

**COUNTY OF
ERIE,
PENNSYLVANIA**

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**FOR THE YEAR ENDING
DECEMBER 31, 2013**

**Presented By:
Erie County Finance Department**

**COUNTY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
For the Year Ended December 31, 2013**

TABLE OF CONTENTS

	<u>Page</u>
Introductory Section	
Letter of Transmittal	1-9
List of Elected and Appointed Officials	10
Organizational Chart	11
GFOA Certificate of Achievement	13
Financial Section	
Independent Auditors' Report	16-18
Management Discussion and Analysis	21-41
Basic Financial Statements	43
Government-wide Financial Statements	
Statement of Net Position	45
Statement of Activities	46-47
Fund Financial Statements	
Balance Sheet – Governmental Funds	48-49
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position	51
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	52-53
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	54
Statement of Net Position – Proprietary Funds	56-57
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	59
Statement of Cash Flows – Proprietary Funds	60-61
Statement of Fiduciary Net Position – Fiduciary Funds	62
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – Pension Trust	63
Notes to the Financial Statements	65-107
Required Supplementary Information	109
Employee Retirement Plan Schedule of Employer Contributions and Schedule of Funding Process	111-112
Schedule of Funding Progress for Post-Employment Benefits Other Than Pensions	113
General Fund and Major Special Revenue Funds	114
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual	
• General Fund	115
• Mental Health/Mental Retardation Special Revenue Fund	116
• Children and Youth Special Revenue Fund	117
• Health Choices Special Revenue Fund	118
• Gaming Fund Special Revenue Fund	119
Notes to Required Supplementary Information	120
Other Supplementary Information	123
Non-major Governmental Funds	125
Combining Financial Statements and Schedules	
Combining Balance Sheet – Non-major Governmental Funds	126-127
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	128-129
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
• General Fund	130
• Liquid Fuels Special Revenue Fund	131
• Domestic Relations Special Revenue Fund	132
• Drug and Alcohol Special Revenue Fund	133

COUNTY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
For the Year Ended December 31, 2013

TABLE OF CONTENTS

	<u>Page</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
• Public Health Special Revenue Fund	134
• Library Fund Special Revenue Fund	135
• Planning Special Revenue Fund	136
• Public Safety Fund	137
• Erie County Care Management	138
• Debt Service Fund	139
• Capital Project Fund	140
 Fiduciary Funds	 142-143
Combining Statement of Fiduciary Net Position – Agency Funds	144-145
Combining Statement of Changes in Assets and Liabilities – Agency Funds	146-148
Capital Assets Used in the Operation of Governmental Funds:	151
Schedule by Function and Activity	152
Schedule of Changes by Function and Activity	153
Schedule of Assets by Source	154
 Statistical Section	 155
Financial Trends	157
Net Position by Component	159
Net Assets by Component	160-161
Changes in Net Position	162-163
Changes in Net Assets	164-167
Fund Balances, Governmental Funds	168-169
Changes in Fund Balances, Governmental Funds	170-171
Program Revenues by Function/Program	172-173
Revenue Capacity	174
Assessed Value and Actual Value of Taxable Property	175
Direct and Overlapping Property Tax Rates	176-179
Principal Property Taxpayers	180
Property Tax Levies and Collections	181
Debt Capacity	182
Ratios of General Bonded Debt Outstanding	183
Direct and Overlapping Governmental Activities Debt	184-185
Ratios of General Obligations Bonds Outstanding and Legal Debt Margin	186-187
Debt Statement Pursuant to Local Government Unit Debt Act	188
Borrowing Base Certificate	189
Demographic and Economic Information	190
Demographic and Economic Statistics	191
Principal Employers	192
Operating Information	195
Full Time Equivalent County Government Employees by Function	197
Operating Indicators by Function	198-201
Capital Asset Statistics by Function	202
Salaries of Principal County Officials	203

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JAMES R SPARBER
FINANCE DIRECTOR

SUE ELLEN PASQUALE
MANAGER OF ACCOUNTING

Kathy Dahlkemper, County Executive

June 17, 2014

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, 2013.

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, 2013.

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, 2013, 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. 61, “*The Financial Reporting Entity: Omnibus*”, an amendment for GASB Statements No.14 and No. 34, 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. Erie County Gaming Revenue Authority (ECGRA) is the discreetly presented component unit, and as such its financial data is presented separately from the primary government. Pleasant Ridge Manor and Erie County Care Management are blended component units in this report because the services provided are so intertwined with the primary government that is in substance, the same as the primary government . ECGRA administers the restricted gaming revenue Erie County received from the operation of a casino located in the county. Pleasant Ridge Manor, the County’s nursing home, provides both short term rehabilitation and long term care for chronically ill and elderly residents. It is included in the County’s financial statements as a business type activities fund. 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 were 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, 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 company reported in April of 2013 that about half of the union jobs have been cut either through layoff or retirement. The other half of the job cuts are expected to occur over the next two years.

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 was approved. This allows Lord not only to stay in Erie County, but to expand its business. The company is renovating a 575,000 square foot building, investing about \$100 million in the project. Lord anticipates that all 900 workers will move into the facility by October of 2014. Space in the renovated facility will be available for rent to suppliers for a horizontal integration.

DevelopErie is spear-heading the \$50 million Inland Port Project. This project, a collaboration of various regional partners from several counties, plans 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. In May of 2014, DevelopErie voted to discontinue plans to build the rail terminal in Harborcreek, after residents raised concerns about increased traffic.

The 2013 housing market kept pace with the 2012 housing market. The unemployment rate for Erie County dropped from 8.2% in 2012 to 6.4% for 2013.

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. The five point plan is as follows: (1) enhance economic development and competitiveness, (2) reduce poverty through effective workforce education and job creation, (3) support existing communities, (4) improve transportation and infrastructure systems, and (5) engage our community and build partnerships to action. To date Erie Vital Signs has provided a baseline of community indicators that will be used to assess the progress or success of new initiatives. Numerous public meetings have been held throughout the county to create a vision for the future. The County has hired Peter J. Smith & Company, Inc. to help complete the final phase, the creation of a strategic plan of action. The project will be completed by March of 2015.

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. In January of 2013, the County refunded \$12.5 million of these bonds saving nearly \$969,000. 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. We anticipate significantly savings from the project. These savings will be used toward future capital expenditures.

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. An agreement was finalized and approved by the Department of Public Welfare to sell 88 bed licenses to Millcreek Manor for \$2,512,000. After Millcreek Manor completes construction of a new nursing home, the County anticipates closing the east facility in 2015. 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 2013, the County Council adopted the 2014 budget. The budget, net of internal service funds and transfers to other funds, is \$350.3 million and for the fifth 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. 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, 2012. This was the twenty-first 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 Mark Orlop, 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, Jane Mehler, and Marilyn LoSapio. Special thanks to Finance Director, Jim Sparber and Assistant 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, 2013

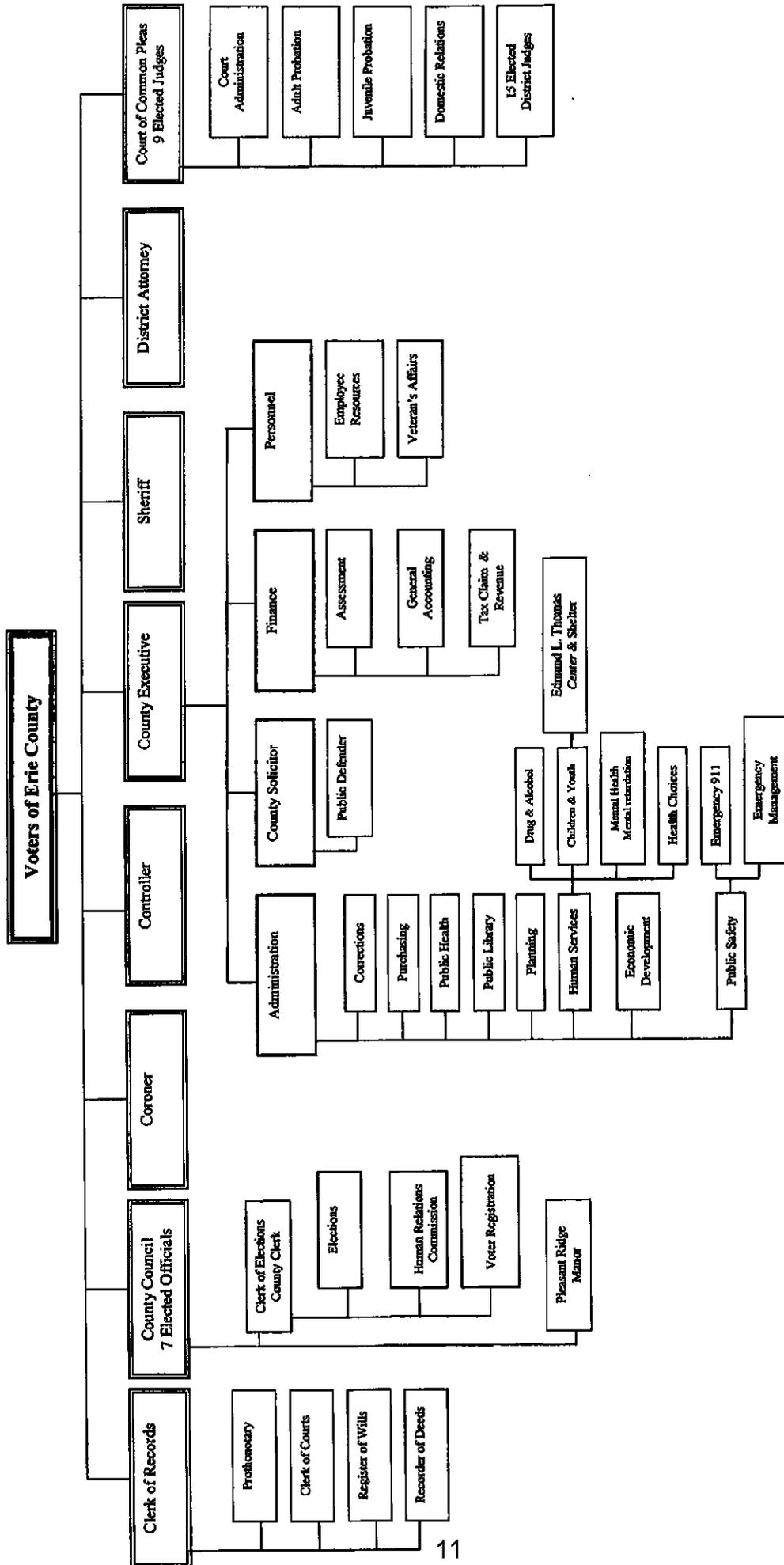
ELECTED OFFICIALS

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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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
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Presented to

**County of Erie
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

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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 business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the COUNTY OF ERIE, PENNSYLVANIA, as of and for the year ended December 31, 2013, 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 100% 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 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.

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Zelenkofske Axelrod LLC

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 business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2013, 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 2013 the County adopted the provisions of Governmental Accounting Standards Board Statements No. 65, "Items Previously Reported as Assets and Liabilities", Statement No. 66, "Technical Corrections – 2012 an amendment of GASB Statements No. 10 and No. 62.", and Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25."

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 41; 111-112; 113; and 115 through 119 be presented to supplement the basic financial statements. Such information, although not a part

Zelenkofske Axelrod LLC

Members of County Council
County of Erie
Erie, Pennsylvania

of 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.

ZELENKOFKSKE AXELROD LLC

Zelenkofske Axelrod LLC

Pittsburgh, Pennsylvania
June 17, 2014

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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, 2013. 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, 2013. All amounts, unless otherwise indicated, are expressed in dollars.

Financial Highlights

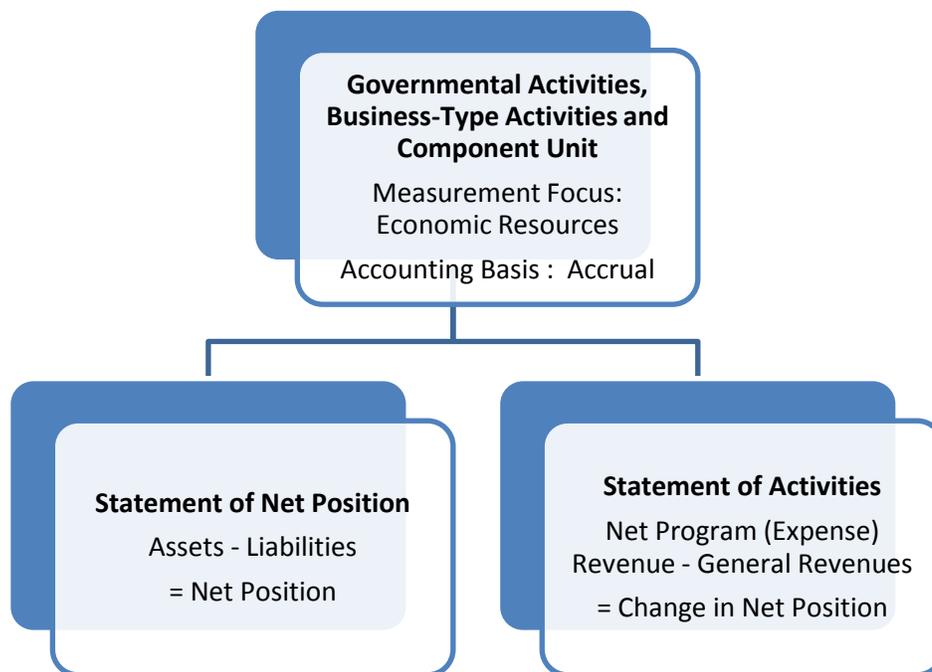
- Assets of the County of Erie's governmental activities exceed liabilities at December 31, 2013 by \$33,147,764 (net position).
- The government's total net position of the governmental activities decreased by \$3,392,585 before the restatement of net position due to an overstatement of Health Choices 2012 ending fund balance (see Note 14).
- As of the close of the current fiscal year, the County of Erie's governmental funds reported combined ending fund balances of \$78,536,904, a decrease of \$2,374,384 in comparison with the prior year after restatement of the 2012 ending fund balance of \$1,870,218. 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 \$3.99 million primarily due to a budgeted appropriation to fund balance of \$1.4 million, a cost savings of \$872,000 in wages and fringes and \$1 million savings in the transfer to Children & Youth Services. Health Choices fund balance decreased \$1.2 million from decreased grant funds. Capital Projects Fund's fund balance declined \$7.5 million as projects either progressed or were completed, and the fund balance of the Gaming fund decreased \$336,000 due to decreased revenue generated by the local casino.
- The County's real property tax rate decreased from 6.05 mills to 4.93 mills due to a county reassessment that was revenue neutral.
- The County's investment bond rating from Standard and Poor's is AA, while Moody's bond rating is Aa2.
- At December 31, 2013, the County of Erie had \$72,685,000 of bonds outstanding. This represents a decrease of \$6,740,000 (8.5%) due to scheduled principal payments on debt. In 2013, the County refunded 2005B bonds and 2009 bonds, saving \$969,000.
- The total fund balance of the General Fund at December 31, 2013 was \$46,557,346. The unassigned portion of the fund balance was \$33,823,435 which is approximately 58% of expenditures in the General Fund for the fiscal year 2013. The unassigned fund balance increased over \$5.3 million in 2013.

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.

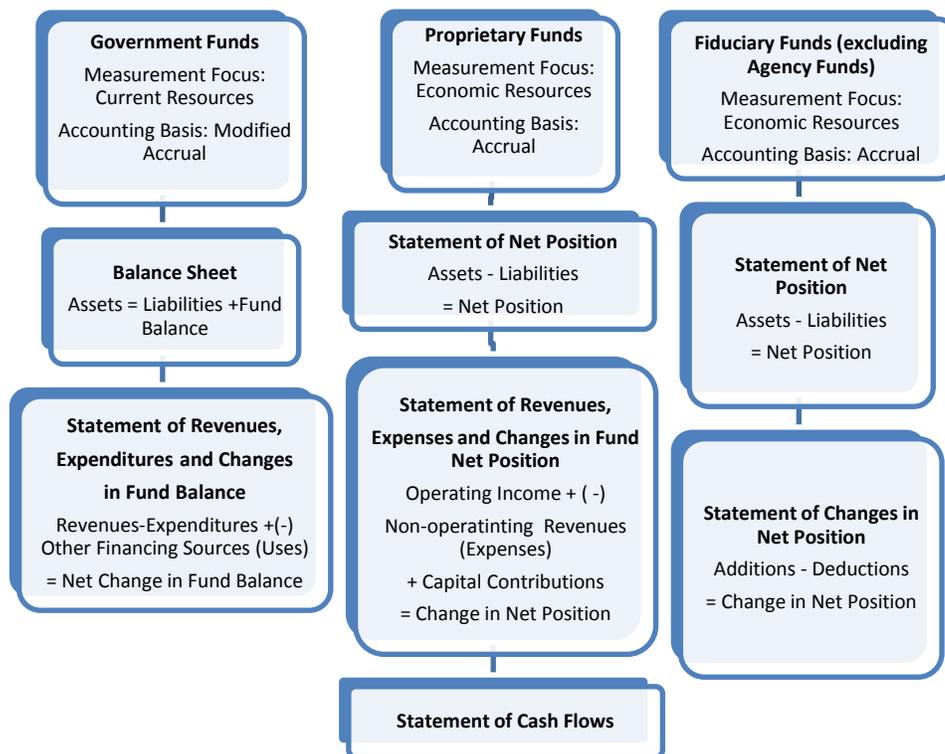
The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, 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. In 2013 the County re-examined Pleasant Ridge Manor, the county’s nursing home, and reclassified it from a discretely presented component unit to a blended component unit business-type activity.

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 is financially accountable, and is a business type blended component unit. Erie County Gaming Revenue Authority (ECGRA) is a discretely presented component unit. ECGRA was created by the County to disburse restricted gaming funds to the community in accordance with state law. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The statements also include Erie County Care Management Fund, a blended special revenue component unit 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. Pleasant Ridge Manor, the County's legally separate nursing home and blended component unit, is considered as an enterprise fund since the intent is that the cost of providing the services to the public is primarily covered by user charges and cost reimbursement plans. 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 \$41,762,905 at December 31, 2013.

Approximately 18.8% or \$7,862,941, 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, 2013

With Comparative Amounts for December 31, 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$135,763,429	\$132,694,782	\$7,388,037	\$8,824,257	\$143,151,466	\$141,519,039
Capital assets	44,882,595	49,156,413	6,295,713	3,942,957	\$51,178,308	53,099,370
Total assets	180,646,024	181,851,195	13,683,750	12,767,214	194,329,774	194,618,409
Long-term liabilities outstanding	90,548,804	95,880,781	1,431,372	495,302	91,980,176	96,376,083
Other Liabilities	56,949,456	47,559,847	3,637,237	3,974,580	60,586,693	51,534,427
Total liabilities	147,498,260	143,440,628	5,068,609	4,469,882	152,566,869	147,910,510
Net position:						
Net investment in capital assets	3,234,228	13,180,233	4,628,713	4,521,981	7,862,941	17,702,214
Restricted	37,919,072	37,026,605	-	-	37,919,072	37,026,605
Unrestricted	(8,005,536)	(13,666,489)	3,986,428	3,775,351	(4,019,108)	(9,891,138)
Total net position	\$33,147,764	\$36,540,349	\$8,615,141	\$8,297,332	\$41,762,905	\$44,837,681

Note: Pleasant Ridge Manor became a business-type blended component unit in 2013. The data presented for 2012 is for comparison purposes only.

The restricted portion of the County of Erie's net position, \$37,919,072, represents resources that are subject to external restrictions on how they may be used. Restricted net position increased \$892,467 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.

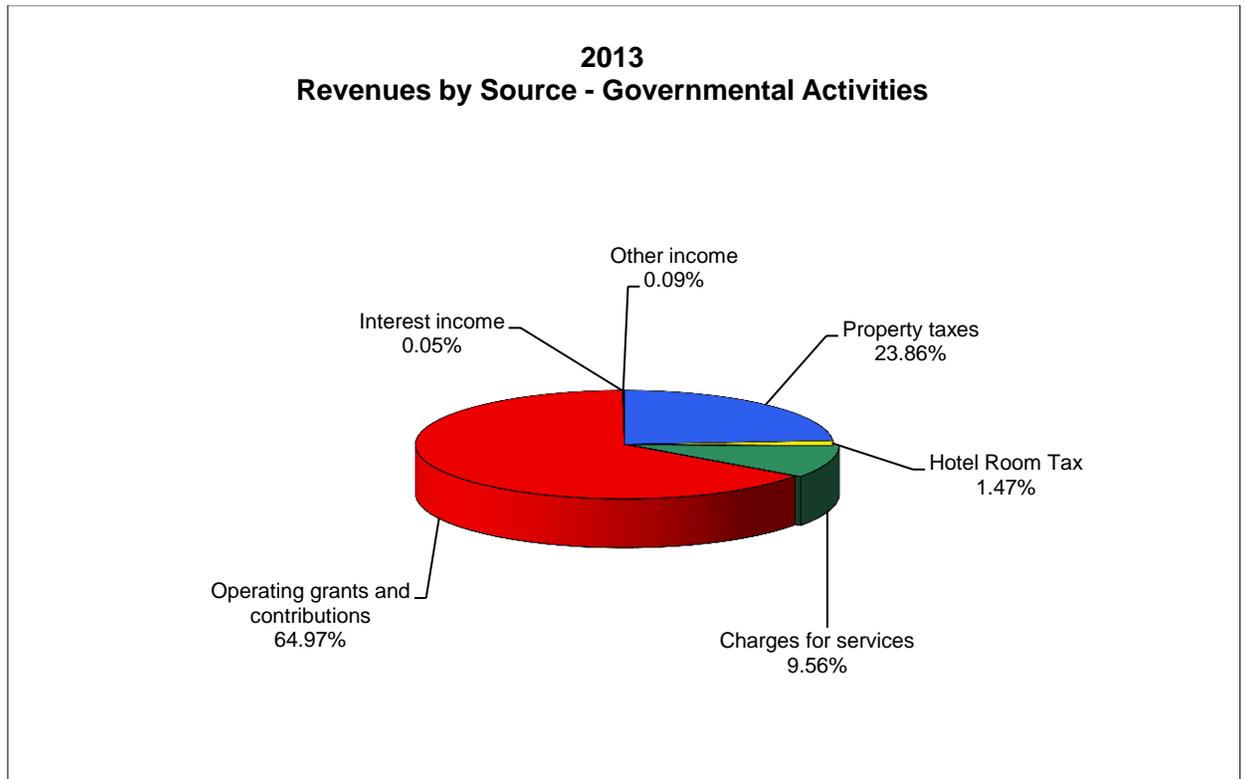
County of Erie - Change in Net Position
Year Ended December 31, 2013
With Comparative Amounts for December 31, 2012

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$27,563,397	\$28,395,407	\$33,369,423	\$32,219,036	\$60,932,820	\$60,614,443
Operating grants and contributions	187,294,858	197,121,724	-	-	187,294,858	197,121,724
Capital grants and contributions	-	10,000	-	70,000	-	80,000
General revenues:						
Property taxes	68,783,306	68,811,861	-	-	68,783,306	68,811,861
Hotel Room Tax	4,238,012	3,160,156	-	-	4,238,012	3,160,156
Interest income	151,659	214,198	30,687	18,657	168,270	232,855
Other income	257,458	222,737	21,906	288,303	1,219,695	1,717,149
Transfers	-	-	750,331	1,206,109	750,331	1,206,109
Total revenues	288,288,690	297,936,083	34,362,347	33,802,105	322,636,961	331,738,188
Expenses:						
General government	19,301,658	18,233,952	-	-	19,301,658	18,233,952
Courts and related offices	22,601,628	22,589,810	-	-	22,601,628	22,589,810
Corrections	36,187,277	38,332,786	-	-	36,187,277	38,332,786
Community services	195,535,908	203,151,167	34,044,538	32,354,384	229,566,370	235,505,551
Public health	6,244,253	6,850,696	-	-	6,244,253	6,850,696
Public works	696,221	685,428	-	-	696,221	685,428
Library	6,910,165	7,005,236	-	-	6,910,165	7,005,236
Interest on long-term debt	3,453,834	3,782,732	-	-	3,453,834	3,782,732
Transfers	750,331	1,206,109	-	-	750,331	1,206,109
Total expenses	291,681,275	301,837,916	34,044,538	32,354,384	325,711,737	334,192,300
Increase (decrease) in net position	(3,392,585)	(3,901,833)	317,809	1,447,721	(3,074,776)	(2,454,112)
Net position, Beginning of Year as restated	36,540,349	42,312,400	8,297,332	6,849,611	44,837,681	49,162,011
Net position, End of Year	\$33,147,764	\$38,410,567	\$8,615,141	\$8,297,332	\$41,762,905	\$46,707,899

Governmental activities Governmental activities in 2013 decreased the County's net position by \$3,392,585. Key elements of this decrease are as follows:

