

# **County of Erie, Pennsylvania**

## **Comprehensive Annual Financial Report**

**Year Ended December 31, 2015**

Presented by:  
Erie County Finance Department

**COUNTY OF ERIE, PENNSYLVANIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2015**

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# COUNTY OF ERIE, PENNSYLVANIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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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 22, 2016

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 U.S. 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, Pennsylvania (County) for the fiscal year ended December 31, 2015.

This report consists of management's representations concerning the finances of the County. 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 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's financial statements in conformity with GAAP. Because the cost of internal control should not outweigh their benefits, the County'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 the 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, 2015.

Maher Duessel, a firm of licensed certified public accountants, has audited the County's financial statements. The goal of an independent audit is to provide reasonable assurance that the financial statements of the County 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's financial statements for the fiscal year ended December 31, 2015, 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 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's separately issued Single Audit Report.

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

### **Profile of the Government – County of Erie, Pennsylvania**

The County, incorporated in 1803, is one of 67 counties in the Commonwealth of Pennsylvania (Commonwealth); 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. The County's 278,045 residents live within its 812 miles.

The County 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 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 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**

Government Accounting Standards Board (GASB) Statement 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 GAAP, 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 the 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 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. It is included in the County's non-major Special Revenue Funds.

## **County-wide 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 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 Commonwealth, 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 the 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 Fund  
 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'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 revenues 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. County 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 the County is the department level. Departments may transfer up to ten percent of appropriations within their department with the approval of the Finance Director. County Council must approve all other transfers, supplemental appropriations, and revised revenue and expense requests. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

## **Property Assessments**

The County has committed to a countywide reassessment cycle 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

2016, the County will continue the implementation of 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 operates.

### **Local Economy**

The County's local economy had some downturns. During 2015, the County's largest employer, General Electric, announced the reduction of 1,500 jobs at the Erie GE Transportation plant in 2015 and 2016, nearly one third of the work force. Many local businesses rely on GE Transportation for their manufacturing and service orders. Lord Corporation, a local aerospace company, offered an early retirement option and reduced 20 jobs. FMC Technologies, a global provider of equipment in the oil and gas industries, cut 74 jobs in the County as well.

The County also had positive news for the local economy. KNL purchased a factory vacated by Troyer Farms, created 140 jobs and started production of potato chips and snacks. LECOM, a local osteopathic college, opened up a dental school in 2015, and completed the construction of a 138-bed nursing home, creating an estimated 200 jobs. 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 the 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. This growth illustrates the strength of the tourism business in our local economy.

Scott Enterprises, the 4<sup>th</sup> largest tax payer in the County, 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 RCAP program.

The 2015 real estate market was steady with 5,827 properties sold compared to the 5,715 properties sold in 2014. The unemployment rate for the County was 5.5% in 2015.

### **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.eriecountypa.gov](http://www.eriecountypa.gov).

### **Long-Term Financial Planning**

The County's 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. The County realized savings of \$5 million from the August 2015 completion of the expansion and rehabilitation of the airport runway project. The County partnered with the Erie Regional Airport Authority on this 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 issued \$19.4 million in bonds for the 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 the County. The project has been estimated to cost \$26.4 million and will be financed by both the 2015 bond issue and \$7 million from the General Fund balance. The County Executive and County Council have approved the consulting group to lead the project. It is anticipated that a vendor selection will be completed by late summer of 2016.

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. Millcreek Manor completed construction of a new nursing home, and the County closed the east facility in 2015. The former 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 2015, the County Council adopted the 2016 budget. The budget, net of internal service funds and transfers to other funds, is \$352,174,146 and for the first time in seven years, includes a tax increase of .23 mills.

### **Fiscal Accomplishments and Concerns**

The County is in compliance with GASB Statement No. 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 &

Poor's and Aa2 by Moody's were affirmed. In 2015, the County was budgeted to reduce the General Fund balance by \$3.7 million. Despite recording a \$3 million loss on a loan to the Erie County General Authority, the General Fund was reduced only by \$2.3 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 was able to minimize the budgeted loss.

The County continues to closely watch developments in the state budget, since grant revenue accounts for over 47% of all budgeted revenue. The lack of the adoption of a state 2015-2016 fiscal budget for nearly nine months stressed the cash resources of the County and nearly caused the County to borrow money. We are concerned that 2016-2017 budget may also face an adoption after the July 1<sup>st</sup> start of the state's fiscal year.

### **Relevant Financial Policies**

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 County Council at each finance committee meeting. This analysis indicates the level of unassigned fund balance, should all ordinances in front of County Council pass. The County has maintained more than the minimal level of fund balance since the policy was adopted. The 2015 and 2016 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 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 2015, some policies were modified or adopted. The fixed asset policy and procedure manual was updated. New minimum costs for each class were established for inventory eligibility. Purchased items must now be \$1,000 or more for most classes to be included in the inventory. A few of the classes have a \$300 minimum purchase price. 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 created a debt policy and updated 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 for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. This was the twenty-third 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, 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*

Sue Ellen Pasquale  
Manager of Accounting

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# COUNTY OF ERIE, PENNSYLVANIA

List of Elected and Appointed Officials

As of December 31, 2015

## Elected Officials

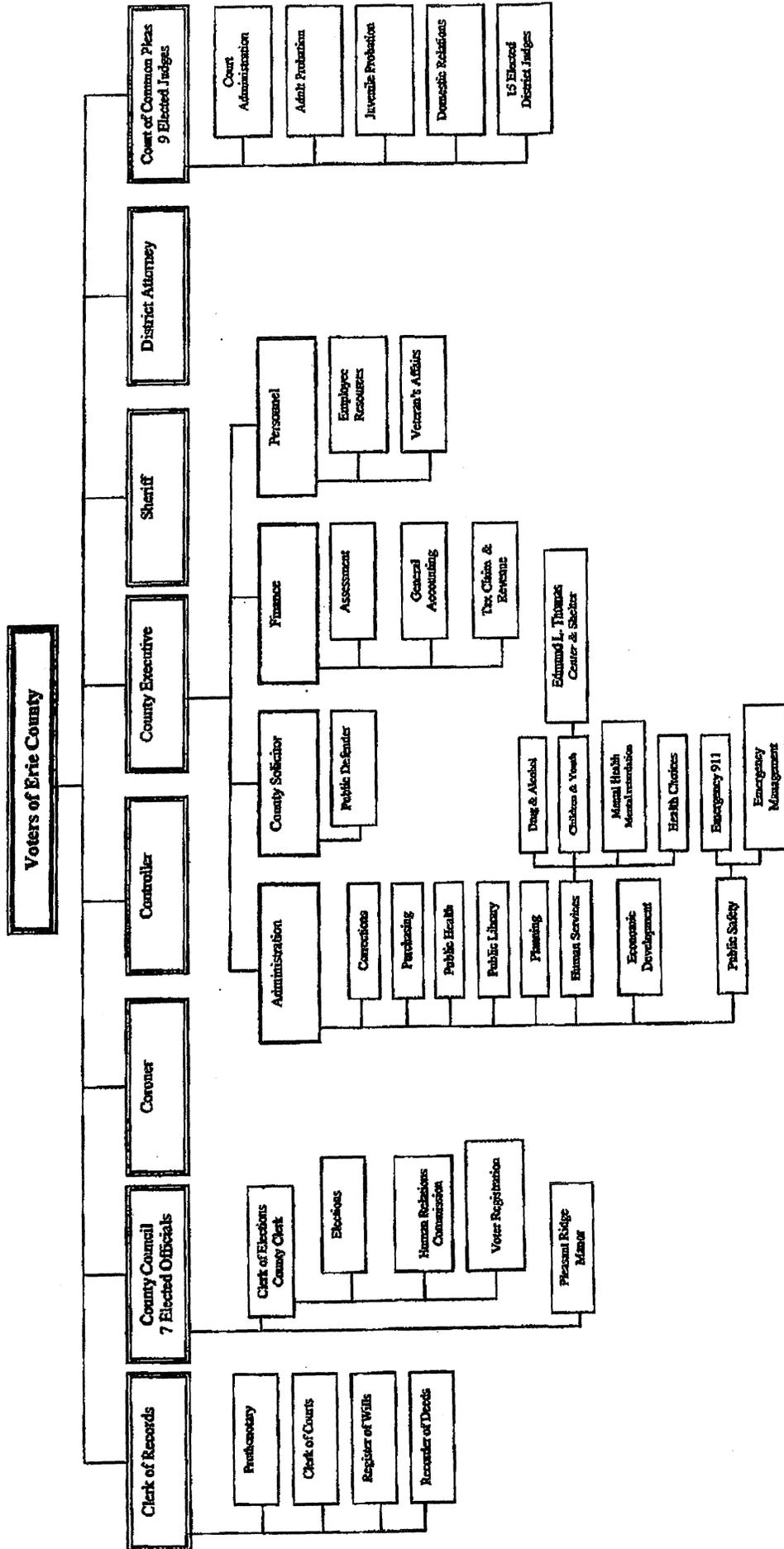
|                     |  |
|---------------------|--|
| County Executive    | Kathy Dahlkemper   |
| Council Members     | Fiore A. Leone<br>Jay Breneman<br>Edward T. DiMattio Jr.<br>Phil Fatica<br>Kyle Foust<br>Andre Horton<br>Carol J. Loll   |
| County Controller   | Mary Schaaf  |
| District Attorney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

## Appointed Officials

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

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ERIE COUNTY GOVERNMENT ORGANIZATIONAL CHART



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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, 2014**

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 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, 2015, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2015, 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.

### **Change in Accounting Principle**

As described in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*," which requires the County to record its net pension liability and related items on the government-wide financial statements and proprietary fund financial statements. Our opinion is not modified with respect to that matter.

### **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, other postemployment benefit information; and budgetary comparison information on pages 15 through 34, 106 through 113, 114 through 115 and 117 through 121, 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 nonmajor fund financial statements and budgetary schedules, fiduciary fund combining statements, 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 nonmajor fund financial statements and budgetary schedules, fiduciary fund combining statements, 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 22, 2016

## **General Management's Discussion and Analysis**

As management of the County of Erie, Pennsylvania (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2015. 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's financial condition at December 31, 2015. All amounts, unless otherwise indicated, are expressed in dollars.

### **Financial Highlights**

- Assets of the County's governmental activities exceed liabilities at December 31, 2015 by \$30,895,827 (net position).
- The governmental activities' total net position decreased by \$1,788,321. The decrease is due to the extraordinary item, a \$3 million loss on a loan receivable from the Erie County General Authority, as well as a restatement of \$899,948 for compliance with Governmental Accounting Standards Board (GASB) Statement No.68 that relates to accounting for pensions.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$94,043,217, an increase of \$17,492,040 in comparison with the prior year 2014 ending fund balance of \$76,551,177. The most significant changes include an increase in the fund balance of the Capital Projects Fund in the amount of \$19.7 million due to the issuance of a \$17,380,000 bond issue and a \$2.3 million decrease in General Fund as a result of a \$3 million loss on a loan receivable.
- The County's real property tax rate remained constant at 4.93 mills.
- The County's investment bond rating from Standard & Poor's is AA, while Moody's bond rating is Aa2. These ratings were affirmed in July of 2015.
- At December 31, 2015, the County had \$77,585,000 of bonds outstanding. This represents an increase of \$11,070,000 (16.6%) due to the issuance of \$17,380,000 2015 GO bonds and \$6,310,000 in scheduled principal payments on debt.
- The total fund balance of the General Fund at December 31, 2015 was \$45,613,038. The unassigned portion of the fund balance was \$27,777,143 which is approximately 45% of expenditures in the General Fund for the fiscal year 2015. The unassigned fund balance decreased \$6.8 million in 2015 since during 2015 \$7 million was assigned for the Next Generation Public Radio Project.

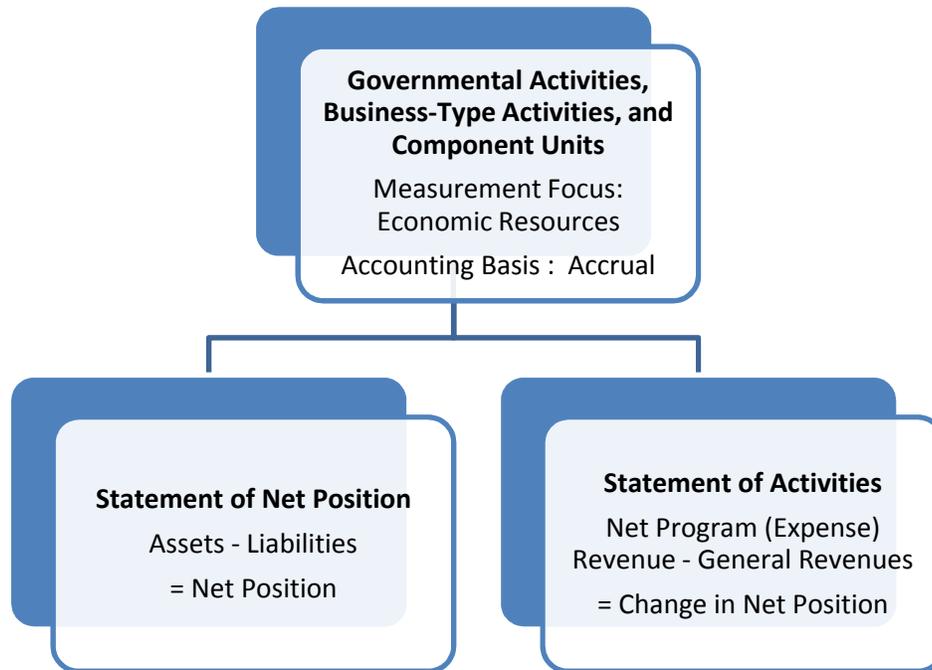
### **Overview of the Financial Statements**

This Management's Discussion and Analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to 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'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's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County'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).

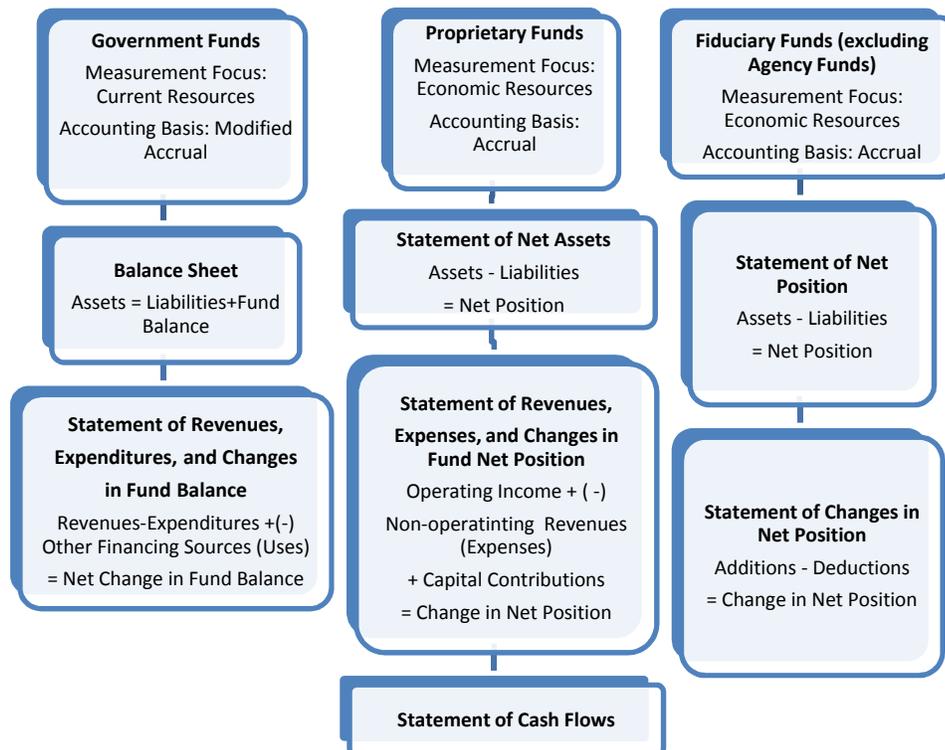
Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the County include general government, courts and related offices, corrections, community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

The government-wide financial statements include not only the County 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, 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 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 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 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 created an internal service fund. An *internal service fund* is an accounting device used to accumulate and allocate costs internally among the County'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 financial statements because the resources of those funds are *not* available to support the County's own programs. The notes to 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 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 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 financial statements.

**Summary of Statement of Net Position**  
**December 31, 2015**  
**With Comparative Totals for December 31, 2014**

|  | Governmental Activities |                     | Business-Type Activities |                    | Total               |                     |
|--|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
|  | 2015                    | 2014                | 2015                     | 2014               | 2015                | 2014                |
| Current and other assets               | \$155,778,469           | \$125,124,264       | \$6,601,971              | \$4,854,522        | \$162,380,440       | \$129,978,786       |
| Capital assets                         | 37,261,991              | 41,317,003          | 5,697,500                | 6,342,807          | 42,959,491          | 47,659,810          |
| <b>Total assets</b>                    | <b>193,040,460</b>      | <b>166,441,267</b>  | <b>12,299,471</b>        | <b>11,197,329</b>  | <b>205,339,931</b>  | <b>177,638,596</b>  |
| Deferred inflows of resources          | 13,490,965              | 0                   | 2,768,574                | 0                  | 16,259,539          | 0                   |
| <b>Total deferred inflows</b>          | <b>13,490,965</b>       | <b>0</b>            | <b>2,768,574</b>         | <b>0</b>           | <b>16,259,539</b>   | <b>0</b>            |
| Long-term liabilities outstanding      | 112,782,916             | 85,073,202          | 4,093,780                | 3,055,908          | 116,876,696         | 88,129,110          |
| Other Liabilities                      | 62,687,177              | 48,683,917          | 2,864,908                | 2,873,914          | 65,552,085          | 51,557,831          |
| <b>Total liabilities</b>               | <b>175,470,093</b>      | <b>133,757,119</b>  | <b>6,958,688</b>         | <b>5,929,822</b>   | <b>182,428,781</b>  | <b>139,686,941</b>  |
| Deferred outflows of resources         | 165,505                 | 0                   | 667,164                  | 0                  | 832,669             | 0                   |
| <b>Total deferred outflows</b>         | <b>165,505</b>          | <b>0</b>            | <b>667,164</b>           | <b>0</b>           | <b>832,669</b>      | <b>0</b>            |
| Net position:                          |                         |                     |                          |                    |                     |                     |
| Net investment in capital assets       | 122,636                 | 986,225             | 5,697,500                | 4,430,807          | 5,820,136           | 5,417,032           |
| Restricted                             | 31,903,417              | 33,808,732          | 0                        | 0                  | 31,903,417          | 33,808,732          |
| Unrestricted                           | (1,130,226)             | (2,110,809)         | 1,744,693                | 836,700            | 614,467             | (1,274,109)         |
| <b>Total net position, as restated</b> | <b>\$30,895,827</b>     | <b>\$32,684,148</b> | <b>\$7,442,193</b>       | <b>\$5,267,507</b> | <b>\$38,338,020</b> | <b>\$37,951,655</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, governmental activities assets exceeded liabilities by \$30,895,827 at December 31, 2015.

Approximately .4% or \$122,636 of governmental activities 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 uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County'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's governmental activities net position, \$31,903,417, represents resources that are subject to external restrictions on how they may be used. Restricted net position decreased \$1.8 million from the previous year primarily due to a \$3 million decrease from an economic development loan in the General Fund. 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 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, 2015**  
**With Comparative Amounts for December 31, 2014**

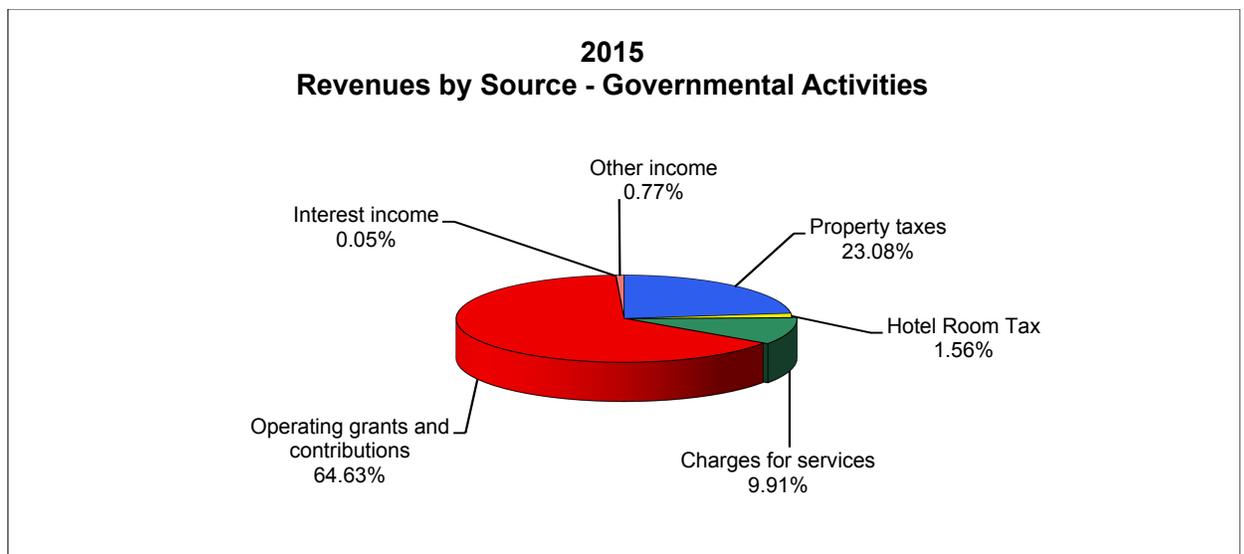
|   | Governmental Activities |                    | Business Type Activities |                   | Total              |                    |
|---|-------------------------|--------------------|--------------------------|-------------------|--------------------|--------------------|
|   | 2015                    | 2014               | 2015                     | 2014              | 2015               | 2014               |
| Revenues:                                     |                         |                    |                          |                   |                    |                    |
| Program Revenues:                             |                         |                    |                          |                   |                    |                    |
| Charges for services                          | \$29,720,655            | \$27,223,587       | \$30,754,422             | \$34,185,096      | \$60,475,077       | \$61,408,683       |
| Operating grants and contributions            | 193,768,358             | 189,145,809        | 0                        | 0                 | 193,768,358        | 189,145,809        |
| Capital grants and contributions              | 0                       | 0                  | 0                        | 0                 | 0                  | 0                  |
| General revenues:                             |                         |                    |                          |                   |                    |                    |
| Property taxes                                | 69,189,284              | 69,290,190         | 0                        | 0                 | 69,189,284         | 69,290,190         |
| Hotel Room Tax                                | 4,663,995               | 4,375,388          | 0                        | 0                 | 4,663,995          | 4,375,388          |
| Interest income                               | 165,782                 | 197,345            | 77,577                   | 2,606             | 243,359            | 199,951            |
| Other Income                                  | 2,314,990               | 450,111            | 1,955,855                | 246,274           | 4,270,845          | 696,385            |
| Transfers                                     | 0                       | 0                  | 2,470,893                | 811,544           | 2,470,893          | 811,544            |
| <b>Total revenues</b>                         | <b>299,823,064</b>      | <b>290,682,430</b> | <b>35,258,747</b>        | <b>35,245,520</b> | <b>335,081,811</b> | <b>325,927,950</b> |
| Expenses:                                     |                         |                    |                          |                   |                    |                    |
| General government                            | 18,732,488              | 18,709,683         | 0                        | 0                 | 18,732,488         | 18,709,683         |
| Courts and related offices                    | 24,332,032              | 23,635,709         | 0                        | 0                 | 24,332,032         | 23,635,709         |
| Corrections                                   | 37,881,454              | 37,621,604         | 0                        | 0                 | 37,881,454         | 37,621,604         |
| Community services                            | 197,977,072             | 194,427,338        | 33,084,061               | 38,593,154        | 231,061,133        | 233,020,492        |
| Public health                                 | 6,180,815               | 5,710,263          | 0                        | 0                 | 6,180,815          | 5,710,263          |
| Public works                                  | 758,402                 | 650,069            | 0                        | 0                 | 758,402            | 650,069            |
| Library                                       | 7,765,253               | 7,111,758          | 0                        | 0                 | 7,765,253          | 7,111,758          |
| Other   | 8,344                   | 8,264              | 0                        | 0                 | 8,344              | 8,264              |
| Interest on long-term debt                    | 2,504,632               | 2,459,814          | 0                        | 0                 | 2,504,632          | 2,459,814          |
| Transfers                                     | 2,470,893               | 811,544            | 0                        | 0                 | 2,470,893          | 811,544            |
| <b>Total expenses</b>                         | <b>298,611,385</b>      | <b>291,146,046</b> | <b>33,084,061</b>        | <b>38,593,154</b> | <b>331,695,446</b> | <b>329,739,200</b> |
| Extraordinary item - loss on loan receivable  | 3,000,000               | 0                  | 0                        | 0                 | 3,000,000          | 0                  |
| Increase (decrease) in net position           | (1,788,321)             | (463,616)          | 2,174,686                | (3,347,634)       | 386,365            | (3,811,250)        |
| Net position, Beginning of Year , as restated | 32,684,148              | 33,147,764         | 5,267,507                | 8,615,141         | 37,951,655         | 41,762,905         |
| Net position, End of Year                     | \$30,895,827            | \$32,684,148       | \$7,442,193              | \$5,267,507       | \$38,338,020       | \$37,951,655       |

The year 2014 was restated for adoption of GASB Statement No. 68.

**Governmental activities** Governmental activities in 2015 decreased the County’s net position by \$1,788,321. Key elements of this decrease are as follows:

**Program Revenues**

- Property taxes remained level with a slight decrease of \$100,906 (0.15%). Tax millage remained constant at 4.93 mills.
- Hotel room rental tax of \$4,663,995 increased by \$288,607 from the \$4,375,388 collected in 2014. We believe this is due to an improvement in the tourism segment of our local economy and in the increase in the number of hotel rooms available in the area.
- Charges for services increased 9% or by \$2,497,068. Revenue in Public Safety was up \$1,246,378 as the state transitions to a new funding formula based on Act 12 of 2015. The interim formula redistributes the monthly 911 charges on land line phones, cell phones and VOIP phones. Gaming revenue was down \$52,842 due to a decline in betting at the local casino. Fees in the Clerk of Records increased by \$110,292 as a result of increases in Recorder of Deeds fees and bond forfeitures and fees in the Clerk of Courts.
- Operating grants increased by \$4,622,549 (2.4%). Community service revenue accounted for much of the total change in operating grants. Medical Assistance in Health Choices increased \$7.9 million due to increase in the capitation rate. This was offset by decreases in Drug & Alcohol of \$1.4 million, MHID of \$504,183 and Children & Youth Services of \$1,257,194. Public Health grant funding increased \$199,803 due to increases in Tobacco Cessation, Healthy Communities, Injury Prevention and Act 315 grants. A grant from the federal government to house federal prisoners increased by \$323,196.
- Interest income decreased in 2015 by \$31,563 or 16%. Due to the state budget impasse which lasted nearly nine months, state funding was withheld causing cash flow problems and loss of interest income.



**Program Expenses**

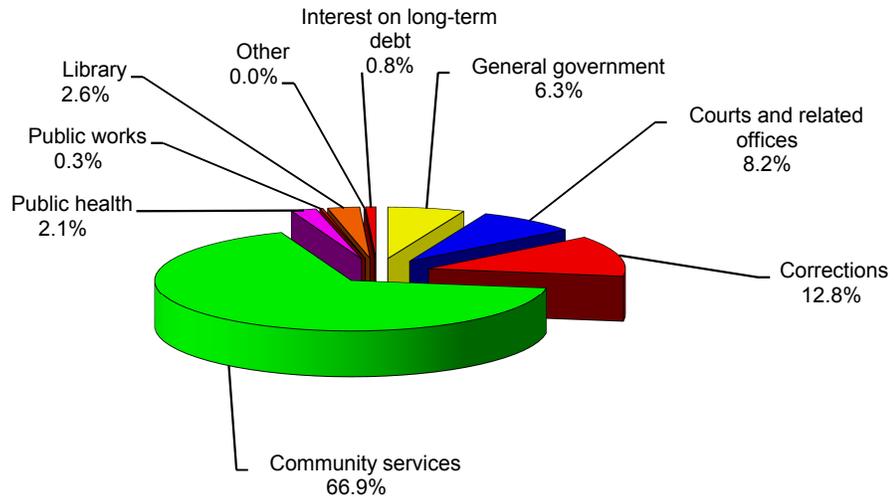
The Commonwealth of Pennsylvania failed to approve the 2015-2016 budget for nearly nine months. This resulted in a significant delay in reimbursement of state funded programs. The County took

drastic measures throughout all departments in an effort to avoid borrowing money and to continue mandated services and cause as little disruption as possible to the citizens of the County. Although the County had a short term borrowing plan ready to be implemented with a local bank, no borrowing was needed. However, over 70 vacant positions were not filled during the state budget impasse, all but essential purchases were frozen and vendors waited longer for payment for goods and services. The County Library experienced a reduction in hours of operation for several months. Therefore, the expenses in 2015 were relatively unchanged from the previous year. Most of the increase in expenses was a result of negotiated wage increase of 3% for most union and non-union employees.

- General government expenses were relatively flat with a small increase of \$22,805 or 0.12%.
- A 2.95% increase, or \$696,323, was related to courts and related expenses.
- Correction expenses of increased by \$259,850 or 0.69%.
- A small increase of 1.8% or \$3.5 million occurred in Community Services. Increased expenses in Children Services, MH/ID and Health Choices were offset by decreases in Planning and Capital Projects Fund. Capital Projects Fund expenses decreased \$7.5 million due to the near completion of projects including the airport runway extension.
- Public Health expenses increased by \$470,552 or 8.2%. This occurred because grant revenue in Public Health increased in areas funded by grants such as Tobacco Prevention, Health Education, Maternal & Child Health, and Healthy Communities.
- Public Works increased by \$108,333 or 16.6%. Emergency liquid fuels applications were approved for repairs to the Keepville Road Conneaut Township bridge for \$40,000 and repairs to the Shadduck Road culvert in North East Township for \$40,000. More bridge inspections occurred in 2015.
- Library expenses rose \$653,495 or 9.19%. Wages and fringes increased due to less turnover. Rent at the Millcreek Mall increased nearly \$33,000.
- Interest on long-term debt increased by \$44,818 due to principal payments on debt of \$6,310,000.
- The County transferred \$2,470,893 to Pleasant Ridge Manor, the county nursing home. Pleasant Ridge Manor is a business-type activity.

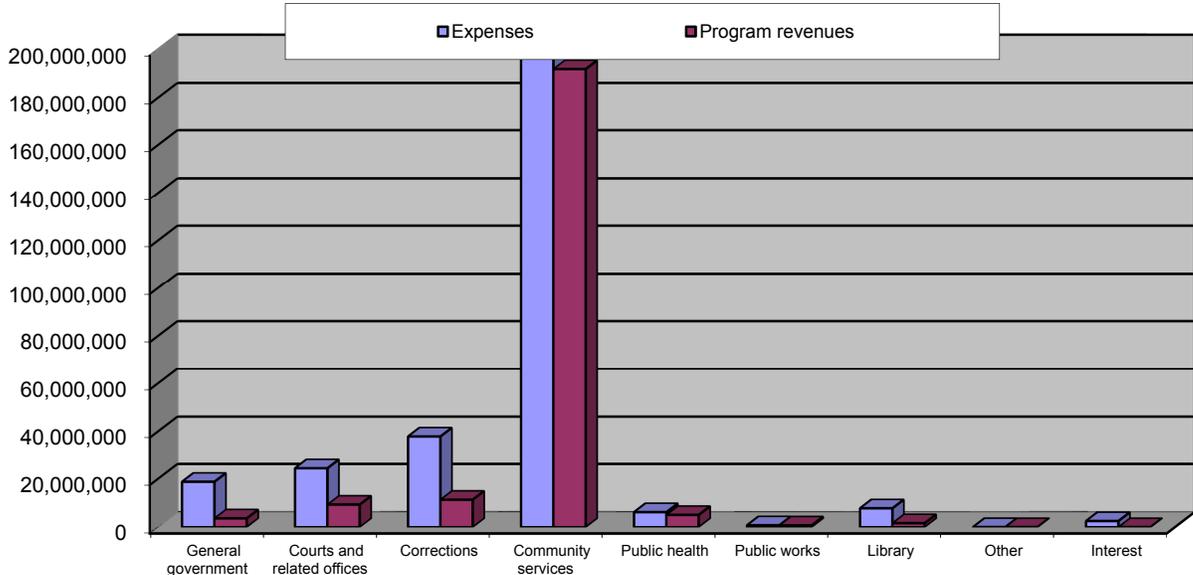
# 2015

## County of Erie Program Expenses - Governmental Activities



# 2015

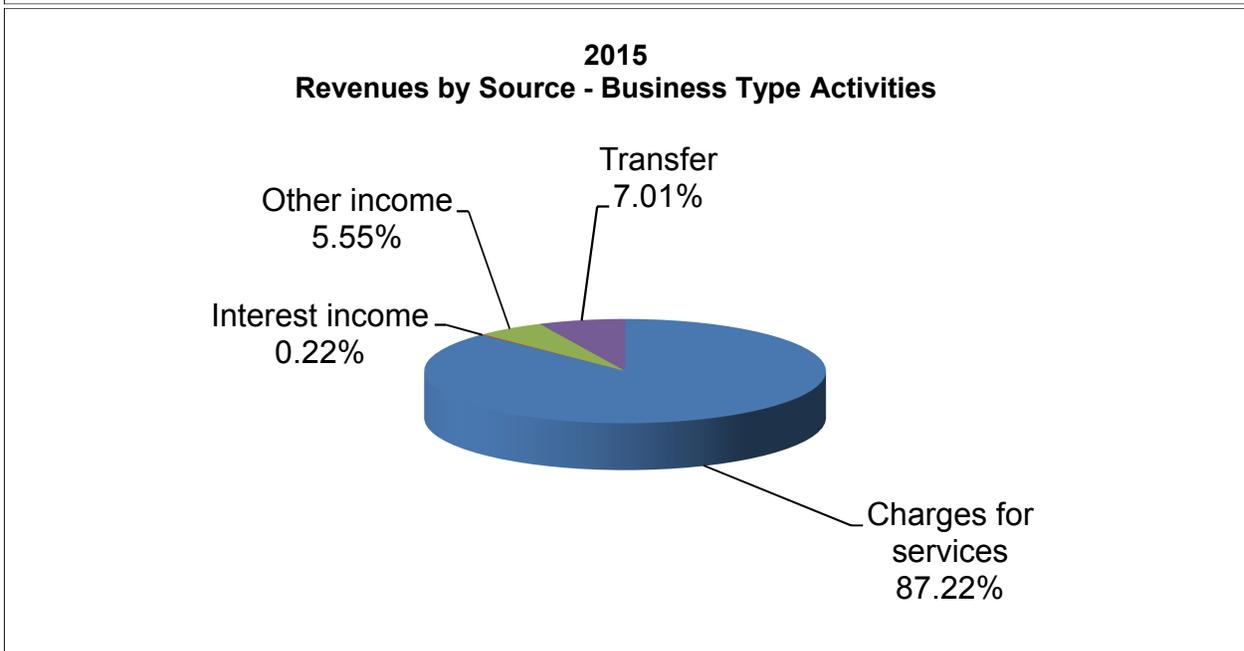
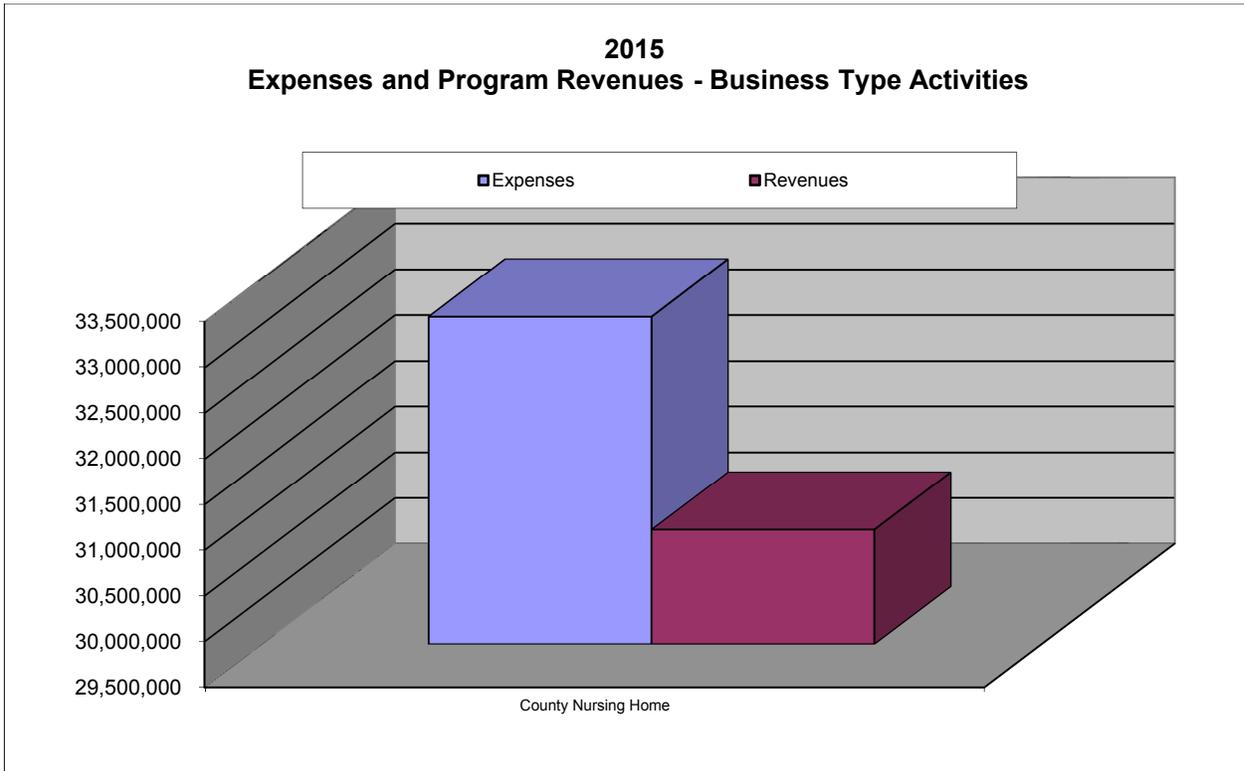
## Expenses and Program Revenues - Governmental Activities



**Business-type Activities** The County’s nursing home, Pleasant Ridge Manor is the only business-type blended component unit of the County. The County sold 88 bed licenses in the east facility to Millcreek Manor in June of 2015. The consolidation to one facility will allow the County to achieve operational efficiencies. Total revenue for business-type activities increased by \$13,227 to \$35.3 million. Charges for services decreased by 10% due to the closing of the East facility, the transfer from the County increased \$1.66 million. The County needed to stop accepting residents at the East

facility before consolidation causing operating losses in the East facility. Medical assistance residents account for approximately 89.7% of the census and approximately 87% of the resident revenue base. Again, due to selling of 88 bed licenses, average daily census decreased from 346 in 2014 to 307 in 2015.

Total expenses at Pleasant Ridge Manor decreased \$2.7 million due to fewer residents. Expenses were down due to the drop in census related to the closing of the East facility at the end of June.



