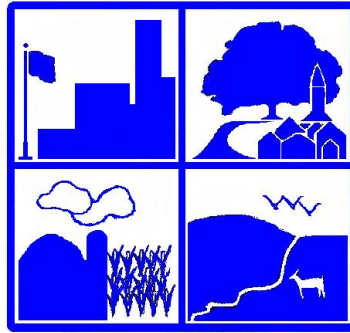




Comprehensive Annual Financial Report

For the Year Ended
December 31, 2014





2014

FERGUSON TOWNSHIP

CENTRE COUNTY, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Calendar Year Ended December 31, 2014

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



Township of Ferguson, Pennsylvania

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Township of Ferguson, Pennsylvania

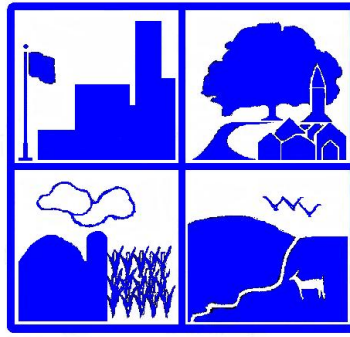
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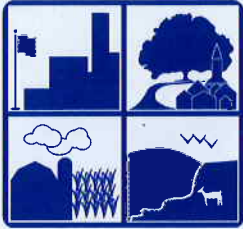
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Introductory Section



TOWNSHIP OF FERGUSON

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

June 29, 2015

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, 2014.

This CAFR is prepared to inform the Board of Supervisors, Township staff, our citizens, bondholders and other interested parties, detailed information concerning the financial condition of the Township government. Responsibility for the accuracy, completeness and fairness of the data presented, including all disclosures, rests with Township management. To provide the basis for making these representations, the management of the Township has established a comprehensive internal control framework that is designed both to protect the Township's assets from loss, theft, or misuse and to compile reliable information for the preparation of the Township's financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Because the cost of internal controls should not outweigh their benefits, the Township's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

The CAFR was prepared by the Township Finance Department and the financial statements were audited by the firm Baker Tilly Virchow Krause, LLP, State College, PA.

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

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

Although not legally obligated to do so, for management control purposes, the Board of Supervisors reviews and approves interdepartmental budget transfers. All annual appropriations lapse at calendar year end. The Supervisors may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the year and not otherwise appropriated, including the proceeds of any borrowing authorized by law. The Supervisors may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof.

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

Ferguson Township Profile

Ferguson Township is one of 36 municipalities in Centre County. In terms of population, the Township is the second largest municipality in the County behind the State College Borough. If the student population was removed from the census information, the Township may actually have the largest permanent resident population in the County.

The Centre Region is comprised of six municipalities: The Borough of State College, and the Townships of College, Ferguson, Halfmoon, Harris, and Patton. These municipalities have an estimated 92,180 populous (2013) approximating 60 percent of the total County population living within their boundaries and is considered the urban area of the County. Within the Centre Region, Ferguson Township is the second largest municipality in terms of population (2013 estimates 17,742) and the largest in terms of land area (47.65 square miles). Ferguson has an estimated population density of 372.3 persons per square mile (2013).

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 Community Survey Estimates, there were 7,704 housing units in the township (2013). This compares to the 2010 US Census data, of 7,501 units, an increase of 203 units or 3% in three years.

The population breakdown, according to the American Community Survey for the range 2009-2013, includes 68% of township residents fall in the 18-59 year old range, and 12% are age 60 and older. Children under the age of 18 make up 20% of the township population.

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

The local economy is highly dependent upon Penn State University and the effect it has on the region. Penn State University has been a strong economic force for the Township and the Centre Region in general for many years. Being a tax-exempt entity, Penn State continues to purchase local real estate and convert it to tax exempt status affecting the Township negatively, although due to the low property tax rates levied in the Township, this impact is minimized.

The Township has worked on or completed several projects during 2014 that have shaped the Township finances. These are:

- Designed and launched a new Township Website.
- Secured a grant for \$798,585 from PennDOT to install sidewalks along West College Avenue.
- Transitioned to new payroll service providing improved human resource management.
- Drafted Township Traffic Calming Policy.
- Refinanced the 2009 General Obligation Bond.
- Completed a Strategic Plan for Information Technology.
- Updated the Salary and Wage Schedule.
- Received its fifth consecutive Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the Township's Comprehensive Annual Financial Report.
- Initiated a volunteer program to maintain median landscaping.
- Purchased and deployed a new Voice over Internet Protocol (VOIP) phone system.
- Designed, inspected, and constructed \$1,866,371 in capital projects.
- Completed Township-wide traffic study and presented to Board of Supervisors.
- Community Planning - Recruited new Planning & Zoning Director; Revised Corridor Overlay District; and Engaged consultant to draft revisions to Terraced Streetscape District and Traditional Town Development Zoning Ordinances.
- Implemented Tyler Munis permitting software.
- Adopted new Street Tree Ordinance and established the Township's first street tree commission.
- Organized forum of residents to discuss water quality in the western end of the Township.

The Township is a member of the Centre Region Parks and Recreation Agency. The CRPR is involved in a multimillion dollar project to develop two regional parks. Both of these parks are designed and the funding is secured for the first phase. The Oak Hall Park in College Township is under construction and the Whitehall Road Park is scheduled for ground breaking in late 2015.

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

The Township has sufficient financial reserves in place for the current planned phases of the regional park projects.

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

Award

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Ferguson Township for its comprehensive annual financial report for the fiscal year ended December 31, 2013. This was the fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

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

If I have omitted anyone, please accept my apologies.

Respectfully Submitted,



Eric R. Endresen, CPA,
Director of Finance



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**

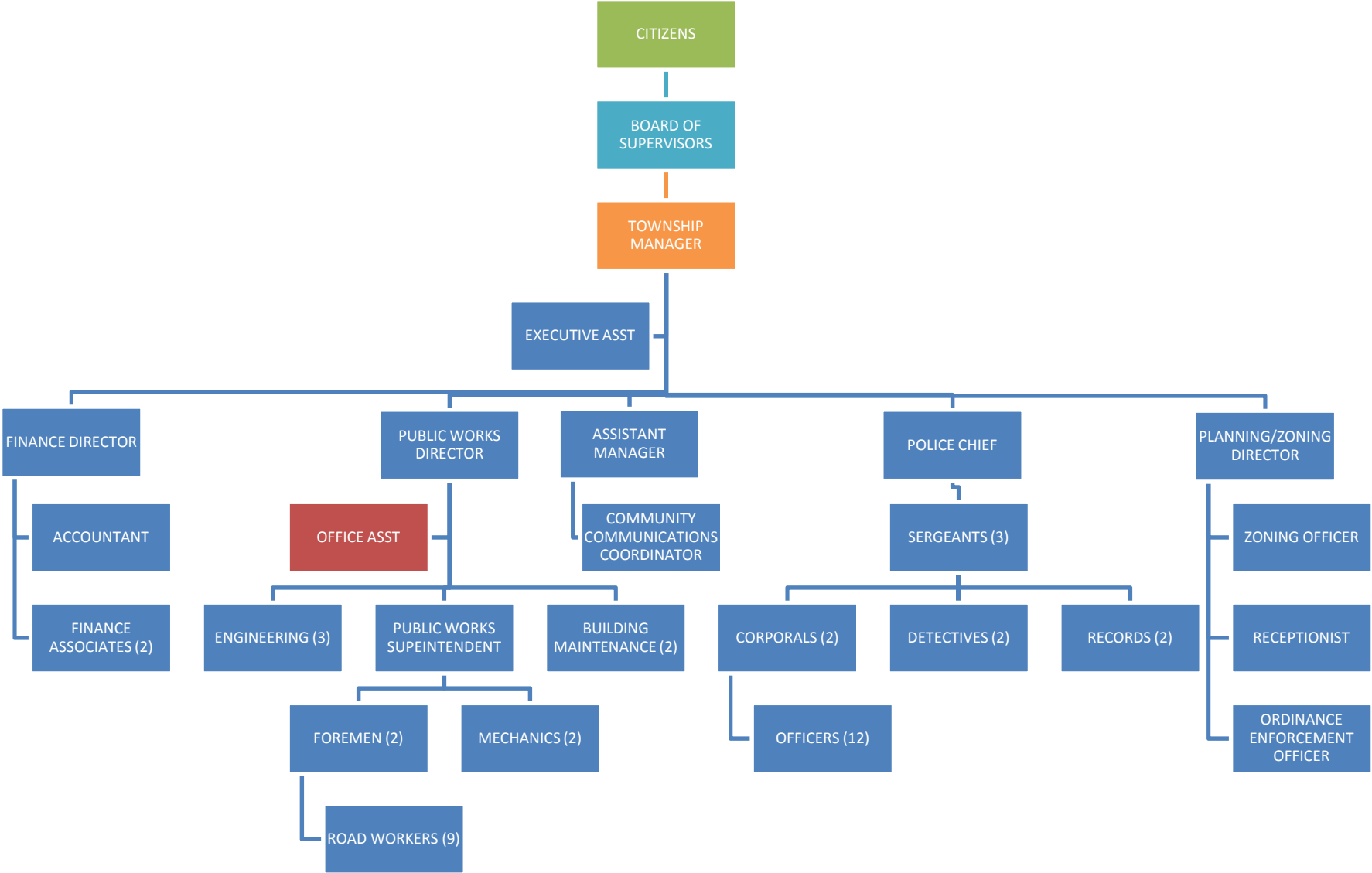
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

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

Executive Director/CEO

Ferguson Township Organizational Chart





Township of Ferguson, Pennsylvania

List of Principal Officials 2014

Richard Mascolo, Chair, Board of Supervisors

Drew Clemson, Vice Chair, Board of Supervisors

Elliot Killian, Supervisor

Steve Miller, Supervisor

Janet Whitaker, Supervisor

Mark A. Kunkle, Township Manager

David G. Pribulka, Assistant Manager

David J. Modricker, Director of Public Works

Eric R. Endresen, Director of Finance

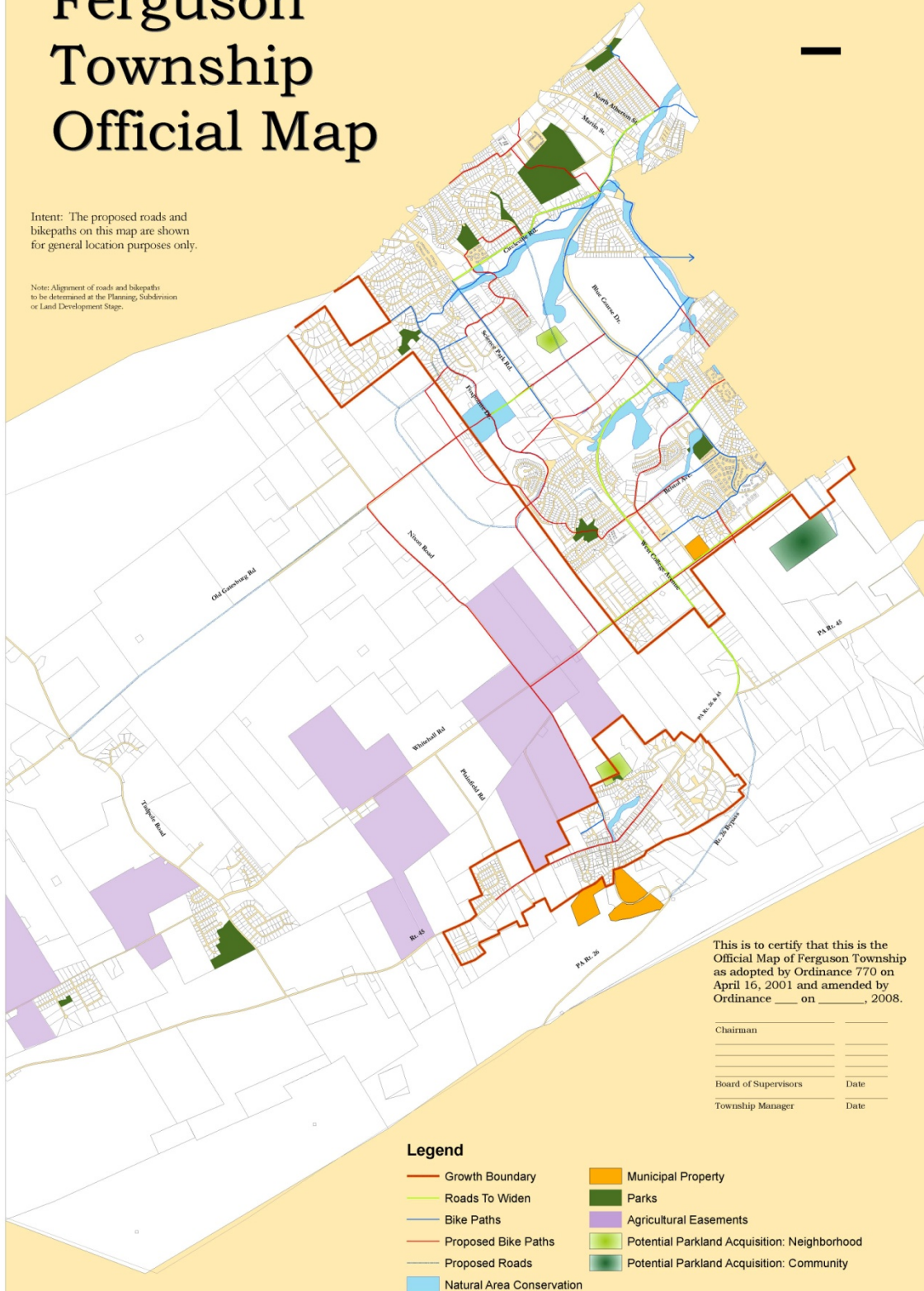
Diane M. Conrad, Chief of Police

Maria Tranguch, Director of Planning and Zoning

Ferguson Township Official Map

Intent: The proposed roads and bikepaths on this map are shown for general location purposes only.

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



This is to certify that this is the
Official Map of Ferguson Township
as adopted by Ordinance 770 on
April 16, 2001 and amended by
Ordinance ____ on ____, 2008.

