

# **County of Erie, Pennsylvania**

## **Comprehensive Annual Financial Report**

**Year Ended December 31, 2014**

Presented by:  
Erie County Finance Department

**COUNTY OF ERIE, PENNSYLVANIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2014**

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# COUNTY OF ERIE, PENNSYLVANIA

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**COUNTY OF ERIE**  
**DEPARTMENT OF FINANCE**  
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JAMES R SPARBER  
FINANCE DIRECTOR

SUE ELLEN PASQUALE  
MANAGER OF ACCOUNTING

Kathy Dahlkemper, County Executive

June 19, 2015

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, 2014.

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, 2014.

Maher Duessel, 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 unmodified opinion that the County of Erie's financial statements for the fiscal year ended December 31, 2014, 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 the 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 278,443 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. The Erie County Gaming Revenue Authority (ECGRA) is a discreetly presented component unit, and as such its financial data is presented separately from 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 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. 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 MHID, 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 intellectually disabled, 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, Human Resources, Finance and Information Technology

***Courts and Related Offices***

The Sixth Judicial District of Pennsylvania (nine Judges of the Court of Common Pleas)  
 Fifteen District Magisterial Judges  
 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 / Intellectual Disabilities, 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 project its current year's revenue and expenditures, and justify any proposed changes to the preliminary budget. The administration holds budget meetings with each department. On or before October 1<sup>st</sup> of each year, the administration submits a balanced budget to County Council. Council then holds additional budget meetings with departments and officials from the administration. After holding public meetings on the budget, County Council must adopt a balanced budget on or before December 1st. The appropriated budget is prepared by fund and by department. 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 County-wide reassessment cycle taking into account the common level ratios, property values, and a need for a reassessment. The last reassessment was effective January 1, 2013. 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 2<sup>nd</sup> and 3<sup>rd</sup> wards, increasing slightly lower than average and some wards such as the 4<sup>th</sup> and 6<sup>th</sup> wards increased slightly more than the County average. Particular emphasis was placed on bringing lakefront property in line with the current market value. In

2015 the County will begin major technology projects in Assessment which will create efficiencies in the office and better prepare for future reassessments.

### **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**

Erie County's local economy is stable with some growth. During 2011, Erie County's largest employer, General Electric (GE), 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. About 400 local jobs were cut but 100 of those jobs were called back to work due to an increase in sales. General Electric won a contract to build 1,000 Tier 4 locomotives to be delivered in 2015, 2016, and 2017.

Lord Corporation, a local aerospace company, completed the renovation of a 575,000 square foot building, investing about \$100 million in the project. The project used a unique financing package including grants, low interest loans and tax increment financing, allowing the employer to stay in Erie County. Space in the renovated facility will be available for rent to suppliers for a horizontal integration.

KNL purchased a factory vacated by Troyer Farms, created 140 jobs, and started production of potato chips and snacks. LECOM, a local osteopathic college, will open up a dental school in 2015, and will complete the construction of a 138 bed nursing home, creating 200 new jobs by July of 2015. Erie Insurance Company, a Fortune 500 company, opened a state of the art training center in January of 2015. The 52,000 square foot space will serve as an interactive classroom for employees and agents throughout the country.

Several hotels are being constructed in Erie County. The Erie County Convention Center Authority began construction of a 200 room hotel and the 123,000 square foot parking garage along the waterfront of Presque Isle Bay. The parking garage is connected to the hotel; the hotel is physically connected to the Erie County Convention Center. Besides this project an additional 185 room hotel is nearing completion and another 200 rooms are in the planning stages. The growth illustrates the strength of the tourism business in our local economy.

Scott Enterprises, the 4<sup>th</sup> largest tax payer in Erie County, announced plans to create Harbor Place, a mixed use development on the Bayfront to be built in stages. It will include offices, hotels, retail shops, a parking garage, an outdoor skating rink, and apartments. The rate of the development of the project is contingent on the expansion of the state CRIZ program.

The 2014 real estate market was steady with 2,410 properties sold compared to the 2,329 properties sold in 2013. The unemployment rate for Erie County dropped from 6.4% in 2013 to 4.6% for 2014.

### **Destination Erie/Emerge 2040**

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, created 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. Numerous public meetings were held throughout the County to create a vision for the future. In early 2015, Emerge 2040 was created in an effort to implement the Destination Erie Plan, to inspire and catalyze action throughout the region, and to identify opportunities in which the local communities can become more effective and efficient at achieving our shared goals. The strategic plan and additional information about Emerge 2040 is available on the County website, [www.eriecountygov.org](http://www.eriecountygov.org).

### **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 January of 2013, the County refunded \$12.5 million of 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 August of 2015. We anticipate significant savings from the project. These savings will be used toward future identified projects. These projects include improvements to several County buildings such as the Blasco Library, the Courthouse, the Prison, and the Health Department.

The County has begun the process of financing the approved Public Safety Next Generation Radio Project. This system will include the design and implementation of an interoperable, single band radio solution which will serve all law enforcement, fire, emergency medical services and emergency management services within Erie County. The project has been estimated to cost \$26.4 million and will be financed by both a bond issue and with general fund balance. The County Executive and County Council have approved the consulting group to lead the project. Bond Counsel has been selected and a request for proposal for the bond underwriter will be opened in May of 2015. The County expects to issue bonds the summer of 2015.

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 Human Services 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 June of 2015. The County-owned east facility is housed on

a campus that is home to a juvenile detention center and dependent shelter. The County is currently exploring options to repurpose or sell the vacated property.

### **Future County Operations Budgets**

In November of 2014, the County Council adopted the 2015 budget. The budget, net of internal service funds and transfers to other funds, is \$350,063,384 and for the sixth year in a row, does not include a tax increase.

### **Fiscal Accomplishments and Concerns**

The County successfully increased the unassigned fund balance in the General Fund and is in compliance with GASB 54. The County accomplished this over a period of time by freezing wages for two years for all County employees, closely monitoring overtime, travel and other discretionary spending, and investing in technology to reduce staffing needs and supplies. As a result, the County's bond rating of AA- was upgraded to AA in 2012 by Standard & Poor's. In March of 2015, the County's bond ratings of AA by Standard and Poor's and Aa2 by Moody's were affirmed. In 2014, the County was budgeted to reduce general fund balance by \$2.4 million. By conservatively budgeting for revenue and expense, holding positions open during the year, and closely monitoring the budget performance during the year, the County increased general fund unassigned fund balance by \$773,819 in 2014. The County continues to closely watch developments in the state budget, since grant revenue accounts for over 47% of all budgeted revenue.

### **Relevant Financial Policies**

In 2004, County Council adopted a policy that set the level of the general fund's unassigned fund balance at a minimum of one month's expenditures with a goal of up to two month's expenditures. In April of 2015, County Council adopted Resolution 26, 2015, which mandates a minimum of two month's expenditures in unassigned fund balance. The policy also states that if unassigned fund balance drops below two month's expenditures, the County must restore the fund balance within two fiscal years. 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 2014 and 2015 County budgets included funds sufficient to maintain a General Fund unassigned fund balance 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

In 2014, the fixed asset policy and procedure manual was updated. Mandatory training for each County department was completed. This training was a result of many changes in staffing of those employees who are responsible for fixed assets, and the annual inventory in their departments. During 2015, the County will create a debt policy and will update the investment policy.

### **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, 2013. This was the twenty-second 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 Assistant Manager of Accounting for Human Services Patrick Ryan and 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 Michael Anderson, 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 Jennifer Ertl, Melissa Plyler, Carrie Laska, Jennifer Kruszewski, Helen Lucas, Ericka Knight, Jane Mehler, and Marilyn LoSapio. Special thanks to Finance Director, Jim Sparber and Assistant Manager of Accounting Tracey Fugagli.

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

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# COUNTY OF ERIE, PENNSYLVANIA

## List of Elected and Appointed Officials

DECEMBER 31, 2014

### Elected Officials

County Executive	Kathy Dahlkemper
Council Members	Kyle Foust Jay Breneman Phil Fatica Carol J. Loll Andre Horton Fiore A. Leone Edward T. DiMattio Jr.
County Controller	Mary Schaaf
District Attorney	Jack Daneri
Sheriff	John Loomis
Coroner	Lyell P. Cook
Clerk of Records	Patrick Fetzner
Common Pleas Judges	Ernie DiSantis, Jr., PJ John Garhart Shad Connelly Elizabeth K. Kelly Daniel Brabender Jr. Stephanie Domitrovich Robert A. Sambroak William Cunningham John Trucilla

### Appointed Officials

Director of Administration	Gary Lee
Director of Finance	James Sparber
Director of Personnel	Peter Callan
County Solicitor (part-time)	Marcia Haller
Public Defender	Patricia Kennedy, Esq.

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**County of Erie  
Pennsylvania**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**



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

## Independent Auditor's Report

Members of County Council  
County of Erie, Pennsylvania

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 (County), as of and for the year ended December 31, 2014, 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 unit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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, 2014, 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.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; pension plan disclosures, employer pension plan disclosures, other postemployment benefit information; and budgetary comparison information on pages 15 through 34, 100 through 107, and 109 through 113, respectively, be presented to supplement the basic financial statements. Such information, although not a part 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 historic 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 about 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and budgetary schedules, capital asset schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and budgetary schedules and the capital asset schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 procedures performed as described above, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Maher Duessel*

Pittsburgh, Pennsylvania  
June 19, 2015

## 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, 2014. 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, 2014. All amounts, unless otherwise indicated, are expressed in dollars.

### Financial Highlights

- Assets of the County of Erie exceed liabilities at December 31, 2014 by \$33,584,096 (net position).
- The government's total net position increased by \$436,332.
- As of the close of the current fiscal year, the County of Erie's governmental funds reported combined ending fund balances of \$76,551,177, a decrease of \$1,985,727 in comparison with the prior year 2013 ending fund balance of \$78,536,904. The most significant changes include an increase in the fund balance of the General Fund in the amount of \$1.3 million primarily due to a savings of \$965,000 in wages and fringes and \$1.2 million savings in the transfers to Public Safety, Public Health and Planning, and savings in other services. Health Choices' fund balance decreased \$3.2 million due to a decline in grant funding. Public Safety's fund balance decreased \$550,000 as current revenues from phone users are not keeping pace with current expenditures, and the fund balance of the Gaming fund decreased nearly \$447,000 due to a loan to Pleasant Ridge Manor that will be repaid once the sale of bed licenses is completed in 2015.
- The County's real property tax rate remained constant at 4.93 mills.
- The County's investment bond rating from Standard and Poor's is AA, while Moody's bond rating is Aa2. These ratings were confirmed in March of 2015.
- At December 31, 2014, the County of Erie had \$66,515,000 of bonds outstanding. This represents a decrease of \$6,170,000 (8.5%) due to scheduled principal payments on debt.
- The total fund balance of the General Fund at December 31, 2014 was \$47,903,115. The unassigned portion of the fund balance was \$34,597,254 which is approximately 53% of expenditures in the General Fund for the fiscal year 2014. The unassigned fund balance increased nearly \$774,000 in 2014.

### Overview of the Financial Statements

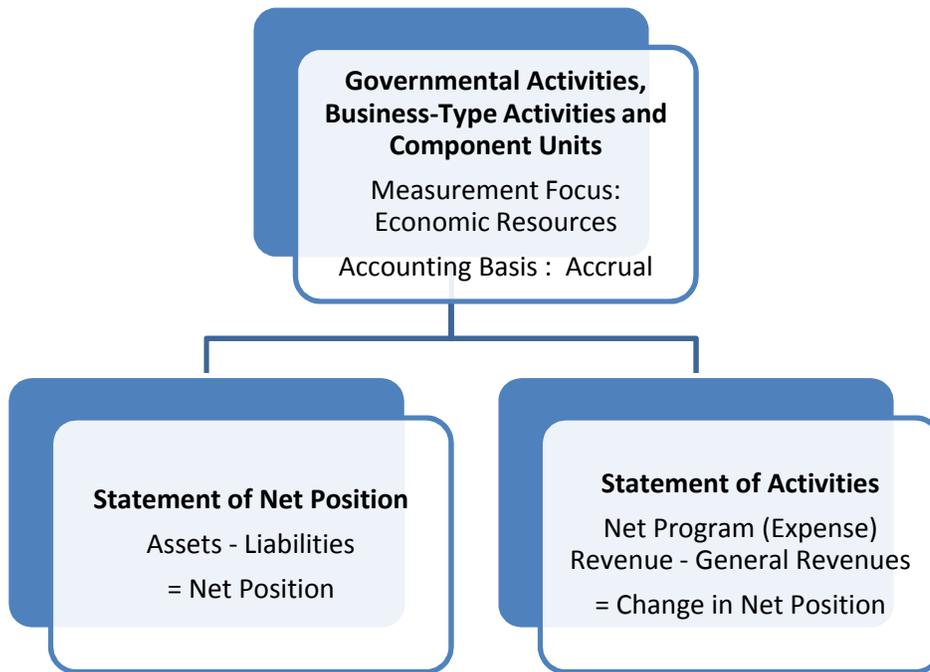
This discussion and analysis is intended to serve as an introduction to the County of Erie's basic financial statements. The County of Erie's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to

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

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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 position may serve as a useful indicator of whether the financial position of the County of Erie is improving or deteriorating.

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

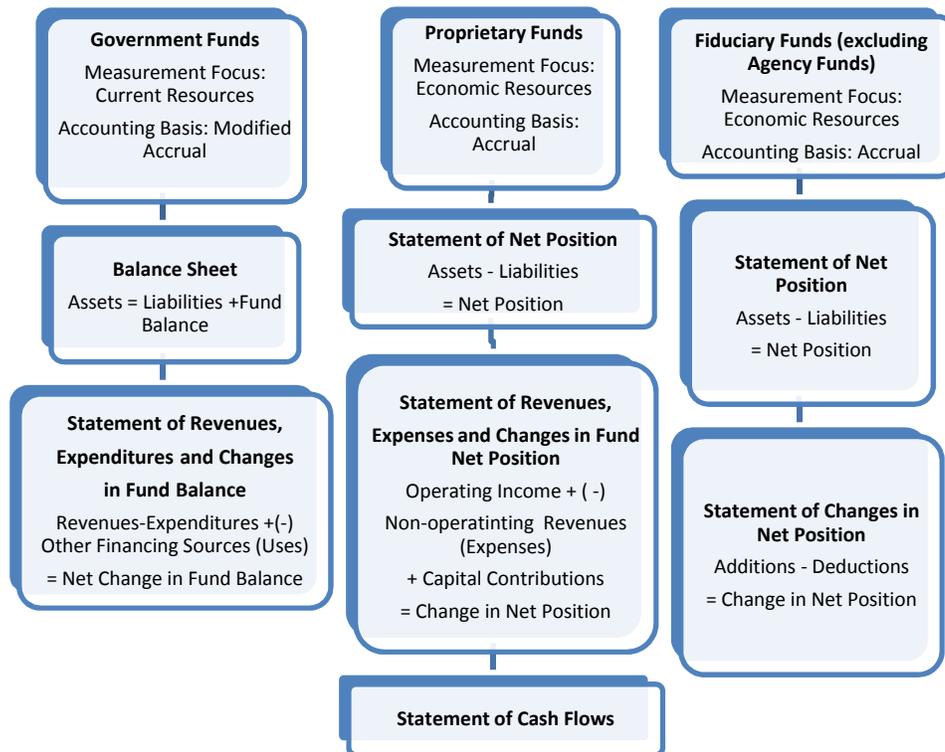
Both of the government-wide financial statements distinguish functions of the County of Erie that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the County of Erie include general government, courts and related offices, corrections, community services, public health, public works and library services.

The 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 component unit. Erie County Gaming Revenue Authority (ECGRA) is also a component unit. ECGRA was created by the County to disburse restricted gaming funds to the community in accordance with state law. Financial information for 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 Intellectual Disabilities 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, 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.

**Summary of Statement of Net Position**  
**December 31, 2014**  
**With Comparative Totals for December 31, 2013**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$125,124,264	\$135,763,429	\$4,854,522	\$7,388,037	\$129,978,786	\$143,151,466
Capital assets	41,317,003	44,882,595	6,342,807	6,295,713	47,659,810	51,178,308
<b>Total assets</b>	<b>166,441,267</b>	<b>180,646,024</b>	<b>11,197,329</b>	<b>13,683,750</b>	<b>177,638,596</b>	<b>194,329,774</b>
Long-term liabilities outstanding	84,173,254	90,548,804	257,762	1,431,372	84,431,016	91,980,176
Other liabilities	48,683,917	56,949,456	2,873,914	3,637,237	51,557,831	60,586,693
<b>Total liabilities</b>	<b>132,857,171</b>	<b>147,498,260</b>	<b>3,131,676</b>	<b>5,068,609</b>	<b>135,988,847</b>	<b>152,566,869</b>
Net position:						
Net investment in capital assets	986,225	3,234,228	4,430,807	4,628,713	5,417,032	7,862,941
Restricted	34,708,680	37,919,072	-	-	34,708,680	37,919,072
Unrestricted	(2,110,809)	(8,005,536)	3,634,846	3,986,428	1,524,037	(4,019,108)
<b>Total net position</b>	<b>\$33,584,096</b>	<b>\$33,147,764</b>	<b>\$8,065,653</b>	<b>\$8,615,141</b>	<b>\$41,649,749</b>	<b>\$41,762,905</b>

### 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 \$33,584,096 at December 31, 2014.

Approximately 3% or \$986,225 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.

The restricted portion of the County of Erie's net position, \$34,708,680, represents resources that are subject to external restrictions on how they may be used. Restricted net position decreased \$3.2 million from the previous year primarily due to decreases in Health

Choices, Gaming, and Public Safety. 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.

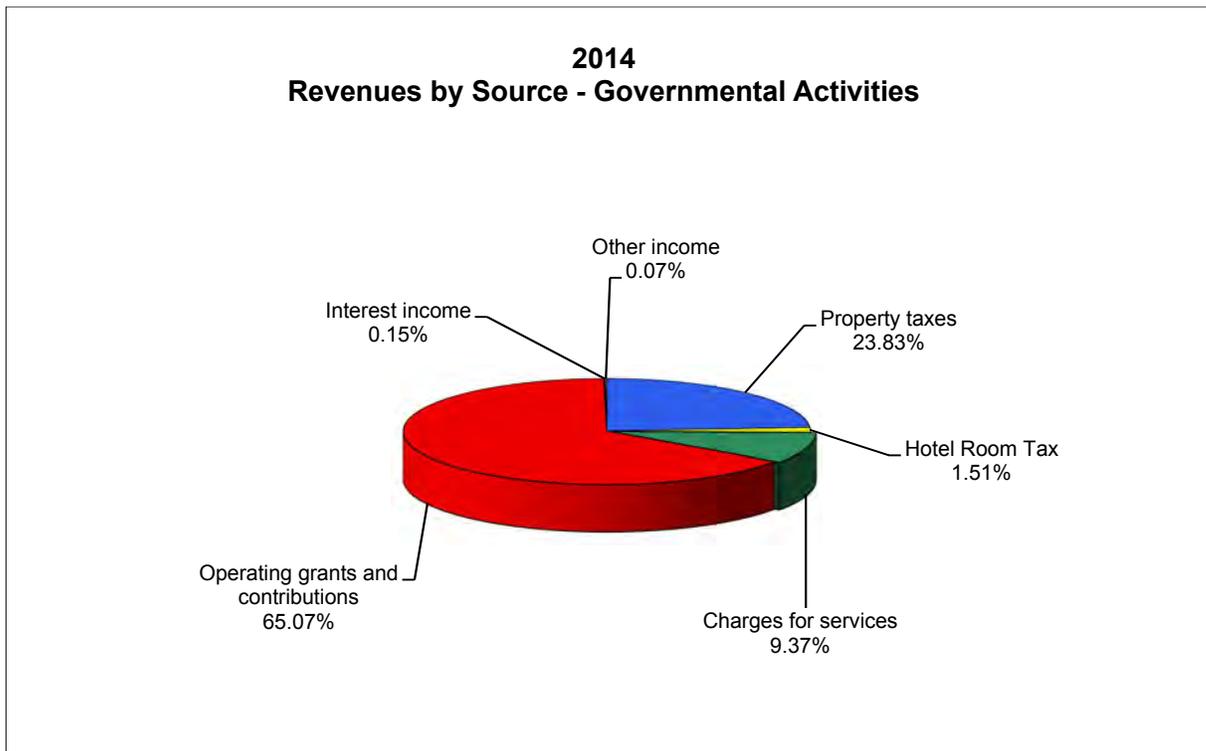
**County of Erie - Change in Net Position**  
**Year Ended December 31, 2014**  
**With Comparative Amounts for December 31, 2013**

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$27,223,587	\$27,563,397	\$34,185,096	\$33,369,423	\$61,408,683	\$60,932,820
Operating grants and contributions	189,145,809	187,294,858	-	-	189,145,809	187,294,858
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	69,290,190	68,783,306	-	-	69,290,190	68,783,306
Hotel Room Tax	4,375,388	4,238,012	-	-	4,375,388	4,238,012
Interest income	197,345	151,659	2,606	16,611	199,951	168,270
Other Income	450,111	257,458	246,274	211,906	696,385	469,364
Transfers	-	-	811,544	750,331	811,544	750,331
<b>Total revenues</b>	<b>290,682,430</b>	<b>288,288,690</b>	<b>35,245,520</b>	<b>34,348,271</b>	<b>325,927,950</b>	<b>322,636,961</b>
Expenses:						
General government	18,616,773	19,301,658	-	-	18,616,773	19,301,658
Courts and related offices	23,407,171	22,601,628	-	-	23,407,171	22,601,628
Corrections	37,375,459	36,187,277	-	-	37,375,459	36,187,277
Community services	194,194,242	195,535,908	35,795,008	34,030,462	229,989,250	229,566,370
Public health	5,659,096	6,244,253	-	-	5,659,096	6,244,253
Public works	650,069	696,221	-	-	650,069	696,221
Library	7,063,666	6,910,165	-	-	7,063,666	6,910,165
Other	8,264	-	-	-	8,264	-
Interest on long-term debt	2,459,814	3,453,834	-	-	2,459,814	3,453,834
Transfers	811,544	750,331	-	-	811,544	750,331
<b>Total expenses</b>	<b>290,246,098</b>	<b>291,681,275</b>	<b>35,795,008</b>	<b>34,030,462</b>	<b>326,032,842</b>	<b>325,711,737</b>
Increase (decrease) in net position	436,332	(3,392,585)	(549,488)	317,809	(104,892)	(3,074,776)
Net position, Beginning of Year	33,147,764	36,540,349	8,615,141	8,297,332	41,762,905	44,837,681
Net position, End of Year	\$33,584,096	\$33,147,764	\$8,065,653	\$8,615,141	\$41,649,749	\$41,762,905

**Governmental activities** - Governmental activities in 2014 increased the County's net position by \$436,332. Key elements of this decrease are as follows:

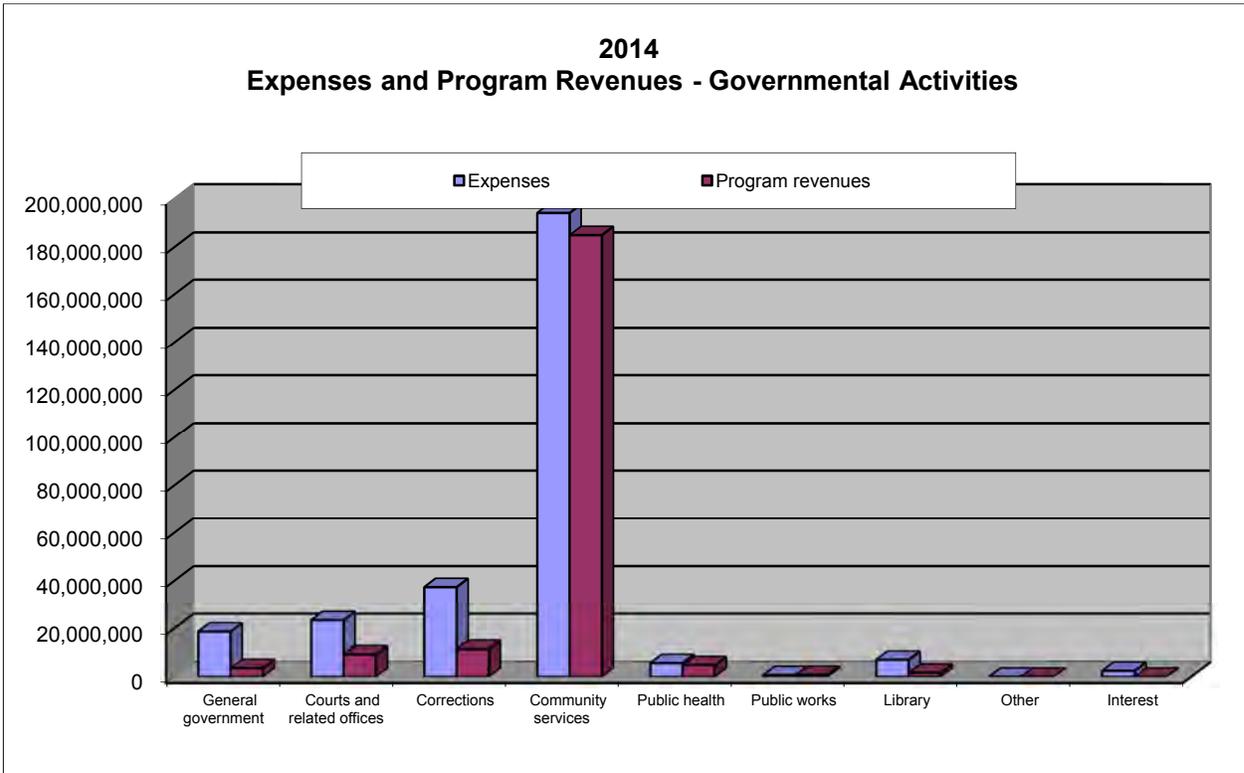
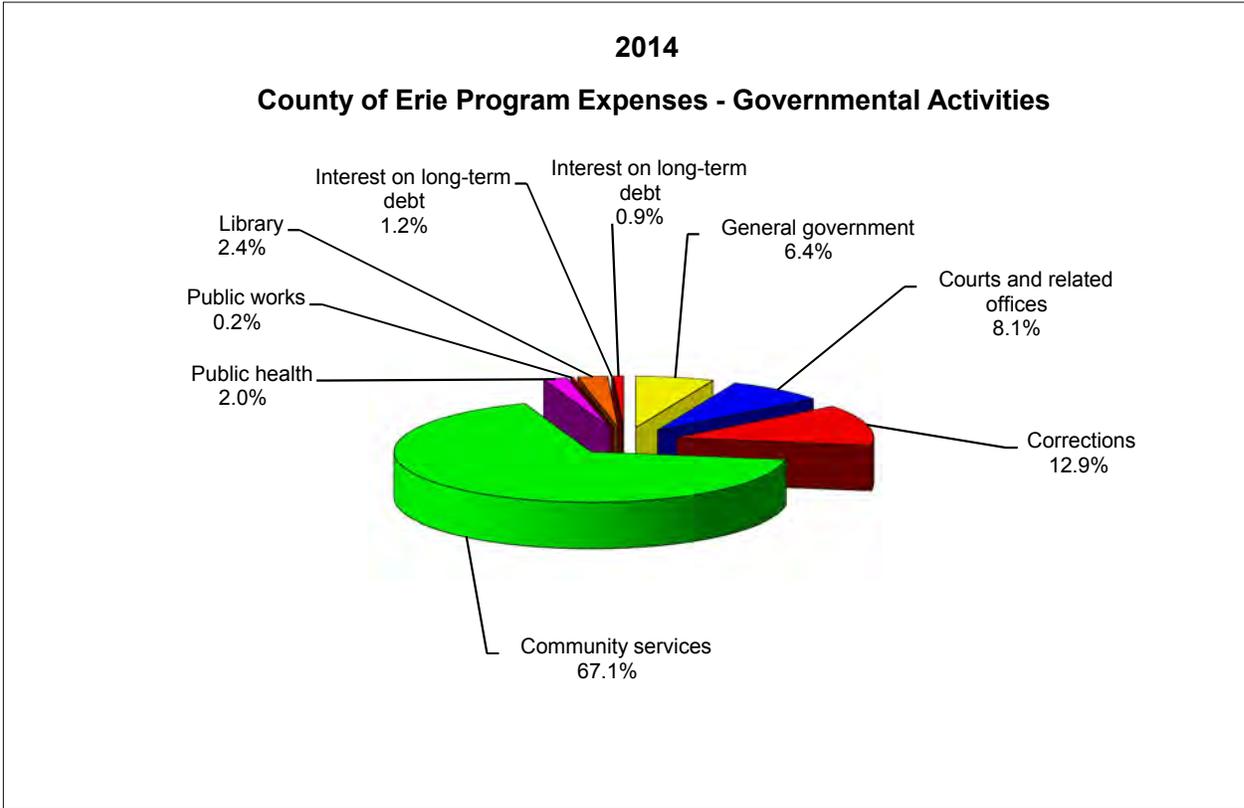
**Program Revenues**

- Property taxes increased by \$506,884 (0.7%). Tax millage remained constant at 4.93 mills.
- Hotel room rental tax of \$4,375,388 increased by \$137,376 from the \$4,238,012 collected in 2013. We believe this is due to an improvement in the economy and in the increase in the number of hotel rooms available in the area.
- Charges for services declined 1% or by \$339,810. Gaming revenue was down \$248,912 due to a decline in betting at the local casino. This downturn was experienced throughout the state. Fees in the Clerk of Records Office, Sheriff and MDJ offices were down \$310,259 and the revenue in Public Safety from land lines decreased \$163,929, as fewer land lines are used by our constituents.
- Operating grants increased by \$1,850,951 (1%). Increases in grant funding in Children & Youth Services of \$2.7 million, MHID of \$839,000 and Drug & Alcohol of \$372,000 were offset by decreases in Planning of \$1,229,000, Health Choices of \$687,085, and Public Health of \$227,936. The state allocation of Act 148 in OCY increased \$1.2 million and Title IV-E increased \$1 million due to increased placements. MHID's base allocation increased \$964,000 and the medical assistance transportation grant increased \$814,000 over the 2013 grant. The state reduced the capitation rate in Health Choices which decreased their grant revenue.
- Interest income increased in 2014 by \$45,686 or 30%. The County has favorably renegotiated bank interest and fees and is using PA Invest, a state investment program, to help boost interest earnings in this low interest rate environment.



