

**COUNTY OF ERIE**  
**COUNTY CONTROLLER'S AUDIT REPORT**  
**FOR THE YEAR ENDING DECEMBER 31, 2012**



**MARY E. SCHAAF**  
**COUNTY CONTROLLER**

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COUNTY CONTROLLER



County of Erie

Erie County Courthouse

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**Mary E. Schaaf**  
*County Controller*

**William F. Amick**  
*Manager of Internal Audits*

**TO COUNTY COUNCIL:**

This report covers the examination of selected cash accounts and related records of the General, Special Revenue, Debt Service and Trust and Agency Accounts, for the year ended December 31, 2012.

The examination was conducted in accordance with Auditing Procedures as described on Page 2.

The Findings and Recommendations, as a result of the aforementioned auditing, are described on Page 3.

Mary E. Schaaf  
Erie County Controller

William F. Amick  
Manager of Internal Audits

March 28, 2013

## **AUDIT PROCEDURES**

### **Cash Accounts**

The following audit procedures have been applied to the cash accounts contained within this report.

1. Bank statements were reconciled at December 31, 2012.
2. Total deposits per the bank statements for the year ended December 31, 2012 were compared to total receipts written.
3. Total disbursements per the bank statements for the year ended December 31, 2012 were compared to total disbursements.

### **Disbursements**

Domestic Relations, E-911, Emergency Management, General Fund, Planning and Public Health Disbursements were tested for legality of claim, existence of proper documentation and proper account coding. Legality of claim includes examination of purchase orders, where appropriate, review of proper approval, examination of invoices for mathematical accuracy and comparison of disbursements with budgeted amounts. Appendix A lists the exceptions for the year ended December 31, 2012.

### **Payroll**

The Controller's Office receives notification of employee terminations, hiring and payroll rate changes from the Personnel Office. Gross pays are examined for the first pay period of new employees and the last pay period of terminated employees to assure a proper payroll cut off. We examine authorizations for payroll rate changes and retroactive pays, where appropriate, so as to compare them to the payroll register.

## FINDINGS AND RECOMMENDATIONS

The prior Audit Report contained Findings and Recommendations for improvements that we believed to be significant.

The following Findings and Recommendations for improvement were reported in the 2011 Controller's Audit Report and have been acted upon or resolved favorably:

### **Tax Claim – Credit Cards**

We had recommended that the Tax Claim Accountant compare the total credit card receipts to the online report on a daily basis. This is now being done.

### **Petty Cash Funds**

We had recommended that the Director of Finance adjust the County's petty cash records. This adjustment is not needed because Tax Claim Change funds are recorded in the Trust and Agency records.

### **Bank Reconciliations – Unresolved Discrepancies**

We had recommended that several reconciling items being carried on the General Fund and Library Fund bank reconciliations be researched and adjusted. Both of these accounts have been adjusted to the correct balance.

## **FINDINGS AND RECOMMENDATIONS**

The following Findings and Recommendations for improvement reported in prior Controller's Audit Reports have not been resolved:

### **Control Of Overtime**

For the year ended December 31, 2012, the County paid \$1,294,769 in overtime to County employees. The County budgeted \$1,244,673 for overtime for that period. As a result the County was over budget by \$50,096. The tighter administrative controls implemented in 2009 are working. However, the Edmund L. Thomas Center overspent their allotted overtime budget by over 48%; \$100,000 budgeted and \$148,231 spent. The Public Safety Department overspent their allotted overtime budget by over 45%; \$128,499 budgeted and \$186,472 spent. We recommend that both the Director of OCY and the Director of the Public Safety Department ensure that funds are transferred to the overtime appropriation to cover these expenses in future years.

### **Planning – Investment Interest**

Interest earned on investments through PA Invest has not been receipted and recorded in the cash ledger. The interest is automatically reinvested by PA Invest. The Planning Accountant does a journal entry to record the interest as deferred income. It should be receipted and recorded to cash then a journal entry to move it from cash to investments should be done. Since the time the County has started using PA Invest interest totaling \$2,005.80 has not been receipted. The Planning Accountant was made aware of the issue and we are awaiting corrective action.

### **Erie County Retirement Fund**

During 2012 the Erie County Retirement Fund paid \$872,668 for investment expenses. Of this amount, \$148,436 was paid to relationship managers. These relationships were approved by the previous Retirement Board. These payments are not necessary expenses of the Retirement Fund. It is recommended that the Retirement Board re-examine these contracts and eliminate them.