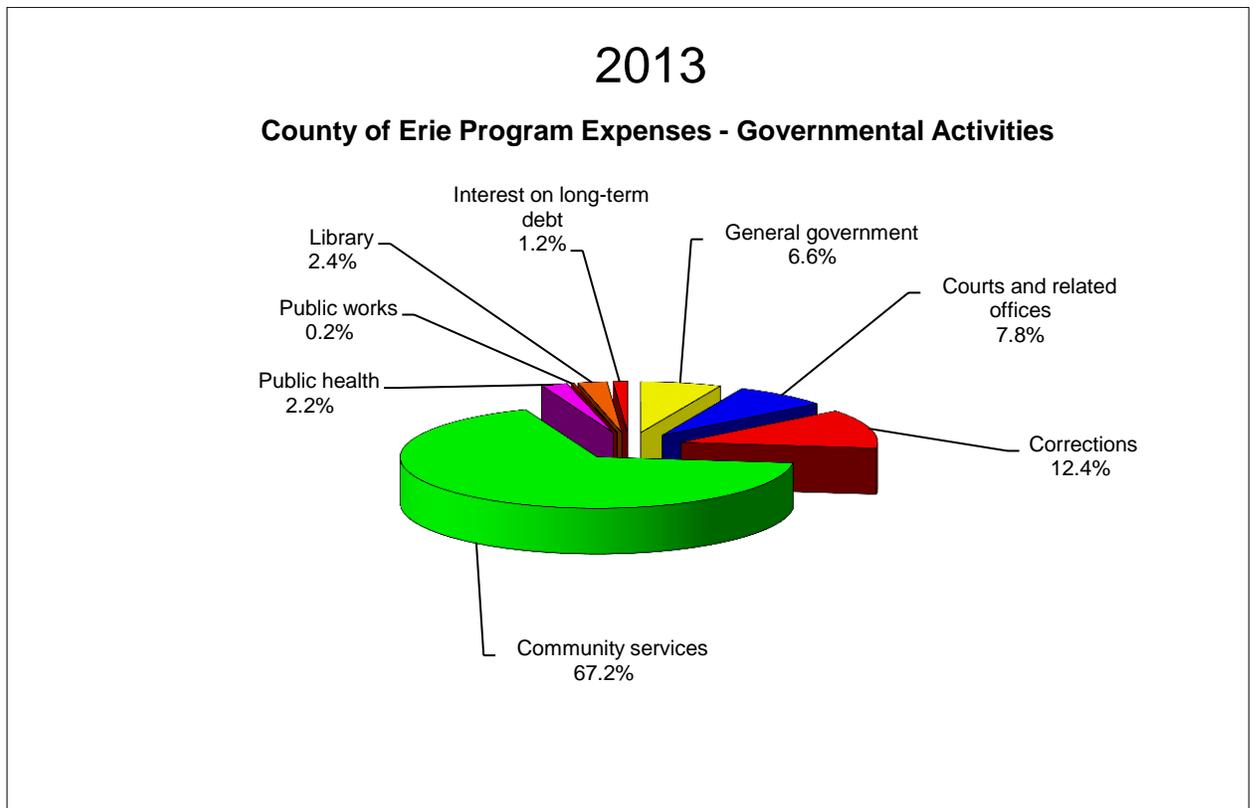
Program Revenues

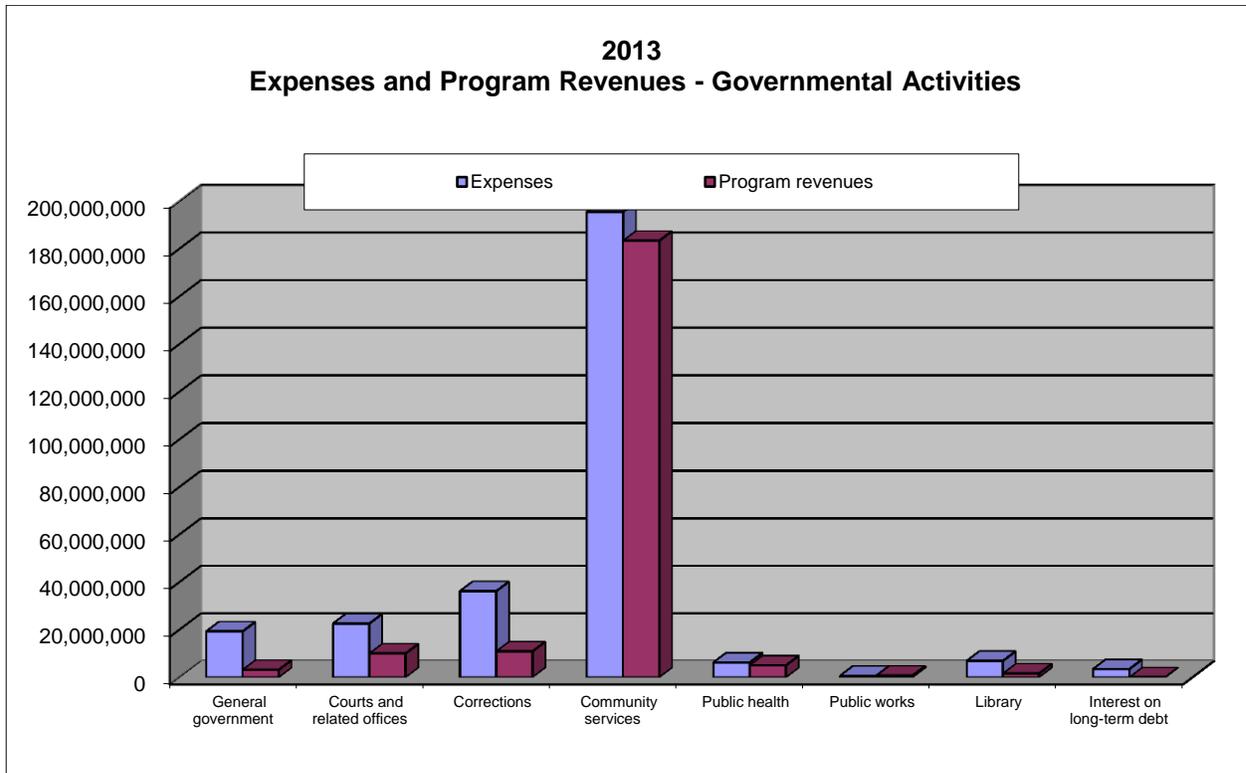
- Property taxes decreased slightly by \$28,555 (-0.04%). Due to a county reassessment the tax millage was adjusted from 6.05 mills to 4.93 mills to be revenue neutral.
- Hotel room rental tax of \$4,238,012 increased by \$1,077,856 from the \$3,160,156 collected in 2012. We believe this is due to an improvement in the economy and securing a few mid-sized conventions.
- Charges for services declined 3% or by \$832,010. Gaming revenue was down \$426,369 due to a decline in betting at the local casino. This downturn was experienced throughout the state. Assessment fees were down \$126,080 since all appeals from the reassessment were heard in 2012, and the revenue from land lines decreased \$101,872, as fewer land lines are used by our constituents.
- Operating grants decreased by \$9,826,866 (5%) primarily due to reductions in state and federal funding for human service funds and public health. Grant revenue for Children & Youth Services decreased \$3.4 million with most of the decreased in day care funding. Health Choices grants declined \$5.4 million. Public Health lost \$390,537 in grant funds, nearly \$204,000 from Act 315 and over \$125,000 in a tobacco cessation grant.
- Interest income continued to drop in 2013 by \$62,539 or 29% 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 sixth consecutive year.



Program Expenses

- General government expenses slightly decreased by \$138,403 or 0.7%.
- A 0.5% increase, or \$11,818, was related to courts and related expenditures.
- Correction expenditures of \$36,187,277 declined \$2,145,509 in 2013. The majority of the decrease occurred in Children & Youth Services due to a 9% reduction in children placed for services and a reduction in days of care.
- A decrease of 3.75% or \$7.6 million occurred in Community Services, as the prior year's LIFT grant of \$2.2 million was moved from the General fund to Mental Health/Mental Retardation Fund. A decrease in day care grant revenue contributed to a \$3.3 million decrease in Children & Youth Service, and medical services in Health Choices caused a \$2.3 million reduction in expenditures.
- Public Health expenditures decreased by \$606,443 or 8.9%. 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 increased by \$10,793 or 1.6% because several bridges were inspected in 2013.
- Library expenditures dropped \$95,071 or 1.36%. Wages and fringes were down due to jobs kept vacant for 30 -60 days and maintenance and custodial costs were lower in 2013 than in 2012.
- Interest on long term debt decreased by \$328,898 due to a reduction in long term debt of \$5,945,000 and the refunding of 2005B and 2009 bonds to take advantage of lower interest rates.
- The County transferred \$750,331 to Pleasant Ride Manor, the county nursing home. Pleasant Ridge Manor is a business-type activity as of 2013.

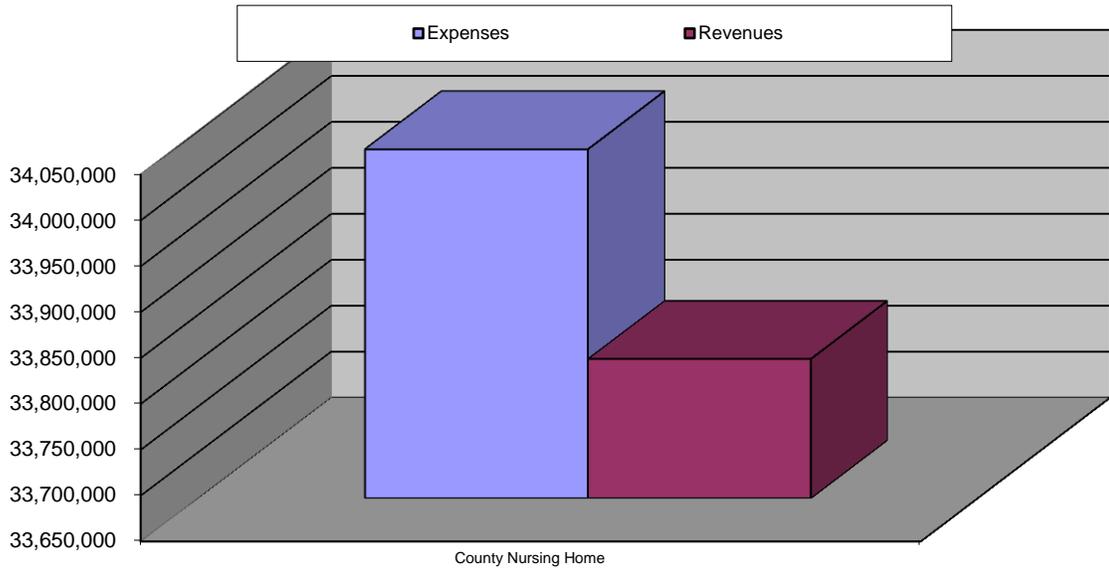




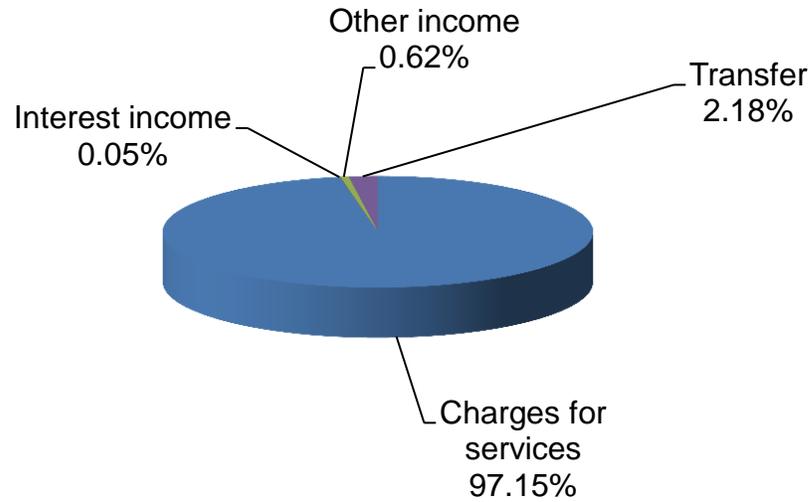
Business-type Activities The County’s nursing home, Pleasant Ridge Manor is the only business-type blended component unit of the County. Total revenues for business-type activities increased by \$546,166 to \$34.3 million. This is primarily due to increases in reimbursement for residential care. Medical assistance residents account for approximately 84.3% of the census and approximately 84.7% of the resident revenue base. Resident days increased from 121,504 in 2012 to 122,620 in 2013.

Total expenses at Pleasant Ridge Manor increased \$1.68 million primarily due to increases in health insurance and pension costs.

**2013
Expenses and Program Revenues - Business Type Activities**



**2013
Revenues by Source - Business Type Activities**



Financial Analysis of the Government's Funds

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

Governmental Funds The focus of the County of Erie's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County of Erie's financing requirements. In particular, *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 \$78,536,904 a decrease of \$2,374,384, as restated, in comparison with the prior year. Approximately 43% (\$33,823,435) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. *The non-spendable* portion of the fund balance of \$620,505 consists of prepaid items.

Restricted fund balance is set aside by law or by external sources for specific purposes. As of the end of 2013, the County has \$40,525,901 in restricted fund balance for a variety of purposes including: 1) Economic Development (\$11,000,000), 2) Mental Health Services (\$7,678,936), 3) Airport Runway Rehabilitation (\$3,114,416), 4) Community Grants in Gaming Fund (\$6,460,796), 5) Erie County Care Management (\$4,001,127), 6) a loan from the Gaming Fund to Pleasant Ridge Manor for a water and sewer project (\$833,000), 7) Debt Service (\$2,345,613), 8) Emergency Services (\$1,222,571), 9) Judicial Services (\$1,011,765), 10) Community Redevelopment (\$683,979), 11) Recycling (\$388,261), 12) Roads and Bridges (\$375,170), 13) Land Preservation (\$1,201,907), 14) Child Support Enforcement (\$43,611), 15) Public Health (\$117,875), and 16) Library Services (\$46,874).

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 \$3,157,324 for various capital projects financed by prior bond issues. The county also assigned \$409,739 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 \$409,739 is the estimated amount the state will owe Erie County as of 12/31/13 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, 2013 and 2012 were:

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

<u>Fund</u>	<u>2013</u>			<u>Net Change in Fund Balances</u>	
	<u>Revenues</u>	<u>Expenditures</u>	<u>Net Other Financing</u>	<u>2013</u>	<u>2012</u>
General Fund	\$86,656,898	\$57,874,147	(\$24,785,708)	\$3,997,043	\$5,194,277
Mental Health Mental Retardation	25,864,202	26,883,169	1,018,967	-	-
Children & Youth Services	52,804,012	60,343,234	7,539,222	-	-
Health Choices	76,525,100	77,707,643	-	(1,182,543)	1,907,566
Capital Projects	34,284	7,568,336	-	(7,534,052)	(8,600,281)
Liquid Fuels	745,916	696,221	-	49,695	127,276
Domestic Relations	3,369,207	4,535,745	1,167,703	1,165	39,219
Drug & Alcohol	5,336,812	5,618,676	281,864	-	-
Public Safety	3,857,971	5,783,264	2,449,650	524,357	273,202
Public Health	5,052,526	6,182,499	1,211,717	81,744	170,063
Library	1,628,503	6,262,188	4,669,414	35,729	49,377
Planning	3,930,046	3,591,279	500,439	839,206	231,842
Gaming	11,328,487	7,293,124	(4,371,503)	(336,140)	(1,084,883)
Erie County Care Management	11,005,505	10,436,484	-	569,021	750,507
Debt Service	3,269	8,933,885	9,511,007	580,391	(15,773)
Total Change	\$288,142,738	\$289,709,894	\$ (807,228)	(\$2,374,384)	(\$957,608)

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 \$33,823,435, while total fund balance reached \$46,557,346. 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 58.4% of total General Fund expenditures, while total fund balance represents 80.4% of that same amount.

During the current fiscal year, the fund balance of the County of Erie's General Fund increased by \$3,997,043 or 9.4%. Revenues were \$240,215 under budget, while expenditures were \$1,693,617 under budget and transfers to other funds were \$1,257,013 under budget. Key factors in this increase are as follows:

- Real Estate taxes were \$1,470,532 under budget. Although the collection rate of current taxes increased from 94.79% to 95.48%, taxes were under budget since the County reassessment project was not completed when the budget was adopted. Therefore the amount of the original levy was estimated higher than the actual. The year 2013 was the fourth consecutive year without a tax increase.

- Hotel taxes were \$1.2 million over budget and nearly \$1.1 million over 2012, due both increased occupancy and a change in the hotel tax rate from 5% to 7%. The increase is funding efforts to promote Erie County tourism.
- In 2013 the General Fund earned \$545,187 more in grant revenue than budgeted. This was mainly due to recognizing two years of state reimbursement for judges' offices in 2013. Total grant money was \$2.4 million less than 2012 primarily due to moving the 2012 pass thru grant for the LIFT program of \$2.2 million from the General Fund to the Mental Health Mental Retardation Fund.
- A decrease of \$830,999 in charges for services over the prior year. Decreases in fees, fines and reimbursements occurred in Assessment, Clerk of Records, Sheriff, Coroner and the Prison.
- A decrease in interest income reflects low interest rates.
- After a two year wage freeze, salaries increased 3.25% in 2013. 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 \$411,702 under budget. Fringe benefits were \$460,654 under budget.
- Expenditures budgeted for retirees hospitalization were \$754,352 under budget and \$152,135 below 2012 expenditures. Professional fees in the prison were also \$122,230 below 2012 expenditures. Tax refunds in 2013 were \$138,000 less than 2012 tax refunds expenditures.
- Capital Outlay was \$305,000 under 2012 expenditures and \$314,000 under budget. County and Recorder of Deeds record improvement capital lines and automation fees restricted for the Clerk of Records offices, and supervision fee funds designated for capital improvements in Adult Probation were not spent and restricted at year end.
- Transfers to other funds were below budget by \$1.2 million in 2013. 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 a decrease in fund balance of nearly \$1.2 million. The state reduced the capitation rates downward by about 6% across all rating groups. This reduction brought the County into a closer match between revenue received versus actual medical expense, while maintaining a positive ending fund balance.

The Capital Projects Fund realized a 2013 decrease in fund balance of \$7.5 million. Progress was made on several projects that were financed by bond issues. The County granted in excess of \$7.2 million to the Erie County Airport Authority for the local match for the extension and rehabilitation of the airport runway. The County also completed improvements to the prison security system and replaced Court computers running XP, as well as a few additional technology projects.

The Gaming Revenue fund balance declined by \$336,140. Revenue from the local casino was down \$426,369 from 2012 revenue. Half of the fees collected are retained by Erie County, and half are sent to the Erie County Gaming Revenue Authority (ECGRA). The County uses its share to fund the debt service on the airport runway extension project, the renovation of the Erie Insurance Arena, a loan to the county nursing home for water and sewer improvements, and for various community grants.

Fund balance for all non-major funds increased in 2013. The Planning fund saw the largest increase, \$839,206, due to \$1.2 million received for bridge and greenway projects. Most of this money was not spent during the year and is restricted at year end. Public Safety's fund balance increased \$524,357 in 2013. Nearly \$400,000 was savings from vacant positions. Equipment maintenance was significantly reduced, and budgeted computer hardware and software purchases were not made.

Erie County Care Management's (ECCM) fund balance grew \$569,021 largely because the revenue from County contracts was based upon budgeted expenditures. Actual expenditures were \$1.48 million under budget. On July 1, 2013, the County reduced the rates for services performed by ECCM in an attempt to reduce the fund balance.

Liquid Fuels, Domestic Relations, Public Health and the Library also experienced increases in fund balance as of December 31, 2013. Liquid Fuels fund balance increased \$49,695 because bridge inspections and emergency applications were below budget.

**Change in Governmental Fund Balances
December 31, 2013
In Dollars**

Fund	Beginning 1/1/13	Net Change in Fund Balances	Ending 12/31/13
General Fund	\$42,560,303	\$3,997,043	\$46,557,346
Mental Health Mental Retardation Children & Youth Services	-	-	-
Health Choices as restated	8,861,479	(1,182,543)	\$7,678,936
Capital Projects	13,805,792	(7,534,052)	\$6,271,740
Liquid Fuels	325,475	49,695	\$375,170
Domestic Relations	42,446	1,165	\$43,611
Drug & Alcohol	-	-	-
Public Safety	1,155,089	524,357	\$1,679,446
Public Health	36,131	81,744	\$117,875
Library	12,812	35,729	\$48,541
Planning	1,196,678	839,206	\$2,035,884
Gaming	7,629,936	(336,140)	\$7,293,796
Erie County Care Management	3,519,925	569,021	\$4,088,946
Debt Service	1,765,222	580,391	\$2,345,613
Total Change	\$80,911,288	(\$2,374,384)	\$78,536,904

General Fund Budgetary Highlights

Differences in total expenditures and transfers out between the original adopted budget of \$87,833,351 and the final amended budget of \$87,040,152 were relatively minor (\$793,199 decrease in appropriations or a 1% decrease) and can be summarized as follows:

- \$2,207,900 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.
- \$196,616 increase in appropriations for court related activities in the District Attorney, Sheriff and Clerk of Record departments.
- \$117,340 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.
- \$5,810 increase in community services, which reflects a grant for the 911 Memorial at the Blasco Library.
- \$106,187 increase in capital outlay due to the purchase of computer software, computer equipment from the appropriation of restricted fund balance for record improvements and automation improvements in the Clerk of Records office.
- \$1.2 million increase in transfers to other funds, primarily to the Library Fund (\$1,164,064). Previously this money was a transfer from the Gaming Fund to the Library, but as a result of conversation with the state regarding the annual library report, the funds now move from the Gaming Fund to the General Fund and then to the Library.

Capital assets The County of Erie's capital assets for its governmental funds as of December 31, 2013 amount to \$44,882,595 (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 8.7% because depreciation expense exceeded capital additions during 2013.

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

- Completion of a security system upgrade of \$100,462 at the Erie County Prison.
- Replacement of XP computers in the system in the amount of \$172,925.
- Purchase of vehicles for the Sheriff and Adult Probation in the amount of \$114,989.
- The donation of a solid and liquid identifier unit by the North West PA Emergency task Force. The equipment was valued at \$69,995.

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		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$1,501,237	\$1,501,237	\$150,490	\$150,490	\$1,651,727	\$1,651,727
Construction in Progress	-	-	162,991	458,534	\$162,991	\$458,534
Land Improvements	-	-	756,391	114,731	\$756,391	\$114,731
Building and improvements	41,302,670	44,993,976	2,695,327	2,902,841	\$43,997,997	\$47,896,817
Vehicles	453,434	390,325	25,990	34,799	\$479,424	\$425,124
Furniture and equipment	1,625,254	2,270,875	2,504,524	860,586	4,129,778	3,131,461
Total	\$44,882,595	\$49,156,413	\$6,295,713	\$4,521,981	\$51,178,308	\$53,678,394

Long term debt At the end of the current fiscal year, the County of Erie had outstanding bonds of \$72,685,000, 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 Erie Insurance 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. In January 2013, the County issued (Series 2012) \$10,870,000 which refunded \$1,495,000 in 2005 Series B bonds and \$10,170,000 in 2009 bonds. The refunding was done to take advantage of lower interest rates.

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 11: 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	GO Bonds	GO Bonds	GO Bonds	GO Bonds	GO Bonds	GO Bonds
Beginning Balance @ 1/1/13	\$2,755,000	\$14,815,000	\$24,970,000	\$13,085,000	\$10,195,000	\$13,605,000	\$79,425,000
Plus: Debt Issued	-	-	-	-	-	10,870,000	10,870,000
Less: Principal Payments	(2,755,000)	(265,000)	(105,000)	(2,430,000)	(5,000)	(385,000)	(5,945,000)
Less: Refunded Debt	-	(1,495,000)	-	-	(10,170,000)	-	(11,665,000)
Ending Balance @ 12/31/13	\$ -	\$13,055,000	\$24,865,000	\$10,655,000	\$20,000	\$24,090,000	\$72,685,000

The County's business-type activity, Pleasant Ridge Manor does not have any long-term debt. At year end, 12/31/13, Pleasant Ridge Manor has an outstanding loan to the County in the amount of \$1,667,000 for capital projects relating to water and sewer improvements. Proceeds from the Gaming Revenue Fund were used to provide this interest-free loan.

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. No change to the ratings occurred in 2013.

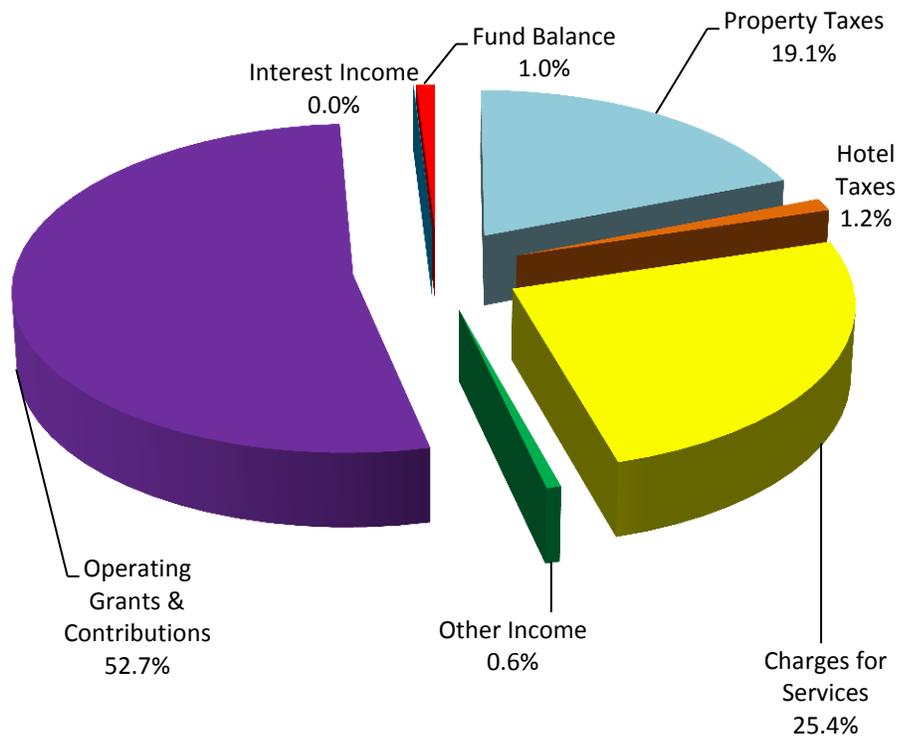
Economic Factors and Next Year's Budgets and Rates

- 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. In 2013, the County decided to reduce the net position of the internal service fund and reduced the hospitalization rates to cause a decrease in net position of \$900,000. In 2014, rates were set with a goal of ending net position equal to 5% of total expenditures. Total 2013 expenditures were \$29,960,771

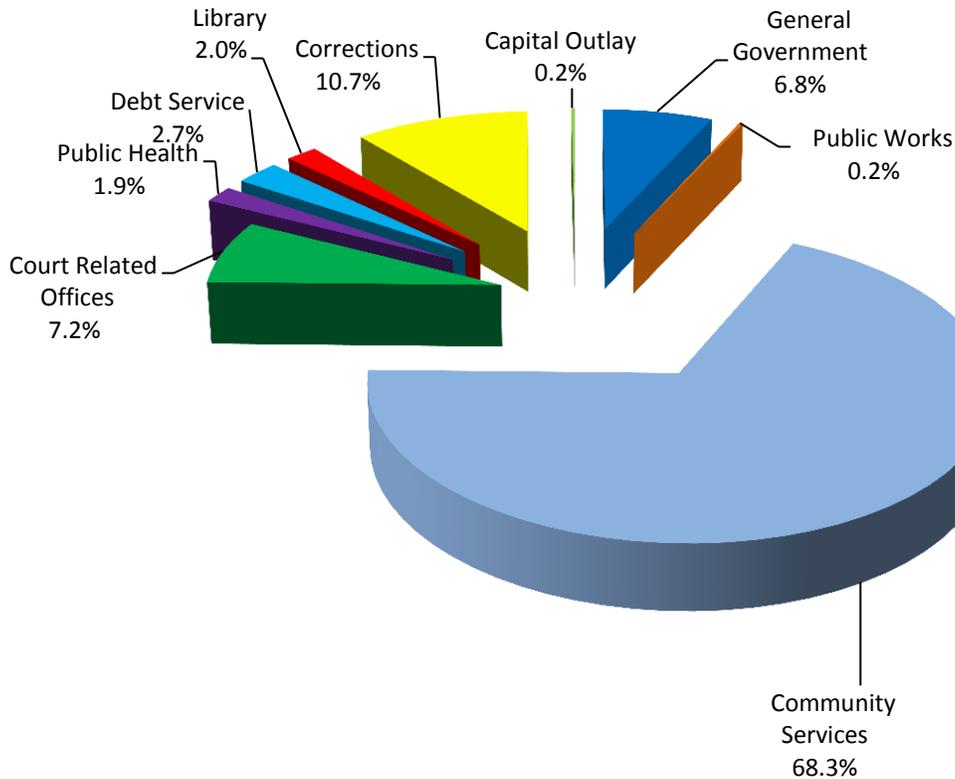
and the ending net position was \$1,509,114 or 5% of expenditures. The rates were approved by the County's fringe benefit committee and affirmed by County Council.

