



# 2018 Budget Executive Summary



*Township of*  
**FERGUSON**  
*Pennsylvania*

# **Ferguson Township Budget Executive Summary**

## **Board of Supervisors**

**Peter Buckland, Chair (Ward II)**

**Steve Miller, Vice Chair (Ward II)**

**Laura Dininni (Ward I)**

**T. Tom Ricciardi (At-Large)**

**Sara Carlson (Ward III)**

## **Department Managers**

**David Pribulka, Township Manager**

**David Modricker, Director of Public Works**

**Eric Endresen, Director of Finance**

**Chris Albright, Chief of Police**

**Raymond Stolin, Jr., Director of Planning & Zoning**



# Table of Contents

<b>Executive Organizational Chart</b>	<b>4</b>
<b>Introduction</b>	<b>5</b>
<b>2017 Accomplishments</b>	<b>8</b>
<b>2018 Initiatives</b>	<b>9</b>
<b>Community Profile</b>	<b>10</b>
<b>Who Are We?</b>	<b>11</b>
<b>Budget Process and Overview</b>	<b>15</b>
<b>Description of Township Funds</b>	<b>16</b>
<b>Where Does the Money Come From?</b>	<b>22</b>
<b>Summary</b>	<b>34</b>

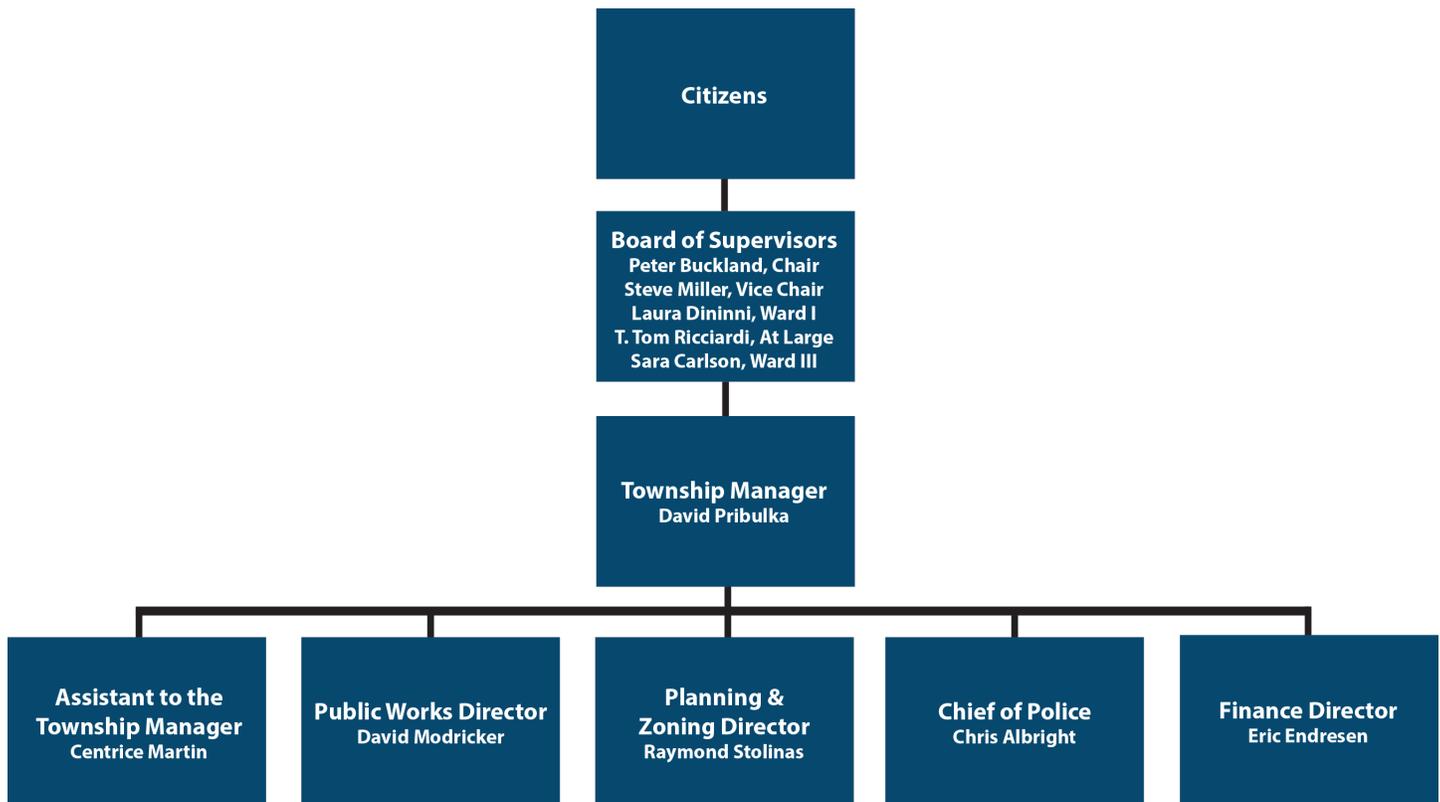


## Executive Organizational Chart

The Executive Team in Ferguson Township is responsible for the supervision of staff, relations with the Board and the public, strategic planning, and more. In 2017, David Pribulka was appointed Township Manager. In that capacity, David 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 makeup of the community.



## Introduction

By David Pribulka, Ferguson Township Manager

It is my pleasure to present Ferguson Township's **2018 Budget Executive Summary**.

This document serves to supplement the Ferguson Township Strategic Plan, Annual Operating Budget, Five-Year Capital Improvement Program, and Comprehensive Annual Financial Report (Audit) by providing some useful information to help you better understand how Ferguson Township utilizes your tax dollars.

By aspiring to create a sense of place, preserving agriculture and environmentally sensitive areas, and establishing a vibrant town center, Ferguson Township is recognized as a "Best Place to Live." The 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.



***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 its 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.



## 2018 Ferguson Township Strategic Plan

Staff and elected and appointed officials use many documents to guide day-to-day operations in assurance that tax revenue is being expended responsibly and in keeping with residents' interests. These 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 its Strategic Plan. It 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.



## 2017 Accomplishments

- Achieved Police Department Accreditation through the Pennsylvania Law Enforcement Accreditation Commission;
- Completed and managed more than \$3.5 million in capital projects and equipment;
- Initiated the design of a LEED Gold Certified Public Works Maintenance Facility;
- Implemented document management software and digitized more than 6,000 tax parcel files;
- Updated the Ferguson Township Official Map;
- Began rewriting Zoning and Subdivision and Land Development Ordinances;
- Expanded community engagement efforts to grow the Township's social media following; reached residents and local business owners through Coffee and Conversation; Neighborhood Association Open Forums; and other outreach efforts, updated and continued to improve publications including the Welcome to Your Community Guide, our monthly e-Newsletter and semiannual print newsletter, enhanced our website;
- Began Stormwater Fee Feasibility Study; and
- Successfully transitioned senior staff members, including the Township Manager and Chief of Police.



