>	<u>25,537,158</u>
Net change in fund balances	<u>(\$19,577)</u>	<u>\$542,477</u>	<u>\$22,772,763</u>
Debt service as a percentage of noncapital expenditures	5.0%	5.1%	7.0%

Source: School District Financial Statements

Fiscal Years						
2005	2006	2007	2008	2009	2010	2011
\$111,559,295	\$118,256,166	\$124,399,792	\$127,363,985	\$127,400,405	\$125,609,044	\$123,650,070
26,116,659	26,677,026	27,376,984	30,389,574	31,978,461	29,901,496	29,141,111
1,238,426	1,199,156	1,208,628	1,114,931	1,002,906	3,198,835	5,847,103
138,914,380	146,132,348	152,985,404	158,868,490	160,381,772	158,709,375	158,638,284
87,831,130	94,045,348	98,422,343	103,884,019	99,337,278	96,175,531	97,951,195
39,206,461	43,422,422	42,994,648	45,258,631	43,918,906	42,566,389	41,916,395
1,825,274	1,851,049	1,858,695	2,037,971	1,770,721	1,793,185	1,641,960
3,938,309	11,114,437	29,409,965	32,196,013	22,549,436	9,884,260	2,087,586
		1,531,037				
3,899,905	4,047,424	4,147,972	4,330,676	4,969,523	5,148,691	5,354,804
3,094,143	3,227,494	4,876,898	5,943,746	5,822,370	5,413,780	5,203,346
139,795,222	157,708,174	183,241,558	193,651,056	178,368,234	160,981,836	154,155,286
(880,842)	(11,575,826)	(30,256,154)	(34,782,566)	(17,986,462)	(2,272,461)	4,482,998
	68,505,000	27,990,000	949,000	-	-	-
	2,263,861	-	-	-	-	-
-	-	(18,847,871)	-	-	-	-
-	-	(349,736)	-	-	-	-
(16,058)	(17,612)	-	-	-	-	-
-	-	2,576	25,189	13,175	4,873	17,296
(16,058)	70,751,249	8,794,969	974,189	13,175	4,873	17,296
(\$896,900)	\$59,175,423	(\$21,461,185)	(\$33,808,377)	(\$17,973,287)	(\$2,267,588)	\$4,500,294
6.4%	6.4%	22.7%	30.5%	43.3%	214.7%	370.5%

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NESHAMINY SCHOOL DISTRICT

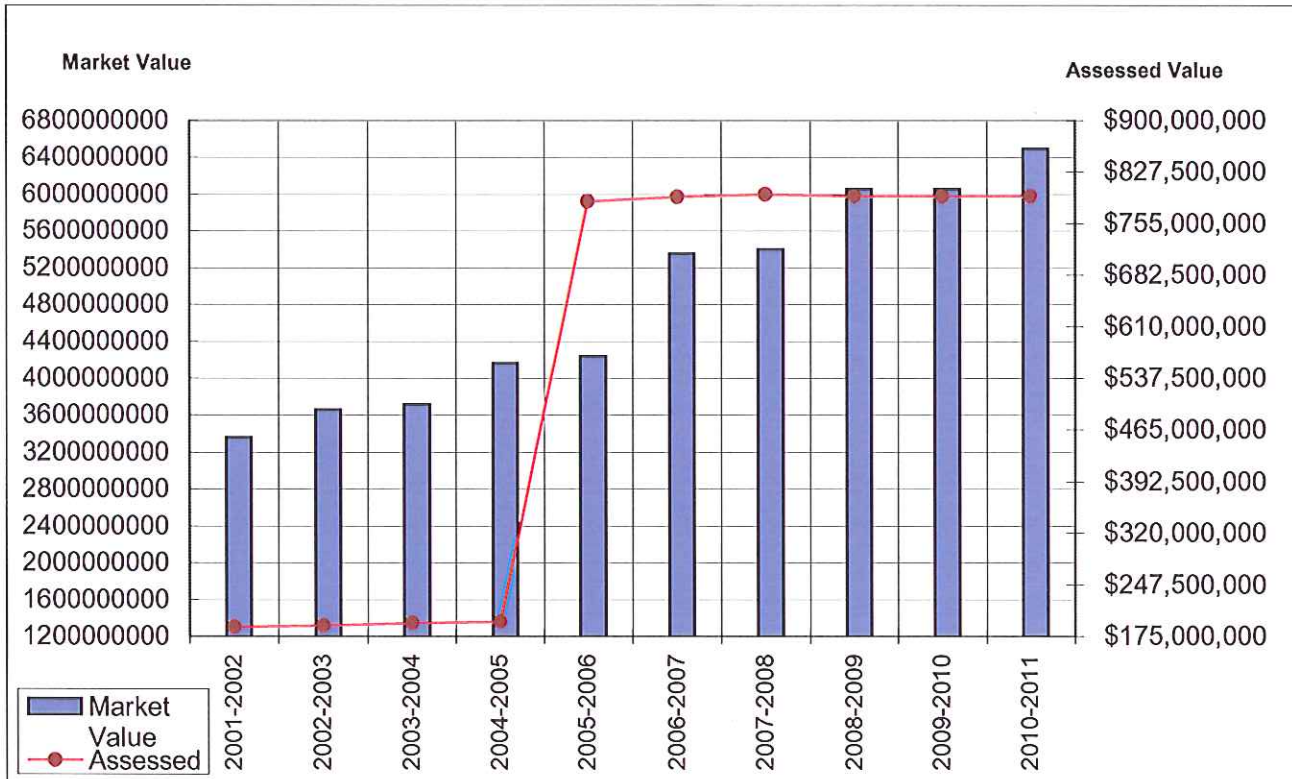
Market Value and Assessed Value of Taxable Real Property Last Ten Fiscal Years (Unaudited)

Tax Year	School Year	Market Value	Assessed Value	Percentage of Assessed to Market Valuation	Total Direct Tax Rate
		(1)	(2)		
2001	2001-2002	3,361,163,700	187,963,060	5.59%	444.40
2002	2002-2003	3,658,813,700	189,426,210	5.18%	471.80
2003	2003-2004	3,717,856,900	192,746,420	5.18%	500.60
2004	2004-2005	4,158,231,300	194,926,065	4.69%	130.10
2005	2005-2006	4,236,896,700	785,749,730	18.55%	133.90
2006	2006-2007	5,354,278,600	791,564,720	14.78%	137.40
2007	2007-2008	5,400,048,000	795,651,280	14.73%	142.30
2008	2008-2009	6,055,035,885	793,104,970	13.10%	148.60
2009	2009-2010	6,051,331,303	792,750,150	13.10%	152.00
2010	2010-2011	6,491,521,376	793,092,395	12.22%	152.00

Sources: (1) Commonwealth of Pennsylvania State Tax Equalization Board

(2) School District Officials and Bucks County Board of Assessments

Note: Starting in fiscal year 2004-05, properties in Bucks County are assessed at 100% of the 1972 fair market value. Previously, it was 25%.