- The County's annual required pension calculation (ARC) changed from \$6,812,406 in 2013 to \$5,580,680 in 2014, an 18% decrease. 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 \$409,739 of the General Fund Balance at the end of 2013 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.
- The Governor's proposed 2014-2015 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 the current level of 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 4.93 mills. The County has not raised taxes for five consecutive years.
- The unemployment rate for the County of Erie for 2013 was 6.4%, a decrease from the 2012 rate of 8.2%, and the lowest rate since 2008.
- Building permits issued in 2013 were nearly identical those issued in 2012; 2,591 permits were issued in 2012 and 2,593 were issued in 2013.

2014 County Budgeted Operating Revenue



2014 County Budgeted Operating Expenditures



Requests for Information

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

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Basic Financial Statements

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COUNTY OF ERIE, PENNSYLVANIA

Statement of Net Position
December 31, 2013

Primary Government

	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Current assets:				
Cash and Investments	\$ 75,814,019	\$ 150,255	\$ 75,964,274	\$ 11,484,147
Investments	-	93,763	93,763	-
Receivables, net	45,271,002	5,573,147	50,844,149	-
Internal Balances	1,667,103	(1,667,103)	-	-
Inventory	-	239,085	239,085	-
Prepaid Items	818,437	147,786	966,223	7,227
Other	-	10,370	10,370	-
Total current assets	123,570,561	4,547,303	128,117,864	11,491,374
Noncurrent assets:				
Restricted Cash	364,330	2,116,150	2,480,480	-
Restricted Investment	-	440,951	440,951	-
Other Assets	680,704	-	680,704	-
Advance to Redevelopment Authority	8,000,000	-	8,000,000	-
Receivable from General Authority	3,000,000	-	3,000,000	-
Note receivable	-	-	-	500,000
Net pension asset	147,834	283,633	431,467	-
Land and other nondepreciable assets	1,501,237	313,481	1,814,718	-
Capital assets, net	43,381,358	5,982,232	49,363,590	-
Total noncurrent assets	57,075,463	9,136,447	66,211,910	500,000
Total assets	\$ 180,646,024	\$ 13,683,750	\$ 194,329,774	\$ 11,991,374
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 30,493,199	\$ 2,502,007	\$ 32,995,206	\$ -
Accrued liabilities	4,036,775	646,465	4,683,240	8,650
Due to other funds	-	-	-	-
Due to other governmental units	4,625,552	-	4,625,552	-
Unearned revenue	10,647,629	-	10,647,629	-
Accrued interest payable	910,264	-	910,264	-
Compensated absences	66,037	478,395	544,432	-
Bonds payable	6,170,000	-	6,170,000	-
Other liabilities	-	10,370	10,370	-
Total current liabilities	56,949,456	3,637,237	60,586,693	8,650
Noncurrent Liabilities				
Client Funds Held in Trust	364,330	-	364,330	-
Residents funds	-	445,673	445,673	-
Worker compensation reserved payable	-	985,699	985,699	-
Compensated absences	1,640,911	-	1,640,911	-
Bonds payable	68,555,107	-	68,555,107	-
Other post-employment benefits	19,988,456	-	19,988,456	-
Total noncurrent liabilities	90,548,804	1,431,372	91,980,176	-
Total Liabilities	147,498,260	5,068,609	152,566,869	8,650
NET POSITION				
Net Investment in Capital Assets	3,234,228	4,628,713	7,862,941	-
Restricted for:				
Economic Development	11,000,000	-	11,000,000	-
Debt Service	2,345,613	-	2,345,613	-
Public Health	117,875	-	117,875	-
Library	48,541	-	48,541	-
Liquid Fuels	375,170	-	375,170	-
Court and Related Offices	1,016,602	-	1,016,602	-
Community Services	23,015,271	-	23,015,271	-
Unrestricted	(8,005,536)	3,986,428	(4,019,108)	11,982,724
Total Net Position	\$ 33,147,764	\$ 8,615,141	\$ 41,762,905	\$ 11,982,724

The accompanying notes are an integral part of the financial statements.

COUNTY OF ERIE, PENNSYLVANIA
Statement of Activities
For the Year Ended December 31, 2013

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 19,301,658	\$ 3,150,424	\$ -	\$ -
Courts and Related Offices	22,601,628	5,322,226	4,712,717	-
Corrections	36,187,277	2,445,342	8,444,098	-
Community Services	195,535,907	15,925,374	167,466,120	-
Public Health	6,244,253	530,608	4,518,262	-
Public Works	696,221	-	745,885	-
Library	6,910,165	189,423	1,407,776	-
Interest	3,453,834	-	-	-
<i>Total Governmental Activities</i>	<u>290,930,944</u>	<u>27,563,397</u>	<u>187,294,858</u>	<u>-</u>
Business Type Activities:				
County Owned Hospital Facility	34,030,462	33,369,423	-	-
<i>Total Business Type Activities</i>	<u>34,030,462</u>	<u>33,369,423</u>	<u>-</u>	<u>-</u>
<i>Total Primary Government</i>	<u>\$ 324,961,406</u>	<u>\$ 60,932,820</u>	<u>\$ 187,294,858</u>	<u>\$ -</u>
Component Units				
Erie County Gaming Revenue Authority	\$ 5,061,967	\$ 5,870,022	\$ -	\$ -
<i>Total Component Unit</i>	<u>\$ 5,061,967</u>	<u>\$ 5,870,022</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total	Component Units Total
\$ (16,151,234)		\$ (16,151,234)	\$ -
(12,566,685)		(12,566,685)	-
(25,297,837)		(25,297,837)	-
(12,144,413)		(12,144,413)	-
(1,195,383)		(1,195,383)	-
49,664		49,664	-
(5,312,966)		(5,312,966)	-
(3,453,834)		(3,453,834)	-
<u>(76,072,689)</u>		<u>(76,072,689)</u>	<u>-</u>
-	(661,039)	(661,039)	
-	(661,039)	(661,039)	
<u>\$ (76,072,689)</u>	<u>\$ (661,039)</u>	<u>\$ (76,733,728)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 808,055</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 808,055</u>

General Revenues:

Property Taxes	68,783,306	-	68,783,306	-
Hotel Room Tax	4,238,012	-	4,238,012	-
Interest Income	151,659	16,611	168,270	59,318
Other Income	257,458	211,906	469,364	-
Transfers	(750,331)	750,331	-	-
Total General Revenues	<u>72,680,104</u>	<u>978,848</u>	<u>73,658,952</u>	<u>59,318</u>
Change in Net Position	(3,392,585)	317,809	(3,074,776)	867,373
Net position beginning of year as restated (Note 14)	<u>36,540,349</u>	<u>8,297,332</u>	<u>44,837,681</u>	<u>11,115,351</u>
Net position end of year	<u>\$ 33,147,764</u>	<u>\$ 8,615,141</u>	<u>\$ 41,762,905</u>	<u>\$ 11,982,724</u>

The accompanying notes are an integral part of the financial statements

COUNTY OF ERIE, PENNSYLVANIA
Balance Sheet
Governmental Funds
December 31, 2013

	General Fund	Mental Health Mental Retardation	Health Choices
ASSETS			
Cash and Cash Equivalents	\$ 35,849,432	\$ 3,698,471	\$ 18,655,526
Restricted Cash and Cash Equivalents	-	-	-
Receivables, Net	9,100,553	215,036	13,861,576
Due from Other Funds	3,238,249	2,071,584	-
Prepaid Items	74,144	-	-
Other Assets	-	106,059	11,864
Advance to Redevelopment Authority	8,000,000	-	-
Receivable from General Authority	3,000,000	-	-
 Total Assets	 \$ 59,262,378	 \$ 6,091,150	 \$ 32,528,966
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 1,213,903	\$ 3,549,441	\$ 18,474,897
Accrued Liabilities	1,771,194	73,986	24,477
Client Funds Held in Trust	-	-	-
Due to Other Funds	4,309,401	222,450	55,012
Due to Other Governmental Units	-	-	-
Unearned Revenue	8,442	2,245,273	6,295,644
 Total Liabilities	 7,302,940	 6,091,150	 24,850,030
 Deferred Inflows of Resources			
Unavailable revenue - property taxes	5,402,092	-	-
 FUND BALANCES			
Non-spendable:			
Prepaid items	74,144	-	-
Restricted:			
Judicial Services	1,011,765	-	-
Child Support Enforcement	-	-	-
Road and Bridges Improvement	-	-	-
Public Health Services	-	-	-
Mental Health Services	-	-	7,678,936
Eric County Care Management	-	-	-
Library Services	-	-	-
Emergency Services	-	-	-
Land Preservation	-	-	-
Community Grants	-	-	-
Community Redevelopment	238,263	-	-
Recycling	-	-	-
Economic Development Revolving Loans	11,000,000	-	-
Pleasant Ridge Manor Loan	-	-	-
Airport Runway Project	-	-	-
Debt Payments on General Obligation Bonds	-	-	-
Assigned:			
Children and Youth Title IV-E Litigation	409,739	-	-
Various Capital Projects	-	-	-
Unassigned:	33,823,435	-	-
 Total Fund Balances	 46,557,346	 -	 7,678,936
Total Liabilities , Deferred Inflows of Resources, and Fund Balances	\$ 59,262,378	\$ 6,091,150	\$ 32,528,966

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
\$ 1,345,629	\$ 1,364,220	\$ 5,726,507	\$ 9,174,234	\$ 75,814,019
-	-	-	364,330	364,330
7,066,688	8,524,122	235	6,344,295	45,112,505
56,383	1,667,388	680,704	1,625,544	9,339,852
-	-	-	546,361	620,505
562,781	-	-	-	680,704
-	-	-	-	8,000,000
-	-	-	-	3,000,000
<u>\$ 9,031,481</u>	<u>\$ 11,555,730</u>	<u>\$ 6,407,446</u>	<u>\$ 18,054,764</u>	<u>\$ 142,931,915</u>
\$ 5,056,610	\$ 2	\$ 135,706	\$ 1,384,779	\$ 29,815,338
619,728	-	-	1,307,180	3,796,565
-	-	-	364,330	364,330
2,368,336	-	-	2,788,306	9,743,505
-	4,261,932	-	363,620	4,625,552
986,807	-	-	1,111,463	10,647,629
<u>9,031,481</u>	<u>4,261,934</u>	<u>135,706</u>	<u>7,319,678</u>	<u>58,992,919</u>
-	-	-	-	5,402,092
-	-	-	546,361	620,505
-	-	-	-	1,011,765
-	-	-	43,611	43,611
-	-	-	375,170	375,170
-	-	-	117,875	117,875
-	-	-	-	7,678,936
-	-	-	4,001,127	4,001,127
-	-	-	46,874	46,874
-	-	-	1,222,571	1,222,571
-	-	-	1,201,907	1,201,907
-	6,460,796	-	-	6,460,796
-	-	-	445,716	683,979
-	-	-	388,261	388,261
-	-	-	-	11,000,000
-	833,000	-	-	833,000
-	-	3,114,416	-	3,114,416
-	-	-	2,345,613	2,345,613
-	-	-	-	409,739
-	-	3,157,324	-	3,157,324
-	-	-	-	33,823,435
<u>-</u>	<u>7,293,796</u>	<u>6,271,740</u>	<u>10,735,086</u>	<u>78,536,904</u>
<u>\$ 9,031,481</u>	<u>\$ 11,555,730</u>	<u>\$ 6,407,446</u>	<u>\$ 18,054,764</u>	<u>\$ 142,931,915</u>

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

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County of Erie, Pennsylvania
 Reconciliation of the Balance Sheet of Government Funds
 to the Statement of Net Position
 December 31, 2013

Differences in amounts reported for governmental activities in the statement on page 45:

Fund balances - total governmental funds (page 49)	\$	78,536,904
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		44,882,595
Certain long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		5,402,092
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.		1,509,114
Other post employment benefits are reflected on the statement of net position, but are not considered a current expenditure for the fund statements.		(19,988,456)
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		147,834
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$	72,685,000
Bond premium		2,359,444
Bond discount		(319,337)
Compensated absences		1,706,948
Accrued interest payable		910,264
		(77,342,319)
Net position of governmental activities		\$33,147,764

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, 2013

	General Fund	Mental Health Mental Retardation	Health Choices
REVENUES			
Real Estate Taxes	\$ 68,637,354	\$ -	\$ -
Hotel Tax	4,238,012	-	-
Federal, State and Municipal Grants	2,988,157	25,795,169	76,496,829
Charges for Services	10,666,990	-	-
Interest Income	67,065	1,531	28,271
Other Income	59,320	67,502	-
	<u>86,656,898</u>	<u>25,864,202</u>	<u>76,525,100</u>
Total Revenues			
EXPENDITURES			
Current:			
General Government	15,804,698	-	-
Courts and Related Offices	17,646,814	-	-
Corrections	23,575,190	-	-
Community Services	488,264	26,865,813	77,673,388
Public Health	-	-	-
Public Works	-	-	-
Library	-	-	-
Other	-	-	-
Capital Outlay	359,181	17,356	34,255
Debt Service			
Bond Issuance Cost	-	-	-
Principal	-	-	-
Interest	-	-	-
	<u>57,874,147</u>	<u>26,883,169</u>	<u>77,707,643</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>28,782,751</u>	<u>(1,018,967)</u>	<u>(1,182,543)</u>
Other Financing Sources (Uses)			
Issuance of general obligation bonds	-	-	-
Premium on bond issuance	-	-	-
Payments to Refunded Bonds Escrow Agent	-	-	-
Transfers In	1,429,667	1,018,967	-
Transfers Out	(26,215,375)	-	-
	<u>(24,785,708)</u>	<u>1,018,967</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change In Fund Balance	3,997,043	-	(1,182,543)
Fund Balances, Beginning of Year, as restated (Note 14)	<u>42,560,303</u>	<u>-</u>	<u>8,861,479</u>
Fund Balances, End of Year	<u>\$ 46,557,346</u>	<u>\$ -</u>	<u>\$ 7,678,936</u>

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

Children and Youth	Gaming Fund	Capital Project Fund	Other Governmental Funds	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ 68,637,354
-	-	-	-	4,238,012
52,084,603	-	-	29,930,100	187,294,858
719,313	11,313,675	-	4,863,419	27,563,397
96	14,812	34,284	5,600	151,659
-	-	-	130,636	257,458
<u>52,804,012</u>	<u>11,328,487</u>	<u>34,284</u>	<u>34,929,755</u>	<u>288,142,738</u>
-	-	-	-	15,804,698
-	-	-	4,535,745	22,182,559
11,322,426	-	-	-	34,897,616
48,980,922	7,293,124	7,467,874	25,262,915	194,032,300
-	-	-	6,182,499	6,182,499
-	-	-	696,221	696,221
-	-	-	6,262,188	6,262,188
-	-	-	6,910	6,910
39,886	-	100,462	166,788	717,928
-	-	-	82,022	82,022
-	-	-	5,945,000	5,945,000
-	-	-	3,749,061	3,749,061
<u>60,343,234</u>	<u>7,293,124</u>	<u>7,568,336</u>	<u>52,889,349</u>	<u>290,559,002</u>
<u>(7,539,222)</u>	<u>4,035,363</u>	<u>(7,534,052)</u>	<u>(17,959,594)</u>	<u>(2,416,264)</u>
-	-	-	10,870,000	10,870,000
-	-	-	1,587,211	1,587,211
-	-	-	(11,665,000)	(11,665,000)
7,647,222	-	-	20,674,808	30,770,664
(108,000)	(4,371,503)	-	(826,117)	(31,520,995)
<u>7,539,222</u>	<u>(4,371,503)</u>	<u>-</u>	<u>20,640,902</u>	<u>41,880</u>
-	(336,140)	(7,534,052)	2,681,308	(2,374,384)
-	7,629,936	13,805,792	8,053,778	80,911,288
<u>\$ -</u>	<u>\$ 7,293,796</u>	<u>\$ 6,271,740</u>	<u>\$ 10,735,086</u>	<u>\$ 78,536,904</u>

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

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, 2013

Amounts reported for governmental activities in the Statement of Activities are different because: (page 46-47)

Net change in fund balances - total governmental funds (page 53) \$ (2,374,384)

Capital outlay, reported as expenditures in the governmental funds, are shown as capital assets in the Statement of Net Position. 603,045

Building and Improvements	\$	6,593	
Vehicles		185,981	
Furniture and equipment		410,471	
Total additions		603,045	

Depreciation expenses on governmental capital assets included in the governmental activities in the Statement of Activities. (4,870,181)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade ins, or donations) is to decrease net position. (6,682)

Other post employment benefits are reflected on the Statement of Net Position but are not considered a current expenditure for the fund statements (405,151)

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	\$	(10,870,000)	
Premium related to debt service		(1,587,211)	
		(12,457,211)	(12,457,211)

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	\$	5,945,000	
Payment to Refunded 2005 B and 2009 Bonds to Escrow Agent		11,665,000	
Change in compensated absences		82,809	
		17,692,809	17,692,809

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	\$	145,951	
Change in accrued interest		5,096	
		151,047	151,047

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources are available.

Net pension asset (8,406)

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	\$	407,828	
Bond discount		(117,697)	
Bond issuance cost, net		(366,054)	
		(75,923)	(75,923)

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. (1,641,548)

Change in net position of governmental activities. \$ (3,392,585)

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

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COUNTY OF ERIE, PENNSYLVANIA

Statement of Net Position

Proprietary Funds

December 31, 2013

	<u>Business-type Activities Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Pleasant Ridge Manor</u>	<u>Internal Service Fund</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 150,255	\$ -
Investments	93,763	-
Receivables:		
Accounts Receivable	-	158,497
Resident receivables (net of allowance of \$332,800)	5,558,346	-
Amounts due from third party payers	14,785	-
Interest receivable	16	-
Due from other funds	-	2,070,756
Inventories	239,085	-
Other assets	10,370	-
Prepaid expenses	147,786	197,932
Total current assets	<u>6,214,406</u>	<u>2,427,185</u>
Restricted assets:		
Cash and Cash equivalents		
Residents Fund	445,673	-
Health Insurance Fund	500,397	-
Dental Insurance Fund	663	-
Worker's Compensation Fund	704,630	-
Depreciation Reserve Fund	464,787	-
Total Restricted Cash and Cash Equivalents	<u>2,116,150</u>	<u>-</u>
Investment		
Worker's Compensation Fund	440,951	-
Total restricted assets	<u>2,557,101</u>	<u>-</u>
Capital assets:		
Land	150,490	-
Buildings and land improvements	20,676,196	-
Equipment, furniture and fixtures	11,598,119	-
Construction in progress	162,991	-
Total capital assets	<u>32,587,796</u>	<u>-</u>
Less: accumulated depreciation	(26,292,083)	-
Net capital assets	<u>6,295,713</u>	<u>-</u>
Net pension asset	283,633	-
Total assets	<u>\$ 15,350,853</u>	<u>\$ 2,427,185</u>

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

COUNTY OF ERIE, PENNSYLVANNIA
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2013

	Business-type Activities Enterprise Fund	Governmental Activities
	Pleasant Ridge Manor	Internal Service Fund
Liabilities		
Current liabilities:		
Accounts payable	\$ 2,502,007	\$ -
Medical claims payable	254,349	677,861
Accrued liabilities	-	240,210
Accrued payroll and related taxes	392,116	-
Due to other funds	1,667,103	-
Other liabilities	10,370	-
Compensated absences	478,395	-
	5,304,340	918,071
Total current liabilities		
Noncurrent liabilities:		
Residents funds	445,673	-
Workers compensation reserve payable	985,699	-
	1,431,372	-
Total noncurrent liabilities		
Total liabilities	6,735,712	918,071
Net Position:		
Net investment in capital assets	4,628,713	-
Unrestricted	3,986,428	1,509,114
	8,615,141	1,509,114
Total net position		
Total liabilities and net position	\$ 15,350,853	\$ 2,427,185

The accompanying notes are an integral part of the financial statements.

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COUNTY OF ERIE, PENNSYLVANIA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2013

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Pleasant Ridge Manor</u>	<u>Internal Service Fund</u>
Operating revenues:		
Net resident service revenue	\$ 33,183,229	\$ -
Other operating revenue	186,194	-
Employer Contributions	-	27,647,487
Employee Contributions	-	671,736
	<u>33,369,423</u>	<u>28,319,223</u>
Operating expenses:		
Administration	1,582,259	-
Professional services	202,024	-
Therapy	1,453,843	-
General service	1,393,375	-
Pharmacy	1,848,279	-
Nursing	9,969,517	-
Dietary service	3,067,857	-
Maintenance	866,682	-
Laundry services	659,648	-
Housekeeping	1,014,203	-
Security	157,659	-
Utilities	686,674	-
General liability insurance	165,385	-
Depreciation	683,145	-
Benefits expense	10,279,912	10,579,463
Insurance Premiums	-	882,854
Claim Payments	-	18,498,454
	<u>34,030,462</u>	<u>29,960,771</u>
Operating loss	(661,039)	(1,641,548)
Non-operating revenues (expenses)		
County transfers	750,331	-
Interest income - operating funds	170	-
Interest income - workers compensation	391	-
Interest income - dental Insurance	464	-
Interest income - depreciation reserves	1,415	-
Dividend on Stocks	28,247	-
Donated capital equipment	11,906	-
Millcreek Manor	200,000	-
Bank fees	(14,076)	-
	<u>978,848</u>	<u>-</u>
Total non-operating revenue (expense)	978,848	-
Changes in net position	<u>317,809</u>	<u>(1,641,548)</u>
Net position, beginning of the year	8,297,332	3,150,662
Net position, end of year	<u>\$ 8,615,141</u>	<u>\$ 1,509,114</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF ERIE, PENNSYLVANIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Pleasant Ridge Manor</u>	<u>Internal Service Fund</u>
Cash flows from operating activities:		
Receipts from patient services	\$ 33,411,838	\$ -
Receipts from miscellaneous sources	186,194	-
Cash received from users	-	28,319,223
Cash payments for employee benefits	-	(28,319,223)
Payment to employees	(15,781,420)	-
Payment for employees benefits	(9,638,117)	-
Payment to suppliers and operations	(7,841,744)	-
	<u>336,751</u>	<u>-</u>
Net cash provided by operating activities		
Cash flow from capital financing and related financing activities		
Bank fees	(14,076)	-
Acquisition, constructing and improvement of capital assets	(2,193,561)	-
County Loan for Capital Depreciation Fund	1,667,000	-
County Transfers	750,331	-
Donated Capital Equipment	11,906	-
Millcreek Manor	200,000	-
	<u>421,600</u>	<u>-</u>
Net cash used in capital and related financing activities		
Cash flows from investing activities		
Depreciation reserve fund	(63,045)	-
Investment transfer to cash	215,100	-
Funds held in trust	(49,628)	-
Dividends on Stock	28,247	-
Interest	2,440	-
	<u>133,114</u>	<u>-</u>
Net cash provided by investing activities		
Net increase in cash and cash equivalents	891,465	-
Cash and cash equivalents, beginning of year	<u>1,815,891</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 2,707,356</u>	<u>\$ -</u>
Cash and cash equivalents balance sheet	\$ 150,255	\$ -
Restricted assets considered cash and cash equivalents	<u>2,557,101</u>	<u>-</u>
Total restricted assets	<u>2,557,101</u>	<u>-</u>
Cash and cash equivalents combining statement of cash flows	<u>\$ 2,707,356</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF ERIE, PENNSYLVANIA
Statement of Cash Flow (Continued)
Proprietary Funds
For the Year Ended December 31, 2013

	Enterprise Fund	Governmental Activities
	Pleasant Ridge Manor	Internal Service Fund
<u>Reconciliation of operating loss to net cash provided by operating activities</u>		
Cash flow from operating activities:		
Operating loss	\$ (661,039)	\$ (1,641,548)
Adjustments to reconcile operation loss to net cash provided by operating activities:		
Depreciation	683,145	-
(Increase) Decrease in:		
Accounts/Other Receivable	(228,609)	(158,497)
Inventory	12,895	-
Prepaid Assets	(64,806)	39,133
Pension Assets	(53,294)	-
Due From Other Funds	-	1,730,943
Increase (Decrease) in:		
Accounts Payable	120,507	-
Workers Compensation Payable	695,088	-
Medical Claims Payable	(245,443)	76,106
Accrued Liabilities/Other Current Liabilities	48,316	(46,137)
Compensated Absences	29,991	-
Total adjustments	997,790	1,641,548
Net cash provided by operating activities	\$ 336,751	\$ -

The accompanying notes are an integral part of the financial statements.