## 2018 Initiatives

- Finalize design and begin construction of new Public Works Maintenance Facility;
- Renovate Township office to meet the needs of a growing staff and community;
- Work toward implementation of sustainability initiatives as identified by the Climate Action Committee established by the Net-Zero Greenhouse Gas Emissions Resolution;
- Complete the implementation of a new Police Records Management System;
- Complete design and construction of capital projects including road and parkland improvements;
- 
- Finalize Stormwater Fee Feasibility Study and analyze and implement results;
- Initiate a Fire Station Feasibility Study for the western end of the Township to supplement the analysis prepared by the Centre Region Fire Director in 2017;
- Completed rewrite of Zoning and Subdivision and Land Development Ordinances; and
- Update the Recreation, Parks, and Open Space Plan.

**Local Government is Meeting the Needs of a Growing Community.** Unfunded liabilities including stormwater management, pension and healthcare costs, infrastructure needs, and growing demands for services constantly threaten a healthy bottom line. Your elected officials and staff at Ferguson Township are committed to efficient and effective operations so that you can be confident your tax dollars are being used to improve your 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.

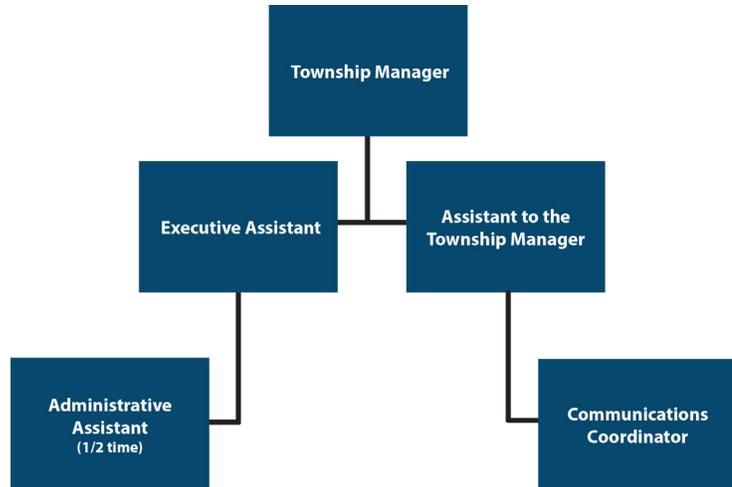
The Ferguson Township Board of Supervisors has made sustainability one of its highest goals. On June 19, 2017, the Board adopted resolution 2017-14 committing the Township to immediately begin to develop a strategy to achieve net-zero greenhouse gas emissions no later than 2050 in a manner that is transparent, fair, and economically feasible. To help develop this goal, the Township commissioned an ad hoc board tasked with designing a greenhouse gas emissions reduction strategy to present to the Board for approval. Additionally, the Township has begun design of a new Public Works Maintenance Facility with the goal of achieving LEED Gold status.

The Board of Supervisors recognizes that the Township's rich natural resources are among the qualities that make the Township a unique place to live. The 2018 Operating Budget affirms their commitment to preserving and enhancing the features that make our community great!

## 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 organizing community engagement initiatives. The Township Manager and Assistant Township Manager conduct regular meetings with community stakeholders such as residents, businesses, and neighborhood association representatives.

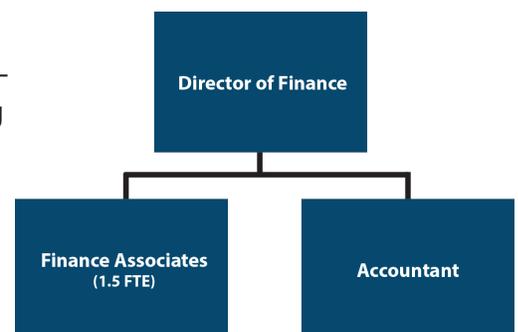
The Department also includes a full-time Communications Coordinator responsible for producing publications that include the monthly e-Newsletter, semi-annual print newsletter, as well as managing a Twitter account designed to communicate Township services and initiatives to the more than 18,000 people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

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 increased demands are placed upon municipalities for more efficient and effective local and regional services, the call for sound professional management becomes more important.

### Finance Department

With planned expenditures across all funds exceeding \$22 million in 2018, 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. The Finance Department includes the Finance Director, Accountant, Tax Associate, and an Administrative Assistant shared with the Administration Department.