Chairman	_____
_____	_____
Board of Supervisors	Date
Township Manager	Date

Legend

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

0 1,500 3,000 6,000 9,000 12,000 Feet

Ferguson Township Zoning Map

- Riparian Buffer Overlay District (RBOD)**
- 35 Feet
 - 65 Feet or Extent of Floodplain
 - Wetland Buffer 50 Feet
- Roads**
- Ridge Overlay District (ROD)
 - Corridor Overlay District (COD)
- Zoning**
- Agricultural Research (AR)
 - General Commercial (C)
 - Forest/Gamelands (FG)
 - General Industry (I)
 - Light Industry, R_D (IRD)
 - Mobile Home Park (MHP)
 - Office Commercial (OC)
 - Planned Residential Development (PRD)
 - Single Family Residential (R1)
 - Suburban Single Family Residential (R1B)
 - Two Family Residential (R2)
 - Townhouse Residential (R3)
 - Multi-Family Residential (R4)
 - Rural Agriculture (RA)
 - Rural Residential (RR)
 - Traditional Town Development (TTD)
 - Village (V)

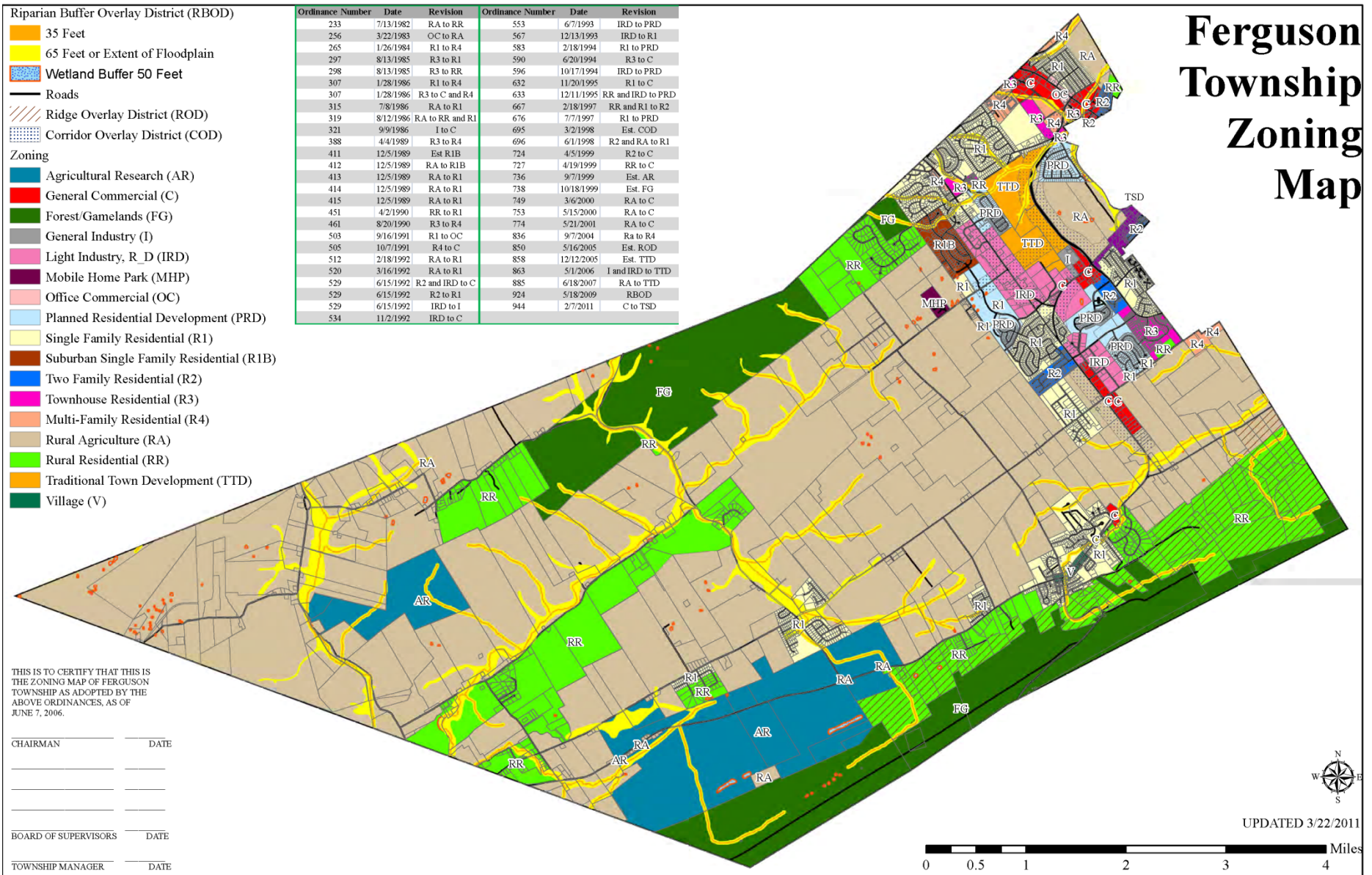
Ordinance Number	Date	Revision	Ordinance Number	Date	Revision
233	7/13/1982	RA to RR	553	6/7/1993	IRD to PRD
256	3/22/1983	OC to RA	567	12/13/1993	IRD to R1
265	1/26/1984	R1 to R4	583	2/18/1994	R1 to PRD
297	8/13/1985	R3 to R1	590	6/20/1994	R3 to C
298	8/13/1985	R3 to RR	596	10/17/1994	IRD to PRD
307	1/28/1986	R1 to C	632	11/20/1995	R1 to C
307	1/28/1986	R3 to C and R4	633	12/11/1995	RR and IRD to PRD
315	7/8/1986	RA to R1	667	2/18/1997	RR and R1 to R2
319	8/12/1986	RA to RR and R1	676	7/7/1997	R1 to PRD
321	9/9/1986	I to C	695	3/2/1998	Est. COD
388	4/4/1989	R3 to R4	696	6/1/1998	R2 and RA to R1
411	12/5/1989	Est. R1B	724	4/5/1999	R2 to C
412	12/5/1989	RA to R1B	727	4/19/1999	RR to C
413	12/5/1989	RA to R1	736	9/7/1999	Est. AR
414	12/5/1989	RA to R1	738	10/18/1999	Est. FG
415	12/5/1989	RA to R1	749	3/6/2000	RA to C
451	4/2/1990	RR to R1	753	5/15/2000	RA to C
461	8/20/1990	R3 to R4	774	5/21/2001	RA to C
503	9/16/1991	R1 to OC	836	9/7/2004	Ra to R4
505	10/7/1991	R4 to C	850	5/16/2005	Est. ROD
512	2/18/1992	RA to R1	858	12/12/2005	Est. TTD
520	3/16/1992	RA to R1	863	5/1/2006	I and IRD to TTD
529	6/15/1992	R2 and IRD to C	885	6/18/2007	RA to TTD
529	6/15/1992	R2 to R1	924	5/18/2009	RBOD
529	6/15/1992	IRD to I	944	2/7/2011	C to TSD
534	11/2/1992	IRD to C			

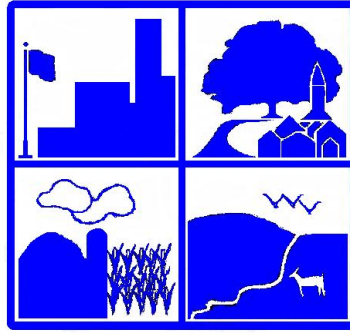
THIS IS TO CERTIFY THAT THIS IS THE ZONING MAP OF FERGUSON TOWNSHIP AS ADOPTED BY THE ABOVE ORDINANCES, AS OF JUNE 7, 2006.

CHAIRMAN _____ DATE _____

BOARD OF SUPERVISORS _____ DATE _____

TOWNSHIP MANAGER _____ DATE _____





Financial Section

Independent Auditors' Report

Board of Supervisors
Township of Ferguson, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Ferguson, Pennsylvania (the "Township") as of and for the year ended December 31, 2014, 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, 2014, 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 disclosed in Notes 1 and 6 to the financial statements, the Township adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 67, *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25 in 2014 to conform with accounting principles generally accepted in the United States of America. The Township expanded its note disclosures and required supplementary information related to its pension plans. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis ("MD&A") on pages 19 through 31 and the supplementary pension information on pages 68 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Township's basic financial statements. The combining non-major fund financial statements on pages 74 and 75, the budgetary comparison schedules on pages 77 through 82, the combining statements of pension trust funds on pages 84 and 85, and the combining statement of changes in assets and liabilities - all agency funds on page 87, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section on pages 5 through 15, and statistical section on pages 89 through 107 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 Viechow Krause, LLP

State College, Pennsylvania
June 29, 2015

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

As management of the Township of Ferguson, Pennsylvania (the "Township"), we offer readers of the Annual Financial Statements this narrative overview and analysis of the financial activities of the Township for the calendar years (12 months) ending December 31, 2014 and 2013. 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 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, 2014 and 2013.

GASB 34 modified the audited financial reports to present them on an accrual accounting basis, which is a widely accepted method commonly used in private industry ("GAAP"), to assist readers in understanding the governmental financial activities. Part of this report is presented on an accrual accounting basis, while the remainder is presented on a modified accrual basis, more commonly used in governmental accounting.

Financial Highlights GASB 34 Presentation

- At December 31, 2014, the Township had a total of \$12.610 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 \$11.989 million at December 31, 2013 representing an increase of \$621 thousand.
- At December 31, 2014, the Township had a reportable total of \$26.359 million net investment in capital assets, compared to \$25.807 million at December 31, 2013 representing an increase of \$552 thousand.
- At December 31, 2014, the Township's long-term debt was \$1.650 million compared to \$2.110 million at December 31, 2013 representing a decrease of \$460 thousand.
- The Township's overall financial position improved during the past year considering total fund balances, capital investment, long-term debt, net revenues, and cash flow.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the Township's basic financial statements. In accordance with the 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.

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 32 and 33 of this report.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Fund Financial Statements

A **Fund** is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

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

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

The Township maintains 12 individual Governmental Funds:

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

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

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

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

The basic Governmental Fund financial statements can be found on pages 34 through 38 of this report.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

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

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

Debt Service Fund

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

Proprietary Fund

The Township has no Proprietary Funds.

Fiduciary Funds

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

The basic Fiduciary Fund financial statements can be found on pages 39 and 40 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 41 through 66 of this report.

Fund Balances

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

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Government-Wide Financial Analysis

Statement of Net Position
December 31, 2014 and 2013
(Unaudited)

	Governmental Activities		
	2014	2013	Differences
Current and other	\$ 15,193,331	\$ 13,923,880	\$ 1,269,451
Capital assets (net of depreciation)	28,009,331	27,923,491	85,840
Total assets	43,202,662	41,847,371	1,355,291
Current liabilities	820,029	1,044,291	(224,262)
Long-term liabilities	1,365,514	1,818,544	(453,030)
Total liabilities	2,185,543	2,862,835	(677,292)
Net investment in capital assets	26,359,131	25,807,727	551,404
Restricted	2,047,601	1,188,166	859,435
Unrestricted	12,610,387	11,988,643	621,744
Total net position	\$ 41,017,119	\$ 38,984,536	\$ 2,032,583

Statement of Activities Years Ended December 31, 2014 and 2013 (Unaudited)

	Governmental Activities			
	2014	2013	Differences	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 631,577	\$ 609,796	\$ 21,781	3.6 %
Operating grants and contributions	705,282	577,761	127,521	22.1 %
Capital grants and contributions	536,505	513,747	22,758	4.4 %
Total program revenues	1,873,364	1,701,304	172,060	10.1 %
General revenues				
Real estate taxes	1,338,977	1,323,738	15,239	1.2 %
Transfer taxes	1,276,766	1,978,764	(701,998)	(35.5) %
Earned income taxes	6,497,093	6,029,207	467,886	7.8 %
Local services taxes	334,138	331,371	2,767	.8 %
Unrestricted investment income	128,308	124,685	3,623	2.9 %
Miscellaneous	964,296	469,964	494,332	105.2 %
Total general revenues	10,539,578	10,257,729	281,849	2.7 %
Total revenues	12,412,942	11,959,033	453,909	3.8 %

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

	Governmental Activities			
	2014	2013	Differences	
			\$	%
Expenses				
General government	\$ 2,190,517	\$ 2,162,036	\$ 28,481	1.3 %
Public safety	3,835,519	3,647,288	188,231	5.2 %
Health and welfare	6,464	6,673	(209)	(3.1) %
Public works-sanitation	33,005	33,005	-	0.0 %
Public works-highways	2,864,437	3,378,515	(514,078)	(15.2) %
Other public works	135,962	125,596	10,366	8.3 %
Culture and recreation	1,259,033	1,320,474	(61,441)	(4.7) %
Interest on long-term debt	55,422	62,219	(6,797)	(10.9) %
Total expenses	10,380,359	10,735,806	(355,447)	(3.3) %
Changes in Net Position	2,032,583	1,223,227	809,356	66.2 %
Net Position, Beginning	38,984,536	37,761,309	1,223,227	3.2 %
Net Position, Ending	<u>\$ 41,017,119</u>	<u>\$ 38,984,536</u>	<u>\$ 2,032,583</u>	<u>5.2 %</u>

At the end of 2014, the Township is able to report a positive balance of \$41.017 million in total net position which is not significantly affected by restrictions, commitments or any other limitations. The Township's overall financial position improved as reflected in the \$2.033 million increase in total net position shown in the table above.

Governmental Activities

Governmental activities increased the Township's net position by \$2.033 million. Key elements of this increase are as follows:

- Transfer tax revenues exceeding budget by \$277 thousand due, in part, to an improved housing market, several large commercial property sales.
- Full payment of balance for fee in lieu for the PSU - Circleville Partners agreement \$800 thousand.
- Additional Earned Income Tax revenues exceeding budget by \$373 thousand, generally due to the improving employment economic environment.
- Reduction in capital projects costs by \$530 thousand from 2013.
- Pay as you go strategy on the part of Township management.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Financial Analysis of the Government's Funds

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

Governmental Funds

Financial Analysis of the Major Funds

General Fund

The General Fund is the primary operating fund of the Township. At December 31, 2014, the Unassigned General Fund balance was \$4.824 million compared to \$4.104 million in 2013, an increase of \$720 thousand. As a measure of the General Fund's liquidity, the Unassigned Fund balance at December 31, 2014 represents 48% ($\$4,824,035/\$10,132,990$) of the total General Fund expenditures (including interfund transfers out) or approximately 174 days ($\$4,824,035/(\$10,132,990/365)$) of operating costs, an increase of approximately 40 days. This is the result of improved Earned Income tax collections, Transfer Tax receipts and the termination of the \$ 1 million transfer to the capital reserve fund made in 2013.

There were operating transfers out of the General Fund to other Governmental Funds in the amount of \$2.335 million to support capital equipment needs during the year ended December 31, 2014 compared to \$3.723 million in 2013, representing a decrease of \$1.388 million.

General Fund Budgetary Highlights

The 2014 General Fund expenditure budget of \$10.581 million (including interfund transfers of \$2.393 million) compares to \$11.222 million for 2013, representing a decrease of \$641 thousand, or 5.7%

The 2014 General Fund actual expenditures (\$7.798 million, less Interfund transfers) were less than budgeted expenditures (\$8.188 million) by \$390 thousand or approximately 4.8%. This reflects the actual savings (compared to budget) in public safety and culture and recreation expenditures along with conservative budgeting practices.

The 2014 General Fund revenue budget was \$10.169 million compared to \$9.389 million for 2013, representing an increase of \$780 thousand. This is due to an expected increase in general tax revenues related to the growth in the township, improved housing market and economy along with conservative budgeting practices.

