



**Ferguson**  
Township  
*Pennsylvania*

# Comprehensive Annual Financial Report

For the Year Ended  
December 31, 2019



**2019**  
***FERGUSON TOWNSHIP***  
CENTRE COUNTY, PENNSYLVANIA

***COMPREHENSIVE ANNUAL FINANCIAL REPORT***  
***For the Calendar Year Ended December 31, 2019***

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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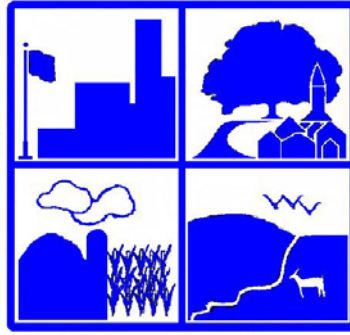
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# Township of Ferguson, Pennsylvania

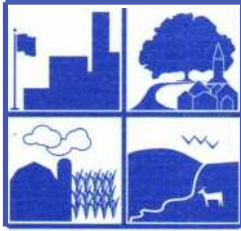
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## Introductory Section



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## TOWNSHIP OF FERGUSON

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Telephone: 814-238-4651 • Fax: 814-238-3454  
[www.twp.ferguson.pa.us](http://www.twp.ferguson.pa.us)

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June 24, 2020

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, 2019.

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. Responsibility for the accuracy, completeness and fairness of the data presented, including all disclosures, rests with Township management. To provide the basis for making these representations, the Township has established 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 Baker Tilly Virchow Krause, LLP, State College, Pennsylvania.

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

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

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

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

## Ferguson Township Profile

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

The Centre Region is comprised of six municipalities: The Borough of State College, and the Townships of College, Ferguson, Halfmoon, Harris and Patton. These municipalities have an estimated populous of 95,633 (2018) comprising approximating 60 percent of the total County population (162,385) 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 (2019 estimate 18,649) and the largest in terms of land area (50 square miles). Ferguson has an estimated population density of 373 persons per square mile (2019).

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 continued to grow in the current decade. According to the American FactFinder Estimates (2018), there were 8,083 housing units in the Township. This compares to the 2010 estimate of 7,246 units, an increase of 837 units or 11.6 percent.

The population breakdown, according to the US Census Estimates for 2018, includes 80 percent of township residents are 18 and over, 14 percent are age 65 and older. Children under the age of 18 make up 20 percent of the Township population.

Of the top 40 employers in the Centre Region, at least five of these employers have a presence or home in the Township. These include the largest employer, Penn State University, as well as Raytheon (defense), Accuweather (meteorology), HRI (construction) and Minitab, Inc. (software). New small and medium size businesses continue to establish their offices in the Township and lost business is being replaced with new employers.

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

The Township has worked on or completed several projects during 2019 that have shaped the Township finances. These are:

- ✓ Oversaw the architectural design of renovations to the township administration building
- ✓ Continued outreach initiatives such as coffee and conversation, neighborhood forums, and business engagement
- ✓ Prepared Comprehensive Annual Financial Report for 2019 and Annual Budget for 2020
- ✓ Continued design of new LEED Gold public works maintenance facility
- ✓ Completed phase one of the storm water fee feasibility study
- ✓ Completed roadway resurfacing and parkland improvements
- ✓ Developed a greenhouse gas emissions inventory working with ad hoc climate action committee
- ✓ Facilitated land development reviews and zoning amendments to allow for planned sustainable growth in the community



The Township annual debt service reduces the Township's ability to use the funds for other uses (opportunity cost) remains as long as the debt payments are required. The Township issued \$6.957 million in bonds in December 2019 for the construction of a public works maintenance facility. The Township's annual debt service is approximately \$390 thousand per year for 25 years. The Township has a stake in the debt for the regional pools and parks. This regional debt load continues into the 2020 decade. Since regional parks are a shared cost, the Township has sufficient financial reserves to complete the current design of the regional park projects as proposed.

The long-term financial outlook for the Township is highly dependent on the stability and growth in the employment tax base to provide sufficient resources for police and public works operational needs, capital (road and park) projects and capital equipment. At this time, the outlook for the Township is very strong in the short term and 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, 2018. This was the eighth consecutive year that the Township 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  
David Pribulka, Township Manager, Ferguson Township  
Christine Zoerner, John Taylor and John Compton, Baker Tilly Virchow Krause, LLP, CPAs  
Ferguson Township Planning and Zoning Department  
Chris Albright, Chief of Police, Ferguson Township  
Dave Modricker, Director of Public Works, Ferguson Township  
Ron Seybert, Township Engineer, Ferguson Township  
Ferguson Township Public Works  
Centre Tax Agency  
Ferguson Township Police Department  
Joe Viglione, Centre Region Council of Governments

If I have omitted anyone, please accept my apologies.

Respectfully Submitted,



Eric R. Endresen, CPA,  
Director of Finance



## VISION STATEMENT

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

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



## MISSION STATEMENT

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



## Township Values

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

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

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

***Preserving the unique character  
of the Township.***

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

***A well-maintained and safe environment.***

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

***Managing our resources wisely.***

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

***Collaborating with our  
neighboring municipalities to  
provide cost effective services.***

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

***Ethical and honest behavior.***

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





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Ferguson Township**  
**Pennsylvania**

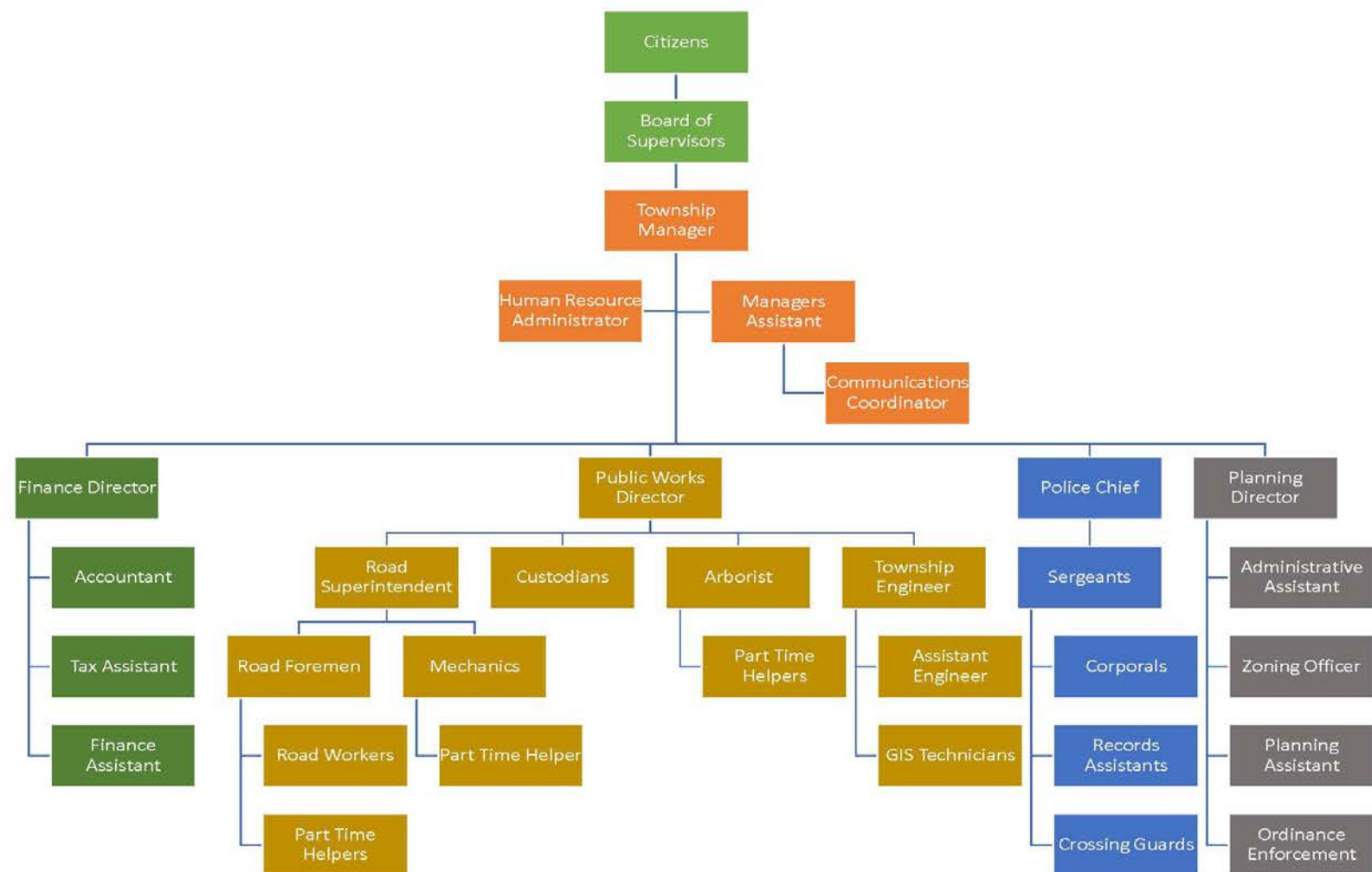
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morrell*

Executive Director/CEO

**Ferguson Township Organizational Chart**





## **Township of Ferguson, Pennsylvania**

### **List of Principal Officials 2019**

Steve Miller, Chair, Board of Supervisors

Laura Dininni, Vice Chair, Board of Supervisors

Lisa Strickland, Supervisor

Prasentjit Mitra, Supervisor

Patricia Stephens, Supervisor

David G. Pribulka, Township Manager

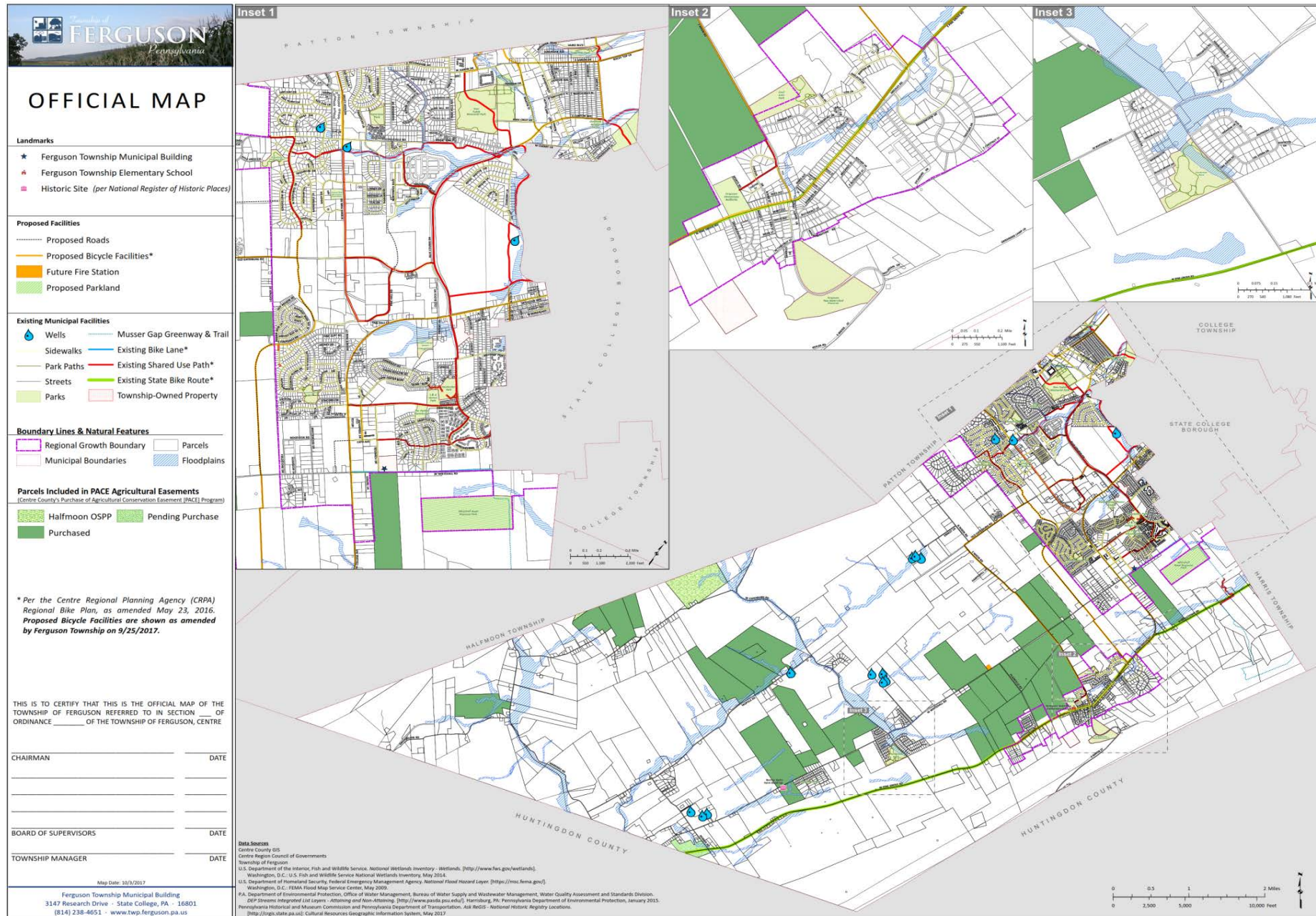
David J. Modricker, Director of Public Works

Eric R. Endresen, Director of Finance

Chris Albright, Chief of Police

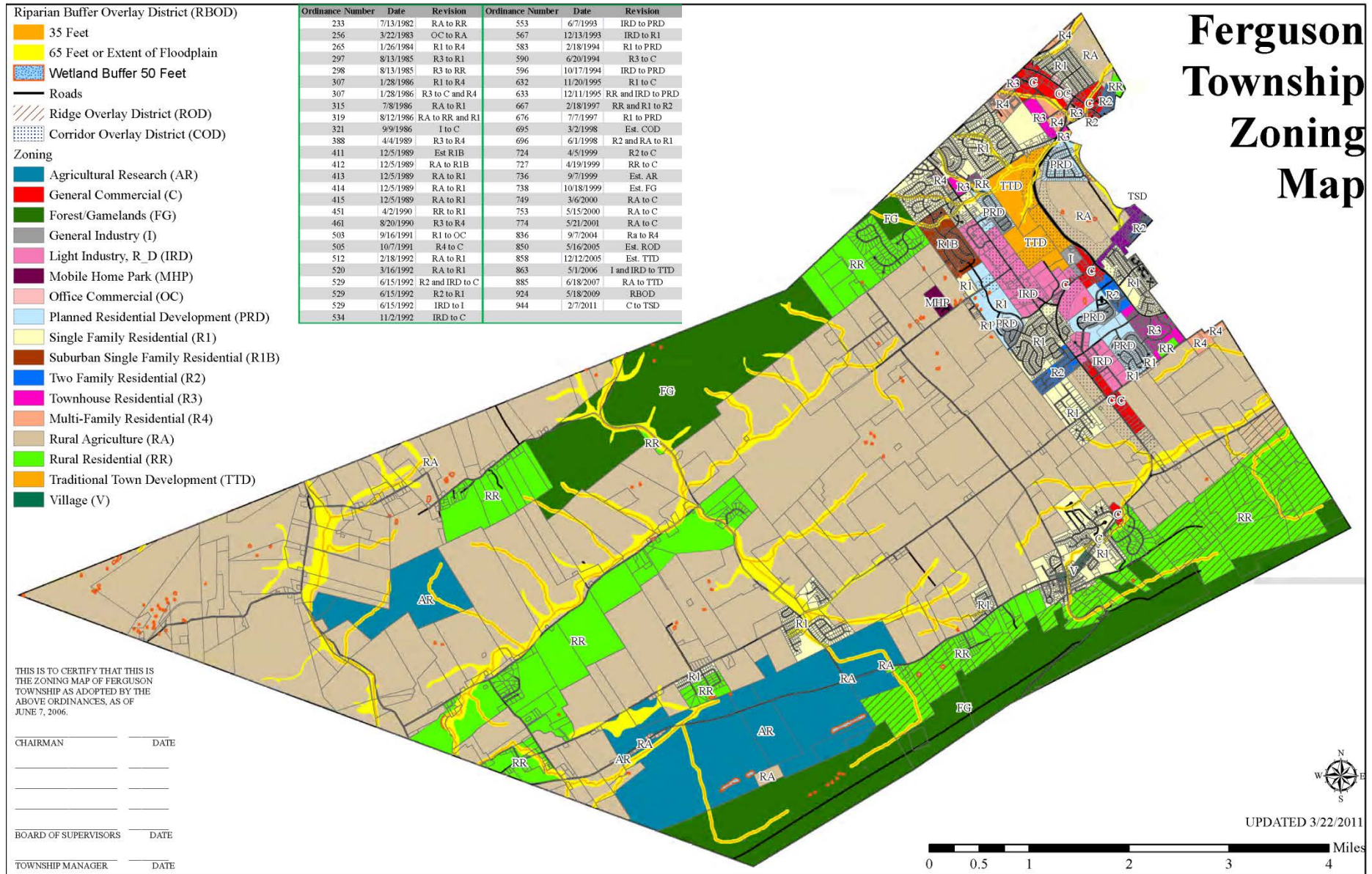
Jenna Wargo, Director of Planning and Zoning



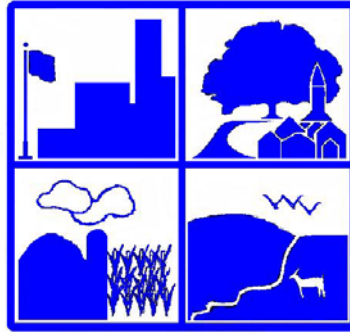




# Ferguson Township Zoning Map







## Financial Section

## **Independent Auditors' Report**

To the Board of Supervisors of  
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, 2019, 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.

