

# 2017 Budget Executive Summary



Township of  
**FERGUSON**  
Pennsylvania



## Ferguson Township Budget Executive Summary

### Board of Supervisors

Steve Miller, Chair (At-Large)  
Peter Buckland, Vice Chair (Ward II)  
Laura Dininni (Ward I)  
Janet Whitaker (At-Large)  
Rita Graef (Ward III)

### Department Managers

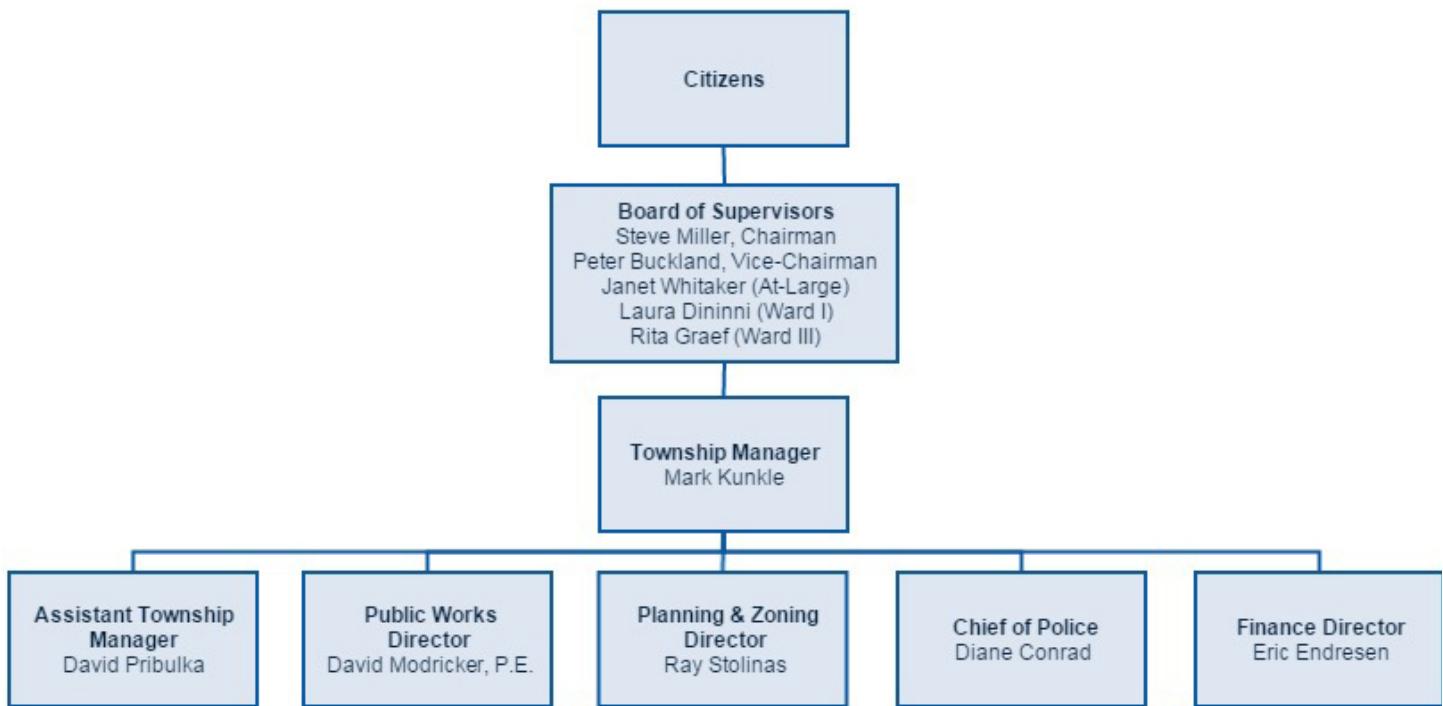
Mark Kunkle, Township Manager  
David Pribulka, Assistant Township Manager  
David Modricker, Director of Public Works  
Eric Endresen, Director of Finance  
Diane Conrad, Chief of Police  
Raymond Stolinas, Jr., Director of Planning & Zoning

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# Executive Organizational Chart



The Executive Team in Ferguson Township is responsible for the supervision of staff, relations with the Board and the public, strategic planning, and more. Since 1985, Mark Kunkle has served as Township Manager. In that capacity, Mark serves as Chief Administrative Officer over the Township's five departments.

On top of the Executive Organizational Chart are the citizens of Ferguson Township. Through participation at public meetings, communications with elected and appointed officials, voting, and other involvement, citizens of the Township provide direction to the Board of Supervisors on priorities for expenditures and goals to advance the Township's mission.

The Board of Supervisors consists of five members, serving staggered four-year terms. Within the membership, two representatives are elected At-Large, meaning they may reside anywhere in the Township, and the remaining three are elected representing their geographic wards. Wards are established based on population, and are revised periodically to reflect the changes in population in each ward.



# Introduction

*By Mark Kunkle, Ferguson Township Manager*

On behalf of the Township staff I am pleased to present the 2017 Township Budget Executive Summary to the Board of Supervisors and the Township residents. This document attempts to provide an easy-to-read overview of the Township's revenue, expenses, and goals. The Budget Executive Summary condenses and highlights some of the information found in the 2017 Ferguson Township Annual Operating Budget. Residents are also welcome to review the more detailed line item budget by visiting the Township website ([www.twp.ferguson.pa.us](http://www.twp.ferguson.pa.us)) or at the Township building.



The budget is one of the important policy documents that defines the direction the Township is heading. Combined with the Strategic Plan goals and objectives and the Five-Year Capital Improvement Plan, the budget establishes a firm base for policy decisions. As a guiding document the budget references the Strategic Plan goals throughout and ties these goals to funding of projects, personnel and services.

Further, the annual budget is consistent with the approved Five-Year Capital Improvement Plan by incorporating and providing funding for those capital expenditures previously approved for 2017 in the Capital Improvement Plan.

At the national level the economy has been flat with GDP in the 1% range. The Consumer Price Index as of September year to date is 1.5% and Consumer Confidence Index now stands at 98.6 (1985=100), down from 103.5 in September. The Present Situation Index decreased from 127.9 to 120.6, while the Expectations Index declined from 87.2 last month to 83.9. As a presidential election year history has shown that the economy has seen positive improvement in the first year of the presidency.

The local economy has been very resilient to the national and statewide trends. Much of this resilience can be attributed to stable employment, especially due to The Pennsylvania State University. The region is an attractive destination for retiring seniors and alumni. Building permit activity is on par as compared to 2016. Despite these positives, new home starts as part of the building permit activity are behind 2016, new business startups are fewer and non-University employers have had some reduction in workforce.

This budget continues the careful and diligent expenditure of funds to maintain the core services while progressing with those priorities set forth in the Strategic Plan and Capital Improvement Plan which is a historical fingerprint of prior township budgets. This budget as presented does not require any increases in current tax rates or the implementation of any new taxes.

Steady growth has enabled a sufficient revenue stream for the Township. Growing revenue, combined with managing expenses wisely, has enabled the Township to maintain a healthy fund balance, which strengthens the Township's financial stability.

The total 2017 expenditure budget for all funds including pension and the trust funds is \$20,137,338. The total expenditure budget for all governmental funds for 2017 is \$19,741,936. The General Fund expenditures \$12,429,747 are projected to increase by \$1,034,010 or 9.1% compared to the 2016 Budget.



The Township's Mission and Vision statements serve as guiding principles in developing the budget and in evaluating the progress being made on the goals, objectives and action steps contained therein.

### **Mission Statement**

It is Ferguson 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.

### **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' by aspiring to create a sense of place, preserving agriculture and environmentally sensitive areas, and establishing a vibrant town center. Ferguson Township is home to a strong, diversified community and provides an effective transportation system, a rural, small town atmosphere, and the location and availability of open space.

## **2017 Ferguson Township Strategic Plan**

There are many documents used by staff and elected and appointed officials to guide day-to-day operations to assure that tax revenue is being expended responsibly and in keeping with residents' interests.

These documents include the Township's annual operating budget, five-year capital improvement program, Centre Region Comprehensive Plan, and more. The Strategic Plan serves as the guiding document that assures decisions are being made in accordance with the goals of the elected officials of Ferguson Township.

In the summer of 2016, the Ferguson Township Board of Supervisors adopted an update to the Strategic Plan. The plan is available online or for review at the Township building.

The Strategic Plan outlines nine goals established through a series of community focus groups, a non-scientific online survey, and a work session of senior staff and the Board of Supervisors. The goals range from the promotion of clean, renewable energy to financial stability and economic development.



