COUNTY OF ERIE

STEFAN I. MYCHAJLIW
COMPTROLLER

July 18, 2014

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

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

Re: Erie County 2013 Comprehensive Annual Financial Report

Dear Honorable Members and County Executive Poloncarz:

Enclosed for your review is Erie County's 2013 Comprehensive Annual Financial Report.

If you have any questions about the enclosed, please contact my Office at your earliest convenience.

Sincerely yours,

Stefan I. Mychajliw
Erie County Comptroller

SIM/nr
Enclosure

c: Robert W. Keating, Director, Budget and Management
Erie County Audit Committee Members
Erie County Fiscal Stability Authority

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COUNTY OF ERIE

NEW YORK

Comprehensive Annual Financial Report

For the Year Ended December 31, 2013

STEFAN I. MYCHAJLIW

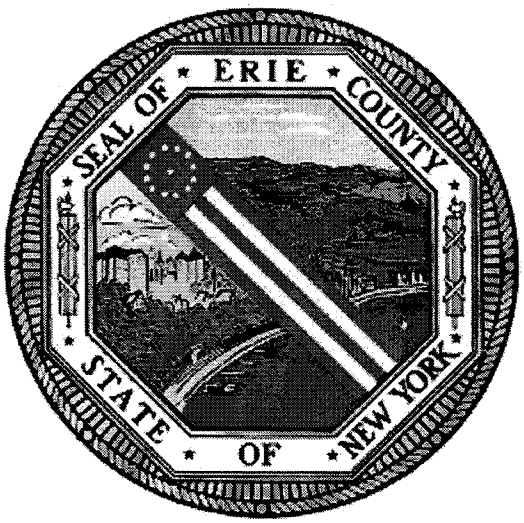
Erie County Comptroller

COUNTY OF ERIE, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2013

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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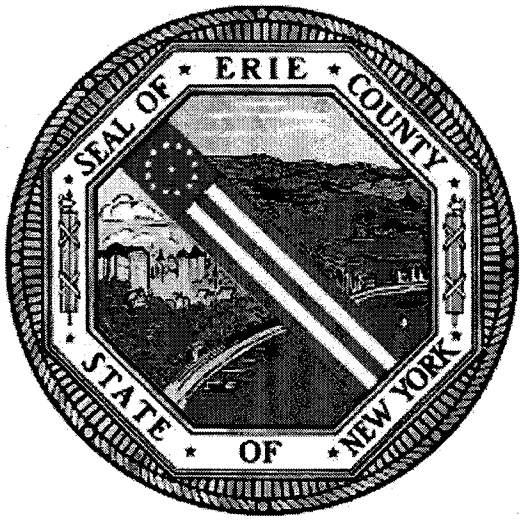
INTRODUCTORY SECTION

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 25, 2014

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, 2013 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, 2013. The independent auditors' report is located at the front of the financial section of this report.

ERIE COUNTY OFFICE BUILDING • 95 FRANKLIN STREET • ROOM 1100 • BUFFALO, NEW YORK • 14202-3972
TELEPHONE: (716) 858-8400 • FAX: (716) 858-6195 • INTERNET: www.erie.gov

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 three 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 two component units (i.e., Research for Health in Erie County, Inc. and ECMC Lifeline Foundation, 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 2013 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, 2012, in association with the ECFSA-required Four Year Financial Plan, the County Executive presented his 2013 Tentative Budget to the legislature for review and action. On December 11, 2012, the County Legislature approved its 2013 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 2013 averaged 7.4 percent as compared to 7.1 percent statewide and 6.7 percent nationally (*source: 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 proceed such as the $172 million HarborCenter project being constructed by the Buffalo Sabres and which will employ 350 full time employees with an estimated $48 million in state and local taxes over the next ten years; the new $270 million Children's Hospital construction project; the $110 million Conventus building project anchoring the Buffalo Niagara Medical Campus; the $93 million Uniland building project creating a new headquarters for Delaware North Companies and hotel and retail space; a $40 million first phase of a new clinical science center at the Roswell Park Cancer Institute; and the current $375 million construction of the new medical school for the State University of New York at Buffalo, being built at the Medical Campus and scheduled to open in fall 2016.

At the former Bethlehem Steel site in Lackawanna, with County funds and investment, ECIDA inducements and strong State support, the Canadian manufacturer Welded Tube has opened a specialty steel manufacturing center. This investment in the brownfield, including new rail lines and utility service, is attracting other investment, including the North American Salt Company which plans to build a $7.3 million facility to import, package and ship bulk salt from a six-acre site at the former Bethlehem property.

After considering sites in Indiana and Tennessee, and with ECIDA and State tax credits, FedEx is building a $10.6 million office and distribution center in the Town of Tonawanda that will add more than 80 jobs and open in March 2015. Fisher Price, with a major facility in East Aurora that employs 750 people, is modernizing its research and development unit at that facility with a $6 million project.

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 "Buffalo Billion" initiative is in the area of health sciences and two firms, Albany Molecular Research and PerkinElmer, are major tenants in a pharmaceutical development center which is under construction at the Buffalo Niagara Medical Campus. At the Medical Campus, $50 million in State investment is attracting $200 million in private-sector investment and 250 initial good-paying jobs.

Another "Buffalo Billion" agenda item involves redeveloping the former Republic Steel brownfield site in Buffalo. Renamed "RiverBend," the site is being redeveloped by New York State and two California clean-energy startups, Soraa and Silevo (on June 17, 2014, SolarCity announced an agreement to acquire Silevo), have announced they will each invest $750 million and create 850 jobs and maybe as many as 1,300 jobs at a $225 million complex constructed with State funds.

Governor Cuomo has commenced an initiative called START-UP NY (SUNY Tax-free Areas to Revitalize and Transform Upstate NY). This is a program to transform SUNY campuses and other university communities across the state into tax-free communities for new and expanding businesses. At SUNY Buffalo eight companies are participating through their affiliation with UB and are projected to generate a combined 204 jobs over the next five years and will collaborate with UB faculty researchers and students.

In June 2012, General Motors began production on a new engine line at its Tonawanda engine plant. GM invested $425 million in the plant, creating more than 700 jobs which are producing a new generation of fuel-efficient small block truck and car engines. In November 2013, Ford Motor Company announced plans to invest $150 million to upgrade its Hamburg stamping plant and increase its workforce by 54%, adding 350 jobs.

Fiscal Impacts on the County in 2013

The resistance of the local economy to the worst effects of recent recessions, and the success of some local economic development activities, has 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 $420M in sales tax collections – this does not include the $290M 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.

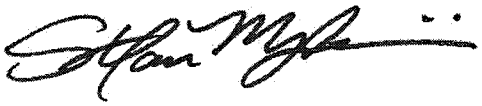
AWARDS AND ACKNOWLEDGMENTS

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, 2012. This was the eighth 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 2013 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 2013.

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

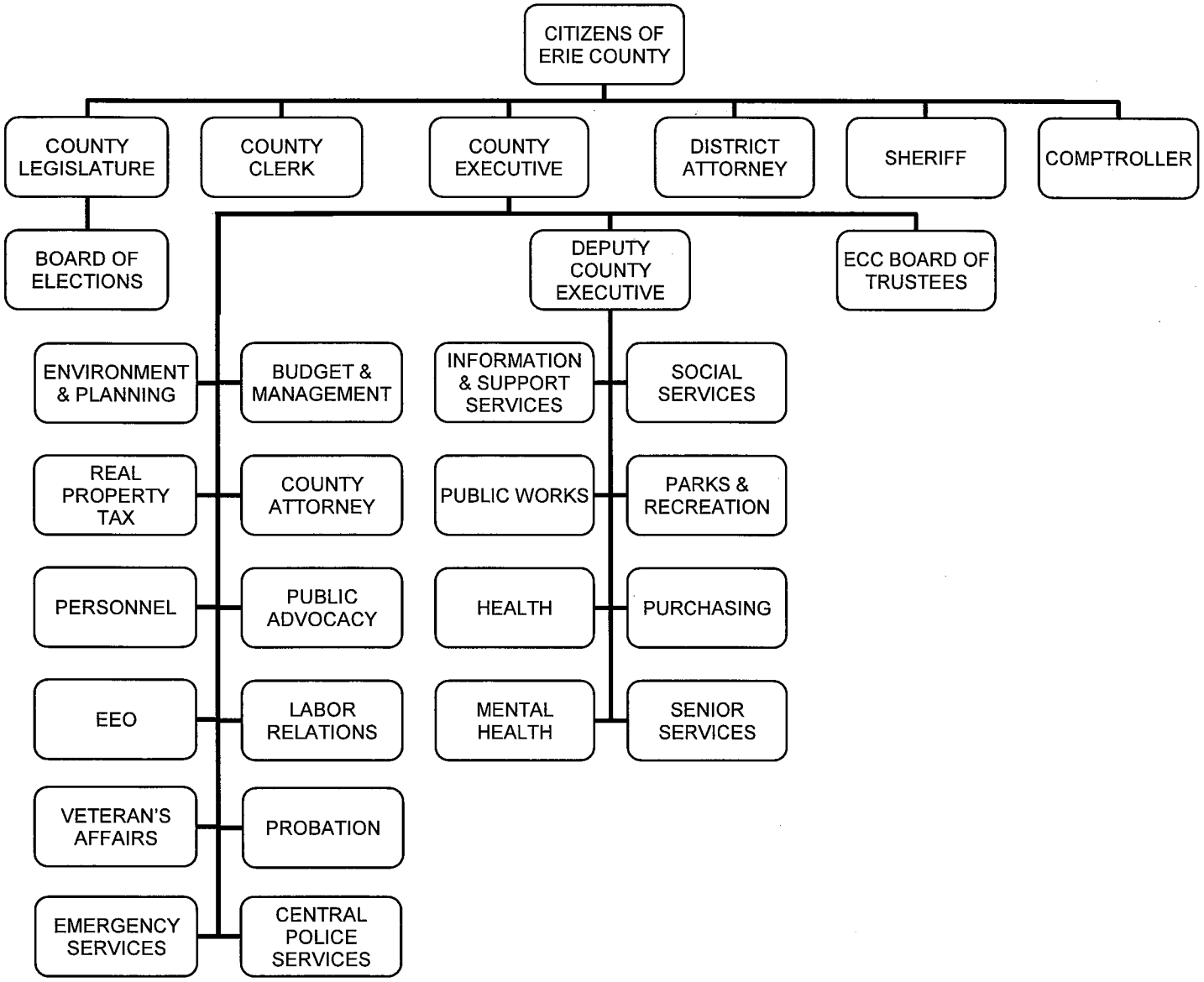
New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

COUNTY OF ERIE, NEW YORK
ORGANIZATIONAL CHART
December 31, 2013

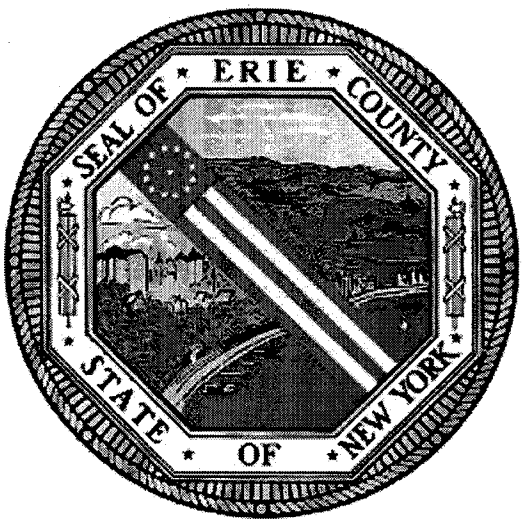


COUNTY OF ERIE, NEW YORK
SUMMARY OF ELECTED OFFICIALS
December 31, 2013

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

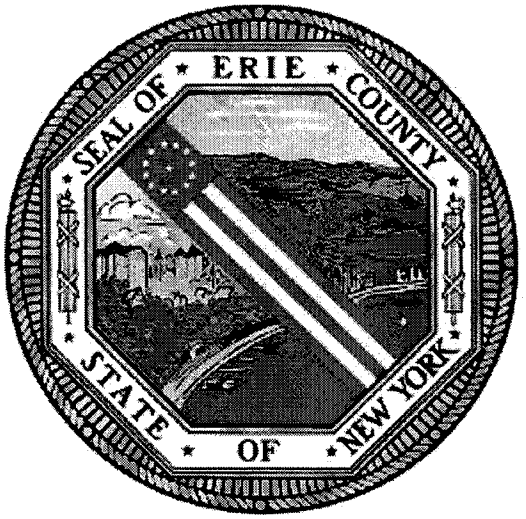
District No. 1	Timothy R. Hogues	District No. 7	Thomas J. Mazur
District No. 2	Betty Jean Grant	District No. 8	Terrence D. McCracken
District No. 3	Lynn M. Marinelli	District No. 9	Lynne M. Dixon
District No. 4	Kevin R. Hardwick	District No. 10	Joseph C. Lorigo
District No. 5	Thomas A. Loughran	District 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, 2013 (with the Erie Community College for the year ended August 31, 2013), and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 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 52.3% and 4.0%, respectively, of the assets and 33.2% and 6.5%, respectively, of the revenues of the aggregate discretely presented other component units. We did not audit the financial statements of the Erie County Fiscal Stability Authority ("ECFSA"), which represent 7.2% and 3.0% 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. 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 those component units, is based solely on the reports of such 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, 2013, 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 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.

Deloitte & Touche LLP

June 12, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

(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, 2013, and incorporates financial information from the year ended December 31, 2012 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 2013 fiscal year by $46,510 (deficit net position). This consists of $40,914 restricted for specific purposes (restricted net position), $419,006 net investment in capital assets and a deficit in unrestricted net position of $506,430 at December 31, 2013.

- As a result of current year activity, the primary government's total net position decreased by $19,719. Governmental activities decreased the County's net position by $18,780 and business-type activities decreased the County's net position by $939.

- As of December 31, 2013, the County's governmental funds reported combined fund balances of $308,158, an increase of $42,779 in comparison to the prior year. Approximately 28.9% of the total combined governmental funds fund balance, $89,107, 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 $89,650 or 74.5% of the total General Fund fund balance of $120,369. Total nonspendable, restricted and assigned General Fund fund balance totaled $30,719 at December 31, 2013.

- The total bonded debt of the primary government increased by $20,062 or 2.2% during the 2013 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 in part a 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. On November 3, 2006, the ECFSA imposed a control period on the County empowering the ECFSA to operate with its maximum authorized complement of control and oversight powers over County finances. On that date, the ECFSA also imposed a hiring freeze and a contract review process. The ECFSA reverted to an advisory status on June 2, 2009 and maintained its advisory status through the 2013 fiscal year.

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. The accounting used for fiduciary funds is much like that used for proprietary funds.

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 non-major 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 may serve, over time, as a useful indicator of a government's financial position. In the case of the County, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $46,510 at the close of the most recent fiscal year.

Summary of Net Position as of December 31, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 725,441	$ 666,217	$ 55,106	$ 51,420	$ 780,547	$ 717,637
Capital assets	812,765	818,795	29,257	20,828	842,022	839,623
Total assets	1,538,206	1,485,012	84,363	72,248	1,622,569	1,557,260
Total deferred outflows of resources	30,624	32,235	417	-	31,041	32,235
Current and other liabilities	238,509	211,821	22,394	21,194	260,903	233,015
Long-term liabilities	1,335,822	1,292,520	73,443	61,172	1,409,265	1,353,692
Total liabilities	1,574,331	1,504,341	95,837	82,366	1,670,168	1,586,707
Total deferred inflows of resources	29,952	29,579	-	-	29,952	29,579
Net position:						
Net investment in capital assets	395,657	385,776	23,349	20,828	419,006	406,604
Restricted	40,914	34,960	-	-	40,914	34,960
Unrestricted (deficit)	(472,024)	(437,409)	(34,406)	(30,946)	(506,430)	(468,355)
Total net position	**$ (35,453)**	**$ (16,673)**	**$ (11,057)**	**$ (10,118)**	**$ (46,510)**	**$ (26,791)**

A significant portion of the County's net position at December 31, 2013 ($419,006) 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 ($40,914) 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 $506,430, 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, ($338,715), issued to be paid back with future tobacco proceeds which will be received annually over the next forty-six (46) years, and (2) the long-term liability associated with other post-employment benefits ($372,245), 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 $472,024 and $34,406, respectively, at December 31, 2013.

