



Ferguson
Township
Pennsylvania

Annual Comprehensive Financial Report

Year Ended
December 31, 2022



2022
FERGUSON TOWNSHIP
CENTRE COUNTY, PENNSYLVANIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Calendar Year Ended December 31, 2022

Prepared by the Township Manager, Centrice Martin



Township of Ferguson, Pennsylvania

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Township of Ferguson, Pennsylvania

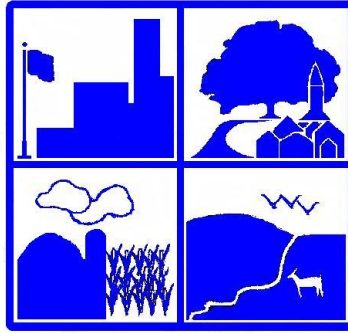
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Introductory Section



TOWNSHIP OF FERGUSON

3147 Research Drive • State College, Pennsylvania 16801
Telephone: 814-238-4651 • Fax: 814-238-3454
www.twp.ferguson.pa.us

September 28, 2023

To the Citizens of Ferguson Township, Centre County, Pennsylvania

The Township Manager is pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Township of Ferguson, Centre County, Pennsylvania for the year ended December 31, 2022.

This ACFR is prepared to inform the Board of Supervisors, Township staff, our citizens, bondholders and other interested parties, about detailed information concerning the financial condition of the Township. Responsibility for the accuracy, completeness and fairness of the data presented, including all disclosures, rests with Township management. To provide the basis for making these representations, the Township has established an internal control framework that is designed both to protect the Township's assets from loss, theft or misuse and to compile reliable information for the preparation of the Township's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Considering the cost-benefit relationship of internal controls, the Township's comprehensive framework of internal controls has been designed to provide adequate and reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

The ACFR was prepared by the Township Finance Department and the financial statements were audited by the firm Baker Tilly US, LLP, State College, Pennsylvania.

The Management Discussion and Analysis (MD&A) is a narrative introduction, overview and analysis of the accompanying basic financial statements. The MD&A can be found immediately following the report of the independent auditors.

An annual budget is adopted on a basis consistent with GAAP for all funds except the employee benefit, internal services, pension trust and custodial funds. The appropriated budgets are prepared by fund, function and department. Expenditures cannot legally exceed budgeted appropriations at the fund level. Additionally, management cannot revise the total budget obligation by fund level without the approval of the Board of Supervisors.

All annual appropriations lapse at calendar year-end. The Supervisors may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the year and not otherwise appropriated, including the proceeds of any borrowing authorized by law. The Supervisors may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof.

To the best of our knowledge and belief, the data is accurate in all material respects and is organized in a manner designed to fairly present the financial position and the results of operations of the Township as measured by the financial activity of the various funds. We believe that all disclosures necessary to enable the reader to gain a reasonable understanding of the Township's financial affairs have been included.

Ferguson Township Profile

Ferguson Township is one of 36 municipalities in Centre County. In terms of population, the Township is the second largest municipality in the County behind State College Borough.

The Centre Region is comprised of six municipalities: The Borough of State College, and the Townships of College, Ferguson, Halfmoon, Harris and Patton. These municipalities have an estimated population of 93,966 (2022) comprising approximately 60% of the total County population (157,527) living within their boundaries and is considered the urban area of the County. Within the Centre Region, Ferguson Township is the second largest municipality in terms of population (2022 estimate 19,462) and the largest in terms of land area (50 square miles). Ferguson has an estimated population density of 389 persons per square mile (2022).

Ferguson Township is a home rule municipality. On January 1, 1976, the electorate, by referendum, adopted a home rule charter that institutes a council-manager form of government. The Board of Supervisors as the governing body is comprised of five elected officials: two are elected at large and three are elected by ward. The Board of Supervisors is the policy-making body and is responsible for setting tax rates, approving an annual budget and enacting ordinances to carry out policy. The Board of Supervisors represents the Township as members of the Centre Region Council of Governments (COG). Each board member serves in various capacities on committees of the COG dealing with regional issues such as transportation, code enforcement, public services, finance and personnel. The Board of Supervisors appoints the Township Solicitor, Auditor and Township Manager.

Housing units continue to grow. According to the US Census Bureau data, there were 8,467 housing units in the Township in 2020. This compares to 8,293 units in 2019, an increase of 174 units or 2.1%.

The population breakdown, according to the US Census Estimates for 2022, 83.1% of township residents are 18 and over. Children under the age of 18 make up 16.9% of the Township population.

Of the top employers in the Centre Region, at least five of these employers have a presence or home in the Township. These include the largest employer, Penn State University, as well as HRI Inc. (Construction), Raytheon (defense), Accuweather (meteorology), and Minitab, Inc. (software). New small and medium size businesses continue to establish their offices in the Township and lost business is being replaced with new employers.

The local economy is highly dependent upon Penn State University and the effect it has on the region. Penn State University has been a strong economic force for the Township and the Centre Region in general for many years in job growth, housing growth and diversity among others.

The Township has worked on or completed several projects during 2022 that have shaped the Township finances. These are:

- ✓ Continued outreach initiatives such as coffee and conversation, neighborhood forums and business engagement
- ✓ Prepared the five-year Capital Improvement Plan 2022-2026
- ✓ Prepared Annual Comprehensive Financial Report for 2022 and Annual Budget for 2023
- ✓ Began construction of new LEED Gold public works maintenance facility
- ✓ Approved the stormwater mitigation program and approved the fee for 2022
- ✓ Completed roadway resurfacing and parkland improvements
- ✓ Assisted the Centre Region Council of Governments with the various services and programs
- ✓ Facilitated land development reviews and zoning amendments to allow for planned sustainable growth in the community

The Township's annual debt service reduces the Township's ability to use the funds for other uses (opportunity cost) for as long as the debt payments are required. The township's annual debt service for the new LEED Gold public work maintenance facility is approximately \$390 thousand per year for 25 years. The Township also has a stake in the debt for the regional pools and parks. This regional debt load continues through the 2020 decade. Since regional parks are a shared cost, the Township has sufficient financial reserves to support the regional parks construction and maintenance as currently proposed.

The Township weathered the COVID pandemic well and with the assistance of the American Rescue Plan (ARP) funding, has essentially been made whole from the effects of the pandemic.

The long-term financial outlook for the Township is highly dependent on the stability and growth in the employment tax base to provide sufficient resources for police and public works operational needs, capital (road and park) projects and capital equipment. With the addition of the stormwater fee for 2022 bringing in additional revenue, the outlook for the Township is very strong in the short term and favorable for long-term growth and stability.

Acknowledgements

I would like to express my sincere thanks for all the people that have made this report possible. Without the information they provided, support and their efforts, this report would not be realized. I would like to again specifically thank the Board of Supervisors and the Finance Department for their support in this project. In no specific order they are:

Board of Supervisors, Ferguson Township
Christine Zoerner, Adam Hartzel and John Compton, Baker Tilly US, LLP, CPAs
Ferguson Township Planning and Zoning Department
Chris Albright, Chief of Police, Ferguson Township
Dave Modricker, Director of Public Works, Ferguson Township
Ron Seybert, Township Engineer, Ferguson Township
Ferguson Township Public Works
Jaqueline Fuge, Centre Tax Agency
Ferguson Township Police Department

If I have omitted anyone, please accept my apologies.

Respectfully Submitted,

Centrice Martin
Township Manager



VISION STATEMENT

The Township will strive to appropriate staff and resources to maintain the infrastructure in acceptable condition, provide exemplary service, keep Township operations financially stable and keep pace with technology. As a result, the Township can continue to be a leader and model for the Centre Region and other Home Rule municipalities.

The Township is considered a 'Best Place to Live' due to the high quality of life created in part through a sense of place achieved through the development of a vital town center, a strong diversified community, an effective transportation system, a rural/small town atmosphere and the location and availability of open space. The Township will continue to preserve environmentally sensitive areas.



MISSION STATEMENT

It is the Township's mission to provide efficient, cost effective, professional services to our residents in a fair, cooperative, ethical and honest manner. The Township will endeavor to manage its resources allowing planned, sustainable growth while preserving the quality of life and its unique characteristics.



Township Values

Effective, efficient, professionalism in delivering services to our residents.

Residents, elected and appointed officials expect the highest quality service delivery from Township staff.

It is our duty to meet and exceed those expectations in our daily work.

Preserving the unique character of the Township.

The Township proudly boasts a diverse community of all ages and professions including farmers, scholars, small and large business employers and employees, professionals, and students. Each give the area a character all its own. It is our responsibility to ensure that policies and service delivery are directed at maintaining that character for generations to come.

A well-maintained and safe environment.

Every resident and guest deserves to live, work, study, and recreate in a high quality environment. Therefore, it is our responsibility to properly maintain and provide for the safety of our community's neighborhoods, streets, parks and common areas.

Managing our resources wisely.

It is recognized that resources, including tax revenue, public utilities such as water and sewer, and services such as police and fire, are finite and must be allocated in the most efficient manner. It is our responsibility to continuously review and refine our practices to improve the management of public resources to provide the highest quality service delivery.

Collaborating with our neighboring municipalities to provide cost effective services.

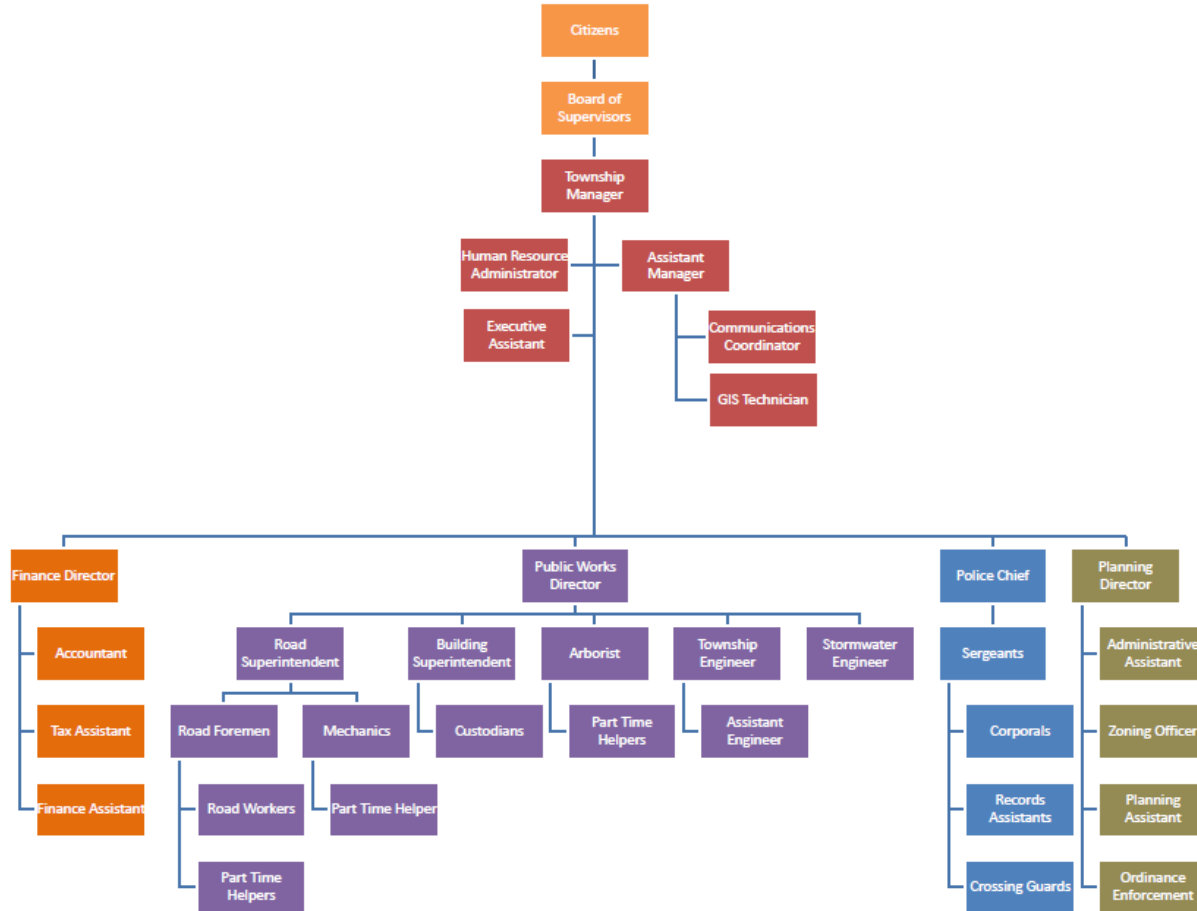
The Centre Region is home to one of the premier and oldest Council of Governments in the Commonwealth. For decades, the municipalities that comprise the Centre Region have recognized the benefits of regional cooperation to improve the effectiveness and efficiency of service delivery. It is our responsibility to maintain our commitment to the Centre Region Council of Governments and neighboring municipalities for programs where regional cooperation maximizes our return on investment.

Ethical and honest behavior.

As elected officials and employees of the Township, every official, employee and service provider to the Township is directly accountable to conduct themselves in an ethical and honest manner. It is our responsibility to ensure that all who perform work for the Township operate with the highest standards of ethical and honest behavior.



Ferguson Township Organizational Chart





Township of Ferguson, Pennsylvania

List of Principal Officials 2022

Laura Dininni, Chair, Board of Supervisors

Lisa Strickland, Vice Chair, Board of Supervisors

Corey Gracie-Griffin, Supervisor

Jeremie Thompson, Supervisor

Patricia Stephens, Supervisor

Centrice Martin, Township Manager

Jaymes Progar, Assistant Township Manager

David J. Modricker, Director of Public Works



OFFICIAL MAP

Landmarks

- ★ Ferguson Township Municipal Building
- ▲ Ferguson Township Elementary School
- Historic Site (per National Register of Historic Places)

Proposed Facilities

- Proposed Roads
- Proposed Bicycle Facilities*
- Future Fire Station
- Proposed Parkland

Existing Municipal Facilities

- Wells
- Sidewalks
- Park Paths
- Streets
- Parks
- Musser Gap Greenway & Trail
- Existing Bike Lane*
- Existing Shared Use Path*
- Existing State Bike Route*
- Township-Owned Property

Boundary Lines & Natural Features

- Regional Growth Boundary
- Municipal Boundaries
- Parcels
- Floodplains

Parcels Included in PACE Agricultural Easements

- Halfmoon OSPP
- Pending Purchase
- Purchased

* Per the Centre Regional Planning Agency (CRPA) Regional Bike Plan, as amended May 23, 2016. Proposed Bicycle Facilities are shown as amended by Ferguson Township on 9/25/2017.

THIS IS TO CERTIFY THAT THIS IS THE OFFICIAL MAP OF THE TOWNSHIP OF FERGUSON REFERRED TO IN SECTION _____ OF ORDINANCE _____ OF THE TOWNSHIP OF FERGUSON, CENTRE

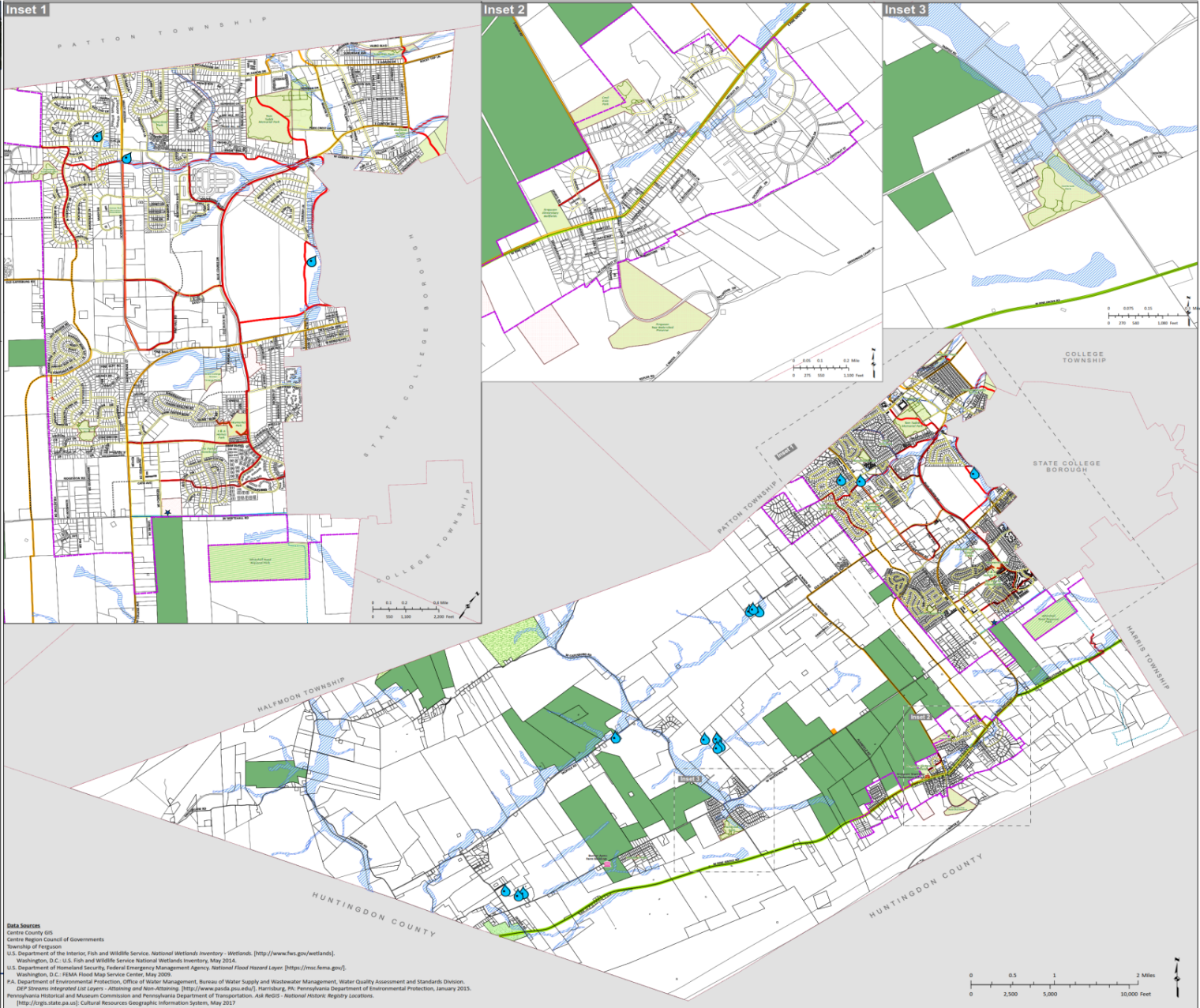
CHAIRMAN _____ DATE _____

BOARD OF SUPERVISORS _____ DATE _____

TOWNSHIP MANAGER _____ DATE _____

Map Date: 10/3/2017

Ferguson Township Municipal Building
3147 Research Drive - State College, PA - 16801
(814) 238-4651 - www.twp.ferguson.pa.us

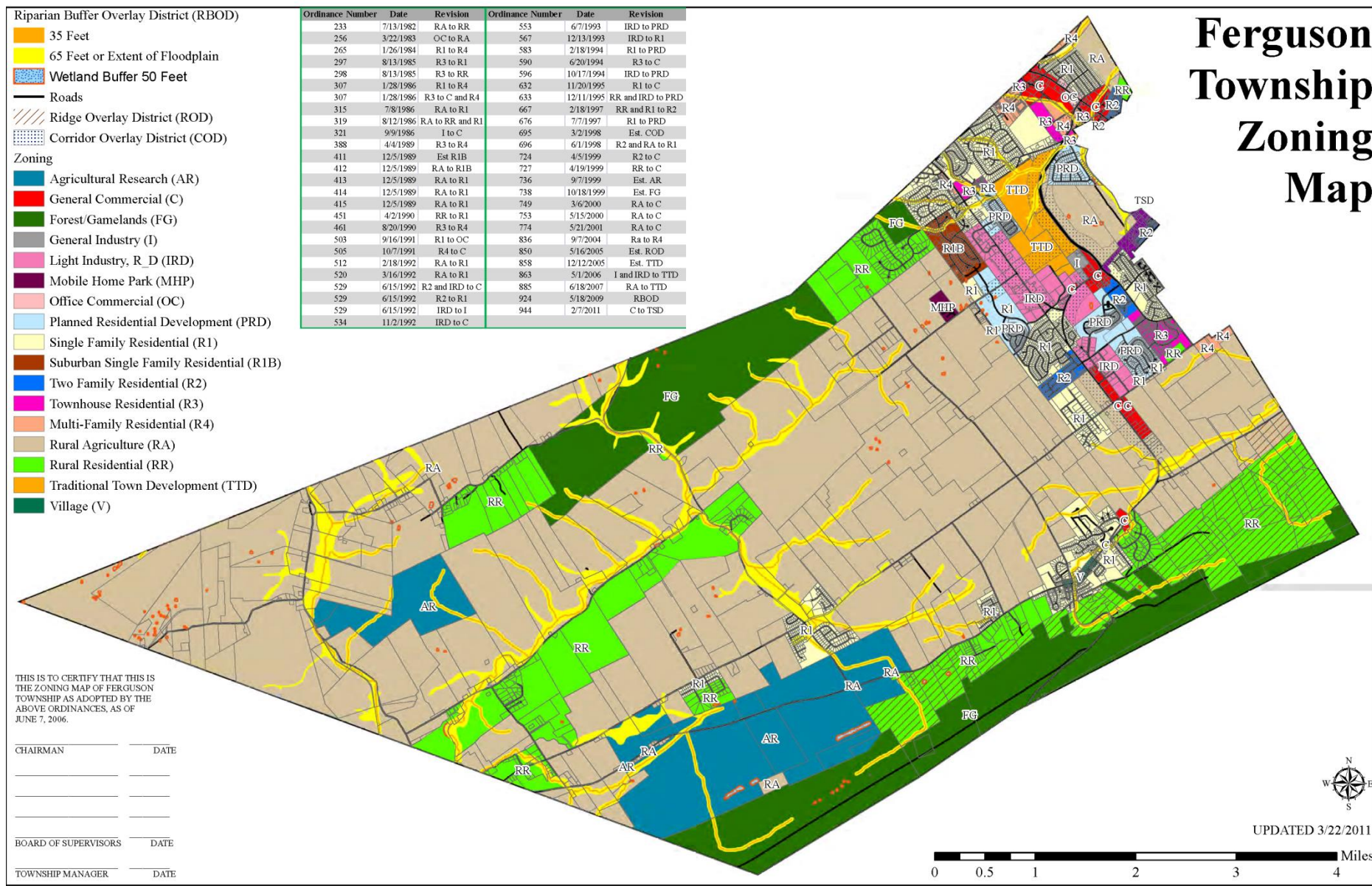


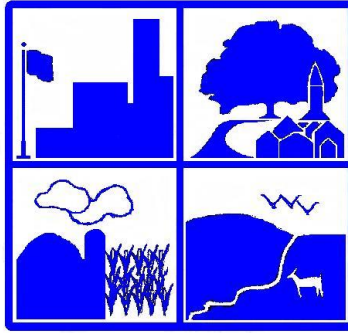
Data Sources

- Centre County GIS
- Centre Region Council of Governments
- Township of Ferguson
- U.S. Department of the Interior, Fish and Wildlife Service, National Wetlands Inventory - Wetlands, [http://www.fws.gov/wetlands/]
- Washington, D.C.: U.S. Fish and Wildlife Service National Wetlands Inventory, May 2016.
- U.S. Department of Homeland Security, Federal Emergency Management Agency, National Flood Hazard Layer, [https://msc.fema.gov/]
- Washington, D.C.: FEMA Flood Map Service Center, May 2009.
- PA: Department of Environmental Protection, Office of Water Management, Bureau of Water Supply and Wastewater Management, Water Quality Assessment and Standards Division, DEP Streams Integrated List Layers - Attaining and Non-Attaining, [http://www.pasda.pa.edu/], Harrisburg, PA, Pennsylvania Department of Environmental Protection, January 2015.
- Pennsylvania Historical and Museum Commission and Pennsylvania Department of Transportation, AAS BACIS - National Historic Registry Locations, [http://hrgis.state.pa.us/], Cultural Resources Geographic Information System, May 2017