## 2016 Accomplishments

The 2015 Ferguson Township Strategic Plan sets goals, objectives, and action steps to ensure resources and efforts are focused on improving the quality of life for Township residents. The Board of Supervisors and Township staff have achieved or made progress on the following goals consistent with the 2015 Strategic Plan:

- Updated the Ferguson Township Strategic Plan
- Initiated, contract, and completed approximately \$1,213,000 in capital projects and purchased \$688,057 in equipment
- Executed a two-year contract with the Police Association without the need for binding arbitration
- Began process to rewrite zoning and subdivision and land development ordinances
- Hired and trained several new staff positions
- Completed Police Department promotions for supervisory positions
- Began implementation of new Police Records Management System
- Acquired and implemented new document management solution
- Began process to renovate tax office
- Received approximately \$726,000 in grant funding from various programs including PennDOT's Automated Red Light Enforcement Program, PennDOT's Green-Light-Go Program, and DCNR's Community Conservation and Partnerships Program
- Installed prescription drug drop-off box in Police Department to help combat the opioid epidemic
- Hosted several community events including four Coffee & Conversation, two Business Leaders Luncheons, and two Neighborhood Association Open Forums
- Drafted a sourcewater protection ordinance
- Adopted workforce housing ordinance to provide a variety of housing options to meet the needs of Township residents
- Dedicated the improved Louis E. Silvi Baseball Complex



## 2017 Initiatives

- Achieve Police Department accreditation
- Complete design and management of an estimated \$3,668,600 in capital projects and equipment.
- Complete design and preparation for a new Public Works Maintenance Facility to be constructed in 2018
- Hire and on-board new staff as needed to implement the goals and objectives outlined in the Ferguson Township Strategic Plan
- Complete the implementation of the new Police Records Management System
- Complete comprehensive rewrite of the zoning and subdivision and land development ordinances
- Update the Recreation, Parks, and Open Space Plan
- Convert tax parcel files to digital format to free up physical space, streamline business processes, and improve organizational efficiency
- Conduct space study to evaluate existing physical plant and prepare to accommodate future staffing needs
- Implement projects at the Township level designed to encourage and promote environmental sustainability
- Install traffic signal monitoring system

**Local Government is changing.** Each year, municipalities are challenged to provide more efficient public services at a reduced cost to taxpayers. Increasing unfunded liabilities in areas like pensions, healthcare, stormwater management, and more require an adaptive approach to strategic planning that helps ensure no dollar is spent without advancing the mission of the Township and improving the quality of life in the community.



# Community Profile

**Established:** 1801

**Population:** 18,310

**Population Density:** 372.2 per square mile

**Land Area:** 50 square miles

**Elevation:** 1,200 feet

**Boundaries:** Fixed

**County:** Centre

**Named For:** Thomas Ferguson, Mill Owner

Since its formation in 1801, Ferguson Township has grown into a diverse community, combining the characteristics of residential life with those of industrial and agricultural interests.

Named for Thomas Ferguson, an early settler who operated a mill in the Village of Pine Grove Mills, the Township sits on the southern edge of Centre County. The Township encompasses an area of approximately 50 square miles and is home to approximately 18,310 residents.

Several high-tech industries have found a home in Ferguson Township over the years, including AccuWeather, Minitab, Sound Technology, Videon, and Raytheon. The Township is also home to major research facilities of The Pennsylvania State University, one of the nation's premier agricultural and engineering institutions.

In 2015, Ferguson Township was recognized as a Certified Gold Community by Sustainable Pennsylvania. The recognition was a direct result of Ferguson Township's commitment to high-quality, sustainable governance. Efforts in the areas of agricultural preservation, comprehensive planning, sound financial management, and public safety are just a few reasons why the Township was honored with this distinction.



# Who Are We?

## Administration Department

Effective professional management drives the mission of the Administration Department. Among its many responsibilities, Administration is tasked with the daily oversight of the Township's other departments.

Additionally, the Administration Department, specifically the Township Manager, serves as the key liaison between the Board of Supervisors and Township staff. Duties in this capacity include working with the Board to create meeting agendas, organize staff work plans, and facilitating the implementation of policies established by the elected officials.

Other responsibilities of the Administration Department include facilitating community engagement initiatives. The Township Manager and Assistant Township Manager conduct regular meetings with community stakeholders such as residents, businesses, and homeowner and condo association representatives.



The Department also includes a part-time Community Communications Coordinator responsible for producing publications that include the monthly e-Newsletter, semi-annual print newsletter, as well as managing a Twitter account designed to communicate Township services and initiatives to the more than 18,000 people who call the Township home.

Human resource management, compliance with state and federal law, budget preparation, employee labor relations, and more all make up the day-to-day activities of the Administration Department. As increasing demands are placed upon municipalities for more efficient and effective local and regional services, the need for sound professional management becomes more important.

## Finance Department

With planned expenditures across all funds exceeding \$20.1 million in 2017, sound financial management is critical to the operation of municipal services. The Department handles all revenue and expenditures associated with Township operations. These include managing accounts receivable and payable, collecting taxes, monitoring Township debt, and more.

Additionally, the Finance Department is responsible for administering payroll, managing grant revenue, tracking fixed assets and inventories, invoicing, and analyzing trends to ensure the solvency of the Township and its budget.



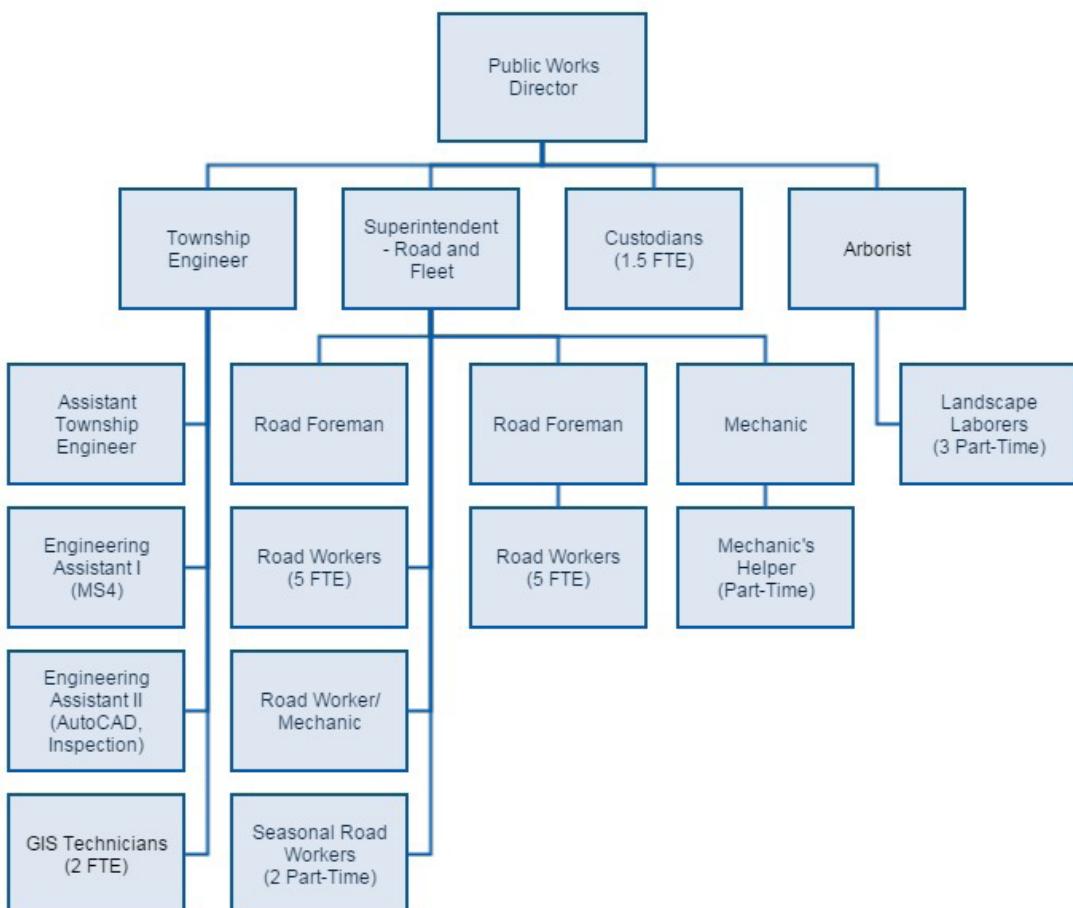
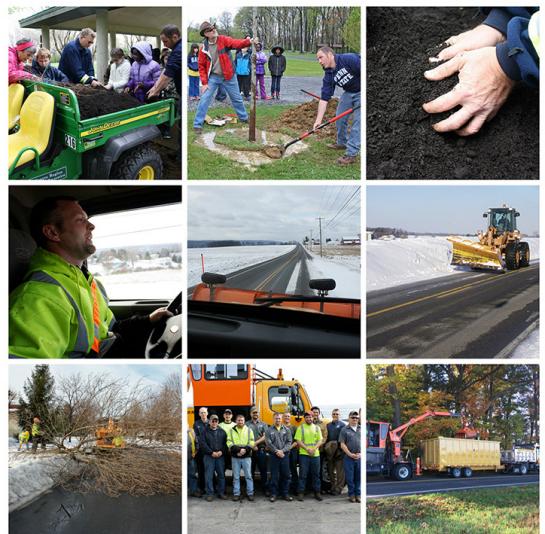
## Public Works Department

With more than 50 square miles and more than 90 road miles, public improvement projects are constantly underway. The Public Works Department consists of two "branches," each with responsibility for the management of different, yet related services.

The Engineering Section is responsible for designing and inspecting capital projects, reviewing land development plans for compliance with Township ordinances such as traffic and stormwater, managing the Municipal Separate Storm Sewer System (MS4) Program, GIS mapping, and more.

The Township's road crew is responsible for the maintenance of Township roads and infrastructure. These responsibilities include snow removal, landscaping, execution of road projects, maintenance of the Township's fleet of vehicles, and much more.