## Program Expenses

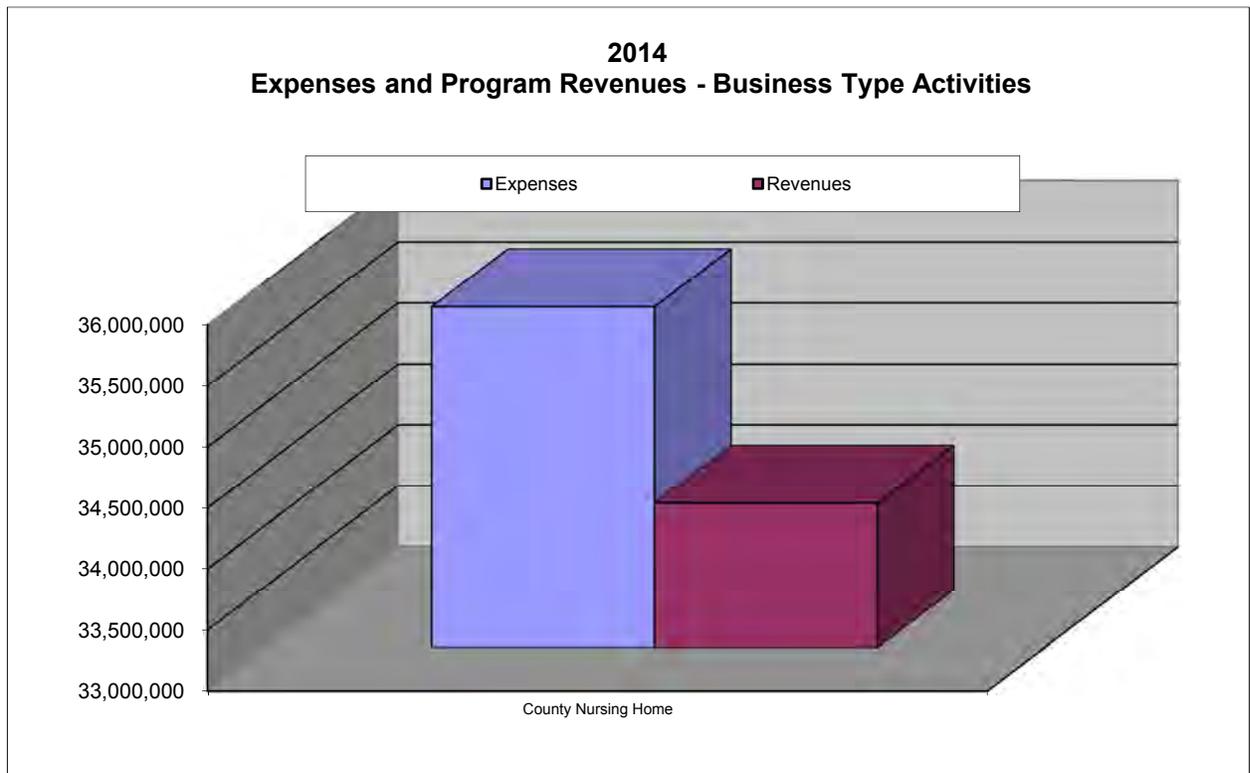
- General government expenses decreased by \$684,885 or 3.55%.
- A 3.6% increase, or \$805,543, was related to courts and related expenditures. Increases in wages and fringes accounted for a majority of the additional costs.
- Correction expenditures of \$37,375,459 increased nearly 1.2 million in 2014. Based upon a staffing study by the National Institute for Corrections, thirteen new correctional officers were added to the county jail, supervisory union personnel were reclassified, and six new non-bargaining supervisory lieutenant positions were added.
- A slight decrease of 0.7% or \$1.3 million occurred in Community Services. Increased expenditures in Children Services, MHID and Health Choices were offset by decreases in Planning and Capital Projects Fund. Capital Projects Fund expenditures decreased \$7.5 million due to the near completion of projects including the airport runway extension.
- Public Health expenditures decreased by \$585,157 or 9.4%. This occurred because grant revenue in Public Health decreased especially in areas funded by grants such as Tobacco Prevention, Public Health Preparedness, Health Education, Maternal & Child Health, and Healthy Communities. As a result in the reduction in grant revenue, the types and level of services provided were reduced as well.
- Public Works decreased by \$46,152 or 6.6% because fewer bridges were inspected in 2014, and grant money fell 3%.
- Library expenditures rose \$153,501 or 2.2%. Wages and fringes decreased due to transferring IT staff to the centralized IT department which caused shared costs to go up. Collection materials increased and the County rebuilt the engine in the bookmobile.
- Interest on long term debt decreased by \$994,020 due to principal payments on debt of \$6,170,000.
- The County transferred \$811,544 to Pleasant Ride Manor, the county nursing home. Pleasant Ridge Manor is a business-type activity.

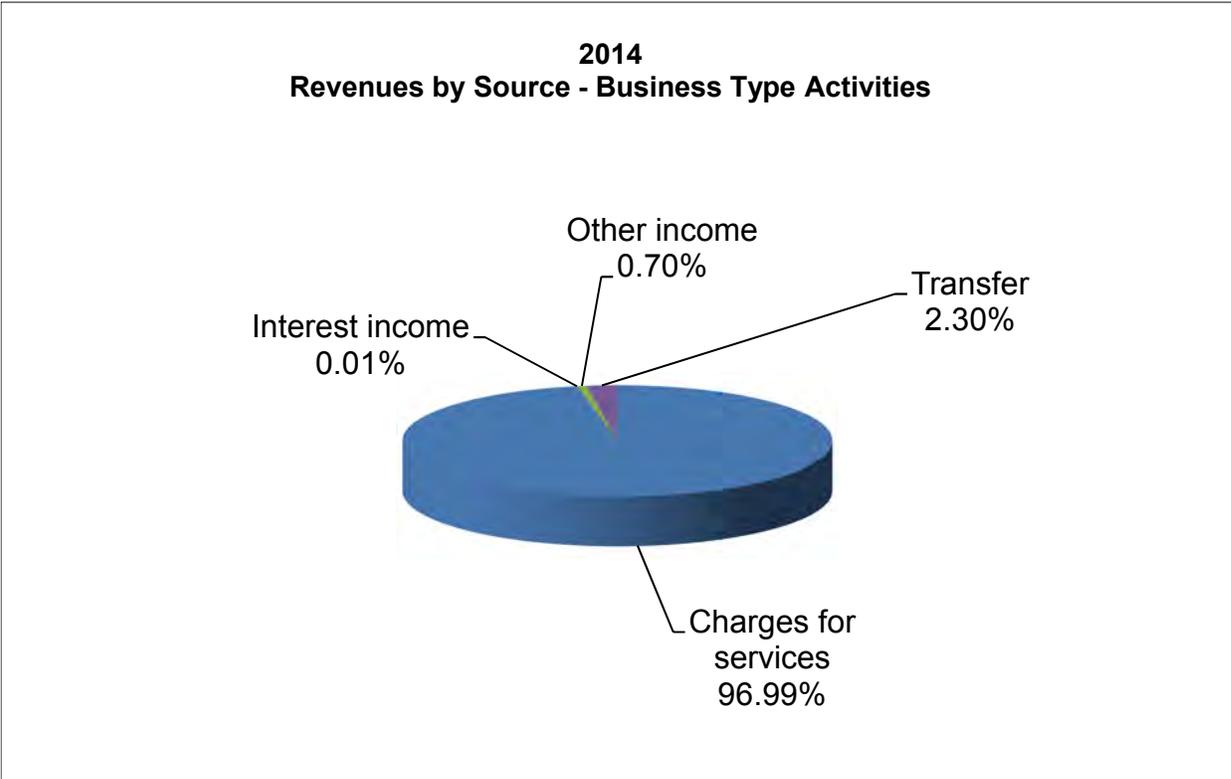


**Business-type Activities** - The County’s nursing home, Pleasant Ridge Manor is the only business-type blended component unit of the County. Total revenue for business-type activities increased by \$815,700 to \$34.2 million. This is primarily due to increases in reimbursement for

residential care and increased census. Medical assistance residents account for approximately 84.9% of the census and approximately 75% of the resident revenue base. Resident days increased from 122,620 in 2013 to 125,465 in 2014.

Total expenses at Pleasant Ridge Manor increased \$1.76 million primarily due to increases in nursing expenditures, health care costs and sprinkler mitigation costs. The County is committed to sell 88 licenses to Millcreek Manor. The sale will be completed by June 30, 2015, resulting in the closing of the County's east side nursing home. Nursing wages and fringes and contracted nursing services have increased since the County has left open vacant positions acknowledging that staffing will be reduced once the facility closes. In addition the County has been mandated to install sprinkler systems to both nursing home facilities. The County did not want to spend money installing a sprinkler system in a building that is closing. A sprinkler mitigation plan was approved which increased expenditures.





**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 \$76,551,177 a decrease of \$1,985,727, in comparison with the prior year. Approximately 45% (\$34,597,254) constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. *The non-spendable* portion of the fund balance of \$445,721 consists of prepaid items.

*Restricted fund balance* is set aside by law or by external sources for specific purposes. As of the end of 2014, the County has \$37,495,131 in restricted fund balance for a variety of purposes including: 1) Economic Development (\$11,000,000), 2) Mental Health Services (\$4,453,562), 3) Airport Runway Rehabilitation (\$3,114,416), 4) Community Grants in Gaming Fund (\$6,703,977), 5) Erie County Care Management (\$4,287,679), 6) a loan from the Gaming Fund to Pleasant Ridge Manor for a water and sewer project (\$143,000), 7) Debt Service (\$2,307,527), 8) Emergency Services (\$899,903), 9) Judicial Services (\$1,097,633), 10) Community Redevelopment (\$646,701), 11) Recycling (\$388,266), 12) Roads and Bridges (\$1,523,545),

13) Land Preservation (\$603,728), 14) Child Support Enforcement (\$31,903), 15) Public Health (\$96,805), and 16) Library Services (\$196,486).

*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 \$3,170,788 for various capital projects financed by prior bond issues. The County also assigned \$838,998 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 Commonwealth of Pennsylvania and the federal government. The \$838,998 is the estimated amount the Commonwealth of Pennsylvania will owe Erie County as of December 31, 2014 should it continue to defer payments for these services. Should the federal government prevail in recouping Title IV-E funds from the Commonwealth of Pennsylvania, counties will be responsible for this shortage. Finally, the County assigned \$3,285 for funding received from municipalities for emergency radar units at traffic lights to be purchased in 2015.

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, 2014 and 2013 were:

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

<u>Fund</u>	<u>2014</u>			<u>Net Change in Fund Balances</u>	
	<u>Revenues</u>	<u>Expenditures</u>	<u>Net Other Financing</u>	<u>2014</u>	<u>2013</u>
General Fund	\$87,258,226	\$61,439,423	(\$24,473,034)	\$1,345,769	\$3,997,043
Mental Health Intellectual Disabilities	26,776,311	27,708,396	932,085	-	-
Children & Youth Services	55,355,057	63,578,436	8,223,379	-	-
Health Choices	75,903,151	79,128,525	-	(3,225,374)	(1,182,543)
Capital Projects	26,480	13,016	-	13,464	(7,534,052)
Liquid Fuels	723,298	650,069	-	73,229	49,695
Domestic Relations	3,399,179	4,771,361	1,360,474	(11,708)	1,165
Drug & Alcohol	5,737,556	6,019,420	281,864	-	-
Public Safety	3,608,705	6,288,981	2,130,197	(550,079)	524,357
Public Health	4,811,608	5,801,126	968,448	(21,070)	81,744
Library	1,640,595	6,361,172	4,870,235	149,658	35,729
Planning	3,358,519	3,286,817	358,066	429,768	839,206
Gaming	11,071,239	7,107,348	(4,410,710)	(446,819)	(336,140)
Erie County Care Management	11,180,830	10,885,309	-	295,521	569,021
Debt Service	3,148	8,988,686	8,947,452	(38,086)	580,391
Total Change	\$290,853,902	\$292,028,085	\$ (811,544)	(\$1,985,727)	(\$2,374,384)

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 \$34,597,254, while total fund balance reached \$47,903,115. 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 56.3% of total General Fund expenditures, while total fund balance represents 78% of that same amount.

During the current fiscal year, the fund balance of the County of Erie's General Fund increased by \$1,345,769 or 2.9%. Revenues were \$434,217 over budget, while expenditures were \$2,273,533 under budget and transfers to other funds were \$1,265,173 under budget. Key factors in this increase are as follows:

- Real Estate taxes were \$895,420 or 1.3% over budget and \$824,300 over 2013 collections. The year 2014 was the fifth consecutive year without a tax increase.
- Hotel taxes were \$104,612 or 2% under budget but \$137,376 over 2013 revenue, due to increased occupancy.
- In 2014, the General Fund earned \$77,884 or 2.8% less in grant revenue than budgeted. This was mainly due to housing fewer federal prisoners in the county jail than anticipated.
- A decrease of \$147,034 in charges for services over the prior year. Decreases in fees, fines and reimbursements occurred in Magisterial District Judges, Clerk of Records, Sheriff, Coroner, and the Prison.
- A decrease of \$4,242 in interest income reflects low interest rates.
- After a two year wage freeze, salaries increased 3.25% in 2013 and 3% in 2014. 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, 2014 wages were \$160,062 under budget. Fringe benefits were \$805,479 under budget.
- Expenditures budgeted for retirees hospitalization were \$170,138 under budget and \$844,661 above 2013 expenditures. Maintenance and repairs for County Facilities were \$338,688 less than 2013 expenditures, and professional fees in Adult Probation were up \$64,070 over 2013 expenditures. In 2014, prison utility expenditures increased by \$70,176.
- Capital Outlay was \$167,201 over 2013 expenditures and \$274,874 under budget. The newly created County IT department spent nearly \$70,000 in hardware and software. Recorder of Deeds record improvement capital lines, 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 \$1.26 million in 2014. The transfer to Public Safety was over \$750,000 below budget due to reduced personnel and IT costs. Public Health needed \$249,000 less than budgeted. Savings in personnel costs and custodial cost contributed to the need for less County dollars.

The Health Choices Fund experienced a decrease in fund balance of \$3.2 million. The state reduced the capitation rates by 1.7% across all rating groups. This reduction continues to erode fund balance. The County has spoken to the Commonwealth of Pennsylvania about these rates and expects increased rates effective July of 2015. Higher rates will allow the grant funding to be more closely aligned with program expenditures.

Public Safety's fund balance declined by \$550,079 or 33%. Charges from landlines, cell phones and voice over internet protocol are not keeping pace with the costs of running the 911 Center despite County efforts to use technology and regionalize some services to cut expenditures. The state is currently working to change the fees to phone users, the calculation of distributing those fees to counties, and the rules limited the use of those funds. A monthly fee of \$1.65, increasing the current fees of \$1.00 and \$1.25, has passed the State House of Representatives and is currently pending in the State Senate.

The Gaming Revenue fund balance declined by \$446,819. Revenue from the local casino was down \$248,912 from 2013. 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 by \$327,233 in 2014. The Planning fund saw an increase of \$429,768, due to funding 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 decreased \$550,079 in 2014. Monthly fees charged to phone customers are not keeping pace with 911 expenditures. The Library's fund balance increased by \$149,658 as a result of savings in wages and fringes from vacant positions. Liquid Fuels also experienced an increase in fund balance, while the fund balances in Public Health, Domestic Relations, and Debt Service declined.

Erie County Care Management's (ECCM) fund balance grew \$295,521 largely because the revenue from County contracts was based upon budgeted and not actual expenditures. Actual expenditures were \$1.4 million under budget.

**Change in Governmental Fund Balances  
December 31, 2014  
In Dollars**

Fund	Beginning 1/1/14	Net Change in Fund Balances	Ending 12/31/14
General Fund	\$46,557,346	\$1,345,769	\$47,903,115
Mental Health Mental Retardation	-	-	-
Children & Youth Services	-	-	-
Health Choices	7,678,936	(3,225,374)	4,453,562
Capital Projects	6,271,740	13,464	6,285,204
Liquid Fuels	375,170	73,229	448,399
Domestic Relations	43,611	(11,708)	31,903
Drug & Alcohol	-	-	-
Public Safety	1,679,446	(550,079)	1,129,367
Public Health	117,875	(21,070)	96,805
Library	48,541	149,658	198,199
Planning	2,035,884	429,768	2,465,652
Gaming	7,293,796	(446,819)	6,846,977
Erie County Care Management	4,088,946	295,521	4,384,467
Debt Service	2,345,613	(38,086)	2,307,527
Total Change	<u>\$78,536,904</u>	<u>(\$1,985,727)</u>	<u>\$76,551,177</u>

**General Fund Budgetary Highlights**

Differences in total expenditures and transfers out between the original adopted budget of \$93,068,934 and the final amended budget of \$90,883,459 were relatively minor (\$2,185,475 decrease in appropriations or a 2.3% decrease) and can be summarized as follows:

- \$3,777,793 decrease in various general government activities mainly due to elimination entries of nearly \$4 million when preparing the CAFR. These annual elimination entries are for inter-fund and intra-fund billings.
- \$481,383 increase in appropriations for court related activities in the Courts, MDJs, District Attorney, Sheriff, and Coroner departments.
- \$105,666 decrease in corrections, the majority of which is due to CAFR elimination entries for reimbursements for mental health services in adult probation and the prison.
- \$136,500 increase in community services, which reflects a \$65,000 grant to the Erie County Fire Fighters and \$100,000 for the startup of a Youth Summer Jobs Pilot Program for economically disadvantaged youth.
- \$189,803 increase in capital outlay due to the purchase of computer software, computer equipment from the appropriation of unassigned fund balance and restricted fund balance for record improvements and automation improvements in the Clerk of Records office, as well as the addition of two vehicles.
- \$890,298 increase in transfers to other funds, primarily to the Library Fund (\$1,121,770). 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. The transfer to Pleasant Ridge Manor increased \$600,000 to cover increased personnel and sprinkler mitigation expenditures, and the transfer to Debt Service decreased \$884,944.

**Capital assets** - The County of Erie's capital assets for its governmental funds as of December 31, 2014 amount to \$43,317,003 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, building improvements and furniture, vehicles and equipment; the County does not have any infrastructure. The County of Erie's capital assets decreased approximately 7.9% because depreciation expense exceeded capital additions during 2014.

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

- Completion of a security system upgrade of \$126,891 at the Erie County Prison.
- Servers, computers, and software \$248,578.
- Purchase of vehicles for the County Executive, Sheriff, District Attorney, Adult Probation, Public Safety, and Human Services in the amount of \$426,719.
- Purchase of Furniture (\$21,902), Office Equipment (\$74,802), Maintenance Equipment (\$41,275), Audio Visual Equipment (\$29,610), Laboratory & Testing Equipment (\$98,735), Computer Equipment (\$248,579), and furniture and equipment at ECCM (\$117,853).
- Various donations from outside agencies.

For additional information please see Note 5, 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	
	2014	2013	2014	2013	2014	2013
Land	\$1,501,237	\$1,501,237	\$150,490	\$150,490	\$1,651,727	\$1,651,727
Construction in Progress	-	-	-	162,991	-	162,991
Land Improvements	-	-	947,707	756,391	947,707	756,391
Building and improvements	37,746,902	41,302,670	2,497,028	2,695,327	40,243,930	43,997,997
Vehicles	623,556	453,434	980	25,990	624,536	479,424
Furniture and equipment	1,445,308	1,625,254	2,746,602	2,504,524	4,191,910	4,129,778
<b>Total</b>	<b>\$41,317,003</b>	<b>\$44,882,595</b>	<b>\$6,342,807</b>	<b>\$6,295,713</b>	<b>\$47,659,810</b>	<b>\$51,178,308</b>

**Long-term debt** At the end of the current fiscal year, the County of Erie had outstanding bonds of \$66,515,000, all of which comprises debt backed by the full faith and credit of the government.

The County has 2005, 2007, 2008, 2009, and 2012 GO bonds outstanding. Some of the issues such as part of the 2005, the 2007, and 2012 issues refunded previous debt to take advantage of lower interest rates. Part of the 2005 issue financed renovations to county facilities such as telephone upgrades, HVAC systems, elevator and ADA accessibility upgrades, facade restoration and construction in the main Library, Prison and Human Service Buildings, as well as computer upgrades and the purchase of voting machines. The 2008 and 2009 bond issue provided the local match to community assets not owned by the County, namely the construction of the Erie Insurance Arena which hosts concerts and provides the home field for the local hockey, basketball and indoor football teams, and the rehabilitation and extension of the runways at the Erie International Airport. The debt service on the 2008 and 2009 bond issues is paid from unrestricted gaming funds from our local casino.

The County also guaranteed \$104,500,000 of hotel revenue bonds issued by the Erie County Convention Center Authority for both a hotel completed in early 2008, next to the brand new Erie County Convention Center, and the construction of a new hotel and parking garage to the west of the Erie County Convention Center. The County does not anticipate that the convention center authority will default on the loans.

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

Summary of General Obligation Bond Activity - Government Activities

	2005 GO Bonds	2007 GO Bonds	2008 GO Bonds	2009 GO Bonds	2012 GO Bonds	Total GO Bonds
Beginning Balance at January 1, 2014	\$13,055,000	\$24,865,000	\$10,655,000	\$20,000	\$24,090,000	\$72,685,000
Plus: Debt Issued						-
Less: Principal Payments	(280,000)	(110,000)	(2,510,000)	(5,000)	(3,265,000)	(6,170,000)
Less: Refunded Debt	-	-	-	-	-	-
Ending Balance at December 31, 2014	\$12,775,000	\$24,755,000	\$8,145,000	\$15,000	\$20,825,000	\$66,515,000

The County's business-type activity, Pleasant Ridge Manor does not have any long-term debt. At year end, December 31, 2014, Pleasant Ridge Manor has an outstanding loan to the County in the amount of \$1,912,000 for capital projects relating to water and sewer improvements. Proceeds from the Gaming Revenue Fund were used to provide this interest-free loan. This loan will be repaid in 2015 after the nursing home receives the proceeds from the sale of 88 bed licenses.

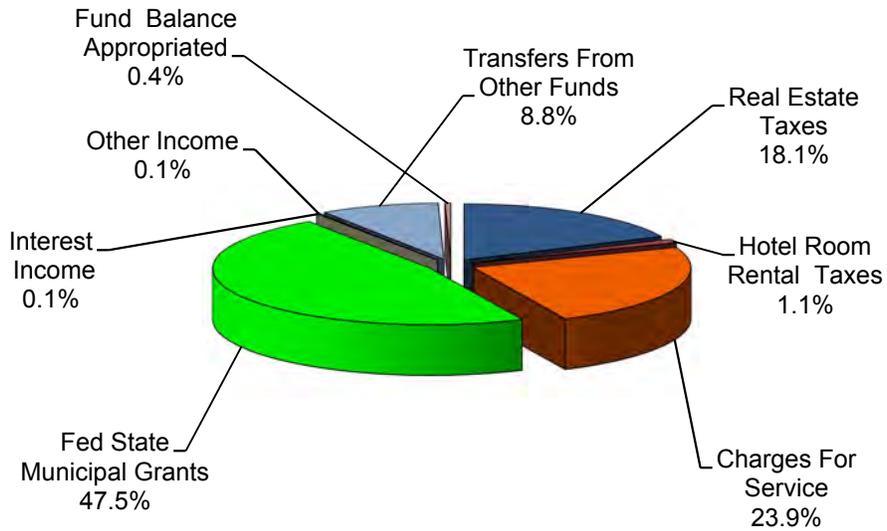
## County Bond Rating

During 2012, Standard and Poor's upgraded the County's credit rating from AA- to AA. Moody's maintained the credit rating of Aa2. These ratings were affirmed in March of 2015.

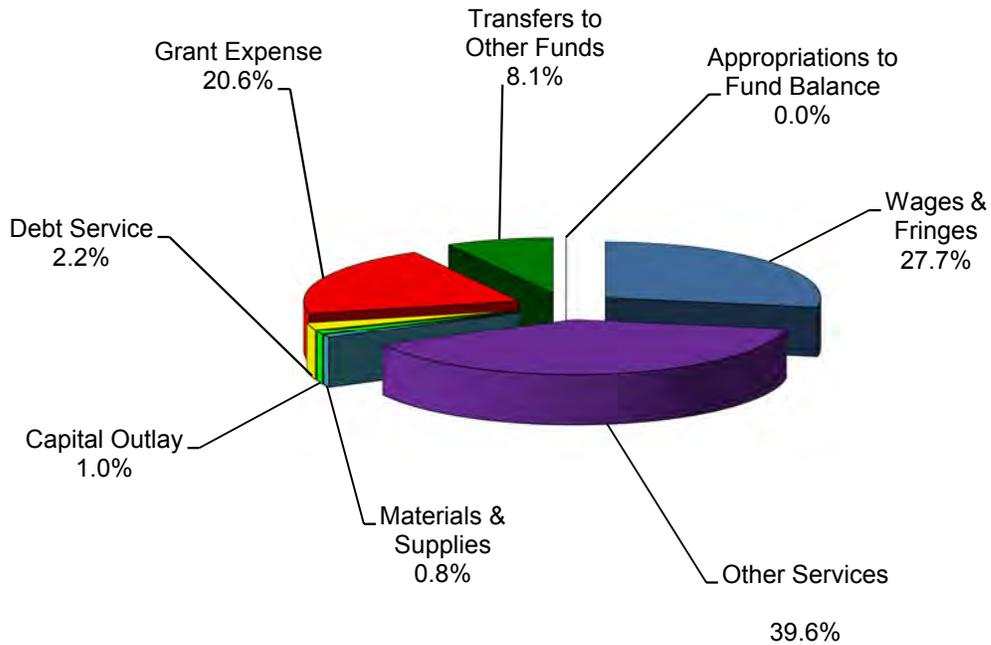
## Economic Factors and Next Year's Budgets and Rates

- The County has eight bargaining units and meet and discussion groups as well as a non-bargaining pay plan. The contracts began in 2011 and expired December 31, 2014. The County has settled six of the contracts and is in the process of negotiating the remaining two unions. All of the settled contracts call for annual pay increases of 3% per year. 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. When the ending net position is deemed too large or too small, the County reduces or increases the medical rates for the following year with a goal of ending net position equal to 5% of total expenditures. Total 2014 expenditures were \$30,400,358 and the ending net position was \$1,751,917 or 5.7% of expenditures. The rates for 2015 were approved by the County's fringe benefit committee and affirmed by County Council.
- The County's annual required pension calculation (ARC) changed from \$5,580,680 in 2014 to \$4,291,535 in 2015, a 23% 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 \$838,998 of the General Fund Balance at the end of 2014 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 2015-2016 state budget appears to have little impact on the level of County services. Although the budget proposal could be modified before the state legislators' adopt it, in its current form it maintains the current level of funding for library services and public health services. The preliminary budget begins a three year restoration of previous 10% budget cuts to human service programs.
- 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 did not raise taxes for in 2015. This is the sixth consecutive year that taxes have not changed.
- The unemployment rate for the County of Erie for 2014 was 4.60%, a decrease from the 2013 rate of 6.4%, and the lowest rate in ten years.
- Building permits issued in 2014 were consistent with those issued in 2013; 2,593 permits were issued in 2013 and 2,507 were issued in 2014.

**2015 COUNTY BUDGETED  
TOTAL REVENUE FOR ALL FUNDS  
\$ 409,832,309**



**2015 COUNTY BUDGETED  
TOTAL EXPENDITURES FOR ALL FUNDS  
\$ 409,832,309**



## **Requests for Information**

This financial report is designed to provide a general overview of the County of Erie's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Office, 140 West 6<sup>th</sup> Street, Room 505, Erie, Pennsylvania 16501. Information is also available on the County's website, [eriecountygov.org](http://eriecountygov.org). The financial statements of Pleasant Ridge Manor 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 16502.