### ***Auditors' 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, 2019, 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.

### ***Emphasis of Matter***

As discussed in Notes 1 and 10 to the financial statements, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, for the year ended December 31, 2019 to conform with accounting principles generally accepted in the United States of America, which has resulted in a restatement of the custodial funds' net position as of January 1, 2019. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 18 through 27 and the supplementary pension trend information on pages 62 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

#### ***Other Information***

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 nonmajor governmental fund financial statements on pages 67 and 68, the budgetary comparison schedules on pages 70 through 75, the combining statements of pension trust funds on pages 77 and 78, the combining statements of custodial funds on pages 79 and 80 and the introductory section on pages 5 through 14 and statistical section on pages 82 through 100 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental fund financial statements, budgetary comparison schedules, the combining statements of pension trust funds and the combining statements of custodial funds are 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 and statistical section have 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 them.

*Baker Tilly Virchow Krause, LLP*

State College, Pennsylvania  
June 24, 2020

# Township of Ferguson, Pennsylvania

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## 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, 2019 and 2018. 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, 2019 and 2018.

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

### Financial Highlights GASB 34 Presentation

- At December 31, 2019, the Township had a total of \$6.090 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 \$13.534 million at December 31, 2018 representing a decrease of \$7.444 million.
- At December 31, 2019, the Township had a reportable total of \$27.642 million net investment in capital assets, compared to \$26.814 million at December 31, 2018 representing an increase of \$828 thousand. This is the result of the Township issuing bonds in 2019 for the construction of a public works maintenance facility offset by current capital outlays in excess of depreciation of the capital assets.
- At December 31, 2019, the Township's long-term debt was \$6.957 million as the Township issued bonds to finance the construction of a LEED gold public works maintenance facility.
- The Township's overall financial position remains very strong with a slight increase during the past year considering changes in fund balances, capital investment, long-term debt, net revenues and cash flow.

### Overview of the Financial Statements

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

Government-wide Financial Statements,  
Fund Financial Statements, and  
Notes to the Basic Financial Statements.

# Township of Ferguson, Pennsylvania

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Management's Discussion and Analysis  
(Unaudited)

## 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 28 and 29 of this report.

## Fund Financial Statements

A **Fund** is an independent self-balancing set of accounts that is used to record revenue and expenditures, related assets, liabilities, obligations, reserves and equities, which are segregated for the purpose of carrying out specific activities or attaining certain objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into 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 11 individual Governmental Funds:

General Fund  
Debt Service Fund  
Liquid Fuels Fund  
Hydrant Fund  
Capital Reserve Fund  
Street Light Fund

Transportation Improvement Fund  
Park Improvement Fund  
Agricultural Preservation Fund  
Pine Grove Mills Streetlight Fund  
Regional Capital Recreational Projects Fund

# Township of Ferguson, Pennsylvania

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## Management's Discussion and Analysis (Unaudited)

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

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

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

The basic Governmental Fund financial statements can be found on pages 30 through 34 of this report.

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

### **Debt Service Fund**

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

### **Proprietary Fund**

The Township has no Proprietary Funds.

### **Fiduciary Funds**

The Township has four Fiduciary Funds: *Police Pension Fund*, *Nonuniform 401 Pension Fund*, the *Tudek Memorial Park Trust Fund* and the *Tax Office*. These funds account for the assets held by the Township in a trustee capacity or as the custodian for individuals, private organizations and other governmental units or funds.

The basic Fiduciary Fund financial statements can be found on pages 35 and 36 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 37 through 60 of this report.

## **Fund Balances**

Nonspendable Fund balances are those that are not in spendable form. Restricted Fund balances are those that are restricted by external parties or enabling legislation. Committed Fund balances are those that are restricted by the highest level of decision making authority. Assigned Fund balances are those that are constrained by the 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 do 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, 2019 and 2018

	Governmental Activities		
	2019	2018	Differences
Current and other assets	\$ 24,600,307	\$ 17,479,393	\$ 7,120,914
Capital assets (net of depreciation)	27,769,645	26,814,249	955,396
Total assets	52,369,952	44,293,642	8,076,310
Deferred outflows, pension	734,566	767,058	(32,492)
Total assets and deferred outflows	\$ 53,104,518	\$ 45,060,700	\$ 8,043,818
Current liabilities	\$ 1,273,871	\$ 766,657	\$ 507,214
Long-term liabilities	8,226,813	1,742,239	6,484,574
Total liabilities	9,500,684	2,508,896	6,991,788
Deferred inflows, pension	602,056	60,418	541,638
Total liabilities and deferred inflows	10,102,740	2,569,314	7,533,426
Net investment in capital assets	27,641,982	26,814,249	827,733
Restricted	9,270,046	2,143,467	7,126,579
Unrestricted	6,089,750	13,533,670	(7,443,920)
Total net position	43,001,778	42,491,386	510,392
Total liabilities, deferred inflows and net position	\$ 53,104,518	\$ 45,060,700	\$ 8,043,818

# Township of Ferguson, Pennsylvania

Management's Discussion and Analysis  
(Unaudited)

## Statement of Activities Years Ended December 31, 2019 and 2018

	Governmental Activities			
	2019	2018	Differences	
			\$	%
Revenues:				
Program revenues:				
Charges for services	\$ 646,050	\$ 554,923	\$ 91,127	16.4 %
Operating grants and contributions	730,189	797,808	(67,619)	(8.5)
Capital grants and contributions	1,105,837	1,167,567	(61,730)	(5.3)
Total program revenues	2,482,076	2,520,298	(38,222)	(1.5)
General revenues:				
Real estate taxes	1,459,634	1,405,986	53,648	3.8
Transfer taxes	1,503,078	1,298,499	204,579	15.8
Earned income taxes	7,218,789	6,813,065	405,724	6.0
Local services taxes	348,401	356,249	(7,848)	(2.2)
Interest and rents	382,727	273,184	109,543	40.1
Miscellaneous	445,258	323,802	121,456	37.5
Total general revenues	11,357,887	10,470,785	887,102	8.5
Total revenues	13,839,963	12,991,083	848,880	6.5
Expenses:				
General government	2,810,566	2,827,151	(16,585)	(0.6)
Public safety	4,369,906	4,256,331	113,575	2.7
Health and welfare	8,556	9,412	(856)	(9.1)
Public works, sanitation	33,005	33,005	-	0.0
Public works, highways	4,005,450	3,592,724	412,726	11.5
Other public works	179,944	167,601	12,343	7.4
Community development	60,609	26,109	34,500	132.1
Culture and recreation	1,742,491	1,533,985	208,506	13.6
Interest on long-term debt	119,044	25,942	93,102	358.9
Total expenses	13,329,571	12,472,260	857,311	6.9
Changes in Net Position	510,392	518,823	(8,431)	(1.6)
Net Position, Beginning	42,491,386	41,972,563	518,823	1.2
Net Position, Ending	<u>\$ 43,001,778</u>	<u>\$ 42,491,386</u>	<u>\$ 510,392</u>	<u>1.2 %</u>

At the end of 2019, the Township is able to report a positive balance of \$43.002 million in total net position which is not significantly affected by restrictions, commitments or any other limitations. The Township's overall financial position increased as reflected in the \$510 thousand increase.



# Township of Ferguson, Pennsylvania

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## Management's Discussion and Analysis (Unaudited)

### Governmental Activities

Governmental activities increased the Township's net position by \$510 thousand. Key elements of this increase are as follows:

- Adjusted earned income tax revenues exceeded the budget of \$6.930 million by \$289 thousand, or 4.2 percent
- Transfer tax revenues exceeded the budget of \$1.450 million by \$53 thousand, or 3.7 percent
- Transportation Improvement Fund project costs were \$1.323 million under the budget of \$3.106 million, or 42.6 percent
- Capital Reserve Fund expenditures were \$5.547 million under the budget of \$7.598 million, or 73.0 percent

### 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, 2019, the Unassigned General Fund balance was \$8.481 million compared to \$7.970 million in 2018, an increase of \$511 thousand. As a measure of the General Fund's liquidity, the Unassigned Fund balance at December 31, 2019 represents 71 percent ( $\$8,480,534 / \$11,913,952$ ) of the total General Fund expenditures (including interfund transfers out) or approximately 259 days ( $\$8,480,534 / \$11,913,952 / 365$ ) of operating costs, an increase of approximately 10 days. One main item underlying this change is the increase in tax revenues received in 2019.

There were transfers out of the General Fund to other Governmental Funds in the amount of \$2.445 million to support capital equipment needs during the year ended December 31, 2019 compared to \$2.523 million in 2018, representing a decrease of \$78 thousand.

##### General Fund Budgetary Highlights

The 2019 General Fund expenditure budget of \$12.710 million (including interfund transfers of \$2.709 million) compared to \$12.323 million for 2018, representing an increase of \$387 thousand, or 3 percent.

The 2019 General Fund actual expenditures (\$11.914 million, including interfund transfers) were less than budgeted expenditures (\$12.710 million) by \$796 thousand or approximately 6 percent. This reflects increased interfund transfers made relative to budget by \$207 thousand.

The 2019 General Fund revenue budget was \$11.680 million compared to \$11.480 million for 2018, representing an increase of \$200 thousand. This budget reflects continued population growth in Ferguson Township and high employment levels.

The 2019 General Fund actual revenues of \$12.417 million exceeded budgeted revenues of \$11.680 million by \$737 thousand. In 2019, the Township population continued to increase driving the employment levels and housing transfers.

# Township of Ferguson, Pennsylvania

Management's Discussion and Analysis  
(Unaudited)

## Statement of Revenues and Expenditures Years Ended December 31, 2019 and 2018 General Fund

	2019	2018	Differences	
			\$	%
Revenues:				
Taxes	\$ 10,530,104	\$ 9,970,036	\$ 560,068	5.6 %
Licenses and permits	319,546	322,747	(3,201)	(1.0)
Fines and forfeits	72,809	87,084	(14,275)	(16.4)
Interest and rents	199,075	138,365	60,710	43.9
Intergovernmental	675,500	797,808	(122,308)	(15.3)
Charges for services	215,169	146,937	68,232	46.4
Miscellaneous	404,496	265,365	139,131	52.4
Total revenues	12,416,699	11,728,342	688,357	5.9
Expenditures:				
General government	1,655,066	1,503,601	151,465	10.1
Public safety	3,237,388	3,143,785	93,603	3.0
Health and welfare	8,556	9,412	(856)	(9.1)
Public works, sanitation	33,005	33,006	(1)	(0.0)
Public works, highways	1,133,526	978,847	154,679	15.8
Other public works	97,022	128,438	(31,416)	(24.5)
Culture and recreation	1,352,916	1,271,208	81,708	6.4
Community development	60,609	26,108	34,501	132.1
Insurance and other operating	1,890,831	2,038,763	(147,932)	(7.3)
Debt service, interest	-	25,942	(25,942)	(100.0)
Total expenditures	9,468,919	9,159,110	309,809	3.4
Excess of Revenues Over Expenditures	2,947,780	2,569,232	378,548	14.7
Other Financing Uses				
Transfers out, net	(2,445,033)	(2,523,375)	78,342	(3.1)
Net Increase in Fund Balance	502,747	45,857	\$ 456,890	996.3 %
Fund Balance, Beginning	7,985,283	7,939,426		
Fund Balance, Ending	\$ 8,488,030	\$ 7,985,283		

### Transportation Improvement Fund

The Transportation Improvement Fund was created to account for certain large road projects of the Township. The fund has been expanded to encompass all transportation projects. At December 31, 2019, the Transportation Improvement Fund balance was \$4.377 million compared to \$4.582 million in 2018, representing a decrease of \$205 thousand. The Township budgeted a reduction in fund balance for 2019. Actual results are better than budgeted.

## Township of Ferguson, Pennsylvania

Management's Discussion and Analysis  
(Unaudited)

### Capital Reserve Fund

The Capital Reserve Fund segregates the capital equipment costs as well as the costs for storm water and park improvement projects. At December 31, 2019, the Capital Reserve Fund balance was \$413 thousand compared to \$1.234 million in 2018, representing a decrease of \$821 thousand.

### Debt Service Fund

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

### 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, 2019, the combined nonmajor Capital Projects Funds fund balance was \$1.745 million compared to \$1.472 million in 2018, representing an increase of \$273 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 \$46 thousand for 2019. The combined revenues exceeded expenditures by \$185 thousand for 2018, a decrease of \$139 thousand.

### Long-Term Liabilities

Following is a summary of changes in long-term liabilities for the years ended December 31, 2019 and 2018:

Governmental Activities	2019			
	January 1 Balance	Additions	Retirements	December 31 Balance
Long-Term Liabilities:				
Net pension liability	\$ 1,499,641	\$ -	\$ (492,603)	\$ 1,007,038
Accrued vacation	262,598	41,573	(21,447)	282,724
Bonds payable	-	6,845,000	-	6,845,000
Bond premium	-	112,051	-	112,051
Total long-term liabilities	<u>\$ 1,762,239</u>	<u>\$ 6,998,624</u>	<u>\$ (514,050)</u>	<u>\$ 8,246,813</u>
Governmental Activities	2018			
	January 1 Balance	Additions	Retirements	December 31 Balance
Long-Term Liabilities:				
Net pension liability	\$ 764,744	\$ 734,897	\$ -	\$ 1,499,641
Accrued vacation	236,839	41,267	(15,508)	262,598
Total long-term liabilities	<u>\$ 1,001,583</u>	<u>\$ 776,164</u>	<u>\$ (15,508)</u>	<u>\$ 1,762,239</u>

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

# Township of Ferguson, Pennsylvania

## Management's Discussion and Analysis (Unaudited)

### Pension Trust Funds

The *Police Pension Fund* and the *Nonuniform 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, 2019 and 2018 of the Police Pension Fund was \$6.134 million and \$5.157 million, respectively, representing an increase of \$977 thousand. This is the result of state funding combined with investment earnings. The Township contributed \$282 thousand to the Police Pension Fund in 2019, in accordance with the annual minimum municipal obligation (MMO) compared to \$227 thousand in 2018, representing an increase of \$55 thousand.

