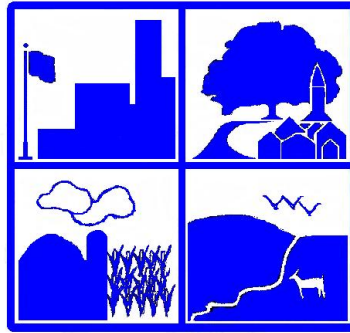




Comprehensive Annual Financial Report

For the Year Ended
December 31, 2013





2013

FERGUSON TOWNSHIP

CENTRE COUNTY, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Calendar Year Ended December 31, 2013

**Prepared by the Township Department of Finance
Eric Endresen, Director**



Township of Ferguson, Pennsylvania

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Township of Ferguson, Pennsylvania

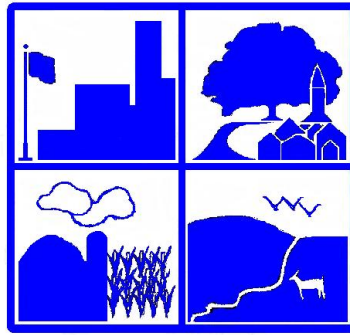
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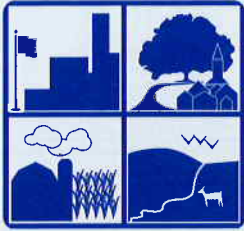
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Introductory Section



TOWNSHIP OF FERGUSON

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

June 25, 2014

To the Citizens of Ferguson Township, Centre County, Pennsylvania

The Township Manager and Finance Director are pleased to submit the Comprehensive Annual Financial Report ("CAFR") of the Township of Ferguson, Centre County, Pennsylvania for the year ended December 31, 2013.

This CAFR is prepared to inform the Board of Supervisors, Township staff, our citizens, bondholders and other interested parties, detailed information concerning the financial condition of the Township government. 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 management of the Township has established a comprehensive 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"). Because the cost of internal controls should not outweigh their benefits, the Township's comprehensive framework of internal controls has been designed to provide 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 CAFR was prepared by the Township Finance Department and the financial statements were audited by the firm ParenteBeard LLC, State College, PA.

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 generally accepted accounting principles for all funds except the employee benefit, internal services, pension trust, and agency 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.

Although not legally obligated to do so, for management control purposes, the Board of Supervisors reviews and approves interdepartmental budget transfers. 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 the State College Borough. If the student population was removed from the census information, the Township may actually have the largest permanent resident population in the County.

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 92,687 populous (2012) approximating 60 percent of the total County population 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 (2012 estimates 17,734) and the largest in terms of land area (47.65 square miles). Ferguson has an estimated population density of 372.2 persons per square mile (2011).

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 have grown dramatically in the past decade. According the US Census data, in 2000, there were 5,699 housing units. This increased to 7,501 in 2010, an increase of 1,802 units or 32%.

The population breakdown, according to US Census and American Community Survey for the range 2007-2011, includes 64.4% of township residents fall in the 18-59 year old range, and 12.7% age 65 and older. Another indicator is children. Children under the age of 18 make up 17.9% of the township population. The remainder of the township population falls in the 60-64 age range.

Of the top 20 employers in the Centre Region, at least 6 of these employers have a presence or home in the Township. These include the largest employer Penn State University, as well as Raytheon (defense contractor), Accuweather (meteorology), Spectrum Technology, et al (defense electronics), HRI (construction) and Minitab, Inc. (software). New small and medium size businesses are continuing to establish their offices in the Township to be close to the ongoing growth and development.

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. Being a tax-exempt entity, Penn State continues to purchase local real estate and convert it to tax exempt status affecting the Township negatively, although due to the low property tax rates levied in the Township, this impact is minimized.

The Township has worked on or completed several projects during 2013 that have shaped the Township finances. These are:

- West Whitehall Road Widening (multi-million dollar project)
- Tudek Park Improvements
- Miscellaneous Road Improvement Projects
- The Centre Region Parks and Rec., of which the Township is a member, is involved in a multimillion dollar project to develop two regional parks. Both of these parks are currently being designed and the funding is secured for the first phase.

The Township annual debt service influences the Township's ability to use the funds for other uses and will continue to do so with terms of the debt. The Township's current debt level is well within the Townships ability to pay and is projected to decrease significantly after 2017. Additionally, funding is set aside annually to replace aging public works equipment over \$25,000 and to replace aging building equipment, in addition to the annual capital replacements for police and other departments.

The Township has sufficient financial reserves in place for the current planned transportation improvement projects. A substantial portion of these reserves will be used to complete the Whitehall Road project. In addition, the cost of debt service for the pools and regional park projects impacts the long term finances of the Township.

The long term financial planning outlook for the Township is highly dependent on the growth in the employment tax base to provide sufficient resources for road and park projects, the police force, and the cost of technology. At this time, the outlook for the Township is favorable for long term growth and stability.

Award

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Ferguson Township for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting to the GFOA to determine its eligibility for another certificate.

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 Mark Kunkle for their support in this project. In no specific order they are:

Board of Supervisors, Ferguson Township
Mark Kunkle, Township Manager, Ferguson Township
David Pribulka, Assistant Township Manager, Ferguson Township
William Kelly, ParenteBeard LLC, CPAs
Donna Watson, State College School District
Ferguson Township Tax Office
Ferguson Township Planning and Zoning Department
Diane Conrad, Chief of Police, Ferguson Township
Dave Modricker, Director of Public Works, Ferguson Township
Ron Seybert, Township Engineer, Ferguson Township
Steve McDonald, Road Superintendent, Ferguson Township
Centre Tax Agency
Ferguson Township Police Department
Centre Region Parks & Rec.

If I have omitted anyone, please accept my apologies.

Respectfully Submitted,



Eric R. Endresen, CPA,
Director of Finance

Ferguson Township

Mission, Vision, and Core Values



Ferguson Township *Mission Statement*

Ferguson Township provides efficient, cost effective, professional services to our residents. This is achieved in a fair, cooperative, ethical and honest manner. The Township manages resources allowing planned sustainable growth while preserving the quality of life and its unique characteristics.



Ferguson Township *Vision Statement*

The Township has appropriate staff and resources to maintain the infrastructure in good condition, provide good service, keep Township operations financially stable and keep pace with technology. As a result, the Township is a leader and model for the Centre Region and other Home Rule municipalities.



Ferguson Township *Core Values*

The Township values: ethical and honest behavior, teamwork, a clean and safe environment, effective, efficient, professionalism in delivering services to our residents, managing resources wisely, preserving the unique character of the Township, partnering with our neighboring municipalities to provide cost effective services.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Ferguson Township
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

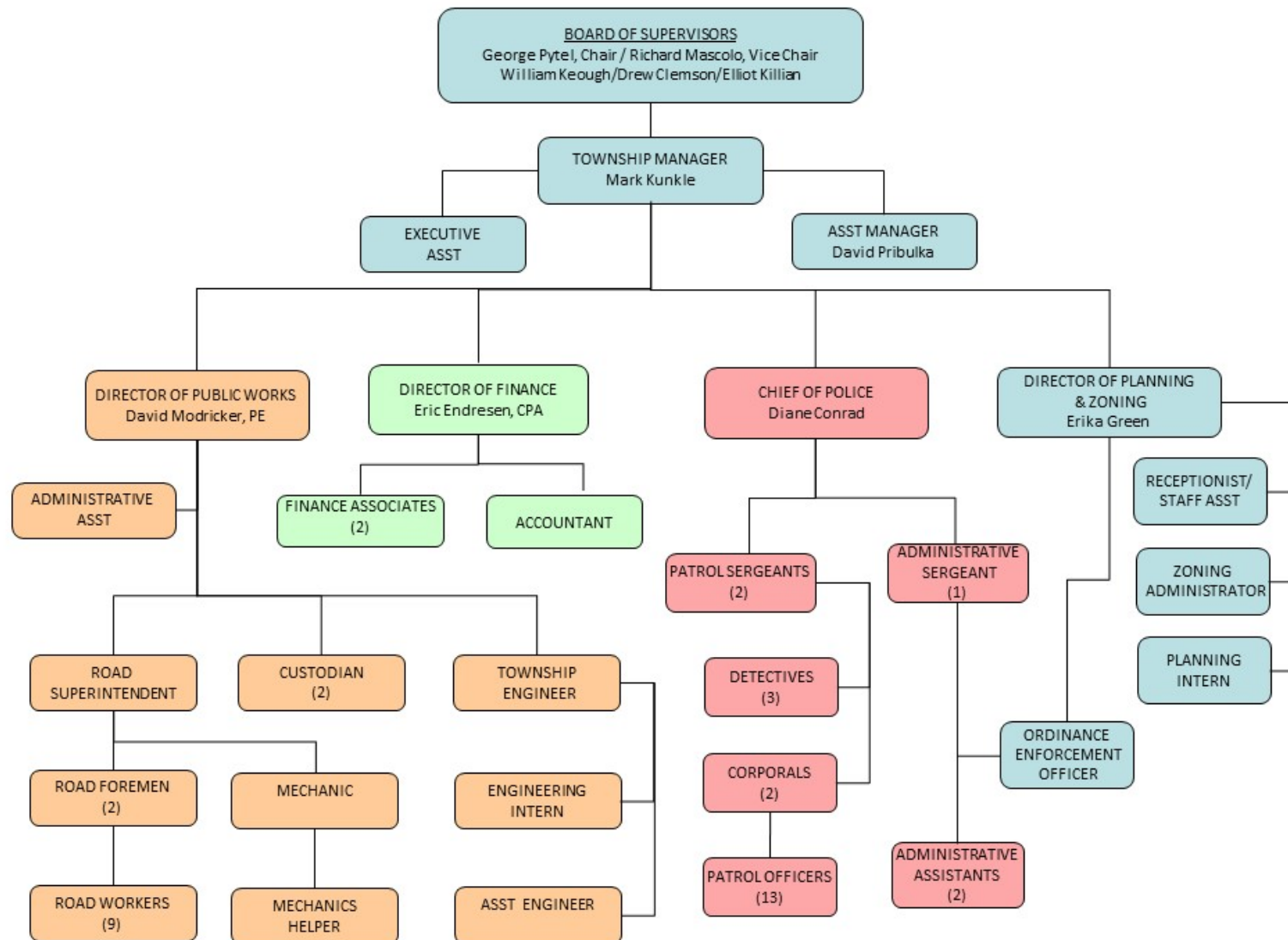
December 31, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO



Ferguson Township Organizational Chart





Township of Ferguson, Pennsylvania

List of Principal Officials 2013

George Pytel, Chair, Board of Supervisors

Richard Mascolo, Vice Chair, Board of Supervisors

William Keough, Supervisor

Drew Clemson, Supervisor

Elliot Killian, Supervisor

Mark A. Kunkle, Township Manager

David G. Pribulka, Assistant Manager

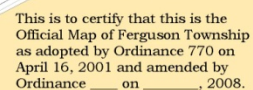
David J. Modricker, Director of Public Works

Eric R. Endresen, Director of Finance

Diane M. Conrad, Chief of Police

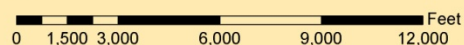
Erika D. Green, Director of Planning and Zoning

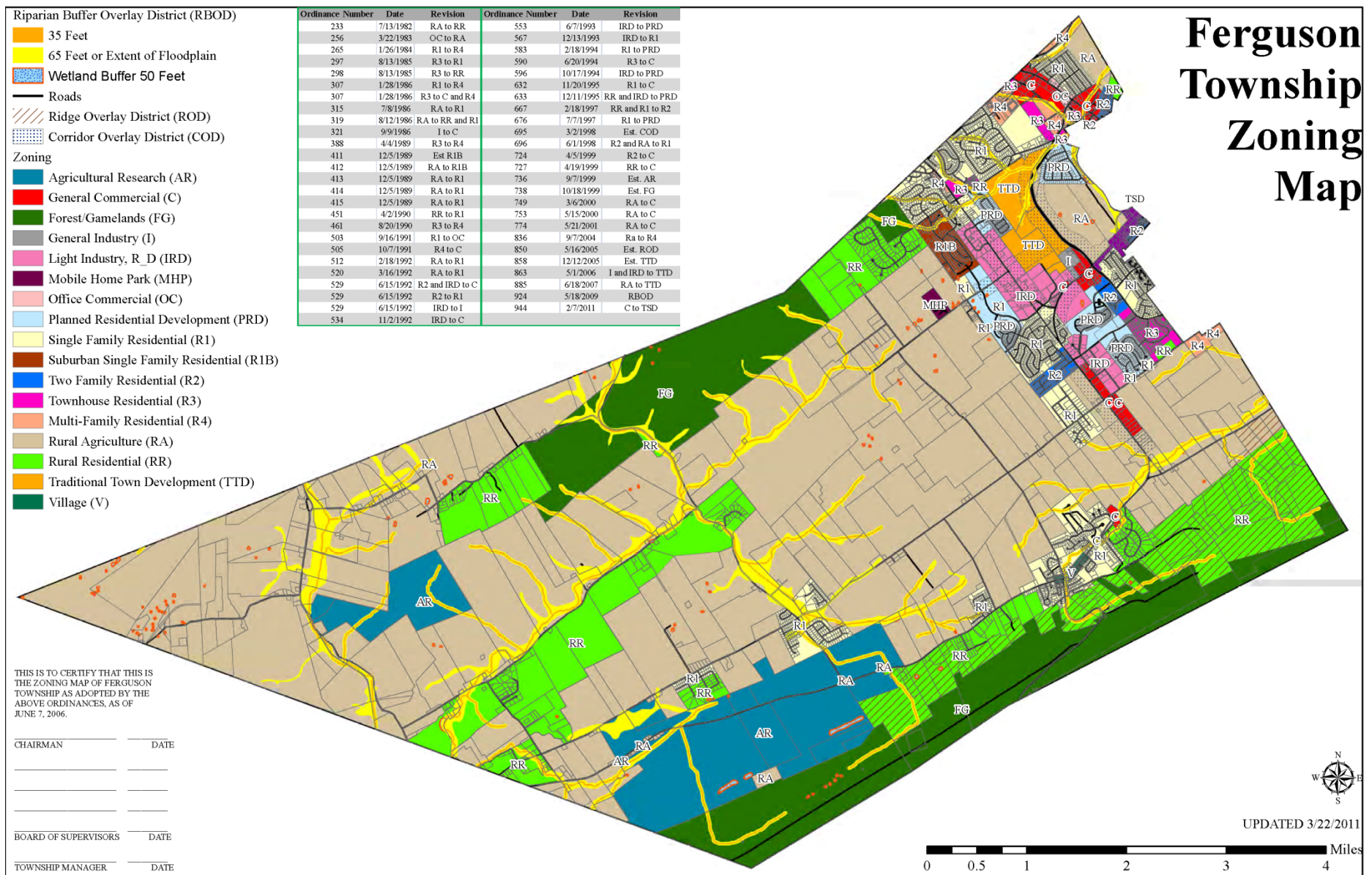
Note: Alignment of roads and bikepaths to be determined at the Planning, Subdivision or Land Development Stage.

