

**COUNTY OF
ERIE,
PENNSYLVANIA**

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**FOR THE YEAR ENDING
DECEMBER 31, 2012**

**Presented By:
Erie County Finance Department**

COUNTY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
For the Year Ended December 31, 2012

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JAMES R SPARBER
FINANCE DIRECTOR

SUE ELLEN PASQUALE
MANAGER OF ACCOUNTING

Barry Grossman, County Executive

June 14, 2013

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 am pleased to present the comprehensive annual financial report of the County of Erie for the fiscal year ended December 31, 2012.

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, 2012.

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, 2012, 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 280,566 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 and blended 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 as such their financial data is presented separately from the primary government. Erie County Care Management is a blended special revenue fund component unit in this report because the services provided are so intertwined with the primary government that is in substance, the same as the primary government . 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
 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, promulgating fiscal policy, 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. The legal level of budgetary control for Erie County is the department level. 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.

Property Assessments

The County has committed to a countywide reassessment cycle. The County has invested in new technology and performed the 2013 reassessment with county staff instead of hiring a consulting firm. It has been ten years since the last reassessment. Initial figures for the County show that overall property values increased about 25% over the last ten years. As a result of the reassessment, the 2013 County taxable assessed value changed from \$11.8 billion to \$13.8 billion. Values in the City of Erie increased overall, with some wards, such as the 2nd and 3rd wards, increasing slightly lower than average and some wards such as the 4th and 6th wards increased slightly more than the county average. Particular emphasis was placed on bringing lakefront property in line with the current market value. New values will be effective January 1, 2013.

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:

During 2011 Erie County's largest employer, General Electric, added 1,300 jobs at the Erie GE Transportation plant and invested \$136 million into the facility. In February of 2012, GE received a contract from Kansas City Southern Railway to build thirty locomotives for \$54.6 million. However, early in 2013 GE announced plans to eliminate 950 union jobs and 100 non-union jobs, moving much of the work to a plant in Texas. The County Executive has met with both the union leaders and General Electric management. The two groups are currently in a 60 day negotiation process aimed at reducing the number of jobs lost in our area.

Lord Corporation, a local aerospace company, contemplated moving its Erie facilities to North Carolina. With the efforts of the Governor's Action Team, state legislators, the County, Summit Township, the Economic Development Agency of Erie County, Summit Township Industrial and Economic Development Authority, and many others, a financing package involving grants, low interest loans and tax increment financing, will allow Lord not only to stay in Erie County, but to expand its business. Over the next four years, Lord will move into and renovate a vacant facility in Summit Township, investing about \$75 million. Not only were 700 family sustaining jobs saved, but 300 jobs are expected to be added. Space in the renovated facility will be available for rent to supplies for a horizontal integration.

The Erie Economic Development Corporation is spear-heading the \$50 million Inland Port Project. This project collaborates with various regional partners from twelve counties to create a large scale logistics hub integrating rail, highway, and marine transportation. Both the ports of Erie and Conneaut, Ohio are involved, as well as large business parks to handle the distribution, transportation and warehousing of goods. Two companies have already signed letters of intent;

one is an iron-smelting plant which would create 530 jobs, and the other is a wood pellet manufacturer.

The housing market finished strong in 2012. The average residential sales price was \$142,262 in 2012, up from \$122,170 in 2011.

The unemployment rate for Erie County dropped from 9.40% in 2010 to 8.2% for 2012.

Destination Erie

The County received a \$1.8 million, three year grant from the Department of Housing and Urban Development to develop a master plan for this region. The project, called Destination Erie, will create a strategy to meet the region's economic, social, and environmental challenges. A national planning and design consulting firms with experience in regional plans, WRT, is assisting inputting this plan together with a public input. The plan will focus on the development of the Erie's waterfront.

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. The Finance Director is authorized to begin the process of refinancing debt if a present-value-economic gain of 3% is realized. In May of 2012, the County refunded portions of the 2003A tax-exempt and 2003C taxable bonds. This refunding saved over \$1 million in debt service over the life of the bonds. County Council also passed a parameters resolution allowing the County to refund 2005B and 2009 bonds should market conditions become more favorable. The County is currently completing a storm water management project at the County Courthouse. The County is also working with the 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 to make necessary renovations to the Tullio Arena to retain local sports teams by committing \$10 million to leverage state funding. In January of 2013, the County issued 2012 Series C general obligation bonds in the amount of \$10,870,000 which refunded 2005 Series B bonds and 2009 bonds. The County saved \$1.8 million from refunding its debt.

County Council acts as the Board of Pleasant Ridge Manor, the County's nursing home. During 2011, the board voted to consolidate the current two facilities and explored the construction of a new modern facility in an effort to control costs and enhance revenue. The project has been estimated at approximately \$30 million which would be financed over a twenty year period. Due to the high cost of the project and economic uncertainties, the board is exploring the cost of renovating the west facility. An agreement was finalized and approved by the Department of Public Welfare to sell 88 bed licenses to Millcreek Manor for \$2,512,000. Since Millcreek Manor intends to build a new nursing home, the County anticipates closing the east facility by the end of 2014. The County-owned east facility is housed on a campus that is home to a juvenile detention center and dependent shelter. Over the next year the County must decide to either repurpose or sell the vacated property.

Future County Operations Budgets

In November of 2012, the County Council adopted the 2013 budget. The budget, net of internal service funds and transfers to other funds, is \$346.7 million and for the fourth year in a row, does not include a tax increase.

Fiscal Accomplishments and Concerns

The County successfully increased the unassigned fund balance in the General Fund and is in compliance with GASB 54. The County accomplished this over a period of time by freezing wages for two years for all county employees, closely monitoring overtime, travel and other discretionary spending, and investing in technology to reduce staffing needs and supplies. As a result, the County's bond rating of AA- was upgraded to AA in 2012 by Standard & Poor's.

Relevant Financial Policies

In 2004, County Council adopted Ordinance Number 169, establishing a policy that sets the level of the general fund's unassigned 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 unassigned fund balance is presented to Council at each finance committee meeting. This analysis indicates the level of unassigned 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 has also planned for the adoption of GASB 54 which allocates fund balance into five categories and recommends that the County increase the level of unassigned fund balance in the General Fund. The 2013 County budget included funds sufficient to maintain a General Fund unassigned fund balance equal or greater than two months of operation.

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, 2011. This was the nineteenth 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 Mary Schaaf 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 Amy Evans, Anne Maries, Linda Jarzynka, 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, Jennifer Fisher, Mary Heintz, Melissa Plyler, Chelsey Ricketts, Karen Dorich, Jane Mehler, Dan DeCoursey, Rita Bishop and Steve Brown. Special thanks to Finance Director, Jim Sparber and Manager of Accounting for Human Services, Patrick Ryan.

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

Respectfully submitted,


Sue Ellen Pasquale
Manager of Accounting

COUNTY OF ERIE, PENNSYLVANIA
List of Elected and Appointed Officials
December 31, 2012

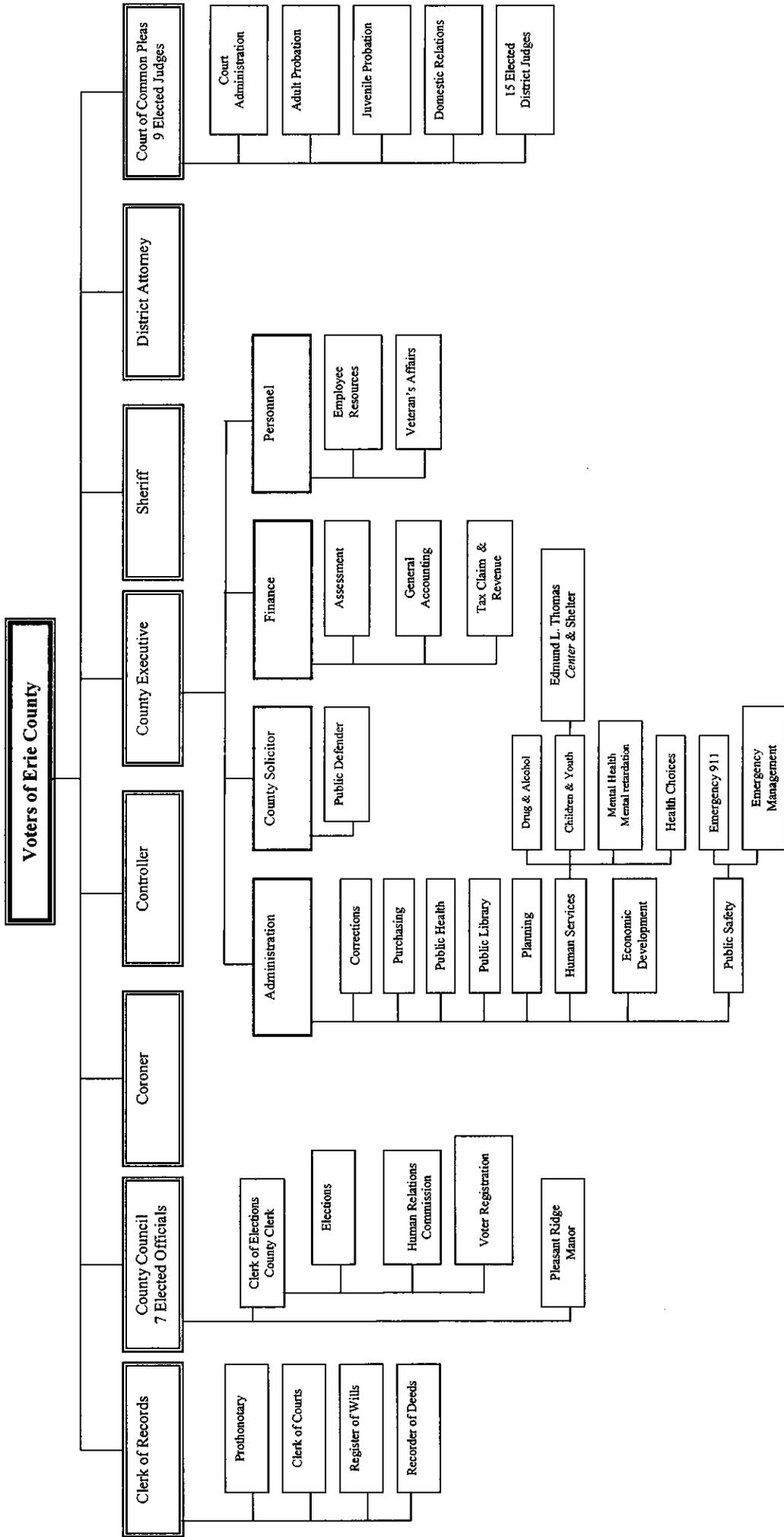
ELECTED OFFICIALS

County Executive	Barry Grossman
Council Members	Fiore A. Leone Joseph F. Giles Phil Fatica Whitey Cleaver Kyle W. Foust Carol J. Loll
County Controller	Mary Schaaf
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. Daniel Brabender Jr Stephanie Domitrovich Michael Dunlavey Elizabeth Kelly John Trucilla

APPOINTED OFFICIALS

Director of Administration	Gerald Mifsud
Director of Finance	James Sparber
Director of Personnel	Peter Callan
County Solicitor	Ronald A. DiNicola, Esq.
Public Defender	Patricia Kennedy

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, 2011

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.



Christopher P. Moynell

President

Jeffrey R. Enos

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

Report on the Financial Statements

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, PENNSYLVANIA, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 46.71%, 57.23% and 15.77%, respectively, of the assets, net position and revenues of the discretely presented Component Units. These 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 from material misstatement.

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

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Members of County Council
County of Erie
Erie, Pennsylvania

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of GASB Statements

As described in Note 1 to the financial statements, in 2012 the County adopted the provisions of Governmental Accounting Standards Board Statements No. 57, "OPEB Measurements By Agent Employers' and Agent Multiple Employer Plans", Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", Statement No. 62, "Codification of Accounting and Financial Reporting Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and Statement No. 64, " Derivative Instruments: Application of Hedge Accounting Termination Provisions- Amendment of GASB Statement No. 53".

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 21 through 39; 107; 108; and 110 through 115 be presented to supplement the basic financial statements. Such information, although not a part of

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Members of County Council
County of Erie
Erie, Pennsylvania

the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the COUNTY OF ERIE's financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual non-major fund financial statements and schedules have been subjected to the auditing procedures applied by us in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of the other auditor, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical section 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.

ZELENKOSKE AXELROD LLC

Zelenkofske Axelrod LLC

Pittsburgh, Pennsylvania
June 14, 2013

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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, 2012. 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, 2012. All amounts, unless otherwise indicated, are expressed in dollars.

Financial Highlights

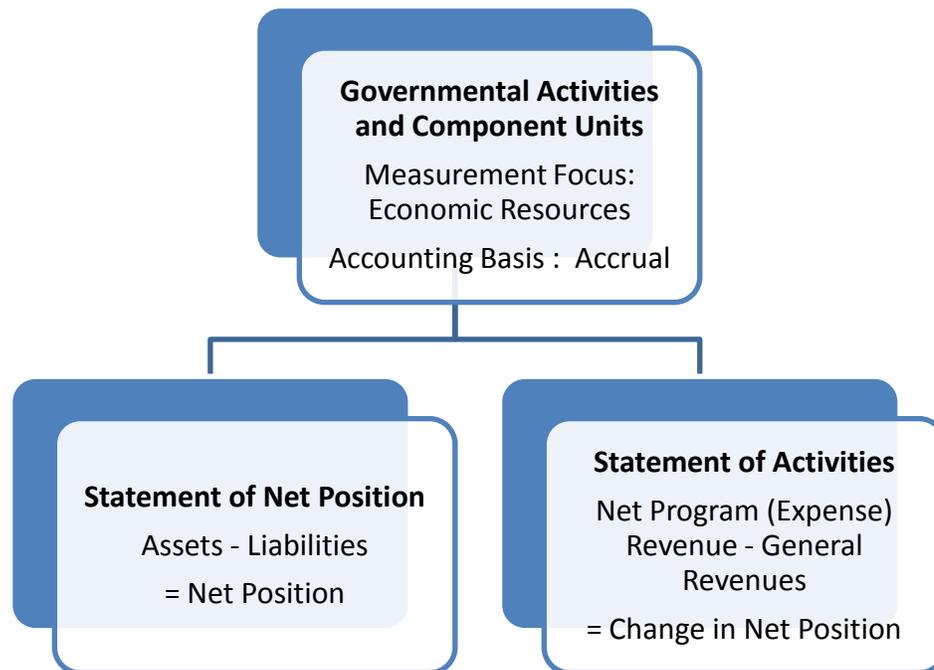
- Assets of the County of Erie exceed liabilities at December 31, 2012 by \$38,410,567 (net position).
- The government's total net position decreased by \$3,901,833.
- As of the close of the current fiscal year, the County of Erie's governmental funds reported combined ending fund balances of \$82,781,506, a decrease of \$957,608 in comparison with the prior year. Most governmental funds saw an increase in fund balance. The most significant changes include an increase in the fund balance of the General Fund in the amount of \$5.2 million primarily due to a budgeted appropriation to fund balance of \$3.2 million, and cost savings of \$1 million in wages and fringes and \$1 million savings in the transfer to Children & Youth Services. Health Choices fund balance increased \$1.9 million from increased grant funds. Capital Projects Fund's fund balance declined \$8.6 million and the fund balance of the Gaming fund decreased \$1 million, as projects either progressed or were completed.
- The County's real property tax rate remained at 6.05 mills.
- The County's investment bond rating from Standard and Poor's was upgraded from AA- to AA, while Moody's bond rating was maintained at Aa2.
- At December 31, 2012, the County of Erie had \$79,425,000 of bonds outstanding. This represents a decrease of \$4,235,000 (5.1%) due to scheduled principal payments on debt. In 2012, the County refunded 2003 bonds, saving \$1.8 million.
- The total fund balance of the General Fund at December 31, 2012 was \$42,560,303. The unassigned portion of the fund balance was \$28,511,652 which is approximately 47% of expenditures in the General Fund for the fiscal year 2012. The unassigned fund balance increased over \$6 million in 2012.

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 position* presents information on all of the County of Erie’s assets and liabilities, with the difference between the two reported as *net position*. 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.

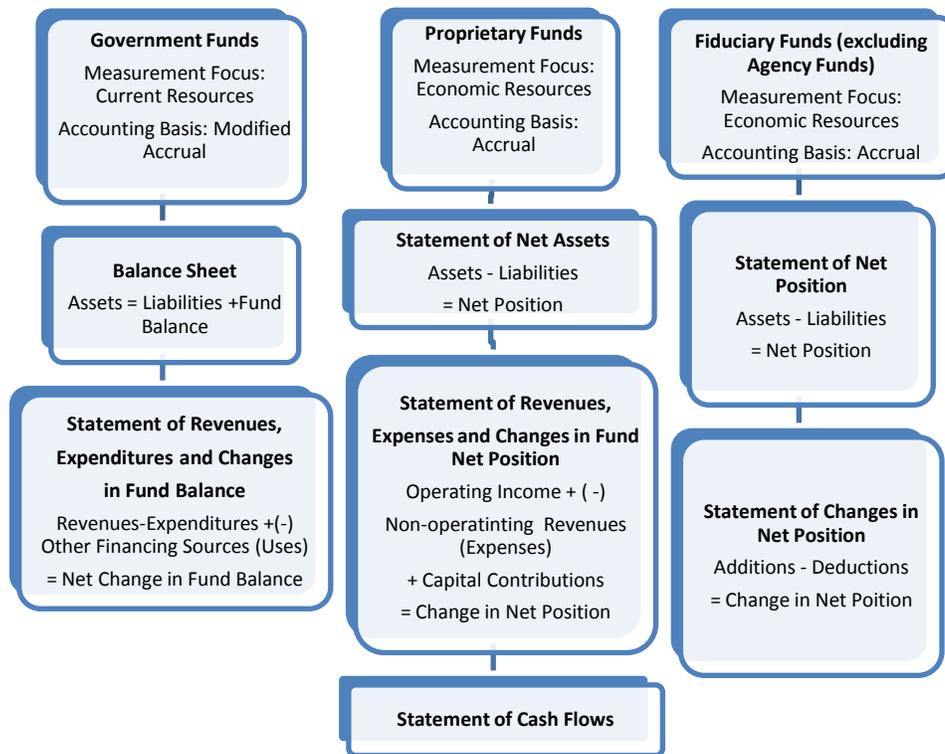
The *statement of activities* presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, 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 is 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 position*, which reports the assets and liabilities of the County's retirement trust fund and combined agency funds. A *combining statement of fiduciary net position*, which provides a detail of all agency funds, can also be found in this report. Finally, the *statement of changes in fiduciary net position* for the pension trust 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 position 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 \$38,410,567 at December 31, 2012.

Approximately \$13,180,233, of net position 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 Position
December 31, 2012
With Comparative Totals for December 31, 2011

	Governmental Activities	
	2012	2011
Current and other assets	\$132,694,782	\$133,514,831
Capital assets	49,156,413	53,277,952
Total assets	181,851,195	186,792,783
Long-term liabilities outstanding	95,880,781	98,727,895
Other Liabilities	47,559,847	45,752,488
Total liabilities	143,440,628	144,480,383
Net position:		
Net investment in capital assets	13,180,233	23,283,384
Restricted	38,896,823	36,373,973
Unrestricted	(13,666,489)	(17,344,957)
Total net position	\$38,410,567	\$42,312,400

The restricted portion of the County of Erie's net position, \$38,896,823, represents resources that are subject to external restrictions on how they may be used. Restricted net position increased \$2,522,850 from the previous year primarily due to increases in Health Choices, Gaming, ECCM and Planning. A detail of the restricted net position can be found on the face of the statement of net position.

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 position. The net investment in capital assets has a positive balance because a large portion of the county's debt is associated with assets that the County does not have title to, thus creating the deficit unrestricted net position balance.

County of Erie - Change in Net Position
Year Ended December 31, 2012
With Comparative Amounts for December 31, 2011

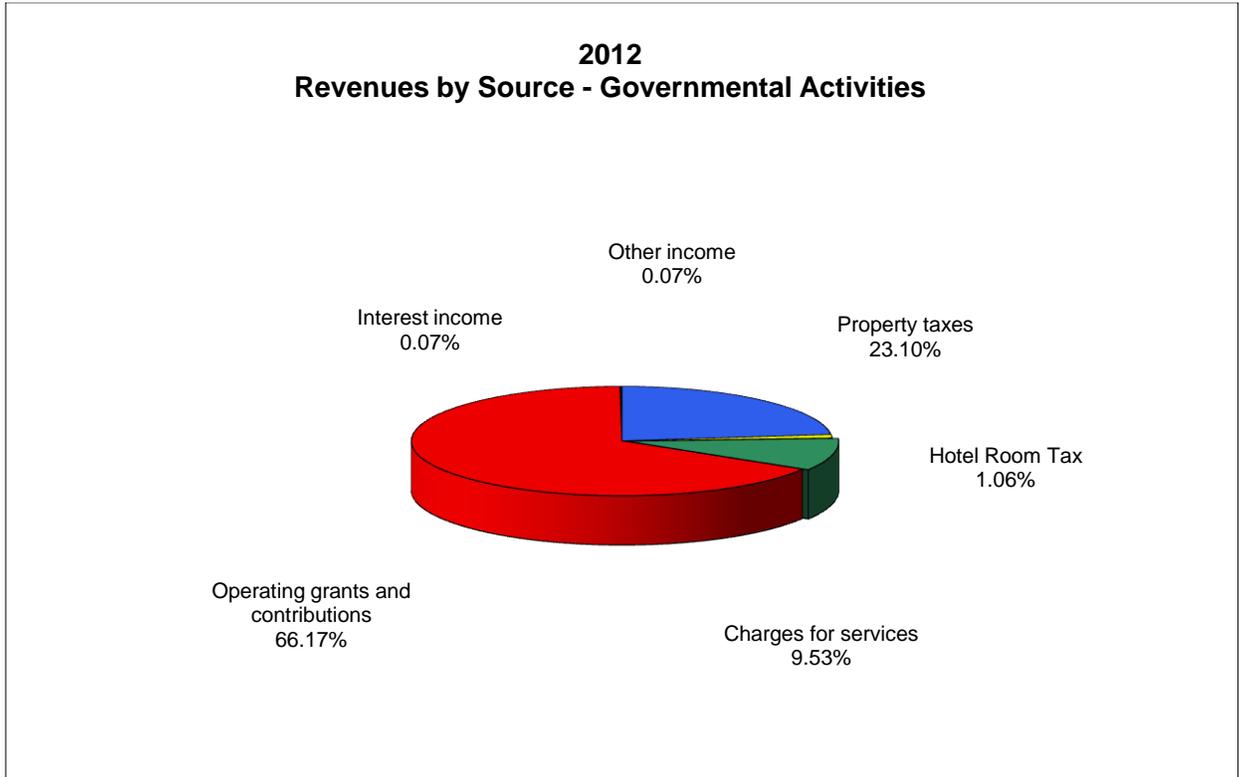
	Governmental Activities		
	2012	2011	Variance
Revenues:			
Program Revenues:			
Charges for services	\$28,395,407	\$28,638,189	(\$242,782)
Grants and contributions	197,131,724	198,657,284	(1,525,560)
General revenues:			
Property taxes	68,811,861	69,212,937	(401,076)
Hotel Room Tax	3,160,156	3,038,223	121,933
Interest income	214,198	233,771	(19,573)
Other income	222,737	1,185,132	(962,395)
Total revenues	<u>297,936,083</u>	<u>300,965,536</u>	<u>(3,029,453)</u>
Expenses:			
General government	19,440,061	14,546,971	4,893,090
Courts and related offices	22,589,810	23,659,667	(1,069,857)
Corrections	38,332,786	39,590,993	(1,258,207)
Community services	203,151,167	201,825,181	1,325,986
Public health	6,850,696	7,257,014	(406,318)
Public works	685,428	903,992	(218,564)
Library	7,005,236	7,267,748	(262,512)
Interest on long-term debt	3,782,732	4,011,619	(228,887)
Total expenses	<u>301,837,916</u>	<u>299,063,185</u>	<u>2,774,731</u>
Increase (decrease) in net position	(3,901,833)	1,902,351	(5,804,184)
Net position, Beginning of Year	<u>42,312,400</u>	<u>40,410,049</u>	<u>1,902,351</u>
Net position, End of Year	<u>\$38,410,567</u>	<u>\$42,312,400</u>	<u>(\$3,901,833)</u>

Governmental activities Governmental activities in 2012 decreased the County's net position by \$3,901,833. Key elements of this decrease are as follows:

Program Revenues

- Property taxes decreased slightly by \$401,076 (-0.58%). The tax millage remained the same at 6.05 mills.
- Hotel room rental tax of \$3,160,156 increased by \$121,933 from the \$3,038,223 collected in 2012. We believe this is due to an improvement in the economy.
- Charges for services declined .85% or by \$242,782. Delinquent tax fees account for \$137,854 of this decrease with the remainder spread over various types of fees and fines.

