

**COUNTY OF  
ERIE**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**FOR THE YEAR ENDING  
DECEMBER 31, 2008**

**Presented By  
Erie County Finance Department**

**COUNTY OF ERIE, PENNSYLVANIA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended December 31, 2008**

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MARK DIVECCHIO  
COUNTY EXECUTIVE

JAMES R SPARBER  
FINANCE DIRECTOR

Mark DiVecchio, County Executive

June 26, 2009

Members of County Council and  
Citizens of Erie County

Ladies and Gentlemen:

Both state law and Article V, Section 5d(7) of the Home Rule Charter require that within six months of the close of each year, a complete set of financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, I hereby issue the comprehensive annual financial report of the County of Erie for the fiscal year ended December 31, 2008.

This report consists of management's representations concerning the finances of the County of Erie. Consequently, management assumes full responsibility for the completeness and the reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County of Erie has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the County of Erie's financial statements in conformity with GAAP. Because the cost of internal control should not outweigh their benefits, the County of Erie's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. Management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. This report is designed to provide information to various users including the tax payers of Erie County, investors, creditors, government officials and the general public. Its intent is to describe the County's financial position and the financial results of its operations as of and for the year ended December 31, 2008.

Zelenkofske Axelrod LLC., a firm of licensed certified public accountants, has audited the County of Erie's financial statements. The goal of an independent audit is to provide reasonable assurance that the financial statements of the County of Erie are free from material misstatement. The independent audit involves examining on a test basis, evidence supporting the amounts and

disclosures in the financial statements; assessing the accounting principles used and significant estimates made by managements; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County of Erie's financial statements for the fiscal year ended December 31, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County of Erie was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grant agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County of Erie's separately issued Single Audit Report.

Governmental Accounting Standards Board Statement No. 34 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County of Erie's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The County of Erie, incorporated in 1803, is one of 67 counties in the Commonwealth of Pennsylvania; it occupies the northwest corner of the State, adjacent to Ohio, New York and Lake Erie. Within the County is the City of Erie, the County seat and the fourth largest city in Pennsylvania, as well as 37 other municipalities. Erie County's 280,000 residents live within its 812 miles.

The County of Erie is a third class county. The County is governed under a Home Rule Charter, which took effect in 1978, and provides for a County Executive elected at large to a four year term to perform the executive functions of government. The Home Rule Charter of the County of Erie also requires the adoption of an Administrative Code which details the administration and operation of the County. A part-time County Council is elected from seven districts within the County and serves as the legislative branch of government. The judicial branch of County government, the Court of Common Pleas, is comprised of nine elected judges and is part of the unified judicial system legislated by the Pennsylvania Constitution. The organization of the County is more fully described in the chart that follows this transmittal.

For financial reporting purposes, the County of Erie, Pennsylvania includes all funds and account groups that are controlled by or dependent on the County. Control by or dependence on the County was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligation of the County, obligation of the County to finance any deficits that may occur or receipt of significant subsidies from the County.

## **Reporting Entity**

Statement of Government Accounting Standards No. 39, "*Determining Whether Certain Organizations Are Component Units*", an amendment for GASB Statement No.14, "*The Financial Reporting Entity*", establishes the standards for defining and reporting on the financial reporting entity. The primary government is the core or the nucleus of the financial reporting entity. For this report, the County is considered the primary government.

In accordance with generally accepted accounting principles, the financial statements of the County's discrete component unit are included in this report because of the significance of its operational or financial relationship with the County. A component unit is a legally separate entity that meets one or more of the following criteria; the primary government appoints the majority of the board and is able to impose its will in the component unit or is in a relationship of financial benefit or burden with the component unit, the component unit is fiscally dependent on the primary government, or the financial statements of the primary government would be misleading without the component unit. Pleasant Ridge Manor is a discreetly presented component unit and Erie County Care Management is a blended special revenue fund component unit in this report. Pleasant Ridge Manor, the County's nursing home, provides both short term rehabilitation and long term care for chronically ill and elderly residents. Erie County Care Management provides services to medicare eligible clients of the County's MHMR, Drug and Alcohol and Children & Youth clients. It is included in the County's non-major special revenue funds.

## **Countywide Services**

The County has adopted a mission statement in its Three-Year Plan which broadly describes the services it provides:

1. To operate as agents of the Commonwealth of Pennsylvania in the administration of justice, maintenance of public records, and conduct of elections and assistance to veterans.
2. To carry out, in partnership with the State, human service programs providing protection to our children, assistance to the mentally ill and mentally retarded, programs to address substance abuse, to provide support to our senior citizens, long-term care for our medically indigent, protection of the environment and public health of our community, library and information services to our residents, job training and day care for our underemployed and transportation to our citizens.
3. To administer State and Federal grants for programs designed to improve the health, welfare and economic opportunity of our residents.
4. To assist our townships, cities and boroughs in planning, economic development, and providing municipal services.
5. To work with community partners to promote job growth and the well-being of residents of Erie County.

6. To fulfill our responsibility to our taxpayers by fairly reporting the County's financial condition, honestly appraising the costs of our programs, seeking the most economical strategies in maintaining services and avoiding attempts to burden the future with today's costs.

County Programs are categorized in four broad classes: General Government, Courts and Related Offices, Corrections and Community Services. The principal programs in each class include:

***General Government***

Offices of the County Executive, County Council and the County Controller  
Offices of Voter Registration, Conduct of Elections, and Human Relations Commission  
Central Support services departments under the County Executives appointees: the County Solicitor and the Directors of Administration, Personnel and Finance

***Courts and Related Offices***

The Sixth Judicial District of Pennsylvania (nine Judges of the Court of Common Pleas)  
Fifteen District Justices  
Offices of the Clerk of Records, Sheriff, District Attorney, Coroner and Public Defender  
Offices of Domestic Relations (Support Enforcement)

***Corrections***

Adult Probation and Juvenile Probation Departments  
Department of Corrections (Erie County Prison)  
Juvenile Detention Center and other delinquent child institutional treatment

***Community Services***

Department of Human Services, which operates the County's Mental Health / Mental Retardation, Children and Youth Services, Drug and Alcohol Abuse, Health Choices  
Erie County Care Management Inc.  
Department of Public Health  
The Erie County Library System  
Erie County Pleasant Ridge Manor  
Office of Veterans Affairs  
Erie County Gaming Fund  
Economic Development  
Department of Planning  
Grants to Community Organizations  
Liquid Fuels  
Erie County's Public Safety Programs, Emergency-911 Program and Emergency Management

**Internal Control**

The County's internal accounting control system is a comprehensive framework that provides employees and taxpayers with assurances that the assets of the government are reasonably safeguarded against loss and are recorded properly. Internal controls also provide assurance that

the financial statements are reliable and prepared in compliance with generally accepted accounting principles. Because the cost of the internal controls should never outweigh the benefits derived from the internal controls, the County's controls have been designed to provide reasonable rather than absolute assurance the financial statements will be free from material misstatement.

The Finance Department is responsible for creating and maintaining the accounting system for the County, as well as preparing and monitoring the annual budget. The Controller's office has the post-audit function.

## **Budget**

The annual budget serves as the foundation for the County of Erie's financial planning and control. The budget process starts with the development of the County's Three Year Plan, which forecasts anticipated financial needs and outlines potential changes in services over the next three year period as well as projects the results of operations of the current budget period. Later in the year, all county departments receive a budget package including the administration's preliminary next year's budget, the current year's original and current budget, current six month activity, and historical activity, and current and next year's wages and fringes for each employee. The department must update its projected current year's revenue and expenditures, and justify any proposed changes to the preliminary budget. The administration holds budget meetings with each department. On or before October 1<sup>st</sup> of each year, the administration submits a balanced budget to County Council. Council then holds additional budget meetings with departments and officials from the administration. After holding public meetings on the budget, County Council must adopt a balanced budget on or before December 1st. The appropriated budget is prepared by fund and by department. Departments may transfer up to ten percent of appropriations within their department with the approval of the Finance Director. County Council must approve all other transfers, supplemental appropriations, and revised revenue and expense requests. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. Major fund budget-to-actual comparisons can be found on pages 87-92 of this report; comparisons for non-major funds begin on page 100.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the County of Erie operates.

### **Local economy**

In spite of the reality of a national and global economic recession of 2008, assessment of the County of Erie's overall economic vitality and financial sustainability generally was rated as fundamentally sound through most of the year. The commitment of County government to directly participate in stimulating and supporting the overall business environment and the relative success of the businesses and industries that operate in that environment continued to be

a priority initiative of the County Executive and County Council. It is recognized that NW Pennsylvania operates as a regional economy which includes the states of Ohio and to a greater extent in New York.

The ongoing drift from manufacturing to service, tourism, education, and healthcare was more pronounced in our region than most. Manufacturing jobs represent 18% of the workforce and 25% of the economy. Although some well established Erie County industries were unable to survive the severe economic downturn and closed their doors, we have a diverse business base that is driving the emerging economic landscape, and the workforce is adapting to it. The highly successful Presque Isle Downs Track & Casino, which exceeded all financial expectations in 2008 resulted in an additional \$1 million in gaming revenues coming to Erie County to be used for important regional assets and economic development initiatives, is one example of emerging businesses value to the shifting economy.

Statistics tell a very good story about Erie County's economy:

- Unemployment rates at the end of 2008 continued to be comparatively low contrasted with the state and nation with levels in the 7.0 % range. The last time unemployment rates reached this level was in 1992 which recorded a rate of 7.4%. After all the analysis the Net Job Loss for Erie County in 2008 was 200 jobs.
- Cost of living in Erie County is 2 % less than the national average.
- More Erie County residents are working. The number of people holding jobs has risen from 130,700 in 2003 to 132,073 in 2008.
- More than \$1 billion has been invested by new and existing companies in the past decade. Leading the way are:
  - Lake Erie Bio-Diesel
  - General Electric Transportation
  - Accuride Corp.
  - Hamot Medical Center and Saint Vincent Health System
  - Presque Isle Downs Track & Casino
  - Bayfront Convention Center and Hotel Complex

The quality of life, low cost of living, skilled workforce, community safety, transportation infrastructure, and location relative to major markets are key factors in attracting new businesses to the region.

### **Erie County's Role in Assisting Economic Sustainability**

In spite of the local economic downturn, the County Executive and County Council continued to make a meaningful commitment to the local economy in 2008 as demonstrated by the decision in to provide nearly \$26 million dollars as the "local commitment" to the Erie International Airport

Runway Extension Project. The runway extension is viewed as the single most important economic development initiative in the region. The 1,920 foot extension will cost a total of \$85 million and has a conservative ROI of five years.

County Government has also provided for the development, financing, and construction of a first class Bayfront Convention Center and adjoining Hotel complex, which was completed in 2008. The \$100 million complex has been exceeding all occupancy and performance expectations.

The County's efforts to evaluate the need for a community college in Erie County was accelerated with the creation of a collaborative effort called RETHINK Erie. The Erie Regional Chamber and Growth Partnership led the effort which included strong financial support from the Erie Community Foundation and the NWIRC.

The County Economic Development Department's role is to provide the highest level of support to existing and prospective local and regional employers by managing a streamlined economic development process and collaborating with the efforts of a focused group of service providers and community development professionals.

The Economic Development Department is recognized as a leader in the advancement of community critical programs in workforce development, technical education, retention of young business professionals, creating gateways for international trade and cooperation, business succession strategies, entrepreneurial development and business attraction.

## **Specific Activities to Support Financial Success**

### **Business Retention**

- Provide primary advocacy for the County Executive for the development and implementation of a Community College initiative that will offer alternative career program solutions to meet the current and future workforce development needs of existing and prospective regional businesses.
- Emphasize a business retention priority by pre-empting company out-migration of family owned and closely held businesses through the creation of a County funded Succession Planning program.
- Development Network meetings and initiatives.

### **Cash management policies and practices**

The County maintains cash in interest bearing accounts and by daily analysis of cash flow requirements, invests excess funds in higher yield short-term investments. Short term investments are bid out among all participating banks. Sweep accounts with zero balancing are also employed to maximize interest earnings.

## **Long-term financial planning**

The County Three Year Plan is a strategic tool used by the County to identify trends in services, funding requirements, as well as plan for capital projects. The County strives for level debt service. County Council allows the Finance Director to begin the process of refinancing debt if a present-value-economic gain of 3% is realized. The County is currently working on several planned construction projects. The County's new Public Safety Building and Correctional Community Center were completed in early 2008. The former prison pre-release center, located on the fifth floor of the Courthouse, was completed in late 2008 and houses the offices of the District Attorney, Finance, Gaming Revenue, Personnel, County Executive and County Administration.

The Erie community is asking the County to take a more pronounced role in regional assets. The County committed to a 2008 bond issue to provide local matching funding for the renovation and 1,920 foot extension of the Erie International Airport runway. The County committed \$21.5 million dollars towards the project. The debt service on this bond is being paid out of gaming proceeds generated from the casino.

## **General Fund unrestricted fund balance policy**

In 2004, County Council adopted Ordinance Number 169, establishing a policy that sets the level of the general fund's unrestricted fund balance. The general fund must maintain a minimum of one month's expenditures with a goal of up to 2 month's expenditures. An analysis of unrestricted fund balance is presented to Council at each finance committee meeting. This analysis indicates the level of unrestricted fund balance should all ordinances in front of Council pass. The County has maintained more than the minimal level of fund balance since the policy was adopted.

## **Reassessment**

The County has committed to a countywide reassessment cycle. A reassessment bureau underneath the assessment office has been established and staffed to allow one-third of all properties to be reviewed each year. This process started in 2008. It is anticipated that values will be set and appeals heard in 2011. Any changes will be effected in 2012.

## **Risk management**

The County joined P-Comp, an organization with many Pennsylvania municipalities, in an effort to reduce and monitor worker's compensation claims. In 2003, the County implemented a self-insured preferred provider hospitalization, drug, and dental plan in an effort to contain costs. Stop loss insurance is also purchased to minimize risk. The County believes that changes in medical plans and increased employee co-pays has significantly reduced the rate of increasing medical costs. The County has met with its insurance agent to discuss action steps to both reduce other types of insurance premiums and provide a safer environment for both employees and visitors. A Safety Committee has been established and meets regularly. In 2008, the County

hired Wells Fargo, an insurance company, to evaluate County buildings and identify and correct any findings and lower insurance costs. Pleasant Ridge Manor self funds both its worker's compensation fund and medical insurance. Further information is available in note 9 in the notes to the financial statements.

### **Pension and other post-employment benefits**

The County of Erie sponsors a single-employer, defined benefit pension plan that covers all employees who work over 1000 hours. Each year, an independent actuary engaged by the retirement board calculates the amount of the annual contribution that the County of Erie must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the County of Erie fully funds each year's annual required contribution to the pension plan as determined by the actuary. Due to sound investment policies, the County had not been required to make a pension contribution from 1997 through 2003. In 2004, the annual required contribution was \$ 377,956. During 2003, the County offered an early retirement option which was effective in 2004. Sixty-eight employees, or roughly 51% of those eligible took the option . This plan offered a 20 % increase in years of service to encourage higher paying, more senior workers to retire. In return each non-bargaining position was held vacant at least sixty days. Departments then petitioned the Administration and County Council to fill those vacancies. The savings in wages and fringes resulting from the early retirement option significantly contributed to the 2004 increase in fund balance in the General Fund of approximately \$ 3,000,000. It also resulted in an increased 2005 pension contribution of \$1,633,741 and \$1,909,487 in 2006. In February of 2007, the Retirement Board passed a resolution that changes the county annuity to the one-sixtieth class retroactive for all active employees as of March 1, 2007 that were employed by the county after 12/31/71 and before 1/1/97 and who on 1/1/97 transferred to the one -sixtieth class. The 2007 annual required contribution was \$2,818,972. The 2008 annual required was \$3,682,478, which was paid into the plan in 2008.

Pleasant Ridge Manor, the county's nursing home, has a voluntary defined benefit pension plan covering all employees who wish to contribute. Pleasant Ridge Manor's pension board also engages an independent actuary to calculate the amount of the annual contribution. This plan also fully funds each year's annual required contribution. Note 7 describes in detail both pension plans.

County employees hired before January 23, 1992 are entitled to post employment health insurance benefits. Employees hired after this date do not have any post retirement health benefits. Note 8 of the notes to the financial statements describes the cost and number of participants in this plan. The Governmental Accounting Standards Board (GASB) has issued Statement No. 45 "Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions." This statement provides the accounting and reporting requirements for the benefits plans and requires that the public sector employers accrue the cost of any postretirement healthcare or similar benefits (OPEB) they may offer to employees. For the purposes of the financial statements, GASB mandated that governments account and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in the same manner as they currently do for pensions. Because of this change in accounting,

effective for periods beginning after December 15, 2006, the County hired Boetger and Associates, the County's pension administrators, to perform an actuarial valuation to determine the following as of December 31, 2007: 1) the present value of future healthcare benefits, 2) actuarial accrued liability, 3) normal cost, 4) annual required contribution (ARC), 5) annual OPEB cost and finally 6) net OPEB obligation. As of 12/31/08, the net OPEB obligation is \$6,088,723. GASB 45 does not require the County to fund the annual required contribution, only to accrue the expense. The County has chosen a pay-as-you-go funding method.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Erie for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2007. This was the sixteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The Department of Finance relies on the cooperation and support of all elected officials and department heads, especially County Controller Sue Weber and her Deputy Bill Amick, who manage the County's internal audit programs. We rely heavily on the financial staff of various grant programs, especially Patrick Ryan, Anne Maries, Linda Stolz and Darlene Miller who perform the accounting activities in the Department of Human Services, Eric McGrath of Erie County Care Management and Eileen Agresti, the Chief Financial Officer of Pleasant Ridge Manor.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the General Accounting Department, including Tracey Fugagli, Amy Powers, Mary Heinz, Brendan Feeney Melissa Plyler, Jennifer Fisher, Jennifer Edwards, Karen Dorich, Jane Mehler, Dan DeCoursey, Keith Comi and Steve Brown. Special thanks to Finance Director, Jim Sparber, Revenue Director, Steve Letzelter and Assessment Director Scott Maas.

We are pleased to be able to present this information, which we believe to be vital to your financial planning and decision making.

Respectfully submitted,

  
Sue Ellen Pasquale  
Manager of Accounting

**COUNTY OF ERIE, PENNSYLVANIA**  
**List of Elected and Appointed Officials**  
**December 31, 2008**

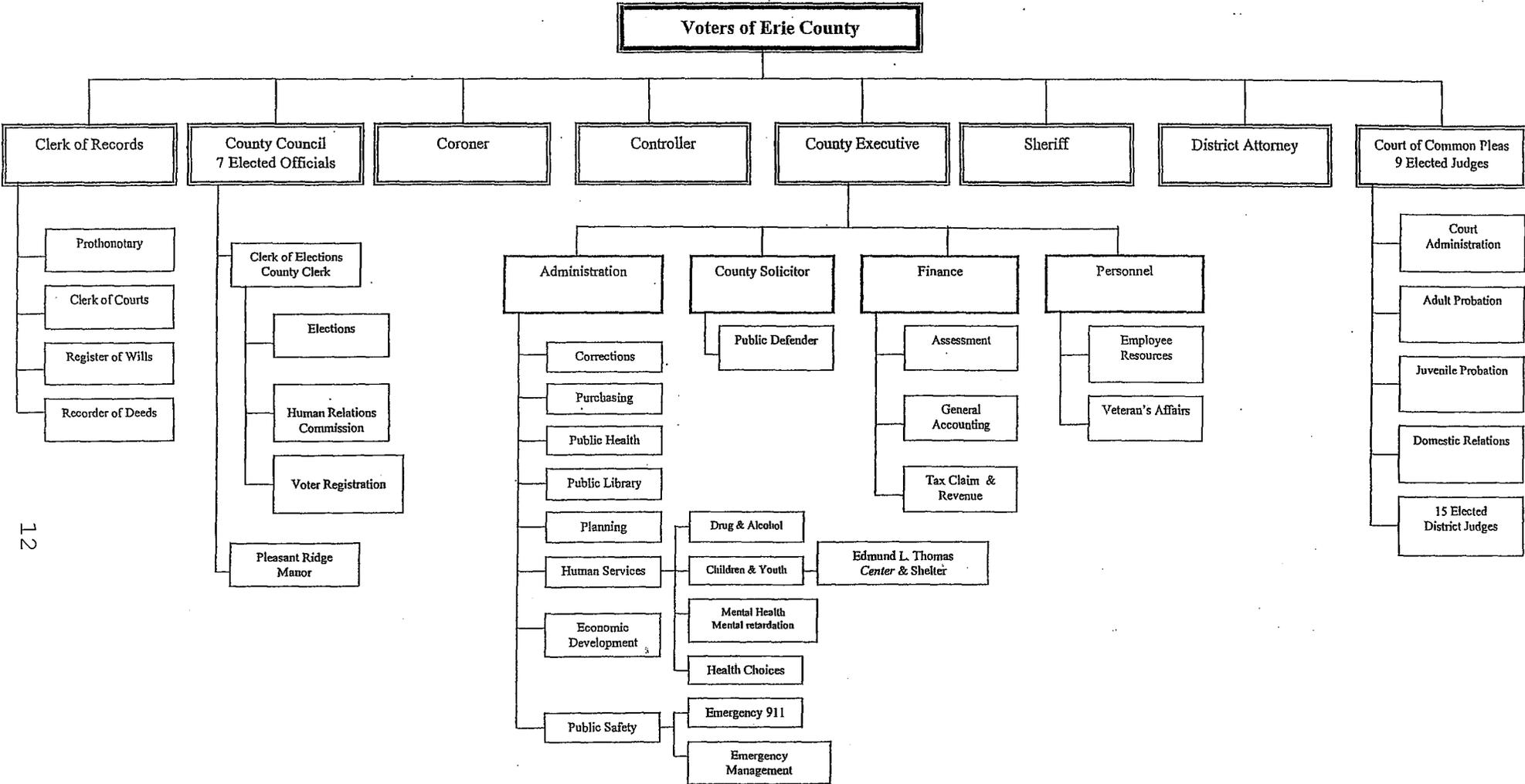
**Elected Officials**

County Executive	Mark A. DiVecchio
Council Members	Fiore A. Leone Joseph F. Giles Phil Fatica Ronald G. Cleaver Kyle W. Foust David E. Mitchell Carol J. Loll
County Controller	Sue Weber
District Attorney	Brad Foulk
Sheriff	Robert Merski
Coroner	Lyell P. Cook
Clerk of Records	Patrick Fetzner
Common Pleas Judges	William Cunningham John Garhart Shad Connelly Ernie DiSantis, Jr. John Bozza Stephanie Domitrovich Michael Dunlavey Elizabeth Kelly John Trucilla

**APPOINTED OFFICIALS**

Director of Administration	Sean Wiley
Director of Finance	James Sparber
Director of Personnel	Larry Meredith
County Solicitor	Wallace Knox II
Public Defender	Anthony Logue

ERIE COUNTY GOVERNMENT ORGANIZATIONAL CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## County of Erie Pennsylvania

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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# Zelenkofske Axelrod LLC

## INDEPENDENT AUDITORS' REPORT

Members of County Council  
County of Erie  
Erie, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the COUNTY OF ERIE, as of and for the year ended December 31, 2008, which collectively comprise the COUNTY OF ERIE's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the COUNTY OF ERIE's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Pleasant Ridge Manor were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the COUNTY OF ERIE, as of December 31, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, in 2008 the COUNTY OF ERIE adopted the provisions of Governmental Accounting Standards Board's Statement No. 49, "*Accounting and Financial Reporting for Pollution Remediation Obligations*", Statement No. 50 "*Pension Disclosures*", Statement No. 55, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", and Statement No. 56, "*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*".

<u>Harrisburg</u>	<u>Lehigh Valley</u>	<u>Philadelphia</u>	<u>Pittsburgh</u>
830 Sir Thomas Court, Suite 100 Harrisburg, PA 17109 717.561.9200 Fax 717.561.9202	1101 West Hamilton Street Allentown, PA 18101-1043 610.871.5077 Fax 717.561.9202	2370 York Road, Suite A-5 Jamison, PA 18929 215.918.2277 Fax 215.918.2302	3800 McKnight E. Drive, Suite 3805 Pittsburgh, PA 15237 412.367.7102 Fax 412.367.7103

# Zelenkofske Axelrod LLC

Members of County Council  
County of Erie  
Erie, Pennsylvania

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2009 on our consideration of the COUNTY OF ERIE's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, schedule of employer contributions and funding progress, schedule of funding progress for postemployment benefits other than pensions and budgetary comparison information on pages 17 through 26; 86; and 87 through 91 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the COUNTY OF ERIE's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Zelenkofske Axelrod LLC*  
ZELENKOFKSKE AXELROD LLC

Pittsburg, Pennsylvania  
June 26, 2009

## Management's Discussion and Analysis

As management of the County of Erie, we offer readers of the County of Erie's financial statements this narrative overview and analysis of the financial activities of the County of Erie for the fiscal year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-10 of this report. All amounts, unless otherwise indicated, are expressed in dollars.

### Financial Highlights

- Assets of the County of Erie exceed liabilities at December 31, 2008 by \$46,265,477 (net assets). Of this amount, \$20,233,464 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$4,685,050. This increase is a result of several factors including increased fund balances in the Gaming and Capital Projects Funds.
- As of the close of the current fiscal year, the County of Erie's governmental funds reported combined ending fund balances of \$79,160,281, an increase of \$25,086,450 in comparison with the prior year. The 2008 general obligation bonds and a delay in the allocation of restricted gaming funds were causes of this increase.
- At the end of the current fiscal year, unreserved/undesignated fund balance for the General Fund was \$9,471,341, or 16% of total general fund expenditures.
- The County's real property tax rate increased from 4.95 to 5.20 mills.
- At December 31, 2008, the County of Erie had \$88,325,000 of bonds outstanding. This represents an increase of \$19,525,000 (28.4%) due to a 2008 bond issue of \$22,055,000.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County of Erie's basic financial statements. The County of Erie's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The *government-wide financial statements* are designed to provide readers with a broad overview of the County of Erie's finances in a manner similar to private-sector business.

The *statement of net assets* presents information on all of the County of Erie's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County of Erie is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unpaid wages).

Both of the government-wide financial statements distinguish functions of the County of Erie that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the County of Erie include general government, courts and related offices, corrections, community services, public health, public works and library services. The County does not have any business-type activities.

The government-wide financial statements include not only the County of Erie itself (*known as the primary government*), but also Pleasant Ridge Manor, a legally separate nursing home for indigent residents for which the County of Erie is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The statements also include Erie County Care Management Fund, a blended special revenue component unit.

The government-wide financial statements can be found on pages 29-31 of this report.

**Fund financial statements** - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Erie, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County of Erie can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds** - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County of Erie maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Capital Projects Fund, Mental Health Mental Retardation Fund, Children and Youth Fund, Gaming Fund, and Health Choices Fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County of Erie adopts an annual appropriated budget for all governmental funds except the Capital Projects Fund. A budgetary comparison statement for each individual fund has been provided to demonstrate compliance with this budget. Budgetary control for the activities of the Capital Projects Fund is achieved through general obligation bond indenture provisions, contractual agreements, and restrictive terms of the grants received.

The basic government fund financial statements can be found on pages 32-38.

**Proprietary funds** - In 2006, the County of Erie created an internal service fund. An *internal service fund* is an accounting device used to accumulate and allocate costs internally among the County of Erie's various functions. The County uses an internal service fund to account for the costs of employee fringe benefits, primarily the self-funded medical and dental programs. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 39-41 of this report.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide statement because the resources of those funds are *not* available to support the County of Erie's own programs. The financial statements include the *statement of fiduciary net assets*, which reports the assets and liabilities of the County's retirement trust fund and combined agency funds. A *combining statement of fiduciary net assets*, which provides a detail of all agency funds, can also be found in this report. Finally, the *statement of changes in fiduciary net assets* for the pension trust is provided.

The basic fiduciary fund financial statements can be found on pages 42-43 of this report.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-83 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and fiduciary agency funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 95-118.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County of Erie, assets exceeded liabilities by \$46,265,477 at December 31, 2008. A substantial portion of net assets, \$20,233,464 or 44 percent, is unrestricted and may be used to meet the county's ongoing obligations to citizens and creditors.

Approximately (-6%) or \$(3,145,289), of net assets reflects the County's investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The County of Erie uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County of Erie's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

### County of Erie's Net Assets

	Governmental Activities	
	2008	2007
Current and other assets	\$134,580,639	\$92,866,359
Capital assets	58,711,696	68,591,140
<b>Total assets</b>	<b>193,292,335</b>	<b>161,457,499</b>
Long-term liabilities outstanding	94,328,676	73,206,702
Other Liabilities	52,698,182	46,670,370
<b>Total liabilities</b>	<b>147,026,858</b>	<b>119,877,072</b>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	(3,145,289)	(2,597,220)
Restricted	29,177,302	23,763,250
Unrestricted	20,233,464	20,414,397
<b>Total net assets</b>	<b>\$46,265,477</b>	<b>\$41,580,427</b>

The restricted portion of the County of Erie's net assets, 63% or \$29,177,302, represents resources that are subject to external restrictions on how they may be used. Restricted net assets have increased \$5,414,052 from the previous year primarily due to the unspent proceeds from the 2008 general obligation bond issue and unspent restricted gaming revenue. A detail of the restricted net assets can be found on the face of the statement of net assets. The

remaining balance of unrestricted net assets, \$20,233,464, or 44%, may be used to meet the government's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the County of Erie is able to report positive balances in two of the three categories of net assets. The investment of capital assets has a negative balance because a large portion of the county's capital assets, especially furniture and equipment, are fully depreciated.

