

Township of Hampton

Single Audit

Year Ended December 31, 2015 with
Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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TOWNSHIP OF HAMPTON

YEAR ENDED DECEMBER 31, 2015

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Independent Auditor's Report

Members of Council
Township of Hampton

Report on the Financial Statements

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, 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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, 2015, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*," which requires the Township to record its net pension liability and related items on the government-wide financial statements. Our opinion is not modified with respect to that matter.

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 Capital Improvements Fund budgetary comparison information and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Capital Improvements Fund budgetary comparison information, combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Capital Improvements Fund budgetary comparison information, the combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2016, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Mahe Duessel

Pittsburgh, Pennsylvania
May 31, 2016

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, 2015.

FINANCIAL HIGHLIGHTS

- ▶ The Township implemented Governmental Accounting Standards Board (GASB) Statements No. 68 and 71 during 2015. These Statements required a restatement of \$797,284 to net position as of January 1, 2014 to record the Township's net pension liability.
- ▶ This report also includes the reports and schedules required by Uniform Guidance as the Township received over \$750,000 in federal funding during 2015.
- ▶ Total Township Net Position of \$3,483,692 at December 31, 2015 represents an increase of approximately \$1.1 million over 2014. Unrestricted Net Position of \$1,187,261 at December 31, 2015 may be used to fulfill the Township's current obligations to its citizens, creditors, and employees.
- ▶ Net investment in capital assets was \$2,268,011 at December 31, 2015, an increase of approximately \$498,000 from 2014.
- ▶ The General Fund's Unassigned Fund Balance at December 31, 2015 was \$1,459,264, an increase of approximately \$348,000 from 2014.
- ▶ Earned income tax revenue in the General Fund increased 5.3%.

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

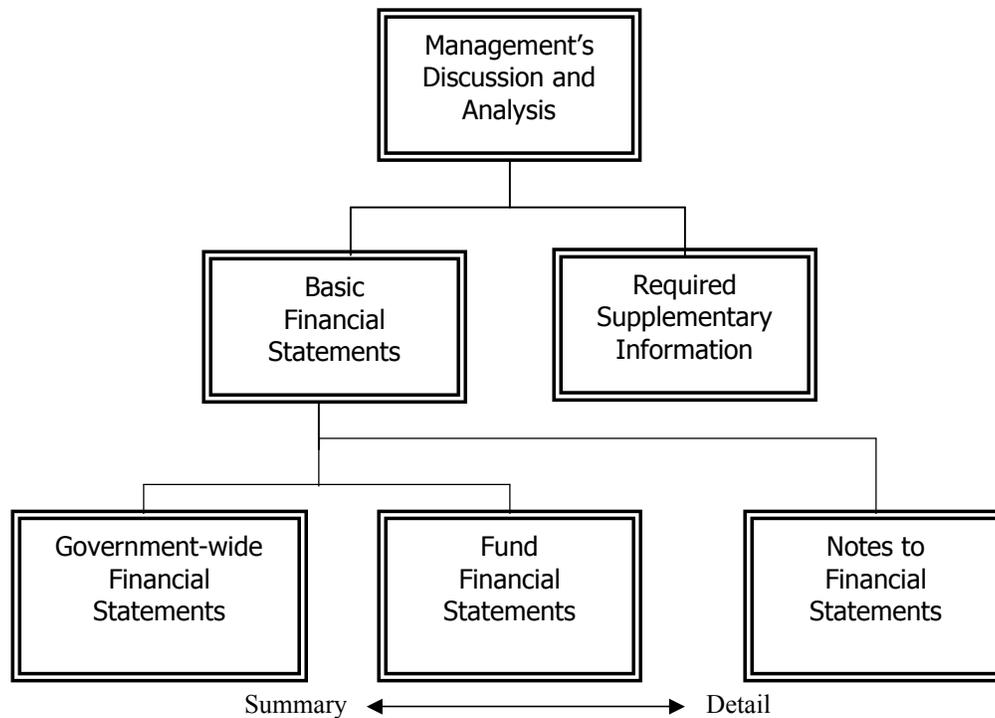


Figure A-2 summarizes the major features of the Township's financial statements. The remainder of this overview section of the Management's Discussion and Analysis explains the structure and contents of each of the statements.

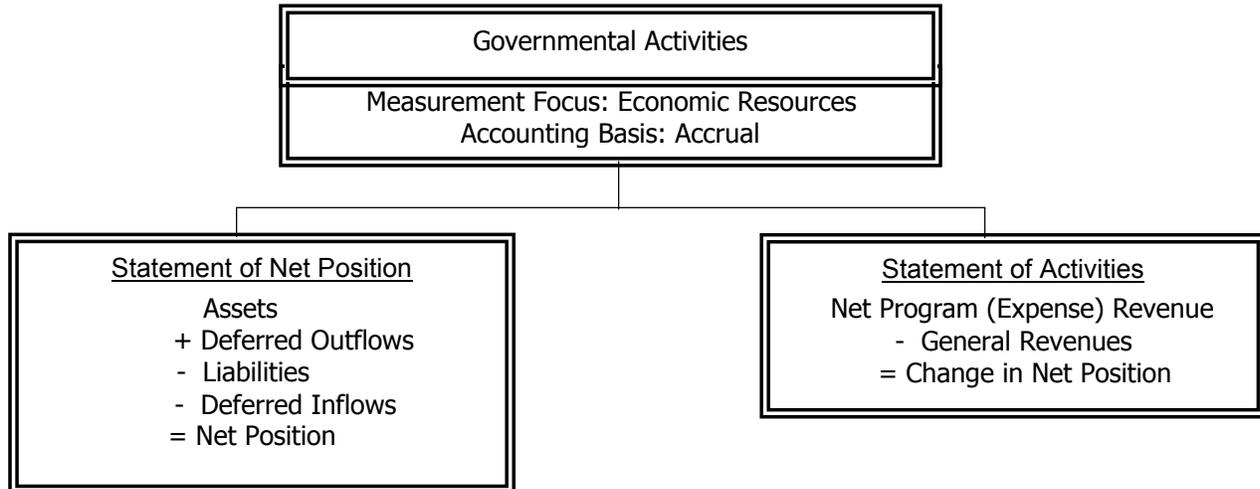
**Figure A-2
Major Features of the Township's Government-wide and Fund Financial Statements**

	<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, 2015 and 2014 is as follows:

	Governmental Activities	
	2015	2014
Current and Other Assets	\$ 3,981,884	\$ 3,660,718
Noncurrent Assets	239,053	-
Capital Assets - Net	19,109,730	19,840,396
Total Assets	23,330,667	23,501,114
Deferred charge on refunding	300,018	327,293
Net difference between projected and actual earnings on pension plan investments	1,129,295	-
Total Deferred Outflows	1,429,313	327,293
Current and Other Liabilities	2,000,984	1,877,894
Noncurrent Liabilities	18,491,823	19,525,408
Total Liabilities	20,492,807	21,403,302
Net difference in the expected and actual pension actuarial experience	783,481	-
Total Deferred Inflows	783,481	-
Net Position:		
Net Investment in		
Capital Assets	2,268,011	1,770,251
Restricted	28,420	52,123
Unrestricted	1,187,261	602,731
Total Net Position	\$ 3,483,692	\$ 2,425,105

Net Position

Net position from governmental activities at December 31, 2015 increased by approximately \$1.1 million from 2014. The Unrestricted Net Position of \$1,187,261 identifies funds available to maintain operations at the government-wide level.

Capital Assets

These Township assets, representing 77.9% of Total Assets and Deferred Outflows at December 31, 2015, 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, 2015 and 2014 are summarized as follows:

Change in Net Position For the Years Ended December 31, 2015 and 2014 Governmental Activities			
	2015	2014	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	\$ 4,241,997	\$ 4,204,703	\$ 37,294
Operating Grants	725,122	663,986	61,136
Capital Grants	2,248,855	-	2,248,855
General Revenues:			
Property Taxes	3,944,502	3,946,312	(1,810)
Earned Income Taxes	4,063,354	3,860,479	202,875
Real Estate Transfer Taxes	885,504	797,899	87,605
Other, including interest	1,426,890	1,370,688	56,202
Total Revenues	17,536,224	14,844,067	2,692,157
Program Expenses:			
General Government	2,957,389	3,121,558	(164,169)
Public Safety	2,922,720	2,991,611	(68,891)
Community Development	339,015	360,235	(21,220)
Public Works	8,082,677	6,911,960	1,170,717
Community Services	1,549,155	2,246,397	(697,242)
Interest on long-term debt	626,681	700,004	(73,323)
Total Expenses	16,477,637	16,331,765	145,872
Change in Net Position	1,058,587	(1,487,698)	2,546,285
Net Position - January 1, as restated	2,425,105	3,912,803	(1,487,698)
Net Position - December 31	<u>\$ 3,483,692</u>	<u>\$ 2,425,105</u>	<u>\$ 1,058,587</u>

Total Township Net Position at December 31, 2015 was \$3,483,692, representing an increase of approximately \$1.1 million from 2014. Total Township revenues of \$17,536,224 were predominately derived from charges for services, property taxes, and earned income taxes. The \$2,692,157 net revenue increase was due to earned income taxes and construction

project grant revenue. Total expenses in 2015 increased due to the Pennsylvania State Route 8 at Duncan Avenue Intersection improvement project funded by capital grants.

Governmental Activities

Revenue Sources

Total 2015 government-wide revenues of \$17,536,224 was derived primarily from earned income tax collections (23%), property tax collections (22%), and charges for services (24%).

Program Expenses

Total 2015 expenses for all programs was \$16,477,637. These expenses reflect the Township's direct service delivery, including Public Safety (18%), Public Works (49%), and Community Services (9%).

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 \$2,051,766, an increase of \$150,798 from 2014.

General Fund

Revenues

General Fund operating revenue was over budget by \$846,280, and this was attributable to earned income taxes, real estate transfer taxes, occupation taxes and building permitting and other construction related activities.

Expenditures

General Fund operating expenses, exclusive of other financing sources, were over budget by \$355,943. This was primarily due to real estate tax refunds due to assessment appeals, snow and ice control expenditures, and capital lease acquisitions.

Fund Balance

The General Fund's unassigned fund balance at December 31, 2015 was \$1,459,264, an increase of \$348,488 over 2014.

Other Major Funds

Capital Improvements Fund

The Capital Improvements Fund accounts for funds provided by the Township through General and Special Revenue Fund transfers, investment earnings, grants, and bond proceeds. 2015 expenditures totaled \$1,262,288, for street repaving, equipment acquisition, water pollution control plant projects and roofing replacement and repairs.

Lower Allison Park Fund

The Lower Allison Park Fund accounts for funds received by the Township to be used for the Lower Allison Park Project. 2015 expenditures totaled \$2,303,585, for the Pennsylvania State Route 8 at Duncan Avenue Intersection improvement project funded by capital grants.

Budgetary Highlights

There were no differences between the 2015 adopted original budget and the final budget.

2016 budget highlights include:

- Real Estate taxes were increased by approximately four (4) percent. Real Estate taxes now include separate millages for the General Fund, Capital Improvement Fund and Fire Protection Fund. The Capital Improvement Fund tax revenue is dedicated for capital expenditures and the budget is designed to eliminate General Fund transfers to that fund for capital expenditures.