The net position at December 31, 2019 and 2018 of the Nonuniform 401 Pension Fund were \$3.777 million and \$3.144 million, respectively, an increase of \$633 thousand. The Township contributed \$197 thousand to the nonuniform 401 pension fund in 2019, in accordance with the annual MMO, compared to \$191 thousand in 2018, representing an increase of \$6 thousand.

The Police Pension Fund showed a net pension liability of \$1.007 million at December 31, 2019, compared to a net pension liability of \$1.500 million at December 31, 2018, a decrease of \$493 thousand.

### Cash Flows and Liquidity

Governmental cash and cash equivalents totaled \$12.010 million and \$11.419 million at December 31, 2019 and 2018, respectively, representing 47 percent (\$12,009,540/\$25,314,772) and 64 percent (\$11,419,034/\$17,873,037) of total governmental assets, respectively. This provides for up to 173 days (\$12,009,540/\$25,314,772/365) (not including interfund transfers) of operating expenditures for 2019 and 233 days (\$11,419,034/\$17,873,037/365) (not including interfund transfers) of operating expenditures for 2018 of governmental operating expenditures, a decrease of 60 days.

### 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 Township's investment in capital assets (net of accumulated depreciation) for its governmental activities as of December 31, 2019 amounted to \$27.770 million and \$26.814 million for 2018 (net of accumulated depreciation) a net increase of \$956 thousand. This is the result of investments in infrastructure offset by depreciation. This investment in capital assets includes land, parks, buildings, equipment, infrastructure and associated improvements.

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

Class	2019	2018
Land	\$ 2,674,693	\$ 2,410,693
Construction in progress	115,650	316,527
Land improvements	7,245	9,093
Buildings and improvements	2,788,657	2,487,823
Office furniture and equipment	1,320,399	1,056,456
Infrastructure	17,783,773	17,671,175
Parks and improvements	1,350,294	1,461,976
Vehicles	1,728,934	1,400,506
Total	\$ 27,769,645	\$ 26,814,249

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

# **Township of Ferguson, Pennsylvania**

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Management's Discussion and Analysis  
(Unaudited)

## **Economic Condition and Next Year's Budgets and Rates**

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

Residential and commercial construction increased the Township's real estate taxable assessed values to \$588.7 million at March 1, 2019 from \$587.5 million at March 1, 2018 reflecting an increase of \$1.2 million or .2 percent.

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

The 2019 General Fund expenditure budget includes a \$354 thousand (2.9 percent) (\$354 thousand/\$12.36 million) decrease in expenditures over the 2018 budget figures. This includes interfund transfers from the General Fund. The interfund transfers are monies transferred from one fund to another. For individual funds and especially the General Fund, it is important to include the interfund transfers. Interfund transfers from the General Fund are reductions in the General Fund balance and since the General Fund provides much of the funding for the remaining governmental funds, this is a reasonable way to determine the demands on the General Fund for expenditures in the other funds. However, they should be removed when reporting on the aggregate. Including these in the aggregate fund totals would give the appearance of larger revenue and expenditures than actual.

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

At the fund level, the Interfund transfers provide information about the sources and uses of the transfers. The budget for 2020 provides sufficient revenues to cover General Fund expenditures using existing available fund balance. The 2020 General Fund budget includes a net shortfall of \$974 thousand (including net interfund transfers of \$2.65 million).

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

Finally, population growth and Penn State growth has had a significant impact on the townships transfer tax and earned income tax collections. The 2019 year was a good year for the economy. With the Township's cash balances and regional growth, the Township's financial future looks favorable.

## **Requests for Information**

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

**Township of Ferguson, Pennsylvania**

## Statement of Net Position

December 31, 2019

	<b>Governmental Activities</b>
<b>Assets and Deferred Outflows of Resources</b>	
<b>Assets</b>	
Current assets:	
Cash	\$ 12,009,540
Investments	3,364,772
Taxes receivable	2,149,158
Prepaid items	7,496
Due from fiduciary funds, net	2,584
Other receivables	<u>237,369</u>
Total current assets	<u>17,770,919</u>
Noncurrent assets:	
Restricted cash	<u>6,829,388</u>
Capital assets, net of accumulated depreciation	
Land	2,674,693
Construction in progress	115,650
Buildings and improvements	2,741,332
Equipment	1,320,399
Vehicles	1,728,934
Infrastructure	<u>19,188,637</u>
Total capital assets, net of accumulated depreciation	<u>27,769,645</u>
Total noncurrent assets	<u>34,599,033</u>
Total assets	52,369,952
<b>Deferred Outflows of Resources, Pension</b>	<u>734,566</u>
Total	<u>\$ 53,104,518</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 527,424
Payroll and benefits payable	10,928
Curb/development deposits	702,051
Accrued interest	13,468
Current portion of compensated absences	<u>20,000</u>
Total current liabilities	<u>1,273,871</u>
Noncurrent liabilities:	
Bonds payable	6,957,051
Net pension liability	1,007,038
Compensated absences	<u>262,724</u>
Total noncurrent liabilities	<u>8,226,813</u>
Total liabilities	<u>9,500,684</u>
<b>Deferred Inflows of Resources, Pension</b>	<u>602,056</u>
<b>Net Position</b>	
Net investment in capital assets	27,641,982
Restricted for:	
Public works	865,989
Capital projects	8,404,057
Unrestricted	<u>6,089,750</u>
Total net position	<u>43,001,778</u>
Total	<u>\$ 53,104,518</u>

See notes to financial statements

# Township of Ferguson, Pennsylvania

## Statement of Activities

Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General government	\$ 2,810,566	\$ 470,175	\$ -	\$ 400,000	\$ (1,940,391)
Public safety	4,369,906	152,809	730,189	-	(3,486,908)
Health and welfare	8,556	10,238	-	-	1,682
Public works, sanitation	33,005	-	-	-	(33,005)
Public works, highways	4,005,450	-	-	705,837	(3,299,613)
Public works, other services	179,944	12,828	-	-	(167,116)
Community development	60,609	-	-	-	(60,609)
Culture and recreation	1,742,491	-	-	-	(1,742,491)
Interest on long-term debt	119,044	-	-	-	(119,044)
Total governmental activities	<u>\$ 13,329,571</u>	<u>\$ 646,050</u>	<u>\$ 730,189</u>	<u>\$ 1,105,837</u>	<u>(10,847,495)</u>

### General Revenues

#### Taxes:

Real estate	1,459,634
Transfer	1,503,078
Earned income	7,218,789
Local services	348,401
Interest and rents	382,727
Miscellaneous	445,258

Total general revenues 11,357,887

Change in net position 510,392

Net position, beginning 42,491,386

Net position, ending \$ 43,001,778

See notes to financial statements

**Township of Ferguson, Pennsylvania**

Balance Sheet  
Governmental Funds  
December 31, 2019

	General Fund	Transportation Improvement Fund	Capital Reserve Fund	Debt Service Fund	Other Nonmajor Funds	Totals
<b>Assets</b>						
Cash	\$ 6,606,370	\$ 2,447,956	\$ 866,626	\$ 107,286	\$ 1,981,302	\$ 12,009,540
Restricted cash	-	-	-	6,829,388	-	6,829,388
Investments	1,096,459	1,500,157	-	-	768,156	3,364,772
Taxes receivable	2,149,158	-	-	-	-	2,149,158
Other accounts receivable	107,202	129,922	245	-	-	237,369
Prepaid items	7,496	-	-	-	-	7,496
Due from other funds	380,563	303,755	32,731	-	-	717,049
Total assets	<u>\$ 10,347,248</u>	<u>\$ 4,381,790</u>	<u>\$ 899,602</u>	<u>\$ 6,936,674</u>	<u>\$ 2,749,458</u>	<u>\$ 25,314,772</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 200,757	\$ -	\$ 272,632	\$ -	\$ 54,035	\$ 527,424
Payroll and benefits payable	10,928	-	-	-	-	10,928
Due to other funds	296,833	4,962	213,807	-	198,863	714,465
Curb/development deposits	702,051	-	-	-	-	702,051
Total liabilities	1,210,569	4,962	486,439	-	252,898	1,954,868
Deferred inflows of resources, Unavailable revenues, taxes	648,649	-	-	-	-	648,649
Fund balances:						
Nonspendable	7,496	-	-	-	-	7,496
Restricted	-	-	-	6,829,388	2,440,658	9,270,046
Committed	-	4,376,828	413,163	-	170,363	4,960,354
Assigned	-	-	-	107,286	-	107,286
Unassigned (deficit)	8,480,534	-	-	-	(114,461)	8,366,073
Total fund balances	8,488,030	4,376,828	413,163	6,936,674	2,496,560	22,711,255
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 10,347,248</u>	<u>\$ 4,381,790</u>	<u>\$ 899,602</u>	<u>\$ 6,936,674</u>	<u>\$ 2,749,458</u>	<u>\$ 25,314,772</u>

See notes to financial statements



## Township of Ferguson, Pennsylvania

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
December 31, 2019

**Total Fund Balances - Governmental Funds** \$ 22,711,255

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. 648,649

Capital assets used in governmental activities are not reported at net position in governmental funds. The cost of the capital assets is \$55,664,456 and the accumulated depreciation is \$27,894,811. 27,769,645

Deferred outflows related to net pension liability are not reported in the governmental funds, however are reported in the statement of net position. 734,566

Deferred inflows related to net pension liability are not reported in the governmental funds, however are reported in the statement of net position. (602,056)

Long-term liabilities, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.  
Long-term liabilities at year end consist of:

Bonds payable	(6,845,000)	
Unamortized bond premium	(112,051)	
Accrued interest	(13,468)	
Net pension liability	(1,007,038)	
Compensated absences	(282,724)	(8,260,281)

**Total Net Position - Governmental Activities** \$ 43,001,778

**Township of Ferguson, Pennsylvania**

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
Year Ended December 31, 2019

	General Fund	Transportation Improvement Fund	Capital Reserve Fund	Debt Service Fund	Other Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 10,530,104					\$ 10,530,104
Licenses and permits	319,546					319,546
Fines and forfeits	72,809					72,809
Interest and rents	199,075	\$ 82,510	\$ 30,572	\$ 6,048	\$ 64,522	382,727
Intergovernmental	675,500	80,000	26,100	-	679,737	1,461,337
Charges for service	215,169	-	-	-	413,215	628,384
Miscellaneous revenue	404,496	-	3,487	-	2,950	410,933
Total revenues	12,416,699	162,510	60,159	6,048	1,160,424	13,805,840
<b>Expenditures</b>						
Current:						
General government	1,655,066	29,631	828,380	-	-	2,513,077
Public safety	3,237,389	-	394,957	-	-	3,632,346
Health and welfare	8,556	-	-	-	-	8,556
Public works, sanitation	33,005	-	-	-	-	33,005
Public works, highways	1,133,525	1,782,783	747,327	-	601,423	4,265,058
Public works, other services	97,022	-	-	-	82,922	179,944
Culture and recreation	1,352,916	-	79,162	-	157,184	1,589,262
Community development	60,609	-	-	-	-	60,609
Insurance and other operating	1,890,831	-	-	-	-	1,890,831
Debt service, costs of issuance	-	-	-	131,384	-	131,384
Total expenditures	9,468,919	1,812,414	2,049,826	131,384	841,529	14,304,072
Excess (deficiency) of revenues over expenditures	2,947,780	(1,649,904)	(1,989,667)	(125,336)	318,895	(498,232)
<b>Other Financing (Uses) Sources</b>						
Transfers, in	-	1,444,757	1,000,000	500,000	276	2,945,033
Bond proceeds	-	-	-	6,845,000	-	6,845,000
Bond premium	-	-	-	112,051	-	112,051
Sale of capital assets	-	-	168,551	-	-	168,551
Transfers, out	(2,445,033)	-	-	(500,000)	-	(2,945,033)
Total other financing (uses) sources	(2,445,033)	1,444,757	1,168,551	6,957,051	276	7,125,602
Net increase (decrease) in fund balances	502,747	(205,147)	(821,116)	6,831,715	319,171	6,627,370
<b>Fund Balances, Beginning</b>	7,985,283	4,581,975	1,234,279	104,959	2,177,389	16,083,885
<b>Fund Balances, Ending</b>	\$ 8,488,030	\$ 4,376,828	\$ 413,163	\$ 6,936,674	\$ 2,496,560	\$ 22,711,255

See notes to financial statements

## Township of Ferguson, Pennsylvania

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended December 31, 2019

**Net Increase in Fund Balances - Total Governmental Funds** **\$ 6,627,370**

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

Some taxes will not be collected for several months after  
year-end as they are not considered "available" revenues  
in the governmental funds. (202)

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

Capital outlays	3,705,936	
Disposal of capital assets	(134,226)	
Depreciation expense	<u>(2,616,314)</u>	955,396

The issuance of long-term debt (bonds) provides current  
financial resources to governmental funds, while the  
repayment of the principal of long-term debt consumes  
the current financial resources of governmental funds.  
These transactions, however, do not have an affect on  
net position. Also, governmental funds report the effect  
of premiums, discounts and similar items when debt  
is first issued, whereas these amounts are deferred and  
amortized in the statement of activities. Reconciling  
items related to long-term debt activity for the year  
ended December 31, 2019 are as follows:

Issuance of bonds	(6,845,000)	
Bond premium	<u>(112,051)</u>	(6,957,051)

Accrued interest expense on long-term debt is reported in  
the statement of activities but does not require the use of  
current financial resources. Therefore, accrued interest  
expense is not reported as expenditures in governmental  
funds. The net change in interest receivable is recorded  
in the statement of activities. (13,468)

Net pension liability is considered long-term in nature, and  
is not reported as a liability within the funds. Such a liability  
is, however, reported with in the statement of net position,  
and changes in the liability is reflected within the statement  
of net position. This represents the change in pension  
liability and the deferred outflows and inflows related to  
the pension. (81,527)

In the statement of activities, certain operating expenses -  
compensated absences (vacation and sick days) are  
measured by the amounts earned during the year. In the  
governmental funds, however, expenditures for these  
items are measured by the amount of financial resources  
used. This amount represents the different between  
the amount earned versus the amount used. (20,126)

**Changes in Net Position of Governmental Activities** **\$ 510,392**

*See notes to financial statements*

## Township of Ferguson, Pennsylvania

### Statement of Revenues, Expenditures, and Changes in Fund Balances

#### Budget-to-Actual Comparison

#### General Fund

Year Ended December 31, 2019

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 10,142,450	\$ 10,142,450	\$ 10,530,104	\$ 387,654
Licenses and permits	298,702	298,702	319,546	20,844
Fines and forfeits	89,825	89,825	72,809	(17,016)
Interest and rents	109,809	109,809	199,075	89,266
Intergovernmental	648,808	648,808	675,500	26,692
Charges for service	145,185	145,185	215,169	69,984
Miscellaneous	245,071	245,071	404,496	159,425
Total revenues	11,679,850	11,679,850	12,416,699	736,849
<b>Expenditures</b>				
General government	1,731,678	1,731,678	1,655,066	76,612
Public safety	3,403,517	3,403,517	3,237,389	166,128
Health and welfare	9,500	9,500	8,556	944
Public works, sanitation	33,005	33,005	33,005	-
Public works, highways	1,132,766	1,132,766	1,133,525	(759)
Public works, other services	131,032	131,032	97,022	34,010
Culture and recreation	1,363,477	1,363,477	1,352,916	10,561
Community development	49,769	49,769	60,609	(10,840)
Insurance and other operating	2,146,200	2,146,200	1,890,831	255,369
Total expenditures	10,000,944	10,000,944	9,468,919	532,025
Excess of revenues over expenditures	1,678,906	1,678,906	2,947,780	1,268,874
<b>Other Financing Uses</b>				
Transfers, in	56,500	56,500	-	(56,500)
Transfers, out	(2,709,000)	(2,709,000)	(2,445,033)	263,967
Total other financing uses	(2,652,500)	(2,652,500)	(2,445,033)	207,467
Net changes in fund balances	\$ (973,594)	\$ (973,594)	502,747	\$ 1,476,341
<b>Fund Balances, Beginning</b>			7,985,283	
<b>Fund Balances, Ending</b>			\$ 8,488,030	