NESHAMINY SCHOOL DISTRICT

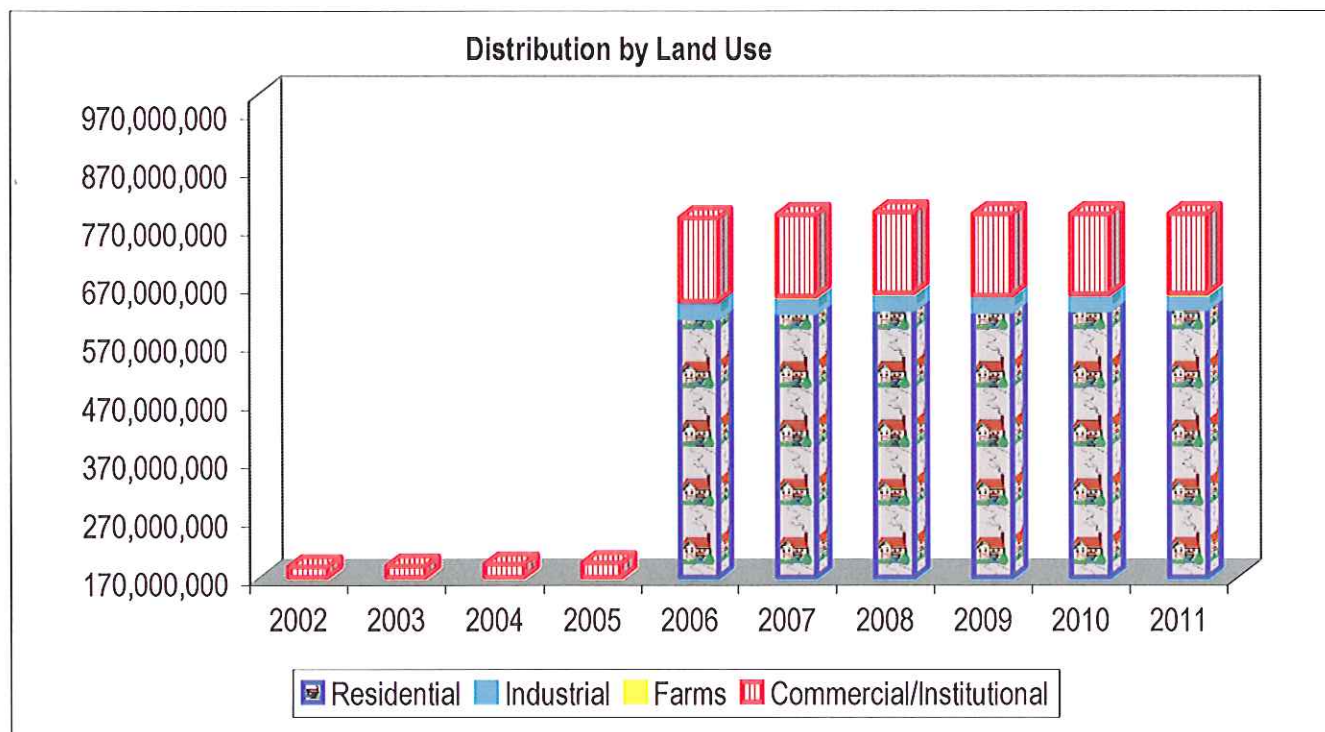
Assessed Property Values Last Ten Fiscal Years (Unaudited)

Year End June 30	Residential	Commercial/Institutional	Farms	Industrial	Total Assessed Property Value
2002	145,993,575	34,060,945	203,180	7,705,360	187,963,060
2003	147,783,415	34,017,185	200,360	7,425,250	189,426,210
2004	149,656,805	35,588,385	221,920	7,279,310	192,746,420
2005	151,731,530	35,737,615	186,920	7,270,000	194,926,065
2006	614,385,600	142,295,580	629,880	28,438,670	785,749,730
2007	622,926,290	139,974,720	597,380	28,066,330	791,564,720
2008	629,101,510	138,427,720	597,380	27,524,670	795,651,280
2009	626,108,460	139,900,220	362,260	26,734,030	793,104,970
2010	628,014,800	137,509,520	362,260	26,863,570	792,750,150
2011	629,664,720	136,864,565	362,260	26,200,850	793,092,395

NOTE: The Assessed Property Values above exclude exempt properties.

NOTE: Starting in fiscal year 2004-05, properties in Bucks County are assessed at 100% of the 1972 fair market value. Previously, it was 25%.

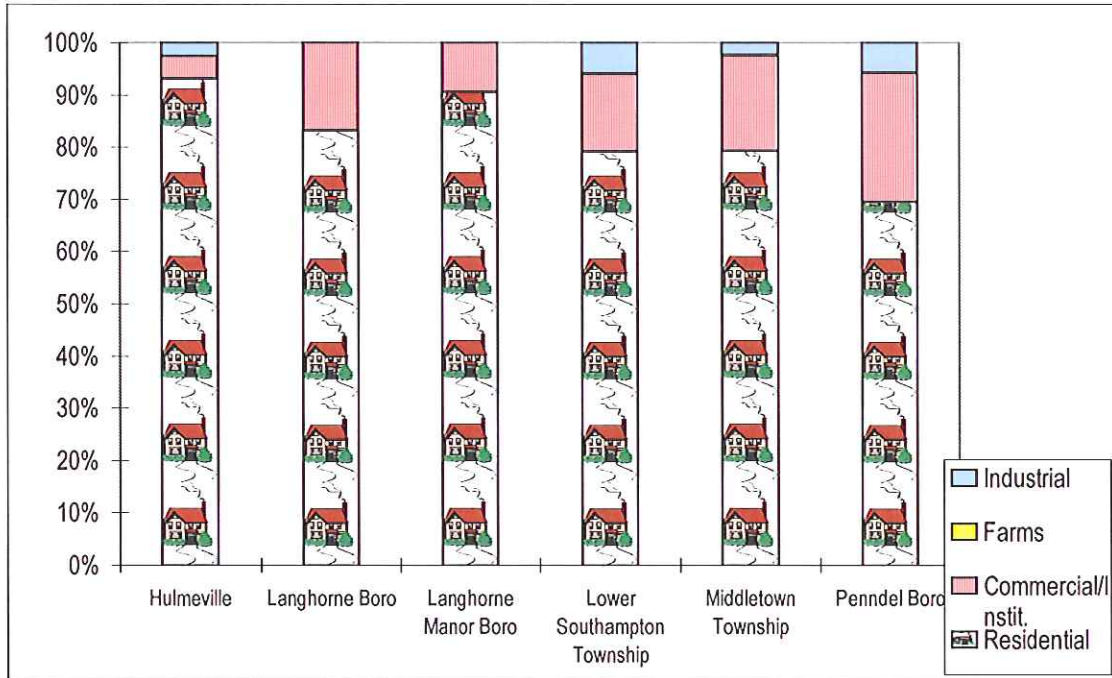
Sources: (1) School District Officials and Bucks County Board of Assessment



NESHAMINY SCHOOL DISTRICT

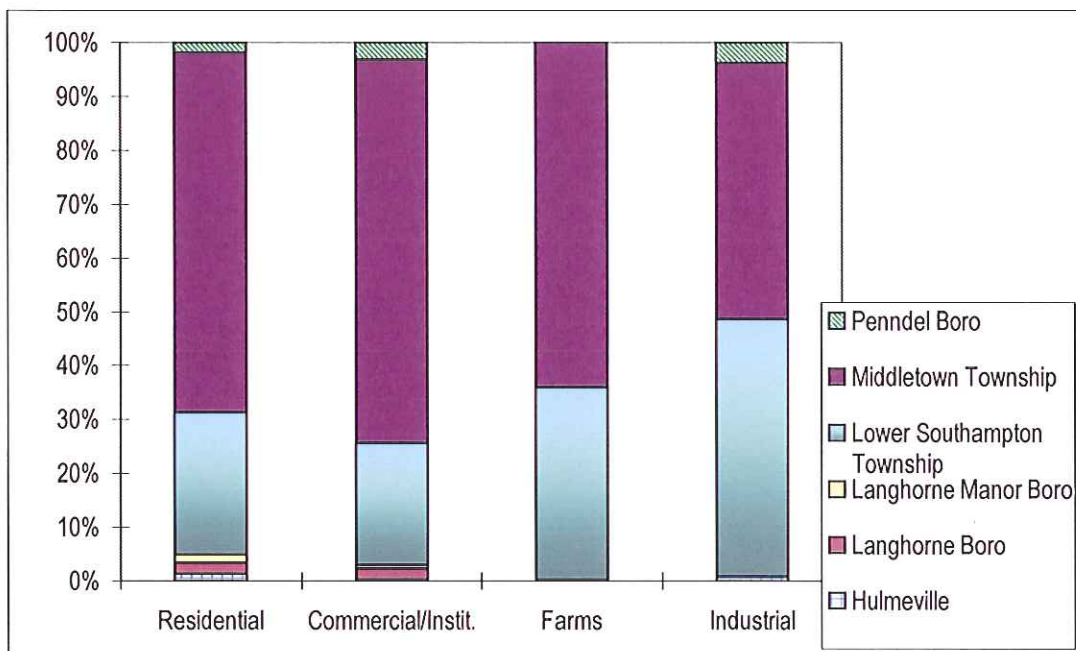
Land Use Assessments by Municipalities - Year Ended June 30, 2010

Distribution of Municipalities' Assessments



The above chart indicates how each municipality's land is used by percentage of total property.

