



Ferguson
Township
Pennsylvania

2014 Budget Executive Summary



Ferguson Township Budget Executive Summary

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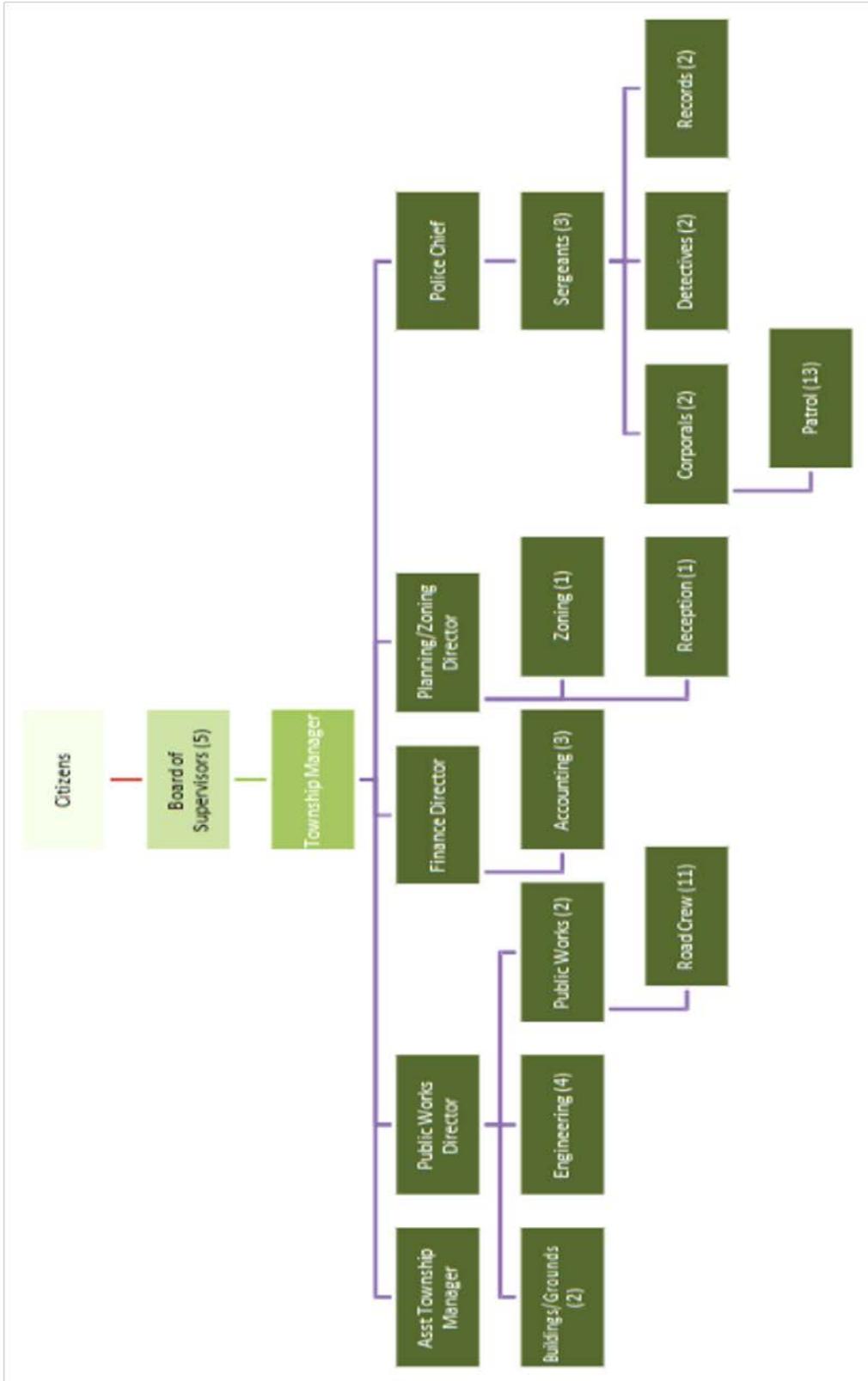
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Organizational Chart



Introduction

From Mark Kunkle, Ferguson Township Manager

I am pleased to present you with the 2014 Budget Executive Summary, a document which attempts to give an easy-to-read overview of the township's expenses, revenue and goals. The 2014 Budget Executive Summary highlights some of the information found in the 2014 Ferguson Township Annual Operating Budget, which is a very detailed, line-item explanation of all money collected and used by the township. Residents are also welcome to review the township's Annual Operating Budget, copies of which can be found on our website or at the Municipal Building office.



When looking at the township's direction, plus collection and use of money on behalf of its residents, it is good to review the township's mission and vision statements which serve as guiding principles:

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' 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 availability of open space. The township will continue to preserve environmentally sensitive areas.