The Township also employs a full-time Arborist who is responsible for the maintenance and care of the Township's tree inventory, which includes more than 4,500 trees of various species. Finally, the Public Works Department includes two custodians responsible for maintaining the Township's campus.



## Planning and Zoning Department

Sound land use planning is always at the heart of Goal 3 of the Strategic Plan – Growth Management. Accommodating growth while preserving the agricultural heritage that makes Ferguson Township unique can be challenging.

The Planning & Zoning Department employs a Director, Community Planner, Zoning Officer, and Staff Assistant, as well as shares responsibility for a part-time Ordinance Officer. The Department works together to review zoning permit applications, and subdivision and land development plans. These are reviewed for consistency with Township ordinances and overall goals.



The Planning & Zoning Department also proactively drafts new ordinances to address the demands of a changing community. As new technology emerges in areas such as alternative energy, digital infrastructure, and more, the Township must be poised to adapt and effectively regulate these arenas for the benefit of the entire community.



## Police Department

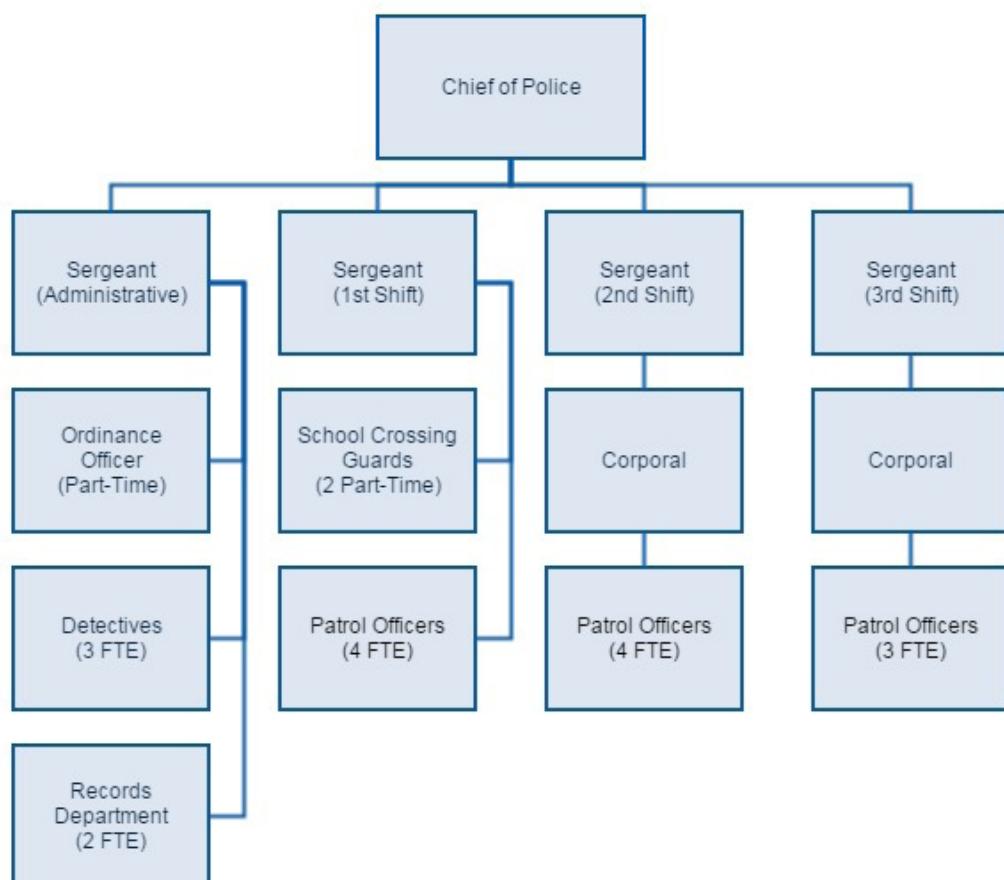
Charged with providing for public safety, the Township's 22-officer Police Department is a 24 hours-a-day, 365 days-a-year operation. Responsibilities include patrolling the more than 90 road miles owned by the state and municipality within Township borders, investigating criminal activity, crime detection and prevention, responding to calls for service, and more.



The Police Department works cooperatively with other local jurisdictions, including Patton Township, State College Borough, and Penn State University to share information, provide assistance when needed, and provide community education and outreach.

In 2016, the Police Department promoted an administrative sergeant position from within its ranks to help with supervisory responsibilities, regulatory compliance, and assist as needed in other roles.

Throughout the year, the Police Department hosts and participates in community outreach events that include an annual Bike Rodeo, school walk-throughs, Crisis Intervention Training, Camp Cadet, biannual Township Open House, and many others. Additionally, the Police Department assists with the policing of a number of major events per year, including Penn State football games and Ag Progress Days.



## Budget Process and Overview



Preparation of the Annual Operating Budget begins in October of each year. Staff and Department Heads review expenditures from the prior year, and identify priorities for the upcoming year. Each department's proposed budget is reviewed by the Township Manager, and requested expenditures are evaluated based on Township priorities, projected revenues, and the overall financial standing of the Township.

After each department's budget is reviewed, the Township Manager and Finance Director draft the proposed Operating Budget. Two public work sessions are then scheduled with the Board of Supervisors to review the budget. During the work sessions, the proposed budget is typically reviewed in detail by department, and the Board is given an opportunity to suggest changes and discuss the document before it is presented for approval. After the work sessions, another draft with the suggested revisions is prepared for tentative approval by the Board of Supervisors at the first meeting in December. The final Operating Budget is typically presented for approval at the last regular meeting of the Board of Supervisors in December.

### 2017 Ferguson Township Board of Supervisors



Chairman  
Steve Miller  
Supervisor-at-Large



Vice Chairman  
Peter Buckland  
Ward II



Laura Dininni  
Ward I



Janet Whitaker  
Supervisor-at-Large



Rita Graef  
Ward III



The Government Finance Officers Association (GFOA) establishes principles and guidelines for government accounting. Ferguson Township has adopted these standards to help ensure that the Township's finances are in keeping with public expectations of good stewardship of taxpayer money.

Township expenditures are divided into several funds. Funds are categorized, and revenue allocated to each fund is used for a specific purpose. For example, revenue allocated to the Street Light Fund is used for maintenance, bulb replacements, and electricity to service the 94 street lights in Ferguson Township. The largest Township fund is the General Fund, and the majority of Township expenditures are financed from this fund. Several smaller funds exist for a variety of special purposes. The following is a description of each fund:

## GENERAL FUND

The General Fund accounts for all financial resources and legally authorized activities of the Township except those required to be accounted for in other specialized funds. The General Fund includes items such as staff salaries and benefits, office supplies, and contributions to COG programs. Revenue sources for the General Fund include real estate, real estate transfer, earned income, and Local Services Taxes, as well as permitting fees, grant funding, and other income. The majority of the current operating expenditures of the Township are financed from the General Fund.

**Departments Involved: Administration, Finance, Planning & Zoning, Public Works, Police**

<u>2016 Budgeted Projection</u>	<u>2017 Budgeted Proposed</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$11,702,112	\$12,429,747	\$727,635	6.22%	\$4,660,321

## STREET LIGHT FUND

The Street Light Fund is a specialized fund dedicated to the operation of street lights located in the Township. Revenue for this fund comes from assessments levied annually on properties located within a 250-foot radius of a street light. Expenditures in this fund include maintenance, bulb replacements, and electricity to illuminate the street lights in the Township.

**Departments Involved:** Public Works, Finance

<u>2016 Budgeted Expenditures</u>	<u>2017 Budgeted Expenditures</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$14,616	\$20,911	\$6,295	43.07%	\$2,508

## HYDRANT FUND

The Hydrant Fund is a specialized fund used for the operation and maintenance of fire hydrants in the Township. Assessments are made annually on properties located within a 780-foot radius of a fire hydrant. The assessments are used to operate and maintain the 337 fire hydrants located in the Township.

**Departments Involved:** Public Works, Finance

<u>2016 Budgeted Expenditures</u>	<u>2017 Budgeted Expenditures</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$32,200	\$32,200	\$0	0.00%	\$7,275

## LIQUID FUELS FUND

The Township receives grant money from the Commonwealth of Pennsylvania based on a formula that includes the Township's population and miles of roadway. The grant money comes from state tax on gasoline and diesel fuel. The Township expends this money on road projects such as guiderail replacements, highway pavement markings, and the purchase of general road materials.

**Departments Involved:** Public Works

<u>2016 Budgeted Expenditures</u>	<u>2017 Budgeted Expenditures</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$488,000	\$566,935	\$78,935	16.18%	\$358,763

## GENERAL OBLIGATION FUND

The General Obligation Fund is money set aside to pay debt incurred by the Township. In 2009, the Township obtained a \$4.435 million bond to finance the renovation of the municipal building located at 3147 Research Drive. Revenue for this fund comes from money transferred out of the General Fund. Assuming the Township does not incur additional debt, the Township will retire this debt by 2017.