Ferguson Township Zoning Map

Ordinance Number	Date	Revision	Ordinance Number	Date	Revision
233	7/13/1982	RA to RR	553	6/7/1993	IRD to PRD
256	3/22/1983	OC to RA	567	12/13/1993	IRD to R1
265	1/26/1984	R1 to R4	583	2/18/1994	R1 to PRD
297	8/13/1985	R3 to R1	590	6/20/1994	R3 to C
298	8/13/1985	R3 to RR	596	10/17/1994	IRD to PRD
307	1/28/1986	R1 to R4	632	11/20/1995	R1 to C
307	1/28/1986	R3 to C and R4	633	12/11/1995	RR and IRD to PRD
315	7/8/1986	RA to R1	667	2/18/1997	RR and R1 to R2
319	8/12/1986	RA to RR and R1	676	7/7/1997	R1 to PRD
321	9/9/1986	I to C	695	3/2/1998	Est. COD
388	4/4/1989	R3 to R4	696	6/1/1998	R2 and RA to R1
411	12/5/1989	Est. RIB	724	4/5/1999	R2 to C
412	12/5/1989	RA to RIB	727	4/19/1999	RR to C
413	12/5/1989	RA to R1	736	9/7/1999	Est. AR
414	12/5/1989	RA to R1	738	10/18/1999	Est. FG
415	12/5/1989	RA to R1	749	3/6/2000	RA to C
451	4/2/1990	RR to R1	753	5/15/2000	RA to C
461	8/20/1990	R3 to R4	774	5/21/2001	RA to C
503	9/16/1991	R1 to OC	836	9/7/2004	Ra to R4
505	10/7/1991	R4 to C	850	5/16/2005	Est. ROD
512	2/18/1992	RA to R1	858	12/12/2005	Est. TTD
520	3/16/1992	RA to R1	863	5/1/2006	I and IRD to TTD
529	6/15/1992	R2 and IRD to C	885	6/18/2007	RA to TTD
529	6/15/1992	R2 to R1	924	5/18/2009	RBOD
529	6/15/1992	IRD to I	944	2/7/2011	C to TSD
534	11/2/1992	IRD to C			





Financial Section

Independent Auditors' Report

To the Board of Supervisors of
Township of Ferguson, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Township of Ferguson, Pennsylvania (the Township), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Township as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Notes 1 and 3, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) and the supplementary pension trend information, as listed 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 evidence sufficient to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining nonmajor governmental fund financial statements, the budgetary comparison schedules, the combining statements of pension trust funds, and the combining statements of custodial funds, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the the introductory section and statistical section, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023 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 solely 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 the effectiveness of the Township's 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.



State College, Pennsylvania
September 28, 2023

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis - Required Supplementary Information
(Unaudited)
December 31, 2022

As management of the Township of Ferguson, Pennsylvania (the Township), we offer readers of the annual comprehensive financial report this narrative overview and analysis of the financial activities of the Township for the calendar years (12 months) ending December 31, 2022 and 2021. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the Township's basic financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. This report includes comparative information for the calendar years ended December 31, 2022 and 2021.

GASB 34 requires the presentation of government-wide financial statements, prepared on an accrual accounting basis, which is a widely accepted method commonly used in private industry (GAAP), to assist readers in understanding the governmental financial activities. Part of this report is presented on an accrual accounting basis, while the remainder is presented on a modified accrual basis, more commonly used in governmental accounting.

Financial Highlights GASB 34 Presentation

- At December 31, 2022, the Township had a total of \$15.619 million of unrestricted net position available to meet the Township's long-term and ongoing obligations of the governmental activities and business-type activities to citizens and creditors, compared to \$14.667 million at December 31, 2021 representing an increase of \$.952 million.
- At December 31, 2022, the Township had a reportable total of \$27.680 million net investment in capital assets, compared to \$26.366 million at December 31, 2021 representing an increase of \$1.31 million. This is mainly due to the road projects and the remaining updates related to the stormwater fund.
- At December 31, 2022, the Township's long-term debt was \$6.623 million as the Township issued bonds in a prior year to finance the construction of a LEED gold public works maintenance facility, of which \$225 thousand is currently due in 2023.
- The Township's overall financial position remains very strong, increasing during the past year \$1.75 million, considering changes in fund balances, capital investment, long-term debt and net revenues.

Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the Township's basic financial statements. In accordance with the GASB Statement No. 34, *Basic Financial Statements - and Managements' Discussion and Analysis - for State and Local Governments* (GASB 34), the Township's basic financial statements include three components:

Government-Wide Financial Statements, and

Fund Financial Statements, and

Notes to the Basic Financial Statements.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis - Required Supplementary Information
(Unaudited)
December 31, 2022

Government-Wide Financial Statements

The **Government-Wide Financial Statements** are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The **Government-Wide Financial Statements** distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business type-activities*). The governmental activities of the Township include public safety (police and fire), streets, library, recreation, parks, planning and zoning, and general administrative support. The business-type activity includes stormwater management services.

The **Statement of Net Position** presents information on all of the Township's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these items reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The **Statement of Activities** presents information showing how the Township's net position changed during the most recent calendar year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future calendar periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 29 and 30 of this report.

Fund Financial Statements

A **Fund** is an independent, self-balancing, set of accounts that is used to record revenue and expenditures, related assets, deferred outflows of resources, liabilities, deferred inflows of resources, obligations, reserves and equities (fund balance), which are segregated for the purpose of carrying out specific activities or attaining certain objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary fund and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the calendar year. Such information may be useful in evaluating a government's financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Township's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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The Township maintains 11 individual Governmental Funds:

General Fund (01)	Transportation Improvement Fund (32)
Debt Service Fund (16)	Park Improvement Fund (34)*
Liquid Fuels Fund (35)*	Agricultural Preservation Fund (19)*
Hydrant Fund (03)*	Pine Grove Mills Streetlight Fund (33)*
Capital Reserve Fund (30)	Regional Capital Recreational Projects Fund (31)*
Street Light Fund (02)*	

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Transportation Improvement Fund, Capital Reserve Fund and Debt Service Fund which are considered major funds.

Data from the other seven governmental funds (designated by a * above) are combined into a single, aggregated presentation captioned other nonmajor governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Township adopts an annual appropriated budget for all its Governmental Funds. Budgetary comparison statements have been provided to demonstrate compliance with the budgets.

The basic Governmental Fund financial statements can be found on pages 31 through 35 of this report.

The *Street Light Fund*, the *Hydrant Fund*, and the *Liquid Fuels Fund* are **Special Revenue Funds** which account for proceeds of specific revenue sources (other than capital projects) that are legally restricted for specific purposes.

The *Transportation Improvement Fund*, *Capital Reserve Fund*, *Agricultural Preservation Fund*, *Regional Capital Recreation Projects Fund*, *Pine Grove Mills Streetlight Fund*, and *Park Improvement Fund* are **Capital Projects Funds**. This includes funds defined as financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund

The *Debt Service Fund* is the main vehicle for recording and tracking bond proceeds, required debt payments and loan balances, not otherwise recorded in a capital projects fund.

Proprietary Fund

The Township has one Proprietary fund: *the Stormwater Fund*. This fund became a proprietary fund in 2022. The fund is intended to be self-sustaining with fees charged based on impervious area per parcel of land to cover stormwater damage.

The basic Proprietary Fund financial statements can be found on pages 36 through 38 of this report.

Fiduciary Funds

The Township has four Fiduciary Funds: *Police Pension Fund*, *Nonuniform Pension Fund*, the *Tudek Memorial Park Trust Fund* and the *Tax Office*. These funds account for the assets held by the Township in a trustee capacity or as the custodian for individuals, private organizations and other governmental units or funds.

The basic Fiduciary Fund financial statements can be found on pages 39 and 40 of this report.

Township of Ferguson, Pennsylvania

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Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 through 65 of this report.

Fund Balances

Nonspendable fund balances are those that are not in spendable form. Restricted fund balances are those that are restricted by external parties or enabling legislation. Committed fund balances are those that are restricted by the highest level of decision making authority. Assigned fund balances are those that are constrained by the Township's intent to be used for a specific purpose, but are not restricted or committed. Unassigned fund balances are those that have no formal restrictions for spending. Management feels that the restrictions, commitments and assignments of its fund balances do not significantly affect the resources available for future use of the Township for ongoing operations.

Government-Wide Financial Analysis

Statement of Net Position December 31, 2022 and 2021

	Government Activities		Business-Type Activity		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 18,942,984	\$ 20,216,616	\$ 1,238,343	\$ -	\$ 20,181,327	\$ 20,216,616
Capital assets (net of depreciation)	33,670,290	33,268,689	959,782	-	34,630,072	33,268,689
Total assets	52,613,274	53,485,305	2,198,125	-	54,811,399	53,485,305
Deferred outflows, pension	1,281,131	186,638	-	-	1,281,131	186,638
Total assets and deferred outflows	<u>\$ 53,894,405</u>	<u>\$ 53,671,943</u>	<u>\$ 2,198,125</u>	<u>\$ -</u>	<u>\$ 56,092,530</u>	<u>\$ 53,671,943</u>
Current liabilities	\$ 1,434,589	\$ 2,354,481	\$ 242,071	\$ -	\$ 1,676,660	\$ 2,354,481
Long-term liabilities	8,658,737	7,489,858	-	-	8,658,737	7,489,858
Total liabilities	10,093,326	9,844,339	242,071	-	10,335,397	9,844,339
Deferred inflows, pension and lease	393,314	218,332	-	-	393,314	218,332
Total liabilities and deferred inflows	10,486,640	10,062,671	242,071	-	10,728,711	10,062,671
Net investment in capital assets	26,731,746	26,365,783	948,256	-	27,680,002	26,365,783
Restricted	2,064,954	2,576,457	-	-	2,064,954	2,576,457
Unrestricted	14,611,065	14,667,032	1,007,798	-	15,618,863	14,667,032
Total net position	43,407,765	43,609,272	1,956,054	-	45,363,819	43,609,272
Total liabilities, deferred inflows and net position	<u>\$ 53,894,405</u>	<u>\$ 53,671,943</u>	<u>\$ 2,198,125</u>	<u>\$ -</u>	<u>\$ 56,092,530</u>	<u>\$ 53,671,943</u>

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Statement of Activities Years Ended December 31, 2022 and 2021

	Government Activities		Business-Type Activity		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 652,246	\$ 916,926	\$ 1,504,525	\$ -	\$ 2,156,771	\$ 916,926
Operating grants and contributions	2,761,241	994,303	-	-	2,761,241	994,303
Capital grants and contributions	593,781	581,026	-	-	593,781	581,026
General revenues:						
Real estate taxes	1,261,997	1,316,368	-	-	1,261,997	1,316,368
Transfer taxes	1,580,325	1,469,690	-	-	1,580,325	1,469,690
Earned income taxes	7,731,145	8,109,152	-	-	7,731,145	8,109,152
Local services taxes	362,257	343,549	-	-	362,257	343,549
Interest and rents	258,329	217,362	16,193	-	274,522	217,362
Other	221,935	420,206	-	-	221,935	420,206
Total revenues and transfers	15,423,256	14,368,582	1,520,718	-	16,943,974	14,368,582
Expenses:						
General government	3,200,052	2,329,369	-	-	3,200,052	2,329,369
Public safety	4,704,738	4,716,992	-	-	4,704,738	4,716,992
Health and welfare	25,759	7,178	-	-	25,759	7,178
Public works, sanitation	-	33,005	-	-	-	33,005
Public works, highways	4,815,910	3,601,377	-	-	4,815,910	3,601,377
Other public works	208,292	309,721	-	-	208,292	309,721
Community development	52,182	20,019	-	-	52,182	20,019
Culture and recreation	1,747,115	1,571,718	-	-	1,747,115	1,571,718
Interest on long-term debt	168,882	173,748	-	-	168,882	173,748
Stormwater	-	-	261,497	-	261,497	-
Transfer to (from) other funds	701,833	-	(696,833)	-	5,000	-
Total expenses and transfers	15,624,763	12,763,127	(435,336)	-	15,189,427	12,763,127
Changes in net position	(201,507)	1,605,455	1,956,054	-	1,754,547	1,605,455
Net Position, Beginning	43,609,272	42,003,817	-	-	43,609,272	42,003,817
Net Position, Ending	\$ 43,407,765	\$ 43,609,272	\$ 1,956,054	\$ -	\$ 45,363,819	\$ 43,609,272

At the end of 2022, the Township is able to report a positive balance of \$45.364 million in total net position which is not significantly affected by restrictions, commitments or any other limitations. The Township's overall financial position increased as reflected in the \$1.755 million increase. The increase is related to the stormwater charges beginning in 2022.

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Governmental Activities

Governmental activities decreased the Township's net position by \$201,507. Key elements of this decrease are as follows:

- Expenditures were more than prior year due to the expenses related to the general government expenses increasing due to insurance costs.

Financial Analysis of the Government's Funds

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

Governmental Funds

Financial Analysis of the Major Funds

General Fund

The General Fund is the primary operating fund of the Township. At December 31, 2022, the Unassigned General Fund balance was \$10.928 million compared to \$8.236 million in 2021, an increase of \$2.692 million. As a measure of the General Fund's liquidity, the Unassigned Fund balance at December 31, 2022 represents 88% ($\$10,927,897/\$12,373,275$) of the total General Fund expenditures (including interfund transfers out) or approximately 322 days ($\$10,927,897/\$12,373,275 \times 365$) of operating costs, an increase of approximately 86 days from 2021. This change was mainly due to the recognition of the American Relief Plan during 2022 towards lost revenue in the previous year related to COVID-19 impacts.

There were transfers out of the General Fund to other Governmental Funds in the amount of \$2.451 million to support capital equipment needs during the year ended December 31, 2022 compared to \$2.874 million in 2021, representing a decrease of \$423 thousand.

General Fund Budgetary Highlights

The 2022 General Fund expenditure budget of \$13.707 million (including interfund transfers of \$2.549 million) compared to \$12.985 million for 2021, representing an increase of \$722 thousand, or 5.57%.

The 2022 General Fund actual expenditures (\$12.373 million, including interfund transfers) were less than budgeted expenditures (\$13.707 million) by \$1.334 million or approximately 9.73%.

The 2022 General Fund revenue budget was \$12.972 million compared to \$11.505 million for 2021, representing an increase of \$1.467 million.

The 2022 General Fund actual revenues of \$15.067 million exceeded budgeted revenues of \$12.972 million by \$2.095 million. The Township actual revenues exceeded the budgeted amounts due to the recognition of the American Relief Plan federal money received.

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Statement of Revenues and Expenditures Years Ended December 31, 2022 and 2021 General Fund

	2022	2021	\$ Change	
			\$	%
Revenues:				
Taxes	\$ 11,478,600	\$ 11,070,457	\$ 408,143	3.7 %
Licenses and permits	315,901	311,942	3,959	1.3
Fines and forfeits	39,119	42,393	(3,274)	(7.7)
Interest and rents	149,720	127,036	22,684	17.9
Intergovernmental	2,735,100	635,635	2,099,465	330.3
Charges for services	176,914	179,699	(2,785)	(1.5)
Miscellaneous	171,717	315,039	(143,322)	(45.5)
Total revenues	15,067,071	12,682,201	2,384,870	18.8
Expenditures:				
General government	1,873,986	1,636,867	237,119	14.5
Public safety	3,585,447	3,385,181	200,266	5.9
Health and welfare	25,759	7,178	18,581	258.9
Public works, sanitation	-	33,005	(33,005)	(100.0)
Public works, highways	1,100,308	1,031,123	69,185	6.7
Other public works	109,148	173,809	(64,661)	(37.2)
Culture and recreation	1,362,886	1,383,539	(20,653)	(1.5)
Community development	52,182	20,019	32,163	160.7
Insurance and other operating	1,812,881	2,153,888	(341,007)	(15.8)
Total expenditures	9,922,597	9,824,609	97,988	1.0
Excess of Revenues Over Expenditures	5,144,474	2,857,592	2,286,882	80.0
Other Financing Uses				
Transfers out, net	(2,450,678)	(2,869,605)	418,927	(14.6)
Net Change in Fund Balance	2,693,796	(12,013)	\$ 2,705,809	22524.0 %
Fund Balance, Beginning	8,252,408	8,264,421		
Fund Balance, Ending	\$ 10,946,204	\$ 8,252,408		

Transportation Improvement Fund

The Transportation Improvement Fund was created to account for certain large road projects of the Township. The fund has been expanded to encompass all transportation projects. At December 31, 2022, the Transportation Improvement Fund's balance was \$3.491 million compared to \$4.650 million in 2021, representing a decrease of \$1.159 million due to the road projects that occurred during the year.

Capital Reserve Fund

The Capital Reserve Fund segregates the capital equipment costs as well as the costs for some park improvement projects. At December 31, 2022, the Capital Reserve Fund balance was \$268 thousand compared to \$1.036 million in 2021, representing a decrease of \$768 thousand. This is due to equipment and building purchases during the year.

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Debt Service Fund

The Debt Service Fund, known internally as the General Obligation Account, is used for the debt proceeds and semi-annual payments. In December 2019, the Township issued \$6.845 million in bonds to finance the construction of a LEED gold public works maintenance facility. In 2020, the Township paid the first installments of interest on the bonds. The Township paid principal of \$215 thousand in 2022.

Other Capital Projects Funds

The Other Capital Projects Funds (separate from the Major Funds) segregate the various capital expenditures (including projects) from the General Fund operating expenditures of the Township. These funds include the Agricultural Preservation, Regional Capital Recreation Projects, Pine Grove Mills Streetlight and the Park Improvement Funds. At December 31, 2022, the combined nonmajor Capital Projects Funds fund balance was \$1.776 million compared to \$2.218 million in 2021, representing a decrease of \$442 thousand.

Special Revenue Funds

As noted earlier, the Special Revenue Funds are proceeds of specific revenue sources (other than capital projects) that are legally restricted for specific purposes. These funds include the Liquid Fuels Fund, Street Light Fund and Hydrant Fund. The combined expenditures exceeded revenues by \$368 thousand for 2022. The combined revenues exceeded expenditures by \$104 thousand for 2021, a decrease of \$472 thousand.

Long-Term Liabilities

Following is a summary of changes in long-term liabilities for the years ended December 31, 2022 and 2021:

Governmental Activities	2022			December 31 Balance
	January 1 Balance	Additions	Retirements	
Long-Term Liabilities:				
Net pension liability	\$ 618,477	\$ 1,385,105	\$ -	\$ 2,003,582
Compensated absences	324,891	56,387	(38,464)	342,814
Bonds payable	6,740,000	-	(215,000)	6,525,000
Bond premium	102,713	-	(4,668)	98,045
Total long-term liabilities	<u>\$ 7,786,081</u>	<u>\$ 1,441,492</u>	<u>\$ (258,132)</u>	<u>\$ 8,969,441</u>
Governmental Activities	2021			December 31 Balance
	January 1 Balance	Additions	Retirements	
Long-Term Liabilities:				
Net pension liability	\$ 985,851	\$ -	\$ (367,374)	\$ 618,477
Compensated absences	314,757	42,374	(32,240)	324,891
Bonds payable	6,845,000	-	(105,000)	6,740,000
Bond premium	107,382	-	(4,669)	102,713
Total long-term liabilities	<u>\$ 8,252,990</u>	<u>\$ 42,374</u>	<u>\$ (509,283)</u>	<u>\$ 7,786,081</u>

Additional information on the Township's long-term debt can be found at Note 5 in the notes to the financial statements.