The 2014 General Fund actual revenues of \$10.783 million exceeded budgeted revenues of \$10.169 million by \$614 thousand. This is the result of growth in the township, improved housing market and economy during the year affecting tax revenues and general revenues along with conservative budgeting practices.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Statement of Revenues and Expenditures Years Ended December 31, 2014 and 2013 General Fund

	2014	2013	Differences	
			\$	%
Revenues				
Taxes	\$ 9,343,175	\$ 9,771,549	\$ (428,374)	(4.4) %
Licenses and permits	287,061	309,657	(22,596)	(7.3) %
Fines and forfeits	115,854	120,435	(4,581)	(3.8) %
Interest and rents	67,676	42,512	25,164	59.2 %
Intergovernmental	705,282	577,761	127,521	22.1 %
Charges for services	251,565	238,515	13,050	5.5 %
Miscellaneous revenue	11,696	200,819	(189,123)	(94.2) %
Refund of prior year's expenses	257	274	(17)	(6.2) %
Total revenues	10,782,566	11,261,522	(478,956)	(4.3) %
Expenditures				
General government	1,303,277	1,255,767	47,510	3.8 %
Public safety	2,751,303	2,633,016	118,287	4.5 %
Health and welfare	6,464	6,673	(209)	(3.1) %
Public works-sanitation	33,005	33,005	-	0.0 %
Public work-highways	913,660	876,421	37,239	4.2 %
Other public works	107,792	97,348	10,444	10.7 %
Culture and recreation	1,030,424	986,844	43,580	4.4 %
Community development	30,415	30,415	-	0.0 %
Insurance and other operating	1,615,771	1,499,326	116,445	7.8 %
Debt service-interest	5,676	2,232	3,444	154.3 %
Total expenditures	7,797,787	7,421,047	376,740	5.1 %
Excess of Revenues Over Expenditures	2,984,779	3,840,475	(855,696)	(22.3) %
Other Financing Uses				
Operating transfers out, net	(2,335,203)	(3,722,828)	1,387,625	(37.3) %
Net Increase in Fund Balance	649,576	117,647	<u>\$ 531,929</u>	<u>452.1 %</u>
Fund Balance, Beginning	<u>4,174,459</u>	<u>4,056,812</u>		
Fund Balance, Ending	<u>\$ 4,824,035</u>	<u>\$ 4,174,459</u>		

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Transportation Improvement Fund

The Transportation Improvement Fund was created to account for certain road projects of the Township. At December 31, 2014, the Transportation Improvement Fund balance was \$3.115 million compared to \$3.112 million in 2014, representing an increase of \$3 thousand. The main reason for this decrease is the funding of the \$4 million West Whitehall Road Widening project paid for out of cash reserves, offset by continued tax funding in accordance with the Township Ordinance #783, dated October 15, 2001.

Capital Reserve Fund

The Capital Reserve Fund was created to account for financial resources expended to acquire large capital equipment, construct or renovate roadways and other less costly capital assets. The Township expended \$727 thousand in 2014 and \$1.017 million in 2013 on such projects. Major projects for 2014 included:

- Road Improvement projects including
 - Completion of the West Whitehall Road project
 - 2014 Multi-road paving contract
 - 2014 Multi-road cold in place recycling
- Microsurfacing, Tar & Chip, Pavement Markings & Curb Repairs
- Homestead Park Renovations

Debt Service Fund

The General Obligation Fund was created to record and track bond or loan proceeds, required debt payments and loan balances, not otherwise recorded in a capital projects fund. At December 31, 2014, the General Obligation Fund balance was \$5,961 compared to a fund balance of \$1,709 in 2013, representing an increase in fund balance of \$4,252. This is due to the difference in transfers from the General Fund and the debt payments. The township refinanced the 2009 bond in 2014 with a bank loan to reduce interest rates while maintaining the same term of loan.

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, 2014, the combined non-major Capital Projects Funds balance was \$1.575 million compared to \$864 thousand in 2013, representing an increase of \$711 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 \$131 thousand for 2014. The combined revenues exceeded expenditures by \$170 thousand for 2013, a decrease of \$39 thousand.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Long-term Debt

The total principal balance of notes payable and bonds payable at December 31, 2014 was \$1.650 million and \$2.110 million at December 31, 2013, representing a decrease of \$460 thousand. This is the result of the annual debt service principal payment.

Following is a summary of changes in long term liabilities for the years ended December 31, 2014 and 2013:

Governmental Activities	January 1 Balance	Additions	Retirements	December 31 Balance
2014				
Bonds Payable:				
General Obligation Bonds	\$ 2,110,000	\$ -	\$ (2,110,000)	\$ -
General Obligation Note	-	1,650,200	-	1,650,200
Unamortized Premium	5,764	-	(5,764)	-
Total Bonds Payable	2,115,764	1,650,200	(2,115,764)	1,650,200
Other Liabilities,				
Accrued Vacation	239,221	29,734	(17,200)	251,755
Total Long Term Liabilities	<u>\$ 2,354,985</u>	<u>\$ 1,679,934</u>	<u>\$ (2,132,964)</u>	<u>\$ 1,901,955</u>

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

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

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Pension Trust Funds

The *Police Pension Fund* and the *Non-Uniform 401 Pension Fund* are used to account for the employee retirement plan contributions of the Township and its employees, related benefit payments and other plan costs.

The net position at December 31, 2014 and 2013 of the Police Pension Fund was \$4.481 million and \$4.202 million, respectively, representing an increase of \$279 thousand. This returns the net position balance to the pre-2008 crash levels, but it does not catch up to the potential balances that may have resulted if the market had not crashed. The Township contributed \$210 thousand to the Police Pension Fund in 2014, in accordance with the annual minimum municipal obligation ("MMO") compared to \$204 thousand in 2013, representing an increase of \$6 thousand.

The net position at December 31, 2014 and 2013 of the Non-Uniform 401 Pension Fund were \$2.938 million and \$3.074 million, respectively, a decrease of \$136 thousand. The Township contributed \$142 thousand to the non-uniform 401 pension fund in 2014, in accordance with the annual MMO, compared to \$122 thousand in 2013, representing an increase of \$20 thousand.

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

Cash Flows and Liquidity

Governmental cash and cash equivalents totaled \$11.196 million and \$9.005 million at December 31, 2014 and 2013, respectively, representing 75% (\$11,196,355/\$14,829,835) and 66% (\$9,005,150/\$13,700,991) of total governmental assets, respectively. This provides for up to 374 days (\$11,196,355/(\$10,930,085/365)) (not including interfund transfers) of operating expenditures for 2014 and 215 days (\$9,005,170/(\$15,284,654/365)) (not including interfund transfers) for 2013 of governmental operating expenditures, an increase of 159 days. This change is due to the use of cash reserves for the West Whitehall Road Widening project in 2013.

Capital Assets

Beginning in 2013, the Township classifies capital assets as individual items costing \$2,500 or more and an estimated asset life of more than one year. The prior threshold was \$1,000. The Township's investment in capital assets (net of accumulated depreciation) for its governmental activities as of December 31, 2014 amounted to \$26.359 million and \$27.923 million for 2013 (net of accumulated depreciation) a net decrease of \$1.564 million. This is the result of large investments in infrastructure offset by depreciation. This investment in capital assets includes land, parks, buildings, equipment, infrastructure and associated improvements.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

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

<u>Class</u>	<u>2014</u>	<u>2013</u>
Land	\$ 2,164,693	\$ 2,164,693
Land improvements	32,298	40,983
Buildings and improvements	3,698,052	3,998,390
Office furniture and equipment	921,759	911,564
Infrastructure	19,623,094	19,449,251
Parks and improvements	615,828	512,848
Vehicles	953,607	845,762
Total	<u>\$ 28,009,331</u>	<u>\$ 27,923,491</u>

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

Economic Condition and Next Year's Budgets and Rates

The overall economy of 2014 of the Centre Region has been growing since the recession of 2008/2009. Penn State, the largest employer for the township residents, has recovered from the football scandal a few years ago and continues to invest in the region. New businesses are attracted to the region and township. Student housing, historically not known in the township, is expanding into the available open spaces. Centre Region municipalities continue to invest in parks and sporting venues, partly 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 \$556.2 million at March 1, 2014 from \$549.8 million at March 1, 2013 reflecting an increase of \$6.4 million or 1.2%.

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

The 2014 General Fund budget includes an estimated 5% decrease in expenditures over the 2013 budget figures. This includes interfund transfers from the general fund. The interfund transfers are monies transferred from one fund to another. For individual funds and especially the general fund, it is important to include the interfund transfers. Interfund transfers from the general fund are reductions in the general fund balance and since the general fund provides much of the funding for the remaining governmental funds, this is a reasonable way to determine the demands on the general fund for expenditures in the other funds. However, they should be removed when reporting on the aggregate. Including these in the aggregate fund totals would give the appearance of larger revenue and expenditures than actual.

Township of Ferguson, Pennsylvania

Management's Discussion and Analysis (Unaudited)

When comparing aggregate fund totals, the Interfund transfers should be removed from the total to get a more accurate view of the recurring operations of the Township in the aggregate. 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 2015 provides sufficient revenues to cover General Fund expenditures using existing available fund balance. The 2015 General Fund budget forecasts a net shortfall of \$569 thousand (including Interfund transfers of \$2.459 million).

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

Finally, the housing market has improved in the past couple of years. This has had a significant impact on the townships transfer tax and earned income tax collections. With these improved economic conditions, the township future looks healthy.

Requests for Information

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

Township of Ferguson, Pennsylvania

Statement of Net Position

December 31, 2014

	Governmental Activities
Assets	
Current assets:	
Cash	\$ 11,196,355
Investments	989,020
Derived taxes receivable	2,355,334
Other receivables	<u>226,112</u>
Total current assets	<u>14,766,821</u>
Non-current assets:	
Other non-current assets,	
Net pension asset	<u>426,510</u>
Capital assets, net of accumulated depreciation	
Land	2,164,693
Buildings and improvements	3,730,350
Equipment	921,760
Vehicles	953,607
Infrastructure	<u>20,238,921</u>
Total capital assets, net of accumulated depreciation	<u>28,009,331</u>
Total non-current assets	<u>28,435,841</u>
Total assets	<u><u>\$ 43,202,662</u></u>
Liabilities	
Current liabilities:	
Current maturities of notes payable	\$ 506,441
Accounts payable	63,276
Payroll and benefits payable	8,944
Due to fiduciary funds	1,297
Curb/development deposits	208,723
Accrued interest	1,348
Current portion of compensated absences	<u>30,000</u>
Total current liabilities	<u>820,029</u>
Non-current liabilities:	
Notes payable	1,143,759
Compensated absences	<u>221,755</u>
Total non-current liabilities	<u>1,365,514</u>
Total liabilities	<u>2,185,543</u>
Net Position	
Net investment in capital assets	26,359,131
Restricted for:	
Public works	525,691
Capital projects	1,395,493
Culture and recreation	126,417
Unrestricted	<u>12,610,387</u>
Total net position	<u>41,017,119</u>
Total liabilities and net position	<u><u>\$ 43,202,662</u></u>

See notes to financial statements

Township of Ferguson, Pennsylvania

Statement of Activities

Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General government	\$ 2,190,517	\$ 468,869			\$ 1,721,648
Public safety	3,835,519	115,854	\$ 705,282		3,014,383
Health and welfare	6,464	7,939			(1,475)
Public works - sanitation	33,005				33,005
Public works - highways	2,864,437	12,835		\$ 536,505	2,315,097
Public works - other services	135,962	26,080			109,882
Culture and recreation	1,259,033				1,259,033
Interest on long-term debt	55,422				55,422
Total governmental activities	<u>\$ 10,380,359</u>	<u>\$ 631,577</u>	<u>\$ 705,282</u>	<u>\$ 536,505</u>	<u>8,506,995</u>

General Revenues

Taxes:

Real estate	1,338,977
Transfer	1,276,766
Earned income	6,497,093
Local services	334,138
Unrestricted investment earnings	128,308
Miscellaneous	964,296

Total general revenues 10,539,578

Increase in net position 2,032,583

Net Position, Beginning 38,984,536

Net Position, Ending \$ 41,017,119

See notes to financial statements

Township of Ferguson, Pennsylvania

Balance Sheet

Governmental Funds

December 31, 2014

		Capital Projects Funds			
	General Fund	Transportation Improvement Fund	Capital Reserve Fund	Other Non-Major Funds	Totals
Assets					
Cash	\$ 3,330,858	\$ 3,114,514	\$ 2,649,584	\$ 2,101,399	\$ 11,196,355
Investments	989,020				989,020
Derived taxes receivable	2,355,334				2,355,334
Other accounts receivable	226,112				226,112
Due from other funds	13,547			49,467	63,014
Total assets	<u>\$ 6,914,871</u>	<u>\$ 3,114,514</u>	<u>\$ 2,649,584</u>	<u>\$ 2,150,866</u>	<u>\$ 14,829,835</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 19,987		\$ 91	\$ 43,198	\$ 63,276
Payroll and benefits payable	8,944				8,944
Due to other funds	62,355		991	965	64,311
Curb/development deposits	208,723				208,723
Total liabilities	<u>300,009</u>	<u>-</u>	<u>1,082</u>	<u>44,163</u>	<u>345,254</u>
Deferred Inflows of Resources, Unavailable revenues - taxes	<u>1,790,827</u>				<u>1,790,827</u>
Fund balances:					
Restricted				2,047,601	2,047,601
Committed		\$ 3,114,514	2,648,502	53,141	5,816,157
Assigned				5,961	5,961
Unassigned	<u>4,824,035</u>				<u>4,824,035</u>
Total fund balances	<u>4,824,035</u>	<u>3,114,514</u>	<u>2,648,502</u>	<u>2,106,703</u>	<u>12,693,754</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 6,914,871</u>	<u>\$ 3,114,514</u>	<u>\$ 2,649,584</u>	<u>\$ 2,150,866</u>	<u>\$ 14,829,835</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, 2014

Total Fund Balances - Governmental Funds **\$ 12,693,754**

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

Taxes receivable will be collected in the future, but are
not available to pay for current period expenditures
and, therefore, are deferred in the funds. 1,790,827

Net pension asset is not available to pay for current
period expenditures and, therefore, is not recorded
in the funds. 426,510

Capital assets used in governmental activities are
not reported as net position in governmental funds.
The cost of the capital assets is \$44,133,708
and the accumulated depreciation is \$16,124,377. 28,009,331

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

Long-term liabilities at year end consist of:

Notes payable	\$ (1,650,200)	
Accrued interest	(1,348)	
Compensated absences	<u>(251,755)</u>	<u>(1,903,303)</u>

Total Net Position - Governmental Activities **\$ 41,017,119**

Township of Ferguson, Pennsylvania

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended December 31, 2014

		Capital Projects Funds			
	General Fund	Transportation Improvement Fund	Capital Reserve Fund	Other Non-Major Funds	Total Governmental Funds
Revenues					
Taxes	\$ 9,343,175				\$ 9,343,175
Licenses and permits	287,061				287,061
Fines and forfeits	115,854				115,854
Interest and rents	67,676	\$ 24,740	\$ 18,243	\$ 17,649	128,308
Intergovernmental	705,282		11,060	525,445	1,241,787
Charges for service	251,565			26,080	277,645
Miscellaneous revenue	11,696		76,073	801,500	889,269
Refund of prior year expenditures	257		17,861		18,118
Total revenues	10,782,566	24,740	123,237	1,370,674	12,301,217
Expenditures					
Current:					
General government	1,303,277		161,530	749	1,465,556
Public safety	2,751,303		196,534		2,947,837
Health and welfare	6,464				6,464
Public works - sanitation	33,005				33,005
Public works - highways	913,660	1,307,508	278,176	349,473	2,848,817
Public works - other services	107,792			28,170	135,962
Culture and recreation	1,030,424		90,069	176,657	1,297,150
Community development	30,415				30,415
Insurance and other operating	1,615,771		866		1,616,637
Debt service:					
Debt issuance costs				21,442	21,442
Debt service - principal				505,000	505,000
Debt service - interest	5,676			37,566	43,242
Total expenditures	7,797,787	1,307,508	727,175	1,119,057	10,951,527
Excess (Deficiency) of Revenues Over Expenditures	2,984,779	(1,282,768)	(603,938)	251,617	1,349,690
Other Financing (Uses) Sources					
Transfers - in		1,285,350	500,000	549,853	2,335,203
Debt proceeds				1,650,200	1,650,200
Refunded bonds				(1,605,000)	(1,605,000)
Sale of capital assets			13,317		13,317
Transfers - out	(2,335,203)				(2,335,203)
Total other financing (uses) sources	(2,335,203)	1,285,350	513,317	595,053	58,517
Net Increase (Decrease) in Fund Balances	649,576	2,582	(90,621)	846,670	1,408,207
Fund Balances, Beginning	4,174,459	3,111,932	2,739,123	1,260,033	11,285,547
Fund Balances, Ending	\$ 4,824,035	\$ 3,114,514	\$ 2,648,502	\$ 2,106,703	\$ 12,693,754

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, 2014

Net Increase in Fund Balances - Total Governmental Funds \$ 1,408,207

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

Some taxes will not be collected for several months after year-end as they are not considered "available" revenues in the governmental funds. 103,799

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

Capital outlays	\$ 2,191,810	
Loss on disposal of capital assets	(5,391)	
Depreciation expense	<u>(2,100,579)</u>	85,840

Change in net pension asset. (21,790)

The issuance of long term debt provides current financial resources to government while the repayment of the principal of long-term debt consumes the current financial resources of government funds. These transactions, however, do not have an effect on net position. Reconciling items related to long-term debt activity for the year ended December 31, 2014 are as follows:

Proceeds from the issuance of long-term debt	(1,650,200)	
Refund of bonds payable	1,605,000	
Principal payments on long-term debt made in 2014.	<u>505,000</u>	459,800

Governmental funds report bond premiums when debt is first issued, whereas these amounts are deferred and reported in the statement of activities.