### Departments Involved: Administration, Finance

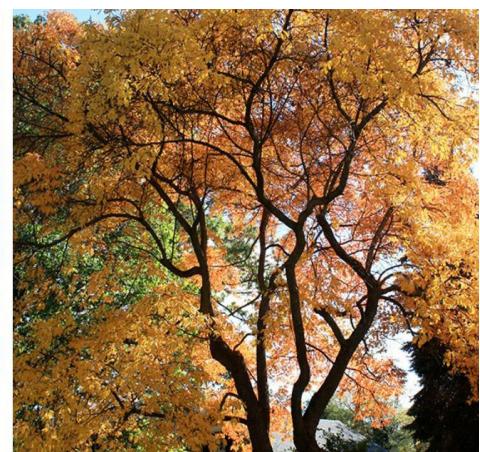
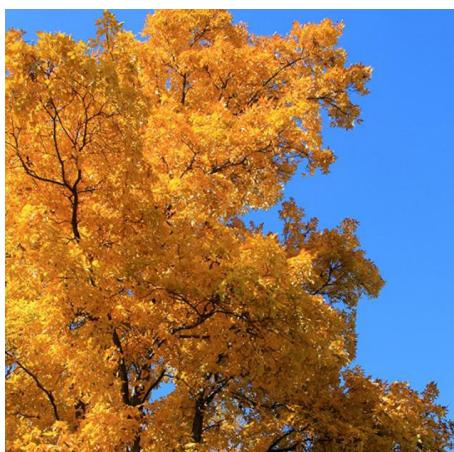
<u>2016 Budgeted Expenditures</u>	<u>2017 Budgeted Expenditures</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$559,350	\$558,724	-\$626	-.11%	\$8,554

## PINEY RIDGE STREET FUND

This fund was established from a contribution by the Ferguson Township Authority when the Piney Ridge subdivision received sanitary sewer service and will be used for upgrades to the roads within the subdivision to bring them up to Township standards. These funds have been expended in 2016 on certain designated projects within the subdivision.

### Departments Involved: Public Works

<u>2016 Budgeted Expenditures</u>	<u>2017 Budgeted Expenditures</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$89,515	\$0	-\$89,515	-100%	\$0



## AGRICULTURAL PRESERVATION FUND

The Township established this fund to partner with the Centre County Agricultural Land Preservation Board and Commonwealth of Pennsylvania to help purchase conservation easements to preserve Township farmland. The Township contributes \$150 per acre toward the purchase of conservation easements. Revenue for this fund comes from transfers out of the General Fund.

**Departments Involved: Administration, Planning & Zoning**

<u>2016 Budgeted Expenditures</u>	<u>2017 Budgeted Expenditures</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$11,018	\$33,733	\$22,715	207%	\$76,507

## CAPITAL RESERVE FUND

This fund was established to account for capital expenditures of the Township. Capital expenditures are generally large items and include road projects, vehicle replacements, and equipment costs over \$2,500 per item. Revenue for this fund comes from a variety of sources such as grant funding, the sale of equipment, and transfers from the General Fund.

**Departments Involved: Administration, Finance, Planning & Zoning, Public Works, Police**

<u>2016 Budgeted Expenditures</u>	<u>2017 Budgeted Expenditures</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$795,557	\$1,738,566	\$943,009	118.53%	\$873,295



## REGIONAL CAPITAL RECREATION PROJECTS FUND

This fund is used for capital improvements for regional parks and pools. Examples of expenditures from this fund include equipment and vehicle replacements for the Centre Region Parks and Recreation Department. Revenue for this fund came solely from payments made and interest earned in accordance with a ten-year agreement between the Township, the Pennsylvania State University, and Lezzer-Haubert, LLC that began on January 12, 2012. Remaining outstanding payments were made in full in December, 2014.

### Departments Involved: Public Works, Centre Region Parks and Recreation\*\*

<u>2016 Budgeted Expenditures</u>	<u>2017 Budgeted Expenditures</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$117,762	\$108,120	-\$9,642	-8.19%	\$669,257

## TRANSPORTATION IMPROVEMENT FUND

This fund accounts for improvements to transportation infrastructure such as street repairs and the installation of ADA-accessible ramps on sidewalks. Because transportation projects vary greatly from year to year, it is not uncommon to see this number fluctuate. In 2017, expenditures in this fund include road improvement projects on Martin Street, Kansa Avenue, West Gatesburg Road, and more. A complete list of projects is available in the Township's Operating Budget. Revenue for this fund can come from a variety of sources such as interest revenue and developer contributions, but the largest funding source is dedicated tax revenue from the 2002 tax increases on real estate, real estate transfers, and earned income. The Township has also secured a significant amount of grant funding to offset some of the expenditures in this fund.

### Departments Involved: Public Works

<u>2016 Budgeted Expenditures</u>	<u>2017 Budgeted Expenditures</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$1,608,000	\$4,209,000	\$2,601,000	161.75%	\$3,021,541

## PINE GROVE MILLS STREET LIGHT FUND

This specialized fund accounts for the cost of construction of the Pine Grove Mills street lights. Revenue primarily comes from resident contributions.

### Departments Involved: Administration, Public Works

<u>2016 Budgeted Expenditures</u>	<u>2017 Budgeted Expenditures</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$0	\$0	\$0	0.00%	\$21,597

## PARK IMPROVEMENT FUND

This capital projects fund is used for improvements made to parks located within the Township. In 2017, this fund will be used to offset a portion of the cost of relocating the water line at the Tom Tudek Memorial Park. Revenue comes from interest earned by the fund and interest earned and fee-in-lieu of parkland payments.

### Departments Involved: Administration, Public Works

<u>2016 Budgeted Expenditures</u>	<u>2017 Budgeted Expenditures</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$48,000	\$44,000	-\$4,000	-8.33%	\$373

## POLICE PENSION TRUST FUND

This fund accounts for pension payments made to the eleven retired Township police officers, as well as all administrative and legal fees related to the operation of the trust fund. Members of the pension plan are only permitted to contribute a maximum of 5% since members also contribute to Social Security. The remaining revenue is earned through Township contributions, interest revenue, and state funding.

### Departments Involved: Administration, Finance, Police

<u>2016 Budgeted Expenditures</u>	<u>2017 Budgeted Expenditures</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$266,851	\$300,028	\$33,177	12.43%	\$4,522,048

## NON UNIFORMED PENSION TRUST FUND

Revenues for this fund include state and Township funding. Expenditures from this fund can include payments made to a non-uniform pension plan and transfers of state and Township revenue to the General Fund.

### Departments Involved: Administration, Finance

<u>2016 Budgeted Expenditures</u>	<u>2017 Budgeted Expenditures</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$85,007	\$80,106	\$4,901	5.77%	\$3,553,513

## TOM TUDEK MEMORIAL PARK FUND

This 501(C)3 fund was established to assist with capital expenditures associated with The Tom Tudek Memorial Park. These include improvements to pathways, the rental house, and dog park, as well as maintenance costs of the butterfly garden, and horse barn. This fund also includes expenditures for general liability insurance on the rental house and barn. Revenue for this fund comes from gifts, bequeaths and contributions, rental fees charged for the farmhouse on the property and fees charged to board horses at the barn.

### Departments Involved: Administration, Centre Region Parks and Recreation

<u>2016 Budgeted Expenditures</u>	<u>2017 Budgeted Expenditures</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$10,845	\$15,268	-\$4,423	-40.78%	\$2,297,132

\* Includes value of property assets.

\*\* Denotes Centre Region Council of Government Agency or Program

## Where does the money come from?

The Township collects its revenue from several sources. The following table lists the Township's estimated General Fund revenue:

<b>Category</b>	<b>2017 Estimated Revenue (Total Figures)</b>
<b>Real Property Taxes</b>	\$1,410,006
<b>Local Enabling Taxes -</b> Real Estate Transfer Tax, Earned Income Tax, and Local Services Tax	\$8,546,000
<b>Business Licenses &amp; Permits</b>	\$253,900
<b>Non-Business Licenses &amp; Permits</b>	\$45,752
<b>Fines</b>	\$101,825
<b>Interest Revenue</b>	\$36,450
<b>Rents &amp; Royalties</b>	\$44,109
<b>Federal Grant Revenues</b>	\$43,435
<b>State Grant Revenues</b>	\$31,814

<b>State Shared Revenues</b>	\$494,617
<b>State Payments in Lieu of Taxes</b>	\$5,945
<b>Local Government Shared Payments</b>	\$28,300
<b>Local Payments in Lieu of Taxes</b>	\$146,051
<b>General Government Revenue</b>	\$92,495
<b>Public Safety Revenue</b>	\$63,958
<b>Public Works Revenue</b>	\$0
<b>Health Services</b>	\$8,500
<b>Miscellaneous Revenue</b>	\$4,000
<b>Interfund Operating Transfers-In</b>	\$80,106
<b>Total Revenue</b>	<b>\$11,437,263</b>

The budgeted General Fund revenue is not sufficient to support the budgeted expenditures in 2016. Assuming budgeted revenues and expenditures are exactly correct, this will result in a one-year deficit of \$581,953 in the General Fund.