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, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	$ 70,903	$ 79,912	$ 62,306	$ 56,204	$ 133,209	$ 136,116
Operating grants and contributions	395,047	401,431	5,282	5,654	400,329	407,085
Capital grants and contributions	17,185	25,630	-	-	17,185	25,630
General revenues:						
Property taxes	269,809	270,806	-	-	269,809	270,806
Sales and use taxes	724,680	707,995	-	-	724,680	707,995
Transfer taxes	9,719	9,432	-	-	9,719	9,432
Federal, state and local appropriations	-	-	71,280	69,684	71,280	69,684
Unrestricted interest earnings	1,352	1,012	75	102	1,427	1,114
Miscellaneous and other	11,439	9,592	491	-	11,930	9,592
Total revenues	**1,500,134**	**1,505,810**	**139,434**	**131,644**	**1,639,568**	**1,637,454**
Expenses:						
General government	426,627	434,922	-	-	426,627	434,922
Public safety	157,278	152,968	-	-	157,278	152,968
Health	72,137	72,928	-	-	72,137	72,928
Transportation	71,592	71,685	-	-	71,592	71,685
Economic assistance and opportunity	594,354	578,592	-	-	594,354	578,592
Culture and recreation	18,156	20,709	-	-	18,156	20,709
Education	68,208	69,833	-	-	68,208	69,833
Home and community service	53,704	54,618	-	-	53,704	54,618
Interest and fiscal charges	39,515	34,905	-	-	39,515	34,905
College	-	-	132,318	129,424	132,318	129,424
Purchase and resale of utilities	-	-	25,398	21,350	25,398	21,350
Total expenses	**1,501,571**	**1,491,160**	**157,716**	**150,774**	**1,659,287**	**1,641,934**
Excess (deficiency) before transfers	(1,437)	14,650	(18,282)	(19,130)	(19,719)	(4,480)
Transfers	(17,343)	(17,429)	17,343	17,429	-	-
Change in net position	**(18,780)**	**(2,779)**	**(939)**	**(1,701)**	**(19,719)**	**(4,480)**
Net position - beginning of year, as previously stated	**(14,401)**	**(23,307)**	**(10,118)**	**(8,417)**	**(24,519)**	**(31,724)**
Prior period adjustment	(2,272)	11,685	-	-	(2,272)	11,685
Net position - beginning of year, as restated	**(16,673)**	**(11,622)**	**(10,118)**	**(8,417)**	**(26,791)**	**(20,039)**
Net position - ending	**$ (35,453)**	**$ (14,401)**	**$ (11,057)**	**$ (10,118)**	**$ (46,510)**	**$ (24,519)**

Governmental Activities

During the year ended December 31, 2013, governmental activities decreased the County's net position by $18,780. Revenues decreased by $5,676 (.4%), while expenses increased by $10,411 (.7%) from 2012 to 2013. Key elements of this decrease are as follows:

- The $16,685 (2.4%) increase in the sales and use taxes category was primarily the result of a modest growth in taxable sales.
- Charges for services decreased by $9,009 (11.3%). Decreases in medical assistance repayments ($2,466), legal settlements ($1,308), contributions for senior services programs ($1,125), and refunds of prior year expenses ($1,526) accounted for most of the decrease.
- Capital grants and contributions decreased $8,445 (32.9%) during the year as a result of decreased Federal and State aid for road and bridge projects ($8,980).
- Operating grants and contributions decreased $6,384 (1.6%) during the year. Net decreases in State and Federal aid for mental health programs ($4,872), emergency services programs ($2,065), and new equipment for the Board of Elections ($6,380), and a net increase in State and Federal aid for social services programs ($7,527) were the primary reasons for the overall decrease.
- General government expenses decreased by $8,295 (1.9%) chiefly due to a decrease in long-term claims and judgments ($16,019), and increases to long-term liabilities due to ECMCC for certain retiree health care expenses ($4,042), and OPEB expense ($3,263).
- Economic assistance and opportunity expenses increased by $15,762 (2.7%) as a result of increased spending for a variety of social services programs ($14,781).
- Public safety expenses increased $4,310 (2.8%) mainly as a result of increased salaries, wages and fringe benefits in the Sheriff's Office ($2,549).
- Culture and recreation expenses decreased by $2,553 (12.3%) primarily due to a decreased subsidy to the Library component unit ($2,000) and maintenance costs for Ralph Wilson Stadium ($1,467), and an increase in working capital assistance for the Buffalo Bills ($1,290).
- Interest and fiscal charges increased by $4,610 (13.2%). Increases in interest expense ($4,775) net of various amortizations ($165) accounted for this change.

Business-type Activities

Business-type activities decreased the County's net position by $939 in the 2013 fiscal year compared to a decrease of $1,701 in 2012. The College generated decreases in net position of $979 and $1,043 for the years ended August 31, 2013 and 2012, respectively. The College's operating loss at August 31, 2013 was greater than the operating loss at August 31, 2012 by $1,835, as operating revenues generated increased $984 and operating expenses increased $2,819. Revenues generated during the fiscal year ended August 31, 2013 increased primarily as a result of a tuition rate increase. Increases in health care rates/costs and required retirement contributions comprises much of the expense increase. The County sponsorship share of support to the College for the College's fiscal year ended August 31, 2013 was $17,429 and is reported as a 2013 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, 2013, the County's governmental funds reported combined fund balances of $308,158, which is an increase of $42,779 in comparison with the prior year.

Nonspendable fund balance totaling $13,831 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 $152,998 is constrained to specific purposes and consists of $138 for education, advocacy and increased public awareness of handicapped parking laws, $512 to be utilized solely on the E-911 system, $30,962 for the future repayment of bonded debt service and $121,386 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, 2013 include $25,824 to meet expenditure requirements in the 2014 fiscal year, $37 for future settlements of various claims and litigation, $2,954 to repair various roads, $7,934 to fund year-end encumbrances, $372 to fund the future local share of various grant programs, and $15,101 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 28.9% of the County's total fund balances consists of *unassigned fund balance* ($89,107). Deficit unassigned fund balance amounts in the ECFSA General Fund, Grants and the Community Development Special Revenue Funds amounting to $543 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, 2013, unassigned fund balance of the General Fund was $89,650 while total fund balance was $120,369. 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 9.6% of that same amount. Fund balance in the County's General Fund increased by $228 during the 2013 fiscal year compared to during the 2012 fiscal year, when the General Fund experienced an increase of $4,006.

- **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 $4, a decrease of $973 from the 2012 amount, and is classified as nonspendable for prepaid items ($7) and deficit unassigned fund balance ($3) in the County's fund financial statements. During the year, the ECFSA returned $741 in excess operating funds to the County.

- **Sewer Special Revenue Fund** – Ending fund balance increased by $1,200 compared to a $2,870 increase during 2012. Revenues increased by $573 primarily for user charges and fees ($404). Expenditures also increased chiefly for professional service contracts and fees ($1,237), utilities ($406), and wages, salaries and fringes ($475). Transfers out to subsidize the Debt Service Fund for sewer district projects that were bonded increased by $241.

- **E-911 Special Revenue Fund** – Total expenditures decreased by $121 and total revenues decreased by $504 compared to the 2012 amounts. State aid reductions accounted for most of the revenue decrease and necessitated a $401 increase in transfers-in from the General Fund.

- **Debt Service Fund** – The Debt Service Fund has a total fund balance of $10,212 which is restricted solely for the purpose of payment of future debt service. The net increase in fund balance during the current year of $5,008 was mainly the result of transferring unspent capital project monies from the Capital Project Funds to pay remaining debt service ($5,911).

- **ECFSA Debt Service Fund** – At year-end, the ECFSA held County cash in the amount of $25,159 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 2013 fiscal year, the total fund balances restricted for future capital projects amounted to $121,386, of which $24,978 was encumbered for contracted projects underway.

During 2013, the County's capital outlay increased in the General Government Buildings, Equipment and Improvements Fund ($14,257) and decreased in the Special Capital Projects Fund ($7,622), Highways, Roads, Bridges and Equipment Capital Projects Fund ($7,238), Sewers, Facilities, Equipment and Improvements Fund ($3,220) and ECMCC Capital Projects Fund ($31).

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 $36,355 at August 31, 2013.

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, 2013 and 2012

	Major Fund College (August 31,)		Non-major Fund Utilities Aggregation		Total	
	2013	2012	2013	2012	2013	2012
Operating revenues	$ 42,150	$ 41,166	$ 25,438	$ 20,692	$ 67,588	$ 61,858
Operating expenses	132,221	129,402	25,398	21,350	157,619	150,752
Operating (loss) income	(90,071)	(88,236)	40	(658)	(90,031)	(88,894)
Non-operating revenues, net	71,749	69,764	-	-	71,749	69,764
Net (loss) income before contributions and transfers	(18,322)	(18,472)	40	(658)	(18,282)	(19,130)
Transfers	17,343	17,429	-	-	17,343	17,429
Change in net position	**$ (979)**	**$ (1,043)**	**$ 40**	**$ (658)**	**$ (939)**	**$ (1,701)**

The net loss before contributions and transfers of enterprise funds of $18,282 is comprised of a net loss of $18,322 for the College and net gain of $40 for the Utilities Aggregation Fund.

The College reported a total deficit net position of $13,006 at August 31, 2013. The College's net position has decreased significantly in each of the past seven 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 2013 fiscal year there was a $391,109 decrease in total budgeted revenues between the original and final budget. The main component of the net decrease is the reclassification of $407,125 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 interest and penalties on real property taxes ($7,702) and miscellaneous revenues for Ralph Wilson Stadium security ($480) and an excess operating credit ($5,203) received from ECMCC.

The budget for other financing sources was increased during the year by $407,125, primarily for the sales and use taxes reclassification referred to in the previous paragraph.

Budgeted appropriations and other financing uses increased by $30,553. Budgeted expenditures increased in general government support ($10,581), primarily for fringe benefits ($7,149), working capital assistance for the Buffalo Bills ($1,290) and legal settlements ($1,964); public safety ($11,411), for salaries, wages and fringes ($6,766) and interdepartmental billing to the Health Department for correctional health services ($2,910); and, transfers out ($10,492), for additional road repairs and maintenance ($2,294) to the Road Special Revenue Fund, and to fund the County's cost of a building to be constructed at one of the College's campuses ($7,400) to the Special Capital Projects Fund.

For the year, actual revenues fell short of budget by $32,131. This was mainly due to a negative budgetary variance in intergovernmental category of $22,711 mainly due to decreased State aid for mental health services ($6,790) and a special needs pre-school program ($6,624), and decreased Federal aid for social services administration ($4,914) and a daycare block grant ($3,372). Sales and use taxes experienced a negative variance of $9,599 as actual results fell short of projections, and departmental revenue was short of budget by $2,007 as repayments for medical assistance ($3,475) were less than anticipated.

Actual expenditures were less than budget by $49,363 primarily due to savings in various categories as follows: general government support ($13,600), principally for payments to local municipalities for their share of County sales and use tax ($4,527) and fringe benefits ($8,840); economic assistance and opportunity ($11,416), mainly for a daycare block grant ($3,658), a foster care program ($3,169), wages and salaries ($1,448) and interdepartmental billings ($1,310); and education ($12,441) chiefly for special needs ($8,896) and early intervention programs ($3,509).

The total budget to actual variance for the year amounted to a positive $21,235.

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, 2013, amounted to $842,022 (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 0.3%.

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 $20,473 and $15,977 respectively.

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

Summary of Capital Assets at December 31, 2013 and 2012
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 30,519	$ 30,479	$ -	$ -	$ 30,519	$ 30,479
Buildings and Improvements	247,906	249,900	12,328	10,243	260,234	260,143
Improvements other than Buildings	12,170	13,575	37	40	12,207	13,615
Sewer and Transportation Networks	451,049	443,370	-	-	451,049	443,370
Machinery and Equipment	29,022	33,312	9,479	3,807	38,501	37,119
Library Collections	-	-	1,134	1,170	1,134	1,170
Construction in Progress	42,099	48,159	6,279	5,568	48,378	53,727
Total	**$ 812,765**	**$ 818,795**	**$ 29,257**	**$ 20,828**	**$ 842,022**	**$ 839,623**

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, 2013, the primary government had total bonded debt outstanding of $950,305, as compared to $930,243 in the prior year. During the year, payments and other reductions of bonded debt amounted to $92,582, while additions and accretions amounted to $112,644. 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, 2013 and 2012

	Governmental Activities	
	2013	2012
Erie County bonds	$ 486,581	$ 470,780
Less: ECFSA mirror bonds	(340,165)	(267,115)
Net Erie County bonds	**146,416**	**203,665**
ECFSA bonds	422,670	353,365
ETASC tobacco settlement bonds	349,866	346,048
Unamortized bond discounts	-	(6)
Unamortized bond discounts - ETASC	(11,151)	(11,230)
Unamortized bond premiums	42,504	38,401
Total Primary Government long-term debt	**$ 950,305**	**$ 930,243**

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

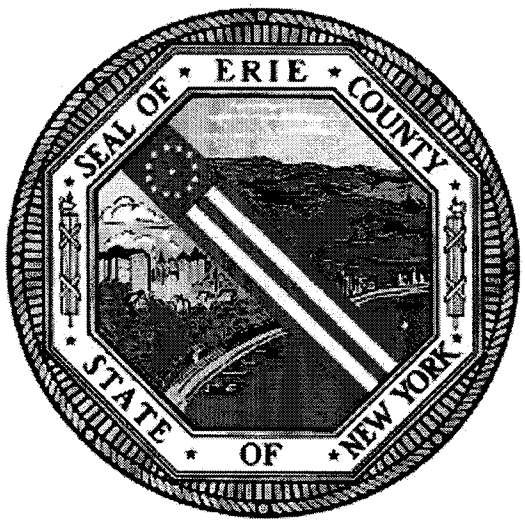
New York State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year valuation. The current debt-limitation for the County is $2,740,243, which is only 15.49% exhausted by the County's outstanding general obligation debt of $502,370 (which includes a $90,085 bond guaranty to ECMCC).

The County's bond ratings were unchanged during the year and are as follows: Standard & Poor's at A- (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, 2013

(dollars in thousands)

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	$ 76,449	$ 48,245	$ 124,694
Investments	46,093	-	46,093
Restricted cash and cash equivalents	114,905	-	114,905
Receivables (net of allowances)	372,087	4,895	376,982
Due from primary government	-	-	-
Due from component unit	95,578	3,125	98,703
Internal balances	6,498	(1,162)	5,336
Inventories	-	-	-
Prepaid items	13,831	3	13,834
Other assets	-	-	-
Capital assets:			
Land, rare books and construction in progress	72,618	6,279	78,897
Other capital assets, net of depreciation	740,147	22,978	763,125
Total assets	**1,538,206**	**84,363**	**1,622,569**
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	28,819	-	28,819
Deferred outflow on forward purchase agreement swap	1,805	-	1,805
Deferred interest on capital leases	-	417	417
Total deferred outflows of resources	**30,624**	**417**	**31,041**
LIABILITIES:			
Accounts payable	49,508	4,674	54,182
Accrued liabilities	63,091	7,593	70,684
Due to component unit	7,629	-	7,629
Due to primary government	-	-	-
Unearned revenue	8,841	10,127	18,968
Short-term debt	109,440	-	109,440
Long-term liabilities:			
Due within one year	78,069	5,206	83,275
Due in more than one year	1,257,753	68,237	1,325,990
Total liabilities	**1,574,331**	**95,837**	**1,670,168**
DEFERRED INFLOWS OF RESOURCES:			
Deferred community development loans	**29,952**	**-**	**29,952**
NET POSITION:			
Net investment in capital assets	395,657	23,349	419,006
Restricted for:			
Capital projects	21,870	-	21,870
Debt service	18,394	-	18,394
Public safety	512	-	512
Other purposes	138	-	138
Unrestricted	(472,024)	(34,406)	(506,430)
Total net position	**$ (35,453)**	**$ (11,057)**	**$ (46,510)**

See accompanying notes to the financial statements.

COMPONENT UNITS		
Library	ECMCC	Other
$ 8,975	$ 9,147	$ 2,195
-	3,415	3,762
-	152,906	-
817	100,310	189
254	7,375	-
-	-	-
-	-	-
-	-	42
728	8,076	1
-	3,595	875
11,277	46,791	-
5,953	243,011	403
28,004	**574,626**	**7,467**
-	-	-
-	-	-
-	-	-
-	-	-
341	38,617	66
824	55,437	1,079
-	-	-
-	98,703	-
873	-	-
-	-	-
1,029	2,585	-
20,638	248,509	-
23,705	**443,851**	**1,145**
-	-	-
17,230	120,480	403
-	-	-
-	11,049	-
-	-	-
-	12,494	3,203
(12,931)	(13,248)	2,716
$ 4,299	**$ 130,775**	**$ 6,322**

Statement of Activities

For the year ended December 31, 2013

(dollars in thousands)

Functions / Programs	Expenses	PROGRAM REVENUES: Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 426,627	$ 26,702	$ 23,790	$ 4,352
Public safety	157,278	7,239	3,880	-
Health	72,137	2,192	54,964	-
Transportation	71,592	-	7,691	9,043
Economic assistance and opportunity	594,354	23,723	254,072	-
Culture and recreation	18,156	1,322	737	-
Education	68,208	95	35,187	1,948
Home and community service	53,704	9,630	8,734	1,842
Interest and fiscal charges	39,515	-	5,992	-
Total governmental activities	**1,501,571**	**70,903**	**395,047**	**17,185**
Business-type activities:				
College (August 31, 2013)	132,318	36,868	5,282	-
Utilities aggregation	25,398	25,438	-	-
Total business-type activities	**157,716**	**62,306**	**5,282**	**-**
Total primary government	**$ 1,659,287**	**$ 133,209**	**$ 400,329**	**$ 17,185**
Component units:				
Library	$ 29,440	$ 930	$ 3,313	$ -
ECMCC	493,950	491,654	1,954	-
Other component units	3,330	2,597	1,101	-
Total component units	**$ 526,720**	**$ 495,181**	**$ 6,368**	**$ -**

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, as previously stated

Prior period adjustment (Note XVIII)

Net position - beginning, as restated

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
$ (371,783)	$ -	$ (371,783)	$ -	$ -	$ -
(146,159)	-	(146,159)	-	-	-
(14,981)	-	(14,981)	-	-	-
(54,858)	-	(54,858)	-	-	-
(316,559)	-	(316,559)	-	-	-
(16,097)	-	(16,097)	-	-	-
(30,978)	-	(30,978)	-	-	-
(33,498)	-	(33,498)	-	-	-
(33,523)	-	(33,523)	-	-	-
(1,018,436)	**-**	**(1,018,436)**	**-**	**-**	**-**
-	(90,168)	(90,168)	-	-	-
-	40	40	-	-	-
-	**(90,128)**	**(90,128)**	**-**	**-**	**-**
(1,018,436)	**(90,128)**	**(1,108,564)**	**-**	**-**	**-**
			(25,197)	-	-
			-	(342)	-
			-	-	368
			(25,197)	**(342)**	**368**
269,809	-	269,809	-	-	-
-	-	-	22,172	-	-
724,680	-	724,680	-	-	-
9,719	-	9,719	-	-	-
-	32,590	32,590	-	-	-
-	38,690	38,690	-	-	-
-	-	-	11	8,552	-
1,352	75	1,427	-	-	-
11,287	491	11,778	216	154	-
152	-	152	-	-	-
1,016,999	**71,846**	**1,088,845**	**22,399**	**8,706**	**-**
(17,343)	17,343	-	-	-	-
999,656	**89,189**	**1,088,845**	**22,399**	**8,706**	**-**
(18,780)	**(939)**	**(19,719)**	**(2,798)**	**8,364**	**368**
(14,401)	**(10,118)**	**(24,519)**	**7,097**	**124,629**	**5,954**
(2,272)	-	(2,272)	-	(2,218)	-
(16,673)	**(10,118)**	**(26,791)**	**7,097**	**122,411**	**5,954**
$ (35,453)	**$ (11,057)**	**$ (46,510)**	**$ 4,299**	**$ 130,775**	**$ 6,322**

Balance Sheet

Governmental Funds

December 31, 2013

(dollars in thousands)

	General	ECFSA General	Total Nonmajor Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	$ 29,136	$ 132	$ 47,181	**$ 76,449**
Investments	-	-	46,093	**46,093**
Restricted cash and cash equivalents	138	-	114,767	**114,905**
Receivables (net of allowances)				
Real property taxes, interest, penalties and liens	81,994	-	24	**82,018**
Other	8,849	-	30,254	**39,103**
Due from other funds	100,516	109,440	45,668	**255,624**
Due from component unit	5,289	-	19	**5,308**
Due from other governments	153,597	51,082	31,242	**235,921**
Prepaid items	10,292	7	3,532	**13,831**
Total assets	**$ 389,811**	**$ 160,661**	**$ 318,780**	**$ 869,252**
LIABILITIES:				
Accounts payable	$ 12,818	$ 1	$ 8,003	**$ 20,822**
Accrued liabilities	44,494	31	8,064	**52,589**
Due to other funds	117,722	49,550	81,854	**249,126**
Due to component unit	1,011	254	-	**1,265**
Due to other governments	26,686	-	706	**27,392**
Retained percentages payable	-	-	1,294	**1,294**
Unearned revenue	6,339	1,381	1,122	**8,842**
Short-term debt	-	109,440	-	**109,440**
Total liabilities	**209,070**	**160,657**	**101,043**	**470,770**
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue – property taxes	60,372	-	-	**60,372**
Unavailable revenue – community development loans	-	-	29,952	**29,952**
Total deferred inflows of resources	**60,372**	**-**	**29,952**	**90,324**
FUND BALANCES:				
Nonspendable:				
Prepaid items	10,292	7	3,532	**13,831**
Restricted for:				
Handicapped parking	138	-	-	**138**
E-911 system costs	-	-	512	**512**
Debt service	-	-	30,962	**30,962**
Capital expenditures	-	-	121,386	**121,386**
Assigned:				
Subsequent year's expenditures	17,421	-	8,403	**25,824**
Judgments and claims	37	-	-	**37**
Other purposes	2,831	-	23,530	**26,361**
Unassigned	89,650	(3)	(540)	**89,107**
Total fund balances	**120,369**	**4**	**187,785**	**308,158**
Total liabilities, deferred inflows of resources and fund balances	**$ 389,811**	**$ 160,661**	**$ 318,780**	**$ 869,252**

See accompanying notes to the financial statements.