2013 Accomplishments and 2014 Initiatives

2013 Accomplishments

The Township Board of Supervisors and staff work hard on behalf of the residents they proudly serve. During the past year, the township has made progress on a number of initiatives including:

- Completed a Continuity of Operations Plan (COOP) in the event of an emergency that would affect township facilities.
- Investigated and approved a new Information Technology (IT) Services Contract for 2014.
- Negotiated a 3-Year Collective Bargaining Agreement with the Police Association.
- Advanced the goal of Citizen Engagement through several initiatives – Coffee and Conversation/Homeowner's Association Meetings/eNewsletter.
- Completed an update of the Strategic Plan.
- Received a PA Department of Conservation and Natural Resources Grant for Westfield/Hillside Farms Park, and a grant for CNG Upfitting of police vehicles. Additionally, the township submitted an application for a PA Department of Environmental Protection Grant for Recycling Equipment.
- Implemented new accounting software through Springbrook.
- Designed, Inspected, Constructed \$5,180,000 of capital projects.
- Developed the first contract for services for winter maintenance on Havershire, Southwick and Prestwick for the 2013/2014 winter season.
- Launched first Compressed Natural Gas (CNG) powered police patrol vehicle in the township.



2014 Initiatives

We are proud of our past accomplishments, but we have our eyes on the future and goals we plan on accomplishing in 2014 include:

- Implement volunteer effort to maintain median landscaping
- Transition website to a new platform in an effort to improve delivery of information and access to services
- Seek funding for the Terraced Streetscape District located on West College Avenue

- Transition to a new third-party payroll provider
- Finalize traffic calming policy
- Design, inspect, and construct \$1,796,000 capital projects
- Complete the township-wide traffic study
- Achieve Police Department Accreditation
- Community Planning – revise Corridor Overlay; complete workforce housing guidelines; complete revisions to the Terraced Streetscape District and Traditional Town Development zoning district regulations

2014 Priorities

Township priorities have not shifted greatly from 2013. The overall financial outlook is strong, and the township still carries healthy balances in each of its funds. While things are good, a priority for 2014 is to ensure those balances are protected in 2015 and beyond. This may include making tough decisions on cutting spending, reallocating revenue distributions among the various funds or, perhaps, increasing revenue by raising taxes or building on other sources of income in future years.

The Police Department priorities, in addition to providing for public safety, include attaining accredited status and working with the departments of Planning & Zoning and Public Works to complete a traffic calming policy. Attaining accreditation will help the department evaluate and improve its overall performance. Additionally, it will develop improved methods for providing services to the community, increase accountability, and establish a credible framework for evaluating agency practices and procedures.

Planning & Zoning Department priorities include revising the Terraced Streetscape District (TSD) and Traditional Town Development (TTD) zoning ordinances and implementing new permitting software that will improve the process of applying for and approving zoning permits. Revisions to the TSD and TTD ordinances will help bring the vision of walkable communities and traditional neighborhoods to fruition in future development.

Public Works Department priorities include drafting a street tree ordinance for Board approval, completing road improvements, and assisting the Police Department and Planning & Zoning Department in completing a traffic calming policy. A street tree ordinance will help future developments properly select and place trees to improve aesthetics and maximize the benefits of street trees.

Finance Department priorities include completing the implementation of a new accounting package, and



2013 Ferguson Township Board of Supervisors

continuing to provide exemplary services to residents and other township departments.

Administratively, staff priorities for 2014 include continuing to improve community engagement efforts with events like Coffee and Conversation and the Homeowner and Condo Association Open Forums, complete a website redesign, and seek funding for projects like the West College Avenue Streetscape Project and the Sate College Teener League baseball field lighting project.

Budget Process and Overview

The Ferguson Township Annual Operating Budget is the product of many hours of work by township staff and elected officials. Beginning in October of each year, staff and department heads review expenditures from the prior year, and identify department priorities for the upcoming year. Once each department has completed their proposed budget, meetings are scheduled between department heads and the Township Manager to review the requests. Each year is different, and budget requests are evaluated based on township priorities, projected revenues, and the overall financial standing of the township.

After the meetings are held, the Township Manager and Finance Director compile the complete proposed Operating Budget. Two public worksessions are then scheduled with the Board of Supervisors to review the budget. During the worksessions, each line item of the budget is reviewed to provide the Board with an opportunity to make changes to the budget before it is presented for approval. Once the worksessions have concluded, the Township Manager and Finance Director make the appropriate revisions to the document based on the Board’s recommendations. The budget is presented for tentative approval at the first Regular Meeting of the Board of Supervisors in December, and final approval at the second Regular Meeting.

Budget Timeline



Description of Township Funds

Ferguson Township adheres to the principles of the Government Finance Officers Association (GFOA). Applying these principles helps to ensure that expenditures are targeted at achieving the goals of the residents and elected officials, and that accounting practices are consistent with the commonly accepted standards of government entities. Adherence to these standards has earned the township special recognition from the GFOA, such as several Certificates of Achievement for Excellence in Financial Reporting for the township's Comprehensive Annual Financial Report.