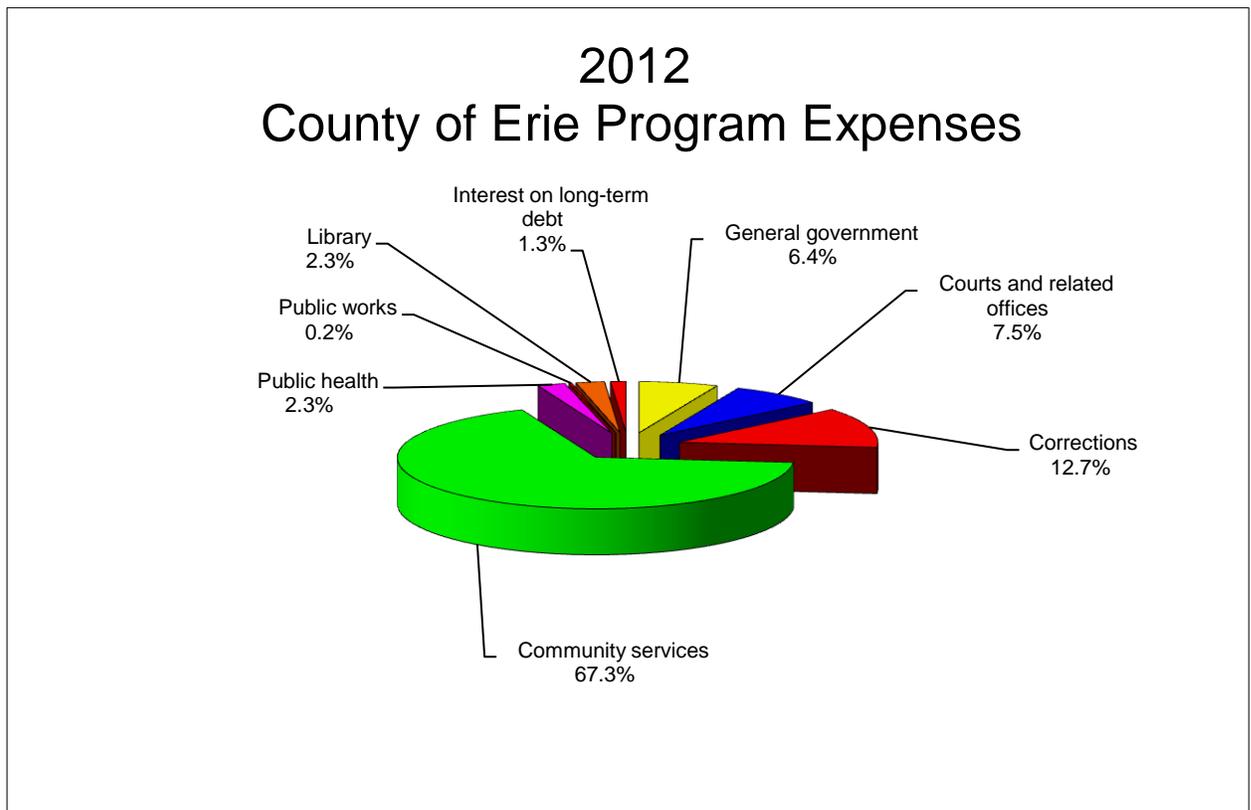
- Operating and capital grants decreased by \$1,525,560 (1%) primarily due to reductions in state and federal funding for federal prisoners, Public Health, Public Safety, and Domestic Relations.
- Interest income continued to drop in 2012 by \$19,573 or 8.4% as interest rates declined. The County has favorably renegotiated bank interest and fees and is using PA Invest, a state investment program, to help boost interest earnings, but interest rates are so low that the County interest income decreased for the fifth consecutive year.

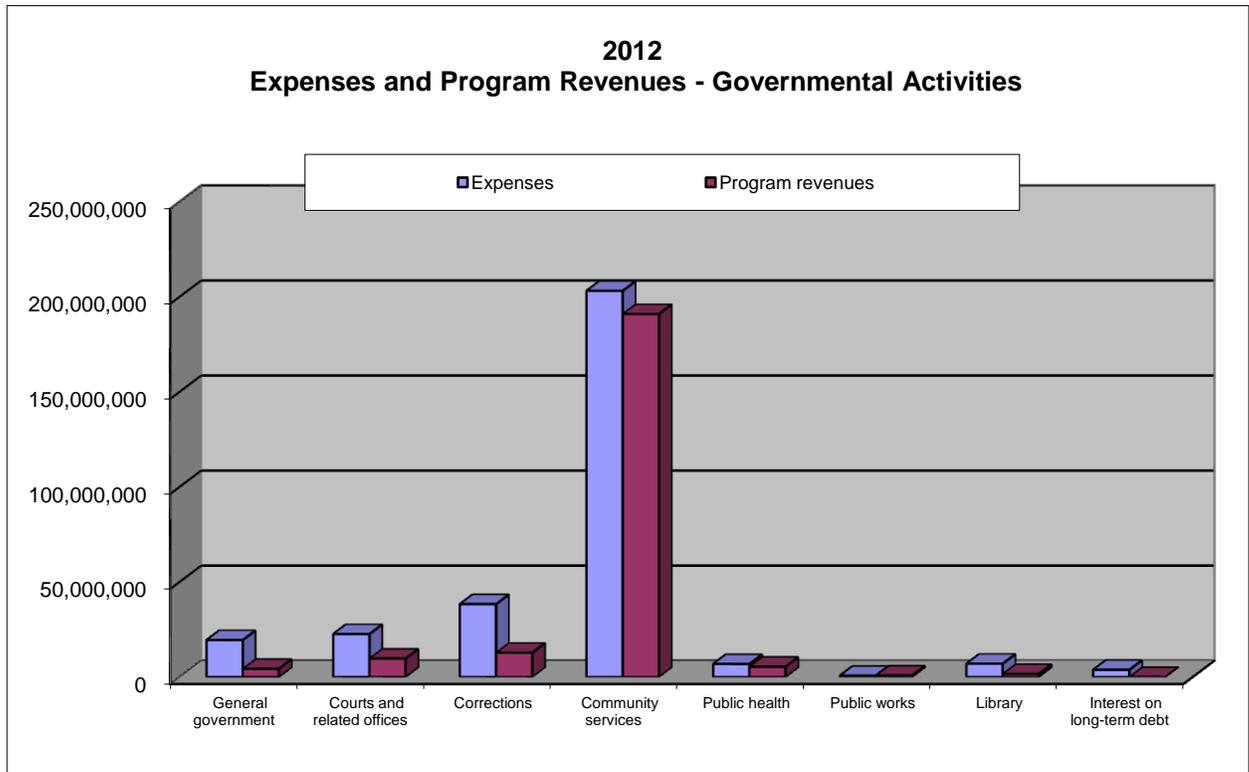


Program Expenses

- General government expenses increased by \$4,893,090 or 33.6%. This change was primarily related to employee medical expenses. The County is self-funded for hospitalization and drug coverage. The County experienced good performance for a few consecutive years and intentionally lowered the monthly premiums to decrease the net position in the internal service fund.
- This change was related to accrual basis adjustments to produce government wide statements such as elimination of internal service funds and the recording of depreciation expense, reallocation of capital outlay, post-employment benefits and debt related entries.
- A 4.5% decrease, or \$1,069,857, was related to courts and related expenditures. Most of this decrease is related to reduced wages and fringes due to a wage freeze and holding vacancies open 30-60 days.
- Correction expenditures of \$38,332,786 declined \$1,258,207 in 2012. The majority of the decrease occurred due to lower wages and fringes in the prison, adult and juvenile probation due to vacancies kept open 30-60 days, and a freeze in wages for all employees.

- Community services were relatively flat, showing an increase of 0.7% or approximately \$1.3 million, as the LIFT grant increased by \$736,000 and grant expenditures in the gaming fund increased.
- Public Health expenditures decreased by \$406,318 or 5.6%. This occurred because grant revenue in Public Health decreased especially in areas funded by Act 315, environmental health and the beach grant program, reducing the types and level of services provided.
- Public Works decreased by \$218,564 or 24.2% because fund balance was used to increase grants to cities, townships and boroughs for road work in 2011, but was not used in 2012.
- Library expenditures dropped \$262,512 or 3.6%. Wages and fringes were down due to jobs kept vacant for 30 -60 days and maintenance and custodial costs were lower in 2012 than in 2011.
- Interest on long term debt decreased by \$228,887 due to a reduction in long term debt of \$5,320,000.





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, *unassigned 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 \$82,781,506 a decrease of \$957,608 in comparison with the prior year. Approximately 34% (\$28,473,775) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. *The non-spendable* portion of the fund balance of \$553,358 consists of prepaid expenses.

Restricted fund balance is set aside by law or by external sources for specific purposes. As of the end of 2012, the County has \$48,592,262 in restricted fund balance for a variety of purposes including: 1) Economic Development Revolving Loans (\$11,000,000), 2) Mental Health Services (\$10,731,697), 3) Airport Runway Rehabilitation (\$10,395,865), 4) Community Grants in Gaming Fund (\$5,087,550), 5) Erie County Care Management (\$3,352,337), 6) a loan from the Gaming Fund to Pleasant Ridge Manor for a water and sewer project (\$2,500,000), 7) Debt Service (\$1,765,222), 8) Emergency Services (\$957,241), 9) Judicial Services (\$852,697), 10) Community Redevelopment (\$629,123), 11) Recycling (\$585,936), 12) Road and Bridge Improvements (\$325,475), 13) Land

Preservation (\$240,032), 14) Fees due to the Erie County Gaming Revenue Authority (\$42,386), 15) Public Health (\$36,131), 16) Public Safety (\$37,877), 17) Child Support Enforcement (\$42,446) and 18) Library Services (\$10,247).

Assigned fund balance reflects amounts that the government intends to be used for a specific purpose that are neither restricted nor committed. The County assigned \$3,409,927 for various capital projects financed by prior bond issues. The county also assigned \$1,752,184 to the Children & Youth Services Fund. For several years the state has deferred part of the Title IV-E funds it owes counties due to a pending lawsuit between the state of Pennsylvania and the federal government. The \$1.7 million is the estimated amount the state will owe Erie County as of 12/31/12 should it continue to defer payments for these services. Should the federal government prevail in recouping Title IV-E funds from the state of Pennsylvania; counties will be responsible for this shortage.

The County does not have any *committed fund balance* in which the highest decision making authority of the County, County Council, would set aside for a specific purpose.

Governmental fund revenues, expenditures and net changes at December 31, 2012 and 2011 were:

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

<u>Fund</u>	<u>2012</u>			<u>Net Change in Fund Balances</u>	
	<u>Revenues</u>	<u>Expenditures</u>	<u>Net Other Financing</u>	<u>2012</u>	<u>2011</u>
General Fund	\$89,092,609	\$60,356,335	(\$23,541,997)	\$5,194,277	\$6,329,152
Mental Health Mental Retardation	24,779,436	25,746,309	966,873	-	-
Children & Youth Services	56,140,731	63,620,607	7,479,876	-	-
Health Choices	81,923,153	80,015,587	-	1,907,566	4,671,436
Capital Projects	53,649	8,653,930	-	(8,600,281)	(3,495,011)
Liquid Fuels	812,704	685,428	-	127,276	(134,167)
Domestic Relations	3,476,048	4,576,936	1,140,107	39,219	(18,510)
Drug & Alcohol	4,930,732	5,212,596	281,864	-	-
Public Safety	4,571,188	6,599,219	2,301,233	273,202	(763,640)
Public Health	5,436,376	6,588,774	1,322,461	170,063	(327,890)
Library	1,671,458	5,980,506	4,358,425	49,377	(10,021)
Planning	2,715,865	3,271,691	787,668	231,842	473,326
Gaming	11,773,797	8,489,342	(4,369,338)	(1,084,883)	(6,176,824)
Erie County Care Management	10,624,038	9,873,531	-	750,507	961,049
Debt Service	4,966	10,378,567	10,357,828	(15,773)	11,707
Total Change	\$298,006,750	\$300,049,358	\$ 1,085,000	(\$957,608)	\$1,520,607

The General Fund is the chief operating fund of the County of Erie. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$28,473,775, while total fund balance reached \$42,560,303. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 37.3% of total General Fund expenditures, while total fund balance represents 63.2% of that same amount.

During the current fiscal year, the fund balance of the County of Erie's General Fund increased by \$5,194,277 or 13.9%. Revenues were \$392,427 under budget, while expenditures were \$1,070,561 under budget and transfers to other funds were \$1,639,933 under budget. Key factors in this increase are as follows:

- Real Estate taxes were \$721,509 under budget. The bulk of the decrease is attributed to a drop in the collection rate of current taxes from 95.05% to 94.79%. The year 2012 was the third consecutive year without a tax increase.
- Hotel taxes were \$273,156 over budget, another positive sign of economic recovery.
- In 2012 the General Fund earned \$20,962 more in grant revenue than budgeted, and \$373,263 more than in 2011. This was mainly due to a \$500,000 grant from LECOM, a local medical school.
- An increase of \$223,131 in charges for services over the prior year. Decreases in fees generated by the Tax Claim. Elections and the Magisterial District Judges were offset by increases in Clerk of Records, Sheriff, Prison and Coroner.
- A slight decrease in interest income reflects low interest rates.
- The County negotiated a two-year freeze in wages throughout the County for both 2011 and 2012. Open positions were left vacant for a period of 30 - 60 days. These savings were seen in most departments in the General Fund. In total, wages were \$223,469 under budget. Fringe benefits were \$638,300 under budget.
- Expenditures budgeted for non-wage items in the District Attorney, Court Administration, Adult Probation and Prison were under budget by over \$268,000.
- Capital Outlay was \$246,113 under budget. County and Recorder of Deeds record improvement capital lines and automation fees restricted for the Clerk of Records offices were not spent and restricted at year end.
- The County borrowed \$18,000,000 in 2011 for the anticipation of tax and other revenue, but did not need to borrow any funds in 2012 due to a favorable cash position.
- Transfers to other funds were below budget by \$1.6 million in 2012. The transfer to Children & Youth Services was over \$1 million below budget due to reduced expenditures in juvenile delinquent placements, youth detention center payments and reductions in wages and fringes due to holding vacancies open 30 – 60 days.

The Health Choices Fund experienced an increase in fund balance of \$1.9 million. From July 2012 through December 2012 the State paid the County rates based on the 2011/2012 fiscal rates instead of the lower 2012/2013 fiscal rates. Once the federal government approves the decrease in the rates, the state will make the adjustment by reducing future payments.

The Capital Projects Fund realized a 2012 decrease in fund balance of \$8,600,281. Progress was made on several projects that were financed by bond issues. The County granted in excess of \$8 million to the Erie County Convention Center Authority for the local match for the renovations to the Tullio Arena. The County also completed a storm water management project at the Courthouse spending over \$250,000 in 2012 as well as installing an electronic court reporting system in the Courts, spending over \$161,000.

The Gaming Revenue fund balance declined by \$1.1 million due to progress made on the water and sewer project in Summit Township approved by the Erie County Gaming Revenue Authority (ECGRA). As a result of a court order, all restricted money is now transferred to ECGRA once it is received by the County. The County is only holding restricted funds committed to a sewer and water project and any interest earned on those funds. Once the project is completed in 2013, any residual restricted funding will be transferred to ECGRA.

Fund balance for Public Safety rose by \$273,000. The primary cause for the increase is the increase in Act 56 or wireless funds. These funds have become more difficult to use since they require a 40% shared cost from Act 78, VOIP or county dollars. Since land phone lines are sharply declining the revenue to match is declining also. Erie County, along with other PA counties, is aggressively petitioning the State to give counties more flexibility in spending 911 revenue and requesting that all dollars flow directly to the counties where the fees are generated. In the future the County share may need to be increased just to match and access the restricted fund balance.

Erie County Care Management's (ECCM) fund balance grew \$750,000 largely because the revenue from County contracts was based upon budgeted expenditures. Actual expenditures were \$763,258 under budget.

Both Public Health and the Library experienced increases in fund balance. The increases in fund balance were planned to reduce the deficits of \$133,932 and \$36,565 respectively as of December 31, 2011. Liquid Fuels fund balance increased \$127,276 because the Pennsylvania Department of Transportation did not authorize payment for bridge inspections and emergency applications.

**Change in Governmental Fund Balances
December 31, 2012
In Dollars**

Fund	Beginning 1/1/12	Net Change in Fund Balances	Ending 12/31/12
General Fund	\$37,366,026	\$5,194,277	\$42,560,303
Mental Health Mental Retardation Children & Youth Services	-	-	-
Health Choices	8,824,131	1,907,566	10,731,697
Capital Projects	22,406,073	(8,600,281)	13,805,792
Liquid Fuels	198,199	127,276	325,475
Domestic Relations	3,227	39,219	42,446
Drug & Alcohol	-	-	-
Public Safety	881,887	273,202	1,155,089
Public Health	(133,932)	170,063	36,131
Library	(36,565)	49,377	12,812
Planning	964,836	231,842	1,196,678
Gaming	8,714,819	(1,084,883)	7,629,936
Erie County Care Management	2,769,418	750,507	3,519,925
Debt Service	1,780,995	(15,773)	1,765,222
Total Change	\$83,739,114	(\$957,608)	\$82,781,506

General Fund Budgetary Highlights

Differences in total expenditures and transfers out between the original adopted budget of \$87,930,730 and the final amended budget of \$86,985,319 were relatively minor (\$945,411 decrease in appropriations or a 1% decrease) and can be summarized as follows:

- \$1,774,905 decrease in various general government activities mainly due to elimination entries of \$2.5 million when preparing the CAFR. These annual elimination entries are for inter-fund and intra-fund billings.
- \$61,145 increase in appropriations for court related activities in the District Attorney and Clerk of Record departments.
- \$155,120 decrease in corrections, the majority of which is due to CAFR elimination entries for prison health reimbursements for mental health services and minor changes to program services in adult and juvenile probation.
- \$1,237,192 increase in community services, which reflects an elimination entry to reclassify the transfer to Pleasant Ridge Manor, a component unit, from transfers to community services.

- \$348,506 increase in capital outlay due to the purchase of computer software, computer equipment and vehicles for adult probation, and the appropriation of restricted fund balance for record improvements and automation improvements in the Clerk of Records office.
- \$377,101 increase in transfers to other funds, primarily to Public Safety (\$270,128) and the Public Health (\$85,929). LECOM, a local medical school, gave funding to Erie County including \$369,120 for laptops placed in emergency vehicles to enhance communications. The General Fund increased the 2012 transfer to Public Health by \$134,132 to eliminate a 2011 deficit caused by the loss of Act 537 funds.

Capital assets The County of Erie’s capital assets for its governmental funds as of December 31, 2012 amount to \$49,156,413 (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 decreased approximately 7.7% because depreciation expense exceeded capital additions during 2012.

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

- Completion of a storm water management project at the County Courthouse in the amount of \$253,153.
- Purchase and installation of an automated court reporter system in the amount of \$224,305.
- Creation of a Family Learning Center so all members of a family have a computer lab that is equipped with special software for all ages including early learning. This was made possible through a grant from LECOM, a local medical school, who also financed the purchase of laptops in emergency vehicles throughout the County. Both projects totaled \$500,000.
- Completion of a radio project at Public Safety in the amount of \$65,860.

For additional information please see Note 6, Capital Assets in the Notes to the Financial Statements in this report.

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

	Governmental activities	
	2012	2011
Land	\$1,501,237	\$1,177,815
Construction in Progress	0	62,795
Building and improvements	44,993,976	48,615,936
Vehicles	390,325	203,888
Furniture and equipment	2,270,875	3,217,518
Total	\$49,156,413	\$53,277,952

Long term debt At the end of the current fiscal year, the County of Erie had outstanding bonds of \$79,425,000, 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. In May of 2012, the County issued \$13,605,000 in general obligations bonds. Series A of 2012 in the amount of \$8,665,000 refunded 2003 Series A bonds, and Series B of 2012 in the amount of \$4,940,000 refunded 2003 Series C bonds.

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.

For additional information related to long-term debt, please refer to Note 10: Long Term Obligations in the Notes to the Financial Statement section in this report.

Summary of General Obligation Bond Activity

	2003	2005	2007	2008	2009	2012	Total
	GO Bonds						
Beginning Balance @ 1/1/12	\$17,895,000	\$15,065,000	\$25,070,000	\$15,430,000	\$10,200,000	\$0	\$83,660,000
Plus: Debt Issued	-	-	-	-	-	13,605,000	13,605,000
Less: Principal Payments	(2,620,000)	(250,000)	(100,000)	(2,345,000)	(5,000)	-	(5,320,000)
Less: Refunded Debt	(12,520,000)	-	-	-	-	-	(12,520,000)
Ending Balance @ 12/31/12	\$2,755,000	\$14,815,000	\$24,970,000	\$13,085,000	\$10,195,000	\$13,605,000	\$79,425,000

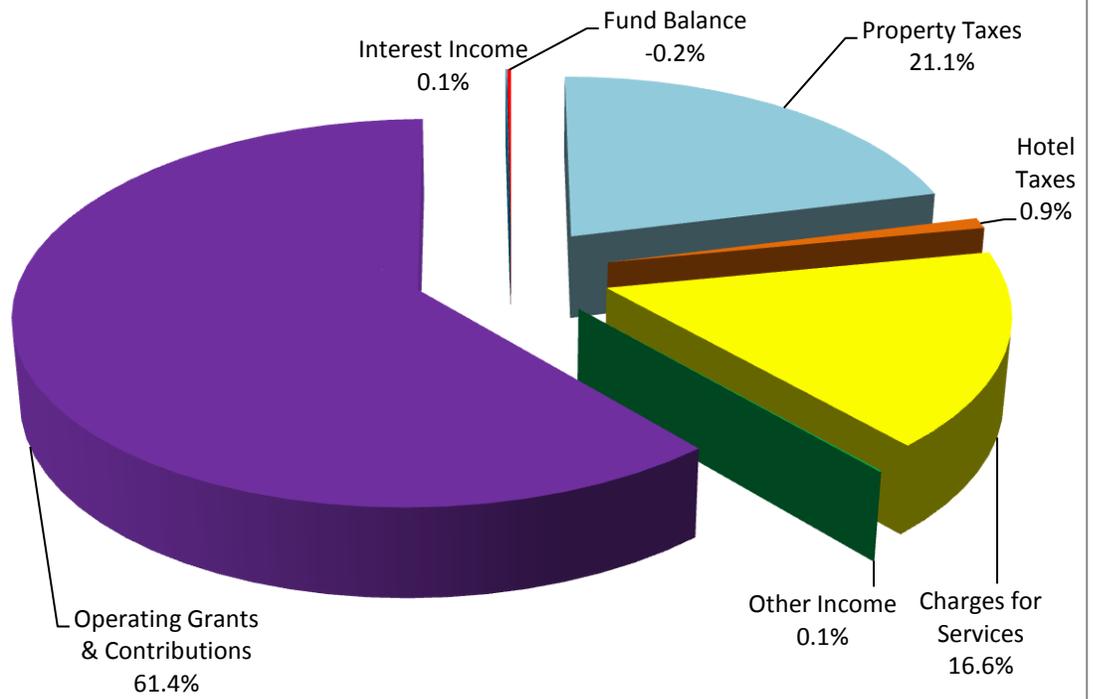
County Bond Rating

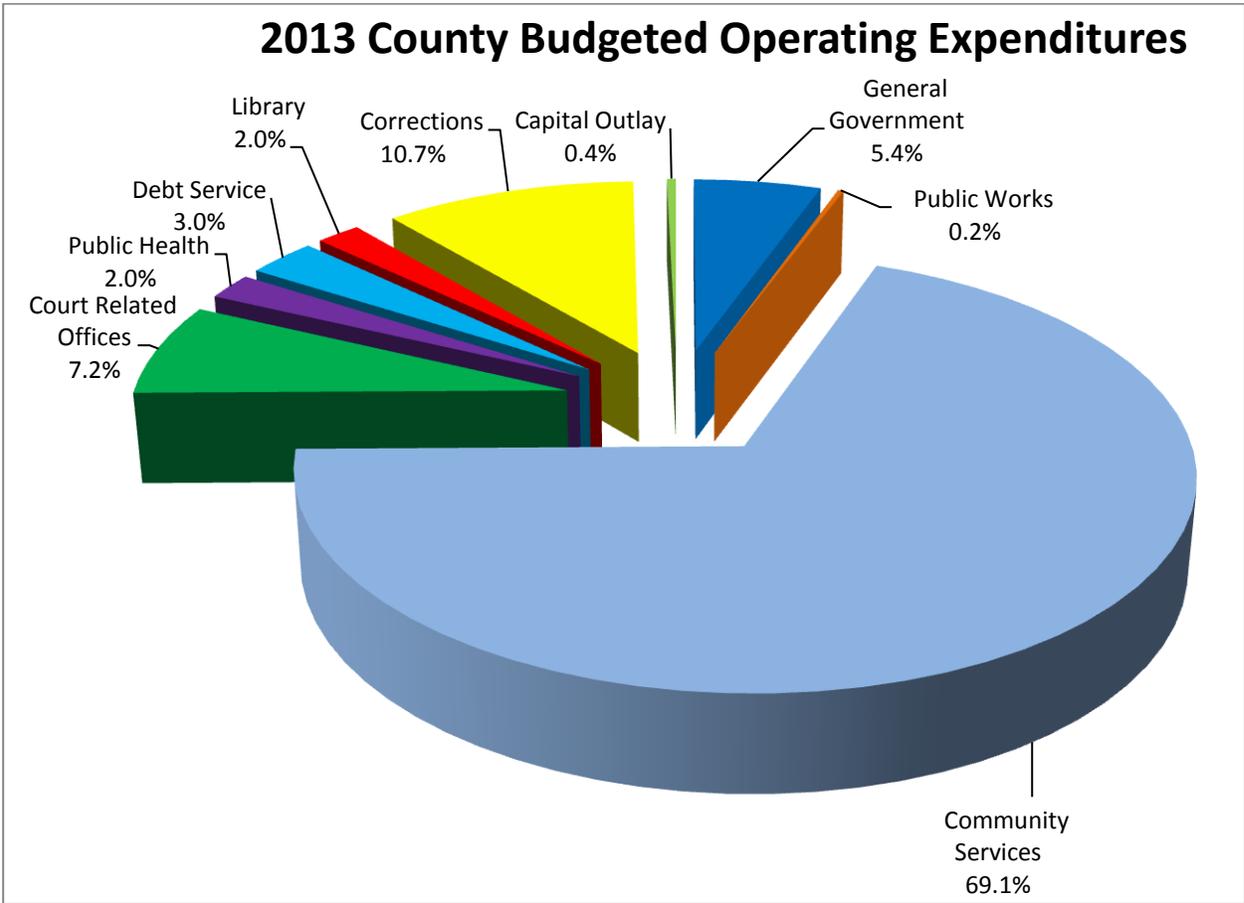
During 2012 Standard and Poor's upgraded the County's credit rating from AA- to AA . Moody's maintained the credit rating of Aa2.