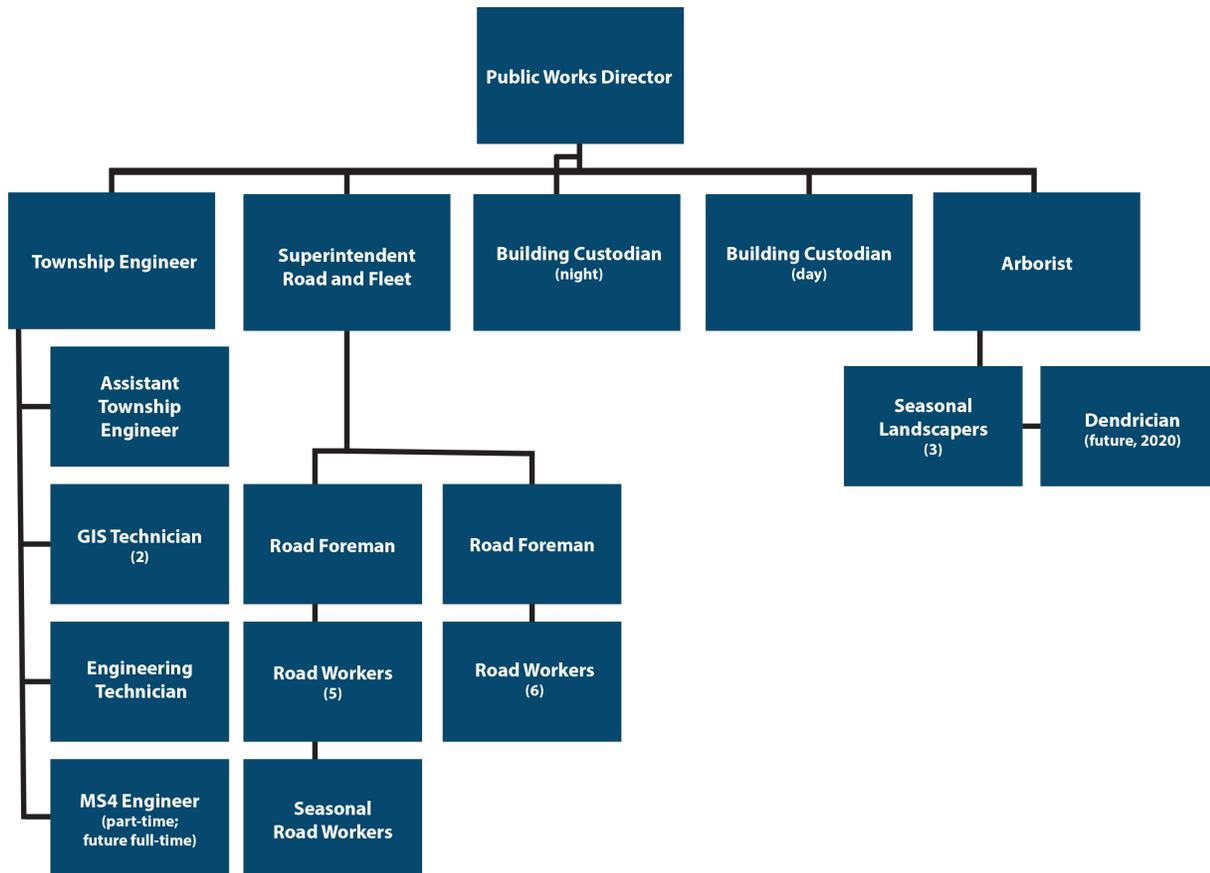


## Public Works Department

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

The Engineering Department 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, Staff Assistant. The Department shares an Administrative Assistant with Public Works and a part-time Ordinance Officer with the Police Department. 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

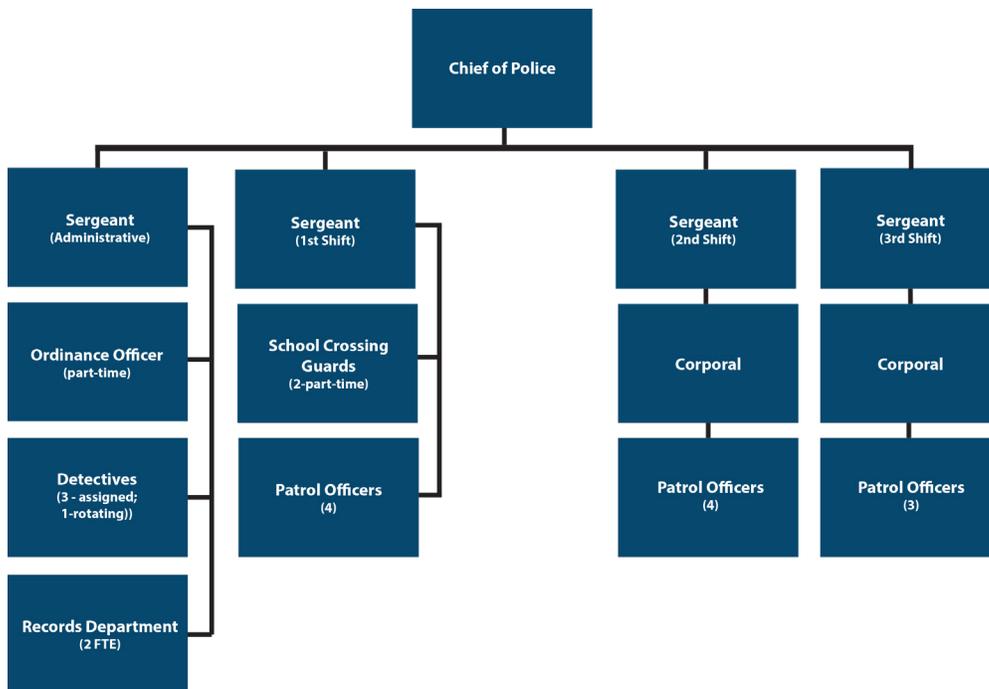
Charged with providing for public safety, the Township's Police Department is a 24 hours-per-day, 365 days-per-year operation that employs 22 staff. Responsibilities include patrolling the more than 90 road miles owned by the state and municipality within Township borders, deterring, preventing, and investigating criminal activity, enforcing traffic laws, investigating crashes, responding to calls for service, and more.



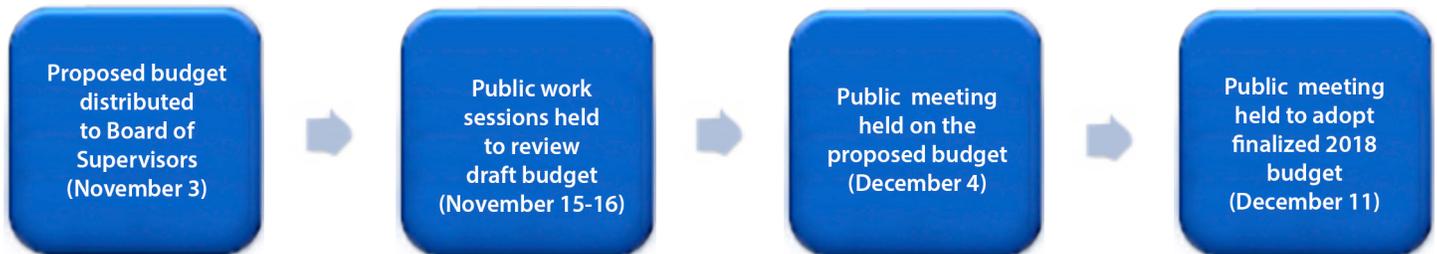
The Police Department works cooperatively with other local jurisdictions including Patton Township, State College Borough, and Penn State University to share information, provide assistance when needed, and provide community education and outreach. In 2016, the Police Department promoted an Administrative 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 several community outreach events. These include the annual Bike Rodeo, school walkthroughs, Crisis Intervention Team Training, biannual Township Open House, and many others. Additionally, the Police Department assists with the policing of several large events per year including Penn State football games.

In 2017, the Department earned accreditation through the Pennsylvania Law Enforcement Accreditation Commission. This rigorous program required the Department to demonstrate compliance with dozens of established policies governing topics from patrol to collection and preservation of evidence and many others. This voluntary accreditation program exemplifies the dedication of the Police Department to providing for public safety in a competent and professional manner.



## 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 worksessions, 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.

## 2018 Ferguson Township Board of Supervisors



**Chairman**  
**Peter Buckland**  
**Ward II**



**Vice Chairman**  
**Steve Miller**  
**Supervisor-at-Large**



**Laura Dininni**  
**Ward I**



**T. Tom Ricciardi**  
**Supervisor-at-Large**



**Sara Carlson**  
**Ward III**

## Description of Township Funds

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. The Township is honored to have been recognized for adherence to these principles.