This amount represents accretion of bond premium in 2014. 5,764

Accrued interest expense on long-term debt is reported in the statement of activities but does not require the use of current financial resources.

Therefore, accrued interest expense is not reported as expenditures in governmental funds. The net change is recorded in the statement of activities. 3,497

In the statement of activities, certain operating expenses - compensated absences (vacation and sick days) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. (12,534)

Change in Net Position of Governmental Activities \$ 2,032,583

Township of Ferguson, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

General Fund

Year Ended December 31, 2014

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 8,768,830	\$ 8,768,830	\$ 9,343,175	\$ 574,345
Licenses and permits	267,714	267,714	287,061	19,347
Fines and forfeits	98,025	98,025	115,854	17,829
Interest and rents	105,608	105,608	67,676	(37,932)
Intergovernmental	787,557	787,557	705,282	(82,275)
Charges for service	134,280	134,280	251,565	117,285
Miscellaneous	7,000	7,000	11,696	4,696
Refund of prior year expenditures	-	-	257	257
Total revenues	10,169,014	10,169,014	10,782,566	613,552
Expenditures				
General government	1,340,007	1,340,007	1,303,277	36,730
Public safety	3,016,345	3,016,345	2,751,303	265,042
Health and welfare	6,000	6,000	6,464	(464)
Public works - sanitation	35,000	35,000	33,005	1,995
Public works - highways	933,139	933,139	913,660	19,479
Other public works	101,383	101,383	107,792	(6,409)
Culture and recreation	1,014,994	1,014,994	1,030,424	(15,430)
Community development	30,575	30,575	30,415	160
Insurance and other operating	1,708,524	1,708,524	1,615,771	92,753
Debt service - interest	1,750	1,750	5,676	(3,926)
Total expenditures	8,187,717	8,187,717	7,797,787	389,930
Excess of Revenues Over Expenditures	1,981,297	1,981,297	2,984,779	1,003,482
Other Financing Uses				
Operating transfers - out	(2,392,831)	(2,392,831)	(2,335,203)	57,628
Net Changes in Fund Balance	(411,534)	(411,534)	649,576	\$ 1,061,110
Fund Balances, Beginning	411,534	411,534	4,174,459	
Fund Balances, Ending	\$ -	\$ -	\$ 4,824,035	

See notes to financial statements

Township of Ferguson, Pennsylvania

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2014

	Pension Trust Funds	Tudek Memorial Trust Fund	Agency Fund
Assets			
Cash and cash equivalents	\$ 259,498	\$ 118,427	\$ 440,074
Investments, at fair value:			
Cash and cash equivalents	279,867		
Fixed income	1,303,999		
Equities	2,228,754		
Mutual funds	3,358,678		
Accounts receivable		3,500	
Due from other funds		13,808	
Land		2,118,100	
Land improvements, net		38,617	
Total assets	<u>7,430,796</u>	<u>2,292,452</u>	<u>440,074</u>
Liabilities			
Accounts payable		625	440,074
Due to other funds	<u>12,511</u>		
Total liabilities	<u>12,511</u>	<u>625</u>	<u>440,074</u>
Net Position Restricted for Pensions and Other Trust Fund	<u>\$ 7,418,285</u>	<u>\$ 2,291,827</u>	<u>\$ -</u>

See notes to financial statements

Township of Ferguson, Pennsylvania

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2014

	Pension Trust Funds	Tudek Memorial Trust Fund
Additions		
Contributions:		
Employer contributions	\$ 352,549	\$ -
Employee contributions	69,108	
Forfeitures	15,519	
Total contributions	437,176	
Investment income:		
Net appreciation in fair value of investments	266,490	
Interest and dividends	125,976	5,580
Less investment expense	(45,216)	
Net investment income	347,250	5,580
Grants and gifts - nongovernmental		13,896
Total additions	784,426	19,476
Deductions		
Park operations		6,202
Administration	9,353	1,000
Insurance		2,794
Benefits paid to participants	633,192	
Total deductions	642,545	9,996
Net Changes in Net Position	141,881	9,480
Net Position Restricted for Pensions and Other Trust Fund, Beginning	7,276,404	2,282,347
Net Position Restricted for Pensions and Other Trust Fund, Ending	\$ 7,418,285	\$ 2,291,827

See notes to financial statements

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

1. Summary of Significant Accounting Policies

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

Financial Reporting Entity

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

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

Related Organization

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

Jointly Governed Organizations

Centre Area Transportation Authority ("CATA"), Centre Region Council of Governments ("CRCOG"), Centre Regional Recreation Authority ("CRRRA") and Schlow Library have boards appointed jointly by the area governments' governing bodies. The Township elects two members to the Schlow Centre Region Library governing board and one member to the remaining units' governing boards. Accordingly, these organizations are not component units. These are independent units that select management staff, set user charges, establish budgets and control all aspects of the daily activities. In the event that one of these units would dissolve, however, the assets and/or liabilities would be shared among the participating municipalities. The Township approved the following operating and capital grants to these organizations for 2014: CATA \$107,792, CRCOG \$448,842, CRRRA \$589,530 and Schlow Centre Region Library \$365,325.

The Township guarantees bank debt for CRCOG. The Township would be obligated in the event CRCOG was not able to meet principal and interest payments when they become due. As of December 31, 2014 the maximum amount payable under such guarantees is \$5,195,220 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 2028. There is no formal arrangement for recovery of payments should the guarantee be exercised.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

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

Government - Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The expenses reported for functional activities include allocated indirect expenses. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

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.

Governmental Funds

Major Governmental Funds

General Fund

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

Transportation Improvement Fund

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

Capital Reserve Fund

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

Non-Major Governmental Funds

Special Revenue Funds

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

Capital Projects Funds

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

Debt Service Fund

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

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

Fiduciary Funds

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

Budgets and Budgetary Accounting

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

Net Position

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

Net Investment in Capital Assets

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

Restricted

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

Unrestricted

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

Governmental Fund Balances

The Township classifies its governmental fund balances as follows:

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

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

- *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.

Investments

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

Prepaid Items

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the calendar year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to or from other funds." All trade and certain tax receivables are shown net of an allowance for uncollectible. Township management has determined that an allowance for property taxes receivable is not necessary at December 31, 2014, based on collection history.

Deferred Outflows/Inflows of Resources

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

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

In addition to liabilities, the Township will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from taxes which are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, vehicles, and infrastructure assets (e.g., roads, sidewalks, traffic signals, bike paths, and similar items), are reported in the government-wide financial statements. Infrastructure assets have been capitalized on a prospective basis from 2004. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are defined by the Township as assets with an initial, individual cost of \$2,500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets are recorded at historical cost using prevailing wages.

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

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

Buildings	30 years
Land Improvements	10 to 30 years
Building Improvements	10 to 30 years
Park Improvements	10 to 30 years
Furniture & Equipment	3 to 20 years
Infrastructure	10 to 20 years
Vehicles	5 years

Compensated Absences

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

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

Pension Plans

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

Deferred Compensation Plan

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

Real Estate Taxes

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

The Township's property tax is levied by ordinance of the Board of Supervisors on real property located within the Township. Assessed values are generally 50% of market value as of the date of the last reassessments by the Centre County Board of Property Assessments, Appeals, and Review. The total assessed valuation was approximately \$556,212,000 as of March 1, 2014. For 2014, Township real estate taxes were levied at the rate of 2.422 mills (.002422) on every dollar of taxable adjusted valuation.

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

Use of Estimates

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

Recent Accounting Standards

In June 2012, the GASB issued statement No. 67 - *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. This statement establishes accounting and financial reporting standards for the activities of pension plans that are administered through trusts and meet certain criteria. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain requirements. The effect of this adoption expanded pension fund note disclosures and the related required supplementary information tables.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The adoption of this standard did not have any impact on the Township's December 31, 2014 financial statements.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more-likely-than-not that the government will be required to make a payment on the guarantee. The adoption of this standard did not have a material impact on the Township's December 31, 2014 financial statements.

2. Cash, Cash Equivalents, and Investments

Governmental Activities

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

Cash and Cash Equivalents

At December 31, 2014, the Township's total bank deposits were \$11,885,963. The Township's cash deposits are held at one local bank and the Pennsylvania Local Government Investment Trust. The operating accounts are held at a local bank and are secured by FDIC insurance up to \$250,000 under current law.

Investment Portfolio

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

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

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

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

- Obligations of the political subdivisions of the Commonwealth of Pennsylvania or its agencies or instrumentalities
- Pooled investments in accordance with the provisions of the Act of the Pennsylvania General Assembly of July 12, 1972 (P.L. 762, No. 180).

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Township will not recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The Township does not have a formal deposit policy for custodial credit risk. As of December 31, 2014, the Township's total bank deposits and certificates of deposit were \$11,885,963. Of this amount, \$250,000 was insured by the FDIC. \$161,849 of the total deposits is held in trust by the Pennsylvania Local Government Investment Trust ("PLGIT") in accounts separate and apart from the assets of the financial institution. The PLGIT trust invests in two basic types of Federal Securities: Obligations backed by the full faith and credit of the United States and short term obligations of the U.S. Government and its agencies instrumentalities. The remaining bank deposits of \$11,474,114 were exposed to custodial credit risk, as these deposits were not covered by depository insurance. Rather, these deposits were collateralized with securities held by the pledging institution, but not in the Township's name. Local financial institution Certificates of Deposit are held for safekeeping by the Township (except those held by Morgan Stanley Smith Barney).

The Township has investments with the firm Morgan Stanley Smith Barney in the amount of \$989,020. The types of investments include certificates of deposit insured by the FDIC in the amount of \$961,268, and mortgage and asset backed securities in the amount of \$403 with the remainder in cash or cash equivalents. These investments are held by the investment firm in an account separate and apart from the assets of the financial institution. The brokerage account is held in the Ferguson Township's name.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a credit rating by a nationally recognized organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Township does not have a formal deposit policy for credit risk.

As of December 31, 2014, the Township's credit quality distribution of securities only applies to its mortgage-backed securities:

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

Mortgage-backed securities	Unrated	.04%
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Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. The Township places no limit on the amount the Township may invest in any one issuer. As of December 31, 2014, there are no investments that exceed 5% of the total portfolio's market value.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

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 charges 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, 2014:

Maturity	Amount
None	\$ 27,349
Less than one year	\$ 335,224
One to two years	\$ 626,044
Two to three years	\$ 403

Foreign Currency Risk

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

Pension Trust Funds

The deposits and investments of the fiduciary funds are administered by the Police 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 summarize the investment philosophy of the trustees:

Custodial Credit Risk

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

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a credit rating by a nationally recognized organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Trustees do not have a formal deposit policy for credit risk.

As of December 31, 2014, the Township's credit quality distribution of securities as a percentage of total investments is as follows:

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

Corporate bonds	A	1.02%
Corporate bonds	BBB	.79%
Corporate bonds	BB	.21%

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. The Police Pension fund investment policy requires that investments meet asset allocation formulas prevalent in balanced portfolios using a strategic allocation of 60% S&P 500, 30% Lehman Brothers Government/Credit Index Intermediate, and 10% cash equivalents. Allocations may range from a minimum of 30% equities and/or fixed income investments to a maximum of 70% equities and/or fixed income.