**County of Erie - Change in Net Assets**  
**Year Ended December 31, 2008**  
**With Comparative Amounts for December 31, 2007**

	<b>Governmental Activities</b>		
	2008	2007	Variance
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for services	\$29,034,593	\$25,484,542	\$3,550,051
Operating grants and contributions	237,713,702	192,087,930	45,625,772
Capital grants and contributions	-	54,791	(54,791)
<b>General revenues:</b>			
Property taxes	58,262,891	55,664,202	2,598,689
Hotel Room Tax	2,663,840	-	2,663,840
Interest income	1,925,813	3,554,926	(1,629,113)
Other income	517,810	438,139	79,671
<b>Total revenues</b>	<b>330,118,649</b>	<b>277,284,530</b>	<b>52,834,119</b>
<b>Expenses:</b>			
General government	13,302,695	11,583,536	1,719,159
Courts and related offices	22,452,595	20,642,833	1,809,762
Corrections	39,240,696	36,507,827	2,732,869
Community services	231,296,513	183,711,565	47,584,948
Public health	7,465,662	7,016,892	448,770
Public works	712,490	774,009	(61,519)
Library	7,187,576	6,808,991	378,585
Interest on long-term debt	3,775,372	3,811,952	(36,580)
<b>Total expenses</b>	<b>325,433,599</b>	<b>270,857,605</b>	<b>54,575,994</b>
<b>Increase in net assets</b>	<b>4,685,050</b>	<b>6,426,925</b>	<b>(1,741,875)</b>
<b>Net assets, Beginning of Year</b>	<b>41,580,427</b>	<b>35,153,502</b>	<b>6,426,925</b>
<b>Net assets, End of Year</b>	<b>\$46,265,477</b>	<b>\$41,580,427</b>	<b>\$4,685,050</b>

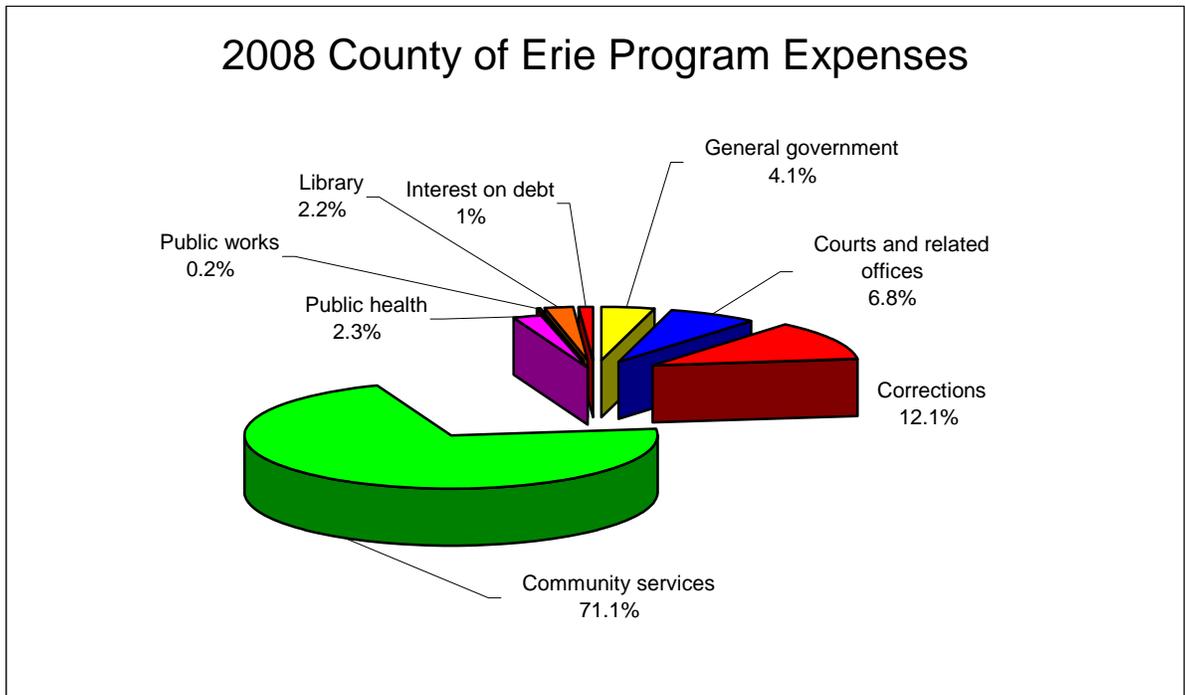
**Governmental activities.** Governmental activities in 2008 increased the County's net assets by \$4,685,050. Key elements of this increase are as follows:

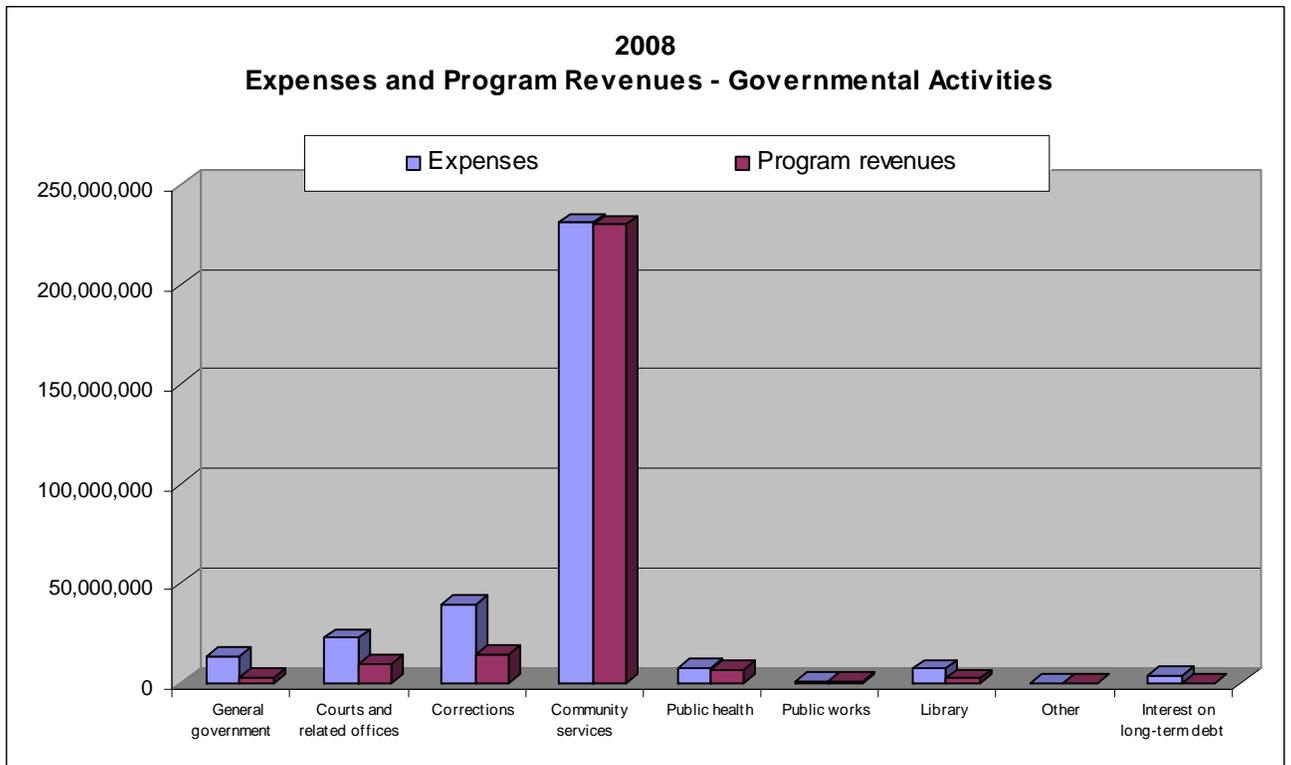
- Property taxes increased by \$2,598,689 (4.7%). This occurred due to an increase in the tax millage from 4.95 mills in 2007 to 5.20 mills in 2008.
- Hotel room rental tax of \$2,663,840 increased by \$231,636 from the \$2,432,204 collected in 2007. The County

- changed its accounting method of the tax in 2008; the 2007 Statement of Net Activities only reflected collections net of distribution of the tax.
- Charges for services had an increase of 13.9%, or by \$3,550,051. Since the casino opened in the last part of the first quarter of 2007, 2008 was the first full year of gaming fees. Gaming fees increased by \$1,789,745 for 2008.
- Operating grants increased by \$45,625,772 (24%) primarily due to \$61.5 million in Health Choices grants, a new state mandated medical assistance program for MHMR, and a \$3 million increase in Children & Youth services due to increased case loads.
- Interest income decreased by \$1,629,113 or 46% as interest rates plummeted during the year.
- Capital grants and contributions decreased by \$54,791 (96.8%) due to a one time grant in 2007.

**Program Expenses**

- General government expenses experienced an increase of \$1,719,159 or 15%. Work on the multi-year, in house, reassessment project accounted for \$413,292 of the increase.
- An 8.7% increase, or \$1,809,762, was related to courts and related expenditures. Domestic Relations expenditures increased over \$550,000 due to rental payments of over \$310,000 while their office space is being renovated and increased wages and fringes. The District Attorney’s wages and fringes rose \$193,915 and drug forfeiture expenditures increased by \$93,000. Additionally the County expended an additional \$273,000 for low income housing projects under Act 137 fees collected by the Recorded of Deeds.
- An increase of 7.5%, or \$2,732,869 occurred in corrections due to increased medical costs for prisoners and other professional fees in the prison totaling \$4,212,191 an increased number and cost of delinquent children in state institutions and in other placements \$1,545,000, increased wages and fringes at the prison of \$715,747, including \$341,000 in bargaining wages and increased overtime.
- Community services showed a 25.9% increase or \$47,584,948, primarily due to a full year of Health Choices Fund started in July of 2007 and had increased expenditures of \$31.3 million in 2008.
- Public health expenditures increased by \$448,770 or 6.4%. Most of this increase is attributed to the 100% state funded Tobacco Program which more than doubled during the year.
- Library expenses increased by \$378,585, or 5.6%, due to increased branch expenditures, especially in rent and materials.
- Public works decreased by \$61,519 or 7.9% due to decreased funding from the state.
- Other expenditures, and interest on long term debt remained fairly stagnant.





### Financial Analysis of the Government's Funds

As noted earlier, the County of Erie uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the County of Erie's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County of Erie's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current year, the County of Erie's governmental funds reported combined fund balances of \$79,160,281, an increase of \$25,086,450 in comparison with the prior year. Approximately 22.9% (\$18,154,899) constitutes *unreserved and undesignated fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to prepaid items (\$2,647,779), 2) to pay debt service (\$1,809,835), 3) for municipal grants (\$11,188,187), 4) for Economic Development programs (\$11,000,000), 5) for capital projects financed by bond proceeds (\$28,819,745), 6) for emergency 911 services (\$3,225,088), 7) for Health Choices (\$912,922) and for a variety of other restricted purposes such as public works and ECCM, and Planning (\$1,401,826).

Governmental fund revenues, expenditures and net changes at December 31, 2008 and 2007 were:

**Governmental Fund Revenues, Expenditures, Other  
Other Financing and Net Change in Fund Balance in Dollars**

Fund	2008			Net Change In Fund Balances	
	Revenues	Expenses	Net Other Financing	2008	2007
General Fund	\$76,538,724	\$57,917,698	\$(20,602,975)	\$(1,981,949)	\$(1,607,967)
Mental Health Mental Retardation	80,691,527	81,465,597	734,343	(39,727)	6,045
Children & Youth /Juvenile	60,061,696	68,036,173	7,561,229	(413,248)	(36,334)
Health Choices	61,507,739	60,919,068	-	588,671	358,184
Capital Projects	1,646,774	6,482,311	22,346,852	17,511,315	(15,259,905)
Liquid Fuels	764,473	712,490	-	51,983	71,930
Domestic Relations	3,216,746	4,315,134	1,184,485	86,097	2,489
Drug & Alcohol	6,240,555	6,475,229	221,500	(13,174)	8,440
Emergency 911	4,951,409	5,641,666	107,051	(583,206)	(617,775)
Public Health	6,916,653	7,788,634	1,302,861	430,880	(58,942)
Emergency Management	335,936	712,537	337,804	(38,797)	14,521
Library	2,294,363	6,038,630	3,601,370	(142,897)	244,992
Planning	2,518,529	3,517,303	845,872	(152,902)	20,706
Gaming	12,360,283	2,168,621	(1,000,000)	9,191,662	10,328,202
Erie County Care Management	9,195,844	8,586,133	-	609,711	242,371
Debt Service	60,252	6,089,684	6,011,463	(17,969)	(215,216)
<b>Total Change</b>	<b>\$329,301,503</b>	<b>\$326,866,908</b>	<b>\$22,651,855</b>	<b>\$25,086,450</b>	<b>\$(6,498,259)</b>

The General Fund is the chief operating fund of the County of Erie. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$9,471,341, while total fund balance reached \$22,567,060. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 16% of total General Fund expenditures, while total fund balance represents 39% of that same amount.

The fund balance of the County of Erie's General Fund decreased by \$1,981,949 during the current fiscal year. Key factors in this growth are as follows:

- Increase in real estate taxes of \$3,043,035 over the prior year due to increased millage and a slight growth in assessed value.
- Increase in hotel tax of \$231,636 in 2008.
- A small decrease in charges for services of \$67,382 over the prior year.
- Increase of \$298,038 in federal, state and municipal grants.

- Decrease in interest income of \$821,504. Interest rates dramatically decreased due to a change in the national economy.
- Decrease in other income of \$135,669.
- An increase of 10% overall in wages and fringes or \$6 million, most notably in the Prison, Adult Probation, Juvenile Probation and Children & Youth. The majority of these employees belong to bargaining units who received an additional disparity payment ranging from \$.25 per hour to \$1.00 per hour in 2008.
- Increased purchased services of \$29.5 million in the 100% federal and state funded Health Choices program.
- Decreased capital outlay of over \$8 million since the completion of the public safety and community corrections buildings.
- Increase of over \$23 million in transfers of which \$22.5 million is due to the 2008 bond issue.

The General Fund's 2008 budget called for a \$3,725,343 deficit, but only realized a deficit of \$1,981,949, a savings of \$1,743,394 due to careful monitoring of expenditures.

The Capital Projects Fund realized a 2008 increase in fund balance of \$17,511,315. In 2008, the County issued \$22,055,000 general obligation bonds for the expansion and rehabilitation of the Erie airport runway and the completion of a remodeling of the domestic Relation office.

The opening of a new casino in February of 2007 generated a new funding source for the County. Due to a lawsuit over the use of restricted gaming funds, a delay in appropriating the funds occurred. The County's policy also requires that the funds are disbursed one year after they are collected. This explains the fund balance of \$19,519,864 in the Gaming Special Revenue Fund

Health Choices fund balance increased by \$588,671 to \$946,855. The state has allowed the county to retain these reinvestment dollars.

### **General Fund Budgetary Highlights**

Differences in total expenditures and transfers out between the original adopted budget of \$78,601,968 and the final amended budget of \$79,766,239 were relatively minor (\$1,164,271 increase in appropriations or a 1.5% increase) and can be summarized as follows:

- \$1,426,621 decrease in various general government activities mainly due to elimination entries of \$2.1 million when preparing the CAFR. These annual elimination entries are for interfund and intra-fund billings.
- \$937,316 increase in appropriations for court related activities including a transfer in Recorder of Deeds to the Planning Department of \$291,000 for additional low income housing grants, \$166,000 in the District Attorney's office for a new local law enforcement gaming grant, additional wages, fringes and overtime of \$60,200 in the Clerk of Courts due to a transfer of work from Children & Youth to the department Pension increased over \$167,242 following the ratification of labor contracts during the year that was not originally budgeted. Computer supplies in the Sheriff, District Attorney and District Judges were up about \$127,000 due to the replacement of personal comp
- \$111,353 increase in corrections, the majority of which is for wages and fringes associated with changes in the bargaining agreements ratified in 2008 but not budgeted in the original budget, particularly in Adult Probation.
- \$295,288 decrease in community services, the majority of which is caused by moving a grant to EMTA and the Independent Libraries from the General Fund to the Gaming Revenue Fund.
- \$667,844 increase in capital outlay. In the second half of 2007, the County budgeted \$167,200 for a boiler project in that, due to an equipment backlog, was delayed and re-appropriated in 2008. In addition, hot water tanks at the prison stopped working and were replaced.

Actual expenditures in the General Fund was above final budgeted expenditures by \$905,228. Many departments' actual expenditures were under final budgeted appropriations. The Controller's and Public Defender's offices were slightly over budget due to a temporary change in hours to audit the retroactive pay calculations and changes in fringe benefit coverage. Prisoner medical costs caused the prison to be over budget. Pass thru grants for the LIFT program exceeded budgeted expenditures. Since revenue was also over budget, there was no effect on the fund balance. Adequate savings in most departments more than covered the overages in the departments listed above.

**Capital assets.** The County of Erie's capital assets for its governmental funds as of December 31, 2008 amount to \$58,711,696 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, building improvements and furniture and equipment; the County does not have any infrastructure. The County of Erie's capital assets increased approximately 2.7% because capital additions exceeded depreciation expense during 2008.

Major capital asset events during the current fiscal year included the following:

- The completion of the construction of a \$14,000,000 public safety project, including a building with state of the art technology. The County started the project in 2005, and spent an additional \$1,610,382 in 2008.
- Renovations to the fifth floor to convert an old prison to office space in the amount of \$3,570,678.
- The start of the renovation of Domestic Relations Office. The County spent 169,382 in 2008.
- Prison improvements to replace hot water tanks in the amount of \$172,946.

**County of Erie's Capital Assets  
(Net of Depreciation)**

	Governmental activities	
	2008	2007
Land	\$1,047,873	\$1,047,873
Construction in Progress	14,520,481	9,671,859
Building and improvements	37,947,493	40,676,504
Furniture and equipment	5,195,849	5,759,450
<b>Total</b>	<b>\$58,711,696</b>	<b>\$57,155,686</b>

Additional information on the County of Erie's capital assets can be found in Note 6 on pages 65-66 of this report.

**Long term debt.** At the end of the current fiscal year, the County of Erie had a total bonded debt outstanding of \$88,671,759 all of which comprises debt backed by the full faith and credit of the government.

During 2005, the County issued \$40,815,000 in general obligation bonds. Series A in the amount of \$11,945,000 refunded 2003 Series B bonds in the amount of \$12,295,000. The County issued \$25,835,000 of 2005 Series B bonds for new projects such as the construction of a public safety building (\$14,000,000), the construction of a prison pre-release center (\$3,700,000) and the renovation of the 5<sup>th</sup> floor of the Courthouse (\$1,800,000). Series C bonds of \$3,035,000 set up a revolving loan fund by the County of Erie General Authority that will purchase and develop large tracts of land of 200 acres or more for large employers. In 2007, most of the 2005 Series B bonds were refunded to take advantage of lower interest rates. This refinancing resulted in an economic gain of \$469,889. During 2008, the County issued \$22,055,000 in bonds to provide the shortfall from federal, state and local funding for the rehabilitation and expansion of the airport runway in Erie County, and to provide additional funding needed to complete the renovation of the Domestic Relations office in the Erie County Courthouse.

The County also guaranteed \$45,390,000 of hotel revenue bonds issued by the Erie County Convention Center Authority for a hotel completed in early 2008, next to the brand new Erie County Convention Center.

Additional information about debt can be found in Note 10 on pages 76-80 of this report.

Summary of General Obligation Bond Activity

	2003 GO Bonds	2005 GO Bonds	2007 GO Bonds	2008 GO Bonds	Total GO Bonds
Beginning Balance @ 1/1/08	\$27,405,000	\$15,955,000	\$24,440,000	\$ -	\$68,800,000
Plus: Debt Issued	-	-	-	22,055,000	\$22,055,000
Less: Principal Payments	(2,240,000)	(205,000)	(85,000)	-	(\$2,530,000)
Ending Balance @ 12/31/2008	\$25,165,000	\$15,750,000	\$25,365,000	\$22,055,000	\$88,325,000

**Economic Factors and Next Year's Budgets and Rates**

- The County has eight bargaining units, and discussion groups, as well as a non-bargaining pay plan. The contracts began in 2007 and extend through December 31, 2010. Most of the contracts call for a 2009 increase of 3%, with some bargaining groups who had historical retention issues receiving an additional disparity increase ranging from \$.25 per hour to \$1.00 per hour.
- The County has realized savings from the inception of a preferred provider plan (PPO). The County believes that this plan along with increased employee payroll deductions for medical care have slowed the rising costs of health care. The County budgeted \$11,348,448 in 2009 for hospitalization and prescription drugs, an increase of 11% over the original 2007 budget. These rates and other fringe benefit rates were approved by the County's fringe benefit committee in August of 2009 based upon 2008 and 2007 performance.
- Due to the drop in the stock market, the County's annual required pension calculation changed from \$3,682,478 in 2008 to \$6,067,903 in 2009. This anticipated change was a major reason why taxes were increased in 2009.
- The 2009 budget consolidates some special revenue funds. The E911 and Emergency Management Fund budgets were merged into the Public Safety Fund. Likewise, the Juvenile Placement Fund was moved into the Children & Youth Fund.
- The County's MHMR budget was reduced by over \$25 million to reflect changes at the state level. The state will now contract directly with providers in the MR program. The County will have compliance responsibility in these programs.
- In February of 2007, a casino opened in Erie County. The County earned over \$10 million in 2007 and over \$12 million in 2008. One half of the funds will be restricted for infrastructure projects and one half is unrestricted and will be used for many projects including regional assets and a community college. The use of the restricted portion of the fees is currently under litigation, and cannot be spent until the suit is litigated. A ruling is expected in 2009.
- The 2009 budget adopted by County Council increased the millage rate from 5.20 mills to 5.45 mills.
- The unemployment rate for the County of Erie for 2008 is 6.2%, an increase of 0.7% from the 2007 rate of 5.5%.
- Building permits issued decreased from 3,357 in 2007 to 3,061 in 2008.

During the current year, unreserved and undesignated fund balance in the General Fund decreased by \$2,472,806 to \$9,471,341. Taxes were increased to maintain the unreserved, undesignated fund balance.

**Requests for Information**

This financial report is designed to provide a general overview of the County of Erie's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Office, 140 West 6<sup>th</sup> Street, Room 505, Erie, Pennsylvania 16501. Information is also available on the County's website, [eriecountygov.org](http://eriecountygov.org). The financial statements of Pleasant Ridge Manor can be obtained from the administrative office at 8300 West Ridge Road, Girard, Pennsylvania 16417. The financial statements for Erie County Care Management can be requested from the fiscal office at 1527 Sassafras Street, Erie PA .

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## Basic Financial Statements

COUNTY OF ERIE , PENNSYLVANIA  
Statement of Net Assets  
December 31, 2008

	Primary Government		Component Unit Pleasant Ridge Manor
	Governmental Activities	Total	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 64,677,060	\$ 64,677,060	\$ 798,687
Receivables, net	55,224,139	55,224,139	5,303,795
Inventory	-	-	317,048
Prepaid Items	<u>2,693,707</u>	<u>2,693,707</u>	<u>200,929</u>
Total current assets	<u>122,594,906</u>	<u>122,594,906</u>	<u>6,620,459</u>
Noncurrent assets:			
Restricted cash	277,894	277,894	2,576,587
Restricted investment	-	-	820,000
Advance to redevelopment authority	8,000,000	8,000,000	-
Receivable from general authority	3,000,000	3,000,000	-
Deferred charges	513,646	513,646	34,866
Net pension asset	194,193	194,193	-
Land and other non-depreciable assets	15,568,354	15,568,354	150,490
Capital assets, net	<u>43,143,342</u>	<u>43,143,342</u>	<u>6,730,312</u>
Total noncurrent assets	<u>70,697,429</u>	<u>70,697,429</u>	<u>10,312,255</u>
Total assets	<u>\$ 193,292,335</u>	<u>\$ 193,292,335</u>	<u>\$ 16,932,714</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 31,311,289	\$ 31,311,289	\$ 2,030,127
Accrued liabilities	5,080,927	5,080,927	555,352
Due to other governmental units	955,869	955,869	-
Unearned revenue	8,977,641	8,977,641	-
Accrued interest payable	1,313,926	1,313,926	-
Notes payable	141,357	141,357	-
Compensated absences	99,346	99,346	379,459
Capital lease obligations	37,827	37,827	-
Bonds payable	<u>4,780,000</u>	<u>4,780,000</u>	<u>1,410,000</u>
Total current liabilities	<u>52,698,182</u>	<u>52,698,182</u>	<u>4,374,938</u>
Noncurrent Liabilities			
Restricted funds	-	-	547,355
Client funds held in trust	277,894	277,894	-
Compensated absences	1,730,867	1,730,867	-
Notes payable	782,349	782,349	-
Bonds payable	85,448,843	85,448,843	1,758,335
Other post-employment benefits	<u>6,088,723</u>	<u>6,088,723</u>	<u>-</u>
Total noncurrent liabilities	<u>94,328,676</u>	<u>94,328,676</u>	<u>2,305,690</u>
Total Liabilities	<u>147,026,858</u>	<u>147,026,858</u>	<u>6,680,628</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	(3,145,289)	(3,145,289)	3,712,467
Restricted for:			
Economic development	11,000,000	11,000,000	-
Debt service	1,809,835	1,809,835	2,219,003
Emergency - 911	3,225,088	3,225,088	-
Liquid fuels	422,345	422,345	-
Court services	1,081,770	1,081,770	-
Low income housing	125,967	125,967	-
Other purposes	129,917	129,917	-
Municipal grants	11,188,187	11,188,187	-
Net pension asset	194,193	194,193	-
Unrestricted	<u>20,233,464</u>	<u>20,233,464</u>	<u>4,320,616</u>
Total Net Assets	<u>\$ 46,265,477</u>	<u>\$ 46,265,477</u>	<u>\$ 10,252,086</u>

The notes to the financial statements are an integral part of these statements.

**COUNTY OF ERIE, PENNSYLVANIA**  
**Statement of Activities**  
**For the Year Ended December 31, 2008**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General Government	\$ 13,302,695	\$ 2,728,069	\$ 102,566	\$ -
Courts and Related Offices	22,452,595	5,683,424	3,838,439	-
Corrections	39,240,696	2,176,755	12,225,940	-
Community Services	231,296,513	17,684,293	212,599,197	-
Public Health	7,465,662	536,541	6,148,056	-
Public Works	712,490	-	757,336	-
Library	7,187,576	225,511	2,042,168	-
Interest	3,775,372	-	-	-
<i>Total Governmental Activities</i>	<u>325,433,599</u>	<u>29,034,593</u>	<u>237,713,702</u>	<u>-</u>
<i>Total Primary Government</i>	<u>\$ 325,433,599</u>	<u>\$ 29,034,593</u>	<u>\$ 237,713,702</u>	<u>\$ -</u>
<b>Component Units</b>				
Pleasant Ridge Manor	<u>32,816,073</u>	<u>32,507,330</u>	<u>-</u>	<u>-</u>
<i>Total Component Unit</i>	<u>\$ 32,816,073</u>	<u>\$ 32,507,330</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of these statements.

Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Total	Component Unit Pleasant Ridge Manor
\$ (10,472,060)	\$ (10,472,060)	\$ -
(12,930,732)	(12,930,732)	-
(24,838,001)	(24,838,001)	-
(1,013,023)	(1,013,023)	-
(781,065)	(781,065)	-
44,846	44,846	-
(4,919,897)	(4,919,897)	-
(3,775,372)	(3,775,372)	-
<u>(58,685,304)</u>	<u>(58,685,304)</u>	<u>\$ -</u>
<u>\$ (58,685,304)</u>	<u>\$ (58,685,304)</u>	<u>\$ -</u>
-	-	(308,743)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (308,743)</u>

**General Revenues:**

Property Taxes	58,262,891	58,262,891	-
Hotel Room Tax	2,663,840	2,663,840	-
Interest Income	1,925,813	1,925,813	102,021
Other Income	517,810	517,810	241,605
Total General Revenues and Transfers	<u>63,370,354</u>	<u>63,370,354</u>	<u>343,626</u>
Change in Net Assets	4,685,050	4,685,050	34,883
Net Assets Beginning of Year	<u>41,580,427</u>	<u>41,580,427</u>	<u>10,217,203</u>
Net Assets End of Year	<u>\$ 46,265,477</u>	<u>\$ 46,265,477</u>	<u>\$ 10,252,086</u>

COUNTY OF ERIE, PENNSYLVANIA  
Balance Sheet  
Governmental Funds  
December 31, 2008

ASSETS	General Fund	Mental Health Mental Retardation	Health Choices
Cash & Cash Equivalents	\$ 10,648,696	\$ 3,116,867	\$ 1,633,385
Restricted Cash and Cash Equivalents	-	-	-
Receivables, Net	10,201,072	8,169,161	10,613,504
Due from Other Funds	6,992,774	2,134,343	-
Prepaid Items	316,875	247,453	33,933
Advance to Redevelopment Authority	8,000,000	-	-
Receivable from General Authority	3,000,000	-	-
Total Assets	<u>\$ 39,159,417</u>	<u>\$ 13,667,824</u>	<u>\$ 12,280,822</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 2,168,120	\$ 6,627,061	\$ 11,283,456
Accrued Liabilities	2,459,050	84,696	21,920
Client Funds Held in Trust	-	-	-
Due to Other Funds	4,792,806	303,895	28,591
Due to Other Taxing Units	136,024	-	-
Unearned Revenue	831,401	6,652,172	-
Deferred Revenue	6,204,956	-	-
Total Liabilities	<u>16,592,357</u>	<u>13,667,824</u>	<u>11,333,967</u>
<b>FUND BALANCES</b>			
Reserved for:			
Prepaid Items	316,875	247,453	33,933
Mental Health / Mental Retardation	247,453	(247,453)	-
Children and Youth	1,513,060	-	-
Liquid Fuels	-	-	-
Drug and Alcohol	18,331	-	-
Emergency 911	-	-	-
Municipal Grants	-	-	-
Health Choices	-	-	912,922
ECCM	-	-	-
Planning	-	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Economic Development	11,000,000	-	-
Unreserved, Designated, Reported In:			
General Fund	9,471,341	-	-
Special Revenue Funds	-	-	-
Total Fund Balances	<u>22,567,060</u>	<u>-</u>	<u>946,855</u>
Total Liabilities and Fund Balances	<u>\$ 39,159,417</u>	<u>\$ 13,667,824</u>	<u>\$ 12,280,822</u>

The notes to the financial statements are an integral part of these statements

Children and Youth	Gaming Fund	Capital Project Fund	Other Governmental Funds	TOTAL
\$ 1,620,546	\$ 12,432,213	\$ 28,466,584	\$ 6,746,681	\$ 64,664,972
-	-	-	277,894	277,894
12,467,412	8,192,869	13,693	5,566,428	55,224,139
30,467	20,271	1,454,022	2,283,712	12,915,589
1,513,060	1,539	-	534,919	2,647,779
-	-	-	-	8,000,000
-	-	-	-	3,000,000
<u>\$ 15,631,485</u>	<u>\$ 20,646,892</u>	<u>\$ 29,934,299</u>	<u>\$ 15,409,634</u>	<u>\$ 146,730,373</u>

\$ 7,656,795	\$ 126,871	\$ 903,807	\$ 2,054,784	\$ 30,820,894
866,808	154	-	1,324,805	4,757,433
-	-	-	277,894	277,894
7,107,882	1,000,003	210,747	2,131,481	15,575,405
-	-	-	819,845	955,869
-	-	-	1,494,068	8,977,641
-	-	-	-	6,204,956
<u>15,631,485</u>	<u>1,127,028</u>	<u>1,114,554</u>	<u>8,102,877</u>	<u>67,570,092</u>

1,513,060	1,539	-	534,919	2,647,779
-	-	-	-	-
(1,513,060)	-	-	-	-
-	-	-	422,345	422,345
-	-	-	(18,331)	-
-	-	-	3,225,088	3,225,088
-	11,188,187	-	-	11,188,187
-	-	-	-	912,922
-	-	-	574,843	574,843
-	-	-	404,638	404,638
-	-	28,819,745	-	28,819,745
-	-	-	1,809,835	1,809,835
-	-	-	-	11,000,000
-	-	-	-	9,471,341
-	8,330,138	-	353,420	8,683,558
<u>-</u>	<u>19,519,864</u>	<u>28,819,745</u>	<u>7,306,757</u>	<u>79,160,281</u>
<u>\$ 15,631,485</u>	<u>\$ 20,646,892</u>	<u>\$ 29,934,299</u>	<u>\$ 15,409,634</u>	<u>\$ 146,730,373</u>

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COUNTY OF ERIE, PENNSYLVANIA  
 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
 December 31, 2008

Differences in amounts reported for governmental activities in Statement of Net Assets are different because: (Page 29)

Fund balances - total governmental funds		\$ 79,160,281
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		58,711,696
Certain long-term assets are not available to pay current period expenditures and are therefore are deferred in the funds.		6,204,956
An internal service fund is used by management to charge the costs of employee benefits to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets		1,903,943
Other post employment benefits are reflected on the statement of net assets, but are not considered a current expenditure for the fund statements		(6,088,723)
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds.		194,193
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	#####	
Deferred charges	513,646	
Compensated absences	(1,830,213)	
Accrued interest	(1,313,926)	
Capital lease obligation	(37,827)	
Note payable	<u>(923,706)</u>	
		<u>(93,820,869)</u>
Net assets of governmental activities		<u>\$ 46,265,477</u>

The notes to the financial statements are an integral part of these statements.

COUNTY OF ERIE, PENNSYLVANIA  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2008

	<u>General Fund</u>	<u>Mental Health Mental Retardation</u>	<u>Health Choices</u>
<b>REVENUES</b>			
Real Estate Taxes	\$ 57,445,745	\$ -	\$ -
Hotel Tax	2,663,840	-	-
Federal, State and Municipal Grants	5,342,324	80,357,316	61,476,239
Charges for Services	10,186,745	-	-
Interest Income	855,182	255,471	31,500
Other Income	44,888	78,740	-
	<u>76,538,724</u>	<u>80,691,527</u>	<u>61,507,739</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current:			
General Government	11,666,961	-	-
Courts and Related Offices	16,406,653	-	-
Corrections	22,480,667	-	-
Community Services	6,312,092	81,378,931	60,906,575
Public Health	-	-	-
Public Works	-	-	-
Library	-	-	-
Other	-	-	-
Capital Outlay	609,617	86,666	12,493
Debt Service			
Principal	-	-	-
Interest	441,708	-	-
Bond Issuance Costs	-	-	-
	<u>57,917,698</u>	<u>81,465,597</u>	<u>60,919,068</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>18,621,026</u>	<u>(774,070)</u>	<u>588,671</u>
Other Financing Sources (Uses)			
Proceeds From Debt Issuance	-	-	-
Transfers In	377,024	734,343	-
Transfers Out	(20,979,999)	-	-
Premiums Related To Debt Issuance	-	-	-
	<u>(20,602,975)</u>	<u>734,343</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change In Fund Balance	(1,981,949)	(39,727)	588,671
Fund Balances, Beginning of Year	<u>24,549,009</u>	<u>39,727</u>	<u>358,184</u>
Fund Balances, End of Year	<u>\$ 22,567,060</u>	<u>\$ -</u>	<u>\$ 946,855</u>

The notes to the financial statements are an integral part of these statements.

<u>Children and Youth</u>	<u>Gaming Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$ 57,445,745
-	-	-	-	2,663,840
59,259,639	-	-	31,278,184	237,713,702
764,605	12,087,669	1,345,460	4,650,114	29,034,593
37,452	272,614	301,314	172,280	1,925,813
-	-	-	394,182	517,810
<u>60,061,696</u>	<u>12,360,283</u>	<u>1,646,774</u>	<u>36,494,760</u>	<u>329,301,503</u>
-	-	-	-	11,666,961
-	-	-	4,315,134	20,721,787
14,587,457	-	-	-	37,068,124
53,366,165	1,976,897	1,006,570	21,835,305	226,782,535
-	-	-	7,756,801	7,756,801
-	-	-	712,490	712,490
-	-	-	6,023,041	6,023,041
-	-	-	5,545	5,545
82,551	191,724	5,475,741	3,106,618	9,565,410
-	-	-	2,664,140	2,664,140
-	-	-	3,327,633	3,769,341
-	-	-	130,733	130,733
<u>68,036,173</u>	<u>2,168,621</u>	<u>6,482,311</u>	<u>49,877,440</u>	<u>326,866,908</u>
<u>(7,974,477)</u>	<u>10,191,662</u>	<u>(4,835,537)</u>	<u>(13,382,680)</u>	<u>2,434,595</u>
-	-	-	22,055,000	22,055,000
7,609,229	-	22,519,798	14,352,071	45,592,465
(48,000)	(1,000,000)	(172,946)	(23,391,520)	(45,592,465)
-	-	-	596,855	596,855
<u>7,561,229</u>	<u>(1,000,000)</u>	<u>22,346,852</u>	<u>13,612,406</u>	<u>22,651,855</u>
(413,248)	9,191,662	17,511,315	229,726	25,086,450
<u>413,248</u>	<u>10,328,202</u>	<u>11,308,430</u>	<u>7,077,031</u>	<u>54,073,831</u>
<u>\$ -</u>	<u>\$ 19,519,864</u>	<u>\$ 28,819,745</u>	<u>\$ 7,306,757</u>	<u>\$ 79,160,281</u>

# COUNTY OF ERIE, PENNSYLVANIA

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the Year Ended December 31, 2008

Amounts reported for governmental activities in the Statement of Activities are different because: (page 30-31)

Net change in fund balances - total governmental funds	\$	25,086,450
Capital outlay, reported as expenditures in the governmental funds, are shown as capital assets in the Statement of Net Assets.		6,326,741
Depreciation expenses on governmental capital assets included in the governmental activities in the Statement of Activities.		(4,643,381)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade ins, or donations) is to decrease net assets.		(127,350)
Bond and lease proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets.		
Bond proceeds	(22,055,000)	
Premiums related to debt issuance	<u>(596,855)</u>	
		(22,651,855)
Other post employment benefits are reflected on the Statement of Net Assets but are not considered a current expenditure for the fund statements		(3,307,506)
Repayment of long term debt is reported as an expenditure in governmental funds, but a reduction of long-term liabilities in the Statement of Net Assets. In the current year, these amounts are:		
Bond principal payments	2,530,000	
Note payments	134,139	
Capital lease payments	89,065	
Change in compensated absences	<u>(125,563)</u>	
		2,627,641
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred real estate tax	817,146	
Change in accrued interest	<u>(249,462)</u>	
		567,684
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources are available.		
Net pension asset		194,193
Certain activities reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Bond premiums, net	205,065	
Bond issuance cost, net	<u>78,192</u>	
		283,257
Internal service funds are used by management to charge the costs to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.		<u>329,176</u>
Change in net assets of governmental activities.	\$	<u><u>4,685,050</u></u>

The notes to the financial statements are an integral part of these statements.

The notes to the financial statements are an integral part of these statements.

**COUNTY OF ERIE, PENNSYLVANIA**  
 Statement of Net Assets - Proprietary Fund  
 December 31, 2008

	Governmental Activities Internal Service Fund <u>                    </u>
<b>Assets</b>	
Current Assets:	
Due from Other Funds	\$ 2,659,816
Prepaid Expenses	<u>45,928</u>
Total Current Assets	<u>2,705,744</u>
Total Assets	<u><u>\$ 2,705,744</u></u>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable and Other Current Liabilities	<u>\$ 801,801</u>
Total Current Liabilities	<u>801,801</u>
<b>Net Assets</b>	
Unrestricted	<u>1,903,943</u>
Total Net Assets	<u>1,903,943</u>
Total Liabilities and Net Assets	<u><u>\$ 2,705,744</u></u>

The notes to the financial statements are an integral part of these statements.

**COUNTY OF ERIE, PENNSYLVANIA**  
**Statement of Revenues, Expenses and Changes**  
**in Net Assets - Proprietary Fund**  
**For the Year Ended December 31, 2008**

	Governmental Activities Internal Service Fund
Operating Revenues:	
Employer Contributions	\$ 22,638,606
Employee Contributions	<u>479,935</u>
Total Operating Revenues	<u>23,118,541</u>
Operating Expenses:	
Employee Benefits	7,455,710
Insurance Premiums	1,407,378
Claim Payments	<u>13,926,277</u>
Total Operating Expenses	<u>22,789,365</u>
Change in Net Assets	329,176
Total Net Assets - Beginning	<u>1,574,767</u>
Total Net Assets - Ending	<u><u>\$ 1,903,943</u></u>

The notes to the financial statements are an integral part of these statements.

**COUNTY OF ERIE, PENNSYLVANIA**  
Statement of Cash Flows- Proprietary Fund  
For the Year Ended December 31, 2008

<b>Cash Flows from Operating Activities</b>	
Cash received from users	\$ 23,118,541
Cash payments for employee benefits	(23,118,541)
	<hr/>
Net cash provided by operating activities	-
	<hr/>
Net increase (decrease) in cash and cash equivalents	-
	<hr/>
Cash and cash equivalents at beginning of year	-
	<hr/>
Cash and cash equivalents at end of year	<u><u>\$ -</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 329,176
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in assets:	
Accounts receivable	681,794
Due from other funds	(1,284,280)
Prepaid items	163,340
Increase (decrease) in liabilities:	
Accounts payable	109,970
	<hr/>
Net cash provided by operating activities	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of these statements.

# COUNTY OF ERIE, PENNSYLVANIA

## Statement of Fiduciary Net Assets

### Fiduciary Funds

December 31, 2008

	<u>Pension Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,904,593	\$ 6,152,464
Investments, at fair value		
U.S. government obligations	17,074,752	2,384,793
Municipal bonds	764,839	-
Mutual funds	1,097,575	-
Corporate bonds	30,987,031	-
Common stocks and foreign equities	68,184,034	-
Property taxes receivable	-	13,422,605
Interest and other receivables	616,551	10,978
	<u>616,551</u>	<u>10,978</u>
Total assets	<u>\$ 128,629,375</u>	<u>\$ 21,970,840</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 8,548,235
Due to other individuals	-	-
Due to other governmental units	-	13,422,605
	<u>-</u>	<u>13,422,605</u>
Total liabilities	<u>-</u>	<u>21,970,840</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	<u>\$ 128,629,375</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of these statements.

COUNTY OF ERIE, PENNSYLVANIA  
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds  
Pension Trust  
For the Year Ended December 31, 2008

Additions:

Contributions	
Employee contribution	\$ 2,912,287
Employer contribution	<u>3,682,478</u>
Total contributions	<u>6,594,765</u>
Investment income	
Net depreciation change in fair value of investments	(44,010,947)
Interest	3,201,620
Dividends	1,660,768
Miscellaneous income	<u>146,075</u>
Total investment income	(39,002,484)
Less: Investment expenses	<u>894,609</u>
Net investment income	<u>(39,897,093)</u>
Total additions	<u>(33,302,328)</u>

Deductions:

Pension benefits	6,132,168
Refund of contributions	382,404
Death benefits	457,649
Administrative expense	<u>182,088</u>
Total deductions	7,154,309
Change in Net Assets	(40,456,637)
Net Assets - Beginning of year	<u>169,086,012</u>
Net Assets - End of year	<u><u>\$ 128,629,375</u></u>

The notes to the financial statements are an integral part of these statements.

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COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Erie, Pennsylvania operates under a Home Rule Charter which became effective January 1, 1978. The County operates under a Council – Executive form government. There are nine offices elected county-wide, which are: county council, county executive, county controller, district attorney, sheriff, coroner, clerk of records, common pleas judges and magisterial district judges.

The seven-member board of county council is the legislative body of the County. The daily operations of the county are the responsibility of the county executive.

Services provided by the County and accounted for within these financial statements include courts and corrections, health and social services, library, emergency-911, planning, economic development, and general governmental services.

The accompanying basic financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (“GASB”).

A summary of the County's significant accounting policies consistently applied in the preparation of the accompanying basic financial statements is as follows:

A) Reporting Entity

The County follows the criteria promulgated by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement No. 14, *The Financial Reporting Entity*, for purposes of determining the scope of its reporting entity. As required by GAAP, the basic financial statements of the reporting entity include those of the County of Erie (the Primary Government) and its Component Units. The Component Units discussed below are included in the County's reporting entity because of their operational or financial relationship with the County.

1. Component Units

In conformity with GAAP, the financials of Component Units have been included in the financial reporting entity either as a Blended Component Unit or as a Discretely Presented Component Unit.

a. Blended Component Unit

Erie County Care Management, Inc. (Corporation) is governed by a Board comprised of the primary government's elected council. All agreements and budgets are to be approved by the primary government. Legal liability for the Corporation's debt remains with the primary government. The Corporation is reported as a Nonmajor special revenue fund.

Complete financial statements can be obtained from the administrative office at 1601 Sassafras Street, Erie, PA 16502.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) Reporting Entity (Continued)

1. Component Units (Continued)

b. Discretely Presented Component Units

The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. This statement includes Pleasant Ridge Manor, a discretely presented component unit. The governing body of the Pleasant Ridge Manor is controlled by or appointed by Erie County Council.

Pleasant Ridge Manor is organized to provide public health and nursing care to indigent persons within Erie County. Under the terms of the Statement of Agreement dated April 15, 1980 between the County of Erie and Pleasant Ridge Manor, the County has full and entire right of control of the financial affairs of Pleasant Ridge Manor. Pleasant Ridge Manor is presented in a separate column in the governmental-wide financial statements.

Pleasant Ridge Manor Pension Trust is reported separate from Pleasant Ridge Manor and is not reported as part of the Manor's annual report. The pension trust has been disclosed in the footnotes to the financial statements. Complete financial statements of Pleasant Ridge Manor and Pleasant Ridge Manor Pension Trust can be obtained from the administrative office at Pleasant Ridge Manor, 8300 West Ridge Road, Girard, Pennsylvania, 16417.

2. Related Organizations

The Board of Council is also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations generally does not extend beyond making the appointments. These organizations include:

- Erie County Housing Authority
- Erie County Redevelopment Authority
- Erie County Industrial Development Authority
- Erie County Hospital Authority
- Erie County Conservation District Authority
- Erie County Metropolitan Transit Authority
- Erie County Industrial Development Authority
- Erie County Gaming Revenue Authority
- Erie County General Authority
- Convention Center Authority

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

B) Measurement Focus and Basis of Accounting

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental activities of the primary government (including its blended component unit) as well as its discretely presented component unit. Governmental activities normally are supported by taxes and intergovernmental revenues. Likewise, the primary government is reported separately from the legally separate discrete component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*.

The government-wide statement of activities demonstrates the degree to which the direct expenses of given functional category (public safety, general government, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Expenses reported for functional activities do not include allocated indirect expenses. Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

B) Measurement Focus and Basis of Accounting (Continued)

2. Fund Financial Statements

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate. The fiduciary statements include financial information for agency funds and the County's Retirement Trust Fund. The agency funds of the County primarily represent assets held by the County in a custodial capacity for other individuals or governments.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

**Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and thus have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the County.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

B) Measurement Focus and Basis of Accounting (Continued)

2. Fund Financial Statements (Continued)

**Governmental Funds (Continued)**

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

**Proprietary Funds**

The County's internal service fund is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Private-sector standards of accounting and financial reporting issued prior to December 31, 1989 generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Based on the accounting and reporting standards set forth in GASB Statement No. 20 "Accounting and financial reporting for Proprietary funds and other governmental entities that use Proprietary Fund Accounting", the County has opted to apply only the accounting and reporting pronouncements issued by the Financial Accounting Standard Board (FASB) on or before November 30, 1989.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as other financing

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

B) Measurement Focus and Basis of Accounting (Continued)

2. Fund Financial Statements (Continued)

Proprietary Funds (Continued)

source. Amounts paid to reduce long-term indebtedness are reported as reduction of the related liabilities, rather than an expense.

**Fiduciary Funds**

The County's fiduciary funds are presented in the fund financial statements by (pension trust fund and agency fund). Since, by definition, the assets of these funds are held for the benefit of a third party (individuals, private organizations, and/ or other governments) and cannot be used to satisfy obligations of the County, these funds are not incorporated into the government-wide financial statements. The County's fiduciary funds are presented on the accrual basis of accounting.

C) Basis of Presentation

The determination of major funds is based on minimum criteria as set forth in GASB Statement Number 34. The non-major funds are combined in a column in the fund financial statements. The following are the County's major funds:

1. Governmental Fund Types

a. General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Revenues of this fund are primarily derived from real estate taxes, Commonwealth and Federal grants, and fees for services. Many of the basic activities of the County are accounted for in this fund, including operation of general County government, boards, the court system, and public safety activities.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

C) Basis of Presentation (Continued)

1. Governmental Fund Types (Continued)

b. Mental Health/Mental Retardation Fund

This fund administers local agency providers of mental health and mental retardation services. The fund also administers various programs for transportation, adult services, and in home health.

c. Children and Youth

It accounts for the child protective services, day care and a juvenile detention center.

d. Health Choices Fund

This fund accounts for the medical assistance funding for mental health, drug and alcohol and children services programs.

e. Gaming Fund

These funds are provided by revenue received from the operation of Presque Isle Downs and Casino. One half of the funds support regional assets, including the Count Public Library and various administrative costs and projects as determined by County Council. The remaining half is restricted to operating and capital projects for contiguous municipalities that result from the operation of the casino.

f. Capital Projects Fund

This fund accounts for capital improvements which are financed from general obligation bond issues and other specified receipts.

2. Other Fund Types

a. Internal Service Fund

This fund accounts for finance services and commodities furnished exclusively to user offices, departments and other funds of the County on a cost reimbursement basis. The principal service provided includes a self-insurance program for health and prescription drug coverage. Operating revenues are from employer and employee premiums and operating expenses include benefit claims expense. All other revenues and expenses are recorded as non-operating. The Internal Service Fund (after elimination) is included in governmental activities for government-wide reporting purposes.

b. Trust Funds

Includes the Pension Trust, which accounts for the activities of the Erie County Employees' Retirement System.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

C) Basis of Presentation (Continued)

2. Other Fund Types (Continued)

b. Agency Funds

The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Fiduciary funds are not included in the government-wide statements. The agency funds account for the following activities:

- Collection of delinquent real estate taxes as well as disbursing the money to the appropriate taxing authority.
- Proceeds from various licenses.
- Prison services account for inmate, commissary, and work release activities.
- District Judges receive cash from defendants and disburse to appropriate agencies.
- Clerk of Records accounts for fees associated with recording of deeds, prothonotary fees, cash bail, and registering of wills.
- Sheriff's office collects proceeds of real estate sales and various fines.

D) Budgets and Budgetary Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles. The County of Erie follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before October 1 the County Executive submits to County Council proposed budgets.
2. County Council holds public hearings on the proposed budgets commencing not earlier than thirty days following receipt of the proposed budget.
3. Public hearings are conducted on the proposed budget. The proposed budget is available for public inspection for 20 days prior to final adoption.
4. On or before December 1 the budgets are adopted by County Council.

The appropriate budget is prepared by fund, function and department. The legal level of budgetary control for the County is the department level. While the department heads can transfer up to ten percent of their budget between line items without Council approval, the ten percent transfer is processed for presentation purposes only as a management tool. A department head has violated the law only if the department total exceeds the budget. For budget reporting purposes, each individual special revenue fund is considered to be a department.

Unexpended budget appropriations expire at year end and do not carry forward to future periods.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

E) Cash and Cash Equivalents

Cash and cash equivalents are cash on hand, as well as demand deposits, investments and certificates of deposit included in pooled cash and non-pooled investments with original maturities of three months or less.

- U.S. Treasury Bills
- Short-term obligations of the U.S. Government
- Obligations of the Commonwealth of Pennsylvania
- Commercial Paper
- Time deposits of institutions having their principal place of business within Pennsylvania
- Repurchase agreements which are fully collateralized by obligations of the United States Government

F) Restricted Cash

Restricted cash represents cash set aside for liquidation of specific obligations as detailed in Note 3.

G) Investments

Investments are stated at fair value in all funds. Investments that do not have an established market value are reported at estimated fair value.

H) Allowance for Doubtful Accounts

Accounts receivable have been reported net of allowance for doubtful accounts of \$1,827,691.

I) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

J) Capital Assets

Capital Assets, which include property, plant, equipment and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. The infrastructure assets located within Erie County are owned and maintained by various local municipalities that are located within the County. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects as constructed.

COUNTY OF ERIE  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (CONTINUED)

J) Capital Assets (Continued)

The capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Improvements	15 Years
Buildings and Improvements	30 Years
Machinery and Equipment	5-10 Years
Motor Vehicles	5 Years

K) Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions except quasi-external transactions and reimbursements are reported as transfers.

L) Compensated Absences

All full time employees accumulate one and one-fourth days of sick leave for each month of service. Sick leave may accumulate indefinitely. At retirement employees shall be compensated as follows:

	<u>Unused Sick Days at Retirement</u>	<u>Percentage of Days Bought Back</u>
<u>PSSU – Office of Children and Youth Supervisors</u>		
	0-100	14%
	101-200	15%
	201 and Above	16%
<u>ECAPE Union and County Detectives (at retirement or at termination)</u>		
	1-90	15%
	91-190	20%
	191- Above	25%
<u>PSSU – Prison Workers</u>		
	1-90 days	15%
	91 and above	20%
<u>AFSCME and Non-bargaining, Appointed Officials and Court Supervisors</u>		

Sick Days will be paid at rate of one day for every six sick days.

PSSU – Office of Children and Youth Case Workers

Sick days will be paid at the rate of one day for every eight sick days.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

L) Compensated Absences (Continued)

All full time employees are credited for vacation time starting from their date of hire and earn annual vacation credits for each month in which they are in compensating status of ten of ten or more working days. Any employee who is laid off, discharged, retired or otherwise separated from employment is compensated in cash for any unused vacation days up to a maximum of 30 days carry over from prior years plus any unused vacation days earned since the beginning of the year.

On an annual basis, full-time employees are eligible to exchange up to on-half of their vacation days for a cash payment. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as result of employee resignation and retirement.

M) Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as bond issuance costs in the debt service fund.

N) Unearned Revenues

Unearned Revenues are reported in government-wide financial statements and fund financial statements. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues represent grant monies received but not yet earned. Deferred revenues reported in governmental fund financial statements represent tax revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues. The County deems revenues received within 60 days of year-end to be available.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

O) Net Assets/Fund Balances

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of Council and management and can be increased, reduced or eliminated by similar actions.

P) Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

Q) Adoption of Governmental Accounting Standards Board Statement

The County adopted the provisions of GASB Statement No. 49, “*Accounting and Financial Reporting for Pollution Remediation Obligations*”. The adoption of this statement had no effect on the financial reporting information of the County.

The County adopted the provisions of GASB Statement No. 50, “*Pension Disclosures*” related to the use of entry age actuarial cost method for the purpose of reporting funding progress information for plans that use the aggregate actuarial cost method. The adoption of this statement changed some of the disclosure requirements related to the County’s pension plan.

The County adopted the provisions of GASB Statement No. 55, “*The Hierarchy of General Accepted Accounting Principles for State and Local Governments*.” The adoption of this statement had no effect on the financial reporting information of the County.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Q) Adoption of Governmental Accounting Standards Board Statement (Continued)

The County adopted the provisions of GASB Statement No. 56, "*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*" The adoption of this statement had no effect on the financial reporting information of the County.

R) Pending Changes in Accounting Principles

In June 2007, the GASB issued Statement No. 51, "*Accounting and Financial Reporting for Intangible Assets*." The County is required to adopt Statement No. 51 for its calendar year 2010 financial statements.

In November 2007, the GASB issued Statement No. 52, "*Land and Other Real Estate Held as Investments by Endowments*." The County is required to adopt Statement No. 52 for its calendar year 2009 financial statements.

In June 2008, the GASB issued Statement No. 53, "*Accounting and Financial Reporting for Derivative Instruments*." The County is required to adopt Statement No. 53 for its calendar year 2010 financial statements.

In March 2009, the GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." The County is required to adopt Statement No. 54 for its calendar year 2011 financial statements.

The County has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

Discretely Presented Component Unit

Pleasant Ridge Manor (PRM)

Financial Reporting Entity

Pleasant Ridge Manor ("PRM"), formerly Erie County Geriatric Center, is a non-profit organization, as defined under Section 501(c) (3) of the Internal Revenue Code, organized to provide public, nonsectarian charity, health and nursing care to indigent persons within Erie County (the "County"), Pennsylvania. Under the terms of the Statement of Agreement dated April 15, 1980 between the County of Erie and PRM, the County has full and entire right of control of the financial affairs of PRM. PRM is recognized as a county facility. Approximately 77% of revenue is derived from services provided to residents under the Medical Assistance Program.

Accrual Basis

The Proprietary Funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned; expenses are recognized when they are incurred.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Pleasant Ridge Manor (Continued)

Financial Reporting Entity (Continued)

PRM follows the pronouncements of the Governmental Accounting Standards Board (GASB) as well as the applicable pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

Resident Service Revenue

Resident service revenue is accounted for at established rates on the accrual basis. Appropriate allowances are recognized for losses on self-pay accounts and for the differences between the established rates and the amounts reimbursable under various third-party reimbursement agreements. Final revenues under such agreements are determined only after review or audit by the third parties. Differences between the estimated final settlements and the actual amounts are recognized in the period in which the reviews or audits are settled.

Cash Equivalents

For the purpose of this statement, cash equivalents are defined as demand deposits with financial institutions, petty cash funds and certificates of deposits with original maturities of three months or less.

Inventories

Inventories are valued at the lower of cost or market using the first-in, first-out method (FIFO).

Capital Assets

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the assets' useful lives which range from 2 to 29 years. The cost and accumulated depreciation of items retired or disposed of are removed from the accounts, with the related gain or loss recognized in the period of retirement or disposition. Maintenance and repair costs are charged to expense as incurred, while major renewals and betterments are capitalized.

Depreciation Reserve Fund

PRM transfers funds to the Depreciation Reserve Fund in an amount equal to the total annual depreciation expense, and uses the balances in the Fund for acquisition of depreciable assets and other approved purposes.

Vacation Pay

PRM accrues vested vacation pay as it is earned. Vacations day will be taken only after they are accrued. Employees may accumulate in excess of 120 hours.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 2: DEPOSIT AND INVESTMENT RISK

At December 31, 2008, the County's deposits excluding the pension fund and discretely presented component unit had a carrying amount of \$73,492,211 and a bank balance of \$75,384,947, of which \$1,524,095 was covered by federal deposit insurance and \$73,860,852 was covered by collateral held under the pooling method.