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Business-Type Activities - Stormwater Fund

The Stormwater Fund is used to collect user fees to cover ongoing costs and maintenance, upkeep and operations of stormwater operations within the Township. During 2022, the Township converted its Stormwater management fund from a special revenue fund to an enterprise fund, as the program became operational.

The net position at December 31, 2022 and 2021 of the Stormwater Fund was \$1.956 million and \$0, respectively, as this was a new fund in the current year. The Township collected fees in 2022 and will focus on stormwater projects in the future.

Pension Trust Funds "Fiduciary Component Units"

The *Police Pension Fund* and the *Nonuniform Pension Fund* are used to account for the employee retirement plan contributions of the Township and its employees, related benefit payments and other plan costs.

The net position at December 31, 2022 and 2021 of the Police Pension Fund was \$6.514 million and \$7.421 million, respectively, representing a decrease of \$907 thousand. This is the result of state funding combined with investment losses. The Township contributed \$362 thousand to the Police Pension Fund in 2022, in accordance with the annual minimum municipal obligation (MMO) compared to \$361 thousand in 2021, representing no change.

The net position at December 31, 2022 and 2021 of the Nonuniform Pension Fund were \$4.420 million and \$5.017 million, respectively, a decrease of \$597 thousand. The Township contributed \$245 thousand to the Nonuniform Pension Fund in 2022, in accordance with the annual MMO, compared to \$245 thousand in 2021, representing no change.

The Police Pension Fund showed a net pension liability of \$2.004 million at December 31, 2022, compared to a net pension liability of \$618 thousand at December 31, 2021, an increase of \$2.622 million.

Cash Flows and Liquidity

Governmental cash and cash equivalents totaled \$8.904 million and \$17.907 million at December 31, 2022 and 2021, respectively, representing 44% ($\$8,904,012/\$20,304,390$) and 83% ($\$17,907,288/\$21,634,572$) of total governmental assets, respectively. This provides for up to 160 days ($\$8,904,012/\$20,304,390 \times 365$) (not including interfund transfers) of operating expenditures for 2022 and 302 days ($\$17,907,288/\$21,634,572 \times 365$) (not including interfund transfers) for 2021 of governmental operating expenditures, an decrease of 142 days. The Township's cash decreased due to reinvesting the cash into investments.

Capital Assets

The Township classifies capital assets as individual items costing \$2,500 or more and an estimated asset life of more than one year. The Township's investment in capital assets (net of accumulated depreciation) for its governmental activities as of December 31, 2022 amounted to \$33.670 million and \$33.269 million for 2021 (net of accumulated depreciation) a net increase of \$401 thousand. This is the result of investments in infrastructure offset by depreciation. This investment in capital assets includes land, parks, buildings, equipment, infrastructure and associated improvements. Additional information on the Township's capital assets can be found in Note 4 to the financial statements.

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Following is a breakdown by asset class (net of accumulated depreciation) for governmental activities:

Class	2022	2021
Land	\$ 2,674,693	\$ 2,674,693
Buildings and improvements	10,180,463	10,300,749
Office furniture and equipment	1,528,778	1,423,638
Infrastructure	17,516,324	17,441,436
Vehicles	1,770,032	1,428,173
Total	<u>\$ 33,670,290</u>	<u>\$ 33,268,689</u>

Following is a breakdown by asset class (net of accumulated depreciation) for business-type activities:

Class	2022	2021
Land	\$ 174,400	\$ -
Infrastructure	785,382	-
	<u>\$ 959,782</u>	<u>\$ -</u>

Economic Condition and Next Year's Budgets and Rates

The overall economy of the Centre Region has been exceptional in the recent past. Penn State University, the largest employer for Township residents, continues to expand and invest in the region. The employment levels and wage totals are increasing. Jobs are opening up allowing employees to upgrade job choices. Demand for housing is driving housing prices up and developers are expanding into the available open spaces. The region has a growth boundary that limits development for several reasons, such as protecting farms and open space. The business environment is diversified with smaller companies replacing the large employers that once inhabited the Township. Centre Region municipalities work to invest in parks and sporting venues, in an effort to attract and retain young residents and families.

Residential and commercial construction increased the Township's real estate taxable assessed values to \$608.6 million at March 1, 2022 from \$595.6 million at March 1, 2021 reflecting an increase of \$13 million or 2.18%.

The Township continues to experience continued population growth since 2010 according to the American Community Survey Foundation. With the addition of several housing projects and residential development, this growth is expected to continue.

The 2023 General Fund expenditure budget includes a \$3.330 million (26%) \$3.330 million/ \$12.963 million) decrease in expenditures over the 2022 budget figures. This includes interfund transfers from the General Fund. The interfund transfers are monies transferred from one fund to another. For individual funds and especially the General Fund, it is important to include the interfund transfers. Interfund transfers from the General Fund are reductions in the General Fund balance and since the General Fund provides much of the funding for the remaining governmental funds, this is a reasonable way to determine the demands on the General Fund for expenditures in the other funds. However, they should be removed when reporting on the aggregate. Including these in the aggregate fund totals would give the appearance of larger revenue and expenditures than actual.

When comparing aggregate fund totals, the interfund transfers should be removed from the total to get a more accurate view of the recurring operations of the Township in the aggregate. The reason for this is that they are included in both the revenue and expenditures in the aggregate, duplicating those amounts. However, they are included when displaying individual fund activities.

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At the fund level, the interfund transfers detail provide information about the sources and uses of the transfers. The budget for 2023 provides sufficient revenues to cover General Fund expenditures using existing available fund balance.

Since 2006, the Township has been a member of the Pennsylvania Municipal Health Insurance Cooperative a nonprofit insurance co-operative to stabilize the cost of healthcare for the Township employees. The rate increase experience has varied between 0% - 13% per year. More recently, net costs (per employee) have been the lowest with several years of refunds.

Finally, continued population growth, housing turnover and Penn State growth continues to have a significant positive impact on the township transfer taxes, earned income tax, American Relief Plan funding and real estate tax collections. This helped the township weather the impact of COVID-19 on the local economy. With the Township's cash balances and regional growth, the Township's financial future continues to look favorable.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Ferguson Township Finance Director or Township Manager at 3147 Research Drive, State College, Pennsylvania 16801.

Township of Ferguson, Pennsylvania

Statement of Net Position
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	Governmental Activities	Business-Type Activity	Total
Assets and Deferred Outflows of Resources			
Assets			
Current assets:			
Cash	\$ 8,904,012	\$ 1,152,484	\$ 10,056,496
Investments	7,504,459	-	7,504,459
Taxes receivable	1,924,520	-	1,924,520
Prepaid items	18,307	-	18,307
Due from fiduciary funds	41,809	-	41,809
Leases receivable	46,291	-	46,291
Other accounts receivable	318,422	-	318,422
Total current assets	<u>18,757,820</u>	<u>1,152,484</u>	<u>19,910,304</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation:			
Land	2,674,693	174,400	2,849,093
Buildings and improvements	10,180,463	-	10,180,463
Equipment	1,528,778	-	1,528,778
Vehicles	1,770,032	-	1,770,032
Infrastructure	17,516,324	785,382	18,301,706
Total capital assets, net of accumulated depreciation	<u>33,670,290</u>	<u>959,782</u>	<u>34,630,072</u>
Leases receivable	<u>185,164</u>	<u>-</u>	<u>185,164</u>
Total noncurrent assets	<u>33,855,454</u>	<u>959,782</u>	<u>34,815,236</u>
Total assets	<u>52,613,274</u>	<u>2,112,266</u>	<u>54,725,540</u>
Deferred Outflows of Resources, Pension			
Total	<u>1,281,131</u>	<u>-</u>	<u>1,281,131</u>
Total	<u>\$ 53,894,405</u>	<u>\$ 2,112,266</u>	<u>\$ 56,006,671</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Current liabilities:			
Accounts payable	\$ 293,106	\$ 230,545	\$ 523,651
Construction accounts payable	315,499	11,526	327,025
Current portion of bonds payable	225,000	-	225,000
Curb/development deposits	415,615	-	415,615
Internal balances	85,859	(85,859)	-
Accrued interest	13,806	-	13,806
Current portion of compensated absences	85,704	-	85,704
Total current liabilities	<u>1,434,589</u>	<u>156,212</u>	<u>1,590,801</u>
Noncurrent liabilities:			
Bonds payable	6,398,045	-	6,398,045
Net pension liability	2,003,582	-	2,003,582
Compensated absences	257,110	-	257,110
Total noncurrent liabilities	<u>8,658,737</u>	<u>-</u>	<u>8,658,737</u>
Total liabilities	<u>10,093,326</u>	<u>156,212</u>	<u>10,249,538</u>
Deferred Inflows of Resources			
Lease related amounts	231,455	-	231,455
Pension	161,859	-	161,859
Total deferred inflows of resources	<u>393,314</u>	<u>-</u>	<u>393,314</u>
Net Position			
Net investment in capital assets	26,731,746	948,256	27,680,002
Restricted for:			
Public works	462,255	-	462,255
Capital projects	1,602,699	-	1,602,699
Unrestricted	14,611,065	1,007,798	15,618,863
Total net position	<u>43,407,765</u>	<u>1,956,054</u>	<u>45,363,819</u>
Total	<u>\$ 53,894,405</u>	<u>\$ 2,112,266</u>	<u>\$ 56,006,671</u>

See notes to financial statements

Township of Ferguson, Pennsylvania

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 3,200,052	\$ 459,316	\$ -	\$ -	\$ (2,740,736)		\$ (2,740,736)
Public safety	4,704,738	39,119	2,761,241	-	(1,904,378)		(1,904,378)
Health and welfare	25,759	7,744	-	-	(18,015)		(18,015)
Public works, highways	4,815,910	-	-	593,781	(4,222,129)		(4,222,129)
Public works, other services	208,292	146,067	-	-	(62,225)		(62,225)
Community development	52,182	-	-	-	(52,182)		(52,182)
Culture and recreation	1,747,115	-	-	-	(1,747,115)		(1,747,115)
Interest on long-term debt	168,882	-	-	-	(168,882)		(168,882)
Total governmental activities	<u>\$ 14,922,930</u>	<u>\$ 652,246</u>	<u>\$ 2,761,241</u>	<u>\$ 593,781</u>	<u>(10,915,662)</u>		<u>(10,915,662)</u>
Business-Type Activities							
Stormwater	<u>\$ 261,497</u>	<u>\$ 1,504,525</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 1,243,028</u>	<u>1,243,028</u>
General Revenues							
Taxes:							
					1,261,997	-	1,261,997
					1,580,325	-	1,580,325
					7,731,145	-	7,731,145
					362,257	-	362,257
					258,329	16,193	274,522
					(696,833)	696,833	-
					(5,000)	-	(5,000)
					221,935	-	221,935
					<u>10,714,155</u>	<u>713,026</u>	<u>11,427,181</u>
					(201,507)	1,956,054	1,754,547
					<u>43,609,272</u>	<u>-</u>	<u>43,609,272</u>
					<u>\$ 43,407,765</u>	<u>\$ 1,956,054</u>	<u>\$ 45,363,819</u>

See notes to financial statements

Township of Ferguson, Pennsylvania

Balance Sheet
 Governmental Funds
 December 31, 2022

	<u>General Fund</u>	<u>Transportation Improvement Fund</u>	<u>Capital Reserve Fund</u>	<u>Debt Service Fund</u>	<u>Other Nonmajor Funds</u>	<u>Totals</u>
Assets						
Cash	\$ 5,164,324	\$ 1,137,022	\$ 408,430	\$ 476,759	\$ 1,717,477	\$ 8,904,012
Investments	4,608,459	2,496,000	-	-	400,000	7,504,459
Taxes receivable	1,924,520	-	-	-	-	1,924,520
Other accounts receivable	311,544	-	245	-	6,633	318,422
Prepaid items	18,307	-	-	-	-	18,307
Due from other funds	850,245	447,680	57,755	-	278,990	1,634,670
Total assets	<u>\$ 12,877,399</u>	<u>\$ 4,080,702</u>	<u>\$ 466,430</u>	<u>\$ 476,759</u>	<u>\$ 2,403,100</u>	<u>\$ 20,304,390</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 291,656	\$ -	\$ -	\$ -	\$ 1,450	\$ 293,106
Construction accounts payable	-	176,396	139,103	-	-	315,499
Due to other funds	1,101,312	413,124	59,527	-	104,757	1,678,720
Curb/development deposits	415,615	-	-	-	-	415,615
Total liabilities	<u>1,808,583</u>	<u>589,520</u>	<u>198,630</u>	<u>-</u>	<u>106,207</u>	<u>2,702,940</u>
Deferred inflows of resources:						
Unavailable revenues, taxes	122,612	-	-	-	-	122,612
Fund balances:						
Nonspendable	18,307	-	-	-	-	18,307
Restricted	-	-	-	476,759	2,064,954	2,541,713
Committed	-	3,491,182	267,800	-	173,509	3,932,491
Assigned	-	-	-	-	58,430	58,430
Unassigned	10,927,897	-	-	-	-	10,927,897
Total fund balances	<u>10,946,204</u>	<u>3,491,182</u>	<u>267,800</u>	<u>476,759</u>	<u>2,296,893</u>	<u>17,478,838</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,877,399</u>	<u>\$ 4,080,702</u>	<u>\$ 466,430</u>	<u>\$ 476,759</u>	<u>\$ 2,403,100</u>	<u>\$ 20,304,390</u>

See notes to financial statements

Township of Ferguson, Pennsylvania

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2022

Total Fund Balances - Governmental Funds \$ 17,478,838

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

Taxes receivable will be collected in the future, but are not available to pay for current period expenditures and, therefore, are deferred in the funds. 122,612

Capital assets used in governmental activities are not reported in the governmental funds. The cost of the capital assets is \$69,573,800 and the accumulated depreciation is \$35,903,510. 33,670,290

Leases receivables will be collected in the future, but are not available to pay for current period expenditures and, therefore, are not recognized in the funds 231,455

Deferred inflows of resources related to leases and are not reported in the governmental funds, however are reported in the statement of position (231,455)

Deferred outflows related to net pension liability are not reported in the governmental funds, however are reported in the statement of net position. 1,281,131

Deferred inflows related to net pension liability are not reported in the governmental funds, however are reported in the statement of net position. (161,859)

Long-term liabilities, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds payable	\$ (6,525,000)	
Unamortized bond premium	(98,045)	
Accrued interest	(13,806)	
Net pension liability	(2,003,582)	
Compensated absences	(342,814)	(8,983,247)

Total Net Position - Governmental Activities \$ 43,407,765

Township of Ferguson, Pennsylvania

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 Year Ended December 31, 2022

	General Fund	Transportation Improvement Fund	Capital Reserve Fund	Debt Service Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues						
Taxes	\$ 11,478,600					\$ 11,478,600
Licenses and permits	315,901					315,901
Fines and forfeits	39,119					39,119
Interest and rents	149,720	\$ 52,789	\$ 19,637	\$ 5,585	\$ 30,600	258,331
Intergovernmental	2,735,100	-	1,000	-	637,899	3,373,999
Charges for service	176,914	-	-	-	146,454	323,368
Miscellaneous revenue	171,717	-	-	-	-	171,717
Total revenues	15,067,071	52,789	20,637	5,585	814,953	15,961,035
Expenditures						
Current:						
General government	1,873,986	53,218	-	-	-	1,927,204
Public safety	3,585,447	-	114,102	-	-	3,699,549
Health and welfare	25,759	-	-	-	-	25,759
Public works, highways	1,100,308	2,804,388	584,207	-	1,061,349	5,550,252
Public works, other services	109,148	-	-	-	99,144	208,292
Culture and recreation	1,362,886	-	36,904	-	230,916	1,630,706
Community development	52,182	-	-	-	-	52,182
Insurance and other operating	1,812,881	-	-	-	-	1,812,881
Capital outlay	-	-	458,725	-	-	458,725
Debt service, principal	-	-	-	215,000	-	215,000
Debt service, interest	-	-	-	174,268	-	174,268
Total expenditures	9,922,597	2,857,606	1,193,938	389,268	1,391,409	15,754,818
Excess (deficiency) of revenues over expenditures	5,144,474	(2,804,817)	(1,173,301)	(383,683)	(576,456)	206,217
Other Financing (Uses) Sources						
Transfers, in	-	1,645,678	400,000	400,000	-	2,445,678
Sale of capital assets	-	-	5,100	-	-	5,100
Transfers, out	(2,450,678)	-	-	-	(234,868)	(2,685,546)
Total other financing (uses) sources	(2,450,678)	1,645,678	405,100	400,000	(234,868)	(234,768)
Net increases (decreases) in fund balances	2,693,796	(1,159,139)	(768,201)	16,317	(811,324)	(28,551)
Fund Balances, Beginning	8,252,408	4,650,321	1,036,001	460,442	3,108,217	17,507,389
Fund Balances, Ending	\$ 10,946,204	\$ 3,491,182	\$ 267,800	\$ 476,759	\$ 2,296,893	\$ 17,478,838

See notes to financial statements

Township of Ferguson, Pennsylvania

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (28,551)

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

Some taxes will not be collected for several months after
year-end as they are not considered "available" revenues
in the governmental funds. (542,882)

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the costs of those
assets is allocated over their estimated useful lives and
reported as depreciation expense. This is the amount
by which capital outlays exceeded depreciation in the
current period.

Capital outlays	\$ 3,755,244	
Transfer to stormwater fund	(461,964)	
Depreciation expense	<u>(2,891,679)</u>	401,601

The issuance of long-term debt (bonds) provides current
financial resources to governmental funds, while the
repayment of the principal of long-term debt consumes
the current financial resources of governmental funds.
These transactions, however, do not have an affect on
net position. Also, governmental funds 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. Reconciling
items related to long-term debt activity for the year
ended December 31, 2022 are as follows:

Bond repayment	215,000	
Bond premium amortization	<u>4,668</u>	219,668

Accrued interest expense on long-term debt is reported in
the statement of activities but does not require the use of
current financial resources. Therefore, accrued interest
expense is not reported as expenditures in governmental
funds. The net change in interest receivable is recorded
in the statement of activities. 717

Net pension liability is considered long-term in nature, and
is not reported as a liability within the funds. Such a liability
is, however, reported with in the statement of net position,
and changes in the liability is reflected within the statement
of net position. This represents the change in pension
liability and the deferred outflows and inflows related to
the pension. (234,137)

In the statement of activities, certain operating expenses -
compensated absences (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 different between
the amount earned versus the amount used. (17,923)

Changes in Net Position of Governmental Activities \$ (201,507)

See notes to financial statements

Township of Ferguson, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

General Fund

Year Ended December 31, 2022

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>	<u>Variance With</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues			
Taxes	\$ 10,375,962	\$ 11,478,600	\$ 1,102,638
Licenses and permits	295,152	315,901	20,749
Fines and forfeits	45,400	39,119	(6,281)
Interest and rents	116,529	149,720	33,191
Intergovernmental	1,699,032	2,735,100	1,036,068
Charges for service	184,750	176,914	(7,836)
Miscellaneous	255,281	171,717	(83,564)
	<u>12,972,106</u>	<u>15,067,071</u>	<u>2,094,965</u>
Expenditures			
General government	1,707,516	1,873,986	(166,470)
Public safety	3,926,227	3,585,447	340,780
Health and welfare	28,500	25,759	2,741
Public works, sanitation	85,000	-	85,000
Public works, highways	1,187,272	1,100,308	86,964
Public works, other services	144,496	109,148	35,348
Culture and recreation	1,556,452	1,362,886	193,566
Community development	89,241	52,182	37,059
Insurance and other operating	2,432,879	1,812,881	619,998
	<u>11,157,583</u>	<u>9,922,597</u>	<u>1,234,986</u>
Excess of revenues over expenditures	1,814,523	5,144,474	3,329,951
Other Financing Sources (Uses)			
Transfers, out	<u>(2,549,397)</u>	<u>(2,450,678)</u>	<u>98,719</u>
Net changes in fund balances	<u>\$ (734,874)</u>	2,693,796	<u>\$ 3,428,670</u>
Fund Balances, Beginning		<u>8,252,408</u>	
Fund Balances, Ending		<u>\$ 10,946,204</u>	

See notes to financial statements

Township of Ferguson, Pennsylvania

Statement of Net Position - Proprietary Fund

December 31, 2022

	<u>Stormwater Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,152,484
Due from other funds	<u>85,859</u>
Total current assets	<u>1,238,343</u>
Noncurrent assets:	
Capital assets:	
Land	174,400
Infrastructure	804,284
Accumulated depreciation	<u>(18,902)</u>
Capital assets, net of accumulated depreciation	<u>959,782</u>
Total assets	<u>2,198,125</u>
Liabilities	
Current liabilities:	
Accounts payable	230,545
Retainage payable	<u>11,526</u>
Total current liabilities	<u>242,071</u>
Net Position	
Net investment in capital assets	948,256
Unrestricted	<u>1,007,798</u>
Total net position	<u>\$ 1,956,054</u>

See notes to financial statements

Township of Ferguson, Pennsylvania

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
Year Ended December 31, 2022

Operating Revenues	
Charges for services	<u>\$ 1,504,525</u>
Operating Expenses	
Personnel	127,194
Professional services	103,187
Materials	15,232
Depreciation	13,656
Other	<u>2,227</u>
Total operating expenses	<u>261,496</u>
Operating Income	<u>1,243,029</u>
Nonoperating Revenue	
Transfers in from governmental activities - capital assets	461,964
Transfers in from other nonmajor funds	234,868
Interest income	<u>16,193</u>
Total nonoperating revenue	<u>713,025</u>
Changes in net position	1,956,054
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ 1,956,054</u></u>