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## **Basic Financial Statements**

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# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF NET POSITION

DECEMBER 31, 2014

Assets	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Erie County Gaming Revenue Authority
<b>Current assets:</b>				
Cash and cash investments	\$ 66,556,070	\$ 72,947	\$ 66,629,017	\$ 12,646,665
Investments	-	126,415	126,415	-
Receivables, net	44,397,670	4,076,655	48,474,325	-
Internal balances	1,912,000	(1,912,000)	-	-
Inventory	-	277,167	277,167	-
Prepaid items	610,548	140,306	750,854	7,486
Other	-	10,370	10,370	-
Total current assets	113,476,288	2,791,860	116,268,148	12,654,151
<b>Noncurrent assets:</b>				
Designated cash	-	1,319,345	1,319,345	-
Designated investments	-	440,485	440,485	-
Other assets	508,095	-	508,095	-
Advance to Redevelopment Authority	8,000,000	-	8,000,000	-
Receivable from General Authority	3,000,000	-	3,000,000	-
Note receivable	-	-	-	1,300,000
Net pension asset	139,881	302,832	442,713	-
Capital assets not being depreciated	1,501,237	150,490	1,651,727	-
Capital assets, net of accumulated depreciation	39,815,766	6,192,317	46,008,083	-
Total noncurrent assets	52,964,979	8,405,469	61,370,448	1,300,000
<b>Total Assets</b>	166,441,267	11,197,329	177,638,596	13,954,151
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	27,493,450	1,948,440	29,441,890	-
Accrued liabilities	4,108,830	440,009	4,548,839	-
Due to other taxing units	4,653,039	-	4,653,039	-
Unearned revenue	5,195,350	-	5,195,350	-
Accrued interest payable	853,780	-	853,780	-
Compensated absences	69,468	475,095	544,563	-
Bonds payable	6,310,000	-	6,310,000	-
Other liabilities	-	10,370	10,370	-
Total current liabilities	48,683,917	2,873,914	51,557,831	-
<b>Noncurrent liabilities:</b>				
Workers' compensation reserve payable	-	257,762	257,762	-
Compensated absences	1,556,320	-	1,556,320	-
Bonds payable	61,950,982	-	61,950,982	-
Other postemployment benefits	20,665,952	-	20,665,952	-
Total noncurrent liabilities	84,173,254	257,762	84,431,016	-
<b>Total Liabilities</b>	132,857,171	3,131,676	135,988,847	-
<b>Net Position</b>				
Net investment in capital assets	986,225	4,430,807	5,417,032	-
Restricted for:				
Economic development	11,000,000	-	11,000,000	-
Debt service	2,307,527	-	2,307,527	-
Public health	96,805	-	96,805	-
Library	198,199	-	198,199	-
Liquid fuels	448,399	-	448,399	-
Court and related offices	1,129,536	-	1,129,536	-
Community services	19,528,214	-	19,528,214	-
Unrestricted	(2,110,809)	3,634,846	1,524,037	13,954,151
<b>Total Net Position</b>	\$ 33,584,096	\$ 8,065,653	\$ 41,649,749	\$ 13,954,151

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 18,616,773	\$ 3,457,221	\$ 131,000	\$ -
Courts and related offices	23,407,171	4,904,274	4,296,430	-
Corrections	37,375,459	2,343,640	9,079,446	-
Community services	194,194,242	15,835,016	169,168,836	-
Public health	5,659,096	520,553	4,290,326	-
Public works	650,069	-	723,270	-
Library	7,063,666	162,883	1,456,501	-
Other	8,264	-	-	-
Interest	2,459,814	-	-	-
Total governmental activities	<u>289,434,554</u>	<u>27,223,587</u>	<u>189,145,809</u>	<u>-</u>
Business-type activities:				
County owned hospital facility	<u>35,795,008</u>	<u>34,185,096</u>	<u>-</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 325,229,562</u>	<u>\$ 61,408,683</u>	<u>\$ 189,145,809</u>	<u>\$ -</u>
Component unit:				
Erie County Gaming Revenue Authority	<u>\$ 3,783,831</u>	<u>\$ 5,656,838</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

	Net (Expense) Revenue and Changes in Net Position			Component Unit Erie County Gaming Revenue Authority
	Primary Government		Total	
	Governmental Activities	Business-Type Activities		
	\$ (15,028,552)	\$ -	\$ (15,028,552)	\$ -
	(14,206,467)	-	(14,206,467)	-
	(25,952,373)	-	(25,952,373)	-
	(9,190,390)	-	(9,190,390)	-
	(848,217)	-	(848,217)	-
	73,201	-	73,201	-
	(5,444,282)	-	(5,444,282)	-
	(8,264)	-	(8,264)	-
	(2,459,814)	-	(2,459,814)	-
	<u>(73,065,158)</u>	<u>-</u>	<u>(73,065,158)</u>	<u>-</u>
	<u>-</u>	<u>(1,609,912)</u>	<u>(1,609,912)</u>	<u>-</u>
	<u>(73,065,158)</u>	<u>(1,609,912)</u>	<u>(74,675,070)</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,873,007</u>
General revenues:				
Taxes:				
Property	69,290,190	-	69,290,190	-
Hotel room	4,375,388	-	4,375,388	-
Internet income	197,345	2,606	199,951	98,420
Other income	450,111	246,274	696,385	-
Transfers	(811,544)	811,544	-	-
Total general revenues and transfers	<u>73,501,490</u>	<u>1,060,424</u>	<u>74,561,914</u>	<u>98,420</u>
<b>Change in Net Position</b>	436,332	(549,488)	(113,156)	1,971,427
Net position - beginning of year	<u>33,147,764</u>	<u>8,615,141</u>	<u>41,762,905</u>	<u>11,982,724</u>
Net position - end of year	<u>\$ 33,584,096</u>	<u>\$ 8,065,653</u>	<u>\$ 41,649,749</u>	<u>\$ 13,954,151</u>

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2014

Assets	General	Mental Health/ Intellectual Disabilities	HealthChoices
Cash and cash equivalents	\$ 34,250,676	\$ 3,363,548	\$ 10,651,439
Receivables, net	9,172,278	677,259	12,205,111
Due from other funds	5,266,903	935,085	5,812
Prepaid items	117,756	-	-
Other assets	-	79,314	8,790
Advance to Redevelopment Authority	8,000,000	-	-
Receivable from General Authority	3,000,000	-	-
<b>Total Assets</b>	<b>\$ 59,807,613</b>	<b>\$ 5,055,206</b>	<b>\$ 22,871,152</b>
<b>Liabilities, Deferred</b>			
<b>Inflows of Resources, and Fund Balance</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,160,651	\$ 1,609,010	\$ 18,343,004
Accrued liabilities	2,016,335	79,975	22,697
Due to other funds	3,118,860	177,100	51,889
Due to other taxing units	-	-	-
Unearned revenue	378,032	3,189,121	-
Total Liabilities	6,673,878	5,055,206	18,417,590
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue - property taxes	5,230,620	-	-
<b>Fund Balance:</b>			
Nonspendable:			
Prepaid items	117,756	-	-
Restricted for:			
Judicial services	1,097,633	-	-
Child support enforcement	-	-	-
Road and bridges improvements	-	-	-
Public health services	-	-	-
Mental health services	-	-	4,453,562
Erie County Care Management	-	-	-
Library services	-	-	-
Emergency services	-	-	-
Land preservation	-	-	-
Community grants	-	-	-
Community redevelopment	248,189	-	-
Recycling	-	-	-
Economic Development Revolving loans	11,000,000	-	-
Pleasant Ridge Manor loan	-	-	-
Airport runway project	-	-	-
Debt payments on general obligation bonds	-	-	-
Assigned for:			
Children and Youth Title IV-E litigation	838,998	-	-
Various capital projects	-	-	-
Municipal projects	3,285	-	-
Unassigned	34,597,254	-	-
Total Fund Balance	47,903,115	-	4,453,562
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 59,807,613</b>	<b>\$ 5,055,206</b>	<b>\$ 22,871,152</b>

See accompanying notes to financial statements.

Children and Youth	Gaming	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 546,028	\$ 584,152	\$ 5,776,868	\$ 11,383,359	\$ 66,556,070
8,368,594	8,701,518	241	5,272,669	44,397,670
25,088	1,912,000	508,095	1,226,579	9,879,562
-	-	-	327,965	445,721
419,991	-	-	-	508,095
-	-	-	-	8,000,000
-	-	-	-	3,000,000
<u>\$ 9,359,701</u>	<u>\$ 11,197,670</u>	<u>\$ 6,285,204</u>	<u>\$ 18,210,572</u>	<u>\$ 132,787,118</u>
\$ 4,368,516	\$ -	\$ -	\$ 1,497,649	\$ 26,978,830
656,363	-	-	1,077,938	3,853,308
3,485,720	-	-	3,491,225	10,324,794
-	4,350,693	-	302,346	4,653,039
849,102	-	-	779,095	5,195,350
<u>9,359,701</u>	<u>4,350,693</u>	<u>-</u>	<u>7,148,253</u>	<u>51,005,321</u>
-	-	-	-	5,230,620
-	-	-	327,965	445,721
-	-	-	-	1,097,633
-	-	-	31,903	31,903
-	-	-	1,523,545	1,523,545
-	-	-	96,805	96,805
-	-	-	-	4,453,562
-	-	-	4,287,679	4,287,679
-	-	-	196,486	196,486
-	-	-	899,903	899,903
-	-	-	603,728	603,728
-	6,703,977	-	-	6,703,977
-	-	-	398,512	646,701
-	-	-	388,266	388,266
-	-	-	-	11,000,000
-	143,000	-	-	143,000
-	-	3,114,416	-	3,114,416
-	-	-	2,307,527	2,307,527
-	-	-	-	838,998
-	-	3,170,788	-	3,170,788
-	-	-	-	3,285
-	-	-	-	34,597,254
<u>-</u>	<u>6,846,977</u>	<u>6,285,204</u>	<u>11,062,319</u>	<u>76,551,177</u>
<u>\$ 9,359,701</u>	<u>\$ 11,197,670</u>	<u>\$ 6,285,204</u>	<u>\$ 18,210,572</u>	<u>\$ 132,787,118</u>

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2014

<b>Total Fund Balance - Governmental Funds</b>					\$ 76,551,177
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.					41,317,003
Certain long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.					5,230,620
An Internal Service Fund is used by management to charge the costs of employee benefits to individuals funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net position.					1,751,917
Other postemployment benefits are reflected on the statement of net position, but are not considered a current expenditure for the governmental fund statements.					(20,665,952)
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and, therefore, are not reported in the governmental funds.					139,881
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:					
	Bonds payable	\$	66,515,000		
	Bond premium		2,037,849		
	Bond discount		(291,867)		
	Compensated absences		1,625,788		
	Accrued interest payable		853,780		
					<u>(70,740,550)</u>
<b>Total Net Position - Governmental Activities</b>					<u>\$ 33,584,096</u>

See accompanying notes to financial statements.

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# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2014

	General	Mental Health/ Intellectual Disabilities	HealthChoices
<b>Revenues:</b>			
Real estate taxes	\$ 69,461,662	\$ -	\$ -
Hotel tax	4,375,388	-	-
Federal, state, and municipal grants	2,681,106	26,633,984	75,809,744
Charges for services	10,519,956	-	-
Interest income	62,823	1,634	93,407
Other income	157,291	140,693	-
	<b>87,258,226</b>	<b>26,776,311</b>	<b>75,903,151</b>
<b>Expenditures:</b>			
Current:			
General government	17,392,702	-	-
Courts and related offices	18,100,744	-	-
Corrections	24,754,935	-	-
Community services	664,660	27,661,531	79,124,100
Public health	-	-	-
Public works	-	-	-
Library	-	-	-
Other	-	-	-
Capital outlay	526,382	46,865	4,425
Debt service:			
Principal	-	-	-
Interest	-	-	-
	<b>61,439,423</b>	<b>27,708,396</b>	<b>79,128,525</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>25,818,803</b>	<b>(932,085)</b>	<b>(3,225,374)</b>
<b>Other Financing Sources (Uses):</b>			
Transfers in	1,432,296	932,085	-
Transfers out	(25,905,330)	-	-
	<b>(24,473,034)</b>	<b>932,085</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>1,345,769</b>	<b>-</b>	<b>(3,225,374)</b>
<b>Fund Balance:</b>			
Beginning of year	46,557,346	-	7,678,936
End of year	<b>\$ 47,903,115</b>	<b>\$ -</b>	<b>\$ 4,453,562</b>

See accompanying notes to financial statements.

Children and Youth	Gaming	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 69,461,662
-	-	-	-	4,375,388
54,779,960	-	-	29,241,015	189,145,809
574,927	11,064,763	-	5,063,941	27,223,587
170	6,476	26,480	6,355	197,345
-	-	-	152,127	450,111
<u>55,355,057</u>	<u>11,071,239</u>	<u>26,480</u>	<u>34,463,438</u>	<u>290,853,902</u>
-	-	13,016	-	17,405,718
-	-	-	4,771,361	22,872,105
11,354,282	-	-	-	36,109,217
52,207,656	7,107,348	-	26,316,272	193,081,567
-	-	-	5,801,126	5,801,126
-	-	-	650,069	650,069
-	-	-	6,337,487	6,337,487
-	-	-	8,264	8,264
16,498	-	-	187,940	782,110
-	-	-	6,170,000	6,170,000
-	-	-	2,810,422	2,810,422
<u>63,578,436</u>	<u>7,107,348</u>	<u>13,016</u>	<u>53,052,941</u>	<u>292,028,085</u>
<u>(8,223,379)</u>	<u>3,963,891</u>	<u>13,464</u>	<u>(18,589,503)</u>	<u>(1,174,183)</u>
8,331,379	-	-	19,745,482	30,441,242
<u>(108,000)</u>	<u>(4,410,710)</u>	<u>-</u>	<u>(828,746)</u>	<u>(31,252,786)</u>
<u>8,223,379</u>	<u>(4,410,710)</u>	<u>-</u>	<u>18,916,736</u>	<u>(811,544)</u>
-	(446,819)	13,464	327,233	(1,985,727)
-	7,293,796	6,271,740	10,735,086	78,536,904
<u>\$ -</u>	<u>\$ 6,846,977</u>	<u>\$ 6,285,204</u>	<u>\$ 11,062,319</u>	<u>76,551,177</u>

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

**Net Change in Fund Balance - Governmental Funds** \$ (1,985,727)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlay, reported as expenditures in the governmental funds, are shown as capital assets in the statement of net position:

	\$		
Building and improvements		126,891	
Vehicles		426,719	
Furniture and equipment		606,327	1,159,937

Depreciation expenses of governmental capital assets is included in the governmental activities on the statement of activities. (4,688,870)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, or donations) is to decrease net position. (36,659)

Other postemployment benefits are reflected on the statement of net position but are not considered a current expenditure for the fund statements. (677,496)

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		6,170,000	
Change in compensated absences		81,160	6,251,160

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable real estate tax		(171,472)	
Change in accrued interest		56,484	(114,988)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the

Net pension asset (7,953)

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		321,595	
Bond discount		(27,470)	294,125

Internal Service Funds are used by management to charge the costs to individual funds. The net revenue of certain activities of the Internal Services Funds is reported with governmental funds. 242,803

**Change in Net Position of Governmental Activities** \$ 436,332

See accompanying notes to financial statements.

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# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2014

	Business-Type Activities Enterprise Fund Pleasant Ridge Manor	Governmental Activities Internal Service Funds
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 72,947	\$ -
Investments	126,415	-
Receivables:		
Resident receivables (net of allowance of \$456,500)	4,062,291	-
Amounts due from third party payers	14,355	-
Interest receivable	9	-
Due from other funds	-	2,357,232
Inventories	277,167	-
Other assets	10,370	-
Prepaid expenses	140,306	164,827
Total current assets	4,703,860	2,522,059
Noncurrent assets:		
Designated assets:		
Designated cash and cash equivalents:		
Health Insurance Fund	745,101	-
Dental Insurance Fund	663	-
Workers' Compensation Fund	4,159	-
Depreciation Reserve Fund	569,422	-
Designated investment:		
Workers' Compensation Fund	440,485	-
Total designated assets	1,759,830	-
Capital assets, not being depreciated	150,490	-
Capital assets, net of accumulated depreciation	6,192,317	-
Net pension asset	302,832	-
Total noncurrent assets	8,405,469	-
<b>Total Assets</b>	<b>\$ 13,109,329</b>	<b>\$ 2,522,059</b>

(Continued)

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2014

(Continued)

	Business-Type Activities Enterprise Fund Pleasant Ridge Manor	Governmental Activities Internal Service Funds
<b>Liabilities and Net Position</b>		
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 1,737,250	\$ -
Medical claims payable	211,190	514,620
Accrued liabilities	-	255,522
Accrued payroll and related taxes	440,009	-
Due to other funds	1,912,000	-
Compensated absences	475,095	-
Other liabilities	10,370	-
	4,785,914	770,142
Noncurrent liabilities:		
Workers' compensation reserve payable	257,762	-
	257,762	-
	5,043,676	770,142
<b>Net Position</b>		
Net investment in capital assets	4,430,807	-
Unrestricted	3,634,846	1,751,917
	8,065,653	1,751,917
	\$ 13,109,329	\$ 2,522,059

(Concluded)

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2014

	Business-Type Activities Enterprise Fund <u>Pleasant Ridge Manor</u>	Governmental Activities <u>Internal Service Funds</u>
<b>Operating Revenues:</b>		
Net resident service revenue	\$ 33,988,684	\$ -
Other operating revenue	196,412	-
Employer contributions	-	29,884,729
Employee contributions	-	758,432
Total operating revenues	<u>34,185,096</u>	<u>30,643,161</u>
<b>Operating Expenses:</b>		
Administration	1,649,056	-
Professional services	187,699	-
Therapy	1,450,712	-
General services	1,456,231	-
Pharmacy	2,056,473	-
Nursing	10,574,282	-
Dietary service	3,119,808	-
Maintenance	908,243	-
Laundry services	620,497	-
Housekeeping	1,035,076	-
Security	171,504	-
Utilities	850,012	-
General liability insurance	171,282	-
Depreciation	834,434	-
Benefits expense	10,506,010	9,302,790
Insurance premiums	-	1,063,180
Claim payments	-	20,034,388
Total operating expenses	<u>35,591,319</u>	<u>30,400,358</u>
<b>Operating Income (Loss)</b>	<u>(1,406,223)</u>	<u>242,803</u>
<b>Nonoperating Revenues (Expenses):</b>		
Loss on disposal of capital asset	(203,689)	-
Interest income	2,606	-
Dividend on stocks	60,179	-
Sale of bed licenses	200,000	-
Bank fees	(13,905)	-
Total nonoperating revenues (expenses), before transfers	<u>45,191</u>	<u>-</u>
Transfers in	<u>811,544</u>	<u>-</u>
<b>Change in Net Position</b>	<u>(549,488)</u>	<u>242,803</u>
<b>Net Position:</b>		
Beginning of year	<u>8,615,141</u>	<u>1,509,114</u>
End of year	<u>\$ 8,065,653</u>	<u>\$ 1,751,917</u>

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2014

	Business-Type Activities Enterprise Fund Pleasant Ridge Manor	Governmental Activities Internal Service Funds
<b>Cash Flows From Operating Activities:</b>		
Receipts from patient services	\$ 35,485,168	\$ -
Receipts from miscellaneous sources	196,412	-
Cash received from users	-	30,643,161
Payment to employees	(16,229,506)	-
Payment for employees benefits	(10,596,305)	(30,643,161)
Payment to suppliers and operations	(8,772,135)	-
Net cash provided by (used in) operating activities	83,634	-
<b>Cash Flows From Noncapital Financing Activities:</b>		
Transfers from other funds	811,544	-
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Bank fees	(13,905)	-
Acquisition, constructing, and improvement of capital assets	(1,085,217)	-
County loan for capital depreciation fund	244,897	-
Sale of bed licenses	200,000	-
Net cash provided by (used in) capital and related financing activities	(654,225)	-
<b>Cash Flows From Investing Activities:</b>		
Purchase of investments	(32,185)	-
Dividends on stock	60,179	-
Interest	2,613	-
Net cash provided by (used in) investing activities	30,607	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	271,560	-
<b>Cash and Cash Equivalents:</b>		
Beginning of year	1,120,732	-
End of year	\$ 1,392,292	\$ -
Consists of:		
Cash and cash equivalents	\$ 72,947	\$ -
Designated cash and cash equivalents	1,319,345	-
	\$ 1,392,292	\$ -
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>		
Operating income (loss)	\$ (1,406,223)	\$ 242,803
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	834,434	-
Change in operating assets and liabilities:		
Accounts receivable	-	158,497
Resident receivables	1,496,054	-
Amount due from third party payers	430	-
Due from other funds	-	(286,476)
Inventories	(38,082)	-
Prepaid expenses	7,480	33,105
Net pension asset	(19,199)	-
Accounts payable	(764,757)	-
Medical claims payable	(43,159)	(163,241)
Accrued payroll and related taxes	47,893	15,312
Compensated absences	(3,300)	-
Workers' compensation reserve payable	(27,937)	-
Total adjustments	1,489,857	(242,803)
Net cash provided by (used in) operating activities	\$ 83,634	\$ -

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2014

<b>Assets</b>	Pension Trust	Agency Funds
Cash and cash equivalents	\$ 4,709,602	\$ 4,907,166
Investments (at fair value):		
U.S. Government Securities - Treasury Bonds	24,265,187	-
U.S. Government Securities - Agency Bonds	150,129	-
Corporate debt obligations	25,041,771	-
Mutual funds - fixed income	24,225,678	-
Mutual funds - equity	52,916,681	-
Other fixed income	957,134	-
Municipal bonds	-	2,165,893
Property trust	14,732,178	-
International equity	21,813,784	-
Equity fund	715,951	-
Common stock	66,361,503	-
Total investments	231,179,996	2,165,893
Receivables:		
Property taxes receivable	-	11,847,729
Interest and other receivables	565,053	32,124
Total receivables	565,053	11,879,853
<b>Total Assets</b>	236,454,651	18,952,912
<b>Liabilities</b>		
Accounts payable	-	7,105,183
Due to other governmental units	-	11,847,729
<b>Total Liabilities</b>	-	18,952,912
<b>Net Position</b>		
<b>Restricted for Pension Benefits</b>	\$ 236,454,651	\$ -

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2014

### **Additions:**

#### Contributions:

Employee	\$ 2,922,645
Employer	5,580,680
Total contributions	<u>8,503,325</u>

#### Investment income:

Net appreciation in fair value of investments	9,637,930
Interest	2,420,067
Dividends	<u>2,497,580</u>

Total investment income 14,555,577

Less investment expense 874,980

Net investment income 13,680,597

Miscellaneous income 56,135

Total additions 22,240,057

### **Deductions:**

Pension benefits	12,497,126
Refund of contributions	387,728
Death benefits	144,314
Administrative expense	<u>196,249</u>

Total deductions 13,225,417

**Change in Net Position** 9,014,640

### **Net Position Restricted for Pension Benefits:**

Beginning of year 227,440,011

End of year \$ 236,454,651

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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### 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The County of Erie, Pennsylvania (County) 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 (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 financial statement presents the County (the primary government) and its component units, entities for which the primary government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

#### Blended Component Units

Erie County Care Management, Inc. (Corporation) is governed by a Board of Directors 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 Sassafra Street, Erie, PA 16502.

Pleasant Ridge Manor (PRM) is organized to provide public health and nursing care to indigent persons almost exclusively within the County. PRM is governed by a Board of Trustees comprised of the primary government's elected council. Under the terms of the statement of agreement dated April 15, 1980 between the County and PRM, the County has full and entire right of control of the financial affairs of PRM

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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and thus a financial benefit or burden relationship exists. PRM is reported as an enterprise fund.

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

### Discretely Presented Component Unit

The Erie County Gaming Revenue Authority (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 the Council and receive and review applications for the restricted gaming funds. The Authority receives all of its operating revenue from the County. The Authority operates on a fiscal year ending March 31. Completed financial statements of the Authority can be obtained from Erie County Gaming Revenue Authority, 5240 Knowledge Parkway, Suite A, Erie, Pennsylvania, 16510.

### Related Organizations

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

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

### Government-wide Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those designated for specific purposes, and other internally designated resources are reported as general revenues rather than as program revenues.

### Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has one discretely presented component unit. While the Authority is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

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

### Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

### General Fund

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund. Revenues of this fund are primarily derived from real estate taxes, Commonwealth of Pennsylvania 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, the courts systems, and corrections.

### Mental Health/Intellectual Disabilities Fund

This fund administers local agency providers of mental health and intellectual disabilities 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 are restricted for this respective program.

### HealthChoices 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 are restricted for this respective program.

### 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 are restricted for this respective program.

### 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 the Council. The remaining half is restricted to operating and capital projects for contiguous municipalities that result from the operation of the casino. The County

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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remits all restricted gaming funds to the Authority as soon as they are collected. The Authority allocates these funds based upon their distribution plan.

### Capital Projects Fund

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

The government reports the following major enterprise fund:

### Pleasant Ridge Manor

This fund account for operations of the Erie County Nursing Home, and is financed and operated in a manner similar to a private business enterprise - 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.

Additionally, the government reports the following fund types:

### 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, prescription drug, and dental 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.

### Pension Trust Fund

This fund accounts for the activities of the Erie County Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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### Agency Funds

The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. 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.
- Magisterial 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.
- Funds held for clients and residents.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated, so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated, so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated, so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated, so that only the net amount is included as transfers in the business-type activities column.

### Measurement Focus and Basis of Accounting

The financial statements of the County are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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. However, debt service expenditures, and OPEB and pension claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and pension trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Proprietary funds distinguish

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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*operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of PRM and the Internal Service Fund are charges to customers for services provided. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Agency Fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

### Budgets and Budgetary Accounting

The budget is adopted on a basis consistent with GAAP. The County adopts budgets for all governmental funds. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before October 1, the County Executive submits proposed budgets to the Council.
2. The 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 the 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.

### Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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### Designated Cash

Designated cash represents cash set aside for liquidation of specific obligations as detailed in Note 2.

### Investments

Investments are stated at fair value in all funds (generally based on quoted market prices). Investments that do not have an established market value are reported at estimated fair value.

### 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.

### Inventories

Inventories are valued at the lower of cost or market using the first-in, first-out method (FIFO). The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

### Advance to Redevelopment Authority

In 2002, the County advanced the Erie County Redevelopment Authority (RDA) \$8 million to establish and operate a revolving loan fund to benefit the local business community (primarily manufacturing) in an effort to create, retain, and grow employment opportunities for the citizens of the County. Such funds are due back to the County upon dissolution of the RDA.

### Receivable from General Authority

On April 12, 2006, the County loaned \$3 million to the Erie County General Authority to be used as a revolving development fund. These funds were repurposed for the Inland Port Project. Repayment of such funds is set to begin in June of 2018.

### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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government-wide financial statements. The infrastructure assets located within the 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 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

### Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

### Interfund Transactions

Interfund services provided and used are accounted for as revenues or expenditures/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.

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

### AFSCME and Non-bargaining, Appointed Officials, and Court Supervisors

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 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 sick 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. All vacation pay is accrued when

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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incurred in the governmental funds as it is considered measurable and is used during the following year.

PRM accrues vested vacation pay as it is earned. Vacation days will be taken only after they are accrued. Non-bargaining employees may not accumulate in excess of 120 hours as of June 30th unless approved by the Executive Director. Union employees may not accumulate in excess of 80 hours as of December 31.

### Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts 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 debt service expenditures.

### 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.

### 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.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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### Fund Balance

GASB Statement No. 54 establishes accounting and financial standards for all governments that report governmental funds. In the fund financial statements, governmental funds report fund balance in categories based on the level of constraint placed upon the funds. These levels are as follows:

Non-spendable – This category represents funds that are not in spendable form and includes such items as prepaid expenditures.

Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. The County's restricted fund balances consist of external enabling legislation for the federal, state, or local government grants.

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

Assigned – This category 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 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 the Council with a full reporting of its actions within thirty days.

Unassigned – This category includes the residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications.

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

### Net Position

Accounting standards requires the classification of net position into these components – net investment in capital assets; restricted; and unrestricted. These classifications are defined below:

- Net Investment in Capital Assets – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

- **Restricted Net Position** – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets.
- **Unrestricted Net Position** – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

### 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.

### Adopted Pronouncements

The requirements of the following GASB Statements were adopted for the County's 2014 financial statements:

GASB Statement No. 67, "*Financial Reporting for Pension Plans.*" The objective of this statement is to improve financial reporting by state and local governmental pension plans.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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GASB Statement No. 69, “*Government Combinations and Disposals of Government Operations.*” This statement provides new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold.

GASB Statement No. 70, “*Accounting and Financial Reporting for Non-exchange Financial Guarantees.*” This statement specifies the information required to be disclosed by governments that extend non-exchange financial guarantees, and requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

### Pending Pronouncements

GASB has issued the following statements that will become effective in future years as shown below. Management has not yet determined the impact of these statements on the County’s financial statements:

GASB Statement No. 68, “*Accounting and Financial Reporting for Pensions,*” and Statement No. 71, “*Pension Transition for Contributions Made Subsequent to the Measurement Date,*” effective for fiscal years beginning after June 15, 2014 (the County’s financial statements for the year ending December 31, 2015). These statements establish new financial reporting requirements for most governments that provide their employees with pension benefits.

GASB Statement No. 72, “*Fair Value Measurement and Application,*” effective for fiscal years beginning after June 15, 2015 (the County’s financial statements for the year ending December 31, 2016). This statement addresses accounting and financial reporting issues related to fair value measurements.

### Discretely Presented Component Unit – Erie County Gaming Revenue Authority (Authority)

#### Reporting Entity

The Authority was established in 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. The purpose of the Authority is to administer municipal grants and otherwise perform the functions of the County’s Economic Development Authority.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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The Authority's Board consists of nine Board members. Two of the members are ex-officio, non-voting members, namely, the Chairman of County Council or designee, and the County Executive or designee. The remaining members consist of one resident from each of the seven districts within the County who shall be appointed by the County Executive with the consent of the Council.

The Authority is dependent on gaming revenues generated from the Presque Isle Downs and Casino. These revenues are passed on to the Authority as restricted funds.

### 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 Authority. Governmental activities are supported by gaming revenues received from the County. 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.

## **2. DEPOSIT AND INVESTMENT RISK**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes allow pooling of governmental funds for investment purposes.

### Deposits

At December 31, 2014, the County's deposits, excluding the pension trust fund and discretely presented component unit, are as follows:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Primary Government	Bank	Book
Governmental activities:		
Unrestricted cash:		
Cash and cash equivalents	\$ 69,271,431	\$ 66,556,070
Business-type activities:		
Unrestricted cash:		
Cash and cash equivalents	703,208	72,947
Designated cash	1,330,525	1,319,345
Total business-type activities	2,033,733	1,392,292
Total primary government	\$ 71,305,164	\$ 67,948,362

*Custodial Credit Risk* – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2014, \$1,454,453 of the County’s \$71,305,164 bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). Of the remaining bank balance of \$69,850,711, \$64,325,168 is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name, and \$5,525,543 is uncollateralized and uninsured. These deposits have carrying amounts of \$67,948,362 as of December 31, 2014.

### Investments

As of December 31, 2014, the County had the following investments within the business-type activities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Notes (Moody's Rating Aaa)	\$ 440,485	\$ 440,485	\$ -	\$ -	\$ -
Common stock	126,415				
	\$ 566,900				

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the County will not be able to recover the value of their deposits or

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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investments or collateral securities that are in the possession of an outside entity. The County does not have a formal deposit or investment policy for custodial credit risk. As of December 31, 2014, the County's entire investment balance of \$566,900 (bank and book balance) was exposed to custodial credit risk. All of the County's investments were uninsured and held by the counterparty, but not in the County's name. The counterparty is a member of the Securities Investor Protection Corporation (SIPC), which provides insurance coverage up to \$500,000 of the net equity balance, including up to \$250,000 in cash, in the event the counterparty fails, owing the County cash and securities that are missing from their accounts. This coverage does not extend to losses incurred due to fraud, misrepresentation, or investment decisions.

*Concentration of Credit Risk* - The County's investment policy for pooled and self-insurance funds is to invest in U.S. Government or 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 are made at the discretion of the County, as long as such investments are made at approved financial institutions and are fully collateralized by securities with a fair value equal to or exceeding the cost of the investment. Investments must be made in accordance with the Commonwealth of Pennsylvania's Act 72.

### Agency Funds

The County maintains bank accounts for the elected row officers and other County offices that, at times, may exceed federally insured limits. However, such funds in excess of federally insured limits are collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. The balance of these accounts is reflected in the statement of fiduciary net position.

As of December 31, 2014, the County had the following debt investments and maturities within the agency funds:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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Investment Type	Fair Value	Investment Maturities from December 31, 2014		
		Less than 1 year	1-5 years	6-10 years
U.S. Government Securities	\$ 1,162,453	<u>\$ 201,422</u>	<u>\$ 908,816</u>	<u>\$ 52,215</u>
Mutual funds - fixed income	475,039			
Exchange-traded funds	<u>528,401</u>			
Total	<u>\$ 2,165,893</u>			

### Pension Trust Fund

The Pension Trust Fund investments are held separately from those of other County funds. 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.