Township expenditures are broken into different funds depending on what the money is being spent on. The largest of these is the General Fund, but smaller funds, such as the Piney Ridge Fund or the Street Light Fund, are special funds created for specific purposes or projects. The following is a description of each fund:

GENERAL FUND			
<p>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 regional 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.</p>			
<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$11,222,186	\$10,651,248	-\$570,938	-5.09%
STREET LIGHT FUND			
<p>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 94 street lights in the township.</p>			
<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$14,000	\$13,275	-\$725	-5.18%

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.

<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$28,140	\$28,230	\$90	0.32%

LIQUID FUELS FUND

The township receives grant money from the Commonwealth of Pennsylvania based on 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.

<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$353,000	\$721,000	\$368,000	104.25%

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.

<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$558,688	\$557,425	-\$1,263	-0.23%

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. No projects are planned for 2014 in the Piney Ridge subdivision. However, upgrades are anticipated in future years.

<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$15	\$15	\$0	0.00%

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.

<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$23,100	\$47,480	\$24,380	105.54%

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, equipment costs over \$2,500 per item, and others. Revenue for this fund comes from a variety of sources such as grant funding, the sale of old equipment, and transfers from the General Fund.

<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$1,896,504	\$1,883,009	-\$13,495	-4.77%

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 comes 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.

<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$149,761	\$172,285	\$22,524	15.04%

TRANSPORTATION IMPROVEMENT FUND

This fund accounts for improvements to transportation infrastructure such as street repairs and the installation of ADA-accessible ramps on sidewalks. Expenditures also include the relocation of utilities such as power lines and Internet fiber needed in accordance with other capital projects. Revenue for this fund can come from a variety of sources such as interest revenue, grants, 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.

<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$6,587,000	\$1,101,000	-\$5,486,000	-83.29%

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 developer contributions and interest. No expenditures are anticipated from this fund in 2014.

<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$5	\$5	\$0	0.00%

PARK IMPROVEMENT FUND

This capital projects fund is used for improvements made to parks located within the township. For example, this fund accounts for a portion of the development of Phase 1A of the Westfield/Hillside Farm Estates Park in 2014. Revenue comes from interest earned by the fund and interest earned on fee-in-lieu of parkland payments.

<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$119,000	\$51,000	-\$68,000	-57.14%

POLICE PENSION TRUST FUND

This fund accounts for pension payments made to the ten 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.

<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$271,377	\$271,377	\$0	0.00%

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.

<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$56,997	\$70,700	\$13,703	24.04%

TOM TUDEK MEMORIAL PARK FUND

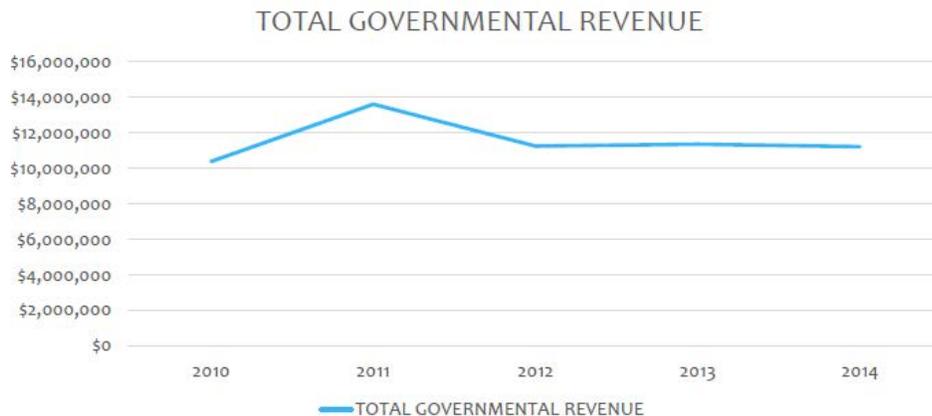
This 501 (c) 3 fund was established to assist with capital expenditures associated with Tudek Park. These include improvements to pathways, the rental house, and dog park, as well as maintenance costs of the butterfly garden, horse barn, and farmhouse. This fund also includes general liability insurance 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.

<u>2013 Budgeted Expenditures</u>	<u>2014 Budgeted Expenditures</u>	<u>Dollar Value Change from 2013</u>	<u>Percent Change from 2013</u>
\$34,428	\$12,218	-\$22,210	-64.51%

Where Does the Money Come From?