Reconciliation of the Balance Sheet

Governmental Funds to the Statement of Net Position

December 31, 2013

(dollars in thousands)

	Governmental Activities
Total fund balances - governmental funds	**$ 308,158**
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	812,765
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported as revenue in the funds	15,045
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds	60,373
ECFSA interest receivable is recognized when earned in the government-wide financial statements, but in the fund financial statements income is accrued only if it will be received within sixty days of year-end.	3,871
Due from a component unit was deemed to be not due and payable in the current period and, therefore, not reported in the funds.	90,270
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	9,257
Unamortized deferred amounts on refundings - ETASC	19,562
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	(11,432)
Accrued bond interest - ETASC	(1,136)
Compensated absences	(21,805)
Judgments and claims	(50,183)
Other postemployment benefits (OPEB)	(313,529)
Due to component unit	(6,364)
Unamortized bond premiums	(42,504)
Unamortized bond discounts - ETASC	11,151
Bonds payable	(569,086)
Bonds payable - ETASC	(349,866)
Total net position - governmental activities	**$ (35,453)**

See accompanying notes to the financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended December 31, 2013

(dollars in thousands)

	General	ECFSA General	Total Nonmajor Funds	Total Governmental Funds
REVENUES:				
Real property taxes and tax items	$ 234,194	$ -	$ 37,563	**$ 271,757**
Sales and use taxes	313,435	407,581	3,664	**724,680**
Transfer taxes	-	-	9,719	**9,719**
Intergovernmental	329,344	2,386	73,464	**405,194**
Interfund revenues	12	-	298	**310**
Departmental	60,254	-	12,502	**72,756**
Interest	1,327	25	4,982	**6,334**
Miscellaneous	8,574	760	6,003	**15,337**
Total revenues	**947,140**	**410,752**	**148,195**	**1,506,087**
EXPENDITURES:				
Current:				
General government support	374,687	448	8,930	**384,065**
Public safety	135,931	-	14,207	**150,138**
Health	63,970	-	7,862	**71,832**
Transportation	22,355	-	23,172	**45,527**
Economic assistance and opportunity	575,078	-	13,741	**588,819**
Culture and recreation	16,286	211	-	**16,497**
Education	65,781	-	86	**65,867**
Home and community service	2,474	-	44,211	**46,685**
Capital outlay	-	-	58,042	**58,042**
Debt service:				
Principal retirement	-	-	50,359	**50,359**
Interest and fiscal charges	-	1,362	38,064	**39,426**
Total expenditures	**1,256,562**	**2,021**	**258,674**	**1,517,257**
Excess (deficiency) of revenues over expenditures	**(309,422)**	**408,731**	**(110,479)**	**(11,170)**
OTHER FINANCING SOURCES (USES):				
Issuance of general obligation debt	-	-	61,470	**61,470**
Premium on bond issuance	-	-	14,430	**14,430**
Proceeds of refunding bonds	-	-	31,135	**31,135**
Payments to refunded bond escrow	-	-	(35,895)	**(35,895)**
Sale of property	152	-	-	**152**
Transfers in	409,066	337	253,918	**663,321**
Transfers out	(99,568)	(410,041)	(171,055)	**(680,664)**
Total other financing sources (uses)	**309,650**	**(409,704)**	**154,003**	**53,949**
Net change in fund balances	228	(973)	43,524	**42,779**
Fund balances - beginning	120,141	977	144,261	**265,379**
Fund balances - ending	**$ 120,369**	**$ 4**	**$ 187,785**	**$ 308,158**

See accompanying notes to the financial statements.

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

Governmental Funds to the Statement of Activities

For the year ended December 31, 2013

(dollars in thousands)

		Governmental Activities
Net change in fund balances - total governmental funds		**$ 42,779**
Amounts reported for governmental activities 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 exceeded capital outlays in the current period.		
Capital outlays, net of disposals of $111	$ 49,594	
Depreciation	(55,624)	
Net adjustment		(6,030)
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		(4,471)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Real property taxes	(1,948)	
Unearned revenue-miscellaneous	(320)	
Net adjustment		(2,268)
Revenues of the ECFSA in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		523
Bond proceeds are reported as 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	48,574	
Bonds issued	(61,470)	
Proceeds of refunding bonds	(31,135)	
Payments to refunded bond escrow	35,895	
Premium on bond issuance	(14,430)	
Amortization of fiscal charges	9,153	
Principal retirement, amortization of bond discount - ETASC	1,706	
Net adjustment		(11,707)
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	(5,203)	
Interest on bonds	(2,279)	
Deferred charge on refunding	(526)	
Compensated absences	888	
Judgments and claims (long-term change only)	13,335	
Interest on bonds and turbo CAB accretions - ETASC	(5,595)	
Deferred charge on refunding - ETASC	(763)	
Other postemployment benefits (OPEB)	(37,463)	
Net adjustment		(37,606)
Change in net position of governmental activities		**$ (18,780)**

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, 2013
(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
REVENUES:				
Real property taxes and tax items	$ 227,648	$ 233,889	$ 234,194	$ 305
Sales and use taxes	730,615	323,034	313,435	(9,599)
Intergovernmental	349,410	352,055	329,344	(22,711)
Interfund revenue	-	-	12	12
Departmental	60,333	62,261	60,254	(2,007)
Interest	1,197	1,172	1,327	155
Miscellaneous	1,177	6,860	8,574	1,714
Total revenues	**1,370,380**	**979,271**	**947,140**	**(32,131)**
EXPENDITURES:				
Current:				
General government support	377,640	388,221	374,621	13,600
Public safety	128,043	139,454	135,663	3,791
Health	74,381	71,047	63,962	7,085
Transportation	22,621	22,621	22,355	266
Economic assistance and opportunity	584,962	586,151	574,735	11,416
Culture and recreation	16,693	16,451	16,282	169
Education	77,914	78,223	65,782	12,441
Home and community service	2,178	2,325	2,097	228
Debt service:				
Interest and fiscal charges	367	367	-	367
Total expenditures	**1,284,799**	**1,304,860**	**1,255,497**	**49,363**
Excess (deficiency) of revenues over expenditures	**85,581**	**(325,589)**	**(308,357)**	**17,232**
OTHER FINANCING SOURCES (USES):				
Sale of property	170	170	152	(18)
Transfers in	-	407,125	409,066	1,941
Transfers out	(91,156)	(101,648)	(99,568)	2,080
Total other financing sources (uses)	**(90,986)**	**305,647**	**309,650**	**4,003**
Net change in fund balances *	**$ (5,405)**	**$ (19,942)**	**$ 1,293**	**$ 21,235**

* 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, 2013

(dollars in thousands)

	Business - Type Activities Enterprise Funds		
	Major Fund	Nonmajor Fund	
	College (August 31, 2013)	Utilities Aggregation Fund	Total
ASSETS:			
Current Assets:			
Cash	$ 48,245	$ -	$ 48,245
Receivables (net of allowances)	3,091	414	3,505
Due from other funds	519	389	908
Due from component unit	-	3,125	3,125
Due from other governments	-	1,390	1,390
Prepaid items	-	3	3
Total current assets	51,855	5,321	57,176
Noncurrent Assets:			
Capital assets, net of depreciation:			
Construction in progress	6,279	-	6,279
Other capital assets, net of depreciation	22,978	-	22,978
Total noncurrent assets	29,257	-	29,257
Total assets	81,112	5,321	86,433
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred interest on capital leases	417	-	417
LIABILITIES:			
Current Liabilities:			
Accounts payable	1,757	2,744	4,501
Accrued liabilities	7,589	4	7,593
Due to other funds	1,619	451	2,070
Due to other governments	-	173	173
Fringe benefits payable - current	3,729	-	3,729
Capital leases - current	1,477	-	1,477
Unearned revenue	10,127	-	10,127
Total current liabilities	26,298	3,372	29,670
Noncurrent Liabilities:			
Fringe benefits payable	5,091	-	5,091
Capital leases	4,430	-	4,430
Net OPEB obligation	58,716	-	58,716
Total noncurrent liabilities	68,237	-	68,237
Total liabilities	94,535	3,372	97,907
NET POSITION:			
Net investment in capital assets	23,349	-	23,349
Unrestricted, reported in:			
College	(36,355)	-	(36,355)
Non-major Fund	-	1,949	1,949
Total net position	$ (13,006)	$ 1,949	$ (11,057)

See accompanying notes to the financial statements.

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the year ended December 31, 2013

(dollars in thousands)

	Business - Type Activities Enterprise Funds		
	Major Fund	Nonmajor Fund	
	College (August 31, 2013)	Utilities Aggregation Fund	Total
OPERATING REVENUES:			
Student tuition and fees	$ 36,067	$ -	$ 36,067
Intergovernmental revenues and charges	1,773	-	1,773
State and local contracts	3,509	-	3,509
Interfund revenues	-	7,828	7,828
Other operating revenue	801	17,610	18,411
Total operating revenues	**42,150**	**25,438**	**67,588**
OPERATING EXPENSES:			
Employee wages	59,610	51	59,661
Employee benefits	33,114	36	33,150
Scholarships	17,925	-	17,925
Supplies	16,293	-	16,293
Utilities and telephone	1,872	25,311	27,183
Depreciation	3,407	-	3,407
Total operating expenses	**132,221**	**25,398**	**157,619**
Operating (loss) income	**(90,071)**	**40**	**(90,031)**
NONOPERATING REVENUES (EXPENSES):			
Unrestricted state and local appropriations	32,590	-	32,590
Federal and state student financial aid	38,690	-	38,690
Income from investments	75	-	75
Miscellaneous revenue	491	-	491
Loss on disposal of plant assets	(23)	-	(23)
Interest expense	(74)	-	(74)
Total nonoperating revenues (expenses)	**71,749**	-	**71,749**
(Loss) gain before transfers	**(18,322)**	**40**	**(18,282)**
Transfers in	17,429	-	17,429
Transfers out	(86)	-	(86)
Change in net position	**(979)**	**40**	**(939)**
Total net position - beginning	**(12,027)**	**1,909**	**(10,118)**
Total net position - ending	**$ (13,006)**	**$ 1,949**	**$ (11,057)**

See accompanying notes to the financial statements.

Statement of Cash Flows

Proprietary Funds

For the year ended December 31, 2013

(dollars in thousands)

	Business - Type Activities Enterprise Funds		
	Major Fund	Nonmajor Fund	
	College (August 31, 2013)	Utilities Aggregation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from students and utility customers	$ 34,968	$ 15,983	$ **50,951**
Payments to employees for services	(85,480)	(87)	**(85,567)**
Payments to suppliers for goods and services	(18,050)	(25,128)	**(43,178)**
Payments for scholarships	(17,925)	-	**(17,925)**
Federal, state and local grants	4,785	-	**4,785**
Internal activity - payments from other funds	-	8,229	**8,229**
Other operating revenues	1,629	-	**1,629**
Net cash used for operating activities	**(80,073)**	**(1,003)**	**(81,076)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
County contribution	17,429	-	**17,429**
State appropriations	43,081	-	**43,081**
Municipal chargebacks	1,750	-	**1,750**
Federal and state student financial aid grants	26,713	-	**26,713**
Net cash provided by non-capital financing activities	**88,973**	**-**	**88,973**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(11,858)	-	**(11,858)**
Capital lease	5,907	-	**5,907**
Net cash used for capital and related financing activities	**(5,951)**	**-**	**(5,951)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	**75**	**-**	**75**
Net increase (decrease) in cash	**3,024**	**(1,003)**	**2,021**
Cash, beginning of year	**45,221**	**1,003**	**46,224**
Cash, end of year	**$ 48,245**	**$ -**	**$ 48,245**

(Continued)

See accompanying notes to the financial statements.

Statement of Cash Flows

Proprietary Funds

For the year ended December 31, 2013

(dollars in thousands)

	Business - Type Activities Enterprise Funds		
	Major Fund	Non-Major Fund	
	College (August 31, 2013)	Utilities Aggregation Fund	Total
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH USED FOR OPERATING ACTIVITIES:			
Operating (loss) income	$ (90,071)	$ 40	**$ (90,031)**
Adjustments to reconcile operating (loss) income to net cash used for operating activities:			
Depreciation expense	3,407	-	**3,407**
Decrease (increase) in assets:			
Receivables, net	(326)	(25)	**(351)**
Due from other funds	-	177	**177**
Due from component unit	-	(1,615)	**(1,615)**
Due from other governments	-	(164)	**(164)**
Prepaid items	-	(1)	**(1)**
Increase (decrease) in liabilities:			
Accounts and other payables	116	133	**249**
Accrued expenses	2,004	1	**2,005**
Due to other funds	-	451	**451**
Unearned revenue	(1,345)	-	**(1,345)**
Other long-term liabilities	6,142	-	**6,142**
Net cash used for operating activities	**$ (80,073)**	**$ (1,003)**	**$ (81,076)**

(Concluded)

See accompanying notes to the financial statements.

Statement of Net Position

Agency Fund

December 31, 2013

(dollars in thousands)

	Agency Fund
ASSETS:	
Cash and cash equivalents	$ 33,919
Receivables:	
Other receivables	558
Bonds and securities held in custody	17
Total assets	**$ 34,494**
LIABILITIES:	
Held in custody for others	34,494
Total liabilities	**$ 34,494**

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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. Financial 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 are 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 (the "Transfer Date"), 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 the Erie County Medical Center. 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 the Corporation. The entity was funded with an initial transfer of $10,000 from the Corporation. 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 Erie 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 Erie 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 2013, the ECFSA issued serial bonds and a bond anticipation note that were used to purchase mirror bonds and 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 Erie 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 and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

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 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 the following 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 government 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 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 – 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.

Modified Accrual Basis – 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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 and are measurable.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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.

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.

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

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.

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 deferred interest on capital leases reported by the College.

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, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable 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.

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, 2013, amounted to $33,418,524. This amount has been recorded as an allowance against the property taxes receivable account.

3. 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.

4. 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.

5. 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, $40,727,959 representing principal and interest revenue received from the County relating to mirror bonds and a revenue anticipation note purchased by the ECFSA, and $516,323,310 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

The County (with the exception of the ECFSA) early implemented Governmental Accounting Standards Board ("GASB") Statement No. 65, *Items Previously Reported as Assets and Liabilities* in 2012. This statement requires that certain items previously reported as assets and liabilities, such as bond issuance costs, be recognized as outflows and inflows of resources. During the year ended December 31, 2013, the ECFSA adopted the provisions of GASB Statement No. 65. As a result, the net position of governmental activities at December 31, 2012 has been restated for unamortized ECFSA bond issuance costs of $2,272,294. Additional information about this restatement is presented in Note XVIII.

The County also implemented GASB Statements No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34,* and No. 66, *Technical Corrections-2012-an amendment of GASB Statement No. 10 and No. 62*. GASB Statement No. 61 clarifies the manner in determining whether or not an organization should be included as a component unit, and GASB Statement No. 66 improves accounting and financial reporting for a governmental entity by resolving conflicting guidance that resulted from the issuance of GASB Statements No. 54, *Fund Balancing Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* GASB Statements No. 61 and No. 66 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. 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25;* No. 69, *Governmental Combinations and Disposals of*

Government Operations; and No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees,* effective for the year ending December 31, 2014; and 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. The County is, therefore, unable to disclose the impact that adopting GASB Statements Nos. 67, 68, 69, 70 and 71 will have on its financial position and results of operations.

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 damage from a storm that occurred in October 2006 and is expected to be closed out during 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 Fiduciary 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	$ 228
Less:	
Encumbrances at December 31, 2013	2,458
Plus:	
Encumbrances at January 1, 2013	3,523
Excess of revenues and other financing sources over expenditures and other financing uses - basis of budgeting	$ 1,293

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 2013 expenditures through the budget process.

Commitments related directly to the Grants and the Community Development Special Revenue Funds in the amount of $3,229,694 and $1,567,648, respectively, at December 31, 2013, 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 ECFSA General Fund, Grants and the Community Development Special Revenue Funds in the amounts of $2,709, $510,328 and $30,323, 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 $35,453,000 at December 31, 2013 resulting primarily from ETASC's net deficit of $284,312,930 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 $13,005,869 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 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, 2013 (August 31, 2013 as to the College), except for $245,109 in accounts where the collateral is controlled by New York State, the bank deposits of the Primary Government, Library, and Agency Fund were either 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, 2013, the fair value of money market accounts was $264,367,511 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	1,131
Corporate commercial paper	19,603
Treasury securities	25,159
Total investments	$ 46,093

The County's investment in municipal bonds at December 31, 2013 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, 2013 consisted of $19,603,640 of General Electric Capital Corporation Commercial Paper was rated P-1 by Moody's. Rating information for the ETASC's $1,130,721 investment in Blackrock Liquidity Funds was not available.