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 current contracts began in 2011 and extend through December 31, 2014. All contracts call for a two year wage freeze for 2011 and 2012, with a 3.25% wage increase in 2013 and a wage increase tied to the Consumer Price Index with a minimum of 3% and a maximum of 4% in 2014. Additionally, employees will pay more towards their health benefits.
- The County has realized savings from self-funded medical and dental plans and uses an internal service fund to account for all fringe benefits. Due to reduced usage of benefits in 2012 and prior, the total net assets decreased in 2012 by \$1,289,468 from \$4,440,130 to \$3,150,662. In 2012 the County deliberately under-budgeted medical benefits by \$1.8 million to reduce the total net assets of the fund. In 2013, the County decided to further reduce the net position of the internal service fund and reduced the hospitalization rates to cause a decrease in net position of \$900,000. The rates were approved by the County's fringe benefit committee and affirmed by County Council.
- The County's annual required pension calculation (ARC) changed from \$5,897,793 in 2012 to \$6,812,406 in 2013, a 15.5% increase. There are sufficient amounts budgeted in the governmental funds and the internal service fund to fully fund the ARC. The County transfers 1/12 of the ARC each month to the retirement fund.
- The Finance Department assigned \$1.7 million of the General Fund Balance at the end of 2012 for the possible shortfall of IV-E funds in Children & Youth Services Fund due to an unresolved lawsuit between the federal government and the state of Pennsylvania. An additional \$3.4 million was assigned for various capital projects financed in part by the 2008 general obligation bonds.
- County Council, the Board of Trustee for Pleasant Ridge Manor is expected to decide whether to renovate the West nursing home facility or to authorize the construction of a new nursing home. The East facility will close in 2014.
- The Governor's Proposed 2013-2014 state budget appears to have little impact on the level of County services. Although the budget proposal could be modified before the state legislator's adopt it, in its current form it maintains funding for County human service programs, library services and public health services.
- A County reassessment went into effect on January 1, 2013. The millage rate of 6.05 mills was adjusted to a revenue neutral 4.68 mills. The County has not raised taxes for four consecutive years.
- The unemployment rate for the County of Erie for 2012 was 8.2%, a small increase from the 2011 rate of 8%.
- Building permits issued in 2012 were nearly identical those issued in 2011 with 2,596 issued in 2011 and 2,591 issued in 2012.

2013 County Budgeted Operating Revenue





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, eriacountygov.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 Sassafra Street, Erie Pennsylvania.

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Basic Financial Statements

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County of Erie, Pennsylvania
Statement of Net Position
December 31, 2012

	Governmental Activities	Component Units
ASSETS		
Current assets:		
Cash and Investments	\$ 71,455,876	\$ 12,502,184
Investments	-	509,135
Receivables, net	47,692,766	5,344,538
Inventory	-	251,980
Prepaid Items	790,423	93,503
Other	-	10,370
Total current assets	119,939,065	18,711,710
Noncurrent assets:		
Restricted Cash	385,732	495,302
Other Assets	847,691	-
Advance to Redevelopment Authority	8,000,000	-
Receivable from General Authority	3,000,000	-
Deferred Charges	366,054	-
Net pension asset	156,240	230,339
Land and other nondepreciable assets	1,501,237	609,024
Capital assets, net	47,655,176	3,912,957
Total noncurrent assets	61,912,130	5,247,622
Total assets	\$ 181,851,195	\$ 23,959,332
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 28,519,530	\$ 2,436,603
Accrued liabilities	3,903,044	343,800
Workers Compensation payable	-	290,611
Self Insurance Payable	-	499,792
Due to other governmental units	4,154,496	-
Unearned revenue	4,021,378	-
Accrued interest payable	915,360	-
Compensated absences	101,039	448,404
Bonds payable	5,945,000	-
Other liabilities	-	32,137
Total current liabilities	47,559,847	4,051,347
Noncurrent Liabilities		
Client Funds Held in Trust	385,732	495,302
Compensated absences	1,688,718	-
Bonds payable	74,223,026	-
Other post-employment benefits	19,583,305	-
Total noncurrent liabilities	95,880,781	495,302
Total Liabilities	143,440,628	4,546,649
NET POSITION		
Net Investment in Capital Assets	13,180,233	4,521,981
Restricted for:		
Economic Development	11,000,000	-
Debt Service	1,765,222	-
Public Health	36,131	-
Library	10,247	-
Liquid Fuels	325,475	-
Court and Related Offices	895,143	-
Community Services	24,864,605	-
Unrestricted	(13,666,489)	14,890,702
Total Net Position	\$ 38,410,567	\$ 19,412,683

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

COUNTY OF ERIE, PENNSYLVANIA

Statement of Activities

For the Year Ended December 31, 2012

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 19,440,061	\$ 3,722,405	\$ 580,039	\$ 10,000
Courts and Related Offices	22,589,810	5,553,935	4,125,795	-
Corrections	38,332,786	2,468,169	10,304,155	-
Community Services	203,151,167	15,957,744	174,972,223	-
Public Health	6,850,696	496,842	4,908,799	-
Public Works	685,428	-	812,704	-
Library	7,005,236	196,312	1,418,009	-
Interest	3,782,732	-	-	-
	<u>301,837,916</u>	<u>28,395,407</u>	<u>197,121,724</u>	<u>10,000</u>
<i>Total Governmental Activities</i>	<u>301,837,916</u>	<u>28,395,407</u>	<u>197,121,724</u>	<u>10,000</u>
<i>Total Primary Government</i>	<u>\$ 301,837,916</u>	<u>\$ 28,395,407</u>	<u>\$ 197,121,724</u>	<u>\$ 10,000</u>
Component Units				
Pleasant Ridge Manor	\$ 32,354,384	\$ 32,219,036	\$ -	\$ 70,000
Erie County Gaming Revenue Authority	11,044,266	6,053,809	-	-
<i>Total Component Unit</i>	<u>\$ 43,398,650</u>	<u>\$ 38,272,845</u>	<u>\$ -</u>	<u>\$ 70,000</u>

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

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Component Units Total
\$ (15,127,617)	\$ -
(12,910,080)	-
(25,560,462)	-
(12,221,200)	-
(1,445,055)	-
127,276	-
(5,390,915)	-
(3,782,732)	-
<u>(76,310,785)</u>	<u>-</u>
<u>\$ (76,310,785)</u>	<u>\$ -</u>
\$ -	\$ (65,348)
-	(4,990,457)
<u>\$ -</u>	<u>\$ (5,055,805)</u>

General Revenues:

Property Taxes	68,811,861	-
Hotel Room Tax	3,160,156	-
Interest Income	214,198	293,301
Other Income	222,737	1,494,412
Total General Revenues	<u>72,408,952</u>	<u>1,787,713</u>
Change in Net Position	(3,901,833)	(3,268,092)
Net position beginning of year as restated (Note 15)	<u>42,312,400</u>	<u>22,680,775</u>
Net position end of year	<u>\$ 38,410,567</u>	<u>\$ 19,412,683</u>

COUNTY OF ERIE, PENNSYLVANIA

Balance Sheet

Governmental Funds

December 31, 2012

ASSETS	General Fund	Mental Health Mental Retardation	Health Choices
Cash and Cash Equivalents	\$ 28,077,221	\$ 1,972,713	\$ 14,660,655
Restricted Cash and Cash Equivalents	-	-	-
Receivables, Net	9,348,107	183,936	13,356,372
Due from Other Funds	9,447,114	2,613,617	-
Prepaid Items	147,480	-	-
Other Assets	-	131,713	16,240
Advance to Redevelopment Authority	8,000,000	-	-
Receivable from General Authority	3,000,000	-	-
Total Assets	\$ 58,019,922	\$ 4,901,979	\$ 28,033,267
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 1,367,732	\$ 2,131,873	\$ 17,215,600
Accrued Liabilities	1,707,148	65,263	21,270
Client Funds Held in Trust	-	-	-
Due to Other Funds	6,520,131	266,952	64,700
Due to Other Governmental Units	-	-	-
Unearned Revenue	608,468	2,437,891	-
Deferred Revenue	5,256,140	-	-
Total Liabilities	15,459,619	4,901,979	17,301,570
FUND BALANCES			
Non-spendable:			
Prepaid items	147,480	-	-
Restricted:			
Judicial Services	852,697	-	-
Child Support Enforcement	-	-	-
Road and Bridges Improvement	-	-	-
Public Health Services	-	-	-
Mental Health Services	-	-	10,731,697
Eric County Care Management	-	-	-
Public Safety Fund	37,877	-	-
Library Services	-	-	-
Emergency Services	-	-	-
Land Preservation	-	-	-
Community Grants	-	-	-
Community Redevelopment	258,413	-	-
Recycling	-	-	-
Economic Development Revolving Loans	11,000,000	-	-
Erie County Gaming Revenue	-	-	-
Pleasant Ridge Manor Loan	-	-	-
Airport Runway Project	-	-	-
Debt Payments on General Obligation Bonds	-	-	-
Assigned:			
Children and Youth Title IV-E Litigation	1,752,184	-	-
Various Capital Projects	-	-	-
Unassigned:	28,511,652	-	-
Total Fund Balances	42,560,303	-	10,731,697
Total Liabilities and Fund Balances	\$ 58,019,922	\$ 4,901,979	\$ 28,033,267

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
\$ 1,759,883	\$ 3,888,568	\$ 12,950,495	\$ 8,146,341	\$ 71,455,876
-	-	-	385,732	385,732
11,790,155	8,231,721	446	4,782,029	47,692,766
-	-	854,851	2,096,759	15,012,341
-	-	-	405,878	553,358
699,738	-	-	-	847,691
-	-	-	-	8,000,000
-	-	-	-	3,000,000
<u>\$ 14,249,776</u>	<u>\$ 12,120,289</u>	<u>\$ 13,805,792</u>	<u>\$ 15,816,739</u>	<u>\$ 146,947,764</u>

\$ 5,123,656	\$ 372,870	\$ -	\$ 1,706,044	\$ 27,917,775
584,571	1,370	-	1,237,075	3,616,697
-	-	-	385,732	385,732
8,541,549	1,530	-	3,419,178	18,814,040
-	4,114,583	-	39,913	4,154,496
-	-	-	975,019	4,021,378
-	-	-	-	5,256,140
<u>14,249,776</u>	<u>4,490,353</u>	<u>-</u>	<u>7,762,961</u>	<u>64,166,258</u>

-	-	-	405,878	553,358
-	-	-	-	852,697
-	-	-	42,446	42,446
-	-	-	325,475	325,475
-	-	-	36,131	36,131
-	-	-	-	10,731,697
-	-	-	3,352,337	3,352,337
-	-	-	-	37,877
-	-	-	10,247	10,247
-	-	-	957,241	957,241
-	-	-	240,032	240,032
-	5,087,550	-	-	5,087,550
-	-	-	370,710	629,123
-	-	-	585,936	585,936
-	-	-	-	11,000,000
-	42,386	-	-	42,386
-	2,500,000	-	-	2,500,000
-	-	10,395,865	-	10,395,865
-	-	-	1,765,222	1,765,222
-	-	-	-	1,752,184
-	-	3,409,927	-	3,409,927
-	-	-	(37,877)	28,473,775
<u>-</u>	<u>7,629,936</u>	<u>13,805,792</u>	<u>8,053,778</u>	<u>82,781,506</u>
<u>\$ 14,249,776</u>	<u>\$ 12,120,289</u>	<u>\$ 13,805,792</u>	<u>\$ 15,816,739</u>	<u>\$ 146,947,764</u>

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County of Erie, Pennsylvania
 Reconciliation of the Balance Sheet of Government Funds
 to the Statement of Net Position
 December 31, 2012

Differences in amounts reported for governmental activities in the statement on page 43:

Fund balances - total governmental funds (page 47)	\$	82,781,506
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		49,156,413
Certain long-term assets are not available to pay current period expenditures and are therefore are deferred in the funds.		5,256,140
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 position.		3,150,662
Other post employment benefits are reflected on the statement of net assets, but are not considered a current expenditure for the fund statements.		(19,583,305)
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		156,240
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$	79,425,000
Bond premium		1,180,060
Bond discount		(437,034)
Deferred charges		(366,054)
Compensated absences		1,789,757
Accrued interest payable		915,360
		(82,507,089)
Net position of governmental activities		\$38,410,567

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, 2012

	<u>General Fund</u>	<u>Mental Health Mental Retardation</u>	<u>Health Choices</u>
REVENUES			
Real Estate Taxes	\$ 68,882,528	\$ -	\$ -
Hotel Tax	3,160,156	-	-
Federal, State and Municipal Grants	5,390,439	24,717,919	81,884,036
Charges for Services	11,497,989	-	-
Interest Income	88,224	1,314	39,117
Other Income	73,273	60,203	-
	<u>89,092,609</u>	<u>24,779,436</u>	<u>81,923,153</u>
EXPENDITURES			
Current:			
General Government	16,088,042	-	-
Courts and Related Offices	16,919,422	-	-
Corrections	22,720,462	-	-
Community Services	3,964,306	25,726,021	79,532,139
Public Health	-	-	-
Public Works	-	-	-
Library	-	-	-
Other	-	-	-
Capital Outlay	664,103	20,288	483,448
Debt Service			
Principal	-	-	-
Interest	-	-	-
	<u>60,356,335</u>	<u>25,746,309</u>	<u>80,015,587</u>
Excess of Revenues Over (Under) Expenditures	<u>28,736,274</u>	<u>(966,873)</u>	<u>1,907,566</u>
Other Financing Sources (Uses)			
Issuance of Refunding Bonds	-	-	-
Payments to Refunded Bonds Escrow Agent	-	-	-
Transfers In	376,493	966,873	-
Transfers Out	(23,918,490)	-	-
	<u>(23,541,997)</u>	<u>966,873</u>	<u>-</u>
Net Change In Fund Balance	5,194,277	-	1,907,566
Fund Balances, Beginning of Year	<u>37,366,026</u>	<u>-</u>	<u>8,824,131</u>
Fund Balances, End of Year	<u>\$ 42,560,303</u>	<u>\$ -</u>	<u>\$ 10,731,697</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>
\$ -	\$ -	\$ -	\$ -	\$ 68,882,528
-	-	-	-	3,160,156
55,444,341	-	10,000	29,684,989	197,131,724
696,262	11,740,044	-	4,461,112	28,395,407
128	33,753	43,649	8,013	214,198
-	-	-	89,261	222,737
<u>56,140,731</u>	<u>11,773,797</u>	<u>53,649</u>	<u>34,243,375</u>	<u>298,006,750</u>
-	-	-	-	16,088,042
-	-	-	4,576,936	21,496,358
13,446,861	-	-	-	36,167,323
49,885,712	8,489,342	8,167,082	23,865,812	199,630,414
-	-	-	6,588,774	6,588,774
-	-	-	685,428	685,428
-	-	-	5,980,506	5,980,506
-	-	-	93,407	93,407
288,034	-	486,848	1,091,225	3,033,946
-	-	-	5,795,347	5,795,347
-	-	-	4,489,813	4,489,813
<u>63,620,607</u>	<u>8,489,342</u>	<u>8,653,930</u>	<u>53,167,248</u>	<u>300,049,358</u>
<u>(7,479,876)</u>	<u>3,284,455</u>	<u>(8,600,281)</u>	<u>(18,923,873)</u>	<u>(2,042,608)</u>
-	-	-	13,605,000	13,605,000
-	-	-	(12,520,000)	(12,520,000)
7,587,876	-	-	20,423,164	29,354,406
(108,000)	(4,369,338)	-	(958,578)	(29,354,406)
<u>7,479,876</u>	<u>(4,369,338)</u>	<u>-</u>	<u>20,549,586</u>	<u>1,085,000</u>
-	(1,084,883)	(8,600,281)	1,625,713	(957,608)
<u>-</u>	<u>8,714,819</u>	<u>22,406,073</u>	<u>6,428,065</u>	<u>83,739,114</u>
<u>\$ -</u>	<u>\$ 7,629,936</u>	<u>\$ 13,805,792</u>	<u>\$ 8,053,778</u>	<u>\$ 82,781,506</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, 2012

Amounts reported for governmental activities in the Statement of Activities are different because: (page 44-45)

Net change in fund balances - total governmental funds (page 51)		\$	(957,608)
Capital outlay, reported as expenditures in the governmental funds, are shown as capital assets in the Statement of Net Position.			1,129,229
Land improvement	\$		323,422
Building, vehicles & equipment			868,602
Total additions			<u>1,192,024</u>
Construction in process			<u>(62,795)</u>
Capital assets			<u><u>1,129,229</u></u>
Depreciation expenses on governmental capital assets included in the governmental activities in the Statement of Activities.			(5,180,858)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade ins, or donations) is to decrease net position.			(69,910)
Other post employment benefits are reflected on the Statement of Net Position but are not considered a current expenditure for the fund statements			(2,829,021)
Bond and lease proceeds provide current financial resources to governmental funds; however issuing debt increases long-term liabilities in the Statement of Activities:			
Bond proceeds	\$	(13,605,000)	(13,605,000)
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 Position. In the current year, these amounts are:			
Bond principal payments	\$	5,320,000	
Payment to Refunded Bonds Escrow Agent		12,520,000	
Note payments		475,347	
Change in compensated absences		9,200	
		<u>18,324,547</u>	18,324,547
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	\$	(70,667)	
Change in accrued interest		268,151	
		<u>197,484</u>	197,484
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 assets			(9,550)
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	\$	506,427	
Bond discount		(67,245)	
Bond issuance cost, net		<u>(50,860)</u>	
		388,322	388,322
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>(1,289,468)</u>
Change in net position of governmental activities.			<u><u>\$ (3,901,833)</u></u>

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

COUNTY OF ERIE, PENNSYLVANIA
 Statement of Net Position - Proprietary Fund
 December 31, 2012

	Governmental Activities Internal Service Fund <hr style="width: 100%;"/>
Assets	
Current Assets:	
Due from Other Funds	\$ 3,801,699
Prepaid Expenses	<u>237,065</u>
Total Current Assets	<u>4,038,764</u>
Total Assets	<u><u>\$ 4,038,764</u></u>
Liabilities	
Current Liabilities:	
Accounts Payable - Medical Claims	\$ 601,755
Accrued Liabilities	<u>286,347</u>
Total Current Liabilities	<u>888,102</u>
Net Position:	
Unrestricted	<u>3,150,662</u>
Total Net Position	<u>3,150,662</u>
Total Liabilities and Net Position	<u><u>\$ 4,038,764</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 Position - Proprietary Fund
For the Year Ended December 31, 2012

	Governmental Activities Internal Service Fund <hr style="border: 0.5px solid black;"/>
Operating Revenues:	
Employer Contributions	\$ 25,538,984
Employee Contributions	<u>590,160</u>
Total Operating Revenues	<u>26,129,144</u>
Operating Expenses:	
Employee Benefits	9,611,078
Insurance Premiums	1,130,337
Claim Payments	<u>16,677,197</u>
Total Operating Expenses	<u>27,418,612</u>
Change in Net Position	(1,289,468)
Total Net Position - Beginning	<u>4,440,130</u>
Total Net Position - Ending	<u><u>\$ 3,150,662</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, 2012

Cash Flows from Operating Activities	
Cash received from users	\$ 26,129,144
Cash payments for employee benefits	(26,129,144)
	<hr/>
Net cash provided by operating activities	-
	<hr/>
Net increase in cash and cash equivalents	-
	<hr/>
Cash and cash equivalents at beginning of year	-
	<hr/>
Cash and cash equivalents at end of year	<u><u>\$ -</u></u>

Reconciliation of operating income to net cash provided by operating activities	
Operating loss	\$ (1,289,468)
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in assets:	
Accounts receivable	110,825
Due from other funds	995,682
Prepaid items	36,293
Increase (decrease) in liabilities:	
Accounts payable - medical claims	130,135
Other current liabilities	16,533
	<hr/>
Net cash provided by operating activities	<u><u>\$ -</u></u>

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

COUNTY OF ERIE, PENNSYLVANIA

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2012

ASSETS	<u>Pension Trust</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 4,763,988	\$ 4,148,073
Investments, at fair value		
U.S. Government Securities		-
Treasury Bonds	18,122,532	2,278,206
Agency Bonds	5,124,935	-
Corporate Debt Obligations	19,340,362	-
International Bonds	379,812	-
Mutual funds	22,699,016	-
Other Fixed Income	1,222,995	
Municipal Bonds	21,057	-
Property Trust	12,125,957	-
Real Estate	1,845,787	-
Equity Fund	393,348	-
Common Stock	105,749,475	-
Total Investments	<u>187,025,276</u>	<u>2,278,206</u>
Receivables		
Property taxes receivable	-	11,874,158
Interest and other receivables	495,147	23,306
Total Receivable	<u>495,147</u>	<u>11,897,464</u>
Other Assets	<u>-</u>	<u>6,739,726</u>
Total assets	<u><u>\$ 192,284,411</u></u>	<u><u>\$ 25,063,469</u></u>
LIABILITIES		
Accounts payable	\$ -	\$ 13,189,311
Due to other individuals	-	-
Due to other governmental units	-	11,874,158
Total liabilities	<u>-</u>	<u>25,063,469</u>
NET POSITION		
Held in trust for pension benefits and other purposes	<u><u>\$ 192,284,411</u></u>	<u><u>\$ -</u></u>

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

COUNTY OF ERIE, PENNSYLVANIA
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Pension Trust
For the Year Ended December 31, 2012

Additions:

Contributions		
Employee contribution		\$ 2,790,857
Employer contribution		<u>5,897,793</u>
Total contributions		<u>8,688,650</u>
Investment income		
Net Appreciation in Fair Value of Investments		15,985,128
Interest		2,377,367
Dividends		<u>1,977,469</u>
Total investment income		20,339,964
Less: Investment expenses		<u>1,144,866</u>
Net investment income		<u>19,195,098</u>
Miscellaneous Income		<u>394,935</u>
Total additions		<u>28,278,683</u>

Deductions:

Pension benefits		9,692,976
Refund of contributions		150,971
Death benefits		175,956
Administrative expense		<u>93,566</u>
Total deductions		<u>10,113,469</u>
Change in Net Position		18,165,214
Net Position - Beginning of year		<u>174,119,197</u>
Net Position - End of year		<u><u>\$ 192,284,411</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, 2012

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, public safety, 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. The Erie County Care Management board of directors is appointed by county executive with the advice and consent of 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 Non-major 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, 2012

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 all members of the 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 operating 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. 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, 2012

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 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, 2012

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 an 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.

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, 2012

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 excludes 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 another 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 position.

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.

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.

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.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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

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

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. The primary source of revenue for this fund is federal and state grants which is restricted for this respective program.

c. Children and Youth Fund

This fund accounts for the child protective services, day care and a juvenile detention center. The primary source of revenue for this fund is federal and state grants which is restricted for this respective program.

d. Health Choices Fund

This fund accounts for the medical assistance funding for mental health, drug and alcohol and children services programs. The primary source of revenue for this fund is state grants which is restricted for this respective program.

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. The County remits all restricted gaming funds to Erie County Gaming Revenue Authority as soon as they are collected. 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.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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

C) Basis of Presentation (Continued)

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.

c. 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 adopts budgets for all governmental funds. 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.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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

D) Budgets and Budgetary Accounting (Continued)

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.

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 \$1,823,631.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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

J) Capital Assets (Continued)

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.

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) Inter-fund Transactions

Interfund services provided and used 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.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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

L) Compensated Absences

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

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

1. Sick days will be paid at the rate of one day for every six sick days.
2. Sick days for non-bargaining employees involuntarily terminated without cause are paid at the rate of one day for every four days.

PSSU - Office of Children and Youth Case Workers

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

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.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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

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.

O) Net Position/Fund Balances

GASB Statement No. 54 establishes accounting and financial standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions as follow:

Non-spendable – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact.

Restricted - This classification consists of amounts that are restricted to specific purposes, as defined below by GASB Statement No. 34. The County's restricted fund balances consist of external enabling legislation for the state, federal or local government grants.

Committed – This classification consists of amounts used for specific purposes imposed by formal action of the County's highest level of decision –making authority (County Council). The removal or modification of the use of committed funds can only be accomplished by formal action by County Council with the adoption of an ordinance prior to fiscal year-end.

Assigned – This classification consists of amounts constrained by the County's intent to be used for specific purposes that are neither restricted nor committed. The present procedure is for the Director of Finance to assign amounts to be used for specific purposes before issuance of audited financial statements. After such fund assignation, the Finance Department will provide County Council with a full reporting of its actions within thirty days.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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

O) Net Position/Fund Balances (Continued)

Unassigned – This classification consists of amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The general Fund should be the only fund that reports a positive unassigned balance.

The County's GASB 54 Fund Balance Policy is to apply expenditures against any non-spendable funds, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets.

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of Net Position. 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 Position* – 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 Position* – This category represents Net Position of the County not restricted for any project or other purpose.

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. 57, "*OPEB Measurements by agent Employers and Agent Multiple-Employer Plans.*" The adoption of this statement had no effect on the financial reporting information of the County.

The County adopted the provisions of GASB Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements.*" The adoption of this statement had no effect on the financial reporting information of the County.

The County adopted the provisions of GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*" 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, 2012

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

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

The County adopted the provisions of GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*" The adoption of this statement resulted in new terminology for the Government Wide Statement of Net Position and the related footnotes to the financial statements.

The County adopted the provisions of GASB Statement No. 64, "*Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53.*" The adoption of this statement had no effect on the financial reporting information of the County.

R) Pending Changes in Accounting Principles

In November 2010, the GASB issued Statement No. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No.14 and No. 34.*" The County is required to adopt Statement No. 61 for its calendar year 2013 financial statements.

In March 2012, the GASB issued Statement No. 65, "*Items Previously Reported as Assets and Liabilities.*" The County is required to adopt Statement No. 65 for its calendar year 2013 financial statements.

In March 2012, the GASB issued Statement No. 66, "*Technical Corrections - 2012 an amendment of GASB Statements No.10 and No.62.*" The County is required to adopt Statement No. 66 for its calendar year 2013 financial statements.

In June 2012, the GASB issued Statement No. 67, "*Financial Reporting for Pension Plans – an amendment of GASB Statement No .25.*" The County is required to adopt Statement No. 67 for its calendar year 2014 financial statements.

In June 2012, the GASB issued Statement No. 68, "*Accounting and financial Reporting for Pensions – an amendment of GASB Statement No. 27.*" The County is required to adopt Statement No. 68 for its calendar year 2015 financial statements.

In January 2013, the GASB issued Statement No. 69, "*Government Combinations and Disposals of Government Operations.*" The County is required to adopt Statement No. 69 for its calendar year 2014 financial statements.

In April 2013, the GASB issued Statement No. 70, "*Accounting and Financial Reporting for Non-exchange Financial Guarantees.*" The County is required to adopt Statement No. 70 for its calendar year 2014 financial statements.

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

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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

S) Discretely Presented Component Units

1. 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 80.1% 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.

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.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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

Discretely Presented Component Units (Continued)

1. Pleasant Ridge Manor (PRM) (Continued)

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.

2. 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. Each quarter, the County transfers the restricted gaming revenue to the Erie County Gaming Revenue Authority upon receipt of funds. The distribution of these restricted 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. The County of Erie is currently holding previously committed funds for a sewer improvement project in Summit Township. When the project is completed, any excess funds will be returned to the Authority.

Basis of Accounting

The government-wide financial statements (i.e., the statement of net position and the statement of changes in Net Position) report information on all of the non-fiduciary 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, 2012

NOTE 2: DEPOSIT AND INVESTMENT RISK

At December 31, 2012, the County's deposits, excluding the pension fund and discretely presented component units, had a carrying amount of \$75,989,681 and a bank balance of \$79,909,278, of which \$1,838,225 was covered by federal deposit insurance and \$78,071,053 was covered by collateral held under the pooling method.