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, 2015 and 2014:

Summary of Capital Assets

	December 31, 2015	December 31, 2014	Increase (Decrease)
Land	\$ 3,966,913	\$ 3,966,913	\$ -
Construction in process	105,038	-	105,038
Buildings and Improvements other than Land	14,698,865	14,684,503	14,362
Infrastructure	9,710,677	9,710,677	-
Furniture and Fixtures	514,004	514,004	-
Machinery and Equipment	6,328,847	6,145,768	183,079
Vehicles	1,536,089	2,114,998	(578,909)
Total Capital Assets	36,860,433	37,136,863	(276,430)
Less Accumulated Depreciation for:			
Buildings and Improvements other than Land	7,533,527	7,161,713	371,814
Infrastructure	3,499,384	3,138,447	360,937
Furniture and Fixtures	348,625	327,868	20,757
Machinery and Equipment	5,509,385	5,358,470	150,915
Vehicles	859,782	1,309,969	(450,187)
Total Accumulated Depreciation	17,750,703	17,296,467	454,236
Net Capital Assets	\$ 19,109,730	\$ 19,840,396	\$ (730,666)

Long-Term Debt

At December 31, 2015, the Township had approximately \$15,585,000 of general obligation debt outstanding. The following is a summary of the 2015 long-term debt activity:

Long-Term Debt Activity Summary

Beginning Balance at January 1, 2015	\$ 16,684,283
Additions/accretion	41,343
Principal retirement	<u>(1,140,381)</u>
Ending Balance at December 31, 2015	<u><u>\$ 15,585,245</u></u>

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 2015, General Employees who were non-union were required to contribute 5% of their compensation, and 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 \$1,152,030, and the Police Pension Plan has a net pension asset of \$239,053 at December 31, 2015. 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, 2015

	Governmental Activities
<hr/> Assets <hr/>	
Cash and cash equivalents	\$ 1,872,132
Receivables, net of allowance for uncollectibles:	
Taxes	1,150,494
Sewer fees	314,649
Miscellaneous	517,581
Prepays	127,028
Net pension asset - Police Pension Plan	239,053
Capital assets, non-depreciable	4,071,951
Capital assets, net of accumulated depreciation	15,037,779
	<hr/>
Total Assets	23,330,667
<hr/> Deferred Outflows of Resources <hr/>	
Deferred charge on refunding	300,018
Net difference between projected and actual earnings on pension plan investments	1,129,295
	<hr/>
Total Deferred Outflows of Resources	1,429,313
<hr/> Liabilities <hr/>	
Accounts payable	464,975
Accrued interest payable	206,251
Long-term liabilities due within one year:	
Bonds and notes payable	1,162,436
Capital leases	167,322
Long-term liabilities due in more than one year:	
Net pension liability - General Employee Pension Plan	1,152,030
OPEB obligation	1,452,581
Bonds and notes payable	14,422,809
Capital leases	247,656
Compensated absences	1,216,747
	<hr/>
Total Liabilities	20,492,807
<hr/> Deferred Inflows of Resources <hr/>	
Net difference in the expected and actual pension actuarial experience	783,481
	<hr/>
Total Deferred Inflows of Resources	783,481
<hr/> Net Position <hr/>	
Net investment in capital assets	2,268,011
Restricted for:	
State Liquid Fuels	26,698
Fire Tax	1,722
Unrestricted	1,187,261
	<hr/>
Total Net Position	\$ 3,483,692

See accompanying notes to financial statements.

TOWNSHIP OF HAMPTON

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 2,957,389	\$ 295,870	\$ 23,445	\$ -	\$ (2,638,074)
Public safety	2,922,720	283,741	132,542	-	(2,506,437)
Community development	339,015	-	-	-	(339,015)
Public works	8,082,677	2,832,763	569,135	2,248,855	(2,431,924)
Community services	1,549,155	829,623	-	-	(719,532)
Interest	626,681	-	-	-	(626,681)
Total primary government	<u>\$ 16,477,637</u>	<u>\$ 4,241,997</u>	<u>\$ 725,122</u>	<u>\$ 2,248,855</u>	<u>(9,261,663)</u>

General revenues:

Taxes	9,443,544
Licenses and permits	398,744
Interest, rents, and royalties	3,987
Intergovernmental	15,471
Gain (loss) on disposal of capital asset	(6,670)
Miscellaneous	465,174
	<u>10,320,250</u>

Total general revenues

Change in Net Position

Total general revenues	10,320,250
Change in Net Position	1,058,587
Beginning net position, as restated	2,425,105
Ending net position	<u><u>\$ 3,483,692</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF HAMPTON

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	General Fund	Capital Improvements	Lower Allison Park Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,394,549	\$ 43,680	\$ 70,394	\$ 363,509	\$ 1,872,132
Receivables:					
Taxes	1,130,494	-	-	20,000	1,150,494
Sewer fees	314,649	-	-	-	314,649
Miscellaneous	256,664	-	256,307	4,610	517,581
Due from other funds	-	48,554	-	-	48,554
Prepays	127,028	-	-	-	127,028
Total Assets	\$ 3,223,384	\$ 92,234	\$ 326,701	\$ 388,119	\$ 4,030,438
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$ 144,312	\$ 69,772	\$ 250,099	\$ 792	\$ 464,975
Due to other funds	47,637	-	-	917	48,554
Total Liabilities	191,949	69,772	250,099	1,709	513,529
Deferred Inflows of Resources:					
Unavailable revenue - taxes and sewer fees	1,445,143	-	-	20,000	1,465,143
Fund Balance:					
Nonspendable:					
Prepays	127,028	-	-	-	127,028
Restricted:					
State Liquid Fuels	-	-	-	26,698	26,698
Fire Tax	-	-	-	1,722	1,722
Committed:					
Recreation maintenance and repairs	-	-	-	108,289	108,289
Assigned:					
Capital improvements	-	22,462	76,602	229,701	328,765
Unassigned	1,459,264	-	-	-	1,459,264
Total Fund Balance	1,586,292	22,462	76,602	366,410	2,051,766
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 3,223,384	\$ 92,234	\$ 326,701	\$ 388,119	\$ 4,030,438

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, 2015

Total Fund Balance - Governmental Funds		\$	2,051,766
<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>			19,109,730
<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>			1,465,143
<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>			(567,163)
<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	\$ (15,285,227)	
	Capital lease	(414,978)	
	Accrued interest on bonds	(206,251)	
	Compensated absences	(1,216,747)	
	OPEB obligation	<u>(1,452,581)</u>	<u>(18,575,784)</u>
Total Net Position - Governmental Activities			<u><u>\$ 3,483,692</u></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, 2015

	General Fund	Capital Improvements	Lower Allison Park Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 9,135,161	\$ -	\$ -	\$ 325,385	\$ 9,460,546
Licenses and permits	566,935	-	-	-	566,935
Fines and related costs	56,591	-	-	-	56,591
Interest, rents, and royalties	2,903	26	49	1,009	3,987
Intergovernmental revenues	128,657	-	2,248,855	611,936	2,989,448
Recreational program revenues	443,139	-	-	75,091	518,230
Charges for services	3,195,132	-	-	240,405	3,435,537
Reimbursements	307,652	-	-	-	307,652
Miscellaneous	158,993	63,719	-	-	222,712
Total revenues	13,995,163	63,745	2,248,904	1,253,826	17,561,638
Expenditures:					
Current:					
General government	2,882,223	-	-	-	2,882,223
Public safety	2,441,292	-	-	455,601	2,896,893
Community development	337,831	-	-	-	337,831
Public works	4,845,502	-	2,303,585	22,438	7,171,525
Community services	1,173,218	-	-	22,350	1,195,568
Capital outlay	-	1,262,288	-	-	1,262,288
Debt service:					
Principal	1,202,265	-	-	-	1,202,265
Interest	562,375	-	-	-	562,375
Total expenditures	13,444,706	1,262,288	2,303,585	500,389	17,510,968
Excess (Deficiency) of Revenues Over Expenditures	550,457	(1,198,543)	(54,681)	753,437	50,670
Other Financing Sources (Uses):					
Proceeds from sale of assets	32,744	-	-	-	32,744
Proceeds from capital lease	67,384	-	-	-	67,384
Operating transfers in	248,040	1,197,438	-	-	1,445,478
Operating transfers out	(636,054)	-	-	(809,424)	(1,445,478)
Total other financing sources (uses)	(287,886)	1,197,438	-	(809,424)	100,128
Net Change in Fund Balance	262,571	(1,105)	(54,681)	(55,987)	150,798
Fund Balance:					
Beginning of year	1,323,721	23,567	131,283	422,397	1,900,968
End of year	<u>\$ 1,586,292</u>	<u>\$ 22,462</u>	<u>\$ 76,602</u>	<u>\$ 366,410</u>	<u>\$ 2,051,766</u>

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, 2015

Net Change in Fund Balance - Governmental Funds \$ 150,798

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 in the current period:

	Capital outlays	\$ 354,848	
	Less: depreciation expense	<u>(1,046,100)</u>	(691,252)

Governmental funds do not report the disposal of capital assets unless there are proceeds from the sale. However, in the statement of activities, the disposal of capital assets can result in gains or losses depending on the net book value of the asset at the time of disposal and the proceeds, if any. (39,414)

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)	441,627	
	OPEB obligation	<u>(126,498)</u>	315,129

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. (18,744)

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. 64,180

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. (29,980)

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. 1,300,853

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. 7,017

Change in Net Position of Governmental Activities \$ 1,058,587

See accompanying notes to financial statements.

TOWNSHIP OF HAMPTON

STATEMENT OF PLAN NET POSITION FIDUCIARY FUNDS - TRUST AND AGENCY FUNDS

DECEMBER 31, 2015

	Pension Trust Funds	Agency Fund
Assets		
Cash and cash equivalents	\$ 1,113,808	\$ 368,179
Accrued income receivable	23,410	-
Investments:		
U.S. government and agency obligations	7,114	-
Bond mutual funds	2,710,875	-
Equity mutual funds	5,465,987	-
Equities	12,003,022	-
Total Assets	21,324,216	368,179
Liabilities		
Accounts payable	-	5,503
Escrow liability	-	362,676
Total Liabilities	-	368,179
Net Position Restricted For		
Pension benefits	<u>\$ 21,324,216</u>	<u>\$ -</u>

See accompanying notes to financial statements.

TOWNSHIP OF HAMPTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS - TRUST FUNDS

YEAR ENDED DECEMBER 31, 2015

Additions:

Contributions:

Employer, including state aid	\$ 979,765
Employee	161,159

Total contributions 1,140,924

Investment income (loss):

Net increase (decrease) in fair value of investments	(352,469)
Interest and dividends	504,451

Total investment income (loss) 151,982

Investment expense 66,969

Net investment income 85,013

Total additions 1,225,937

Deductions:

Benefits	821,451
Administrative expenses	91,831

Total deductions 913,282

Net Increase (Decrease) in Plan Net Position 312,655

Net Position:

Beginning of year 21,011,561

End of year \$ 21,324,216

See accompanying notes to financial statements.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

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

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 *Lower Allison Park Fund* is used to account for financial resources to be used for the Lower Allison Park project.

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.
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.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 2015, 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, 2015, expenditures in the General Fund exceeded appropriations in general government, public works, community development, community services, and debt service. These overages were funded by 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. The Lower Allison Park Fund is not legally required to adopt a budget.

