

COUNTY OF ERIE
COUNTY CONTROLLER'S
AUDIT REPORT



2014
ANNUAL REPORT

MARY E. SCHAAF
COUNTY CONTROLLER

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Mark J Orlop
Manager of Internal Audits

DATE: MARCH 31, 2015

**TO: COUNTY COUNCIL
COUNTY EXECUTIVE**

The Office of the Controller has the responsibility to insure by a process of sampling and/or selective post-audit that all payments and obligations incurred by the County and each of its agencies, boards, commissions, departments, and offices are in accordance with the law, the Charter, contracts, and/or established procedures, and report any exceptions which have not been rectified to County Council.

This report covers the examination of selected cash accounts and related records of the General Fund, Special Revenue, Debt Service and Trust and Agency Accounts of Erie County for the year ended December 31, 2014. Each audit examination was conducted in accordance with Auditing Procedures as described on Page 2.

As the independent watchdog for Erie County taxpayers promoting transparency and accountability in each of Erie County's agencies, boards, commissions, departments and offices, the Controller has issued additional comments. Our audits have resulted in the recovery of County monies, implementation of new controls, and improved existing control systems resulting in budget savings to the County and its taxpayers.

Mary E. Schaaf
Erie County Controller

Mark J. Orlop
Manager of Internal Audits

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, 2014.
2. Total deposits per the bank statements for the year ended December 31, 2014 were compared to total receipts written.
3. Total disbursements per the bank statements for the year ended December 31, 2014 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, 2014.

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.

2014 CURRENT FINDINGS AND RECOMMENDATIONS

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

Outstanding Checks

During our review of the 2014 bank reconciliations, we noted several of the bank accounts had old checks listed as outstanding. The Library account has 2 checks issued in February of 2013 listed as outstanding. The Drug and Alcohol account has been listing a \$100 check as outstanding since May of 2013. The Children and Youth, General Fund and Public Health accounts have outstanding checks from August of 2013. The Jury and Mental Health Intellectual Disability accounts also have outstanding checks from 2013.

We recommend that the Director of Finance ensure that outstanding checks are voided after 180 days. If the payee cannot be located to have a new check issued, the funds should be turned over to the County's unclaimed property account.

Reconciling Items

During our review of the 2014 bank reconciliations, we noted several of the bank accounts had old reconciling items. The Children and Youth, Public Health, General Fund and Library accounts all have reconciling items dating back to 2013. These include NSF payments and bank clearing errors. Discrepancies should either be corrected by the bank or recorded in the book balance. In February of 2015, NSF payments made to the Library were written off and the cash balance was adjusted.

We recommend the Director of Finance ensure the reconciling items for the other accounts are resolved and future reconciling items are resolved timely.

2014 UNRESOLVED FINDINGS AND RECOMMENDATIONS

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

State Account Bank Reconciliation

In the 2013 report we noted bank reconciliations for September, October, November, and December of 2013 were not completed until March of 2014.

We recommended the Revenue Department complete the bank reconciliation within 30 days of the receipt of the bank statement. We also recommend that the Director of Revenue review and initial the bank reconciliations to ensure they are completed timely and old discrepancies have been resolved. Bank reconciliations still are not being completed within 30 days of the receipt of the bank statement. We continue to recommend the Director of Revenue ensure that bank reconciliations are completed within 30 days of the receipt of the bank statement.

Erie County Retirement Fund

The Controller continues to recommend that the Erie County Retirement Board reduce costs by re-examining relationship fees paid in addition to the money manager fees. The 2014 relationship fees cost to the Pension was \$170,022 in addition to the money manager fees of \$704,957 with total investment fees paid by the Pension of \$874,979. The relationship fees are 19.4% of the total investment fees. The County taxpayers paid \$5,580,680 into the County Pension in 2014.