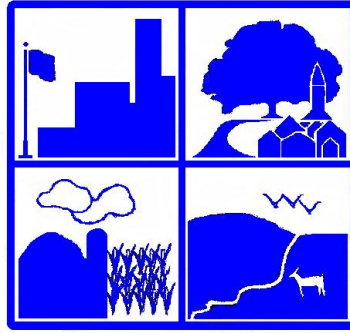


Chairman	
Board of Supervisors	Date
Township Manager	Date

— Growth Boundary Municipal Property
— Roads To Widen Parks
— Bike Paths Agricultural Easements
— Proposed Bike Paths Potential Parkland Acquisition: Neighborhood
— Proposed Roads Potential Parkland Acquisition: Community
 Natural Area Conservation







Financial Section

Independent Auditors' Report

Board of Supervisors
Township of Ferguson, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Ferguson, Pennsylvania (the "Township") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Ferguson, Pennsylvania as of December 31, 2013, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis ("MD&A") on pages 18 through 30 and the supplementary pension trend information on page 68 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* ("GASB") 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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Township's basic financial statements. The combining non-major fund financial statements on pages 71 and 72, the budgetary comparison schedules on pages 74 through 79, the combining statements of pension trust funds on pages 81 and 82, and the combining statement of changes in assets and liabilities - all agency funds on page 84, are presented for purposes of additional analysis and are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section on pages 5 through 14, and statistical section on pages 86 through 104 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



State College, Pennsylvania
June 25, 2014

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

As management of the Township of Ferguson, Pennsylvania (the "Township"), we offer readers of the Annual Financial Statements this narrative overview and analysis of the financial activities of the Township for the calendar years (12 months) ending December 31, 2013 and 2012. 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 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, 2013 and 2012.

GASB 34 modified the audited financial reports to present them 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, 2013, the Township had a total of \$11.989 million of unrestricted net position available to meet the Township's long term and ongoing obligations of the governmental activities to citizens and creditors, compared to \$15.416 million at December 31, 2012 representing a decrease of \$3.427 million.
- At December 31, 2013, the Township had a reportable total of \$25.807 million net investment in capital assets, compared to \$21.228 million at December 31, 2012 representing an increase of \$4.579 million.
- At December 31, 2013, the Township's long-term debt was \$2.110 million compared to \$2.605 million at December 31, 2012 representing a decrease of \$495 thousand.
- While the Township's unrestricted net position decreased during the year, the Township's overall financial position improved during the past year considering total fund balances, capital investment, long-term debt, net revenues, and cash flow.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

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 Governmental Accounting Standards Board 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,
- Fund Financial Statements, and
- Notes to the Basic Financial Statements.

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 government activities of the Township include public safety (police and fire), streets, library, recreation, parks, planning and zoning, and general administrative support. The Township does not have any *business-type activities*.

The **Statement of Net Position** presents information on all of the Township's assets and liabilities, with the difference between the two 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, *regardless of the timing of related cash flows*. 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 31 and 32 of this report.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Fund Financial Statements

A **Fund** is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or 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 two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *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*.

The Township maintains 12 individual Governmental Funds:

General Fund	Street Light Fund
Debt Service Fund	Transportation Improvement Fund
Liquid Fuels Fund	Park Improvement Fund
Hydrant Fund	Agricultural Preservation Fund
Capital Reserve Fund	Pine Grove Mills Streetlight Fund
Piney Ridge Fund	Regional Capital Recreational Projects Fund

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, and Capital Reserve Fund all of which are considered major funds.

Data from the other nine governmental funds are combined into a single, aggregated presentation captioned "other non-major governmental funds". Individual fund data for each of these non-major 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 33 through 37 of this report.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

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

The *Transportation Improvement Fund*, *Construction Fund*, *Park Improvement Fund*, *Capital Reserve Fund*, *Piney Ridge Fund*, *Agricultural Preservation Fund*, *Regional Capital Recreation Projects Fund* and *Pine Grove Mills Streetlight 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 no Proprietary Funds.

Fiduciary Funds

The Township has three Fiduciary Funds: *Police Pension Fund*, *Non-Uniform 401 Pension Fund*, and the *Tudek Memorial Park Trust Fund*. These funds account for the assets held by the Township in a trustee capacity or as the agent for individuals, private organizations and other governmental units or funds.

The basic Fiduciary Fund financial statements can be found on pages 38 and 39 of this report.

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 40 through 66 of this report.

Fund Balances

Beginning with the year ended December 31, 2011, the Township is reporting fund balances in accordance with GASB Statement 54. This Statement redefines the fund balances into the following hierarchal classifications: Non-spendable, Restricted, Committed, Assigned, and Unassigned. In short, Non-spendable 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 Townships' 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 does not significantly affect the resources available for future use of the Township for ongoing operations.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Government-Wide Financial Analysis

Statement of Net Position December 31, 2013 and 2012 (Unaudited)

	Governmental Activities		
	2013	2012	Differences
Current and other	\$ 13,923,880	\$ 17,347,126	\$ (3,423,246)
Capital assets (net of depreciation)	27,923,491	23,840,548	4,082,943
Total assets	41,847,371	41,187,674	659,697
Other liabilities	1,044,291	1,134,957	(90,666)
Long-term liabilities	1,818,544	2,291,408	(472,864)
Total liabilities	2,862,835	3,426,365	(563,530)
Net investment in capital assets	25,807,727	21,228,343	4,579,384
Restricted	1,188,166	1,117,065	71,101
Unrestricted	11,988,643	15,415,901	(3,427,258)
Total net position	\$ 38,984,536	\$ 37,761,309	\$ 1,223,227

Statement of Activities Years Ended December 31, 2013 and 2012 (Unaudited)

	Governmental Activities			
	2013	2012	Differences	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 609,796	\$ 580,400	\$ 29,396	5.1 %
Operating grants and contributions	577,761	531,506	46,255	8.7 %
Capital grants and contributions	513,747	999,364	(485,617)	(48.6) %
Total program revenues	1,701,304	2,111,270	(409,966)	(19.4) %
General revenues				
Real estate taxes	1,323,738	1,314,567	9,171	.7 %
Transfer taxes	1,978,764	969,487	1,009,277	104.1 %
Earned income taxes	6,029,207	5,542,488	486,719	8.8 %
Local services taxes	331,371	307,512	23,859	7.8 %
Unrestricted investment income	124,685	190,669	(65,984)	(34.6) %
Miscellaneous	469,964	468,029	1,935	.4 %
Total general revenues	10,257,729	8,792,752	1,464,977	16.7 %
Total revenues	11,959,033	10,904,022	1,055,011	9.7 %

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

	Governmental Activities			
	2013	2012	Differences	
			\$	%
Expenses				
General government	\$ 1,786,889	\$ 1,566,073	\$ 220,816	14.1 %
Public safety	2,783,608	2,662,723	120,885	4.5 %
Health and welfare	6,673	5,090	1,583	31.1 %
Public works-sanitation	33,005	33,005	-	0.0 %
Public works-highways	3,099,985	3,596,766	(496,781)	(13.8) %
Other public works	125,596	141,282	(15,686)	(11.1) %
Culture and recreation	1,320,474	1,329,119	(8,645)	(0.7) %
Insurance and other operating	1,517,357	1,382,998	134,359	9.7 %
Interest on long-term debt	62,219	71,586	(9,367)	(13.1) %
Total expenses	10,735,806	10,788,642	(52,836)	(0.5) %
Changes in Net Position	1,223,227	115,380	1,107,847	960.2 %
Net Position, Beginning	37,761,309	37,645,929	115,380	.3 %
Net Position, Ending	\$ 38,984,536	\$ 37,761,309	\$ 1,223,227	3.2 %

At the end of 2013, the Township is able to report a positive balance of \$38.985 million in total net position which is not significantly affected by restrictions, commitments or any other limitations. The Township's overall financial position improved as reflected in the \$1.223 million increase in total net position shown in the table above.

Governmental Activities

Governmental activities increased the Township's net position by \$1.223 million. Key elements of this increase are as follows:

- Unexpected transfer tax revenues exceeding budget by \$1.0 million due, in part, to two large commercial property sales.
- Capital grant decrease of \$485 thousand related to the completion of the Old Gatesburg Road project.
- Additional Earned Income Tax revenues exceeding budget by \$486 thousand, generally due to the improving employment economic environment.
- Pay as you go strategy on the part of Township management.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

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, 2013, the Unassigned General Fund balance was \$4.104 million compared to \$2.992 million in 2012, an increase of \$1.112 million. As a measure of the General Fund's liquidity, the Unassigned Fund balance at December 31, 2013 represents 37% ($\$4,104,239/\$11,143,875$) of the total General Fund expenditures (including interfund transfers out) or approximately 134 days ($\$4,104,239/(\$11,143,875/365)$) of operating costs, an increase of approximately 34 days. This is largely due to the \$1 million in transfer tax receipts over budget.

There were operating transfers out of the General Fund to other Governmental Funds in the amount of \$3.723 million to support capital equipment needs during the year ended December 31, 2013 compared to \$3.955 million in 2012, representing a decrease of \$232 thousand.

General Fund Budgetary Highlights

The 2013 General Fund expenditure budget of \$11.222 million (including interfund transfers of \$3.244 million) compares to \$11.077 million for 2012, representing an increase of \$145 thousand, or 1.3%

The 2013 General Fund actual expenditures (\$7.421 million, less interfund transfers) were less than budgeted expenditures (\$7.978 million) by \$557 thousand or approximately 7.0%. This reflects the actual savings (compared to budget) in public safety and culture and recreation expenditures.

The 2013 General Fund revenue budget was \$9.389 million compared to \$9.053 million for 2012, representing an increase of \$336 thousand. This is due to an expected increase in general tax revenues related to the growth in the township, improved housing market and economy.

The 2013 General Fund actual revenues of \$11.262 million exceeded budgeted revenues of \$9.389 million by \$1.873 million. This is the result of growth in the township, improved housing market and economy during the year affecting tax revenues and general revenues.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Statement of Revenues and Expenditures Years Ended December 31, 2013 and 2012 General Fund

	2013	2012	Differences	
			\$	%
Revenues				
Taxes	\$ 9,771,549	\$ 8,478,220	\$ 1,293,329	15.3 %
Licenses and permits	309,657	239,880	69,777	29.1 %
Fines and forfeits	120,435	135,854	(15,419)	(11.3) %
Interest and rents	42,512	112,619	(70,107)	(62.3) %
Intergovernmental	577,761	531,506	46,255	8.7 %
Charges for services	238,515	184,294	54,221	29.4 %
Miscellaneous revenue	200,819	143,217	57,602	40.2 %
Refund of prior year's expenses	274	255	19	7.5 %
Total revenues	11,261,522	9,825,845	1,435,677	14.6 %
Expenditures				
General government	1,255,767	1,080,044	175,723	16.3 %
Public safety	2,633,016	2,542,589	90,427	3.6 %
Health and welfare	6,673	5,090	1,583	31.1 %
Public works-sanitation	33,005	33,005	-	0.0 %
Public work-highways	876,421	730,012	146,409	20.1 %
Other public works	97,348	113,472	(16,124)	(14.2) %
Culture and recreation	986,844	1,171,598	(184,754)	(15.8) %
Community development	30,415	-	30,415	100.0 %
Insurance and other operating	1,499,326	1,327,779	171,547	12.9 %
Debt service-interest	2,232	1,746	486	27.8 %
Total expenditures	7,421,047	7,005,335	415,712	5.9 %
Excess of Revenues Over Expenditures	3,840,475	2,820,510	1,019,965	36.2 %
Other Financing Uses				
Operating transfers out, net	(3,722,828)	(3,955,035)	232,207	(5.9) %
Net Increase (Decrease) in Fund Balance	117,647	(1,134,525)	\$ 1,252,172	(110.4) %
Fund Balance, Beginning	4,056,812	5,191,337		
Fund Balance, Ending	\$ 4,174,459	\$ 4,056,812		

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Transportation Improvement Fund

The Transportation Improvement Fund was created to account for certain road projects of the Township. At December 31, 2013, the Transportation Improvement Fund balance was \$3.112 million compared to \$6.878 million in 2012, representing a decrease of \$3.766 million. The main reason for this decrease is the funding of the \$4 million West Whitehall Road Widening project paid for out of cash reserves, offset by continued tax funding in accordance with the Township Ordinance #783, dated October 15, 2001.

Capital Reserve Fund

The Capital Reserve Fund was created to account for financial resources expended to acquire large capital equipment, construct or renovate roadways and other less costly capital assets. The Township expended \$1.017 million in 2013 and \$915 thousand in 2012 on such projects. Major projects for 2013 included:

- Road Improvement projects including
 - West Whitehall Road Widening
 - Completion of the 2012 Old Gatesburg Road Extension
 - Horseshoe Circle repaving
 - Old Farm Lane repaving
- Microsurfacing, Tar & Chip, Pavement Markings & Curb Repairs
- Tudek Park Improvements
- Haymarket Park Improvements

Debt Service Fund

The Debt Service Fund was created to record and track bond proceeds, required debt payments and loan balances, not otherwise recorded in a capital projects fund. At December 31, 2013, the Debt Service Fund balance was \$1,709 compared to a fund balance of \$835 in 2012, representing an increase in fund balance of \$874. This is due to the difference in transfers from the General Fund and the debt payments.

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 Piney Ridge Fund, Agricultural Preservation Fund, Regional Capital Recreation Projects Fund, Pine Grove Mills Streetlight Fund, and the Park Improvement Fund. At December 31, 2013, the combined non-major Capital Projects Funds balance was \$864 thousand compared to \$983 thousand in 2012, representing a decrease of \$119 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 revenues exceeded expenditures by \$170 thousand for 2013. The combined revenues exceeded expenditures by \$172 thousand for 2012, a decrease of \$2 thousand.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Long-term Debt

The total principal balance of notes payable and bonds payable at December 31, 2013 was \$2.110 million and \$2.605 million at December 31, 2012, representing a decrease of \$495 thousand. This is the result of the annual debt service principal payment.

