

**COUNTY OF
ERIE,
PENNSYLVANIA**

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**FOR THE YEAR ENDING
DECEMBER 31, 2009**

**Presented By:
Erie County Finance Department**

COUNTY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
For the Year Ended December 31, 2009

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COUNTY OF ERIE
DEPARTMENT OF FINANCE
GENERAL ACCOUNTING
ERIE COUNTY COURT HOUSE
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JAMES R SPARBER
FINANCE DIRECTOR

SUE ELLEN PASQUALE
MANAGER OF ACCOUNTING

Barry Grossman, County Executive

June 11, 2010

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, 2009.

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, 2009.

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 management; 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, 2009, 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

County of Erie, Pennsylvania

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 units are included in this report because of the significance of their operational or financial relationships 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 and the Erie County Gaming Revenue Authority (ECGRA) are discreetly presented component units 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. ECGRA administers the restricted gaming revenue Erie County received from the operation of a casino located in the county. 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 1st 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.

Reassessment

The County has committed to a countywide reassessment cycle. The County has decided to take advantage of new technology and perform the reassessment with county staff instead of hiring a consulting firm. It is anticipated that notices will be sent out in 2010 to all property owners to verify data characteristics of their property. Values will be set and appeals heard in 2011. Any changes in value will be effective in 2012.

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:

Like most communities, Erie County has been affected by the national and global economic recession of 2008 and 2009. According to the Regional Center for Workforce Excellence, Erie County's unemployment rate of 9% reflects the unemployment rate of the United States and is slightly higher than the Pennsylvania unemployment rate of 8.9% in December of 2009. The Center reported that as of December 31, 2009, Erie County had a labor force of 140,270 people but had an employed population of 124,200.

The Regional Chamber and Growth Partnership have launched a "Tap into Erie" campaign to attract employers in need of a fresh water supply. Over the last 15 years the region has invested \$300 million in improvements to the region's water system. Erie County has an excess system capacity of over 36 million gallons of water and sewage treatment per day. This effort is supported by a grant from Erie County.

The ongoing drift from manufacturing to service, tourism, education, and healthcare is more pronounced in our region than most. Manufacturing jobs represent 18% of the workforce. 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 largest manufacturer and employer in Erie County, General Electric laid off over 800 employees in 2009. However the company has already recalled about 140 positions in 2010.

Two of the local hospitals are commencing major expansion plans. Hamot Medical Center, the second largest employer in the county, is constructing a Women's Hospital. The County assisted this project by approving a low interest \$15 million loan from the Hospital Authority. Likewise a \$100 million low interest loan was approved by the Hospital Authority for the construction of a three story building for St. Vincent Hospital. The building will house emergency room service and add operating rooms, as well as refund prior debt.

With the passage of table game legislation, the local casino, Presque Isle Downs Track and Casino is adding new jobs in 2010. The race track and slot machine casino employees about 700 people and estimates that 500 additional jobs will be added by the time table games open in July of 2010.

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 the County issued over \$21 million in bonds for the local share of the runway expansion and rehabilitation at the Erie International Airport. This \$83 million project uses unrestricted gaming funds to pay for the debt service on the bonds with no cost to local tax payers. This project leverages \$55.6 million in federal and state funds and is viewed as the single most important economic development initiative in the region with a conservative ROI of five years.

Erie County assists in the growth of the tourism industry. In 2009, the county issued over \$10 million in bonds for the local share of the renovation of the Louis J. Tullio Arena. This complex houses local hockey, basketball and indoor football teams, and hosts various music concerts. The bonds leveraged \$32 million in state funds. Once again unrestricted gaming funds will be used to pay the debt service on these bonds with no cost to taxpayers. The County enacted a hotel room rental tax. From its inception in 2001 through 2009, over \$19.1 million in hotel tax has been collected. Approximately \$3.8 million has been used to promote tourism in the area and \$15.3 million has been distributed to the Erie County Convention Center Authority. The County guaranteed \$45,390,000 of Erie County Convention Center bonds in 2005 for the construction of a convention center hotel. The \$100 million convention center and hotel have exceeded all occupancy and performance expectations.

The County Executive is in support of the establishment of an Erie County Community College. Erie County is the most populous area in the state without a community college. Although Erie county is above state and national averages for high school diploma attainment, we are below the state and national averages for college attainment of a bachelors degree or higher. A community college will help create and retain good paying jobs in our area. The County has joined a collaborative community effort called RETHINK Erie to bring the community college to a reality.

Erie County is the 9th largest employer in the area. The County administers various programs to protect the health and welfare of all residents. In 2010 the County will disburse \$21.5 million in purchased day care service, 100% which come from state and federal funds. The County contracts \$98.5 million with local human service providers. Whenever possible, the County uses local vendors for county business in an effort to keep tax dollars in our community.

The County granted \$3 million to an economic development agency in 2005 that is now being developed into the Erie Inland Port Project. The project includes development of a logistics park, an intermodal truck-terminal as well as warehousing and distribution centers. Erie County is located on the Great Lakes and has easy access to interstates 79 and 90, providing a perfect location for the project.

Erie County is recognized as a partner 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.

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 completing the renovation of County Council Chambers and a storm water management project at the County Courthouse. The County is also working with Erie Regional Airport Authority to expand and rehabilitate the airport runway project which should be completed by the end of 2014. Likewise, the County is assisting the Erie County Convention Center make necessary renovations to the Tullio Arena to retain local sports teams.

The County received a report which analyzed our Public Safety dispatch center. The County is using that report to plan for possible public safety technology enhancements. The County would like all public safety agencies to employ the same radio frequency to improve communications between agencies.

Relevant Financial Policies

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 two 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. The County is also planning for the adoption of GASB 54 which allocates fund balance into five categories and requires the County to increase the level of unassigned fund balance in the General Fund.

As described in the Notes to the Financial Statements, the County has a pay-as-you go policy for the following:

- Self insured medical and dental benefits
- Accrued sick time
- Termination payments
- Post Employment Benefits Other Than Pension Benefits

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, 2008. This was the seventeenth 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 Heintz, 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,

A handwritten signature in cursive script that reads "Sue Ellen Pasquale".

Sue Ellen Pasquale
Manager of Accounting

COUNTY OF ERIE, PENNSYLVANIA
List of Elected and Appointed Officials
December 31, 2009

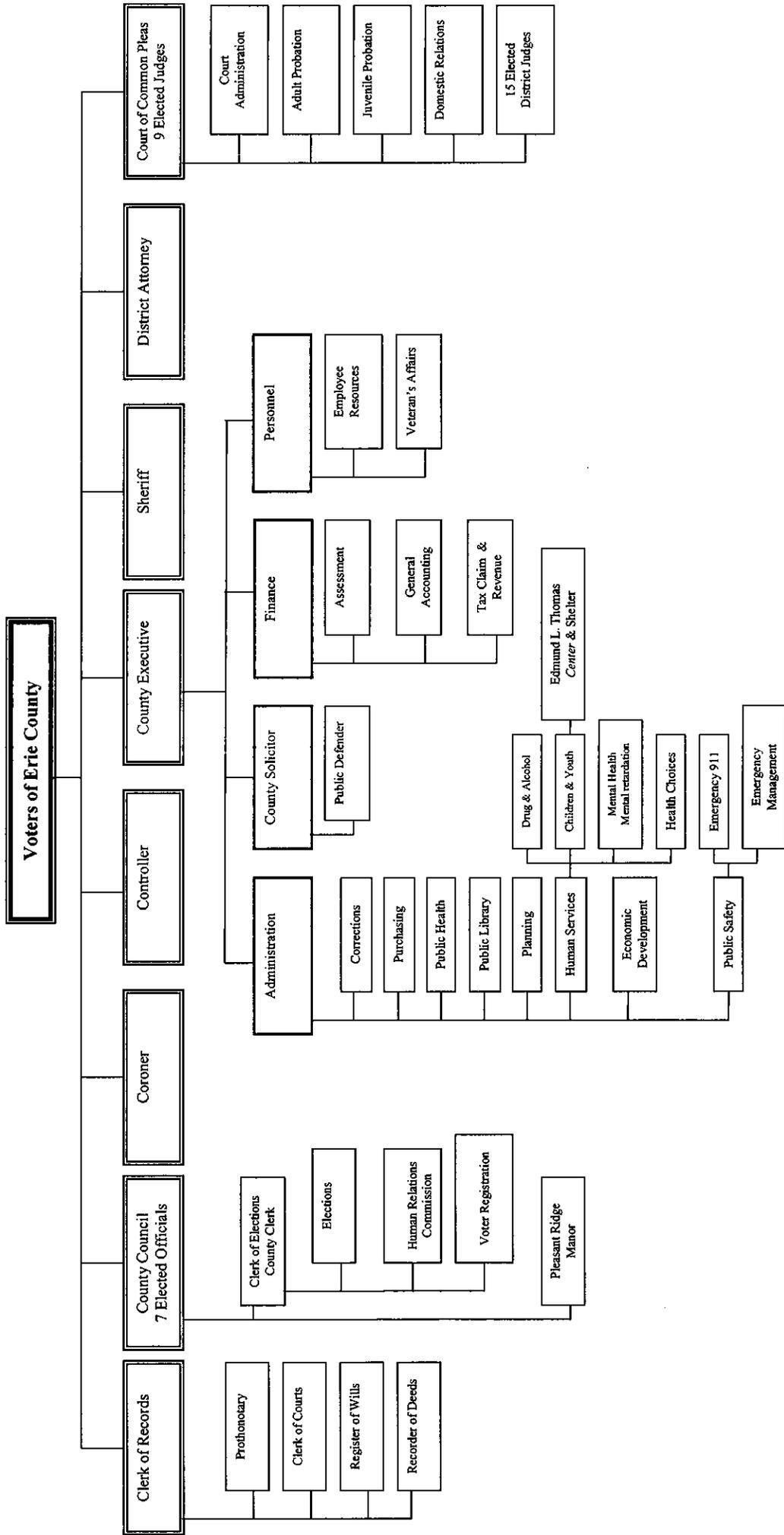
ELECTED OFFICIALS

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	John Daneri
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



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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, 2008

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.



A stylized handwritten signature in black ink, appearing to read "JHR".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

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INDEPENDENT AUDITOR'S REPORT

The County's basic financial statements are audited each fiscal year by independent certified public accountants. The audits are conducted in accordance with generally accepted auditing standards.

The principal auditors' report on their examination of the County's basic financial statements is contained in this section.

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 units, each major fund, and the aggregate remaining fund information of the COUNTY OF ERIE, as of and for the year ended December 31, 2009, 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 did not audit the financial statements of the Erie County Gaming Revenue Authority, which represents 9.7% and 4.8%, respectively, of the assets and revenues of the discretely presented Component Units. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Erie County Gaming Revenue Authority, is based solely on the report of the other auditor.

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 and Erie County Gaming Authority 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, based on our audit and the report of the other auditor, 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 units, each major fund, and the aggregate remaining fund information of the COUNTY OF ERIE, as of December 31, 2009, 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 2009 the COUNTY OF ERIE adopted the provisions of Governmental Accounting Standards Board's Statement No. 52, "*Land and Other Real Estate Held as Investments by Endowments.*"

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 11, 2010 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 19 through 33; 98; 99; and 100 through 106 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.

ZELENKOFKSKE AXELROD LLC

Zelenkofske Axelrod LLC

Pittsburgh, Pennsylvania
June 11, 2010

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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, 2009. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and notes to the financial statements in order to obtain a thorough understanding of the County of Erie's financial condition at December 31, 2009. All amounts, unless otherwise indicated, are expressed in dollars.

Financial Highlights

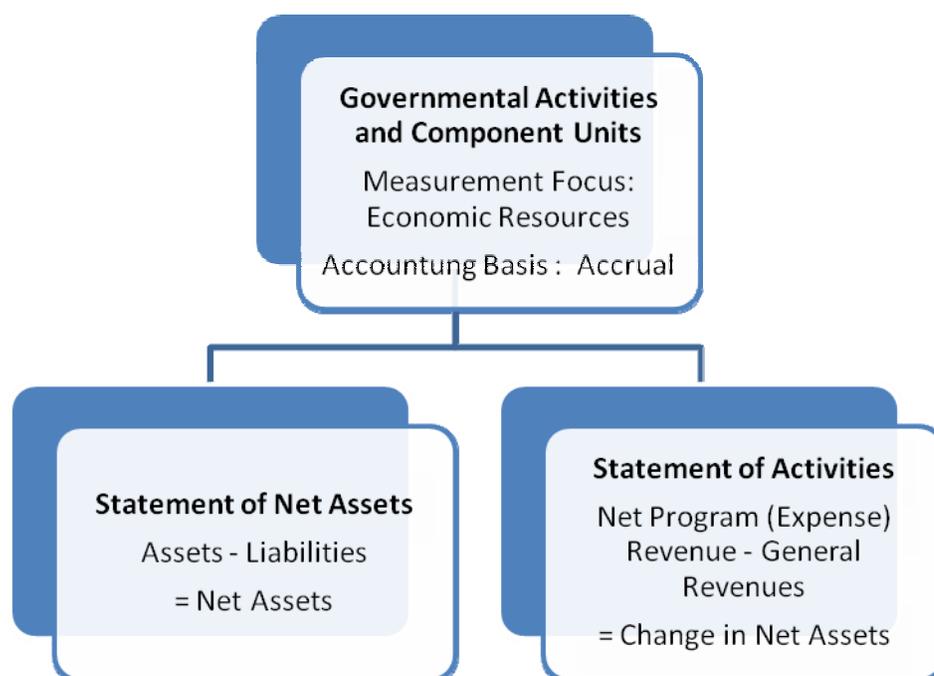
- Assets of the County of Erie exceed liabilities at December 31, 2009 by \$42,184,326 (net assets). Of this amount, \$16,200,016 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$4,081,151. This decrease is primarily due to a \$4 million increase in other post employment benefits.
- As of the close of the current fiscal year, the County of Erie's governmental funds reported combined ending fund balances of \$82,003,877, an increase of \$2,843,596 in comparison with the prior year. The 2009 general obligation bonds and a delay in the allocation of restricted gaming funds were causes of this increase.
- The County's real property tax rate increased from 5.20 to 5.45 mills as operating expenses increased more than federal and state grants that fund many mandated services.
- The County's investment bond rating from Standard and Poor's remained at AA-. This rate was affirmed in August of 2009.
- At December 31, 2009, the County of Erie had \$93,750,000 of bonds outstanding. This represents an increase of \$5,425,000 (6.14%) due to a 2009 bond issue of \$10,205,000.
- The total fund balance of the General Fund at December 31, 2009 was \$22,414,760. The unreserved/undesignated portion of the fund balance was \$11,286,043 which is approximately 19.4% of expenditures in the General Fund for the fiscal year 2009. The unreserved/undesignated fund balance increased \$1.8 million in 2009.

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 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.

Government –wide Financial Statements



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.

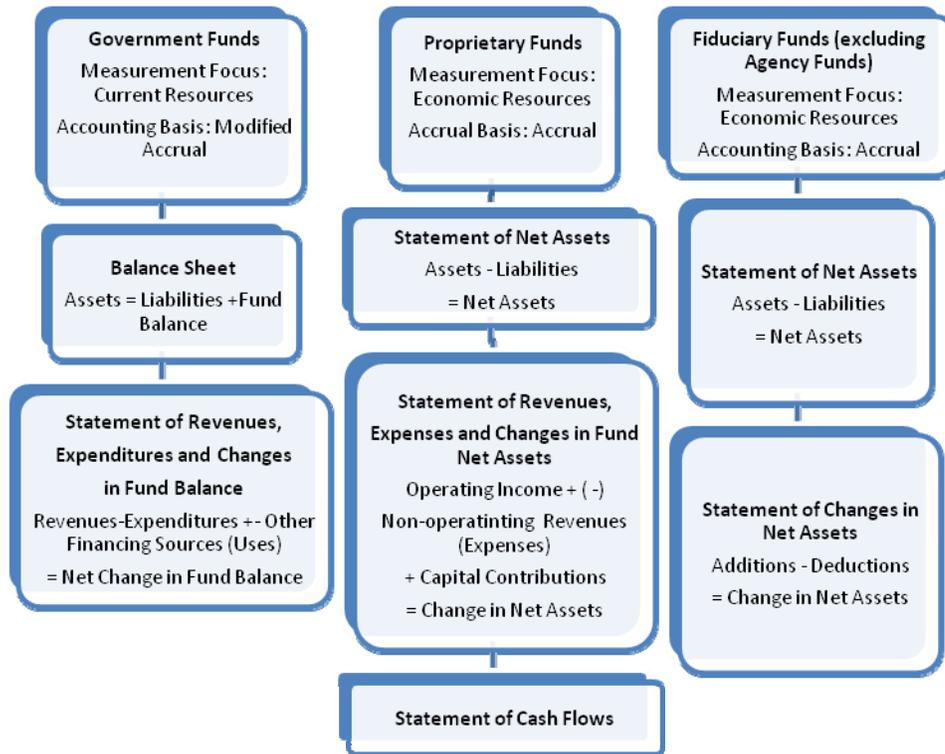
The *statement of activities* presents information showing how the government’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues 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, and Pleasant Ridge Manor Pension Trust, the legally separate pension fund of the nursing home for which the County of Erie are financially accountable. Erie County Gaming Revenue Authority (ECGRA) is also a component unit. ECGRA was created by the County to disburse restricted gaming funds to the community in accordance with state law. Financial information for these *component units* 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 that administers and provides managed care services.

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.

Fund Financial Statements



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 thirteen individual governmental funds, as well as a capital projects fund and a debt service fund. 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 nine 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.

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.

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 notes to the financial statements include the *statement of fiduciary net assets*, which reports the assets and liabilities of the County's retirement trust fund, combined agency funds, and the component unit, Pleasant Ridge Manor's pension trust. 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 both pension trusts is provided.

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 in the basic financial statement tab.

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.

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 \$42,184,326 at December 31, 2009. A substantial portion of net assets, \$16,200,016 or 38 percent, is unrestricted and may be used to meet the county's ongoing obligations to citizens and creditors.

Approximately (-10%) or \$(4,386,397), 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.

Summary of Statement of Net Assets
December 31, 2009
With Comparative Totals for December 31, 2008

	Governmental Activities	
	2009	2008
Current and other assets	\$134,864,376	\$134,580,639
Capital assets	61,345,572	58,711,696
Total assets	196,209,948	193,292,335
Long-term liabilities outstanding	103,422,111	94,328,676
Other Liabilities	50,603,511	52,698,182
Total liabilities	154,025,622	147,026,858
Net assets:		
Invested in capital assets, net of related debt	(4,386,397)	(3,145,289)
Restricted	30,370,707	29,177,302
Unrestricted	16,200,016	20,233,464
Total net assets	\$42,184,326	\$46,265,477

The remaining portion of the County of Erie's net assets, 72% or \$30,370,707, represents resources that are subject to external restrictions on how they may be used. Restricted net assets have increased \$1,193,405 from the previous year primarily due to the 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, \$16,200,016, or 38%, 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.

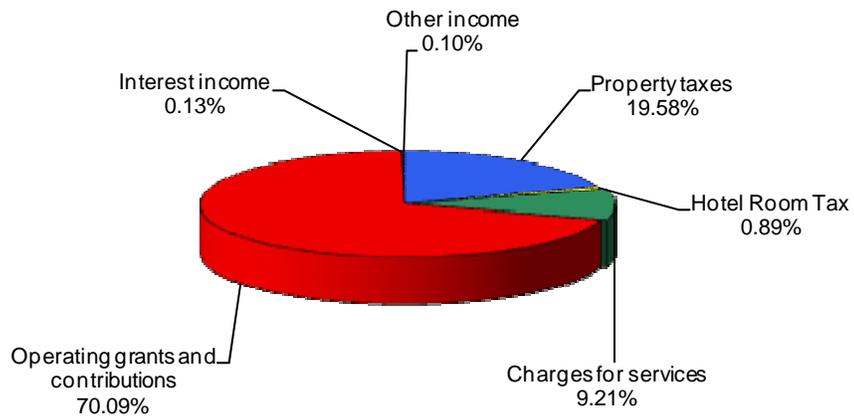
**County of Erie - Change in Net Assets
Year Ended December 31, 2009
With Comparative Amounts for December 31, 2008**

	Governmental Activities		
	2009	2008	Variance
Revenues:			
Program Revenues:			
Charges for services	\$28,117,018	\$29,034,593	(\$917,575)
Operating grants and contributions	214,031,194	237,713,702	(23,682,508)
General revenues:			
Property taxes	59,793,818	58,262,891	1,530,927
Hotel Room Tax	2,724,570	2,663,840	60,730
Interest income	384,012	1,925,813	(1,541,801)
Other income	327,241	517,810	(190,569)
Total revenues	305,377,853	330,118,649	(24,740,796)
Expenses:			
General government	12,781,659	13,302,695	(521,036)
Courts and related offices	23,815,737	22,452,595	1,363,142
Corrections	40,629,325	39,240,696	1,388,629
Community services	214,680,441	231,296,513	(16,616,072)
Public health	7,605,284	7,465,662	139,622
Public works	893,667	712,490	181,177
Library	4,715,044	7,187,576	(2,472,532)
Interest on long-term debt	4,337,847	3,775,372	562,475
Total expenses	309,459,004	325,433,599	(15,974,595)
Increase (decrease) in net assets	(4,081,151)	4,685,050	(8,766,201)
Net assets, Beginning of Year	46,265,477	41,580,427	4,685,050
Net assets, End of Year	\$42,184,326	\$46,265,477	(\$4,081,151)

Governmental activities. Governmental activities in 2009 decreased the County's net assets by \$4,081,151. Key elements of this increase are as follows:

- Property taxes increased by \$1,530,927 (2.6%). This occurred due to an increase in the tax millage from 5.20 mills in 2008 to 5.45 mills in 2009.
- Hotel room rental tax of \$2,724,570 increased slightly by \$60,730 from the \$2,663,840 collected in 2008.
- Charges for services declined with a decrease of 3%, or by \$917,575. Capital Project one time reimbursements decreased by \$1.3 million. Land line telephone fees or Act 78 fees, which fund public safety, were down \$108,300, and Sheriff fees were down \$132,200. General Fund and Gaming Fund charges for services had a small increase.
- Operating grants decreased by \$23,682,508 (10%) primarily due to changes in state funding for Mental Health and Mental Retardation services (MHMR). The decrease of \$28.6 million in MHMR grants occurred because the state now contracts directly with providers for some services.
- Interest income dropped significantly by \$1,541,801 or 80% as interest rates plummeted during the year. Additionally the state of Pennsylvania was over 100 days late in passing a 2009-2010 fiscal budget which delayed reimbursements by over 90 days, reducing cash balances available for interest earnings.

