COUNTY OF ERIE,
NEW YORK

Basic Financial Statements, Required Supplementary Information, and Combining and Individual Fund Financial Statements and Schedules for the Year Ended December 31, 2019 and Independent Auditors' Reports

COUNTY OF ERIE, NEW YORK
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(continued)

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Combining and Individual Fund Financial Statements and Schedules:

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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 discretely presented component units, 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, 2019 (with the Erie Community College for the year ended August 31, 2019), 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Erie County Fiscal Stability Authority ("ECFSA"), which represent 5.5% and 3.3% of the assets and revenues, respectively, of the governmental activities. We did not audit the financial statements of the Buffalo and Erie County Industrial Land Development Corporation, Inc. ("ILDC"), which represent 8.6% and 0.9% of the assets and revenues, respectively, of the business-type activities. We did not audit the financial statements of Erie County Medical Center Corporation ("ECMCC"), a discretely presented component unit. We did not audit the financial statements of the Erie Community College Foundation, Inc. ("Foundation"), which is shown as an aggregate discretely presented component unit, and represents 71.9% and 34.2% of the assets and revenues, respectively, of the aggregate discretely presented other component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the ECFSA, ILDC, ECMCC, and Foundation, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Erie Community College Foundation, Inc. and the Auxiliary Services Corporation of the Erie Community College, Inc. were not audited in accordance with *Government Auditing Standards*.

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 discretely presented component units, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2019, 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 other 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 Combining and Individual Fund Financial Statements and Schedules, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Schedules, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the Combining and Individual Fund Financial Statements and Schedules, as listed in the table of contents, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Drescher & Malecki LLP

June 12, 2020

As management of the County of Erie, New York (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2019. This document should be read in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative. For comparative purposes, certain data from the prior year has been reclassified to conform to the current year presentation. 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 2019 fiscal year by $1,042,230. This consists of $80,632 restricted for specific purposes (restricted net position), $506,922 net investment in capital assets and unrestricted net position of $(1,629,874) at December 31, 2019.

- As a result of current year activity, the primary government's total net position decreased by $7,370. Governmental activities increased the County's net position by $4,386 and business-type activities decreased the County's net position by $11,756.

- As of December 31, 2019, the County's governmental funds reported combined fund balances of $416,561, an increase of $23,811 in comparison to the prior year. Approximately 24.7% of the total combined governmental funds fund balance, $102,898, 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 $102,898, or 59.2%, of the total General Fund fund balance of $173,748. Nonspendable, restricted and assigned General Fund fund balance totaled $70,850 at December 31, 2019.

- The total bonded debt of the primary government decreased by $6,580, or 0.7%, during the 2019 fiscal year as a result of principal payments made during the year, partially offset by the issuance of general obligation serial bonds and annual net interest accretion of the ETASC Subordinate Turbo Capital Appreciation Bonds ("CABs").

Overview of the Financial Statements

The discussion and analysis provided here 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, other supplementary information is included.

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

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

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges *(business-type activities).* The governmental activities of the County include general government, public safety, health, transportation, economic assistance and opportunity, culture and recreation, education, and home and community service.

The business-type activities of the County include Erie Community College ("College"), the Buffalo and Erie County Industrial Land Development Corporation ("ILDC") 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 within governmental activities in the government-wide financial statements.

The government-wide financial statements include not only the County itself (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 the 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, ILDC, 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 and the ILDC are considered to be major proprietary funds of the County.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County has one fiduciary fund, the Agency Fund, which is used to account for funds held by the County as agent for employee withholdings, guarantee and bid deposits, court funds, monies due to other governments, and other miscellaneous items.

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

Required Supplementary Information—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's net pension liability/(asset), and the changes in the County's total other postemployment benefits ("OPEB") obligation. Required supplementary information and the related notes to the required supplementary information can be found immediately following the notes to the financial statements.

Combining and Individual Fund Financial Statements—This report also provides combining statements for nonmajor governmental funds; statement of changes in assets and liabilities for the Agency Fund; and combining statements for other component units. They are presented immediately following the required supplementary information.

Government-wide Financial Analaysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the County's primary government, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $1,042,230 at the close of the most recent fiscal year.

Summary Statement of Net Position as of December 31, 2019 and 2018

	PRIMARY GOVERNMENT					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 836,627	$ 831,068	$ 50,960	$ 52,772	$ 887,587	$ 883,840
Capital assets	823,607	829,906	31,007	32,342	854,614	862,248
Total assets	1,660,234	1,660,974	81,967	85,114	1,742,201	1,746,088
Total deferred outflows of resources	206,520	260,649	30,934	36,810	237,454	297,459
Current and other liabilities	200,412	220,963	17,177	17,990	217,589	238,953
Long-term liabilities	2,382,898	2,487,385	226,642	239,256	2,609,540	2,726,641
Total liabilities	2,583,310	2,708,348	243,819	257,246	2,827,129	2,965,594
Total deferred inflows of resources	166,853	101,070	27,903	11,473	194,756	112,543
Net position:						
Net investment in capital assets	475,918	454,464	31,004	32,342	506,922	486,806
Restricted	80,411	82,025	221	205	80,632	82,230
Unrestricted	(1,439,738)	(1,424,284)	(190,046)	(179,612)	(1,629,784)	(1,603,896)
Total net position	$ (883,409)	$ (887,795)	$ (158,821)	$ (147,065)	$ (1,042,230)	$ (1,034,860)

A significant portion of the County's primary government net position at December 31, 2019, $506,922, 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 primary government net position, $80,632, represents resources that are subject to external restrictions on how they may be used.

The remaining component of the County's primary government net position, $(1,629,784), 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, ($349,555), issued to be paid back with future tobacco proceeds which are anticipated to be received annually over the next forty (40) years, and (2) the long-term liability associated with other post-employment benefits ("OPEB") ($1,493,520), 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. Governmental and business-type activities have an unrestricted net position of $(1,439,754) and $(190,046), respectively, at December 31, 2019.

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, 2019 and 2018

	PRIMARY GOVERNMENT					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 90,020	$ 91,419	$ 53,928	$ 56,099	$ 143,948	$ 147,518
Operating grants and contributions	399,873	399,656	6,469	7,563	406,342	407,219
Capital grants and contributions	14,160	14,600	-	-	14,160	14,600
General revenues:						
Property taxes	309,801	299,933	-	-	309,801	299,933
Sales and use taxes	846,543	813,134	-	-	846,543	813,134
Transfer and other taxes	15,522	15,059	-	-	15,522	15,059
Federal, state and local appropriations	-	-	61,999	65,404	61,999	65,404
Unrestricted interest earnings	7,899	2,223	267	160	8,166	2,383
Miscellaneous and other	9,719	7,474	-	-	9,719	7,474
Total revenues	1,693,537	1,643,498	122,663	129,226	1,816,200	1,772,724
Expenses:						
General government support	474,170	461,861	-	-	474,170	461,861
Public safety	178,216	176,129	-	-	178,216	176,129
Health	94,365	92,076	-	-	94,365	92,076
Transportation	97,446	92,075	-	-	97,446	92,075
Economic assistance and opportunity	621,673	612,324	-	-	621,673	612,324
Culture and recreation	21,351	24,907	-	-	21,351	24,907
Education	84,592	70,572	-	-	84,592	70,572
Home and community services	61,465	60,981	-	-	61,465	60,981
Interest and fiscal charges	37,189	35,425	-	-	37,189	35,425
College	-	-	134,427	140,049	134,427	140,049
ILDC	-	-	1,521	274	1,521	274
Purchase and resale of utilities	-	-	17,275	18,972	17,275	18,972
Total expenses	1,670,467	1,626,350	153,223	159,295	1,823,690	1,785,645
Excess (deficiency) before transfers	23,070	17,148	(30,560)	(30,069)	(7,490)	(12,921)
Transfers	(18,684)	(18,554)	18,804	18,554	120	-
Change in net position	4,386	(1,406)	(11,756)	(11,515)	(7,370)	(12,921)
Net position - beginning of year	(887,795)	(886,389)	(147,065)	(135,550)	(1,034,860)	(1,021,939)
Net position - ending	$ (883,409)	$ (887,795)	$ (158,821)	$ (147,065)	$ (1,042,230)	$ (1,034,860)

Governmental Activities

During the year ended December 31, 2019, governmental activities increased the County's net position by $4,386. Revenues increased by $50,039 (3.0%) and expenses increased by $44,117 (2.7%) from 2018 to 2019. Key elements of these changes are as follows:

- The $33,255 (4.1%) increase in the sales and use taxes category was primarily the result of modest growth in taxable sales.
- The $9,868 (3.3%) increase in the property taxes category was primarily the result of increased collections of property taxes.
- Education expenses increased by $14,020 (19.9%) primarily due to an increase in services to children with special needs ($7,376).
- General government expenses increased by $12,309 (2.7%) primarily due to an increase in the distribution of sales tax to other municipalities ($13,041).
- Economic assistance and opportunity expenses increased $9,353 (1.5%) primarily due to increases within disproportionate share hospital ("DSH") expenses ($35,408), offset by decreases within safety net assistance and upper payment limit ("UPL") expenses ($16,938).

Business-type Activities

Business-type activities decreased the County's net position by $11,756 in the 2019 fiscal year. The College generated a decrease in net position of $11,309 and a decrease of $11,146 for the years ended August 31, 2019 and 2018, respectively. The College's operating loss at August 31, 2019 was more than the operating loss at August 31, 2018 by $1,125, as operating revenues decreased $2,737 and operating expenses decreased $1,612. Revenues generated during the fiscal year ended August 31, 2019 decreased due to a decrease in grants and contracts due to the decrease in overall costs to administer grant programs. The decrease in expenses is primarily attributable to a decrease in scholarship expenses as a decline in enrollment occurred. The County sponsorship share of support to the College for the College's fiscal year ended August 31, 2019 was $18,804, and is reported as a 2019 operating transfer to the College from the County's General ($17,113) and Special Capital ($1,571) Funds, with a timing difference of $120. The ILDC generated a decrease in net position of $403 and $70 for the years ended December 31, 2019 and 2018, respectively.

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, 2019, the County's governmental funds reported combined fund balances of $416,561, which is an increase of $23,811 in comparison with the prior year.

Nonspendable fund balance totaling $3,164 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 $186,868 is constrained to specific purposes and consists of $160 for education, advocacy and increased public awareness of handicapped parking laws, $26,535 for community development loans, $30,996 for the future repayment of bonded debt service and $129,177 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, 2019 include $17,177 to meet expenditure requirements in the 2020 fiscal year, $62,119 for approved supplemental appropriations in the 2020 fiscal year, $15,032 to fund year-end encumbrances, and $29,303 that represents the positive residual balances.

Approximately 24.7% of the County's total fund balances consists of *unassigned fund balance* ($102,898).

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, 2019, unassigned fund balance of the General Fund was $102,898, while total fund balance was $173,748. 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 7.3% of total expenditures (excluding other financing uses), while total fund balance represents 12.3% of that same amount. Fund balance in the County's General Fund increased by $8,864 during the 2019 fiscal year compared to during the 2018 fiscal year, when the General Fund experienced an increase of $26,108.

- **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 $317, a decrease of $259 from the 2018 amount, and is classified as nonspendable for prepaid items ($13) and assigned fund balance ($304) in the County's fund financial statements.

- **Road Special Revenue Fund**—Ending fund balance increased by $1,940 compared to a $5,012 increase during 2018. Total expenditures increased by $2,489. Total revenues decreased by $1,776 which is primarily due to a decrease in consolidated highway aid ($2,043) partially offset by an increase in transfer taxes collected from real property tax sales ($396). Net transfers also increased by $1,193.

- **Sewer Special Revenue Fund**—Total fund balance at the end of the current fiscal year was $44,069, an increase of $2,136 from the 2018 amount. Revenues increased by $643 primarily from an increase in user charges ($269) and an increase in real property taxes ($240).

- **Capital Projects Funds**—The County reports five (5) capital projects funds which account for the construction and re-construction of general public improvements. At the end of the 2019 fiscal year, the total fund balances restricted for future capital projects amounted to $129,177, of which $12,618 was encumbered for contracted projects underway.

During 2019, the County's capital outlay increased in the Highways, Roads, Bridges and Equipment Fund ($14,057) and in the Special Capital Projects Fund ($1,009), and the General Government Buildings, Equipment and Improvements Fund ($8,877), and the Sewers, Facilities, Equipment and Improvements Fund ($20) decreased.

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 net position of $(197,210) at August 31, 2019, while ILDC and the Utilities Aggregation Fund had unrestricted net position of $6,039 and $1,125, respectively, at December 31, 2019.

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, 2019 and 2018

	Major Fund		Major Fund		Nonmajor Fund			
	College (August 31,)		ILDC		Utilities Aggregation		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Operating revenues	$ 42,048	$ 44,785	$ 71	$ 84	$ 17,231	$ 18,673	$ 59,350	$ 63,542
Operating expenses	134,342	135,954	237	274	17,275	18,972	151,854	155,200
Operating (loss) income	(92,294)	(91,169)	(166)	(190)	(44)	(299)	(92,504)	(91,658)
Non-operating revenues, net	62,181	61,469	(237)	120	-	-	61,944	61,589
Net (loss) income before contributions and transfers	(30,113)	(29,700)	(403)	(70)	(44)	(299)	(30,560)	(30,069)
Transfers	18,804	18,554	-	-	-	-	18,804	18,554
Change in net position	$ (11,309)	$ (11,146)	$ (403)	$ (70)	$ (44)	$ (299)	$ (11,756)	$ (11,515)

The net loss before contributions and transfers of enterprise funds during 2019 of $30,560 is comprised of a net loss of $30,113 for the College, $403 for ILDC and $44 for the Utilities Aggregation Fund.

The College reported a total deficit net position of $166,206 at August 31, 2019. The ILDC reported net position of $6,260, while the Utilities Aggregation Fund reported net position of $1,125 at December 31, 2019.

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 2019 fiscal year there was a $439,056 decrease in total budgeted revenues between the original and final budget. The main component of the net decrease is the reclassification of $480,204 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 in the intergovernmental category ($13,138) for special needs preschool ($3,792) and social services ($1,086).

The budget for other financing sources was increased during the year by $480,204, for the sales and use taxes reclassification referred to in the previous paragraph.

Budgeted appropriations and other financing uses increased by $42,837. Budgeted expenditures increased in general government support ($35,978), primarily for sales tax ($8,033), and payroll expenses ($1,400); education ($5,800), primarily for children with special needs ($5,651); and, health ($4,137), primarily due to an increase in mental health services ($445).

For the year, actual revenues fell short of budget by $39,847. This was mainly due to negative budgetary variances in the intergovernmental category of $37,418, primarily due to lower than expected claims for various social services programs ($20,182). A negative budgetary variance was also noted within the departmental category in the amount of $2,414, due to less than anticipated repayments related to safety net assistance.

Actual expenditures were less than budget by $46,277 primarily due to savings in various categories as follows: general government support ($32,418), due to less than anticipated payroll costs ($1,567) and fringe benefits ($2,266) in various departments, lower than expected spending for maintenance contracts ($451), and savings in various department's professional service contracts and fees accounts ($263); public safety ($14,602), mostly for payroll ($1,914), fringe benefits ($1,785), lab equipment ($614), and professional service contracts and fees ($807) in various departments; and economic assistance and opportunity ($13,231), related to foster care ($5,421) and family assistance ($3,769).

The County experienced a positive variance in other financing uses ($1,710), as transfers to the Grant Fund ($989) and E-911 Fund ($721) funds were less than anticipated.

The total budget to budgetary actual variance for the year amounted to a positive $8,223.

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, 2019, amounted to $854,614 (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 decrease in the County's investment in capital assets for the current period was 0.89%.

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 governmental activities buildings and improvements and transportation networks of $48,079 and $35,359 respectively. Construction in progress decreased by $48,544.

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

Summary of Capital Assets at December 31, 2019 and 2018 (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 34,951	$ 34,945	$ -	$ -	$ 34,951	$ 34,945
Construction in progress	41,009	89,553	566	365	41,575	89,918
Buildings and improvements	282,427	254,206	24,673	26,422	307,100	280,628
Sewer and transportation networks	438,833	426,317	-	-	438,833	426,317
Improvements other than buildings	15,546	14,503	18	21	15,564	14,524
Machinery and equipment	10,841	10,382	4,714	4,446	15,555	14,828
Library collections	-	-	1,036	1,088	1,036	1,088
Total	$ 823,607	$ 829,906	$ 31,007	$ 32,342	$ 854,614	$ 862,248

Additional information on the County's capital assets can be found in Notes 1 and 6 of this report.