Following is a summary of changes in long term liabilities for the years ended December 31, 2013 and 2012:

Governmental Activities	January 1 Balance	Additions	Retirements	December 31 Balance
2013				
Bonds Payable:				
General Obligation Bonds	\$ 2,605,000	\$ -	\$ (495,000)	\$ 2,110,000
Unamortized Premium	7,205	-	(1,441)	5,764
Total Bonds Payable	2,612,205	-	(496,441)	2,115,764
Other Liabilities,				
Accrued Vacation	205,644	44,137	(10,560)	239,221
Total Long Term Liabilities	<u>\$ 2,817,849</u>	<u>\$ 44,137</u>	<u>\$ (507,001)</u>	<u>\$ 2,354,985</u>

Governmental Activities	January 1 Balance	Additions	Retirements	December 31 Balance
2012				
Bonds Payable:				
General Obligation Bonds	\$ 3,090,000	\$ -	\$ (485,000)	\$ 2,605,000
Unamortized Premium	8,646	-	(1,441)	7,205
Total Bonds Payable	3,098,646	-	(486,441)	2,612,205
Other Liabilities,				
Accrued Vacation	213,712	19,881	(27,949)	205,644
Total Long Term Liabilities	<u>\$ 3,312,358</u>	<u>\$ 19,881</u>	<u>\$ (514,390)</u>	<u>\$ 2,817,849</u>

Additional information on the Township's long-term debt can be found at Note 4 in the notes to financial statements.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Pension Trust Funds

The *Police Pension Fund* and the *Non-Uniform 401 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, 2013 and 2012 of the Police Pension Fund was \$4.202 million and \$3.578 million, respectively, representing an increase of \$624 thousand. This returns the net position balance to the pre-2008 crash levels, but it does not catch up to the potential balances that may have resulted if the market had not crashed. The Township contributed \$204 thousand to the Police Pension Fund in 2013, in accordance with the annual minimum municipal obligation ("MMO") compared to \$189 thousand in 2012, representing an increase of \$15 thousand.

The net position at December 31, 2013 and 2012 of the Non-Uniform 401 Pension Fund were \$3.074 million and \$2.548 million, respectively, an increase of \$526 thousand. The Township contributed \$122 thousand to the non-uniform 401 pension fund in 2013, in accordance with the annual MMO, compared to \$151 thousand in 2012, representing an decrease of \$29 thousand.

The Police Pension Fund was underfunded by \$799 thousand on January 1, 2013, based on the January 1, 2013 actuarial valuation, compared to a deficit of \$517 thousand for January 1, 2011, a deterioration of \$282 thousand over a two year period. This is the result of two additional retirees increasing the cost to the plan. This cost is reduced by the contributions and gains on investments, yet the net cost have increased during the period. The next valuation period is January 1, 2015.

Cash Flows and Liquidity

Governmental cash and cash equivalents totaled \$9.005 million and \$11.934 million at December 31, 2013 and 2012, respectively, representing 66% (\$9,005,150/\$13,700,991) and 70% (\$11,934,497/\$17,131,670) of total governmental assets, respectively. This provides for up to 215 days (\$9,005,150/(\$15,284,654/365)) (not including interfund transfers) of operating expenditures for 2013 and 393 days (\$11,934,497/(\$11,074,916/365)) (not including interfund transfers) for 2012 of governmental operating expenditures, a decrease of 55 days. This change is due to the use of cash reserves for the West Whitehall Road Widening project.

Capital Assets

Beginning in 2013, the Township classifies capital assets as individual items costing \$2,500 or more and an estimated asset life of more than one year. The prior threshold was \$1,000. The Township's investment in capital assets (net of accumulated depreciation) for its governmental activities as of December 31, 2013 amounted to \$27.923 million and \$23.841 million for 2012 (net of accumulated depreciation) a net increase of \$4.083 million. This is the result of large investments in infrastructure offset by depreciation. This investment in capital assets includes land, parks, buildings, equipment, infrastructure and associated improvements.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

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

Class	2013	2012
Land	\$ 2,164,693	\$ 2,108,798
Land improvements	40,983	42,761
Buildings and improvements	3,998,390	4,333,998
Office furniture and equipment	911,564	569,680
Infrastructure	19,449,251	15,215,667
Parks and improvements	512,848	432,390
Vehicles	845,762	728,440
Construction in progress	-	408,814
Total	\$ 27,923,491	\$ 23,840,548

Additional information on the Township's capital assets can be found at Note 3 in the notes to financial statements.

Economic Condition and Next Year's Budgets and Rates

The overall economy of 2013 of the Centre Region has been stable with some signs of growth in activity, being offset by state cuts in funding, particularly Penn State University. While this is a small portion of the University's funding, it has impacted the economic activities of the university. Since the University employs significant numbers of Township residents, any change in employment or financial condition of the University directly or indirectly affects the Township's revenues.

Residential and commercial construction increased the Township's real estate taxable assessed values to \$549.753 million at March 1, 2013 from \$544.202 million at March 1, 2012 reflecting an increase of \$5.551 million or 1.02%.

The Township has experienced significant population growth of 3,627 residents or 26% during the last decade from 14,063 residents in year 2000 to 17,690 in year 2010 according to the US Census. Growth continues in the Township with the addition of several student housing projects and residential development.

The 2014 General Fund budget includes an estimated 5% decrease in expenditures over the 2013 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.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

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. They are included when displaying individual fund activities, however. At the fund level, the interfund transfers provide information about the sources and uses of the transfers. The budget for 2014 provides sufficient revenues to cover General Fund expenditures using existing available fund balance. The 2014 General Fund budget forecasts a net shortfall of \$407 thousand (including interfund transfers of \$2.464 million).

Effective April 1, 2006, the Township joined a healthcare self insurance co-operative in the Centre Region to stabilize the cost of healthcare for the Township employees. The rate increase experience has been between 5%-13% per year since inception.

Finally, the much improved housing market has had a significant impact on the townships transfer tax and earned income tax revenues for the year. With the improved economic conditions, the township has weathered the recession well and has a positive outlook for the future.

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 Manager at 3147 Research Drive, State College, PA 16801.

Township of Ferguson, Pennsylvania

Statement of Net Position

December 31, 2013

	Governmental Activities
Assets	
Current assets:	
Cash	\$ 9,005,150
Investments	1,588,755
Derived taxes receivable	2,459,280
Other receivables	221,875
Prepaid expenses	70,220
Due from fiduciary funds	130,300
Total current assets	<u>13,475,580</u>
Non-current assets:	
Other non-current assets,	
Net pension asset	<u>448,300</u>
Capital assets, net of accumulated depreciation	
Land	2,164,693
Buildings and improvements	4,039,373
Equipment	911,564
Vehicles	845,762
Infrastructure	<u>19,962,099</u>
Total capital assets, net of accumulated depreciation	<u>27,923,491</u>
Total non-current assets	<u>28,371,791</u>
Total assets	<u><u>\$ 41,847,371</u></u>
Liabilities	
Current liabilities:	
Current maturities of bonds payable, plus unamortized premium	\$ 506,441
Accounts payable	38,162
Payroll and benefits payable	30,801
Curb/development deposits	416,101
Accrued interest	4,845
Other current liabilities	17,941
Current portion of compensated absences	<u>30,000</u>
Total current liabilities	<u>1,044,291</u>
Non-current liabilities:	
Bonds payable, plus unamortized premium	1,609,323
Compensated absences	<u>209,221</u>
Total non-current liabilities	<u>1,818,544</u>
Total liabilities	<u>2,862,835</u>
Net Position	
Net investment in capital assets	25,807,727
Restricted for:	
Public works	394,622
Capital projects	716,271
Culture and recreation	77,273
Unrestricted	<u>11,988,643</u>
Total net position	<u>38,984,536</u>
Total liabilities and net position	<u><u>\$ 41,847,371</u></u>

See notes to financial statements

Township of Ferguson, Pennsylvania

Statement of Activities

Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General government	\$ 1,786,889	\$ 458,619			\$ 1,328,270
Public safety	2,783,608	120,435	\$ 577,761		2,085,412
Health and welfare	6,673	8,018			(1,345)
Public works - sanitation	33,005				33,005
Public works - highways	3,099,985	2,220		\$ 513,747	2,584,018
Public works - other services	125,596	20,504			105,092
Culture and recreation	1,320,474				1,320,474
Insurance and other operating	1,517,357				1,517,357
Interest on long-term debt	62,219				62,219
Total governmental activities	<u>\$ 10,735,806</u>	<u>\$ 609,796</u>	<u>\$ 577,761</u>	<u>\$ 513,747</u>	<u>9,034,502</u>

General Revenues

Taxes:

Real estate	1,323,738
Transfer	1,978,764
Earned income	6,029,207
Local services	331,371
Unrestricted investment earnings	124,685
Miscellaneous	469,964

Total general revenues 10,257,729

Increase in net position 1,223,227

Net Position, Beginning 37,761,309

Net Position, Ending \$ 38,984,536

See notes to financial statements

Township of Ferguson, Pennsylvania

Balance Sheet

Governmental Funds

December 31, 2013

		Capital Projects Funds			
	General	Transportation	Capital	Other	
	Fund	Improvement	Reserve	Non-Major	Totals
		Fund	Fund	Funds	
Assets					
Cash	\$ 1,819,523	\$ 3,095,711	\$ 2,727,980	\$ 1,361,936	\$ 9,005,150
Investments	1,588,755				1,588,755
Derived taxes receivable	2,459,280				2,459,280
Other accounts receivable	202,700		19,175		221,875
Prepaid items	70,220				70,220
Due from other funds	279,525	16,221	52,207	7,758	355,711
Total assets	<u>\$ 6,420,003</u>	<u>\$ 3,111,932</u>	<u>\$ 2,799,362</u>	<u>\$ 1,369,694</u>	<u>\$ 13,700,991</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 33,317			\$ 4,845	\$ 38,162
Payroll and benefits payable	30,801				30,801
Due to other funds	78,297		\$ 42,298	104,816	225,411
Curb/development deposits	416,101				416,101
Other liabilities/deposits			17,941		17,941
Total liabilities	<u>558,516</u>	<u>-</u>	<u>60,239</u>	<u>109,661</u>	<u>728,416</u>
Deferred Inflows of Resources, Unavailable revenues - taxes	<u>1,687,028</u>				<u>1,687,028</u>
Fund balances:					
Nonspendable	70,220				70,220
Restricted				1,188,166	1,188,166
Committed		\$ 3,111,932	2,739,123	70,158	5,921,213
Assigned				1,709	1,709
Unassigned	4,104,239				4,104,239
Total fund balances	<u>4,174,459</u>	<u>3,111,932</u>	<u>2,739,123</u>	<u>1,260,033</u>	<u>11,285,547</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 6,420,003</u>	<u>\$ 3,111,932</u>	<u>\$ 2,799,362</u>	<u>\$ 1,369,694</u>	<u>\$ 13,700,991</u>

Township of Ferguson, Pennsylvania

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2013

Total Fund Balances - Governmental Funds **\$ 11,285,547**

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. 1,687,028

Net pension asset is not available to pay for current
period expenditures and, therefore, is not recorded
in the funds. 448,300

Capital assets used in governmental activities are
not reported as position in governmental funds.
The cost of the capital assets is \$42,326,786
and the accumulated depreciation is \$14,403,295. 27,923,491

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

Long-term liabilities at year end consist of:

Bonds and notes payable	\$ (2,115,764)	
Accrued interest	(4,845)	
Compensated absences	(239,221)	(2,359,830)

Total Net Position - Governmental Activities **\$ 38,984,536**

Township of Ferguson, Pennsylvania

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended December 31, 2013

		Capital Projects Funds			
	General Fund	Transportation Improvement Fund	Capital Reserve Fund	Other Non-Major Funds	Total Governmental Funds
Revenues					
Taxes	\$ 9,771,549				\$ 9,771,549
Licenses and permits	309,657				309,657
Fines and forfeits	120,435				120,435
Interest and rents	42,512	\$ 57,493	\$ 17,553	\$ 7,127	124,685
Intergovernmental	577,761		67,200	446,547	1,091,508
Charges for service	238,515			20,504	259,019
Miscellaneous revenue	200,819	1,303	51,826	101,701	355,649
Refund of prior year expenditures	274				274
Total revenues	11,261,522	58,796	136,579	575,879	12,032,776
Expenditures					
Current:					
General government	1,255,767		213,279	550	1,469,596
Public safety	2,633,016		274,916		2,907,932
Health and welfare	6,673				6,673
Public works - sanitation	33,005				33,005
Public works - highways	876,421	5,680,663	419,469	276,598	7,253,151
Public works - other services	97,348			28,248	125,596
Culture and recreation	986,844		107,532	227,570	1,321,946
Community development	30,415				30,415
Insurance and other operating	1,499,326		1,907		1,501,233
Debt service:					
Debt service - principal				495,000	495,000
Debt service - interest	2,232			62,258	64,490
Total expenditures	7,421,047	5,680,663	1,017,103	1,090,224	15,209,037
Excess (Deficiency) of Revenues Over Expenditures	3,840,475	(5,621,867)	(880,524)	(514,345)	(3,176,261)
Other Financing (Uses) Sources					
Transfers - in		1,856,264	1,301,030	565,534	3,722,828
Sale of capital assets			46,976		46,976
Transfers - out	(3,722,828)				(3,722,828)
Total other financing (uses) sources	(3,722,828)	1,856,264	1,348,006	565,534	46,976
Net Increase (Decrease) in Fund Balance	117,647	(3,765,603)	467,482	51,189	(3,129,285)
Fund Balances, Beginning	4,056,812	6,877,535	2,271,641	1,208,844	14,414,832
Fund Balances, Ending	\$ 4,174,459	\$ 3,111,932	\$ 2,739,123	\$ 1,260,033	\$ 11,285,547

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, 2013

Net Decrease in Fund Balances - Total Governmental Funds \$ (3,129,285)

Amounts reported for governmental activities in the statements 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. (108,469)

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

Capital outlays	\$ 5,842,230	
Loss on disposal of capital assets	(12,251)	
Depreciation expense	<u>(1,747,036)</u>	4,082,943

Change in net pension asset. (16,124)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Principal payments on long-term debt made in 2013. 495,000

Governmental funds report bond premiums when debt is first issued, whereas these amounts are deferred and reported in the statement of activities. This amount represents accretion of bond premium in 2013. 1,441

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 is recorded in the statement of activities. (68,702)

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 difference between the amount earned versus the amount used. (33,577)