Cash and Cash Equivalents

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

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

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

transfers represent the movement of governmental assets from one fund to another for the payment of fund expenditures. Interfund transfers during 2015 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 248,040	\$ 636,054
Capital Improvements	1,197,438	-
State Liquid Fuels	-	483,000
Recreation Maintenance	-	63,778
Capital Reserve	-	7,100
Sewer Capital Reserve	-	255,546
	<u>\$ 1,445,478</u>	<u>\$ 1,445,478</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:

	<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.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 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.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.
- 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.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.
- 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 \$26,698 and \$1,722 related to State Liquid Fuels and Fire Tax, 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

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

contract expires February 28, 2017. The Teamsters Union, representing police officers, comprises 27% of the labor force and their contract expired December 31, 2015. A new contract has been negotiated that expires December 31, 2018.

Adopted Pronouncements

The requirements of the following Governmental Accounting Standards Board (GASB) statements were adopted for the Township's 2015 financial statements.

GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*." These statements establish new financial reporting requirements for most governments that provide their employees with pension benefits.

As a result of this implementation, the Township's net position as of January 1, 2015 has been restated by \$797,284 to record the Township's net pension liability. The net pension liability and its related components are described more fully in Note 7.

Pending Pronouncements

GASB has issued Statement No. 72, "*Fair Value Measurement and Application*," effective for fiscal years beginning after June 15, 2015 (the Township's financial statements for the year ending December 31, 2016). This statement addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 73, "*Accounting for Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*," effective for fiscal years beginning after June 15, 2015 (the Township's financial statements for the year ending December 31, 2016), except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for fiscal years beginning after June 15, 2016 (the Township's financial statements for the year ending December 31, 2017). This statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by Statements No. 67 and 68).

GASB Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*," effective for fiscal years beginning after June 15, 2016 (the Township's financial statements for the year ending December 31, 2017). This statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This statement replaces Statement No. 43.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

GASB Statement No. 75, *“Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,”* effective for fiscal years beginning after June 15, 2017 (the Township’s financial statements for the year ending December 31, 2018). This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement replaces the requirements of Statement No. 45.

GASB Statement No. 76, *“Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,”* effective for fiscal years beginning after June 15, 2015 (the Township’s financial statements for the year ending December 31, 2016). This statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55.

GASB Statement No. 77, *“Tax Abatement Disclosures,”* effective for fiscal years beginning after December 15, 2015 (the Township’s financial statements for the year ending December 31, 2016). This statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government’s finances.

GASB Statement No. 78, *“Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,”* effective for fiscal years beginning after December 15, 2015 (the Township’s financial statements for the year ending December 31, 2016). This Statement addresses a practice issue regarding the scope and applicability of Statement No. 68, *“Accounting and Financial Reporting for Pensions.”* The issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local government employers whose employees are provided with such pensions.

GASB Statement No. 79, *“Certain External Investment Pools and Pool Participants,”* effective for fiscal years beginning after June 15, 2015 (the Township’s financial statements for the year ending December 31, 2016). This Statement addresses accounting and reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

GASB Statement No. 80, *“Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14,”* effective for fiscal years beginning after June 15, 2016 (the Township’s financial statements for the year ending December 31, 2017). The

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 81, *“Irrevocable Split-Interest Agreement,”* effective for fiscal years beginning after December 15, 2016 (the Township’s financial statements for the year ending December 31, 2017). The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *“Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73,”* effective for fiscal years beginning after June 15, 2016 (the Township’s financial statements for the year ending December 31, 2017). The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *“Financial Reporting for Pension Plans,”* No. 68, *“Accounting and Financial Reporting for Pensions,”* and No. 73, *“Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.”*

The effect of implementation of these statements has not yet been determined.

2. DEPOSITS AND INVESTMENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investments including U.S. Treasury Bills, other short-term U.S. and Pennsylvania government obligations, 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. The Township does not have a formal deposit policy for custodial credit risk.

TOWNSHIP OF HAMPTON

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YEAR ENDED DECEMBER 31, 2015

As of December 31, 2015, \$458,407 of the Township's \$852,696 bank balance was insured by the Federal Deposit Insurance Corporation. The uninsured balance was collateralized under Act 72. These deposits have carrying amounts of \$361,640 as of December 31, 2015.

Investments

The Township's cash equivalent investments in PLGIT cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. 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.

As of December 31, 2015, the entire PLGIT balance of \$1,510,372 (\$1,510,492 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, 2015, the entire agency fund PLGIT balance of \$367,341 (\$368,179 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, 2015, 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 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.

TOWNSHIP OF HAMPTON

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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, 2015, the Township had the following cash, cash equivalents, and investments in its pension trust funds:

<u>Cash or Investment Type</u>	<u>Fair Market Value</u>	<u>Investment Maturities from December 31, 2015</u>			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 years
U.S. government and agency obligations	\$ 7,114	\$ -	\$ -	\$ 7,114	\$ -
Bond mutual funds	2,710,875	-	1,273,413	1,437,462	-
Total debt securities	2,717,989	\$ -	\$ 1,273,413	\$ 1,444,576	\$ -
Money market funds	1,113,808				
Equity mutual funds	5,465,987				
Equities	12,003,022				
Total cash, cash equivalents, and other investments	18,582,817				
Total cash, cash equivalents, and investments reported on statement of plan net position	\$ 21,300,806				

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, 2015, the pension trust funds’ investments in fixed income mutual funds with related ratings were as follows:

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Investment Type	Standard & Poor's Rating	Percentage of Total Fixed Income Mutual Funds
Dodge & Cox Income Fund	B	24.5%
Vanguard Inflation Protected Secs	AAA	28.5%
PNC Limited Maturity Bond Fund	BBB	11.4%
Baird Intermediate Bond Inst.	A	35.6%
		<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, 2015. 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 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.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 2015, Township real estate taxes were levied at the rate of 2.199 mills for general operating purposes 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 \$1,660,116,373 for 2015.

4. CAPITAL ASSETS

A summary of general capital asset transactions during 2015 is as follows:

	January 1, 2015	Additions	Disposals/ Transfers	December 31, 2015
Capital assets, not being depreciated:				
Land	\$ 3,966,913	\$ -	\$ -	\$ 3,966,913
Construction in process	-	105,038	-	105,038
Total capital assets, not being depreciated	3,966,913	105,038	-	4,071,951
Capital assets, being depreciated:				
Buildings and improvements other than land	14,684,503	14,362	-	14,698,865
Infrastructure	9,710,677	-	-	9,710,677
Furniture and fixtures	514,004	-	-	514,004
Machinery and equipment	6,145,768	183,079	-	6,328,847
Vehicles	2,114,998	52,369	(631,278)	1,536,089
Total capital assets, being depreciated	33,169,950	249,810	(631,278)	32,788,482
Less accumulated depreciation for:				
Buildings and improvements other than land	(7,161,713)	(371,814)	-	(7,533,527)
Infrastructure	(3,138,447)	(360,937)	-	(3,499,384)
Furniture and fixtures	(327,868)	(20,757)	-	(348,625)
Machinery and equipment	(5,358,470)	(150,915)	-	(5,509,385)
Vehicles	(1,309,969)	(141,677)	591,864	(859,782)
Total accumulated depreciation	(17,296,467)	(1,046,100)	591,864	(17,750,703)
Total capital assets, being depreciated, net	15,873,483	(796,290)	(39,414)	15,037,779
Total capital assets, net	\$ 19,840,396	\$ (691,252)	\$ (39,414)	\$ 19,109,730

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

General government	\$	508,052
Public safety		68,901
Public works		165,065
Community services		304,082
		\$ 1,046,100

5. LONG-TERM DEBT

Long-term debt at December 31, 2015 is composed of the following individual issues:

Series	Interest Rates	Final Maturity	Amount
<u>Purpose:</u>			
General Obligation Bonds - Governmental Activities:			
Series B of 1997	*	2017	\$ 687,361
Series of 2003 - refunding	5.90%	2027	1,965,000
Series of 2011 - refunding	2.00% - 4.00%	2027	8,070,000
Series of 2012 - refunding	0.50% - 3.25%	2027	3,225,000
			13,947,361
Deferred amounts			(29,748)
General Obligation Note - Governmental Activities:			
Series of 2014	2.35%	2024	1,667,632
			\$ 15,585,245

* Zero coupon bonds with a yield of 5.60% - 5.80%

Series B of 1997

Capital appreciation bonds in the original issue amount of \$693,385, with a total original maturity amount of \$1,950,000. Annual payments of \$390,000 began in 2013 and will continue through final maturity date of 2017.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 2011– Refunding

General Obligation Bonds in the original issue amount of \$8,725,000 to current refund a portion of the General Obligation Bonds, Series of 2006.

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.

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.

In 2015, the insurer of the 1997 and 2003 bonds was not rated by Standard & Poor's.

During 2015, 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, 2015.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

Years	General Obligation Bonds - Governmental Activities		
	Principal	Interest	Total
2016	\$ 975,000	\$ 485,440	\$ 1,460,440
2017	1,000,000	465,651	1,465,651
2018	1,020,000	439,309	1,459,309
2019	1,055,000	406,413	1,461,413
2020	1,085,000	370,890	1,455,890
2021-2025	6,105,000	1,205,769	7,310,769
2026-2027	2,800,000	116,634	2,916,634
	14,040,000	\$ 3,490,106	\$ 17,530,106
Unaccreted interest	(92,639)		
	\$ 13,947,361		

Years	General Obligation Note - Governmental Activities		
	Principal	Interest	Total
2016	\$ 187,436	\$ 37,178	\$ 224,614
2017	191,889	32,725	224,614
2018	196,447	28,167	224,614
2019	201,114	23,500	224,614
2020	205,891	18,723	224,614
2021-2024	684,855	26,466	711,321
	\$ 1,667,632	\$ 166,759	\$ 1,834,391

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Accretion</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
General Obligations:					
General Obligation Bonds	\$ 14,866,018	\$ 41,343	\$ (960,000)	\$ 13,947,361	\$ 975,000
General Obligation Note	1,850,718	-	(183,086)	1,667,632	187,436
Less deferred amounts:					
Issuance discounts	(32,453)	-	2,705	(29,748)	-
	<u>16,684,283</u>	<u>41,343</u>	<u>(1,140,381)</u>	<u>15,585,245</u>	<u>1,162,436</u>
Compensated absences	1,280,927	-	(64,180)	1,216,747	-
Capital leases	614,088	67,384	(266,494)	414,978	167,322
Total long-term liabilities	<u>\$ 18,579,298</u>	<u>\$ 108,727</u>	<u>\$ (1,471,055)</u>	<u>\$ 17,216,970</u>	<u>\$ 1,329,758</u>

6. LEASES

Operating Leases

The Township has entered into operating leases for equipment.

The future minimum lease obligations are as follows:

<u>Years</u>	<u>Amount</u>
2016	\$ 19,538
2017	19,538
2018	19,538
2019	17,359
2020	10,120
	<u>\$ 86,093</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

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

The future minimum lease obligations are as follows:

<u>Years</u>	<u>Amount</u>
2016	\$ 167,322
2017	115,896
2018	72,576
2019	59,184
	<u>\$ 414,978</u>

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

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

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the Pension Trust Fund in the accompanying financial statements. Separate plan financial statements are not available.