As of December 31, 2014, the County had the following cash, cash equivalents, and investments in its Pension Trust Fund:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Cash or Investment Type	Fair Market Value	Investment Maturities from December 31, 2014			
		Less than 1 year	1-5 years	6-10 years	More than 10 years
U.S. Government Securities	\$ 24,415,316	\$ 6,690,755	\$ 10,141,292	\$ 7,490,307	\$ 92,962
Corporate debt obligations	25,041,771	448,387	16,566,139	7,812,640	214,605
Other fixed income	957,134	24,637	593,355	339,142	-
Total debt securities	<u>50,414,221</u>	<u>\$ 7,163,779</u>	<u>\$ 27,300,786</u>	<u>\$ 15,642,089</u>	<u>\$ 307,567</u>
Cash and cash equivalents	4,709,602				
Mutual funds - fixed income	24,225,678				
Mutual funds - equity	52,916,681				
Property trust	14,732,178				
International equity	21,813,784				
Equity fund	715,951				
Common stock	<u>66,361,503</u>				
Total other investments	<u>185,475,377</u>				
<b>Total Pension Trust Funds cash, cash equivalents, and investments reported on statement of fiduciary net position</b>	<u><u>\$ 235,889,598</u></u>				

The following is a description of the Pension Trust Fund's deposit and investment risks:

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the Pension Trust Fund will not be able to recover the value of its deposits or investments or collateral securities that are in the possession of an outside party. The Pension Trust Fund does not have a formal deposit or investment policy for custodial credit risk. As of December 31, 2014, the County's entire pension cash, cash equivalents, and investment balance of \$235,889,598 (bank and book balance) was exposed to custodial credit risk. All of the County's Pension Trust Fund investments were uninsured and held by the counterparty, but not in the County's name. The counterparty is a member of the Securities Investor Protection Corporation (SIPC), which provides insurance coverage up to \$500,000 of the net equity balance, including up to \$250,000 in cash, in the event the counterparty fails, owing the County cash and securities that are missing from their accounts. This coverage does not extend to losses incurred due to fraud, misrepresentation, or investment decisions.

*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

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

prudent fashion. In addition, the County's investment policy states that, for fixed income, the duration of the portfolio should be maintained at 65% to 140% of the index duration.

*Credit Risk* – The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County's Retirement investment policy average credit quality of fixed income portfolio must maintain a rating of AA- or better. Generally, 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, 2014, the Pension Trust Fund's investments in debt securities have received the following ratings from Moody's:

**Credit Quality Distribution for Securities with Credit Exposure  
as a Percentage of Total Pension Trust Fund Debt Securities**

<u>Moody's Rating</u>	<u>Percentage of Total Pension Trust Fund Debt Securities</u>
Aaa	49.72%
Aa1	0.34%
Aa2	0.79%
Aa3	1.09%
Other	48.06%
	<u>100.00%</u>

*Concentration of Credit Risk* – The County's Retirement Investment Policy limits fixed income assets in any one issuer, other than those in U.S. government guaranteed obligations and fully backed Federal Agency obligations, to no more than 5% of the total fixed income assets of the entire plan. The policy also states that no more than 5% of the total equity holdings of the entire plan shall be invested in the securities of any one domestic equity issuer and no more than 10% of the total foreign equity holdings of the entire plan shall be invested in the securities of any one issuer. No violations of these limits were noted.

Erie County Gaming Revenue Authority (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, 2014, \$12,489,655 of the Authority's bank balance of \$12,739,655 was collateralized with securities held by the pledging financial institution and \$250,000 was covered by FDIC insurance.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

### 3. RECEIVABLES

Receivables as of December 31, 2014 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/ Intellectual Disabilities	Children and Youth	Gaming Fund
Interest	\$ 5,203	\$ -	\$ -	\$ 132
Taxes	8,903,299	-	-	-
Federal and state grants	-	551,190	8,368,594	-
Other	2,024,800	126,069	-	8,701,386
	<u>10,933,302</u>	<u>677,259</u>	<u>8,368,594</u>	<u>8,701,518</u>
Gross receivables	10,933,302	677,259	8,368,594	8,701,518
Less: allowance for uncollectibles	(1,761,024)	-	-	-
	<u>\$ 9,172,278</u>	<u>\$ 677,259</u>	<u>\$ 8,368,594</u>	<u>\$ 8,701,518</u>

	Capital Projects	HealthChoices	Other Non- Major Funds	Total
Interest	\$ 241	\$ 49,620	\$ 197	\$ 55,393
Taxes	-	-	-	8,903,299
Federal and state grants	-	12,155,491	4,738,768	25,814,043
Other	-	-	533,704	11,385,959
	<u>241</u>	<u>12,205,111</u>	<u>5,272,669</u>	<u>46,158,694</u>
Gross receivables	241	12,205,111	5,272,669	46,158,694
Less: allowance for uncollectibles	-	-	-	(1,761,024)
	<u>\$ 241</u>	<u>\$ 12,205,111</u>	<u>\$ 5,272,669</u>	<u>\$ 44,397,670</u>

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2014, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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	<u>Deferred Inflows</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 5,230,620	\$ -
Grant draw downs prior to meeting all eligibility requirements	-	5,195,350
	<u>\$ 5,230,620</u>	<u>\$ 5,195,350</u>

#### 4. 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 2014 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, 2014 assessed real estate taxes equaled \$68,383,345 based on a total County valuation of \$13,870,861,149. Based on the 2014 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, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

### 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	December 31, 2013	Additions	Deletions	December 31, 2014
Capital assets, not depreciated:				
Land	\$ 1,501,237	\$ -	\$ -	\$ 1,501,237
Total capital assets, not depreciated	1,501,237	-	-	1,501,237
Capital assets, depreciated:				
Building and improvements	95,020,892	126,891	-	95,147,783
Vehicles	2,354,049	426,719	(292,718)	2,488,050
Furniture and equipment	19,312,315	606,327	(261,995)	19,656,647
Total capital assets, depreciated	116,687,256	1,159,937	(554,713)	117,292,480
Less accumulated depreciation:				
Building and improvements	(53,718,222)	(3,682,659)	-	(57,400,881)
Vehicles	(1,900,615)	(256,597)	292,718	(1,864,494)
Furniture and equipment	(17,687,061)	(749,614)	225,336	(18,211,339)
Total accumulated depreciation	(73,305,898)	(4,688,870)	518,054	(77,476,714)
Total capital assets, depreciated, net	43,381,358	(3,528,933)	(36,659)	39,815,766
Total capital assets, net	\$ 44,882,595	\$ (3,528,933)	\$ (36,659)	\$ 41,317,003

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

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Government Activities:

General government	\$	1,323,426
Courts and related office		372,129
Corrections		1,189,198
Community service		1,126,192
Public health		46,669
Library		631,256
Total	\$	4,688,870

Business-Type Activities – Pleasant Ridge Manor

	December 31, 2013	Additions	Deletions	December 31, 2014
Capital assets, not depreciated:				
Land	\$ 150,490	\$ -	\$ -	\$ 150,490
Construction in progress	162,991	40,698	(203,689)	-
Total capital assets, not depreciated	313,481	40,698	(203,689)	150,490
Capital assets, depreciated:				
Land improvements	1,228,439	276,997	-	1,505,436
Buildings and improvements	19,447,757	103,292	-	19,551,049
Furniture and equipment	11,598,119	664,230	-	12,262,349
Total capital assets, depreciated	32,274,315	1,044,519	-	33,318,834
Less accumulated depreciation:				
Land improvements	(472,048)	(85,681)	-	(557,729)
Buildings and improvements	(16,752,430)	(301,591)	-	(17,054,021)
Furniture and equipment	(9,067,605)	(447,162)	-	(9,514,767)
Total accumulated depreciation	(26,292,083)	(834,434)	-	(27,126,517)
Total capital assets, depreciated, net	5,982,232	210,085	-	6,192,317
Total capital assets, net	\$ 6,295,713	\$ 250,783	\$ (203,689)	\$ 6,342,807

Depreciation expense was \$834,434 in 2014 for Pleasant Ridge Manor.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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### 6. PENSION PLAN

#### Summary of Significant Accounting Policies

Financial information of the Erie County Employees Retirement System (Plan) is presented on the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Employer contributions to the Plan are recognized when due as required by applicable law. Investments of the Plan are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. All administrative costs are paid from the Plan assets.

#### Plan Description

The Plan is a single-employer, defined-benefit plan. The Plan covers all full-time employees of the County and part-time employees exceeding 1,000 hours per year. The Plan is governed by the County's Retirement Board (Board), which consists of five members. Three are appointed 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 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.

At December 31, 2014, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	656
Terminated plan members entitled to but not yet receiving benefits	141
Active plan members	<u>1,166</u>
Total plan members	<u><u>1,963</u></u>

#### Benefits Provided

*Retirement Benefit* – A participant is entitled to begin receiving retirement benefits at age 55 if the member has completed 20 years of service or at age 60. The retirement benefit is equal to 1.667% of the member's "Final Average Salary" multiplied by years of credited service, plus an annuity based on the actuarial equivalent of the member's accumulated contributions with interest. The "Final Average Salary" is defined as the average of the highest three years of compensation earned by the member.

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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*Disability Retirement Benefit* – A participant is entitled to a disability benefit after suffering total and permanent disability prior to retirement eligibility and after completion of five years of credited service. The disability benefit is equal to 25% of “Final Average Salary” at the time of retirement. Such disability benefit shall include the benefit that is actuarially equivalent to the member’s accumulated contributions at retirement.

*Death Benefit* – The pre-retirement death benefit is payable if an active member dies after having attained age 60 or having completed ten years of credited service. The beneficiary will receive a lump sum equal to the actuarially determined present value of the benefits calculated based on the member’s “Final Average Salary” and credited service at time of death plus the member’s accumulated contributions with interest at time of death.

The post-retirement death benefit is payable upon the death of a retired member. The beneficiary will receive survivor benefits, if any, in accordance with the form under which benefits were being paid to the member. In any event, the total amount of benefits paid to the deceased member and beneficiary must, at least, equal the member’s accumulated contributions with interest.

*Cost of Living Adjustments* – Cost of living adjustments (COLA) are provided at the discretion of the 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 through 2008 equal to 50% of the change in the Consumer Price Index.

### Contributions

The Plan is funded by the County on an annual basis pursuant to the provisions of the Act. The Act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). Plan members are required to contribute 5% of their annual covered salary. During the year, the County made its required contribution of \$5,580,680 to the Plan based on the MMO.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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### Net Pension Liability

The components of the net pension liability of the Plan at December 31, 2014 are as follows:

Total pension liability	\$ 237,214,683
Plan fiduciary net position	<u>(236,454,651)</u>
Net pension liability	<u>\$ 760,032</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>99.68%</u>

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation using the following assumptions, applied to all periods in the measurement:

Actuarial valuation date	January 1, 2015
Actuarial cost method	Individual Entry Age
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	3.0%
Underlying inflation rate	3.0%
Cost of living adjustments	None

Actuarial assumptions based on actuarial experience study for the period January 1, 2010 to December 31, 2012

Mortality rates were based on the RP-2000 Mortality Table for Males and Females, as appropriate, with adjustments to mortality improvements based on Scale AA.

*Changes in Actuarial Assumptions.* Based upon an actuarial valuation performed as of January 1, 2015, the salary scale assumption was decreased from 3.5% to 3.0% to reflect the recent union contracts.

*Investment Policy* – The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. The Board has delegated the authority to manage Plan assets to Morrison Fiduciary Advisors, Inc. It is the policy of the Board to pursue an investment strategy that balances growth with the need

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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to preserve capital through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

*Long-term Expected Rate of Return* – The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following were the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap core equity	30.0%	6.0%
Small cap core equity	15.0%	6.5%
International equity	10.0%	7.0%
Fixed income- core	31.0%	1.5%
Fixed income - bank loans	7.0%	4.0%
Real estate	7.0%	5.0%
	<u>100.0%</u>	

*Rate of Return* – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2014, the annual money-weighted rate of return for the Plan investments, net of investment expense, was 6.10%.

*Concentrations* – The Plan had investments in U.S. Treasury Notes of \$24,265,187 that were approximately 10% of the Plan's fiduciary net position at December 31, 2014.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at the actuarially determined contribution rate. Based on those assumptions, the

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability of the Plan calculated using the discount rates described above, as well as what the Plan's net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Plan's net pension liability	\$ 22,478,528	\$ 760,032	\$ (17,628,361)

### Additional Employer Disclosures Required by GASB Statements No. 27 and 50

The information below is with regard to employer pension activity for the year ended December 31, 2014. Costs and contributions were based upon an actuarial valuation performed as of January 1, 2015, as required by the Act.

The Plan assumptions under the Act are as follows:

Actuarial valuation date	1/1/2015
Actuarial cost method	Individual Entry Age
Amortization method	Aggregate
Asset valuation method	5-Year Smoothed Market
Amortization period	N/A
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	3.0%
Underlying inflation rate	3.0%
Cost of living adjustments	None

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

The County's annual pension cost, percentage of the annual pension costs contributed, and net pension obligation (asset) for the past three years are as follows:

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/2012	\$ 5,907,343	99.84%	\$ (156,240)
12/31/2013	6,820,812	99.88%	(147,834)
12/31/2014	5,588,633	99.86%	(139,881)

The County's net pension asset (a negative net pension obligation (NPO)) as of December 31, 2014 is calculated as follows:

Annual required contribution	\$ 5,580,680
Interest on NPO	(11,088)
Adjustment to the ARC	<u>19,041</u>
Annual pension cost	5,588,633
Contribution made	<u>(5,580,680)</u>
Change in NPO	7,953
NPO, 12/31/2013	<u>(147,834)</u>
NPO, 12/31/2014	<u><u>\$ (139,881)</u></u>

The net pension obligation, if any, would be liquidated by the General Fund, Mental Health/Intellectual Disabilities Fund, HealthChoices Fund, Children and Youth Fund, and certain other non-major funds.

The County's funded status and related information for the Plan as of the latest actuarial valuation date, January 1, 2015, under the Act, is as follows (in thousands):

<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL)</u>	<u>Excess of Assets Over (Under) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess (Deficiency) as a Percentage of Covered Payroll</u>
\$ 223,153	\$ 237,215	\$ (14,062)	94.07%	\$ 44,288	-31.75%

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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Based upon an actuarial valuation performed as of January 1, 2015, the salary scale assumption was decreased from 3.5% to 3.0% to reflect the recent union contracts.

The schedule of funding progress, included as required supplementary information immediately following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### Pleasant Ridge Manor (PRM) – Blended Component Unit

#### Plan Description

PRM has a single-employer voluntary, contributory defined-benefit pension plan (Plan) covering substantially all employees who choose to participate and work over 1,000 hours per year. Effective December 31, 2011, PRM amended the Plan to freeze participation for any non-bargaining employees whose age plus service did not equal or exceed 65 and to discontinue participation for all future non-bargaining employees.

The Plan is administered by a committee appointed by PRM's Board of Trustees. Plan assets are held in trust by PNC Bank.

The Plan provides for normal retirement at age 60 or at age 55 if the participant has completed 20 years of service. The amount of benefit at retirement shall equal 1.25% of final average compensation multiplied by years of credited service, plus a monthly annuity based on the actuarial equivalent of the participant's accumulated contributions and credited interest. Participants become 100% vested upon completion of five years of credited service. A participant who terminates employment after five years of credited service will receive a deferred annuity commencing at age 60 (or at age 55 if the member has at least 20 years of service at termination). The deferred benefit shall be calculated using the normal retirement pension formula based on credit service, final average salary, and accumulated contributions at termination. If a participant employee terminates employment prior to entitlement of Plan benefits, the participant will receive a refund of accumulated contributions with interest. The Plan provides for disability retirement benefits for participants with a total and permanent disability prior to normal retirement eligibility and after completion of five years of vesting service. Disability retirement provides a total monthly benefit commencing on the last day of the month following disability retirement equal to 25% of the 1/12<sup>th</sup> of final average compensation at time of retirement. Such total monthly benefit shall include the monthly disability that is actuarially equivalent to the participant's accumulated contributions at retirement. If a participant dies pre-retirement after having attained age 60 or having completed ten years of credited service, the participant's beneficiary will receive a lump sum equal to the actuarially determined present value of the benefits calculated based on the

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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participant's final average compensation and credited service at time of death plus the participant's accumulated contributions with interest at the time of death. If a participant dies post-retirement, the participant's beneficiary will receive survivor benefits in accordance with the form under which benefits were being paid to the participant. In any event, the total amount of benefits paid to the deceased participant and beneficiary must, at least, equal the participant's accumulated contributions with interest.

At January 1, 2015, the date of the most recent valuation, participants in the Plan were as follows:

Participants:	
Retirees and beneficiaries	237
Terminated vested	95
Frozen	30
Active employees:	
Vested	246
Nonvested	54
	<hr/>
	662
	<hr/> <hr/>

### **Summary of Significant Accounting Policies**

#### Basis of Accounting

Financial information of the Plan is presented 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.

#### Investments

Investments of the Plan are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price.

#### Expenses

The Plan's administrative expenses are paid by the Plan.

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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### Plan Financial Statements

The Plan issues a stand-alone financial report. It can be obtained from the financial department of PRM.

### Contributions and Funding Policy

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. PRM has recorded an employer contribution of \$2,042,130 for the current year.

PRM's annual pension cost and related information for the Plan is as follows:

Annual pension cost	\$	2,022,931
Contributions made	\$	2,042,130
Actuarial valuation date		1/1/2015
Actuarial cost method		Entry Age Normal
Amortization method		Level Dollar Payment
Amortization period		7 years
Asset valuation method		Smoothed Market Value
Actuarial assumptions:		
Investment rate of return		7.50%
Projected salary increases		4.00%
Underlying inflation rate		3.00%

The Plan's net pension asset is determined below.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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### Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/2012	\$ 1,658,897	113.7%	\$ (230,339)
12/31/2013	2,322,037	104.9%	(283,633)
12/31/2014	2,022,931	100.9%	(302,832)

### Funded Status

PRM's funded status and related information for the Plan as of the latest actuarial valuation date, January 1, 2015, is as follows:

<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Excess of Assets Over (Under) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess (Deficiency) as a Percentage of Covered Payroll</u>
\$ 48,138,491	\$ 52,081,986	\$ (3,943,495)	92.43%	\$ 10,554,003	-37.36%

The required schedule of funding progress, included as required supplementary information immediately following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### Changes in Actuarial Assumptions and Plan Benefits

The Plan had no material benefit or assumption changes.

### Annual Pension Cost and Net Pension Obligation

PRM's annual pension cost and net pension asset to the Plan for the current year were as follows:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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Annual required contribution (ARC)	\$ 1,992,840
Interest on net pension asset	(18,493)
Adjustment to the ARC	<u>48,584</u>
Annual pension cost (APC)	2,022,931
Contribution made	<u>2,042,130</u>
Change in net pension asset (NPA)	(19,199)
NPA, January 1, 2014	<u>(283,633)</u>
NPA, December 31, 2014	<u><u>\$ (302,832)</u></u>

### 7. DEFERRED COMPENSATION PLAN

In January of 2012, PRM established a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (deferred compensation plans with respect to service for State and Local Governments), which is considered a defined contribution pension plan. As part of its fiduciary role, PRM has an obligation of due care in selecting the third party administrator. This deferred compensation plan covers all employees who were hired on or after January 1, 2012, all employees who elected not to participate or who were not 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 on their last birthday totaled less than 65 as of December 31, 2011. Employees may contribute an amount of their salary up to the IRS limitations and PRM will match 3% of the employees' contributions. For the year ended December 31, 2014, employees contributed \$99,710 to the deferred compensation plan and PRM contributed \$43,419. The total market value on PRM's 457(b) plan as of December 31, 2014 is \$368,925.

### 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

#### Plan Description

In addition to the pension benefits described in Note 6, the County provides postemployment health insurance benefits through a single-employer defined benefit plan (Plan). The benefits are established in accordance with the requirements set forth by the Retirement Board of Erie County to all retired full-time employees employed before January 23, 1992. The Council can amend the Plan at any time. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established. The Plan does not issue a separate report and activity of the Plan is reported in the County's Internal Service Fund.

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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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, 2014, 576 retired employees are covered by health insurance. The County's expenses for health insurance benefits were \$3,545,979 (\$3,937,564 net of retiree contributions of \$391,585) in 2014.

### 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	\$ 4,197,562
Interest on net OPEB obligation	799,538
Adjustment to annual required contribution	<u>(1,424,779)</u>
Annual OPEB cost	3,572,321
Contributions made	<u>(2,894,825)</u>
Increase (decrease) in net OPEB obligation	677,496
Net OPEB obligation - beginning of year	<u>19,988,456</u>
Net OPEB obligation - end of year	<u><u>\$ 20,665,952</u></u>

The net OPEB obligation is liquidated by the General Fund, Mental Health/Intellectual Disabilities Fund, HealthChoices Fund, Children and Youth Fund, and certain other non-major funds.

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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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>% of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
December 31, 2012	\$ 3,870,001	60.26%	\$ 18,292,240
December 31, 2013	3,787,024	55.21%	19,988,456
December 31, 2014	3,572,321	81.03%	20,665,952

*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 \$9,394,684 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 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, 2014, using the following assumptions: (1) actuarial cost method projected unit credit; (2) amortization method level dollar; (3) amortization period 21 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

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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trend of 10%, grading to 1% per year to 5% per year; and (7) the inflation assumption rate 3%.

### 9. RISK MANAGEMENT

#### 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 2012 by \$86,432, 2013 by \$93,092, and 2014 by \$121,043.

#### Health Care

The County maintains a self-insurance program for health, prescription drug, and dental 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 per individual claim.

During the year ended December 31, 2014, total claims expenses and stop-loss insurance expenses were \$20,034,388. Claims expenses recorded as employee fringe expenditures represent claims processed as of December 31, 2014 and includes claims payable of \$514,620.

A liability for claims is required to 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 claims liability is recorded in the Internal Service Fund medical claims payable. Changes in the claims liability is as follows:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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Claims liability - beginning of year, January 1, 2013	\$ 601,755
Current year incurred claims	18,498,454
Claims payments	<u>(18,422,348)</u>
Claims liability - end of year, December 31, 2013	<u>\$ 677,861</u>
Claims liability - beginning of year, January 1, 2014	\$ 677,861
Current year incurred claims	20,034,388
Claims payments	<u>(20,197,629)</u>
Claims liability - end of year, December 31, 2014	<u>\$ 514,620</u>

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

### Pleasant Ridge Manor (PRM)

#### Self-Insurance Programs

PRM maintains a self-insurance program for workers' compensation coverage. The program charges premiums based on the amount determined by an administering insurance company. The premiums are based on anticipated claims and estimated costs of administering the program by the insurance company. PRM has elected to retain a portion of the risk of loss from workers' compensation claims by reducing insurance coverage to obtain benefits of reduced premium costs. The insurance company serves as claims administrator and reviews and processes claims. The Department of Labor and Industry requires a letter of credit in the amount of \$700,000. The total workers' compensation reserve payable totals \$257,762 as of December 31, 2014. The total cost of premiums incurred during 2014 amounted to \$409,110. PRM maintains an insurance policy that limits the maximum workers' compensation liability per occurrence to \$400,000. A reconciliation of the change in claims payable is as follows:

The following represents the changes in claims liability for the period January 1, 2014 to December 31, 2014:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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Claims liability - beginning of year, January 1, 2013	\$ 290,611
Current year incurred claims	480,510
Claims payments	<u>(485,422)</u>
Claims liability - end of year, December 31, 2013	<u>\$ 285,699</u>
Claims liability - beginning of year, January 1, 2014	\$ 285,699
Current year incurred claims	381,173
Claims payments	<u>(409,110)</u>
Claims liability - end of year, December 31, 2014	<u>\$ 257,762</u>

There have been no significant reductions in insurance coverage from coverage in the prior year and the amount of settlements have not exceeded insurance coverage for each of the past three years.

Pursuant to the employee benefit program, PRM 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 employee prescription plan includes certain stop-loss provisions. The employee prescription 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:

Claims liability - beginning of year, January 1, 2013	\$ 499,792
Current year incurred claims	5,365,172
Claims payments	<u>(5,610,615)</u>
Claims liability - end of year, December 31, 2013	<u>\$ 254,349</u>
Claims liability - beginning of year, January 1, 2014	\$ 254,349
Current year incurred claims	6,181,941
Claims payments	<u>(6,225,100)</u>
Claims liability - end of year, December 31, 2014	<u>\$ 211,190</u>

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

### 10. LONG-TERM OBLIGATIONS

Long-term obligations outstanding at December 31, 2014 consisted of the following:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 72,685,000	\$ -	\$ (6,170,000)	\$ 66,515,000	\$ 6,310,000
Less: deferred amounts:					
Bond premium	2,359,444	-	(321,595)	2,037,849	-
Bond discount	<u>(319,337)</u>	<u>-</u>	<u>27,470</u>	<u>(291,867)</u>	<u>-</u>
Total bonds	74,725,107	-	(6,464,125)	68,260,982	6,310,000
Compensated absences	<u>1,706,948</u>	<u>226,323</u>	<u>(307,483)</u>	<u>1,625,788</u>	<u>69,468</u>
	<u>\$ 76,432,055</u>	<u>\$ 226,323</u>	<u>\$ (6,771,608)</u>	<u>\$ 69,886,770</u>	<u>\$ 6,379,468</u>

An analysis of debt service requirements to maturity on these obligations follows, with the exception of compensated absences.

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/Intellectual Disabilities Fund, HealthChoices Fund, Children and Youth Fund, and certain other non-major funds.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

<u>Year</u>	<u>Amount of Original Issue</u>		<u>Balance Outstanding December 31, 2014</u>	<u>Amounts Due Within One Year</u>
2005	\$ 40,815,000	<u>\$11,945,000 Series A</u>  The proceeds for the Series A were used to advance refund 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% and maturity date of September 1, 2023. The Series A bonds were issued at a premium of \$1,300,386.	\$ 11,845,000	\$ -
		<u>\$25,835,000 Series B</u>  The Series B bonds have been refunded through the issuance of the 2007 General Obligation Bonds (\$23,875,000) and the Series C of 2012 Tax Exempt Refunding Bonds (\$1,495,000).	-	-
		<u>\$3,035,000 Series C</u>  The proceeds were used to loan to the Greater Erie Industrial Development Corporation for development of an industrial park and to pay related cost to the issuance with an interest rate of 5.25% and maturity date of September 1, 2017.	930,000	295,000
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, with an interest rate of 3.60% to 4.375% and maturity date of September 1, 2025. The 2007 bonds were issued at a discount of \$501,542.	24,755,000	115,000
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 to pay costs related to the issuance of \$130,733 and bond premium of \$596,855, and has an interest rate of 3.25% to 5% with a maturity date of September 1, 2017.	8,145,000	2,600,000
2009	\$ 10,205,000	The proceeds were used by the County to fund a grant to the Erie County Convention Center Authority for the construction of the Convention Center improvements and renovation to Tullio Arena, other capital projects, and pay the cost related to the issuance of \$79,484, bond discount of \$121,706, with an interest rate of 3%. In 2013, \$10,170,000 was refunded by the issuance of the Series C of 2012 Tax Exempt Refunding Bonds.	15,000	5,000

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Year	Amount of Original Issue		Balance Outstanding December 31, 2014	Amounts Due Within One Year
2012	\$ 24,475,000	<u>\$8,665,000 Series A</u>		
		The proceeds were used by the County to refund a portion of the 2003 Bonds, on an advance refunding basis and to pay the cost of issuing the bonds, with a maturity date on September 1, 2020 and an interest rate of .65% to 3%.	8,270,000	2,600,000
		<u>\$4,940,000 Series B</u>		
		The proceeds were used by the County to refund a portion of the 2003 Bonds, on an advance refunding basis and to pay the cost of the issuing bonds, with a maturity date on September 1, 2023 and an interest rate of .784% to 3.66%.	1,685,000	695,000
		<u>\$10,870,000 Series C</u>		
		The proceeds were used for the refunding of the 2005 B Series and the 2009 Series, with a maturity date of September 1, 2021 and an interest rate of 3.0% to 4.50%. The Series C bonds were issued at a premium of \$1,587,211.	<u>10,870,000</u>	<u>-</u>
		Total general long-term debt obligations	<u>\$ 66,515,000</u>	<u>\$ 6,310,000</u>

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

Years Ending December 31,	Total Debt Service	
	Principal	Interest
2015	\$ 6,310,000	\$ 2,671,838
2016	6,485,000	2,506,682
2017	6,550,000	2,298,343
2018	6,275,000	2,030,362
2019	6,515,000	1,800,013
2020-2024	28,855,000	4,915,568
2025	<u>5,525,000</u>	<u>241,719</u>
	<u>\$ 66,515,000</u>	<u>\$ 16,464,525</u>

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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### 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, 2014, \$35,555,000 of bonds outstanding is considered defeased.

### **11. 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:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental fund types:		
Major Funds:		
General	\$ 5,266,903	\$ 3,118,860
MH/ID	935,085	177,100
HealthChoices	5,812	51,889
Children and Youth	25,088	3,485,720
Gaming	1,912,000	-
Capital Projects	508,095	-
Non-major Funds:		
Domestic Relations	-	1,218,679
Drug and Alcohol	259,501	35,130
Public Health	-	641,162
Library Fund	967,078	161,380
Planning	-	18,172
Public Safety	-	1,416,702
Total governmental funds	<u>9,879,562</u>	<u>10,324,794</u>
Proprietary fund type:		
Internal Service Fund	2,357,232	-
Pleasant Ridge Manor	-	1,912,000
Total proprietary funds	<u>2,357,232</u>	<u>1,912,000</u>
Total	<u>\$ 12,236,794</u>	<u>\$ 12,236,794</u>

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental fund types:		
Major Funds:		
General	\$ 1,432,296	\$ 25,905,330
MH/ID	932,085	-
Children and Youth	8,331,379	108,000
Gaming	-	4,410,710
Non-major Funds:		
Domestic Relations	1,631,700	271,226
Drug and Alcohol	281,864	-
Public Health	968,448	-
Library Fund	4,870,235	-
Planning	358,066	-
Public Safety	2,687,717	557,520
Debt Service	8,947,452	-
	<u>30,441,242</u>	<u>31,252,786</u>
Total governmental funds		
Proprietary fund type:		
Pleasant Ridge Manor	<u>811,544</u>	<u>-</u>
Total proprietary funds	<u>811,544</u>	<u>-</u>
Total	<u>\$ 31,252,786</u>	<u>\$ 31,252,786</u>

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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### 12. OPERATING LEASES

The County leases building and office facilities and other equipment under non-cancellable operating leases. Total costs for such leases were \$1,296,417 for the ended December 31, 2014. The future minimum lease payments for these are as follows:

<u>Year Ending</u>	
2015	\$ 1,355,472
2016	1,007,475
2017	822,550
2018	560,594
2019	189,258
2020 - 2021	264,296
	<u>\$ 4,199,645</u>

### 13. 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, 2014.

### 14. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN MAJOR FUND

General Fund Community Services expenditures exceeded the amount budgeted by \$83,540. In addition, Gaming Fund expenditures exceeded the amount budgeted by \$532,977. The excess expenditures over the appropriations were covered by the additional revenues received in 2014.

