

Township of Hampton

Financial Statements and Required Supplementary and Supplementary Information

Year Ended December 31, 2017 with
Independent Auditor's Report

MaherDuessel

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TOWNSHIP OF HAMPTON

YEAR ENDED DECEMBER 31, 2017

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Independent Auditor's Report

Members of Council Township of Hampton

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Hampton (Township), Pennsylvania, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2017, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison information, and agency fund statement are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison information, and agency fund statement are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to

prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison information, and agency fund statement are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mahe Duessel

Pittsburgh, Pennsylvania
June 1, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis is an integral part of the Township of Hampton's (Township) annual financial statements and should be read in conjunction with the accompanying independent auditor's report, financial statements and notes, and required supplementary and supplementary information, in order to obtain a thorough understanding of the Township's financial condition at December 31, 2017.

FINANCIAL HIGHLIGHTS

- ▶ Total Township Net Position of \$4,319,070 at December 31, 2017 represents an increase of approximately \$422,000 over 2016. Unrestricted Net Position of \$421,766 at December 31, 2017 may be used to fulfill the Township's current obligations to its citizens, creditors, and employees.
- ▶ Net investment in capital assets was \$2,331,056 at December 31, 2017, an increase of approximately \$456,000 from 2016.
- ▶ The General Fund's Unassigned Fund Balance at December 31, 2017 was \$2,062,717, an increase of approximately \$231,000 from 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of three parts: Management's Discussion and Analysis, the basic financial statements, including the accompanying notes to financial statements, combining and individual fund statements, and schedules. The basic financial statements present differing views of the Township through the use of government-wide statements and fund financial statements:

- The first two statements (pages 1-2) are government-wide financial statements that provide long-term and short-term information about the Township's overall financial status.
- The remaining statements (pages 3-8) are fund financial statements that focus on individual parts of Township government, reporting operations in more detail than the government-wide statements.
- The governmental funds statements describe how general government services were financed.
- Fiduciary fund statements provide information about the employee retirement plans in which the Township acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide statements, because the resources cannot be used to support Township activities.

The financial statement notes provide an explanation in greater detail for certain information in the financial statements. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 depicts how the required parts of this annual report are arranged and related to one another. In addition to these required elements, a section with combining statements provides details about the other governmental funds that are presented in single columns in the basic financial statements.

Figure A-1
REQUIRED COMPONENTS OF THE FINANCIAL STATEMENT

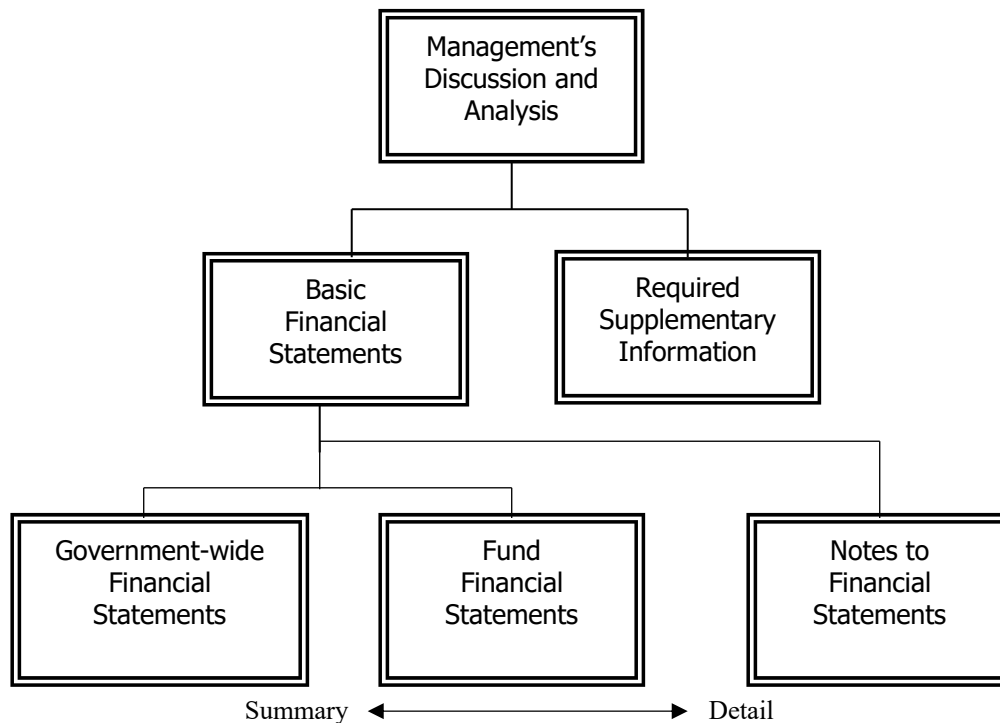


Figure A-2 summarizes the major features of the Township's financial statements. The remainder of this overview section of the Management's Discussion and Analysis explains the structure and contents of each of the statements.

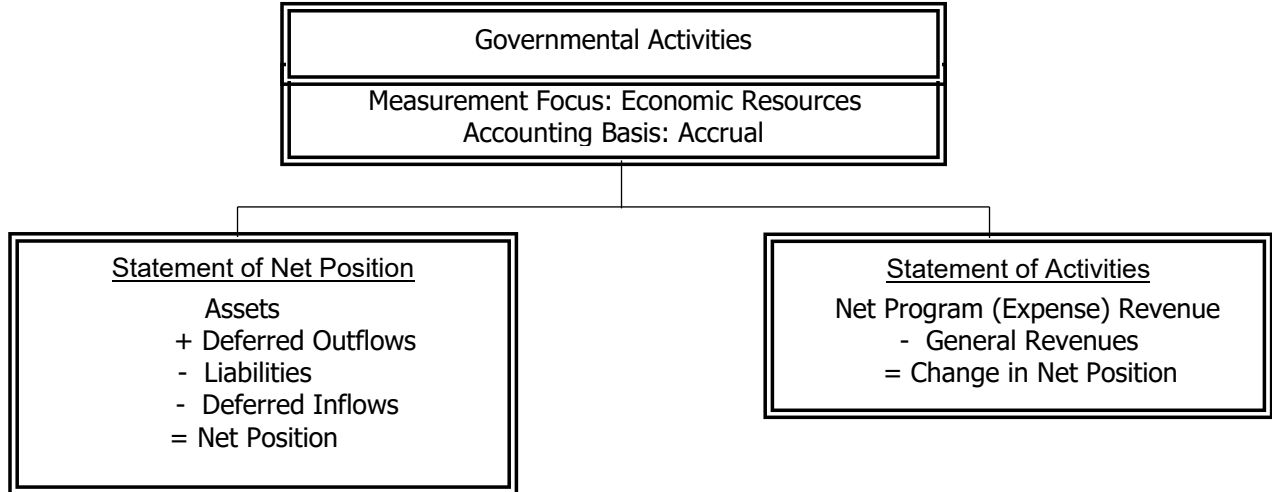
**Figure A-2
Major Features of the Township’s Government-wide and Fund Financial Statements**

	<u>Fund Statements</u>		
	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire municipal government (except fiduciary funds) and the Township’s component unit	The activities of the Township that are not proprietary or fiduciary.	Instances in which the Township is the trustee or agent for others’ resources, such as the retirement plans for Township employees
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balance • Budget to Actual 	<ul style="list-style-type: none"> • Statement of Plan Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset and deferred outflow/liability and deferred inflow information	All assets and deferred outflows and liabilities and deferred inflows, both financial and capital, and short-term and long-term	Only assets and deferred outflows expected to be utilized and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets and deferred outflows and liabilities and deferred inflows, both short-term and long-term; the Township’s funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenue and expenses during year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by for profit entities. The following two government-wide financial statements report the Township’s net position and the factors causing the change in net position. The Statement of Net Position includes all of the Township’s assets and deferred outflows and liabilities, except for its fiduciary funds. The Statement of Activities focuses on how the Township’s net position changed during the year. All current year revenues and expenses are accounted for in the Statement of Activities, regardless of the timing of the cash receipt or disbursement. Additional non-financial factors, such as changes in the Township’s real property tax base and general economic conditions, must be considered to assess the overall financial position of the Township. The primary features of government-wide financial statements are reflected in Figure A-3.

**Figure A-3
Government-wide Financial Statements**



The Township’s government-wide financial statements encompass its Governmental Activities. Governmental Activities encompass the Township’s basic services, including General Government, Public Safety, Community Development, Public Works, and Community Services. Property and earned income taxes, charges for services, and state grants predominately finance these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township’s individual funds, not the Township as a whole. Funds are accounting groups that the Township uses to track specific sources of funding and spending for particular purposes. State law requires some funds.

The Township has two kinds of funds:

- *Governmental funds* - The Township’s primary services are included in governmental funds, focusing on (1) cash and other financial assets that may readily be converted to cash flowing in and out of the Township and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that aids in determining the availability of the financial resources that can be spent in the near future to finance the Township’s programs. The relationship between governmental activities as reported in the Statement of Net Position and the Statement of Activities and governmental funds is described in a reconciliation that follows the governmental fund financial statements.
- *Fiduciary funds* - The Township is the trustee, or *fiduciary*, for the General Employees Pension Plans and the Police Pension Plan. These plans cover essentially all full-time employees. The Township is responsible for ensuring that the assets reported in these funds

are used for their intended purposes. All of the Township’s fiduciary activities are reported in a separate Statement of Plan Net Position and a Statement of Changes in Fiduciary Net Position. These activities are excluded from the Township’s government-wide financial statements since the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

A summary of the Township’s Statement of Net Position for the years ended December 31, 2017 and 2016 is as follows:

	Governmental Activities	
	2017	2016
Current and Other Assets	\$ 4,608,535	\$ 4,465,936
Noncurrent Assets	1,521,104	425,991
Capital Assets, net	17,966,028	19,035,013
Total Assets	24,095,667	23,926,940
Deferred charge on refunding	269,808	299,787
Net difference between projected and actual earnings on pension plan investments	1,803,645	878,836
Total Deferred Outflows of Resources	2,073,453	1,178,623
Current and Other Liabilities	2,006,673	2,068,952
Noncurrent Liabilities	17,163,924	18,509,351
Total Liabilities	19,170,597	20,578,303
Net difference in the expected and actual pension actuarial experience	2,679,453	630,502
Total Deferred Inflows of Resources	2,679,453	630,502
Net Investment in Capital Assets	2,331,056	1,875,104
Restricted	1,566,248	451,529
Unrestricted	421,766	1,570,125
Total Net Position	\$ 4,319,070	\$ 3,896,758

Net Position

Net position from governmental activities at December 31, 2017 increased by approximately \$422,000 from 2016. The Unrestricted Net Position of \$421,766 identifies funds available to maintain operations at the government-wide level.

Capital Assets

These Township assets, representing 68.7% of Total Assets and Deferred Outflows at December 31, 2017, reflect its investment of land, buildings, infrastructure, furniture, equipment, and vehicles, less any outstanding debt utilized to acquire these assets and deferred outflows. The Township maintains and uses these capital assets to fulfill the service demands of its residents and they are not available for future spending. The Investment in Capital Assets is reported net of related debt and the resources necessary to repay this debt will be required to be provided from other Township sources.

Change in Net Position

The sources of the Changes in Net Position for the years ended December 31, 2017 and 2016 are summarized as follows:

Change in Net Position For the Years Ended December 31, 2017 and 2016 Governmental Activities			
	2017	2016	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	\$ 4,272,967	\$ 4,263,794	\$ 9,173
Operating Grants	811,422	852,868	(41,446)
General Revenues:			
Property Taxes	4,153,822	4,112,725	41,097
Earned Income Taxes	4,036,945	4,068,121	(31,176)
Real Estate Transfer Taxes	810,667	785,613	25,054
Other, including interest	1,485,372	1,388,715	96,657
Total Revenues	15,571,195	15,471,836	99,359
Program Expenses:			
General Government	3,384,173	3,055,301	328,872
Public Safety	3,095,123	3,020,477	74,646
Community Development	438,336	419,702	18,634
Public Works	5,735,576	6,222,932	(487,356)
Community Services	2,012,245	1,675,360	336,885
Interest on long-term debt	483,430	664,998	(181,568)
Total Expenses	15,148,883	15,058,770	90,113
Change in Net Position	422,312	413,066	9,246
Net Position - January 1	3,896,758	3,483,692	413,066
Net Position - December 31	\$ 4,319,070	\$ 3,896,758	\$ 422,312

Revenue Sources

Total 2017 government-wide revenues of \$15,571,195 were derived primarily from earned income tax collections (26%), property tax collections (27%), and charges for services (27%). The \$99,359 net revenue increase was due to budget variances across a broad range of revenue sources.

Program Expenses

Total 2017 expenses for all programs were \$15,148,883. These expenses reflect the Township's direct service delivery, including Public Safety (20%), Public Works (38%), and Community Services (13%).

Net Program Expenses

The net program expenses indicate the amount of general revenue necessary to deliver these services to the citizens and general public.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As the Township completed the year, its governmental funds reported a combined fund balance of \$2,932,920, an increase of \$169,443 from 2016.

General Fund

Revenues

General Fund operating revenues were over budget by \$226,048, which was attributable to real estate taxes, earned income taxes, deed transfer taxes, investment income, and insurance dividends and reimbursements.

Expenditures

General Fund operating expenses, exclusive of other financing sources, were under budget by \$108,345. This was due to a mild winter and a significant decrease in winter maintenance services.

Fund Balance

The General Fund's unassigned fund balance at December 31, 2017 was \$2,062,717, an increase of \$230,930 over 2016.

Other Major Funds

Capital Improvements Fund

The Capital Improvements Fund accounts for funds provided by the Township through a dedicated real estate tax, Special Revenue Fund transfers, investment earnings if applicable, grants, and/or bond proceeds. 2017 expenditures totaled \$1,214,615 for street repaving, HVAC unit replacement, and sanitary sewer projects.

Budgetary Highlights

There were no differences between the 2017 adopted original budget and the final budget.

2018 budget highlights include:

- The 2018 General Fund expenditure budget totals approximately \$14,389,000. This includes \$500,000 in previously unbudgeted expenses for the emergency medical services intergovernmental cooperation project. The budget also includes additional engineering expenses to comply with Pennsylvania's Municipal Separate Storm System (MS4) regulations. Although budgeted expenses have increased, a slight year-end surplus has been budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets consist primarily of land, buildings and improvements, equipment, and infrastructure. The following is a summary of capital assets at December 31, 2017 and 2016:

Summary of Capital Assets

	December 31, 2017	December 31, 2016	Increase (Decrease)
Land	\$ 3,966,913	\$ 3,966,913	\$ -
Buildings and Improvements other than Land	14,725,600	14,698,865	26,735
Infrastructure	9,710,677	9,710,677	-
Furniture and Fixtures	755,777	755,777	-
Machinery and Equipment	7,075,914	7,032,000	43,914
Vehicles	1,544,371	1,588,054	(43,683)
Total Capital Assets	37,779,252	37,752,286	26,966
Less Accumulated Depreciation for:			
Buildings and Improvements other than Land	8,272,414	7,903,075	369,339
Infrastructure	4,161,422	3,830,403	331,019
Furniture and Fixtures	406,779	374,680	32,099
Machinery and Equipment	6,024,364	5,731,453	292,911
Vehicles	948,245	877,662	70,583
Total Accumulated Depreciation	19,813,224	18,717,273	1,095,951
Net Capital Assets	\$ 17,966,028	\$ 19,035,013	\$ (1,068,985)

Long-Term Debt

At December 31, 2017, the Township had approximately \$14,043,000 of general obligation debt outstanding. The following is a summary of the 2017 long-term debt activity:

Long-Term Debt Activity Summary

Beginning Balance at January 1, 2017	\$ 15,337,829
Additions/accretion	52,367
Principal retirement	(1,346,888)
Ending Balance at December 31, 2017	\$ 14,043,308

Trust and Agency Operations

Pension Trust Fund

The Township maintains two defined benefit pension plans, the General Employees Plan and the Police Plan, for the benefit of its full-time employees and one defined contribution plan for all full-time non-police employees hired after January 1, 2013. The Township remits the required employee contribution withholdings and the annual actuarially calculated contribution directly to the respective Plan Trust. Employee benefit calculations are determined by a contracted actuary for the defined benefit plans and monthly benefit payments are handled by a disbursing agent.