ECFSA had $25,158,863 in Treasury securities at December 31, 2013.

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 $9,147,000 as of December 31, 2013.

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, 2013 are shown below (dollars in thousands).

	Fair Value
Money market mutual funds, bank accounts and deposits	$ 25,474
Marketable equity securities	34,920
U.S. Government and Agency Obligations	29,369
Corporate bonds	15,064
Short term fixed income	38,787
Foundation Component Unit	1,171
RHEC Component Unit	1,021
Physician Endowment Component Unit	10,515
Total investments and restricted cash and cash equivalents	$ 156,321

	Fair Value
Investments - unrestricted	$ 3,415
Restricted cash and cash equivalents	152,906
Total	$ 156,321

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, 2013 are as follows (dollars in thousands):

	Cost	Fair Value
Fixed income	$ 1,403	$ 1,399
International equities	451	710
Domestic stocks	1,451	1,598
Alternates	56	55
Total	$ 3,361	$ 3,762
Net unrealized gain		$ 401

IV - RESTRICTED CASH AND CASH EQUIVALENTS

Primary Government

Restricted Cash and Cash Equivalents – At December 31, 2013 the County reported the following restricted cash and cash equivalents (dollars in thousands):

	Fair Value
Handicapped parking	$ 138
E-911 system costs	377
Capital expenditures	114,390
Total	$ 114,905

ECMCC Component Unit

Assets Whose Use is Limited - Assets whose use is limited are reported as restricted cash and cash equivalents at December 31, 2013 and consist of the following (dollars in thousands):

	Fair Value
Patient and resident's trust cash	$ 301
Restricted for debt service principal and interest	11,050
Designated for retiree health obligations	31,022
Designated for acquisition of capital assets	15,546
Designated for self insurance	57,719
Designated for long-term investment	23,183
Construction Fund	2,399
Foundation Component Unit	1,171
Physicians Endowment Component Unit	10,515
Total	$ 152,906

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, 2013 is computed as follows (dollars in thousands):

Five-year average full valuation of taxable real estate (2009-2013)	$ 46,323,048
Tax limit @ 1.5%	$ 694,846
Statutory additions	63,095
Total taxing power	757,941
Total levy	(248,209)
Tax margin	$ 509,732

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, 2013 include sales and use taxes in the amount of $48,620,332; state and federal assistance for social services of $90,614,923; and other state and federal aid (including grants) approximating $85,187,929.

Receivables at year-end of the County's major individual funds and non-major 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	$ 115,413	$ -	$ 24	$ 115,437
Sales and use tax	-	48,620	-	48,620
Federal and state assistance for social services programs	90,615	-	-	90,615
Other federal and state aid	56,812	2,462	25,914	85,188
Other	15,019	-	35,582	50,601
Gross receivables	277,859	51,082	61,520	390,461
Less: allowances for uncollectibles	33,419	-	-	33,419
Total receivables	$ 244,440	$ 51,082	$ 61,520	$ 357,042

Receivables and due from other governments - Proprietary Funds	College 8/31/13	Utilities Aggregation Fund	Total
Accounts receivable	$ 8,374	$ 414	$ 8,788
Other	1,762	1,390	3,152
Gross receivables	10,136	1,804	11,940
Less: allowances for uncollectibles	7,045	-	7,045
Total receivables	$ 3,091	$ 1,804	$ 4,895

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, 2013 was as follows (dollars in thousands):

A. Primary Government

1. Governmental Activities

	Balance 1/1/13	Reclassifications and Increases	Decreases	Balance 12/31/13
Capital assets, not being depreciated:				
Land	$ 30,479	$ 40	$ -	$ 30,519
Construction in progress	48,159	48,453	(54,513)	42,099
Total capital assets, not being depreciated	78,638	48,493	(54,513)	72,618
Capital assets, being depreciated:				
Buildings and improvements	553,950	14,971	-	568,921
Transportation network	557,451	20,473	-	577,924
Sewer network	272,463	15,977	-	288,440
Improvements other than buildings	28,532	58	-	28,590
Machinery and equipment	122,955	4,246	(2,505)	124,696
Total capital assets, being depreciated	1,535,351	55,725	(2,505)	1,588,571
Less accumulated depreciation for:				
Buildings and improvements	(304,050)	(16,965)	-	(321,015)
Transportation network	(297,029)	(24,276)	-	(321,305)
Sewer network	(89,515)	(4,495)	-	(94,010)
Improvements other than buildings	(14,957)	(1,463)	-	(16,420)
Machinery and equipment	(89,643)	(8,425)	2,394	(95,674)
Total accumulated depreciation	(795,194)	(55,624)	2,394	(848,424)
Total capital assets, being depreciated, net	740,157	101	(111)	740,147
Governmental activities capital assets, net	$ 818,795	$ 48,594	$ (54,624)	$ 812,765

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

Governmental activities:	
General government	$ 13,147
Public safety	8,329
Health	408
Transportation	25,225
Economic assistance and opportunity	98
Culture and recreation	1,198
Education	1,799
Home and community service	5,420
Total governmental activities depreciation expense	$ 55,624

2. Business-Type Activities*

	Balance 9/1/12	Reclassifications and Increases	Reclassifications and Decreases	Balance 8/31/13
Capital assets, not being depreciated:				
Construction in progress	$ 5,568	$ 3,478	$ (2,767)	$ 6,279
Capital assets, being depreciated:				
Building improvements	12,254	2,767	-	15,021
Land improvements	64	-	-	64
Equipment	15,984	8,175	(1,861)	22,298
Library collections	2,434	206	(250)	2,390
Total capital assets, being depreciated	30,736	11,148	(2,111)	39,773
Less accumulated depreciation for:				
Building improvements	(2,011)	(682)		(2,693)
Land improvements	(24)	(3)		(27)
Equipment	(12,177)	(2,493)	1,851	(12,819)
Library collections	(1,264)	(229)	237	(1,256)
Total accumulated depreciation	(15,476)	(3,407)	2,088	(16,795)
Total capital assets, being depreciated, net	15,260	7,741	(23)	22,978
Business-type activities capital assets, net	$ 20,828	$ 11,219	$ (2,790)	$ 29,257

* The College (August 31, 2013)

Depreciation expense for the College was $3,407,317 for the year ended August 31, 2013.

B. Component Units

1. Library

	Balance 1/1/13	Increases	Decreases	Balance 12/31/13
Capital assets, not being depreciated:				
Rare book collection	$ 11,214	$ 63	$ -	$ 11,277
Capital assets, being depreciated:				
Machinery, equipment and library materials	59,610	3,161	(4,153)	58,618
Less accumulated depreciation for:				
Machinery, equipment and library materials	(53,431)	(3,045)	3,811	(52,665)
Total capital assets, being depreciated, net	6,179	116	(342)	5,953
Library component unit capital assets, net	$ 17,393	$ 179	$ (342)	$ 17,230

Depreciation expense for the Library was $3,044,674 for the year ended December 31, 2013.

2. ECMCC

	Balance 1/1/13	Increases	Decreases	Balance 12/31/13
Capital assets, not being depreciated:				
Construction in progress	$ 94,393	$ 53,469	$ (104,427)	$ 43,435
Idle property	-	3,356	-	3,356
Total capital assets, not being depreciated	94,393	56,825	(104,427)	46,791
Capital assets, being depreciated:				
Land and land improvements	6,477	8,374	-	14,851
Buildings and building improvements	307,126	51,482	-	358,608
Fixed/major moveable equipment	118,856	7,579	(4,799)	121,636
Total capital assets, being depreciated	432,459	67,435	(4,799)	495,095
Less accumulated depreciation	(279,016)	(20,314)	47,246	(252,084)
Total capital assets, being depreciated, net	153,443	47,121	42,447	243,011
Total ECMCC component unit capital assets	$ 247,836	$ 103,946	$ (61,980)	$ 289,802

Depreciation expense for ECMCC was $20,314,000 for the year ended December 31, 2013.

VIII – PAYABLES, ACCRUED LIABILITIES AND DUE TO OTHER GOVERNMENTS

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

Governmental Funds	General Fund	ECFSA General	Other Governmental Funds	Total
Accounts payable	$ 12,818	$ 1	$ 8,003	$ 20,822
Other governments	26,686	-	706	27,392
Health and social service programs and agencies	32,985	-	452	33,437
Retained percentages	-	-	1,294	1,294
Salaries & fringes	9,375	-	1,822	11,197
Other	2,134	31	5,790	7,955
Total	$ 83,998	$ 32	$ 18,067	$ 102,097

Proprietary Funds	College (8/31/2013)	Utility Aggregation Fund	Total
Accounts payable	$ 1,757	$ 2,744	$ 4,501
Fringes benefits payable - current	3,729	4	3,733
Capital leases - current	1,477	-	1,477
Other governments	7,589	173	7,762
Total	$ 14,552	$ 2,921	$ 17,473

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. Those joining after April 1, 2012 (Tier 6) are required to contribute 3% of their annual salary until March 31, 2013, after which the contribution percentage will be 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.

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
2013	$ 44,928,725	$ 2,019,023	$ 30,000,000
2012	41,640,821	1,899,263	27,000,000
2011	33,906,617	1,514,901	22,000,000

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. 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 2013 fiscal year were $2,348,915 and $89,052, respectively. The total unpaid balance of this retirement liability at the end of the College's fiscal year was $111,108.

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
2013	$ 1,529,567
2012	1,213,898
2011	843,146

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 $1,963,629.

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

Retirement Plan/ Description	Business-type Activities*
ERS	
Regular	$ 1,823
TRS	
Regular	1,964
TIAA-CREF	
Regular	111
Total Business-type Activities	$ 3,898

* The College (August 31, 2013)

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

X - CONSTRUCTION COMMITMENTS

The County has a number of active construction projects at December 31, 2013. 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	$ 16,810	$ 9,962
Highways, roads, bridges and equipment	19,832	13,312
Sewers, facilities equipment and improvements	11,640	1,006
Special capital projects	6,140	697
Total	$ 54,422	$ 24,977

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.

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.

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 $50,183,455 were recorded as governmental activities long-term liabilities at December 31, 2013.

In addition, the County has claims in the range of $1,824,500 to $8,387,500 for which there is a reasonable possibility of a future loss. No accrual has been recorded for such possible losses as of December 31, 2013.

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, 2011 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
2013	$ 516	$ 1,076	$ 485	$ 1,107
2012	7,278	3,687	10,449	516

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 $25,693,000 has been accrued at December 31, 2013, discounted at 2.50% 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 $32,036,000 for worker's compensation related exposure, discounted at 1.25%. Effective January 1, 2012, ECMCC has a high deductible worker's compensation insurance policy. Finally, ECMCC has recorded an other miscellaneous self-insured liability of $3,175,000.

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, 2013 (dollars in thousands):

Description	Balance 1/1/13	Issued	Redeemed	Balance 12/31/13
Bond anticipation notes (BAN)-ECFSA...	$ 74,735	$ 109,440	$ 74,735	$ 109,440

On August 27, 2013 the ECFSA issued a BAN totaling $109,440,000 with an interest rate of 1.00%. On the same date, the ECFSA loaned the County $109,440,000. The loan matures on June 30, 2014 and carries an interest rate of 1.10%. 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, 2013 (dollars in thousands):

Purpose (1)	Issue	Maturity	Interest Rate (%)	Balance 1/1/13	Additions	Reductions	Balance 12/31/13	Due Within One Year
Governmental activities general obligation bonds issued by County of Erie:								
Capital	1993	2013	Zero Coupon	$ 175	$ -	$ 175	$ -	$ -
Capital	1996	2015	0.00	231	-	76	155	77
Capital	1999	2018	0.00	37	-	6	31	6
Capital	2001	2031	0.00	3,324	-	155	3,169	157
Capital	2002	2031	1.362-5.082	950	-	45	905	45
Capital	2002	2024	2.521-6.181	3,145	-	215	2,930	220
Capital	2003	2032	1.031-4.901	990	-	40	950	40
Capital	2003	2029	2.549-6.259	10,740	-	630	10,110	645
Capital	2003	2032	0.00	331	-	16	315	16
Capital	2003	2013	4.00-5.25	4,848	-	4,848	-	-
Capital	2003	2013	2.00-4.75	1,580	-	1,580	-	-
Capital	2003	2032	0.790-4.612	925	-	35	890	40
Capital	2004	2015	2.50-5.25	6,375	-	4,250	2,125	2,125
Capital	2004	2033	1.02-4.63	855	-	35	820	35
Capital	2004	2024	3.25-5.25	12,920	-	6,785	6,135	6,135
Capital	2005	2034	1.56-4.57	2,705	-	95	2,610	95
Capital	2005	2033	2.06-4.13	2,020	-	75	1,945	75
Capital	2005	2020	4.45-5.00	40,845	-	31,630	9,215	4,495
Capital	2005	2035	3.50-5.00	10,545	-	270	10,275	280
Refunding	2005	2029	3.50-4.50	38,470	-	3,900	34,570	3,945
Capital	2006	2035	0.00	1,595	-	70	1,525	70
Capital	2006	2017	3.50-4.00	7,230	-	1,335	5,895	1,390
Capital	2006	2036	3.50-4.25	3,840	-	100	3,740	100
Capital	2007	2036	3.63-4.79	4,410	-	145	4,265	145
Capital	2010	2023	2.00-4.99	142,395	-	10,320	132,075	10,735
Capital	2010	2039	0.290-4.60	5,330	-	130	5,200	130
Refunding	2010	2020	3.865-21.455	41,930	-	130	41,800	5,200
Refunding	2010	2022	2.001-5.00	39,615	-	7,275	32,340	6,735
Refunding	2010	2018	0.95-3.13	90	-	15	75	15
Refunding	2011	2018	1.01-3.30	485	-	85	400	95
Capital	2011	2040	0.00	499	-	18	481	18
Capital & Refunding	2011	2041	0.28-4.95	14,065	-	405	13,660	415
Refunding	2011	2018	2.00-5.00	27,290	-	5	27,285	5
Capital	2011	2023	3.00-5.00	15,885	-	1,175	14,710	1,215
Capital	2012	2026	2.00-5.00	20,960	-	-	20,960	1,265
Capital	2012	2042	0.27-4.27	3,150	-	85	3,065	85
Capital	2013	2024	2.726-5.00	-	25,635	-	25,635	-
Refunding	2013	2024	2.00-5.00	-	31,135	650	30,485	135
Capital	2013	2023	2.00-5.00	-	35,835	-	35,835	2,985
Totals carried forward				470,780	92,605	76,804	486,581	49,169

(Continued)

Purpose (1)	Issue	Maturity	Interest Rate (%)	Balance 1/1/13	Additions	Reductions	Balance 12/31/13	Due Within One Year
Totals brought forward				$ 470,780	$ 92,605	$ 76,804	$ 486,581	$ 49,169
Less bonds issued by the County to ECFSA (mirror bonds):								
Capital	2010	2023	2.00-4.99	(142,395)	-	(10,320)	(132,075)	(10,735)
Refunding	2010	2020	3.865-21.455	(41,930)	-	(130)	(41,800)	(5,200)
Refunding	2010	2022	2.001-5.00	(39,615)	-	(7,275)	(32,340)	(6,735)
Refunding	2011	2018	2.00-5.00	(27,290)	-	(5)	(27,285)	(5)
Capital	2011	2023	3.00-5.00	(15,885)	-	(1,175)	(14,710)	(1,215)
Capital	2013	2024	2.726-5.00	-	(25,635)	-	(25,635)	-
Refunding	2013	2024	2.00-5.00	-	(31,135)	(650)	(30,485)	(135)
Capital	2013	2023	2.00-5.00	-	(35,835)	-	(35,835)	(2,985)
Total mirror bonds				(267,115)	(92,605)	(19,555)	(340,165)	(27,010)
Net general obligation bonds issued by County of Erie				203,665	-	57,249	146,416	22,159
Governmental activities general obligation bonds issued by ECFSA:								
Capital	2010	2023	2.0-5.0	142,395	-	10,320	132,075	10,735
Refunding	2010	2022	2.0-5.0	41,930	-	130	41,800	5,200
Refunding	2010	2020	2.25-5.24	39,615	-	7,275	32,340	6,735
Refunding	2011	2018	2.00-5.00	27,290	-	5	27,285	5
Capital	2011	2023	3.00-5.00	15,885	-	1,175	14,710	1,215
ECMCC facility	2011	2028	4.00-5.00	86,250	-	3,745	82,505	3,890
Refunding	2013	2024	2.00-5.00	-	31,135	650	30,485	135
Capital	2013	2024	2.726-5.00	-	25,635	-	25,635	-
Capital	2013	2023	2.00-5.00	-	35,835	-	35,835	2,985
Total general obligation bonds issued by ECFSA				353,365	92,605	23,300	422,670	30,900
Total general obligation bonds issued by County of Erie and ECFSA				557,030	92,605	80,549	569,086	53,059
Discount on zero coupon bonds (2)				(6)	6	-	-	-
Premium on bond issuance				7,557	-	2,859	4,698	-
Premium on bond issuance-ECFSA				30,844	14,430	7,468	37,806	-
Total County of Erie and ECFSA bonds payable-net				595,425	107,041	90,876	611,590	53,059
Governmental activities bonds issued by ETASC(3):								
Tobacco refunding	2005	varies	varies	264,980	-	1,785	263,195	-
Subordinate CABs	2005	varies	varies	32,870	-	-	32,870	-
Subordinate CABs	2006	varies	varies	17,695	-	-	17,695	-
Subordinate CABs	2005-06	varies	varies	30,503	5,603	-	36,106	-
Subtotal bonds issued by ETASC				346,048	5,603	1,785	349,866	-
Discount on ETASC bonds				(9,707)	-	(68)	(9,639)	-
Discount on ETASC subordinate CABs				(1,523)	-	(11)	(1,512)	-
Total ETASC bonds payable-net				334,818	5,603	1,706	338,715	-
Governmental activities bonds payable for financial statement purposes				$ 930,243	$ 112,644	$ 92,582	$ 950,305	$ 53,059

(Concluded)

(1) Capital–Capital acquisition and construction.

(2) Amount of unamortized discount on zero coupon bonds at issue date was $3,347. Of this amount, $3,341 and $6 have been amortized in the prior years and the current year, respectively.

(3) 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, 2013, the notional amount of the agreement totals $19,218,750, the fair value is $1,805,419, and net cash flows during the year totaled $779,162.