Debt Administration

At December 31, 2019, the primary government had total bonded debt outstanding of $943,710, as compared to $950,290 in the prior year. During the year, payments and other reductions of bonded debt amounted to $67,431, while additions and accretions amounted to $60,851. 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 Bonded Debt Outstanding at December 31, 2019 and 2018

	Governmental Activities	
	2019	2018
Erie County bonds	$ 386,672	$ 396,452
Less: ECFSA mirror bonds	(153,195)	(190,070)
Net Erie County bonds	233,477	206,382
ECFSA bonds	299,960	339,965
ETASC tobacco settlement bonds	360,151	354,118
Unamortized bond discounts - ETASC	(10,596)	(10,699)
Unamortized bond premiums	60,718	60,524
Total primary government long-term bonded debt outstanding	$ 943,710	$ 950,290

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 $3,465,773, which is only 10.0% exhausted by the County's outstanding general obligation debt of $386,672 (which includes a $72,365 bond guaranty to ECMCC).

The County's current bond ratings are as follows: Standard & Poor's at AA- (stable outlook); Moody's at A1 (stable outlook); and Fitch Ratings at A+ (stable outlook).

Additional information on the County's long-term debt can be found in Note 13 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.

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BASIC FINANCIAL STATEMENTS

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COUNTY OF ERIE, NEW YORK
Statement of Net Position
December 31, 2019
(dollars in thousands)

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Library	ECMCC	Other
ASSETS						
Cash and cash equivalents	$ 70,631	$ 31,170	$ 101,801	$ 12,852	$ 15,729	$ 730
Investments	19,485	-	19,485	-	11,145	5,617
Restricted cash and cash equivalents	166,911	-	166,911	-	293,716	-
Receivables (net of allowance):						
Real property taxes, interest, penalties and liens	97,037	-	97,037	-	-	-
Other	38,677	9,125	47,802	173	154,273	562
Due from primary government	-	-	-	-	18,000	-
Due from component unit	170,907	15,219	186,126	-	-	-
Internal balances	15,031	(14,572)	459	-	-	-
Intergovernmental receivables	254,784	1,083	255,867	668	-	-
Prepaid items	3,164	457	3,621	347	14,282	21
Noncurrent net pension asset	-	2,595	2,595	-	-	-
Noncurrent other assets	-	23	23	-	-	316
Land held for sale	-	5,860	5,860	-	-	-
Capital assets not being depreciated	75,960	566	76,526	11,590	92,064	-
Capital assets, net of accumulated depreciation	747,647	30,441	778,088	6,052	227,467	362
Other assets	-	-	-	-	5,459	27
Total assets	1,660,234	81,967	1,742,201	31,682	832,135	7,635
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	16,458	-	16,458	-	-	-
Deferred outflows—relating to pensions	58,898	12,873	71,771	2,848	55,673	-
Deferred outflows—relating to OPEB	119,760	18,061	137,821	4,803	44,691	-
Deferred outflows—relating to forward purchase agreement swap	11,404	-	11,404	-	-	-
Deferred outflows—other	-	-	-	-	16,534	-
Total deferred outflows of resources	206,520	30,934	237,454	7,651	116,898	-
LIABILITIES						
Accounts payable	42,371	2,518	44,889	410	103,248	66
Accrued liabilities	101,251	5,606	106,857	1,847	59,214	385
Due to component unit	18,000	-	18,000	-	-	-
Due to primary government	-	-	-	-	186,126	-
Due to other governments	28,794	251	29,045	-	-	-
Retainaged percentages payable	1,442	-	1,442	-	-	-
Unearned revenue	8,554	8,802	17,356	1,813	58,614	6
Noncurrent liabilities:						
Due within one year	85,251	4,409	89,660	776	5,175	-
Due in more than one year	2,297,647	222,233	2,519,880	93,016	569,166	-
Total liabilities	2,583,310	243,819	2,827,129	97,862	981,543	457
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows—relating to pensions	26,905	6,570	33,475	1,302	28,011	-
Deferred inflows—relating to OPEB	139,948	21,333	161,281	10,160	70,391	-
Total deferred inflows of resources	166,853	27,903	194,756	11,462	98,402	-
NET POSITION						
Net investment in capital assets	475,918	31,004	506,922	17,642	112,081	-
Restricted for:						
Community development loans	26,535	-	26,535	-	-	-
Capital projects	30,951	-	30,951	-	-	-
Debt service	22,765	-	22,765	-	-	-
Other purposes	160	221	381	-	156,625	7,178
Unrestricted	(1,439,738)	(190,046)	(1,629,784)	(87,633)	(399,618)	-
Total net position	$ (883,409)	$ (158,821)	$ (1,042,230)	$ (69,991)	$ (130,912)	$ 7,178

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

COUNTY OF ERIE, NEW YORK
Statement of Activities
For the Year Ended December 31, 2019
(dollars in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position					
					Primary Government			Component Units		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Library	ECMCC	Other
Primary government:										
Governmental activities:										
General government support	$ 474,170	$ 28,345	$ 26,954	$ 933	$ (417,938)	$ -	$ (417,938)	$ -	$ -	$ -
Public safety	178,216	4,846	3,372	-	(169,998)	-	(169,998)	-	-	-
Health	94,365	2,207	64,807	-	(27,351)	-	(27,351)	-	-	-
Transportation	97,446	-	12,003	7,050	(78,393)	-	(78,393)	-	-	-
Economic assistance and opportunity	621,673	21,261	234,733	54	(365,625)	-	(365,625)	-	-	-
Culture and recreation	21,351	1,483	3,331	3,002	(13,535)	-	(13,535)	-	-	-
Education	84,592	95	44,131	2,271	(38,095)	-	(38,095)	-	-	-
Home and community services	61,465	31,783	5,850	850	(22,982)	-	(22,982)	-	-	-
Interest and fiscal charges	37,189	-	4,692	-	(32,497)	-	(32,497)	-	-	-
Total governmental activities	1,670,467	90,020	399,873	14,160	(1,166,414)	-	(1,166,414)	-	-	-
Business-type activities										
College	134,427	36,626	5,422	-	-	(92,379)	(92,379)	-	-	-
ILDC	1,521	71	1,047	-	-	(403)	(403)	-	-	-
Utilities aggregation	17,275	17,231	-	-	-	(44)	(44)	-	-	-
Total business-type activities	153,223	53,928	6,469	-	-	(92,826)	(92,826)	-	-	-
Total primary government	$ 1,823,690	$ 143,948	$ 406,342	$ 14,160	(1,166,414)	(92,826)	(1,259,240)	-	-	-
Component units:										
Library	$ 33,848	$ 705	$ 3,759	$ -				(29,384)	-	-
ECMCC	761,823	669,971	87,541	-				-	(4,311)	-
Other	2,858	2,536	392	-				-	-	70
Total component units	$ 798,529	$ 673,212	$ 91,692	$ -				(29,384)	(4,311)	70
General revenues:										
Property taxes levied for mall, sewer, and general purposes					309,801	-	309,801	-	-	-
Property taxes levied for library					-	-	-	24,911	-	-
Sales and use taxes					846,543	-	846,543	-	-	-
Transfers and other taxes					15,522	-	15,522	-	-	-
Unrestricted state and local appropriations					-	31,863	31,863	-	-	-
Federal and state student financial aid					-	30,136	30,136	-	-	-
Interest earnings					7,899	267	8,166	11	312	-
Gain on sale of capital assets					520	-	520	-	-	-
Miscellaneous					9,199	-	9,199	325	12,634	-
Transfers					(18,684)	18,804	120	-	-	-
Total general revenues and transfers					1,170,800	81,070	1,251,870	25,247	12,946	-
Change in net position					4,386	(11,756)	(7,370)	(4,137)	8,635	70
Net position—beginning, as restated					(887,795)	(147,065)	(1,034,860)	(65,854)	(139,547)	7,108
Net position—ending					$ (883,409)	$ (158,821)	$ (1,042,230)	$ (69,991)	$ (130,912)	$ 7,178

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

COUNTY OF ERIE, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2019
(dollars in thousands)

	General Fund	ECFSA General Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 7,646	$ 365	$ 62,620	$ 70,631
Investments	-	-	19,485	19,485
Restricted cash and cash equivalents	160	858	165,893	166,911
Receivables (net of allowance):				
Real property taxes, interest, penalties and liens	81,508	-	30	81,538
Other	7,584	-	31,093	38,677
Due from other funds	107,652	-	45,399	153,051
Due from component unit	106	-	186	292
Intergovernmental receivables	169,219	54,818	30,747	254,784
Prepaid items	1,320	13	1,831	3,164
Total assets	$ 375,195	$ 56,054	$ 357,284	$ 788,533
LIABILITIES				
Accounts payable	$ 23,176	$ 6	$ 19,189	$ 42,371
Accrued liabilities	85,040	45	9,283	94,368
Due to other funds	45	55,676	82,299	138,020
Due to other governments	28,723	-	71	28,794
Retainaged percentages payable	-	-	1,442	1,442
Unearned revenue	6,040	10	2,504	8,554
Total liabilities	143,024	55,737	114,788	313,549
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	58,423	-	-	58,423
Total deferred inflows of resources	58,423	-	-	58,423
FUND BALANCES				
Nonspendable:				
Prepaid items	1,320	13	1,831	3,164
Restricted:				
Handicapped parking	160	-	-	160
Community development loans	-	-	26,535	26,535
Debt service	-	-	30,996	30,996
Capital expenditures	-	-	129,177	129,177
Assigned:				
Subsequent year's expenditures	-	-	17,177	17,177
Judgments and claims	-	-	-	-
Other purposes	69,370	304	36,780	106,454
Unassigned	102,898	-	-	102,898
Total fund balances	173,748	317	242,496	416,561
Total liabilities, deferred inflows of resources, and fund balances	$ 375,195	$ 56,054	$ 357,284	$ 788,533

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

COUNTY OF ERIE, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position
December 31, 2019
(dollars in thousands)

Amounts reported for governmental activities in the statement of net position (page 15) are different because:		
Total fund balances—governmental funds (page 17)		$ 416,561
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $2,012,355 and the accumulated depreciation is $1,188,748.		823,607
Uncollected property taxes are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		58,423
A long-term asset owed to ETASC by New York State is not available to pay for current period expenditures and, therefore, is not reported in the funds.		15,499
ECFSA interest receivable is reported when earned in the government-wide financial statements, but in the fund financial statements income is reported only if it will be received within sixty days of year-end.		1,348
Due from a component unit was deemed to be not due and payable in the current period and, therefore, not reported in the funds.		170,615
Deferred outflows and inflows of resources related to pensions and other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to employer contributions pensions	$ 27,193	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion for pensions	31,705	
Deferred inflows of resources related to pensions	(26,905)	
Deferred outflows related to OPEB liability	119,760	
Deferred inflows related to OPEB liability	(139,948)	11,805
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	$ 1,475	
Unamortized deferred amounts on refundings - ETASC	14,983	16,458
Net accrued interest expense for general obligation bonds of $7,259 and accrued interest on ETASC bonds of $972 is not reported in the funds.		(8,231)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:		
Serial bonds—County	$ (533,437)	
Unamortized bond premiums—County	(60,718)	
ETASC Tobacco Settlement Bonds and Subordinate Turbo CABs accreted interest	(360,151)	
ETASC Tobacco Settlement Bonds and Subordinate Turbo CABs discount	10,596	
Compensated absences	(25,473)	
Judgments and claims	(52,576)	
Other postemployment benefits obligation	(1,282,247)	
Net pension liability	(67,488)	
Due to component unit	(18,000)	(2,389,494)
Net position of governmental activities		$ (883,409)

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

COUNTY OF ERIE, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds
For the Year Ended December 31, 2019
(dollars in thousands)

	General Fund	ECFSA General Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Real property taxes and tax items	$ 285,785	$ -	$ 22,996	$ 308,781
Sales and use taxes	362,044	480,358	4,141	846,543
Transfer and other taxes	185	-	15,337	15,522
Intergovernmental	331,974	-	79,173	411,147
Interfund revenues	-	-	241	241
Departmental	57,688	-	32,477	90,165
Interest	3,025	1	5,325	8,351
Miscellaneous	5,497	-	6,914	12,411
Total revenues	1,046,198	480,359	166,604	1,693,161
EXPENDITURES				
Current:				
General government support	443,626	414	9,988	454,028
Public safety	155,709	-	15,005	170,714
Health	82,709	-	10,016	92,725
Transportation	25,486	-	32,562	58,048
Economic assistance and opportunity	596,252	-	15,976	612,228
Culture and recreation	20,882	-	4	20,886
Education	79,570	-	-	79,570
Home and community services	4,917	-	46,563	51,480
Debt service:				
Principal retirement	-	-	58,280	58,280
Interest and fiscal charges	2,016	-	36,626	38,642
Capital outlay	-	-	67,023	67,023
Total expenditures	1,411,167	414	292,043	1,703,624
Excess (deficiency) of revenues over (under) expenditures	(364,969)	479,945	(125,439)	(10,463)
OTHER FINANCING SOURCES (USES)				
Issuance of general obligation debt	-	-	42,990	42,990
Premium on bond issuance	-	-	9,448	9,448
Sale of property	520	-	-	520
Transfers in	480,306	-	170,019	650,325
Transfers out	(106,993)	(480,204)	(81,812)	(669,009)
Total other financing sources (uses)	373,833	(480,204)	140,645	34,274
Net change in fund balances	8,864	(259)	15,206	23,811
Fund balances—beginning	164,884	576	227,290	392,750
Fund balances—ending	$ 173,748	$ 317	$ 242,496	$ 416,561

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

COUNTY OF ERIE, NEW YORK

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds to the Government-wide Statement of Activities
For the Year Ended December 31, 2019
(dollars in thousands)

Amounts reported for governmental activities in the statement of activities (page 16) are different because:		
Net change in fund balances—total governmental funds (page 19)		$ 23,811
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
Capital asset additions	$ 55,960	
Loss on disposal of assets	(55)	
Depreciation expense	(62,204)	(6,299)
Certain tax and other revenue in the governmental funds is deferred or not recognized because it is not available soon enough after year end to pay for the current period's expenditures. On the accrual basis, however, this is recognized regardless of when it is collected.		
ETSAC tobacco revenue	$ 2,500	
Real property taxes	1,020	3,520
Revenues of the ECFSA in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(452)
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.		(3,212)
Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:		
County pension contributions	$ 1,532	
Cost of benefits earned net of employee contributions	(7,354)	(5,822)
Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization and are as follows:		
Changes of assumptions	$ (159,003)	
Differences between expected and actual experience	1,059	
Benefit payments subsequent to the measurement date	4,577	(153,367)
In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.		2,443
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:		
Issuance of serial bonds	$ (42,990)	
Repayment of serial bonds	55,900	
Premium on serial bonds issued	(9,448)	
Amortization of premiums on serial bonds	9,254	
Repayment of ETASC Tobacco Settlement Bonds	2,380	
Accreted interest on ETASC Subordinate Turbo CABs	(8,413)	
Amortization of ETASC bond discounts	(103)	
Change in deferred charge	(1,728)	
Change in judgments and claims	268	
Change in compensated absences	(229)	
Change in other postemployment benefits obligation	138,873	143,764
Change in net position of governmental activities		$ 4,386

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

COUNTY OF ERIE, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
Non-GAAP Basis of Accounting
For the Year Ended December 31, 2019
(dollars in thousands)

	Budgeted Amounts		Budgetary	Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Real property taxes and tax items	$ 286,501	$ 286,501	$ 285,785	$ (716)
Sales and use taxes	821,715	361,175	362,044	869
Transfer and other taxes	90	90	185	95
Intergovernmental	356,254	369,392	331,974	(37,418)
Departmental	55,982	60,102	57,688	(2,414)
Interest	1,717	3,211	3,025	(186)
Miscellaneous	2,842	5,574	5,497	(77)
Total revenues	1,525,101	1,086,045	1,046,198	(39,847)
EXPENDITURES				
Current:				
General government support	440,175	476,153	443,734	32,419
Public safety	169,474	170,511	155,909	14,602
Health	72,767	76,904	82,622	(5,718)
Transportation	24,968	25,486	25,486	-
Economic assistance and opportunity	612,209	609,355	596,124	13,231
Culture and recreation	21,362	21,548	25,826	(4,278)
Education	73,591	79,391	79,570	(179)
Home and community services	2,997	1,032	4,920	(3,888)
Debt service:				-
Interest and fiscal charges	2,105	2,105	2,016	89
Total expenditures	1,419,648	1,462,485	1,416,207	46,278
Excess (deficiency) of revenues over expenditures	105,453	(376,440)	(370,009)	6,431
OTHER FINANCING SOURCES (USES)				
Sale of property	148	437	520	83
Transfers in	102	480,306	480,306	-
Transfers out	(108,703)	(108,703)	(106,993)	1,710
Total other financing sources (uses)	(108,453)	372,040	373,833	1,793
Net change in fund balances*	$ (3,000)	$ (4,400)	$ 3,824	$ 8,224

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

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

COUNTY OF ERIE, NEW YORK
Statement of Net Position—
Proprietary Funds
December 31, 2019
(dollars in thousands)