COUNTY OF ERIE, PENNSYLVANIA
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013

	Pension Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 3,558,637	\$ 4,593,515
Investments, at fair value		
U.S. Government Securities		-
Treasury Bonds	18,362,343	-
Agency Bonds	3,332,334	-
Corporate Debt Obligations	19,787,065	-
International Bonds	-	-
Mutual funds	62,921,624	-
Other Fixed Income	-	-
Municipal Bonds	-	2,226,613
Property Trust	13,128,643	-
Real Estate	145,567	-
Equity Fund	149,737	-
Common Stock	105,595,549	-
Total Investments	223,422,862	2,226,613
Receivables		
Property taxes receivable	-	12,097,070
Interest and other receivables	458,512	14,696
Total Receivable	458,512	12,111,766
Other Assets	-	770,797
Total assets	\$ 227,440,011	\$ 19,702,691
LIABILITIES		
Accounts payable	\$ -	\$ -
Due to other individuals	-	7,605,621
Due to other governmental units	-	12,097,070
Total liabilities	-	19,702,691
NET POSITION		
Held in trust for pension benefits and other purposes	\$ 227,440,011	\$ -

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, 2013

Additions:

Contributions	
Employee contribution	\$ 2,846,994
Employer contribution	<u>6,812,406</u>
Total contributions	<u>9,659,400</u>
Investment income	
Net Appreciation in Fair Value of Investments	37,182,166
Interest	250,215
Dividends	<u>4,554,844</u>
Total investment income	41,987,225
Less: Investment expenses	<u>1,115,358</u>
Net investment income	<u>40,871,867</u>
Miscellaneous Income	<u>242,802</u>
Total additions	<u>50,774,069</u>

Deductions:

Pension benefits	14,769,471
Refund of contributions	218,318
Death benefits	546,024
Administrative expense	<u>84,656</u>
Total deductions	<u>15,618,469</u>
Change in Net Position	35,155,600
Net Position - Beginning of year	<u>192,284,411</u>
Net Position - End of year	<u><u>\$ 227,440,011</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, 2013

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. 61, *The Financial Reporting Entity: Omnibus*, an amendment of GASB Statement No. 14, *The Financial Reporting Entity and GASB No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* 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 Units

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, 2013

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

A) Reporting Entity (Continued)

1. Component Units (Continued)

Blended Component Units (Continued)

Pleasant Ridge Manor (PRM) 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.

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 the Erie County Gaming Revenue Authority. 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.

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, 2013

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 another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than as an expenditure. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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

B) Measurement Focus and Basis of Accounting (Continued)

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, 2013

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 enterprise fund and internal service fund are proprietary fund's. 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, 2013

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, 2013

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

C) Basis of Presentation (Continued)

2. Proprietary Fund Types

a. Enterprise/ Pleasant Ridge Manor – County Long-Term Care Facility

An Enterprise Fund is used to account for operations of the Erie County Nursing Home, that is financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, and cost reimbursement plans.

3. 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.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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

D) Budgets and Budgetary Accounting (Continued)

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.

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.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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

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) Inventories

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

K) Capital Assets

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

Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

L) 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.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

COUNTY OF ERIE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2013

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

M) 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.

Vacation Pay

PRM accrues vested vacation pay as it is earned. Vacation days will be taken only after they are accrued. Employees may not accumulate in excess of 120 hours.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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

N) 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.

O) 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. Unearned revenues reported in governmental fund financial statements represent revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned revenues. The County deems revenues received within 60 days of year-end to be available.

P) 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.

Q) 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. 54. The County's restricted fund balances consist of external enabling legislation for the state, federal or local government grants.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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

Q) Net Position/Fund Balances (Continued)

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 County's policy, adopted by County Council Resolution # 13 of 2012, is for the Director of Finance to assign amounts to be used for specific purposes before issuance of audited financial statements. After such fund assignment, the Finance Department will provide County Council with a full reporting of its actions within thirty days.

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.

R) 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.

S) Adoption of Governmental Accounting Standards Board Statement

The County adopted the provisions of GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus* – an amendment of GASB Statements No.14 and No. 34." The adoption of this statement resulted in the County making the determination that PRM should be included in the County's Financial Statements as a blended Component Unit instead of a discretely presented Component unit.

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

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

The County adopted the provisions of GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities.*" The adoption of this statement resulted in the reclassification of certain items that were reported as assets in previous years now being reported as deferred outflows of resources on the fund level financial statements.

The County adopted the provisions of GASB Statement No. 66, "*Technical Corrections - 2012 an amendment of GASB Statements No.10 and No.62.*" 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. 67, "*Financial Reporting for Pension Plans – an amendment of GASB Statement No .25.*" The adoption of this statement had no effect on the financial reporting information of the County.

T) Pending Changes in Accounting Principles

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.

In November 2013, the GASB issued Statement No. 71, "*Pension Transition for Contributions made subsequent to the measurement date – amendment of GASB Statement No. 68.*" The County is required to adopt Statement No. 71 for its calendar year 2015 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, 2013

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

U) Discretely Presented Component Unit

1. 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, 2013

NOTE 2: DEPOSIT AND INVESTMENT RISK

At December 31, 2013, the County's deposits, excluding the pension fund and discretely presented component unit, had a carrying amount of \$85,799,596 and a bank balance of \$89,023,659, of which \$2,296,550 was covered by federal deposit insurance and \$86,727,109 was covered by collateral held under the pooling method.

<u>Primary Government</u>	<u>Bank</u>	<u>Book</u>
<u>Governmental Activities</u>		
<u>Unrestricted Cash</u>		
Cash and Cash Equivalents	\$ 78,751,664	\$ 75,814,019
Restricted Cash	<u>399,969</u>	<u>364,330</u>
Total Governmental Activities	<u>79,151,633</u>	<u>76,178,349</u>
<u>Business Type Activities</u>		
<u>Unrestricted Cash</u>		
Cash and Cash Equivalents	312,556	150,255
Restricted Cash	<u>2,116,786</u>	<u>2,116,150</u>
Total Cash and Cash Equivalents	<u>2,429,342</u>	<u>2,266,405</u>
<u>Investments</u>		
Unrestricted Investment	93,763	93,763
Restricted Investments	<u>440,951</u>	<u>440,951</u>
Total Business Activities Investments	<u>534,714</u>	<u>534,714</u>
<u>Agency Funds</u>		
Cash and Cash Equivalents	4,681,357	4,593,515
Investments	<u>2,226,613</u>	<u>2,226,613</u>
Total Agency Funds	<u>6,907,970</u>	<u>6,820,128</u>
Total Primary Government	<u>\$ 89,023,659</u>	<u>\$ 85,799,596</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2013, the County had the following debt investments and maturities within the Business Type Activities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Note	\$ 440,951	\$ 440,951	-	\$ -	\$ -
Common Stock	93,763	93,763	-	-	-
Total	<u>\$ 534,714</u>	<u>\$ 534,714</u>	<u>-</u>	<u>-</u>	<u>-</u>

As of December 31, 2013, 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. Treasuries	\$ 658,081	\$ 150,415	\$ 507,666	\$ -	\$ -
Fixed Income Funds	1,568,532	1,568,532	-	-	-
Total	<u>\$ 2,226,613</u>	<u>\$ 1,718,947</u>	<u>\$ 507,666</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, 2013, \$86,727,109 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, 2013.

Concentration of Credit Risk – The County's investment policy for pooled and self-insurance funds are 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, 2013

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, 2013, \$3,558,637 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, 2013.

As of December 31, 2013, 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	\$ 3,332,334	\$ 491,803	\$ 2,661,539	\$ 72,130	\$ 106,862
U.S. Government Treasuries	18,362,343	882,815	15,342,494	2,137,034	-
Corporate Bonds	19,787,065	180,126	13,773,215	5,833,724	-
Mortgages	145,567	-	-	2,660	142,907
Total	\$ 41,627,309	\$ 1,554,744	\$ 31,777,248	\$ 8,045,548	\$ 249,769

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, 2013

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, 2013, the County’s retirement investments had a credit rating as follows:

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Amount of Investments</u>	<u>Percent of Investment Type</u>
Mortgages	AAA	\$ 142,907	98%
Mortgages	Not Rated	2,660	2%
Total		<u>\$ 145,567</u>	<u>100%</u>
Corporate Bonds	AAA	\$ 610,020	3%
Corporate Bonds	AA1	85,425	0%
Corporate Bonds	AA2	482,470	2%
Corporate Bonds	AA3	634,812	3%
Corporate Bonds	A1	1,390,079	7%
Corporate Bonds	A2	1,969,562	10%
Corporate Bonds	A3	2,175,701	11%
Corporate Bonds	BAA1	4,005,830	20%
Corporate Bonds	BAA2	5,218,426	26%
Corporate Bonds	BAA3	1,573,748	8%
Corporate Bonds	BA1	437,320	2%
Corporate Bonds	BA2	646,902	3%
Corporate Bonds	BA3	443,463	2%
Corporate Bonds	Not Rated	113,307	1%
Total		<u>\$ 19,787,065</u>	<u>100%</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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.

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, 2013, \$11,376,710 of the Authority’s bank balance of \$11,626,710 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, 2013, is valued at \$364,330.

Business-Type Activities

Pleasant Ridge Manor (PRM) has the following restricted cash used for the following:

<u>Restricted Cash</u>		
Residents Fund	\$	445,673
Fund held in trust for the residents at the Nursing Home.		
Self-Insurance Funds		
Health Insurance Fund	500,397	
Dental Insurance Fund	663	
Worker’s Compensation Fund	704,630	
Depreciation Reserved Fund	464,787	
Total Restricted Cash and Cash Equivalents	<u>\$</u>	<u>2,116,150</u>

Restricted Investments:

Pleasant Ridge Manor restricted investments are used for the Worker’s Compensation Fund that has a value of \$440,951 at December 31, 2013.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 4: RECEIVABLES

Receivables as of December 31, 2013 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	\$ 4,429	\$ -	\$ -	\$ 257
Taxes	8,945,041	-	-	-
Federal & State Grants	-	109,388	7,066,688	-
Sub-provider Advances	-	105,648	-	-
Other	1,970,997	-	-	8,523,865
Gross receivables	10,920,467	215,036	7,066,688	8,524,122
Less: Allowance for Uncollectibles	(1,819,914)	-	-	-
	<u>\$ 9,100,553</u>	<u>\$ 215,036</u>	<u>\$ 7,066,688</u>	<u>\$ 8,524,122</u>

	Capital Projects	Health Choices	Other Non- Major Funds	Total
Interest	\$ 235	\$ -	\$ 178	\$ 5,099
Taxes	-	-	-	8,945,041
Federal & State Grants	-	13,861,576	6,060,503	27,098,155
Sub-provider Advances	-	-	-	105,648
Other	-	-	283,614	10,778,476
Gross receivables	235	13,861,576	6,344,295	46,932,419
Less: Allowance for Uncollectibles	-	-	-	(1,819,914)
	<u>\$ 235</u>	<u>\$ 13,861,576</u>	<u>\$ 6,344,295</u>	<u>\$ 45,112,505</u>

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also unearned revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2013, the various components of deferred inflows revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Deferred Inflows</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 5,402,092	\$ -
Grant draw downs prior to meeting all eligibility requirements	-	10,647,629
	<u>\$ 5,402,092</u>	<u>\$ 10,647,629</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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 2013 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, 2013 assessed real estate taxes equaled \$68,018,418 based on a total County valuation of \$13,796,839,351. Based on the 2013 levy of 4.93 mills allocated for general purposes a property owner would pay \$4.93 per \$1,000 of assessed valuation.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 6: CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2013 was as follows:

Governmental Activities:

	December 31, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2013</u>
Capital assets not depreciated:				
Land	\$ 1,501,237	\$ -	\$ -	\$ 1,501,237
Construction in progress	-	-	-	-
Total capital assets not depreciated	<u>1,501,237</u>	<u>-</u>	<u>-</u>	<u>1,501,237</u>
Capital assets depreciated:				
Building and improvements	95,022,146	6,593	(7,847)	95,020,892
Vehicles	2,528,997	185,981	(360,929)	2,354,049
Furniture and equipment	21,062,794	410,471	(2,160,950)	19,312,315
Total assets depreciated	<u>118,613,937</u>	<u>603,045</u>	<u>(2,529,726)</u>	<u>116,687,256</u>
Less accumulated depreciation:				
Building and improvements	(50,028,170)	(3,697,899)	7,847	(53,718,222)
Vehicles	(2,138,672)	(122,872)	360,929	(1,900,615)
Furniture and equipment	(18,791,919)	(1,049,410)	2,154,268	(17,687,061)
Total accumulated depreciation	<u>(70,958,761)</u>	<u>(4,870,181)</u>	<u>2,523,044</u>	<u>(73,305,898)</u>
Total capital assets, being depreciated, net	<u>47,655,176</u>	<u>(4,267,136)</u>	<u>(6,682)</u>	<u>43,381,358</u>
Governmental activities capital assets, net	<u>\$ 49,156,413</u>	<u>\$ (4,267,136)</u>	<u>\$ (6,682)</u>	<u>\$ 44,882,595</u>

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

Government Activities:

General Government	\$ 1,323,268
Courts and related office	310,721
Corrections	1,173,586
Community Service	1,377,023
Public Safety	49,646
Library	<u>635,937</u>
Total	<u>\$ 4,870,181</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 6: CAPITAL ASSETS (CONTINUED)

Business-Type Activities:

Pleasant Ridge Manor

Capital asset activity for the year :

	December 31, 2012	Additions	Deletions	December 31, 2013
Capital assets, not being depreciated:				
Land	\$ 150,490	\$ -	\$ -	\$ 150,490
Construction in Progress	458,534	3,977	(299,520)	162,991
Total capital assets, not being depreciated	<u>609,024</u>	<u>3,977</u>	<u>(299,520)</u>	<u>313,481</u>
Capital assets depreciated:				
Land improvements	556,298	672,141	-	1,228,439
Buildings and improvements	19,320,846	128,978	(2,067)	19,447,757
Furniture and equipment	9,776,409	1,951,301	(129,591)	11,598,119
Total capital assets being depreciated	<u>29,653,553</u>	<u>2,752,420</u>	<u>(131,658)</u>	<u>32,274,315</u>
Less accumulated depreciation:				
Land improvements	(441,567)	(30,481)	-	(472,048)
Buildings and improvements	(16,418,005)	(336,492)	2,067	(16,752,430)
Furniture and equipment	(8,881,024)	(316,172)	129,591	(9,067,605)
Total accumulated depreciation	<u>(25,740,596)</u>	<u>(683,145)</u>	<u>131,658</u>	<u>(26,292,083)</u>
Total capital assets being depreciated, net	<u>3,912,957</u>	<u>2,069,275</u>	<u>-</u>	<u>5,982,232</u>
Total capital assets, net	<u>\$ 4,521,981</u>	<u>\$ 2,073,252</u>	<u>\$ (299,520)</u>	<u>\$ 6,295,713</u>

Depreciation expense was \$683,145 in 2013 for Pleasant Ridge Manor.

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, 2013

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, 2014, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	625
Terminated Plan Members Entitled to, but not yet Receiving Benefits	130
Active Plan Members	<u>1,152</u>
Total	<u><u>1,907</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, 2013, 2012 and 2011, were \$6,812,406, \$5,897,793, and \$5,187,838, respectively, and are equal to the annual required contribution for each year.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Funding Status and Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was 89.7 percent funded. The actuarial accrued liability for benefits was \$230,140,000, and the actuarial value of the assets was \$206,490,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$23,650,000. The covered payroll (annual payroll of active employees covered by the plan) was \$43,565,000, and the ratio of the UAAL to the covered payroll was 54.3%.

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	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, 2013

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Annual Pension Cost and Net Pension Obligation

The County's Annual Required Contribution for 2013 was determined as part of the January 1, 2014, actuarial valuation. The County's annual pension cost and net pension obligation to the Erie County Employee's Retirement System for 2013, was as follows:

Annual Required Contribution	\$ 6,812,406
Interest on Net Pension Obligation	(11,718)
Adjustment to Annual Required Contribution	<u>20,124</u>
Annual Pension Cost	6,820,812
Contribution	(6,812,406)
Change in Net Pension Asset	8,406
Net Pension Obligation (Asset) - January 1, 2013	<u>(156,240)</u>
Net Pension Obligation (Asset) - December 31, 2013	<u><u>\$ (147,834)</u></u>

<u>Year Ended</u>	<u>Cost</u>	<u>Cost Contributed</u>	<u>Asset</u>
December 31, 2011	\$ 5,197,960	99.8%	\$ 165,790
December 31, 2012	5,907,343	99.8%	156,240
December 31, 2013	6,820,812	99.9%	147,834

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) – Blended 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, 2013

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Pleasant Ridge Manor (PRM) – Blended 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, 2014 is as follows:

Current Employees	
Fully Vested	263
Non-Vested	36
Frozen	32
Retirees currently receiving benefits	215
Terminated Participants entitled to future benefits	97
Ineligible due to age or service	<u>28</u>
Total	<u><u>671</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, 2013

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Pleasant Ridge Manor (PRM) – Blended 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, 2013 was \$2,346,706. The annual required contribution for the current year was determined as part of January 1, 2014 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	\$ 2,329,023
	Investments	
	U.S. Government Securities	2,013,952
	Mutual Funds - Fixed Income	9,107,691
	Corporate Bonds	3,209,378
	Common Stock	13,837,555
	Mutual Funds - Equity	<u>16,039,834</u>
	Total Investments	44,208,410
	Receivables	
	Interest and Dividends	<u>65,302</u>
	Total Receivables	65,302
	Total Assets	<u><u>\$ 46,602,735</u></u>
Net Position:		
	Held in Trust for Pension Benefits	<u><u>\$ 46,602,735</u></u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Pleasant Ridge Manor – Blended Component Unit (Continued)

Statement of Changes in Fiduciary Net Position

Additions:	
Contributions:	
Employee Contributions	\$ 864,750
Employer Contributions	2,435,944
Total Contributions	3,300,694
Investment Income:	
Net Appreciation	
in Fair Value of Investments	6,751,285
Interest	482,735
Dividends	556,030
Total Investment Income	7,790,050
Less: Investment Expense	(155,127)
Net Investment Income	7,634,923
Miscellaneous	1,141
Total Additions	10,936,758
Deductions:	
Benefits Payments	1,760,995
Withdrawals	332,271
PBGCC Premiums	132,616
Administrative Expenses	26,810
Total Deductions	2,252,692
Net Increase	8,684,066
Net Position Held in Trust for Pension Benefits, Beginning of Year	37,918,469
Net Position Held in Trust for Pension Benefits, End of Year	\$ 46,602,535

NOTE 8: DEFERRED COMPENSATION PLAN

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, 2013, employees contributed \$72,167 to the plan and Pleasant Ridge Manor contributed \$33,158.13. The total market value on the Pleasant Ridge Manor 457(b) plan as of December 31, 2013 is \$220,730.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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, but 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, 2013, 654 retired employees are covered by health insurance. The County's expenses for health insurance benefits were \$2,090,808 (\$3,072,097 net of retiree contributions of \$981,289) in 2013.

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	\$ 4,359,207
Interest on net OPEB obligation	731,690
ARC Adjustment	<u>(2,594,938)</u>
Annual OPEB cost	2,495,959
Contributions made	(2,090,808)
Increase in net OPEB obligation	405,151
Net OPEB obligation - beginning of year	<u>19,583,305</u>
Net OPEB obligation - end of year	<u><u>\$ 19,988,456</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, 2013

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, 2011	\$ 5,246,961	40.05%	\$ 16,754,284
December 31, 2012	5,161,066	45.19%	19,583,305
December 31, 2013	2,495,959	83.77%	19,988,456

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$52,665,650 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$52,665,650. The covered payroll was \$9,394,864, and the ratio of the UAAL to the covered payroll was 560.58%

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, 2013, 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 2011 by \$76,754, 2012 by \$86,432 and 2013 by \$93,092.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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 \$16 or \$48 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, 2013, total claims expenses and stop-loss insurance expenses were \$17,218,838. Claims expenses recorded as employee fringe expenditures represent claims processed as of December 31, 2013 and includes (\$677,861) claims payable.

The claims liability of \$677,861 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 1/1/12	\$ (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)
Claims Liability - Beginning of Year 1/1/13	\$ (601,755)
Current Year Premiums	18,422,348
Claims Payments and Administration	<u>(18,498,454)</u>
Claims Liability - End of Year 12/31/13	\$ (677,861)

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 \$700,000. The outstanding balance at December 31, 2013 is \$0.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

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, 2012 to December 31, 2013:

	<u>2013</u>	<u>2012</u>
Claims Liability - Beginning of Year	\$ 290,611	\$ 416,798
Additions	1,180,510	386,886
Deletions	<u>(485,422)</u>	<u>(513,073)</u>
Claims Liability - End of Year	<u>\$ 985,699</u>	<u>\$ 290,611</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>2013</u>	<u>2012</u>
Claims Payable - December 31	\$ 499,792	\$ 687,886
Additions	5,365,172	5,284,050
Deletions	<u>(5,610,615)</u>	<u>(5,472,144)</u>
Claims Payable - December 31	<u>\$ 254,349</u>	<u>\$ 499,792</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 11: LONG-TERM OBLIGATIONS

Long-term obligations outstanding at December 31, 2013, consisted of the following:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 79,425,000	\$ 10,870,000	\$ 17,610,000	\$ 72,685,000	\$ 6,170,000
Less: Deferred Amounts:					
Bond Premium	1,180,060	1,587,211	407,827	2,359,444	-
Bond Discount	(437,034)	-	117,697	(319,337)	-
	<u>80,168,026</u>	<u>12,457,211</u>	<u>18,135,524</u>	<u>74,725,107</u>	<u>6,170,000</u>
Compensated Absences	<u>1,789,757</u>	<u>270,336</u>	<u>353,145</u>	<u>1,706,948</u>	<u>66,037</u>
	<u>\$ 81,957,783</u>	<u>\$ 12,727,547</u>	<u>\$ 18,488,669</u>	<u>\$ 76,432,055</u>	<u>\$ 6,236,037</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, 2013

NOTE 11: LONG-TERM OBLIGATIONS (CONTINUED)

Year	Amount of Original Issue		Balance Outstanding December 31, 2013	Amounts Due Within One Year
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. <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.	\$ 13,055,000	\$ 280,000
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	24,865,000	110,000
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.	10,655,000	2,510,000
2009	10,205,000	The proceeds will be used by the County to fund a grant to the Erie Cty Convention Center Authority for the Contruction of the Center Improvements and renovatins to Tullio Arean, other capital projects and pay the cost related to the issuance cost \$79,484 bond discount of \$121,706, with an interest rate of	20,000	5,000

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 11: LONG-TERM OBLIGATIONS (CONTINUED)

Year	Amount of Original Issue		Balance Outstanding December 31, 2013	Amounts Due Within One Year
2012	13,605,000	The proceeds will be used by the County to refund the 2003 Bonds, on an advance refunding basis and a portion of the County's G.O. Bonds: and to pay the cost of the issuing bonds. The G.O. 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 G.O. 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 estimated economic gain of \$1,047,872.	13,220,000	3,265,000
2012	10,870,000	On January 10, 2013, the County closed on the amount of (Series 2012) \$10,870,000 G.O. Tax Exempt Refunding Bonds, series C of 2012. The proceeds on the G.O. 2012 Series C Taxable Refunding Bonds will be used for the refunding of the 2005 B Series and the 2009 Series. The General Obligation Taxable Exempt Refunding bond, Series C of 2012 has a maturity date of September 1, 2021 with an interest rate of 3.0% to 4.50%. The refinancing transaction resulted in an estimated cash flow savings of \$968,996 for the County and estimated economic gain of \$892,443.	10,870,000	-
Total General Long-Term Debt Obligations at December 31, 2013			<u>\$ 72,685,000</u>	<u>\$ 6,170,000</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 11: LONG-TERM OBLIGATIONS (CONTINUED)

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

Year	2005 G.O. Bonds 3.25% to 5.25%		2007 G.O. Bonds 3.60% to 4.375%		2008 G.O. Bonds 3.25% to 5.0%	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 280,000	\$ 699,400	\$ 110,000	\$ 1,050,704	\$ 2,510,000	\$ 440,700
2015	295,000	684,700	115,000	1,046,634	2,600,000	352,850
2016	310,000	669,213	115,000	1,042,321	2,705,000	248,850
2017	1,770,000	652,938	970,000	1,037,951	2,840,000	113,600
2018	1,515,000	560,013	1,215,000	1,000,364	-	-
2019-2023	8,885,000	1,504,500	11,520,000	3,862,744	-	-
2024-2028	-	-	10,820,000	715,094	-	-
Total	\$ 13,055,000	\$ 4,770,764	\$ 24,865,000	\$ 9,755,812	\$ 10,655,000	\$ 1,156,000

Year	2009 G.O. Bonds 3.00% to 3.70%		2012 G.O. Bonds .65% to 3.66%	
	Principal	Interest	Principal	Interest
2014	\$ 5,000	\$ 600	\$ 3,265,000	\$ 619,019
2015	5,000	450	3,295,000	587,204
2016	5,000	300	3,350,000	545,998
2017	5,000	150	965,000	493,705
2018	-	-	3,545,000	469,986
2019-2023	-	-	9,670,000	874,962
2024-2028	-	-	-	-
Total	\$ 20,000	\$ 1,500	\$ 24,090,000	\$ 3,590,874

Year	Total Debt Service		Total Debt Service
	Principal	Interest	
2014	\$ 6,170,000	\$ 2,810,423	\$ 8,980,423
2015	6,310,000	2,671,838	8,981,838
2016	6,485,000	2,506,682	8,991,682
2017	6,550,000	2,298,344	8,848,344
2018	6,275,000	2,030,363	8,305,363
2019-2023	30,075,000	6,242,206	36,317,206
2024-2028	10,820,000	715,094	11,535,094
Total	\$ 72,685,000	\$ 19,274,950	\$ 91,959,950

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, 2013, \$24,185,000 of bonds outstanding are considered defeased.