At December 31, 2015, Plan membership consisted of the following:

	<u>General Employees</u>	<u>Police</u>
Inactive plan members or beneficiaries currently receiving benefits	23	14
Inactive plan members entitled to but not yet receiving benefits	4	-
Active plan members	<u>36</u>	<u>18</u>
Total plan members	<u><u>63</u></u>	<u><u>32</u></u>

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.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 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

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

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Act; such contributions are subject to collective bargaining. During 2015, 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 2015, the Police Pension Plan required each active participant to contribute five percent of compensation to the Plan. During the year, the Township made their required contribution of \$407,650 and \$572,115 to the General Employees and Police Plans, respectively, based upon the MMO.

Net Pension Liability (Asset)

Measurement Date and Actuarial Assumptions – The Township’s net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by actuarial valuations as of January 1, 2015. There were no plan changes between the January 1, 2015 valuation date and the December 31, 2015 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, 2015 were as follows:

	<u>General Employees</u>	<u>Police</u>
Total pension liability	\$ 8,749,327	\$ 13,487,866
Plan fiduciary net position	<u>(7,597,297)</u>	<u>(13,726,919)</u>
Net pension liability (asset)	<u>\$ 1,152,030</u>	<u>\$ (239,053)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>86.83%</u>	<u>101.77%</u>

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (Asset) of the Township for the year ended December 31, 2015 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2014	\$ 22,020,351	\$ 21,011,561	\$ 1,008,790
Changes for the year:			
Service cost	394,666	-	394,666
Interest	1,580,625	-	1,580,625
Differences between expected and actual	(936,460)	-	(936,460)
Contributions - employer	-	979,765	(979,765)
Contributions - employee	-	161,159	(161,159)
Net investment income	-	85,013	(85,013)
Benefit payments, including refunds	(821,989)	(821,451)	(538)
Administrative expense	-	(91,831)	91,831
Other changes	-	-	-
Net changes	216,842	312,655	(95,813)
Balances at December 31, 2015	\$ 22,237,193	\$ 21,324,216	\$ 912,977
Plan fiduciary net position as a percentage of the total pension liability			95.89%

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation performed on January 1, 2015, and rolled forward to December 31, 2015, using the following actuarial assumptions, applied to all periods in the measurement:

	General Employees	Police
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

Actuarial assumptions based on actuarial experience study for the period January 1, 2013 to December 31, 2014

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.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Changes in Actuarial Assumptions – No significant changes were made to the actuarial assumptions used in the 1/1/15 valuation since the previous actuarial valuation on 1/1/13.

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, 2015:

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%
	100.0%	100.0%		

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, 2015, the annual money-weighted rate of return on the General Employees and Police Plan investments, net of investment expense, was .77% and .71%, respectively.

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YEAR ENDED DECEMBER 31, 2015

Concentrations – At December 31, 2015, 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 7.5%. 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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
General Employees Plan	\$ 2,258,325	\$ 1,152,030	\$ 210,827
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Police Plan	\$ 1,295,691	\$ (239,053)	\$ (1,503,173)

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

For the year ended December 31, 2015, the Township recognized pension expense of approximately \$538,000. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

	General Employees	Police
<u>Deferred Outflow of Resources:</u>		
Net difference between projected and actual earnings on pension plan investments	\$ 394,905	\$ 734,390
<u>Deferred Inflows of Resources:</u>		
Net difference between expected and actual experience	\$ 152,483	\$ 630,998

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

Year ended December 31,	
2016	\$ 129,344
2017	129,344
2018	129,344
2019	129,347
2020	(140,102)
Thereafter	(31,463)

Combining Statement of Plan Net Position

	General Employees	Police	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 430,155	\$ 683,653	\$ 1,113,808
Accrued income receivable	8,414	14,996	23,410
Investments:			
U.S government and agency obligations	-	7,114	7,114
Bond mutual funds	960,574	1,750,301	2,710,875
Equity mutual funds	1,913,697	3,552,290	5,465,987
Equities	4,284,457	7,718,565	12,003,022
Total Assets	7,597,297	13,726,919	21,324,216
<u>Net Position Restricted For</u>			
Pension benefits	\$ 7,597,297	\$ 13,726,919	\$ 21,324,216

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Combining Statement of Changes in Fiduciary Net Position

	<u>General Employees</u>	<u>Police</u>	<u>Total</u>
Additions:			
Contributions:			
Employer, including state aid	\$ 407,650	\$ 572,115	\$ 979,765
Employee	73,801	87,358	161,159
Total contributions	<u>481,451</u>	<u>659,473</u>	<u>1,140,924</u>
Investment income (loss):			
Net increase (decrease) in fair value of investments	(121,435)	(231,034)	(352,469)
Interest and dividends	178,026	326,425	504,451
Total investment gain (loss)	<u>56,591</u>	<u>95,391</u>	<u>151,982</u>
Investment expense	<u>23,943</u>	<u>43,026</u>	<u>66,969</u>
Net investment income	<u>32,648</u>	<u>52,365</u>	<u>85,013</u>
Total additions	<u>514,099</u>	<u>711,838</u>	<u>1,225,937</u>
Deductions:			
Benefits	220,175	601,276	821,451
Administrative expense	<u>33,536</u>	<u>58,295</u>	<u>91,831</u>
Total deductions	<u>253,711</u>	<u>659,571</u>	<u>913,282</u>
Net Increase (Decrease) in Plan Net Position	260,388	52,267	312,655
Net Position:			
Beginning of year	<u>7,336,909</u>	<u>13,674,652</u>	<u>21,011,561</u>
End of year	<u>\$ 7,597,297</u>	<u>\$ 13,726,919</u>	<u>\$ 21,324,216</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

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

employment. Beginning with the fifth full calendar year of employment, the employer 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, 2015, there were no forfeitures that reduced the Township's pension expense. During 2015, the Township recognized pension expense of approximately \$23,000, and employee contributions were approximately \$18,000.

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. Fiscal year 2009 was the first year that the Township was required to report on OPEBs. The Township elected to implement the standard prospectively, as retroactive recording was not required under GASB Statement No. 45.

As of January 1, 2014, the date of the most recent actuarial valuation, participants were as follows:

	<u>General Employees</u>	<u>Police</u>
Participants:		
Retired	0	5
Active	<u>43</u>	<u>17</u>
	<u>43</u>	<u>22</u>

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 requirements set forth by the union contract. The Township pays 100% of the total premium for medical coverage through Municipal Employers Insurance Trust (d/b/a 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 \$13,000 in 2015. 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. New hires must be at least age 55. 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. Currently, five retirees meet the eligibility requirements to receive these healthcare benefits. The Township's General Fund expenditures for all police postemployment healthcare benefits were approximately \$61,000 in 2015. 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.

Funding Policy

The cost of these benefits is expensed when incurred and is financed on a pay-as-you-go basis. For 2015, the Township incurred approximately \$74,000 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 a closed period not to exceed 30 years. The following

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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:

Annual required contribution	\$ 216,797
Interest on net OPEB obligation	59,674
Adjustment to annual required contribution	<u>(75,669)</u>
Annual OPEB cost	200,802
Contributions made	<u>(74,304)</u>
Increase in net OPEB obligation	126,498
Net OPEB obligation - beginning of year	<u>1,326,083</u>
Net OPEB obligation - end of year	<u><u>\$ 1,452,581</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 (Asset)
December 31, 2012	\$ 239,714	6.71%	\$ 961,257
December 31, 2013	242,708	13.95%	1,170,111
December 31, 2014	197,617	21.07%	1,326,083
December 31, 2015	200,802	37.00%	1,452,581

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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, 2008	\$ -	\$ 1,942,334	\$ (1,942,334)	0.0%	\$ 3,806,964	-51.0%
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%

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-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, 2014 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 2014 medical rates were provided by the Township. The costs for benefits provided through Municipal Benefits Services are projected with age-adjusted rates derived from the 2014 premium schedule. Health care costs trends remain at 5% for 2014.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 216 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 2015 were \$107,346. Each participant of the Trust agrees to jointly and severally assume and 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. During 2015, a portion of the excess reserves was deposited in eligible clients' Rate Mitigation Accounts (RMA) as determined by the MBS's actuary.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

In December 2015, the Township authorized the issuance of a Tax Revenue Anticipation Note with a local bank in the amount of \$2,250,000, with a fixed interest rate of .8% per annum and no early repayment fee.

The 2016 tax millage rates were set at 2.4966 mills which is an increase from 2015's tax millage rates of 2.4026. The 2016 tax millage rates are comprised of 1.979 for general operations, 0.314 for capital improvements, and .2036 for fire protection.

**Required Supplementary
Information**

Required Supplementary Information
Pension Plan Disclosures

TOWNSHIP OF HAMPTON

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION PENSION PLAN

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

GENERAL EMPLOYEES

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2015	2014
Total Pension Liability:		
Service cost	\$ 182,966	\$ 211,724
Interest	618,238	598,156
Changes of benefit terms	-	-
Differences between expected and actual experience	(176,687)	-
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(220,175)	(449,048)
	404,342	360,832
Net Changes in Total Pension Liability		
Total Pension Liability - Beginning	8,344,985	7,984,153
Total Pension Liability - Ending (a)	\$ 8,749,327	\$ 8,344,985
Plan Fiduciary Net Position:		
Contributions - employer	\$ 407,650	\$ 372,469
Contributions - member	73,801	75,529
Net investment income	56,591	647,157
Benefit payments, including refunds of member contributions	(220,175)	(449,048)
Administrative expense	(57,479)	(36,064)
	260,388	610,043
Net Change in Plan Fiduciary Net Position		
Plan Fiduciary Net Position - Beginning	7,336,909	6,726,866
Plan Fiduciary Net Position - Ending (b)	\$ 7,597,297	\$ 7,336,909
Net Pension Liability - Ending (a-b)	\$ 1,152,030	\$ 1,008,076
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.83%	87.92%
Covered Employee Payroll	\$ 2,451,193	\$ 2,375,705
Net Pension Liability as a Percentage of Covered Employee Payroll	47.00%	42.43%

* 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 REQUIRED SUPPLEMENTARY INFORMATION PENSION PLAN

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

POLICE PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2015	2014
Total Pension Liability:		
Service cost	\$ 211,700	\$ 191,593
Interest	962,387	969,811
Changes of benefit terms	-	-
Differences between expected and actual experience	(759,773)	-
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(601,814)	(442,538)
Net Changes in Total Pension Liability	(187,500)	718,866
Total Pension Liability - Beginning	13,675,366	12,956,500
Total Pension Liability - Ending (a)	\$ 13,487,866	\$ 13,675,366
Plan Fiduciary Net Position:		
Contributions - employer	\$ 572,115	\$ 673,943
Contributions - member	87,358	85,773
Net investment income	95,391	1,182,071
Benefit payments, including refunds of member contributions	(601,276)	(442,402)
Administrative expense	(101,321)	(52,977)
Net Change in Plan Fiduciary Net Position	52,267	1,446,408
Plan Fiduciary Net Position - Beginning	13,674,652	12,228,244
Plan Fiduciary Net Position - Ending (b)	\$ 13,726,919	\$ 13,674,652
Net Pension Liability (Asset) - Ending (a-b)	\$ (239,053)	\$ 714
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.77%	99.99%
Covered Employee Payroll	\$ 1,577,145	\$ 1,587,529
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	-15.16%	0.04%

* 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 REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN

SCHEDULES OF TOWNSHIP OF HAMPTON CONTRIBUTIONS
AND INVESTMENT RETURNS

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

GENERAL EMPLOYEES PLAN:

Schedule of Township of Hampton Contributions	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined contribution	\$ 206,750	\$ 215,394	\$ 216,510	\$ 210,900	\$ 207,040	\$ 266,825	\$ 269,222	\$ 382,912	\$ 372,469	\$ 407,650
Contributions in relation to the actuarially determined contribution	206,750	215,394	216,510	210,900	207,040	266,825	269,222	382,912	372,469	407,650
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,893,321	\$ 2,223,408	\$ 2,223,408	\$ 2,472,944	\$ 2,472,944	\$ 2,402,610	\$ 2,402,610	\$ 2,377,538	\$ 2,375,705	\$ 2,451,193
Contributions as a percentage of covered employee payroll	10.92%	9.69%	9.74%	8.53%	8.37%	11.11%	11.21%	16.11%	15.68%	16.63%
Investment Returns	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Annual money-weighted rate of return, net of investment expense	n/a	10.15%	0.77%							

POLICE PLAN:

Schedule of Township of Hampton Contributions	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined contribution	\$ 347,013	\$ 321,927	\$ 342,913	\$ 397,844	\$ 405,179	\$ 480,712	\$ 483,764	\$ 652,197	\$ 673,943	\$ 572,115
Contributions in relation to the actuarially determined contribution	347,013	321,927	342,913	397,844	405,179	480,712	483,764	652,197	673,943	572,115
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,252,267	\$ 1,263,873	\$ 1,263,873	\$ 1,334,020	\$ 1,334,020	\$ 1,537,050	\$ 1,537,050	\$ 1,681,702	\$ 1,587,529	\$ 1,577,145
Contributions as a percentage of covered employee payroll	27.71%	25.47%	27.13%	29.82%	30.37%	31.27%	31.47%	38.78%	42.45%	36.28%
Investment Returns	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Annual money-weighted rate of return, net of investment expense	n/a	10.14%	0.71%							

* 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, 2015

Actuarial Methods and Assumptions

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine contribution rates are as follows:

	General Employees	Police
Actuarial valuation date	1/1/2013	1/1/2013
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level dollar, closed	Level dollar, closed
Remaining amortization period	12 years	5 years
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

No benefit terms were modified.

Change in Actuarial Assumptions

No significant changes were made to the actuarial assumptions used in the 1/1/13 valuation.

**Other Required Supplementary
Information**

TOWNSHIP OF HAMPTON

POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBs)

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Excess of Assets Over (Under) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess (Deficiency) as a Percentage of Covered Payroll</u>
1/1/2008	\$ -	\$ 1,942,334	\$ (1,942,334)	0%	\$ 3,806,964	-51.0%
1/1/2011	-	2,271,707	(2,271,707)	0%	3,904,516	-58.2%
1/1/2014	-	1,994,478	(1,994,478)	0%	4,340,039	-46.0%

See accompanying note to other required supplementary information.

TOWNSHIP OF HAMPTON

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

YEAR ENDED DECEMBER 31, 2015

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 follows:

Actuarial valuation date	1/1/2014
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.50%
Mortality	RP-2000 Combined Healthy Mortality Table
Annual trend rates for OPEB Costs:	5.0% per year

TOWNSHIP OF HAMPTON

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

GENERAL FUND

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
<u>Taxes:</u>				
Real estate - current	\$ 3,480,000	\$ 3,480,000	\$ 3,504,009	\$ 24,009
Real estate - prior year	4,000	4,000	2,405	(1,595)
Real estate - delinquent	85,000	85,000	121,732	36,732
Real estate - interim	3,000	3,000	7,973	4,973
Real estate (deed) transfer	675,000	675,000	885,504	210,504
Earned income - current	3,650,000	3,650,000	3,971,725	321,725
Earned income - delinquent	55,000	55,000	91,629	36,629
Local services	202,500	202,500	251,635	49,135
Mechanical device licenses	4,000	4,000	10,319	6,319
Regional asset district sales tax	270,000	270,000	288,230	18,230
Total taxes	<u>8,428,500</u>	<u>8,428,500</u>	<u>9,135,161</u>	<u>706,661</u>
<u>Licenses and permits:</u>				
Building permits	76,000	76,000	125,821	49,821
Occupancy permits	3,000	3,000	5,850	2,850
Street opening permits	2,500	2,500	350	(2,150)
Subdivision/site plan fees	13,000	13,000	16,850	3,850
Zoning fees and permits	19,000	19,000	19,050	50
Solicitation fees and permits	250	250	270	20
Cable TV franchise fee	380,000	380,000	398,744	18,744
Total licenses and permits	<u>493,750</u>	<u>493,750</u>	<u>566,935</u>	<u>73,185</u>
<u>Fines and related costs:</u>				
Motor vehicle code violations	62,500	62,500	53,491	(9,009)
Charges for police reports	4,000	4,000	3,100	(900)
Total fines and related costs	<u>66,500</u>	<u>66,500</u>	<u>56,591</u>	<u>(9,909)</u>
<u>Interest, rents, and royalties:</u>				
Interest on investments	2,500	2,500	2,903	403
Total interest, rents, and royalties	<u>2,500</u>	<u>2,500</u>	<u>2,903</u>	<u>403</u>
<u>Intergovernmental revenues:</u>				
Snow and ice removal	68,000	68,000	89,741	21,741
Gifts and grants	18,000	18,000	25,827	7,827
Alcohol beverage licenses	3,000	3,000	3,000	-
Public utility tax refund	9,800	9,800	10,089	289
Total intergovernmental revenues	<u>98,800</u>	<u>98,800</u>	<u>128,657</u>	<u>29,857</u>

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Recreational program revenues:</u>				
Park operation fee	7,500	7,500	8,892	1,392
Annual program fee	9,000	9,000	7,298	(1,702)
Seasonal program fee	10,000	10,000	9,353	(647)
Pool operations fee	250,000	250,000	253,703	3,703
Franchise fee - Bell Atlantic	62,208	62,208	62,208	-
Concession stand	35,000	35,000	36,785	1,785
Day care	75,000	75,000	61,891	(13,109)
Private instruction	500	500	523	23
Community Center special events	3,000	3,000	2,510	(490)
Other	25	25	(24)	(49)
Total recreational program revenues	452,233	452,233	443,139	(9,094)
<u>Charges for services:</u>				
Connection fee	4,000	4,000	11,114	7,114
Authority/cap fee	72,500	72,500	108,582	36,082
Sewer system rentals	2,390,000	2,390,000	2,361,425	(28,575)
Richland sewer rentals	320,000	320,000	333,034	13,034
Sewer rental deposits	8,500	8,500	10,270	1,770
Municipal lien letter	15,000	15,000	17,125	2,125
Maps, copies, and service charges	400	400	482	82
Zoning applications	3,700	3,700	5,280	1,580
Dye testing	7,000	7,000	10,080	3,080
Tax certification letters	20,000	20,000	24,290	4,290
Rental inspection fees	-	-	7,200	7,200
Civic plus fees	-	-	(5,143)	(5,143)
Facility rentals	68,500	68,500	42,411	(26,089)
Alcoholic beverage consumption license	3,000	3,000	3,210	210
Arcade commission receipts	1,500	1,500	1,885	385
General admission ID cards	11,500	11,500	8,064	(3,436)
Fitness ID cards	88,000	88,000	92,098	4,098
Guest passes	7,000	7,000	10,119	3,119
Annual program fees - Community Center	75,000	75,000	66,523	(8,477)
Seasonal program fees - Community Center	1,500	1,500	760	(740)
Summer play and H/V day camps	87,500	87,500	85,434	(2,066)
Concession stand - Community Center	1,500	1,500	889	(611)
Total charges for services	3,186,100	3,186,100	3,195,132	9,032
<u>Reimbursements:</u>				
Employee services	56,500	56,500	53,679	(2,821)
Water Authority - computer	60,000	60,000	48,622	(11,378)
Water Authority - utilities	16,000	16,000	19,927	3,927
Insurance including workmen's compensation	100,000	100,000	125,006	25,006
Health insurance	60,000	60,000	60,418	418
Total reimbursements	292,500	292,500	307,652	15,152

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Miscellaneous:				
Other revenues	128,000	128,000	158,993	30,993
Total miscellaneous	128,000	128,000	158,993	30,993
Total revenues	13,148,883	13,148,883	13,995,163	846,280
Expenditures:				
<u>General government:</u>				
Legislative:				
Salaries and wages	86,200	86,200	86,200	-
Longevity	720	720	720	-
Sick time buyback	3,305	3,305	3,305	-
Employee taxes	6,719	6,719	6,673	46
Fringe benefits	9,176	9,176	8,932	244
Association and professional dues	7,250	7,250	6,143	1,107
Conference, meetings, and seminars	6,000	6,000	5,770	230
Library contribution	92,000	92,000	92,000	-
Contracted services	2,000	2,000	-	2,000
Depreciation lands allocation	16,500	16,500	16,500	-
Office supplies	1,000	1,000	711	289
Library books and supplies	7,920	7,920	7,762	158
Total legislative	238,790	238,790	234,716	4,074
Administrative:				
Salaries and wages	141,800	141,800	123,350	18,450
Salaries and wages - part-time	41,600	41,600	41,311	289
Longevity	720	720	720	-
Sick time buyback	9,615	9,615	9,922	(307)
Employee taxes	12,569	12,569	12,673	(104)
Fringe benefits	37,800	37,800	40,493	(2,693)
Association and professional dues	9,500	9,500	10,096	(596)
Conference, meetings, and seminars	9,500	9,500	10,840	(1,340)
Office equipment repair and maintenance	100	100	-	100
Legal advertising and publicity	8,500	8,500	8,129	371
Printing and duplication	3,000	3,000	2,120	880
Postal services	11,500	11,500	8,071	3,429
Other contracted services	20,000	20,000	24,531	(4,531)
Office supplies	6,500	6,500	5,464	1,036
Office furniture and equipment	2,000	2,000	-	2,000
Capital outlay	15,000	15,000	15,000	-
Subscriptions and periodicals	500	500	-	500
Total administrative	330,204	330,204	312,720	17,484

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Finance:				
Salaries and wages	135,000	135,000	135,000	-
Longevity	642	642	642	-
Sick time buyback	4,845	4,845	4,846	(1)
Employee taxes	11,235	11,235	10,770	465
Fringe benefits	42,900	42,900	41,744	1,156
Professional services	35,000	35,000	34,445	555
Association and professional dues	800	800	835	(35)
Conference, meetings, and seminars	1,500	1,500	53	1,447
Printing and duplicating	500	500	297	203
Other contracted services	15,000	15,000	13,983	1,017
Professional services	2,000	2,000	500	1,500
Office supplies - computer	150	150	28	122
Minor equipment	100	100	564	(464)
Capital outlay	-	-	4,100	(4,100)
	<u>249,672</u>	<u>249,672</u>	<u>247,807</u>	<u>1,865</u>
Total finance				
Tax collection:				
Commission - wage tax	-	-	116,410	(116,410)
Commission - delinquent wage tax collection	1,000	1,000	5,230	(4,230)
Repairs/maintenance - office equipment	300	300	-	300
Postal services	500	500	-	500
Other contracted services	40,000	40,000	60,690	(20,690)
Filing liens	15,000	15,000	7,280	7,720
Real estate refunds	25,000	25,000	65,514	(40,514)
	<u>81,800</u>	<u>81,800</u>	<u>255,124</u>	<u>(173,324)</u>
Total tax collection				
Legal and professional:				
Other professional and consulting	4,000	4,000	-	4,000
Other contracted legal services	130,000	130,000	133,748	(3,748)
	<u>134,000</u>	<u>134,000</u>	<u>133,748</u>	<u>252</u>
Total legal and professional				