Inadequate Audit Coverage Due to Budget Reductions

With the elimination of a Senior Auditor position in 2009, the staffing levels of the Controller's Office are not sufficient to meet the requirements of the mandated duties of the County Home Rule Charter to ensure the taxpayers that the internal controls are functioning properly. 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 recommend that the Senior Auditor position be restored.

PRIOR AUDIT RESOLVED 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 2013 Controller's Audit Report and have been acted upon or resolved favorably:

Satellite Agent Agreements

The County has contracts with satellite agents throughout the county to sell dog licenses. Section 3.c. of the standard agent agreement states the agent will "remit to the Department on or before the tenth day of each calendar month the license fees collected for the preceding calendar month..." During 2013, several satellite agents were allowed to submit their monthly collection report without payment and were told the County would bill them later.

Also, one satellite agent was coming in and paying with cash. Section 3.e. of the agreement states they should remit a check.

We recommended the Director of Revenue ensure satellite agents remit license fees in accordance with the written agreements. Currently all satellite agents are remitting license fees in accordance with the agreements.

State Account Cash Balance

All fees collected for the State Revenue Account are due to either the State or the County. Weekly ACH payments are made to the State for hunting and fishing licenses sales while dog and other licenses sales are paid by check to the State and County monthly. The ledger balance at the end of the month should be equal to the total sales less hunting and fishing ACH payments.

In the 2013 report we recommended the Account Clerk reconcile the bank statement to the month end undisbursed balance. During 2014 the Assistant Manager of Accounting identified several unresolved discrepancies and made the necessary adjustments to the ledger balance. As a result, the 2014 bank statements were reconciled to the ledger balance.

Election Funds

In the 2013 report we noted the current procedure to pay poll workers is for Accounts Payable to issue a check for the total estimated amount needed for poll workers in the name of the Head of Tax Claim and Revenue Department. He cashes the check at a local bank, returning to the Courthouse with cash which is disbursed during election night to the Judges of Election. This creates potential security issues for the Erie County Courthouse and the Judges of Election.

For security and recordkeeping purposes, the Controller recommended Erie County pay poll workers through the Accounts Payable system the Friday following Election Day as is already done in other Pennsylvania counties. The Election Board and Finance Director discussed the matter and have advised the Controller's Office they will continue the current practice of paying in cash despite the Controller's recommendation.

ADDITIONAL COMMENTS

Erie County Retirement Plan

Per the County Employees' Retirement Board Resolution dated September 18, 2013 and the Third Class Pension Code, the annual employee Vacation Buy Back pay is no longer treated as compensation for the purpose of pension payment calculation. The Controller had brought this violation of Act 96 of the PA County Pension Law to the attention of the Board and its Solicitor at the August 2013 Board meeting. 2014 was the first year for this change to take effect. Projected savings to the Pension and County taxpayers based upon the 2013 Vacation Buy Back amount over 25 years is over \$4,300,000.

Prison Staff Instruction Time at Academy

The Controller's Office examined the County payroll records for County Prison employees who were instructors at the Northwest PA Corrections Academy to ensure that those instructors used leave time and were not paid by the County for the instruction hours in which they received compensation from the Academy. Some instructors were not recording their Academy paid training time and corresponding leave time on a timely basis. Adjustments to the County payroll occurred after the Controller met with the Warden.

We recommended that the County require instructors to enter their instruction time and corresponding leave time on the day instruction at the Academy occurred. We also recommended that the Training Coordinator provide the County Payroll accountant with an Academy instruction schedule prior to the start of Academy classes. This would eliminate time consuming adjustments by County Payroll after pay periods were closed.

Veterans Treatment Court

During 2013 and 2014, the Controller met with Public Defender Kennedy, Jeffrey Natalie, Veteran's Justice Outreach Specialist at the VA Medical Center, and Councilman Breneman to establish a Veterans Court in Erie County to assist veterans charged with non-violent crimes that are struggling with addiction, mental illness or co-occurring disorders. The substantial financial benefit to Erie County taxpayers is a reduction in the number of days at the County Prison at over \$70 per day per inmate and medical healthcare average annual cost of \$22,800 per VJO veteran. The County is currently spending over \$16,000,000 annually for the County Prison.