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, 2013 are as follows:

Issue Amount	Rate	Description	Projected Final Turbo Redemption Date
		$318,834,680 Term Bond	
$ 30,330,000	5.000%	Series 2005A Bonds Due June 1, 2031 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 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 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 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 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 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 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	Description	Projected Final Turbo Redemption Date
		$17,694,720 Term Bond	
$ 17,694,720	7.650%	Series 2006A Taxable Bonds Due June 1, 2060 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, 2013 were as follows (dollars in thousands):

	Tobacco Settlement Bonds	Subordinate CABs	Total
Bonds payable at January 1, 2013	$ 264,980	$ 81,068	$ 346,048
Principal payments during 2013	(1,785)	-	(1,785)
Additions and annual net interest accretion	-	5,603	5,603
Bonds payable at December 31, 2013	$ 263,195	$ 86,671	$ 349,866

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 $11,150,878.

The ETASC's debt service requirements for the Series 2005A and 2005E bonds as of December 31, 2013 are as follows (dollars in thousands):

Twelve months ended December 31:	Principal	Interest	Total Debt Service
2014	$ -	$ 13,734	$ 13,734
2015	-	13,734	13,734
2016	-	13,734	13,734
2017	-	13,734	13,734
2018	-	13,734	13,734
2019-2023	-	68,669	68,669
2024-2028	46,700	67,215	113,915
2029-2033	30,330	50,332	80,662
2034-2038	74,685	44,674	119,359
2039-2043	-	27,870	27,870
2044-2045	111,480	8,361	119,841
	$ 263,195	$ 335,791	$ 598,986

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, 2013:

Erie County—Guaranteed Senior Revenue Bonds, Series 2004 (interest of 4.1% to 5.7%)	$ 90,085,000

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, 2013 for amounts due in 2014 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	$ 3,898
Less: Due within one year	3,540
Due in more than one year	$ 358

* The College (August 31, 2013)

The County 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, 2013, for governmental activities is $21,804,584 classified as a long-term liability in the accompanying financial statements, which includes $11,784,586 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 $4,068,079 have been reported for business-type activities, classified as fringe benefits payable, on the fund financial statements, which includes $185,000 due within one year.

Compensated absences of the Library component unit totaling $1,615,067 have been reported as a long-term liability, which includes $1,028,641 due within one year. Compensated absences of the ECMCC component unit totaling approximately $10,527,000 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 $50,783,455 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 $23,683,000, $24,036,000 and $3,175,000 for the long-term portions of medical malpractice, worker's 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 (88%). 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, 2013, the County's annual OPEB cost (expense) of $71,537,134 is equal to the Annual Required Contribution ("ARC") of $77,109,194, minus certain adjustments which totaled $5,572,060. 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 $27,932,261 for retirees and their beneficiaries, the result was an increase in the net OPEB obligation of $43,604,873 for the year ended December 31, 2013.

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

	Governmental Activities	Business-type Activities *	Primary Government Total
Actuarial accrued liability (AAL)	$ 721,573	$ 117,109	$ 838,682
Unfunded actuarial accrued liability (UAAL)	721,573	117,109	838,682
Normal cost for the fiscal year	24,245	4,829	29,074
Amortization factor based on 30 years	17.40	17.40	
Annual covered payroll	201,429	52,994	254,423
UAAL as a percentage of covered payroll	358.23%	220.99%	329.64%
Level Dollar Amortization			
Calculation of ARC under Projected Unit Credit Method			
ARC normal cost with interest to end of year	$ 24,245	$ 4,829	$ 29,074
UAAL over 30 years with interest at end of year	41,300	6,735	48,035
Annual required contribution (ARC)	65,545	11,564	77,109
Interest on net OPEB obligation	11,871	2,261	14,132
Adjustment to ARC	(16,552)	(3,152)	(19,704)
Annual OPEB cost (expense)	60,864	10,673	71,537
Contribution for fiscal year ended December 31, 2013	(23,401)	(4,531)	(27,932)
Increase in net OPEB obligation	37,463	6,142	43,605
Net OPEB obligation December 31, 2012	276,066	52,574	328,640
Net OPEB obligation December 31, 2013	$ 313,529	$ 58,716	$ 372,245
Percent of annual OPEB cost contributed:			
2013	38.45%	42.46%	39.04%
2012	40.39%	42.94%	40.77%
2011	26.54%	40.83%	28.30%

* The College (August 31, 2013)

Funded Status and Funding Progress – The OPEB plan was unfunded, resulting in an unfunded accrued liability (UAAL) of $721,573,451 for governmental activities and $117,108,978 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, 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	$ 71,537	39.04%	$ 372,245
12/31/2012	67,388	40.77%	328,640
12/31/2011	88,775	28.30%	288,723

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, 2012 actuarial valuation, the liabilities were computed using the projected unit credit method. The actuarial assumptions utilized an inflation rate of 3.25% 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, 9.00%; post-65 medical, 5.25% and prescription, 6.5%. 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, 2013 (dollars in thousands):

1. Governmental Activities

	Balance 1/1/13	Additions	Reductions	Balance 12/31/13	Due Within One Year
Bonds payable for financial statement purposes	$ 930,243	$ 112,644 (1)	$ 92,582	$ 950,305	$ 53,059
Compensated absences	22,693	17,170	18,058	21,805	11,785
Judgments and claims	63,518	11,921	25,256	50,183	13,225
OPEB liability	276,066	60,864	23,401	313,529	-
Governmental activities long-term liabilities	$ 1,292,520	$ 202,599	$ 159,297	$ 1,335,822	$ 78,069

(1) Includes $6 representing portion of zero coupon bonds discount amortized in current year; remaining unamortized discount is $0.

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 9/1/12	Additions	Reductions	Balance 8/31/13	Due Within One Year
Retirement liabilities	$ 3,644	$ 8,273	$ 8,012	$ 3,905 (1)	$ 3,544 (1)
Compensated absences and fringe benefits	4,954	253	292	4,915	185
Capital leases	-	7,384	1,477	5,907	1,477
OPEB liability	52,574	10,673	4,531	58,716	-
Business-type activities long-term liabilities	$ 61,172	$ 26,583	$ 14,312	$ 73,443	$ 5,206

* The College (August 31, 2013)

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

3. Library Component Unit

	Balance 1/1/13	Additions	Reductions	Balance 12/31/13	Due Within One Year
Compensated absences	$ 1,638	$ 878	$ 901	$ 1,615	$ 1,029
OPEB liability	17,533	3,483	964	20,052	-
Library Component Unit long-term liabilities	$ 19,171	$ 4,361	$ 1,865	$ 21,667	$ 1,029

4. ECMCC Component Unit

	Balance 1/1/13	Additions	Reductions	Balance 12/31/13	Due Within One Year
Bonds payable for financial statement purposes	$ 92,550	$ -	$ 2,465	90,085	$ 2,585
Long-term loan (1)	94,741	-	4,471	90,270	4,641
Judgments and claims (2)	56,400	9,800	15,306	50,894	-
OPEB liability	99,827	17,871	7,583	110,115	-
ECMCC Component Unit long-term liabilities	$ 343,518	$ 27,671	$ 29,825	$ 341,364	$ 7,226

(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 worker's 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
2014	$ 83,275	$ 53,059	$ 3,544	$ 11,970	$ 13,225	$ 1,477	$ -
2015	58,106	56,268	361	-	-	1,477	-
2016	56,779	55,302	-	-	-	1,477	-
2017	58,535	57,059	-	-	-	1,476	-
2018	52,221	52,221	-	-	-	-	-
2019-2023	206,390	206,390	-	-	-	-	-
2024-2028	111,692	111,692	-	-	-	-	-
2029-2033	43,929	43,929	-	-	-	-	-
2034-2038	82,319	82,319	-	-	-	-	-
2039-2043	978	978	-	-	-	-	-
2044-2048	121,351	121,351	-	-	-	-	-
2049-2053	13,275	13,275	-	-	-	-	-
2054-2058	11,307	11,307	-	-	-	-	-
2059-2061	17,695	17,695	-	-	-	-	-
Various (1)	460,060	36,107	-	14,750	36,958	-	372,245
	1,377,912	918,952	$ 3,905	$ 26,720	$ 50,183	$ 5,907	$ 372,245
	(11,151)	(11,151)	Remaining unamortized discount on bond issuance - ETASC				
	4,698	4,698	Remaining unamortized premium of bond issuance				
	37,806	37,806	Remaining unamortized premium of bond issuance - ECFSA				
	$ 1,409,265	$ 950,305	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
2014	$ 39,034	$ 5,046
2015	36,920	4,918
2016	34,443	4,769
2017	32,009	4,611
2018	29,353	4,445
2019-2023	114,993	19,398
2024-2028	80,495	13,581
2029-2033	54,150	5,746
2034-2038	46,043	-
2039-2043	28,053	-
2044-2045	8,361	-
Totals	$ 503,854	$ 62,514

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

Year	Principal	Interest
2014	$ 27,010	$ 15,210
2015	38,680	14,000
2016	42,725	12,235
2017	44,035	10,330
2018	40,455	8,237
2019-2023	144,075	17,747
2024	3,185	80
Totals	$ 340,165	$ 77,839

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, 2013, are as follows:

Year Ending August 31,	Business-type Activities
2014	$ 1,651
2015	1,605
2016	1,558
2017	1,510
Total minimum lease payments	6,324
Less: amount representing interest	(417)
Present value of minimum lease payments	$ 5,907

The assets acquired through capital leases are as follows:

Assets:	
Network technology	$ 7,384
Less: accumulated depreciation	(1,477)
Total assets, net	$ 5,907

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

Year	Total	Compensated Absences	OPEB
2014	$ 1,029	$ 1,029	$ -
Various (1)	20,638	586	20,052
Totals	$ 21,667	$ 1,615	$ 20,052

(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	OPEB
2014	$ 7,226	$ 2,585	$ 4,641	$ -	$ -
2015	7,527	2,710	4,817	-	-
2016	7,861	2,860	5,001	-	-
2017	8,211	3,020	5,191	-	-
2018	8,573	3,185	5,388	-	-
2019-2023	48,935	18,755	30,180	-	-
2024-2028	59,617	24,565	35,052	-	-
2029-2033	32,405	32,405	-	-	-
2034-2035	-	-	-	-	-
Various (1)	161,009	-	-	50,894	110,115
Totals	$ 341,364	$ 90,085	$ 90,270	$ 50,894	$ 110,115

(2) 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, 2013 is computed as follows (dollars in thousands):

Five-year average full valuation of taxable real estate (2009-2013)	$ 46,323,048
Debt limit @ 7%	$ 3,242,613
Net indebtedness (after statutory exclusions)	502,370 *
Net debt contracting margin	$ 2,740,243
Percentage of debt contracting power exhausted	15.49%

*Net indebtedness includes general obligation bonds of $412,285,000 and ECMCC bond guaranty of $90,085,000 (excludes ETASC bonds of $349,866,129 to be paid with tobacco settlement proceeds by ETASC, ECFSA bonds of $82,505,000 to be paid by ECMCC, and sewer bonds for self-supporting sewer districts of $74,295,528).

I. Defeasance

In April 2013, the County issued $31,135,000 in general obligation bonds to advance refund $31,975,000 of outstanding bonds. The net proceeds of $35,895,272 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. At December 31, 2013, $30,515,000 of the defeased debt was still outstanding.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,753,164. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized and charged to operations through the year 2024. The County completed the advance refunding to reduce its total debt service payments over the next 12 years by $2,821,131 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $2,324,543.

In 2011, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On December 31, 2013, $27,575,000 of the defeased debt was still outstanding.

J. Operating Leases

Operating lease obligations are primarily for rental of space. Lease expenditures/expenses for the year were $5,309,690 for the primary government and approximately $2,500,000 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
2014	$ 3,834	$ 1,073
2015	3,490	1,042
2016	2,906	728
2017	1,054	517
2018	572	333
2019-2023 .	-	1,527
Totals	$ 11,856	$ 5,220

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, 2013 includes:

Prepaid Items – $13,830,753 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, 2013 includes:

Handicapped Parking – $138,023 representing monies restricted for education, advocacy and increased public awareness of handicapped parking laws.

E-911 System Costs – $512,425 representing funds to be utilized solely on the E-911 system.

Debt Service – $30,962,263 representing funds to be used toward the future repayment of bonded debt service.

Capital Expenditures – $121,385,925 representing funds that have been reserved to fund capital projects and the purchase of capital assets. This amount includes commitments (encumbrances) of $24,977,584 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, 2013 include:

Subsequent Year's Expenditures – Represents available fund balance of $25,823,606 appropriated to meet expenditure requirements in the 2014 year.

Judgments and Claims – Represents amounts to fund future settlements of various claims and litigation in the amount of $36,680.

Other Purposes – Includes amounts assigned to cover the County's cost of road repairs ($2,954,194), encumbrances ($5,475,067) and positive residual balances ($15,101,120) in Special Revenue Funds; and General Fund encumbrances ($2,458,773) and amounts to fund the future local share of various grant programs ($372,000).

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, 2013, significant encumbrances are as follows (dollars in thousands):

Purpose	General Fund	Other Governmental Funds
Social Services Programs	$ 2,034	$ -
Sewer District Operations	-	5,468
Bethlehem Steel Site Improvements	-	1,673
Buffalo Zoo Arctic Edge Exhibit	-	3,000
E. Robinson/N. French Road	-	7,421
Total	$ 2,034	$ 17,562

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, 2013, and the College at August 31, 2013, consisted of the following (dollars in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	ECFSA General	$ 48,869
	Nonmajor Governmental Funds	44,976
	College	6,220
	Nonmajor Proprietary Fund	451
		100,516
ECFSA General	General	109,440
Nonmajor Governmental Funds	ECFSA General	681
	Nonmajor Governmental Funds	36,878
	General Fund	8,109
		45,668
Nonmajor Proprietary Fund	College	216
	General Fund	173
		389
College	General Fund	519
Total receivables		256,532
Less: timing differences		(5,336)
Total payables		$ 251,196

Interfund receivables exceed interfund payables by $5,336,477. This difference represents interfund receivables in the amounts of $4,817,237 and $519,240 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, 2013, consisted of the following (dollars in thousands):

Receivable Entity	Payable Entity	Amount
Primary Government-General Fund	ECMCC Component Unit	$ 95,578
Primary Government-Nonmajor Proprietary Fund	ECMCC Component Unit	$ 3,125
ECMCC Component Unit	Primary Government-General Fund	$ 7,375
Library Component Unit	Primary Government-ECFSA General Fund	$ 254

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 2013 totaling $4,471,000 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 $90,270,000 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
2014	$ 4,641	$ 3,298	$ 7,939
2015	4,817	3,121	7,938
2016	5,001	2,938	7,939
2017	5,191	2,748	7,939
2018	5,388	2,550	7,938
2019-2023	30,180	9,513	39,693
2024-2028	35,052	3,319	38,371
Totals	$ 90,270	$ 27,487	$ 117,757

C. Interfund Transfers

Interfund transfers for the County for the year ended December 31, 2013, and the College for the year ended August 31, 2013, consisted of the following (dollars in thousands):

Transfers Out	Transfers In	Amount	Purpose - provide financial resources:
General Fund	Nonmajor Governmental Funds	$ 4,438	For the local share of grant programs
	Nonmajor Governmental Funds	54,445	For general debt service
	Nonmajor Governmental Funds	7,542	To support various capital projects
	Nonmajor Governmental Funds	13,925	For highway improvements
	Nonmajor Governmental Funds	2,546	To support E-911 operations
	Nonmajor Governmental Funds	706	To fund reduction of FEMA aid
	College	15,629	To support college operations
	ECFSA General Fund	337	For short-term debt
		99,568	
ECFSA General Fund	General Fund	407,125	For general operations from sales tax receipts
	General Fund	741	For general operations
	General Fund	1,200	For grant programs
	Nonmajor Governmental Funds	975	For grant programs
		410,041	
College	Nonmajor Governmental Funds	86	To support capital project
Nonmajor Governmental Funds	Nonmajor Governmental Funds	79,325	To support various capital projects
	Nonmajor Governmental Funds	43,670	For general debt service
	Nonmajor Governmental Funds	5,821	For sewer debt service
	Nonmajor Governmental Funds	48	For the capital share of grant programs
	Nonmajor Governmental Funds	40,391	For ECFSA debt service
	College	1,800	For movable equipment
		171,055	
Total Transfers		$ 680,750	

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, 2013 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 $149,581,544 (gross) for the year ended December 31, 2013. 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 $37,356,278 for the year ended December 31, 2013. 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 $74,712,556 for the year ended December 31, 2013. The enabling legislation allowing this additional tax expires November 30, 2015.

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 2013 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, 2013, ECMCC, a component unit of the County, has recorded $22,133,000 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. Supplemental Medicaid Payments

During 2011, the Federal Centers for Medicare and Medicaid Services ("CMS") changed interpretation of their own regulations related to the treatment of supplemental Medicaid payments. CMS has indicated they now interpret the application of federal matching rates for supplemental payments on a "date of service" rather than a "date of payment" mechanism (all other Medicaid payments are based on a date of payment methodology). This change in interpretation could result in possible disallowance of approximately $5.3 million of federal funds relating to an Upper Payment Limit payment.

3. 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 enterprise 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 $4,675,964 for the year ended December 31, 2013. The OTB reported net revenue available for distribution to participating municipalities of $687,584. In addition, cumulative net revenue retained for capital acquisitions was $29,488,889 at December 31, 2013. 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.

The 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 $100,040 and expenses totaling $4,797 for year ended December 31, 2013. BENLIC reported temporarily restricted net assets of $95,243 at December 31, 2013.

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

XVIII - RESTATEMENTS AND CHANGES TO NET POSITION

As discussed in Note I, during the year ended December 31, 2013 the ECFSA implemented GASB Statement No. 65. As a result of this implementation, existing bond issuance costs are expensed. Net position at December 31, 2012 has been restated to remove unamortized bond issuance costs of $2,272,294.

ECMCC also implemented GASB Statement No. 65. As a result, unamortized deferred financing costs are expensed.

The effect of these restatements are as follows (dollars in thousands):

	Governmental Activities	ECMCC Component Unit
Net position, December 31, 2012 - as previously reported	$ (14,401)	$ 124,629
Recognition of unamortized items	(2,272)	(2,218)
Net position, December 31, 2012 - as restated	$ (16,673)	$ 122,411

XIX - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 12, 2014, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

* * * * * *

REQUIRED SUPPLEMENTARY INFORMATION

The schedule of funding progress presents the results of OPEB valuations as of January 1, 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 (OPEB) – Health Insurance

(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
1/1/2012	$ -	$ 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 non-major 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.