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Insurance:				
Multi-peril	180,000	180,000	180,347	(347)
Workers' compensation	340,000	340,000	314,259	25,741
Total insurance	<u>520,000</u>	<u>520,000</u>	<u>494,606</u>	<u>25,394</u>
Employee benefits:				
Medical insurance	63,892	63,892	64,041	(149)
General employee pension fund contribution	233,200	242,680	235,133	7,547
Police pension fund contribution	429,800	420,320	430,965	(10,645)
Defined contribution plan	22,000	22,000	26,810	(4,810)
Unemployment compensation	23,000	23,000	21,920	1,080
Total employee benefits	<u>771,892</u>	<u>771,892</u>	<u>778,869</u>	<u>(6,977)</u>
Information technology:				
Salaries and wages	93,350	93,350	111,360	(18,010)
Longevity	360	360	402	(42)
Sick time buyback	2,715	2,715	4,038	(1,323)
Employee taxes	8,623	8,623	8,292	331
Fringe benefits	33,613	33,613	32,832	781
Professional services	30,000	30,000	44,000	(14,000)
Conference/meetings travel	6,000	6,000	6,095	(95)
Computer service	63,300	63,300	55,314	7,986
Telephone fees	60,000	60,000	53,885	6,115
Printing and duplication	20,000	20,000	19,210	790
Other contracted services	20,000	20,000	16,651	3,349
Other contracted services - leases	-	-	38,398	(38,398)
Office supplies	4,500	4,500	3,762	738
Minor equipment	4,000	4,000	4,185	(185)
Other supplies	3,000	3,000	2,412	588
Capital outlay	27,000	27,000	23,797	3,203
Total information technology	<u>376,461</u>	<u>376,461</u>	<u>424,633</u>	<u>(48,172)</u>
Total general government	<u>2,702,819</u>	<u>2,702,819</u>	<u>2,882,223</u>	<u>(179,404)</u>

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amount		Actual	Variance
	Original	Final		
<u>Public safety:</u>				
Police protection:				
Salaries and wages	1,283,092	1,283,092	1,258,137	24,955
Personal buyback	148,000	148,000	169,803	(21,803)
Salaries and wages - part-time	162,742	162,742	141,162	21,580
Degree reimbursement	4,000	4,000	3,250	750
Reimbursement of overtime	-	-	(9,321)	9,321
Salaries and wages - overtime	45,000	45,000	54,949	(9,949)
Court time	50,000	50,000	39,096	10,904
Holiday pay	6,500	6,500	2,770	3,730
Court/hearings	3,500	3,500	1,501	1,999
Conference/meetings/travel	2,000	2,000	1,186	814
Longevity	14,668	14,668	13,135	1,533
Employee taxes	30,872	30,872	34,176	(3,304)
Employee benefits	288,500	288,500	296,995	(8,495)
Association and professional dues	750	750	625	125
Conference, meetings, and seminars	6,000	6,000	5,781	219
Utilities - water, gas	19,500	19,500	13,974	5,526
Repairs/maintenance - office equipment	100	100	-	100
Repairs/maintenance - vehicle wash	1,500	1,500	1,284	216
Repairs/maintenance - mechanical equipment	600	600	-	600
Animal control	17,000	17,000	14,930	2,070
Printing and duplication	2,000	2,000	1,539	461
Postal services	500	500	197	303
Other contracted services	6,500	6,500	10,598	(4,098)
Contracted radio maintenance	3,000	3,000	3,162	(162)
Office supplies	2,600	2,600	5,387	(2,787)
Office furniture and equipment	1,500	1,500	438	1,062
Uniform purchases and cleaning	32,000	32,000	31,631	369
Ammunition	8,500	8,500	9,497	(997)
Rifle range maintenance and supplies	1,600	1,600	992	608
Books and periodicals	1,000	1,000	747	253
Minor equipment	1,500	1,500	1,289	211
Other supplies	3,500	3,500	3,749	(249)
Capital outlay	72,000	72,000	50,261	21,739
Total police protection	<u>2,220,524</u>	<u>2,220,524</u>	<u>2,162,920</u>	<u>57,604</u>

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Community relations:				
Salaries and wages	175,834	175,834	184,957	(9,123)
Longevity	2,640	2,640	2,640	-
Employee taxes	2,784	2,784	3,037	(253)
Employee benefits	48,500	48,500	48,529	(29)
Office supplies	50	50	67	(17)
Other supplies	300	300	180	120
Juvenile supplies	1,750	1,750	363	1,387
Total community relations	<u>231,858</u>	<u>231,858</u>	<u>239,773</u>	<u>(7,915)</u>
Traffic safety:				
Utilities - street lighting	23,000	23,000	20,788	2,212
Repairs and maintenance - traffic equipment	500	500	-	500
Other contracted services	1,500	1,500	1,636	(136)
Traffic control - paint	400	400	2,925	(2,525)
Traffic control - street signs	10,500	10,500	11,531	(1,031)
Traffic control - flares	1,500	1,500	1,481	19
Other supplies	500	500	238	262
Total traffic safety	<u>37,900</u>	<u>37,900</u>	<u>38,599</u>	<u>(699)</u>
Total public safety	<u>2,490,282</u>	<u>2,490,282</u>	<u>2,441,292</u>	<u>48,990</u>

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Community development:</u>				
Planning and code enforcement:				
Salaries and wages	129,935	129,935	137,935	(8,000)
Longevity	600	600	540	60
Employee taxes	10,500	10,500	10,430	70
Fringe benefits	37,775	37,775	34,399	3,376
Professional and consulting services	6,000	6,000	4,400	1,600
Association and professional dues	1,100	1,100	824	276
Conference, meetings, and seminars	3,250	3,250	2,450	800
Engineering services	40,000	40,000	52,755	(12,755)
Advertising and publicity	3,250	3,250	1,302	1,948
Printing and duplication	600	600	568	32
Postal services	3,000	3,000	2,432	568
Other contracted services	500	500	167	333
Contracted services - demolition	20,000	20,000	-	20,000
Stenographer	2,500	2,500	2,136	364
Office supplies	800	800	728	72
Subscriptions and periodicals	100	100	-	100
Other supplies	400	400	140	260
Total planning and code enforcement	260,310	260,310	251,206	9,104
Code enforcement:				
Salaries and wages - part-time	30,000	30,000	26,871	3,129
Employee taxes	2,295	2,295	2,056	239
Professional services	39,500	39,500	56,974	(17,474)
Protection - safety clothing	150	150	-	150
Uniform purchase	400	400	211	189
Other supplies	500	500	513	(13)
Total code enforcement	72,845	72,845	86,625	(13,780)
Total community development	333,155	333,155	337,831	(4,676)

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Public works:</u>				
Street and bridge maintenance:				
Salaries and wages	815,000	815,000	836,655	(21,655)
Personal buybacks	38,700	38,700	11,681	27,019
Salaries and wages - part-time	20,000	20,000	26,817	(6,817)
Salaries and wages - overtime	45,000	45,000	49,594	(4,594)
Longevity	5,795	5,795	5,816	(21)
Employee taxes	71,300	71,300	68,928	2,372
Fringe benefits	350,000	350,000	361,492	(11,492)
Contracted meals	3,100	3,100	2,833	267
Utilities	16,500	16,500	13,866	2,634
Repairs and maintenance park facilities	1,400	1,400	717	683
Repairs and maintenance field and grounds	5,000	5,000	-	5,000
Other rental charges	250	250	46	204
Uniform cleaning and rental	5,500	5,500	5,820	(320)
Other contracted services	6,500	6,500	8,026	(1,526)
Contracted radio services	1,500	1,500	4,794	(3,294)
Contracted bridge maintenance	5,000	5,000	-	5,000
Contracted street sweeping	10,000	10,000	10,360	(360)
Contracted tree removal/trimming	10,000	10,000	14,970	(4,970)
Janitorial and cleaning supplies	270	270	1,280	(1,010)
Uniform purchase	3,000	3,000	2,192	808
Road department line painting	8,000	8,000	9,471	(1,471)
Asphalt and related materials	18,000	18,000	28,456	(10,456)
Road, bridge, and guide rail material	15,000	15,000	3,240	11,760
Street maintenance tools	2,000	2,000	1,633	367
Park facilities maintenance supplies	7,000	7,000	5,582	1,418
Field and grounds maintenance supplies	5,500	5,500	919	4,581
Minor equipment	5,500	5,500	5,107	393
Other supplies	5,000	5,000	2,960	2,040
	<u>1,479,815</u>	<u>1,479,815</u>	<u>1,483,255</u>	<u>(3,440)</u>
Total street and bridge maintenance				
Snow and ice control:				
Salaries and wages - overtime	70,000	70,000	87,541	(17,541)
Employee taxes	5,355	5,355	6,595	(1,240)
Snow and ice control	525,000	525,000	638,465	(113,465)
Other contracted services	1,500	1,500	1,100	400
Mechanical equipment	10,000	10,000	4,732	5,268
Minor equipment	1,500	1,500	1,023	477
Other supplies	250	250	332	(82)
	<u>613,605</u>	<u>613,605</u>	<u>739,788</u>	<u>(126,183)</u>
Total snow and ice control				

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Storm sewer maintenance:				
Other contracted services	70,000	70,000	59,884	10,116
Storm sewer maintenance supplies	75,000	75,000	110,220	(35,220)
Other supplies	200	200	-	200
Capital outlay	17,500	17,500	18,250	(750)
Total storm sewer maintenance	<u>162,700</u>	<u>162,700</u>	<u>188,354</u>	<u>(25,654)</u>
Vehicle and equipment maintenance:				
Salaries and wages	59,960	59,960	61,972	(2,012)
Salaries and wages - overtime	3,500	3,500	2,468	1,032
Employee taxes	4,740	4,740	4,873	(133)
Repairs/maintenance - motor vehicle	20,000	20,000	23,489	(3,489)
Repairs/maintenance - mechanical	3,000	3,000	278	2,722
Contracted service - lease	67,300	67,300	9,763	57,537
Hand tools	1,500	1,500	654	846
Vehicle parts	48,000	48,000	75,091	(27,091)
Fuel and oil	140,000	140,000	94,931	45,069
Tires	27,500	27,500	27,107	393
Other supplies	300	300	675	(375)
Capital outlay	-	-	15,816	(15,816)
Total vehicle and equipment maintenance	<u>375,800</u>	<u>375,800</u>	<u>317,117</u>	<u>58,683</u>
Building maintenance:				
Salaries and wages	70,500	70,500	70,500	-
Longevity	600	600	600	-
Accrued leave buyback	2,712	2,712	1,356	1,356
Employee taxes	5,656	5,656	5,426	230
Fringe benefits	23,000	23,000	23,883	(883)
Associations and dues	-	-	259	(259)
Conferences and education	-	-	225	(225)
Utilities	60,000	60,000	60,755	(755)
Repairs/maintenance - building and facilities	15,000	15,000	7,368	7,632
Janitorial services	30,000	30,000	24,240	5,760
Other contracted services	20,000	20,000	19,427	573
Landscaping services	30,000	30,000	30,415	(415)
Clothing	-	-	203	(203)
Building maintenance - parts and supplies	10,000	10,000	7,875	2,125
Other supplies	2,000	2,000	1,068	932
Total building maintenance	<u>269,468</u>	<u>269,468</u>	<u>253,600</u>	<u>15,868</u>