Distribution of Land Use Classifications



The above chart indicates how each type of land use is distributed among municipalities.

NESHAMINY SCHOOL DISTRICT

Property Tax Rates per \$1000 of Assessed Valuation All Direct and Overlapping Governments - Last Ten Fiscal Years (Unaudited)

Municipalities	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Hulmeville	22.00	22.00	27.00	7.35	7.35	8.25	8.25	8.52	8.52	9.97
Langhorne Borough	41.35	46.35	44.30	12.20	12.20	12.20	12.20	12.20	12.20	12.20
Langhorne Manor	37.50	37.50	37.50	9.38	9.38	9.88	9.88	9.88	9.88	9.88
Lower Southampton	62.59	65.35	59.15	14.80	14.80	13.58	13.58	14.08	14.08	14.08
Middletown Township	37.41	37.41	37.17	9.78	9.78	13.34	14.81	15.84	17.57	17.57
Penndel Borough	33.00	33.00	36.00	9.00	9.00	9.00	9.00	10.50	10.50	12.50
Bucks County	62.00	62.00	74.50	20.48	20.48	21.94	21.94	21.94	21.94	21.94
Neshaminy School District	444.40	471.80	500.60	130.10	133.90	137.40	142.30	148.60	152.00	152.00

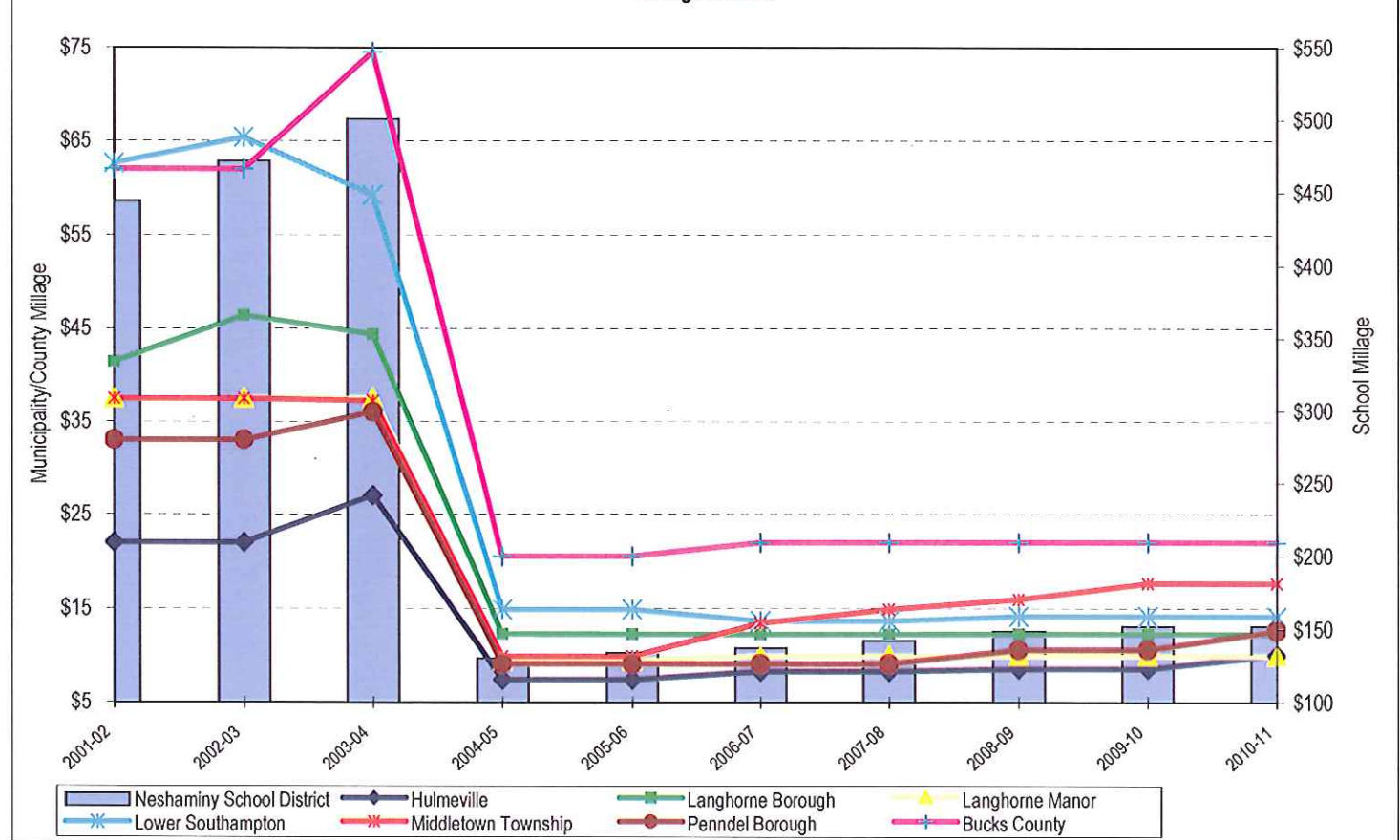
Note: Penndel rates exclude millage for fire tax enacted.

Note: The district cannot raise taxes beyond the Act 1 of 2006 index unless a referendum was voted upon.

Note: Starting in fiscal year 2004-05, properties in Bucks County are assessed at 100% of the 1972 fair market value. Previously, it was 25%.

Sources: Municipality Tax Collectors

Millage Trends



NESHAMINY SCHOOL DISTRICT

Principal Property Taxpayers 2010-2011 Tax Records

Taxpayer	Business Taxed	2010-2011			2001-2002		
		Assessed Valuation	Rank	% Of Total Assessments	Assessed Valuation	Rank	% Of Total Assessments
McStome Inc. c/o Kravco, Inc.	Oxford Valley Mall	\$20,657,990	1	2.60%	\$6,623,470	1	3.52%
Middletown Trails Association (Shires of Middletown)	Apartment Complex	4,368,800	2	0.55%	1,092,200	2	0.58%
Jefferson Woods	Apartment Complex	4,157,100	3	0.52%			
Racquet Club East	Apartment Complex	3,297,000	4	0.42%	824,250	5	0.44%
Attleboro Associates Ltd.	Retirement Community	2,861,160	5	0.36%	722,190	6	0.38%
Shoppes at Flowers Mill	Retail Stores	2,731,320	6	0.34%	866,560	4	0.46%
Langhorne Square Complex	Shopping Complex	2,331,110	7	0.29%	559,010	9	0.30%
Summit Trace Apartment Complex	Apartment Complex	2,029,280	8	0.26%			
Heathergate Assoc.	Apartment Complex	2,017,170	9	0.25%			
Liberty Property LTD Partnership	Residential Construction	1,956,760	10	0.25%	537,470	10	0.29%
Bucks County Ind. Develop. Auth.	Industrial Park				646,510	7	0.34%
Pennswood Village	Retirement Community				909,490	3	0.48%
Reedman Corporation, Inc.	Automobile Dealership				684,470	8	0.36%
Rouse & Associates	Residential Construction						
Total Ten Largest Taxpayers		\$46,407,690		5.85%	\$13,465,620		7.16%
Total District		\$793,092,395			\$187,963,060		