NON-MAJOR 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 non-major 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. This fund is expected to be closed out during 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) Special Revenue 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, 2013

(dollars in thousands)

	Special Revenue				
	Road	Sewer	Downtown Mall	E-911	Emergency Response
ASSETS:					
Cash and cash equivalents	$ 2,980	$ 26,729	$ 3	$ -	$ -
Investments	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	377	-
Receivables (net of allowances)					
Real property taxes, interest, penalties and liens	-	-	24	-	-
Other	-	7	-	349	-
Due from other funds	-	3,665	3	-	706
Due from component unit	2	17	-	-	-
Due from other governments	1,629	74	-	18	217
Prepaid items	405	2,400	-	170	-
Total assets	**$ 5,016**	**$ 32,892**	**$ 30**	**$ 914**	**$ 923**
LIABILITIES:					
Accounts payable	$ 426	$ 1,002	$ -	$ 45	$ -
Accrued liabilities	1,076	1,060	30	187	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	706
Retained percentages payable	-	2	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	**1,502**	**2,064**	**30**	**232**	**706**
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue – community development loans	-	-	-	-	-
FUND BALANCES:					
Nonspendable:					
Prepaid items	405	2,400	-	170	-
Restricted for:					
E-911 system costs	-	-	-	512	-
Debt service	-	-	-	-	-
Capital expenditures	-	-	-	-	-
Assigned:					
Subsequent year's expenditures	8	8,395	-	-	-
Other purposes	3,101	20,033	-	-	217
Unassigned	-	-	-	-	-
Total fund balances	**3,514**	**30,828**	**-**	**682**	**217**
Total liabilities, deferred inflows of resources and fund balances	**$ 5,016**	**$ 32,892**	**$ 30**	**$ 914**	**$ 923**

Special Revenue

Grants	ETASC General	Community Development	Total
$ -	$ 189	$ -	$ 29,901
-	-	-	-
-	-	-	377
-	-	-	24
662	-	29,235	30,253
618	-	-	4,992
-	-	-	19
13,762	-	2,578	18,278
510	17	30	3,532
$ 15,552	**$ 206**	**$ 31,843**	**$ 87,376**
$ 1,254	$ 10	$ 893	$ 3,630
1,470	-	311	4,134
12,020	-	687	12,707
-	-	-	706
4	-	-	6
804	-	-	804
15,552	**10**	**1,891**	**21,987**
-	**-**	**29,952**	**29,952**
510	17	30	3,532
-	-	-	512
-	-	-	-
-	-	-	-
-	-	-	8,403
-	179	-	23,530
(510)	-	(30)	(540)
-	**196**	**-**	**35,437**
$ 15,552	**$ 206**	**$ 31,843**	**$ 87,376**

(Continued)

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2013

(dollars in thousands)

	Debt Service			
	Debt Service	ETASC Debt Service	ECFSA Debt Service	Total
ASSETS:				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Investments	-	20,734	25,159	**45,893**
Restricted cash and cash equivalents	-	-	-	-
Receivables (net of allowances)				
Real property taxes, interest, penalties and liens	-	-	-	-
Other	-	1	-	**1**
Due from other funds	33,811	-	-	**33,811**
Due from component unit	-	-	-	-
Due from other governments	202	-	-	**202**
Prepaid items	-	-	-	-
Total assets	**$ 34,013**	**$ 20,735**	**$ 25,159**	**$ 79,907**
LIABILITIES:				
Accounts payable	$ 14	$ -	$ -	$ **14**
Accrued liabilities	118	-	51	**169**
Due to other funds	23,669	-	25,092	**48,761**
Due to other governments	-	-	-	-
Retained percentages payable	-	-	-	-
Unearned revenue	-	1	-	**1**
Total liabilities	**23,801**	**1**	**25,143**	**48,945**
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue – community development loans	-	-	-	-
FUND BALANCES:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
E-911 system costs	-	-	-	-
Debt service	10,212	20,734	16	**30,962**
Capital expenditures	-	-	-	-
Assigned:				
Subsequent year's expenditures	-	-	-	-
Other purposes	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	**10,212**	**20,734**	**16**	**30,962**
Total liabilities, deferred inflows of resources and fund balances	**$ 34,013**	**$ 20,735**	**$ 25,159**	**$ 79,907**

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 Governmental Funds
$ 7,729	$ 5,191	$ 4,356	$ -	$ -	$ 4	$ 17,280	$ 47,181
-	-	-	200	-	-	200	46,093
74,720	23,699	6,604	16	6,147	3,204	114,390	114,767
-	-	-	-	-	-	-	24
-	-	-	-	-	-	-	30,254
-	-	-	-	6,865	-	6,865	45,668
-	-	-	-	-	-	-	19
1,398	10,713	17	-	634	-	12,762	31,242
-	-	-	-	-	-	-	3,532
$ 83,847	$ 39,603	$ 10,977	$ 216	$ 13,646	$ 3,208	$ 151,497	$ 318,780
$ 3,044	$ 902	$ 223	$ -	$ 190	$ -	$ 4,359	$ 8,003
1,971	1,742	45	-	-	3	3,761	8,064
3,649	12,943	3,665	-	129	-	20,386	81,854
-	-	-	-	-	-	-	706
463	-	440	-	384	1	1,288	1,294
-	317	-	-	-	-	317	1,122
9,127	15,904	4,373	-	703	4	30,111	101,043
-	-	-	-	-	-	-	29,952
-	-	-	-	-	-	-	3,532
-	-	-	-	-	-	-	512
-	-	-	-	-	-	-	30,962
74,720	23,699	6,604	216	12,943	3,204	121,386	121,386
-	-	-	-	-	-	-	8,403
-	-	-	-	-	-	-	23,530
-	-	-	-	-	-	-	(540)
74,720	23,699	6,604	216	12,943	3,204	121,386	187,785
$ 83,847	$ 39,603	$ 10,977	$ 216	$ 13,646	$ 3,208	$ 151,497	$ 318,780

(Concluded)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended December 31, 2013

(dollars in thousands)

	Special Revenue			
	Road	Sewer	Downtown Mall	E-911
REVENUES:				
Real property taxes and tax items	$ -	$ 36,247	$ 1,316	$ -
Sales and use taxes	-	-	-	3,664
Transfer taxes	9,719	-	-	-
Intergovernmental	7,691	-	-	19
Interfund revenues	144	-	-	-
Departmental	156	8,837	-	-
Interest	-	90	-	-
Miscellaneous	8	660	-	-
Total revenues	**17,718**	**45,834**	**1,316**	**3,683**
EXPENDITURES:				
Current:				
General government support	-	-	1,316	-
Public safety	-	-	-	5,718
Health	-	-	-	1,161
Transportation	23,172	-	-	-
Economic assistance and opportunity	-	-	-	-
Education	-	-	-	-
Home and community service	-	37,638	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	**23,172**	**37,638**	**1,316**	**6,879**
Excess (deficiency) of revenues over expenditures	**(5,454)**	**8,196**	**-**	**(3,196)**
OTHER FINANCING SOURCES (USES):				
Issuance of general obligation debt	-	-	-	-
Premium on bond issuance	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Payments to refunded bond escrow	-	-	-	-
Transfers in	13,925	-	-	2,546
Transfers out	(7,900)	(6,996)	-	-
Total other financing sources (uses)	**6,025**	**(6,996)**	**-**	**2,546**
Net change in fund balances	**571**	**1,200**	**-**	**(650)**
Fund balances - beginning	**2,943**	**29,628**	**-**	**1,332**
Fund balances - ending	**$ 3,514**	**$ 30,828**	**$ -**	**$ 682**

Special Revenue

Emergency Response	Grants	ETASC General	Community Development	Total
$ -	$ -	$ -	$ -	$ 37,563
-	-	-	-	3,664
-	-	-	-	9,719
-	29,764	-	4,453	41,927
-	-	-	-	144
-	972	-	693	10,658
-	-	-	-	90
-	865	-	-	1,533
-	31,601	-	5,146	105,298
-	7,324	139	-	8,779
-	8,489	-	-	14,207
-	6,701	-	-	7,862
-	-	-	-	23,172
-	13,534	-	207	13,741
-	86	-	-	86
706	928	-	4,939	44,211
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
706	37,062	139	5,146	112,058
(706)	(5,461)	(139)	-	(6,760)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
706	5,461	-	-	22,638
-	-	-	-	(14,896)
706	5,461	-	-	7,742
-	-	(139)	-	982
217	-	335	-	34,455
$ 217	$ -	$ 196	$ -	$ 35,437

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended December 31, 2013

(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	806	15,388	-	16,194
Interfund revenues	-	-	-	-
Departmental	-	-	-	-
Interest	4,824	42	-	4,866
Miscellaneous	4,470	-	-	4,470
Total revenues	10,100	15,430	-	25,530
EXPENDITURES:				
Current:				
General government support	150	1	-	151
Public safety	-	-	-	-
Health	-	-	-	-
Transportation	-	-	-	-
Economic assistance and opportunity	-	-	-	-
Education	-	-	-	-
Home and community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	25,274	1,785	23,300	50,359
Interest and fiscal charges	7,319	12,901	17,844	38,064
Total expenditures	32,743	14,687	41,144	88,574
Excess (deficiency) of revenues over expenditures	(22,643)	743	(41,144)	(63,044)
OTHER FINANCING SOURCES (USES):				
Issuance of general obligation debt	-	-	61,470	61,470
Premium on bond issuance	-	-	14,430	14,430
Proceeds of refunding bonds	-	-	31,135	31,135
Payments to refunded bond escrow	(35,895)	-	-	(35,895)
Transfers in	103,936	-	40,391	144,327
Transfers out	(40,390)	-	(106,282)	(146,672)
Total other financing sources (uses)	27,651	-	41,144	68,795
Net change in fund balances	5,008	743	-	5,751
Fund balances - beginning	5,204	19,991	16	25,211
Fund balances - ending	$ 10,212	$ 20,734	$ 16	$ 30,962

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 Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 37,563
-	-	-	-	-	-	-	3,664
-	-	-	-	-	-	-	9,719
4,705	8,690	-	-	1,948	-	15,343	73,464
154	-	-	-	-	-	154	298
185	-	1,659	-	-	-	1,844	12,502
-	-	26	-	-	-	26	4,982
-	-	-	-	-	-	-	6,003
5,044	**8,690**	**1,685**	**-**	**1,948**	**-**	**17,367**	**148,195**
-	-	-	-	-	-	-	8,930
-	-	-	-	-	-	-	14,207
-	-	-	-	-	-	-	7,862
-	-	-	-	-	-	-	23,172
-	-	-	-	-	-	-	13,741
-	-	-	-	-	-	-	86
-	-	-	-	-	-	-	44,211
29,616	22,770	1,813	-	3,843	-	58,042	58,042
-	-	-	-	-	-	-	50,359
-	-	-	-	-	-	-	38,064
29,616	**22,770**	**1,813**	**-**	**3,843**	**-**	**58,042**	**258,674**
(24,572)	**(14,080)**	**(128)**	**-**	**(1,895)**	**-**	**(40,675)**	**(110,479)**
-	-	-	-	-	-	-	61,470
-	-	-	-	-	-	-	14,430
-	-	-	-	-	-	-	31,135
-	-	-	-	-	-	-	(35,895)
59,092	16,400	1,175	-	10,286	-	86,953	253,918
(2,733)	(4,850)	-	-	(1,904)	-	(9,487)	(171,055)
56,359	**11,550**	**1,175**	**-**	**8,382**	**-**	**77,466**	**154,003**
31,787	**(2,530)**	**1,047**	**-**	**6,487**	**-**	**36,791**	**43,524**
42,933	**26,229**	**5,557**	**216**	**6,456**	**3,204**	**84,595**	**144,261**
$ 74,720	**$ 23,699**	**$ 6,604**	**$ 216**	**$ 12,943**	**$ 3,204**	**$ 121,386**	**$ 187,785**

(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, 2013
(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
REVENUES:				
Transfer taxes	$ 8,300	$ 8,300	$ 9,719	$ 1,419
Intergovernmental	7,500	7,549	7,691	142
Interfund revenue	150	150	144	(6)
Departmental	110	141	156	15
Miscellaneous	-	-	8	8
Total revenues	**16,060**	**16,140**	**17,718**	**1,578**
EXPENDITURES:				
Current:				
Transportation	22,991	23,164	23,152	12
Total expenditures	**22,991**	**23,164**	**23,152**	**12**
Excess (deficiency) of revenues over expenditures	**(6,931)**	**(7,024)**	**(5,434)**	**1,590**
OTHER FINANCING SOURCES (USES):				
Transfers in	13,831	13,924	13,925	1
Transfers out	(6,900)	(7,900)	(7,900)	-
Total other financing sources (uses)	**6,931**	**6,024**	**6,025**	**1**
Net change in fund balances *	**$ -**	**$ (1,000)**	**$ 591**	**$ 1,591**

* 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, 2013
(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
REVENUES:				
Real property taxes and tax items	$ 36,243	$ 36,243	$ 36,247	$ 4
Departmental	8,520	8,659	8,837	178
Interest	63	63	90	27
Miscellaneous	119	119	660	541
Total revenues	**44,945**	**45,084**	**45,834**	**750**
EXPENDITURES:				
Current:				
Home and community service	45,183	45,320	37,740	7,580
Debt service:				
Interest and fiscal charges	106	108	-	108
Total expenditures	**45,289**	**45,428**	**37,740**	**7,688**
Excess (deficiency) of revenues over expenditures	**(344)**	**(344)**	**8,094**	**8,438**
OTHER FINANCING SOURCES (USES):				
Transfers out	(7,406)	(7,406)	(6,996)	410
Total other financing sources (uses)	**(7,406)**	**(7,406)**	**(6,996)**	**410**
Net change in fund balances *	**$ (7,750)**	**$ (7,750)**	**$ 1,098**	**$ 8,848**

* 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, 2013
(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
REVENUES:				
Real property taxes and tax items	$ 1,314	$ 1,316	$ 1,316	$ -
Total revenues	**1,314**	**1,316**	**1,316**	**-**
EXPENDITURES:				
Current:				
General government support	1,314	1,316	1,316	-
Total expenditures	**1,314**	**1,316**	**1,316**	**-**
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, 2013
(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
REVENUES:				
Sales and use taxes	$ 3,650	$ 3,650	$ 3,664	$ 14
Intergovernmental	545	545	19	(526)
Total revenues	**4,195**	**4,195**	**3,683**	**(512)**
EXPENDITURES:				
Current:				
Public safety	6,361	6,395	5,706	689
Health	1,260	1,260	1,161	99
Total expenditures	**7,621**	**7,655**	**6,867**	**788**
Excess (deficiency) of revenues over expenditures	**(3,426)**	**(3,460)**	**(3,184)**	**276**
OTHER FINANCING SOURCES:				
Transfers in	2,776	2,810	2,546	(264)
Total other financing sources	**2,776**	**2,810**	**2,546**	**(264)**
Net change in fund balances *	**$ (650)**	**$ (650)**	**$ (638)**	**$ 12**

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

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, 2013
(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	$ 806	$ 806	$ 806	$ -
Interest	1,186	4,654	4,824	170
Miscellaneous	-	4,471	4,470	(1)
Total revenues	**1,992**	**9,931**	**10,100**	**169**
EXPENDITURES:				
Current:				
General government support	-	150	150	-
Debt service:				
Principal retirement	44,362	25,443	25,274	169
Interest and fiscal charges	21,032	7,582	7,319	263
Total expenditures	**65,394**	**33,175**	**32,743**	**432**
Excess (deficiency) of revenues over expenditures	**(63,402)**	**(23,244)**	**(22,643)**	**601**
OTHER FINANCING SOURCES (USES):				
Payments to refunded bond escrow	-	(35,895)	(35,895)	-
Transfers in	62,269	98,397	103,936	5,539
Transfers out	-	(40,391)	(40,390)	1
Total other financing sources (uses)	**62,269**	**22,111**	**27,651**	**5,540**
Net change in fund balances *	**$ (1,133)**	**$ (1,133)**	**$ 5,008**	**$ 6,141**

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, 2013

(dollars in thousands)

	Balance 1/1/2013	Additions	Deductions	Balance 12/31/2013
ASSETS:				
Cash and cash equivalents	$ 29,626	$ 465,125	$ 460,832	$ 33,919
Receivables:				
Other receivables	454	9,440	9,336	558
Bonds and securities held in custody	25	-	8.00	17
Total assets	**$ 30,105**	**$ 474,565**	**$ 470,176**	**$ 34,494**
LIABILITIES:				
Held in custody for others:				
Court funds	$ 7,267	$ 5,256	$ 1,731	$ 10,792
Mortgage tax	2,888	16,176	16,528	2,536
Social services	9,055	106,126	106,525	8,656
Bail and bid deposits	666	344	428	582
Payroll taxes and withholdings	806	313,325	313,404	727
Miscellaneous - other	9,423	14,554	12,776	11,201
Total amounts held in custody for others	30,105	455,781	451,392	34,494
Total liabilities	**$ 30,105**	**$ 455,781**	**$ 451,392**	**$ 34,494**

LIBRARY COMPONENT UNIT

The financial data shown for the Buffalo and Erie County Public 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, 2013

(dollars in thousands)

	Library
ASSETS:	
Cash and cash equivalents	$ 8,975
Receivables (net of allowances)	
Other	65
Due from primary government	254
Due from other governments	752
Prepaid items	728
Total assets	**$ 10,774**
LIABILITIES:	
Accounts payable	$ 341
Accrued liabilities	824
Unearned revenue	873
Total liabilities	**2,038**
FUND BALANCES:	
Nonspendable	728
Committed	2,570
Assigned	2,142
Unassigned	3,296
Total fund balances	**8,736**
Total liabilities and fund balances	**$ 10,774**

Reconciliation of the Balance Sheet

Library Component Unit to the Statement of Net Position

December 31, 2013

(dollars in thousands)

	Library
Total fund balance - library component unit	**$ 8,736**
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	17,230
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(21,667)
Total net position of library component unit	**$ 4,299**