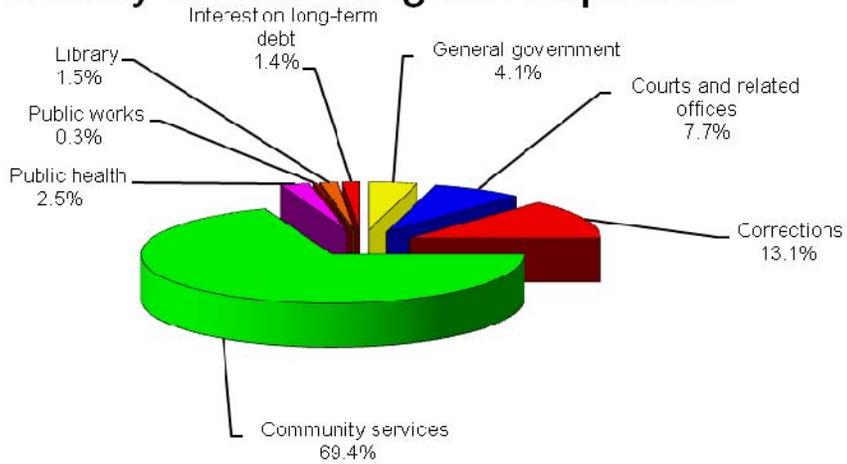
**2009
Revenues by Source - Governmental Activities**



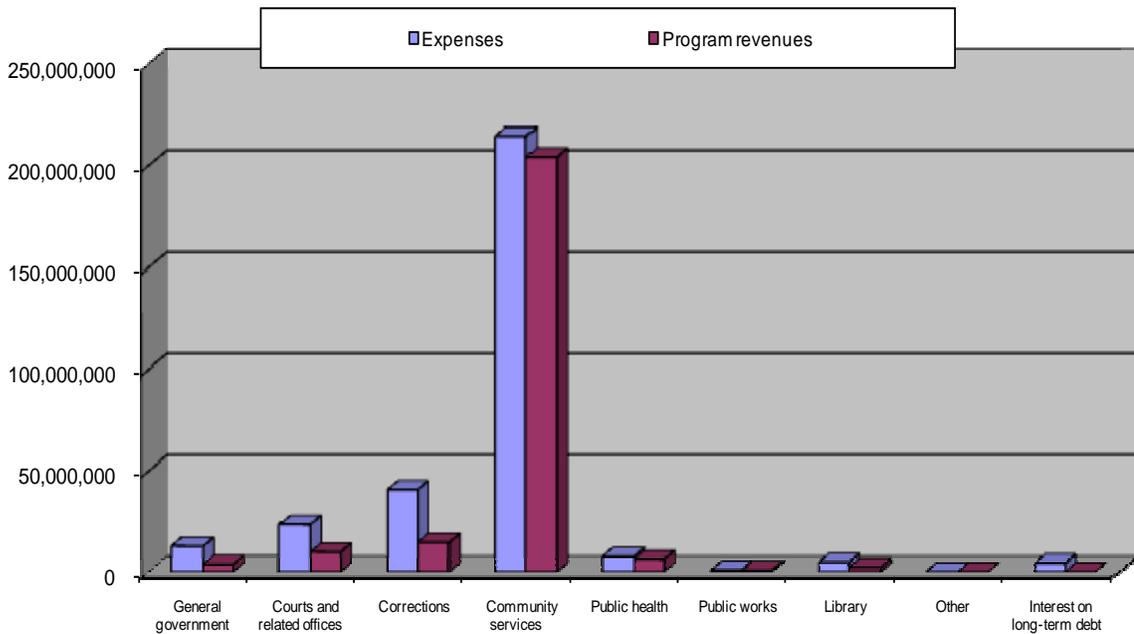
Program Expenses

- General government expenses declined by \$521,036 or 4%. Retiree's hospitalization expenses were down \$201,888 and several positions were eliminated in the 2009 budget. The Elections office expenses declined by \$146,239 as election costs increase during presidential years such as 2008 and decline in non-presidential years such as 2009.
- A 6% increase, or \$1,363,142, was related to courts and related expenditures. Pension costs alone increased by over \$700,000 for employees in these offices due to prior investment losses in the stock market.
- Correction expenditures of \$40,629,325 rose \$1,388,629 in 2009. Again increased pension costs of \$707,735 were largely responsible for the increase.
- Just as operating grant revenue was down due to changes in MHMR, so too were community service expenditures. They dropped \$16,616,072 or 7%.
- Public health expenditures increased by \$139,622 or 1.9%. Pension costs increased \$160,219. Additionally other costs have declined since the County is not matching as many donations and providing grants to community organizations, because Act 315 funding is covering basic operating expenses.
- Library expenses decreased by \$2,472,532, or 34%, due to a one time capital expenditure of a new branch library constructed by the Erie Public Library Foundation and turned over to the County in 2008.
- Public works experienced a 25% increase of \$181,177 since funds were encumbered in 2008, but not expended until 2009.
- Interest on long term debt increased by \$562,475 due to the 2008 bond issue for the airport expansion and renovation project. These bonds were issued late in 2008. The first full year of interest on the bond issue was 2009.

2009 County of Erie Program Expenses



2009 Expenses and Program Revenues - Governmental Activities



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 \$82,003,877, an increase of \$2,843,596 in comparison with the prior year. Approximately 23.3% (\$19,138,080) 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 (\$197,039), 2) to pay debt service (\$1,781,882), 3) for municipal grants (\$13,599,082), 4) for Economic Development programs (\$11,000,000), 5) for capital projects financed by bond proceeds (\$29,847,830), 6) for public safety or emergency 911 services (\$2,375,386), 7) for Health Choices (\$2,328,154) and for a variety of other restricted purposes such as public works and ECCM, and Planning (\$1,736,424).

Governmental fund revenues, expenditures and net changes at December 31, 2009 and 2008 were:

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

<u>Fund</u>	<u>2009</u>			<u>Net Change in Fund Balances</u>	
	<u>Revenues</u>	<u>Expenses</u>	<u>Net Other Financing</u>	<u>2009</u>	<u>2008</u>
General Fund	\$79,834,445	\$58,197,264	(\$21,789,481)	(\$152,300)	(\$1,981,949)
Mental Health Mental Retardation	51,496,367	52,660,541	1,164,174	-	(39,727)
Children & Youth /Juvenile Placement	60,444,792	69,006,371	8,561,579	-	(413,248)
Health Choices	67,651,971	66,270,672	-	1,381,299	588,671
Capital Projects	88,450	9,060,365	10,000,000	1,028,085	17,511,315
Liquid Fuels	718,508	893,667	-	(175,159)	51,983
Domestic Relations	3,721,822	4,547,370	773,089	(52,459)	86,097
Drug & Alcohol	5,672,037	5,911,889	239,852	-	(13,174)
Public Safety (E911/EMA)	4,411,583	5,788,005	463,329	(913,093)	(622,003)
Public Health	6,312,370	8,157,157	1,641,344	(203,443)	430,880
Library	2,184,469	5,936,489	3,690,600	(61,420)	(142,897)
Planning	2,203,645	2,730,167	419,404	(107,118)	(152,902)
Gaming	12,276,825	9,624,022	(1,075,338)	1,577,465	9,191,662
Erie County Care Management	9,399,694	8,850,002	-	549,692	609,711
Debt Service	16,395	6,039,090	5,994,742	(27,953)	(17,969)
Total Change	\$306,433,373	\$313,673,071	\$10,083,294	\$2,843,596	\$25,086,450

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 \$11,286,043, while total fund balance reached \$22,414,760. 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 19% of total General Fund expenditures, while total fund balance represents 38% of that same amount.

The fund balance of the County of Erie's General Fund decreased by \$152,300 during the current fiscal year. Key factors in this slight decrease are as follows:

- Increase in real estate taxes of \$3,403,593 over the prior year due to increased millage and a slight growth in assessed value.
- Increase in hotel tax of \$60,730 in 2009.
- An increase of \$98,235 in charges for services over the prior year. Increases in delinquent tax fees and reimbursements for indirect cost and prison health services account for the additional revenue.
- An increase of \$491,751 in federal, state and municipal grants. One time HAVA grants for elections accounted for most of the increase.
- Decrease in interest income of \$782,868. Interest rates continued to decrease due to a change in the national economy. Additionally since state reimbursements were frozen for several months of the state budget impasse, the County had to transfer more County funds to the other funds, reducing cash balances available for investment.
- Increase in other income of \$24,280.
- An increase of \$1.1 million in wages and fringes, most notably in the Prison, Adult Probation, Juvenile Probation and Courts. Many of these employees belong to bargaining units who received an additional disparity payment ranging from \$.50 per hour to \$1.00 per hour in 2009. This was offset by the reduction of over 40 county jobs in 2009.
- Increased other services of \$952,198, primarily due to water damage repairs in the Human Service Building and repairs to the 1st floor of the County Courthouse.
- Increased debt service of \$91,228 from the interest rate and increased borrowing of \$1.5 million for the tax anticipation note.
- Increase in transfers to other funds of \$1.6 million, most notably increased county funding of Children & Youth Services Fund.

The General Fund's 2009 budget called for a \$222,344 deficit, but only realized a deficit of \$152,300, a savings of \$70,044 due to careful monitoring of expenditures.

The Capital Projects Fund realized a 2009 increase in fund balance of \$1,028,085. In 2009, the County issued \$10,205,000 general obligation bonds for the renovation of the Tullio Arena, and completed several long term renovation projects financed by earlier bond issues.

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 \$21,097,329, or an increase of \$1,577,465 in the Gaming Special Revenue Fund.

Health Choices Fund's fund balance increased by \$1,381,299 to \$2,328,154. The state has allowed the county to retain these reinvestment dollars.

**Change in Governmental Fund Balances
December 31, 2009
In Dollars**

Fund	Beginning 1/1/09	Net Change in Fund Balances	Ending 12/31/09
General Fund	\$22,567,060	(\$152,300)	\$22,414,760
Mental Health Mental Retardation Children & Youth /Juvenile Placement	-	-	-
Health Choices	946,855	1,381,299	2,328,154
Capital Projects	28,819,745	1,028,085	29,847,830
Liquid Fuels	422,345	(175,159)	247,186
Domestic Relations	90,402	(52,459)	37,943
Drug & Alcohol	-	-	-
Public Safety	3,297,592	(913,093)	2,384,499
Public Health	460,611	(203,443)	257,168
Library	121,609	(61,420)	60,189
Planning	418,769	(107,118)	311,651
Gaming	19,519,864	1,577,465	21,097,329
Erie County Care Management	685,594	549,692	1,235,286
Debt Service	1,809,835	(27,953)	1,781,882
Total Change	\$79,160,281	\$2,843,596	\$82,003,877

General Fund Budgetary Highlights

Differences in total expenditures and transfers out between the original adopted budget of \$78,315,497 and the final amended budget of \$81,671,546 were relatively minor (\$3,356,049 increase in appropriations or a 4.2% increase) and can be summarized as follows:

- \$1,201,924 decrease in various general government activities mainly due to elimination entries of \$2.3 million when preparing the CAFR. These annual elimination entries are for interfund and intra-fund billings.
- \$169,541 increase in appropriations for court related activities due to changes in staffing in the District Attorney's office and additional prosecution costs, as well as appropriation of \$35,000 in bond forfeitures.
- \$70,793 decrease in corrections, the majority of which is due to CAFR elimination entries for prison health reimbursements for mental health services.
- \$4,111,450 increase in community services, of which \$2,500,000 is hotel room rental tax payments to Visit Erie and the Erie County Convention Center Authority, as well as \$1,500,000 for a LIFT grant pass thru and \$45,000 for Food distribution grant pass thru.
- \$172,675 increase in capital outlay due to prison building improvements, vehicles paid out of supervision fees and the appropriation of automation fees in the prothonotary for computer hardware and software.
- \$177,100 increase in transfers to other funds due to non-reimbursable expenses in public safety of \$97,555 and increased costs in public health and children & youth services.

Actual expenditures in the General Budget were just below final budgeted expenditures by \$70,044. Many departments' actual expenditures were under final budgeted appropriations. The Operations department was over \$141,683 due to a flood in the human service building that occurred at the end of November. Most of the cost of the repairs was reimbursed by the state; therefore revenue was also over budget for this department. The County did not have an estimated cost of the repairs in time to adjust the budget. Increases in wages and fringes caused the District Justice Department to exceed budgeted expenditures by \$51,629. The Coroner was over budget \$16,823 due to increases in services related to autopsies such as lab fees. Economic Development was over budget by \$133,929 due a grant of \$137,200 which occurred late in the year and increased both revenue and expense equally. Grants to Other Organizations was over budget by \$668,068 due to grants the County received that were passed through to both the LIFT transportation program and the food distribution program; neither of these effected fund balance. Fortunately 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, 2009 amount to \$61,345,572 (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 4.49% because capital additions exceeded depreciation expense during 2009.

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

- Additional technology for the public safety building in the amount of \$909,015
- Completion of the renovations to the fifth floor to convert an old prison to office space in the amount of 202,864.
- The renovation of Domestic Relations Office. The County spent \$1,652,819 in 2009.
- County Council chamber and caucus room renovations in the amount of \$330,317.

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

	Governmental activities	
	2009	2008
Land	\$1,177,815	\$1,047,873
Construction in Progress	\$365,305	\$14,520,481
Building and improvements	54,285,072	37,947,494
Vehicles	241,035	387,165
Furniture and equipment	5,276,345	4,808,683
Total	\$61,345,572	\$58,711,696

Long term debt. At the end of the current fiscal year, the County of Erie had a total bonded debt outstanding of \$93,422,077 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 5th 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. Additionally, in 2009, the County issued \$10,205,000 in bonds for the local share of a \$50,000,000 renovation project to the Tullio Arena, which houses the local hockey, basketball and arena football teams, as well as hosts various musical concerts.

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.

Summary of General Obligation Bond Activity

	2003 GO Bonds	2005 GO Bonds	2007 GO Bonds	2008 GO Bonds	2009 GO Bonds	Total GO Bonds
Beginning Balance @ 1/1/09	\$25,165,000	\$15,750,000	\$25,355,000	\$22,055,000	\$0	\$88,325,000
Plus: Debt Issued	0	0	0	0	10,205,000	10,205,000
Less: Principal Payments	(2,320,000)	(215,000)	(90,000)	(2,155,000)	0	(4,780,000)
Ending Balance @12/31/09	<u>\$22,845,000</u>	<u>\$15,535,000</u>	<u>\$25,265,000</u>	<u>\$19,900,000</u>	<u>\$10,205,000</u>	<u>\$93,750,000</u>

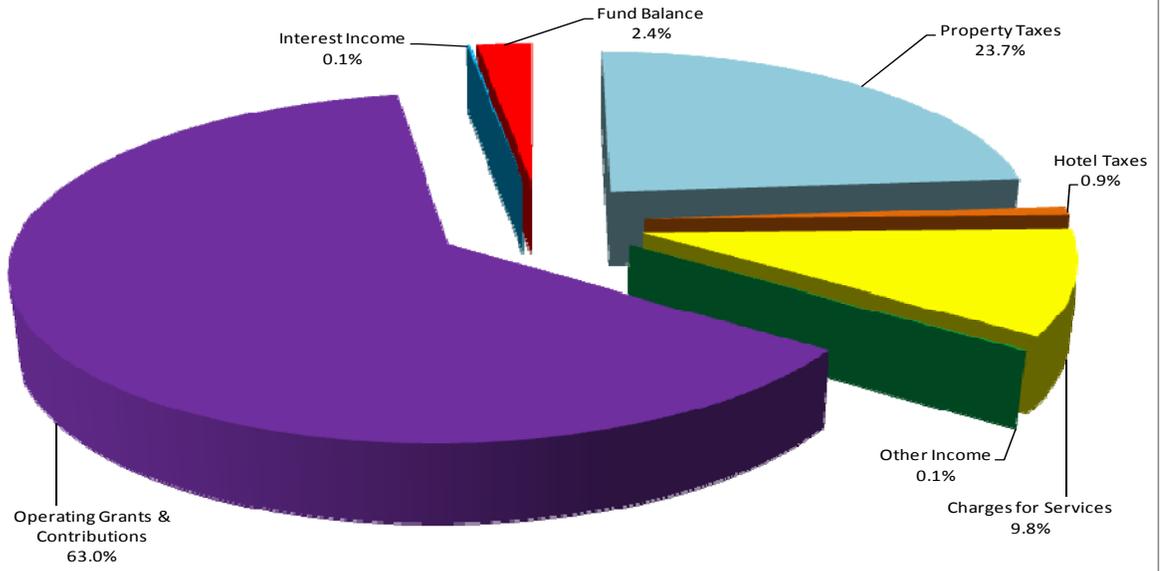
County Bond Rating

In 2009, the County met with Standard and Poor in advance of the 2009 bond issue. Standard and Poor issued the County an “AA-” rate.

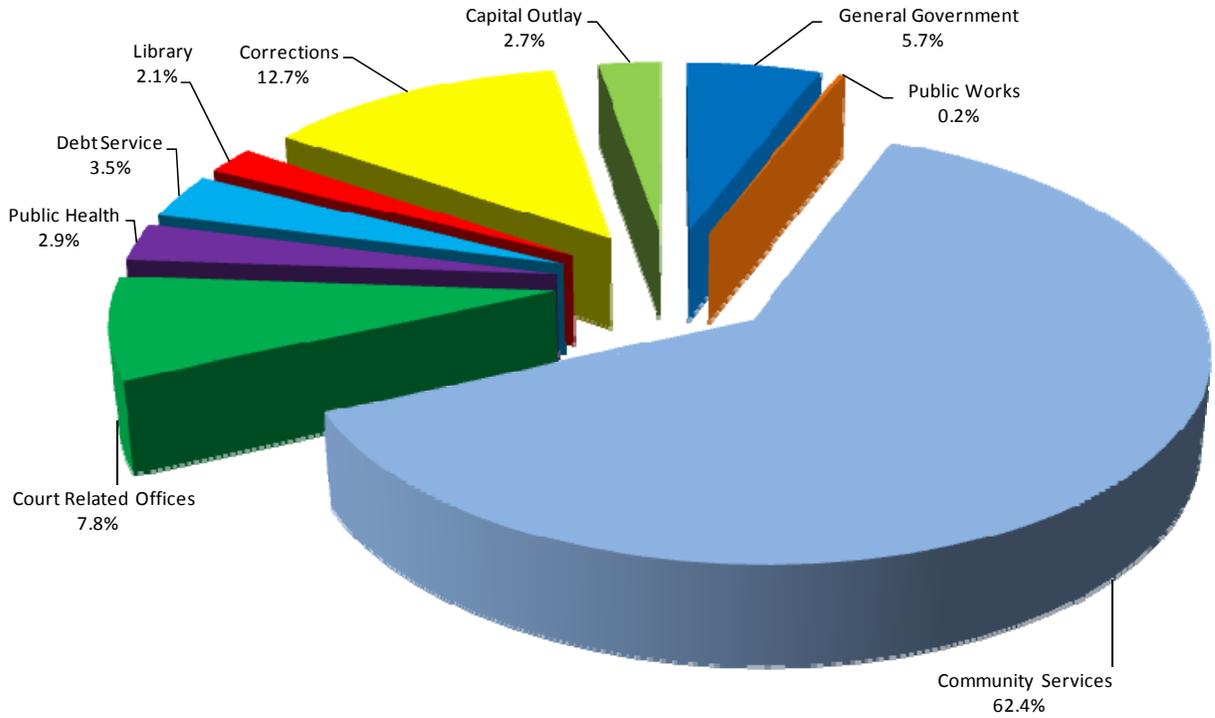
Economic Factors and Next Year’s Budgets and Rates

- The County has eight bargaining units and meet and discussion groups as well as a non-bargaining pay plan. The contracts began in 2007 and extend through December 31, 2010. Since the current contracts included disparity payments to various union groups, the County anticipates little or no wage increases over the life of the next contracts which should begin in 2011 and run through 2014.
- 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 \$13,046,980 in 2010 for hospitalization and prescription drugs, an increase of 14.8% over the 2009 final budget. These rates and other fringe benefit rates were approved by the County’s fringe benefit committee in August of 2009 based upon 2009 and 2008 performance.
- Due to a partial recovery in investment income and the completion of the funding of an early retirement option, the County’s annual required pension calculation changed from \$6,067,903 in 2009 to \$4,318,312 in 2010. The drop in the contribution attributed to the early retirement funding is just under \$900,000.
- Due to a 20% decrease in state funding for the Library, library branch hours were reduced in 2010 from 54 hours per week to 40 hours per week. Bookmobile service was reduced and funding for books and other collection line items were cut.
- County funding for Children and Youth Services, Public Safety and Pleasant Ridge Manor, the County owned nursing home, increased in 2010. The state decreased funding for Children & Youth Services causing an increased County contribution of \$2,659,985. The county contribution to Public Safety increased \$916,000 due decreased funding from the state’s wireless or Act 56 grant funds. Finally, decreased census at the nursing home contributed to a \$542,375 increase in county tax dollars.
- The County’s MHMR budget was reduced by over \$28 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 2010 table games will be added to the casino operated in Erie County. Legislation was passed that stipulates that County revenue from table games will be used for some type of community college within four years or be used for economic development. The County currently does not have a community college, but is exploring the formation of a community college.
- The 2009 budget adopted by County Council increased the millage rate from 5.45 mills to 6.05 mills.
- The unemployment rate for the County of Erie for 2009 is 9%, an increase from the 2008 rate of 6.2%.
- Building permits issued decreased from 3,601 in 2008 to 2,934 in 2009.

2010 County Budgeted Operating Revenue



2010 County Budgeted Operating Expenditures



During the current year, unreserved and undesignated fund balance in the General Fund increased by \$1,814,702 to \$11,286,043. 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 6th Street, Room 505, Erie, Pennsylvania 16501. Information is also available on the County's website, eriecountygov.org. The financial statements of Pleasant Ridge Manor and Pleasant Ridge Manor Pension Trust 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 Pennsylvania.