The Controller sent letters to the President Judge and all Erie County Judges on March 19, 2014 detailing the financial benefits of Veterans Court as well as the respect due our veterans who served their community. On March 24, 2014, President Judge DiSantis announced Erie County will establish a Veterans Court.

County Vehicle Gasoline Credit Cards

The Controller's Office began a review of the usage of County issued gas cards in 2014. Even though the County has a Vehicle Use Policy, each Department has its own Addendum to the Policy and method of recording the mileage and gasoline card usage. The Controller's Office has recommended uniform control procedures including issuing one card per vehicle and one mileage log per vehicle with the odometer mileage recorded at each gas purchase. Also, the

signature of the employee must appear on the mileage and purchase log. The Controller's Office will work towards uniform adherence with the Departments and Administration.

Review of County Purchasing

The Controller found failures in the adherence to the County Purchasing Code requiring competitive quotes and bids and sole source documentation. There was evidence of excessive use of Open Purchase Orders, lack of documentation of hours and cost on maintenance invoices, lack of bundling for bulk discounts, potential contract splitting and possible duplicate services. The Controller recommended the following:

1. The County Procurement Manager must comply with all aspects of the County Purchasing Code relative to contract bidding.
2. The County should avoid use of open purchase orders with vendors.
3. The County should seek of bundling for bulk discounts through the State, the Erie County COG and other government sources.
4. Quotes for purchases between \$12,500 and \$25,000 should be documented.
5. If only one provider is possible, a sole source letter must be documented.
6. The thresholds for competitive public bidding and vendors quotes should be re-evaluated and lowered.
7. All efforts are to be made to ensure the County is receiving the best services at the lowest price.

After meeting with the Administration, the Procurement, Facilities and Operations Departments were reorganized creating a separate position for the prior Procurement Manager as Manager of Facilities and Operations and the hiring of a new Director of Procurement.

Inventory Control Accountability

In 2014, the Annual Fixed Asset Inventory listed 595 County assets as "missing" or "disposed" and without prior submission of an Authorization for Disposal of Assets Form to the Controller for approval for the disposal. The Controller took action to protect taxpayer's dollars by refusing to authorize the removal of these undocumented "missing" assets from the County inventory until the Administration enforced compliance with the County Fixed Asset Policy by all Department Heads and employees.

The Controller requested that the Administration begin by uniformly educating all Department Heads and employees on the proper Fixed Asset procedures and responsibilities through a continuing education video on the County website. The Administration responded with holding classes attended by County Department designees.

The Controller had spent extensive time at the 911 Center in 2013 investigating a fraud report of thousands of dollars of "missing" equipment. This action resulted in a re-inventory and new security measures such as restricted public access to certain areas and surveillance cameras and a new Fixed Asset Policy. In 2014, the Controller continued working with the new Director of Public Safety to implement proper Fixed Asset procedures.

The Controller has recommended that in order to properly record and protect the County's fixed assets, the Administration adopt an electronic inventory system. The new County IT Department has developed an excel spread sheet for the 2015 inventory which will increase the efficiency.

Audit of County Payments to Vendors

The Controller's Office audit of 2013 vendor payments in April of 2014 found a previously undetected duplicate payment to a vendor. This finding resulted in the immediate reimbursement to the County of \$25,231.98 by the vendor. The audit found that the current accounting software's controls flagging duplicate payments were easily overridden by numerous individuals with access to the accounts payable system. The Controller made the following recommendations to the Administration:

1. The Purchasing Manager must comply with the County Purchasing Code to seek quotes and bids.
2. FMS should be replaced with a new system that will not easily allow duplicate invoices or payments. Its warning system is deficient and it is an outdated and inefficient system.
3. The checks and balances of the entire Accounts Payable process should be strengthened through training to prevent carelessness and possible manipulation.
4. Accounts Payable Authorizations if they are being revised or corrected should have it stated on the revised Authorization and the original should be voided or destroyed.
5. Limit the ability to change and process invoices to Accounts Payable and the Manager.
6. Additional training should be given to accounts payable technicians and clerks.
7. Override ability of the system be reserved for Manager's approval and documentation.