	Bank	Book
Governmental Activities		
Cash and Cash Equivalents	\$ 66,350,045	\$ 64,677,060
Restricted Cash	277,894	277,894
Total Governmental Activities	66,627,939	64,954,954
Trust and Agency		
Cash and Cash Equivalents	6,372,215	6,152,464
Investments	2,384,793	2,384,793
Total Trust and Agency	8,757,008	8,537,257
Total	\$75,384,947	\$ 73,492,211

As of December 31, 2008, the County had the following debt investments and maturities within the Trust and Agency Funds.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasuries	\$ 2,284,793	\$ 787,479	\$ 1,497,315	\$ -	\$ -
Mutual Funds	100,000	100,000			
Total	\$ 2,384,793	\$ 887,479	1,497,315	\$ -	\$ -

*Custodial Credit Risk* – For Deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. At December 31, 2008, \$73,860,852 of the County's deposits were exposed to custodial credit risk, as they are collateralized with securities held by the pledging financial institution and uninsured. None of the County's investments were exposed to custodial credit risk at December 31, 2008.

*Concentration of Credit Risk* – The County's investment policy for pooled and self-insurance funds is to invest in U.S. Government of Federal agency securities for which there is no limit to the investment amount.

*Interest Rate Risk* – As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy is to invest funds to meet its projected cash flow requirements. Investments of the General Fund, Special Revenue Funds, and the Self-Insurance Internal Service Fund are made at the discretion of the County finance department as long as such investments are made at financial institutions approved by the County finance department and are fully collateralized by securities with a fair value equal to or exceeding the cost of the investment. Investments must be made in accordance with the Commonwealth of Pennsylvania's Act 72 and the financial institution must be on the County finance department's approval list.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 2: DEPOSIT AND INVESTMENT RISK (Continued)

Erie County Employee Pension Retirement Fund:

*Custodial Credit Risk.* For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. At December 31, 2008, \$9,904,593 of the County's deposits were exposed to custodial credit risk, as they are collateralized with securities held by the pledging financial institution and uninsured. None of the County's investments were exposed to custodial credit risk at December 31, 2008.

As of December 31, 2008, the County had the following debt investments and maturities within its Retirement Fund accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Agencies	\$ 10,091,361	\$ 19,726	\$ 3,546,203	\$ 3,988,296	\$ 2,537,136
U.S. Government Treasuries	6,983,391	817,425	2,762,217	2,438,898	964,851
Corporate Bonds	30,987,031	2,038,288	12,126,231	10,174,560	6,647,952
Municipal Bonds	764,839	-	-	362,308	402,531
Total	<u>\$48,826,622</u>	<u>\$ 2,875,439</u>	<u>\$18,434,651</u>	<u>\$16,964,062</u>	<u>\$10,552,470</u>

*Interest Rate Risk* – As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy is to invest funds to achieve a positive rate of return over the long term, sufficient to meet the Plan's actuarial interest rate and provide for the payment of benefit obligations and expenses in perpetuity in and secure and prudent fashion.

The County's Retirement Plan Investment Policy (Retirement Investment Policy) states that emphasis shall be placed on providing adequate and timely investment cash flow to permit benefit payments from the Retirement Plan when due. Fixed income investment allocation is targeted to 40% (with an allowable range of +/- 7%) of the portfolio. The investments may be adjusted to meet economic and/or investment market conditions.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 2: DEPOSIT AND INVESTMENT RISK (Continued)

Erie County Employee Pension Retirement Fund (Continued)

*Credit Risk* – The County’s Retirement investment policy average credit quality of fixed income portfolio must maintain a rating of AA or better. The fixed income assets held by the Plan must be rated investment grade or better by Moody’s or Standard & Poor’s (Baa or BBB).

As of December 31, 2008, the County’s retirement investments had a credit rating as follows:

Investment Type	Credit Quality Rating	Amount of Investments	Percent of Investment Type
U.S. Government Treasuries	AAA	\$ 6,597,656	39%
U.S. Government Treasuries	Not Rated	385,735	2%
U.S. Government Agencies	AAA	4,843,679	28%
U.S. Government Agencies	Not Rated	5,247,682	31%
		<u>\$ 17,074,752</u>	
Corporate Bonds	AAA	\$ 5,935,482	19%
Corporate Bonds	AA1	905,743	3%
Corporate Bonds	AA2	734,136	2%
Corporate Bonds	AA3	2,224,342	7%
Corporate Bonds	A1	4,340,718	14%
Corporate Bonds	A2	4,513,507	15%
Corporate Bonds	A3	1,555,940	4%
Corporate Bonds	BAA1	2,866,739	9%
Corporate Bonds	BAA2	2,127,347	7%
Corporate Bonds	BAA3	681,454	2%
Corporate Bonds	BA1	158,638	1%
Corporate Bonds	B3	89,000	1%
Corporate Bonds	Not Rated	4,853,985	16%
Total		<u>\$ 30,987,031</u>	
Municipal Bonds	AAA	\$ 239,642	31%
Municipal Bonds	AA1	27,867	4%
Municipal Bonds	AA2	76,585	10%
Municipal Bonds	AA3	231,193	30%
Municipal Bonds	A1	37,637	18%
Municipal Bonds	A2	51,915	7%
Total		<u>\$ 764,839</u>	

*Custodial Credit Risk* – The County’s Retirement Investment Policy limits investments, other than those in U.S. Government or other federal agencies, to no more than 5% of the total market value of the fixed income portfolio. No limitations are placed on investments in U.S. government guaranteed obligations and fully backed Federal Agency Obligations. The policy states no more than 5% of the total equity holdings of the entire fund shall be invested in the securities of any one issuer.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Erie County Employee Pension Retirement Fund (Continued)

More than 5% of the County's retirement fund investments are in U.S. Government Treasuries and Federal Home Loan Mortgage Company securities. These investments are 41% and 59% respectively of the County's total investments in U.S. Government Agencies.

Pleasant Ridge Manor – Component Unit

At December 31, 2008, Pleasant Ridge Manor's deposits had a carrying amount of \$4,195,274 and a bank balance of \$4,234,562, of which \$500,000 was covered by federal deposit insurance and \$3,734,562 was covered by collateral held under the pooling method.

	Bank	Book
Component Unit		
Cash and Cash Equivalents	\$ 851,915	\$ 798,687
Restricted Cash		
Cash and Cash Equivalents	2,562,647	2,576,587
Investments	820,000	820,000
Total Restricted Cash	3,382,647	3,396,587
Total	\$ 4,234,562	\$ 4,195,274

As of December 31, 2008, the County had the following debt investments and maturities within Pleasant Ridge Manor.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasuries	\$ 820,000	\$ 820,000	\$ -	\$ -	\$ -
Total	\$ 820,000	\$ 820,000	\$ -	\$ -	\$ -

*Custodial Credit Risk* – For Deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, Pleasant Ridge Manor will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. At December 31, 2008, \$3,734,562 of Pleasant Ridge Manor's deposits were exposed to custodial credit risk, as they are collateralized with securities held by the pledging financial institution and uninsured. None of Pleasant Ridge Manor's investments were exposed to custodial credit risk at December 31, 2008.

*Concentration of Credit Risk* – Pleasant Ridge Manor's investment policy for pooled and self-insurance funds are to invest in U.S. Government of Federal agency securities for which there is no limit to the investment amount.

*Interest Rate Risk* – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Pleasant Ridge Manor's investment policy is to invest funds to meet its projected cash flow requirements. Investments are made at the discretion of the Pleasant Ridge Manor as long as such investments are made at approved financial institutions and are fully collateralized by securities with a fair value equal to or exceeding the cost of the investment. Investments must be made in accordance with the Commonwealth of Pennsylvania's Act 72 and the financial institution must be on the County Council's approval list.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 3: RESTRICTED CASH

Erie County Care Management, Inc. will make payments on behalf of certain clients' funds which are held in trust. The restricted cash that is in trust by ECCM as of December 31, 2008, is valued at \$277,894.

NOTE 4: RECEIVABLES

Receivables as of December 31, 2008 for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectable account are as follows:

	General Fund	Mental Health/Mental Retardation	Children and Youth	Gaming Fund
Interest	\$ 7,029	\$ -	\$ -	\$ 62,746
Taxes	9,787,277	-	-	-
Federal & State Grants	-	8,169,161	12,467,412	-
Sub-provider Advances	-	-	-	-
Other	2,234,457	-	-	8,130,123
	<hr/>	<hr/>	<hr/>	<hr/>
Gross receivables	12,028,763	8,169,161	12,467,412	62,746
Less: Allowance for: Uncollectables	(1,827,691)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 10,201,072	\$ 8,169,161	\$ 12,467,412	\$ 8,192,869

	Capital Projects	Health Choices	Other Non- Major Funds	Total
Interest	\$ 13,693	\$ -	\$ 2,121	\$ 85,589
Taxes	-	-	-	9,787,277
Federal & State Grants	-	10,613,504	4,537,037	27,606,037
Sub-provider Advances	-	-	-	8,113,347
Other	-	-	1,027,270	11,459,478
	<hr/>	<hr/>	<hr/>	<hr/>
Gross receivables	13,693	10,613,504	5,566,428	57,051,830
Less: Allowance for: Uncollectables	-	-	-	(1,827,691)
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 13,693	\$ 10,613,504	\$ 5,566,428	\$ 55,224,139

COUNTY OF ERIE  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2008

NOTE 4: NOTES RECEIVABLES (CONTINUED)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2008, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Deferred</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$6,204,956	\$ -
Grant draw downs prior to meeting all eligibility requirements	-	8,977,641
	<u>\$6,204,956</u>	<u>\$ 8,977,641</u>

NOTE 5: REAL ESTATE TAXES

Property taxes are levied as of January 1 on property values assessed as of the same date. Property taxes are due as of March 1. A two percent discount is allowed if the taxes are paid before May 1 and a ten percent penalty is added to all payments made after June 30. Property is subject to lien and penalties and interest.

Real estate taxes for the calendar year are levied on March 1 of each year. Unpaid real estate taxes attach as an enforceable lien on property as of January 1 of the following year. The County bills these taxes which are collected by elected local tax collectors. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities.

The County is permitted by the County Code of the Commonwealth of Pennsylvania to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for general County purposes exclusive of the requirements for the payment of interest and principal on funded debt.

The County's 2008 real estate taxes are based on assessed values established by the County's Bureau of Assessments. Assessed values of real property are generally 100% of the market value as determined by the Erie County Bureau of Assessments. The total 2008 assessed real estate taxes equaled \$57,611,976 based on a total County valuation of \$11,079,226,105. Based on the 2008 levy of 5.20 mills allocated for general purposes a property owner would pay \$5.20 per \$1,000 of assessed valuation.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 6: CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2008 was as follows:

Governmental Activities:

	December 31, <u>2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	December 31, <u>2008</u>
Capital assets not depreciated:					
Land	\$ 1,047,873	\$ -	\$ -	\$ -	\$ 1,047,873
Construction in progress	9,671,859	4,848,622	-	-	14,520,481
	<u>10,719,732</u>	<u>4,848,622</u>	<u>-</u>	<u>-</u>	<u>15,568,354</u>
Capital assets depreciated:					
Buildings and Improvements	73,467,662	181,679	(17,593)	-	73,631,748
Furniture and equipment	22,493,279	1,296,440	(1,612,976)	-	22,176,743
Total assets depreciated	<u>95,960,941</u>	<u>1,478,119</u>	<u>(1,630,569)</u>	<u>-</u>	<u>95,808,491</u>
Less accumulated depreciation:					
Buildings and improvements	(32,791,158)	(2,884,217)	-	(8,879)	(35,684,254)
Furniture and equipment	(16,733,829)	(1,759,164)	1,503,219	8,879	(16,980,895)
Total accumulated depreciation	<u>(49,524,987)</u>	<u>(4,643,381)</u>	<u>1,503,219</u>	<u>-</u>	<u>(52,665,149)</u>
Total capital assets, being depreciated, net	<u>46,435,954</u>	<u>(3,165,262)</u>	<u>(127,350)</u>	<u>-</u>	<u>43,143,342</u>
Governmental activities capital assets, net	<u>\$ 57,155,686</u>	<u>\$ 1,683,361</u>	<u>\$(127,350)</u>	<u>\$ -</u>	<u>\$ 58,711,696</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Government Activities:

General Government	\$ 1,388,133
Courts and related office	189,424
Corrections	1,171,309
Community Service	940,291
Public Safety	284,101
Library	670,123
	<u>\$ 4,643,381</u>

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 6: CAPITAL ASSETS (CONTINUED)

Pleasant Ridge Manor

Capital asset activity for the year :

	December 31, 2007	Additions	Deletions	December 31, 2008
Capital assets, not being depreciated:				
Land	\$ 150,490	\$ -	\$ -	\$ 150,490
Construction in progress	17,857	-	(17,857)	-
Total capital assets, not being depreciated	<u>168,347</u>	<u>-</u>	<u>(17,857)</u>	<u>150,490</u>
Capital assets depreciated:				
Land improvements	478,179	52,291	(6,089)	524,381
Buildings and improvements	19,077,082	134,674	(198,298)	19,013,458
Furniture and equipment	8,965,721	548,879	-	9,514,600
Total capital assets being depreciated	<u>28,520,982</u>	<u>735,844</u>	<u>(204,387)</u>	<u>29,052,439</u>
Less: accumulated depreciation:				
Land improvements	(293,392)	(31,304)	6,089	(318,607)
Buildings and improvements	(13,515,236)	(724,230)	38,409	(14,201,057)
Furniture and equipment	(7,535,927)	(426,425)	159,889	(7,802,463)
Total accumulated depreciation	<u>(21,344,555)</u>	<u>(1,181,959)</u>	<u>204,387</u>	<u>(22,322,127)</u>
Total capital assets being depreciated, net	<u>7,176,427</u>	<u>(446,115)</u>	<u>-</u>	<u>6,730,312</u>
Total capital assets, net	<u>\$ 7,344,774</u>	<u>\$ (446,115)</u>	<u>\$ (17,857)</u>	<u>\$ 6,880,802</u>

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND

Plan Description

The County sponsors the Erie County Employees' Retirement System, a single employer defined benefit plan that covers all full-time employees of the County and part-time employees exceeding 1,000 hours per year. The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. Cost of living adjustments (COLA) are provided at the discretion of the County Retirement Board. The board is required to review COLA at least once every three years. The Board has granted an annual COLA each year since 1990 equal to 50% of the change in the Consumer Price Index. In 2008 the Board voted that there be no COLA to be paid in 2009 to the retirees

The retirement Board consists of five members. Three are appointed County Council members, plus the Director of Finance and the County Controller. The authority to establish and amend the benefit provisions of the Plan rests with the Retirement Board as designated in the Home Rule Charter and Act 96 of 1971, the County Pension Law.

The Plan does not issue a stand-alone financial report. The financial activity is included as part of the Comprehensive Annual Financial Report of Erie County.

All fees related to the trustee and to the administrator are paid from the Plan assets.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Basis of Accounting

The financial statements of the pension trust fund are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at estimated fair value.

Membership

Membership of the plan consisted of the following at January 1, 2008, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	461
Terminated Plan Members Entitled to but not yet Receiving Benefits	120
Active Plan Members	<u>1,187</u>
 Total	 <u>1,768</u>

Economic Conditions

The negative events in the credit market as well as the general economic conditions in the United States and worldwide have caused a significant decrease in investment values either directly invested in or tied to the equity markets. Those declines, at present, are expected to be temporary and not permanent declines, however equity market recovery, if it occurs, may take some time. The major resulting impact of the equity market's decline on the County will be in the form of increased annual required contributions and increased pension expense with respect to its pension plan.

Contributions

Plan members are required to contribute 5% of their salary annual covered salary. The County is required to contribute at an actuarially determined rate. Per Act 96 of 1971, as amended, contribution requirements of the plan members and the County are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania. Administrative costs may be financed through investment earnings.

The County's contribution to the Plan for the years ended December 31, 2008, 2007, and 2006 were \$3,682,478, \$2,818,972, and \$1,909,487, respectively, and are equal to the annual required contribution for each year.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Actuarial Valuation Information

The County has an actuarial valuation prepared on an annual basis. The following methods and assumptions were used to prepare the valuation:

Actuarial Cost Method:	Aggregate Actuarial Cost
Asset Valuation Method:	5-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	8% Compounded Annually
Projected Salary Increases	5% in 2009 and 2010, 4% in 2011 and after
Includes Inflation Rate	Investment Rate of Return and Projected Salary Increases Includes a 3% Inflation Rate.
Cost of Living Adjustment	None Assumed

Annual Pension Cost and Net Pension Obligation

The County's Annual Required Contribution for 2008 was determined as part of the January 1, 2008, actuarial valuation. The County's annual pension cost and net pension obligation to the Erie County Employee's Retirement System for 2008, was as follows:

Annual Required Contribution	\$ 3,682,478
Interest on Net Pension Obligation	(16,262)
Adjustment to Annual Required Contribution	<u>25,343</u>
Annual Pension Cost	3,691,559
Contribution	<u>(3,682,478)</u>
Change in Net Pension Obligation	9,081
Net Pension Obligation (Asset) - January 1, 2008	<u>(203,274)</u>
Net Pension Obligation (Asset) - December 31, 2008	<u>\$ (194,193)</u>

Annual Pension Cost – Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Asset (Obligation)</u>
December 31, 2006	\$ 1,920,908	99%	\$214,666
December 31, 2007	2,830,364	99%	203,274
December 31, 2008	3,691,559	99%	194,193

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Pleasant Ridge Manor – Component Unit

Plan Description

Pleasant Ridge Manor has a voluntary, contributory defined benefit pension plan covering all employees who choose to participate. The Plan is administered by a Committee appointed by Pleasant Ridge Manor's Board of Trustees. Plan assets are held in trust by National City Bank, Erie, Pennsylvania.

The Plan provides for normal retirement benefits at age 60 (or 55 with 20 years credited service), and has provisions for deferred retirement and disability retirement. Benefits of the Plan are determined by multiplying a percentage of final average salary by years of credited service as defined by the plan. This benefit is supplemented by the accumulated amount of employee contributions plus credited interest. Employees generally become fully vested in employer contributions after 5 years of continuous service as defined by the Plan. Employees are immediately fully vested in their contributions to the Plan plus credited interest.

Basis of Accounting

The Plan's financial statements have been prepared on the accrual basis of accounting.

Valuation of Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value.

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Membership

Participation in the Plan at January 1, 2008 is as follows:

Current Employees	
Fully vested	257
Non-Vested	127
Retirees currently receiving benefits	161
Terminated Participants entitled to future benefits	<u>73</u>
Total	<u>618</u>

Economic Conditions

The negative events in the credit market as well as the general economic conditions in the United States and worldwide have caused a significant decrease in investment values either directly invested in or tied to the equity markets. Those declines, at present, are expected to be temporary and not permanent declines, however equity market recovery, if it occurs, may take some time. The major resulting impact of the equity market's decline on the County will be in the form of increased annual required contributions and increased pension expense with respect to its pension plan.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Pleasant Ridge Manor – Component Unit (Continued)

Contribution

Employees who choose to participate in the Plan are required to contribute 6% of their annual compensation and may elect to contribute up to 16%. The funding policy of the Plan provides for employer contributions at actuarially determined rates that are sufficient to accumulate assets required to pay benefits when due.

The annual required contribution for the year ended December 31, 2008 was \$897,935. The annual required contribution for the current year was determined as part of January 1, 2008 Actuarial valuation using the aggregate accrual cost method. The actuarial assumption includes an 8% investment rate of return and projected salary increase of 4%, with both including an inflation component of 3%. The actuarial value of assets was determined using the market value smoothed technique.

Statement of Fiduciary Net Assets

Assets:	
Cash and Cash Equivalents	\$ 1,167,176
Investments	
U.S. Government Securities	4,496,676
Corporate Debt Obligations	62,351
Common Stock	6,292,137
Mutual Funds	<u>11,298,188</u>
Total Investments	22,149,352
Receivables	
Interest and Dividends	37,375
Employee Contributions	<u>41,260</u>
Total Receivables	78,635
Total Assets	<u><u>23,395,163</u></u>
Liabilities:	
Accounts Payable	<u>41,260</u>
Total Accounts Payable	<u>41,260</u>
Net Assets:	
Held in Trust for Pension Benefits	<u><u>\$ 23,353,903</u></u>

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Pleasant Ridge Manor – Component Unit (Continued)

Statement of Changes in Fiduciary Net Assets

Additions:	
Contributions:	
Employee Contributions	\$ 926,512
Employer Contributions	1,159,764
Total Contributions	<u>2,086,276</u>
Investment Income:	
Net Appreciation ( Depreciation)	
in Fair Value of Investments	(7,165,414)
Interest	148,391
Dividends	450,169
Total Investment Income	<u>(6,566,854)</u>
Less: Investment Expense	<u>(97,397)</u>
Net Investment Income	(6,664,251)
Total Additions	<u>(4,577,975)</u>
Deductions:	
Benefits Payments	1,392,804
Administrative Expenses	57,106
Total Deductions	<u>1,449,910</u>
Net Decrease	(6,027,885)
Net assets Held in Trust for Pension Benefits, Beginning of Year	<u>29,381,788</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 23,353,903</u>

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

In addition to the pension benefits described in Note 7, the County provides post-employment health insurance benefits through a single employer defined benefit plan. The benefits are established in accordance with the requirements set forth by the Retirement Board of Erie County to all retired full-time employees employed before January 23, 1992. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established. The Plan does not issue a separate report and activity of the Plan is reported in the County's Internal Service Fund.

Hospitalization coverage as a retiree will be equivalent (single or dependant coverage) to that held by the individual at the time of retirement. As of December 31, 2008, 397 retired employees are covered by health insurance. The County's expenses for health insurance benefits were \$1,747,891 (\$2,098,041 net of retiree contributions of \$350,150) in 2008.

Funding Policy

The benefits are expensed when incurred and are financed on a pay-as-you-go basis. Retirees currently pay a portion of the monthly premium. The County covers the balance of the premium not paid by the retiree. Retiree and dependant coverage, group plans, and costs to the retiree are subject to change. A spouse may be covered as a dependant until the death of the retiree; thereafter, they are eligible to continue coverage by paying 100% of the monthly insurance premium.

The County's annual OPEB cost is calculated based on the annual required contribution of the employers (ARC), an amount actually determined in accordance with the parameters of GASB Statement No. 45. The ARC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actually determined in accordance with the requirements, so that if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both normal cost for each year and the amortized unfunded liability.

The following table shows the component of the County's annual OPEB cost for the year, the amount actually contributed, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 5,266,486
Interest on net OPEB obligation	<u>139,061</u>
Annual OPEB cost	5,405,547
Contribution made	<u>( 2,098,041)</u>
Increase in net OPEB Obligation	3,307,506
Net OPEB obligation- beginning of year	<u>2,781,217</u>
Net OPEB obligation – end of year	<u>\$ 6,088,723</u>

COUNTY OF ERIE  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2008

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed and the OPEB obligation were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
December 31, 2008	\$5,405,547	38.81%	\$6,088,723
December 31, 2007	\$5,266,486	47.20%	\$2,781,217
December 31, 2006	N/A	N/A	N/A

N/A – Not applicable, 2007 was implementation year for GASB Statement No. 45

The ARC for the current year was computed as of December 31, 2008, using the following assumptions: (1) actuarial cost method projected unit credit; (2) amortization method level dollar; (3) amortization period 30 years; (4) discount rate of 5% compounded annually; (5) 1983 group Annuity Mortality tables for men and women; and (6) health care cost trend of 10%, grading to 1% per year to 5% per year.

NOTE 9: RISK MANAGMENT

Claims and Assessment

The county is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. Settled claims from these risks have exceeded commercial insurance coverage for 2006 by \$76,745, 2007 by \$96,437, and 2008 by \$152,407.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 9: RISK MANAGEMENT (CONTINUED)

Health Care – SOH Insurance

The County maintains a self-insurance program for health and prescription drug coverage for eligible employees on cost-reimbursement basis. Employees contribute \$21 or \$27 a month depending on single or dependent coverage election.

A stop-loss insurance contract executed with an insurance carrier covers independent claims in excess of \$225,000 up to \$1,000,000 maximum.

During the year ended December 31, 2008, total claims expenses and stop-loss insurance expenses were \$12,009,162. Claims expenses recorded as employee fringe expenditures represent claims processed as of December 31, 2008 and includes (\$575,731) claims payable.

The claims liability of \$575,731 is based on requirements of Governmental Accounting Standards Board (GASB) Statement No. 10 that requires a liability for claims be reported if information prior to the issuance of financial statements indicates that a liability had been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. The claim liability is recorded in the internal service fund accounts payable. Changes in the claims liability is as follows:

Claims Liability - Beginning Of Year 1/1/07	\$ 1,150,752
Current Year Premiums	11,285,646
Claims Payments and Administration	<u>(11,560,802)</u>
Claims Liability - End Of Year 12/31/07	<u>\$ 875,896</u>
Current Year Premiums – Beginning Of Year 1/1/08	
Current Year Premiums	\$ 10,557,835
Claim Payments and Administration	<u>(12,009,162)</u>
Claim Liability - End of Year 12/31/08	<u>\$ 575,731</u>

Future liability that may arise as a result of self-insurance is not readily determinable and cannot be reasonable estimated. Thus, the financial statements do not reflect a contingent liability for any unasserted claims. The County does not maintain a deposit with Highmark Blue Cross Blue Shield.

Pleasant Ridge Manor

Also under the employee benefit program, Pleasant Ridge Manor maintains a self-insured health insurance program. Under the plan, the Manor pays premiums based on actual experience as determined by the carrier. Employees contribute up to \$19 per pay period and may be subject to a co-pay depending on which option they have chosen. The balance of the costs is paid by Pleasant Ridge Manor. The statements do not reflect any liability for unasserted claims as the amount cannot be reasonably estimated. In connection with its self-insurance agreements, PRM has a standby letter of credit of \$2,200,000 at December 31, 2008.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 9: RISK MANAGEMENT (CONTINUED)

Pleasant Ridge Manor (Continued)

Workers' Compensation Self-Insurance (Continued)

The worker's compensation insurance for all of the employees of Pleasant Ridge Manor is self-insured with maximum stop loss of \$400,000 per occurrence. The fund was established to administer worker's compensation claims of the employees and minimize the total cost of annual worker's compensation insurance to Pleasant Ridge Manor.

The workers compensation estimated liability for unpaid claims is calculated by the actuary. The determination is based on paid losses times the factors for development, benefit and trend factors. Development factors account for claims that have been incurred but unreported as of the valuation date. Benefit factors account for the change in statutory benefit levels over the experience period. Trend factors account for the rate of inflation and change in the utilization of benefits during the experience period.

The following represents the changes in claims liability for the period January 1, 2007 to December 31, 2008:

	<u>2008</u>	<u>2007</u>
Claims Liability-Beginning of Year	\$ 459,765	\$ 604,136
Additions	411,673	356,074
Deletions	<u>(399,963)</u>	<u>(500,445)</u>
Claims Liability-End of Year	<u>\$ 471,475</u>	<u>\$ 459,765</u>

Pursuant to the employee benefit program, Pleasant Ridge Manor maintains a self-insurance program for prescription drugs. Under the Employee Prescription Plan, employees contribute one dollar per prescription with the balance of the cost paid by Pleasant Ridge Manor provided the prescription is filled at the in-house pharmacy. The prescription drugs liabilities are included in the claims liability at the end of the year.

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 10: LONG-TERM OBLIGATIONS

Long-term obligations outstanding at December 31, 2008, consisted of the following:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$68,800,000	\$22,055,000	\$ 2,530,000	\$88,325,000	\$ 4,780,000
Less: Deferred Amounts:					
Bond Premium	2,037,758	596,856	235,030	2,399,584	-
Bond Discount	(525,705)	-	(29,964)	(495,741)	-
	<u>\$70,312,053</u>	<u>\$22,651,856</u>	<u>\$ 2,735,066</u>	<u>\$90,228,843</u>	<u>\$ 4,780,000</u>
Camtech Note Payable	\$ 1,057,845	\$ -	\$ 134,139	\$ 923,706	\$ 141,357
Note Payable	-	-	-	-	-
Capital Lease	126,892	-	89,065	37,827	37,827
Compensated Absences	1,704,650	344,736	219,173	1,830,213	99,346
	<u>\$73,201,440</u>	<u>\$22,996,592</u>	<u>\$3,177,443</u>	<u>\$93,020,589</u>	<u>\$ 5,058,530</u>

An analysis of debt service requirements to maturity on these obligations follows with the exception of accrued vacation pay, accrued sick time, workers' compensation liability, and capital lease obligations. For analysis of capital lease obligations see Note 12.

General obligation bonds are direct obligations of the County. Principle and interest payments are backed by the full faith, credit and taxing power of the County.