	<u>Bank</u>	<u>Book</u>
Governmental Activities		
Cash and Cash Equivalents	\$ 75,408,454	\$ 71,455,876
Restricted Cash	<u>385,732</u>	<u>385,732</u>
Total Governmental Activities	<u>75,794,186</u>	<u>71,841,608</u>
Agency Funds		
Cash and Cash Equivalents	4,115,092	4,148,073
Investments	<u>2,278,206</u>	<u>2,278,206</u>
Total Agency Funds	<u>6,393,298</u>	<u>6,426,279</u>
Total	<u><u>\$ 82,187,484</u></u>	<u><u>\$ 78,267,887</u></u>

As of December 31, 2012, 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					
U.S. Treasury Note	\$ 262,018	\$ 50,494	\$ 211,524	\$ -	\$ -
U.S. Treasury Bonds	2,016,188	1,515,806	500,382	-	-
Total	<u><u>\$ 2,278,206</u></u>	<u><u>\$ 1,566,300</u></u>	<u><u>\$ 711,906</u></u>	<u><u>\$ -</u></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, 2012, \$78,071,053 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, 2012.

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, 2012

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. The County's investment policy mitigates custodial credit risk by requiring collateralization of uninsured balances of certain investments, including certificates of deposit, savings accounts, time deposits, checking with interest accounts, and repurchase agreements. The County's investment policy limits collateral to U.S. Treasury Obligations and U.S. Government Agency investments. The policy requires a collateralization level of 102% of the market value of principal and accrued interest and that collateralization be pledged in accordance with act 72 of the Pennsylvania State Legislature, Section 3836-1 through Section 3836-6

At December 31, 2012, \$4,763,988 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, 2012.

As of December 31, 2012, the County had the following debt investments and maturities within its Retirement Fund accounts:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years
<u>U.S. Government Agencies</u>					
Federal National Mortgage Assn	\$ 5,124,935	\$ 211,964	\$ 2,405,330	\$ 176,112	\$ 2,331,529
U.S. Government Treasuries	18,122,532	3,159,494	9,760,578	5,202,460	-
Corporate Bonds	19,340,362	561,067	10,766,432	7,941,881	70,982
Mortgages	1,845,787	29,447	21,432	172,612	1,622,296
Municipal Bonds	21,057	-	21,057	-	-
International Municipal Bonds	379,812	-	137,013	242,799	-
Total	<u>\$ 44,834,485</u>	<u>\$ 3,961,972</u>	<u>\$ 23,111,842</u>	<u>\$ 13,735,864</u>	<u>\$ 4,024,807</u>

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

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

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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, 2012, the County's retirement investments had a credit rating as follows:

Investment Type	Credit Quality Rating	Amount of Investments	Percent of Investment Type
Mortgages	AAA	\$ 551,209	30%
Mortgages	AA1	79,172	4%
Mortgages	A1	21,432	1%
Mortgages	A2	39,297	2%
Mortgages	Not Rated	1,154,677	63%
Total		<u>\$ 1,845,787</u>	<u>100%</u>
Municipal Bonds	AA1	\$ 21,057	100%
Total		<u>\$ 21,057</u>	<u>100%</u>
International Municipal Bonds	AAA	\$ 98,543	26.0%
International Municipal Bonds	AA1	73,775	19.4%
International Municipal Bonds	AA2	207,494	54.6%
Total		<u>\$ 379,812</u>	<u>100%</u>
Corporate Bonds	AAA	\$ 311,344	1.61%
Corporate Bonds	AA1	408,022	2.11%
Corporate Bonds	AA2	417,177	2.16%
Corporate Bonds	AA3	1,078,997	5.58%
Corporate Bonds	A1	2,331,900	12.06%
Corporate Bonds	A2	3,073,761	15.89%
Corporate Bonds	A3	2,422,996	12.53%
Corporate Bonds	B1	2,603,731	13.46%
Corporate Bonds	B2	4,206,873	21.75%
Corporate Bonds	BA1	1,133,866	5.86%
Corporate Bonds	BA2	842,223	4.35%
Corporate Bonds	BA3	115,582	0.60%
Corporate Bonds	BAA2	73,533	0.38%
Corporate Bonds	Not Rated	320,357	1.66%
Total		<u>\$ 19,340,362</u>	<u>100.00%</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Erie County Employee Pension Retirement Fund (Continued)

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.

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 78% and 22% respectively of the County’s total investments in U.S. Government Agencies.

Pleasant Ridge Manor (PRM) – Component Unit

At December 31, 2012, Pleasant Ridge Manor’s deposits had a carrying amount of \$1,815,891 and a bank balance of \$2,034,502, of which \$250,000 was covered by federal deposit insurance and \$1,784,502 was covered by collateral held under the pooling method.

	Bank	Book
Component Unit		
Cash and Cash Equivalents	\$ 1,515,439	\$ 1,320,589
Investments	509,135	509,135
Restricted Cash		
Cash and Cash Equivalents	519,063	495,302
Total Restricted Cash	519,063	495,302
Total	\$ 2,543,637	\$ 2,325,026

As of December 31, 2012, 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
U.S. Treasury Note (Moody’s Rating Aaa)	\$ 441,502	\$ 350,750	\$ 90,752	\$ -	\$ -
Total	\$ 441,502	\$ 350,750	\$ 90,752	\$ -	\$ -

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, 2012, \$1,784,502 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, 2012.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

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.

Erie County Gaming Revenue Authority – Component Unit

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposit may not be returned to it. The Authority does not have a policy for custodial credit risk. As of March 31, 2012, \$10,939,390 of the Authority's bank balance of \$11,189,390 was collateralized with securities held by the pledging financial institution and \$250,000 was covered by FDIC insurance.

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, 2012, is valued at \$385,732.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 4: RECEIVABLES

Receivables as of December 31, 2012 for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible account are as follows:

	General Fund	Mental Health/Mental Retardation	Children and Youth	Gaming Fund
Interest	\$ 4,362	\$ -	\$ -	\$ 2,150
Taxes	8,751,385	-	-	-
Federal & State Grants	-	91,202	11,790,155	-
Sub-provider Advances	-	92,734	-	-
Other	2,415,991	-	-	8,229,571
Gross receivables	11,171,738	183,936	11,790,155	8,231,721
Less: Allowance for Uncollectibles	(1,823,631)	-	-	-
	<u>\$ 9,348,107</u>	<u>\$ 183,936</u>	<u>\$ 11,790,155</u>	<u>\$ 8,231,721</u>

	Capital Projects	Health Choices	Other Non- Major Funds	Total
Interest	\$ 391	\$ -	\$ 162	\$ 7,065
Taxes	-	-	-	8,751,385
Federal & State Grants	-	13,356,372	4,625,288	29,863,017
Sub-provider Advances	-	-	-	92,734
Other	55	-	156,579	10,802,196
Gross receivables	446	13,356,372	4,782,029	49,516,397
Less: Allowance for Uncollectibles	-	-	-	(1,823,631)
	<u>\$ 446</u>	<u>\$ 13,356,372</u>	<u>\$ 4,782,029</u>	<u>\$ 47,692,766</u>

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, 2012, 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	\$ 5,256,140	\$ -
Grant draw downs prior to meeting all eligibility requirements	-	4,021,378
	<u>\$ 5,256,140</u>	<u>\$ 4,021,378</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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 2012 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 March 1, 2012 assessed real estate taxes equaled \$68,826,499 based on a total County valuation of \$11,376,259,228. Based on the 2012 levy of 6.05 mills allocated for general purposes a property owner would pay \$6.05 per \$1,000 of assessed valuation.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 6: CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2012 was as follows:

Governmental Activities:

	December 31, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2012</u>
Capital assets not depreciated:				
Land	\$ 1,177,815	\$ 323,422	\$ -	\$ 1,501,237
Construction in progress	62,795	-	(62,795)	-
Total capital assets not depreciated	<u>1,240,610</u>	<u>323,422</u>	<u>(62,795)</u>	<u>1,501,237</u>
Capital assets depreciated:				
Building and improvements	94,935,722	86,424	-	95,022,146
Vehicles	2,271,815	279,607	(22,425)	2,528,997
Furniture and equipment	20,822,558	502,571	(262,335)	21,062,794
Total assets depreciated	<u>118,030,095</u>	<u>868,602</u>	<u>(284,760)</u>	<u>118,613,937</u>
Less accumulated depreciation:				
Building and improvements	(46,319,786)	(3,708,384)	-	(50,028,170)
Vehicles	(2,067,927)	(93,170)	22,425	(2,138,672)
Furniture and equipment	(17,605,040)	(1,379,304)	192,425	(18,791,919)
Total accumulated depreciation	<u>(65,992,753)</u>	<u>(5,180,858)</u>	<u>214,850</u>	<u>(70,958,761)</u>
Total capital assets, being depreciated, net	<u>52,037,342</u>	<u>(4,312,256)</u>	<u>(69,910)</u>	<u>47,655,176</u>
Governmental activities capital assets, net	<u>\$ 53,277,952</u>	<u>\$ (3,988,834)</u>	<u>\$ (132,705)</u>	<u>\$ 49,156,413</u>

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

Government Activities:

General Government	\$ 1,376,461
Courts and related office	255,723
Corrections	1,170,972
Community Service	1,687,690
Public Safety	61,192
Library	628,820
Total	<u>\$ 5,180,858</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 6: CAPITAL ASSETS (CONTINUED)

Pleasant Ridge Manor

Capital asset activity for the year :

	December 31, 2011	Additions	Deletions	December 31, 2012
Capital assets, not being depreciated:				
Land	\$ 150,490	\$ -	\$ -	\$ 150,490
Construction in Progress	74,837	383,697	-	458,534
Total capital assets, not being depreciated	<u>225,327</u>	<u>383,697</u>	<u>-</u>	<u>609,024</u>
Capital assets depreciated:				
Land improvements	556,298	-	-	556,298
Buildings and improvements	19,320,846	-	-	19,320,846
Furniture and equipment	9,664,830	116,212	(4,633)	9,776,409
Total capital assets being depreciated	<u>29,541,974</u>	<u>116,212</u>	<u>(4,633)</u>	<u>29,653,553</u>
Less accumulated depreciation:				
Land improvements	(412,562)	(29,005)	-	(441,567)
Buildings and improvements	(16,002,240)	(415,765)	-	(16,418,005)
Furniture and equipment	(8,582,647)	(303,010)	4,633	(8,881,024)
Total accumulated depreciation	<u>(24,997,449)</u>	<u>(747,780)</u>	<u>4,633</u>	<u>(25,740,596)</u>
Total capital assets being depreciated, net	<u>4,544,525</u>	<u>(631,568)</u>	<u>-</u>	<u>3,912,957</u>
Total capital assets, net	<u>\$ 4,769,852</u>	<u>\$ (247,871)</u>	<u>\$ -</u>	<u>\$ 4,521,981</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.

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 administrative costs are paid from the Plan assets.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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, 2013, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	590
Terminated Plan Members Entitled to, but not yet Receiving Benefits	126
Active Plan Members	<u>1,153</u>
 Total	 <u><u>1,869</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, 2012, 2011 and 2010, were \$5,897,793, \$5,187,838, and \$4,318,312, respectively, and are equal to the annual required contribution for each year.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Funding Status and Progress

As of January 1, 2013, the most recent actuarial valuation date, the plan was 84.6 percent funded. The actuarial accrued liability for benefits was \$219,208,000, and the actuarial value of the assets was \$185,418,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$33,790,000. The covered payroll (annual payroll of active employees covered by the plan) was \$42,980,000, and the ratio of the UAAL to the covered payroll was 78.6%.

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 the aggregate actuarial cost 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	7.5% Compounded Annually
Projected Salary Increases	3.25% in 2013, 2014 and after 3.50%
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, 2012

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Annual Pension Cost and Net Pension Obligation

The County's Annual Required Contribution for 2012 was determined as part of the January 1, 2013, actuarial valuation. The County's annual pension cost and net pension obligation to the Erie County Employee's Retirement System for 2012, was as follows:

Annual Required Contribution	\$ 5,897,793
Interest on Net Pension Obligation	(12,434)
Adjustment to Annual Required Contribution	<u>21,984</u>
Annual Pension Cost	5,907,343
Contribution	(5,897,793)
Change in Net Pension Asset	9,550
Net Pension Obligation (Asset) - January 1, 2012	<u>(165,790)</u>
Net Pension Obligation (Asset) - December 31, 2012	<u><u>\$ (156,240)</u></u>

<u>Year Ended</u>	<u>Annual Pension Cost</u>	<u>Cost Contributed</u>	<u>Net Pension Asset</u>
December 31, 2010	\$ 4,327,111	99.8%	\$ 175,912
December 31, 2011	5,197,960	99.8%	165,790
December 31, 2012	5,907,343	99.8%	156,240

The net pension obligation, if any, would be liquidated by the general fund, mental health/mental retardation fund, health choices fund, children and youth fund and certain other non-major funds.

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, 2012

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, 2013 is as follows:

Current Employees	
Fully Vested	267
Non-Vested	37
Frozen	32
Retirees currently receiving benefits	208
Terminated Participants entitled to future benefits	90
Ineligible due to age or service	<u>24</u>
Total	<u><u>658</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, 2012

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, 2012 was \$1,658,897. The annual required contribution for the current year was determined as part of January 1, 2013 Actuarial valuation using the smoothed market value method. The actuarial cost method used was the unit credit method. The actuarial assumption includes a 6.34% investment rate of return and projected salary increase of 4%, with both including an inflation component of 3%.

Statement of Fiduciary Net Position

Assets:		
	Cash and Cash Equivalents	\$ 1,790,265
	Investments	
	U.S. Government Securities	2,012,792
	Mutual Funds - Fixed Income	9,536,394
	Corporate Bonds	1,842,072
	Common Stock	10,657,991
	Mutual Funds - Equity	<u>12,088,475</u>
	Total Investments	36,137,724
	Receivables	
	Interest and Dividends	<u>48,716</u>
	Total Receivables	48,716
	Total Assets	<u><u>\$ 37,976,705</u></u>
Liabilities		
	Accounts Payable	<u>\$ 58,036</u>
	Total Account Payable	58,036
Net Position:		
	Held in Trust for Pension Benefits	<u><u>\$ 37,918,669</u></u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Pleasant Ridge Manor – Component Unit (Continued)

Statement of Changes in Fiduciary Net Position

Additions:	
Contributions:	
Employee Contributions	\$ 894,337
Employer Contributions	1,505,008
Total Contributions	2,399,345
Investment Income:	
Net Appreciation	
in Fair Value of Investments	2,733,709
Interest	126,637
Dividends	857,363
Total Investment Income	3,717,709
Less: Investment Expense	(156,223)
Net Investment Income	3,561,486
Miscellaneous	670
Total Additions	5,961,501
Deductions:	
Benefits Payments	1,600,377
Withdrawals	421,809
PBGC Premiums	120,974
Administrative Expenses	58,036
Total Deductions	2,201,196
Net Increase	3,760,305
Net Position Held in Trust for Pension Benefits, Beginning of Year	34,158,364
Net Position Held in Trust for Pension Benefits, End of Year	\$ 37,918,669

NOTE 8: DEFERRED COMPENSATION PLAN

Pleasant Ridge Manor (PRM) – Component Unit

In January of 2012 Pleasant Ridge Manor established a deferred compensation plan for its employees. This plan covers all employees who were hired on or after January 1, 2012, all employees who elected not to participate or who were to eligible for the pension plan prior to January 1, 2012, and all non-bargained employees whose full completed years of service plus their attained age in their last birthday totaled less than 65 as December 31, 2011. Employees may contribute an amount of their salary up to the IRS limitations and Pleasant Ridge Manor will match 3% of the employees' contributions. For the year ended December 31, 2012, employees contributed \$60,666 to the plan and Pleasant Ridge Manor contributed \$26,969.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 9: 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 dependent coverage) to that held by the individual at the time of retirement. As of December 31, 2012, 535 retired employees are covered by health insurance. The County's expenses for health insurance benefits were \$2,332,045 (\$3,221,275 net of retiree contributions of \$889,230) in 2012.

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 dependent coverage, group plans, and costs to the retiree are subject to change. A spouse may be covered as a dependent 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	\$ 5,618,609
Interest on net OPEB obligation	670,171
ARC Adjustment	<u>(1,127,714)</u>
Annual OPEB cost	5,161,066
Contributions made	(2,332,045)
Increase in net OPEB obligation	2,829,021
Net OPEB obligation - beginning of year	<u>16,754,284</u>
Net OPEB obligation - end of year	<u><u>\$ 19,583,305</u></u>

The net OPEB obligation is liquidated by the general fund, mental health/mental retardation fund, health choice fund, children and youth fund and certain other non-major funds.

COUNTY OF ERIE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 9: 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>OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Obligation (Asset)</u>
December 31, 2010	\$ 5,338,833	36.99%	\$ 13,608,956
December 31, 2011	5,246,961	40.05%	16,754,284
December 31, 2012	5,161,066	45.19%	19,583,305

Funded Status and Funding Progress. As of January 1, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$53,534,624 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$53,534,624. The covered payroll was \$10,962,808, and the ratio of the UAAL to the covered payroll was 488.33%

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. The funded status compares assets to actuarial accrued liabilities, and the annual cost represents the normal cost plus an amortization of the unfunded actuarial accrued liability.

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, 2012, using the following assumptions: (1) actuarial cost method projected unit credit; (2) amortization method level dollar; (3) amortization period 22 years on an open basis; (4) discount rate of 4% compounded annually; (5) RP-2000 Mortality table for men and women; (6) health care cost trend of 10%, grading to 1% per year to 5% per year and (7) the inflation assumption rate 3%.

NOTE 10: 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 2010 by \$124,822, 2011 by \$76,754 and 2012 by \$86,432.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 10: 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, 2012, total claims expenses and stop-loss insurance expenses were \$16,807,332. Claims expenses recorded as employee fringe expenditures represent claims processed as of December 31, 2012 and includes (\$601,755) claims payable.

The claims liability of \$601,755 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 1/1/11	\$ (535,544)
Current Year Premiums	16,584,708
Claims Payments and Administration	<u>(16,520,784)</u>
Claims Liability - End of Year 12/31/11	\$ (471,620)
Claims Liability - Beginning of Year 1/1/12	\$ (471,620)
Current Year Premiums	16,677,197
Claims Payments and Administration	<u>(16,807,332)</u>
Claims Liability - End of Year 12/31/12	\$ (601,755)

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 unassisted claims. The County does not maintain a deposit with Highmark Blue Cross Blue Shield.

Pleasant Ridge Manor

Self-Insurance Programs

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 unassisted 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, 2012 is \$0.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 10: RISK MANAGEMENT (CONTINUED)

Pleasant Ridge Manor (Continued)

Self-Insurance Programs (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, 2011 to December 31, 2012:

	<u>2012</u>	<u>2011</u>
Claims Liability - Beginning of Year	\$ 416,798	\$ 531,435
Additions	386,886	360,739
Deletions	<u>(513,073)</u>	<u>(475,376)</u>
Claims Liability - End of Year	<u>\$ 290,611</u>	<u>\$ 416,798</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>2012</u>	<u>2011</u>
Claims Payable - December 31	\$ 687,886	\$ 1,103,590
Additions	5,284,050	5,974,531
Deletions	<u>(5,472,144)</u>	<u>(6,390,235)</u>
Claims Payable - December 31	<u>\$ 499,792</u>	<u>\$ 687,886</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 11: LONG-TERM OBLIGATIONS

Long-term obligations outstanding at December 31, 2012, consisted of the following:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 83,660,000	\$ 13,605,000	\$ 17,840,000	\$ 79,425,000	\$ 5,945,000
Less: Deferred Amounts:					
Bond Premium	1,686,487	-	506,427	1,180,060	-
Bond Discount	(504,279)	-	67,245	(437,034)	-
	<u>84,842,208</u>	<u>13,605,000</u>	<u>18,413,672</u>	<u>80,168,026</u>	<u>5,945,000</u>
Camtech Note Payable	475,347	-	475,347	-	-
Compensated Absences	<u>1,798,957</u>	<u>270,336</u>	<u>279,536</u>	<u>1,789,757</u>	<u>101,039</u>
	<u>\$ 87,116,512</u>	<u>\$ 13,875,336</u>	<u>\$ 19,168,555</u>	<u>\$ 81,957,783</u>	<u>\$ 6,046,039</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, 2012

NOTE 11: LONG-TERM OBLIGATIONS (CONTINUED)

Year	Amount of Original Issue		Balance Outstanding December 31, 2012	Amounts Due Within One Year
2003	\$40,650,000	<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, with an interest rate 2.60% to 5.375% with a maturity date September 1, 2016.	\$ 2,755,000	\$ 2,755,000
		<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, with an interest rate 1.0% to 5.375% with a maturity date September 1, 2023.		
		<u>\$7,155,000 Series C</u> (a) 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, with an interest rate 1.46% to 6.0% with a maturity date September 1, 2023.		
2005	\$40,815,000	<u>\$11,945,000 Series A</u> The proceeds for the Series A is used for the advance refund of the County's General Obligation Bonds, Series B of 2003 maturing on and after September 1, 2014, with an interest rate of 3.25% to 5.50% maturity date September 1, 2023.	\$ 14,815,000	\$ 265,000
		<u>\$25,835,000 Series B</u> (a) The proceeds used for various capital projects and (b) to pay the cost related to the issuance, with an interest rate of 3.25% to 5.0% maturity date September 1, 2025.		
		<u>\$3,035,000 Series C</u> (a) The proceeds used to loan to the Greater Erie Industrial Development Corporation for development of an industrial park, (b) and to pay related cost to the issuance with an interest rate of 5.25%, maturity date September 1, 2017.		

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 11: LONG-TERM OBLIGATIONS (CONTINUED)

<u>Year</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2012</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% to 4.375% with maturity date September 1, 2025	\$24,970,000	\$ 105,000
2008	22,055,000	The proceeds were used for the 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, and an interest rate of 3.25% to 5.% with a maturity date September 1, 2017.	\$13,085,000	\$ 2,430,000
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, with an interest rate of 3.00% to 3.70% and a maturity date September 1, 2012.	\$ 10,195,000	\$ 5,000
2012	\$13,605,000	The proceeds will be used by the County to refund the 2003 Bonds, on an advance refunding basis a portion of the County's General Obligation Bonds: and to pay the cost of the issuing the bonds. The General Obligation taxable refunding Bonds amount of \$8,665,000 Series A of 2012 with a maturity date of September 1, 2020 with an interest rate of .65% to 3%. The General Obligation taxable refunding Bonds Series B the amount of \$4,940,000 with a maturity date on September 1, 2023 with an interest rate of .784% to 3.66%. The refinancing transaction resulted in an estimated cash flow savings of \$1,141,033 for the County and an estimated economic gain of \$1,047,872.	\$ 13,605,000	\$ 385,000
Total General Long-Term Debt Obligations at December 31, 2012			<u>\$ 79,425,000</u>	<u>\$ 5,945,000</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 11: LONG-TERM OBLIGATIONS (CONTINUED)

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

Year	2003 G.O. Bonds 1.0% to 6.0%		2005 G.O. Bonds 3.25% to 5.25%		2007 G.O. Bonds 3.60% to 4.375%	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 2,755,000	\$ 127,020	\$ 265,000	\$ 774,156	\$ 105,000	\$ 1,054,589
2014	-	-	280,000	760,244	110,000	1,050,704
2015	-	-	295,000	745,544	115,000	1,046,634
2016	-	-	310,000	730,056	115,000	1,042,321
2017	-	-	2,430,000	713,781	970,000	1,037,951
2018-2022	-	-	9,265,000	1,990,606	10,240,000	4,280,577
2023-2027	-	-	1,970,000	108,350	13,315,000	1,297,625
Total	\$ 2,755,000	\$ 127,020	\$ 14,815,000	\$ 5,822,737	\$ 24,970,000	\$ 10,810,401

Year	2008 G.O. Bonds 3.25% to 5.0%		2009 G.O. Bonds 3.00% to 3.70%		2012 G.O. Bonds .65% to 3.66%	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 2,430,000	\$ 525,750	\$ 5,000	\$ 356,093	\$ 385,000	\$ 222,026
2014	2,510,000	440,700	5,000	355,943	3,265,000	219,269
2015	2,600,000	352,850	5,000	355,793	3,295,000	187,454
2016	2,705,000	248,850	5,000	355,643	3,350,000	146,248
2017	2,840,000	113,600	5,000	355,493	440,000	93,955
2018-2022	-	-	10,170,000	923,025	1,855,000	317,191
2023-2027	-	-	-	-	1,015,000	18,856
Total	\$ 13,085,000	\$ 1,681,750	\$ 10,195,000	\$ 2,701,990	\$ 13,605,000	\$ 1,204,999

Year	Total Debt Service		Total Debt Service
	Principal	Interest	
2013	\$ 5,945,000	\$ 3,059,634	\$ 9,004,634
2014	6,170,000	2,826,860	8,996,860
2015	6,310,000	2,688,275	8,998,275
2016	6,485,000	2,523,118	9,008,118
2017	6,685,000	2,314,780	8,999,780
2018-2022	31,530,000	7,511,399	39,041,399
2023-2027	16,300,000	1,424,831	17,724,831
Total	\$ 79,425,000	\$ 22,348,897	\$ 101,773,897

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 11: LONG-TERM OBLIGATIONS (CONTINUED)

Refunded Bonds

The County has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At December 31, 2012, \$12,520,000 of bonds outstanding are considered defeased.

NOTE 12: SUMMARY DATA FOR COMPONENT UNITS

	Pleasant Ridge Manor	Erie County Gaming Authority	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,320,589	\$ 11,181,595	\$ 12,502,184
Investments	509,135	-	509,135
Receivables, net	5,344,538	-	5,344,538
Inventories	251,980	-	251,980
Prepaid items	82,980	10,523	93,503
Other current assets	10,370	-	10,370
Total current assets	7,519,592	11,192,118	18,711,710
Noncurrent assets:			
Restricted assets	495,302	-	495,302
Net pension asset	230,339	-	230,339
Net capital assets	4,521,981	-	4,521,981
Total noncurrent assets	5,247,622	-	5,247,622
Total assets	\$ 12,767,214	\$ 11,192,118	\$ 23,959,332
Liabilities:			
Current liabilities:			
Total current liabilities	\$ 3,974,580	\$ 76,767	\$ 4,051,347
Noncurrent liabilities:			
Total noncurrent liabilities	495,302	-	495,302
Total liabilities	4,469,882	76,767	4,546,649
Net Position:			
Net investment in capital assets			
Restricted	4,521,981	-	4,521,981
Unrestricted	-	-	-
	3,775,351	11,115,351	14,890,702
Total net position	8,297,332	11,115,351	19,412,683
Total liabilities and net position	\$ 12,767,214	\$ 11,192,118	\$ 23,959,332

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 12: SUMMARY DATA FOR COMPONENT UNITS (CONTINUED)

Condensed statements of activities for component units.