*How is the difference made up?*



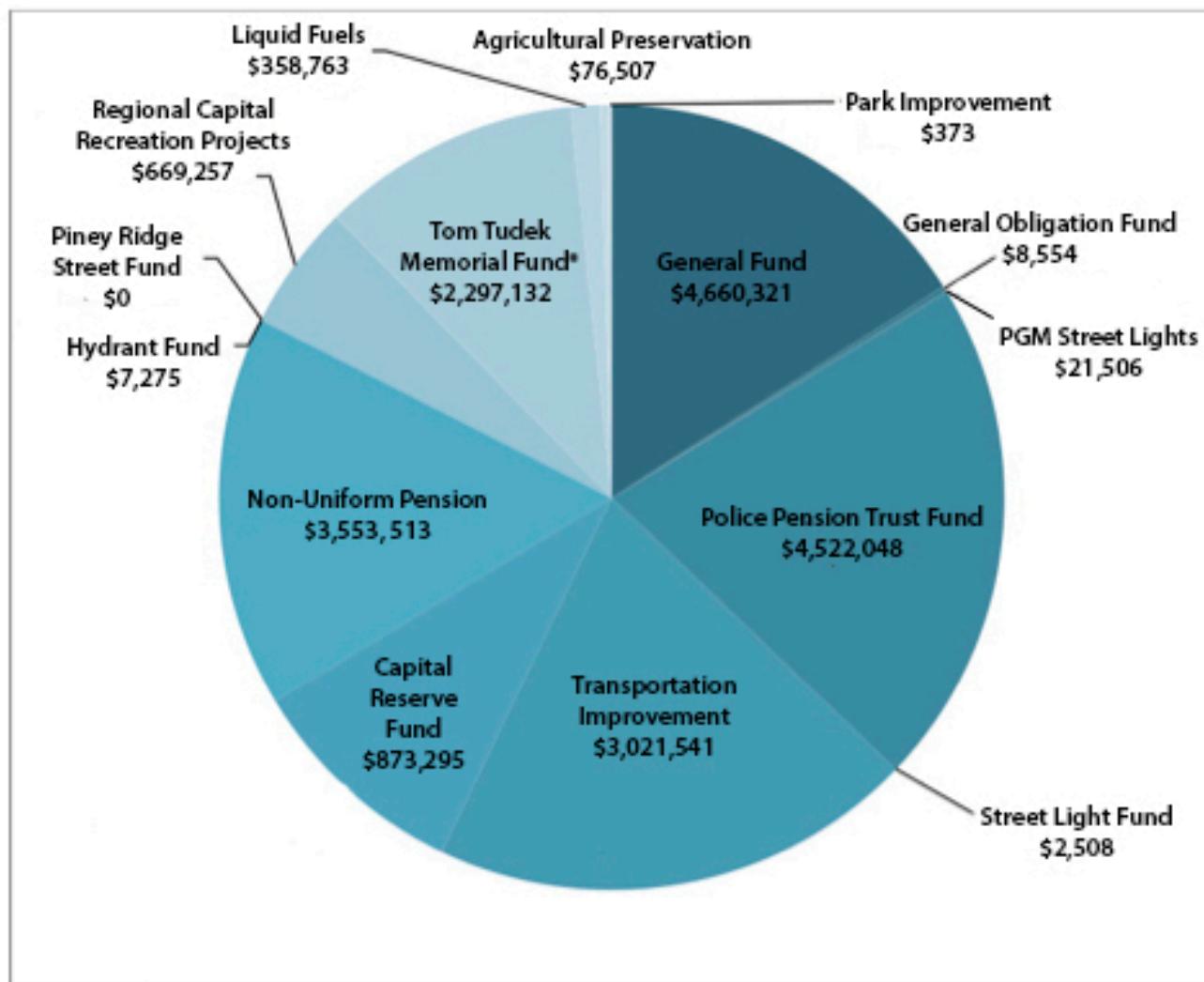
## Fund Balances

In some years, the Township expends more money than it takes in, while in other years, the Township collects more revenue than it spends. When revenues exceed expenditures in any year, the difference carries over as a fund balance that can be used to finance special projects without needing to incur debt, or to make up for deficits in future years.

Through careful and conscientious budgeting over the years, the Township has accrued sufficient fund balances to meet the budget deficit in 2017, without the need for a tax increase. There is no legal requirement for the Township to carry a fund balance; however, the GFOA recommends that local governments carry a fund balance in the General Fund of 25% of its expenditures. At the end of 2017, the Township's fund balance in the General Fund will be approximately 37% of its proposed expenditures.

It is important to note that, while the Township maintains healthy fund balances in each of its funds, future budget shortfalls may require tough decisions to ensure the financial stability of the Township. These may include tax increases, reductions in expenditures, and finding new sources of revenue.

### Estimated Fund Balances as of December 31, 2017



\*Includes Tudek Park as an asset.

## Revenue: Where does most of the money come from?

As you might expect, taxes make up approximate 88 percent of the total revenue collected by the Township. For the ninth straight year, the Township is not proposing a tax increase – the last tax increase was in 2008, when Real Estate Tax was increased from 1.562 to 2.422 mills.

### Real Estate Transfer Tax - \$1,300,000

Real Estate Transfer Tax is paid at the time a property transfers from one owner to another. The Transfer Tax is levied at 2.75% of the value of the sale. Of that 2.75%, 1.0% is allocated to the Commonwealth of Pennsylvania, .5% is allocated to the State College Area School District, and the remaining 1.25 percent is allocated to the Township as revenue.



Several factors influence the amount of Real Estate Transfer Tax collected by the Township. These include population growth, changes in the market value of homes in the Township and the State College Area, and significant non-recurring large property sales that may occur in any one year. When a property is sold for substantial market value, the result is a larger than normal Real Estate Transfer Tax collection for the Township.

### Real Property Tax - \$1,410,006

Real property taxes include three categories. Real estate taxes are calculated based on assessed value of real property in the Township. Assessed values in Centre County are generally 50% of the market value as of the date of the last reassessment by the Centre County Board of Property Assessments, Appeals, and Review. The assessed values of each property are taxed at 2.422 mills (.002422 x taxable value). Centre County has not conducted a complete reassessment of property values since 1994. Therefore, changes in assessed value only occur for newly-constructed or altered residential or non-residential property, an assessment is appealed, or other factors prompt a reassessment.

The second category is supplemental real estate taxes. When new tax parcels are created by subdividing property, or when property improvements are made, the new taxable values often do not meet the deadline for the initial tax bill printing. These property owners are billed separately in the supplemental category for the first year. Supplemental taxes are included on the annual billings in subsequent years.

Finally, the third category is delinquent taxes. As the name implies, this category covers real estate taxes that are not paid by the end of the year. Delinquent property taxes are collected by the county and the proceeds are forwarded to the Township and/or the school district depending on the levy. For the 2017 Budget, this budget amount is estimated at approximately 1.0% of the real estate tax, or \$16,000.

## **Earned Income Tax - \$6,936,000**

Earned Income Tax is levied on employees residing in the Township. In other words, Township residents pay Earned Income Tax to Ferguson Township, regardless of where their place of employment is located. The current Earned Income Tax rate is 1.40% of taxable income. It should be noted that, beginning in 2012, Earned Income Taxes are collected by the Centre County Tax Agency through a contract with the Borough of State College. The Centre Tax Agency collects a fee of 2.4% of the tax collected for the Township, and the remaining 97.6% is remitted to the Township. The Township has approximately 9,000 individual tax returns per year.

## **Local Services Tax - \$310,000**

Local Services Tax was enacted by the Township on January 1, 2009. The tax is a flat rate of \$52.00 per year for wages exceeding \$12,000. Those with wages below \$12,000 earnings are exempt from the Local Services Tax. Of the \$52.00 collected, \$5.00 is remitted to the State College Area School District, and the remaining \$47.00 is remitted to the Township. It should be noted that the Borough of State College is the current collector of Local Services Tax for the Township, and deducts a 3.0% collection fee from gross collections before remitting to the Township.



## Where does the money go?

As stewards of taxpayer dollars, it is important the Township allocates its revenue in an efficient manner in order to provide the highest quality public services to residents. The \$12,429,747 in planned General Fund expenditures in 2017, and additional \$7,707,591 in planned expenditures from other funds are divided amongst the Township's Administration, Police, Public Works, Planning & Zoning, and Finance Departments to help execute the Township's Mission and advance the goals of the Strategic Plan. Additionally, as an active member of the Centre Region Council of Governments (COG), revenue collected is used to fund the COG programs in which the Township participates.