The 2014 General Fund expenditures of the township are budgeted at **\$10,651,248** and are projected to be \$656,095 or 5.8% less than last year. Where does the money come from to pay for this budget? The following table lists the township's General Fund revenue sources:

Category	2014 Estimated Revenue (Total Figures)
Real Property Taxes	\$1,334,356
Local Enabling Taxes (Real Estate Transfer Tax, Earned Income Tax, and Local Services Tax)	\$7,434,474
Business Licenses & Permits	\$223,800
Non-Business Licenses & Permits	\$43,914
Fines	\$98,025
Interest Revenue	\$61,500
Rents & Royalties	\$44,108
Federal Grant Revenues	\$45,000
State Grant Revenues	\$109,480
State Shared Revenues	\$471,988
State Payments In Lieu Of Taxes	\$5,828
Local Government Shared Payments	\$25,215
Local Payments In Lieu Of Taxes	\$130,046
General Government Revenue	\$94,780
Public Safety Revenue	\$31,700
Public Works Revenue	\$100
Health Services	\$7,700
Miscellaneous Revenue	\$7,000
Interfund Operating Transfers-In	\$70,700
Total Revenue	\$10,239,714

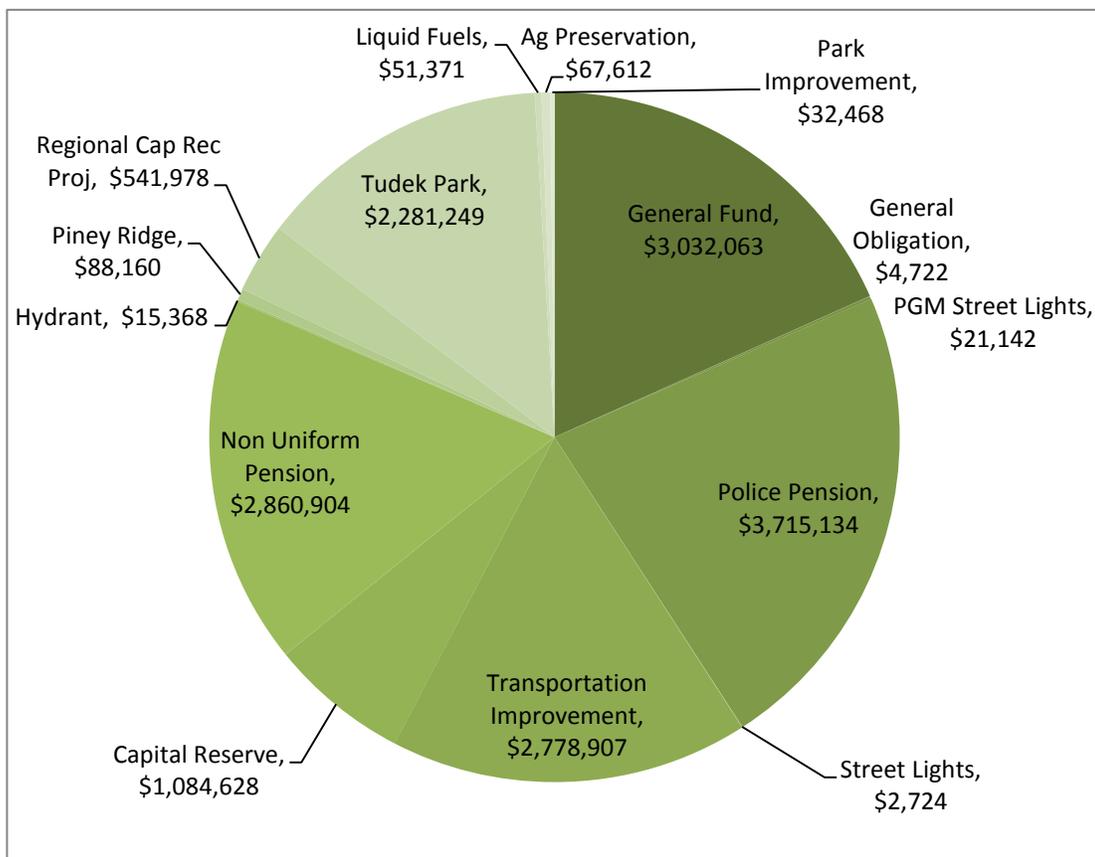


Fund Balances

As you can see, the projected General Fund revenue is not sufficient to cover the amount the township has budgeted in 2014. If revenues and expenditures in the budget are exactly correct, there will be a shortage of **\$411,534** in the township's General Fund. How is the difference made up?

It is not uncommon for the township to spend more than it takes in some years, or for the township to take in more than it spends in others. When the township collects more in revenue than it expends in a given year, the difference carries over as a fund balance. Thanks to conscientious budget control, the township has been fortunate enough to accrue substantial fund balances in each of the township's funds over the years.

The chart below shows the remaining estimated fund balances for the township as of December 31, 2014. There is no legal requirement that a municipality carries fund balances, however the Government Finance Officers Association recommends that local governments carry a fund balance in the General Fund of 25% of its expenditures. At the end of 2014, the township's fund balance in the General Fund will still be more than 28% of its budgeted 2014 expenditures. It is important to note that, while the township still carries healthy fund balances, future budget shortfalls continue to threaten those balances, and some tough decisions may have to be made to ensure the continued financial stability of the township.