	Pleasant Ridge Manor	Erie County Gaming Authority	Total
Expenses	\$ 32,354,384	\$ 11,044,266	\$ 43,398,650
Program revenues:			
Charges for services	32,016,486	6,053,809	38,070,295
Operating grants and contributions	272,550	-	272,550
Total Program Revenues	32,289,036	6,053,809	38,342,845
General revenues:			
Investment/interest earnings	18,657	274,644	293,301
Other revenue	1,494,412	-	1,494,412
Total General Revenues	1,513,069	274,644	1,787,713
Change in net position	1,447,721	(4,715,813)	(3,268,092)
Net position, beginning of year (as restated Note 15)	6,849,611	15,831,164	22,680,775
Net position, end of year	\$ 8,297,332	\$ 11,115,351	\$ 19,412,683

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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>		
<u>Major:</u>		
General Fund	\$ 9,447,114	\$ 6,520,131
MH/MR	2,613,617	266,952
Health Choices	-	64,700
Children and Youth	-	8,541,549
Gaming	-	1,530
Capital Projects	854,851	-
<u>Non-Major:</u>		
Domestic Relations	-	956,736
Drug and Alcohol	887,246	54,708
Public Health	91,534	357,771
Planning	242,083	16,781
Library Fund	875,896	189,041
Public Safety	-	1,844,141
Total Non-Major Funds	<u>2,096,759</u>	<u>3,419,178</u>
 Total Governmental Funds	 <u>15,012,341</u>	 <u>18,814,040</u>
<u>Proprietary Fund Type</u>		
Internal Service Fund	<u>\$ 3,801,699</u>	<u>\$ -</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>		
<u>Major:</u>		
General Fund	\$ 376,493	\$ 23,918,490
MH/MR	966,873	-
Children and Youth	7,587,876	108,000
Gaming	-	4,369,338
<u>Non-Major</u>		
Domestic Relations	1,408,600	268,493
Drug and Alcohol	281,864	-
Public Health	1,322,461	-
Planning	787,668	-
Library Fund	4,358,425	-
Public Safety	2,991,318	690,085
Debt Service	9,272,828	-
Total Non-Major	<u>20,423,164</u>	<u>958,578</u>
 Governmental Fund Types	 <u>\$ 29,354,406</u>	 <u>\$ 29,354,406</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 14: FUND BALANCES

Under GASB 54, fund balances are recorded as non-spendable, restricted, and committed and assigned are not available for payments of other subsequent expenditures. The followings funds balances are recorded on the fund level of the financial statements:

<u>Funds:</u>	<u>Fund Balances</u>	<u>Balances</u>
General Fund	<u>Non-spendable:</u> This amount is prepared items	\$ 147,480
	<u>Restricted Funds:</u>	
	These funds are restricted for Judicial Services.	852,697
	These funds are restricted for the Public Safety program.	37,877
	These funds are restricted for the Community Redevelopment.	258,413
	These funds are restricted for the Economic Development Loans.	11,000,000
	<u>Assigned Funds:</u>	
	Children & Youth - Title IV-E Litigation	1,752,184
Health Choices	This amount is restricted for Mental Health Services.	10,731,697
Gaming Fund	This amount is restricted for projects for Economic Developments:	
	Erie County Gaming Revenue Authority	42,386
	Pleasant Ridge Manor Loan	2,500,000
	Community Grants	5,087,550
Capital Project Fund	This amount is restricted for capital projects:	
	Airport Runway project:	10,395,865
	Various capital projects:	3,409,927
Liquid Fuels Fund	This amounts restricted for the Road and Bridges Improvements	325,475
Domestic Relations Fund	This amounts restricted for Child Support Enforcement.	42,446
Public Health Fund	This amount restricted for Public Health Services.	36,131
Library Fund	<u>Non-spendable:</u>	
	This amount under non-spendable are prepaid items:	2,565
	<u>Restricted Fund:</u>	
	This amount is restricted for Library Services.	10,247
Planning Fund	This amount is restricted for projects within the Community Services:	
	Land Preservation	240,032
	Community Redevelopment	370,710
	Recycling Program	585,936

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 14: FUND BALANCES (Continued)

<u>Fund</u>	<u>Fund Balance:</u>	<u>Balances</u>
Public Safety Fund	<u>Non-spendable:</u> This amount under non-spendable are prepaid items.	\$ 235,725
	<u>Restricted Funds:</u> This amount is restricted for Emergency Services.	957,241
Erie County Care Management Fund	<u>Non-spendable:</u> This amount under non-spendable are prepaid items.	167,588
	<u>Restricted Funds:</u> This amount is restricted for Erie County Care Management.	3,352,337
Debt Service Fund	This amount is restricted for future debt service payments on General Obligation Bonds	1,765,222
Public Safety	<u>Negative Unassigned Fund Balance</u> This amounts represents excess expenditures over revenues.	(37,877)

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 15: RESTATEMENT OF NET POSITION

Pleasant Ridge Manor Component Unit

Medical and drug expenditures for the month of December 2011 were not accrued in 2011. The restatement of the net position will reflect the 2011 expenditures recorded in the proper year.

	Pleasant Ridge Manor	Aggregate Discretely Presented Component Units
Beginning net position, as previously reported	\$ 7,385,497	\$ 23,216,661
To record 2011 medical an drug expenditures that were not recorded in 2011	(535,886)	(535,886)
Beginning net position, as restated	\$ 6,849,611	\$ 22,680,775

NOTE 16: OPERATING LEASES

The County leases building and office facilities and other equipment under non-cancellable operating leases. Total costs for such leases were \$1,007,935 for the ended December 31, 2012. The future minimum lease payments for these are as follows:

<u>Year Ending</u>	<u>Amount</u>
2013	\$ 997,651
2014	905,807
2015	825,966
2016	766,180
2017-2019	937,578
	\$ 4,433,182

NOTE 17: 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, 2012.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 18: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN MAJOR FUNDS

Health Choices Fund expenditures exceeded the amount budgeted by \$2,243,153. The over expenditures in the Health Choices Fund was the result of 2011 funds refunded to the Commonwealth of Pennsylvania. The refunded amount was paid through fund balance.

NOTE 19: IRREVOCABLE GIFT TO ERIE COMMUNITY FOUNDATION

Erie County Gaming Revenue Authority - Component Unit

The Authority has entered into an agreement with the Erie Community foundation (the Foundation) to establish a Lead Asset Endowment Fund. The Fund is established to perpetually provide financial assistance to designated organizations (Erie County Lead Regional Assets) selected by the Authority. The Foundation shall grant awards to the designated organizations at least annually based on the amounts determined by the Authority. The Authority granted \$5,437,604 to the Foundation to establish the Fund for the year ended March 31, 2012.

NOTE 20: DEFICIT UNRESTRICTED NET POSITION

As of December 31, 2012, the County had (\$13,666,489) of unrestricted net position. This was caused by approximately \$30,000,000 of debt issuance by the County for assets the County does not have title to such as: Improvements to the Erie County Regional Airport, Erie County Convention Center Authority for the construction and renovations to the Tullio Arena, Erie County Redevelopment Authority for revolving loans, Greater Erie Industrial Development Corporation for development of an industrial park and other grants within the County.

NOTE 21: SUBSEQUENT EVENTS

On January 10, 2013, the County closed on the amount of \$10,870,000 General Obligation Tax Exempt Refunding Bonds, Series C of 2012. The proceeds on the General Obligation 2012 Series C Taxable Refunding Bonds will be used for the refunding of the 2005 B series and the 2009 Series. The General Obligation Tax Exempt Refunding bond, Series C of 2012 has a maturity date of 09/01/2021 with an interest rate of 3.00% to 4.50%.

Pleasant Ridge Manor - Component Unit

The County in February 2013 authorized a standby letter of credit in the amount of \$700,000 for Pleasant Ridge Manor in the connection with certain self-insurance agreements for the year of 2013.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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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, 2007	\$ 2,818,972	100%
December 31, 2008	3,682,478	100%
December 31, 2009	6,067,903	100%
December 31, 2010	4,318,312	100%
December 31, 2011	5,187,838	100%
December 31, 2012	5,897,793	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	7.5% Compounded Annually
Projected Salary Increases	3.25% in 2013 and 3.50% in 2014 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>
01/01/2011	\$ 177,343	\$ 200,552	\$ (23,209)	88.4%	\$ 43,890	-52.9%
01/01/2012	180,478	209,254	(28,776)	86.2%	43,176	-66.6%
01/01/2013	185,418	219,208	(33,790)	84.6%	42,980	-78.6%

* 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)	Actuarial Accrued Liability Actuarial (AAL)-PUC (b)	Unfunded Actuarial Accrued Liability Actuarial (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
12/31/10	\$ -	\$ 68,756,700	\$ 68,756,700	0%	\$ 13,585,776	506.09%
12/31/11	-	53,534,624	53,534,624	0%	11,775,026	454.65%
12/31/12	-	53,534,624	53,534,624	0%	10,962,808	488.33%

The County adopted GASB 45 in 2007 on a prospective basis.

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 corrections.

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, a juvenile detention center and a juvenile dependent shelter.

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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real Estate Taxes	\$ 69,604,037	\$ 69,604,037	\$ 68,882,528	\$ (721,509)
Hotel Tax	2,887,000	2,887,000	3,160,156	273,156
Federal, State and Municipal Grants	4,753,005	5,369,477	5,390,439	20,962
Charges for Services	14,160,724	11,537,102	11,497,989	(39,113)
Interest Income	43,810	43,810	88,224	44,414
Other Revenue	43,210	43,610	73,273	29,663
Total Revenues	91,491,786	89,485,036	89,092,609	(392,427)
EXPENDITURES				
Current:				
General Government	17,901,667	16,126,762	16,088,042	38,720
Courts and Related Offices	17,400,843	17,461,988	16,919,422	542,566
Corrections	23,494,370	23,339,250	22,720,462	618,788
Community Services	2,022,788	3,259,980	3,964,306	(704,326)
Capital Outlay	561,710	910,216	664,103	246,113
Debt Service	328,700	328,700	-	328,700
Total Expenditures	61,710,078	61,426,896	60,356,335	1,070,561
Excess of Revenues Over (Under) Expenditures	29,781,708	28,058,140	28,736,274	678,134
Other Financing Sources (Uses)				
Transfer Out to Component Units	(1,039,338)	-	-	-
Transfer In	688,206	688,206	376,493	(311,713)
Transfer Out	(25,181,322)	(25,558,423)	(23,918,490)	1,639,933
Total Other Financing sources (Uses)	(25,532,454)	(24,870,217)	(23,541,997)	1,328,220
Net Change in Fund Balance	4,249,254	3,187,923	5,194,277	2,006,354
Fund Balance, Beginning of Year	37,366,026	37,366,026	37,366,026	-
Fund Balance, End of Year	\$ 41,615,280	\$ 40,553,949	\$ 42,560,303	\$ 2,006,354

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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 26,848,780	\$ 27,162,486	\$ 24,717,919	\$ (2,444,567)
Interest Income	4,000	4,000	1,314	(2,686)
Other Revenue	10,000	53,000	60,203	7,203
Total Revenues	26,862,780	27,219,486	24,779,436	(2,440,050)
EXPENDITURES				
Current:				
Community Services	27,932,780	28,289,486	25,726,021	2,563,465
Capital Outlay	30,000	30,000	20,288	9,712
Total Expenditures	27,962,780	28,319,486	25,746,309	2,573,177
Excess of Revenues Over (Under) Expenditures	(1,100,000)	(1,100,000)	(966,873)	133,127
Other Financing Sources (Uses) Transfer In	1,100,000	1,100,000	966,873	(133,127)
Total Other Financing Sources (Uses)	1,100,000	1,100,000	966,873	(133,127)
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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 60,136,779	\$ 60,013,596	\$ 55,444,341	\$ (4,569,255)
Charges for Services	686,775	686,775	696,262	9,487
Interest Income	1,600	1,600	128	(1,472)
Other Revenue	50	50	-	(50)
Total Revenues	60,825,204	60,702,021	56,140,731	(4,561,290)
EXPENDITURES				
Current:				
Corrections	14,656,194	14,617,474	13,446,861	1,170,613
Community Services	55,075,676	54,666,514	49,885,712	4,780,802
Capital Outlay	26,610	286,952	288,034	(1,082)
Total Expenditures	69,758,480	69,570,940	63,620,607	5,950,333
Excess of Revenues Over (Under) Expenditures	(8,933,276)	(8,868,919)	(7,479,876)	1,389,043
Other Financing Sources (Uses)				
Transfer In	9,041,276	8,976,919	7,587,876	(1,389,043)
Transfer Out	(108,000)	(108,000)	(108,000)	-
Total Other Financing Sources (Uses)	8,933,276	8,868,919	7,479,876	(1,389,043)
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

COUNTY OF ERIE, PENNSYLVANIA

Health Choices

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 77,740,010	\$ 77,742,424	\$81,884,036	\$ 4,141,612
Charges for Services	-	-	-	-
Interest Income	30,010	30,010	39,117	9,107
Other Revenue	-	-	-	-
Total Revenues	77,770,020	77,772,434	81,923,153	4,150,719
EXPENDITURES				
Current:				
Community Services	77,751,020	77,753,434	79,532,139	(1,778,705)
Capital Outlay	19,000	19,000	483,448	(464,448)
Total Expenditures	77,770,020	77,772,434	80,015,587	(2,243,153)
Excess of Revenues Over (Under) Expenditures	-	-	1,907,566	1,907,566
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	1,907,566	1,907,566
Fund Balance, Beginning of Year	8,824,131	8,824,131	8,824,131	-
Fund Balance, End of Year	\$ 8,824,131	\$ 8,824,131	\$10,731,697	\$ 1,907,566

COUNTY OF ERIE, PENNSYLVANIA

Gaming Fund

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

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 12,000,000	\$ 12,000,000	\$ 11,740,044	\$ (259,956)
Interest Income	62,120	62,120	33,753	(28,367)
Total Revenues	12,062,120	12,062,120	11,773,797	(288,323)
EXPENDITURES				
Current:				
Community Services	8,716,478	8,719,339	8,489,342	229,997
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	8,716,478	8,719,339	8,489,342	229,997
Excess of Revenues Over (Under) Expenditures	3,345,642	3,342,781	3,284,455	(58,326)
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	(4,369,338)	(4,369,338)	(4,369,338)	-
Total Other Financing Sources (Uses)	(4,369,338)	(4,369,338)	(4,369,338)	-
Net Change in Fund Balance	(1,023,696)	(1,026,557)	(1,084,883)	(58,326)
Fund Balance, Beginning of Year	8,714,819	8,714,819	8,714,819	-
Fund Balance, End of Year	\$ 7,691,123	\$ 7,688,262	\$ 7,629,936	\$ (58,326)

COUNTY OF ERIE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2012

A. Budgets and Budgetary Accounting

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

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OTHER SUPPLEMENTARY INFORMATION

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**COUNTY OF ERIE, PENNSYLVANIA
NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds

1. Liquid Fuels

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

2. Domestic Relations

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

3. Drug and Alcohol

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

4. Public Health

Funds provided by Act 315, Act 12, and other grants are used to administer personal health services 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. Planning

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

7. Public Safety

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, 2012

Special Revenue Funds

ASSETS	Liquid Fuels	Domestic Relations	Drug and Alcohol	Public Health	Library Fund
Cash and Cash Equivalents	\$ 325,475	\$ 51,456	\$ 642,004	\$ 950	\$ 2,013
Restricted Cash and Cash Equivalents	-	-	-	-	-
Receivables, Net	-	1,196,628	-	717,911	3,933
Due from Other Funds	-	-	887,246	91,534	875,896
Prepaid Items	-	-	-	-	2,565
Total Assets	\$ 325,475	\$ 1,248,084	\$ 1,529,250	\$ 810,395	\$ 884,407
 LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ 69,539	\$ 822,793	\$ 178,768	\$ 178,889
Accrued Liabilities	-	179,363	41,112	237,725	242,290
Client Funds Held in Trust	-	-	-	-	-
Due to Other Funds	-	956,736	54,708	357,771	189,041
Due to Other Taxing Units	-	-	-	-	-
Unearned Revenue	-	-	610,637	-	261,375
Total Liabilities	-	1,205,638	1,529,250	774,264	871,595
 FUND BALANCES					
Nonspendable:					
Prepaid items	-	-	-	-	2,565
Restricted for:					
Child Support Enforcement	-	42,446	-	-	-
Public Health Services	-	-	-	36,131	-
Library Services	-	-	-	-	10,247
Road and Bridges Improvement	325,475	-	-	-	-
Land Preservation	-	-	-	-	-
Community Redevelopment	-	-	-	-	-
Recycling	-	-	-	-	-
Erie County Care Management	-	-	-	-	-
Emergency Services	-	-	-	-	-
Debt Payments on General Obligation Bonds	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	325,475	42,446	-	36,131	12,812
Total Liabilities and Fund Balances	\$ 325,475	\$ 1,248,084	\$ 1,529,250	\$ 810,395	\$ 884,407

Special Revenue Funds

Planning Fund	Public Safety Fund	Erie County Care Management	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 835,116	\$ 2,500,032	\$ 2,024,235	\$ 6,381,281	\$ 1,765,060	\$ 8,146,341
-	-	385,732	385,732	-	385,732
615,904	475,359	1,772,132	4,781,867	162	4,782,029
242,083	-	-	2,096,759	-	2,096,759
-	235,725	167,588	405,878	-	405,878
<u>\$ 1,693,103</u>	<u>\$ 3,211,116</u>	<u>\$ 4,349,687</u>	<u>\$ 14,051,517</u>	<u>\$ 1,765,222</u>	<u>\$ 15,816,739</u>
\$ 346,121	\$ 59,280	\$ 50,654	\$ 1,706,044	\$ -	\$ 1,706,044
29,385	113,824	393,376	1,237,075	-	1,237,075
-	-	385,732	385,732	-	385,732
16,781	1,844,141	-	3,419,178	-	3,419,178
39,913	-	-	39,913	-	39,913
64,225	38,782	-	975,019	-	975,019
<u>496,425</u>	<u>2,056,027</u>	<u>829,762</u>	<u>7,762,961</u>	<u>-</u>	<u>7,762,961</u>
-	235,725	167,588	405,878	-	405,878
-	-	-	42,446	-	42,446
-	-	-	36,131	-	36,131
-	-	-	10,247	-	10,247
-	-	-	325,475	-	325,475
240,032	-	-	240,032	-	240,032
370,710	-	-	370,710	-	370,710
585,936	-	-	585,936	-	585,936
-	-	3,352,337	3,352,337	-	3,352,337
-	957,241	-	957,241	-	957,241
-	-	-	-	1,765,222	1,765,222
-	(37,877)	-	(37,877)	-	(37,877)
<u>1,196,678</u>	<u>1,155,089</u>	<u>3,519,925</u>	<u>6,288,556</u>	<u>1,765,222</u>	<u>8,053,778</u>
<u>\$ 1,693,103</u>	<u>\$ 3,211,116</u>	<u>\$ 4,349,687</u>	<u>\$ 14,051,517</u>	<u>\$ 1,765,222</u>	<u>\$ 15,816,739</u>

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

Special Revenue Funds

	Liquid Fuels	Domestic Relations	Drug and Alcohol	Public Health	Library Fund
REVENUES					
Federal, State and Municipal Grants	\$ 812,704	\$ 3,343,402	\$ 4,732,628	\$ 4,908,799	\$ 1,418,009
Charges for Services	-	132,265	197,253	496,842	196,312
Interest Income	-	381	851	53	-
Other Income	-	-	-	30,682	57,137
Total Revenues	<u>812,704</u>	<u>3,476,048</u>	<u>4,930,732</u>	<u>5,436,376</u>	<u>1,671,458</u>
EXPENDITURES					
Current:					
Courts and Related Offices	-	4,576,936	-	-	-
Community Services	-	-	5,205,059	-	-
Public Health	-	-	-	6,588,774	-
Public Works	685,428	-	-	-	-
Library	-	-	-	-	5,980,506
Other	-	-	-	-	-
Capital Outlay	-	-	7,537	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>685,428</u>	<u>4,576,936</u>	<u>5,212,596</u>	<u>6,588,774</u>	<u>5,980,506</u>
Excess of Revenues Over (Under) Expenditures	<u>127,276</u>	<u>(1,100,888)</u>	<u>(281,864)</u>	<u>(1,152,398)</u>	<u>(4,309,048)</u>
Other Financing Sources (Uses)					
Issuance of Refunding Bonds	-	-	-	-	-
Payments to Refunded Bonds Escrow Agent	-	-	-	-	-
Transfers In	-	1,408,600	281,864	1,322,461	4,358,425
Transfers Out	-	(268,493)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,140,107</u>	<u>281,864</u>	<u>1,322,461</u>	<u>4,358,425</u>
Net change in fund balance	127,276	39,219	-	170,063	49,377
Fund Balances, Beginning of Year	198,199	3,227	-	(133,932)	(36,565)
Fund Balances, End of Year	<u>\$ 325,475</u>	<u>\$ 42,446</u>	<u>\$ -</u>	<u>\$ 36,131</u>	<u>\$ 12,812</u>

Special Revenue Funds

Planning Fund	Public Safety Fund	Erie County Care Management	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 2,371,111	\$ 2,946,770	\$ 9,151,566	\$ 29,684,989	\$ -	\$ 29,684,989
344,733	1,621,978	1,471,729	4,461,112	-	4,461,112
21	1,741	-	3,047	4,966	8,013
-	699	743	89,261	-	89,261
<u>2,715,865</u>	<u>4,571,188</u>	<u>10,624,038</u>	<u>34,238,409</u>	<u>4,966</u>	<u>34,243,375</u>
-	-	-	4,576,936	-	4,576,936
3,271,691	5,725,155	9,663,907	23,865,812	-	23,865,812
-	-	-	6,588,774	-	6,588,774
-	-	-	685,428	-	685,428
-	-	-	5,980,506	-	5,980,506
-	-	-	-	93,407	93,407
-	874,064	209,624	1,091,225	-	1,091,225
-	-	-	-	5,795,347	5,795,347
-	-	-	-	4,489,813	4,489,813
<u>3,271,691</u>	<u>6,599,219</u>	<u>9,873,531</u>	<u>42,788,681</u>	<u>10,378,567</u>	<u>53,167,248</u>
<u>(555,826)</u>	<u>(2,028,031)</u>	<u>750,507</u>	<u>(8,550,272)</u>	<u>(10,373,601)</u>	<u>(18,923,873)</u>
-	-	-	-	13,605,000	13,605,000
-	-	-	-	(12,520,000)	(12,520,000)
787,668	2,991,318	-	11,150,336	9,272,828	20,423,164
-	(690,085)	-	(958,578)	-	(958,578)
<u>787,668</u>	<u>2,301,233</u>	<u>-</u>	<u>10,191,758</u>	<u>10,357,828</u>	<u>20,549,586</u>
231,842	273,202	750,507	1,641,486	(15,773)	1,625,713
964,836	881,887	2,769,418	4,647,070	1,780,995	6,428,065
<u>\$ 1,196,678</u>	<u>\$ 1,155,089</u>	<u>\$ 3,519,925</u>	<u>\$ 6,288,556</u>	<u>\$ 1,765,222</u>	<u>\$ 8,053,778</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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real Estate Taxes	\$ 69,604,037	\$ 69,604,037	\$ 68,882,528	\$ (721,509)
Hotel Tax	2,887,000	2,887,000	3,160,156	273,156
Federal, State and Municipal Grants	4,753,005	5,369,477	5,390,439	20,962
Charges for Services	14,160,724	11,537,102	11,497,989	(39,113)
Interest Income	43,810	43,810	88,224	44,414
Other Revenue	43,210	43,610	73,273	29,663
Total Revenues	91,491,786	89,485,036	89,092,609	(392,427)
EXPENDITURES				
Current:				
General Government				
Council and Elections	1,348,598	1,369,848	1,354,770	15,078
Controller	359,213	359,213	354,458	4,755
County Executive	220,982	220,982	218,931	2,051
Solicitor	140,719	181,384	150,144	31,240
Personnel	348,204	287,452	245,759	41,693
Finance	4,198,114	3,981,620	3,868,888	112,732
Operations	4,631,412	3,554,844	3,746,948	(192,104)
Other	6,654,425	6,171,419	6,148,144	23,275
Total General Government	17,901,667	16,126,762	16,088,042	38,720
Courts and Related Offices				
Courts	4,846,869	4,840,869	4,725,815	115,054
District Justices	2,522,410	2,522,410	2,543,051	(20,641)
Clerk of Records	2,304,029	2,324,029	2,313,313	10,716
Sheriff	3,003,454	3,003,454	2,790,516	212,938
District Attorney	2,849,589	2,889,589	2,706,112	183,477
Coroner	587,360	587,360	593,441	(6,081)
Public Defender	1,287,132	1,294,277	1,247,174	47,103
Total Courts and Related Offices	17,400,843	17,461,988	16,919,422	542,566
Corrections				
Adult Probation	4,774,475	4,769,955	4,556,990	212,965
Corrections	15,777,057	15,626,057	15,349,814	276,243
Juvenile Probation	2,942,838	2,943,238	2,813,658	129,580
Total Corrections	23,494,370	23,339,250	22,720,462	618,788
Community Services				
Veterans Affairs	217,640	248,723	206,984	41,739
Economic Development	150,800	150,800	143,802	6,998
Grants to Others	1,654,348	2,860,457	3,613,520	(753,063)
Total Community Services	2,022,788	3,259,980	3,964,306	(704,326)
Capital Outlay				
General Government	215,000	238,565	235,317	3,248
Courts	236,300	451,721	192,250	259,471
Corrections	110,410	219,930	236,536	(16,606)
Community Services	-	-	-	-
Total Capital Outlay	561,710	910,216	664,103	246,113
Debt Service				
Principal	-	-	-	-
Interest	328,700	328,700	-	328,700
Total Debt Service	328,700	328,700	-	328,700
Total Expenditures	61,710,078	61,426,896	60,356,335	1,070,561
Excess of Revenues Over (Under) Expenditures	29,781,708	28,058,140	28,736,274	678,134
Other Financing Sources (Uses)				
Transfers Out Component Units	(1,039,338)	-	-	-
Transfer In	688,206	688,206	376,493	(311,713)
Transfer Out	(25,181,322)	(25,558,423)	(23,918,490)	1,639,933
Total Other Financing sources (Uses)	(25,532,454)	(24,870,217)	(23,541,997)	1,328,220
Net Change in Fund Balance	4,249,254	3,187,923	5,194,277	2,006,354
Fund Balance, Beginning of Year	37,366,026	37,366,026	37,366,026	-
Fund Balance, End of Year	\$ 41,615,280	\$ 40,553,949	\$ 42,560,303	\$ 2,006,354