Source: Bucks County Board of Assessments

NESHAMINY SCHOOL DISTRICT

Property Tax Levies and Collections Last Ten Fiscal Years (Unaudited)

	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>
Total Tax Levied	83,530,784	89,371,286	96,234,503
Current Collections	80,274,698	86,454,332	93,313,566
Percent Collected	96.10%	96.74%	96.96%
Delinquent Tax Collected	<u>2,283,628</u>	<u>2,908,338</u>	<u>1,600,278</u>
TOTAL TAXES COLLECTED	82,558,326	89,362,670	94,913,845
Percent Total Taxes Collected against Current Tax Levy	98.84%	99.99%	98.63%
Outstanding Delinquent Taxes	2,475,752	1,940,512	1,802,917
Outstanding Delinquent Taxes as percent of Current Levy	2.96%	2.17%	1.87%

Source: School District Financial Statements and PDE-2057

<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
<u>101,439,524</u>	<u>105,006,636</u>	<u>108,760,256</u>	<u>113,187,879</u>	<u>114,263,909</u>	<u>116,900,957</u>	<u>116,777,439</u>
98,474,962	102,196,712	105,591,366	109,588,605	110,351,416	113,337,279	112,828,117
97.08%	97.32%	97.09%	96.82%	96.58%	96.95%	96.62%
<u>1,569,143</u>	<u>1,760,763</u>	<u>1,492,272</u>	<u>1,772,887</u>	<u>2,189,676</u>	<u>1,576,203</u>	<u>2,327,803</u>
<u>100,044,105</u>	<u>103,957,475</u>	<u>107,083,638</u>	<u>111,361,492</u>	<u>112,541,092</u>	<u>114,913,482</u>	<u>115,155,920</u>
98.62%	99.00%	98.46%	98.39%	98.49%	98.30%	98.61%
1,477,119	1,463,972	1,725,984	2,133,936	2,363,300	2,090,448	4,472,039
1.46%	1.39%	1.59%	1.89%	2.07%	1.79%	3.83%

NESHAMINY SCHOOL DISTRICT

Ratio of Net General Bond Debt to Personal Income, Assessed Value, and Net Bond Debt per Capita Last Ten Fiscal Years (Unaudited)

Year End June 30	District Population	Personal Income	Assessed Value	Bonded Debt	Ratios of Debt		
					to Pers Income	Assessed Value	Per Capita
	(1)	(2)	(3)	(4)			
2002	69,666	\$1,425,203,329	187,963,060	41,864,806	2.94%	22.27%	601
2003	69,685	\$1,555,523,397	189,426,210	41,466,358	2.67%	21.89%	595
2004	69,635	\$1,698,456,541	192,746,420	61,284,031	3.61%	31.80%	880
2005	69,638	\$1,737,444,701	194,926,065	57,504,450	3.31%	29.50%	826
2006	69,645	\$1,909,705,344	785,749,730	123,462,866	6.47%	15.71%	1,773
2007	69,638	\$2,096,810,905	791,564,720	128,819,894	6.14%	16.27%	1,850
2008	69,638	\$2,096,810,905	795,651,280	125,438,219	5.98%	15.77%	1,801
2009	69,638	\$2,096,810,905	793,104,970	120,468,695	5.75%	15.19%	1,730
2010	69,638	\$2,099,427,334	792,750,150	115,620,004	5.51%	14.58%	1,660
2011	69,638	\$1,988,049,510	793,092,395	109,965,202	5.53%	13.87%	1,579

Note: There is no debt for the business type activities

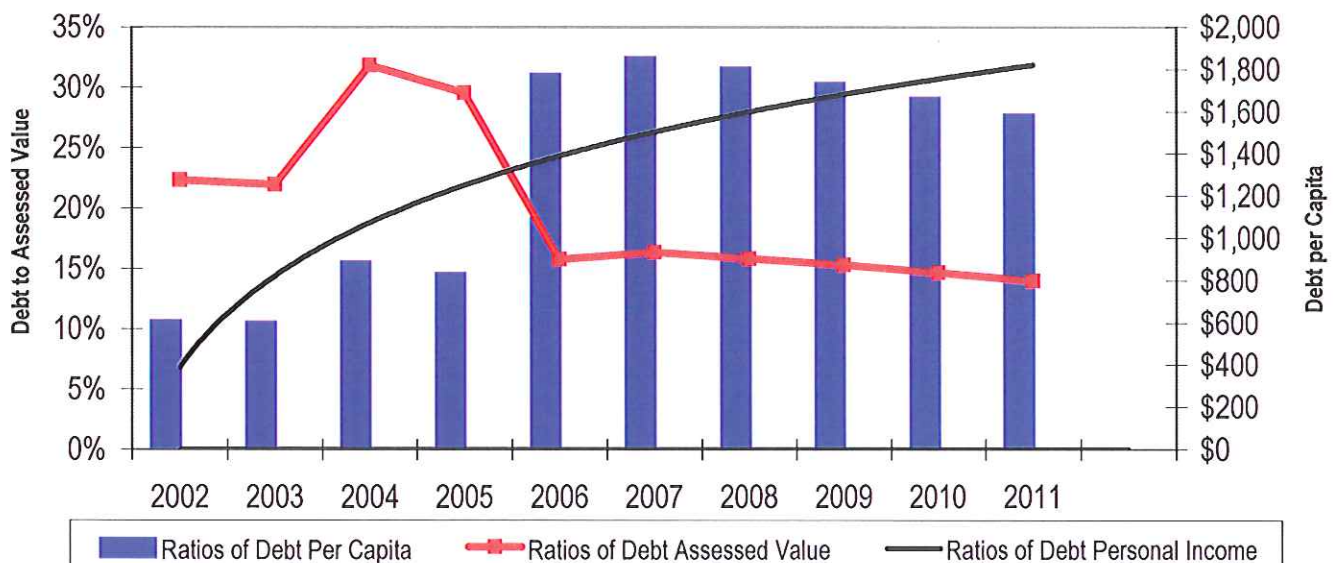
Sources: (1) U. S. Census: 1990, 2000 and School District estimates