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Basic Financial Statements

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County of Erie, Pennsylvania
Statement of Net Assets
December 31, 2009

	Governmental Activities	Total	Component Units
ASSETS			
Current assets:			
Cash and Investments	\$ 72,004,841	\$ 72,004,841	\$ 1,271,334
Investments	-	-	468,311
Receivables, net	49,038,163	49,038,163	5,290,584
Inventory	-	-	326,093
Prepaid Items	449,608	449,608	290,676
Other	-	-	10,370
Total current assets	<u>121,492,612</u>	<u>121,492,612</u>	<u>7,657,368</u>
Noncurrent assets:			
Restricted Cash	355,283	355,283	2,746,856
Restricted Investment	-	-	325,000
Other Assets	1,303,501	1,303,501	20,886
Advance to Redevelopment Authority	8,000,000	8,000,000	-
Receivable from General Authority	3,000,000	3,000,000	-
Deferred Charges	528,269	528,269	-
Net pension asset	184,711	184,711	123,402
Land and other nondepreciable asset:	1,543,120	1,543,120	150,490
Capital assets, net	59,802,452	59,802,452	5,768,326
Total noncurrent assets	<u>74,717,336</u>	<u>74,717,336</u>	<u>9,134,960</u>
Total assets	<u>\$ 196,209,948</u>	<u>\$ 196,209,948</u>	<u>\$ 16,792,328</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 28,112,280	\$ 28,112,280	\$ 3,036,981
Accrued liabilities	3,305,232	3,305,232	214,954
Due to other governmental units	566,662	566,662	-
Unearned revenue	12,136,399	12,136,399	-
Accrued interest payable	1,336,599	1,336,599	-
Notes payable	149,759	149,759	-
Compensated absences	41,580	41,580	367,019
Bonds payable	4,955,000	4,955,000	665,000
Other liabilities	-	-	10,370
Total current liabilities	<u>50,603,511</u>	<u>50,603,511</u>	<u>4,294,324</u>
Noncurrent Liabilities			
Restricted Funds	-	-	644,257
Client Funds Held in Trust	355,283	355,283	-
Compensated absences	1,818,712	1,818,712	-
Notes payable	632,389	632,389	-
Bonds payable	90,370,920	90,370,920	1,285,633
Other post-employment benefits	10,244,807	10,244,807	-
Total noncurrent liabilities	<u>103,422,111</u>	<u>103,422,111</u>	<u>1,929,890</u>
Total Liabilities	<u>154,025,622</u>	<u>154,025,622</u>	<u>6,224,214</u>
NET ASSETS			
Invested in capital assets, net of related debt	(4,386,397)	(4,386,397)	3,968,183
Restricted for:			-
Economic Development	11,000,000	11,000,000	-
Debt Service	1,781,882	1,781,882	1,789,379
Public Safety	2,375,386	2,375,386	-
Liquid Fuels	247,186	247,186	-
Court services	981,894	981,894	-
Low income housing	204,156	204,156	-
Other purposes	181,121	181,121	-
Municipal grants	13,599,082	13,599,082	-
Unrestricted	16,200,016	16,200,016	4,810,552
Total Net Assets	<u>\$ 42,184,326</u>	<u>\$ 42,184,326</u>	<u>\$ 10,568,114</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, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 12,781,659	\$ 3,055,882	\$ 634,950	\$ -
Courts and Related Offices	23,815,737	5,410,242	4,432,549	-
Corrections	40,629,325	2,146,959	12,559,954	-
Community Services	214,680,441	16,897,959	187,964,427	-
Public Health	7,605,284	376,605	5,802,936	-
Public Works	893,667	-	717,937	-
Library	4,715,044	229,371	1,918,441	-
Interest	4,337,847	-	-	-
<i>Total Governmental Activities</i>	<u>309,459,004</u>	<u>28,117,018</u>	<u>214,031,194</u>	<u>-</u>
<i>Total Primary Government</i>	<u>\$ 309,459,004</u>	<u>\$ 28,117,018</u>	<u>\$ 214,031,194</u>	<u>\$ -</u>
Component Units				
Pleasant Ridge Manor	\$ 33,347,065	\$ 31,902,281	\$ 35,100	\$ -
Erie County Gaming Revenue Authority	-	-	-	-
<i>Total Component Unit</i>	<u>\$ 33,347,065</u>	<u>\$ 31,902,281</u>	<u>\$ 35,100</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 Units Total
	\$ (9,090,827)	\$ (9,090,827)	\$ -
	(13,972,946)	(13,972,946)	-
	(25,922,412)	(25,922,412)	-
	(9,818,055)	(9,818,055)	-
	(1,425,743)	(1,425,743)	-
	(175,730)	(175,730)	-
	(2,567,232)	(2,567,232)	-
	(4,337,847)	(4,337,847)	-
	<u>(67,310,792)</u>	<u>(67,310,792)</u>	<u>-</u>
	<u>\$ (67,310,792)</u>	<u>\$ (67,310,792)</u>	<u>\$ -</u>
	\$ -	\$ -	\$ (1,409,684)
	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,409,684)</u>
General Revenues:			
Property Taxes	59,793,818	59,793,818	-
Hotel Room Tax	2,724,570	2,724,570	-
Interest Income	384,012	384,012	13,310
Other Income	327,241	327,241	1,914,950
Total General Revenues	<u>63,229,641</u>	<u>63,229,641</u>	<u>1,928,260</u>
Change in Net Assets	(4,081,151)	(4,081,151)	518,576
Net assets beginning of year as restated (Note 17)	<u>46,265,477</u>	<u>46,265,477</u>	<u>10,049,538</u>
Net assets end of year	<u>\$ 42,184,326</u>	<u>\$ 42,184,326</u>	<u>\$ 10,568,114</u>

COUNTY OF ERIE, PENNSYLVANIA
Balance Sheet
Governmental Funds
December 31, 2009

ASSETS	General Fund	Mental Health Mental Retardation	Health Choices
Cash and Cash Equivalents	\$ 12,902,960	\$ 6,341,565	\$ 2,759,960
Restricted Cash and Cash Equivalents	-	-	-
Receivables, Net	9,001,759	2,267,368	12,291,885
Due from Other Funds	6,399,032	2,821,820	2,479
Prepaid Items	128,717	-	-
Other Assets	-	202,578	22,948
Advance to Redevelopment Authority	8,000,000	-	-
Receivable from General Authority	3,000,000	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 39,432,468</u>	<u>\$ 11,633,331</u>	<u>\$ 15,077,272</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 1,785,349	\$ 2,930,022	\$ 12,682,487
Accrued Liabilities	1,513,758	68,953	16,757
Client Funds Held in Trust	-	-	-
Due to Other Funds	7,537,301	389,675	49,874
Due to Other Taxing Units	432	-	-
Unearned Revenue	1,031,432	8,244,681	-
Deferred Revenue	5,149,436	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>17,017,708</u>	<u>11,633,331</u>	<u>12,749,118</u>
 FUND BALANCES			
Reserved for:			
Prepaid Items	128,717	-	-
Liquid Fuels	-	-	-
Emergency 911	-	-	-
Municipal Grants	-	-	-
Health Choices	-	-	2,328,154
ECCM	-	-	-
Planning	-	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Economic Development	11,000,000	-	-
Unreserved, Designated, Reported In:			
General Fund	11,286,043	-	-
Special Revenue Funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>22,414,760</u>	<u>-</u>	<u>2,328,154</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 39,432,468</u>	<u>\$ 11,633,331</u>	<u>\$ 15,077,272</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
\$ 1,964,524	\$ 12,934,799	\$ 29,158,843	\$ 5,942,190	\$ 72,004,841
-	-	-	355,283	355,283
11,772,993	8,133,019	1,814	5,549,325	49,018,163
28,934	32,348	1,303,501	3,876,837	14,464,951
-	-	-	68,322	197,039
1,077,975	-	-	-	1,303,501
-	-	-	-	8,000,000
-	-	-	-	3,000,000
<u>\$ 14,844,426</u>	<u>\$ 21,100,166</u>	<u>\$ 30,464,158</u>	<u>\$ 15,791,957</u>	<u>\$ 148,343,778</u>

\$ 7,122,583	\$ 168	\$ 302,818	\$ 2,777,936	\$ 27,601,363
590,841	2,669	-	1,100,254	3,293,232
-	-	-	355,283	355,283
7,131,002	-	313,510	1,816,164	17,237,526
-	-	-	566,230	566,662
-	-	-	2,860,286	12,136,399
-	-	-	-	5,149,436
<u>14,844,426</u>	<u>2,837</u>	<u>616,328</u>	<u>9,476,153</u>	<u>66,339,901</u>

-	-	-	68,322	197,039
-	-	-	247,186	247,186
-	-	-	2,375,386	2,375,386
-	13,599,082	-	-	13,599,082
-	-	-	-	2,328,154
-	-	-	1,177,587	1,177,587
-	-	-	311,651	311,651
-	-	29,847,830	-	29,847,830
-	-	-	1,781,882	1,781,882
-	-	-	-	11,000,000
-	-	-	-	-
-	-	-	-	11,286,043
-	7,498,247	-	353,790	7,852,037
-	<u>21,097,329</u>	<u>29,847,830</u>	<u>6,315,804</u>	<u>82,003,877</u>
<u>\$ 14,844,426</u>	<u>\$ 21,100,166</u>	<u>\$ 30,464,158</u>	<u>\$ 15,791,957</u>	<u>\$ 148,343,778</u>

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County of Erie, Pennsylvania
 Reconciliation of the Balance Sheet of Government Funds
 to the Statement of Net Assets
 For the Year Ended December 31, 2009

Differences in amounts reported for governmental activities in the statement on page 37:

Fund balances - total governmental funds (page 41)		\$ 82,003,877
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		61,345,572
Certain long-term assets are not available to pay current period expenditures and are therefore are deferred in the funds.		5,149,436
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		2,522,227
Other post employment benefits are reflected on the statement of net assets, but are not considered a current expenditure for the fund statements		(10,244,807)
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		184,711
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$ 93,750,000	
Bond premium	2,160,751	
Bond discount	(584,831)	
Deferred charges	(528,269)	
Compensated absences	1,860,292	
Accrued interest	1,336,599	
Note Payable	782,148	
		(98,776,690)
Net assets of governmental activities		\$42,184,326

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, 2009

	<u>General Fund</u>	<u>Mental Health Mental Retardation</u>	<u>Health Choices</u>
REVENUES			
Real Estate Taxes	\$ 60,849,338	\$ -	\$ -
Hotel Tax	2,724,570	-	-
Federal, State and Municipal Grants	5,834,075	51,405,096	67,633,058
Charges for Services	10,284,980	-	-
Interest Income	72,314	34,597	18,913
Other Income	69,168	56,674	-
	<u>79,834,445</u>	<u>51,496,367</u>	<u>67,651,971</u>
EXPENDITURES			
Current:			
General Government	11,950,034	-	-
Courts and Related Offices	17,065,680	-	-
Corrections	23,084,192	-	-
Community Services	5,430,210	52,538,310	66,240,092
Public Health	-	-	-
Public Works	-	-	-
Library	-	-	-
Other	-	-	-
Capital Outlay	110,633	122,231	30,580
Debt Service			
Principal	23,579	-	-
Interest	532,936	-	-
Bond Issuance Costs	-	-	-
	<u>58,197,264</u>	<u>52,660,541</u>	<u>66,270,672</u>
Excess of Revenues Over (Under) Expenditures	<u>21,637,181</u>	<u>(1,164,174)</u>	<u>1,381,299</u>
Other Financing Sources (Uses)			
Issuance of debt	-	-	-
Transfers In	334,349	1,164,174	-
Transfers Out	(22,123,830)	-	-
Bond discount related to debt issuance	-	-	-
	<u>(21,789,481)</u>	<u>1,164,174</u>	<u>-</u>
Net Change In Fund Balance	(152,300)	-	1,381,299
Fund Balances, Beginning of Year	<u>22,567,060</u>	<u>-</u>	<u>946,855</u>
Fund Balances, End of Year	<u>\$ 22,414,760</u>	<u>\$ -</u>	<u>\$ 2,328,154</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>
\$ -	\$ -	\$ -	\$ -	\$ 60,849,338
-	-	-	-	2,724,570
59,740,315	-	-	29,983,162	214,595,706
701,152	12,136,982	-	4,429,392	27,552,506
3,325	139,843	88,450	26,570	384,012
-	-	-	201,399	327,241
<u>60,444,792</u>	<u>12,276,825</u>	<u>88,450</u>	<u>34,640,523</u>	<u>306,433,373</u>
-	-	-	-	11,950,034
-	-	-	4,547,370	21,613,050
15,118,753	-	-	-	38,202,945
53,857,531	6,599,656	5,661,404	21,554,869	211,882,072
-	-	-	8,147,557	8,147,557
-	-	-	893,667	893,667
-	-	-	5,936,489	5,936,489
-	-	-	4,258	4,258
30,087	69,700	3,398,961	1,720,546	5,482,738
-	2,155,000	-	2,780,806	4,959,385
-	799,666	-	3,188,789	4,521,391
-	-	-	79,485	79,485
<u>69,006,371</u>	<u>9,624,022</u>	<u>9,060,365</u>	<u>48,853,836</u>	<u>313,673,071</u>
<u>(8,561,579)</u>	<u>2,652,803</u>	<u>(8,971,915)</u>	<u>(14,213,313)</u>	<u>(7,239,698)</u>
-	-	-	10,205,000	10,205,000
8,669,579	-	10,000,000	13,985,162	34,153,264
(108,000)	(1,075,338)	-	(10,846,096)	(34,153,264)
-	-	-	(121,706)	(121,706)
<u>8,561,579</u>	<u>(1,075,338)</u>	<u>10,000,000</u>	<u>13,222,360</u>	<u>10,083,294</u>
-	1,577,465	1,028,085	(990,953)	2,843,596
-	19,519,864	28,819,745	7,306,757	79,160,281
<u>\$ -</u>	<u>\$21,097,329</u>	<u>\$ 29,847,830</u>	<u>\$ 6,315,804</u>	<u>\$ 82,003,877</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, 2009

Amounts reported for governmental activities in the Statement of Activities are different because: (page 38-39)

Net change in fund balances - total governmental funds (page 45)	\$	2,843,596
Capital outlay, reported as expenditures in the governmental funds, are shown as capital assets in the Statement of Net Assets.		8,763,267
Depreciation expenses on governmental capital assets included in the governmental activities in the Statement of Activities.		(5,531,436)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade ins, or donations) is to decrease net assets.		(597,955)
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	(10,205,000)	
Discount related to debt issuance	<u>121,706</u>	
		(10,083,294)
Other post employment benefits are reflected on the Statement of Net Assets but are not considered a current expenditure for the fund statements		(4,156,084)
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	4,780,000	
Note payments	141,558	
Capital lease payments	37,827	
Change in compensated absences	<u>(30,079)</u>	
		4,929,306
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	(1,055,520)	
Change in accrued interest	<u>(22,673)</u>	
		(1,078,193)
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		(9,482)
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 premium	238,833	
Bond discount	(32,616)	
Bond issuance cost, net	<u>14,623</u>	
		220,840
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>618,284</u>
Change in net assets of governmental activities.	\$	<u><u>(4,081,151)</u></u>

COUNTY OF ERIE, PENNSYLVANIA
 Statement of Net Assets - Proprietary Fund
 December 31, 2009

	Governmental Activities Internal Service Fund <hr style="width: 100%;"/>
Assets	
Current Assets:	
Receivables	\$ 20,000
Due from Other Funds	2,772,575
Prepaid Expenses	<u>252,569</u>
Total Current Assets	<u>3,045,144</u>
Total Assets	<u><u>\$ 3,045,144</u></u>
Liabilities	
Current Liabilities	
Accounts Payable - Medical Claims	\$ 501,445
Other Current Liabilities	<u>21,472</u>
Total Current Liabilities	<u>522,917</u>
Net Assets	
Unrestricted	<u>2,522,227</u>
Total Net Assets	<u>2,522,227</u>
Total Liabilities and Net Assets	<u><u>\$ 3,045,144</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, 2009

	Governmental Activities Internal Service Fund
Operating Revenues:	
Employer Contributions	\$ 25,488,255
Employee Contributions	<u>523,134</u>
Total Operating Revenues	<u>26,011,389</u>
Operating Expenses:	
Employee Benefits	9,919,919
Insurance Premiums	1,405,526
Claim Payments	<u>14,067,660</u>
Total Operating Expenses	<u>25,393,105</u>
Change in Net Assets	618,284
Total Net Assets - Beginning	<u>1,903,943</u>
Total Net Assets - Ending	<u><u>\$ 2,522,227</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, 2009

Cash Flows from Operating Activities	
Cash received from users	\$ 26,011,389
Cash payments for employee benefits	(26,011,389)
	-
Net cash provided by operating activities	-
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	\$ -

Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 618,284
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in assets:	
Accounts receivable	(20,000)
Due from other funds	(112,759)
Prepaid items	(206,641)
Increase (decrease) in liabilities:	
Accounts payable - medical claims	(74,286)
Other current liabilities	(204,598)
	(204,598)
Net cash provided by operating activities	\$ -

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, 2009

	Pension Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 4,839,794	\$ 4,534,364
Investments, at fair value		
U.S. government obligations	24,731,012	1,397,585
Municipal bonds	-	-
Mutual funds	9,843,592	771,684
Corporate bonds	27,961,859	-
Common stocks	88,946,728	-
Property taxes receivable	-	13,428,654
Interest and other receivables	650,332	18,004
Other Assets	-	658,046
	\$ 156,973,317	\$ 20,808,337
LIABILITIES		
Accounts payable	\$ -	\$ 7,379,683
Due to other individuals	-	-
Due to other governmental units	-	13,428,654
	-	20,808,337
NET ASSETS		
Held in trust for pension benefits and other purposes	\$ 156,973,317	\$ -

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, 2009

Additions:

Contributions	
Employee contribution	\$ 2,746,831
Employer contribution	<u>6,067,903</u>
Total contributions	<u>8,814,734</u>
Investment income	
Net Appreciation in Fair Value of Investments	24,406,253
Interest	2,357,238
Dividends	1,581,537
Miscellaneous income	<u>267,810</u>
Total investment income	28,612,838
Less: Investment expenses	<u>770,446</u>
Net investment income	<u>27,842,392</u>
Total additions	<u>36,657,126</u>

Deductions:

Pension benefits	7,243,795
Refund of contributions	174,188
Death benefits	723,794
Administrative expense	<u>171,407</u>
Total deductions	8,313,184
Change in Net Assets	28,343,942
Net Assets - Beginning of year	<u>128,629,375</u>
Net Assets - End of year	<u><u>\$ 156,973,317</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
DECEMBER 31, 2009

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, 2009

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 and the Erie County Gaming Revenue Authority. The governing body of the Pleasant Ridge Manor is controlled by or appointed by Erie County Council. The authority members of the Erie County Gaming Revenue Authority are appointed by County Council. Erie County Gaming Revenue Authority receives all of its revenue from the County.

The Erie County Gaming Revenue Authority was created by County government to administer the restricted gaming revenue in accordance with state statute. The County must use an economic development authority to administer the restricted gaming funds. The authority members are appointed by Erie County Council and receive and review applications for the restricted gaming funds. The recommendations of the authority are then sent to County Council for approval. The authority may award funds up to \$25,000 without Erie County Council approval. Completed financial statements of Erie County Gaming Authority can be obtained from Erie County Gaming Revenue Authority 5240 Knowledge Parkway, Suite A, Erie, Pennsylvania, 16510.

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 combined 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

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

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

A) Reporting Entity (Continued)

- Erie County Industrial Development Authority
- Erie County Hospital Authority
- Erie County Metropolitan Transit Authority
- Erie County Industrial Development Authority
- Erie County General Authority
- Convention Center Authority
- Erie County Conservation District Authority

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 units. Governmental activities normally are supported by taxes and intergovernmental revenues. Likewise, the primary government is reported separately from the legally separate discrete component units 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

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

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

B) Measurement Focus and Basis of Accounting (Continued)

1. Government-wide Financial Statements (Continued)

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

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, 2009

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

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

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)

Fiduciary Funds

The County's fiduciary funds are presented in the fund financial statements by activity (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, 2009

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

This fund 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

This fund is provided by revenue received from the operation of Presque Isle Downs and Casino. One half of the funds support regional assets, including the County 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. Restricted funds that are not committed by March 31st of the following year are transferred to the Erie County Gaming Revenue Authority. Erie County Gaming Revenue Authority allocates these funds based upon their distribution plan.

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, 2009

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, 2009

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 \$1,883,648.

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, 2009

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:

	Unused Sick Days at <u>Retirement</u>	Percentage of Days <u>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</u> (at retirement or at termination)		
	1-90	15%
	91-190	20%
	191 and above	25%
<u>PSSU - Prison Workers</u>		
	1-90	15%
	91 and above	20%
<u>AFSCME and Non-bargaining, Appointed Officials and Court Supervisors</u>		

Sick days will be paid at the 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, 2009

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 one-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, 2009

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. 52, "*Land and Other Real Estate Held as Investments by Endowments.*" 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, 2009

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

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 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.

In December 2009, the GASB issued Statement No. 57, "*OPEB Measurements by agent Employers and Agent Multiple-Employer Plans.*" The County is required to adopt Statement No. 57 for its calendar year 2012 financial statements.

In December 2009, the GASB issued Statement No. 58, "*Accounting and Financial Reporting for Chapter 9 Bankruptcies.*" The County is required to adopt Statement No. 58 for its calendar year 2010 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 Units

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 71.1% 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, 2009

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

Discretely Presented Component Units (Continued)

Pleasant Ridge Manor (PRM) (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. Vacation days will be taken only after they are accrued. Employees may not accumulate in excess of 120 hours.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

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

Discretely Presented Component Units (Continued)

Erie County Gaming Revenue Authority

Reporting Entity

The Erie County Gaming Revenue Authority (the Authority) was established December, 2007. The Authority was formed pursuant to the provisions of the Economic Development Financing Law, the Pennsylvania Race Horse Development and Gaming Act, and the Home Rule Charter of the County of Erie.

The Authority's Board consists of nine Board members. The members include the Chairman of the County Council, the County Executive and one resident from each of the seven districts within Erie County who shall be appointed by the County Executive with the consent of County Council.

The purpose of the Authority is to assist Erie County in approving municipal grants to be distributed through Erie County's restricted gaming funds in accordance with the Pennsylvania Race Horse Development and Gaming Act. Any restricted funds remaining at the County's year end are considered uncommitted and will be transferred to the Authority's possession. The distribution of these uncommitted funds are at the sole discretion of the Authority. The Authority's management and Board of Directors are responsible for implementing policies and procedures by which the funds will be distributed for various projects within Erie County.

Basis of Accounting

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. Governmental activities are supported by gaming revenues received from the County of Erie.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Gaming revenues not properly included among program revenues are reported instead as general revenues.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

NOTE 2: DEPOSIT AND INVESTMENT RISK

At December 31, 2009, the County's deposits, excluding the pension fund and discretely presented component unit, had a carrying amount of \$76,894,488 and a bank balance of \$78,779,468, of which \$1,679,280 was covered by federal deposit insurance and \$77,100,188 was covered by collateral held under the pooling method.

	<u>Bank</u>	<u>Book</u>
Government Activities		
Cash and Cash Equivalents	\$ 73,734,990	\$ 72,004,841
Restricted Cash	355,283	355,283
Total Government Activities	<u>74,090,273</u>	<u>72,360,124</u>
Agency Funds		
Cash and Cash Equivalents	4,689,195	4,534,364
Investments	2,169,269	2,169,269
Total Agency Funds	<u>6,858,464</u>	<u>6,703,633</u>
Total	<u>\$ 80,948,737</u>	<u>\$ 79,063,757</u>

As of December 31, 2009, the County had the following debt investments and maturities within the Agency Funds:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasuries	\$ 1,397,585	\$ 789,620	\$ 607,965	\$ -	\$ -
Total	<u>\$ 1,397,585</u>	<u>\$ 789,620</u>	<u>\$ 607,965</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2009, \$77,100,188 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, 2009.

Concentration of Credit Risk – The County's investment policy for pooled and self-insurance funds is to invest in U.S. Government 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, 2009

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, 2009, \$4,839,794 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, 2009.