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>2017 Budgeted Expenditures</u>	<u>2018 Budgeted Proposed</u>	<u>Dollar Value Change from 2016</u>	<u>Percent Change from 2016</u>	<u>Remaining Fund Balance</u>
\$12,429,747	\$12,356,400	\$73,347	-.59%	\$6,679,610

### 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 219 street lights in the Township.

**Departments Involved: Public Works, Finance**

<u>2017 Budgeted Expenditures</u>	<u>2018 Budgeted Expenditures</u>	<u>Dollar Value Change from 2017</u>	<u>Percent Change from 2017</u>	<u>Remaining Fund Balance</u>
\$20,911	\$21,500	\$589	2.82%	\$1,992

## 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>2017 Budgeted Expenditures</u>	<u>2018 Budgeted Expenditures</u>	<u>Dollar Value Change from 2017</u>	<u>Percent Change from 2017</u>	<u>Remaining Fund Balance</u>
<b>\$32,200</b>	<b>\$35,500</b>	<b>\$3,300</b>	<b>10.25%</b>	<b>\$748</b>

## 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>2017 Budgeted Expenditures</u>	<u>2018 Budgeted Expenditures</u>	<u>Dollar Value Change from 2017</u>	<u>Percent Change from 2017</u>	<u>Remaining Fund Balance</u>
<b>\$566,935</b>	<b>\$585,300</b>	<b>\$18,365</b>	<b>3.24%</b>	<b>\$575,870</b>

## GENERAL OBLIGATION FUND

The General Obligation Fund is money set aside to pay debt incurred by the Township. Revenue for the debt service comes from money transferred out of the General Fund. In 2017, the Township made the final payment on the 2014 refinancing. At December 31, 2017, the Township retired all direct debt. New debt will be required 2018 to provide funding for new public works building construction and renovation of the administration offices.

### Departments Involved: Administration, Finance

<u>2017 Budgeted Expenditures</u>	<u>2018 Budgeted Expenditures</u>	<u>Dollar Value Change from 2017</u>	<u>Percent Change from 2017</u>	<u>Remaining Fund Balance</u>
<b>\$558,724</b>	<b>\$1,030,000</b>	<b>\$471,276</b>	<b>84.35%</b>	<b>\$3,237,792</b>

## 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 to this program toward the purchase of conservation easements as part of its share with the county and state. Revenue for this fund comes from transfers out of the General Fund.

<u>2017 Budgeted Expenditures</u>	<u>2018 Budgeted Expenditures</u>	<u>Dollar Value Change from 2017</u>	<u>Percent Change from 2017</u>	<u>Remaining Fund Balance</u>
<b>\$33,733</b>	<b>\$9,200</b>	<b>-\$24,533</b>	<b>-72.73%</b>	<b>\$99,009</b>

## 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>2017 Budgeted Expenditures</u>	<u>2018 Budgeted Expenditures</u>	<u>Dollar Value Change from 2017</u>	<u>Percent Change from 2017</u>	<u>Remaining Fund Balance</u>
<b>\$1,738,566</b>	<b>\$2,806,530</b>	<b>\$1,067,964</b>	<b>61.43%</b>	<b>\$411,103</b>



## 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>2017 Budgeted Expenditures</u>	<u>2018 Budgeted Expenditures</u>	<u>Dollar Value Change from 2017</u>	<u>Percent Change from 2017</u>	<u>Remaining Fund Balance</u>
<b>\$108,120</b>	<b>\$104,138</b>	<b>-\$3,982</b>	<b>-3.69%</b>	<b>\$850,434</b>

## TRANSPORTATION IMPROVEMENT FUND

This fund accounts for improvements and maintenance to the transportation infrastructure such as road, street and bridge repairs. Such expenditures include base repair, paving, storm water facilities, the relocation of utilities such as power lines and Internet fiber in accordance with other capital projects. Revenue for this fund comes from a dedicated tax increase in 2001 on real estate, real estate transfers, and earned income as well as a variety of sources such as interest revenue, grants, and developer contributions.

<u>2017 Budgeted Expenditures</u>	<u>2018 Budgeted Expenditures</u>	<u>Dollar Value Change from 2017</u>	<u>Percent Change from 2017</u>	<u>Remaining Fund Balance</u>
<b>\$4,209,000</b>	<b>\$4,731,300</b>	<b>\$522,300</b>	<b>12.41%</b>	<b>\$2,311,119</b>

## 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>2017 Budgeted Expenditures</u>	<u>2018 Budgeted Expenditures</u>	<u>Dollar Value Change from 2017</u>	<u>Percent Change from 2017</u>	<u>Remaining Fund Balance</u>
<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$21,813</b>

## PARK IMPROVEMENT FUND

This capital projects fund is used for improvements made to parks located within the Township. In 2018, expenditures in this fund are to be used to offset the cost of replacement play equipment at Haymarket Park.

### Departments Involved: Administration, Public Works

<u>2017 Budgeted Expenditures</u>	<u>2018 Budgeted Expenditures</u>	<u>Dollar Value Change from 2017</u>	<u>Percent Change from 2017</u>	<u>Remaining Fund Balance</u>
<b>\$44,000</b>	<b>\$40,000</b>	<b>-\$4,000</b>	<b>-9.09%</b>	<b>\$53,858</b>

## POLICE PENSION TRUST FUND

This fund accounts for pension payments made to twelve 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 limited to contributing 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>2017 Budgeted Expenditures</u>	<u>2018 Budgeted Expenditures</u>	<u>Dollar Value Change from 2017</u>	<u>Percent Change from 2017</u>	<u>Remaining Fund Balance</u>
<b>\$300,028</b>	<b>\$327,650</b>	<b>\$27,622</b>	<b>9.21%</b>	<b>\$4,988,090</b>

## 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>2017 Budgeted Expenditures</u>	<u>2018 Budgeted Expenditures</u>	<u>Dollar Value Change from 2017</u>	<u>Percent Change from 2017</u>	<u>Remaining Fund Balance</u>
<b>\$80,106</b>	<b>\$87,250</b>	<b>\$7,144</b>	<b>8.92%</b>	<b>\$3,575,649</b>

## 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>2017 Budgeted Expenditures</u>	<u>2018 Budgeted Expenditures</u>	<u>Dollar Value Change from 2017</u>	<u>Percent Change from 2017</u>	<u>Remaining Fund Balance</u>
<b>\$15,268</b>	<b>\$15,868</b>	<b>\$600</b>	<b>3.93%</b>	<b>\$2,298,996</b>

\* 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:

Category	2018 Budgeted Revenue (Total Figures)
<b>Real Property Taxes</b>	\$1,435,675
<b>Local Enabling Taxes -</b>	\$8,547,000
Real Estate Transfer Tax: \$1,400,000	
Earned Income Tax: \$6,837,000	
Local Services Tax \$310,000	
<b>Licenses &amp; Permits</b>	\$299,652
<b>Fines</b>	\$101,825
<b>Interest Revenue, Rents &amp; Royalties, Other</b>	\$138,509
<b>Federal Revenues</b>	\$43,435
<b>State Revenues</b>	\$547,649
<b>Local Revenues</b>	\$210,941
<b>Charges for Services</b>	\$154,920
<b>Interfund Operating Transfers-In</b>	\$87,250
<b>Total Revenue</b>	<b>\$11,566,856</b>