### **Inadequate Audit Coverage**

At the present time, due to the lack of sufficient audit staff, the Internal Audit function in Erie County is not providing the level of audit coverage necessary to ensure the taxpayers that the existing internal controls are functioning properly. With the elimination of a Senior Auditor position in 2009, internal auditing is being short changed. During 2012, six of the fifteen Magisterial District Judges were not audited. Currently the County Controller's office is operating at maximum efficiency. In order for the County Controller's office to fulfill the duties outlined in the Administrative Code as well as meet the State mandated schedule for District Magisterial Audits, we again recommend that the Senior Auditor position be restored. It should be noted that the County Executive did restore a Senior Auditor position to the Controller's

Office in the 2013 County Budget. However, the County Council voted to eliminate the position and its funding from the 2013 County Budget.

The following Findings and Recommendations for improvement are a result of this year's auditing.

### **Security Review – Tax Claim/Revenue**

During 2012 it has come to the attention of the Controller's Office that the Tax Claim/Revenue Office needs to control access to the areas behind the counter. At the present time, no door exists between the general public and the employee's work area. Therefore, we recommend that the Director of Finance request that the Sheriff's Department perform a review of the Tax Claim/Revenue work areas. This review should include recommendations to address security concerns. The Director of Finance should ensure that the recommendations made by the Sheriff's Department are implemented.

### **Accounting Procedure Manual**

Over the past several years, the day to day operations of the Finance Office have changed due to advances in technology, changes in standards and changes in vendors. The Finance Office has made the changes needed to maintain adequate internal controls, however, the County's Accounting Policies and Procedures Manual has not been updated to reflect these changes. The manual has not been updated since 2005. We recommend the Director of Finance review the manual and make the necessary changes to reflect the policies and procedures currently in use.

Also, it was brought to our attention that currently some employees of the Finance Office do not have a copy of the manual. An updated policy and procedure manual would promote responsible financial management and contribute to the effectiveness of the County's internal controls. It would also help all County employees to understand the County's financial systems. Once the Director of Finance has updated the manual we recommend it be posted on the County's website.

### **Investigative Report on Prison**

The Controller's Office performed an Independent Special Investigation of the Erie County Prison in response to an anonymous report of theft of ammunition and time card fraud. On October 15, 2012, the Controller's Office issued its Investigative Report to all County Officials and the taxpayers of Erie County. This report which details our findings as well as recommendations to improve the control weaknesses that led to the problems may be found on the Erie County Government website under the Controller.

The Administration, Finance Office, and Prison provided full cooperation to the Controller's Office in obtaining pertinent records and access. The Administration fired two Prison guards and disciplined the Deputy Warden as a result of the concurrent reviews of payroll records and inventory.

The Controller's Office had requested immediate implementation of its recommendations outlined in the report as well as a subsequent report of the implementation at the Erie County Prison within thirty days.

It should be noted that several comments related to policies dealing with whistleblowers and surveillance records should be addressed by the Administration in addition to the ones recommended for the Prison. Over six months have passed since our report was released and no response has been received by the Controller's Office dealing with the control weaknesses identified in the report. Therefore, we again recommend that the Prison and the Administration respond to the October 15, 2012 report detailing what procedures have been implemented per our recommendations.

### **Additional Comments**

During 2012, the Controller's Office performed several special reviews. In these cases the Departments have already implemented corrective action:

#### **Office of Children and Youth**

The Controller's Office examined the reimbursements for mileage paid to OCY employees who attended out of town training classes. In an effort to save the County money, we recommended car pooling guidelines. The Office of Children and Youth updated the travel policies to reflect the suggestions made by the Controller's Office. We will follow up to document implementation.

#### **Adult Probation**

During 2012, the Controller's Office met with representatives of both the Adult Probation Office and the Office of Finance. The purpose of this meeting was to discuss the control procedures related to the collection of fines owed to the County by clients of the Adult Probation Office. This meeting was prompted by the allegation that a former Probation Officer had asked clients to pay him the fine and restitution monies that were due the County. Some client's funds were paid to the former Probation Officer. During the meeting we examined Departmental Policies and Procedures relating to the Collection Bureau. After the meeting, several recommendations to enhance controls over the handling and collecting of cash payments were made by the Controller's Office.