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 12: 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	\$ 3,238,249	\$ 4,309,401
MH/MR	2,071,584	222,450
Health Choices	-	55,012
Children and Youth	56,383	2,368,336
Gaming	1,667,388	-
Capital Projects	680,704	-
<u>Non-Major:</u>		
Domestic Relations	-	590,859
Drug and Alcohol	753,196	20,982
Public Health	-	458,598
Library Fund	872,348	173,988
Planning	-	18,813
Public Safety	-	1,525,066
Total Non-Major Funds	<u>1,625,544</u>	<u>2,788,306</u>
Total Governmental Funds	<u>\$ 9,339,852</u>	<u>\$ 9,743,505</u>
<u>Proprietary Fund Type</u>		
Internal Service Fund	\$ 2,070,756	\$ -
Pleasant Ridge Manor	<u>-</u>	<u>1,667,103</u>
Total Proprietary Funds	<u>\$ 2,070,756</u>	<u>\$ 1,667,103</u>
Total	<u>\$ 11,410,608</u>	<u>\$ 11,410,608</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 12: INTERFUND BALANCES (CONTINUED)

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>Governmental Fund Types</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major:</u>		
General Fund	\$ 1,429,667	\$ 26,215,375
MH/MR	1,018,967	-
Children and Youth	7,647,222	108,000
Gaming	-	4,371,503
<u>Non-Major</u>		
Domestic Relations	1,436,300	268,597
Drug and Alcohol	281,864	-
Public Health	1,211,717	-
Library Fund	4,669,414	-
Planning	500,439	-
Public Safety	3,007,170	557,520
Debt Service	9,567,904	-
Total Non-Major	<u>20,674,808</u>	<u>826,117</u>
Governmental Fund Types	<u>\$ 30,770,664</u>	<u>\$ 31,520,995</u>
 <u>Proprietary Funds Type</u>		
Pleasant Ridge Manor	<u>\$ 750,331</u>	<u>\$ -</u>
Total Proprietary Funds	<u>\$ 750,331</u>	<u>\$ -</u>
Total	<u>\$ 31,520,995</u>	<u>\$ 31,520,995</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 13: 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 are prepaid items.	\$ 74,144
	<u>Restricted Funds:</u> These funds are restricted for Judicial Services.	1,011,765
	These funds are restricted for the Community Redevelopment.	238,263
	These funds are restricted for the Economic Development Loans.	11,000,000
	<u>Assigned Funds:</u> Children & Youth - Title IV-E Litigation	409,739
Health Choices	This amount is restricted for Mental Health Services.	7,678,936
Gaming Fund	This amount is restricted for projects for Economic Developments: Community Grants	6,460,796
	Pleasant Ridge Manor Loan	833,000
Capital Project Fund	<u>Restricted Funds:</u> This amount is restricted for capital projects: Airport Runway project;	3,114,416
	<u>Assigned Fund:</u> Various capital projects:	3,157,324
Liquid Fuels Fund	This amount is restricted for the Road and Bridges Improvements.	375,170
Domestic Relations Fund	This amount is restricted for Child Support Enforcement.	43,611
Public Health Fund	This amount is restricted for Public Health Services.	117,875
Library Fund	<u>Non-spendable:</u> This amount is under non-spendable are prepaid items:	1,667
	<u>Restricted Funds:</u> This amount is restricted for Library Services.	46,874
Planning Fund	This amount is restricted for projects within the Community Services: Land Preservation	1,201,907
	Community Redevelopment	445,716
	Recycling Program	388,261

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 13: 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.	\$ 456,875
	<u>Restricted Funds:</u> This amount is restricted for Emergency Services.	1,222,571
Erie County Care Management Fund	<u>Non-spendable:</u> This amount under non-spendable are prepaid items.	87,819
	<u>Restricted Funds:</u> This amount is restricted for Erie County Care Management.	4,001,127
Debt Service Fund	This amount is restricted for future debt service payments on General Obligation Bonds	2,345,613

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 14: RESTATEMENT OF NET POSITION AND FUND BALANCE

The County adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, for the calendar year 2013. As a result of this, the County now considers Pleasant Ridge Manor to be a blended component unit instead of a discretely presented component unit. The restatement for this change is as follows:

	<u>Blended Component Unit Presented as Business-Type Activity</u>	<u>Aggregate Discretely Presented Component Units</u>
Beginning net position, as previously reported	\$ -	\$ 19,412,683
Pleasant Ridge Manor reporting as a Blended Component Unit,	<u>8,297,332</u>	<u>(8,297,332)</u>
Beginning net position, as restated	<u>\$ 8,297,332</u>	<u>\$ 11,115,351</u>

Health Choices

Health Choices overstated 2012 revenues due to the billings dispute and delay between the Centers for Medicare & Medicaid Services (CMS) and the Commonwealth of Pennsylvania Department of Public Welfare. Erie County Health Choices overstated 2012 revenues in the amount of \$1,870,218. This amount should have been recorded as deferred revenue in 2012 so therefore fund balance and the County's net position will be restated.

	<u>Health Choices Fund</u>	<u>Governmental Activities</u>
Beginning fund balance as previously reported	\$ 10,731,697	
Net Position previously reported		\$ 38,410,567
Reclass Fund balance as deferred Revenue	<u>(1,870,218)</u>	<u>(1,870,218)</u>
Fund Balance, Beginning of Year as Restated	<u>\$ 8,861,479</u>	
Net Position, Beginning of Year as Restated		<u>\$ 36,540,349</u>

COUNTY OF ERIE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

NOTE 15: OPERATING LEASES

The County leases building and office facilities and other equipment under non-cancellable operating leases. Total costs for such leases were \$997,651 for the ended December 31, 2013. The future minimum lease payments for these are as follows:

<u>Year Ending</u>	<u>Amount</u>
2014	\$ 1,296,417
2015	919,317
2016	830,907
2017	269,093
2018	434,444
2019-2020	<u>135,164</u>
	<u>\$ 3,885,342</u>

NOTE 16: 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, 2013.

NOTE 17: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN MAJOR FUNDS

Gaming Fund expenditures exceeded the amount budgeted by \$538,270. The excess expenditures over the appropriations were covered by the additional revenues received in 2013.

NOTE 18: 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 \$1,170,440 to the Foundation to establish the Fund for the year ended March 31, 2013.

NOTE 19: DEFICIT UNRESTRICTED NET POSITION

As of December 31, 2012, the County had (\$8,005,536) 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 20: SUBSEQUENT EVENTS

The County in February 2014 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 2014.

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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

COUNTY'S PENSION PLAN
Schedule of Employer Contributions - Trend Information

<u>Years Ended</u>	<u>Annual Required Contributions ("ARC")</u>	<u>Percentage of ARC Contributed</u>
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%
December 31, 2013	6,812,406	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	3.50% 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>Actuarial 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>
01/01/2012	\$ 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%
01/01/2014	206,490	230,140	(23,650)	89.7%	43,565	-54.3%

* 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
 EMPLOYEE RETIREMENT PLAN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS
 (CONTINUED)

PLEASANT RIDGE MANOR (PRM) – BLENDED COMPONENT UNIT

Schedule of Employer Contributions - Trend Information

<u>Years Ended</u>	<u>Annual Required Contributions ("ARC")</u>	<u>Percentage of ARC Contributed</u>
December 31, 2008	\$ 999,600	111.3%
December 31, 2009	1,273,335	96.8%
December 31, 2010	1,753,252	104.1%
December 31, 2011	1,859,500	95.0%
December 31, 2012	1,658,897	113.7%
December 31, 2013	2,322,037	104.9%

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:	Unit Credit
Asset Valuation Method:	Market Value Method
Actuarial Assumptions:	
Investment Rate of Return	5.82% Compounded Annually
Projected Salary Increases	4%
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 *

<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>
01/01/2012	\$ 35,077,971	\$ 40,180,548	\$(5,102,577)	87.3%	\$ 11,587,226	-44.0%
01/01/2013	37,632,444	44,390,450	(6,758,006)	84.8%	11,345,044	-59.6%
01/01/2014	42,735,875	48,932,291	(6,196,416)	87.3%	11,027,003	-56.2%

* 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)
12/31/11	\$ -	\$ 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%
12/31/13	-	52,665,650	52,665,650	0%	9,394,864	560.58%

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real Estate Taxes	\$ 70,107,886	\$ 70,107,886	\$ 68,637,354	\$ (1,470,532)
Hotel Tax	3,037,640	3,037,640	4,238,012	1,200,372
Federal, State and Municipal Grants	2,343,670	2,442,970	2,988,157	545,187
Charges for Services	13,847,236	11,173,967	10,666,990	(506,977)
Interest Income	81,010	81,010	67,065	(13,945)
Other Revenue	53,540	53,640	59,320	5,680
Total Revenues	89,470,982	86,897,113	86,656,898	(240,215)
EXPENDITURES				
Current:				
General Government	18,407,730	16,199,830	15,804,698	395,132
Courts and Related Offices	18,212,109	18,408,725	17,646,814	761,911
Corrections	23,970,621	23,853,281	23,575,190	278,091
Community Services	426,896	432,706	488,264	(55,558)
Capital Outlay	567,025	673,212	359,181	314,031
Debt Service	10	10	-	10
Total Expenditures	61,584,391	59,567,764	57,874,147	1,693,617
Excess of Revenues Over (Under) Expenditures	27,886,591	27,329,349	28,782,751	1,453,402
Other Financing Sources (Uses)				
Transfer In	525,935	1,579,005	1,429,667	(149,338)
Transfer Out	(26,248,960)	(27,472,388)	(26,215,375)	1,257,013
Total Other Financing sources (Uses)	(25,723,025)	(25,893,383)	(24,785,708)	1,107,675
Net Change in Fund Balance	2,163,566	1,435,966	3,997,043	2,561,077
Fund Balance, Beginning of Year	42,560,303	42,560,303	42,560,303	-
Fund Balance, End of Year	\$ 44,723,869	\$ 43,996,269	\$ 46,557,346	\$ 2,561,077

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 26,562,012	\$ 26,562,012	\$ 25,795,169	\$ (766,843)
Interest Income	1,500	1,500	1,531	31
Other Revenue	11,000	11,000	67,502	56,502
Total Revenues	26,574,512	26,574,512	25,864,202	(710,310)
EXPENDITURES				
Current:				
Community Services	27,563,102	27,570,202	26,865,813	704,389
Capital Outlay	30,000	22,900	17,356	5,544
Total Expenditures	27,593,102	27,593,102	26,883,169	709,933
Excess of Revenues Over (Under) Expenditures	(1,018,590)	(1,018,590)	(1,018,967)	(377)
Other Financing Sources (Uses)				
Transfer In	1,018,590	1,018,590	1,018,967	377
Total Other Financing Sources (Uses)	1,018,590	1,018,590	1,018,967	377
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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 58,889,405	\$ 58,889,405	\$ 52,084,603	\$ (6,804,802)
Charges for Services	656,789	656,789	719,313	62,524
Interest Income	1,600	1,600	96	(1,504)
Other Revenue	50	50	-	(50)
Total Revenues	59,547,844	59,547,844	52,804,012	(6,743,832)
EXPENDITURES				
Current:				
Corrections	13,980,229	13,014,236	11,322,426	1,691,810
Community Services	54,104,582	55,051,875	48,980,922	6,070,953
Capital Outlay	30,352	49,052	39,886	9,166
Total Expenditures	68,115,163	68,115,163	60,343,234	7,771,929
Excess of Revenues Over (Under) Expenditures	(8,567,319)	(8,567,319)	(7,539,222)	1,028,097
Other Financing Sources (Uses)				
Transfer In	8,675,319	8,675,319	7,647,222	(1,028,097)
Transfer Out	(108,000)	(108,000)	(108,000)	-
Total Other Financing Sources (Uses)	8,567,319	8,567,319	7,539,222	(1,028,097)
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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 82,609,171	\$ 82,609,171	\$76,496,829	\$ (6,112,342)
Charges for Services	-	-	-	-
Interest Income	36,800	36,800	28,271	(8,529)
Other Revenue	-	-	-	-
Total Revenues	<u>82,645,971</u>	<u>82,645,971</u>	<u>76,525,100</u>	<u>(6,120,871)</u>
EXPENDITURES				
Current:				
Community Services	82,610,971	82,604,471	77,673,388	4,931,083
Capital Outlay	35,000	41,500	34,255	7,245
Total Expenditures	<u>82,645,971</u>	<u>82,645,971</u>	<u>77,707,643</u>	<u>4,938,328</u>
Excess of Revenues Over (Under) Expenditures	-	-	(1,182,543)	(1,182,543)
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	(1,182,543)	(1,182,543)
Fund Balance, Restated (Note 14) Beginning of Year	<u>8,861,479</u>	<u>8,861,479</u>	<u>8,861,479</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 8,861,479</u>	<u>\$ 8,861,479</u>	<u>\$ 7,678,936</u>	<u>\$ (1,182,543)</u>

COUNTY OF ERIE, PENNSYLVANIA

Gaming Fund

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 10,300,000	\$ 10,300,000	\$ 11,313,675	\$ 1,013,675
Interest Income	38,800	38,800	14,812	(23,988)
Total Revenues	10,338,800	10,338,800	11,328,487	989,687
EXPENDITURES				
Current:				
Community Services	6,754,854	6,754,854	7,293,124	(538,270)
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	6,754,854	6,754,854	7,293,124	(538,270)
Excess of Revenues Over (Under) Expenditures	3,583,946	3,583,946	4,035,363	451,417
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	(4,371,503)	(4,371,503)	(4,371,503)	-
Total Other Financing Sources (Uses)	(4,371,503)	(4,371,503)	(4,371,503)	-
Net Change in Fund Balance	(787,557)	(787,557)	(336,140)	451,417
Fund Balance, Beginning of Year	7,629,936	7,629,936	7,629,936	-
Fund Balance, End of Year	\$ 6,842,379	\$ 6,842,379	\$ 7,293,796	\$ 451,417

COUNTY OF ERIE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013

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, 2013

Special Revenue Funds

ASSETS	Liquid Fuels	Domestic Relations	Drug and Alcohol	Public Health	Library Fund
Cash and Cash Equivalents	\$ 398,549	\$ 7,358	\$ 703,829	\$ 950	\$ 2,013
Restricted Cash and Cash Equivalents	-	-	-	-	-
Receivables, Net	-	894,130	-	910,861	3,650
Due from Other Funds	-	-	753,196	-	872,348
Prepaid Items	-	-	-	-	1,667
Total Assets	\$ 398,549	\$ 901,488	\$ 1,457,025	\$ 911,811	\$ 879,678
 LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 23,379	\$ 78,487	\$ 642,351	\$ 94,721	\$ 128,198
Accrued Liabilities	-	188,531	44,521	239,617	250,258
Client Funds Held in Trust	-	-	-	-	-
Due to Other Funds	-	590,859	20,982	458,598	173,988
Due to Other Taxing Units	-	-	-	-	-
Unearned Revenue	-	-	749,171	1,000	278,693
Total Liabilities	23,379	857,877	1,457,025	793,936	831,137
 FUND BALANCES					
Nonspendable:					
Prepaid items	-	-	-	-	1,667
Restricted for:					
Child Support Enforcement	-	43,611	-	-	-
Public Health Services	-	-	-	117,875	-
Library Services	-	-	-	-	46,874
Road and Bridges Improvement	375,170	-	-	-	-
Land Preservation	-	-	-	-	-
Community Redevelopment	-	-	-	-	-
Recycling	-	-	-	-	-
Erie County Care Management	-	-	-	-	-
Emergency Services	-	-	-	-	-
Debt Payments on General Obligation Bonds	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	375,170	43,611	-	117,875	48,541
Total Liabilities and Fund Balances	\$ 398,549	\$ 901,488	\$ 1,457,025	\$ 911,811	\$ 879,678

Special Revenue Funds

Planning Fund	Public Safety Fund	Erie County Care Management	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 1,987,861	\$ 2,622,592	\$ 1,105,647	\$ 6,828,799	\$ 2,345,435	\$ 9,174,234
-	-	364,330	364,330	-	364,330
724,324	444,585	3,366,567	6,344,117	178	6,344,295
-	-	-	1,625,544	-	1,625,544
-	456,875	87,819	546,361	-	546,361
<u>\$ 2,712,185</u>	<u>\$ 3,524,052</u>	<u>\$ 4,924,363</u>	<u>\$ 15,709,151</u>	<u>\$ 2,345,613</u>	<u>\$ 18,054,764</u>
\$ 249,670	\$ 123,990	\$ 43,983	\$ 1,384,779	\$ -	\$ 1,384,779
31,835	125,314	427,104	1,307,180	-	1,307,180
-	-	364,330	364,330	-	364,330
18,813	1,525,066	-	2,788,306	-	2,788,306
363,620	-	-	363,620	-	363,620
12,363	70,236	-	1,111,463	-	1,111,463
<u>676,301</u>	<u>1,844,606</u>	<u>835,417</u>	<u>7,319,678</u>	<u>-</u>	<u>7,319,678</u>
-	456,875	87,819	546,361	-	546,361
-	-	-	43,611	-	43,611
-	-	-	117,875	-	117,875
-	-	-	46,874	-	46,874
-	-	-	375,170	-	375,170
1,201,907	-	-	1,201,907	-	1,201,907
445,716	-	-	445,716	-	445,716
388,261	-	-	388,261	-	388,261
-	-	4,001,127	4,001,127	-	4,001,127
-	1,222,571	-	1,222,571	-	1,222,571
-	-	-	-	2,345,613	2,345,613
-	-	-	-	-	-
<u>2,035,884</u>	<u>1,679,446</u>	<u>4,088,946</u>	<u>8,389,473</u>	<u>2,345,613</u>	<u>10,735,086</u>
<u>\$ 2,712,185</u>	<u>\$ 3,524,052</u>	<u>\$ 4,924,363</u>	<u>\$ 15,709,151</u>	<u>\$ 2,345,613</u>	<u>\$ 18,054,764</u>

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

Special Revenue Funds

	Liquid Fuels	Domestic Relations	Drug and Alcohol	Public Health	Library Fund
REVENUES					
Federal, State and Municipal Grants	\$ 745,885	\$ 3,243,782	\$ 5,128,031	\$ 4,518,262	\$ 1,407,776
Charges for Services	-	125,094	208,462	530,608	189,423
Interest Income	31	331	319	32	-
Other Income	-	-	-	3,624	31,304
Total Revenues	<u>745,916</u>	<u>3,369,207</u>	<u>5,336,812</u>	<u>5,052,526</u>	<u>1,628,503</u>
EXPENDITURES					
Current:					
Courts and Related Offices	-	4,535,745	-	-	-
Community Services	-	-	5,606,736	-	-
Public Health	-	-	-	6,182,499	-
Public Works	696,221	-	-	-	-
Library	-	-	-	-	6,262,188
Other	-	-	-	-	-
Capital Outlay	-	-	11,940	-	-
Debt Service					
Bond Issuance Cost	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>696,221</u>	<u>4,535,745</u>	<u>5,618,676</u>	<u>6,182,499</u>	<u>6,262,188</u>
Excess of Revenues Over (Under) Expenditures	<u>49,695</u>	<u>(1,166,538)</u>	<u>(281,864)</u>	<u>(1,129,973)</u>	<u>(4,633,685)</u>
Other Financing Sources (Uses)					
Issuance of general obligation bonds	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-
Payments to Refunded Bonds Escrow Agent	-	-	-	-	-
Transfers In	-	1,436,300	281,864	1,211,717	4,669,414
Transfers Out	-	(268,597)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,167,703</u>	<u>281,864</u>	<u>1,211,717</u>	<u>4,669,414</u>
Net change in fund balance	49,695	1,165	-	81,744	35,729
Fund Balances, Beginning of Year	325,475	42,446	-	36,131	12,812
Fund Balances, End of Year	<u>\$ 375,170</u>	<u>\$ 43,611</u>	<u>\$ -</u>	<u>\$ 117,875</u>	<u>\$ 48,541</u>

Special Revenue Funds

Planning Fund	Public Safety Fund	Erie County Care Management	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 3,393,496	\$ 2,205,959	\$ 9,286,909	\$ 29,930,100	\$ -	\$ 29,930,100
536,413	1,556,585	1,716,834	4,863,419	-	4,863,419
137	1,481	-	2,331	3,269	5,600
-	93,946	1,762	130,636	-	130,636
<u>3,930,046</u>	<u>3,857,971</u>	<u>11,005,505</u>	<u>34,926,486</u>	<u>3,269</u>	<u>34,929,755</u>
-	-	-	4,535,745	-	4,535,745
3,591,279	5,670,687	10,394,213	25,262,915	-	25,262,915
-	-	-	6,182,499	-	6,182,499
-	-	-	696,221	-	696,221
-	-	-	6,262,188	-	6,262,188
-	-	-	-	6,910	6,910
-	112,577	42,271	166,788	-	166,788
-	-	-	-	82,022	82,022
-	-	-	-	5,945,000	5,945,000
-	-	-	-	3,749,061	3,749,061
<u>3,591,279</u>	<u>5,783,264</u>	<u>10,436,484</u>	<u>43,106,356</u>	<u>9,782,993</u>	<u>52,889,349</u>
<u>338,767</u>	<u>(1,925,293)</u>	<u>569,021</u>	<u>(8,179,870)</u>	<u>(9,779,724)</u>	<u>(17,959,594)</u>
-	-	-	-	10,870,000	10,870,000
-	-	-	-	1,587,211	1,587,211
-	-	-	-	(11,665,000)	(11,665,000)
500,439	3,007,170	-	11,106,904	9,567,904	20,674,808
-	(557,520)	-	(826,117)	-	(826,117)
<u>500,439</u>	<u>2,449,650</u>	<u>-</u>	<u>10,280,787</u>	<u>10,360,115</u>	<u>20,640,902</u>
839,206	524,357	569,021	2,100,917	580,391	2,681,308
1,196,678	1,155,089	3,519,925	6,288,556	1,765,222	8,053,778
<u>\$ 2,035,884</u>	<u>\$ 1,679,446</u>	<u>\$ 4,088,946</u>	<u>\$ 8,389,473</u>	<u>\$ 2,345,613</u>	<u>\$ 10,735,086</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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real Estate Taxes	\$ 70,107,886	\$ 70,107,886	\$ 68,637,354	\$ (1,470,532)
Hotel Tax	3,037,640	3,037,640	4,238,012	1,200,372
Federal, State and Municipal Grants	2,343,670	2,442,970	2,988,157	545,187
Charges for Services	13,847,236	11,173,967	10,666,990	(506,977)
Interest Income	81,010	81,010	67,065	(13,945)
Other Revenue	53,540	53,640	59,320	5,680
Total Revenues	89,470,982	86,897,113	86,656,898	(240,215)
EXPENDITURES				
Current:				
General Government				
Council and Elections	1,358,482	1,372,092	1,336,279	35,813
Controller	370,111	370,111	356,070	14,041
County Executive	246,774	251,774	258,172	(6,398)
Solicitor	151,340	176,340	161,560	14,780
Personnel	311,413	237,963	220,055	17,908
Finance	3,942,719	3,727,397	3,577,907	149,490
Operations	4,744,892	3,384,564	3,230,912	153,652
Other	7,281,999	6,679,589	6,663,743	15,846
Total General Government	18,407,730	16,199,830	15,804,698	395,132
Courts and Related Offices				
Courts	5,089,721	5,076,788	4,845,658	231,130
District Justices	2,665,625	2,665,625	2,651,142	14,483
Clerk of Records	2,445,871	2,471,944	2,331,441	140,503
Sheriff	3,058,344	3,126,965	2,989,401	137,564
District Attorney	3,014,956	3,125,811	2,936,359	189,452
Coroner	596,949	596,949	600,676	(3,727)
Public Defender	1,340,643	1,344,643	1,292,137	52,506
Total Courts and Related Offices	18,212,109	18,408,725	17,646,814	761,911
Corrections				
Adult Probation	4,856,569	4,847,439	4,715,167	132,272
Corrections	15,951,947	15,838,237	15,984,547	(146,310)
Juvenile Probation	3,162,105	3,167,605	2,875,476	292,129
Total Corrections	23,970,621	23,853,281	23,575,190	278,091
Community Services				
Veterans Affairs	221,096	221,906	170,348	51,558
Economic Development	150,800	145,800	106,844	38,956
Grants to Others	55,000	65,000	211,072	(146,072)
Total Community Services	426,896	432,706	488,264	(55,558)
Capital Outlay				
General Government	105,000	96,117	97,427	(1,310)
Courts	254,000	374,170	226,670	147,500
Corrections	208,025	202,925	35,084	167,841
Community Services	-	-	-	-
Total Capital Outlay	567,025	673,212	359,181	314,031
Debt Service				
Principal	-	-	-	-
Interest	10	10	-	10
Total Debt Service	10	10	-	10
Total Expenditures	61,584,391	59,567,764	57,874,147	1,693,617
Excess of Revenues Over (Under) Expenditures	27,886,591	27,329,349	28,782,751	1,453,402
Other Financing Sources (Uses)				
Transfer In	525,935	1,579,005	1,429,667	(149,338)
Transfer Out	(26,248,960)	(27,472,388)	(26,215,375)	1,257,013
Total Other Financing sources (Uses)	(25,723,025)	(25,893,383)	(24,785,708)	1,107,675
Net Change in Fund Balance	2,163,566	1,435,966	3,997,043	2,561,077
Fund Balance, Beginning of Year	42,560,303	42,560,303	42,560,303	-
Fund Balance, End of Year	\$ 44,723,869	\$ 43,996,269	\$ 46,557,346	\$ 2,561,077