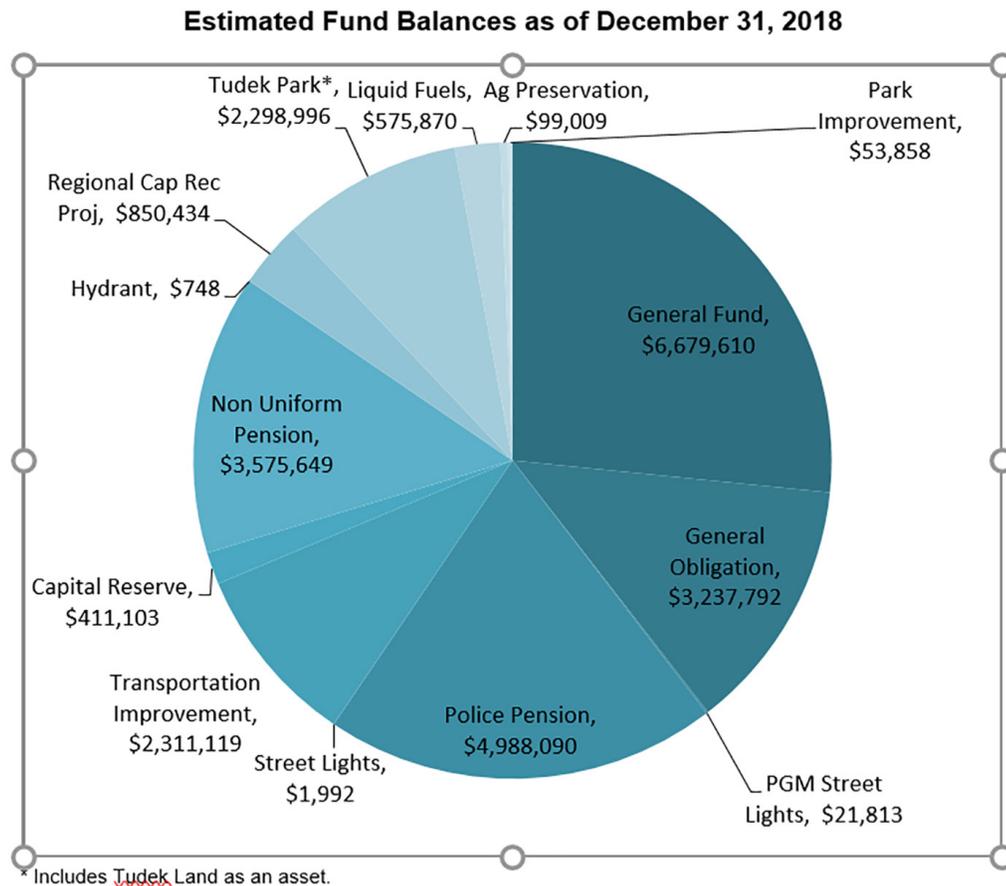
The projected General Fund revenue is not sufficient to cover the proposed expenditures in 2018. Assuming revenues and expenditures are exactly correct, there will be an annual deficit of **\$789,544** in the General Fund.

## How is the difference made up?

### Fund Balances

In some years, the Township expends more money than it takes in; in other years, the Township collects more revenue than it spends in other years. 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 2018, 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 percent of its expenditures. At the end of 2018, the Township's fund balance in the General Fund will be approximately 54 percent 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.



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

As you might expect, taxes make up approximately 88 percent of the total revenue collected by the Township. For the tenth 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 - \$1,400,000

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 percent of the value of the sale. Of that 2.75 percent, 1.0 percent is allocated to the Commonwealth of Pennsylvania, .5 percent is allocated to the State College Area School District, and the remaining 1.25% 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 - \$1,435,675

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 2018 Budget, this budget amount is estimated at \$10,000.

## **Earned Income Tax - \$6,837,000**

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 percent 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 percent of the tax collected for the Township, and the remaining 97.6 percent is remitted to the Township. The Township receives 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 percent 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 **\$12,356,400** in planned General Fund expenditures in 2018, and additional **\$9,363,468** in planned expenditures from other governmental 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?

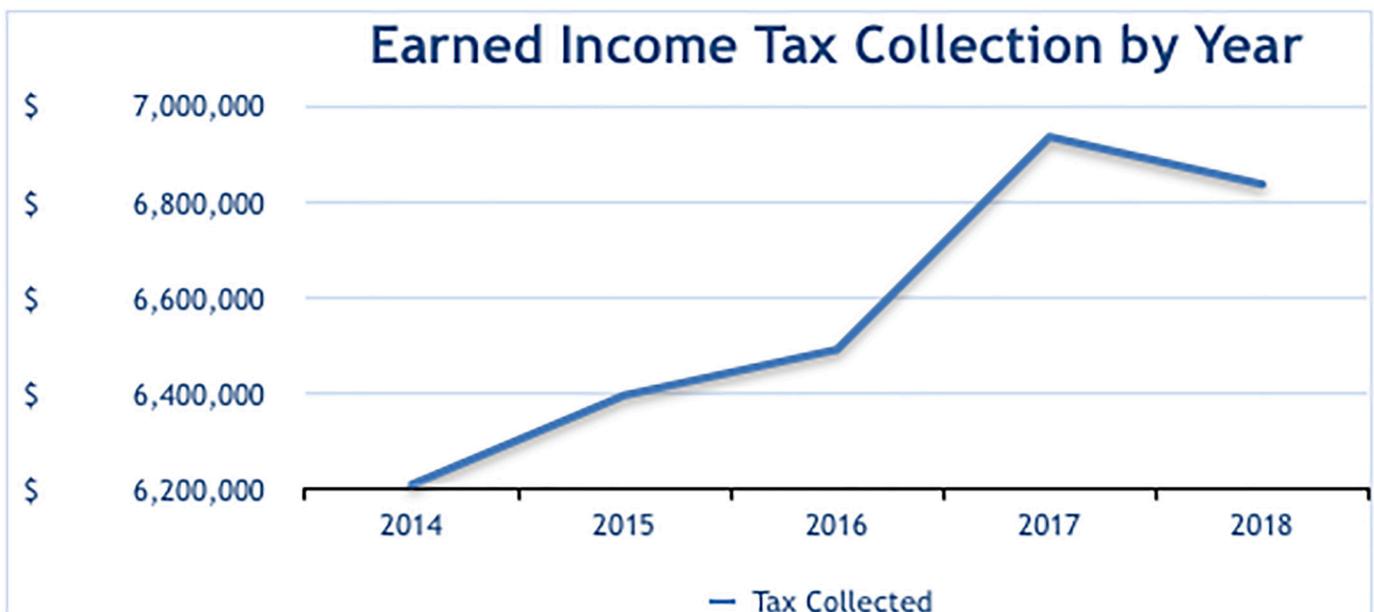
*Note: Taxes are collected and allocated by the Centre Tax Agency and only what is distributed to the Township is counted as revenue.*