The Erie County tax dollars must be protected. Updating the County's Accounting and Purchasing systems will make County employees more efficient while protecting tax dollars.

Attached is the Administration's response.



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KATHY DAHLKEMPER
COUNTY EXECUTIVE

JAMES R. SPARBER
DIRECTOR OF FINANCE

To: Mary Schaaf, County Controller
From: James Sparber, County Finance Director
Subject: Response to 2013 Audit of Payment to County Vendors
Date: June xx, 2014

After reviewing the findings in your 2013 Audit of Payments to County Vendors and discussing them with staff members of General Accounting and the Controller's Office, we will be implementing the following procedural changes. These changes will affect both General Accounting and Human Services Fiscal departments.

1. We have contacted the payables system vendor (Mitchell Humphrey & Co.) in order to determine if the accounts payable clerks' ability to override the system can be turned off. They informed us that, at present, the system cannot comply with the request. However, it may be possible to modify the system (customization), but this needs to be investigated and the cost estimated. If this solution proves to be viable and cost effective, the new operating procedure would involve necessary overrides (utilities, credit card payments) to be performed by a designated general accounting manager. If customization is not possible, accounts payable technicians will be directed to remove any invoices that the system reports as duplicative from their invoice batch and forward them to a designated manager to research and enter into a unique batch.
2. When new accounts payable technicians are hired, they are trained by a manager and receive an accounts payable procedure manual which is updated as needed. Additionally, when departments have changes in staff whose job it is to prepare and submit invoices to Accounting, training is offered through the General Accounting department. As a result of this incident, additional instruction has been given that if the accounts payable technician is unsure if an invoice should be overridden, they should enlist the help of one of the managers. Annual training sessions will be initiated for both the technicians entering invoices into the financial management system, and for the employees in departments that are preparing the invoice package and submitting the invoices for payment.

3. Authorized user roles for all FMS users will be reviewed to assure that employees do not have access to menus they do not need to perform their job duties. Particular emphasis will be placed on accounts payable security roles.
4. We are anticipating that future upgrades in our software and system capabilities including the introduction of FMS III and our ongoing efforts to adopt automated "paperless" methods of transacting County business will further lessen our susceptibility to human errors and omissions.

Finally, we are always looking for ways to improve the accuracy and efficiency of how we perform our duties.

FINANCE OFFICE

GENERAL FUND ACCOUNTS

**FINANCE OFFICE
GENERAL FUND ACCOUNTS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Cash and Temporary Investments at <u>Beginning of</u> <u>Year</u>	<u>Cash Receipts</u>	Cash <u>Disbursements</u>	Cash and Temporary Investments at <u>End of Year</u>
General Account	\$36,298,697	\$146,729,269	\$147,190,767	\$35,837,199
Jury Reimbursement Account	(15,523)	94,910	95,319	(15,932)
County Records Improvement Account	208,941	56,116	103,024	162,033

See Accompanying Notes to Financial Statements.