See notes to financial statements

## Township of Ferguson, Pennsylvania

### Statement of Fiduciary Net Position

#### Fiduciary Funds

December 31, 2019

	Pension Trust Funds	Tudek Memorial Trust Fund	Custodial Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 71,732	\$ 174,270	\$ 535,411
Prepaid items	16,762	-	-
Beneficial interest in assets held by a community foundation	-	443,405	-
Investments, at fair value:			
Cash and cash equivalents	539,966	-	-
Fixed income	1,593,185	-	-
Equities	1,808,309	-	-
Mutual funds	5,881,103	-	-
Accounts receivable	-	3,400	-
Land	-	2,118,100	-
Land improvements, net	-	20,919	-
Total assets	9,911,057	2,760,094	535,411
<b>Liabilities</b>			
Accounts payable	-	757	-
Due to other governments	-	-	-
Due to other funds	535	2,049	-
Total liabilities	535	2,806	-
<b>Net Position</b>			
Net position restricted for pensions	9,910,522	-	-
Net position restricted for other trust fund	-	2,757,288	-
Net position restricted for other governments	-	-	535,411
Total net position	\$ 9,910,522	\$ 2,757,288	\$ 535,411

See notes to financial statements

**Township of Ferguson, Pennsylvania**

## Statement of Changes in Fiduciary Net Position

## Fiduciary Funds

Year Ended December 31, 2019

	<b>Pension Trust Funds</b>	<b>Tudek Memorial Trust Fund</b>	<b>Custodial Funds</b>
<b>Additions</b>			
Contributions:			
Employer contributions	\$ 479,520		
Employee contributions	103,646		
Total contributions	583,166		
Tax collections for other governments:			
Real estate			\$ 34,647,583
Earned income			24,762
Total tax collections			34,672,345
Investment income (loss):			
Net appreciation in fair value of investments	1,346,153	\$ 17,654	-
Interest and dividends	148,925	23,533	13,242
Less investment expense	(43,387)	-	-
Net investment income	1,451,691	41,187	13,242
Grants and gifts, nongovernmental	-	441,285	-
Total additions	2,034,857	482,472	34,685,587
<b>Deductions</b>			
Park operations	-	7,868	-
Administration	-	1,250	-
Insurance	-	17,166	-
Benefits paid to participants	425,454	-	-
Payments of tax to other governments:			
Real estate	-	-	34,386,611
Earned income	-	-	23,827
Total deductions	425,454	26,284	34,410,438
Net changes in net position	1,609,403	456,188	275,149
<b>Net Position Restricted, Beginning</b>	8,301,119	2,301,100	-
<b>Restatement for Adoption of GASB Statement No. 84</b>	-	-	260,262
<b>Net Position Restricted, Beginning, As Restated</b>	8,301,119	2,301,100	260,262
<b>Net Position Restricted, Ending</b>	\$ 9,910,522	\$ 2,757,288	\$ 535,411

See notes to financial statements

# Township of Ferguson, Pennsylvania

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Notes to Financial Statements

December 31, 2019

## 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, are 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 with the Township.

### Jointly Governed Organizations

Centre Area Transportation Authority (CATA), Centre Region Council of Governments (CRCOG), Centre Regional Recreation Authority (CRRRA) and Schlow Centre Region Library have boards appointed jointly by the area governments' governing bodies. The Township elects two members to the Schlow Centre Region Library governing board and one member to the remaining units' governing boards. Accordingly, these organizations are not component units. These are independent units that select management staff, set user charges, establish budgets and control all aspects of the daily activities. In the event that one of these units would dissolve, however, the assets and/or liabilities would be shared among the participating municipalities. The Township approved the following operating and capital grants to these organizations for 2019: CATA \$97,022, CRCOG \$581,859, CRRRA \$570,034 and Schlow Centre Region Library \$465,072.

The Township guarantees a portion of the bank debt for CRCOG for the regional pools and parks. The Township would be obligated for their share in the event CRCOG was not able to meet principal and interest payments when they become due. As of December 31, 2019, the maximum amount payable under such guarantees is \$2,289,218 plus interest. CRCOG is current with the debt payments and the Township believes there is only a remote possibility that it would be required to perform under the guarantees, therefore no liability is recorded. The Township has guaranteed the debt through its maturity in 2031. There is no formal arrangement for recovery of payments should the guarantee be exercised.

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

### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements with the exception of those representing balances between the governmental activities and fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support (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.

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**

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Notes to Financial Statements

December 31, 2019

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

#### **Debt Service Fund**

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

### **Nonmajor Governmental Funds**

#### **Special Revenue Funds**

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

#### **Capital Projects Funds**

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

### **Fiduciary Funds**

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

### **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 custodial funds. The appropriated budget is prepared by fund, function and department. Expenditures cannot legally exceed budgeted appropriations at the fund level. Additionally, management cannot revise the total budget obligation by fund level without the approval of the Board of Supervisors.

## Township of Ferguson, Pennsylvania

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Notes to Financial Statements  
December 31, 2019

### 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:

- *Nonspendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Township through board resolution. A resolution must be passed 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.
- *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.

# Township of Ferguson, Pennsylvania

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## Notes to Financial Statements

December 31, 2019

### 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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as due to or from other funds. All trade and certain tax receivables are shown net of an allowance for uncollectible. Township management has determined that an allowance for property taxes receivable is not necessary at December 31, 2019, 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.

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.

### 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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation. Infrastructure assets are recorded at historical cost using prevailing wages.

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

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

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

## **Township of Ferguson, Pennsylvania**

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### **Notes to Financial Statements**

December 31, 2019

#### **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.

#### **Pension Plans**

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

#### **Deferred Compensation Plan**

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

#### **Real Estate Taxes**

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

The Township's property tax is levied by ordinance of the Board of Supervisors on real property located within the Township. Assessed values are generally 50 percent 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 \$588,681,000 as of March 1, 2019. For 2019, 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 percent discount. Amounts paid after June 30 are assessed a 10 percent 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**

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This Statement established criteria for identifying fiduciary activities of all state and local governments. This standard was implemented January 1, 2019 and resulted in a restatement of beginning net position of custodial funds of \$260,262 and expansion of footnote disclosures.

# Township of Ferguson, Pennsylvania

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## Notes to Financial Statements

December 31, 2019

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

The Township adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, for the year ended December 31, 2019. GASB 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain pronouncements. The adoption of this standard did not have a significant impact on the Township's financial statements.

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

### Governmental Activities

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

### Cash and Cash Equivalents

At December 31, 2019, the Township's total bank deposits were \$20,256,742. The Township's cash deposits are held at two local banks and the Pennsylvania Local Government Investment Trust (PLGIT). The operating accounts are held at a local bank and are secured by the Federal Depository Insurance Corporation (FDIC) insurance up to \$250,000 under current law.

### Investment Portfolio

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

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

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

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

# Township of Ferguson, Pennsylvania

## Notes to Financial Statements

December 31, 2019

### 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, 2019, the Township's total bank deposits were \$20,256,742. Of this amount, \$546,880 was insured by the FDIC and \$1,198,656 of the total deposits is held in trust by PLGIT in accounts separate and apart from the assets of the financial institution. The PLGIT trust invests in two basic types of Federal Securities: Obligations backed by the full faith and credit of the United States and short term obligations of the U.S. Government and its agencies instrumentalities. Due to the short-term nature and liquidity of the investments held within the pool, the fair value of the underlying investments approximates amortized cost. The remaining bank deposits of \$18,511,206 were exposed to custodial credit risk, as these deposits were not covered by depository insurance. Rather, these deposits were collateralized with securities held by the pledging institution, but not in the Township's name.

Local financial institution Certificates of Deposit of \$3,047,296 are held for safekeeping by the Township (except those held by VOYA Investments).

The Township has investments with the firm VOYA Investments in the amount of \$317,476. The types of investments include certificates of deposit insured by the FDIC in the amount of \$310,121 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 Ferguson Township's name.

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

The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Foundation for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the same term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

At December 31, 2019, the Township had the following recurring fair value measurements:

	Level 1	Level 2	Level 3	Total Fair Value
Assets Reported at Fair Value				
Investments:				
Cash	\$ 7,355	\$ -	\$ -	\$ 7,355
Certificates of deposit	-	3,357,417	-	3,357,417
	<u>\$ 7,355</u>	<u>\$ 3,357,417</u>	<u>\$ -</u>	<u>\$ 3,364,772</u>

# Township of Ferguson, Pennsylvania

## Notes to Financial Statements

December 31, 2019

### Valuation Methodologies

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2019.

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

*Investments:* The *certificates of deposit* were measured using Level 2 inputs in which cost approximates fair value.

The Township has no Level 3 investments.

### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a credit rating by a nationally recognized organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Township does not have a formal deposit policy for credit risk. None of the Township's governmental fund investments were exposed to credit risk at December 31, 2019.

### 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, 2019, except for the certificates of deposit with maturities of less than one year and a value of \$3,047,296, there are no investments that exceed 5 percent 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, 2019:

Maturity	Amount
None	\$ 7,355
Less than one year	3,357,417
One to two years	-
Two to three years	-

### Foreign Currency Risk

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

## Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2019

### Pension Trust Funds

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

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

The following table presents the investments measured at fair value as of December 31, 2019 by caption on the statement on fiduciary net position by the valuation hierarchy defined above:

	Level 1	Level 2	Level 3	Total Fair Value
Assets Reported at Fair Value				
Investments:				
Cash (held for investment purposes)	\$ 539,966	\$ -	\$ -	\$ 539,966
Exchange traded funds,				
Equity	1,138,386	-	-	1,138,386
Mutual funds:				
Alternative	702,768	-	-	702,768
Fixed income	1,593,185	-	-	1,593,185
Balanced	4,039,949	-	-	4,039,949
Marketable equity securities:				
Industrials	234,550	-	-	234,550
Consumer discretionary	210,126	-	-	210,126
Consumer staples	135,527	-	-	135,527
Energy	97,241	-	-	97,241
Financial	311,959	-	-	311,959
Materials	97,056	-	-	97,056
Information technology	260,037	-	-	260,037
Real estate	34,354	-	-	34,354
Utilities	57,842	-	-	57,842
Health care	256,523	-	-	256,523
Telecommunication services	107,182	-	-	107,182
Unclassified stock	5,912	-	-	5,912
Total investments/ assets by valuation hierarchy	\$ 9,822,563	\$ -	\$ -	\$ 9,822,563

### Valuation Methodologies

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

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

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



# Township of Ferguson, Pennsylvania

## Notes to Financial Statements

December 31, 2019

The following summarize the investment philosophy of the Trustees:

### Custodial Credit Risk

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

### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a credit rating by a nationally recognized organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Trustees do not have a formal deposit policy for credit risk. None of the investments are exposed to credit risk at December 31, 2019.

### 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 percent S&P 500, 30 percent Lehman Brothers Government/Credit Index Intermediate, and 10 percent cash equivalents. Allocations may range from a minimum of 30 percent equities and/or fixed income investments to a maximum of 70 percent equities and/or fixed income. As of December 31, 2019, there are no investments that exceed 5 percent of the total portfolio's market value.

### Interest Rate Risk

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

Information about the sensitivity of the fair values of the investments to market interest rate fluctuation is provided by the following table that shows distribution of the investments by maturity as of December 31, 2019:

<b>Maturity</b>	<b>Amount</b>
None	\$ 9,822,563
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, 2019

### 3. Capital Assets

A summary of changes in capital assets is as follows:

	January 1, 2019	Additions	Transfers	Disposals	December 31, 2019
Governmental activities:					
Capital assets not being depreciated,					
Land	\$ 2,410,693	\$ 264,000	\$ -	\$ -	\$ 2,674,693
Construction in progress	316,527	115,650	(316,527)	-	115,650
Total capital assets not being depreciated	2,727,220	379,650	(316,527)	-	2,790,343
Capital assets being depreciated:					
Buildings and improvements	8,757,749	343,468	316,527	-	9,417,744
Equipment	3,293,894	506,969	-	(46,238)	3,754,625
Vehicles	3,547,718	709,676	-	(482,343)	3,775,051
Infrastructure	34,160,520	1,766,173	-	-	35,926,693
Total capital assets being depreciated	49,759,881	3,326,286	316,527	(528,581)	52,874,113
Accumulated depreciation:					
Buildings and improvements	(6,260,835)	(415,577)	-	-	(6,676,412)
Equipment	(2,237,436)	(243,028)	-	46,238	(2,434,226)
Vehicles	(2,147,211)	(247,023)	-	348,117	(2,046,117)
Infrastructure	(15,027,370)	(1,710,686)	-	-	(16,738,056)
Total accumulated depreciated	(25,672,852)	(2,616,314)	-	394,355	(27,894,811)
Governmental activities capital assets, net	\$ 26,814,249	\$ 1,089,622	\$ -	\$ (134,226)	\$ 27,769,645

Depreciation expense was charged to governmental activities as follows:

General government	\$ 226,206
Public safety	136,309
Highway and streets	2,100,571
Culture and recreation	153,228
Total	\$ 2,616,314

# Township of Ferguson, Pennsylvania

## Notes to Financial Statements

December 31, 2019

### 4. Long-Term Liabilities

The changes in long-term liabilities for the year ended December 31, 2019 are as follows:

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019	Current Portion
Bond Series of 2019	\$ -	\$ 6,845,000	\$ -	\$ 6,845,000	\$ -
Bond premium	-	112,051	-	112,051	-
	<u>\$ -</u>	<u>\$ 6,957,051</u>	<u>\$ -</u>	<u>\$ 6,957,051</u>	<u>\$ -</u>

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019	Current Portion
Compensated absences	\$ 262,598	\$ 41,573	\$ 21,447	\$ 282,724	\$ 20,000

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

Long-term debt at December 31, 2019 consists of the following:

\$6,845,000 General Obligation Bonds, Series of 2019, due in varying annual installments from December 2021 through December 2044, interest rates of 2% to 4%.	\$ 6,845,000
Unamortized bond premium	112,051
Total	6,957,051
Current portion	-
Long-term debt	<u>\$ 6,957,051</u>

	Principal	Interest	Total
Years ending December 31:			
2020	\$ -	\$ 170,040	\$ 170,040
2021	105,000	178,467	283,467
2022	215,000	174,267	389,267
2023	225,000	165,667	390,667
2024	230,000	156,667	386,667
2025-2029	1,270,000	670,636	1,940,636
2030-2034	1,415,000	527,737	1,942,737
2035-2039	1,585,000	360,563	1,945,563
2040-2044	1,800,000	150,040	1,950,040
Total	<u>\$ 6,845,000</u>	<u>\$ 2,554,084</u>	<u>\$ 9,399,084</u>

## Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2019

### 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, 2019, were as follows:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General Fund	\$ 380,563	\$ 296,833
Transportation Improvement Fund	303,755	4,962
Capital Reserve Fund	32,731	213,807
Other Nonmajor Funds:		
Park Improvement Fund	-	236
Liquid Fuels Fund	-	37,802
Street Light Fund	-	34,529
Hydrant Fund	-	126,296
Fiduciary Funds	-	2,584
Total	<u>\$ 717,049</u>	<u>\$ 717,049</u>

Interfund transfers for the year ended December 31, 2019 were as follows:

	<b>In</b>	<b>Out</b>
General Fund	\$ -	\$ 2,445,033
Transportation Improvement Fund	1,444,757	-
Capital Reserve Fund	1,000,000	-
Liquid Fuels Fund	276	-
Debt Service Fund	500,000	500,000
Total	<u>\$ 2,945,033</u>	<u>\$ 2,945,033</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.

### 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 nonuniformed employees. The Township's payroll for employees fully and partially vested by the police and nonuniform pension plans for the year ended December 31, 2019 was \$1.813 million and \$2.100 million, respectively, which in total, represents 96 percent of the Township's total payroll of \$4.094 million for all employees.