The Adult Probation Office implemented these recommendations. At the present time, the Controller's Office receives a monthly report from the Collection Bureau.

#### **Recorder of Deeds**

During 2012, after the Controller's Office requested information on the policies and procedures related to the collection of copy monies, an employee of the Recorder of Deeds Office was terminated for diverting funds belonging to the County to her personal use. An examination of voided receipts revealed a lack of proper controls in the handling and approving of voided receipts. Based on the recommendation from the Controller's Office, voided receipts are now approved by the Director of the Deeds Office. A sign has been placed in the Deeds

Office reminding all persons who pay cash to the office to make sure they leave with a receipt. Additionally, the Controller's Office, periodically, reviews the voided receipts from the Recorder of Deeds Office.

#### **Ammunition and Weapons Control Procedures**

After the lack of inventory and control procedures over ammunition and weapons were discovered at the Prison, the Controller's Office met with the Director of Adult Probation. The Adult Probation Director detailed the controls that were in place over the ammunition housed and used by the Department. We requested that these procedures be documented in a formal written Departmental Policy. The Director of Adult Probation complied with our request and provided formal Departmental Policies and Procedures for the Control and Disbursement of ammunition. The Controller's Office also met with Sheriff Merski and discussed the Sheriff's Department inventory and control procedures.

**FINANCE OFFICE**

**GENERAL FUND ACCOUNTS**

**FINANCE OFFICE  
GENERAL FUND ACCOUNTS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

|                                       | Cash and<br>Temporary<br>Investments at<br><u>Beginning of</u><br><u>Year</u> | <u>Cash Receipts</u> | Cash<br><u>Disbursements</u> | Cash and<br>Temporary<br>Investments at<br><u>End of Year</u> |
|---------------------------------------|---|----------------------|------------------------------|---|
| General Account                       | \$24,070,758  | \$153,237,587        | \$147,017,687                | \$30,290,658  |
| Jury Reimbursement<br>Account         | (16,826)  | 97,129               | 103,649                      | (23,346)  |
| County Records<br>Improvement Account | 506,347   | 71,117               | 331,293                      | 246,171   |

See Accompanying Notes to Financial Statements.

**NOTES TO GENERAL FUND ACCOUNTS  
DECEMBER 31, 2012**

**NOTE 1 - GENERAL ACCOUNT**

The General Account is maintained to account for all financial transactions not properly accounted for in another fund.

The General Account is under budgetary control required by law. Each year the budget must be approved by County Council. The annual budget is a comprehensive financial plan for the year, which incorporates both estimates of proposed expenditures and the revenues required to finance them.

**NOTE 2 - JURY REIMBURSEMENT ACCOUNT**

The Jury Reimbursement Account is used to account for payments to individuals serving on Jury Duty.

**NOTE 3 - COUNTY RECORDS IMPROVEMENT ACCOUNT**

Pursuant to HB 196 of 1998, the County has established a County Records Improvement Account. This Bill stated that a fee in the amount of \$2.00 should be charged and collected for each document recorded. This fee shall be split equally between the "County Records Improvement Account", included as part of this report, and a separate account within the Office of the Recorder of Deeds.

Pursuant to HB 1923 of 2002, the fee charged and collected for each document recorded was increased to \$5.00. The \$5.00 fee will now be allocated with \$2.00 going to the County Records Improvement Fund and \$3.00 being retained in a separate account within the office of the Recorder of Deeds. Funds shall be expended in accordance with a comprehensive records management plan based on the goal of standardizing and equalizing the capabilities of all county offices consistent with their need to receive, manage and provide information to the public as efficiently as possible.