Compensated absences are liquidated by the general fund, mental health/mental retardation fund, health choices, children and youth and certain other non-major funds

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

<u>Year</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2008</u>	<u>Amounts Due Within One Year</u>
2003	\$40,650,000	<p><u>\$21,180,000 Series A</u> – The proceeds of the sale of the Series A Bonds were used to (a) currently refund General Obligation Bonds, Series of 1993 (b) pay the costs related to the issuance, 2.60% to 5.375% with a maturity date September 1, 2016.</p> <p><u>\$12,315,000 Series B</u> – The proceeds of the Series B Bonds were used to fund various capital projects be designated by the County and related costs of the issuance, 1.0% to 5.375% with a maturity date September 1, 2023.</p> <p><u>\$7,155,000 Series C</u> – The proceeds of the Series C were used to make a grant to the Erie County Redevelopment Authority, for the creation of a revolving loan fund (b) and pay the costs related to the issuance, 1.460% to 6.0% maturity date September 1, 2023.</p>	\$ 25,165,000	\$ 2,320,000
2005	\$40,815,000	<p><u>\$11,945,000 Series A</u> – Advance refund certain of the County’s General Obligation Bonds, Series B of 2003 maturing on and after September 1, 2014. (b) pay the cost related to the issuance, 3.25% to 5.50% maturity date September 1, 2023.</p> <p><u>\$25,835,000 Series B-</u> (a) fund various capital projects and (b) pay the cost related to the issuance, 3.25% to 5.0% maturity date September 1, 2025.</p> <p><u>\$3,035,000 Series C</u> – (a) Loan to the Greater Erie Industrial Development Corporation for development of an industrial park (b) and pay related cost to the issuance, 5.25% maturity date September 1, 2017.</p>	15,750,000	215,000

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

<u>Year</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2008</u>	<u>Amounts Due Within One Year</u>
2007	\$25,640,000	Refund on an advance refunding basis, a portion of the County's General Obligation Bonds, Series B of 2005 and pay related cost to the issuance, 3.60%-4.375% with maturity date September 1, 2025.	\$25,355,000	\$ 90,000
2008	\$22,055,000	Make Capital improvements to the Erie Regional Airport, renovation of the Erie County Courthouse and other capital projects with the County and pay related cost to the issuance \$130,733 and bond premium \$596,855, 3.25% to 5.0% with a maturity date September 1, 2017.	22,055,000	2,155,000
Total General Long-term Debt Obligations at December 31, 2008			<u>\$88,325,000</u>	<u>\$ 4,780,000</u>

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Annual debt service requirement of maturity for general obligation bonds are as follows:

Year	2003 GO Bonds 1.00% to 6.00%		2005 G.O. Bonds 3.25 % to 5.25%		2007 G.O. Bonds 3.60 % to 4.375%	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 2,320,000	\$ 1,248,248	\$ 215,000	\$ 823,244	\$ 90,000	\$ 1,068,956
2010	2,430,000	1,132,883	230,000	811,956	95,000	1,065,356
2011	2,520,000	1,043,843	240,000	799,881	100,000	1,061,889
2012	2,620,000	946,140	250,000	787,281	100,000	1,058,239
2013	2,755,000	813,965	265,000	774,156	105,000	1,054,589
2014-2018	9,935,000	1,982,071	5,665,000	5,039,082	2,525,000	5,177,974
2019-2023	2,585,000	483,300	8,885,000	1,504,500	11,520,000	3,862,744
2024-2025	-	-	-	-	10,820,000	1,165,063
<b>Total</b>	<b>\$ 25,165,000</b>	<b>\$ 7,650,450</b>	<b>\$ 15,750,000</b>	<b>\$ 10,540,100</b>	<b>\$ 25,355,000</b>	<b>\$ 15,514,810</b>

Year	2008 GO Bonds 3.25% to 5.00%		Total Debt Service		Total Debt Service
	Principal	Interest	Principal	Interest	
2009	\$ 2,155,000	\$ 799,666	\$ 4,780,000	\$ 3,940,114	\$ 8,720,114
2010	2,200,000	753,100	4,955,000	3,763,295	8,718,295
2011	2,270,000	681,600	5,130,000	3,587,213	8,717,213
2012	2,345,000	607,825	5,315,000	3,399,485	8,714,485
2013	2,430,000	525,750	5,555,000	3,168,460	8,723,460
2014-2018	10,655,000	1,156,000	28,780,000	13,355,127	42,135,127
2019-2023	-	-	22,990,000	5,850,544	28,840,544
2024-2025	-	-	10,820,000	1,165,063	11,985,063
<b>Total</b>	<b>\$ 22,055,000</b>	<b>\$ 4,523,941</b>	<b>\$ 88,325,000</b>	<b>\$ 38,229,301</b>	<b>\$ 126,554,301</b>

Short Term Debt

During 2008, the County borrowed \$15,000,000 as a short term tax revenue anticipation note. The tax revenue anticipation note was paid off before December 31, 2008.

COUNTY OF ERIE  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2008

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Component Unit – Pleasant Ridge Manor (PRM)

Bonds Payable

On July 1 1976, RPM entered into a lease for its assets with the Erie County Hospital Authority ("Authority), a financing agency. The assets were then leased to the Authority and the transaction was financed with guaranteed gross revenue bonds of the Authority. Through various subleases, PRM retained the right to continue to use the assets. Then in 1984, the Authority issued additional bonds to finance the cost of certain additions at PRM and to provide additional working capital.

In 1993, the Authority issued the Guaranteed Revenue Refunding Bonds, Series 1993 which refunded certain previously issued debt. In connection with this refinancing, the terms of the previous leases and subleases were restructured so that the future sub-lease made by PRM to the Trustee, along with funds previously deposited with the Trustee, including interest earning on those funds, will be sufficient for the Trustee to make all principal and interest payments on all the outstanding bonds. The Authority lease payable was adjusted to the net present value of all required payments by PRM with the difference between the principal obligation and the restructured lease recorded as a loss on restructuring of the lease payable. The debt is effectively debt of PRM and is guaranteed by the County. Therefore, it is recorded in PRM's financial statements as bonds payable.

The following is a schedule of the future sub-lease payments, along with the maturity value of the related bonds as of December 31, 2008:

<u>Year Ended</u> <u>December 31</u>	<u>Maturity Value</u>
2009	\$ 1,410,000
2010	665,000
2011	<u>1,490,000</u>
Total	<u>\$ 3,565,000</u>
Outstanding maturity value as of December 31, 2008	\$3,565,000
Current Year Accreted Value	<u>396,665</u>
Total Accreted Value at December 31, 2008	<u>\$3,168,335</u>

Changes in the Authority bonds payable and related accrued interest for the year ended December 31, 2008 is as follows:

<u>Beginning</u> <u>Balance</u>	<u>Accreted</u> <u>Amount</u>	<u>Additions</u>	<u>Reduction</u>	<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Year</u>
\$4,447,133	\$131,202	\$ -	\$1,410,000	\$3,168,335	\$1,410,000

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 11: NOTE PAYABLE

On July 15, 2005, Erie County borrowed \$1,502,613 at 5.4% interest to payoff the Camtech loan plus interest and other costs. This note requires semi-annual payments of \$95,000 starting Sept 1, 2005 through September 1, 2014 for amortization of principle and interest. The outstanding note due as of December 31, 2008 is \$923,706.

<u>Year Ended</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2009	\$ 141,357	\$ 48,643	\$ 190,000
2010	149,202	40,798	190,000
2011	157,438	32,517	190,000
2012	166,150	23,850	190,000
2013	175,444	14,556	190,000
2014	<u>134,070</u>	<u>4,819</u>	<u>138,889</u>
	<u>\$ 923,706</u>	<u>\$ 165,183</u>	<u>\$1,088,889</u>

NOTE 12: CAPITAL LEASES

In 1995, the County agreed to lease certain real estate. The lease requires an initial rent payment of \$63,000 and then \$150,000 per year for the next 15 years.

In November 2006, Erie County Care Management, Inc. leased certain furniture and equipment. The lease requires payments of \$1,498, per year for the next three years.

The assets acquired through the capital leases are as follows:

ASSETS:	
Building and Improvements	\$ 3,345,951
Furniture and Equipment	98,632
Less: Accumulated Depreciation	
Building and Improvements	(2,150,844)
Furniture and Equipment	<u>(221,673)</u>
Total	<u>\$ 1,072,066</u>

Future minimum lease payments under capital leases are as follows:

2009	\$ 89,980
Total Minimum Lease Payments	89,980
Less: Amount Representing Interest	<u>(52,153)</u>
	<u>\$ 37,827</u>

COUNTY OF ERIE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 13: INTERFUND BALANCES

The County affects a variety of transactions between its funds. These transactions are performed in the normal course of transacting County business in order for certain funds to cover the expenses of the other funds until those funds receive available resources in order to repay the amount. In addition, certain funds may receive funds that are due to other funds and have not disbursed the funds at year-end. The individual inter-fund receivable and payable balances at year end are as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Fund Types</u>		
General Fund	\$ 6,992,774	\$ 4,792,806
MH/MR	2,134,343	303,895
Drug and Alcohol	345,300	23,258
Health Choices	-	28,591
Children and Youth	30,467	7,107,882
Domestic Relations	90,906	641,724
Planning	168,162	611
Library Fund	1,000,000	388,786
Public Health	115,000	230,030
EMA	26,701	8,603
911	537,643	138,469
Gaming	20,271	1,000,003
Capital Projects	1,454,022	210,747
ECCM	-	700,000
Total Government Fund Types	<u>12,915,589</u>	<u>15,575,405</u>
<u>Proprietary Fund Type</u>		
Internal Service Fund	<u>2,659,816</u>	-
Total Governmental Fund Types	<u>\$15,575,405</u>	<u>\$15,575,405</u>

The County affects a variety of transaction between its funds. Transfers occur if a certain fund is required to or is utilized to fund the operations of another. The majority of the transfers are from the General Fund in order to cover the operating expenses of other funds. A summary of transfers is as follows:

	<u>Transfer In</u>	<u>Transfers Out</u>
<u>Governmental Fund Types</u>		
General Fund	\$ 377,024	\$20,979,999
Drug and Alcohol	221,500	-
Debt Service	5,879,406	22,519,798
MH/MR	734,343	-
Domestic Relations	1,340,563	156,078
Children and Youth	7,609,229	48,000
Planning	845,872	-
Library Fund	3,601,370	-
Health	1,302,861	-
EMA	787,371	449,567
911	373,128	266,077
Gaming	-	1,000,000
Capital Projects	<u>22,519,798</u>	<u>172,946</u>
Governmental Fund Types Total	<u>\$45,592,465</u>	<u>\$45,592,465</u>

COUNTY OF ERIE  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2008

NOTE 14: OPERATING LEASES

The County leases building and office facilities and other equipment under noncancellable operating leases. Total costs for such leases were \$1,400,761 for the ended December 31, 2008. The future minimum lease payments for these are as follows:

<u>Year Ending</u>	<u>Amount</u>
2009	\$ 728,123
2010	720,302
2011	475,731
2012	436,635
2013	436,635
2014-2018	<u>931,712</u>
	<u>\$3,729,138</u>

NOTE 15: LITIGATION

In the normal course of business, there are various claims and suits pending against the County and its elected officials. Management is of the opinion that these matters will not have a material adverse effect on the County's financial position at December 31, 2008.

NOTE 16: BUDGET INFORMATION

For the year ended December 31, 2008, expenditures exceeded appropriations in total in the General fund \$905,228.

Special Revenue fund expenditures exceeded the amount budgeted for the following funds:

Children and Youth Fund	\$4,867,876
Health Choices Fund	895,943
Drug and Alcohol Fund	924,155

For over expenditures by the departments noted above was funded by savings realized by other departments with in the General Fund budget and additional real estate revenue. The over expenditures in the Special Revenue Funds were funded by additional grant revenues.

NOTE 17: SUBSEQUENT EVENTS

Tax and Revenue Anticipation Note

In January 2009, the County issued a Tax and Revenue Anticipation Note with a financial institution in the aggregate principal amount of \$16,500,000 at a fixed interest rate of 3.39%.

On February 24, 2009 the County authorized the purchase of the Human Service building located at 154 West 9<sup>th</sup> Street, Erie Pa.

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**REQUIRED  
SUPPLEMENTAL  
INFORMATION**

COUNTY OF ERIE  
 REQUIRED SUPPLEMENTAL INFORMATION  
 EMPLOYEE RETIREMENT PLAN  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS  
 YEAR ENDED DECEMBER 31, 2008

Schedule of Employer Contributions – Trend Information

<u>Years Ended</u>	<u>Annual Required Contributions ("ARC")</u>	<u>Percentage of ARC Contributed</u>
December 31, 2001	\$ -	N/A
December 31, 2002	-	N/A
December 31, 2003	-	N/A
December 31, 2004	377,956	100%
December 31, 2005	1,633,741	100%
December 31, 2006	1,909,487	100%
December 31, 2007	2,818,972	100%
December 31, 2008	3,682,478	100%

SCHEDULE OF FUNDING PROGRESS \*  
 (Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Excess of Assets over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess of Assets Over AAL as a Percentage of Covered Payroll ((a-b)/c)
01/01/2008	\$160,306	\$157,995	\$2,311	101.5%	\$42,626	5.4%
01/01/2009	154,229	177,114	(22,885)	87.1%	44,830	(51.0%)

\* The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. Information about the funded status and funding progress was prepared using the entry age actuarial cost method for that purpose and is intended to serve as a surrogate for the funded status and funding progress of the plan.

SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – PUC (b)	Unfunded Actuarial Liability (UAAL)(b)–(a)	Funded Ratio (a)/(b)	Covered Payroll	UAAL as a Percentage of Covered Payroll (b)-(a)/(c)
12/31/08	\$ -	\$65,474,578	\$65,474,578	0%	\$15,619,721	419.18%
12/31/07	-	65,474,578	65,474,578	0%	14,467,879	462.55%

The County adopted GASB 45 in 2007 on a prospective basis, therefore only two years is available.

# COUNTY OF ERIE, PENNSYLVANIA

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Real Estate Taxes	\$ 58,052,083	\$ 58,052,083	\$ 57,445,745	\$ (606,338)
Hotel Tax	-	-	2,663,840	2,663,840
Federal, State and Municipal Grants	5,062,327	5,383,492	5,342,324	(41,168)
Charges for Services	12,257,290	10,318,113	10,186,745	(131,368)
Interest Income	1,526,000	1,546,000	855,182	(690,818)
Other Revenue	61,000	66,000	44,888	(21,112)
<b>Total Revenues</b>	<b>76,958,700</b>	<b>75,365,688</b>	<b>76,538,724</b>	<b>1,173,036</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General Government	13,791,457	12,364,836	11,666,961	697,875
Courts and Related Offices	15,948,201	16,885,517	16,406,653	478,864
Corrections	22,458,679	22,570,032	22,480,667	89,365
Community Services	3,756,629	3,461,341	6,312,092	(2,850,751)
Capital Outlay	512,900	1,180,744	609,617	571,127
Debt Service	550,000	550,000	441,708	108,292
Other	38,300	-	-	-
<b>Total Expenditures</b>	<b>57,056,166</b>	<b>57,012,470</b>	<b>57,917,698</b>	<b>(905,228)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>19,902,534</b>	<b>18,353,218</b>	<b>18,621,026</b>	<b>267,808</b>
<b>Other Financing Sources (Uses)</b>				
Transfer In	1,389,277	675,208	377,024	(298,184)
Transfer Out	(21,545,802)	(22,753,769)	(20,979,999)	1,773,770
<b>Total Other Financing sources (Uses)</b>	<b>(20,156,525)</b>	<b>(22,078,561)</b>	<b>(20,602,975)</b>	<b>1,475,586</b>
<b>Net Change in Fund Balance</b>	<b>(253,991)</b>	<b>(3,725,343)</b>	<b>(1,981,949)</b>	<b>1,743,394</b>
<b>Fund Balance, Beginning of Year</b>	<b>24,549,009</b>	<b>24,549,009</b>	<b>24,549,009</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 24,295,018</b>	<b>\$ 20,823,666</b>	<b>\$ 22,567,060</b>	<b>\$ 1,743,394</b>

**COUNTY OF ERIE, PENNSYLVANIA**

Mental Health/Mental Retardation

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal, State and Municipal Grants	\$ 81,657,503	\$ 80,435,787	\$ 80,357,316	\$ (78,471)
Interest Income	272,500	263,500	255,471	(8,029)
Other Revenue	5,000	59,975	78,740	18,765
<b>Total Revenues</b>	<b>81,935,003</b>	<b>80,759,262</b>	<b>80,691,527</b>	<b>(67,735)</b>
<b>EXPENDITURES</b>				
Current:				
Community Services	83,245,350	81,967,609	81,378,931	588,678
Capital Outlay	13,000	90,000	86,666	3,334
<b>Total Expenditures</b>	<b>83,258,350</b>	<b>82,057,609</b>	<b>81,465,597</b>	<b>592,012</b>
Excess of Revenues Over (Under) Expenditures	(1,323,347)	(1,298,347)	(774,070)	524,277
Other Financing Sources (Uses)				
Transfer In	1,298,347	1,298,347	734,343	(564,004)
<b>Total Other Financing Sources (Uses)</b>	<b>1,298,347</b>	<b>1,298,347</b>	<b>734,343</b>	<b>(564,004)</b>
Net Change in Fund Balance	(25,000)	-	(39,727)	(39,727)
Fund Balance, Beginning of Year	39,727	39,727	39,727	-
Fund Balance, End of Year	\$ 14,727	\$ 39,727	\$ -	\$ (39,727)

# COUNTY OF ERIE, PENNSYLVANIA

## Children and Youth

### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal, State and Municipal Grants	\$ 54,016,095	\$ 54,126,760	\$ 59,259,639	\$ 5,132,879
Charges for Services	815,595	815,595	764,605	(50,990)
Interest Income	14,700	14,700	37,452	22,752
Other Revenue	45,100	45,100	-	(45,100)
<b>Total Revenues</b>	<b>54,891,490</b>	<b>55,002,155</b>	<b>60,061,696</b>	<b>5,059,541</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Corrections	13,474,031	14,054,747	14,587,457	(532,710)
Community Services	49,020,085	49,048,927	53,366,165	(4,317,238)
Capital Outlay	64,623	64,623	82,551	(17,928)
<b>Total Expenditures</b>	<b>62,558,739</b>	<b>63,168,297</b>	<b>68,036,173</b>	<b>(4,867,876)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(7,667,249)</b>	<b>(8,166,142)</b>	<b>(7,974,477)</b>	<b>191,665</b>
<b>Other Financing Sources (Uses)</b>				
Transfer In	7,290,249	8,214,142	7,609,229	(604,913)
Transfer Out	(48,000)	(48,000)	(48,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>7,242,249</b>	<b>8,166,142</b>	<b>7,561,229</b>	<b>(604,913)</b>
<b>Net Change in Fund Balance</b>	<b>(425,000)</b>	<b>-</b>	<b>(413,248)</b>	<b>(413,248)</b>
<b>Fund Balance, Beginning of Year</b>	<b>413,248</b>	<b>413,248</b>	<b>413,248</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ (11,752)</b>	<b>\$ 413,248</b>	<b>\$ -</b>	<b>\$ (413,248)</b>

# COUNTY OF ERIE, PENNSYLVANIA

## Health Choices

### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal, State and Municipal Grants	\$60,000,000	\$ 60,000,000	\$ 61,476,239	\$ 1,476,239
Interest Income	<u>23,125</u>	<u>23,125</u>	<u>31,500</u>	<u>8,375</u>
Total Revenues	<u>60,023,125</u>	<u>60,023,125</u>	<u>61,507,739</u>	<u>1,484,614</u>
<b>EXPENDITURES</b>				
Current:				
Community Services	60,019,125	60,019,125	60,906,575	(887,450)
Capital Outlay	<u>4,000</u>	<u>4,000</u>	<u>12,493</u>	<u>(8,493)</u>
Total Expenditures	<u>60,023,125</u>	<u>60,023,125</u>	<u>60,919,068</u>	<u>(895,943)</u>
Excess of Revenues Over (Under) Expenditures	-	-	588,671	588,671
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	588,671	588,671
Fund Balance, Beginning of Year	<u>358,184</u>	<u>358,184</u>	<u>358,184</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 358,184</u>	<u>\$ 358,184</u>	<u>\$ 946,855</u>	<u>\$ 588,671</u>

COUNTY OF ERIE, PENNSYLVANIA

Gaming Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	#####	\$ 11,000,000	\$ 12,087,669	\$ 1,087,669
Interest Income	30,000	30,000	272,614	242,614
Total Revenues	11,030,000	11,030,000	12,360,283	1,330,283
EXPENDITURES				
Current:				
Community Services	-	2,622,399	1,976,897	645,502
Capital Outlay	9,179,054	4,796,823	191,724	4,605,099
Debt Service				
Principle	-	1,000,000	-	1,000,000
Interest	-	152,000	-	152,000
Total Expenditures	9,179,054	8,571,222	2,168,621	6,402,601
Excess of Revenues Over (Under) Expenditures	1,850,946	2,458,778	10,191,662	7,732,884
Other Financing Sources (Uses)				
Transfer Out	-	(1,020,271)	(1,000,000)	20,271
Total Other Financing Sources (Uses)	-	(1,020,271)	(1,000,000)	20,271
Net Change in Fund Balance	1,850,946	1,438,507	9,191,662	7,753,155
Fund Balance, Beginning of Year	10,328,202	10,328,202	10,328,202	-
Fund Balance, End of Year	12,179,148	11,766,709	19,519,864	7,753,155

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**OTHER SUPPLEMENTARY INFORMATION**

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**COUNTY OF ERIE, PENNSYLVANIA**  
**Nonmajor Governmental Funds**

Special Revenue Funds

1. Liquid Fuels

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

2. Domestic Relations

Title IV-D and incentive payments for child support collection offsetting aid to families with dependent children are matched with County funds to provide for administration of child support and related court orders.

3. Drug and Alcohol

Commonwealth Funds are passed through local agency providers for identification and treatment programs.

4. Public Health

Funds provided by Act 315, Act 12, and other grants are used to administer personal health services, emergency management services, and other health and safety related programs.

5. Library

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

6. The Planning Fund

This fund administers numerous federal grants awarded to the County and/or municipalities of the County

7. Emergency 911

Funds provided by monthly telephone levies are used to fund the county-wide enhanced Emergency 911 Telecommunications System. The system is operated to reduce emergency response time to area residents.

8. Emergency Management

Funds provided by PEMA and other grants are used for planning, training and responding to public emergencies, hazardous spills, and terrorist activities.

9. Erie County Care Management, Inc.

ECCM is a blended component unit which provides services to medicare eligible clients of the County's MH/MR, Drug and Alcohol, and Children and Youth Services.

COUNTY OF ERIE, PENNSYLVANIA  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2008

Special Revenue Funds

ASSETS	<u>Liquid Fuels</u>	<u>Domestic Relations</u>	<u>Drug and Alcohol</u>	<u>Public Health</u>	<u>Library Fund</u>
Cash and Cash Equivalents	\$ 422,345	\$ 10,466	\$ 10,349	\$ -	\$ -
Restricted Cash and Cash Equivalents	-	-	-	-	-
Receivables, Net	-	875,782	796,622	1,051,194	17,952
Due from Other Funds	-	90,906	345,300	115,000	1,000,000
Prepaid Items	-	84,677	18,331	118,400	118,262
Total Assets	<u>\$ 422,345</u>	<u>\$ 1,061,831</u>	<u>\$ 1,170,602</u>	<u>\$ 1,284,594</u>	<u>\$ 1,136,214</u>
 LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ 101,526	\$ 690,487	\$ 186,506	\$ 52,206
Accrued Liabilities	-	228,179	64,986	406,947	365,752
Client Funds Held in Trust	-	-	-	-	-
Due to Other Funds	-	641,724	23,258	230,030	388,786
Due to Other Taxing Units	-	-	-	-	-
Unearned Revenue	-	-	391,871	500	207,861
Total Liabilities	<u>-</u>	<u>971,429</u>	<u>1,170,602</u>	<u>823,983</u>	<u>1,014,605</u>
 FUND BALANCES					
Reserved for:					
Prepaid Items	-	84,677	18,331	118,400	118,262
Liquid Fuels	422,345	-	-	-	-
Drug and Alcohol	-	-	(18,331)	-	-
Emergency 911	-	-	-	-	-
Debt Service	-	-	-	-	-
ECCM	-	-	-	-	-
Planning	-	-	-	-	-
Unreserved, Reported in:					
Special Revenue Funds	-	5,725	-	342,211	3,347
Total Fund Balances	<u>422,345</u>	<u>90,402</u>	<u>-</u>	<u>460,611</u>	<u>121,609</u>
Total Liabilities and Fund Balances	<u>\$ 422,345</u>	<u>\$ 1,061,831</u>	<u>\$ 1,170,602</u>	<u>\$ 1,284,594</u>	<u>\$ 1,136,214</u>

Special Revenue Funds

Planning Fund	Emergency E-911	Emergency Management	Erie County Care Management	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 631,508	\$ 3,174,709	\$ 1,274	\$ 687,365	\$ 4,938,016	\$ 1,808,665	\$ 6,746,681
-	-	-	277,894	277,894	-	277,894
1,308,351	194,798	30,202	1,290,357	5,565,258	1,170	5,566,428
168,162	537,643	26,701	-	2,283,712	-	2,283,712
14,131	64,355	6,012	110,751	534,919	-	534,919
<u>\$ 2,122,152</u>	<u>\$ 3,971,505</u>	<u>\$ 64,189</u>	<u>\$ 2,366,367</u>	<u>\$ 13,599,799</u>	<u>\$ 1,809,835</u>	<u>\$ 15,409,634</u>
\$ 329,343	\$ 366,889	\$ 20,312	\$ 307,515	\$ 2,054,784	\$ -	\$ 2,054,784
40,422	176,704	23,621	18,194	1,324,805	-	1,324,805
-	-	-	277,894	277,894	-	277,894
611	138,469	8,603	700,000	2,131,481	-	2,131,481
819,845	-	-	-	819,845	-	819,845
513,162	-	3,504	377,170	1,494,068	-	1,494,068
<u>1,703,383</u>	<u>682,062</u>	<u>56,040</u>	<u>1,680,773</u>	<u>8,102,877</u>	<u>-</u>	<u>8,102,877</u>
14,131	64,355	6,012	110,751	534,919	-	534,919
-	-	-	-	422,345	-	422,345
-	-	-	-	(18,331)	-	(18,331)
-	3,225,088	-	-	3,225,088	-	3,225,088
-	-	-	-	-	1,809,835	1,809,835
-	-	-	574,843	574,843	-	574,843
404,638	-	-	-	404,638	-	404,638
-	-	2,137	-	353,420	-	353,420
<u>418,769</u>	<u>3,289,443</u>	<u>8,149</u>	<u>685,594</u>	<u>5,496,922</u>	<u>1,809,835</u>	<u>7,306,757</u>
<u>\$ 2,122,152</u>	<u>\$ 3,971,505</u>	<u>\$ 64,189</u>	<u>\$ 2,366,367</u>	<u>\$ 13,599,799</u>	<u>\$ 1,809,835</u>	<u>\$ 15,409,634</u>

COUNTY OF ERIE, PENNSYLVANIA  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2008

	<u>Special Revenue Funds</u>				
	<u>Liquid Fuels</u>	<u>Domestic Relations</u>	<u>Drug and Alcohol</u>	<u>Public Health</u>	<u>Library Fund</u>
<b>REVENUES</b>					
Federal, State and Municipal Grants	\$ 757,336	\$ 3,066,626	\$ 6,053,149	\$ 6,148,056	\$ 2,042,168
Charges for Services	-	149,034	170,123	536,541	225,511
Interest Income	7,137	1,086	17,283	-	-
Other Income	-	-	-	232,056	26,684
Total Revenues	<u>764,473</u>	<u>3,216,746</u>	<u>6,240,555</u>	<u>6,916,653</u>	<u>2,294,363</u>
<b>EXPENDITURES</b>					
Current:					
Courts and Related Offices	-	4,315,134	-	-	-
Community Services	-	-	6,469,776	-	-
Public Health	-	-	-	7,756,801	-
Public Works	712,490	-	-	-	-
Library	-	-	-	-	6,023,041
Other	-	-	-	-	-
Capital Outlay	-	-	5,453	31,833	15,589
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Total Expenditures	<u>712,490</u>	<u>4,315,134</u>	<u>6,475,229</u>	<u>7,788,634</u>	<u>6,038,630</u>
Excess of Revenues Over (Under) Expenditures	<u>51,983</u>	<u>(1,098,388)</u>	<u>(234,674)</u>	<u>(871,981)</u>	<u>(3,744,267)</u>
<b>Other Financing Sources (Uses)</b>					
Bond Proceeds	-	-	-	-	-
Transfers In	-	1,340,563	221,500	1,302,861	3,601,370
Transfers Out	-	(156,078)	-	-	-
Premiums Related to Debt Issuance	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>1,184,485</u>	<u>221,500</u>	<u>1,302,861</u>	<u>3,601,370</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	51,983	86,097	(13,174)	430,880	(142,897)
Fund Balances, Beginning of Year	370,362	4,305	13,174	29,731	264,506
Fund Balances, End of Year	<u>\$ 422,345</u>	<u>\$ 90,402</u>	<u>\$ -</u>	<u>\$ 460,611</u>	<u>\$ 121,609</u>

Special Revenue Funds

<u>Planning Fund</u>	<u>Emergency E-911</u>	<u>Emergency Management</u>	<u>Erie County Care Management</u>	<u>Total Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 2,264,194	\$ 2,957,762	\$ 136,867	\$ 7,852,026	\$ 31,278,184	\$ -	\$ 31,278,184
248,370	1,916,362	64,038	1,340,135	4,650,114	-	4,650,114
5,965	77,285	127	3,145	112,028	60,252	172,280
-	-	134,904	538	394,182	-	394,182
<u>2,518,529</u>	<u>4,951,409</u>	<u>335,936</u>	<u>9,195,844</u>	<u>36,434,508</u>	<u>60,252</u>	<u>36,494,760</u>
-	-	-	-	4,315,134	-	4,315,134
3,517,303	2,904,760	611,805	8,331,661	21,835,305	-	21,835,305
-	-	-	-	7,756,801	-	7,756,801
-	-	-	-	712,490	-	712,490
-	-	-	-	6,023,041	-	6,023,041
-	-	-	-	-	5,545	5,545
-	2,736,906	100,732	216,105	3,106,618	-	3,106,618
-	-	-	-	-	2,664,140	2,664,140
-	-	-	38,367	38,367	3,289,266	3,327,633
-	-	-	-	-	130,733	130,733
<u>3,517,303</u>	<u>5,641,666</u>	<u>712,537</u>	<u>8,586,133</u>	<u>43,787,756</u>	<u>6,089,684</u>	<u>49,877,440</u>
<u>(998,774)</u>	<u>(690,257)</u>	<u>(376,601)</u>	<u>609,711</u>	<u>(7,353,248)</u>	<u>(6,029,432)</u>	<u>(13,382,680)</u>
-	-	-	-	-	22,055,000	22,055,000
845,872	373,128	787,371	-	8,472,665	5,879,406	14,352,071
-	(266,077)	(449,567)	-	(871,722)	(22,519,798)	(23,391,520)
-	-	-	-	-	596,855	596,855
<u>845,872</u>	<u>107,051</u>	<u>337,804</u>	<u>-</u>	<u>7,600,943</u>	<u>6,011,463</u>	<u>13,612,406</u>
(152,902)	(583,206)	(38,797)	609,711	247,695	(17,969)	229,726
571,671	3,872,649	46,946	75,883	5,249,227	1,827,804	7,077,031
<u>\$ 418,769</u>	<u>\$ 3,289,443</u>	<u>\$ 8,149</u>	<u>\$ 685,594</u>	<u>\$ 5,496,922</u>	<u>\$ 1,809,835</u>	<u>\$ 7,306,757</u>