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 810,000	\$ 810,000	\$ 745,885	\$ (64,115)
Interest Income	-	100	31	(69)
Total Revenues	<u>810,000</u>	<u>810,100</u>	<u>745,916</u>	<u>(64,184)</u>
EXPENDITURES				
Current:				
Public Works	<u>810,000</u>	<u>810,100</u>	<u>696,221</u>	<u>113,879</u>
Total Expenditures	<u>810,000</u>	<u>810,100</u>	<u>696,221</u>	<u>113,879</u>
Excess of Revenues Over (Under) Expenditures	-	-	49,695	49,695
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	49,695	49,695
Fund Balance, Beginning of Year	<u>325,475</u>	<u>325,475</u>	<u>325,475</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 325,475</u>	<u>\$ 325,475</u>	<u>\$ 375,170</u>	<u>\$ 49,695</u>

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 3,454,831	\$ 3,454,831	\$ 3,243,782	\$ (211,049)
Charges for Services	120,150	120,150	125,094	4,944
Interest Income	1,000	1,000	331	(669)
Total Revenues	3,575,981	3,575,981	3,369,207	(206,774)
EXPENDITURES				
Current:				
Courts and Related Offices	4,897,059	4,897,059	4,535,745	361,314
Total Expenditures	4,897,059	4,897,059	4,535,745	361,314
Excess of Revenues Over (Under) Expenditures	(1,321,078)	(1,321,078)	(1,166,538)	154,540
Other Financing Sources (Uses)				
Transfer In	1,593,084	1,593,084	1,436,300	(156,784)
Transfer Out	(272,006)	(272,006)	(268,597)	3,409
Total Other Financing Sources (Uses)	1,321,078	1,321,078	1,167,703	(153,375)
Net Change in Fund Balance	-	-	1,165	1,165
Fund Balance, Beginning of Year	42,446	42,446	42,446	-
Fund Balance, End of Year	\$ 42,446	\$ 42,446	\$ 43,611	\$ 1,165

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 4,818,795	\$ 4,931,483	\$ 5,128,031	\$ 196,548
Charges for Services	180,000	180,000	208,462	28,462
Interest Income	-	1,000	319	(681)
Total Revenues	4,998,795	5,112,483	5,336,812	224,329
EXPENDITURES				
Current:				
Community Services	5,267,659	5,374,084	5,606,736	(232,652)
Capital Outlay	13,000	20,263	11,940	8,323
Total Expenditures	5,280,659	5,394,347	5,618,676	(224,329)
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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 5,057,708	\$ 4,987,720	\$ 4,518,262	\$ (469,458)
Charges for Services	511,943	513,943	530,608	16,665
Interest	100	100	32	(68)
Other	17,500	17,500	3,624	(13,876)
Total Revenues	<u>5,587,251</u>	<u>5,519,263</u>	<u>5,052,526</u>	<u>(466,737)</u>
EXPENDITURES				
Current:				
Public Health	6,656,972	6,681,955	6,182,499	499,456
Capital Outlay	-	-	-	-
Total Expenditures	<u>6,656,972</u>	<u>6,681,955</u>	<u>6,182,499</u>	<u>499,456</u>
Excess of Revenues Over (Under) Expenditures	(1,069,721)	(1,162,692)	(1,129,973)	32,719
Other Financing Sources (Uses)				
Transfer In	1,006,145	1,092,312	1,211,717	119,405
Total Other Financing Sources (Uses)	<u>1,006,145</u>	<u>1,092,312</u>	<u>1,211,717</u>	<u>119,405</u>
Net Change in Fund Balance	(63,576)	(70,380)	81,744	152,124
Fund Balance, Beginning of Year	36,131	36,131	36,131	-
Fund Balance (Deficit) , End of Year	<u>\$ (27,445)</u>	<u>\$ (34,249)</u>	<u>\$ 117,875</u>	<u>\$ 152,124</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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 1,416,032	\$ 1,416,032	\$ 1,407,776	\$ (8,256)
Charges for Services	199,900	199,900	189,423	(10,477)
Other	7,550	31,051	31,304	253
Total Revenues	1,623,482	1,646,983	1,628,503	(18,480)
EXPENDITURES				
Current:				
Library	6,181,902	6,326,398	6,262,188	64,210
Total Expenditures	6,181,902	6,326,398	6,262,188	64,210
Excess of Revenues Over (Under) Expenditures	(4,558,420)	(4,679,415)	(4,633,685)	45,730
Other Financing Sources (Uses)				
Transfer In	4,558,420	4,669,414	4,669,414	-
Total Other Financing Sources (Uses)	4,558,420	4,669,414	4,669,414	-
Net Change in Fund Balance	-	(10,001)	35,729	45,730
Fund Balance, Beginning of Year	12,812	12,812	12,812	-
Fund Balance, End of Year	<u>\$ 12,812</u>	<u>\$ 2,811</u>	<u>\$ 48,541</u>	<u>\$ 45,730</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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 5,215,027	\$ 5,825,674	\$ 3,393,496	\$ (2,432,178)
Charges for Services	389,531	631,871	536,413	(95,458)
Interest	20,000	20,100	137	(19,963)
Other	168,000	168,000	-	(168,000)
Total Revenues	5,792,558	6,645,645	3,930,046	(2,715,599)
EXPENDITURES				
Current:				
Community Services	6,373,897	7,156,888	3,591,279	3,565,609
Total Expenditures	6,373,897	7,156,888	3,591,279	3,565,609
Excess of Revenues Over (Under) Expenditures	(581,339)	(511,243)	338,767	850,010
Other Financing Sources (Uses)				
Transfer In	581,339	511,243	500,439	(10,804)
Total Other Financing sources (Uses)	581,339	511,243	500,439	(10,804)
Net Change in Fund Balance	-	-	839,206	839,206
Fund Balance, Beginning of Year	1,196,678	1,196,678	1,196,678	-
Fund Balance, End of Year	<u>\$ 1,196,678</u>	<u>\$ 1,196,678</u>	<u>\$ 2,035,884</u>	<u>\$ 839,206</u>

COUNTY OF ERIE, PENNSYLVANIA

Public Safety Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 2,801,960	\$ 2,572,795	\$ 2,205,959	\$ (366,836)
Charges for Services	1,238,814	1,272,124	1,556,585	284,461
Interest	1,040	1,040	1,481	441
Other	100	94,046	93,946	(100)
Total Revenues	4,041,914	3,940,005	3,857,971	(82,034)
EXPENDITURES				
Current:				
Community Services	5,887,164	6,688,620	5,670,687	1,017,933
Capital Outlay	586,812	189,015	112,577	76,438
Total Expenditures	6,473,976	6,877,635	5,783,264	1,094,371
Excess of Revenues Over (Under) Expenditures	(2,432,062)	(2,937,630)	(1,925,293)	1,012,337
Other Financing Sources (Uses)				
Transfer In	3,146,997	3,190,290	3,007,170	(183,120)
Transfer Out	(557,520)	(557,520)	(557,520)	-
Total Other Financing Sources (Uses)	2,589,477	2,632,770	2,449,650	(183,120)
Net Change in Fund Balance	157,415	(304,860)	524,357	829,217
Fund Balance, Beginning of Year	1,155,089	1,155,089	1,155,089	-
Fund Balance, End of Year	\$ 1,312,504	\$ 850,229	\$ 1,679,446	\$ 829,217

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ 10,363,760	\$10,363,760	\$9,286,909	\$ (1,076,851)
Charges for Services	1,550,000	1,550,000	1,716,834	166,834
Interest	-	-	-	-
Other	-	-	1,762	1,762
Total Revenues	11,913,760	11,913,760	11,005,505	(908,255)
EXPENDITURES				
Current:				
Community Services	11,632,460	11,632,460	10,394,213	1,238,247
Capital Outlay	281,300	281,300	42,271	239,029
Total Expenditures	11,913,760	11,913,760	10,436,484	1,477,276
Excess of Revenues Over Expenditures	-	-	569,021	569,021
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	569,021	569,021
Fund Balance, Beginning of Year	3,519,925	3,519,925	3,519,925	-
Fund Balance, End of Year	<u>\$ 3,519,925</u>	<u>\$ 3,519,925</u>	<u>\$4,088,946</u>	<u>\$ 569,021</u>

COUNTY OF ERIE, PENNSYLVANIA

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Interest	\$ 7,000	\$ 7,000	\$ 3,269	\$ (3,731)
Total Revenues	<u>7,000</u>	<u>7,000</u>	<u>3,269</u>	<u>(3,731)</u>
EXPENDITURES				
Current:				
Other	8,890	8,890	6,910	1,980
Debt Service				
Bond Issuance Cost	-	-	82,022	(82,022)
Principal	5,945,000	5,945,000	5,945,000	-
Interest	3,746,579	3,746,579	3,749,061	(2,482)
Total Expenditures	<u>9,700,469</u>	<u>9,700,469</u>	<u>9,782,993</u>	<u>(82,524)</u>
Excess of Revenues Over (Under) Expenditures	(9,693,469)	(9,693,469)	(9,779,724)	(86,255)
Other Financing Sources (Uses)				
Issuance of general obligation bonds	-	-	10,870,000	10,870,000
Pemium on bond issuance	-	-	1,587,211	1,587,211
Payments to Refunded Bonds Escrow Agent	-	-	(11,665,000)	(11,665,000)
Transfer In	9,700,469	9,700,469	9,567,904	(132,565)
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>9,700,469</u>	<u>9,700,469</u>	<u>10,360,115</u>	<u>659,646</u>
Net Change in Fund Balance	7,000	7,000	580,391	573,391
Fund Balance, Beginning of Year	<u>1,765,222</u>	<u>1,765,222</u>	<u>1,765,222</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,772,222</u>	<u>\$ 1,772,222</u>	<u>\$ 2,345,613</u>	<u>\$ 573,391</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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal, State and Municipal Grants	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Interest Income	-	-	34,284	34,284
Total Revenues	-	-	34,284	34,284
EXPENDITURES				
Current:				
Community Services	-	193,028	7,467,874	(7,274,846)
Capital Outlay	-	-	100,462	(100,462)
Total Expenditures	-	193,028	7,568,336	(7,375,308)
Excess of Revenues Over (Under) Expenditures	-	(193,028)	(7,534,052)	(7,341,024)
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(193,028)	(7,534,052)	(7,341,024)
Fund Balance, Beginning of Year	13,805,792	13,805,792	13,805,792	-
Fund Balance, End of Year	<u>\$ 13,805,792</u>	<u>\$ 13,612,764</u>	<u>\$ 6,271,740</u>	<u>\$ (7,341,024)</u>

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COUNTY OF ERIE, PENNSYLVANIA FIDUCIARY FUNDS

Fiduciary Funds

Tax Claim

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

Revenue Licenses

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

Prison, Commissary, Inmate, and Work Release

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

Domestic Relations

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

Magisterial District Judges

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

Recorder of Deeds

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

Prothonotary

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

COUNTY OF ERIE, PENNSYLVANIA
FIDUCIARY FUNDS (Continued)

Fiduciary Funds (Continued)

Clerk of Courts

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

Register of Wills

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

Sheriff

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

Children and Youth

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

Act 101 Site – Specific Post Closure

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

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Fiduciary Net Position
Agency Funds
December 31, 2013

ASSETS

	Cash and Cash Equivalents	Investments	Property Taxes Receivable	Interest and Other Receivable	Other Assets	Total Assets
Tax Claim	\$ 1,609,338	\$ -	\$ 12,097,070	\$ 6,035	\$ -	\$ 13,712,443
Revenue Licenses	4,351	-	-	-	-	4,351
Recorder of Deeds	592,102	-	-	-	-	592,102
Clerk of Courts	701,673	-	-	-	-	701,673
Register of Wills	33,176	-	-	-	-	33,176
Prothonotary	592,302	-	-	-	770,797	1,363,099
Sheriff	545,100	-	-	825	-	545,925
Prison	167,876	-	-	7,836	-	175,712
Magisterial District Judges	285,244	-	-	-	-	285,244
Children and Youth Trust	10,750	-	-	-	-	10,750
Domestic Relations	27,152	-	-	-	-	27,152
Act 101 Site Specific Post Closure	24,451	2,226,613	-	-	-	2,251,064
Total Assets	<u>\$ 4,593,515</u>	<u>\$ 2,226,613</u>	<u>\$ 12,097,070</u>	<u>\$ 14,696</u>	<u>\$ 770,797</u>	<u>\$ 19,702,691</u>

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Fiduciary Net Position
Agency Funds
December 31, 2013

	LIABILITIES		
	Accounts Payable	Due to Other Governmental Units	Total Liabilities
Tax Claim	\$ 1,615,373	\$ 12,097,070	\$ 13,712,443
Revenue Licenses	4,351	-	4,351
Recorder of Deeds	592,102	-	592,102
Clerk of Courts	701,673	-	701,673
Register of Wills	33,176	-	33,176
Prothonotary	1,363,099	-	1,363,099
Sheriff	545,925	-	545,925
Prison	175,712	-	175,712
Magisterial District Judges	285,244	-	285,244
Children and Youth Trust	10,750	-	10,750
Domestic Relations	27,152	-	27,152
Act 101 Site Specific Post Closure	2,251,064	-	2,251,064
Total Liabilities	\$ 7,605,621	\$ 12,097,070	\$ 19,702,691

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2013

	Balance December 31, 2012	Additions	Deductions	Balance December 31, 2013
Funds:				
<u>Tax Claim</u>				
ASSETS				
Cash	\$ 1,073,691	\$ 21,343,969	\$ 20,808,322	\$ 1,609,338
Credit Card Receivable	9,728	1,525,618	1,529,311	6,035
Property Taxes Receivable	11,874,158	14,894,712	14,671,800	12,097,070
	<u>\$ 12,957,577</u>	<u>\$ 37,764,299</u>	<u>\$ 37,009,433</u>	<u>\$ 13,712,443</u>
LIABILITIES				
Accounts Payable	\$ 1,083,419	\$ 22,869,587	\$ 22,337,633	\$ 1,615,373
Due to Other Governmental Units	11,874,158	14,894,712	14,671,800	12,097,070
	<u>\$ 12,957,577</u>	<u>\$ 37,764,299</u>	<u>\$ 37,009,433</u>	<u>\$ 13,712,443</u>
<u>Revenue Licenses</u>				
ASSETS				
Cash	\$ 4,985	\$ 316,309	\$ 316,943	\$ 4,351
LIABILITIES				
Accounts Payable	\$ 4,985	\$ 316,309	\$ 316,943	\$ 4,351
<u>Recorder of Deeds</u>				
ASSETS				
Cash	\$ 545,235	\$ 17,410,675	\$ 17,363,808	\$ 592,102
LIABILITIES				
Accounts Payable	\$ 545,235	\$ 17,410,675	\$ 17,363,808	\$ 592,102
<u>Clerk of Courts</u>				
ASSETS				
Cash	\$ 798,889	\$ 4,895,389	\$ 4,992,605	\$ 701,673
LIABILITIES				
Accounts Payable	\$ 798,889	\$ 4,895,389	\$ 4,992,605	\$ 701,673
<u>Register of Wills</u>				
ASSETS				
Cash	\$ 33,743	\$ 10,994,879	\$ 10,995,446	\$ 33,176
LIABILITIES				
Accounts Payable	\$ 33,743	\$ 10,994,879	\$ 10,995,446	\$ 33,176

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2013
(Continued)

	Balance December 31, 2012	Additions	Deductions	Balance December 31, 2013
<u>Prothonotary</u>				
ASSETS				
Cash	\$ 526,846	\$ 1,209,403	\$ 1,143,947	\$ 592,302
Other Assets	6,739,726	334,853	6,303,782	770,797
	<u>7,266,572</u>	<u>1,544,256</u>	<u>7,447,729</u>	<u>1,363,099</u>
LIABILITIES				
Accounts Payable	<u>\$ 7,266,572</u>	<u>\$ 1,544,256</u>	<u>\$ 7,447,729</u>	<u>\$ 1,363,099</u>
<u>Sheriff</u>				
ASSETS				
Cash	\$ 526,660	\$ 2,984,253	\$ 2,965,813	\$ 545,100
Interest and Other Receivable	745	80	-	825
	<u>527,405</u>	<u>2,984,333</u>	<u>2,965,813</u>	<u>545,925</u>
LIABILITIES				
Accounts Payable	<u>\$ 527,405</u>	<u>\$ 2,984,333</u>	<u>\$ 2,965,813</u>	<u>\$ 545,925</u>
<u>Prison</u>				
ASSETS				
Cash	\$ 230,217	\$ 2,272,654	\$ 2,334,995	\$ 167,876
Interest and Other Receivable	12,833	-	4,997	7,836
	<u>243,050</u>	<u>2,272,654</u>	<u>2,339,992</u>	<u>175,712</u>
LIABILITIES				
Accounts Payable	<u>\$ 243,050</u>	<u>\$ 2,272,654</u>	<u>\$ 2,339,992</u>	<u>\$ 175,712</u>
<u>Magisterial District Judges</u>				
ASSETS				
Cash	\$ 312,441	\$ 6,046,489	\$ 6,073,686	\$ 285,244
LIABILITIES				
Accounts Payable	<u>\$ 312,441</u>	<u>\$ 6,046,489</u>	<u>\$ 6,073,686</u>	<u>\$ 285,244</u>
<u>Children & Youth Trust</u>				
ASSETS				
Cash	\$ 2,094	\$ 8,656	-	\$ 10,750
LIABILITIES				
Accounts Payable	<u>\$ 2,094</u>	<u>\$ 8,656</u>	<u>\$ -</u>	<u>\$ 10,750</u>

COUNTY OF ERIE, PENNSYLVANIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2013
(Continued)

	Balance December 31, 2012	Additions	Deductions	Balance December 31, 2013
<u>Domestic Relations</u>				
ASSETS				
Cash	\$ 58,710	\$ 3,036,407	\$ 3,067,965	\$ 27,152
LIABILITIES				
Accounts Payable	\$ 58,710	\$ 3,036,407	\$ 3,067,965	\$ 27,152
<u>Act 101 Site Specific Post Closure</u>				
ASSETS				
Cash	\$ 34,562	\$ -	\$ 10,111	\$ 24,451
Investments	2,278,206	-	51,593	2,226,613
	<u>2,312,768</u>	<u>-</u>	<u>61,704</u>	<u>2,251,064</u>
LIABILITIES				
Accounts Payable	\$ 2,312,768	\$ -	\$ 61,704	\$ 2,251,064
TOTAL ASSETS				
Cash	\$ 4,148,073	\$ 70,519,083	\$ 70,073,641	\$ 4,593,515
Investments	2,278,206	-	51,593	2,226,613
Interest and Other Receivable	23,306	1,525,698	1,534,308	14,696
Property Taxes Receivable	11,874,158	14,894,712	14,671,800	12,097,070
Other Assets	6,739,726	334,853	6,303,782	770,797
Total Assets	<u>\$ 25,063,469</u>	<u>\$ 87,274,346</u>	<u>\$ 92,635,124</u>	<u>\$ 19,702,691</u>
TOTAL LIABILITIES				
Accounts Payable	\$ 13,189,311	\$ 72,379,634	\$ 77,963,324	\$ 7,605,621
Due to Other Governmental Units	11,874,158	14,894,712	14,671,800	12,097,070
Total Liabilities	<u>\$ 25,063,469</u>	<u>\$ 87,274,346</u>	<u>\$ 92,635,124</u>	<u>\$ 19,702,691</u>

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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, 2013

<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	\$ -	\$ 27,476,715	\$ 3,947,407	\$ 31,740,070
Courts and related offices	70,960	-	3,036,332	2,836,582	5,943,874
Corrections	284,420	-	31,267,035	1,124,318	32,675,773
Community services	301,797	-	16,634,072	10,840,035	27,775,904
Public health	-	-	787,331	657,347	1,444,678
Library	528,112	-	15,819,407	2,260,675	18,608,194
 Total governmental funds capital assets	 <u>\$1,501,237</u>	 <u>\$ -</u>	 <u>\$ 95,020,892</u>	 <u>\$ 21,666,364</u>	 <u>\$118,188,493</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, 2013

<u>Function and Activity</u>	Governmental Funds Capital Assets <u>January 1, 2013</u>	Additions	Deductions/ Transfer	Governmental Funds Capital Assets <u>December 31, 2013</u>
General government	\$ 31,823,073	\$ 52,142	\$ (135,145)	\$ 31,740,070
Courts and related offices	6,184,699	242,141	(482,966)	5,943,874
Corrections	32,738,208	46,362	(108,797)	32,675,773
Community services	29,286,227	150,319	(1,660,642)	27,775,904
Public health	1,445,218	57,863	(58,403)	1,444,678
Library	18,637,749	54,218	(83,773)	18,608,194
Total governmental funds capital assets	<u>\$ 120,115,174</u>	<u>\$ 603,045</u>	<u>\$ (2,529,726)</u>	<u>\$ 118,188,493</u>

COUNTY OF ERIE, PENNSYLVANIA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Assets by Source
December 31, 2013

Governmental funds capital assets:

Land	\$ 1,501,237
Buildings and improvements	95,020,892
Vehicles	2,354,049
Furniture and equipment	<u>19,312,315</u>
Total governmental funds capital assets	<u><u>\$ 118,188,493</u></u>

Investments in governmental funds capital assets by source:

General fund	\$ 67,479,594
Special revenue funds	<u>50,708,899</u>
Total governmental funds capital assets	<u><u>\$ 118,188,493</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>	174
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>	182
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>	190
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>	195

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FINANCIAL TRENDS

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

	<u>2013</u>	<u>2012</u>
<u>Governmental Activities</u>		
Net Investment in Capital Assets	\$ 3,234,228	\$ 13,180,233
Restricted	37,919,072	38,896,823
Unrestricted	(8,005,536)	(13,666,489)
Total government activities net position	<u>33,147,764</u>	<u>38,410,567</u>
<u>Business- Type Activities</u>		
Net Investment in Capital Assets	\$ 4,628,713	\$ 4,521,981
Restricted	-	-
Unrestricted	3,986,428	3,775,351
Total business-type activities net position	<u>\$ 8,615,141</u>	<u>\$ 8,297,332</u>
<u>Primary Government</u>		
Net Investment in Capital Assets	\$ 7,862,941	\$ 17,702,214
Restricted	37,919,072	38,896,823
Unrestricted	(4,019,108)	(9,891,138)
Total primary government net position	<u>\$ 41,762,905</u>	<u>\$ 46,707,899</u>

Notes: County Nursing Home became a blended component unit due to the adaption of GASB 61 in 2013.
2012 amounts were restated for the adoption of GASB 61 for comparison purposes.

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

	<i>Year</i>			
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Governmental Activities</u>				
Invested in capital assets, net of related debt	\$ 23,283,384	\$ 27,413,665	\$ 33,623,603	\$ 27,294,711
Restricted	36,373,973	23,788,624	30,370,707	28,983,109
Unrestricted	(17,344,957)	(10,792,240)	(21,809,984)	(10,206,536)
Total government activities net assets	<u>42,312,400</u>	<u>40,410,049</u>	<u>42,184,326</u>	<u>46,071,284</u>
<u>Business- Type Activities</u>				
Invested in capital assets, net of related debt	\$ 4,769,853	\$ 3,725,845	3,968,183	3,712,467
Restricted	-	1,490,202	1,789,379	2,219,003
Unrestricted	2,615,644	2,751,392	3,174,827	4,320,616
Total business-type activities net assets	<u>\$ 7,385,497</u>	<u>\$ 7,967,439</u>	<u>\$ 8,932,389</u>	<u>\$ 10,252,086</u>
<u>Primary Government</u>				
Invested in capital assets, net of related debt	28,053,237	31,139,510	37,591,786	31,007,178
Restricted	36,373,973	25,278,826	32,160,086	31,202,112
Unrestricted	(14,729,313)	(8,040,848)	(18,635,157)	(5,885,920)
Total primary government net assets	<u>\$ 49,697,897</u>	<u>\$ 48,377,488</u>	<u>\$ 51,116,715</u>	<u>\$ 56,323,370</u>

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

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

County Nursing Home became a blended component unit due to the adoption of GASB 61 in 2013.