Change in Net Position of Governmental Activities \$ 1,223,227

Township of Ferguson, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

General Fund

Year Ended December 31, 2013

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 8,310,888	\$ 8,310,888	\$ 9,771,549	\$ 1,460,661
Licenses and permits	250,864	250,864	309,657	58,793
Fines and forfeits	108,250	108,250	120,435	12,185
Interest and rents	62,750	62,750	42,512	(20,238)
Intergovernmental	525,970	525,970	577,761	51,791
Charges for service	125,410	125,410	238,515	113,105
Miscellaneous	5,000	5,000	200,819	195,819
Refund of prior year expenditures	-	-	274	274
Total revenues	9,389,132	9,389,132	11,261,522	1,872,390
Expenditures				
General government	1,228,627	1,228,627	1,255,767	(27,140)
Public safety	2,914,934	2,914,934	2,633,016	281,918
Health and welfare	6,000	6,000	6,673	(673)
Public works - sanitation	35,000	35,000	33,005	1,995
Public works - highways	914,595	914,595	876,421	38,174
Other public works	94,979	94,979	97,348	(2,369)
Culture and recreation	1,164,823	1,164,823	986,844	177,979
Community development	-	-	30,415	(30,415)
Insurance and other operating	1,617,018	1,617,018	1,499,326	117,692
Debt service - interest	1,750	1,750	2,232	(482)
Total expenditures	7,977,726	7,977,726	7,421,047	556,679
Excess of Revenues Over Expenditures	1,411,406	1,411,406	3,840,475	2,429,069
Other Financing Uses				
Operating transfers - out	(3,244,280)	(3,244,280)	(3,722,828)	(478,548)
Net Change in Fund Balance	(1,832,874)	(1,832,874)	117,647	\$ 1,950,521
Fund Balance, Beginning	1,832,874	1,832,874	4,056,812	
Fund Balance, Ending	\$ -	\$ -	\$ 4,174,459	

See notes to financial statements

Township of Ferguson, Pennsylvania

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2013

	Pension Trust Funds	Tudek Memorial Trust Fund	Agency Fund
Assets			
Cash and cash equivalents	\$ 237,508	\$ 236,851	\$ 342,034
Investments, at fair value:			
Cash and cash equivalents	385,129		
Fixed income	1,161,756		
Equities	2,381,585		
Mutual funds	3,123,012		
Accounts receivable		3,899	
Due from other funds		3,500	
Land		2,118,100	
Land improvements, net		41,836	
Total assets	<u>\$ 7,288,990</u>	<u>\$ 2,404,186</u>	<u>\$ 342,034</u>
Liabilities			
Accounts payable		\$ 625	\$ 342,034
Due to other funds	<u>\$ 12,586</u>	<u>121,214</u>	
Total liabilities	<u>12,586</u>	<u>121,839</u>	<u>342,034</u>
Net Position			
Held in trust for pension benefits	7,276,404		
Restricted		<u>2,282,347</u>	
Total net position	<u>7,276,404</u>	<u>2,282,347</u>	<u>-</u>
Total liabilities and net position	<u>\$ 7,288,990</u>	<u>\$ 2,404,186</u>	<u>\$ 342,034</u>

See notes to financial statements

Township of Ferguson, Pennsylvania**Statement of Changes in Fiduciary Net Position****Fiduciary Funds**

Year Ended December 31, 2013

	Pension Trust Funds	Tudek Memorial Trust Fund
Additions		
Investment income:		
Interest and dividends	\$ 90,855	\$ 263
Investment expense	(47,671)	
Realized/unrealized gains and losses	946,502	
Net investment income	989,686	263
Grants and gifts - nongovernmental		9,250
Employer contributions	325,810	
Employee contributions	68,908	
Forfeitures	8,488	
Total additions	1,392,892	9,513
Deductions		
Park operations		8,054
Park improvements		609
Administration		1,000
Insurance		2,793
Benefits paid to participants	242,010	
Total deductions	242,010	12,456
Changes in Net Position	1,150,882	(2,943)
Net Position, Beginning	6,125,522	2,285,290
Net Position, Ending	<u>\$ 7,276,404</u>	<u>\$ 2,282,347</u>

See notes to financial statements

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

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 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.

A component unit is a legally separate organization with which the primary government has a significant operational or financial relationship. Based upon the application of this criteria, the financial statements of no other organizations are included in the accompanying financial statements. A description of related organizations and jointly governed organizations, while not included as component units, is as follows:

Related Organization

The Ferguson Township Industrial Development Authority ("IDA") is a potential component unit that 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.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

Jointly Governed Organizations

Centre Area Transportation Authority ("CATA"), Centre Region Council of Governments ("CRCOG"), Centre Regional Recreation Authority ("CRRRA") and Schlow 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 2013: CATA \$97,348, CRCOG \$430,955, CRRRA \$571,976 and Schlow Centre Region Library \$339,096. The Township guarantees bank debt for CRCOG. The Township would be obligated in the event CRCOG was not able to meet principal and interest payments when they become due. As of December 31, 2013 the maximum amount payable under such guarantees is \$5,510,790 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. Separate financial reports are available at the following addresses: Schlow Library, 211 South Allen Street, State College, PA 16801; Centre Region Council of Governments, 2643 Gateway Drive, State College, PA 16801; Centre Region Recreation Authority, 2643 Gateway Drive #1, State College, PA 16801; Centre Area Transportation Authority, 2081 West Whitehall Road, State College, PA 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 non-fiduciary 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 (the Township currently has no business-type activities). Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those 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.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures 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 government.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

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.

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.

Capital Reserve Fund

The Capital Reserve Fund is a capital projects fund and accounts for road projects and capital improvements of the Township. This fund is shown as a major fund in order to maintain consistency of reporting.

Non-Major 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.

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.

Fiduciary Funds

Fiduciary funds include trust and agency funds that are used to account for assets held by the Township in a trustee capacity. Fiduciary funds of the Township include two pension trust funds, a private purpose trust fund and the tax office. Pension trust funds are reported using economic resources measurement focus and the accrual basis of accounting which is the same as proprietary funds. The tax office is an Agency Fund. Agency Funds are custodial in nature and do not involve measurement of results of operations or equity, since the assets are due to individuals or entities at some future time.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for all funds except the pension trust, Pine Grove Mills Streetscape and agency 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

Capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction, or improvement of those assets.

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.

Governmental Fund Balances

The Township classifies its governmental fund balances as follows:

- *Non-spendable* - 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 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 Supervisors. The board created a policy which grants authority to the Township Manager to assign fund balance.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

- *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 government 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 which 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 non-current 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, 2013, based on collection history.

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 a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township does not have any items that qualify for reporting this category.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

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 a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from taxes which are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 from 2004. Major outlays for capital assets and improvements are capitalized as projects are constructed. 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 are recorded at estimated fair market 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 is 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 & 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 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. In the government-wide financial statements, an expense and a liability are recorded as the paid leave and compensatory time benefits accrue to employees.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

Pension Plans

The Township provides a separate defined benefit pension plan for 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 assessed valuation was approximately \$549,753,000 as of March 1, 2013. For 2013, 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 accounting principles generally accepted in the United States of America 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.

Recent Accounting Standards

The Township adopted Governmental Accounting Standards Board ("GASB") Statement No. 61, *The Financial Reporting Entity: Omnibus*, during 2013. GASB No. 61 addresses certain issues with distinguishing a government's control over another government in the reporting of component units. This implementation did not change the Township's accounting and reporting policies.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement changes the manner in which nonexchange transactions, sales of future revenues, accounting for leases and the term “deferred” are presented in the financial statements. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements, deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The adoption of this standard during 2013 did not have a material impact on the Township’s financial statements.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections - 2012*. This statement amends Statement No. 10, *Use of Special Revenue Funds to Report Risk Financing Activities*, Statement No. 62, *Operating Lease, Purchase of a Loan or Group of Loans, and Servicing Fees*. These statements were amended to remove language that conflicts with other statements. The requirements of this statement will resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The adoption of this standard during 2013 did not have any impact on the Township’s financial statements.

2. Cash, Cash Equivalents, and Investments

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, 2013, the Township’s total bank deposits were \$10,166,840. The Township’s cash deposits are held at several local banks and the Pennsylvania Local Government Investment Trust. The operating accounts are held at a local bank and are secured by 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 Federal Depository Insurance Corporation (“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.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

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).

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, 2013, the Township's total bank deposits and certificates of deposit were \$10,166,840. Of this amount, \$251,488 was insured by the FDIC. \$387,992 of the total deposits is held in trust by the Pennsylvania Local Government Investment Trust ("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. The remaining bank deposits of \$9,527,360 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 are held for safekeeping by the Township (except those held by Morgan Stanley Smith Barney).

The Township has investments with the firm Morgan Stanley Smith Barney in the amount of \$1,588,755. The types of investments include certificates of deposit insured by the FDIC in the amount of \$588,655, and mortgage and asset backed securities in the amount of \$93,083 with the remainder in cash or cash equivalents. 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 the Ferguson Township's name.

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.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

As of December 31, 2013, the Township's credit quality distribution of securities only applies to its mortgage-backed securities:

Credit Quality Distribution of Securities with Credit Exposure as a Percentage of Total Investments

Mortgage-backed securities	Unrated	5.86%
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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, 2013, 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 3 years. The Township utilizes the "segmented time distribution" as a measurement of interest rate risk for debt securities.

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, 2013:

Maturity	Amount
None	\$ 907,018
Less than one year	\$ 426,431
One to two years	\$ 162,224
Two to three years	\$ 93,082

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.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

Pension Trust Funds

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

Assets in the pension trust funds are stated at fair value. 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 Merrill Lynch 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 Merrill Lynch's balance sheet and are not exposed to Merrill Lynch's creditors. Under the SEC's customer protection rule, customers' securities must be segregated from Merrill Lynch'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.

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.

As of December 31, 2013, the Township's credit quality distribution of securities as a percentage of total investments is as follows:

Credit Quality Distribution of Securities with Credit Exposure as a Percentage of Total Investments

Corporate bonds	A	1.04%
Corporate bonds	BBB	0.80%
Corporate bonds	BB	0.21%

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.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

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, 2013:

Maturity	Amount
None	\$ 7,288,990
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.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

3. Capital Assets

A summary of changes in capital assets is as follows:

	January 1, 2013	Additions	Transfers	Disposals	December 31, 2013
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,108,798	\$ 55,895			\$ 2,164,693
Construction in progress	408,814		\$ (408,814)		-
Total capital assets not being depreciated	2,517,612	55,895	(408,814)	-	2,164,693
Capital assets being depreciated:					
Buildings and improvements	8,514,321	29,760		\$ (27,844)	8,516,237
Equipment	2,177,546	498,450		(54,566)	2,621,430
Vehicles	2,347,015	273,022		(224,364)	2,395,673
Infrastructure	21,234,835	4,985,104	408,814		26,628,753
Total capital assets being depreciated	34,273,717	5,786,336	408,814	(306,774)	40,162,093
Accumulated depreciated:					
Buildings and improvements	(4,137,561)	(354,896)		15,593	(4,476,864)
Equipment	(1,607,866)	(156,566)		54,566	(1,709,866)
Vehicles	(1,618,575)	(155,700)		224,364	(1,549,911)
Infrastructure	(5,586,779)	(1,079,875)			(6,666,654)
Total accumulated depreciated	(12,950,781)	(1,747,037)	-	294,523	(14,403,295)
Governmental activities capital assets, net	\$ 23,840,548	\$ 4,095,194	\$ -	\$ (12,251)	\$ 27,923,491

Depreciation expense was charged to governmental activities as follows:

General government	\$ 403,762
Public safety	109,108
Highway and streets	1,158,833
Culture and recreation	75,334
Total	\$ 1,747,037

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2013

4. Long-Term Debt

The changes in long-term liabilities for the year ended December 31, 2013 are as follows:

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2013</u>	<u>Current Portion</u>
Bonds payable:					
Bond series 2009	\$ 2,605,000		\$ (495,000)	\$ 2,110,000	\$ 505,000
Unamortized premium	<u>7,205</u>		<u>(1,441)</u>	<u>5,764</u>	<u>1,441</u>
Total bonds payable	2,612,205		(496,441)	2,115,764	506,441
Compensated absences	<u>205,644</u>	<u>\$ 44,137</u>	<u>(10,560)</u>	<u>239,221</u>	<u>30,000</u>
Total long-term liabilities	<u>\$ 2,817,849</u>	<u>\$ 44,137</u>	<u>\$ (507,001)</u>	<u>\$ 2,354,985</u>	<u>\$ 536,441</u>

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

Long-term debt at December 31, 2013 consists of the following:

\$4,435,000 General Obligation Note, Series of 2009, used to refund all outstanding debt, due in varying annual installments through June 2017, interest rates of 2.0% to 3.0%	\$ 2,110,000
Current portion	<u>505,000</u>
Long-term debt	<u>\$ 1,605,000</u>

Debt service requirements at December 31, 2013 are as follows:

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 505,000	\$ 51,825	\$ 556,825
2015	520,000	38,363	558,363
2016	535,000	23,856	558,856
2017	<u>550,000</u>	<u>8,250</u>	<u>558,250</u>
Total	<u>\$ 2,110,000</u>	<u>\$ 122,294</u>	<u>\$ 2,232,294</u>

Federal arbitrage regulations are not applicable to the Township's debt.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

5. 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, 2013, were as follows:

	Interfund Receivables	Interfund Payable
General Fund	\$ 279,525	\$ 78,297
Transportation Improvement Fund	16,221	
Capital Reserve Fund	52,207	42,298
Park Improvement Fund	338	
Debt Service Fund	6,500	29,075
Liquid Fuels Fund	920	50,741
Regional Capital Recreation Projects		25,000
Fiduciary Funds	3,500	133,800
Total	<u>\$ 359,211</u>	<u>\$ 359,211</u>

Interfund transfers for the year ended December 31, 2013 were as follows:

	In	Out
General Fund		\$ 3,722,828
Transportation Improvement Fund	\$ 1,856,264	
Capital Reserve Fund	1,301,030	
Debt Service Fund	558,641	
Street Light Fund	1,964	
Hydrant Fund	3,994	
Liquid Fuels Fund	935	
Total	<u>\$ 3,722,828</u>	<u>\$ 3,722,828</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.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

6. Pensions

The Township has two pension plans for its employees. A single-employer defined benefit pension plan covers all full-time police and a single-employer defined contribution plan covers all full-time non-uniformed employees. The Township's payroll for employees fully and partially vested by the police and non-uniform pension plans for the year ended December 31, 2013 was \$1.542 million and \$1.447 million, respectively, which in total, represents 96% of the Township's total payroll of \$3.108 million for all employees.

Defined Benefit Plan - Police Employees

Plan Description

The Township of Ferguson Police Pension Plan (the "Plan"), granted under the authority of "Municipal Pension Plan Funding Standard and Recovery Act" of 1984; P.L. 1005, No. 205 and Act 600 as amended, for Police Pension Plans is a general government pension plan for police employees offering retirement, disability retirement and death benefits. Township of Ferguson Board of Supervisors are the trustees of the Plan. The actuarial valuation report is available upon request. No other separate pension report is available.

The pension plan annual financial information is included in the financial statements of the Township. The last pension actuarial valuation was January 1, 2013.