### 15. 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 (Foundation) to establish a donor-designated fund, called the Lead Asset Endowment Fund (Fund). The Fund is established to perpetually provide financial assistance to designated organizations (Erie County Lead Regional Assets) selected by the Authority. Starting in

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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2005, the Foundation shall grant awards to the designated organizations at least annually based on the amounts determined by the Authority. The Authority granted \$565,393 to the Foundation for the year ended March 31, 2014.

### 16. DEFICIT UNRESTRICTED NET POSITION

As of December 31, 2014, the County had (\$2,110,809) of unrestricted net position for governmental activities. 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.

### 17. GUARANTEED DEBT

The Council has the legal authority to extend debt guarantees to other organizations. As of December 31, 2014, the County had guaranteed the following debt of other organizations:

Description	Amount
1977 Erie County Housing Authority Bonds	\$ 295,000
2014 Erie County Convention Center Authority Bonds	44,500,000
2014 Erie County Convention Center Authority Bonds and Notes	<u>60,000,000</u>
	<u>\$ 104,795,000</u>

The Erie County Housing Authority (Housing Authority) and Erie County Convention Center Authority (Convention Center Authority) are related organizations of the County. The guarantee on the Housing Authority's debt extends through 2016.

In February 2014, Council approved an ordinance guaranteeing of up to \$60,000,000 of the Convention Center Authority's combined issuance of bonds and/or notes. As of December 31, 2014, the Convention Center Authority has drawn down \$6,921,743. Such debt is guaranteed in full by the County and extends through 2044.

In November 2014, the County issued an ordinance to guarantee up to a maximum aggregate principal amount of \$44,500,000 for the Convention Center Authority to refund the 2005 bonds previously guaranteed by the County. On April 1, 2015, the Convention Center

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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Authority issued Guaranteed Hotel Revenue Refunding Bonds, Series of 2015, in the amount of \$37,750,000. Such debt is guaranteed in full by the County and extends through 2036.

### **18. SUBSEQUENT EVENTS**

The County in February 2015 authorized a standby letter of credit in the amount of \$700,000 for PRM in connection with certain self-insurance agreements for the year 2015.

In June or July 2015, PRM will be selling all seventy-six bed licenses at the East Facility and twelve bed licenses at the West Facility to an outside entity for approximately \$2.5 million. PRM anticipates incurring self-insured unemployment costs due to the elimination of positions related to such sale. Funds received from the sale will be used to repay the amount due to the County.

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**Required Supplementary  
Information**

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# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN

### SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31, 2014

<b>Total Pension Liability:</b>	
Service cost	\$ 2,644,234
Interest	16,929,527
Differences between expected and actual experience	2,491,289
Changes of assumptions	(1,961,455)
Benefit payments, including refunds of member contributions	(13,029,168)
<b>Net Changes in Total Pension Liability</b>	<b>7,074,427</b>
<b>Total Pension Liability - Beginning</b>	<b>230,140,256</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 237,214,683</b>
<b>Plan Fiduciary Net Position:</b>	
Contributions - employer	\$ 5,580,680
Contributions - employee	2,922,645
Net investment income	13,680,597
Benefit payments, including refunds of member contributions	(13,029,168)
Administrative expense	(196,249)
Other	56,135
<b>Net Change in Plan Fiduciary Net Position</b>	<b>9,014,640</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>227,440,011</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 236,454,651</b>
<b>Net Pension Liability - Ending (a-b)</b>	<b>\$ 760,032</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>99.68%</b>
<b>Covered Employee Payroll</b>	<b>\$ 44,607,295</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>1.70%</b>

See accompanying notes to schedules of required supplementary information - pension plan.

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN

### SCHEDULES OF COUNTY CONTRIBUTIONS AND INVESTMENT RETURNS

YEAR ENDED DECEMBER 31, 2014

#### Schedule of County Contributions

Actuarially determined contribution	\$ 5,580,680
Contribution required under Act 205	
Contributions in relation to the actuarially determined contribution	<u>5,580,680</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	<u>\$ 44,607,295</u>
Contributions as a percentage of covered employee payroll	12.51%

#### Investment Returns

Annual money-weighted rate of return, net of investment expense	6.10%
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See accompanying notes to schedules of required supplementary information - pension plan.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN

YEAR ENDED DECEMBER 31, 2014

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### Actuarial Methods and Assumptions under Governmental Accounting Standards Board Statement No. 67

The information presented in the “Required Supplementary Information – Pension Plan” was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine contribution rates are as follows:

Actuarial valuation date	1/1/2015
Actuarial cost method	Individual Entry Age
Amortization method	Level Dollar Open
Remaining amortization period	10 years
Asset valuation method	5-Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	3.0%
Underlying inflation rate	3.0%
Cost of living adjustments	None

### Benefit Changes

There have been no changes in the Plan benefits since the date of the last report.

### Change in Actuarial Assumptions

The salary scale assumption was decreased from 3.5% to 3.0% to reflect the recent union contracts.

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULES OF FUNDING PROGRESS

### PENSION PLAN

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
<b><u>County:</u></b>						
1/1/2010	\$ 170,697	\$ 186,142	\$ (15,445)	91.70%	\$ 45,265	-34.12%
1/1/2011	177,343	200,552	(23,209)	88.43%	43,890	-52.88%
1/1/2012	180,478	209,254	(28,776)	86.25%	43,176	-66.65%
1/1/2013	185,418	219,208	(33,790)	84.59%	42,980	-78.62%
1/1/2014	206,490	230,140	(23,650)	89.72%	43,565	-54.29%
1/1/2015	223,153	237,215	(14,062)	94.07%	44,288	-31.75%
<b><u>Blended Component Unit - Pleasant Ridge Manor:</u></b>						
1/1/2010	\$ 29,612	\$ 35,902	\$ (6,290)	82.48%	\$ 13,432	-46.83%
1/1/2011	31,116	39,765	(8,649)	78.25%	12,474	-69.34%
1/1/2012	35,078	40,181	(5,103)	87.30%	11,587	-44.04%
1/1/2013	37,632	44,390	(6,758)	84.78%	11,345	-59.57%
1/1/2014	42,736	46,303	(3,567)	92.30%	11,027	-32.35%
1/1/2015	48,139	52,082	(3,943)	92.43%	10,554	-37.36%

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 the purpose and is intended to serve as a surrogate for the funded status and funding progress of the plan.

See accompanying notes to schedules of required supplementary information - employer.

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULES OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

### PENSION PLAN

Calendar Year	County		Blended Component Unit - Pleasant Ridge Manor	
	Annual Required Contributions	Percentage Contributed	Annual Required Contributions	Percentage Contributed
2009	\$ 6,067,903	100%	\$ 1,305,196	98%
2010	4,318,312	100%	1,680,039	104%
2011	5,187,838	100%	1,948,259	95%
2012	5,897,793	100%	1,458,264	114%
2013	6,812,406	100%	2,322,037	103%
2014	5,580,680	100%	1,922,840	102%

See accompanying notes to schedules of required supplementary information - employer.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION - EMPLOYER

YEAR ENDED DECEMBER 31, 2014

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

	<u>County</u>	<u>Blended Component Unit - Pleasant Ridge Manor</u>
Actuarial valuation date	1/1/2015	1/1/2015
Actuarial cost method	Individual Entry Age	Entry Age Normal
Amortization method	Level Dollar Payment	Level Dollar Payment
Asset valuation method	5-Year Smoothed Market	Smoothed Market Value
Amortization period	10 years	7 years
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	3.0%	4.0%
Inflation rate	3.0%	3.0%
Cost-of-living adjustments	None	None

### Benefit Change

There were no benefit changes for the actuarial valuations dated January 1, 2015 for either the County or the Blended Component Unit – Pleasant Ridge Manor.

### Change in Actuarial Assumptions

Based upon an actuarial valuation performed as of January 1, 2015 for the County, the salary scale assumption was decreased from 3.5% to 3.0% to reflect the recent union contracts. There were no assumption changes for the actuarial valuation dated January 1, 2015 for the Blended Component Unit – Pleasant Ridge Manor.

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# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF FUNDING PROGRESS

### OTHER POSTEMPLOYMENT BENEFITS TRUST FUND

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess as a Percentage of Covered Payroll
12/31/2009	\$ -	\$ 68,756,700	\$ (68,756,700)	0.00%	\$ 14,636,322	-469.77%
12/31/2011	-	53,534,624	(53,534,624)	0.00%	11,775,026	-454.65%
12/31/2013	-	52,665,650	(52,665,650)	0.00%	9,394,864	-560.58%

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS

### OTHER POSTEMPLOYMENT BENEFITS TRUST FUND

<u>Calendar Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Annual Percentage Contributed</u>
2009	\$ 5,166,627	\$ 1,556,350	30.12%
2010	5,338,833	1,974,684	36.99%
2011	5,246,961	2,101,633	40.05%
2012	3,870,001	2,332,045	60.26%
2013	3,787,024	2,090,808	55.21%
2014	3,572,321	2,894,825	81.03%

# COUNTY OF ERIE, PENNSYLVANIA

## GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS

### **General Fund**

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those 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.

### **Mental Health/Intellectual Disabilities Fund**

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

### **HealthChoices Fund**

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

### **Children and Youth Fund**

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

### **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

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL GENERAL FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Real estate taxes	\$ 68,566,242	\$ 68,566,242	\$ 69,461,662	\$ 895,420
Hotel tax	4,480,000	4,480,000	4,375,388	(104,612)
Federal, state, and municipal grants	2,539,580	2,758,990	2,681,106	(77,884)
Charges for services	15,070,879	10,887,763	10,519,956	(367,807)
Interest income	43,500	43,500	62,823	19,323
Other income	54,500	87,514	157,291	69,777
<b>Total revenues</b>	<b>90,754,701</b>	<b>86,824,009</b>	<b>87,258,226</b>	<b>434,217</b>
<b>Expenditures:</b>				
Current:				
General government	22,132,170	18,354,377	17,392,702	961,675
Courts and related offices	18,406,721	18,888,104	18,100,744	787,360
Corrections	25,193,755	25,088,089	24,754,935	333,154
Community services	444,620	581,120	664,660	(83,540)
Capital outlay	611,453	801,256	526,382	274,874
Debt service:				
Interest	10	10	-	10
<b>Total expenditures</b>	<b>66,788,729</b>	<b>63,712,956</b>	<b>61,439,423</b>	<b>2,273,533</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>23,965,972</b>	<b>23,111,053</b>	<b>25,818,803</b>	<b>2,707,750</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	519,999	1,573,069	1,432,296	(140,773)
Transfers out	(26,280,205)	(27,170,503)	(25,905,330)	1,265,173
<b>Total other financing sources (uses)</b>	<b>(25,760,206)</b>	<b>(25,597,434)</b>	<b>(24,473,034)</b>	<b>1,124,400</b>
<b>Net Change in Fund Balance</b>	<b>(1,794,234)</b>	<b>(2,486,381)</b>	<b>1,345,769</b>	<b>3,832,150</b>
<b>Fund Balance:</b>				
Beginning of year	46,557,346	46,557,346	46,557,346	-
End of year	<u>\$ 44,763,112</u>	<u>\$ 44,070,965</u>	<u>\$ 47,903,115</u>	<u>\$ 3,832,150</u>

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL MENTAL HEALTH/INTELLECTUAL DISABILITIES FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Federal, state, and municipal grants	\$ 26,407,396	\$ 27,070,255	\$ 26,633,984	\$ (436,271)
Interest income	1,500	1,500	1,634	134
Other income	90,000	90,000	140,693	50,693
Total revenues	<u>26,498,896</u>	<u>27,161,755</u>	<u>26,776,311</u>	<u>(385,444)</u>
<b>Expenditures:</b>				
Current:				
Community services	27,487,486	28,120,345	27,661,531	458,814
Capital outlay	30,000	60,000	46,865	13,135
Total expenditures	<u>27,517,486</u>	<u>28,180,345</u>	<u>27,708,396</u>	<u>471,949</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,018,590)</u>	<u>(1,018,590)</u>	<u>(932,085)</u>	<u>86,505</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,018,590	1,018,590	932,085	(86,505)
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance:</b>				
Beginning of year	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL HEALTHCHOICES FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Federal, state, and municipal grants	\$ 82,449,461	\$ 82,449,461	\$ 75,809,744	\$ (6,639,717)
Interest income	42,300	102,300	93,407	(8,893)
Total revenues	<u>82,491,761</u>	<u>82,551,761</u>	<u>75,903,151</u>	<u>(6,648,610)</u>
<b>Expenditures:</b>				
Current:				
Community services	82,454,761	82,514,761	79,124,100	3,390,661
Capital outlay	37,000	37,000	4,425	32,575
Total expenditures	<u>82,491,761</u>	<u>82,551,761</u>	<u>79,128,525</u>	<u>3,423,236</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>(3,225,374)</u>	<u>(3,225,374)</u>
<b>Net Change in Fund Balance</b>	-	-	(3,225,374)	(3,225,374)
<b>Fund Balance:</b>				
Beginning of year	<u>7,678,936</u>	<u>7,678,936</u>	<u>7,678,936</u>	<u>-</u>
End of year	<u>\$ 7,678,936</u>	<u>\$ 7,678,936</u>	<u>\$ 4,453,562</u>	<u>\$ (3,225,374)</u>

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL CHILDREN AND YOUTH FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Federal, state, and municipal grants	\$ 57,054,000	\$ 57,066,383	\$ 54,779,960	\$ (2,286,423)
Charges for services	653,930	653,930	574,927	(79,003)
Interest income	1,600	1,600	170	(1,430)
Other income	50	50	-	(50)
Total revenues	<u>57,709,580</u>	<u>57,721,963</u>	<u>55,355,057</u>	<u>(2,366,906)</u>
<b>Expenditures:</b>				
Current:				
Corrections	12,002,152	11,059,927	11,354,282	(294,355)
Community services	53,976,656	54,930,514	52,207,656	2,722,858
Capital outlay	25,752	26,502	16,498	10,004
Total expenditures	<u>66,004,560</u>	<u>66,016,943</u>	<u>63,578,436</u>	<u>2,438,507</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(8,294,980)</u>	<u>(8,294,980)</u>	<u>(8,223,379)</u>	<u>71,601</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	8,402,980	8,402,980	8,331,379	(71,601)
Transfers out	(108,000)	(108,000)	(108,000)	-
Total other financing sources (uses)	<u>8,294,980</u>	<u>8,294,980</u>	<u>8,223,379</u>	<u>(71,601)</u>
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance:</b>				
Beginning of year	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL GAMING FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Charges for services	\$ 113	\$ 10,000,000	\$ 11,064,763	\$ 1,064,763
Interest income	20,010	20,010	6,476	(13,534)
Total revenues	<u>20,123</u>	<u>10,020,010</u>	<u>11,071,239</u>	<u>1,051,229</u>
<b>Expenditures:</b>				
Current:				
Community services	6,574,371	6,574,371	7,107,348	(532,977)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(6,554,248)</u>	<u>3,445,639</u>	<u>3,963,891</u>	<u>518,252</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(4,410,710)	(4,410,710)	(4,410,710)	-
<b>Net Change in Fund Balance</b>	(10,964,958)	(965,071)	(446,819)	518,252
<b>Fund Balance:</b>				
Beginning of year	7,293,796	7,293,796	7,293,796	-
End of year	<u>\$ (3,671,162)</u>	<u>\$ 6,328,725</u>	<u>\$ 6,846,977</u>	<u>\$ 518,252</u>

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2014

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### 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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## **Supplementary Information**

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# COUNTY OF ERIE, PENNSYLVANIA

## NONMAJOR GOVERNMENTAL FUNDS

### **Liquid Fuels**

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

### **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.

### **Drug and Alcohol**

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

### **Public Health**

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

### **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.

### **Planning**

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

### **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.

### **Erie County Care Management, Inc. (ECCM)**

ECCM is a blended component unit which provides services to Medicare-eligible clients of the County's Mental Health/Intellectual Disabilities, Drug and Alcohol, and Children and Youth Services.

# COUNTY OF ERIE, PENNSYLVANIA

## COMBING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2014

Assets	Special Revenue Funds				
	Liquid Fuels	Domestic Relations	Drug and Alcohol	Public Health	Library
Cash and cash equivalents	\$ 454,680	\$ 459,817	\$ 893,769	\$ 950	\$ 1,979
Receivables, net	-	999,904	257,300	1,084,566	8,947
Due from other funds	-	-	259,501	-	967,078
Prepaid items	-	-	-	-	1,713
<b>Total Assets</b>	<b>\$ 454,680</b>	<b>\$ 1,459,721</b>	<b>\$ 1,410,570</b>	<b>\$ 1,085,516</b>	<b>\$ 979,717</b>
<b>Liabilities and Fund Balance</b>					
Liabilities:					
Accounts payable	\$ 6,281	\$ 16,745	\$ 817,212	\$ 120,622	\$ 150,523
Accrued liabilities	-	192,394	32,642	226,927	218,106
Due to other funds	-	1,218,679	35,130	641,162	161,380
Due to other taxing units	-	-	-	-	-
Unearned revenue	-	-	525,586	-	251,509
Total Liabilities	6,281	1,427,818	1,410,570	988,711	781,518
Fund Balance:					
Nonspendable:					
Prepaid items	-	-	-	-	1,713
Restricted for:					
Child support enforcement	-	31,903	-	-	-
Public health services	-	-	-	96,805	-
Library services	-	-	-	-	196,486
Road and bridges improvement	448,399	-	-	-	-
Land preservation	-	-	-	-	-
Community redevelopment	-	-	-	-	-
Recycling	-	-	-	-	-
Erie County Care Management	-	-	-	-	-
Emergency services	-	-	-	-	-
Debt payments on general obligation bonds	-	-	-	-	-
Total Fund Balance	448,399	31,903	-	96,805	198,199
<b>Total Liabilities and Fund Balance</b>	<b>\$ 454,680</b>	<b>\$ 1,459,721</b>	<b>\$ 1,410,570</b>	<b>\$ 1,085,516</b>	<b>\$ 979,717</b>

Special Revenue Runds			Total	Debt	Total
Planning	Public Safety	Erie County Care Management	Special Revenue Funds	Services	Nonmajor Governmental Funds
\$ 2,406,184	\$ 2,249,706	\$ 2,608,944	\$ 9,076,029	\$ 2,307,330	\$ 11,383,359
662,711	269,953	1,989,091	5,272,472	197	5,272,669
-	-	-	1,226,579	-	1,226,579
-	229,464	96,788	327,965	-	327,965
<u>\$ 3,068,895</u>	<u>\$ 2,749,123</u>	<u>\$ 4,694,823</u>	<u>\$ 15,903,045</u>	<u>\$ 2,307,527</u>	<u>\$ 18,210,572</u>
\$ 247,598	\$ 76,620	\$ 62,048	\$ 1,497,649	\$ -	\$ 1,497,649
33,127	126,434	248,308	1,077,938	-	1,077,938
18,172	1,416,702	-	3,491,225	-	3,491,225
302,346	-	-	302,346	-	302,346
2,000	-	-	779,095	-	779,095
<u>603,243</u>	<u>1,619,756</u>	<u>310,356</u>	<u>7,148,253</u>	<u>-</u>	<u>7,148,253</u>
-	229,464	96,788	327,965	-	327,965
-	-	-	31,903	-	31,903
-	-	-	96,805	-	96,805
-	-	-	196,486	-	196,486
1,075,146	-	-	1,523,545	-	1,523,545
603,728	-	-	603,728	-	603,728
398,512	-	-	398,512	-	398,512
388,266	-	-	388,266	-	388,266
-	-	4,287,679	4,287,679	-	4,287,679
-	899,903	-	899,903	-	899,903
-	-	-	-	2,307,527	2,307,527
<u>2,465,652</u>	<u>1,129,367</u>	<u>4,384,467</u>	<u>8,754,792</u>	<u>2,307,527</u>	<u>11,062,319</u>
<u>\$ 3,068,895</u>	<u>\$ 2,749,123</u>	<u>\$ 4,694,823</u>	<u>\$ 15,903,045</u>	<u>\$ 2,307,527</u>	<u>\$ 18,210,572</u>

# COUNTY OF ERIE, PENNSYLVANIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2014

	Special Revenue Funds				
	Liquid Fuels	Domestic Relations	Drug and Alcohol	Public Health	Library
<b>Revenues:</b>					
Federal, State, and Municipal grants	\$ 723,270	\$ 3,312,084	\$ 5,500,122	\$ 4,290,326	\$ 1,456,501
Charges for services	-	86,766	237,042	520,553	162,883
Interest income	28	329	392	26	-
Other income	-	-	-	703	21,211
Total revenues	<u>723,298</u>	<u>3,399,179</u>	<u>5,737,556</u>	<u>4,811,608</u>	<u>1,640,595</u>
<b>Expenditures:</b>					
Current:					
Courts and related offices	-	4,771,361	-	-	-
Community services	-	-	6,006,046	-	-
Public health	-	-	-	5,801,126	-
Public works	650,069	-	-	-	-
Library	-	-	-	-	6,337,487
Other	-	-	-	-	-
Capital outlay	-	-	13,374	-	23,685
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>650,069</u>	<u>4,771,361</u>	<u>6,019,420</u>	<u>5,801,126</u>	<u>6,361,172</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures</b>	<u>73,229</u>	<u>(1,372,182)</u>	<u>(281,864)</u>	<u>(989,518)</u>	<u>(4,720,577)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	1,631,700	281,864	968,448	4,870,235
Transfers out	-	(271,226)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,360,474</u>	<u>281,864</u>	<u>968,448</u>	<u>4,870,235</u>
<b>Net Change in Fund Balance</b>	73,229	(11,708)	-	(21,070)	149,658
<b>Fund Balance:</b>					
Beginning of year	375,170	43,611	-	117,875	48,541
End of year	<u>\$ 448,399</u>	<u>\$ 31,903</u>	<u>\$ -</u>	<u>\$ 96,805</u>	<u>\$ 198,199</u>

Planning	Special Revenue Funds		Total Special Revenue Funds	Debt Services	Total Nonmajor Governmental Funds
	Public Safety	Erie County Care Management			
\$ 2,164,514	\$ 2,145,555	\$ 9,648,643	\$ 29,241,015	\$ -	\$ 29,241,015
1,093,051	1,435,053	1,528,593	5,063,941	-	5,063,941
954	1,478	-	3,207	3,148	6,355
100,000	26,619	3,594	152,127	-	152,127
<u>3,358,519</u>	<u>3,608,705</u>	<u>11,180,830</u>	<u>34,460,290</u>	<u>3,148</u>	<u>34,463,438</u>
-	-	-	4,771,361	-	4,771,361
3,286,817	6,255,953	10,767,456	26,316,272	-	26,316,272
-	-	-	5,801,126	-	5,801,126
-	-	-	650,069	-	650,069
-	-	-	6,337,487	-	6,337,487
-	-	-	-	8,264	8,264
-	33,028	117,853	187,940	-	187,940
-	-	-	-	6,170,000	6,170,000
-	-	-	-	2,810,422	2,810,422
<u>3,286,817</u>	<u>6,288,981</u>	<u>10,885,309</u>	<u>44,064,255</u>	<u>8,988,686</u>	<u>53,052,941</u>
71,702	(2,680,276)	295,521	(9,603,965)	(8,985,538)	(18,589,503)
358,066	2,687,717	-	10,798,030	8,947,452	19,745,482
-	(557,520)	-	(828,746)	-	(828,746)
<u>358,066</u>	<u>2,130,197</u>	<u>-</u>	<u>9,969,284</u>	<u>8,947,452</u>	<u>18,916,736</u>
429,768	(550,079)	295,521	365,319	(38,086)	327,233
<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>\$ 2,465,652</u>	<u>\$ 1,129,367</u>	<u>\$ 4,384,467</u>	<u>\$ 8,754,792</u>	<u>\$ 2,307,527</u>	<u>\$ 11,062,319</u>

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL GENERAL FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Real estate taxes	\$ 68,566,242	\$ 68,566,242	\$ 69,461,662	\$ 895,420
Hotel tax	4,480,000	4,480,000	4,375,388	(104,612)
Federal, state, and municipal grants	2,539,580	2,758,990	2,681,106	(77,884)
Charges for services	15,070,879	10,887,763	10,519,956	(367,807)
Interest income	43,500	43,500	62,823	19,323
Other income	54,500	87,514	157,291	69,777
Total revenues	90,754,701	86,824,009	87,258,226	434,217
<b>Expenditures:</b>				
Current:				
General government:				
Council and elections	1,403,139	1,403,139	1,221,847	181,292
Controller	316,843	316,843	309,205	7,638
County executive	253,461	254,461	246,456	8,005
Solicitor	166,161	174,204	156,500	17,704
Personnel	398,081	332,380	253,203	179,177
Finance	4,164,763	3,680,836	3,592,736	88,100
Operations	5,218,625	3,524,488	3,356,560	167,928
Information technology	1,850,719	414,423	319,045	95,378
Other	8,360,378	8,253,603	7,937,150	316,453
Total general government	22,132,170	18,354,377	17,392,702	961,675
Courts and related offices:				
Courts	4,798,432	5,148,994	5,067,423	81,571
District justices	2,710,565	2,748,975	2,700,014	48,961
Clerk of records	2,444,204	2,444,204	2,336,058	108,146
Sheriff	3,098,745	3,200,644	3,106,498	94,146
District attorney	3,382,656	3,348,168	2,921,578	426,590
Coroner	605,993	630,993	621,773	9,220
Public defender	1,366,126	1,366,126	1,347,400	18,726
Total courts and related offices	18,406,721	18,888,104	18,100,744	787,360
Corrections:				
Adult probation	5,065,553	5,060,102	4,991,062	69,040
Corrections	16,888,253	16,788,038	16,713,733	74,305
Juvenile probation	3,239,949	3,239,949	3,050,140	189,809
Total corrections	25,193,755	25,088,089	24,754,935	333,154
Community services:				
Veterans affairs	227,810	227,810	190,718	37,092
Economic development	125,810	124,810	122,349	2,461
Grants to others	91,000	228,500	351,593	(123,093)
Total community services	444,620	581,120	664,660	(83,540)
Capital outlay:				
General government	141,000	215,175	212,018	3,157
Courts	261,453	387,081	216,011	171,070
Corrections	209,000	199,000	98,353	100,647
Total capital outlay	611,453	801,256	526,382	274,874
Debt service:				
Interest	10	10	-	10
Total expenditures	66,788,729	63,712,956	61,439,423	2,273,533
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	23,965,972	23,111,053	25,818,803	2,707,750
<b>Other Financing Sources (Uses):</b>				
Transfers in	519,999	1,573,069	1,432,296	(140,773)
Transfers out	(26,280,205)	(27,170,503)	(25,905,330)	1,265,173
Total other financing sources (uses)	(25,760,206)	(25,597,434)	(24,473,034)	1,124,400
<b>Net Change in Fund Balance</b>	(1,794,234)	(2,486,381)	1,345,769	3,832,150
<b>Fund Balance:</b>				
Beginning of year	46,557,346	46,557,346	46,557,346	-
End of year	\$ 44,763,112	\$ 44,070,965	\$ 47,903,115	\$ 3,832,150

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL LIQUID FUELS FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Federal, state, and municipal grants	\$ 750,000	\$ 750,000	\$ 723,270	\$ (26,730)
Interest income	100	200	28	(172)
Total revenues	<u>750,100</u>	<u>750,200</u>	<u>723,298</u>	<u>(26,902)</u>
<b>Expenditures:</b>				
Current:				
Public works	810,100	810,100	650,069	160,031
Total expenditures	<u>810,100</u>	<u>810,100</u>	<u>650,069</u>	<u>160,031</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(60,000)</u>	<u>(59,900)</u>	<u>73,229</u>	<u>133,129</u>
<b>Net Change in Fund Balance</b>	<u>(60,000)</u>	<u>(59,900)</u>	<u>73,229</u>	<u>133,129</u>
<b>Fund Balance:</b>				
Beginning of year	375,170	375,170	375,170	-
End of year	<u>\$ 315,170</u>	<u>\$ 315,270</u>	<u>\$ 448,399</u>	<u>\$ 133,129</u>

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL DOMESTIC RELATIONS FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Federal, state, and municipal grants	\$ 3,516,563	\$ 3,516,563	\$ 3,312,084	\$ (204,479)
Charges for services	132,300	132,300	86,766	(45,534)
Interest income	400	400	329	(71)
<b>Total revenues</b>	<b>3,649,263</b>	<b>3,649,263</b>	<b>3,399,179</b>	<b>(250,084)</b>
<b>Expenditures:</b>				
Current:				
Courts and related office	4,968,513	4,968,513	4,771,361	197,152
<b>Total expenditures</b>	<b>4,968,513</b>	<b>4,968,513</b>	<b>4,771,361</b>	<b>197,152</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,319,250)</b>	<b>(1,319,250)</b>	<b>(1,372,182)</b>	<b>(52,932)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,593,749	1,593,749	1,631,700	37,951
Transfers out	(274,499)	(274,499)	(271,226)	3,273
<b>Total other financing sources (uses)</b>	<b>1,319,250</b>	<b>1,319,250</b>	<b>1,360,474</b>	<b>41,224</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(11,708)</b>	<b>(11,708)</b>
<b>Fund Balance:</b>				
Beginning of year	43,611	43,611	43,611	-
End of year	<u>\$ 43,611</u>	<u>\$ 43,611</u>	<u>\$ 31,903</u>	<u>\$ (11,708)</u>

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL DRUG AND ALCOHOL FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Federal, state, and municipal grants	\$ 4,933,483	\$ 5,003,223	\$ 5,500,122	\$ 496,899
Charges for services	180,000	250,000	237,042	(12,958)
Interest income	1,000	1,000	392	(608)
Total revenues	5,114,483	5,254,223	5,737,556	483,333
<b>Expenditures:</b>				
Current:				
Community services	5,382,105	5,519,645	6,006,046	(486,401)
Capital outlay	14,242	16,442	13,374	3,068
Total expenditures	5,396,347	5,536,087	6,019,420	(483,333)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(281,864)	(281,864)	(281,864)	-
<b>Other Financing Sources (Uses):</b>				
Transfers in	281,864	281,864	281,864	-
Total other financing sources (uses)	281,864	281,864	281,864	-
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance:</b>				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL PUBLIC HEALTH FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Federal, state, and municipal grants	\$ 4,368,349	\$ 4,418,213	\$ 4,290,326	\$ (127,887)
Charges for services	504,843	504,843	520,553	15,710
Interest income	-	50	26	(24)
Other	5,000	(297)	703	1,000
<b>Total revenues</b>	<b>4,878,192</b>	<b>4,922,809</b>	<b>4,811,608</b>	<b>(111,201)</b>
<b>Expenditures:</b>				
Current:				
Public health	6,174,197	6,226,026	5,801,126	424,900
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,296,005)</b>	<b>(1,303,217)</b>	<b>(989,518)</b>	<b>313,699</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,225,009	1,217,406	968,448	(248,958)
<b>Total other financing sources (uses)</b>	<b>1,225,009</b>	<b>1,217,406</b>	<b>968,448</b>	<b>(248,958)</b>
<b>Net Change in Fund Balance</b>	<b>(70,996)</b>	<b>(85,811)</b>	<b>(21,070)</b>	<b>64,741</b>
<b>Fund Balance:</b>				
Beginning of year	117,875	117,875	117,875	-
End of year	<u>\$ 46,879</u>	<u>\$ 32,064</u>	<u>\$ 96,805</u>	<u>\$ 64,741</u>