See notes to financial statements

Township of Ferguson, Pennsylvania

Statement of Cash Flows - Proprietary Fund

Year Ended December 31, 2022

	Stormwater Fund
Cash Flows From Operating Activities	
Cash received from customers	\$ 1,418,666
Cash paid to employees and vendors	(17,296)
	<u>1,401,370</u>
Net cash provided by operating activities	<u>1,401,370</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of capital assets	(499,947)
	<u>(499,947)</u>
Cash Flows From Investing Activities	
Transfer in from other nonmajor funds	234,868
Interest received	16,193
	<u>251,061</u>
Net cash provided by investing activities	<u>251,061</u>
Increase in cash and cash equivalents	1,152,484
Cash and Cash Equivalents, Beginning	<u>-</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,152,484</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 1,243,029
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	13,656
Changes in assets and liabilities:	
Due from other funds	(85,859)
Accounts payable	230,544
	<u>230,544</u>
Net cash provided by operating activities	<u>\$ 1,401,370</u>
Supplemental Disclosure of Non Cash Capital and Related Financing Activities	
Capital assets in retainage payable	<u>\$ 11,526</u>
Capital assets transferred from governmental activities	<u>\$ 461,964</u>

See notes to financial statements

Township of Ferguson, Pennsylvania

Statement of Fiduciary Net Position

December 31, 2022

	<u>Pension Trust Funds</u>	<u>Tudek Memorial Trust Fund</u>	<u>Custodial Funds</u>
Assets			
Cash and cash equivalents	\$ 57,738	\$ 164,775	\$ 192,208
Prepaid items	14,808	-	-
Beneficial interest in assets held by a community foundation	-	511,425	-
Investments, at fair value:			
Cash and cash equivalents	281,112	-	-
Equities	2,659,811	-	-
Mutual funds	7,825,098	-	-
Accounts receivable	119,922	3,400	-
Land	-	2,118,100	-
Land improvements, net	-	11,265	-
	<u>10,958,489</u>	<u>2,808,965</u>	<u>192,208</u>
Total assets			
Liabilities			
Accounts payable	-	715	-
Due to other funds	24,761	17,048	-
	<u>24,761</u>	<u>17,763</u>	<u>-</u>
Total liabilities			
Net Position			
Net position restricted for pensions	10,933,728	-	-
Net position restricted for other trust fund	-	2,791,202	-
Net position restricted for other governments	-	-	192,208
	<u>\$ 10,933,728</u>	<u>\$ 2,791,202</u>	<u>\$ 192,208</u>
Total net position			

See notes to financial statements

Township of Ferguson, Pennsylvania

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2022

	Pension Trust Funds	Tudek Memorial Trust Fund	Custodial Funds
Additions			
Contributions:			
Employer contributions	\$ 606,289		
Employee contributions	39,800		
Total contributions	646,089		
Tax collections for other governments:			
Real estate			\$ 30,934,783
Investment income (loss):			
Net depreciation in fair value of investments	(1,834,671)	\$ (74,791)	-
Interest and dividends	189,928	1,437	10,832
Less investment expense	(58,580)	-	-
Net investment income (loss)	(1,703,323)	(73,354)	10,832
Transfer in from General Fund	5,000	-	-
Grants and gifts, nongovernmental	-	18,716	-
Total additions	(1,052,234)	(54,638)	30,945,615
Deductions			
Park operations	-	13,051	-
Insurance	-	8,386	-
Benefits paid to participants	452,934	-	-
Payments of tax to other governments:			
Real estate	-	-	31,161,782
Total deductions	452,934	21,437	31,161,782
Net changes in net position	(1,505,168)	(76,075)	(216,167)
Net Position Restricted, Beginning	12,438,896	2,867,277	408,375
Net Position Restricted, Ending	\$ 10,933,728	\$ 2,791,202	\$ 192,208

See notes to financial statements

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies

The accounting methods and procedures adopted by the Township of Ferguson, Pennsylvania (the Township), conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The following notes to the financial statements are an integral part of the Township's financial statements:

Financial Reporting Entity

The Township is located in central Pennsylvania and operates under a Home Rule Charter with an elected five member Board of Supervisors. The Township provides services to its residents in many areas, including general government services, police and fire protection, highway repair and maintenance, and community health and recreation programs and stormwater collection.

The reporting entity has been defined in accordance with the criteria established in Government Accounting Standards Board (GASB) Statement 14, as amended. The specific criteria used in determining whether other organizations should be included in the Township's financial reporting entity are financial accountability, fiscal dependency and legal separation. A component unit is a legally separate organization with which the primary government has a significant operational or financial relationship. The fiduciary financial statements include two fiduciary component units, presented as fiduciary funds, related to the Township of Ferguson Police Pension Plan (a pension trust fund) and the Township of Ferguson Municipal Employees Money Purchase Pension Plan (a pension trust fund). The financial results of these two fiduciary component units are reported and included in the statement of fiduciary net position and statement of changes in fiduciary net position. These two plans are not separately audited. Additional disclosures in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - Amendment of GASB Statement No. 27*, are presented for these plans in Note 7 - Pensions and in the Required Supplementary Information (RSI). A description of related organizations and jointly governed organizations, while not included as component units, are as follows:

Related Organization

The Ferguson Township Industrial Development Authority (IDA) has a separate appointed board and provides services to residents, generally within the geographic boundaries of the government. The IDA is not considered a component unit of the Township as it is not deemed to have a significant operational or fiscal relationship with the Township.

Jointly Governed Organizations

Centre Area Transportation Authority (CATA), Centre Region Council of Governments (CRCOG), Centre Regional Recreation Authority (CRRRA) and Schlow Centre Region Library have boards appointed jointly by the area governments' governing bodies. The Township elects two members to the Schlow Centre Region Library governing board and one member to the remaining units' governing boards. Accordingly, these organizations are not component units. These are independent units that select management staff, set user charges, establish budgets and control all aspects of the daily activities. In the event that one of these units would dissolve, however, the assets and/or liabilities would be shared among the participating municipalities. The Township approved the following operating and capital grants to these organizations for 2022: CATA \$109,148, CRCOG \$589,952, CRRRA \$549,084 and Schlow Centre Region Library \$514,718.

The Township guarantees a portion of the bank debt for CRCOG for the regional pools and parks. The Township would be obligated for their share in the event CRCOG was not able to meet principal and interest payments when they become due. As of December 31, 2022, the maximum amount payable under such guarantees is \$2.5 million plus interest. CRCOG is current with the debt payments and the Township believes there is only a remote possibility that it would be required to perform under the guarantees, therefore no liability is recorded. The Township has guaranteed the debt through its maturity in 2031. There is no formal arrangement for recovery of payments should the guarantee be exercised.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

Separate financial reports are available at the following addresses: Schlow Library, 211 South Allen Street, State College, Pennsylvania 16801; Centre Region Council of Governments, 2643 Gateway Drive, State College, Pennsylvania 16801; Centre Region Recreation Authority, 2643 Gateway Drive #1, State College, Pennsylvania 16801; Centre Area Transportation Authority, 2081 West Whitehall Road, State College, Pennsylvania 16801.

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 and its component units. For the most part, the effect of interfund activity has been removed from these statements with the exception of those representing balances between the governmental activities and fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable (beyond the component fiduciary funds, the Township has no other component units).

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 that are clearly identifiable with a specific function or segment. The expenses reported for functional activities include allocated indirect expenses. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that 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.

The fund financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary 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 proprietary fund and 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the Township considers certain revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

Governmental Funds

Major Governmental Funds

General Fund

The General Fund is the primary operating fund of the Township. It accounts for all financial resources and legally authorized activities of the Township except those required to be accounted for in other specialized funds. The majority of the current operating expenditures of the Township are financed through revenue of the General Fund. The General fund is always a major fund.

Transportation Improvement Fund

The Transportation Improvement Fund is a capital projects fund and was created to account for specific road projects related to the tax increase in 2001 and was later expanded to encompass all transportation projects.

Capital Reserve Fund

The Capital Reserve Fund accounts for road projects (other than those accounted for in the Transportation Improvement Fund) and capital improvements of the Township.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Funds

Capital projects funds account for the capital purchases of the Township.

Proprietary Funds

Proprietary Fund Types are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The following is a description of the Township's proprietary fund:

Enterprise Funds

Enterprise funds are used for activities that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs of providing services to the public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has determined that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability and other purposes. The Township's sole enterprise fund consists of its stormwater operations, which is considered a major fund.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

Fiduciary Funds

Fiduciary funds include trust and custodial funds that are used to account for assets held by the Township in a trustee capacity. Fiduciary funds of the Township include two fiduciary component unit pension trust funds, a private purpose trust fund and the tax office. Pension trust funds, the private purpose trust fund and custodial funds are reported using economic resources measurement focus and the accrual basis of accounting. The tax office is a Custodial Fund.

Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with GAAP for all funds except the pension trust, Pine Grove Mills Streetscape and custodial funds. The appropriated budget is prepared by fund, function and department. Expenditures cannot legally exceed budgeted appropriations at the fund level. Additionally, management cannot revise the total budget obligation by fund level without the approval of the Board of Supervisors.

Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets

Net investment in capital assets - This 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.

Net investment in capital assets is calculated as follows:

	Governmental Activities	Business-Type Activity
Capital assets:	\$ 69,573,800	\$ 978,684
Less accumulated depreciation/amortization	(35,903,510)	(18,902)
Less outstanding principal of capital-related borrowings	(6,525,000)	-
Less construction in accounts payable	(315,499)	(11,526)
Less original premiums on outstanding capital debt	(98,045)	-
Total	<u>\$ 26,731,746</u>	<u>\$ 948,256</u>

Restricted

A portion of net position subject to externally imposed conditions by parties outside of the Township (such as creditors, grantors, laws, regulations or other governments).

Unrestricted

All other categories of net position. These assets may be designated for specific purposes.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

Governmental Fund Balances

The Township classifies its governmental fund balances as follows:

- *Nonspendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Township through board resolution. A resolution must be passed by the Township Supervisors to establish, modify or rescind a fund balance commitment.
- *Assigned* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Township, but not through a formal action of the Township Supervisors. The board created a policy which grants authority to the Township Manager to assign fund balance.
- *Unassigned* - includes position fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Township has not formally adopted a minimum fund balance policy.

Restricted Net Position/Fund Balances

In governmental funds when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the Township's policy is generally to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed, assigned, and then unassigned fund balances.

Cash Equivalents

The Township considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents.

Investments

Investments are carried at fair value except for money market investments, which include short-term, highly liquid debt instruments that are reported at cost or amortized cost. Any differences between the market values and costs of investments, other than short-term money market investments, are reflected in investment income.

Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items. These items are recognized as expenditures proportionately over the periods that the service is provided (consumption method).

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the calendar year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as due to or from other funds. All trade and certain tax receivables are shown net of an allowance for uncollectible. Township management has determined that an allowance for property taxes receivable is not necessary at December 31, 2022, based on collection history.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

Lease Receivable

The Township is a lessor for space of a building. The Township recognized a lease receivable and a deferred inflow of resources on its statement of net position pursuant to this arrangement. At the commencement of the lease, the Township initially measured the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payment received. The deferred inflow of resources was initially measured as the initial amount of the lease receivable. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Deferred Outflows/Inflows of Resources

In addition to assets, the Township will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Township will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, vehicles, and infrastructure assets (e.g., roads, sidewalks, traffic signals, bike paths, and similar items), are reported in the government-wide financial statements. Infrastructure assets have been capitalized on a prospective basis since 2004. Major outlays for capital assets and improvements are capitalized as projects are constructed; amounts reported as construction in progress at year-end are not yet substantially complete and as such are not yet being depreciated. Capital assets are defined by the Township as assets with an initial, individual cost of \$2,500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation. Infrastructure assets are recorded at historical cost using prevailing wages.

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

Buildings, land improvements, building improvements, park improvements, furniture and equipment, vehicles, and infrastructure are depreciated using the straight-line method over the estimated useful lives as follows:

Buildings	30 years
Land improvements	10 to 30 years
Building improvements	10 to 30 years
Park improvements	10 to 30 years
Furniture and equipment	3 to 20 years
Infrastructure	10 to 20 years
Vehicles	5 years

Compensated Absences

Employees earn vacation on an anniversary year calendar based upon length of service. It is the Township's policy to permit employees to accumulate unused vacation benefits for one year up to a maximum amount determined by bargaining unit agreements. If not used in the next anniversary year, the time is lost. Upon termination, employees are paid for all earned vacation days that have not been used up to the maximum number of days. Accumulated paid leave and compensatory time for employees paid out of governmental funds are recorded as an expenditure when due for payment.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

In the government-wide financial statements, an expense and a liability are recorded as the paid leave and compensatory time benefits accrue to employees.

Pension Plans

The Township provides a separate defined benefit pension plan for its uniformed police department personnel and a defined contribution plan for general employees. It is the Township's policy to fund the normal cost of the defined benefit pension plan as required through an actuarial valuation.

Deferred Compensation Plan

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Real Estate Taxes

Because the Township operates under a Home Rule Charter, it is not subject to state law limiting the amount of tax levy millage allowable for use in providing general government services or for payment of principal and interest on long-term debt.

The Township's property tax is levied by ordinance of the Board of Supervisors on real property located within the Township. Assessed values are generally 50% of market value as of the date of the last reassessments by the Centre County Board of Property Assessments, Appeals and Review. The total taxable assessed valuation was \$608,588,075 as of March 1, 2022. For 2022, Township real estate taxes were levied at the rate of 2.422 mills (.002422) on every dollar of taxable adjusted valuation.

Real estate taxes are levied on March 1. The Township tax office bills and collects these taxes. Taxpayers making payments prior to April 30 are given a 2% discount. Amounts paid after June 30 are assessed a 10% penalty. The levy becomes delinquent on December 31. Centre County collects delinquent real estate taxes on behalf of the Township.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

The Township adopted GASB Statement No. 87, *Leases*, effective January 1, 2022. This Statement requires the recognition of certain lease assets, liabilities and deferred inflows of resources that previously were classified as operating leases and recognized as inflows of resources based on the payment provisions of the contract. This Standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, which enhances the relevance and consistency of information about the Township's leasing activities. This standard was implemented during the Township's year ended December 31, 2022, which resulted in the recognition of a lease receivable and deferred inflow of resources at January 1, 2022 (the implementation date) of \$42,828.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

2. Cash, Cash Equivalents, Investments and Fair Value Disclosures

Governmental Activities

The Township is required to disclose deposit and investment risks: credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The following is a description of the Township's deposit and investment risks.

Cash and Cash Equivalents

At December 31, 2022, the Township's total bank deposits were \$11,034,441. The Township's cash deposits are held at various local banks and the Pennsylvania Local Government Investment Trust (PLGIT). The operating accounts are held at a local bank and are secured by the Federal Depository Insurance Corporation (FDIC) insurance up to \$250,000 under current law.

Investment Portfolio

Pennsylvania statutes provide for the investment of governmental funds in certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for cash management and investment purposes. In addition to the investments authorized for governmental funds, fiduciary fund investments may be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practices. Act 72 requires all governmental (public funds) deposits not insured by the FDIC to be collateralized by the financial institution.

The deposit and investment policy of the Township adheres to state statutes. Deposits of the governmental funds are either maintained in demand deposits or pooled for investment purposes in certificates of deposit.

The Township's investment policy identifies permitted investments as follows:

- Insured or collateralized savings accounts or time deposits
- Insured or collateralized certificates of deposits
- United States Treasury bills
- Obligations of the United States government or its agencies or instrumentalities
- Obligations of the Commonwealth of Pennsylvania or its agencies or instrumentalities
- Obligations of the political subdivisions of the Commonwealth of Pennsylvania or its agencies or instrumentalities
- Pooled investments in accordance with the provisions of the Act of the Pennsylvania General Assembly of July 12, 1972 (P.L. 762, No. 180).

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Township will not recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The Township does not have a formal deposit policy for custodial credit risk. As of December 31, 2022, the Township's total bank deposits were \$11,034,441. Of this amount, \$904,113 was insured by the FDIC and \$863,406 of the total deposits is held in trust by PLGIT in accounts separate and apart from the assets of the financial institution. The PLGIT trust invests in two basic types of Federal Securities: Obligations backed by the full faith and credit of the United States and short term obligations of the U.S. Government and its agencies instrumentalities. Due to the short-term nature and liquidity of the investments held within the pool, the fair value of the underlying investments approximates amortized cost. The remaining bank deposits of \$9,266,922 were exposed to custodial credit risk, as these deposits were not covered by depository insurance. Rather, these deposits were collateralized with securities held by the pledging institution, but not in the Township's name.

Local financial institution Certificates of Deposit of \$802,112 are held for safekeeping by the Township (except those held by VOYA Investments).

The Township has investments with the firm VOYA Investments in the amount of \$8,459. The Township has investments with PLGIT in the amount of \$7,496,000. These types of investments include cash or cash equivalents insured by the FDIC. These investments are held by the investment firm in an account separate and apart from the assets of the financial institution. The brokerage account is held in Ferguson Township's name.

The Township measures its investments at fair value on a recurring basis in accordance with GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance established for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

- Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Township for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.
- Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the same term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.
- Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

At December 31, 2022, the Township had the following recurring fair value measurements:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Assets Reported at Fair Value				
Investments:				
Cash and cash equivalents	\$ 7,504,459	\$ -	\$ -	\$ 7,504,459

Valuation Methodologies

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2022.

- *Cash and cash equivalents*: The carrying amounts approximate fair value because of the short maturity of those financial instruments.
- *Investments*: The *certificates of deposit* were measured using Level 2 inputs in which cost approximates fair value.

The Township has no Level 3 investments.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a credit rating by a nationally recognized organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Township does not have a formal deposit policy for credit risk. None of the Township's governmental fund investments were exposed to credit risk at December 31, 2022.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. The Township places no limit on the amount the Township may invest in any one issuer. As of December 31, 2022, except for the certificates of deposit with maturities of less than one year and a value of \$802,112, there are no investments that exceed 5% of the total portfolio's market value.

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in marked interest rates.

The Township's investment policy sets limits for investment maturities to match known cash needs and anticipated cash flow requirements. Investments shall have maturities no longer than three years. The Township utilizes the segmented time distribution as a measurement of interest rate risk for debt securities.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

Information about the sensitivity of the fair values of the investments to market interest rate fluctuation is provided by the following table that shows distribution of the investments by maturity as of December 31, 2022:

Maturity	Amount
None	\$ 7,504,459
Less than one year	802,112
One to two years	-
Two to three years	-

Foreign Currency Risk

Foreign currency risk is the risk that changes in the foreign exchange rate will adversely affect the fair value of an investment. There are currently no investments in securities exchanged in foreign denominations. The Township does not have a formal policy for foreign currency risk.

Pension Trust Funds

The deposits and investments of the fiduciary funds are administered by the Pension Trustees (Trustees) and are held separately from those of other Township funds.

Investments in the trust funds are stated at fair value for both reporting and actuarial purposes. Investment purchases are recorded as of the trade date. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are generally reported at cost, which is not expected to be materially different from fair value.

The Township's investments in its Pension Trust Funds are comprised of a variety of financial instruments and are managed by an external investment advisor. The fair values reported in the statement of fiduciary net position are exposed to the various risks, including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investments and the level of uncertainty related to the changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

Purchases and sales are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Cost of securities sold is determined on the specific identifications methods generally on a first-in, first-out basis.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2022

The following table presents the investments measured at fair value as of December 31, 2022 by caption on the statement on fiduciary net position by the valuation hierarchy defined above:

	Level 1	Level 2	Level 3	Total Fair Value
Assets Reported at Fair Value				
Investments:				
Cash and cash equivalents (held for investment purposes)	\$ 281,112	\$ -	\$ -	\$ 281,112
Exchange traded funds:				
Equity	718,050	-	-	718,050
Mutual funds:				
Alternative	706,093	-	-	706,093
Fixed income	2,131,906	-	-	2,131,906
Balanced	4,405,837	-	-	4,405,837
Equity	581,262	-	-	581,262
Marketable equity securities:				
Industrials	254,586	-	-	254,586
Consumer discretionary	236,584	-	-	236,584
Consumer staples	140,401	-	-	140,401
Energy	67,891	-	-	67,891
Financial	352,168	-	-	352,168
Materials	77,106	-	-	77,106
Information technology	350,963	-	-	350,963
Real estate	37,426	-	-	37,426
Utilities	65,329	-	-	65,329
Health care	278,058	-	-	278,058
Telecommunication services	81,249	-	-	81,249
Total investments/ assets by valuation hierarchy	<u>\$ 10,766,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,766,021</u>

Valuation Methodologies

The following is a description of the valuation methodologies used for investments measured at fair value.

Cash and cash equivalents: The carrying amounts approximate fair value because of the short maturity of those financial instruments.

Investments: The valuation methodology of utilizing closing prices in an active exchange market was applied to exchange traded funds, marketable equity securities and mutual funds.

The following summarize the investment philosophy of the Trustees:

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 party. The Trustees do not have a formal deposit policy for custodial credit risk. The Police Pension Fund investments are held with PNC Institutional Asset Management (PNC) in the accounts separate and apart from the assets of the financial institution. According to the brokerage, customer securities are legally the property of customers - they are not on PNC's balance sheet and are not exposed to PNC's creditors. Under the SEC's customer protection rule, customers' securities must be segregated from PNC's proprietary securities. The securities are held in central depositories with the record of ownership reflected on a book entry basis. The brokerage account is held in the Ferguson Township Police Pension Fund name.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a credit rating by a nationally recognized organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Trustees do not have a formal deposit policy for credit risk. None of the investments are exposed to credit risk at December 31, 2022.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. The Police Pension fund investment policy requires that investments meet asset allocation formulas prevalent in balanced portfolios using a strategic allocation of 60% S&P 500, 30% Lehman Brothers Government/Credit Index Intermediate, and 10% cash equivalents. Allocations may range from a minimum of 30% equities and/or fixed income investments to a maximum of 70% equities and/or fixed income. As of December 31, 2022, there are no investments that exceed 5% of the total portfolio's market value.