**SPECIAL REVENUE ACCOUNTS**

**FINANCE OFFICE  
SPECIAL REVENUE ACCOUNTS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

|  | Cash and<br>Temporary<br>Investments at<br>Beginning of<br><u>Year</u> | <u>Cash<br/>Receipts</u> | <u>Cash<br/>Disbursements</u> | Cash and<br>Temporary<br>Investments at<br><u>End of Year</u> |
|--|--|--------------------------|-------------------------------|---|
| Mental Health/Mental Retardation Account | \$894,461  | \$26,613,801             | \$25,535,550                  | \$1,972,712   |
| Drug & Alcohol Account                   | 359,414  | 5,568,709                | 5,286,119                     | 642,004   |
| Children & Youth Account                 | 1,307,528  | 63,249,029               | 62,797,674                    | 1,758,883   |
| Domestic Relations Account               | 67,186   | 4,619,256                | 4,635,376                     | 51,066  |
| Liquid Fuels Account                     | 198,199  | 812,704                  | 685,428                       | 325,475   |
| Public Health & Safety Account           | (118,358)  | 7,813,418                | 7,711,616                     | (16,556)  |
| Library Account                          | (982,918)  | 5,865,481                | 6,070,782                     | (1,188,219)   |
| Planning Account                         | 500,063  | 2,866,912                | 2,743,943                     | 623,032   |
| E-911 Account                            | 515  | 4,965,255                | 4,938,815                     | 26,955  |
| Emergency Management Account             | 69,216   | 821,269                  | 791,251                       | 99,234  |
| Employee Fringe Benefit Account          | (728,261)  | 16,810,899               | 17,903,022                    | (1,820,384)   |
| Gaming Funds Account                     | 6,757,328  | 12,081,362               | 14,187,977                    | 4,650,713   |
| Public Safety Act 56                     | 2,469,756  | 1,825,496                | 1,921,384                     | 2,373,868   |
| Healthchoices                            | 9,389,734  | 86,931,007               | 81,660,086                    | 14,660,655  |
| HUD Sustainable Communities              | 0  | 576,305                  | 422,928                       | 153,377   |

See Accompanying Notes To Financial Statements.

**NOTES TO SPECIAL REVENUE ACCOUNTS  
DECEMBER 31, 2012**

**NOTE 1 - MENTAL HEALTH/MENTAL RETARDATION ACCOUNT**

Administers local agency providers and passes through State Funds along with County Funds to their MH/MR activities. This fund also includes administration of adult services and in-home health services.

**NOTE 2 - DRUG AND ALCOHOL ACCOUNT**

State Funds are passed through to local agency providers along with County Funds for identification and treatment programs.

**NOTE 3 - CHILDREN AND YOUTH ACCOUNT**

Act 148 and County Funds are used to provide caseworkers for Child Protective Services. This account is also used to administer the County's Day Care Programs and the Juvenile Detention Center. This account is also used to administer Act 148, Title IV-A, Title IV-E and County funds used to pay for Court Ordered placement of dependent and delinquent children in protective and correctional institutions.

**NOTE 4 - DOMESTIC RELATIONS ACCOUNT**

Receives cash from defendants under Court Order and disburses the cash to the designated party either the State or plaintiff. These accounts are maintained by Domestic Relations personnel responsible to the Judges of the Court of Common Pleas.

**NOTE 5 - LIQUID FUELS ACCOUNT**

Tax funds received from the Commonwealth are passed through to local municipalities for road and bridge maintenance.

**NOTE 6 - PUBLIC HEALTH ACCOUNT**

Funds are provided by Act 315, Act 12, other grants, and the County. The funds are used to administer personal health services such as clinics, environmental protection services and other health and safety related programs.

**NOTE 7 - LIBRARY ACCOUNT**

Funding comes primarily from the County with additional grants from the Commonwealth of Pennsylvania and certain local municipalities. Several branch libraries are operated throughout the County and bookmobile service is also provided.

**NOTE 8 - PLANNING ACCOUNT**

Accounts for the activities of the County's Planning Department. Funds are received from various State and Federal Agencies including Community Development Block Grants, Coastal Zone Management, Pennsylvania Department of Transportation and County of Erie.

**NOTE 9 - E-911 ACCOUNT**

This account was established to account for the activities of E-911 expenses and revenues as approved by County Government.

**NOTE 10 - EMERGENCY MANAGEMENT ACCOUNT**

This account was established to separate Emergency Management funds from Public Health funds. Funds are provided by PEMA, other grants and the County. The funds are used to administer Emergency Management services.

**NOTE 11 - EMPLOYEE FRINGE BENEFIT ACCOUNT**

This account was established by Ordinance Number 144-2005, as an Internal Service Fund for County-wide fringe benefits.