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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 760,000	\$ 760,000	\$ 812,704	\$ 52,704
Interest Income	100	100	-	(100)
Total Revenues	760,100	760,100	812,704	52,604
EXPENDITURES				
Current:				
Public Works	810,100	810,100	685,428	124,672
Total Expenditures	810,100	810,100	685,428	124,672
Excess of Revenues Over (Under) Expenditures	(50,000)	(50,000)	127,276	177,276
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(50,000)	(50,000)	127,276	177,276
Fund Balance, Beginning of Year	198,199	198,199	198,199	-
Fund Balance, End of Year	\$ 148,199	\$ 148,199	\$ 325,475	\$ 177,276

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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 3,345,781	\$ 3,345,781	\$ 3,343,402	\$ (2,379)
Charges for Services	117,050	117,050	132,265	15,215
Interest Income	1,300	1,300	381	(919)
Total Revenues	3,464,131	3,464,131	3,476,048	11,917
EXPENDITURES				
Current:				
Courts and Related Offices	4,702,052	4,702,052	4,576,936	125,116
Total Expenditures	4,702,052	4,702,052	4,576,936	125,116
Excess of Revenues Over (Under) Expenditures	(1,237,921)	(1,237,921)	(1,100,888)	137,033
Other Financing Sources (Uses)				
Transfer In	1,499,127	1,499,127	1,408,600	(90,527)
Transfer Out	(261,206)	(261,206)	(268,493)	(7,287)
Total Other Financing Sources (Uses)	1,237,921	1,237,921	1,140,107	(97,814)
Net Change in Fund Balance	-	-	39,219	39,219
Fund Balance, Beginning of Year	3,227	3,227	3,227	-
Fund Balance, End of Year	\$ 3,227	\$ 3,227	\$ 42,446	\$ 39,219

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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 5,300,698	\$ 5,300,698	\$ 4,732,628	\$ (568,070)
Charges for Services	210,000	210,000	197,253	(12,747)
Interest Income	-	1,110	851	(259)
Total Revenues	5,510,698	5,511,808	4,930,732	(581,076)
EXPENDITURES				
Current:				
Community Services	5,773,562	5,774,672	5,205,059	569,613
Capital Outlay	19,000	19,000	7,537	11,463
Total Expenditures	5,792,562	5,793,672	5,212,596	581,076
Excess of Revenues Over (Under) Expenditures	(281,864)	(281,864)	(281,864)	-
Other Financing Sources (Uses) Transfer In	281,864	281,864	281,864	-
Total Other Financing sources (Uses)	281,864	281,864	281,864	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 5,515,455	\$ 5,417,554	\$ 4,908,799	\$ (508,755)
Charges for Services	457,443	559,443	496,842	(62,601)
Interest	100	100	53	(47)
Other	72,300	102,300	30,682	(71,618)
Total Revenues	<u>6,045,298</u>	<u>6,079,397</u>	<u>5,436,376</u>	<u>(643,021)</u>
EXPENDITURES				
Current:				
Public Health	7,349,802	7,335,698	6,588,774	746,924
Capital Outlay	5,400	5,400	-	5,400
Total Expenditures	<u>7,355,202</u>	<u>7,341,098</u>	<u>6,588,774</u>	<u>752,324</u>
Excess of Revenues Over (Under) Expenditures	(1,309,904)	(1,261,701)	(1,152,398)	109,303
Other Financing Sources (Uses)				
Transfer In	1,236,532	1,322,461	1,322,461	-
Total Other Financing Sources (Uses)	<u>1,236,532</u>	<u>1,322,461</u>	<u>1,322,461</u>	<u>-</u>
Net Change in Fund Balance	(73,372)	60,760	170,063	109,303
Fund Balance, Beginning of Year	<u>(133,932)</u>	<u>(133,932)</u>	<u>(133,932)</u>	<u>-</u>
Fund Balance , End of Year	<u>\$ (207,304)</u>	<u>\$ (73,172)</u>	<u>\$ 36,131</u>	<u>\$ 109,303</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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 1,428,801	\$ 1,429,001	\$ 1,418,009	\$ (10,992)
Charges for Services	207,770	207,770	196,312	(11,458)
Other	9,500	49,310	57,137	7,827
Total Revenues	<u>1,646,071</u>	<u>1,686,081</u>	<u>1,671,458</u>	<u>(14,623)</u>
EXPENDITURES				
Current:				
Library	5,966,335	6,006,345	5,980,506	25,839
Total Expenditures	<u>5,966,335</u>	<u>6,006,345</u>	<u>5,980,506</u>	<u>25,839</u>
Excess of Revenues Over (Under) Expenditures	(4,320,264)	(4,320,264)	(4,309,048)	11,216
Other Financing Sources (Uses)				
Transfer In	4,320,264	4,358,425	4,358,425	-
Total Other Financing Sources (Uses)	<u>4,320,264</u>	<u>4,358,425</u>	<u>4,358,425</u>	<u>-</u>
Net Change in Fund Balance	-	38,161	49,377	11,216
Fund Balance (Deficit), Beginning of Year	<u>(36,565)</u>	<u>(36,565)</u>	<u>(36,565)</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ (36,565)</u>	<u>\$ 1,596</u>	<u>\$ 12,812</u>	<u>\$ 11,216</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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 3,935,911	\$ 4,577,937	\$ 2,371,111	\$ (2,206,826)
Charges for Services	373,429	373,429	344,733	(28,696)
Interest	20,000	20,000	21	(19,979)
Other	168,000	168,000	-	(168,000)
Total Revenues	4,497,340	5,139,366	2,715,865	(2,423,501)
EXPENDITURES				
Current:				
Community Services	5,115,203	5,804,469	3,271,691	2,532,778
Total Expenditures	5,115,203	5,804,469	3,271,691	2,532,778
Excess of Revenues Over (Under) Expenditures	(617,863)	(665,103)	(555,826)	109,277
Other Financing Sources (Uses)				
Transfer In	617,863	665,103	787,668	122,565
Total Other Financing sources (Uses)	617,863	665,103	787,668	122,565
Net Change in Fund Balance	-	-	231,842	231,842
Fund Balance, Beginning of Year	964,836	964,836	964,836	-
Fund Balance, End of Year	\$ 964,836	\$ 964,836	\$ 1,196,678	\$ 231,842

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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 2,889,244	\$ 3,372,803	\$ 2,946,770	\$ (426,033)
Charges for Services	1,464,770	1,464,770	1,621,978	157,208
Interest	1,610	1,610	1,741	131
Other	3,100	3,799	699	(3,100)
Total Revenues	4,358,724	4,842,982	4,571,188	(271,794)
EXPENDITURES				
Current:				
Community Services	5,431,798	5,849,833	5,725,155	124,678
Capital Outlay	916,164	1,240,765	874,064	366,701
Total Expenditures	6,347,962	7,090,598	6,599,219	491,379
Excess of Revenues Over (Under) Expenditures	(1,989,238)	(2,247,616)	(2,028,031)	219,585
Other Financing Sources (Uses)				
Transfer In	2,719,101	2,988,229	2,991,318	3,089
Transfer Out	(690,085)	(690,085)	(690,085)	-
Total Other Financing Sources (Uses)	2,029,016	2,298,144	2,301,233	3,089
Net Change in Fund Balance	39,778	50,528	273,202	222,674
Fund Balance, Beginning of Year	881,887	881,887	881,887	-
Fund Balance, End of Year	<u>\$ 921,665</u>	<u>\$ 932,415</u>	<u>\$ 1,155,089</u>	<u>\$ 222,674</u>

COUNTY OF ERIE, PENNSYLVANIA

Erie County Care Management, Inc.

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 9,093,333	\$ 9,093,333	\$9,151,566	\$ 58,233
Charges for Services	1,543,456	1,543,456	1,471,729	(71,727)
Interest	-	-	-	-
Other	-	-	743	743
Total Revenues	10,636,789	10,636,789	10,624,038	(12,751)
EXPENDITURES				
Current:				
Community Services	10,358,191	10,358,191	9,663,907	694,284
Capital Outlay	278,598	278,598	209,624	68,974
Total Expenditures	10,636,789	10,636,789	9,873,531	763,258
Excess of Revenues Over Expenditures	-	-	750,507	750,507
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	750,507	750,507
Fund Balance, Beginning of Year	2,769,418	2,769,418	2,769,418	-
Fund Balance, End of Year	\$ 2,769,418	\$ 2,769,418	\$3,519,925	\$ 750,507

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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Interest	\$ 10,010	\$ 10,010	\$ 4,966	\$ (5,044)
Total Revenues	<u>10,010</u>	<u>10,010</u>	<u>4,966</u>	<u>(5,044)</u>
EXPENDITURES				
Current:				
Other	7,100	97,038	93,407	3,631
Debt Service				
Principal	5,486,570	5,709,478	5,795,347	(85,869)
Interest	3,779,158	3,580,613	4,489,813	(909,200)
Total Expenditures	<u>9,272,828</u>	<u>9,387,129</u>	<u>10,378,567</u>	<u>(991,438)</u>
Excess of Revenues Over (Under) Expenditures	(9,262,818)	(9,377,119)	(10,373,601)	(996,482)
Other Financing Sources (Uses)				
Issuance of Refunding Bonds	-	13,605,000	13,605,000	-
Payments to Refunded Bonds Escrow Agent	-	(13,515,062)	(12,520,000)	995,062
Transfer In	9,272,828	9,272,828	9,272,828	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>9,272,828</u>	<u>9,362,766</u>	<u>10,357,828</u>	<u>-</u>
Net Change in Fund Balance	10,010	(14,353)	(15,773)	(996,482)
Fund Balance, Beginning of Year	<u>1,780,995</u>	<u>1,780,995</u>	<u>1,780,995</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,791,005</u>	<u>\$ 1,766,642</u>	<u>\$ 1,765,222</u>	<u>\$ (996,482)</u>

COUNTY OF ERIE, PENNSYLVANIA

Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ -	\$ 10,000	\$ 10,000	\$ -
Charges for Services	-	-	-	-
Interest Income	-	-	43,649	43,649
Total Revenues	-	10,000	53,649	43,649
EXPENDITURES				
Current:				
Community Services	-	-	8,167,082	(8,167,082)
Capital Outlay	-	407,000	486,848	(79,848)
Total Expenditures	-	407,000	8,653,930	(8,246,930)
Excess of Revenues Over (Under) Expenditures	-	(397,000)	(8,600,281)	(8,203,281)
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(397,000)	(8,600,281)	(8,203,281)
Fund Balance, Beginning of Year	22,406,073	22,406,073	22,406,073	-
Fund Balance, End of Year	<u>\$ 22,406,073</u>	<u>\$ 22,009,073</u>	<u>\$ 13,805,792</u>	<u>\$ (8,203,281)</u>

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.

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COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Fiduciary Net Position
Agency Funds
December 31, 2012

ASSETS

	Cash and Cash Equivalents	Investments	Property Taxes Receivable	Interest and Other Receivable	Other Assets	Total Assets
Tax Claim	\$ 1,073,691	\$ -	\$ 11,874,158	\$ 9,728	\$ -	\$ 12,957,577
Revenue Licenses	4,985	-	-	-	-	4,985
Recorder of Deeds	545,235	-	-	-	-	545,235
Clerk of Courts	798,889	-	-	-	-	798,889
Register of Wills	33,743	-	-	-	-	33,743
Prothonotary	526,846	-	-	-	6,739,726	7,266,572
Sheriff	526,660	-	-	745	-	527,405
Prison	230,217	-	-	12,833	-	243,050
Magisterial District Judges	312,441	-	-	-	-	312,441
Children and Youth Trust	2,094	-	-	-	-	2,094
Domestic Relations	58,710	-	-	-	-	58,710
Act 101 Site Specific Post Closure	34,562	2,278,206	-	-	-	2,312,768
Total Assets	<u>\$ 4,148,073</u>	<u>\$ 2,278,206</u>	<u>\$ 11,874,158</u>	<u>\$ 23,306</u>	<u>\$ 6,739,726</u>	<u>\$ 25,063,469</u>

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Fiduciary Net Position
Agency Funds
December 31, 2012

	LIABILITIES		
	Accounts Payable	Due to Other Governmental Units	Total Liabilities
Tax Claim	\$ 1,083,419	\$ 11,874,158	\$ 12,957,577
Revenue Licenses	4,985	-	4,985
Recorder of Deeds	545,235	-	545,235
Clerk of Courts	798,889	-	798,889
Register of Wills	33,743	-	33,743
Prothonotary	7,266,572	-	7,266,572
Sheriff	527,405	-	527,405
Prison	243,050	-	243,050
Magisterial District Judges	312,441	-	312,441
Children and Youth Trust	2,094	-	2,094
Domestic Relations	58,710	-	58,710
Act 101 Site Specific Post Closure	2,312,768	-	2,312,768
Total Liabilities	\$ 13,189,311	\$ 11,874,158	\$ 25,063,469

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2012

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
Funds:				
<u>Tax Claim</u>				
ASSETS				
Cash	\$ 953,485	\$ 19,923,376	\$ 19,803,170	\$ 1,073,691
Credit Card Receivable	10,167	1,190,073	1,190,512	9,728
Property Taxes Receivable	9,524,062	16,020,619	13,670,523	11,874,158
	<u>\$ 10,487,714</u>	<u>\$ 37,134,068</u>	<u>\$ 34,664,205</u>	<u>\$ 12,957,577</u>
LIABILITIES				
Accounts Payable	\$ 963,652	\$ 21,113,449	\$ 20,993,682	\$ 1,083,419
Due to Other Governmental Units	9,524,062	16,020,619	13,670,523	11,874,158
	<u>\$ 10,487,714</u>	<u>\$ 37,134,068</u>	<u>\$ 34,664,205</u>	<u>\$ 12,957,577</u>
<u>Revenue Licenses</u>				
ASSETS				
Cash	\$ 4,345	\$ 255,956	\$ 255,316	\$ 4,985
LIABILITIES				
Accounts Payable	\$ 4,345	\$ 255,956	\$ 255,316	\$ 4,985
<u>Recorder of Deeds</u>				
ASSETS				
Cash	\$ 1,002,169	\$ 17,694,010	\$ 18,150,944	\$ 545,235
LIABILITIES				
Accounts Payable	\$ 1,002,169	\$ 17,694,010	\$ 18,150,944	\$ 545,235
<u>Clerk of Courts</u>				
ASSETS				
Cash	\$ 888,271	\$ 5,078,956	\$ 5,168,338	\$ 798,889
LIABILITIES				
Accounts Payable	\$ 888,271	\$ 5,078,956	\$ 5,168,338	\$ 798,889
<u>Register of Wills</u>				
ASSETS				
Cash	\$ 36,972	\$ 14,945,238	\$ 14,948,467	\$ 33,743
LIABILITIES				
Accounts Payable	\$ 36,972	\$ 14,945,238	\$ 14,948,467	\$ 33,743

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2012
(Continued)

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
<u>Prothonotary</u>				
ASSETS				
Cash	\$ 684,022	\$ 1,000,785	\$ 1,157,961	\$ 526,846
Other Assets	713,496	6,538,230	512,000	6,739,726
	<u>1,397,518</u>	<u>7,539,015</u>	<u>1,669,961</u>	<u>7,266,572</u>
LIABILITIES				
Accounts Payable	<u>\$ 1,397,518</u>	<u>\$ 7,539,015</u>	<u>\$ 1,669,961</u>	<u>\$ 7,266,572</u>
<u>Sheriff</u>				
ASSETS				
Cash	\$ 602,881	\$ 3,194,657	\$ 3,270,878	\$ 526,660
Interest and Other Receivable	1,569	-	824	745
	<u>604,450</u>	<u>3,194,657</u>	<u>3,271,702</u>	<u>527,405</u>
LIABILITIES				
Accounts Payable	<u>\$ 604,450</u>	<u>\$ 3,194,657</u>	<u>\$ 3,271,702</u>	<u>\$ 527,405</u>
<u>Prison</u>				
ASSETS				
Cash	\$ 179,934	\$ 2,402,186	\$ 2,351,903	\$ 230,217
Interest and Other Receivable	16,212	-	3,379	12,833
	<u>196,146</u>	<u>2,402,186</u>	<u>2,355,282</u>	<u>243,050</u>
LIABILITIES				
Accounts Payable	<u>\$ 196,146</u>	<u>\$ 2,402,186</u>	<u>\$ 2,355,282</u>	<u>\$ 243,050</u>
<u>Magisterial District Judges</u>				
ASSETS				
Cash	<u>\$ 377,300</u>	<u>\$ 6,284,854</u>	<u>\$ 6,349,713</u>	<u>\$ 312,441</u>
LIABILITIES				
Accounts Payable	<u>\$ 377,300</u>	<u>\$ 6,284,854</u>	<u>\$ 6,349,713</u>	<u>\$ 312,441</u>
<u>Children & Youth Trust</u>				
ASSETS				
Cash	<u>\$ 3,842</u>	<u>\$ 2,095</u>	<u>\$ 3,843</u>	<u>\$ 2,094</u>
LIABILITIES				
Accounts Payable	<u>\$ 3,842</u>	<u>\$ 2,095</u>	<u>\$ 3,843</u>	<u>\$ 2,094</u>

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2012
(Continued)

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
<u>Domestic Relations</u>				
ASSETS				
Cash	\$ 64,625	\$ 3,134,648	\$ 3,140,563	\$ 58,710
LIABILITIES				
Accounts Payable	\$ 64,625	\$ 3,134,648	\$ 3,140,563	\$ 58,710
<u>Act 101 Site Specific Post Closure</u>				
ASSETS				
Cash	\$ 77,157	\$ -	\$ 42,595	\$ 34,562
Investments	2,198,806	79,400	-	2,278,206
	<u>2,275,963</u>	<u>79,400</u>	<u>42,595</u>	<u>2,312,768</u>
LIABILITIES				
Accounts Payable	\$ 2,275,963	\$ 79,400	\$ 42,595	\$ 2,312,768
TOTAL ASSETS				
Cash	\$ 4,875,003	\$ 73,916,761	\$ 74,643,691	\$ 4,148,073
Investments	2,198,806	79,400	-	2,278,206
Interest and Other Receivable	27,948	1,190,073	1,194,715	23,306
Property Taxes Receivable	9,524,062	16,020,619	13,670,523	11,874,158
Other Assets	713,496	6,538,230	512,000	6,739,726
Total Assets	<u>\$ 17,339,315</u>	<u>\$ 97,745,083</u>	<u>\$ 90,020,929</u>	<u>\$ 25,063,469</u>
TOTAL LIABILITIES				
Accounts Payable	\$ 7,815,253	\$ 81,724,464	\$ 76,350,406	\$ 13,189,311
Due to Other Governmental Units	9,524,062	16,020,619	13,670,523	11,874,158
Total Liabilities	<u>\$ 17,339,315</u>	<u>\$ 97,745,083</u>	<u>\$ 90,020,929</u>	<u>\$ 25,063,469</u>

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**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 Position
December 31, 2012

	Pleasant Ridge Manor (1)	Erie County Gaming Authority (2)	Total
ASSETS			
Current assets:			
Cash and Investments	\$ 1,320,589	\$ 11,181,595	\$ 12,502,184
Investments	509,135	-	509,135
Receivables, net	5,344,538	-	5,344,538
Inventory	251,980	-	251,980
Prepaid Items	82,980	10,523	93,503
Other	10,370	-	10,370
Total current assets	<u>7,519,592</u>	<u>11,192,118</u>	<u>18,711,710</u>
Noncurrent assets:			
Restricted Cash	495,302	-	495,302
Net pension asset	230,339	-	230,339
Land and other non-depreciable assets	609,024	-	609,024
Capital assets, net	3,912,957	-	3,912,957
Total noncurrent assets	<u>5,247,622</u>	<u>-</u>	<u>5,247,622</u>
Total assets	<u>\$ 12,767,214</u>	<u>\$ 11,192,118</u>	<u>\$ 23,959,332</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 2,381,603	55,000	\$ 2,436,603
Workers compensation payable	290,611	-	290,611
Self insurance payable	499,792	-	499,792
Accrued liabilities	343,800	-	343,800
Compensated absences	448,404	-	448,404
Other liabilities	10,370	21,767	32,137
Total current liabilities	<u>3,974,580</u>	<u>76,767</u>	<u>4,051,347</u>
Noncurrent Liabilities			
Restricted Funds	495,302	-	495,302
Total noncurrent liabilities	<u>495,302</u>	<u>-</u>	<u>495,302</u>
Total Liabilities	<u>4,469,882</u>	<u>76,767</u>	<u>4,546,649</u>
NET POSITION			
Net Investment in Capital Assets	4,521,981	-	4,521,981
Unrestricted	3,775,351	11,115,351	14,890,702
Total Net Position	<u>\$ 8,297,332</u>	<u>\$ 11,115,351</u>	<u>\$ 19,412,683</u>

(1) December 31, 2012 Fiscal Year End

(2) March 31, 2012 Fiscal Year End

County of Erie, Pennsylvania
Discrete Component Units
Combining Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended December 31, 2012

	Pleasant Ridge Manor (1)	Erie County Gaming Revenue Authority (2)	Total
Operating Revenues			
Charges for services	\$ 32,016,486	\$ 6,053,809	\$ 38,070,295
Other revenue	202,550	-	202,550
Total operating revenue	<u>32,219,036</u>	<u>6,053,809</u>	<u>38,272,845</u>
Operating Expenses			
Operating expenses	31,594,221	11,044,266	42,638,487
Depreciation expense	747,780	-	747,780
Total operating expenses	<u>32,342,001</u>	<u>11,044,266</u>	<u>43,386,267</u>
Excess of Revenues Over (Under) Expenditures	(122,965)	(4,990,457)	(5,113,422)
Non-operating revenues (expenses)			
County contribution	1,206,109	-	1,206,109
Interest income	18,657	274,644	293,301
Donated funds	47,655	-	47,655
Grants	70,000	-	70,000
Other Income	240,648	-	240,648
Interest expense	(1,539)	-	(1,539)
Other expenditures	(10,844)	-	(10,844)
Total non-operating (expenses)	<u>1,570,686</u>	<u>274,644</u>	<u>1,845,330</u>
Change in net position	1,447,721	(4,715,813)	(3,268,092)
Net position, beginning of year, as restated (Note 15)	6,849,611	15,831,164	22,680,775
Net position, end of year	<u>\$ 8,297,332</u>	<u>\$ 11,115,351</u>	<u>\$ 19,412,683</u>

(1) December 31, 2012 Fiscal Year End

(2) March 31, 2012 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, 2012

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Building and Improvements</u>	<u>Vehicles Furniture and Equipment</u>	<u>Total</u>
General government	\$ 315,948	\$ -	\$ 27,484,562	\$ 4,022,563	\$ 31,823,073
Courts and related offices	70,960	-	3,036,333	3,077,406	6,184,699
Corrections	284,420	-	31,267,035	1,186,753	32,738,208
Community services	301,797	-	16,627,478	12,356,952	29,286,227
Public health	-	-	787,331	657,887	1,445,218
Library	528,112	-	15,819,407	2,290,230	18,637,749
 Total governmental funds capital assets	 <u>\$1,501,237</u>	 <u>\$ -</u>	 <u>\$ 95,022,146</u>	 <u>\$ 23,591,791</u>	 <u>\$120,115,174</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, 2012

<u>Function and Activity</u>	Governmental Funds Capital Assets <u>January 1, 2012</u>	Additions	Deductions/ Transfer	Governmental Funds Capital Assets <u>December 31, 2012</u>
General government	\$ 31,513,238	\$ 340,428	\$ (30,593)	\$ 31,823,073
Courts and related offices	6,006,898	346,026	(168,225)	6,184,699
Corrections	32,687,420	78,428	(27,640)	32,738,208
Community services	29,005,102	306,979	(25,854)	29,286,227
Public health	1,465,569	8,114	(28,465)	1,445,218
Library	18,592,478	51,088	(5,817)	18,637,749
Total governmental funds capital assets	<u>\$ 119,270,705</u>	<u>\$ 1,131,063</u>	<u>\$ (286,594)</u>	<u>\$ 120,115,174</u>

COUNTY OF ERIE, PENNSYLVANIA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Assets by Source
December 31, 2012

Governmental funds capital assets:

Land	\$ 1,501,237
Buildings and improvements	95,022,146
Vehicles	2,528,997
Furniture and equipment	<u>21,062,794</u>
Total governmental funds capital assets	<u><u>\$ 120,115,174</u></u>

Investments in governmental funds capital assets by source:

General fund	\$ 67,860,112
Special revenue funds	<u>52,255,062</u>
Total governmental funds capital assets	<u><u>\$ 120,115,174</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.

<u>Contents</u>	<u>Page</u>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	157
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	172
Debt Capacity	
<i>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.</i>	180
Demographic and Economic Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	188
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	191

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FINANCIAL TRENDS

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COUNTY OF ERIE, PENNSYLVANIA
 Net Position by Component
 Last Fiscal Year
 (accrual basis of accounting)

		<u>2012</u>
Governmental Activities		
Net Investment in Capital Assets	\$	13,180,233
Restricted		38,896,823
Unrestricted		(13,666,489)
Total government activities net position	<u>\$</u>	<u>38,410,567</u>
Primary Government		
Net Investment in Capital Assets	\$	13,180,233
Restricted		38,896,823
Unrestricted		(13,666,489)
Total primary government net position	<u>\$</u>	<u>38,410,567</u>

Note: This Schedule is being prepared prospectively in accordance with GASB 63.

