# COUNTY OF ERIE

# NEW YORK

# Comprehensive Annual Financial Report

**For the Year Ended December 31, 2014**


**STEFAN I. MYCHAJLIW**

**Erie County Comptroller**

## COUNTY OF ERIE, NEW YORK

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Year Ended**
**December 31, 2014**

**Prepared By:**
**Erie County Comptroller's Office**
**STEFAN I. MYCHAJLIW**
**Erie County Comptroller**

SEAL OF ERIE COUNTY
STATE OF NEW YORK

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# INTRODUCTORY SECTION

This section contains the following:

- LETTER OF TRANSMITTAL
- GFOA CERTIFICATE OF ACHIEVEMENT
- ORGANIZATIONAL CHART
- SUMMARY OF ELECTED OFFICIALS

SEAL OF ERIE COUNTY
STATE OF NEW YORK

# COUNTY OF ERIE

## STEFAN I. MYCHAJLIW
### COMPTROLLER


June 19, 2015

The Honorable
Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

Honorable Mark C. Poloncarz
Erie County Executive
95 Franklin Street, 16th Floor
Buffalo, New York 14202

Dear Honorable Members and County Executive Poloncarz:

The Comprehensive Annual Financial Report ("CAFR") of the County of Erie, New York (the "County"), for the fiscal year ended December 31, 2014 is submitted in accordance with the requirements of Section 1202 (i) of the Erie County Charter.

## INTRODUCTION

This report was prepared by the Erie County Comptroller's Office in conformance with current accounting and financial reporting principles promulgated by the Governmental Accounting Standards Board ("GASB") and the New York Office of the State Comptroller. County management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The certified public accounting firm Drescher & Malecki LLP, the County's independent auditor, has issued an unmodified ("clean") opinion on the County's financial statements for the year ended December 31, 2014. The independent auditors' report is located at the front of the financial section of this report.



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Management's Discussion and Analysis ("MD&A") immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## PROFILE OF THE GOVERNMENT

### Basic Information

The County is a metropolitan center covering 1,058 square miles that is located on the western border of New York State, adjacent to Lake Erie. Situated within the County are 3 cities, 25 towns, and 16 villages, including the City of Buffalo, which serves as the County seat and is the State's second most populous and largest city. The County provides a variety of mandated and discretionary services and facilities to its residents covering the areas of culture, parks and recreation, social services, police, libraries, youth, health, senior services, roads, mental health, probation, corrections, emergency services, license bureau, and sanitary sewerage. Additionally, the County operates a community college.

The County is a major New York industrial and commercial center, and is favorably located relative to the commercial markets of both the United States and Canada. Access to these markets is enhanced by the County's standing of being among the largest rail centers in the United States; that it is provided trucking services by numerous transcontinental, international and common carriers and is a focal point of international water-borne transportation.

Subject to the New York State Constitution and Laws, the County operates pursuant to a County Charter ("Charter") and Administrative Code. Additionally, various New York State laws govern the County to the extent that such laws are applicable to counties operating under a charter form of government.

Legislative authority of the County is vested in an 11-member governing body known as the County Legislature ("Legislature"), each member of which is elected for a two-year term. Principal functions of the Legislature include adoption of the annual budget, levying of taxes, review and approval of budget modifications, adoption of local laws, and authorization of the incurrence of all County indebtedness.

In addition to the members of the Legislature, there are five County-wide elected officials, each elected to four-year terms: County Executive, County Comptroller, County Clerk, District Attorney, and Sheriff. The County Comptroller serves as the County's chief fiscal, accounting, financial reporting and auditing officer.

### Component Units

Consistent with criteria promulgated in the GASB Codification, the financial statement reporting entity includes the County of Erie, New York (the primary government) and its significant component units: the Buffalo and Erie County Public Library, the Erie County Medical Center Corporation and its three component units (i.e., Research for Health in Erie County, Inc., ECMC Lifeline Foundation, Inc. and The Grider Initiative, Inc.), two component units of the Erie Community College proprietary fund (i.e., the Auxiliary Services Corporation of Erie Community College, Inc. and the Erie Community College Foundation, Inc.), the Erie County Fiscal Stability Authority, the Erie Tobacco Asset Securitization Corporation ("ETASC"), and the Buffalo and Erie County Industrial Land Development Corporation, Inc. ("ILDC").

Additional detailed information relating to the specific organizations and the manner of inclusion (discrete presentation or blending) in the reporting entity as component units, and the basis for making such determinations, are also discussed in Note I (B) to the financial statements.

Erie County Fiscal Stability Authority

In July 2005, the New York State Legislature and Governor created the Erie County Fiscal Stability Authority ("ECFSA") to monitor the County's finances. Under the Erie County Fiscal Stability Authority Act ("Act"), the legislation establishing the ECFSA, the County is required to develop and submit a Four Year Financial Plan to ECFSA for its approval. Under the Act, if the County fails to meet certain criteria, or if the County meets other criteria such as the County having "incurred a major operating funds deficit of one percent or more in the aggregate results of operations of such funds of the County during its fiscal year," (§ 3959 of the Act) the ECFSA may declare and enter into a "control period." Under the Act, in a control period, the ECFSA may engage in a number of actions including establishing a wage and/or hiring freeze, setting maximum levels of County spending and requiring its approval for any County borrowing. On November 3, 2006, citing deficiencies in the County's 2007-2010 Four Year Financial Plan, ECFSA imposed a control period on Erie County, which continued until June 2009, at which time the ECFSA voted to return to an advisory status in which it continues to function.

Erie County's 2014 Budget

Under the Charter, the County Executive is required to submit the tentative annual budget to the County Legislature by October 15th. On October 15, 2013, in association with the ECFSA-required Four Year Financial Plan, the County Executive presented his 2014 Tentative Budget to the Legislature for review and action. On December 3, 2013, the County Legislature approved its 2014 Amended Budget.

## ECONOMIC CONDITION AND OUTLOOK

Local Economy

Historically the local economy was built on railroad commerce, steel manufacturing, automobile production, Great Lakes shipping and grain storage. However, following heavy job losses in the manufacturing sector in the 1970's and early 1980s, the local economy has become more diversified with growth in the financial, health and service sectors. This diversification has cushioned local impacts during economic downturns, but redevelopment of the local economic base and improvement of the local economy has been a gradual, sometimes sporadic, ongoing process since the mid-1980s.

With respect to the decade 2001-10, after the unemployment rate hovered at approximately 5.0 percent during most of the period (i.e., 2001-2008), unemployment in Erie County increased dramatically through 2009 into 2012 as a result of the worldwide recession. Erie County's unemployment rate in 2014 averaged 6.1 percent, as compared to 6.3 percent statewide and 6.2 percent nationally (s*ource: New York State Department of Labor, United States Bureau of Labor Statistics)*.

Erie County has increasingly become a center of bioinformatics and medical research including development at the University at Buffalo, Hauptman-Woodward Medical Research Institute, and Roswell Park Cancer Institute. The Buffalo Niagara Medical Campus in downtown Buffalo has continued to grow since its inception in 2001.

Economic development initiatives continue to progress on the Buffalo Niagara Medical campus, such as the $270 million John R. Oshei Children's Hospital that has begun construction and is 17 percent complete. The project is expected to take up to 34 months to complete and open in late 2017. Across the street from that site, the first three floors of the $375 million new School of Medicine and Biomedical Sciences building for the State University of New York at Buffalo are now under construction. It also is anticipated to open in 2017. Next to that site the $110 million Conventus building project is expected to be completed by the middle of 2015, it will house medical research facilities for the State University of New York at Buffalo and Kaleida Hospital System. In addition, Roswell Park Cancer Institute is "substantially" finishing the facade of its 11-story, 142,000-square-foot $40 million Clinical Sciences Center by the end of June 2015 with the "shell-and-core" build out to be completed by September 2015.

South of the Medical Campus in downtown Buffalo, the $172 million HarborCenter project being constructed by the Buffalo Sabres and which will employ 350 full time employees is nearing completion. Two full size hockey rinks have opened as well as food and retail operations. The Buffalo Sabres expect 600,000 people to visit the facility annually, in addition to the 1.2 million that visit the First Niagara Center next door. The new Buffalo Marriott HarborCenter will welcome its first guests in Fall 2015 to the 12 story 205 room facility. The $110 million Uniland building project creating a new headquarters for Delaware North Companies and hotel and retail space is on schedule to be completed in early 2016.

The Erie County Industrial Development Agency ("ECIDA") approved 22 tax incentive projects in 2014. The anticipated private sector development from these projects is $227 million. In addition, a total of nine vacant buildings in the City of Buffalo were supported by the ECIDA totaling $93 million in private sector development. A total of 645 private sector jobs are anticipated to be created at an average salary of $47,570, a total of $31 million in annual payroll supported by these projects.

Under the State's "Buffalo Billion" economic development initiative, the State has committed $1 billion in resources for the purpose of creating hundreds to thousands of new jobs to spur the local economy. As a result a wide range of projects are underway, in close consultation with Erie County and the Erie County Industrial Development Agency.

As part of the "Buffalo Billion" program, in February 2014, Governor Andrew Cuomo announced that IBM would anchor a major new information technology center in downtown Buffalo that will bring 500 jobs and in which the State will spend $55 million on construction and computer infrastructure. This Buffalo Information Technologies Innovation and Commercialization Hub is set to open in 2015.

Another, and largest, of the "Buffalo Billion" agenda items involves redeveloping the former Republic Steel brownfield site in Buffalo, which has been renamed "RiverBend". The site is being redeveloped by New York State and SolarCity, the nation's largest residential solar energy systems installer. The State has announced it will invest $750 million and construct a 1 million square foot solar panel factory. Construction began in 2014 and is expected to be completed by the end of 2015. SolarCity will then begin to move equipment into the facility and expects to begin production of solar modules in 2016 and ramp up to full production in 2017. SolarCity has committed to create 1,460 jobs at the factory within two years of its opening.

Fiscal Impacts on the County in 2014

The resistance of the local economy to the worst effects of recent recessions and the success of some local economic development activities have had a positive influence on the County's finances. While the cities in the County have experienced some stagnation or erosion of their property tax bases, overall the local tax base has continued to grow slowly. Starting in late 2008 and continuing into early 2009, County sales tax receipts began to decline reflecting trends both regionally and nationally. However, in late 2009 through 2013, County sales tax revenues increased and for the first time, in 2013, the County exceeded $420 million in sales tax collections and in 2014 exceeded $431 million– this does not include the $290 million in sales tax collected for the cities, towns, villages and schools in the County. The increase in sales tax revenue was primarily the result of modest growth in taxable sales.

## OTHER RELEVANT INFORMATION

Relevant Financial Policies

The County Charter, amended by Local Law 3-2006 and the Budget Modernization Act Local Law 2-2012, includes specific provisions for fund balance. The Charter requires the County to establish and maintain "a balance in general fund established in the budget equal to or greater than five percent of the amount contained in the budget of the fund in the immediately preceding fiscal year." The Charter also provides for limits and specific requirements governing the County's use/appropriation of fund balance including legislative approval and that the County may not appropriate fund balance below the five percent level.

Monthly Accrual/Monitoring System

Since 1985, the County has maintained a Budget Monitoring System which compares budgetary estimates at the department and account level to fully accrued actual data on a monthly basis. The monitoring reports are used as a management tool during the fiscal year. All major variances are reconciled and, as appropriate, corrective measures are taken to ensure any projected deficit condition will be prevented or minimized. The County Administration is also required to submit monthly budget monitoring reports to the County Legislature.

Independent Audit

Since 1975, it has been the County's policy to have an independent audit of its annual financial statements performed by a certified public accounting firm. The Charter provides for an independent Audit Committee that is responsible for recommending one or more specific firms to conduct annual audits of the County and the Erie Community College. The County has complied with the Charter's requirement to have an independent audit performed and the auditors' opinion is provided in the Financial Section of this report.

## AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the fiscal year ended December 31, 2013. This was the ninth consecutive year that the County 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 one year. We believe the County's CAFR for fiscal year 2014 continues to meet the Certificate of Achievement Program's requirements and we will submit the document to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efforts of the Comptroller's Office's Accounting Division staff, other cooperating County departments, and Drescher & Malecki LLP. Furthermore, I extend my appreciation to everyone who assisted and contributed to the preparation of the County's CAFR for fiscal year 2014.

Respectfully submitted,

Stefan I. Mychajliw
Erie County Comptroller

SIM/nr

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## County of Erie

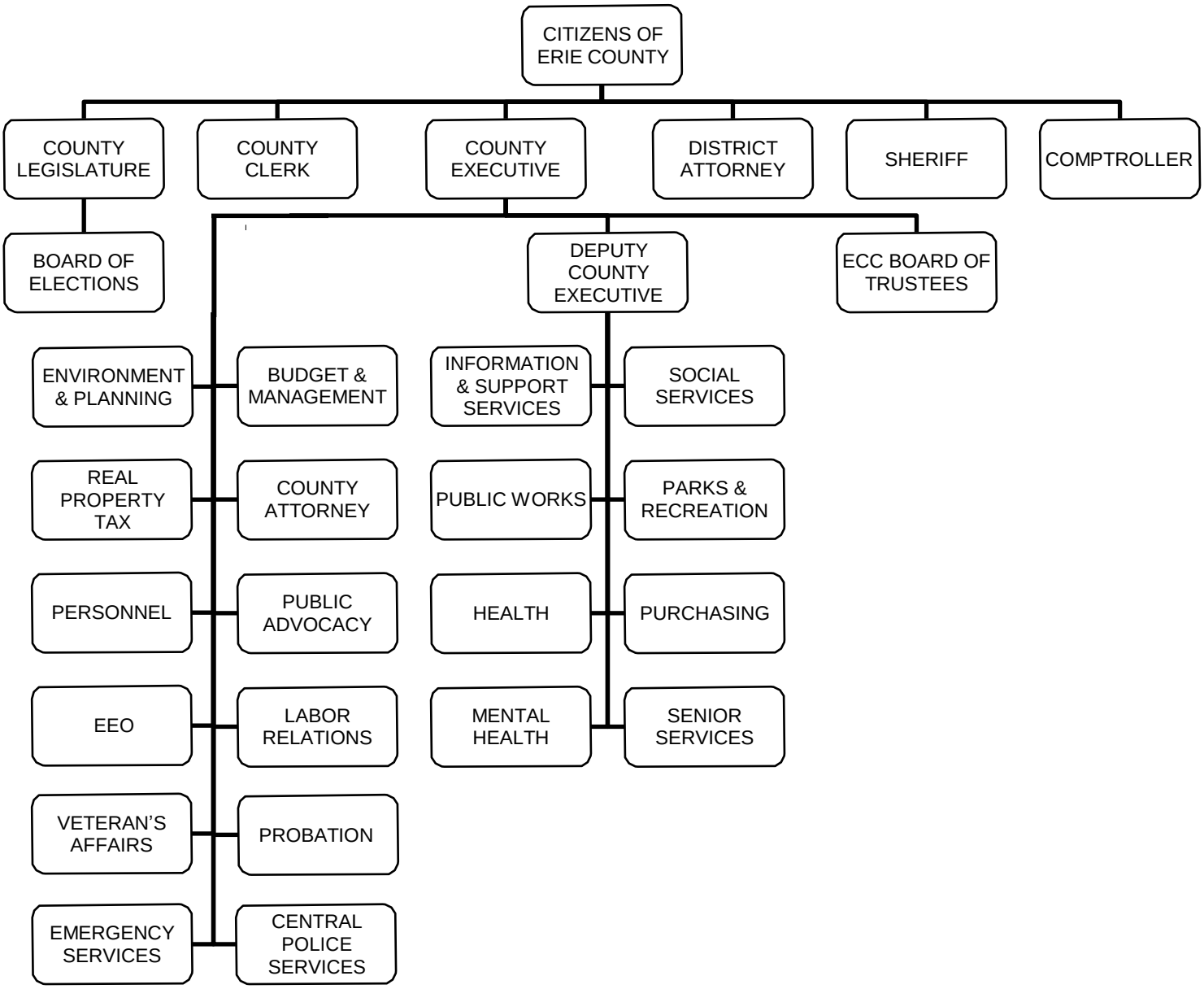
## New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**December 31, 2013**

Executive Director/CEO

# COUNTY OF ERIE, NEW YORK
# ORGANIZATIONAL CHART
**December 31, 2014**



# COUNTY OF ERIE, NEW YORK
## SUMMARY OF ELECTED OFFICIALS
**December 31, 2014**

| COUNTY CLERK | COUNTY EXECUTIVE | DISTRICT ATTORNEY | SHERIFF | COUNTY COMPTROLLER |
|---|---|---|---|---|
| Christopher L. Jacobs | Mark C. Poloncarz | Frank A. Sedita III | Timothy B. Howard | Stefan I. Mychajliw |

### ERIE COUNTY LEGISLATORS

| | | | |
|---|---|---|---|
| District No. 1 | Barbara Miller-Williams | District No. 7 | Patrick B. Burke |
| District No. 2 | Betty Jean Grant | District No. 8 | Ted B. Morton |
| District No. 3 | Peter J. Savage III | District No. 9 | Lynne M. Dixon |
| District No. 4 | Kevin R. Hardwick | District No. 10 | Joseph C. Lorigo |
| District No. 5 | Thomas A. Loughran | District No. 11 | John J. Mills |
| District No. 6 | Edward A. Rath III | | |

SEAL OF ERIE COUNTY
STATE OF NEW YORK

# FINANCIAL SECTION

This section contains the following:

- INDEPENDENT AUDITORS' REPORT
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- REQUIRED SUPPLEMENTARY INFORMATION
- COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SEAL OF ERIE COUNTY
STATE OF NEW YORK

***Drescher & Malecki LLP***
*3083 William Street, Suite 5*
*Cheektowaga, New York 14227*
*Telephone: 716.565.2299*
*Fax: 716.565.2201*

*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT**

Honorable County Executive
Honorable County Comptroller
Honorable Members of the County Legislature
County of Erie, New York:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Erie, New York (the "County"), as of and for the year ended December 31, 2014 (with the Erie Community College for the year ended August 31, 2014), and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

The County's 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 Fiscal Stability Authority ("ECFSA"), which represent 7.0% and 3.3% of the assets and revenues, respectively, of the governmental activities. We did not audit the financial statements of Erie County Medical Center Corporation ("ECMCC"), a discretely presented component unit. We did not audit the financial statements of the Erie Community College Foundation, Inc. or the Buffalo and Erie County Industrial Land Development Corporation and Subsidiary ("ILDC"), which are shown as aggregate discretely presented component units, and represent 57.5% and 3.4%, respectively, of the assets and 45.9% and 0.02%, respectively, of the revenues of the aggregate discretely presented other component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the ECFSA, ECMCC, Erie Community College Foundation, Inc., and ILDC, is based solely on the reports of the other auditors. 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 reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information, as listed in the table of contents, 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 historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Schedules, as listed in the table of contents, 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 by us and the other auditors. In our opinion, the Combining and Individual Fund Financial Statements and Schedules, as listed in the table of contents, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section, as listed in the table of contents, 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.

June 19, 2015

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**December 31, 2014**

***(unaudited)***

This section of the County of Erie, New York's (the "County") comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended December 31, 2014, and incorporates financial information from the year ended December 31, 2013 for comparative analysis purposes. Please read it in conjunction with the County's basic financial statements following this section. **All amounts in this *Management's Discussion and Analysis*, unless otherwise indicated, are expressed in thousands of dollars.**

## FINANCIAL HIGHLIGHTS

- The primary government's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the 2014 fiscal year by $48,529 (deficit net position). This consists of $45,924 restricted for specific purposes (restricted net position), $438,295 net investment in capital assets and a deficit in unrestricted net position of $532,748 at December 31, 2014.

- As a result of current year activity, the primary government's total net position decreased by $2,019. Governmental activities decreased the County's net position by $1,087 and business-type activities decreased the County's net position by $932.

- As of December 31, 2014, the County's governmental funds reported combined fund balances of $290,659 a decrease of $17,499 in comparison to the prior year. Approximately 31.5% of the total combined governmental funds fund balance, $91,564, is available to meet the County's current and future needs *(unassigned fund balance).*

- At the end of the fiscal year, unassigned fund balance for the General Fund was $92,218, or 71.4%, of the total General Fund fund balance of $129,165. Total nonspendable, restricted and assigned General Fund fund balance totaled $36,947 at December 31, 2014.

- The total bonded debt of the primary government decreased by $29,253, or 3.1%, during the 2014 fiscal year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, required supplementary information is included.

**Government-wide Financial Statements -** The government-wide financial statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents financial information on all County assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges *(business-type activities).* The governmental activities of the County include general government, public safety, health, transportation, economic assistance and opportunity, culture and recreation, education, and home and community service. The business-type activities of the County include Erie Community College ("College") and the Utilities Aggregation Fund. A fiscal year ending August 31 is mandated by New York State law for the College. Accordingly, financial information for the College is presented as of and for the fiscal year then ended.

On July 12, 2005, the Governor of the State of New York signed legislation creating the Erie County Fiscal Stability Authority ("ECFSA"). The ECFSA began its work during 2005 in an advisory role and provides the County with financial oversight while giving local leaders the ability to improve the County's fiscal condition without further State intervention. The ECFSA is included as a governmental activity in the government-wide financial statements.

The government-wide financial statements include not only the County (i.e., *the primary government*) but also the legally separate Buffalo and Erie County Public Library (the "Library"), Erie County Medical Center Corporation (the "ECMCC") and other component units. Financial information for these *discretely presented component units* of the County is reported separately from the financial information presented for the primary government itself. The Library does not issue separate financial statements.

**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 finance-related legal compliance. All funds of the County are divided into three categories: *governmental funds, proprietary funds,* and *fiduciary 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 funds 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 county'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 funds* with similar 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 funds' Balance Sheet and 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 fourteen (14) individual governmental funds. Additionally, the County reports the activities of its *blended component units* within its governmental funds. Information is presented separately in the governmental funds' Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and general fund of the ECFSA blended component unit (reported as a major special revenue fund). Data from the other governmental funds and blended component units are combined into a single, aggregated presentation.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund.

***Proprietary funds*** **-** The County maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the College and the Utilities Aggregation Fund, which is used to account for the bulk purchase and resale of gas, oil, and electric utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The College is considered to be a major proprietary fund of the County.

***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 County has one fiduciary fund, the Agency Fund, which is used to account for funds held by the County as agent for employee withholdings, guarantee and bid deposits, court funds, monies due to other governments, and other miscellaneous items.

**Notes to the Financial Statements –**The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information -** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide other post-employment benefits to its employees. Required supplementary information can be found immediately following the notes to the financial statements.

**The Combining and Individual Fund Financial Statements** provide combining statements for nonmajor governmental funds; comparisons of budgetary and actual data for certain special revenue funds and debt service fund; statement of changes in assets and liabilities for the agency fund; fund financial statements for the discretely presented Library component unit; and combining statements for other component units. They are presented immediately following the required supplementary information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the County's primary government, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $48,529 at the close of the most recent fiscal year.

**Summary of Net Position as of December 31, 2014 and 2013**

| | PRIMARY GOVERNMENT | | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and other assets | $ 735,263 | $ 725,441 | $ 54,193 | $ 55,106 | $ 789,456 | $ 780,547 |
| Capital assets | 841,443 | 812,765 | 31,499 | 29,257 | 872,942 | 842,022 |
| Total assets | 1,576,706 | 1,538,206 | 85,692 | 84,363 | 1,662,398 | 1,622,569 |
| Total deferred outflows of resources | 35,607 | 30,624 | 243 | 417 | 35,850 | 31,041 |
| Current and other liabilities | 278,237 | 238,509 | 22,685 | 22,394 | 300,922 | 260,903 |
| Long-term liabilities | 1,338,574 | 1,335,822 | 75,239 | 73,443 | 1,413,813 | 1,409,265 |
| Total liabilities | 1,616,811 | 1,574,331 | 97,924 | 95,837 | 1,714,735 | 1,670,168 |
| Total deferred inflows of resources | 32,042 | 29,952 | - | - | 32,042 | 29,952 |
| Net position: | | | | | | |
| Net investment in capital assets | 411,226 | 395,657 | 27,069 | 23,349 | 438,295 | 419,006 |
| Restricted | 45,924 | 40,914 | - | - | 45,924 | 40,914 |
| Unrestricted (deficit) | (493,690) | (472,024) | (39,058) | (34,406) | (532,748) | (506,430) |
| **Total net position** | **$ (36,540)** | **$ (35,453)** | **$ (11,989)** | **$ (11,057)** | **$ (48,529)** | **$ (46,510)** |

A significant portion of the County's net position at December 31, 2014 ($438,295) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding and any unspent proceeds from bond issues. 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 needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position ($45,924) represents resources that are subject to external restrictions on how they may be used.

The remaining component of the County's net position, a deficit of $532,748, represents *unrestricted net position* which reflects all liabilities that are not related to the County's capital assets and which are not expected to be repaid from restricted resources. Long-term liabilities are typically funded annually in the funds with revenues of that year. The combined total of (1) Erie Tobacco Asset Securitization Corporation ("ETASC", a blended component unit of the County) bonds net of discount, ($339,938), issued to be paid back with future tobacco proceeds which will be received annually over the next forty-five (45) years, and (2) the long-term liability associated with other post-employment benefits ($393,339), is greater than this deficit. As the revenue recognition criteria for the future funding of these liabilities has not been met, no assets have been recorded to offset these liabilities.

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 for the County as a whole, and in one category for its business-type activities. Governmental and business-type activities have unrestricted deficit net position of $493,690 and $39,058, respectively, at December 31, 2014.

The following table indicates the changes in net position for governmental and business-type activities for the current and prior fiscal years:

**Summary of Changes in Net Position for the Years Ended December 31, 2014 and 2013**

| | PRIMARY GOVERNMENT | | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| **Revenues:** | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 69,381 | $ 70,903 | $ 65,216 | $ 62,306 | $ 134,597 | $ 133,209 |
| Operating grants and contributions | 419,988 | 395,047 | 5,707 | 5,282 | 425,695 | 400,329 |
| Capital grants and contributions | 21,276 | 17,185 | - | - | 21,276 | 17,185 |
| General revenues: | | | | | | |
| Property taxes | 274,900 | 269,809 | - | - | 274,900 | 269,809 |
| Sales and use taxes | 743,220 | 724,680 | - | - | 743,220 | 724,680 |
| Transfer taxes | 12,010 | 9,719 | - | - | 12,010 | 9,719 |
| Federal, state and local appropriations | - | - | 71,854 | 71,280 | 71,854 | 71,280 |
| Unrestricted interest earnings | 810 | 1,352 | 52 | 75 | 862 | 1,427 |
| Miscellaneous and other | 31,476 | 11,439 | - | 491 | 31,476 | 11,930 |
| **Total revenues** | **1,573,061** | **1,500,134** | **142,829** | **139,434** | **1,715,890** | **1,639,568** |
| **Expenses:** | | | | | | |
| General government | 444,564 | 426,627 | - | - | 444,564 | 426,627 |
| Public safety | 158,867 | 157,278 | - | - | 158,867 | 157,278 |
| Health | 73,687 | 72,137 | - | - | 73,687 | 72,137 |
| Transportation | 83,361 | 71,592 | - | - | 83,361 | 71,592 |
| Economic assistance and opportunity | 616,548 | 594,354 | - | - | 616,548 | 594,354 |
| Culture and recreation | 22,516 | 18,156 | - | - | 22,516 | 18,156 |
| Education | 67,907 | 68,208 | - | - | 67,907 | 68,208 |
| Home and community service | 52,410 | 53,704 | - | - | 52,410 | 53,704 |
| Interest and fiscal charges | 36,859 | 39,515 | - | - | 36,859 | 39,515 |
| College | - | - | 131,991 | 132,318 | 131,991 | 132,318 |
| Purchase and resale of utilities | - | - | 29,199 | 25,398 | 29,199 | 25,398 |
| **Total expenses** | **1,556,719** | **1,501,571** | **161,190** | **157,716** | **1,717,909** | **1,659,287** |
| Excess (deficiency) before transfers | 16,342 | (1,437) | (18,361) | (18,282) | (2,019) | (19,719) |
| Transfers | (17,429) | (17,343) | 17,429 | 17,343 | - | - |
| **Change in net position** | **(1,087)** | **(18,780)** | **(932)** | **(939)** | **(2,019)** | **(19,719)** |
| **Net position - beginning of year, as previously stated** | **(35,453)** | **(14,401)** | **(11,057)** | **(10,118)** | **(46,510)** | **(24,519)** |
| Prior period adjustment | - | (2,272) | - | - | - | (2,272) |
| **Net position - beginning of year, as restated** | **(35,453)** | **(16,673)** | **(11,057)** | **(10,118)** | **(46,510)** | **(26,791)** |
| **Net position - ending** | **$ (36,540)** | **$ (35,453)** | **$ (11,989)** | **$ (11,057)** | **$ (48,529)** | **$ (46,510)** |

**Governmental Activities**

During the year ended December 31, 2014, governmental activities decreased the County's net position by $1,087. Revenues and expenses increased by $72,927 (4.9%) and $55,148 (3.7%) respectively, from 2013 to 2014. Key elements of this increase are as follows:

- Operating grants and contributions increased $24,941 (6.3%) during the year. A net increase in State and Federal aid for social services programs ($14,591) and mental health programs ($5,295), along with State and Federal reimbursement for the November 2014 snow storm related expenses ($3,776), were the primary reasons for the overall increase.
- Capital grants and contributions increased $4,091 (23.8%) during the year mainly as a result of increased Federal and State aid for road, bridge and sewer projects ($3,685).
- The $18,540 (2.6%) increase in the sales and use taxes category was primarily the result of a modest growth in taxable sales.
- Miscellaneous and other revenues increased by $20,037 (175.2%) mainly due to increases in reimbursements from ECMCC ($14,519) and video gaming and casino revenues ($3,938).
- General government expenses increased by $17,937 (4.2%) chiefly due to increases in long-term claims and judgments ($17,283), reimbursements to ECMCC ($9,175) and distribution of sales taxes to other municipalities ($7,628) offset by a decrease in OPEB expense ($16,324).
- Transportation expenses increased $11,769 (16.4%) primarily due to increased capital asset activity ($6,081), increased depreciation expense ($880) and expenses related to the November 2014 snow storm ($3,923).
- Economic assistance and opportunity expenses increased by $22,194 (3.7%) as a result of increased spending for a variety of social services programs ($27,676) offset by a decrease in Economic Development spending ($5,441).
- Culture and recreation expenses increased by $4,360 (24.0%) primarily due to an increase in capital asset activity ($3,947) and funding of Library grants by the ECFSA ($311).

**Business-type Activities**

Business-type activities decreased the County's net position by $932 in the 2014 fiscal year compared to a decrease of $939 in 2013. The College generated decreases in net position of $1,142 and $979 for the years ended August 31, 2014 and 2013, respectively. The College's operating loss at August 31, 2014 was greater than the operating loss at August 31, 2013 by $219, as operating revenues generated decreased $636 and operating expenses decreased $417. Revenues generated during the fiscal year ended August 31, 2014 decreased primarily as a result of decreased enrollment. A significant decrease in OPEB expense neutralized increases in student services, general institutional services and maintenance costs. The County sponsorship share of support to the College for the College's fiscal year ended August 31, 2014 was $17,429, and is reported as a 2014 operating transfer to the College from the County's General ($15,629) and Special Capital ($1,800) Funds.

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

***Governmental funds*** - The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Projects 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*, which is available to meet the County's current and future operational needs, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At December 31, 2014, the County's governmental funds reported combined fund balances of $290,659, which is a decrease of $17,499 in comparison with the prior year.

*Nonspendable fund balance* totaling $13,639 consists of prepaid items. Nonspendable amounts represent net current financial resources that are either not in in spendable form or legally or contractually required to be maintained intact.

*Restricted fund balance* in the amount of $121,608 is constrained to specific purposes and consists of $140 for education, advocacy and increased public awareness of handicapped parking laws, $28,707 for the future repayment of bonded debt service and $92,761 to fund capital projects and the purchase of capital assets.

*Assigned fund balance* includes amounts intended to be used for a specific purpose that are subject to a purpose constraint imposed by a formal action of the Erie County Legislature. Significant assignments by the County at December 31, 2014 include $29,823 to meet expenditure requirements in the 2015 fiscal year, $2,067 for future settlements of various claims and litigation, $4,666 to repair various roads, $9,636 to fund year-end encumbrances, $987 to fund the future local share of various grant programs, and $16,669 that represents the positive residual balances of the County's Special Revenue Funds that have not been classified as nonspendable, restricted or assigned for another purpose.

Approximately 31.5% of the County's total fund balances consists of *unassigned fund balance* ($91,564). Deficit unassigned fund balance amounts in the E-911, Grants and the Community Development Special Revenue Funds amounting to $654 are caused by nonspendable fund balance amounts recorded for prepaid items.

Following is a discussion of the significant balances and operations of the major and selected nonmajor funds.

- **General Fund –** The General Fund is the chief operating fund of the County. At December 31, 2014, unassigned fund balance of the General Fund was $92,218, while total fund balance was $129,165. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 7.1% of total expenditures (excluding other financing uses), while total fund balance represents 10.0% of that same amount. Fund balance in the County's General Fund increased by $8,796 during the 2014 fiscal year compared to during the 2013 fiscal year, when the General Fund experienced an increase of $228.

- **ECFSA General Fund** – This fund is the chief operating fund of the ECFSA and is reported as a special revenue fund of the County. Total fund balance at the end of the current fiscal year was $830, an increase of $826 from the 2013 amount, and is classified as nonspendable for prepaid items ($9) and assigned fund balance ($821) in the County's fund financial statements. During 2013, the ECFSA returned $741 in excess operating funds to the County. A similar event did not occur during 2014.

- **Sewer Special Revenue Fund –** Ending fund balance increased by $2,599 compared to a $1,200 increase during 2013. Revenues increased by $1,523 primarily for real property taxes ($1,145) and user charges and fees ($453). Expenditures decreased chiefly for professional service contracts and fees ($1,761), with an increase in wages, salaries and fringes ($1,032). Transfers out to subsidize the Debt Service Fund for sewer district projects that were bonded increased by $629.