As of January 1, 2013 (the date of the most recent actuarial valuation), employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	8
Terminated employees entitled to benefits but not yet receiving them	1
Active plan participants	<u>20</u>
Total	<u>29</u>
Number of participating employers	<u>1</u>

Eligibility

All full-time members of the police force join the Plan upon employment.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

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 an active member is killed in the line of duty, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 100% of the member's monthly salary at the time of death.

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, 2013

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>Vesting 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.

Accrued pension - The pension accrued at any date other than the normal retirement date is equal to the projected normal retirement benefit multiplied by the ratio of the number of years of service to date to the total number of years of service projected at normal retirement.

Contributions - The member contributions for 2013 and 2012 were 5% of compensation.

Member contributions are credited with 6% interest.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

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 minimum municipal obligation. Based on this calculation, employees were required to contribute 5% of their base salary to the plan. The minimum municipal obligation was determined by the actuary based on the actuarial valuation as of January 1, 2013. 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. Contributions for 2013 were as follows:

Employee contributions	\$ 68,908
Employer contributions	<u>204,060</u>
Total contributions to the plan	<u>\$ 272,968</u>

Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the January 1, 2013 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) use of the 1984 unisex mortality tables, (f) a disability benefit factor of 3.0% added to basic pension costs, and (g) moderate inflation rate of 4% based on long-term historical average rates. The amortization method is level dollar closed, over a remaining amortization period of 16 years. The assumptions made provision for administration expenses to be added to the normal cost.

Any unfunded accrued liabilities will be amortized in accordance with the requirements of PA Act 205 of 1984 as amended.

Annual Pension Cost and Net Pension Obligation

Annual required contribution (ARC)	\$ 204,060
Interest on net pension obligation	(37,154)
Adjustment to ARC	<u>53,278</u>
Annual pension cost (APC)	220,184
Contributions made	<u>(204,060)</u>
Change in net pension obligation (asset)	16,124
Net pension obligation (asset) beginning of year	<u>(464,424)</u>
Net pension obligation (asset) end of year	<u>\$ (448,300)</u>

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

Funded Status and Funding Progress (1)

Actuarial value of assets	\$	3,598,503
Actuarial accrued liability	\$	4,397,858
Unfunded actuarial liability	\$	799,355
Funded ratio		81.8%
Annual covered payroll	\$	1,289,320
Unfunded actuarial liability as a % of covered payroll		62.0%

(1) as of most recent actuarial valuation January 1, 2013.

Historical Trend Information

Three year trend information of the Plan is presented below:

Calendar Year Ending	Annual Pension Cost (APC)	Contributions from Employer	Percentage of APC Contributed	Net Pension Obligation*
2011	\$ 201,819	\$ 245,751	121.8 %	\$ (494,595)
2012	\$ 219,189	\$ 189,018	86.2 %	\$ (464,424)
2013	\$ 220,184	\$ 204,060	92.7 %	\$ (448,300)

*Negative balance represents over-funding of the Plan.

The Actuarial Method used for valuing the assets is the market value.

A Schedule of Funding Progress is provided on page 68 of these financial statements.

On December 10, 2001, the Township passed Ordinance No. 787 amending the police pension plan to comply with PA Act 600. For participants hired on or after January 24, 2001, a disability must result from injuries incurred in service. Also, for participants hired after January 24, 2001, he/she shall be entitled to vest his or her retirement benefits after 5 years of service and are fully vested after 15 years of service.

Defined Contribution Plan - Non-Uniform Employees

The Township of Ferguson Municipal Employees Money Purchase Pension Plan is a 401 qualified, defined contribution plan for all non-uniform employees. Employees who retire at or after age 55 with 10 years of credited service are entitled to retirement benefits. Vesting starts after 3 years of service and employees are fully vested after 7 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 plan, the Township requires all participating non-uniform employees to contribute a minimum of 2% of their base salary to a 457 Deferred Compensation Plan.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

The Township, as the employer, is specifically identified as the plan trustee and has selected the ICMA Retirement Corporation 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, 2013, there were thirty-two 401 and 457 plan members.

Pension contributions for year ended December 31, 2013:

	401 Qualified Pension Plan	457 Deferred Compensation Plan
Township contributions	\$ 121,750	
Employee contributions		\$ 91,200
Forfeitures	8,488	
Total contributions	<u>\$ 130,238</u>	<u>\$ 91,200</u>

The Commonwealth of Pennsylvania provided \$279,674 during 2013 toward the Township contributions to the police and non-uniform pension plan through Act 205.

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2013

The following financial statements present data for the individual pension plans maintained by the Township.

Combining Statement of Pension Trust Funds

December 31, 2013

	Police Pension Trust Fund	Non-Uniformed Pension Trust Fund	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 21,067	\$ 216,441	\$ 237,508
Investments, at fair value:			
Cash and cash equivalents	385,129		385,129
Fixed income	1,161,756	-	1,161,756
Equities	2,381,585	-	2,381,585
Mutual funds	252,885	2,870,127	3,123,012
Total	<u>\$ 4,202,422</u>	<u>\$ 3,086,568</u>	<u>\$ 7,288,990</u>
Liabilities			
Due to other funds	\$ 195	\$ 12,391	\$ 12,586
Net Position			
Held in trust for pension benefits	<u>4,202,227</u>	<u>3,074,177</u>	<u>7,276,404</u>
Total	<u>\$ 4,202,422</u>	<u>\$ 3,086,568</u>	<u>\$ 7,288,990</u>

Township of Ferguson, Pennsylvania

Notes to Financial Statements
December 31, 2013

Combining Statement of Changes in Pension Trust Funds For the Year Ended December 31, 2013

	Police Pension Trust Fund	Non-Uniformed Pension Trust Fund	Total Pension Trust Funds
Additions			
Investment income:			
Interest and dividends	\$ 90,852	\$ 3	\$ 90,855
Investment expense	(47,671)	-	(47,671)
Realized/unrealized gains and losses	535,981	410,521	946,502
Net investment income	579,162	410,524	989,686
Employer contributions	204,060	121,750	325,810
Employee contributions	68,908	-	68,908
Forfeitures	-	8,488	8,488
Total additions	852,130	540,762	1,392,892
Deductions			
Benefits paid to participants	227,610	14,400	242,010
Change in Net Position	624,520	526,362	1,150,882
Net Position, Beginning	3,577,707	2,547,815	6,125,522
Net Position, Ending	<u>\$ 4,202,227</u>	<u>\$ 3,074,177</u>	<u>\$ 7,276,404</u>

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 five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

7. 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 will receive 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.

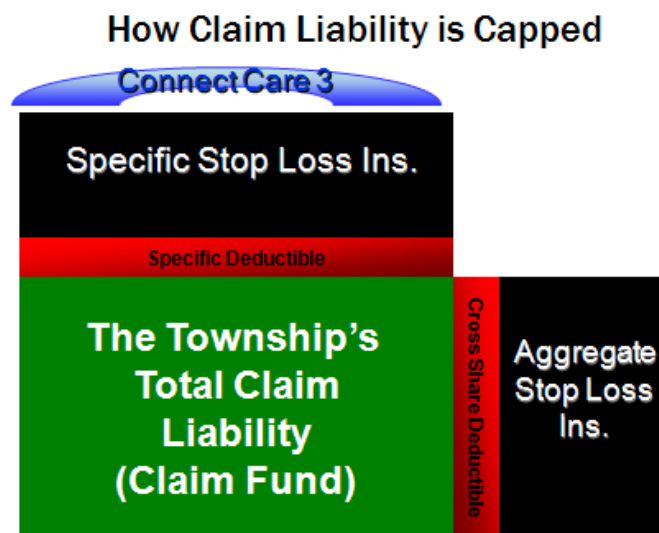
8. Risk Financing

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 CRIC (Centre Region Insurance Cooperative) in conjunction with the Benecon Group. The CRIC is made up of several Centre Region municipalities (members) combining employees to reduce the overall risk and cost of the plan.

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.



Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2013

If the Township has many claims under \$30,000 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.

9. 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:

	<u>General Fund</u>	<u>Transportation Improvement Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Non-Major Funds</u>	<u>Total</u>
Non-spendable for:					
Prepaid items	<u>\$ 70,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,220</u>
Restricted for:					
Street lights				\$ 9,176	\$ 9,176
Hydrant				18,861	18,861
Liquid fuels				366,585	366,585
Capital projects				109,383	109,383
Regional capital projects				606,888	606,888
Park improvement				77,273	77,273
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,188,166</u>	<u>\$ 1,188,166</u>
Committed for:					
Transportation improvement		\$ 3,111,932			\$ 3,111,932
Capital projects			\$ 2,739,123		2,739,123
Agricultural preservation				\$ 70,158	70,158
Total	<u>\$ -</u>	<u>\$ 3,111,932</u>	<u>\$ 2,739,123</u>	<u>\$ 70,158</u>	<u>\$ 5,921,213</u>
Assigned for,					
Debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,709</u>	<u>\$ 1,709</u>

10. Pending Changes in Accounting Principles

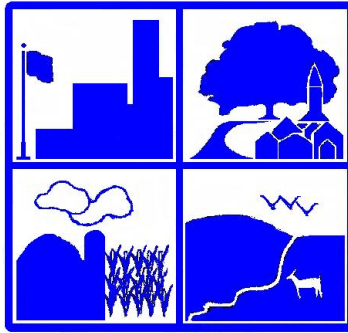
In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25* and Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of these statements is to improve accounting and financial reporting by state and local governmental pension plans. They also improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. These statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. These statements replace the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. To the extent applicable, the Township is required to adopt Statement No. 67 for its calendar year 2014 financial statements and Statement No. 68 for its calendar year 2015 financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. To the extent applicable, GASB 69 is effective for government combinations and disposals of government operations occurring in the Township's 2014 calendar year financial statements, and should be applied on a prospective basis.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. This Statement requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more-likely-than-not that the government will be required to make a payment on the guarantee. To the extent applicable, GASB 70 is effective for the Township's calendar year 2014 financial statements.

In January 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and non-employer contributing entities. To the extent applicable, GASB 71 is effective for the Township's calendar year 2014 financial statements.

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



Required Supplementary Information - Supplementary Pension Trend Information

Township of Ferguson, Pennsylvania

Supplementary Pension Trend Information

Required for Defined Benefit Plans

Information is as of the Most Recent Actuarial Valuation - January 1, 2013

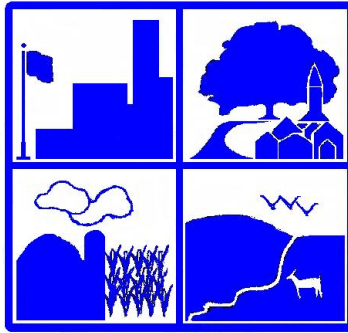
(Unaudited)

Schedule of Funding Progress - Police Employees

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
01/01/07	\$3,192,294	\$ 2,742,389	\$(449,905)	116.4%	\$ 830,277	-54.2%
01/01/09	2,354,324	3,232,323	877,999	72.8%	1,107,787	79.3%
01/01/11	3,220,444	3,737,017	516,573	86.2%	1,179,601	43.8%
01/01/13	3,598,503	4,397,858	799,355	81.8%	1,289,320	62.0%

Schedule of Contributions from the Employer and Other Contributing Entities

Year	Annual Required Contribution	Contributions from Employer	Percentage Contributed
2007	\$ 98,866	\$ 98,866	100.0%
2008	105,300	114,708	100.0% +
2009	108,605	125,120	100.0% +
2010	125,120	129,394	100.0% +
2011	189,635	245,751	100.0% +
2012	204,059	189,018	92.6%
2013	204,060	204,060	100.0%



Combining Statements of Non-Major Governmental Funds

Township of Ferguson, Pennsylvania

Description of Non-Major Governmental Funds
December 31, 2013

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 Piney Ridge Fund accounts for the funding set aside from a contribution by the Ferguson Township Authority when the Piney Ridge subdivision received sanitary sewer service and for upgrades to the roads within the subdivision.

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. There was no legally adopted budget for this fund in 2013.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

The Debt Service Fund accounts for the payments of principal and interest for the General Obligation Note, Series of 2009.

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

Non-Major Governmental Funds

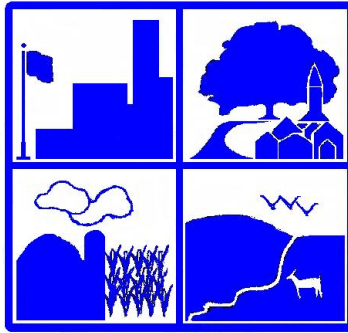
December 31, 2013

	Special Revenue Funds			Capital Projects Funds						
	Street Light Fund	Hydrant Fund	Liquid Fuels Fund	Piney Ridge Fund	Agricultural Preservation Fund	Regional Capital Recreation Projects	Pine Grove Mill Street	Park Improvement Fund	Debt Service Fund	Total Non-Major Funds
Assets										
Cash	\$ 9,176	\$ 18,861	\$ 416,406	\$ 88,246	\$ 70,158	\$ 631,888	\$ 21,137	\$ 76,935	\$ 29,129	\$ 1,361,936
Due from other funds			920					338	6,500	7,758
Total assets	<u>\$ 9,176</u>	<u>\$ 18,861</u>	<u>\$ 417,326</u>	<u>\$ 88,246</u>	<u>\$ 70,158</u>	<u>\$ 631,888</u>	<u>\$ 21,137</u>	<u>\$ 77,273</u>	<u>\$ 35,629</u>	<u>\$ 1,369,694</u>
Liabilities and Fund Balances										
Liabilities:										
Accounts payable									\$ 4,845	\$ 4,845
Due to other funds			\$ 50,741			\$ 25,000			29,075	104,816
Total liabilities			<u>50,741</u>			<u>25,000</u>			<u>33,920</u>	<u>109,661</u>
Fund balances:										
Restricted	\$ 9,176	\$ 18,861	366,585	\$ 88,246		606,888	\$ 21,137	\$ 77,273		1,188,166
Committed					\$ 70,158					70,158
Assigned									1,709	1,709
Total fund balance	<u>9,176</u>	<u>18,861</u>	<u>366,585</u>	<u>88,246</u>	<u>70,158</u>	<u>606,888</u>	<u>21,137</u>	<u>77,273</u>	<u>1,709</u>	<u>1,260,033</u>
Total liabilities and fund balance	<u>\$ 9,176</u>	<u>\$ 18,861</u>	<u>\$ 417,326</u>	<u>\$ 88,246</u>	<u>\$ 70,158</u>	<u>\$ 631,888</u>	<u>\$ 21,137</u>	<u>\$ 77,273</u>	<u>\$ 35,629</u>	<u>\$ 1,369,694</u>

Township of Ferguson, Pennsylvania

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Non-Major Governmental Funds
Year Ended December 31, 2013