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, 2014:

Maturity	Amount
None	\$ 7,430,796
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, 2014

3. Capital Assets

A summary of changes in capital assets is as follows:

	January 1, 2014	Additions	Transfers	Disposals	December 31, 2014
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,164,693				\$ 2,164,693
Capital assets being depreciated:					
Buildings and improvements	8,516,237	\$ 50,704			8,566,941
Equipment	2,621,430	222,065		\$ (287,307)	2,556,188
Vehicles	2,395,673	293,303		(97,580)	2,591,396
Infrastructure	26,628,753	1,625,738			28,254,491
Total capital assets being depreciated	40,162,093	2,191,810	-	(384,887)	41,969,016
Accumulated depreciation:					
Buildings and improvements	(4,476,864)	(359,727)			(4,836,591)
Equipment	(1,709,866)	(206,478)		281,916	(1,634,428)
Vehicles	(1,549,911)	(185,458)		97,580	(1,637,789)
Infrastructure	(6,666,654)	(1,348,916)			(8,015,570)
Total accumulated depreciated	(14,403,295)	(2,100,579)	-	379,496	(16,124,378)
Governmental activities capital assets, net	\$ 27,923,491	\$ 91,231	\$ -	\$ (5,391)	\$ 28,009,331

Depreciation expense was charged to governmental activities as follows:

General government	\$ 439,039
Public safety	137,568
Highway and streets	1,445,174
Culture and recreation	78,798
Total	<u>\$ 2,100,579</u>

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

4. Long-Term Debt

The changes in long-term liabilities for the year ended December 31, 2014 are as follows:

	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2014</u>	<u>Current Portion</u>
Bonds payable:					
Bond series 2009	\$ 2,110,000	\$ -	\$ (2,110,000)	\$ -	\$ -
General Obligation Note Series of 2014	-	1,650,200	-	1,650,200	543,000
Unamortized premium	<u>5,764</u>	<u>-</u>	<u>(5,764)</u>	<u>-</u>	<u>-</u>
Total bonds payable	2,115,764	1,650,200	(2,115,764)	1,650,200	543,000
Compensated absences	<u>239,221</u>	<u>29,734</u>	<u>(17,200)</u>	<u>251,755</u>	<u>30,000</u>
Total long-term liabilities	<u>\$ 2,354,985</u>	<u>\$ 1,679,934</u>	<u>\$ (2,132,964)</u>	<u>\$ 1,901,955</u>	<u>\$ 573,000</u>

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

Long-term debt at December 31, 2014 consists of the following:

\$1,650,200 General Obligation Note, Series of 2014, used to refund all outstanding debt, due in varying annual installments through June 2017, interest at .98%.	\$ 1,650,200
Current portion	<u>543,000</u>
Long-term debt	<u>\$ 1,107,200</u>

Debt service requirements at December 31, 2014 are as follows:

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 543,000	\$ 13,511	\$ 556,511
2016	551,200	8,150	559,350
2017	<u>556,000</u>	<u>2,724</u>	<u>558,725</u>
Total	<u>\$ 1,650,200</u>	<u>\$ 24,385</u>	<u>\$ 1,674,586</u>

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

During 2014 the Township completed an advance refunding of the 2009 bonds to take advantage of favorable interest rates. The transaction resulted in reduced cash flow requirements of approximately \$86,000 and an economic gain of approximately \$84,000.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

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, 2014, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ 13,547	\$ 62,355
Capital Reserve Fund		991
Park Improvement Fund	41,850	
Debt Service Fund	6,500	
Liquid Fuels Fund	920	965
Street Light Fund	2	
Hydrant Fund	195	
Fiduciary Funds	13,808	12,511
	<u>13,808</u>	<u>12,511</u>
Total	<u>\$ 76,822</u>	<u>\$ 76,822</u>

Interfund transfers for the year ended December 31, 2014 were as follows:

	<u>In</u>	<u>Out</u>
General Fund		\$ 2,335,203
Transportation Improvement Fund	\$ 1,285,350	
Capital Reserve Fund	500,000	
Debt Service Fund	519,853	
Agricultural Preservation Fund	30,000	
	<u>2,335,203</u>	<u>2,335,203</u>
Total	<u>\$ 2,335,203</u>	<u>\$ 2,335,203</u>

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

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

6. Pensions

The Township has two pension plans for its employees. A single-employer defined benefit pension plan covers all full-time police and a single-employer defined contribution plan covers all full-time non-uniformed employees. The Township's payroll for employees fully and partially vested by the police and non-uniform pension plans for the year ended December 31, 2014 was \$1.444 million and \$1.496 million, respectively, which in total, represents 91% of the Township's total payroll of \$3.230 million for all employees.

Defined Benefit Plan - Police Employees

Plan Description and Administration

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

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

At January 1, 2013, the measurement date, members of the plan was as follows:

Inactive plan members currently receiving benefits	8
Inactive plan members entitled to benefits but not yet receiving them	1
Current employees	<u>20</u>
Total membership	<u><u>29</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% of the amount payable to the member at the time of the member's death. The amount of monthly pension is equal to 50% of average monthly compensation.

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

Late Retirement

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

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

Disability Retirement

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

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

Death Benefits

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

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

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

Vesting

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

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

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

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

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

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% of their base salary to the plan. Member contributions are credited with 6% interest. The annual required contribution was determined by the actuary based on the actuarial valuation as of January 1, 2013. The contribution requirements of Plan members and the Township are established and may be amended by the Board of Supervisors. The Township funded 100% of required contributions.

The annual required contribution for the current year was determined as part of the January 1, 2013 actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used for the police pension include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 5.0% per year, (c) no post retirement benefit increases, (d) assets valued at market value as determined by the Trustee, (e) use of the 1984 unisex mortality tables, (f) a disability benefit factor of 3.0% added to basic pension costs, and (g) moderate inflation rate of 4% based on long-term historical average rates. The amortization method is level dollar closed, over a remaining amortization period of 15 years. The assumptions made provision for administration expenses to be added to the normal cost. Any unfunded accrued liabilities will be amortized in accordance with the requirements of PA Act 205 of 1984 as amended.

The Township's annual pension cost and net pension asset for the current year were calculated as follows:

Annual required contribution	\$ 210,393
Interest on net pension obligation	(35,864)
Adjustment to annual required contribution	<u>57,654</u>
Annual pension cost	232,183
Contributions made	<u>(210,393)</u>
Decrease in net pension asset	21,790
Net pension asset, beginning of year	<u>(448,300)</u>
Net pension asset, end of year	<u><u>\$ (426,510)</u></u>

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

The Township's annual required contribution for 2014 was determined as part of the January 1, 2013 actuarial valuation. The Township's annual pension costs, annual required contributions and net pension benefit obligation (asset) to the Plan are as follows for 2014, 2013 and 2012:

Annual Pension Cost-Three Year Trend Information

Years Ended December 31	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Asset
2014	\$ 232,183	90.6 %	\$ (426,510)
2013	220,184	92.7	(448,300)
2012	219,189	86.2	(464,424)

Schedule of Contributions from the Employer Three-Year Trend Contributions

Years Ended December 31	Annual Required Contribution	Percentage of Annual Required Contribution
2014	\$ 210,393	100.0 %
2013	204,059	100.0
2012	189,018	100.0

The funded status of the Plan as of January 1, 2013, the most recent actuarial valuation date, was as follows:

	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Total Unfunded Actuarial Liability (Asset) (c)	Funded Ratio (a)/(b)	Annual Covered Payroll (d)	Ratio of Unfunded Liability to Annual Covered Payroll ((b-a)/d)
Plan	\$ 3,598,503	\$ 4,397,858	\$ 799,355	81.8 %	\$ 1,289,320	62.0 %

The schedule of funding progress, presented as required supplementary information ("RSI") following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

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 %	2.5 %
Domestic equity	50	7.0
Alternatives	15	7.0
Cash and cash equivalents	5	0.0

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, 2014, the annual money-weighted rate of return on pension plan investments, net of Pension Fund investment expense, was 6.5 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Liability of the Plan

Net Pension Liability

The components of the net pension liability of the Plan as of December 31, 2014 were as follows:

Total pension liability	\$ 5,011,103
Plan fiduciary net position	<u>4,480,743</u>
Plan net pension liability	<u>\$ 530,360</u>
Plan fiduciary net position as a percentage of total pension liability	<u>89.4%</u>

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.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

The net pension liability was measured as of December 31, 2014, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2013. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of January 1, 2013 using the following actuarial methods and assumptions:

Actuarial valuation date	January 1, 2013
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 RP-2000 Mortality Table for males and females. The actuarial assumptions used in the January 1, 2013 valuation were selected jointly by the actuary and the governing body of the pension in accordance with regulations under Act 205 of 1984.

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Discount Rate Sensitivity

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

	1% Decrease (7.0%)	Current Discount Rate	1% Increase (9.0%)
Net pension liability (asset)	\$ 1,159,189	\$ 530,360	\$ (37,631)

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

Defined Contribution Plan - Non-Uniform Employees

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

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, 2014, there were thirty-one 401 and 457 plan members.

Pension contributions for year ended December 31, 2014:

	401 Qualified Pension Plan	457 Deferred Compensation Plan
Township contributions	\$ 142,156	
Employee contributions		\$ 146,734
Forfeitures	15,519	
Total contributions	<u>\$ 157,675</u>	<u>\$ 146,734</u>

The Commonwealth of Pennsylvania provided \$278,833 during 2014 toward the Township contributions to the police and non-uniform pension plan through Act 205.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

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

Combining Statement of Pension Trust Funds

December 31, 2014

	Police Pension Trust Fund	Non-Uniformed Pension Trust Fund	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 50,577	\$ 208,921	\$ 259,498
Investments, at fair value:			
Cash and cash equivalents	279,867	-	279,867
Fixed income	1,303,999	-	1,303,999
Equities	2,228,754	-	2,228,754
Mutual funds	617,666	2,741,012	3,358,678
Total	4,480,863	2,949,933	7,430,796
Liabilities			
Due to other funds	120	12,391	12,511
Net Position			
Net position restricted for pensions	\$ 4,480,743	\$ 2,937,542	\$ 7,418,285

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

Combining Statement of Changes in Pension Trust Funds

For the Year Ended December 31, 2014

	Police Pension Trust Fund	Non-Uniformed Pension Trust Fund	Total Pension Trust Funds
Additions			
Contributions:			
Employer contributions	\$ 210,393	\$ 142,156	\$ 352,549
Employee contributions	69,108	-	69,108
Forfeitures	-	15,519	15,519
Total contributions	279,501	157,675	437,176
Investment income:			
Net appreciation in fair value of investments	155,046	111,444	266,490
Interest and dividends	125,904	72	125,976
Investment expense	(45,216)	-	(45,216)
Net investment income	235,734	111,516	347,250
Total additions	515,235	269,191	784,426
Deductions			
Benefits paid to participants	227,366	405,826	633,192
Administration	9,353	-	9,353
Total Deductions	236,719	405,826	642,545
Net Changes in Net Position	278,516	(136,635)	141,881
Net Position Restricted for Pensions, Beginning	4,202,227	3,074,177	7,276,404
Net Position Restricted for Pensions, Ending	<u>\$ 4,480,743</u>	<u>\$ 2,937,542</u>	<u>\$ 7,418,285</u>

Summary of Significant Accounting Policies - Pension Trust Funds

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

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

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. The plans held no individual investments whose market value exceeds five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

7. Private Purpose Trust Fund

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

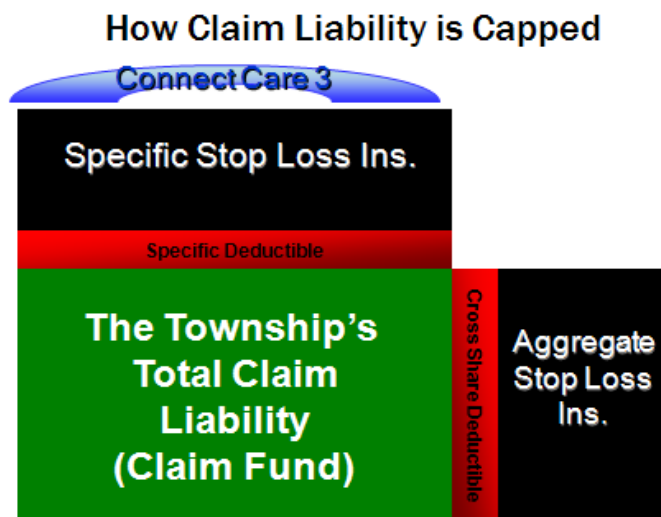
8. Risk Financing

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

Health Insurance

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

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



If the Township has many claims under \$30,000 that exceed the amount in the Township's claim fund, this amount is paid from the Cross Share deductible. This fund is created through mutual agreement of the members to share some of the surpluses of members. As of the date of this report, there have been no claims against the Aggregate Stop Loss since the member contributions have been sufficient to cover the claims.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

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	Other Non-Major Funds	Total
Restricted for:					
Street lights				\$ 4,011	\$ 4,011
Hydrant				8,142	8,142
Liquid fuels				513,538	513,538
Capital projects				110,124	110,124
Regional capital projects				1,285,369	1,285,369
Park improvement				126,417	126,417
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,047,601</u>	<u>\$ 2,047,601</u>
Committed for:					
Transportation improvement		\$ 3,114,514			\$ 3,114,514
Capital projects			\$ 2,648,502		2,648,502
Agricultural preservation				\$ 53,141	53,141
Total	<u>\$ -</u>	<u>\$ 3,114,514</u>	<u>\$ 2,648,502</u>	<u>\$ 53,141</u>	<u>\$ 5,816,157</u>
Assigned for,					
Debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,961</u>	<u>\$ 5,961</u>

10. Pending Changes in Accounting Principles

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 ("GASB 68")*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this standard identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. The Township is required to adopt the provisions of GASB 68 for its December 2015 financial statements.

In January 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Township is required to adopt the provisions of GASB 71 for its December 2015 financial statements.

Township of Ferguson, Pennsylvania

Notes to Financial Statements

December 31, 2014

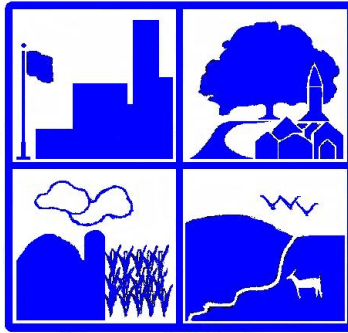
In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements and to provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. To The Township is required to adopt Statement No. 72 for its December 2016 financial statements.

In June of 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This standard completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The Township is required to adopt Statement No. 73 for its calendar 2016 financial statements.

In June of 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The Township is required to adopt Statement No. 74 for its calendar 2017 financial statements.

In June of 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide: Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability-the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments. Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. Statement 75 also requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The Township is required to adopt Statement No. 75 for its calendar 2018 financial statements.

Township management is in the process of evaluating, but has not yet determined how the adoption of the above GASB guidance will impact the Township's financial statements.



Required Supplementary Information - Supplementary Pension Trend Information

Township of Ferguson, Pennsylvania

Schedule of Funding Progress - Police Employees

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

(Unaudited)

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

Township of Ferguson, Pennsylvania

Schedule of Changes in The Township's Net Pension Liability and Related Ratios Most Recent Year

	2014
Total Pension Liability	
Service cost	\$ 169,971
Interest changes of benefit terms	380,013
Benefit payments, including refunds of member contributions	<u>(227,366)</u>
Net change in total pension liability	322,618
Total Pension Liability, Beginning	<u>4,688,485</u>
Total Pension Liability, Ending (a)	<u><u>\$ 5,011,103</u></u>
Plan Fiduciary Net Position	
Employer contributions	\$ 210,393
Employee contributions	69,108
Net investment income	235,734
Benefit payments, including refunds of member contributions	(227,366)
Administration	<u>(9,353)</u>
Net change in plan fiduciary net position	278,516
Plan Fiduciary Net Position, Beginning	<u>4,202,227</u>
Plan Fiduciary Net Position, Ending (b)	<u><u>\$ 4,480,743</u></u>
Township's Net Pension Liability, Ending (a) - (b)	<u><u>\$ 530,360</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u><u>89.42%</u></u>
Covered-employee Payroll	<u><u>\$ 1,443,614</u></u>
Township's Net Pension Liability as a Percentage of Covered-Employee Payroll	<u><u>36.74%</u></u>

Notes 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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 92,392	\$ 95,002	\$ 98,866	\$ 105,300	\$ 108,605	\$ 125,120	\$ 221,588	\$ 189,018	\$ 204,059	\$ 210,393
Contributions in relation to the actuarially determined contribution	<u>108,374</u>	<u>100,083</u>	<u>98,866</u>	<u>114,708</u>	<u>125,120</u>	<u>129,394</u>	<u>245,751</u>	<u>189,018</u>	<u>204,060</u>	<u>210,393</u>
Cotnribution deficiency (excess)	<u>\$ (15,982)</u>	<u>\$ (5,081)</u>	<u>\$ -</u>	<u>\$ (9,408)</u>	<u>\$ (16,515)</u>	<u>\$ (4,274)</u>	<u>\$ (24,163)</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 951,712	\$ 960,378	\$ 1,043,688	\$ 1,186,337	\$ 1,265,496	\$ 1,310,355	\$ 1,323,391	\$ 1,428,127	\$ 1,542,479	\$ 1,443,614
Contributions as a percentage of covered-employee payroll	11.39%	10.42%	9.47%	9.67%	9.89%	9.87%	18.57%	13.24%	13.23%	14.57%

Notes to Schedule:

Valuation date: Actuarially determined contributions are calculated as of January 1 of the prior fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level Dollar Closed
Remaining amortization period	15 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 50 and completion of 20 years of service. Members hired on or after January 24, 2001: Normal Retirement Age.
Mortality	RP-2000 Mortality Table. This table does not include projected mortality improvements.