Further Revenue Breakdown: Understanding Where *Most* of the Money Comes From

Taxes received by the township make up approximately **86%** of its total revenue. The township is pleased to report there are no new taxes or increases in taxes for the seventh straight year— the last increase was in 2008 when real estate tax was increased from 1.562 to 2.422 mills.



Real Estate Transfer Taxes

Real estate transfer taxes are paid at the time a property transfers from one owner to another. The transfer tax is levied at 2.75% of the sale value. Of that 2.75%, 1.0% gets allocated to the Commonwealth of Pennsylvania, .5% gets allocated to the State College Area School District, and the remaining 1.25% is allocated to the township.

There are several factors that affect the amount of real estate transfer taxes collected by the township. These include population growth, changes in the market value of homes in the State College Area, and significant non-recurring large property sales that may occur in any one year. In 2013, for example, the Copper Beech Townhomes and Raytheon properties were each sold for substantial market value, resulting in a larger real estate transfer tax collection than normal for the township.

Real Property Taxes

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 of all property in the township 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, on appeal, or when other factors prompt a reassessment.

The second 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 2014 Budget, this number is estimated at less than 1.0% of the real estate tax, or approximately \$10,000.

The third 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.

Earned Income Taxes

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.

Local Services Tax

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.

Interfund Operating Transfers

This revenue line item represents transfers among different township funds. Examples in this subcategory include transfers made from the General Fund to meet the township's bond obligations and note payment of interest and principal for the year, or transfers made from the General Fund to maintain the Agricultural Preservation Fund.

Understanding Where Your Money Goes: Taxes

As noted above, taxes are a major source of revenue for the township. A goal of the township is to control and manage the tax burden of the residents and property owners while meeting the services and improvements expected. Objective 1.2 of the Ferguson Township Strategic Plan states the township shall, "Accurately forecast changes in the tax base and make appropriate modifications to ensure a sufficient stream of revenue."



The information below describes how taxes paid by residents and property owners are distributed not only the township, but to Centre County and State College Area School District.

Earned Income Tax

For every \$1 dollar collected in Earned Income Tax:

- 60 cents is remitted to the township
- 40 cents is remitted to the school district



60 cents to the Township



40 cents to the School District

Schedule of Earned Income Tax

Year	Tax Rate	Earned Income Tax: Net Taxes
2014	1.40%	\$6,124,474 (net)
2013	1.40%	\$6,004,386 (net)
2012	1.40%	\$5,886,653 (net)
2011	1.40%	\$5,903,659 (gross)
2010	1.40%	\$5,712,000 (gross)

* Net refers to gross taxes less the commission which began in 2012.

Real Estate Tax

For every \$1 dollar collected in Real Estate Tax:

- 79 cents is remitted to the school district
- 16 cents is remitted to the county
- 5 cents is remitted to the township