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL LIBRARY FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Federal, state, and municipal grants	\$ 1,398,916	\$ 1,452,653	\$ 1,456,501	\$ 3,848
Charges for services	188,800	188,800	162,883	(25,917)
Other	7,450	24,150	21,211	(2,939)
Total revenues	<u>1,595,166</u>	<u>1,665,603</u>	<u>1,640,595</u>	<u>(25,008)</u>
<b>Expenditures:</b>				
Current:				
Library	6,396,701	6,511,838	6,337,487	174,351
Capital outlay	-	24,000	23,685	315
Total expenditures	<u>6,396,701</u>	<u>6,535,838</u>	<u>6,361,172</u>	<u>174,666</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(4,801,535)</u>	<u>(4,870,235)</u>	<u>(4,720,577)</u>	<u>149,658</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	4,801,535	4,870,235	4,870,235	-
Total other financing sources (uses)	<u>4,801,535</u>	<u>4,870,235</u>	<u>4,870,235</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	-	149,658	149,658
<b>Fund Balance:</b>				
Beginning of year	48,541	48,541	48,541	-
End of year	<u>\$ 48,541</u>	<u>\$ 48,541</u>	<u>\$ 198,199</u>	<u>\$ 149,658</u>

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL PLANNING FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Federal, state, and municipal grants	\$ 5,716,414	\$ 5,803,558	\$ 2,164,514	\$ (3,639,044)
Charges for services	1,395,692	1,398,103	1,093,051	(305,052)
Interest income	2,600	2,600	954	(1,646)
Other	200,000	200,000	100,000	(100,000)
Total revenues	<u>7,314,706</u>	<u>7,404,261</u>	<u>3,358,519</u>	<u>(4,045,742)</u>
<b>Expenditures:</b>				
Current:				
Community services	7,805,926	7,905,853	3,286,817	4,619,036
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(491,220)</u>	<u>(501,592)</u>	<u>71,702</u>	<u>573,294</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	491,220	501,592	358,066	(143,526)
<b>Net Change in Fund Balance</b>	-	-	429,768	429,768
<b>Fund Balance:</b>				
Beginning of year	2,035,884	2,035,884	2,035,884	-
End of year	<u>\$ 2,035,884</u>	<u>\$ 2,035,884</u>	<u>\$ 2,465,652</u>	<u>\$ 429,768</u>

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL PUBLIC SAFETY FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Federal, state, and municipal grants	\$ 2,006,167	\$ 2,151,907	\$ 2,145,555	\$ (6,352)
Charges for services	1,272,052	1,272,052	1,435,053	163,001
Interest income	1,215	1,215	1,478	263
Other	11,500	36,944	26,619	(10,325)
<b>Total revenues</b>	<b>3,290,934</b>	<b>3,462,118</b>	<b>3,608,705</b>	<b>146,587</b>
<b>Expenditures:</b>				
Current:				
Community services	5,962,904	6,715,605	6,255,953	459,652
Capital outlay	25,228	33,029	33,028	1
<b>Total expenditures</b>	<b>5,988,132</b>	<b>6,748,634</b>	<b>6,288,981</b>	<b>459,653</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,697,198)</b>	<b>(3,286,516)</b>	<b>(2,680,276)</b>	<b>606,240</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,389,558	3,440,261	2,687,717	(752,544)
Transfers out	(557,520)	(557,520)	(557,520)	-
<b>Total other financing sources (uses)</b>	<b>2,832,038</b>	<b>2,882,741</b>	<b>2,130,197</b>	<b>(752,544)</b>
<b>Net Change in Fund Balance</b>	<b>134,840</b>	<b>(403,775)</b>	<b>(550,079)</b>	<b>(146,304)</b>
<b>Fund Balance:</b>				
Beginning of year	1,679,446	1,679,446	1,679,446	-
End of year	<u>\$ 1,814,286</u>	<u>\$ 1,275,671</u>	<u>\$ 1,129,367</u>	<u>\$ (146,304)</u>

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL ERIE COUNTY CARE MANAGEMENT, INC. FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Federal, state, and municipal grants	\$ 11,027,016	\$ 11,027,016	\$ 9,648,643	\$ (1,378,373)
Charges for services	477,459	477,459	1,528,593	1,051,134
Interest income	-	-	-	-
Other	-	-	3,594	3,594
<b>Total revenues</b>	<b>11,504,475</b>	<b>11,504,475</b>	<b>11,180,830</b>	<b>(323,645)</b>
<b>Expenditures:</b>				
Current:				
Community services	12,008,233	12,008,233	10,767,456	1,240,777
Capital outlay	280,250	280,250	117,853	162,397
<b>Total expenditures</b>	<b>12,288,483</b>	<b>12,288,483</b>	<b>10,885,309</b>	<b>1,403,174</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(784,008)</b>	<b>(784,008)</b>	<b>295,521</b>	<b>1,079,529</b>
<b>Net Change in Fund Balance</b>	<b>(784,008)</b>	<b>(784,008)</b>	<b>295,521</b>	<b>1,079,529</b>
<b>Fund Balance:</b>				
Beginning of year	4,088,946	4,088,946	4,088,946	-
End of year	<u>\$ 3,304,938</u>	<u>\$ 3,304,938</u>	<u>\$ 4,384,467</u>	<u>\$ 1,079,529</u>

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL DEBT SERVICE FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Interest	\$ 2,790	\$ 2,790	\$ 3,148	\$ 358
<b>Expenditures:</b>				
Current:				
Other	7,470	7,470	8,264	(794)
Debt service:				
Principal	6,170,000	6,170,000	6,170,000	-
Interest	2,810,423	2,810,423	2,810,422	1
Total expenditures	8,987,893	8,987,893	8,988,686	(793)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(8,985,103)	(8,985,103)	(8,985,538)	(435)
<b>Other Financing Sources (Uses):</b>				
Transfers in	8,987,893	8,987,893	8,947,452	(40,441)
<b>Net Change in Fund Balance</b>	2,790	2,790	(38,086)	(40,876)
<b>Fund Balance:</b>				
Beginning of year	2,345,613	2,345,613	2,345,613	-
End of year	\$ 2,348,403	\$ 2,348,403	\$ 2,307,527	\$ (40,876)

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL CAPITAL PROJECTS FUND

YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ 26,480	\$ 26,480
Other	-	180,000	-	(180,000)
Total revenues	-	180,000	26,480	(153,520)
<b>Expenditures:</b>				
Current:				
General government	-	38,968	13,016	25,952
Capital outlay	-	886,069	-	886,069
Total expenditures	-	925,037	13,016	912,021
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	(745,037)	13,464	758,501
<b>Net Change in Fund Balance</b>	-	(745,037)	13,464	758,501
<b>Fund Balance:</b>				
Beginning of year	6,271,740	6,271,740	6,271,740	-
End of year	\$ 6,271,740	\$ 5,526,703	\$ 6,285,204	\$ 758,501

# COUNTY OF ERIE, PENNSYLVANIA

## 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.

### **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.

### **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.

### **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

### **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.

### **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 Prison 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.

### **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.

### **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.

### **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.

### **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

## FIDUCIARY FUNDS

### **Client Funds Held by Erie County Care Management (ECCM)**

Accounts for funds which belong to ECCM's clients. Receives Social Security income payments for clients and assists clients in managing the use of funds.

### **Resident Funds Held by Pleasant Ridge Manor (PRM)**

Accounts for funds which belong to PRM residents. Receives Social Security income payments for residents and assists residents in managing the use of funds.

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# COUNTY OF ERIE, PENNSYLVANIA

## COMBINING STATEMENT OF FIDUCIARY NET POSITION AGENCY FUNDS

DECEMBER 31, 2014

	Assets				Total Assets
	Cash and Cash Equivalents	Investments	Property Taxes Receivable	Interest and Other Receivable	
Tax Claim	\$ 1,114,335	\$ -	\$ 11,847,729	\$ 9,991	\$ 12,972,055
Revenue licenses	4,195	-	-	-	4,195
Recorder of Deeds	615,927	-	-	-	615,927
Clerk of Courts	884,983	-	-	-	884,983
Register of Wills	34,328	-	-	-	34,328
Prothonotary	218,390	-	-	-	218,390
Sheriff	519,842	-	-	1,498	521,340
Prison	182,188	-	-	20,635	202,823
Magisterial District Judges	243,496	-	-	-	243,496
Child and Youth Trust	20,255	-	-	-	20,255
Domestic Relations	25,172	-	-	-	25,172
Act 101 site-specific post-closure	41,210	2,165,893	-	-	2,207,103
Client funds held by ECCM	368,941	-	-	-	368,941
Resident funds held by PRM	633,904	-	-	-	633,904
	\$ 4,907,166	\$ 2,165,893	\$ 11,847,729	\$ 32,124	\$ 18,952,912

(Continued)

# COUNTY OF ERIE, PENNSYLVANIA

## COMBINING STATEMENT OF FIDUCIARY NET POSITION AGENCY FUNDS

DECEMBER 31, 2014  
(Continued)

	Liabilities		Total Liabilities
	Accounts Payable	Due to Other Governmental Units	
Tax Claim	\$ 1,124,326	\$ 11,847,729	\$ 12,972,055
Revenue licenses	4,195	-	4,195
Recorder of Deeds	615,927	-	615,927
Clerk of Courts	884,983	-	884,983
Register of Wills	34,328	-	34,328
Prothonotary	218,390	-	218,390
Sheriff	521,340	-	521,340
Prison	202,823	-	202,823
Magisterial District Judges	243,496	-	243,496
Child and Youth Trust	20,255	-	20,255
Domestic Relations	25,172	-	25,172
Act 101 site-specific post-closure	2,207,103	-	2,207,103
Client funds held by ECCM	368,941	-	368,941
Resident funds held by PRM	633,904	-	633,904
	\$ 7,105,183	\$ 11,847,729	\$ 18,952,912

(Concluded)

# COUNTY OF ERIE, PENNSYLVANIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

YEAR ENDED DECEMBER 31, 2014

	Balance at December 31, 2013	Additions	Deletions	Balance at December 31, 2014
<b>Tax Claim</b>				
<b>Assets</b>				
Cash	\$ 1,609,338	\$ 21,972,049	\$ 22,467,052	\$ 1,114,335
Credit card receivable	6,035	1,953,790	1,949,834	9,991
Property tax receivable	12,097,070	24,809,589	25,058,930	11,847,729
<b>Total Assets</b>	<b>\$ 13,712,443</b>	<b>\$ 48,735,428</b>	<b>\$ 49,475,816</b>	<b>\$ 12,972,055</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,615,373	\$ 23,925,839	\$ 24,416,886	\$ 1,124,326
Due to other governmental units	12,097,070	24,809,589	25,058,930	11,847,729
<b>Total Liabilities</b>	<b>\$ 13,712,443</b>	<b>\$ 48,735,428</b>	<b>\$ 49,475,816</b>	<b>\$ 12,972,055</b>
<b>Revenue Licenses</b>				
<b>Assets</b>				
Cash	\$ 4,351	\$ 292,719	\$ 292,875	\$ 4,195
<b>Liabilities</b>				
Accounts payable	\$ 4,351	\$ 292,719	\$ 292,875	\$ 4,195
<b>Recorder of Deeds</b>				
<b>Assets</b>				
Cash	\$ 592,102	\$ 19,331,903	\$ 19,308,078	\$ 615,927
<b>Liabilities</b>				
Accounts payable	\$ 592,102	\$ 19,331,903	\$ 19,308,078	\$ 615,927
<b>Clerk of Courts</b>				
<b>Assets</b>				
Cash	\$ 701,673	\$ 4,975,777	\$ 4,792,467	\$ 884,983
<b>Liabilities</b>				
Accounts payable	\$ 701,673	\$ 4,975,777	\$ 4,792,467	\$ 884,983
<b>Register of Wills</b>				
<b>Assets</b>				
Cash	\$ 33,176	\$ 16,320,223	\$ 16,319,071	\$ 34,328
<b>Liabilities</b>				
Accounts payable	\$ 33,176	\$ 16,320,223	\$ 16,319,071	\$ 34,328

(Continued)

# COUNTY OF ERIE, PENNSYLVANIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

YEAR ENDED DECEMBER 31, 2014  
(Continued)

	Balance at December 31, 2013	Additions	Deletions	Balance at December 31, 2014
<b>Prothonotary</b>				
<b>Assets</b>				
Cash	\$ 592,302	\$ 1,239,661	\$ 1,613,573	\$ 218,390
<b>Liabilities</b>				
Accounts payable	\$ 592,302	\$ 1,239,661	\$ 1,613,573	\$ 218,390
<b>Sheriff</b>				
<b>Assets</b>				
Cash	\$ 545,100	\$ 2,885,519	\$ 2,910,777	\$ 519,842
Interest and other receivables	825	673	-	1,498
<b>Total Assets</b>	<b>\$ 545,925</b>	<b>\$ 2,886,192</b>	<b>\$ 2,910,777</b>	<b>\$ 521,340</b>
<b>Liabilities</b>				
Accounts payable	\$ 545,925	\$ 2,886,192	\$ 2,910,777	\$ 521,340
<b>Prison</b>				
<b>Assets</b>				
Cash	\$ 167,876	\$ 2,207,698	\$ 2,193,386	\$ 182,188
Interest and other receivables	7,836	12,799	-	20,635
<b>Total Assets</b>	<b>\$ 175,712</b>	<b>\$ 2,220,497</b>	<b>\$ 2,193,386</b>	<b>\$ 202,823</b>
<b>Liabilities</b>				
Accounts payable	\$ 175,712	\$ 2,220,497	\$ 2,193,386	\$ 202,823
<b>Magisterial District Judges</b>				
<b>Assets</b>				
Cash	\$ 285,244	\$ 5,975,408	\$ 6,017,156	\$ 243,496
<b>Liabilities</b>				
Accounts payable	\$ 285,244	\$ 5,975,408	\$ 6,017,156	\$ 243,496
<b>Children and Youth Trust</b>				
<b>Assets</b>				
Cash	\$ 10,750	\$ 9,505	\$ -	\$ 20,255
<b>Liabilities</b>				
Accounts payable	\$ 10,750	\$ 9,505	\$ -	\$ 20,255

(Continued)

# COUNTY OF ERIE, PENNSYLVANIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

YEAR ENDED DECEMBER 31, 2014  
(Continued)

	Balance at December 31, 2013	Additions	Deletions	Balance at December 31, 2014
<b>Domestic Relations</b>				
<b>Assets</b>				
Cash	\$ 27,152	\$ 2,648,190	\$ 2,650,170	\$ 25,172
<b>Liabilities</b>				
Accounts payable	\$ 27,152	\$ 2,648,190	\$ 2,650,170	\$ 25,172
<b>Act 101 Site-Specific Post-Closure</b>				
<b>Assets</b>				
Cash	\$ 24,451	\$ 16,759	\$ -	\$ 41,210
Investments	2,226,613	48,084	108,804	2,165,893
<b>Total Assets</b>	<b>\$ 2,251,064</b>	<b>\$ 64,843</b>	<b>\$ 108,804</b>	<b>\$ 2,207,103</b>
<b>Liabilities</b>				
Accounts payable	\$ 2,251,064	\$ 64,843	\$ 108,804	\$ 2,207,103
<b>Client Funds held by ECCM</b>				
<b>Assets</b>				
Cash	\$ 364,330	\$ 2,771,924	\$ 2,767,313	\$ 368,941
<b>Liabilities</b>				
Accounts payable	\$ 364,330	\$ 2,771,924	\$ 2,767,313	\$ 368,941
<b>Resident Funds held by PRM</b>				
<b>Assets</b>				
Cash	\$ 445,673	\$ 3,624,254	\$ 3,436,023	\$ 633,904
<b>Liabilities</b>				
Accounts payable	\$ 445,673	\$ 3,624,254	\$ 3,436,023	\$ 633,904
<b>Total Assets</b>				
Cash	\$ 5,403,518	\$ 84,271,589	\$ 84,767,941	\$ 4,907,166
Investments	2,226,613	48,084	108,804	2,165,893
Interest and other receivable	14,696	1,967,262	1,949,834	32,124
Property taxes receivable	12,097,070	24,809,589	25,058,930	11,847,729
<b>Total Assets</b>	<b>\$ 19,741,897</b>	<b>\$ 111,096,524</b>	<b>\$ 111,885,509</b>	<b>\$ 18,952,912</b>
<b>Total Liabilities</b>				
Accounts payable	\$ 7,644,827	\$ 86,286,935	\$ 86,826,579	\$ 7,105,183
Due to other governmental units	12,097,070	24,809,589	25,058,930	11,847,729
<b>Total Liabilities</b>	<b>\$ 19,741,897</b>	<b>\$ 111,096,524</b>	<b>\$ 111,885,509</b>	<b>\$ 18,952,912</b>

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**Capital Assets Used in the Operation of  
Governmental Funds**

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# COUNTY OF ERIE, PENNSYLVANIA

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF FUNCTION AND ACTIVITY

YEAR ENDED DECEMBER 31, 2014

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings and Improvements</u>	<u>Vehicles, Furniture, and Equipment</u>	<u>Total</u>
General government	\$ 315,948	\$ -	\$ 27,476,715	\$ 4,018,180	\$ 31,810,843
Courts and related offices	70,960	-	3,036,332	2,916,093	6,023,385
Corrections	284,420	-	31,367,497	1,122,594	32,774,511
Community services	301,797	-	16,660,501	11,188,951	28,151,249
Public health	-	-	787,331	659,577	1,446,908
Library	528,112	-	15,819,407	2,239,302	18,586,821
Total governmental funds capital assets	<u>\$ 1,501,237</u>	<u>\$ -</u>	<u>\$ 95,147,783</u>	<u>\$ 22,144,697</u>	<u>\$ 118,793,717</u>

# COUNTY OF ERIE, PENNSYLVANIA

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

YEAR ENDED DECEMBER 31, 2014

<u>Function and Activity</u>	Governmental Funds Capital Assets January 1, 2014	Additions	Deduction/ Transfer	Governmental Funds Capital Assets December 31, 2014
General government	\$ 31,740,070	\$ 158,632	\$ (99,445)	\$ 31,799,257
Courts and related offices	5,943,874	292,126	(212,615)	6,023,385
Corrections	32,675,773	154,386	(55,649)	32,774,510
Community services	27,775,904	284,485	(86,270)	27,974,119
Public health	1,444,678	258,366	(67,419)	1,635,625
Library	18,608,194	11,942	(33,315)	18,586,821
Total governmental funds capital assets	<u>\$ 118,188,493</u>	<u>\$ 1,159,937</u>	<u>\$ (554,713)</u>	<u>\$ 118,793,717</u>

# COUNTY OF ERIE, PENNSYLVANIA

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF ASSETS BY SOURCE

YEAR ENDED DECEMBER 31, 2014

Governmental funds capital assets:

Land	\$ 1,501,237
Construction in progress	-
Buildings and improvements	95,147,783
Vehicles, furniture, and equipment	<u>22,144,697</u>
	<u>\$ 118,793,717</u>

Investment in governmental funds capital assets by source:

General Fund	\$ 67,728,450
Special Revenue Fund	<u>51,065,267</u>
	<u>\$ 118,793,717</u>

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# Statistical Section

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	143
<b>Revenue Capacity</b>  These schedules contain information to help the reader assess the County's most significant local revenue sources, the property tax, and the earned income tax.	159
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	168
<b>Demographic and Economic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	176
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	179

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## **FINANCIAL TRENDS**

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# COUNTY OF ERIE, PENNSYLVANIA

## NET POSITION BY COMPONENT LAST THREE YEARS ACCRUAL BASIS OF ACCOUNTING

	2014	2013	2012
<b>Governmental Activities:</b>			
Net investment in capital assets	\$ 986,225	\$ 3,234,228	\$ 13,180,233
Restricted	34,708,680	37,919,072	38,896,823
Unrestricted	(2,110,809)	(8,005,536)	(13,666,489)
<i>Total Governmental Activities Net Position</i>	<u>\$ 33,584,096</u>	<u>\$ 33,147,764</u>	<u>\$ 38,410,567</u>
<b>Business-type Activities:</b>			
Net investment in capital assets	\$ 4,430,807	\$ 4,628,713	\$ 4,521,981
Restricted	-	-	-
Unrestricted	3,634,846	3,986,428	3,775,351
<i>Total Business-type Activities Net Position</i>	<u>\$ 8,065,653</u>	<u>\$ 8,615,141</u>	<u>\$ 8,297,332</u>
<b>Primary Government:</b>			
Net investment in capital assets	\$ 5,417,032	\$ 7,862,941	\$ 17,702,214
Restricted	34,708,680	37,919,072	38,896,823
Unrestricted	1,524,037	(4,019,108)	(9,891,138)
<i>Total Primary Government Net Position</i>	<u>\$ 41,649,749</u>	<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 Statement No. 61 in 2013. 2012 amounts were restated for the adoption of GASB Statement No. 61 for comparison purposes.

# COUNTY OF ERIE, PENNSYLVANIA

## NET ASSETS BY COMPONENT LAST SEVEN YEARS ACCRUAL BASIS OF ACCOUNTING

	2011	2010	2009
<b>Governmental Activities:</b>			
Invested in capital assets, net of related debt	\$ 23,283,384	\$ 27,413,665	\$ 33,623,603
Restricted	36,373,973	23,788,624	30,370,707
Unrestricted	(17,344,957)	(10,792,240)	(21,809,984)
<i>Total Governmental Activities Net Assets</i>	<u>\$ 42,312,400</u>	<u>\$ 40,410,049</u>	<u>\$ 42,184,326</u>
<b>Business-type Activities:</b>			
Invested in capital assets, net of related debt	\$ 4,769,853	\$ 3,725,845	\$ 3,968,183
Restricted	-	1,490,202	1,789,379
Unrestricted	2,615,644	2,751,392	3,174,827
<i>Total Business-type Activities Net Assets</i>	<u>\$ 7,385,497</u>	<u>\$ 7,967,439</u>	<u>\$ 8,932,389</u>
<b>Primary Government:</b>			
Invested in capital assets, net of related debt	\$ 28,053,237	\$ 31,139,510	\$ 37,591,786
Restricted	36,373,973	25,278,826	32,160,086
Unrestricted	(14,729,313)	(8,040,848)	(18,635,157)
<i>Total Primary Government Net Assets</i>	<u>\$ 49,697,897</u>	<u>\$ 48,377,488</u>	<u>\$ 51,116,715</u>

**Notes:**

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

The County Nursing Home became a blended component unit due to the adoption of GASB Statement No. 61 in 2013.

2005 to 2011 amounts were restated for the adoptions of GASB Statement No. 61 for comparison purposes.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 27,294,711	\$ 6,242,780	\$ 7,807,416	\$ 12,286,924
28,983,109	23,766,250	19,313,534	19,579,999
<u>(10,206,536)</u>	<u>11,574,397</u>	<u>8,032,552</u>	<u>3,908,863</u>
<u>\$ 46,071,284</u>	<u>\$ 41,583,427</u>	<u>\$ 35,153,502</u>	<u>\$ 35,775,786</u>
\$ 3,712,467	\$ 2,897,641	\$ 2,830,055	\$ 3,221,516
2,219,003	1,958,214	2,243,304	2,233,188
<u>4,320,616</u>	<u>5,361,348</u>	<u>3,310,762</u>	<u>1,421,320</u>
<u>\$ 10,252,086</u>	<u>\$ 10,217,203</u>	<u>\$ 8,384,121</u>	<u>\$ 6,876,024</u>
\$ 31,007,178	\$ 9,140,421	\$ 10,637,471	\$ 15,508,440
31,202,112	25,724,464	21,556,838	21,813,187
<u>(5,885,920)</u>	<u>16,935,745</u>	<u>11,343,314</u>	<u>5,330,183</u>
<u>\$ 56,323,370</u>	<u>\$ 51,800,630</u>	<u>\$ 43,537,623</u>	<u>\$ 42,651,810</u>

# COUNTY OF ERIE, PENNSYLVANIA

## CHANGES IN NET POSITION LAST THREE YEARS ACCRUAL BASIS OF ACCOUNTING

	2014	2013	2012
<b>Expenses:</b>			
Governmental Activities:			
General government	\$ 18,616,773	\$ 19,301,658	\$ 19,440,061
Courts and related offices	23,407,171	22,601,628	22,589,810
Corrections	37,375,459	36,187,277	38,332,786
Community services	194,194,242	195,535,908	203,151,167
Public health	5,659,096	6,244,253	6,850,696
Public works	650,069	696,221	685,428
Library	7,063,666	6,910,165	7,005,236
Other	8,264	-	-
Interest on long-term debt	2,459,814	3,453,834	3,782,732
Loss on guaranteed debt	-	-	-
	289,434,554	290,930,944	301,837,916
<i>Total governmental activities expenses</i>			
Business-type Activities - County nursing home	35,795,008	34,030,462	32,354,384
	\$ 325,229,562	\$ 324,961,406	\$ 334,192,300
<b>Program Revenues:</b>			
Governmental Activities:			
Charges for services:			
General government	\$ 3,457,221	\$ 3,150,424	\$ 3,722,405
Courts and related offices	4,904,274	5,322,226	5,553,935
Corrections	2,343,640	2,445,342	2,468,169
Community services	15,835,016	15,925,374	15,957,744
Public health	520,553	530,608	496,842
Library	162,883	189,423	196,312
Operating grants and contributions:			
General government	131,000	-	580,039
Courts and related offices	4,296,430	4,712,717	4,125,795
Corrections	9,079,446	8,444,098	10,304,155
Community services	169,168,836	167,466,120	174,972,223
Public health	4,290,326	4,518,262	4,908,799
Public works	723,270	745,885	812,704
Library	1,456,501	1,407,776	1,418,009
Capital grants and contributions	-	-	10,000
<i>Total governmental activities program revenues</i>	216,369,396	214,858,255	225,527,131

# COUNTY OF ERIE, PENNSYLVANIA

## CHANGES IN NET POSITION LAST THREE YEARS ACCRUAL BASIS OF ACCOUNTING (Continued)

	2014	2013	2012
Business-type Activities:			
Charges for services:			
County nursing home	34,185,096	33,369,423	32,219,036
Operating grant and contributions	-	-	-
Capital grants and contributions	-	-	70,000
	34,185,096	33,369,423	32,289,036
<i>Total business-type activities program revenues</i>	34,185,096	33,369,423	32,289,036
<i>Total primary government program revenues</i>	\$ 250,554,492	\$ 248,227,678	\$ 257,816,167
<b>Net (Expense)/Revenue:</b>			
<i>Governmental Activities</i>	\$ (73,065,158)	\$ (76,072,689)	\$ (76,310,785)
<i>Business-type Activities</i>	(1,609,912)	(661,039)	(65,348)
<i>Total primary government</i>	\$ (74,675,070)	\$ (76,733,728)	\$ (76,376,133)
<b>General Revenue and Other Changes in Net Position:</b>			
Governmental Activities:			
Property taxes	\$ 69,290,190	\$ 68,783,306	\$ 68,811,861
Hotel room rental tax	4,375,388	4,238,012	3,160,156
Interest income	197,345	151,659	214,198
Other income	450,111	257,458	222,737
Transfers	(811,544)	(750,331)	-
	73,501,490	72,680,104	72,408,952
<i>Total governmental activities</i>	73,501,490	72,680,104	72,408,952
Business-type Activities:			
Interest income	2,606	16,611	18,657
Other income	246,274	211,906	1,494,412
Transfers	811,544	750,331	-
	1,060,424	978,848	1,513,069
<i>Total business-type activities</i>	1,060,424	978,848	1,513,069
<i>Total primary government</i>	\$ 74,561,914	\$ 73,658,952	\$ 73,922,021
<b>Change in Net Position:</b>			
<i>Governmental Activities</i>	\$ 436,332	\$ (3,392,585)	\$ (3,901,833)
<i>Business-type Activities</i>	(549,488)	317,809	1,447,721
<i>Total primary government</i>	\$ (113,156)	\$ (3,074,776)	\$ (2,454,112)

(Concluded)

Note:

County Nursing Home became a blended component unit due to the adoption of GASB Statement No. 61 in 2013. 2012 amounts were restated for the adoption of GASB Statement No. 61 for comparison purposes.