- **E-911 Special Revenue Fund –** Total expenditures increased by $174 and total revenues decreased by $35 compared to the 2013 amounts. Utility charges accounted for most of the expenditure increase ($138).

- **Debt Service Fund –** The Debt Service Fund has a total fund balance of $8,089, which is restricted solely for the purpose of payment of future debt service. The net decrease in fund balance during the current year of $2,123 was due primarily to the appropriation of prior year ending fund balance in the amount of $2,277.

- **ECFSA Debt Service Fund –** At year-end, the ECFSA held County cash in the amount of $36,003 that was accumulated by intercepting and withholding the County's sales tax receipts from New York State. These monies will be used for future debt service payments.

- **Capital Projects Funds –** The County reports six (6) capital projects funds which account for the construction and re-construction of general public improvements. At the end of the 2014 fiscal year, the total fund balances restricted for future capital projects amounted to $92,761, of which $22,169 was encumbered for contracted projects underway.

During 2014, the County's capital outlay increased in the General Government Buildings, Equipment and Improvements Fund ($21,945), Highways, Roads, Bridges and Equipment Fund ($18,386), and Sewers, Facilities, Equipment and Improvements Fund ($1,912), and decreased in the Special Capital Projects Fund ($2,006).

***Proprietary funds*** - The County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The College had an unrestricted deficit net position of $41,217 at August 31, 2014.

The following table shows actual revenues, expenses, and results of operations for the current and prior fiscal years:

**Summary of Revenues, Expenses, and Changes in Net Position - Proprietary Funds**
**For the Year Ended December 31, 2014 and 2013**

| | Major Fund | | Nonmajor Fund | | | |
|---|---|---|---|---|---|---|
| | College (August 31,) | | Utilities Aggregation | | Total | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Operating revenues | $ 41,514 | $ 42,150 | $ 29,409 | $ 25,438 | $ 70,923 | $ 67,588 |
| Operating expenses | 131,804 | 132,221 | 29,199 | 25,398 | 161,003 | 157,619 |
| Operating (loss) income | (90,290) | (90,071) | 210 | 40 | (90,080) | (90,031) |
| Non-operating revenues, net | 71,719 | 71,749 | - | - | 71,719 | 71,749 |
| Net (loss) income before contributions and transfers | (18,571) | (18,322) | 210 | 40 | (18,361) | (18,282) |
| Transfers | 17,429 | 17,343 | - | - | 17,429 | 17,343 |
| **Change in net position** | **$ (1,142)** | **$ (979)** | **$ 210** | **$ 40** | **$ (932)** | **$ (939)** |

The net loss before contributions and transfers of enterprise funds during 2014 of $18,361 is comprised of a net loss of $18,571 for the College and net gain of $210 for the Utilities Aggregation Fund.

The College reported a total deficit net position of $14,148 at August 31, 2014. The College's net position has decreased significantly in each of the past eight fiscal years as a result of the adoption in 2007 of Governmental Accounting Standards Board ("GASB") Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Other factors concerning the activities of these funds have been addressed in the previous discussion of the County's business-type activities.

## GENERAL FUND BUDGETARY HIGHLIGHTS

An annual appropriated budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles, except that encumbrances are reported as budgeted expenditures in the year of incurrence of commitment to purchase.

During the 2014 fiscal year there was a $381,133 decrease in total budgeted revenues between the original and final budget. The main component of the net decrease is the reclassification of $418,572 from the 'Sales and use taxes' line to the 'Transfers in' line to match sales tax transfers received from the ECFSA which intercepts the County portion of sales tax remitted by the New York State Department of Taxation and Finance. Major increases were for intergovernmental aid for social services ($7,403) and mental health ($1,743) programs and miscellaneous revenues for gaming facilities ($3,000), refunds of prior year's social services expenses ($2,199) and an excess operating credit ($19,722) received from ECMCC.

The budget for other financing sources was increased during the year by $418,092, primarily for the sales and use taxes reclassification referred to in the previous paragraph.

Budgeted appropriations and other financing uses increased by $55,782. Budgeted expenditures increased in general government support ($10,949), primarily for increased salaries related to a collective bargaining agreement ratified in August 2014 and the County's decision to forego the planned participation in the New York State and Local Retirement System Contribution Stabilization Program; health ($2,086), mainly for mental health services performed by various contract agencies; economic assistance and opportunity ($21,620), chiefly for Disproportionate Share Hospital and Upper Payment Limit payments to ECMCC; and, transfers out ($21,265), for additional road repairs and maintenance ($13,093) to the Road Special Revenue Fund and to fund various capital projects ($4,483) in the General Government Buildings, Equipment and Improvements Fund.

For the year, actual revenues fell short of budget by $6,691. This was mainly due to negative budgetary variances in sales and use taxes of $5,771 as actual results fell short of projections, and in the intergovernmental category of $1,901 mainly due to decreased aid for mental health services ($947) and a special needs pre-school program ($2,935), net of state and federal aid increases for various social services programs ($1,884).

Actual expenditures were less than budget by $32,581 primarily due to savings in various categories as follows: general government support ($7,096), due to less than anticipated salaries ($1,859) and fringe benefits ($1,930) in various departments and lower than projected payments to local municipalities and school districts for their share of County sales and use tax ($2,421); public safety ($9,083), principally for salaries and fringe benefits in the Sheriff's Office and Jail Management ($7,425), and interdepartmental billings in Jail Management ($864); health ($2,748), mostly for salaries and fringe benefits in Health ($545) and Mental Health ($411), and for mental health contractual services ($1,293); economic assistance and opportunity ($6,620), mainly for a daycare block grant ($4,431), safety net assistance program ($989), and Medicaid services contracts ($404); and education ($6,267), chiefly for a children with special needs program ($6,251).

The County experienced a positive variance in other financing uses ($8,792), as transfers to the Road Special Revenue Fund were under the budgeted amount by $8,091.

The total budget to actual variance for the year amounted to a positive $34,868.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounted to $872,942 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, improvements other than buildings, equipment, College library collections, and construction in progress. The total increase in the County's investment in capital assets for the current period was 3.7%.

The County's infrastructure assets are recorded at historical cost or estimated historical cost in the government-wide financial statements as required by GASB. The County has elected to depreciate infrastructure assets.

Major capital asset events during the current fiscal year included an increase to the transportation and sewer networks of $21,110 and $1,951, respectively.

Capital assets net of depreciation for the governmental and business-type activities are presented below:

**Summary of Capital Assets at December 31, 2014 and 2013**
**(net of depreciation)**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | $ 31,085 | $ 30,519 | $ - | $ - | $ 31,085 | $ 30,519 |
| Buildings and Improvements | 241,705 | 247,906 | 15,821 | 12,328 | 257,526 | 260,234 |
| Improvements other than Buildings | 10,816 | 12,170 | 34 | 37 | 10,850 | 12,207 |
| Sewer and Transportation Networks | 444,292 | 451,049 | - | - | 444,292 | 451,049 |
| Machinery and Equipment | 22,739 | 29,022 | 8,865 | 9,479 | 31,604 | 38,501 |
| Library Collections | - | - | 1,111 | 1,134 | 1,111 | 1,134 |
| Construction in Progress | 90,806 | 42,099 | 5,668 | 6,279 | 96,474 | 48,378 |
| **Total** | **$ 841,443** | **$ 812,765** | **$ 31,499** | **$ 29,257** | **$ 872,942** | **$ 842,022** |

Additional information on the County's capital assets can be found in Note I(G)(4) and Note VII of this report.

**Debt Administration**

At December 31, 2014, the primary government had total bonded debt outstanding of $921,052, as compared to $950,305 in the prior year. During the year, payments and other reductions of bonded debt amounted to $67,140, while additions and accretions amounted to $37,887. The issuance of long-term debt is a direct function of the County and is reported within the governmental activities columns in the government-wide financial statements.

**Summary of Long-term Debt at December 31, 2014 and 2013**

| | Governmental Activities | |
|---|---|---|
| | **2014** | **2013** |
| Erie County bonds | $ 464,816 | $ 486,581 |
| Less: ECFSA mirror bonds | (313,155) | (340,165) |
| **Net Erie County bonds** | **151,661** | **146,416** |
| ECFSA bonds | 391,770 | 422,670 |
| ETASC tobacco settlement bonds | 351,007 | 349,866 |
| Unamortized bond discounts - ETASC | (11,069) | (11,151) |
| Unamortized bond premiums | 37,683 | 42,504 |
| **Total Primary Government long-term debt** | **$ 921,052** | **$ 950,305** |

Tobacco settlement bonds are payable only from the assets of ETASC and are not legal obligations of the County.

New York State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year valuation. The current debt-limitation for the County is $2,814,108, which is only 14.55% exhausted by the County's outstanding general obligation debt of $479,105 (which includes a $87,500 bond guaranty to ECMCC).

The County's current bond ratings are as follows: Standard & Poor's at AA- (stable outlook), Moody's at A2 (stable outlook) and Fitch Ratings at A (stable outlook).

Additional information on the County's long-term debt can be found in Note XIII of this report.

## 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 financial information, should be addressed to the Erie County Office of the Comptroller, 95 Franklin Street, Room 1100, Buffalo, New York 14202.

SEAL OF ERIE COUNTY
STATE OF NEW YORK

# BASIC FINANCIAL STATEMENTS

These basic financial statements include the financial statements and related notes of the reporting entity that are essential to fair presentation of financial position and results of operations. The reporting entity includes the primary government and its discretely presented component units.

# Statement of Net Position

December 31, 2014

(dollars in thousands)

| | PRIMARY GOVERNMENT | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total |
| **ASSETS:** | | | |
| Cash and cash equivalents | $ 77,166 | $ 48,174 | **$ 125,340** |
| Investments | 56,218 | - | **56,218** |
| Restricted cash and cash equivalents | 92,167 | - | **92,167** |
| Receivables (net of allowances) | 391,087 | 4,140 | **395,227** |
| Due from primary government | - | - | **-** |
| Due from component unit | 100,081 | 5,497 | **105,578** |
| Internal balances | 4,905 | (3,622) | **1,283** |
| Inventories | - | - | **-** |
| Prepaid items | 13,639 | 4 | **13,643** |
| Other assets | - | - | **-** |
| Capital assets: | | | |
| Land, rare books and construction in progress | 121,891 | 5,668 | **127,559** |
| Other capital assets, net of depreciation | 719,552 | 25,831 | **745,383** |
| **Total assets** | **1,576,706** | **85,692** | **1,662,398** |
| **DEFERRED OUTFLOWS OF RESOURCES:** | | | |
| Deferred charge on refunding | 27,371 | - | **27,371** |
| Deferred outflow on forward purchase agreement swap | 8,236 | - | **8,236** |
| Deferred interest on capital leases | - | 243 | **243** |
| **Total deferred outflows of resources** | **35,607** | **243** | **35,850** |
| **LIABILITIES:** | | | |
| Accounts payable | 55,513 | 4,250 | **59,763** |
| Accrued liabilities | 73,027 | 8,713 | **81,740** |
| Due to component unit | 21,733 | - | **21,733** |
| Due to primary government | - | - | **-** |
| Unearned revenue | 18,774 | 9,722 | **28,496** |
| Short-term debt | 109,190 | - | **109,190** |
| Long-term liabilities: | | | |
| Due within one year | 85,182 | 6,116 | **91,298** |
| Due in more than one year | 1,253,392 | 69,123 | **1,322,515** |
| **Total liabilities** | **1,616,811** | **97,924** | **1,714,735** |
| **DEFERRED INFLOWS OF RESOURCES:** | | | |
| Deferred community development loans | **32,042** | **-** | **32,042** |
| **NET POSITION:** | | | |
| Net investment in capital assets | 411,226 | 27,069 | **438,295** |
| Restricted for: | | | |
| Capital projects | 29,055 | - | **29,055** |
| Debt service | 16,729 | - | **16,729** |
| Other purposes | 140 | - | **140** |
| Unrestricted | (493,690) | (39,058) | **(532,748)** |
| **Total net position** | **$ (36,540)** | **$ (11,989)** | **$ (48,529)** |

*See accompanying notes to the financial statements.*

| COMPONENT UNITS | | |
|---|---|---|
| Library | ECMCC | Other |
| $ 8,163 | $ 7,338 | $ 2,118 |
| - | 4,308 | 4,170 |
| - | 130,207 | - |
| 895 | 119,519 | 490 |
| 92 | 21,641 | - |
| - | - | - |
| - | - | - |
| - | - | 46 |
| 827 | 9,801 | 2 |
| - | 11,500 | 967 |
| 11,314 | 15,016 | - |
| 5,657 | 274,409 | 367 |
| **26,948** | **593,739** | **8,160** |
| - | - | - |
| - | - | - |
| - | - | - |
| **-** | **-** | **-** |
| 310 | 35,543 | 35 |
| 1,004 | 57,443 | 1,215 |
| - | - | - |
| - | 105,578 | - |
| 628 | 6,323 | - |
| - | - | - |
| 828 | 3,320 | - |
| 22,477 | 251,151 | - |
| **25,247** | **459,358** | **1,250** |
| **-** | **-** | **-** |
| 16,971 | 122,492 | 367 |
| - | - | - |
| - | 11,201 | - |
| - | 12,683 | 3,593 |
| (15,270) | (11,995) | 2,950 |
| **$ 1,701** | **$ 134,381** | **$ 6,910** |

# Statement of Activities

For the year ended December 31, 2014

(dollars in thousands)

| Functions / Programs | Expenses | PROGRAM REVENUES: Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
|---|---|---|---|---|
| **Primary government:** | | | | |
| **Governmental activities:** | | | | |
| General government | $ 444,564 | $ 26,684 | $ 23,383 | $ 1,548 |
| Public safety | 158,867 | 6,591 | 3,250 | - |
| Health | 73,687 | 2,103 | 60,588 | - |
| Transportation | 83,361 | - | 10,694 | 12,375 |
| Economic assistance and opportunity | 616,548 | 22,037 | 268,382 | - |
| Culture and recreation | 22,516 | 1,350 | 1,169 | 2,966 |
| Education | 67,907 | 95 | 34,110 | 1,904 |
| Home and community service | 52,410 | 10,521 | 11,237 | 2,483 |
| Interest and fiscal charges | 36,859 | - | 7,175 | - |
| **Total governmental activities** | **1,556,719** | **69,381** | **419,988** | **21,276** |
| **Business-type activities:** | | | | |
| College (August 31, 2014) | 131,991 | 35,807 | 5,707 | - |
| Utilities aggregation | 29,199 | 29,409 | - | - |
| **Total business-type activities** | **161,190** | **65,216** | **5,707** | **-** |
| **Total primary government** | **$ 1,717,909** | **$ 134,597** | **$ 425,695** | **$ 21,276** |
| **Component units:** | | | | |
| Library | $ 30,008 | $ 857 | $ 3,655 | $ - |
| ECMCC | 542,472 | 540,086 | 2,603 | - |
| Other component units | 3,373 | 2,851 | 1,110 | - |
| **Total component units** | **$ 575,853** | **$ 543,794** | **$ 7,368** | **$ -** |

General revenues:

Property taxes levied for mall, sewer, and general purposes

Property taxes levied for library

Sales and use taxes

Transfer taxes

Unrestricted state and local appropriations

Federal and state student financial aid

Interest earnings not restricted to specific programs

Unrestricted interest earnings

Miscellaneous

Gain on sale of capital assets

**Total general revenues**

Transfers

**Total general revenues and transfers**

**Change in net position**

**Net position - beginning**

**Net position - ending**

*See accompanying notes to the financial statements.*

| NET (EXPENSE) REVENUE and CHANGES IN NET POSITION | | | | | |
|---|---|---|---|---|---|
| PRIMARY GOVERNMENT | | | COMPONENT UNITS | | |
| Governmental Activities | Business-type Activities | Total | Library | ECMCC | Other |
| $ (392,949) | $ - | **$ (392,949)** | $ - | $ - | $ - |
| (149,026) | - | **(149,026)** | - | - | - |
| (10,996) | - | **(10,996)** | - | - | - |
| (60,292) | - | **(60,292)** | - | - | - |
| (326,129) | - | **(326,129)** | - | - | - |
| (17,031) | - | **(17,031)** | - | - | - |
| (31,798) | - | **(31,798)** | - | - | - |
| (28,169) | - | **(28,169)** | - | - | - |
| (29,684) | - | **(29,684)** | - | - | - |
| **(1,046,074)** | **-** | **(1,046,074)** | **-** | **-** | **-** |
| - | (90,477) | **(90,477)** | - | - | - |
| - | 210 | **210** | - | - | - |
| **-** | **(90,267)** | **(90,267)** | **-** | **-** | **-** |
| **(1,046,074)** | **(90,267)** | **(1,136,341)** | **-** | **-** | **-** |
| | | | (25,496) | - | - |
| | | | - | 217 | - |
| | | | - | - | 588 |
| | | | **(25,496)** | **217** | **588** |
| 274,900 | - | **274,900** | - | - | - |
| - | - | **-** | 22,588 | - | - |
| 743,220 | - | **743,220** | - | - | - |
| 12,010 | - | **12,010** | - | - | - |
| - | 33,343 | **33,343** | - | - | - |
| - | 38,511 | **38,511** | - | - | - |
| - | - | **-** | 3 | 3,164 | - |
| 810 | 52 | **862** | - | - | - |
| 30,994 | - | **30,994** | 307 | 140 | - |
| 482 | - | **482** | - | - | - |
| **1,062,416** | **71,906** | **1,134,322** | **22,898** | **3,304** | **-** |
| (17,429) | 17,429 | **-** | - | - | - |
| **1,044,987** | **89,335** | **1,134,322** | **22,898** | **3,304** | **-** |
| **(1,087)** | **(932)** | **(2,019)** | **(2,598)** | **3,521** | **588** |
| **(35,453)** | **(11,057)** | **(46,510)** | **4,299** | **130,860** | **6,322** |
| **$ (36,540)** | **$ (11,989)** | **$ (48,529)** | **$ 1,701** | **$ 134,381** | **$ 6,910** |

# Balance Sheet

## Governmental Funds

December 31, 2014

(dollars in thousands)

| | General | ECFSA General | Total Nonmajor Funds | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS:** | | | | |
| Cash and cash equivalents | $ 32,262 | $ 152 | $ 44,752 | **$ 77,166** |
| Investments | - | 5 | 56,213 | **56,218** |
| Restricted cash and cash equivalents | 140 | - | 92,027 | **92,167** |
| Receivables (net of allowances) | | | | |
| Real property taxes, interest, penalties and liens | 82,222 | - | 14 | **82,236** |
| Other | 7,471 | - | 31,935 | **39,406** |
| Due from other funds | 93,433 | 110,000 | 43,961 | **247,394** |
| Due from component unit | 14,362 | - | 90 | **14,452** |
| Due from other governments | 177,320 | 47,419 | 27,760 | **252,499** |
| Prepaid items | 10,231 | 9 | 3,399 | **13,639** |
| **Total assets** | **$ 417,441** | **$ 157,585** | **$ 300,151** | **$ 875,177** |
| **LIABILITIES:** | | | | |
| Accounts payable | $ 13,567 | $ - | $ 11,806 | **$ 25,373** |
| Accrued liabilities | 55,165 | 43 | 9,780 | **64,988** |
| Due to other funds | 112,721 | 47,014 | 82,754 | **242,489** |
| Due to component unit | 899 | 92 | - | **991** |
| Due to other governments | 28,220 | - | 753 | **28,973** |
| Retained percentages payable | 1 | - | 1,166 | **1,167** |
| Unearned revenue | 17,173 | 416 | 1,186 | **18,775** |
| Short-term debt | - | 109,190 | - | **109,190** |
| **Total liabilities** | **227,746** | **156,755** | **107,445** | **491,946** |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | |
| Unavailable revenue – property taxes | 60,530 | - | - | **60,530** |
| Unavailable revenue – community development loans | - | - | 32,042 | **32,042** |
| **Total deferred inflows of resources** | **60,530** | **-** | **32,042** | **92,572** |
| **FUND BALANCES:** | | | | |
| Nonspendable: | | | | |
| Prepaid items | 10,231 | 9 | 3,399 | **13,639** |
| Restricted for: | | | | |
| Handicapped parking | 140 | - | - | **140** |
| Debt service | - | - | 28,707 | **28,707** |
| Capital expenditures | - | - | 92,761 | **92,761** |
| Assigned: | | | | |
| Subsequent year's expenditures | 21,102 | - | 8,721 | **29,823** |
| Judgments and claims | 2,067 | - | - | **2,067** |
| Other purposes | 3,407 | 821 | 27,730 | **31,958** |
| Unassigned | 92,218 | - | (654) | **91,564** |
| **Total fund balances** | **129,165** | **830** | **160,664** | **290,659** |
| **Total liabilities, deferred inflows of resources and fund balances** | **$ 417,441** | **$ 157,585** | **$ 300,151** | **$ 875,177** |

*See accompanying notes to the financial statements.*

# Reconciliation of the Balance Sheet

## Governmental Funds to the Government-wide Statement of Net Position

December 31, 2014

(dollars in thousands)

| | Governmental Activities |
|---|---|
| **Total fund balances - governmental funds (page 18)** | **$ 290,659** |
| Amounts reported for governmental activities in the statement of net position (page 14) are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | 841,443 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds | 16,947 |
| Certain property tax revenues are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds | 60,530 |
| ECFSA interest receivable is reported when earned in the government-wide financial statements, but in the fund financial statements income is reported only if it will be received within sixty days of year-end. | 3,939 |
| Due from a component unit was deemed to be not due and payable in the current period and, therefore, not reported in the funds. | 85,629 |
| Certain deferred outflows of resources represent a consumption of net position in a future period and, therefore, are not reported in the funds. | |
| Unamortized deferred amounts on refundings | 8,572 |
| Unamortized deferred amounts on refundings - ETASC | 18,799 |
| Certain current liabilities and long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Accrued bond interest | (10,867) |
| Accrued bond interest - ETASC | (1,111) |
| Compensated absences | (22,563) |
| Judgments and claims | (54,131) |
| Other post-employment benefits (OPEB) | (332,592) |
| Due to component unit | (20,742) |
| Unamortized bond premiums | (37,683) |
| Unamortized bond discounts - ETASC | 11,069 |
| Bonds payable | (543,431) |
| Bonds payable - ETASC | (351,007) |
| **Net position of governmental activities** | **$ (36,540)** |

*See accompanying notes to the financial statements.*

# Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

For the year ended December 31, 2014

(dollars in thousands)

| | General | ECFSA General | Total Nonmajor Funds | Total Governmental Funds |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Real property taxes and tax items | $ 235,970 | $ - | $ 38,772 | **$ 274,742** |
| Sales and use taxes | 321,017 | 418,573 | 3,630 | **743,220** |
| Transfer taxes | - | - | 12,010 | **12,010** |
| Intergovernmental | 348,551 | 972 | 84,615 | **434,138** |
| Interfund revenues | 135 | - | 93 | **228** |
| Departmental | 58,153 | - | 11,859 | **70,012** |
| Interest | 792 | 18 | 4,526 | **5,336** |
| Miscellaneous | 27,637 | 1,032 | 6,756 | **35,425** |
| **Total revenues** | **992,255** | **420,595** | **162,261** | **1,575,111** |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| General government support | 385,535 | 487 | 7,479 | **393,501** |
| Public safety | 135,996 | - | 15,312 | **151,308** |
| Health | 64,677 | - | 8,019 | **72,696** |
| Transportation | 22,848 | - | 27,379 | **50,227** |
| Economic assistance and opportunity | 602,478 | - | 13,540 | **616,018** |
| Culture and recreation | 16,410 | 522 | 22 | **16,954** |
| Education | 66,114 | - | 45 | **66,159** |
| Home and community service | 2,443 | - | 42,824 | **45,267** |
| Capital outlay | - | - | 98,279 | **98,279** |
| Debt service: | | | | |
| Principal retirement | - | - | 57,915 | **57,915** |
| Interest and fiscal charges | - | 1,233 | 37,997 | **39,230** |
| **Total expenditures** | **1,296,501** | **2,242** | **308,811** | **1,607,554** |
| **Excess (deficiency) of revenues over expenditures** | **(304,246)** | **418,353** | **(146,550)** | **(32,443)** |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Issuance of general obligation debt | - | - | 27,405 | **27,405** |
| Premium on bond issuance | - | - | 4,486 | **4,486** |
| Sale of property | 482 | - | - | **482** |
| Transfers in | 422,004 | 1,015 | 166,732 | **589,751** |
| Transfers out | (109,444) | (418,542) | (79,194) | **(607,180)** |
| **Total other financing sources (uses)** | **313,042** | **(417,527)** | **119,429** | **14,944** |
| **Net change in fund balances** | **8,796** | **826** | **(27,121)** | **(17,499)** |
| **Fund balances - beginning** | **120,369** | **4** | **187,785** | **308,158** |
| **Fund balances - ending** | **$ 129,165** | **$ 830** | **$ 160,664** | **$ 290,659** |

*See accompanying notes to the financial statements.*

# Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds to the Government-wide Statement of Activities

For the year ended December 31, 2014

(dollars in thousands)

| | | Governmental Activities |
|---|---|---|
| **Net change in fund balances - total governmental funds (page 20)** | | **$ (17,499)** |
| Amounts reported for governmental activities in the statement of activities (pages 16-17) are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and depreciated. This is the amount by which capital outlays exceeded depreciation expense in the current period. | | |
| Capital outlays, net of disposals of $461 | $ 85,265 | |
| Depreciation expense | (56,587) | |
| Net adjustment | | 28,678 |
| Governmental funds report loans to a component unit to be repaid on a long-term basis as expenditures. In the statement of net position, however, the cost of those outlays increases the due from component unit and does not affect the statement of activities. Similarly, repayment of long-term loan principal is a revenue in the governmental funds and thus contributes to the change in fund balance. In the statement of net position, however, repayment of long-term loan principal reduces the amount due from the component unit and does not affect the statement of activities. | | |
| Loan principal retirement | | (4,641) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds: | | |
| Real property taxes | 158 | |
| Unearned revenue - miscellaneous | 1,901 | |
| Net adjustment | | 2,059 |
| Revenues of the ECFSA in the statement of activities that do not provide current financial resources are not reported as revenues in the funds | | 68 |
| Bond proceeds are reported as other financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term debt and does not affect the statement of activities. Similarly, repayment of bond principal is an expenditure in the governmental funds and thus contributes to the change in fund balance. In the statement of net position, however, payment of debt reduces the long-term debt liability and does not affect the statement of activities. | | |
| Principal retirement | 53,060 | |
| Bonds issued | (27,405) | |
| Premium on bond issuance | (4,486) | |
| Amortization of premium on bonds | 9,307 | |
| Principal retirement, amortization of bond discount - ETASC | 4,773 | |
| Net adjustment | | 35,249 |
| Certain activity reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported in the governmental funds. | | |
| Due to component unit | (14,378) | |
| Interest on bonds | 565 | |
| Deferred charge on refunding | (685) | |
| Compensated absences | (758) | |
| Judgments and claims (long-term change only) | (3,948) | |
| Interest on bonds and turbo CAB accretions - ETASC | (5,971) | |
| Deferred charge on refunding - ETASC | (763) | |
| Other post-employment benefits (OPEB) | (19,063) | |
| Net adjustment | | (45,001) |
| **Change in net position of governmental activities** | | **$ (1,087)** |

*See accompanying notes to the financial statements.*

# General Fund
# Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual (Non-GAAP Basis of Accounting)

For the year ended December 31, 2014

(dollars in thousands)

| | Original Budget | Final Budget | Budgetary Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Real property taxes and tax items | $ 234,492 | $ 235,222 | $ 235,970 | $ 748 |
| Sales and use taxes | 744,412 | 326,788 | 321,017 | (5,771) |
| Intergovernmental | 340,681 | 350,452 | 348,551 | (1,901) |
| Interfund revenue | - | - | 135 | 135 |
| Departmental | 57,359 | 58,447 | 58,153 | (294) |
| Interest | 941 | 923 | 792 | (131) |
| Miscellaneous | 2,194 | 27,114 | 27,637 | 523 |
| **Total revenues** | **1,380,079** | **998,946** | **992,255** | **(6,691)** |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| General government support | 381,585 | 392,534 | 385,438 | 7,096 |
| Public safety | 143,821 | 145,207 | 136,124 | 9,083 |
| Health | 65,377 | 67,463 | 64,715 | 2,748 |
| Transportation | 23,003 | 23,003 | 22,848 | 155 |
| Economic assistance and opportunity | 587,397 | 609,017 | 602,397 | 6,620 |
| Culture and recreation | 18,397 | 16,966 | 16,409 | 557 |
| Education | 71,626 | 72,388 | 66,121 | 6,267 |
| Home and community service | 2,306 | 2,466 | 2,411 | 55 |
| Debt service: | | | | |
| Interest and fiscal charges | 1,015 | - | - | - |
| **Total expenditures** | **1,294,527** | **1,329,044** | **1,296,463** | **32,581** |
| **Excess (deficiency) of revenues over expenditures** | **85,552** | **(330,098)** | **(304,208)** | **25,890** |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Sale of property | 102 | 296 | 482 | 186 |
| Transfers in | 3,912 | 422,004 | 422,004 | - |
| Transfers out | (96,971) | (118,236) | (109,444) | 8,792 |
| **Total other financing sources (uses)** | **(92,957)** | **304,064** | **313,042** | **8,978** |
| **Net change in fund balances *** | **$ (7,405)** | **$ (26,034)** | **$ 8,834** | **$ 34,868** |

* The net change in fund balances was included in the budget as an appropriation (i.e., spend down) of fund balance.

*See accompanying notes to the financial statements.*

# Statement of Net Position

Proprietary Funds

December 31, 2014

(dollars in thousands)

| | Business - Type Activities Enterprise Funds | | |
|---|---|---|---|
| | Major Fund | Nonmajor Fund | |
| | College (August 31, 2014) | Utilities Aggregation | Total |
| **ASSETS:** | | | |
| **Current assets:** | | | |
| Cash | $ 48,174 | $ - | **$ 48,174** |
| Receivables (net of allowances) | 2,593 | 379 | **2,972** |
| Due from other funds | 522 | 798 | **1,320** |
| Due from component unit | - | 5,497 | **5,497** |
| Due from other governments | - | 1,168 | **1,168** |
| Prepaid items | - | 4 | **4** |
| **Total current assets** | **51,289** | **7,846** | **59,135** |
| **Noncurrent assets:** | | | |
| Capital assets, net of depreciation: | | | |
| Construction in progress | 5,668 | - | **5,668** |
| Other capital assets, net of depreciation | 25,831 | - | **25,831** |
| **Total noncurrent assets** | **31,499** | **-** | **31,499** |
| **Total assets** | **82,788** | **7,846** | **90,634** |
| **DEFERRED OUTFLOWS OF RESOURCES:** | | | |
| Deferred interest on capital leases | **243** | **-** | **243** |
| **LIABILITIES:** | | | |
| **Current liabilities:** | | | |
| Accounts payable | 1,832 | 1,625 | **3,457** |
| Accrued liabilities | 8,713 | - | **8,713** |
| Due to other funds | 1,677 | 3,265 | **4,942** |
| Due to other governments | - | 793 | **793** |
| Fringe benefits payable - current | 4,635 | 4 | **4,639** |
| Capital leases - current | 1,477 | - | **1,477** |
| Unearned revenue | 9,722 | - | **9,722** |
| **Total current liabilities** | **28,056** | **5,687** | **33,743** |
| **Noncurrent liabilities:** | | | |
| Fringe benefits payable | 5,422 | - | **5,422** |
| Capital leases | 2,954 | - | **2,954** |
| Net OPEB obligation | 60,747 | - | **60,747** |
| **Total noncurrent liabilities** | **69,123** | **-** | **69,123** |
| **Total liabilities** | **97,179** | **5,687** | **102,866** |
| **NET POSITION:** | | | |
| Net investment in capital assets | 27,069 | - | **27,069** |
| Unrestricted, reported in: | | | |
| College | (41,217) | - | **(41,217)** |
| Nonmajor fund | - | 2,159 | **2,159** |
| **Total net position** | **$ (14,148)** | **$ 2,159** | **$ (11,989)** |

*See accompanying notes to the financial statements.*

# Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the year ended December 31, 2014

(dollars in thousands)

| | Business - Type Activities Enterprise Funds | | |
|---|---|---|---|
| | Major Fund | Nonmajor Fund | |
| | College (August 31, 2014) | Utilities Aggregation | Total |
| **OPERATING REVENUES:** | | | |
| Student tuition and fees | $ 34,964 | $ - | **$ 34,964** |
| Intergovernmental revenues and charges | 1,964 | - | **1,964** |
| State and local contracts | 3,743 | - | **3,743** |
| Interfund revenues | - | 9,317 | **9,317** |
| Other operating revenue | 843 | 20,092 | **20,935** |
| **Total operating revenues** | **41,514** | **29,409** | **70,923** |
| **OPERATING EXPENSES:** | | | |
| Employee wages | 59,007 | 76 | **59,083** |
| Employee benefits | 30,822 | 42 | **30,864** |
| Scholarships | 17,805 | - | **17,805** |
| Supplies | 18,367 | - | **18,367** |
| Utilities and telephone | 2,194 | 29,081 | **31,275** |
| Depreciation | 3,609 | - | **3,609** |
| **Total operating expenses** | **131,804** | **29,199** | **161,003** |
| **Operating (loss) income** | **(90,290)** | **210** | **(90,080)** |
| **NONOPERATING REVENUES (EXPENSES):** | | | |
| Unrestricted state and local appropriations | 33,343 | - | **33,343** |
| Federal and state student financial aid | 38,511 | - | **38,511** |
| Income from investments | 52 | - | **52** |
| Loss on disposal of plant assets | (13) | - | **(13)** |
| Interest expense | (174) | - | **(174)** |
| **Total nonoperating revenues (expenses)** | **71,719** | - | **71,719** |
| **(Loss) gain before transfers** | **(18,571)** | **210** | **(18,361)** |
| Transfers in | 17,429 | - | **17,429** |
| **Change in net position** | **(1,142)** | **210** | **(932)** |
| **Total net position - beginning** | **(13,006)** | **1,949** | **(11,057)** |
| **Total net position - ending** | **$ (14,148)** | **$ 2,159** | **$ (11,989)** |

*See accompanying notes to the financial statements.*

# Statement of Cash Flows

## Proprietary Funds

For the year ended December 31, 2014

(dollars in thousands)

| | Business - Type Activities Enterprise Funds | | |
|---|---|---|---|
| | Major Fund | Nonmajor Fund | |
| | College (August 31, 2014) | Utilities Aggregation | Total |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Receipts from students and utility customers | $ 35,067 | $ 18,186 | **$ 53,253** |
| Payments to employees for services | (87,638) | (119) | **(87,757)** |
| Payments to suppliers for goods and services | (20,487) | (29,513) | **(50,000)** |
| Payments for scholarships | (17,804) | - | **(17,804)** |
| Federal, state and local grants | 5,815 | - | **5,815** |
| Internal activity - payments from other funds | - | 11,446 | **11,446** |
| Other operating revenues | 2,907 | - | **2,907** |
| **Net cash used for operating activities** | **(82,140)** | **-** | **(82,140)** |
| **CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:** | | | |
| County contribution | 17,429 | - | **17,429** |
| State appropriations | 44,180 | - | **44,180** |
| Municipal chargebacks | 1,376 | - | **1,376** |
| Federal and state student financial aid grants | 26,374 | - | **26,374** |
| **Net cash provided by non-capital financing activities** | **89,359** | **-** | **89,359** |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:** | | | |
| Purchase of capital assets | (5,865) | - | **(5,865)** |
| Capital lease payments | (1,477) | - | **(1,477)** |
| **Net cash used for capital and related financing activities** | **(7,342)** | **-** | **(7,342)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| **Purchases of investments** | **52** | **-** | **52** |
| **Net decrease in cash** | **(71)** | **-** | **(71)** |
| **Cash, beginning of year** | **48,245** | **-** | **48,245** |
| **Cash, end of year** | **$ 48,174** | **$ -** | **$ 48,174** |

*(Continued)*

*See accompanying notes to the financial statements.*

# Statement of Cash Flows

## Proprietary Funds

For the year ended December 31, 2014

(dollars in thousands)

| | Business - Type Activities Enterprise Funds | | |
|---|---|---|---|
| | Major Fund | Nonmajor Fund | |
| | College (August 31, 2014) | Utilities Aggregation | Total |
| **RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH USED FOR OPERATING ACTIVITIES:** | | | |
| Operating (loss) income | $ (90,290) | $ 210 | **$ (90,080)** |
| Adjustments to reconcile operating (loss) income to net cash used for operating activities: | | | |
| Depreciation expense | 3,609 | - | **3,609** |
| Decrease (increase) in assets: | | | |
| Receivables, net | 497 | 35 | **532** |
| Due from other funds | - | (409) | **(409)** |
| Due from component unit | - | (2,372) | **(2,372)** |
| Due from other governments | - | 221 | **221** |
| Prepaid items | - | (1) | **(1)** |
| Increase (decrease) in liabilities: | | | |
| Accounts and other payables | 75 | (1,119) | **(1,044)** |
| Accrued expenses | 1,993 | 1 | **1,994** |
| Due to other funds | - | 2,814 | **2,814** |
| Due to other governments | - | 620 | **620** |
| Unearned revenue | (55) | - | **(55)** |
| Other long-term liabilities | 2,031 | - | **2,031** |
| **Net cash used for operating activities** | **$ (82,140)** | **$ -** | **$ (82,140)** |

*(Concluded)*

*See accompanying notes to the financial statements.*

# Statement of Net Position

Agency Fund

December 31, 2014

(dollars in thousands)

| | | Agency Fund |
|---|---|---|
| **ASSETS:** | | |
| Cash and cash equivalents | $ | 34,088 |
| Receivables: | | |
| Other receivables | | 578 |
| Bonds and securities held in custody | | 28 |
| **Total assets** | **$** | **34,694** |
| **LIABILITIES:** | | |
| Amounts held in custody for others | | 34,694 |
| **Total liabilities** | **$** | **34,694** |

*See accompanying notes to the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS
**DECEMBER 31, 2014**

## I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County of Erie, New York (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board (the "GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

### A. Description of Government-wide Financial Statements

The 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. Some amounts reported as interfund activity have been eliminated from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

### B. Reporting Entity

The County was established in 1821. Subject to the New York State Constitution, the County operates pursuant to its Charter and Administrative Code (the "Charter"), as well as various local laws. Additionally, certain New York State laws govern the County to the extent that such laws are applicable to counties operating under a charter form of government. The Charter was enacted by local law and approved by the electorate at a general election held in November 1959. The Administrative Code was enacted into local law in 1961. The County Legislature is the legislative body responsible for overall operations, the County Executive serves as chief executive officer, and the County Comptroller serves as chief fiscal, accounting, reporting and auditing officer.