Ordinance, Resolution, or Union Contract can change the required employee contributions, subject to the plans meeting certain financial considerations. During 2017, General Employees who were non-union were required to contribute 5% of their compensation, General Employees who were union were required to contribute 2%, and Police employees were required to contribute 5% of their compensation.

The General Employees Plan has a net pension liability of \$1,106,583, and the Police Pension Plan has a net pension asset of \$1,521,104 at December 31, 2017. In addition, more detailed information regarding municipal pension plans can be found in Note 7 of the notes to financial statements section of this report.

Township Contact Information

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for revenue received. Questions about this report may be addressed to the Municipal Manager at the Township's Administrative Offices.

Township of Hampton
3101 McCully Road
Allison Park, PA 15101

TOWNSHIP OF HAMPTON

STATEMENT OF NET POSITION

DECEMBER 31, 2017

Assets	Governmental Activities
Cash and cash equivalents	\$ 2,761,492
Receivables, net of allowance for uncollectibles:	
Taxes	1,048,350
Sewer fees	342,496
Miscellaneous	272,922
Prepays	183,275
Net pension asset - Police Pension Plan	1,521,104
Capital assets, non-depreciable	3,966,913
Capital assets, net of accumulated depreciation	13,999,115
Total Assets	24,095,667
Deferred Outflows of Resources	
Deferred charge on refunding	269,808
Net difference between projected and actual earnings on pension plan investments	1,803,645
Total Deferred Outflows of Resources	2,073,453
Liabilities	
Accounts payable	284,769
Accrued interest payable	149,347
Long-term liabilities due within one year:	
Bonds and notes payable	1,316,447
Capital leases	256,110
Long-term liabilities due in more than one year:	
Net pension liability - General Employee Pension Plan	1,106,583
OPEB obligation	1,701,345
Bonds and notes payable	12,726,861
Capital leases	391,499
Compensated absences	1,237,636
Total Liabilities	19,170,597
Deferred Inflows of Resources	
Net difference in the expected and actual pension actuarial experience	2,679,453
Total Deferred Inflows of Resources	2,679,453
Net Position	
Net investment in capital assets	2,331,056
Restricted for:	
State Liquid Fuels	42,432
Fire Tax	2,712
Pension	1,521,104
Unrestricted	421,766
Total Net Position	\$ 4,319,070

See accompanying notes to financial statements.

TOWNSHIP OF HAMPTON

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 3,384,173	\$ 481,990	\$ 37,612	\$ -	\$ (2,864,571)
Public safety	3,095,123	295,203	121,206	-	(2,678,714)
Community development	438,336	-	-	-	(438,336)
Public works	5,735,576	2,744,748	652,604	-	(2,338,224)
Community services	2,012,245	751,026	-	-	(1,261,219)
Interest	483,430	-	-	-	(483,430)
Total primary government	\$ 15,148,883	\$ 4,272,967	\$ 811,422	\$ -	(10,064,494)
General revenues:					
					9,586,468
					421,619
					38,269
					6,044
					434,406
					10,486,806
					422,312
					3,896,758
					\$ 4,319,070

See accompanying notes to financial statements.

TOWNSHIP OF HAMPTON

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2017

	General Fund	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,033,783	\$ 73,415	\$ 654,294	\$ 2,761,492
Receivables:				
Taxes	1,028,000	12,350	8,000	1,048,350
Sewer fees	342,496	-	-	342,496
Miscellaneous	229,936	1,197	41,789	272,922
Due from other funds	35,000	15,383	-	50,383
Prepays	183,275	-	-	183,275
Total Assets	\$ 3,852,490	\$ 102,345	\$ 704,083	\$ 4,658,918
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$ 236,002	\$ 47,243	\$ 1,524	\$ 284,769
Due to other funds	-	-	50,383	50,383
Total Liabilities	236,002	47,243	51,907	335,152
Deferred Inflows of Resources:				
Unavailable revenue - taxes and sewer fees	1,370,496	12,350	8,000	1,390,846
Fund Balance:				
Nonspendable:				
Prepays	183,275	-	-	183,275
Restricted:				
State Liquid Fuels	-	-	42,432	42,432
Fire Tax	-	-	2,712	2,712
Committed:				
Recreation maintenance and repairs	-	-	313,386	313,386
Assigned:				
Capital improvements	-	42,752	285,646	328,398
Unassigned	2,062,717	-	-	2,062,717
Total Fund Balance	2,245,992	42,752	644,176	2,932,920
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 3,852,490	\$ 102,345	\$ 704,083	\$ 4,658,918

See accompanying notes to financial statements.

TOWNSHIP OF HAMPTON

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

YEAR ENDED DECEMBER 31, 2017

Total Fund Balance - Governmental Funds		\$	2,932,920
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>			
<p>Capital assets, including infrastructure and construction in progress, used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.</p>			17,966,028
<p>Property taxes receivable and other revenues will be collected in the future, but are not available to pay for the current period's expenditures and, therefore, are unavailable in the funds.</p>			1,390,846
<p>Net pension liability (asset), and deferred outflows and inflows of resources are reflected on the statement of financial position, but are not recorded in the fund statements.</p>			(461,287)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the fund. Long-term liabilities at year-end consist of:</p>			
	Bonds and notes payable	\$ (13,773,500)	
	Capital lease	(647,609)	
	Accrued interest on bonds	(149,347)	
	Compensated absences	(1,237,636)	
	OPEB obligation	<u>(1,701,345)</u>	<u>(17,509,437)</u>
Total Net Position - Governmental Activities			<u>\$ 4,319,070</u>

See accompanying notes to financial statements.

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2017

	General Fund	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 8,775,327	\$ 513,816	\$ 333,275	\$ 9,622,418
Licenses and permits	598,024	-	-	598,024
Fines and related costs	56,233	-	-	56,233
Interest, rents, and royalties	27,474	1,073	9,722	38,269
Intergovernmental revenues	104,625	-	706,797	811,422
Recreational program revenues	443,198	-	37,619	480,817
Charges for services	3,049,287	-	241,548	3,290,835
Reimbursements	505,651	-	-	505,651
Miscellaneous	113,159	-	70,000	183,159
Total revenues	13,672,978	514,889	1,398,961	15,586,828
Expenditures:				
Current:				
General government	2,702,565	-	-	2,702,565
Public safety	2,507,878	-	457,994	2,965,872
Community development	432,223	-	-	432,223
Public works	4,756,264	-	143,560	4,899,824
Community services	1,366,107	-	22,820	1,388,927
Capital outlay	-	1,214,615	-	1,214,615
Debt service:				
Principal	1,546,697	-	-	1,546,697
Interest	356,380	-	-	356,380
Total expenditures	13,668,114	1,214,615	624,374	15,507,103
Excess (Deficiency) of Revenues Over Expenditures	4,864	(699,726)	774,587	79,725
Other Financing Sources (Uses):				
Proceeds from sale of assets	7,645	-	-	7,645
Proceeds from capital lease	82,073	-	-	82,073
Operating transfers in	409,171	839,561	225,000	1,473,732
Operating transfers out	(225,000)	(101,800)	(1,146,932)	(1,473,732)
Total other financing sources (uses)	273,889	737,761	(921,932)	89,718
Net Change in Fund Balance	278,753	38,035	(147,345)	169,443
Fund Balance:				
Beginning of year	1,967,239	4,717	791,521	2,763,477
End of year	\$ 2,245,992	\$ 42,752	\$ 644,176	\$ 2,932,920

See accompanying notes to financial statements.

TOWNSHIP OF HAMPTON

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

YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balance - Governmental Funds \$ 169,443

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays 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 exceeded capital outlays, net of disposals, in the current period:

	Capital additions	\$ 72,299	
	Capital disposals	(1,601)	
	Less: depreciation expense	<u>(1,139,683)</u>	(1,068,985)

Changes in the net pension liability (asset) and related deferred outflows and inflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements. Likewise, the actuarially accrued other post-employment benefit (OPEB) obligation for the police and general employees is not recorded on the fund financial statements. The value of these items changed by this amount during the year.

	Net pension liability (asset)	(67,912)	
	OPEB obligation	<u>(103,968)</u>	(171,880)

Property taxes receivable and other revenues will be collected in the future, but are not available to pay for the current period's expenditures and, therefore, are unavailable in the funds but are recorded on the statement of activities. (21,677)

In the statement of activities, certain operating expenses - accumulated employee benefits (vacation and sick days) 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. This amount represents the difference between the amount earned versus the amount used. 20,846

The governmental fund financial statements report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the current year amortization of these long-term debt related costs. (29,979)

The issuance of long-term obligations (bonds and capital leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term obligations consumes the current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of the long-term bonds payable and capital lease principal payments. 1,569,248

Interest on long-term obligations 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, interest expense is recognized as the interest accrues, regardless of when it is due. The difference between the interest accrued in the statement of activities and the amount due is shown here. (44,704)

Change in Net Position of Governmental Activities \$ 422,312

See accompanying notes to financial statements.

TOWNSHIP OF HAMPTON

STATEMENT OF FIDUCIARY NET POSITION - TRUST AND AGENCY FUNDS

DECEMBER 31, 2017

	Pension Trust Funds	Agency Fund
Assets		
Cash and cash equivalents	\$ 689,425	\$ 456,039
Accrued income receivable	28,318	-
Investments:		
Agency bonds	4,714	-
Mutual funds - fixed income	3,679,542	-
Mutual funds - alternative investments	2,586,865	-
Mutual funds - equity	7,382,539	-
Equities	11,892,664	-
Total Assets	26,264,067	456,039
Liabilities		
Benefits payable	13,123	-
Accounts payable	-	13,148
Escrow liability	-	442,891
Total Liabilities	13,123	456,039
Net Position Restricted For		
Pension benefits	\$ 26,250,944	\$ -

See accompanying notes to financial statements.

TOWNSHIP OF HAMPTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - TRUST FUNDS

YEAR ENDED DECEMBER 31, 2017

Additions:

<hr/>	
Contributions:	
Employer, including state aid	\$ 791,027
Employee	162,704
	<hr/>
Total contributions	953,731
	<hr/>
Investment income (loss):	
Net increase (decrease) in fair value of investments	3,141,586
Interest and dividends	558,985
	<hr/>
Total investment income (loss)	3,700,571
	<hr/>
Investment expense	100,833
	<hr/>
Net investment income	3,599,738
	<hr/>
Total additions	4,553,469
	<hr/>
Deductions:	
<hr/>	
Benefits	1,046,041
Administrative expenses	25,900
	<hr/>
Total deductions	1,071,941
	<hr/>
Net Increase (Decrease) in Plan Net Position	3,481,528
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Net Position:	
<hr/>	
Beginning of year	22,769,416
	<hr/>
End of year	\$ 26,250,944
	<hr/> <hr/>

See accompanying notes to financial statements.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

1. Summary of Significant Accounting Policies

Reporting Entity

The Township of Hampton (Township), a suburb of the City of Pittsburgh, was incorporated as a local government within the Commonwealth of Pennsylvania in 1861. By referendum, the Township became a Home Rule Charter Municipality effective January 1982.

The Township is governed by an elected five-member Council and Controller. Council appoints a Municipal Manager, who is responsible for the day-to-day administration of the Township within policies established by the Council. The Township provides various services to its residents and businesses including: general government, public safety, public works, recreation, and sewage treatment.

The reporting entity for the Township includes the accounts covering all Township operations. In evaluating the Township as a primary government, management has addressed all potential component units. Component units are to be included within the financial reporting entity of the Township based upon the significance of their operational or financial relationship with the Township.

Effective January 1, 2012, the Township and the Township of Shaler jointly incorporated the Hampton Shaler Water Authority (HSWA). HSWA is governed by a five-member Board. The Township and the Township of Shaler have each appointed two Board members. The fifth Board member is appointed on an alternating basis. There are no further material operational or financial relationships between the Township and HSWA that would identify HSWA as a component unit of the Township.

The Township's Volunteer Fire Departments' (Departments') are separate legal entities; however, the Township provides significant tax revenue to the Departments' annually based upon tax millage, and the Township pays the Departments' workman's compensation insurance premium. There are no further material operational or financial relationships between the Township and the Departments' requiring inclusion as a component unit of the Township.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which are normally supported by taxes and

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

intergovernmental revenues, are reported separately from any business-type activities or component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resource 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 collected within the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures related to compensated absences and interest on long-term debt, as well as claims and judgments, are recorded only when payment is due.

Accrued revenues include taxes collected on behalf of the Township but not yet remitted and charges for certain current services. Grant revenues are recorded to the extent they are direct reimbursement of eligible expenditures already incurred. All other revenue items are considered to be measurable and available only when the cash is received.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

The Pension Trust Fund uses the economic resources measurement focus and the accrual basis of accounting. The Agency Fund is custodial in nature and does not involve measurement of the results of operations.

The Township reports the following major governmental funds:

The *General Fund* is the primary operating fund, accounting for all financial resources of the general government, except those accounted for in another fund.

The *Capital Improvements Fund* is used to account for financial resources to be used for the acquisition or construction of major capital projects and facilities.

The Township also has the following special revenue funds: State Liquid Fuels Fund, Fire Fund, and Recreation Maintenance Fund, and the following capital projects funds: Capital Reserve Fund, Sewer Capital Reserve Fund, and Lower Allison Park Fund, which are all non-major.

Additionally, the Township reports the following fund types:

The *Pension Trust Funds* are used to account for assets held by the Township in a trustee capacity for the General Employees and Police Pension Plans.

The *Agency Fund* is used to account for amounts collected and held on behalf of third parties. Escrow deposits are received for building projects that are being undertaken within the Township.

Budgets and Budgetary Accounting

An appropriated budget is adopted annually, on a basis consistent with accounting principles generally accepted in the United States of America, for all governmental fund types. The Township follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During November of each year, the Manager submits to the Council a proposed budget for the ensuing year.
2. The budget shall provide a complete financial plan for all Township funds and activities for the ensuing year. The total of proposed expenditures shall not exceed the total of estimated income, which includes carryover fund balances.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

3. A general summary of the budget is advertised. This summary includes a notice stating the times and places where the budget is available for public inspection, and the place and time, not less than two weeks after such publication, for a public hearing on the budget.
4. After the public hearing, the Council may adopt the budget with or without amendment. In amending the budget, Council may make changes in any scope or amount, except for expenditures required by law or for debt service.
5. Should Council fail to adopt a budget on or before the last day of the last month of the year currently ending, the amounts appropriated for current operation of the current fiscal year shall be deemed adopted for the ensuing year on a month-to-month basis with all items in it prorated accordingly, until such time as Council adopts a budget for the ensuing year.