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Waste water pollution control:				
Sewer inspections and administration:				
Salaries and wages	70,500	70,500	70,500	-
Longevity	240	240	240	-
Buybacks	3,254	3,254	3,254	-
Employee taxes	5,670	5,670	5,534	136
Fringe benefits	23,900	23,900	23,883	17
Associations and dues	2,500	2,500	2,078	422
Conferences, meetings, and seminars	2,000	2,000	1,479	521
Regulatory fees	3,000	3,000	3,255	(255)
Engineering services	30,000	30,000	32,994	(2,994)
Printing and duplication	200	200	-	200
Postage	250	250	213	37
Other contracted services	25,000	25,000	43,323	(18,323)
Office supplies	400	400	690	(290)
Other supplies	150	150	-	150
Total sewer inspections and administration	<u>167,064</u>	<u>167,064</u>	<u>187,443</u>	<u>(20,379)</u>
Environmental services operation:				
Salaries and wages	588,326	588,326	587,031	1,295
Buybacks	18,350	18,350	17,428	922
Salaries and wages - overtime	46,000	46,000	50,812	(4,812)
Longevity	4,819	4,819	4,920	(101)
Employee taxes	50,300	50,300	49,689	611
Fringe benefits	208,750	208,750	212,450	(3,700)
Conferences, meetings, and seminars	3,000	3,000	3,325	(325)
Contractual meals	500	500	397	103
Utilities	197,500	197,500	194,962	2,538
Repairs and maintenance - mechanical equipment	53,000	53,000	63,055	(10,055)
Repairs and maintenance - sewer plant	60,000	60,000	59,495	505
Uniform rental and cleaning	4,000	4,000	3,510	490
C.O.G. equipment rental	2,000	2,000	2,211	(211)
Sludge disposal	102,500	102,500	106,062	(3,562)
Other contracted services	-	-	1,142	(1,142)
Contracted emergency repair	20,000	20,000	1,868	18,132
Office supplies	200	200	148	52
Uniform purchase	2,500	2,500	1,200	1,300
Protective/safety clothing	6,000	6,000	3,343	2,657

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Environmental services operation (continued):				
Sewer maintenance supplies	26,500	26,500	35,455	(8,955)
Sewer maintenance - Vactor	3,000	3,000	4,531	(1,531)
Mechanical equipment - parts and supplies	37,500	37,500	28,495	9,005
Mechanical equipment - filter press	13,000	13,000	12,505	495
Lab supplies	23,000	23,000	17,185	5,815
Chlorine	9,000	9,000	10,411	(1,411)
Belt press polymers	8,500	8,500	11,703	(3,203)
Miscellaneous chemical supplies	25,000	25,000	37,868	(12,868)
Minor equipment	5,000	5,000	4,908	92
Capital outlay	78,612	78,612	145,496	(66,884)
Other supplies	9,000	9,000	4,340	4,660
Total environmental services operation	1,605,857	1,605,857	1,675,945	(70,088)
Total waste water pollution control	1,772,921	1,772,921	1,863,388	(90,467)
Total public works	4,674,309	4,674,309	4,845,502	(171,193)
<u>Community services:</u>				
Recreation administration:				
Salaries and wages	218,048	218,048	219,159	(1,111)
Longevity	1,165	1,165	1,219	(54)
Sick time buyback	7,070	7,070	8,617	(1,547)
Employee taxes	17,310	17,310	16,715	595
Fringe benefits	83,000	83,000	84,127	(1,127)
Association and professional dues	1,000	1,000	320	680
Conference, meetings, and seminars	1,000	1,000	187	813
Printing and duplication	650	650	425	225
Postal services	2,000	2,000	822	1,178
Other contracted services	8,000	8,000	7,830	170
Office supplies	3,000	3,000	3,097	(97)
Office furniture and equipment	500	500	64	436
Other supplies	250	250	81	169
Total recreation administration	342,993	342,993	342,663	330

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Annual recreation:				
Salaries and wages - part-time	35,000	35,000	30,624	4,376
Employee taxes	2,678	2,678	2,065	613
Other contracted services	3,900	3,900	2,709	1,191
Recreation program supplies	75	75	-	75
Other supplies	200	200	122	78
Total annual recreation	<u>41,853</u>	<u>41,853</u>	<u>35,520</u>	<u>6,333</u>
Seasonal recreation:				
Salaries and wages - part-time	7,500	7,500	5,694	1,806
Employee taxes	575	575	436	139
Total seasonal recreation	<u>8,075</u>	<u>8,075</u>	<u>6,130</u>	<u>1,945</u>
Pool operations:				
Salaries and wages - part-time	145,000	145,000	150,304	(5,304)
Employee taxes	11,100	11,100	11,565	(465)
Utilities - water, gas	61,000	61,000	66,605	(5,605)
Repairs/maintenance - mechanical	6,500	6,500	817	5,683
Other contracted services	7,000	7,000	2,091	4,909
Janitorial and cleaning services	3,900	3,900	912	2,988
Uniform purchases and cleaning	2,800	2,800	2,276	524
Concession stand	26,000	26,000	23,959	2,041
Chemical supplies	21,000	21,000	23,117	(2,117)
Other supplies	11,500	11,500	7,962	3,538
Total pool operations	<u>295,800</u>	<u>295,800</u>	<u>289,608</u>	<u>6,192</u>
Township newsletter:				
Printing and duplication	20,000	20,000	20,465	(465)

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Day care:				
Salaries and wages - part-time	113,400	113,400	105,819	7,581
Employee taxes	8,675	8,675	8,054	621
Fringe benefits	6,100	6,100	5,043	1,057
Other contracted services	8,000	8,000	27,637	(19,637)
Concession stand	1,200	1,200	771	429
Other supplies	1,200	1,200	921	279
Total day care	<u>138,575</u>	<u>138,575</u>	<u>148,245</u>	<u>(9,670)</u>
Senior citizen program:				
Salaries and wages - part-time	3,374	3,374	1,725	1,649
Employee taxes	258	258	-	258
Other supplies	450	450	569	(119)
Total senior citizen program	<u>4,082</u>	<u>4,082</u>	<u>2,294</u>	<u>1,788</u>
Youth sports program:				
Salaries and wages - part-time	9,000	9,000	5,442	3,558
Employee taxes	766	766	416	350
Sports supplies	2,500	2,500	1,525	975
Program supplies	450	450	306	144
Other supplies	200	200	-	200
Total youth sports program	<u>12,916</u>	<u>12,916</u>	<u>7,689</u>	<u>5,227</u>
Adult sports program:				
Sports supplies	800	800	579	221
Total adult sports program	<u>800</u>	<u>800</u>	<u>579</u>	<u>221</u>
Operational program:				
Salaries and wages - part-time	250	250	-	250
Employee taxes	20	20	-	20
Other contracted services	9,500	9,500	8,636	864
Supplies - sports equipment	150	150	-	150
Total operational program	<u>9,920</u>	<u>9,920</u>	<u>8,636</u>	<u>1,284</u>

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Special events program:				
Salaries and wages - part-time	1,250	1,250	620	630
Employee taxes	100	100	47	53
Other contracted services	32,500	32,500	33,433	(933)
Other supplies	3,000	3,000	1,233	1,767
Total special events program	<u>36,850</u>	<u>36,850</u>	<u>35,333</u>	<u>1,517</u>
Private instruction:				
Part-time wages	800	800	180	620
Employee taxes	61	61	14	47
Total private instruction	<u>861</u>	<u>861</u>	<u>194</u>	<u>667</u>
Community Center:				
Salaries and wages - part-time	63,000	63,000	56,879	6,121
Employee taxes	4,973	4,973	4,411	562
Utilities	86,000	86,000	86,547	(547)
Repair and maintenance - buildings	6,500	6,500	26,950	(20,450)
Janitorial services	70,000	70,000	68,889	1,111
Other contracted services	7,500	7,500	18,729	(11,229)
Janitorial and cleaning supplies	5,000	5,000	4,669	331
Hand tools	500	500	153	347
Building supplies	3,500	3,500	3,224	276
Concession stand supplies	1,500	1,500	396	1,104
Minor equipment	2,500	2,500	3,324	(824)
Other supplies	3,500	3,500	1,691	1,809
Total community center	<u>254,473</u>	<u>254,473</u>	<u>275,862</u>	<u>(21,389)</u>
Total community services	<u>1,167,198</u>	<u>1,167,198</u>	<u>1,173,218</u>	<u>(6,020)</u>

(Continued)

TOWNSHIP OF HAMPTON

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

GENERAL FUND

(Continued)

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Debt service:				
Principal and interest	1,721,000	1,721,000	1,764,640	(43,640)
Total debt service	1,721,000	1,721,000	1,764,640	(43,640)
Total expenditures	13,088,763	13,088,763	13,444,706	(355,943)
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	60,120	60,120	550,457	490,337
Other Financing Sources (Uses):				
Proceeds from sale of assets	10,000	10,000	32,744	22,744
Proceeds from capital lease	-	-	67,384	67,384
Operating transfers in	258,000	258,000	248,040	(9,960)
Operating transfers out	(425,000)	(425,000)	(636,054)	(211,054)
Total other financing sources (uses)	(157,000)	(157,000)	(287,886)	(130,886)
Net Change in Fund Balance	\$ (96,880)	\$ (96,880)	\$ 262,571	\$ 359,451

(Concluded)

Supplementary Information

TOWNSHIP OF HAMPTON

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

CAPITAL IMPROVEMENTS FUND

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Interest, rents, and royalties	\$ 500	\$ 500	\$ 26	\$ (474)
Miscellaneous	35,000	35,000	63,719	28,719
Total revenues	<u>35,500</u>	<u>35,500</u>	<u>63,745</u>	<u>28,245</u>
Expenditures:				
Capital outlay:				
General government	45,000	45,000	44,572	428
Public safety	65,000	65,000	72,991	(7,991)
Public works	738,000	738,000	752,548	(14,548)
Sewer system	150,000	150,000	250,883	(100,883)
Community services	60,000	60,000	141,294	(81,294)
Total expenditures	<u>1,058,000</u>	<u>1,058,000</u>	<u>1,262,288</u>	<u>(204,288)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,022,500)</u>	<u>(1,022,500)</u>	<u>(1,198,543)</u>	<u>(176,043)</u>
Other Financing Sources (Uses):				
Operating transfers in	<u>950,000</u>	<u>950,000</u>	<u>1,197,438</u>	<u>247,438</u>
Net Change in Fund Balance	<u>\$ (72,500)</u>	<u>\$ (72,500)</u>	<u>(1,105)</u>	<u>\$ 71,395</u>
Fund Balance:				
Beginning of year			<u>23,567</u>	
End of year			<u>\$ 22,462</u>	