Township of Ferguson, Pennsylvania

Schedule of Investment Returns

Most Recent Year

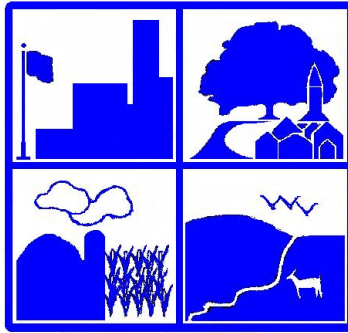
2014

Annual money-weighted rate of return,
net of investment expense

6.50%

Notes to Schedule:

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



Combining Statements of Non-Major Governmental Funds

Township of Ferguson, Pennsylvania

Description of Non-Major Governmental Funds

December 31, 2014

Special Revenue Funds

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

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

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

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

Capital Projects Funds

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

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

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

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

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

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

Debt Service Fund

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

The Debt Service Fund accounts for the payments of principal and interest for the General Obligation Note, Series of 2014.

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

Township of Ferguson, Pennsylvania

Combining Balance Sheet

Non-Major Governmental Funds

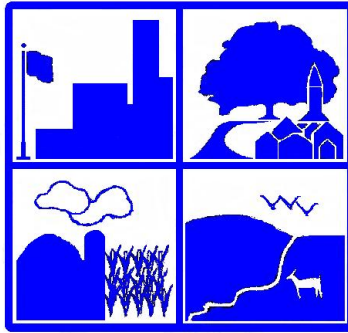
December 31, 2014

	Special Revenue Funds			Capital Projects Funds						
	Street Light Fund	Hydrant Fund	Liquid Fuels Fund	Piney Ridge Fund	Agricultural Preservation Fund	Regional Capital Recreation Projects	Pine Grove Mill Street	Park Improvement Fund	Debt Service Fund	Total Non-Major Funds
Assets										
Cash	\$ 4,009	\$ 7,947	\$ 513,583	\$ 88,918	\$ 53,141	\$ 1,285,369	\$ 21,206	\$ 126,417	\$ 809	\$ 2,101,399
Due from other funds	2	195	920					41,850	6,500	49,467
Total assets	<u>\$ 4,011</u>	<u>\$ 8,142</u>	<u>\$ 514,503</u>	<u>\$ 88,918</u>	<u>\$ 53,141</u>	<u>\$ 1,285,369</u>	<u>\$ 21,206</u>	<u>\$ 168,267</u>	<u>\$ 7,309</u>	<u>\$ 2,150,866</u>
Liabilities and Fund Balances										
Liabilities:										
Accounts payable								\$ 41,850	\$ 1,348	\$ 43,198
Due to other funds			\$ 965							965
Total liabilities			<u>965</u>					<u>41,850</u>	<u>1,348</u>	<u>44,163</u>
Fund balances:										
Restricted	\$ 4,011	\$ 8,142	513,538	\$ 88,918		\$ 1,285,369	\$ 21,206	126,417		2,047,601
Committed					\$ 53,141					53,141
Assigned									5,961	5,961
Total fund balance	<u>4,011</u>	<u>8,142</u>	<u>513,538</u>	<u>88,918</u>	<u>53,141</u>	<u>1,285,369</u>	<u>21,206</u>	<u>126,417</u>	<u>5,961</u>	<u>2,106,703</u>
Total liabilities and fund balance	<u>\$ 4,011</u>	<u>\$ 8,142</u>	<u>\$ 514,503</u>	<u>\$ 88,918</u>	<u>\$ 53,141</u>	<u>\$ 1,285,369</u>	<u>\$ 21,206</u>	<u>\$ 168,267</u>	<u>\$ 7,309</u>	<u>\$ 2,150,866</u>

Township of Ferguson, Pennsylvania

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Non-Major Governmental Funds
Year Ended December 31, 2014

	Special Revenue Funds			Capital Projects Funds						
	Street Light Fund	Hydrant Fund	Liquid Fuels Fund	Piney Ridge Fund	Agricultural Preservation Fund	Regional Capital Recreation Project	Pine Grove Mill Street	Park Improvement Fund	Debt Service Fund	Total Non-Major Funds
Revenues										
Interest and rents	\$ 53	\$ 122	\$ 5,374	\$ 672	\$ 425	\$ 6,196	\$ 69	\$ 782	\$ 3,956	\$ 17,649
Intergovernmental			477,083					48,362		525,445
Charges for service	8,751	17,329								26,080
Miscellaneous revenue						801,500				801,500
Total revenues	8,804	17,451	482,457	672	425	807,696	69	49,144	3,956	1,370,674
Expenditures										
General government									749	749
Public works - highways	13,969		335,504							349,473
Public works - other services		28,170								28,170
Culture and recreation					47,442	129,215				176,657
Debt service:										
Debt issuance costs									21,442	21,442
Debt service - principal									505,000	505,000
Debt service - interest									37,566	37,566
Total expenditures	13,969	28,170	335,504	-	47,442	129,215	-	-	564,757	1,119,057
(Deficiency) Excess of Revenues Over Expenditures	(5,165)	(10,719)	146,953	672	(47,017)	678,481	69	49,144	(560,801)	251,617
Other Financing Sources										
Debt proceeds									1,650,200	1,650,200
Refunded bonds									(1,605,000)	(1,605,000)
Transfers - in	-	-	-	-	30,000	-	-	-	519,853	549,853
Total other financing sources	-	-	-	-	30,000	-	-	-	565,053	595,053
Net (Decrease) Increase in Fund Balances	(5,165)	(10,719)	146,953	672	(17,017)	678,481	69	49,144	4,252	846,670
Fund Balances, Beginning	9,176	18,861	366,585	88,246	70,158	606,888	21,137	77,273	1,709	1,260,033
Fund Balances, Ending	\$ 4,011	\$ 8,142	\$ 513,538	\$ 88,918	\$ 53,141	\$ 1,285,369	\$ 21,206	\$ 126,417	\$ 5,961	\$ 2,106,703



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

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

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

Transportation Improvement Fund

Year Ended December 31, 2014

	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and rents	\$ 40,000	\$ 24,740	\$ (15,260)
Expenditures			
General government	46,000	-	46,000
Public works - highways	1,055,000	1,307,508	(252,508)
Total expenditures	1,101,000	1,307,508	(206,508)
Excess of Expenditures Over Revenues	(1,061,000)	(1,282,768)	(221,768)
Other Financing Sources			
Operating transfers - in	1,373,531	1,285,350	(88,181)
Net Changes in Fund Balances	312,531	2,582	<u>\$ (309,949)</u>
Fund Balances, Beginning	(312,531)	3,111,932	
Fund Balances, Ending	<u>\$ -</u>	<u>\$ 3,114,514</u>	

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

Capital Reserve Fund

Year Ended December 31, 2014

	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and rents	\$ 18,500	\$ 18,243	\$ (257)
Intergovernmental	432,600	11,060	(421,540)
Miscellaneous	-	76,073	76,073
Refund of prior year expenditures	-	17,861	17,861
Total revenues	451,100	123,237	(327,863)
Expenditures			
General government	250,100	161,530	88,570
Public safety	313,485	196,534	116,951
Public works - highways	766,750	278,176	488,574
Culture and recreation	546,674	90,069	456,605
Other operating	6,000	866	5,134
Total expenditures	1,883,009	727,175	1,155,834
Excess of Expenditures Over Revenues	(1,431,909)	(603,938)	827,971
Other Financing Sources			
Transfers - in	500,000	500,000	-
Sale of capital assets	1,000	13,317	12,317
Total other financing sources	501,000	513,317	12,317
Net Changes in Fund Balances	<u>\$ (930,909)</u>	(90,621)	<u>\$ 840,288</u>
Fund Balances, Beginning		<u>2,739,123</u>	
Fund Balances, Ending		<u>\$ 2,648,502</u>	

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

Non-Major Governmental Funds

Special Revenue Funds

Year Ended December 31, 2014

	Street Light			Hydrant			Liquid Fuels		
	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues									
Interest and rents	\$ 5	\$ 53	\$ 48	\$ 5	\$ 122	\$ 117	\$ 100	\$ 5,374	\$ 5,274
Intergovernmental							431,581	477,083	45,502
Charges for service	8,000	8,751	751	21,675	17,329	(4,346)			
Total revenues	8,005	8,804	799	21,680	17,451	(4,229)	431,681	482,457	50,776
Expenditures									
Public works - highways	13,275	13,969	(694)				721,000	335,504	385,496
Public works - other services				28,230	28,170	60			
Total expenditures	13,275	13,969	(694)	28,230	28,170	60	721,000	335,504	385,496
Net (Decrease) Increase in Fund Balances	<u>\$ (5,270)</u>	<u>(5,165)</u>	<u>\$ 105</u>	<u>\$ (6,550)</u>	<u>(10,719)</u>	<u>\$ (4,169)</u>	<u>\$ (289,319)</u>	<u>146,953</u>	<u>\$ 436,272</u>
Fund Balances, Beginning		9,176			18,861			366,585	
Fund Balances, Ending		<u>\$ 4,011</u>			<u>\$ 8,142</u>			<u>\$ 513,538</u>	

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

Non-Major Governmental Funds

Capital Projects Funds

Year Ended December 31, 2014

	Piney Ridge			Agricultural Preservation		
	<u>Budget</u>		<u>Variance with</u>	<u>Budget</u>		<u>Variance with</u>
	<u>Original &</u>	<u>Actual</u>	<u>Final Budget -</u>	<u>Original &</u>	<u>Actual</u>	<u>Final Budget -</u>
	<u>Final</u>		<u>Positive</u>	<u>Final</u>		<u>Positive</u>
			<u>(Negative)</u>			<u>(Negative)</u>
Revenues						
Interest and rents	\$ 15	\$ 672	\$ 657	\$ 15	\$ 425	\$ 410
Expenditures						
Culture and recreation	-	-	-	47,480	47,442	47,480
Excess (Deficiency) of Revenues Over (Under) Expenditures	15	672	657	(47,465)	(47,017)	448
Other Financing (Uses) Sources						
Transfers - in	-	-	-	30,000	30,000	-
Net Changes in Fund Balances	<u>\$ 15</u>	672	<u>\$ 657</u>	<u>\$ (17,465)</u>	(17,017)	<u>\$ 448</u>
Fund Balances, Beginning		88,246			70,158	
Fund Balances, Ending		<u>\$ 88,918</u>			<u>\$ 53,141</u>	

(Continued)

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget-to-Actual Comparison

Non-Major Governmental Funds

Capital Projects Funds

Year Ended December 31, 2014

	Regional Capital Recreation Projects			Park Improvement		
	<u>Budget</u>		<u>Variance with</u>	<u>Budget</u>		<u>Variance with</u>
	<u>Original &</u>	<u>Actual</u>	<u>Final Budget -</u>	<u>Original &</u>	<u>Actual</u>	<u>Final Budget -</u>
	<u>Final</u>		<u>Positive</u>	<u>Final</u>		<u>Positive</u>
			<u>(Negative)</u>			<u>(Negative)</u>
Revenues						
Interest and rents	\$ 5,150	\$ 6,196	\$ 1,046	\$ 10	\$ 782	\$ 772
Intergovernmental					48,362	48,362
Miscellaneous revenue	<u>103,225</u>	<u>801,500</u>	<u>698,275</u>			
Total revenues	<u>108,375</u>	<u>807,696</u>	<u>699,321</u>	<u>10</u>	<u>49,144</u>	<u>49,134</u>
Expenditures						
Culture and recreation	<u>172,285</u>	<u>129,215</u>	<u>43,070</u>	<u>51,000</u>	<u>-</u>	<u>51,000</u>
Net Changes in Fund Balances	<u><u>\$ (63,910)</u></u>	<u>678,481</u>	<u><u>\$ 742,391</u></u>	<u><u>\$ (50,990)</u></u>	<u>49,144</u>	<u><u>\$ 100,134</u></u>
Fund Balances, Beginning		<u>606,888</u>			<u>77,273</u>	
Fund Balances, Ending		<u><u>\$ 1,285,369</u></u>			<u><u>\$ 126,417</u></u>	

Township of Ferguson, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances

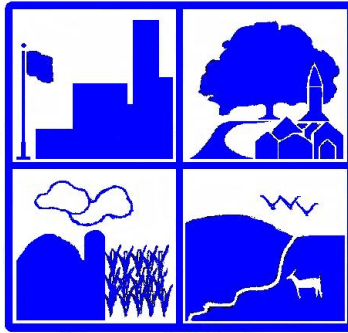
Budget-to-Actual Comparison

Non-Major Governmental Fund

Debt Service Fund

Year Ended December 31, 2014

	Budget Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Interest	\$ -	\$ 3,956	\$ 3,956
Expenditures			
General government	600	749	(149)
Debt service:			
Debt issuance costs	-	21,442	(21,442)
Debt service - principal	505,000	505,000	-
Debt service - interest	51,825	37,566	14,259
Total expenditures	557,425	564,757	(7,332)
Excess of Expenditures Over Revenues	(557,425)	(560,801)	(3,376)
Other Financing Sources (Uses)			
Debt proceeds	-	1,650,200	1,650,200
Refunded bonds		(1,605,000)	(1,605,000)
Transfers - in	560,000	519,853	(40,147)
Total other financing sources	560,000	565,053	5,053
Net Changes in Fund Balances	\$ 2,575	4,252	\$ 1,677
Fund Balances, Beginning		1,709	
Fund Balances, Ending		\$ 5,961	



Combining Statements of Pension Trust Funds

Township of Ferguson, Pennsylvania

Combining Statement of Pension Trust Funds

December 31, 2014

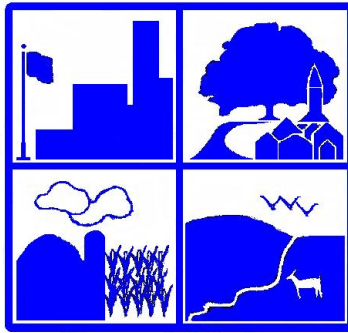
	Police Pension Trust Fund	Non-Uniformed Pension Trust Fund	Total Trust Funds
Assets			
Cash and cash equivalents	\$ 50,577	\$ 208,921	\$ 259,498
Investments, at fair value:			
Cash and cash equivalents	279,867		279,867
Fixed income	1,303,999		1,303,999
Equities	2,228,754		2,228,754
Mutual funds	617,666	2,741,012	3,358,678
Total assets	4,480,863	2,949,933	7,430,796
Liabilities			
Due to other funds	120	12,391	12,511
Net Position			
Net position restricted for pensions	\$ 4,480,743	\$ 2,937,542	\$ 7,418,285