### Where do your taxes go?

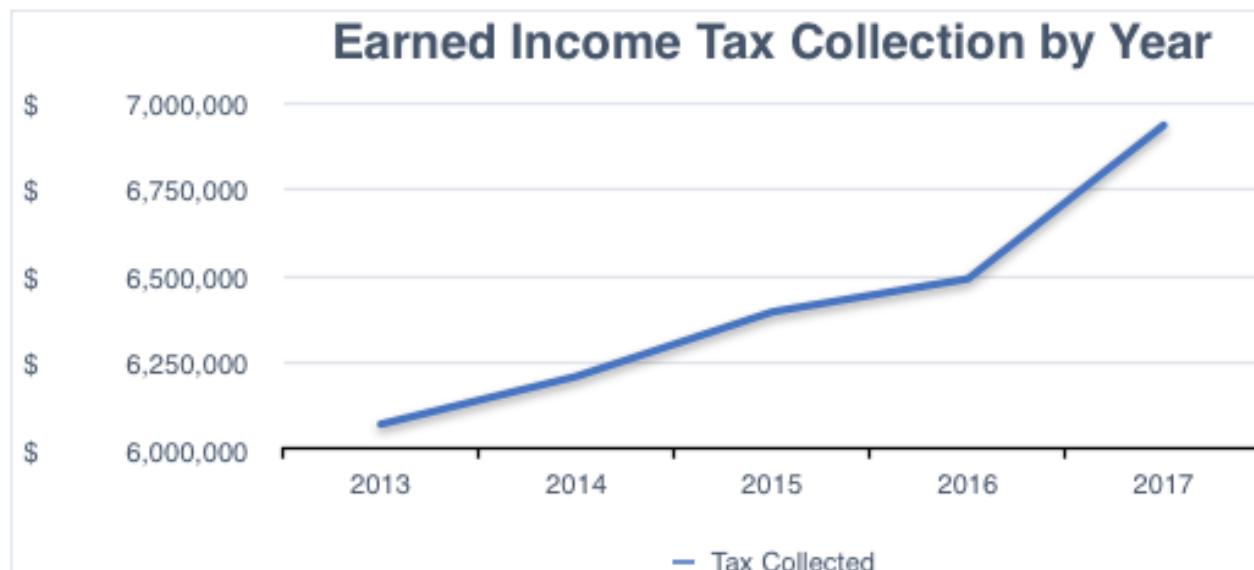
*Note: Taxes are collected and allocated by the Centre Tax Agency and only what is distributed to the Township is counted as revenue.*

Ever wonder what happens to your tax dollars once they are paid? In addition to funding the services provided by the Township, your taxes are also allocated to other organizations such as Centre County and the State College Area School District. An important goal of the 2017 Strategic Plan is 'Financial Stability,' and includes adjusting revenues to adequately fund programs and needs. A strong and reliable tax base is critical to achieving that goal.

The information below describes how the taxes paid by residents and property owners are distributed across the various public entities serving the Township.

#### Earned Income Tax

For every dollar collected in Earned Income Tax, 60 cents is remitted to Ferguson Township, and 40 cents is remitted to the State College Area School District.



*Note – Since 2012, commission has been deducted by the Centre Tax Agency.*

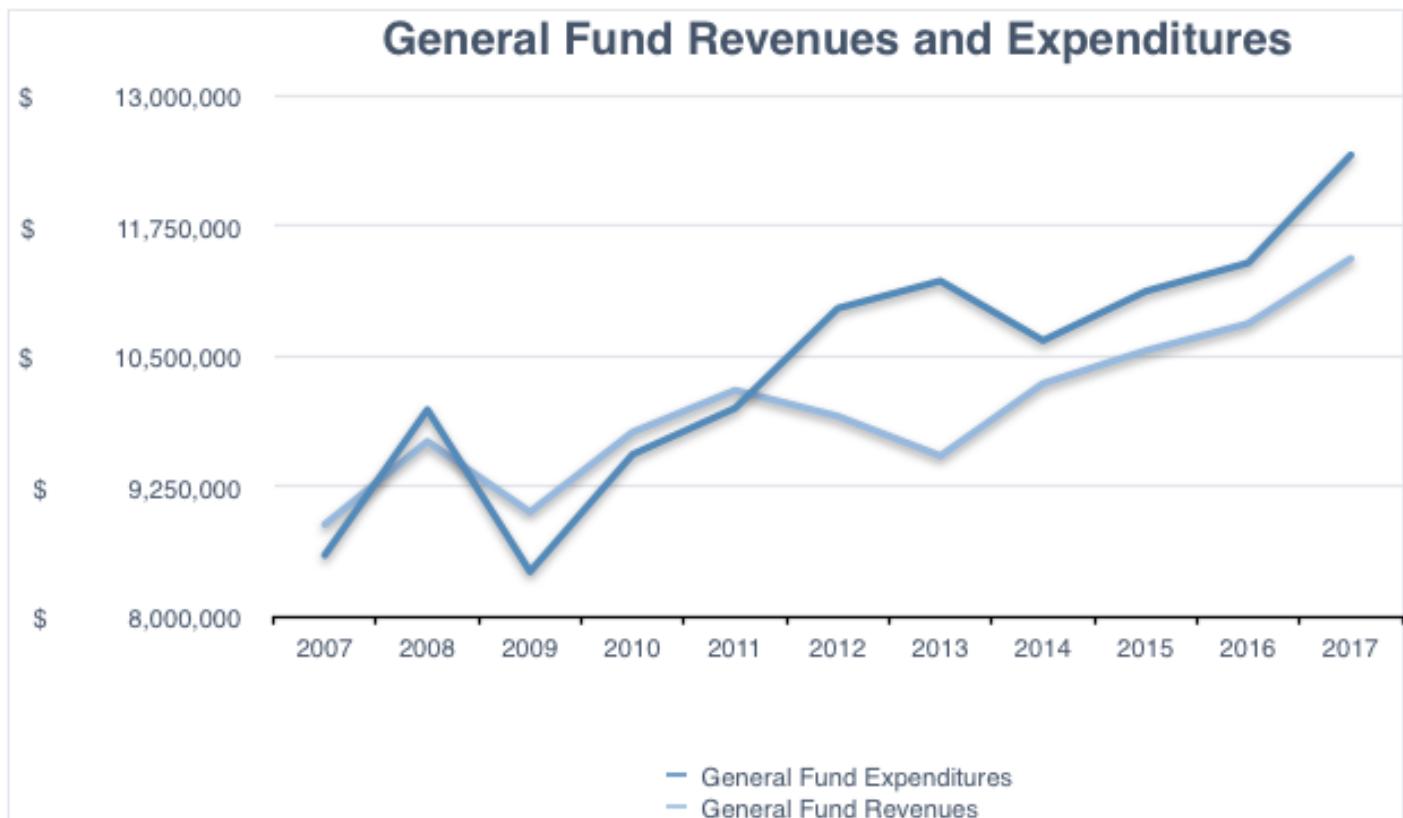
## Real Estate Tax

For every dollar collected in Real Estate Tax, 79 cents is remitted to the State College Area School District, 16 cents is remitted to Centre County, and 5 cents is remitted to the Township.



## Expenditures

The Township's Mission is "to provide efficient, cost effective, professional services to our residents in a fair, cooperative, ethical, and honest manner." In order to provide those services to the residents that call the Township home, revenue must be allocated in a manner that is consistent with the Strategic Plan. In the last 10 years, the Township has seen growth in both revenue and expenditures. Steady growth in both areas helps to ensure the provision of quality public services.



## Local Services

The five departments of Ferguson Township are primarily responsible for the delivery of most of the public services provided each day. Census data from the American Community Survey shows that Ferguson Township is home to an estimated **18,310** residents. Using this number, it's possible to approximate the cost of services provided per resident.

### Public Safety - \$132.07 per resident | \$1.44 more than 2016

The Police Department is responsible for patrolling approximately 50 square miles and 90 road miles to help ensure the safety of the students, visitors, and residents of Ferguson Township. In the 2017 General Fund, Public Safety operating expenditures are budgeted at **\$2,221,974**, or **\$121.36 per resident**. This figure includes police officer salaries, fuel and maintenance for police vehicles, criminal investigation expenses, and general operating costs. Public Safety capital expenditures are budgeted at **\$196,188**, or **\$10.72 per resident**. Capital expenses for 2017 include one new vehicle purchase, replacement of the Records Management/Mobile Data System, a new Speed Alert RADAR message sign, and more. Public Safety expenditures do get offset by some federal and state grant revenue, which varies by year depending on the availability of funding.



### Public Works – \$148.23 per resident | \$24.82 more than 2016

The Public Works Department includes the Director, road crew, two engineers and an Engineer's Assistant, two GIS technicians, Arborist, and mechanic. The Department's responsibilities include maintenance of Township roadways and shared use paths, stormwater management, curbside brush and leaf collection, and much more. The Department's operating budget in the 2017 General Fund is **\$1,929,610**, or **\$105.39 per resident**. The largest category of expenditures in this budget is salaries but the figure also covers general operating expenses. Capital expenditures are budgeted at **\$784,418**, or **\$42.84 per resident**. Planned capital expenditures include the replacement and purchase of several pieces of equipment, road construction and repair, the architectural design of a new Public Works Maintenance Facility, and more.



### Infrastructure Projects – \$268.38 per resident | \$123.35 more than 2016

Infrastructure projects represent a significant cost to Township residents. There are approximately 90 road and street miles in Ferguson Township, and cost to maintain those roads typically exceeds more than \$1 million each year. Infrastructure projects in 2017 are expected to total **\$4,209,000**. A description of planned 2017 infrastructure projects can be found in the Capital Reserve Fund, Transportation Improvement Fund, and Liquid Fuels Fund in the 2017 Operating Budget.

## **Administration - \$22.27 per resident | \$4.17 more than 2016**

The Administration Department consists of the Township Manager, Assistant Township Manager, and administrative staff. The 2017 operating expenditures are budgeted at **\$355,619**, or **\$19.43 per resident**. Expenses in this category include staff salaries, office supplies, communications, and other expenses. Capital expenditures are budgeted at **\$52,000**, or **\$2.84 per resident**, and includes a replacement of the administration vehicle, protective equipment for the Main Meeting Room, and an update to the 2011 Community Survey.