## Financial Analysis of the Government's Funds

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

**Governmental Funds** - The focus of the County'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'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's governmental funds reported combined fund balances of \$94,043,217 an increase of \$17,492,040, in comparison with the prior year. Approximately 29.54% (\$27,777,143) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. *The non-spendable* portion of the fund balance of \$250,508 consists of prepaid items.

*Restricted fund balance* is set aside by law or by external sources for specific purposes. As of the end of 2015, the County has \$50,828,309 in restricted fund balance for a variety of purposes including: 1) Economic Development (\$8,000,000), 2) Mental Health Services (\$4,731,916), 3) Public Safety Radio Project (\$19,040,174), 4) Community Grants in Gaming Fund (\$7,056,196), 5) Erie County Care Management (\$4,240,044), 6) Debt Service payments (\$1,154,360), 7) Emergency Services (\$1,809,379), 8) Judicial Services (\$1,170,161), 9) Community Redevelopment (\$665,576), 10) Recycling (\$121,208), 11) Roads and Bridges (\$1,903,053), 12) Land Preservation (\$708,118), 13) Child Support Enforcement (\$25,364), 14) Public Health (\$64,702), and 15) Library Services (\$138,058).

*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 \$6,908,026 for various capital projects financed by prior bond issues. The county also assigned \$1,279,231 to the Children & Youth Services Fund. For several years the Commonwealth of Pennsylvania 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 \$1,279,231 is the estimated amount the state will owe the County as of December 31, 2015, 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 \$7,000,000 for the Public Safety Radio Project. The County decided to borrow less money and use up to \$7 million of General Fund unassigned fund balance to complete the project.

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, 2015 and 2014 were:

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

| <u>Fund</u>                                | <u>Revenues</u>      | <u>Expenditures</u>  | <u>Net Other<br/>Financing<br/>and<br/>Extraordinary<br/>Item</u> | <u>Net Change in<br/>Fund Balances</u> |                      |
|--|----------------------|----------------------|---|--|----------------------|
|  |                      |                      |   | <u>2015</u>                            | <u>2014</u>          |
| General Fund                               | \$88,657,570         | \$62,297,855         | (\$28,649,792)  | (\$2,290,077)                          | \$1,345,769          |
| Mental Health Intellectual<br>Disabilities | 26,252,411           | 27,241,584           | 989,173   | -                                      | -                    |
| Children & Youth Services                  | 54,241,038           | 63,106,677           | 8,865,639   | -                                      | -                    |
| Health Choices                             | 83,802,889           | 83,524,535           | -   | 278,354                                | (3,225,374)          |
| Capital Projects                           | 1,935,123            | 1,679,443            | 19,407,316  | 19,662,996                             | 13,464               |
| Liquid Fuels                               | 718,262              | 758,402              | -   | (40,140)                               | 73,229               |
| Domestic Relations                         | 3,414,208            | 4,858,042            | 1,437,295   | (6,539)                                | (11,708)             |
| Drug & Alcohol                             | 4,324,314            | 4,606,178            | 281,864   | -                                      | -                    |
| Public Safety                              | 4,862,611            | 5,695,594            | 1,530,453   | 697,470                                | (550,079)            |
| Public Health                              | 5,046,086            | 5,974,006            | 899,592   | (28,328)                               | (21,070)             |
| Library                                    | 1,664,776            | 6,279,602            | 4,554,685   | (60,141)                               | 149,658              |
| Planning                                   | 2,771,052            | 2,861,343            | 363,058   | 272,767                                | 429,768              |
| Gaming                                     | 11,084,480           | 7,298,279            | (3,576,982)   | 209,219                                | (446,819)            |
| Erie County Care<br>Management             | 11,454,870           | 11,505,244           | -   | (50,374)                               | 295,521              |
| Debt Service                               | 2,892                | 9,099,219            | 7,943,160   | (1,153,167)                            | (38,086)             |
| <b>Total Change</b>                        | <b>\$300,232,582</b> | <b>\$296,786,003</b> | <b>\$14,045,461</b>   | <b>\$17,492,040</b>                    | <b>(\$1,985,727)</b> |

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$27,777,143, while total fund balance declined to \$45,613,038. 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 45% of total General Fund expenditures, while total fund balance represents 73% of that same amount.

During the current fiscal year, the fund balance of the County's General Fund decreased by \$2,290,077 or 4.8%. Revenues were \$966,101 over budget, while expenditures were \$2,428,156 under budget and transfers to other funds were \$1,167,263 under budget. Key factors in this decrease are as follows:

- Real Estate taxes were \$132,138 or 0.2% over budget and \$137,140 over 2014 collections. The year 2015 was the sixth consecutive year without a tax increase.
- Hotel taxes were \$117,695 or 2.6% over budget and \$288,607 over 2014 revenue, due to increased occupancy.
- In 2015 the General Fund earned \$797,724 or 30.6% more in grant revenue than budgeted. This was mainly due to recognizing two years of former specialized probation grant revenue in Juvenile Probation, and additional grants for housing more federal reimbursement.
- A decrease of \$126,899 of in charges for services over the prior year. Decreases in fees, fines, and reimbursements occurred in Assessment, Magisterial District Judges, Clerk of Records, Sheriff, District Attorney, and Adult Probation.
- An increase of \$18,463 in interest income.
- Salaries increased 3% in both 2014 and 2015. 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, 2015 wages were \$189,817 under budget. Fringe benefits were \$876,239 under budget.
- Expenditures budgeted for services and materials and supplies were under budget by \$1,506,501 and \$166,374. This was a result of the Pennsylvania state budget impasse. The County only allowed critical and necessary purchases to occur under the Commonwealth of Pennsylvania passed a budget and started reimbursing the County.
- Capital Outlay was \$262,839 under budget. Capital purchases were delayed to cash flow problems caused by the Commonwealth of Pennsylvania budget impasse.
- Transfers to other funds were below budget by \$1.17 million in 2015. The state budget impasse led to the curtailment of all but essential services. This led to transfer below budget. The transfers to the Library and Planning were under by \$412,326 and \$239,492, and the transfer to Public Health was down \$360,000. Additionally, the County deferred the transfer to Debt Service by \$315,738 since the cash flow was saved in case the state budget impasse continued longer. Once the Commonwealth of Pennsylvania budget was passed, the County transferred the entire amount to the Debt Service Fund.
- The County had an extraordinary item, writing off a \$3 million loan to the Erie County General Authority, one of seven agencies under Develop Erie PA, the lead County economic development agency. The loss on the unsecured loan was recorded when the GEIDC, another agency under Develop Erie PA, failed to develop an inland Port Project and filed for bankruptcy.

The Health Choices Fund experienced an increase in fund balance of \$278,354. In 2014, the Commonwealth of Pennsylvania reduced the capitation rates by 1.7% across all rating groups. This reduction eroded fund balance. The County spoke to the state about these rates and received increased rates effective July of 2015. Higher rates allow the grant funding to be more closely aligned with program expenditures.

Public Safety's fund balance increased by \$697,470 or 62%. The Commonwealth of Pennsylvania both increased the monthly 911 users charges to \$1.65 from \$1.00 and \$1.25, and changed the reimbursement formula for 911 charges from landlines, cell phones, and voice over internet protocol. These changes were made because the fees the County received were 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 Commonwealth of Pennsylvania also broadened the rules that govern the use of the 911 fees. Due to the upcoming public radio project and state budget impasse, several budgeted expenditures were not made in 2015.

The Gaming Revenue fund balance rose by \$209,219. The transfer to the Debt Service Fund was deferred until 2016 due to the Commonwealth of Pennsylvania budget impasse. Cash was retained in the Gaming Fund in case it was needed for operations. The Commonwealth of Pennsylvania passed a budget and the County did not need to use the funds. The transfer was completed in 2016. Revenue from the local casino was up slightly by \$13,200 over 2014. Half of the fees collected are retained by the 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, and for various community grants.

Fund balance for all non-major funds decreased by \$368,452 in 2015. The Planning Fund saw an increase of \$272,767, due to funding received for bridge and greenway projects, as well as recycling. Most of this money was not spent during the year and is restricted at year-end. Public Safety's fund balance increased \$697,470 in 2015 as noted above. The Library's fund balance decreased by \$60,141 as a result of decrease in funding from the General Fund. Due to the Commonwealth of Pennsylvania budget impasse, the County was not required to meet the local financial effort for the Library, and a decision was made to reduce the fund balance. Liquid Fuels, Domestic Relations, and Public Health also experienced a decrease in fund balance. Debt Service declined by \$1,153,167 due to the payment of debt service.

Erie County Care Management's (ECCM) fund balance declined by \$50,374 largely because grant revenue was \$2.1 million under budget. Actual expenditures were \$1.4 million under budget.

**Change in Governmental Fund Balances**  
**December 31, 2015**  
**In Dollars**

| Fund                                | Beginning<br><u>December 1, 2015</u> | Net Change in<br><u>Fund Balances</u> | Ending<br><u>December 31, 2015</u> |
|-------------------------------------|--------------------------------------|---------------------------------------|------------------------------------|
| General Fund                        | \$47,903,115                         | (\$2,290,077)                         | \$45,613,038                       |
| Mental Health Mental<br>Retardation | -                                    | -                                     | -                                  |
| Children & Youth Services           | -                                    | -                                     | -                                  |
| Health Choices                      | 4,453,562                            | 278,354                               | 4,731,916                          |
| Capital Projects                    | 6,285,204                            | 19,662,996                            | 25,948,200                         |
| Liquid Fuels                        | 448,399                              | (40,140)                              | 408,259                            |
| Domestic Relations                  | 31,903                               | (6,539)                               | 25,364                             |
| Drug & Alcohol                      | -                                    | -                                     | -                                  |
| Public Safety                       | 1,129,367                            | 697,470                               | 1,826,837                          |
| Public Health                       | 96,805                               | (28,328)                              | 68,477                             |
| Library                             | 198,199                              | (60,141)                              | 138,058                            |
| Planning                            | 2,465,652                            | 272,767                               | 2,738,419                          |
| Gaming                              | 6,846,977                            | 209,219                               | 7,056,196                          |
| Erie County Care Management         | 4,384,467                            | (50,374)                              | 4,334,093                          |
| Debt Service                        | 2,307,527                            | (1,153,167)                           | 1,154,360                          |
| <b>Total Change</b>                 | <b>\$76,551,177</b>                  | <b>\$17,492,040</b>                   | <b>\$94,043,217</b>                |

**General Fund Budgetary Highlights**

Differences in total expenditures and transfers out between the original adopted budget of \$95,980,897 and the final amended budget of \$93,005,006 were relatively minor (\$2,975,891 decrease in appropriations or a 3.1% decrease) and can be summarized as follows:

- \$3,934,344 decrease in various general government activities mainly due to elimination entries of nearly \$3.8 million when preparing the CAFR. These annual elimination entries are for inter-fund and intra-fund billings.
- \$96,665 increase in appropriations for court related activities in the MDJs, District Attorney, Sheriff, and Public Defender departments. Courts and Clerk of Records departments had reductions in their departments.
- \$11,618 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 and increases in Adult and Juvenile Probation.
- \$108,303 decrease in community services, which reflects the unfilled Director of Veteran's Affairs and other savings due to the state budget impasse.
- \$253,778 increase in capital outlay due to the purchase of computer software, computer equipment from IT and 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.

- \$1,167,263 increase in transfers to other funds, primarily to Pleasant Ridge Manor (\$810,000) due to loss of revenue and costs associated with the consolidation of the two nursing homes. An increase in the transfer to Children & Youth Services (\$241,937) was needed due to the County's share of increased placement costs. Public Safety's transfer from the General Fund decreased \$336,369 due to increased revenue from the state interim 911 fee distribution formula.

## Capital Assets

The County's capital assets for its governmental funds as of December 31, 2015 amount to \$37,261,991 (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's capital assets decreased approximately 9.8% because depreciation expense exceeded capital additions during 2015.

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

- Upgrade of a county-wide telephone system at a cost of \$110,160.
- Servers, computers, and software \$462,467.
- The start of the next generation public radio project (\$423,352). The County hired a consultant to design the system and get it out for bid.
- Renovations in the Courthouse for the Tax Claim/Revenue and Assessment offices.
- Renovations to the new Planning Department space (\$37,482) and Health Department space for the Erie County Cooperative Extension (\$50,850).

For additional information please see Note 5, Capital Assets in the Notes to Financial Statements in this report.

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

|                           | Governmental activities |                     | Business-Type Activities |                    | Total               |                     |
|---------------------------|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
|                           | 2015                    | 2014                | 2015                     | 2014               | 2015                | 2014                |
| Land                      | \$1,501,237             | \$1,501,237         | \$150,490                | \$150,490          | \$1,651,727         | \$1,651,727         |
| Construction in Progress  | 0                       | 0                   | 0                        | 0                  | 0                   | 0                   |
| Land Improvements         | 0                       | 0                   | 1,065,138                | 947,707            | 1,065,138           | 947,707             |
| Building and improvements | 33,973,266              | 37,746,902          | 2,233,198                | 2,497,028          | 36,206,464          | 40,243,930          |
| Vehicles                  | 749,078                 | 623,556             | 0                        | 980                | 749,078             | 624,536             |
| Furniture and equipment   | 1,038,410               | 1,445,308           | 2,248,674                | 2,746,602          | 3,372,084           | 4,191,910           |
| <b>Total</b>              | <b>\$37,261,991</b>     | <b>\$41,317,003</b> | <b>\$5,697,500</b>       | <b>\$6,342,807</b> | <b>\$43,044,491</b> | <b>\$47,659,810</b> |

## Long-Term Debt

At the end of the current fiscal year, the County had outstanding bonds of \$77,585,000, all of which comprises debt backed by the full faith and credit of the government.

The County has 2005, 2007, 2008, 2009, 2012, and 2015 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. In 2015, the County issued GO bonds in the amount of \$17,380,000 for the Public Radio Project.

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 Financial Statement section in this report.

### Summary of General Obligation Bond Activity - Government Activities

|                                | 2005<br>GO Bonds | 2007<br>GO Bonds | 2008<br>GO Bonds | 2009<br>GO Bonds | 2012<br>GO Bonds | 2015<br>GO Bonds | Total<br>GO Bonds |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Beginning<br>Balance at 1/1/15 | \$12,775,000     | \$24,755,000     | \$8,145,000      | \$15,000         | \$20,825,000     | -                | \$66,515,000      |
| Plus: Debt Issued              | -                | -                | -                | -                | -                | 17,380,000       | 17,380,000        |
| Less: Principal<br>Payments    | (295,000)        | (115,000)        | (2,600,000)      | (5,000)          | (3,295,000)      | -                | (6,310,000)       |
| Less: Refunded<br>Debt         | -                | -                | -                | -                | -                | -                | -                 |
| Ending Balance at<br>12/31/15  | \$12,480,000     | \$24,640,000     | \$5,545,000      | \$10,000         | \$17,530,000     | \$17,380,000     | \$77,585,000      |

The County's business-type activity, Pleasant Ridge Manor does not have any long-term debt. During 2015, Pleasant Ridge Manor repaid to the County 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 was repaid in 2015 using the proceeds from the sale of 88 bed licenses.

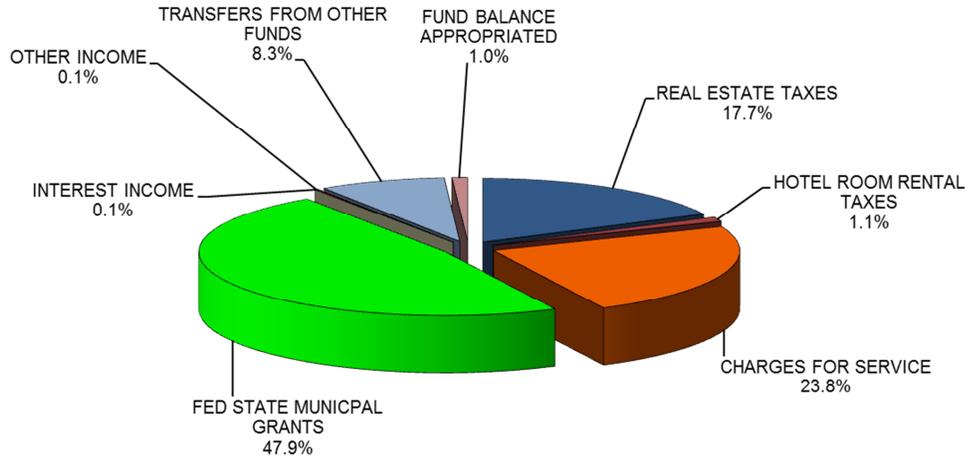
### **County Bond Rating**

During 2012, Standard & 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 July of 2015.

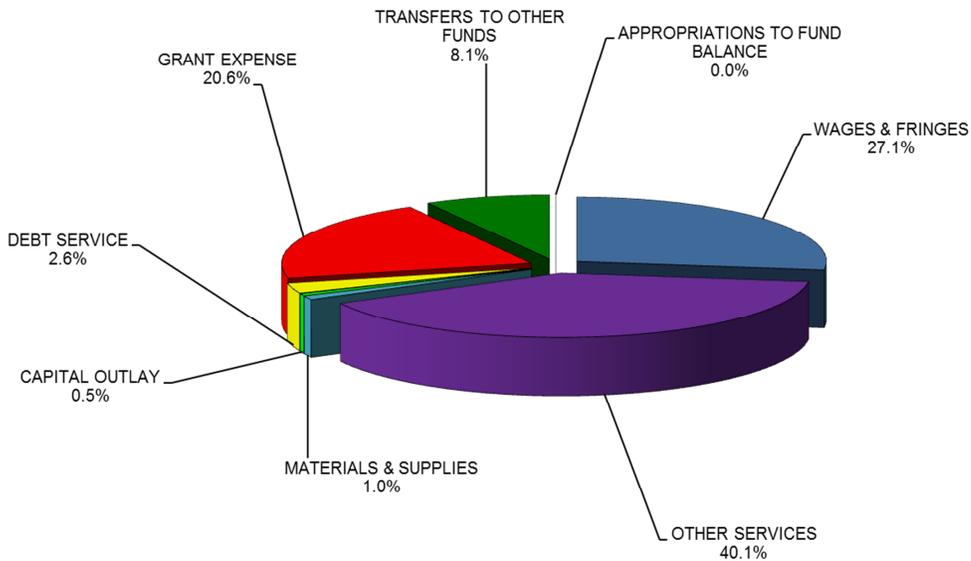
### **Economic Factors and Next Year's Budgets and Rates**

- 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 seven of the contracts and is in the process of negotiating the remaining union contract. 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 2015 expenditures were \$29,546,506 and the ending net position was \$2,566,970 or 8.7% of expenditures. The rates for 2016 were approved by the County's fringe benefit committee and affirmed by County Council.
- The County's annual required pension calculation (ARC) changed from \$4,291,535 in 2015 to \$4,321,221 in 2016, a \$29,686 increase. There are sufficient amounts budgeted in the governmental funds and the internal service fund to fully fund the ARC. The County transfers 1/12 of the ARC each month to the retirement fund.
- The Finance Department assigned \$1,279,231 of the General Fund Balance at the end of 2015 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. Additionally \$7,000,000 was assigned for the completion of the Public Radio Project.
- The Governor's proposed 2016-2017 state budget appears to have little impact on the level of County services. The Governor did propose a state tax hike that some legislators are stating they are not supporting. The County is concerned about another state budget impasse which could affect the level of County services provided and cause cash flow problems.
- 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. After six straight years without a tax increase, the County increased tax to 5.16 mills in 2016.
- The unemployment rate for the County for 2015 was 5.50%, the same rate as 2014.
- Building permits issued in 2015 slightly declined with those issued in 2014; 2,507 permits were issued in 2014 and 2,424 were issued in 2015.

**2016  
COUNTY OF ERIE FINAL BUDGET  
TOTAL REVENUE FOR ALL FUNDS  
\$ 410,290,790**



**2016 COUNTY OF ERIE ADMIN PROPOSED BUDGET  
TOTAL EXPENDITURES FOR ALL FUNDS  
\$ 410,946,790**



## **Requests for Information**

This financial report is designed to provide a general overview of the County'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, [eriecountypa.gov](http://eriecountypa.gov). The financial statements of Pleasant Ridge Manor and Pleasant Ridge Manor Pension Trust can be obtained from the administrative office at 8300 West Ridge Road, Girard, Pennsylvania 16417. The financial statements for Erie County Care Management can be requested from the fiscal office at 1527 Sassafras Street, Erie Pennsylvania.

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## **Basic Financial Statements**

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# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF NET POSITION

DECEMBER 31, 2015

| Assets  | Primary Government         |                             |               | Component Unit                          |
|---|----------------------------|-----------------------------|---------------|---|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total         | Erie County Gaming<br>Revenue Authority |
| <b>Current assets:</b>                          |                            |                             |               |   |
| Cash and cash equivalents                       | \$ 67,689,809              | \$ 158,061                  | \$ 67,847,870 | \$ 13,195,928                           |
| Investments                                     | 2,676,000                  | -                           | 2,676,000     | -                                       |
| Receivables, net                                | 76,631,959                 | 4,587,274                   | 81,219,233    | -                                       |
| Inventory                                       | -                          | 208,050                     | 208,050       | -                                       |
| Prepaid items                                   | 418,138                    | 107,820                     | 525,958       | 7,610                                   |
| Other   | -                          | 10,370                      | 10,370        | -                                       |
| Total current assets                            | 147,415,906                | 5,071,575                   | 152,487,481   | 13,203,538                              |
| <b>Noncurrent assets:</b>                       |                            |                             |               |   |
| Designated cash                                 | -                          | 1,090,763                   | 1,090,763     | -                                       |
| Designated investments                          | -                          | 439,633                     | 439,633       | -                                       |
| Other assets                                    | 362,563                    | -                           | 362,563       | -                                       |
| Advance to Redevelopment Authority              | 8,000,000                  | -                           | 8,000,000     | -                                       |
| Note receivable                                 | -                          | -                           | -             | 1,350,000                               |
| Capital assets not being depreciated            | 1,501,237                  | 150,490                     | 1,651,727     | -                                       |
| Capital assets, net of accumulated depreciation | 35,760,754                 | 5,547,010                   | 41,307,764    | -                                       |
| Total noncurrent assets                         | 45,624,554                 | 7,227,896                   | 52,852,450    | 1,350,000                               |
| <b>Total Assets</b>                             | 193,040,460                | 12,299,471                  | 205,339,931   | 14,553,538                              |
| <b>Deferred Outflows of Resources</b>           |                            |                             |               |   |
| Deferred outflows of resources for pension      | 13,490,965                 | 2,768,574                   | 16,259,539    | -                                       |
| <b>Liabilities</b>                              |                            |                             |               |   |
| <b>Current liabilities:</b>                     |                            |                             |               |   |
| Accounts payable                                | 40,868,387                 | 1,995,692                   | 42,864,079    | -                                       |
| Accrued liabilities                             | 4,812,770                  | 408,087                     | 5,220,857     | -                                       |
| Due to other taxing units                       | 4,587,823                  | -                           | 4,587,823     | -                                       |
| Unearned revenue                                | 4,078,200                  | -                           | 4,078,200     | -                                       |
| Accrued interest payable                        | 1,016,355                  | -                           | 1,016,355     | -                                       |
| Compensated absences                            | 43,642                     | 450,759                     | 494,401       | -                                       |
| Bonds payable                                   | 7,280,000                  | -                           | 7,280,000     | -                                       |
| Other liabilities                               | -                          | 10,370                      | 10,370        | -                                       |
| Total current liabilities                       | 62,687,177                 | 2,864,908                   | 65,552,085    | -                                       |
| <b>Noncurrent liabilities:</b>                  |                            |                             |               |   |
| Workers' compensation reserve payable           | -                          | 269,218                     | 269,218       | -                                       |
| Compensated absences                            | 1,558,907                  | -                           | 1,558,907     | -                                       |
| Bonds payable                                   | 73,857,555                 | -                           | 73,857,555    | -                                       |
| Net pension liability                           | 15,921,400                 | 3,824,562                   | 19,745,962    | -                                       |
| Other postemployment benefits                   | 21,445,054                 | -                           | 21,445,054    | -                                       |
| Total noncurrent liabilities                    | 112,782,916                | 4,093,780                   | 116,876,696   | -                                       |
| <b>Total Liabilities</b>                        | 175,470,093                | 6,958,688                   | 182,428,781   | -                                       |
| <b>Deferred Inflows of Resources</b>            |                            |                             |               |   |
| Deferred inflows of resources for pension       | 165,505                    | 667,164                     | 832,669       | -                                       |
| <b>Net Position</b>                             |                            |                             |               |   |
| Net investment in capital assets                | 122,636                    | 5,697,500                   | 5,820,136     | -                                       |
| <b>Restricted for:</b>                          |                            |                             |               |   |
| Economic development                            | 8,000,000                  | -                           | 8,000,000     | -                                       |
| Debt service                                    | 1,154,360                  | -                           | 1,154,360     | -                                       |
| Public health                                   | 68,477                     | -                           | 68,477        | -                                       |
| Library   | 138,058                    | -                           | 138,058       | -                                       |
| Liquid fuels                                    | 408,259                    | -                           | 408,259       | -                                       |
| Court and related offices                       | 1,195,525                  | -                           | 1,195,525     | -                                       |
| Community services                              | 20,938,738                 | -                           | 20,938,738    | -                                       |
| Unrestricted                                    | (1,130,226)                | 1,744,693                   | 614,467       | 14,553,538                              |
| <b>Total Net Position</b>                       | \$ 30,895,827              | \$ 7,442,193                | \$ 38,338,020 | \$ 14,553,538                           |

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

| Functions/Programs                   | Expenses              | Program Revenues        |  |  |
|--------------------------------------|-----------------------|-------------------------|--|--|
|                                      |                       | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| <b>Primary Government:</b>           |                       |                         |  |  |
| Governmental activities:             |                       |                         |  |  |
| General government                   | \$ 18,732,488         | \$ 3,577,888            | \$ 31,500                                | \$ -                                   |
| Courts and related offices           | 24,332,032            | 5,086,361               | 4,213,507                                | -                                      |
| Corrections                          | 37,881,454            | 2,385,331               | 8,939,570                                | -                                      |
| Community services                   | 197,977,072           | 17,956,735              | 173,921,511                              | -                                      |
| Public health                        | 6,180,815             | 544,118                 | 4,490,129                                | -                                      |
| Public works                         | 758,402               | -                       | 718,212                                  | -                                      |
| Library                              | 7,765,253             | 170,222                 | 1,453,929                                | -                                      |
| Other                                | 8,344                 | -                       | -  | -                                      |
| Interest                             | 2,504,632             | -                       | -  | -                                      |
| Total governmental activities        | 296,140,492           | 29,720,655              | 193,768,358                              | -                                      |
| Business-type activities:            |                       |                         |  |  |
| County owned hospital facility       | 33,084,061            | 30,754,422              | -  | -                                      |
| <b>Total primary government</b>      | <b>\$ 329,224,553</b> | <b>\$ 60,475,077</b>    | <b>\$ 193,768,358</b>                    | <b>\$ -</b>                            |
| Component unit:                      |                       |                         |  |  |
| Erie County Gaming Revenue Authority | \$ 5,003,139          | \$ 5,532,382            | \$ -                                     | \$ -                                   |

See accompanying notes to financial statements.

|   | Net (Expense) Revenue and Changes in Net Position |                             |                      | Component Unit<br>Erie County Gaming<br>Revenue Authority |
|---|---|-----------------------------|----------------------|---|
|   | Primary Government                                |                             | Total                |   |
|   | Governmental<br>Activities                        | Business-Type<br>Activities |                      |   |
|   | \$ (15,123,100)                                   | \$ -                        | \$ (15,123,100)      | \$ -  |
|   | (15,032,164)                                      | -                           | (15,032,164)         | -   |
|   | (26,556,553)                                      | -                           | (26,556,553)         | -   |
|   | (6,098,826)                                       | -                           | (6,098,826)          | -   |
|   | (1,146,568)                                       | -                           | (1,146,568)          | -   |
|   | (40,190)  | -                           | (40,190)             | -   |
|   | (6,141,102)                                       | -                           | (6,141,102)          | -   |
|   | (8,344)   | -                           | (8,344)              | -   |
|   | <u>(2,504,632)</u>                                | <u>-</u>                    | <u>(2,504,632)</u>   | <u>-</u>  |
|   | <u>(72,651,479)</u>                               | <u>-</u>                    | <u>(72,651,479)</u>  | <u>-</u>  |
|   | <u>-</u>  | <u>(2,329,639)</u>          | <u>(2,329,639)</u>   | <u>-</u>  |
|   | <u>(72,651,479)</u>                               | <u>(2,329,639)</u>          | <u>(74,981,118)</u>  | <u>-</u>  |
|   | <u>-</u>  | <u>-</u>                    | <u>-</u>             | <u>529,243</u>  |
| General revenues:                             |   |                             |                      |   |
| Taxes:  |   |                             |                      |   |
| Property                                      | 69,189,284  | -                           | 69,189,284           | -   |
| Hotel room                                    | 4,663,995   | -                           | 4,663,995            | -   |
| Interest income                               | 165,782   | 77,577                      | 243,359              | 70,144  |
| Other income                                  | 2,314,990   | 1,955,855                   | 4,270,845            | -   |
| Extraordinary item - loss on loan receivable  | (3,000,000)                                       | -                           | (3,000,000)          | -   |
| Transfers                                     | <u>(2,470,893)</u>                                | <u>2,470,893</u>            | <u>-</u>             | <u>-</u>  |
| Total general revenues and transfers          | <u>70,863,158</u>                                 | <u>4,504,325</u>            | <u>75,367,483</u>    | <u>70,144</u>   |
| <b>Change in Net Position</b>                 | <u>(1,788,321)</u>                                | <u>2,174,686</u>            | <u>386,365</u>       | <u>599,387</u>  |
| Net position - beginning of year, as restated | <u>32,684,148</u>                                 | <u>5,267,507</u>            | <u>37,951,655</u>    | <u>13,954,151</u>   |
| Net position - end of year                    | <u>\$ 30,895,827</u>                              | <u>\$ 7,442,193</u>         | <u>\$ 38,338,020</u> | <u>\$ 14,553,538</u>                                      |

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2015

| Assets  | General              | Mental Health/<br>Intellectual Disabilities | HealthChoices        |
|---|----------------------|---|----------------------|
| Cash and cash equivalents   | \$ 22,659,890        | \$ 213,361                                  | \$ 6,594,477         |
| Investments   | -                    | -   | 2,436,000            |
| Receivables, net  | 10,033,213           | 11,519,672                                  | 18,453,579           |
| Due from other funds  | 17,424,874           | 3,000                                       | 7,035                |
| Prepaid items   | 135,226              | -   | -                    |
| Other assets  | -                    | 56,596                                      | 6,272                |
| Advance to Redevelopment Authority  | 8,000,000            | -   | -                    |
| <b>Total Assets</b>   | <b>\$ 58,253,203</b> | <b>\$ 11,792,629</b>                        | <b>\$ 27,497,363</b> |
| <b>Liabilities, Deferred<br/>Inflows of Resources, and Fund Balance</b>       |                      |   |                      |
| <b>Liabilities:</b>   |                      |   |                      |
| Accounts payable  | \$ 2,489,666         | \$ 5,181,202                                | \$ 22,704,004        |
| Accrued liabilities   | 2,610,626            | 83,132                                      | 30,627               |
| Due to other funds  | 2,713,571            | 2,597,427                                   | 30,816               |
| Due to other taxing units   | -                    | -   | -                    |
| Unearned revenue  | 5,200                | 3,930,868                                   | -                    |
| Total Liabilities   | 7,819,063            | 11,792,629                                  | 22,765,447           |
| <b>Deferred Inflows of Resources:</b>   |                      |   |                      |
| Unavailable revenue - property taxes  | 4,821,102            | -   | -                    |
| <b>Fund Balance:</b>  |                      |   |                      |
| Nonspendable:   |                      |   |                      |
| Prepaid items   | 135,226              | -   | -                    |
| Restricted for:   |                      |   |                      |
| Judicial services   | 1,170,161            | -   | -                    |
| Child support enforcement   | -                    | -   | -                    |
| Road and bridges improvements   | -                    | -   | -                    |
| Public health services  | -                    | -   | -                    |
| Mental health services  | -                    | -   | 4,731,916            |
| Erie County Care Management   | -                    | -   | -                    |
| Library services  | -                    | -   | -                    |
| Emergency services  | -                    | -   | -                    |
| Land preservation   | -                    | -   | -                    |
| Community grants  | -                    | -   | -                    |
| Community redevelopment   | 251,277              | -   | -                    |
| Recycling   | -                    | -   | -                    |
| Economic Development Revolving loans  | 8,000,000            | -   | -                    |
| Public Safety radio project   | -                    | -   | -                    |
| Debt payments on general obligation bonds                                     | -                    | -   | -                    |
| Assigned for:   |                      |   |                      |
| Children and Youth Title IV-E litigation                                      | 1,279,231            | -   | -                    |
| Various capital projects  | -                    | -   | -                    |
| Public Safety radio project   | 7,000,000            | -   | -                    |
| Unassigned  | 27,777,143           | -   | -                    |
| Total Fund Balance  | 45,613,038           | -   | 4,731,916            |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balance</b> | <b>\$ 58,253,203</b> | <b>\$ 11,792,629</b>                        | <b>\$ 27,497,363</b> |

See accompanying notes to financial statements.

| Children and Youth   | Gaming               | Capital Projects     | Other Governmental Funds | Total Governmental Funds |
|----------------------|----------------------|----------------------|--------------------------|--------------------------|
| \$ 956,987           | \$ 2,664,977         | \$ 25,915,094        | \$ 8,685,023             | \$ 67,689,809            |
| -                    | -                    | -                    | 240,000                  | 2,676,000                |
| 19,175,531           | 8,781,929            | 6,047                | 8,661,988                | 76,631,959               |
| 57,201               | -                    | 365,026              | 712,165                  | 18,569,301               |
| -                    | -                    | -                    | 115,282                  | 250,508                  |
| 299,695              | -                    | -                    | -                        | 362,563                  |
| -                    | -                    | -                    | -                        | 8,000,000                |
| <u>\$ 20,489,414</u> | <u>\$ 11,446,906</u> | <u>\$ 26,286,167</u> | <u>\$ 18,414,458</u>     | <u>\$ 174,180,140</u>    |
| <br>                 |                      |                      |                          |                          |
| \$ 7,324,821         | \$ -                 | \$ 337,967           | \$ 2,394,900             | \$ 40,432,560            |
| 689,341              | -                    | -                    | 1,167,634                | 4,581,360                |
| 12,370,828           | -                    | -                    | 3,923,236                | 21,635,878               |
| -                    | 4,390,710            | -                    | 197,113                  | 4,587,823                |
| 104,424              | -                    | -                    | 37,708                   | 4,078,200                |
| <u>20,489,414</u>    | <u>4,390,710</u>     | <u>337,967</u>       | <u>7,720,591</u>         | <u>75,315,821</u>        |
| <br>                 |                      |                      |                          |                          |
| -                    | -                    | -                    | -                        | 4,821,102                |
| <br>                 |                      |                      |                          |                          |
| -                    | -                    | -                    | 115,282                  | 250,508                  |
| -                    | -                    | -                    | -                        | 1,170,161                |
| -                    | -                    | -                    | 25,364                   | 25,364                   |
| -                    | -                    | -                    | 1,903,053                | 1,903,053                |
| -                    | -                    | -                    | 64,702                   | 64,702                   |
| -                    | -                    | -                    | -                        | 4,731,916                |
| -                    | -                    | -                    | 4,240,044                | 4,240,044                |
| -                    | -                    | -                    | 138,058                  | 138,058                  |
| -                    | -                    | -                    | 1,809,379                | 1,809,379                |
| -                    | -                    | -                    | 708,118                  | 708,118                  |
| -                    | 7,056,196            | -                    | -                        | 7,056,196                |
| -                    | -                    | -                    | 414,299                  | 665,576                  |
| -                    | -                    | -                    | 121,208                  | 121,208                  |
| -                    | -                    | -                    | -                        | 8,000,000                |
| -                    | -                    | 19,040,174           | -                        | 19,040,174               |
| -                    | -                    | -                    | 1,154,360                | 1,154,360                |
| -                    | -                    | -                    | -                        | 1,279,231                |
| -                    | -                    | 6,908,026            | -                        | 6,908,026                |
| -                    | -                    | -                    | -                        | 7,000,000                |
| -                    | -                    | -                    | -                        | 27,777,143               |
| <u>-</u>             | <u>7,056,196</u>     | <u>25,948,200</u>    | <u>10,693,867</u>        | <u>94,043,217</u>        |
| <br>                 |                      |                      |                          |                          |
| <u>\$ 20,489,414</u> | <u>\$ 11,446,906</u> | <u>\$ 26,286,167</u> | <u>\$ 18,414,458</u>     | <u>\$ 174,180,140</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, 2015

**Total Fund Balance - Governmental Funds** \$ 94,043,217

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. 37,261,991

Certain long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. 4,821,102

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. 2,566,970

Other postemployment benefits are reflected on the statement of net position, but are not considered a current expenditure for the governmental fund statements. (21,445,054)

The net pension liability is reflected on the statement of net position, but is not considered a current expenditure for the governmental fund statements. (15,921,400)

Deferred outflows of resources for pension are recorded and amortized in the statement of net position. Additionally, deferred inflows of resources for pension are not recorded on the governmental fund financial statements. 13,325,460

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:

|                          |               |              |
|--------------------------|---------------|--------------|
| Bonds payable            | \$ 77,585,000 |              |
| Bond premium             | 3,817,003     |              |
| Bond discount            | (264,448)     |              |
| Compensated absences     | 1,602,549     |              |
| Accrued interest payable | 1,016,355     | (83,756,459) |
|                          |               |              |

**Total Net Position - Governmental Activities** \$ 30,895,827

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, 2015

|  | General       | Mental Health/<br>Intellectual Disabilities | HealthChoices |
|--|---------------|---|---------------|
| <b>Revenues:</b>   |               |   |               |
| Real estate taxes  | \$ 69,598,802 | \$ -  | \$ -          |
| Hotel tax  | 4,663,995     | -   | -             |
| Federal, state, and municipal grants                             | 3,406,779     | 26,129,801                                  | 83,736,091    |
| Charges for services   | 10,818,836    | -   | -             |
| Interest income  | 48,078        | 1,436                                       | 66,798        |
| Other income   | 121,080       | 121,174                                     | -             |
| Total revenues   | 88,657,570    | 26,252,411                                  | 83,802,889    |
| <b>Expenditures:</b>   |               |   |               |
| Current:   |               |   |               |
| General government   | 17,303,301    | -   | -             |
| Courts and related offices                                       | 18,236,394    | -   | -             |
| Corrections  | 25,439,503    | -   | -             |
| Community services   | 769,718       | 27,231,177                                  | 83,516,791    |
| Public health  | -             | -   | -             |
| Public works   | -             | -   | -             |
| Library  | -             | -   | -             |
| Other  | -             | -   | -             |
| Capital outlay   | 548,939       | 10,407                                      | 7,744         |
| Debt service:  |               |   |               |
| Bond issuance cost   | -             | -   | -             |
| Principal  | -             | -   | -             |
| Interest   | -             | -   | -             |
| Total expenditures   | 62,297,855    | 27,241,584                                  | 83,524,535    |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | 26,359,715    | (989,173)                                   | 278,354       |
| <b>Other Financing Sources (Uses):</b>                           |               |   |               |
| Issuance of general obligation bonds                             | -             | -   | -             |
| Premium on bond issuance   | -             | -   | -             |
| Transfers in   | 1,461,940     | 989,173                                     | -             |
| Transfers out  | (27,111,732)  | -   | -             |
| Total other financing sources (uses)                             | (25,649,792)  | 989,173                                     | -             |
| <b>Extraordinary Items:</b>                                      |               |   |               |
| Loss on loan receivable  | (3,000,000)   | -   | -             |
| <b>Net Change in Fund Balance</b>                                | (2,290,077)   | -   | 278,354       |
| <b>Fund Balance:</b>   |               |   |               |
| Beginning of year  | 47,903,115    | -   | 4,453,562     |
| End of year  | \$ 45,613,038 | \$ -  | \$ 4,731,916  |

See accompanying notes to financial statements.

| Children and Youth | Gaming              | Capital Projects     | Other Governmental Funds | Total Governmental Funds |
|--------------------|---------------------|----------------------|--------------------------|--------------------------|
| \$ -               | \$ -                | \$ -                 | \$ -                     | \$ 69,598,802            |
| -                  | -                   | -                    | -                        | 4,663,995                |
| 53,522,766         | -                   | -                    | 26,972,921               | 193,768,358              |
| 718,134            | 11,011,921          | -                    | 7,171,764                | 29,720,655               |
| 138                | 6,559               | 36,830               | 5,943                    | 165,782                  |
| -                  | 66,000              | 1,898,293            | 108,443                  | 2,314,990                |
| <u>54,241,038</u>  | <u>11,084,480</u>   | <u>1,935,123</u>     | <u>34,259,071</u>        | <u>300,232,582</u>       |
| -                  | -                   | -                    | -                        | 17,303,301               |
| -                  | -                   | -                    | 4,858,042                | 23,094,436               |
| 10,244,485         | -                   | -                    | -                        | 35,683,988               |
| 52,835,300         | 7,298,279           | -                    | 24,364,455               | 196,015,720              |
| -                  | -                   | -                    | 5,974,006                | 5,974,006                |
| -                  | -                   | -                    | 758,402                  | 758,402                  |
| -                  | -                   | -                    | 6,242,774                | 6,242,774                |
| -                  | -                   | -                    | 8,344                    | 8,344                    |
| 26,892             | -                   | 1,679,443            | 340,732                  | 2,614,157                |
| -                  | -                   | -                    | 109,037                  | 109,037                  |
| -                  | -                   | -                    | 6,310,000                | 6,310,000                |
| -                  | -                   | -                    | 2,671,838                | 2,671,838                |
| <u>63,106,677</u>  | <u>7,298,279</u>    | <u>1,679,443</u>     | <u>51,637,630</u>        | <u>296,786,003</u>       |
| <u>(8,865,639)</u> | <u>3,786,201</u>    | <u>255,680</u>       | <u>(17,378,559)</u>      | <u>3,446,579</u>         |
| -                  | -                   | -                    | 17,380,000               | 17,380,000               |
| -                  | -                   | -                    | 2,136,354                | 2,136,354                |
| 8,997,639          | -                   | 19,407,316           | 17,735,459               | 48,591,527               |
| (132,000)          | (3,576,982)         | -                    | (20,241,706)             | (51,062,420)             |
| <u>8,865,639</u>   | <u>(3,576,982)</u>  | <u>19,407,316</u>    | <u>17,010,107</u>        | <u>17,045,461</u>        |
| -                  | -                   | -                    | -                        | (3,000,000)              |
| -                  | 209,219             | 19,662,996           | (368,452)                | 17,492,040               |
| -                  | 6,846,977           | 6,285,204            | 11,062,319               | 76,551,177               |
| <u>\$ -</u>        | <u>\$ 7,056,196</u> | <u>\$ 25,948,200</u> | <u>\$ 10,693,867</u>     | <u>\$ 94,043,217</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, 2015

**Net Change in Fund Balance - Governmental Funds** \$ 17,492,040

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 |    | 8,880   |         |
| Vehicles                  |    | 315,371 |         |
| Furniture and equipment   |    | 386,494 | 710,745 |
|                           |    |         |         |

Depreciation expense of governmental capital assets is included in the governmental activities on the statement of activities. (4,211,590)

The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, or donations) is to decrease net position. (554,167)

Bond and lease proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position:

|                                 |  |              |              |
|---------------------------------|--|--------------|--------------|
|                                 |  |              |              |
| Bond proceeds                   |  | (17,380,000) |              |
| Premium related to debt service |  | (2,136,354)  | (19,516,354) |
|                                 |  |              |              |

Other postemployment benefits are reflected on the statement of net position but are not considered a current expenditure for the fund statements. (779,102)

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        |  | 6,310,000 |           |
| Change in compensated absences |  | 23,239    | 6,333,239 |
|                                |  |           |           |

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 |  | (409,518) |           |
| Change in accrued interest  |  | (162,575) | (572,093) |
|                             |  |           |           |

Some pension 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 governmental funds. (1,835,873)

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  |  | 357,200  |         |
| Bond discount |  | (27,419) | 329,781 |
|               |  |          |         |

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. 815,053

**Change in Net Position of Governmental Activities** \$ (1,788,321)

See accompanying notes to financial statements.