Council may amend the budget by ordinance during the year for which the budget was adopted; provided; however, that such amendment follows a public hearing and that such amendment shall not result in expenditures exceeding the estimated income determined as of the time of the amendment. During 2017, no amendments were made to the budget. The legal level of control for expenditures (level at which expenditures cannot legally exceed appropriations) is the surplus or deficit of the fund as a whole. Any excess appropriations at the end of the fiscal year are not carried forward, but instead lapse.

For the year ended December 31, 2017, expenditures in the General Fund exceeded appropriations in general government, public safety, community services, and debt service. These overages were funded by proceeds from issuance of refunding bonds, excess revenues, transfers in from other funds, and, to the extent available, fund balance.

All procedures as described above are the same for the capital projects funds with the following exception: the Manager prepares and submits the capital program budget to Council prior to the first day of August of each year.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less when purchased.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

Fair Value Measurements

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

Sewer Fees Receivable

Sewer fees are recorded to the extent services have been provided even though not billed as of the end of the year. Such amounts, if not available, are a deferred inflow of resources.

Interfund Transactions

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. These advances are considered "available spendable resources." Interfund transfers represent the movement of governmental assets from one fund to another for the payment of fund expenditures. Interfund transfers during 2017 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 409,171	\$ 225,000
Capital Improvements	839,561	101,800
State Liquid Fuels	-	549,520
Recreation Maintenance	225,000	315,029
Sewer Capital Reserve	-	282,383
	<u>\$ 1,473,732</u>	<u>\$ 1,473,732</u>

Capital Assets

Capital assets, including equipment, buildings, vehicles, land and building improvements, and infrastructure are recorded at cost or estimated historical cost and reported in the governmental activities columns in the government-wide financial statements. To the extent the Township's capitalization threshold is met (items over \$1,500), capital outlays are recorded and depreciated using the straight-line method over the following estimated useful lives:

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

	<u>Useful Life</u>
Buildings and improvements	20 to 40 years
Furniture and fixtures	5 to 15 years
Machinery and equipment	6 to 15 years
Vehicles	8 years
<u>Infrastructure</u>	
Road network	10-50 years
Sewers	50 years

Maintenance and repairs are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized.

Long-Term Obligations

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the statement of net position. Any bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of any applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Any premiums received on debt issuances are reported as other financing sources, while discounts 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/expenses.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources related to pensions, and pension expense, employer contributions are recognized as a reduction (addition) of the net pension liability (asset) upon payment into the pension trust. Investments are reported at fair value.

Refunding Transactions

In accordance with applicable guidance, the excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a deferred outflow of resources on the statement of net position and amortized as a component of interest expense over the shorter of the term of the refunding issue or refunded bonds.

Compensated Absences

It is the Township's policy to permit employees to accumulate vested but unused vacation and sick days. All vacation and sick day amounts are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The complete liability is recorded on the statement of net position on the government-wide statements.

Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes prepaid expenditures.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are legally restricted for state liquid fuels tax projects and real estate taxes designated for fire protection.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by Council. Such commitment is made via a Council resolution and must be made prior to the end of the year. Removal of this commitment requires a Council resolution. This category includes funds that are committed for recreation maintenance and repairs.
- Assigned – This category represents intentions of Council to use the funds for specific purposes. Council has delegated the authority to assign amounts to be used for specific purposes to the Manager and Finance Director of the Township. This category includes amounts set aside for capital improvements.
- Unassigned – This category includes the residual classification for the Township's General Fund and includes all spendable amounts not contained in other classifications.

The Township has not established a policy for its use of unrestricted fund balance amounts; therefore, committed amounts should be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

The government-wide financial statements are required to report three components of net position – net investment in capital assets; restricted; and unrestricted. These classifications are defined below:

- Net investment in capital assets – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

- Restricted – The restricted component of net position consists of assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. The Township has restricted net position of \$42,432, \$2,712, and \$1,521,104 related to State Liquid Fuels, Fire Tax, and pension, respectively.
- Unrestricted – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Encumbrance Accounting

The Township does not use encumbrance accounting, whereby fund balance is reserved for commitments related to unperformed contracts for goods or services.

Collective Bargaining Agreements

Certain employees of the Township are covered by collective bargaining agreements. The Milk and Ice Cream Salesmen, Drivers, and Dairy Employees Local Union 205, representing road and environmental services employees, comprise 42% of the labor force and their contract will expire December 31, 2022. The Teamsters Union, representing police officers, comprises 27% of the labor force and their contract expires December 31, 2018.

Adopted Pronouncements

The requirements of the following Governmental Accounting Standards Board (GASB) statements were adopted for the Township's 2017 financial statements.

GASB Statement No. 74, *“Financial Reporting for Postemployment Benefits Other Than Pension,”* improves the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general-purpose external financial reports of OPEB plans. The adoption of this statement had no impact on the Township's financial statements.

GASB Statement No. 80, *“Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14),”* clarifies the financial statement presentation requirements for the blending of a component unit incorporated as a not-for-profit

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

corporation in which the primary government is the sole corporate member. The adoption of this statement had no impact on the Township's financial statements.

GASB Statement No. 82, "*Pension Issues – An Amendment of GASB Statements No 67, No. 68, and No. 73*," addresses issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements. The provisions of this statement have been adopted and incorporated into these financial statements.

Pending Pronouncements

GASB has issued several statements that will become effective in future years including Statement Nos. 75 (OPEB Employer), 83 (Asset Retirement Obligations), 84 (Fiduciary Activities), 85 (Omnibus), 86 (Certain Debt Extinguishment Issues), 87 (Leases), and 88 (Certain Debt Disclosures). Management has not yet determined the impact of these statements on the Township's financial statements.

2. Deposits and Investments

Pennsylvania statutes provide for investment of governmental funds into certain authorized investments types including U.S. Treasury Bills, other short-term U.S. government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes also allow pooling of governmental funds for investment purposes.

The deposit and investment policy of the Township adheres to state statutes. Deposits of the governmental funds are either maintained in demand deposits or invested with the Pennsylvania Local Government Investment Trust (PLGIT).

Deposits

The following is a description of the Township's deposit risks:

Custodial Credit Risk – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2017, \$458,934 of the Township's \$608,849 bank balance was insured by the Federal

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

Deposit Insurance Corporation. The remaining bank balance was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$278,379 as of December 31, 2017.

Cash Equivalent Investments

The fair value of the Township's position in the external investment pool is the same as the value of the pool shares. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania.

The Township can withdraw funds from the external investment pools. However, there are certain limitations placed on these withdrawals. For PLGIT-Class accounts, there is a one-day holding period. For PLGIT PLUS accounts, there is a 30-day holding period and a penalty for early withdrawal. PLGIT is audited annually by independent auditors. PLGIT uses amortized cost to report net assets to compute share prices. It is PLGIT's policy to maintain a net asset value of \$1 per share. Accordingly, the fair value of the position of PLGIT is the same as the value of PLGIT shares.

As of December 31, 2017, the entire PLGIT balance of \$2,483,113 (\$2,483,113 book balance) is considered to be a cash equivalent for presentation on the statement of net position and governmental fund balance sheet.

As of December 31, 2017, the entire agency fund PLGIT balance of \$456,039 (\$456,039 book balance) is considered to be a cash equivalent for presentation on the statement of plan net position fiduciary funds – trust and agency funds.

The following is a description of the Township's investment risks:

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Township has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2017, investments in PLGIT have received an AAAM rating from 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 Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

entity. The Township does not have a formal investment policy for custodial credit risk. The Township's investments in PLGIT cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk – The Township places no limit on the amount the Township may invest in any one issuer. The Township has no investments of greater than 5% with one issuer.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the Township's investments. The Township has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments have an average maturity of less than one year.

Pension Trust Funds

The pension trust funds' investments are held separately from those of other Township funds. Assets in the pension trust funds are stated at fair value. The Township maintains investment policies that summarize the investment philosophy of the Township and establishes investment guidelines and performance objectives for both the General Employees and Police Pension Plans.

As of December 31, 2017, the Township had the following cash, cash equivalents, and investments in its pension trust funds:

Cash or Investment Type	Fair Value	Investment Maturities from December 31, 2017			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 years
Agency bonds	\$ 4,714	\$ -	\$ -	\$ 4,714	\$ -
Mutual funds - fixed income	3,679,542	-	1,332,602	2,346,940	-
Total debt securities	3,684,256	\$ -	\$ 1,332,602	\$ 2,351,654	\$ -
Mutual funds - money market	689,425				
Mutual funds - alternative investments	2,586,865				
Mutual funds - equity	7,382,539				
Equities	11,892,664				
Total cash, cash equivalents, and other investments	22,551,493				
Total cash, cash equivalents, and investments reported on statement of plan net position	\$ 26,235,749				

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

The Township's Pension Trust Funds categorize its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The Pension Trust Funds have the following recurring fair value measurements at December 31, 2017:

Investments by Fair Value Level	Total	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income:				
Agency bonds	\$ 4,714	\$ -	\$ 4,714	\$ -
Mutual funds - fixed income	3,679,542	3,679,542	-	-
Total fixed income	3,684,256	3,679,542	4,714	-
Mutual funds - money market	689,425	689,425	-	-
Mutual funds - alternative investments	2,586,865	2,586,865	-	-
Mutual funds - equity	7,382,539	7,382,539	-	-
Equities:				
Industrials	1,394,505	1,394,505	-	-
Consumer discretionary	1,236,815	1,236,815	-	-
Consumer staples	406,094	406,094	-	-
Energy	325,839	325,839	-	-
Financial	1,126,113	1,126,113	-	-
Materials	244,426	244,426	-	-
Information technology	1,917,610	1,917,610	-	-
Real estate	813,210	813,210	-	-
Utilities	77,814	77,814	-	-
Health care	1,024,278	1,020,850	-	3,428
Telecommunications services	80,181	80,181	-	-
Unclassified	100,444	100,444	-	-
ETF - Equity	3,145,335	3,145,335	-	-
Total equities	11,892,664	11,889,236	-	3,428
Total Investments by Fair Value Level	\$ 26,235,749	\$ 26,227,607	\$ 4,714	\$ 3,428

Mutual funds and equities are valued using prices quoted in active markets for those securities (Level 1 inputs). Agency bonds are priced by third-party pricing services using observable market data (Level 2 inputs). Some equities are valued based upon special manual quotes (Level 3 inputs).

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

The following is a description of the pension trust funds' deposit and investment risks:

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The pension trust fund has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2017, the pension trust funds' investments in fixed income mutual funds with related ratings were as follows:

<u>Investment Type</u>	<u>Standard & Poor's Rating</u>	<u>Percentage of Total Fixed Income Mutual Funds</u>
Baird Intermediate Bond Inst.	A	27.7%
BlackRock Total Return	BBB	25.0%
Dodge & Cox Income Fund	BBB	27.2%
PNC Limited Maturity Bond Fund	BBB	8.5%
Vanguard Inflation Protected Secs	AAA	11.6%
		<u>100%</u>

Custodial Credit Risk – For deposits and investments, custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the pension trust funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The pension trust funds do not have a formal deposit or investment policy for custodial credit risk. The Township's investments in mutual funds cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. All money market funds have an average maturity of one year or less.

Concentration of Credit Risk – The Township places no limit on the amount the Township may invest in any one issuer. There were no investments in the pension trust fund that constituted more than five percent of any of the plan net position available for benefits at December 31, 2017. In addition, the plans did not have any investment transactions with related parties during the year.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the pension trust fund's investments. The pension trust funds do not have a formal deposit or investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising

TOWNSHIP OF HAMPTON

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from increasing interest rates. The average maturities of debt-backed investments are disclosed above.

3. Real Estate Taxes

Real estate taxes are an enforceable lien on property as of January 1 and are levied on May 1. These taxes are billed and collected by an outside tax collection agency. Taxes paid through June 30 are reduced by a 2% discount. Amounts paid after August 31 are assessed a 10% penalty.

The Township is permitted by the Second-Class Township Code of Pennsylvania to levy real estate taxes up to 14 mills on every dollar of assessed valuation for general Township purposes. For 2017, Township real estate taxes were levied at the rate of 1.9790 mills for general operating purposes, 0.3140 mills designated for capital improvements, and 0.2036 mills designated for fire protection. The millage is applied to assessed market valuation as determined periodically by Allegheny County, Pennsylvania. Assessed valuation was \$1,693,318,993 for 2017.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

4. Capital Assets

A summary of general capital asset transactions during 2017 is as follows:

	January 1, 2017	Additions/ Transfers	Disposals/ Transfers	December 31, 2017
Capital assets, not being depreciated:				
Land	\$ 3,966,913	\$ -	\$ -	\$ 3,966,913
Total capital assets, not being depreciated	3,966,913	-	-	3,966,913
Capital assets, being depreciated:				
Buildings and improvements other than land	14,698,865	26,735	-	14,725,600
Infrastructure	9,710,677	-	-	9,710,677
Furniture and fixtures	755,777	-	-	755,777
Machinery and equipment	7,032,000	45,564	(1,650)	7,075,914
Vehicles	1,588,054	-	(43,683)	1,544,371
Total capital assets, being depreciated	33,785,373	72,299	(45,333)	33,812,339
Less accumulated depreciation for:				
Buildings and improvements other than land	(7,903,075)	(369,339)	-	(8,272,414)
Infrastructure	(3,830,403)	(331,019)	-	(4,161,422)
Furniture and fixtures	(374,680)	(32,099)	-	(406,779)
Machinery and equipment	(5,731,453)	(294,479)	1,568	(6,024,364)
Vehicles	(877,662)	(112,747)	42,164	(948,245)
Total accumulated depreciation	(18,717,273)	(1,139,683)	43,732	(19,813,224)
Total capital assets, being depreciated, net	15,068,100	(1,067,384)	(1,601)	13,999,115
Total capital assets, net	\$ 19,035,013	\$ (1,067,384)	\$ (1,601)	\$ 17,966,028

Depreciation expense for general capital assets and infrastructure was allocated to the various functions as follows:

General government	\$ 461,094
Public safety	66,531
Public works	303,816
Community services	308,242
	\$ 1,139,683

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

5. Long-Term Debt

Long-term debt at December 31, 2017 is composed of the following individual issues:

<u>Series</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Amount</u>
<u>Purpose:</u>			
General Obligation Bonds - Governmental Activities:			
Series of 2003 - refunding	5.90%	2027	\$ 1,725,000
Series of 2012 - refunding	0.50% - 3.25%	2023	1,280,000
Series of 2016 - refunding	1.40% - 3.00%	2027	<u>9,750,000</u>
			<u>12,755,000</u>
General Obligation Note - Governmental Activities:			
Series of 2014	2.35%	2024	<u>1,288,308</u>
			<u>\$ 14,043,308</u>

Series of 2003 – Refunding

General Obligation Bonds in the original issue amount of \$2,935,000 to refund the General Obligation Note, Series B of 2002.

Series of 2012– Refunding

General Obligation Bonds in the original issue amount of \$4,170,000 to current refund the General Obligation Bonds, Series A of 2002. During 2016, the Township refunded a portion of the Series of 2012 Bonds by issuing the Series of 2016 Bonds as described below.