## **Planning & Zoning – \$18.32 per resident | \$4.15 less than 2016**

Operating expenditures are budgeted at **\$310,347**, or **\$16.95 per resident**. This category includes salaries, advertising and printing costs, and other operating expenditures. Capital expenditures are budgeted at **\$25,000**, or **\$1.37 per resident**, and includes a consultant to assist with revisions to the Township's Terraced Streetscape District regulations.



## **Finance, Tax, and IT – \$25.27 per resident | \$2.72 more than 2016**

Operating expenditures for the Finance Department and Tax Office are budgeted at **\$262,819**, or **\$14.36 per resident**. This category covers salaries, audit fees, and other operating expenditures. There are no capital expenditures being requested by the Finance Department in 2017. Information Technology is managed by the Finance Department. The operating budget for IT in 2016 is **\$149,620**, or **\$8.18 per resident**. This budget covers the cost of new equipment, license agreements, and the Township's contract with a third-party IT service provider. Capital expenditures are budgeted at \$50,000, or \$2.73 per resident. These expenses include the installation of a firewall at the Township offices and one server replacement.

**Information Technology** is managed by the Finance Department. The operating budget for IT in 2016 is **\$149,620**, or **\$8.18 per resident**. This budget covers the cost of new equipment, license agreements, and the Township's contract with a third-party IT service provider. Capital expenditures are budgeted at **\$50,000**, or **\$2.73 per resident**. These expenses include the installation of a firewall at the Township offices and one server replacement.



## Regional Services

Goal 9 of the Strategic Plan is 'Partnerships and Regional Thinking,' and includes working toward regional cooperation on issues that affect the entire Centre Region. To help achieve this goal, Ferguson Township is an active member of the Centre Region Council of Governments (COG). Since 1969, the COG has provided financially prudent, quality public services to the approximately 93,000 residents that call the Centre Region home.

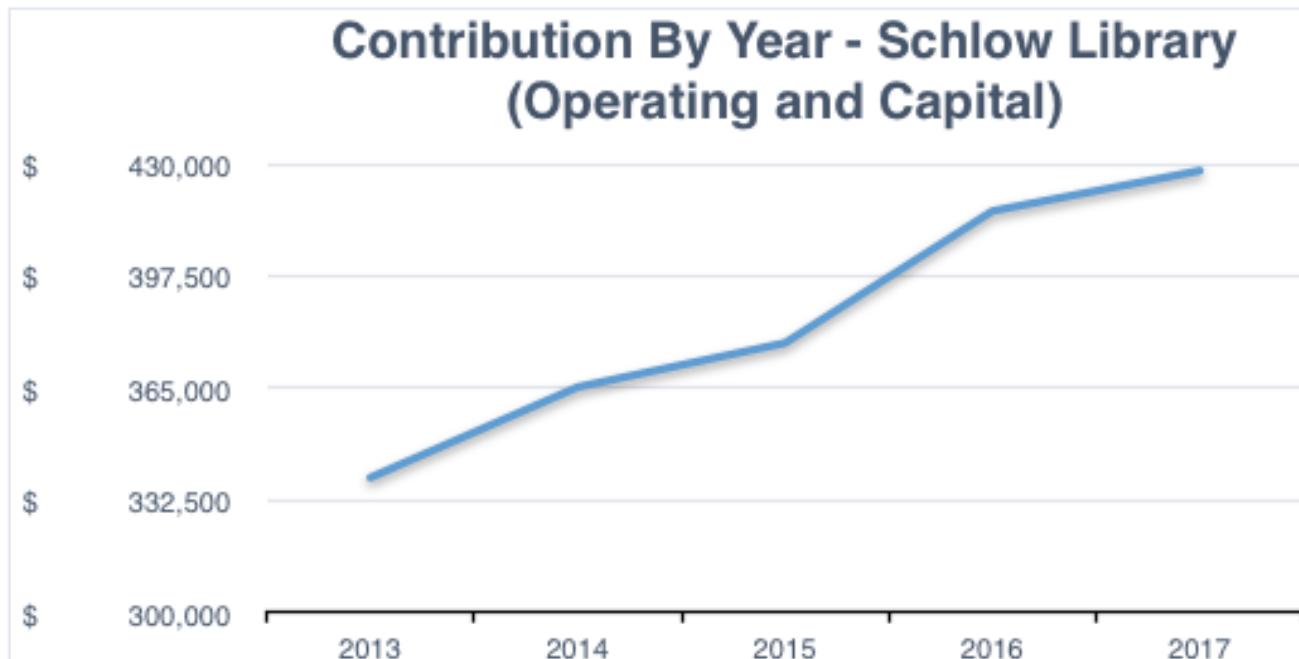


Ferguson Township joins the Borough of State College and the Townships of College, Halfmoon, Harris, and Patton as the six principal COG member municipalities. COG programs are funded by member municipalities, and the cost to each is determined by a variety of formulas to ensure each locality contributes its fair share based on its respective usage of each program. The most common funding formula is based on three equally-weighted elements: population served (excluding Penn State students), assessed value of properties, and Earned Income Tax.

The following is an overview of the Township's contributions to the COG programs. For more information about each program's expenditures, please refer to the 2017 COG Summary Budget.

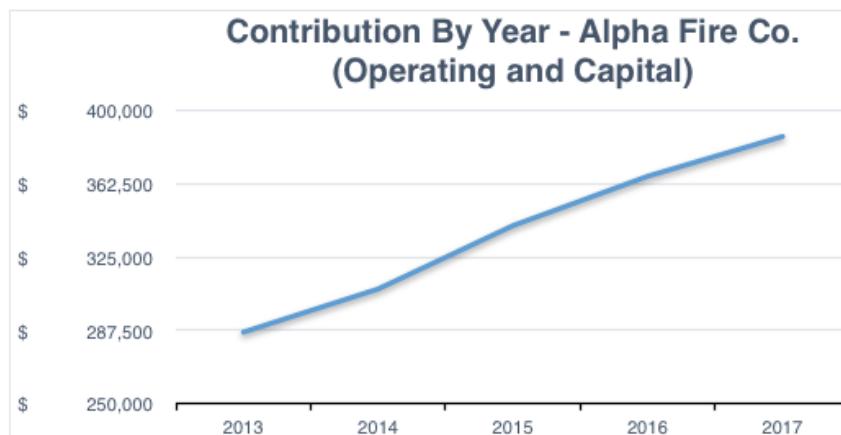
### Schlow Centre Region Library – \$23.38 per resident | \$.64 more than 2016

Located in downtown State College, Schlow provides books, e-books, videos, and other services to the Centre Region. In 2015, the Township became signatory for the Schlow Centre Region Library Article of Agreement. The Township currently has one representative on the Library's Board of Trustees, and a second member will soon be added. The 2017 contribution to the Library's operating budget is **\$405,177**, or **\$22.13 per resident**, and a contribution of **\$22,824** to the Library's capital budget, or **\$1.25 per resident**. By rejoining the Article of Agreement, the Township has agreed to finance the Library based on the COG funding formula, rather than have its annual allocation determined by the Board of Supervisors.



## Regional Fire Protection – \$21.12 per resident | \$1.12 more than 2016

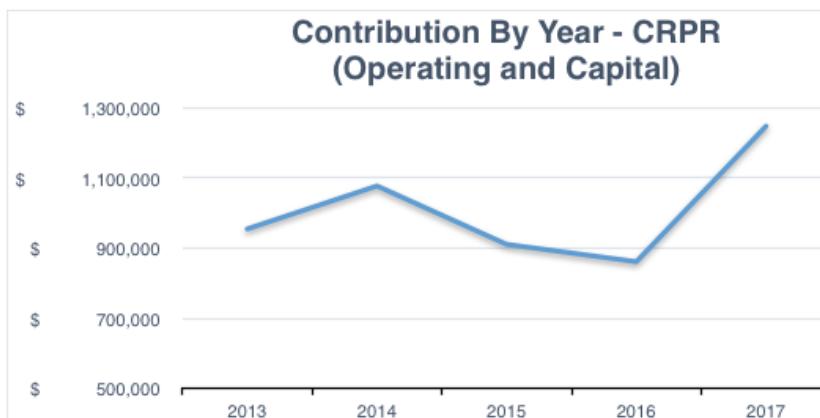
Alpha Fire Company provides fire protection services to approximately 98 square miles in the Centre Region. Annually, the Township makes a contribution toward the Alpha Fire Company operating and capital expenditures. The Township's 2017 contribution to the Alpha's operating budget is **\$292,877**, or **\$16.00 per resident**, and a capital contribution in the amount of **\$93,731**, or **\$5.12 per resident**.



The Township is also contributing **\$3,500** in 2017 to both Port Matilda Volunteer Fire Company and Warriors Mark Volunteer Fire Company, at a cost of an additional **\$.39 per resident**. Both fire companies service a portion of Ferguson Township.