As of December 31, 2009, 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	\$ 10,224,875	\$ -	\$ 3,348,050	\$ 2,172,507	\$ 4,704,318
U.S. Government Treasuries	14,506,137	3,759,575	5,704,366	4,557,492	484,704
Corporate Bonds	27,961,859	556,230	14,470,087	9,938,290	2,997,252
Total	\$ 52,692,871	\$ 4,315,805	\$ 23,522,503	\$ 16,668,289	\$ 8,186,274

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, 2009

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, 2009, 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	\$ 14,046,547	56%
U.S. Government Treasuries	Not Rated	459,590	2%
U.S. Government Agencies	AAA	5,085,706	20%
U.S. Government Agencies	Not Rated	5,067,263	20%
U.S. Government Agencies	A2	39,855	1%
U.S. Government Agencies	BAA2	32,051	1%
Total		<u>\$ 24,731,012</u>	
Corporate Bonds	AAA	\$ 4,167,819	15%
Corporate Bonds	AA1	1,991,421	7%
Corporate Bonds	AA2	2,014,763	7%
Corporate Bonds	AA3	1,693,160	6%
Corporate Bonds	A1	4,045,657	14%
Corporate Bonds	A2	5,453,736	19%
Corporate Bonds	A3	2,461,010	9%
Corporate Bonds	BAA1	2,172,796	8%
Corporate Bonds	BAA2	2,478,054	9%
Corporate Bonds	BAA3	955,328	3%
Corporate Bonds	BA1	199,893	1%
Corporate Bonds	B3	102,000	1%
Corporate Bonds	Not Rated	226,222	1%
Total		<u>\$ 27,961,859</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, 2009

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 (PRM) – Component Unit

At December 31, 2009, Pleasant Ridge Manor's deposits had a carrying amount of \$4,018,190 and a bank balance of \$4,312,766, of which \$500,000 was covered by federal deposit insurance and \$3,812,766 was covered by collateral held under the pooling method.

	Bank	Book
Component Unit		
Cash and Cash Equivalents	\$ 1,554,829	\$ 1,271,334
Investments	468,311	468,311
Restricted Cash		
Cash and Cash Equivalents	2,757,937	2,746,856
Investments	325,000	325,000
Total Restricted Cash	3,082,937	3,071,856
 Total	 \$ 5,106,077	 \$ 4,811,501

As of December 31, 2009, Pleasant Ridge Manor had the following debt investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Certificate of Deposits	\$ 325,000	\$ 325,000	\$ -	\$ -	\$ -
U.S. Treasury Note	433,626	318,357	115,269	-	-
Common Stock	34,685	34,685	-	-	-
Total	\$ 793,311	\$ 678,042	\$ 115,269	\$ -	\$ -

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, 2009, \$3,812,766 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, 2009.

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, 2009

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, 2009, is valued at \$355,283.

NOTE 4: RECEIVABLES

Receivables as of December 31, 2009 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	\$ 3,958	\$ -	\$ -	\$ 11,155
Taxes	8,658,158	-	-	-
Federal & State Grants	-	-	11,772,993	-
Sub-provider Advances	-	2,267,368	-	-
Other	2,223,291	-	-	8,121,864
	<u>10,885,407</u>	<u>2,267,368</u>	<u>11,772,993</u>	<u>8,133,019</u>
Gross receivables	10,885,407	2,267,368	11,772,993	8,133,019
Less: Allowance for Uncollectibles	(1,883,648)	-	-	-
	<u>\$ 9,001,759</u>	<u>\$ 2,267,368</u>	<u>\$ 11,772,993</u>	<u>\$ 8,133,019</u>
	Capital Projects	Health Choices	Other Non- Major Funds	Total
Interest	\$ 1,814	\$ -	\$ 1,453	\$ 18,380
Taxes	-	-	-	8,658,158
Federal & State Grants	-	12,291,885	5,547,872	29,612,750
Sub-provider Advances	-	-	-	2,267,368
Other	-	-	-	10,345,155
	<u>1,814</u>	<u>12,291,885</u>	<u>5,549,325</u>	<u>50,901,811</u>
Gross receivables	1,814	12,291,885	5,549,325	50,901,811
Less: Allowance for Uncollectibles	-	-	-	(1,883,648)
	<u>\$ 1,814</u>	<u>\$ 12,291,885</u>	<u>\$ 5,549,325</u>	<u>\$ 49,018,163</u>

COUNTY OF ERIE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2009

NOTE 4: 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, 2009, 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	\$ 5,149,436	\$ -
Grant draw downs prior to meeting all eligibility requirements	-	12,136,399
	<u>\$ 5,149,436</u>	<u>\$ 12,136,399</u>

Erie County Gaming Revenue Authority – Component Unit

The receivable balance at March 31, 2009 consist of the following:

2007 uncommitted funds to distribute	\$ 1,404,615	
Excess from municipal grants awarded	231,110	
	<u>\$ 1,635,725</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 invoiced 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 2009 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 2009 assessed real estate taxes equaled \$60,962,234 based on a total County valuation of \$11,185,730,985. Based on the 2009 levy of 5.45 mills allocated for general purposes a property owner would pay \$5.45 per \$1,000 of assessed valuation.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

NOTE 6: CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2009 was as follows:

Governmental Activities:

	December 31, <u>2008</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2009</u>
Capital assets not depreciated:				
Land	\$ 1,047,873	\$ 129,942	\$ -	\$ 1,177,815
Construction in progress	14,520,481	2,342,379	(16,497,555)	365,305
Total capital assets not depreciated	<u>15,568,354</u>	<u>2,472,321</u>	<u>(16,497,555)</u>	<u>1,543,120</u>
Capital assets depreciated:				
Building and improvements	73,631,748	19,604,400	-	93,236,148
Vehicles	2,111,554	31,880	-	2,143,434
Furniture and equipment	20,065,189	2,786,914	(836,646)	22,015,457
Total assets depreciated	<u>95,808,491</u>	<u>22,423,194</u>	<u>(836,646)</u>	<u>117,395,039</u>
Less accumulated depreciation:				
Building and improvements	(35,684,254)	(3,323,593)	56,771	(38,951,076)
Vehicles	(1,724,389)	(178,010)	-	(1,902,399)
Furniture and equipment	(15,256,506)	(2,029,833)	547,227	(16,739,112)
Total accumulated depreciation	<u>(52,665,149)</u>	<u>(5,531,436)</u>	<u>603,998</u>	<u>(57,592,587)</u>
Total capital assets, being depreciated, net	<u>43,143,342</u>	<u>16,891,758</u>	<u>(232,648)</u>	<u>59,802,452</u>
Governmental activities capital assets, net	<u>\$ 58,711,696</u>	<u>\$ 19,364,079</u>	<u>\$ (16,730,203)</u>	<u>\$ 61,345,572</u>

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

Government Activities:

General Government	\$ 1,478,949
Courts and related office	192,077
Corrections	1,118,771
Community Service	1,970,358
Public Safety	86,173
Library	<u>685,108</u>
Total	<u>\$ 5,531,436</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

NOTE 6: CAPITAL ASSETS (CONTINUED)

Pleasant Ridge Manor

Capital asset activity for the year :

	December 31, 2008	Additions	Deletions	December 31, 2009
Capital assets, not being depreciated:				
Land	\$ 150,490	\$ -	\$ -	\$ 150,490
Total capital assets, not being depreciated	<u>150,490</u>	<u>-</u>	<u>-</u>	<u>150,490</u>
Capital assets depreciated:				
Land improvements	524,381	997	-	525,378
Buildings and improvements	19,013,458	-	159,889	19,173,347
Furniture and equipment	9,514,600	114,674	(159,889)	9,469,385
Total capital assets being depreciated	<u>29,052,439</u>	<u>115,671</u>	<u>-</u>	<u>29,168,110</u>
Less accumulated depreciation:				
Land improvements	(318,607)	(32,507)	-	(351,114)
Buildings and improvements	(14,201,057)	(669,704)	-	(14,870,761)
Furniture and equipment	(7,802,463)	(375,446)	-	(8,177,909)
Total accumulated depreciation	<u>(22,322,127)</u>	<u>(1,077,657)</u>	<u>-</u>	<u>(23,399,784)</u>
Total capital assets being depreciated, net	<u>6,730,312</u>	<u>(961,986)</u>	<u>-</u>	<u>5,768,326</u>
Total capital assets, net	<u>\$ 6,880,802</u>	<u>\$ (961,986)</u>	<u>\$ -</u>	<u>\$ 5,918,816</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 thru 2008 equal to 50% of the change in the Consumer Price Index. In 2009 the Board voted that there be no COLA to be paid in 2010 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, 2009

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, 2009, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	494
Terminated Plan Members Entitled to, but not yet Receiving Benefits	133
Active Plan Members	<u>1,169</u>
 Total	 <u><u>1,796</u></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, 2009, 2008, and 2007 were \$6,067,903, \$3,682,478, and \$2,818,972, respectively, and are equal to the annual required contribution for each year.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Funding Status and Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was 91.7 percent funded. The actuarial accrued liability for benefits was \$186,142,000, and the actuarial value of the assets was \$170,697,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,455,000. The covered payroll (annual payroll of active employees covered by the plan) was \$45,265,000, and the ratio of the UAAL to the covered payroll was 34.1%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. Because this method does not identify or separately amortize unfunded actuarial accrued liabilities, information about funded status and funding progress is presented using the entry age actuarial cost method for that purpose, and that the information presented is intended to serve as a surrogate for the funding progress of the plan.

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

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Annual Pension Cost and Net Pension Obligation

The County's Annual Required Contribution for 2009 was determined as part of the January 1, 2009, actuarial valuation. The County's annual pension cost and net pension obligation to the Erie County Employee's Retirement System for 2009, was as follows:

Annual Required Contribution	\$ 6,067,903
Interest on Net Pension Obligation	(15,535)
Adjustment to Annual Required Contribution	<u>25,017</u>
Annual Pension Cost	6,077,385
Contribution	(6,067,903)
Change in Net Pension Obligation	9,482
Net Pension Obligation (Asset) - January 1, 2009	<u>(194,193)</u>
Net Pension Obligation (Asset) - December 31, 2009	<u><u>\$ (184,711)</u></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, 2007	\$ 2,830,364	99%	\$ 203,274
December 31, 2008	3,691,559	99%	194,193
December 31, 2009	6,077,385	99%	184,711

Pleasant Ridge Manor (PRM) – 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 PNC Bank.

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.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Pleasant Ridge Manor (PRM) – Component Unit (Continued)

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, 2009 is as follows:

Current Employees	
Fully Vested	284
Non-Vested	108
Retirees currently receiving benefits	168
Terminated Participants entitled to future benefits	<u>77</u>
Total	<u><u>637</u></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, 2009

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Pleasant Ridge Manor (PRM) – 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, 2009 was \$1,305,200. The annual required contribution for the current year was determined as part of January 1, 2009 Actuarial valuation using the smoothed market value method. The actuarial cost method used was the unit credit method. The actuarial assumption includes an 8.12% investment rate of return and projected salary increase of 4%, with both including an inflation component of 3%.

Statement of Fiduciary Net Assets

Assets:	
Cash and Cash Equivalents	\$ 1,558,463
Investments	
U.S. Government Securities	4,418,948
Common Stock	7,058,378
Mutual Funds	<u>15,976,924</u>
Total Investments	27,454,250
Receivables	
Interest and Dividends	44,348
Employer Contributions	31,865
Employee Contributions	<u>39,374</u>
Total Receivables	115,587
Total Assets	<u>\$ 29,128,300</u>
Net Assets:	
Held in Trust for Pension Benefits	<u>\$ 29,128,300</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Pleasant Ridge Manor – Component Unit (Continued)

Statement of Changes in Fiduciary Net Assets

Additions:	
Contributions:	
Employee Contributions	\$ 1,069,440
Employer Contributions	1,305,200
Total Contributions	<u>2,374,640</u>
Investment Income:	
Net Appreciation	
in Fair Value of Investments	4,533,360
Interest	146,743
Dividends	414,367
Total Investment Income	<u>5,094,470</u>
Less: Investment Expense	<u>(107,828)</u>
Net Investment Income	4,986,642
Total Additions	<u>7,361,282</u>
Deductions:	
Benefits Payments	1,466,387
Administrative Expenses	120,498
Total Deductions	<u>1,586,885</u>
Net Increase	5,774,397
Net assets Held in Trust for Pension Benefits, Beginning of Year	<u>23,353,903</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u><u>\$ 29,128,300</u></u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

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. County Council can amend the plan at any time. 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, 2009, 387 retired employees are covered by health insurance. The County's expenses for health insurance benefits were \$1,556,350 (\$2,178,632 net of retiree contributions of \$622,282) in 2009.

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	877,534
ARC Adjustment	<u>(431,586)</u>
Annual OPEB cost	5,712,434
Contributions made	(1,556,350)
Increase in net OPEB obligation	4,156,084
Net OPEB obligation - beginning of year	<u>6,088,723</u>
Net OPEB obligation - end of year	<u><u>\$ 10,244,807</u></u>

COUNTY OF ERIE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2009

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>(AOC)</u>	<u>AOC Contributed</u>	<u>(Asset)</u>
December 31, 2007	\$ 5,266,486	39.93%	\$ 3,163,551
December 31, 2008	5,218,870	33.49%	6,634,530
December 31, 2009	5,712,434	27.24%	10,244,807

Funded Status and Funding Progress. As of January 1, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$68,756,700 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$68,756,700. The covered payroll was \$14,636,322, and the ratio of the UAAL to the covered payroll was 469.77%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The ARC for the current year was computed as of December 31, 2009, 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 4% compounded annually; (5) RP-2000 Mortality table 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 2007 by \$96,437, 2008 by \$152,407, and 2009 by \$93,793.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

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 \$250,000 up to \$1,000,000 maximum.

During the year ended December 31, 2009, total claims expenses and stop-loss insurance expenses were \$13,266,754. Claims expenses recorded as employee fringe expenditures represent claims processed as of December 31, 2009 and includes (\$501,445) claims payable.

The claims liability of \$501,445 is based on requirements of Governmental Accounting Standards Board (GASB) Statement No. 10, which was amended by GASB Statement No. 30, 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 1/1/08	\$ 875,596
Current Year Premiums	10,557,835
Claims Payments and Administration	<u>(12,009,162)</u>
Claims Liability - End of Year 12/31/08	<u>\$ (575,731)</u>
Claims Liability - Beginning of Year 1/1/09	\$ (575,731)
Current Year Premiums	13,341,040
Claims Payments and Administration	<u>(13,266,754)</u>
Claims Liability - End of Year 12/31/09	<u>\$ (501,445)</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

Workers' Compensation Self-Insurance

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 \$1,700,000. The outstanding balance at December 31, 2009 is \$0.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

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, 2008 to December 31, 2009:

	<u>2009</u>	<u>2008</u>
Claims Liability - Beginning of Year	\$ 500,033	\$ 459,765
Additions	574,397	423,383
Deletions	<u>(633,624)</u>	<u>(383,115)</u>
Claims Liability - End of Year	<u>\$ 440,806</u>	<u>\$ 500,033</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 a specified amount per prescription with the balance of the cost paid by PRM. PRM also maintains an insured health insurance program under which the ultimate premiums or contributions are based primarily on PRM's loss experiences. The plan includes certain stop loss provisions. The plan is operated on a calendar year. There is a co-pay that is collected from the employee with the balance of costs incurred by PRM.

A reconciliation of the change in medical health insurance claims payable is as follows:

	<u>2009</u>	<u>2008</u>
Claims Payable - December 31	\$ 202,548	\$ 242,649
Additions	5,156,480	4,752,500
Deletions	<u>(5,225,009)</u>	<u>(4,792,601)</u>
Claims Payable - December 31	<u>\$ 134,019</u>	<u>\$ 202,548</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

NOTE 10: LONG-TERM OBLIGATIONS

Long-term obligations outstanding at December 31, 2009, consisted of the following:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 88,325,000	\$ 10,205,000	\$ 4,780,000	\$ 93,750,000	\$ 4,955,000
Less: Deferred Amounts:					
Bond Premium	2,399,584	-	238,833	2,160,751	-
Bond Discount	(495,741)	(121,706)	(32,616)	(584,831)	-
	<u>90,228,843</u>	<u>10,083,294</u>	<u>4,986,217</u>	<u>95,325,920</u>	<u>4,955,000</u>
Camtech Note Payable	923,706	-	141,558	782,148	149,759
Capital Lease	37,827	-	37,827	-	-
Compensated Absences	1,830,213	251,821	221,742	1,860,292	41,580
	<u>\$ 93,020,589</u>	<u>\$ 10,335,115</u>	<u>\$ 5,387,344</u>	<u>\$ 97,968,360</u>	<u>\$ 5,146,339</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.

General obligation bonds are direct obligations of the County. Principal 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, 2009

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

<u>Year</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2009</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 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% with a maturity date September 1, 2023.</p>	\$ 22,845,000	\$ 2,430,000
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>	\$ 15,535,000	\$ 230,000

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

<u>Year</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2009</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.	\$ 25,265,000	\$ 95,000
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.	\$ 19,900,000	\$ 2,200,000
2009	\$ 10,205,000	The proceeds will be used by the County to fund a grant to the Erie County Convention Center Authority for the construction of improvements and renovations to Tullio Arena, other capital projects and pay the cost related to the issuance \$79,484 and bond discount of \$121,706, 3.00% to 3.70%. Maturity date September 1, 2021.	\$ 10,205,000	\$ -
Total General Long-Term Debt Obligations at December 31, 2009			<u>\$ 93,750,000</u>	<u>\$ 4,955,000</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

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

Year	2003 G.O. 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
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	2,875,000	686,945	280,000	760,244	110,000	1,050,704
2015-2019	7,520,000	1,450,228	6,985,000	3,264,312	4,535,000	5,079,034
2020-2024	2,125,000	328,200	7,285,000	1,024,025	14,695,000	3,384,355
2025	-	-	-	-	5,525,000	241,719
Total	\$ 22,845,000	\$ 6,402,204	\$ 15,535,000	\$ 8,221,855	\$ 25,265,000	\$ 13,995,885

Year	2008 G.O. Bonds 3.25% to 5.00%		2009 G.O. Bonds 3.00% to 3.70%	
	Principal	Interest	Principal	Interest
2010	\$ 2,200,000	\$ 753,100	\$ -	\$ 342,533
2011	2,270,000	681,600	5,000	356,393
2012	2,345,000	607,825	5,000	356,243
2013	2,430,000	525,750	5,000	356,093
2014	2,510,000	440,700	5,000	355,943
2015-2019	8,145,000	715,300	4,930,000	1,699,127
2020-2024	-	-	5,255,000	290,830
2025	-	-	-	-
Total	\$ 19,900,000	\$ 3,724,275	\$ 10,205,000	\$ 3,757,162

Year	Total Debt Service		Total Debt Service
	Principal	Interest	
2010	\$ 4,955,000	\$ 4,105,828	\$ 9,060,828
2011	5,135,000	3,943,606	9,078,606
2012	5,320,000	3,755,728	9,075,728
2013	5,560,000	3,524,553	9,084,553
2014	5,780,000	3,294,536	9,074,536
2015-2019	32,115,000	12,208,001	44,323,001
2020-2024	29,360,000	5,027,410	34,387,410
2025	5,525,000	241,719	5,766,719
Total	\$ 93,750,000	\$ 36,101,381	\$ 129,851,381

COUNTY OF ERIE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2009

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

Short Term Debt

During 2009, the County borrowed \$16,500,000 as a short term tax revenue anticipation note. The tax revenue anticipation note was paid off before December 31, 2009.

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, 2009:

<u>Year Ended</u> <u>December 31</u>	<u>Maturity Value</u>
2010	\$ 665,000
2011	1,490,000
Total	<u>\$ 2,155,000</u>
Outstanding maturity value as of December 31, 2009	\$ 2,155,000
Current Year Accreted Value	<u>204,367</u>
Total Accreted Value at December 31, 2009	<u>\$ 1,950,633</u>

Changes in the Authority bonds payable and related accrued interest for the year ended December 31, 2009 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>
\$ 3,168,335	\$ 192,298	\$ -	\$ 1,410,000	\$ 1,950,633	\$ 665,000

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

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 principal and interest. The outstanding note due as of December 31, 2009 is \$782,148.

<u>Year Ended</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2010	\$ 149,759	\$ 40,241	\$ 190,000
2011	157,955	32,045	190,000
2012	166,600	23,400	190,000
2013	175,718	14,282	190,000
2014	<u>132,116</u>	<u>4,666</u>	<u>136,782</u>
	<u>\$ 782,148</u>	<u>\$ 114,634</u>	<u>\$ 896,782</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

NOTE 12: SUMMARY DATA FOR COMPONENT UNITS

	Pleasant Ridge Manor	Erie County Gaming Authority	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,271,334	\$ -	\$ 1,271,334
Investments	468,311	-	468,311
Receivables, net	3,654,859	1,635,725	5,290,584
Inventories	326,093	-	326,093
Prepaid items	290,676	-	290,676
Other current assets	10,370	-	10,370
Total current assets	6,021,643	1,635,725	7,657,368
Noncurrent assets:			
Restricted assets	3,071,856	-	3,071,856
Other non current assets	20,886	-	20,886
Net pension asset	123,402	-	123,402
Net capital assets	5,918,816	-	5,918,816
Total noncurrent assets	9,134,960	-	9,134,960
Total assets	\$ 15,156,603	\$ 1,635,725	\$ 16,792,328
Liabilities:			
Current liabilities:			
Total current liabilities	\$ 4,294,324	\$ -	\$ 4,294,324
Noncurrent liabilities:			
Total noncurrent liabilities	1,929,890	-	1,929,890
Total liabilities	6,224,214	-	6,224,214
Net Assets:			
Invested in capital assets, net of related debt	3,968,183	-	3,968,183
Restricted	1,789,379	-	1,789,379
Unrestricted	3,174,827	1,635,725	4,810,552
Total net assets	8,932,389	1,635,725	10,568,114
Total liabilities and net assets	\$ 15,156,603	\$ 1,635,725	\$ 16,792,328

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

NOTE 12: SUMMARY DATA FOR COMPONENT UNITS (Continued)

Condensed statements of activities for component units.

	Pleasant Ridge Manor	Erie County Gaming Authority	Total
Expenses	\$ 33,347,065	\$ -	\$ 33,347,065
Program revenues:			
Charges for services	31,902,281	-	31,902,281
Operating grants and contributions	35,100	-	35,100
Capital grants and contributions	-	-	-
Total Program Revenues	31,937,381	-	31,937,381
General revenues:			
Investment/interest earnings	13,310	-	13,310
Other revenue	279,225	1,635,725	1,914,950
Total General Revenues	292,535	1,635,725	1,928,260
Change in net assets	(1,117,149)	1,635,725	518,576
Net assets, beginning of year as restated (Note 17)	10,049,538	-	10,049,538
Net assets, end of year	<u>\$ 8,932,389</u>	<u>\$ 1,635,725</u>	<u>\$ 10,568,114</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009

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	\$ 6,399,032	\$ 7,537,301
MH/MR	2,821,820	389,675
Drug and Alcohol	418,852	60,595
Health Choices	2,479	49,874
Children and Youth	28,934	7,131,002
Domestic Relations	-	961,530
Planning	1,842	18,511
Library Fund	2,000,000	143,260
Public Health	535,818	423,602
Public Safety	920,325	108,666
Gaming	32,348	-
Capital Projects	1,303,501	313,510
ECCM	-	100,000
Total Government Fund Types	<u>14,464,951</u>	<u>17,237,526</u>
<u>Proprietary Fund Type</u>		
Internal Service Fund	<u>2,772,575</u>	<u>-</u>
Total	<u>\$ 17,237,526</u>	<u>\$ 17,237,526</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>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Fund Types</u>		
General Fund	\$ 334,349	\$ 22,123,830
Drug and Alcohol	239,852	-
Debt Service	5,911,448	10,000,000
MH/MR	1,164,174	-
Domestic Relations	929,100	156,011
Children and Youth	8,669,579	108,000
Planning	419,404	-
Library Fund	3,690,600	-
Health	1,641,344	-
Public Safety	1,153,414	690,085
Gaming	-	1,075,338
Capital Projects	<u>10,000,000</u>	<u>-</u>
Governmental Fund Types	<u>\$ 34,153,264</u>	<u>\$ 34,153,264</u>

COUNTY OF ERIE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2009

NOTE 14: OPERATING LEASES

The County leases building and office facilities and other equipment under noncancellable operating leases. Total costs for such leases were \$1,325,514 for the ended December 31, 2009. The future minimum lease payments for these are as follows:

<u>Year Ending</u>	<u>Amount</u>
2010	\$ 1,092,963
2011	819,453
2012	573,299
2013	535,737
2014	506,371
2015-2018	<u>1,165,540</u>
	<u><u>\$ 4,693,363</u></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, 2009.