	Business-Type Activities			
	Major Funds		Nonmajor Fund	
	SUNY Erie College (August 31, 2019)	Buffalo and Erie County ILDC	Utilities Aggregation Fund	Total Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	$ 30,962	$ 208	$ -	$ 31,170
Receivables (net of allowances)	7,160	1,919	32	9,111
Loan receivables	-	14	-	14
Due from other funds	43	-	107	150
Due from component unit	-	-	15,219	15,219
Intergovernmental receivables	-	125	958	1,083
Prepaid items	301	-	-	301
Deposit on land purchase	-	156	-	156
Total current assets	38,466	2,422	16,316	57,204
Noncurrent assets:				
Net pension asset	2,595	-	-	2,595
Loan receivables, net	-	23	-	23
Land held for sale	-	5,860	-	5,860
Capital assets, net of depreciation:				
Construction in progress	566	-	-	566
Other capital assets, net of depreciation	30,438	3	-	30,441
Total noncurrent assets	33,599	5,886	-	39,485
Total assets	72,065	8,308	16,316	96,689
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows—relating to pensions	12,873	-	-	12,873
Deferred outflows—relating to OPEB	18,061	-	-	18,061
Total deferred outflows of resources	30,934	-	-	30,934
LIABILITIES				
Current liabilities:				
Accounts payable	1,459	9	1,050	2,518
Accrued liabilities	5,555	-	51	5,606
Due to other funds	632	-	14,090	14,722
Due to other governments	-	251	-	251
Unearned revenue	7,014	1,788	-	8,802
Fringe benefits payable - current	4,409	-	-	4,409
Total current liabilities	19,069	2,048	15,191	36,308
Noncurrent liabilities:				
Accrued liabilities	941	-	-	941
Fringe benefits payable	3,407	-	-	3,407
Net OPEB obligation	211,273	-	-	211,273
Net pension liability	6,612	-	-	6,612
Total noncurrent liabilities	222,233	-	-	222,233
Total liabilities	241,302	2,048	15,191	258,541
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	6,570	-	-	6,570
Deferred inflows—relating to OPEB	21,333	-	-	21,333
Total deferred inflows of resources	27,903	-	-	27,903
NET POSITION				
Net investment in capital assets	31,004	-	-	31,004
Restricted—Erie County Buisness Development Fund	-	221	-	221
Unrestricted	(197,210)	6,039	1,125	(190,046)
Total net position	$ (166,206)	$ 6,260	$ 1,125	$ (158,821)

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

COUNTY OF ERIE, NEW YORK
Statement of Revenues, Expenses and Changes in Net Position—
Proprietary Funds
For the Year Ended December 31, 2019
(dollars in thousands)

	Business-Type Activities			
	Major Funds		Nonmajor Fund	
	SUNY Erie College (August 31, 2019)	Buffalo and Erie County ILDC	Utilities Aggregation Fund	Total Enterprise Funds
OPERATING REVENUES				
Student tuition and fees	$ 36,626	$ -	$ -	$ 36,626
Intergovernmental revenues and charges	2,154	-	22	2,176
Administrative fees	-	71	-	71
State and local contracts	2,645	-	-	2,645
Interfund revenues	-	-	6,427	6,427
Other operating revenue	623	-	10,782	11,405
Total operating revenues	42,048	71	17,231	59,350
OPERATING EXPENSES				
Employee wages	63,767	-	99	63,866
Employee benefits	34,487	-	49	34,536
Scholarships	12,293	-	-	12,293
Supplies, services and general	18,691	176	-	18,867
Utilities and telephone	2,142	-	17,127	19,269
Depreciation	2,962	-	-	2,962
Transfer to Erie County Industrial Development Agency	-	61	-	61
Total operating expenses	134,342	237	17,275	151,854
Operating income (loss)	(92,294)	(166)	(44)	(92,504)
NONOPERATING REVENUES (EXPENSES)				
Unrestricted state and local appropriations	31,863	-	-	31,863
Federal and state student financial aid	30,136	-	-	30,136
Income from investments, net	267	-	-	267
Grant income	-	1,047	-	1,047
Grant expenses	-	(1,284)	-	(1,284)
Loss on disposal of plant assets	(85)	-	-	(85)
Total nonoperating revenues (expenses)	62,181	(237)	-	61,944
Income (loss) before transfer	(30,113)	(403)	(44)	(30,560)
TRANSFERS IN				
County contributions	18,804	-	-	18,804
Total tranfers in	18,804	-	-	18,804
Change in net position	(11,309)	(403)	(44)	(11,756)
Net position—beginning	(154,897)	6,663	1,169	(147,065)
Net position—ending	$ (166,206)	$ 6,260	$ 1,125	$ (158,821)

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

COUNTY OF ERIE, NEW YORK
Statement of Cash Flows—
Proprietary Funds
For the Year Ended December 31, 2019
(dollars in thousands)

	Business-Type Activities			
	Major Funds		Nonmajor Fund	
	SUNY Erie College (August 31, 2019)	Buffalo and Erie County ILDC	Utilities Aggregation Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and fees	$ 33,617	$ -	$ -	$ 33,617
Receipts from utility customers	-	-	10,097	10,097
Federal grants and contracts	2,156	-	-	2,156
State grants and contracts	904	-	-	904
Local grants	1,170	-	-	1,170
Other sources	651	19	-	670
Personal service payments	(63,823)	-	-	(63,823)
Payments for wages and fringe benefits	(26,969)	-	(148)	(27,117)
Payments to suppliers	(22,588)	(1,583)	(17,396)	(41,567)
Payments for scholarships	(12,293)	-	-	(12,293)
Internal activity—payments from other funds	-	-	7,447	7,447
Transfer to Erie County Industrial Development Agency	-	(145)	-	(145)
Net cash (used for) operating activities	(87,175)	(1,709)	-	(88,884)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State appropriations	42,719	-	-	42,719
County contributions	18,804	-	-	18,804
Federal and state student financial aid grants	17,844	-	-	17,844
Chargeback revenues	1,436	-	-	1,436
Net cash provided by noncapital financing activities	80,803	-	-	80,803
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition/funding of capital projects	(1,709)	546	-	(1,163)
Grant income	-	2,425	-	2,425
Grant expense	-	(1,282)	-	(1,282)
Net cash (used for) provided by capital and related financing activities	(1,709)	1,689	-	(20)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest, dividends, and realized gains on investments	267	-	-	267
Net cash provided by investing activities	267	-	-	267
Net decrease in cash and cash equivalents	(7,814)	(20)	-	(7,834)
Cash and cash equivalents—beginning	38,776	228	-	39,004
Cash and cash equivalents—ending	$ 30,962	$ 208	$ -	$ 31,170

(continued)

COUNTY OF ERIE, NEW YORK
Statement of Cash Flows—
Proprietary Funds
For the Year Ended December 31, 2019
(dollars in thousands)

(concluded)

	Business-Type Activities			
	Major Funds		Nonmajor Fund	
	SUNY Erie College (August 31, 2019)	Buffalo and Erie County ILDC	Utilities Aggregation Fund	Total Enterprise Funds
Reconciliation of operating (loss) to net cash used for operating activities:				
Operating (loss)	$ (92,294)	$ (166)	$ (44)	$ (92,504)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:				
Depreciation expense	2,962	-	-	2,962
Gain on sale of land	-	(34)	-	(34)
(Increase) in student receivables, net	(3,008)	-	-	(3,008)
(Increase) decrease in other receivables, net	(1,585)	(125)	21	(1,689)
(Increase) loan receivables	-	(17)	-	(17)
(Increase) in due from other funds	-	-	(55)	(55)
(Increase) in due from component unit	-	-	(730)	(730)
(Increase) in net pension asset	(1,883)	-	-	(1,883)
Decrease in prepaid items	17	-	3	20
Decrease in deferred outflows of resources	5,877	-	-	5,877
Increase (decrease) in accounts payable	159	(1,409)	-	(1,250)
(Decrease) in accrued liabilities	(56)	-	(270)	(326)
Increase in retirement liabilities	930	-	-	930
Increase in other liabilities	184	42	-	226
Increase in due to other funds	-	-	1,075	1,075
(Decrease) in unearned revenues	(1,074)	-	-	(1,074)
(Decrease) in net OPEB obligation	(17,281)	-	-	(17,281)
Increase in net pension liability	3,717	-	-	3,717
Increase in deferred inflows of resources	16,160	-	-	16,160
Total adjustments	5,119	(1,543)	44	3,620
Net cash (used for) operating activities	$ (87,175)	$ (1,709)	$ -	$ (88,884)

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

COUNTY OF ERIE, NEW YORK
Statement of Net Position—
Fiduciary Fund
December 31, 2019

	Agency Fund
ASSETS	
Restricted cash and cash equivalents	$ 47,701
Receivables	478
Bonds and securities held in custody	20
Total assets	$ 48,199
LIABILITIES	
Held in custody for others	48,199
Total liabilities	$ 48,199

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

Discretely Presented Component Units—The component units column in the basic financial statements includes the financial data of the County's discretely presented component units. These units are reported separately from the financial data of the primary government to emphasize that they are legally separate from the County.

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

    - **Research for Health in Erie County, Inc.** ("RHEC") is a nonprofit organization dedicated to developing and increasing the facilities of the public health institutions, agencies, and departments of the County. Additionally, RHEC is committed to provide more extensive conduct of studies and research into the causes, nature, and treatment of diseases, disorders, and defects of particular importance to the public health. RHEC's support comes primarily from investment income. The financial statements of RHEC have been prepared on the accrual basis of accounting. RHEC is exempt from income tax as a not-for-profit corporation under Section 501 (c)(3) of the Internal Revenue Code. The entity has not been receiving funding in recent years. 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 Foundation, Inc.** (the "Foundation"), formerly the ECMC Lifeline Foundation, Inc., 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 ECMC programs. The annual financial report can be obtained by writing to: Executive Director, ECMC Foundation, Inc., 462 Grider Street, Buffalo, NY 14215.

    - **The Grider Initiative, Inc.** (the "Physician Endowment") is a nonprofit organization exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Physician Endowment was formed in 2009, and funded in 2010, for the purpose of recruiting physicians who shall practice on the Grider Street campus of ECMCC. The entity was funded with an initial transfer of $10,000 from ECMCC. Earnings from the investment of the initial transfer may be used only for physician recruitment and reasonable and necessary expenses of the entity. The annual financial report can be obtained by writing to: Chair, The Grider Initiative, Inc., 424 Main Street, Suite 2000, Buffalo, NY 14202.

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

- **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.

Blended Component Units—The following blended component units are legally separate entities from the County, but are, in substance, part of the County's operations and therefore data from the units are combined with data of the primary government.

- **Erie County Fiscal Stability Authority**—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 State 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 the 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.

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

- **SUNY Erie**—SUNY Erie (the "College") is a locally sponsored, two-year College established for the purpose of providing education services primarily to the residents of the County. 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 2018-2019 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.

- **The Buffalo and Erie County Industrial Land Development Corporation**—The Buffalo and Erie County Industrial Land Development Corporation ("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. The ILDC is managed by its Board of Directors. Although ILDC does not meet the GASB requirements to be presented as a major fund, the County has elected to show ILDC as a major fund.

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

Excluded from the Financial Reporting Entity—Although the following are related to the County, they are not included in the County reporting entity:

- **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 Erie County Industrial Development Agency ("ECIDA"), is a public benefit corporation created to promote and assist private sector industrial/business development thereby advancing job opportunities and economic well-being to the people of Erie County. 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.

- **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 18.

- **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 18.

Basis of Presentation—Government-wide Financial Statements

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

As discussed earlier, the County has four discretely presented component units, with two major component units being shown in separate columns and two 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.

Basis of Presentation—Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary fund 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 funds and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

- *General Fund*—The General Fund is the primary operating fund of the County and is used to account for all financial resources of the general government except those required to be accounted for in other funds.

- *ECFSA General Fund*—The ECFSA General Fund is 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 two major enterprise funds:

- *SUNY Erie*—SUNY Erie is a blended component unit of the government, is a locally sponsored, two-year college established for the purpose of providing education services primarily to the residents of the County.

- *ILDC*—The ILDC is a blended component unit of the government, incorporated for the purpose of participating in the acquisition and development of industrial sites and to provide financial assistance for the acquisition or renovation of capital assets by industrial companies locating or expanding within the County.

Additionally, the County reports the following fund type:

- *Fiduciary Funds*—These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the *Agency Fund*. Activities reported in the fiduciary funds include monies from outside entities, controlled and administered by the County for the benefit of others.

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in 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 only the net amount is included as transfer in the business-type activities column.

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and considers all other revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to claims and judgments,

are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The fiduciary funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

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.

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

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.

Restricted Cash and Cash Equivalents—Restricted cash represents amounts to support restricted fund balance, amounts with constraints placed on their use by either external parties and/or statute, amounts held on behalf of others, and for unspent bond proceeds.

Receivables—Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the County to reimburse it for expenditures incurred pursuant to state and federally funded programs. All major revenues of the County are considered "susceptible to accrual" under the modified accrual basis. These include property tax, sales tax, State and Federal aid, and various grant program revenues.

Prepaid Items—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

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 acquisition 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:

	Estimated Useful Life (Years)
Improvements other than buildings	5-25
Buildings and improvements	15-40
Infrastructure	20-100
Library collections	5-10

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.

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new police vehicle included as part of *expenditures—public safety*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Unearned Revenue—Certain cash receipts have not met the revenue recognition criteria for government-wide or fund financial statement purposes. The County received cash in advance related to grants, but has not performed the services, and therefore recognizes a liability.

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. At December 31, 2019, the County's primary government has four items that qualify for reporting in this category. The first item is related to 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. The second relates to pensions and represents the effect of the net change in the County's proportion of the collective net pension asset or liability, the difference during the measurement periods between the County's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date. The third item represents the effects of

the change in the County's proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. The last item relates to the deferred outflow on ETASC's forward purchase agreement swap relating to the accumulated increase in its fair value.

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. At December 31, 2019, the primary government of the County has three items that qualify for reporting in this category. The first item represents the effect of the net change in the County's proportion of the collective net pension liability and the difference during the measurement periods between the County's contributions and its proportionate share of total contributions to the pension system not included in pension expense and is reported on the government-wide statements. The second item represents the effects of the change in the County's proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability and is reported on the government-wide financial statements. The final item, reported within the governmental fund financial statements represents unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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.

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.

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. The County Legislature may also assign fund balance when appropriating fund balance to lower a gap between estimated revenue and appropriations in the subsequent year's appropriated

budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Revenues and Expenditures/Expenses

Program Revenues—Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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, 2019, amounted to $46,800,940. This amount has been recorded as an allowance against the property taxes receivable account.

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. Financial information regarding compensated absences is included in Note 11.

Pensions—The County is mandated by New York State law to participate in the New York State Teacher's Retirement System and the New York State Local Employees' Retirement System. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plan, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

Other Postemployment Benefits—In addition to providing pension benefits, the County provides health insurance benefits for retired employees as required by the union contracts. The employees become eligible for these benefits if they reach normal retirement age while working for the County. More information regarding OPEB is included in Note 8.

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.

Other

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures/expenses, assets, liabilities, deferred outflows of resources, deferred inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

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.

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, $55,703,368 representing principal and interest revenue received from the County relating to mirror bonds and a revenue anticipation note purchased by the ECFSA, and $480,204,210 representing sales tax revenue and other distributions to the County, were reclassified as transfers in and transfers out, respectively.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2019, the County implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing effective dates of certain provisions in Statements. The implementation of GASB Statement No. 95 did not have a material impact on the County's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*; No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; and No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, effective for the year ending December 31, 2020, No. 87, *Leases*; and No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending December 31, 2021, No. 91, *Conduit Debt Obligations*; No. 92, *Omnibus 2020*; and No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending December 31, 2022, and No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending December 31, 2023. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 83, 84, 87, 88, 89, 90, 91, 92, 93, and 94 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The County's annual procedures in establishing the budgetary data reflected in the basic financial statements are as follows:

- 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.

- 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.

- 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.

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

- 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.

- 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. This report can be obtained from the Erie County Office of the Comptroller, 95 Franklin Street, Room 1100, Buffalo, New York 14202.

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

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

	General Fund
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis	$ 8,864
Less:	
Encumbrances at December 31, 2019	7,251
Plus:	
Encumbrances at January 1, 2019	2,211
Excess of revenues and other financing sources over expenditures and other financing uses - basis of budgeting	$ 3,824

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 assigned for 2019 expenditures through the budget process. The County overspent on Health, due to expenditures for mental health services; Education, due largely to expenditures for Children with Special Needs; Home and Community Services, due mainly to expenditures for professional services.

Commitments related directly to the Grants and the Community Development Special Revenue Funds in the amounts of $5,447,444 and $1,656,674, respectively, at December 31, 2019, 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.

Deficit Net Position—The Governmental Activities reported a total net position deficit of approximately $883,409,000 at December 31, 2019, resulting primarily from the effect of GASB required recognition of other post-employment benefits annually and also from ETASC's net position deficit of $299,660,255, which is caused by its recognition of bonds payable with no offsetting capital assets.