TOWNSHIP OF HAMPTON

OTHER GOVERNMENTAL FUNDS - COMBINING BALANCE SHEET

DECEMBER 31, 2015

Assets	Special Revenue Funds				Capital Projects Funds			Total
	State Liquid Fuels Fund	Fire Fund	Recreation Maintenance Fund	Total	Capital Reserve	Sewer Capital Reserve Fund	Total	
Cash and cash equivalents	\$ 26,698	\$ 1,734	\$ 108,289	\$ 136,721	\$ 7,691	\$ 219,097	\$ 226,788	\$ 363,509
Receivables:								
Taxes	-	20,000	-	20,000	-	-	-	20,000
Miscellaneous	-	780	-	780	-	3,830	3,830	4,610
Total Assets	\$ 26,698	\$ 22,514	\$ 108,289	\$ 157,501	\$ 7,691	\$ 222,927	\$ 230,618	\$ 388,119
Liabilities, Deferred Inflows of Resources, and Fund Balance								
Liabilities:								
Accounts payable	\$ -	\$ 792	\$ -	\$ 792	\$ -	\$ -	\$ -	\$ 792
Due to other funds	-	-	-	-	-	917	917	917
Total Liabilities	-	792	-	792	-	917	917	1,709
Deferred Inflows of Resources:								
Unavailable revenue - taxes	-	20,000	-	20,000	-	-	-	20,000
Fund Balance:								
Restricted	26,698	1,722	-	28,420	-	-	-	28,420
Committed	-	-	108,289	108,289	-	-	-	108,289
Assigned	-	-	-	-	7,691	222,010	229,701	229,701
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balance	26,698	1,722	108,289	136,709	7,691	222,010	229,701	366,410
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 26,698	\$ 22,514	\$ 108,289	\$ 157,501	\$ 7,691	\$ 222,927	\$ 230,618	\$ 388,119

TOWNSHIP OF HAMPTON

OTHER GOVERNMENTAL FUNDS

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

YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds				Capital Projects Funds			Total
	State Liquid Fuels Fund	Fire Fund	Recreation Maintenance Fund	Total	Capital Reserve	Sewer Capital Reserve Fund	Total	
Revenues:								
Taxes	\$ -	\$ 325,385	\$ -	\$ 325,385	\$ -	\$ -	\$ -	\$ 325,385
Interest, rents, and royalties	619	88	117	824	8	177	185	1,009
Intergovernmental revenues	479,394	132,542	-	611,936	-	-	-	611,936
Recreational program revenues	-	-	75,091	75,091	-	-	-	75,091
Charges for services	-	-	-	-	-	240,405	240,405	240,405
Total revenues	480,013	458,015	75,208	1,013,236	8	240,582	240,590	1,253,826
Expenditures:								
Public safety	-	455,601	-	455,601	-	-	-	455,601
Public works	22,438	-	-	22,438	-	-	-	22,438
Community services	-	-	22,350	22,350	-	-	-	22,350
Total expenditures	22,438	455,601	22,350	500,389	-	-	-	500,389
Excess (Deficiency) of Revenues Over Expenditures	457,575	2,414	52,858	512,847	8	240,582	240,590	753,437
Other Financing Sources (Uses):								
Operating transfers out	(483,000)	-	(63,778)	(546,778)	(7,100)	(255,546)	(262,646)	(809,424)
Net Change in Fund Balance	(25,425)	2,414	(10,920)	(33,931)	(7,092)	(14,964)	(22,056)	(55,987)
Fund Balance:								
Beginning of year	52,123	(692)	119,209	170,640	14,783	236,974	251,757	422,397
End of year	<u>\$ 26,698</u>	<u>\$ 1,722</u>	<u>\$ 108,289</u>	<u>\$ 136,709</u>	<u>\$ 7,691</u>	<u>\$ 222,010</u>	<u>\$ 229,701</u>	<u>\$ 366,410</u>

TOWNSHIP OF HAMPTON

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

STATE LIQUID FUELS FUND

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Interest, rents, and royalties	\$ 100	\$ 100	\$ 619	\$ 519
Intergovernmental revenues	486,000	486,000	479,394	(6,606)
Total revenues	486,100	486,100	480,013	(6,087)
Expenditures:				
Public works	20,050	20,050	22,438	(2,388)
Excess (Deficiency) of Revenues Over Expenditures	466,050	466,050	457,575	(8,475)
Other Financing Sources (Uses):				
Operating transfers out	(483,000)	(483,000)	(483,000)	-
Net Change in Fund Balance	\$ (16,950)	\$ (16,950)	(25,425)	\$ (8,475)
Fund Balance:				
Beginning of year			52,123	
End of year			\$ 26,698	

TOWNSHIP OF HAMPTON

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

FIRE FUND

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Taxes	\$ 323,900	\$ 323,900	\$ 325,385	\$ 1,485
Interest, rents, and royalties	5,000	5,000	88	(4,912)
Intergovernmental revenues	137,000	137,000	132,542	(4,458)
Total revenues	465,900	465,900	458,015	(7,885)
Expenditures:				
Public safety	459,000	459,000	455,601	3,399
Net Change in Fund Balance	<u>\$ 6,900</u>	<u>\$ 6,900</u>	2,414	<u>\$ (4,486)</u>
Fund Balance:				
Beginning of year			(692)	
End of year			<u>\$ 1,722</u>	

TOWNSHIP OF HAMPTON

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

CAPITAL RESERVE FUND

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues:				
Interest, rents, and royalties	\$ 200	\$ 200	\$ 8	\$ (192)
Other Financing Sources (Uses):				
Operating transfers out	-	-	(7,100)	(7,100)
Net Change in Fund Balance	\$ 200	\$ 200	(7,092)	\$ (7,292)
Fund Balance:				
Beginning of year			14,783	
End of year			\$ 7,691	

TOWNSHIP OF HAMPTON

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

SEWER CAPITAL RESERVE FUND

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Interest, rents, and royalties	\$ 100	\$ 100	\$ 177	\$ 77
Charges for services	185,000	185,000	240,405	55,405
Total revenues	185,100	185,100	240,582	55,482
Other Financing Sources (Uses):				
Operating transfers out	(225,000)	(225,000)	(255,546)	(30,546)
Net Change in Fund Balance	\$ (39,900)	\$ (39,900)	(14,964)	\$ 24,936
Fund Balance:				
Beginning of year			236,974	
End of year			\$ 222,010	

TOWNSHIP OF HAMPTON

COMBINING STATEMENT OF PLAN NET POSITION FIDUCIARY FUNDS - TRUST FUNDS

DECEMBER 31, 2015

	<u>General Employees</u>	<u>Police</u>	<u>Total Pension Funds</u>
Assets			
Cash and cash equivalents	\$ 430,155	\$ 683,653	\$ 1,113,808
Accrued income receivable	8,414	14,996	23,410
Investments:			
U.S. government and agency obligations	-	7,114	7,114
Bond mutual funds	960,574	1,750,301	2,710,875
Equity mutual funds	1,913,697	3,552,290	5,465,987
Equities	<u>4,284,457</u>	<u>7,718,565</u>	<u>12,003,022</u>
Total Assets	<u>\$ 7,597,297</u>	<u>\$ 13,726,919</u>	<u>\$ 21,324,216</u>
Net Position Restricted For			
Pension benefits	<u>\$ 7,597,297</u>	<u>\$ 13,726,919</u>	<u>\$ 21,324,216</u>

TOWNSHIP OF HAMPTON

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS - TRUST FUNDS

YEAR ENDED DECEMBER 31, 2015

	General Employees	Police	Total
Additions:			
<hr/>			
Contributions:			
Employer, including state aid	\$ 407,650	\$ 572,115	\$ 979,765
Employee	73,801	87,358	161,159
	<hr/>	<hr/>	<hr/>
Total contributions	481,451	659,473	1,140,924
	<hr/>	<hr/>	<hr/>
Investment income (loss):			
Net increase (decrease) in fair value of investments	(121,435)	(231,034)	(352,469)
Interest and dividends	178,026	326,425	504,451
	<hr/>	<hr/>	<hr/>
Total investment income (loss)	56,591	95,391	151,982
	<hr/>	<hr/>	<hr/>
Investment expense	23,943	43,026	66,969
	<hr/>	<hr/>	<hr/>
Net investment income	32,648	52,365	85,013
	<hr/>	<hr/>	<hr/>
Total additions	514,099	711,838	1,225,937
	<hr/>	<hr/>	<hr/>
Deductions:			
<hr/>			
Benefits	220,175	601,276	821,451
Administrative expense	33,536	58,295	91,831
	<hr/>	<hr/>	<hr/>
Total deductions	253,711	659,571	913,282
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease) in Plan Net Position	260,388	52,267	312,655
	<hr/>	<hr/>	<hr/>
Net Position:			
<hr/>			
Beginning of year	7,336,909	13,674,652	21,011,561
	<hr/>	<hr/>	<hr/>
End of year	\$ 7,597,297	\$ 13,726,919	\$ 21,324,216
	<hr/>	<hr/>	<hr/>

TOWNSHIP OF HAMPTON

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

DECEMBER 31, 2015

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31</u>
Assets				
<u>Cash and cash equivalents</u>	<u>\$ 612,404</u>	<u>\$ 44,048</u>	<u>\$ 288,273</u>	<u>\$ 368,179</u>
Liabilities				
<u>Accounts payable</u>	<u>\$ 6,036</u>	<u>\$ 5,503</u>	<u>\$ 6,036</u>	<u>\$ 5,503</u>
<u>Escrow liability</u>	<u>606,368</u>	<u>38,545</u>	<u>282,237</u>	<u>362,676</u>
Total Liabilities	<u>\$ 612,404</u>	<u>\$ 44,048</u>	<u>\$ 288,273</u>	<u>\$ 368,179</u>

TOWNSHIP OF HAMPTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2015

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Transportation</u>				
Passed through the Pennsylvania Department of Transportation				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	N/A	\$ -	\$ 2,228,570
Total expenditures of federal awards			<u>\$ -</u>	<u>\$ 2,228,570</u>

See accompanying notes to schedule of expenditures of federal awards.

TOWNSHIP OF HAMPTON

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2015

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (schedule) includes the federal award activity of the Township of Hampton under its program of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Township of Hampton, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Township of Hampton.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. The Township of Hampton's federal award was made prior to December 26, 2014 and, therefore, such expenditures are recognized following the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.

Township of Hampton

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended December 31, 2015

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

Members of Council
Township of Hampton

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Hampton (Township), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated May 31, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Members of Council
Township of Hampton
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters

Purpose of this Report

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

Mahe Duessel

Pittsburgh, Pennsylvania
May 31, 2016

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

Members of Council
Township of Hampton

Report on Compliance for the Major Federal Program

We have audited the Township of Hampton's (Township) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2015. The Township's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of the Township is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township's internal control over compliance with

Members of Council
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Independent Auditor's Report on Compliance for the Major Program
and on Internal Control over Compliance

the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

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

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

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

Maher Duessel

Pittsburgh, Pennsylvania
May 31, 2016

TOWNSHIP OF HAMPTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2015

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)?

yes none reported

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)?

yes none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? yes no

7. Major Programs:

CFDA Number(s)

20.205

Name of Federal Program or Cluster

Highway Planning and Construction

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

9. Auditee qualified as low-risk auditee? yes no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

III. Findings and questioned costs for federal awards.

No matters were reported.

TOWNSHIP OF HAMPTON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2015

No Single Audit in the Prior Year