Statement of Revenues, Expenditures and Changes in Fund Balance

Library Component Unit

For the year ended December 31, 2013

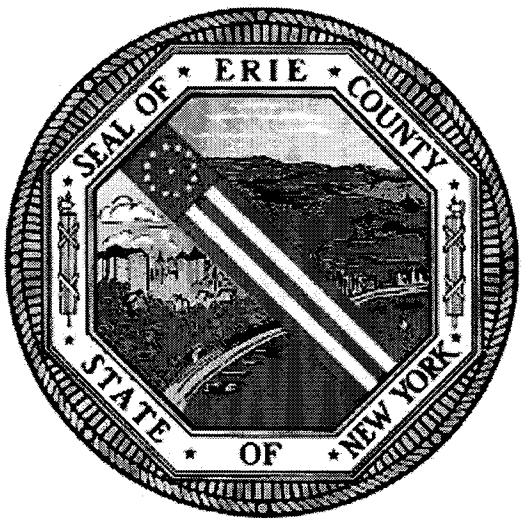
(dollars in thousands)

	Library
REVENUES:	
Real property taxes and tax items	$ 22,172
Intergovernmental	3,313
Departmental	930
Interest	11
Miscellaneous	216
Total revenues	**26,642**
EXPENDITURES:	
Current:	
Culture and recreation	26,781
Total expenditures	**26,781**
Net change in fund balance	**(139)**
Fund balance - beginning	**8,875**
Fund balance - ending	**$ 8,736**

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, 2013
(dollars in thousands)

		Library
Net change in fund balance - library component unit		**$ (139)**
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 exceeded capital outlays in the current period.		
Capital outlays, net of disposals of $341	$ 2,882	
Less current year depreciation	(3,045)	
Net adjustment		(163)
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		(2,496)
Change in net position of library component unit		**$ (2,798)**


SEAL OF ERIE COUNTY
STATE OF NEW YORK

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, 2013

(dollars in thousands)

	College Foundation (August 31, 2013)	Auxiliary Services Corporation (August 31, 2013)	ILDC	Total
ASSETS:				
Cash	$ 110	$ 1,890	$ 195	**$ 2,195**
Investments	3,762	-	-	**3,762**
Receivables (net of allowances)	35	107	47	**189**
Inventories	-	42	-	**42**
Prepaid items	-	1	-	**1**
Other assets	-	820	55	**875**
Capital assets:				
Other capital assets, net of depreciation	-	403	-	**403**
Total assets	**3,907**	**3,263**	**297**	**7,467**
LIABILITIES:				
Accounts payable	3	63	-	**66**
Accrued liabilities	188	888	3	**1,079**
Total liabilities	**191**	**951**	**3**	**1,145**
NET POSITION:				
Net investment in capital assets	-	403	-	**403**
Restricted for:				
Other purposes	2,971	25	207	**3,203**
Unrestricted	745	1,884	87	**2,716**
Total net position	**$ 3,716**	**$ 2,312**	**$ 294**	**$ 6,322**

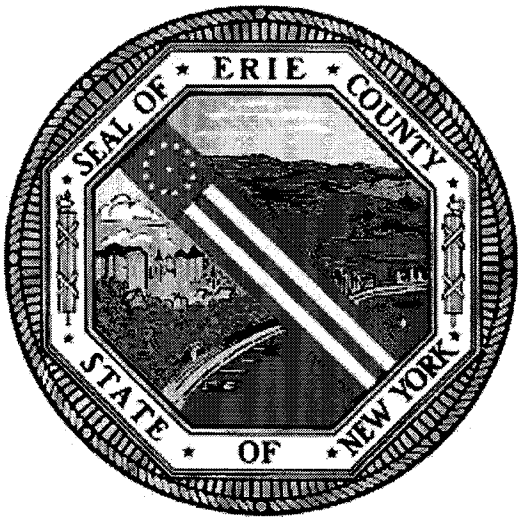
Combining Statement of Activities

Other Component Units

For the year ended December 31, 2013

(dollars in thousands)

	College Foundation (August 31, 2013)	Auxiliary Services Corporation (August 31, 2013)	ILDC	Total
EXPENSES:				
Program operations	$ 939	$ 2,156	$ 235	$ 3,330
Total expenses	**939**	**2,156**	**235**	**3,330**
PROGRAM REVENUES:				
Charges for services	449	2,148	-	**2,597**
Operating grants and contributions	780	79	242	**1,101**
Total program revenues	**1,229**	**2,227**	**242**	**3,698**
Change in net position	**290**	**71**	**7**	**368**
Total net position - beginning	**3,426**	**2,241**	**287**	**5,954**
Total net position - ending	$ 3,716	$ 2,312	$ 294	$ 6,322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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			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	$ 453,359	$ 422,636	$ 343,309	$ 331,821
Restricted	118,461	101,205	23,246	23,071
Unrestricted (deficit)	(407,444)	(480,803)	(317,433)	(332,295)
Total governmental activities net position	**$ 164,376**	**$ 43,038**	**$ 49,122**	**$ 22,597**
Business-type activities: (1)				
Net investment in capital assets	$ 6,670	$ 6,775	$ 6,653	$ 7,930
Unrestricted (deficit)	6,429	6,759	7,892	(1,488)
Total business-type activities net position	**$ 13,099**	**$ 13,534**	**$ 14,545**	**$ 6,442**
Primary government:				
Net investment in capital assets	$ 460,029	$ 429,411	$ 349,962	$ 339,751
Restricted	118,461	101,205	23,246	23,071
Unrestricted (deficit)	(401,015)	(474,044)	(309,541)	(333,783)
Total primary government net position	**$ 177,475**	**$ 56,572**	**$ 63,667**	**$ 29,039**

Source: Erie County Basic Financial Statements

Note:
(1) Erie County Medical Center ("ECMC") was sold to the Erie County Medical Center Corporation ("ECMCC") on January 1, 2004. The sale resulted in the elimination of ECMC from the Business-type activity section and the subsequent reporting of ECMCC as a component unit.

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 330,411	$ 373,664	$ 374,188	$ 361,546	$ 385,776	$ 395,657
18,979	16,148	6,231	27,317	34,960	40,914
(339,975)	(362,063)	(361,686)	(412,170)	(435,137)	(472,024)
$ 9,415	**$ 27,749**	**$ 18,733**	**$ (23,307)**	**$ (14,401)**	**$ (35,453)**
$ 11,141	$ 12,628	$ 14,421	$ 17,474	$ 20,828	$ 23,349
(5,989)	(13,093)	(18,630)	(25,891)	(30,946)	(34,406)
$ 5,152	**$ (465)**	**$ (4,209)**	**$ (8,417)**	**$ (10,118)**	**$ (11,057)**
$ 341,552	$ 386,292	$ 388,609	$ 379,020	$ 406,604	$ 419,006
18,979	16,148	6,231	27,317	34,960	40,914
(345,964)	(375,156)	(380,316)	(438,061)	(466,083)	(506,430)
$ 14,567	**$ 27,284**	**$ 14,524**	**$ (31,724)**	**$ (24,519)**	**$ (46,510)**

Changes in Net Position

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

	Fiscal Year			
	2004	2005	2006	2007
EXPENSES:				
Primary government:				
Governmental activities:				
General government	$ 146,767	$ 124,393	$ 86,640	$ 425,037
Public safety	123,046	118,692	128,222	117,687
Health	97,512	80,468	110,413	84,283
Transportation	55,014	61,850	60,742	61,088
Economic assistance and opportunity	607,721	525,492	541,220	574,163
Culture and recreation	37,374	20,030	20,278	21,181
Education	57,304	62,870	67,310	67,157
Home and community service	43,121	44,792	82,954	52,365
Interest and fiscal charges	34,630	38,797	49,878	45,938
Total governmental activities expenses	**1,202,489**	**1,077,384**	**1,147,657**	**1,448,899**
Business-type activities:				
Erie County Medical Center (1)	1,847	-	-	-
College (fiscal year ending August 31)	91,388	96,750	99,723	112,765
Purchase and resale of utilities	38,051	49,656	50,971	46,747
Total business-type activities expenses	**131,286**	**146,406**	**150,694**	**159,512**
Total primary government expenses	**$ 1,333,775**	**$ 1,223,790**	**$ 1,298,351**	**$ 1,608,411**
PROGRAM REVENUES:				
Primary government:				
Governmental activities:				
Charges for services:				
General government	$ 16,398	$ 14,196	$ 20,736	$ 19,521
Public safety	8,607	9,030	8,524	9,600
Health	4,289	3,173	4,466	3,506
Transportation	1,521	1,103	729	-
Economic assistance and opportunity	30,363	27,729	26,186	29,495
Culture and recreation	2,592	3,186	3,462	3,265
Education	95	95	764	95
Home and community service	11,679	11,182	10,263	10,863
Operating grants and contributions	411,334	418,677	476,963	441,098
Capital grants and contributions	12,962	5,421	9,041	6,480
Total governmental activities program revenues	**499,840**	**493,792**	**561,134**	**523,923**
Business-type activities:				
Charges for services:				
Erie County Medical Center (1)	-	-	-	-
College (fiscal year ending August 31st)	22,962	25,383	25,596	27,327
Purchase and resale of utilities	37,763	49,961	51,360	46,905
Operating grants and contributions	27,857	30,135	30,471	30,387
Total business-type activities program revenues	**88,582**	**105,479**	**107,427**	**104,619**
Total primary government program revenues	**$ 588,422**	**$ 599,271**	**$ 668,561**	**$ 628,542**
NET (EXPENSE) / REVENUE:				
Governmental activities	$ (702,649)	$ (583,592)	$ (586,523)	$ (924,976)
Business-type activities	(42,704)	(40,927)	(43,267)	(54,893)
Total primary government net expense	**$ (745,353)**	**$ (624,519)**	**$ (629,790)**	**$ (979,869)**

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 418,986	$ 420,026	$ 423,161	$ 462,487	$ 434,922	$ 426,627
118,220	122,888	141,543	131,715	152,968	157,278
85,091	89,927	82,855	71,714	72,928	72,137
65,292	62,673	72,615	70,201	71,685	71,592
537,650	567,035	579,927	591,057	578,592	594,354
29,910	23,754	24,567	19,295	20,709	18,156
66,883	70,716	75,529	73,777	69,833	68,208
52,299	48,628	53,186	59,127	54,618	53,704
41,784	39,511	37,833	43,985	34,905	39,515
1,416,115	**1,445,158**	**1,491,216**	**1,523,358**	**1,491,160**	**1,501,571**
-	-	-	-	-	-
112,401	123,988	132,556	133,416	129,424	132,318
44,902	27,490	28,587	25,947	21,350	25,398
157,303	**151,478**	**161,143**	**159,363**	**150,774**	**157,716**
$ 1,573,418	**$ 1,596,636**	**$ 1,652,359**	**$ 1,682,721**	**$ 1,641,934**	**$ 1,659,287**
$ 21,113	$ 25,057	$ 26,794	$ 26,708	$ 31,239	$ 26,702
7,290	5,971	5,578	6,285	6,846	7,239
3,717	3,950	2,470	2,373	2,777	2,192
-	-	-	-	-	-
34,237	29,657	29,008	28,413	27,147	23,723
3,267	6,032	1,552	1,459	1,460	1,322
95	95	95	95	95	95
9,930	11,986	9,311	9,865	10,348	9,630
402,443	468,793	456,029	410,157	401,431	395,047
8,661	12,282	25,718	12,206	25,630	17,185
490,753	**563,823**	**556,555**	**497,561**	**506,973**	**483,135**
-	-	-	-	-	-
29,008	30,863	31,144	32,616	35,512	36,868
45,475	27,434	28,805	26,017	20,692	25,438
31,181	6,790	7,412	6,584	5,654	5,282
105,664	**65,087**	**67,361**	**65,217**	**61,858**	**67,588**
$ 596,417	**$ 628,910**	**$ 623,916**	**$ 562,778**	**$ 568,831**	**$ 550,723**
$ (925,362)	$ (881,335)	$ (934,661)	$ (1,025,797)	$ (984,187)	$ (1,018,436)
(51,639)	(86,391)	(93,782)	(94,146)	(88,916)	(90,128)
$ (977,001)	**$ (967,726)**	**$ (1,028,443)**	**$ (1,119,943)**	**$ (1,073,103)**	**$ (1,108,564)**

(Continued)

Changes in Net Position

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

	Fiscal Year			
	2004	2005	2006	2007
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:				
Governmental activities:				
Taxes				
Property taxes levied for mall, sewer, and general purposes	$ 157,440	$ 172,741	$ 212,177	$ 223,866
Sales and use taxes	256,173	281,019	365,087	656,674
Transfer taxes	14,687	11,256	10,720	11,576
Interest earnings not restricted to specific programs	1,235	104	-	-
Unrestricted interest earnings	2,885	4,760	7,268	7,643
Miscellaneous	59,335	7,685	14,460	13,200
Gain on sale of capital assets	941	108	183	921
Transfers	13,291	(15,419)	(17,288)	(15,429)
Total governmental activities	**505,987**	**462,254**	**592,607**	**898,451**
Business-type activities: (1)				
Unrestricted state and local appropriations	26,089	25,815	27,894	30,233
Federal and state student financial aid	-	-	-	-
Unrestricted interest earnings	201	403	955	1,128
Miscellaneous	-	-	-	-
Transfers	(13,477)	15,144	15,429	15,429
Total business-type activities	**12,813**	**41,362**	**44,278**	**46,790**
Total primary government	**$ 518,800**	**$ 503,616**	**$ 636,885**	**$ 945,241**
CHANGE IN NET POSITION:				
Governmental activities	(196,662)	(121,338)	6,084	(26,525)
Business-type activities	(29,891)	435	1,011	(8,103)
Total change in net position	**$ (226,553)**	**$ (120,903)**	**$ 7,095**	**$ (34,628)**

Source: Erie County Basic Financial Statements

Note:
(1) Erie County Medical Center ("ECMC") was sold to the Erie County Medical Center Corporation ("ECMCC") on January 1, 2004. The sale resulted in the elimination of ECMC from the Business-type activity section and the subsequent reporting of ECMCC as a component unit.

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 239,333	$ 251,224	$ 257,749	$ 275,705	$ 270,806	$ 269,809
667,783	646,893	661,933	691,208	707,995	724,680
8,901	8,553	7,246	8,353	9,432	9,719
-	-	-	-	-	-
3,994	1,592	1,524	1,280	1,012	1,352
8,772	7,896	14,162	24,242	9,231	11,287
559	732	460	492	361	152
(17,162)	(17,221)	(17,429)	(17,429)	(17,429)	(17,343)
912,180	**899,669**	**925,645**	**983,851**	**981,408**	**999,656**
32,524	34,049	34,071	31,163	30,157	32,590
-	29,206	38,392	41,207	39,527	38,690
663	298	146	139	102	75
-	-	-	-	-	491
17,162	17,221	17,429	17,429	17,429	17,343
50,349	**80,774**	**90,038**	**89,938**	**87,215**	**89,189**
$ 962,529	**$ 980,443**	**$ 1,015,683**	**$ 1,073,789**	**$ 1,068,623**	**$ 1,088,845**
(13,182)	18,334	(9,016)	(41,946)	(2,779)	(18,780)
(1,290)	(5,617)	(3,744)	(4,208)	(1,701)	(939)
$ (14,472)	**$ 12,717**	**$ (12,760)**	**$ (46,154)**	**$ (4,480)**	**$ (19,719)**

(Concluded)

Fund Balances of Governmental Funds

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

	Fiscal Year			
	2004	2005	2006	2007
General Fund:				
Reserved	$ 15,707	$ 7,085	$ 11,723	$ 12,291
Unreserved (deficit)	(10,774)	7,323	26,510	35,250
Total general fund	**$ 4,933**	**$ 14,408**	**$ 38,233**	**$ 47,541**
All Other Governmental Funds:				
Reserved	$ 96,829	$ 67,678	$ 63,364	$ 56,895
Unreserved, reported in:				
Special revenue funds	6,988	1,456	7,513	8,417
Capital project funds (deficit)	56,411	75,024	58,787	30,277
Total all other governmental funds	**$ 160,228**	**$ 144,158**	**$ 129,664**	**$ 95,589**
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					
2008	2009	2010	2011 (1)	2012	2013
$ 8,361	$ 6,758	$ 11,853	N/A	N/A	N/A
49,830	95,080	113,460	N/A	N/A	N/A
$ 58,191	**$ 101,838**	**$ 125,313**	N/A	N/A	N/A
$ 73,361	$ 87,772	$ 62,740	N/A	N/A	N/A
			N/A	N/A	N/A
10,879	17,722	19,690	N/A	N/A	N/A
(18,315)	(69,217)	66,095	N/A	N/A	N/A
$ 65,925	**$ 36,277**	**$ 148,525**	N/A	N/A	N/A
N/A	N/A	N/A	$ 8,394	$ 9,322	$ 10,292
N/A	N/A	N/A	187	196	138
N/A	N/A	N/A	24,065	22,291	20,289
N/A	N/A	N/A	83,489	88,332	89,650
N/A	N/A	N/A	**$ 116,135**	**$ 120,141**	**$ 120,369**
N/A	N/A	N/A	$ 3,097	$ 3,359	$ 3,539
N/A	N/A	N/A	114,758	110,982	152,860
N/A	N/A	N/A	29,251	31,406	31,933
N/A	N/A	N/A	(472)	(509)	(543)
N/A	N/A	N/A	**$ 146,634**	**$ 145,238**	**$ 187,789**

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	Fiscal Year			
	2004	2005	2006	2007
REVENUES:				
Real property taxes and tax items	$ 159,001	$ 171,011	$ 201,008	$ 213,124
Sales and use taxes	256,173	281,019	365,087	656,674
Transfer taxes	14,687	11,256	10,720	11,576
Intergovernmental	423,443	416,006	478,233	440,722
Interfund revenues	9,876	1,488	250	177
Departmental	72,465	68,549	75,086	76,089
Interest	8,052	14,099	15,083	14,674
Miscellaneous	60,098	7,898	10,608	10,571
Total revenues	**1,003,795**	**971,326**	**1,156,075**	**1,423,607**
EXPENDITURES:				
Current:				
General government support	97,538	105,998	98,641	368,292
Public safety	119,412	116,455	125,914	117,437
Health	93,095	73,013	72,284	73,355
Transportation	43,274	43,396	41,814	41,755
Economic assistance and opportunity	605,809	524,994	540,667	570,015
Culture and recreation	23,849	17,363	17,577	19,045
Education	55,417	61,137	65,690	65,523
Home and community service	34,182	34,629	77,928	48,198
Capital outlay	133,815	59,237	75,997	48,038
Debt service:				
Principal retirement	21,988	28,790	36,516	43,427
Interest and fiscal charges	35,068	46,435	46,477	44,200
Total expenditures	**1,263,447**	**1,111,447**	**1,199,505**	**1,439,285**
Excess (deficiency) of revenues over expenditures	**(259,652)**	**(140,121)**	**(43,430)**	**(15,678)**
OTHER FINANCING SOURCES (USES):				
Proceeds of general obligation debt	99,222	103,530	70,205	5,374
Discount on bond issuance	-	-	(514)	-
Premium on BAN issuance	-	-	-	-
Premium on bond issuance	7,624	4,970	175	-
Proceeds of refunding bonds	-	359,300	-	-
Payments to refunded bond escrow	-	(318,963)	-	-
Sale of property	941	108	183	966
Transfers in	118,131	326,803	443,821	442,068
Transfers out	(94,132)	(342,222)	(461,109)	(457,497)
Total other financing sources (uses)	**131,786**	**133,526**	**52,761**	**(9,089)**
Net change in fund balances	**$ (127,866)**	**$ (6,595)**	**$ 9,331**	**$ (24,767)**
Debt service as a percentage of non-capital expenditures	**4.9%**	**7.0%**	**7.2%**	**6.3%**