General Obligation Note, Series of 2014

General Obligation Note in the original issue amount of \$2,000,000 to pay off General Obligation Note, Series of 2009, and finance capital projects.

Series of 2016– Refunding

General Obligation Bonds in the original issue amount of \$9,905,000 to current refund a portion of the General Obligation Bonds, Refunding Series of 2011, and a portion of the General Obligation Bonds, Refunding Series of 2012.

TOWNSHIP OF HAMPTON

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YEAR ENDED DECEMBER 31, 2017

During 2017, the Township obtained a tax anticipation note in the amount of \$2,000,000. Note proceeds were used for general operating expenses of the government in anticipation of current year tax revenues. The tax anticipation note was paid in full as of December 31, 2017.

Annual debt service requirements to maturity, including interest, are as follows:

Years	General Obligation Bonds - Governmental Activities		
	Principal	Interest	Total
2018	\$ 1,120,000	\$ 340,818	\$ 1,460,818
2019	1,155,000	304,922	1,459,922
2020	1,180,000	273,524	1,453,524
2021	1,215,000	246,824	1,461,824
2022	1,245,000	212,171	1,457,171
2023-2027	6,840,000	474,838	7,314,838
	<u>\$ 12,755,000</u>	<u>\$ 1,853,097</u>	<u>\$ 14,608,097</u>

Years	General Obligation Note - Governmental Activities		
	Principal	Interest	Total
2018	\$ 196,447	\$ 28,167	\$ 224,614
2019	201,114	23,500	224,614
2020	205,891	18,723	224,614
2021	210,782	13,832	224,614
2022	215,789	8,825	224,614
2023-2024	258,285	3,810	262,095
	<u>\$ 1,288,308</u>	<u>\$ 96,857</u>	<u>\$ 1,385,165</u>

Capital Leases

The Township has entered into lease agreements for financing the acquisitions of automobiles, fitness equipment, computers, and road equipment. These lease agreements qualify as capital leases for accounting purposes and the leased assets have been recorded as capital assets in the statement of net position. Reductions to the capital lease liabilities are recorded to expenses in which they relate on the statement of revenues, expenditures, and changes in fund balance – governmental funds.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

The future minimum lease obligations are as follows:

Years	Amount
2018	\$ 256,110
2019	218,306
2020	143,457
2021	29,736
	\$ 647,609

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions/ Accretion	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligations:					
General Obligation Bonds	\$ 13,857,633	\$ 52,367	\$ (1,155,000)	\$ 12,755,000	\$ 1,120,000
General Obligation Note	1,480,196	-	(191,888)	1,288,308	196,447
	15,337,829	52,367	(1,346,888)	14,043,308	1,316,447
Compensated absences	1,258,482	-	(20,846)	1,237,636	-
Capital leases	922,336	82,073	(356,800)	647,609	256,110
Total long-term liabilities	\$ 17,518,647	\$ 134,440	\$ (1,724,534)	\$ 15,928,553	\$ 1,572,557

6. Operating Leases

The Township has entered into operating leases for equipment. The future minimum lease obligations are as follows:

Years	Amount
2018	\$ 19,538
2019	17,359
2020	10,120
	\$ 47,017

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

7. Pension Plans

Summary of Significant Accounting Policies

Financial information of the Township's Pension Plans (Plans) is presented on the accrual basis of accounting. Employer contributions to each Plan are recognized when due as required by applicable law. Benefits and refunds are recognized when due and payable in accordance with the terms of the individual Plan. Investments of the Plans are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price.

Plan Descriptions

The Township administers two, single-employer defined benefit pension plans, General Employees and Police, established under the provisions of Act 205 of 1984 of the Commonwealth of Pennsylvania (Act). All Township employees become plan participants in the respective plan immediately upon becoming a full-time employee. However, all union employees hired after March 1, 2012 are not eligible to participate in the General Employees' Pension Plan and instead will participate in a defined contribution plan. The same applies to non-union administrative employees hired on or after January 1, 2013. Elected officials of the Township are not eligible to participate in the Plans. The Plans are governed by Township Council which has delegated the authority to manage certain Plan assets to the PNC Institutional Asset Management. Plan provisions and contribution requirements are established and may be amended by the Township. The activity of the Plans is reported as the Pension Trust Fund in the accompanying financial statements. Separate plan financial statements are not available.

At December 31, 2017, Plan membership consisted of the following:

	General Employees	Police
	<u> </u>	<u> </u>
Inactive plan members or beneficiaries currently receiving benefits	26	15
Inactive plan members entitled to but not yet receiving benefits	4	-
Active plan members	<u>30</u>	<u>18</u>
Total plan members	<u><u>60</u></u>	<u><u>33</u></u>

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

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Benefits Provided – General Employees’ Pension Plan

Retirement Benefit - A participant becomes 100 percent vested after 48 months plus one day of continuous service. Eligibility for the normal retirement benefit is the earlier of age 64 and the completion of 48 months plus one day of continuous service, or age 60 and the completion of 25 years of continuous service, although early and late retirement options are also available. The normal pension benefit for union employees is a monthly benefit, payable for life, equal to 1.25% of the average monthly compensation plus \$3.50 multiplied by years of continuous service. The normal pension benefit for non-union administrative employees is a monthly benefit, payable for life, equal to 1.4% of the average monthly compensation plus \$3.50 multiplied by years of continuous service. The average monthly compensation is the participant’s eligible compensation as defined by the General Employees’ Pension Plan over the final 48-month period prior to retirement or other severance.

Death Benefit - The General Employees’ Pension Plan has benefit provisions in the event of death. If death occurs prior to vesting, the benefit is the refund of contributions with interest. If death occurs after vesting but prior to retirement, a one-time lump sum benefit equal to the greater of the participant’s accumulated contributions or the actuarial equivalent present value of the participant’s accrued benefit at date of death. If death occurs after retirement, the normal form of benefit payment is a life annuity.

Disability Benefit - The General Employees’ Pension Plan has benefit provisions in the event a participant becomes disabled. For both service and non-service related, disablement for at least six months, after the completion of 48 months and one day of services, a monthly benefit equal to the accrued benefit as of the first day of the month preceding the last day of active employment, payable for the duration of disability.

Cost-of-Living Adjustments – Benefit terms provide for an annual cost-of-living provision equal to the percentage change in the consumer price index during the last year times the monthly pension benefit, but the total of all increases must not exceed 30% of the retiree’s original benefit nor may the sum of the retiree’s benefit and all increases exceed 75% of the average monthly compensation used to compute the original benefit.

Benefits Provided – Police Pension Plan

Retirement Benefit - A participant becomes fully vested after the completion of 12 years of aggregate service. Eligibility for the normal retirement benefit is for employees hired on or after January 1, 2013 unless part-time as of that date, the age of 55 and the completion of

TOWNSHIP OF HAMPTON

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YEAR ENDED DECEMBER 31, 2017

25 years of service. For employees hired before January 1, 2013, the age of 50 and the completion of 25 years of service. The normal pension benefit is a monthly benefit, payable for life, equal to 50% of the final monthly average salary, plus service increment. The final monthly average salary is the average salary, as defined by the Police Pension Plan, for the final 36-month period prior to retirement or other severance. The service increment is an additional monthly benefit of \$100 for 26 or more years of service.

Death Benefit - The Police Pension Plan has benefit provisions in the event of death. If death occurs prior to vesting, the benefit is the refund of contributions with interest. If death occurs after vesting, the spouse will receive 50% of the amount the participant was receiving or entitled to receive payable for life. In the event of the spouse's death, the participant's children will share the benefit until age 18, or age 23, if attending college.

Disability Benefit - The Police Pension Plan has benefit provisions in the event a participant becomes disabled. For service related, benefit is equal to the greater of 50% of salary at the time the disability, offset by social security disability benefits for the same injury, or the accrued benefit offset by worker's compensation and any other benefit provided by the Township.

Cost-of-Living Adjustments – Benefit terms provide an annual cost-of-living provision equal to the percentage change in the consumer price index, but the total of all increases must not exceed 30% of the retiree's original benefit nor may the sum of the retiree's benefit and all increases exceed 75% of the final monthly average salary used to compute the original benefit.

Contributions

The Plans are funded by the Township on an annual basis pursuant to the provisions of the Act. The Act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). Employees are not required to contribute under the Act; such contributions are subject to collective bargaining. During 2017, the General Employees Pension Plan required each active participant to contribute five percent of compensation for non-union employees and two percent of compensation for union employees to the Plan. During 2017, the Police Pension Plan required each active participant to contribute five percent of compensation to the Plan. During the year, the Township made its required contribution of \$367,640 and \$423,387 to the General Employees and Police Plans, respectively, based upon the MMO.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

Net Pension Liability (Asset)

Measurement Date and Actuarial Assumptions – The Township’s net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by actuarial valuations as of January 1, 2017. There were no plan changes between the January 1, 2017 valuation date and the December 31, 2017 liability measurement date. Standard actuarial techniques were used to roll forward the total pension liability from the valuation date to the measurement date.

The components of the net pension liability (asset) of the Plans at December 31, 2017 were as follows:

	<u>General Employees</u>	<u>Police</u>	<u>Total</u>
Total pension liability	\$ 10,846,993	\$ 14,989,430	\$ 25,836,423
Plan fiduciary net position	<u>(9,740,410)</u>	<u>(16,510,534)</u>	<u>(26,250,944)</u>
Net pension liability (asset)	<u>\$ 1,106,583</u>	<u>\$ (1,521,104)</u>	<u>\$ (414,521)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>89.8%</u>	<u>110.1%</u>	<u>101.6%</u>

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

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Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) of the Township for the General Employees Plan for the year ended December 31, 2017 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2016	\$ 9,376,666	\$ 8,308,966	\$ 1,067,700
Changes for the year:			
Service cost	211,108	-	211,108
Interest	719,862	-	719,862
Changes of benefit terms	345,606	-	345,606
Differences between expected and actual	(537,843)	-	(537,843)
Changes of assumptions	1,039,622	-	1,039,622
Contributions - employer	-	367,640	(367,640)
Contributions - employee	-	74,940	(74,940)
Net investment income	-	1,364,705	(1,364,705)
Benefit payments, including refunds	(308,028)	(308,028)	-
Administrative expense	-	(67,813)	67,813
Net changes	<u>1,470,327</u>	<u>1,431,444</u>	<u>38,883</u>
Balances at December 31, 2017	<u>\$ 10,846,993</u>	<u>\$ 9,740,410</u>	<u>\$ 1,106,583</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>89.8%</u>

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The changes in the net pension liability (asset) of the Township for the Police Plan for the year ended December 31, 2017 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2016	\$ 14,034,459	\$ 14,460,450	\$ (425,991)
Changes for the year:			
Service cost	358,462	-	358,462
Interest	1,005,166	-	1,005,166
Differences between expected and actual	(47,858)	-	(47,858)
Change of assumptions	377,214	-	377,214
Contributions - employer	-	423,387	(423,387)
Contributions - employee	-	87,764	(87,764)
Net investment income	-	2,335,866	(2,335,866)
Benefit payments, including refunds	(738,013)	(738,013)	-
Administrative expense	-	(58,920)	58,920
Other changes	-	-	-
Net changes	954,971	2,050,084	(1,095,113)
Balances at December 31, 2017	\$ 14,989,430	\$ 16,510,534	\$ (1,521,104)
Plan fiduciary net position as a percentage of the total pension liability			110.1%

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation performed on January 1, 2017, and rolled forward to December 31, 2017, using the following actuarial assumptions, applied to all periods in the measurement:

	General Employees	Police
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	4.00%	4.75%
Underlying inflation rate	2.75%	2.75%
Cost-of-living adjustments	100% change in CPI-W	100% change in CPI-W
RP-2014 Combined Healthy Mortality Table with 50% of the Blue Collar Adjustment, with rates set forward 5 years for disabled lives.		

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

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Changes in Actuarial Assumptions – The following changes were made to actuarial assumptions used in the January 1, 2017 valuation compared to the previous actuarial valuation on January 1, 2015. Long-term assumption of Inflation was lowered from 3% to 2.75%. The interest rate assumption was reduced from 7.5% to 7.0%. The salary increase assumption was lowered from 5.0% to 4.0%. Mortality changed from RP-2000 with Blue Collar adjustment and rates projected to improve with 75% of scale AA to RP-2014 with Blue Collar adjustment and mortality improvement based on the Social Security Administration’s 2015 Demographic Assumptions. Disability incidence changed from 60% of rates from Advanced Pension Tables to rates derived from SSA’s 2010 projections of disability incidence. The effect of the assumption changes increased the actuarial accrued liability by \$1,039,622 for General Employees and \$377,214 for Police.

Investment Policy – The Plan’s policies in regard to the allocation of invested assets is established and may be amended by Township Council by a majority vote of its members. It is the policy of Township Council to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

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

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plans’ target asset allocation as of December 31, 2017:

TOWNSHIP OF HAMPTON

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YEAR ENDED DECEMBER 31, 2017

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	General Employees	Police	General Employees	Police
Equities	60.0%	60.0%	6.3%	6.3%
Fixed income	15.0%	15.0%	2.0%	2.0%
Liquid alternatives	10.0%	10.0%	0.0%	0.0%
Real estate	10.0%	10.0%	4.4%	4.4%
Cash and cash equivalents	5.0%	5.0%	0.0%	0.0%
	<u>100.0%</u>	<u>100.0%</u>		

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2017, the annual money-weighted rate of return on the General Employees and Police Plan investments, net of investment expense, was 16.57% and 16.45%, respectively.

Concentrations – At December 31, 2017, there were no individual investments that are required to be disclosed that constituted more than 5% of any of the General Employee and Police Pension Plan net position available for benefits.