The County provides mandated social service programs such as Medicaid, Temporary Assistance for Needy Families and Safety Net. The County also provides services and facilities in the areas of culture, recreation, police, libraries, youth, health, senior services, roads, and sanitary sewerage. These general governmental programs and services are financed by various taxes, state and federal aid, and departmental revenue (which is primarily comprised of service fees and various types of program-related charges). Additionally, the County operates the Erie Community College ("the College").

The financial reporting entity includes the County (the "primary government") and its significant component units. A component unit is either a legally separate organization for which the elected officials of a primary government are financially accountable, or another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

1. Discretely Presented Component Units

Financial data of the County's component units that are not part of the primary government is reported in the component units columns in the government-wide financial statements, to emphasize that these component units are legally separate from the County. The aggregate discretely presented component units are not simply an extension of the primary government (e.g. substantially different governing body and services are provided to the general public). These discretely present component units include the following:

*The Buffalo and Erie County Public Library* (the "Library"), formed through a consolidation of several public and private libraries, was established by the County and chartered by the State University Board of Regents in 1953. It is a separate and distinct legal corporation that receives an annual budgetary contribution from the County. Library operations are governed by a board of trustees who are appointed by the County Legislature. Bonds and notes for Library capital costs are issued by the County and are obligations of the County. Title to real and personal property acquired with County funds vests with the County. The Library is included as a component unit of the County in the financial statements based on the fact that it is a legally separate entity for which the County is financially accountable. The Library does not issue separate financial statements.

*Erie County Medical Center Corporation* ("ECMCC") is a public benefit corporation created in 2003 for the purpose of acquiring and operating the health facilities of the County. Effective January 1, 2004, a transaction was executed which transferred ownership of the capital assets, equipment, inventories and certain other assets to ECMCC in exchange for a payment of $85,000,000 from ECMCC to the County. Concurrent with the transaction, $101,375,000 of ECMCC bonds were issued, which are guaranteed by the County. Pursuant to consent decrees entered into between the County and ECMCC, the County is committed to providing ongoing operating and capital support to ECMCC. The following component units are included within ECMCC:

*Research for Health in Erie County, Inc.* ("RHEC") is a nonprofit organization dedicated to developing and increasing the facilities of the public health institutions, agencies, and departments of the County. Additionally, RHEC is committed to provide more extensive conduct of studies and research into the causes, nature, and treatment of diseases, disorders, and defects of particular importance to the public health. RHEC's support comes primarily from various grants from federal, state, and other agencies. The financial statements of RHEC have been prepared on the accrual basis of accounting. The annual financial report can be obtained by writing Grant Administration, Research for Health in Erie County, Inc., 462 Grider Street, Buffalo, NY 14215.

*ECMC Lifeline Foundation, Inc.* (the "Foundation") is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation was formed for the purpose of supporting hospital programs generated both by the Foundation and ECMCC. The annual financial report can be obtained by writing Director, ECMC Lifeline Foundation, Inc., 462 Grider Street, Buffalo, NY 14215.

*The Grider Initiative, Inc.* (the "Physician Endowment") is a nonprofit organization exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Physician Endowment was formed in 2009, and funded in 2010, for the purpose of recruiting physicians who shall practice on the Grider Street campus of

ECMCC. The entity was funded with an initial transfer of $10,000 from ECMCC. Earnings from the investment of the initial transfer may be used only for physician recruitment and reasonable and necessary expenses of the entity. The annual financial report can be obtained by writing to: Chair, The Grider Initiative, Inc., 424 Main Street, Suite 2000, Buffalo, NY 14202.

ECMCC is considered to be a component unit of the County and is discretely presented based on the fact that it is a legally separate entity for which the County is financially accountable. Separate financial statements for ECMCC can be obtained from ECMCC, 462 Grider Street, Buffalo, NY 14215.

*Other Discretely Presented Component Units:*

*The Auxiliary Services Corporation of Erie Community College, Inc.* (the "ECC Auxiliary Corporation"), and the *Erie Community College Foundation, Inc.* (the "ECC Foundation") are both included as discretely presented component units of the County's primary government based on the fact that they are legally separate entities for which the College and County are financially accountable. They receive or hold economic resources that are significant to, and can be accessed by, the College that are entirely or almost entirely for the direct benefit of its constituents (students).

The purpose of the ECC Auxiliary Corporation, a New York nonprofit corporation, is to promote and cultivate educational and social relations through the operation of bookstores, on-campus dining services, vending facilities, childcare, and student centers for the convenience of the students, faculty and staff of the College. The ECC Auxiliary Corporation is funded through sales of merchandise and food, federal and state grants, and other fees. Separate financial statements can be obtained from the Auxiliary Services Corporation of Erie Community College, Inc., Executive Director, 4041 Southwestern Blvd., Orchard Park, NY 14127.

The ECC Foundation is a New York State nonprofit corporation established to support the College. Its purpose is to raise, receive, and administer all private gifts and program services for the College, its programs, and its students. Separate financial statements can be obtained from Erie Community College Foundation, Inc., Executive Director, 121 Ellicott Street, Buffalo, NY 14203.

*The Buffalo and Erie County Industrial Land Development Corporation, Inc.* ("ILDC") is a legally separate entity of which the County, acting by and through the County Executive, is the sole member. It is discretely presented in the County's financial statements because the County is financially accountable for it. A voting majority of the board members are appointed by, and can be removed at will by, the County. The ILDC is managed by the board.

In 2009, ILDC by–laws and organizing documents were changed and specific activities first became under the direct governance of the County. These changes allow the ILDC to provide tax-exempt financing to not-for-profit organizations. Such debt of the ILDC can never be the debt of the County or any political subdivision thereof and can only be paid out of specific revenues and receipts of the ILDC. The ILDC provides no services to the County. Separate financial statements can be obtained from Buffalo and Erie County Industrial Land Development Corporation Inc., Chief Operating Officer, 275 Oak Street, Buffalo, NY 14203.

2. Blended Component Units

*Erie County Fiscal Stability Authority* ("ECFSA") is included as a blended component unit of the County's primary government pursuant to GASB because exclusion would be misleading. The ECFSA was created to monitor and oversee the finances of the County. Agencies and departments examined by the ECFSA's activities include all of the County's departments and sewer districts, the College and the Library. It reports using the governmental model and its general fund is reported as part of the County's special revenue funds.

The ECFSA is a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation created by the Erie County Fiscal Stability Authority Act, Chapter 182 of the Laws of 2005, as supplemented by Chapter 183 of the Laws of 2005 (the "Act"). The Act became effective July 12, 2005.

The ECFSA is governed by seven directors, each appointed by the Governor, including one each appointed upon the recommendation of the Majority Leader of the State Senate, the Speaker of the Assembly and the State Comptroller. The Governor also designates the chairperson and vice-chairperson from among the directors.

The ECFSA has power under the Act to monitor and oversee the finances of Erie County, and upon declaration of a "Control Period" as defined in the Act, additional oversight authority. The ECFSA is also empowered to issue its bonds and notes for various County purposes, defined in the Act as "Financeable Costs."

On November 3, 2006, the Authority imposed a control period on the County in accordance with Section 3595(1)(e) of New York Public Authorities Law through resolution 06-49. The resolution empowered the ECFSA to operate with its maximum authorized complement of control and oversight powers over County finances. During a control period all County contracts of $50,000 or more and filling of any positions are subject to ECFSA approval and ECFSA has the power to approve or reject all proposed County borrowings and the County may not borrow without formal ECFSA approval. In addition, the ECFSA has the right to freeze wages, although it has not elected to exercise that right. On June 2, 2009, the ECFSA revoked the control period and reverted to an advisory status with limited control and oversight powers over County finances.

In 2011, the ECFSA issued serial bonds to assist ECMCC in the construction of a new residential health care facility. Loan agreements were executed whereby the ECFSA loaned the proceeds to the County, who in turn loaned the monies to ECMCC. The facility was opened in February 2013.

During 2014, the ECFSA issued a bond anticipation note that was used to purchase a revenue anticipation note issued by the County.

Revenues of the ECFSA consist of sales tax revenues, defined as net collections from sales and compensating use taxes, penalties and interest authorized by the State and imposed by the County on the sales and use of tangible personal property and services in the County ("Sales Tax Revenues"), and investment earnings on money and investments on deposit in various ECFSA accounts. Sales tax revenues collected by the State Comptroller for transfer to the ECFSA are not subject to appropriation by the State or County. Revenues of the ECFSA that are not required to pay debt service, operating expenses and other costs of the ECFSA are payable to the County as frequently as practicable. Separate financial statements

for ECFSA can be obtained from the Erie County Fiscal Stability Authority, 295 Main Street, Room 946, Buffalo, NY, 14203.

*Erie Tobacco Asset Securitization Corporation* ("ETASC") is a special purpose local development corporation organized under the Not-for-Profit Corporation Law of the State of New York and is an instrumentality of, but separate and apart from the County. ETASC was incorporated for the sole purpose of issuing tobacco settlement asset backed bonds in order to provide funds to purchase from the County all of the County's right, title, and interest in annual payments to be received in settlement of certain smoking-related litigation. Tobacco settlement bonds are payable only from the assets of ETASC and are not legal obligations of the County. Although legally separate and independent of the County, ETASC is considered an affiliated organization under GASB and reported as a component unit of the County for financial reporting purposes and, accordingly, is included in the County's financial statements. Separate financial statements for ETASC can be obtained from the Erie Tobacco Asset Securitization Corporation, Treasurer, 95 Franklin Street, Room 1600, Buffalo, NY, 14202.

3. Related Organizations

County elected officials nominate and confirm the three-member board of the Erie County Water Authority, ("Water Authority") and also appoint a voting majority of the board of the Buffalo Convention Center Management Corporation ("BCCMC"). The County's accountability for these legally separate organizations does not extend beyond making the board appointments. Specifically, the County cannot impose its will on any of these organizations. In addition, in the case of the Water Authority, no financial operating assistance is provided to, nor is the County liable for, any debt issued by this public benefit corporation. In regard to the not-for-profit BCCMC, the entity and the County are parties to an exchange transaction under which the BCCMC is responsible for operating and managing the area's convention center. These related organizations are not component units of the County and do not meet the basic criteria for inclusion in the County reporting entity.

4. Joint Ventures

*Western Regional Off-Track Betting Corporation*

The County is a participant in the Western Regional Off-Track Betting Corporation ("OTB"), a public benefit corporation established under New York State Racing, Pari-Mutuel Wagering and Breeding Law. The OTB conducts within the region a system of off-track pari-mutuel betting on horse races, and distributes net revenues to the participants in accordance with a predetermined formula. Separate financial data for this joint venture has been excluded from the financial statements, consistent with GASB. Additional information about this joint venture is presented in Note XVII.

*Buffalo Erie Niagara Land Improvement Corporation*

The Buffalo Erie Niagara Land Improvement Corporation ("BENLIC") was organized on June 6, 2012, pursuant to Article 16 of the Not-for-Profit Corporation Law of the State of New York. BENLIC was formed through a joint venture of the County of Erie and Cities of Buffalo, Lackawanna, and Tonawanda. BENLIC was created to confront and alleviate the problems distressed properties cause to communities by supporting municipal and regional revitalization efforts and strategically acquiring, improving, assembling, and selling distressed, vacant, abandoned, and/or tax-delinquent properties. Separate financial data for

this joint venture has been excluded from the financial statements, consistent with GASB. Additional information about this joint venture is presented in Note XVII.

## C. 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, 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.

The County has five discretely presented component units, with two major component units being shown in separate columns and three nonmajor component units being aggregated into a single 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. Exceptions to this general rule are interfund services provided and used such as Utilities Aggregation Fund billings to other funds. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the County'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.

The County reports the following major governmental funds:

General Fund – the principal operating fund that includes all operations not required to be recorded in other funds.

ECFSA General Fund – used to account for all of the operations of the ECFSA, included as a blended component unit. This fund accounts for sales tax revenues received by ECFSA and for general operating expenditures of ECFSA.

The County reports the following major proprietary fund:

Erie Community College – resources received and used for college purposes are accounted for through the College. The College is not a legally separate entity from the County. A fiscal year ending August 31 is mandated by New York State law for the College. Accordingly, financial information for the College is presented as of and for the 2014 fiscal year then ended.

The College does not account for certain capital projects, certain capital assets or certain indebtedness. These are direct functions of the County and are reported within the governmental activities columns in the government-wide financial statements.

Additional information as excerpted from the College's financial statements is as follows:

The County Executive and the County Legislature approve the College's annual budget, with the County providing funding for one-half and approximately one-fifth of capital and operating costs, respectively.

Equipment of the College has been included in the business-type activities column in the statement of net position. This equipment is recorded at cost or estimated historical cost. Donated assets are stated at estimated fair value as of the date received.

Additionally, the County reports a fiduciary fund type that is used to account for assets held by the County in a custodial capacity:

Agency Fund – used to account for money and property received and held in the capacity of custodian or agent. The Agency Fund is custodial in nature and does not involve measurement of results of operations.

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from 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 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 the net amount is included as transfers in the business-type activities column.

## E. Measurement Focus and Basis of Accounting

Measurement focus is the determination of what is expressed in reporting an entity's financial performance and position, (i.e., expenditures or expenses). A particular measurement focus is accomplished both by considering what resources will be measured and the basis of accounting.

Basis of accounting refers to when revenues, expenditures/expenses, and the related assets, deferred outflows / inflows of resources, and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

Accrual Basis – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under 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 proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Modified Accrual Basis – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this 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 County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period (60-day rule). Revenues from federal, state, or other grants designated for specific County expenditure are recognized when the related expenditures are incurred.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments and claims, are recorded only when payment is due and expenditures for inventory-type items and for prepayments (except retirement) are recognized at the time of the disbursements.

Property taxes, sales and use taxes, state and federal aid and various grant program revenues 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. All other revenue items are considered to be measurable and available only when cash is received by the government, subject to the 60-day rule noted above.

## F. Budgetary Information

Annual appropriated budgets are adopted and employed for control of the General Fund; the Road, Sewer, Downtown Mall, and E-911 Special Revenue Funds; the Utilities Aggregation Enterprise Fund; and the Debt Service Fund, minimally detailed to the department and account level. These budgets are adopted on a basis consistent with GAAP, except that encumbrances are reported as budgetary expenditures in the year of incurrence of commitment to purchase, in the General Fund, the enumerated Special Revenue Funds and the Debt Service Fund. All unencumbered appropriations lapse at the end of the fiscal year. Budgetary comparisons presented in this report are on the budgetary basis and represent the budget as modified. Annual appropriated budgets are not employed for the Grants and Community Development Special Revenue Funds.

## G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

### 1. Cash, Cash Equivalents and Investments

All highly liquid investments with an original maturity date of three months or less are considered to be cash equivalents. Investments are stated at fair value, the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

### 2. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent restricted fund balance and unspent proceeds of debt.

3. Prepaid Items and Inventories

Certain payments to vendors and the New York State and Local Employees' Retirement System 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.

The cost of all supplies inventories are recorded as expenditures/expenses when purchased rather than when consumed.

4. Capital Assets

All capital assets which are acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition and are accounted for and reported in the government-wide financial statements as capital assets, if they meet the County's capitalization criteria. These statements also contain the County's infrastructure assets that are required to be capitalized under GAAP. Infrastructure assets include public domain assets such as roads, bridges, and sewer systems. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Equipment with an initial individual cost equal to or greater than $10,000 and an estimated useful life of three or more years is capitalized. All purchases of library books are capitalized because there is no minimum capitalization threshold.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

| Description | Estimated Lives |
|---|---|
| Improvements Other Than Buildings | 5 - 25 years |
| Buildings and Improvements | 15 - 40 years |
| Infrastructure | 20 - 100 years |
| Library Collections | 5 - 10 years |

The Buffalo and Erie County Public Library has a rare book collection that is classified as a Work of Art and Historical Treasure for financial reporting purposes. This collection is deemed an inexhaustible asset, and therefore, is not depreciated.

When capital assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period in the government-wide statements. Amortization of capital leases is computed using the straight-line method over the lease term or the estimated useful lives of the assets, whichever is shorter. Maintenance and repairs are charged to expense as incurred; significant renewals and betterments are capitalized.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position 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 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 three items that qualify for reporting in this category

in the government-wide statement of net position. One is the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another is the deferred outflow on ETASC's forward purchase agreement swap relating to the accumulated increase in its fair value. The third is the unamortized portion of deferred outflows supporting interest payments on capital leases reported by the College; whereas, amounts were disbursed upon lease inception with time requirements necessary for recognition purposes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, unavailable revenue, which arises under a modified accrual basis of accounting, that qualifies for reporting in this category. The governmental funds report unavailable revenues from two sources: property taxes and community development loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The community development loans have not met the time requirement recognition criterion and, as such, are deferred in the government-wide statement of net position until these time constraints have been met.

6. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted–net position and unrestricted–net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted–net position to have been depleted before unrestricted–net position is applied.

7. Fund Balance Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The Erie County Legislature is the highest level of decision-making authority for the County that can, by

adoption of a Legislative Resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to rescind or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Legislature authorizes assigned amounts of fund balance.

## H. Revenues and Expenditures/Expenses

### 1. Program Revenues

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, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those deducted for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### 2. Property Tax Revenue Recognition

The County-wide property tax is levied by the County Legislature effective January 1 of the year the taxes are recognizable as revenue. Taxes become a lien on the related property on January 1 of the year for which they are levied. Accordingly, property tax is only recognized as revenue in the year for which the levy is made, and to the extent that such taxes are received within the reporting period or 60 days thereafter in the fund financial statements.

Delinquent property taxes not collected at year-end (excluding collections in the 60-day subsequent period) are recorded as unearned revenue in the fund financial statements. The portion of delinquent property taxes for prior years estimated to be uncollectible at December 31, 2014, amounted to $36,928,920. This amount has been recorded as an allowance against the property taxes receivable account.

### 3. Unearned Revenue

Resources obtained that have not met the revenue recognition criteria for government-wide or fund financial purposes are recorded as a liability.

### 4. Compensated Absences

Most employees are granted vacation, personal, and sick leave and earn compensatory time in varying amounts. When they leave service, employees are entitled to payment for accumulated vacation and unused compensatory time at various rates subject to certain maximum limitations. In addition, depending on the applicable collective bargaining agreement, retirees may be eligible to receive a direct cash payment for a portion of unused sick time upon retirement.

Compensated absences for governmental fund type employees are reported as a liability and expense in the government-wide financial statements. Governmental funds recognize the expenditure when paid. For proprietary fund type employees, the accumulation is recorded as an accrued liability and/or other long-term obligation of the proprietary fund type.

Payment of compensated absences recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payment is not readily determinable. However, management believes that sufficient resources will be made available for the payment of compensated absences when such payments become due.

5. Pensions

Nearly all County employees are members of various New York State retirement systems. The County is invoiced annually by the systems for its share of the costs.

6. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing educational services and the purchase and resale of utilities in connection with the proprietary fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the College, the County's major proprietary fund, are charges to students for tuition and fees. Operating expenses for the College include employee wages and benefits and student scholarships.

## I. Other

1. Statement of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include the following items: cash on hand; cash in checking and time accounts; and certain short-term items maturing three months or less from the date acquired, as permitted by State statute.

2. Reclassifications

Certain amounts were reclassified from ECFSA's financial statements to conform to the County's reporting presentation. In the ECFSA's statement of revenue, expenditures, and change in fund balances, $51,171,448 representing principal and interest revenue received from the County relating to mirror bonds and a revenue anticipation note purchased by the ECFSA, and $418,542,137 representing sales tax revenue and other distributions to the County, were reclassified as transfers in and transfers out, respectively.

3. Adoption of New Accounting Pronouncements

During the year ended December 31, 2014, The County implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of GASB Statement No. 67 is to improve financial reporting by state and local governmental pension plans. This Statement replaces GASB Statement No. 25 and Statement No. 50. The objective of GASB Statement No. 69 is to standardize accounting and financial reporting related to government combinations and disposals of government operations. The objective of GASB Statement No. 70 is to improve financial reporting by state and local governments that extend and receive nonexchange financial guarantees. GASB Statement Nos. 67, 69, and 70 did not have a material impact on the County's financial position or results from operations.

4. Future Impacts of Accounting Pronouncements

The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27;* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68,* effective for the year ending December 31, 2015; and No. 72, *Fair Value Measurement and Application*; and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB 67 and 68*, effective for the year ending December 31, 2016; and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, effective for the year ending December 31, 2017; and No 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, effective for the year ending December 31, 2018. The County is, therefore, unable to disclose the impact that adopting GASB Statement Nos. 68, 71, 72, 73, 74 and 75 will have on its financial position and results of operations when such statements are adopted.

## II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with the County Charter and Administrative Code, no later than October 15, the County Executive submits a tentative operating and capital budget which details proposed expenditures and the proposed means of financing to the Erie County Legislature for the fiscal year commencing the following January 1. The College budget is not included in the County Executive's tentative budget, since it is separately adopted during the first County legislative meeting in July for the fiscal year commencing September 1.

2. After public hearings are conducted to obtain taxpayer comments, the County Legislature (governing board) adopts the budget no later than the second Tuesday in December.

3. The County Executive is authorized to make budget transfers within the same administrative unit up to a cumulative total of $10,000 between accounts or line items. Any proposed transfer which would result in an increase exceeding $10,000 in any one line item in the budget, as adopted during the fiscal year or would affect any salary rate or salary total, would need prior approval by resolution of the County Legislature. In no instance shall a transfer be made from appropriations for debt service, and no appropriations may be reduced below any amount which is required by law to be appropriated.

4. The Emergency Response Special Revenue Fund was established to account for revenues received from the Federal Emergency Management Agency and expenditures associated with the cleanup of major storm damage that occurred in October 2006 and November 2014.

5. Capital Projects Funds are subject to project budgets determined primarily by the bonding authorizations used to fund a particular project rather than annual budgetary appropriations. These budgets do not lapse at year-end; rather, they lapse upon termination of the project.

6. Expenditures within the General, Special Revenue, Utilities Aggregation Enterprise, and the Debt Service Funds may not legally exceed the amount appropriated for such accounts

within a department. During the year, numerous supplementary appropriations were necessary.

Individual governmental fund comparisons of budgetary and actual data at the legal level of control established by the adopted budget (i.e., minimally the department and account level) are not presented in this report for those funds with annual appropriated budgets due to the excessive detail involved. However, a separate budgetary comparison report is available which contains this information.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all County funds except the Enterprise Funds, and the Agency Fund. Outstanding encumbrances at year end, except for grant-related commitments that are not reported in the financial statements, are presented for GAAP reporting purposes as reservations of fund balances, and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Unencumbered appropriations lapse at fiscal year-end.

The County reports its budgetary status with the actual data including encumbrances as charges against budgeted appropriations. Following is a reconciliation of the budgetary basis (i.e. non-GAAP) and the GAAP basis operating results (dollars in thousands):

| | General Fund |
|---|---|
| Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis | $ 8,796 |
| Less: | |
| Encumbrances at December 31, 2014 | 2,420 |
| Plus: | |
| Encumbrances at January 1, 2014 | 2,458 |
| Excess of revenues and other financing sources over expenditures and other financing uses - basis of budgeting | $ 8,834 |

Budget columns presented in the accompanying financial statements reflect deficiencies of revenues and other financing sources over expenditures and other financing uses. These deficiencies are caused by the anticipated use of prior-year's fund balance, which had been designated for 2014 expenditures through the budget process.

Commitments related directly to the Grants and the Community Development Special Revenue Funds in the amount of $3,227,151 and $1,270,883, respectively, at December 31, 2014, are not reported on the GAAP financial statements. Budget appropriations are not made available for these commitments until grant revenues are recognized at the time of expenditure.

## B. Deficit Unassigned Fund Balances

Deficit unassigned fund balance amounts in the E-911,Grants and the Community Development Special Revenue Funds in the amounts of $96,254, $531,619 and $26,125, respectively, are caused by nonspendable fund balance amounts recorded for prepaid items.

### C. Deficit Net Position

The Governmental Activities reported a total net deficit of $36,540,000 at December 31, 2014 resulting primarily from ETASC's net deficit of $284,648,094 that is caused by its recognition of bonds payable with no offsetting capital assets.

The College Proprietary Fund reported a total net position deficit of $14,148,022 that primarily represents the effect of GASB Statement No. 45, which requires recognition of other post-employment benefits annually. It is anticipated that this trend will continue.

## III – CASH, CASH EQUIVALENTS AND INVESTMENTS

***Primary Government, Agency Fund and Library Component Unit***

Available cash of the County is deposited and invested in accordance with the County's own written investment guidelines which have been established by the Comptroller's Office, approved by the County Legislature and are in compliance with provisions of applicable State statutes. The ECFSA does not have a formal investment policy.

Agency Fund bank accounts are maintained at financial institutions where monies of the County's other funds are also on deposit. In addition, the Library does not maintain a separate bank account; instead, it participates in the pooled cash of the County. The banks calculate and report FDIC coverage and collateral requirements for the County's Agency Fund, the County's other funds and Library together, separately from that of the College.

***Interest Rate Risk*** – As a means of limiting its exposure to fair value losses arising from fluctuating interest rates, it is the County's policy to generally limit investments to municipal bonds or investments of 180 days or less.

***Credit Risk*** – In compliance with New York State law, it is the County's policy to limit its investments to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State of New York, time deposit accounts and certificates of deposit issued by a bank or trust company located in and authorized to do business in New York State and certain joint or cooperative investment programs.

***Custodial Credit Risk*** – For investments, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. A margin of 2% or higher of the market value of purchased securities in repurchase transactions must be maintained and the securities must be held by a third party in the County's name. For deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. Collateral is required for deposits and certificates of deposit in an amount equal to or greater than the amount of all deposits not covered by federal deposit insurance. Banks can satisfy collateral requirements by furnishing a letter of credit, a surety bond, or by pledging eligible securities as specified in Section 10 of New York State General Municipal Law. New York State Education Law does not require collateral for college checking accounts, unless the Board of Trustees deems it necessary. If collateral is required, it can be in the form of a surety bond or obligations of the United States, the State, or any municipality or college of the State. Certain balances for accounts held in trust are collateralized by the State of New York.

***Concentration of Credit Risk*** – To promote competition in rates and service cost, and to limit the risk of institutional failure, County deposits and investments are placed with multiple institutions. The general rule is not to place more than $100,000,000 or 50% of the County's total investment portfolio, whichever is less, in overnight investments with any one institution.

***Deposits*** – The County deposits cash into a number of bank accounts. Monies must be deposited in demand or time accounts or certificates of deposit issued by FDIC-insured commercial banks or trust companies located within the State. Some of the County's accounts are required by various statutes and borrowing restrictions for specific funds, while the remainder are used for County operating cash and for investment purposes.

As of December 31, 2014 (August 31, 2014 as to the College), except for $3,354 in accounts where the collateral is controlled by New York State, the bank deposits of the Primary Government, Library, and Agency Fund were either FDIC insured or fully collateralized with securities held by the pledging financial institution's agent in the County's name.

***Cash and Cash Equivalents*** – All highly liquid investments with an original maturity date of three months or less are considered to be cash equivalents. Existing policies require that any underlying securities for repurchase transactions must be only federal obligations. Such obligations are explicitly guaranteed by the U.S. Government and therefore not considered to have credit risk. At December 31, 2014, the fair value of money market accounts was $217,644,114 which were fully collateralized with securities held by the pledging financial institution's agent in the County's name.

***Investments*** – All investments are carried at fair value and are held by a third party in the County's, ETASC's or ECFSA's name. Investments for the Primary Government at year-end are shown below (dollars in thousands):

| | Fair Value |
|---|---|
| Municipal bonds | $ 200 |
| Institutional liquidity funds | 410 |
| Corporate commercial paper | 19,600 |
| Treasury securities | 36,008 |
| Total investments | $ 56,218 |

The County's investment in municipal bonds at December 31, 2014 consists of $200,000 of Gulf Coast Waste Disposal Authority of Texas revenue bonds maturing September 1, 2025 that were rated Aaa by Moody's.

ETASC's investment in corporate commercial paper at December 31, 2014 consisted of $19,600,448 of General Electric Capital Corporation Commercial Paper which was rated P-1 by Moody's. Rating information for the ETASC's $409,939 investment in Blackrock Liquidity Funds was not available.

ECFSA had $36,007,855 in Treasury securities at December 31, 2014.

***ECMCC Component Unit***

The ECMCC maintains various accounts for depositing, disbursing and investing its funds. The ECMCC's investments are made in accordance with State regulations and its investment guidelines.

***Cash and Cash Equivalents*** – Include cash on hand and monies deposited in checking and money market accounts. Excluding assets whose use is limited, cash and cash equivalents total $7,338,000 as of December 31, 2014.

***Interest Rate Risk*** – As a means of limiting its exposure to fair value losses arising from fluctuating interest rates, it is the ECMCC's policy to generally limit investments to maturities of less than one year.

***Investments*** – All investments are carried at fair value, and are categorized as insured or uninsured, and collateralized by securities held by the pledging financial institution in the ECMCC's name. The ECMCC's investments and restricted cash and cash equivalents as of December 31, 2014 are shown below (dollars in thousands).

| | Fair Value |
|---|---|
| Money market mutual funds, bank accounts and deposits | $ 25,169 |
| Marketable equity securities | 15,399 |
| U.S. Government and Agency Obligations | 39,009 |
| Corporate bonds | 9,229 |
| Short term fixed income | 33,161 |
| Foundation Component Unit | 916 |
| RHEC Component Unit | 1,038 |
| Physician Endowment Component Unit | 10,594 |
| Total investments and restricted cash and cash equivalents | $ 134,515 |

| | Fair Value |
|---|---|
| Investments - unrestricted | $ 4,308 |
| Restricted cash and cash equivalents | 130,207 |
| Total | $ 134,515 |

***Other Component Units***

***Erie Community College Foundation, Inc.*** – The portfolio of investments is carried at their fair value. For donated investments, costs are determined to be fair value at the date of gift.