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# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2015

|  | Business-Type<br>Activities<br>Enterprise Fund<br>Pleasant Ridge Manor | Governmental<br>Activities<br>Internal Service Funds |
|--|--|--|
| <b>Assets and Deferred Outflows of Resources:</b>      |  |  |
| <hr/>  |  |  |
| Assets:  |  |  |
| <hr/>  |  |  |
| Current assets:  |  |  |
| Cash and cash equivalents                              | \$ 158,061   | \$ -   |
| Receivables:   |  |  |
| Resident receivables (net of allowance of \$371,900)   | 4,586,964  | -  |
| Amounts due from third party payers                    | 310  | -  |
| Due from other funds                                   | -  | 3,066,577  |
| Inventories  | 208,050  | -  |
| Other assets   | 10,370   | -  |
| Prepaid expenses                                       | 107,820  | 167,630  |
| Total current assets                                   | 5,071,575  | 3,234,207  |
| Noncurrent assets:                                     |  |  |
| Designated assets:                                     |  |  |
| Designated cash and cash equivalents:                  |  |  |
| Health Insurance Fund                                  | 25,642   | -  |
| Dental Insurance Fund                                  | 745  | -  |
| Workers' Compensation Fund                             | 3,471  | -  |
| Depreciation Reserve Fund                              | 1,060,905  | -  |
| Designated investment:                                 |  |  |
| Workers' Compensation Fund                             | 439,633  | -  |
| Total designated assets                                | 1,530,396  | -  |
| Capital assets, not being depreciated                  | 150,490  | -  |
| Capital assets, net of accumulated depreciation        | 5,547,010  | -  |
| Total noncurrent assets                                | 7,227,896  | -  |
| Total Assets   | 12,299,471   | 3,234,207  |
| <hr/>  |  |  |
| Deferred Outflows of Resources:                        |  |  |
| Deferred outflows of resources for pension             | 2,768,574  | -  |
| <b>Total Assets and Deferred Outflows of Resources</b> | <b>\$ 15,068,045</b>   | <b>\$ 3,234,207</b>                                  |

(Continued)

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2015

(Continued)

|   | Business-Type<br>Activities<br>Enterprise Fund<br>Pleasant Ridge Manor | Governmental<br>Activities<br>Internal Service Funds |
|---|--|--|
| <b>Liabilities, Deferred Inflows of Resources, and Net Position</b>       |  |  |
| <b>Liabilities:</b>   |  |  |
| Current liabilities:  |  |  |
| Accounts payable  | \$ 1,662,537   | \$ -   |
| Medical claims payable  | 333,155  | 435,827  |
| Accrued liabilities   | -  | 231,410  |
| Accrued payroll and related taxes   | 408,087  | -  |
| Compensated absences  | 450,759  | -  |
| Other liabilities   | 10,370   | -  |
| Total current liabilities   | 2,864,908  | 667,237  |
| Noncurrent liabilities:   |  |  |
| Workers' compensation reserve payable                                     | 269,218  | -  |
| Net pension liability   | 3,824,562  | -  |
| Total noncurrent liabilities  | 4,093,780  | -  |
| Total Liabilities   | 6,958,688  | 667,237  |
| <b>Deferred Inflows of Resources:</b>                                     |  |  |
| Deferred inflows of resources for pension                                 | 667,164  | -  |
| <b>Net Position:</b>  |  |  |
| Net investment in capital assets  | 5,697,500  | -  |
| Unrestricted  | 1,744,693  | 2,566,970  |
| Total Net Position  | 7,442,193  | 2,566,970  |
| <b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b> | \$ 15,068,045  | \$ 3,234,207   |

(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, 2015

|  | Business-Type<br>Activities<br>Enterprise Fund<br><u>Pleasant Ridge Manor</u> | Governmental<br>Activities<br><u>Internal Service Funds</u> |
|--|---|---|
|  | <b>Operating Revenues:</b>  |   |
| Net resident service revenue                             | \$ 30,616,110   | \$ -  |
| Other operating revenue                                  | 138,312   | -   |
| Employer contributions                                   | -   | 29,506,854  |
| Employee contributions                                   | -   | 854,705   |
| Total operating revenues                                 | <u>30,754,422</u>   | <u>30,361,559</u>   |
| <b>Operating Expenses:</b>                               |   |   |
| Administration   | 1,693,607   | -   |
| Professional services                                    | 145,383   | -   |
| Therapy  | 1,328,160   | -   |
| General services   | 1,435,633   | -   |
| Pharmacy   | 1,964,279   | -   |
| Nursing  | 9,471,911   | -   |
| Dietary service  | 2,841,279   | -   |
| Maintenance  | 787,499   | -   |
| Laundry services   | 602,880   | -   |
| Housekeeping   | 997,987   | -   |
| Security   | 138,785   | -   |
| Utilities  | 712,381   | -   |
| General liability insurance                              | 161,708   | -   |
| Depreciation   | 775,452   | -   |
| Benefits expense   | 10,027,117  | 8,125,622   |
| Insurance premiums                                       | -   | 735,841   |
| Claim payments   | -   | 20,685,043  |
| Total operating expenses                                 | <u>33,084,061</u>   | <u>29,546,506</u>   |
| <b>Operating Income (Loss)</b>                           | <u>(2,329,639)</u>  | <u>815,053</u>  |
| <b>Nonoperating Revenues (Expenses):</b>                 |   |   |
| Loss on disposal of capital asset                        | (168,581)   | -   |
| Interest income  | 2,912   | -   |
| Dividend on stocks                                       | 91,738  | -   |
| Donated capital equipment                                | 12,436  | -   |
| Sale of bed licenses                                     | 2,112,000   | -   |
| Bank fees  | (17,073)  | -   |
| Total nonoperating revenues (expenses), before transfers | <u>2,033,432</u>  | <u>-</u>  |
| Transfers in   | <u>2,470,893</u>  | <u>-</u>  |
| <b>Change in Net Position</b>                            | <u>2,174,686</u>  | <u>815,053</u>  |
| <b>Net Position:</b>                                     |   |   |
| Beginning of year, as restated                           | <u>5,267,507</u>  | <u>1,751,917</u>  |
| End of year  | <u>\$ 7,442,193</u>   | <u>\$ 2,566,970</u>   |

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2015

|  | Business-Type<br>Activities<br>Enterprise Fund<br>Pleasant Ridge Manor | Governmental<br>Activities<br>Internal Service Funds |
|--|--|--|
| <b>Cash Flows From Operating Activities:</b>   |  |  |
| Receipts from patient services   | \$ 30,105,482  | \$ -   |
| Receipts from miscellaneous sources  | 138,312  | -  |
| Cash received from users   | -  | 30,631,559   |
| Payment to employees   | (16,090,114)   | -  |
| Payment for employees benefits   | (9,893,696)  | (30,631,559)   |
| Payment to suppliers and operations  | (6,992,910)  | -  |
| Net cash provided by (used in) operating activities  | (2,732,926)  | -  |
| <b>Cash Flows From Noncapital Financing Activities:</b>  |  |  |
| Transfers from other funds   | 2,470,893  | -  |
| <b>Cash Flows From Capital and Related Financing Activities:</b>   |  |  |
| Bank fees  | (17,073)   | -  |
| Acquisition, constructing, and improvement of capital assets   | (286,290)  | -  |
| County loan repayment from capital depreciation fund   | (1,912,000)  | -  |
| Sale of bed licenses   | 2,112,000  | -  |
| Net cash provided by (used in) capital and related financing activities                                  | (103,363)  | -  |
| <b>Cash Flows From Investing Activities:</b>   |  |  |
| Sale of investments  | 127,267  | -  |
| Dividends on stock   | 91,738   | -  |
| Interest   | 2,923  | -  |
| Net cash provided by (used in) investing activities  | 221,928  | -  |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | (143,468)  | -  |
| <b>Cash and Cash Equivalents:</b>  |  |  |
| Beginning of year  | 1,392,292  | -  |
| End of year  | \$ 1,248,824   | \$ -   |
| Consists of:   |  |  |
| Cash and cash equivalents  | \$ 158,061   | \$ -   |
| Designated cash and cash equivalents   | 1,090,763  | -  |
|  | \$ 1,248,824   | \$ -   |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b> |  |  |
| Operating income (loss)  | \$ (2,329,639)   | \$ 815,053   |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |  |  |
| Depreciation   | 775,452  | -  |
| Pension (income) expense   | (772,162)  | -  |
| Change in operating assets and liabilities:  |  |  |
| Resident receivables   | (524,673)  | -  |
| Amount due from third party payers   | 14,045   | -  |
| Due from other funds   | -  | (709,345)  |
| Inventories  | 69,115   | -  |
| Prepaid expenses   | 32,486   | (2,803)  |
| Accounts payable   | (74,713)   | -  |
| Medical claims payable   | 121,965  | (78,793)   |
| Accrued liabilities  | -  | (24,112)   |
| Accrued payroll and related taxes  | (31,922)   | -  |
| Compensated absences   | (24,336)   | -  |
| Workers' compensation reserve payable  | 11,456   | -  |
| Total adjustments  | (403,287)  | (815,053)  |
| Net cash provided by (used in) operating activities  | \$ (2,732,926)   | \$ -   |
| <b>Schedule of Non-cash Capital and Related Financing Activities:</b>                                    |  |  |
| Donated capital equipment  | \$ 12,436  | \$ -   |

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2015

| <b>Assets</b>                               | Pension Trust * | Agency Funds |
|---|-----------------|--------------|
| Cash and cash equivalents                   | \$ 5,901,813    | \$ 5,199,756 |
| Investments (at fair value):                |                 |              |
| U.S. Government Securities - Treasury Bonds | 27,692,362      | -            |
| U.S. Government Securities - Agency Bonds   | 116,424         | -            |
| Corporate debt obligations                  | 33,363,209      | -            |
| Other fixed income                          | 4,707,211       | -            |
| Municipal bonds                             | -               | 2,171,007    |
| Mutual funds - fixed income                 | 13,243,772      | -            |
| Mutual funds - equity                       | 52,585,106      | -            |
| Property trust                              | 16,565,399      | -            |
| International equity                        | 11,460,166      | -            |
| Equity fund                                 | 510,111         | -            |
| Common stock                                | 63,996,225      | -            |
| Total investments                           | 224,239,985     | 2,171,007    |
| Receivables:                                |                 |              |
| Property taxes receivable                   | -               | 11,455,369   |
| Interest and other receivables              | 536,812         | 31,490       |
| Total receivables                           | 536,812         | 11,486,859   |
| <b>Total Assets</b>                         | 230,678,610     | 18,857,622   |
| <b>Liabilities</b>                          |                 |              |
| Accounts payable                            | -               | 7,402,253    |
| Due to other governmental units             | -               | 11,455,369   |
| <b>Total Liabilities</b>                    | -               | 18,857,622   |
| <b>Net Position</b>                         |                 |              |
| <b>Restricted for Pension Benefits</b>      | \$ 230,678,610  | \$ -         |

\* Represents assets, liabilities, and net position of the Erie County Employees Retirement System only.

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2015

### Additions:

|   |              |
|---|--------------|
| Contributions:                                |              |
| Employee                                      | \$ 3,057,133 |
| Employer                                      | 4,341,227    |
|   | <hr/>        |
| Total contributions                           | 7,398,360    |
|   | <hr/>        |
| Investment income:                            |              |
| Net depreciation in fair value of investments | (4,761,561)  |
| Interest                                      | 965,813      |
| Dividends                                     | 5,190,709    |
|   | <hr/>        |
| Total investment income                       | 1,394,961    |
|   | <hr/>        |
| Less investment expense                       | 835,385      |
|   | <hr/>        |
| Net investment income                         | 559,576      |
|   | <hr/>        |
| Miscellaneous income                          | 70,548       |
|   | <hr/>        |
| Total additions                               | 8,028,484    |
|   | <hr/>        |

### Deductions:

|                         |            |
|-------------------------|------------|
| Pension benefits        | 13,181,164 |
| Refund of contributions | 368,013    |
| Death benefits          | 57,435     |
| Administrative expense  | 197,913    |
|                         | <hr/>      |
| Total deductions        | 13,804,525 |
|                         | <hr/>      |

**Change in Net Position** (5,776,041)

### Net Position Restricted for Pension Benefits:

|                   |                |
|-------------------|----------------|
| Beginning of year | 236,454,651    |
|                   | <hr/>          |
| End of year       | \$ 230,678,610 |
|                   | <hr/> <hr/>    |

See accompanying notes to financial statements.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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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 the County Executive with the advice and consent of Council. All agreements and budgets are to be approved by the primary government. Legal liability for the Corporation's debt remains with the primary government. The Corporation is reported as a non-major Special Revenue Fund. Complete financial statements can be obtained from the administrative office at 1601 Sassafras Street, Erie, PA 16502.

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

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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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 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. The Authority's financial statements for the year ended March 31, 2015 are included in this report. 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 statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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### 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.

### 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

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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- 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 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.

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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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 *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.

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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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.

### Designated Cash

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

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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### 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.

### 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 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.

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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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 Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category in conjunction with pension accounting requirements. The net difference between projected and actual earnings on pension plan investments is recorded as deferred outflows of resources related to pensions on the government-wide financial statements and the proprietary fund statement of net position. This amount is determined based on an actuarial valuations performed for the plan. Note 6 presents additional information about the pension plan.

In addition to liabilities, the statement of net position and/or the balance sheet 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 and/or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category:

Unavailable revenue is reported only on the balance sheet and represents property taxes which will not be collected within the available period. This amount will be recognized as an inflow of resources in the period the amounts become available.

In conjunction with pension accounting requirements, the difference between expected and actual experience and changes in assumption is recorded as a deferred inflow of resources related to pensions on the government-wide financial statements and the proprietary fund statement of net position. This amount is determined based on the actuarial valuation performed for the pension plan.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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### 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.

### 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<br/>at Retirement</u> | <u>Percentage of Sick<br/>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<br>(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 compensatory status of ten or more working days. Any employee who is laid off, discharged, retired, or otherwise

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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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 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 straight-line method, which approximates 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.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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### Other Income

In August of 2008, the County issued \$22,055,000 in bonds to match federal, state, and Erie Regional Airport Authority (ERAA) funds to expand and rehabilitate the airport runway and to renovate the County Domestic Relations offices. The County and ERAA entered into a memorandum of understanding that stated upon completion any funds remaining would be allocated with 75% going to the County and 25% to ERAA. The project was completed and in November of 2015, \$1,898,293 was returned to the County by ERAA as part of the \$5 million retained by the County. These funds are shown as other income in the Statement of Activities and the Capital Projects fund statements.

### 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.

### Fund Balance

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 and debt agreements.

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

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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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 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.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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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 2015 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*." These Statements establish new financial reporting requirements for most governments that provide their employees with pension benefits (see Note 6). As a result of this implementation, the government-wide net position for governmental activities as of January 1, 2015 was restated with a decrease of \$899,948 to record the County's net pension liability. Additionally, the business-type activities net position was restated with a decrease of \$2,798,146 to record PRM's net pension liability.

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. The County has no mergers, acquisitions, or operations that have been transferred or sold to report.

### 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. 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.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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GASB Statement No. 73, “*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,*” effective for fiscal years beginning after June 15, 2015 (the County’s financial statements for the year ending December 31, 2016) – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (the County’s financial statements for the year ending December 31, 2017). This Statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by Statements No. 67 and 68).

GASB Statement No. 74, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,*” effective for fiscal years beginning after June 15, 2016 (the County’s financial statements for the year ending December 31, 2017). This Statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This Statement replaces Statement No. 43.

GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,*” effective for fiscal years beginning after June 15, 2017 (the County’s financial statements for the year ending December 31, 2018). This Statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This Statement replaces the requirements of Statement No. 45.

GASB Statement No. 76, “*Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,*” effective for fiscal years beginning after June 15, 2015 (the County’s financial statements for the year ending December 31, 2016). This Statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55.

GASB Statement No. 77, “*Tax Abatement Disclosures,*” effective for fiscal years beginning after December 15, 2015 (the County’s financial statements for the year ending December 31, 2016). This Statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government’s finances.

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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GASB Statement No. 78, *“Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,”* effective for fiscal years beginning after December 31, 2015 (the County’s financial statements for the year ending December 31, 2016). This Statement addresses a practice issue regarding the scope and applicability of Statement No. 68, *“Accounting and Financial Reporting for Pensions.”* The issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local government employers whose employees are provided with such pensions.

GASB Statement No. 79, *“Certain External Investment Pools and Pool Participants,”* 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 reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for the election to measure all of its investments at amortized cost for financial reporting purposes.

GASB Statement No. 80, *“Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14,”* effective for fiscal years beginning after June 15, 2016 (the County’s financial statements for the year ending December 31, 2017). The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 81, *“Irrevocable Split-Interest Agreement,”* effective for fiscal years beginning after December 31, 2016 (the County’s financial statements for the year ending December 31, 2017). The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *“Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73,”* effective for fiscal years beginning after June 15, 2016 (the County’s financial statements for the year ending December 31, 2017). The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *“Financial Reporting for Pension Plans,”* No. 68, *“Accounting and Financial Reporting for Pensions,”* and No. 73, *“Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.”*

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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### 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.

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.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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### 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, 2015, the County's deposits, excluding the pension trust fund and discretely presented component unit, are as follows:

| <u>Primary Government</u>      | <u>Bank</u>          | <u>Book</u>          |
|--------------------------------|----------------------|----------------------|
| Governmental activities:       |                      |                      |
| Unrestricted cash:             |                      |                      |
| Cash and cash equivalents      | <u>\$ 68,848,252</u> | <u>\$ 67,689,809</u> |
| Business-type activities:      |                      |                      |
| Unrestricted cash:             |                      |                      |
| Cash and cash equivalents      | 336,054              | 158,061              |
| Designated cash                | <u>1,094,443</u>     | <u>1,090,763</u>     |
| Total business-type activities | <u>1,430,497</u>     | <u>1,248,824</u>     |
| Total primary government       | <u>\$ 70,278,749</u> | <u>\$ 68,938,633</u> |

*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, 2015, \$1,705,296 of the County's \$70,278,749 bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). Of the remaining bank balance, \$62,885,829 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 \$5,687,624 is uncollateralized and uninsured. These deposits have carrying amounts of \$68,938,633 as of December 31, 2015.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

### Investments

As of December 31, 2015, the County had the following investments:

| Investment Type                 | Investment Maturities (in Years) |                   |             |             |              |
|---------------------------------|----------------------------------|-------------------|-------------|-------------|--------------|
|                                 | Fair Value                       | Less Than 1       | 1-5         | 6-10        | More Than 10 |
| <u>Governmental activities</u>  |                                  |                   |             |             |              |
| Debt securities:                |                                  |                   |             |             |              |
| U.S. Treasury Notes             | \$ 153,174                       | \$ -              | \$ 153,174  | \$ -        | \$ -         |
| Municipal bonds                 | 627,728                          | 50,750            | 368,654     | 208,324     | -            |
| Certificates of deposit         | 1,655,098                        | 100,244           | 1,150,762   | 404,092     | -            |
| Total debt securities           | 2,436,000                        | 150,994           | 1,672,590   | 612,416     | -            |
| Other investments               | 240,000                          |                   |             |             |              |
| Total                           | <u>\$ 2,676,000</u>              |                   |             |             |              |
| <u>Business-type activities</u> |                                  |                   |             |             |              |
| U.S. Treasury Notes             | <u>\$ 439,633</u>                | <u>\$ 439,633</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u>  |

*Custodial Credit Risk* – For certificates of 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, 2015, the full bank balance of all of the County’s certificates of deposits was insured by FDIC.

### Erie County Care Management, Inc. (Corporation)

During the year ended December 31, 2015, the Corporation made an investment in Synap, Inc., a software company that is in the process of developing comprehensive cloud based software named Synap Solution. As an investor, the Corporation will receive a perpetual license in Synap Solution, once it is developed, at no annual fee. The Corporation’s valuation in Synap, Inc. at December 31, 2015 is based on the Corporation’s cost to purchase the investment totaling \$225,000. The Corporation also holds an investment in Class A voting common stock and Class B non-voting common stock of Rehabilitation and Community Providers Services Organization, Inc. (RCPSO), a private Pennsylvania business corporation. The Corporation’s valuation in RCPSO at December 31, 2015 is based on the Corporation’s cost to purchase the investment totaling \$15,000. These investments are treated as other investments for a total of \$240,000 at December 31, 2015.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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The following is a description of the County's investment risks:

*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 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, 2015, the County's entire investment balance of \$3,115,633 (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.

*Credit Risk* - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk.

As of December 31, 2015, the County's investments in debt securities have received the following ratings from Standard and Poor's:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

### Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total County Debt Securities

| <u>Standard and Poor's Rating</u> | <u>Percentage of Total<br/>County Debt Securities</u> |
|-----------------------------------|---|
| AAA                               | 48.57%  |
| AA                                | 30.46%  |
| A                                 | 20.97%  |
|                                   | <u>100.00%</u>  |

### 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, 2015, the County had the following debt investments and maturities within the agency funds:

| <u>Investment Type</u>      | <u>Fair Value</u>   | <u>Investment Maturities from December 31, 2015</u> |                      |                       |
|-----------------------------|---------------------|---|----------------------|-----------------------|
|                             |                     | <u>Less than<br/>1 year</u>                         | <u>1-5<br/>years</u> | <u>6-10<br/>years</u> |
| U.S. Government Securities  | \$ 1,110,292        | <u>\$ 201,008</u>                                   | <u>\$ 909,284</u>    | <u>\$ -</u>           |
| Mutual funds - fixed income | 474,083             |   |                      |                       |
| Exchange-traded funds       | <u>586,632</u>      |   |                      |                       |
| Total                       | <u>\$ 2,171,007</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

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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, 2015, the County had the following cash, cash equivalents, and investments in its Pension Trust Fund:

| Cash or<br>Investment Type   | Fair<br>Market Value         | Investment Maturities from December 31, 2015 |                      |                      |                       |
|--|------------------------------|--|----------------------|----------------------|-----------------------|
|  |                              | Less than<br>1 year                          | 1-5<br>years         | 6-10<br>years        | More than<br>10 years |
| U.S. Government Securities   | \$ 27,808,786                | \$ 521,078                                   | \$ 14,210,581        | \$ 13,004,342        | \$ 72,785             |
| Corporate debt obligations   | 33,363,209                   | 1,174,584                                    | 24,524,115           | 7,009,414            | 655,096               |
| Other fixed income   | 4,707,211                    | -  | 4,707,211            | -                    | -                     |
| Total debt securities  | <u>65,879,206</u>            | <u>\$ 1,695,662</u>                          | <u>\$ 43,441,907</u> | <u>\$ 20,013,756</u> | <u>\$ 727,881</u>     |
| Cash and cash equivalents  | 5,901,813                    |  |                      |                      |                       |
| Mutual funds - fixed income  | 13,243,772                   |  |                      |                      |                       |
| Mutual funds - equity  | 52,585,106                   |  |                      |                      |                       |
| Property trust   | 16,565,399                   |  |                      |                      |                       |
| International equity   | 11,460,166                   |  |                      |                      |                       |
| Equity fund  | 510,111                      |  |                      |                      |                       |
| Common stock   | <u>63,996,225</u>            |  |                      |                      |                       |
| Total other investments  | <u>164,262,592</u>           |  |                      |                      |                       |
| <b>Total Pension Trust Funds cash,<br/>cash equivalents, and investments<br/>reported on statement of fiduciary<br/>net position</b> | <u><u>\$ 230,141,798</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, 2015, the County's entire pension cash, cash equivalents, and investment balance of \$230,141,798 (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.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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*Interest Rate Risk* – As a means of limiting its exposure to fair value losses arising from rising interest rates, the County’s investment policy is to invest funds to achieve a positive rate of return over the long-term, sufficient to meet the Plan’s actuarial interest rate and provide for the payment of benefit obligations and expenses in perpetuity in and secure and prudent fashion. 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, 2015, 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<br/>Trust Fund Debt Securities</u> |
|-----------------------|---|
| Aaa                   | 48.34%  |
| Aa1                   | 0.51%   |
| Aa2                   | 0.32%   |
| Aa3                   | 0.62%   |
| Other                 | 50.21%  |
|                       | <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, 2015, \$13,135,344 of the Authority’s bank balance of \$13,385,344 was

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

collateralized with securities held by the pledging financial institution and \$250,000 was covered by FDIC insurance.

### 3. RECEIVABLES

Receivables as of December 31, 2015 for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

|                                    | General Fund  | Mental Health/<br>Intellectual<br>Disabilities | HealthChoices | Children and<br>Youth |
|------------------------------------|---------------|--|---------------|-----------------------|
| Interest                           | \$ 1,743      | \$ -   | \$ 29,977     | \$ -                  |
| Taxes                              | 8,569,278     | -  | -             | -                     |
| Federal and state grants           | -             | 11,272,517                                     | 18,423,602    | 19,175,531            |
| Other                              | 3,226,202     | 247,155  | -             | -                     |
|                                    | 11,797,223    | 11,519,672                                     | 18,453,579    | 19,175,531            |
| Gross receivables                  | 11,797,223    | 11,519,672                                     | 18,453,579    | 19,175,531            |
| Less: allowance for uncollectibles | (1,764,010)   | -  | -             | -                     |
|                                    | \$ 10,033,213 | \$ 11,519,672                                  | \$ 18,453,579 | \$ 19,175,531         |

|                                    | Gaming       | Capital<br>Projects | Other Non-<br>Major Funds | Total         |
|------------------------------------|--------------|---------------------|---------------------------|---------------|
| Interest                           | \$ 509       | \$ 6,047            | \$ 115                    | \$ 38,391     |
| Taxes                              | -            | -                   | -                         | 8,569,278     |
| Federal and state grants           | -            | -                   | 7,182,143                 | 56,053,793    |
| Other                              | 8,781,420    | -                   | 1,479,730                 | 13,734,507    |
|                                    | 8,781,929    | 6,047               | 8,661,988                 | 78,395,969    |
| Gross receivables                  | 8,781,929    | 6,047               | 8,661,988                 | 78,395,969    |
| Less: allowance for uncollectibles | -            | -                   | -                         | (1,764,010)   |
|                                    | \$ 8,781,929 | \$ 6,047            | \$ 8,661,988              | \$ 76,631,959 |

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, 2015, 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, 2015

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|   | <u>Deferred Inflows</u> | <u>Unearned</u>     |
|---|-------------------------|---------------------|
| Delinquent property taxes receivable                              | \$ 4,821,102            | \$ -                |
| Grant draw downs prior to meeting<br>all eligibility requirements | -                       | 4,078,200           |
|   | <u>\$ 4,821,102</u>     | <u>\$ 4,078,200</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 2015 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, 2015 assessed real estate taxes equaled \$68,998,675 based on a total County valuation of \$13,995,666,765. Based on the 2015 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, 2015

### 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

|  | December 31,<br>2014 | Additions      | Deletions    | December 31,<br>2015 |
|--|----------------------|----------------|--------------|----------------------|
| 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              | 95,147,783           | 8,880          | (968,648)    | 94,188,015           |
| Vehicles                               | 2,488,050            | 315,371        | (75,613)     | 2,727,808            |
| Furniture and equipment                | 19,656,647           | 386,494        | (2,417,267)  | 17,625,874           |
| Total capital assets, depreciated      | 117,292,480          | 710,745        | (3,461,528)  | 114,541,697          |
| Less accumulated depreciation:         |                      |                |              |                      |
| Building and improvements              | (57,400,881)         | (3,578,174)    | 764,306      | (60,214,749)         |
| Vehicles                               | (1,864,494)          | (189,847)      | 75,611       | (1,978,730)          |
| Furniture and equipment                | (18,211,339)         | (443,569)      | 2,067,444    | (16,587,464)         |
| Total accumulated depreciation         | (77,476,714)         | (4,211,590)    | 2,907,361    | (78,780,943)         |
| Total capital assets, depreciated, net | 39,815,766           | (3,500,845)    | (554,167)    | 35,760,754           |
| Total capital assets, net              | \$ 41,317,003        | \$ (3,500,845) | \$ (554,167) | \$ 37,261,991        |

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

|                           |                            |
|---------------------------|----------------------------|
| Government Activities:    |                            |
| General government        | \$ 1,277,645               |
| Courts and related office | 363,113                    |
| Corrections               | 1,179,885                  |
| Community service         | 718,612                    |
| Public health             | 43,204                     |
| Library                   | <u>629,131</u>             |
| Total                     | <u><u>\$ 4,211,590</u></u> |

### Business-Type Activities – Pleasant Ridge Manor (PRM)

|  | December 31,<br>2014       | Additions                  | Deletions                  | December 31,<br>2015       |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Capital assets, not depreciated:       |                            |                            |                            |                            |
| Land                                   | <u>\$ 150,490</u>          | <u>\$ -</u>                | <u>\$ -</u>                | <u>\$ 150,490</u>          |
| Capital assets, depreciated:           |                            |                            |                            |                            |
| Land improvements                      | 1,505,436                  | 215,124                    | (136,182)                  | 1,584,378                  |
| Buildings and improvements             | 19,551,049                 | 42,427                     | (483,457)                  | 19,110,019                 |
| Furniture and equipment                | <u>12,262,349</u>          | <u>41,175</u>              | <u>(1,272,780)</u>         | <u>11,030,744</u>          |
| Total capital assets, depreciated      | <u>33,318,834</u>          | <u>298,726</u>             | <u>(1,892,419)</u>         | <u>31,725,141</u>          |
| Less accumulated depreciation:         |                            |                            |                            |                            |
| Land improvements                      | (557,729)                  | (72,768)                   | 111,257                    | (519,240)                  |
| Buildings and improvements             | (17,054,021)               | (305,990)                  | 483,190                    | (16,876,821)               |
| Furniture and equipment                | <u>(9,514,767)</u>         | <u>(396,694)</u>           | <u>1,129,391</u>           | <u>(8,782,070)</u>         |
| Total accumulated depreciation         | <u>(27,126,517)</u>        | <u>(775,452)</u>           | <u>1,723,838</u>           | <u>(26,178,131)</u>        |
| Total capital assets, depreciated, net | <u>6,192,317</u>           | <u>(476,726)</u>           | <u>(168,581)</u>           | <u>5,547,010</u>           |
| Total capital assets, net              | <u><u>\$ 6,342,807</u></u> | <u><u>\$ (476,726)</u></u> | <u><u>\$ (168,581)</u></u> | <u><u>\$ 5,697,500</u></u> |

Depreciation expense was \$775,452 in 2015 for PRM.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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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 (Act), 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, 2015, Plan membership consisted of the following:

|  |                     |
|--|---------------------|
| Inactive plan members and beneficiaries currently receiving benefits | 706                 |
| Inactive plan members entitled to but not yet receiving benefits     | 139                 |
| Active plan members  | <u>1,160</u>        |
| Total plan members   | <u><u>2,005</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, 2015

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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.

### Contributions

Plan members are required to contribute 5% of their annual covered salary. The County is required to contribute at an actuarially determined rate. Per the Act, as amended, contribution requirements of the Plan members and the County are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania. The actuarially determined rate is the estimated amount necessary to finance any unfunded accrued liability over a period of time (usually 30 years). For the year ended December 31, 2015, the Plan had contributions totaling \$7,398,360 comprised of member contributions of \$3,057,133 and County contributions of \$4,341,227.

### Changes in the Net Pension Liability

The changes in the net pension liability of the County for the year ended December 31, 2015 were as follows:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

|   | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
|---|----------------------------|--------------------------------|--------------------------|
| Balances at December 31, 2014   | \$ 237,214,718             | \$ 236,454,651                 | \$ 760,067               |
| Changes for the year:   |                            |                                |                          |
| Service cost  | 5,610,304                  | -                              | 5,610,304                |
| Interest  | 17,586,986                 | -                              | 17,586,986               |
| Differences between expected and actual experience                            | (205,386)                  | -                              | (205,386)                |
| Contributions - employer  | -                          | 4,341,227                      | (4,341,227)              |
| Contributions - employee  | -                          | 3,057,133                      | (3,057,133)              |
| Net investment income   | -                          | 630,124                        | (630,124)                |
| Benefit payments, including refunds   | (13,606,612)               | (13,606,612)                   | -                        |
| Administrative expense  | -                          | (197,913)                      | 197,913                  |
| Net changes   | 9,385,292                  | (5,776,041)                    | 15,161,333               |
| Balances at December 31, 2015   | \$ 246,600,010             | \$ 230,678,610                 | \$ 15,921,400            |
| Plan fiduciary net position as a percentage<br>of the total pension liability |                            |                                | 93.54%                   |

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed as of December 31, 2015 using the following assumptions, applied to all periods in the measurement:

|                            |      |
|----------------------------|------|
| 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.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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*Changes in Actuarial Assumptions* – There were no changes in actuarial assumptions for the December 31, 2015 actuarial valuation.

*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 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, 2015:

| <u>Asset Class</u>        | <u>Target Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|---------------------------|--------------------------|---|
| Large cap core equity     | 25.0%                    | 6.00%   |
| Small cap core equity     | 15.0%                    | 6.25%   |
| International equity      | 10.0%                    | 6.50%   |
| Fixed income- core        | 37.0%                    | 1.75%   |
| Fixed income - bank loans | 5.0%                     | 6.00%   |
| Real estate               | 8.0%                     | 6.00%   |
|                           | <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, 2015, the annual money-weighted rate of return for the Plan investments, net of investment expense, was 0.27%.

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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*Concentrations* – There were no individual investments that constituted more than 5% of plan net position as of December 31, 2015.