Discount Rate – The discount rate used to measure the total pension liability for both the General Employees Plan and Police Plan was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Township's contributions will be made based on the yearly MMO calculation. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the Plans calculated using the discount rates described above, as well as what the Plan's net pension liabilities (assets) would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

TOWNSHIP OF HAMPTON

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	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
General Employees Plan	\$ 2,561,905	\$ 1,106,583	\$ (116,728)
	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Police Plan	\$ 263,098	\$ (1,521,104)	\$ (3,018,966)

Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the Township recognized pension expense of approximately \$858,000. At December 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	General Employees	Police
<u>Deferred Outflow of Resources:</u>		
Changes in assumption	\$ 884,455	\$ 330,644
Net difference between projected and actual earnings on pension plan investments	209,298	379,248
Total deferred outflows of resources	\$ 1,093,753	\$ 709,892
<u>Deferred Inflows of Resources:</u>		
Differences between expected and actual experience	\$ 561,643	\$ 415,398
Net difference between projected and actual earnings on pension plan investments	629,727	1,072,685
Total deferred inflows of resources	\$ 1,191,370	\$ 1,488,083

TOWNSHIP OF HAMPTON

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	General Employees	Police	Total
2018	\$ (4,069)	\$ (168,669)	\$ (172,738)
2019	(4,068)	(168,667)	(172,735)
2020	(102,797)	(339,391)	(442,188)
2021	(106,743)	(227,510)	(334,253)
2022	67,633	40,662	108,295
Thereafter	52,427	85,384	137,811
	\$ (97,617)	\$ (778,191)	\$ (875,808)

Combining Statement of Plan Net Position

	General Employees	Police	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 259,647	\$ 429,778	\$ 689,425
Accrued income receivable	10,721	17,597	28,318
Investments:			
Agency bonds	-	4,714	4,714
Mutual funds - fixed income	1,344,768	2,334,774	3,679,542
Equity mutual funds	3,829,337	6,140,067	9,969,404
Equities	4,307,020	7,585,644	11,892,664
Total Assets	9,751,493	16,512,574	26,264,067
<u>Liabilities</u>			
Benefits payable	11,083	2,040	13,123
<u>Net Position Restricted For</u>			
Pension benefits	\$ 9,740,410	\$ 16,510,534	\$ 26,250,944

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

Combining Statement of Changes in Fiduciary Net Position

	<u>General Employees</u>	<u>Police</u>	<u>Total</u>
Additions:			
Contributions:			
Employer, including state aid	\$ 367,640	\$ 423,387	\$ 791,027
Employee	74,940	87,764	162,704
Total contributions	<u>442,580</u>	<u>511,151</u>	<u>953,731</u>
Investment income (loss):			
Net increase (decrease) in fair value of investments	1,159,048	1,982,538	3,141,586
Interest and dividends	<u>205,657</u>	<u>353,328</u>	<u>558,985</u>
Total investment income (loss)	<u>1,364,705</u>	<u>2,335,866</u>	<u>3,700,571</u>
Investment expense	<u>52,603</u>	<u>48,230</u>	<u>100,833</u>
Net investment income	<u>1,312,102</u>	<u>2,287,636</u>	<u>3,599,738</u>
Total additions	<u>1,754,682</u>	<u>2,798,787</u>	<u>4,553,469</u>
Deductions:			
Benefits	308,028	738,013	1,046,041
Administrative expense	<u>15,210</u>	<u>10,690</u>	<u>25,900</u>
Total deductions	<u>323,238</u>	<u>748,703</u>	<u>1,071,941</u>
Net Increase (Decrease) in Plan Net Position	1,431,444	2,050,084	3,481,528
Net Position:			
Beginning of year	<u>8,308,966</u>	<u>14,460,450</u>	<u>22,769,416</u>
End of year	<u>\$ 9,740,410</u>	<u>\$ 16,510,534</u>	<u>\$ 26,250,944</u>

8. Defined Contribution Plan

Effective for all full-time non-police employees hired after January 1, 2013, the Township administers a defined contribution plan called a Money Purchase Pension Plan. As part of its fiduciary role, the Township has an obligation of due care in selecting the third-party administrator. Participants are required to contribute an amount equal to five percent of the participant's compensation. The employer contributes an amount equal to one percent of each participant's Pennsylvania taxable wages from a participant's date of hire of employment with the employer through the end of the fourth full calendar year of employment. Beginning with the fifth full calendar year of employment, the employer

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

contributes an amount equal to two percent of each participant's Pennsylvania taxable wages.

All participants are fully vested in their respective participant contributions and employer state aid contribution accounts. The participants with four years of service or more are 100% vested in the employer percent of pay contribution. Non-vested contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expense. For the year ended December 31, 2017, there were no forfeitures that reduced the Township's pension expense. During 2017, the Township recognized pension expense of approximately \$56,000, and employee contributions were approximately \$45,000.

9. Post-Employment Benefits Other than Pension Benefits (OPEBs)

Plan Description

In addition to the pension benefits described in Note 7, the Township provides certain healthcare benefits for certain retired employees in accordance with the terms of their applicable employment contracts.

As of January 1, 2017, the date of the most recent actuarial valuation, participants were as follows:

	General Employees	Police
Participants:		
Retired	1	5
Active	42	17
	<u>43</u>	<u>22</u>

Details of the benefits provided are as follows:

General Employees

Covered individuals are employees retiring the earlier of age 64 and four years of service or age 60 and 25 years of service, or age 62 and four years of service, or with disability retirement benefits with four years of service. The Township provides post-retirement healthcare benefits to all eligible non-uniformed retirees' in accordance with the

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

requirements set forth by the union contract. The Township pays 100% of the total premium for medical coverage through Municipal Benefits Services (MBS) or the union (Local 205) until Medicare eligibility or death, whichever occurs first. The Township's General Fund expenditures for all general employee post-employment healthcare benefits were approximately \$15,600 in 2017. A retiree who declines to utilize the healthcare plan because he or she is covered by a spouse's plan will be paid \$3,500 annually.

Police

Covered individuals are police officers who retire with normal retirement or with total and permanent service-related disability benefits. For current officers, eligibility requirements for normal retirement are age 50 and 25 years of service. Those hired after January 1, 2013 must attain age 55 and complete 25 years of service. The Township provides post-retirement healthcare benefits to all eligible police retirees in accordance with the requirements set forth by the union contract. The Township pays 100% of the total premium for medical coverage through MBS until Medicare eligibility or death, whichever occurs first. The Township's General Fund expenditures for all police postemployment healthcare benefits were approximately \$57,600 in 2017. A retiree who declines to utilize the healthcare plan because he or she is covered by a spouse's plan will be paid \$4,000 annually.

Funding Policy

The cost of these benefits is expensed when incurred and is financed on a pay-as-you-go basis. For 2017, the Township incurred approximately \$73,200 for post-employment benefits other than pension benefits.

The Township's annual OPEB cost 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 the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over an open period not to exceed 30 years. The following table shows the component of the Township's annual OPEB cost for the year, the amount actually contributed, and changes in the Township's net OPEB obligation:

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

Annual required contribution	\$ 206,837
Interest on net OPEB obligation	59,902
Adjustment to annual required contribution	<u>(89,593)</u>
Annual OPEB cost	177,146
Contributions made	<u>(73,178)</u>
Increase in net OPEB obligation	103,968
Net OPEB obligation - beginning of year	<u>1,597,377</u>
Net OPEB obligation - end of year	<u><u>\$ 1,701,345</u></u>

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation were as follows:

Fiscal Year Ending	Annual OPEB Cost	% Contributed	Net OPEB Obligation
December 31, 2015	\$ 200,802	37.00%	\$ 1,452,581
December 31, 2016	203,467	28.84%	1,597,377
December 31, 2017	177,146	41.31%	1,701,345

The schedule of funding progress for the postemployment healthcare benefits is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2011	\$ -	\$ 2,271,707	\$ (2,271,707)	0.0%	\$ 3,904,516	-58.2%
January 1, 2014	-	1,994,478	(1,994,478)	0.0%	4,340,039	-46.0%
January 1, 2017	-	1,563,320	(1,563,320)	0.0%	4,109,678	-38.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Healthcare cost trend assumptions are based on recent experience and anticipated future cost increases under the Township's medical plans. Amounts determined regarding the funded status and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements will show multi-

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

year trend information about whether the actuarial value of assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections and calculations 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 covered members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the January 1, 2017 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used included a 4.5% per year interest rate. The ARC was developed based upon the sum of the normal cost and an annual amount to amortize the unfunded actuarial accrued liability over a 30-year open period. The amortization method used is level-dollar. The 2017 medical rates were provided by the Township. The costs for benefits provided through MBS are projected with age-adjusted rates derived from the 2017 premium schedule. Health care costs trends remain at 5% for 2017.

10. Commitments and Contingencies

Risk Financing

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

For its workers' compensation insurance coverage, the Township participates in the Municipal Risk Management Worker's Compensation Pooled Trust (Trust), a public entity risk pool operated for the benefit of 239 cities, municipalities, boroughs, townships, and municipal authorities. Trust underwriting and rate-setting policies are established after consultation with an independent actuary and certain approvals of the Pennsylvania Department of Labor and Industry as mandated by Act 44 of 1993 (Act 44). All Trust participants may be subject to a supplemental assessment/dividend based on the overall experience of the participants, pursuant to Act 44. Dividends received in 2017 were \$127,710. Each participant of the Trust agrees to jointly and severally assume and

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

discharge the liabilities arising under the Worker's Compensation Act and Occupational Disease Act of each and every participant of the Trust. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years the Trust purchased excess insurance coverage with statutory limits. The retention for this excess coverage is \$750,000 per occurrence. There were no significant reductions in insurance coverage from coverage in the prior year. Political subdivisions joining the Trust must remain members for a minimum of four years; a member may withdraw from the Trust after that time by giving ninety days' notice, subject to approval by the Trust actuary under specified circumstances related to the continued fiscal stability of the pool. At the time of withdrawal, the participant is responsible for their share of assessments but has no claim on any other assets of the Trust. Estimates of any additional assessments are unknown.

The Township participates as a member in Municipal Employers Insurance Trust (d/b/a Municipal Benefit Services (MBS)), a public entity risk pool. MBS provides certain benefits including but not limited to, the following coverages: health benefits, short-term accident and sickness disability benefits, long-term accident and sickness disability benefits, dental benefits, vision care, prescription drugs, and life insurance for those eligible employers. All participants of MBS may be subject to supplemental premiums based on the overall experience of the participating members. Reserves generated by MBS for self-insured health premiums paid by members exceeding claims and expenses are held by MBS for the benefit of all participating members. Beginning in 2015, a portion of the excess reserves was deposited in eligible clients' Rate Mitigation Accounts (RMA) as determined by the MBS's actuary. RMA funds are held by MBS and are available to the Township to reduce future costs associated with participating coverage. RMA funds are forfeited if the member terminates participation in the MBS medical insurance program.

11. Subsequent Events

Emergency Medical Services

Effective December 31, 2017, the Township entered into a memorandum of understanding with Township of Shaler for the purpose of creating and operating an emergency medical services agency to be known as Shaler Hampton Emergency Medical Services. An intergovernmental cooperation agreement was executed in February 2018.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

Tax Revenue Anticipation Note

In January 2018, the Township authorized the issuance of a Tax Revenue Anticipation Note with a local bank in the amount of \$2,000,000, with a fixed interest rate of 1.46%.

General Obligation Note

In March 2018, the Township obtained a \$500,000 General Obligation Note through a local bank. Quarterly principal and interest payments of \$19,799 at an interest rate of 3.09% will be made through the maturity date of December 15, 2024. The proceeds will be used to establish the Shaler Hampton Emergency Medical Services, as noted above.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWNSHIP OF HAMPTON

SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY AND RELATED RATIOS

GENERAL EMPLOYEES

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2017	2016	2015	2014
Total Pension Liability:				
Service cost	\$ 211,108	\$ 192,114	\$ 182,966	\$ 211,724
Interest	719,862	662,249	618,238	598,156
Changes of benefit terms	345,606	-	-	-
Differences between expected and actual experience	(537,843)	-	(176,687)	-
Changes of assumptions	1,039,622	-	-	-
Benefit payments, including refunds of member contributions	(308,028)	(227,024)	(220,175)	(449,048)
Net Changes in Total Pension Liability	1,470,327	627,339	404,342	360,832
Total Pension Liability - Beginning	9,376,666	8,749,327	8,344,985	7,984,153
Total Pension Liability - Ending (a)	\$ 10,846,993	\$ 9,376,666	\$ 8,749,327	\$ 8,344,985
Plan Fiduciary Net Position:				
Contributions - employer	\$ 367,640	\$ 373,744	\$ 407,650	\$ 372,469
Contributions - member	74,940	73,583	73,801	75,529
Net investment income	1,364,705	549,097	56,591	647,157
Benefit payments, including refunds of member contributions	(308,028)	(227,024)	(220,175)	(449,048)
Administrative expense	(67,813)	(57,731)	(57,479)	(36,064)
Net Change in Plan Fiduciary Net Position	1,431,444	711,669	260,388	610,043
Plan Fiduciary Net Position - Beginning	8,308,966	7,597,297	7,336,909	6,726,866
Plan Fiduciary Net Position - Ending (b)	\$ 9,740,410	\$ 8,308,966	\$ 7,597,297	\$ 7,336,909
Net Pension Liability - Ending (a-b)	\$ 1,106,583	\$ 1,067,700	\$ 1,152,030	\$ 1,008,076
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.8%	88.6%	86.8%	87.9%
Covered Payroll	\$ 2,147,384	\$ 2,393,842	\$ 2,451,193	\$ 2,375,705
Net Pension Liability as a Percentage of Covered Payroll	51.5%	44.6%	47.0%	42.4%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying note to schedules of required supplementary information - pension plan.

TOWNSHIP OF HAMPTON

SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY AND RELATED RATIOS

POLICE PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2017	2016	2015	2014
Total Pension Liability:				
Service cost	\$ 358,462	\$ 222,285	\$ 211,700	\$ 191,593
Interest	1,005,166	1,003,261	962,387	969,811
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(47,858)	-	(759,773)	-
Changes of assumptions	377,214	-	-	-
Benefit payments, including refunds of member contributions	(738,013)	(678,953)	(601,814)	(442,538)
Net Changes in Total Pension Liability	954,971	546,593	(187,500)	718,866
Total Pension Liability - Beginning	14,034,459	13,487,866	13,675,366	12,956,500
Total Pension Liability - Ending (a)	<u>\$ 14,989,430</u>	<u>\$ 14,034,459</u>	<u>\$ 13,487,866</u>	<u>\$ 13,675,366</u>
Plan Fiduciary Net Position:				
Contributions - employer	\$ 423,387	\$ 419,183	\$ 572,115	\$ 673,943
Contributions - member	87,764	87,644	87,358	85,773
Net investment income	2,335,866	992,054	95,391	1,182,071
Benefit payments, including refunds of member contributions	(738,013)	(678,416)	(601,276)	(442,402)
Administrative expense	(58,920)	(86,934)	(101,321)	(52,977)
Net Change in Plan Fiduciary Net Position	2,050,084	733,531	52,267	1,446,408
Plan Fiduciary Net Position - Beginning	14,460,450	13,726,919	13,674,652	12,228,244
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,510,534</u>	<u>\$ 14,460,450</u>	<u>\$ 13,726,919</u>	<u>\$ 13,674,652</u>
Net Pension Liability (Asset) - Ending (a-b)	<u>\$ (1,521,104)</u>	<u>\$ (425,991)</u>	<u>\$ (239,053)</u>	<u>\$ 714</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>110.1%</u>	<u>103.0%</u>	<u>101.8%</u>	<u>100.0%</u>
Covered Payroll	<u>\$ 1,755,281</u>	<u>\$ 1,601,213</u>	<u>\$ 1,577,145</u>	<u>\$ 1,587,529</u>
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-86.7%	-26.6%	-15.2%	0.0%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying note to schedules of required supplementary information - pension plan.