(2) PDE; latest year is 2009

(3) School District Tax Duplicate

(4) School District Records

Relationship of Debt to Personal Income, Assessed Value, and Population

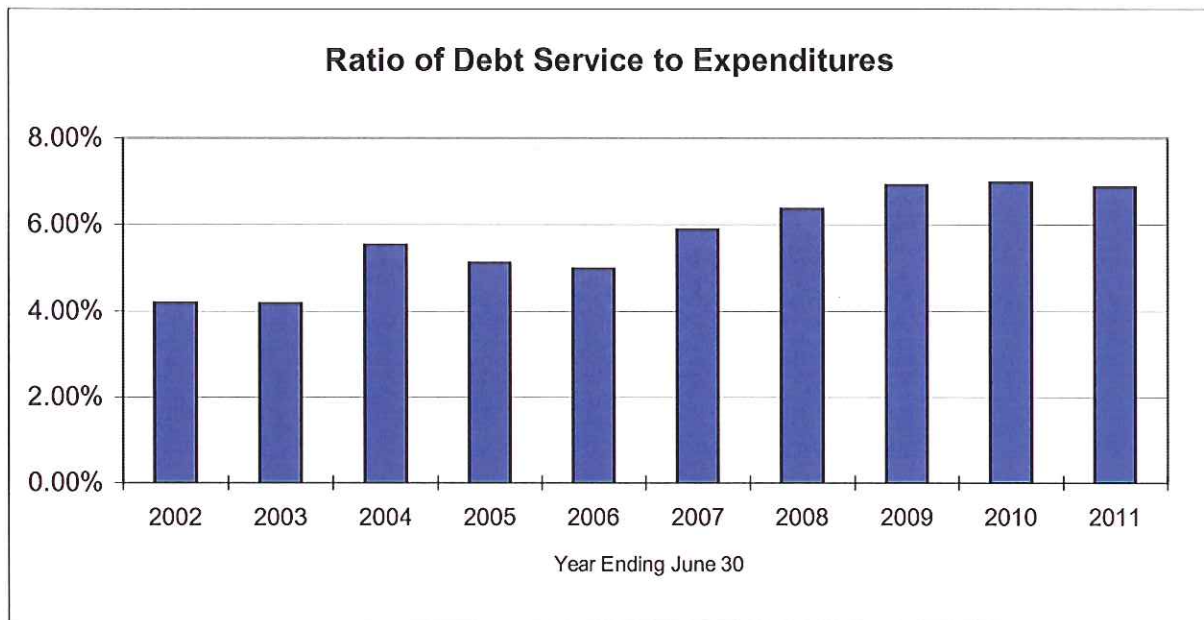


NESHAMINY SCHOOL DISTRICT

Ratio of Annual Debt Service Expenditures Debt Service to Total General Fund Expenditures Last Ten Fiscal Years (Unaudited)

Year End June 30	TOTAL CURRENT EXPENDITURES		RATIO Debt Service to General Expend.
	Debt Service	Total General Governmental	
2002	4,842,844	115,847,663	4.18%
2003	5,091,173	121,953,287	4.17%
2004	7,263,780	131,246,742	5.53%
2005	6,994,048	136,904,071	5.11%
2006	7,274,918	146,193,156	4.98%
2007	9,024,870	153,329,174	5.89%
2008	10,274,422	161,377,218	6.37%
2009	10,791,893	156,041,228	6.92%
2010	10,562,471	151,454,452	6.97%
2011	10,558,150	153,772,887	6.87%

Source: School District Financial Statements



Neshaminy School District

Outstanding Debt Service

As of June 30, 2011

Unaudited

Fiscal Year	General Obligation Bond (Note 1) Series 2005 - Technical School		General Obligation Bond Series 2004		General Obligation Bond Series 2006	
	Principal	Interest	Principal	Interest	Principal	Interest
2011-12	\$ 549,074	\$ 219,589	\$ 1,075,000	\$ 864,798	\$ 5,000	\$ 3,207,308
2012-13	\$ 574,481	\$ 193,848	\$ 1,110,000	\$ 825,560	\$ 5,000	\$ 3,207,125
2013-14	\$ 598,476	\$ 169,865	\$ 1,155,000	\$ 782,825	\$ 2,165,000	\$ 3,206,938
2014-15	\$ 625,295	\$ 142,263	\$ 1,200,000	\$ 736,625	\$ 3,695,000	\$ 3,098,688
2015-16	\$ 657,759	\$ 110,187	\$ 1,250,000	\$ 685,625	\$ 3,880,000	\$ 2,913,938
2016-17	\$ 687,401	\$ 79,995	\$ 1,315,000	\$ 623,125	\$ 4,050,000	\$ 2,742,638
2017-18	\$ 715,631	\$ 51,755	\$ 1,380,000	\$ 557,375	\$ 4,240,000	\$ 2,554,950
2018-19	\$ 745,272	\$ 18,632	\$ 1,450,000	\$ 488,375	\$ 4,450,000	\$ 2,342,950
2019-20	MATURITY		\$ 1,520,000	\$ 415,875	\$ 4,640,000	\$ 2,153,825
2020-21			\$ 1,600,000	\$ 339,875	\$ 4,845,000	\$ 1,945,025
2021-22			\$ 1,680,000	\$ 259,875	\$ 5,070,000	\$ 1,720,944
2022-23			\$ 1,760,000	\$ 175,875	\$ 5,315,000	\$ 1,480,119
2023-24			\$ 1,850,000	\$ 87,875	\$ 5,565,000	\$ 1,227,656
2024-25			MATURITY		\$ 8,020,000	\$ 949,406
2025-26					\$ 8,425,000	\$ 548,406
2026-27					\$ 4,110,000	\$ 179,813
2027-28					MATURITY	
Total						
Outstanding	\$ 5,153,387	\$ 986,134	\$ 18,345,000	\$ 6,843,683	\$ 68,480,000	\$ 33,479,726

NOTES:

- 1) Series 2005 Bucks County Technical School Authority represents \$35,904,481 in School Revenue Bonds (refinanced Series 1995).
The debt will be shared by six participating school districts.
- 2) Bond Series A of 2007 used to refinance most of Bond Series 1997.

General Obligation Bond Series A of 2007		General Obligation Bond Series B of 2007		General Obligation Note Series of 2007		Total
Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
\$ 3,675,000	\$ 355,915	\$ 5,000	\$ 437,853	\$ 256,814	\$ 14,217	\$ 10,665,566
\$ 3,820,000	\$ 208,915	\$ 5,000	\$ 437,670			\$ 10,387,599
\$ 1,465,000	\$ 65,925	\$ 5,000	\$ 437,485			\$ 10,051,513
MATURITY		\$ -	\$ 437,298			\$ 9,935,167
		\$ 5,000	\$ 437,298			\$ 9,939,806
		\$ 5,000	\$ 437,108			\$ 9,940,265
		\$ 5,000	\$ 436,913			\$ 9,941,623
		\$ 5,000	\$ 436,700			\$ 9,936,929
		\$ 5,000	\$ 436,488			\$ 9,171,188
		\$ 5,000	\$ 436,275			\$ 9,171,175
		\$ 5,000	\$ 436,063			\$ 9,171,881
		\$ 5,000	\$ 435,850			\$ 9,171,844
		\$ 5,000	\$ 435,638			\$ 9,171,169
		\$ 5,000	\$ 435,425			\$ 9,409,831
		\$ 5,000	\$ 435,213			\$ 9,413,619
		\$ 2,550,000	\$ 435,000			\$ 7,274,813
		\$ 6,150,000	\$ 307,500			\$ 6,457,500
		MATURITY				
\$ 8,960,000	\$ 630,755	\$ 8,770,000	\$ 7,291,773	\$ 256,814	\$ 14,217	\$ 159,211,488

NESHAMINY SCHOOL DISTRICT

Computation of Legal Debt Margin Year Ended June 30, 2011 (Unaudited)

Borrowing Capacity

Act 50 "School Property Tax Control Act," effective July 1, 1998, has reduced the borrowing capacity of the School District as set forth under the provisions of Act 185 of July 12, 1972, known as the "Local Government Unit Debt Act." The Act establishes the debt limits for local government units, including school districts and municipalities. Under the Act, the School District may incur debt in an unlimited amount when such debt is approved by a majority of the school district's voters at either a general or special election.

However, Act 50 affects the net non-electoral debt, or debt not approved by the school district's electorate. Act 50 has reduced all non-electoral debt for school districts from 250% of the school district's borrowing base to 225%.

After deducting the outstanding debt, the calculations below indicate a favorable remaining debt margin of \$229,724,161.