The College Proprietary Fund reported a total net position deficit of $166,205,221 that primarily represents the effect of GASB required recognition of other post-employment benefits annually. It is anticipated that this trend will continue.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Primary Government, Fiduciary Fund and Library Component Unit

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

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

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

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

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

Concentration of Credit Risk—To promote competition in rates and service cost, and to limit the risk of institutional failure, County deposits and investments are placed with multiple institutions. The general rule is not to place more than $200,000,000 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, time or NOW 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, 2019 (August 31, 2019 as to the College), the bank deposits of the primary government, Library, and Agency Fund were either FDIC insured or fully collateralized with securities held by the pledging financial institution's agent in the County's name with exception of bank deposits of the primary government which were under collateralized at year-end in the amount of $199,000.

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, 2019, the fair value of money market accounts was $176,801 which were fully collateralized with securities held by the pledging financial institution's agent in the County's name. In addition, ECFSA has $36,767,935 in money market accounts at December 31, 2019.

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
Corporate commercial paper	19,285
Total investments	$ 19,485

The County's investment in municipal bonds at December 31, 2019 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, 2019 consisted of $19,285,107 of General Electric Capital Corporation Commercial Paper which was rated P-1 by Moody's.

Fair Value Measurements—The County has adopted GASB No. 72, *Fair Value Measurement and Application*. This guidance requires entities to expand their fair value disclosures by determining major categories of debt and equity securities within the fair value hierarchy on the basis of the nature and risk of the investment. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management utilizes valuation techniques that maximize the use of observable inputs (Level 1 and 2) and minimize the use of unobservable inputs (Level 3) within the fair value hierarchy established by GASB. Assets and liabilities carried at fair value are required to be classified and disclosed in one of the following three categories:

- Level 1 - Valuations based on quoted prices in active markets for identical assets that the County has the ability to access.

- Level 2 - Valuations based on quoted prices in active markets for similar assets, quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. These are generally company generated inputs and are not market-based inputs. The County has no Level 3 assets.

The primary government has the following fair value measurements as of December 31, 2019:

Description	Level 1	Level 2	Level 3	Total
Debt Securities:				
Municipal bonds	$ 200	$ -	$ -	$ 200
Corporate commercial paper	19,285	-	-	19,285
Total	$ 19,485	$ -	$ -	$ 19,485

Erie County Medical Center Corporation ("ECMCC")

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 $15,729,000 as of December 31, 2019.

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, 2019 are shown below (dollars in thousands).

	Fair Value
Money market mutual funds, bank accounts and deposits	$ 229,201
Marketable equity securities	22,919
Corporate bonds	5,334
Short term fixed income	29,900
Total investments and restricted cash and cash equivalents ECMCC primary government	287,354
Foundation Component Unit	6,080
RHEC Component Unit	1,020
Physician Endowment Component Unit	10,407
Total ECMCC investments and restricted cash and cash equivalents	$ 304,861

	Fair Value
Investments - unrestricted	$ 11,145
Restricted cash and cash equivalents	293,716
Total	$ 304,861

Fair Value Measurements—ECMCC primary government has the following fair value measurements as of December 31, 2019 (dollars in thousands):

Description	Level 1	Level 2	Level 3	Total
Investments and assets whose use is limited:				
Cash and cash equivalents	$ 229,201	$ -	$ -	$ 229,201
Marketable equity securities:				
Mid-cap value equities	3,716	-	-	3,716
Growth equities	1,513	-	-	1,513
Global core equities	8,700	-	-	8,700
International equities	8,990	-	-	8,990
Short-term fixed income	29,900	-	-	29,900
Corporate bonds	-	5,334	-	5,334
Total	$ 282,020	$ 5,334	$ -	$ 287,354

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, 2019 are as follows (dollars in thousands):

	Cost	Quoted Market Prices (Level 1)
Fixed income	$ 1,535	$ 1,633
Domestic equities	2,192	2,375
International equities	956	907
	$ 4,683	$ 4,915
Net unrealized gain (loss)		$ 232

Auxiliary Services Corporation of Erie Community College, Inc.—As of August 31, 2019, the Corporation held two certificates of deposit with six and twelve month terms, which totaled $201,760 and $500,000, respectively. All investments reported by the Corporation are measured using Level 1 inputs.

3. RESTRICTED CASH AND CASH EQUIVALENTS

Primary Government

Restricted Cash and Cash Equivalents—At December 31, 2019 the County reported the following restricted cash and cash equivalents (dollars in thousands):

	Fair Value
Handicapped parking	$ 160
ECFSA general fund	858
Debt services	36,917
Capital expenditures	128,976
Custodial fund	47,701
Total	$ 214,612

Erie County Medical Center Corporation ("ECMCC")

Assets Whose Use is Limited—Assets whose use is limited are reported as restricted cash and cash equivalents at December 31, 2019 and consist of the following (dollars in thousands), as shown on the following page.

	Fair Value
Patient and resident's trust cash	$ 347
Restricted for debt service principal and interest	11,955
Medical and dental staff funds	541
Designated for retiree health obligations	24,831
Designated for self insurance	38,006
Designated for long-term investment	18,595
Designated for DSRIP program	130,091
NYS voluntary defined contribution plan escrow	237
Foundation Component Unit	6,080
Restricted for capital projects	40,850
Physicians Endowment Component Unit	10,407
Restricted - insured workers' compensation collateral	11,776
Total	$ 293,716

4. 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, 2019 is computed as follows (dollars in thousands):

Five-year average full valuation of taxable real estate (2015-2019)	$ 55,034,935
Tax limit @ 1.5%	$ 825,524
Statutory additions	66,584
Total taxing power	892,108
Total levy	(328,356)
Tax margin	$ 563,752

5. RECEIVABLES

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, 2019 include real property taxes, interest, penalties and liens of $ 128,309; sales and use taxes in the amount of $54,817,836; state and federal assistance for social services of $113,463,050; and other state and federal aid (including grants) approximating $86,502,023.

Receivables at year-end of the County's major individual funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are outlined on the following page (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	$ 128,309	$ -	$ 30	$ 128,339
Sales and use tax	-	54,818	-	54,818
Federal and state assistance for social services programs	113,463	-	-	113,463
Other federal and state aid	55,756	-	30,747	86,503
Other	7,584	-	31,093	38,677
Gross receivables	305,112	54,818	61,870	421,800
Less: allowances for uncollectibles	46,801	-	-	46,801
Total receivables	$ 258,311	$ 54,818	$ 61,870	$ 374,999

Receivables and due from other governments - Proprietary Funds	College (8/31/19)	ILDC	Utilities Aggregation Fund	Total
Accounts receivable	$ 15,911	$ -	$ 32	$ 15,943
Grant receivable	-	1,919	-	1,919
Other	-	125	958	1,083
Gross receivables	15,911	2,044	990	18,945
Less: allowances for uncollectibles	8,751	-	-	-
Total receivables	$ 7,160	$ 2,044	$ 990	$ 18,945

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

6. CAPITAL ASSETS

Primary Government

Governmental activities—Capital asset activity for governmental activities for fiscal year ended December 31, 2019 follows (dollars in thousands):

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
Capital assets, not being depreciated:				
Land	$ 34,945	$ 6	$ -	$ 34,951
Construction in progress	89,553	47,977	(96,521)	41,009
Total capital assets not being depreciated	124,498	47,983	(96,521)	75,960
Capital assets, being depreciated:				
Buildings and improvements	668,052	48,079	-	716,131
Transportation network	682,603	35,359	-	717,962
Sewer network	320,252	14,194	-	334,446
Improvements other than buildings	38,236	2,436	-	40,672
Machinery and equipment	128,785	4,430	(6,031)	127,184
Total capital assets being depreciated	1,837,928	104,498	(6,031)	1,936,395
Less accumulated depreciation for:				
Buildings and improvements	(413,846)	(19,858)	-	(433,704)
Transportation network	(458,180)	(31,326)	-	(489,506)
Sewer network	(118,358)	(5,711)	-	(124,069)
Improvements other than buildings	(23,733)	(1,393)	-	(25,126)
Machinery and equipment	(118,403)	(3,916)	5,976	(116,343)
Total accumulated depreciation	(1,132,520)	(62,204)	5,976	(1,188,748)
Total capital assets, being depreciated, net	705,408	42,294	(55)	747,647
Governmental activities capital assets, net	$ 829,906	$ 90,277	$ (96,576)	$ 823,607

Depreciation expense was charged to functions and programs of the governmental activities as follows:

Governmental activities:	
General government support	$ 14,291
Public safety	5,783
Health	355
Transportation	32,090
Economic assistance and opportunity	138
Culture and recreation	1,465
Education	1,174
Home and community services	6,908
Total depreciation expense—governmental activities	$ 62,204

Business-type activities—Capital asset activity for business-type activities for fiscal year ended December 31, 2019 follows (dollars in thousands):

	Beginning Balance*	Increases	Decreases	Ending Balance*
Capital assets, not being depreciated:				
Construction in progress	$ 365	$ 272	$ (71)	$ 566
Total capital assets, not being depreciated	365	272	(71)	566
Capital assets, being depreciated:				
Building improvements	34,979	-	-	34,979
Land improvements	64	-	-	64
Equipment	20,013	1,277	(128)	21,162
Library collections	2,196	163	(258)	2,101
Total capital assets, being depreciated	57,252	1,440	(386)	58,306
Less accumulated depreciation for:				
Building improvements	(8,557)	(1,749)	-	(10,306)
Land improvements	(43)	(3)	-	(46)
Equipment	(15,567)	(1,008)	127	(16,448)
Library collections	(1,108)	(202)	245	(1,065)
Total accumulated depreciation	(25,275)	(2,962)	372	(27,865)
Total capital assets, being depreciated, net	31,977	(1,522)	(14)	30,441
Total capital assets, net	$ 32,342	$ (1,250)	$ (85)	$ 31,007

*Capital asset table above presented for the period of September 1, 2018 through August 31, 2019 for the College and for the period of January 1, 2019 through December 31, 2019 for the ILDC.

Depreciation expense for the College was $2,962,161 for the year ended August 31, 2019. The Utilities Aggregation Fund does not have capital assets.

ILDC's land held for resale is recorded at net realizable value based on the assessment of the fair value of each project. The net realizable value as of December 31, 2019 amounted to $5,860,358. The ILDC also had capital assets in the amount of $2,600 at December 31, 2019 and reported depreciation expense of $325.

Discretely Presented Component Units

The Buffalo and Erie County Public Library (the "Library")

Capital asset activity for the Library for the year ended December 31, 2019 was as follows (dollars in thousands):

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
Capital assets, not being depreciated:				
Rare book collection	$ 11,542	$ 48	$ -	$ 11,590
Capital assets, being depreciated:				
Machinery, equipment, and library materials	54,870	2,973	(3,666)	54,177
Less accumulated depreciation for:				
Machinery, equipment, and library materials	(48,862)	(2,599)	3,336	(48,125)
Total capital assets, being depreciated, net	6,008	374	(330)	6,052
Total capital assets, net	$ 17,550	$ 422	$ (330)	$ 17,642

Depreciation expense for the Library was $2,598,955 for the year ended December 31, 2019.

Erie County Medical Center Corporation ("ECMCC")

Capital asset activity for ECMCC for the year ended December 31, 2019 was as follows (dollars in thousands):

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
Capital assets, not being depreciated:				
Construction in progress	$ 32,849	$ 68,891	$ (9,676)	$ 92,064
Total capital assets not being depreciated	32,849	68,891	(9,676)	92,064
Capital assets, being depreciated:				
Land and land improvements	23,646	5,085	-	28,731
Buildings and improvements	424,954	10,547	-	435,501
Fixed/major moveable equipment	177,503	7,728	(2,278)	182,953
Total capital assets being depreciated	626,103	23,360	(2,278)	647,185
Less accumulated depreciation	(393,287)	(28,610)	2,179	(419,718)
Total capital assets,being depreciated, net	232,816	(5,250)	(99)	227,467
Total capital assets, net	$ 265,665	$ 63,641	$ (9,775)	$ 319,531

Depreciation expense for ECMCC was $28,610,000 for the year ended December 31, 2019.

7. PAYABLES, ACCRUED LIABILITIES AND DUE TO OTHER GOVERNMENTS

Accrued liabilities reported by the governmental funds and proprietary funds at December 31, 2019, were as follows (dollars in thousands):

Accounts and retained percentage payable, accrued liabilities and due to other governments - Governmental Funds	General Fund	ECFSA General	Other Nonmajor Governmental Funds	Total
Accounts payable	$ 23,176	$ 6	$ 19,189	$ 42,371
Other governments	28,723	-	71	28,794
Health and social service programs and agencies	44,841	-	5,248	50,089
Retained percentages	-	-	1,442	1,442
Salaries & fringes	7,129	-	1,209	8,338
Other	33,070	45	2,826	35,941
Total	$ 136,939	$ 51	$ 29,985	$ 166,975

Accounts payable, accrued liabilites due to other governments and fringe benefits payable - current Proprietary Funds	College (8/31/19)	ILDC	Utilities Aggregation Fund	Total
Accounts payable	$ 1,459	$ 9	$ 1,050	$ 2,518
Fringes benefits payable - current	4,409	-	-	4,409
Other	5,555	251	51	5,857
Total	$ 11,423	$ 260	$ 1,101	$ 12,784

8. PENSION PLANS

All tables within this note present dollars in thousands.

Plan Descriptions and Benefits Provided

New York State and Local Employees' Retirement System ("ERS")—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. System benefits are established under the provisions of the NYSRSSL. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The system 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 1, 2010, who generally contribute 3.0% to 3.5% of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute a percentage ranging from 3% to 6%, based on salary. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employer's contributions based on the salaries paid during the ERS's fiscal year ending March 31.

New York State Teachers' Retirement System ("TRS")—TRS provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the NYSRSSL. TRS is governed by a 10 member Board of Trustees. TRS benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York State Public Schools and BOCES who elect to participate in TRS. Once a public employer elects to participate in TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding TRS may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial Report which can be found on TRS's website at www.nystrs.org.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2019, the County reported the following liabilities/(asset) for its proportionate share of the net pension liability/(asset) for ERS and TRS (dollars in thousands), shown on the following page. The net pension liability/(asset) was measured as of March 31, 2019 for ERS and as of June 30, 2019 for TRS. The total pension liability/(asset) used to calculate the net pension liability/(asset) were determined by actuarial valuations as of April 1, 2018 and June 30, 2018, respectively, with update procedures used to roll forward the total net pension liability/(asset) to the measurement dates. The County's proportion of the net pension liability/(asset) were based on projections of the County's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the Systems in reports provided to the County and College. For ERS, the Library is under the County's plan. The County determined a percentage allocated to the Library for their portion of the County's net pension liability.

	ERS		TRS
	Governmental Activities	Business-type Activities	Business-type Activities
Measurement date	March 31, 2019	March 31, 2019	June 30, 2019
Net pension liability/(asset)	$ 67,488	$ 6,612	$ (2,595)
County's portion of the Plan's total net pension liability/(asset)	0.9525068%	0.093321%	0.099898%

For the year ended December 31, 2019, the County recognized ERS pension expense of $42,129,611 and $4,126,863 for governmental activities and business-type activities, respectively. The County recognized TRS pension expense of $3,158,529 for business-type activities. At December 31, 2019 and August 31, 2019 (as to the College), the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	ERS		TRS
	Governmental Activities	Business-type Activities	Business-type Activities
Differences between expected and actual experiences	$ 13,290	$ 1,302	$ 1,759
Changes in assumptions	16,964	1,662	4,903
Changes in proportion and differences between the County's contributions and proportionate share of contributions	1,451	140	168
County contributions subsequent to the measurement date	27,193	1,464	1,475
Total	$ 58,898	$ 4,568	$ 8,305

	Deferred Inflows of Resources		
	ERS		TRS
	Governmental Activities	Business-type Activities	Business-type Activities
Differences between expected and actual experiences	$ 4,530	$ 444	$ 193
Changes in assumptions	-	-	1,196
Net difference between projected and actual earnings on pension plan investments	17,321	1,697	2,081
Changes in proportion and differences between the County's contributions and proportionate share of contributions	5,054	494	465
Total	$ 26,905	$ 2,635	$ 3,935

The County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/(asset) in the year ending December 31, 2020 and August 31, 2020 (as to the College).

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as shown below.

Year Ending December 31, (*August 31,)	ERS Governmental Activities	ERS Business-type Activities*	TRS Business-type Activities*
2020	$ 12,427	$ 1,217	$ 1,123
2021	(14,369)	(1,408)	23
2022	(1,988)	(195)	1,119
2023	8,730	855	747
2024	-	-	34
Thereafter	-	-	(151)

Actuarial Assumptions—The total pension liability/(asset) as of the measurement date was determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liability to the respective measurement dates. The actuarial valuations used the actuarial assumptions presented below:

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2019
Actuarial valuation date	April 1, 2018	June 30, 2018
Interest rate	7.00%	7.10%
Salary scale	3.80%	1.90%-4.72%
Decrement tables	April 1, 2010-March 31, 2015	July 1, 2009-June 30, 2014
Inflation rate	2.5%	2.2%

For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP2018, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building block method in which the best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized in the table on the following page.