**NOTE 12 - GAMING FUND ACCOUNT**

Gaming funds received from the Commonwealth are deposited in the "Restricted Gaming Funds Account". Half of these funds are then transferred to the "Unrestricted Gaming Fund Account". The "Restricted Funds" are to be used for municipal grants for health, safety, and economic development projects. The "Unrestricted Funds" can be used at the County's discretion. Restricted funds not committed to a project are classified as uncommitted funds and are paid to the Erie County Gaming Revenue Authority.

**NOTE 13 - PUBLIC SAFETY ACT 56**

This account was established to account for the activities of wireless E911 expenses and revenues as approved by County Government.

**NOTE 14 - HEALTHCHOICES**

State funds are passed through to local agency providers for the medical assistance funding for mental health, drug and alcohol and Children's services programs.

**NOTE 15 - HUD SUSTAINABLE COMMUNITIES**

This account was established by Ordinance Number 2-2012 to account for the revenues and expenses of the HUD Sustainable Communities Grant. The funds are to be used to create a community development plan.

**SPECIAL REVENUE ACCOUNTS**  
**SUPPLEMENTAL INFORMATION**

**LIQUID FUELS ACCOUNT  
DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

|                                  |           |                  |
|----------------------------------|-----------|------------------|
| <b>Cash at Beginning of Year</b> |           | \$198,199        |
| <b>RECEIPTS</b>                  |           |                  |
| Commonwealth of Pennsylvania     | \$812,704 |                  |
|                                  |           | <u>812,704</u>   |
|                                  |           | 1,010,903        |
| <b>DISBURSEMENTS</b>             |           |                  |
| Various County Municipalities    | \$685,428 |                  |
|                                  |           | <u>685,428</u>   |
| <b>Cash at End of Year</b>       |           | <u>\$325,475</u> |

**GAMING FUNDS ACCOUNT  
 DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

**Cash at Beginning of Year** \$4,650,713

**RECEIPTS**

|                                |              |                     |
|--------------------------------|--------------|---------------------|
| Commonwealth of PA             | \$11,743,321 |                     |
| Interest Restricted Checking   | 7,158        |                     |
| Interest Unrestricted Checking | 28,111       |                     |
| Refund from ECGRA              | 50,000       |                     |
| HUD Sustainable Communities    | <u>2,868</u> |                     |
|                                |              | <u>\$11,831,458</u> |
|                                |              | \$16,482,171        |

**DISBURSEMENTS**

|                              |              |                        |
|------------------------------|--------------|------------------------|
| Restricted                   |              |                        |
| Project Grants               | 612,667      |                        |
| Bank Fees                    | <u>344</u>   |                        |
| Unrestricted Disbursements   |              | 613,011                |
| Project Grants               | 1,611,542    |                        |
| Transfer to Debt Service     | 3,316,268    |                        |
| Transfer to Library          | 1,053,070    |                        |
| Trans. to ECGRA              | 5,921,661    |                        |
| Salaries                     | 27,320       |                        |
| Fringe Benefits              | 19,360       |                        |
| Transfer to General Fund for |              |                        |
| Indirect Costs               | 27,913       |                        |
| Office Supplies & Expense    | 43           |                        |
| Bank Fees                    | 55           |                        |
| Audit Fee                    | <u>3,284</u> |                        |
|                              |              | <u>11,980,516</u>      |
|                              |              | 12,593,527             |
| <br>Cash at End of Year      |              | <br><u>\$3,888,644</u> |

**DEBT SERVICE FUND ACCOUNTS**

**FINANCE OFFICE  
DEBT SERVICE FUND ACCOUNTS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

|   |                    |
|---|--------------------|
| Cash and Investments at Beginning of Year | \$1,780,723        |
| Receipts                                  | 9,277,897          |
| Disbursements                             | <u>9,293,560</u>   |
| Cash and Investments at End of Year       | <u>\$1,765,060</u> |

See Accompanying Notes To Financial Statements.

**NOTES TO DEBT SERVICE FUND ACCOUNTS  
DECEMBER 31, 2012**

**NOTE 1 - DEBT SERVICE FUND ACCOUNT**

This fund is used to retire County debt obligations.

**NOTE 2 - GENERAL OBLIGATION BONDS**

During 2012, General Obligation Bonds Series A and B were issued. The Series A Bonds were issued to refund the Series A Bonds of 2003 maturing on and after September 1, 2014. The Series B Bonds were issued to refund the Series C Bonds of 2003 maturing on and after September 1, 2014. Series B Bonds of 2003 were refunded by the 2005 Series A Bonds. As of December 31, 2012, the balance of the 2003 issue is \$2,755,000.