*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 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 liability 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<br>(6.5%) | Current Discount<br>Rate (7.5%) | 1% Increase<br>(8.5%) |
|------------------------------|-----------------------|---------------------------------|-----------------------|
| Plan's net pension liability | \$ 38,357,108         | \$ 15,921,400                   | \$ (3,091,168)        |

### Pension Expense, Deferred Outflow of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the County recognized pension expense of \$6,177,100. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience                                  | \$ -                                      | \$ 165,505                               |
| Net difference between projected and actual earnings<br>on pension plan investments | -   | -  |
|   | <u>13,490,965</u>                         | <u>-</u>                                 |
| Total   | <u>\$ 13,490,965</u>                      | <u>\$ 165,505</u>                        |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ending December 31,</u> |                      |
|---------------------------------|----------------------|
| 2016                            | \$ 3,332,860         |
| 2017                            | 3,332,860            |
| 2018                            | 3,332,860            |
| 2019                            | 3,332,860            |
| 2020                            | <u>(5,980)</u>       |
|                                 | <u>\$ 13,325,460</u> |

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

#### Summary of Significant Accounting Policies

Financial information of the PRM Pension Plan (PRM 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 PRM Plan. Employer contributions to the PRM Plan are recognized when due as required by applicable law. Investments of the PRM 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. The pension plan issues a stand-alone financial report. It can be obtained from the financial department of PRM.

#### Plan Description

The PRM Plan is a single-employer, defined-benefit plan controlled by the provisions of a pension plan and trust agreement most recently adopted by the document restatement

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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effective January 1, 2010. The PRM Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The PRM Plan covers substantially all employees. Effective December 31, 2011, PRM amended the PRM 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 PRM Plan is governed by the Retirement Committee as appointed by the PRM Board of Trustees, which is responsible for the management of plan assets. PRM Plan provisions and contribution requirements are established and may be amended by the Retirement Committee. The investments of the PRM Plan are held in trust by PNC Bank.

At December 31, 2015, PRM Plan membership consisted of the following:

|   |                   |
|---|-------------------|
| Inactive plan members or beneficiaries currently receiving benefits | 250               |
| Inactive plan members entitled to but not yet receiving benefits    | 99                |
| Active plan members   | <u>289</u>        |
| Total plan members  | <u><u>638</u></u> |

### Benefits Provided

*Retirement Benefit* – The PRM 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 PRM Plan benefits, the participant will receive a refund of accumulated contributions with interest.

*Disability Benefit* – The PRM 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.

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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Such total monthly benefit shall include the monthly disability that is actuarially equivalent to the participant's accumulated contributions at retirement.

*Death Benefit* – 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 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.

*Cost of Living Adjustments* – Benefit terms do not provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date.

### Contributions

The PRM Plan is funded by PRM on an annual basis. Employees who choose to participate in the PRM Plan are required to contribute 6% of their annual compensation and may elect to contribute up to 16%. The funding policy of the PRM Plan provides for employer contributions at actuarially determined rates that are sufficient to accumulate assets required to pay benefits when due. For the year ended December 31, 2015, the PRM Plan had contributions totaling \$2,915,148 comprised of member contributions of \$815,148 and PRM contributions of \$2,100,000.

### Changes in the Net Pension Liability

The changes in the net pension liability of PRM for the year ended December 31, 2015 were as follows:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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|   | <u>Total Pension<br/>Liability</u> | <u>Plan Fiduciary<br/>Net Position</u> | <u>Net Pension<br/>Liability</u> |
|---|------------------------------------|--|----------------------------------|
| Balances at December 31, 2014   | \$ 52,081,987                      | \$ 49,586,672                          | \$ 2,495,315                     |
| Changes for the year:   |                                    |  |                                  |
| Service cost  | 1,201,800                          | -                                      | 1,201,800                        |
| Interest  | 3,871,884                          | -                                      | 3,871,884                        |
| Differences between expected and actual experience                            | (819,346)                          | -                                      | (819,346)                        |
| Changes of assumptions  | (63,729)                           | -                                      | (63,729)                         |
| Contributions - employer  | -                                  | 2,100,000                              | (2,100,000)                      |
| Contributions - employee  | -                                  | 815,148                                | (815,148)                        |
| Net investment income   | -                                  | 210,618                                | (210,618)                        |
| Benefit payments, including refunds   | (2,944,509)                        | (2,944,509)                            | -                                |
| PBGCC Premium   | -                                  | (244,842)                              | 244,842                          |
| Administrative expense  | -                                  | (19,562)                               | 19,562                           |
| Net changes   | <u>1,246,100</u>                   | <u>(83,147)</u>                        | <u>1,329,247</u>                 |
| Balances at December 31, 2015   | <u>\$ 53,328,087</u>               | <u>\$ 49,503,525</u>                   | <u>\$ 3,824,562</u>              |
| Plan fiduciary net position as a percentage<br>of the total pension liability |                                    |  | <u>92.83%</u>                    |

*Actuarial Assumptions* – The total pension liability was determined by an actuarial valuation performed as of December 31, 2015 using the following actuarial assumptions, applied to all periods in the measurement:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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Actuarial assumptions:

|                            |      |
|----------------------------|------|
| Investment rate of return  | 7.5% |
| Projected salary increases | 3.0% |
| Underlying inflation rate  | 2.0% |
| Cost-of-living adjustments | None |

Actuarial assumptions based on actuarial experience study for the period January 1, 2015 to December 31, 2015

Mortality assumptions are based on the Static Mortality Table.

*Changes in Actuarial Assumptions* – The actuarial assumptions reflect the provisions of HATFA. This assumption change decreased the total pension liability by \$63,729.

*Investment Policy* – The PRM Plan’s policies in regard to the allocation of invested assets is established and may be amended by the Retirement Committee by a majority vote of its members. It is the policy of the Retirement Committee to pursue an investment strategy that will achieve a positive rate of return over the long term sufficient to meet the PRM Plan’s actuarial interest rate and provide for the payment of benefit obligations and expenses in perpetuity in a secure and prudent fashion, to maintain a prudent risk level that balances growth with the need to preserve capital, to diversify the PRM Plan assets so as to minimize the risk of large losses or excessive fluctuations in market value from year to year, and to achieve investment results over the long term that competes favorably with other pension plans and appropriate market indices.

*Long-Term Expected Rate of Return* – The long-term expected rate of return on PRM 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 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 was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the PRM Plan’s target asset allocation as of December 31, 2015:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

| Asset Class           | Target Allocation | Long-Term Expected<br>Real Rate of Return |
|-----------------------|-------------------|---|
| Large cap core equity | 40.0%             | 6.00%                                     |
| Small cap core equity | 10.0%             | 6.25%                                     |
| International equity  | 10.0%             | 6.50%                                     |
| Fixed income - core   | 40.0%             | 1.75%                                     |
| Fixed income - HY/BL  | 0.0%              | 4.00%                                     |
|                       | 100.0%            |   |

*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, 2015, the annual money-weighted rate of return on the PRM Plan investments, net of investment expense, was 0.48%.

*Concentrations* – There were no individual investments that constituted more than 5% of plan net position as of December 31, 2015.

*Discount Rate* – The discount rate used to measure the total pension liability for the PRM Plan 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 PRM’s contributions will be made based on the provisions of ERISA, as modified. Based on those assumptions, the PRM 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 PRM 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 rates:

| 1% Decrease<br>(6.5%) | Current Discount<br>Rate (7.5%) | 1% Increase<br>(8.5%) |
|-----------------------|---------------------------------|-----------------------|
| \$ 8,279,385          | \$ 3,824,562                    | \$ 53,477             |

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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### Pension Expense, Deferred Outflow of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, PRM recognized pension expense of \$1,327,837. At December 31, 2015, PRM reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience                                  | \$ -                                      | \$ 619,017                               |
| Changes in assumption   | -   | 48,147                                   |
| Net difference between projected and actual earnings<br>on pension plan investments | <u>2,768,574</u>                          | <u>-</u>                                 |
| Total   | <u>\$ 2,768,574</u>                       | <u>\$ 667,164</u>                        |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ending December 31,</u> |                     |
|---------------------------------|---------------------|
| 2016                            | \$ 476,233          |
| 2017                            | 476,233             |
| 2018                            | 476,233             |
| 2019                            | <u>672,711</u>      |
|                                 | <u>\$ 2,101,410</u> |

## 7. DEFERRED COMPENSATION PLAN

### Pleasant Ridge Manor (PRM)

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

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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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, 2015, employees contributed \$108,503 to the deferred compensation plan and PRM contributed \$48,355. The total fair value on PRM's 457(b) plan as of December 31, 2015 is \$507,390.

### Erie County Care Management, Inc. (Corporation)

The Corporation maintains a defined contribution retirement plan for substantially all employees. The employer's contributions are 7.8% of the employees' salary for employees hired prior to January 1, 2005 (former Case Management Support Services employees). For employees hired subsequently, the employer contributions are reviewed and set annually by the Corporation, but will not exceed 7.8%. For the year ended December 31, 2015, the contribution rate was established at 5% of employee's eligible compensation. The Corporation's pension expense was \$358,953 for the year ended December 31, 2015.

The defined contribution retirement plan provides for voluntary contributions by participants subject to a maximum limitation as determined by IRS regulation on the 457 deferred compensation plans. Participant contributions are currently limited to the lesser of 100% of compensation or \$18,000.

## **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.

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, 2015, 465 retired employees are covered by health insurance. The County's expenses for health insurance benefits were \$3,547,564 (\$3,943,182 net of retiree contributions of \$395,618) in 2015.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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### 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            | 826,638                     |
| Adjustment to annual required contribution | <u>(1,473,071)</u>          |
| Annual OPEB cost                           | 3,551,129                   |
| Contributions made                         | <u>(2,772,027)</u>          |
| Increase (decrease) in net OPEB obligation | 779,102                     |
| Net OPEB obligation - beginning of year    | <u>20,665,952</u>           |
| Net OPEB obligation - end of year          | <u><u>\$ 21,445,054</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.

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

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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| <u>Fiscal Year Ending</u> | <u>(AOC)</u> | <u>Contributed</u> | <u>Obligation (Asset)</u> |
|---------------------------|--------------|--------------------|---------------------------|
| December 31, 2013         | \$ 3,787,024 | 55.21%             | \$ 19,988,456             |
| December 31, 2014         | 3,572,321    | 81.03%             | 20,665,952                |
| December 31, 2015         | 3,551,129    | 78.06%             | 21,445,054                |

*Funded Status and Funding Progress* – As of December 31, 2015, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$48,800,810 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$48,800,810. The covered payroll was \$7,456,193 and the ratio of the UAAL to the covered payroll was 654.50%.

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, 2015, using the following assumptions: (1) actuarial cost method – projected unit credit; (2) amortization method – level dollar payment open; (3) amortization period – 19 years; (4) discount rate of 4% compounded annually; (5) RP-2000 Mortality table for men and women; (6) health care cost trend for PPO of 8% in the initial year reduced by 1% per year to an ultimate rate of 5% per year and for Freedom blue of 3% per year.; and (7) the inflation assumption rate 3%.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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### 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 2013 by \$93,092, 2014 by \$121,043, and 2015 by \$51,815.

#### 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 health claims in excess of \$250,000 up to \$1,000,000 maximum per individual claim.

During the year ended December 31, 2015, total claims expenses and stop-loss insurance expenses were \$20,685,043. Claims expenses recorded as employee fringe expenditures represent claims processed as of December 31, 2015 and includes claims payable of \$435,827.

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, 2015

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|   |                     |
|---|---------------------|
| 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>   |
| Claims liability - beginning of year, January 1, 2015 | \$ 514,620          |
| Current year incurred claims                          | 20,685,043          |
| Claims payments                                       | <u>(20,763,836)</u> |
| Claims liability - end of year, December 31, 2015     | <u>\$ 435,827</u>   |

### 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 \$269,218 as of December 31, 2015. The total cost of premiums incurred during 2015 amounted to \$465,862. PRM maintains an insurance policy that limits the maximum workers' compensation liability per occurrence to \$400,000.

The following represents the changes in claims liability for the period January 1, 2015 to December 31, 2015:

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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|   |                   |
|---|-------------------|
| Workers' Compensation Reserve - January 1, 2014   | \$ 285,699        |
| Incurred claims and claim adjustments             | 381,173           |
| Payments on claims and claim adjustment expenses  | <u>(409,110)</u>  |
| Workers' Compensation Reserve - December 31, 2014 | <u>\$ 257,762</u> |
| Workers' Compensation Reserve - January 1, 2015   | \$ 257,762        |
| Incurred claims and claim adjustments             | 465,862           |
| Payments on claims and claim adjustment expenses  | <u>(454,406)</u>  |
| Workers' Compensation Reserve - December 31, 2015 | <u>\$ 269,218</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, 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>  |
| Claims liability - beginning of year, January 1, 2015 | \$ 211,190         |
| Current year incurred claims                          | 6,202,657          |
| Claims payments                                       | <u>(6,080,692)</u> |
| Claims liability - end of year, December 31, 2015     | <u>\$ 333,155</u>  |

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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### Erie County Care Management, Inc. (Corporation)

The Corporation's self-insurance program pays dental and vision expenses for the Corporation's employees on a cost-reimbursement basis. Under the program, the Corporation is obligated for up to \$1,000 per person per plan year for dental claims and up to \$225 per individual and \$700 per family for vision claims. Beginning May 1, 2014, the Corporation also became self-insured for health care coverage. The Corporation covers claims up to \$75,000 per person, per illness, with the excess being covered through a commercial insurance policy. The health care plan is administered through a contractual relationship with an unrelated company; however, the Corporation is solely responsible for all claims incurred up to the amount of the stop loss provisions.

Healthcare, dental, and vision costs are estimated based on known amounts of reported claims at December 31, 2015. During the year ended December 31, 2015, total claims expense was \$1,528,877. Claims expense represents claims processed as of December 31, 2015 and includes estimated unprocessed claims payable. 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. Changes in the claims liability are as follows:

|                                     | <u>Healthcare</u>  | <u>Dental</u>     | <u>Vision</u>     | <u>Total</u>       |
|-------------------------------------|--------------------|-------------------|-------------------|--------------------|
| Claims liability, January 1, 2014   | \$ -               | \$ (1,241)        | \$ (2,130)        | \$ (3,371)         |
| Current premiums                    | 764,699            | 57,686            | 33,047            | 855,432            |
| Claim payments and administration   | <u>(838,458)</u>   | <u>(58,135)</u>   | <u>(35,028)</u>   | <u>(931,621)</u>   |
| Claims liability, December 31, 2014 | <u>\$ (73,759)</u> | <u>\$ (1,690)</u> | <u>\$ (4,111)</u> | <u>\$ (79,560)</u> |

|                                     | <u>Healthcare</u>  | <u>Dental</u>     | <u>Vision</u>     | <u>Total</u>       |
|-------------------------------------|--------------------|-------------------|-------------------|--------------------|
| Claims liability, January 1, 2015   | \$ (73,759)        | \$ (1,690)        | \$ (4,111)        | \$ (79,560)        |
| Current premiums                    | 1,418,185          | 68,647            | 39,009            | 1,525,841          |
| Claim payments and administration   | <u>(1,422,724)</u> | <u>(68,077)</u>   | <u>(38,076)</u>   | <u>(1,528,877)</u> |
| Claims liability, December 31, 2015 | <u>\$ (78,298)</u> | <u>\$ (1,120)</u> | <u>\$ (3,178)</u> | <u>\$ (82,596)</u> |

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

### 10. LONG-TERM OBLIGATIONS

Long-term obligations outstanding at December 31, 2015 consisted of the following:

| <u>Governmental Activities</u> | <u>Beginning<br/>Balance</u> | <u>Additions</u>     | <u>Reductions</u>     | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|--------------------------------|------------------------------|----------------------|-----------------------|---------------------------|--------------------------------|
| General obligation bonds       | \$ 66,515,000                | \$ 17,380,000        | \$ (6,310,000)        | \$ 77,585,000             | \$ 7,280,000                   |
| Less: deferred amounts:        |                              |                      |                       |                           |                                |
| Bond premium                   | 2,037,849                    | 2,136,354            | (357,200)             | 3,817,003                 | -                              |
| Bond discount                  | <u>(291,867)</u>             | <u>-</u>             | <u>27,419</u>         | <u>(264,448)</u>          | <u>-</u>                       |
| Total bonds                    | 68,260,982                   | 19,516,354           | (6,639,781)           | 81,137,555                | 7,280,000                      |
| Compensated absences           | <u>1,625,788</u>             | <u>293,644</u>       | <u>(316,883)</u>      | <u>1,602,549</u>          | <u>43,642</u>                  |
|                                | <u>\$ 69,886,770</u>         | <u>\$ 19,809,998</u> | <u>\$ (6,956,664)</u> | <u>\$ 82,740,104</u>      | <u>\$ 7,323,642</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, 2015

| Year | Amount of<br>Original Issue |   | Balance<br>Outstanding<br>December 31, 2015 | Amounts Due<br>Within One<br>Year |
|------|-----------------------------|---|---|-----------------------------------|
| 2005 | \$ 40,815,000               | <p><u>\$11,945,000 Series A</u></p> <p>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.</p>   | \$ 11,845,000                               | \$ -                              |
|      |                             | <p><u>\$25,835,000 Series B</u></p> <p>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).</p>  | -   | -                                 |
|      |                             | <p><u>\$3,035,000 Series C</u></p> <p>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.</p>  | 635,000                                     | 310,000                           |
| 2007 | \$ 25,640,000               | <p>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.</p>   | 24,640,000                                  | 115,000                           |
| 2008 | \$ 22,055,000               | <p>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.</p>   | 5,545,000                                   | 2,705,000                         |
| 2009 | \$ 10,205,000               | <p>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.</p> | 10,000                                      | 5,000                             |

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

| Year | Amount of<br>Original Issue |   | Balance<br>Outstanding<br>December 31, 2015 | Amounts Due<br>Within One<br>Year |
|------|-----------------------------|---|---|-----------------------------------|
| 2012 | \$ 24,475,000               | <u>\$8,665,000 Series A</u><br><br>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%.  | 5,670,000                                   | 3,350,000                         |
|      |                             | <u>\$4,940,000 Series B</u><br><br>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%.  | 990,000                                     | -                                 |
|      |                             | <u>\$10,870,000 Series C</u><br><br>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.   | 10,870,000                                  | -                                 |
| 2015 | \$ 17,380,000               | The proceeds were used by the County to pay all costs related to engineering, design, bidding, and construction of capital projects and to pay the cost of issuing the bonds, with a maturity date on September 1, 2030 and an interest rate of 2% to 5%. The 2015 bonds were issued at a premium of \$2,136,354. | 17,380,000                                  | 795,000                           |
|      |                             | Total general long-term debt obligations  | \$ 77,585,000                               | \$ 7,280,000                      |

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

| Years Ending<br>December 31, | Total Debt Service   |                      |
|------------------------------|----------------------|----------------------|
|                              | Principal            | Interest             |
| 2016                         | \$ 7,280,000         | \$ 3,228,224         |
| 2017                         | 7,420,000            | 3,043,000            |
| 2018                         | 7,185,000            | 2,731,519            |
| 2019                         | 7,475,000            | 2,455,670            |
| 2020                         | 7,740,000            | 2,186,488            |
| 2021-2025                    | 33,275,000           | 6,007,286            |
| 2026-2030                    | 7,210,000            | 863,438              |
|                              | <u>\$ 77,585,000</u> | <u>\$ 20,515,625</u> |

### 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, 2015, \$25,370,000 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, 2015

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|                          | <u>Due From<br/>Other Funds</u> | <u>Due To<br/>Other Funds</u> |
|--------------------------|---------------------------------|-------------------------------|
| Governmental fund types: |                                 |                               |
| Major Funds:             |                                 |                               |
| General                  | \$ 17,424,874                   | \$ 2,713,571                  |
| MH/ID                    | 3,000                           | 2,597,427                     |
| HealthChoices            | 7,035                           | 30,816                        |
| Children and Youth       | 57,201                          | 12,370,828                    |
| Capital Projects         | 365,026                         | -                             |
| Non-major Funds:         |                                 |                               |
| Domestic Relations       | -                               | 635,772                       |
| Drug and Alcohol         | 62,165                          | 21,646                        |
| Public Health            | -                               | 1,216,635                     |
| Library Fund             | 650,000                         | 165,102                       |
| Planning                 | -                               | 197,499                       |
| Public Safety            | -                               | 1,686,582                     |
|                          | <u>18,569,301</u>               | <u>21,635,878</u>             |
| Total governmental funds |                                 |                               |
| Proprietary fund type:   |                                 |                               |
| Internal Service Fund    | <u>3,066,577</u>                | -                             |
|                          | <u>3,066,577</u>                | -                             |
| Total proprietary funds  |                                 |                               |
| Total                    | <u>\$ 21,635,878</u>            | <u>\$ 21,635,878</u>          |

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

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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|                          | <u>Transfers In</u>  | <u>Transfers Out</u> |
|--------------------------|----------------------|----------------------|
| Governmental fund types: |                      |                      |
| Major Funds:             |                      |                      |
| General                  | \$ 1,461,940         | \$ 27,111,732        |
| MH/ID                    | 989,173              | -                    |
| Children and Youth       | 8,997,639            | 132,000              |
| Gaming                   | -                    | 3,576,982            |
| Capital Projects         | 19,407,316           | -                    |
| Non-major Funds:         |                      |                      |
| Domestic Relations       | 1,713,600            | 276,305              |
| Drug and Alcohol         | 281,864              | -                    |
| Public Health            | 899,592              | -                    |
| Library Fund             | 4,554,685            | -                    |
| Planning                 | 363,623              | 565                  |
| Public Safety            | 2,087,973            | 557,520              |
| Debt Service             | 7,834,122            | 19,407,316           |
| Total governmental funds | <u>48,591,527</u>    | <u>51,062,420</u>    |
| Proprietary fund type:   |                      |                      |
| Pleasant Ridge Manor     | <u>2,470,893</u>     | <u>-</u>             |
| Total proprietary funds  | <u>2,470,893</u>     | <u>-</u>             |
| Total                    | <u>\$ 51,062,420</u> | <u>\$ 51,062,420</u> |

## 12. OPERATING LEASES

The County leases building and office facilities and other equipment under non-cancellable operating leases. Total costs for such leases were \$1,355,472 for the ended December 31, 2015. The future minimum lease payments for these are as follows:

| <u>Year Ending</u> |                     |
|--------------------|---------------------|
| 2016               | \$ 1,365,904        |
| 2017               | 886,241             |
| 2018               | 576,708             |
| 2019               | 189,258             |
| 2020               | 147,481             |
| 2021 - 2022        | <u>233,630</u>      |
|                    | <u>\$ 3,399,222</u> |

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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### **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, 2015.

### **14. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN MAJOR FUNDS**

General Fund, HealthChoices Fund, and Gaming Fund community services expenditures exceeded the amount budgeted by \$215,084, \$3,607,936 and \$504,496, respectively. The excess expenditures over the appropriations were covered by the additional revenues received in 2015.

### **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 2016, the Foundation shall grant awards to the designated organizations at least annually based on a formula determined by the Authority. The Authority granted \$1,373,646 to the Foundation for the year ended March 31, 2015.

### **16. DEFICIT UNRESTRICTED NET POSITION**

As of December 31, 2015, the County had (\$1,130,226) of unrestricted net position for governmental activities. This was caused by approximately \$27,000,000 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 Erie Insurance Arena, Erie County Redevelopment Authority for revolving loans, and other grants within the County.

# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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### 17. GUARANTEED DEBT

The Council has the legal authority to extend debt guarantees to other organizations. As of December 31, 2015, the County had guaranteed the following debt of other organizations:

| Description  | Amount               |
|--|----------------------|
| 1977 Erie County Housing Authority Bonds                     | \$ 155,000           |
| 2014 Erie County Convention Center Authority Bonds and Notes | 60,000,000           |
| 2015 Erie County Convention Center Authority Bonds           | 37,750,000           |
|  | <u>\$ 97,905,000</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, 2015, the Convention Center Authority has drawn down \$25,000,000 and repaid \$4,365,255, for a total outstanding amount of \$20,364,745. Such debt is guaranteed in full by the County and extends through 2044.

On April 1, 2015, the Convention Center 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. SALE OF BED LICENSES

In July 2015, PRM sold 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, of which \$2.1 million was received in 2015 and \$200,000 was received in both 2014 and 2013. Funds received from the sale were used to repay the capital loan due to the County.

### 19. EXTRAORDINARY ITEM – LOSS ON LOAN RECEIVABLE

The County's lead economic development agency, Develop Erie PA, is a private-public partnership sharing one staff and consisting of seven organizations including the Erie County General Authority (ECGA) and the Greater Erie Industrial Development Corporation

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# COUNTY OF ERIE, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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(GEIDC). The ECGA can acquire, lease, finance or improve property in pursuit of economic development opportunities and provides financing to 501c3 non-profits, grant management and other financing services. The GEIDC is a private non-profit development company that has built business parks, transportation and utility infrastructure and environmental remediation projects.

On April 12, 2006 the County approved an unsecured loan of \$3 million to the ECGA to be used for a major distribution project. This project was managed by the GEIDC. County Council Resolution #17, 2010, repurposed these funds for the Inland Port Project. The project included the development of an intermodal truck-train terminal, a logistics park to locate warehousing and distribution centers, a rail served industrial park and the enhancements of three ports including Erie. Failure to attract an iron-ore processing plant, and develop a \$60 million rail terminal and an import-export facility, created a financial crisis that led the GEIDC to file for liquidation bankruptcy in April 2016. While the current County Executive continues attempts to limit the loss to the County for a project she inherited, the County has written off the \$3 million investment in the ECGA. Such loss is recorded as an extraordinary item on the financial statements. Any money returned to the County as a result of bankruptcy proceedings, will be recognized as revenue in the year recovered.

### **20. CONTINGENCIES**

The County receives significant financial assistance from governmental agencies in the form of contracts and grants. The disbursement of funds received under such programs generally requires compliance with terms and conditions specified in the contract/grant agreements and are subject to audit by grantor agencies. Any disallowed costs resulting from such audits could become a liability of the County. The amount of any expenditure that may be disallowed by the granting agencies cannot be determined at this time. The County's management expects such amounts, if any, to be immaterial.

### **21. SUBSEQUENT EVENTS**

In March 2016, the County authorized a standby letter of credit in the amount of \$700,000 for PRM in connection with certain self-insurance agreements for the year 2016.

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**Required Supplementary  
Information**

**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,

|   | 2015                  | 2014                  | 2013                  | 2012                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability:</b>   |                       |                       |                       |                       |
| Service cost  | \$ 5,610,304          | \$ 5,570,930          | \$ 5,408,532          | \$ 4,915,860          |
| Interest  | 17,586,986            | 17,079,993            | 16,313,427            | 15,582,436            |
| Changes of benefit terms  | -                     | -                     | -                     | -                     |
| Differences between expected and actual experience                                | (205,386)             | (585,838)             | 573,565               | (527,192)             |
| Changes of assumptions  | -                     | (1,961,455)           | -                     | -                     |
| Benefit payments, including refunds of member contributions                       | <u>(13,606,612)</u>   | <u>(13,029,168)</u>   | <u>(11,362,994)</u>   | <u>(10,017,510)</u>   |
| <b>Net Changes in Total Pension Liability</b>                                     | 9,385,292             | 7,074,462             | 10,932,530            | 9,953,594             |
| <b>Total Pension Liability - Beginning</b>  | <u>237,214,718</u>    | <u>230,140,256</u>    | <u>219,207,726</u>    | <u>209,254,132</u>    |
| <b>Total Pension Liability - Ending (a)</b>                                       | <u>\$ 246,600,010</u> | <u>\$ 237,214,718</u> | <u>\$ 230,140,256</u> | <u>\$ 219,207,726</u> |
| <b>Plan Fiduciary Net Position:</b>   |                       |                       |                       |                       |
| Contributions - employer  | \$ 4,341,227          | \$ 5,580,680          | \$ 6,812,406          | \$ 5,897,793          |
| Contributions - employee  | 3,057,133             | 2,926,661             | 2,844,809             | 2,790,857             |
| Net investment income   | 630,124               | 13,732,492            | 37,041,532            | 19,668,574            |
| Benefit payments, including refunds of member contributions                       | (13,606,612)          | (13,029,168)          | (11,362,994)          | (10,017,510)          |
| Administrative expense  | <u>(197,913)</u>      | <u>(196,249)</u>      | <u>(182,111)</u>      | <u>(172,318)</u>      |
| <b>Net Change in Plan Fiduciary Net Position</b>                                  | (5,776,041)           | 9,014,416             | 35,153,642            | 18,167,396            |
| <b>Plan Fiduciary Net Position - Beginning</b>                                    | <u>236,454,651</u>    | <u>227,440,235</u>    | <u>192,286,593</u>    | <u>174,119,197</u>    |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                   | <u>\$ 230,678,610</u> | <u>\$ 236,454,651</u> | <u>\$ 227,440,235</u> | <u>\$ 192,286,593</u> |
| <b>Net Pension Liability - Ending (a-b)</b>                                       | <u>\$ 15,921,400</u>  | <u>\$ 760,067</u>     | <u>\$ 2,700,021</u>   | <u>\$ 26,921,133</u>  |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> | <u>93.54%</u>         | <u>99.68%</u>         | <u>98.83%</u>         | <u>87.72%</u>         |
| <b>Covered Employee Payroll</b>   | <u>\$ 45,950,055</u>  | <u>\$ 44,607,295</u>  | <u>\$ 43,876,969</u>  | <u>\$ 43,276,003</u>  |
| <b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>          | 34.65%                | 1.70%                 | 6.15%                 | 62.21%                |

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

| 2011                  | 2010                  | 2009                  | 2008                  | 2007                   | 2006                  |
|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|
| \$ 4,997,030          | \$ 5,281,408          | \$ 5,281,339          | \$ 6,342,479          | \$ 4,313,296           | \$ 4,137,226          |
| 14,919,160            | 14,835,350            | 14,151,908            | 12,755,846            | 11,337,589             | 10,248,789            |
| -                     | -                     | -                     | -                     | 520,802                | 6,545,355             |
| (790,016)             | (1,898,474)           | (2,264,072)           | 6,992,664             | 400                    | (107,709)             |
| -                     | 5,312,471             | -                     | -                     | (2,569,914)            | -                     |
| <u>(10,424,269)</u>   | <u>(9,120,142)</u>    | <u>(8,141,777)</u>    | <u>(6,972,221)</u>    | <u>(7,300,363)</u>     | <u>(5,721,884)</u>    |
| 8,701,905             | 14,410,613            | 9,027,398             | 19,118,768            | 6,301,810              | 15,101,777            |
| <u>200,552,227</u>    | <u>186,141,614</u>    | <u>177,114,216</u>    | <u>157,995,448</u>    | <u>151,693,638</u>     | <u>136,591,861</u>    |
| <u>\$ 209,254,132</u> | <u>\$ 200,552,227</u> | <u>\$ 186,141,614</u> | <u>\$ 177,114,216</u> | <u>\$ 157,995,448</u>  | <u>\$ 151,693,638</u> |
| \$ 5,187,838          | \$ 4,318,312          | \$ 6,067,903          | \$ 3,682,478          | \$ 2,818,972           | \$ 1,909,487          |
| 2,829,980             | 2,842,151             | 2,851,636             | 2,807,483             | 2,377,797              | 2,435,241             |
| 1,741,387             | 20,115,546            | 27,842,818            | (39,897,520)          | 14,882,882             | 16,958,930            |
| (10,424,269)          | (9,120,142)           | (8,141,777)           | (6,972,221)           | (7,300,363)            | (5,721,884)           |
| <u>(171,805)</u>      | <u>(173,118)</u>      | <u>(171,407)</u>      | <u>(182,088)</u>      | <u>(170,836)</u>       | <u>(171,178)</u>      |
| (836,869)             | 17,982,749            | 28,449,173            | (40,561,868)          | 12,608,452             | 15,410,596            |
| <u>174,956,066</u>    | <u>156,973,317</u>    | <u>128,524,144</u>    | <u>169,086,012</u>    | <u>156,477,560</u>     | <u>141,066,964</u>    |
| <u>\$ 174,119,197</u> | <u>\$ 174,956,066</u> | <u>\$ 156,973,317</u> | <u>\$ 128,524,144</u> | <u>\$ 169,086,012</u>  | <u>\$ 156,477,560</u> |
| <u>\$ 35,134,935</u>  | <u>\$ 25,596,161</u>  | <u>\$ 29,168,297</u>  | <u>\$ 48,590,072</u>  | <u>\$ (11,090,564)</u> | <u>\$ (4,783,922)</u> |
| <u>83.21%</u>         | <u>87.24%</u>         | <u>84.33%</u>         | <u>72.57%</u>         | <u>107.02%</u>         | <u>103.15%</u>        |
| <u>\$ 44,518,955</u>  | <u>\$ 44,944,936</u>  | <u>\$ 44,748,479</u>  | <u>\$ 44,205,995</u>  | <u>\$ 39,195,621</u>   | <u>\$ 39,623,210</u>  |
| 78.92%                | 56.95%                | 65.18%                | 109.92%               | -28.30%                | -12.07%               |

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

**COUNTY OF ERIE, PENNSYLVANIA**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION -  
PENSION PLAN

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

BLENDED COMPONENT UNIT - PLEASANT RIDGE MANOR

YEAR ENDED DECEMBER 31,

|   | 2015                 | 2014                 | 2013                 | 2012                 |
|---|----------------------|----------------------|----------------------|----------------------|
| <b>Total Pension Liability:</b>   |                      |                      |                      |                      |
| Service cost  | \$ 1,201,800         | \$ 1,316,039         | \$ 1,302,375         | \$ 1,311,548         |
| Interest  | 3,871,884            | 3,746,192            | 3,835,535            | 3,550,737            |
| Changes of benefit terms  | -                    | -                    | -                    | -                    |
| Differences between expected and actual experience                                | (819,346)            | (509,173)            | (882,105)            | (1,151,599)          |
| Changes of assumptions  | (63,729)             | -                    | 1,919,159            | -                    |
| Benefit payments, including refunds of member contributions                       | <u>(2,944,509)</u>   | <u>(2,409,280)</u>   | <u>(2,093,266)</u>   | <u>(2,022,187)</u>   |
| <b>Net Changes in Total Pension Liability</b>                                     | 1,246,100            | 2,143,778            | 4,081,698            | 1,688,499            |
| <b>Total Pension Liability - Beginning</b>  | <u>52,081,987</u>    | <u>49,938,209</u>    | <u>45,856,511</u>    | <u>44,168,012</u>    |
| <b>Total Pension Liability - Ending (a)</b>                                       | <u>\$ 53,328,087</u> | <u>\$ 52,081,987</u> | <u>\$ 49,938,209</u> | <u>\$ 45,856,511</u> |
| <b>Plan Fiduciary Net Position:</b>   |                      |                      |                      |                      |
| Contributions - employer  | \$ 2,100,000         | \$ 2,042,130         | \$ 2,400,000         | \$ 1,658,897         |
| Contributions - employee  | 815,148              | 878,217              | 900,694              | 894,338              |
| Net investment income   | 210,618              | 2,676,237            | 7,636,064            | 3,562,156            |
| Benefit payments, including refunds of member contributions                       | (2,944,509)          | (2,409,280)          | (2,093,266)          | (2,022,187)          |
| PBGC premium  | (244,842)            | (155,799)            | (132,616)            | (120,974)            |
| Administrative expense  | <u>(19,562)</u>      | <u>(47,568)</u>      | <u>(84,846)</u>      | <u>-</u>             |
| <b>Net Change in Plan Fiduciary Net Position</b>                                  | (83,147)             | 2,983,937            | 8,626,030            | 3,972,230            |
| <b>Plan Fiduciary Net Position - Beginning</b>                                    | <u>49,586,672</u>    | <u>46,602,735</u>    | <u>37,976,705</u>    | <u>34,004,475</u>    |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                   | <u>\$ 49,503,525</u> | <u>\$ 49,586,672</u> | <u>\$ 46,602,735</u> | <u>\$ 37,976,705</u> |
| <b>Net Pension Liability - Ending (a-b)</b>                                       | <u>\$ 3,824,562</u>  | <u>\$ 2,495,315</u>  | <u>\$ 3,335,474</u>  | <u>\$ 7,879,806</u>  |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> | <u>92.83%</u>        | <u>95.21%</u>        | <u>93.32%</u>        | <u>82.82%</u>        |
| <b>Covered Employee Payroll</b>   | <u>\$ 9,899,308</u>  | <u>\$ 10,554,003</u> | <u>\$ 10,602,888</u> | <u>\$ 10,908,696</u> |
| <b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>          | 38.63%               | 23.64%               | 31.46%               | 72.23%               |

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

|    | 2011               | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 |
|----|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 1,491,156          | \$ 1,559,244         | \$ 1,522,861         | \$ 1,574,026         | \$ 1,431,092         | \$ 1,198,171         |
|    | 3,365,345          | 3,227,862            | 2,992,924            | 2,854,489            | 2,619,814            | 2,368,196            |
|    | (239,608)          | -                    | -                    | -                    | -                    | -                    |
|    | (367,571)          | (879,478)            | 31,642               | (1,209,819)          | 310,970              | 306,704              |
|    | -                  | -                    | -                    | -                    | 551,279              | 319,856              |
|    | <u>(1,956,150)</u> | <u>(1,793,061)</u>   | <u>(1,474,563)</u>   | <u>(1,392,804)</u>   | <u>(1,782,425)</u>   | <u>(1,192,511)</u>   |
|    | 2,293,172          | 2,114,567            | 3,072,864            | 1,825,892            | 3,130,730            | 3,000,416            |
|    | 41,874,840         | 39,760,273           | 36,687,409           | 34,861,517           | 31,730,787           | 28,730,371           |
| \$ | <u>44,168,012</u>  | <u>\$ 41,874,840</u> | <u>\$ 39,760,273</u> | <u>\$ 36,687,409</u> | <u>\$ 34,861,517</u> | <u>\$ 31,730,787</u> |
| \$ | 1,859,500          | \$ 1,753,252         | \$ 1,273,335         | \$ 999,600           | \$ 870,305           | \$ 1,246,415         |
|    | 1,010,305          | 1,050,638            | 1,030,066            | 1,086,676            | 993,738              | 927,148              |
|    | (152,605)          | 3,415,697            | 4,978,597            | (6,625,427)          | 2,059,778            | 2,471,787            |
|    | (1,956,150)        | (1,793,061)          | (1,474,563)          | (1,392,804)          | (1,782,425)          | (1,192,511)          |
|    | (77,378)           | (80,281)             | (77,251)             | (40,287)             | (18,693)             | (16,860)             |
|    | <u>(23,589)</u>    | <u>(58,914)</u>      | <u>(27,026)</u>      | <u>(21,207)</u>      | <u>(17,257)</u>      | <u>(16,542)</u>      |
|    | 660,083            | 4,287,331            | 5,703,158            | (5,993,449)          | 2,105,446            | 3,419,437            |
|    | 33,344,392         | 29,057,061           | 23,353,903           | 29,347,352           | 27,241,906           | 23,822,469           |
| \$ | <u>34,004,475</u>  | <u>\$ 33,344,392</u> | <u>\$ 29,057,061</u> | <u>\$ 23,353,903</u> | <u>\$ 29,347,352</u> | <u>\$ 27,241,906</u> |
| \$ | <u>10,163,537</u>  | <u>\$ 8,530,448</u>  | <u>\$ 10,703,212</u> | <u>\$ 13,333,506</u> | <u>\$ 5,514,165</u>  | <u>\$ 4,488,881</u>  |
|    | <u>76.99%</u>      | <u>79.63%</u>        | <u>73.08%</u>        | <u>63.66%</u>        | <u>84.18%</u>        | <u>85.85%</u>        |
| \$ | <u>11,141,563</u>  | <u>\$ 11,993,744</u> | <u>\$ 12,915,775</u> | <u>\$ 12,494,602</u> | <u>\$ 11,992,426</u> | <u>\$ 11,500,813</u> |
|    | 91.22%             | 71.12%               | 82.87%               | 106.71%              | 45.98%               | 39.03%               |

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,

**County:**

|  | <u>2015</u>          | <u>2014</u>          | <u>2013</u>          |
|--|----------------------|----------------------|----------------------|
| <b><u>Schedule of County Contributions</u></b>                       |                      |                      |                      |
| Actuarially determined contribution                                  | \$ 4,341,227         | \$ 5,580,680         | \$ 6,812,406         |
| Contributions in relation to the actuarially determined contribution | 4,341,227            | 5,580,680            | 6,812,406            |
| Contribution deficiency (excess)                                     | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| Covered employee payroll   | <u>\$ 45,950,055</u> | <u>\$ 44,607,295</u> | <u>\$ 43,876,969</u> |
| Contributions as a percentage of covered employee payroll            | 9.45%                | 12.51%               | 15.53%               |
| <b><u>Investment Returns</u></b>                                     |                      |                      |                      |
| Annual money-weighted rate of return, net of investment expense      | 0.27%                | 6.10%                | 19.36%               |

**Blended Component Unit - Pleasant Ridge Manor:**

|  | <u>2015</u>         | <u>2014</u>          | <u>2013</u>          |
|--|---------------------|----------------------|----------------------|
| <b><u>Schedule of County Contributions</u></b>                       |                     |                      |                      |
| Actuarially determined contribution                                  | \$ 1,764,290        | \$ 2,046,479         | \$ 2,398,123         |
| Contributions in relation to the actuarially determined contribution | 2,100,000           | 2,042,130            | 2,400,000            |
| Contribution deficiency (excess)                                     | <u>\$ (335,710)</u> | <u>\$ 4,349</u>      | <u>\$ (1,877)</u>    |
| Covered employee payroll   | <u>\$ 9,899,308</u> | <u>\$ 10,554,003</u> | <u>\$ 10,602,888</u> |
| Contributions as a percentage of covered employee payroll            | 21.21%              | 19.35%               | 22.64%               |
| <b><u>Investment Returns</u></b>                                     |                     |                      |                      |
| Annual money-weighted rate of return, net of investment expense      | 0.48%               | 5.72%                | 19.85%               |

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

| 2012                 | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 5,897,793         | \$ 5,187,838         | \$ 4,318,312         | \$ 6,067,903         | \$ 3,682,478         | \$ 2,818,972         | \$ 1,909,487         |
| 5,897,793            | 5,187,838            | 4,318,312            | 6,067,903            | 3,682,478            | 2,818,972            | 1,909,487            |
| \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| <u>\$ 43,276,003</u> | <u>\$ 44,518,955</u> | <u>\$ 44,944,936</u> | <u>\$ 44,748,479</u> | <u>\$ 44,205,995</u> | <u>\$ 39,195,621</u> | <u>\$ 39,623,210</u> |
| 13.63%               | 11.65%               | 9.61%                | 13.56%               | 8.33%                | 7.19%                | 4.82%                |

11.34%      1.00%      12.90%      21.61%      -23.64%      9.58%      12.09%

| 2012                 | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 1,514,065         | \$ 2,004,196         | \$ 1,669,528         | \$ 1,356,650         | \$ 961,876           | \$ 870,305           | \$ 800,376           |
| 1,658,897            | 1,859,500            | 1,753,252            | 1,273,335            | 999,600              | 870,305              | 1,246,415            |
| \$ (144,832)         | \$ 144,696           | \$ (83,724)          | \$ 83,315            | \$ (37,724)          | \$ -                 | \$ (446,039)         |
| <u>\$ 10,908,696</u> | <u>\$ 11,141,563</u> | <u>\$ 11,993,744</u> | <u>\$ 12,915,775</u> | <u>\$ 12,494,602</u> | <u>\$ 11,992,426</u> | <u>\$ 11,500,813</u> |
| 15.21%               | 16.69%               | 14.62%               | 9.86%                | 8.00%                | 7.26%                | 10.84%               |
| 10.41%               | -0.45%               | 11.58%               | 20.99%               | -22.34%              | 7.55%                | 10.17%               |

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, 2015

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### County:

#### Actuarial Methods and Assumptions Used in Determining the Contribution Rate

|                               |   |
|-------------------------------|---|
| Actuarial valuation date      | 1/1/2015  |
| Actuarial cost method         | Aggregate                                       |
| 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  |
| Mortality table               | Retired Pensioners Mortality Table<br>(RP-2000) |

#### 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

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

YEAR ENDED DECEMBER 31, 2015

---

### **Blended Component Unit – Pleasant Ridge Manor**

#### Actuarial Methods and Assumptions Used in Determining the Contribution Rate

|                            |                       |
|----------------------------|-----------------------|
| 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%                 |
| Cost-of-living adjustments | None                  |
| Mortality Table            | Static Mortality      |

#### Benefit Change

There were no benefit changes for the actuarial valuation dated January 1, 2015.