NOTE 16: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN MAJOR FUNDS

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

Health Choices Fund	\$ 6,247,547
---------------------	--------------

The over expenditures in the Health Choices was funded by additional grant revenues.

NOTE 17: RESTATEMENT OF NET ASSETS

In prior years, Pleasant Ridge Manor did not account for medical health insurance accruals which affected the beginning net assets. The effect of the restatement is as follows:

Net Assets - Beginning of Year	\$ 10,252,086
Prior Year Adjustment	<u>(202,548)</u>
Net Assets - Beginning of Year, as Restated	<u><u>\$ 10,049,538</u></u>

NOTE 18: SUBSEQUENT EVENTS

Tax and Revenue Anticipation Note

In January 2010, the County issued a Tax and Revenue Anticipation Note with a financial institution in the aggregate principal amount of \$18,000,000 at a fixed interest rate of 1.77%.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

COUNTY OF ERIE
 REQUIRED SUPPLEMENTARY INFORMATION
 EMPLOYEE RETIREMENT PLAN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS

Schedule of Employer Contributions - Trend Information

<u>Years Ended</u>	<u>Annual Required Contributions ("ARC")</u>	<u>Percentage of ARC Contributed</u>
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	3,682,475	100%
December 31, 2009	6,067,903	100%

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

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

SCHEDULE OF FUNDING PROGRESS *
 (Dollar amounts in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Accrued Liability (AAL) Entry Age (b)</u>	<u>Excess of Assets over AAL (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Excess of Assets Over AAL as a Percentage of Covered Payroll ((a-b)/c)</u>
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%
01/01/2010	170,697	186,142	(15,445)	91.7%	45,265	-34.1%

* 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.

COUNTY OF ERIE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS OTHER THAN
 PENSIONS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability Actuarial (AAL)-PUC (b)	Accrued Liability Actuarial (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll	of Covered Payroll [(b)-(a)]/(c)
12/31/07	\$ -	\$ 65,474,578	\$ 65,474,578	0%	\$ 14,467,879	452.55%
12/31/08	-	65,474,578	65,474,578	0%	15,619,721	419.18%
12/31/09	-	68,756,700	68,756,700	0%	14,636,322	469.77%

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

COUNTY OF ERIE, PENNSYLVANIA
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS

1. 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.

2. 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.

3. Children and Youth

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

4. Health Choices Fund

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

5. Gaming Fund

This fund is provided by revenue received from the operation of Presque Isle Downs and Casino. One half of the funds support regional assets, including the County 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. Restricted funds that are not committed by March 31st of the following year are transferred to the Erie County Gaming Revenue Authority. Erie County Gaming Revenue Authority allocates these funds based upon their distribution plan.

COUNTY OF ERIE, PENNSYLVANIA

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real Estate Taxes	\$ 60,452,526	\$ 60,467,526	\$ 60,849,338	\$ 381,812
Hotel Tax	-	2,500,000	2,724,570	224,570
Federal, State and Municipal Grants	3,743,215	5,799,515	5,834,075	34,560
Charges for Services	12,411,155	10,674,467	10,284,980	(389,487)
Interest Income	1,296,000	1,296,000	72,314	(1,223,686)
Other Revenue	63,331	71,377	69,168	(2,209)
	<u>77,966,227</u>	<u>80,808,885</u>	<u>79,834,445</u>	<u>(974,440)</u>
Total Revenues				
EXPENDITURES				
Current:				
General Government	13,743,664	12,541,740	11,950,034	591,706
Courts and Related Offices	17,167,585	17,337,126	17,065,680	271,446
Corrections	23,361,647	23,290,854	23,084,192	206,662
Community Services	526,766	4,638,216	5,430,210	(791,994)
Capital Outlay	376,103	548,778	110,633	438,145
Debt Service	515,215	515,215	556,515	(41,300)
	<u>55,690,980</u>	<u>58,871,929</u>	<u>58,197,264</u>	<u>674,665</u>
Total Expenditures				
Excess of Revenues Over (Under) Expenditures	22,275,247	21,936,956	21,637,181	(299,775)
Other Financing Sources (Uses)				
Transfer Out to Component Units	(35,100)	-	-	-
Transfer In	569,979	640,317	334,349	(305,968)
Transfer Out	(22,589,417)	(22,799,617)	(22,123,830)	675,787
	<u>(22,054,538)</u>	<u>(22,159,300)</u>	<u>(21,789,481)</u>	<u>369,819</u>
Total Other Financing sources (Uses)				
Net Change in Fund Balance	220,709	(222,344)	(152,300)	70,044
Fund Balance, Beginning of Year	22,567,060	22,567,060	22,567,060	-
Fund Balance, End of Year	<u>\$ 22,787,769</u>	<u>\$ 22,344,716</u>	<u>\$ 22,414,760</u>	<u>\$ 70,044</u>

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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 55,421,815	\$ 54,895,095	\$ 51,405,096	\$ (3,489,999)
Interest Income	125,000	91,000	34,597	(56,403)
Other Revenue	30,950	54,750	56,674	1,924
Total Revenues	55,577,765	55,040,845	51,496,367	(3,544,478)
EXPENDITURES				
Current:				
Community Services	56,848,612	56,209,192	52,538,310	3,670,882
Capital Outlay	27,500	130,000	122,231	7,769
Total Expenditures	56,876,112	56,339,192	52,660,541	3,678,651
Excess of Revenues Over (Under) Expenditures	(1,298,347)	(1,298,347)	(1,164,174)	134,173
Other Financing Sources (Uses) Transfer In	1,298,347	1,298,347	1,164,174	(134,173)
Total Other Financing Sources (Uses)	1,298,347	1,298,347	1,164,174	(134,173)
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Federal, State and Municipal Grants	\$ 60,564,109	\$ 61,487,917	\$ 59,740,315	\$ (1,747,602)
Charges for Services	808,620	808,620	701,152	(107,468)
Interest Income	44,500	44,500	3,325	(41,175)
Other Revenue	<u>10,050</u>	<u>10,050</u>	<u>-</u>	<u>(10,050)</u>
Total Revenues	<u>61,427,279</u>	<u>62,351,087</u>	<u>60,444,792</u>	<u>(1,906,295)</u>
EXPENDITURES				
Current:				
Corrections	15,538,752	15,660,252	15,118,753	541,499
Community Services	53,961,981	54,819,604	53,857,531	962,073
Capital Outlay	<u>49,450</u>	<u>49,450</u>	<u>30,087</u>	<u>19,363</u>
Total Expenditures	<u>69,550,183</u>	<u>70,529,306</u>	<u>69,006,371</u>	<u>1,522,935</u>
Excess of Revenues Over (Under) Expenditures	<u>(8,122,904)</u>	<u>(8,178,219)</u>	<u>(8,561,579)</u>	<u>(383,360)</u>
Other Financing Sources (Uses)				
Transfer In	8,170,904	8,226,219	8,669,579	443,360
Transfer Out	<u>(48,000)</u>	<u>(48,000)</u>	<u>(108,000)</u>	<u>(60,000)</u>
Total Other Financing Sources (Uses)	<u>8,122,904</u>	<u>8,178,219</u>	<u>8,561,579</u>	<u>383,360</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF ERIE, PENNSYLVANIA

Health Choices

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$60,000,000	\$ 60,000,000	\$ 67,633,058	\$ 7,633,058
Interest Income	23,125	23,125	18,913	(4,212)
Total Revenues	<u>60,023,125</u>	<u>60,023,125</u>	<u>67,651,971</u>	<u>7,628,846</u>
EXPENDITURES				
Current:				
Community Services	60,019,125	60,019,125	66,240,092	(6,220,967)
Capital Outlay	4,000	4,000	30,580	(26,580)
Total Expenditures	<u>60,023,125</u>	<u>60,023,125</u>	<u>66,270,672</u>	<u>(6,247,547)</u>
Excess of Revenues Over (Under) Expenditures	-	-	1,381,299	1,381,299
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	-	-	1,381,299	1,381,299
Fund Balance, Beginning of Year	<u>946,855</u>	<u>946,855</u>	<u>946,855</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 946,855</u>	<u>\$ 946,855</u>	<u>\$ 2,328,154</u>	<u>\$ 1,381,299</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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$11,000,000	\$ 11,000,000	\$ 12,136,982	\$ 1,136,982
Interest Income	30,000	30,000	139,843	109,843
Total Revenues	11,030,000	11,030,000	12,276,825	1,246,825
EXPENDITURES				
Current:				
Community Services	2,725,622	8,813,020	6,599,656	2,213,364
Capital Outlay	5,500,000	24,423	69,700	(45,277)
Debt Service				
Principal	2,155,000	2,155,000	2,155,000	-
Interest	799,667	799,667	799,666	1
Total Expenditures	11,180,289	11,792,110	9,624,022	2,168,088
Excess of Revenues Over (Under) Expenditures	(150,289)	(762,110)	2,652,803	3,414,913
Other Financing Sources (Uses)				
Transfer Out	(1,000,000)	(1,075,338)	(1,075,338)	-
Total Other Financing Sources (Uses)	(1,000,000)	(1,075,338)	(1,075,338)	-
Net Change in Fund Balance	(1,150,289)	(1,837,448)	1,577,465	3,414,913
Fund Balance, Beginning of Year	19,519,864	19,519,864	19,519,864	-
Fund Balance, End of Year	\$18,369,575	\$ 17,682,416	\$ 21,097,329	\$ 3,414,913

COUNTY OF ERIE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2009

A. Budgets and Budgetary Accounting

The County's Budget is adopted on the modified accrual basis which is consistent with generally accepted accounting principles.

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 and other health 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. Pubic Safety Fund

This fund provides consolidated enhanced 911 dispatching funded by telephone surcharge from land lines, wireless and voice over internet protocol, and county tax dollars. Tax dollars and grants from PEMA fund the planning, training and response to public emergencies, hazardous spills and terrorist activities.

8. 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, 2009

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	\$ 247,186	\$ 238,318	\$ 496,968	\$ -	\$ -
Restricted Cash and Cash Equivalents	-	-	-	-	-
Receivables, Net	-	1,022,860	514,409	772,879	920
Due from Other Funds	-	-	418,852	535,818	2,000,000
Prepaid Items	-	104	-	-	10,519
Total Assets	<u>\$ 247,186</u>	<u>\$ 1,261,282</u>	<u>\$ 1,430,229</u>	<u>\$ 1,308,697</u>	<u>\$ 2,011,439</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ 112,459	\$ 1,329,192	\$ 404,388	\$ 137,892
Accrued Liabilities	-	149,350	40,442	215,680	222,634
Client Funds Held in Trust	-	-	-	-	-
Due to Other Funds	-	961,530	60,595	423,602	143,260
Due to Other Taxing Units	-	-	-	-	-
Unearned Revenue	-	-	-	7,859	1,447,464
Total Liabilities	<u>-</u>	<u>1,223,339</u>	<u>1,430,229</u>	<u>1,051,529</u>	<u>1,951,250</u>
FUND BALANCES					
Reserved for:					
Prepaid Items	-	104	-	-	10,519
Liquid Fuels	247,186	-	-	-	-
Public Safety	-	-	-	-	-
Debt Service	-	-	-	-	-
ECCM	-	-	-	-	-
Planning	-	-	-	-	-
Unreserved, Reported in:					
Special Revenue Funds	-	37,839	-	257,168	49,670
Total Fund Balances	<u>247,186</u>	<u>37,943</u>	<u>-</u>	<u>257,168</u>	<u>60,189</u>
Total Liabilities and Fund Balances	<u>\$ 247,186</u>	<u>\$ 1,261,282</u>	<u>\$ 1,430,229</u>	<u>\$ 1,308,697</u>	<u>\$ 2,011,439</u>

Special Revenue Funds					
Planning Fund	Public Safety Fund	Erie County Care Management	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 801,839	\$ 1,968,438	\$ 408,359	\$ 4,161,108	\$ 1,781,082	\$ 5,942,190
-	-	355,283	355,283	-	355,283
1,093,878	222,974	1,920,605	5,548,525	800	5,549,325
1,842	920,325	-	3,876,837	-	3,876,837
-	-	57,699	68,322	-	68,322
<u>\$ 1,897,559</u>	<u>\$ 3,111,737</u>	<u>\$ 2,741,946</u>	<u>\$ 14,010,075</u>	<u>\$ 1,781,882</u>	<u>\$ 15,791,957</u>
\$ 249,778	\$ 494,034	\$ 50,193	\$ 2,777,936	\$ -	\$ 2,777,936
20,164	121,752	330,232	1,100,254	-	1,100,254
-	-	355,283	355,283	-	355,283
18,511	108,666	100,000	1,816,164	-	1,816,164
566,230	-	-	566,230	-	566,230
731,225	2,786	670,952	2,860,286	-	2,860,286
<u>1,585,908</u>	<u>727,238</u>	<u>1,506,660</u>	<u>9,476,153</u>	<u>-</u>	<u>9,476,153</u>
-	-	57,699	68,322	-	68,322
-	-	-	247,186	-	247,186
-	2,375,386	-	2,375,386	-	2,375,386
-	-	-	-	1,781,882	1,781,882
-	-	1,177,587	1,177,587	-	1,177,587
311,651	-	-	311,651	-	311,651
-	-	-	-	-	-
-	9,113	-	353,790	-	353,790
<u>311,651</u>	<u>2,384,499</u>	<u>1,235,286</u>	<u>4,533,922</u>	<u>1,781,882</u>	<u>6,315,804</u>
<u>\$ 1,897,559</u>	<u>\$ 3,111,737</u>	<u>\$ 2,741,946</u>	<u>\$ 14,010,075</u>	<u>\$ 1,781,882</u>	<u>\$ 15,791,957</u>

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2009

Special Revenue Funds

	<u>Liquid Fuels</u>	<u>Domestic Relations</u>	<u>Drug and Alcohol</u>	<u>Public Health</u>	<u>Library Fund</u>
REVENUES					
Federal, State and Municipal Grants	\$ 717,937	\$ 3,598,831	\$ 5,487,317	\$ 5,802,936	\$ 1,918,441
Charges for Services	-	122,155	184,720	376,605	229,371
Interest Income	571	836	-	108	-
Other Income	-	-	-	132,721	36,657
Total Revenues	<u>718,508</u>	<u>3,721,822</u>	<u>5,672,037</u>	<u>6,312,370</u>	<u>2,184,469</u>
EXPENDITURES					
Current:					
Courts and Related Offices	-	4,547,370	-	-	-
Community Services	-	-	5,911,889	-	-
Public Health	-	-	-	8,147,557	-
Public Works	893,667	-	-	-	-
Library	-	-	-	-	5,936,489
Other	-	-	-	-	-
Capital Outlay	-	-	-	9,600	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Total Expenditures	<u>893,667</u>	<u>4,547,370</u>	<u>5,911,889</u>	<u>8,157,157</u>	<u>5,936,489</u>
Excess of Revenues Over (Under) Expenditures	<u>(175,159)</u>	<u>(825,548)</u>	<u>(239,852)</u>	<u>(1,844,787)</u>	<u>(3,752,020)</u>
Other Financing Sources (Uses)					
Bond Proceeds	-	-	-	-	-
Transfers In	-	929,100	239,852	1,641,344	3,690,600
Transfers Out	-	(156,011)	-	-	-
Bond discount related to debt issuance	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>773,089</u>	<u>239,852</u>	<u>1,641,344</u>	<u>3,690,600</u>
Net change in fund balance	(175,159)	(52,459)	-	(203,443)	(61,420)
Fund Balances, Beginning of Year	422,345	90,402	-	460,611	121,609
Fund Balances, End of Year	<u>\$ 247,186</u>	<u>\$ 37,943</u>	<u>\$ -</u>	<u>\$ 257,168</u>	<u>\$ 60,189</u>

Special Revenue Funds					
Planning Fund	Public Safety Fund	Erie County Care Management	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 1,885,435	\$ 2,458,617	\$ 8,113,648	\$ 29,983,162	\$ -	\$ 29,983,162
310,311	1,921,523	1,284,707	4,429,392	-	4,429,392
899	6,912	849	10,175	16,395	26,570
7,000	24,531	490	201,399	-	201,399
<u>2,203,645</u>	<u>4,411,583</u>	<u>9,399,694</u>	<u>34,624,128</u>	<u>16,395</u>	<u>34,640,523</u>
-	-	-	4,547,370	-	4,547,370
2,724,603	4,219,825	8,698,552	21,554,869	-	21,554,869
-	-	-	8,147,557	-	8,147,557
-	-	-	893,667	-	893,667
-	-	-	5,936,489	-	5,936,489
-	-	-	-	4,258	4,258
5,564	1,568,180	137,202	1,720,546	-	1,720,546
-	-	14,248	14,248	2,766,558	2,780,806
-	-	-	-	3,188,789	3,188,789
-	-	-	-	79,485	79,485
<u>2,730,167</u>	<u>5,788,005</u>	<u>8,850,002</u>	<u>42,814,746</u>	<u>6,039,090</u>	<u>48,853,836</u>
<u>(526,522)</u>	<u>(1,376,422)</u>	<u>549,692</u>	<u>(8,190,618)</u>	<u>(6,022,695)</u>	<u>(14,213,313)</u>
-	-	-	-	10,205,000	10,205,000
419,404	1,153,414	-	8,073,714	5,911,448	13,985,162
-	(690,085)	-	(846,096)	(10,000,000)	(10,846,096)
-	-	-	-	(121,706)	(121,706)
<u>419,404</u>	<u>463,329</u>	<u>-</u>	<u>7,227,618</u>	<u>5,994,742</u>	<u>13,222,360</u>
(107,118)	(913,093)	549,692	(963,000)	(27,953)	(990,953)
418,769	3,297,592	685,594	5,496,922	1,809,835	7,306,757
<u>\$ 311,651</u>	<u>\$ 2,384,499</u>	<u>\$ 1,235,286</u>	<u>\$ 4,533,922</u>	<u>\$ 1,781,882</u>	<u>\$ 6,315,804</u>

COUNTY OF ERIE, PENNSYLVANIA

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real Estate Taxes	\$ 60,452,526	\$ 60,467,526	\$ 60,849,338	\$ 381,812
Hotel Tax	-	2,500,000	2,724,570	224,570
Federal, State and Municipal Grants	3,743,215	5,799,515	5,834,075	34,560
Charges for Services	12,411,155	10,674,467	10,284,980	(389,487)
Interest Income	1,296,000	1,296,000	72,314	(1,223,686)
Other Revenue	63,331	71,377	69,168	(2,209)
Total Revenues	77,966,227	80,808,885	79,834,445	(974,440)
EXPENDITURES				
Current:				
General Government				
Council and Elections	1,377,639	1,379,847	1,321,823	58,024
Controller	352,694	352,694	349,686	3,008
County Executive	255,008	255,498	212,587	42,911
Solicitor	155,402	156,402	155,901	501
Personnel	288,060	296,935	292,078	4,857
Finance	3,954,904	3,794,105	3,751,001	43,104
Operations	4,360,089	3,653,726	3,795,409	(141,683)
Other	2,999,868	2,652,533	2,071,549	580,984
Total General Government	13,743,664	12,541,740	11,950,034	591,706
Courts and Related Offices				
Courts	4,786,917	4,816,016	4,739,617	76,399
District Justices	2,383,093	2,383,093	2,434,722	(51,629)
Clerk of Records	2,277,264	2,306,179	2,229,447	76,732
Sheriff	3,057,822	3,066,578	2,978,500	88,078
District Attorney	2,721,294	2,809,783	2,748,029	61,754
Coroner	559,467	559,467	576,290	(16,823)
Public Defender	1,381,728	1,396,010	1,359,075	36,935
Total Courts and Related Offices	17,167,585	17,337,126	17,065,680	271,446
Corrections				
Adult Probation	4,570,141	4,596,426	4,493,584	102,842
Corrections	15,693,944	15,577,944	15,515,964	61,980
Juvenile Probation	3,097,562	3,116,484	3,074,644	41,840
Total Corrections	23,361,647	23,290,854	23,084,192	206,662
Community Services				
Veterans Affairs	230,679	232,029	222,026	10,003
Economic Development	296,087	326,087	460,016	(133,929)
Grants to Others	-	4,080,100	4,748,168	(668,068)
Total Community Services	526,766	4,638,216	5,430,210	(791,994)
Capital Outlay				
General Government	74,750	61,760	-	61,760
Courts	301,253	320,703	57,413	263,290
Corrections	100	166,315	53,220	113,095
Community Services	-	-	-	-
Total Capital Outlay	376,103	548,778	110,633	438,145
Debt Service				
Principal	-	-	23,579	(23,579)
Interest	515,215	515,215	532,936	(17,721)
Total Debt Service	515,215	515,215	556,515	(41,300)
Total Expenditures	55,690,980	58,871,929	58,197,264	674,665
Excess of Revenues Over (Under)	22,275,247	21,936,956	21,637,181	(299,775)
Other Financing Sources (Uses)				
Transfers Out Component Units	(35,100)	-	-	-
Transfer In	569,979	640,317	334,349	(305,968)
Transfer Out	(22,589,417)	(22,799,617)	(22,123,830)	675,787
Total Other Financing sources (Uses)	(22,054,538)	(22,159,300)	(21,789,481)	369,819
Net Change in Fund Balance	220,709	(222,344)	(152,300)	70,044
Fund Balance, Beginning of Year	22,567,060	22,567,060	22,567,060	-
Fund Balance, End of Year	\$ 22,787,769	\$ 22,344,716	\$ 22,414,760	\$ 70,044

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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 735,000	\$ 735,000	\$ 717,937	\$ (17,063)
Interest Income	7,000	7,000	571	(6,429)
Total Revenues	742,000	742,000	718,508	(23,492)
EXPENDITURES				
Current:				
Public Works	742,000	742,000	893,667	(151,667)
Total Expenditures	742,000	742,000	893,667	(151,667)
Excess of Revenues Over (Under)				
Expenditures	-	-	(175,159)	(175,159)
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	(175,159)	(175,159)
Fund Balance, Beginning of Year	422,345	422,345	422,345	-
Fund Balance, End of Year	\$ 422,345	\$ 422,345	\$ 247,186	\$ (175,159)