Fair values and net unrealized gains and losses pertaining to the investment portfolio as of August 31, 2014 are as follows (dollars in thousands):

| | Cost | Fair Value |
|---|---|---|
| Fixed income | $ 1,507 | $ 1,548 |
| International equities | 385 | 521 |
| Domestic stocks | 1,548 | 2,035 |
| Alternates | 56 | 66 |
| Total | $ 3,496 | $ 4,170 |

| | |
|---|---|
| Net unrealized gain | $ 674 |

## IV - RESTRICTED CASH AND CASH EQUIVALENTS

***Primary Government***

***Restricted Cash and Cash Equivalents*** – At December 31, 2014 the County reported the following restricted cash and cash equivalents (dollars in thousands):

| | Fair Value |
|---|---|
| Handicapped parking | $ 140 |
| Capital expenditures | 92,027 |
| Total | $ 92,167 |

***ECMCC Component Unit***

***Assets Whose Use is Limited*** – Assets whose use is limited are reported as restricted cash and cash equivalents at December 31, 2014 and consist of the following (dollars in thousands):

| | Fair Value |
|---|---|
| Patient and resident's trust cash | $ 363 |
| Restricted for debt service principal and interest | 11,201 |
| Designated for retiree health obligations | 33,520 |
| Designated for self insurance | 34,722 |
| Designated for long-term investment | 21,837 |
| Foundation Component Unit | 916 |
| Physicians Endowment Component Unit | 10,594 |
| Restricted - insured workers' compensation collateral | 17,054 |
| Total | $ 130,207 |

## V - PROPERTY TAXES

The countywide property tax is levied by the County upon the taxable real property in the towns and cities in the County in late December of each year at the last meeting of the County Legislature and becomes a lien on the next succeeding January 1. Such taxes are collected by the respective collection officers in each town and in the cities of Lackawanna and Tonawanda until the date established for return of the tax rolls to the County, which can be no later than September 15. For the City of Buffalo, the County collects these taxes from the lien date.

With respect to the cities, the County taxes are due by February 15, and penalties are imposed as follows: 1.5% prior to March 1; 3% prior to March 16; 4.5% prior to April 1; 6% prior to April 16; 7.5% prior to May 1; and 1.5% additional each month thereafter. The cities each levy and collect their city taxes, and the County is not responsible for any unpaid city taxes. The County is responsible only for uncollected County taxes levied in such cities.

With respect to the towns, the countywide property tax is levied by the County together with town property taxes, which include special district, fire district, and highway taxes. In towns of the first class, taxes are due without penalties by February 15. Penalties are 1.5% prior to March 1; 3% prior to March 16; 4.5% prior to April 2; 6% prior to April 16; 7.5% prior to May 1; and 1.5% additional for each month thereafter. In towns

of the second class, taxes are due without penalty within ten days after receipt of the tax roll by the respective collection agency. Penalties are 1.5% prior to March 16 unless waived; 7.5% prior to May 1; and 1.5% additional each month thereafter. All towns first retain their share of taxes from collections and remit the balance to the County. The County is responsible for uncollected taxes of all subordinate jurisdictions, except for the three cities.

The County levies taxes for most school districts throughout the County and is responsible for uncollected school district taxes outside the cities of Buffalo, Lackawanna, and Tonawanda.

Additionally, at the option of villages within the County, the County may also be responsible for uncollected village taxes.

**Constitutional Tax Limit**

The amount that may be raised by the countywide tax levy on real estate in any fiscal year (for purposes other than debt service on County indebtedness) is limited to one and one-half per centum (subject to increase up to two per centum by resolution of the County Legislature) of the five-year average full valuation of taxable real estate of the County, per New York State statutes. On November 13, 1978, a local law became effective which limits the maximum amount of real estate taxes which can be levied other than for debt service to one per centum of such average full valuation of all the taxable real estate within the County.

The County constitutional tax limit (per New York State statutes) for the fiscal year ended December 31, 2014 is computed as follows (dollars in thousands):

| | |
|---|---|
| Five-year average full valuation of taxable real estate (2010-2014) | $ 47,045,898 |
| Tax limit @ 1.5% | $ 705,688 |
| Statutory additions | 66,897 |
| Total taxing power | 772,585 |
| Total levy | (253,290) |
| Tax margin | $ 519,295 |

## VI – RECEIVABLES AND DUE FROM OTHER GOVERNMENTS

All major revenues of the County's governmental funds are considered "susceptible to accrual" based on the 60 day rule under the modified accrual basis. These include property tax, sales tax, state and federal aid, and various grant program revenues. The proprietary funds record revenues using the accrual basis of accounting.

Major revenues accrued by the County in the various governmental fund types at December 31, 2014 include sales and use taxes in the amount of $46,939,304; state and federal assistance for social services of $130,938,610; and other state and federal aid (including grants) approximating $66,351,132.

Receivables at year-end of the County's major individual funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows (dollars in thousands):

| Receivables and due from other governments - Governmental Funds | General Fund | ECFSA General | Other Governmental Funds | Total |
|---|---|---|---|---|
| Real property taxes, interest, penalties and liens | $ 119,151 | $ - | $ 14 | $ 119,165 |
| Sales and use tax | - | 46,939 | - | 46,939 |
| Federal and state assistance for social services programs | 130,939 | - | - | 130,939 |
| Other federal and state aid | 43,813 | 480 | 22,058 | 66,351 |
| Other | 10,039 | - | 37,637 | 47,676 |
| Gross receivables | 303,942 | 47,419 | 59,709 | 411,070 |
| Less: allowances for uncollectibles | 36,929 | - | - | 36,929 |
| Total receivables | $ 267,013 | $ 47,419 | $ 59,709 | $ 374,141 |

| Receivables and due from other governments - Proprietary Funds | College 8/31/14 | Utilities Aggregation Fund | Total |
|---|---|---|---|
| Accounts receivable | $ 9,045 | $ 379 | $ 9,424 |
| Other | 1,423 | 1,168 | 2,591 |
| Gross receivables | 10,468 | 1,547 | 12,015 |
| Less: allowances for uncollectibles | 7,875 | - | 7,875 |
| Total receivables | $ 2,593 | $ 1,547 | $ 4,140 |

All Governmental and Proprietary Fund receivables are expected to be collected within one year.

## VII - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows (dollars in thousands):

### A. Primary Government

#### 1. Governmental Activities

| | Balance 1/1/14 | Reclassifications and Increases | Reclassifications and Decreases | Balance 12/31/14 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 30,519 | $ 566 | $ - | $ 31,085 |
| Construction in progress | 42,099 | 83,008 | (34,301) | 90,806 |
| Total capital assets, not being depreciated | 72,618 | 83,574 | (34,301) | 121,891 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 568,921 | 11,325 | - | 580,246 |
| Transportation network | 577,924 | 21,110 | - | 599,034 |
| Sewer network | 288,440 | 1,951 | - | 290,391 |
| Improvements other than buildings | 28,590 | 111 | - | 28,701 |
| Machinery and equipment | 124,696 | 1,956 | (4,035) | 122,617 |
| Total capital assets, being depreciated | 1,588,571 | 36,453 | (4,035) | 1,620,989 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (321,015) | (17,526) | - | (338,541) |
| Transportation network | (321,305) | (25,191) | - | (346,496) |
| Sewer network | (94,010) | (4,627) | - | (98,637) |
| Improvements other than buildings | (16,420) | (1,465) | - | (17,885) |
| Machinery and equipment | (95,674) | (7,778) | 3,574 | (99,878) |
| Total accumulated depreciation | (848,424) | (56,587) | 3,574 | (901,437) |
| Total capital assets, being depreciated, net | 740,147 | (20,134) | (461) | 719,552 |
| Governmental activities capital assets, net | $ 812,765 | $ 63,440 | $ (34,762) | $ 841,443 |

Depreciation expense was charged to functions of the primary government as follows:

| | |
|---|---|
| Governmental activities: | |
| General government | $ 13,399 |
| Public safety | 8,165 |
| Health | 401 |
| Transportation | 26,105 |
| Economic assistance and opportunity | 75 |
| Culture and recreation | 1,135 |
| Education | 1,799 |
| Home and community service | 5,508 |
| Total governmental activities depreciation expense | $ 56,587 |

2. Business-Type Activities*

| | Balance 9/1/13 | Reclassifications and Increases | Reclassifications and Decreases | Balance 8/31/14 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Construction in progress | $ 6,279 | $ 3,742 | $ (4,353) | $ 5,668 |
| Capital assets, being depreciated: | | | | |
| Building improvements | 15,021 | 4,353 | - | 19,374 |
| Land improvements | 64 | - | - | 64 |
| Equipment | 22,298 | 1,908 | (838) | 23,368 |
| Library collections | 2,390 | 214 | (249) | 2,355 |
| Total capital assets, being depreciated | 39,773 | 6,475 | (1,087) | 45,161 |
| Less accumulated depreciation for: | | | | |
| Building improvements | (2,693) | (860) | - | (3,553) |
| Land improvements | (27) | (3) | - | (30) |
| Equipment | (12,819) | (2,521) | 837 | (14,503) |
| Library collections | (1,256) | (225) | 237 | (1,244) |
| Total accumulated depreciation | (16,795) | (3,609) | 1,074 | (19,330) |
| Total capital assets, being depreciated, net | 22,978 | 2,866 | (13) | 25,831 |
| Business-type activities capital assets, net | $ 29,257 | $ 6,608 | $ (4,366) | $ 31,499 |

* The College (August 31, 2014)

Depreciation expense for the College was $3,608,874 for the year ended August 31, 2014.

## B. Component Units

1. Library

| | Balance 1/1/14 | Increases | Decreases | Balance 12/31/14 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Rare book collection | $ 11,277 | $ 37 | $ - | $ 11,314 |
| Capital assets, being depreciated: | | | | |
| Machinery, equipment and library materials | 58,618 | 3,041 | (3,954) | 57,705 |
| Less accumulated depreciation for: | | | | |
| Machinery, equipment and library materials | (52,665) | (2,957) | 3,574 | (52,048) |
| Total capital assets, being depreciated, net | 5,953 | 84 | (380) | 5,657 |
| Library component unit capital assets, net | $ 17,230 | $ 121 | $ (380) | $ 16,971 |

Depreciation expense for the Library was $2,957,059 for the year ended December 31, 2014.

2. ECMCC

| | Balance 1/1/14 | Increases | Decreases | Balance 12/31/14 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Construction in progress | $ 43,435 | $ 21,720 | $ (53,495) | $ 11,660 |
| Idle property | 3,356 | - | - | 3,356 |
| Total capital assets, not being depreciated | 46,791 | 21,720 | (53,495) | 15,016 |
| Capital assets, being depreciated: | | | | |
| Land and land improvements | 14,851 | 1,976 | - | 16,827 |
| Buildings and building improvements | 358,608 | 43,247 | - | 401,855 |
| Fixed/major moveable equipment | 121,636 | 15,732 | (288) | 137,080 |
| Total capital assets, being depreciated | 495,095 | 60,955 | (288) | 555,762 |
| Less accumulated depreciation | (252,084) | (29,269) | - | (281,353) |
| Total capital assets, being depreciated, net | 243,011 | 31,686 | (288) | 274,409 |
| Total ECMCC component unit capital assets, net | $ 289,802 | $ 53,406 | $ (53,783) | $ 289,425 |

Depreciation expense for ECMCC was $29,269,000 for the year ended December 31, 2014.

## VIII – PAYABLES, ACCRUED LIABILITIES AND DUE TO OTHER GOVERNMENTS

Payables at year-end of the County's major individual funds and nonmajor funds in the aggregate are as follows (dollars in thousands):

| Governmental Funds | General Fund | ECFSA General | Other Governmental Funds | Total |
|---|---|---|---|---|
| Accounts payable | $ 13,567 | $ - | $ 11,806 | $ 25,373 |
| Other governments | 28,220 | - | 753 | 28,973 |
| Health and social service programs and agencies | 42,557 | - | 954 | 43,511 |
| Retained percentages | 1 | - | 1,166 | 1,167 |
| Salaries & fringes | 10,622 | - | 1,878 | 12,500 |
| Other | 1,986 | 43 | 6,948 | 8,977 |
| Total | $ 96,953 | $ 43 | $ 23,505 | $ 120,501 |

| Proprietary Funds | College 8/31/14 | Utility Aggregation Fund | Total |
|---|---|---|---|
| Accounts payable | $ 1,832 | $ 1,625 | $ 3,457 |
| Fringes benefits payable - current | 4,635 | 4 | 4,639 |
| Capital leases - current | 1,477 | - | 1,477 |
| Other | 8,713 | 793 | 9,506 |
| Total | $ 16,657 | $ 2,422 | $ 19,079 |

## IX – RETIREMENT PLANS

Background

The County participates in the New York State and Local Employees' Retirement System ("ERS"). In addition, all faculty and administrators of the College have the option of participating in the New York State Teachers' Retirement System ("TRS") or the Teachers' Insurance and Annuity Association – College Retirement Equities Fund ("TIAA-CREF").

### A. New York State and Local Employees' Retirement System

***Plan Description*** – This is a cost-sharing multiple-employer retirement system. The ERS provides retirement benefits, as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York ("Comptroller") serves as sole trustee and administrative head of the ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the ERS and for the custody and control of their funds. The ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

***Funding Policy*** – The plan is noncontributory, except for those employees who joined the ERS after July 27, 1976 who contribute 3% of their salary for the first ten years of membership and employees who joined on or after January 10, 2010 who generally contribute 3% of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute a percentage ranging from 3% to 6%, based on salary. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employer's contributions based on the salaries paid during the ERS's fiscal year ending March 31.

The County is required to contribute at an actuarially determined rate. Contributions for the current year and two preceding years were equal to 100 percent of contributions required and were as follows:

| | Contribution Amount | | |
|---|---|---|---|
| Year | Primary Government-ERS | Library Component Unit - ERS | ECMCC Component Unit - ERS |
| 2014 | $ 46,036,489 | $ 2,132,150 | $ 30,041,000 |
| 2013 | 44,928,725 | 2,019,023 | 30,000,000 |
| 2012 | 41,640,821 | 1,899,263 | 27,000,000 |

The County's contributions made to the ERS were equal to 100% of the contributions required for each year. The annual payment is due on February 1 of the subsequent year.

### B. Teachers' Insurance and Annuity Association - College Retirement Equities Fund

TIAA-CREF is a defined contribution annuity plan that is an optional retirement program ("ORP") authorized by the trustees of the State University of New York. TIAA-CREF provides benefits through annuity contracts and provides retirement and death benefits to those employees who

elected to participate in the ORP. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service if the employee is retained thereafter. TIAA-CREF is contributory for employees who joined after July 27, 1976, who contribute 3 percent of their salary. For employees enrolled after June 30, 1992, the College contributes 8% of salary for the first seven years of employment and 10% of salary thereafter. For employees enrolled between July 27, 1976 and June 30, 1992, the College contributes 9% of the first $16,500 in salary and 12% thereafter. Those joining after April 1, 2013 contribute a percentage ranging from 3% to 6%, based on salary for their entire length of service. Employee contributions are deducted from their salaries and remitted on a current basis to TIAA-CREF.

Contributions made by the College and its employees in the 2014 fiscal year were $2,303,893 and $91,364, respectively. The total unpaid balance of this retirement liability at the end of the College's fiscal year was $88,952.

**C. New York State Teachers' Retirement System**

The TRS is a cost-sharing multiple-employer defined benefit retirement system. The TRS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees, are governed by the NYSRSSL and New York State Education Law. The TRS issues publicly available financial reports that include financial statements and required supplementary information. The TRS report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions equal to 3% of salary are required of employees, except for those who joined the TRS before July 27, 1976, and for those who have ten or more years of credited service. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The College is required to contribute at an actuarially determined rate. The required pension contributions for the current fiscal year and two preceding fiscal years were:

| Year | College-TRS |
|---|---|
| 2014 | $ 1,605,164 |
| 2013 | 1,529,567 |
| 2012 | 1,213,898 |

Employer contributions made to the TRS were equal to 100% of the contributions required for each year.

The total unpaid employer balance of the TRS retirement liabilities at the end of the College's fiscal year was $2,711,250.

**D. Summary of Retirement Plan Liabilities (dollars in thousands):**

| Retirement Plan/ Description | Business-type Activities* |
|---|---|
| ERS | |
| Regular | $ 2,001 |
| TRS | |
| Regular | 2,711 |
| TIAA-CREF | |
| Regular | 89 |
| Total Business-type Activities | $ 4,801 |

* The College (August 31, 2014)

The County has recorded the above retirement liabilities as a component of long-term liabilities on the statement of net position.

## X - CONSTRUCTION AND OTHER COMMITMENTS

***Construction Commitments*** – The County has a number of active construction projects at December 31, 2014. The amounts spent to date and remaining commitments (encumbrances) presented by major project groupings are as follows (dollars in thousands):

| Projects | Spent-to-date | Remaining Commitments |
|---|---|---|
| General government buildings, equipment and improvements | $ 19,290 | $ 6,386 |
| Highways, roads, bridges and equipment | 25,860 | 2,770 |
| Sewers, facilities equipment and improvements | 10,924 | 10,329 |
| Special capital projects | 1,119 | 2,684 |
| Total | $ 57,193 | $ 22,169 |

***Operating Leases*** – Operating lease obligations are primarily for rental of space. Lease expenditures/expenses for the year were $4,997,562 for the primary government and approximately $2,900,000 for the ECMCC component unit. The future minimum rental payments required for non-cancelable operating leases are (dollars in thousands):

| Fiscal Year | Primary Government | ECMCC Component Unit |
|---|---|---|
| 2015 | $ 3,549 | $ 1,129 |
| 2016 | 3,004 | 837 |
| 2017 | 1,056 | 701 |
| 2018 | 572 | 374 |
| 2019 | - | 302 |
| 2020-2024 | - | 1,126 |
| Totals | $ 8,181 | $ 4,469 |

## XI - RISK MANAGEMENT

### A. Insurance

The County assumes the liability for most risk including, but not limited to, property damage, personal injury liability, medical malpractice, and workers' compensation. Asserted and incurred but not reported judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Such recording is consistent with the requirements of GASB. Governmental fund type estimated current contingent loss liabilities for property damage, personal injury liability, medical malpractice, and workers' compensation are reported within governmental activities in the government-wide financial statements.

Loss contingency liabilities arising from operations of the College are recorded in accordance with GASB by the County and are reported in full within governmental activities in the government-wide financial statements and in the General Fund when payment is due. They are only recognized as a College liability when invoiced from the County.

### B. Self-Insurance Programs

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; business interruption; errors or omissions; injuries to employees; and natural disasters. The County assumes the liability for risks relating to property damage, personal injury liability, medical malpractice and workers' compensation. The County has also elected to purchase some minor policies from commercial insurers to provide for items such as comprehensive crime and boiler/machinery coverage, as well as protection of valuable papers and records; settled claims have not exceeded commercial coverage in any of the past three fiscal years.

Judgments and claims are recognized as liabilities in the government-wide financial statements when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. These liabilities include an estimate of claims that have been incurred but not reported, and the effects of both specific, incremental claims adjustment expenditures/expenses and estimated recoveries on unsettled claims, if any. Judgments and claims reportable as part of the County's governmental type fund activities are recognized as expenditures and liabilities in the General Fund when payment is due.

The County Attorney is responsible for analyzing the County's judgments and claims and providing an opinion regarding the County's ability to cover its liabilities in the self-insurance programs. Based on this analysis, judgments and claims of $54,131,370 were recorded as governmental activities long-term liabilities at December 31, 2014.

In addition, the County has claims in the range of $3,018,500 to $8,424,000 for which there is a reasonable possibility of a future loss. No accrual has been recorded for such possible losses as of December 31, 2014.

The amounts and classifications of the judgments and claims noted above are based upon information and opinions from the County Attorney.

The changes since December 31, 2012 in the reported governmental fund liability for risk financing activities were as follows (dollars in thousands):

| Year | Beginning of Year Liability | Current-Year Claims and Changes in Estimates | Claim Payments | Balance at Year End |
|---|---|---|---|---|
| 2014 . . . . . | $ 1,107 | $ 1,767 | $ 1,756 | $ 1,118 |
| 2013 . . . . . | 516 | 1,076 | 485 | 1,107 |

Erie County Medical Center Corporation

Losses from asserted and unasserted claims identified under ECMCC's incident reporting system are accrued based on actuarial estimates that incorporate ECMCC's past experience, the nature of each claim or incident, relevant trend factors, and estimated recoveries on unsettled claims. Approximately $19,252,000 has been accrued at December 31, 2014, discounted at 2.00% and included as liabilities in the accompanying statement of net position. The County assumed ECMCC's malpractice liability for periods prior to 2004 and, under terms of a consent decree, has agreed to provide ECMCC indemnification for malpractice related exposures of up to $1,000,000 for each of 2006 and 2007. Approximately $747,000 and $387,000 of indemnification remains available for 2006 and 2007, respectively. No accrual has been recorded by the County for such possible losses. In addition, ECMCC has recorded liabilities of approximately $32,524,000 for workers' compensation related exposure, discounted at 1.25%. Effective January 1, 2012, ECMCC has a high deductible workers' compensation insurance policy. Finally, ECMCC has recorded an other miscellaneous self-insured liability of $3,749,000.

## XII - SHORT-TERM DEBT

Short-term debt of the County may include revenue, tax, and/or bond anticipation notes. These notes are reported as a fund liability in the fund receiving the proceeds in accordance with the criteria set forth in Financial Accounting Standards Board ("FASB") Accounting Standards Codification 470.10, *Debt,* because legal steps have not been taken to refinance the notes on a long-term basis.

The following is a summary of changes in the County's short-term debt for the year ended December 31, 2014 (dollars in thousands):

| Description | Balance 1/1/14 | Issued | Redeemed | Balance 12/31/14 |
|---|---|---|---|---|
| Bond anticipation notes (BAN)-ECFSA . . . | $ 109,440 | $ 109,190 | $ 109,440 | $ 109,190 |

On September 18, 2014 the ECFSA issued a BAN totaling $109,190,000 with an interest rate of 1.25%. On the same date, the ECFSA loaned the County $110,000,000. The loan matures on June 30, 2015 and carries an interest rate of 1.00%. The loan is reported as an interfund payable of the County's General Fund.

## XIII - LONG-TERM LIABILITIES

### A. Bonded Indebtedness

Bonded indebtedness is reported in the government-wide financial statements. The following is a summary of bond transactions of the County for the year ended December 31, 2014 (dollars in thousands):

| Purpose (1) | Issue | Maturity | Interest Rate (%) | Balance 1/1/14 | Additions | Reductions | Balance 12/31/14 | Due Within One Year |
|---|---|---|---|---|---|---|---|---|
| **Governmental activities general obligation bonds issued by County of Erie:** | | | | | | | | |
| Capital | 1996 | 2015 | 0.00 | $ 155 | $ - | $ 77 | $ 78 | $ 78 |
| Capital | 1999 | 2018 | 0.00 | 31 | - | 6 | 25 | 6 |
| Capital | 2001 | 2031 | 0.00 | 3,169 | - | 157 | 3,012 | 159 |
| Capital | 2002 | 2031 | 1.362-5.082 | 905 | - | 45 | 860 | 45 |
| Capital | 2002 | 2024 | 2.521-6.181 | 2,930 | - | 220 | 2,710 | 230 |
| Capital | 2003 | 2032 | 1.031-4.901 | 950 | - | 40 | 910 | 40 |
| Capital | 2003 | 2029 | 2.549-6.259 | 10,110 | - | 645 | 9,465 | 670 |
| Capital | 2003 | 2032 | 0.00 | 315 | - | 18 | 297 | 17 |
| Capital | 2003 | 2032 | 0.790-4.612 | 890 | - | 40 | 850 | 40 |
| Capital | 2004 | 2015 | 2.50-5.25 | 2,125 | - | 2,125 | - | - |
| Capital | 2004 | 2033 | 1.02-4.63 | 820 | - | 35 | 785 | 35 |
| Capital | 2004 | 2024 | 3.25-5.25 | 6,135 | - | 6,135 | - | - |
| Capital | 2005 | 2034 | 1.56-4.57 | 2,610 | - | 95 | 2,515 | 95 |
| Capital | 2005 | 2033 | 2.06-4.13 | 1,945 | - | 75 | 1,870 | 80 |
| Capital | 2005 | 2020 | 4.45-5.00 | 9,215 | - | 4,495 | 4,720 | 4,720 |
| Capital | 2005 | 2035 | 3.50-5.00 | 10,275 | - | 280 | 9,995 | 290 |
| Refunding | 2005 | 2029 | 3.50-4.50 | 34,570 | - | 3,945 | 30,625 | 3,220 |
| Capital | 2006 | 2035 | 0.00 | 1,525 | - | 70 | 1,455 | 70 |
| Capital | 2006 | 2017 | 3.50-4.00 | 5,895 | - | 1,390 | 4,505 | 1,445 |
| Capital | 2006 | 2036 | 3.50-4.25 | 3,740 | - | 100 | 3,640 | 105 |
| Capital | 2007 | 2036 | 3.63-4.79 | 4,265 | - | 145 | 4,120 | 150 |
| Capital | 2010 | 2023 | 2.00-4.99 | 132,075 | - | 10,735 | 121,340 | 11,175 |
| Capital | 2010 | 2039 | 0.290-4.60 | 5,200 | - | 130 | 5,070 | 135 |
| Refunding | 2010 | 2020 | 3.865-21.455 | 41,800 | - | 5,200 | 36,600 | 5,425 |
| Refunding | 2010 | 2022 | 2.001-5.00 | 32,340 | - | 6,735 | 25,605 | 6,925 |
| Refunding | 2010 | 2018 | 0.95-3.13 | 75 | - | 15 | 60 | 15 |
| Refunding | 2011 | 2018 | 1.01-3.30 | 400 | - | 95 | 305 | 95 |
| Capital | 2011 | 2040 | 0.00 | 481 | - | 17 | 464 | 18 |
| Capital & Refunding | 2011 | 2041 | 0.28-4.95 | 13,660 | - | 415 | 13,245 | 415 |
| Refunding | 2011 | 2018 | 2.00-5.00 | 27,285 | - | 5 | 27,280 | 6,340 |
| Capital | 2011 | 2023 | 3.00-5.00 | 14,710 | - | 1,215 | 13,495 | 1,250 |
| Capital | 2012 | 2026 | 2.00-5.00 | 20,960 | - | 1,265 | 19,695 | 1,290 |
| Capital | 2012 | 2042 | 0.27-4.27 | 3,065 | - | 85 | 2,980 | 75 |
| Capital | 2013 | 2024 | 2.726-5.00 | 25,635 | - | - | 25,635 | 2,165 |
| Refunding | 2013 | 2024 | 2.00-5.00 | 30,485 | - | 135 | 30,350 | 2,410 |
| Capital | 2013 | 2023 | 2.00-5.00 | 35,835 | - | 2,985 | 32,850 | 2,990 |
| Capital | 2014 | 2026 | 2.00-5.00 | - | 24,995 | - | 24,995 | 1,795 |
| Capital | 2014 | 2028 | 2.00-5.00 | - | 2,410 | - | 2,410 | 145 |
| Totals carried forward | | | | 486,581 | 27,405 | 49,170 | 464,816 | 54,158 |

*(Continued)*

| Purpose (1) | Issue | Maturity | Interest Rate (%) | Balance 1/1/14 | Additions | Reductions | Balance 12/31/14 | Due Within One Year |
|---|---|---|---|---|---|---|---|---|
| Totals brought forward | | | | $ 486,581 | $ 27,405 | $ 49,170 | $ 464,816 | $ 54,158 |
| Less bonds issued by the County to ECFSA (mirror bonds): | | | | | | | | |
| Capital | 2010 | 2023 | 2.00-4.99 | (132,075) | - | (10,735) | (121,340) | (11,175) |
| Refunding | 2010 | 2020 | 3.865-21.455 | (41,800) | - | (5,200) | (36,600) | (5,425) |
| Refunding | 2010 | 2022 | 2.001-5.00 | (32,340) | - | (6,735) | (25,605) | (6,925) |
| Refunding | 2011 | 2018 | 2.00-5.00 | (27,285) | - | (5) | (27,280) | (6,340) |
| Capital | 2011 | 2023 | 3.00-5.00 | (14,710) | - | (1,215) | (13,495) | (1,250) |
| Capital | 2013 | 2024 | 2.726-5.00 | (25,635) | - | - | (25,635) | (2,165) |
| Refunding | 2013 | 2024 | 2.00-5.00 | (30,485) | - | (135) | (30,350) | (2,410) |
| Capital | 2013 | 2023 | 2.00-5.00 | (35,835) | - | (2,985) | (32,850) | (2,990) |
| Total mirror bonds | | | | (340,165) | - | (27,010) | (313,155) | (38,680) |
| Net general obligation bonds issued by County of Erie | | | | 146,416 | 27,405 | 22,160 | 151,661 | 15,478 |
| **Governmental activities general obligation bonds issued by ECFSA:** | | | | | | | | |
| Capital | 2010 | 2023 | 2.0-5.0 | 132,075 | - | 10,735 | 121,340 | 11,175 |
| Refunding | 2010 | 2020 | 2.0-5.0 | 41,800 | - | 5,200 | 36,600 | 5,425 |
| Refunding | 2010 | 2022 | 2.25-5.24 | 32,340 | - | 6,735 | 25,605 | 6,925 |
| Refunding | 2011 | 2018 | 2.00-5.00 | 27,285 | - | 5 | 27,280 | 6,340 |
| Capital | 2011 | 2023 | 3.00-5.00 | 14,710 | - | 1,215 | 13,495 | 1,250 |
| ECMCC facility | 2011 | 2028 | 4.00-5.00 | 82,505 | - | 3,890 | 78,615 | 4,050 |
| Refunding | 2013 | 2024 | 2.00-5.00 | 30,485 | - | 135 | 30,350 | 2,410 |
| Capital | 2013 | 2024 | 2.726-5.00 | 25,635 | - | - | 25,635 | 2,165 |
| Capital | 2013 | 2023 | 2.00-5.00 | 35,835 | - | 2,985 | 32,850 | 2,990 |
| Total general obligation bonds issued by ECFSA | | | | 422,670 | - | 30,900 | 391,770 | 42,730 |
| Total general obligation bonds issued by County of Erie and ECFSA | | | | 569,086 | 27,405 | 53,060 | 543,431 | 58,208 |
| Premium on bond issuance | | | | 4,698 | 4,486 | 1,432 | 7,752 | - |
| Premium on bond issuance-ECFSA | | | | 37,806 | - | 7,875 | 29,931 | - |
| Total County of Erie and ECFSA bonds payable-net | | | | 611,590 | 31,891 | 62,367 | 581,114 | 58,208 |
| **Governmental activities bonds issued by ETASC(2):** | | | | | | | | |
| Tobacco refunding | 2005 | varies | varies | 263,195 | - | 4,855 | 258,340 | - |
| Subordinate CABs | 2005 | varies | varies | 32,870 | - | - | 32,870 | - |
| Subordinate CABs | 2006 | varies | varies | 17,695 | - | - | 17,695 | - |
| Subordinate CABs | 2005-06 | varies | varies | 36,106 | 5,996 | - | 42,102 | - |
| Subtotal bonds issued by ETASC | | | | 349,866 | 5,996 | 4,855 | 351,007 | - |
| Discount on ETASC bonds | | | | (9,639) | - | (71) | (9,568) | - |
| Discount on ETASC subordinate CABs | | | | (1,512) | - | (11) | (1,501) | - |
| Total ETASC bonds payable-net | | | | 338,715 | 5,996 | 4,773 | 339,938 | - |
| Governmental activities bonds payable for financial statement purposes | | | | $ 950,305 | $ 37,887 | $ 67,140 | $ 921,052 | $ 58,208 |

*(Concluded)*

(1) Capital–Capital acquisition and construction.

(2) Refer to discussion within Note XIII(B) regarding outstanding ETASC bonds payable, including Capital Appreciation Bonds ("CABs").

**B. Erie Tobacco Asset Securitization Corporation (a Blended Component Unit)**

In 2000, ETASC issued $246,325,000 of Tobacco Settlement Asset-Backed Bonds, Series 2000 pursuant to an indenture dated as of September 1, 2000 (the "Indenture"). The $246,325,000 bond issuance was comprised of $196,985,000 Tobacco Settlement Asset-Backed Bonds Series 2000A and $49,340,000 Tobacco Settlement Asset-Backed Bonds Series 2000B. The net proceeds of the Series 2000 Bonds were used to purchase from the County all of the County's right, title and interest to Tobacco Settlement Revenues ("TSRs") to which the County would otherwise be entitled under the Master Settlement Agreement ("MSA") and Consent Decree and Final Judgment (the "Decree").

On August 15, 2005, ETASC issued $318,834,680 in Tobacco Settlement Asset-Backed Bonds (series 2005A, E) and Capital Appreciation Bonds ("CABs") (Series 2005B, C, D) with interest rates ranging from 5.0% to 6.75% to advance refund $239,060,000 of outstanding Series 2000 Tobacco Settlement Asset-Backed bonds bearing interest rates ranging from 5.0% to 6.5% originally issued in 2000. The net proceeds amounted to $305,330,026 after original issuance discount and payment of $13,504,654 for underwriting fees, insurance, and other issuance costs, of which $267,037,311 was used to fund an irrevocable trust to defease the remaining original bonds. This transaction enabled the ETASC to release $55,231,709 in previously restricted funds for debt service and trapping events to the County.

In connection with this bond issuance, ETASC entered into a forward purchase agreement and an effective swap of variable market rate returns with a fixed rate return that will expire by its terms on the final maturity of the asset-backed bonds on June 1, 2055. ETASC entered into this forward purchase agreement to facilitate investment of the monies in the Debt Service Reserve Fund while the 2005 ETASC bonds are outstanding.