#### Change in Actuarial Assumptions

The actuarial assumptions reflect the provisions of HATFA for the actuarial valuation dated January 1, 2015.

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF FUNDING PROGRESS

### OTHER POSTEMPLOYMENT BENEFITS PLAN

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability (AAL) | Excess of<br>Assets<br>Over (Under)<br>AAL | Funded<br>Ratio | Covered<br>Payroll | Excess as a<br>Percentage<br>of Covered<br>Payroll |
|--------------------------------|---------------------------------|---|--|-----------------|--------------------|--|
| 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%   |
| 12/31/2015                     | -                               | 48,800,810                              | (48,800,810)                               | 0.00%           | 7,456,193          | -654.50%   |

# COUNTY OF ERIE, PENNSYLVANIA

## SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS

### OTHER POSTEMPLOYMENT BENEFITS PLAN

| <u>Calendar<br/>Year</u> | <u>Annual<br/>OPEB<br/>Cost</u> | <u>Actual<br/>Employer<br/>Contribution</u> | <u>Annual<br/>Percentage<br/>Contributed</u> |
|--------------------------|---------------------------------|---|--|
| 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%                                       |
| 2015                     | 3,551,129                       | 2,772,027                                   | 78.06%                                       |

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# **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, 2015

|  | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget |
|--|--------------------|-----------------|---------------|-------------------------------|
| <b>Revenues:</b>   |                    |                 |               |                               |
| Real estate taxes  | \$ 69,466,664      | \$ 69,466,664   | \$ 69,598,802 | \$ 132,138                    |
| Hotel tax  | 4,546,300          | 4,546,300       | 4,663,995     | 117,695                       |
| Federal, state, and municipal grants                             | 2,444,726          | 2,609,055       | 3,406,779     | 797,724                       |
| Charges for services   | 15,089,274         | 10,945,735      | 10,818,836    | (126,899)                     |
| Interest income  | 29,615             | 29,615          | 48,078        | 18,463                        |
| Other income   | 58,600             | 94,100          | 121,080       | 26,980                        |
| Total revenues   | 91,635,179         | 87,691,469      | 88,657,570    | 966,101                       |
| <b>Expenditures:</b>   |                    |                 |               |                               |
| Current:   |                    |                 |               |                               |
| General government   | 22,603,499         | 18,669,155      | 17,303,301    | 1,365,854                     |
| Courts and related offices                                       | 18,789,349         | 18,886,014      | 18,236,394    | 649,620                       |
| Corrections  | 25,816,048         | 25,804,430      | 25,439,503    | 364,927                       |
| Community services   | 662,937            | 554,634         | 769,718       | (215,084)                     |
| Capital outlay   | 558,000            | 811,778         | 548,939       | 262,839                       |
| Total expenditures   | 68,429,833         | 64,726,011      | 62,297,855    | 2,428,156                     |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | 23,205,346         | 22,965,458      | 26,359,715    | 3,394,257                     |
| <b>Other Financing Sources (Uses):</b>                           |                    |                 |               |                               |
| Transfers in   | 1,599,407          | 1,604,407       | 1,461,940     | (142,467)                     |
| Transfers out  | (27,551,064)       | (28,278,995)    | (27,111,732)  | 1,167,263                     |
| Total other financing sources (uses)                             | (25,951,657)       | (26,674,588)    | (25,649,792)  | 1,024,796                     |
| <b>Extraordinary Items:</b>                                      |                    |                 |               |                               |
| Loss on loan receivable  | -                  | -               | (3,000,000)   | (3,000,000)                   |
| <b>Net Change in Fund Balance</b>                                | (2,746,311)        | (3,709,130)     | (2,290,077)   | 1,419,053                     |
| <b>Fund Balance:</b>   |                    |                 |               |                               |
| Beginning of year  | 47,903,115         | 47,903,115      | 47,903,115    | -                             |
| End of year  | \$ 45,156,804      | \$ 44,193,985   | \$ 45,613,038 | \$ 1,419,053                  |

# 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, 2015

|  | Original<br>Budget | Final<br>Budget    | Actual            | Variance with<br>Final Budget |
|--|--------------------|--------------------|-------------------|-------------------------------|
| <b>Revenues:</b>   |                    |                    |                   |                               |
| Federal, state, and municipal grants                             | \$ 27,225,417      | \$ 27,225,417      | \$ 26,129,801     | \$ (1,095,616)                |
| Interest income  | 1,750              | 1,750              | 1,436             | (314)                         |
| Other income   | 100,000            | 100,000            | 121,174           | 21,174                        |
| Total revenues   | <u>27,327,167</u>  | <u>27,327,167</u>  | <u>26,252,411</u> | <u>(1,074,756)</u>            |
| <b>Expenditures:</b>   |                    |                    |                   |                               |
| Current:   |                    |                    |                   |                               |
| Community services   | 28,315,757         | 28,330,757         | 27,231,177        | 1,099,580                     |
| Capital outlay   | 30,000             | 15,000             | 10,407            | 4,593                         |
| Total expenditures   | <u>28,345,757</u>  | <u>28,345,757</u>  | <u>27,241,584</u> | <u>1,104,173</u>              |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | <u>(1,018,590)</u> | <u>(1,018,590)</u> | <u>(989,173)</u>  | <u>29,417</u>                 |
| <b>Other Financing Sources (Uses):</b>                           |                    |                    |                   |                               |
| Transfers in   | <u>1,018,590</u>   | <u>1,018,590</u>   | <u>989,173</u>    | <u>(29,417)</u>               |
| <b>Net Change in Fund Balance</b>                                | -                  | -                  | -                 | -                             |
| <b>Fund Balance:</b>   |                    |                    |                   |                               |
| Beginning of year  | <u>-</u>           | <u>-</u>           | <u>-</u>          | <u>-</u>                      |
| 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, 2015

|   | Original<br>Budget  | Final<br>Budget     | Actual              | Variance with<br>Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| <b>Revenues:</b>                                    |                     |                     |                     |                               |
| Federal, state, and municipal grants                | \$ 79,842,955       | \$ 79,842,955       | \$ 83,736,091       | \$ 3,893,136                  |
| Interest income                                     | 95,400              | 95,400              | 66,798              | (28,602)                      |
| Total revenues                                      | <u>79,938,355</u>   | <u>79,938,355</u>   | <u>83,802,889</u>   | <u>3,864,534</u>              |
| <b>Expenditures:</b>                                |                     |                     |                     |                               |
| Current:  |                     |                     |                     |                               |
| Community services                                  | 79,908,855          | 79,908,855          | 83,516,791          | (3,607,936)                   |
| Capital outlay                                      | 29,500              | 29,500              | 7,744               | 21,756                        |
| Total expenditures                                  | <u>79,938,355</u>   | <u>79,938,355</u>   | <u>83,524,535</u>   | <u>(3,586,180)</u>            |
| <b>Excess (Deficiency) of Revenues Over (Under)</b> |                     |                     |                     |                               |
| <b>Expenditures</b>                                 | <u>-</u>            | <u>-</u>            | <u>278,354</u>      | <u>278,354</u>                |
| <b>Net Change in Fund Balance</b>                   | -                   | -                   | 278,354             | 278,354                       |
| <b>Fund Balance:</b>                                |                     |                     |                     |                               |
| Beginning of year                                   | <u>4,453,562</u>    | <u>4,453,562</u>    | <u>4,453,562</u>    | -                             |
| End of year   | <u>\$ 4,453,562</u> | <u>\$ 4,453,562</u> | <u>\$ 4,731,916</u> | <u>\$ 278,354</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, 2015

|   | Original<br>Budget | Final<br>Budget    | Actual             | Variance with<br>Final Budget |
|---|--------------------|--------------------|--------------------|-------------------------------|
| <b>Revenues:</b>                                    |                    |                    |                    |                               |
| Federal, state, and municipal grants                | \$ 55,869,787      | \$ 57,802,791      | \$ 53,522,766      | \$ (4,280,025)                |
| Charges for services                                | 631,577            | 631,577            | 718,134            | 86,557                        |
| Interest income                                     | 1,600              | 1,600              | 138                | (1,462)                       |
| Other income  | 50                 | 50                 | -                  | (50)                          |
| Total revenues                                      | <u>56,503,014</u>  | <u>58,436,018</u>  | <u>54,241,038</u>  | <u>(4,194,980)</u>            |
| <b>Expenditures:</b>                                |                    |                    |                    |                               |
| Current:  |                    |                    |                    |                               |
| Corrections   | 10,912,337         | 10,958,737         | 10,244,485         | 714,252                       |
| Community services                                  | 53,851,967         | 55,963,758         | 52,835,300         | 3,128,458                     |
| Capital outlay                                      | 25,760             | 42,510             | 26,892             | 15,618                        |
| Total expenditures                                  | <u>64,790,064</u>  | <u>66,965,005</u>  | <u>63,106,677</u>  | <u>3,858,328</u>              |
| <b>Excess (Deficiency) of Revenues Over (Under)</b> |                    |                    |                    |                               |
| <b>Expenditures</b>                                 | <u>(8,287,050)</u> | <u>(8,528,987)</u> | <u>(8,865,639)</u> | <u>(336,652)</u>              |
| <b>Other Financing Sources (Uses):</b>              |                    |                    |                    |                               |
| Transfers in  | 8,419,050          | 8,660,987          | 8,997,639          | 336,652                       |
| Transfers out                                       | (132,000)          | (132,000)          | (132,000)          | -                             |
| Total other financing sources (uses)                | <u>8,287,050</u>   | <u>8,528,987</u>   | <u>8,865,639</u>   | <u>336,652</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, 2015

|  | Original<br>Budget  | Final<br>Budget     | Actual              | Variance with<br>Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| <b>Revenues:</b>   |                     |                     |                     |                               |
| Charges for services   | \$ 10,000,000       | \$ 10,000,000       | \$ 11,011,921       | \$ 1,011,921                  |
| Interest income  | 14,210              | 14,210              | 6,559               | (7,651)                       |
| Other income   | -                   | 66,000              | 66,000              | -                             |
| Total revenues   | <u>10,014,210</u>   | <u>10,080,210</u>   | <u>11,084,480</u>   | <u>1,004,270</u>              |
| <b>Expenditures:</b>   |                     |                     |                     |                               |
| Current:   |                     |                     |                     |                               |
| Community services   | <u>6,709,533</u>    | <u>6,793,783</u>    | <u>7,298,279</u>    | <u>(504,496)</u>              |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | <u>3,304,677</u>    | <u>3,286,427</u>    | <u>3,786,201</u>    | <u>499,774</u>                |
| <b>Other Financing Sources (Uses):</b>                           |                     |                     |                     |                               |
| Transfers out  | <u>(4,416,170)</u>  | <u>(4,416,170)</u>  | <u>(3,576,982)</u>  | <u>839,188</u>                |
| <b>Net Change in Fund Balance</b>                                | <u>(1,111,493)</u>  | <u>(1,129,743)</u>  | <u>209,219</u>      | <u>1,338,962</u>              |
| <b>Fund Balance:</b>   |                     |                     |                     |                               |
| Beginning of year  | <u>6,846,977</u>    | <u>6,846,977</u>    | <u>6,846,977</u>    | <u>-</u>                      |
| End of year  | <u>\$ 5,735,484</u> | <u>\$ 5,717,234</u> | <u>\$ 7,056,196</u> | <u>\$ 1,338,962</u>           |

# COUNTY OF ERIE, PENNSYLVANIA

## NOTE TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2015

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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

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2015

| Assets                                    | Special Revenue Funds |                       |                     |                     |                   |
|---|-----------------------|-----------------------|---------------------|---------------------|-------------------|
|   | Liquid<br>Fuels       | Domestic<br>Relations | Drug and<br>Alcohol | Public<br>Health    | Library           |
| Cash and cash equivalents                 | \$ 408,231            | \$ 246,849            | \$ 9,474            | \$ 2,923            | \$ 1,979          |
| Investments                               | -                     | -                     | -                   | -                   | -                 |
| Receivables, net                          | 28                    | 683,545               | 1,171,559           | 1,702,930           | 85,618            |
| Due from other funds                      | -                     | -                     | 62,165              | -                   | 650,000           |
| Prepaid items                             | -                     | -                     | -                   | 3,775               | -                 |
| <b>Total Assets</b>                       | <b>\$ 408,259</b>     | <b>\$ 930,394</b>     | <b>\$ 1,243,198</b> | <b>\$ 1,709,628</b> | <b>\$ 737,597</b> |
| <b>Liabilities and Fund Balance</b>       |                       |                       |                     |                     |                   |
| Liabilities:                              |                       |                       |                     |                     |                   |
| Accounts payable                          | \$ -                  | \$ 25,669             | \$ 1,121,849        | \$ 183,843          | \$ 185,476        |
| Accrued liabilities                       | -                     | 243,589               | 99,703              | 240,673             | 215,753           |
| Due to other funds                        | -                     | 635,772               | 21,646              | 1,216,635           | 165,102           |
| Due to other taxing units                 | -                     | -                     | -                   | -                   | -                 |
| Unearned revenue                          | -                     | -                     | -                   | -                   | 33,208            |
| Total Liabilities                         | -                     | 905,030               | 1,243,198           | 1,641,151           | 599,539           |
| Fund Balance:                             |                       |                       |                     |                     |                   |
| Nonspendable:                             |                       |                       |                     |                     |                   |
| Prepaid items                             | -                     | -                     | -                   | 3,775               | -                 |
| Restricted for:                           |                       |                       |                     |                     |                   |
| Child support enforcement                 | -                     | 25,364                | -                   | -                   | -                 |
| Public health services                    | -                     | -                     | -                   | 64,702              | -                 |
| Library services                          | -                     | -                     | -                   | -                   | 138,058           |
| Road and bridges improvement              | 408,259               | -                     | -                   | -                   | -                 |
| Land preservation                         | -                     | -                     | -                   | -                   | -                 |
| Community redevelopment                   | -                     | -                     | -                   | -                   | -                 |
| Recycling                                 | -                     | -                     | -                   | -                   | -                 |
| Erie County Care Management               | -                     | -                     | -                   | -                   | -                 |
| Emergency services                        | -                     | -                     | -                   | -                   | -                 |
| Debt payments on general obligation bonds | -                     | -                     | -                   | -                   | -                 |
| Total Fund Balance                        | 408,259               | 25,364                | -                   | 68,477              | 138,058           |
| <b>Total Liabilities and Fund Balance</b> | <b>\$ 408,259</b>     | <b>\$ 930,394</b>     | <b>\$ 1,243,198</b> | <b>\$ 1,709,628</b> | <b>\$ 737,597</b> |

| Special Revenue Funds |                     |                             | Total                 | Debt                | Total                       |
|-----------------------|---------------------|-----------------------------|-----------------------|---------------------|-----------------------------|
| Planning              | Public Safety       | Erie County Care Management | Special Revenue Funds | Services            | Nonmajor Governmental Funds |
| \$ 2,949,415          | \$ 2,410,479        | \$ 1,501,400                | \$ 7,530,750          | \$ 1,154,273        | \$ 8,685,023                |
| -                     | -                   | 240,000                     | 240,000               | -                   | 240,000                     |
| 823,412               | 1,308,463           | 2,886,346                   | 8,661,901             | 87                  | 8,661,988                   |
| -                     | -                   | -                           | 712,165               | -                   | 712,165                     |
| -                     | 17,458              | 94,049                      | 115,282               | -                   | 115,282                     |
| <u>\$ 3,772,827</u>   | <u>\$ 3,736,400</u> | <u>\$ 4,721,795</u>         | <u>\$ 17,260,098</u>  | <u>\$ 1,154,360</u> | <u>\$ 18,414,458</u>        |
| <br>                  |                     |                             |                       |                     |                             |
| \$ 606,175            | \$ 93,850           | \$ 178,038                  | \$ 2,394,900          | \$ -                | \$ 2,394,900                |
| 29,121                | 129,131             | 209,664                     | 1,167,634             | -                   | 1,167,634                   |
| 197,499               | 1,686,582           | -                           | 3,923,236             | -                   | 3,923,236                   |
| 197,113               | -                   | -                           | 197,113               | -                   | 197,113                     |
| 4,500                 | -                   | -                           | 37,708                | -                   | 37,708                      |
| <u>1,034,408</u>      | <u>1,909,563</u>    | <u>387,702</u>              | <u>7,720,591</u>      | <u>-</u>            | <u>7,720,591</u>            |
| <br>                  |                     |                             |                       |                     |                             |
| -                     | 17,458              | 94,049                      | 115,282               | -                   | 115,282                     |
| -                     | -                   | -                           | 25,364                | -                   | 25,364                      |
| -                     | -                   | -                           | 64,702                | -                   | 64,702                      |
| -                     | -                   | -                           | 138,058               | -                   | 138,058                     |
| 1,494,794             | -                   | -                           | 1,903,053             | -                   | 1,903,053                   |
| 708,118               | -                   | -                           | 708,118               | -                   | 708,118                     |
| 414,299               | -                   | -                           | 414,299               | -                   | 414,299                     |
| 121,208               | -                   | -                           | 121,208               | -                   | 121,208                     |
| -                     | -                   | 4,240,044                   | 4,240,044             | -                   | 4,240,044                   |
| -                     | 1,809,379           | -                           | 1,809,379             | -                   | 1,809,379                   |
| -                     | -                   | -                           | -                     | 1,154,360           | 1,154,360                   |
| <u>2,738,419</u>      | <u>1,826,837</u>    | <u>4,334,093</u>            | <u>9,539,507</u>      | <u>1,154,360</u>    | <u>10,693,867</u>           |
| <u>\$ 3,772,827</u>   | <u>\$ 3,736,400</u> | <u>\$ 4,721,795</u>         | <u>\$ 17,260,098</u>  | <u>\$ 1,154,360</u> | <u>\$ 18,414,458</u>        |

# COUNTY OF ERIE, PENNSYLVANIA

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

DECEMBER 31, 2015

|   | Special Revenue Funds |                       |                     |                  |                    |
|---|-----------------------|-----------------------|---------------------|------------------|--------------------|
|   | Liquid<br>Fuels       | Domestic<br>Relations | Drug and<br>Alcohol | Public<br>Health | Library            |
| <b>Revenues:</b>                                    |                       |                       |                     |                  |                    |
| Federal, State, and Municipal grants                | \$ 718,212            | \$ 3,327,675          | \$ 4,098,501        | \$ 4,490,129     | \$ 1,453,929       |
| Charges for services                                | -                     | 86,230                | 225,341             | 544,118          | 170,222            |
| Interest income                                     | 50                    | 303                   | 472                 | 35               | -                  |
| Other income  | -                     | -                     | -                   | 11,804           | 40,625             |
| Total revenues                                      | <u>718,262</u>        | <u>3,414,208</u>      | <u>4,324,314</u>    | <u>5,046,086</u> | <u>1,664,776</u>   |
| <b>Expenditures:</b>                                |                       |                       |                     |                  |                    |
| Current:  |                       |                       |                     |                  |                    |
| Courts and related offices                          | -                     | 4,858,042             | -                   | -                | -                  |
| Community services                                  | -                     | -                     | 4,601,767           | -                | -                  |
| Public health                                       | -                     | -                     | -                   | 5,974,006        | -                  |
| Public works  | 758,402               | -                     | -                   | -                | -                  |
| Library   | -                     | -                     | -                   | -                | 6,242,774          |
| Other   | -                     | -                     | -                   | -                | -                  |
| Capital outlay                                      | -                     | -                     | 4,411               | -                | 36,828             |
| Debt service:                                       |                       |                       |                     |                  |                    |
| Bond issuance cost                                  | -                     | -                     | -                   | -                | -                  |
| Principal   | -                     | -                     | -                   | -                | -                  |
| Interest  | -                     | -                     | -                   | -                | -                  |
| Total expenditures                                  | <u>758,402</u>        | <u>4,858,042</u>      | <u>4,606,178</u>    | <u>5,974,006</u> | <u>6,279,602</u>   |
| <b>Excess (Deficiency) of Revenues Over (Under)</b> |                       |                       |                     |                  |                    |
| <b>Expenditures</b>                                 | <u>(40,140)</u>       | <u>(1,443,834)</u>    | <u>(281,864)</u>    | <u>(927,920)</u> | <u>(4,614,826)</u> |
| <b>Other Financing Sources (Uses):</b>              |                       |                       |                     |                  |                    |
| Issuance of general obligation bonds                | -                     | -                     | -                   | -                | -                  |
| Premium on bond issuance                            | -                     | -                     | -                   | -                | -                  |
| Transfers in  | -                     | 1,713,600             | 281,864             | 899,592          | 4,554,685          |
| Transfers out                                       | -                     | (276,305)             | -                   | -                | -                  |
| Total other financing sources (uses)                | <u>-</u>              | <u>1,437,295</u>      | <u>281,864</u>      | <u>899,592</u>   | <u>4,554,685</u>   |
| <b>Net Change in Fund Balance</b>                   | <u>(40,140)</u>       | <u>(6,539)</u>        | <u>-</u>            | <u>(28,328)</u>  | <u>(60,141)</u>    |
| <b>Fund Balance:</b>                                |                       |                       |                     |                  |                    |
| Beginning of year                                   | 448,399               | 31,903                | -                   | 96,805           | 198,199            |
| End of year   | <u>\$ 408,259</u>     | <u>\$ 25,364</u>      | <u>\$ -</u>         | <u>\$ 68,477</u> | <u>\$ 138,058</u>  |

| Planning            | Special Revenue Funds |                                | Total<br>Special<br>Revenue Funds | Debt<br>Services    | Total<br>Nonmajor<br>Governmental Funds |
|---------------------|-----------------------|--------------------------------|-----------------------------------|---------------------|---|
|                     | Public<br>Safety      | Erie County<br>Care Management |                                   |                     |   |
| \$ 1,694,797        | \$ 1,581,413          | \$ 9,608,265                   | \$ 26,972,921                     | \$ -                | \$ 26,972,921                           |
| 1,075,085           | 3,234,850             | 1,835,918                      | 7,171,764                         | -                   | 7,171,764                               |
| 1,170               | 1,021                 | -                              | 3,051                             | 2,892               | 5,943                                   |
| -                   | 45,327                | 10,687                         | 108,443                           | -                   | 108,443                                 |
| <u>2,771,052</u>    | <u>4,862,611</u>      | <u>11,454,870</u>              | <u>34,256,179</u>                 | <u>2,892</u>        | <u>34,259,071</u>                       |
| -                   | -                     | -                              | 4,858,042                         | -                   | 4,858,042                               |
| 2,861,343           | 5,524,829             | 11,376,516                     | 24,364,455                        | -                   | 24,364,455                              |
| -                   | -                     | -                              | 5,974,006                         | -                   | 5,974,006                               |
| -                   | -                     | -                              | 758,402                           | -                   | 758,402                                 |
| -                   | -                     | -                              | 6,242,774                         | -                   | 6,242,774                               |
| -                   | -                     | -                              | -                                 | 8,344               | 8,344                                   |
| -                   | 170,765               | 128,728                        | 340,732                           | -                   | 340,732                                 |
| -                   | -                     | -                              | -                                 | 109,037             | 109,037                                 |
| -                   | -                     | -                              | -                                 | 6,310,000           | 6,310,000                               |
| -                   | -                     | -                              | -                                 | 2,671,838           | 2,671,838                               |
| <u>2,861,343</u>    | <u>5,695,594</u>      | <u>11,505,244</u>              | <u>42,538,411</u>                 | <u>9,099,219</u>    | <u>51,637,630</u>                       |
| (90,291)            | (832,983)             | (50,374)                       | (8,282,232)                       | (9,096,327)         | (17,378,559)                            |
| -                   | -                     | -                              | -                                 | 17,380,000          | 17,380,000                              |
| -                   | -                     | -                              | -                                 | 2,136,354           | 2,136,354                               |
| 363,623             | 2,087,973             | -                              | 9,901,337                         | 7,834,122           | 17,735,459                              |
| (565)               | (557,520)             | -                              | (834,390)                         | (19,407,316)        | (20,241,706)                            |
| <u>363,058</u>      | <u>1,530,453</u>      | <u>-</u>                       | <u>9,066,947</u>                  | <u>7,943,160</u>    | <u>17,010,107</u>                       |
| 272,767             | 697,470               | (50,374)                       | 784,715                           | (1,153,167)         | (368,452)                               |
| <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>\$ 2,738,419</u> | <u>\$ 1,826,837</u>   | <u>\$ 4,334,093</u>            | <u>\$ 9,539,507</u>               | <u>\$ 1,154,360</u> | <u>\$ 10,693,867</u>                    |

# COUNTY OF ERIE, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

|   | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget |
|---|--------------------|-----------------|---------------|-------------------------------|
| <b>Revenues:</b>                                    |                    |                 |               |                               |
| Real estate taxes                                   | \$ 69,466,664      | \$ 69,466,664   | \$ 69,598,802 | \$ 132,138                    |
| Hotel tax   | 4,546,300          | 4,546,300       | 4,663,995     | 117,695                       |
| Federal, state, and municipal grants                | 2,444,726          | 2,609,055       | 3,406,779     | 797,724                       |
| Charges for services                                | 15,089,274         | 10,945,735      | 10,818,836    | (126,899)                     |
| Interest income                                     | 29,615             | 29,615          | 48,078        | 18,463                        |
| Other income  | 58,600             | 94,100          | 121,080       | 26,980                        |
| Total revenues                                      | 91,635,179         | 87,691,469      | 88,657,570    | 966,101                       |
| <b>Expenditures:</b>                                |                    |                 |               |                               |
| Current:  |                    |                 |               |                               |
| General government:                                 |                    |                 |               |                               |
| Council and elections                               | 1,395,504          | 1,458,003       | 1,401,427     | 56,576                        |
| Controller  | 342,060            | 342,060         | 319,547       | 22,513                        |
| County executive                                    | 261,251            | 262,251         | 233,566       | 28,685                        |
| Solicitor   | 162,629            | 162,629         | 160,804       | 1,825                         |
| Human Resources                                     | 302,722            | 286,839         | 264,637       | 22,202                        |
| Finance   | 3,945,441          | 3,825,804       | 3,590,369     | 235,435                       |
| Operations  | 5,408,822          | 3,830,699       | 3,055,043     | 775,656                       |
| Information technology                              | 8,741,671          | 7,877,444       | 7,755,610     | 121,834                       |
| Other   | 2,043,399          | 623,426         | 522,298       | 101,128                       |
| Total general government                            | 22,603,499         | 18,669,155      | 17,303,301    | 1,365,854                     |
| Courts and related offices:                         |                    |                 |               |                               |
| Courts  | 5,230,680          | 5,215,910       | 4,956,020     | 259,890                       |
| District justices                                   | 2,797,090          | 2,828,855       | 2,736,703     | 92,152                        |
| Clerk of records                                    | 2,461,419          | 2,433,043       | 2,303,206     | 129,837                       |
| Sheriff   | 3,145,193          | 3,156,644       | 3,145,014     | 11,630                        |
| District attorney                                   | 3,070,760          | 3,140,798       | 3,029,196     | 111,602                       |
| Coroner   | 633,932            | 651,932         | 674,257       | (22,325)                      |
| Public defender                                     | 1,450,275          | 1,458,832       | 1,391,998     | 66,834                        |
| Total courts and related offices                    | 18,789,349         | 18,886,014      | 18,236,394    | 649,620                       |
| Corrections:  |                    |                 |               |                               |
| Adult probation                                     | 5,109,162          | 5,165,544       | 5,152,834     | 12,710                        |
| Corrections   | 17,461,177         | 17,391,177      | 17,097,114    | 294,063                       |
| Juvenile probation                                  | 3,245,709          | 3,247,709       | 3,189,555     | 58,154                        |
| Total corrections                                   | 25,816,048         | 25,804,430      | 25,439,503    | 364,927                       |
| Community services:                                 |                    |                 |               |                               |
| Veterans affairs                                    | 303,636            | 261,584         | 191,215       | 70,369                        |
| Economic development                                | 208,301            | 142,050         | 140,781       | 1,269                         |
| Grants to others                                    | 151,000            | 151,000         | 437,722       | (286,722)                     |
| Total community services                            | 662,937            | 554,634         | 769,718       | (215,084)                     |
| Capital outlay:                                     |                    |                 |               |                               |
| General government                                  | 105,000            | 208,580         | 198,323       | 10,257                        |
| Courts  | 227,000            | 419,379         | 235,567       | 183,812                       |
| Corrections   | 226,000            | 183,819         | 115,049       | 68,770                        |
| Total capital outlay                                | 558,000            | 811,778         | 548,939       | 262,839                       |
| Total expenditures                                  | 68,429,833         | 64,726,011      | 62,297,855    | 2,428,156                     |
| <b>Excess (Deficiency) of Revenues Over (Under)</b> |                    |                 |               |                               |
| <b>Expenditures</b>                                 | 23,205,346         | 22,965,458      | 26,359,715    | 3,394,257                     |
| <b>Other Financing Sources (Uses):</b>              |                    |                 |               |                               |
| Transfers in  | 1,599,407          | 1,604,407       | 1,461,940     | (142,467)                     |
| Transfers out                                       | (27,551,064)       | (28,278,995)    | (27,111,732)  | 1,167,263                     |
| Total other financing sources (uses)                | (25,951,657)       | (26,674,588)    | (25,649,792)  | 1,024,796                     |
| <b>Extraordinary Items:</b>                         |                    |                 |               |                               |
| Loss on loan receivable                             | -                  | -               | (3,000,000)   | (3,000,000)                   |
| <b>Net Change in Fund Balance</b>                   | (2,746,311)        | (3,709,130)     | (2,290,077)   | 1,419,053                     |
| <b>Fund Balance:</b>                                |                    |                 |               |                               |
| Beginning of year                                   | 47,903,115         | 47,903,115      | 47,903,115    | -                             |
| End of year   | \$ 45,156,804      | \$ 44,193,985   | \$ 45,613,038 | \$ 1,419,053                  |

# COUNTY OF ERIE, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

|  | Original<br>Budget | Final<br>Budget   | Actual            | Variance with<br>Final Budget |
|--|--------------------|-------------------|-------------------|-------------------------------|
| <b>Revenues:</b>   |                    |                   |                   |                               |
| Federal, state, and municipal grants                                 | \$ 750,000         | \$ 750,000        | \$ 718,212        | \$ (31,788)                   |
| Interest income  | 100                | 100               | 50                | (50)                          |
| Total revenues   | <u>750,100</u>     | <u>750,100</u>    | <u>718,262</u>    | <u>(31,838)</u>               |
| <b>Expenditures:</b>   |                    |                   |                   |                               |
| Current:   |                    |                   |                   |                               |
| Public works   | 900,100            | 919,185           | 758,402           | 160,783                       |
| Total expenditures   | <u>900,100</u>     | <u>919,185</u>    | <u>758,402</u>    | <u>160,783</u>                |
| <b>Excess (Deficiency) of Revenues Over (Under)<br/>Expenditures</b> | <u>(150,000)</u>   | <u>(169,085)</u>  | <u>(40,140)</u>   | <u>128,945</u>                |
| <b>Net Change in Fund Balance</b>                                    | (150,000)          | (169,085)         | (40,140)          | 128,945                       |
| <b>Fund Balance:</b>   |                    |                   |                   |                               |
| Beginning of year  | 448,399            | 448,399           | 448,399           | -                             |
| End of year  | <u>\$ 298,399</u>  | <u>\$ 279,314</u> | <u>\$ 408,259</u> | <u>\$ 128,945</u>             |

# COUNTY OF ERIE, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

|  | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget |
|--|--------------------|-----------------|--------------|-------------------------------|
| <b>Revenues:</b>   |                    |                 |              |                               |
| Federal, state, and municipal grants                                 | \$ 3,505,680       | \$ 3,505,680    | \$ 3,327,675 | \$ (178,005)                  |
| Charges for services   | 114,400            | 114,400         | 86,230       | (28,170)                      |
| Interest income  | 350                | 350             | 303          | (47)                          |
| Total revenues   | 3,620,430          | 3,620,430       | 3,414,208    | (206,222)                     |
| <b>Expenditures:</b>   |                    |                 |              |                               |
| Current:   |                    |                 |              |                               |
| Courts and related office  | 4,973,329          | 4,973,329       | 4,858,042    | 115,287                       |
| Total expenditures   | 4,973,329          | 4,973,329       | 4,858,042    | 115,287                       |
| <b>Excess (Deficiency) of Revenues Over (Under)<br/>Expenditures</b> | (1,352,899)        | (1,352,899)     | (1,443,834)  | (90,935)                      |
| <b>Other Financing Sources (Uses):</b>                               |                    |                 |              |                               |
| Transfers in   | 1,629,736          | 1,629,736       | 1,713,600    | 83,864                        |
| Transfers out  | (276,837)          | (276,837)       | (276,305)    | 532                           |
| Total other financing sources (uses)                                 | 1,352,899          | 1,352,899       | 1,437,295    | 84,396                        |
| <b>Net Change in Fund Balance</b>                                    | -                  | -               | (6,539)      | (6,539)                       |
| <b>Fund Balance:</b>   |                    |                 |              |                               |
| Beginning of year  | 31,903             | 31,903          | 31,903       | -                             |
| End of year  | \$ 31,903          | \$ 31,903       | \$ 25,364    | \$ (6,539)                    |