**COUNTY OF ERIE, PENNSYLVANIA**

Liquid Fuels Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal, State and Municipal Grants	\$ 800,000	\$ 800,000	\$ 757,336	\$ (42,664)
Interest Income	7,000	7,000	7,137	137
<b>Total Revenues</b>	<b>807,000</b>	<b>807,000</b>	<b>764,473</b>	<b>(42,527)</b>
<b>EXPENDITURES</b>				
Current:				
Public Works	907,000	937,897	712,490	225,407
<b>Total Expenditures</b>	<b>907,000</b>	<b>937,897</b>	<b>712,490</b>	<b>225,407</b>
Excess of Revenues Over (Under) Expenditures	(100,000)	(130,897)	51,983	182,880
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(100,000)	(130,897)	51,983	182,880
Fund Balance, Beginning of Year	370,362	370,362	370,362	-
Fund Balance, End of Year	\$ 270,362	\$ 239,465	\$ 422,345	\$ 182,880

COUNTY OF ERIE, PENNSYLVANIA

Domestic Relations Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal, State and Municipal Grants	\$ 2,908,174	\$ 3,041,228	\$ 3,066,626	\$ 25,398
Charges for Services	172,400	172,400	149,034	(23,366)
Interest Income	500	500	1,086	586
<b>Total Revenues</b>	<b>3,081,074</b>	<b>3,214,128</b>	<b>3,216,746</b>	<b>2,618</b>
<b>EXPENDITURES</b>				
Current:				
Courts and Related Offices	4,047,385	4,506,808	4,315,134	191,674
<b>Total Expenditures</b>	<b>4,047,385</b>	<b>4,506,808</b>	<b>4,315,134</b>	<b>191,674</b>
Excess of Revenues Over (Under) Expenditures	(966,311)	(1,292,680)	(1,098,388)	194,292
Other Financing Sources (Uses)				
Transfer In	1,069,559	1,480,000	1,340,563	(139,437)
Transfer Out	(103,248)	(187,320)	(156,078)	31,242
<b>Total Other Financing Sources (Uses)</b>	<b>966,311</b>	<b>1,292,680</b>	<b>1,184,485</b>	<b>(108,195)</b>
Net Change in Fund Balance	-	-	86,097	86,097
Fund Balance, Beginning of Year	4,306	4,306	4,306	-
Fund Balance, End of Year	\$ 4,306	\$ 4,306	\$ 90,403	\$ 86,097

**COUNTY OF ERIE, PENNSYLVANIA**

Drug and Alcohol Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal, State and Municipal Grants	\$ 5,113,937	\$ 5,113,937	\$ 6,053,149	\$ 939,212
Charges for Services	120,000	120,000	170,123	50,123
Interest Income	10,000	10,000	17,283	7,283
Total Revenues	<u>5,243,937</u>	<u>5,243,937</u>	<u>6,240,555</u>	<u>996,618</u>
<b>EXPENDITURES</b>				
Current:				
Community Services	5,551,074	5,551,074	6,469,776	(918,702)
Capital Outlay	-	-	5,453	(5,453)
Total Expenditures	<u>5,551,074</u>	<u>5,551,074</u>	<u>6,475,229</u>	<u>(924,155)</u>
Excess of Revenues Over (Under) Expenditures	(307,137)	(307,137)	(234,674)	72,463
Other Financing Sources (Uses)				
Transfer In	307,137	307,137	221,500	(85,637)
Total Other Financing sources (Uses)	<u>307,137</u>	<u>307,137</u>	<u>221,500</u>	<u>(85,637)</u>
Net Change in Fund Balance	-	-	(13,174)	(13,174)
Fund Balance, Beginning of Year	<u>13,174</u>	<u>13,174</u>	<u>13,174</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 13,174</u>	<u>\$ 13,174</u>	<u>\$ -</u>	<u>\$ (13,174)</u>

COUNTY OF ERIE, PENNSYLVANIA

Public Health Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal, State and Municipal Grants	\$ 6,370,502	\$ 6,679,998	\$ 6,148,056	\$ (531,942)
Charges for Services	370,220	579,738	536,541	(43,197)
Other	174,476	174,476	232,056	57,580
<b>Total Revenues</b>	<b>6,915,198</b>	<b>7,434,212</b>	<b>6,916,653</b>	<b>(517,559)</b>
<b>EXPENDITURES</b>				
Current:				
Public Health	8,088,178	8,607,523	7,756,801	850,722
Capital Outlay	30,000	41,250	31,833	9,417
<b>Total Expenditures</b>	<b>8,118,178</b>	<b>8,648,773</b>	<b>7,788,634</b>	<b>860,139</b>
Excess of Revenues Over (Under) Expenditures	(1,202,980)	(1,214,561)	(871,981)	342,580
Other Financing Sources (Uses)				
Transfer In	1,126,000	1,337,699	1,302,861	(34,838)
<b>Total Other Financing Sources (Uses)</b>	<b>1,126,000</b>	<b>1,337,699</b>	<b>1,302,861</b>	<b>(34,838)</b>
Net Change in Fund Balance	(76,980)	123,138	430,880	307,742
Fund Balance, Beginning of Year	29,731	29,731	29,731	-
Fund Balance(Deficit), End of Year	\$ (47,249)	\$ 152,869	\$ 460,611	\$ 307,742

COUNTY OF ERIE, PENNSYLVANIA

Library Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal, State and Municipal Grants	\$ 2,028,483	\$ 2,061,713	\$ 2,042,168	\$ (19,545)
Charges for Services	222,000	227,479	225,511	(1,968)
Other	6,300	26,522	26,684	162
Total Revenues	2,256,783	2,315,714	2,294,363	(21,351)
<b>EXPENDITURES</b>				
Current:				
Library	5,999,724	6,057,084	6,023,041	34,043
Capital Outlay	-	15,589	15,589	-
Total Expenditures	5,999,724	6,072,673	6,038,630	34,043
Excess of Revenues Over (Under) Expenditures	(3,742,941)	(3,756,959)	(3,744,267)	12,692
Other Financing Sources (Uses)				
Transfer In	3,742,941	3,741,370	3,601,370	(140,000)
Total Other Financing Sources (Uses)	3,742,941	3,741,370	3,601,370	(140,000)
Net Change in Fund Balance	-	(15,589)	(142,897)	(127,308)
Fund Balance, Beginning of Year	264,506	264,506	264,506	-
Fund Balance, End of Year	\$ 264,506	\$ 248,917	\$ 121,609	\$ (127,308)

**COUNTY OF ERIE, PENNSYLVANIA**

Planning Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal, State and Municipal Grants	\$ 3,571,387	\$ 3,794,387	\$ 2,264,194	\$ (1,530,193)
Charges for Services	349,072	634,072	248,370	(385,702)
Interest	500	500	5,965	5,465
Other	200,200	200,200	-	(200,200)
Total Revenues	4,121,159	4,629,159	2,518,529	(2,110,630)
<b>EXPENDITURES</b>				
Current:				
Community Services	4,727,697	5,580,072	3,517,303	2,062,769
Total Expenditures	4,727,697	5,580,072	3,517,303	2,062,769
Excess of Revenues Over (Under) Expenditures	(606,538)	(950,913)	(998,774)	(47,861)
Other Financing Sources (Uses)				
Transfer In	606,538	950,913	845,872	(105,041)
Total Other Financing sources (Uses)	606,538	950,913	845,872	(105,041)
Net Change in Fund Balance	-	-	(152,902)	(152,902)
Fund Balance, Beginning of Year	571,671	571,671	571,671	-
Fund Balance, End of Year	\$ 571,671	\$ 571,671	\$ 418,769	\$ (152,902)

COUNTY OF ERIE, PENNSYLVANIA

E911 Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal, State and Municipal Grants	\$ 2,205,383	\$ 4,381,846	\$ 2,957,762	\$ (1,424,084)
Charges for Services	2,000,000	2,000,000	1,916,362	(83,638)
Interest	60,000	93,528	77,285	(16,243)
<b>Total Revenues</b>	<b>4,265,383</b>	<b>6,475,374</b>	<b>4,951,409</b>	<b>(1,523,965)</b>
<b>EXPENDITURES</b>				
Current:				
Community Services	4,429,590	4,385,261	2,904,760	1,480,501
Capital Outlay	1,604,403	4,166,966	2,736,906	1,430,060
<b>Total Expenditures</b>	<b>6,033,993</b>	<b>8,552,227</b>	<b>5,641,666</b>	<b>2,910,561</b>
Excess of Revenues Over (Under) Expenditures	(1,768,610)	(2,076,853)	(690,257)	1,386,596
Other Financing Sources (Uses)				
Transfer In	336,435	401,902	373,128	(28,774)
Transfer Out	(266,077)	(266,077)	(266,077)	-
<b>Total Other Financing Sources (Uses)</b>	<b>70,358</b>	<b>135,825</b>	<b>107,051</b>	<b>(28,774)</b>
Net Change in Fund Balance	(1,698,252)	(1,941,028)	(583,206)	1,357,822
Fund Balance, Beginning of Year	3,872,649	3,872,649	3,872,649	-
Fund Balance, End of Year	\$ 2,174,397	\$ 1,931,621	\$ 3,289,443	\$ 1,357,822

**COUNTY OF ERIE, PENNSYLVANIA**  
**Emergency Management Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal, State and Municipal Grants	\$ 198,664	\$ 198,664	\$ 136,867	\$ (61,797)
Charges for Services	60,500	60,800	64,038	3,238
Interest	100	100	127	27
Other	-	134,904	134,904	-
Total Revenues	<u>259,264</u>	<u>394,468</u>	<u>335,936</u>	<u>(58,532)</u>
<b>EXPENDITURES</b>				
Current:				
Community Services	660,531	707,703	611,805	95,898
Capital Outlay	-	100,732	100,732	-
Total Expenditures	<u>660,531</u>	<u>808,435</u>	<u>712,537</u>	<u>95,898</u>
Excess of Revenues Over (Under) Expenditures	(401,267)	(413,967)	(376,601)	37,366
Other Financing Sources (Uses)				
Transfer In	850,834	860,334	787,371	(72,963)
Transfer Out	(449,567)	(449,567)	(449,567)	-
Total Other Financing Sources (Uses)	<u>401,267</u>	<u>410,767</u>	<u>337,804</u>	<u>(72,963)</u>
Net Change in Fund Balance	-	(3,200)	(38,797)	(35,597)
Fund Balance, Beginning of Year	<u>46,946</u>	<u>46,946</u>	<u>46,946</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 46,946</u>	<u>\$ 43,746</u>	<u>\$ 8,149</u>	<u>\$ (35,597)</u>

**COUNTY OF ERIE, PENNSYLVANIA**  
**ERIE COUNTY CARE MANAGEMENT, INC.**  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal, State and Municipal Grants	\$ 7,955,578	\$ 7,955,578	\$ 7,852,026	\$ (103,552)
Charges for Services	1,004,117	1,004,117	1,340,135	336,018
Interest	-	-	3,145	3,145
Other	-	-	538	538
Total Revenues	<u>8,959,695</u>	<u>8,959,695</u>	<u>9,195,844</u>	<u>236,149</u>
<b>EXPENDITURES</b>				
Current:				
Community Services	8,930,180	8,930,180	8,331,661	598,519
Capital Outlay	29,515	29,515	216,105	(186,590)
Debt Service				
Interest	-	-	38,367	(38,367)
Total Expenditures	<u>8,959,695</u>	<u>8,959,695</u>	<u>8,586,133</u>	<u>373,562</u>
Excess of Revenues Over (Under)				
Expenditures	-	-	609,711	609,711
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	609,711	609,711
Fund Balance, Beginning of Year	<u>75,883</u>	<u>75,883</u>	<u>75,883</u>	<u>-</u>
Fund Balance, End of Year	<u>75,883</u>	<u>75,883</u>	<u>685,594</u>	<u>609,711</u>

## COUNTY OF ERIE, PENNSYLVANIA

### Debt Service Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest	\$ 90,000	\$ 90,000	\$ 60,252	\$ (29,748)
Total Revenues	<u>90,000</u>	<u>90,000</u>	<u>60,252</u>	<u>(29,748)</u>
<b>EXPENDITURES</b>				
Current:				
Other	6,000	138,058	5,545	132,513
Debt Service				
Principle	2,673,775	2,673,775	2,664,140	9,635
Interest	3,289,631	3,289,631	3,289,266	365
Bond Issuance Costs	-	-	130,733	(130,733)
Total Expenditures	<u>5,969,406</u>	<u>6,101,464</u>	<u>6,089,684</u>	<u>11,780</u>
Excess of Revenues Over (Under) Expenditures	(5,879,406)	(6,011,464)	(6,029,432)	(17,968)
Other Financing Sources (Uses)				
Transfer In	5,879,406	4,846,406	5,879,406	1,033,000
Transfer Out	-	(22,519,798)	(22,519,798)	-
Premiums Related to Debt Issuance of Debt	-	596,855	596,855	-
	-	22,055,000	22,055,000	-
Total Other Financing Sources (Uses)	<u>5,879,406</u>	<u>4,978,463</u>	<u>6,011,463</u>	<u>1,033,000</u>
Net Change in Fund Balance	-	(1,033,001)	(17,969)	1,015,032
Fund Balance, Beginning of Year	<u>1,827,804</u>	<u>1,827,804</u>	<u>1,827,804</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,827,804</u>	<u>\$ 794,803</u>	<u>\$ 1,809,835</u>	<u>\$ 1,015,032</u>

**COUNTY OF ERIE, PENNSYLVANIA**

Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal, State and Municipal Grants	\$ -	\$ 228,484	\$ -	\$ (228,484)
Charges for Services	-	-	1,345,460	1,345,460
Interest Income	-	-	301,314	301,314
<b>Total Revenues</b>	<b>-</b>	<b>228,484</b>	<b>1,646,774</b>	<b>1,418,290</b>
<b>EXPENDITURES</b>				
Current:				
Community Services	-	-	1,006,570	(1,006,570)
Capital Outlay	-	22,897,541	5,475,741	17,421,800
<b>Total Expenditures</b>	<b>-</b>	<b>22,897,541</b>	<b>6,482,311</b>	<b>16,415,230</b>
Excess of Revenues Over (Under) Expenditures	-	(22,669,057)	(4,835,537)	17,833,520
Other Financing Sources (Uses)				
Transfer In	-	22,519,798	22,519,798	-
Transfer Out	-	-	(172,946)	(172,946)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>22,519,798</b>	<b>22,346,852</b>	<b>(172,946)</b>
Net Change in Fund Balance	-	(149,259)	17,511,315	17,660,574
Fund Balance, Beginning of Year	11,308,430	11,308,430	11,308,430	-
Fund Balance, End of Year	\$11,308,430	\$ 11,159,171	\$28,819,745	\$ 17,660,574

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**COUNTY OF ERIE, PENNSYLVANIA**  
**Fiduciary Funds**

Fiduciary Funds

Tax Claim

Real estate taxes are collected by independent–elected tax collectors during the year in which they were levied by the various taxing authorities within the County. Taxes not collected are returned to the Tax Claim Bureau, which provides collection of delinquent county, municipal, and school district taxes, and outstanding costs, as well as disbursing the money received to appropriate taxing authorities. The Tax Claim Bureau is also responsible for filing liens for delinquent taxes of two or more years according to law.

Revenue Licenses

Proceeds from the sale of hunting, fishing, dog and bingo licenses are deposited into the State Fund and are remitted to various governmental units including the General Fund. Proceeds from the sale of temporary automobile licenses are deposited to the Temporary Automobile License fund and remitted to the Commonwealth with the County retaining a commission on each license sold.

Prison, Commissary, Inmate, and Work Release

The prison inmate account receives prisoners' cash upon entry into the prison and disburses the cash according to prisoner directives. The prisoners' cash is returned upon discharge. The prison Commissary Account receives cash from the Prison Inmate Account to pay for prisoners' purchases from the Commissary. The Inmate Account purchases Commissary inventory and supplies for prisoners. The Work Release Account receives paychecks from the work release program. Paychecks are used to cover costs such as room and board, fines and support. If funds are available after these deductions, the balance is returned to the defendant.

Domestic Relations

Child Support – Support accounts receive cash from defendants under Court order and disburse the cash to the designated party: either the Commonwealth or the Plaintiff. These accounts are maintained by Domestic Relations personnel responsible to the Judges of the Court of Common Pleas.

Magisterial District Judges

Magisterial District Court Accounts receive cash from defendants and distribute it to State, Municipalities, constable fees, and victims of crimes. The accounts are maintained by the District Judges.

Recorder of Deeds

Maintains legal records for all real estate. Recording fees and transfer taxes are collected and remitted to various governmental units. These accounts are maintained by staff under the clerk of records.

Prothonotary

Maintains all recorded on civil matters such as suits, judgments, liens, charters, appeals, searches, and certifications. Fees and court ordered amounts are collected and subsequently disbursed to the Commonwealth and third parties. These accounts are maintained by staff under the Clerk of Records.

**COUNTY OF ERIE, PENNSYLVANIA**  
**Fiduciary Funds (Continued)**

Fiduciary Funds (Continued)

Clerk of Courts

Maintains all records, files, and decisions of the Criminal Courts, domestic Relations, Coroner and Juvenile proceedings. Fines, fees and cash bail are collected and ultimately remitted to the payer and/or various governmental units. These accounts are maintained by staff under Clerk of Records.

Register of Wills

Maintains records regarding wills and other matters presented to the Orphan's Court. Acts as agent for the Commonwealth for collecting inheritance taxes, appointing executors and administering estates, maintaining adoption records and marriage licenses. Money is received as fees, inheritance taxes, and unclaimed estates. Disbursements are made for various costs and remittances to the Commonwealth. These accounts are maintained by the staff under the Clerk of Records.

Sheriff

Carries out the orders of the Civil and Criminal Courts. Responsible for delivering convicted persons to various criminal institutions. Collects proceeds of real estate sales, fines, and fees which are remitted to financial institutions, taxing authorities, and other governmental units. These accounts are maintained by staff under the Sheriff.

Children and Youth

Child Trust – Receives Social Security income payments for children in the children and youth program. Individual accounts are maintained for each child. Payments are made for personal care expenses in accordance with the Commonwealth and Federal regulations.

Act 101 Site – Specific Post Closure

Trust set up to assure funds are available for any remedial measures and emergency actions which may become necessary to prevent or abate effects upon the environment after closure of Lakeview Landfill.

COUNTY OF ERIE, PENNSYLVANIA  
Combining Statement of Fiduciary Net Assets  
Agency Funds  
December 31, 2008

	ASSETS				
	Cash and Cash Equivalents	Investments	Property Taxes Receivable	Interest and Other Receivable	Total Assets
Tax Claim	\$ 778,865	\$ -	\$ 13,422,605	\$ 8,223	\$ 14,209,693
Revenue Licenses	3,794	-	-	-	3,794
Recorder of Deeds	458,349	-	-	-	458,349
Clerk of Courts	621,309	-	-	-	621,309
Regiser of Wills	45,526	-	-	-	45,526
Prothonotary	3,086,474	-	-	-	3,086,474
Sheriff	497,202	-	-	1,595	498,797
Prison	126,881	-	-	1,160	128,041
Magisterial District Judges	225,679	-	-	-	225,679
Children and Youth Trust	32,430	-	-	-	32,430
Domestic Relations	49,741	-	-	-	49,741
Act 101 Site Specific Post Closure	226,214	2,384,793	-	-	2,611,007
Total Assets	\$ 6,152,464	\$ 2,384,793	\$ 13,422,605	\$ 10,978	\$ 21,970,840

LIABILITIES

Accounts Payable	Due to Other Governmental Units	Total Liabilities
\$ 787,088	\$ 13,422,605	\$ 14,209,693
3,794	-	3,794
458,349	-	458,349
621,309	-	621,309
45,526	-	45,526
3,086,474	-	3,086,474
498,797	-	498,797
128,041	-	128,041
225,679	-	225,679
32,430	-	32,430
49,741	-	49,741
2,611,007	-	2,611,007
<u>\$ 8,548,235</u>	<u>\$ 13,422,605</u>	<u>\$ 21,970,840</u>

COUNTY OF ERIE, PENNSYLVANIA  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2008

	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008
<b>Funds:</b>				
<b>Tax Claim</b>				
ASSETS				
Cash	\$ 665,075	\$ 26,164,923	\$ 26,051,133	\$ 778,865
Credit Card Receivable	8,223	-	-	8,223
Property Taxes Receivable	11,824,557	14,312,939	12,714,891	13,422,605
	<u>\$ 12,497,855</u>	<u>\$ 40,477,862</u>	<u>\$ 38,766,024</u>	<u>\$ 14,209,693</u>
LIABILITIES				
Accounts Payable	\$ 673,298	\$ 26,164,923	\$ 26,051,133	\$ 787,088
Due to Other Governmental Units	11,824,557	14,312,939	12,714,891	13,422,605
	<u>\$ 12,497,855</u>	<u>\$ 40,477,862</u>	<u>\$ 38,766,024</u>	<u>\$ 14,209,693</u>
<b>Revenue Licenses</b>				
ASSETS				
Cash	\$ 2,608	\$ 250,596	\$ 249,410	\$ 3,794
LIABILITIES				
Accounts Payable	\$ 2,608	\$ 250,596	\$ 249,410	\$ 3,794
<b>Recorder of Deeds</b>				
ASSETS				
Cash	\$ 402,364	\$ 17,363,165	\$ 17,307,180	\$ 458,349
LIABILITIES				
Accounts Payable	\$ 402,364	\$ 17,363,165	\$ 17,307,180	\$ 458,349
<b>Clerk of Courts</b>				
ASSETS				
Cash	\$ 240,952	\$ 4,431,548	\$ 4,051,191	\$ 621,309
LIABILITIES				
Accounts Payable	\$ 240,952	\$ 4,431,548	\$ 4,051,191	\$ 621,309
<b>Register of Wills</b>				
ASSETS				
Cash	\$ 2,288	\$ 15,333,589	\$ 15,290,351	\$ 45,526
LIABILITIES				
Accounts Payable	\$ 2,288	\$ 15,333,589	\$ 15,290,351	\$ 45,526

COUNTY OF ERIE, PENNSYLVANIA  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2008  
(Continued)

	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008
<b><u>Prothonotary</u></b>				
ASSETS				
Cash	\$ 800,634	\$ 4,612,841	\$ 2,327,001	\$ 3,086,474
Investments	6,479,138	-	6,479,138	-
	<u>\$ 7,279,772</u>	<u>\$ 4,612,841</u>	<u>\$ 8,806,139</u>	<u>\$ 3,086,474</u>
LIABILITIES				
Accounts Payable	<u>\$ 7,279,772</u>	<u>\$ 3,184,791</u>	<u>\$ 7,378,089</u>	<u>\$ 3,086,474</u>
<b><u>Sheriff</u></b>				
ASSETS				
Cash	\$ 586,574	\$ 3,531,985	\$ 3,621,357	\$ 497,202
Accounts Receivable	1,697	-	102	1,595
	<u>588,271</u>	<u>3,531,985</u>	<u>3,621,459</u>	<u>498,797</u>
LIABILITIES				
Accounts Payable	<u>\$ 588,271</u>	<u>\$ 3,531,985</u>	<u>\$ 3,621,459</u>	<u>\$ 498,797</u>
<b><u>Prison</u></b>				
ASSETS				
Cash	\$ 42,140	\$ 1,811,846	\$ 1,727,105	\$ 126,881
Accounts Receivable	795	365	-	1,160
	<u>42,935</u>	<u>1,812,211</u>	<u>1,727,105</u>	<u>128,041</u>
LIABILITIES				
Accounts Payable	<u>\$ 42,935</u>	<u>\$ 1,812,211</u>	<u>\$ 1,727,105</u>	<u>\$ 128,041</u>
<b><u>Magisterial District Judges</u></b>				
ASSETS				
Cash	<u>\$ 169,525</u>	<u>\$ 6,571,464</u>	<u>\$ 6,515,310</u>	<u>\$ 225,679</u>
LIABILITIES				
Accounts Payable	<u>\$ 169,525</u>	<u>\$ 6,571,464</u>	<u>\$ 6,515,310</u>	<u>\$ 225,679</u>
<b><u>Children &amp; Youth Trust</u></b>				
ASSETS				
Cash	<u>\$ 27,097</u>	<u>\$ 19,081</u>	<u>\$ 13,748</u>	<u>\$ 32,430</u>
LIABILITIES				
Accounts Payable	<u>\$ 27,097</u>	<u>\$ 19,081</u>	<u>\$ 13,748</u>	<u>\$ 32,430</u>

COUNTY OF ERIE, PENNSYLVANIA  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended December 31, 2008  
 (Continued)

	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008
<b><u>Domestic Relations</u></b>				
ASSETS				
Cash	\$ 47,534	\$ 2,428,243	\$ 2,426,036	\$ 49,741
LIABILITIES				
Accounts Payable	\$ 47,534	\$ 2,428,243	\$ 2,426,036	\$ 49,741
 <b><u>Act 101 Site Specific Post Closure</u></b>				
ASSETS				
Cash	\$ 125,481	\$ 100,733	\$ -	\$ 226,214
Investments	2,334,770	50,023	-	2,384,793
	<u>2,460,251</u>	<u>150,756</u>	<u>-</u>	<u>2,611,007</u>
LIABILITIES				
Accounts Payable	\$ 2,460,251	\$ 161,761	\$ 11,005	\$ 2,611,007
 TOTAL ASSETS				
Cash	\$ 3,112,272	\$ 82,620,014	\$ 79,579,822	\$ 6,152,464
Investments	8,813,908	50,023	6,479,138	2,384,793
Accounts Receivable	10,715	365	102	10,978
Property Taxes Receivable	11,824,557	14,312,939	12,714,891	13,422,605
Total Assets	<u>\$ 23,761,452</u>	<u>\$ 96,983,341</u>	<u>\$ 98,773,953</u>	<u>\$ 21,970,840</u>
 TOTAL LIABILITIES				
Accounts Payable	\$ 11,936,895	\$ 81,253,357	\$ 84,642,017	\$ 8,548,235
Due to Other Governmental Units	11,824,557	14,312,939	12,714,891	13,422,605
Total Liabilities	<u>\$ 23,761,452</u>	<u>\$ 95,566,296</u>	<u>\$ 97,356,908</u>	<u>\$ 21,970,840</u>

CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS

**COUNTY OF ERIE, PENNSYLVANIA**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**December 31, 2008**

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Total</u>
General government	\$ -	\$ 4,043,724	\$22,688,161	\$ 4,069,428	\$ 30,801,313
Courts and related offices	70,960	166,127	1,217,386	2,989,565	4,444,038
Corrections	276,946	-	30,643,803	1,579,486	32,500,235
Community services	301,797	-	4,852,505	8,535,568	13,689,870
Public health	-	-	788,751	2,357,984	3,146,735
Library	398,170	10,310,630	13,441,142	2,644,712	26,794,654
 Total governmental funds capital assets	 <u>\$ 1,047,873</u>	 <u>\$ 14,520,481</u>	 <u>\$73,631,748</u>	 <u>\$ 22,176,743</u>	 <u>#####</u>

**COUNTY OF ERIE, PENNSYLVANIA**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**For the Fiscal Year Ended December 31, 2008**

<u>Function and Activity</u>	Governmental Funds Capital Assets January 1, 2008	Additions	Deductions/ Transfer	Governmental Funds Capital Assets December 31, 2008
General government	\$ 27,831,316	\$ 3,547,660	\$ (577,663)	\$ 30,801,313
Courts and related offices	4,728,276	232,992	(517,230)	4,444,038
Corrections	32,496,289	121,971	(118,025)	32,500,235
Community services	22,636,000	1,575,302	(210,802)	24,000,500
Public health	2,409,148	830,596	(93,009)	3,146,735
Library	16,579,644	18,220	(113,840)	16,484,024
Total governmental funds capital assets	<u>\$ 106,680,673</u>	<u>\$ 6,326,741</u>	<u>\$ (1,630,569)</u>	<u>\$ 111,376,845</u>

**COUNTY OF ERIE, PENNSYLVANIA**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Assets by Source**  
**December 31, 2008**

Governmental funds capital assets:

Land	\$ 1,047,873
Construction in progress	14,520,481
Buildings and improvements	73,631,748
Furniture and equipment	<u>22,176,743</u>
Total governmental funds capital assets	<u><u>\$ 111,376,845</u></u>

Investments environmental funds capital assets by source:

General fund	\$ 66,477,870
Special revenue funds	<u>44,898,975</u>
Total governmental funds capital assets	<u><u>\$ 111,376,845</u></u>

# STATISCIAL SECTION

This part of the County of Erie, Pennsylvania's comprehensive annual financial report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	124
<b>Revenue Capacity</b>	
<i>These schedules contain information to help the reader asses the government's most significant local revenue source, the property tax.</i>	135
<b>Debt Capacity</b>	
<i>These schedules present information to help the reader asses the affordability of the government's current levels of outstanding debt and government's ability to issue additional debt in the future.</i>	143
<b>Demographic and Economic Information</b>	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	150
<b>Operating Information</b>	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	152

COUNTY OF ERIE, PENNSYLVANIA  
Net Assets by Component  
Last Eight Years  
(accrual basis of accounting)

	<i>Year</i>			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Governmental Activities</b>				
Invested in capital assets, net of related debt	\$ (3,145,289)	\$ (2,597,220)	\$ (1,467,584)	\$ 2,551,924
Restricted	28,983,109	23,766,250	19,313,534	19,579,999
Unrestricted	20,233,464	20,414,397	17,307,552	13,643,863
<b>Total government activities net assets</b>	<b><u>46,071,284</u></b>	<b><u>41,583,427</u></b>	<b><u>35,153,502</u></b>	<b><u>35,775,786</u></b>
<b>Primary Government</b>				
Invested in capital assets, net of related debt	(3,145,289)	(2,597,220)	(1,467,584)	2,551,924
Restricted	28,983,109	23,763,250	19,313,534	19,579,999
Unrestricted	20,233,464	20,414,397	17,307,552	13,643,863
<b>Total primary government net assets</b>	<b><u>\$ 46,071,284</u></b>	<b><u>\$ 41,580,427</u></b>	<b><u>\$ 35,153,502</u></b>	<b><u>\$ 35,775,786</u></b>

Notes: The decrease in Investment in capital assets between 2003 and 2004 is due to the reclassification of the \$8,000,000 investment in the RDA by the Planning and Economic Development Fund from this classification to a restricted asset. The change is also associated with the issuance of the 2003 bond.