TOWNSHIP OF HAMPTON

SCHEDULES OF TOWNSHIP CONTRIBUTIONS
AND INVESTMENT RETURNS

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

GENERAL EMPLOYEES PLAN:

Schedule of Township Contributions	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 216,510	\$ 210,900	\$ 207,040	\$ 266,825	\$ 269,222	\$ 382,912	\$ 372,469	\$ 407,650	\$ 373,744	\$ 367,640
Contributions in relation to the actuarially determined contribution	216,510	210,900	207,040	266,825	269,222	382,912	372,469	407,650	373,744	367,640
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,223,408	\$ 2,472,944	\$ 2,472,944	\$ 2,402,610	\$ 2,402,610	\$ 2,377,538	\$ 2,375,705	\$ 2,451,193	\$ 2,393,842	\$ 2,147,384
Contributions as a percentage of covered payroll	9.7%	8.5%	8.4%	11.1%	11.2%	16.1%	15.7%	16.6%	15.6%	17.1%
Investment Returns	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Annual money-weighted rate of return, net of investment expense	n/a	n/a	n/a	n/a	n/a	n/a	10.15%	0.77%	7.24%	16.57%

POLICE PLAN:

Schedule of Township of Hampton Contributions	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 342,913	\$ 397,844	\$ 405,179	\$ 480,712	\$ 483,764	\$ 652,197	\$ 673,943	\$ 572,115	\$ 419,183	\$ 423,387
Contributions in relation to the actuarially determined contribution	342,913	397,844	405,179	480,712	483,764	652,197	673,943	572,115	419,183	423,387
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,263,873	\$ 1,334,020	\$ 1,334,020	\$ 1,537,050	\$ 1,537,050	\$ 1,681,702	\$ 1,587,529	\$ 1,577,145	\$ 1,601,213	\$ 1,755,281
Contributions as a percentage of covered payroll	27.1%	29.8%	30.4%	31.3%	31.5%	38.8%	42.5%	36.3%	26.2%	24.1%
Investment Returns	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Annual money-weighted rate of return, net of investment expense	n/a	n/a	n/a	n/a	n/a	n/a	10.14%	0.71%	7.34%	16.45%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying note to schedules of required supplementary information - pension plan.

TOWNSHIP OF HAMPTON

NOTE TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN

YEAR ENDED DECEMBER 31, 2017

Actuarial Methods and Assumptions

The following actuarial methods and assumptions were used in the calculation of the most recent actuarially determined contributions reported in the required supplementary information:

	General Employees	Police
Actuarial valuation date	1/1/2015	1/1/2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level dollar, closed	Level dollar, closed
Remaining amortization period	9 years	1 year
Asset valuation method	4-year smoothing	4-year smoothing
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	5.0%	5.0%
Underlying inflation rate	3.0%	3.0%
Cost-of-living adjustments	100% change in CPI-W	100% change in CPI-W
RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with rates set forward 5 years for disabled lives. Rates are projected to improve with 75% of scale AA.		

Benefit Changes

General Employees – Effective 1/1/2007, the normal retirement age was reduced from age 65 to 64 with the service requirement remaining the same. Effective 1/1/2009, the normal retirement eligibility requirements were changed from age 64 with 4 years of service to the earlier of age 64 with 4 years of service or 60 with 25 years of service. The benefit multiplier for administrative participants increased to 1.4%. A pre-retirement death benefit was also added.

Police – Effective 1/1/2008 and 1/1/2013, there was an enhanced service increment window benefit.

TOWNSHIP OF HAMPTON

NOTE TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN

YEAR ENDED DECEMBER 31, 2017

Change in Actuarial Assumptions

General Employees – Effective 1/1/2009, the salary scale assumption was changed from 5.5% to 5.0% per year. Effective 1/1/2011, the mortality table was updated for the 1994 Uninsured Pensioner Mortality Table to the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment and rates projected to improve with 75% of scale AA. Also, the pre-retirement benefit, which had previously been valued using a load of active member retirement liabilities, is now valued directly assuming 90% of participants are married with male spouses three years older than female spouses.

Police – Effective 1/1/2011, the mortality assumption was updated from the 1994 Uninsured Pensioner Mortality Table to the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment and rates projected to improve with 75% of scale AA.

TOWNSHIP OF HAMPTON

POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBs)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
01/01/2011	\$ -	\$ 2,271,707	\$ (2,271,707)	0%	\$ 3,904,516	-58.2%
01/01/2014	-	1,994,478	(1,994,478)	0%	4,340,039	-46.0%
01/01/2017	-	1,563,320	(1,563,320)	0%	4,109,678	-38.0%

TOWNSHIP OF HAMPTON

POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBs) FACTORS AND TRENDS USED IN ACTUARIAL VALUATION

YEAR ENDED DECEMBER 31, 2017

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation

Actuarial valuation date	01/01/2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 years
Actuarial assumptions:	
Investment rate of return	3.75%
Mortality: Police	RP-2014 Combined Healthy Mortality Table
Annual trend rates for OPEB Costs:	
<u>Year</u> 2018 and later	5.00%

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
<u>Taxes:</u>				
Real estate - current	\$ 3,190,000	\$ 3,190,000	\$ 3,228,882	\$ 38,882
Real estate - prior year	4,000	4,000	6,993	2,993
Real estate - delinquent	115,000	115,000	103,756	(11,244)
Real estate - interim	4,200	4,200	3,050	(1,150)
Real estate (deed) transfer	780,000	780,000	810,667	30,667
Earned income - current	3,950,000	3,950,000	3,981,725	31,725
Earned income - delinquent	30,000	30,000	55,220	25,220
Local services	240,000	240,000	257,165	17,165
Mechanical device licenses	6,000	6,000	8,237	2,237
Regional asset district sales tax	290,000	290,000	319,632	29,632
Total taxes	8,609,200	8,609,200	8,775,327	166,127
<u>Licenses and permits:</u>				
Building permits	150,000	150,000	140,075	(9,925)
Occupancy permits	2,750	2,750	5,650	2,900
Street opening permits	2,000	2,000	2,000	-
Subdivision/site plan fees	17,500	17,500	10,925	(6,575)
Zoning fees and permits	20,000	20,000	17,300	(2,700)
Solicitation fees and permits	300	300	455	155
Cable TV franchise fee	415,000	415,000	421,619	6,619
Total licenses and permits	607,550	607,550	598,024	(9,526)
<u>Fines and related costs:</u>				
Motor vehicle code violations	55,000	55,000	53,103	(1,897)
Charges for police reports	3,000	3,000	3,130	130
Total fines and related costs	58,000	58,000	56,233	(1,767)
<u>Interest, rents, and royalties:</u>				
Interest on investments	5,000	5,000	27,474	22,474
Total interest, rents, and royalties	5,000	5,000	27,474	22,474
<u>Intergovernmental revenues:</u>				
Snow and ice removal	70,000	70,000	67,013	(2,987)
Gifts and grants	25,000	25,000	25,404	404
Alcohol beverage licenses	3,000	3,000	3,300	300
Public utility tax refund	10,130	10,130	8,908	(1,222)
Total intergovernmental revenues	108,130	108,130	104,625	(3,505)

(Continued)

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND (Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Recreational program revenues:</u>				
Park operation fee	12,000	12,000	12,777	777
Annual program fee	9,000	9,000	8,566	(434)
Seasonal program fee	12,000	12,000	1,342	(10,658)
Pool operations fee	246,000	246,000	242,302	(3,698)
Franchise fee - Bell Atlantic	74,650	74,650	74,650	-
Concession stand	38,500	38,500	33,130	(5,370)
Day care	70,000	70,000	65,902	(4,098)
Private instruction	500	500	656	156
Community Center special events	3,600	3,600	3,850	250
Other	-	-	23	23
Total recreational program revenues	466,250	466,250	443,198	(23,052)
<u>Charges for services:</u>				
Connection fee	9,000	9,000	2,619	(6,381)
Authority/cap fee	87,500	87,500	67,117	(20,383)
Sewer system rentals	2,365,000	2,365,000	2,266,659	(98,341)
Richland sewer rentals	320,000	320,000	372,567	52,567
Sewer rental deposits	9,000	9,000	11,593	2,593
Municipal lien letter	15,000	15,000	14,955	(45)
Maps, copies, and service charges	350	350	264	(86)
Zoning applications	4,500	4,500	5,785	1,285
Dye testing	8,000	8,000	9,920	1,920
Tax certification letters	21,000	21,000	17,900	(3,100)
Rental inspection fees	19,000	19,000	11,850	(7,150)
Civic plus fees	(1,000)	(1,000)	(2,151)	(1,151)
Facility rentals	55,000	55,000	38,267	(16,733)
Alcoholic beverage consumption license	1,000	1,000	806	(194)
Arcade commission receipts	1,800	1,800	1,030	(770)
General admission ID cards	9,000	9,000	7,495	(1,505)
Fitness ID cards	95,000	95,000	84,004	(10,996)
Guest passes	10,000	10,000	9,602	(398)
Annual program fees - Community Center	48,250	48,250	60,133	11,883
Seasonal program fees - Community Center	1,500	1,500	115	(1,385)
Summer play and H/V day camps	86,000	86,000	67,724	(18,276)
Concession stand - Community Center	900	900	1,031	131
Sales tax - Community Center	-	-	2	2
Total charges for services	3,165,800	3,165,800	3,049,287	(116,513)
<u>Reimbursements:</u>				
Employee services	58,000	58,000	56,780	(1,220)
Community Library expense reimbursement	-	-	132,969	132,969
Water Authority - computer	40,000	40,000	40,000	-
Water Authority - utilities	20,000	20,000	12,741	(7,259)
Insurance including workmen's compensation	130,000	130,000	198,602	68,602
Health insurance	62,000	62,000	64,559	2,559
Total reimbursements	310,000	310,000	505,651	195,651

(Continued)

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual*	Variance
	Original	Final		
Miscellaneous:				
Other revenues	117,000	117,000	113,159	(3,841)
Total miscellaneous	117,000	117,000	113,159	(3,841)
Total revenues	13,446,930	13,446,930	13,672,978	226,048
Expenditures:				
<u>General government:</u>				
Legislative:				
Salaries and wages	91,600	91,600	90,408	1,192
Longevity	720	720	720	-
Sick time buyback	3,555	3,555	3,554	1
Employee taxes	7,150	7,150	7,103	47
Fringe benefits	9,265	9,265	9,177	88
Professional and consulting services	5,000	5,000	-	5,000
Association and professional dues	10,000	10,000	9,554	446
Conference, meetings, and seminars	7,500	7,500	9,283	(1,783)
Library contribution	92,000	92,000	92,000	-
Contracted services	1,500	1,500	866	634
Depreciation lands allocation	16,500	16,500	16,500	-
Office supplies	1,000	1,000	1,401	(401)
Library books and supplies	8,300	8,300	8,161	139
Total legislative	254,090	254,090	248,727	5,363
Administrative:				
Salaries and wages	144,350	144,350	143,658	692
Salaries and wages - part-time	43,680	43,680	40,509	3,171
Longevity	720	720	720	-
Sick time buyback	9,680	9,680	10,649	(969)
Employee taxes	14,900	14,900	13,871	1,029
Fringe benefits	62,975	62,975	62,042	933
Association and professional dues	10,000	10,000	10,120	(120)
Conference, meetings, and seminars	9,000	9,000	15,431	(6,431)
Office equipment repair and maintenance	100	100	-	100
Legal advertising and publicity	9,000	9,000	13,237	(4,237)
Printing and duplication	3,000	3,000	3,773	(773)
Postal services	10,000	10,000	9,358	642
Other contracted services	18,000	18,000	37,875	(19,875)
Office supplies	7,000	7,000	5,685	1,315
Office furniture and equipment	3,000	3,000	-	3,000
Capital outlay	5,000	5,000	17,638	(12,638)
Subscriptions and periodicals	300	300	-	300
Total administrative	350,705	350,705	384,566	(33,861)

(Continued)

* For budgetary purposes, capital lease payments are expensed when paid.

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual*	Variance
	Original	Final		
Finance:				
Salaries and wages	130,500	130,500	131,654	(1,154)
Salaries and wages - part-time	29,925	29,925	14,695	15,230
Longevity	388	388	388	-
Sick time buyback	56,025	56,025	56,181	(156)
Employee taxes	17,275	17,275	15,253	2,022
Fringe benefits	41,670	41,670	36,238	5,432
Professional services	36,000	36,000	36,059	(59)
Association and professional dues	800	800	-	800
Conference, meetings, and seminars	1,500	1,500	413	1,087
Printing and duplicating	500	500	353	147
Other contracted services	15,000	15,000	14,504	496
Professional services	2,000	2,000	308	1,692
Office supplies - computer	150	150	145	5
Minor equipment	100	100	-	100
Bank fees	-	-	359	(359)
Total finance	331,833	331,833	306,550	25,283
Tax collection:				
Commission - delinquent wage tax collection	1,500	1,500	1,050	450
Other contracted services	50,000	50,000	51,074	(1,074)
Filing liens	14,000	14,000	7,376	6,624
Real estate refunds	20,000	20,000	30,513	(10,513)
Total tax collection	85,500	85,500	90,013	(4,513)
Legal and professional:				
Other professional and consulting	3,000	3,000	1,225	1,775
Other contracted legal services	135,000	135,000	133,710	1,290
Total legal and professional	138,000	138,000	134,935	3,065

(Continued)

* For budgetary purposes, capital lease payments are expensed when paid.

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual*	Variance
	Original	Final		
Insurance:				
Multi-peril	190,000	190,000	202,543	(12,543)
Workers' compensation	300,000	300,000	250,041	49,959
Total insurance	<u>490,000</u>	<u>490,000</u>	<u>452,584</u>	<u>37,416</u>
Employee benefits:				
Medical insurance	76,000	76,000	71,328	4,672
General employee pension fund contribution	209,740	209,740	202,463	7,277
Police pension fund contribution	265,487	265,487	258,210	7,277
Defined contribution plan	10,211	10,211	5,219	4,992
Unemployment compensation	21,500	21,500	21,935	(435)
Total employee benefits	<u>582,938</u>	<u>582,938</u>	<u>559,155</u>	<u>23,783</u>
Information technology:				
Salaries and wages	99,025	99,025	99,025	-
Longevity	660	660	660	-
Sick time buyback	2,880	2,880	2,880	-
Employee taxes	7,850	7,850	7,527	323
Fringe benefits	33,900	33,900	35,376	(1,476)
Professional services	65,000	65,000	59,817	5,183
Conference/meetings travel	10,000	10,000	10,171	(171)
Computer service	38,500	38,500	24,442	14,058
Telephone fees	64,000	64,000	57,273	6,727
Printing and duplication	20,000	20,000	20,614	(614)
Other contracted services	76,500	76,500	77,516	(1,016)
Other contracted services - leases	38,500	38,500	25,756	12,744
Office supplies	3,000	3,000	3,348	(348)
Minor equipment	4,000	4,000	5,141	(1,141)
Other supplies	3,000	3,000	4,145	(1,145)
Capital outlay	80,000	80,000	92,344	(12,344)
Total information technology	<u>546,815</u>	<u>546,815</u>	<u>526,035</u>	<u>20,780</u>
Total general government	<u>2,779,881</u>	<u>2,779,881</u>	<u>2,702,565</u>	<u>77,316</u>

(Continued)

* For budgetary purposes, capital lease payments are expensed when paid.