THREE YEAR PRIOR YEAR AUDITED GENERAL FUND REVENUE

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Gross Revenues and Other Sources	\$157,442,025	\$158,398,439	\$158,652,251
Less Required Deductions:			
Rental and Sinking Fund Reimbursement	1,433,750	1,237,806	1,238,828
Grants and Gifts	4,338,884	6,284,958	7,039,338
TOTAL DEDUCTIONS	<u>\$ 5,772,634</u>	<u>\$ 7,522,764</u>	<u>\$ 8,278,166</u>
TOTAL ADJUSTED REVENUES	\$ 151,669,391	\$ 150,875,675	\$ 150,374,085

Total Adjusted Revenues Three Year Period	\$ 452,919,151
---	----------------

NON-ELECTORAL DEBT LIMIT (225% of Borrowing Base)

Borrowing Base - Average of Three Year Adjusted Revenue	\$150,973,050
Multiplier	225.00%
Total Non-electoral Debt Limit	<u>\$ 339,689,363</u>
Less Amount of Debt Outstanding	<u>\$ (109,965,202)</u>
REMAINING NON-ELECTORAL BORROWING CAPACITY	<u>\$ 229,724,161</u>
Legal debt margin to the debt limit ratio	67.63%

NON-ELECTORAL AND LEASE RENTAL DEBT LIMIT (Same as above)

Source: School District Financial Statements

NESHAMINY SCHOOL DISTRICT

Computation of Direct and Overlapping Debt Year Ended June 30, 2011 (Unaudited)

Residents of each municipality are responsible for the debt issued by the municipalities which make up the school district, as well as for a portion of the debt issued by Bucks County. The outstanding indebtedness of each of these entities and the proportionate share for each payable by residents of the school district are listed below

DIRECT DEBT OF THE SCHOOL DISTRICT:

<u>General Obligation Bonds and Notes Payable</u>		<u>Debt Amount</u>	
Issue of May 2004, Matures 2024		\$ 18,345,000	
Issue of May 2006, Matures 2027		\$ 68,480,000	
Issue of June 2007, Series A, Matures 2014 (Note 4)		\$ 8,960,000	
Issue of June 2007, Series B, Matures 2028		\$ 8,770,000	
Issue of July 2007, Matures 2011		\$ 256,814	
Total Bonds and Notes Payable			\$ 104,811,814
<u>General Lease Rental Obligations</u>			
Issue of November 2005, Matures 2018 (Note 1)		\$ 5,153,388	
TOTAL DIRECT DEBT OF THE SCHOOL DISTRICT			\$ 109,965,202

OVERLAPPING DEBT: (Note 2)

<u>Municipality</u>	<u>Debt Amount</u>	<u>Overlapping Debt %</u>	<u>Overlapping Debt Amount</u>	
Lower Southampton Township	\$ 13,230,673	100.0%	\$ 13,230,673	
Middletown Township	\$ 29,714,533	100.0%	\$ 29,714,533	
Total Municipal Debt	\$ 42,945,206		\$ 42,945,206	(Note 2)
Bucks County Debt (Note 3)	\$ 250,815,183	9.9%	\$ 24,896,564	(Note 3)
TOTAL OVERLAPPING DEBT				\$ 67,841,770

TOTAL DIRECT AND OVERLAPPING DEBT	\$ 177,806,972
--	-----------------------

NOTES:

- (1) The Bucks County Technical High School refinanced their Series 1995 GOB.
- (2) Municipalities and County Debt as of Dec. 31, 2010. The overlap is calculated at 100% for the district.
- (3) School District's proportionate share based on state equalized valuation of real estate. This is the school district's assessed value divided by the county's assessed value.
- (4) The District issued General Obligation Bonds, Series A of 2007, to advance refund General Obligation Series 1997.

Sources:

Bucks County Office of Comptroller
Municipalities
School Business Officials

NESHAMINY SCHOOL DISTRICT

Total Expenditures and Actual Instruction Expense Per Pupil Last Ten Fiscal Years (Unaudited)

Year End June 30	Average Daily Membership	Total Expenditures	Total per Pupil	Pupil Variance	Percent Variance	Teacher/Student Ratio	Actual Instruction Expense	Instruction Expense per Pupil	Instruction Expense Variance	Percent Variance
2002	(1) 10,062	(2) 115,823,094	11,511			(3) 14.6	(4) See NOTE 90,424,434	8,987		
2003	9,947	121,940,701	12,260	749	6.5%	14.0	95,949,924	9,647	660	7.3%
2004	9,901	130,724,828	13,203	944	7.7%	13.6	101,698,626	10,272	625	6.5%
2005	9,810	136,388,014	13,903	700	5.3%	13.6	105,176,740	10,721	450	4.4%
2006	9,773	145,675,544	14,906	1,003	7.2%	13.7	115,548,451	11,823	1,102	10.3%
2007	9,687	151,880,174	15,679	773	5.2%	13.4	116,529,794	12,030	206	1.7%
2008	9,579	161,826,218	16,894	1,215	7.7%	12.9	122,926,345	12,833	803	6.7%
2009	9,342	156,041,228	16,703	(191)	-1.1%	13.0	118,462,062	12,680	(153)	-1.2%
2010	8,744	151,204,454	17,293	590	3.5%	14.0	114,109,410	13,050	370	2.9%
2011	9,402	152,772,887	16,249	(1,044)	-6.0%	13.3	112,593,821	11,976	(1,075)	-8.2%

NOTE: Selected expenditures as defined in legislation as the cost per pupil, are discounted by several identified elements of spending, that are not directly related to the education of students in charter schools.

Source: (1) Pennsylvania Department of Education PDE-4060, PDE website

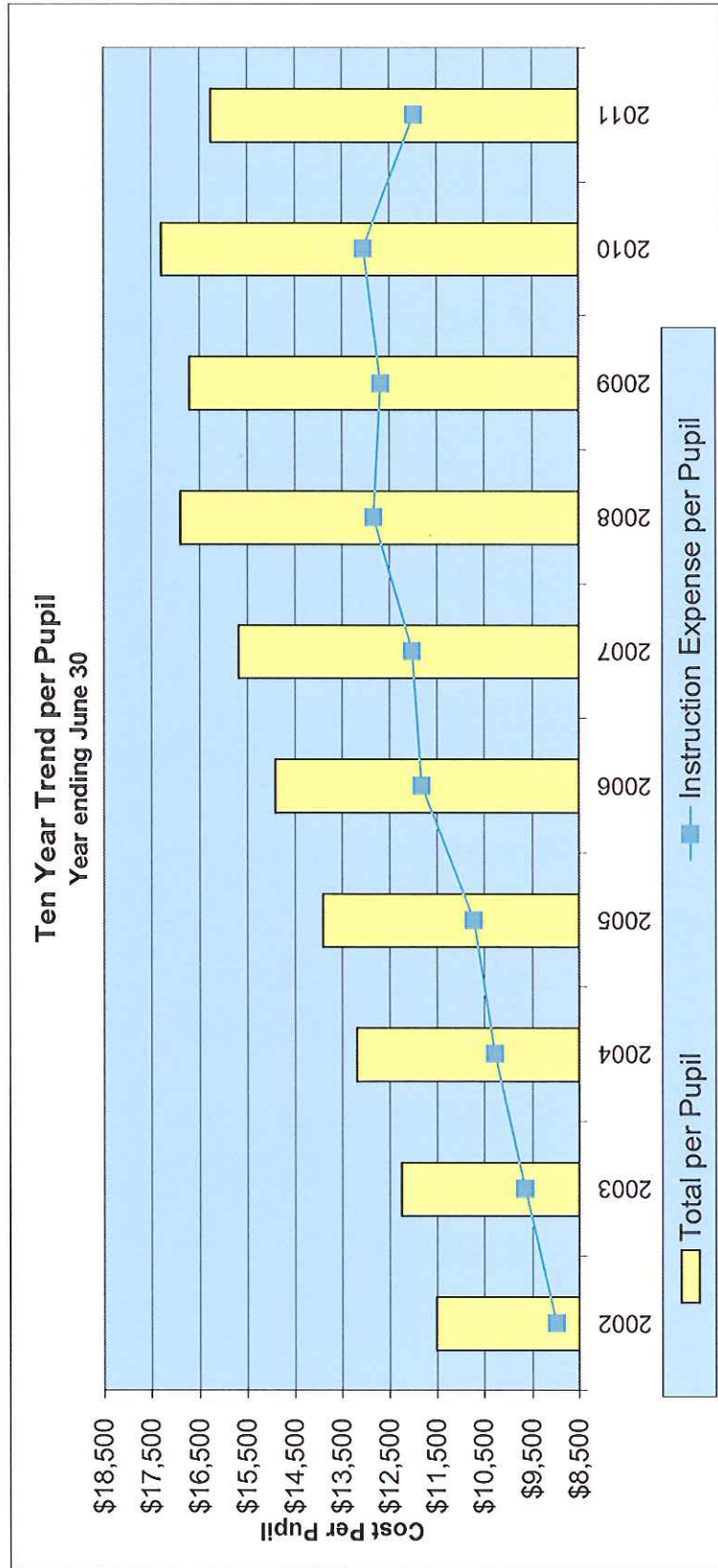
(2) This includes General Fund only, not Capital Project Funds as they will be included upon repayment in debt service.