#### Defined Benefit Plan, Police Employees

##### Plan Description and Administration

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

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

## Township of Ferguson, Pennsylvania

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### Notes to Financial Statements

December 31, 2019

At January 1, 2019, the date of the latest valuation, members of the Plan were as follows:

Inactive plan members currently receiving benefits	12
Inactive plan members entitled to benefits but not yet receiving them	2
Current employees	<u>22</u>
Total	<u><u>36</u></u>
Number of participating employers	<u><u>1</u></u>

### Benefits Provided

#### Normal Retirement

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

The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse, or eligible child, equal to 50 percent of the amount payable to the member at the time of the member's death. The amount of monthly pension is equal to 50 percent 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 percent 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 percent 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 percent 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, 2019

### Vesting

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

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

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

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

### Funding Policy and Contributions

The Township's funding policy provides for periodic employee contributions at actuarially determined rates that are sufficient to accumulate assets to pay benefits when due. The employer contribution rate is determined based on the annual required contribution. Based on this calculation, employees were required to contribute 5 percent of their base salary to the plan. Member contributions are credited with 6 percent interest. The annual required contribution was determined by the actuary based on the actuarial valuation as of January 1, 2019. The contribution requirements of plan members and the Township are established and may be amended by the Board of Supervisors. The Township funded 100 percent of required contributions.

The annual required contribution for the current year was determined as part of the January 1, 2019 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 percent per year compounded annually, (b) projected salary increases of 5.0 percent per year, (c) no post-retirement benefit increases, (d) assets valued at market value as determined by the Trustee, (e) PubS-2010 mortality table, (f) a disability benefit factor of 3.0 percent added to basic pension costs, and (g) moderate inflation rate of 3.0 percent based on long-term historical average rates. The amortization method is level dollar closed, over a remaining amortization period of 13 years. The assumptions made provision for administration expenses to be added to the normal cost.

## Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2019

### Deposits and Investments

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

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

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

### Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of Pension Fund investment expense, was 17.25 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Net Pension Liability

The Township's net pension liability was measured at December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The components of the net pension liability of the Plan as of December 31, 2019 were as follows:

Total pension liability	\$ 7,140,562
Plan fiduciary net position	<u>6,133,524</u>
Plan net pension liability	<u>\$ 1,007,038</u>
Plan fiduciary net position as a percentage of total pension liability	<u>85.90 %</u>

## Township of Ferguson, Pennsylvania

### Notes to Financial Statements

December 31, 2019

#### Changes in the Net Pension Liability

The changes in the Township's net pension liability during the year ended December 31, 2019 are as follows:

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2019	\$ 6,657,034	\$ 5,157,393	\$ 1,499,641
Changes for the year:			
Service cost	205,022	-	205,022
Interest cost	524,085	-	524,085
Changes for experience	(96,714)	-	(96,714)
Changes of assumptions	144,114	-	144,114
Contributions, employer	-	282,084	(282,084)
Contributions, employee	-	103,646	(103,646)
Net investment income	-	889,580	(889,580)
Benefit payments, including refunds	(292,979)	(292,979)	-
Administration	-	(6,200)	6,200
Net changes	483,528	976,131	(492,603)
Balances at December 31, 2019	\$ 7,140,562	\$ 6,133,524	\$ 1,007,038

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

The net pension liability was measured as of December 31, 2019, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

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

#### Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of January 1, 2019 using the following actuarial methods and assumptions:

Actuarial valuation date	January 1, 2019
Actuarial cost method	Entry-age normal
Actuarial assumptions:	
Projected salary increases	5.0%
Inflation	3.0%
Interest rate	8.0%
Cost-of-living adjustments	0.0%
Asset valuation method	Market

Mortality rates were based on the PubS-2010 mortality table. The actuarial assumptions used in the January 1, 2019 valuation were selected jointly by the actuary and the governing body of the pension.



## Township of Ferguson, Pennsylvania

### Notes to Financial Statements

December 31, 2019

#### Discount Rate

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

#### Discount Rate Sensitivity

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

	<b>1% Decrease (7.0%)</b>	<b>Current Discount Rate</b>	<b>1% Increase (9.0%)</b>
Net pension liability	\$ 1,962,054	\$ 1,007,038	\$ 215,441

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

For the year ended December 31, 2019, the Township recognized pension expense of \$363,611. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 138,407
Changes in assumptions	249,764	-
Difference between projected and actual earnings on investments	484,802	463,649
Total	<u>\$ 734,566</u>	<u>\$ 602,056</u>

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

Years ending December 31:	
2020	\$ (60,305)
2021	(30,911)
2022	(66,546)
2023	85,257
2024	(12,838)
Thereafter	<u>(47,167)</u>
Total	<u>\$ (132,510)</u>

## Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2019

### Defined Contribution Plan, Nonuniform Employees

The Township of Ferguson Municipal Employees Money Purchase Pension Plan is a 401 qualified, defined contribution plan for all nonuniform employees. Employees who retire at or after age 55 with 10 years of credited service are entitled to retirement benefits. Vesting starts after 3 years of service and employees are fully vested after 7 years. The plan requires that the Township contribute an amount equal to 10 percent of the employee's base salary (with no contribution from the employee). In conjunction with the 401 plan, the Township requires all participating nonuniform employees to contribute a minimum of 2 percent of their base salary to the 457 Deferred Compensation Plan.

The Township, as the employer, is specifically identified as the plan trustee and has selected the 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, 2019, there were forty-one active 401 plan members and fifty-one active 457 plan members.

Pension contributions for year ended December 31, 2019:

	<b>401 Qualified Pension Plan</b>	<b>457 Deferred Compensation Plan</b>
Township contributions	\$ 197,436	\$ -
Employee contributions	-	115,738
Total contributions	<u>\$ 197,436</u>	<u>\$ 115,738</u>

The Commonwealth of Pennsylvania provided \$425,001 during 2019 toward the Township contributions to the police and nonuniform pension plan through Act 205.

# Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2019

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

## Combining Statement of Pension Trust Funds December 31, 2019

	<b>Police Pension Trust Fund</b>	<b>Nonuniformed Pension Trust Fund</b>	<b>Total Pension Trust Funds</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 71,630	\$ 102	\$ 71,732
Prepaid items	16,762	-	16,762
Investments at fair value:			
Cash and cash equivalents	368,625	171,341	539,966
Fixed income	1,593,185	-	1,593,185
Equities	1,808,309	-	1,808,309
Mutual funds	2,275,548	3,605,555	5,881,103
Total	6,134,059	3,776,998	9,911,057
<b>Liabilities:</b>			
Due to other funds	(535)	-	(535)
<b>Net Position:</b>			
Net position restricted for pensions	\$ 6,133,524	\$ 3,776,998	\$ 9,910,522

## Combining Statement of Changes in Pension Trust Funds For the Year Ended December 31, 2019

	<b>Police Pension Trust Fund</b>	<b>Nonuniformed Pension Trust Fund</b>	<b>Total Pension Trust Funds</b>
<b>Additions:</b>			
Contributions:			
Employer contributions	\$ 282,084	\$ 197,436	\$ 479,520
Employee contributions/forfeitures	103,646	-	103,646
Total contributions	385,730	197,436	583,166
Investment income (loss):			
Net appreciation in fair value of investments	777,868	568,285	1,346,153
Interest and dividends	148,462	463	148,925
Investment expense (includes administration expense)	(42,950)	(437)	(43,387)
Net investment income	883,380	568,311	1,451,691
Total additions	1,269,110	765,747	2,034,857
<b>Deductions:</b>			
Benefits paid to participants	292,979	132,475	425,454
Net changes in net position	976,131	633,272	1,609,403
Net position restricted for pensions, beginning	5,157,393	3,143,726	8,301,119
Net position restricted for pensions, ending	\$ 6,133,524	\$ 3,776,998	\$ 9,910,522

### 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 position available for benefits. There are no long-term contracts for contributions. There is no outstanding employer liability as of December 31, 2019 for the Nonuniformed Pension Trust Fund.

### 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 received annual contributions from Robert and Elsie Tudek until the principal of the Trust reaches \$100,000. Income amounts will be used by the Township to pay the operating maintenance and improvement expense for the park. Principal amounts may only be used for legal consultation or actions relating to enforcing the terms and conditions of the Trust.

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

### 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

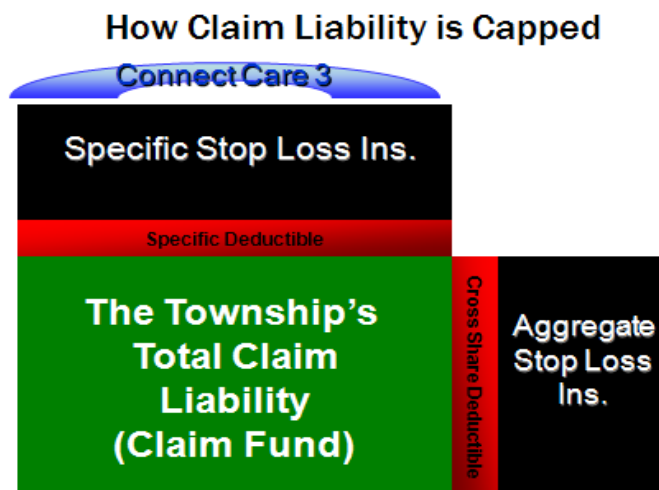
The health insurance plan is administered by the PMHIC (Pennsylvania Municipal Health Insurance Cooperative) in conjunction with the Benecon Group. The PMHIC is made up of members combining employees to reduce the overall risk and cost of the plan. Many of the Centre Region municipalities are members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

## Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2019

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



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

### 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:

	General Fund	Transportation Improvement Fund	Capital Reserve Fund	Debt Service Fund	Other Nonmajor Funds	Total
Nonspendable for:						
Prepaid items	\$ 7,496	\$ -	\$ -	\$ -	\$ -	\$ 7,496
Restricted for:						
Liquid fuels	\$ -	\$ -	\$ -	\$ -	\$ 865,989	\$ 865,989
Capital projects	-	-	-	-	20,096	20,096
Regional capital projects	-	-	-	-	1,554,573	1,554,573
Capital projects (debt service)	-	-	-	6,829,388	-	6,829,388
Total	\$ -	\$ -	\$ -	\$ 6,829,388	\$ 2,440,658	\$ 9,270,046
Committed for:						
Capital projects	\$ -	\$ -	\$ 413,163	\$ -	\$ -	\$ 413,163
Transportation improvement	-	4,376,828	-	-	-	4,376,828
Park improvement	-	-	-	-	126,402	126,402
Agricultural preservation	-	-	-	-	43,961	43,961
	\$ -	\$ 4,376,828	\$ 413,163	\$ -	\$ 170,363	\$ 4,960,354
Assigned for:						
Debt service	\$ -	\$ -	\$ -	\$ 107,286	\$ -	\$ 107,286

## Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2019

### 10. Restatement of Beginning Net Position and Implementation of GASB 84, *Fiduciary Activities*

As of December 31, 2019, due to the implementation of GASB 84, *Fiduciary Activities*, the Township has determined that the balance of the Township's funds held on behalf of other governments for real estate and earned income taxes should be included on the financial statements of the Township as custodial funds in the Fiduciary Funds based on the definition in this statement. As a result of this conclusion, there has been a restatement of the beginning net position of the Township's custodial funds to include the December 31, 2018 agency fund cash balances. The adjustment to beginning balances are as follows:

Fiduciary Activities, Custodial Funds:	
Net position, December 31, 2018, as previously reported	\$ -
Restatement due to the inclusion of tax office account	<u>260,262</u>
Net position, January 1, 2019, as restated	<u>\$ 260,262</u>

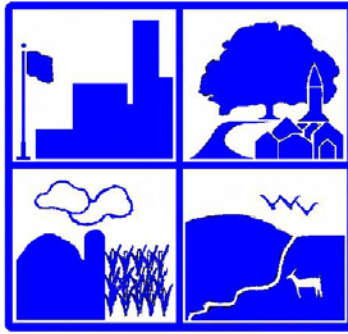
### 11. Pending Changes in Accounting Principles

The GASB has approved the following:

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Agreements*
- Statement No. 96, *Subscription-Based Information Technology Agreements*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

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



## **Required Supplementary Information - Supplementary Pension Trend Information**

**Township of Ferguson, Pennsylvania**
**Schedule of Changes in the Township's Net Pension Liability and Related Ratios**  
 Most Recent Year

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>						
Service cost	\$ 205,022	\$ 212,516	\$ 202,396	\$ 193,519	\$ 184,304	\$ 169,971
Interest cost	524,085	504,176	472,997	455,966	401,750	380,013
Changes for experience	(96,714)	-	(30,480)	-	(65,866)	-
Changes of assumptions	144,114	-	163,400	-	-	-
Benefit payments, including refunds of member contributions	<u>(292,979)</u>	<u>(291,524)</u>	<u>(286,684)</u>	<u>(243,148)</u>	<u>(227,391)</u>	<u>(227,366)</u>
Net changes in total pension liability	483,528	425,168	521,629	406,337	292,797	322,618
<b>Total Pension Liability, Beginning</b>	<u>6,657,034</u>	<u>6,231,866</u>	<u>5,710,237</u>	<u>5,303,900</u>	<u>5,011,103</u>	<u>4,688,485</u>
<b>Total Pension Liability, Ending (a)</b>	<u><u>\$ 7,140,562</u></u>	<u><u>\$ 6,657,034</u></u>	<u><u>\$ 6,231,866</u></u>	<u><u>\$ 5,710,237</u></u>	<u><u>\$ 5,303,900</u></u>	<u><u>\$ 5,011,103</u></u>
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$ 282,084	\$ 227,121	\$ 220,640	\$ 218,386	\$ 272,819	\$ 210,393
Employee contributions	103,646	84,077	72,237	80,947	74,524	69,108
Net investment income (loss)	889,580	(323,603)	566,445	246,300	10,204	235,734
Benefit payments, including refunds of member contributions	(292,979)	(291,524)	(286,684)	(243,148)	(227,391)	(227,366)
Administration	<u>(6,200)</u>	<u>(5,800)</u>	<u>(8,500)</u>	<u>(4,000)</u>	<u>(6,400)</u>	<u>(9,353)</u>
Net changes in plan fiduciary net position	976,131	(309,729)	564,138	298,485	123,756	278,516
<b>Plan Fiduciary Net Position, Beginning</b>	<u>5,157,393</u>	<u>5,467,122</u>	<u>4,902,984</u>	<u>4,604,499</u>	<u>4,480,743</u>	<u>4,202,227</u>
<b>Plan Fiduciary Net Position, Ending (b)</b>	<u><u>\$ 6,133,524</u></u>	<u><u>\$ 5,157,393</u></u>	<u><u>\$ 5,467,122</u></u>	<u><u>\$ 4,902,984</u></u>	<u><u>\$ 4,604,499</u></u>	<u><u>\$ 4,480,743</u></u>
<b>Township's Net Pension Liability, Ending (a) - (b)</b>	<u><u>\$ 1,007,038</u></u>	<u><u>\$ 1,499,641</u></u>	<u><u>\$ 764,744</u></u>	<u><u>\$ 807,253</u></u>	<u><u>\$ 699,401</u></u>	<u><u>\$ 530,360</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>85.90%</u>	<u>77.47%</u>	<u>87.73%</u>	<u>85.86%</u>	<u>86.81%</u>	<u>89.42%</u>
<b>Covered Payroll</b>	<u><u>\$ 1,812,933</u></u>	<u><u>\$ 1,740,086</u></u>	<u><u>\$ 1,661,121</u></u>	<u><u>\$ 1,702,848</u></u>	<u><u>\$ 1,640,148</u></u>	<u><u>\$ 1,443,614</u></u>
<b>Township's Net Pension Liability as a Percentage of Covered Payroll</b>	<u>55.55%</u>	<u>86.18%</u>	<u>46.04%</u>	<u>47.41%</u>	<u>42.64%</u>	<u>36.74%</u>