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trustees investment guidelines have no formal policy that limits investment maturities as a means of managing its exposure to interest rate risk.

Information about the sensitivity of the fair values of the investments to market interest rate fluctuation is provided by the following table that shows distribution of the investments by maturity as of December 31, 2022:

Maturity	Amount
None	\$ 10,766,021
Less than one year	-
One to two years	-
Two to three years	-

Foreign Currency Risk

Foreign currency risk is the risk that changes in the foreign exchange rate will adversely affect the fair value of an investment. There are currently no investments in securities exchanged in foreign denominations. The Trustees do not have a formal policy for foreign currency risk.

3. Leases Receivable

The Township leases certain property (building space) to the Centre Region Council of Government for a remaining period of 5 years. At December 31, 2022, the Township's lease receivable and deferred inflow of resources amounted to \$231,455. The Township received a lease payment of \$42,828 during the year, which was the last payment for the lease. The Township signed a new lease in 2022 for 5 years.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

4. Capital Assets

A summary of changes in capital assets is as follows:

	January 1, 2022	Additions	Transfers	Disposals	December 31, 2022
Governmental activities: capital assets not being depreciated:					
Land	\$ 2,674,693	\$ -	\$ -	\$ -	\$ 2,674,693
Capital assets being depreciated:					
Buildings and improvements	17,683,236	256,311	-	-	17,939,547
Equipment	4,165,096	301,254	-	-	4,466,350
Vehicles	3,738,204	602,462	-	(33,201)	4,307,465
Infrastructure	38,057,738	2,595,217	(467,210)	-	40,185,745
Total capital assets being depreciated	<u>63,644,274</u>	<u>3,755,244</u>	<u>(467,210)</u>	<u>(33,201)</u>	<u>66,899,107</u>
Accumulated depreciation:					
Buildings and improvements	(7,382,487)	(376,597)	-	-	(7,759,084)
Equipment	(2,741,458)	(196,114)	-	-	(2,937,572)
Vehicles	(2,310,031)	(260,603)	-	33,201	(2,537,433)
Infrastructure	(20,616,302)	(2,058,365)	5,246	-	(22,669,421)
Total accumulated depreciated	<u>(33,050,278)</u>	<u>(2,891,679)</u>	<u>5,246</u>	<u>33,201</u>	<u>(35,903,510)</u>
Total capital assets being depreciated, net	<u>30,593,996</u>	<u>863,565</u>	<u>(461,964)</u>	<u>-</u>	<u>30,995,597</u>
Governmental activities capital assets	<u>\$ 33,268,689</u>	<u>\$ 863,565</u>	<u>\$ (461,964)</u>	<u>\$ -</u>	<u>\$ 33,670,290</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 433,752
Public safety	144,584
Highway and streets	2,168,759
Culture and recreation	144,584
Total	<u>\$ 2,891,679</u>

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

	January 1, 2022	Additions	Transfers	Disposals	December 31, 2022
Business-type activity:					
Capital assets not being depreciated:					
Land	\$ -	\$ 174,400	\$ -	\$ -	\$ 174,400
Capital assets being depreciated:					
Infrastructure	-	337,074	467,210	-	804,284
Accumulated depreciation:					
Infrastructure	-	(13,656)	(5,246)	-	(18,902)
Total capital assets being depreciated, net	-	323,418	461,964	-	785,382
Business-type activity capital assets	<u>\$ -</u>	<u>\$ 497,818</u>	<u>\$ 461,964</u>	<u>\$ -</u>	<u>\$ 959,782</u>

During 2022, the Township converted its Stormwater management fund from a special revenue fund to an enterprise fund based on the anticipated use of the fund, whereby the future user fees are anticipated to cover the ongoing costs of maintenance, upkeep and operations of Stormwater operations within the Township. As part of this change, the Township identified infrastructure with an original cost of \$467,210 and accumulated depreciation of \$5,246, purchased prior to January 1, 2022 that were transferred to the Township's Stormwater fund.

5. Long-Term Liabilities

The changes in long-term liabilities for the year ended December 31, 2022 are as follows:

	Balance January 1, 2022	Additions	Deductions	Balance December 31, 2022	Current Portion
Bond Series of 2019	\$ 6,740,000	\$ -	\$ 215,000	\$ 6,525,000	\$ 225,000
Bond premium	102,713	-	4,668	98,045	-
	<u>\$ 6,842,713</u>	<u>\$ -</u>	<u>\$ 219,668</u>	<u>\$ 6,623,045</u>	<u>\$ 225,000</u>

Long-term debt at December 31, 2022 consists of the following:

\$6,845,000 General Obligation Bonds, Series of 2019, due in varying semi-annual installments from December 2021 through December 2044, interest rates of 2% to 4%. Interest paid on this obligation during 2022 amounted to \$174,268.	\$ 6,525,000
Unamortized bond premium	98,045
Total	6,623,045
Current portion	225,000
Long-term debt	<u>\$ 6,398,045</u>

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

The future requirements to amortize the Township's Long-Term debt at December 31, 2022 is as follow:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending December 31:			
2023	\$ 225,000	\$ 165,667	\$ 390,667
2024	230,000	156,667	386,667
2025	240,000	147,467	387,467
2026	250,000	140,267	390,267
2027	255,000	132,767	387,767
2028 - 2032	1,355,000	584,792	1,939,792
2033 - 2037	1,515,000	431,901	1,946,901
2038 - 2042	1,705,000	240,707	1,945,707
2043 - 2044	750,000	31,075	781,075
Total	<u>\$ 6,525,000</u>	<u>\$ 2,031,310</u>	<u>\$ 8,556,310</u>

	<u>Balance January 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2022</u>	<u>Current Portion</u>
Compensated absences	\$ 324,891	\$ 56,387	\$ 38,464	\$ 342,814	\$ 85,704

For governmental activities, compensated absences are generally liquidated by the General Fund.

6. Interfund Accounts

The Township records receipts in the General Fund typically and records a liability/receivable for other funds as needed. Individual fund receivables and payables at December 31, 2022, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 850,245	\$ 1,101,312
Transportation Improvement Fund	447,680	413,124
Capital Reserve Fund	57,755	59,527
Other Nonmajor Funds:		
Liquid Fuels Fund	-	47,029
Street Light Fund	-	14,560
Stormwater Fund	-	-
Park Improvement Fund	-	6,953
Regional Capital Recreation Project Fund	278,990	-
Hydrant Fund	-	36,215
Proprietary Fund	85,859	-
Fiduciary Funds	-	41,809
Total	<u>\$ 1,720,529</u>	<u>\$ 1,720,529</u>

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

Interfund transfers for the year ended December 31, 2022 were as follows:

	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 2,450,678
Transportation Improvement Fund	1,645,678	-
Capital Reserve Fund	400,000	-
Stormwater (Special Revenue Fund)	-	234,868
Debt Service Fund	400,000	-
Stormwater (Enterprise Fund)	234,868	-
Fiduciary Funds	5,000	-
Total	<u>\$ 2,685,546</u>	<u>\$ 2,685,546</u>

Transfers are primarily attributable to funding of capital projects and debt service as well as timing and the receipt of funds into the General Fund.

7. Pensions

The Township has two pension plans for its employees. A single-employer defined benefit pension plan covering all full-time police and a single-employer defined contribution plan covering all full-time nonuniformed employees. The Township's payroll for employees fully and partially vested by the police and nonuniform pension plans for the year ended December 31, 2022 was \$2.005 million and \$2.192 million, respectively, which in total, represents 91% of the Township's total payroll of \$4.610 million for all employees.

Defined Benefit Plan, Police Employees

Plan Description and Administration

The Township of Ferguson Police Pension Plan (the Plan) is a contributory defined benefit single employer retirement plan covering all full-time police. The Plan is included in the accompanying financial statements of the Township as a pension trust fund and does not issue a separate plan financial statement.

The Plan is governed by the Township of Ferguson Board of Supervisors.

At December 31, 2022, members of the Plan were as follows:

Inactive plan members currently receiving benefits	15
Inactive plan members entitled to benefits but not yet receiving them	1
Current employees	<u>22</u>
Total	<u><u>38</u></u>
Number of participating employers	<u><u>1</u></u>

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

Benefits Provided

Normal Retirement

If a member is hired before January 24, 2001, such member is eligible for normal retirement after attainment of age 50 and completion of 20 years of service. If a member is hired on or after January 24, 2001, such member is eligible for normal retirement after attainment of age 55 and completion of 25 years of service.

The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse, or eligible child, equal to 50% of the amount payable to the member at the time of the member's death. The amount of monthly pension is equal to 50% of average monthly compensation.

Average monthly compensation is based upon the last 36 months of employment.

Late Retirement

If a member continues working after his normal retirement date, his pension does not start until he actually retires. The monthly late retirement pension is equal to the benefit accrued to the late retirement date.

Disability Retirement

If an active member was hired before January 24, 2001, and becomes totally and permanently disabled, such member is eligible for a disability pension after six months of disability. If an active member was hired on or after January 24, 2001 and becomes totally and permanently disabled in the line of duty, such member is eligible for a disability pension after six months of disability. The disability pension is equal to the present value of the accrued benefit at the date of disability.

If an active member becomes totally and permanently disabled in the line of duty after April 17, 2002, such member is eligible for a minimum monthly disability pension equal to 50% of the member's monthly salary at the time of disability.

Death Benefits

If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50% of the monthly benefit the member would have been receiving had he been retired at the time of death.

Upon the death of an active member who does not have a surviving spouse or eligible child who is entitled to the survivor's benefit, a death benefit is payable to his elected beneficiary equal to the present value of this accrued benefit at the date of death.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

Vesting

If a member is hired before January 24, 2001, such member's benefits vest according to the following schedule:

<u>Years of Service</u>	<u>Percentage</u>
0 - 4 years	0 %
5	25
6	30
7	35
8	40
9	45
10	50
11	60
12	70
13	80
14	90
15 or more years	100

If a member is hired on or after January 24, 2001, such member's benefits vest upon completion of 12 years of service.

The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination multiplied by the applicable vesting percentage.

Funding Policy and Contributions

The Township's funding policy provides for periodic employee contributions at actuarially determined rates that are sufficient to accumulate assets to pay benefits when due. The employer contribution rate is determined based on the annual required contribution. Based on this calculation, employees were required to contribute 3% of their base salary to the plan in 2022. Member contributions are credited with 6% interest. The annual required contribution was determined by the actuary based on an actuarial valuation as of January 1, 2021. The contribution requirements of plan members and the Township are established and may be amended by the Board of Supervisors. The Township funded 100% of required contributions.

The annual required contribution for the current year was determined as part of the January 1, 2021 actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used for the police pension include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 5.0% per year, (c) no post-retirement benefit increases, (d) assets valued at market value as determined by the Trustee, (e) PubS-2010 mortality table, (f) a disability benefit factor of 3.0% added to basic pension costs, and (g) moderate inflation rate of 3.0% based on long-term historical average rates. The amortization method is level dollar closed, over a remaining amortization period of 13 years. The assumptions made provision for administration expenses to be added to the normal cost.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

Deposits and Investments

The Plan allows funds to be invested in and established the following target allocation across asset categories:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	30 %	1.0 - 3.0 %
Domestic equity	50	5.5 - 7.5
Alternatives	15	5.5 - 7.5
Cash and cash equivalents	5	0.0 - 1.0

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table above.

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of Pension Fund investment expense, was -12.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The Township's net pension liability was measured at December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to December 31, 2022. The components of the net pension liability of the Plan as of December 31, 2022 were as follows:

Total pension liability	\$ 8,538,173
Plan fiduciary net position	<u>6,534,591</u>
Plan net pension liability	<u>\$ 2,003,582</u>
Plan fiduciary net position as a percentage of total pension liability	<u>76.5 %</u>

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

Changes in the Net Pension Liability

The changes in the Township's net pension liability during the year ended December 31, 2022 are as follows:

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2022	\$ 8,039,651	\$ 7,421,174	\$ 618,477
Changes for the year:			
Service cost	215,412	-	215,412
Interest cost	645,894	-	645,894
Changes for experience	-	-	-
Changes of assumptions	-	-	-
Contributions, employer	-	361,367	(361,367)
Contributions, employee	-	47,468	(47,468)
Net investment income (loss)	-	(926,134)	926,134
Benefit payments, including refunds	(362,784)	(362,784)	-
Administration	-	(6,500)	6,500
Net changes	498,522	(886,583)	1,385,105
Balances at December 31, 2022	\$ 8,538,173	\$ 6,534,591	\$ 2,003,582

The schedule of changes in the employer's net pension liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information related to the funded status of the Pension Fund.

The net pension liability was measured as of December 31, 2022, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

The General Fund has been used in prior years to liquidate pension liabilities.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of January 1, 2021 using the following actuarial methods and assumptions:

Actuarial valuation date	January 1, 2021
Actuarial cost method	Entry-age normal
Actuarial assumptions:	
Projected salary increases	5.0%
Inflation	3.0%
Interest rate	8.0%
Cost-of-living adjustments	0.0%
Asset valuation method	Market

Mortality rates were based on the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using scale MP-2020 to reflect mortality improvement. The actuarial assumptions used in the January 1, 2021 valuation were selected jointly by the actuary and the governing body of the pension.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

Discount Rate

The discount rate used to measure the total pension liability for the Plan was 8.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Plan calculated using the discount rate of 8.0% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current rate:

	<u>1% Decrease (7.0%)</u>	<u>Current Discount Rate (8%)</u>	<u>1% Increase (9.0%)</u>
Net pension liability (asset)	\$ 3,114,127	\$ 2,003,582	\$ 1,077,531

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2022, the Township recognized pension expense of \$595,504. At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 161,859
Changes in assumptions	155,073	-
Difference between projected and actual earnings on investments	<u>1,126,058</u>	<u>-</u>
Total	<u>\$ 1,281,131</u>	<u>\$ 161,859</u>

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

Years ending December 31:	
2023	\$ 218,638
2024	316,733
2025	296,798
2026	311,750
2027	(6,635)
Thereafter	<u>(18,012)</u>
Total	<u>\$ 1,119,272</u>

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2022

Defined Contribution Plan, Nonuniform Employees

The Township of Ferguson Municipal Employees Money Purchase Pension Plan is a 401(a) qualified, defined contribution plan for all nonuniform employees. Employees who retire at or after age 55 with 10 years of credited service are entitled to retirement benefits. Vesting starts after three years of service and employees are fully vested after seven years. The plan requires that the Township contribute an amount equal to 10% of the employee's base salary (with no contribution from the employee). In conjunction with the 401(a) plan, the Township requires all participating nonuniform employees to contribute a minimum of 2% of their base salary to the 457 Deferred Compensation Plan.

The Township, as the employer, is specifically identified as the plan trustee and has selected the VOYA Financial as the plan administrator. The Township holds the fiduciary duty to select the fund or funds that the employer's share of the contributions are invested. The Township has limited employer contributions to four model portfolios commonly referred to as the Savings Oriented, Long-Term Growth, Conservative Growth and Traditional Growth portfolios. The Township has chosen not to allow loans on the plan's assets. As specified in the plan document Section VI, 6.01, the trustee shall be the employer or such other person which agrees to act in that capacity hereunder. In accordance with the adoption agreement and the plan document, sections XIV 14.05 and XV 15.01, the employer may amend or terminate the plan and the plan administrator may amend the plan upon 30 days written notice to the employer for the express purpose of maintaining compliance with applicable federal laws and regulations of the Internal Revenue Service. The plan document, under section XIV, the employer has the authority to amend the future contributions and vesting schedule, to the extent that current account balances and current vesting may not be reduced.

At December 31, 2022, there were 63 active 401(a) plan members and 77 active 457 plan members.

Pension contributions for year ended December 31, 2022:

	401(a) Qualified Pension Plan	457 Deferred Compensation Plan
Township contributions	\$ 238,103	\$ -
Employee contributions	-	174,520
Total contributions	<u>\$ 238,103</u>	<u>\$ 174,520</u>

The Commonwealth of Pennsylvania provided \$414,436 during 2022 toward the Township contributions to the police and nonuniform pension plan through Act 205.

Summary of Significant Accounting Policies, Pension Trust Funds

The plans' financial statements are prepared using the accrual basis of accounting. Employer contributions to each plan are recognized when due as required by Act 205 of the Commonwealth. Benefits and refunds are recognized when due and payable in accordance with the terms of the appropriate plan.

Investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. Fair value is determined by quoted market price.

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. The plans held no individual investments whose market value exceeds 5% or more of net position available for benefits. There are no long-term contracts for contributions. There is no outstanding employer liability as of December 31, 2022 for the Nonuniform Pension Trust Fund.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

8. Private Purpose Trust Fund

On June 22, 1993, the Township established the Tom Tudek Memorial Park Trust (the Trust). The Trust received its 501(c)(3) status from the Internal Revenue Service on December 22, 1993. The Trust received annual contributions from Robert and Elsie Tudek until the principal of the Trust reaches \$100,000. Income amounts will be used by the Township to pay the operating maintenance and improvement expense for the park. Principal amounts may only be used for legal consultation or actions relating to enforcing the terms and conditions of the Trust.

On March 12, 2019, the Trust established the Tom Tudek Memorial Park Fund Organizational Spendable Endowment (the Fund) with Centre Foundation (the Foundation) with restricted gifts. The fund's purpose is to provide an additional source of funding to pay the operating maintenance and improvement expense for the park. The Foundation holds the assets as an agency endowment while the Trust is the beneficiary of the fund. These assets are reported as beneficial interest in assets held by a community foundation on the Statement of Fiduciary Net Position at December 31, 2022 and amounted \$511,425.

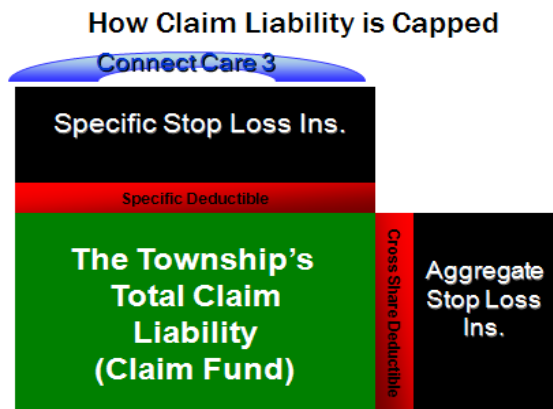
9. Risk Financing

The Township maintains a self-insured plan in the General Fund. The plan is for the employee health coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Health Insurance

The health insurance plan is administered by the PMHIC (Pennsylvania Municipal Health Insurance Cooperative) in conjunction with the Benecon Group. The PMHIC is made up of members combining employees to reduce the overall risk and cost of the plan. Many of the Centre Region municipalities are members of the cooperative.

The plan provides for shared risk up to the amount of cross share assigned to each member for claims below the stop loss protection. If a participant's claim exceeds \$30,000, it is first paid from the specific deductible and then, depending on the amount over \$30,000, it is paid from the specific stop loss insurance. This protects the Township from very high dollar claims.



If the Township has many claims under \$50,000 that exceed the amount in the Township's claim fund, this amount is paid from the Cross Share deductible. This fund is created through mutual agreement of the members to share some of the surpluses of members. As of the date of this report, there have been no claims against the Aggregate Stop Loss since the member contributions have been sufficient to cover the claims.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2022

10. Fund Balance Classifications

The Township presents its governmental fund balances by level of constraint in the aggregate on its balance sheet - governmental funds. The individual specific purposes of each constraint are presented below:

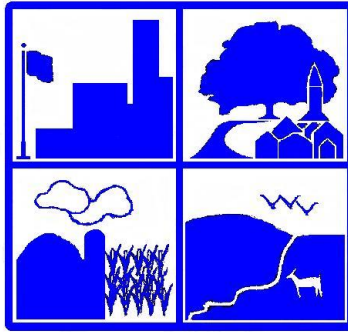
	General Fund	Transportation Improvement Fund	Capital Reserve Fund	Debt Service Fund	Other Nonmajor Funds	Total
Nonspendable for:						
Prepaid items	\$ 18,307	\$ -	\$ -	\$ -	\$ -	\$ 18,307
Restricted for:						
Liquid fuels	\$ -	\$ -	\$ -	\$ -	\$ 462,255	\$ 462,255
Capital projects	-	-	-	-	20,850	20,850
Regional capital projects	-	-	-	-	1,581,849	1,581,849
Capital projects (debt service)	-	-	-	476,759	-	476,759
Total	\$ -	\$ -	\$ -	\$ 476,759	\$ 2,064,954	\$ 2,541,713
Committed for:						
Transportation improvement	\$ -	\$ 3,491,182	\$ -	\$ -	\$ -	\$ 3,491,182
Capital reserve	-	-	267,800	-	-	267,800
Park improvement	-	-	-	-	154,435	154,435
Agricultural preservation	-	-	-	-	19,074	19,074
Total	\$ -	\$ 3,491,182	\$ 267,800	\$ -	\$ 173,509	\$ 3,932,491
Assigned for:						
Street light	\$ -	\$ -	\$ -	\$ -	\$ 9,186	\$ 9,186
Hydrant	-	-	-	-	49,244	49,244
Total	\$ -	\$ -	\$ -	\$ -	\$ 58,430	\$ 58,430

11. Pending Changes in Accounting Principles

The GASB has approved the following:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangement*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections*
- Statement No. 101, *Compensated Absences*

Township management is in the process of analyzing these pending changes in accounting principles and the impact they may have on the financial reporting process.