ETASC has evaluated the forward purchase agreement using the consistent critical terms method and deemed it to be effective. As of December 31, 2014, the notional amount of the agreement totals $19,218,750, the fair value is $8,236,389, and net cash flows during the year totaled $784,197.

On September 15, 2005, ETASC entered into an agreement with the bondholders to replace the government securities in the irrevocable trust with government agency securities. This transaction generated a savings of $2,802,806. Of this, $1,331,893 was transferred to the County and the remainder less costs of sale was paid to the bondholders for their concessions.

On January 5, 2006, ETASC issued $17,694,720 of Tobacco Settlement Asset-Backed CABs, Series 2006A with an interest rate of 7.65%. ETASC entered into a purchase and sale agreement with the County on January 1, 2006, in which ETASC purchased the County's sole undivided beneficial interest in and to the trust established by ETASC pursuant to the Declaration and Agreement of Trust dated September 1, 2000 between ETASC and the Wilmington Trust Company ("2000 Residential Trust"), in its capacity as trustee, including the County's right to receive residual tobacco settlement revenues payable to the County, as sole beneficiary of the 2000 Residential Trust. The net proceeds of $15,638,465 were transferred to the County's General Fund.

The payment of the Series 2005 and Series 2006 Bonds is dependent on the receipt of TSRs. The amount of TSRs actually collected is dependent on many factors including cigarette consumption and the continued operations of the participating cigarette manufacturers in the MSA. Such bonds are secured by and payable solely from TSRs and investment earnings pledged under the Indenture and amounts established and held in accordance with the Indenture, and are not legal obligations of the County. ETASC has no financial assets other than the collections and reserves and amounts held in the other funds and accounts established under the Indenture.

ETASC has covenanted to apply 100% of all surplus revenues (defined as revenues which are in excess of Indenture requirements for the funding of operating expenses and deposits in the Debt Service account maintained for the funding of interest, principal and other items) to the special mandatory par redemption ("Turbo Redemptions") of Series 2005 Bonds in order of their maturity and then to the Series 2006A Bonds to the extent that there exists excess funds. Any such surplus revenues shall be applied on each distribution date beginning on June 1, 2006.

Interest on the Series 2005A and E Bonds are payable each June 1 and December 1. The 2005 Series B, C and D and the Series 2006A are subordinate CABs and accrue interest throughout the life of the bonds but is not payable until bond maturity. Future interest accretion has been recorded as bond discount and amortized as the current interest accretes. The accreted interest on the Subordinate CABs is reflected within the Subordinate CABs payable liability. Series 2005B, C, and D CABs are subject to redemption at the option of ETASC beginning in years after 2016. The Series 2006A CABs may be redeemed after May 31, 2017.

Details of ETASC's long-term debt as of December 31, 2014 are as follows:

| Issue Amount | Rate | $318,834,680 Term Bond Description | Projected Final Turbo Redemption Date |
|---|---|---|---|
| $ 30,330,000 | 5.000% | Series 2005A Bonds Due June 1, 2031<br>Semi-annual interest only payments through maturity, may be redeemed at the option of the ETASC at anytime in whole or in part after June 1, 2015 | June 1, 2031 |
| 74,685,000 | 5.000% | Series 2005A Bonds Due June 1, 2038<br>Semi-annual interest only payments through maturity, may be redeemed at the option of the ETASC at anytime in whole or in part after June 1, 2015 | June 1, 2038 |
| 111,480,000 | 5.000% | Series 2005A Bonds Due June 1, 2045<br>Semi-annual interest only payments through maturity, may be redeemed at the option of the ETASC at anytime in whole or in part after June 1, 2015 | June 1, 2045 |
| 9,163,000 | 5.750% | Series 2005B Bonds Due June 1, 2047<br>Semi-annual interest accrued but not payable until maturity, subject to redemption at the option of ETASC anytime after June 1, 2015 at accreted values as follows: June 1, 2015 through May 31, 2016, 102%; June 1, 2016 through May 31, 2017, 101%; June 1, 2017 and thereafter, 100% | June 1, 2047 |
| 12,565,080 | 6.250% | Series 2005C Bonds Due June 1, 2050<br>Semi-annual interest accrued but not payable until maturity, subject to redemption at the option of ETASC anytime after June 1, 2015 at accreted values as follows: June 1, 2015 through May 31, 2016, 102%; June 1, 2016 through May 31, 2017, 101%; June 1, 2017 and thereafter, 100% | June 1, 2050 |
| 11,141,600 | 6.750% | Series 2005D Bonds Due June 1, 2055<br>Semi-annual interest accrued but not payable until maturity, subject to redemption at the option of ETASC anytime after June 1, 2015 at accreted values as follows: June 1, 2015 through May 31, 2016, 102%; June 1, 2016 through May 31, 2017, 101%; June 1, 2017 and thereafter, 100% | June 1, 2055 |
| 69,470,000 | 6.000% | Series 2005E Taxable Bonds Due June 1, 2028<br>Semi-annual interest only payments through maturity, may be redeemed at the option of the ETASC at anytime in whole or in part after June 1, 2015 | June 1, 2028 |

(Continued)

| Issue Amount | Rate | $17,694,720 Term Bond Description | Projected Final Turbo Redemption Date |
|---|---|---|---|
| $ 17,694,720 | 7.650% | Series 2006A Taxable Bonds Due June 1, 2060<br>Semi-annual interest accrued but not payable until maturity, subordinate to the Series 2005 A-E Bonds, subject to redemption at the option of the ETASC anytime after June 1, 2016 at accreted values as follows: June 1, 2016 through May 31, 2017, 102%; June 1, 2017 through May 31, 2018, 101%, thereafter 100% | June 1, 2060 |

(Concluded)

Changes in ETASC bonded indebtedness for the year ended December 31, 2014 were as follows (dollars in thousands):

| | Tobacco Settlement Bonds | Subordinate CABs | Total |
|---|---|---|---|
| Bonds payable at January 1, 2014 | $ 263,195 | $ 86,671 | $ 349,866 |
| Principal payments during 2014 | (4,855) | - | (4,855) |
| Additions and annual net interest accretion | - | 5,996 | 5,996 |
| Bonds payable at December 31, 2014 | $ 258,340 | $ 92,667 | $ 351,007 |

The amount reflected in the statement of net position for ETASC's bonds payable is net of unamortized discounts on the sale of bonds totaling $11,068,998.

The ETASC's debt service requirements for the Series 2005A and 2005E bonds as of December 31, 2014 are as follows (dollars in thousands):

| Year ending December 31, | Principal | Interest | Total Debt Service |
|---|---|---|---|
| 2015 | $ - | $ 13,336 | $ 13,336 |
| 2016 | - | 13,336 | 13,336 |
| 2017 | - | 13,336 | 13,336 |
| 2018 | - | 13,335 | 13,335 |
| 2019 | - | 13,335 | 13,335 |
| 2020-2024 | - | 66,677 | 66,677 |
| 2025-2029 | 41,845 | 62,911 | 104,756 |
| 2030-2034 | 30,330 | 48,816 | 79,146 |
| 2035-2039 | 74,685 | 40,940 | 115,625 |
| 2040-2044 | - | 27,870 | 27,870 |
| 2045 | 111,480 | 2,787 | 114,267 |
| | $ 258,340 | $ 316,679 | $ 575,019 |

## C. Erie County Medical Center Corporation (a Discretely Presented Component Unit)

***Long-term Debt*** – The following is a summary of long-term bonded debt at December 31, 2014:

| | |
|---|---|
| Erie County—Guaranteed Senior Revenue Bonds, Series 2004 (interest of 4.1% to 5.7%) . . . . . | $ 87,500,000 |

The Series 2004 bonds are secured by a pledge of the gross receipts of ECMCC and amounts on deposit in certain debt service reserve funds. To the extent that the debt service reserve funds fall below their requirements, the County has agreed to restore such accounts to their requirement.

Pursuant to a Guaranty Agreement, the County has unconditionally guaranteed to ECMCC the punctual payment of the principal, interest and redemption premium, if any, on the Series 2004 Bonds, as the same shall become due and payable, and has pledged the faith and credit of the County for the performance of such guaranty. A municipal bond insurance policy has been purchased by ECMCC to guarantee all debt service payments in case of default by ECMCC and the County.

The Series 2004 Bonds require ECMCC to make monthly payments to certain debt service accounts for the semiannual payment of interest and the annual payment of principal (principal payments commenced November 1, 2009).

## D. Other Long-Term Liabilities

In addition to bonded indebtedness, the County incurs a variety of other long-term liabilities. Descriptions of these liabilities follow:

### 1. Due to Retirement Systems

As further explained in Note IX, retirement liabilities of the primary government at December 31, 2014 for amounts due in 2015 and future years are reported in the government-wide financial statements as follows (dollars in thousands):

| | Business-type Activities* |
|---|---|
| Retirement liability outstanding at year-end . . . . . | $ 4,801 |
| Less: Due within one year . . . . . | 4,385 |
| Due in more than one year . . . . . | $ 416 |

* The College (August 31, 2014)

The College has recorded the above retirement liabilities as long-term liabilities on the statement of net position.

### 2. Compensated Absences

The value recorded in the government-wide financial statements for compensated absences at December 31, 2014, for governmental activities is $22,562,645 classified as a long-term liability in the accompanying financial statements, which includes $13,628,628 due within one year. The following governmental funds have been used in prior years to liquidate this liability: General Fund, the Road, Sewer, Grants and Community Development Special Revenue Funds.

Compensated absences of $4,171,741 have been reported for business-type activities, classified as fringe benefits payable, on the fund financial statements, which includes $250,000 due within one year.

Compensated absences of the Library component unit totaling $1,661,367 have been reported as a long-term liability, which includes $828,080 due within one year. Compensated absences of the ECMCC component unit totaling approximately $11,144,000 have been reported as an accrued liability.

3. Judgments and Claims

As further explained in Note XI, the County is self-insured. Liabilities are established for workers' compensation, general and malpractice claims in accordance with GASB. Estimated long-term contingent loss liabilities of governmental fund types total $54,131,370 and have been reported as long-term liabilities in the government-wide financial statements.

Also, as further explained in Notes XI and XIII (E) (4), ECMCC is self-insured and has recorded approximately $17,252,000, $24,524,000 and $3,749,000 for the long-term portions of medical malpractice, workers' compensation and other miscellaneous liability related exposures, respectively.

4. Other Post-employment Benefits ("OPEB") – Health Insurance

The County recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the County's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, and commenced with the 2007 liability.

***Plan Description*** – The County provides continuation of medical insurance coverage to employees if they have been continuously employed by the County for the equivalent of at least five years at the time of retirement. The obligation of the County to contribute to the cost of these benefits has been established pursuant to legislative resolution and various collective bargaining agreements. The retiree and his or her beneficiaries receive this coverage for the life of the retiree. Healthcare benefits for non-union employees are similar to those of union employees. The retiree's share of premium costs in most instances range from 0% to 50% depending on the employee group, length of service and year of retirement.

***Funding Policy*** – The County currently pays for post-employment health care benefits on a pay-as-you-go basis, primarily from the General Fund (87%). The remainder is allocated to the Road, Sewer, Grants and Community Development Special Revenue Funds. These financial statements assume that pay-as-you-go funding will continue.

***Annual Other Post-employment Benefit Cost*** – For the fiscal year ended December 31, 2014, the County's annual OPEB cost (expense) of $52,156,096 is equal to the Annual Required Contribution ("ARC") of $58,467,472, minus certain adjustments which totaled $6,311,376. Those adjustments were: interest on the net OPEB obligation and adjustment to the ARC. Considering the annual expense as well as payments for current health insurance premiums, which totaled $31,061,623 for retirees and their beneficiaries, the result was an increase in the net OPEB obligation of $21,094,473 for the year ended December 31, 2014.

**Annual OPEB Cost and Net OPEB Obligation (dollars in thousands)**

| | Governmental Activities | Business-type Activities * | Primary Government Total |
|---|---|---|---|
| Actuarial accrued liability (AAL) | $ 682,761 | $ 112,086 | $ 794,847 |
| Unfunded actuarial accrued liability (UAAL) | 682,761 | 112,086 | 794,847 |
| Normal cost for the fiscal year | 19,172 | 3,684 | 22,856 |
| Amortization factor based on 30 years | 17.40 | 17.40 | 17.40 |
| Annual covered payroll | 199,197 | 53,288 | 252,485 |
| UAAL as a percentage of covered payroll | 342.76% | 210.34% | 314.81% |

Level Dollar Amortization
Calculation of ARC under Projected Unit Credit Method

| | | | |
|---|---|---|---|
| ARC normal cost with interest to end of year | $ 19,172 | $ 3,684 | $ 22,856 |
| UAAL over 30 years with interest at end of year | 30,684 | 4,927 | 35,611 |
| Annual required contribution (ARC) | 49,856 | 8,611 | 58,467 |
| Interest on net OPEB obligation | 13,482 | 2,525 | 16,007 |
| Adjustment to ARC | (18,798) | (3,520) | (22,318) |
| Annual OPEB cost (expense) | 44,540 | 7,616 | 52,156 |
| Contribution for fiscal year ended December 31, 2014 | (25,477) | (5,585) | (31,062) |
| Increase in net OPEB obligation | 19,063 | 2,031 | 21,094 |
| Net OPEB obligation December 31, 2013 | 313,529 | 58,716 | 372,245 |
| Net OPEB obligation December 31, 2014 | $ 332,592 | $ 60,747 | $ 393,339 |
| Percent of annual OPEB cost contributed: | | | |
| 2014 | 57.00% | 73.00% | 60.00% |
| 2013 | 38.45% | 42.46% | 39.04% |
| 2012 | 40.39% | 42.94% | 40.77% |

* The College (August 31, 2014)

***Funded Status and Funding Progress*** – The OPEB plan was unfunded, resulting in an unfunded accrued liability (UAAL) of $682,761,201 for governmental activities and $112,085,546 for business-type activities. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended December 31, 2014 and the two preceding years were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---|---|---|---|
| 12/31/2014 . . . . . | $ 52,156 | 60.00% | $ 393,339 |
| 12/31/2013 . . . . . | 71,537 | 39.04% | 372,245 |
| 12/31/2012 . . . . . | 67,388 | 40.77% | 328,640 |

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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Actuarial Methods and Assumptions*** – Projections of benefits for financial reporting purposes are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) and on the historical pattern of cost sharing between the employer and plan members at 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. Included coverages are "experience-rated" and annual premiums for experience-rated coverages were used as a proxy for claims costs with age adjustments for pre-65 and post-65 participants. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar open basis.

In the January 1, 2014 actuarial valuation, the liabilities were computed using the projected unit credit method. The actuarial assumptions utilized an inflation rate of 2.25% and a 4.30% investment rate of return. The latter rate is based on the projected long-term earning rate of the assets expected to be available to pay benefits. Because the County does not currently segregate funding for these benefits, the rate selected is the expected return on the County's assets. The valuation assumes healthcare cost trends as follows: pre-65 medical, 7.75%; post-65 medical, 5.25% and prescription, 6.25%. Healthcare trends are reduced by decrements to reach a rate of 5.00% in 2022.

***Medical Reimbursements*** – The County's Medicare Part D prescription drug subsidy, which reduces the cost of retiree healthcare premiums, is accrued as revenue only in the current year. Projected subsidies for future years cannot be recognized as a reduction to the actuarial accrued liability.

## E. Summary of Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2014 (dollars in thousands):

### 1. Governmental Activities

| | Balance 1/1/14 | Additions | Reductions | Balance 12/31/14 | Due Within One Year |
|---|---|---|---|---|---|
| Bonds payable for financial statement purposes | $ 950,305 | $ 37,887 | $ 67,140 | $ 921,052 | $ 58,208 |
| Compensated absences | 21,805 | 19,789 | 19,031 | 22,563 | 13,629 |
| Judgments and claims | 50,183 | 13,845 | 9,897 | 54,131 | 13,345 |
| OPEB liability | 313,529 | 44,540 | 25,477 | 332,592 | - |
| Accrued derivative liability - ETASC | - | 10,041 | 1,805 | 8,236 | - |
| Governmental activities long-term liabilities | $ 1,335,822 | $ 126,102 | $ 123,350 | $ 1,338,574 | $ 85,182 |

The General Fund or applicable special revenue funds are the governmental funds that generally have been used in prior years to liquidate compensated absences, judgments and claims and other post-employment benefit liabilities.

### 2. Business-Type Activities*

| | Balance 9/1/13 | Additions | Reductions | Balance 8/31/14 | Due Within One Year |
|---|---|---|---|---|---|
| Retirement liabilities | $ 3,905 | $ 8,943 | $ 8,040 | $ 4,808 (1) | $ 4,389 (1) |
| Compensated absences and fringe benefits | 4,915 | 611 | 272 | 5,254 | 250 |
| Capital leases | 5,907 | - | 1,477 | 4,430 | 1,477 |
| OPEB liability | 58,716 | 7,616 | 5,585 | 60,747 | - |
| Business-type activities long-term liabilities | $ 73,443 | $ 17,170 | $ 15,374 | $ 75,239 | $ 6,116 |

* The College (August 31, 2014)

(1) Includes $7 of Retirement Incentive Wages, of which $4 is due within one year.

3. Library Component Unit

| | Balance 1/1/14 | Additions | Reductions | Balance 12/31/14 | Due Within One Year |
|---|---|---|---|---|---|
| Compensated absences | $ 1,615 | $ 965 | $ 919 | $ 1,661 | $ 828 |
| OPEB liability | 20,052 | 2,658 | 1,066 | 21,644 | - |
| Library Component Unit long-term liabilities | $ 21,667 | $ 3,623 | $ 1,985 | $ 23,305 | $ 828 |

4. ECMCC Component Unit

| | Balance 1/1/14 | Additions | Reductions | Balance 12/31/14 | Due Within One Year |
|---|---|---|---|---|---|
| Bonds payable for financial statement purposes | $ 90,085 | $ - | $ 2,585 | $ 87,500 | $ 2,710 |
| Long-term loan (1) | 90,270 | - | 4,641 | 85,629 | 4,817 |
| Capital Lease | - | 1,868 | 281 | 1,587 | 610 |
| Judgments and claims (2) | 50,894 | 5,300 | 10,669 | 45,525 | - |
| OPEB liability | 110,115 | 18,240 | 8,496 | 119,859 | - |
| ECMCC Component Unit long-term liabilities | $ 341,364 | $ 25,408 | $ 26,672 | $ 340,100 | $ 8,137 |

(1) Refer to discussion within Note XV(B) regarding long-term loan due to primary government.
(2) Refer to discussions within Notes XI(B) and XIII(D)(3) and regarding judgments and claims of ECMCC.

Additional judgments and claims liabilities for workers' compensation and medical malpractice have been recorded by ECMCC as accrued liabilities in the amounts of $8,000,000 and $2,000,000, respectively.

## F. Maturity Schedules (dollars in thousands)

### 1. Remaining Annual Maturities of Long-Term Liabilities (by Debt Type) – Primary Government

| Year | Total | Bonds | Retirement | Compensated Absences and Fringe Benefits | Judgments and Claims | Capital Leases | OPEB | Accrued Derivative Liability - ETASC |
|---|---|---|---|---|---|---|---|---|
| 2015 . . . . . | $ 91,298 | $ 58,208 | $ 4,389 | $ 13,879 | $ 13,345 | $1,477 | $ - | $ - |
| 2016 . . . . . | 59,023 | 57,127 | 419 | - | - | 1,477 | - | - |
| 2017 . . . . . | 60,410 | 58,934 | - | - | - | 1,476 | - | - |
| 2018 . . . . . | 54,171 | 54,171 | - | - | - | - | - | - |
| 2019 . . . . . | 48,838 | 48,838 | - | - | - | - | - | - |
| 2020-2024 . . . | 188,431 | 188,431 | - | - | - | - | - | - |
| 2025-2029 . . . | 99,283 | 99,283 | - | - | - | - | - | - |
| 2030-2034 . . . | 42,647 | 42,647 | - | - | - | - | - | - |
| 2035-2039 . . . | 81,069 | 81,069 | - | - | - | - | - | - |
| 2040-2044 . . . | 1,583 | 1,583 | - | - | - | - | - | - |
| 2045-2049 . . . | 120,643 | 120,643 | - | - | - | - | - | - |
| 2050-2054 . . . | 12,565 | 12,565 | - | - | - | - | - | - |
| 2055-2059 . . . | 11,142 | 11,142 | - | - | - | - | - | - |
| 2060 . . . . . | 17,695 | 17,695 | - | - | - | - | - | - |
| Various (1) . . . | 498,401 | 42,102 | - | 13,938 | 40,786 | - | 393,339 | 8,236 |
| | 1,387,199 | 894,438 | $ 4,808 | $ 27,817 | $ 54,131 | $4,430 | $393,339 | $ 8,236 |
| | (11,069) | (11,069) | Remaining unamortized discount on bond issuance - ETASC | | | | | |
| | 7,752 | 7,752 | Remaining unamortized premium of bond issuance | | | | | |
| | 29,931 | 29,931 | Remaining unamortized premium of bond issuance - ECFSA | | | | | |
| | $1,413,813 | $921,052 | Long-term liabilities for financial statement purposes | | | | | |

(1) Payment of Subordinate CABs, compensated absences, judgments and claims, and OPEB liability are dependent upon many factors; therefore, timing of future payments is not readily determinable.

### 2. Annual Interest Payments Due on Serial Bonds

| Year | Primary Government | ECMCC Component Unit |
|---|---|---|
| 2015 . . . . . | $ 37,604 | $ 4,918 |
| 2016 . . . . . | 35,243 | 4,769 |
| 2017 . . . . . | 32,754 | 4,611 |
| 2018 . . . . . | 30,023 | 4,445 |
| 2019 . . . . . | 27,637 | 4,270 |
| 2020-2024 . . . . | 106,981 | 18,366 |
| 2025-2029 . . . . | 73,721 | 12,190 |
| 2030-2034 . . . . | 52,083 | 3,899 |
| 2035-2039 . . . . | 41,965 | - |
| 2040-2044 . . . . | 27,953 | - |
| 2045 . . . . . | 2,787 | - |
| Totals . . . | $ 468,751 | $ 57,468 |

3. Principal and Interest Payments Due on County Mirror Bonds to ECFSA

| Year | Principal | Interest |
|---|---|---|
| 2015 . . . . . | $ 38,680 | $ 14,000 |
| 2016 . . . . . | 42,725 | 12,235 |
| 2017 . . . . . | 44,035 | 10,330 |
| 2018 . . . . . | 40,455 | 8,237 |
| 2019 . . . . . | 34,660 | 6,460 |
| 2020-2024 . . . . | 112,600 | 11,366 |
| Totals . . . | $ 313,155 | $ 62,628 |

4. Capital Leases

The College has entered into lease agreements as a lessee for financing the acquisition of various capital assets (computer equipment, networking technology). The effective interest rate of the lease is 3.36% and lease principal payments are recorded as a reduction in capital lease liability. The College's future minimum lease payments under capital leases as of August 31, 2014, are as follows:

| Year Ending August 31, | Business-type Activities |
|---|---|
| 2015 . . . . . | $ 1,605 |
| 2016 . . . . . | 1,558 |
| 2017 . . . . . | 1,510 |
| Total minimum lease payments . . . . . | 4,673 |
| Less: amount representing interest . . . . . | (243) |
| Present value of minimum lease payments . . . | $ 4,430 |

The assets acquired through capital leases are as follows:

| | |
|---|---|
| Assets: | |
| Network technology . . . . . | $ 7,384 |
| Less: accumulated depreciation . . . . . | (2,954) |
| Total assets, net . . . . . | $ 4,430 |

5. Remaining Annual Maturities of Long-Term Liabilities - Library Component Unit

| Year | Total | Compensated Absences | OPEB |
|---|---|---|---|
| 2015 . . . . . | $ 828 | $ 828 | $ - |
| Various (1) . . . | 22,477 | 833 | 21,644 |
| Totals . . . | $ 23,305 | $ 1,661 | $ 21,644 |

(1) Payment of compensated absences and OPEB liability is dependent on many factors; therefore, timing of future payments is not readily determinable.

6. Remaining Annual Maturities of Long-Term Liabilities - ECMCC Component Unit

| Year | Total | Serial Bonds | Long-term Loan | Judgments and Claims | Capital Lease | OPEB |
|---|---|---|---|---|---|---|
| 2015 . . . . . | $ 8,137 | $ 2,710 | $ 4,817 | $ - | $ 610 | $ - |
| 2016 . . . . . | 8,504 | 2,860 | 5,001 | - | 643 | - |
| 2017 . . . . . | 8,545 | 3,020 | 5,191 | - | 334 | - |
| 2018 . . . . . | 8,574 | 3,185 | 5,389 | - | - | - |
| 2019 . . . . . | 8,954 | 3,360 | 5,594 | - | - | - |
| 2020-2024 . . . . | 51,113 | 19,785 | 31,328 | - | - | - |
| 2025-2029 . . . . | 54,269 | 25,960 | 28,309 | - | - | - |
| 2030-2034 . . . . | 26,620 | 26,620 | - | - | - | - |
| Various (1). . . . | 165,384 | - | - | 45,525 | - | 119,859 |
| Totals . . . | $340,100 | $ 87,500 | $ 85,629 | $ 45,525 | $1,587 | $119,859 |

Payment of judgments and claims and OPEB liability is dependent on many factors; therefore, timing of future payments is not readily determinable.

## G. Permanent Financing Requirements

Under New York State statutes, permanent bonding of general County improvements must take place within five to seven years of the date of initial financing. Specially assessed improvements, (e.g., sewer), have no limitation as to their period of temporary financing, except that a three-year limitation exists where such financing has been obtained through the New York State Environmental Facilities Corporation. The County has permanently financed all significant indebtedness subject to this permanent financing statute.

## H. Constitutional Debt Limit

The County constitutional debt limit at December 31, 2014 is computed as follows (dollars in thousands):

| | |
|---|---|
| Five-year average full valuation of taxable real estate (2010-2014) . . . . . | $ 47,045,898 |
| Debt limit @ 7% . . . . . | $ 3,293,213 |
| Net indebtedness (after statutory exclusions) . . . . . | 479,105 * |
| Net debt contracting margin . . . . . | $ 2,814,108 |
| Percentage of debt contracting power exhausted . . . . . | 14.55% |

*Net indebtedness includes general obligation bonds of $391,605,000 and ECMCC bond guaranty of $87,500,000 (excludes ETASC bonds of $351,006,743 to be paid with tobacco settlement proceeds by ETASC, ECFSA bonds of $78,615,000 to be paid by ECMCC, and sewer bonds for self-supporting sewer districts of $73,211,022).

## XIV – NET POSITION AND FUND BALANCE

### A. Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

*Net Investment In Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

*Restricted Net Position* – This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents net position of the County not restricted for any project or other purpose.

### B. Fund Balance

In the governmental fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the County at December 31, 2014 includes:

*Prepaid Items* – $13,639,434 representing amounts prepaid to vendors and the New York State and Local Employees' Retirement System that are applicable to future accounting periods.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balance of the County at December 31, 2014 includes:

*Handicapped Parking* – $139,732 representing monies restricted for education, advocacy and increased public awareness of handicapped parking laws.

*Debt Service* – $28,706,606 representing funds to be used toward the future repayment of bonded debt service.

*Capital Expenditures* – $92,760,869 representing funds that have been reserved to fund capital projects and the purchase of capital assets. This amount includes commitments (encumbrances) of $22,169,357 for capital projects currently in process.

The County Legislature authorizes assigned amounts of fund balance. Assigned funds represent amounts intended to be used for a specific purpose. In the fund financial statements, assignments by the County at December 31, 2014 include:

*Subsequent Year's Expenditures* – Represents available fund balance of $29,823,031 appropriated to meet expenditure requirements in the 2015 year.

*Judgments and Claims* – Represents amounts to fund future settlements of various claims and litigation in the amount of $2,067,362.

*Other Purposes* – Includes amounts assigned to cover the County's cost of road repairs ($4,665,627), encumbrances ($7,433,139) and positive residual balances ($16,451,778) in Special Revenue Funds; and General Fund encumbrances ($2,420,235) and amounts to fund the future local share of various grant programs ($986,563).

Accounting prescription set by the Erie County Comptroller provides for a sunset provision of one fiscal year for all fund balance assignments. Legislature approval is required to establish and subsequently appropriate fund balance assignments.

The County considers encumbrances to be significant for amounts that are encumbered in excess of $1,000,000 for a particular purpose. As of December 31, 2014, significant encumbrances are as follows (dollars in thousands):

| Purpose | General Fund | Other Governmental Funds |
|---|---|---|
| Social Services Programs | $ 1,538 | $ - |
| Sewer District Operations | - | 7,181 |
| EC Holding Center Security System Upgrade | - | 1,039 |
| Woodlawn Sewage Treatment Plant Upgrades | - | 7,694 |
| ECC North Bretschger Hall Roof Replacement | - | 2,407 |
| Total | $ 1,538 | $ 18,321 |

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, it is the County's policy that the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

## XV - INTERFUND BALANCES AND TRANSACTIONS

### A. Interfund Receivables and Payables

Interfund receivables and payables of the County at December 31, 2014, and the College at August 31, 2014, consisted of the following (dollars in thousands):

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | ECFSA General | $ 46,940 |
| | Nonmajor Governmental Funds | 40,784 |
| | College | 2,444 |
| | Nonmajor Proprietary Fund | 3,265 |
| | | 93,433 |
| ECFSA General | General | 110,000 |
| Nonmajor Governmental Funds | ECFSA General | 74 |
| | Nonmajor Governmental Funds | 41,970 |
| | General Fund | 1,917 |
| | | 43,961 |
| Nonmajor Proprietary Fund | College | 5 |
| | General Fund | 793 |
| | | 798 |
| College | General Fund | 522 |
| Total receivables | | 248,714 |
| Less: timing differences | | (1,283) |
| Total payables | | $ 247,431 |

Interfund receivables exceed interfund payables by $1,282,644. This difference represents interfund receivables in the amounts of $771,417 and $511,227 recorded by the County and the College, respectively, that are not reflected as interfund payables in the corresponding balance sheets because of the difference between the County and the College fiscal year end.

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

## B. Due To/From Component Unit and Primary Government

Amounts due between the component units and the primary government at December 31, 2014, consisted of the following (dollars in thousands):

| Receivable Entity | Payable Entity | Amount |
|---|---|---|
| Primary Government-General Fund | ECMCC Component Unit | $ 99,991 |
| Primary Government-Nonmajor Governmental Fund | ECMCC Component Unit | $ 90 |
| Primary Government-Nonmajor Proprietary Fund | ECMCC Component Unit | $ 5,497 |
| Library Component Unit | Primary Government-ECFSA General Fund | $ 92 |
| ECMCC Component Unit | Primary Government-General Fund | $ 21,641 |

During 2011, the ECFSA issued serial bonds in the amount of $86,250,000 to assist ECMCC in the construction of a new residential health care facility. Loan agreements were executed whereby the ECFSA loaned the proceeds and net premium of $10,614,413 to the County, who in turn loaned the monies to ECMCC. Although the amortization schedules on the bonds and the loan are approximately the same in total, the principal and interest components vary. On a monthly basis, ECMCC pays the County directly, while the ECFSA withholds sales tax revenue that otherwise would be transferred to the County. The ECFSA retains these monies until the semi-annual debt service on the bonds are due. Principal and interest payments on long-term obligations between the ECFSA and the County are reported as transfers in and transfers out in the fund financial statements.

Principal payments received from ECMCC during 2014 totaling $4,641,000 are recorded within miscellaneous revenues in the County's Debt Service Fund and eliminated in the government-wide statements. The remaining amount due from ECMCC in the amount of $85,629,000 is reported on the government-wide financial statements only. This balance is shown as a reconciling item on the Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.

The remaining principal and interest payments on ECMCC's long-term loan payable to the County are as follows (dollars in thousands):

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2015 | $ 4,817 | $ 3,121 | $ 7,938 |
| 2016 | 5,001 | 2,938 | 7,939 |
| 2017 | 5,191 | 2,748 | 7,939 |
| 2018 | 5,389 | 2,550 | 7,939 |
| 2019 | 5,594 | 2,345 | 7,939 |
| 2020-2024 | 31,328 | 8,365 | 39,693 |
| 2025-2028 | 28,309 | 2,123 | 30,432 |
| Totals | $ 85,629 | $24,190 | $109,819 |

## C. Interfund Transfers

Interfund transfers for the County for the year ended December 31, 2014, and the College for the year ended August 31, 2014, consisted of the following (dollars in thousands):

| Transfers Out | Transfers In | Amount | Purpose - provide financial resources: |
|---|---|---|---|
| General Fund | Nonmajor Governmental Funds | $ 5,386 | For the local share of grant programs |
| | Nonmajor Governmental Funds | 60,799 | For general debt service |
| | Nonmajor Governmental Funds | 4,490 | To support various capital projects |
| | Nonmajor Governmental Funds | 18,120 | For highway maintenance |
| | Nonmajor Governmental Funds | 2,793 | To support E-911 operations |
| | Nonmajor Governmental Funds | 1,212 | For the local share of storm costs |
| | College | 15,629 | To support college operations |
| | ECFSA General Fund | 1,015 | For short-term debt |
| | | 109,444 | |
| ECFSA General Fund | General Fund | 418,092 | For general operations from sales tax receipts |
| | Nonmajor Governmental Funds | 450 | For grant programs |
| | | 418,542 | |
| Nonmajor Governmental Funds | Nonmajor Governmental Funds | 1,990 | To support various capital projects |
| | Nonmajor Governmental Funds | 1 | For the local share of storm costs |
| | Nonmajor Governmental Funds | 15,700 | For highway improvements |
| | Nonmajor Governmental Funds | 5,634 | For sewer debt service |
| | Nonmajor Governmental Funds | 1 | For the capital share of grant programs |
| | Nonmajor Governmental Funds | 50,156 | For ECFSA debt service |
| | General Fund | 3,912 | For general operations |
| | College | 1,800 | For movable equipment |
| | | 79,194 | |
| Total transfers | | $ 607,180 | |

## XVI - CONTINGENCIES

### A. Sales Tax Audits

The State of New York periodically audits its distribution of sales tax revenues to counties throughout the State. Subsequent revisions to the revenues recorded as of December 31, 2014, if any, would be reflected in the operating statement in the year that they are calculated.