# COUNTY OF ERIE, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

|  | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget |
|--|--------------------|-----------------|--------------|-------------------------------|
| <b>Revenues:</b>   |                    |                 |              |                               |
| Federal, state, and municipal grants                             | \$ 4,962,233       | \$ 5,116,827    | \$ 4,098,501 | \$ (1,018,326)                |
| Charges for services   | 250,000            | 250,000         | 225,341      | (24,659)                      |
| Interest income  | 700                | 700             | 472          | (228)                         |
| Total revenues   | 5,212,933          | 5,367,527       | 4,324,314    | (1,043,213)                   |
| <b>Expenditures:</b>   |                    |                 |              |                               |
| Current:   |                    |                 |              |                               |
| Community services   | 5,479,747          | 5,637,906       | 4,601,767    | 1,036,139                     |
| Capital outlay   | 15,050             | 11,485          | 4,411        | 7,074                         |
| Total expenditures   | 5,494,797          | 5,649,391       | 4,606,178    | 1,043,213                     |
| <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, 2015

|  | Original<br>Budget | Final<br>Budget    | Actual           | Variance with<br>Final Budget |
|--|--------------------|--------------------|------------------|-------------------------------|
| <b>Revenues:</b>   |                    |                    |                  |                               |
| Federal, state, and municipal grants                             | \$ 4,599,595       | \$ 4,678,245       | \$ 4,490,129     | \$ (188,116)                  |
| Charges for services   | 491,843            | 491,843            | 544,118          | 52,275                        |
| Interest income  | 50                 | 50                 | 35               | (15)                          |
| Other  | -                  | 11,805             | 11,804           | (1)                           |
| Total revenues   | <u>5,091,488</u>   | <u>5,181,943</u>   | <u>5,046,086</u> | <u>(135,857)</u>              |
| <b>Expenditures:</b>   |                    |                    |                  |                               |
| Current:   |                    |                    |                  |                               |
| Public health  | 6,243,471          | 6,333,926          | 5,974,006        | 359,920                       |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | <u>(1,151,983)</u> | <u>(1,151,983)</u> | <u>(927,920)</u> | <u>224,063</u>                |
| <b>Other Financing Sources (Uses):</b>                           |                    |                    |                  |                               |
| Transfers in   | 1,130,450          | 1,130,450          | 899,592          | (230,858)                     |
| Total other financing sources (uses)                             | <u>1,130,450</u>   | <u>1,130,450</u>   | <u>899,592</u>   | <u>(230,858)</u>              |
| <b>Net Change in Fund Balance</b>                                | (21,533)           | (21,533)           | (28,328)         | (6,795)                       |
| <b>Fund Balance:</b>   |                    |                    |                  |                               |
| Beginning of year  | 96,805             | 96,805             | 96,805           | -                             |
| End of year  | <u>\$ 75,272</u>   | <u>\$ 75,272</u>   | <u>\$ 68,477</u> | <u>\$ (6,795)</u>             |

# COUNTY OF ERIE, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

|  | Original<br>Budget | Final<br>Budget    | Actual             | Variance with<br>Final Budget |
|--|--------------------|--------------------|--------------------|-------------------------------|
| <b>Revenues:</b>   |                    |                    |                    |                               |
| Federal, state, and municipal grants                             | \$ 1,412,716       | \$ 1,495,281       | \$ 1,453,929       | \$ (41,352)                   |
| Charges for services   | 188,050            | 188,150            | 170,222            | (17,928)                      |
| Other  | 7,300              | 40,543             | 40,625             | 82                            |
| Total revenues   | <u>1,608,066</u>   | <u>1,723,974</u>   | <u>1,664,776</u>   | <u>(59,198)</u>               |
| <b>Expenditures:</b>   |                    |                    |                    |                               |
| Current:   |                    |                    |                    |                               |
| Library  | 6,575,077          | 6,654,157          | 6,242,774          | 411,383                       |
| Capital outlay   | -                  | 36,828             | 36,828             | -                             |
| Total expenditures   | <u>6,575,077</u>   | <u>6,690,985</u>   | <u>6,279,602</u>   | <u>411,383</u>                |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | <u>(4,967,011)</u> | <u>(4,967,011)</u> | <u>(4,614,826)</u> | <u>352,185</u>                |
| <b>Other Financing Sources (Uses):</b>                           |                    |                    |                    |                               |
| Transfers in   | 4,967,011          | 4,967,011          | 4,554,685          | (412,326)                     |
| Total other financing sources (uses)                             | <u>4,967,011</u>   | <u>4,967,011</u>   | <u>4,554,685</u>   | <u>(412,326)</u>              |
| <b>Net Change in Fund Balance</b>                                | -                  | -                  | (60,141)           | (60,141)                      |
| <b>Fund Balance:</b>   |                    |                    |                    |                               |
| Beginning of year  | 198,199            | 198,199            | 198,199            | -                             |
| End of year  | <u>\$ 198,199</u>  | <u>\$ 198,199</u>  | <u>\$ 138,058</u>  | <u>\$ (60,141)</u>            |

# COUNTY OF ERIE, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

|  | Original<br>Budget  | Final<br>Budget     | Actual              | Variance with<br>Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| <b>Revenues:</b>   |                     |                     |                     |                               |
| Federal, state, and municipal grants                             | \$ 5,376,307        | \$ 5,376,307        | \$ 1,694,797        | \$ (3,681,510)                |
| Charges for services   | 1,794,697           | 1,794,697           | 1,075,085           | (719,612)                     |
| Interest income  | 2,700               | 2,700               | 1,170               | (1,530)                       |
| Other  | 200,000             | 200,000             | -                   | (200,000)                     |
| Total revenues   | <u>7,373,704</u>    | <u>7,373,704</u>    | <u>2,771,052</u>    | <u>(4,602,652)</u>            |
| <b>Expenditures:</b>   |                     |                     |                     |                               |
| Current:   |                     |                     |                     |                               |
| Community services   | 7,964,456           | 7,971,819           | 2,861,343           | 5,110,476                     |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | <u>(590,752)</u>    | <u>(598,115)</u>    | <u>(90,291)</u>     | <u>507,824</u>                |
| <b>Other Financing Sources (Uses):</b>                           |                     |                     |                     |                               |
| Transfers in   | 590,752             | 603,115             | 363,623             | (239,492)                     |
| Transfers out  | -                   | (5,000)             | (565)               | 4,435                         |
| Total other financing sources (uses)                             | <u>590,752</u>      | <u>598,115</u>      | <u>363,058</u>      | <u>(235,057)</u>              |
| <b>Net Change in Fund Balance</b>                                | -                   | -                   | 272,767             | 272,767                       |
| <b>Fund Balance:</b>   |                     |                     |                     |                               |
| Beginning of year  | 2,465,652           | 2,465,652           | 2,465,652           | -                             |
| End of year  | <u>\$ 2,465,652</u> | <u>\$ 2,465,652</u> | <u>\$ 2,738,419</u> | <u>\$ 272,767</u>             |

# COUNTY OF ERIE, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

|  | Original<br>Budget | Final<br>Budget     | Actual              | Variance with<br>Final Budget |
|--|--------------------|---------------------|---------------------|-------------------------------|
| <b>Revenues:</b>   |                    |                     |                     |                               |
| Federal, state, and municipal grants                             | \$ 1,964,717       | \$ 1,580,229        | \$ 1,581,413        | \$ 1,184                      |
| Charges for services   | 1,314,085          | 3,291,254           | 3,234,850           | (56,404)                      |
| Interest income  | 1,400              | 892                 | 1,021               | 129                           |
| Other  | 22,000             | 59,052              | 45,327              | (13,725)                      |
| Total revenues   | <u>3,302,202</u>   | <u>4,931,427</u>    | <u>4,862,611</u>    | <u>(68,816)</u>               |
| <b>Expenditures:</b>   |                    |                     |                     |                               |
| Current:   |                    |                     |                     |                               |
| Community services   | 6,067,370          | 6,097,602           | 5,524,829           | 572,773                       |
| Capital outlay   | 241,995            | 176,166             | 170,765             | 5,401                         |
| Total expenditures   | <u>6,309,365</u>   | <u>6,273,768</u>    | <u>5,695,594</u>    | <u>578,174</u>                |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | <u>(3,007,163)</u> | <u>(1,342,341)</u>  | <u>(832,983)</u>    | <u>509,358</u>                |
| <b>Other Financing Sources (Uses):</b>                           |                    |                     |                     |                               |
| Transfers in   | 2,784,300          | 2,447,931           | 2,087,973           | (359,958)                     |
| Transfers out  | (557,520)          | (557,520)           | (557,520)           | -                             |
| Total other financing sources (uses)                             | <u>2,226,780</u>   | <u>1,890,411</u>    | <u>1,530,453</u>    | <u>(359,958)</u>              |
| <b>Net Change in Fund Balance</b>                                | <u>(780,383)</u>   | <u>548,070</u>      | <u>697,470</u>      | <u>149,400</u>                |
| <b>Fund Balance:</b>   |                    |                     |                     |                               |
| Beginning of year  | <u>1,129,367</u>   | <u>1,129,367</u>    | <u>1,129,367</u>    | <u>-</u>                      |
| End of year  | <u>\$ 348,984</u>  | <u>\$ 1,677,437</u> | <u>\$ 1,826,837</u> | <u>\$ 149,400</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, 2015

|   | Original<br>Budget  | Final<br>Budget     | Actual              | Variance with<br>Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| <b>Revenues:</b>                                    |                     |                     |                     |                               |
| Federal, state, and municipal grants                | \$ 11,746,949       | \$ 11,746,949       | \$ 9,608,265        | \$ (2,138,684)                |
| Charges for services                                | 1,160,905           | 1,160,905           | 1,835,918           | 675,013                       |
| Other   | -                   | -                   | 10,687              | 10,687                        |
| Total revenues                                      | <u>12,907,854</u>   | <u>12,907,854</u>   | <u>11,454,870</u>   | <u>(1,452,984)</u>            |
| <b>Expenditures:</b>                                |                     |                     |                     |                               |
| Current:  |                     |                     |                     |                               |
| Community services                                  | 12,659,004          | 12,659,004          | 11,376,516          | 1,282,488                     |
| Capital outlay                                      | 248,850             | 248,850             | 128,728             | 120,122                       |
| Total expenditures                                  | <u>12,907,854</u>   | <u>12,907,854</u>   | <u>11,505,244</u>   | <u>1,402,610</u>              |
| <b>Excess (Deficiency) of Revenues Over (Under)</b> |                     |                     |                     |                               |
| <b>Expenditures</b>                                 | -                   | -                   | (50,374)            | (50,374)                      |
| <b>Net Change in Fund Balance</b>                   | -                   | -                   | (50,374)            | (50,374)                      |
| <b>Fund Balance:</b>                                |                     |                     |                     |                               |
| Beginning of year                                   | 4,384,467           | 4,384,467           | 4,384,467           | -                             |
| End of year   | <u>\$ 4,384,467</u> | <u>\$ 4,384,467</u> | <u>\$ 4,334,093</u> | <u>\$ (50,374)</u>            |

# COUNTY OF ERIE, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

|  | Original<br>Budget  | Final<br>Budget     | Actual              | Variance with<br>Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| <b>Revenues:</b>   |                     |                     |                     |                               |
| Interest   | \$ 2,790            | \$ 2,790            | \$ 2,892            | \$ 102                        |
| <b>Expenditures:</b>   |                     |                     |                     |                               |
| Current:   |                     |                     |                     |                               |
| Other  | 10,000              | 10,000              | 8,344               | 1,656                         |
| Debt service:  |                     |                     |                     |                               |
| Bond issuance cost   | -                   | 109,038             | 109,037             | 1                             |
| Principal  | 6,310,000           | 6,310,000           | 6,310,000           | -                             |
| Interest   | 2,671,838           | 2,671,838           | 2,671,838           | -                             |
| Total expenditures   | 8,991,838           | 9,100,876           | 9,099,219           | 1,657                         |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | <b>(8,989,048)</b>  | <b>(9,098,086)</b>  | <b>(9,096,327)</b>  | <b>1,759</b>                  |
| <b>Other Financing Sources (Uses):</b>                           |                     |                     |                     |                               |
| Issuance of general obligation bonds                             | -                   | 17,380,000          | 17,380,000          | -                             |
| Premium on bond issuance   | -                   | 2,136,355           | 2,136,354           | (1)                           |
| Transfers in   | 8,989,048           | 8,989,048           | 7,834,122           | (1,154,926)                   |
| Transfers out  | -                   | (19,407,317)        | (19,407,316)        | 1                             |
| Total other financing sources (uses)                             | 8,989,048           | 9,098,086           | 7,943,160           | (1,154,926)                   |
| <b>Net Change in Fund Balance</b>                                | <b>-</b>            | <b>-</b>            | <b>(1,153,167)</b>  | <b>(1,153,167)</b>            |
| <b>Fund Balance:</b>   |                     |                     |                     |                               |
| Beginning of year  | 2,307,527           | 2,307,527           | 2,307,527           | -                             |
| End of year  | <u>\$ 2,307,527</u> | <u>\$ 2,307,527</u> | <u>\$ 1,154,360</u> | <u>\$ (1,153,167)</u>         |

# COUNTY OF ERIE, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

|  | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget |
|--|--------------------|-----------------|---------------|-------------------------------|
| <b>Revenues:</b>   |                    |                 |               |                               |
| Charges for services   | \$ -               | \$ 32,261       | \$ -          | \$ (32,261)                   |
| Interest income  | -                  | -               | 36,830        | 36,830                        |
| Other  | -                  | -               | 1,898,293     | 1,898,293                     |
| Total revenues   | -                  | 32,261          | 1,935,123     | 1,902,862                     |
| <b>Expenditures:</b>   |                    |                 |               |                               |
| Capital outlay   | -                  | 22,263,638      | 1,679,443     | 20,584,195                    |
| Total expenditures   | -                  | 22,263,638      | 1,679,443     | 20,584,195                    |
| <b>Excess (Deficiency) of Revenues Over (Under)<br/>Expenditures</b> | -                  | (22,231,377)    | 255,680       | 22,487,057                    |
| <b>Other Financing Sources (Uses):</b>                               |                    |                 |               |                               |
| Transfers in   | -                  | 19,407,317      | 19,407,316    | (1)                           |
| <b>Net Change in Fund Balance</b>                                    | -                  | (2,824,060)     | 19,662,996    | 22,487,056                    |
| <b>Fund Balance:</b>   |                    |                 |               |                               |
| Beginning of year  | 6,285,204          | 6,285,204       | 6,285,204     | -                             |
| End of year  | \$ 6,285,204       | \$ 3,461,144    | \$ 25,948,200 | \$ 22,487,056                 |

# 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.

# COUNTY OF ERIE, PENNSYLVANIA

## COMBINING STATEMENT OF FIDUCIARY NET POSITION AGENCY FUNDS

DECEMBER 31, 2015

|                                    | Assets                          |              |                                 |                                     | Total<br>Assets |
|------------------------------------|---------------------------------|--------------|---------------------------------|-------------------------------------|-----------------|
|                                    | Cash and<br>Cash<br>Equivalents | Investments  | Property<br>Taxes<br>Receivable | Interest and<br>Other<br>Receivable |                 |
| Tax Claim                          | \$ 1,213,579                    | \$ -         | \$ 11,455,369                   | \$ 20,833                           | \$ 12,689,781   |
| Revenue licenses                   | 4,534                           | -            | -                               | -                                   | 4,534           |
| Recorder of Deeds                  | 664,041                         | -            | -                               | -                                   | 664,041         |
| Clerk of Courts                    | 740,844                         | -            | -                               | -                                   | 740,844         |
| Register of Wills                  | 36,529                          | -            | -                               | -                                   | 36,529          |
| Prothonotary                       | 282,444                         | -            | -                               | -                                   | 282,444         |
| Sheriff                            | 551,141                         | -            | -                               | -                                   | 551,141         |
| Prison                             | 196,613                         | -            | -                               | 10,657                              | 207,270         |
| Magisterial District Judges        | 327,566                         | -            | -                               | -                                   | 327,566         |
| Child and Youth Trust              | 22,462                          | -            | -                               | -                                   | 22,462          |
| Domestic Relations                 | 8,337                           | -            | -                               | -                                   | 8,337           |
| Act 101 site-specific post-closure | 50,583                          | 2,171,007    | -                               | -                                   | 2,221,590       |
| Client funds held by ECCM          | 429,004                         | -            | -                               | -                                   | 429,004         |
| Resident funds held by PRM         | 672,079                         | -            | -                               | -                                   | 672,079         |
|                                    | \$ 5,199,756                    | \$ 2,171,007 | \$ 11,455,369                   | \$ 31,490                           | \$ 18,857,622   |

(Continued)

# COUNTY OF ERIE, PENNSYLVANIA

## COMBINING STATEMENT OF FIDUCIARY NET POSITION AGENCY FUNDS

DECEMBER 31, 2015  
(Continued)

|                                    | Liabilities         |                                       | Total<br>Liabilities |
|------------------------------------|---------------------|---------------------------------------|----------------------|
|                                    | Accounts<br>Payable | Due to Other<br>Governmental<br>Units |                      |
| Tax Claim                          | \$ 1,234,412        | \$ 11,455,369                         | \$ 12,689,781        |
| Revenue licenses                   | 4,534               | -                                     | 4,534                |
| Recorder of Deeds                  | 664,041             | -                                     | 664,041              |
| Clerk of Courts                    | 740,844             | -                                     | 740,844              |
| Register of Wills                  | 36,529              | -                                     | 36,529               |
| Prothonotary                       | 282,444             | -                                     | 282,444              |
| Sheriff                            | 551,141             | -                                     | 551,141              |
| Prison                             | 207,270             | -                                     | 207,270              |
| Magisterial District Judges        | 327,566             | -                                     | 327,566              |
| Child and Youth Trust              | 22,462              | -                                     | 22,462               |
| Domestic Relations                 | 8,337               | -                                     | 8,337                |
| Act 101 site-specific post-closure | 2,221,590           | -                                     | 2,221,590            |
| Client funds held by ECCM          | 429,004             | -                                     | 429,004              |
| Resident funds held by PRM         | 672,079             | -                                     | 672,079              |
|                                    | \$ 7,402,253        | \$ 11,455,369                         | \$ 18,857,622        |

(Concluded)

# COUNTY OF ERIE, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

|                                 | Balance at<br>December 31,<br>2014 | Additions            | Deletions            | Balance at<br>December 31,<br>2015 |
|---------------------------------|------------------------------------|----------------------|----------------------|------------------------------------|
| <b>Tax Claim</b>                |                                    |                      |                      |                                    |
| <b>Assets</b>                   |                                    |                      |                      |                                    |
| Cash                            | \$ 1,114,335                       | \$ 21,605,006        | \$ 21,505,762        | \$ 1,213,579                       |
| Credit card receivable          | 9,991                              | 2,439,165            | 2,428,323            | 20,833                             |
| Property tax receivable         | 11,847,729                         | 18,068,005           | 18,460,365           | 11,455,369                         |
| <b>Total Assets</b>             | <b>\$ 12,972,055</b>               | <b>\$ 42,112,176</b> | <b>\$ 42,394,450</b> | <b>\$ 12,689,781</b>               |
| <b>Liabilities</b>              |                                    |                      |                      |                                    |
| Accounts payable                | \$ 1,124,326                       | \$ 24,044,171        | \$ 23,934,085        | \$ 1,234,412                       |
| Due to other governmental units | 11,847,729                         | 18,068,005           | 18,460,365           | 11,455,369                         |
| <b>Total Liabilities</b>        | <b>\$ 12,972,055</b>               | <b>\$ 42,112,176</b> | <b>\$ 42,394,450</b> | <b>\$ 12,689,781</b>               |
| <b>Revenue Licenses</b>         |                                    |                      |                      |                                    |
| <b>Assets</b>                   |                                    |                      |                      |                                    |
| Cash                            | \$ 4,195                           | \$ 286,585           | \$ 286,246           | \$ 4,534                           |
| <b>Liabilities</b>              |                                    |                      |                      |                                    |
| Accounts payable                | \$ 4,195                           | \$ 286,585           | \$ 286,246           | \$ 4,534                           |
| <b>Recorder of Deeds</b>        |                                    |                      |                      |                                    |
| <b>Assets</b>                   |                                    |                      |                      |                                    |
| Cash                            | \$ 615,927                         | \$ 18,907,615        | \$ 18,859,501        | \$ 664,041                         |
| <b>Liabilities</b>              |                                    |                      |                      |                                    |
| Accounts payable                | \$ 615,927                         | \$ 18,907,615        | \$ 18,859,501        | \$ 664,041                         |
| <b>Clerk of Courts</b>          |                                    |                      |                      |                                    |
| <b>Assets</b>                   |                                    |                      |                      |                                    |
| Cash                            | \$ 884,983                         | \$ 5,762,750         | \$ 5,906,889         | \$ 740,844                         |
| <b>Liabilities</b>              |                                    |                      |                      |                                    |
| Accounts payable                | \$ 884,983                         | \$ 5,762,750         | \$ 5,906,889         | \$ 740,844                         |
| <b>Register of Wills</b>        |                                    |                      |                      |                                    |
| <b>Assets</b>                   |                                    |                      |                      |                                    |
| Cash                            | \$ 34,328                          | \$ 18,722,225        | \$ 18,720,024        | \$ 36,529                          |
| <b>Liabilities</b>              |                                    |                      |                      |                                    |
| Accounts payable                | \$ 34,328                          | \$ 18,722,225        | \$ 18,720,024        | \$ 36,529                          |

(Continued)

# COUNTY OF ERIE, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015  
(Continued)

|                                    | Balance at<br>December 31,<br>2014 | Additions           | Deletions           | Balance at<br>December 31,<br>2015 |
|------------------------------------|------------------------------------|---------------------|---------------------|------------------------------------|
| <b>Prothonotary</b>                |                                    |                     |                     |                                    |
| <b>Assets</b>                      |                                    |                     |                     |                                    |
| Cash                               | \$ 218,390                         | \$ 921,117          | \$ 857,063          | \$ 282,444                         |
| <b>Liabilities</b>                 |                                    |                     |                     |                                    |
| Accounts payable                   | \$ 218,390                         | \$ 921,117          | \$ 857,063          | \$ 282,444                         |
| <b>Sheriff</b>                     |                                    |                     |                     |                                    |
| <b>Assets</b>                      |                                    |                     |                     |                                    |
| Cash                               | \$ 519,842                         | \$ 2,832,125        | \$ 2,800,826        | \$ 551,141                         |
| Interest and other receivables     | 1,498                              | -                   | 1,498               | -                                  |
| <b>Total Assets</b>                | <b>\$ 521,340</b>                  | <b>\$ 2,832,125</b> | <b>\$ 2,802,324</b> | <b>\$ 551,141</b>                  |
| <b>Liabilities</b>                 |                                    |                     |                     |                                    |
| Accounts payable                   | \$ 521,340                         | \$ 2,832,125        | \$ 2,802,324        | \$ 551,141                         |
| <b>Prison</b>                      |                                    |                     |                     |                                    |
| <b>Assets</b>                      |                                    |                     |                     |                                    |
| Cash                               | \$ 182,188                         | \$ 1,866,196        | \$ 1,851,771        | \$ 196,613                         |
| Interest and other receivables     | 20,635                             | 10,657              | 20,635              | 10,657                             |
| <b>Total Assets</b>                | <b>\$ 202,823</b>                  | <b>\$ 1,876,853</b> | <b>\$ 1,872,406</b> | <b>\$ 207,270</b>                  |
| <b>Liabilities</b>                 |                                    |                     |                     |                                    |
| Accounts payable                   | \$ 202,823                         | \$ 1,876,853        | \$ 1,872,406        | \$ 207,270                         |
| <b>Magisterial District Judges</b> |                                    |                     |                     |                                    |
| <b>Assets</b>                      |                                    |                     |                     |                                    |
| Cash                               | \$ 243,496                         | \$ 6,373,007        | \$ 6,288,937        | \$ 327,566                         |
| <b>Liabilities</b>                 |                                    |                     |                     |                                    |
| Accounts payable                   | \$ 243,496                         | \$ 6,373,007        | \$ 6,288,937        | \$ 327,566                         |
| <b>Children and Youth Trust</b>    |                                    |                     |                     |                                    |
| <b>Assets</b>                      |                                    |                     |                     |                                    |
| Cash                               | \$ 20,255                          | \$ 2,207            | \$ -                | \$ 22,462                          |
| <b>Liabilities</b>                 |                                    |                     |                     |                                    |
| Accounts payable                   | \$ 20,255                          | \$ 2,207            | \$ -                | \$ 22,462                          |

(Continued)

# COUNTY OF ERIE, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015  
(Continued)

|   | Balance at<br>December 31,<br>2014 | Additions             | Deletions             | Balance at<br>December 31,<br>2015 |
|---|------------------------------------|-----------------------|-----------------------|------------------------------------|
| <b>Domestic Relations</b>                 |                                    |                       |                       |                                    |
| <b>Assets</b>                             |                                    |                       |                       |                                    |
| Cash                                      | \$ 25,172                          | \$ 2,262,860          | \$ 2,279,695          | \$ 8,337                           |
| <b>Liabilities</b>                        |                                    |                       |                       |                                    |
| Accounts payable                          | \$ 25,172                          | \$ 2,262,860          | \$ 2,279,695          | \$ 8,337                           |
| <b>Act 101 Site-Specific Post-Closure</b> |                                    |                       |                       |                                    |
| <b>Assets</b>                             |                                    |                       |                       |                                    |
| Cash                                      | \$ 41,210                          | \$ 9,373              | \$ -                  | \$ 50,583                          |
| Investments                               | 2,165,893                          | 5,114                 | -                     | 2,171,007                          |
| <b>Total Assets</b>                       | <b>\$ 2,207,103</b>                | <b>\$ 14,487</b>      | <b>\$ -</b>           | <b>\$ 2,221,590</b>                |
| <b>Liabilities</b>                        |                                    |                       |                       |                                    |
| Accounts payable                          | \$ 2,207,103                       | \$ 14,487             | \$ -                  | \$ 2,221,590                       |
| <b>Client Funds held by ECCM</b>          |                                    |                       |                       |                                    |
| <b>Assets</b>                             |                                    |                       |                       |                                    |
| Cash                                      | \$ 368,941                         | \$ 3,080,758          | \$ 3,020,695          | \$ 429,004                         |
| <b>Liabilities</b>                        |                                    |                       |                       |                                    |
| Accounts payable                          | \$ 368,941                         | \$ 3,080,758          | \$ 3,020,695          | \$ 429,004                         |
| <b>Resident Funds held by PRM</b>         |                                    |                       |                       |                                    |
| <b>Assets</b>                             |                                    |                       |                       |                                    |
| Cash                                      | \$ 633,904                         | \$ 3,805,681          | \$ 3,767,506          | \$ 672,079                         |
| <b>Liabilities</b>                        |                                    |                       |                       |                                    |
| Accounts payable                          | \$ 633,904                         | \$ 3,805,681          | \$ 3,767,506          | \$ 672,079                         |
| <b>Total Assets</b>                       |                                    |                       |                       |                                    |
| Cash                                      | \$ 4,907,166                       | \$ 86,437,505         | \$ 86,144,915         | \$ 5,199,756                       |
| Investments                               | 2,165,893                          | 5,114                 | -                     | 2,171,007                          |
| Interest and other receivable             | 32,124                             | 2,449,822             | 2,450,456             | 31,490                             |
| Property taxes receivable                 | 11,847,729                         | 18,068,005            | 18,460,365            | 11,455,369                         |
| <b>Total Assets</b>                       | <b>\$ 18,952,912</b>               | <b>\$ 106,960,446</b> | <b>\$ 107,055,736</b> | <b>\$ 18,857,622</b>               |
| <b>Total Liabilities</b>                  |                                    |                       |                       |                                    |
| Accounts payable                          | \$ 7,105,183                       | \$ 88,892,441         | \$ 88,595,371         | \$ 7,402,253                       |
| Due to other governmental units           | 11,847,729                         | 18,068,005            | 18,460,365            | 11,455,369                         |
| <b>Total Liabilities</b>                  | <b>\$ 18,952,912</b>               | <b>\$ 106,960,446</b> | <b>\$ 107,055,736</b> | <b>\$ 18,857,622</b>               |

(Concluded)

**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, 2015

| <b>Function and Activity</b>                | Land             | Construction in<br>Progress | Buildings and<br>Improvements | Vehicles,<br>Furniture, and<br>Equipment | Total              |
|---|------------------|-----------------------------|-------------------------------|--|--------------------|
| General government                          | \$ 315,948       | \$ -                        | \$ 27,161,937                 | \$ 3,646,853                             | \$ 31,124,738      |
| Courts and related offices                  | 70,960           | -                           | 3,032,517                     | 2,782,461                                | 5,885,938          |
| Corrections                                 | 284,420          | -                           | 30,865,127                    | 946,194                                  | 32,095,741         |
| Community services                          | 301,797          | -                           | 16,521,696                    | 10,299,291                               | 27,122,784         |
| Public health                               | -                | -                           | 787,331                       | 562,545                                  | 1,349,876          |
| Library                                     | 528,112          | -                           | 15,819,407                    | 2,116,338                                | 18,463,857         |
| <br>Total governmental funds capital assets | <br>\$ 1,501,237 | <br>\$ -                    | <br>\$ 94,188,015             | <br>\$ 20,353,682                        | <br>\$ 116,042,934 |

# COUNTY OF ERIE, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

| <u>Function and Activity</u>            | Governmental Funds<br>Capital Assets<br>January 1, 2015 | Additions         | Deduction/<br>Transfer | Governmental Funds<br>Capital Assets<br>December 31, 2015 |
|---|---|-------------------|------------------------|---|
| General government                      | \$ 31,810,843   | \$ 125,449        | \$ (811,554)           | \$ 31,124,738   |
| Courts and related offices              | 6,023,385   | 124,863           | (262,310)              | 5,885,938   |
| Corrections                             | 32,774,511  | 95,174            | (773,944)              | 32,095,741  |
| Community services                      | 28,151,249  | 271,844           | (1,300,309)            | 27,122,784  |
| Public health                           | 1,446,908   | 80,045            | (177,077)              | 1,349,876   |
| Library                                 | 18,586,821  | 13,370            | (136,334)              | 18,463,857  |
| Total governmental funds capital assets | <u>\$ 118,793,717</u>                                   | <u>\$ 710,745</u> | <u>\$ (3,461,528)</u>  | <u>\$ 116,042,934</u>                                     |

# COUNTY OF ERIE, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

Governmental funds capital assets:

|                                    |                       |
|------------------------------------|-----------------------|
| Land                               | \$ 1,501,237          |
| Construction in progress           | -                     |
| Buildings and improvements         | 94,188,015            |
| Vehicles, furniture, and equipment | <u>20,353,682</u>     |
|                                    | <u>\$ 116,042,934</u> |

Investment in governmental funds capital assets by source:

|                      |                       |
|----------------------|-----------------------|
| General Fund         | \$ 66,221,777         |
| Special Revenue Fund | <u>49,821,157</u>     |
|                      | <u>\$ 116,042,934</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><br>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.   | 151                |
| <b>Revenue Capacity</b><br>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.   | 163                |
| <b>Debt Capacity</b><br>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><br>These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.                                      | 180                |
| <b>Operating Information</b><br>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. | 183                |

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## **FINANCIAL TRENDS**

# COUNTY OF ERIE, PENNSYLVANIA

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

|  | 2015                        | 2014                        | 2013                        | 2012                        |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Governmental Activities:</b>                    |                             |                             |                             |                             |
| Net investment in capital assets                   | \$ 122,636                  | \$ 986,225                  | \$ 3,234,228                | \$ 13,180,233               |
| Restricted   | 31,903,417                  | 34,708,680                  | 37,919,072                  | 38,896,823                  |
| Unrestricted                                       | <u>(1,130,226)</u>          | <u>(2,110,809)</u>          | <u>(8,005,536)</u>          | <u>(13,666,489)</u>         |
| <i>Total Governmental Activities Net Position</i>  | <u><u>\$ 30,895,827</u></u> | <u><u>\$ 33,584,096</u></u> | <u><u>\$ 33,147,764</u></u> | <u><u>\$ 38,410,567</u></u> |
| <b>Business-type Activities:</b>                   |                             |                             |                             |                             |
| Net investment in capital assets                   | \$ 5,697,500                | \$ 4,430,807                | \$ 4,628,713                | \$ 4,521,981                |
| Restricted   | -                           | -                           | -                           | -                           |
| Unrestricted                                       | <u>1,744,693</u>            | <u>3,634,846</u>            | <u>3,986,428</u>            | <u>3,775,351</u>            |
| <i>Total Business-type Activities Net Position</i> | <u><u>\$ 7,442,193</u></u>  | <u><u>\$ 8,065,653</u></u>  | <u><u>\$ 8,615,141</u></u>  | <u><u>\$ 8,297,332</u></u>  |
| <b>Primary Government:</b>                         |                             |                             |                             |                             |
| Net investment in capital assets                   | \$ 5,820,136                | \$ 5,417,032                | \$ 7,862,941                | \$ 17,702,214               |
| Restricted   | 31,903,417                  | 34,708,680                  | 37,919,072                  | 38,896,823                  |
| Unrestricted                                       | <u>614,467</u>              | <u>1,524,037</u>            | <u>(4,019,108)</u>          | <u>(9,891,138)</u>          |
| <i>Total Primary Government Net Position</i>       | <u><u>\$ 38,338,020</u></u> | <u><u>\$ 41,649,749</u></u> | <u><u>\$ 41,762,905</u></u> | <u><u>\$ 46,707,899</u></u> |

**Notes:**

This Schedule is being prepared prospectively in accordance with GASB Statement No. 63.

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

GASB Statement No. 68 was adopted in 2015; prior year amounts were not restated.

| 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 23,283,384        | \$ 27,413,665        | \$ 33,623,603        | \$ 27,294,711        | \$ 6,242,780         | \$ 7,807,416         |
| 36,373,973           | 23,788,624           | 30,370,707           | 28,983,109           | 23,766,250           | 19,313,534           |
| (17,344,957)         | (10,792,240)         | (21,809,984)         | (10,206,536)         | 11,574,397           | 8,032,552            |
| <u>\$ 42,312,400</u> | <u>\$ 40,410,049</u> | <u>\$ 42,184,326</u> | <u>\$ 46,071,284</u> | <u>\$ 41,583,427</u> | <u>\$ 35,153,502</u> |
| \$ 4,769,853         | \$ 3,725,845         | \$ 3,968,183         | \$ 3,712,467         | \$ 2,897,641         | \$ 2,830,055         |
| -                    | 1,490,202            | 1,789,379            | 2,219,003            | 1,958,214            | 2,243,304            |
| 2,615,644            | 2,751,392            | 3,174,827            | 4,320,616            | 5,361,348            | 3,310,762            |
| <u>\$ 7,385,497</u>  | <u>\$ 7,967,439</u>  | <u>\$ 8,932,389</u>  | <u>\$ 10,252,086</u> | <u>\$ 10,217,203</u> | <u>\$ 8,384,121</u>  |
| \$ 28,053,237        | \$ 31,139,510        | \$ 37,591,786        | \$ 31,007,178        | \$ 9,140,421         | \$ 10,637,471        |
| 36,373,973           | 25,278,826           | 32,160,086           | 31,202,112           | 25,724,464           | 21,556,838           |
| (14,729,313)         | (8,040,848)          | (18,635,157)         | (5,885,920)          | 16,935,745           | 11,343,314           |
| <u>\$ 49,697,897</u> | <u>\$ 48,377,488</u> | <u>\$ 51,116,715</u> | <u>\$ 56,323,370</u> | <u>\$ 51,800,630</u> | <u>\$ 43,537,623</u> |

# COUNTY OF ERIE, PENNSYLVANIA

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

|   | 2015                  | 2014                  | 2013                  | 2012                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expenses:</b>                                      |                       |                       |                       |                       |
| Governmental Activities:                              |                       |                       |                       |                       |
| General government                                    | \$ 18,732,488         | \$ 18,616,773         | \$ 19,301,658         | \$ 19,440,061         |
| Courts and related offices                            | 24,332,032            | 23,407,171            | 22,601,628            | 22,589,810            |
| Corrections   | 37,881,454            | 37,375,459            | 36,187,277            | 38,332,786            |
| Community services                                    | 197,977,072           | 194,194,242           | 195,535,908           | 203,151,167           |
| Public health   | 6,180,815             | 5,659,096             | 6,244,253             | 6,850,696             |
| Public works  | 758,402               | 650,069               | 696,221               | 685,428               |
| Library   | 7,765,253             | 7,063,666             | 6,910,165             | 7,005,236             |
| Other   | 8,344                 | 8,264                 | -                     | -                     |
| Interest on long-term debt                            | 2,504,632             | 2,459,814             | 3,453,834             | 3,782,732             |
| Loss on guaranteed debt                               | -                     | -                     | -                     | -                     |
| <i>Total governmental activities expenses</i>         | <u>296,140,492</u>    | <u>289,434,554</u>    | <u>290,930,944</u>    | <u>301,837,916</u>    |
| Business-type Activities - County nursing home        | <u>33,084,061</u>     | <u>35,795,008</u>     | <u>34,030,462</u>     | <u>32,354,384</u>     |
| <i>Total primary government expenses</i>              | <u>\$ 329,224,553</u> | <u>\$ 325,229,562</u> | <u>\$ 324,961,406</u> | <u>\$ 334,192,300</u> |
| <b>Program Revenues:</b>                              |                       |                       |                       |                       |
| Governmental Activities:                              |                       |                       |                       |                       |
| Charges for services:                                 |                       |                       |                       |                       |
| General government                                    | \$ 3,577,888          | \$ 3,457,221          | \$ 3,150,424          | \$ 3,722,405          |
| Courts and related offices                            | 5,086,361             | 4,904,274             | 5,322,226             | 5,553,935             |
| Corrections   | 2,385,331             | 2,343,640             | 2,445,342             | 2,468,169             |
| Community services                                    | 17,956,735            | 15,835,016            | 15,925,374            | 15,957,744            |
| Public health   | 544,118               | 520,553               | 530,608               | 496,842               |
| Library   | 170,222               | 162,883               | 189,423               | 196,312               |
| Operating grants and contributions:                   |                       |                       |                       |                       |
| General government                                    | 31,500                | 131,000               | -                     | 580,039               |
| Courts and related offices                            | 4,213,507             | 4,296,430             | 4,712,717             | 4,125,795             |
| Corrections   | 8,939,570             | 9,079,446             | 8,444,098             | 10,304,155            |
| Community services                                    | 173,921,511           | 169,168,836           | 167,466,120           | 174,972,223           |
| Public health   | 4,490,129             | 4,290,326             | 4,518,262             | 4,908,799             |
| Public works  | 718,212               | 723,270               | 745,885               | 812,704               |
| Library   | 1,453,929             | 1,456,501             | 1,407,776             | 1,418,009             |
| Capital grants and contributions                      | -                     | -                     | -                     | 10,000                |
| <i>Total governmental activities program revenues</i> | <u>223,489,013</u>    | <u>216,369,396</u>    | <u>214,858,255</u>    | <u>225,527,131</u>    |

| 2011                  | 2010                  | 2009                  | 2008                  | 2007                  | 2006                  |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 14,546,971         | \$ 15,852,380         | \$ 12,781,659         | \$ 13,302,695         | \$ 11,583,536         | \$ 11,585,003         |
| 23,659,667            | 23,301,291            | 23,815,737            | 22,452,595            | 20,642,833            | 18,838,105            |
| 39,590,993            | 39,786,125            | 40,629,325            | 39,240,696            | 36,507,826            | 33,101,250            |
| 201,825,181           | 206,797,399           | 214,680,441           | 231,296,513           | 186,143,770           | 149,202,374           |
| 7,257,014             | 7,441,621             | 7,605,284             | 7,465,662             | 7,016,892             | 6,273,932             |
| 903,992               | 683,726               | 893,667               | 712,490               | 774,009               | 793,093               |
| 7,267,748             | 7,306,003             | 4,715,044             | 7,187,576             | 6,808,991             | 5,996,459             |
| -                     | -                     | -                     | -                     | -                     | 3,400                 |
| 4,011,619             | 4,179,570             | 4,337,847             | 3,775,372             | 3,811,952             | 3,790,500             |
| -                     | -                     | -                     | -                     | -                     | -                     |
| 299,063,185           | 305,348,115           | 309,459,004           | 325,433,599           | 273,289,809           | 229,584,116           |
| 34,478,405            | 33,462,831            | 33,347,065            | 32,816,073            | 32,216,456            | 32,110,906            |
| <u>\$ 333,541,590</u> | <u>\$ 338,810,946</u> | <u>\$ 342,806,069</u> | <u>\$ 358,249,672</u> | <u>\$ 305,506,265</u> | <u>\$ 261,695,022</u> |
| \$ 3,727,630          | \$ 3,208,938          | \$ 3,055,882          | \$ 2,728,069          | \$ 2,735,511          | \$ 2,673,137          |
| 5,232,092             | 5,475,588             | 5,410,242             | 5,683,424             | 5,640,432             | 5,587,398             |
| 2,391,228             | 2,334,393             | 2,146,959             | 2,176,755             | 2,327,150             | 2,471,956             |
| 16,629,378            | 18,652,095            | 16,897,959            | 17,684,293            | 14,134,434            | 2,893,051             |
| 451,045               | 450,712               | 376,605               | 536,541               | 421,619               | 557,573               |
| 206,816               | 220,462               | 229,371               | 225,511               | 225,396               | 229,924               |
| 32,111                | 89,121                | 634,950               | 102,566               | -                     | -                     |
| 4,134,291             | 4,316,258             | 4,432,549             | 3,838,439             | 3,730,621             | 3,774,306             |
| 11,142,892            | 12,336,805            | 12,559,954            | 12,225,940            | 12,041,165            | 11,128,002            |
| 176,224,144           | 176,155,596           | 187,964,427           | 212,599,197           | 168,636,555           | 131,185,950           |
| 4,942,780             | 5,407,983             | 5,802,936             | 6,148,056             | 4,817,340             | 4,661,523             |
| 769,825               | 768,514               | 717,937               | 757,336               | 838,851               | 710,444               |
| 1,411,241             | 1,585,106             | 1,918,441             | 2,042,168             | 2,023,398             | 1,785,943             |
| -                     | -                     | -                     | -                     | 54,791                | 1,711,127             |
| <u>227,295,473</u>    | <u>231,001,571</u>    | <u>242,148,212</u>    | <u>266,748,295</u>    | <u>217,627,263</u>    | <u>169,370,334</u>    |