(3) School District Officials

(4) PDE-2085, PDE-2057, PDE website

NESHAMINY SCHOOL DISTRICT

Total Expenditures and Actual Instruction Expense Per Pupil Last Ten Fiscal Years (Unaudited)



NESHAMINY SCHOOL DISTRICT

Demographic Statistics Last Ten Fiscal Years (Unaudited)

Tax Year	Fiscal Year End June 30	NESHAMINY			BUCKS COUNTY			
		District Population	School Enrollment	Annual Births	Per Capita Income	Personal Income	Median Age	Rate of Unemployment
		(1)	(2)	(3)	(4)(1)	(5)	(1)	(1)
2001	2001-2002	69,666	9,741	753	N.A.	\$ 1,425,203,329	N.A.	4.2%
2002	2002-2003	69,685	9,581	784	N.A.	\$ 1,555,523,397	N.A.	4.4%
2003	2003-2004	69,635	9,409	770	N.A.	\$ 1,698,456,541	38.8	4.4%
2004	2004-2005	69,638	9,289	648	N.A.	\$ 1,737,444,701	39.3	4.5%
2005	2005-2006	69,645	9,214	598	N.A.	\$ 1,909,705,344	40.0	4.5%
2006	2006-2007	69,638	9,180	749	\$ 33,431	\$ 1,909,705,344	40.2	4.3%
2007	2007-2008	69,638	8,963	717	\$ 33,553	\$ 2,096,810,905	40.2	4.3%
2008	2008-2009	69,638	8,839	729	\$ 36,801	\$ 2,096,810,905	40.7	4.3%
2009	2009-2010	69,638	8,658	601	\$ 35,039	\$ 2,099,427,334	40.7	9.2%
2010	2010-2011	69,638	8,568	663	\$ 34,534	\$ 1,988,049,510	40.7	9.0%

Sources:

(1) United States Census and School District estimates

(2) School District Officials, as of October 15

(3) Pennsylvania Department of Health

(4) U. S. Dept. of Commerce Bureau of Economic Analysis; Bureau of Research & Statistics, Pennsylvania Dept. of Labor and Industry

(5) PDE; latest year is 2008, Neshaminy School District

NESHAMINY SCHOOL DISTRICT

Attendance Data Last Ten Fiscal Years (Unaudited)

Year End June 30	Average Daily Membership	Enrollment	Enrollment Change	% Attendance
	(1)	(2)		(3)
2002	10,062	9,741	-431	95.07%
2003	9,947	9,581	-160	95.07%
2004	9,901	9,409	-172	95.11%
2005	9,810	9,289	-120	95.27%
2006	9,773	9,214	-75	95.24%
2007	9,687	9,180	-34	94.90%
2008	9,579	8,963	-217	95.97%
2009	9,342	8,839	-124	96.02%
2010	8,744	8,658	-181	95.60%
2011	9,402	8,568	-90	95.80%

Sources: 1. School District Officials, Form PDE4060, PDE website
2. School District Officials, as of October 15
3. PDE4062, School District Officials

NESHAMINY SCHOOL DISTRICT

Principal Employers 2010-2011

	Employer	Type of Business	2010-2011			2001-2002		
			Number of Employees	Rank	% Of Total Employment	Number of Employees	Rank	% Of Total Employment
	St. Mary Medical Center	Hospital	2,474	1	8.96%	2,186	1	8.33%
	Woods Services	Private School	1,641	4	5.94%	1,604	3	6.11%
	Busch Entertainment Corp	Amusement Park	1,661	3	6.02%	1,326	5	5.05%
	Neshaminy School District	Public School District	1,792	2	6.49%	2,008	2	7.65%
	Sykes Acquisition LLC	Comp Tech/Marketing	450	5	1.63%	1,572	4	5.99%
	ICT Group	Consulting Company						
	Pennswood Village	Retirement Community	431	6	1.56%	416	8	1.58%
	Vitacare Home Health Inc	Home Health Service	390	8	1.41%			
	Target Corporation	Retail Store	336	9	1.22%			
	Reedman-Toll Autoworld	Automobile Dealership	324	10	1.17%	612	6	2.33%
	Eldercare Resources Corp	Nursing Homes						
	George School	Private School						
	Attleboro Nursing Home	Nursing Home						
	Safeway Inc M/S 5015	Grocery Store				503	7	1.92%
	Allglass Systems Inc	Retail Store						
	Toys R Us	Retail Store						
	Macy's Retail	Retail Store						
	TRC Staffing Services Inc	Temp. Office Staff	429	7	1.55%	373	9	1.42%
	Careers USA Feasterville	Temp. Office Staff				359	10	1.37%
	McCafferty Ford Sales Inc	Automobile Dealership						
Total Ten Largest Employers			9,928		35.95%	10,959		41.74%
Total Employees in District			27,614			26,255		

Source: Berkheimer Tax Administrator

NESHAMINY SCHOOL DISTRICT

School Building Data

Grade Level	Original	Additions	Renovations	(Note 2) Number of Classrooms	Modular Classrooms	Acreage	Square Footage
<u>Elementary</u>							
Pearl Buck	1969	----		35		15	63,550
Samuel Everitt	1954	1959, 1967		28		17	49,300
Joseph Ferderbar	1958	1959, 1967, 1997	1997	32		(Note 1) -	50,400
Oliver Heckman	1967	----		30	4	18	54,200
Herbert Hoover	1962	1966		40		60	76,250
Lower South	1951	1955, 1967		28		15	59,000
Walter Miller	1957	1997	1997	26		17	48,500
Albert Schweitzer	1959	1961, 1967		29		(Note 1) -	67,650
<u>Middle Schools</u>							
Maple Point	1975	1966	1993	57		87	250,000
Poquessing	1957	1961, 1997	2006	39		(Note 1) 34	74,600
Carl Sandburg	1959	1998	2000 (Kitchen)	45		(Note 1) 35	140,000
<u>High School</u>							
Neshaminy	1953	1955, 1957, 1958, 1960, 1963, 1965	1992, 1996 1997 2006-2009	136		212	425,000
The Learning Center At Neshaminy	1953		2009(Partial)	8		(Note 3) -	50,000
<u>Non-Educational</u>							
Eisenhower Elem.	1964	----				13	39,628
Neshaminy Middle	1965	1966				40	153,000
Tawanka	1964					21	42,500
Transportation	1980					(Note 4) -	15,000
				533	4	584	1,518,278

(Note 1) Denotes school is part of an elementary/middle school complex. Acreage is included with Middle School.