**Note to Schedule:**

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



**Township of Ferguson, Pennsylvania**

 Schedule of Employer Contributions  
 Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 125,120	\$ 221,588	\$ 189,018	\$ 204,059	\$ 210,393	\$ 255,274	\$ 218,386	\$ 220,640	\$ 227,121	\$ 282,084
Contributions in relation to the actuarially determined contribution	129,394	245,751	189,018	204,060	210,393	272,819	218,386	220,640	227,121	282,084
Contribution deficiency (excess)	\$ (4,274)	\$ (24,163)	\$ -	\$ (1)	\$ -	\$ (17,545)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,310,355	\$ 1,323,391	\$ 1,428,127	\$ 1,542,479	\$ 1,443,614	\$ 1,496,680	\$ 1,513,832	\$ 1,551,929	\$ 1,624,971	\$ 1,707,520
Contributions as a percentage of covered payroll	9.87%	18.57%	13.24%	13.23%	14.57%	18.23%	14.43%	14.22%	13.98%	16.52%

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level Dollar Closed
Remaining amortization period	13 years
Asset valuation method	Market value of assets as determined by the trustee
Inflation	3%
Salary increases	5%, average, including inflation
Investment rate of return	8%
Retirement age	Members hired before January 24, 2001: Attainment of age 53 and completion of 20 years of service. Members hired on or after January 24, 2001: Normal Retirement Age.
Mortality	RP-2000 Table prior to 2017, then IRS 2017 Static Combined Table for Small Plans

**Township of Ferguson, Pennsylvania** ☐

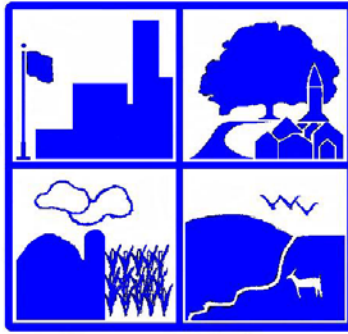
## Schedule of Investment Returns

Most Recent Year

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	<u>17.25%</u>	<u>-6.40%</u>	<u>5.40%</u>	<u>0.70%</u>	<u>6.50%</u>	<u>17.70%</u>

**Notes to Schedule:**

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



## **Combining Statements of Nonmajor Governmental Funds**

## **Township of Ferguson, Pennsylvania**

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Description of Nonmajor Governmental Funds  
December 31, 2019

### **Special Revenue Funds**

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

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

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

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

### **Capital Projects Funds**

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

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

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

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

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

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

# Township of Ferguson, Pennsylvania

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2019

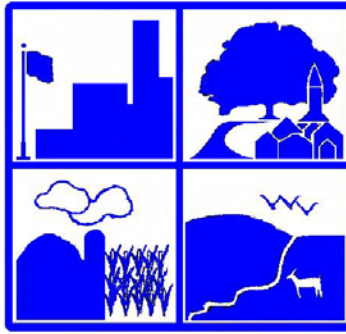
	Special Revenue Funds			Capital Projects Funds				
	Street Light Fund	Hydrant Fund	Liquid Fuels Fund	Agricultural Preservation Fund	Regional Capital Recreation Projects	Pine Grove Mill Street	Park Improvement Fund	Total Nonmajor Funds
Assets								
Cash	\$ 11,923	\$ 56,316	\$ 403,791	\$ 43,961	\$ 1,318,577	\$ 20,096	\$ 126,638	\$ 1,981,302
Investments	-	-	500,000	-	268,156	-	-	768,156
Total assets	<u>\$ 11,923</u>	<u>\$ 56,316</u>	<u>\$ 903,791</u>	<u>\$ 43,961</u>	<u>\$ 1,586,733</u>	<u>\$ 20,096</u>	<u>\$ 126,638</u>	<u>\$ 2,749,458</u>
Liabilities and Fund Balances (Deficit)								
Liabilities:								
Accounts payable	\$ -	\$ 21,875	\$ -		\$ 32,160		\$ -	\$ 54,035
Due to other funds	<u>34,529</u>	<u>126,296</u>	<u>37,802</u>		<u>-</u>		<u>236</u>	<u>198,863</u>
Total liabilities	<u>34,529</u>	<u>148,171</u>	<u>37,802</u>		<u>32,160</u>		<u>236</u>	<u>252,898</u>
Fund balances (deficit):								
Restricted	-	-	865,989	\$ -	1,554,573	\$ 20,096	-	2,440,658
Committed	-	-	-	43,961	-	-	126,402	170,363
Unassigned (deficit)	<u>(22,606)</u>	<u>(91,855)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(114,461)</u>
Total fund balance (deficit)	<u>(22,606)</u>	<u>(91,855)</u>	<u>865,989</u>	<u>43,961</u>	<u>1,554,573</u>	<u>20,096</u>	<u>126,402</u>	<u>2,496,560</u>
Total liabilities and fund balance (deficit)	<u>\$ 11,923</u>	<u>\$ 56,316</u>	<u>\$ 903,791</u>	<u>\$ 43,961</u>	<u>\$ 1,586,733</u>	<u>\$ 20,096</u>	<u>\$ 126,638</u>	<u>\$ 2,749,458</u>

# Township of Ferguson, Pennsylvania

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds

Year Ended December 31, 2019

	Special Revenue Funds			Capital Projects Funds				
	Street Light Fund	Hydrant Fund	Liquid Fuels Fund	Agricultural Preservation Fund	Regional Capital Recreation Project	Pine Grove Mill Street	Park Improvement Fund	Total Nonmajor Funds
<b>Revenues</b>								
Interest and rents	\$ 242	\$ 691	\$ 33,404	\$ 904	\$ 27,007	\$ 312	\$ 1,962	\$ 64,522
Intergovernmental	-	-	679,737	-	-	-	-	679,737
Charges for service	3,751	9,077	-	-	400,000	-	387	413,215
Miscellaneous revenue	-	-	2,950	-	-	-	-	2,950
Total revenues	3,993	9,768	716,091	904	427,007	312	2,349	1,160,424
<b>Expenditures</b>								
Public works, highways	15,508	-	585,915	-	-	-	-	601,423
Public works, other services	-	82,922	-	-	-	-	-	82,922
Culture and recreation	-	-	-	20,657	136,527	-	-	157,184
Total expenditures	15,508	82,922	585,915	20,657	136,527	-	-	841,529
(Deficiency) excess of revenues over expenditures	(11,515)	(73,154)	130,176	(19,753)	290,480	312	2,349	318,895
<b>Other Financing Sources</b>								
Transfers, in	-	-	276	-	-	-	-	276
Net (decrease) increase in fund balances	(11,515)	(73,154)	130,452	(19,753)	290,480	312	2,349	319,171
<b>Fund Balances (Deficit), Beginning</b>	(11,091)	(18,701)	735,537	63,714	1,264,093	19,784	124,053	2,177,389
<b>Fund Balances (Deficit), Ending</b>	<u>\$ (22,606)</u>	<u>\$ (91,855)</u>	<u>\$ 865,989</u>	<u>\$ 43,961</u>	<u>\$ 1,554,573</u>	<u>\$ 20,096</u>	<u>\$ 126,402</u>	<u>\$ 2,496,560</u>



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

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

**Township of Ferguson, Pennsylvania**

## Schedule of Revenues, Expenditures and Change in Fund Balances

## Budget-to-Actual Comparison

## Transportation Improvement Fund

Year Ended December 31, 2019

	<b>Budget Original and Final</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Interest and rents	\$ 95,000	\$ 82,510	\$ (12,490)
Intergovernmental	-	80,000	80,000
	<u>95,000</u>	<u>162,510</u>	<u>67,510</u>
<b>Expenditures</b>			
General government	120,000	29,631	90,369
Public works, highways	<u>3,106,000</u>	<u>1,782,783</u>	<u>1,323,217</u>
Total expenditures	<u>3,226,000</u>	<u>1,812,414</u>	<u>1,413,586</u>
Excess of expenditures over revenues	(3,131,000)	(1,649,904)	1,481,096
<b>Other Financing Sources</b>			
Transfers, in	<u>1,404,000</u>	<u>1,444,757</u>	<u>40,757</u>
Net change in fund balances	<u>\$ (1,727,000)</u>	<u>(205,147)</u>	<u>\$ 1,521,853</u>
<b>Fund Balances, Beginning</b>		<u>4,581,975</u>	
<b>Fund Balances, Ending</b>		<u>\$ 4,376,828</u>	



**Township of Ferguson, Pennsylvania****Schedule of Revenues, Expenditures and Change in Fund Balances****Budget-to-Actual Comparison****Capital Reserve Fund**

Year Ended December 31, 2019

	<b>Budget Original and Final</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Interest and rents	\$ 40,000	\$ 30,572	\$ (9,428)
Intergovernmental	100,000	26,100	(73,900)
Miscellaneous revenue	-	3,487	3,487
Total revenues	140,000	60,159	(79,841)
<b>Expenditures</b>			
General government	5,770,200	828,380	4,941,820
Public safety	601,200	394,957	206,243
Public works, highways	883,738	747,327	136,411
Culture and recreation	342,500	79,162	263,338
Total expenditures	7,597,638	2,049,826	5,547,812
Excess of expenditures over revenues	(7,457,638)	(1,989,667)	5,467,971
<b>Other Financing Sources</b>			
Transfers, in	750,000	1,000,000	250,000
Sale of capital assets	2,000	168,551	166,551
Total other financing sources	752,000	1,168,551	416,551
Net change in fund balance	<u>\$ (6,705,638)</u>	(821,116)	<u>\$ 5,884,522</u>
<b>Fund Balance, Beginning</b>		<u>1,234,279</u>	
<b>Fund Balance, Ending</b>		<u>\$ 413,163</u>	

## Township of Ferguson, Pennsylvania

### Schedule of Revenues, Expenditures and Change in Fund Balance

#### Budget-to-Actual Comparison

#### Debt Service Fund

Year Ended December 31, 2019

	<b>Budget Original and Final</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Interest	\$ 5,000	\$ 6,048	\$ 1,048
<b>Expenditures</b>			
Debt service, costs of issuance	50,000	131,384	(81,384)
Excess (deficiency) of revenues over expenditures	(45,000)	(125,336)	(80,336)
<b>Other Financing Sources (Uses)</b>			
Transfers, in	500,000	500,000	-
Bond proceeds	5,000,000	6,845,000	1,845,000
Bond premium	-	112,051	112,051
Transfers, out	(5,950,500)	(500,000)	5,450,500
Total other financing sources, net	(450,500)	6,957,051	7,407,551
Net change in fund balance	\$ (495,500)	6,831,715	\$ 7,327,215
<b>Fund Balance, Beginning</b>		104,959	
<b>Fund Balance, Ending</b>		\$ 6,936,674	

# Township of Ferguson, Pennsylvania

## Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget-to-Actual Comparison

Nonmajor Governmental Funds

Special Revenue Funds

Year Ended December 31, 2019

	Street Light			Hydrant Fund			Liquid Fuels		
	Budget		Variance with	Budget		Variance with	Budget		Variance with
	Original		Final Budget -	Original		Final Budget -	Original		Final Budget -
	and		Positive	and		Positive	and		Positive
	Final	Actual	(Negative)	Final	Actual	(Negative)	Final	Actual	(Negative)
<b>Revenues</b>									
Interest and rents	\$ 40	\$ 242	\$ 202	\$ 135	\$ 691	\$ 556	\$ 16,000	\$ 33,404	\$ 17,404
Intergovernmental	-	-	-	-	-	-	664,174	679,737	15,563
Charges for service	23,000	3,751	(19,249)	48,000	9,077	(38,923)	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	2,950	2,950
Total revenues	23,040	3,993	(19,047)	48,135	9,768	(38,367)	680,174	716,091	35,917
<b>Expenditures</b>									
Public works, highways	22,500	15,508	6,992	-	-	-	618,000	585,915	32,085
Public works, other services	-	-	-	41,375	82,922	(41,547)	-	-	-
Total expenditures	22,500	15,508	6,992	41,375	82,922	(41,547)	618,000	585,915	32,085
<b>Other Financing Sources</b>									
Transfers, in	-	-	-	-	-	-	30,000	276	(29,724)
Net changes in fund balances	\$ 540	(11,515)	\$ (12,055)	\$ 6,760	(73,154)	\$ (79,914)	\$ 92,174	130,452	\$ 38,278
<b>Fund Balances (Deficit), Beginning</b>		(11,091)			(18,701)			735,537	
<b>Fund Balances (Deficit), Ending</b>		\$ (22,606)			\$ (91,855)			\$ 865,989	

# Township of Ferguson, Pennsylvania

## Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget-to-Actual Comparison

Nonmajor Governmental Funds

Capital Projects Funds

Year Ended December 31, 2019

	Pine Grove Mill Street			Agricultural Preservation		
	<u>Budget</u>		<u>Variance with</u>	<u>Budget</u>		<u>Variance with</u>
	<u>Original</u>		<u>Final Budget -</u>	<u>Original</u>		<u>Final Budget -</u>
	<u>and</u>		<u>Positive</u>	<u>and</u>		<u>Positive</u>
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues</b>						
Interest and rents	\$ 300	\$ 312	\$ 12	\$ 1,000	\$ 904	\$ (96)
<b>Expenditures</b>						
Culture and recreation	-	-	-	60,000	20,657	39,343
Total expenditures	-	-	-	60,000	20,657	39,343
Net changes in fund balances	<u>\$ 300</u>	312	<u>\$ 12</u>	<u>\$ (59,000)</u>	(19,753)	<u>\$ 39,247</u>
<b>Fund Balances, Beginning</b>		19,784			63,714	
<b>Fund Balances, Ending</b>		<u>\$ 20,096</u>			<u>\$ 43,961</u>	

(Continued)

## Township of Ferguson, Pennsylvania

### Schedule of Revenues, Expenditures and Changes in Fund Balances

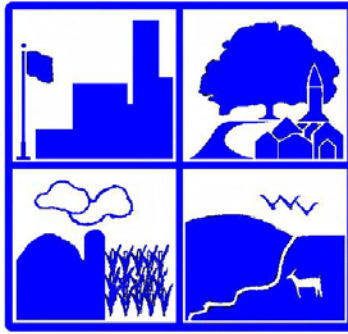
Budget-to-Actual Comparison

Nonmajor Governmental Funds

Capital Projects Funds

Year Ended December 31, 2019

	Regional Capital Recreation Projects			Park Improvement		
	Budget Original and Final	Actual	Variance with Final Budget - Positive (Negative)	Budget Original and Final	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>						
Interest and rents	\$ 20,000	\$ 27,007	\$ 7,007	\$ 1,000	\$ 1,962	\$ 962
Charges for service	400,000	400,000	-	-	387	387
Total revenues	420,000	427,007	7,007	1,000	2,349	1,349
<b>Expenditures</b>						
Culture and recreation	104,376	136,527	(32,151)	-	-	-
Net changes in fund balances	<u>\$ 315,624</u>	290,480	<u>\$ (25,144)</u>	<u>\$ 1,000</u>	2,349	<u>\$ 1,349</u>
<b>Fund Balances, Beginning</b>		1,264,093			124,053	
<b>Fund Balances, Ending</b>		<u>\$ 1,554,573</u>			<u>\$ 126,402</u>	



## Combining Statements of Fiduciary Funds

## Township of Ferguson, Pennsylvania

Combining Statement of Pension Trust Funds

December 31, 2019

	<b>Police Pension Trust Fund</b>	<b>Nonuniformed Pension Trust Fund</b>	<b>Total Trust Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 71,630	\$ 102	\$ 71,732
Prepaid items	16,762	-	16,762
Investments, at fair value:			
Cash and cash equivalents	368,625	171,341	539,966
Fixed income	1,593,185	-	1,593,185
Equities	1,808,309	-	1,808,309
Mutual funds	2,275,548	3,605,555	5,881,103
Total assets	6,134,059	3,776,998	9,911,057
<b>Liabilities</b>			
Due to other funds	535	-	535
<b>Net Position</b>			
Net position restricted for pensions	<u>\$ 6,133,524</u>	<u>\$ 3,776,998</u>	<u>\$ 9,910,522</u>