Township of Ferguson, Pennsylvania

Combining Statement of Changes in Pension Trust Funds

Year Ended December 31, 2014

	Police Pension Fund	Non-Uniformed Pension Fund	Total Trust Funds
Additions			
Contributions:			
Employer contributions	\$ 210,393	\$ 142,156	\$ 352,549
Employee contributions	69,108		69,108
Forfeitures		15,519	15,519
Total contributions	<u>279,501</u>	<u>157,675</u>	<u>437,176</u>
Investment income:			
Net appreciation in fair value of investments	155,046	111,444	266,490
Interest and dividends	125,904	72	125,976
Less investment expense	<u>(45,216)</u>		<u>(45,216)</u>
Net investment income	<u>235,734</u>	<u>111,516</u>	<u>347,250</u>
Total additions	<u>515,235</u>	<u>269,191</u>	<u>784,426</u>
Deductions			
Benefits paid to participants	227,366	405,826	633,192
Administration	<u>9,353</u>		<u>9,353</u>
Total deductions	<u>236,719</u>	<u>405,826</u>	<u>642,545</u>
Net Changes in Net Position	278,516	(136,635)	141,881
Net Position Restricted for Pensions, Beginning	<u>4,202,227</u>	<u>3,074,177</u>	<u>7,276,404</u>
Net Position Restricted for Pensions, Ending	<u>\$ 4,480,743</u>	<u>\$ 2,937,542</u>	<u>\$ 7,418,285</u>



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

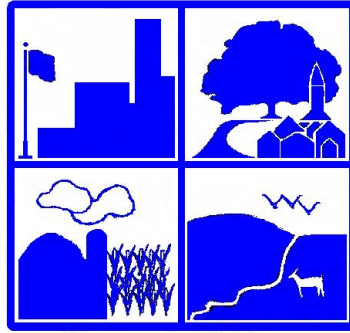
Township of Ferguson, Pennsylvania

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

December 31, 2014

	Balance, January 1, 2014	Additions	Deletions	Balance, December 31, 2014
Earned Income Tax Office				
Assets,				
Cash	<u>\$ 50,512</u>	<u>\$ 15,528</u>	<u>\$ (13,638)</u>	<u>\$ 52,402</u>
Liabilities,				
Payable to other taxing units	<u>\$ 50,512</u>	<u>\$ 15,528</u>	<u>\$ (13,638)</u>	<u>\$ 52,402</u>
Real Estate Tax Office				
Assets,				
Cash	<u>\$ 291,522</u>	<u>\$ 22,751,698</u>	<u>\$ (22,655,548)</u>	<u>\$ 387,672</u>
Liabilities,				
Payable to other taxing units	<u>\$ 291,522</u>	<u>\$ 22,751,698</u>	<u>\$ (22,655,548)</u>	<u>\$ 387,672</u>
Total All Agency Funds				
Assets,				
Cash	<u>\$ 342,034</u>	<u>\$ 22,767,226</u>	<u>\$ (22,669,186)</u>	<u>\$ 440,074</u>
Liabilities,				
Payable to other taxing units	<u>\$ 342,034</u>	<u>\$ 22,767,226</u>	<u>\$ (22,669,186)</u>	<u>\$ 440,074</u>



Statistical Section

Township of Ferguson, Pennsylvania

Statistical Section
December 31, 2014

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Net investment in capital assets	\$ 9,714,764	\$ 15,480,980	\$ 17,332,193	\$ 17,993,703	\$ 21,514,479	\$ 17,881,248	\$ 20,883,275	\$ 21,228,343	\$ 25,807,727	\$ 26,359,131
Restricted							1,160,103	1,117,065	1,188,166	2,047,601
Unrestricted/unassigned	9,979,972	8,804,653	8,700,755	11,124,825	10,192,207	15,642,390	14,602,551	15,415,901	11,988,643	12,610,387
Total governmental activities net position	<u>\$ 19,694,736</u>	<u>\$ 24,285,633</u>	<u>\$ 26,032,948</u>	<u>\$ 29,118,528</u>	<u>\$ 31,706,686</u>	<u>\$ 33,523,638</u>	<u>\$ 36,645,929</u>	<u>\$ 37,761,309</u>	<u>\$ 38,984,536</u>	<u>\$ 41,017,119</u>

Note: (1) the Township has no business type activities

Source: Independent Auditors' Report

Township of Ferguson, Pennsylvania

Schedule of Government- Wide Changes in Net Position
(Unaudited)
Years Ended December 31

SCHEDULE 2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental type activities (current):										
General government	\$ 965,690	\$ 654,632	\$ 1,310,524	\$ 1,185,216	\$ 1,466,992	\$ 1,454,365	\$ 1,573,015	\$ 1,566,073	\$ 2,162,036	\$ 2,190,517
Public safety	1,669,044	1,969,855	2,136,230	2,404,827	2,437,740	2,519,983	2,671,630	2,662,723	3,647,288	3,835,519
Health and welfare	3,431	2,586	5,678	2,961	7,317	5,729	7,166	5,090	6,673	6,464
Public works	1,549,644	1,463,204	1,981,038	1,667,533	1,935,062	2,753,477	2,650,121	3,771,053	3,537,116	3,033,404
Culture and recreation	780,092	702,090	905,683	1,363,566	1,076,279	1,050,198	1,085,404	1,329,119	1,320,474	1,259,033
Conservation and development	15,000			30,546	11,955					
Insurance and other operating	795,404	938,315	1,047,775	1,061,465	702,868	1,223,395	1,377,940	1,382,998	-	-
Interest on long term debt	129,109	131,475	181,020	168,704	138,215	92,996	79,627	71,586	62,219	55,422
Total governmental activities expenses	5,907,414	5,862,157	7,567,948	7,884,818	7,776,428	9,100,143	9,444,903	10,788,642	10,735,806	10,380,359
Revenues:										
Governmental activities:										
Charges for services:										
General Government	133,076	106,637	120,023	310,685	379,075	438,827	438,355	397,660	458,619	468,869
Public Safety	128,610	29,775	45,645	161,429	132,062	128,099	117,887	135,854	120,435	115,854
Health and welfare		5,390	6,380	6,013	6,068	6,625	6,328	7,738	8,018	7,939
Public Works	318,398	37,769	39,192	39,154	44,964	44,628	46,112	39,148	22,724	38,915
Conservation and development	32,289									
Operating grants and contributions	1,067,993	1,143,635	790,172	838,783	491,698	518,193	751,857	531,506	577,761	705,282
Capital grants and contributions	114,320	45,158	13,500	556,648	582,527	392,822	2,908,628	999,364	513,747	536,505
Total governmental activities revenues	1,794,686	1,368,364	1,014,912	1,912,712	1,636,394	1,529,194	4,269,167	2,111,270	1,701,304	1,873,364
Net Revenues (Expenses)										
Governmental activities	(4,112,728)	(4,493,793)	(6,553,036)	(5,972,106)	(6,140,034)	(7,570,949)	(5,175,736)	(8,677,372)	(9,034,502)	(8,506,995)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes:										
Real estate	724,877	765,019	797,979	1,238,068	1,264,640	1,275,750	1,285,660	1,314,567	1,323,738	1,338,977
Transfer	1,832,506	1,371,866	1,251,853	1,234,907	840,595	1,034,100	832,580	969,487	1,978,764	1,276,766
Earned Income	4,330,192	5,371,056	4,886,700	5,580,764	5,846,005	6,015,241	5,890,462	5,542,488	6,029,207	6,497,093
Local Services	316,119	360,192	366,482	299,621	346,277	319,906	381,124	307,512	331,371	334,138
Developer contributions	2,646,000									
Franchise Fees	140,607	152,971	152,881							
Fines		95,294	108,818							
Unrestricted investment earnings	297,018	468,628	436,853	359,670	340,381	211,615	222,331	190,669	124,685	128,308
Miscellaneous	32,340	191,286	298,785	344,656	90,294	531,289	685,870	468,029	469,964	964,296
Total governmental activities general revenues	10,319,659	8,776,312	8,300,351	9,057,686	8,728,192	9,387,901	9,298,027	8,792,752	10,257,729	10,539,578
Changes in Net Position,										
Governmental activities	\$ 6,206,931	\$ 4,282,519	\$ 1,747,315	\$ 3,085,580	\$ 2,588,158	\$ 1,816,952	\$ 4,122,291	\$ 115,380	\$ 1,223,227	\$ 2,032,583

Notes: (1) 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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Non-Spendable (1)							\$ 3,594	\$ 65,159	\$ 70,220	
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
Unreserved:										
Undesignated	\$ 3,782,521	\$ 4,140,927	\$ 4,824,174	\$ 4,482,879	\$ 5,058,582	\$ 5,119,166				
Total general fund	3,782,521	4,140,927	4,824,174	4,482,879	5,058,582	5,119,166	5,191,337	4,056,812	4,174,459	4,824,035
All Other Governmental Funds										
Non-Spendable (1)										
Restricted (1)							1,160,103	1,117,065	1,188,166	2,047,601
Committed (1)							7,913,681	9,240,120	5,921,213	5,816,157
Assigned (1)							27	835	1,709	5,961
Unassigned (1)										
Reserved for:										
Capital Projects	4,445,800	1,861,064	561,377	1,336,771	1,450,563	1,411,733				
Unreserved, Undesignated, reported in:										
Special Revenue Funds	86,075	278,045	200,061	390,210	325,815	330,486				
Capital Projects Funds	4,191,044	2,670,841	3,653,616	5,076,180	5,383,208	6,250,624				
Debt Service	439	4,803	1,444	1,747	(7,979)	(7,267)				
Total all other governmental funds	8,723,358	4,814,753	4,416,498	6,804,908	7,151,607	7,985,576	9,073,811	10,358,020	7,111,088	7,869,719
Total governmental fund balances	\$ 12,505,879	\$ 8,955,680	\$ 9,240,672	\$ 11,287,787	\$ 12,210,189	\$ 13,104,742	\$ 14,265,148	\$ 14,414,832	\$ 11,285,547	\$ 12,693,754

Note: 1. GASB Statement number 54, Fund Balance Reporting takes 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

	2005	2006 (1)	2007	2008	2009	2011	2012	2013	2014
Revenues									
Taxes	\$ 7,497,728	\$ 7,544,600	\$ 8,067,179	\$ 8,376,605	\$ 7,948,380	\$ 8,403,023	\$ 8,478,220	\$ 9,771,549	\$ 9,343,175
Licenses and permits	157,558	172,638	170,481	215,362	220,608	250,463	239,880	309,657	287,061
Fines and forfeits	106,014	95,294	108,818	116,518	132,062	117,887	135,854	120,435	115,854
Special assessments	28,926								
Interest and rents	249,018	468,628	436,853	359,670	340,381	222,331	190,669	124,685	128,308
Intergovernmental	1,507,544	1,188,793	803,672	895,431	1,074,225	3,660,485	1,530,870	1,091,508	1,241,787
Charges for services	142,083	179,570	211,240	209,215	234,625	253,990	223,269	259,019	277,645
Other financing sources	105,561	15,767	1,482	500,000					
Miscellaneous revenues	32,340	222,380	279,703	320,432	61,281	661,005	409,016	355,649	889,269
Refund of prior year expenditures				410	3,887	7,296	255	274	18,118
Total revenues	9,826,772	9,887,670	10,079,428	10,993,643	10,015,449	13,576,480	11,208,033	12,032,776	12,301,217
Expenditures									
General government	1,358,503	2,599,674	2,539,108	1,241,043	1,169,636	1,143,935	1,278,323	1,469,596	1,465,556
Public safety	1,649,577	2,049,776	2,185,869	2,410,533	2,485,741	2,718,215	2,649,349	2,907,932	2,947,837
Health and welfare	3,431	2,586	5,678	2,961	7,317	7,166	5,090	6,673	6,464
Public works	3,142,886	5,049,669	2,515,353	2,159,994	2,685,156	5,206,287	3,542,450	7,411,752	3,017,784
Culture and recreation	849,481	796,000	922,915	1,454,367	1,099,725	1,365,651	1,711,634	1,321,946	1,297,150
Community development				30,546	11,955			30,415	30,415
Insurance and other operating	693,666	936,345	1,047,775	1,061,465	1,164,589	1,421,872	1,352,827	1,576,850	1,616,637
Debt issuance costs									21,442
Debt service-principal	384,119	1,884,418	396,000	416,000	329,053	475,000	485,000	495,000	505,000
Debt service-interest	139,615	119,401	181,738	169,619	143,515	81,860	73,830	64,490	43,242
Other costs					116,462				
Total expenditures	8,221,278	13,437,869	9,794,436	8,946,528	9,213,149	12,419,986	11,098,503	15,284,654	10,951,527
Excess (Deficiency) of Revenues Over Expenditures	1,605,494	(3,550,199)	284,992	2,047,115	802,300	1,156,494	109,530	(3,251,878)	1,349,690
Other Financing Sources (Uses)									
Net transfers in (out)	(101,439)						23,587	75,617	
Sale of capital assets						3,912	16,567	46,976	13,317
Net proceeds from long term debt	2,968,200				4,435,000				1,650,200
Bond premium					12,249				
Payments to refund bonds and notes payable					(4,327,147)				(1,605,000)
Total other financing sources	2,866,761	-	-	-	120,102	3,912	40,154	122,593	58,517
Net Changes in Fund Balances	<u>\$ 4,472,255</u>	<u>\$ (3,550,199)</u>	<u>\$ 284,992</u>	<u>\$ 2,047,115</u>	<u>\$ 922,402</u>	<u>\$ 1,160,406</u>	<u>\$ 149,684</u>	<u>\$ (3,129,285)</u>	<u>\$ 1,408,207</u>
Debt service as a percentage of non capital expenditures (2)	12.86%	28.92%	8.59%	8.19%	6.47%	6.70%	5.84%	5.93%	6.26%

Notes:

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

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

Source: Independent Auditors' Report

Township of Ferguson, Pennsylvania

Schedule of Earned Income Tax

(Unaudited)

Years Ended December 31

SCHEDULE 5

<u>Year</u>	<u>Rate</u>	<u>Total Earned Income Tax Collected (1)</u>	<u>% Change</u>
2005	1.40%	\$ 4,624,226	2.00%
2006	1.40%	5,049,275	9.19%
2007	1.40%	5,267,427	4.32%
2008	1.40%	5,604,008	6.39%
2009	1.40%	5,496,867	-1.91%
2010	1.40%	5,453,119	-0.80%
2011	1.40%	5,890,462	8.02%
2012	1.40%	5,542,488	-5.91%
2013	1.40%	6,029,207	8.78%
2014	1.40%	6,497,093	7.76%