79 cents to School District



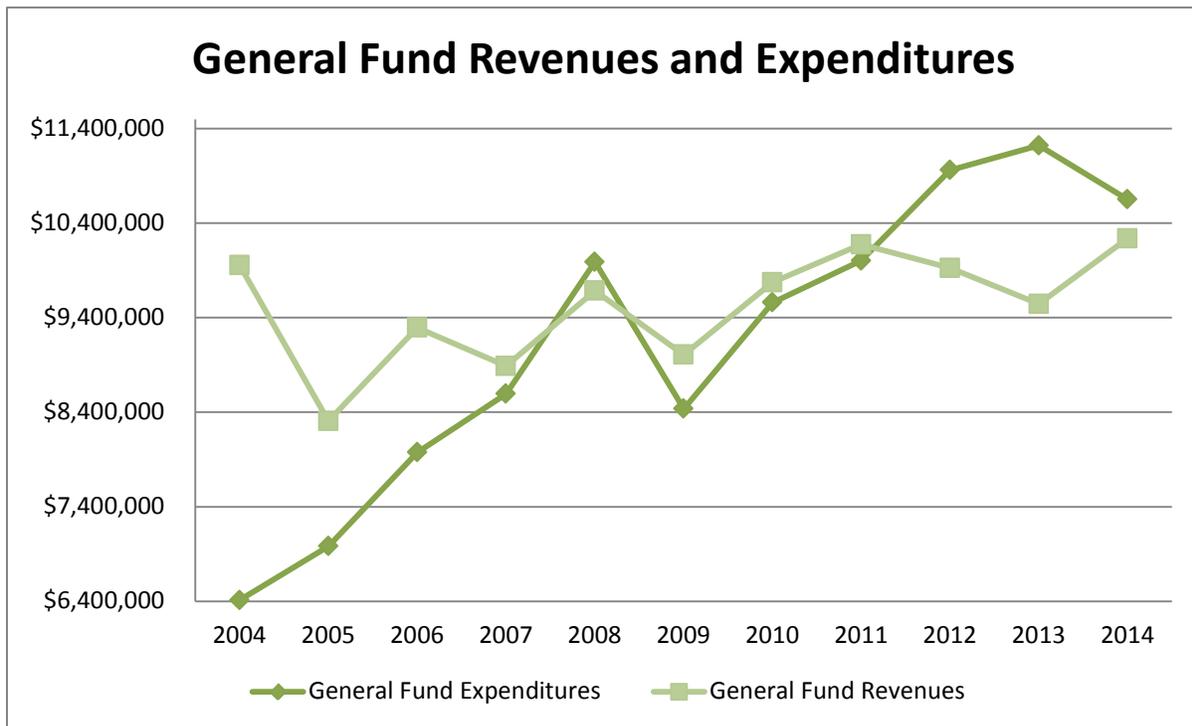
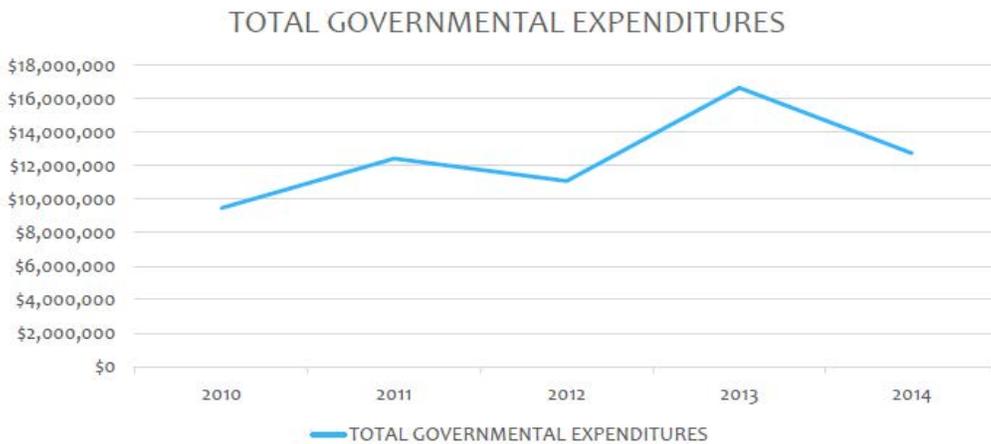
16 cents to County



5 cents to Township

Understanding Where Your Money Goes: Expenditures

As of the latest census, Ferguson Township has **17,734** residents. It is the job of the township Board of Supervisors and staff to spend township money in a prudent manner. The township's mission is "to provide efficient, cost effective, professional services to our residents in a fair, cooperative, ethical and honest manner." The following information gives a breakdown of how the township spends its revenue. Note the large spike in expenditures in 2013 was due to the West Whitehall Road widening project.



The chart above shows a 10-year analysis of revenues and expenditures from the General Fund. Note that some years revenues exceed expenditures, and vice-versa. As noted above, years where revenues exceed expenditures generate a fund balance, and years where expenditures exceed revenues draw from that fund balance. Similar analyses can be performed on each of the township's funds. It's important to recognize, however, that expenditures have increased more sharply than revenues in the last ten years. If this trend continues, the township will be faced with difficult decisions such as cutting expenditures or raising taxes or other revenue to ensure a healthy financial future.

Understanding Where Your Money Goes: Township Services

Police Services

Ever wonder what it costs for police services? In the 2014 General Fund, Public Safety costs are budgeted at **\$2,668,655**. This number includes police officer salaries, fuel and maintenance for police vehicles, criminal investigation expenses, and other operating costs. This means that, in 2014, Public Safety *operating* costs are approximately **\$150.48 per resident**. *Capital* costs are budgeted at **\$146,115**, or approximately **\$8.24** per resident, and include replacement of one police vehicle, conversion of two Chevrolet Tahoes to run on Compressed Natural Gas and gasoline, and preparing for replacement of the regional Records Management System. Thus, the total 2014 *operating* and *capital* cost of Public Safety per resident is **\$158.72**. This cost does get reduced some with state and federal grant monies.



Public Works

Public Works General Fund expenditures are budgeted at **\$933,139** in 2014. This equates to approximately **\$52.62** per resident. Expenditures in this category include salaries for the road crew, custodial staff, mechanic, and engineers, as well as operating expenses. In *capital* expenditures, Public Works are budgeted at **\$488,225** and include the purchase of a new truck with grapple for brush and leaf collection, a used bucket truck, and automatic



salt controllers. This equals approximately **\$27.53** per resident. Total Public Works costs for 2014 are budgeted at about **\$80.15** per resident.