## Township of Ferguson, Pennsylvania

Combining Statement of Changes in Pension Trust Funds  
Year Ended December 31, 2019

	Police Pension Fund	Nonuniformed Pension Fund	Total Trust Funds
<b>Additions</b>			
Contributions:			
Employer contributions	\$ 282,084	\$ 197,436	\$ 479,520
Employee contributions/forfeitures	103,646	-	103,646
Total contributions	385,730	197,436	583,166
Investment income (loss):			
Net appreciation in fair value of investments	777,868	568,285	1,346,153
Interest and dividends	148,462	463	148,925
Less investment expense	(42,950)	(437)	(43,387)
Net investment income	883,380	568,311	1,451,691
Total additions	1,269,110	765,747	2,034,857
<b>Deductions</b>			
Benefits paid to participants	292,979	132,475	425,454
Net changes in net position	976,131	633,272	1,609,403
<b>Net Position Restricted for Pensions, Beginning</b>	5,157,393	3,143,726	8,301,119
<b>Net Position Restricted for Pensions, Ending</b>	\$ 6,133,524	\$ 3,776,998	\$ 9,910,522



## Township of Ferguson, Pennsylvania

Combining Statement of Fiduciary Net Position

All Custodial Funds

December 31, 2019

	<b>Earned Income Tax Office</b>	<b>Real Estate Tax Office</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 56,180	\$ 479,231	\$ 535,411
<b>Net Position Restricted for Other Governments</b>	\$ 56,180	\$ 479,231	\$ 535,411

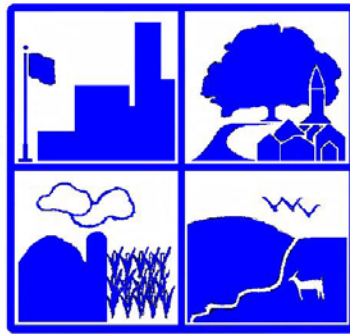
## Township of Ferguson, Pennsylvania

Combining Statement of Changes in Fiduciary Net Position

All Custodial Funds

Year Ended December 31, 2019

	<b>Earned Income Tax Office</b>	<b>Real Estate Tax Office</b>	<b>Total</b>
<b>Additions</b>			
Tax collections for other governments:			
Real estate	\$ -	\$ 34,647,583	\$ 34,647,583
Earned income	24,762	-	24,762
Total tax collections	24,762	34,647,583	34,672,345
Investment income:			
Interest and dividends	862	12,380	13,242
Total additions	25,624	34,659,963	34,685,587
<b>Deductions</b>			
Payments of tax to other governments:			
Real estate	-	34,386,611	34,386,611
Earned income	23,827	-	23,827
Total deductions	23,827	34,386,611	34,410,438
Net changes in net position	1,797	273,352	275,149
<b>Net Position Restricted for Other Governments, Beginning</b>	-	-	-
<b>Restatement for Adoption of GASB Statement No. 84</b>	54,383	205,879	260,262
<b>Net Position Restricted for Other Governments, Beginning, As Restated</b>	54,383	205,879	260,262
<b>Net Position Restricted for Other Governments, Ending</b>	<u>\$ 56,180</u>	<u>\$ 479,231</u>	<u>\$ 535,411</u>



## Statistical Section

## **Township of Ferguson, Pennsylvania**

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Statistical Section  
December 31, 2019

### **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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 17,881,248	\$ 20,883,275	\$ 21,228,343	\$ 25,807,727	\$ 26,359,131	\$ 26,255,099	\$ 27,036,983	\$ 26,321,702	\$ 26,814,249	\$ 27,641,982
Restricted	-	1,160,103	1,117,065	1,188,166	2,047,601	1,730,464	1,641,406	1,653,661	2,143,467	9,270,046
Unrestricted/unassigned	15,642,390	14,602,551	15,415,901	11,988,643	12,610,387	12,778,961	13,914,381	13,997,200	13,533,670	6,089,750
Total governmental activities net position	<u>\$ 33,523,638</u>	<u>\$ 36,645,929</u>	<u>\$ 37,761,309</u>	<u>\$ 38,984,536</u>	<u>\$ 41,017,119</u>	<u>\$ 40,764,524</u>	<u>\$ 42,592,770</u>	<u>\$ 41,972,563</u>	<u>\$ 42,491,386</u>	<u>\$ 43,001,778</u>

Note: 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**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental type activities (current):										
General government	\$ 1,454,365	\$ 1,573,015	\$ 1,566,073	\$ 2,162,036	\$ 2,190,517	\$ 2,211,153	\$ 2,410,240	\$ 1,766,838	\$ 2,827,151	\$ 2,810,566
Public safety	2,519,983	2,671,630	2,662,723	3,647,288	3,835,519	3,816,904	4,262,964	4,612,933	4,256,331	4,369,906
Health and welfare	5,729	7,166	5,090	6,673	6,464	8,133	9,002	6,349	9,412	8,556
Public works	2,753,477	2,650,121	3,771,053	3,537,116	3,033,404	3,467,370	3,489,627	6,060,078	3,793,330	4,218,399
Culture and recreation	1,050,198	1,085,404	1,329,119	1,320,474	1,259,033	1,365,146	1,698,002	1,703,487	1,533,985	1,742,491
Conservation and development	-	-	-	-	-	-	-	187,915	26,109	60,609
Insurance and other operating	1,223,395	1,377,940	1,382,998	-	-	-	-	-	-	-
Interest on long-term debt	92,996	79,627	71,586	62,219	55,422	13,141	8,393	2,801	25,942	119,044
Total governmental activities expenses	9,100,143	9,444,903	10,788,642	10,735,806	10,380,359	10,881,847	11,878,228	14,340,401	12,472,260	13,329,571
<b>Revenues</b>										
Governmental activities:										
Charges for services:										
General government	438,827	438,355	397,660	458,619	468,869	371,041	380,691	412,615	408,547	470,175
Public safety	128,099	117,887	135,854	120,435	115,854	117,778	105,177	73,688	87,084	152,809
Health and welfare	6,625	6,328	7,738	8,018	7,939	8,561	8,450	7,799	7,803	10,238
Public works	44,628	46,112	39,148	22,724	38,915	35,604	32,727	56,485	51,489	12,828
Operating grants and contributions	518,193	751,857	531,506	577,761	705,282	709,431	915,757	889,470	797,808	730,189
Capital grants and contributions	392,822	2,908,628	999,364	513,747	536,505	626,743	841,411	1,215,383	1,167,567	1,105,837
Total governmental activities revenue	1,529,194	4,269,167	2,111,270	1,701,304	1,873,364	1,869,158	2,284,213	2,655,440	2,520,298	2,482,076
<b>Net Revenues (Expenses)</b>										
Governmental activities	(7,570,949)	(5,175,736)	(8,677,372)	(9,034,502)	(8,506,995)	(9,012,689)	(9,594,015)	(11,684,961)	(9,951,962)	(10,847,495)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Real estate	1,275,750	1,285,660	1,314,567	1,323,738	1,338,977	1,357,773	1,398,977	1,397,581	1,405,986	1,459,634
Transfer	1,034,100	832,580	969,487	1,978,764	1,276,766	1,432,285	2,044,111	1,842,754	1,298,499	1,503,078
Earned income	6,015,241	5,890,462	5,542,488	6,029,207	6,497,093	6,211,770	7,076,928	7,001,620	6,813,065	7,218,789
Local services	319,906	381,124	307,512	331,371	334,138	401,208	348,927	367,017	356,249	348,401
Unrestricted investment earnings	211,615	222,331	190,669	124,685	128,308	142,073	154,790	185,226	273,184	382,727
Miscellaneous	531,289	685,870	468,029	469,964	964,296	165,818	398,528	270,556	323,802	445,258
Total governmental activities general revenues	9,387,901	9,298,027	8,792,752	10,257,729	10,539,578	9,710,927	11,422,261	11,064,754	10,470,785	11,357,887
<b>Changes in Net Position</b>										
Governmental activities	\$ 1,816,952	\$ 4,122,291	\$ 115,380	\$ 1,223,227	\$ 2,032,583	\$ 698,238	\$ 1,828,246	\$ (620,207)	\$ 518,823	\$ 510,392

Notes: The Township has no business type activities

Source: Independent Auditors' Report

**Township of Ferguson, Pennsylvania**

## Schedule of Fund Balances of Governmental Funds

(Unaudited)

Years Ended December 31

**SCHEDULE 3**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Non-Spendable (1)		\$ 3,594	\$ 65,159	\$ 70,220			\$ 84,136	\$ 9,668	\$ 15,598	\$ 7,496
Restricted (1)										
Committed (1)		1,000,000	1,000,000	-						
Assigned (1)										
Unassigned (1)		4,187,743	2,991,653	4,104,239	\$ 4,824,035	\$ 6,856,644	7,658,167	7,929,758	7,969,685	8,480,534
Unreserved:										
Undesignated	\$ 5,119,166	-	-	-	-	-	-	-	-	-
Total general fund	5,119,166	5,191,337	4,056,812	4,174,459	4,824,035	6,856,644	7,742,303	7,939,426	7,985,283	8,488,030
<b>All Other Governmental Funds</b>										
Non-Spendable (1)										
Restricted (1)		1,160,103	1,117,065	1,188,166	2,047,601	5,907,683	6,087,083	6,565,159	6,789,156	9,270,046
Committed (1)		7,913,681	9,240,120	5,921,213	5,816,157	1,571,509	1,458,820	1,250,833	1,234,279	4,960,354
Assigned (1)		27	835	1,709	5,961	1,203	1,366	2,443	104,959	107,286
Unassigned (1)						(2,093)	(18,863)	(22,539)	(29,792)	(114,461)
Reserved for:										
Capital Projects	1,411,733	-	-	-	-	-	-	-	-	-
Unreserved, undesignated, reported in:										
Special Revenue Funds	330,486	-	-	-	-	-	-	-	-	-
Capital Projects Funds	6,250,624	-	-	-	-	-	-	-	-	-
Debt Service	(7,267)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	7,985,576	9,073,811	10,358,020	7,111,088	7,869,719	7,478,302	7,528,406	7,795,896	8,098,602	14,223,225
Total governmental fund balances	\$ 13,104,742	\$ 14,265,148	\$ 14,414,832	\$ 11,285,547	\$ 12,693,754	\$ 14,334,946	\$ 15,270,709	\$ 15,735,322	\$ 16,083,885	\$ 22,711,255

Note: (1) GASB Statement number 54, Fund Balance Reporting 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**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes	\$ 8,082,875	\$ 8,403,023	\$ 8,478,220	\$ 9,771,549	\$ 9,343,175	\$ 10,570,286	\$ 10,638,051	\$ 10,718,353	\$ 9,970,036	\$ 10,530,104
Licenses and permits	262,036	250,463	239,880	309,657	287,061	304,284	316,873	332,571	322,747	319,546
Fines and forfeits	128,099	117,887	135,854	120,435	115,854	117,778	105,177	73,688	87,084	72,809
Interest and rents	211,615	222,331	190,669	124,685	128,308	142,073	154,790	185,226	243,749	382,727
Intergovernmental	911,015	3,660,485	1,530,870	1,091,508	1,241,787	1,336,174	1,757,168	2,104,853	1,594,821	1,461,337
Charges for services	240,954	253,990	223,269	259,019	277,645	165,218	158,769	196,719	598,814	628,384
Miscellaneous revenues	472,726	661,005	409,016	355,649	889,269	92,207	296,695	141,546	265,365	410,933
Refund of prior year expenditures	6,946	7,296	255	274	18,118	-	-	-	-	-
Total revenues	10,316,266	13,576,480	11,208,033	12,032,776	12,301,217	12,728,020	13,427,523	13,752,956	13,082,616	13,805,840
<b>Expenditures</b>										
General government	1,125,718	1,143,935	1,278,323	1,469,596	1,465,556	1,455,268	1,659,254	1,830,673	1,792,802	2,513,077
Public safety	2,488,052	2,718,215	2,649,349	2,907,932	2,947,837	2,940,786	3,037,735	3,247,529	3,304,684	3,632,346
Health and welfare	5,729	7,166	5,090	6,673	6,464	8,133	9,002	6,349	409,175	8,556
Public works	2,994,141	5,206,287	3,542,450	7,411,752	3,017,784	2,477,421	3,601,864	3,847,554	3,466,251	4,478,007
Culture and recreation	1,075,672	1,365,651	1,711,634	1,321,946	1,297,150	1,845,643	1,729,172	1,766,343	1,671,087	1,589,262
Community development	-	-	-	30,415	30,415	30,415	30,515	187,915	26,109	60,609
Insurance and other operating	1,212,337	1,421,872	1,352,827	1,576,850	1,616,637	1,791,891	1,920,074	1,917,756	2,038,763	1,890,831
Debt issuance costs	-	-	-	-	21,442	-	-	-	-	-
Debt service, principal	465,000	475,000	485,000	495,000	505,000	543,000	551,200	556,000	-	-
Debt service, interest	93,771	81,860	73,830	64,490	43,242	13,585	8,843	3,255	25,942	-
Debt service, costs of issuance	-	-	-	-	-	-	-	-	-	131,384
Other costs	-	-	-	-	-	-	2,430	1,681	3,945	-
Total expenditures	9,460,420	12,419,986	11,098,503	15,284,654	10,951,527	11,106,142	12,550,089	13,365,055	12,738,758	14,304,072
Excess (deficiency) of revenues over expenditures	855,846	1,156,494	109,530	(3,251,878)	1,349,690	1,621,878	877,434	387,901	343,858	(498,232)
<b>Other Financing Sources (Uses)</b>										
Net transfers in (out)	-	-	23,587	75,617	-	-	-	-	-	-
Sale of capital assets	38,707	3,912	16,567	46,976	13,317	19,314	58,329	76,712	4,705	168,551
Net proceeds from long-term debt	-	-	-	-	1,650,200	-	-	-	-	6,845,000
Bond premium	-	-	-	-	-	-	-	-	-	112,051
Payments to refund bonds and notes payable	-	-	-	-	(1,605,000)	-	-	-	-	-
Total other financing sources	38,707	3,912	40,154	122,593	58,517	19,314	58,329	76,712	4,705	7,125,602
Net changes in fund balances	\$ 894,553	\$ 1,160,406	\$ 149,684	\$ (3,129,285)	\$ 1,408,207	\$ 1,641,192	\$ 935,763	\$ 464,613	\$ 348,563	\$ 6,627,370
Debt service as a percentage of noncapital expenditures (1)	6.91%	6.70%	5.84%	5.93%	6.26%	5.85%	5.61%	5.02%	0.26%	0.00%

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

Source: Independent Auditors' Report



## Township of Ferguson, Pennsylvania

Schedule of Earned Income Tax

(Unaudited)

Years Ended December 31

### SCHEDULE 5

Year	Rate	Total Earned Income Tax Collected (1)	% Change
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%
2014	1.40%	6,497,093	7.76%
2015	1.40%	6,211,770	-4.39%
2016	1.40%	7,076,928	13.93%
2017	1.40%	7,001,620	-1.06%
2018	1.40%	6,813,065	-2.69%
2019	1.40%	7,218,789	5.96%

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

Notes: (1) Modified Accrual Basis

## Township of Ferguson, Pennsylvania

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

(Unaudited)

Years Ended December 31

#### SCHEDULE 6

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

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

## Township of Ferguson, Pennsylvania

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

### SCHEDULE 7

Income Level	2019 (1)				2010			
	Number of Filers	Percentage of Total	Tax Liability (3)	Percentage of Total Levey	Number of Filers	Percentage of Total	Tax Liability (3)	Percentage of Total Levey
Greater than \$100,000.00	1,447	12.93%	\$ 3,535,239	49.83%	1,036	6.58%	\$ 2,242,798	31.41%
\$75,000.01 - \$100,000.00	760	6.79%	925,266	13.04%	892	5.66%	1,068,008	14.96%
\$50,000.01 - \$75,000.00	1,229	10.98%	1,060,566	14.95%	1,457	9.25%	1,239,038	17.36%
\$25,000.01 - \$50,000.00	1,927	17.22%	992,832	13.99%	3,173	20.15%	1,602,211	22.44%
\$10,000.01 - \$25,000.00	1,779	15.90%	413,272	5.82%	2,901	18.42%	687,554	9.63%
Less than or equal to \$10,000.00	4,049	36.18%	167,738	2.36%	6,290	39.94%	299,661	4.20%
Total	11,191	100.00%	\$ 7,094,913	100.00%	15,749	100.00%	\$ 7,139,270	100.00%