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amount		Actual*	Variance
	Original	Final		
<u>Public safety:</u>				
Police protection:				
Salaries and wages	1,320,032	1,320,032	1,348,700	(28,668)
Personal buyback	60,000	60,000	42,172	17,828
Salaries and wages - part-time	158,500	158,500	133,399	25,101
Degree reimbursement	4,750	4,750	4,750	-
Reimbursement of overtime	-	-	(11,887)	11,887
Salaries and wages - overtime	51,000	51,000	102,735	(51,735)
Court time	48,000	48,000	37,660	10,340
Holiday pay	5,000	5,000	3,226	1,774
Court/hearings	3,000	3,000	445	2,555
Conference/meetings/travel	4,000	4,000	893	3,107
Longevity	10,350	10,350	10,587	(237)
Employee taxes	35,825	35,825	38,264	(2,439)
Employee benefits	285,373	285,373	292,093	(6,720)
Association and professional dues	750	750	485	265
Conference, meetings, and seminars	10,000	10,000	5,285	4,715
Utilities - water, gas	18,500	18,500	11,857	6,643
Repairs/maintenance - office equipment	100	100	-	100
Repairs/maintenance - vehicle wash	1,500	1,500	981	519
Repairs/maintenance - mechanical equipment	600	600	1,056	(456)
Animal control	16,000	16,000	16,115	(115)
Printing and duplication	2,000	2,000	1,789	211
Postal services	500	500	177	323
Other contracted services	12,500	12,500	20,725	(8,225)
Contracted radio maintenance	4,400	4,400	3,417	983
Office supplies	2,600	2,600	1,780	820
Office furniture and equipment	1,500	1,500	1,248	252
Uniform purchases and cleaning	33,000	33,000	31,632	1,368
Ammunition	10,000	10,000	9,583	417
Rifle range maintenance and supplies	1,600	1,600	1,615	(15)
Books and periodicals	1,000	1,000	611	389
Minor equipment	1,500	1,500	1,187	313
Other supplies	4,000	4,000	2,014	1,986
Capital outlay	59,000	59,000	60,395	(1,395)
Total police protection	<u>2,166,880</u>	<u>2,166,880</u>	<u>2,174,989</u>	<u>(8,109)</u>

(Continued)

* For budgetary purposes, capital lease payments are expensed when paid.

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual*	Variance
	Original	Final		
Community relations:				
Salaries and wages	186,542	186,542	187,417	(875)
Longevity	2,520	2,520	2,520	-
Employee taxes	2,940	2,940	3,318	(378)
Employee benefits	50,373	50,373	50,842	(469)
Office supplies	50	50	87	(37)
Other supplies	300	300	166	134
Juvenile supplies	1,750	1,750	3,034	(1,284)
Total community relations	<u>244,475</u>	<u>244,475</u>	<u>247,384</u>	<u>(2,909)</u>
Traffic safety:				
Utilities - street lighting	22,000	22,000	21,971	29
Other contracted services	1,500	1,500	2,161	(661)
Traffic control - paint	400	400	-	400
Traffic control - street signs	10,500	10,500	19,039	(8,539)
Traffic control - flares	1,500	1,500	1,500	-
Other supplies	500	500	-	500
Total traffic safety	<u>36,400</u>	<u>36,400</u>	<u>44,671</u>	<u>(8,271)</u>
Fire protection:				
Capital Outlay - Intergovernmental Cooperative	-	-	40,834	(40,834)
Total fire protection	<u>-</u>	<u>-</u>	<u>40,834</u>	<u>(40,834)</u>
Total public safety	<u>2,447,755</u>	<u>2,447,755</u>	<u>2,507,878</u>	<u>(60,123)</u>

(Continued)

* For budgetary purposes, capital lease payments are expensed when paid.

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual*	Variance
	Original	Final		
<u>Community development:</u>				
Planning and code enforcement:				
Salaries and wages	141,750	141,750	142,288	(538)
Longevity	675	675	676	(1)
Employee taxes	11,650	11,650	11,156	494
Fringe benefits	56,310	56,310	41,297	15,013
Professional and consulting services	5,000	5,000	4,800	200
Association and professional dues	1,000	1,000	490	510
Conference, meetings, and seminars	3,500	3,500	1,289	2,211
Engineering services	140,000	140,000	123,517	16,483
Advertising and publicity	3,000	3,000	2,478	522
Printing and duplication	700	700	267	433
Postal services	3,000	3,000	1,509	1,491
Other contracted services	500	500	-	500
Contracted services - demolition	10,000	10,000	3,003	6,997
Stenographer	2,500	2,500	2,630	(130)
Office supplies	800	800	571	229
Subscriptions and periodicals	250	250	-	250
Other supplies	400	400	174	226
Total planning and code enforcement	<u>381,035</u>	<u>381,035</u>	<u>336,145</u>	<u>44,890</u>
Code enforcement:				
Salaries and wages - part-time	39,000	39,000	27,414	11,586
Employee taxes	2,985	2,985	2,097	888
Professional services	83,000	83,000	66,220	16,780
Protection - safety clothing	50	50	93	(43)
Uniform purchase	300	300	-	300
Other supplies	500	500	254	246
Total code enforcement	<u>125,835</u>	<u>125,835</u>	<u>96,078</u>	<u>29,757</u>
Total community development	<u>506,870</u>	<u>506,870</u>	<u>432,223</u>	<u>74,647</u>

(Continued)

* For budgetary purposes, capital lease payments are expensed when paid.

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual*	Variance
	Original	Final		
<u>Public works:</u>				
Street and bridge maintenance:				
Salaries and wages	828,000	828,000	806,994	21,006
Personal buybacks	43,000	43,000	42,264	736
Salaries and wages - overtime	60,000	60,000	73,180	(13,180)
Longevity	6,100	6,100	6,023	77
Employee taxes	73,000	73,000	69,709	3,291
Fringe benefits	374,500	374,500	365,699	8,801
Contracted meals	3,100	3,100	1,393	1,707
Utilities	16,500	16,500	22,064	(5,564)
Repairs and maintenance park facilities	3,000	3,000	555	2,445
Repairs and maintenance field and grounds	4,000	4,000	15,275	(11,275)
Other rental charges	250	250	246	4
Uniform cleaning and rental	5,500	5,500	5,246	254
Other contracted services	5,500	5,500	11,574	(6,074)
Contracted radio services	2,500	2,500	2,547	(47)
Contracted bridge maintenance	4,000	4,000	-	4,000
Contracted street sweeping	10,500	10,500	10,500	-
Contracted tree removal/trimming	10,000	10,000	9,790	210
Janitorial and cleaning supplies	375	375	-	375
Uniform purchase	3,000	3,000	2,932	68
Road department line painting	8,000	8,000	10,789	(2,789)
Asphalt and related materials	30,000	30,000	29,594	406
Road, bridge, and guide rail material	43,000	43,000	19,633	23,367
Street maintenance tools	2,000	2,000	1,769	231
Park facilities maintenance supplies	6,000	6,000	7,540	(1,540)
Field and grounds maintenance supplies	5,500	5,500	5,404	96
Minor equipment	5,500	5,500	4,971	529
Other supplies	4,000	4,000	1,817	2,183
	<u>1,556,825</u>	<u>1,556,825</u>	<u>1,527,508</u>	<u>29,317</u>
Total street and bridge maintenance				
Snow and ice control:				
Salaries and wages - overtime	60,000	60,000	28,789	31,211
Employee taxes	4,600	4,600	2,166	2,434
Snow and ice control	600,000	600,000	395,802	204,198
Other contracted services	1,500	1,500	405	1,095
Mechanical equipment	9,500	9,500	9,848	(348)
Minor equipment	1,000	1,000	216	784
Other supplies	250	250	219	31
	<u>676,850</u>	<u>676,850</u>	<u>437,445</u>	<u>239,405</u>
Total snow and ice control				

(Continued)

* For budgetary purposes, capital lease payments are expensed when paid.

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual*	Variance
	Original	Final		
Storm sewer maintenance:				
Other contracted services	150,000	150,000	118,995	31,005
Storm sewer maintenance supplies	95,000	95,000	81,114	13,886
Other supplies	200	200	-	200
Capital outlay	20,000	20,000	23,750	(3,750)
Total storm sewer maintenance	<u>265,200</u>	<u>265,200</u>	<u>223,859</u>	<u>41,341</u>
Vehicle and equipment maintenance:				
Salaries and wages	61,775	61,775	63,356	(1,581)
Salaries and wages - overtime	4,500	4,500	2,632	1,868
Employee taxes	4,950	4,950	4,987	(37)
Repairs/maintenance - motor vehicle	25,000	25,000	40,747	(15,747)
Repairs/maintenance - mechanical	2,000	2,000	1,558	442
Contracted service - lease	70,000	70,000	71,519	(1,519)
Hand tools	1,500	1,500	875	625
Vehicle parts	70,000	70,000	62,775	7,225
Fuel and oil	100,000	100,000	67,158	32,842
Tires	27,500	27,500	43,059	(15,559)
Other supplies	600	600	1,243	(643)
Capital outlay	15,000	15,000	16,186	(1,186)
Total vehicle and equipment maintenance	<u>382,825</u>	<u>382,825</u>	<u>376,095</u>	<u>6,730</u>
Building maintenance:				
Salaries and wages	75,000	75,000	77,019	(2,019)
Longevity	720	720	720	-
Accrued leave buyback	2,890	2,890	-	2,890
Employee taxes	6,000	6,000	5,825	175
Fringe benefits	23,200	23,200	23,102	98
Associations and dues	350	350	355	(5)
Conferences and education	3,000	3,000	2,002	998
Utilities	59,000	59,000	34,974	24,026
Repairs/maintenance - building and facilities	13,000	13,000	8,822	4,178
Janitorial services	30,000	30,000	30,400	(400)
Other contracted services	23,500	23,500	19,024	4,476
Landscaping services	39,000	39,000	33,732	5,268
Clothing	225	225	209	16
Building maintenance - parts and supplies	10,000	10,000	7,910	2,090
Other supplies	2,000	2,000	1,737	263
Total building maintenance	<u>287,885</u>	<u>287,885</u>	<u>245,831</u>	<u>42,054</u>

(Continued)

* For budgetary purposes, capital lease payments are expensed when paid.

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual*	Variance
	Original	Final		
Waste water pollution control:				
Sewer inspections and administration:				
Salaries and wages	75,000	75,000	75,000	-
Longevity	240	240	240	-
Buybacks	3,465	3,465	3,462	3
Employee taxes	6,000	6,000	5,780	220
Fringe benefits	24,850	24,850	24,676	174
Associations and dues	2,500	2,500	-	2,500
Conferences, meetings, and seminars	4,000	4,000	1,818	2,182
Regulatory fees	3,500	3,500	2,928	572
Engineering services	79,000	79,000	46,157	32,843
Printing and duplication	200	200	-	200
Postage	250	250	16	234
Other contracted services	-	-	9,114	(9,114)
Office supplies	500	500	692	(192)
Other supplies	200	200	56	144
Total sewer inspections and administration	199,705	199,705	169,939	29,766
Environmental services operation:				
Salaries and wages	468,000	468,000	523,806	(55,806)
Buybacks	98,000	98,000	76,417	21,583
Salaries and wages - part-time	50,000	50,000	514	49,486
Salaries and wages - overtime	48,500	48,500	56,106	(7,606)
Longevity	3,625	3,625	3,845	(220)
Employee taxes	51,000	51,000	47,387	3,613
Fringe benefits	175,000	175,000	209,060	(34,060)
Conferences, meetings, and seminars	6,000	6,000	3,857	2,143
Contractual meals	500	500	540	(40)
Utilities	195,000	195,000	192,878	2,122
Repairs and maintenance - mechanical equipment	63,000	63,000	52,505	10,495
Repairs and maintenance - sewer plant	65,000	65,000	34,135	30,865
Uniform rental and cleaning	3,500	3,500	3,496	4
C.O.G. equipment rental	1,500	1,500	70	1,430
Sludge disposal	110,000	110,000	105,374	4,626
Other contracted services	55,000	55,000	124,330	(69,330)
Contracted emergency repair	10,000	10,000	4,483	5,517
Office supplies	200	200	625	(425)
Uniform purchase	2,500	2,500	1,925	575
Protective/safety clothing	6,000	6,000	3,799	2,201

(Continued)

* For budgetary purposes, capital lease payments are expensed when paid.

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual*	Variance
	Original	Final		
Environmental services operation (continued):				
Sewer maintenance supplies	26,500	26,500	16,154	10,346
Sewer maintenance - Vactor	4,000	4,000	6,201	(2,201)
Mechanical equipment - parts and supplies	36,000	36,000	36,262	(262)
Mechanical equipment - filter press	15,000	15,000	17,444	(2,444)
Lab supplies	20,000	20,000	28,964	(8,964)
Chlorine	12,500	12,500	11,480	1,020
Belt press polymers	15,000	15,000	10,030	4,970
Miscellaneous chemical supplies	35,000	35,000	158,615	(123,615)
Minor equipment	5,000	5,000	765	4,235
Capital outlay	75,480	75,480	59,179	16,301
Other supplies	8,000	8,000	1,277	6,723
Total environmental services operation	1,664,805	1,664,805	1,791,523	(126,718)
Total waste water pollution control	1,864,510	1,864,510	1,961,462	(96,952)
Total public works	5,034,095	5,034,095	4,772,200	261,895
<u>Community services:</u>				
Recreation administration:				
Salaries and wages	245,650	245,650	233,954	11,696
Longevity	1,680	1,680	1,575	105
Sick time buyback	8,040	8,040	7,638	402
Employee taxes	19,200	19,200	17,189	2,011
Fringe benefits	96,000	96,000	95,613	387
Association and professional dues	1,000	1,000	400	600
Conference, meetings, and seminars	750	750	98	652
Printing and duplication	650	650	-	650
Postal services	2,000	2,000	429	1,571
Other contracted services	50,000	50,000	48,506	1,494
Employment application expenses	500	500	825	(325)
Office supplies	3,000	3,000	2,666	334
Office furniture and equipment	500	500	-	500
Other supplies	150	150	118	32
Total recreation administration	429,120	429,120	409,011	20,109

(Continued)

* For budgetary purposes, capital lease payments are expensed when paid.

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual*	Variance
	Original	Final		
Annual recreation:				
Salaries and wages - part-time	3,000	3,000	5,690	(2,690)
Employee taxes	230	230	-	230
Total annual recreation	<u>3,230</u>	<u>3,230</u>	<u>5,690</u>	<u>(2,460)</u>
Seasonal recreation:				
Salaries and wages - part-time	7,000	7,000	5,468	1,532
Employee taxes	540	540	418	122
Total seasonal recreation	<u>7,540</u>	<u>7,540</u>	<u>5,886</u>	<u>1,654</u>
Pool operations:				
Salaries and wages - part-time	142,000	142,000	136,063	5,937
Employee taxes	10,800	10,800	10,417	383
Utilities - water, gas	65,000	65,000	64,254	746
Repairs/maintenance - mechanical	6,000	6,000	8,135	(2,135)
Other contracted services	6,000	6,000	3,789	2,211
Employment Application Expenses	1,500	1,500	1,236	264
Janitorial and cleaning services	3,900	3,900	1,960	1,940
Uniform purchases and cleaning	2,800	2,800	2,792	8
Concession stand	27,500	27,500	23,346	4,154
Chemical supplies	21,000	21,000	29,837	(8,837)
Capital outlay	5,000	5,000	7,371	(2,371)
Other supplies	10,500	10,500	6,867	3,633
Total pool operations	<u>302,000</u>	<u>302,000</u>	<u>296,067</u>	<u>5,933</u>
Township newsletter:				
Printing and duplication	20,000	20,000	21,679	(1,679)

(Continued)

* For budgetary purposes, capital lease payments are expensed when paid.