	Special Revenue Funds			Capital Projects Funds						
	Street Light Fund	Hydrant Fund	Liquid Fuels Fund	Piney Ridge Fund	Agricultural Preservation Fund	Regional Capital Recreation Project	Pine Grove Mill Street	Park Improvement Fund	Debt Service Fund	Total Non-Major Funds
Revenues										
Interest and rents	\$ 13	\$ 35	\$ 560	\$ 116	\$ 96	\$ 6,149	\$ 5	\$ 112	\$ 41	\$ 7,127
Intergovernmental			446,547							446,547
Charges for service	5,887	14,617								20,504
Miscellaneous revenue						101,701				101,701
Total revenues	5,900	14,652	447,107	116	96	107,850	5	112	41	575,879
Expenditures										
General government									550	550
Public works - highways	12,098		264,500							276,598
Public works - other services		28,248								28,248
Culture and recreation					20,882	149,761		56,927		227,570
Debt service:										
Debt service - principal									495,000	495,000
Debt service - interest									62,258	62,258
Total expenditures	12,098	28,248	264,500	-	20,882	149,761	-	56,927	557,808	1,090,224
(Deficiency) Excess of Revenues Over Expenditures	(6,198)	(13,596)	182,607	116	(20,786)	(41,911)	5	(56,815)	(557,767)	(514,345)
Other Financing Sources										
Transfers - in	1,964	3,994	935	-	-	-	-	-	558,641	565,534
Net (Decrease) Increase in Fund Balance	(4,234)	(9,602)	183,542	116	(20,786)	(41,911)	5	(56,815)	874	51,189
Fund Balance, Beginning	13,410	28,463	183,043	88,130	90,944	648,799	21,132	134,088	835	1,208,844
Fund Balance, Ending	\$ 9,176	\$ 18,861	\$ 366,585	\$ 88,246	\$ 70,158	\$ 606,888	\$ 21,137	\$ 77,273	\$ 1,709	\$ 1,260,033



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

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

Township of Ferguson, Pennsylvania**Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget-to-Actual Comparison****Transportation Improvement Fund****Year Ended December 31, 2013**

	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and rents	\$ 50,000	\$ 57,493	\$ 7,493
Miscellaneous	-	1,303	1,303
Total revenues	50,000	58,796	8,796
Expenditures			
Public works - highways	6,587,000	5,680,663	906,337
Excess of Expenditures Over Revenues	(6,537,000)	(5,621,867)	915,133
Other Financing Sources			
Operating transfers - in	1,269,280	1,856,264	586,984
Net Change in Fund Balance	(5,267,720)	(3,765,603)	<u>\$ 1,502,117</u>
Fund Balance, Beginning	5,267,720	6,877,535	
Fund Balance, Ending	<u>\$ -</u>	<u>\$ 3,111,932</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, 2013

	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and rents	\$ 3,000	\$ 17,553	\$ 14,553
Intergovernmental	-	67,200	67,200
Miscellaneous	13,110	51,826	38,716
Total revenues	16,110	136,579	120,469
Expenditures			
General government	322,500	213,279	109,221
Public safety	520,927	274,916	246,011
Public works - highways	417,844	419,469	(1,625)
Culture and recreation	395,308	107,532	287,776
Other operating	6,000	1,907	4,093
Total expenditures	1,662,579	1,017,103	645,476
Excess of Expenditures Over Revenues	(1,646,469)	(880,524)	765,945
Other Financing Sources			
Transfers - in	1,400,000	1,301,030	(98,970)
Sale of capital assets	1,000	46,976	45,976
Total other financing sources	1,401,000	1,348,006	(52,994)
Net Changes in Fund Balance	<u>\$ (245,469)</u>	467,482	<u>\$ 712,951</u>
Fund Balance, Beginning		<u>2,271,641</u>	
Fund Balance, Ending		<u>\$ 2,739,123</u>	

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

Non-Major Governmental Funds

Special Revenue Funds

Year Ended December 31, 2013

	Street Light			Hydrant			Liquid Fuels		
	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues									
Interest and rents	\$ 15	\$ 13	\$ (2)	\$ 10	\$ 35	\$ 25	\$ 100	\$ 560	\$ 460
Intergovernmental							450,000	446,547	(3,453)
Charges for service	12,000	5,887	(6,113)	27,000	14,617	(12,383)			
Total revenues	12,015	5,900	(6,115)	27,010	14,652	(12,358)	450,100	447,107	(2,993)
Expenditures									
Public works - highways	14,000	12,098	1,902				353,000	264,500	88,500
Public works - other services				28,250	28,248	2			
Total expenditures	14,000	12,098	1,902	28,250	28,248	2	353,000	264,500	88,500
Other Financing Sources									
Transfers - in		1,964	1,964		3,994	3,994		935	935
Net (Decrease) Increase in Fund Balances	<u>\$ (1,985)</u>	<u>(4,234)</u>	<u>\$ (2,249)</u>	<u>\$ (1,240)</u>	<u>(9,602)</u>	<u>\$ (8,362)</u>	<u>\$ 97,100</u>	<u>183,542</u>	<u>\$ 86,442</u>
Fund Balances, Beginning		13,410			28,463			183,043	
Fund Balances, Ending		<u>\$ 9,176</u>			<u>\$ 18,861</u>			<u>\$ 366,585</u>	

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

Non-Major Governmental Funds

Capital Projects Funds

Year Ended December 31, 2013

	Piney Ridge			Agricultural Preservation		
	<u>Budget Original & Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Budget Original & Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues						
Interest and rents	\$ 15	\$ 116	\$ 101	\$ 15	\$ 96	\$ 81
Expenditures						
Culture and recreation	-	-	-	23,100	20,882	23,100
Excess (Deficiency) of Revenues Over (Under) Expenditures	15	116	101	(23,085)	(20,786)	2,299
Other Financing (Uses) Sources						
Transfers - in	-	-	-	15,000	-	(15,000)
Net Changes in Fund Balances	<u>\$ 15</u>	116	<u>\$ 101</u>	<u>\$ (8,085)</u>	(20,786)	<u>\$ (12,701)</u>
Fund Balances, Beginning		<u>88,130</u>			<u>90,944</u>	
Fund Balances, Ending		<u>\$ 88,246</u>			<u>\$ 70,158</u>	

(Continued)

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

Non-Major Governmental Funds

Capital Projects Funds

Year Ended December 31, 2013

	Regional Capital Recreation Projects			Park Improvement		
	<u>Budget</u>		<u>Variance with</u>	<u>Budget</u>		<u>Variance with</u>
	<u>Original &</u>	<u>Actual</u>	<u>Final Budget -</u>	<u>Original &</u>	<u>Actual</u>	<u>Final Budget -</u>
	<u>Final</u>		<u>Positive</u>	<u>Final</u>		<u>Positive</u>
			<u>(Negative)</u>			<u>(Negative)</u>
Revenues						
Interest and rents	\$ 5,150	\$ 6,149	\$ 999	\$ 10	\$ 112	\$ 102
Miscellaneous revenue	103,000	101,701	(1,299)			
Total revenues	108,150	107,850	(300)	10	112	102
Expenditures						
Culture and recreation	149,761	149,761	-	119,000	56,927	62,073
Net Changes in Fund Balances	<u>\$ (41,611)</u>	<u>(41,911)</u>	<u>\$ (300)</u>	<u>\$ (118,990)</u>	<u>(56,815)</u>	<u>\$ 62,175</u>
Fund Balances, Beginning		<u>648,799</u>			<u>134,088</u>	
Fund Balances, Ending		<u>\$ 606,888</u>			<u>\$ 77,273</u>	

Township of Ferguson, Pennsylvania**Schedule of Revenues, Expenditures, and Changes in Fund Balances**

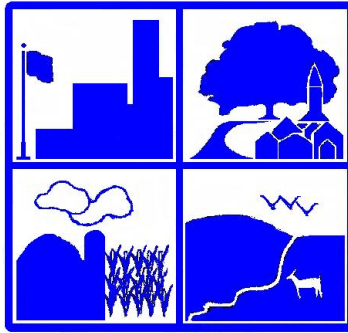
Budget-to-Actual Comparison

Non-Major Governmental Fund

Debt Service Fund

Year Ended December 31, 2013

	<u>Budget</u> <u>Original &</u> <u>Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues			
Interest	\$ -	\$ 41	\$ 41
Expenditures			
General government	600	550	50
Debt service:			
Debt service - principal	495,000	495,000	-
Debt service - interest	<u>63,088</u>	<u>62,258</u>	<u>830</u>
Total expenditures	<u>558,688</u>	<u>557,808</u>	<u>880</u>
Excess of Expenditures Over Revenues	(558,688)	(557,767)	921
Other Financing Sources			
Transfers - in	<u>560,000</u>	<u>558,641</u>	<u>(1,359)</u>
Net Changes in Fund Balances	<u>\$ 1,312</u>	874	<u>\$ (438)</u>
Fund Balances, Beginning		<u>835</u>	
Fund Balances, Ending		<u>\$ 1,709</u>	



Combining Statements of Pension Trust Funds

Township of Ferguson, Pennsylvania

Combining Statement of Pension Trust Funds

December 31, 2013

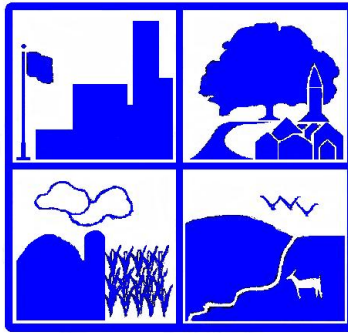
	Police Pension Trust Fund	Non-Uniformed Pension Trust Fund	Total Trust Funds
Assets			
Cash and cash equivalents	\$ 21,067	\$ 216,441	\$ 237,508
Investments, at fair value:			
Cash and cash equivalents	385,129		385,129
Fixed income	1,161,756		1,161,756
Equities	2,381,585		2,381,585
Mutual funds	252,885	2,870,127	3,123,012
	<u>4,202,422</u>	<u>3,086,568</u>	<u>7,288,990</u>
Total assets	<u>\$ 4,202,422</u>	<u>\$ 3,086,568</u>	<u>\$ 7,288,990</u>
Liabilities			
Due to other funds	\$ 195	\$ 12,391	\$ 12,586
Net Position			
Held in trust for pension benefits	<u>4,202,227</u>	<u>3,074,177</u>	<u>7,276,404</u>
	<u>\$ 4,202,422</u>	<u>\$ 3,086,568</u>	<u>\$ 7,288,990</u>
Total liabilities and net position	<u>\$ 4,202,422</u>	<u>\$ 3,086,568</u>	<u>\$ 7,288,990</u>

Township of Ferguson, Pennsylvania

Combining Statement of Changes in Pension Trust Funds

Year Ended December 31, 2013

	Police Pension Fund	Non-Uniformed Pension Fund	Total Trust Funds
Additions			
Investment income:			
Interest and dividends	\$ 90,852	\$ 3	\$ 90,855
Investment expense	(47,671)		(47,671)
Realized/unrealized gains and losses	535,981	410,521	946,502
Net investment income	579,162	410,524	989,686
Employer contributions	204,060	121,750	325,810
Employee contributions	68,908		68,908
Forfeitures		8,488	8,488
Total additions	852,130	540,762	1,392,892
Deductions			
Benefits paid to participants	227,610	14,400	242,010
Changes in Net Position	624,520	526,362	1,150,882
Net Position, Beginning	3,577,707	2,547,815	6,125,522
Net Position, Ending	<u>\$ 4,202,227</u>	<u>\$ 3,074,177</u>	<u>\$ 7,276,404</u>



Combining Statement of Changes in Assets and Liabilities - All Agency Funds

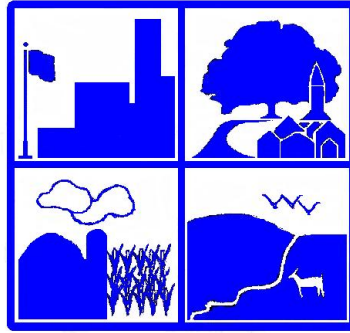
Township of Ferguson, Pennsylvania

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

December 31, 2013

	Balance, January 1, 2013	Additions	Deletions	Balance, December 31, 2013
Earned Income Tax Office				
Assets,				
Cash	<u>\$ 56,202</u>	<u>\$ 590,736</u>	<u>\$ (596,426)</u>	<u>\$ 50,512</u>
Liabilities,				
Payable to other taxing units	<u>\$ 56,202</u>	<u>\$ 590,736</u>	<u>\$ (596,426)</u>	<u>\$ 50,512</u>
Real Estate Tax Office				
Assets,				
Cash	<u>\$ 228,729</u>	<u>\$ 21,972,353</u>	<u>\$ (21,909,560)</u>	<u>\$ 291,522</u>
Liabilities,				
Payable to other taxing units	<u>\$ 228,729</u>	<u>\$ 21,972,353</u>	<u>\$ (21,909,560)</u>	<u>\$ 291,522</u>
Total All Agency Funds				
Assets,				
Cash	<u>\$ 284,931</u>	<u>\$ 22,563,089</u>	<u>\$ (22,505,986)</u>	<u>\$ 342,034</u>
Liabilities,				
Payable to other taxing units	<u>\$ 284,931</u>	<u>\$ 22,563,089</u>	<u>\$ (22,505,986)</u>	<u>\$ 342,034</u>



Statistical Section

Township of Ferguson, Pennsylvania

Statistical Section
December 31, 2013

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
(Unaudited)
Years Ended December 31
Schedule 1

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities										
Net investment in capital assets	\$ 3,637,637	\$ 9,714,764	\$ 15,480,980	\$ 17,332,193	\$ 17,993,703	\$ 21,514,479	\$ 17,881,248	\$ 20,883,275	\$ 21,228,343	\$ 25,807,727
Restricted	2,497,689						1,411,733	1,160,103	1,117,065	1,188,166
Unrestricted	<u>7,352,479</u>	<u>9,979,972</u>	<u>8,804,653</u>	<u>8,700,755</u>	<u>11,124,825</u>	<u>10,192,207</u>	<u>14,230,657</u>	<u>15,602,551</u>	<u>15,415,901</u>	<u>11,988,643</u>
Total Governmental Activities										
Net Position	<u>\$ 13,487,805</u>	<u>\$ 19,694,736</u>	<u>\$ 24,285,633</u>	<u>\$ 26,032,948</u>	<u>\$ 29,118,528</u>	<u>\$ 31,706,686</u>	<u>\$ 33,523,638</u>	<u>\$ 37,645,929</u>	<u>\$ 37,761,309</u>	<u>\$ 38,984,536</u>

Note: (1) The Township has no business type activities.