Notes: (1) 2019 collections represent the 2018 tax year and 2010 collections represent the 2009 tax year

(2) specific taxpayers do not necessarily correlate between current and nine years ago

(3) calculated based on Township tax rate of 1.4%

Source: Centre Tax Agency & Ferguson Township Tax Office

# Township of Ferguson, Pennsylvania

Schedule of Assessed Value of Taxable Properties  
(Unaudited)  
Years Ended December 31

## SCHEDULE 8

Fiscal Year (1)	Real Property Assessed Taxable Value						Direct Rate	Actual Taxable Value	TAV as % of ATV (2)	Tax Exempt \$ (Memo)
	Agricultural Property	Commercial Property	Industrial Property	Land	Residential Property	Total				
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%	\$ 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%	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%	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%	35,560,310
2014	17,346,975	148,383,300	6,343,510	4,115,330	380,023,120	556,212,235	1.58	1,112,424,470	50%	40,463,395
2015	17,504,845	152,558,035	6,343,510	5,113,425	383,746,530	565,266,345	1.58	1,130,532,690	50%	40,657,855
2016	17,568,525	158,095,150	6,353,110	4,958,695	388,538,545	575,514,025	1.58	1,151,028,050	50%	41,233,525
2017	17,773,375	159,274,870	6,353,110	4,596,755	394,706,885	582,704,995	1.58	1,165,409,990	50%	42,103,120
2018	17,858,545	161,319,740	6,351,535	4,362,860	397,634,760	587,527,440	1.58	1,175,054,880	50%	46,087,310
2019	17,890,975	161,222,525	6,351,535	4,093,430	399,122,785	588,681,250	1.58	1,177,362,500	50%	48,082,020

Notes: (1) As of March 1 of each year  
(2) TAV=taxable assessed value, ATV=actual taxable value

Sources: Centre County Assessment Office Township Tax Duplicate

**Township of Ferguson, Pennsylvania**

Schedule of Principal Property Taxpayers

(Unaudited)

Year Ended December 31

**SCHEDULE 9**

Taxpayer	2019			2010		
	Taxable Assessed Values	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Values	Rank	Percentage of Total Taxable Assessed Value
Circleville Road Partners	\$ 14,747,015	1	2.51%			0.00%
Minitab Inc.	9,190,030	2	1.56%	\$ 5,835,120	2	1.10%
Copper Beach Townhouses et al	8,431,470	3	1.43%	6,062,815	1	1.14%
C2S LP	7,303,210	4	1.24%			0.00%
SC Park Apartments LLC	4,511,265	5	0.77%			0.00%
HFL Corporation	4,314,290	6	0.73%			0.00%
Suso 4 Northland	3,598,730	7	0.61%			0.00%
Blue Course Associates	3,291,750	8	0.56%			0.00%
Park Crest Terrace Limited	3,250,550	9	0.55%	3,250,550	6	0.61%
Centre Holdings LP	2,919,825	10	0.50%			0.00%
WHGMH Realty (Accuweather)			0.00%	4,511,265	3	0.85%
Inland Western State College (Raytheon)			0.00%	4,119,650	4	0.77%
Edens & Avant Financing			0.00%	3,441,956	5	0.65%
S&A Homes			0.00%	3,084,250	7	0.58%
WcWhirter Family Limited Partnership			0.00%	2,692,945	8	0.51%
Galen Dreibilbis, et al.			0.00%	2,629,380	9	0.49%
Hemmingway Place			0.00%	2,587,830	10	0.49%
Total	<u>\$ 61,558,135</u>		<u>10.46%</u>	<u>\$ 38,215,761</u>		<u>7.19%</u>
<b>Total Taxable Assessed Value</b>	<u><b>\$ 588,681,250</b></u>			<u><b>\$ 531,653,015</b></u>		

Source: Centre County 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 (3)	Outstanding Delinquent Taxes as a Percent of Current Levy
2010	\$ 1,287,664	\$ 1,238,257	96.16%	\$ 19,938	\$ 1,258,195	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%
2014	1,347,146	1,321,780	98.12%	17,198	1,338,978	99.39%	8,168	0.61%
2015	1,369,075	1,336,271	97.60%	16,978	1,353,249	98.84%	15,826	1.16%
2016	1,393,895	1,384,965	99.36%	14,012	1,398,977	100.36%	(5,082)	-0.36%
2017	1,411,311	1,383,463	98.03%	9,219	1,392,682	98.68%	18,629	1.32%
2018	1,422,991	1,394,319	97.99%	11,667	1,405,986	98.80%	17,005	1.20%
2019	1,425,786	1,450,436	101.73%	9,198	1,459,634	102.37%	(33,848)	-2.37%

#### Sources:

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

**Township of Ferguson, Pennsylvania****Schedule of Ratios of Outstanding Debt by Type**

(Unaudited)

Years Ended December 31

**SCHEDULE 11**

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Percentage of Actual Value of Taxable Property (2)</b>	<b>Per Capita Debt (2)</b>
	<b>General Obligation Bonds</b>	<b>Notes Payable</b>				
2010	\$ 3,565,000	\$ -	\$ 3,565,000	0.81%	0.34%	202
2011	3,090,000	-	3,090,000	0.69%	0.29%	174
2012	2,605,000	-	2,605,000	0.56%	0.24%	146
2013	2,110,000	-	2,110,000	0.42%	0.19%	116
2014	-	1,650,200	1,650,200	0.30%	0.15%	91
2015	-	1,107,200	1,107,200	0.19%	0.10%	61
2016	-	556,000	556,000	0.09%	0.05%	30
2017	-	-	-	0.00%	0.00%	-
2018	-	-	-	0.00%	0.00%	-
2019	6,845,000	-	6,845,000	1.00%	0.58%	367

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

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

## Township of Ferguson, Pennsylvania

### Schedule of Direct and Estimated Overlapping Debt

(Unaudited)

Year Ended December 31, 2019

#### SCHEDULE 12

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Township Percentage of Debt</b>	<b>Township Share of Overlapping Debt</b>
<b>Bonded Debt</b>			
Total bonded debt	<u>\$ 6,845,000</u>		<u>\$ 6,845,000</u>
<b>Notes Payable (Note 1)</b>			
Direct Township debt, Ferguson Township	<u>-</u>	100.00%	<u>-</u>
Overlapping debt:			
Centre Region Parks and Rec (pools)	3,497,390	26.84%	938,699
Centre Region Parks and Rec (parks)	<u>4,816,400</u>	28.04%	<u>1,350,519</u>
Total overlapping debt	<u>8,313,790</u>		<u>2,289,218</u>
Total direct and overlapping debt	<u>8,313,790</u>		<u>2,289,218</u>
Total	<u><u>\$ 15,158,790</u></u>		<u><u>\$ 9,134,218</u></u>

Notes: The percentage of overlapping debt for the Centre Region Parks & Rec is based upon the CROG formula for Parks & Rec. for 2018

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



**Township of Ferguson, Pennsylvania**

## Schedule of Legal Debt Margin Information

(Unaudited)

Years Ended December 31

## SCHEDULE 13

<b>Fiscal Year</b>	<b>Borrowing Base</b>	<b>Debt Limit Percentage</b>	<b>Debt Limit</b>	<b>Total Net Debt (Note 2)</b>	<b>Net Nonelectoral Legal Debt Margin</b>	<b>Total Debt as a Percentage of Debt Limit</b>
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%
2014	15,562,756	250%	38,906,890	4,796,957	34,109,933	12.3%
2015	15,142,976	250%	37,857,440	4,062,448	33,794,992	10.7%
2016	14,728,266	250%	36,820,665	3,336,990	33,483,675	9.1%
2017	15,330,118	250%	38,325,295	2,623,473	35,701,822	6.9%
2018	15,520,317	250%	38,800,793	2,459,635	36,341,158	6.3%
2019	15,296,421	250%	38,241,053	9,134,218	29,106,835	23.9%

## Notes:

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

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

## Sources:

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

**Township of Ferguson, Pennsylvania**

## Schedule of Demographic and Economic Statistics

(Unaudited)

Years Ended December 31

**SCHEDULE 14**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Per Capital (Median) Income (3)</b>	<b>Public School Enrollment (4)</b>	<b>Housing Units (5)</b>	<b>Unemployment Rate (6)</b>
2010	17,690	\$ 442,603,800	\$ 25,020	6,950	7,246	5.7%
2011	17,729	448,969,196	25,324	6,927	7,425	5.1%
2012	17,828	465,079,036	26,087	6,856	7,533	6.0%
2013	18,174	505,491,636	27,814	6,817	7,704	6.0%
2014	18,206	553,589,842	30,407	6,775	7,779	6.0%
2015	18,238	578,162,838	31,701	6,776	7,833	3.5%
2016	18,420	595,530,885	32,330	6,787	5,384	3.7%
2017	18,604	658,588,680	35,400	6,781	6,363	3.2%
2018	18,837	686,834,694	36,462	6,891	8,089	2.9%
2019	18,649	683,112,870	36,630	6,829	8,083	3.5%

Note: 2010 data is taken from 2010 US census. 2011-2015 data from US Census estimates.  
Some data is extrapolated.

Sources: (1) US Census Bureau, factfinder.census.gov 5 year estimates  
(2) Determined by multiplying population by per capita income  
(3) Factfinder.census.gov, estimated current year  
(4) State College Area School District, does not include charter schools or private schools  
(5) American Community Survey 5 year estimates  
(6) US Bureau of Labor Statistics for State College PA (MSA) annual rate @ 12/31

# Township of Ferguson, Pennsylvania

Schedule of Principal Employers

(Unaudited)

Years Ended December 31

## SCHEDULE 15

Employer	2019			2010		
	Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Penn State University	1,153	1	9.78%	215	7	2.09%
HRI Inc.	413	2	3.50%	434	2	4.22%
Accu Weather Inc.	405	3	3.43%	344	3	3.34%
Aveanna Healthcare LLC	349	4	2.96%			0.00%
Raytheon Company	277	5	2.35%	447	1	4.35%
CATA	223	6	1.89%			0.00%
Ahold Financial Services	219	7	1.86%	310	4	3.01%
Minitab, Inc.	193	8	1.64%	301	5	2.93%
Sound Technology Inc	175	9	1.48%			0.00%
Spectrum Control Technology Inc.	172	10	1.46%			0.00%
Jostens			0.00%	295	6	2.87%
Hellenic Ventures Inc.			0.00%	200	8	1.94%
Collegiate Subs, Inc			0.00%	195	9	1.90%
MBNA Marketing Systems			0.00%	193	10	1.88%
Total	3,579		30.35%	2,934		28.53%
Total Township Employment	11,791			10,285		
Net Gain of Employment		1,506				

Source: Centre Tax Agency EIT/LST data

## Township of Ferguson, Pennsylvania

### Schedule of Full-time Equivalent Township Employees by Function

(Unaudited)

Years Ended December 31

#### SCHEDULE 16

<b>Year</b>	<b>General Government (3)</b>	<b>Public Works (4)</b>	<b>Public Safety</b>	<b>Planning and Zoning</b>	<b>Total</b>
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
2014	7.4	21.5	24.9	3.6	57.4
2015	7.5	23.5	24.7	3.4	59.1
2016	7.6	24.9	25.2	5.2	62.9
2017	8.4	25.7	25.0	5.6	64.7
2018	10.2	27.1	24.9	5.7	67.8
2019	10.5	29.5	24.3	5.5	69.8

Notes:

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

Source:

Microdata Payroll Services, Keystone Payroll

# Township of Ferguson, Pennsylvania

## Schedule of Operating Indicators by Function/Program

(Unaudited)

Years Ended December 31

### SCHEDULE 17

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Administration (5)</b>										
Electricity Costs, Office	\$ 19,704	\$ 24,478	\$ 18,533	\$ 20,867	\$ 21,657	\$ 21,495	\$ 21,198	\$24,026	\$ 21,657	\$ 18,175
Electricity Costs, Public Works	6,344	8,212	5,629	6,744	2,310	4,370	6,844	4,753	7,106	7,163
Heating Costs (gas), Office	3,348	3,676	2,505	4,722	5,972	4,195	3,547	3,800	5,972	5,580
Heating Costs (gas), Public Works	4,577	7,387	4,790	6,414	8,560	6,546	5,858	6,187	8,560	7,731
<b>Police (1)</b>										
Number of Sworn Officers	20	20	20	21	21	22	22	22	22	22
Total Calls for Service	4,760	4,479	4,486	4,879	4,695	4,926	4,869	5,151	4,878	4,726
Traffic Citations	1,553	781	1,080	1,242	1,228	992	818	690	754	810
Criminal Arrests	401	312	363	385	303	281	214	194	175	149
Traffic Stops	3,254	1,975	2,214	3,428	3,257	2,692	2,305	1,928	2,104	2,338
Parking Tickets	720	812	655	572	565	878	1,256	1,004	1,268	1,178
<b>Public Works/Engineering (2,4)</b>										
Highway Occupancy Permits issued	31	71	82	52	69	57	36	59	63	-
Land Development/Subdivision plans reviewed	17	10	16	26	16	19	12	14	19	18
Tons of Salt purchased	1,119	1,375	924	1,382	1,676	1,410	1,182	1,385	1,589	1,875
Cubic yards/tons of leaves/brush collected (a)	9,721	10,585	11,068	8,709	1,214	1,297	1,082	1,234	1,594	1,352
<b>Planning &amp; Zoning (3)</b>										
Zoning permits issued	379	249	349	197	186	232	210	348	331	439
Sign permits issued	62	53	54	46	43	30	38	28	36	35
Home Occupation permits issued	NA	NA	NA	NA	11	7	12	4	4	3
Rental permits issued (b)	52	73	90	277	83	244	272	81	105	86
Land Development permits issued	NA	NA	11	10	11	3	7	3	6	-

NA= data not available

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

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles (2)	17	17	17	17	17	10	10	17	17	17
CNG Vehicles (a)						3	4	4	4	2
<b>Information Technology (1)</b>										
Servers (Physical)	4	4	4	5	5	5	8	10	10	7
Servers (Virtual) (b)									6	4
Desktops/Towers	35	35	28	30	36	34	28	26	29	29
Laptops	14	16	15	13	16	22	28	31	31	33
Tablets	-	-	1	1	3	4	4	4	8	7
Printers/Copiers	-	-	-	-	-	-	-	-	-	12
Police Vehicle Laptops (including MCP)	13	13	13	13	13	13	13	10	10	3
<b>Public Works (3)</b>										
Road miles of road surface	89.8	89.8	91.7	91.7	91.7	91.7	94.4	94.4	94.7	94.7
Heavy Trucks	16	16	16	17	19	17	14	17	12	12
Pickup Trucks and Autos	6	6	6	7	6	2	13	11	8	8
<b>Parks and Recreation (4)</b>										
Township owned developed Parks	10	10	10	10	10	10	10	11	11	11
Number of developed acres	172.5	172.5	172.5	188.6	188.6	172.5	172.5	178.0	178.0	178.0
Township owned un-developed Parks	2	2	2	2	2	2	2	1	1	1
Number of un-developed acres	85.7	116.1	96.1	96.1	96.1	96.1	96.1	183.0	183.0	183.0
Number of Regional Park acres located in Ferguson Township (undeveloped)	75	100	100	100	100	100	100	103	103	103

Notes (a) tracking of CNG vehicles began in 2015

(b) tracking of virtual servers began in 2018

Sources: (1) Hinton Associates Inventory

(2) Police Department

(3) Public Works Department

(4) Centre Region Parks & Rec