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

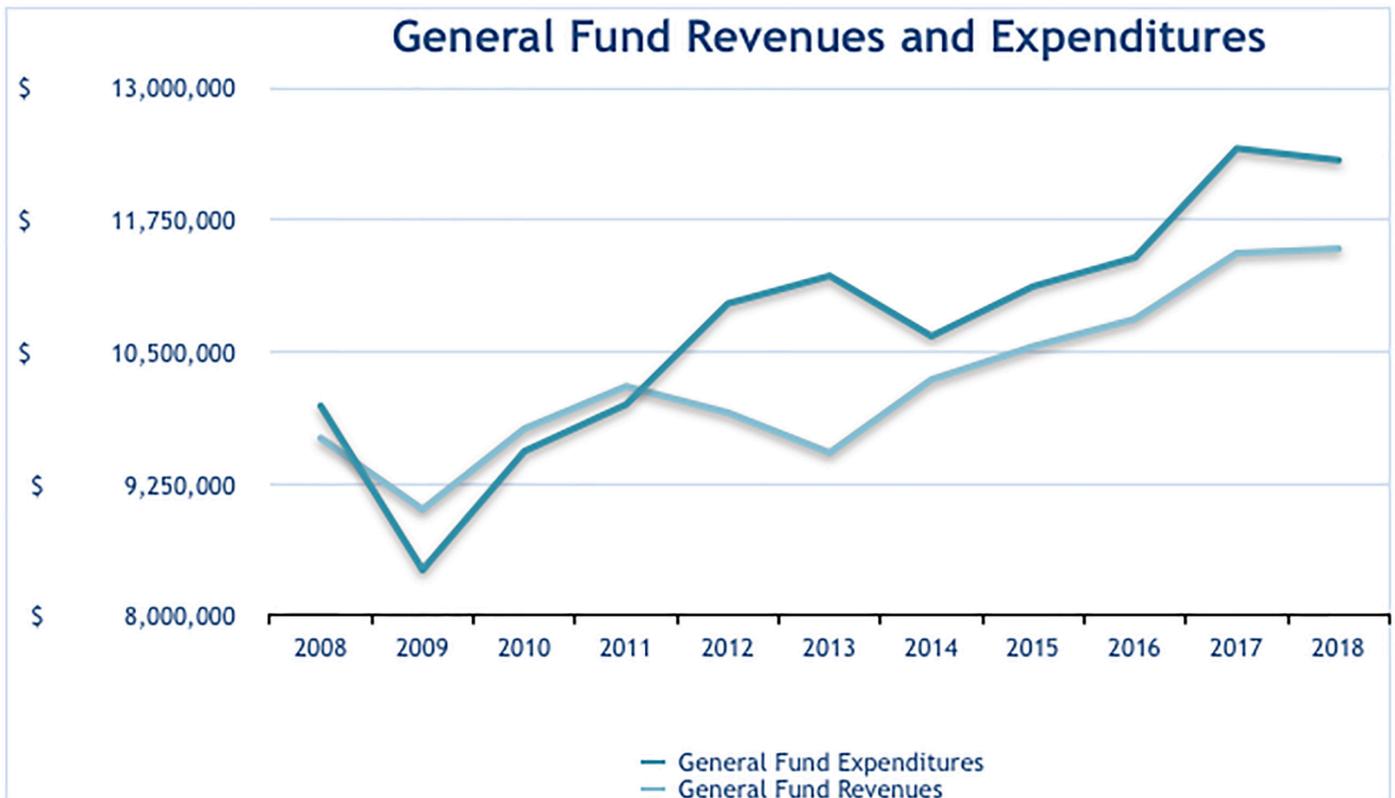
For every dollar collected in Real Estate Tax, 81 cents is remitted to the State College Area School District, 14.5 cents is remitted to Centre County, and 4.5 cents is remitted to the Township.



**81 cents to School District    14.5 cents to Centre County    4.5 cents to 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 - \$147.29 per resident | \$15.22 more than 2017

The Police Department is responsible patrolling approximately 52 square miles and more than 90 road miles to help ensure the safety of the students, visitors, and residents of Ferguson Township. In the **2018** General Fund, Public Safety operating expenditures are budgeted at **\$2,376,310**, or **\$129.78 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 **\$320,600**, or **\$17.51 per resident**. Capital expenses for 2018 include one new police cruiser, new mobile data forensic software, and the remaining Township share of the replacement of the Mobile Data/Records Management System. 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 – \$108.27 per resident | \$65.63 more than 2017

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 2018 General Fund is **\$1,109,812**, or **\$60.61 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 **\$1,872,585** or **\$47.66 per resident**. Planned capital expenditures include the replacement and purchase of several pieces of equipment, stormwater projects, and design/construction of a new LEED Gold Certified Public Works Maintenance Facility.



### Transportation Projects – \$247.80 per resident | \$30.22 more than 2017

Infrastructure projects represent a significant cost to Township residents. There are more than 90 road and street miles in Ferguson Township, and cost to maintain those roads typically exceeds **\$1 million** each year. Road projects in 2018 are expected to total **\$4,537,300**. A description of planned 2018 road projects can be found on **page 284** of the budget document.

## Administration - \$21.28 per resident | \$.99 more than 2017

The Administration Department consists of the Township Manager, Assistant to the Manager, and administrative staff. The 2018 operating expenditures are budgeted at **\$364,435**, or **\$19.90 per resident**. Expenses in this category include staff salaries, office supplies, communications, and other expenses. Capital expenditures are budgeted at **\$25,000**, or **\$1.37 per resident**, and includes a fire station feasibility study for service to western Ferguson Township.

## Planning & Zoning – \$25.03 per resident | \$1.42 more than 2017

Operating expenditures are budgeted at **\$433,216**, or **\$23.66 per resident**. This category includes salaries, advertising and printing costs, and other operating expenditures. Capital expenditures are budgeted at **\$37,335**, or **\$2.04 per resident**, and includes a consultant to assist with revisions to the Township's Terraced Streetscape District regulations.



## Finance, Tax, and IT – \$24.54 per resident | \$.73 less than 2017

Operating expenditures for the Finance Department and Tax Office are budgeted at **\$276,298**, or **\$15.09 per resident**. This category covers salaries, audit fees, and other operating expenditures. Capital expenditures are budgeted at **\$10,560**, or **\$.58 per resident**, and include an upgrade to the Township's financial and accounting software.

Information Technology is managed by the Finance Department. The operating budget for IT in **2018** is **\$153,200**, or **\$8.37 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 **\$9,000**, or **\$.50 per resident**. These expenses include an upgrade to the Township's meeting room projector and a replacement switch.



## Regional Services

Goal 9.0 of the Strategic Plan – Partnerships and Regional Thinking -- reads: “a. Identify non-profits, businesses, and community groups for input on a variety of issues; b. Work towards regional cooperation on issues that affect the entire Centre Region c. Increase financial stability through partnerships d. Monitor partnerships to ensure they continue to be beneficial.” To help achieve these goals, 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.