**NOTES TO GENERAL FUND ACCOUNTS
DECEMBER 31, 2014**

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, 2014**

	Cash and Temporary Investments at Beginning of <u>Year</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Cash and Temporary Investments at <u>End of Year</u>
Mental Health/Intellectual Disabilities	\$3,698,470	\$32,493,524	\$32,828,446	\$3,363,548
Drug & Alcohol Account	703,829	5,742,358	5,854,613	591,574
Children & Youth Account	1,345,296	61,915,942	62,726,491	534,747
Domestic Relations Account	6,968	4,954,811	4,960,443	1,336
Liquid Fuels Account	398,545	723,298	667,167	454,676
Public Health & Safety Account	(52,824)	6,352,366	6,754,297	(454,755)
Library Account	(622,255)	6,124,636	6,377,411	(875,030)
Planning Account	1,828,635	3,288,873	2,820,264	2,297,244
E-911 Account	262,705	3,400,295	3,616,128	46,872
Emergency Management Account	5,771	868,740	680,957	193,554
Employee Fringe Benefit Account	(569,007)	20,594,560	21,015,981	(990,428)
Gaming Funds Account	1,364,244	10,894,391	11,674,483	584,152
Public Safety Act 56	2,354,091	1,939,299	2,327,729	1,965,661
Healthchoices	18,673,021	71,469,651	79,491,233	10,651,439
HUD Sustainable Communities	144,701	491,115	528,789	107,027

See Accompanying Notes To Financial Statements.

**NOTES TO SPECIAL REVENUE ACCOUNTS
DECEMBER 31, 2014**

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

During 2013 the Restricted Gaming fund was closed. Gaming funds received from the Commonwealth are deposited in the Unrestricted Gaming Funds Account. Half of these funds are then transferred to the Erie County Gaming Revenue Authority to be used for municipal grants for health, safety and economic development projects. The remaining balance of the Unrestricted Funds can be used at the County's discretion.

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, 2014**

Cash at Beginning of Year		\$398,545
RECEIPTS		
Commonwealth of Pennsylvania	\$723,270	
Interest	28	
		<u>723,298</u>
		1,121,843
DISBURSEMENTS		
Various County Municipalities	\$667,167	
		<u>667,167</u>
Cash at End of Year		<u>\$454,676</u>

**GAMING FUNDS ACCOUNT
 DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

Cash at Beginning of Year \$1,364,244

RECEIPTS

Commonwealth of PA	\$10,887,242	
Interest Unrestricted Checking	6,759	
Transfer from General Fund	<u>390</u>	
		<u>\$10,894,391</u>
		\$12,258,635

Project Grants	1,554,808	
Transfer to Debt Service	3,357,640	
Transfer to General Fund	1,073,232	
Trans. to ECGRA	5,443,621	
Transfer to Pleasant Ridge	245,000	
Bank Fees	<u>182</u>	
		<u>11,674,483</u>

Cash at End of Year \$584,152

DEBT SERVICE FUND ACCOUNTS

**FINANCE OFFICE
DEBT SERVICE FUND ACCOUNTS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Cash and Investments at Beginning of Year	\$2,345,436
Receipts	8,950,580
Disbursements	<u>8,988,686</u>
Cash and Investments at End of Year	<u>\$2,307,330</u>

See Accompanying Notes To Financial Statements.

**NOTES TO DEBT SERVICE FUND ACCOUNTS
DECEMBER 31, 2014**

NOTE 1 - DEBT SERVICE FUND ACCOUNT

This fund is used to retire County debt obligations.

NOTE 2 - GENERAL OBLIGATION BONDS

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 partially refunded by the 2007 Bond issue. The remaining balance of the 2005 Series B Bonds were refunded by the 2012 Series C Bonds that were issued in 2013. 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, 2014 the balance of the 2005 issue is \$12,775,000.

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, 2014 the balance of the 2007 issue is \$24,755,000.

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, 2014 the balance of the 2008 issue is \$8,145,000.

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. The 2009 Bonds were refunded by the 2012 Series C Bonds. As of December 31, 2014 the balance of the 2009 issue is \$15,000.