	Target Allocation		Long-Term Expected Real Rate of Return	
	TRS	ERS	TRS	ERS
Measurement date			June 30, 2019	March 31, 2019
Asset class:				
Domestic equities	33.0 %	36.0 %	6.3 %	4.6 %
International equities	16.0	14.0	7.8	6.4
Global equities	4.0	0.0	7.2	0.0
Private equity	8.0	10.0	9.9	7.5
Real estate	11.0	10.0	4.6	5.6
Absolute return strategies	0.0	2.0	0.0	3.8
Domestic fixed income securities	16.0	0.0	1.3	0.0
Global fixed income securities	2.0	0.0	0.9	0.0
High-yield fixed income securities	1.0	0.0	0.0	0.0
Opportunistic portfolio	0.0	3.0	0.0	5.7
Private debt	1.0	0.0	6.5	0.0
Real assets	0.0	3.0	3.6	5.3
Bonds and mortgages	7.0	17.0	2.9	1.3
Short-term	1.0	1.0	0.3	(0.3)
Inflation-indexed bonds	0.0	4.0	0.0	1.3
Total	100.0 %	100.0 %		

Discount Rate—The discount rate used to calculate the total pension liability/(asset) was 7.1% for TRS and 7.0% for ERS. The projection of cash flows used to determine the discount rate assumes that the contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart on the following page presents the County's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.1% for TRS and 7.0% for ERS, as well as what the County's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.1% for TRS and 6.0% for ERS) or one percentage-point higher (8.1% for TRS and 8.0% for ERS) than the current assumption.

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Governmental Activities:			
Employer's proportionate share of the net pension liability/(asset)	$ 295,069	$ 67,488	$ (123,696)
Business-type Activities:			
Employer's proportionate share of the net pension liability/(asset)	$ 28,909	$ 6,612	$ (12,119)

TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
Business-type Activities (College):			
Employer's proportionate share of the net pension liability/(asset)	$ 11,715	$ (2,595)	$ (14,600)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability/(asset) of the employers as of the respective valuation dates, were as follows:

	TRS	ERS
Valuation date	June 30, 2018	April 1,2018
Employers' total pension liability	$ 119,879,474	$ 189,803,429
Plan fiduciary net position	122,477,481	182,718,124
Employers' net pension liability/(asset)	$ (2,598,007)	$ 7,085,305
System fiduciary net position as a percentage of total pension liability/(asset)	102.2%	96.3%

Payables to the Pension Plan—For TRS, employer and employee contributions for the fiscal year ended August 31, 2019 are paid to the System in September, October and November 2019. Accrued retirement contributions as of August 31, 2019 represent employee and employer contributions for the fiscal year ended August 31, 2019 based on paid TRS wages multiplied by the employer's contribution rate, by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of August 31, 2019 amounted to $2,045,669.

For ERS, employer contributions are paid annually based on the System's fiscal year which ends of March 31st. Accrued retirement contributions as of August 31, 2019 represent the projected employer contribution for the period of April 1, 2019 through August 31, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of August 31, 2019 amounted to $2,186,735.

Defined Contribution Plan

Teachers' Insurance and Annuity Association – College Retirement Equities Fund

Plan Description—TIAA/CREF is a college Optional Retirement Program ("ORP") and offers benefits through annuity contracts. The TIAA/CREF issues a publicly available financial report that contains financial statements and required supplementary information for the System. The Report may be obtained by writing to the Teachers' Insurance and Annuity Association – College Retirement Equities Fund, 730 Third Avenue, New York, New York, 10017.

Funding Policy—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 (3.0%) of their salary. For employees enrolled after July 27, 1992, the College contributes 8 percent (8.0%) of salary for the first seven years of employment and 10 percent (10.0%) of salary thereafter. For employees enrolled between July 27, 1976 and July 17, 1992, the College contributes 9 percent (9.0%) of the first $16,500 in salary and 12 percent (12.0%) thereafter. Those joining after April 1, 2013 contribute a percentage ranging from 3 percent (3.0%) to 6 percent (6.0%), based on salary for their entire length of service. Employee contributions are deducted from their salaries and remitted on a current basis to TIAA/CREF.

The College's contributions to TIAA/CREF for the most recent three fiscal years are as follows:

Year Ended August 31,	Employer Contributions	Employee Contributions
2019	$ 1,823,662	$ 106,630
2018	1,845,073	107,882
2017	1,896,246	104,609

The College's contribution made to the TIAA/CREF was equal to 100 percent of the contributions required for each year.

9. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATION

All tables within this note present dollars in thousands.

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 through a single employer defined benefit plan. 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.

Employees Covered by Benefit Terms—At January 1, 2018, the valuation date, the following employees were covered by the benefit terms:

	Governmental Activities	Business-type Activities
Active employees	4,025	762
Inactive employees or beneficiaries currently receiving benefit payments	3,886	374
Total	7,911	1,136

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or "earned"), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability ("UAAL") under GASB Statement No. 45.

Total OPEB Liability—The County's governmental activities and business-type activities total OPEB liabilities of $1,282,247,242 and $211,272,406, respectively, were measured as of December 31, 2018, and were determined by actuarial valuations as of January 1, 2018.

Actuarial Methods and Assumptions—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. 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.

In the January 1, 2018 actuarial valuation, the liabilities were computed using the entry age normal actuarial cost method, over a level percent of pay was used. The actuarial assumptions utilized an inflation rate of 2.00%. The single discount rate changed from 3.31% effective January 1, 2018 to 3.71% effective December 31, 2018 which 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 expected rate of compensation increase was assumed to be 1.50%. The valuation assumes healthcare cost trends as follows: pre-65 medical, 7.00%; post-65 medical, 5.00% and prescription, 9.50%. Healthcare trends are reduced by decrements to reach a rate of 3.78% in 2075.

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.

Business-type activities— In the January 1, 2018 actuarial valuation, the entry age normal actuarial cost method, over a level percent of pay was used. The single discount rate changed from 3.31% effective January 1, 2018 to 3.71% effective December 31, 2018. The salary scale assumed to increase at 2.25% per year. The sex-distinct RPH-2014 Mortality Tables, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2018 on a fully generational basis, were used for mortality rates. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 7.00% while the ultimate healthcare cost trend rate is 3.78%. An inflation rate of 2.25% was assumed for developing the rate of increase in healthcare costs.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability		
	Governmental Activities	Business-type Activities*	Primary Government
Balance at December 31, 2018 (August 31, 2018*)	$ 1,421,120	$ 228,555	$ 1,649,675
Changes for the year:			
Service cost	30,702	5,845	36,547
Interest	47,483	7,644	55,127
Changes of assumptions	(167,270)	(25,585)	(192,855)
Differences between expected and actual experience	1,799	1,732	3,531
Change of benefit terms	(17,014)	-	(17,014)
Benefit payments	(34,573)	(6,918)	(41,491)
Net changes	(138,873)	(17,282)	(156,155)
Balance at December 31, 2019 (August 31, 2019*)	$ 1,282,247	$ 211,273	$ 1,493,520

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the net OPEB liability. The following table presents the effect a 1% change in the discount rate assumption would have on the net OPEB liability:

	1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
Governmental activities:			
Net OPEB liability	$ 1,535,378	$ 1,282,247	$ 1,083,841
Business-type activities:			
Net OPEB liability	$ 249,249	$ 211,273	$ 180,914

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the OPEB liability of a 1% change in the initial (5.0%)/ultimate (3.78%) healthcare cost trend rates.

	1% Decrease (4.0%/2.78%)	Healthcare Cost Trend Rates (5.0%/3.78%)	1% Increase (6.0%/4.78%)
Governmental activities:			
Net OPEB liability	$ 1,047,669	$ 1,282,247	$ 1,599,677
Business-type activities:			
Net OPEB liability	$ 175,556	$ 211,273	$ 258,621

Funding Policy—Governmental activities—Authorization for the County to pay all, a portion, or none of retiree health insurance premiums was enacted by resolution of the Legislature or through union contracts, which are ratified by the Legislature. Retirees hired on or prior to August 7, 2014 with fifteen or more years' service and retire on or prior to December 31, 2019 will have 100% of their retiree health insurance premium paid by Erie County. Retirees hired on or prior to August 7, 2014 with less than fifteen years' service and retire on or prior to December 31, 2019 will pay an adjusted percentage based on years of service per the ratified contract. Retirees hired on or prior to August 7, 2014 and retire after January 1, 2020

will have 95% of their retiree health insurance paid by the County. The County has no contribution requirement for employees hired after August 7, 2014. The County currently pays for governmental activities post-employment health care benefits on pay-as-you-go basis, primarily from the General Fund (86%). The remainder is allocated to Road, Sewer, E-911, Grants and Community Development Special Revenue Funds. These financial statements assume that pay-as-you-go funding will continue. The County contributed $34,573,479 for the year ended December 31, 2019.

Funding Policy—Business-type activities—Authorization for the College to pay a portion, or all, of retiree health insurance premiums was enacted by resolution of the Board of Trustees or through union contracts, which are ratified by the Board. Retirees responsible for a portion of their health insurance premiums pay based on one of two scenarios. Employees who retired prior to January 1, 2003, pay approximately 50% of health insurance costs while the College pays the remainder. Individuals who retired on or after January 1, 2003 pay between 0% and 25% of premiums based on the amount of sick leave the retiree has banked as of their retirement date. The remainder of the retirees make no contribution and the College pays 100% of premiums. The College recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the County or by the health insurance provider. The College contributed $6,918,403 for the year ended August 31, 2019.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The County reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. The table below presents the County's deferred outflows of resources and deferred inflows of resources for governmental activities and business-type activities at December 31, 2019 and August 31, 2019, respectively.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Differences between expected and actual experience	$ 3,349	$ 1,916	$ -	$ -
Changes of assumptions	78,661	12,291	139,948	21,333
Benefit payments subsequent to the measurement date	37,750	3,854	-	-
Total	$ 119,760	$ 18,061	$ 139,948	$ 21,333

County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020 and August 31, 2020 for governmental and business-type activities, respectively. Other amounts reported as deferred outflows and deferred inflows of related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31, (*August 31)	Governmental Activities	Business-type Activities*
2020	$ (7,527)	$ 1,353
2021	(7,527)	1,353
2022	(7,527)	1,353
2023	(7,527)	1,646
2024	(24,532)	67
Thereafter	(3,298)	-

10. CONSTRUCTION AND OTHER COMMITMENTS

Construction Commitments—The County has a number of active construction projects at December 31, 2019. The amounts spent to date and remaining commitments (encumbrances) presented by major project groupings are as follows (dollars in thousands):

Capital Projects Fund	Spent-to-date	Construction Commitments
General Government Buildings, Equipment, and Improvements	$ -	$ 1,630
Highways, Roads, Bridges and Equipment	2,802	10,988
Total	$ 2,802	$ 12,618

Operating Leases—Operating lease obligations are primarily for rental of space and equipment. Lease expenditures/expenses for the year were approximately $8,655,960 for the primary government and approximately $5,256,000 for the ECMCC component unit. The future minimum rental payments required by the primary government and ECMCC for noncancelable operating leases are as follows (dollars in thousands):

Fiscal Year Ending December 31,	Primary Government	ECMCC Component Unit
2020	$ 4,772	$ 4,542
2021	4,389	4,213
2022	3,672	4,155
2023	2,938	3,774
2024	1,933	2,033
2025-2029	-	7,051
Total	$ 17,704	$ 25,768

11. RISK MANAGEMENT

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 GAAP. 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.

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

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

The County Attorney is responsible for analyzing the County's judgments and claims and providing an opinion regarding the County's ability to cover its liabilities in the self-insurance programs. Based on this analysis, judgments and claims of $52,576,332 were recorded as governmental activities long-term liabilities at December 31, 2019.

In addition, the County has claims in the range of $776,500 to $24,901,000 for which there is a reasonable possibility of a future loss. No accrual has been recorded for such possible losses as of December 31, 2019.

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, 2016 in the County's judgment and claims liability for risk financing activities were as follows (dollars in thousands):

Year Ended December 31,	Liability, Beginning of Year	Claims and Adjustments	Claim Payments	Liability, End of Year
2019	$ 52,844	$ 9,307	$ 9,575	$ 52,576
2018	54,180	10,348	11,684	52,844
2017	52,266	13,716	11,802	54,180

Erie County Medical Center Corporation ("ECMCC")

Losses from asserted and unasserted claims identified under ECMCC's incident reporting system are accrued based on actuarial estimates that incorporate ECMCC's past experience, the nature of each claim or incident, relevant trend factors, and estimated recoveries on unsettled claims. Approximately $19,238,000 has been accrued at December 31, 2019, discounted at 2.00% and included as liabilities in the accompanying statement of net position. ECMCC has recorded liabilities of approximately $25,397,000 for workers' compensation related exposure, discounted at 1.75%. Effective April 1, 2016, ECMCC became self-insured for workers' compensation through a combination of self-insurance and a high-deductible plan.

12. 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 GASB Statement No. 62.

The following is a summary of changes in the County's short-term debt for the year ended December 31, 2019 (dollars in thousands):

Description	Interest Rate	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
Revenue anticipation note ("RAN")	3.00-3.50%	$ 79,255	$ -	$ 79,255	$ -
Total		$ 79,255	$ -	$ 79,255	$ -

13. LONG-TERM DEBT

Bonded Indebtedness

Bonded indebtedness is reported in the government-wide financial statements.

On December 17, 2019, the County issued $40,655,000 in Series 2019A, and $2,335,000 in Series 2019B general obligation serial bonds, all of which were issued for governmental activities. The serial bonds were issued at a premium of $9,447,883 and at an interest rate of 4.0-5.0%. Principal payments on the bonds begin September 15, 2020 and will be fully matured on September 15, 2034.

The following is a summary of bond transactions of the County for the year ended December 31, 2019 (dollars in thousands):

Purpose (1)	Issue	Maturity	Interest Rate (%)	Balance 1/1/19	Additions	Reductions	Balance 12/31/19	Due Within One Year
Governmental activities general obligation bonds issued by County of Erie:								
Capital	2001	2031	0.00	$ 2,361	$ -	$ 169	$ 2,192	$ 170
Capital	2002	2031	1.362-5.082	670	-	50	620	50
Capital	2002	2024	2.521-6.181	1,745	-	265	1,480	275
Capital	2003	2032	1.031-4.901	750	-	45	705	45
Capital	2003	2029	2.549-6.259	6,645	-	765	5,880	795
Capital	2003	2032	0.00	233	-	16	217	16
Capital	2003	2032	0.790-4.612	690	-	40	650	45
Capital	2004	2033	1.02-4.63	645	-	35	610	35
Capital	2005	2034	1.56-4.57	1,935	-	96	1,839	101
Capital	2005	2033	2.06-4.13	1,545	-	85	1,460	85
Capital	2006	2035	0.00	1,170	-	65	1,105	70
Capital	2007	2036	3.63-4.79	3,510	-	160	3,350	165
Capital	2010	2023	2.00-4.99	73,640	-	13,350	60,290	13,995
Capital	2010	2039	0.290-4.60	4,500	-	155	4,345	160
Refunding	2010	2020	3.865-21.455	13,350	-	6,515	6,835	6,835
Refunding	2010	2022	2.001-5.00	3,115	-	1,545	1,570	1,355
Capital	2011	2040	0.00	392	-	18	374	18
Capital & Refunding	2011	2041	0.28-4.95	11,545	-	440	11,105	455
Capital	2011	2023	3.00-5.00	8,175	-	1,485	6,690	1,560
Capital	2012	2026	2.00-5.00	14,290	-	1,490	12,800	1,565
Capital	2012	2042	0.27-4.27	2,675	-	80	2,595	80
Capital	2013	2024	2.726-5.00	16,570	-	2,465	14,105	2,560
Refunding	2013	2024	2.00-5.00	12,430	-	5,685	6,745	5,975
Capital	2013	2023	2.00-5.00	19,980	-	3,615	16,365	3,800
Capital	2014	2026	2.00-5.00	17,960	-	1,880	16,080	1,975
Capital	2014	2028	2.00-5.00	1,855	-	150	1,705	155
Capital	2015	2028	5.00	24,415	-	1,940	22,475	2,040
Refunding	2015	2029	5.00	17,155	-	2,600	14,555	1,905
Capital	2015	2028	3.00-5.00	1,760	-	150	1,610	155
Capital	2016	2029	4.00-5.00	28,760	-	2,025	26,735	2,125
Capital	2016	2028	3.00-5.00	1,915	-	155	1,760	160
Capital	2017	2031	3.00-5.00	32,075	-	1,800	30,275	1,890
Refunding	2017	2036	2.00-5.00	10,735	-	415	10,320	435
Capital	2017	2047	0.96-3.98	14,841	-	421	14,420	425
Capital	2018	2031	4.00-5.00	40,115	-	2,480	37,635	2,365
Capital	2018	2033	3.375-5.00	2,305	-	120	2,185	110
Capital	2019	2034	4.00-5.00	-	42,990	-	42,990	2,915
Total				396,452	42,990	52,770	386,672	56,865

(continued)