# COUNTY OF ERIE, PENNSYLVANIA

## CHANGES IN NET ASSETS LAST SEVEN YEARS ACCRUAL BASIS OF ACCOUNTING

	2011	2010	2009
<b>Expenses:</b>			
Governmental Activities:			
General government	\$ 14,546,971	\$ 15,852,380	\$ 12,781,659
Courts and related offices	23,659,667	23,301,291	23,815,737
Corrections	39,590,993	39,786,125	40,629,325
Community services	201,825,181	206,797,399	214,680,441
Public health	7,257,014	7,441,621	7,605,284
Public works	903,992	683,726	893,667
Library	7,267,748	7,306,003	4,715,044
Other	-	-	-
Interest on long-term debt	4,011,619	4,179,570	4,337,847
Loss on guaranteed debt	-	-	-
<i>Total governmental activities expenses</i>	<u>299,063,185</u>	<u>305,348,115</u>	<u>309,459,004</u>
Business-type Activities - County nursing home	<u>34,478,405</u>	<u>33,462,831</u>	<u>33,347,065</u>
<i>Total primary government expenses</i>	<u>\$ 333,541,590</u>	<u>\$ 338,810,946</u>	<u>\$ 342,806,069</u>
<b>Program Revenues:</b>			
Governmental Activities:			
Charges for services:			
General government	\$ 3,727,630	\$ 3,208,938	\$ 3,055,882
Courts and related offices	5,232,092	5,475,588	5,410,242
Corrections	2,391,228	2,334,393	2,146,959
Community services	16,629,378	18,652,095	16,897,959
Public health	451,045	450,712	376,605
Library	206,816	220,462	229,371
Operating grants and contributions:			
General government	32,111	89,121	634,950
Courts and related offices	4,134,291	4,316,258	4,432,549
Corrections	11,142,892	12,336,805	12,559,954
Community services	176,224,144	176,155,596	187,964,427
Public health	4,942,780	5,407,983	5,802,936
Public works	769,825	768,514	717,937
Library	1,411,241	1,585,106	1,918,441
Capital grants and contributions	-	-	-
<i>Total governmental activities program revenues</i>	<u>227,295,473</u>	<u>231,001,571</u>	<u>242,148,212</u>
Business-type Activities:			
Charges for services:			
County nursing home	32,773,860	31,858,234	31,902,281
Operating grant and contributions	747,806	596,468	35,100
Capital grants and contributions	-	-	-
<i>Total business-type activities program revenues</i>	<u>33,521,666</u>	<u>32,454,702</u>	<u>31,937,381</u>
<i>Total primary government program revenues</i>	<u>\$ 260,817,139</u>	<u>\$ 263,456,273</u>	<u>\$ 274,085,593</u>
<b>Net (Expense)/Revenue:</b>			
<i>Governmental Activities</i>	<u>\$ (71,767,712)</u>	<u>\$ (74,346,544)</u>	<u>\$ (67,310,792)</u>
<i>Business-type Activities</i>	<u>(956,739)</u>	<u>(1,008,129)</u>	<u>(1,409,684)</u>
<i>Total primary government</i>	<u>\$ (72,724,451)</u>	<u>\$ (75,354,673)</u>	<u>\$ (68,720,476)</u>

	2008	2007	2006	2005
\$	13,302,695	\$ 11,583,536	\$ 11,585,003	\$ 10,390,858
	22,452,595	20,642,833	18,838,105	17,943,991
	39,240,696	36,507,826	33,101,250	32,184,358
	231,296,513	186,143,770	149,202,374	140,836,601
	7,465,662	7,016,892	6,273,932	6,408,229
	712,490	774,009	793,093	741,599
	7,187,576	6,808,991	5,996,459	5,771,219
	-	-	3,400	2,340
	3,775,372	3,811,952	3,790,500	2,609,791
	-	-	-	-
	<u>325,433,599</u>	<u>273,289,809</u>	<u>229,584,116</u>	<u>216,888,986</u>
	<u>32,816,073</u>	<u>32,216,456</u>	<u>32,110,906</u>	<u>30,931,075</u>
\$	<u><u>358,249,672</u></u>	<u><u>305,506,265</u></u>	<u><u>261,695,022</u></u>	<u><u>247,820,061</u></u>
\$	2,728,069	\$ 2,735,511	\$ 2,673,137	\$ 2,840,562
	5,683,424	5,640,432	5,587,398	5,432,622
	2,176,755	2,327,150	2,471,956	2,469,683
	17,684,293	14,134,434	2,893,051	2,968,632
	536,541	421,619	557,573	656,742
	225,511	225,396	229,924	368,300
	102,566	-	-	75,000
	3,838,439	3,730,621	3,774,306	3,779,578
	12,225,940	12,041,165	11,128,002	12,705,548
	212,599,197	168,636,555	131,185,950	128,089,402
	6,148,056	4,817,340	4,661,523	4,606,225
	757,336	838,851	710,444	784,146
	2,042,168	2,023,398	1,785,943	1,611,853
	-	54,791	1,711,127	1,235,685
	<u>266,748,295</u>	<u>217,627,263</u>	<u>169,370,334</u>	<u>167,623,978</u>
	32,507,330	33,563,165	33,217,681	31,052,970
	-	-	-	-
	-	-	-	537,627
	<u>32,507,330</u>	<u>33,563,165</u>	<u>33,217,681</u>	<u>31,590,597</u>
\$	<u><u>299,255,625</u></u>	<u><u>251,190,428</u></u>	<u><u>202,588,015</u></u>	<u><u>199,214,575</u></u>
\$	(58,685,304)	\$ (55,662,546)	\$ (60,213,782)	\$ (49,265,008)
	(308,743)	1,346,709	1,106,775	659,522
\$	<u><u>(58,994,047)</u></u>	<u><u>(54,315,837)</u></u>	<u><u>(59,107,007)</u></u>	<u><u>(48,605,486)</u></u>

# COUNTY OF ERIE, PENNSYLVANIA

## CHANGES IN NET ASSETS LAST SEVEN YEARS ACCRUAL BASIS OF ACCOUNTING (Continued)

	2011	2010
<b>General Revenue and Other Changes in Net Assets:</b>		
<i>Governmental Activities:</i>		
Property taxes	\$ 69,212,937	\$ 68,566,314
Hotel room rental tax	3,038,223	2,948,646
Interest income	233,771	320,697
Other income	1,185,132	736,610
Transfers	-	-
<i>Total governmental activities</i>	73,670,063	72,572,267
<i>Business-type Activities:</i>		
Interest income	5,149	9,469
Other income	369,648	33,710
Transfers	-	-
<i>Total business-type activities</i>	374,797	43,179
<i>Total primary government</i>	\$ 74,044,860	\$ 72,615,446
 <b>Change in Net Assets:</b>		
<i>Governmental Activities</i>	\$ 1,902,351	\$ (1,774,277)
<i>Business-type Activities</i>	(581,942)	(964,950)
<i>Total primary government</i>	\$ 1,320,409	\$ (2,739,227)

Note:

County Nursing Home became a blended component unit due to the adoption of GASB Statement No. 61 in 2013.

2004 to 2011 amounts were restated for the adoption of GASB Statement No. 61 for comparison purposes.

2009	2008	2007	2006	2005
\$ 59,793,818	\$ 58,262,891	\$ 55,664,202	\$ 53,599,290	\$ 49,298,573
2,724,570	2,663,840	2,432,204	2,133,095	2,046,370
384,012	1,925,813	3,554,926	3,554,357	1,633,072
327,241	517,810	438,139	304,756	359,609
-	-	-	-	-
<u>63,229,641</u>	<u>63,370,354</u>	<u>62,089,471</u>	<u>59,591,498</u>	<u>53,337,624</u>
13,310	102,021	127,142	117,251	66,979
279,225	241,605	359,231	284,071	245,297
-	-	-	-	-
<u>292,535</u>	<u>343,626</u>	<u>486,373</u>	<u>401,322</u>	<u>312,276</u>
<u>\$ 63,522,176</u>	<u>\$ 63,713,980</u>	<u>\$ 62,575,844</u>	<u>\$ 59,992,820</u>	<u>\$ 53,649,900</u>
\$ (4,081,151)	\$ 4,685,050	\$ 6,426,925	\$ (622,284)	\$ 4,072,616
(1,117,149)	34,883	1,833,082	1,508,097	971,798
<u>\$ (5,198,300)</u>	<u>\$ 4,719,933</u>	<u>\$ 8,260,007</u>	<u>\$ 885,813</u>	<u>\$ 5,044,414</u>

# COUNTY OF ERIE, PENNSYLVANIA

## FUND BALANCES, GOVERNMENTAL FUNDS LAST FOUR YEARS MODIFIED ACCRUAL BASIS OF ACCOUNTING

	2014	2013	2012	2011
General Fund:				
Nonspendable:				
Prepaid items	\$ 117,756	\$ 74,144	\$ 147,480	\$ 140,514
Restricted:				
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 Fund	11,000,000	11,000,000	11,000,000	11,000,000
Judicial Services	1,097,633	1,011,765	852,697	-
Community Redevelopment	248,189	238,263	258,413	-
Assigned:				
Children and Youth IV-E litigation	838,998	409,739	1,752,184	1,700,000
Pleasant Ridge Manor	-	-	-	1,000,000
Municipal Projects	3,285	-	-	-
Unassigned	34,597,254	33,823,435	28,511,652	22,040,658
<i>Total General Fund</i>	<u>47,903,115</u>	<u>46,557,346</u>	<u>42,560,303</u>	<u>37,366,026</u>
All Other Governmental Funds:				
Nonspendable:				
Prepaid items	327,965	546,361	405,878	77,896
Restricted:				
Road and Bridge Improvements	1,523,545	375,170	325,475	198,199
Community Services	-	-	-	-
Courts and Related Offices	-	-	-	-
Capital Projects	-	-	-	22,406,073
Debt Service	-	-	-	-
Public Health Services	96,805	117,875	36,131	-
Emergency Services	899,903	1,222,571	957,241	854,850
Library Services	196,486	46,874	10,247	-
Child Support Enforcement	31,903	43,611	42,446	3,227
Airport Runway Project	3,114,416	3,114,416	10,395,865	-
Debt Service Payments for GO Bonds	2,307,527	2,345,613	1,765,222	1,780,995
ECGRA Restricted Fees	-	-	42,386	-
Pleasant Ridge Manor loan	143,000	833,000	2,500,000	-
Land Preservation	603,728	1,201,907	240,032	-
Community Redevelopment	398,512	445,716	370,710	964,836
Recycling	388,266	388,261	585,936	-
Mental Health Services	4,453,562	7,678,936	10,731,697	8,824,131
Erie County Care Management	4,287,679	4,001,127	3,352,337	2,720,355
Community Grants	6,703,977	6,460,796	5,087,550	8,714,819
Assigned:				
Various capital grants	3,170,788	3,157,324	3,409,927	-
Unassigned	-	-	(37,877)	(172,293)
<i>Total All Other Governmental Funds</i>	<u>28,648,062</u>	<u>31,979,558</u>	<u>40,221,203</u>	<u>46,373,088</u>
<i>Total Governmental Funds</i>	<u>\$ 76,551,177</u>	<u>\$ 78,536,904</u>	<u>\$ 82,781,506</u>	<u>\$ 83,739,114</u>

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# COUNTY OF ERIE, PENNSYLVANIA

## FUND BALANCES, GOVERNMENTAL FUNDS LAST SIX YEARS MODIFIED ACCRUAL BASIS OF ACCOUNTING

	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:			
Reserved	\$ 13,266,571	\$ 11,128,717	\$ 13,095,719
Unreserved:			
Designated	-	-	-
Undesignated	<u>17,770,303</u>	<u>11,286,043</u>	<u>9,471,341</u>
<i>Total General Fund</i>	<u>31,036,874</u>	<u>22,414,760</u>	<u>22,567,060</u>
All Other Governmental Funds:			
Reserved:			
Special Revenue Funds	15,902,304	20,107,368	17,280,083
Debt Service	1,769,288	1,781,882	1,809,835
Capital Projects	25,901,084	29,847,830	28,819,745
Undesignated, reported in:			
Special Revenue Funds	<u>7,608,957</u>	<u>7,852,037</u>	<u>8,683,558</u>
Total All Other Governmental Funds	<u>51,181,633</u>	<u>59,589,117</u>	<u>56,593,221</u>
<i>Total Governmental Funds</i>	<u><u>\$ 82,218,507</u></u>	<u><u>\$ 82,003,877</u></u>	<u><u>\$ 79,160,281</u></u>

<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 12,604,862	\$ 12,603,113	\$ 2,307,194
-	-	788,093
<u>11,944,147</u>	<u>13,553,863</u>	<u>11,429,720</u>
<u>24,549,009</u>	<u>26,156,976</u>	<u>14,525,007</u>
10,163,146	5,068,746	16,041,583
1,827,804	2,043,020	2,480,451
11,308,430	26,568,335	35,632,760
<u>6,225,443</u>	<u>735,013</u>	<u>964,043</u>
<u>29,524,823</u>	<u>34,415,114</u>	<u>55,118,837</u>
<u>\$ 54,073,832</u>	<u>\$ 60,572,090</u>	<u>\$ 69,643,844</u>

# COUNTY OF ERIE, PENNSYLVANIA

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS MODIFIED ACCRUAL BASIS OF ACCOUNTING

	2014	2013	2012
<b>Revenues:</b>			
Real estate taxes	\$ 69,461,662	\$ 68,637,354	\$ 68,882,528
Hotel room rental tax	4,375,388	4,238,012	3,160,156
Federal, state, and municipal grants	189,145,809	187,294,858	197,131,724
Charges for services	27,223,587	27,563,397	28,395,407
Interest income	197,345	151,659	214,198
Other income	450,111	257,458	222,737
<i>Total Revenues</i>	290,853,902	288,142,738	298,006,750
<b>Expenditures:</b>			
Current:			
General government	17,405,718	15,804,698	16,088,042
Courts and related offices	22,872,105	22,182,559	21,496,358
Corrections	36,109,217	34,897,616	36,167,323
Community services	193,081,567	194,032,300	199,630,414
Public health	5,801,126	6,182,499	6,588,774
Public works	650,069	696,221	685,428
Library	6,337,487	6,262,188	5,980,506
Other	8,264	6,910	93,407
Capital outlay	782,110	717,928	3,033,946
Debt service:			
Bond issuance costs	-	82,022	-
Principal	6,170,000	5,945,000	5,795,347
Interest	2,810,422	2,899,953	4,489,813
<i>Total Expenditures</i>	292,028,085	289,709,894	300,049,358
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	(1,174,183)	(1,567,156)	(2,042,608)
<b>Other Financing Sources (Uses):</b>			
Issuance of refunding bonds	-	12,457,211	13,605,000
Payments to refunded bonds escrow agent	-	(12,514,108)	(12,520,000)
Note proceeds	-	-	-
Lease proceeds	-	-	-
Transfer in	30,441,242	30,770,664	29,354,406
Transfer out	(31,252,786)	(31,520,995)	(29,354,406)
Loss on guaranteed debt	-	-	-
Payment to bond refunding escrow agent	-	-	-
Payment of loan guarantee	-	-	-
Premium related to debt issuance	-	-	-
Discount related to debt issuance	-	-	-
<i>Total Other Financing Sources (Uses)</i>	(811,544)	(807,228)	1,085,000
<i>Net Change in Fund Balances</i>	\$ (1,985,727)	\$ (2,374,384)	\$ (957,608)
Debt service as a percentage of non-capital expenditures	3.08%	3.06%	3.46%

	2011	2010	2009	2008	2007	2006	2005
\$	69,261,634	\$ 68,340,246	\$ 60,849,338	\$ 57,445,745	\$ 54,402,710	\$ 53,617,475	\$ 49,639,081
	3,038,223	2,948,646	2,724,570	2,663,840	2,432,204	2,133,095	2,046,370
	198,657,284	200,659,383	214,595,706	237,713,702	192,142,721	154,957,295	152,887,437
	28,638,189	30,342,188	27,552,506	29,034,593	25,484,542	14,413,039	14,736,541
	233,771	320,697	384,012	1,925,813	3,554,926	3,554,357	1,633,072
	1,185,132	736,610	327,241	517,810	438,139	304,756	359,609
	<u>301,014,233</u>	<u>303,347,770</u>	<u>306,433,373</u>	<u>329,301,503</u>	<u>278,455,242</u>	<u>228,980,017</u>	<u>221,302,110</u>
	14,150,111	14,243,236	11,950,034	11,666,961	11,198,109	9,937,961	9,342,971
	22,255,296	21,505,399	21,613,050	20,721,787	19,220,859	18,415,816	17,625,158
	37,587,742	37,556,013	38,202,945	37,068,124	34,450,070	32,129,664	31,332,808
	200,318,908	204,544,101	211,882,072	226,782,535	181,733,355	147,688,541	140,339,216
	7,038,316	7,002,502	8,147,557	7,756,801	6,475,515	6,217,156	6,334,742
	903,992	683,726	893,667	712,490	774,009	793,093	741,599
	6,110,499	6,132,786	5,936,489	6,023,041	5,717,622	5,442,185	5,137,520
	5,850	5,889	4,258	5,545	90,432	3,400	459,234
	1,543,953	1,903,658	5,482,738	9,565,410	18,953,351	10,999,023	4,903,592
	-	-	79,485	130,733	-	-	-
	5,292,554	5,104,246	4,959,385	2,664,140	2,700,625	2,826,320	2,038,934
	4,286,405	4,451,584	4,521,391	3,769,341	3,790,627	3,598,612	2,622,337
	<u>299,493,626</u>	<u>303,133,140</u>	<u>313,673,071</u>	<u>326,866,908</u>	<u>285,104,574</u>	<u>238,051,771</u>	<u>220,878,111</u>
	<u>1,520,607</u>	<u>214,630</u>	<u>(7,239,698)</u>	<u>2,434,595</u>	<u>(6,649,332)</u>	<u>(9,071,754)</u>	<u>423,999</u>
	-	-	10,205,000	22,055,000	25,138,458	-	43,067,351
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	52,909	-	-
	29,082,824	24,870,257	34,153,264	45,592,465	22,099,147	32,109,191	47,237,620
	(29,082,824)	(24,870,257)	(34,153,264)	(45,592,465)	(22,099,147)	(32,109,191)	(47,237,620)
	-	-	-	-	-	-	-
	-	-	-	-	(25,040,294)	-	(13,110,457)
	-	-	-	-	-	-	-
	-	-	-	596,855	-	-	-
	-	-	(121,706)	-	-	-	-
	-	-	10,083,294	22,651,855	151,073	-	29,956,894
\$	<u>1,520,607</u>	<u>\$ 214,630</u>	<u>\$ 2,843,596</u>	<u>\$ 25,086,450</u>	<u>\$ (6,498,259)</u>	<u>\$ (9,071,754)</u>	<u>\$ 30,380,893</u>
	3.21%	3.17%	3.08%	2.03%	2.44%	2.83%	2.16%

**COUNTY OF ERIE, PENNSYLVANIA**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
**LAST TEN YEARS**  
**ACCRUAL BASIS OF ACCOUNTING**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Function/Program:</b>				
Governmental Activities:				
General government	\$ 3,588,221	\$ 3,150,424	\$ 4,312,444	\$ 3,759,741
Courts and related offices	9,200,704	10,034,943	9,679,730	9,366,383
Corrections	11,423,086	10,889,440	12,772,324	13,534,120
Community services	185,003,852	183,391,494	190,929,967	192,853,522
Public health	4,810,879	5,048,870	5,405,641	5,393,825
Public works	723,270	745,885	812,704	769,825
Library	1,619,384	1,597,199	1,614,321	1,618,057
<i>Total Governmental Activities</i>	<u>216,369,396</u>	<u>214,858,255</u>	<u>225,527,131</u>	<u>227,295,473</u>
Business-type Activity - County nursing home	<u>34,185,096</u>	<u>33,369,423</u>	<u>32,289,036</u>	<u>33,521,666</u>
<i>Total Primary Government</i>	<u>\$ 250,554,492</u>	<u>\$ 248,227,678</u>	<u>\$ 257,816,167</u>	<u>\$ 260,817,139</u>

Note: County Nursing Home became a blended component unit due to the adoption of GASB Statement No. 61 in 2013. 2005 to 2013 amounts were restated for the adoption of GASB Statement No. 61 for comparison purposes.

<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
\$ 3,298,059	\$ 3,690,832	\$ 2,830,635	\$ 2,790,302	\$ 4,093,473	\$ 2,915,562
9,791,846	9,842,791	9,521,863	9,371,053	9,361,704	9,212,200
14,671,198	14,706,913	14,402,695	14,368,315	13,599,958	15,175,231
194,807,691	204,862,386	230,283,490	182,770,989	134,319,792	131,719,161
5,858,695	6,179,541	6,684,597	5,238,959	5,219,096	5,262,967
768,514	717,937	757,336	838,851	710,444	784,146
1,805,568	2,147,812	2,267,679	2,248,794	2,065,867	2,554,711
231,001,571	242,148,212	266,748,295	217,627,263	169,370,334	167,623,978
32,454,702	31,937,381	32,507,330	33,563,165	33,217,681	31,590,597
<u>\$ 263,456,273</u>	<u>\$ 274,085,593</u>	<u>\$ 299,255,625</u>	<u>\$ 251,190,428</u>	<u>\$ 202,588,015</u>	<u>\$ 199,214,575</u>

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# **REVENUE CAPACITY**

# COUNTY OF ERIE, PENNSYLVANIA

## ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN YEARS

<b>Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Agricultural Property</b>
2005	\$ 7,084,532,777	\$ 2,138,820,767	\$ 309,768,769	\$ 841,409,390
2006	7,202,602,194	2,176,364,545	343,230,740	844,931,271
2007	7,434,147,045	2,279,989,201	356,028,940	878,780,874
2008	7,504,482,947	2,332,548,760	350,281,740	891,912,354
2009	7,565,349,956	2,377,296,431	350,063,830	892,996,494
2010	7,609,595,380	2,441,130,409	334,595,533	896,947,264
2011	7,643,489,968	2,455,109,235	327,118,153	901,680,054
2012	7,692,021,537	2,461,513,447	317,586,945	905,137,299
2013	9,570,146,098	2,394,974,839	338,780,027	286,754,200
2014	9,602,788,473	2,411,597,251	339,285,132	289,887,940

Total assessed value as of January 1 of current year includes exonerations and additions from the previous year.  
Source: 2005-2014 County of Erie Assessment Bureau

<b>Other</b>	<b>Total Assessed Value</b>	<b>Total Market Value</b>	<b>Ratio of Assessed to Market Value</b>	<b>Total Direct Tax Rate</b>
\$ 5,608,370	\$ 10,380,140,073	\$ 11,307,342,127	91.80%	0.00468
-	10,567,128,750	11,940,258,475	88.50%	0.00468
-	10,948,946,060	12,911,492,995	84.80%	0.00495
-	11,079,225,801	13,201,745,283	83.92%	0.00495
-	11,185,706,711	13,509,307,622	82.80%	0.00520
-	11,282,268,586	14,191,532,812	79.50%	0.00545
-	11,327,397,410	13,847,674,095	81.80%	0.00605
-	11,376,259,228	13,478,980,128	84.40%	0.00605
-	13,796,831,745	13,796,831,745	100.00%	0.00493
-	13,870,861,149	13,870,861,149	100.00%	0.00493

# COUNTY OF ERIE, PENNSYLVANIA

## DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN YEARS (RATES PER \$1 of ASSESSED VALUE)

	YEAR TAXES ARE PAYABLE				
	2014	2013	2012	2011	2010
<b>County:</b>					
Erie County Operating Millage	0.0049300	0.0049300	0.0060500	0.0060500	0.0060500
<b>Township or Boro:</b>					
Albion Boro	0.0016990	0.0016990	0.0020600	0.0020600	0.0020600
Amity Township	0.0014150	0.0014150	0.0016000	0.0014000	0.0014000
Concord Township	0.0002060	0.0002060	0.0002300	0.0002300	0.0002300
Conneaut Township	0.0005000	0.0003070	0.0003350	0.0003350	0.0003350
Corry City	0.0076500	0.0076500	0.0086500	0.0086500	0.0075500
Cranesville Boro	0.0013000	0.0011600	0.0012700	0.0012700	0.0012700
Edinboro Boro	0.0045000	0.0045000	0.0053500	0.0053500	0.0053500
Elgin Boro	0.0006500	0.0006500	0.0007500	0.0007500	0.0007500
Elk Creek Township	0.0023500	0.0021200	0.0023500	0.0023500	0.0023500
Erie City	0.0108500	0.0108500	0.0131000	0.0114500	0.0114500
Fairview Township	0.0007500	0.0007500	0.0009500	0.0009500	0.0009500
Franklin Township	0.0027000	0.0027000	0.0033000	0.0028000	0.0028000
Girard Boro	0.0018900	0.0013900	0.0017800	0.0017800	0.0017800
Girard Township	0.0009320	0.0009320	0.0010370	0.0010370	0.0010370
Greene Township	0.0017900	0.0017900	0.0020000	0.0020000	0.0015900
Greenfield Township	0.0023400	0.0020900	0.0023000	0.0023000	0.0023000
Harborcreek Township	0.0009663	0.0009663	0.0011920	0.0011920	0.0011920
Lake City Boro	0.0031500	0.0026500	0.0031003	0.0028003	0.0028003
Lawrence Park Township	0.0025000	0.0022000	0.0027500	0.0027500	0.0027500
LeBouef Township	0.0004000	0.0003800	0.0004200	0.0004200	0.0004200
McKean Township	0.0009500	0.0009000	0.0010000	0.0010000	0.0010000
McKean Boro	0.0009400	0.0009400	0.0011000	0.0011000	0.0011000
Millcreek Township	0.3553700	0.0025537	0.0029594	0.0024594	0.0024594
Mill Village Boro	0.0010700	0.0010700	0.0013000	0.0013000	0.0013000
North East Boro - 1st Ward	0.0044500	0.0044500	0.0051100	0.0041100	0.0041100
North East Boro - 2nd Ward	0.0044500	0.0044500	0.0051100	0.0041100	0.0041100
North East Township	0.0010400	0.0010400	0.0012640	0.0012640	0.0012640
Platea Boro	0.0010790	0.0010790	0.0013000	0.0013000	0.0013000
Springfield Township	0.0003525	0.0003525	0.0004360	0.0004360	0.0004360
Summit Township	0.0005900	0.0005900	0.0007000	0.0007000	0.0007000
Union City Boro - 1st Ward	0.0060600	0.0060600	0.0070000	0.0055000	0.0055000
Union City Boro - 2nd Ward	0.0060600	0.0060600	0.0070000	0.0055000	0.0055000
Union Township	0.0010000	0.0010000	0.0012000	0.0012000	0.0012000
Venango Township	0.0022000	0.0022000	0.0027000	0.0024000	0.0024000
Washington Township	0.0010000	0.0008200	0.0010000	0.0008100	0.0008100
Waterford Boro	0.0024000	0.0024000	0.0028500	0.0028500	0.0016000
Waterford Township	0.0019900	0.0019900	0.0024000	0.0022000	0.0022000
Wattsburg Boro	0.0026000	0.0026000	0.0030000	0.0030000	0.0050000
Wayne Township	0.0012400	0.0012400	0.0015000	0.0015000	0.0015000
Wesleyville Boro	0.0076380	0.0071380	0.0087730	0.0077730	0.0077730

YEAR TAXES ARE PAYABLE

2009	2008	2007	2006	2005
0.0054500	0.0052000	0.0049500	0.0049500	0.0046800
0.0020600	0.0020600	0.0020600	0.0020600	0.0020600
0.0014000	0.0014000	0.0014000	0.0013000	0.0013000
0.0002300	0.0002300	0.0002300	0.0002300	0.0002300
0.0003350	0.0003350	0.0003350	0.0003350	0.0003350
0.0075500	0.0072500	0.0072500	0.0066000	0.0066000
0.0012700	0.0012700	0.0012700	0.0012700	0.0012700
0.0053500	0.0053500	0.0033500	0.0033500	0.0023000
0.0007500	0.0007500	0.0007500	0.0007500	0.0007500
0.0023500	0.0023500	0.0023500	0.0023500	0.0023500
0.0114500	0.0114500	0.0114500	0.0102100	0.0097100
0.0009500	0.0009500	0.0009500	0.0009500	0.0009500
0.0028000	0.0028000	0.0028000	0.0014000	0.0013000
0.0017800	0.0017800	0.0012800	0.0012800	0.0012800
0.0010370	0.0010370	0.0010370	0.0010370	0.0010370
0.0015900	0.0015900	0.0014500	0.0014500	0.0012900
0.0023000	0.0021000	0.0021000	0.0020000	0.0019000
0.0011920	0.0011920	0.0011920	0.0011920	0.0011920
0.0028003	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	0.0010000	0.0009000
0.0011000	0.0011000	0.0011000	0.0011000	0.0011000
0.0024594	0.0024594	0.0024594	0.0024594	0.0024594
0.0013000	0.0013000	0.0009560	0.0009560	0.0009560
0.0036200	0.0036200	0.0036200	0.0036200	0.0036200
0.0036200	0.0036200	0.0036200	0.0036200	0.0036200
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	0.0007000
0.0045000	0.0045000	0.0045000	0.0035000	0.0035000
0.0045000	0.0045000	0.0045000	0.0035000	0.0035000
0.0012000	0.0012000	0.0012000	0.0012000	0.0012000
0.0024000	0.0014000	0.0013000	0.0011000	0.0010000
0.0008100	0.0008100	0.0008100	0.0008100	0.0008100
0.0013500	0.0013500	0.0013500	0.0013500	0.0013500
0.0020000	0.0018000	0.0014000	0.0010000	0.0008000
0.0050000	0.0050000	0.0050000	0.0020000	0.0020000
0.0015000	0.0015000	0.0015000	0.0015000	0.0013800
0.0077730	0.0077730	0.0072730	0.0072730	0.0062730

# COUNTY OF ERIE, PENNSYLVANIA

## DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN YEARS (RATES PER \$1 of ASSESSED VALUE)

<u>School District:</u>	YEAR TAXES ARE PAYABLE				
	2014	2013	2012	2011	2010
Corry Area	0.0131310	0.0137960	0.0176513	0.0180214	0.0179269
Erie City	0.0166233	0.0166233	0.0187626	0.0178026	0.0170687
Fairview	0.0161100	0.0156454	0.0190700	0.0185200	0.0185200
Fort LeBoeuf	0.0113900	0.0113900	0.0135600	0.0135600	0.0135600
General McLane	0.0122600	0.0119300	0.0140600	0.0137600	0.0135100
Girard	0.0152800	0.0148300	0.0178600	0.0174300	0.0167400
Harborcreek Township	0.0149100	0.0143100	0.0172800	0.0169100	0.0163900
Iroquois	0.0192026	0.0186126	0.0225200	0.0219500	0.0215000
Millcreek Township	0.0132766	0.0126700	0.0148800	0.0148800	0.0146300
North East	0.0133700	0.0132400	0.0164400	0.0160600	0.0157500
Northwestern	0.0093893	0.0091065	0.0104600	0.0104600	0.0102500
Union City Area	0.0102300	0.0106200	0.0125200	0.0122300	0.0120100
Wattsburg Area	0.0154738	0.0145140	0.0171500	0.0171500	0.0166500

YEAR TAXES ARE PAYABLE

2009	2008	2007	2006	2005
0.0177660	0.0184506	0.0184506	0.0184990	0.0184850
0.0170687	0.0170687	0.0170687	0.0170687	0.0164187
0.0180000	0.0176800	0.0172400	0.0167400	0.0162600
0.0135600	0.0135600	0.0135600	0.0135600	0.0135600
0.0132600	0.0132600	0.0132600	0.0130300	0.0126000
0.0160500	0.0160500	0.0160500	0.0157500	0.0151500
0.0158100	0.0157100	0.0152100	0.0147100	0.0147100
0.0215000	0.0215000	0.0215000	0.0215000	0.0215000
0.0141400	0.0141400	0.0141400	0.0141400	0.0137700
0.0151300	0.0151300	0.0146500	0.0143600	0.0140800
0.0100000	0.0100000	0.0100000	0.0097000	0.0097000
0.0118900	0.0118900	0.0118800	0.0116161	0.0123700
0.0152500	0.0150000	0.0146500	0.0146500	0.0144000

# COUNTY OF ERIE, PENNSYLVANIA

## PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND TEN YEARS AGO

<u>Taxpayer - Type of Real Property</u>	<u>December 31, 2014</u>			<u>December 31, 2005</u>		
	<u>Estimated Actual Values of Real Property</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Estimated Actual Values of Real Property</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Presque Isle Downs	\$ 148,540,780	1	1.07%	\$ -		0.00%
Millcreek Marketplace LLC (Baldwin)	115,960,544	2	0.84%	110,643,545	1	1.05%
Millcreek Mall/Cafaro	107,404,600	3	0.77%	98,683,300	2	0.93%
Scott Development Enterprise	78,029,500	4	0.56%	61,161,010	3	0.58%
Wal Mart	53,730,700	5	0.39%	33,075,740	5	0.31%
Millcreek Community Hospital	52,819,555	6	0.38%	-		0.00%
Pastore Brothers, et al	51,975,500	7	0.37%	29,337,400	7	0.28%
Erie Indemnity Co (Erie Insurance)	35,099,300	8	0.25%	32,373,070	6	0.31%
Developers Diversified Realty	34,716,100	9	0.25%	42,125,400	4	0.40%
Maleno Developers	33,303,080	10	0.24%	-		0.00%
General Electric Company	23,847,000	11	0.17%	24,974,800	8	0.24%
Palermo et al	-		0.00%	16,967,050	10	0.16%
International Paper	-		0.00%	-		0.00%
Granada Apartments	-		0.00%	17,448,300	9	0.17%
	<u>\$ 735,426,659</u>		<u>5.29%</u>	<u>\$ 466,789,615</u>		<u>4.43%</u>
Assessed Value of All Properties	<u>\$ 13,870,861,149</u>			<u>\$ 10,567,128,750</u>		

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# COUNTY OF ERIE, PENNSYLVANIA

## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

Year	Tax Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Tax Levy	Face Value of Current Collections	Percent of Current Tax Collection
2005	\$ 49,454,162	\$ 326,846	\$ 49,781,008	\$ 47,379,583	95.18%
2006	53,446,351	353,016	53,799,367	50,844,569	94.51%
2007	54,197,408	290,437	54,487,845	51,920,654	95.29%
2008	57,611,976	169,965	57,781,941	54,449,645	94.23%
2009	60,962,234	387,484	61,349,718	57,932,595	94.43%
2010	68,257,856	(47,102)	68,210,754	64,776,980	94.97%
2011	68,530,885	26,531	68,557,416	65,164,301	95.05%
2012	68,826,499	(150,356)	68,676,143	65,097,158	94.79%
2013	68,018,418	(249,755)	67,768,663	64,703,847	95.48%
2014	68,383,383	(153,126)	68,230,257	65,273,980	95.67%

<b>Total Delinquent/ Liened Collections</b>	<b>Total Collections net of refunds</b>	<b>Total Collection as Percentage of Adjusted Tax (After Refunds)</b>
\$ 2,258,595	\$ 49,638,178	99.71%
2,500,461	53,345,030	99.16%
2,505,812	54,426,466	99.89%
2,715,222	57,164,867	98.93%
1,566,912	59,499,507	96.98%
3,398,996	68,175,976	99.95%
1,709,944	66,874,245	97.54%
80,722	65,177,880	94.91%
326,989	65,030,836	95.96%
122,995	65,396,975	95.85%

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## **DEBT CAPACITY**

**COUNTY OF ERIE, PENNSYLVANIA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN YEARS**

	<b>Net General Obligation Bonds</b>	<b>Less: Amounts Restricted To Repaying Principal</b>	<b>Note Payable</b>	<b>Capital Leases</b>	<b>Total</b>
2005	\$ 75,656,051	\$ (2,480,451)	\$ 1,313,171	\$ 187,357	\$73,175,600
2006	72,637,764	(2,042,376)	1,187,973	128,773	70,595,388
2007	70,312,053	(1,824,161)	1,057,845	126,892	68,487,892
2008	90,228,843	(1,808,665)	923,706	37,827	88,420,178
2009	95,325,920	(1,781,882)	782,148	-	93,544,038
2010	90,174,064	(1,769,288)	632,901	-	88,404,776
2011	84,842,208	(1,780,995)	475,347	-	83,061,213
2012	80,168,026	(1,765,222)	-	-	78,402,804
2013	74,725,107	(2,345,613)	-	-	72,379,494
2014	68,260,983	(2,370,527)	-	-	65,890,456

(a) Population and personal income data can be found on page 176-177.