### B. Supplemental 1% Sales Tax

Through legislation approved by the County and the State of New York, first effective in March of 1985, the County extended an additional 1% sales and compensating use tax. An added requirement of this legislation commencing in 2007, is that the County is required to share $12,500,000 of this tax with other local municipalities. This tax generated approximately $153,522,887 (gross) for the year ended December 31, 2014. The enabling legislation allowing this additional tax expires November 30, 2015. Legislative approval by both New York State and the County is required for the continuation of this revenue source.

### C. Supplemental 0.25% Sales Tax

Through legislation approved by the County and the State of New York, the County initiated an additional 0.25% sales and compensating use tax effective July 1, 2005. This tax generated approximately $38,314,571 for the year ended December 31, 2014. The enabling legislation allowing this additional tax expires November 30, 2015. Legislative approval by both New York State and the County is required for the continuation of this revenue source.

### D. Supplemental 0.50% Sales Tax

The County Legislature approved a home rule message requesting approval of the New York State Legislature to raise the sales tax 0.50%, to 8.75%. The New York State Legislature approved the Sales Tax Request in January 2006 and the County Legislature enacted the tax increase effective January 15, 2006. This tax generated approximately $76,629,142 for the year ended December 31, 2014. The enabling legislation allowing this additional tax expires November 30, 2015. Legislative approval by both New York State and the County is required for the continuation of this revenue source.

### E. Federal and State Aid

The County receives federal aid, state aid, or both for a portion of its mandated social services program expenditures (reported in the Economic Assistance and Opportunity category in the financial statements), such as Medicaid, Family Assistance and Safety Net. The County appropriates only the local share of state administered Medicaid expenditures. Conversely, the County appropriates total expenditures for Family Assistance and Safety Net programs, and budgets state and/or federal aid as revenue. Federal and state aid represents approximately 42% of 2014 County appropriations for social services programs.

The County also receives certain federal, state and private grants. These grants are used primarily to augment current operations, and for special demonstration projects and programs. Should funding of any such grant be stopped at any point, the County may assume the cost thereof in its operating budget or suspend the programs funded by such grant.

The Federal and State governments are not constitutionally obligated to maintain or continue current levels of federal and state aid to the County. Accordingly, no assurance can be given that present federal and state aid levels will be maintained in the future. Federal and state budgetary restrictions which may eliminate or substantially reduce federal or state aid could have a material adverse effect upon the County, requiring either a counterbalancing increase in revenues from other sources or a curtailment of non-mandated expenditures. Social Services and Medicaid expenditures are generally mandated by New York State law.

### F. Other Contingent Liabilities

1. Financial Assistance Audits

As discussed above, the County receives significant financial assistance from numerous federal and state governmental agencies and third-party payors. The disbursement of monies received under these programs generally requires compliance with terms and conditions specified in the related agreements and are subject to audit by the funding agencies or payors. Any disallowed expenditures resulting from such audits could become a liability of the governmental or proprietary funds. At December 31, 2014, ECMCC, a component unit of the County, has recorded $20,510,000 as an accrued liability for probable third-party payor settlements. The amount of any other expenses that may be disallowed cannot be determined at this time, although ECMCC expects such other amounts to be immaterial.

2. Pollution Remediation

In connection with the implementation of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the County has identified two pollution remediation sites that trigger the obligating event criteria. The County is aware that the New York State Department of Environmental Conservation has classified these sites as Class 2, meaning that remediation action is required due to a significant threat posed to the public health or environment. Although a loss is probable, it is not possible at this time to reasonably estimate the amount of any obligation for remediation that would be material to the County's financial statements because the extent of environmental impact, allocation among the potentially responsible parties, remediation alternatives (which could involve no or minimal efforts), and concurrence of the regulatory authorities have not yet advanced to the stage where a reasonable estimate of any loss that would be material to the County can be made.

## XVII – JOINT VENTURES

### A. Western Regional Off-Track Betting

Pursuant to authority provided by New York State statute, a regional off-track betting corporation was established in 1973 to operate a system of off-track pari-mutuel betting within the Western New York area. This public benefit corporation, known as the Western Regional Off-Track Betting Corporation ("OTB"), is governed by a board of directors comprised of one member from each participating county and city. The OTB net revenue is divided among the participating counties, with one-half being distributed based on population and the remainder based on each entity's share of the total wagering in the region. A county containing an eligible city that has elected to participate in the OTB must relinquish a portion of the revenue to which it would otherwise be entitled to such city in an amount equal to the percentage of the county population attributable to the city. In the case of Erie County, both the County and the City of Buffalo participate in the OTB.

The OTB has the power to issue bonds and notes to carry out the purposes for which it was formed. Such bonds, notes or other, obligations are not a debt of the participating municipalities, and they may only be paid from the OTB's funds.

OTB total undistributed net revenue decreased by $2,778,998 for the year ended December 31, 2014. The OTB reported net revenue available for distribution to participating municipalities of $363,935. In addition, cumulative net revenue retained for capital acquisitions was $28,966,763 at December 31, 2014. The unexpended balance of funds retained for capital acquisitions cannot exceed the lesser of 1% of total pari-mutuel wagering pools for the previous 12 months or the undepreciated value of the OTB offices, facilities, and premises. Separate financial statements for this joint venture can be obtained from the OTB Comptroller at 8315 Park Road, Batavia, New York, 14020.

**B. Buffalo Erie Niagara Land Improvement Corporation**

The Buffalo Erie Niagara Land Improvement Corporation ("BENLIC") was established on June 6, 2012 under New York State's Land Bank Act (Article 16 of the Not-for-Profit Corporation Law). BENLIC's mission is to confront and alleviate the problems distressed properties cause to communities by supporting municipal and regional revitalization efforts and strategically acquiring, improving, assembling, and selling distressed, vacant, abandoned, and/or tax-delinquent properties. BENLIC was formed through a joint venture of the County of Erie and Cities of Buffalo, Lackawanna, and Tonawanda and is governed by a board of directors comprised of 11 members.

BENLIC has the power to incur debt to carry out the purposes for which it was formed. Such debt is not an obligation of the participating municipalities, and may only be paid from BENLIC funds.

BENLIC is eligible to receive financial assistance from federal and state governmental agencies in the form of grants. BENLIC reported revenues and other support totaling $1,231,348 and expenses totaling $1,105,916 for year ended December 31, 2014. BENLIC reported net position of $220,675 at December 31, 2014, of which $2,944 was temporarily restricted.

Separate financial statements for this joint venture can be obtained from the BENLIC Executive Director at 95 Franklin Street, Buffalo, New York, 14202.

## XVIII - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 19, 2015, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events, other than noted below, that require disclosure under generally accepted accounting principles.

On April 30, 2015 the County entered into a project financing and loan agreement with, and issued a related note to, the New York State Environmental Facilities Corporation (EFC). Under the terms of the agreement, the County can obtain short-terms loans to pay for various sewer project costs that will be incurred prior to the date that long-term financing is completed through EFC. The maximum principal sum that can be borrowed under the note is $7,667,390. No interest is due on the first $3,833,695, which is advanced. Interest at 0.39% will accrue on all other advances. Final repayment is due April 30, 2018 for any and all amounts borrowed and still outstanding.

* * * * * *

## REQUIRED SUPPLEMENTARY INFORMATION

The schedule of funding progress presents the results of OPEB valuations as of January 1, 2014, 2012, 2010, 2008, and 2006 and provides trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

# Schedule of Funding Progress (Unaudited)

## Other Post-Employment Benefits Plan – Primary Government

(dollars in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (1) ("AAL") | Unfunded AAL ("UAAL") | Funded Ratio | Covered Payroll | Ratio of UAAL to Covered Payroll |
|---|---|---|---|---|---|---|
| 1/1/2014 | $ - | $ 794,847 | $ 794,847 | - % | $ 252,485 | 314.81% |
| 1/1/2012 | - | 838,682 | 838,682 | - % | 254,423 | 329.64% |
| 1/1/2010 | - | 916,628 | 916,628 | - % | 260,985 | 351.22% |
| 1/1/2008 | - | 835,493 | 835,493 | - % | 248,847 | 335.75% |
| 1/1/2006 | - | 736,192 | 736,192 | - % | 243,332 | 302.55% |

*Note:*

(1) Based on the Projected Unit Credit Actuarial Cost Method

# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

These financial statements and schedules provide more detailed information than is presented in the basic financial statements.

Combining statements are presented for the nonmajor governmental funds.

Individual fund statements and schedules present the following:

- Comparisons of budgetary and actual data for certain Special Revenue Funds and the Debt Service Fund.

- Statement of Changes in Assets and Liabilities for the Agency Fund.

- Fund financial statements for the discretely presented Library component unit.

Combining statements are presented for the discretely presented Other component units.

# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. These funds include the Road, Sewer, Downtown Mall, E-911, Emergency Response, Grants and Community Development Funds. In addition, the Erie Tobacco Asset Securitization Corporation ("ETASC") General Fund is presented as a nonmajor Special Revenue Fund.

- **Road Fund**
  Used to account for all revenues and expenditures related to the maintenance of County roads and bridges, snow removal, construction and reconstruction of County roads not required to be recorded in a Capital Projects Fund.

- **Sewer Fund**
  Used to account for the activities of the various sewer districts currently in operation within the County.

- **Downtown Mall Fund**
  Used to account for revenues raised through a special district charge levy and the subsequent expenditure of these monies for the operation and maintenance of a downtown pedestrian/transit mall.

- **E-911 Fund**
  Used to account for revenues raised through a telephone access line surcharge and the subsequent expenditure of these monies for the establishment and maintenance of an enhanced 911 emergency telephone system.

- **Emergency Response Fund**
  Used to account for revenues received from the Federal Emergency Management Agency and expenditures associated with the ongoing clean-up of major winter storm damage that occurred in October 2006 and November 2014.

- **Grants Fund**
  Used to account for federal and state operating grants (except the Community Development Block Grant) earmarked for specific programs, so that grantor accounting and reporting requirements can be satisfied.

- **ETASC General Fund**
  Used to account for all financial resources associated with ETASC except for those required to be accounted for in another fund.

- **Community Development Fund**
  Used to assist participating municipalities in the development of locally approved community or economic development activities that are eligible under federal program regulations.

## DEBT SERVICE FUNDS

Debt Service Funds are used to account for current payments of principal and interest on general obligation long-term debt, and for financial resources that have been accumulated to make future principal and interest payments on general long term indebtedness.

- **Debt Service Fund**
  Used to account for the accumulation of resources for, and for the payment of, long-term bond principal, interest and related costs of the County.

- **ETASC Debt Service Fund**
  Used to account for the accumulation of resources for, and for the payment of, long-term bond principal, interest and related costs of the ETASC.

- **ECFSA Debt Service Fund**
  Used to account for the accumulation of resources for, and for the payment of, long-term bond principal, interest and related costs of the ECFSA.

## CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- **General Government Buildings, Equipment and Improvements Fund**
  Used to account for capital projects administered by the Department of Public Works involving the acquisition, construction, or reconstruction of major or permanent facilities having a relatively long useful life and equipment purchased from the proceeds of long-term debt.

- **Highways, Roads, Bridges and Equipment Fund**
  Utilized to account for capital projects administered by the Department of Public Works for the construction or reconstruction of County roads and bridges and the acquisition of equipment not accounted for in the Road Fund.

- **Sewers, Facilities, Equipment and Improvements Fund**
  Used to account for capital projects relating to the construction and acquisition of sewer facilities and equipment by the operating sewer districts.

- **Tobacco Proceeds Fund**
  Used to account for the net proceeds from the County's securitization of its share of the 1998 Master Settlement Agreement with the tobacco industry that will be used to fund capital projects that otherwise would have been supported by operating funds or the issuance of bonds.

- **Special Capital Projects Fund**
  Utilized to account for capital projects administered by departments other than Public Works that are primarily for the acquisition or construction of buildings, improvements and equipment.

- **Erie County Medical Center Corporation (ECMCC) Capital Projects Fund**
  Utilized to account for capital projects that are for the acquisition or construction of buildings, improvements and equipment for the Erie County Medical Center Corporation.

# Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2014

(dollars in thousands)

| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | Road | Sewer | Downtown Mall | E-911 | Emergency Response |
| **ASSETS:** | | | | | |
| Cash and cash equivalents | $ 4,232 | $ 29,690 | $ 6 | $ 38 | $ - |
| Investments | - | - | - | - | - |
| Restricted cash and cash equivalents | - | - | - | - | - |
| Receivables (net of allowances) | | | | | |
| Real property taxes, interest, penalties and liens | - | - | 14 | - | - |
| Other | - | 14 | - | 321 | - |
| Due from other funds | - | 3,223 | - | - | 1,918 |
| Due from component unit | 1 | 89 | - | - | - |
| Due from other governments | 2,370 | 71 | - | 9 | 3,998 |
| Prepaid items | 379 | 2,261 | - | 166 | - |
| **Total assets** | **$ 6,982** | **$ 35,348** | **$ 20** | **$ 534** | **$ 5,916** |
| **LIABILITIES:** | | | | | |
| Accounts payable | $ 656 | $ 794 | $ - | $ 55 | $ 3,912 |
| Accrued liabilities | 896 | 1,124 | 20 | 206 | - |
| Due to other funds | - | 1 | - | 203 | 1,081 |
| Due to other governments | - | - | - | - | 706 |
| Retained percentages payable | - | 2 | - | - | - |
| Unearned revenue | - | - | - | - | - |
| **Total liabilities** | **1,552** | **1,921** | **20** | **464** | **5,699** |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | | |
| Unavailable revenue – community development loans | **-** | **-** | **-** | **-** | **-** |
| **FUND BALANCES:** | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | 379 | 2,261 | - | 166 | - |
| Restricted for: | | | | | |
| Debt service | - | - | - | - | - |
| Capital expenditures | - | - | - | - | - |
| Assigned: | | | | | |
| Subsequent year's expenditures | 350 | 8,371 | - | - | - |
| Other purposes | 4,701 | 22,795 | - | - | 217 |
| Unassigned | - | - | - | (96) | - |
| **Total fund balances** | **5,430** | **33,427** | **-** | **70** | **217** |
| **Total liabilities, deferred inflows of resources and fund balances** | **$ 6,982** | **$ 35,348** | **$ 20** | **$ 534** | **$ 5,916** |

## Special Revenue

| Grants | ETASC General | Community Development | Total |
|---|---|---|---|
| $ - | $ 35 | $ - | **$ 34,001** |
| - | - | - | **-** |
| - | - | - | **-** |
| - | - | - | **14** |
| 523 | - | 31,076 | **31,934** |
| 10 | - | - | **5,151** |
| - | - | - | **90** |
| 12,137 | - | 1,960 | **20,545** |
| 532 | 35 | 26 | **3,399** |
| **$ 13,202** | **$ 70** | **$ 33,062** | **$ 95,134** |
| $ 1,900 | $ 18 | $ 678 | **$ 8,013** |
| 1,588 | - | 126 | **3,960** |
| 8,503 | - | 216 | **10,004** |
| 47 | - | - | **753** |
| - | - | - | **2** |
| 1,164 | - | - | **1,164** |
| **13,202** | **18** | **1,020** | **23,896** |
| **-** | **-** | **32,042** | **32,042** |
| 532 | 35 | 26 | **3,399** |
| - | - | - | **-** |
| - | - | - | **-** |
| - | - | - | **8,721** |
| - | 17 | - | **27,730** |
| (532) | - | (26) | **(654)** |
| **-** | **52** | **-** | **39,196** |
| **$ 13,202** | **$ 70** | **$ 33,062** | **$ 95,134** |

*(Continued)*

# Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2014

(dollars in thousands)

| | Debt Service | | | |
|---|---|---|---|---|
| | Debt Service | ETASC Debt Service | ECFSA Debt Service | Total |
| **ASSETS:** | | | | |
| Cash and cash equivalents | $ - | $ 592 | $ - | **$ 592** |
| Investments | - | 20,010 | 36,003 | **56,013** |
| Restricted cash and cash equivalents | - | - | - | **-** |
| Receivables (net of allowances) | | | | |
| Real property taxes, interest, penalties and liens | - | - | - | **-** |
| Other | - | 1 | - | **1** |
| Due from other funds | 35,936 | - | - | **35,936** |
| Due from component unit | - | - | - | **-** |
| Due from other governments | 170 | - | - | **170** |
| Prepaid items | - | - | - | **-** |
| **Total assets** | **$ 36,106** | **$ 20,603** | **$ 36,003** | **$ 92,712** |
| **LIABILITIES:** | | | | |
| Accounts payable | $ - | $ - | $ - | **$ -** |
| Accrued liabilities | 120 | - | 51 | **171** |
| Due to other funds | 27,897 | - | 35,936 | **63,833** |
| Due to other governments | - | - | - | **-** |
| Retained percentages payable | - | - | - | **-** |
| Unearned revenue | - | 1 | - | **1** |
| **Total liabilities** | **28,017** | **1** | **35,987** | **64,005** |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | |
| Unavailable revenue – community development loans | **-** | **-** | **-** | **-** |
| **FUND BALANCES:** | | | | |
| Nonspendable: | | | | |
| Prepaid items | - | - | - | **-** |
| Restricted for: | | | | |
| Debt service | 8,089 | 20,602 | 16 | **28,707** |
| Capital expenditures | - | - | - | **-** |
| Assigned: | | | | |
| Subsequent year's expenditures | - | - | - | **-** |
| Other purposes | - | - | - | **-** |
| Unassigned | - | - | - | **-** |
| **Total fund balances** | **8,089** | **20,602** | **16** | **28,707** |
| **Total liabilities, deferred inflows of resources and fund balances** | **$ 36,106** | **$ 20,603** | **$ 36,003** | **$ 92,712** |

## Capital Projects

| General Government Buildings, Equipment and Improvements | Highways, Roads, Bridges and Equipment | Sewers, Facilities, Equipment and Improvements | Tobacco Proceeds | Special Capital Projects | ECMCC Capital Projects | Total | Total Nonmajor Funds |
|---|---|---|---|---|---|---|---|
| $ 2,667 | $ 3,875 | $ 3,617 | $ - | $ - | $ - | **$ 10,159** | **$ 44,752** |
| - | - | - | 200 | - | - | **200** | **56,213** |
| 43,570 | 24,280 | 9,771 | 16 | 14,386 | 4 | **92,027** | **92,027** |
| - | - | - | - | - | - | **-** | **14** |
| - | - | - | - | - | - | **-** | **31,935** |
| 96 | 1,361 | 768 | - | 649 | - | **2,874** | **43,961** |
| - | - | - | - | - | - | **-** | **90** |
| 272 | 4,512 | 1,387 | - | 874 | - | **7,045** | **27,760** |
| - | - | - | - | - | - | **-** | **3,399** |
| **$ 46,605** | **$ 34,028** | **$ 15,543** | **$ 216** | **$ 15,909** | **$ 4** | **$ 112,305** | **$ 300,151** |
| $ 955 | $ 1,410 | $ 1,335 | $ - | $ 93 | $ - | **$ 3,793** | **$ 11,806** |
| 935 | 4,647 | 21 | - | 46 | - | **5,649** | **9,780** |
| 502 | 3,668 | 3,991 | - | 756 | - | **8,917** | **82,754** |
| - | - | - | - | - | - | **-** | **753** |
| 643 | 2 | 425 | - | 94 | - | **1,164** | **1,166** |
| - | 21 | - | - | - | - | **21** | **1,186** |
| **3,035** | **9,748** | **5,772** | **-** | **989** | | **19,544** | **107,445** |
| **-** | **-** | **-** | **-** | **-** | **-** | **-** | **32,042** |
| - | - | - | - | - | - | **-** | **3,399** |
| - | - | - | - | - | - | **-** | **28,707** |
| 43,570 | 24,280 | 9,771 | 216 | 14,920 | 4 | **92,761** | **92,761** |
| - | - | - | - | - | - | **-** | **8,721** |
| - | - | - | - | - | - | **-** | **27,730** |
| - | - | - | - | - | - | **-** | **(654)** |
| **43,570** | **24,280** | **9,771** | **216** | **14,920** | **4** | **92,761** | **160,664** |
| **$ 46,605** | **$ 34,028** | **$ 15,543** | **$ 216** | **$ 15,909** | **$ 4** | **$ 112,305** | **$ 300,151** |

*(Concluded)*

# Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the year ended December 31, 2014
(dollars in thousands)

| | Special Revenue | | | |
|---|---|---|---|---|
| | Road | Sewer | Downtown Mall | E-911 |
| **REVENUES:** | | | | |
| Real property taxes and tax items | $ - | $ 37,392 | $ 1,380 | $ - |
| Sales and use taxes | - | - | - | 3,630 |
| Transfer taxes | 12,010 | - | - | - |
| Intergovernmental | 10,694 | - | - | 18 |
| Interfund revenues | 93 | - | - | - |
| Departmental | 151 | 9,434 | - | - |
| Interest | - | 28 | - | - |
| Miscellaneous | 4 | 503 | - | - |
| **Total revenues** | **22,952** | **47,357** | **1,380** | **3,648** |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| General government support | - | - | 1,380 | - |
| Public safety | - | - | - | 5,866 |
| Health | - | - | - | 1,187 |
| Transportation | 23,456 | - | - | - |
| Economic assistance and opportunity | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Education | - | - | - | - |
| Home and community service | - | 37,133 | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| **Total expenditures** | **23,456** | **37,133** | **1,380** | **7,053** |
| **Excess (deficiency) of revenues over expenditures** | **(504)** | **10,224** | **-** | **(3,405)** |
| **OTHER FINANCING SOURCES (USES) :** | | | | |
| Issuance of general obligation debt | - | - | - | - |
| Premium on bond issuance | - | - | - | - |
| Transfers in | 18,120 | - | - | 2,793 |
| Transfers out | (15,700) | (7,625) | - | - |
| **Total other financing sources (uses)** | **2,420** | **(7,625)** | **-** | **2,793** |
| **Net change in fund balances** | **1,916** | **2,599** | **-** | **(612)** |
| **Fund balances - beginning** | **3,514** | **30,828** | **-** | **682** |
| **Fund balances - ending** | **$ 5,430** | **$ 33,427** | **$ -** | **$ 70** |

## Special Revenue

| Emergency Response | Grants | ETASC General | Community Development | Total |
|---|---|---|---|---|
| $ - | $ - | $ - | $ - | **$ 38,772** |
| - | - | - | - | **3,630** |
| - | - | - | - | **12,010** |
| 3,781 | 27,766 | - | 3,644 | **45,903** |
| - | - | - | - | **93** |
| - | 682 | - | 937 | **11,204** |
| - | - | - | - | **28** |
| - | 1,349 | - | - | **1,856** |
| **3,781** | **29,797** | **-** | **4,581** | **113,496** |
| | | | | |
| 304 | 5,406 | 144 | - | **7,234** |
| 654 | 8,792 | - | - | **15,312** |
| 41 | 6,791 | - | - | **8,019** |
| 3,923 | - | - | - | **27,379** |
| 3 | 13,329 | - | 208 | **13,540** |
| - | 22 | - | - | **22** |
| - | 45 | - | - | **45** |
| 69 | 1,249 | - | 4,373 | **42,824** |
| - | - | - | - | **-** |
| - | - | - | - | **-** |
| - | - | - | - | **-** |
| **4,994** | **35,634** | **144** | **4,581** | **114,375** |
| | | | | |
| **(1,213)** | **(5,837)** | **(144)** | **-** | **(879)** |
| | | | | |
| - | - | - | - | **-** |
| - | - | - | - | **-** |
| 1,213 | 5,837 | - | - | **27,963** |
| - | - | - | - | **(23,325)** |
| **1,213** | **5,837** | **-** | **-** | **4,638** |
| **-** | **-** | **(144)** | **-** | **3,759** |
| **217** | **-** | **196** | **-** | **35,437** |
| **$ 217** | **$ -** | **$ 52** | **$ -** | **$ 39,196** |

*(Continued)*

# Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the year ended December 31, 2014
(dollars in thousands)

| | Debt Service | | | |
|---|---|---|---|---|
| | Debt Service | ETASC Debt Service | ECFSA Debt Service | Total |
| **REVENUES:** | | | | |
| Real property taxes and tax items | $ - | $ - | $ - | **$ -** |
| Sales and use taxes | - | - | - | **-** |
| Transfer taxes | - | - | - | **-** |
| Intergovernmental | 681 | 17,409 | - | **18,090** |
| Interfund revenues | - | - | - | **-** |
| Departmental | - | - | - | **-** |
| Interest | 4,476 | 12 | - | **4,488** |
| Miscellaneous | 4,642 | - | - | **4,642** |
| **Total revenues** | **9,799** | **17,421** | **-** | **27,220** |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| General government support | 244 | 1 | - | **245** |
| Public safety | - | - | - | **-** |
| Health | - | - | - | **-** |
| Transportation | - | - | - | **-** |
| Economic assistance and opportunity | - | - | - | **-** |
| Culture and recreation | - | - | - | **-** |
| Education | - | - | - | **-** |
| Home and community service | - | - | - | **-** |
| Capital outlay | - | - | - | **-** |
| Debt service: | | | | |
| Principal retirement | 22,160 | 4,855 | 30,900 | **57,915** |
| Interest and fiscal charges | 6,044 | 12,697 | 19,256 | **37,997** |
| **Total expenditures** | **28,448** | **17,553** | **50,156** | **96,157** |
| **Excess (deficiency) of revenues over expenditures** | **(18,649)** | **(132)** | **(50,156)** | **(68,937)** |
| **OTHER FINANCING SOURCES (USES) :** | | | | |
| Issuance of general obligation debt | - | - | - | **-** |
| Premium on bond issuance | 249 | - | - | **249** |
| Transfers in | 66,433 | - | 50,156 | **116,589** |
| Transfers out | (50,156) | - | - | **(50,156)** |
| **Total other financing sources (uses)** | **16,526** | **-** | **50,156** | **66,682** |
| **Net change in fund balances** | **(2,123)** | **(132)** | **-** | **(2,255)** |
| **Fund balances - beginning** | **10,212** | **20,734** | **16** | **30,962** |
| **Fund balances - ending** | **$ 8,089** | **$ 20,602** | **$ 16** | **$ 28,707** |

## Capital Projects

| General Government Buildings, Equipment and Improvements | Highways, Roads, Bridges and Equipment | Sewers, Facilities, Equipment and Improvements | Tobacco Proceeds | Special Capital Projects | ECMCC Capital Projects | Total | Total Nonmajor Funds |
|---|---|---|---|---|---|---|---|
| $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 38,772 |
| - | - | - | - | - | - | - | 3,630 |
| - | - | - | - | - | - | - | 12,010 |
| 4,511 | 12,375 | 1,832 | - | 1,904 | - | 20,622 | 84,615 |
| - | - | - | - | - | - | - | 93 |
| 81 | 300 | 270 | - | - | 4 | 655 | 11,859 |
| - | - | 10 | - | - | - | 10 | 4,526 |
| 140 | - | - | - | 118 | - | 258 | 6,756 |
| 4,732 | 12,675 | 2,112 | - | 2,022 | 4 | 21,545 | 162,261 |
| | | | | | | | |
| - | - | - | - | - | - | - | 7,479 |
| - | - | - | - | - | - | - | 15,312 |
| - | - | - | - | - | - | - | 8,019 |
| - | - | - | - | - | - | - | 27,379 |
| - | - | - | - | - | - | - | 13,540 |
| - | - | - | - | - | - | - | 22 |
| - | - | - | - | - | - | - | 45 |
| - | - | - | - | - | - | - | 42,824 |
| 51,561 | 41,156 | 3,725 | - | 1,837 | - | 98,279 | 98,279 |
| - | - | - | - | - | - | - | 57,915 |
| - | - | - | - | - | - | - | 37,997 |
| 51,561 | 41,156 | 3,725 | - | 1,837 | - | 98,279 | 308,811 |
| | | | | | | | |
| (46,829) | (28,481) | (1,613) | - | 185 | 4 | (76,734) | (146,550) |
| | | | | | | | |
| 9,754 | 11,936 | 2,410 | - | 3,305 | - | 27,405 | 27,405 |
| 1,505 | 1,842 | 380 | - | 510 | - | 4,237 | 4,486 |
| 4,490 | 15,700 | 1,990 | - | - | - | 22,180 | 166,732 |
| (70) | (416) | - | - | (2,023) | (3,204) | (5,713) | (79,194) |
| 15,679 | 29,062 | 4,780 | - | 1,792 | (3,204) | 48,109 | 119,429 |
| (31,150) | 581 | 3,167 | - | 1,977 | (3,200) | (28,625) | (27,121) |
| 74,720 | 23,699 | 6,604 | 216 | 12,943 | 3,204 | 121,386 | 187,785 |
| $ 43,570 | $ 24,280 | $ 9,771 | $ 216 | $ 14,920 | $ 4 | $ 92,761 | $ 160,664 |

*(Concluded)*

# Road Special Revenue Fund
# Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2014

(dollars in thousands)

| | Original Budget | Final Budget | Budgetary Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Transfer taxes | $ 8,300 | $ 8,300 | $ 12,010 | $ 3,710 |
| Intergovernmental | 8,000 | 9,551 | 10,694 | 1,143 |
| Interfund revenue | 150 | 150 | 93 | (57) |
| Departmental | 110 | 110 | 151 | 41 |
| Miscellaneous | - | - | 4 | 4 |
| **Total revenues** | **16,560** | **18,111** | **22,952** | **4,841** |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Transportation | 23,278 | 24,789 | 23,485 | 1,304 |
| **Total expenditures** | **23,278** | **24,789** | **23,485** | **1,304** |
| **Excess (deficiency) of revenues over expenditures** | **(6,718)** | **(6,678)** | **(533)** | **6,145** |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Transfers in | 13,118 | 20,370 | 18,120 | (2,250) |
| Transfers out | (6,400) | (15,700) | (15,700) | - |
| **Total other financing sources (uses)** | **6,718** | **4,670** | **2,420** | **(2,250)** |
| **Net change in fund balances *** | **$ -** | **$ (2,008)** | **$ 1,887** | **$ 3,895** |

* The net change in fund balances was included in the final budget as an appropriation (i.e., spend down) of fund balance.

# Sewer Special Revenue Fund
# Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2014

(dollars in thousands)

| | Original Budget | Final Budget | Budgetary Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Real property taxes and tax items | $ 37,362 | $ 37,362 | $ 37,392 | $ 30 |
| Departmental | 9,267 | 9,267 | 9,434 | 167 |
| Interest | 49 | 49 | 28 | (21) |
| Miscellaneous | 104 | 104 | 503 | 399 |
| **Total revenues** | **46,782** | **46,782** | **47,357** | **575** |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Home and community service | 46,665 | 46,662 | 38,846 | 7,816 |
| Debt service: | | | | |
| Interest and fiscal charges | 105 | 108 | - | 108 |
| **Total expenditures** | **46,770** | **46,770** | **38,846** | **7,924** |
| **Excess (deficiency) of revenues over expenditures** | **12** | **12** | **8,511** | **8,499** |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Transfers out | (8,292) | (8,312) | (7,625) | 687 |
| **Total other financing sources (uses)** | **(8,292)** | **(8,312)** | **(7,625)** | **687** |
| **Net change in fund balances *** | **$ (8,280)** | **$ (8,300)** | **$ 886** | **$ 9,186** |

* The net change in fund balances was included in the budget as an appropriation (i.e., spend down) of fund balance.

# Downtown Mall Special Revenue Fund
# Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Non-GAAP Basis of Accounting)
For the fiscal year ended December 31, 2014
(dollars in thousands)

| | Original Budget | Final Budget | Budgetary Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Real property taxes and tax items | $ 1,387 | $ 1,387 | $ 1,380 | $ (7) |
| **Total revenues** | **1,387** | **1,387** | **1,380** | **(7)** |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| General government support | 1,387 | 1,387 | 1,380 | 7 |
| **Total expenditures** | **1,387** | **1,387** | **1,380** | **7** |
| **Net change in fund balances** | **$ -** | **$ -** | **$ -** | **$ -** |

# E-911 Special Revenue Fund
# Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2014

(dollars in thousands)

| | Original Budget | Final Budget | Budgetary Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Sales and use taxes | $ 3,645 | $ 3,645 | $ 3,630 | $ (15) |
| Intergovernmental | 508 | 508 | 18 | (490) |
| **Total revenues** | **4,153** | **4,153** | **3,648** | **(505)** |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public safety | 6,273 | 6,317 | 5,880 | 437 |
| Health | 1,213 | 1,231 | 1,187 | 44 |
| **Total expenditures** | **7,486** | **7,548** | **7,067** | **481** |
| **Excess (deficiency) of revenues over expenditures** | **(3,333)** | **(3,395)** | **(3,419)** | **(24)** |
| **OTHER FINANCING SOURCES:** | | | | |
| Transfers in | 2,684 | 2,746 | 2,793 | 47 |
| **Total other financing sources** | **2,684** | **2,746** | **2,793** | **47** |
| **Net change in fund balances *** | **$ (649)** | **$ (649)** | **$ (626)** | **$ 23** |

* The net change in fund balances was included in the budget as an appropriation (i.e., spend down) of fund balance.