COUNTY OF ERIE, PENNSYLVANIA
Net Assets by Component
Nine Years
2003 to 2011
(accrual basis of accounting)

	Year				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities					
Invested in capital assets, net of related debt	\$ 23,283,384	\$ 27,413,665	\$ 33,623,603	\$ 27,294,711	\$ 6,242,780
Restricted	36,373,973	23,788,624	30,370,707	28,983,109	23,766,250
Unrestricted	(17,344,957)	(10,792,240)	(21,809,984)	(10,206,536)	11,574,397
Total government activities net assets	42,312,400	40,410,049	42,184,326	46,071,284	41,583,427
Primary Government					
Invested in capital assets, net of related debt	23,283,384	27,413,665	33,623,603	27,294,711	6,242,780
Restricted	36,373,973	23,788,624	30,370,707	28,983,109	23,766,250
Unrestricted	(17,344,957)	(10,792,240)	(21,809,984)	(10,206,536)	11,574,397
Total primary government net assets	\$ 42,312,400	\$ 40,410,049	\$ 42,184,326	\$ 46,071,284	\$ 41,583,427

Year

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 7,807,416	\$ 12,286,924	\$ 1,359,876	\$16,524,907
19,313,534	19,579,999	15,932,807	8,860,997
8,032,552	3,908,863	14,410,487	3,454,375
<u>35,153,502</u>	<u>35,775,786</u>	<u>31,703,170</u>	<u>28,840,279</u>

7,807,416	12,286,924	1,359,876	16,524,907
19,313,534	19,579,999	15,932,807	8,860,997
8,032,552	3,908,863	14,410,487	3,454,375
<u>\$ 35,153,502</u>	<u>\$ 35,775,786</u>	<u>\$ 31,703,170</u>	<u>\$28,840,279</u>

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COUNTY OF ERIE , PENNSYLVANIA
Changes in Net Position
Last Fiscal Year
(accrual basis of accounting)

Expenses	<u>2012</u>
Governmental Activities	
General government	\$ 19,440,061
Courts and related offices	22,589,810
Corrections	38,332,786
Community services	203,151,167
Public health	6,850,696
Public works	685,428
Library	7,005,236
Interest on long term debt	3,782,732
Total primary government expenses	<u><u>\$ 301,837,916</u></u>

Program Revenue	
Charges for services	
General Government	\$ 3,722,405
Courts and Related Offices	5,553,935
Corrections	2,468,169
Community Services	15,957,744
Public Health	496,842
Library	196,312
Operating grants and contributions	197,121,724
Capital grants and contributions	10,000
Total primary government program revenues	<u><u>\$ 225,527,131</u></u>

Net (Expense)/Revenue	
Governmental activities	<u>\$ (76,310,785)</u>
Total primary government net expense	<u>\$ (76,310,785)</u>

General Revenue and Other Changes in Net Position	
Governmental activities	
Property Taxes	\$ 68,811,861
Hotel Room Rental Tax	3,160,156
Interest Income	214,198
Other Income	222,737
	<u>72,408,952</u>
Total primary government	72,408,952
Change in Net Position	
Governmental activities	<u>(3,901,833)</u>
Total primary government change in net position	<u>\$ (3,901,833)</u>

Note: This Schedule is being prepared prospectively in accordance with GASB 63

COUNTY OF ERIE , PENNSYLVANIA
Changes in Net Assets
Nine Years
2003 to 2011
(accrual basis of accounting)

	Year				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses					
Governmental Activities					
General government	\$ 14,546,971	\$ 15,852,380	\$ 12,781,659	\$ 13,302,695	\$ 11,583,536
Courts and related offices	23,659,667	23,301,291	23,815,737	22,452,595	20,642,833
Corrections	39,590,993	39,786,125	40,629,325	39,240,696	36,507,826
Community services	201,825,181	206,797,399	214,680,441	231,296,513	186,143,770
Public health	7,257,014	7,441,621	7,605,284	7,465,662	7,016,892
Public works	903,992	683,726	893,667	712,490	774,009
Library	7,267,748	7,306,003	4,715,044	7,187,576	6,808,991
Other	0	-	-	-	-
Interest on long term debt	4,011,619	4,179,570	4,337,847	3,775,372	3,811,952
Loss on guaranteed debt				-	-
Total primary government expenses	<u>\$ 299,063,185</u>	<u>\$ 305,348,115</u>	<u>\$ 309,459,004</u>	<u>\$ 325,433,599</u>	<u>\$ 273,289,809</u>
Program Revenue					
Charges for services					
General Government	\$ 3,727,630	\$ 3,208,938	\$ 3,055,882	\$ 2,728,069	\$ 2,735,511
Courts and Related Offices	5,232,092	5,475,588	5,410,242	5,683,424	5,640,432
Corrections	2,391,228	2,334,393	2,146,959	2,176,755	2,327,150
Community Services	16,629,378	18,652,095	16,897,959	17,684,293	14,134,434
Public Health	451,045	450,712	376,605	536,541	421,619
Library	206,816	220,462	229,371	225,511	225,396
Operating grants and contributions	198,657,284	200,659,383	214,031,194	237,713,702	192,087,930
Capital grants and contributions	-	-	-	-	54,791
Total primary government program revenues	<u>\$ 227,295,473</u>	<u>\$ 231,001,571</u>	<u>\$ 242,148,212</u>	<u>\$ 266,748,295</u>	<u>\$ 217,627,263</u>
Net (Expense)/Revenue					
Governmental activities	\$ (71,767,712)	\$ (74,346,544)	\$ (67,310,792)	\$ (58,685,304)	\$ (55,662,546)
Total primary government net expense	<u>\$ (71,767,712)</u>	<u>\$ (74,346,544)</u>	<u>\$ (67,310,792)</u>	<u>\$ (58,685,304)</u>	<u>\$ (55,662,546)</u>
General Revenue and Other Changes in Net Assets					
Governmental activities					
Property Taxes	\$ 69,212,937	\$ 68,566,314	\$ 59,793,818	\$ 58,262,891	\$ 55,664,202
Hotel Room Rental Tax	3,038,223	2,948,646	2,724,570	2,663,840	2,432,204
Interest Income	233,771	320,697	384,012	1,925,813	3,554,926
Other Income	1,185,132	736,610	327,241	517,810	438,139
Total primary government	73,670,063	72,572,267	63,229,641	63,370,354	62,089,471
Change in Net Assets					
Governmental activities	1,902,351	(1,774,277)	(4,081,151)	4,685,050	6,426,925
Total primary government change in net assets	<u>\$ 1,902,351</u>	<u>\$ (1,774,277)</u>	<u>\$ (4,081,151)</u>	<u>\$ 4,685,050</u>	<u>\$ 6,426,925</u>

Year			
<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 11,585,003	\$ 10,390,858	\$ 10,039,805	\$ 10,666,773
18,838,105	17,943,991	17,999,479	18,806,005
33,101,250	32,184,358	32,237,675	31,893,786
149,202,374	140,836,601	137,581,587	128,584,310
6,273,932	6,408,229	6,216,188	6,878,507
793,093	741,599	832,551	813,291
5,996,459	5,771,219	5,745,480	5,837,748
3,400	2,340	2,340	4,367
3,790,500	2,609,791	2,497,107	2,194,103
-	-	129,708	716,311
<u>\$ 229,584,116</u>	<u>\$ 216,888,986</u>	<u>\$ 213,281,920</u>	<u>\$ 206,395,201</u>

\$ 2,673,137	\$ 2,840,562	\$ 2,324,821	\$ 2,087,284
5,587,398	5,432,622	5,712,291	5,814,165
2,471,956	2,469,683	2,791,817	2,462,745
2,893,051	2,968,632	3,201,222	2,582,197
557,573	656,742	626,715	459,251
229,924	368,300	472,063	370,940
153,246,168	151,651,752	148,875,982	142,671,678
1,711,127	1,235,685	100,000	15,000
<u>\$ 169,370,334</u>	<u>\$ 167,623,978</u>	<u>\$ 164,104,911</u>	<u>\$ 156,463,260</u>

\$ (60,213,782) \$ (49,265,008) \$ (49,177,009) \$ (49,931,941)

\$ (60,213,782) \$ (49,265,008) \$ (49,177,009) \$ (49,931,941)

\$ 53,599,290	\$ 49,298,573	\$ 49,055,086	\$ 47,642,708
2,133,095	2,046,370	1,969,962	1,755,905
3,554,357	1,633,072	620,200	536,125
304,756	359,609	394,652	586,637

59,591,498 53,337,624 52,039,900 50,521,375

(622,284) 4,072,616 2,862,891 589,434

\$ (622,284) \$ 4,072,616 \$ 2,862,891 \$ 589,434

COUNTY OF ERIE, PENNSYLVANIA
Fund Balances, Governmental Funds
Last Two Years 2012 and 2011
(modified accrual basis of accounting)

	<u>2012</u>	<u>2011</u>
General Fund		
Nonspendable Funds		
Prepaid Items	\$147,480	\$140,514
Restricted Funds		
Public Health Services	-	134,132
Library Services	-	38,161
Public Safety Fund	37,877	-
Economic Development Revolving Loan	11,000,000	11,000,000
Judicial Services	852,697	1,023,393
Community Redevelopment	258,413	289,168
Assigned		
Children & Youth	1,752,184	1,700,000
Pleasant Ridge Manor	-	1,000,000
Unassigned	28,511,652	22,040,658
Total General Fund	\$42,560,303	\$37,366,026
All Other Governmental Funds		
Nonspendable Funds		
Prepaid Items	\$405,878	\$77,896
Restricted Funds		
Roads and Bridge Improvements	325,475	198,199
Capital Projects		22,406,073
Public Health Services	36,131	-
Emergency Services	957,241	854,850
Library Services	10,247	-
Child Support Enforcement	42,446	3,227
Airport Runway Project	10,395,865	-
Debt Service Payments for GO Bonds	1,765,222	1,780,995
ECGRA Restricted Fees	42,386	-
Pleasant Ridge Manor loan	2,500,000	-
Land Preservation	240,032	-
Community Redevelopment	370,710	964,836
Recycling	585,936	-
Mental Health Services	10,731,697	8,824,131
Erie County Care Management	3,352,337	2,720,355
Community Grants	5,087,550	8,714,819
Assigned		
Various Capital Projects	3,409,927	-
Unassigned	(37,877)	(172,293)
Total all other governmental funds	40,221,203	46,373,088
Total governmental funds	\$82,781,506	\$83,739,114

Note: Implementation of GASB 54 in 2011

COUNTY OF ERIE, PENNSYLVANIA
Fund Balances, Governmental Funds
Eight Fiscal Years
2003-2010
(modified accrual basis of accounting)

	Year							
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund								
Reserved	\$13,266,571	\$ 11,128,717	\$13,095,719	\$12,604,862	\$12,603,113	\$ 2,307,194	\$ 2,426,090	\$ 2,690,539
Unreserved								
Designated						788,093		
Undesignated	17,770,303	11,286,043	9,471,341	11,944,147	13,553,863	11,429,720	9,258,866	6,003,453
Total General Fund	\$31,036,874	\$ 22,414,760	\$22,567,060	\$24,549,009	\$26,156,976	\$14,525,007	\$11,684,956	\$ 8,693,992
All Other Governmental Funds								
Reserved								
Special Revenue Funds	\$15,902,304	\$ 20,107,368	\$17,280,083	\$10,163,146	\$ 5,068,746	\$16,041,583	\$11,867,878	\$11,919,372
Debt Service	1,769,288	1,781,882	1,809,835	1,827,804	2,043,020	2,480,451	2,938,863	3,532,253
Capital Projects	25,901,084	29,847,830	28,819,745	11,308,430	26,568,335	35,632,760	11,428,499	12,041,091
Undesignated, reported in:								
Special Revenue Funds	7,608,957	7,852,037	8,683,558	6,225,443	735,013	964,043	1,342,755	1,013,732
Total all other governmental funds	51,181,633	59,589,117	56,593,221	29,524,823	34,415,114	55,118,837	27,577,995	28,506,448
Total governmental funds	\$82,218,507	\$ 82,003,877	\$79,160,281	\$54,073,832	\$60,572,090	\$69,643,844	\$39,262,951	\$37,200,440

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

	Year				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
REVENUES					
Real Estate Taxes	\$68,882,528	\$69,261,634	\$ 68,340,246	\$ 60,849,338	\$ 57,445,745
Hotel Room Rental Tax	3,160,156	3,038,223	2,948,646	2,724,570	2,663,840
Federal, State and Municipal Grants	197,131,724	198,657,284	200,659,383	214,595,706	237,713,702
Charges for Services	28,395,407	28,638,189	30,342,188	27,552,506	29,034,593
Interest Income	214,198	233,771	320,697	384,012	1,925,813
Other income	222,737	1,185,132	736,610	327,241	517,810
Total Revenues	298,006,750	301,014,233	303,347,770	306,433,373	329,301,503
EXPENDITURES					
Current:					
General government	16,088,042	14,150,111	14,243,236	11,950,034	11,666,961
Courts and related offices	21,496,358	22,255,296	21,505,399	21,613,050	20,721,787
Corrections	36,167,323	37,587,742	37,556,013	38,202,945	37,068,124
Community Services	199,630,414	200,318,908	204,544,101	211,882,072	226,782,535
Public health	6,588,774	7,038,316	7,002,502	8,147,557	7,756,801
Public Works	685,428	903,992	683,726	893,667	712,490
Library	5,980,506	6,110,499	6,132,786	5,936,489	6,023,041
Other	93,407	5,850	5,889	4,258	5,545
Capital Outlay	3,033,946	1,543,953	1,903,658	5,482,738	9,565,410
Debt Service					
Principal	5,795,347	5,292,554	5,104,246	4,959,385	2,664,140
Interest	4,489,813	4,286,405	4,451,584	4,521,391	3,769,341
Bond Issuance Costs	-	-	-	79,485	130,733
Total Expenditures	300,049,358	299,493,626	303,133,140	313,673,071	326,866,908
Excess of Revenues Over (Under) Expenditures	(2,042,608)	1,520,607	214,630	(7,239,698)	2,434,595
Other Financing Sources (Uses)					
Issuance of Refunding Bonds	13,605,000	-	-	10,205,000	22,055,000
Payments to Refunded Bonds Escrow Agent	(12,520,000)	-	-	-	-
Note Proceeds	-	-	-	-	-
Lease Proceeds	-	-	-	-	-
Transfers in	29,354,406	29,082,824	24,870,257	34,153,264	45,592,465
Transfers out	(29,354,406)	(29,082,824)	(24,870,257)	(34,153,264)	(45,592,465)
Loss on Guaranteed Debt	-	-	-	-	-
Payment of Loan Guarantee	-	-	-	-	-
Premium Related to Debt Issuance	-	-	-	-	596,855
Discount Related to Debt Issuance	-	-	-	(121,706)	-
Total other financing sources (uses)	1,085,000	-	-	10,083,294	22,651,855
Net Change in Fund Balances	\$ (957,608)	\$ 1,520,607	\$ 214,630	\$ 2,843,596	\$ 25,086,450
Debt Service as a percentage of noncapital expenditures	3.46%	3.21%	3.17%	3.10%	2.07%

		Year							
		2007	2006	2005	2004	2003			
\$	54,402,710	\$	53,617,475	\$	49,639,081	\$	48,892,248	\$	47,071,141
	2,432,204		2,133,095		2,046,370		1,969,962		1,755,905
	192,142,721		154,957,295		152,887,437		148,975,982		142,684,269
	25,484,542		14,413,039		14,736,541		15,128,929		13,776,582
	3,554,926		3,554,357		1,633,072		620,200		538,534
	438,139		304,756		359,609		394,652		586,637
	<u>278,455,242</u>		<u>228,980,017</u>		<u>221,302,110</u>		<u>215,981,973</u>		<u>206,413,068</u>
	11,198,109		9,937,961		9,342,971		9,104,141		9,623,077
	19,220,859		18,415,816		17,625,158		17,633,056		17,880,233
	34,450,070		32,129,664		31,332,808		31,087,719		30,925,184
	181,733,355		147,688,541		140,339,216		136,723,950		128,048,033
	6,475,515		6,217,156		6,334,742		6,175,897		6,662,758
	774,009		793,093		741,599		832,551		813,291
	5,717,622		5,442,185		5,137,520		5,081,221		5,296,210
	90,432		3,400		459,234		2,340		310,225
	18,953,351		10,999,023		4,903,592		2,628,667		4,010,995
	2,700,625		2,826,320		2,038,934		1,919,181		1,530,000
	3,790,627		3,598,612		2,622,337		2,727,152		1,272,547
	-		-		-		-		-
	<u>285,104,574</u>		<u>238,051,771</u>		<u>220,878,111</u>		<u>213,915,875</u>		<u>206,372,553</u>
	(6,649,332)		(9,071,754)		423,999		2,066,098		40,515
	25,138,458		-		43,067,351		-		42,568,487
	(25,040,294)		-		(13,110,457)		-		(22,175,431)
	-		-		-		1,502,613		-
	52,909		-		-		-		-
	22,099,147		32,109,191		47,237,620		17,883,637		15,008,622
	(22,099,147)		(32,109,191)		(47,237,620)		(17,883,637)		(15,008,622)
	-		-		-		(3,587)		(89,819)
	-		-		-		(1,502,613)		-
	-		-		-		-		-
	-		-		-		-		-
	<u>151,073</u>		<u>-</u>		<u>29,956,894</u>		<u>(3,587)</u>		<u>20,303,237</u>
\$	<u>(6,498,259)</u>	\$	<u>(9,071,754)</u>	\$	<u>30,380,893</u>	\$	<u>2,062,511</u>	\$	<u>20,343,752</u>
	2.44%		2.83%		2.16%		2.20%		1.38%

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

Function/Program	Year			
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental Activities				
General Government	\$ 4,312,444	\$ 3,759,741	\$ 3,298,059	\$ 3,690,832
Courts and Related Offices	9,679,730	9,366,383	9,791,846	9,842,791
Corrections	12,772,324	13,534,120	14,671,198	14,706,913
Community Services	190,929,967	192,853,522	194,807,691	204,862,386
Public Health	5,405,641	5,393,825	5,858,695	6,179,541
Public Works	812,704	769,825	768,514	717,937
Library	1,614,321	1,618,057	1,805,568	2,147,812
<i>Total Primary Government</i>	<u>\$ 225,527,131</u>	<u>\$ 227,295,473</u>	<u>\$ 231,001,571</u>	<u>\$ 242,148,212</u>

Year					
<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 2,830,635	\$ 2,790,302	\$ 4,093,473	\$ 2,915,562	\$ 2,434,591	\$ 2,320,238
9,521,863	9,371,053	9,361,704	9,212,200	9,903,038	10,586,656
14,402,695	14,368,315	13,599,958	15,175,231	15,823,814	14,961,499
230,283,490	182,770,989	134,319,792	131,719,161	127,943,696	120,042,324
6,684,597	5,238,959	5,219,096	5,262,967	5,388,951	5,421,439
757,336	838,851	710,444	784,146	770,019	766,390
2,267,679	2,248,794	2,065,867	2,554,711	1,840,802	2,364,714
<u>\$ 266,748,295</u>	<u>\$ 217,627,263</u>	<u>\$ 169,370,334</u>	<u>\$ 167,623,978</u>	<u>\$ 164,104,911</u>	<u>\$ 156,463,260</u>

REVENUE CAPACITY

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
2003	\$ 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
2004	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
2005	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
2006	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
2007	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
2008	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
2009	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
2010	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
2011	7,643,489,968	2,455,109,235	327,118,153	901,680,054	-	11,327,397,410	13,847,674,095	81.80%	0.00605
2012	7,692,021,537	2,461,513,447	317,586,945	905,137,299	-	11,376,259,228	13,478,980,128	84.40%	0.00605

Note: The County Reassessment became effective in 2003

Total Assessed Value as of January 1 of current year includes exonerations and additions from the previous year

Source: 2003-2012 County of Erie Assessment Bureau

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

Year Taxes are Payable

County	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Erie County					
Operating Millage	0.0060500	0.0060500	0.0060500	0.0054500	0.0052000
Township or Boro					
Albion Boro	0.0020600	0.0020600	0.0020600	0.0020600	0.0020600
Amity Township	0.0016000	0.0014000	0.0014000	0.0014000	0.0014000
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	0.0086500	0.0086500	0.0075500	0.0075500	0.0072500
Cranesville Boro	0.0012700	0.0012700	0.0012700	0.0012700	0.0012700
Edinboro Boro	0.0053500	0.0053500	0.0053500	0.0053500	0.0053500
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	0.0131000	0.0114500	0.0114500	0.0114500	0.0114500
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	0.0033000	0.0028000	0.0028000	0.0028000	0.0028000
Girard Boro	0.0017800	0.0017800	0.0017800	0.0017800	0.0017800
Girard Township	0.0010370	0.0010370	0.0010370	0.0010370	0.0010370
Greene Township	0.0020000	0.0020000	0.0015900	0.0015900	0.0015900
Greenfield Township	0.0023000	0.0023000	0.0023000	0.0023000	0.0021000
Harborcreek Township	0.0011920	0.0011920	0.0011920	0.0011920	0.0011920
Lake City Boro	0.0031003	0.0028003	0.0028003	0.0028003	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	0.0010000
McKean Boro	0.0011000	0.0011000	0.0011000	0.0011000	0.0011000
Millcreek Township	0.0029594	0.0024594	0.0024594	0.0024594	0.0024594
Mill Village Boro	0.0013000	0.0013000	0.0013000	0.0013000	0.0013000
North East Boro - 1st Ward	0.0051100	0.0041100	0.0041100	0.0036200	0.0036200
North East Boro - 2nd Ward	0.0051100	0.0041100	0.0041100	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	0.0070000	0.0055000	0.0055000	0.0045000	0.0045000
Union City Boro - 2nd Ward	0.0070000	0.0055000	0.0055000	0.0045000	0.0045000
Union Township	0.0012000	0.0012000	0.0012000	0.0012000	0.0012000
Venango Township	0.0027000	0.0024000	0.0024000	0.0024000	0.0014000
Washington Township	0.0010000	0.0008100	0.0008100	0.0008100	0.0008100
Waterford Boro	0.0028500	0.0028500	0.0016000	0.0013500	0.0013500
Waterford Township	0.0024000	0.0022000	0.0022000	0.0020000	0.0018000
Wattsburg Boro	0.0030000	0.0030000	0.0050000	0.0050000	0.0050000
Wayne Township	0.0015000	0.0015000	0.0015000	0.0015000	0.0015000
Wesleyville Boro	0.0087730	0.0077730	0.0077730	0.0077730	0.0077730

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

Year Taxes are Payable

2007	2006	2005	2004	2003
0.0049500	0.0049500	0.0046800	0.0046800	0.0046000
0.0020600	0.0020600	0.0020600	0.0020600	0.0020000
0.0014000	0.0013000	0.0013000	0.0013000	0.0013000
0.0002300	0.0002300	0.0002300	0.0002300	0.0002300
0.0003350	0.0003350	0.0003350	0.0003350	0.0003350
0.0072500	0.0066000	0.0066000	0.0068500	0.0061900
0.0012700	0.0012700	0.0012700	0.0012700	0.0012700
0.0033500	0.0033500	0.0023000	0.0023000	0.0020500
0.0007500	0.0007500	0.0007500	0.0007500	0.0007500
0.0023500	0.0023500	0.0023500	0.0013500	0.0009924
0.0114500	0.0102100	0.0097100	0.0097100	0.0099100
0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
0.0009500	0.0009500	0.0009500	0.0008500	0.0008500
0.0028000	0.0014000	0.0013000	0.0013000	0.0013000
0.0012800	0.0012800	0.0012800	0.0012800	0.0012800
0.0010370	0.0010370	0.0010370	0.0010370	0.0010370
0.0014500	0.0014500	0.0012900	0.0012900	0.0011880
0.0021000	0.0020000	0.0019000	0.0018400	0.0017700
0.0011920	0.0011920	0.0011920	0.0011920	0.0011920
0.0027003	0.0027003	0.0027003	0.0027003	0.0027003
0.0027500	0.0027500	0.0027500	0.0027500	0.0020000
0.0004200	0.0004200	0.0004200	0.0004200	0.0004200
0.0010000	0.0010000	0.0009000	0.0009000	0.0009000
0.0011000	0.0011000	0.0011000	0.0011000	0.0011000
0.0024594	0.0024594	0.0024594	0.0025498	0.0025498
0.0009560	0.0009560	0.0009560	0.0008690	0.0008690
0.0036200	0.0036200	0.0036200	0.0022200	0.0022200
0.0036200	0.0036200	0.0036200	0.0022200	0.0022200
0.0012640	0.0012640	0.0012640	0.0012640	0.0012640
0.0013000	0.0013000	0.0013000	0.0013000	0.0013000
0.0004360	0.0004360	0.0004360	0.0004360	0.0004360
0.0007000	0.0007000	0.0007000	0.0007300	0.0007300
0.0045000	0.0035000	0.0035000	0.0035000	0.0035000
0.0045000	0.0035000	0.0035000	0.0035000	0.0035000
0.0012000	0.0012000	0.0012000	0.0010000	0.0008500
0.0013000	0.0011000	0.0010000	0.0010000	0.0010000
0.0008100	0.0008100	0.0008100	0.0008100	0.0008100
0.0013500	0.0013500	0.0013500	0.0013500	0.0013500
0.0014000	0.0010000	0.0008000	0.0008000	0.0007000
0.0050000	0.0020000	0.0020000	0.0009000	0.0006000
0.0015000	0.0015000	0.0013800	0.0012500	0.0012500
0.0072730	0.0072730	0.0062730	0.0062730	0.0037730

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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Corry Area	0.0176513	0.0180214	0.0179269	0.0177660	0.0184506
Erie City	0.0187626	0.0178026	0.0170687	0.0170687	0.0170687
Fairview	0.0190700	0.0185200	0.0185200	0.0180000	0.0176800
Fort LeBoeuf	0.0135600	0.0135600	0.0135600	0.0135600	0.0135600
General McLane	0.0140600	0.0137600	0.0135100	0.0132600	0.0132600
Girard	0.0178600	0.0174300	0.0167400	0.0160500	0.0160500
Harborcreek Township	0.0172800	0.0169100	0.0163900	0.0158100	0.0157100
Iroquois	0.0225200	0.0219500	0.0215000	0.0215000	0.0215000
Millcreek Township	0.0148800	0.0148800	0.0146300	0.0141400	0.0141400
North East	0.0164400	0.0160600	0.0157500	0.0151300	0.0151300
Northwestern	0.0104600	0.0104600	0.0102500	0.0100000	0.0100000
Union City Area	0.0125200	0.0122300	0.0120100	0.0118900	0.0118900
Wattsburg Area	0.0171500	0.0171500	0.0166500	0.0152500	0.0150000