During 2005, General Obligation Bonds Series A, B and C totaling \$40,815,000 were issued. The Bonds mature in varying amounts annually through 2023. The Series A Bonds were issued to refund the Series B Bonds of 2003 maturing on and after September 1, 2014. The Series B Bonds were issued to fund various capital projects. This series was refunded by the 2007 Bond issue. The Series C Bond proceeds were used to make a loan to the Greater Erie Industrial Development Corporation for the development of an Industrial Park. As of December 31, 2012 the balance of the 2005 issue is \$14,815,000.

The County issued 2007 General Obligation Bonds, Refunding Series of 2007 to advance refund a portion of the General Obligation Bonds, Series B of 2005. The Bonds mature in varying amounts annually through 2025. As of December 31, 2012 the balance of the 2007 issue is \$24,970,000.

During 2008 the County issued \$22,055,000 in General Obligation Bonds. The Bonds mature in varying amounts annually through 2017. These bonds are to be used to finance the County's obligation to the Erie Regional Airport Project (\$21,500,000) and the Erie County Courthouse Project (\$1,000,000). As of December 31, 2012 the balance of the 2008 issue is \$13,085,000.

During 2009 the County issued \$10,205,000 in General Obligation Bonds. The Bonds mature in varying amounts annually through 2021. These bonds are to be used to finance the local portion of the renovations to the Tullio Arena and related area. As of December 31, 2012 the balance of the 2009 issue is \$10,195,000.

The County issued 2012 General Obligation Bonds Series A and B totaling \$13,605,000. The bonds mature in varying amounts annually through 2023. The Series A Bonds are to be used to refund the 2003 Series A Bonds maturing on and after September 1, 2014. The Series B Bonds are to be used to refund the 2003 Series C Bonds maturing on and after September 1, 2014. 2012 Series C Bonds were not closed until January 2013. These bonds will be used to refund the 2005 Series B and the 2009 Bonds and will add \$10,870,000 to the County's long term debt in 2013. As a result of the 2012 refunding, debt service payments have decreased. This savings allowed

the County to pay off the \$398,078 balance due on the CamTech loan. As of December 31, 2012 the balance of the 2012 issue is \$13,605,000.

**DEBT SERVICE FUND ACCOUNTS  
SUPPLEMENTAL INFORMATION**

**DEBT SERVICE FUND ACCOUNTS  
 DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

**Cash and Investments at Beginning of Year** \$1,780,723

**RECEIPTS**

|  |                |                  |
|--|----------------|------------------|
| Interest Earnings                          | \$5,069        |                  |
| Transfer from General Fund                 | 5,266,475      |                  |
| Transfer from Gaming                       | 3,316,268      |                  |
| Transfer from Emergency Management Account | 433,511        |                  |
| Transfer from 911 Account                  | <u>256,574</u> | <u>9,277,897</u> |
|  |                | \$11,058,620     |

**DISBURSEMENTS**

|   |              |                  |
|---|--------------|------------------|
| Principal & Interest on 2003 (1993) General<br>Obligation Bonds | 3,222,668    |                  |
| Principal & Interest on 2005 General Obligation<br>Bonds        | 1,037,281    |                  |
| Principal & Interest on 2007 General Obligation<br>Bonds        | 1,158,239    |                  |
| Principal & Interest on 2008 General Obligation<br>Bonds        | 2,952,825    |                  |
| Principal & Interest on 2009 General Obligation<br>Bonds        | 361,242      |                  |
| Principal & Interest on 2012 General Obligation<br>Bonds        | 62,377       |                  |
| CamTech Loan<br>(NOTE 2)  | 493,078      |                  |
| Professional Fees (Trustee)                                     | <u>5,850</u> | <u>9,293,560</u> |

**Cash and Investments at End of Year** \$1,765,060

**TRUST AND AGENCY FUND ACCOUNTS**

**TRUST AND AGENCY FUND ACCOUNTS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

|                    | Cash at<br>Beginning<br>of Year | <u>Cash Receipts</u> | Cash<br><u>Disbursements</u> | Cash at End<br>of Year |
|--------------------|---------------------------------|----------------------|------------------------------|------------------------|
| State Account      | \$4,345                         | \$253,673            | \$253,033                    | \$4,985                |
| Retirement Account | 185,350                         | 11,263,245           | 11,062,785                   | 385,810                |

**NOTES TO TRUST AND AGENCY FUND ACCOUNTS**  
**DECEMBER 31, 2012**

**NOTE 1 - STATE ACCOUNT**

The State Account is maintained to account for funds collected which are a function of issuing State Licenses, Permits, etc. The various types of licenses and permits issued by the Revenue Department include dog, fishing, bingo, small games of chance and hunting licenses from which the County receives a commission. The amount of the commission varies with type of license or permit issued.