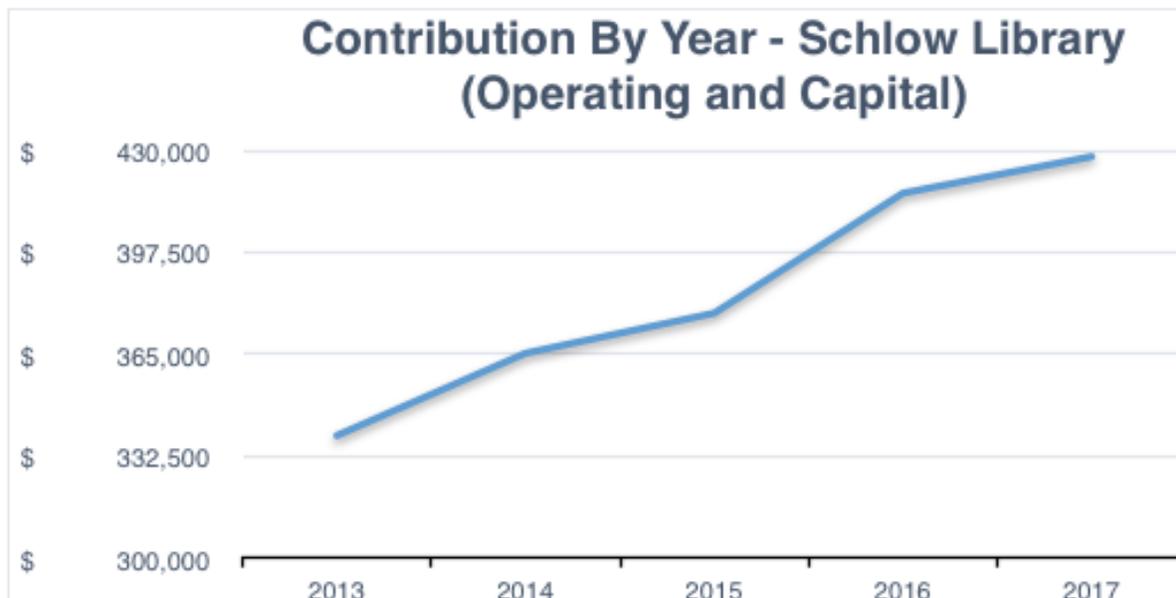


Ferguson Township joins the Borough of State College and the Townships of College, Halfmoon, Harris, and Patton as the six principle COG member municipalities. COG programs are funded by member municipalities, and the cost to each is determined by a variety of formulas to ensure each locality contributes their fair share based on their 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 on each program’s expenditures, please refer to the 2018 COG Summary Budget .

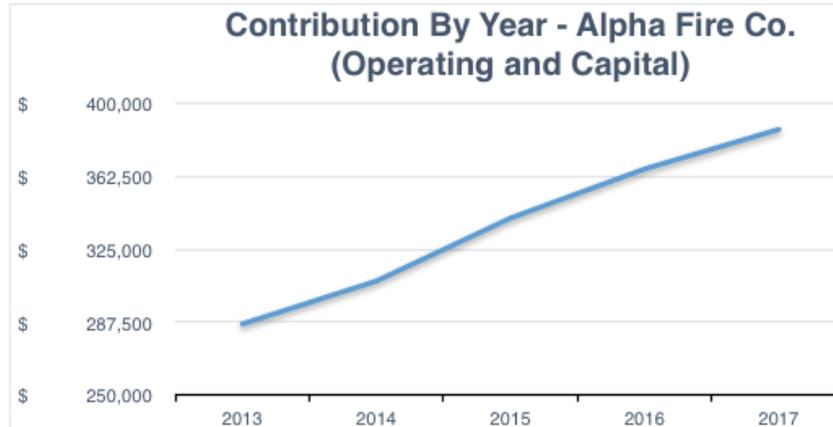
### Schlow Centre Region Library – \$24.51 per resident | \$1.13 more than 2017

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 2018 contribution to the Library’s operating budget is **\$425,817**, or **\$23.26 per resident**, and a contribution of **\$23,032** to the Library’s capital budget, or **\$1.26 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 –\$29.62 per resident | \$1.44 more than 2017

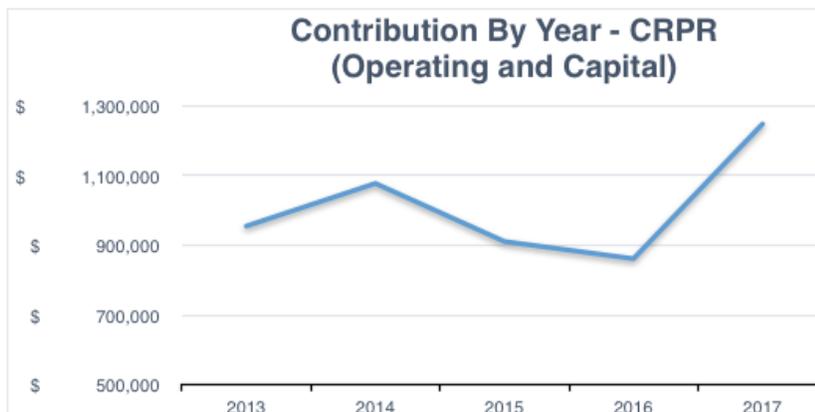
Alpha Fire Company provides fire protection services to approximately 98 square miles in the Centre Region. Annually, through Centre Region COG, the Township contributes toward the Alpha Fire Company operating and capital expenditures. The Township's 2018 contribution to fire services is **\$314,753**, or **\$17.19 per resident**, and a capital contribution in the amount of **\$91,189**, or **\$4.98 per resident**.



The Township is also contributing **\$3,500** in 2018 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.

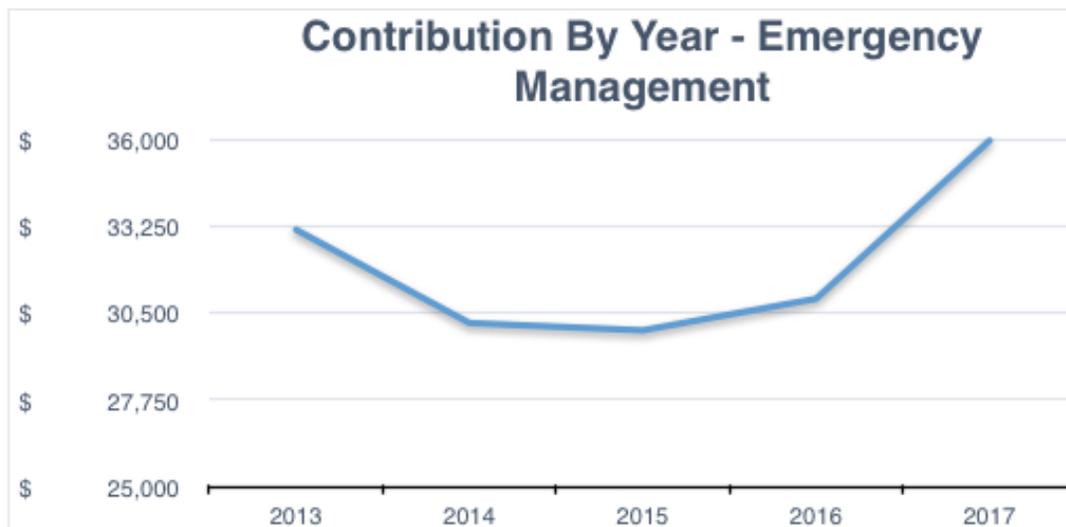
## Parks and Recreation (CRPR) – \$73.11 per resident | \$16.65 less than 2017

Centre Region Parks and Recreation'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 **\$1,338,685**, or **\$73.11**. This item includes improvements to the Louis E. Silvi Baseball Complex, updating the Suburban Park Master Plan, installation of new play equipment at Haymarket Park, and more.