2006 was restated for the addition of Erie County Care Management which is a blended component unit of the County.

Accrual-basis financial information for the county government as a whole is available back to 2001 only, the year GASB Statement 34 was implemented.

<i>Year</i>			
<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 1,359,876	\$ 9,369,907	\$ 9,443,774	\$ 9,581,151
15,932,807	8,860,997	10,362,235	9,986,209
14,410,487	10,609,375	8,444,836	7,029,714
<u>31,703,170</u>	<u>28,840,279</u>	<u>28,250,845</u>	<u>26,597,074</u>
1,359,876	9,369,907	9,443,774	9,581,151
15,932,807	8,860,997	10,362,235	9,986,209
14,410,487	10,609,375	8,444,836	7,029,714
<u>\$ 31,703,170</u>	<u>\$ 28,840,279</u>	<u>\$28,250,845</u>	<u>\$26,597,074</u>

**COUNTY OF ERIE , PENNSYLVANIA**  
**Changes in Net Assets**  
**Last Eight Years**  
**(accrual basis of accounting)**

	<i>Year</i>			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Expenses</b>				
Governmental Activities				
General government	\$ 13,302,695	\$ 11,583,536	\$ 11,585,003	\$ 10,390,858
Courts and related offices	22,452,595	20,642,833	18,838,105	17,943,991
Corrections	39,240,696	36,507,826	33,101,250	32,184,358
Community services	231,296,513	186,143,770	149,202,374	140,836,601
Public health	7,465,662	7,016,892	6,273,932	6,408,229
Public works	712,490	774,009	793,093	741,599
Library	7,187,576	6,808,991	5,996,459	5,771,219
Other	-	-	3,400	2,340
Interest on long term debt	3,775,372	3,811,952	3,790,500	2,609,791
Loss on guaranteed debt	-	-	-	-
Total primary government expenses	<u>\$ 325,433,599</u>	<u>\$ 273,289,809</u>	<u>\$ 229,584,116</u>	<u>\$ 216,888,986</u>
<b>Program Revenue</b>				
Charges for services				
General Government	\$ 2,728,069	\$ 2,735,511	\$ 2,673,137	\$ 2,840,562
Courts and Related Offices	5,683,424	5,640,432	5,587,398	5,432,622
Corrections	2,176,755	2,327,150	2,471,956	2,469,683
Community Services	17,684,293	14,134,434	2,893,051	2,968,632
Public Health	536,541	421,619	557,573	656,742
Public Works	-	-	-	-
Library	225,511	225,396	229,924	368,300
Operating grants and contributions	237,713,702	192,087,930	153,246,168	151,651,752
Capital grants and contributions	-	54,791	1,711,127	1,235,685
Total primary government program revenues	<u>\$ 266,748,295</u>	<u>\$ 217,627,263</u>	<u>\$ 169,370,334</u>	<u>\$ 167,623,978</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	<u>\$ (58,685,304)</u>	<u>\$ (55,662,546)</u>	<u>\$ (60,213,782)</u>	<u>\$ (49,265,008)</u>
Total primary government net expense	<u>\$ (58,685,304)</u>	<u>\$ (55,662,546)</u>	<u>\$ (60,213,782)</u>	<u>\$ (49,265,008)</u>
<b>General Revenue and Other Changes in Net Assets</b>				
Governmental activities				
Property Taxes	\$ 58,262,891	\$ 55,664,202	\$ 53,599,290	\$ 49,298,573
Hotel Room Rental Tax	2,663,840	2,432,204	2,133,095	2,046,370
Interest Income	1,925,813	3,554,926	3,554,357	1,633,072
Other Income	517,810	438,139	304,756	359,609
Total primary government	63,370,354	62,089,471	59,591,498	53,337,624
Change in Net Assets				
Governmental activities	4,685,050	6,426,925	(622,284)	4,072,616
Total primary government change in net assets	<u>\$ 4,685,050</u>	<u>\$ 6,426,925</u>	<u>\$ (622,284)</u>	<u>\$ 4,072,616</u>

Year			
<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 10,039,805	\$ 10,666,773	\$ 10,117,195	\$ 10,018,685
17,999,479	18,806,005	16,739,962	16,667,597
32,237,675	31,893,786	27,715,824	29,617,728
137,581,587	128,584,310	127,877,002	116,170,619
6,216,188	6,878,507	5,988,562	5,566,537
832,551	813,291	705,264	742,380
5,745,480	5,837,748	5,995,852	5,589,408
2,340	4,367	4,636	1,901,508
2,497,107	2,194,103	1,973,407	2,255,168
129,708	716,311	-	-
<u>\$ 213,281,920</u>	<u>\$ 206,395,201</u>	<u>\$ 197,117,704</u>	<u>\$ 188,529,630</u>

\$ 2,324,821	\$ 2,087,284	\$ 2,214,223	\$ 1,756,320
5,712,291	5,814,165	5,314,406	4,880,254
2,791,817	2,462,745	2,329,763	2,276,773
3,201,222	2,582,197	2,474,225	2,503,879
626,715	459,251	477,073	347,930
-	-	-	-
472,063	370,940	344,430	317,058
148,875,982	142,671,678	138,115,969	124,103,762
100,000	15,000	32,500	3,132,118
<u>\$ 164,104,911</u>	<u>\$ 156,463,260</u>	<u>\$ 151,302,589</u>	<u>\$ 139,318,094</u>

<u>\$ (49,177,009)</u>	<u>\$ (49,931,941)</u>	<u>\$ (45,815,115)</u>	<u>\$ (49,211,536)</u>
<u>\$ (49,177,009)</u>	<u>\$ (49,931,941)</u>	<u>\$ (45,815,115)</u>	<u>\$ (49,211,536)</u>

\$ 49,055,086	\$ 47,642,708	\$ 44,583,176	\$ 42,846,934
1,969,962	1,755,905	1,791,460	1,248,089
620,200	536,125	750,773	1,597,463
394,652	586,637	343,477	1,181,724
52,039,900	50,521,375	47,468,886	46,874,210
2,862,891	589,434	1,653,771	(2,337,326)
<u>\$ 2,862,891</u>	<u>\$ 589,434</u>	<u>\$ 1,653,771</u>	<u>\$ (2,337,326)</u>

COUNTY OF ERIE, PENNSYLVANIA  
Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)

	Year				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund					
Reserved	\$ 13,095,719	\$ 12,604,862	\$ 12,603,113	\$ 2,307,194	\$ 2,426,090
Unreserved					
Designated				788,093	
Undesignated	<u>9,471,341</u>	<u>11,944,147</u>	<u>13,553,863</u>	<u>11,429,720</u>	<u>9,258,866</u>
Total General Fund	<u>22,567,060</u>	<u>24,549,009</u>	<u>26,156,976</u>	<u>14,525,007</u>	<u>11,684,956</u>
All Other Governmental Funds					
Reserved					
Special Revenue Funds	\$ 17,280,083	\$ 10,163,146	\$ 5,068,746	\$ 16,041,583	\$ 11,867,878
Debt Service	1,809,835	1,827,804	2,043,020	2,480,451	2,938,863
Capital Projects	28,819,745	11,308,430	26,568,335	35,632,760	11,428,499
Undesignated, reported in:					
Special Revenue Funds	<u>8,683,558</u>	<u>6,225,443</u>	<u>735,013</u>	<u>964,043</u>	<u>1,342,755</u>
Total all other governmental funds	<u>56,593,221</u>	<u>29,524,823</u>	<u>34,415,114</u>	<u>55,118,837</u>	<u>27,577,995</u>
Total governmental funds	<u>\$79,160,281</u>	<u>\$54,073,832</u>	<u>\$60,572,090</u>	<u>\$69,643,844</u>	<u>\$39,262,951</u>

Year				
<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 2,690,539	\$ 1,922,348	\$ 1,416,855	\$ 1,062,227	\$ 779,485
<u>6,003,453</u>	<u>4,672,590</u>	<u>3,846,625</u>	<u>6,992,665</u>	<u>5,833,519</u>
<u>8,693,992</u>	<u>6,594,938</u>	<u>5,263,480</u>	<u>8,054,892</u>	<u>6,613,004</u>
\$11,919,372	\$ 4,089,934	\$ 3,935,660	\$ 3,502,498	\$ 2,843,810
3,532,253	3,941,683	4,458,974	4,842,450	5,145,286
12,041,091	1,423,389	1,352,232	2,902,405	3,846,034
<u>1,013,732</u>	<u>806,744</u>	<u>176,101</u>	<u>(145,857)</u>	<u>(342,697)</u>
<u>28,506,448</u>	<u>10,261,750</u>	<u>9,922,967</u>	<u>11,101,496</u>	<u>11,492,433</u>
<u><u>\$37,200,440</u></u>	<u><u>\$16,856,688</u></u>	<u><u>\$15,186,447</u></u>	<u><u>\$19,156,388</u></u>	<u><u>\$18,105,437</u></u>

COUNTY OF ERIE, PENNSYLVANIA  
Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)

	Year				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>REVENUES</b>					
Real Estate Taxes	\$ 57,445,745	\$ 54,402,710	\$ 53,617,475	\$ 49,639,081	\$ 48,892,248
Hotel Room Rental Tax*	2,663,840	2,432,204	2,133,095	2,046,370	1,969,962
Federal, state and municipal grants	237,713,702	192,142,721	154,957,295	152,887,437	148,975,982
Charges for Services	29,034,593	25,484,542	14,413,039	14,736,541	15,128,929
Interest Income	1,925,813	3,554,926	3,554,357	1,633,072	620,200
Other income	517,810	438,139	304,756	359,609	394,652
<b>Total Revenues</b>	<u>329,301,503</u>	<u>278,455,242</u>	<u>228,980,017</u>	<u>221,302,110</u>	<u>215,981,973</u>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	11,666,961	11,198,109	9,937,961	9,342,971	9,104,141
Courts and related offices	20,721,787	19,220,859	18,415,816	17,625,158	17,633,056
Corrections	37,068,124	34,450,070	32,129,664	31,332,808	31,087,719
Community Services	226,782,535	181,733,355	147,688,541	140,339,216	136,723,950
Public health	7,756,801	6,475,515	6,217,156	6,334,742	6,175,897
Public Works	712,490	774,009	793,093	741,599	832,551
Library	6,023,041	5,717,622	5,442,185	5,137,520	5,081,221
Other	5,545	90,432	3,400	459,234	2,340
Capital Outlay	9,565,410	18,953,351	10,999,023	4,903,592	2,628,667
Debt Service					
Principal	2,664,140	2,700,625	2,826,320	2,038,934	1,919,181
Interest	3,769,341	3,790,627	3,598,612	2,622,337	2,727,152
Bond Issuance Costs	130,733	-	-	-	-
<b>Total Expenditures</b>	<u>326,866,908</u>	<u>285,104,574</u>	<u>238,051,771</u>	<u>220,878,111</u>	<u>213,915,875</u>
Excess of Revenues Over (Under) Exp	<u>2,434,595</u>	<u>(6,649,332)</u>	<u>(9,071,754)</u>	<u>423,999</u>	<u>2,066,098</u>
<b>Other Financing Sources (Uses)</b>					
Bond Proceeds	22,055,000	25,138,458	-	43,067,351	-
Note Proceeds	-	-	-	-	1,502,613
Lease Proceeds	-	52,909	-	-	-
Transfers in	45,592,465	22,099,147	32,109,191	47,237,620	17,883,637
Transfers out	(45,592,465)	(22,099,147)	(32,109,191)	(47,237,620)	(17,883,637)
Loss on Guaranteed Debt	-	-	-	-	(3,587)
Payment to bond refunding escrow agent	-	(25,040,294)	-	(13,110,457)	-
Payment of Loan Guarantee	-	-	-	-	(1,502,613)
Premium Related to Debt Issuance	596,855	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>22,651,855</u>	<u>151,073</u>	<u>-</u>	<u>29,956,894</u>	<u>(3,587)</u>
<b>Net Change in Fund Balances</b>	<u>\$ 25,086,450</u>	<u>\$ (6,498,259)</u>	<u>\$ (9,071,754)</u>	<u>\$ 30,380,893</u>	<u>\$ 2,062,511</u>
Debt Service as a percentage of noncapital expenditures	2.07%	2.44%	2.83%	2.16%	2.20%

\*We started collecting Hotel Room Rental Tax in 2001. We have added this as a separate line to our presentation,

Year				
<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$47,071,141	\$ 44,226,824	\$ 42,649,580	\$ 41,859,556	\$ 39,893,644
1,755,905	1,791,460	1,248,089	-	-
142,684,269	138,148,469	127,235,880	114,748,767	103,703,836
13,776,582	13,154,120	12,082,214	11,277,654	11,047,454
538,534	750,773	1,597,463	2,440,730	1,887,825
586,637	343,477	1,181,724	676,704	582,810
<u>206,413,068</u>	<u>198,415,123</u>	<u>185,994,950</u>	<u>171,003,411</u>	<u>157,115,569</u>
9,623,077	8,076,003	9,608,423	9,068,843	7,128,097
17,880,233	16,514,108	15,299,044	14,516,645	14,099,936
30,925,184	26,804,420	28,483,551	27,029,647	25,092,981
128,048,033	127,388,035	116,406,658	102,546,282	91,922,846
6,662,758	5,854,127	5,420,319	5,435,396	4,899,357
813,291	705,264	742,380	809,352	667,580
5,296,210	5,406,807	5,270,967	4,464,604	4,079,915
310,225	66,589	1,901,508	11,447	26,496
4,010,995	3,274,740	3,191,872	2,561,524	4,411,749
1,530,000	1,530,000	1,385,000	1,330,000	1,275,000
1,272,547	1,884,125	2,255,168	2,300,737	2,271,625
-	-	-	-	-
<u>206,372,553</u>	<u>197,504,218</u>	<u>189,964,890</u>	<u>170,074,477</u>	<u>155,875,582</u>
40,515	910,905	(3,969,940)	928,934	1,239,987
42,568,487	10,336,809	-	-	-
-	-	-	-	-
-	-	-	-	-
15,008,622	15,282,121	15,086,228	14,001,605	12,851,273
(15,008,622)	(15,282,121)	(15,086,228)	(14,001,605)	(12,851,273)
(89,819)	-	-	-	-
(22,175,431)	(9,891,888)	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>20,303,237</u>	<u>444,921</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 20,343,752</u>	<u>\$ 1,355,826</u>	<u>\$ (3,969,940)</u>	<u>\$ 928,934</u>	<u>\$ 1,239,987</u>
1.38%	1.76%	1.95%	2.17%	2.34%

COUNTY OF ERIE, PENNSYLVANIA  
Program Revenues by Function / Program  
Last Eight Years  
(accrual basis of accounting)

Function/Program	Year			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental Activities				
General Government	\$2,830,635	\$2,790,302	\$4,093,473	\$2,915,562
Courts and Related Offices	9,521,863	9,371,053	9,361,704	9,212,200
Corrections	14,402,695	14,368,315	13,599,958	15,175,231
Community Services	230,283,490	182,770,989	134,319,792	131,719,161
Public Health	6,684,597	5,238,959	5,219,096	5,262,967
Public Works	757,336	838,851	710,444	784,146
Library	2,267,679	2,248,794	2,065,867	2,554,711
<i>Total Primary Government</i>	<u><u>\$266,748,295</u></u>	<u><u>\$217,627,263</u></u>	<u><u>\$169,370,334</u></u>	<u><u>\$167,623,978</u></u>

Year			
<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$2,434,591	\$2,320,238	\$2,218,223	\$1,920,441
9,903,038	10,586,656	9,055,547	8,614,926
15,823,814	14,961,499	14,575,680	14,458,612
127,943,696	120,042,324	117,470,241	107,211,947
5,388,951	5,421,439	4,641,591	4,142,863
770,019	766,390	779,986	739,056
1,840,802	2,364,714	2,561,321	2,230,249
<u>\$164,104,911</u>	<u>\$156,463,260</u>	<u>\$151,302,589</u>	<u>\$139,318,094</u>

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COUNTY OF ERIE, PENNSYLVANIA  
Assessed Value and Actual Value of Taxable Property  
Last Ten Years

Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Other	Total Assessed Value	Total Market Value	Ratio of Assessed to Market Value	Total Direct Tax Rate
1999	n/a	n/a	n/a	n/a	n/a	\$ 804,559,592	\$ 9,578,090,381	8.40%	0.05100
2000	545,731,645	146,181,207	39,009,704	65,155,487	6,739,977	802,818,020	9,790,463,659	8.20%	0.05300
2001	550,675,075	153,848,184	39,414,548	61,493,365	6,521,184	811,952,356	10,277,877,924	7.90%	0.05300
2002	559,810,609	159,043,836	39,288,592	62,717,865	6,480,662	827,341,564	10,606,943,128	7.80%	0.05425
2003	7,063,614,155	2,147,408,076	316,777,577	867,350,430	-	10,395,150,238	10,395,150,238	100.00%	0.00460
2004	7,084,532,777	2,138,820,767	309,768,769	841,409,390	5,608,370	10,380,140,073	11,307,342,127	91.80%	0.00468
2005	7,202,602,194	2,176,364,545	343,230,740	844,931,271	-	10,567,128,750	11,940,258,475	88.50%	0.00468
2006	7,434,147,045	2,279,989,201	356,028,940	878,780,874	-	10,948,946,060	12,911,492,995	84.80%	0.00495
2007	7,504,482,947	2,332,548,760	350,281,740	891,912,354	-	11,079,225,801	13,201,745,283	83.92%	0.00495
2008	7,565,349,956	2,377,296,431	350,063,830	892,996,494	-	11,185,706,711	13,509,307,622	82.80%	0.00520

Note: The County Reassessment became effective in 2003

Source: 1999-2008 County of Erie Assessment Bureau

COUNTY OF ERIE, PENNSYLVANIA  
Direct and Overlapping Property Tax Rates  
Last Ten Years  
(rates per \$1 of assessed value)

County	<u>Year Taxes are Payable</u>				
	2008	2007	2006	2005	2004
Erie County	0.0052000	0.0049500	0.0049500	0.0046800	0.0046800
<b>Township or Boro</b>					
Albion Boro	0.0020600	0.0020600	0.0020600	0.0020600	0.0020600
Amity Township	0.0014000	0.0014000	0.0013000	0.0013000	0.0013000
Concord Township	0.0002300	0.0002300	0.0002300	0.0002300	0.0002300
Conneaut Township	0.0003350	0.0003350	0.0003350	0.0003350	0.0003350
Corry City	0.0072500	0.0072500	0.0066000	0.0066000	0.0068500
Cranesville Boro	0.0012700	0.0012700	0.0012700	0.0012700	0.0012700
Edinboro Boro	0.0053500	0.0033500	0.0033500	0.0023000	0.0023000
Elgin Boro	0.0007500	0.0007500	0.0007500	0.0007500	0.0007500
Elk Creek Township	0.0023500	0.0023500	0.0023500	0.0023500	0.0013500
Erie City	0.0114500	0.0114500	0.0102100	0.0097100	0.0097100
Fairview Boro	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
Fairview Township	0.0009500	0.0009500	0.0009500	0.0009500	0.0008500
Franklin Township	0.0028000	0.0028000	0.0014000	0.0013000	0.0013000
Girard Boro	0.0017800	0.0012800	0.0012800	0.0012800	0.0012800
Girard Township	0.0010370	0.0010370	0.0010370	0.0010370	0.0010370
Greene Township	0.0015900	0.0014500	0.0014500	0.0012900	0.0012900
Greenfield Township	0.0021000	0.0021000	0.0020000	0.0019000	0.0018400
Harborcreek Township	0.0011920	0.0011920	0.0011920	0.0011920	0.0011920
Lake City Boro	0.0027003	0.0027003	0.0027003	0.0027003	0.0027003
Lawrence Park Township	0.0027500	0.0027500	0.0027500	0.0027500	0.0027500
LeBouef Township	0.0004200	0.0004200	0.0004200	0.0004200	0.0004200
McKean Township	0.0010000	0.0010000	0.0010000	0.0009000	0.0009000
McKean Boro	0.0011000	0.0011000	0.0011000	0.0011000	0.0011000
Millcreek Township	0.0024594	0.0024594	0.0024594	0.0024594	0.0025498
Mill Village Boro	0.0013000	0.0009560	0.0009560	0.0009560	0.0008690
North East Boro - 1st Ward	0.0036200	0.0036200	0.0036200	0.0036200	0.0022200
North East Boro - 2nd Ward	0.0036200	0.0036200	0.0036200	0.0036200	0.0022200
North East Township	0.0012640	0.0012640	0.0012640	0.0012640	0.0012640
Platea Boro	0.0013000	0.0013000	0.0013000	0.0013000	0.0013000
Springfield Township	0.0004360	0.0004360	0.0004360	0.0004360	0.0004360
Summit Township	0.0007000	0.0007000	0.0007000	0.0007000	0.0007300
Union City Boro - 1st Ward	0.0045000	0.0045000	0.0035000	0.0035000	0.0035000
Union City Boro - 2nd Ward	0.0045000	0.0045000	0.0035000	0.0035000	0.0035000
Union Township	0.0012000	0.0012000	0.0012000	0.0012000	0.0010000
Venango Township	0.0014000	0.0013000	0.0011000	0.0010000	0.0010000
Washington Township	0.0008100	0.0008100	0.0008100	0.0008100	0.0008100
Waterford Boro	0.0013500	0.0013500	0.0013500	0.0013500	0.0013500
Waterford Township	0.0018000	0.0014000	0.0010000	0.0008000	0.0008000
Wattsburg Boro	0.0050000	0.0050000	0.0020000	0.0020000	0.0009000
Wayne Township	0.0015000	0.0015000	0.0015000	0.0013800	0.0012500
Wesleyville Boro	0.0077730	0.0072730	0.0072730	0.0062730	0.0062730

COUNTY OF ERIE, PENNSYLVANIA  
 Direct and Overlapping Property Tax Rates  
 Last Ten Years  
 (rates per \$1 of assessed value)

<b>School District</b>	<u>Year Taxes are Payable</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Corry Area	0.0184506	0.0184506	0.0184990	0.0184850	0.0163710
Erie City	0.0170687	0.0170687	0.0170687	0.0164187	0.0164187
Fairview	0.0176800	0.0172400	0.0167400	0.0162600	0.0153900
Fort LeBoeuf	0.0135600	0.0135600	0.0135600	0.0135600	0.0135600
General McLane	0.0132600	0.0132600	0.0130300	0.0126000	0.0126000
Girard	0.0160500	0.0160500	0.0157500	0.0151500	0.0148500
Harborcreek Township	0.0157100	0.0152100	0.0147100	0.0147100	0.0140600
Iroquois	0.0215000	0.0215000	0.0215000	0.0215000	0.0180000
Millcreek Township	0.0141400	0.0141400	0.0141400	0.0137700	0.0131200
North East	0.0151300	0.0146500	0.0143600	0.0140800	0.0130800
Northwestern	0.0100000	0.0100000	0.0097000	0.0097000	0.0097000
Union City Area	0.0118900	0.0118800	0.0116161	0.0123700	0.0123700
Wattsburg Area	0.0150000	0.0146500	0.0146500	0.0144000	0.0140761

\*\*Prior to 2003 values were based on 40% of assessed value for all taxing bodies except for the following:

Corry City	100% Assessed Value
Erie City	100% Assessed Value
Erie School	100% Assessed Value

After 2003 the tax rates are based on 100% of assessed value, which is the rate levied, except as follows:

Corry School

Year Taxes are Payable

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
0.0046000	0.0542500	0.0530000	0.0053000	0.0510000
0.0020000	0.0280000	0.0280000	0.0280000	0.0280000
0.0013000	0.0170000	0.0170000	0.0170000	0.0170000
0.0002300	0.0030000	0.0030000	0.0030000	0.0030000
0.0003350	0.0050000	0.0050000	0.0050000	0.0050000
0.0061900	0.0725000	0.0725000	0.0725000	0.0725000
0.0012700	0.0170000	0.0170000	0.0170000	0.0170000
0.0020500	0.0260000	0.0260000	0.0230000	0.0190000
0.0007500	0.0100000	0.0100000	0.0100000	0.0100000
0.0009924	0.0140000	0.0140000	0.0140000	0.0140000
0.0099100	0.1074500	0.1074500	0.1074500	0.1074500
0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
0.0008500	0.0105000	0.0105000	0.0080000	0.0080000
0.0013000	0.0170000	0.0170000	0.0170000	0.0170000
0.0012800	0.0150000	0.0150000	0.0150000	0.0150000
0.0010370	0.0120000	0.0120000	0.0120000	0.0120000
0.0011880	0.0160000	0.0140000	0.0140000	0.0140000
0.0017700	0.0250000	0.0250000	0.0250000	0.0250000
0.0011920	0.0140000	0.0140000	0.0140000	0.0140000
0.0027003	0.0300000	0.0270000	0.0220000	0.0220000
0.0020000	0.0225000	0.0225000	0.0225000	0.0225000
0.0004200	0.0060000	0.0060000	0.0060000	0.0060000
0.0009000	0.0120000	0.0120000	0.0120000	0.0120000
0.0011000	0.0180000	0.0180000	0.0180000	0.0180000
0.0025498	0.0222500	0.0200000	0.0200000	0.0170000
0.0008690	0.0130000	0.0110000	0.0110000	0.0110000
0.0022200	0.0280000	0.0279000	0.0279000	0.0279000
0.0022200	0.0280000	0.0279000	0.0279000	0.0279000
0.0012640	0.0150000	0.0150000	0.0150000	0.0150000
0.0013000	0.0170000	0.0170000	0.0150000	0.0130000
0.0004360	0.0060000	0.0060000	0.0060000	0.0060000
0.0007300	0.0090000	0.0090000	0.0090000	0.0090000
0.0035000	0.0445000	0.0445000	0.0435000	0.0435000
0.0035000	0.0445000	0.0445000	0.0435000	0.0435000
0.0008500	0.0110000	0.0080000	0.0080000	0.0080000
0.0010000	0.0140000	0.0140000	0.0100000	0.0100000
0.0008100	0.0110000	0.0110000	0.0110000	0.0110000
0.0013500	0.0190000	0.0190000	0.0190000	0.0190000
0.0007000	0.0100000	0.0100000	0.0100000	0.0100000
0.0006000	0.0100000	0.0100000	0.0100000	0.0100000
0.0012500	0.0140000	0.0140000	0.0140000	0.0140000
0.0037730	0.0410000	0.0350000	0.0350000	0.0350000

Year Taxes are Payable

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
0.0159600	0.1920000	0.1281000	0.1687400	0.1619100
0.0164187	0.1678750	0.1582500	0.1462500	0.1400000
0.0145700	0.1660000	0.1620000	0.1555000	0.1505000
0.0115600	0.1560000	0.1505000	0.1505000	0.1485000
0.0117000	0.1570000	0.1500000	0.1360000	0.1270000
0.0142500	0.1740000	0.1710000	0.1620000	0.1590000
0.0133750	0.1625000	0.1560000	0.1500000	0.1435000
0.0167500	0.1887500	0.1815000	0.1742500	0.1670000
0.0124900	0.1439000	0.1400000	0.1355000	0.1335000
0.0130800	0.1550000	0.1500000	0.1500000	0.1500000
0.0092030	0.1380000	0.1370000	0.1370000	0.1370000
0.0105700	0.1430000	0.1430000	0.1430000	0.1430000
0.0125261	0.1757000	0.1647000	0.1647000	0.1647000

COUNTY OF ERIE, PENNSYLVANIA  
Principal Property Tax Payers  
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2008</u>			<u>1999</u>		
	<u>100% Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>	<u>40% Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>
Baldwin Brothers	\$ 109,328,405	1	0.98%	\$ 19,774,060	1	2.50%
Millcreek Mall/Cafaro	101,880,100	2	0.91%	16,142,730	2	2.04%
Scott Development Enterprise	59,240,150	3	0.53%	5,502,820	6	0.70%
Presque Isle Downs	42,850,800	4	0.38%	-----	-----	-----
Developers Diversified	42,358,800	5	0.38%	7,260,360	4	0.92%
Wal Mart	37,407,640	6	0.33%	-----	-----	-----
Erie Indemnity	33,136,190	7	0.30%	12,496,430	3	1.58%
Pastore Brothers, et al	28,639,800	8	0.26%	5,875,520	5	0.74%
Palermo, et al	17,632,650	9	0.16%	-----	-----	-----
General Electric Company	17,480,400	10	0.16%	5,261,380	7	0.66%
International Paper	-----	-----	-----	4,231,000	8	0.53%
Granada Apartments	-----	-----	-----	4,083,750	9	0.52%
Wegmans	-----	-----	-----	3,034,690	10	0.38%
<b>Total</b>	<u><u>489,954,935</u></u>		<u><u>4.38%</u></u>	<u><u>83,662,740</u></u>		<u><u>10.57%</u></u>
Assessed Value of All Properties	<u><u>11,185,706,711</u></u>			<u><u>791,261,544</u></u>		

Note: Reassessment was effective in 2003 and the assessed value basis was changed to 100% of the assessed value.