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 were issued to refund the 2003 Series A Bonds maturing on and after September 1, 2014. The Series B Bonds were issued to refund the 2003 Series C Bonds maturing on and after September 1, 2014. 2012 Series C Bonds totaling \$ 10,780,000 were not closed until January 2013. These bonds mature in varying amounts annually through 2021 and were issued to refund the 2005 Series B maturing on and after September 1, 2017 and the 2009 Bonds maturing on and after September 1, 2018. As a result of the 2012 refunding, debt service payments have decreased. As of December 31, 2014 the balance of the 2012 issue is \$20,825,000.

**DEBT SERVICE FUND ACCOUNTS
SUPPLEMENTAL INFORMATION**

**DEBT SERVICE FUND ACCOUNTS
 DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

Cash and Investments at Beginning of Year \$2,345,436

RECEIPTS

Interest Earnings	\$3,113	
Transfer from General Fund	5,032,292	
Transfer from Gaming	3,357,640	
Transfer from Emergency Management Account	300,946	
Transfer from 911 Account	256,574	
Transfer from 2005 Escrow	<u>15</u>	<u>8,950,580</u>
		\$11,296,016

DISBURSEMENTS

Principal & Interest on 2005 General Obligation Bonds	979,400	
Principal & Interest on 2007 General Obligation Bonds	1,160,704	
Principal & Interest on 2008 General Obligation Bonds	2,950,700	
Principal & Interest on 2009 General Obligation Bonds	5,600	
Principal & Interest on 2012 General Obligation Bonds	3,884,018	
Professional Fees (Trustee)	<u>8,264</u>	<u>8,988,686</u>

Cash and Investments at End of Year \$2,307,330

TRUST AND AGENCY FUND ACCOUNTS

**TRUST AND AGENCY FUND ACCOUNTS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Cash at Beginning <u>of Year</u>	<u>Cash Receipts</u>	Cash <u>Disbursements</u>	Cash at End <u>of Year</u>
State Account	\$4,351	\$292,719	\$292,875	\$4,195
Retirement Account	388,272	13,956,270	14,100,396	244,146

**NOTES TO TRUST AND AGENCY FUND ACCOUNTS
DECEMBER 31, 2014**

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, 2014**

Cash at Beginning of Year		\$4,351
RECEIPTS		
Dog Licenses	\$114,927	
Fishing Licenses	4,039	
Hunting Licenses	98,662	
Bingo Licenses	4,490	
Commissions	36,570	
Small Games of Chance Licenses	32,035	
Pistol Permits	1,046	
NSF Check Fees	950	
		<u>292,719</u>
		\$297,070
DISBURSEMENTS		
Commonwealth of Pennsylvania	\$217,496	
Erie County General Fund:		
Commissions	36,753	
Bingo Licenses	4,390	
Pistol Permits	1,076	
NSF Check Fees	850	
Small Games of Chance Licenses	32,310	
		<u>292,875</u>
Cash at End of Year		<u>\$4,195</u>

**RETIREMENT CLEARING ACCOUNT
 DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

Cash & Stock at Beginning of Year			\$388,272
RECEIPTS			
Members Contributions	\$2,926,661		
Erie County Contribution	5,580,680		
Interest	279		
Withdrawal from Money Managers	5,400,000		
Loss Recovery	15,477		
Securities Lending	32,348		
Increase in Value of Stock	(401)		
Refund of Trade Fees	<u>1,226</u>		
			<u>13,956,270</u>
			\$14,344,542
DISBURSEMENTS			
Retirees Net Benefits	\$10,989,960		
Death Benefits	144,314		
Member Withdrawals	387,728		
Investment Expense	874,980		
Administrative Expense	196,249		
Deductions from Retirees Pay:			
Hospitalization	356,001		
United Way	336		
State Tax	32		
Federal Withholding	<u>1,150,796</u>		
		<u>1,507,165</u>	<u>14,100,396</u>
Cash and Stock at End of Year			<u>\$244,146</u>
Cash	242,848		
Stock – 100 Share of Nabors Industries Ltd	<u>1,298</u>		
Total		<u>\$244,146</u>	