(b) Property data can be found on page 159-160.

\* Information not yet available.

Note:

Total assessed value as of 12/31 of current year includes exonerations and additions.

Net general obligation bonds include bonds outstanding as well as deferred premiums and discounts.

<b>% of Personal Income (a)</b>	<b>% of Actual Value (b) of Taxable Property</b>	<b>Per Capita (a)</b>	<b>Total Assessed Value</b>	<b>Population</b>	<b>Personal Income (Thousands of Dollars)</b>
0.94%	0.69%	\$ 261	\$10,380,140,073	280,184	\$ 7,754,000
0.86%	0.64%	252	10,567,128,750	279,811	8,190,575
0.78%	0.62%	244	10,948,946,060	280,446	8,730,790
0.97%	0.79%	317	11,079,225,801	279,175	9,112,456
1.02%	0.83%	334	11,185,706,711	280,291	9,141,718
0.96%	0.78%	315	11,282,268,586	280,566	9,237,676
0.85%	0.73%	296	11,327,397,410	280,985	9,756,169
0.76%	0.57%	279	11,376,259,228	280,646	10,291,569
0.68%	0.52%	258	13,796,831,745	280,294	10,575,326
*	*	237	13,995,666,765	278,443	*

# COUNTY OF ERIE, PENNSYLVANIA

## DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 2014

<u>Governmental Unit</u>	<u>Total Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Cities:			
Corry	\$ 7,024,517	100.00%	\$ 7,024,517
Erie	178,626,244	100.00%	178,626,244
Total Cities	<u>185,650,761</u>		<u>185,650,761</u>
Boroughs:			
Albion	10,850,003	100.00%	10,850,003
Cranesville	-	100.00%	-
Edinboro	451,352	100.00%	451,352
Elgin	-	100.00%	-
Girard	1,913,719	100.00%	1,913,719
Lake City	1,147,363	100.00%	1,147,363
McKean	41,901	100.00%	41,901
Mill Village	-	100.00%	-
North East	2,998,667	100.00%	2,998,667
Platea	-	100.00%	-
Union City	24,625	100.00%	24,625
Waterford	20,286	100.00%	20,286
Wattsburg	798,251	100.00%	798,251
Wesleyville	119,018	100.00%	119,018
Total Boroughs	<u>18,365,185</u>		<u>18,365,185</u>
Townships:			
Amity	93,543	100.00%	93,543
Concord	59,657	100.00%	59,657
Conneaut	-	100.00%	-
Elk Creek	109,181	100.00%	109,181
Fairview	-	100.00%	-
Franklin	161,205	100.00%	161,205
Girard	-	100.00%	-
Greene	-	100.00%	-
Greenfield	-	100.00%	-
Harborcreek	1,019,743	100.00%	1,019,743
Lawrence Park	153,973	100.00%	153,973
LeBoeuf	31,611	100.00%	31,611
McKean	-	100.00%	-
Millcreek	16,401,676	100.00%	16,401,676
North East	6,199,233	100.00%	6,199,233
Springfield	29,295	100.00%	29,295
Summit	1,901,502	100.00%	1,901,502
Union	38,712	100.00%	38,712
Venango	244,240	100.00%	244,240
Washington	2,481,077	100.00%	2,481,077
Waterford	-	100.00%	-
Wayne	80,129	100.00%	80,129
Total Townships	<u>29,004,777</u>		<u>29,004,777</u>

<u>Governmental Unit</u>	<u>Total Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
School Districts:			
City of Erie	20,268,721	100.00%	20,268,721
Corry Area	N/A	100.00%	N/A
Fairview	N/A	100.00%	N/A
Ft. LeBoeuf	17,459,201	100.00%	17,459,201
General McLane	5,055,000	100.00%	5,055,000
Girard	N/A	100.00%	N/A
Harborcreek	18,378,262	100.00%	18,378,262
Iroquois Area	N/A	100.00%	N/A
Millcreek	N/A	100.00%	N/A
North East	N/A	100.00%	N/A
Northwestern	52,250	100.00%	52,250
Union City Area	N/A	100.00%	N/A
Wattsburg Area	N/A	100.00%	N/A
<b>Total School Districts</b>	<u>61,213,434</u>		<u>61,213,434</u>
Subtotal overlapping debt	294,234,157		294,234,157
Total direct debt	<u>-</u>		<u>68,260,983</u>
<b>Total direct and overlapping debt</b>	<u>\$ 294,234,157</u>		<u>\$ 362,495,140</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 ACCRUAL BASIS OF ACCOUNTING

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Assessed value of property	\$ 10,380,140,073	\$ 10,567,128,750	\$ 10,948,846,060	\$ 11,079,225,801
Percentage of net debt to assessed value	0.67%	0.64%	0.61%	0.78%
Population	280,184	279,811	280,446	279,175
Net bonded debt per capita in dollars	249	241	239	291
Debt limit 300% of average gross revenue	723,547,860	748,838,606	814,429,000	926,390,630
Amount of debt applicable to limit:				
General obligation bonds	72,315,000	69,580,000	68,800,000	88,325,000
Less: resources restricted to paying debt service	<u>(2,480,451)</u>	<u>(2,043,020)</u>	<u>(1,827,804)</u>	<u>(1,809,835)</u>
Total net debt applicable to limit	<u>\$ 69,834,549</u>	<u>\$ 67,536,980</u>	<u>\$ 66,972,196</u>	<u>\$ 86,515,165</u>
Legal debt margin	\$ 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	9.65%	9.02%	8.22%	9.34%

\*Assessed value as of 12/31 of current year includes exonerations and additions.

2009	2010	2011	2012	2013	2014
\$ 11,185,706,711	\$ 11,282,268,586	\$ 11,327,397,410	\$ 11,376,259,228	\$ 13,796,831,745	\$ 13,995,666,765
0.82%	0.77%	0.72%	0.57%	0.52%	0.47%
280,291	280,566	-	280,646	280,294	278,443
328	310	291	279	258	237
1,007,874,207	1,034,994,660	1,009,502,850	1,002,682,263	988,408,681	976,028,883
93,750,000	88,795,000	83,660,000	80,168,026	74,725,107	68,260,983
(1,781,882)	(1,769,288)	(1,780,995)	(1,765,222)	(2,345,613)	(2,370,527)
<u>\$ 91,968,118</u>	<u>\$ 87,025,712</u>	<u>\$ 81,879,005</u>	<u>\$ 78,402,804</u>	<u>\$ 72,379,494</u>	<u>\$ 65,890,456</u>
\$ 915,906,089	\$ 947,968,948	\$ 927,623,845	\$ 924,279,459	\$ 916,029,187	\$ 910,138,427
9.12%	8.41%	8.11%	7.82%	7.32%	6.75%

# COUNTY OF ERIE, PENNSYLVANIA

## DEBT STATEMENT PURSUANT TO LOCAL GOVERNMENT UNIT DEBT ACT AS OF DECEMBER 31, 2014

	<b>Electoral</b>	<b>Nonelectoral</b>	<b>Lease Rental</b>
Gross incurred debt:			
Bonds outstanding:			
1977 Housing Authority (guarantee only)	\$ -	\$ -	\$ 295,000
2005 G.O. Bond	-	12,775,000	-
2007 G.O. Bond	-	24,755,000	-
2008 G.O. Bond	-	8,145,000	-
2009 G.O. Bond	-	15,000	-
2012 G.O. Bond	-	20,825,000	-
2014 Erie County Convention Center Authority (guarantee only)	-	-	60,000,000
2014 Erie County Convention Center Authority (guarantee only)	-	-	44,500,000
	-	66,515,000	104,795,000
Total gross incurred debt	-	66,515,000	104,795,000
Credits and exclusions:			
Less:			
Sinking funds, reserve accounts, bond proceeds	-	2,346,613	1,564,165
Current appropriations	-	-	-
Uncollected special assessments	-	-	-
Delinquent taxes and liens	-	5,998,116	-
Surplus cash	-	-	-
Solvent debts due	-	-	-
Indemnifying insurance	-	-	-
Self-liquidating debt	-	-	-
	-	8,344,729	1,564,165
Total credits and exclusions	-	8,344,729	1,564,165
Net Indebtedness	\$ -	\$ 58,170,271	\$ 103,230,835
Percentage of Legal Debt Limitation	0.00%	5.96%	7.93%
Aggregate principal amount of bonds or notes being issued or evidencing lease rental debt:			
2014 Pleasant Ridge Manor letter of credit			\$ 700,000

# COUNTY OF ERIE, PENNSYLVANIA

## BORROWING BASE CERTIFICATE CERTIFICATE AS OF DECEMBER 31, 2014

	2012	2013	2014
Total revenue received	\$ 331,742,823	\$ 321,720,470	\$ 322,564,139
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 fund pledged for debt	(4,966)	3,269	3,148
Grants and gifts-in-aid measured by construction of specific projects	-	-	-
Nonrecurring receipts	-	-	-
Subtotals	\$ 331,737,857	\$ 321,723,739	322,567,287
Total net revenues			\$ 976,028,883
Borrowing base - total net revenues divided by three			\$ 325,342,961
Applicable debt limitations - nonelectoral (300%)			\$ 976,028,883
Nonelectoral plus lease rentals (400%)			\$ 1,301,371,844

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## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

# COUNTY OF ERIE, PENNSYLVANIA

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN YEARS

Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (2)	Elementary/Secondary School Enrollment		
				Public	Private	Total
2005	280,184	\$ 7,754,000	\$ 27,676	42,076	7,381	49,457
2006	279,811	8,190,575	29,259	42,008	6,810	48,818
2007	280,446	8,730,790	31,203	41,897	6,446	48,343
2008	279,175	9,112,456	32,586	41,343	6,164	47,507
2009	280,291	9,141,718	32,615	41,228	5,844	47,072
2010	280,566	9,237,676	32,870	41,751	5,636	47,387
2011	280,985	9,756,169	34,721	40,621	5,081	45,702
2012	280,646	10,291,569	36,671	40,343	5,515	45,858
2013	280,294	10,575,326	37,729	41,198	5,589	46,787
2014	278,443	*	*	39,604	5,860	45,464

\* Information not yet available

Sources:

- (1) 2005 - 2014 PA Department of Labor and Industry
- (2) PA Department of Labor and Industry Bureau of Economic Analysis
- (3) PA Department of Education, Bureau of Information Systems
- (4) Center for Workforce Information, PA Department of Labor and Industry
- (5) Erie County Assessment Bureau

<b>Employed Persons</b>	<b>Unemployment Rate</b>	<b>Number of Building Permits</b>
133,700	5.40%	3,591
133,600	5.20%	3,768
134,000	5.50%	3,357
134,200	6.20%	3,061
127,100	9.00%	2,934
125,400	9.40%	3,171
129,000	8.00%	2,596
128,500	8.20%	2,591
131,700	6.40%	2,593
131,200	5.50%	2,507

# COUNTY OF ERIE, PENNSYLVANIA

## PRINCIPAL EMPLOYERS CURRENT YEAR AND TEN YEARS AGO

Employer (A)	December 31, 2014			December 31, 2005		
	Employees	Rank	Percentage of Total Municipality Employment	Employees	Rank	Percentage of Total Municipality Employment
General Electric Company	5,500	1	4.18%	4,000	1	3.04%
Erie Indemnity Company	4,450	2	3.38%	2,100	4	1.60%
UPMC Hamot Medical Center	3,100	3	2.35%	2,500	2	1.90%
Saint Vincent Health Center	2,864	4	2.17%	2,274	3	1.73%
Pennsylvania State Government	2,500	5	1.90%	1,700	5	1.29%
Wal-Mart	2,000	6	1.52%	1,600	7	1.22%
School District of the City of Erie	1,300	7	0.99%	1,615	6	1.23%
United States Government	1,200	8	0.91%	1,481	8	1.13%
County of Erie	1,098	9	0.83%	-		0.00%
Dr. Gertrude A. Barber Center, Inc.	816	10	0.62%	-		0.00%
Verizon	-		-	1,250	9	0.95%
Plastex Management Group	-		-	1,200	10	0.90%
<b>Total</b>	<b>24,828</b>		<b>18.85%</b>	<b>19,720</b>		<b>14.99%</b>

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

(B) 2011 Erie Regional Chamber and Growth Partnership

(C) Erie County Planning Department generalization for relative comparison

## **OPERATING INFORMATION**

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**COUNTY OF ERIE, PENNSYLVANIA**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT**  
**EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN YEARS**

<b>Function/Program</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
General Government	163.0	97.0	89.0	91.0	97.0	93.0	94.0	99.0	94.5	84.5
Courts and Court Related	267.0	284.0	296.0	295.0	294.0	294.0	298.0	328.0	319.0	313.0
Corrections	292.0	277.0	278.0	290.0	290.0	307.0	309.0	306.0	327.5	324.0
Community Service	301.0	310.0	303.0	303.0	304.0	281.0	275.0	264.0	257.0	251.0
Library	83.0	66.0	65.0	65.0	64.0	69.0	72.0	94.0	80.5	84.0
Public Health	64.0	64.0	69.0	71.0	71.0	74.0	79.0	83.0	82.5	80.5
<b>Total</b>	<b>1,170.0</b>	<b>1,098.0</b>	<b>1,100.0</b>	<b>1,115.0</b>	<b>1,120.0</b>	<b>1,118.0</b>	<b>1,127.0</b>	<b>1,174.0</b>	<b>1,161.0</b>	<b>1,137.0</b>

Source: County of Erie Workforce Report

**COUNTY OF ERIE, PENNSYLVANIA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN YEARS**

<b>Function/Program</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>General Government:</b>				
Receipts written	10,818	12,848	11,889	10,730
Checks written	43,063	42,564	44,246	44,120
Purchase orders issued	3,034	2,937	3,003	2,925
Ordinances and resolutions passed	253	209	205	196
Entry for claims	12,576	12,570	12,094	12,055
Licenses issued (fishing, hunting, dog, doe, bingo)	28,202	38,026	30,915	29,064
Building permits monitored	2,507	2,593	2,591	2,596
Total taxable parcels	117,489	117,805	117,761	117,876
Total exempt parcels	4,701	4,812	4,789	4,651
Retired employees	56	47	43	44
Pension fund transactions processed	334	272	294	378
Full-time employees	1,108	1,098	1,100	1,115
Part-time employees	62	61	61	61
Deeds, mortgages, other recorded	28,055	33,356	35,316	31,397
Coroner cases	530	486	475	438
Autopsies performed	111	124	149	137
Discharged military personnel registered with Veterans Affairs	199	132	164	76
Bids received and opened	36	34	33	53
Special audits conducted	13	7	7	4
Fraud hotline calls received	15	17	17	10
<b>Courts and Court Related:</b>				
New criminal cases:	3,323	3,484	3,446	3,242
Jury trials	97	98	106	99
Non-jury trials	26	22	21	20
Criminal sentencing's	2,822	2,650	2,571	2,563
New civil cases:	2,676	2,097	2,217	3,737
Jury trials	10	8	13	9
Non-jury trials	15	11	10	11
Traffic citations (in thousands)	25	26	26	-
Summary offenses (in thousands)	9	11	13	12
Civil cases filed (in thousands [District Justice offices])	2	3	4	6
Criminal cases filed (in thousands [District Justice offices])	5	5	6	6
New support petitions filed	2,508	2,913	3,412	3,668
Modified petitions filed	2,306	2,232	1,851	1,861
Support conferences held	6,300	6,997	6,632	7,820
Support court hearings	337	508	339	311
Contempt court hearings	1,422	2,346	1,768	1,454
Support collections (in millions)	38	40	41	40
Warrants processed	1,857	1,624	1,145	1,702
Civil papers served	13,070	14,003	14,957	11,336
Sheriff sales	441	1,178	1,074	956

Source: Various County of Erie Departments

2010	2009	2008	2007	2006	2005
13,146	11,933	11,330	11,304	11,282	10,366
45,143	45,941	53,223	51,376	50,645	49,791
3,008	3,143	3,457	3,271	3,545	3,154
207	248	320	235	259	218
12,606	12,271	10,681	12,302	10,666	11,595
27,286	29,214	32,496	25,957	26,542	26,117
3,171	2,934	3,061	3,357	3,768	3,591
118,150	118,967	118,913	118,506	118,506	117,948
4,416	4,359	4,407	4,298	4,299	3,919
40	40	15	12	18	23
392	351	345	346	322	264
1,120	1,117	1,127	1,127	1,109	1,079
51	58	57	67	67	75
33,036	34,447	33,160	38,875	40,611	45,328
400	419	470	392	428	412
141	146	144	146	176	183
107	206	138	179	174	155
34	37	65	89	75	76
4	5	5	5	6	6
35	25	25	27	28	37
3,109	3,092	3,075	3,282	3,288	3,176
83	97	97	128	142	165
24	28	25	30	14	12
2,540	2,318	2,479	2,663	2,584	2,421
3,941	2,560	2,108	1,621	1,401	1,349
12	6	14	15	20	28
8	11	7	15	15	15
22	25	24	26	38	44
12	13	13	14	15	14
6	6	7	6	6	5
6	5	6	6	7	6
3,032	3,373	3,487	3,802	3,620	3,893
2,472	2,670	2,967	3,368	3,450	3,350
8,049	8,779	10,422	10,382	10,330	10,858
418	368	303	347	387	421
1,609	1,519	1,942	1,991	2,055	1,648
40	42	41	41	41	40
943	1,744	3,311	2,357	1,891	1,662
11,723	12,831	11,205	10,570	8,100	7,981
620	611	716	636	573	600

**COUNTY OF ERIE, PENNSYLVANIA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN YEARS**  
(Continued)

<b>Function/Program</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Corrections:</b>				
Adult probation caseloads	3,052	3,033	3,023	2,914
Delinquency petitions	643	896	980	1,157
Delinquents in placement	106	100	122	124
<b>Community Service:</b>				
Agricultural easement purchases	3	-	1	3
Land use reviews	260	247	243	246
Subdivisions and land development reviews	340	155	167	168
HPMS sample section field reviews	134	133	134	132
Local bridge inspection program inspections and traffic counts	91	152	83	153
Calls received at Emergency 911 center	169,052	172,596	188,273	172,680
Drug and alcohol general admissions/completed screenings	3,948	4,124	3,986	4,243
Drug and alcohol clients authorized	3,559	2,644	3,210	6,211
Drug and alcohol treatment providers	16	16	15	13
Children and youth abuse referrals	952	856	782	842
Children and youth intake evaluations	2,704	2,711	2,578	1,697
Children and youth placements	607	515	461	507
Mental health/intellectual disabilities clients in various programs	19,609	17,971	19,556	20,919
Cost of mental health/intellectual disabilities services (in millions)	54	51	53	54
Healthchoices members in various programs	14,754	14,564	13,908	13,283
Costs of Healthchoices services (in millions)	68	59	62	63
<b>Library:</b>				
Bookmobile circulation	14,952	22,529	24,736	25,209
Main library circulation	590,724	610,852	660,588	700,691
Branch library circulation	676,990	685,543	680,484	642,524
<b>Public Health:</b>				
Immunization client visits	1,141	870	1,766	2,010
Sexually transmitted disease client visits	503	1,559	1,901	2,079
Tuberculosis client visits	2,329	3,275	3,124	3,289
<b>Nursing Home:</b>				
Nurse Family Partnership client visits	1,231	1,387	1,603	1,456
Maternal child health client visits	736	695	708	752
Average daily census in nursing home	346	337	334	332

N/A - information not available.

Note: Health Choices fund established on 7/1/2007.

2010	2009	2008	2007	2006	2005
2,954	2,788	2,874	3,112	3,274	3,135
1,195	1,163	1,223	1,450	1,519	1,315
128	149	149	154	163	181
1	1	9	2	4	13
239	236	240	254	232	209
176	188	233	281	314	421
131	124	124	121	110	110
152	85	101	85	95	122
166,116	147,869	55	106,127	101,237	103,504
2,237	2,243	2,100	2,893	2,221	1,808
2,432	2,528	2,488	2,893	2,713	2,241
12	13	15	17	19	13
932	851	934	859	753	580
2,651	2,853	3,234	2,703	2,463	2,377
574	676	617	715	994	1,150
19,674	20,219	14,436	17,272	22,203	22,582
52	52	82	83	87	80
13,237	11,859	10,570	7,380	N/A	N/A
61	56	61	21	N/A	N/A
25,302	36,547	42,022	39,055	33,596	38,388
771,626	817,513	923,961	829,635	871,716	854,679
681,968	706,143	508,448	624,051	581,819	523,365
1,965	2,840	2,140	2,337	1,961	1,158
2,075	2,191	2,161	2,180	2,328	2,399
3,201	2,437	2,099	1,849	3,899	2,298
1,765	1,683	1,472	1,564	1,306	N/A
809	1,090	1,544	1,338	1,106	N/A
330	340	354	365	372	356

(Concluded)

# COUNTY OF ERIE, PENNSYLVANIA

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN YEARS

Function/Program	2014	2013	2012	2011
<b>General Government:</b>				
Buildings	4	4	4	4
Square footage	204,943	204,943	204,943	204,943
Vehicles	9	7	6	6
<b>Courts and Court Related:</b>				
Sheriff vehicles	25	25	28	28
Sheriff search and rescue boat	0	0	0	0
Other department vehicles	11	14	16	17
<b>Corrections:</b>				
Prison facilities	2	2	2	2
Square footage	205,720	205,720	205,720	205,720
Number of beds	692	690	690	690
Prison vehicles	6	6	5	5
Juvenile Detention center square footage	11,704	11,704	11,704	11,704
Juvenile Detention center beds	20	20	20	20
Probation vehicles	15	14	14	11
<b>Community Service:</b>				
Human Services building	1	1	1	1
Square footage	39,844	39,844	39,844	39,844
Emergency management vehicles	12	12	12	18
Emergency management watercraft	3	3	3	3
Dependent shelter square footage	7,462	7,462	7,462	7,462
Dependent shelter beds	8	8	8	8
<b>Public Health:</b>				
Buildings	2	2	2	2
Square footage	27,168	27,168	27,168	27,168
Health Department vehicles	3	5	6	6
<b>Nursing Home:</b>				
Number of nursing homes*	2	2	2	2
Combined nursing home square footage	237,278	237,278	237,278	237,278
Average number of beds*	388	388	388	388
<b>Library:</b>				
Blasco Memorial library	1	1	1	1
Blasco square footage	158,200	158,200	158,200	158,200
Branch libraries	4	4	4	4
Combined branch square footage	25,249	25,249	25,249	25,249
Library vehicles	2	2	4	4

Source:

County of Erie Operation Department  
Pleasant Ridge Manor

\* Pleasant ridge Manor (East and West location) are a blended component unit as of 2013.

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

2010	2009	2008	2007	2006	2005
4	4	4	4	4	4
204,943	204,943	210,173	210,173	210,173	210,173
5	8	7	6	4	3
26	28	26	27	27	26
0	0	0	0	1	1
14	14	16	16	15	15
2	2	2	1	1	1
205,720	205,720	205,720	177,720	177,720	177,720
690	690	690	695	695	694
6	5	6	5	5	4
11,704	11,704	11,704	11,704	11,704	11,704
20	20	20	20	20	20
14	14	14	15	18	15
1	1	1	1	1	1
39,844	39,844	39,844	39,844	39,844	39,844
18	20	18	19	16	13
3	3	3	3	3	0
7,462	7,462	7,462	7,462	7,462	7,462
8	8	8	8	8	8
2	2	2	2	2	2
27,168	27,168	27,168	27,168	27,168	27,168
6	6	5	5	5	10
2	2	2	2	2	2
237,278	237,278	237,278	237,278	237,278	237,278
388	388	388	388	388	388
1	1	1	1	1	1
158,200	158,200	158,200	158,200	158,200	158,200
4	4	4	4	4	4
25,249	25,249	22,652	15,922	15,922	15,922
3	3	3	3	3	4

# COUNTY OF ERIE, PENNSYLVANIA

## SALARIES OF PRINCIPAL COUNTY OFFICIALS

AS OF DECEMBER 31, 2014

		Salary
<u>Elected Officials:</u>		
Council Chairman (part-time)	Kyle Foust	\$ 9,326
Council Members (part-time)	Jay Breneman	8,780
	Phil Fatica	8,780
	Carol J. Loll	8,780
	Andre Horton	8,780
	Fiore A. Leone	8,780
	Edward T. DiMattio, Jr.	8,780
County Executive	Kathy Dahlkemper	88,829
County Controller	Mary Schaaf	63,173
District Attorney	Jack Daneri	172,290
Sheriff	John Loomis	66,557
Coroner	Lyell P. Cook	63,173
Clerk of Records	Patrick Fetzner	70,779
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
	Robert A. Sambroak	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	Gary Lee	\$ 54,327
Director of Finance	James Sparber	75,205
Director of Personnel	Peter Callan	66,930
County Solicitor (part-time)	Marcia Haller	42,539
Public Defender	Patricia Kennedy, Esq.	88,265
Assistant Public Defenders	6 full-time 11 part-time	627,253
<u>Employees:</u>		
The County employs an average of 1,108 full-time equivalents employees (calculated by dividing total paid hours by 37.5 hours work week), including those described above, at an average annual compensation of:		\$ 42,144
The highest paid non-elected employee is the Chief County Detective at:		99,388
Employee compensation is determined in accordance with the County Personnel Code, Pay Plan, and Bargaining agreements.		
<u>Pleasant Ridge Manor:</u>		
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

# COUNTY OF ERIE, PENNSYLVANIA

## COLLECTIVE BARGAINING AGREEMENTS

AS OF DECEMBER 31, 2014

<u>Collective Bargaining Unit</u>	<u>Employees Represented</u>	<u>Expiration Date of Current Collective Bargaining Agreement</u>
AFSCME Clerical & Technical	303	December 31, 2018
AFSCME Professional	62	December 31, 2018
PSSU Prison Employees	155	December 31, 2014
PSSU Children & Youth Supervisors	19	December 31, 2018
PSSU Caseworkers	105	December 31, 2018
Erie Court Assoc. of Professional Employees	104	December 31, 2014
Erie County Detective's Association	9	December 31, 2018
Court Supervisors Association	16	December 31, 2018
Total Represented Employees	<u>773</u>	

Source: Erie County Department of Human Resources Labor Report