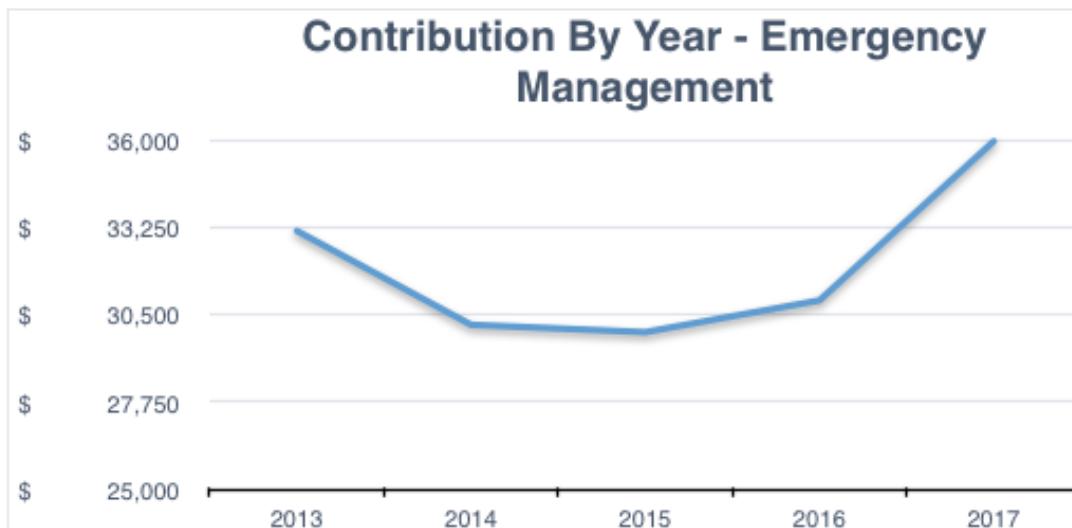
## Parks and Recreation (CRPR) – \$68.11 per resident | \$20.82 more than 2016

CRPR's responsibilities include the maintenance and operation of municipal and regional parks, aquatics facilities, the Millbrook Marsh Nature Center, and the Centre Region Active Adult Center. CRPR also offers a menu of programs, sports leagues, and special events for the enjoyment of Centre Region residents. Total Township contributions for all capital and operating expenditures are budgeted at **\$1,246,995**, or **\$68.11 per resident**. This item includes planned 2017 improvements to existing parks such as improvements to the Tudek Dog Park, paving of the Fairbrook Park parking lot, ADA access at the Louis E. Silvi Baseball Complex, and more equipment improvements to meet playground safety standards. Grant revenue will be used to offset some of these expenditures.



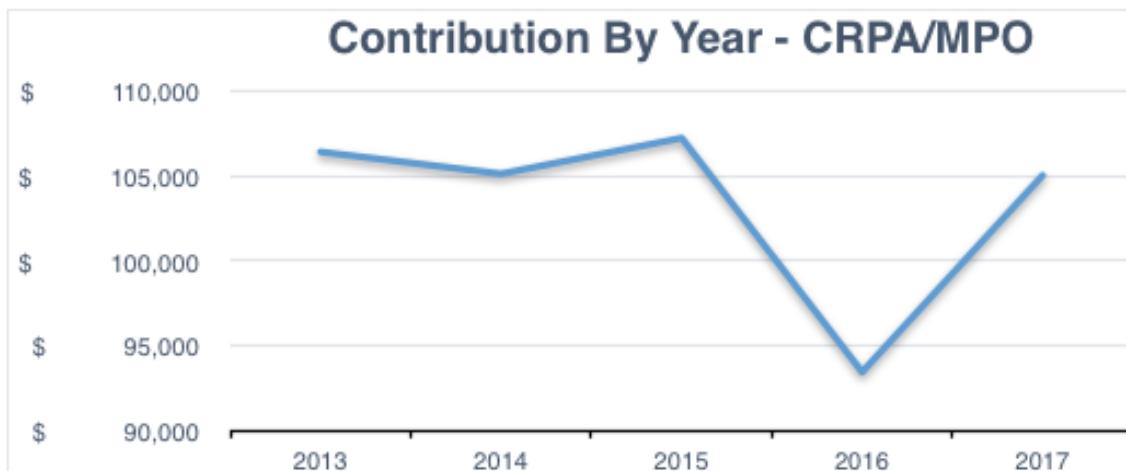
## Centre Region Emergency Management – \$1.97 per resident | \$.29 more than 2016

The Centre Region Office of Emergency Management has operated a regional emergency management program since 1990. In 2002, the COG employed a full-time Emergency Management Coordinator to facilitate emergency operations throughout the Centre Region. Contributions to the program are made in two categories. The first covers the operational expenses of the program. In 2017, the Township's contribution to this category is budgeted at **\$35,948**, or **\$1.68 per resident**. The second category is a contingency fund to be used in the event of a declared emergency. The fund has a cap of **\$100,000**. A **\$479** contribution to the Emergency Management Contingency Fund is budgeted for 2017.



## Centre Region Planning Agency & Metropolitan Planning Organization (CRPA/MPO) – \$5.75 per resident | \$.64 more than 2016

CRPA/MPO provides regional and local planning services to COG municipalities. CRPA/MPO has several important responsibilities. These include providing both local and regional planning and zoning services to the Centre Region. They are responsible for preparing the Centre Region Comprehensive Plan, the Act 537 Sewage Facilities Plan, and the Long Range Transportation Plan. 2016 contributions to CRPA and the MPO are **\$74,261**, or **\$4.06 per resident**, and **\$30,787**, or **\$1.69 per resident**, respectively.



## CATA – \$7.15 per resident | \$.59 more than 2016

While not a COG program, the six municipalities that make up the COG, as well as Bellefonte Borough, Spring Township, and Benner Township provide the funding needed for the Centre Area Transportation Authority (CATA) to deliver quality, efficient public transportation services. In 2016, the Township contribution to CATA's budget is **\$130,752**. It is important to note that a multi-million dollar renovation and expansion project at their existing facility is currently underway.

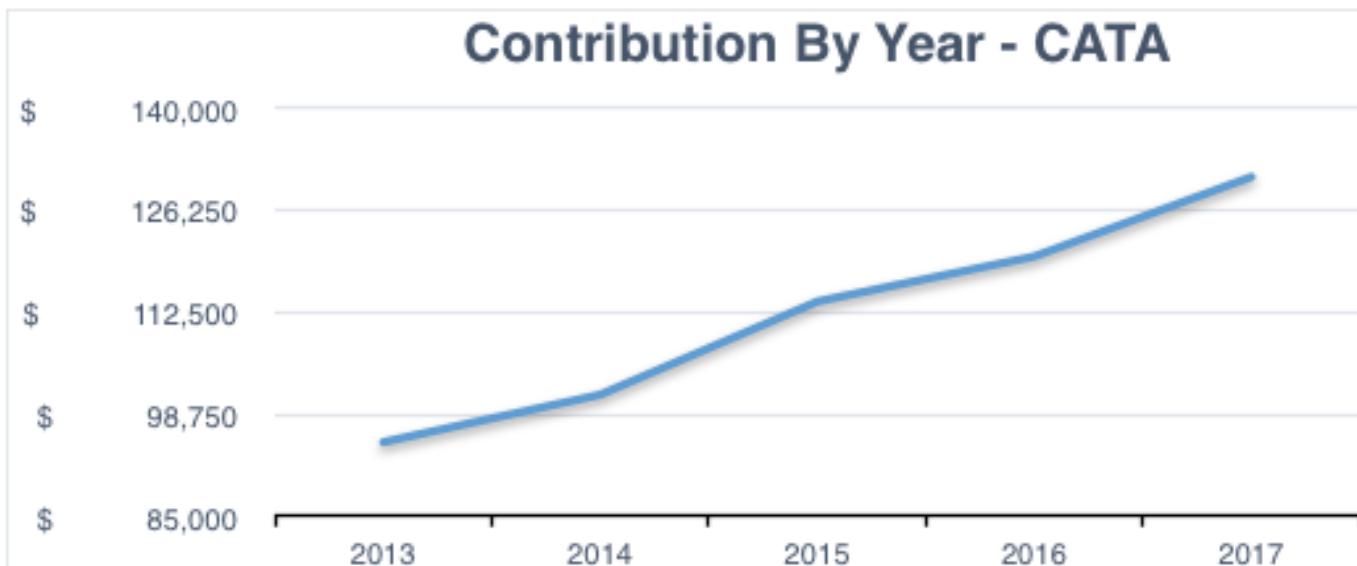


Photo courtesy of CATA



## Summary

While Ferguson Township faces many difficult challenges, the future remains promising. The Board of Supervisors is pleased to present a budget that, for the ninth straight year, does not raise taxes. Planned, sustainable growth has generated sufficient revenue to continue to provide exceptional public services. These services have earned the Township recognition as 12th on Niche.com's 2016 list of "Best Places to Live in America" as well as third "Best Place to Live in Pennsylvania" – at a low cost to taxpayers.

2017 is likely to be a year of transition for Ferguson Township, with the retirement of senior staff members. Even with change, the Board of Supervisors plans to accomplish several key objectives in the upcoming year, including rewriting the zoning and subdivision and land development ordinances, attaining police department accreditation, managing more than \$3.6 million in capital projects, and more. These goals cannot be met without your help.

You are invited and encouraged to become involved with your community. Whether you are interested in serving on an Authority, Board, or Commission, attending a public meeting, or dropping by for a cup of coffee at one of our quarterly Coffee & Conversation events, your part in our community is valuable.

*On behalf of the Board of Supervisors, staff, and appointed officials, thank you for being a valued member of the community and making Ferguson Township a special place to live, work, study, and visit!*