Source: Independent Auditors' Report

Township of Ferguson, Pennsylvania

Schedule of Government-Wide Changes in Net Position

(Unaudited)

Years Ended December 31

Schedule 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 1,227,840	\$ 965,690	\$ 654,632	\$ 1,310,524	\$ 1,185,216	\$ 1,466,992	\$ 1,454,365	\$ 1,573,015	\$ 1,566,073	\$ 1,786,889
Public safety	1,451,287	1,669,044	1,969,855	2,136,230	2,404,827	2,437,740	2,519,983	2,671,630	2,662,723	2,783,608
Health and welfare	2,220	3,431	2,586	5,678	2,961	7,317	5,729	7,166	5,090	6,673
Public works	1,961,340	1,549,644	1,463,204	1,981,038	1,667,533	1,935,062	2,753,477	2,650,121	3,771,053	3,258,586
Culture and recreation	1,172,232	780,092	702,090	905,683	1,363,566	1,076,279	1,050,198	1,085,404	1,329,119	1,320,474
Conservation and development	15,000	15,000			30,546	11,955				
Insurance and other operating	640,280	795,404	938,315	1,047,775	1,061,465	702,868	1,223,395	1,377,940	1,382,998	1,517,357
Interest on long-term debt	95,629	129,109	131,475	181,020	168,704	138,215	92,996	79,627	71,586	62,219
Total governmental activities expenses	6,565,828	5,907,414	5,862,157	7,567,948	7,884,818	7,776,428	9,100,143	9,444,903	10,788,642	10,735,806
Revenues										
Governmental activities:										
Charges for services:										
General government	125,098	133,076	106,637	120,023	310,685	379,075	438,827	438,355	397,660	458,619
Public safety	122,774	128,610	29,775	45,645	161,429	132,062	128,099	117,887	135,854	120,435
Health and welfare			5,390	6,380	6,013	6,068	6,625	6,328	7,738	8,018
Public works	310,754	318,398	37,769	39,192	39,154	44,964	44,628	46,112	39,148	22,724
Conservation and development	32,576	32,289								
Operating grants and contributions	2,397,758	1,067,993	1,143,635	790,172	838,783	491,698	518,193	751,857	531,506	577,761
Capital grants and contributions	96,267	114,320	45,158	13,500	556,648	582,527	392,822	2,908,628	999,364	513,747
Total governmental activities program revenues	3,085,227	1,794,686	1,368,364	1,014,912	1,912,712	1,636,394	1,529,194	4,269,167	2,111,270	1,701,304
Net Expenses										
Governmental activities	(3,480,601)	(4,112,728)	(4,493,793)	(6,553,036)	(5,972,106)	(6,140,034)	(7,570,949)	(5,175,736)	(8,677,372)	(9,034,502)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Real estate	807,072	724,877	765,019	797,979	1,238,068	1,264,640	1,275,750	1,285,660	1,314,567	1,323,738
Transfer	1,038,288	1,832,506	1,371,866	1,251,853	1,234,907	840,595	1,034,100	832,580	969,487	1,978,764
Earned income	7,443,663	4,330,192	5,371,056	4,886,700	5,580,764	5,846,005	6,015,241	5,890,462	5,542,488	6,029,207
Local services	42,920	316,119	360,192	366,482	299,621	346,277	319,906	381,124	307,512	331,371
Developer contributions		2,646,000								
Franchise fees	130,895	140,607	152,971	152,881						
Fines			95,294	108,818						
Unrestricted investment earnings	132,043	297,018	468,628	436,853	359,670	340,381	211,615	222,331	190,669	124,685
Miscellaneous	170,069	32,340	191,286	298,785	344,656	90,294	531,289	685,870	468,029	469,964
Total governmental activities general revenues	9,764,950	10,319,659	8,776,312	8,300,351	9,057,686	8,728,192	9,387,901	9,298,027	8,792,752	10,257,729
Changes in Net Position										
Governmental activities	\$ 6,284,349	\$ 6,206,931	\$ 4,282,519	\$ 1,747,315	\$ 3,085,580	\$ 2,588,158	\$ 1,816,952	\$ 4,122,291	\$ 115,380	\$ 1,223,227

Notes: (1) The Township has no business type activities.

Source: Independent Auditors' Report

Township of Ferguson, Pennsylvania

Schedule of Governmental Fund Balances
(Unaudited)
Years Ended December 31
Schedule 3

	2004	2005	2006	2007	2008	2009	2010	2011 (2)	2012 (2)	2013 (2)
General Fund										
Non-Spendable (2)								\$ 3,594	\$ 65,159	\$ 70,220
Committed (2)								1,000,000	1,000,000	
Unassigned (2)								4,187,743	2,991,653	4,104,239
Unreserved	\$ 2,582,920	\$ 3,782,521	\$ 4,140,927	\$ 4,824,174	\$ 4,482,879	\$ 5,058,582	\$ 5,119,166			
Total General Fund	<u>2,582,920</u>	<u>3,782,521</u>	<u>4,140,927</u>	<u>4,824,174</u>	<u>4,482,879</u>	<u>5,058,582</u>	<u>5,119,166</u>	<u>5,191,337</u>	<u>4,056,812</u>	<u>4,174,459</u>
All Other Governmental Funds										
Restricted (2)										
Special revenue funds								397,116	224,916	
Capital projects funds								762,987	892,149	1,188,166
Committed (2)										
Capital projects funds								7,913,681	9,240,120	5,921,213
Assigned (2)										
Debt service funds								27	835	1,709
Reserved for:										
Capital projects	4,016,236	4,445,800	1,861,064	561,377	1,336,771	1,450,563	1,411,733			
Unreserved, undesignated, reported in:										
Special revenue funds	277,590	86,075	278,045	200,061	390,210	325,815	330,486			
Capital projects funds	163,100	4,191,044	2,670,841	3,653,616	5,076,180	5,383,208	6,250,624			
Debt service		439	4,803	1,444	1,747	(7,979)	(7,267)			
Total All Other Governmental Funds	<u>4,456,926</u>	<u>8,723,358</u>	<u>4,814,753</u>	<u>4,416,498</u>	<u>6,804,908</u>	<u>7,151,607</u>	<u>7,985,576</u>	<u>9,073,811</u>	<u>10,358,020</u>	<u>7,111,088</u>
Total Governmental Fund Balances	<u>\$ 7,039,846</u>	<u>\$ 12,505,879</u>	<u>\$ 8,955,680</u>	<u>\$ 9,240,672</u>	<u>\$ 11,287,787</u>	<u>\$ 12,210,189</u>	<u>\$ 13,104,742</u>	<u>\$ 14,265,148</u>	<u>\$ 14,414,832</u>	<u>\$ 11,285,547</u>

Note: (1) Amounts are on cash basis prior to 2004; thereafter are on modified accrual.

(2) GASB Statement number 54, Fund Balance Reporting was effective for years beginning after June 15, 2010, prior balances are not restated.

Source: Independent Auditors' Report

Township of Ferguson, Pennsylvania

Schedule of Changes in Governmental Fund Balances

(Unaudited)

Years Ended December 31

Schedule 4

	2004	2005	2006 (1)	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 6,421,650	\$ 7,497,728	\$ 7,544,600	\$ 8,067,179	\$ 8,376,605	\$ 7,948,380	\$ 8,082,875	\$ 8,403,023	\$8,478,220	\$9,771,549
Licenses and permits	151,321	157,558	172,638	170,481	215,362	220,608	262,036	250,463	239,880	309,657
Fines and forfeits	113,086	106,014	95,294	108,818	116,518	132,062	128,099	117,887	135,854	120,435
Special assessments	21,159	28,926								
Interest and rents	132,044	249,018	468,628	436,853	359,670	340,381	211,615	222,331	190,669	124,685
Intergovernmental	2,804,779	1,507,544	1,188,793	803,672	895,431	1,074,225	911,015	3,660,485	1,530,870	1,091,508
Charges for services	125,777	142,083	179,570	211,240	209,215	234,625	240,954	253,990	223,269	259,019
Other financing sources	91,751	105,561	15,767	1,482	500,000					
Miscellaneous revenues	164,395	32,340	222,380	279,703	320,432	61,281	472,726	661,005	409,016	355,649
Refund of prior year expenditures					410	3,887	6,946	7,296	255	274
Total revenues	10,025,962	9,826,772	9,887,670	10,079,428	10,993,643	10,015,449	10,316,266	13,576,480	11,208,033	12,032,776
Expenditures										
General government	1,044,896	1,358,503	2,599,674	2,539,108	1,241,043	1,169,636	1,125,718	1,143,935	1,278,323	1,469,596
Public safety	1,421,183	1,649,577	2,049,776	2,185,869	2,410,533	2,485,741	2,488,052	2,718,215	2,649,349	2,907,932
Health and welfare	2,220	3,431	2,586	5,678	2,961	7,317	5,729	7,166	5,090	6,673
Public works	4,528,030	3,142,886	5,049,669	2,515,353	2,159,994	2,685,156	2,994,141	5,206,287	3,542,450	7,411,752
Culture and recreation	1,279,595	849,481	796,000	922,915	1,454,367	1,099,725	1,075,672	1,365,651	1,711,634	1,321,946
Conservation and development	15,302				30,546	11,955				30,415
Insurance and other operating	640,076	693,666	936,345	1,047,775	1,061,465	1,164,589	1,212,337	1,421,872	1,329,240	1,501,233
Debt service-principal	383,200	384,119	1,884,418	396,000	416,000	329,053	465,000	475,000	485,000	495,000
Debt service-interest	80,327	139,615	119,401	181,738	169,619	143,515	93,771	81,860	73,830	64,490
Other costs						116,462				
Total expenditures	9,394,829	8,221,278	13,437,869	9,794,436	8,946,528	9,213,149	9,460,420	12,419,986	11,074,916	15,209,037
Excess (Deficiency) of Revenues Over Expenditures	631,133	1,605,494	(3,550,199)	284,992	2,047,115	802,300	855,846	1,156,494	133,117	(3,176,261)
Other Financing Sources (Uses)										
Net transfers in (out)	55,912	(101,439)								
Sale of capital assets	5,675						38,707	3,912	16,567	46,976
Net proceeds from long term debt	1,500,000	2,968,200				4,435,000				
Bond premium						12,249				
Payments to refund bonds and notes payable						(4,327,147)				
Total other financing sources (uses)	1,561,587	2,866,761	-	-	-	120,102	38,707	3,912	16,567	46,976
Net Changes in Fund Balances	<u>\$ 2,192,720</u>	<u>\$ 4,472,255</u>	<u>\$ (3,550,199)</u>	<u>\$ 284,992</u>	<u>\$ 2,047,115</u>	<u>\$ 922,402</u>	<u>\$ 894,553</u>	<u>\$ 1,160,406</u>	<u>\$ 149,684</u>	<u>\$ (3,129,285)</u>
Debt service as a percentage of non capital expenditures (2)	8.72%	12.86%	28.92%	8.59%	8.19%	6.47%	6.91%	6.70%	5.86%	5.97%

Notes: (1) Restatement due to change from modified cash basis to modified accrual basis.

(2) 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

(Unaudited)

Years Ended December 31

Schedule 5

Calendar Year	Tax Rate	Total Earned Income Tax Collected	% Change
2004	1.40%	\$ 4,533,371	7.43%
2005	1.40%	4,624,226	2.00%
2006	1.40%	5,049,275	9.19%
2007	1.40%	5,267,427	4.32%
2008	1.40%	5,604,008	6.39%
2009	1.40%	5,496,867	-1.91%
2010	1.40%	5,453,119	-0.80%
2011	1.40%	5,890,462	8.02%
2012	1.40%	5,542,488	-5.91%
2013	1.40%	6,029,207	8.78%

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

Township of Ferguson, Pennsylvania

Schedule of Earned Income Rates - All Direct and Overlapping Governments

(Unaudited)

Years Ended December 31

Schedule 6

Fiscal Year	Tax Rates (% per \$1 of Taxable Income)		Total
	Township (1)	School (2)	
2004	1.40%	0.95%	2.35%
2005	1.40%	0.95%	2.35%
2006	1.40%	0.95%	2.35%
2007	1.40%	0.95%	2.35%
2008	1.40%	0.95%	2.35%
2009	1.40%	0.95%	2.35%
2010	1.40%	0.95%	2.35%
2011	1.40%	0.95%	2.35%
2012	1.40%	0.95%	2.35%
2013	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

(Unaudited)

Years Ended December 31

Schedule 7

Income Level	2013 (1)				2004 (1)			
	Number of Filers	Percentage of Total	Tax Liability (3)	Percentage of Total Levy	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total Levy
Greater than \$100,000	1,107	9.79%	\$ 2,673,070	44.17%	634	4.12%	\$ 1,810,662	24.39%
\$75,001 - \$100,000	677	5.99%	822,177	13.59%	542	3.52%	953,624	12.85%
\$50,001 - \$75,000	1,114	9.85%	955,488	15.79%	1,186	7.71%	1,395,371	18.80%
\$25,001 - \$50,000	1,887	16.69%	970,135	16.03%	3,064	19.91%	1,933,209	26.05%
\$10,001 - \$25,000	1,875	16.59%	440,793	7.28%	3,306	21.49%	972,709	13.10%
\$10,000 and lower	4,645	41.09%	190,019	3.14%	6,654	43.25%	356,964	4.81%
Total	<u>11,305</u>	<u>100.00%</u>	<u>\$ 6,051,682</u>	<u>100.00%</u>	<u>15,386</u>	<u>100.00%</u>	<u>\$ 7,422,539</u>	<u>100.00%</u>

Notes: (1) 2013 collections represent the 2012 tax year and 2004 collections represent the 2003 tax year.

(2) Taxpayers do not necessarily correlate between current and nine years ago.

(3) Calculated based on Township tax rate of 1.4%.