# Emergency Response Special Revenue Fund
# Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2014

(dollars in thousands)

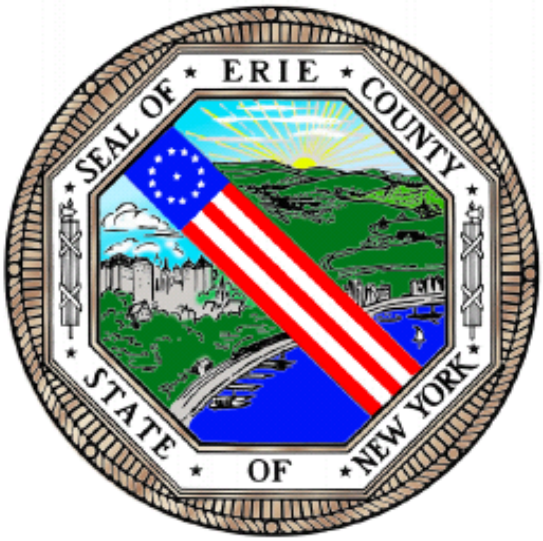
| | Original Budget | Final Budget | Budgetary Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Intergovernmental | $ - | $ 3,781 | $ 3,781 | $ - |
| **Total revenues** | **-** | **3,781** | **3,781** | **-** |
| **EXPENDITURES:** | | | | |
| General government support | - | 304 | 304 | - |
| Public safety | - | 654 | 654 | - |
| Health | - | 41 | 41 | - |
| Transportation | - | 4,173 | 4,173 | - |
| Economic assistance and opportunity | - | 3 | 3 | - |
| Home and community service | - | 69 | 69 | - |
| **Total expenditures** | **-** | **5,244** | **5,244** | **-** |
| **Excess of revenues over expenditures** | **-** | **(1,463)** | **(1,463)** | **-** |
| **OTHER FINANCING SOURCES:** | | | | |
| Transfers in | - | 1,463 | 1,213 | (250) |
| **Total other financing sources** | **-** | **1,463** | **1,213** | **(250)** |
| **Net change in fund balances** | **$ -** | **$ -** | **$ (250)** | **$ (250)** |

# Debt Service Fund
# Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Non-GAAP Basis of Accounting)
For the fiscal year ended December 31, 2014
(dollars in thousands)

| | Original Budget | Final Budget | Budgetary Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Intergovernmental | $ 681 | $ 681 | $ 681 | $ - |
| Interest | 1,114 | 1,114 | 4,476 | 3,362 |
| Miscellaneous | - | - | 4,642 | 4,642 |
| **Total revenues** | **1,795** | **1,795** | **9,799** | **8,004** |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| General government support | - | 3 | 244 | (241) |
| Debt service: | | | | |
| Principal retirement | 49,469 | 18,569 | 22,160 | (3,591) |
| Interest and fiscal charges | 21,583 | 2,324 | 6,044 | (3,720) |
| **Total expenditures** | **71,052** | **20,896** | **28,448** | **(7,552)** |
| **Excess (deficiency) of revenues over expenditures** | **(69,257)** | **(19,101)** | **(18,649)** | **452** |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Premium on bond issuance | - | - | 249 | 249 |
| Transfers in | 66,980 | 66,980 | 66,433 | (547) |
| Transfers out | - | (50,156) | (50,156) | - |
| **Total other financing sources (uses)** | **66,980** | **16,824** | **16,526** | **(298)** |
| **Net change in fund balances *** | **$ (2,277)** | **$ (2,277)** | **$ (2,123)** | **$ 154** |

* The net change in fund balances was included in the budget as an appropriation (i.e., spend down) of fund balance.


SEAL OF ERIE COUNTY
STATE OF NEW YORK

## AGENCY FUND

The Agency Fund is used to account for money and property received and held in the capacity of custodian or agent. The Agency Fund is custodial in nature and does not involve measurement of results of operations.

# Statement of Changes in Assets and Liabilities
# Agency Fund

For the year ended December 31, 2014

(dollars in thousands)

| | Balance 1/1/2014 | Additions | Deductions | Balance 12/31/2014 |
|---|---|---|---|---|
| **ASSETS:** | | | | |
| Cash and cash equivalents | $ 33,919 | $ 463,595 | $ 463,426 | $ 34,088 |
| Receivables: | | | | |
| Other receivables | 558 | 8,873 | 8,853 | 578 |
| Bonds and securities held in custody | 17 | 11 | - | 28 |
| **Total assets** | **$ 34,494** | **$ 472,479** | **$ 472,279** | **$ 34,694** |
| **LIABILITIES:** | | | | |
| Amounts held in custody for others: | | | | |
| Court funds | $ 10,792 | $ 5,003 | $ 3,015 | $ 12,780 |
| Mortgage tax | 2,536 | 14,312 | 14,464 | 2,384 |
| Social services | 8,656 | 121,191 | 121,681 | 8,166 |
| Bail and bid deposits | 582 | 952 | 555 | 979 |
| Payroll taxes and withholdings | 727 | 302,884 | 299,265 | 4,346 |
| Miscellaneous - other | 11,201 | 10,400 | 15,562 | 6,039 |
| Total amounts held in custody for others | 34,494 | 454,742 | 454,542 | 34,694 |
| **Total liabilities** | **$ 34,494** | **$ 454,742** | **$ 454,542** | **$ 34,694** |

## LIBRARY COMPONENT UNIT

The financial data shown for the Buffalo and Erie County Public Library (the "Library") is derived from records maintained on its behalf by the County. The Library does not issue separate financial statements. The inclusion of the Library as a component unit in the County's basic financial statements reflects the County's financial accountability for this legally separate entity.

# Balance Sheet

## Library Component Unit

December 31, 2014

(dollars in thousands)

| | | Library |
|---|---|---|
| **ASSETS:** | | |
| Cash and cash equivalents | $ | 8,163 |
| Receivables (net of allowances) | | |
| Other | | 159 |
| Due from primary government | | 92 |
| Due from other governments | | 736 |
| Prepaid items | | 827 |
| **Total assets** | **$** | **9,977** |
| **LIABILITIES:** | | |
| Accounts payable | $ | 310 |
| Accrued liabilities | | 1,004 |
| Unearned revenue | | 628 |
| **Total liabilities** | | **1,942** |
| **FUND BALANCES:** | | |
| Nonspendable | | 827 |
| Committed | | 2,495 |
| Assigned | | 1,940 |
| Unassigned | | 2,773 |
| **Total fund balances** | | **8,035** |
| **Total liabilities and fund balances** | **$** | **9,977** |

# Reconciliation of the Balance Sheet

## Library Component Unit to the Statement of Net Position

December 31, 2014

(dollars in thousands)

| | | Library |
|---|---|---|
| **Total fund balance - library component unit** | **$** | **8,035** |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | | 16,971 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds | | (23,305) |
| **Net position of library component unit** | **$** | **1,701** |

# Statement of Revenues, Expenditures and Changes in Fund Balance

Library Component Unit

For the year ended December 31, 2014

(dollars in thousands)

| | | Library |
|---|---|---|
| **REVENUES:** | | |
| Real property taxes and tax items | $ | 22,588 |
| Intergovernmental | | 3,655 |
| Departmental | | 857 |
| Interest | | 3 |
| Miscellaneous | | 307 |
| **Total revenues** | | **27,410** |
| **EXPENDITURES:** | | |
| Current: | | |
| Culture and recreation | | 28,111 |
| **Total expenditures** | | **28,111** |
| **Net change in fund balance** | | **(701)** |
| **Fund balance - beginning** | | **8,736** |
| **Fund balance - ending** | **$** | **8,035** |

# Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance

## Library Component Unit to the Statement of Activities

For the year ended December 31, 2014

(dollars in thousands)

| | | Library |
|---|---|---|
| **Net change in fund balance - library component unit** | | **$ (701)** |
| Amounts reported for library component unit in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and depreciated. This is the amount by which depreciation expense exceeded capital outlays in the current period. | | |
| Capital outlays, net of disposals of $380 | $ 2,698 | |
| Depreciation expense | (2,957) | |
| Net adjustment | | (259) |
| Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | | (1,638) |
| **Change in net position of library component unit** | | **$ (2,598)** |

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## OTHER COMPONENT UNITS

Other Component Units of Erie County include:

The financial data shown for the Erie Community College Foundation, Inc. and the Auxiliary Services Corporation of Erie Community College, Inc. is derived from their separately issued financial statements. Both of these entities are included as component units in the County's basic financial statements, based on the fact that they are legally separate entities for which the College and County are financially accountable.

The financial data shown for the Buffalo and Erie County Industrial Land Development Corporation ("ILDC") is derived from their separately issued financial statements. The inclusion of the ILDC as a component unit in the County's basic financial statements reflects the County's financial accountability for this legally separate entity.

# Combining Statement of Net Position

Other Component Units

December 31, 2014

(dollars in thousands)

| | College Foundation (August 31, 2014) | Auxiliary Services Corporation (August 31, 2014) | ILDC | Total |
|---|---|---|---|---|
| **ASSETS:** | | | | |
| Cash | $ 171 | $ 1,709 | $ 238 | **$ 2,118** |
| Investments | 4,170 | - | - | **4,170** |
| Receivables (net of allowances) | 352 | 107 | 31 | **490** |
| Inventories | - | 46 | - | **46** |
| Prepaid items | - | 2 | - | **2** |
| Other assets | - | 959 | 8 | **967** |
| Capital assets: | | | | |
| Other capital assets, net of depreciation | - | 367 | - | **367** |
| **Total assets** | **4,693** | **3,190** | **277** | **8,160** |
| **LIABILITIES:** | | | | |
| Accounts payable | 4 | 31 | - | **35** |
| Accrued liabilities | 191 | 1,023 | 1 | **1,215** |
| **Total liabilities** | **195** | **1,054** | **1** | **1,250** |
| **NET POSITION:** | | | | |
| Net investment in capital assets | - | 367 | - | **367** |
| Restricted for: | | | | |
| Other purposes | 3,381 | 14 | 198 | **3,593** |
| Unrestricted | 1,117 | 1,755 | 78 | **2,950** |
| **Total net position** | **$ 4,498** | **$ 2,136** | **$ 276** | **$ 6,910** |

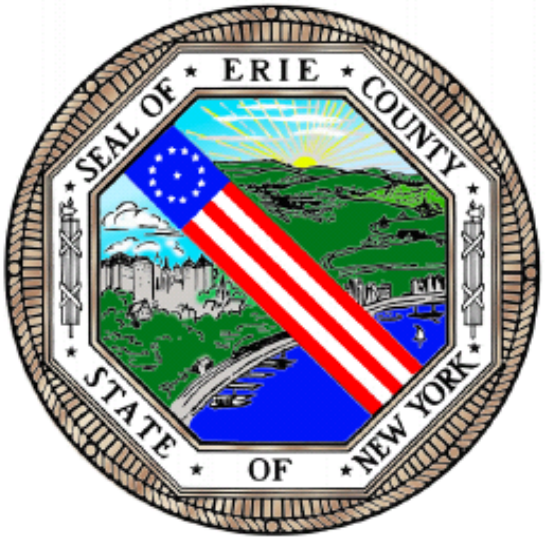
# Combining Statement of Activities

Other Component Units

For the year ended December 31, 2014

(dollars in thousands)

| | College Foundation (August 31, 2014) | Auxiliary Services Corporation (August 31, 2014) | ILDC | Total |
|---|---|---|---|---|
| **EXPENSES:** | | | | |
| Program operations | $ 1,038 | $ 2,316 | $ 19 | **$ 3,373** |
| **Total expenses** | **1,038** | **2,316** | **19** | **3,373** |
| **PROGRAM REVENUES:** | | | | |
| Charges for services | 789 | 2,062 | - | **2,851** |
| Operating grants and contributions | 1,031 | 78 | 1 | **1,110** |
| **Total program revenues** | **1,820** | **2,140** | **1** | **3,961** |
| **Change in net position** | **782** | **(176)** | **(18)** | **588** |
| **Total net position - beginning** | **3,716** | **2,312** | **294** | **6,322** |
| **Total net position - ending** | **$ 4,498** | **$ 2,136** | **$ 276** | **$ 6,910** |


SEAL OF ERIE COUNTY
STATE OF NEW YORK

# STATISTICAL SECTION

This part of Erie County's 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.

**Contents** **Page**

Financial Trends.....112

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

Revenue Capacity.....122

These schedules contain information to help the reader assess two of the County's most significant revenue sources; sales and use taxes and property taxes.

Debt Capacity .....130

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.

Demographic and Economic Information .....137

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information.....138

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.

# Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 |
| **Governmental activities:** | | | | |
| Net investment in capital assets | $ 422,636 | $ 343,309 | $ 331,821 | $ 330,411 |
| Restricted | 101,205 | 23,246 | 23,071 | 18,979 |
| Unrestricted (deficit) | (480,803) | (317,433) | (332,295) | (339,975) |
| **Total governmental activities net position** | **$ 43,038** | **$ 49,122** | **$ 22,597** | **$ 9,415** |
| **Business-type activities:** | | | | |
| Net investment in capital assets | $ 6,775 | $ 6,653 | $ 7,930 | $ 11,141 |
| Unrestricted (deficit) | 6,759 | 7,892 | (1,488) | (5,989) |
| **Total business-type activities net position** | **$ 13,534** | **$ 14,545** | **$ 6,442** | **$ 5,152** |
| **Primary government:** | | | | |
| Net investment in capital assets | $ 429,411 | $ 349,962 | $ 339,751 | $ 341,552 |
| Restricted | 101,205 | 23,246 | 23,071 | 18,979 |
| Unrestricted (deficit) | (474,044) | (309,541) | (333,783) | (345,964) |
| **Total primary government net position** | **$ 56,572** | **$ 63,667** | **$ 29,039** | **$ 14,567** |

*Source: Erie County Basic Financial Statements*

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| $ 373,664 | $ 374,188 | $ 361,546 | $ 385,776 | $ 395,657 | $ 411,226 |
| 16,148 | 6,231 | 27,317 | 34,960 | 40,914 | 45,924 |
| (362,063) | (361,686) | (412,170) | (435,137) | (472,024) | (493,690) |
| **$ 27,749** | **$ 18,733** | **$ (23,307)** | **$ (14,401)** | **$ (35,453)** | **$ (36,540)** |
| $ 12,628 | $ 14,421 | $ 17,474 | $ 20,828 | $ 23,349 | $ 27,069 |
| (13,093) | (18,630) | (25,891) | (30,946) | (34,406) | (39,058) |
| **$ (465)** | **$ (4,209)** | **$ (8,417)** | **$ (10,118)** | **$ (11,057)** | **$ (11,989)** |
| $ 386,292 | $ 388,609 | $ 379,020 | $ 406,604 | $ 419,006 | $ 438,295 |
| 16,148 | 6,231 | 27,317 | 34,960 | 40,914 | 45,924 |
| (375,156) | (380,316) | (438,061) | (466,083) | (506,430) | (532,748) |
| **$ 27,284** | **$ 14,524** | **$ (31,724)** | **$ (24,519)** | **$ (46,510)** | **$ (48,529)** |

# Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(dollars in thousands)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 |
| **EXPENSES:** | | | | |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | $ 124,393 | $ 86,640 | $ 425,037 | $ 418,986 |
| Public safety | 118,692 | 128,222 | 117,687 | 118,220 |
| Health | 80,468 | 110,413 | 84,283 | 85,091 |
| Transportation | 61,850 | 60,742 | 61,088 | 65,292 |
| Economic assistance and opportunity | 525,492 | 541,220 | 574,163 | 537,650 |
| Culture and recreation | 20,030 | 20,278 | 21,181 | 29,910 |
| Education | 62,870 | 67,310 | 67,157 | 66,883 |
| Home and community service | 44,792 | 82,954 | 52,365 | 52,299 |
| Interest and fiscal charges | 38,797 | 49,878 | 45,938 | 41,784 |
| **Total governmental activities expenses** | **1,077,384** | **1,147,657** | **1,448,899** | **1,416,115** |
| Business-type activities: | | | | |
| College (fiscal year ending August 31,) | 96,750 | 99,723 | 112,765 | 112,401 |
| Purchase and resale of utilities | 49,656 | 50,971 | 46,747 | 44,902 |
| **Total business-type activities expenses** | **146,406** | **150,694** | **159,512** | **157,303** |
| **Total primary government expenses** | **$ 1,223,790** | **$ 1,298,351** | **$ 1,608,411** | **$ 1,573,418** |
| **PROGRAM REVENUES:** | | | | |
| Primary government: | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | $ 14,196 | $ 20,736 | $ 19,521 | $ 21,113 |
| Public safety | 9,030 | 8,524 | 9,600 | 7,290 |
| Health | 3,173 | 4,466 | 3,506 | 3,717 |
| Transportation | 1,103 | 729 | - | - |
| Economic assistance and opportunity | 27,729 | 26,186 | 29,495 | 34,237 |
| Culture and recreation | 3,186 | 3,462 | 3,265 | 3,267 |
| Education | 95 | 764 | 95 | 95 |
| Home and community service | 11,182 | 10,263 | 10,863 | 9,930 |
| Operating grants and contributions | 418,677 | 476,963 | 441,098 | 402,443 |
| Capital grants and contributions | 5,421 | 9,041 | 6,480 | 8,661 |
| **Total governmental activities program revenues** | **493,792** | **561,134** | **523,923** | **490,753** |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| College (fiscal year ending August 31,) | 25,383 | 25,596 | 27,327 | 29,008 |
| Purchase and resale of utilities | 49,961 | 51,360 | 46,905 | 45,475 |
| Operating grants and contributions | 30,135 | 30,471 | 30,387 | 31,181 |
| **Total business-type activities program revenues** | **105,479** | **107,427** | **104,619** | **105,664** |
| **Total primary government program revenues** | **$ 599,271** | **$ 668,561** | **$ 628,542** | **$ 596,417** |
| **NET (EXPENSE) / REVENUE:** | | | | |
| Governmental activities | $ (583,592) | $ (586,523) | $ (924,976) | $ (925,362) |
| Business-type activities | (40,927) | (43,267) | (54,893) | (51,639) |
| **Total primary government net (expense) / revenue** | **$ (624,519)** | **$ (629,790)** | **$ (979,869)** | **$ (977,001)** |

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| $ 420,026 | $ 423,161 | $ 462,487 | $ 434,922 | $ 426,627 | $ 444,564 |
| 122,888 | 141,543 | 131,715 | 152,968 | 157,278 | 158,867 |
| 89,927 | 82,855 | 71,714 | 72,928 | 72,137 | 73,687 |
| 62,673 | 72,615 | 70,201 | 71,685 | 71,592 | 83,361 |
| 567,035 | 579,927 | 591,057 | 578,592 | 594,354 | 616,548 |
| 23,754 | 24,567 | 19,295 | 20,709 | 18,156 | 22,516 |
| 70,716 | 75,529 | 73,777 | 69,833 | 68,208 | 67,907 |
| 48,628 | 53,186 | 59,127 | 54,618 | 53,704 | 52,410 |
| 39,511 | 37,833 | 43,985 | 34,905 | 39,515 | 36,859 |
| **1,445,158** | **1,491,216** | **1,523,358** | **1,491,160** | **1,501,571** | **1,556,719** |
| 123,988 | 132,556 | 133,416 | 129,424 | 132,318 | 131,991 |
| 27,490 | 28,587 | 25,947 | 21,350 | 25,398 | 29,199 |
| **151,478** | **161,143** | **159,363** | **150,774** | **157,716** | **161,190** |
| **$ 1,596,636** | **$ 1,652,359** | **$ 1,682,721** | **$ 1,641,934** | **$ 1,659,287** | **$ 1,717,909** |
| $ 25,057 | $ 26,794 | $ 26,708 | $ 31,239 | $ 26,702 | $ 26,684 |
| 5,971 | 5,578 | 6,285 | 6,846 | 7,239 | 6,591 |
| 3,950 | 2,470 | 2,373 | 2,777 | 2,192 | 2,103 |
| - | - | - | - | - | - |
| 29,657 | 29,008 | 28,413 | 27,147 | 23,723 | 22,037 |
| 6,032 | 1,552 | 1,459 | 1,460 | 1,322 | 1,350 |
| 95 | 95 | 95 | 95 | 95 | 95 |
| 11,986 | 9,311 | 9,865 | 10,348 | 9,630 | 10,521 |
| 468,793 | 456,029 | 410,157 | 401,431 | 395,047 | 419,988 |
| 12,282 | 25,718 | 12,206 | 25,630 | 17,185 | 21,276 |
| **563,823** | **556,555** | **497,561** | **506,973** | **483,135** | **510,645** |
| 30,863 | 31,144 | 32,616 | 35,512 | 36,868 | 35,807 |
| 27,434 | 28,805 | 26,017 | 20,692 | 25,438 | 29,409 |
| 6,790 | 7,412 | 6,584 | 5,654 | 5,282 | 5,707 |
| **65,087** | **67,361** | **65,217** | **61,858** | **67,588** | **70,923** |
| **$ 628,910** | **$ 623,916** | **$ 562,778** | **$ 568,831** | **$ 550,723** | **$ 581,568** |
| $ (881,335) | $ (934,661) | $ (1,025,797) | $ (984,187) | $ (1,018,436) | $ (1,046,074) |
| (86,391) | (93,782) | (94,146) | (88,916) | (90,128) | (90,267) |
| **$ (967,726)** | **$ (1,028,443)** | **$ (1,119,943)** | **$ (1,073,103)** | **$ (1,108,564)** | **$ (1,136,341)** |

*(Continued)*

# Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(dollars in thousands)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 |
| **GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:** | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes levied for mall, sewer, and general purposes | $ 172,741 | $ 212,177 | $ 223,866 | $ 239,333 |
| Sales and use taxes | 281,019 | 365,087 | 656,674 | 667,783 |
| Transfer taxes | 11,256 | 10,720 | 11,576 | 8,901 |
| Interest earnings not restricted to specific programs | 104 | - | - | - |
| Unrestricted interest earnings | 4,760 | 7,268 | 7,643 | 3,994 |
| Miscellaneous | 7,685 | 14,460 | 13,200 | 8,772 |
| Gain on sale of capital assets | 108 | 183 | 921 | 559 |
| Transfers | (15,419) | (17,288) | (15,429) | (17,162) |
| **Total governmental activities** | **462,254** | **592,607** | **898,451** | **912,180** |
| Business-type activities: | | | | |
| Unrestricted state and local appropriations | 25,815 | 27,894 | 30,233 | 32,524 |
| Federal and state student financial aid | - | - | - | - |
| Unrestricted interest earnings | 403 | 955 | 1,128 | 663 |
| Miscellaneous | - | - | - | - |
| Transfers | 15,144 | 15,429 | 15,429 | 17,162 |
| **Total business-type activities** | **41,362** | **44,278** | **46,790** | **50,349** |
| **Total primary government** | **$ 503,616** | **$ 636,885** | **$ 945,241** | **$ 962,529** |
| **CHANGE IN NET POSITION:** | | | | |
| Governmental activities | $ (121,338) | $ 6,084 | $ (26,525) | $ (13,182) |
| Business-type activities | 435 | 1,011 | (8,103) | (1,290) |
| **Total change in net position** | **$ (120,903)** | **$ 7,095** | **$ (34,628)** | **$ (14,472)** |

*Source: Erie County Basic Financial Statements*

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| $ 251,224 | $ 257,749 | $ 275,705 | $ 270,806 | $ 269,809 | $ 274,900 |
| 646,893 | 661,933 | 691,208 | 707,995 | 724,680 | 743,220 |
| 8,553 | 7,246 | 8,353 | 9,432 | 9,719 | 12,010 |
| - | - | - | - | - | - |
| 1,592 | 1,524 | 1,280 | 1,012 | 1,352 | 810 |
| 7,896 | 14,162 | 24,242 | 9,231 | 11,287 | 30,994 |
| 732 | 460 | 492 | 361 | 152 | 482 |
| (17,221) | (17,429) | (17,429) | (17,429) | (17,343) | (17,429) |
| **899,669** | **925,645** | **983,851** | **981,408** | **999,656** | **1,044,987** |
| 34,049 | 34,071 | 31,163 | 30,157 | 32,590 | 33,343 |
| 29,206 | 38,392 | 41,207 | 39,527 | 38,690 | 38,511 |
| 298 | 146 | 139 | 102 | 75 | 52 |
| - | - | - | - | 491 | - |
| 17,221 | 17,429 | 17,429 | 17,429 | 17,343 | 17,429 |
| **80,774** | **90,038** | **89,938** | **87,215** | **89,189** | **89,335** |
| **$ 980,443** | **$ 1,015,683** | **$ 1,073,789** | **$ 1,068,623** | **$ 1,088,845** | **$ 1,134,322** |
| $ 18,334 | $ (9,016) | $ (41,946) | $ (2,779) | $ (18,780) | $ (1,087) |
| (5,617) | (3,744) | (4,208) | (1,701) | (939) | (932) |
| **$ 12,717** | **$ (12,760)** | **$ (46,154)** | **$ (4,480)** | **$ (19,719)** | **$ (2,019)** |

*(Concluded)*

# Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 |
| **General Fund:** | | | | |
| Reserved | $ 7,085 | $ 11,723 | $ 12,291 | $ 8,361 |
| Unreserved (deficit) | 7,323 | 26,510 | 35,250 | 49,830 |
| **Total general fund** | **$ 14,408** | **$ 38,233** | **$ 47,541** | **$ 58,191** |
| **All Other Governmental Funds:** | | | | |
| Reserved | $ 67,678 | $ 63,364 | $ 56,895 | $ 73,361 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 1,456 | 7,513 | 8,417 | 10,879 |
| Capital project funds (deficit) | 75,024 | 58,787 | 30,277 | (18,315) |
| **Total all other governmental funds** | **$ 144,158** | **$ 129,664** | **$ 95,589** | **$ 65,925** |
| **General Fund:** | | | | |
| Nonspendable | N/A | N/A | N/A | N/A |
| Restricted | N/A | N/A | N/A | N/A |
| Assigned | N/A | N/A | N/A | N/A |
| Unassigned | N/A | N/A | N/A | N/A |
| **Total general fund** | N/A | N/A | N/A | N/A |
| **All Other Governmental Funds:** | | | | |
| Nonspendable | N/A | N/A | N/A | N/A |
| Restricted | N/A | N/A | N/A | N/A |
| Assigned | N/A | N/A | N/A | N/A |
| Unassigned | N/A | N/A | N/A | N/A |
| **Total all other governmental funds** | N/A | N/A | N/A | N/A |

*Source:*
*Erie County Basic Financial Statements*

*Note:*
*(1) The year ended December 31, 2011, was the first year the County's financial statements were prepared in accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."*

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2009 | 2010 | 2011 (1) | 2012 | 2013 | 2014 |
| $ 6,758 | $ 11,853 | N/A | N/A | N/A | N/A |
| 95,080 | 113,460 | N/A | N/A | N/A | N/A |
| **$ 101,838** | **$ 125,313** | N/A | N/A | N/A | N/A |
| $ 87,772 | $ 62,740 | N/A | N/A | N/A | N/A |
| | | N/A | N/A | N/A | N/A |
| 17,722 | 19,690 | N/A | N/A | N/A | N/A |
| (69,217) | 66,095 | N/A | N/A | N/A | N/A |
| **$ 36,277** | **$ 148,525** | N/A | N/A | N/A | N/A |
| N/A | N/A | $ 8,394 | $ 9,322 | $ 10,292 | $ 10,231 |
| N/A | N/A | 187 | 196 | 138 | 140 |
| N/A | N/A | 24,065 | 22,291 | 20,289 | 26,576 |
| N/A | N/A | 83,489 | 88,332 | 89,650 | 92,218 |
| N/A | N/A | **$ 116,135** | **$ 120,141** | **$ 120,369** | **$ 129,165** |
| N/A | N/A | $ 3,097 | $ 3,359 | $ 3,539 | $ 3,408 |
| N/A | N/A | 114,758 | 110,982 | 152,860 | 121,468 |
| N/A | N/A | 29,251 | 31,406 | 31,933 | 37,272 |
| N/A | N/A | (472) | (509) | (543) | (654) |
| N/A | N/A | **$ 146,634** | **$ 145,238** | **$ 187,789** | **$ 161,494** |

# Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 |
| **REVENUES:** | | | | |
| Real property taxes and tax items | $ 171,011 | $ 201,008 | $ 213,124 | $ 229,874 |
| Sales and use taxes | 281,019 | 365,087 | 656,674 | 667,783 |
| Transfer taxes | 11,256 | 10,720 | 11,576 | 8,901 |
| Intergovernmental | 416,006 | 478,233 | 440,722 | 408,732 |
| Interfund revenues | 1,488 | 250 | 177 | 323 |
| Departmental | 68,549 | 75,086 | 76,089 | 79,173 |
| Interest | 14,099 | 15,083 | 14,674 | 6,881 |
| Miscellaneous | 7,898 | 10,608 | 10,571 | 8,080 |
| **Total revenues** | **971,326** | **1,156,075** | **1,423,607** | **1,409,747** |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| General government support | 105,998 | 98,641 | 368,292 | 368,288 |
| Public safety | 116,455 | 125,914 | 117,437 | 113,984 |
| Health | 73,013 | 72,284 | 73,355 | 82,646 |
| Transportation | 43,396 | 41,814 | 41,755 | 44,504 |
| Economic assistance and opportunity | 524,994 | 540,667 | 570,015 | 537,251 |
| Culture and recreation | 17,363 | 17,577 | 19,045 | 21,105 |
| Education | 61,137 | 65,690 | 65,523 | 65,169 |
| Home and community service | 34,629 | 77,928 | 48,198 | 45,908 |
| Capital outlay | 59,237 | 75,997 | 48,038 | 41,966 |
| Debt service: | | | | |
| Principal retirement | 28,790 | 36,516 | 43,427 | 50,875 |
| Interest and fiscal charges | 46,435 | 46,477 | 44,200 | 40,482 |
| **Total expenditures** | **1,111,447** | **1,199,505** | **1,439,285** | **1,412,178** |
| **Excess (deficiency) of revenues over expenditures** | **(140,121)** | **(43,430)** | **(15,678)** | **(2,431)** |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Issuance of general obligation debt | 103,530 | 70,205 | 5,374 | - |
| Discount on bond issuance | - | (514) | - | - |
| Premium on BAN issuance | - | - | - | - |
| Premium on bond issuance | 4,970 | 175 | - | - |
| Proceeds of refunding bonds | 359,300 | - | - | - |
| Payments to refunded bond escrow | (318,963) | - | - | - |
| Sale of property | 108 | 183 | 966 | 579 |
| Transfers in | 326,803 | 443,821 | 442,068 | 474,097 |
| Transfers out | (342,222) | (461,109) | (457,497) | (491,259) |
| **Total other financing sources (uses)** | **133,526** | **52,761** | **(9,089)** | **(16,583)** |
| **Net change in fund balances** | **$ (6,595)** | **$ 9,331** | **$ (24,767)** | **$ (19,014)** |
| **Debt service as a percentage of non-capital expenditures** | **7.0%** | **7.2%** | **6.3%** | **6.6%** |

*Source:*
*Erie County Basic Financial Statements*

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| $ 244,221 | $ 253,512 | $ 263,799 | $ 268,069 | $ 271,757 | $ 274,742 |
| 647,287 | 661,933 | 691,208 | 707,995 | 724,680 | 743,220 |
| 8,553 | 7,246 | 8,353 | 9,432 | 9,719 | 12,010 |
| 481,067 | 478,484 | 416,269 | 426,376 | 405,194 | 434,138 |
| 426 | 370 | 318 | 1,323 | 310 | 228 |
| 80,618 | 74,714 | 74,683 | 78,843 | 72,756 | 70,012 |
| 2,931 | 3,045 | 3,949 | 6,067 | 6,334 | 5,336 |
| 7,199 | 13,184 | 24,512 | 10,087 | 15,337 | 35,425 |
| **1,472,302** | **1,492,488** | **1,483,091** | **1,508,192** | **1,506,087** | **1,575,111** |
| 348,167 | 361,693 | 386,272 | 386,719 | 384,065 | 393,501 |
| 121,345 | 134,388 | 133,258 | 148,601 | 150,138 | 151,308 |
| 88,891 | 82,090 | 70,954 | 72,412 | 71,832 | 72,696 |
| 42,549 | 43,909 | 44,190 | 45,252 | 45,527 | 50,227 |
| 566,664 | 576,624 | 590,268 | 577,526 | 588,819 | 616,018 |
| 21,389 | 21,462 | 16,405 | 18,944 | 16,497 | 16,954 |
| 69,043 | 73,889 | 71,848 | 68,152 | 65,867 | 66,159 |
| 42,149 | 44,324 | 43,382 | 44,280 | 46,685 | 45,267 |
| 59,507 | 93,066 | 158,769 | 61,896 | 58,042 | 98,279 |
| 50,214 | 47,936 | 53,605 | 50,643 | 50,359 | 57,915 |
| 36,587 | 38,380 | 37,965 | 41,888 | 39,426 | 39,230 |
| **1,446,505** | **1,517,761** | **1,606,916** | **1,516,313** | **1,517,257** | **1,607,554** |
| **25,797** | **(25,273)** | **(123,825)** | **(8,121)** | **(11,170)** | **(32,443)** |
| 3,232 | 249,598 | 115,244 | 24,110 | 61,470 | 27,405 |
| - | - | - | - | - | - |
| 1,449 | 374 | 821 | 444 | - | - |
| - | 27,301 | 17,496 | 3,245 | 14,430 | 4,486 |
| - | 120 | 30,695 | - | 31,135 | - |
| - | (99,432) | (34,469) | - | (35,895) | - |
| 742 | 460 | 492 | 361 | 152 | 482 |
| 455,169 | 736,133 | 668,194 | 528,799 | 663,321 | 589,751 |
| (472,390) | (753,562) | (685,623) | (546,228) | (680,664) | (607,180) |
| **(11,798)** | **160,992** | **112,850** | **10,731** | **53,949** | **14,944** |
| **$ 13,999** | **$ 135,719** | **$ (10,975)** | **$ 2,610** | **$ 42,779** | **$ (17,499)** |
| **6.3%** | **6.0%** | **5.9%** | **6.4%** | **6.1%** | **6.4%** |

# Taxable Sales by Category

## Last Ten Fiscal Years (1)

(dollars in thousands)

| Category (2) | Fiscal Year 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|
| Utilities (excluding residential energy) | $ 232,098 | $ 273,566 | $ 232,426 | $ 284,203 |
| Construction | 190,572 | 212,154 | 214,336 | 212,232 |
| Manufacturing | 297,235 | 308,463 | 300,083 | 321,439 |
| Wholesale Trade | 964,666 | 1,100,928 | 891,003 | 852,168 |
| Retail Trade Total | 6,438,703 | 6,298,246 | 5,268,196 | 5,320,102 |
| Information | 628,050 | 634,932 | 654,575 | 669,659 |
| Professional, Scientific, and Technical | 119,134 | 145,002 | 143,624 | 141,275 |
| Administrative/Support Services | 222,762 | 233,762 | 241,179 | 265,412 |
| Health Care | 18,991 | 19,508 | 19,897 | 19,312 |
| Arts, Entertainment, and Recreation | 120,079 | 131,973 | 160,952 | 170,063 |
| Accommodation and Food Services | 1,097,432 | 1,143,990 | 1,203,967 | 1,316,380 |
| Other Services Total | 409,015 | 440,689 | 385,859 | 400,801 |
| Agriculture, Mining, Transportation, Fire, Education, Government | 408,714 | 452,309 | 502,209 | 562,164 |
| Unclassified by Industry | 49,798 | 74,704 | 96,398 | 70,900 |
| **Total** | **$ 11,197,248** | **$ 11,470,225** | **$ 10,314,703** | **$ 10,606,108** |
| **County Direct Sales Tax Rate** | **2.31%** | **2.81%** | **2.81%** | **2.81%** |