2004 to 2011 amounts were restated for the adoptions of GASB 61 for comparison purposes.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 6,242,780	\$ 7,807,416	\$ 12,286,924	\$ 1,359,876
23,766,250	19,313,534	19,579,999	15,932,807
11,574,397	8,032,552	3,908,863	14,410,487
<u>41,583,427</u>	<u>35,153,502</u>	<u>35,775,786</u>	<u>31,703,170</u>

2,897,641	2,830,055	3,221,516	1,507,615
1,958,214	2,243,304	2,233,188	2,363,594
5,361,348	3,310,762	1,421,320	2,033,017
<u>\$ 10,217,203</u>	<u>\$ 8,384,121</u>	<u>\$ 6,876,024</u>	<u>\$ 5,904,226</u>

9,140,421	10,637,471	15,508,440	2,867,491
25,724,464	21,556,838	21,813,187	18,296,401
16,935,745	11,343,314	5,330,183	16,443,504
<u>\$ 51,800,630</u>	<u>\$ 43,537,623</u>	<u>\$ 42,651,810</u>	<u>\$ 37,607,396</u>

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

Expenses	2013	2012
<u>Governmental Activities</u>		
General government	\$ 19,301,658	\$ 19,440,061
Courts and related offices	22,601,628	22,589,810
Corrections	36,187,277	38,332,786
Community services	195,535,908	203,151,167
Public health	6,244,253	6,850,696
Public works	696,221	685,428
Library	6,910,165	7,005,236
Other	-	-
Interest on long term debt	3,453,834	3,782,732
Loss on guaranteed debt		
Total Governmental Activities Expenses	290,930,944	301,837,916
<u>Business Type Activities</u>		
County Nursing Home	34,030,462	32,354,384
Total Business Type Activities Expense	34,030,462	32,354,384
Total Primary Government Expenses	\$ 324,961,406	\$ 334,192,300

Program Revenues

<u>Governmental Activities</u>		
Charges for services		
General Government	\$ 3,150,424	\$ 3,722,405
Courts and Related Offices	5,322,226	5,553,935
Corrections	2,445,342	2,468,169
Community Services	15,925,374	15,957,744
Public Health	530,608	496,842
Library	189,423	196,312
Operating grants and contributions		
General Government	-	580,039
Courts and Related Offices	4,712,717	4,125,795
Corrections	8,444,098	10,304,155
Community Services	167,466,120	174,972,223
Public Health	4,518,262	4,908,799
Public Works	745,885	812,704
Library	1,407,776	1,418,009
Capital grants and contributions	-	10,000
Total Governmental Activities Program Revenues	214,858,255	225,527,131

COUNTY OF ERIE , PENNSYLVANIA
Changes in Net Position (Continued)
Last Two Years
(accrual basis of accounting)

	2013	2012
<u>Business Type Activities</u>		
Charges for services		
County Nursing Home	33,369,423	32,219,036
Operating grants and contributions	-	-
Capital grants and contributions	-	70,000
Total Business Type Activities Program Revenues	33,369,423	32,289,036
Total Primary Government Program Revenues	\$ 248,227,678	\$ 257,816,167
Net (Expense)/Revenue		
Governmental Activities	\$ (76,072,689)	\$ (76,310,785)
Business Type Activities	(661,039)	(65,348)
	\$ (76,072,689)	\$ (76,310,785)
Total Primary Government net expense	\$ (76,072,689)	\$ (76,310,785)
General Revenue and Other Changes in Net Position		
<u>Governmental activities</u>		
Property Taxes	\$ 68,783,306	\$ 68,811,861
Hotel Room Rental Tax	4,238,012	3,160,156
Interest Income	151,659	214,198
Other Income	257,458	222,737
Transfers	(750,331)	-
Total Governmental Activities	72,680,104	72,408,952
<u>Business Type Activities</u>		
Interest Income	16,611	18,657
Other Income	211,906	1,494,412
Transfers	750,331	-
Total Business Type Activities	978,848	1,513,069
Total Primary Government	\$ 73,658,952	\$ 73,922,021
Change in Net Position		
Governmental activities	(3,392,585)	(3,901,833)
Business Type Activities	317,809	1,447,721
Total Primary Government Change in Net Position	\$ (3,074,776)	\$ (2,454,112)

*County Nursing Home became a blended component unit due to the adaption of GASB 61 in 2013. 2012 amounts were restated for the adoption of GASB 61 for comparison purposes.

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

	Year			
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses				
<u>Governmental Activities</u>				
General government	\$ 14,546,971	\$ 15,852,380	\$ 12,781,659	\$ 13,302,695
Courts and related offices	23,659,667	23,301,291	23,815,737	22,452,595
Corrections	39,590,993	39,786,125	40,629,325	39,240,696
Community services	201,825,181	206,797,399	214,680,441	231,296,513
Public health	7,257,014	7,441,621	7,605,284	7,465,662
Public works	903,992	683,726	893,667	712,490
Library	7,267,748	7,306,003	4,715,044	7,187,576
Other	0	-	-	-
Interest on long term debt	4,011,619	4,179,570	4,337,847	3,775,372
Loss on guaranteed debt	-	-	-	-
Total Governmental Activities Expenses	<u>299,063,185</u>	<u>305,348,115</u>	<u>309,459,004</u>	<u>325,433,599</u>
<u>Business Type Activities</u>				
County Nursing Home	34,478,405	33,462,831	33,347,065	32,816,073
Total Business Type Activities Expense	<u>34,478,405</u>	<u>33,462,831</u>	<u>33,347,065</u>	<u>32,816,073</u>
Total Primary Government Expenses	<u>\$ 333,541,590</u>	<u>\$ 338,810,946</u>	<u>\$ 342,806,069</u>	<u>\$ 358,249,672</u>
Program Revenue				
Charges for services				
General Government	\$ 3,727,630	\$ 3,208,938	\$ 3,055,882	\$ 2,728,069
Courts and Related Offices	5,232,092	5,475,588	5,410,242	5,683,424
Corrections	2,391,228	2,334,393	2,146,959	2,176,755
Community Services	16,629,378	18,652,095	16,897,959	17,684,293
Public Health	451,045	450,712	376,605	536,541
Library	206,816	220,462	229,371	225,511
Operating grants and contributions				
General Government	32,111	89,121	634,950	102,566
Courts and Related Offices	4,134,291	4,316,258	4,432,549	3,838,439
Corrections	11,142,892	12,336,805	12,559,954	12,225,940
Community Services	176,224,144	176,155,596	187,964,427	212,599,197
Public Health	4,942,780	5,407,983	5,802,936	6,148,056
Public Works	769,825	768,514	717,937	757,336
Library	1,411,241	1,585,106	1,918,441	2,042,168
Capital grants and contributions				
Total Governmental Activities Program Revenues	<u>227,295,473</u>	<u>231,001,571</u>	<u>242,148,212</u>	<u>266,748,295</u>
<u>Business Type Activities</u>				
Charges for services				
County Nursing Home	32,773,860	31,858,234	31,902,281	32,507,330
Operating grants and contributions	747,806	596,468	35,100	-
Capital grants and contributions				
Total Business Type Activities Program Revenues	<u>33,521,666</u>	<u>32,454,702</u>	<u>31,937,381</u>	<u>32,507,330</u>
Total Primary Government Program Revenues	<u>\$ 260,817,139</u>	<u>\$ 263,456,273</u>	<u>\$ 274,085,593</u>	<u>\$ 299,255,625</u>
Net (Expense)/Revenue				
Governmental activities	\$ (71,767,712)	\$ (74,346,544)	\$ (67,310,792)	\$ (58,685,304)
Business Type Activities	(956,739)	(1,008,129)	(1,409,684)	(308,743)
Total primary government net expense	<u>\$ (72,724,451)</u>	<u>\$ (75,354,673)</u>	<u>\$ (68,720,476)</u>	<u>\$ (58,994,047)</u>

		Year			
		2007	2006	2005	2004
\$	11,583,536	\$ 11,585,003	\$ 10,390,858	\$ 10,039,805	
	20,642,833	18,838,105	17,943,991	17,999,479	
	36,507,826	33,101,250	32,184,358	32,237,675	
	186,143,770	149,202,374	140,836,601	137,581,587	
	7,016,892	6,273,932	6,408,229	6,216,188	
	774,009	793,093	741,599	832,551	
	6,808,991	5,996,459	5,771,219	5,745,480	
	-	3,400	2,340	2,340	
	3,811,952	3,790,500	2,609,791	2,497,107	
	-	-	-	129,708	
	273,289,809	229,584,116	216,888,986	213,281,920	
	32,216,456	32,110,906	30,931,075	30,263,725	
	32,216,456	32,110,906	30,931,075	30,263,725	
\$	305,506,265	\$ 261,695,022	\$ 247,820,061	\$ 243,545,645	

\$	2,735,511	\$ 2,673,137	\$ 2,840,562	\$ 2,324,821
	5,640,432	5,587,398	5,432,622	5,712,291
	2,327,150	2,471,956	2,469,683	2,791,817
	14,134,434	2,893,051	2,968,632	3,201,222
	421,619	557,573	656,742	626,715
	225,396	229,924	368,300	472,063
	0	0	75,000	9,770
	3,730,621	3,774,306	3,779,578	4,190,747
	12,041,165	11,128,002	12,705,548	13,031,997
	168,636,555	131,185,950	128,089,402	124,742,474
	4,817,340	4,661,523	4,606,225	4,762,236
	838,851	710,444	784,146	770,019
	2,023,398	1,785,943	1,611,853	1,368,739
	54,791	1,711,127	1,235,685	100,000
	217,627,263	169,370,334	167,623,978	164,104,911
	33,563,165	33,217,681	31,052,970	30,093,443
	-	-	-	-
	-	-	537,627	1,506,331
	33,563,165	33,217,681	31,590,597	31,599,774
\$	251,190,428	\$ 202,588,015	\$ 199,214,575	\$ 195,704,685

\$	(55,662,546)	\$ (60,213,782)	\$ (49,265,008)	\$ (49,177,009)
	1,346,709	1,106,775	659,522	1,336,049
\$	(54,315,837)	\$ (59,107,007)	\$ (48,605,486)	\$ (47,840,960)

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

	Year			
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Revenue and Other Changes in Net Assets				
<u>Governmental activities</u>				
Property Taxes	\$ 69,212,937	\$ 68,566,314	\$ 59,793,818	\$ 58,262,891
Hotel Room Rental Tax	3,038,223	2,948,646	2,724,570	2,663,840
<u>Interest Income</u>	233,771	320,697	384,012	1,925,813
Other Income	1,185,132	736,610	327,241	517,810
Total Governmental Activities	<u>73,670,063</u>	<u>72,572,267</u>	<u>63,229,641</u>	<u>63,370,354</u>
<u>Business Type Activities</u>				
Interest Income	5,149	9,469	13,310	102,021
Other Income	369,648	33,710	279,225	241,605
Transfers	-	-	-	-
Total Business Type Activities	<u>374,797</u>	<u>43,179</u>	<u>292,535</u>	<u>343,626</u>
Total primary government	<u>\$ 74,044,860</u>	<u>\$ 72,615,446</u>	<u>\$ 63,522,176</u>	<u>\$ 63,713,980</u>
Change in Net Assets				
Governmental activities	1,902,351	(1,774,277)	(4,081,151)	4,685,050
Business Type Activities	(581,942)	(964,950)	(1,117,149)	34,883
Total primary government change in net assets	<u>\$ 1,320,409</u>	<u>\$ (2,739,227)</u>	<u>\$ (5,198,300)</u>	<u>\$ 4,719,933</u>

Note: County Nursing Home became a blended component unit due to the adoption of GASB 61 in 2013.

2004 to 2011 amounts were restated for the adoptions of GASB 61 for comparison purposes.

		Year			
		2007	2006	2005	2004
\$	55,664,202	\$ 53,599,290	\$ 49,298,573	\$ 49,055,086	
	2,432,204	2,133,095	2,046,370	1,969,962	
	3,554,926	3,554,357	1,633,072	620,200	
	438,139	304,756	359,609	394,652	
	<u>62,089,471</u>	<u>59,591,498</u>	<u>53,337,624</u>	<u>52,039,900</u>	
	127,142	117,251	66,979	20,586	
	359,231	284,071	245,297	269,351	
	-	-	-	-	
	<u>486,373</u>	<u>401,322</u>	<u>312,276</u>	<u>289,937</u>	
\$	<u>62,575,844</u>	<u>\$ 59,992,820</u>	<u>\$ 53,649,900</u>	<u>\$ 52,329,837</u>	
	6,426,925	(622,284)	4,072,616	2,862,891	
	1,833,082	1,508,097	971,798	1,625,986	
\$	<u>8,260,007</u>	<u>\$ 885,813</u>	<u>\$ 5,044,414</u>	<u>\$ 4,488,877</u>	

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund			
Nonspendable Funds			
Prepaid Items	\$ 74,144	\$ 147,480	\$ 140,514
Restricted Funds			
Public Health Services		-	134,132
Library Services	-	-	38,161
Public Safety Fund	-	37,877	
Community Services	-	-	289,168
Courts and Related Offices	-	-	1,023,393
Economic Development Revolving Loan	11,000,000	11,000,000	11,000,000
Judicial Services	1,011,765	852,697	-
Community Redevelopment	238,263	258,413	-
Assigned			
Children & Youth IV-E Litigation	409,739	1,752,184	1,700,000
Pleasant Ridge Manor	-	-	1,000,000
Unassigned	33,823,435	28,511,652	22,040,658
Total General Fund	\$ 46,557,346	\$ 42,560,303	\$ 37,366,026
All Other Governmental Funds			
Nonspendable Funds			
Prepaid Items	\$ 546,361	\$ 405,878	\$ 77,896
Restricted Funds			
Road and Bridge Improvements	375,170	325,475	198,199
Community Services	-	-	-
Courts and Related Offices	-	-	-
Capital Projects	-	-	22,406,073
Debt Service	-	-	-
Public Health Services	117,875	36,131	-
Emergency Services	1,222,571	957,241	854,850
Library Services	46,874	10,247	-
Child Support Enforcement	43,611	42,446	3,227
Airport Runway Project	3,114,416	10,395,865	-
Debt Service Payments for GO Bonds	2,345,613	1,765,222	1,780,995
ECGRA Restricted Fees	0	42,386	-
Pleasant Ridge Manor loan	833,000	2,500,000	-
Land Preservation	1,201,907	240,032	-
Community Redevelopment	445,716	370,710	964,836
Recycling	388,261	585,936	-
Mental Health Services	7,678,936	10,731,697	8,824,131
Erie County Care Management	4,001,127	3,352,337	2,720,355
Community Grants	6,460,796	5,087,550	8,714,819
Assigned			
Various Capital Projects	3,157,324	3,409,927	-
Unassigned	0	(37,877)	(172,293)
Total all other governmental funds	31,979,558	40,221,203	46,373,088
Total governmental funds	\$ 78,536,904	\$ 82,781,506	\$ 83,739,114

Implementation of GASB 54 in 2011

COUNTY OF ERIE, PENNSYLVANIA
Fund Balances, Governmental Funds
2004-2010
(modified accrual basis of accounting)

	Year						
	2010	2009	2008	2007	2006	2005	
General Fund							
Reserved	\$ 13,266,571	\$ 11,128,717	\$ 13,095,719	\$ 12,604,862	\$ 12,603,113	\$ 2,307,194	\$ 2,426,090
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
Total General Fund	\$ 31,036,874	\$ 22,414,760	\$ 22,567,060	\$ 24,549,009	\$ 26,156,976	\$ 14,525,007	\$ 11,684,956
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
Debt Service	1,769,288	1,781,882	1,809,835	1,827,804	2,043,020	2,480,451	2,938,863
Capital Projects	25,901,084	29,847,830	28,819,745	11,308,430	26,568,335	35,632,760	11,428,499
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
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
Total governmental funds	\$ 82,218,507	\$ 82,003,877	\$ 79,160,281	\$ 54,073,832	\$ 60,572,090	\$ 69,643,844	\$ 39,262,951

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

	Year				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
REVENUES					
Real Estate Taxes	\$ 68,637,354	\$ 68,882,528	\$ 69,261,634	\$ 68,340,246	\$ 60,849,338
Hotel Room Rental Tax	4,238,012	3,160,156	3,038,223	2,948,646	2,724,570
Federal, State and Municipal Grants	187,294,858	197,131,724	198,657,284	200,659,383	214,595,706
Charges for Services	27,563,397	28,395,407	28,638,189	30,342,188	27,552,506
Interest Income	151,659	214,198	233,771	320,697	384,012
Other income	257,458	222,737	1,185,132	736,610	327,241
Total Revenues	288,142,738	298,006,750	301,014,233	303,347,770	306,433,373
EXPENDITURES					
Current:					
General government	15,804,698	16,088,042	14,150,111	14,243,236	11,950,034
Courts and related offices	22,182,559	21,496,358	22,255,296	21,505,399	21,613,050
Corrections	34,897,616	36,167,323	37,587,742	37,556,013	38,202,945
Community Services	194,032,300	199,630,414	200,318,908	204,544,101	211,882,072
Public Health	6,182,499	6,588,774	7,038,316	7,002,502	8,147,557
Public Works	696,221	685,428	903,992	683,726	893,667
Library	6,262,188	5,980,506	6,110,499	6,132,786	5,936,489
Other	6,910	93,407	5,850	5,889	4,258
Capital Outlay	717,928	3,033,946	1,543,953	1,903,658	5,482,738
Debt Service					
Bond Issuance Costs	82,022	-	-	-	79,485
Principal	5,945,000	5,795,347	5,292,554	5,104,246	4,959,385
Interest	2,899,953	4,489,813	4,286,405	4,451,584	4,521,391
Total Expenditures	289,709,894	300,049,358	299,493,626	303,133,140	313,673,071
Excess of Revenues Over (Under) Expenditures	(1,567,156)	(2,042,608)	1,520,607	214,630	(7,239,698)
Other Financing Sources (Uses)					
Issuance of Refunding Bonds	12,457,211	13,605,000	-	-	10,205,000
Payments to Refunded Bonds Escrow Agent	(12,514,108)	(12,520,000)			
Note Proceeds	-	-	-	-	-
Lease Proceeds	-	-	-	-	-
Transfers in	30,770,664	29,354,406	29,082,824	24,870,257	34,153,264
Transfers out	(31,520,995)	(29,354,406)	(29,082,824)	(24,870,257)	(34,153,264)
Loss on Guaranteed Debt	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-
Payment of Loan Guarantee	-	-	-	-	-
Premium Related to Debt Issuance	-	-	-	-	-
Discount Related to Debt Issuance	-	-	-	-	(121,706)
Total other financing sources (uses)	(807,228)	1,085,000	-	-	10,083,294
Net Change in Fund Balances	\$ (2,374,384)	\$ (957,608)	\$ 1,520,607	\$ 214,630	\$ 2,843,596
Debt Service as a percentage of noncapital expenditures	3.09%	3.46%	3.21%	3.17%	3.10%

		Year							
		2008	2007	2006	2005	2004			
\$	57,445,745	\$	54,402,710	\$	53,617,475	\$	49,639,081	\$	48,892,248
	2,663,840		2,432,204		2,133,095		2,046,370		1,969,962
	237,713,702		192,142,721		154,957,295		152,887,437		148,975,982
	29,034,593		25,484,542		14,413,039		14,736,541		15,128,929
	1,925,813		3,554,926		3,554,357		1,633,072		620,200
	517,810		438,139		304,756		359,609		394,652
	329,301,503		278,455,242		228,980,017		221,302,110		215,981,973
	11,666,961		11,198,109		9,937,961		9,342,971		9,104,141
	20,721,787		19,220,859		18,415,816		17,625,158		17,633,056
	37,068,124		34,450,070		32,129,664		31,332,808		31,087,719
	226,782,535		181,733,355		147,688,541		140,339,216		136,723,950
	7,756,801		6,475,515		6,217,156		6,334,742		6,175,897
	712,490		774,009		793,093		741,599		832,551
	6,023,041		5,717,622		5,442,185		5,137,520		5,081,221
	5,545		90,432		3,400		459,234		2,340
	9,565,410		18,953,351		10,999,023		4,903,592		2,628,667
	130,733		-		-		-		-
	2,664,140		2,700,625		2,826,320		2,038,934		1,919,181
	3,769,341		3,790,627		3,598,612		2,622,337		2,727,152
	326,866,908		285,104,574		238,051,771		220,878,111		213,915,875
	2,434,595		(6,649,332)		(9,071,754)		423,999		2,066,098
	22,055,000		25,138,458		-		43,067,351		-
	-		-		-		-		1,502,613
	-		52,909		-		-		-
	45,592,465		22,099,147		32,109,191		47,237,620		17,883,637
	(45,592,465)		(22,099,147)		(32,109,191)		(47,237,620)		(17,883,637)
	-		-		-		-		(3,587)
	-		(25,040,294)		-		(13,110,457)		-
	-		-		-		-		(1,502,613)
	596,855		-		-		-		-
	-		-		-		-		-
	22,651,855		151,073		-		29,956,894		(3,587)
\$	25,086,450	\$	(6,498,259)	\$	(9,071,754)	\$	30,380,893	\$	2,062,511
	2.07%		2.44%		2.83%		2.16%		2.20%

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

Function/Program	Year			
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Governmental Activities</u>				
General Government	\$ 3,150,424	\$ 4,312,444	\$ 3,759,741	\$ 3,298,059
Courts and Related Offices	10,034,943	9,679,730	9,366,383	9,791,846
Corrections	10,889,440	12,772,324	13,534,120	14,671,198
Community Services	183,391,494	190,929,967	192,853,522	194,807,691
Public Health	5,048,870	5,405,641	5,393,825	5,858,695
Public Works	745,885	812,704	769,825	768,514
Library	1,597,199	1,614,321	1,618,057	1,805,568
Total Government Activities	<u>214,858,255</u>	<u>225,527,131</u>	<u>227,295,473</u>	<u>231,001,571</u>
<u>Business Type Activities</u>				
County Nursing Home	<u>33,369,423</u>	<u>32,289,036</u>	<u>33,521,666</u>	<u>32,454,702</u>
Total Business-Type Activities	<u>33,369,423</u>	<u>32,289,036</u>	<u>33,521,666</u>	<u>32,454,702</u>
<i>Total Primary Government</i>	<u><u>\$ 248,227,678</u></u>	<u><u>\$ 257,816,167</u></u>	<u><u>\$ 260,817,139</u></u>	<u><u>\$ 263,456,273</u></u>

Note: County Nursing Home became a blended component unit due to the adaption of GASB 61 in 2013. 2004 to 2013 amounts were restated for the adoptions of GASB 61 for comparison purposes.

Year

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 3,690,832	\$ 2,830,635	\$ 2,790,302	\$ 4,093,473	\$ 2,915,562	\$ 2,434,591
9,842,791	9,521,863	9,371,053	9,361,704	9,212,200	9,903,038
14,706,913	14,402,695	14,368,315	13,599,958	15,175,231	15,823,814
204,862,386	230,283,490	182,770,989	134,319,792	131,719,161	127,943,696
6,179,541	6,684,597	5,238,959	5,219,096	5,262,967	5,388,951
717,937	757,336	838,851	710,444	784,146	770,019
2,147,812	2,267,679	2,248,794	2,065,867	2,554,711	1,840,802
242,148,212	266,748,295	217,627,263	169,370,334	167,623,978	164,104,911
31,937,381	32,507,330	33,563,165	33,217,681	31,590,597	31,599,774
31,937,381	32,507,330	33,563,165	33,217,681	31,590,597	31,599,774
\$ 274,085,593	\$ 299,255,625	\$ 251,190,428	\$ 202,588,015	\$ 199,214,575	\$ 195,704,685

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
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
2013	9,570,146,098	2,394,974,839	338,780,027	286,754,200	-	13,796,831,745	13,796,831,745	100.00%	0.00493

Total Assessed Value as of January 1 of current year includes exonerations and additions from the previous year
Source: 2004-2013 County of Erie Assessment Bureau

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

County	<u>Year Taxes are Payable</u>				
	2013	2012	2011	2010	2009
<hr/>					
Erie County					
Operating Millage	0.0049300	0.0060500	0.0060500	0.0054500	0.0052000
<hr/>					
Township or Boro					
<hr/>					
Albion Boro	0.0016990	0.0020600	0.0020600	0.0020600	0.0020600
Amity Township	0.0014150	0.0016000	0.0014000	0.0014000	0.0014000
Concord Township	0.0002060	0.0002300	0.0002300	0.0002300	0.0002300
Conneaut Township	0.0003070	0.0003350	0.0003350	0.0003350	0.0003350
Corry City	0.0076500	0.0086500	0.0086500	0.0075500	0.0075500
Cranesville Boro	0.0011600	0.0012700	0.0012700	0.0012700	0.0012700
Edinboro Boro	0.0045000	0.0053500	0.0053500	0.0053500	0.0053500
Elgin Boro	0.0006500	0.0007500	0.0007500	0.0007500	0.0007500
Elk Creek Township	0.0021200	0.0023500	0.0023500	0.0023500	0.0023500
Erie City	0.0108500	0.0131000	0.0114500	0.0114500	0.0114500
Fairview Township	0.0007500	0.0009500	0.0009500	0.0009500	0.0009500
Franklin Township	0.0049300	0.0033000	0.0028000	0.0028000	0.0028000
Girard Boro	0.0013900	0.0017800	0.0017800	0.0017800	0.0017800
Girard Township	0.0009320	0.0010370	0.0010370	0.0010370	0.0010370
Greene Township	0.0017900	0.0020000	0.0020000	0.0015900	0.0015900
Greenfield Township	0.0020900	0.0023000	0.0023000	0.0023000	0.0023000
Harborcreek Township	0.0009663	0.0011920	0.0011920	0.0011920	0.0011920
Lake City Boro	0.0026500	0.0031003	0.0028003	0.0028003	0.0028003
Lawrence Park Township	0.0022000	0.0027500	0.0027500	0.0027500	0.0027500
LeBouef Township	0.0003800	0.0004200	0.0004200	0.0004200	0.0004200
McKean Township	0.0009000	0.0010000	0.0010000	0.0010000	0.0010000
McKean Boro	0.0009400	0.0011000	0.0011000	0.0011000	0.0011000
Millcreek Township	0.0025537	0.0029594	0.0024594	0.0024594	0.0024594
Mill Village Boro	0.0010700	0.0013000	0.0013000	0.0013000	0.0013000
North East Boro - 1st Ward	0.0044500	0.0051100	0.0041100	0.0041100	0.0036200
North East Boro - 2nd Ward	0.0044500	0.0051100	0.0041100	0.0041100	0.0036200
North East Township	0.0010400	0.0012640	0.0012640	0.0012640	0.0012640
Platea Boro	0.0010790	0.0013000	0.0013000	0.0013000	0.0013000
Springfield Township	0.0003525	0.0004360	0.0004360	0.0004360	0.0004360
Summit Township	0.0005900	0.0007000	0.0007000	0.0007000	0.0007000
Union City Boro - 1st Ward	0.0060600	0.0070000	0.0055000	0.0055000	0.0045000
Union City Boro - 2nd Ward	0.0060600	0.0070000	0.0055000	0.0055000	0.0045000
Union Township	0.0010000	0.0012000	0.0012000	0.0012000	0.0012000
Venango Township	0.0022000	0.0027000	0.0024000	0.0024000	0.0024000
Washington Township	0.0008200	0.0010000	0.0008100	0.0008100	0.0008100
Waterford Boro	0.0024000	0.0028500	0.0028500	0.0016000	0.0013500
Waterford Township	0.0019900	0.0024000	0.0022000	0.0022000	0.0020000
Wattsburg Boro	0.0026000	0.0030000	0.0030000	0.0050000	0.0050000
Wayne Township	0.0012400	0.0015000	0.0015000	0.0015000	0.0015000
Wesleyville Boro	0.0071380	0.0087730	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