Source: Ferguson Township Tax Office

Township of Ferguson, Pennsylvania

Schedule of Assessed Value of Taxable Properties

(Unaudited)

Years Ended December 31

Schedule 8

Fiscal Year (1)	Agricultural Property	Commercial Property	Industrial Property	Land	Residential Property	Total Taxable Assessed Value	Total Direct Tax Rate	Actual Taxable Value	TAV as % of ATV (2)	Tax Exempt \$ (memo)
2004	\$ 12,202,950	\$ 123,534,155	\$ 14,210,785	\$ 5,779,135	\$ 295,533,265	\$ 451,260,290	1.58	\$ 902,520,580	50.00%	\$25,561,360
2005	13,421,665	124,003,380	13,508,980	6,058,415	309,129,360	466,121,800	1.58	932,243,600	50.00%	26,545,930
2006	14,062,795	129,822,235	13,481,930	6,055,870	324,958,435	488,381,265	1.58	976,762,530	50.00%	26,638,070
2007	14,421,085	130,262,130	13,186,950	6,786,290	340,546,430	505,202,885	1.58	1,010,405,770	50.00%	27,959,275
2008	15,285,225	132,884,930	12,172,300	6,286,075	350,663,250	517,291,780	1.58	1,034,583,560	50.00%	29,891,230
2009	15,720,705	132,576,170	12,172,300	7,400,445	358,974,380	526,844,000	1.58	1,053,688,000	50.00%	30,912,005
2010	16,470,715	133,017,220	11,164,945	6,936,740	364,063,395	531,653,015	1.58	1,063,306,030	50.00%	32,160,585
2011	17,001,920	138,668,730	10,948,925	6,191,775	367,974,515	540,785,865	1.58	1,081,571,730	50.00%	33,146,690
2012	17,138,480	139,442,480	11,015,825	5,968,120	370,636,915	544,201,820	1.58	1,088,403,640	50.00%	33,370,925
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	50.00%	35,560,310

Notes: (1) As of March 1 of each year

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

Source: Centre County Assessment Office Township Tax Duplicate

Township of Ferguson, Pennsylvania

Schedule of Principal Property Taxpayers

(Unaudited)

Years Ended December 31

Schedule 9

Taxpayer	2013			2004		
	Taxable Assessed Values	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Values	Rank	Percentage of Total Taxable Assessed Value
Minitab Inc.	\$ 8,709,120	1	1.58%	\$ 4,442,565	3	0.98%
C2S LP	6,670,265	2	1.21%			
Copper Beach Townhomes	6,062,815	3	1.10%	5,738,525	2	1.27%
WHGMH Realty LLC	4,511,265	4	0.82%	4,511,265	1	1.00%
Inland Western State College (Raytheon)	4,119,650	5	0.75%			
CSC Northland LP	3,598,730	6	0.59%			
Park Crest Terrace LTD	3,250,550	7	0.65%	3,250,000	6	0.72%
McWhirter Family Limited Partnership	2,692,945	8	0.49%	2,692,945	10	0.60%
Hemingway Place	2,587,830	9	0.47%	3,091,150	8	0.69%
Weis Markets	2,543,760	10	0.46%			
Edens & Avant Financing Ltd Partnership				4,217,905	4	0.93%
David & Natalie Roberts				4,119,650	5	0.91%
QSI Partnership				3,097,780	7	0.69%
Murata Electronics Inc.				2,973,025	9	0.66%
Total	<u>\$ 44,746,930</u>		<u>8.14%</u>	<u>\$ 38,134,810</u>		<u>8.45%</u>
Total Taxable Assessed Value	<u>\$ 549,753,340</u>			<u>\$ 451,260,290</u>		

Source: Ferguson Township Real Estate tax duplicate

Township of Ferguson, Pennsylvania

Schedule of Property Tax Levies and Collections

(Unaudited)

Years Ended December 31

Schedule 10

Fiscal Year	Tax Levy for the Year (1)	Current Tax Collections (2)	Percent of Current Levy Collected	Delinquent Tax Collections (2)	Total Tax Collections	Total Collections as a Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
2004	\$ 704,869	\$ 684,842	97.16%	\$ 13,064	\$ 697,906	99.01%	\$ 6,963	0.99%
2005	728,082	707,398	97.16%	5,975	713,373	97.98%	14,709	2.02%
2006	762,852	742,734	97.36%	7,798	750,532	98.39%	12,320	1.61%
2007	789,127	781,519	99.04%	6,571	788,090	99.87%	1,037	0.13%
2008 (3)	1,252,881	1,211,014	96.66%	7,376	1,218,390	97.25%	34,491	2.75%
2009	1,276,016	1,247,574	97.77%	10,800	1,258,374	98.62%	17,642	1.38%
2010	1,287,664	1,238,257	96.16%	19,938	1,258,196	97.71%	29,468	2.29%
2011	1,309,783	1,284,797	98.09%	13,829	1,298,626	99.15%	11,157	0.85%
2012	1,318,057	1,285,000	97.49%	9,000	1,294,000	98.17%	24,057	1.83%
2013	1,331,503	1,307,069	98.16%	16,669	1,323,738	99.42%	7,765	0.58%

Sources: (1) Taxable Assessed value (Centre County Assessment Office tax duplicate) multiplied by tax rate.

(2) Ferguson Township Operating Budgets (actual) (does not include supplemental) & Bond applications.

(3) Tax rate increase .86 mills

Township of Ferguson, Pennsylvania

Schedule of Ratios of Outstanding Debt by Type

(Unaudited)

Years Ended December 31

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				
2004	\$ 2,835,000	\$ 1,528,538	\$ 4,363,538	1.04%	0.48%	\$ 281
2005	2,470,000	4,477,619	6,947,619	1.58%	0.75%	441.37
2006	2,095,000	2,968,200	5,063,200	1.10%	0.52%	315.64
2007	1,700,000	2,967,200	4,667,200	0.96%	0.46%	285.25
2008	1,285,000	2,966,200	4,251,200	1.07%	0.41%	255.85
2009	4,030,000	-	4,030,000	0.96%	0.38%	242.54
2010	3,565,000	-	3,565,000	0.77%	0.34%	201.53
2011	3,090,000	-	3,090,000	0.64%	0.29%	172.10
2012	2,605,000	-	2,605,000	0.52%	0.24%	142.94
2013	2,110,000	-	2,110,000	0.42%	0.19%	114.07

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

Sources: (1) See Schedule of Demographic and Economic Statistics for population and personal income data.

(2) See Schedule of Assessed Value of Taxable Properties for property value data.

Township of Ferguson, Pennsylvania

Schedule of Direct and Estimated Overlapping Debt

(Unaudited)

Year Ended December 31, 2013

Schedule 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Township Percentage of Debt</u>	<u>Township Share of Overlapping Debt</u>
Bonded Debt			
Ferguson Township	<u>\$ 2,110,000</u>	100%	<u>\$ 2,110,000</u>
Notes Payable (Notes 1,2)			
Centre Region Parks and Rec. (pools)	5,510,790	26.84%	1,479,096
Centre Region Parks and Rec. (parks)	<u>6,611,300</u>	28.04%	<u>1,853,809</u>
Total indirect	<u>12,122,090</u>		<u>3,332,905</u>
Grand total	<u><u>\$ 14,232,090</u></u>		<u><u>\$ 5,442,905</u></u>

(1) Line of credit; maximum draw of \$7.9 million

(2) The percentage of overlapping debt for the Centre Region Parks & Rec is based upon the CRCOG formula for Parks and Rec. for 2008 and is fixed for 10 years.

Sources: Independent Auditors' Report
Centre Region Parks & Rec

Township of Ferguson, Pennsylvania

Schedule of Legal Debt Margin Information

(Unaudited)

Years Ended December 31

Schedule 13

Fiscal Year	Borrowing Base	Debt Limit Percentage	Debt Limit	Total Net Debt	Legal Debt Margin	Total Debt as a Percentage of Debt Limit
2004	\$ 10,965,125	250%	\$ 27,412,813	\$ 4,363,538	\$ 23,049,275	15.9%
2005	13,461,597	250%	33,653,993	6,947,619	26,706,374	20.6%
2006	12,831,589	250%	32,078,973	5,063,200	27,015,773	15.8%
2007	13,685,363	250%	34,213,408	4,667,200	29,546,208	13.6%
2008	14,150,296	250%	35,375,740	4,251,200	31,124,540	12.0%
2009	13,684,413	250%	34,211,033	4,580,623	29,630,410	13.4%
2010	13,571,071	250%	33,927,676	4,927,973	28,999,703	14.5%
2011	13,917,882	250%	34,794,705	4,718,383	30,076,322	13.6%
2012	14,713,903	250%	36,784,758	6,130,093	30,654,665	16.7%
2013	15,987,861	250%	39,969,653	5,442,905	34,526,748	13.6%

Notes: 1. The Commonwealth of Pennsylvania 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.

2. 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

Township of Ferguson, Pennsylvania

Schedule of Demographic and Economic Statistics

(Unaudited)

Years Ended December 31

Schedule 14

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Income (3)	School Enrollment (4)	Unemployment Rate (5)
2004	15,520	\$ 419,676,320	\$ 27,041	7,343	4.5%
2005	15,741	438,843,339	27,879	7,324	4.0%
2006	16,041	461,066,463	28,743	7,325	3.7%
2007	16,362	484,871,508	29,634	7,233	3.4%
2008	16,616	396,009,128	23,833	7,115	4.3%
2009	16,616	418,208,104	25,169	7,253	6.3%
2010	17,690	460,983,710	26,059	6,950	5.7%
2011	17,955	479,551,488	26,708	6,927	5.1%
2012	18,225	497,880,040	27,319	6,856	6.0%
2013	18,498	505,348,240	27,319	6,817	6.0%

Note: 2010 data is taken from 2010 US census. Assumes a 1.5% increase annually

- Sources:
- (1) US Census Bureau/Penns State Data Center estimates
 - (2) Determined by multiplying population by per capita income
 - (3) Economic Development Intelligence System, NC; Pennsylvania Department of Labor and Industry; Penn State Data Center; ACS Survey
 - (4) State College Area School District, does not include charter schools or private schools
 - (5) US Bureau of Labor Statistics for State College, Pennsylvania annual rate as of December 31

Township of Ferguson, Pennsylvania

Schedule of Principal Employers
(Unaudited)
Years Ended December 31
Schedule 15

Employer	2013			2004		
	Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Penn State University	3,964	1	25.76%	3,199	1	20.30%
HRI Inc.	411	2	2.67%			
Accu Weather Inc.	361	3	2.35%	304	10	1.93%
Taco Bell/KVF Associates	347	4	2.25%			
Raytheon Company	344	5	2.24%	440	7	2.79%
Minitab, Inc.	304	6	1.98%			
Hellenic Venture Inc.	224	7	1.46%			
Spectrum Control Technology	223	8	1.45%			
Ahold Financial Services	195	9	1.27%			
Collegiate Subs, Inc.	176	10	1.14%			
MBNA (Bank of America)				800	2	5.08%
Murata Electronics NA, Inc.				740	3	4.70%
Adecco USA, Inc.				489	4	3.10%
Jostens				474	5	3.01%
State College Area School District				449	6	2.85%
Giant Food Stores				312	8	1.98%
The Meadows				305	9	1.94%
Total	6,549		42.55%	7,512		47.68%
Total Township Employment	15,390			15,756		

Source: Ferguson Township Tax Office

Township of Ferguson, Pennsylvania

Schedule of Full-Time Equivalent Township

Employees by Function

(Unaudited)

Years Ended December 31

Schedule 16

Year	General Government	Public Works	Public Safety	Planning & Zoning	Total
2004	7.3	13.7	24.8	4.3	50.1
2005	8.6	18.3	21.9	3.3	52.1
2006	7.0	21.8	24.7	4.3	57.8
2007	7.3	22.3	24.0	3.4	57.0
2008	7.1	20.0	24.4	4.0	55.5
2009	7.3	19.3	24.3	3.9	54.8
2010	7.5	19.6	25.0	4.0	56.1
2011	7.3	20.2	24.9	3.8	56.2
2012	7.0	20.0	25.0	3.6	55.6
2013	7.4	21.1	23.8	3.5	55.8

Notes: 1. Totals do not include Board of Supervisors
2. Totals include part time employees and overtime hours
3. FTEs are based on 2080 hours for full-time employees

Source: Microdata Payroll Services

Township of Ferguson, Pennsylvania

Schedule of Operating Indicators by Function/Program

(Unaudited)

Years Ended December 31

Schedule 17

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administration (5)										
Electricity costs - office	\$ 13,073	\$ 13,707	\$ 15,597	\$ 19,549	\$ 14,129	\$ 22,168	\$ 19,704	\$ 24,478	\$ 18,533	\$ 20,867
Electricity costs - public works	3,633	3,454	3,996	4,797	6,763	8,155	6,344	8,212	5,629	6,744
Heating costs (gas) - office	3,302	4,276	3,480	2,454	5,416	7,136	3,348	3,676	2,505	4,722
Heating costs (gas) - public works	8,306	9,279	6,484	6,815	5,656	4,163	4,577	7,387	4,790	6,414
Police (1)										
Number of sworn officers	20	18	20	19	20	20	20	20	20	21
Total calls for service	4,508	4,346	4,533	4,475	4,722	4,787	4,760	4,479	4,486	4,879
Traffic citations	1,017	717	824	1,108	1,476	1,869	1,553	781	1,080	1,242
Criminal arrests	446	405	395	403	345	399	401	312	363	385
Traffic stops	1,393	957	1,076	1,420	1,693	2,712	3,254	1,975	2,214	3,428
Parking tickets	631	537	519	695	545	1,058	720	812	655	572
Public Works/Engineering (2,4)										
Highway occupancy permits issued	15	16	58	35	39	33	31	71	82	52
Land development/subdivision plans reviewed	21	14	24	29	18	15	17	10	16	26
Tons of salt purchased	1,590	1,330	742	1,200	1,917	971	1,119	1,375	924	1,382
Cubic yards of leaves/brush collected	9,010	8,372	5,829	7,342	8,538	12,456	9,721	10,585	11,068	8,709
Planning & Zoning (3)										
Zoning permits issued	373	334	276	262	244	230	379	249	349	197
Sign permits issued	NA	NA	NA	NA	50	37	62	53	54	46
Rental/home occupation permits issued	NA	NA	NA	NA	NA	48	52	73	90	277
Land development permits issued	NA	NA	NA	NA	NA	NA	NA	NA	11	10

NA= data not available

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

(Unaudited)

Years Ended December 31

Schedule 18

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles (2)	14	15	17	16	16	17	17	17	17	17
Information Technology (1)										
Servers	3	3	3	3	4	4	4	4	4	5
Computers	29	29	29	29	31	35	35	35	28	30
Laptops	6	6	6	6	10	10	14	16	15	13
Tablets									1	1
Police vehicle laptops	10	10	10	10	10	10	10	10	10	10
Public Works (3)										
Road miles of road surface	83.1	84.4	86.0	87.4	89.8	89.8	89.8	89.8	91.7	91.7
Heavy trucks	12	14	14	14	14	16	17	17	16	17
Pickup trucks and autos	4	4	4	4	4	5	6	6	6	7
Parks and Recreation (4)										
Township owned developed parks	9	9	9	9	10	10	10	10	10	10
Number of developed acres	84.5	84.5	84.5	84.5	172.5	172.5	172.5	172.5	172.5	188.6
Township owned un-developed parks			1	1	2	2	2	2	2	2
Number of un-developed acres			1.5	1.5	80.7	85.7	85.7	116.1	96.1	96.1
Number of Regional Park acres located in Ferguson Township (undeveloped)					75	75	75	100	100	103

Sources: (1) State College Borough IT department, Capital Asset listing

(2) Police Department

(3) Public Works Department

(3) Centre Region Parks & Rec