Required Supplementary Information - Supplementary Pension Trend Information

Township of Ferguson, Pennsylvania

Required Supplementary Information - Schedule of Changes in the Township's Net Pension Liability and Related Ratios (Unaudited)

Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability									
Service cost	\$ 215,412	\$ 205,154	\$ 215,273	\$ 205,022	\$ 212,516	\$ 202,396	\$ 193,519	\$ 184,304	\$ 169,971
Interest cost	645,894	607,001	576,748	524,085	504,176	472,997	455,966	401,750	380,013
Changes for experience	-	(102,377)	-	(96,714)	-	(30,480)	-	(65,866)	-
Changes of assumptions	-	-	-	144,114	-	163,400	-	-	-
Benefit payments, including refunds of member contributions	(362,784)	(309,731)	(292,979)	(292,979)	(291,524)	(286,684)	(243,148)	(227,391)	(227,366)
Net changes in total pension liability	498,522	400,047	499,042	483,528	425,168	521,629	406,337	292,797	322,618
Total Pension Liability, Beginning	<u>8,039,651</u>	<u>7,639,604</u>	<u>7,140,562</u>	<u>6,657,034</u>	<u>6,231,866</u>	<u>5,710,237</u>	<u>5,303,900</u>	<u>5,011,103</u>	<u>4,688,485</u>
Total Pension Liability, Ending (a)	<u>\$ 8,538,173</u>	<u>\$ 8,039,651</u>	<u>\$ 7,639,604</u>	<u>\$ 7,140,562</u>	<u>\$ 6,657,034</u>	<u>\$ 6,231,866</u>	<u>\$ 5,710,237</u>	<u>\$ 5,303,900</u>	<u>\$ 5,011,103</u>
Plan Fiduciary Net Position									
Employer contributions	\$ 361,367	\$ 361,367	\$ 361,367	\$ 282,084	\$ 227,121	\$ 220,640	\$ 218,386	\$ 272,819	\$ 210,393
Employee contributions	47,468	109,055	88,940	103,646	84,077	72,237	80,947	74,524	69,108
Net investment income (loss)	(926,134)	613,230	367,101	889,580	(323,603)	566,445	246,300	10,204	235,734
Benefit payments, including refunds of member contributions	(362,784)	(309,731)	(292,979)	(292,979)	(291,524)	(286,684)	(243,148)	(227,391)	(227,366)
Administration	(6,500)	(6,500)	(4,200)	(6,200)	(5,800)	(8,500)	(4,000)	(6,400)	(9,353)
Net changes in plan fiduciary net position	(886,583)	767,421	520,229	976,131	(309,729)	564,138	298,485	123,756	278,516
Plan Fiduciary Net Position, Beginning	<u>7,421,174</u>	<u>6,653,753</u>	<u>6,133,524</u>	<u>5,157,393</u>	<u>5,467,122</u>	<u>4,902,984</u>	<u>4,604,499</u>	<u>4,480,743</u>	<u>4,202,227</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 6,534,591</u>	<u>\$ 7,421,174</u>	<u>\$ 6,653,753</u>	<u>\$ 6,133,524</u>	<u>\$ 5,157,393</u>	<u>\$ 5,467,122</u>	<u>\$ 4,902,984</u>	<u>\$ 4,604,499</u>	<u>\$ 4,480,743</u>
Township's Net Pension Liability, Ending (a) - (b)	<u>\$ 2,003,582</u>	<u>\$ 618,477</u>	<u>\$ 985,851</u>	<u>\$ 1,007,038</u>	<u>\$ 1,499,641</u>	<u>\$ 764,744</u>	<u>\$ 807,253</u>	<u>\$ 699,401</u>	<u>\$ 530,360</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>76.53%</u>	<u>92.31%</u>	<u>87.10%</u>	<u>85.90%</u>	<u>77.47%</u>	<u>87.73%</u>	<u>85.86%</u>	<u>86.81%</u>	<u>89.42%</u>
Covered-Employee Payroll	<u>\$ 1,828,326</u>	<u>\$ 1,926,264</u>	<u>\$ 1,800,219</u>	<u>\$ 1,812,933</u>	<u>\$ 1,740,086</u>	<u>\$ 1,661,121</u>	<u>\$ 1,702,848</u>	<u>\$ 1,640,148</u>	<u>\$ 1,443,614</u>
Township's Net Pension Liability as a Percentage of Covered-Employee Payroll	<u>109.59%</u>	<u>32.11%</u>	<u>54.76%</u>	<u>55.55%</u>	<u>86.18%</u>	<u>46.04%</u>	<u>47.41%</u>	<u>42.64%</u>	<u>36.74%</u>

Note to Schedule:

The Township implemented GASB Statement No. 67 in 2014. Information prior to 2014 is not available.

Township of Ferguson, Pennsylvania

Required Supplementary Information - Schedule of Employer Contributions (Unaudited)
 Year Ended December 31, 2022

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarially determined contribution	\$ 204,059	\$ 210,393	\$ 255,274	\$ 218,386	\$ 220,640	\$ 227,121	\$ 282,084	\$ 308,383	\$ 361,367	\$ 306,547
Contributions in relation to the actuarially determined contribution	<u>204,060</u>	<u>210,393</u>	<u>272,819</u>	<u>218,386</u>	<u>220,640</u>	<u>227,121</u>	<u>282,084</u>	<u>361,367</u>	<u>361,367</u>	<u>361,367</u>
Contribution deficiency (excess)	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (17,545)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,984)</u>	<u>\$ -</u>	<u>\$ (54,820)</u>
Covered-employee payroll	\$ 1,542,479	\$ 1,443,614	\$ 1,496,680	\$ 1,513,832	\$ 1,551,929	\$ 1,624,971	\$ 1,707,520	\$ 1,747,260	\$ 1,926,264	\$ 1,828,326
Contributions as a percentage of covered-employee payroll	13.23%	14.57%	18.23%	14.43%	14.22%	13.98%	16.52%	20.68%	18.76%	19.76%

Notes to Schedule:

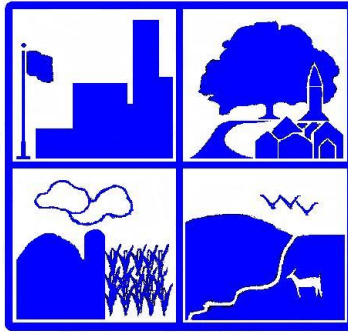
Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level Dollar Closed
Remaining amortization period	9 years
Asset valuation method	Market value of assets as determined by the trustee
Inflation	3%
Salary increases	5%, average, including inflation
Investment rate of return	8%
Retirement age	Members hired before January 24, 2001: Attainment of age 53 and completion of 20 years of service. Members hired on or after January 24, 2001: Normal Retirement Age.
Mortality	PubS-2010 Table prior to 2020, then IRS 2020 Static Combined Table for Small Plans

Township of Ferguson, Pennsylvania

Required Supplementary Information - Schedule of Investment Returns (Unaudited)
Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-12.10%	9.12%	6.70%	18.60%	-5.40%	12.60%	5.40%	0.70%	6.50%



Combining Statements of Nonmajor Governmental Funds

Township of Ferguson, Pennsylvania

Description of Nonmajor Governmental Funds

December 31, 2022

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than for debt service and major capital projects) that are legally restricted to expenditures for specified purposes.

The Street Light Fund accounts for assessments specifically restricted for the maintenance of street lights.

The Hydrant Fund accounts for assessments specifically restricted for the installation and maintenance of hydrants.

The Liquid Fuels Fund accounts for state aid revenues used for the building of and improving of roads and bridges. Financing is provided by the Township's share of state taxes on gasoline and diesel fuel.

Capital Projects Funds

Capital Projects Funds account for the capital purchases of the Township.

The Agricultural Preservation Fund accounts for the Township's contributions towards the County's agricultural conservation easements purchases in the Township.

The Regional Capital Recreation Projects Fund accounts for the Township's payments in accordance with the agreement among the Township, the Pennsylvania State University, and Lezzer-Haubert, LLC.

The Park Improvement Fund accounts for funds set aside from fees-in-lieu payments received from the developer and any private donations.

The Pine Grove Mills Streetlight Fund accounts for the specific purpose of acquiring vintage style streetlights in conjunction with a more comprehensive streetscape improvement project.

The annual adopted budgets are prepared on the basis consistent with accounting principles generally accepted in the United States of America.

Township of Ferguson, Pennsylvania

Combining Balance Sheet - Nonmajor Governmental Funds

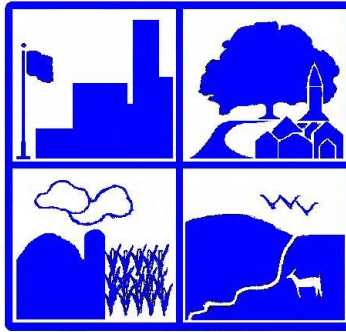
December 31, 2022

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Funds
	Street Light Fund	Hydrant Fund	Liquid Fuels Fund	Agricultural Preservation Fund	Regional Capital Recreation Projects	Pine Grove Mills Street Light	Park Improvement Fund	
Assets								
Cash	\$ 23,746	\$ 85,459	\$ 104,101	\$ 19,074	\$ 1,302,859	\$ 20,850	\$ 161,388	\$ 1,717,477
Investments	-	-	400,000	-	-	-	-	400,000
Accounts receivable	-	-	6,633	-	-	-	-	6,633
Due from other funds	-	-	-	-	278,990	-	-	278,990
Total assets	\$ 23,746	\$ 85,459	\$ 510,734	\$ 19,074	\$ 1,581,849	\$ 20,850	\$ 161,388	\$ 2,403,100
Liabilities and Fund Balances (Deficit)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 1,450				\$ -	\$ 1,450
Due to other funds	14,560	36,215	47,029				6,953	104,757
Total liabilities	14,560	36,215	48,479				6,953	106,207
Fund balances:								
Restricted	-	-	462,255	\$ -	\$ 1,581,849	\$ 20,850	-	2,064,954
Committed	-	-	-	19,074	-	-	154,435	173,509
Assigned	9,186	49,244	-	-	-	-	-	58,430
Total fund balances	9,186	49,244	462,255	19,074	1,581,849	20,850	154,435	2,296,893
Total liabilities and fund balances	\$ 23,746	\$ 85,459	\$ 510,734	\$ 19,074	\$ 1,581,849	\$ 20,850	\$ 161,388	\$ 2,403,100

Township of Ferguson, Pennsylvania

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
 Year Ended December 31, 2022

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Funds	
	Street Light Fund	Hydrant Fund	Liquid Fuels Fund	Agricultural Preservation Fund	Regional Capital Recreation Projects	Pine Grove Mill Street	Stormwater Fund		Park Improvement Fund
Revenues									
Interest and rents	\$ 380	\$ 1,378	\$ 6,681	\$ -	\$ 19,016	\$ 302	\$ -	\$ 2,843	\$ 30,600
Intergovernmental	-	-	637,899	-	-	-	-	-	637,899
Charges for service	17,128	128,939	-	-	-	-	-	387	146,454
Total revenues	17,508	130,317	644,580	-	19,016	302	-	3,230	814,953
Expenditures									
Public works, highways	15,636	-	1,045,713	-	-	-	-	-	1,061,349
Public works, other services	-	99,144	-	-	-	-	-	-	99,144
Culture and recreation	-	-	-	-	129,688	-	-	101,228	230,916
Total expenditures	15,636	99,144	1,045,713	-	129,688	-	-	101,228	1,391,409
Excess (deficiency) of revenues over expenditures	1,872	31,173	(401,133)	-	(110,672)	302	-	(97,998)	(576,456)
Other Financing Sources (Uses)									
Transfers in (out), net	-	-	-	-	-	-	(234,868)	-	(234,868)
Net increase (uses) in fund balances	1,872	31,173	(401,133)	-	(110,672)	302	(234,868)	(97,998)	(811,324)
Fund Balances, Beginning	7,314	18,071	863,388	19,074	1,692,521	20,548	234,868	252,433	3,108,217
Fund Balances, Ending	\$ 9,186	\$ 49,244	\$ 462,255	\$ 19,074	\$ 1,581,849	\$ 20,850	\$ -	\$ 154,435	\$ 2,296,893



Schedule of Revenues, Expenditures and Changes in Fund Balances Budget-to-Actual Comparisons

- **Transportation Improvement Fund**
- **Capital Reserve Fund**
- **Debt Service Fund**
- **Nonmajor Governmental Funds -
Special Revenue Funds**
- **Nonmajor Governmental Funds -
Capital Projects Funds**

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget-to-Actual Comparison

Transportation Improvement Fund

Year Ended December 31, 2022

	<u>Budget Original and Final</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues			
Interest and rents	\$ 30,000	\$ 52,789	\$ 22,789
Intergovernmental	605,000	-	(605,000)
Total revenues	<u>635,000</u>	<u>52,789</u>	<u>(582,211)</u>
Expenditures			
General government	234,000	53,218	180,782
Public works, highways	4,451,000	2,804,388	1,646,612
Total expenditures	<u>4,685,000</u>	<u>2,857,606</u>	<u>1,827,394</u>
Excess of expenditures over revenues	<u>(4,050,000)</u>	<u>(2,804,817)</u>	<u>1,245,183</u>
Other Financing Sources (Uses)			
Transfers, in	1,289,400	1,645,678	356,278
Transfers, out	(100,000)	-	100,000
Total other financing sources (uses)	<u>1,189,400</u>	<u>1,645,678</u>	<u>456,278</u>
Net change in fund balances	<u>\$ (2,860,600)</u>	<u>(1,159,139)</u>	<u>\$ 1,701,461</u>
Fund Balances, Beginning		<u>4,650,321</u>	
Fund Balances, Ending		<u>\$ 3,491,182</u>	

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget-to-Actual Comparison

Capital Reserve Fund

Year Ended December 31, 2022

	<u>Budget Original and Final</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues			
Interest and rents	\$ 22,000	\$ 19,637	\$ (2,363)
Intergovernmental	272,800	1,000	(271,800)
Total revenues	<u>294,800</u>	<u>20,637</u>	<u>(274,163)</u>
Expenditures			
General government	367,950	-	367,950
Public safety	175,100	114,102	60,998
Public works, highways	829,229	584,207	245,022
Culture and recreation	39,750	36,904	2,846
Capital outlay	161,649	458,725	(297,076)
Total expenditures	<u>1,573,678</u>	<u>1,193,938</u>	<u>379,740</u>
Excess of expenditures over revenues	<u>(1,278,878)</u>	<u>(1,173,301)</u>	<u>105,577</u>
Other Financing Sources			
Transfers, in	2,050,000	400,000	(1,650,000)
Sale of capital assets	10,000	5,100	(4,900)
Total other financing sources	<u>2,060,000</u>	<u>405,100</u>	<u>(1,654,900)</u>
Net change in fund balances	<u>\$ 781,122</u>	<u>(768,201)</u>	<u>\$ (1,549,323)</u>
Fund Balances, Beginning		<u>1,036,001</u>	
Fund Balances, Ending		<u>\$ 267,800</u>	

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget-to-Actual Comparison

Debt Service Fund

Year Ended December 31, 2022

	<u>Budget Original and Final</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues			
Interest	<u>\$ 1,000</u>	<u>\$ 5,585</u>	<u>\$ 4,585</u>
Expenditures			
Debt service, principal	215,000	215,000	-
Debt service, interest	<u>174,268</u>	<u>174,268</u>	<u>-</u>
Total expenditures	<u>389,268</u>	<u>389,268</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(388,268)</u>	<u>(383,683)</u>	<u>4,585</u>
Other Financing Sources (Uses)			
Transfers, in	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balances	<u>\$ 11,732</u>	<u>16,317</u>	<u>\$ 4,585</u>
Fund Balances, Beginning		<u>460,442</u>	
Fund Balances, Ending		<u>\$ 476,759</u>	

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget-to-Actual Comparison

Nonmajor Governmental Funds

Special Revenue Funds

Year Ended December 31, 2022

	Street Light			Hydrant Fund			Liquid Fuels		
	<u>Budget Original and Final</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Budget Original and Final</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Budget Original and Final</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues									
Interest and rents	\$ 150	\$ 380	\$ 230	\$ 500	\$ 1,378	\$ 878	\$ 20,000	\$ 6,681	\$ (13,319)
Intergovernmental	-	-	-	-	-	-	618,646	637,899	19,253
Charges for service	25,926	17,128	(8,798)	160,000	128,939	(31,061)	-	-	-
Total revenues	<u>26,076</u>	<u>17,508</u>	<u>(8,568)</u>	<u>160,500</u>	<u>130,317</u>	<u>(30,183)</u>	<u>638,646</u>	<u>644,580</u>	<u>5,934</u>
Expenditures									
Public works, highways	19,500	15,636	3,864	-	-	-	1,221,685	1,045,713	175,972
Public works, other services	-	-	-	136,784	99,144	37,640	-	-	-
Total expenditures	<u>19,500</u>	<u>15,636</u>	<u>3,864</u>	<u>136,784</u>	<u>99,144</u>	<u>37,640</u>	<u>1,221,685</u>	<u>1,045,713</u>	<u>175,972</u>
Other Financing Sources									
Transfers in (out)	-	-	-	-	-	-	50,000	-	(50,000)
Net changes in fund balances	<u>\$ 6,576</u>	<u>1,872</u>	<u>\$ (4,704)</u>	<u>\$ 23,716</u>	<u>31,173</u>	<u>\$ 7,457</u>	<u>\$ (533,039)</u>	<u>(401,133)</u>	<u>\$ 131,906</u>
Fund Balances (Deficit), Beginning		<u>7,314</u>			<u>18,071</u>			<u>863,388</u>	
Fund Balances (Deficit), Ending		<u>\$ 9,186</u>			<u>\$ 49,244</u>			<u>\$ 462,255</u>	

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget-to-Actual Comparison

Nonmajor Governmental Funds

Capital Projects Funds

Year Ended December 31, 2022

	Pine Grove Mills Street Light			Agricultural Preservation		
	<u>Budget Original and Final</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>	<u>Budget Original and Final</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues						
Interest and rents	\$ 200	\$ 302	\$ 102	\$ 750	\$ -	\$ (750)
Expenditures						
Public works, other services	-	-	-	12,300	-	12,300
Other Financing Sources						
Transfers, in	-	-	-	-	-	-
Net changes in fund balances	<u>\$ 200</u>	<u>302</u>	<u>\$ 102</u>	<u>\$ (11,550)</u>	<u>-</u>	<u>\$ 11,550</u>
Fund Balances, Beginning		<u>20,548</u>			<u>19,074</u>	
Fund Balances, Ending		<u>\$ 20,850</u>			<u>\$ 19,074</u>	

(Continued)

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures and Changes in Fund Balances

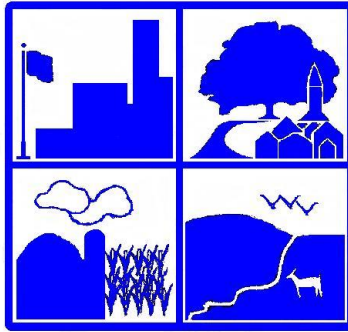
Budget-to-Actual Comparison

Nonmajor Governmental Funds

Capital Projects Funds

Year Ended December 31, 2022

	Regional Capital Recreation Projects			Park Improvement		
	Budget Original and Final	Actual	Variance With Final Budget - Positive (Negative)	Budget Original and Final	Actual	Variance With Final Budget - Positive (Negative)
Revenues						
Interest and rents	\$ 12,000	\$ 19,016	\$ 7,016	\$ 2,000	\$ 2,843	\$ 843
Intergovernmental	-	-	-	250,000	-	(250,000)
Charges for service	-	-	-	126,000	387	(125,613)
Total revenues	12,000	19,016	7,016	378,000	3,230	(374,770)
Expenditures						
Culture and recreation	129,688	129,688	-	866,500	101,228	765,272
Other Financing Sources						
Transfers in (out)	-	-	-	25,000	-	(25,000)
Net changes in fund balances	<u>\$ (117,688)</u>	(110,672)	<u>\$ 7,016</u>	<u>\$ (463,500)</u>	(97,998)	<u>\$ 365,502</u>
Fund Balances, Beginning		<u>1,692,521</u>			<u>252,433</u>	
Fund Balances, Ending		<u>\$ 1,581,849</u>			<u>\$ 154,435</u>	



Combining Statements of Fiduciary Funds

Township of Ferguson, Pennsylvania

Combining Statement of Pension Trust Funds

December 31, 2022

	Police Pension Trust Fund	Nonuniformed Pension Trust Fund	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 44,009	\$ 13,729	\$ 57,738
Prepaid items	14,808	-	14,808
Accounts receivable	119,922	-	119,922
Investments, at fair value:			
Cash and cash equivalents	281,112	-	281,112
Equities	2,659,811	-	2,659,811
Mutual funds	3,419,261	4,405,837	7,825,098
	<u>6,538,923</u>	<u>4,419,566</u>	<u>10,958,489</u>
Total assets			
Liabilities			
Due to other funds	<u>24,761</u>	<u>-</u>	<u>24,761</u>
Net Position			
Net position restricted for pensions	<u>\$ 6,514,162</u>	<u>\$ 4,419,566</u>	<u>\$ 10,933,728</u>

Township of Ferguson, Pennsylvania

Combining Statement of Changes in Pension Trust Funds

Year Ended December 31, 2022

	Police Pension Trust Fund	Nonuniformed Pension Trust Fund	Total Pension Trust Funds
Additions			
Contributions:			
Employer contributions	\$ 362,186	\$ 244,103	\$ 606,289
Employee contributions/forfeitures	62,225	(22,425)	39,800
Total contributions	424,411	221,678	646,089
Investment income:			
Net depreciation in fair value of investments	(1,075,404)	(759,267)	(1,834,671)
Interest and dividends	189,629	299	189,928
Less investment expense	(50,898)	(7,682)	(58,580)
Net investment income	(936,673)	(766,650)	(1,703,323)
Transfer in	-	5,000	5,000
Total additions	(512,262)	(539,972)	(1,052,234)
Deductions			
Benefits paid to participants	394,790	58,144	452,934
Net changes in net position	(907,052)	(598,116)	(1,505,168)
Net Position Restricted for Pensions, Beginning	7,421,214	5,017,682	12,438,896
Net Position Restricted for Pensions, Ending	\$ 6,514,162	\$ 4,419,566	\$ 10,933,728

Township of Ferguson, Pennsylvania

Combining Statement of Fiduciary Net Position

All Custodial Funds

December 31, 2022

	<u>Earned Income Tax Office</u>	<u>Real Estate Tax Office</u>	<u>Total</u>
Assets			
Cash and cash equivalents	<u>\$ 57,317</u>	<u>\$ 134,891</u>	<u>\$ 192,208</u>
Net Position Restricted for Other Governments	<u>\$ 57,317</u>	<u>\$ 134,891</u>	<u>\$ 192,208</u>

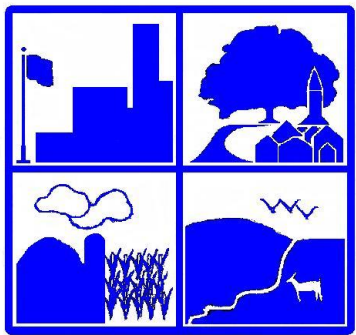
Township of Ferguson, Pennsylvania

Combining Statement of Changes in Fiduciary Net Position

All Custodial Funds

Year Ended December 31, 2022

	<u>Earned Income Tax Office</u>	<u>Real Estate Tax Office</u>	<u>Total</u>
Additions			
Tax collections for other governments:			
Real estate	\$ -	\$ 30,934,783	\$ 30,934,783
Investment income:			
Interest and dividends	830	10,002	10,832
Total additions	830	30,944,785	30,945,615
Deductions			
Payments of tax to other governments:			
Real estate	-	31,161,782	31,161,782
Net changes in net position	830	(216,997)	(216,167)
Net Position Restricted for Other Governments, Beginning	<u>56,487</u>	<u>351,888</u>	<u>408,375</u>
Net Position Restricted for Other Governments, Ending	<u>\$ 57,317</u>	<u>\$ 134,891</u>	<u>\$ 192,208</u>



Statistical Section

Township of Ferguson, Pennsylvania

Statistical Section - Introduction
December 31, 2022

Statistical Section

The Statistical Section presents additional detailed information as a context for understanding the information provided in the financial statements, note disclosures and required supplementary information about the Township's overall financial health.