(Note 2) Listed are classrooms only, not those rooms that are used collectively by various grades for subjects such as art, music, industrial arts or other general purpose rooms.

(Note 3) School is located on the high school campus. Acreage is included with High School.

(Note 4) Building is located on the high school campus. Acreage is included with High School.

Source: Basco Report 4/94 and Ray Group Report commissioned by the District, and School District Officials.

NESHAMINY SCHOOL DISTRICT

Staff Positions by Function Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	2002	2003	2004	2005
Certified and Administrative:				
Superintendent/Cabinet	7.0	6.0	7.0	6.0
Supervisors/Directors	8.9	8.9	9.0	10.0
Principals	24.0	24.0	24.0	24.0
Curr./Pupil Personnel Specialists	27.0	25.8	25.1	31.1
Reg. Ed. Classroom Positions	486.2	484.9	490.7	485.1
Spec. Ed. Classroom Positions	92.6	100.1	98.1	100.1
School Specialists	90.6	86.6	85.7	84.9
Coord./Mgr./Mgmt. Assistant	12.0	12.0	11.5	11.5
Federal Funded Positions	11.5	8.0	8.7	16.4
Total Certified and Administrative	<u>759.8</u>	<u>756.3</u>	<u>759.8</u>	<u>769.1</u>
Support:				
Central Offices	29.3	30.3	28.8	27.8
Technology	18.0	17.0	17.0	17.0
Bus Drivers/Aides/Mech.	96.0	96.0	98.0	101.6
Building & Grounds Maint.	31.0	31.0	29.0	29.0
Purchasing/Receiving	4.0	4.0	4.0	4.0
Tax Coll/Board Secy & Treas.	8.0	8.0	8.0	8.0
School Aides	179.0	179.0	179.0	179.0
School Clerical Staff	52.0	50.0	50.0	51.0
Building Custodians	91.0	90.0	88.0	89.0
Federal/Grant Funded	18.9	22.1	18.1	20.8
Total Support	<u>527.2</u>	<u>527.4</u>	<u>519.9</u>	<u>527.2</u>
Total Positions	<u>1,287.0</u>	<u>1,283.7</u>	<u>1,279.7</u>	<u>1,296.3</u>

Source: District Budget Document

Fiscal Year					
2006	2007	2008	2009	2010	2011
6.0	5.9	5.9	5.9	5.9	5.9
10.0	10.0	10.0	10.0	8.0	8.0
24.0	24.0	24.0	23.0	23.0	23.0
32.1	26.7	28.6	32.0	31.9	31.9
485.5	485.6	481.6	455.3	433.7	434.5
101.1	101.1	103.2	106.5	101.2	102.5
84.9	84.9	84.9	84.4	80.4	82.4
12.0	11.4	12.0	12.0	8.0	7.0
18.7	21.1	24.6	22.2	19.7	19.7
<u>774.3</u>	<u>770.7</u>	<u>774.8</u>	<u>751.3</u>	<u>711.8</u>	<u>714.9</u>
27.8	27.8	27.8	27.8	24.8	24.8
17.0	17.0	17.0	16.0	12.0	12.0
101.6	101.6	98.2	98.2	98.2	98.2
29.0	29.0	27.0	27.0	24.0	24.0
4.0	4.0	4.0	4.0	3.0	3.0
8.0	8.0	8.0	8.0	8.0	8.0
179.0	178.0	179.0	172.0	168.0	165.0
51.0	51.0	51.0	48.0	50.0	50.0
89.0	89.0	88.0	80.0	75.0	75.0
26.2	28.2	21.2	23.2	16.2	16.7
<u>532.6</u>	<u>533.6</u>	<u>521.2</u>	<u>504.2</u>	<u>479.2</u>	<u>476.7</u>
<u>1,306.9</u>	<u>1,304.3</u>	<u>1,296.0</u>	<u>1,255.5</u>	<u>1,191.0</u>	<u>1,191.6</u>

NESHAMINY SCHOOL DISTRICT

Food Services Operations Last Ten Fiscal Years (Unaudited)

	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>
<u>Lunches Served:</u>				
Total "A" Lunches	566,991	575,826	582,018	567,305
Total "Free" Lunches	71,295	64,290	70,275	90,397
Total "Reduced Price" Lunches	33,942	32,421	33,893	41,998
Daily Average "A" Type Lunches	3,133	3,199	3,308	3,224
Daily Average "Free" Lunches	394	357	395	515
Daily Average "Reduced" Lunches	188	180	190	236
<u>Percent of Student Participation-Type "A" Lunch</u>	36%	37%	37%	36%
<u>Price Per "A" Lunch:</u>				
Elementary Students	\$1.60	\$1.60	\$1.60	\$1.70
Secondary Students	\$2.00-2.75	\$2.00	\$2.00	\$2.10
Adults	\$3.00	\$3.00	\$3.00	\$3.25
<u>Reimbursements Per Lunch:</u>				
"A" Type Lunches	\$.30-.32	\$.30-.32	\$.31-.33	\$.31-.33
"Free" Lunches	\$2.19-2.21	\$2.24-2.26	\$2.29-2.31	\$2.34-2.36
"Reduced" Lunches	\$1.79-1.81	\$1.86-1.88	\$1.89-1.91	\$1.94-1.96
<u>Number of Kitchens in Operation:</u>	14	13 (2)	13	13
<u>Size of Food Service Staff:</u>				
Administration	10	10	9 (3)	9
Operations by Dept. or School	86 (1)	83 (2)	83	83

NOTES:

- (1) General worker position added at High School.
- (2) Tawanka Elementary School closed
- (3) Manager Retired - not replaced
- (4) General worker positions added for 1 hr. at NHS and Poquessing and added breakfast at Everitt
- (5) Elimination of Marketing Manager position
- (6) Added breakfast at all elementary schools; seven new 1 hr. general worker positions added
- (7) Neshaminy Middle School closed
- (8) Manager position eliminated
- (9) Positions eliminated-Neshaminy Middle School (5) and Poquessing Middle School (1)
- (10) Manager position eliminated
- (11) 9th Grade moved to the high school

Source: School District Officials

<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
551,202	541,072	522,146	489,447	451,442	426,069
85,268	93,949	100,903	109,900	132,995	152,336
41,345	40,412	41,123	44,448	47,521	49,851
3,151	3,146	2,901	2,750	2,522	2,354
485	529	561	617	743	842
237	226	228	250	265	275
36%	36%	35%	33%	31%	29%
\$1.70	\$1.70	\$1.70	\$1.95	\$2.05	\$2.05
\$2.10	\$2.10	\$2.10	\$2.35	\$2.45	\$2.45
\$3.50	\$3.50	\$3.50	\$3.50	\$3.75	\$3.75
\$.32-.34	\$.33-.35	\$.33-.35	\$.34-.36	\$.37-.39	\$.36-.38
\$2.42-2.44	\$2.50-2.52	\$2.57-2.59	\$2.67-2.69	\$2.80-2.82	\$2.72-2.74
\$2.02-2.04	\$2.10-2.12	\$2.17-2.19	\$2.27-2.29	\$2.40-2.42	\$2.32-2.34

13	13	13	12 (7)	12	12
9	8 (5)	8	7 (8)	6 (10)	6
86 (4)	93 (6)	93	87 (9)	85 (11)	85