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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 3,181,170	\$ 3,181,170	\$ 3,598,831	\$ 417,661
Charges for Services	173,800	173,800	122,155	(51,645)
Interest Income	500	500	836	336
Total Revenues	3,355,470	3,355,470	3,721,822	366,352
EXPENDITURES				
Current:				
Courts and Related Offices	4,640,734	4,640,734	4,547,370	93,364
Total Expenditures	4,640,734	4,640,734	4,547,370	93,364
Excess of Revenues Over (Under) Expenditures	(1,285,264)	(1,285,264)	(825,548)	459,716
Other Financing Sources (Uses)				
Transfer In	1,447,243	1,447,243	929,100	(518,143)
Transfer Out	(161,979)	(161,979)	(156,011)	5,968
Total Other Financing Sources (Uses)	1,285,264	1,285,264	773,089	(512,175)
Net Change in Fund Balance	-	-	(52,459)	(52,459)
Fund Balance, Beginning of Year	90,402	90,402	90,402	-
Fund Balance, End of Year	\$ 90,402	\$ 90,402	\$ 37,943	\$ (52,459)

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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 5,156,926	\$ 5,156,926	\$ 5,487,317	\$ 330,391
Charges for Services	250,000	250,000	184,720	(65,280)
Interest Income	15,000	15,000	0	(15,000)
Total Revenues	5,421,926	5,421,926	5,672,037	250,111
EXPENDITURES				
Current:				
Community Services	5,702,991	5,702,991	5,911,889	(208,898)
Capital Outlay	1,300	1,300	-	1,300
Total Expenditures	5,704,291	5,704,291	5,911,889	(207,598)
Excess of Revenues Over (Under) Expenditures	(282,365)	(282,365)	(239,852)	42,513
Other Financing Sources (Uses) Transfer In	282,365	282,365	239,852	(42,513)
Total Other Financing sources (Uses)	282,365	282,365	239,852	(42,513)
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 6,450,743	\$ 6,653,654	\$ 5,802,936	\$ (850,718)
Charges for Services	394,123	394,123	376,605	(17,518)
Interest	0	100	108	8
Other	136,500	136,500	132,721	(3,779)
Total Revenues	6,981,366	7,184,377	6,312,370	(872,007)
EXPENDITURES				
Current:				
Public Health	8,371,626	8,611,191	8,147,557	463,634
Capital Outlay	11,500	33,600	9,600	24,000
Total Expenditures	8,383,126	8,644,791	8,157,157	487,634
Excess of Revenues Over (Under) Expenditures	(1,401,760)	(1,460,414)	(1,844,787)	(384,373)
Other Financing Sources (Uses)				
Transfer In	1,356,010	1,420,340	1,641,344	221,004
Total Other Financing Sources (Uses)	1,356,010	1,420,340	1,641,344	221,004
Net Change in Fund Balance	(45,750)	(40,074)	(203,443)	(163,369)
Fund Balance, Beginning of Year	460,611	460,611	460,611	-
Fund Balance(Deficit), End of Year	<u>\$ 414,861</u>	<u>\$ 420,537</u>	<u>\$ 257,168</u>	<u>\$ (163,369)</u>

COUNTY OF ERIE, PENNSYLVANIA

Library Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$2,045,718	\$ 2,032,513	\$ 1,918,441	\$ (114,072)
Charges for Services	222,900	222,900	229,371	6,471
Other	9,300	37,395	36,657	(738)
Total Revenues	2,277,918	2,292,808	2,184,469	(108,339)
EXPENDITURES				
Current:				
Library	6,103,862	6,118,752	5,936,489	182,263
Capital Outlay	-	-	-	-
Total Expenditures	6,103,862	6,118,752	5,936,489	182,263
Excess of Revenues Over (Under) Expenditures	(3,825,944)	(3,825,944)	(3,752,020)	73,924
Other Financing Sources (Uses)				
Transfer In	3,825,944	3,825,944	3,690,600	(135,344)
Total Other Financing Sources (Uses)	3,825,944	3,825,944	3,690,600	(135,344)
Net Change in Fund Balance	-	-	(61,420)	(61,420)
Fund Balance, Beginning of Year	121,609	121,609	121,609	-
Fund Balance, End of Year	<u>\$ 121,609</u>	<u>\$ 121,609</u>	<u>\$ 60,189</u>	<u>\$ (61,420)</u>

COUNTY OF ERIE, PENNSYLVANIA

Planning Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 3,958,071	\$ 4,005,571	\$ 1,885,435	\$ (2,120,136)
Charges for Services	310,186	347,686	310,311	(37,375)
Interest	20,000	20,000	899	(19,101)
Other	408,855	408,855	7,000	(401,855)
Total Revenues	4,697,112	4,782,112	2,203,645	(2,578,467)
EXPENDITURES				
Current:				
Community Services	5,289,259	5,367,394	2,724,603	2,642,791
Capital Outlay	13,501	18,366	5,564	12,802
Total Expenditures	5,302,760	5,385,760	2,730,167	2,655,593
Excess of Revenues Over (Under) Expenditures	(605,648)	(603,648)	(526,522)	77,126
Other Financing Sources (Uses) Transfer In	605,648	603,648	419,404	(184,244)
Total Other Financing sources (Uses)	605,648	603,648	419,404	(184,244)
Net Change in Fund Balance	-	-	(107,118)	(107,118)
Fund Balance, Beginning of Year	418,769	418,769	418,769	-
Fund Balance, End of Year	<u>\$ 418,769</u>	<u>\$ 418,769</u>	<u>\$ 311,651</u>	<u>\$ (107,118)</u>

COUNTY OF ERIE, PENNSYLVANIA

Public Safety Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 3,327,224	\$ 3,928,132	\$ 2,458,617	\$ (1,469,515)
Charges for Services	1,912,356	1,927,356	1,921,523	(5,833)
Interest	106,600	106,600	6,912	(99,688)
Other	0	24,381	24,531	150
Total Revenues	5,346,180	5,986,469	4,411,583	(1,574,886)
EXPENDITURES				
Current:				
Community Services	4,787,175	4,693,839	4,219,825	474,014
Capital Outlay	1,097,150	2,996,594	1,568,180	1,428,414
Total Expenditures	5,884,325	7,690,433	5,788,005	1,902,428
Excess of Revenues Over (Under) Expenditures	(538,145)	(1,703,964)	(1,376,422)	327,542
Other Financing Sources (Uses)				
Transfer In	1,081,573	1,179,128	1,153,414	(25,714)
Transfer Out	(690,085)	(690,085)	(690,085)	-
Total Other Financing Sources (Uses)	391,488	489,043	463,329	(25,714)
Net Change in Fund Balance	(146,657)	(1,214,921)	(913,093)	301,828
Fund Balance, Beginning of Year	3,297,592	3,297,592	3,297,592	-
Fund Balance, End of Year	\$ 3,150,935	\$ 2,082,671	\$ 2,384,499	\$ 301,828

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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$8,015,797	\$ 8,015,797	\$8,113,648	\$ 97,851
Charges for Services	1,132,740	1,132,740	1,284,707	151,967
Interest	-	-	849	849
Other	-	-	490	490
Total Revenues	9,148,537	9,148,537	9,399,694	251,157
EXPENDITURES				
Current:				
Community Services	9,112,837	9,112,837	8,698,552	414,285
Capital Outlay	-	-	137,202	(137,202)
Debt Service				
Principal	35,700	35,700	14,248	21,452
Total Expenditures	9,148,537	9,148,537	8,850,002	298,535
Excess of Revenues Over Expenditures	-	-	549,692	549,692
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	549,692	549,692
Fund Balance, Beginning of Year	685,594	685,594	685,594	-
Fund Balance, End of Year	\$ 685,594	\$ 685,594	\$ 1,235,286	\$ 549,692

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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Interest	\$ 50,000	\$ 50,000	\$ 16,395	\$ (33,605)
Total Revenues	50,000	50,000	16,395	(33,605)
EXPENDITURES				
Current:				
Other	6,000	6,000	4,258	1,742
Debt Service				
Principal	2,766,335	2,766,335	2,766,558	(223)
Interest	3,189,113	3,189,113	3,188,789	324
Bond Issuance Costs	-	-	79,485	(79,485)
Total Expenditures	5,961,448	5,961,448	6,039,090	(77,642)
Excess of Revenues Over (Under) Expenditures	(5,911,448)	(5,911,448)	(6,022,695)	(111,247)
Other Financing Sources (Uses)				
Transfer In	5,911,448	5,911,448	5,911,448	-
Transfer Out	-	-	(10,000,000)	(10,000,000)
Bond discount related to debt issuance	-	-	(121,706)	(121,706)
Issuance of Debt	-	-	10,205,000	10,205,000
Total Other Financing Sources (Uses)	5,911,448	5,911,448	5,994,742	83,294
Net Change in Fund Balance	-	-	(27,953)	(27,953)
Fund Balance, Beginning of Year	1,809,835	1,809,835	1,809,835	-
Fund Balance, End of Year	\$ 1,809,835	\$ 1,809,835	\$ 1,781,882	\$ (27,953)

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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Interest Income	-	-	88,450	88,450
	<u>-</u>	<u>-</u>	<u>88,450</u>	<u>88,450</u>
Total Revenues	-	-	88,450	88,450
EXPENDITURES				
Current:				
Community Services	-	-	5,661,404	(5,661,404)
Capital Outlay	-	-	3,398,961	(3,398,961)
	<u>-</u>	<u>-</u>	<u>9,060,365</u>	<u>(9,060,365)</u>
Total Expenditures	-	-	9,060,365	(9,060,365)
Excess of Revenues Over (Under) Expenditures	-	-	(8,971,915)	(8,971,915)
Other Financing Sources (Uses)				
Transfer In	-	-	10,000,000	10,000,000
Transfer Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>10,000,000</u>	<u>10,000,000</u>
Total Other Financing Sources (Uses)	-	-	10,000,000	10,000,000
Net Change in Fund Balance	-	-	1,028,085	1,028,085
Fund Balance, Beginning of Year	<u>28,819,745</u>	<u>28,819,745</u>	<u>28,819,745</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$28,819,745</u></u>	<u><u>\$ 28,819,745</u></u>	<u><u>\$29,847,830</u></u>	<u><u>\$ 1,028,085</u></u>

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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 records 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 the 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, 2009

ASSETS						
	Cash and Cash Equivalents	Investments	Property Taxes Receivable	Interest and Other Receivable	Other Assets	Total Assets
Tax Claim	\$ 1,128,679	\$ -	\$ 13,428,654	\$ 14,798	\$ -	\$ 14,572,131
Revenue Licenses	3,466	-	-	-	-	3,466
Recorder of Deeds	625,547	-	-	-	-	625,547
Clerk of Courts	647,885	-	-	-	-	647,885
Register of Wills	34,128	-	-	-	-	34,128
Prothonotary	1,065,543	-	-	-	658,046	1,723,589
Sheriff	518,954	-	-	1,096	-	520,050
Prison	153,163	-	-	2,110	-	155,273
Magisterial District Judges	248,177	-	-	-	-	248,177
Children and Youth Trust	7,129	-	-	-	-	7,129
Domestic Relations	70,976	-	-	-	-	70,976
Act 101 Site Specific Post Closure	30,717	2,169,269	-	-	-	2,199,986
Total Assets	\$ 4,534,364	\$ 2,169,269	\$ 13,428,654	\$ 18,004	\$ 658,046	\$ 20,808,337

LIABILITIES

<u>Accounts Payable</u>	<u>Due to Other Governmental Units</u>	<u>Total Liabilities</u>
\$ 1,143,477	\$ 13,428,654	\$ 14,572,131
3,466	-	3,466
625,547	-	625,547
647,885	-	647,885
34,128	-	34,128
1,723,589	-	1,723,589
520,050	-	520,050
155,273	-	155,273
248,177	-	248,177
7,129	-	7,129
70,976	-	70,976
2,199,986	-	2,199,986
<u>\$ 7,379,683</u>	<u>\$ 13,428,654</u>	<u>\$ 20,808,337</u>

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2009

	Balance December 31, 2008	Additions	Deductions	Balance December 31, 2009
Funds:				
<u>Tax Claim</u>				
ASSETS				
Cash	\$ 778,865	\$ 21,427,008	\$ 21,077,194	\$ 1,128,679
Credit Card Receivable	8,223	437,660	431,085	14,798
Property Taxes Receivable	13,422,605	13,794,365	13,788,316	13,428,654
	<u>\$ 14,209,693</u>	<u>\$ 35,659,033</u>	<u>\$ 35,296,595</u>	<u>\$ 14,572,131</u>
LIABILITIES				
Accounts Payable	\$ 787,088	\$ 21,864,668	\$ 21,508,279	\$ 1,143,477
Due to Other Governmental Units	13,422,605	13,794,365	13,788,316	13,428,654
	<u>\$ 14,209,693</u>	<u>\$ 35,659,033</u>	<u>\$ 35,296,595</u>	<u>\$ 14,572,131</u>
<u>Revenue Licenses</u>				
ASSETS				
Cash	\$ 3,794	\$ 239,153	\$ 239,481	\$ 3,466
LIABILITIES				
Accounts Payable	\$ 3,794	\$ 239,153	\$ 239,481	\$ 3,466
<u>Recorder of Deeds</u>				
ASSETS				
Cash	\$ 458,349	\$ 14,541,413	\$ 14,374,215	\$ 625,547
LIABILITIES				
Accounts Payable	\$ 458,349	\$ 14,541,413	\$ 14,374,215	\$ 625,547
<u>Clerk of Courts</u>				
ASSETS				
Cash	\$ 621,309	\$ 4,209,510	\$ 4,182,934	\$ 647,885
LIABILITIES				
Accounts Payable	\$ 621,309	\$ 4,209,510	\$ 4,182,934	\$ 647,885
<u>Register of Wills</u>				
ASSETS				
Cash	\$ 45,526	\$ 12,013,456	\$ 12,024,854	\$ 34,128
LIABILITIES				
Accounts Payable	\$ 45,526	\$ 12,013,456	\$ 12,024,854	\$ 34,128

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2009
(Continued)

	Balance December 31, 2008	Additions	Deductions	Balance December 31, 2009
<u>Prothonotary</u>				
ASSETS				
Cash	\$ 1,658,424	\$ 2,569,031	\$ 3,161,912	\$ 1,065,543
Other Assets	1,428,050	150,000	920,004	658,046
	<u>\$ 3,086,474</u>	<u>\$ 2,719,031</u>	<u>\$ 4,081,916</u>	<u>\$ 1,723,589</u>
LIABILITIES				
Accounts Payable	<u>\$ 3,086,474</u>	<u>\$ 2,719,031</u>	<u>\$ 4,081,916</u>	<u>\$ 1,723,589</u>
<u>Sheriff</u>				
ASSETS				
Cash	\$ 497,202	\$ 3,278,969	\$ 3,257,217	\$ 518,954
Accounts Receivable	1,595	-	499	1,096
	<u>498,797</u>	<u>3,278,969</u>	<u>3,257,716</u>	<u>520,050</u>
LIABILITIES				
Accounts Payable	<u>\$ 498,797</u>	<u>\$ 3,278,969</u>	<u>\$ 3,257,716</u>	<u>\$ 520,050</u>
<u>Prison</u>				
ASSETS				
Cash	\$ 126,881	\$ 1,647,426	\$ 1,621,144	\$ 153,163
Accounts Receivable	1,160	950	-	2,110
	<u>\$ 128,041</u>	<u>\$ 1,648,376</u>	<u>\$ 1,621,144</u>	<u>\$ 155,273</u>
LIABILITIES				
Accounts Payable	<u>\$ 128,041</u>	<u>\$ 1,648,376</u>	<u>\$ 1,621,144</u>	<u>\$ 155,273</u>
<u>Magisterial District Judges</u>				
ASSETS				
Cash	<u>\$ 225,679</u>	<u>\$ 6,199,677</u>	<u>\$ 6,177,179</u>	<u>\$ 248,177</u>
LIABILITIES				
Accounts Payable	<u>\$ 225,679</u>	<u>\$ 6,199,677</u>	<u>\$ 6,177,179</u>	<u>\$ 248,177</u>
<u>Children & Youth Trust</u>				
ASSETS				
Cash	<u>\$ 32,430</u>	<u>\$ 28</u>	<u>\$ 25,329</u>	<u>\$ 7,129</u>
LIABILITIES				
Accounts Payable	<u>\$ 32,430</u>	<u>\$ 28</u>	<u>\$ 25,329</u>	<u>\$ 7,129</u>

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2009
(Continued)

	Balance December 31, 2008	Additions	Deductions	Balance December 31, 2009
<u>Domestic Relations</u>				
ASSETS				
Cash	\$ 49,741	\$ 2,611,371	\$ 2,590,136	\$ 70,976
LIABILITIES				
Accounts Payable	\$ 49,741	\$ 2,611,371	\$ 2,590,136	\$ 70,976
 <u>Act 101 Site Specific Post Closure</u>				
ASSETS				
Cash	\$ 226,214	\$ -	\$ 195,497	\$ 30,717
Investments	2,384,793	-	215,524	2,169,269
	\$ 2,611,007	\$ -	\$ 411,021	\$ 2,199,986
LIABILITIES				
Accounts Payable	\$ 2,611,007	\$ -	\$ 411,021	\$ 2,199,986
 TOTAL ASSETS				
Cash	\$ 4,724,414	\$ 68,737,042	\$ 68,927,092	\$ 4,534,364
Investments	2,384,793	-	215,524	2,169,269
Interest and Other Receivable	10,978	438,610	431,584	18,004
Property Taxes Receivable	13,422,605	13,794,365	13,788,316	13,428,654
Other Assets	1,428,050	150,000	920,004	658,046
Total Assets	\$ 21,970,840	\$ 83,120,017	\$ 84,282,520	\$ 20,808,337
 TOTAL LIABILITIES				
Accounts Payable	\$ 8,548,235	\$ 69,325,652	\$ 70,494,204	\$ 7,379,683
Due to Other Governmental Units	13,422,605	13,794,365	13,788,316	13,428,654
Total Liabilities	\$ 21,970,840	\$ 83,120,017	\$ 84,282,520	\$ 20,808,337

**COUNTY OF ERIE, PENNSYLVANIA
DISCRETE COMPONENT UNITS**

1. Pleasant Ridge Manor

Pleasant Ridge Manor is a non-profit organization organized to provide public, nonsectarian charity, health and nursing care to indigent persons within Erie County, Pennsylvania.

2. Erie County Gaming Revenue Authority

The Erie County Gaming Revenue Authority was created by the County government to administer the restricted gaming revenue in accordance with state statute.

County of Erie, Pennsylvania
Discrete Component Units
Combining Statement of Net Assts
December 31, 2009

	Pleasant Ridge Manor (1)	Erie County Gaming Authority (2)	Total
ASSETS			
Current assets:			
Cash and Investments	\$ 1,271,334	\$ -	\$ 1,271,334
Investments	468,311	-	468,311
Receivables, net	3,654,859	1,635,725	5,290,584
Inventory	326,093	-	326,093
Prepaid Items	290,676	-	290,676
Other	10,370	-	10,370
Total current assets	6,021,643	1,635,725	7,657,368
Noncurrent assets:			
Restricted Cash	2,746,856	-	2,746,856
Restricted Investment	325,000	-	325,000
Other Assets	20,886	-	20,886
Net pension asset	123,402	-	123,402
Land and other non-depreciable assets	150,490	-	150,490
Capital assets, net	5,768,326	-	5,768,326
Total noncurrent assets	9,134,960	-	9,134,960
Total assets	\$ 15,156,603	\$ 1,635,725	\$ 16,792,328
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 3,036,981	\$ -	\$ 3,036,981
Accrued liabilities	214,954	-	214,954
Compensated absences	367,019	-	367,019
Bonds payable	665,000	-	665,000
Other liabilities	10,370	-	10,370
Total current liabilities	4,294,324	-	4,294,324
Noncurrent Liabilities			
Restricted Funds	644,257	-	644,257
Bonds payable	1,285,633	-	1,285,633
Total noncurrent liabilities	1,929,890	-	1,929,890
Total Liabilities	6,224,214	-	6,224,214
NET ASSETS			
Invested in capital assets, net of related debt	3,968,183	-	3,968,183
Restricted for:			
Economic Development	-	-	-
Debt Service	1,789,379	-	1,789,379
Unrestricted	3,174,827	1,635,725	4,810,552
Total Net Assets	\$ 8,932,389	\$ 1,635,725	\$ 10,568,114

(1) December 31, 2009 Fiscal Year End

(2) March 31, 2009 Fiscal Year End

County of Erie, Pennsylvania
Discrete Component Units
Combining Statement of Revenue, Expenses and Changes in Net Assets
For the Year Ended December 31, 2009

	Pleasant Ridge Manor (1)	Erie County Gaming Revenue Authority (2)	Total
Operating Revenues			
Charges for services	\$ 31,902,281	\$ -	\$ 31,902,281
Gaming fees	-	1,635,725	1,635,725
Other revenue	279,225	-	279,225
Total operating revenue	<u>32,181,506</u>	<u>1,635,725</u>	<u>33,817,231</u>
Operating Expenses			
Operating expenses	32,031,906	-	32,031,906
Depreciation expense	1,077,657	-	1,077,657
Government grants	-	-	-
Total operating expenses	<u>33,109,563</u>	<u>-</u>	<u>33,109,563</u>
Excess of Revenues Over (Under) Expenditures	(928,057)	1,635,725	707,668
Non-operating revenues (expenses)			
Grant income	35,100	-	35,100
Interest income	13,310	-	13,310
Interest expense	(221,737)	-	(221,737)
Other expenditures	(15,765)	-	(15,765)
Total non-operating (expenses)	<u>(189,092)</u>	<u>-</u>	<u>(189,092)</u>
Change in net assets	(1,117,149)	1,635,725	518,576
Net assets, beginning of year as restated (Note 17)	10,049,538	-	10,049,538
Net assets, end of year	<u>\$ 8,932,389</u>	<u>\$ 1,635,725</u>	<u>\$ 10,568,114</u>

(1) December 31, 2009 Fiscal Year End

(2) March 31, 2009 Fiscal Year End

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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, 2009

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Building and Improvements</u>	<u>Furniture, Equipment and Vehicles</u>	<u>Total</u>
General government	\$ -	\$ 365,305	\$ 26,934,449	\$ 3,921,714	\$ 31,221,468
Courts and related offices	70,960	-	3,036,332	2,954,529	6,061,821
Corrections	276,946	-	30,797,341	1,316,397	32,390,684
Community services	301,797	-	15,859,868	12,661,214	28,822,879
Public health	-	-	788,751	636,316	1,425,067
Library	528,112	-	15,819,407	2,668,721	19,016,240
 Total governmental funds capital assets	 <u>\$ 1,177,815</u>	 <u>\$ 365,305</u>	 <u>\$ 93,236,148</u>	 <u>\$ 24,158,891</u>	 <u>\$ 118,938,159</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, 2009

<u>Function and Activity</u>	Governmental Funds Capital Assets January 1, 2009	Additions	Deductions/ Transfer	Governmental Funds Capital Assets December 31, 2009
General government	\$ 30,801,313	\$ 4,605,037	\$ (4,184,882)	\$ 31,221,468
Courts and related offices	4,444,038	3,495,251	(1,877,468)	6,061,821
Corrections	32,500,235	429,484	(539,035)	32,390,684
Community services	24,000,500	13,669,298	(8,846,919)	28,822,879
Public health	3,146,735	127,438	(1,849,106)	1,425,067
Library	16,484,024	2,569,007	(36,791)	19,016,240
 Total governmental funds capital assets	 <u>\$ 111,376,845</u>	 <u>\$ 24,895,515</u>	 <u>\$ (17,334,201)</u>	 <u>\$ 118,938,159</u>

COUNTY OF ERIE, PENNSYLVANIA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Assets by Source
December 31, 2009

Governmental funds capital assets:

Land	\$ 1,177,815
Construction in progress	365,305
Buildings and improvements	93,236,148
Furniture, equipment and vehicles	<u>24,158,891</u>
Total governmental funds capital assets	<u><u>\$ 118,938,159</u></u>

Investments environmental funds capital assets by source:

General fund	\$ 66,787,524
Special revenue funds	<u>52,150,635</u>
Total governmental funds capital assets	<u><u>\$ 118,938,159</u></u>

STATISTICAL 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.