Financial Trends

Schedules 1 through 4 provide trend information to help the reader understand the changes in the Township's financial health over time.

Revenue Capacity

Schedules 5 through 10 provide information to help the reader assess the Township's ability to generate revenues.

Debt Capacity

Schedules 11 through 13 provide information to help the reader assess the ability of the Township to fulfill the current debt requirements and to provide additional debt if needed in the future.

Demographic and Economic Information

Schedules 14 and 15 offer demographic and economic indicators to help the reader understand the economic environment of the Township as a whole.

Operating Information

Schedules 16 through 18 provide service and infrastructure information to help the reader understand how the activities and services provided by the Township affect the financial statements.

Township of Ferguson, Pennsylvania

Schedule of Government-Wide Net Position by Component
 Years Ended December 31
 (Unaudited)

SCHEDULE 1

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental Activities										
Net investment in capital assets	\$ 25,807,727	\$ 26,359,131	\$ 26,255,099	\$ 27,036,983	\$ 26,321,702	\$ 26,814,249	\$ 27,641,982	\$ 27,043,703	\$ 26,365,783	\$ 26,731,746
Restricted	1,188,166	2,047,601	1,730,464	1,641,406	1,653,661	2,143,467	2,440,658	2,416,368	2,576,457	2,064,954
Unrestricted/unassigned	11,988,643	12,610,387	12,778,961	13,914,381	13,997,200	13,533,670	12,919,138	12,543,746	14,667,032	14,611,065
Total governmental activities net position	<u>\$ 38,984,536</u>	<u>\$ 41,017,119</u>	<u>\$ 40,764,524</u>	<u>\$ 42,592,770</u>	<u>\$ 41,972,563</u>	<u>\$ 42,491,386</u>	<u>\$ 43,001,778</u>	<u>\$ 42,003,817</u>	<u>\$ 43,609,272</u>	<u>\$ 43,407,765</u>
Business-Type Activity										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 948,256
Unrestricted	-	-	-	-	-	-	-	-	-	1,007,799
Total business-type activity net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,956,055</u>

Source: Independent Auditors' Report

Township of Ferguson, Pennsylvania

Schedule of Government-Wide Changes in Net Position

Years Ended December 31

(Unaudited)

SCHEDULE 2

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental wide activities (current):										
General government	\$ 2,162,036	\$ 2,190,517	\$ 2,211,153	\$ 2,410,240	\$ 1,766,838	\$ 2,827,151	\$ 2,810,566	\$ 2,799,303	\$ 2,329,369	\$ 3,200,052
Public safety	3,647,288	3,835,519	3,816,904	4,262,964	4,612,933	4,256,331	4,369,906	4,676,008	4,716,992	4,704,738
Health and welfare	6,673	6,464	8,133	9,002	6,349	9,412	8,556	5,602	7,178	25,759
Public works	3,537,116	3,033,404	3,467,370	3,489,627	6,060,078	3,793,330	4,218,399	5,061,835	3,944,103	5,024,202
Culture and recreation	1,320,474	1,259,033	1,365,146	1,698,002	1,703,487	1,533,985	1,742,491	1,516,887	1,571,718	1,747,115
Conservation and development	-	-	-	-	187,915	26,109	60,609	7,269	20,019	52,182
Interest on long-term debt	62,219	55,422	13,141	8,393	2,801	25,942	119,044	166,776	173,748	168,882
Business-type activity: stormwater	-	-	-	-	-	-	-	-	-	261,497
Total governmental wide expenses	10,735,806	10,380,359	10,881,847	11,878,228	14,340,401	12,472,260	13,329,571	14,233,680	12,763,127	15,184,427
Revenues										
Governmental wide activities:										
Charges for services:										
General government	458,619	468,869	371,041	380,691	412,615	408,547	470,175	519,888	424,686	459,316
Public safety	120,435	115,854	117,778	105,177	73,688	87,084	152,809	126,400	202,393	39,119
Health and welfare	8,018	7,939	8,561	8,450	7,799	7,803	10,238	5,439	8,367	7,744
Public works	22,724	38,915	35,604	32,727	56,485	51,489	12,828	99,530	281,480	146,067
Stormwater	-	-	-	-	-	-	-	-	-	1,504,525
Operating grants and contributions	577,761	705,282	709,431	915,757	889,470	797,808	730,189	765,846	994,303	2,761,241
Capital grants and contributions	513,747	536,505	626,743	841,411	1,215,383	1,167,567	1,105,837	923,285	581,026	593,781
Total governmental wide revenues	1,701,304	1,873,364	1,869,158	2,284,213	2,655,440	2,520,298	2,482,076	2,440,388	2,492,255	5,511,793
Net Revenues (Expenses)										
Governmental wide	(9,034,502)	(8,506,995)	(9,012,689)	(9,594,015)	(11,684,961)	(9,951,962)	(10,847,495)	(11,793,292)	(10,270,872)	(9,672,634)
General Revenues (Expenses) and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Real estate	1,323,738	1,338,977	1,357,773	1,398,977	1,397,581	1,405,986	1,459,634	1,421,338	1,316,368	1,261,997
Transfer	1,978,764	1,276,766	1,432,285	2,044,111	1,842,754	1,298,499	1,503,078	1,697,471	1,469,690	1,580,325
Earned income	6,029,207	6,497,093	6,211,770	7,076,928	7,001,620	6,813,065	7,218,789	6,705,357	8,109,152	7,731,145
Local services	331,371	334,138	401,208	348,927	367,017	356,249	348,401	333,472	343,549	362,257
Unrestricted investment earnings	124,685	128,308	142,073	154,790	185,226	273,184	382,727	338,240	217,362	274,523
Transfer to fiduciary funds	-	-	-	-	-	-	-	-	-	(5,000)
Miscellaneous	469,964	964,296	165,818	398,528	270,556	323,802	445,258	299,453	420,206	221,935
Total governmental wide general revenues	10,257,729	10,539,578	9,710,927	11,422,261	11,064,754	10,470,785	11,357,887	10,795,331	11,876,327	11,427,182
Changes in Net Position										
Governmental wide	\$ 1,223,227	\$ 2,032,583	\$ 698,238	\$ 1,828,246	\$ (620,207)	\$ 518,823	\$ 510,392	\$ (997,961)	\$ 1,605,455	\$ 1,754,548

Source: Independent Auditors' Report

Township of Ferguson, Pennsylvania

Schedule of Fund Balances of Governmental Funds

Years Ended December 31

(Unaudited)

SCHEDULE 3

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund										
Nonspendable	\$ 70,220			\$ 84,136	\$ 9,668	\$ 15,598	\$ 7,496	\$ 7,496	\$ 15,874	\$ 18,307
Restricted	-			-	-	-	-	-	-	-
Committed	-			-	-	-	-	-	-	-
Assigned	-			-	-	-	-	-	-	-
Unassigned	4,104,239	\$ 4,824,035	\$ 6,856,644	7,658,167	7,929,758	7,969,685	8,480,534	8,256,925	8,236,534	10,927,897
Total general fund	4,174,459	4,824,035	6,856,644	7,742,303	7,939,426	7,985,283	8,488,030	8,264,421	8,252,408	10,946,204
All Other Governmental Funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	1,188,166	2,047,601	5,907,683	6,087,083	6,565,159	6,789,156	9,270,046	4,979,779	3,036,899	2,541,713
Committed	5,921,213	5,816,157	1,571,509	1,458,820	1,250,833	1,234,279	4,960,354	3,878,022	6,192,697	3,932,491
Assigned	1,709	5,961	1,203	1,366	2,443	104,959	107,286	-	25,385	58,430
Unassigned	-	-	(2,093)	(18,863)	(22,539)	(29,792)	(114,461)	(108,072)	-	-
Total all other governmental funds	7,111,088	7,869,719	7,478,302	7,528,406	7,795,896	8,098,602	14,223,225	8,749,729	9,254,981	6,532,634
Total governmental fund balances	<u>\$ 11,285,547</u>	<u>\$ 12,693,754</u>	<u>\$ 14,334,946</u>	<u>\$ 15,270,709</u>	<u>\$ 15,735,322</u>	<u>\$ 16,083,885</u>	<u>\$ 22,711,255</u>	<u>\$ 17,014,150</u>	<u>\$ 17,507,389</u>	<u>\$ 17,478,838</u>

Source: Independent Auditors' Report

Township of Ferguson, Pennsylvania

Schedule of Changes in Governmental Fund Balances

Years Ended December 31

(Unaudited)

SCHEDULE 4

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues										
Taxes	\$ 9,771,549	\$ 9,343,175	\$ 10,570,286	\$ 10,638,051	\$ 10,718,353	\$ 9,970,036	\$ 10,530,104	\$ 10,309,101	\$ 11,070,457	\$ 11,478,600
Licenses and permits	309,657	287,061	304,284	316,873	332,571	322,747	319,546	307,458	311,942	315,901
Fines and forfeits	120,435	115,854	117,778	105,177	73,688	87,084	72,809	46,400	42,393	39,119
Interest and rents	124,685	128,308	142,073	154,790	185,226	243,749	382,727	338,240	217,363	258,331
Intergovernmental	1,091,508	1,241,787	1,336,174	1,757,168	2,104,853	1,594,821	1,461,337	1,904,928	1,711,620	3,373,999
Charges for services	259,019	277,645	165,218	158,769	196,719	598,814	628,384	181,602	461,567	323,368
Miscellaneous revenues	355,649	889,269	92,207	296,695	141,546	265,365	410,933	275,803	315,039	171,717
Refund of prior year expenditures	274	18,118	-	-	-	-	-	-	-	-
Total revenues	<u>12,032,776</u>	<u>12,301,217</u>	<u>12,728,020</u>	<u>13,427,523</u>	<u>13,752,956</u>	<u>13,082,616</u>	<u>13,805,840</u>	<u>13,363,532</u>	<u>14,130,381</u>	<u>15,961,035</u>
Expenditures										
General government	1,469,596	1,465,556	1,455,268	1,659,254	1,830,673	1,792,802	2,513,077	1,685,906	1,747,366	2,070,932
Public safety	2,907,932	2,947,837	2,940,786	3,037,735	3,247,529	3,304,684	3,632,346	3,518,781	3,462,887	3,699,549
Health and welfare	6,673	6,464	8,133	9,002	6,349	409,175	8,556	5,602	7,178	25,759
Public works	7,411,752	3,017,784	2,477,421	3,601,864	3,847,554	3,466,251	4,478,007	3,692,742	2,635,028	5,758,544
Culture and recreation	1,321,946	1,297,150	1,845,643	1,729,172	1,766,343	1,671,087	1,589,262	1,536,058	1,642,724	1,630,706
Community development	30,415	30,415	30,415	30,515	187,915	26,109	60,609	7,269	20,019	52,182
Insurance and other operating	1,576,850	1,616,637	1,791,891	1,920,074	1,917,756	2,038,763	1,890,831	2,179,610	2,153,888	1,812,881
Capital outlay	-	-	-	-	-	-	-	6,288,279	1,754,174	314,997
Debt issuance costs	-	21,442	-	-	-	-	-	-	-	-
Debt service, principal	495,000	505,000	543,000	551,200	556,000	-	-	-	105,000	215,000
Debt service, interest	64,490	43,242	13,585	8,843	3,255	25,942	-	170,040	178,768	174,268
Debt service, costs of issuance	-	-	-	-	-	-	131,384	-	-	-
Other costs	-	-	-	2,430	1,681	3,945	-	-	-	-
Total expenditures	<u>15,284,654</u>	<u>10,951,527</u>	<u>11,106,142</u>	<u>12,550,089</u>	<u>13,365,055</u>	<u>12,738,758</u>	<u>14,304,072</u>	<u>19,084,287</u>	<u>13,707,032</u>	<u>15,754,818</u>
Excess (deficiency) of revenues over expenditures	<u>(3,251,878)</u>	<u>1,349,690</u>	<u>1,621,878</u>	<u>877,434</u>	<u>387,901</u>	<u>343,858</u>	<u>(498,232)</u>	<u>(5,720,755)</u>	<u>423,349</u>	<u>206,217</u>
Other Financing Sources (Uses)										
Net transfers in (out)	75,617	-	-	-	-	-	-	-	(3,100)	(239,868)
Sale of capital assets	46,976	13,317	19,314	58,329	76,712	4,705	168,551	23,650	72,990	5,100
Issuance of long-term debt	-	1,650,200	-	-	-	-	6,845,000	-	-	-
Bond premium	-	-	-	-	-	-	112,051	-	-	-
Payments to refund bonds and notes payable	-	(1,605,000)	-	-	-	-	-	-	-	-
Total other financing sources	<u>122,593</u>	<u>58,517</u>	<u>19,314</u>	<u>58,329</u>	<u>76,712</u>	<u>4,705</u>	<u>7,125,602</u>	<u>23,650</u>	<u>69,890</u>	<u>(234,768)</u>
Net changes in fund balances	<u>\$ (3,129,285)</u>	<u>\$ 1,408,207</u>	<u>\$ 1,641,192</u>	<u>\$ 935,763</u>	<u>\$ 464,613</u>	<u>\$ 348,563</u>	<u>\$ 6,627,370</u>	<u>\$ (5,697,105)</u>	<u>\$ 493,239</u>	<u>\$ (28,551)</u>
Debt service as a percentage of noncapital expenditures (1)	5.93%	6.26%	5.85%	5.61%	5.02%	0.26%	0.00%	1.47%	2.37%	2.52%

Note: (1) Capital outlay is integrated in all functions of current expenditures. Amount is subtracted from amount used in calculation

Source: Independent Auditors' Report

Township of Ferguson, Pennsylvania

Schedule of Earned Income Tax

Years Ended December 31

(Unaudited)

SCHEDULE 5

<u>Year</u>	<u>Rate</u>	<u>Total Earned Income Tax Collected (1)</u>	<u>% Change</u>
2013	1.40%	\$ 6,029,207	2.36%
2014	1.40%	6,497,093	7.76%
2015	1.40%	6,211,770	-4.39%
2016	1.40%	7,076,928	13.93%
2017	1.40%	7,001,620	-1.06%
2018	1.40%	6,813,065	-2.69%
2019	1.40%	7,218,789	5.96%
2020	1.40%	6,705,357	-7.11%
2021	1.40%	7,940,233	18.42%
2022	1.40%	8,274,020	4.20%

Sources: Ferguson Township Operating Budgets (actual)
Independent Auditors' Report

Notes: (1) Modified Accrual Basis

Township of Ferguson, Pennsylvania

Schedule of Earned Income Tax Rates - All Direct and Overlapping Governments

Years Ended December 31

(Unaudited)

SCHEDULE 6

Tax Rates (% per \$1 of Taxable Income)			
Fiscal Year	Township (1)	School (2)	Total
2013	1.40%	0.95%	2.35%
2014	1.40%	0.95%	2.35%
2015	1.40%	0.95%	2.35%
2016	1.40%	0.95%	2.35%
2017	1.40%	0.95%	2.35%
2018	1.40%	0.95%	2.35%
2019	1.40%	0.95%	2.35%
2020	1.40%	0.95%	2.35%
2021	1.40%	0.95%	2.35%
2022	1.40%	0.95%	2.35%

Sources: (1) Ferguson Township tax office
(2) State College Area School District

Township of Ferguson, Pennsylvania

Schedule of Principal Earned Income Taxpayers
 Current Year and Nine Years Ago
 Years Ended December 31
 (Unaudited)

SCHEDULE 7

Income Level	2022 (1)				2013			
	Number of Filers	Percentage of Total	Tax Liability (3)	Percentage of Total Levey	Number of Filers	Percentage of Total	Tax Liability (3)	Percentage of Total Levey
Greater than \$100,000.00	1,640	15.37%	\$ 4,189,097	54.26%	1,158	10.04%	\$ 2,673,070	44.17%
\$75,000.01 - \$100,000.00	812	7.61%	980,676	12.70%	743	6.44%	822,177	13.59%
\$50,000.01 - \$75,000.00	1,278	11.98%	1,103,269	14.29%	1,093	9.48%	955,488	15.79%
\$25,000.01 - \$50,000.00	1,768	16.57%	906,525	11.74%	1,943	16.85%	970,135	16.03%
\$10,000.01 - \$25,000.00	1,677	15.72%	391,254	5.07%	1,909	16.56%	440,793	7.28%
Less than or equal to \$10,000.00	3,493	32.74%	150,135	1.94%	4,685	40.63%	190,019	3.14%
Total	10,668	100.00%	\$ 7,720,956	100.00%	11,531	100.00%	\$ 6,051,682	100.00%

Notes: (1) 2022 collections represent the 2021 tax year and 2013 collections represent the 2012 tax year
 (2) specific taxpayers do not necessarily correlate between current and nine years ago
 (3) calculated based on Township tax rate of 1.4%

Source: Centre Tax Agency & Ferguson Township Tax Office

Township of Ferguson, Pennsylvania

Schedule of Assessed Value of Taxable Properties

Years Ended December 31

(Unaudited)

SCHEDULE 8

Real Property Assessed Taxable Value										
Fiscal Year (1)	Agricultural Property	Commercial Property	Industrial Property	Land	Residential Property	Total	Direct Rate	Actual Taxable Value	TAV as % of ATV (2)	Tax Exempt \$ (Memo)
2013	\$ 17,143,675	\$ 140,072,895	\$ 11,307,210	\$ 5,661,630	\$ 375,567,930	\$ 549,753,340	1.58	\$ 1,099,506,680	50%	\$ 35,560,310
2014	17,346,975	148,383,300	6,343,510	4,115,330	380,023,120	556,212,235	1.58	1,112,424,470	50%	40,463,395
2015	17,504,845	152,558,035	6,343,510	5,113,425	383,746,530	565,266,345	1.58	1,130,532,690	50%	40,657,855
2016	17,568,525	158,095,150	6,353,110	4,958,695	388,538,545	575,514,025	1.58	1,151,028,050	50%	41,233,525
2017	17,773,375	159,274,870	6,353,110	4,596,755	394,706,885	582,704,995	1.58	1,165,409,990	50%	42,103,120
2018	17,858,545	161,319,740	6,351,535	4,362,860	397,634,760	587,527,440	1.58	1,175,054,880	50%	46,087,310
2019	17,890,975	161,222,525	6,351,535	4,093,430	399,122,785	588,681,250	1.58	1,177,362,500	50%	48,082,020
2020	18,068,855	165,199,280	6,351,535	3,885,425	401,003,310	594,508,405	1.58	1,189,016,810	50%	49,286,310
2021	18,071,365	166,027,010	5,808,625	3,692,370	402,014,320	595,613,690	1.58	1,191,227,380	50%	54,851,000
2022	18,100,305	178,334,235	5,808,625	3,659,680	402,685,230	608,588,075	1.58	1,217,176,150	50%	55,900,310

Notes:

(1) As of March 1 of each year

(2) TAV=taxable assessed value, ATV=actual taxable value

Sources:

Centre County Assessment Office Township Tax Duplicate

Township of Ferguson, Pennsylvania

Schedule of Principal Property Taxpayers

Year Ended December 31

(Unaudited)