*Source: New York State Department of Taxation and Finance*

*Notes:*

*(1) NYS Department of Taxation & Finance's reporting period is March to February. Data represents the reporting periods beginning March 1, 2004 and ending February 28, 2013.*

*(2) Detailed information regarding payers or remitters is not available.*

*(3) Taxable Sales by Category is not available.*

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 (3) |
| $ 255,086 | $ 203,045 | $ 237,525 | $ 215,848 | $ 215,137 | |
| 212,131 | 206,569 | 224,364 | 279,797 | 263,192 | |
| 323,017 | 302,139 | 524,088 | 533,668 | 507,377 | |
| 845,706 | 810,170 | 572,372 | 571,245 | 603,582 | |
| 5,345,974 | 5,318,507 | 6,096,968 | 6,070,438 | 5,990,508 | |
| 697,479 | 712,376 | 660,451 | 668,665 | 670,161 | |
| 143,249 | 134,130 | 211,576 | 203,998 | 215,302 | |
| 270,747 | 277,016 | 285,239 | 297,223 | 297,761 | |
| 19,430 | 19,534 | 11,744 | 14,896 | 14,594 | |
| 152,189 | 153,858 | 164,837 | 167,880 | 138,331 | |
| 1,381,465 | 1,402,403 | 1,538,578 | 1,633,538 | 1,693,772 | |
| 411,302 | 403,228 | 381,059 | 408,318 | 395,122 | |
| 508,664 | 445,883 | 499,523 | 539,089 | 534,342 | |
| 52,828 | 61,537 | 11,911 | 2,285 | 11,432 | |
| **$ 10,619,267** | **$ 10,450,396** | **$ 11,420,235** | **$ 11,606,888** | **$ 11,550,613** | **N/A** |
| **2.81%** | **2.81%** | **2.81%** | **2.81%** | **2.81%** | **N/A** |

# Assessed and Equalized Full Value of Taxable Property (1)

## Last Ten Fiscal Years

(dollars in thousands)

| Fiscal Year | Residential Property (2) | Commercial Property (2) | Total Assessed Property Value | Less: Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate (3) |
|---|---|---|---|---|---|---|
| **2005** | $ - | $ - | $ 30,428,497 | $ 2,151,762 | $ 28,276,735 | $ 5.66 |
| **2006** | 22,824,388 | 9,589,325 | 32,413,713 | 2,248,397 | 30,165,316 | 6.23 |
| **2007** | 23,419,992 | 9,929,590 | 33,349,582 | 2,184,257 | 31,165,325 | 6.28 |
| **2008** | 25,566,393 | 8,864,027 | 34,430,420 | 2,308,570 | 32,121,850 | 6.39 |
| **2009** | 26,426,841 | 9,383,744 | 35,810,585 | 2,408,149 | 33,402,436 | 6.38 |
| **2010** | 27,465,909 | 9,743,878 | 37,209,787 | 2,358,179 | 34,851,608 | 6.56 |
| **2011** | 27,840,959 | 9,812,645 | 37,653,604 | 2,186,296 | 35,467,308 | 6.52 |
| **2012** | 28,314,750 | 9,672,758 | 37,987,508 | 2,279,789 | 35,707,719 | 6.59 |
| **2013** | 28,269,007 | 9,684,510 | 37,953,517 | 2,193,126 | 35,760,391 | 6.57 |
| **2014** | 29,011,563 | 10,174,472 | 39,186,035 | 2,147,709 | 37,038,326 | 6.75 |

*Source: Erie County Department of Real Property Tax Services*

*Notes:*

*(1) Equalization rates are provided by New York State and applied by the County to the assessed valuation of taxable real estate to arrive at equalized full value which is comparable to estimated actual value.*

*(2) Pre-2006 breakdown of residential and commercial property value is not available.*

*(3) Per $1,000 of assessed value.*

| Total Actual Taxable Equalized Full Value | Assessed Value as a Percentage of Equalized Full Value (1) |
|---|---|
| $ 35,980,745 | 78.59% |
| 38,102,216 | 78.59% |
| 40,477,682 | 79.17% |
| 42,821,246 | 75.01% |
| 44,382,615 | 75.26% |
| 46,120,910 | 75.57% |
| 46,738,120 | 75.89% |
| 47,235,307 | 75.60% |
| 47,138,287 | 75.86% |
| 47,996,864 | 77.17% |

# Direct and Overlapping Property Tax Rates

## Last Ten Fiscal Years

(rate per $1,000 of assessed value)

| | Erie County Direct Rates | | | Overlapping Rates | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | General Fund | Special Revenue Funds | Total Direct | Cities, Towns & Villages | School Districts | Special Districts | City of Buffalo (1) |
| **2005** | $ 4.38 | $ 1.28 | $ 5.66 | $ 4.23 | $ 18.99 | $ 5.73 | $ 27.47 |
| **2006** | 4.94 | 1.29 | 6.23 | 4.19 | 18.64 | 5.63 | 26.70 |
| **2007** | 4.94 | 1.34 | 6.28 | 4.21 | 18.23 | 5.33 | 26.08 |
| **2008** | 4.95 | 1.44 | 6.39 | 4.01 | 17.76 | 5.06 | 24.53 |
| **2009** | 5.03 | 1.35 | 6.38 | 3.94 | 17.67 | 5.10 | 23.88 |
| **2010** | 5.04 | 1.52 | 6.56 | 3.98 | 17.13 | 4.87 | 23.27 |
| **2011** | 5.03 | 1.49 | 6.52 | 4.03 | 17.53 | 4.92 | 22.84 |
| **2012** | 5.03 | 1.56 | 6.59 | 4.01 | 18.15 | 4.88 | 22.39 |
| **2013** | 5.03 | 1.54 | 6.57 | 3.92 | 18.53 | 5.03 | 21.58 |
| **2014** | 5.04 | 1.55 | 6.59 | 3.89 | 18.81 | 4.91 | 21.17 |

*Source: Erie County Department of Real Property Tax Services*

*Note:*

*(1) City of Buffalo is presented separately and is, therefore, not included in the column for cities, towns, and villages. The rate shown for the City of Buffalo includes the levy for the Buffalo School District, which receives funding from the City and is unable to levy taxes.*

# Principal Taxpayers

Current Year and Nine Years Ago

| | 2014 | | | 2005 | | |
|---|---|---|---|---|---|---|
| **Taxpayer** | **Equalized Full Value** | **Rank** | **Percentage of Equalized Full Value (1)** | **Equalized Full Value** | **Rank** | **Percentage of Equalized Full Value (1)** |
| National Fuel Gas | $ 739,415,658 | 1 | 1.54% | $ 615,690,207 | 1 | 1.79% |
| National Grid / Niagara Mohawk | 702,758,277 | 2 | 1.46% | 522,285,967 | 2 | 1.51% |
| Benderson Development Company | 526,771,540 | 3 | 1.10% | 257,098,876 | 4 | 0.75% |
| Verizon New York Inc. | 275,842,001 | 4 | 0.57% | 321,886,242 | 3 | 0.93% |
| NY State Electric & Gas Corporation | 247,041,948 | 5 | 0.51% | 199,953,811 | 5 | 0.58% |
| Norfolk / Conrail / CSX / PA Lines | 175,498,661 | 6 | 0.37% | 153,824,531 | 6 | 0.45% |
| Pyramid Company of Buffalo | 171,146,578 | 7 | 0.36% | 134,516,769 | 7 | 0.39% |
| Seneca BG Ridge LLC | 164,281,596 | 8 | 0.34% | | | |
| Uniland Development | 125,330,062 | 9 | 0.26% | | | |
| Ellicott Group LLC | 114,453,827 | 10 | 0.24% | | | |
| DDR MDT LLC | | | | 86,226,065 | 8 | 0.25% |
| HSBC Bank USA | | | | 67,393,954 | 9 | 0.20% |
| Boulevard Mall | | | | 57,972,372 | 10 | 0.17% |
| **Totals** | **$ 3,242,540,148** | | **6.75%** | **$ 2,416,848,794** | | **7.01%** |

*Source: Erie County 2014 & 2005 Annual Reports published by the Department of Real Property Tax Services*

*Note:*

*(1) Percentage of equalized full value is calculated by dividing the valuation shown for each of the listed taxpayers by the County's total equalized full value (excluding exemptions).*

# Property Tax Levies And Collections

Last Ten Fiscal Years

| Fiscal Year | County Property Taxes Levied (1) | All Other Property Taxes Levied (2) | Total Property Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | |
|---|---|---|---|---|---|
| | | | | Amount | Percentage of Levy |
| **2005** . . . . . | $ 157,641,299 | $ 335,876,407 | $ 493,517,706 | $ 492,180,009 | 99.73% |
| **2006** . . . . . | 188,094,445 | 352,486,078 | 540,580,523 | 528,350,674 | 97.74% |
| **2007** . . . . . | 200,031,205 | 369,188,266 | 569,219,471 | 555,858,355 | 97.65% |
| **2008** . . . . . | 211,837,793 | 378,978,530 | 590,816,323 | 575,132,293 | 97.35% |
| **2009** . . . . . | 223,306,326 | 388,893,461 | 612,199,787 | 595,839,865 | 97.33% |
| **2010** . . . . . | 232,413,974 | 405,958,043 | 638,372,017 | 622,129,950 | 97.46% |
| **2011** . . . . . | 235,182,208 | 413,059,474 | 648,241,682 | 628,996,639 | 97.03% |
| **2012** . . . . . | 237,692,831 | 418,201,340 | 655,894,171 | 636,198,405 | 97.00% |
| **2013** . . . . . | 237,270,828 | 418,170,150 | 655,440,978 | 637,052,431 | 97.19% |
| **2014** . . . . . | 241,721,087 | 420,052,940 | 661,774,027 | 644,024,505 | 97.32% |

*Sources:*
*Erie County Department of Real Property Tax Services*
*Erie County Govern Tax Collection System*

*Notes:*
*(1) Totals shown exclude amounts levied in accordance with State law to recover election expenditures from the municipalities that were incurred by the County.*

*(2) Totals shown are primarily comprised of taxes levied for the benefit of County towns, re-levy of uncollected school and village taxes, and sewer district taxes and user charges. See Note V - Property Taxes beginning on page 45 for more information on the annual property tax levy process.*

*N/A = Not Available*

| Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|
| | Amount | Percentage of Levy |
| $ 483,177 | $ 492,663,186 | 99.83% |
| 11,246,260 | 539,596,934 | 99.82% |
| 12,194,708 | 568,053,063 | 99.80% |
| 13,856,422 | 588,988,715 | 99.69% |
| 14,052,449 | 609,892,314 | 99.62% |
| 15,725,866 | 637,855,816 | 99.92% |
| 14,850,300 | 643,846,939 | 99.32% |
| 15,009,361 | 651,207,766 | 99.29% |
| 6,246,232 | 643,298,663 | 98.15% |
| N/A | 644,024,505 | 97.32% |

# Ratios of Outstanding Debt by Type

## Last Ten Fiscal Years

(dollars in thousands, except per capita)

| | Governmental Activities | | | Business-type Activities | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | General Obligation Bonds (1) | General Obligation Bonds - Sewer & ECMCC (2) | ETASC Tobacco Securitization Asset Backed Bonds | Capital Leases | Total Primary Government | Percentage of Personal Income (3)(4) | Per Capita (3)(4) |
| **2005** | $ 467,510 | $ 62,405 | $ 281,943 | $ - | $ 811,858 | 1.53% | $ 506 |
| **2006** | 480,604 | 65,870 | 298,271 | - | 844,745 | 1.51% | 525 |
| **2007** | 441,881 | 68,401 | 295,839 | - | 806,121 | 1.34% | 485 |
| **2008** | 396,114 | 65,728 | 292,800 | - | 754,642 | 1.12% | 435 |
| **2009** | 352,176 | 63,071 | 288,363 | - | 703,610 | 1.00% | 387 |
| **2010** | 477,893 | 68,575 | 286,318 | - | 832,786 | 1.32% | 520 |
| **2011** | 452,604 | 164,676 | 310,612 | - | 927,892 | 1.20% | 493 |
| **2012** | 431,015 | 164,410 | 334,818 | - | 930,243 | 1.07% | 469 |
| **2013** | 454,789 | 156,801 | 338,715 | 5,907 | 956,212 | 1.09% | 494 |
| **2014** | 429,288 | 151,826 | 339,938 | 4,430 | 925,482 | N/A | 465 |

*Source:*
*Erie County Basic Financial Statements 2005-2014*

*Notes:*
*(1) Amounts shown are net of related premiums, discounts and adjustments.*

*(2) Includes self-supporting sewer district bonds for the years 2005 to 2014 and bonds issued by the ECFSA in 2011 to assist ECMCC in the construction of a new residential health care facility. Loan agreements were executed whereby ECMCC will fund the repayment of the bonds in future years ($86,250 was outstanding at December 31, 2011 and 2012; $82,505 was outstanding at December 31, 2013; and $78,615 was outstanding December 31, 2014).*

*(3) Calculation excludes self-supporting debt (i.e., ETASC tobacco settlement bonds, sewer district bonds, ECMCC related bonds and ECC capital leases). ETASC bonds are not legal obligations of the County. The County operates sewer districts in select areas of the County only. ECMCC related debt and ECC capital leases are repaid solely by ECMCC and ECC, respectively.*

*(4) See the "Demographic and Economic Statistics" schedule on page 137 for personal income and population data.*

*N/A = Not Available*

# Ratios of General Bonded Debt Outstanding

## Last Ten Fiscal Years

(dollars in thousands, except per capita)

| Fiscal Year | General Net Bonded Debt Outstanding (1,2,3,4) | Percentage of Actual Taxable Value (5) of Property | Per Capita (6) |
|---|---|---|---|
| **2005** . . . . . | $ 458,499 | 1.62% | $ 496 |
| **2006** . . . . . | 468,694 | 1.55% | 512 |
| **2007** . . . . . | 428,891 | 1.38% | 470 |
| **2008** . . . . . | 384,312 | 1.20% | 422 |
| **2009** . . . . . | 342,504 | 1.03% | 377 |
| **2010** . . . . . | 471,651 | 1.35% | 513 |
| **2011** . . . . . | 448,145 | 1.26% | 488 |
| **2012** . . . . . | 427,021 | 1.20% | 465 |
| **2013** . . . . . | 445,928 | 1.25% | 485 |
| **2014** . . . . . | 422,687 | 1.14% | 458 |

*Source:*
*Erie County Basic Financial Statements 2005-2014*

*Notes:*
*(1) Excludes Library Component Unit bonds which matured in 2008.*

*(2) Does not include sewer bonds which are considered self-supporting debt.*

*(3) Excludes ECMCC bond guaranty of $101,375 for 2004-2008, $99,305 for 2009, $97,150 for 2010, $94,900 for 2011, $92,550 for 2012, $90,085 for 2013, and $87,500 for 2014.*

*(4) Net of resources restricted for principal repayment of general bonded debt.*

*(5) See the "Assessed and Equalized Full Value of Taxable Property" schedule on pages 124-125 for property value data.*

*(6) See the "Demographic and Economic Statistics" schedule on page 137 for population data.*

# Legal Debt Margin Information

Last Ten Fiscal Years

(dollars in thousands)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 |
| **Debt limit** | $ 2,353,716 | $ 2,439,968 | $ 2,556,622 | $ 2,680,794 |
| **Total net debt applicable to limit** | 548,031 | 562,286 | 524,913 | 480,620 |
| **Legal debt margin** | **$ 1,805,685** | **$ 1,877,682** | **$ 2,031,709** | **$ 2,200,174** |
| **Total net debt applicable to the limit as a percentage of debt limit** | **23.28%** | **23.04%** | **20.53%** | **17.93%** |

*Sources:*
*Property value - NYS Office of the State Comptroller - Data Management Unit*
*Indebtedness and exclusions - Erie County Comptroller's Office*
*Erie County Basic Financial Statements*

*Notes:*

*(1) The computation of net debt-contracting margin performed by municipalities in New York State is akin to the computation of legal debt margin performed by municipalities in other states.*

*(2) Equalization rates are provided by New York State and applied by the County to the assessed valuations of taxable real estate to arrive at equalized full value.*

*(3) Per New York State constitution, the County's outstanding general obligation debt should not exceed 7 percent of total average five-year assessed property value.*

**Legal Debt Margin Calculation for Fiscal Year 2014 (1)**

| | | |
|---|---|---|
| Full value (average five-year valuation) (2) | | $ 47,045,898 |
| Debt limit (7% of assessed value) (3) | | $ 3,293,213 |
| Debt applicable to limit: | | |
| General obligation bonds and guaranty | $ 552,316 | |
| Less: sewer bond exclusions | (73,211) | |
| Total net debt applicable to limit | | 479,105 |
| **Legal debt margin** | | **$ 2,814,108** |

## Fiscal Year

| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| $ 2,820,171 | $ 2,962,433 | $ 3,082,612 | $ 3,176,940 | $ 3,242,613 | $ 3,293,213 |
| 436,259 | 545,873 | 511,592 | 485,170 | 502,370 | 479,105 |
| **$ 2,383,912** | **$ 2,416,560** | **$ 2,571,020** | **$ 2,691,770** | **$ 2,740,243** | **$ 2,814,108** |
| **15.47%** | **18.43%** | **16.60%** | **15.27%** | **15.49%** | **14.55%** |

# Pledged-Revenue Coverage

## Last Ten Fiscal Years

(dollars in thousands)

| | Tobacco Securitization Asset Backed Bonds (1) | | | | |
|---|---|---|---|---|---|
| **Fiscal Year** | **Tobacco Settlement Revenue** | **Interest Earnings** | **Bond Proceeds Restricted for Future Debt Service** | **Operating Transfer-Out** | **Carry-forward of Prior Year Fund Balance Restricted for Future Debt Service** |
| **2005** | $ 17,850 | $ 6,412 | $ - | $ (56,718) | $ 34,347 |
| **2006** | 16,331 | 1,207 | 17,233 | (15,738) | 19,413 |
| **2007** | 17,030 | 1,317 | - | (141) | 19,962 |
| **2008** | 18,064 | 163 | - | (100) | 19,940 |
| **2009** | 19,422 | 13 | - | (100) | 19,893 |
| **2010** | 15,925 | 86 | - | (202) | 20,412 |
| **2011** | 15,098 | 116 | - | (200) | 19,964 |
| **2012** | 15,397 | 139 | - | (158) | 19,919 |
| **2013** | 15,388 | 42 | - | - | 19,991 |
| **2014** | 17,409 | 12 | - | - | 20,734 |

*Source: ETASC Financial Statements*

*Note:*

*(1)Tobacco settlement bonds are payable only from the assets of ETASC and are not legal obligations of the County.*

**Tobacco Securitization Asset Backed Bonds**

| Net Proceeds of Refunding Bonds | Less: Operating Expenses | Net Available Resources | Debt Service | | Coverage |
|---|---|---|---|---|---|
| | | | Principal | Interest | |
| $ 40,316 | $ (9) | $ 42,198 | $ 1,070 | $ 21,715 | 1.85 |
| - | (62) | 38,384 | 1,725 | 16,697 | 2.08 |
| - | (23) | 38,145 | 3,255 | 14,950 | 2.10 |
| - | (24) | 38,043 | 3,865 | 14,285 | 2.10 |
| - | (12) | 39,216 | 5,265 | 13,539 | 2.09 |
| - | - | 36,221 | 2,875 | 13,382 | 2.23 |
| - | - | 34,978 | 1,805 | 13,254 | 2.32 |
| - | (1) | 35,296 | 2,195 | 13,110 | 2.31 |
| - | (1) | 35,420 | 1,785 | 12,901 | 2.41 |
| - | (1) | 38,154 | 4,855 | 12,697 | 2.17 |

# Direct And Overlapping Governmental Activities Debt (1)

As of December 31, 2014

(dollars in thousands)

| Governmental Unit | Fiscal Year Ended | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|---|---|---|---|---|
| Cities | 06/30/13 | $ 468,077 | 100% | $ 468,077 |
| Towns | 12/31/13 | 372,231 | 100% | 372,231 |
| Villages | 05/31/13 | 71,154 | 100% | 71,154 |
| School districts | 06/30/13 | 1,915,641 | 100% | 1,915,641 |
| Fire districts | 12/31/13 | 8,418 | 100% | 8,418 |
| **Subtotal, overlapping debt** | | | | **2,835,521** |
| **County direct debt** | | | | **581,114** |
| **ETASC direct debt** | | | | **339,938** |
| **County and ETASC direct debt** | | | | **921,052** |
| **Total direct and overlapping debt** | | | | **$ 3,756,573** |

*Sources:*
*Net debt outstanding of Erie County - Erie County Comptroller's Office*
*All other information - Latest available from the New York State Office of the State Comptroller*

*Notes:*
*(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Erie County. This process recognizes that, when considering the County's ability to issue and re-pay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.*

# Demographic and Economic Statistics

Last Ten Calendar Years

| Year | Population | Personal Income (thousands of dollars) | Per Capita Personal Income | School Enrollment (Grades K-12) | Unemployment Rate |
|---|---|---|---|---|---|
| **2005** | 923,820 | $ 30,522,089 | $ 33,039 | 152,169 | 5.2% |
| **2006** | 916,292 | 31,874,134 | 34,786 | 150,174 | 5.0% |
| **2007** | 911,784 | 32,943,811 | 36,116 | 155,280 | 4.8% |
| **2008** | 909,858 | 35,298,163 | 38,795 | 152,366 | 5.7% |
| **2009** | 909,247 | 35,047,750 | 38,546 | 143,936 | 8.3% |
| **2010** | 919,040 | 36,170,467 | 39,369 | 141,583 | 8.2% |
| **2011** | 918,028 | 37,864,000 | 41,245 | 140,981 | 8.2% |
| **2012** | 918,922 | 40,377,000 | 43,932 | 143,633 | 8.2% |
| **2013** | 919,866 | 41,850,059 | 45,496 | 144,334 | 7.4% |
| **2014** | 922,835 | N/A | N/A | N/A | 6.1% |

*Sources:*

***Population:*** *The 2005 to 2009 and 2011 to 2014 estimates were compiled by the NYS Department of Commerce and the NYS Department of Economic Development, respectively, using data provided by the United States Bureau of the Census. 2010 is the decennial census of the population conducted by the federal government.* ***Personal Income:*** *United States Department of Commerce, Bureau of Economic Analysis; material compiled by NYS Department of Commerce.* ***School Enrollment:*** *NYS Education Department, Information Center on Education. School enrollment data represents the 2004-2005 to 2013-2014 school years.* ***Unemployment Rate:*** *NYS Department of Labor.*

*Note:*
*N/A = Not Available*

# Principal Employers

Current Year and Nine Years Ago

| | 2014 | | | 2005 | | |
|---|---|---|---|---|---|---|
| **Employer** | **Employees** | **Rank** | **Percentage of Total County Employment** | **Employees** | **Rank** | **Percentage of Total County Employment** |
| State of New York | 15,085 | 1 | 3.58% | 16,655 | 1 | 3.72% |
| U.S. Government | 10,000 | 2 | 2.38% | 10,000 | 2 | 2.23% |
| Kaleida Health | 10,000 | 2 | 2.38% | 6,866 | 5 | 1.53% |
| City of Buffalo (2) | 7,944 | 4 | 1.89% | 7,819 | 4 | 1.75% |
| University at Buffalo | 6,790 | 5 | 1.61% | | | |
| Catholic Health System | 6,575 | 6 | 1.56% | 4,702 | 7 | 1.05% |
| M & T Bank | 6,500 | 7 | 1.54% | 4,163 | 8 | 0.93% |
| Tops Markets LLC | 5,772 | 8 | 1.37% | 8,000 | 3 | 1.79% |
| County of Erie (1) | 3,974 | 9 | 0.94% | 4,074 | 9 | 0.91% |
| Catholic Diocese of Buffalo | 3,200 | 10 | 0.76% | 4,000 | 10 | 0.89% |
| HSBC Bank USA, N.A. | | | | 5,100 | 6 | 1.14% |
| **Total** | **75,840** | | **18.01%** | **71,379** | | **15.94%** |

*Sources:*

***Erie County employment:*** *Erie County Comptroller's Office.* ***Total employed within Erie County:*** *NYS Department of Labor.* ***All other employer data:*** *Business First - Book of Lists*

*Notes:*
*(1) Represents filled full-time positions, excluding positions for Erie Community College.*
*(2) Includes Buffalo Public School District.*

# Full-time County Government Employees by Function (1)

Last Ten Fiscal Years

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| **Function** | **2005** | **2006** | **2007** | **2008** | **2009** |
| General government support | 631 | 668 | 671 | 627 | 642 |
| Public safety | 1,149 | 1,172 | 1,091 | 1,181 | 1,169 |
| Health | 300 | 305 | 300 | 316 | 277 |
| Transportation | 146 | 150 | 153 | 151 | 160 |
| Economic assistance and opportunity | 1,481 | 1,569 | 1,624 | 1,559 | 1,521 |
| Culture and recreation | 97 | 104 | 99 | 81 | 75 |
| Education | 40 | 36 | 35 | 32 | 34 |
| Home and community service | 230 | 244 | 247 | 240 | 235 |
| **Total** | **4,074** | **4,248** | **4,220** | **4,187** | **4,113** |

*Source: Erie County Comptroller's Office*

*Note:*
*(1) Excludes Erie Community College.*

| Fiscal Year | | | | |
|---|---|---|---|---|
| **2010** | **2011** | **2012** | **2013** | **2014** |
| 630 | 588 | 602 | 610 | 606 |
| 1,197 | 1,160 | 1,180 | 1,213 | 1,235 |
| 267 | 235 | 256 | 210 | 215 |
| 151 | 152 | 149 | 141 | 151 |
| 1,442 | 1,528 | 1,432 | 1,353 | 1,388 |
| 36 | 50 | 49 | 50 | 53 |
| 31 | 27 | 27 | 84 | 86 |
| 217 | 227 | 239 | 245 | 240 |
| **3,971** | **3,967** | **3,934** | **3,906** | **3,974** |

# Operating Indicators by Function/Program

Last Ten Fiscal Years

| Function/Program | Fiscal Year 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|
| **General government support:** | | | | |
| Major construction projects successfully completed | 20 | 6 | 4 | 5 |
| Motor vehicle registrations processed by County Clerk | 202,071 | 213,558 | 267,682 | 249,733 |
| Cases prosecuted or arraigned by the District Attorney's Office | 30,881 | 32,183 | 30,753 | 32,441 |
| **Public safety:** | | | | |
| Sheriff's calls for service | 62,909 | 77,257 | 88,486 | 88,863 |
| Vehicle and traffic arrests | 7,410 | 7,694 | 8,432 | 10,835 |
| Inmate population-Holding Center (average per day) | 562 | 584 | 555 | 500 |
| Inmate population-Correctional Facility (average per day) | 917 | 924 | 914 | 864 |
| Probation cases-supervised | 9,200 | 9,640 | 11,705 | 5,410 |
| Fire personnel trained | 6,800 | 6,800 | 7,000 | 5,115 |
| **Health:** | | | | |
| Patient visits - pediatric care | 3,528 | 3,013 | 2,950 | 2,953 |
| Persons served by Mental Health agencies (per month) | 30,096 | 33,217 | 32,161 | 28,921 |
| **Transportation:** | | | | |
| Bridges inspected | 85 | 246 | 71 | 248 |
| Miles of roads receiving surface treatment | 120 | 106 | 142 | 211 |
| **Economic assistance and opportunity:** | | | | |
| Home Energy Assistance Program payments administered | 138,777 | 120,000 | 108,909 | 119,758 |
| Number of clients enrolled in Medicaid Managed Care programs | 73,047 | 69,434 | 66,755 | 76,615 |
| Senior services home care to frail elderly (hours) | 63,781 | 119,076 | 119,426 | 106,420 |
| **Culture and recreation:** | | | | |
| Park attendance | 824,476 | 1,758,528 | 1,755,000 | 1,700,000 |
| Rounds of golf played | 85,005 | 62,187 | 68,215 | 67,558 |
| **Education:** | | | | |
| Children with special needs receiving service | 5,263 | 4,549 | 4,577 | 4,206 |
| Erie Community College full-time student headcount (2) | 8,215 | 8,198 | 8,228 | 8,404 |
| **Home and community service:** | | | | |
| Sewer flow per day (millions of gallons) | 43 | 45 | 43 | 59 |

*Source: Various County Departments*

*Notes:*

*(1) Clinics providing pediatric care were closed effective June 30, 2010.*

*(2) Average per semester.*

*N/A = Not Available*

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| 12 | 12 | 14 | 17 | 8 | 15 |
| 244,026 | 367,533 | 272,934 | 260,257 | 278,409 | 274,936 |
| 31,819 | 31,195 | 30,523 | 30,116 | 29,605 | 31,172 |
| 84,259 | 70,829 | 88,963 | 88,956 | 88,659 | 88,944 |
| 11,363 | 12,764 | 11,269 | 13,655 | 10,988 | 9,406 |
| 479 | 495 | 497 | 524 | 517 | 497 |
| 866 | 855 | 749 | 808 | 852 | 742 |
| 6,048 | 7,233 | 7,231 | 7,543 | 7,092 | 6,245 |
| 5,143 | 6,961 | 8,074 | 7,608 | 7,782 | 8,172 |
| 2,932 | 92 (1) | - | - | - | - |
| 26,845 | 27,389 | 9,552 | 11,354 | 2,325 | 2,407 |
| 78 | 244 | 74 | 239 | 78 | 234 |
| 141 | 181 | 222 | 215 | 12 | 114 |
| 185,447 | 159,047 | 157,949 | 193,115 | 174,777 | 206,518 |
| 89,331 | 97,777 | 104,789 | 118,431 | 125,580 | 160,983 |
| 83,015 | 95,477 | 85,272 | 80,575 | 67,450 | 71,566 |
| 1,900,000 | 1,985,500 | 1,704,479 | 1,863,326 | N/A | N/A |
| 67,298 | 60,129 | 51,193 | 59,623 | N/A | N/A |
| 4,182 | 4,168 | 4,032 | 3,790 | 3,835 | 3,821 |
| 8,874 | 9,560 | 9,845 | 9,173 | 9,116 | 8,514 |
| 59 | 56 | 60 | 42 | 49 | 50 |

# Capital Asset Statistics by Function

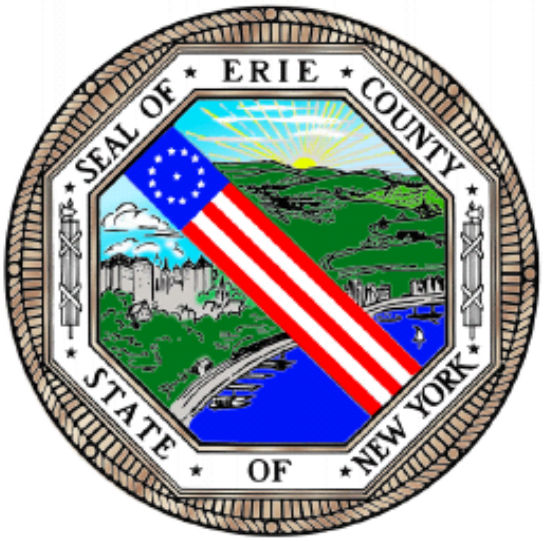
Last Ten Fiscal Years

| Function (1) | Fiscal Year 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|
| **Public safety:** | | | | |
| Emergency communication stations | 1 | 1 | 1 | 1 |
| Training centers operated by the County | 3 | 3 | 3 | 3 |
| Correctional facilities | 1 | 1 | 1 | 1 |
| Holding centers | 1 | 1 | 1 | 1 |
| **Health:** | | | | |
| Health Department clinics / in County-owned buildings | 11 / 5 | 11 / 5 | 11 / 5 | 11 / 5 |
| **Transportation:** | | | | |
| Miles of roads | 1,200 | 1,180 | 1,168 | 1,187 |
| Highway maintenance facilities | 5 | 5 | 5 | 5 |
| **Culture and recreation:** | | | | |
| Parks | 19 | 19 | 19 | 23 |
| Park and forest acreage | 10,657 | 10,657 | 10,657 | 10,247 |
| Golf courses | 2 | 2 | 2 | 2 |
| **Education:** | | | | |
| Erie Community College campuses | 3 | 3 | 3 | 3 |
| Erie Community College library volumes | 139,757 | 145,174 | 146,574 | 135,097 |
| **Home and community service:** | | | | |
| Miles of sanitary sewer | 708 | 821 | 928 | 931 |
| Miles of storm sewer | 47 | 47 | 47 | 47 |
| Pumping stations | 77 | 94 | 100 | 100 |
| Grinder pumps | 462 | 462 | 463 | 463 |

*Source: Various County Departments*

*Notes:*
*(1) No capital asset indicators are available for general government support and economic assistance and opportunity functions.*

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 11 / 5 | 4 / 4 | 4 / 1 | 4 / 1 | 4 / 1 | 4 / 1 |
| 1,187 | 1,187 | 1,187 | 1,187 | 1,187 | 1,187 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 23 | 23 | 23 | 23 | 23 | 23 |
| 10,247 | 10,247 | 10,247 | 10,247 | 10,247 | 10,247 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 126,537 | 125,272 | 120,206 | 116,674 | 112,651 | 109,198 |
| 937 | 942 | 944 | 1,054 | 1,071 | 1,071 |
| 47 | 48 | 48 | 48 | 48 | 48 |
| 97 | 98 | 98 | 100 | 96 | 96 |
| 463 | 463 | 463 | 455 | 452 | 452 |


SEAL OF ERIE COUNTY
STATE OF NEW YORK