Road Projects

Public Works road projects represent a significant cost to the township. With 90 miles of roads to maintain and increasing costs each year, the cost to maintain township roads is estimated to exceed \$1 million per year. For 2014, the capital road projects budget equals **\$1,488,000** or **\$83.91** per resident.

Administration

Administrative General Fund expenditures are budgeted at **\$297,998** in 2014. Per resident, this equals approximately **\$16.80**. Items in this category include salaries for the Township Manager, Assistant Manager, and administrative staff, as well as office supplies, printing and advertising, and other general expenses. *Capital* expenditures are budgeted at **\$43,700**, or **\$2.46** per resident, and include replacing the Township Manager's vehicle and the redesign of the township's website in 2014. In total, administrative services provided by the township cost approximately **\$19.26** per resident.

Planning & Zoning

2014 General Fund expenditures for the Department of Planning & Zoning are budgeted at **\$242,201**, or **\$13.66** per resident. Expenditures in this category include staff salaries, advertising and printing services. Township contributions to the Centre Region Planning Agency and the Centre County Metropolitan Planning Organization are included under the regional programs. *Capital* expenditures include an allocation toward the development of the West College Avenue Terraced Streetscape District and funding for a consultant to rewrite the township's subdivision and land development ordinances. The budgeted *capital* amount is **\$167,370**, or **\$9.44** per resident, bringing the total cost for Planning & Zoning services in 2014 to **\$23.10** per resident.

Finance and Information Technology

2014 General Fund expenditures for the Department of Finance and Tax Office total **\$231,115** and include salaries, bonding costs, fees for the annual audit, postage and printing and contracted services. This equals approximately **\$13.03** per resident.

2014 General Fund expenditures for Information Technology totals **\$95,220** including professional services and non capital hardware and software. This equals approximately **\$5.37** per resident. *Capital* expenditures are budgeted at **\$24,000**, or approximately **\$1.35** per resident, and include the replacement of one computer server and other technology purchases. In total, township residents pay approximately **\$6.72** for Information Technology services.

Understanding Where Your Money Goes: Regional Services

A goal of the township is to participate in regional programs which provide quality, cost-effective services to residents. Goal number eight in the township's Strategic Plan, the document which identifies goals set by the township's elected officials, reads: "Ferguson Township will continue to actively participate in regional programs that have a demonstrable positive impact on cost and quality of service delivery."



Centre Region Council of Governments (COG)

The township's participation in Centre Region Council of Governments (COG) is an effort to achieve the township's goal of providing regional, high-quality and cost-effective services and programs to residents. COG is a voluntary participation organization established in 1969 in order to provide financially prudent, quality public services. Approximately 96,000 residents in the Centre Region benefit from the services provided by COG.

Ferguson Township participates in COG with other area municipalities: State College Borough and the townships of College, Halfmoon, Harris and Patton. A variety of formulas are used to determine how costs are distributed to the members of COG. The COG formulas are in place to ensure each local government contributes their fair share based on their respective usage of the programs. The most common formula is based on three equally weighted elements: population served (excluding Penn State students), assessed value, and Earned Income Tax. It should also be noted that after the 2010 Census, Ferguson Township was shown to have the largest population (excluding Penn State students) in the Centre Region.

The township's COG contributions are used to provide residents with the following services:

Schlow Centre Regional Library

Cost per resident: \$20.85

Located in downtown State College, the Library provides books, videos, and other services to the community.

Ferguson Township does not participate in the COG funding formula for Schlow Library. However, Ferguson Township does have one representative on the Library's Board of Trustees

and has continued to contribute money toward the operation of the library. The township's share is determined annually by the Board of Supervisors based on recommendations from Schlow and township staff. Factors that influence the township's share include the number of Ferguson Township residents useage of the library from the prior year (items checked out), the amount of revenue the library receives from other sources, and other variables impacting the availability of township funds.

Year	Township Contribution
2014	\$365,325
2013	\$339,096
2012	\$325,059
2011	\$318,685
2010	\$307,023

Fire Protection

Cost per resident: \$26.24

Alpha Fire Company covers approximately 98 square miles in the Centre Region. The following table represents Ferguson Township's share for the Alpha Fire Company funding:

Year	Township Contribution
2014	\$232,586
2013	\$210,085
2012	\$210,523
2011	\$201,493
2010	\$200,520

In addition to Alpha Fire Company, the township also makes contributions to other area fire protection services. Included in this is a state pass-through for the Foreign Fire Relief Program in the amount of \$151,708. The following provides the 2014 township contributions:

Port Matilda Fire Company Contribution: \$2,500

The 2014 allocation to the Port Matilda Fire Company is the same amount that was allocated annually since 2005.

COG-Fire Capital Equipment Contribution: \$76,500

This line item represents Ferguson Township's share for the Alpha Fire Company Capital appropriation for the replacement of large equipment. By contributing annually to this fund the region avoids the large need for funds at the time of replacement. In 2014, COG anticipates no major expenditures from the Fire Protection Capital. Municipal contributions will remain flat.