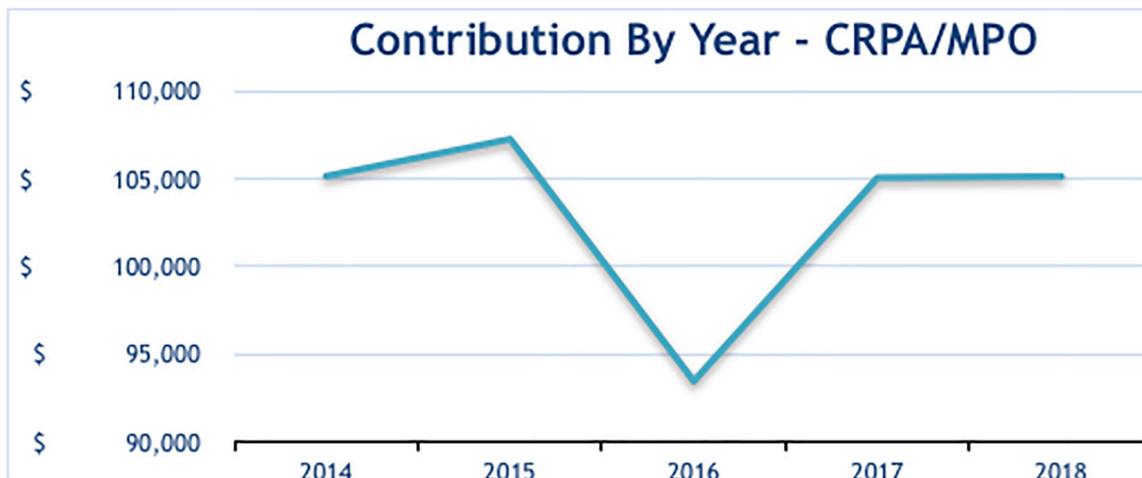
## Centre Region Emergency Management – \$1.87 per resident | \$.10 less than 2017

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 2018, the Township's contribution to this category is budgeted at **\$34,162**, or **\$1.87 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 **\$311** contribution to the Emergency Management Contingency Fund is budgeted for 2018.



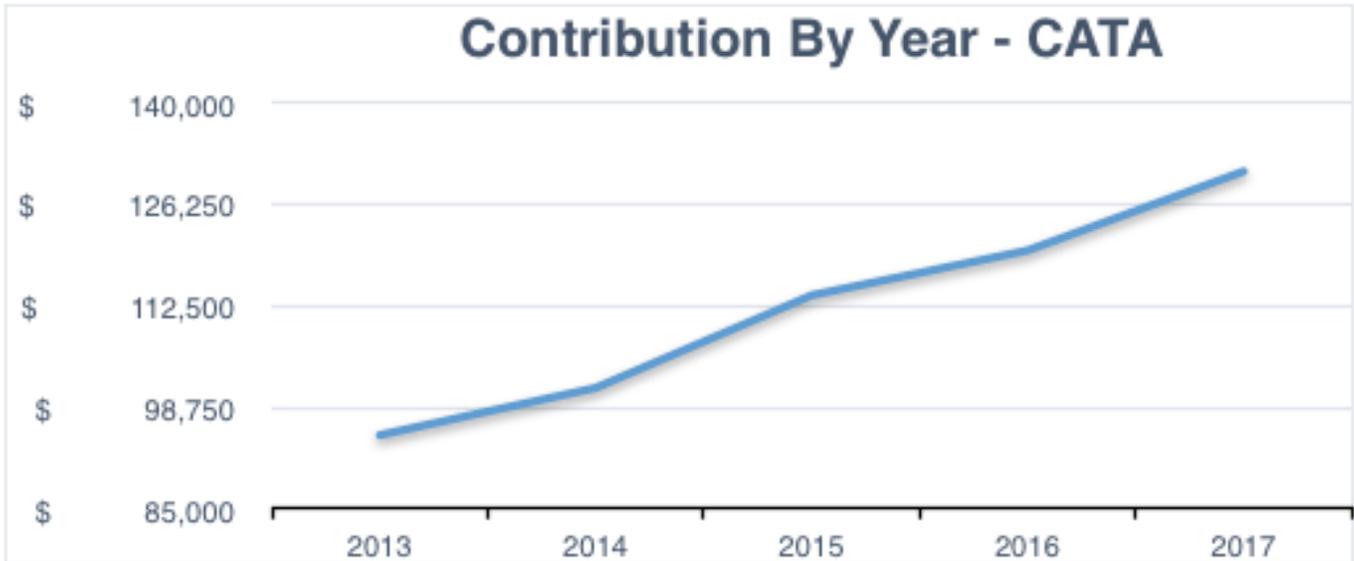
## Centre Region Planning Agency & Metropolitan Planning Organization (CRPA/MPO) – \$5.75 per resident | No change from 2017

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. 2018 contributions to CRPA and the MPO are **\$76,154**, or **\$4.16 per resident**, and **\$28,966**, or **\$1.59 per resident**, respectively.



## CATA – \$7.16 per resident | \$.01 more than 2017

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. Penn State University also contributed to the CATA budget. In 2018, the Township contribution to CATA's budget is **\$131,032**, or **\$7.16 per resident**.





## Summary

There is good reason to take pride in your community as we move forward into 2018 and beyond. Ferguson Township has become a leader in sustainable governance, developing a strategy to achieve net-zero greenhouse gas emissions by 2050, and completing design of a LEED Gold Certified Public Works Maintenance Facility.

The Board of Supervisors is embarking on these initiatives with your tax dollars in mind. For the tenth straight year, the Township's budget includes no tax increases.

Look for new and exciting ways to engage with your local government this year. The Township's rewrite of its zoning and subdivision and land development ordinances includes an interactive Idea Board where you can provide your feedback on the draft amendments right from your computer or mobile device. Standing and ad hoc committees including the newly-formed Parks and Recreation Committee provide increased transparency and accountability from your Township, as well as new ways for you to get involved.

As always, 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 input and feedback 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!*