SCHEDULE 9

Taxpayer	2022			2013		
	Taxable Assessed Values	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Values	Rank	Percentage of Total Taxable Assessed Value
SC Apartments LLC - 39144	\$ 11,396,785	1	1.87%			0.00%
Circleville Road Partners LP	9,320,605	2	1.53%			0.00%
Minitab Inc.	7,723,525	3	1.27%	\$ 8,709,120	1	1.58%
SC Apartments LLC - 39145	5,237,450	4	0.86%			0.00%
SC Park Apartments LLC	4,511,265	5	0.74%			0.00%
State College AI Investors LLC	4,254,770	6	0.70%			0.00%
Copper Beach Townhouses et al	3,940,220	7	0.65%	6,062,815	3	1.10%
Circleville Road Partners A LP	3,740,220	8	0.61%			0.00%
Blue Course Associates LLC	3,291,750	9	0.54%			0.00%
Park Crest Terrace Limited	3,250,550	10	0.53%	3,250,550	7	0.59%
C2S LP			0.00%	6,670,265	2	1.21%
WHGMH Realty (Accuweather)			0.00%	4,511,265	4	0.82%
Inland Western State College (Raytheon)			0.00%	4,119,650	5	0.75%
CSC Northland LP			0.00%	3,598,730	6	0.65%
Weis Markets			0.00%	2,543,760	10	0.46%
WcWhirter Family Limited Partnership			0.00%	2,692,945	8	0.49%
Hemmingway Place			0.00%	2,587,830	9	0.47%
Total	\$ 56,667,140		9.31%	\$ 44,746,930		8.12%
Total Taxable Assessed Value	\$ 608,588,075			\$ 549,753,340		

Source: Centre County Township Real Estate Tax duplicate

Township of Ferguson, Pennsylvania

Schedule of Property Tax Levies and Collections

Years Ended December 31

(Unaudited)

SCHEDULE 10

<u>Fiscal Year</u>	<u>Tax Levy for the Year (1)</u>	<u>Current Tax Collections (2)</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Tax Collections (2)</u>	<u>Total Tax Collections</u>	<u>Total Collections as a Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes (3)</u>	<u>Outstanding Delinquent Taxes as a Percent of Current Levy</u>
2013	\$ 1,331,503	\$ 1,307,069	98.16%	\$ 16,669	\$ 1,323,738	99.42%	\$ 7,765	0.58%
2014	1,347,146	1,321,780	98.12%	17,198	1,338,978	99.39%	8,168	0.61%
2015	1,369,075	1,336,271	97.60%	16,978	1,353,249	98.84%	15,826	1.16%
2016	1,393,895	1,384,965	99.36%	14,012	1,398,977	100.36%	(5,082)	-0.36%
2017	1,411,311	1,383,463	98.03%	9,219	1,392,682	98.68%	18,629	1.32%
2018	1,422,991	1,394,319	97.99%	11,667	1,405,986	98.80%	17,005	1.20%
2019	1,425,786	1,450,436	101.73%	9,198	1,459,634	102.37%	(33,848)	-2.37%
2020	1,439,899	1,409,246	97.87%	12,092	1,421,338	98.71%	18,561	1.29%
2021	1,442,576	1,316,985	91.29%	10,837	1,327,822	92.05%	114,754	7.95%
2022	1,474,000	1,261,997	85.62%	14,017	1,276,014	86.57%	197,986	13.43%

Sources:

- (1) Taxable Assessed value (face) (Centre County Assessment Office tax duplicate) multiplied by tax rate
- (2) Ferguson Township Operating Budgets (actuals) (does not include supplementals) & Bond applications
Independent auditors' report, DCED audit report, Springbrook accounting system
- (3) discount 2%, penalty 10%. If more taxpayers pay in penalty period, it is possible to have a negative delinquent balance

Township of Ferguson, Pennsylvania

Schedule of Ratios of Outstanding Debt by Type

Years Ended December 31

(Unaudited)

SCHEDULE 11

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income (1)	Percentage of Actual Value of Taxable Property (2)	Per Capita Debt (2)
	General Obligation Bonds	Notes Payable				
2013	\$ 2,110,000	\$ -	\$ 2,110,000	0.42%	0.19%	116
2014	-	1,650,200	1,650,200	0.30%	0.15%	91
2015	-	1,107,200	1,107,200	0.19%	0.10%	61
2016	-	556,000	556,000	0.09%	0.05%	30
2017	-	-	-	0.00%	0.00%	-
2018	-	-	-	0.00%	0.00%	-
2019	6,957,051	-	6,957,051	1.02%	0.58%	373
2020	6,952,382	-	6,952,382	0.92%	0.58%	364
2021	6,842,713	-	6,842,713	0.61%	0.58%	356
2022	6,623,045	-	6,623,045	0.81%	0.58%	347

Notes: The Township has no business-type debt and therefore is not shown in the schedule.

Sources: (1) Schedule of Demographic and Economic Statistics for population and personal income data.
 (2) Schedule of Assessed Value of Taxable Properties for property value data.

Township of Ferguson, Pennsylvania

Schedule of Direct and Estimated Overlapping Debt

Year Ended December 31, 2022

(Unaudited)

SCHEDULE 12

Governmental Unit	Debt Outstanding	Township Percentage of Debt	Township Share of Overlapping Debt
Bonded Debt			
Total bonded debt	\$ 6,623,045		\$ 6,623,045
Notes Payable (Note 1)			
Direct Township debt, Ferguson Township	-	100.00%	-
Overlapping debt:			
Centre Region Parks and Rec (pools)	3,084,308	26.84%	827,828
Centre Region Parks and Rec (parks)	5,970,655	28.04%	1,674,172
Total overlapping debt	9,054,963		2,502,000
Total direct and overlapping debt	9,054,963		2,502,000
Total	\$ 15,678,008		\$ 9,125,045

Notes: The percentage of overlapping debt for the Centre Region Parks & Rec is based upon the CROG formula for Parks & Rec. for 2021

Sources: (1) Independent Auditors' Report
(2) Centre Region Parks & Rec

Township of Ferguson, Pennsylvania

Schedule of Legal Debt Margin Information

Years Ended December 31

(Unaudited)

SCHEDULE 13

<u>Fiscal Year</u>	<u>Borrowing Base</u>	<u>Debt Limit Percentage</u>	<u>Debt Limit</u>	<u>Total Net Debt (Note 2)</u>	<u>Net Nonelectoral Legal Debt Margin</u>	<u>Total Debt as a Percentage of Debt Limit</u>
2013	\$ 15,987,861	250%	\$ 39,969,653	\$ 5,442,905	\$ 34,526,748	13.6%
2014	15,562,756	250%	38,906,890	4,796,957	34,109,933	12.3%
2015	15,142,976	250%	37,857,440	4,062,448	33,794,992	10.7%
2016	14,728,266	250%	36,820,665	3,336,990	33,483,675	9.1%
2017	15,330,118	250%	38,325,295	2,623,473	35,701,822	6.9%
2018	15,520,317	250%	38,800,793	2,459,635	36,341,158	6.3%
2019	15,296,421	250%	38,241,053	9,134,218	29,106,835	23.9%
2020	16,187,658	250%	40,469,145	9,064,241	31,404,904	22.4%
2021	26,100,943	250%	65,252,358	8,769,932	56,482,426	13.4%
2022	22,301,053	250%	55,752,633	9,125,045	46,627,588	16.4%

Notes:

The Commonwealth of PA has enacted the "Local Government Debt Act" which limits debts to revenues. In short, revenues of the most recent three years are adjusted for various non recurring and excludable items. The results are then averaged to calculate the "borrowing base". Certain percentages are applied to the borrowing base to determine the debt limits.

The total net debt includes the Township portion of the CRCOG debt. The Township is not liable for any more than its share of the debt

Sources:

- (1) Department of Community and Economic Development filings
- (2) Independent Auditors' Reports
- (3) Centre Region Council of Governments

Township of Ferguson, Pennsylvania

Schedule of Demographic and Economic Statistics

Years Ended December 31

(Unaudited)

SCHEDULE 14

Fiscal Year	Population (1)	Personal Income (2)	Per Capital (Median) Income (1)	Public School Enrollment (4)	Housing Units (5)	Unemployment Rate (6)
2013	18,174	\$ 505,491,636	\$ 27,814	6,817	7,704	6.0%
2014	18,206	553,589,842	30,407	6,775	7,779	6.0%
2015	18,238	578,162,838	31,701	6,776	7,833	3.5%
2016	18,420	595,530,885	32,330	6,787	2,212	3.7%
2017	18,604	658,588,680	35,400	6,781	3,191	3.2%
2018	18,837	686,834,694	36,462	6,891	8,089	2.9%
2019	18,649	683,112,870	36,630	6,829	8,083	3.5%
2020	19,118	755,715,422	39,529	6,825	8,110	4.9%
2021	19,199	1,124,139,848	58,552	6,705	8,476	2.9%
2022	19,112	816,808,656	42,738	6,776	7,822	7.2%

Note: 2011-2015 data from US Census estimates.
Some data is extrapolated.

Sources: (1) U.S. Census Bureau
(2) Determined by multiplying population by per capita income
(4) State College Area School District, does not include charter schools or private schools
(5) American Community Survey 5 year estimates, Centre Region Planning Agency
(6) U.S. Bureau of Labor Statistics for State College PA (MSA) annual rate @ 12/31

Township of Ferguson, Pennsylvania

Schedule of Principal Employers
 Years Ended December 31
 (Unaudited)

SCHEDULE 15

Employer	2022			2013		
	Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Penn State University	1,156	1	10.15%	538	1	4.79%
Accu Weather Inc.	345	2	3.03%	403	2	3.59%
Aveanna Healthcare LLC	309	3	2.71%			0.00%
Minitab, Inc.	288	4	2.53%	294	4	2.62%
HRI Inc	283	5	2.48%	376	3	3.35%
Ahold Financial Services	269	6	2.36%	208	9	1.85%
Raytheon Company	248	7	2.18%	246	5	2.19%
Sound Technology Inc	221	8	1.94%	213	8	1.90%
Centre Area Transportation Authority	196	9	1.72%			0.00%
Collegiate Subs Inc	178	10	1.56%			0.00%
Spectrum Control Technology Inc				232	6	2.06%
Hellenic Ventures Inc.				228	7	2.03%
Pediatric Services				203	10	1.81%
Total	3,493		30.66%	2,941		26.16%
Total Township Employment	11,393			11,237		
Net Gain (Loss) of Employment		156				

Source: Centre Tax Agency EIT/LST data

Township of Ferguson, Pennsylvania

Schedule of Full-Time Equivalent Township Employees by Function

Years Ended December 31

(Unaudited)

SCHEDULE 16

<u>Year</u>	<u>General Government (3)</u>	<u>Public Works (4)</u>	<u>Public Safety</u>	<u>Planning and Zoning</u>	<u>Stormwater Fund</u>	<u>Total</u>
2013	7.4	21.1	23.8	3.5	0.0	55.8
2014	7.4	21.5	24.9	3.6	0.0	57.4
2015	7.5	23.5	24.7	3.4	0.0	59.1
2016	7.6	24.9	25.2	5.2	0.0	62.9
2017	8.4	25.7	25.0	5.6	0.0	64.7
2018	10.2	27.1	24.9	5.7	0.0	67.9
2019	10.5	29.5	24.3	5.5	0.0	69.8
2020	11.0	28.0	24.3	5.5	0.0	68.8
2021	10.5	24.5	24.3	5.5	3.6	68.4
2022	11.0	25.0	24.3	5.5	3.5	69.3

- Notes:
- (1) Totals include part time employees and overtime hours
 - (2) FTEs are based on 2080 hours for full-time employees
 - (3) Includes Board, Administration, Finance & IT
 - (4) Includes Engineering, Custodians, Road Crew & Arborist

Source: Microdata Payroll Services, Keystone Payroll, Ferguson Annual Operating Budget

Township of Ferguson, Pennsylvania

Schedule of Operating Indicators by Function/Program

Years Ended December 31

(Unaudited)

SCHEDULE 17

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administration (5)										
Electricity Costs, Office	\$ 20,867	\$ 15,025	\$ 21,495	\$ 21,198	\$ 24,026	\$ 21,657	\$ 18,175	\$ 4,438	\$ 15,025	\$ 19,252
Electricity Costs, PW Building 1	6,744	2,310	4,370	6,844	4,753	7,106	7,163	21,427	4,223	2,814
Electricity Costs, PW Buildings 3/4	(c)	(c)	(c)	(c)	(c)	(c)	(c)	(c)	3,407	2,409
Electricity Costs, PW Building 6	-	-	-	-	-	-	-	518	-	3,469
Heating Costs (gas), Office	4,722	4,419	4,195	3,547	3,800	5,972	5,580	6,547	4,419	9,115
Heating Costs (gas), PW Building 1	6,414	3,839	6,546	5,858	6,187	8,560	7,731	5,894	9,019	16,149
Heating Costs (gas), PW Building 6	6,414	3,839	6,546	5,858	6,187	8,560	7,731	5,894	3,839	7,623
Police (1)										
Number of Sworn Officers	21	21	22	22	22	22	22	22	21	23
Total Calls for Service	4,879	4,695	4,926	4,869	5,151	4,878	4,726	4,193	4,595	4,842
Traffic Citations	1,242	1,228	992	818	690	754	810	381	358	413
Criminal Arrests	385	303	281	214	194	175	149	98	107	99
Traffic Stops	3,428	3,257	2,692	2,305	1,928	2,104	2,338	1,793	1,813	2,196
Parking Tickets	572	565	878	1,256	1,004	1,268	1,178	520	511	570
Public Works/Engineering (2,4)										
Highway Occupancy Permits issued	52	69	57	36	59	63	48	41	-	68
Land Development/Subdivision plans reviewed	26	16	19	12	14	19	18	-	22	33
Tons of Salt purchased	1,382	1,676	1,410	1,182	1,385	1,589	1,875	1,450	1,481	1,235
Cubic yards/tons of leaves/brush collected (a)	8,709	1,214	1,297	1,082	1,234	1,594	1,352	1,600	1,218	35
Planning & Zoning (3)										
Zoning permits issued	197	186	232	210	348	331	439	163	185	249
Sign permits issued	46	43	30	38	28	36	35	34	22	26
Home Occupation permits issued	-	11	7	12	4	4	3	9	29	12
Rental permits issued (b)	277	83	244	272	81	105	86	119	283	230
Land Development/Subdevelopment permits issued	10	11	3	7	3	6	-	3	3	6

Notes: (a) Beginning in 2014, leaf and brush measured by weight rather than volume
 (b) Beginning in 2014, rental permits are reported separately from home occupation permits
 (c) Included in building 1 totals

Sources: (1) Ferguson Township Police Department
 (2) Ferguson Township Public Works Department
 (3) Ferguson Township Planning and Zoning Department
 (4) Ferguson Township Annual Operating Budgets
 (5) Ferguson Township accounting records

Township of Ferguson, Pennsylvania

Schedule of Capital Asset Statistics by Function/Program
 Years Ended December 31
 (Unaudited)

SCHEDULE 18

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles (2)	17	17	10	10	17	17	17	17	17	17
CNG Vehicles (a)	-	-	3	4	4	4	2	1	1	2
Electric Vehicles	-	-	-	-	-	-	-	1	1	1
Information Technology (1)										
Servers (Physical)	5	5	5	8	10	10	7	4	6	6
Servers (Virtual)	-	-	-	-	-	6	4	6	9	9
Desktops/Towers	30	36	34	28	26	29	29	23	22	22
Laptops	13	16	22	28	31	31	33	36	41	41
Tablets	1	3	4	4	4	8	7	11	8	8
Printers/Copiers	-	-	-	-	-	-	12	3	16	16
Police Vehicle Laptops (including MCP)	13	13	13	13	10	10	3	14	14	14
Public Works (3)										
Road miles of road surface	91.7	91.7	91.7	94.4	94.4	94.7	94.7	94.7	94.7	94.7
Heavy Trucks	17	19	17	14	17	12	12	11	11	11
Pickup Trucks and Autos	7	6	2	13	11	8	8	8	8	8
Electric Vehicles	-	-	-	-	-	-	-	2	2	2
Parks and Recreation (4)										
Township owned developed Parks	10	10	10	10	11	11	11	11	11	11
Number of developed acres	188.6	188.6	172.5	172.5	178.0	178.0	178.0	178.0	178.0	178.0
Township owned un-developed Parks	2	2	2	2	1	1	1	1	1	1
Number of un-developed acres	96.1	96.1	96.1	96.1	183.0	183.0	183.0	183.0	183.0	183.0
Number of Regional Park acres located in Ferguson Township (undeveloped)	100	100	100	100	103	103	103	103	100	100

Notes (a) tracking of virtual servers began in 2018

Sources: (1) Hinton Associates Inventory
 (2) Police Department
 (3) Public Works Department
 (4) Centre Region Parks & Rec

Township of Ferguson, Pennsylvania

Single Audit Reports

December 31, 2022

Township of Ferguson, Pennsylvania

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**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***

Independent Auditors' Report

To the Board of Supervisors of the
Township of Ferguson, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Township of Ferguson, Pennsylvania (the Township), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated September 28, 2023. In our report, an emphasis of matter paragraph was included, as more fully disclosed in Notes 1 and 3 to the financial statements, to address the Township's adoption of a new accounting principle. Our opinions were not modified with respect to this matter.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a significant deficiency.

Report on 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 financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

The Township's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Baker Tilly US, LLP

State College, Pennsylvania
September 28, 2023

**Report on Compliance
for the Major Federal Program;
Report on Internal Control Over Compliance; and
Report on the Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of Supervisors of
Township of Ferguson, Pennsylvania

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Township of Ferguson, Pennsylvania's (the Township) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2022. The Township's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Township complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Township's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Township's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Township as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements. We issued our report thereon dated September 28, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

State College, Pennsylvania
September 28, 2023

Township of Ferguson, Pennsylvania

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Project Title	Assistance Listing Number	Pass-Through Grantor's Number/ Grant Number	Total Received for the Year	Accrued or (Deferred) Revenue at January 1, 2022	Revenue Recognized	Total Federal Expenditures	Accrued or (Deferred) Revenue at December 31, 2022	Passed Through to Subrecipients
U.S. Department of Transportation								
Passed-through the County of Centre, State and Community Highway Safety, Highway Safety Cluster	20,608	N/A	\$ 48,908	\$ -	\$ 48,908	\$ 48,908	\$ -	\$ -
U.S. Department of Treasury								
Passed-through the Commonwealth of Pennsylvania, COVID-19 Coronavirus State and Local Fiscal Recover Funds COVID-19 State and Local Fiscal Recovery Fund - American Rescue Plan Act 2021	21.027	N/A	1,018,536	(1,018,536)	2,037,072	2,037,072	-	-
Total expenditures of federal awards			<u>\$ 1,067,444</u>	<u>\$ (1,018,536)</u>	<u>\$ 2,085,980</u>	<u>\$ 2,085,980</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to schedule of expenditures of federal awards

Township of Ferguson, Pennsylvania

Notes to Schedule of Expenditures of Federal Awards
December 31, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Township of Ferguson, Pennsylvania (the Township) under programs of the federal government for the year ended December 31, 2022. 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, they are not intended to and do not present the financial position, changes in net position or cash flows of the Township in its entirety.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The Township has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

Township of Ferguson, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> none reported

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major federal program:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Fund – American Rescue Plan Act 2021

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

Auditee qualified as low-risk auditee? yes X no

Township of Ferguson, Pennsylvania

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section II - Financial Statement Findings

Finding 2022-001: Internal Control Over Financial Reporting - Continuing Disclosure Compliance - Significant Deficiency - Noncompliance

Criteria: Pursuant to the provisions of Securities and Exchange Commission (SEC) Rule 15c2-12, Municipal Securities Disclosure, and the provisions of the Township's General Obligation Bonds, Series of 2019, the Township is required to provide to the Municipal Securities Rulemaking Board (MRSB) a copy of its annual audited financial statements within the term stated in the final official statement of its bonds (October 1). (Effective July 1, 2009, the SEC began allowing issuers and their dissemination agents to utilize the Electronic Municipal Market Access system (EMMA) to meet the filing requirements of SEC Rule 15c2-12.)

Condition/Context: As part of our audit of the Township's financial statements, we noted that the Township did not meet its Municipal Securities Disclosure requirements filing deadline relative to its outstanding General Obligation Bonds, Series 2019, for the year ended December 31, 2021; the Township's continuing disclosure requirement is due to be filed by October 1 of each year for the fiscal year ended the previous December 31. The Township made its December 31, 2021 continuing disclosure filing on October 12, 2022.

Cause: Township management has not updated its required filings prior to the required filing date.

Effect: Because the Township has not kept its required SEC Rule 15c2-12 filings current for the bonds, it is not in compliance with the requirements of SEC Rule 15c2-12.

Recommendation: We recommend that the Township update its SEC Rule 15c2-12 filings and create an annual reminder system to update its filing(s) on a timely basis.

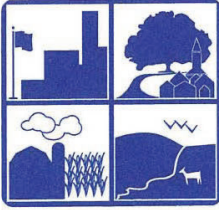
Views of Responsible Officials and Planned Corrective Actions: See corrective action plan.

Section III - Federal Award Findings and Questioned Costs

None.

Section IV - Summary Schedule of Prior Year Audit Findings

No audit findings reported in prior year.



TOWNSHIP OF FERGUSON

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CORRECTIVE ACTION PLAN

September 29, 2023

U.S. Securities and Exchange Commission

Township of Ferguson, Pennsylvania respectfully submits the following corrective action plan for the year ended December 31, 2022.

Name and address of independent public accounting firm: Baker Tilly U.S., LLP 431 Science Park Road, Suite 302, State College, PA 16803

Audit period: Year Ending December 31, 2022

The findings from the December 31, 2022 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINANCIAL STATEMENT FINDINGS

Finding 2022-001 – Continuing Disclosure Requirement

Recommendation: We recommend that the Township update its SEC Rule 15c2-12 filings and create an annual reminder system to update its filing(s) on a timely basis.

View of Responsible Officials: Due to recent turnover within the finance office, management believes this was the reason for the oversight. Management plans to put in checks to assure the proper filings are completed in a timely manner. Management has hired a third party to make the submissions going forward to avoid missing the deadline.

FEDERAL AWARD FINDINGS

None Noted

If the U.S. Securities and Exchange Commission has questions regarding this plan, please call Centrice Martin, Township Manager at Ferguson Township at (814) 238-4651.

Sincerely,

Township of Ferguson, Pennsylvania

Signed: _____

Township Manager