Purpose (1)	Issue	Maturity	Interest Rate (%)	Balance 1/1/19	Additions	Reductions	Balance 12/31/19	Due Within One Year
Totals brought forward				$396,452	$42,990	$ 52,770	$ 386,672	$ 56,865
Less bonds issued by the County to ECFSA (mirror bonds):								
Capital	2010	2023	2.00-4.99	(73,640)	-	(13,350)	(60,290)	(13,995)
Refunding	2010	2020	2.25-5.24	(13,350)	-	(6,515)	(6,835)	(6,835)
Refunding	2010	2022	2.00-5.00	(3,115)	-	(1,545)	(1,570)	(1,355)
Capital	2011	2023	3.00-5.00	(8,175)	-	(1,485)	(6,690)	(1,560)
Capital	2013	2024	2.726-5.00	(16,570)	-	(2,465)	(14,105)	(2,560)
Refunding	2013	2024	2.00-5.00	(12,430)	-	(5,685)	(6,745)	(5,975)
Capital	2013	2023	2.00-5.00	(19,980)	-	(3,615)	(16,365)	(3,800)
Capital	2017	2031	3.00-5.00	(32,075)	-	(1,800)	(30,275)	(1,890)
Refunding	2017	2036	0.96-3.98	(10,735)	-	(415)	(10,320)	(435)
Total mirror bonds				(190,070)	-	(36,875)	(153,195)	(38,405)
Net general obligation bonds issued by County of Erie				206,382	42,990	15,895	233,477	18,460
Governmental activities general obligation bonds issued by ECFSA:								
Capital	2010	2023	2.0-5.0	27,345	-	13,350	13,995	13,995
Refunding	2010	2020	2.25-5.24	13,350	-	6,515	6,835	6,835
Refunding	2010	2022	2.0-5.0	3,115	-	1,545	1,570	1,355
Capital	2011	2023	2.00-5.00	8,175	-	1,485	6,690	1,560
Capital	2013	2024	2.00-5.00	16,570	-	2,465	14,105	2,560
Refunding	2013	2024	2.00-5.00	12,430	-	5,685	6,745	5,975
Capital	2013	2023	2.00-5.00	19,980	-	3,615	16,365	3,800
Refunding	2016	2023	3.375-5.00	44,335	-	-	44,335	-
Capital	2017	2031	4.00-5.00	32,075	-	1,800	30,275	1,890
Refunding	2017	2036	2.00-5.00	10,735	-	415	10,320	435
ECMCC facility	2017	2034	3.00-5.00	60,240	-	2,630	57,610	2,760
ECMCC capital	2017	2039	3.00-5.00	91,615	-	500	91,115	500
Total general obligation bonds issued by ECFSA				339,965	-	40,005	299,960	41,665
Total general obligation bonds issued by County of Erie and ECFSA				546,347	42,990	55,900	533,437	60,125
Premium on bond issuance				20,185	9,448	2,620	27,013	-
Premium on bond issuance-ECFSA				40,339	-	6,634	33,705	-
Total County of Erie and ECFSA bonds payable-net				606,871	52,438	65,154	594,155	60,125
Governmental activities bonds issued by ETASC(2):								
Tobacco refunding	2005	varies	varies	232,965	-	2,380	230,585	-
Subordinate CABs	2005	varies	varies	32,870	-	-	32,870	-
Subordinate CABs	2006	varies	varies	17,695	-	-	17,695	-
Subordinate CABs	2005-06	varies	varies	70,588	8,413	-	79,001	-
Subtotal bonds issued by ETASC				354,118	8,413	2,380	360,151	-
Discount on ETASC bonds				(9,262)	-	(85)	(9,177)	-
Discount on ETASC subordinate CABs				(1,437)	-	(18)	(1,419)	-
Total ETASC bonds payable-net				343,419	8,413	2,277	349,555	-
Governmental activities bonds payable for financial statement purposes				$ 950,290	$ 60,851	$ 67,431	$ 943,710	$ 60,125

(concluded)

(1) Capital–Capital acquisition and construction.

(2) Refer to discussion following this table regarding outstanding ETASC bonds payable, including Capital Appreciation Bonds (CABs).

Erie Tobacco Asset Securitization Corporation ("ETASC")

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 $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 TSR to which the County would otherwise be entitled under the MSA and 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 5.00% to 6.75% to advance refund $239,060,000 of outstanding Series 2000 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 ETASC to release $55,231,709 in previously restricted funds for debt service and trapping events to the County.

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. During 2010, the bonds were called and the balance in the irrevocable trust was used to satisfy all required debt payments.

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.

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 OPMs. 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. ETASC has no financial assets other than the collections and reserves and amounts held in the other funds and accounts established under the Bond Indenture.

ETASC has covenanted to apply 100% of funds not used to make principal and interest payments, if any, in the turbo redemption account to the special mandatory redemption ("Turbo Redemption") of the authorized denominations of the Series 2005 Bonds in order of 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 accrete interest throughout the life of the bonds but is payable at redemption. Series 2005B, C, and D CABs were subject to redemption at the option of ETASC beginning in years after 2016. The Series 2006A CABs were subject to redemption after May 31, 2017.

Details of long-term debt as of December 31, 2019, are as follows:

Term Bond			
Issue Amount	Rate	Description	Final Turbo Redemption Date
$ 30,330,000	5.000 %	Series 2005A Bonds due June 1, 2031, semiannual interest-only payments through maturity, may be redeemed at the option of 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, semiannual interest-only payments through maturity, may be redeemed at the option of 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, semiannual interest-only payments through maturity, may be redeemed at the option of 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, semiannual 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%; and June 1, 2017 and thereafter, 100%.	June 1, 2047
12,565,080	6.250	Series 2005C Bonds due June 1, 2050, semiannual 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%; and June 1, 2017 and thereafter, 100%.	June 1, 2050

(continued)

(concluded)

11,141,600	6.750	Series 2005D Bonds due June 1, 2055, semiannual 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%; and June 1, 2017 and thereafter, 100%.	June 1, 2055
69,470,000	6.000	Series 2005E Taxable Bonds due June 1, 2028, semiannual interest only payments through maturity, may be redeemed at the option of ETASC at anytime in whole or in part after June 1, 2015.	June 1, 2028

Series 2006
$17,694,720
Term Bond

Issue Amount	Rate	Description	Final Turbo Redemption Date
$ 17,694,720	7.650 %	Series 2006A Taxable Bonds due June 1, 2060, semiannual interest accrued but not payable until maturity, subordinate to the Series 2005A-E Bonds, subject to redemption at the option of 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%; and June 1, 2018 and thereafter, 100%.	June 1, 2060

Changes in ETASC bonded indebtedness for the year ended December 31, 2019 were as follows (dollars in thousands):

	Tobacco Settlement Bonds	Subordinate CABs	Total
Bonds payable at January 1, 2019	$ 232,965	$ 121,153	$ 354,118
Principal payments during 2019	(2,380)	-	(2,380)
Annual net interest accretion	-	8,413	8,413
Bonds payable at December 31, 2019	$ 230,585	$ 129,566	$ 360,151

The ETASC's debt service requirements for the Series 2005A and 2005E as of December 31, 2019, are as follows (dollars in thousands):

Year Ending December 31,	Principal	Interest	Total
2020	$ -	$ 11,670	$ 11,670
2021	-	11,670	11,670
2022	-	11,670	11,670
2023	-	11,670	11,670
2024	-	11,670	11,670
2025-2029	14,090	57,083	71,173
2030-2034	30,330	48,816	79,146
2035-2039	74,685	40,940	115,625
2040-2044	-	27,870	27,870
2045	111,480	2,787	114,267
Total	$ 230,585	$ 235,846	$ 466,431

Amortization of Bond Premiums and Discounts—The total unamortized discount as of December 31, 2019 was $10,595,403. The County's governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized within governmental activities. The total unamortized premium as of December 31, 2019 was $60,718,000. ETASC issued serial bonds and CABs which included a bond discount. The discounts are being amortized using the effective interest rate and straight-line methods over the life of the bonds, with maturity dates ranging from 2028 to 2060.

Erie County Medical Center Corporation ("ECMCC")

Bonds Payable—The following is a summary of long-term bonded debt at December 31, 2019:

Erie County—Guaranteed Senior Revenue Bonds, Series 2004 (interest of 4.1% to 5.7%)	$ 72,365

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).

Other Long-Term Liabilities

Retirement Liabilities—The College's total liability relating to retirement is $4,299,097 as of August 31, 2019. Of this, $4,083,076 is recorded in current liabilities as of August 31, 2019, and $216,021 is recorded as noncurrent liabilities as of August 31, 2019.

Compensated Absences—The value recorded in the government-wide financial statements for compensated absences at December 31, 2019, for governmental activities is $25,472,655 classified as a long-term liability in the accompanying financial statements, which includes $14,452,000 due within one year. The following governmental funds have been used in prior years to liquidate this liability: General Fund and the Road, Sewer, E-911, Grants and Community Development Special Revenue Funds.

Compensated absences of $3,516,642 have been reported for business-type activities, classified as fringe benefits payable, on the fund financial statements, which includes $325,000 due within one year.

Compensated absences of the Library component unit totaling $1,545,008 have been reported as a long-term liability, which includes $776,000 due within one year. Compensated absences of the ECMCC component unit totaling approximately $13,580,000 have been reported as an accrued liability.

Judgments and Claims—As explained in Note 11, the County is self-insured. Liabilities are established for workers' compensation, general and malpractice claims in accordance with GAAP. Estimated long-term contingent loss liabilities of governmental fund types total $52,576,332 and have been reported as long-term liabilities in the government-wide financial statements.

Also, as further explained in Note 11 and 13, ECMCC is self-insured and has recorded approximately $19,212,000 and $25,397,000 for the long-term portions of medical malpractice and workers' compensation liability related exposures, respectively.

OPEB Obligation—As discussed in Note 9, the County's net OPEB obligation at December 31, 2019 is estimated to be $1,282,247,242 and $211,272,406 for governmental activities and business-type activities, respectively.

Net Pension Liability—The County reports a liability for its proportionate share of the net pension liability for the Employees' Retirement System. The net pension liability is estimated to be $67,488,155 and $6,612,090 in the governmental activities and business-type activities, respectively. Refer to Note 8 for additional information related to the County's net pension liability.

Accrued Derivative Liability ("ETASC")—At December 31, 2019, ETASC reported deferred outflows of resources in the amounts of $11,404,206 on the government-wide financial statements, relating to the accumulated increase in fair value of its forward purchase agreement swap.

Summary of Changes in Long-Term Liabilities

A summary of the County's long-term debt at December 31, 2019 follows:

	Balance 1/1/2019	Additions	Reductions	Balance 12/31/2019	Due Within One Year
Governmental activities:					
Serial bonds and Subordinate Turbo CABS, net	$ 950,290	$ 60,851	$ (67,431)	$ 943,710	$ 60,125
Compensated absences	25,244	2,351	(2,122)	25,473	14,452
Judgments and claims	52,844	9,307	(9,575)	52,576	10,674
Other postemployment benefits obligation	1,421,120	79,985	(218,858)	1,282,247	-
Net pension liability*	30,322	37,166	-	67,488	-
Accrued derivative liability-ETASC	7,565	3,839	-	11,404	-
Total governmental activities	$ 2,487,385	$ 193,499	$ (297,986)	$ 2,382,898	$ 85,251

*Additions to the net pension liability are shown net of reductions.

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, other postemployment benefits obligation and net pension liabilities.

	Balance 9/1/2018	Additions	Reductions	Balance 8/31/2019	Due Within One Year
Business-type activities:					
Retirement liabilities	$ 3,355	$ 7,847	$ (6,902)	$ 4,300	$ 4,084
Compensated absences	4,450	390	(383)	4,457	325
Other postemployment benefits obligation	228,556	15,221	(32,504)	211,273	-
Net pension liability*	2,895	3,717	-	6,612	-
Total governmental activities	$ 239,256	$ 27,175	$ (39,789)	$ 226,642	$ 4,409

*Additions to the net pension liability are shown net of reductions.

Component Units

The Buffalo and Erie County Public Library (the "Library")

The following is a summary of changes in long-term liabilities for the year ended December 31, 2019 (dollars in thousands):

	Balance 1/1/19	Additions	Reductions	Balance 12/31/19	Due Within One Year
Compensated absences	$ 1,520	$ 25	$ -	$ 1,545	$ 776
OPEB liability	97,234	5,178	13,432	88,980	-
Net pension liability*	1,475	1,792	-	3,267	-
Library Component Unit long-term liabilities	$ 100,229	$ 6,995	$ 13,432	$ 93,792	$ 776

*Additions to the net pension liability are shown net of reductions.

Erie County Medical Center Corporation ("ECMCC")

The following is a summary of changes in long-term liabilities for the year ended December 31, 2019 (dollars in thousands):

	Balance 1/1/19	Additions	Reductions	Balance 12/31/19	Due Within One Year
Bonds payable for financial statement purposes	$ 75,725	$ -	$ 3,360	$ 72,365	$ 3,545
Long-term loan (1)	175,827	-	5,212	170,615	5,915
Capital lease	5,773	1,805	2,689	4,889	1,630
Judgments and claims (2)	42,654	-	6,590	36,064	-
OPEB obligation*	377,151	22,829	-	399,980	
Net pension liability *	24,677	32,563	-	57,240	-
Other	3,925	-	122	3,803	-
ECMCC Component Unit long-term liabilities	$ 705,732	$ 57,197	$ 17,973	$ 744,956	$ 11,090

* Additions to the OPEB obligation and the net pension liability are shown net of reductions.

(1) Refer to discussion within Note 15 regarding long-term loan due to primary government.
(2) Refer to discussions within Note 11 regarding judgments and claims of ECMCC.

Additional judgments and claims liabilities for workers' compensation and medical malpractice, along with other post-employment benefits have been recorded by ECMCC as accrued liabilities in the amounts of $6,642,000, $1,903,000 and $12,903,000 respectively.

Maturity Schedules

The table below presents the primary government's remaining annual maturities of long-term liabilities as of December 31, 2019 (dollars in thousands):

Year	Total	Bonds	Retirement	Compensated Absences and Fringe Benefits	Judgments and Claims	OPEB	Net Pension Liability	Accrued Derivative Liability - ETASC
2020	$ 89,660	$ 60,125	$ 4,084	$ 14,777	$ 10,674	$ -	$ -	$ -
2021	48,769	48,553	216	-	-	-	-	-
2022	50,819	50,819	-	-	-	-	-	-
2023	53,217	53,217	-	-	-	-	-	-
2024	32,769	32,769	-	-	-	-	-	-
2025-2029	151,916	151,916	-	-	-	-	-	-
2030-2034	112,336	112,336	-	-	-	-	-	-
2035-2039	136,324	136,324	-	-	-	-	-	-
2040-2044	4,538	4,538	-	-	-	-	-	-
2045-2049	122,588	122,588	-	-	-	-	-	-
2050-2054	12,565	12,565	-	-	-	-	-	-
2055-2059	11,142	11,142	-	-	-	-	-	-
2060-2064	17,695	17,695	-	-	-	-	-	-
Various (1) . . .	1,715,079	79,000	-	15,153	41,902	1,493,520	74,100	11,404
	2,559,417	893,587	$ 4,300	$ 29,930	$ 52,576	$ 1,493,520	$ 74,100	$ 11,404
	(10,595)	(10,595)	Remaining unamortized discount on bond issuance - ETASC					
	27,013	27,013	Remaining unamortized premium of bond issuance					
	33,705	33,705	Remaining unamortized premium of bond issuance - ECFSA					
	$ 2,609,540	$ 943,710	Long-term liabilities for financial statement purposes					

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

The table below presents the primary government's remaining annual interest payments due on serial bonds as of December 31, 2019 (dollars in thousands):

Year	Primary Government	ECMCC Component Unit
2020	$ 35,781	$ 4,085
2021	33,747	3,890
2022	31,325	3,685
2023	28,763	3,468
2024	26,498	3,239
2025-2029	109,617	12,190
2030-2034	73,232	3,899
2035-2039	50,853	-
2040-2044	28,634	-
2045-2049	2,904	-
Totals	$ 421,354	$ 34,456

The table below presents the remaining principal and interest payments due on County mirror bonds to ECFSA as of December 31, 2019 (dollars in thousands):

Year	Principal	Interest
2020	$ 38,405	$ 6,647
2021	25,760	5,086
2022	26,995	3,816
2023	28,270	2,476
2024	6,015	1,482
2025-2029	16,475	4,691
2030-2034	10,210	881
2035-2039	1,065	39
Totals	$ 153,195	$ 25,118

The table below presents the remaining annual maturities of long-term liabilities of the Library (County Component Unit) as of December 31, 2019 (dollars in thousands):

Year	Total	Compensated Absences	OPEB	Net Pension Liability
2020	$ 776	$ 776	$ -	$ -
Various (1)	93,016	769	88,980	3,267
Totals	$ 93,792	$ 1,545	$ 88,980	$ 3,267

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

The table below presents the remaining annual maturities of long-term liabilities of ECMCC (County Component Unit) as of December 31, 2019 (dollars in thousands):

Year	Total	Serial Bonds	Long-term Loan	Capital Lease	Judgments and Claims	OPEB	Net Pension Liability	Other
2020	$ 11,090	$ 3,545	$ 5,914	$ 1,631	$ -	$ -	$ -	$ -
2021	11,046	3,740	6,815	491	-	-	-	-
2022	11,442	3,945	6,990	507	-	-	-	-
2023	11,861	4,165	7,171	525	-	-	-	-
2024	12,290	4,390	7,358	542	-	-	-	-
2025-2029	66,936	25,960	39,783	1,193	-	-	-	-
2030-2034	72,667	26,620	46,047	-	-	-	-	-
2035-2039	50,537	-	50,537	-	-	-	-	-
Various (1)	497,087	-	-	-	36,064	399,980	57,240	3,803
Totals	$ 744,956	$ 72,365	$ 170,615	$ 4,889	$ 36,064	$ 399,980	$ 57,240	$ 3,803

(1) Payment of judgments and claims, OPEB and net pension liabilities is dependent on many factors; therefore, timing of future payments is not readily determinable.