Source:
Erie County Basic Financial Statements

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 229,874	$ 244,221	$ 253,512	$ 263,799	$ 268,069	$ 271,757
667,783	647,287	661,933	691,208	707,995	724,680
8,901	8,553	7,246	8,353	9,432	9,719
408,732	481,067	478,484	416,269	426,376	405,194
323	426	370	318	1,323	310
79,173	80,618	74,714	74,683	78,843	72,756
6,881	2,931	3,045	3,949	6,067	6,334
8,080	7,199	13,184	24,512	10,087	15,337
1,409,747	**1,472,302**	**1,492,488**	**1,483,091**	**1,508,192**	**1,506,087**
368,288	348,167	361,693	386,272	386,719	384,065
113,984	121,345	134,388	133,258	148,601	150,138
82,646	88,891	82,090	70,954	72,412	71,832
44,504	42,549	43,909	44,190	45,252	45,527
537,251	566,664	576,624	590,268	577,526	588,819
21,105	21,389	21,462	16,405	18,944	16,497
65,169	69,043	73,889	71,848	68,152	65,867
45,908	42,149	44,324	43,382	44,280	46,685
41,966	59,507	93,066	158,769	61,896	58,042
50,875	50,214	47,936	53,605	50,643	50,359
40,482	36,587	38,380	37,965	41,888	39,426
1,412,178	**1,446,505**	**1,517,761**	**1,606,916**	**1,516,313**	**1,517,257**
(2,431)	**25,797**	**(25,273)**	**(123,825)**	**(8,121)**	**(11,170)**
-	3,232	249,598	115,244	24,110	61,470
-	-	-	-	-	-
-	1,449	374	821	444	-
-	-	27,301	17,496	3,245	14,430
-	-	120	30,695	-	31,135
-	-	(99,432)	(34,469)	-	(35,895)
579	742	460	492	361	152
474,097	455,169	736,133	668,194	528,799	663,321
(491,259)	(472,390)	(753,562)	(685,623)	(546,228)	(680,664)
(16,583)	**(11,798)**	**160,992**	**112,850**	**10,731**	**53,949**
$ (19,014)	**$ 13,999**	**$ 135,719**	**$ (10,975)**	**$ 2,610**	**$ 42,779**
6.6%	**6.3%**	**6.0%**	**5.9%**	**6.4%**	**6.1%**

Taxable Sales by Category

Last Ten Fiscal Years (1)

(dollars in thousands)

Category (2)	Fiscal Year 2004	2005	2006	2007
Utilities (excluding residential energy)	$ 259,929	$ 232,098	$ 273,566	$ 232,426
Construction	182,487	190,572	212,154	214,336
Manufacturing	265,355	297,235	308,463	300,083
Wholesale Trade	843,810	964,666	1,100,928	891,003
Retail Trade Total	6,123,137	6,438,703	6,298,246	5,268,196
Information	615,798	628,050	634,932	654,575
Professional, Scientific, and Technical	111,439	119,134	145,002	143,624
Administrative/Support Services	222,182	222,762	233,762	241,179
Health Care	16,459	18,991	19,508	19,897
Arts, Entertainment, and Recreation	132,202	120,079	131,973	160,952
Accommodation and Food Services	1,062,671	1,097,432	1,143,990	1,203,967
Other Services Total	394,676	409,015	440,689	385,859
Agriculture, Mining, Transportation, Fire, Education, Government.	422,619	408,714	452,309	502,209
Unclassified by Industry	47,045	49,798	74,704	96,398
Total	**$ 10,699,809**	**$ 11,197,248**	**$ 11,470,225**	**$ 10,314,703**
County Direct Sales Tax Rate	**2.06%**	**2.31%**	**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, 2003 and ending February 28, 2012.

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

(3) Taxable Sales by Category is not available.

Fiscal Year					
2008	2009	2010	2011	2012	2013 (3)
$ 284,203	$ 255,086	$ 203,045	$ 237,525	$ 216,662	
212,232	212,131	206,569	224,364	264,027	
321,439	323,017	302,139	524,088	574,623	
852,168	845,706	810,170	572,372	579,505	
5,320,102	5,345,974	5,318,507	6,096,968	6,034,137	
669,659	697,479	712,376	660,451	666,922	
141,275	143,249	134,130	211,576	205,640	
265,412	270,747	277,016	285,239	302,913	
19,312	19,430	19,534	11,744	12,791	
170,063	152,189	153,858	164,837	167,417	
1,316,380	1,381,465	1,402,403	1,538,578	1,632,421	
400,801	411,302	403,228	381,059	407,529	
562,164	508,664	445,883	499,523	520,562	
70,900	52,828	61,537	11,911	13,900	
$ 10,606,108	**$ 10,619,267**	**$ 10,450,396**	**$ 11,420,235**	**$ 11,599,049**	**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
2004	$ -	$ -	$ 29,627,131	$ 2,069,944	$ 27,557,187	$ 5.76
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

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.

Total Actual Taxable Equalized Full Value	Assessed Value (1) as a Percentage of Equalized Full Value
$ 34,479,047	79.92%
35,980,745	78.59%
38,102,216	79.17%
40,477,682	76.99%
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%

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)
2004	$ 4.42	$ 1.34	$ 5.76	$ 4.07	$ 18.80	$ 5.51	$ 26.64
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

Source: Erie County Department of Real Property Tax Services

Notes:

(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

Taxpayer	2013 Equalized Full Value	2013 Rank	2013 Percentage of Equalized Full Value (1)	2004 Equalized Full Value	2004 Rank	2004 Percentage of Equalized Full Value (1)
National Fuel Gas	$ 697,625,214	1	1.48%	$ 615,690,207	1	1.79%
National Grid / Niagara Mohawk	695,541,671	2	1.48%	522,285,967	2	1.51%
Benderson Development Company	486,137,175	3	1.03%	257,098,876	4	0.75%
Verizon New York Inc.	301,489,437	4	0.64%	321,886,242	3	0.93%
NY State Electric & Gas Corporation	249,103,215	5	0.53%	199,953,811	5	0.58%
Pyramid Company of Buffalo	180,928,487	6	0.38%	134,516,769	7	0.39%
DDR MDT LLC	177,389,714	7	0.38%	86,226,065	8	0.25%
Norfolk / Conrail / CSX / PA Lines	147,453,929	8	0.31%	153,824,531	6	0.45%
Uniland Development	108,097,805	9	0.23%			
Ellicott Group LLC	100,129,428	10	0.21%			
HSBC Bank USA				67,393,954	9	0.20%
Boulevard Mall				57,972,372	10	0.17%
Totals	**$ 3,143,896,075**		**6.67%**	**$ 2,416,848,794**		**7.01%**

Source: Erie County 2013 & 2004 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
2004	$ 152,529,551	$ 311,903,684	$ 464,433,235	$ 463,669,059	99.84%
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%

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.

(3) Negative collections in 2004 reflect the termination of the Erie Tax Certificate Corporation and the return of uncollected liens to the County in 2011.

N/A = Not Applicable

Collections in Subsequent Years (3)	Total Collections to Date	
	Amount	Percentage of Levy
$ (195,390)	$ 463,473,669	99.79%
122,078	492,302,087	99.75%
10,884,677	539,235,351	99.75%
11,611,810	567,470,165	99.69%
12,681,985	587,814,278	99.49%
12,150,477	607,990,342	99.31%
11,786,750	633,916,700	99.30%
11,796,303	640,792,942	98.85%
6,930,808	643,129,213	98.05%
N/A	637,052,431	97.19%

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 (3)	Capital Leases	Total Primary Government	Percentage of Personal Income (4)(5)	Per Capita (4)(5)
2004	$ 403,476	$ 46,766	$ 240,130	$ -	$ 690,372	1.36%	$ 433
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	N/A	494

Source:
Erie County Basic Financial Statements 2004-2013

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

(2) Includes self supporting sewer district bonds for the years 2004 to 2013 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; and $82,505 was outstanding at December 31, 2013).

(3) The year ended December 31, 2004, was the first year the County's financial statements were prepared in accordance with Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units."

(4) 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.

(5) See the "Demographic and Economic Statistics" on page 137 for personal income and population data. 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)
2004	$ 393,893	1.43%	$ 423
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

Source:
Erie County Basic Financial Statements 2004-2013

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, and $90,085 for 2013.

(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 page 124 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			
	2004	2005	2006	2007
Debt limit	$ 2,294,474	$ 2,353,716	$ 2,439,968	$ 2,556,622
Total net debt applicable to limit	485,500	548,031	562,286	524,913
Legal debt margin	**$ 1,808,974**	**$ 1,805,685**	**$ 1,877,682**	**$ 2,031,709**
Total net debt applicable to the limit as a percentage of debt limit	**21.16%**	**23.28%**	**23.04%**	**20.53%**

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 2013 (1)

Full value (average five-year valuation) (2)		$ 46,323,048
Debt limit (7 % of assessed value) (3)		3,242,613
Debt applicable to limit:		
General obligation bonds and guaranty	$ 576,666	
Less: sewer bond exclusions	(74,296)	
Total net debt applicable to limit		502,370
Legal debt margin		**$ 2,740,243**

Fiscal Year

2008	2009	2010	2011	2012	2013
$ 2,680,794	$ 2,820,171	$ 2,962,433	$ 3,082,612	$ 3,176,940	$ 3,242,613
480,620	436,259	545,873	511,592	485,170	502,370
$ 2,200,174	**$ 2,383,912**	**$ 2,416,560**	**$ 2,571,020**	**$ 2,691,770**	**$ 2,740,243**
17.93%	**15.47%**	**18.43%**	**16.60%**	**15.27%**	**15.49%**

Pledged-Revenue Coverage

Last Ten Fiscal Years

(dollars in thousands)

	Tobacco Securitization Asset Backed Bonds				
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
2004	$ 17,602	$ 1,506	$ -	$ (200)	$ 31,400
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

Source: ETASC Financial Statements

Notes:

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	
$ -	$ (3)	$ 50,305	$ -	$ 15,958	3.15
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

Direct And Overlapping Governmental Activities Debt (1)

As of December 31, 2013

(dollars in thousands)

Governmental Unit	Fiscal Year Ended	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Cities	06/30/12	$ 495,199	100%	$ 495,199
Towns	12/31/12	332,048	100%	332,048
Villages	05/31/12	67,601	100%	67,601
School districts	06/30/12	1,982,692	100%	1,982,692
Fire districts	12/31/12	8,685	100%	8,685
Subtotal, overlapping debt				**2,886,225**
County direct debt				**611,590**
ETASC direct debt				**338,715**
County and ETASC direct debt				**950,305**
Total direct and overlapping debt				**$ 3,836,530**

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
2004	932,002	$ 29,687,992	$ 31,854	155,411	5.7%
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	N/A	N/A	N/A	7.4%

Sources:
Population: *The 2004 to 2009 and 2011 to 2013 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 2003-2004 to 2012-2013 school years.* ***Unemployment Rate:*** *NYS Department of Labor.*

Note:
N/A = Not Available

Principal Employers

Current Year and Nine Years Ago

	2013			2004		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of New York	15,123	1	3.54%	15,000	1	3.36%
U.S. Government	11,183	2	2.61%	11,000	2	2.47%
Kaleida Health	10,000	3	2.34%	5,876	5	1.32%
City of Buffalo (2)	7,945	4	1.86%	10,533	3	2.36%
University at Buffalo	6,733	5	1.57%	6,231	4	1.40%
Catholic Health System	6,628	6	1.55%	4,670	9	1.05%
Employer Services Corp	6,363	7	1.49%			
M & T Bank	5,140	8	1.20%	5,130	7	1.15%
Tops Markets Inc	5,058	9	1.18%			
County of Erie (1)	3,906	10	0.91%	4,965	8	1.11%
HSBC Bank USA, N.A.				5,155	6	1.16%
U.S. Postal System				4,165	10	0.93%
Total	**78,079**		**18.26%**	**72,725**		**16.30%**

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

Function	Fiscal Year 2004	2005	2006	2007	2008
General government support	881	631	668	671	627
Public safety	1,276	1,149	1,172	1,091	1,181
Health	397	300	305	300	316
Transportation	239	146	150	153	151
Economic assistance and opportunity	1,699	1,481	1,569	1,624	1,559
Culture and recreation	165	97	104	99	81
Education	47	40	36	35	32
Home and community service	261	230	244	247	240
Total	**4,965**	**4,074**	**4,248**	**4,220**	**4,187**

Source: Erie County Comptroller's Office

Note:
(1) Excludes Erie Community College.

Fiscal Year				
2009	2010	2011	2012	2013
642	630	588	602	610
1,169	1,197	1,160	1,180	1,213
277	267	235	256	210
160	151	152	149	141
1,521	1,442	1,528	1,432	1,353
75	36	50	49	50
34	31	27	27	84
235	217	227	239	245
4,113	**3,971**	**3,967**	**3,934**	**3,906**

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year 2004	2005	2006	2007
General government support:				
Major construction projects successfully completed	33	20	6	4
Motor vehicle registrations processed by County Clerk	317,489	202,071	213,558	267,682
Cases prosecuted or arraigned by the District Attorney's Office	29,923	30,881	32,183	30,753
Public safety:				
Sheriff's calls for service	66,850	62,909	77,257	88,486
Vehicle and traffic arrests	13,963	7,410	7,694	8,432
Inmate population-Holding Center (average per day)	594	562	584	555
Inmate population-Correctional Facility (average per day)	925	917	924	914
Probation cases-supervised	7,803	9,200	9,640	11,705
Fire personnel trained	6,800	6,800	6,800	7,000
Health:				
Patient visits - pediatric care	5,219	3,528	3,013	2,950
Persons served by Mental Health agencies (per month)	31,881	30,096	33,217	32,161
Transportation:				
Bridges inspected	240	85	246	71
Miles of roads receiving surface treatment	100	120	106	142
Economic assistance and opportunity:				
Home Energy Assistance Program payments administered	116,575	138,777	120,000	108,909
Number of clients enrolled in Medicaid Managed Care programs	72,485	73,047	69,434	66,755
Senior services home care to frail elderly (hours)	84,801	63,781	119,076	119,426
Culture and recreation:				
Park attendance	1,667,156	824,476	1,758,528	1,755,000
Rounds of golf played	83,401	85,005	62,187	68,215
Education:				
Children with special needs receiving service	4,666	5,263	4,549	4,577
Erie Community College full-time student headcount (2)	7,961	8,215	8,198	8,228
Home and community service:				
Sewer flow per day (millions of gallons)	44	43	45	43

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					
2008	2009	2010	2011	2012	2013
5	12	12	14	17	8
249,733	244,026	367,533	272,934	260,257	278,409
32,441	31,819	31,195	30,523	30,116	29,605
88,863	84,259	70,829	88,963	88,956	88,659
10,835	11,363	12,764	11,269	13,655	10,988
500	479	495	497	524	517
864	866	855	749	808	852
5,410	6,048	7,233	7,231	7,543	7,092
5,115	5,143	6,961	8,074	7,608	7,720
2,953	2,932	92 (1)	-	-	-
28,921	26,845	27,389	9,552	11,354	14,136
248	78	244	74	239	78
211	141	181	222	215	12
119,758	185,447	159,047	157,949	193,115	174,777
76,615	89,331	97,777	104,789	118,431	125,580
106,420	83,015	95,477	85,272	80,575	67,450
1,700,000	1,900,000	1,985,500	1,704,479	1,863,326	N/A
67,558	67,298	60,129	51,193	59,623	N/A
4,206	4,182	4,168	4,032	3,790	3,835
8,404	8,874	9,560	9,845	9,173	9,116
59	59	56	60	42	49

Capital Asset Statistics by Function

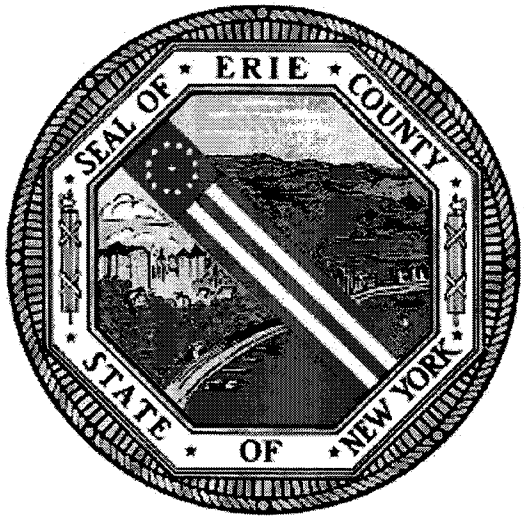
Last Ten Fiscal Years

Function (1)	Fiscal Year 2004	2005	2006	2007
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	1,200	1,180	1,168
Highway maintenance facilities	5	5	5	5
Culture and recreation:				
Parks	19	19	19	19
Park and forest acreage	10,657	10,657	10,657	10,657
Golf courses	2	2	2	2
Education:				
Erie Community College campuses	3	3	3	3
Erie Community College library volumes	149,039	139,757	145,174	146,574
Home and community service:				
Miles of sanitary sewer	703	708	821	928
Miles of storm sewer	47	47	47	47
Pumping stations	77	77	94	100
Grinder pumps	462	462	462	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					
2008	2009	2010	2011	2012	2013
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	11 / 5	4 / 4	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
135,097	126,537	125,272	120,206	116,674	112,651
931	937	942	944	1,054	1,071
47	47	48	48	48	48
100	97	98	98	100	96
463	463	463	463	455	452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