**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

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

Year Taxes are Payable

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
0.0184506	0.0184990	0.0184850	0.0163710	0.0159600
0.0170687	0.0170687	0.0164187	0.0164187	0.0164187
0.0172400	0.0167400	0.0162600	0.0153900	0.0145700
0.0135600	0.0135600	0.0135600	0.0135600	0.0115600
0.0132600	0.0130300	0.0126000	0.0126000	0.0117000
0.0160500	0.0157500	0.0151500	0.0148500	0.0142500
0.0152100	0.0147100	0.0147100	0.0140600	0.0133750
0.0215000	0.0215000	0.0215000	0.0180000	0.0167500
0.0141400	0.0141400	0.0137700	0.0131200	0.0124900
0.0146500	0.0143600	0.0140800	0.0130800	0.0130800
0.0100000	0.0097000	0.0097000	0.0097000	0.0092030
0.0118800	0.0116161	0.0123700	0.0123700	0.0105700
0.0146500	0.0146500	0.0144000	0.0140761	0.0125261

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

Taxpayer	2012			2003		
	100% Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	100% Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Presque Isle Downs	\$ 147,639,300	1	1.07%	-----	-----	-----
Millcreek Mall/Cafaro	115,345,700	2	0.84%	\$ 98,678,000	2	0.79%
Scott Development Enterprise	79,162,900	3	0.57%	61,053,000	3	0.49%
Millcreek Community Hospital	45,725,340	4	0.33%	-----	-----	-----
Wal Mart	44,140,631	5	0.32%	19,492,000	8	0.16%
Pastore Brothers, et al	41,105,000	6	0.30%	26,160,000	6	0.21%
Erie Indemnity	37,625,801	7	0.27%	30,444,000	5	0.24%
Developers Diversified	34,716,100	8	0.25%	32,515,000	4	0.26%
Baldwin Brothers	34,236,886	9	0.25%	105,766,460	1	0.84%
Maleno Developers	31,445,200	10	0.23%	-----	-----	-----
General Electric Company	-----	-----	-----	24,974,000	7	0.20%
Palermo et al	-----	-----	-----	15,400,000	10	0.11%
Granada Apartments	-----	-----	-----	17,448,000	9	0.14%
Total	<u>\$ 611,142,858</u>		<u>4.43%</u>	<u>\$ -</u>		<u>0.00%</u>
Assessed Value of All Properties	<u>\$ 13,796,831,745</u>			<u>\$ 12,547,065,945</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		Collected within the Fiscal Year of the Levy				Total Collections to Date		
	(Original Levy)	Adjustments	Total Adjusted Levy	Amount	Percentage of Original Levy	Collections in Subsequent Year	Amount	Percentage of Adjusted Levy	
2003	\$ 48,365,798	\$ (566,774)	\$ 47,799,024	\$ 45,175,089	94.51%	\$ 108,405	\$ 45,283,494	94.74%	
2004	48,827,338	370,771	49,198,109	46,898,094	95.32%	1,225,067	48,123,161	97.82%	
2005	49,454,162	326,846	49,781,008	47,379,583	95.18%	2,258,595	49,638,178	99.71%	
2006	53,446,351	353,016	53,799,367	50,844,569	94.51%	2,500,461	53,345,030	99.16%	
2007	54,197,408	290,437	54,487,845	51,920,654	95.29%	2,505,812	54,426,466	99.89%	
2008	57,611,976	169,965	57,781,941	54,449,645	94.23%	2,715,222	57,164,867	98.93%	
2009	60,962,234	387,484	61,349,718	57,932,595	94.43%	1,566,912	59,499,507	96.98%	
2010	68,257,856	(47,102)	68,210,754	64,776,980	94.97%	3,398,996	68,175,976	99.95%	
2011	68,530,885	26,531	68,557,416	65,164,301	95.05%	1,708,346	66,872,647	97.54%	
2012	68,826,499	(150,356)	68,676,143	65,097,158	94.79%	-	65,097,158	94.79%	

DEBT CAPACITY

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

General Bonded Debt Outstanding

Year	Net General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Note Payable	Capital Leases	Total	% of Personal Income (a)	% of Actual Value of Taxable Property (b)	Per Capita (a)	Total Assessed Value	Population	Personal Income (thousands of dollar)
2003	\$49,610,909	\$(3,532,253)	\$1,484,896	\$ 318,036	\$ 46,078,656	0.64%	5.57%	\$163	\$ 827,341,564	282,892	\$ 7,218,648
2004	47,573,648	(2,938,863)	1,432,061	250,335	44,634,785	0.59%	0.43%	\$159	10,395,150,238	280,833	7,516,373
2005	75,656,051	(2,480,451)	1,313,171	187,357	73,175,600	0.94%	0.70%	\$261	10,380,140,073	280,184	7,754,000
2006	72,637,764	(2,042,376)	1,187,973	128,773	70,595,388	0.86%	0.67%	\$252	10,567,128,750	279,811	8,190,575
2007	70,312,053	(1,824,161)	1,057,845	126,892	68,487,892	0.78%	0.63%	\$244	10,948,946,060	280,446	8,730,790
2008	90,228,843	(1,808,665)	923,706	37,827	88,420,178	0.97%	0.80%	\$317	11,079,225,801	279,175	9,112,456
2009	95,325,920	(1,781,882)	782,148	-	93,544,038	1.02%	0.84%	\$334	11,185,706,711	280,291	9,141,718
2010	90,174,064	(1,769,288)	632,901	-	88,404,776	0.96%	0.78%	\$315	11,282,268,586	280,566	9,237,676
2011	84,842,208	(1,780,995)	475,347	-	83,061,213	0.85%	0.73%	\$296	11,327,397,410	280,985	9,756,169
2012	80,168,026	(1,765,222)	-	-	78,402,804	*	0.69%	\$279	11,376,259,228	280,646	*

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

(b) Property data can be found on page

* Information not yet available

Note: The County changed its assessed value in 2003 from 40% to 100% of market value
Total Assessed Value as of 12/31 of current year includes exonerations and additions
Net general obligation bonds includes bonds outstanding as well as deferred premiums and discounts.

COUNTY OF ERIE, PENNSYLVANIA
Direct and Overlapping Governmental Activities Debt
as of December 31, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Cities:			
Corry	\$ -	100.00%	\$ -
Erie	22,548,577	100.00%	22,548,577
Total Cities	<u>150,981,720</u>		<u>22,548,577</u>
Boroughs:			
Albion	-	100.00%	-
Cranesville	-	100.00%	-
Edinboro	517,527	100.00%	517,527
Elgin	-	100.00%	-
Girard	1,773,964	100.00%	1,773,964
Lake City	680,762	100.00%	680,762
McKean	n/a	100.00%	n/a
Mill Village	n/a	100.00%	n/a
North East	n/a	100.00%	n/a
Platea	n/a	100.00%	n/a
Union City	24,610	100.00%	24,610
Waterford	n/a	100.00%	n/a
Wattsburg	115,922	100.00%	115,922
Wesleyville	324,645	100.00%	324,645
Total Boroughs	<u>3,437,430</u>		<u>3,437,430</u>
Townships:			
Amity	-	100.00%	-
Concord	-	100.00%	-
Conneaut	n/a	100.00%	-
Elk Creek	143,759	100.00%	143,759
Fairview	n/a	100.00%	-
Franklin	141,081	100.00%	141,081
Girard	-	100.00%	-
Greene	-	100.00%	-
Greenfield	-	100.00%	-
Harborcreek	410,179	100.00%	410,179
Lawrence Park	n/a	100.00%	n/a
LeBoeuf	n/a	100.00%	n/a
McKean	2,934,159	100.00%	-
Millcreek	n/a	100.00%	n/a
North East	2,624,589	100.00%	2,624,589
Springfield	119,295	100.00%	119,295
Summit	2,865,560	100.00%	-
Union	n/a	100.00%	n/a
Venango	n/a	100.00%	n/a
Washington	2,772,395	100.00%	2,772,395
Waterford	-	100.00%	-
Wayne	124,866	100.00%	124,866
Total Townships	<u>12,135,883</u>		<u>6,336,164</u>

COUNTY OF ERIE, PENNSYLVANIA
 Direct and Overlapping Governmental Activities Debt
 as of December 31, 2012
 (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	n/a	100.00%	n/a
Corry Area	n/a	100.00%	n/a
Fairview	24,976,414	100.00%	24,976,414
Ft. LeBoeuf	21,408,413	100.00%	21,408,413
General McLane	12,000,000	100.00%	12,000,000
Girard	19,897,265	100.00%	19,897,265
Harborcreek	16,398,308	100.00%	16,398,308
Iroquois Area	n/a	100.00%	n/a
Millcreek	n/a	100.00%	n/a
North East	17,955,000	100.00%	17,955,000
Northwestern	n/a	100.00%	n/a
Union City Area	n/a	100.00%	n/a
Wattsburg Area	26,755,885	100.00%	26,755,885
Total School Districts	<u>\$ 139,391,285</u>		<u>\$ 139,391,285</u>
Subtotal Overlapping Debt	<u>\$ 305,946,318</u>		<u>\$ 171,713,456</u>
Total Direct Debt			80,168,026
Total Direct and Overlapping Debt			<u>\$ 251,881,482</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Assesd Value of Property	\$ 827,341,564	\$ 10,395,150,238	\$10,380,140,073	\$10,567,128,750	\$ 10,948,946,060
Percentage of net debt to assessed value	5.32%	0.41%	0.67%	0.64%	0.61%
Population	282,892	280,833	280,184	279,811	280,446
Net bonded debt per capita in dollars	\$ 156	\$ 152	\$ 249	\$ 241	\$ 239
Debt Limit 300% of average gross revenue	\$ 664,744,809	\$ 698,376,009	\$ 723,547,860	\$ 748,838,606	\$ 814,429,000
<u>Amount of Debt Applicable to Limit</u>					
General Obligation Bonds	\$ 47,555,000	\$ 45,720,000	\$ 72,315,000	\$ 69,580,000	\$ 68,800,000
Less: Resources Restricted to Paying Principal	(3,532,253)	(2,938,863)	(2,480,451)	(2,043,020)	(1,827,804)
Total net debt applicable to limit	44,022,747	42,781,137	69,834,549	67,536,980	66,972,196
Legal Debt Margin	\$ 620,722,062	\$ 655,594,872	\$ 653,713,311	\$ 681,301,626	\$ 747,456,804
Total net debt applicable to the limit as a percentage of debt limit	6.62%	6.13%	9.65%	9.02%	8.22%

*Assessed Value as of 12/31 of current year includes exonerations and additions

Year

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 11,079,225,801	\$ 11,185,706,711	\$ 11,282,268,586	\$ 11,327,397,410	\$ 11,376,259,228
0.78%	0.82%	0.77%	0.72%	0.69%
279,175	280,291	280,566	280,985	280,646
\$ 291	\$ 328	\$ 310	\$ 291	\$ 279
\$ 926,390,630	\$ 1,007,874,207	\$ 1,034,994,660	\$ 1,009,502,850	\$ 1,002,682,263
\$ 88,325,000	\$ 93,750,000	\$ 88,795,000	\$ 83,660,000	\$ 80,168,026
(1,809,835)	(1,781,882)	(1,769,288)	(1,780,995)	(1,765,222)
86,515,165	91,968,118	87,025,712	81,879,005	78,402,804
\$ 839,875,465	\$ 915,906,089	\$ 947,968,948	\$ 927,623,845	\$ 924,279,459
9.34%	9.12%	8.41%	8.11%	7.82%

COUNTY OF ERIE
Debt Statement Pursuant to Local Government Unit Debt Act
Statement as of December 31, 2012

	Electoral	Nonelectoral	Lease Rental
I. GROSS INCURRED DEBT			
Bonds Outstanding			
1977 Housing Authority (guarantee only)	\$ -	\$ -	\$ 555,000.00
2003 G.O. Bond	-	2,755,000	-
2005 Erie County Convention Center Authority (guarantee only)	-	-	44,325,000
2005 G.O. Bond	-	14,815,000	-
2007 G. O. Bond	-	24,970,000	-
2008 G.O. Bond	-	13,085,000	-
2009 G.O. Bond	-	10,195,000	-
2012 G.O. Bond	-	13,605,000	-
Total gross incurred debt	-	79,425,000	44,880,000
II. CREDITS AND EXCLUSIONS			
Less:			
Sinking funds, reserve accounts, bond proceeds	-	1,765,222	1,446,356
Current appropriations	-	-	-
Uncollected special assessments	-	-	-
Delinquent taxes and liens	-	6,049,355	-
Surplus cash	-	-	-
Solvent debts due	-	-	-
Indemnifying insurance	-	-	-
Self-liquidating debt	-	-	-
Totals	-	7,814,577	1,446,356
Net indebtedness	\$ -	\$ 71,610,423	\$ 43,433,644
Percentage of Legal Debt Limitation	0.00%	7.14%	3.25%
III. Aggregate principle amount of bonds or notes being issued or evidencing lease rental debt:			
2012 Pleasant Ridge Manor letter of credit			\$ 700,000

COUNTY OF ERIE
 Borrowing Base Certificate
 Certificate as of December 31, 2012

	2010	2011	2012
Total Revenue Received	\$ 336,000,133	\$ 334,963,778	\$ 331,742,823
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	(9,350)	(10,155)	(4,966)
Grants and gifts-in-aid measured by construction of specific projects	-	-	-
Nonrecurring receipts	-	-	-
	335,990,783	334,953,623	331,737,857
Subtotals			
Total net revenues			\$ 1,002,682,263
Borrowing Base			
Total net revenues divided by three			\$ 334,227,421
Applicable Debt Limitations: Non-Electoral (300%)			\$ 1,002,682,263
Non-Electoral plus Lease Rental (400%)			\$ 1,336,909,684

DEMOGRAPHIC AND ECONOMIC INFORMATION

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	Public	Private	Elementary/Secondary School Enrollment Total	Employed Persons	Unemployment Rate	Number of Building Permits
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	8,190,575	29,259	42,008	6,810	48,818	133,600	5.20%	3,768
2007	280,446	8,730,790	31,203	41,897	6,446	48,343	134,000	5.50%	3,357
2008	279,175	9,112,456	32,586	41,343	6,164	47,507	134,200	6.20%	3,061
2009	280,291	9,141,718	32,615	41,228	5,844	47,072	127,100	9.00%	2,934
2010	280,566	9,237,676	32,870	41,751	5,636	47,387	125,400	9.40%	3,171
2011	280,985	9,756,169	34,721	40,621	5,081	45,702	129,000	8.00%	2,596
2012	280,646	*	*	40,343	5,515	45,858	128,500	8.20%	2,591

* Information not yet available

Sources:

- (1) 2003 - 2012 PA Dept of Labor and Industry
- (2) Pennsylvania Department of Labor and Industry
Bureau of Economic Analysis - 2010
- (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 Nine Years Ago

(A) Company Name	Product or Service	2012			2003		
		(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	5,300	1	4.13%	5,000	1	3.70%
Erie Indemnity Company	Insurance	4,300	2	3.35%	2,400	2	1.78%
UPMC Hamot Medical Center	Health Related	3,400	3	2.65%	2,000	3	1.48%
Saint Vincent Health Center	Health Related	3,000	4	2.34%	1,800	4	1.33%
Pennsylvania State Government	State Government	3,000	5	2.34%	-----	-----	-----
Wal-Mart	Department/Grocery Store	1,600	6	1.25%	1,200	7	0.89%
Dr Gertrude A Barber Center	Health Related	1,500	7	1.17%	900	10	0.67%
United States Government	Federal Government	1,400	8	1.09%	-----	-----	-----
City of Erie School District	Public Education	1,300	9	1.01%	1,500	5	1.11%
Verizon	Public Utility, Telephone Service	1,200	10	0.94%	-----	-----	-----
County of Erie	County Government	-----	-----	-----	1,100	8	0.81%
Millcreek Township School District	Public Education	-----	-----	-----	1,000	9	0.74%
Plastek Industries	Plastics Manufacturing	-----	-----	-----	1,400	6	1.04%
		26,000		15.97%	18,300		13.56%

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

(B) 2011 Erie Regional Chamber and Growth Partnership

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

OPERATING INFORMATION

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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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<i>General Government</i>	89.0	91.0	97.0	93.0	94.0	99.0	94.5	84.5	82.5	84.5
<i>Courts and Court Related</i>	296.0	295.0	294.0	294.0	298.0	328.0	319.0	313.0	313.5	314.5
<i>Corrections</i>	278.0	290.0	290.0	307.0	309.0	306.0	327.5	324.0	312.0	312.5
<i>Community Service</i>	303.0	303.0	304.0	281.0	275.0	264.0	257.0	251.0	235.0	232.0
<i>Library</i>	65.0	65.0	64.0	69.0	72.0	94.0	80.5	84.0	78.5	80.5
<i>Public Health</i>	69.0	71.0	71.0	74.0	79.0	83.0	82.5	80.5	80.5	86.0
<i>Total</i>	<u>1,100.0</u>	<u>1,115.0</u>	<u>1,120.0</u>	<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>

Source: County of Erie Workforce Report

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

Function/Program	2012	2011	2010	2009
Entry for Claims	12,094	12,055	12,606	12,271
Licenses issued (fishing, hunting, dog, doe, bingo)	30,915	29,064	27,286	29,214
Building permits monitored	2,591	2,596	3,171	2,934
Total taxable parcels	117,761	117,876	118,150	118,967
Total exempt parcels	4,789	4,651	4,416	4,359
Retired employees	43	44	40	40
Pension fund transactions processed	294	378	392	351
Full time employees	1,100	1,115	1,120	1,117
Part time employees	61	61	51	58
Deeds, mortgages, other recorded	35,316	31,397	33,036	34,447
Coroner cases	475	438	400	419
Autopsies performed	149	137	141	146
Discharged military personnel registered with Veteran Affairs	164	76	107	206
Bids received and opened	33	53	34	37
Special audits conducted	7	4	4	5
Fraud hotline calls received	17	10	35	25
Courts and Court Related				
New criminal cases	3,446	3,242	3,109	3,092
Jury trials	106	99	83	97
Non-jury trials	21	20	24	28
Criminal sentencings	2,571	2,563	2,540	2,318
New civil cases	2,217	3,737	3,941	2,560
Jury trials	13	9	12	6
Non-jury trials	10	11	8	11
Traffic citations (in thousands)	26	25	22	25
Summary offenses (in thousands)	13	12	12	13
Civil cases filed (in thousands [District Justice offices])	4	6	6	6
Criminal cases filed (in thousands [District Justice offices])	6	6	6	5
New support petitions filed	3,412	3,668	3,032	3,373
Modified petitions filed	1,851	1,861	2,472	2,670
Support conferences held	6,632	7,820	8,049	8,779
Support court hearings	339	311	418	368
Contempt court hearings	1,768	1,454	1,609	1,519
Support collections (in millions)	41	40	40	42
Warrants processed	1,145	1,702	943	1,744
Civil papers served	14,957	11,336	11,723	12,831
Sheriff sales	1,074	956	620	611

n/a = information not available

Source: Various County of Erie Departments

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

2008	2007	2006	2005	2004	2003
10,681	12,302	10,666	11,595	11,680	11,213
32,496	25,957	26,542	26,117	27,904	n/a
3,061	3,357	3,768	3,591	4,732	3,667
118,913	118,506	118,506	117,948	n/a	n/a
4,407	4,298	4,299	3,919	n/a	n/a
15	12	18	23	78	16
345	346	322	264	365	199
1,127	1,127	1,109	1,079	1,065	1,076
57	67	67	75	72	68
33,160	38,875	40,611	45,328	50,155	66,857
470	392	428	412	398	399
144	146	176	183	158	130
138	179	174	155	142	171
65	89	75	76	71	50
5	5	6	6	4	4
25	27	28	37	16	n/a
<hr/>					
3,075	3,282	3,288	3,176	2,764	2,978
97	128	142	165	155	131
25	30	14	12	18	11
2,479	2,663	2,584	2,421	2,296	2,068
2,108	1,621	1,401	1,349	1,102	917
14	15	20	28	25	34
7	15	15	15	13	17
24	26	38	44	37	41
13	14	15	14	15	15
7	6	6	5	5	5
6	6	7	6	5	6
3,487	3,802	3,620	3,893	3,990	3,701
2,967	3,368	3,450	3,350	3,348	3,448
10,422	10,382	10,330	10,858	10,942	10,532
303	347	387	421	358	376
1,942	1,991	2,055	1,648	1,955	2,052
41	41	41	40	40	40
3,311	2,357	1,891	1,662	n/a	n/a
11,205	10,570	8,100	7,981	n/a	n/a
716	636	573	600	520	422

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

Function/Program	2012	2011	2010	2009
Corrections				
Adult probation caseloads	3,023	2,914	2,954	2,788
Delinquency petitions	980	1,157	1,195	1,163
Delinquents in placement	122	124	128	149
Community Service				
Agricultural Easement Purchases	1	3	1	1
Land Use Reviews	243	246	239	236
Subdivisions and Land Development Reviews	167	168	176	188
HPMS Sample Section Field Reviews	134	132	131	124
Local Bridge Inspection Program Inspections and Traffic Counts	83	153	152	85
Calls received at Emergency 911 center	188,273	172,680	166,116	147,869
Drug and Alcohol general admissions/completed screenings	3,986	4,243	2,237	2,243
Drug and Alcohol clients authorized	3,210	6,211	2,432	2,528
Drug and Alcohol treatment providers	15	13	12	13
Children and Youth Abuse Referrals	782	842	932	851
Children and Youth intake evaluations	2,578	1,697	2,651	2,853
Children and Youth placements	461	507	574	676
Mental Health Mental Retardation clients in various programs	19,556	20,919	19,674	20,219
Cost of Mental Health Mental Retardation services (in millions)	53	54	52	52
Health Choices members in various programs	13,908	13,283	13,237	11,859
Cost of Health Choices services (in millions)	62	63	61	56
Library				
Bookmobile circulation	24,736	25,209	25,302	36,547
Main library circulation	660,588	700,691	771,626	817,513
Branch library circulation	680,484	642,524	681,968	706,143
Public Health				
Immunization client visits	1,766	2,010	1,965	2,840
Sexually transmitted disease client visits	1,901	2,079	2,075	2,191
Tuberculosis client visits	3,124	3,289	3,201	2,437
Nurse Family Partnership client visits	1,603	1,456	1,765	1,683
Maternal Child Health client visits	708	752	809	1,090
Average daily census in nursing home	334	332	330	340

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

n/a = information not available

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

2008	2007	2006	2005	2004	2003
2,874	3,112	3,274	3,135	3,426	3,427
1,223	1,450	1,519	1,315	1,587	1,492
149	154	163	181	188	187
9	2	4	13	n/a	n/a
240	254	232	209	n/a	n/a
233	281	314	421	n/a	n/a
124	121	110	110	n/a	n/a
101	85	95	122	n/a	n/a
55	106,127	101,237	103,504	105,031	97,202
2,100	2,893	2,221	1,808	1,827	1,997
2,488	2,893	2,713	2,241	2,155	2,087
15	17	19	13	10	10
934	859	753	580	n/a	n/a
3,234	2,703	2,463	2,377	2,319	1,987
617	715	994	1,150	879	n/a
14,436	17,272	22,203	22,582	20,083	21,005
82	83	87	80	78	77
10,570	7,380	n/a	n/a	n/a	n/a
61	21	n/a	n/a	n/a	n/a
42,022	39,055	33,596	38,388	45,313	50,160
923,961	829,635	871,716	854,679	902,192	878,099
508,448	624,051	581,819	523,365	456,210	734,763
2,140	2,337	1,961	1,158	1,430	1,532
2,161	2,180	2,328	2,399	2,232	2,199
2,099	1,849	3,899	2,298	2,046	2,077
1,472	1,564	1,306	n/a	n/a	n/a
1,544	1,338	1,106	n/a	n/a	n/a
354	365	372	356	362	355

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

Function	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government										
Buildings	4	4	4	4	4	4	4	4	4	4
Square footage	204,943	204,943	204,943	204,943	210,173	210,173	210,173	210,173	209,774	209,774
Vehicles	6	6	5	8	7	6	4	3	3	3
Courts and Court Related										
Sheriff vehicles	28	28	26	28	26	27	27	26	25	22
Sheriff search and rescue boat	0	0	0	0	0	0	1	1	0	0
Other department vehicles	16	17	14	14	16	16	15	15	7	7
Corrections										
Prison facilities	2	2	2	2	2	1	1	1	1	1
Square footage	205,720	205,720	205,720	205,720	205,720	177,720	177,720	177,720	175,320	175,320
Number of beds	690	690	690	690	690	695	695	694	694	557
Prison vehicles	5	5	6	5	6	5	5	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	14	11	14	13	15	15	18	15	11	11
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	12	18	18	20	18	19	16	13	5	3
Emergency Management watercraft	3	3	3	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	2
Square footage	27,168	27,168	27,168	27,168	27,168	27,168	27,168	27,168	27,168	27,168
Health Department vehicles	6	6	6	6	5	5	5	10	6	4
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	237,278	237,278
Average number of beds*	388	388	388	388	388	388	388	388	390	402
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	158,200	158,200	158,200
Branch libraries	4	4	4	4	4	4	4	4	4	6
Combined branch square footage	25,249	25,249	25,249	25,249	22,652	15,922	15,922	15,922	15,922	22,782
Library vehicles	4	4	3	3	3	3	3	4	4	4

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, 2012

<u>Elected Officials</u>		<u>Salary</u>
Council Chairman (part-time)	Phil Fatica	\$ 9,326
Council Members (part-time)	Ronald Cleaver	8,780
	Joseph F. Giles	8,780
	Carol J. Loll	8,780
	Kyle Foust	8,780
	Fiore A. Leone	8,780
	Edward T. DiMattio Jr.	8,780
County Executive	Barry Grossman	86,874
County Controller	Mary Schaaf	61,935
District Attorney	Jack Daneri	163,602
Sheriff	Robert G. Merski	65,092
Coroner	Lyell P. Cook	61,935
Clerk of Records	Patrick Fetzner	69,222
Common Pleas Judges	Ernie DiSantis, Jr., PJ	Paid by Commonwealth
	John Garhart	Paid by Commonwealth
	Shad Connelly	Paid by Commonwealth
	Daniel Brabender Jr.	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	Gerald Mifsud	\$ 60,000
Director of Finance	James Sparber	69,874
Director of Personnel	Peter Callan	60,000
County Solicitor (part-time)	Ronald DiNicola, Esq.	40,000
Public Defender	Patricia Kennedy, Esq.	80,000
Assistant Public Defenders	6 Full Time 11 Part Time	618,376

Employees

The County employs an average 1,100 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

\$ 37,707

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

\$ 107,973

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 413.7 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

\$ 37,837