Contents

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Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

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Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

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Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and government's ability to issue additional debt in the future.

161

Demographic and Economic Information

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.

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Operating Information

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.

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

	<i>Year</i>			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ (4,386,397)	\$ (3,145,289)	\$ (2,597,220)	\$ (1,467,584)
Restricted	30,370,707	28,983,109	23,766,250	19,313,534
Unrestricted	16,200,016	20,427,657	20,414,397	17,307,552
Total government activities net assets	<u>42,184,326</u>	<u>46,265,477</u>	<u>41,583,427</u>	<u>35,153,502</u>
Primary Government				
Invested in capital assets, net of related debt	(4,386,397)	(3,145,289)	(2,597,220)	(1,467,584)
Restricted	30,370,707	28,983,109	23,763,250	19,313,534
Unrestricted	16,200,016	20,427,657	20,414,397	17,307,552
Total primary government net assets	<u>\$ 42,184,326</u>	<u>\$ 46,265,477</u>	<u>\$ 41,580,427</u>	<u>\$ 35,153,502</u>

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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 2,551,924	\$ 1,359,876	\$ 9,369,907	\$ 9,443,774	\$ 9,581,151
19,579,999	15,932,807	8,860,997	10,362,235	9,986,209
13,643,863	14,410,487	10,609,375	8,444,836	7,029,714
<u>35,775,786</u>	<u>31,703,170</u>	<u>28,840,279</u>	<u>28,250,845</u>	<u>26,597,074</u>
2,551,924	1,359,876	9,369,907	9,443,774	9,581,151
19,579,999	15,932,807	8,860,997	10,362,235	9,986,209
13,643,863	14,410,487	10,609,375	8,444,836	7,029,714
<u>\$ 35,775,786</u>	<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 Nine Years
(accrual basis of accounting)

	<i>Year</i>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses					
Governmental Activities					
General government	\$ 12,781,659	\$ 13,302,695	\$ 11,583,536	\$ 11,585,003	\$ 10,390,858
Courts and related offices	23,815,737	22,452,595	20,642,833	18,838,105	17,943,991
Corrections	40,629,325	39,240,696	36,507,826	33,101,250	32,184,358
Community services	214,680,441	231,296,513	186,143,770	149,202,374	140,836,601
Public health	7,605,284	7,465,662	7,016,892	6,273,932	6,408,229
Public works	893,667	712,490	774,009	793,093	741,599
Library	4,715,044	7,187,576	6,808,991	5,996,459	5,771,219
Other	-	-	-	3,400	2,340
Interest on long term debt	4,337,847	3,775,372	3,811,952	3,790,500	2,609,791
Loss on guaranteed debt	-	-	-	-	-
Total primary government expenses	\$ 309,459,004	\$ 325,433,599	\$ 273,289,809	\$ 229,584,116	\$ 216,888,986
Program Revenue					
Charges for services					
General Government	\$ 3,055,882	\$ 2,728,069	\$ 2,735,511	\$ 2,673,137	\$ 2,840,562
Courts and Related Offices	5,410,242	5,683,424	5,640,432	5,587,398	5,432,622
Corrections	2,146,959	2,176,755	2,327,150	2,471,956	2,469,683
Community Services	16,897,959	17,684,293	14,134,434	2,893,051	2,968,632
Public Health	376,605	536,541	421,619	557,573	656,742
Public Works	-	-	-	-	-
Library	229,371	225,511	225,396	229,924	368,300
Operating grants and contributions	214,031,194	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	\$ 242,148,212	\$ 266,748,295	\$ 217,627,263	\$ 169,370,334	\$ 167,623,978
Net (Expense)/Revenue					
Governmental activities	\$ (67,310,792)	\$ (58,685,304)	\$ (55,662,546)	\$ (60,213,782)	\$ (49,265,008)
Total primary government net expense	\$ (67,310,792)	\$ (58,685,304)	\$ (55,662,546)	\$ (60,213,782)	\$ (49,265,008)
General Revenue and Other Changes in Net Assets					
Governmental activities					
Property Taxes	\$ 59,793,818	\$ 58,262,891	\$ 55,664,202	\$ 53,599,290	\$ 49,298,573
Hotel Room Rental Tax	2,724,570	2,663,840	2,432,204	2,133,095	2,046,370
Interest Income	384,012	1,925,813	3,554,926	3,554,357	1,633,072
Other Income	327,241	517,810	438,139	304,756	359,609
Total primary government	63,229,641	63,370,354	62,089,471	59,591,498	53,337,624
Change in Net Assets					
Governmental activities	(4,081,151)	4,685,050	6,426,925	(622,284)	4,072,616
Total primary government change in net assets	\$ (4,081,151)	\$ 4,685,050	\$ 6,426,925	\$ (622,284)	\$ 4,072,616

				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

\$ 164,104,911 \$ 156,463,260 \$ 151,302,589 \$ 139,318,094

\$ (49,177,009) \$ (49,931,941) \$ (45,815,115) \$ (49,211,536)

\$ (49,177,009) \$ (49,931,941) \$ (45,815,115) \$ (49,211,536)

\$ 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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund				
Reserved	\$ 11,128,717	\$ 13,095,719	\$ 12,604,862	\$ 12,603,113
Unreserved				
Designated				
Undesignated	<u>11,286,043</u>	<u>9,471,341</u>	<u>11,944,147</u>	<u>13,553,863</u>
Total General Fund	<u>\$ 22,414,760</u>	<u>\$ 22,567,060</u>	<u>\$ 24,549,009</u>	<u>\$ 26,156,976</u>
All Other Governmental Funds				
Reserved				
Special Revenue Funds	\$ 20,107,368	\$ 17,280,083	\$ 10,163,146	\$ 5,068,746
Debt Service	1,781,882	1,809,835	1,827,804	2,043,020
Capital Projects	29,847,830	28,819,745	11,308,430	26,568,335
Undesignated, reported in:				
Special Revenue Funds	<u>7,852,037</u>	<u>8,683,558</u>	<u>6,225,443</u>	<u>735,013</u>
Total all other governmental funds	<u>59,589,117</u>	<u>56,593,221</u>	<u>29,524,823</u>	<u>34,415,114</u>
Total governmental funds	<u>\$ 82,003,877</u>	<u>\$ 79,160,281</u>	<u>\$ 54,073,832</u>	<u>\$ 60,572,090</u>

Ye					
<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 2,307,194	\$ 2,426,090	\$ 2,690,539	\$ 1,922,348	\$ 1,416,855	\$ 1,062,227
788,093					
<u>11,429,720</u>	<u>9,258,866</u>	<u>6,003,453</u>	<u>4,672,590</u>	<u>3,846,625</u>	<u>6,992,665</u>
<u>\$ 14,525,007</u>	<u>\$ 11,684,956</u>	<u>\$ 8,693,992</u>	<u>\$ 6,594,938</u>	<u>\$ 5,263,480</u>	<u>\$ 8,054,892</u>
\$ 16,041,583	\$ 11,867,878	\$ 11,919,372	\$ 4,089,934	\$ 3,935,660	\$ 3,502,498
2,480,451	2,938,863	3,532,253	3,941,683	4,458,974	4,842,450
35,632,760	11,428,499	12,041,091	1,423,389	1,352,232	2,902,405
<u>964,043</u>	<u>1,342,755</u>	<u>1,013,732</u>	<u>806,744</u>	<u>176,101</u>	<u>(145,857)</u>
<u>55,118,837</u>	<u>27,577,995</u>	<u>28,506,448</u>	<u>10,261,750</u>	<u>9,922,967</u>	<u>11,101,496</u>
<u>\$ 69,643,844</u>	<u>\$ 39,262,951</u>	<u>\$ 37,200,440</u>	<u>\$ 16,856,688</u>	<u>\$ 15,186,447</u>	<u>\$ 19,156,388</u>

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

	Year				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
REVENUES					
Real Estate Taxes	\$ 60,849,338	\$ 57,445,745	\$ 54,402,710	\$ 53,617,475	\$ 49,639,081
Hotel Room Rental Tax*	2,724,570	2,663,840	2,432,204	2,133,095	2,046,370
Federal, state and municipal grants	214,595,706	237,713,702	192,142,721	154,957,295	152,887,437
Charges for Services	27,552,506	29,034,593	25,484,542	14,413,039	14,736,541
Interest Income	384,012	1,925,813	3,554,926	3,554,357	1,633,072
Other income	327,241	517,810	438,139	304,756	359,609
Total Revenues	<u>306,433,373</u>	<u>329,301,503</u>	<u>278,455,242</u>	<u>228,980,017</u>	<u>221,302,110</u>
EXPENDITURES					
Current:					
General government	11,950,034	11,666,961	11,198,109	9,937,961	9,342,971
Courts and related offices	21,613,050	20,721,787	19,220,859	18,415,816	17,625,158
Corrections	38,202,945	37,068,124	34,450,070	32,129,664	31,332,808
Community Services	211,882,072	226,782,535	181,733,355	147,688,541	140,339,216
Public health	8,147,557	7,756,801	6,475,515	6,217,156	6,334,742
Public Works	893,667	712,490	774,009	793,093	741,599
Library	5,936,489	6,023,041	5,717,622	5,442,185	5,137,520
Other	4,258	5,545	90,432	3,400	459,234
Capital Outlay	5,482,738	9,565,410	18,953,351	10,999,023	4,903,592
Debt Service					
Principal	4,959,385	2,664,140	2,700,625	2,826,320	2,038,934
Interest	4,521,391	3,769,341	3,790,627	3,598,612	2,622,337
Bond Issuance Costs	79,485	130,733	-	-	-
Total Expenditures	<u>313,673,071</u>	<u>326,866,908</u>	<u>285,104,574</u>	<u>238,051,771</u>	<u>220,878,111</u>
Excess of Revenues Over (Under) Expenditures	<u>(7,239,698)</u>	<u>2,434,595</u>	<u>(6,649,332)</u>	<u>(9,071,754)</u>	<u>423,999</u>
Other Financing Sources (Uses)					
Issuance of debt	10,205,000	22,055,000	25,138,458	-	43,067,351
Note Proceeds	-	-	-	-	-
Lease Proceeds	-	-	52,909	-	-
Transfers in	34,153,264	45,592,465	22,099,147	32,109,191	47,237,620
Transfers out	(34,153,264)	(45,592,465)	(22,099,147)	(32,109,191)	(47,237,620)
Loss on Guaranteed Debt	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	(25,040,294)	-	(13,110,457)
Payment of Loan Guarantee	-	-	-	-	-
Premium Related to Debt Issuance	-	596,855	-	-	-
Discount Related to Debt Issuance	(121,706)	-	-	-	-
Total other financing sources (uses)	<u>10,083,294</u>	<u>22,651,855</u>	<u>151,073</u>	<u>-</u>	<u>29,956,894</u>
Net Change in Fund Balances	<u>\$ 2,843,596</u>	<u>\$ 25,086,450</u>	<u>\$ (6,498,259)</u>	<u>\$ (9,071,754)</u>	<u>\$ 30,380,893</u>
Debt Service as a percentage of noncapital expenditures	3.10%	2.07%	2.44%	2.83%	2.16%

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

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 48,892,248	\$ 47,071,141	\$ 44,226,824	\$ 42,649,580	\$ 41,859,556
1,969,962	1,755,905	1,791,460	1,248,089	-
148,975,982	142,684,269	138,148,469	127,235,880	114,748,767
15,128,929	13,776,582	13,154,120	12,082,214	11,277,654
620,200	538,534	750,773	1,597,463	2,440,730
394,652	586,637	343,477	1,181,724	676,704
<u>215,981,973</u>	<u>206,413,068</u>	<u>198,415,123</u>	<u>185,994,950</u>	<u>171,003,411</u>
9,104,141	9,623,077	8,076,003	9,608,423	9,068,843
17,633,056	17,880,233	16,514,108	15,299,044	14,516,645
31,087,719	30,925,184	26,804,420	28,483,551	27,029,647
136,723,950	128,048,033	127,388,035	116,406,658	102,546,282
6,175,897	6,662,758	5,854,127	5,420,319	5,435,396
832,551	813,291	705,264	742,380	809,352
5,081,221	5,296,210	5,406,807	5,270,967	4,464,604
2,340	310,225	66,589	1,901,508	11,447
2,628,667	4,010,995	3,274,740	3,191,872	2,561,524
1,919,181	1,530,000	1,530,000	1,385,000	1,330,000
2,727,152	1,272,547	1,884,125	2,255,168	2,300,737
-	-	-	-	-
<u>213,915,875</u>	<u>206,372,553</u>	<u>197,504,218</u>	<u>189,964,890</u>	<u>170,074,477</u>
<u>2,066,098</u>	<u>40,515</u>	<u>910,905</u>	<u>(3,969,940)</u>	<u>928,934</u>
-	42,568,487	10,336,809	-	-
1,502,613	-	-	-	-
-	-	-	-	-
17,883,637	15,008,622	15,282,121	15,086,228	14,001,605
(17,883,637)	(15,008,622)	(15,282,121)	(15,086,228)	(14,001,605)
(3,587)	(89,819)	-	-	-
-	(22,175,431)	(9,891,888)	-	-
(1,502,613)	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(3,587)</u>	<u>20,303,237</u>	<u>444,921</u>	<u>-</u>	<u>-</u>
<u>\$ 2,062,511</u>	<u>\$ 20,343,752</u>	<u>\$ 1,355,826</u>	<u>\$ (3,969,940)</u>	<u>\$ 928,934</u>
2.20%	1.38%	1.76%	1.95%	2.17%

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

Function/Program	Year			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental Activities				
General Government	\$ 3,690,832	\$ 2,830,635	\$ 2,790,302	\$ 4,093,473
Courts and Related Offices	9,842,791	9,521,863	9,371,053	9,361,704
Corrections	14,706,913	14,402,695	14,368,315	13,599,958
Community Services	204,862,386	230,283,490	182,770,989	134,319,792
Public Health	6,179,541	6,684,597	5,238,959	5,219,096
Public Works	717,937	757,336	838,851	710,444
Library	2,147,812	2,267,679	2,248,794	2,065,867
<i>Total Primary Government</i>	<u>\$ 242,148,212</u>	<u>\$ 266,748,295</u>	<u>\$ 217,627,263</u>	<u>\$ 169,370,334</u>

Year				
<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 2,915,562	\$ 2,434,591	\$ 2,320,238	\$ 2,218,223	\$ 1,920,441
9,212,200	9,903,038	10,586,656	9,055,547	8,614,926
15,175,231	15,823,814	14,961,499	14,575,680	14,458,612
131,719,161	127,943,696	120,042,324	117,470,241	107,211,947
5,262,967	5,388,951	5,421,439	4,641,591	4,142,863
784,146	770,019	766,390	779,986	739,056
2,554,711	1,840,802	2,364,714	2,561,321	2,230,249
<u>\$ 167,623,978</u>	<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
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
2009	7,609,595,380	2,441,130,409	334,595,533	896,947,264	-	11,282,268,586	14,191,532,812	79.50%	0.00545

Note: The County Reassessment became effective in 2003

Source: 2000-2009 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>				
	2009	2008	2007	2006	2005
Erie County	0.0054500	0.0052000	0.0049500	0.0049500	0.0046800
Township or Boro					
Albion Boro	0.0020600	0.0020600	0.0020600	0.0020600	0.0020600
Amity Township	0.0014000	0.0014000	0.0014000	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	0.0075500	0.0072500	0.0072500	0.0066000	0.0066000
Cranesville Boro	0.0012700	0.0012700	0.0012700	0.0012700	0.0012700
Edinboro Boro	0.0053500	0.0053500	0.0033500	0.0033500	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	0.0023500
Erie City	0.0114500	0.0114500	0.0114500	0.0102100	0.0097100
Fairview Boro	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
Fairview Township	0.0009500	0.0009500	0.0009500	0.0009500	0.0009500
Franklin Township	0.0028000	0.0028000	0.0028000	0.0014000	0.0013000
Girard Boro	0.0017800	0.0017800	0.0012800	0.0012800	0.0012800
Girard Township	0.0010370	0.0010370	0.0010370	0.0010370	0.0010370
Greene Township	0.0015900	0.0015900	0.0014500	0.0014500	0.0012900
Greenfield Township	0.0023000	0.0021000	0.0021000	0.0020000	0.0019000
Harborcreek Township	0.0011920	0.0011920	0.0011920	0.0011920	0.0011920
Lake City Boro	0.0028003	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	0.0010000	0.0009000
McKean Boro	0.0011000	0.0011000	0.0011000	0.0011000	0.0011000
Millcreek Township	0.0024594	0.0024594	0.0024594	0.0024594	0.0024594
Mill Village Boro	0.0013000	0.0013000	0.0009560	0.0009560	0.0009560
North East Boro - 1st Ward	0.0036200	0.0036200	0.0036200	0.0036200	0.0036200
North East Boro - 2nd Ward	0.0036200	0.0036200	0.0036200	0.0036200	0.0036200
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	0.0007000
Union City Boro - 1st Ward	0.0045000	0.0045000	0.0045000	0.0035000	0.0035000
Union City Boro - 2nd Ward	0.0045000	0.0045000	0.0045000	0.0035000	0.0035000
Union Township	0.0012000	0.0012000	0.0012000	0.0012000	0.0012000
Venango Township	0.0024000	0.0014000	0.0013000	0.0011000	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	0.0020000	0.0018000	0.0014000	0.0010000	0.0008000
Wattsburg Boro	0.0050000	0.0050000	0.0050000	0.0020000	0.0020000
Wayne Township	0.0015000	0.0015000	0.0015000	0.0015000	0.0013800
Wesleyville Boro	0.0077730	0.0077730	0.0072730	0.0072730	0.0062730

Year Taxes are Payable

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
0.0046800	0.0046000	0.0542500	0.0530000	0.0053000
0.0020600	0.0020000	0.0280000	0.0280000	0.0280000
0.0013000	0.0013000	0.0170000	0.0170000	0.0170000
0.0002300	0.0002300	0.0030000	0.0030000	0.0030000
0.0003350	0.0003350	0.0050000	0.0050000	0.0050000
0.0068500	0.0061900	0.0725000	0.0725000	0.0725000
0.0012700	0.0012700	0.0170000	0.0170000	0.0170000
0.0023000	0.0020500	0.0260000	0.0260000	0.0230000
0.0007500	0.0007500	0.0100000	0.0100000	0.0100000
0.0013500	0.0009924	0.0140000	0.0140000	0.0140000
0.0097100	0.0099100	0.1074500	0.1074500	0.1074500
0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
0.0008500	0.0008500	0.0105000	0.0105000	0.0080000
0.0013000	0.0013000	0.0170000	0.0170000	0.0170000
0.0012800	0.0012800	0.0150000	0.0150000	0.0150000
0.0010370	0.0010370	0.0120000	0.0120000	0.0120000
0.0012900	0.0011880	0.0160000	0.0140000	0.0140000
0.0018400	0.0017700	0.0250000	0.0250000	0.0250000
0.0011920	0.0011920	0.0140000	0.0140000	0.0140000
0.0027003	0.0027003	0.0300000	0.0270000	0.0220000
0.0027500	0.0020000	0.0225000	0.0225000	0.0225000
0.0004200	0.0004200	0.0060000	0.0060000	0.0060000
0.0009000	0.0009000	0.0120000	0.0120000	0.0120000
0.0011000	0.0011000	0.0180000	0.0180000	0.0180000
0.0025498	0.0025498	0.0222500	0.0200000	0.0200000
0.0008690	0.0008690	0.0130000	0.0110000	0.0110000
0.0022200	0.0022200	0.0280000	0.0279000	0.0279000
0.0022200	0.0022200	0.0280000	0.0279000	0.0279000
0.0012640	0.0012640	0.0150000	0.0150000	0.0150000
0.0013000	0.0013000	0.0170000	0.0170000	0.0150000
0.0004360	0.0004360	0.0060000	0.0060000	0.0060000
0.0007300	0.0007300	0.0090000	0.0090000	0.0090000
0.0035000	0.0035000	0.0445000	0.0445000	0.0435000
0.0035000	0.0035000	0.0445000	0.0445000	0.0435000
0.0010000	0.0008500	0.0110000	0.0080000	0.0080000
0.0010000	0.0010000	0.0140000	0.0140000	0.0100000
0.0008100	0.0008100	0.0110000	0.0110000	0.0110000
0.0013500	0.0013500	0.0190000	0.0190000	0.0190000
0.0008000	0.0007000	0.0100000	0.0100000	0.0100000
0.0009000	0.0006000	0.0100000	0.0100000	0.0100000
0.0012500	0.0012500	0.0140000	0.0140000	0.0140000
0.0062730	0.0037730	0.0410000	0.0350000	0.0350000

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

Year Taxes are Payable

School District	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Corry Area	0.0177660	0.0184506	0.0184506	0.0184990	0.0184850
Erie City	0.0170687	0.0170687	0.0170687	0.0170687	0.0164187
Fairview	0.0180000	0.0176800	0.0172400	0.0167400	0.0162600
Fort LeBoeuf	0.0135600	0.0135600	0.0135600	0.0135600	0.0135600
General McLane	0.0132600	0.0132600	0.0132600	0.0130300	0.0126000
Girard	0.0160500	0.0160500	0.0160500	0.0157500	0.0151500
Harborcreek Township	0.0158100	0.0157100	0.0152100	0.0147100	0.0147100
Iroquois	0.0215000	0.0215000	0.0215000	0.0215000	0.0215000
Millcreek Township	0.0141400	0.0141400	0.0141400	0.0141400	0.0137700
North East	0.0151300	0.0151300	0.0146500	0.0143600	0.0140800
Northwestern	0.0100000	0.0100000	0.0100000	0.0097000	0.0097000
Union City Area	0.0118900	0.0118900	0.0118800	0.0116161	0.0123700
Wattsburg Area	0.0152500	0.0150000	0.0146500	0.0146500	0.0144000