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.

Constitutional Debt Limit

The County constitutional debt limit at December 31, 2019 is computed as follows (dollars in thousands):

Five-year average full valuation of taxable real estate (2015-2019)	$ 55,034,935
Debt limit @ 7%	$ 3,852,445
Net indebtedness (after statutory exclusions)	383,195 *
Net debt contracting margin	$ 3,469,250
Percentage of debt contracting power exhausted	9.95%

*Net indebtedness includes general obligation bonds of $310,830,000 and ECMCC bond guaranty of $72,365,000 (excludes ETASC bonds of $360,151,411 to be paid with tobacco settlement proceeds by ETASC, sewer bonds for self-supporting districts of $75,841,790, and ECFSA bonds of $91,115,000 for capital projects and $57,610,000 for the nursing home refunding, totaling $148,725,000 to be paid by ECMCC. The capital projects bonds will mature in September 2039 while the refunding bonds will mature in September 2034).

Defeasance

In prior years, the ECFSA defeased serial bonds by placing the proceeds of the new bonds in an irrevocable trust account 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 ECFSA's financial statements. At December 31, 2019, $102,715,000 of defeased bonds remains outstanding.

ECFSA Transactions

The County entered into a loan agreement and a capitalized interest liability assumption agreement in the year ended December 31, 2017, with the Erie County Medical Center, with the assistance of the Erie County Fiscal Stability Authority. The proceeds of the loan were used to finance the construction of a new Level 1 Adult Trauma Center and Emergency Department, fund various other capital projects on the Erie County Medical Center's campus as well as refinance the 2011 loan. The loan has an interest rate of 3.377% with monthly principal and interest payments ranging from $38 to $930 during the term of the loan. In addition to the loan, the Erie County Medical Center assumed the liability related to funds borrowed to pay capitalized interest during construction on the various projects noted above. The capitalized interest liability assumption has an interest rate of 3.377% with monthly principal and interest payments ranging from $3 to $77 during the term of the loan. The new money portion of the loan and the capitalized interest assumption agreement is fully amortized and matures in 2039. The refinancing component of the loan has an interest rate of 2.649% with monthly principal and interest payments ranging from $300 to $460 during the term of the loan and is fully amortized and maturing in 2034.

In September 2017, the Authority issued $62,745,000 in sales tax and State aid secured refunding bonds with interest rates ranging from 3.0% to 5.0% to advance refund $70,355,000 of outstanding Series 2011C serial bonds with interest rates of 5.0%. Proceeds of $79,884,255 (including a premium of $11,621,859 and other debt set-aside funds of $5,517,396) were used to purchase U.S. Government Securities of $79,491,279 and to fund estimated costs of issuance in the amount of $392,976. The securities were placed in an irrevocable trust with an escrow agent to pay for all future debt service payments of the original bonds until their call date of December 1, 2021. As a result, the original bonds are considered to be defeased and the liability has been removed from the financial statements. The amount outstanding on the original bonds at December 31, 2019 was $102,715,000.

14. NET POSITION AND FUND BALANCE

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.

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, 2019 includes prepaid items.

- ***Prepaid Items***—$3,164,000 representing amounts prepaid to vendors that are applicable to future accounting periods. The County reported prepaid items in the amount of $3,164,000 at December 31, 2019.

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, 2019 includes:

- ***Handicapped Parking***—$160,132 representing monies restricted for education, advocacy and increased public awareness of handicapped parking laws.

- ***Community Development Loans***—$26,534,710 representing amounts offset for community development loans receivable, which are legally required to be maintained intact.

- ***Debt Service***—$30,996,123 representing funds to be used toward the future repayment of bonded debt service.

- ***Capital Expenditures***—$129,176,399 representing funds that have been reserved to fund capital projects and the purchase of capital assets. This amount includes commitments (encumbrances) of $23,622,872 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, 2019 include:

- ***Subsequent Year's Expenditures***—Represents available fund balance of $17,176,906 appropriated to meet expenditure requirements in the 2020 fiscal year.

- ***Other Purposes***—Includes amounts assigned for supplemental appropriations ($62,119,207) within the 2020 year which were approved by the Legislature subsequent to the adoption of the 2020 budget, encumbrances ($7,781,623) and positive residual balances ($28,982,782) in Special Revenue Funds; and General Fund encumbrances ($7,250,893).

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, 2019, significant encumbrances are as follows (dollars in thousands):

Purpose	General Fund	Other Governmental Funds
Albright Knox expansion	$ 5,000	$ -
Countywide Road Construction and Preservation	-	10,988
Countywide Capital Overlay Program	-	1,630
Total	$ 5,000	$ 12,618

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.

15. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the subsequent year.

The composition of interfund balances as of December 31, 2019 is shown below:

Receivable Fund	Payable Fund	Amount
General Fund	ECFSA General	$ 55,676
	Nonmajor Governmental Funds	36,759
	College	1,127
	Nonmajor Proprietary Fund	14,090
		107,652
Nonmajor Governmental Funds	Nonmajor Governmental Funds	45,399
College	General Fund	43
Nonmajor Proprietary Fund	College	107
Total receivables		153,201
Less: timing differences		(459)
Total payables		$ 152,742

Interfund receivables exceed interfund payables by $459,000. This difference represents interfund receivables recorded by the County and the College 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.

Due To/From Component Unit and Primary Government—Amounts due between the component units and the primary government at December 31, 2019, consisted of the following (dollars in thousands):

Receivable Entity	Payable Entity	Amount
Primary Government-General Fund	ECMCC Component Unit	$ 106
Primary Government-Governmental Activities	ECMCC Component Unit	$ 170,615
Primary Government-Nonmajor Governmental Fund	ECMCC Component Unit	$ 186
Primary Government-Nonmajor Proprietary Fund	ECMCC Component Unit	$ 15,219
ECMCC Component Unit	Primary Government-Governmental Activities	$ 18

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. In 2017, these serial bonds were refunded through a similar agreement. The par amount of the refunded bonds issued was $62,745,000. 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 2019 totaling $5,133,266 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 $170,615,000 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
2020	$ 5,914	$ 2,927	$ 8,841
2021	6,815	5,092	11,907
2022	6,990	4,905	11,895
2023	7,170	4,705	11,875
2024	7,357	4,499	11,856
2025-2029	39,782	19,220	59,002
2030-2034	46,048	13,209	59,257
2035-2039	50,539	5,641	56,180
Totals	$ 170,615	$ 60,198	$ 230,813

The County made the following transfers during the year ended December 31, 2019:

Transfers Out	Transfers In	Amount	Purpose - provide financial resources:
General Fund	Nonmajor Governmental Funds	$ 5,636	For the local share of Grant programs
	Nonmajor Governmental Funds	19,171	For highway improvements
	Nonmajor Governmental Funds	3,819	To support E-911 operations
	Nonmajor Governmental Funds	138	To support community development grants
	Nonmajor Governmental Funds	59,595	For general debt service
	Nonmajor Governmental Funds	1,521	To support various capital projects
	College	17,113	To support College operations
		106,993	
ECFSA	General Fund	480,204	For general operations from sales tax receipts
Nonmajor Governmental Funds	Nonmajor Governmental Funds	18,129	To support various capital projects
	Nonmajor Governmental Funds	60	For Sewer operations
	Nonmajor Governmental Funds	5,889	For sewer debt service
	Nonmajor Governmental Funds	500	For general debt service
	Nonmajor Governmental Funds	55,561	For ECFSA debt service
	General Fund	102	For general operations
	College	1,571	For movable equipment
		81,812	
Total transfers out		669,009	
Plus: timing differences		120	
Total transfers in		$ 669,129	

Transfers out exceed transfers in by $120,000. This difference represents transfers out recorded by the County and the College that are not reflected as transfers in in the corresponding statement of revenues, expenditures, and changes in fund balances because of the difference between the County and the College fiscal year end.

16. TAX ABATEMENTS

As of December 31, 2019, the County provides property tax abatements through a Housing for Low and Very Low Income Households Payment in Lieu of Taxes ("PILOT") program. The program was established to stimulate development of affordable housing in the region, especially for those with the lowest level of incomes.

The State of New York passed Articles 5 and 11 of the New York State Private Housing Finance Law and section 421-e of the New York State Real Property Tax Law, which allows municipal governments to enter into agreements with developers to make a PILOT agreement. In 1999, the Erie County PILOT Policy was approved by the Erie County Legislature through resolution 21E-26. This policy defined two PILOT agreements for low income households in Erie County.

PILOT A refers to PILOT agreements that are used with housing for low income households. The criteria for PILOT A agreements is that 60% of units are affordable (no more than 30% of resident's imputed income) to people earning no more than 60% median income for the area.

PILOT B refers to PILOT agreements that are used with housing for very low income households. The criteria for PILOT B agreements is that 60% of units are affordable (no more than 30% of resident's imputed income) to people earning no more than 50% median income for the area.

Both PILOTs A & B must have a fifteen year commitment for low-income use that includes appropriate regulatory restrictions.

Applicants for a PILOT agreement must supply the Erie County Department of Environment and Planning and the local taxing jurisdiction with information that includes, but is not limited to, the percentage of units for low and very low income residents, the planned development's five year operating budget, the number of residential units and square footage and a letter indicating community support from the chief elected official.

Once the application is received by Erie County, the Commissioner of Environment and Planning will respond within fifteen business days with a letter acknowledging the receipt of the application. The Commissioner will then write a letter of recommendation to approve or disapprove the PILOT request within thirty days of receipt of the completed application. If recommended for approval, the Commissioner will submit the PILOT agreement to the County Legislature within forty days of receipt of the application. Once approved by the Legislature, the PILOT agreement will be submitted to the County Executive for his signature. It is expected that the applicant will concurrently seek approval from the local taxing jurisdiction in which the planned development is located.

The initial PILOT payment will be 5% of the housing project's Total Effective Income for PILOT A agreements, and 3% of the housing project's Total Effective Income for PILOT B agreements. Under both PILOT agreements, in each and every subsequent year, a 3% escalator will be applied to the previous year's PILOT payment. Payments will continue for 15 years, after which time the property will be subject to full taxation. Of the PILOT payments, 75% will be paid directly to the local taxing jurisdiction in which the Development is located, and 25% of will be paid directly to the County.

During 2019, the County received payments for 47 PILOT agreements from within the City of Buffalo, which encompassed 175 properties. The County real property taxes for these properties totaled $961,187 while $251,424 was received for PILOT payments. This resulted in tax abatements totaling $709,763.

There were also two additional agreements with properties in the Town of Amherst that were not covered under an IDA. The County real property taxes for these properties totaled $50,781 while $23,656 was received for PILOT payments. This resulted in tax abatements totaling $27,125.

The County also is subject to tax abatements granted by six (6) Industrial Development Agencies ("IDA's"), entities created under New York State Law. The IDA's in Erie County have adopted a Countywide Industrial Development Agency Uniform Tax Exemption Policy to provide for uniform policies for the claiming of IDA incentives. Permissible business activities include traditional manufacturing, distributive services, business services, and arts, entertainment and recreation.

Property tax abatements for the year ended December 31, 2019 were as follows:

IDA*	Real Property Taxes	PILOT Payments	Tax Abatements
Amherst	$ 1,203,464	$ 695,606	$ 507,858
Clarence	277,043	198,059	78,984
Erie County (ECIDA)	4,051,273	2,193,275	1,857,998
Hamburg	556,547	364,720	191,827
Lancaster	704,862	359,671	345,191
Total	$ 6,793,189	$3,811,331	$ 2,981,858

*Concord IDA property tax abatement information is not available for the year ended December 31, 2019.

17. CONTINGENCIES

Litigation—The County is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the County. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the County's financial condition or results of operation.

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, 2019, if any, would be reflected in the operating statement in the year that they are calculated.

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 $174,627,324 (gross) for the year ended December 31, 2019. The enabling legislation allowing this additional tax expires November 30, 2020. Legislative approval by both New York State and the County is required for the continuation of this revenue source.

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 $43,641,608 for the year ended December 31, 2019. The enabling legislation allowing this additional tax expires November 30, 2020. Legislative approval by both New York State and the County is required for the continuation of this revenue source.

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 $87,283,215 for the year ended December 31, 2019. The enabling legislation allowing this additional tax expires November 30, 2020. Legislative approval by both New York State and the County is required for the continuation of this revenue source.

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 41% of 2019 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.

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, 2019, ECMCC, a component unit of the County, has recorded $1,418,000 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.

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

18. JOINT VENTURES

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.

During the current year, it was noted that an amount owed to the Capital Acquisition Fund (the Fund) was being reported as a liability, and therefore reduced undistributed net revenue. Since the Fund is a component of the OTB's unrestricted undistributed net revenue, an amount owed back to the Fund represent an internal allocation of unrestricted undistributed net revenue. Accordingly, amounts reported for accrued expenses and undistributed net revenue have been restated in the financial statements for the year ended December 31, 2019 and 2018 now presented, and an adjustment of $3,357,291 has been made to decrease accrued expenses and increase unrestricted undistributed net revenue as of December 31, 2017, to correct the error. There was no impact on change of net position for the year ended December 31, 2019 and 2018.

OTB total undistributed net revenue decreased by $135,962 for the year ended December 31, 2019. The OTB reported net revenue available for distribution to participating municipalities of $3,280,800. Separate financial statements for this joint venture can be obtained from the OTB Comptroller at 8315 Park Road, Batavia, New York, 14020.

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

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

BENLIC is eligible to receive financial assistance from federal and state governmental agencies in the form of grants. BENLIC reported revenues and other support totaling $2,873,873 and expenses totaling $2,100,243 for year ended December 31, 2019. BENLIC reported net assets of $4,310,969 at December 31, 2019, all of which was reported as net assets without donor restrictions.

Separate financial statements for this joint venture can be obtained from the BENLIC Executive Director at 403 Main Street, Buffalo, New York, 14203.

19. RESTATEMENT OF NET POSITION

Erie County Medical Center Corporation ("ECMCC")

During the year ended December 31, 2019, ECMCC implemented GASB Statement No. 83. GASB Statement No. 83, *Certain Asset Retirement Obligations*, establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations ("ARO's"). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. In accordance with this Statement, ECMCC completed an analysis of assets meeting the criteria of an ARO for specific types of medical equipment such as medical imaging equipment (e.g., MRIs, CT scanners, and PET scanners), X-Rays, and ultrasounds as well as computers containing information protected by HIPAA laws, and certain types of laboratory equipment. In addition, the Corporation evaluated the requirement for disposal of underground fuel and lab acid tanks. The Corporation determined, based on industry standards for disposition of similar assets, the total asset retirement obligation totaled $2,185 at December 31, 2019 and is reflected in accrued other liabilities in the statements of net position. The assets have a remaining useful life ranging from 0 to 30 years. This obligation is discounted using a rate of 4.0% and an inflation factor of 3.0% at December 31, 2019. As a result of implementing this Statement, ECMCC was required to retroactively apply the Statement with a restatement of net position, which resulted in a decrease of net position of $24,436.

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 12, 2020, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF ERIE, NEW YORK

Schedule of the County's Proportionate Share of the Net Pension Liability—
Employees' Retirement System—Primary Government
Last Six Fiscal Years*
(dollars in thousands)

	Year Ended December 31,					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Measurement date	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
County's proportion of the net pension liability	1.0962539%	1.0292170%	1.0072770%	0.9999660%	0.9912870%	0.9912870%
County's proportionate share of the net pension liability	$ 74,100	$ 33,217	$ 94,646	$ 160,497	$ 33,488	$ 44,795
County's covered payroll	$ 276,331	$ 259,301	$ 250,626	$ 244,605	$ 228,878	$ 232,489
County's proportionate share of the net pension liability as a percentage of its covered payroll	26.8%	12.8%	37.8%	65.6%	14.6%	19.3%
Plan fiduciary net position as a percentage of the total pension liability	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

*Information prior to the year ended December 31, 2014 is not available.

The notes to the Required Supplementary Information is an integral part of this schedule.