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual*	Variance
	Original	Final		
Day care:				
Salaries and wages - part-time	99,640	99,640	89,512	10,128
Employee taxes	7,600	7,600	6,805	795
Fringe benefits	6,350	6,350	6,350	-
Other contracted services	52,000	52,000	42,103	9,897
Concession stand	1,000	1,000	512	488
Other supplies	1,500	1,500	939	561
Total day care	168,090	168,090	146,221	21,869
Senior citizen program:				
Salaries and wages - part-time	4,000	4,000	5,306	(1,306)
Employee taxes	343	343	16	327
Other supplies	4,000	4,000	3,242	758
Total senior citizen program	8,343	8,343	8,564	(221)
Youth sports program:				
Salaries and wages - part-time	6,500	6,500	6,230	270
Employee taxes	500	500	477	23
Sports supplies	700	700	1,925	(1,225)
Program supplies	450	450	407	43
Total youth sports program	8,150	8,150	9,039	(889)
Adult sports program:				
Sports supplies	750	750	806	(56)
Total adult sports program	750	750	806	(56)
Operational program:				
Salaries and wages - part-time	250	250	50	200
Employee taxes	20	20	4	16
Other contracted services	10,500	10,500	1,437	9,063
Supplies - sports equipment	500	500	373	127
Other supplies	-	-	40	(40)
Total operational program	11,270	11,270	1,904	9,366

(Continued)

* For budgetary purposes, capital lease payments are expensed when paid.

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual*	Variance
	Original	Final		
Special events program:				
Salaries and wages - part-time	1,250	1,250	520	730
Employee taxes	100	100	40	60
Other contracted services	48,000	48,000	33,858	14,142
Other supplies	1,500	1,500	2,454	(954)
Total special events program	<u>50,850</u>	<u>50,850</u>	<u>36,872</u>	<u>13,978</u>
Private instruction:				
Part-time wages	400	400	650	(250)
Employee taxes	30	30	50	(20)
Total private instruction	<u>430</u>	<u>430</u>	<u>700</u>	<u>(270)</u>
Community Center:				
Salaries and wages - part-time	62,500	62,500	61,969	531
Employee taxes	4,785	4,785	4,744	41
Utilities	88,000	88,000	74,201	13,799
Repair and maintenance - buildings	10,500	10,500	18,106	(7,606)
Janitorial services	72,500	72,500	73,503	(1,003)
Other contracted services	35,000	35,000	36,719	(1,719)
Janitorial and cleaning supplies	5,000	5,000	5,301	(301)
Hand tools	500	500	455	45
Building supplies	2,500	2,500	2,528	(28)
Concession stand supplies	800	800	1,203	(403)
Minor equipment	2,500	2,500	2,453	47
Capital outlay	-	-	7,675	(7,675)
Other supplies	3,000	3,000	3,626	(626)
Total community center	<u>287,585</u>	<u>287,585</u>	<u>292,483</u>	<u>(4,898)</u>
Community Service Library:				
Salaries and wages	-	-	47,666	(47,666)
Salaries and wages - part-time	-	-	65,799	(65,799)
Employee taxes	-	-	8,451	(8,451)
Fringe benefits	-	-	9,269	(9,269)
Total community center	<u>-</u>	<u>-</u>	<u>131,185</u>	<u>(131,185)</u>
Total community services	<u>1,297,358</u>	<u>1,297,358</u>	<u>1,366,107</u>	<u>(68,749)</u>

(Continued)

* For budgetary purposes, capital lease payments are expensed when paid.

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual*	Variance
	Original	Final		
Debt service:				
Principal and interest	1,710,500	1,710,500	1,703,268	7,232
Total debt service	1,710,500	1,710,500	1,703,268	7,232
Total expenditures	13,776,459	13,776,459	13,484,241	292,218
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(329,529)	(329,529)	188,737	518,266
Other Financing Sources (Uses):				
Proceeds from sale of assets	7,500	7,500	7,645	145
Operating transfers in	350,000	350,000	307,371	(42,629)
Operating transfers out	-	-	(225,000)	(225,000)
Total other financing sources (uses)	357,500	357,500	90,016	(267,484)
Net Change in Fund Balance	\$ 27,971	\$ 27,971	\$ 278,753	\$ 250,782

(Concluded)

* For budgetary purposes, capital lease payments are expensed when paid.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAPITAL IMPROVEMENTS FUND

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual*	Variance
	Original	Final		
Revenues:				
Taxes	\$ 510,000	\$ 510,000	\$ 513,816	\$ 3,816
Interest, rents, and royalties	-	-	1,073	1,073
Intergovernmental revenues	400,000	400,000	-	(400,000)
Total revenues	910,000	910,000	514,889	(395,111)
Expenditures:				
Capital outlay:				
General government	111,500	111,500	80,893	30,607
Public safety	24,000	24,000	21,802	2,198
Public works	600,000	600,000	623,481	(23,481)
Sewer system	365,000	365,000	282,383	82,617
Community services	710,000	710,000	307,856	402,144
Total expenditures	1,810,500	1,810,500	1,316,415	494,085
Excess (Deficiency) of Revenues Over Expenditures	(900,500)	(900,500)	(801,526)	98,974
Other Financing Sources (Uses):				
Operating transfers in	925,000	925,000	839,561	(85,439)
Net Change in Fund Balance	\$ 24,500	\$ 24,500	38,035	\$ 13,535
Fund Balance:				
Beginning of year			4,717	
End of year			\$ 42,752	

* For budgetary purposes, capital lease payments are expensed when paid.

TOWNSHIP OF HAMPTON

OTHER GOVERNMENTAL FUNDS - COMBINING BALANCE SHEET

DECEMBER 31, 2017

Assets	Special Revenue Funds				Capital Projects Funds				Total
	State Liquid Fuels Fund	Fire Fund	Recreation Maintenance Fund	Total	Capital Reserve	Sewer Capital Reserve Fund	Lower Allison Park Fund	Total	
Cash and cash equivalents	\$ 43,956	\$ 1,936	\$ 328,769	\$ 374,661	\$ 7,783	\$ 267,690	\$ 4,160	\$ 279,633	\$ 654,294
Receivables:									
Taxes	-	8,000	-	8,000	-	-	-	-	8,000
Miscellaneous	-	776	-	776	-	6,013	35,000	41,013	41,789
Total Assets	\$ 43,956	\$ 10,712	\$ 328,769	\$ 383,437	\$ 7,783	\$ 273,703	\$ 39,160	\$ 320,646	\$ 704,083
Liabilities, Deferred Inflows of Resources, and Fund Balance									
Liabilities:									
Accounts payable	\$ 1,524	\$ -	\$ -	\$ 1,524	\$ -	\$ -	\$ -	\$ -	\$ 1,524
Due to other funds	-	-	15,383	15,383	-	-	35,000	35,000	50,383
Total Liabilities	1,524	-	15,383	16,907	-	-	35,000	35,000	51,907
Deferred Inflows of Resources:									
Unavailable revenue - taxes	-	8,000	-	8,000	-	-	-	-	8,000
Fund Balance:									
Restricted	42,432	2,712	-	45,144	-	-	-	-	45,144
Committed	-	-	313,386	313,386	-	-	-	-	313,386
Assigned	-	-	-	-	7,783	273,703	4,160	285,646	285,646
Total Fund Balance	42,432	2,712	313,386	358,530	7,783	273,703	4,160	285,646	644,176
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 43,956	\$ 10,712	\$ 328,769	\$ 383,437	\$ 7,783	\$ 273,703	\$ 39,160	\$ 320,646	\$ 704,083

TOWNSHIP OF HAMPTON

OTHER GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds				Capital Projects Funds				
	State Liquid Fuels Fund	Fire Fund	Recreation Maintenance Fund	Total	Capital Reserve	Sewer Capital Reserve Fund	Lower Allison Park Fund	Total	Total
Revenues:									
Taxes	\$ -	\$ 333,275	\$ -	\$ 333,275	\$ -	\$ -	\$ -	\$ -	\$ 333,275
Interest, rents, and royalties	2,091	1,805	3,195	7,091	62	2,371	198	2,631	9,722
Intergovernmental revenues	585,591	121,206	-	706,797	-	-	-	-	706,797
Recreational program revenues	-	-	37,619	37,619	-	-	-	-	37,619
Charges for services	-	-	-	-	-	241,548	-	241,548	241,548
Miscellaneous	-	-	-	-	-	-	70,000	70,000	70,000
Total revenues	587,682	456,286	40,814	1,084,782	62	243,919	70,198	314,179	1,398,961
Expenditures:									
Public safety	-	457,994	-	457,994	-	-	-	-	457,994
Public works	16,848	-	-	16,848	-	152	126,560	126,712	143,560
Community services	-	-	22,820	22,820	-	-	-	-	22,820
Total expenditures	16,848	457,994	22,820	497,662	-	152	126,560	126,712	624,374
Excess (Deficiency) of Revenues Over Expenditures	570,834	(1,708)	17,994	587,120	62	243,767	(56,362)	187,467	774,587
Other Financing Sources (Uses):									
Operating transfers in	-	-	225,000	225,000	-	-	-	-	225,000
Operating transfers out	(549,520)	-	(315,029)	(864,549)	-	(282,383)	-	(282,383)	(1,146,932)
Total other financing sources (uses)	(549,520)	-	(90,029)	(639,549)	-	(282,383)	-	(282,383)	(921,932)
Net Change in Fund Balance	21,314	(1,708)	(72,035)	(52,429)	62	(38,616)	(56,362)	(94,916)	(147,345)
Fund Balance:									
Beginning of year	21,118	4,420	385,421	410,959	7,721	312,319	60,522	380,562	791,521
End of year	<u>\$ 42,432</u>	<u>\$ 2,712</u>	<u>\$ 313,386</u>	<u>\$ 358,530</u>	<u>\$ 7,783</u>	<u>\$ 273,703</u>	<u>\$ 4,160</u>	<u>\$ 285,646</u>	<u>\$ 644,176</u>

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STATE LIQUID FUELS FUND

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Interest, rents, and royalties	\$ 500	\$ 500	\$ 2,091	\$ 1,591
Intergovernmental revenues	578,200	578,200	585,591	7,391
Total revenues	578,700	578,700	587,682	8,982
Expenditures:				
Public works	28,050	28,050	16,848	11,202
Excess (Deficiency) of Revenues Over Expenditures				
	550,650	550,650	570,834	20,184
Other Financing Sources (Uses):				
Operating transfers out	(550,000)	(550,000)	(549,520)	480
Net Change in Fund Balance	\$ 650	\$ 650	21,314	\$ 20,664
Fund Balance:				
Beginning of year			21,118	
End of year			\$ 42,432	

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FIRE FUND

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Taxes	\$ 325,000	\$ 325,000	\$ 333,275	\$ 8,275
Interest, rents, and royalties	500	500	1,805	1,305
Intergovernmental revenues	137,000	137,000	121,206	(15,794)
Total revenues	462,500	462,500	456,286	(6,214)
Expenditures:				
Public safety	463,100	463,100	457,994	5,106
Net Change in Fund Balance	\$ (600)	\$ (600)	(1,708)	\$ (1,108)
Fund Balance:				
Beginning of year			4,420	
End of year			\$ 2,712	

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAPITAL RESERVE FUND

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues:				
Interest, rents, and royalties	\$ 100	\$ 100	\$ 62	\$ (38)
Other Financing Sources (Uses):				
Operating transfers out	-	-	-	-
Net Change in Fund Balance	\$ 100	\$ 100	62	\$ (38)
Fund Balance:				
Beginning of year			7,721	
End of year			\$ 7,783	

TOWNSHIP OF HAMPTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SEWER CAPITAL RESERVE FUND

YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Interest, rents, and royalties	\$ 100	\$ 100	\$ 2,371	\$ 2,271
Charges for services	200,000	200,000	241,548	41,548
Total revenues	200,100	200,100	243,919	43,819
Expenditures:				
Public works	-	-	152	(152)
Other Financing Sources (Uses):				
Operating transfers out	(373,000)	(373,000)	(282,383)	90,617
Net Change in Fund Balance	\$ (172,900)	\$ (172,900)	(38,616)	\$ 134,436
Fund Balance:				
Beginning of year			312,319	
End of year			\$ 273,703	

TOWNSHIP OF HAMPTON

COMBINING STATEMENT OF FIDUCIARY NET POSITION - TRUST FUNDS

DECEMBER 31, 2017

	General Employees	Police	Total Pension Funds
Assets			
Cash and cash equivalents	\$ 259,647	\$ 429,778	\$ 689,425
Accrued income receivable	10,721	17,597	28,318
Investments:			
Agency bonds	-	4,714	4,714
Mutual funds - fixed income	1,344,768	2,334,774	3,679,542
Mutual funds - alternative investments	960,258	1,626,607	2,586,865
Mutual funds - equity	2,869,079	4,513,460	7,382,539
Equities	4,307,020	7,585,644	11,892,664
Total Assets	\$ 9,751,493	\$ 16,512,574	\$ 26,264,067
Liabilities			
Benefits payable	\$ 11,083	\$ 2,040	\$ 13,123
Net Position Restricted For			
Pension benefits	\$ 9,740,410	\$ 16,510,534	\$ 26,250,944

TOWNSHIP OF HAMPTON

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - TRUST FUNDS

YEAR ENDED DECEMBER 31, 2017

	General Employees	Police	Total
Additions:			
<hr/>			
Contributions:			
Employer, including state aid	\$ 367,640	\$ 423,387	\$ 791,027
Employee	74,940	87,764	162,704
	<hr/>	<hr/>	<hr/>
Total contributions	442,580	511,151	953,731
	<hr/>	<hr/>	<hr/>
Investment income (loss):			
Net increase (decrease) in fair value of investments	1,159,048	1,982,538	3,141,586
Interest and dividends	205,657	353,328	558,985
	<hr/>	<hr/>	<hr/>
Total investment income (loss)	1,364,705	2,335,866	3,700,571
	<hr/>	<hr/>	<hr/>
Investment expense	52,603	48,230	100,833
	<hr/>	<hr/>	<hr/>
Net investment income	1,312,102	2,287,636	3,599,738
	<hr/>	<hr/>	<hr/>
Total additions	1,754,682	2,798,787	4,553,469
	<hr/>	<hr/>	<hr/>
Deductions:			
<hr/>			
Benefits	308,028	738,013	1,046,041
Administrative expense	15,210	10,690	25,900
	<hr/>	<hr/>	<hr/>
Total deductions	323,238	748,703	1,071,941
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease) in Plan Net Position	1,431,444	2,050,084	3,481,528
	<hr/>	<hr/>	<hr/>
Net Position:			
<hr/>			
Beginning of year	8,308,966	14,460,450	22,769,416
	<hr/>	<hr/>	<hr/>
End of year	\$ 9,740,410	\$ 16,510,534	\$ 26,250,944
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

TOWNSHIP OF HAMPTON

AGENCY FUND STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ESCROW FUND

DECEMBER 31, 2017

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31</u>
<u>Assets</u>				
Cash and cash equivalents	<u>\$ 424,905</u>	<u>\$ 184,859</u>	<u>\$ 153,725</u>	<u>\$ 456,039</u>
<u>Liabilities</u>				
Accounts payable	\$ 16,186	\$ 13,148	\$ 16,186	\$ 13,148
Escrow liability	<u>408,719</u>	<u>171,711</u>	<u>137,539</u>	<u>442,891</u>
Total Liabilities	<u>\$ 424,905</u>	<u>\$ 184,859</u>	<u>\$ 153,725</u>	<u>\$ 456,039</u>