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
2005	1.40%	0.95%	2.35%
2006	1.40%	0.95%	2.35%
2007	1.40%	0.95%	2.35%
2008	1.40%	0.95%	2.35%
2009	1.40%	0.95%	2.35%
2010	1.40%	0.95%	2.35%
2011	1.40%	0.95%	2.35%
2012	1.40%	0.95%	2.35%
2013	1.40%	0.95%	2.35%
2014	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	2014 (1)				2005 (1)			
	Number of Filers	Percentage of Total	Tax Liability (3)	Percentage of Total Levy	Number of Filers	Percentage of Total	Tax Liability (3)	Percentage of Total Levy
Greater than \$100,000.00	1,158	10.04%	\$ 2,789,202	44.72%	611	7.86%	\$ 2,395,496	33.91%
\$75,000.01 - \$100,000.00	743	6.44%	894,188	14.34%	460	5.91%	936,863	13.26%
\$50,000.01 - \$75,000.00	1,093	9.48%	940,722	15.08%	937	12.05%	1,352,627	19.14%
\$25,000.01 - \$50,000.00	1,943	16.85%	994,761	15.95%	1,708	21.96%	1,475,131	20.88%
\$10,000.01 - \$25,000.00	1,909	16.56%	443,664	7.11%	1,854	23.84%	690,954	9.78%
Less than or equal to \$10,000.00	4,685	40.63%	174,564	2.80%	2,208	28.39%	214,107	3.03%
Total	11,531	100.00%	\$ 6,237,101	100.00%	7,778	100.00%	\$ 7,065,178	100.00%

Notes: (1) 2014 collections represent the 2013 tax year and 2005 collections represent the 2004 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: 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							Actual Taxable Value	TAV as % of ATV (2)	Tax Exempt \$ (Memo)
	Agricultural Property	Commercial Property	Industrial Property	Land	Residential Property	Total	Direct Rate			
2005	\$ 13,421,665	\$ 124,003,380	\$ 13,508,980	\$ 6,058,415	\$ 309,129,360	\$ 466,121,800	1.58	\$ 932,243,600	50%	\$ 26,545,930
2006	14,062,795	129,822,235	13,481,930	6,055,870	324,958,435	488,381,265	1.58	976,762,530	50%	26,638,070
2007	14,421,085	130,262,130	13,186,950	6,786,290	340,546,430	505,202,885	1.58	1,010,405,770	50%	27,959,275
2008	15,285,225	132,884,930	12,172,300	6,286,075	350,663,250	517,291,780	1.58	1,034,583,560	50%	29,891,230
2009	15,720,705	132,576,170	12,172,300	7,400,445	358,974,380	526,844,000	1.58	1,053,688,000	50%	30,912,005
2010	16,470,715	133,017,220	11,164,945	6,936,740	364,063,395	531,653,015	1.58	1,063,306,030	50%	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

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	2014			2005		
	Taxable Assessed Values	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Values	Rank	Percentage of Total Taxable Assessed Value
Minitab Inc.	\$ 9,190,030	1	1.65%	\$ 4,442,565	3	0.95%
Copper Beach Townhouses	8,755,760	2	1.57%	5,738,525	1	1.23%
Circleville Road Partners	7,330,585	3	1.32%			0.00%
C2S LP	6,566,240	4	1.18%			0.00%
State College Park Apartments LLC	4,511,265	5	0.81%			0.00%
CSC Northland LP	3,598,730	6	0.65%			0.00%
Park Crest Terrace LTD	3,250,550	7	0.58%	3,250,550	6	0.70%
Hemmingway Place	2,587,830	8	0.47%			0.00%
Weis Markets	2,543,760	9	0.46%			0.00%
QSI Partnership	2,375,995	10	0.43%	3,097,780	7	0.66%
WHGMH Realty (Accuweather)			0.00%	4,511,265	2	0.97%
David & Natalie Roberts			0.00%	4,119,650	4	0.88%
Edens & Avant Financing			0.00%	3,856,370	5	0.83%
Murata Electronics Inc.			0.00%	2,906,950	8	0.62%
WcWhirter Family Limited Partnership			0.00%	2,692,945	9	0.58%
Unico Corporation			0.00%	2,631,680	10	0.56%
Total	<u>\$ 50,710,745</u>		<u>9.12%</u>	<u>\$ 37,248,280</u>		<u>7.99%</u>
Total Taxable Assessed Value	<u>\$ 556,212,235</u>			<u>\$ 466,121,800</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	Outstanding Delinquent Taxes as a Percent of Current Levy
2005	\$ 728,082	\$ 707,398	97.16%	\$ 5,975	\$ 713,373	97.98%	\$ 14,709	2.02%
2006	762,852	742,734	97.36%	7,798	750,532	98.39%	12,320	1.61%
2007	789,127	781,519	99.04%	6,571	788,090	99.87%	1,037	0.13%
2008 (3)	1,252,881	1,211,014	96.66%	7,376	1,218,390	97.25%	34,491	2.75%
2009	1,276,016	1,247,574	97.77%	10,800	1,258,374	98.62%	17,642	1.38%
2010	1,287,664	1,238,257	96.16%	19,938	1,258,195	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%

Sources:

- (1) Taxable Assessed value (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
- (3) tax increase .86 mils

Township of Ferguson, Pennsylvania

Schedule of Ratios of Outstanding Debt by Type

(Unaudited)

Years Ended December 31

SCHEDULE 11

Fiscal Year	Governmental Activities			Percentage of Personal Income (1)	Percentage of Actual Value of Taxable Property (2)	Per Capita Debt (2)
	General Obligation Bonds	Notes Payable	Total Primary Government			
2005	\$ 2,470,000	\$ 4,477,619	\$ 6,947,619	1.58%	0.26%	\$ 441.37
2006	2,095,000	2,968,200	5,063,200	1.10%	0.21%	315.64
2007	1,700,000	2,967,200	4,667,200	0.96%	0.17%	285.25
2008	1,285,000	2,966,200	4,251,200	1.07%	0.12%	255.85
2009	4,030,000	-	4,030,000	0.96%	0.38%	242.54
2010	3,565,000	-	3,565,000	0.77%	0.34%	201.53
2011	3,090,000	-	3,090,000	0.65%	0.29%	174.29
2012	2,605,000	-	2,605,000	0.55%	0.24%	146.93
2013	2,110,000	-	2,110,000	0.43%	0.19%	118.35
2014	-	1,650,200	1,650,200	0.26%	0.15%	90.13

Notes:

1. 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, 2014

SCHEDULE 12

<u>Governmental Unit</u>	<u>Estimated Debt Outstanding</u>	<u>Township Percentage of Debt</u>	<u>Township Share of Overlapping Debt</u>
Bonded Debt			
Total Bonded Debt	\$ -		\$ -
Notes Payable (Notes 1,2)			
Ferguson Township	\$ 1,650,200	100.00%	\$ 1,650,200
Centre Region Parks & Rec (pools)	5,195,220	26.84%	1,394,397
Centre Region Parks & Rec (parks)	<u>6,249,500</u>	28.04%	<u>1,752,360</u>
Total Notes Payable	<u>13,094,920</u>		<u>4,796,957</u>
Total	<u>\$ 13,094,920</u>		<u>\$ 4,796,957</u>

Notes:

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

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

Fiscal Year	Borrowing Base	Debt Limit Percentage	Debt Limit	Total Net Debt (Note 2)	Net NonElectoral Legal Debt Margin	Total Debt as a Percentage of Debt Limit
2005	\$ 13,461,597	250%	\$ 33,653,993	\$ 6,947,619	\$ 26,706,374	20.6%
2006	12,831,589	250%	32,078,973	5,063,200	27,015,773	15.8%
2007	13,685,363	250%	34,213,408	4,667,200	29,546,208	13.6%
2008	14,150,296	250%	35,375,740	4,251,200	31,124,540	12.0%
2009	13,684,413	250%	34,211,033	4,580,623	29,630,410	13.4%
2010	13,571,071	250%	33,927,676	4,927,973	28,999,703	14.5%
2011	13,917,882	250%	34,794,705	4,718,383	30,076,322	13.6%
2012	14,713,903	250%	36,784,758	6,130,093	30,654,665	16.7%
2013	15,987,861	250%	39,969,653	5,442,905	34,526,748	13.6%
2014	15,562,756	250%	38,906,890	4,796,957	34,109,933	12.3%

Notes:

1. 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.

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

Sources:

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

Township of Ferguson, Pennsylvania

Schedule of Demographic and Economic Statistics

(Unaudited)

Years Ended December 31

SCHEDULE 14

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Income (3)	Public School Enrollment (4)	Unemployment Rate (5)
2005	15,741	\$ 438,843,339	\$ 27,879	7,324	4.0%
2006	16,041	461,066,463	28,743	7,325	3.7%
2007	16,362	484,871,508	29,634	7,233	3.4%
2008	16,616	396,009,128	23,833	7,115	4.3%
2009	16,616	418,208,104	25,169	7,253	6.3%
2010	17,690	460,983,710	26,059	6,950	5.7%
2011	17,729	473,506,132	26,708	6,927	5.1%
2012	17,828	487,043,132	27,319	6,856	6.0%
2013	18,174	563,312,217	30,996	6,817	6.0%
2014	18,310	634,844,320	34,672	6,775	6.0%

Note: (1) 2010 data is taken from 2010 US census. 2011-2014 data from US Census estimates, May 21, 2015.

Sources:

(1) US Census Bureau

(2) Determined by multiplying population by per capita income

(3) Economic Development Intelligence System, NC; PA Dept of Labor & Industry; Penn Labor & Industry; Penn State Data Center; ACS Survey

(4) State College Area School District, does not include charter schools or private schools

(5) US Bureau of Labor Statistics for State College PA (MSA) annual rate

@ 12/31

Township of Ferguson, Pennsylvania

Schedule of Principal Employers

(Unaudited)

Years Ended December 31

SCHEDULE 15

Employer	2014			2005		
	Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Penn State University	538	1	4.38%	3,263	1	19.86%
Accu Weather Inc.	403	2	3.28%	355	9	2.16%
HRI Inc.	376	3	3.06%			0.00%
Minitab, Inc.	294	4	2.39%			0.00%
Raytheon Company	246	5	2.00%	521	6	3.17%
Spectrum Control Technology	232	6	1.89%			0.00%
Hellenic Ventures Inc.	228	7	1.86%			0.00%
Sound Technologies	213	8	1.73%			0.00%
Ahold Financial Services	208	9	1.69%			0.00%
Pediatric Services	203	10	1.65%			0.00%
Skills of Central PA, Inc			0.00%	659	2	4.01%
Murata Electronics NA, Inc.			0.00%	626	3	3.81%
MBNA (Bank of America)			0.00%	607	4	3.69%
Adecco USA, Inc.			0.00%	522	5	3.18%
Jostens			0.00%	493	7	3.00%
State College Area School District			0.00%	457	8	2.78%
Collegiate Subs, Inc			0.00%	343	10	2.09%
Total	2,941		23.94%	7,846		47.75%
Total Township Employment	12,287			16,431		
Net Gain/(loss) Of Employment		(4,144)				

Sources: Ferguson Township Tax Office, Centre Tax Agency

Township of Ferguson, Pennsylvania

Schedule of Full-time Equivalent Township Employees by Function

(Unaudited)

Years Ended December 31

SCHEDULE 16

Year	General Government	Public Works	Public Safety	Planning & Zoning	Total
2005	8.6	18.3	21.9	3.3	52.1
2006	7.0	21.8	24.7	4.3	57.8
2007	7.3	22.3	24.0	3.4	57.0
2008	7.1	20.0	24.4	4.0	55.5
2009	7.3	19.3	24.3	3.9	54.8
2010	7.5	19.6	25.0	4.0	56.1
2011	7.3	20.2	24.9	3.8	56.2
2012	7.0	20.0	25.0	3.6	55.6
2013	7.4	21.1	23.8	3.5	55.8
2014	7.4	21.5	24.9	3.6	57.4

Notes:

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

Source: Microdata Payroll Services, Keystone Payroll

Township of Ferguson, Pennsylvania

Schedule of Operating Indicators by Function/Program

(Unaudited)

Years Ended December 31

SCHEDULE 17

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administration (5)										
Electricity Costs - Office	\$ 13,707	\$ 15,597	\$ 19,549	\$ 14,129	\$ 22,168	\$ 19,704	\$ 24,478	\$ 18,533	\$ 20,867	\$ 21,040
Electricity Costs - Public Works	3,454	3,996	4,797	6,763	8,155	6,344	8,212	5,629	6,744	5,785
Heating Costs (gas) - Office	4,276	3,480	2,454	5,416	7,136	3,348	3,676	2,505	4,722	4,989
Heating Costs (gas) - Public Works	9,279	6,484	6,815	5,656	4,163	4,577	7,387	4,790	6,414	7,147
Police (1)										
Number of Sworn Officers	18	20	19	20	20	20	20	20	21	21
Total Calls for Service	4,346	4,533	4,475	4,722	4,787	4,760	4,479	4,486	4,879	4,695
Traffic Citations	717	824	1,108	1,476	1,869	1,553	781	1,080	1,242	1,228
Criminal Arrests	405	395	403	345	399	401	312	363	385	303
Traffic Stops	957	1,076	1,420	1,693	2,712	3,254	1,975	2,214	3,428	3,257
Parking Tickets	537	519	695	545	1,058	720	812	655	572	565
Public Works/Engineering (2,4)										
Highway Occupancy Permits issued	16	58	35	39	33	31	71	82	52	69
Land Development/Subdivision plans reviewed	14	24	29	18	15	17	10	16	26	16
Tons of Salt purchased	1,330	742	1,200	1,917	971	1,119	1,375	924	1,382	1,676
Cubic yards/tons of leaves/brush collected (a)	8,372	5,829	7,342	8,538	12,456	9,721	10,585	11,068	8,709	1,214
Planning & Zoning (3)										
Zoning permits issued	334	276	262	244	230	379	249	349	197	186
Sign permits issued	NA	NA	NA	50	37	62	53	54	46	43
Rental/Home Occupation permits issued	NA	NA	NA	NA	48	52	73	90	277	83
Land Development permits issued	NA	NA	NA	NA	NA	NA	NA	11	10	11

NA= data not available

Notes: (a) Beginning in 2014, leaf and brush measured by weight rather than volume

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles (2)	15	17	16	16	17	17	17	17	17	17
Information Technology (1)										
Servers	3	3	3	4	4	4	4	4	5	5
Desktops/Towers	29	29	29	31	35	35	35	28	30	36
Laptops	6	6	6	10	10	14	16	15	13	16
Tablets								1	1	3
Police Vehicle Laptops	10	10	10	10	10	10	10	10	10	10
Public Works (3)										
Road miles of road surface	84.4	86.0	87.4	89.8	89.8	89.8	89.8	91.7	91.7	91.7
Heavy Trucks	14	14	14	14	16	16	16	16	17	19
Pickup Trucks and Autos	4	4	4	4	5	6	6	6	7	6
Parks and Recreation (4)										
Township owned developed Parks	9	9	9	10	10	10	10	10	10	10
Number of developed acres	84.5	84.5	84.5	172.5	172.5	172.5	172.5	172.5	188.6	188.6
Township owned un-developed Parks		1	1	2	2	2	2	2	2	2
Number of un-developed acres		1.5	1.5	80.7	85.7	85.7	116.1	96.1	96.1	96.1
Number of Regional Park acres located in Ferguson Township (undeveloped)				75	75	75	100	100	100	100

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