**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>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
0.0163710	0.0159600	0.1920000	0.1281000	0.1687400
0.0164187	0.0164187	0.1678750	0.1582500	0.1462500
0.0153900	0.0145700	0.1660000	0.1620000	0.1555000
0.0135600	0.0115600	0.1560000	0.1505000	0.1505000
0.0126000	0.0117000	0.1570000	0.1500000	0.1360000
0.0148500	0.0142500	0.1740000	0.1710000	0.1620000
0.0140600	0.0133750	0.1625000	0.1560000	0.1500000
0.0180000	0.0167500	0.1887500	0.1815000	0.1742500
0.0131200	0.0124900	0.1439000	0.1400000	0.1355000
0.0130800	0.0130800	0.1550000	0.1500000	0.1500000
0.0097000	0.0092030	0.1380000	0.1370000	0.1370000
0.0123700	0.0105700	0.1430000	0.1430000	0.1430000
0.0140761	0.0125261	0.1757000	0.1647000	0.1647000

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

Taxpayer	2009			2000		
	100% Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	40% Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Baldwin Brothers	\$ 113,258,125	1	1.00%	\$ 20,305,450	1	2.53%
Millcreek Mall/Cafaro	104,988,900	2	0.93%	18,039,410	2	2.25%
Scott Development Enterprise	66,509,620	3	0.59%	5,865,230	5	0.73%
Presque Isle Downs	45,037,300	4	0.40%	-----	-----	-----
Wal Mart	37,271,740	5	0.33%	-----	-----	-----
Developers Diversified	33,500,100	6	0.30%	7,244,240	4	0.90%
Erie Indemnity	33,286,190	7	0.30%	12,474,780	3	1.55%
Pastore Brothers, et al	32,544,820	8	0.29%	5,711,820	6	0.71%
Palermo, et al	21,614,750	9	0.19%	3,632,230	10	0.45%
Maleno Developers	17,480,400	10	0.15%	-----	-----	-----
International Paper	-----	-----	-----	4,250,450	8	0.53%
Granada Apartments	-----	-----	-----	4,058,260	9	0.51%
General Electric Company	-----	-----	-----	5,510,950	7	0.69%
Total	<u>\$ 505,491,945</u>		<u>4.48%</u>	<u>\$ 87,092,820</u>		<u>10.85%</u>
Assessed Value of All Properties	<u>\$ 11,282,288,586</u>			<u>\$ 802,818,020</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
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%
2009	60,962,234	198,502	61,160,736	59,733,612	97.67%	3,121,334	62,854,946	102.77%

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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)
2000	\$ 45,728,754	\$(6,984,973)	\$ -	\$ 553,157	\$ 38,743,781	0.56%	4.83%	\$137.96	\$ 802,818,020	280,843	\$ 6,888,231
2001	40,928,642	(4,459,000)	-	469,052	36,469,642	0.53%	4.49%	129.44	811,952,356	281,749	6,901,666
2002	38,396,832	(6,262,299)	23,541	390,815	32,134,533	0.45%	3.88%	113.76	827,341,564	282,475	7,067,409
2003	55,094,030	(5,580,007)	18,585	318,036	49,514,023	0.69%	0.48%	175.03	10,395,150,238	282,892	7,150,057
2004	52,374,274	(5,302,457)	1,432,061	250,335	47,071,817	0.63%	0.45%	167.61	10,380,140,073	280,833	7,461,484
2005	123,447,363	(10,335,508)	1,313,171	187,357	113,111,855	1.47%	1.07%	403.71	10,567,128,750	280,184	7,677,456
2006	119,841,238	(8,071,445)	1,187,973	128,773	111,769,793	*	1.02%	399.45	10,948,946,060	279,811	*
2007	118,225,912	(5,616,235)	1,057,845	126,892	112,609,677	*	1.02%	401.54	11,079,225,801	280,446	*
2008	136,936,025	(4,763,055)	923,706	37,827	132,172,970	*	1.18%	473.44	11,185,706,711	279,175	*
2009	141,566,392	(8,046,999)	782,148	-	133,519,393	*	1.18%	476.36	11,282,268,586	280,291	*

(a) Population and personal income data can be found on page 168

(b) Property data can be found on page 153

* 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 166

COUNTY OF ERIE, PENNSYLVANIA
Direct and Overlapping Governmental Activities Debt
as of December 31, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Cities:			
Corry	\$ -	100.00%	\$ -
Erie	96,890,899	100.00%	96,890,899
Total Cities	<u>96,890,899</u>		<u>96,890,899</u>
Boroughs:			
Albion	1,171,938	100.00%	1,171,938
Cranesville	-	100.00%	-
Edinboro	644,434	100.00%	644,434
Elgin	-	100.00%	-
Girard	1,244,874	100.00%	1,244,874
Lake City	935,937	100.00%	935,937
McKean	-	100.00%	-
Mill Village	n/a	100.00%	n/a
North East	5,258,799	100.00%	5,258,799
Platea	-	100.00%	-
Union City	n/a	100.00%	n/a
Waterford	-	100.00%	-
Wattsburg	-	100.00%	-
Wesleyville	210,144	100.00%	210,144
Total Boroughs	<u>9,466,126</u>		<u>9,466,126</u>
Townships:			
Amity	-	100.00%	-
Concord	-	100.00%	-
Conneaut	n/a	100.00%	n/a
Elk Creek	32,620	100.00%	32,620
Fairview	958,284	100.00%	958,284
Franklin	201,811	100.00%	201,811
Girard	-	100.00%	-
Greene	-	100.00%	-
Greenfield	-	100.00%	-
Harborcreek	545,366	100.00%	545,366
Lawrence Park	371,973	100.00%	371,973
LeBoeuf	-	100.00%	-
McKean	4,307,728	100.00%	4,307,728
Millcreek	21,296,246	100.00%	21,296,246
North East	1,436,787	100.00%	1,436,787
Springfield	-	100.00%	-
Summit	-	100.00%	-
Union	n/a	100.00%	n/a
Venango	278,140	100.00%	278,140
Washington	506,051	100.00%	506,051
Waterford	5,202	100.00%	5,202
Wayne	178,291	100.00%	178,291
Total Townships	<u>30,118,499</u>		<u>30,118,499</u>

COUNTY OF ERIE, PENNSYLVANIA
 Direct and Overlapping Governmental Activities Debt
 as of December 31, 2009
 (Continued)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
School Districts:			
City of Erie	\$ 108,246,317	100.00%	\$ 108,246,317
Corry Area	26,376,549	100.00%	26,376,549
Fairview	21,880,000	100.00%	21,880,000
Ft. LeBoeuf	28,011,276	100.00%	28,011,276
General McLane	14,495,000	100.00%	14,495,000
Girard	25,330,000	100.00%	25,330,000
Harborcreek	20,743,195	100.00%	20,743,195
Iroquois Area	30,526,246	100.00%	30,526,246
Millcreek	56,457,420	100.00%	56,457,420
North East	20,050,000	100.00%	20,050,000
Northwestern	7,154,613	100.00%	7,154,613
Union City Area	10,255,000	100.00%	10,255,000
Wattsburg Area	27,439,879	100.00%	27,439,879
Total School Districts	<u>396,965,495</u>		<u>396,965,495</u>
Subtotal Overlapping Debt	<u>\$ 533,441,019</u>		<u>\$ 533,441,019</u>
Total Direct Debt			
Total Direct and Overlapping Debt			<u>\$ 533,441,019</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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Assessed Value of Property	\$ 802,818,020	\$ 811,952,356	\$ 827,341,564	\$ 10,395,150,238	\$ 10,380,140,073
Percentage of net debt to assessed value	3.21%	3.03%	2.66%	0.38%	0.37%
Population	280,843	281,749	282,475	282,892	280,833
Net bonded debt per capita in dollars	\$ 92	\$ 87	\$ 78	\$ 140	\$ 136
Debt Limit 300% of average gross revenue	\$ 591,432,831	\$ 623,781,096	\$ 651,153,056	\$ 664,744,809	\$ 698,376,009
<u>Amount of Debt Applicable to Limit</u>					
General Obligation Bonds	\$ 32,810,000	\$ 31,425,000	\$ 30,030,000	\$ 47,555,000	\$ 45,720,000
Less: Resources Restricted to Paying Principal	<u>(7,076,089)</u>	<u>(6,862,448)</u>	<u>(8,058,155)</u>	<u>(7,854,425)</u>	<u>(7,423,874)</u>
Total net debt applicable to limit	25,733,911	24,562,552	21,971,845	39,700,575	38,296,126
Legal Debt Margin	\$ 565,698,920	\$ 599,218,544	\$ 629,181,211	\$ 625,044,234	\$ 660,079,883
Total net debt applicable to the limit as a percentage of debt limit	4.35%	3.94%	3.37%	5.97%	5.48%

Year				
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 10,567,128,750	\$ 10,948,946,060	\$ 11,079,225,801	\$ 11,185,706,711	\$ 11,282,268,586
0.62%	0.58%	0.56%	0.73%	0.77%
280,184	279,811	280,446	279,175	280,291
\$ 234	\$ 227	\$ 220	\$ 291	\$ 310
\$ 723,547,860	\$ 748,838,606	\$ 814,429,000	\$ 926,390,630	\$ 1,007,874,207
\$ 72,315,000	\$ 69,580,000	\$ 68,800,000	\$ 88,325,000	\$ 93,750,000
(6,624,954)	(6,168,694)	(7,211,971)	(7,196,475)	(6,931,318)
65,690,046	63,411,306	61,588,029	81,128,525	86,818,682
\$ 657,857,814	\$ 685,427,300	\$ 752,840,971	\$ 845,262,105	\$ 921,055,525
9.08%	8.47%	7.56%	8.76%	8.61%

COUNTY OF ERIE
Debt Statement Pursuant to Local Government Unit Debt Act
Statement as of December 31, 2009

	Electoral	Nonelectoral	Lease Rental
I. GROSS INCURRED DEBT			
Bonds Outstanding			
1977 Housing Authority (guarantee only)			\$ 885,000
1993 Hospital Authority for Pleasant Ridge Manor			759,245
1995 Higher Education Building Authority (guarantee only)			782,147
2003 G.O. Bond		\$ 22,845,000	
2004 Erie County Convention Center Authority (guarantee only)			45,390,000
2005 G.O. Bond		15,535,000	
2007 G. O. Bond		25,265,000	
2008 G.O. Bond		19,900,000	
2009 G.O. Bond		10,205,000	
Total gross incurred debt	\$ -	\$ 93,750,000	\$ 47,816,392
 II. CREDITS AND EXCLUSIONS			
Less:			
Sinking funds, reserve accounts, bond proceeds		1,781,882	6,265,117
Current appropriations			
Uncollected special assessments			
Delinquent taxes and liens		5,149,436	
Surplus cash			
Solvent debts due			
Indemnifying insurance			
Self-liquidating debt			
Totals	-	6,931,318	6,265,117
Net indebtedness	\$ -	\$ 86,818,682	\$ 41,551,275
Percentage of Legal Debt Limitation	0.00%	8.32%	2.98%

III. Aggregate principle amount of bonds or notes being issued or evidencing lease rental debt:

2009 Pleasant Ridge Manor letter of credit	1,700,000
2009 Pleasant Ridge Manor line of credit	1,000,000

Notes: The 2009 Line of Credit for Pleasant Ridge Manor (guarantee only) balance @ 12/31/09 was \$0.00

The County of Erie's guarantee of the Higher Educational building Authority's lease

COUNTY OF ERIE
 Borrowing Base Certificate
 Certificate as of December 31, 2009

	2007	2008	2009
Total Revenue Received	\$ 308,960,003	\$ 360,505,685	\$ 338,574,839
Less:			
State and Federal subsidies and reimbursements related to a particular project financed by debt			
Revenues, receipts and assessments pledged for self liquidating debt			
Interest on moneys in sinking funds pledged for debt	(89,673)	(60,252)	(16,395)
Grants and gifts-in-aid measured by construction of specific projects	-	-	-
Nonrecurring receipts	-	-	-
Subtotals	308,870,330	360,445,433	338,558,444
 Total net revenues			 \$ 1,007,874,207
 Borrowing Base Total net revenues divided by three			 \$ 335,958,069
 Applicable Debt Limitations: Non-Electoral (300%)			 \$ 1,007,874,207
Non-Electoral plus Lease Rental (400%)			\$ 1,343,832,276

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			
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
2009	280,291	*	*	41,228	5,844	47,072	140,270	9.00%	2,934

* 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	2009			2000		
		(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	2.83%	5,000	1	3.74%
Hamot Medical Center	Health Related	2,500	2	1.77%	1,800	3	1.35%
Erie Indemnity Company	Insurance	2,200	3	1.56%	1,400	2	1.05%
Saint Vincent Health Center	Health Related	2,000	4	1.42%	1,500	5	1.12%
City of Erie School District	Public Education	1,600	5	1.13%	1,300	6	0.97%
Wal-Mart	Department/Grocery Store	1,600	6	1.13%	-----	-----	-----
Barber National Institute	Special Education	1,500	7	1.06%	-----	-----	-----
United States Government	Federal Government	1,400	8	0.99%	1,200	7	0.90%
Verizon	Public Utility	1,200	9	0.85%	-----	-----	-----
County of Erie	County Government	1,100	10	0.78%	1,000	9	0.75%
Plastek Industries	Plastics Manufacturing	-----	-----	-----	1,100	8	0.82%
Pennsylvania State Government	State Government	-----	-----	-----	1,600	4	1.20%
Wegman's Food Markets	Supermarkets	-----	-----	-----	-----	-----	-----
International Paper Company	Paper & Pulp Manufacturing	-----	-----	-----	900	10	0.67%
Tamarkin Company	Supermarkets (Giant Eagle)	-----	-----	-----	-----	-----	-----
		<u>19,100</u>		<u>13.53%</u>	<u>16,800</u>		<u>12.56%</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>2009</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>
<i>General Government</i>	93.0	94.0	99.0	94.5	84.5	82.5	84.5	84.5	80.5	82.5
<i>Courts and Court Related</i>	294.0	298.0	328.0	319.0	313.0	313.5	314.5	309.5	298.0	282.0
<i>Corrections</i>	307.0	309.0	306.0	327.5	324.0	312.0	312.5	306.5	302.0	300.5
<i>Community Service</i>	281.0	275.0	264.0	257.0	251.0	235.0	232.0	230.0	230.0	210.0
<i>Library</i>	69.0	72.0	94.0	80.5	84.0	78.5	80.5	82.0	81.5	74.0
<i>Public Health</i>	74.0	79.0	83.0	82.5	80.5	80.5	86.0	85.0	80.0	78.0
<i>Total</i>	<u>1,118.0</u>	<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>

Source: County of Erie Workforce Report

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

Function/Program	2009	2008	2007	2006	2005
General Government					
Receipts written	11,933	11,330	11,304	11,282	10,366
Checks written	45,941	53,223	51,376	50,645	49,791
Purchase orders issued	3,143	3,457	3,271	3,545	3,154
Ordinances and resolutions passed	248	320	235	259	218
Entry for Claims	12,271	10,681	12,302	10,666	11,595
Licenses issued (fishing, hunting, dog, bingo)	29,214	32,496	25,957	26,542	26,117
Building permits monitored	2,934	3,061	3,357	3,768	3,591
Total taxable parcels	118,967	118,913	118,506	118,506	117,948
Total exempt parcels	4,359	4,407	4,298	4,299	3,919
Retired employees	40	15	12	18	23
Pension fund transactions processed	351	345	346	322	264
Full time employees	1,117	1,127	1,127	1,109	1,079
Part time employees	58	57	67	67	75
Deeds, mortgages, other recorded	34,447	33,160	38,875	40,611	45,328
Coroner cases	419	470	392	428	412
Autopsies performed	146	144	146	176	183
Discharged military personnel registered with Veteran Affairs	206	138	179	174	155
Bids received and opened	37	65	89	75	76
Special audits conducted	5	5	5	6	6
Fraud hotline calls received	25	25	27	28	37
Courts and Court Related					
New criminal cases	3,092	3,075	3,282	3,288	3,176
Jury trials	97	97	128	142	165
Non-jury trials	28	25	30	14	12
Criminal sentencings	2,318	2,479	2,663	2,584	2,421
New civil cases	2,560	2,108	1,621	1,401	1,349
Jury trials	6	14	15	20	28
Non-jury trials	11	7	15	15	15
Traffic citations (in thousands)	25	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	3,373	3,487	3,802	3,620	3,893
Modified petitions filed	2,670	2,967	3,368	3,450	3,350
Support conferences held	8,779	10,422	10,382	10,330	10,858
Support court hearings	368	303	347	387	421
Contempt court hearings	1,519	1,942	1,991	2,055	1,648
Support collections (in millions)	42	41	41	41	40
Warrants processed	1,744	3,311	2,357	1,891	1,662
Civil papers served	12,831	11,205	10,570	8,100	7,981
Sheriff sales	611	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

2004	2003	2002	2001	2000
7,102	7,270	7,405	6,539	6,274
50,744	45,467	n/a	n/a	n/a
2,903	2,766	2,854	2,690	2,086
220	209	177	188	179
11,680	11,213	n/a	n/a	n/a
27,904	n/a	n/a	n/a	n/a
4,732	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
78	16	22	9	9
365	199	216	179	207
1,065	1,076	1,060	1,037	997
72	68	74	71	63
50,155	66,857	64,516	49,937	42,310
398	399	452	422	420
158	130	100	144	194
142	171	184	194	201
71	50	48	67	15
4	4	4	4	4
16	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

Function/Program	2009	2008	2007	2006
Corrections				
Adult probation caseloads	2,788	2,874	3,112	3,274
Delinquency petitions	1,163	1,223	1,450	1,519
Delinquents in placement	149	149	154	163
Community Service				
Agricultural Easement Purchases	1	9	2	4
Land Use Reviews	236	240	254	232
Subdivisions and Land Development Reviews	188	233	281	314
HPMS Sample Section Field Reviews	124	124	121	110
Local Bridge Inspection Program Inspections and Traffic Counts	85	101	85	95
Calls received at Emergency 911 center	147,869	55	106,127	101,237
Drug and Alcohol general admissions	2,243	2,100	2,893	2,221
Drug and Alcohol clients authorized	2,528	2,488	2,893	2,713
Drug and Alcohol treatment providers	13	15	17	19
Children and Youth Abuse Referrals	851	934	859	753
Children and Youth intake evaluations	2,853	3,234	2,703	2,463
Children and Youth placements	676	617	715	994
Mental Health Mental Retardation clients in various programs	20,219	14,436	17,272	22,203
Cost of Mental Health Mental Retardation services (in millions)	52	82	83	87
Health Choices members in various programs	11,859	10,570	7,380	n/a
Cost of Health Choices services (in millions)	56	61	21	n/a
Library				
Bookmobile circulation	36,547	42,022	39,055	33,596
Main library circulation	817,513	923,961	829,635	871,716
Branch library circulation	706,143	508,448	624,051	581,819
Public Health				
Immunization client visits	2,840	2,140	2,337	1,961
Sexually transmitted disease client visits	2,191	2,161	2,180	2,328
Tuberculosis client visits	2,437	2,099	1,849	3,899
Nurse Family Partnership client visits	1,683	1,472	1,564	1,306
Maternal Child Health client visits	1,090	1,544	1,338	1,106
Average daily census in nursing home	340	354	365	372

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

n/a = information not available

2005	2004	2003	2002	2001	2000
3,135	3,426	3,427	3,438	3,802	3,740
1,315	1,587	1,492	1,395	1,350	1,391
181	188	187	187	188	208
13	n/a	n/a	n/a	n/a	n/a
209	n/a	n/a	n/a	n/a	n/a
421	n/a	n/a	n/a	n/a	n/a
110	n/a	n/a	n/a	n/a	n/a
122	n/a	n/a	n/a	n/a	n/a
103,504	105,031	97,202	105,974	103,998	114,414
1,808	1,827	1,997	2,512	2,829	2,881
2,241	2,155	2,087	n/a	n/a	n/a
13	10	10	n/a	n/a	n/a
580	n/a	n/a	n/a	n/a	n/a
2,377	2,319	1,987	1,748	1,630	1,608
1,150	879	n/a	n/a	n/a	n/a
22,582	20,083	21,005	20,276	17,773	12,453
80	78	77	74	62	56
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
38,388	45,313	50,160	55,156	51,025	42,019
854,679	902,192	878,099	802,933	855,072	735,091
523,365	456,210	734,763	867,309	885,080	838,790
1,158	1,430	1,532	1,781	2,740	3,961
2,399	2,232	2,199	1,970	1,821	1,668
2,298	2,046	2,077	2,372	2,861	2,706
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
356	362	355	354	355	386

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

Function	2,009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government										
Buildings	4	4	4	4	4	4	4	4	4	4
Square footage	204,943	210,173	210,173	210,173	210,173	209,774	209,774	209,774	209,774	209,774
Vehicles	8	7	6	4	3	3	3	3	3	2
Courts and Court Related										
Sheriff vehicles	28	26	27	27	26	25	22	20	17	10
Sheriff search and rescue boat	-	0	0	1	1	0	0	0	0	0
Other department vehicles	14	16	16	15	15	7	7	4	1	2
Corrections										
Prison facilities	2	2	1	1	1	1	1	1	1	1
Square footage	205,720	205,720	177,720	177,720	177,720	175,320	175,320	175,320	175,320	175,320
Number of beds	690	690	695	695	694	694	557	557	557	557
Prison vehicles	5	6	5	5	4	4	4	4	4	4
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	13	15	15	18	15	11	11	10	10	9
Community Service										
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	20	18	19	16	13	5	3	3	3	3
Emergency Management watercraft	3	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
Public Health										
Buildings	2	2	2	2	2	2	2	2	2	1
Square footage	27,168	27,168	27,168	27,168	27,168	27,168	27,168	27,168	27,168	27,000
Health Department vehicles	6	5	5	5	10	6	4	4	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	237,278	232,792	232,792
Average number of beds*	388	388	388	388	388	390	402	387	395	432
Library										
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	158,200	155,000	155,000	155,000
Branch libraries	4	4	4	4	4	4	6	6	6	6
Combined branch square footage	25,249	22,652	15,922	15,922	15,922	15,922	22,782	22,782	22,782	22,782
Library vehicles	3	3	3	3	4	4	4	4	3	3

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

COUNTY OF ERIE, PENNSYLVANIA
SALARIES OF PRINCIPAL COUNTY OFFICIALS
As of December 31, 2009

<u>Elected Officials</u>		<u>Salary</u>
Council Chairman (part-time)	Ronald Cleaver	\$ 8,920
Council Members (part-time)	Kyle Foust	8,399
	Phil Fatica	8,399
	Carol J. Loll	8,399
	Fiore A. Leone	8,399
	Joseph F. Giles	8,032
	David Mitchell	8,032
County Executive	Mark A. Divecchio	79,476
County Controller	Suzanne R. Weber	59,238
District Attorney	Jack Daneri	156,404
Sheriff	Robert G. Merski	60,889
Coroner	Lyell P. Cook	59,238
Clerk of Records	Patrick Fetzner	64,752
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	\$ 69,875
Director of Finance	James Sparber	69,875
Director of Personnel	Larry Meredith	69,875
County Solicitor (part-time)	Wallace J Knox, Esquire	46,202
Public Defender	Anthony Logue	99,949
Assistant Public Defenders	6 Full Time 11 Part Time	648,255

Employees

The County employs an average 1,118 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

\$ 38,895

The highest paid non elected employee is the Chief County Detective at:

106,933

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 442 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

35,996