2008	2007	2006	2005	2004
0.0049500	0.0049500	0.0046800	0.0046800	0.0046000
0.0020600	0.0020600	0.0020600	0.0020600	0.0020600
0.0014000	0.0014000	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	0.0072500	0.0066000	0.0066000	0.0068500
0.0012700	0.0012700	0.0012700	0.0012700	0.0012700
0.0053500	0.0033500	0.0033500	0.0023000	0.0023000
0.0007500	0.0007500	0.0007500	0.0007500	0.0007500
0.0023500	0.0023500	0.0023500	0.0023500	0.0013500
0.0114500	0.0114500	0.0102100	0.0097100	0.0097100
0.0009500	0.0009500	0.0009500	0.0009500	0.0008500
0.0028000	0.0028000	0.0014000	0.0013000	0.0013000
0.0017800	0.0012800	0.0012800	0.0012800	0.0012800
0.0010370	0.0010370	0.0010370	0.0010370	0.0010370
0.0015900	0.0014500	0.0014500	0.0012900	0.0012900
0.0021000	0.0021000	0.0020000	0.0019000	0.0018400
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	0.0027500
0.0004200	0.0004200	0.0004200	0.0004200	0.0004200
0.0010000	0.0010000	0.0010000	0.0009000	0.0009000
0.0011000	0.0011000	0.0011000	0.0011000	0.0011000
0.0024594	0.0024594	0.0024594	0.0024594	0.0025498
0.0013000	0.0009560	0.0009560	0.0009560	0.0008690
0.0036200	0.0036200	0.0036200	0.0036200	0.0022200
0.0036200	0.0036200	0.0036200	0.0036200	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	0.0007000	0.0007300
0.0045000	0.0045000	0.0035000	0.0035000	0.0035000
0.0045000	0.0045000	0.0035000	0.0035000	0.0035000
0.0012000	0.0012000	0.0012000	0.0012000	0.0010000
0.0014000	0.0013000	0.0011000	0.0010000	0.0010000
0.0008100	0.0008100	0.0008100	0.0008100	0.0008100
0.0013500	0.0013500	0.0013500	0.0013500	0.0013500
0.0018000	0.0014000	0.0010000	0.0008000	0.0008000
0.0050000	0.0050000	0.0020000	0.0020000	0.0009000
0.0015000	0.0015000	0.0015000	0.0013800	0.0012500
0.0077730	0.0072730	0.0072730	0.0062730	0.0062730

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

Year Taxes are Payable

School District	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Corry Area	0.0137960	0.0176513	0.0180214	0.0179269	0.0177660
Erie City	0.0166233	0.0187626	0.0178026	0.0170687	0.0170687
Fairview	0.0156454	0.0190700	0.0185200	0.0185200	0.0180000
Fort LeBoeuf	0.0113900	0.0135600	0.0135600	0.0135600	0.0135600
General McLane	0.0119300	0.0140600	0.0137600	0.0135100	0.0132600
Girard	0.0148300	0.0178600	0.0174300	0.0167400	0.0160500
Harborcreek Township	0.0143100	0.0172800	0.0169100	0.0163900	0.0158100
Iroquois	0.0186126	0.0225200	0.0219500	0.0215000	0.0215000
Millcreek Township	0.0126700	0.0148800	0.0148800	0.0146300	0.0141400
North East	0.0132400	0.0164400	0.0160600	0.0157500	0.0151300
Northwestern	0.0091065	0.0104600	0.0104600	0.0102500	0.0100000
Union City Area	0.0106200	0.0125200	0.0122300	0.0120100	0.0118900
Wattsburg Area	0.0145140	0.0171500	0.0171500	0.0166500	0.0152500

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

Year Taxes are Payable

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
0.0184506	0.0184506	0.0184990	0.0184850	0.0163710
0.0170687	0.0170687	0.0170687	0.0164187	0.0164187
0.0176800	0.0172400	0.0167400	0.0162600	0.0153900
0.0135600	0.0135600	0.0135600	0.0135600	0.0135600
0.0132600	0.0132600	0.0130300	0.0126000	0.0126000
0.0160500	0.0160500	0.0157500	0.0151500	0.0148500
0.0157100	0.0152100	0.0147100	0.0147100	0.0140600
0.0215000	0.0215000	0.0215000	0.0215000	0.0180000
0.0141400	0.0141400	0.0141400	0.0137700	0.0131200
0.0151300	0.0146500	0.0143600	0.0140800	0.0130800
0.0100000	0.0100000	0.0097000	0.0097000	0.0097000
0.0118900	0.0118800	0.0116161	0.0123700	0.0123700
0.0150000	0.0146500	0.0146500	0.0144000	0.0140761

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

<u>Taxpayer</u>	2013			2004		
	<u>100% Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>	<u>100% Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>
Presque Isle Downs	\$ 148,540,780	1	1.08%	-----	-----	-----
Baldwin Brothers	112,906,133	2	0.82%	105,766,460	1	1.02%
Millcreek Mall/Cafaro	107,404,600	3	0.78%	98,678,000	2	0.95%
Scott Development Enterprise	79,162,900	4	0.57%	61,053,000	3	0.59%
Wal Mart	49,403,331	5	0.36%	19,492,000	8	0.19%
Millcreek Community Hospital	46,592,910	6	0.34%	-----	-----	-----
Pastore Brothers, et al	41,105,000	7	0.30%	26,160,000	6	0.25%
Erie Insurance	35,266,300	8	0.26%	30,444,000	5	0.29%
Developers Diversified Realty	34,716,100	9	0.25%	32,515,000	4	0.31%
Maleno Developers	31,445,200	10	0.23%	-----	-----	-----
General Electric Company	21,492,700	11	0.16%	24,974,000	7	0.24%
Palermo et al	21,096,756	12	0.15%	15,400,000	10	0.14%
International Paper	-----	-----	-----	-----	-----	-----
Granada Apartments	-----	-----	-----	17,448,000	9	0.17%
Total	<u>\$ 729,132,710</u>		<u>5.28%</u>	<u>\$ 431,930,460</u>		<u>4.16%</u>
Assessed Value of All Properties	<u>\$ 13,796,831,745</u>			<u>\$ 10,381,310,031</u>		

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	
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%	1,709,944	66,874,245	97.54%	
2012	68,826,499	(150,356)	68,676,143	65,097,158	94.79%	79,023	65,176,181	94.90%	
2013	68,018,418	(249,755)	67,768,663	64,703,847	95.48%	229,536	64,933,383	95.82%	

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	Percentage of Personal Income (a)	Percentage of Actual Value (b) of Taxable Property	Per Capita (a)	Total Assessed Value	Population	Personal Income (thousands of dollar)
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%	0.69%	\$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%	0.64%	\$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%	0.62%	\$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%	0.79%	\$317	11,079,225,801	279,175	9,112,456
2009	95,325,920	(1,781,882)	782,148	-	93,544,038	1.02%	0.83%	\$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	0.76%	0.57%	\$279	11,376,259,228	280,646	10,291,569
2013	74,725,107	(2,345,613)	-	-	72,379,494	*	*	\$258	13,796,831,745	280,294	*

(a) Property data can be found on page 175

* Information not yet available

COUNTY OF ERIE, PENNSYLVANIA
Direct and Overlapping Governmental Activities Debt
as of December 31, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Cities:			
Corry	n/a	100.00%	n/a
Erie	n/a	100.00%	n/a
Total Cities	<u>\$ -</u>		<u>\$ -</u>
Boroughs:			
Albion	-	100.00%	-
Cranesville	-	100.00%	-
Edinboro	469,439	100.00%	469,439
Elgin	-	100.00%	-
Girard	1,913,719	100.00%	1,913,719
Lake City	n/a	100.00%	n/a
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	24,625	100.00%	24,625
Waterford	20,600	100.00%	20,600
Wattsburg	115,922	100.00%	115,922
Wesleyville	324,645	100.00%	324,645
Total Boroughs	<u>2,868,950</u>		<u>2,868,950</u>
Townships:			
Amity	-	100.00%	-
Concord	-	100.00%	-
Conneaut	n/a	100.00%	-
Elk Creek	109,181	100.00%	109,181
Fairview	-	100.00%	-
Franklin	141,081	100.00%	141,081
Girard	-	100.00%	-
Greene	-	100.00%	-
Greenfield	-	100.00%	-
Harborcreek	353,734	100.00%	353,734
Lawrence Park	n/a	100.00%	n/a
LeBoeuf	n/a	100.00%	n/a
McKean	3,105,588	100.00%	-
Millcreek	n/a	100.00%	n/a
North East	2,624,589	100.00%	2,624,589
Springfield	29,295	100.00%	29,295
Summit	1,901,502	100.00%	-
Union	44,662	100.00%	44,662
Venango	n/a	100.00%	n/a
Washington	2,772,395	100.00%	2,772,395
Waterford	-	100.00%	-
Wayne	80,129	100.00%	80,129
Total Townships	<u>11,162,156</u>		<u>6,155,066</u>

COUNTY OF ERIE, PENNSYLVANIA
Direct and Overlapping Governmental Activities Debt
as of December 31, 2013
(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	16,533,068	100.00%	\$ 16,533,068
Corry Area	n/a	100.00%	n/a
Fairview	22,987,389	100.00%	22,987,389
Ft. LeBoeuf	21,408,413	100.00%	21,408,413
General McLane	10,155,553	100.00%	10,155,553
Girard	19,897,265	100.00%	19,897,265
Harborcreek	20,725,890	100.00%	20,725,890
Iroquois Area	n/a	100.00%	n/a
Millcreek	n/a	100.00%	n/a
North East	17,140,000	100.00%	17,140,000
Northwestern	1,466,456	100.00%	1,466,456
Union City Area	n/a	100.00%	n/a
Wattsburg Area	31,496,033	100.00%	31,496,033
Total School Districts	<u>161,810,067</u>		<u>\$ 161,810,067</u>
Subtotal Overlapping Debt	<u>\$ 175,841,173</u>		<u>\$ 170,834,083</u>
Total Direct Debt			74,725,107
Total Direct and Overlapping Debt	<u>\$ 175,841,173</u>		<u>\$ 245,559,190</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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Assessed Value of Property	\$ 10,395,150,238	\$ 10,380,140,073	\$ 10,567,128,750	\$ 10,948,846,060	\$ 11,079,225,801
Percentage of net debt to assessed value	0.41%	0.67%	0.64%	0.61%	0.78%
Population	280,833	280,184	279,811	280,446	279,175
Net bonded debt per capita in dollars	\$ 152	\$ 249	\$ 241	\$ 239	\$ 291
Debt Limit 300% of average gross revenue	\$ 698,376,009	\$ 723,547,860	\$ 748,838,606	\$ 814,429,000	\$ 926,390,630
<u>Amount of Debt Applicable to Limit</u>					
General Obligation Bonds	\$ 45,720,000	\$ 72,315,000	\$ 69,580,000	\$ 68,800,000	\$ 88,325,000
Less: Resources Restricted to Paying Principal	(2,938,863)	(2,480,451)	(2,043,020)	(1,827,804)	(1,809,835)
Total net debt applicable to limit	42,781,137	69,834,549	67,536,980	66,972,196	86,515,165
Legal Debt Margin	\$ 655,594,872	\$ 653,713,311	\$ 681,301,626	\$ 747,456,804	\$ 839,875,465
Total net debt applicable to the limit as a percentage of debt limit	6.13%	9.65%	9.02%	8.22%	9.34%

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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 11,185,706,711	\$ 11,282,268,586	\$ 11,327,397,410	11,376,259,228	13,796,831,745
0.82%	0.77%	0.72%	0.57%	0.52%
280,291	280,566	0	280,646	280,294
\$ 328	\$ 310	#DIV/0!	\$ 279	\$ 258
\$ 1,007,874,207	\$ 1,034,994,660	\$ 1,009,502,850	\$ 1,002,682,263	\$ 988,408,681
\$ 93,750,000	\$ 88,795,000	\$ 83,660,000	80,168,026	74,725,107
(1,781,882)	(1,769,288)	(1,780,995)	(1,765,222)	(2,345,613)
91,968,118	87,025,712	81,879,005	78,402,804	72,379,494
\$ 915,906,089	\$ 947,968,948	\$ 927,623,845	\$ 924,279,459	\$ 916,029,187
9.12%	8.41%	8.11%	7.82%	7.32%

COUNTY OF ERIE
Debt Statement Pursuant to Local Government Unit Debt Act
Statement as of December 31, 2013

	Electoral	Nonelectoral	Lease Rental
I. GROSS INCURRED DEBT			
Bonds Outstanding			
1977 Housing Authority (guarantee only)			\$ 430,000
1993 Hospital Authority for Pleasant Ridge Manor			-
1995 Higher Education Building Authority (guarantee only)			-
2003 G.O. Bond		-	
2005 Erie County Convention Center Authority (guarantee only)			43,740,000
2005 G.O. Bond		13,055,000	
2007 G. O. Bond		24,865,000	
2008 G.O. Bond		10,655,000	
2009 G.O. Bond		20,000	
2012 G.O. Bond		24,090,000	
Total gross incurred debt	-	72,685,000	44,170,000
II. CREDITS AND EXCLUSIONS			
Less:			
Sinking funds, reserve accounts, bond proceeds		2,346,613	4,475,738
Current appropriations			
Uncollected special assessments			
Delinquent taxes and liens		5,992,504	
Surplus cash			
Solvent debts due			
Indemnifying insurance			
Self-liquidating debt			
Totals	-	8,339,117	4,475,738
Net indebtedness	-	64,345,883	39,694,262
Percentage of Legal Debt Limitation	-	6.51%	3.01%
III. Aggregate principle amount of bonds or notes being issued or evidencing lease rental debt:			
2013 Pleasant Ridge Manor letter of credit			\$ 700,000

COUNTY OF ERIE
 Borrowing Base Certificate
 Certificate as of December 31, 2013

	2011	2012	2013
Total Revenue Received	\$ 334,963,778	\$ 331,742,823	\$ 321,720,470
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	(10,155)	(4,966)	(3,269)
Grants and gifts-in-aid measured by construction of specific projects	-	-	-
Nonrecurring receipts	-	-	-
	334,953,623	331,737,857	321,717,201
Subtotals			
Total net revenues			\$ 988,408,681
Borrowing Base			
Total net revenues divided by three			\$ 329,469,560
Applicable Debt Limitations: Non-Electoral (300%)			\$ 988,408,681
Non-Electoral plus Lease Rental (400%)			\$ 1,317,878,241

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	Elementary/Secondary School Enrollment			Employed Persons	Unemployment Rate	Number of Building Permits
				Public	Private	Total			
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	10,291,569	36,671	40,343	5,515	45,858	128,500	8.20%	2,591
2013	280,294	*	*	41,198	5,589	46,787	131,700	6.40%	2,593

* Information not yet available

Sources:

- (1) 2004 - 2013 PA Dept of Labor and Industry
- (2) Pennsylvania Department of Labor and Industry
Bureau of Economic Analysis
- (3) Pennsylvania Department of Education, Bureau of Information Systems
- (4) Center for Workforce Information, Pennsylvania Department of Labor and Industry
- (5) Erie County Assessment Bureau

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

(A) Company Name	Product or Service	2013			2004		
		(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	5,500	1	4.18%	5,000	1	3.81%
Erie Indemnity Company	Insurance	4,450	2	3.38%	2,400	2	1.83%
UPMC Hamot Medical Center	Health Related	3,100	3	2.35%	2,000	3	1.52%
Saint Vincent Health Center	Health Related	2,864	4	2.17%	1,800	4	1.37%
Pennsylvania State Government	State Government	2,500	5	1.90%	1,300	6	0.99%
Wal-Mart	Department/Grocery Store	2,000	6	1.52%	1,200	7	0.91%
School District of the City of Erie	Public Education	1,300	7	0.99%	1,500	5	1.14%
United States Government	Federal Government	1,200	8	0.91%	1,150	8	0.88%
County of Erie	County Government	1,098	9	0.83%	1,100	9	0.84%
Dr Gertrude A Barber Center Inc	Public Health	816	10	0.62%	-----		-----
Plastek Industries	Plastics Manufacturing	-----	17	-----	1,000	10	0.76%
		<u>24,828</u>		<u>18.85%</u>	<u>18,450</u>		<u>14.04%</u>

(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.

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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, 2013

<u>Function/Program</u>	<u>2013</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>
<i>General Government</i>	97.0	89.0	91.0	97.0	93.0	94.0	99.0	94.5	84.5	82.5
<i>Courts and Court Related</i>	284.0	296.0	295.0	294.0	294.0	298.0	328.0	319.0	313.0	313.5
<i>Corrections</i>	277.0	278.0	290.0	290.0	307.0	309.0	306.0	327.5	324.0	312.0
<i>Community Service</i>	310.0	303.0	303.0	304.0	281.0	275.0	264.0	257.0	251.0	235.0
<i>Library</i>	66.0	65.0	65.0	64.0	69.0	72.0	94.0	80.5	84.0	78.5
<i>Public Health</i>	64.0	69.0	71.0	71.0	74.0	79.0	83.0	82.5	80.5	80.5
<i>Total</i>	<u>1,098.0</u>	<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>

Source: County of Erie Workforce Report

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

Function/Program	2013	2012	2011	2010	2009
General Government					
Receipts written	12,848	11,889	10,730	13,146	11,933
Checks written	42,564	44,246	44,120	45,143	45,941
Purchase orders issued	2,937	3,003	2,925	3,008	3,143
Ordinances and resolutions passed	209	205	196	207	248
Entry for Claims	12,570	12,094	12,055	12,606	12,271
Licenses issued (fishing, hunting, dog, doe, bingo)	38,026	30,915	29,064	27,286	29,214
Building permits monitored	2,593	2,591	2,596	3,171	2,934
Total taxable parcels	117,805	117,761	117,876	118,150	118,967
Total exempt parcels	4,812	4,789	4,651	4,416	4,359
Retired employees	47	43	44	40	40
Pension fund transactions processed	272	294	378	392	351
Full time employees	1,098	1,100	1,115	1,120	1,117
Part time employees	61	61	61	51	58
Deeds, mortgages, other recorded	33,356	35,316	31,397	33,036	34,447
Coroner cases	486	475	438	400	419
Autopsies performed	124	149	137	141	146
Discharged military personnel registered with Veteran Affairs	132	164	76	107	206
Bids received and opened	34	33	53	34	37
Special audits conducted	7	7	4	4	5
Fraud hotline calls received	17	17	10	35	25
Courts and Court Related					
New criminal cases	3,484	3,446	3,242	3,109	3,092
Jury trials	98	106	99	83	97
Non-jury trials	22	21	20	24	28
Criminal sentencing's	2,650	2,571	2,563	2,540	2,318
New civil cases	2,097	2,217	3,737	3,941	2,560
Jury trials	8	13	9	12	6
Non-jury trials	11	10	11	8	11
Traffic citations (in thousands)	26	26		22	25
Summary offenses (in thousands)	11	13	12	12	13
Civil cases filed (in thousands [District Justice offices])	3	4	6	6	6
Criminal cases filed (in thousands [District Justice offices])	5	6	6	6	5
New support petitions filed	2,913	3,412	3,668	3,032	3,373
Modified petitions filed	2,232	1,851	1,861	2,472	2,670
Support conferences held	6,997	6,632	7,820	8,049	8,779
Support court hearings	508	339	311	418	368
Contempt court hearings	2,346	1,768	1,454	1,609	1,519
Support collections (in millions)	40	41	40	40	42
Warrants processed	1,624	1,145	1,702	943	1,744
Civil papers served	14,003	14,957	11,336	11,723	12,831
Sheriff sales	1,178	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
11,330	11,304	11,282	10,366	7,102
53,223	51,376	50,645	49,791	50,744
3,457	3,271	3,545	3,154	2,903
320	235	259	218	220
10,681	12,302	10,666	11,595	11,680
32,496	25,957	26,542	26,117	27,904
3,061	3,357	3,768	3,591	4,732
118,913	118,506	118,506	117,948	n/a
4,407	4,298	4,299	3,919	n/a
15	12	18	23	78
345	346	322	264	365
1,127	1,127	1,109	1,079	1,065
57	67	67	75	72
33,160	38,875	40,611	45,328	50,155
470	392	428	412	398
144	146	176	183	158
138	179	174	155	142
65	89	75	76	71
5	5	6	6	4
25	27	28	37	16
3,075	3,282	3,288	3,176	2,764
97	128	142	165	155
25	30	14	12	18
2,479	2,663	2,584	2,421	2,296
2,108	1,621	1,401	1,349	1,102
14	15	20	28	25
7	15	15	15	13
24	26	38	44	37
13	14	15	14	15
7	6	6	5	5
6	6	7	6	5
3,487	3,802	3,620	3,893	3,990
2,967	3,368	3,450	3,350	3,348
10,422	10,382	10,330	10,858	10,942
303	347	387	421	358
1,942	1,991	2,055	1,648	1,955
41	41	41	40	40
3,311	2,357	1,891	1,662	n/a
11,205	10,570	8,100	7,981	n/a
716	636	573	600	520

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

Function/Program	2013	2012	2011	2010	2009
Corrections					
Adult probation caseloads	3033	3,023	2,914	2,954	2,788
Delinquency petitions	896	980	1,157	1,195	1,163
Delinquents in placement	100	122	124	128	149
Community Service					
Agricultural Easement Purchases	-	1	3	1	1
Land Use Reviews	247	243	246	239	236
Subdivisions and Land Development Reviews	155	167	168	176	188
HPMS Sample Section Field Reviews	133	134	132	131	124
Local Bridge Inspection Program Inspections and Traffic Counts	152	83	153	152	85
Calls received at Emergency 911 center	172,596	188,273	172,680	166,116	147,869
Drug and Alcohol general admissions/completed screenings	4,124	3,986	4,243	2,237	2,243
Drug and Alcohol clients authorized	3,644	3,210	6,211	2,432	2,528
Drug and Alcohol treatment providers	16	15	13	12	13
Children and Youth Abuse Referrals	856	782	842	932	851
Children and Youth intake evaluations	2,711	2,578	1,697	2,651	2,853
Children and Youth placements	515	461	507	574	676
Mental Health Mental Retardation clients in various programs	17,971	19,556	20,919	19,674	20,219
Cost of Mental Health Mental Retardation services (in millions)	51	53	54	52	52
Health Choices members in various programs	14,564	13,908	13,283	13,237	11,859
Cost of Health Choices services (in millions)	59	62	63	61	56
Library					
Bookmobile circulation	22,529	24,736	25,209	25,302	36,547
Main library circulation	610,852	660,588	700,691	771,626	817,513
Branch library circulation	685,543	680,484	642,524	681,968	706,143
Public Health					
Immunization client visits	870	1,766	2,010	1,965	2,840
Sexually transmitted disease client visits	1,559	1,901	2,079	2,075	2,191
Tuberculosis client visits	3,275	3,124	3,289	3,201	2,437
Nursing Home					
Nurse Family Partnership client visits	1,387	1,603	1,456	1,765	1,683
Maternal Child Health client visits	695	708	752	809	1,090
Average daily census in nursing home	337	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 (Continued)
Last Ten Years

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

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

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Buildings	4	4	4	4	4	4	4	4	4	4
Square footage	204,943	204,943	204,943	204,943	204,943	210,173	210,173	210,173	210,173	209,774
Vehicles	7	6	6	5	8	7	6	4	3	3
Courts and Court Related										
Sheriff vehicles	25	28	28	26	28	26	27	27	26	25
Sheriff search and rescue boat	0	0	0	0	0	0	0	1	1	0
Other department vehicles	14	16	17	14	14	16	16	15	15	7
Corrections										
Prison facilities	2	2	2	2	2	2	1	1	1	1
Square footage	205,720	205,720	205,720	205,720	205,720	205,720	177,720	177,720	177,720	175,320
Number of beds	690	690	690	690	690	690	695	695	694	694
Prison vehicles	6	5	5	6	5	6	5	5	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	14	11	14	13	15	15	18	15	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	12	18	18	20	18	19	16	13	5
Emergency Management watercraft	3	3	3	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	5	6	6	6	6	5	5	5	10	6
Nursing Home										
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	388	390
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	4
Combined branch square footage	25,249	25,249	25,249	25,249	25,249	22,652	15,922	15,922	15,922	15,922
Library vehicles	2	4	4	3	3	3	3	3	4	4

Source: County of Erie Operations Department
Pleasant Ridge Manor

* Pleasant Ridge Manor (East and West locations) are a blended component unit as of 2013.

* 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, 2013

<u>Elected Officials</u>		<u>Salary</u>
Council Chairman (part-time)	Joseph F. Giles	\$ 9,326
Council Members (part-time)	Ronald Cleaver	8,780
	Phil Fatica	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	88,828
County Controller	Mary Schaaf	61,935
District Attorney	Jack Daneri	172,270
Sheriff	Robert G. Merski	66,556
Coroner	Lyell P. Cook	61,935
Clerk of Records	Patrick Fetzner	70,778
Common Pleas Judges	Ernie DiSantis, Jr., PJ	Paid by Commonwealth
	John Garhart	Paid by Commonwealth
	Shad Connelly	Paid by Commonwealth
	Elizabeth K. Kelly	Paid by Commonwealth
	Daniel Brabender Jr.	Paid by Commonwealth
	Stephanie Domitrovich	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
 <u>Officials Appointed by County Executive</u>		
Director of Administration	Gerald Mifsud	\$ 60,000
Director of Finance	James Sparber	72,145
Director of Personnel	Peter Callan	61,950
County Solicitor (part-time)	Ronald DiNicola, Esq.	41,300
Public Defender	Patricia Kennedy, Esq.	82,600
Assistant Public Defenders	6 Full Time 11 Part Time	638,473

Employees

The County employs an average 1,098 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 \$ 41,928

The highest paid non elected employee is the Chief County Detective at: 155,551

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 418.5 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 \$ 37,663