# COUNTY OF ERIE, PENNSYLVANIA

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

|   | 2015                   | 2014                   | 2013                   | 2012                   |
|---|------------------------|------------------------|------------------------|------------------------|
| <b>Business-type Activities:</b>                          |                        |                        |                        |                        |
| Charges for services:                                     |                        |                        |                        |                        |
| County nursing home                                       | 30,754,422             | 34,185,096             | 33,369,423             | 32,219,036             |
| Operating grant and contributions                         | -                      | -                      | -                      | -                      |
| Capital grants and contributions                          | -                      | -                      | -                      | 70,000                 |
| <i>Total business-type activities program revenues</i>    | <u>30,754,422</u>      | <u>34,185,096</u>      | <u>33,369,423</u>      | <u>32,289,036</u>      |
| <i>Total primary government program revenues</i>          | <u>\$ 254,243,435</u>  | <u>\$ 250,554,492</u>  | <u>\$ 248,227,678</u>  | <u>\$ 257,816,167</u>  |
| <b>Net (Expense)/Revenue:</b>                             |                        |                        |                        |                        |
| <i>Governmental Activities</i>                            | \$ (72,651,479)        | \$ (73,065,158)        | \$ (76,072,689)        | \$ (76,310,785)        |
| <i>Business-type Activities</i>                           | <u>(2,329,639)</u>     | <u>(1,609,912)</u>     | <u>(661,039)</u>       | <u>(65,348)</u>        |
| <i>Total primary government</i>                           | <u>\$ (74,981,118)</u> | <u>\$ (74,675,070)</u> | <u>\$ (76,733,728)</u> | <u>\$ (76,376,133)</u> |
| <b>General Revenue and Other Changes in Net Position:</b> |                        |                        |                        |                        |
| <b>Governmental Activities:</b>                           |                        |                        |                        |                        |
| Property taxes  | \$ 69,189,284          | \$ 69,290,190          | \$ 68,783,306          | \$ 68,811,861          |
| Hotel room rental tax                                     | 4,663,995              | 4,375,388              | 4,238,012              | 3,160,156              |
| Interest income   | 165,782                | 197,345                | 151,659                | 214,198                |
| Other income  | 2,314,990              | 450,111                | 257,458                | 222,737                |
| Extraordinary item - loss on loan receivable              | (3,000,000)            | -                      | -                      | -                      |
| Transfers   | <u>(2,470,893)</u>     | <u>(811,544)</u>       | <u>(750,331)</u>       | <u>-</u>               |
| <i>Total governmental activities</i>                      | <u>70,863,158</u>      | <u>73,501,490</u>      | <u>72,680,104</u>      | <u>72,408,952</u>      |
| <b>Business-type Activities:</b>                          |                        |                        |                        |                        |
| Interest income   | 77,577                 | 2,606                  | 16,611                 | 18,657                 |
| Other income  | 1,955,855              | 246,274                | 211,906                | 1,494,412              |
| Transfers   | <u>2,470,893</u>       | <u>811,544</u>         | <u>750,331</u>         | <u>-</u>               |
| <i>Total business-type activities</i>                     | <u>4,504,325</u>       | <u>1,060,424</u>       | <u>978,848</u>         | <u>1,513,069</u>       |
| <i>Total primary government</i>                           | <u>\$ 75,367,483</u>   | <u>\$ 74,561,914</u>   | <u>\$ 73,658,952</u>   | <u>\$ 73,922,021</u>   |
| <b>Change in Net Position:</b>                            |                        |                        |                        |                        |
| <i>Governmental Activities</i>                            | \$ (1,788,321)         | \$ 436,332             | \$ (3,392,585)         | \$ (3,901,833)         |
| <i>Business-type Activities</i>                           | <u>2,174,686</u>       | <u>(549,488)</u>       | <u>317,809</u>         | <u>1,447,721</u>       |
| <i>Total primary government</i>                           | <u>\$ 386,365</u>      | <u>\$ (113,156)</u>    | <u>\$ (3,074,776)</u>  | <u>\$ (2,454,112)</u>  |

Note:

County Nursing Home became a blended component unit due to the adoption of GASB Statement No. 61 in 2013. GASB Statement No. 68 was adopted in 2015; prior year amounts were not restated.

| 2011                   | 2010                   | 2009                   | 2008                   | 2007                   | 2006                   |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 32,773,860             | 31,858,234             | 31,902,281             | 32,507,330             | 33,563,165             | 33,217,681             |
| 747,806                | 596,468                | 35,100                 | -                      | -                      | -                      |
| -                      | -                      | -                      | -                      | -                      | -                      |
| <u>33,521,666</u>      | <u>32,454,702</u>      | <u>31,937,381</u>      | <u>32,507,330</u>      | <u>33,563,165</u>      | <u>33,217,681</u>      |
| <u>\$ 260,817,139</u>  | <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>  |
| \$ (71,767,712)        | \$ (74,346,544)        | \$ (67,310,792)        | \$ (58,685,304)        | \$ (55,662,546)        | \$ (60,213,782)        |
| (956,739)              | (1,008,129)            | (1,409,684)            | (308,743)              | 1,346,709              | 1,106,775              |
| <u>\$ (72,724,451)</u> | <u>\$ (75,354,673)</u> | <u>\$ (68,720,476)</u> | <u>\$ (58,994,047)</u> | <u>\$ (54,315,837)</u> | <u>\$ (59,107,007)</u> |
| \$ 69,212,937          | \$ 68,566,314          | \$ 59,793,818          | \$ 58,262,891          | \$ 55,664,202          | \$ 53,599,290          |
| 3,038,223              | 2,948,646              | 2,724,570              | 2,663,840              | 2,432,204              | 2,133,095              |
| 233,771                | 320,697                | 384,012                | 1,925,813              | 3,554,926              | 3,554,357              |
| 1,185,132              | 736,610                | 327,241                | 517,810                | 438,139                | 304,756                |
| -                      | -                      | -                      | -                      | -                      | -                      |
| -                      | -                      | -                      | -                      | -                      | -                      |
| <u>73,670,063</u>      | <u>72,572,267</u>      | <u>63,229,641</u>      | <u>63,370,354</u>      | <u>62,089,471</u>      | <u>59,591,498</u>      |
| 5,149                  | 9,469                  | 13,310                 | 102,021                | 127,142                | 117,251                |
| 369,648                | 33,710                 | 279,225                | 241,605                | 359,231                | 284,071                |
| -                      | -                      | -                      | -                      | -                      | -                      |
| <u>374,797</u>         | <u>43,179</u>          | <u>292,535</u>         | <u>343,626</u>         | <u>486,373</u>         | <u>401,322</u>         |
| <u>\$ 74,044,860</u>   | <u>\$ 72,615,446</u>   | <u>\$ 63,522,176</u>   | <u>\$ 63,713,980</u>   | <u>\$ 62,575,844</u>   | <u>\$ 59,992,820</u>   |
| \$ 1,902,351           | \$ (1,774,277)         | \$ (4,081,151)         | \$ 4,685,050           | \$ 6,426,925           | \$ (622,284)           |
| (581,942)              | (964,950)              | (1,117,149)            | 34,883                 | 1,833,082              | 1,508,097              |
| <u>\$ 1,320,409</u>    | <u>\$ (2,739,227)</u>  | <u>\$ (5,198,300)</u>  | <u>\$ 4,719,933</u>    | <u>\$ 8,260,007</u>    | <u>\$ 885,813</u>      |

(Concluded)

# COUNTY OF ERIE, PENNSYLVANIA

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

|   | 2015                 | 2014                 | 2013                 | 2012                 | 2011                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund:                             |                      |                      |                      |                      |                      |
| Nonspendable:                             |                      |                      |                      |                      |                      |
| Prepaid items                             | \$ 135,226           | \$ 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  | 8,000,000            | 11,000,000           | 11,000,000           | 11,000,000           | 11,000,000           |
| Judicial Services                         | 1,170,161            | 1,097,633            | 1,011,765            | 852,697              | -                    |
| Community Redevelopment                   | 251,277              | 248,189              | 238,263              | 258,413              | -                    |
| Assigned:                                 |                      |                      |                      |                      |                      |
| Children and Youth IV-E litigation        | 1,279,231            | 838,998              | 409,739              | 1,752,184            | 1,700,000            |
| Pleasant Ridge Manor                      | -                    | -                    | -                    | -                    | 1,000,000            |
| Municipal Projects                        | -                    | 3,285                | -                    | -                    | -                    |
| Public Safety Radio Project               | 7,000,000            | -                    | -                    | -                    | -                    |
| Unassigned                                | 27,777,143           | 34,597,254           | 33,823,435           | 28,511,652           | 22,040,658           |
| <b>Total General Fund</b>                 | <b>45,613,038</b>    | <b>47,903,115</b>    | <b>46,557,346</b>    | <b>42,560,303</b>    | <b>37,366,026</b>    |
| All Other Governmental Funds:             |                      |                      |                      |                      |                      |
| Nonspendable:                             |                      |                      |                      |                      |                      |
| Prepaid items                             | 115,282              | 327,965              | 546,361              | 405,878              | 77,896               |
| Restricted:                               |                      |                      |                      |                      |                      |
| Road and Bridge Improvements              | 1,903,053            | 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                    | 64,702               | 96,805               | 117,875              | 36,131               | -                    |
| Emergency Services                        | 1,809,379            | 899,903              | 1,222,571            | 957,241              | 854,850              |
| Library Services                          | 138,058              | 196,486              | 46,874               | 10,247               | -                    |
| Child Support Enforcement                 | 25,364               | 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        | 1,154,360            | 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                         | 708,118              | 603,728              | 1,201,907            | 240,032              | -                    |
| Community Redevelopment                   | 414,299              | 398,512              | 445,716              | 370,710              | 964,836              |
| Recycling                                 | 121,208              | 388,266              | 388,261              | 585,936              | -                    |
| Mental Health Services                    | 4,731,916            | 4,453,562            | 7,678,936            | 10,731,697           | 8,824,131            |
| Erie County Care Management               | 4,240,044            | 4,287,679            | 4,001,127            | 3,352,337            | 2,720,355            |
| Community Grants                          | 7,056,196            | 6,703,977            | 6,460,796            | 5,087,550            | 8,714,819            |
| Public Safety Radio Project               | 19,040,174           | -                    | -                    | -                    | -                    |
| Assigned:                                 |                      |                      |                      |                      |                      |
| Various capital grants                    | 6,908,026            | 3,170,788            | 3,157,324            | 3,409,927            | -                    |
| Unassigned                                | -                    | -                    | -                    | (37,877)             | (172,293)            |
| <b>Total All Other Governmental Funds</b> | <b>48,430,179</b>    | <b>28,648,062</b>    | <b>31,979,558</b>    | <b>40,221,203</b>    | <b>46,373,088</b>    |
| <b>Total Governmental Funds</b>           | <b>\$ 94,043,217</b> | <b>\$ 76,551,177</b> | <b>\$ 78,536,904</b> | <b>\$ 82,781,506</b> | <b>\$ 83,739,114</b> |

# COUNTY OF ERIE, PENNSYLVANIA

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

|                                    | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund:                      |                      |                      |                      |                      |                      |
| Reserved                           | \$ 13,266,571        | \$ 11,128,717        | \$ 13,095,719        | \$ 12,604,862        | \$ 12,603,113        |
| Unreserved:                        |                      |                      |                      |                      |                      |
| Designated                         | -                    | -                    | -                    | -                    | -                    |
| Undesignated                       | 17,770,303           | 11,286,043           | 9,471,341            | 11,944,147           | 13,553,863           |
| <i>Total General Fund</i>          | <u>31,036,874</u>    | <u>22,414,760</u>    | <u>22,567,060</u>    | <u>24,549,009</u>    | <u>26,156,976</u>    |
| All Other Governmental Funds:      |                      |                      |                      |                      |                      |
| Reserved:                          |                      |                      |                      |                      |                      |
| Special Revenue Funds              | 15,902,304           | 20,107,368           | 17,280,083           | 10,163,146           | 5,068,746            |
| Debt Service                       | 1,769,288            | 1,781,882            | 1,809,835            | 1,827,804            | 2,043,020            |
| Capital Projects                   | 25,901,084           | 29,847,830           | 28,819,745           | 11,308,430           | 26,568,335           |
| Undesignated, reported in:         |                      |                      |                      |                      |                      |
| Special Revenue Funds              | 7,608,957            | 7,852,037            | 8,683,558            | 6,225,443            | 735,013              |
| Total All Other Governmental Funds | <u>51,181,633</u>    | <u>59,589,117</u>    | <u>56,593,221</u>    | <u>29,524,823</u>    | <u>34,415,114</u>    |
| <i>Total Governmental Funds</i>    | <u>\$ 82,218,507</u> | <u>\$ 82,003,877</u> | <u>\$ 79,160,281</u> | <u>\$ 54,073,832</u> | <u>\$ 60,572,090</u> |

**COUNTY OF ERIE, PENNSYLVANIA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
**MODIFIED ACCRUAL BASIS OF ACCOUNTING**

|  | 2015                 | 2014                  | 2013                  | 2012                |
|--|----------------------|-----------------------|-----------------------|---------------------|
| <b>Revenues:</b>   |                      |                       |                       |                     |
| Real estate taxes  | \$ 69,598,802        | \$ 69,461,662         | \$ 68,637,354         | \$ 68,882,528       |
| Hotel room rental tax                                    | 4,663,995            | 4,375,388             | 4,238,012             | 3,160,156           |
| Federal, state, and municipal grants                     | 193,768,358          | 189,145,809           | 187,294,858           | 197,131,724         |
| Charges for services                                     | 29,720,655           | 27,223,587            | 27,563,397            | 28,395,407          |
| Interest income  | 165,782              | 197,345               | 151,659               | 214,198             |
| Other income   | 2,314,990            | 450,111               | 257,458               | 222,737             |
| <i>Total Revenues</i>                                    | <u>300,232,582</u>   | <u>290,853,902</u>    | <u>288,142,738</u>    | <u>298,006,750</u>  |
| <b>Expenditures:</b>                                     |                      |                       |                       |                     |
| Current:   |                      |                       |                       |                     |
| General government                                       | 17,303,301           | 17,405,718            | 15,804,698            | 16,088,042          |
| Courts and related offices                               | 23,094,436           | 22,872,105            | 22,182,559            | 21,496,358          |
| Corrections  | 35,683,988           | 36,109,217            | 34,897,616            | 36,167,323          |
| Community services                                       | 196,015,720          | 193,081,567           | 194,032,300           | 199,630,414         |
| Public health  | 5,974,006            | 5,801,126             | 6,182,499             | 6,588,774           |
| Public works   | 758,402              | 650,069               | 696,221               | 685,428             |
| Library  | 6,242,774            | 6,337,487             | 6,262,188             | 5,980,506           |
| Other  | 8,344                | 8,264                 | 6,910                 | 93,407              |
| Capital outlay   | 2,614,157            | 782,110               | 717,928               | 3,033,946           |
| Debt service:  |                      |                       |                       |                     |
| Bond issuance costs                                      | 109,037              | -                     | 82,022                | -                   |
| Principal  | 6,310,000            | 6,170,000             | 5,945,000             | 5,795,347           |
| Interest   | 2,671,838            | 2,810,422             | 2,899,953             | 4,489,813           |
| <i>Total Expenditures</i>                                | <u>296,786,003</u>   | <u>292,028,085</u>    | <u>289,709,894</u>    | <u>300,049,358</u>  |
| <i>Excess (Deficiency) of Revenues Over Expenditures</i> | <u>3,446,579</u>     | <u>(1,174,183)</u>    | <u>(1,567,156)</u>    | <u>(2,042,608)</u>  |
| <b>Other Financing Sources (Uses):</b>                   |                      |                       |                       |                     |
| Issuance of general obligation bonds                     | 17,380,000           | -                     | 12,457,211            | 13,605,000          |
| Payments to refunded bonds escrow agent                  | -                    | -                     | (12,514,108)          | (12,520,000)        |
| Note proceeds  | -                    | -                     | -                     | -                   |
| Lease proceeds   | -                    | -                     | -                     | -                   |
| Transfer in  | 48,591,527           | 30,441,242            | 30,770,664            | 29,354,406          |
| Transfer out   | (51,062,420)         | (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                         | 2,136,354            | -                     | -                     | -                   |
| Discount related to debt issuance                        | -                    | -                     | -                     | -                   |
| <i>Total Other Financing Sources (Uses)</i>              | <u>17,045,461</u>    | <u>(811,544)</u>      | <u>(807,228)</u>      | <u>1,085,000</u>    |
| Extraordinary item - loss on loan receivable             | (3,000,000)          | -                     | -                     | -                   |
| <i>Net Change in Fund Balances</i>                       | <u>\$ 17,492,040</u> | <u>\$ (1,985,727)</u> | <u>\$ (2,374,384)</u> | <u>\$ (957,608)</u> |
| Debt service as a percentage of non-capital expenditures | 3.05%                | 3.08%                 | 3.06%                 | 3.46%               |

|    | 2011               | 2010               | 2009                | 2008                 | 2007                  | 2006                  |
|----|--------------------|--------------------|---------------------|----------------------|-----------------------|-----------------------|
| \$ | 69,261,634         | \$ 68,340,246      | \$ 60,849,338       | \$ 57,445,745        | \$ 54,402,710         | \$ 53,617,475         |
|    | 3,038,223          | 2,948,646          | 2,724,570           | 2,663,840            | 2,432,204             | 2,133,095             |
|    | 198,657,284        | 200,659,383        | 214,595,706         | 237,713,702          | 192,142,721           | 154,957,295           |
|    | 28,638,189         | 30,342,188         | 27,552,506          | 29,034,593           | 25,484,542            | 14,413,039            |
|    | 233,771            | 320,697            | 384,012             | 1,925,813            | 3,554,926             | 3,554,357             |
|    | 1,185,132          | 736,610            | 327,241             | 517,810              | 438,139               | 304,756               |
|    | <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>    |
|    | 14,150,111         | 14,243,236         | 11,950,034          | 11,666,961           | 11,198,109            | 9,937,961             |
|    | 22,255,296         | 21,505,399         | 21,613,050          | 20,721,787           | 19,220,859            | 18,415,816            |
|    | 37,587,742         | 37,556,013         | 38,202,945          | 37,068,124           | 34,450,070            | 32,129,664            |
|    | 200,318,908        | 204,544,101        | 211,882,072         | 226,782,535          | 181,733,355           | 147,688,541           |
|    | 7,038,316          | 7,002,502          | 8,147,557           | 7,756,801            | 6,475,515             | 6,217,156             |
|    | 903,992            | 683,726            | 893,667             | 712,490              | 774,009               | 793,093               |
|    | 6,110,499          | 6,132,786          | 5,936,489           | 6,023,041            | 5,717,622             | 5,442,185             |
|    | 5,850              | 5,889              | 4,258               | 5,545                | 90,432                | 3,400                 |
|    | 1,543,953          | 1,903,658          | 5,482,738           | 9,565,410            | 18,953,351            | 10,999,023            |
|    | -                  | -                  | 79,485              | 130,733              | -                     | -                     |
|    | 5,292,554          | 5,104,246          | 4,959,385           | 2,664,140            | 2,700,625             | 2,826,320             |
|    | 4,286,405          | 4,451,584          | 4,521,391           | 3,769,341            | 3,790,627             | 3,598,612             |
|    | <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>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>    |
|    | -                  | -                  | 10,205,000          | 22,055,000           | 25,138,458            | -                     |
|    | -                  | -                  | -                   | -                    | -                     | -                     |
|    | -                  | -                  | -                   | -                    | -                     | -                     |
|    | -                  | -                  | -                   | -                    | 52,909                | -                     |
|    | 29,082,824         | 24,870,257         | 34,153,264          | 45,592,465           | 22,099,147            | 32,109,191            |
|    | (29,082,824)       | (24,870,257)       | (34,153,264)        | (45,592,465)         | (22,099,147)          | (32,109,191)          |
|    | -                  | -                  | -                   | -                    | -                     | -                     |
|    | -                  | -                  | -                   | -                    | (25,040,294)          | -                     |
|    | -                  | -                  | -                   | -                    | -                     | -                     |
|    | -                  | -                  | -                   | 596,855              | -                     | -                     |
|    | -                  | -                  | (121,706)           | -                    | -                     | -                     |
|    | <u>-</u>           | <u>-</u>           | <u>10,083,294</u>   | <u>22,651,855</u>    | <u>151,073</u>        | <u>-</u>              |
|    | <u>-</u>           | <u>-</u>           | <u>-</u>            | <u>-</u>             | <u>-</u>              | <u>-</u>              |
| \$ | <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> |
|    | 3.21%              | 3.17%              | 3.08%               | 2.03%                | 2.44%                 | 2.83%                 |

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

|  | <u>2015</u>           | <u>2014</u>           | <u>2013</u>           | <u>2012</u>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Function/Program:</b>                     |                       |                       |                       |                       |
| Governmental Activities:                     |                       |                       |                       |                       |
| General government                           | \$ 3,609,388          | \$ 3,588,221          | \$ 3,150,424          | \$ 4,312,444          |
| Courts and related offices                   | 9,299,868             | 9,200,704             | 10,034,943            | 9,679,730             |
| Corrections                                  | 11,324,901            | 11,423,086            | 10,889,440            | 12,772,324            |
| Community services                           | 191,878,246           | 185,003,852           | 183,391,494           | 190,929,967           |
| Public health                                | 5,034,247             | 4,810,879             | 5,048,870             | 5,405,641             |
| Public works                                 | 718,212               | 723,270               | 745,885               | 812,704               |
| Library                                      | 1,624,151             | 1,619,384             | 1,597,199             | 1,614,321             |
| <i>Total Governmental Activities</i>         | <u>223,489,013</u>    | <u>216,369,396</u>    | <u>214,858,255</u>    | <u>225,527,131</u>    |
| Business-type Activity - County nursing home | <u>30,754,422</u>     | <u>34,185,096</u>     | <u>33,369,423</u>     | <u>32,289,036</u>     |
| <i>Total Primary Government</i>              | <u>\$ 254,243,435</u> | <u>\$ 250,554,492</u> | <u>\$ 248,227,678</u> | <u>\$ 257,816,167</u> |

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

|    | 2011               | 2010                  | 2009                  | 2008                  | 2007                  | 2006                  |
|----|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ | 3,759,741          | \$ 3,298,059          | \$ 3,690,832          | \$ 2,830,635          | \$ 2,790,302          | \$ 4,093,473          |
|    | 9,366,383          | 9,791,846             | 9,842,791             | 9,521,863             | 9,371,053             | 9,361,704             |
|    | 13,534,120         | 14,671,198            | 14,706,913            | 14,402,695            | 14,368,315            | 13,599,958            |
|    | 192,853,522        | 194,807,691           | 204,862,386           | 230,283,490           | 182,770,989           | 134,319,792           |
|    | 5,393,825          | 5,858,695             | 6,179,541             | 6,684,597             | 5,238,959             | 5,219,096             |
|    | 769,825            | 768,514               | 717,937               | 757,336               | 838,851               | 710,444               |
|    | 1,618,057          | 1,805,568             | 2,147,812             | 2,267,679             | 2,248,794             | 2,065,867             |
|    | <u>227,295,473</u> | <u>231,001,571</u>    | <u>242,148,212</u>    | <u>266,748,295</u>    | <u>217,627,263</u>    | <u>169,370,334</u>    |
|    | <u>33,521,666</u>  | <u>32,454,702</u>     | <u>31,937,381</u>     | <u>32,507,330</u>     | <u>33,563,165</u>     | <u>33,217,681</u>     |
| \$ | <u>260,817,139</u> | <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> |

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# **REVENUE CAPACITY**

# COUNTY OF ERIE, PENNSYLVANIA

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

| <u>Year</u> | <u>Residential<br/>Property</u> | <u>Commercial<br/>Property</u> | <u>Industrial<br/>Property</u> | <u>Agricultural<br/>Property</u> |
|-------------|---------------------------------|--------------------------------|--------------------------------|----------------------------------|
| 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                   | 2,774,357,520                  | 338,780,027                    | 1,113,548,100                    |
| 2014        | 9,602,788,473                   | 2,810,863,512                  | 339,285,132                    | 1,117,924,032                    |
| 2015        | 9,644,232,897                   | 2,892,842,401                  | 340,295,850                    | 1,118,295,617                    |

Total assessed value as of January 1 of current year includes exonerations and additions from the previous year.

Source: 2006-2015 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> |
|--------------|-----------------------------|---------------------------|--|------------------------------|
| \$ -         | \$ 10,567,128,750           | \$ 11,940,258,475         | 88.50%                                   | 0.00495                      |
| -            | 10,948,946,060              | 12,911,492,995            | 84.80%                                   | 0.00495                      |
| -            | 11,079,225,801              | 13,201,745,283            | 83.92%                                   | 0.00520                      |
| -            | 11,185,706,711              | 13,509,307,622            | 82.80%                                   | 0.00545                      |
| -            | 11,282,268,586              | 14,191,532,812            | 79.50%                                   | 0.00605                      |
| -            | 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                      |
| -            | 13,995,666,765              | 14,533,402,663            | 96.30%                                   | 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 |           |           |           |           |
|-------------------------------|------------------------|-----------|-----------|-----------|-----------|
|                               | 2015                   | 2014      | 2013      | 2012      | 2011      |
| <b>County:</b>                |                        |           |           |           |           |
| Erie County Operating Millage | 0.0049300              | 0.0049300 | 0.0049300 | 0.0060500 | 0.0060500 |
| <b>Township or Boro:</b>      |                        |           |           |           |           |
| Albion Boro                   | 0.0035000              | 0.0016990 | 0.0016990 | 0.0020600 | 0.0020600 |
| Amity Township                | 0.0014150              | 0.0014150 | 0.0014150 | 0.0016000 | 0.0014000 |
| Concord Township              | 0.0002060              | 0.0002060 | 0.0002060 | 0.0002300 | 0.0002300 |
| Conneaut Township             | 0.0010000              | 0.0005000 | 0.0003070 | 0.0003350 | 0.0003350 |
| Corry City                    | 0.0086000              | 0.0076500 | 0.0076500 | 0.0086500 | 0.0086500 |
| Cranesville Boro              | 0.0013400              | 0.0013000 | 0.0011600 | 0.0012700 | 0.0012700 |
| Edinboro Boro                 | 0.0045000              | 0.0045000 | 0.0045000 | 0.0053500 | 0.0053500 |
| Elgin Boro                    | 0.0006500              | 0.0006500 | 0.0006500 | 0.0007500 | 0.0007500 |
| Elk Creek Township            | 0.0023500              | 0.0023500 | 0.0021200 | 0.0023500 | 0.0023500 |
| Erie City                     | 0.0116500              | 0.0108500 | 0.0108500 | 0.0131000 | 0.0114500 |
| Fairview Township             | 0.0007500              | 0.0007500 | 0.0007500 | 0.0009500 | 0.0009500 |
| Franklin Township             | 0.0027000              | 0.0027000 | 0.0027000 | 0.0033000 | 0.0028000 |
| Girard Boro                   | 0.0018900              | 0.0018900 | 0.0013900 | 0.0017800 | 0.0017800 |
| Girard Township               | 0.0009320              | 0.0009320 | 0.0009320 | 0.0010370 | 0.0010370 |
| Greene Township               | 0.0017900              | 0.0017900 | 0.0017900 | 0.0020000 | 0.0020000 |
| Greenfield Township           | 0.0023400              | 0.0023400 | 0.0020900 | 0.0023000 | 0.0023000 |
| Harborcreek Township          | 0.0009663              | 0.0009663 | 0.0009663 | 0.0011920 | 0.0011920 |
| Lake City Boro                | 0.0031500              | 0.0031500 | 0.0026500 | 0.0031003 | 0.0028003 |
| Lawrence Park Township        | 0.0030000              | 0.0025000 | 0.0022000 | 0.0027500 | 0.0027500 |
| LeBouef Township              | 0.0004500              | 0.0004000 | 0.0003800 | 0.0004200 | 0.0004200 |
| McKean Township               | 0.0009500              | 0.0009500 | 0.0009000 | 0.0010000 | 0.0010000 |
| McKean Boro                   | 0.0009400              | 0.0009400 | 0.0009400 | 0.0011000 | 0.0011000 |
| Millcreek Township            | 0.3553700              | 0.3553700 | 0.0025537 | 0.0029594 | 0.0024594 |
| Mill Village Boro             | 0.0010700              | 0.0010700 | 0.0010700 | 0.0013000 | 0.0013000 |
| North East Boro - 1st Ward    | 0.0048390              | 0.0044500 | 0.0044500 | 0.0051100 | 0.0041100 |
| North East Boro - 2nd Ward    | 0.0048390              | 0.0044500 | 0.0044500 | 0.0051100 | 0.0041100 |
| North East Township           | 0.0011140              | 0.0010400 | 0.0010400 | 0.0012640 | 0.0012640 |
| Platea Boro                   | 0.0010790              | 0.0010790 | 0.0010790 | 0.0013000 | 0.0013000 |
| Springfield Township          | 0.0003525              | 0.0003525 | 0.0003525 | 0.0004360 | 0.0004360 |
| Summit Township               | 0.0005900              | 0.0005900 | 0.0005900 | 0.0007000 | 0.0007000 |
| Union City Boro - 1st Ward    | 0.0070600              | 0.0060600 | 0.0060600 | 0.0070000 | 0.0055000 |
| Union City Boro - 2nd Ward    | 0.0070600              | 0.0060600 | 0.0060600 | 0.0070000 | 0.0055000 |
| Union Township                | 0.0010000              | 0.0010000 | 0.0010000 | 0.0012000 | 0.0012000 |
| Venango Township              | 0.0022000              | 0.0022000 | 0.0022000 | 0.0027000 | 0.0024000 |
| Washington Township           | 0.0010000              | 0.0010000 | 0.0008200 | 0.0010000 | 0.0008100 |
| Waterford Boro                | 0.0024000              | 0.0024000 | 0.0024000 | 0.0028500 | 0.0028500 |
| Waterford Township            | 0.0019900              | 0.0019900 | 0.0019900 | 0.0024000 | 0.0022000 |
| Wattsburg Boro                | 0.0026000              | 0.0026000 | 0.0026000 | 0.0030000 | 0.0030000 |
| Wayne Township                | 0.0012400              | 0.0012400 | 0.0012400 | 0.0015000 | 0.0015000 |
| Wesleyville Boro              | 0.0076380              | 0.0076380 | 0.0071380 | 0.0087730 | 0.0077730 |

YEAR TAXES ARE PAYABLE

| 2010      | 2009      | 2008      | 2007      | 2006      |
|-----------|-----------|-----------|-----------|-----------|
| 0.0060500 | 0.0054500 | 0.0052000 | 0.0049500 | 0.0049500 |
| 0.0020600 | 0.0020600 | 0.0020600 | 0.0020600 | 0.0020600 |
| 0.0014000 | 0.0014000 | 0.0014000 | 0.0014000 | 0.0013000 |
| 0.0002300 | 0.0002300 | 0.0002300 | 0.0002300 | 0.0002300 |
| 0.0003350 | 0.0003350 | 0.0003350 | 0.0003350 | 0.0003350 |
| 0.0075500 | 0.0075500 | 0.0072500 | 0.0072500 | 0.0066000 |
| 0.0012700 | 0.0012700 | 0.0012700 | 0.0012700 | 0.0012700 |
| 0.0053500 | 0.0053500 | 0.0053500 | 0.0033500 | 0.0033500 |
| 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 | 0.0114500 | 0.0102100 |
| 0.0009500 | 0.0009500 | 0.0009500 | 0.0009500 | 0.0009500 |
| 0.0028000 | 0.0028000 | 0.0028000 | 0.0028000 | 0.0014000 |
| 0.0017800 | 0.0017800 | 0.0017800 | 0.0012800 | 0.0012800 |
| 0.0010370 | 0.0010370 | 0.0010370 | 0.0010370 | 0.0010370 |
| 0.0015900 | 0.0015900 | 0.0015900 | 0.0014500 | 0.0014500 |
| 0.0023000 | 0.0023000 | 0.0021000 | 0.0021000 | 0.0020000 |
| 0.0011920 | 0.0011920 | 0.0011920 | 0.0011920 | 0.0011920 |
| 0.0028003 | 0.0028003 | 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 | 0.0010000 |
| 0.0011000 | 0.0011000 | 0.0011000 | 0.0011000 | 0.0011000 |
| 0.0024594 | 0.0024594 | 0.0024594 | 0.0024594 | 0.0024594 |
| 0.0013000 | 0.0013000 | 0.0013000 | 0.0009560 | 0.0009560 |
| 0.0041100 | 0.0036200 | 0.0036200 | 0.0036200 | 0.0036200 |
| 0.0041100 | 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 |
| 0.0055000 | 0.0045000 | 0.0045000 | 0.0045000 | 0.0035000 |
| 0.0055000 | 0.0045000 | 0.0045000 | 0.0045000 | 0.0035000 |
| 0.0012000 | 0.0012000 | 0.0012000 | 0.0012000 | 0.0012000 |
| 0.0024000 | 0.0024000 | 0.0014000 | 0.0013000 | 0.0011000 |
| 0.0008100 | 0.0008100 | 0.0008100 | 0.0008100 | 0.0008100 |
| 0.0016000 | 0.0013500 | 0.0013500 | 0.0013500 | 0.0013500 |
| 0.0022000 | 0.0020000 | 0.0018000 | 0.0014000 | 0.0010000 |
| 0.0050000 | 0.0050000 | 0.0050000 | 0.0050000 | 0.0020000 |
| 0.0015000 | 0.0015000 | 0.0015000 | 0.0015000 | 0.0015000 |
| 0.0077730 | 0.0077730 | 0.0077730 | 0.0072730 | 0.0072730 |

# COUNTY OF ERIE, PENNSYLVANIA

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

| School District:     | YEAR TAXES ARE PAYABLE |           |           |           |           |
|----------------------|------------------------|-----------|-----------|-----------|-----------|
|                      | 2015                   | 2014      | 2013      | 2012      | 2011      |
| Corry Area           | 0.0131310              | 0.0131310 | 0.0137960 | 0.0176513 | 0.0180214 |
| Erie City            | 0.0166233              | 0.0166233 | 0.0166233 | 0.0187626 | 0.0178026 |
| Fairview             | 0.0161100              | 0.0161100 | 0.0156454 | 0.0190700 | 0.0185200 |
| Fort LeBoeuf         | 0.0113900              | 0.0113900 | 0.0113900 | 0.0135600 | 0.0135600 |
| General McLane       | 0.0122600              | 0.0122600 | 0.0119300 | 0.0140600 | 0.0137600 |
| Girard               | 0.0152800              | 0.0152800 | 0.0148300 | 0.0178600 | 0.0174300 |
| Harborcreek Township | 0.0149100              | 0.0149100 | 0.0143100 | 0.0172800 | 0.0169100 |
| Iroquois             | 0.0192026              | 0.0192026 | 0.0186126 | 0.0225200 | 0.0219500 |
| Millcreek Township   | 0.0132766              | 0.0132766 | 0.0126700 | 0.0148800 | 0.0148800 |
| North East           | 0.0133700              | 0.0133700 | 0.0132400 | 0.0164400 | 0.0160600 |
| Northwestern         | 0.0093893              | 0.0093893 | 0.0091065 | 0.0104600 | 0.0104600 |
| Union City Area      | 0.0102300              | 0.0102300 | 0.0106200 | 0.0125200 | 0.0122300 |
| Wattsburg Area       | 0.0154738              | 0.0154738 | 0.0145140 | 0.0171500 | 0.0171500 |

YEAR TAXES ARE PAYABLE

| 2010      | 2009      | 2008      | 2007      | 2006      |
|-----------|-----------|-----------|-----------|-----------|
| 0.0179269 | 0.0177660 | 0.0184506 | 0.0184506 | 0.0184990 |
| 0.0170687 | 0.0170687 | 0.0170687 | 0.0170687 | 0.0170687 |
| 0.0185200 | 0.0180000 | 0.0176800 | 0.0172400 | 0.0167400 |
| 0.0135600 | 0.0135600 | 0.0135600 | 0.0135600 | 0.0135600 |
| 0.0135100 | 0.0132600 | 0.0132600 | 0.0132600 | 0.0130300 |
| 0.0167400 | 0.0160500 | 0.0160500 | 0.0160500 | 0.0157500 |
| 0.0163900 | 0.0158100 | 0.0157100 | 0.0152100 | 0.0147100 |
| 0.0215000 | 0.0215000 | 0.0215000 | 0.0215000 | 0.0215000 |
| 0.0146300 | 0.0141400 | 0.0141400 | 0.0141400 | 0.0141400 |
| 0.0157500 | 0.0151300 | 0.0151300 | 0.0146500 | 0.0143600 |
| 0.0102500 | 0.0100000 | 0.0100000 | 0.0100000 | 0.0097000 |
| 0.0120100 | 0.0118900 | 0.0118900 | 0.0118800 | 0.0116161 |
| 0.0166500 | 0.0152500 | 0.0150000 | 0.0146500 | 0.0146500 |

# COUNTY OF ERIE, PENNSYLVANIA

## PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND TEN YEARS AGO

| <u>Taxpayer - Type of Real Property</u> | <u>December 31, 2015</u>                            |             |   | <u>December 31, 2006</u>                            |             |   |
|---|---|-------------|---|---|-------------|---|
|   | <u>Estimated Actual Values<br/>of Real Property</u> | <u>Rank</u> | <u>Percentage of Total<br/>Assessed Valuation</u> | <u>Estimated Actual Values<br/>of Real Property</u> | <u>Rank</u> | <u>Percentage of Total<br/>Assessed Valuation</u> |
| Presque Isle Downs                      | \$ 148,380,380                                      | 1           | 1.06%   | \$ -  | -           | -   |
| Millcreek Marketplace LLC (Baldwin)     | 115,636,121   | 2           | 0.83%   | 110,643,545   | 1           | 1.05%   |
| Millcreek Mall/Cafaro                   | 109,042,800   | 3           | 0.78%   | 100,444,800   | 2           | 0.95%   |
| Scott Development Enterprise            | 77,862,300  | 4           | 0.56%   | 61,688,740  | 3           | 0.58%   |
| Wal Mart                                | 53,730,700  | 5           | 0.38%   | 33,039,840  | 5           | 0.31%   |
| Pastore Brothers, et al                 | 51,703,500  | 6           | 0.37%   | 29,651,330  | 7           | 0.28%   |
| Millcreek Community Hospital            | 49,129,245  | 7           | 0.35%   | -   | -           | -   |
| Erie Indemnity Co (Erie Insurance)      | 49,112,486  | 8           | 0.35%   | 32,107,000  | 6           | 0.30%   |
| Lord Corporation                        | 38,444,400  | 9           | 0.27%   | -   | -           | -   |
| Developers Diversified Realty           | 36,233,700  | 10          | 0.26%   | 42,358,800  | 4           | 0.40%   |
| General Electric Company                | -   | -           | -   | 24,955,900  | 8           | 0.24%   |
| Maleno Developers                       | -   | -           | -   | 20,424,570  | 9           | 0.19%   |
| Granada Apartments                      | -   | -           | -   | 17,448,300  | 10          | 0.17%   |
|   | <u>\$ 729,275,632</u>                               |             | <u>5.21%</u>                                      | <u>\$ 472,762,825</u>                               |             | <u>4.47%</u>                                      |
| Assessed Value of All Properties        | <u>\$ 13,995,666,765</u>                            |             |   | <u>\$ 10,567,128,750</u>                            |             |   |

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# COUNTY OF ERIE, PENNSYLVANIA

## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

| <b>Year</b> | <b>Tax Levied<br/>for the Fiscal<br/>Year (Original<br/>Levy)</b> | <b>Adjustments</b> | <b>Total Adjusted<br/>Tax Levy</b> | <b>Face Value of Current<br/>Collections</b> | <b>Percent of<br/>Current Tax<br/>Collection</b> |
|-------------|---|--------------------|------------------------------------|--|--|
| 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%   |
| 2015        | 68,998,675  | (151,111)          | 68,847,564                         | 64,756,661                                   | 94.06%   |

| <b>Total Delinquent/<br/>Liened Collections</b> | <b>Total Collections<br/>net of refunds</b> | <b>Total Collection as<br/>Percentage of Adjusted<br/>Tax (After Refunds)</b> |
|---|---|---|
| \$ 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%  |
| 328,078   | 65,031,925                                  | 95.96%  |
| 214,884   | 65,488,864                                  | 95.98%  |
| 165,110   | 64,921,771                                  | 94.30%  |

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# **DEBT CAPACITY**

# COUNTY OF ERIE, PENNSYLVANIA

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN YEARS

|      | <b>Net General<br/>Obligation<br/>Bonds</b> | <b>Note Payable</b> | <b>Capital<br/>Leases</b> | <b>Total</b> | <b>% of<br/>Personal<br/>Income (a)</b> |
|------|---|---------------------|---------------------------|--------------|---|
| 2006 | \$ 72,637,764                               | \$ 1,187,973        | \$ 128,773                | \$73,954,510 | 0.90%                                   |
| 2007 | 70,312,053                                  | 1,057,845           | 126,892                   | 71,496,790   | 0.82%                                   |
| 2008 | 90,228,843                                  | 923,706             | 37,827                    | 91,190,376   | 1.00%                                   |
| 2009 | 95,325,920                                  | 782,148             | -                         | 96,108,068   | 1.05%                                   |
| 2010 | 90,174,064                                  | 632,901             | -                         | 90,806,965   | 0.98%                                   |
| 2011 | 84,842,208                                  | 475,347             | -                         | 85,317,555   | 0.87%                                   |
| 2012 | 80,168,026                                  | -                   | -                         | 80,168,026   | 0.78%                                   |
| 2013 | 74,725,107                                  | -                   | -                         | 74,725,107   | 0.71%                                   |
| 2014 | 68,260,982                                  | -                   | -                         | 68,260,982   | 0.64%                                   |
| 2015 | 81,137,555                                  | -                   | -                         | 81,137,555   | *                                       |

(a) Population and personal income data can be found on page 180-181.