Centre Region Parks and Recreation (CRPR)

Cost per resident: \$29.89

CRPR is responsible for the maintenance and operation of municipal and regional parks, pools, the Millbrook Marsh Nature Center, and the Centre Region Senior Center. Also, CRPR offers a menu of programs, sports leagues, and special events for residents to enjoy. CRPR provides administrative support for all agency operations. The following table provides some history of the COG contribution rates for Ferguson Township to CRPR.

Year	Township Contribution
2014	\$530,076
2013	\$559,145
2012	\$658,918
2011	\$571,480
2010	\$522,404

Centre Region Emergency Management

Cost per resident: \$1.70

Since 1990, Centre Region Emergency Management has been responsible for coordinating the emergency operations plan for participating municipalities. Since 2002, COG has employed a full-time Emergency Management Coordinator to help facilitate emergency operations throughout the Centre Region.

The township's contribution to Centre Region Emergency Management can be broken down into two areas:

Emergency Management

These figures represent the township's contribution to the Centre Region Emergency Management over the last four years:

Year	Township Contribution
2014	\$30,172
2013	\$30,476
2012	\$35,239
2011	\$34,585
2010	\$34,949

Emergency Management Contingency

The township provides funding for the Emergency Management Coordinator to use in the event of a declared disaster. The Fund balance is capped at \$100,000.

Year	Township Contribution
2014	\$0
2013	\$2,651
2012	\$2,663
2011	\$2,669
2010	\$2,626

Centre Region Planning Agency/Metropolitan Planning Organization (CRPA/MPO)

Cost per resident: \$5.93

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. CRPA/MPO staff and the Centre Region Planning Commission provide crucial guidance to the six municipalities that make up the Centre Region and ensure that development is appropriately coordinated and managed. They are responsible for preparing the Centre Region Comprehensive Plan, a ten-year document outlining regional planning goals, and the Act 537 Sewage Facilities Plan.

The following table outlines the township’s contributions for regional planning services during a four year period:

Year	Township Contribution
2014	\$105,139
2013	\$106,428
2012	\$96,921
2011	\$94,732
2010	\$87,929

Centre Area Transportation Authority (CATA)

Cost per resident: \$5.72

While not a COG program, the township’s funding of CATA is another example of the township joining with area municipalities to fund a high-quality, cost-effective service utilized by township residents. Like COG, CATA is funded by area municipalities to provide services to those living

in our area. CATA's funding comes from the Centre Region's six municipalities—Ferguson Township, State College Borough and the townships of College, Halfmoon, Harris and Patton. Funding is also provided by Bellefonte Borough, Spring Township and Benner Township. The following table reflects the township's contributions to CATA for the last four years:

Year	Township Contribution
2014	\$101,383
2013	\$94,979
2012	\$90,306
2011	\$87,040
2010	\$90,294

Summary

Overall, the township's fiscal outlook for 2014 is strong. For the seventh straight year, there are no proposed tax increases. Expenditures in the General Fund are proposed to be \$570,938, or 5.09%, less than in 2013 and Capital Projects have been reduced by over \$5.4 million with the completion of the West Whitehall Road Widening Project in 2013. While the township's general fund balances have been reduced by \$411,534 to cover the difference between expenditures and revenues, the township continues to carry healthy fund balances in each fund. This will keep the township in a good position to address unforeseen expenditures or lost revenue in the coming years.

The township carries healthy fund balances, however, the increasing costs for capital projects and police services, it would be prudent to plan for the future and necessary choices that may lie ahead. Several large projects, both locally and regionally, are on the horizon that will require careful budgeting in order to bring to fruition. These include the development of the West College Avenue Terraced Streetscape, the Whitehall Road Regional Park, and various infrastructure improvements needed to service a growing population. As expenditures increase and revenues struggle to keep up, the efforts of staff and elected officials will have to focus on economic development, creative planning, and increased efficiency to lessen the burden on the taxpayer.

On a more positive note, the township has limited debt levels. Currently, there is only one bond outstanding that matures in 2017. Absent additional borrowings, the township will have no direct debt beginning in 2018. However, the township is a party to the regional pools and parks debt which continue for the foreseeable future.

The township has many exciting new initiatives on the agenda for 2014. You are invited and encouraged to become involved in making your community a better place by attending the township's Coffee and Conversation events, joining staff and elected officials for public meetings, and signing up to volunteer for community projects. The township's new web page will offer new features that allow you to more quickly access the information you're looking for, and interact with staff in new ways. You can use the website to sign up to receive valuable information to your email inbox such as road project updates, police information, and the monthly eNewsletter.

On behalf of township staff and elected and appointed officials, thank you for being a valued member of the community and making Ferguson Township a special place to live, work, learn, and visit!