**NOTE 2 - RETIREMENT ACCOUNT**

The County of Erie Employees' Retirement Plan is in effect for all eligible employees and is administered by three members of County Council, the Director of Finance and County Controller. The plan is contributory whereby the County and the employees contribute to provide retirement benefits. The County is obligated to contribute sufficient funds to assure payment of all promised benefits.

**TRUST AND AGENCY FUND ACCOUNTS**  
**SUPPLEMENTAL INFORMATION**

**STATE ACCOUNT  
 DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

|                                  |           |                           |
|----------------------------------|-----------|---------------------------|
| <b>Cash at Beginning of Year</b> |           | <b>\$4,345</b>            |
| <br><b>RECEIPTS</b>              |           |                           |
| Dog Licenses                     | \$90,183  |                           |
| Fishing Licenses                 | 4,354     |                           |
| Hunting Licenses                 | 97,665    |                           |
| Bingo Licenses                   | 4,535     |                           |
| Commissions                      | 30,838    |                           |
| Small Games of Chance Licenses   | 24,260    |                           |
| Pistol Permits                   | 1,395     |                           |
| NSF Check Fees                   | 443       |                           |
|                                  |           | <u>253,673</u>            |
|                                  |           | <b>\$258,018</b>          |
| <br><b>DISBURSEMENTS</b>         |           |                           |
| Commonwealth of Pennsylvania     | \$191,921 |                           |
| Erie County General Fund:        |           |                           |
| Commissions                      | 31,046    |                           |
| Bingo Licenses                   | 4,335     |                           |
| Pistol Permits                   | 1,353     |                           |
| NSF Check Fees                   | 443       |                           |
| Small Games of Chance Licenses   | 23,935    |                           |
|                                  |           | <u>253,033</u>            |
| <br><b>Cash at End of Year</b>   |           | <br><b><u>\$4,985</u></b> |

**RETIREMENT CLEARING ACCOUNT  
 DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

|  |                  |                   |
|--|------------------|-------------------|
| <b>Cash &amp; Stock at Beginning of Year</b> |                  | \$185,350         |
| <b>RECEIPTS</b>                              |                  |                   |
| Members Contributions                        | \$2,790,738      |                   |
| Erie County Contribution                     | 5,897,793        |                   |
| Interest                                     | 3,264            |                   |
| Withdrawal from Money Managers               | 2,500,000        |                   |
| Transfer from Money Managers                 | 3,474            |                   |
| Loss Recovery                                | 21,629           |                   |
| Securities Lending                           | 42,196           |                   |
| Gain on Sale of Stock                        | <u>4,151</u>     | <u>11,263,245</u> |
|  |                  | \$11,448,595      |
| <b>DISBURSEMENTS</b>                         |                  |                   |
| Retirees Net Benefits                        | \$8,468,847      |                   |
| Death Benefits                               | 175,956          |                   |
| Member Withdrawals                           | 150,971          |                   |
| Investment Expense                           | 872,668          |                   |
| Administrative Expense                       | 172,318          |                   |
| Decrease in Value of Stock                   | 289              |                   |
| Deductions from Retirees Pay:                |                  |                   |
| Hospitalization                              | 339,270          |                   |
| United Way                                   | 336              |                   |
| Federal Withholding                          | <u>882,130</u>   | <u>1,221,736</u>  |
|  |                  | <u>11,062,785</u> |
| <b>Cash and Stock at End of Year</b>         |                  | <u>\$385,810</u>  |
| Cash   | 384,365          |                   |
| Stock – 100 Share of Nabors Industries Ltd   | <u>1,445</u>     |                   |
| <b>Total</b>                                 | <u>\$385,810</u> |                   |