(b) Property data can be found on page 163-164.

\* Information not yet available.

Note:

Total assessed value as of 12/31 of current year includes exonerations and  
Net general obligation bonds include bonds outstanding as well as deferred  
premiums and discounts.

| <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> |
|--|-----------------------|-----------------------------|-------------------|---|
| 0.70%  | \$ 264                | \$10,567,128,750            | 279,811           | \$ 8,190,575                                  |
| 0.65%  | 255                   | 10,948,946,060              | 280,446           | 8,730,790                                     |
| 0.82%  | 327                   | 11,079,225,801              | 279,175           | 9,112,456                                     |
| 0.86%  | 343                   | 11,185,706,711              | 280,291           | 9,141,718                                     |
| 0.80%  | 324                   | 11,282,268,586              | 280,566           | 9,237,676                                     |
| 0.75%  | 304                   | 11,327,397,410              | 280,985           | 9,756,169                                     |
| 0.70%  | 286                   | 11,376,259,228              | 280,646           | 10,291,569                                    |
| 0.54%  | 267                   | 13,796,831,745              | 280,294           | 10,575,326                                    |
| 0.49%  | 245                   | 13,870,861,149              | 278,443           | 10,636,535                                    |
| *  | 292                   | 13,995,666,765              | 278,045           | *   |

# COUNTY OF ERIE, PENNSYLVANIA

## DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2015

| <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                    | \$ 6,598,052                  | 100.00%                                | \$ 6,598,052  |
| Erie                     | <u>168,386,472</u>            | 100.00%                                | <u>168,386,472</u>                                    |
| Total Cities             | <u>174,984,524</u>            |  | <u>174,984,524</u>                                    |
| Boroughs:                |                               |  |   |
| Albion                   | 10,302,868                    | 100.00%                                | 10,302,868  |
| Cranesville              | 100,000                       | 100.00%                                | 100,000   |
| Edinboro                 | 402,091                       | 100.00%                                | 402,091   |
| Elgin                    | -                             | 100.00%                                | -   |
| Girard                   | 4,833,462                     | 100.00%                                | 4,833,462   |
| Lake City                | 381,990                       | 100.00%                                | 381,990   |
| McKean                   | 31,117                        | 100.00%                                | 31,117  |
| Mill Village             | -                             | 100.00%                                | -   |
| North East               | 2,532,161                     | 100.00%                                | 2,532,161   |
| Platea                   | -                             | 100.00%                                | -   |
| Union City               | 19,069                        | 100.00%                                | 19,069  |
| Waterford                | -                             | 100.00%                                | -   |
| Wattsburg                | 780,784                       | 100.00%                                | 780,784   |
| Wesleyville              | <u>73,193</u>                 | 100.00%                                | <u>73,193</u>   |
| Total Boroughs           | <u>19,456,735</u>             |  | <u>19,456,735</u>                                     |
| Townships:               |                               |  |   |
| Amity                    | 96,120                        | 100.00%                                | 96,120  |
| Concord                  | -                             | 100.00%                                | -   |
| Conneaut                 | -                             | 100.00%                                | -   |
| Elk Creek                | 250,417                       | 100.00%                                | 250,417   |
| Fairview                 | -                             | 100.00%                                | -   |
| Franklin                 | 123,967                       | 100.00%                                | 123,967   |
| Girard                   | 67,668                        | 100.00%                                | 67,668  |
| Greene                   | -                             | 100.00%                                | -   |
| Greenfield               | -                             | 100.00%                                | -   |
| Harborcreek              | 1,378,440                     | 100.00%                                | 1,378,440   |
| Lawrence Park            | 120,277                       | 100.00%                                | 120,277   |
| LeBoeuf                  | 14,228                        | 100.00%                                | 14,228  |
| McKean                   | -                             | 100.00%                                | -   |
| Millcreek                | 15,570,962                    | 100.00%                                | 15,570,962  |
| North East               | 5,269,658                     | 100.00%                                | 5,269,658   |
| Springfield              | 100,000                       | 100.00%                                | 100,000   |
| Summit                   | -                             | 100.00%                                | -   |
| Union                    | 16,390                        | 100.00%                                | 16,390  |
| Venango                  | 376,766                       | 100.00%                                | 376,766   |
| Washington               | 2,227,134                     | 100.00%                                | 2,227,134   |
| Waterford                | -                             | 100.00%                                | -   |
| Wayne                    | <u>34,016</u>                 | 100.00%                                | <u>34,016</u>   |
| Total Townships          | <u>25,646,043</u>             |  | <u>25,646,043</u>                                     |

| <u>Governmental Unit</u>          | <u>Total<br/>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable</u> | <u>Estimated<br/>Share of<br/>Direct and<br/>Overlapping Debt</u> |
|-----------------------------------|---------------------------------------|--|---|
| School Districts:                 |                                       |  |   |
| City of Erie                      | 19,219,920                            | 100.00%  | 19,219,920  |
| Corry Area                        | 21,646,000                            | 100.00%  | 21,646,000  |
| Fairview                          | 20,548,695                            | 100.00%  | 20,548,695  |
| Ft. LeBoeuf                       | 15,330,104                            | 100.00%  | 15,330,104  |
| General McLane                    | 5,055,000                             | 100.00%  | 5,055,000   |
| Girard                            | N/A                                   | 100.00%  | N/A   |
| Harborcreek                       | 14,520,000                            | 100.00%  | 14,520,000  |
| Iroquois Area                     | N/A                                   | 100.00%  | N/A   |
| Millcreek                         | 49,615,000                            | 100.00%  | 49,615,000  |
| North East                        | 15,755,000                            | 100.00%  | 15,755,000  |
| Northwestern                      | 52,250                                | 100.00%  | 52,250  |
| Union City Area                   | N/A                                   | 100.00%  | N/A   |
| Wattsburg Area                    | 19,737,992                            | 100.00%  | 19,737,992  |
|                                   | <u>181,479,961</u>                    |  | <u>181,479,961</u>  |
| Total School Districts            | <u>181,479,961</u>                    |  | <u>181,479,961</u>  |
| Subtotal overlapping debt         | 401,567,263                           |  | 401,567,263   |
| Total direct debt                 | <u>-</u>                              |  | <u>81,137,555</u>   |
| Total direct and overlapping debt | <u>\$ 401,567,263</u>                 |  | <u>\$ 482,704,818</u>   |

N/A - Information not available.

Note: Percentage of overlap based on assessed property values.  
Source: 2014 DCED Reports for Cities, Boros, and Townships  
School Districts, and Audited Financial Statements

# COUNTY OF ERIE, PENNSYLVANIA

## RATIOS OF GENERAL OBLIGATION BONDS OUTSTANDING AND LEGAL DEBT MARGIN LAST TEN YEARS ACCRUAL BASIS OF ACCOUNTING

|  | 2006                 | 2007                 | 2008                 | 2009                 |
|--|----------------------|----------------------|----------------------|----------------------|
| Assessed value of property   | \$ 10,567,128,750    | \$ 10,948,846,060    | \$ 11,079,225,801    | \$ 11,185,706,711    |
| Percentage of net debt to assessed value                             | 0.64%                | 0.61%                | 0.78%                | 0.82%                |
| Population   | 279,811              | 280,446              | 279,175              | 280,291              |
| Net bonded debt per capita in dollars                                | 241                  | 239                  | 291                  | 328                  |
| Debt limit 300% of average gross revenue                             | 748,838,606          | 814,429,000          | 926,390,630          | 1,007,874,207        |
| Amount of debt applicable to limit:                                  |                      |                      |                      |                      |
| General obligation bonds   | 69,580,000           | 68,800,000           | 88,325,000           | 93,750,000           |
| Less: resources restricted to paying debt service                    | (2,043,020)          | (1,827,804)          | (1,809,835)          | (1,781,882)          |
| Total net debt applicable to limit                                   | <u>\$ 67,536,980</u> | <u>\$ 66,972,196</u> | <u>\$ 86,515,165</u> | <u>\$ 91,968,118</u> |
| Legal debt margin  | \$ 681,301,626       | \$ 747,456,804       | \$ 839,875,465       | \$ 915,906,089       |
| Total net debt applicable to the limit as a percentage of debt limit | 9.02%                | 8.22%                | 9.34%                | 9.12%                |

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

| 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 11,282,268,586    | \$ 11,327,397,410    | \$ 11,376,259,228    | \$ 13,796,831,745    | \$ 13,870,861,149    | \$ 13,995,666,765    |
| 0.77%                | 0.72%                | 0.57%                | 0.52%                | 0.48%                | 0.57%                |
| 280,566              | 280,985              | 280,646              | 280,294              | 278,443              | 278,045              |
| 310                  | 291                  | 279                  | 258                  | 237                  | 288                  |
| 1,034,994,660        | 1,009,502,850        | 1,002,682,263        | 988,408,681          | 976,028,883          | 975,556,650          |
| 88,795,000           | 83,660,000           | 80,168,026           | 74,725,107           | 68,260,983           | 81,137,555           |
| (1,769,288)          | (1,780,995)          | (1,765,222)          | (2,345,613)          | (2,370,527)          | (1,154,360)          |
| <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> | <u>\$ 79,983,195</u> |
| \$ 947,968,948       | \$ 927,623,845       | \$ 924,279,459       | \$ 916,029,187       | \$ 910,138,427       | \$ 895,573,455       |
| 8.41%                | 8.11%                | 7.82%                | 7.32%                | 6.75%                | 8.20%                |

# COUNTY OF ERIE, PENNSYLVANIA

## DEBT STATEMENT PURSUANT TO LOCAL GOVERNMENT UNIT DEBT ACT AS OF DECEMBER 31, 2015

|  | Electoral | Nonelectoral  | Lease Rental  |
|--|-----------|---------------|---------------|
| Gross incurred debt:   |           |               |               |
| Bonds outstanding:   |           |               |               |
| 1977 Housing Authority (guarantee only)  | \$ -      | \$ -          | \$ 155,000    |
| 2005 G.O. Bond   | -         | 12,480,000    | 37,750,000    |
| 2007 G.O. Bond   | -         | 24,640,000    |               |
| 2008 G.O. Bond   | -         | 5,545,000     |               |
| 2009 G.O. Bond   | -         | 10,000        | -             |
| 2012 G.O. Bond   | -         | 17,530,000    | -             |
| 2014 Erie County Convention Center Authority (guarantee only)                              | -         | -             | 20,634,745    |
| 2014 Erie County Convention Center Authority (guarantee only)                              | -         | -             | 11,203,948    |
| 2015 G.O. Bond   | -         | 17,380,000    | -             |
|  | -         | 17,380,000    | -             |
| Total gross incurred debt  | -         | 77,585,000    | 69,743,693    |
| Credits and exclusions:  |           |               |               |
| Less:  |           |               |               |
| Sinking funds, reserve accounts, bond proceeds   | -         | 1,154,360     | 1,597,820     |
| Current appropriations   | -         | -             | -             |
| Uncollected special assessments  | -         | -             | -             |
| Delinquent taxes and liens   | -         | 5,865,393     | -             |
| Surplus cash   | -         | -             | -             |
| Solvent debts due  | -         | -             | -             |
| Indemnifying insurance   | -         | -             | -             |
| Self-liquidating debt  | -         | -             | -             |
|  | -         | -             | -             |
| Total credits and exclusions   | -         | 7,019,753     | 1,597,820     |
| Net Indebtedness   | \$ -      | \$ 70,565,247 | \$ 68,145,873 |
| Percentage of Legal Debt Limitation  | 0.00%     | 7.27%         | 5.27%         |
| Aggregate principal amount of bonds or notes being issued or evidencing lease rental debt: |           |               |               |
| 2015 Pleasant Ridge Manor letter of credit   |           |               | \$ 700,000    |

# COUNTY OF ERIE, PENNSYLVANIA

## BORROWING BASE CERTIFICATE CERTIFICATE AS OF DECEMBER 31, 2015

|   | 2013           | 2014           | 2015             |
|---|----------------|----------------|------------------|
| Total revenue received  | \$ 321,720,470 | \$ 322,564,139 | \$ 331,270,967   |
| 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)        | 3,148          | 2,892            |
| Grants and gifts-in-aid measured by construction of specific projects                           | -              | -              | -                |
| Nonrecurring receipts   | -              | -              | -                |
| Subtotals   | \$ 321,715,504 | \$ 322,567,287 | 331,273,859      |
| Total net revenues  |                |                | \$ 975,556,650   |
| Borrowing base - total net revenues divided by three  |                |                | \$ 325,185,550   |
| Applicable debt limitations - nonelectoral (300%)   |                |                | \$ 975,556,650   |
| Nonelectoral plus lease rentals (400%)  |                |                | \$ 1,300,742,200 |

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## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

# COUNTY OF ERIE, PENNSYLVANIA

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN YEARS

| Year | Population (1) | Total<br>Personal<br>Income (2) | Per Capita<br>Personal<br>Income (2) | Elementary/Secondary<br>School Enrollment |         |        |
|------|----------------|---------------------------------|--------------------------------------|---|---------|--------|
|      |                |                                 |                                      | Public                                    | Private | Total  |
| 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        | 10,636,535                      | 38,200                               | 39,604                                    | 5,860   | 45,464 |
| 2015 | 278,045        | *                               | *                                    | 39,656                                    | 5,047   | 44,703 |

\* Information not yet available

Sources:

- (1) 2006 - 2015 PA Department of Labor and Industry
- (2) U.S. Department of Commerce, 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<br/>Persons</b> | <b>Unemployment<br/>Rate</b> | <b>Number of<br/>Building Permits</b> |
|-----------------------------|------------------------------|---------------------------------------|
| 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                                 |
| 127,300                     | 5.50%                        | 2,424                                 |

# COUNTY OF ERIE, PENNSYLVANIA

## PRINCIPAL EMPLOYERS CURRENT YEAR AND TEN YEARS AGO

| Employer (A)                        | Product or Service       | December 31, 2015 |      |   | December 31, 2006 |      |   |
|-------------------------------------|--------------------------|-------------------|------|---|-------------------|------|---|
|                                     |                          | (B)<br>Employees  | Rank | Percentage of<br>Total County<br>Employment | (C)<br>Employees  | Rank | Percentage of<br>Total County<br>Employment |
| General Electric Company            | Locomotive Manufacturing | 5,500             | 1    | 4.06%                                       | 4,000             | 1    | 2.99%                                       |
| Erie Indemnity Company              | Insurance                | 4,230             | 2    | 3.12%                                       | 2,100             | 4    | 1.57%                                       |
| UPMC Hamot Medical Center           | Health Related           | 3,100             | 3    | 2.29%                                       | 2,889             | 2    | 2.16%                                       |
| Saint Vincent Health Center         | Health Related           | 2,539             | 4    | 1.87%                                       | 1,700             | 6    | 1.27%                                       |
| Pennsylvania State Government       | State Government         | 2,500             | 5    | 1.85%                                       | 2,274             | 3    | 1.70%                                       |
| Wal-Mart                            | Department/Grocery Store | 1,750             | 6    | 1.29%                                       | 1,750             | 5    | 1.31%                                       |
| School District of the City of Erie | Public Education         | 1,502             | 7    | 1.11%                                       | 1,300             | 8    | 0.97%                                       |
| United States Government            | Federal Government       | 1,200             | 8    | 0.89%                                       | 1,615             | 7    | 1.21%                                       |
| County of Erie                      | County Government        | 1,159             | 9    | 0.86%                                       | 1,250             | 9    | 0.93%                                       |
| Dr. Gertrude A. Barber Center, Inc. | Public Health            | 816               | 10   | 0.60%                                       | -                 | -    | -   |
| Plastex Management Group            | Plastics Manufacturing   | -                 | -    | -   | 1,200             | 10   | 0.90%                                       |
| Total                               | Total                    | <u>24,296</u>     |      | <u>17.94%</u>                               | <u>20,078</u>     |      | <u>15.01%</u>                               |

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

(B) 2015 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><u>Function/Program</u></b> | <b><u>2015</u></b> | <b><u>2014</u></b> | <b><u>2013</u></b> | <b><u>2012</u></b> | <b><u>2011</u></b> | <b><u>2010</u></b> | <b><u>2009</u></b> | <b><u>2008</u></b> | <b><u>2007</u></b> | <b><u>2006</u></b> |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Government             | 151.0              | 163.0              | 97.0               | 89.0               | 91.0               | 97.0               | 93.0               | 94.0               | 99.0               | 94.5               |
| Courts and Court Related       | 250.0              | 267.0              | 284.0              | 296.0              | 295.0              | 294.0              | 294.0              | 298.0              | 328.0              | 319.0              |
| Corrections                    | 291.0              | 292.0              | 277.0              | 278.0              | 290.0              | 290.0              | 307.0              | 309.0              | 306.0              | 327.5              |
| Community Service              | 287.0              | 301.0              | 310.0              | 303.0              | 303.0              | 304.0              | 281.0              | 275.0              | 264.0              | 257.0              |
| Library                        | 56.0               | 83.0               | 66.0               | 65.0               | 65.0               | 64.0               | 69.0               | 72.0               | 94.0               | 80.5               |
| Public Health                  | 64.0               | 64.0               | 64.0               | 69.0               | 71.0               | 71.0               | 74.0               | 79.0               | 83.0               | 82.5               |
| Total                          | <u>1,099.0</u>     | <u>1,170.0</u>     | <u>1,098.0</u>     | <u>1,100.0</u>     | <u>1,115.0</u>     | <u>1,120.0</u>     | <u>1,118.0</u>     | <u>1,127.0</u>     | <u>1,174.0</u>     | <u>1,161.0</u>     |

Source: County of Erie Workforce Report

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

| <b>Function/Program</b>  | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>2012</b> |
|--|-------------|-------------|-------------|-------------|
| <b>General Government:</b>                                     |             |             |             |             |
| Receipts written   | 10,866      | 10,818      | 12,848      | 11,889      |
| Checks written   | 51,166      | 43,063      | 42,564      | 44,246      |
| Purchase orders issued   | 2,901       | 3,034       | 2,937       | 3,003       |
| Ordinances and resolutions passed                              | 223         | 253         | 209         | 205         |
| Entry for claims   | 12,251      | 12,576      | 12,570      | 12,094      |
| Licenses issued (fishing, hunting, dog, doe, bingo)            | 34,408      | 28,202      | 38,026      | 30,915      |
| Building permits monitored                                     | 2,424       | 2,507       | 2,593       | 2,591       |
| Total taxable parcels  | 117,489     | 117,489     | 117,805     | 117,761     |
| Total exempt parcels   | 4,740       | 4,701       | 4,812       | 4,789       |
| Retired employees  | 65          | 56          | 47          | 43          |
| Pension fund transactions processed                            | 335         | 334         | 272         | 294         |
| Full-time employees  | 1,099       | 1,108       | 1,098       | 1,100       |
| Part-time employees  | 60          | 62          | 61          | 61          |
| Deeds, mortgages, other recorded                               | 28,561      | 28,055      | 33,356      | 35,316      |
| Coroner cases  | 531         | 530         | 486         | 475         |
| Autopsies performed  | 131         | 111         | 124         | 149         |
| Discharged military personnel registered with Veterans Affairs | 312         | 199         | 132         | 164         |
| Bids received and opened                                       | 50          | 36          | 34          | 33          |
| Special audits conducted                                       | 14          | 13          | 7           | 7           |
| Fraud hotline calls received                                   | 26          | 15          | 17          | 17          |
| <b>Courts and Court Related:</b>                               |             |             |             |             |
| New criminal cases:  | 2,397       | 3,323       | 3,484       | 3,446       |
| Jury trials  | 91          | 97          | 98          | 106         |
| Non-jury trials  | 31          | 26          | 22          | 21          |
| Criminal sentencing's  | 2,869       | 2,822       | 2,650       | 2,571       |
| New civil cases:   | 2,646       | 2,676       | 2,097       | 2,217       |
| Jury trials  | 8           | 10          | 8           | 13          |
| Non-jury trials  | 6           | 15          | 11          | 10          |
| Traffic citations (in thousands)                               | 25          | 25          | 26          | 26          |
| Summary offenses (in thousands)                                | 9           | 9           | 11          | 13          |
| Civil cases filed (in thousands [District Justice offices])    | 2           | 2           | 3           | 4           |
| Criminal cases filed (in thousands [District Justice offices]) | 5           | 5           | 5           | 6           |
| New support petitions filed                                    | 2,496       | 2,508       | 2,913       | 3,412       |
| Modified petitions filed                                       | 2,215       | 2,306       | 2,232       | 1,851       |
| Support conferences held                                       | 7,256       | 6,300       | 6,997       | 6,632       |
| Support court hearings   | 323         | 337         | 508         | 339         |
| Contempt court hearings  | 1,169       | 1,422       | 2,346       | 1,768       |
| Support collections (in millions)                              | 36          | 38          | 40          | 41          |
| Warrants processed   | 2,556       | 1,857       | 1,624       | 1,145       |
| Civil papers served  | 13,555      | 13,070      | 14,003      | 14,957      |
| Sheriff sales  | 412         | 441         | 1,178       | 1,074       |

Source: Various County of Erie Departments

| 2011    | 2010    | 2009    | 2008    | 2007    | 2006    |
|---------|---------|---------|---------|---------|---------|
| 10,730  | 13,146  | 11,933  | 11,330  | 11,304  | 11,282  |
| 44,120  | 45,143  | 45,941  | 53,223  | 51,376  | 50,645  |
| 2,925   | 3,008   | 3,143   | 3,457   | 3,271   | 3,545   |
| 196     | 207     | 248     | 320     | 235     | 259     |
| 12,055  | 12,606  | 12,271  | 10,681  | 12,302  | 10,666  |
| 29,064  | 27,286  | 29,214  | 32,496  | 25,957  | 26,542  |
| 2,596   | 3,171   | 2,934   | 3,061   | 3,357   | 3,768   |
| 117,876 | 118,150 | 118,967 | 118,913 | 118,506 | 118,506 |
| 4,651   | 4,416   | 4,359   | 4,407   | 4,298   | 4,299   |
| 44      | 40      | 40      | 15      | 12      | 18      |
| 378     | 392     | 351     | 345     | 346     | 322     |
| 1,115   | 1,120   | 1,117   | 1,127   | 1,127   | 1,109   |
| 61      | 51      | 58      | 57      | 67      | 67      |
| 31,397  | 33,036  | 34,447  | 33,160  | 38,875  | 40,611  |
| 438     | 400     | 419     | 470     | 392     | 428     |
| 137     | 141     | 146     | 144     | 146     | 176     |
| 76      | 107     | 206     | 138     | 179     | 174     |
| 53      | 34      | 37      | 65      | 89      | 75      |
| 4       | 4       | 5       | 5       | 5       | 6       |
| 10      | 35      | 25      | 25      | 27      | 28      |
| 3,242   | 3,109   | 3,092   | 3,075   | 3,282   | 3,288   |
| 99      | 83      | 97      | 97      | 128     | 142     |
| 20      | 24      | 28      | 25      | 30      | 14      |
| 2,563   | 2,540   | 2,318   | 2,479   | 2,663   | 2,584   |
| 3,737   | 3,941   | 2,560   | 2,108   | 1,621   | 1,401   |
| 9       | 12      | 6       | 14      | 15      | 20      |
| 11      | 8       | 11      | 7       | 15      | 15      |
| -       | 22      | 25      | 24      | 26      | 38      |
| 12      | 12      | 13      | 13      | 14      | 15      |
| 6       | 6       | 6       | 7       | 6       | 6       |
| 6       | 6       | 5       | 6       | 6       | 7       |
| 3,668   | 3,032   | 3,373   | 3,487   | 3,802   | 3,620   |
| 1,861   | 2,472   | 2,670   | 2,967   | 3,368   | 3,450   |
| 7,820   | 8,049   | 8,779   | 10,422  | 10,382  | 10,330  |
| 311     | 418     | 368     | 303     | 347     | 387     |
| 1,454   | 1,609   | 1,519   | 1,942   | 1,991   | 2,055   |
| 40      | 40      | 42      | 41      | 41      | 41      |
| 1,702   | 943     | 1,744   | 3,311   | 2,357   | 1,891   |
| 11,336  | 11,723  | 12,831  | 11,205  | 10,570  | 8,100   |
| 956     | 620     | 611     | 716     | 636     | 573     |

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

| <b>Function/Program</b>  | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>2012</b> |
|--|-------------|-------------|-------------|-------------|
| <b>Corrections:</b>  |             |             |             |             |
| Adult probation caseloads  | 3,170       | 3,052       | 3,033       | 3,023       |
| Delinquency petitions  | 596         | 643         | 896         | 980         |
| Delinquents in placement   | 104         | 106         | 100         | 122         |
| <b>Community Service:</b>  |             |             |             |             |
| Agricultural easement purchases  | 1           | 3           | -           | 1           |
| Land use reviews   | 202         | 260         | 247         | 243         |
| Subdivisions and land development reviews                              | 340         | 340         | 155         | 167         |
| HPMS sample section field reviews                                      | 134         | 134         | 133         | 134         |
| Local bridge inspection program inspections and traffic counts         | 142         | 91          | 152         | 83          |
| Calls received at Emergency 911 center                                 | 143,897     | 169,052     | 172,596     | 188,273     |
| Drug and alcohol general admissions/completed screenings               | 3,731       | 3,948       | 4,124       | 3,986       |
| Drug and alcohol clients authorized                                    | 3,363       | 3,559       | 3,644       | 3,210       |
| Drug and alcohol treatment providers                                   | 19          | 16          | 16          | 15          |
| Children and youth abuse referrals                                     | 1,345       | 952         | 856         | 782         |
| Children and youth intake evaluations                                  | 3,267       | 2,704       | 2,711       | 2,578       |
| Children and youth placements  | 649         | 607         | 515         | 461         |
| Mental health/intellectual disabilities clients in various programs    | 19,766      | 19,609      | 17,971      | 19,556      |
| Cost of mental health/intellectual disabilities services (in millions) | 56          | 54          | 51          | 53          |
| HealthChoices members in various programs                              | 16,037      | 14,754      | 14,564      | 13,908      |
| Costs of HealthChoices services (in millions)                          | 70          | 68          | 59          | 62          |
| <b>Library:</b>  |             |             |             |             |
| Bookmobile circulation   | 19,359      | 14,952      | 22,529      | 24,736      |
| Main library circulation   | 562,757     | 590,724     | 610,852     | 660,588     |
| Branch library circulation   | 669,976     | 676,990     | 685,543     | 680,484     |
| <b>Public Health:</b>  |             |             |             |             |
| Immunization client visits   | 856         | 1,141       | 870         | 1,766       |
| Sexually transmitted disease client visits                             | 5,495       | 503         | 1,559       | 1,901       |
| Tuberculosis client visits   | 813         | 2,329       | 3,275       | 3,124       |
| <b>Nursing Home:</b>   |             |             |             |             |
| Nurse Family Partnership client visits                                 | 1,286       | 1,231       | 1,387       | 1,603       |
| Maternal child health client visits                                    | 517         | 736         | 695         | 708         |
| Average daily census in nursing home                                   | 307         | 346         | 337         | 334         |

N/A - information not available.

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

| 2011    | 2010    | 2009    | 2008    | 2007    | 2006    |
|---------|---------|---------|---------|---------|---------|
| 2,914   | 2,954   | 2,788   | 2,874   | 3,112   | 3,274   |
| 1,157   | 1,195   | 1,163   | 1,223   | 1,450   | 1,519   |
| 124     | 128     | 149     | 149     | 154     | 163     |
| 3       | 1       | 1       | 9       | 2       | 4       |
| 246     | 239     | 236     | 240     | 254     | 232     |
| 168     | 176     | 188     | 233     | 281     | 314     |
| 132     | 131     | 124     | 124     | 121     | 110     |
| 153     | 152     | 85      | 101     | 85      | 95      |
| 172,680 | 166,116 | 147,869 | 55      | 106,127 | 101,237 |
| 4,243   | 2,237   | 2,243   | 2,100   | 2,893   | 2,221   |
| 6,211   | 2,432   | 2,528   | 2,488   | 2,893   | 2,713   |
| 13      | 12      | 13      | 15      | 17      | 19      |
| 842     | 932     | 851     | 934     | 859     | 753     |
| 1,697   | 2,651   | 2,853   | 3,234   | 2,703   | 2,463   |
| 507     | 574     | 676     | 617     | 715     | 994     |
| 20,919  | 19,674  | 20,219  | 14,436  | 17,272  | 22,203  |
| 54      | 52      | 52      | 82      | 83      | 87      |
| 13,283  | 13,237  | 11,859  | 10,570  | 7,380   | N/A     |
| 63      | 61      | 56      | 61      | 21      | N/A     |
| 25,209  | 25,302  | 36,547  | 42,022  | 39,055  | 33,596  |
| 700,691 | 771,626 | 817,513 | 923,961 | 829,635 | 871,716 |
| 642,524 | 681,968 | 706,143 | 508,448 | 624,051 | 581,819 |
| 2,010   | 1,965   | 2,840   | 2,140   | 2,337   | 1,961   |
| 2,079   | 2,075   | 2,191   | 2,161   | 2,180   | 2,328   |
| 3,289   | 3,201   | 2,437   | 2,099   | 1,849   | 3,899   |
| 1,456   | 1,765   | 1,683   | 1,472   | 1,564   | 1,306   |
| 752     | 809     | 1,090   | 1,544   | 1,338   | 1,106   |
| 332     | 330     | 340     | 354     | 365     | 372     |

(Concluded)

# COUNTY OF ERIE, PENNSYLVANIA

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

| Function/Program                         | 2015    | 2014    | 2013    | 2012    |
|--|---------|---------|---------|---------|
| <b>General Government:</b>               |         |         |         |         |
| Buildings                                | 4       | 4       | 4       | 4       |
| Square footage                           | 204,943 | 204,943 | 204,943 | 204,943 |
| Vehicles                                 | 9       | 9       | 7       | 6       |
| <b>Courts and Court Related:</b>         |         |         |         |         |
| Sheriff vehicles                         | 25      | 25      | 25      | 28      |
| Sheriff search and rescue boat           | 0       | 0       | 0       | 0       |
| Other department vehicles                | 1       | 11      | 14      | 16      |
| <b>Corrections:</b>                      |         |         |         |         |
| Prison facilities                        | 2       | 2       | 2       | 2       |
| Square footage                           | 205,720 | 205,720 | 205,720 | 205,720 |
| Number of beds                           | 692     | 692     | 690     | 690     |
| Prison vehicles                          | 6       | 6       | 6       | 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      | 15      | 14      | 14      |
| <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      | 12      |
| 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       | 3       | 5       | 6       |
| <b>Nursing Home:</b>                     |         |         |         |         |
| Number of nursing homes*                 | 2       | 2       | 2       | 2       |
| Combined nursing home square footage     | 194,552 | 237,278 | 237,278 | 237,278 |
| Average number of beds*                  | 300     | 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       | 2       | 4       |

Source:

County of Erie Operation Department  
Pleasant Ridge Manor

\* Pleasant Ridge Manor (closed the East location in 2015) is a blended component unit.

\* Bed counts change 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.

| 2011    | 2010    | 2009    | 2008    | 2007    | 2006    |
|---------|---------|---------|---------|---------|---------|
| 4       | 4       | 4       | 4       | 4       | 4       |
| 204,943 | 204,943 | 204,943 | 210,173 | 210,173 | 210,173 |
| 6       | 5       | 8       | 7       | 6       | 4       |
| 28      | 26      | 28      | 26      | 27      | 27      |
| 0       | 0       | 0       | 0       | 0       | 1       |
| 17      | 14      | 14      | 16      | 16      | 15      |
| 2       | 2       | 2       | 2       | 1       | 1       |
| 205,720 | 205,720 | 205,720 | 205,720 | 177,720 | 177,720 |
| 690     | 690     | 690     | 690     | 695     | 695     |
| 5       | 6       | 5       | 6       | 5       | 5       |
| 11,704  | 11,704  | 11,704  | 11,704  | 11,704  | 11,704  |
| 20      | 20      | 20      | 20      | 20      | 20      |
| 11      | 14      | 14      | 14      | 15      | 18      |
| 1       | 1       | 1       | 1       | 1       | 1       |
| 39,844  | 39,844  | 39,844  | 39,844  | 39,844  | 39,844  |
| 18      | 18      | 20      | 18      | 19      | 16      |
| 3       | 3       | 3       | 3       | 3       | 3       |
| 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       | 6       | 5       | 5       | 5       |
| 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  | 25,249  | 22,652  | 15,922  | 15,922  |
| 4       | 3       | 3       | 3       | 3       | 3       |

# COUNTY OF ERIE, PENNSYLVANIA

## SALARIES OF PRINCIPAL COUNTY OFFICIALS AS OF DECEMBER 31, 2015

|  |                          |    | Salary               |
|--|--------------------------|----|----------------------|
| <u>Elected Officials:</u>  |                          |    |                      |
| Council Chairman (part-time)   | Fiore A. Leone           | \$ | 9,326                |
| Council Members (part-time)  | Jay Breneman             |    | 8,780                |
|  | Phil Fatica              |    | 8,780                |
|  | Carol J. Loll            |    | 8,780                |
|  | Andre Horton             |    | 8,780                |
|  | Kyle Foust               |    | 8,780                |
|  | Edward T. DiMattio, Jr.  |    | 8,780                |
| County Executive   | Kathy Dahlkemper         |    | 75,578               |
| County Controller  | Mary Schaaf              |    | 64,436               |
| District Attorney  | Jack Daneri              |    | 175,572              |
| Sheriff  | John Loomis              |    | 66,557               |
| Coroner  | Lyell P. Cook            |    | 66,603               |
| Clerk of Records   | Kenneth Gamble           |    | 64,593               |
| 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                 | \$ | 72,105               |
| Director of Finance  | James Sparber            |    | 77,549               |
| Director of Personnel  | Sabrina Fischer          |    | 65,718               |
| County Solicitor (part-time)   | Marcia Haller            |    | 43,815               |
| Public Defender  | Patricia Kennedy, Esq.   |    | 87,631               |
| Assistant Public Defenders   | 6 full-time 11 part-time |    | 684,436              |
| <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:       |                          | \$ | 42,241               |
| The highest paid non-elected employee is the Senior Solicitor for the Office of Children and Youth Services at:  |                          |    | 102,742              |
| 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 392.1 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: |                          | \$ | 39,049               |

# COUNTY OF ERIE, PENNSYLVANIA

## COLLECTIVE BARGAINING AGREEMENTS AS OF DECEMBER 31, 2015

| <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, 2018   |
| Erie County Detective's Association         | 9                            | December 31, 2018   |
| Court Supervisors Association               | <u>16</u>                    | December 31, 2018   |
| Total Represented Employees                 | <u><u>773</u></u>            |   |

Source: Erie County Department of Human Resources Labor Report

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