COUNTY OF ERIE, PENNSYLVANIA  
Property Tax Levies and Collections  
Last Ten Years

Fiscal Year	Tax Levied for the Fiscal Year		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Total Collections to Date		
	(Original Levy)	Adjustments		Amount	Percentage of Original Levy	Collections in Subsequent Year	Amount	Percentage of Adjusted Levy
1999	\$ 40,354,338	\$ -	\$ 40,354,338	\$ 38,343,747	95.02%	\$ 1,549,297	\$ 39,893,044	98.86%
2000	42,641,658	(529,944)	42,111,714	40,201,902	95.46%	1,657,654	41,859,556	99.40%
2001	43,677,502	(587,252)	43,090,250	40,909,364	94.94%	1,740,216	42,649,580	98.98%
2002	45,509,177	(773,353)	44,735,824	42,448,150	94.89%	1,778,674	44,226,824	98.86%
2003	48,365,798	(914,489)	47,451,309	44,977,135	94.79%	2,094,006	47,071,141	99.20%
2004	48,601,589	247,691	48,849,280	46,890,067	95.99%	2,002,181	48,892,248	100.09%
2005	49,454,162	326,846	49,781,008	47,204,996	94.83%	2,434,185	49,639,181	99.72%
2006	53,446,351	115,246	53,561,597	50,728,312	94.71%	2,889,163	53,617,475	100.10%
2007	54,197,408	(61,997)	54,135,411	51,772,942	95.64%	2,629,767	54,402,709	100.49%
2008	57,611,976	(65,399)	57,546,577	55,930,659	97.19%	2,902,329	58,832,988	102.24%

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COUNTY ERIE, PENNSYLVANIA  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

General Bonded Debt Outstanding

Year	* General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Note Payable	Capital Leases	Total	Percentage of Personal Income (a)	Percentage of Actual Value (b) of Taxable Property	Per Capita (a)	Total Assessed Value	Population	Personal Income (thousands of dollar)
1999	\$ 45,885,000	\$(5,145,000)	\$ -	\$ 643,570	\$ 40,740,000	0.62%	5.06%	\$144.83	804,559,592	281,294	\$ 6,622,502
2000	45,729,000	(4,842,000)	-	553,157	40,887,000	0.59%	5.09%	\$145.59	802,818,020	280,843	6,888,231
2001	40,929,000	(4,459,000)	-	469,052	36,470,000	0.53%	4.49%	\$129.44	811,952,356	281,749	6,901,666
2002	38,397,000	(3,942,000)	23,541	390,815	34,455,000	0.49%	4.16%	\$121.98	827,341,564	282,475	7,067,409
2003	55,094,000	(3,532,000)	18,585	318,036	51,562,000	0.72%	0.50%	\$182.27	10,395,150,238	282,892	7,150,057
2004	52,374,000	(2,939,000)	1,432,061	250,335	49,435,000	0.66%	0.48%	\$176.03	10,380,140,073	280,833	7,461,484
2005	123,447,363	(2,480,000)	1,313,171	187,357	120,967,363	1.58%	1.14%	\$431.74	10,567,128,750	280,184	7,677,456
2006	119,841,238	(2,043,000)	1,187,973	128,773	117,798,238	1.46%	1.08%	\$420.99	10,948,946,060	279,811	8,045,653
2007	118,225,912	(1,828,000)	1,057,845	126,892	116,397,912	*	1.05%	\$415.05	11,079,225,801	280,446	*
2008	136,936,025	(4,921,357)	923,706	37,827	132,014,668	*	1.18%	\$472.87	11,185,706,711	279,175	*

(a) Population and personal income data can be found on page 150

(b) Property data can be found on page 135

\* Information not yet available

Note: The County changed its assessed value in 2003 from 40% to 100% of market value

\* The General Obligation Bonds above include both Nonelectoral and Lease Rental debt from page 148

COUNTY OF ERIE, PENNSYLVANIA  
Direct and Overlapping Governmental Activities Debt  
as of December 31, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
<b>Cities:</b>			
Corry	\$ -	100.00%	\$ -
Erie	111,128,241	100.00%	111,128,241
<b>Total Cities</b>	<u>111,128,241</u>		<u>111,128,241</u>
<b>Boroughs:</b>			
Albion	743,009	100.00%	743,009
Cranesville	-	100.00%	-
Edinboro	657,797	100.00%	657,797
Elgin	-	100.00%	-
Girard	701,665	100.00%	701,665
Lake City	1,032,018	100.00%	1,032,018
McKean	-	100.00%	-
Mill Village	n/a	100.00%	n/a
North East	4,874,581	100.00%	4,874,581
Platea	-	100.00%	-
Union City	19,575	100.00%	19,575
Waterford	-	100.00%	-
Wattsburg	-	100.00%	-
Wesleyville	156,909	100.00%	156,909
<b>Total Boroughs</b>	<u>8,185,554</u>		<u>8,185,554</u>
<b>Townships:</b>			
Amity	-	100.00%	-
Concord	-	100.00%	-
Conneaut	52,888	100.00%	52,888
Elk Creek	26,204	100.00%	26,204
Fairview	1,028,326	100.00%	1,028,326
Franklin	257,185	100.00%	257,185
Girard	-	100.00%	-
Greene	-	100.00%	-
Greenfield	31,125	100.00%	31,125
Harborcreek	667,092	100.00%	667,092
Lawrence Park	457,432	100.00%	457,432
LeBoeuf	-	100.00%	-
McKean	5,272,196	100.00%	5,272,196
Millcreek	20,783,668	100.00%	20,783,668
North East	13,800	100.00%	13,800
Springfield	25,000	100.00%	25,000
Summit	-	100.00%	-
Union	45,000	100.00%	45,000
Venango	260,000	100.00%	260,000
Washington	6,769,243	100.00%	6,769,243
Waterford	24,698	100.00%	24,698
Wayne	214,391	100.00%	214,391
<b>Total Townships</b>	<u>35,928,248</u>		<u>35,928,248</u>

COUNTY OF ERIE, PENNSYLVANIA  
 Direct and Overlapping Governmental Activities Debt  
 as of December 31, 2008  
 (Continued)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>School Districts:</b>			
City of Erie	\$ 111,046,608	100.00%	\$ 111,046,608
Corry Area	26,811,431	100.00%	26,811,431
Fairview	25,736,842	100.00%	25,736,842
Ft. LeBoeuf	29,691,899	100.00%	29,691,899
General McLane	24,110,670	100.00%	24,110,670
Girard	26,295,000	100.00%	26,295,000
Harborcreek	24,360,399	100.00%	24,360,399
Iroquois Area	30,020,000	100.00%	30,020,000
Millcreek	58,123,947	100.00%	58,123,947
North East	20,726,922	100.00%	20,726,922
Northwestern	8,962,429	100.00%	8,962,429
Union City Area	10,955,000	100.00%	10,955,000
Wattsburg Area	29,320,543	100.00%	29,320,543
<b>Total School Districts</b>	<u>426,161,690</u>		<u>426,161,690</u>
Subtotal Overlapping Debt	<u>\$ 581,403,733</u>		<u>\$ 581,403,733</u>
Total Direct Debt			
Total Direct and Overlapping Debt			<u>\$ 581,403,733</u>

n/a = information not available

Note: Percentage of overlap based on assessed property values  
 Source: Erie County Municipalities and School Districts

COUNTY OF ERIE, PENNSYLVANIA  
Ratios of General Obligation Bonds Outstanding and Legal Debt Margin  
Last Ten Years

	Year				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Assessed Value of Property	\$ 804,559,592	\$ 802,818,020	\$ 811,952,356	\$ 827,341,564	\$ 10,395,150,238
Percentage of net debt to assessed value	3.34%	3.21%	3.03%	2.66%	0.38%
Population	281,294	280,843	281,749	282,475	282,892
Net bonded debt per capita in dollars	96	92	87	78	140
Debt Limit 300% of average gross revenue	545,788,961	591,432,831	623,781,096	651,153,056	664,744,809
<u>Amount of Debt Applicable to Limit</u>					
General Obligation Bonds	34,140,000	32,810,000	31,425,000	30,030,000	47,555,000
Less: Resources Restricted to Paying Principal	<u>(7,239,942)</u>	<u>(7,076,089)</u>	<u>(6,862,448)</u>	<u>(8,058,155)</u>	<u>(7,854,425)</u>
Total net debt applicable to limit	26,900,058	25,733,911	24,562,552	21,971,845	39,700,575
Legal Debt Margin	518,888,903	565,698,920	599,218,544	629,181,211	625,044,234
Total net debt applicable to the limit as a percentage of debt limit	4.93%	4.35%	3.94%	3.37%	5.97%

Year				
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 10,380,140,073	\$ 10,567,128,750	\$ 10,948,946,060	\$ 11,079,225,801	\$ 11,185,706,711
0.37%	0.62%	0.58%	0.56%	0.73%
280,833	280,184	279,811	280,446	279,175
136	234	227	220	291
698,376,009	723,547,860	748,838,606	814,429,000	926,390,630
45,720,000	72,315,000	69,580,000	68,800,000	88,325,000
(7,423,874)	(6,624,954)	(6,168,694)	(7,211,971)	(7,196,475)
<u>38,296,126</u>	<u>65,690,046</u>	<u>63,411,306</u>	<u>61,588,029</u>	<u>81,128,525</u>
660,079,883	657,857,814	685,427,300	752,840,971	845,262,105
5.48%	9.08%	8.47%	7.56%	8.76%

COUNTY OF ERIE  
Debt Statement Pursuant to Local Government Unit Debt Act  
Statement as of December 31, 2008

	Electoral	Nonelectoral	Lease Rental
<b>I. GROSS INCURRED DEBT</b>			
Bonds Outstanding			
1977 Housing Authority (guarantee only)	\$ -	\$ -	\$ 985,000
1993 Hospital Authority for Pleasant Ridge Manor	-	-	1,312,319
1995 Higher Education Building Authority (guarantee only)	-	-	923,706
2003 G.O. Bond	-	25,165,000	-
2004 Erie County Convention Center Authority (guarantee only)	-	-	45,390,000
2005 G.O. Bond	-	15,750,000	-
2007 G. O. Bond	-	25,355,000	-
2008 G.O. Bond	-	22,055,000	-
Total gross incurred debt	-	88,325,000	48,611,025
<b>II. CREDITS AND EXCLUSIONS</b>			
Less:			
Sinking funds, reserve accounts, bond proceeds	-	1,808,665	2,954,390
Current appropriations	-	-	-
Uncollected special assessments	-	-	-
Delinquent taxes and liens	-	5,387,810	-
Surplus cash	-	-	-
Solvent debts due	-	-	-
Indemnifying insurance	-	-	-
Self-liquidating debt	-	-	-
Totals	-	7,196,475	2,954,390
Net indebtedness	\$ -	\$ 81,128,525	\$ 45,656,635
Percentage of Legal Debt Limitation	0.00%	9.06%	3.83%
<b>III. Aggregate principle amount of bonds or notes being issued or evidencing lease rental debt:</b>			
2008 Pleasant Ridge Manor letter of credit			\$ 2,200,000
2008 Pleasant Ridge Manor line of credit			1,000,000
			\$ 3,200,000

Notes: The 2008 Line of Credit for Pleasant Ridge Manor (guarantee only) balance @ 12/31/08 was \$0.00



COUNTY OF ERIE, PENNSYLVANIA  
Demographic and Economic Statistics  
Last Ten Years

Year	(1)	(2)	(2)	(3)			(4)	(4)	(5)
	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Elementary/Secondary School Enrollment			Employed Persons	Unemployment Rate	Number of Building Permits
				Public	Private	Total			
1999	281,294	\$ 6,622,502	\$ 23,543	43,326	9,699	53,025	133,500	5.00%	3,516
2000	280,843	6,888,231	24,538	43,137	9,702	52,839	133,400	5.00%	3,310
2001	281,749	6,901,666	24,504	42,727	9,369	52,096	135,000	5.80%	3,635
2002	282,475	7,078,675	25,068	42,322	9,139	51,461	133,700	7.40%	3,531
2003	282,892	7,218,648	25,505	41,980	8,764	50,744	130,700	7.00%	3,473
2004	280,833	7,516,373	26,764	41,978	8,115	50,093	131,400	6.30%	4,400
2005	280,184	7,754,000	27,676	42,076	7,381	49,457	133,700	5.40%	3,591
2006	279,811	*	*	42,008	6,810	48,818	133,600	5.20%	3,768
2007	280,446	*	*	41,897	6,446	48,343	134,000	5.50%	3,357
2008	279,175	*	*	41,343	6,164	47,507	134,200	6.20%	3,061

\* Information not yet available

Sources:

- (1) 1998 - 2008 PA Dept of Labor and Industry
- (2) Pennsylvania Department of Labor and Industry  
Bureau of Economic Analysis - 2005
- (3) Pennsylvania Department of Education, Bureau of Information Systems
- (4) Center for Workforce Information, Pennsylvania Department of Labor and Industry
- (5) Erie County Assessment Bureau

County of Erie, Pennsylvania  
Principal Employers  
Current Year and Ten Years Ago

(A) Company Name	Product or Service	2008			1999		
		(B) Number of Employees	Rank	Percentage of total County Employment	(C) Number of Employees	Rank	Percentage of total County Employment
General Electric Company	Locomotive Manufacturing	4,000	1	2.98%	5,500	1	4.11%
Hamot Medical Center	Health Related	2,500	2	1.86%	1,500	3	1.12%
Saint Vincent Health Center	Health Related	2,200	3	1.64%	2,000	2	1.49%
Erie Indemnity Company	Insurance	2,000	4	1.49%	1,300	5	0.97%
City of Erie School District	Public Education	1,600	5	1.19%	1,200	6	0.90%
Wal-Mart	Department/Grocery Store	1,600	6	1.19%	-----	-----	-----
United States Government	Federal Government	1,400	7	1.04%	1,150	7	0.86%
Verizon	Public Utility	1,200	8	0.89%	-----	-----	-----
Plastek Industries	Plastics Manufacturing	1,200	9	0.89%	-----	-----	-----
County of Erie	County Government	1,174	10	0.87%	-----	-----	-----
Pennsylvania State Government	State Government	-----	-----	-----	1,300	4	0.97%
Wegman's Food Markets	Supermarkets	-----	-----	-----	1,100	9	0.82%
International Paper Company	Paper & Pulp Manufacturing	-----	-----	-----	1,150	8	0.86%
Tamarkin Company	Supermarkets (Giant Eagle)	-----	-----	-----	1,000	10	0.75%
		<u>18,874</u>		<u>14.06%</u>	<u>17,200</u>		<u>12.86%</u>

(A) Source: Center for Workforce Information, Erie City Office  
Pennsylvania Department of Labor & Industry

(B) 2005 Erie Regional Chamber and Growth Partnership

(C) Erie County Planning Department generalization for relative comparison.

County of Erie, Pennsylvania  
 Full Time Equivalent County Government Employees by Function  
 Last Ten Fiscal Years

Full Time Equivalent Employees as of December 31

<u>Function/Program</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
<i>General Government</i>	94.0	99.0	94.5	84.5	82.5	84.5	84.5	80.5	82.5	79.5
<i>Courts and Court Related</i>	298.0	328.0	319.0	313.0	313.5	314.5	309.5	298.0	282.0	271.0
<i>Corrections</i>	309.0	306.0	327.5	324.0	312.0	312.5	306.5	302.0	300.5	291.0
<i>Community Service</i>	275.0	264.0	257.0	251.0	235.0	232.0	230.0	230.0	210.0	202.0
<i>Library</i>	72.0	94.0	80.5	84.0	78.5	80.5	82.0	81.5	74.0	66.0
<i>Public Health</i>	79.0	83.0	82.5	80.5	80.5	86.0	85.0	80.0	78.0	78.0
<i>Total</i>	<u>1,127.0</u>	<u>1,174.0</u>	<u>1,161.0</u>	<u>1,137.0</u>	<u>1,102.0</u>	<u>1,110.0</u>	<u>1,097.5</u>	<u>1,072.0</u>	<u>1,027.0</u>	<u>987.5</u>

Source: County of Erie Workforce Report

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**COUNTY OF ERIE, PENNSYLVANIA**  
**Operating Indicators by Function**  
**Last Ten Years**

<b>Function/Program</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>General Government</b>					
Receipts written	11,330	11,304	11,282	10,366	7,102
Checks written	53,223	51,376	50,645	49,791	50,744
Purchase orders issued	3,457	3,271	3,545	3,154	2,903
Ordinances and resolutions passed	320	235	259	218	220
Entry for Claims	10,681	12,302	10,666	11,595	11,680
Licenses issued (fishing, hunting, dog, doe, bingo)	32,496	25,957	26,542	26,117	27,904
Building permits monitored	3,061	3,357	3,768	3,591	4,732
Total taxable parcels	118,913	118,506	118,506	117,948	n/a
Total exempt parcels	4,407	4,298	4,299	3,919	n/a
Retired employees	15	12	18	23	78
Pension fund transactions processed	345	346	322	264	365
Full time employees	1,127	1,127	1,109	1,079	1,065
Part time employees	57	67	67	75	72
Deeds, mortgages, other recorded	33,160	38,875	40,611	45,328	50,155
Coroner cases	470	392	428	412	398
Autopsies performed	144	146	176	183	158
Discharged military personnel registered with Veteran Affairs	138	179	174	155	142
Bids received and opened	65	89	75	76	71
Special audits conducted	5	5	6	6	4
Fraud hotline calls received	25	27	28	37	16
<b>Courts and Court Related</b>					
New criminal cases	3002	3,075	3,282	3,288	3,176
Jury trials	102	97	128	142	165
Non-jury trials	38	25	30	14	12
Criminal sentencings	2124	2,479	2,663	2,584	2,421
New civil cases	2868	2,108	1,621	1,401	1,349
Jury trials	18	14	15	20	28
Non-jury trials	8	7	15	15	15
Traffic citations (in thousands)	24	24	26	38	44
Summary offenses (in thousands)	13	13	14	15	14
Civil cases filed (in thousands [District Justice offices])	6	7	6	6	5
Criminal cases filed (in thousands [District Justice offices])	5	6	6	7	6
New support petitions filed	3307	3,487	3,802	3,620	3,893
Modified petitions filed	2606	2,967	3,368	3,450	3,350
Support conferences held	9506	10,422	10,382	10,330	10,858
Support court hearings	270	303	347	387	421
Contempt court hearings	1557	1,942	1,991	2,055	1,648
Support collections (in millions)	42	41	41	41	40
Warrants processed	2693	3,311	2,357	1,891	1,662
Civil papers served	12638	11,205	10,570	8,100	7,981
Sheriff sales	693	716	636	573	600

n/a = information not available

Source: Various County of Erie Departments

**COUNTY OF ERIE, PENNSYLVANIA**  
**Operating Indicators by Function**  
**Last Ten Years**

2003	2002	2001	2000	1999
7,270	7,405	6,539	6,274	6,136
45,467	n/a	n/a	n/a	n/a
2,766	2,854	2,690	2,086	2,879
209	177	188	179	174
11,213	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
3,667	3,774	4,224	3,645	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
16	22	9	9	20
199	216	179	207	n/a
1,076	1,060	1,037	997	947
68	74	71	63	50
66,857	64,516	49,937	42,310	52,509
399	452	422	420	437
130	100	144	194	214
171	184	194	201	153
50	48	67	15	15
4	4	4	4	4
n/a	n/a	n/a	n/a	n/a
2,764	2,978	2,790	2,963	2,772
155	131	119	109	119
18	11	7	20	13
2,296	2,068	1,782	2,052	1,790
1,102	917	942	974	1,047
25	34	31	23	25
13	17	22	20	18
37	41	42	43	47
15	15	16	16	14
5	5	6	6	6
5	6	5	5	5
3,990	3,701	3,946	3,530	3,813
3,348	3,448	3,631	3,884	3,571
10,942	10,532	11,191	10,074	8,803
358	376	272	316	231
1,955	2,052	1,401	1,222	571
40	40	38	34	32
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
520	422	313	268	218

**COUNTY OF ERIE, PENNSYLVANIA**  
**Operating Indicators by Function**  
**Last Ten Years**

<b>Function/Program</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Corrections</b>				
Adult probation caseloads	2,874	3,112	3,274	3,135
Delinquency petitions	1,223	1,450	1,519	1,315
Delinquents in placement	149	154	163	181
<b>Community Service</b>				
Agricultural Easement Purchases	9	2	4	13
Land Use Reviews	240	254	232	209
Subdivisions and Land Development Reviews	233	281	314	421
HPMS Sample Section Field Reviews	124	121	110	110
Local Bridge Inspection Program Inspections and Traffic Counts	101	85	95	122
Calls received at Emergency 911 center	55	106,127	101,237	103,504
Drug and Alcohol general admissions	2,100	2,893	2,221	1,808
Drug and Alcohol clients authorized	2,488	2,893	2,713	2,241
Drug and Alcohol treatment providers	15	17	19	13
Children and Youth Abuse Referrals	934	859	753	580
Children and Youth intake evaluations	3,234	2,703	2,463	2,377
Children and Youth placements	617	715	994	1,150
Mental Health Mental Retardation clients in various programs	14,436	17,272	22,203	22,582
Cost of Mental Health Mental Retardation services (in millions)	82	83	87	80
Health Choices members in various programs	10,570	7,380	n/a	n/a
Cost of Health Choices services (in millions)	61	21	n/a	n/a
<b>Library</b>				
Bookmobile circulation	42,022	39,055	33,596	38,388
Main library circulation	923,961	829,635	871,716	854,679
Branch library circulation	508,448	624,051	581,819	523,365
<b>Public Health</b>				
Immunization client visits	2,140	2,337	1,961	1,158
Sexually transmitted disease client visits	2,161	2,180	2,328	2,399
Tuberculosis client visits	2,099	1,849	3,899	2,298
Nurse Family Partnership client visits	1,472	1,564	1,306	n/a
Maternal Child Health client visits	1,544	1,338	1,106	n/a
Average daily census in nursing home	354	365	372	356

Note: Health Choices fund established in 07/01/2007

n/a = information not available

2004	2003	2002	2001	2000	1999
3,426	3,427	3,438	3,802	3,740	3,378
1,587	1,492	1,395	1,350	1,391	1,276
188	187	187	188	208	209
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
105,031	97,202	105,974	103,998	114,414	106,650
1,827	1,997	2,512	2,829	2,881	2,615
2,155	2,087	n/a	n/a	n/a	n/a
10	10	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
2,319	1,987	1,748	1,630	1,608	n/a
879	n/a	n/a	n/a	n/a	n/a
20,083	21,005	20,276	17,773	12,453	12,121
78	77	74	62	56	49
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
45,313	50,160	55,156	51,025	42,019	42,060
902,192	878,099	802,933	855,072	735,091	671,703
456,210	734,763	867,309	885,080	838,790	790,280
1,430	1,532	1,781	2,740	3,961	3,236
2,232	2,199	1,970	1,821	1,668	1,616
2,046	2,077	2,372	2,861	2,706	2,898
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
362	355	354	355	386	401

**COUNTY OF ERIE, PENNSYLVANIA**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>General Government</b>										
Buildings	4	4	4	4	4	4	4	4	4	4
Square footage	210,173	210,173	210,173	210,173	209,774	209,774	209,774	209,774	209,774	209,774
Vehicles	7	6	4	3	3	3	3	3	2	2
<b>Courts and Court Related</b>										
Sheriff vehicles	26	27	27	26	25	22	20	17	10	4
Sheriff search and rescue boat	0	0	1	1	0	0	0	0	0	0
Other department vehicles	16	16	15	15	7	7	4	1	2	1
<b>Corrections</b>										
Prison facilities	1	1	1	1	1	1	1	1	1	1
Square footage	177,720	177,720	177,720	177,720	175,320	175,320	175,320	175,320	175,320	175,320
Number of beds	695	695	695	694	694	557	557	557	557	557
Prison vehicles	6	5	5	4	4	4	4	4	4	3
Juvenile Detention center square footage	11,704	11,704	11,704	11,704	11,704	11,704	11,704	11,704	11,704	11,704
Juvenile Detention center beds	20	20	20	20	20	20	20	20	20	20
Probation vehicles	15	15	18	15	11	11	10	10	9	8
<b>Community Service</b>										
Human Services Building	1	1	1	1	1	1	1	1	1	1
Square footage	39,844	39,844	39,844	39,844	39,844	39,844	39,844	39,844	39,844	39,844
Emergency Management vehicles	18	19	16	13	5	3	3	3	3	3
Emergency Management watercraft	3	3	3							
Dependent Shelter square footage	7,462	7,462	7,462	7,462	7,462	7,462	7,462	7,462	7,462	7,462
Dependent Shelter beds	8	8	8	8	8	8	8	8	8	8
<b>Public Health</b>										
Buildings	2	2	2	2	2	2	2	2	1	1
Square footage	27,168	27,168	27,168	27,168	27,168	27,168	27,168	27,168	27,000	27,000
Health Department vehicles	5	5	5	10	6	4	4	1	1	1
Number of nursing homes*	2	2	2	2	2	2	2	2	2	2
Combined nursing home square footage	237,278	237,278	237,278	237,278	237,278	237,278	237,278	232,792	232,792	232,792
Average number of beds*	388	388	388	388	390	402	387	395	432	441
<b>Library</b>										
Blasco Memorial Library	1	1	1	1	1	1	1	1	1	1
Blasco square footage	158,200	158,200	158,200	158,200	158,200	158,200	155,000	155,000	155,000	155,000
Branch libraries	4	4	4	4	4	6	6	6	6	6
Combined branch square footage*	22,652	15,922	15,922	15,922	15,922	22,782	22,782	22,782	22,782	22,782
Library vehicles	3	3	3	4	4	4	4	3	3	2

Source: County of Erie Operations Department  
Pleasant Ridge Manor

\* Pleasant Ridge Manor (East and West locations ) are component units

\* Bed count changes on specific dates making it necessary to take available bed days divided by days in the year to determine an annual average # of beds

\* All but one branch (Iroquois) are rented facilities

COUNTY OF ERIE, PENNSYLVANIA  
SALARIES OF PRINCIPAL COUNTY OFFICIALS  
As of December 31, 2008

<u>Elected Officials</u>		<u>Salary</u>
Council Chairman (part-time)	Ronald Cleaver	\$ 9,224
Council Members (part-time)	Kyle Foust	8,724
	Phil Fatica	8,724
	Carol J. Loll	8,724
	Fiore A. Leone	8,032
	Joseph F. Giles	8,032
	David Mitchell	8,032
County Executive	Mark A. Divecchio	77,726
County Controller	Suzanne R. Weber	57,934
District Attorney	Brad Foulk	151,115
Sheriff	Robert G. Merski	59,548
Coroner	Lyell P. Cook	57,934
Clerk of Records	Patrick Fetzner	63,296
Common Pleas Judges	Elizabeth K. Kelly, PJ	Paid by Commonwealth
	John Garhart	Paid by Commonwealth
	Shad Connelly	Paid by Commonwealth
	Ernie DiSantis, Jr.	Paid by Commonwealth
	John Bozza	Paid by Commonwealth
	Stephanie Domitrovitch	Paid by Commonwealth
	Michael E. Dunlavey	Paid by Commonwealth
	William Cunningham	Paid by Commonwealth
	John Trucilla	Paid by Commonwealth
District Justices	15 Total	Paid by Commonwealth

Officials Appointed by County Executive

Director of Administration	Sean Wiley	\$ 63,937
Director of Finance	James Sparber	63,937
Director of Personnel	Larry Meredith	63,937
County Solicitor (part-time)	Wallace J Knox, Esquire	46,622
Public Defender	Anthony Logue	91,456
Assistant Public Defenders	6 Full Time 12 Part Time	629,520

Employees

The County employs an average 1,127 full-time equivalent employees (calculated by dividing total paid hours by 37.5 hours work week), including those described above, at an average annual compensation of

\$ 42,275

The highest paid non elected employee is the Director of Children Services at

80,499

Employee compensation is determined in accordance with the County Personnel Code, Pay Plan, and Bargaining agreements.

Pleasant Ridge Manor

Pleasant Ridge Manor employs an average of 447 full-time equivalent employees (calculated by dividing total paid hours by actual hours paid as appropriate for each pay class) at an average annual compensation of

\$ 35,814