COUNTY OF ERIE, NEW YORK
Schedule of the County's Contributions—
Employees' Retirement System—Primary Government
Last Six Fiscal Years*
(dollars in thousands)

	Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
Contractually required contributions	$ 28,657	$ 33,443	$ 36,452	$ 35,896	$ 35,997	$ 29,608
Contributions in relation to the contractually required contribution	(28,657)	(33,443)	(36,452)	(35,896)	(35,997)	(29,608)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 238,181	$ 233,337	$ 232,041	$ 227,722	$ 224,514	$ 220,536
Contributions as a percentage of covered payroll	12.0%	14.3%	15.7%	15.8%	16.0%	13.4%

*Information prior to the year ended December 31, 2014 is not available.

The notes to the Required Supplementary Information is an integral part of this schedule.

COUNTY OF ERIE, NEW YORK

Schedule of the County's Proportionate Share of the Net Pension Liability/(Asset)—
Teachers' Retirement System—Primary Government
Last Six Fiscal Years*
(dollars in thousands)

	Year Ended August 31,					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
College's proportion of the net pension liability/(asset)	0.099898%	0.093727%	0.097612%	0.095057%	0.092554%	0.095618%
College's proportionate share of the net pension liability/(asset)	$ (2,595)	$ (712)	$ 1,045	$ (9,873)	$ (10,651)	$ (609)
College's covered payroll	$ 16,066	$ 15,317	$ 15,568	$ 14,377	$ 14,243	$ 13,674
College's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(16.2%)	(4.7%)	6.7%	(68.7%)	(74.8%)	(4.5%)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	102.2%	100.7%	99.0%	110.5%	111.5%	100.7%

*Information prior to the year ended December 31, 2014 is not available.

The notes to the Required Supplementary Information is an integral part of this schedule.

COUNTY OF ERIE, NEW YORK

Schedule of the County's Contributions—
Teachers' Retirement System—Primary Government
Last Six Fiscal Years*
(dollars in thousands)

	Year Ended August 31,					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually required contributions	$ 1,705	$ 1,737	$ 1,997	$ 2,503	$ 2,295	$ 1,605
Contributions in relation to the contractually required contribution	(1,705)	(1,737)	(1,997)	(2,503)	(2,295)	(1,605)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 16,354	$ 15,591	$ 14,912	$ 15,544	$ 14,483	$ 14,350
Contributions as a percentage of covered payroll	10.4%	11.1%	13.4%	16.1%	15.8%	11.2%

*Information prior to the year ended December 31, 2014 is not available.

The notes to the Required Supplementary Information is an integral part of this schedule.

COUNTY OF ERIE, NEW YORK
Schedule of Changes in the County's Total OPEB Liability and Related Ratios
Last Two Fiscal Years*
(dollars in thousands)

	Year Ended December 31,	
	2019	2018
Primary Government —Governmental Activities (the "County")		
Total OPEB liability		
Service cost	$ 30,702	$ 25,746
Interest	47,483	48,380
Changes of assumptions or other inputs	(167,270)	116,772
Differences between expected and actual experience	1,799	2,736
Changes in benefit terms	(17,014)	-
Benefit payments	(34,573)	(33,172)
Net changes in total OPEB liability	(138,873)	160,462
Total OPEB liability—beginning	1,421,120	1,260,658
Total OPEB liability—ending	$ 1,282,247	$ 1,421,120
Plan fiduciary net position		
Contributions—employer	$ 34,573	$ 33,172
Benefit payments	(34,573)	(33,172)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position—beginning	-	-
Plan fiduciary net position—ending	$ -	$ -
County's net OPEB liability—ending	$ 1,282,247	$ 1,421,120
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered-employee payroll	$ 238,181	$ 209,308
County's net OPEB liability as a percentage of covered-employee payroll	538.3%	679.0%

(continued)

*Information prior to the year ended December 31, 2018 is not available.

The notes to the required supplementary information are an integral part of this schedule.

COUNTY OF ERIE, NEW YORK
Schedule of Changes in the County's Total OPEB Liability and Related Ratios
Last Two Fiscal Years*
(dollars in thousands)

	Year Ended August 31,	
	2019	2018
Primary Government—Business-type Activities (the "College")		
Total OPEB liability		
Service cost	$ 5,845	$ 4,955
Interest	7,644	7,830
Changes of assumptions or other inputs	(25,585)	17,319
Differences between expected and actual experience	1,732	666
Benefit payments	(6,918)	(5,500)
Net changes in total OPEB liability	(17,282)	25,270
Total OPEB liability—beginning	228,555	203,285
Total OPEB liability—ending	$ 211,273	$ 228,555
Plan fiduciary net position		
Contributions—employer	$ 6,918	$ 5,500
Benefit payments	(6,918)	(5,500)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position—beginning	-	-
Plan fiduciary net position—ending	$ -	$ -
College's net OPEB liability—ending	$ 211,273	$ 228,555
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered-employee payroll	$ 61,609	$ 58,951
College's net OPEB liability as a percentage of covered-employee payroll	342.9%	387.7%

(continued)

*Information prior to the year ended August 31, 2018 is not available.

The notes to the required supplementary information are an integral part of this schedule.

COUNTY OF ERIE, NEW YORK
Schedule of Changes in the County's Total OPEB Liability and Related Ratios
Last Two Fiscal Years*
(dollars in thousands)

(concluded)

	Year Ended December 31, (August 31,)*	
	2019	**2018**
Primary Government—Total		
Total OPEB liability		
Service cost	$ 36,547	$ 30,701
Interest	55,127	56,210
Changes of assumptions or other inputs	(192,855)	134,091
Differences between expected and actual experience	3,531	3,402
Changes in benefit terms	(17,014)	-
Benefit payments	(41,491)	(38,672)
Net changes in total OPEB liability	(156,155)	185,732
Total OPEB liability—beginning	1,649,675	1,463,943
Total OPEB liability—ending	$ 1,493,520	$ 1,649,675
Plan fiduciary net position		
Contributions—employer	$ 41,491	$ 38,672
Benefit payments	(41,491)	(38,672)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position—beginning	-	-
Plan fiduciary net position—ending	$ -	$ -
Primary Government's net OPEB liability—ending	$ 1,493,520	$ 1,649,675
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered-employee payroll	$ 299,790	$ 268,259
Primary Government's net OPEB liability as a percentage of covered-employee payroll	498.2%	615.0%

*Information prior to the year ended December 31, 2018 (August 31, 2018 as to the College) is not available.

The notes to the required supplementary information are an integral part of this schedule.

1. NET PENSION LIABILITY

The schedules of local government's proportionate share of the net pension liability/(asset) and local government's contributions presents trend information of the components of the net pension liability/(asset) and related ratios for each retirement system the County participates in, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the contributions as a percentage of covered-employee payroll.

2. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the discount rate and the medical healthcare cost trend rate. The following summarizes the changes of assumptions for the governmental activities and business-type activities:

The discount rate was 3.71% as of December 31, 2019, as compared to 3.31% as of December 31, 2018. The salary scale assumed to increase at 2.25% per year. The sex-distinct RPH-2014 Mortality Tables, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2018 on a fully generational basis, were used for mortality rates. In order to estimate the change in the cost of healthcare, the valuation assumes healthcare cost trends as follows: pre-65 medical, 7.00%; post-65 medical, 5.00% and prescription, 9.50%. Healthcare trends are reduced by decrements to reach a rate of 3.78% in 2075. An inflation rate of 2.00% was assumed for developing the rate of increase in healthcare costs. Business-type activities utilizes an initial health initial healthcare cost trend rate used is 7.00% while the ultimate healthcare cost trend rate is 3.78%.

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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

Combining statements are presented for the nonmajor governmental funds.

Individual fund statements and schedules present the following:

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

Combining statements are presented for the discretely presented Other Component Units.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

- **Road Fund**

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

- **Sewer Fund**

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

- **Downtown Mall Fund**

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

- **E-911 Fund**

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

- **Emergency Response Fund**

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

- **Grants Fund**

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

- **ETASC General Fund**

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

- **Community Development Fund**

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

DEBT SERVICE FUNDS

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

- **Debt Service Fund**

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

- **ETASC Debt Service Fund**

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

- **ECFSA Debt Service Fund**

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

CAPITAL PROJECTS FUNDS

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

- **General Government Buildings, Equipment and Improvements Fund**

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

- **Highways, Roads, Bridges and Equipment Fund**

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

- **Sewers, Facilities, Equipment and Improvements Fund**

  Used to account for capital projects relating to the construction and acquisition of sewer facilities and equipment by the operating sewer districts.

- **Tobacco Proceeds Fund**

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

- **Special Capital Projects Fund**

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

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COUNTY OF ERIE, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2019
(dollars in thousands)

	Special Revenue								
	Road	Sewer	Downtown Mall	E-911	Emergency Response	Grants	ETASC General	Community Development	Total
ASSETS									
Cash and cash equivalents	$ 4,369	$ 35,662	$ 49	$ 269	$ 401	$ -	$ 80	$ 501	$ 41,331
Investments	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-
Receivables (net of allowance):									
Real property taxes, interest, penalties and liens	-	-	30	-	-	-	-	-	30
Other	59	12	-	109	5	500	-	28,032	28,717
Due from other funds	-	9,660	-	-	-	-	-	-	9,660
Due from component units	4	182	-	-	-	-	-	-	186
Intergovernmental receivables	9,340	75	-	920	521	14,983	-	347	26,186
Prepaid items	-	1,816	-	-	-	-	15	-	1,831
Total assets	$ 13,772	$ 47,407	$ 79	$ 1,298	$ 927	$ 15,483	$ 95	$ 28,880	$ 107,941
LIABILITIES									
Accounts payable	$ 2,010	$ 1,515	$ -	$ 34	$ -	$ 3,781	$ -	$ 1,179	$ 8,519
Accrued liabilities	1,643	1,801	79	654	-	1,486	-	156	5,819
Due to other funds	-	-	-	-	-	8,696	-	-	8,696
Due to other governments	-	-	-	-	48	23	-	-	71
Retained percentages payable	-	22	-	-	-	3	-	-	25
Unearned revenue	-	-	-	-	-	1,494	-	1,010	2,504
Total liabilities	3,653	3,338	79	688	48	15,483	-	2,345	25,634
FUND BALANCES									
Nonspendable	-	1,816	-	-	-	-	15	-	1,831
Restricted	-	-	-	-	-	-	-	26,535	26,535
Assigned	10,119	42,253	-	610	879	-	80	-	53,941
Total fund balances	10,119	44,069	-	610	879	-	95	26,535	82,307
Total liabilities and fund balances	$ 13,772	$ 47,407	$ 79	$ 1,298	$ 927	$ 15,483	$ 95	$ 28,880	$ 107,941

(continued)

COUNTY OF ERIE, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2019
(dollars in thousands)

	Debt Service			
	Debt Service	ETASC Debt Service	ECFSA Debt Service	Total
ASSETS				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Investments	-	19,285	-	19,285
Restricted cash and cash equivalents	-	1,006	35,911	36,917
Receivables (net of allowance):				
Real property taxes, interest, penalties and liens	-	-	-	-
Other	-	-	-	-
Due from other funds	35,739	-	-	35,739
Due from component units	-	-	-	-
Intergovernmental receivables	59	-	-	59
Prepaid items	-	-	-	-
Total assets	$ 35,798	$ 20,291	$ 35,911	$ 92,000
LIABILITIES				
Accounts payable	$ 5	$ -	$ -	$ 5
Accrued liabilities	96	-	15	111
Due to other funds	24,992	-	35,880	60,872
Due to other governments	-	-	-	-
Retained percentages payable	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	25,093	-	35,895	60,988
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	10,705	20,291	-	30,996
Assigned	-	-	16	16
Total fund balances	10,705	20,291	16	31,012
Total liabilities and fund balances	$ 35,798	$ 20,291	$ 35,911	$ 92,000

(continued)

COUNTY OF ERIE, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2019
(dollars in thousands)

(concluded)

	Capital Projects						
	General Government Buildings, Equipment and Improvements	Highways, Roads, Bridges and Equipment	Sewers, Facilities, Equipment and Improvements	Tobacco Proceeds	Special Capital Projects	Total	Total Nonmajor Funds
ASSETS							
Cash and cash equivalents	$ 5,699	$ 6,041	$ 9,403	$ -	$ 146	$ 21,289	$ 62,620
Investments	-	-	-	200	-	200	19,485
Restricted cash and cash equivalents	51,828	40,781	19,130	16	17,221	128,976	165,893
Receivables (net of allowance):							
Real property taxes, interest, penalties and liens	-	-	-	-	-	-	30
Other	1,048	-	-	-	1,328	2,376	31,093
Due from other funds	-	-	-	-	-	-	45,399
Due from component units	-	-	-	-	-	-	186
Intergovernmental receivables	100	2,537	1,529	-	336	4,502	30,747
Prepaid items	-	-	-	-	-	-	1,831
Total assets	$ 58,675	$ 49,359	$ 30,062	$ 216	$ 19,031	$ 157,343	$ 357,284
LIABILITIES							
Accounts payable	$ 4,221	$ 4,478	$ 775	$ -	$ 1,191	$ 10,665	$ 19,189
Accrued liabilities	1,949	605	383	-	416	3,353	9,283
Due to other funds	276	2,767	9,660	-	28	12,731	82,299
Due to other governments	-	-	-	-	-	-	71
Retained percentages payable	401	728	114	-	174	1,417	1,442
Unearned revenue	-	-	-	-	-	-	2,504
Total liabilities	6,847	8,578	10,932	-	1,809	28,166	114,788
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	1,831
Restricted	51,828	40,781	19,130	216	17,222	129,177	186,708
Assigned	-	-	-	-	-	-	53,957
Total fund balances	51,828	40,781	19,130	216	17,222	129,177	242,496
Total liabilities and fund balances	$ 58,675	$ 49,359	$ 30,062	$ 216	$ 19,031	$ 157,343	$ 357,284

COUNTY OF ERIE, NEW YORK

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Governmental Funds
Year Ended December 31, 2019
(dollars in thousands)

	Special Revenue								
	Road	Sewer	Downtown Mall	E-911	Emergency Response	Grants	ETASC General	Community Development	Total
REVENUES									
Real property taxes and tax items	$ -	$ 21,229	$ 1,767	$ -	$ -	$ -	$ -	$ -	$ 22,996
Sales and use taxes	-	-	-	4,141	-	-	-	-	4,141
Transfer and other taxes	15,337	-	-	-	-	-	-	-	15,337
Intergovernmental	12,003	-	-	20	-	35,223	-	4,202	51,448
Interfund revenues	-	-	-	-	-	-	-	200	200
Departmental	152	31,085	-	-	-	453	-	615	32,305
Interest	-	183	-	-	-	-	-	-	183
Miscellaneous	-	786	-	-	-	876	-	-	1,662
Total revenues	27,492	53,283	1,767	4,161	-	36,552	-	5,017	128,272
EXPENDITURES									
Current:									
General government support	-	-	1,767	-	-	7,889	97	-	9,753
Public safety	-	-	-	6,564	-	8,441	-	-	15,005
Health	-	-	-	1,344	-	8,672	-	-	10,016
Transportation	32,517	-	-	-	45	-	-	-	32,562
Economic assistance and opportunity	-	-	-	-	-	15,754	-	222	15,976
Culture and recreation	-	-	-	-	-	4	-	-	4
Home and community services	-	40,618	-	-	-	1,428	-	4,517	46,563
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	32,517	40,618	1,767	7,908	45	42,188	97	4,739	129,879
Excess (deficiency) of revenues over (under) expenditures	(5,025)	12,665	-	(3,747)	(45)	(5,636)	(97)	278	(1,607)
OTHER FINANCING SOURCES (USES)									
Issuance of general obligation debt	-	-	-	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-	-	-	-
Transfers in	19,171	60	-	3,819	-	5,636	-	138	28,824
Transfers out	(12,206)	(10,589)	-	-	-	-	-	-	(22,795)
Total other financing sources and (uses)	6,965	(10,529)	-	3,819	-	5,636	-	138	6,029
Net change in fund balances	1,940	2,136	-	72	(45)	-	(97)	416	4,422
Fund balances—beginning	8,179	41,933	-	538	924	-	192	26,119	77,885
Fund balances—ending	$ 10,119	$ 44,069	$ -	$ 610	$ 879	$ -	$ 95	$ 26,535	$ 82,307

(continued)

COUNTY OF ERIE, NEW YORK

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Governmental Funds
Year Ended December 31, 2019
(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 and other taxes	-	-	-	-
Intergovernmental	220	13,518	-	13,738
Departmental	-	-	-	-
Interest	4,316	617	68	5,001
Miscellaneous	5,133	-	-	5,133
Total revenues	9,669	14,135	68	23,872
EXPENDITURES				
Current:				
General government support	235	-	-	235
Public safety	-	-	-	-
Health	-	-	-	-
Transportation	-	-	-	-
Economic assistance and opportunity	-	-	-	-
Culture and recreation	-	-	-	-
Home and community services	-	-	-	-
Debt service:				
Principal retirement	15,895	2,380	40,005	58,280
Interest and fiscal charges	9,279	11,649	15,698	36,626
Capital outlay	-	-	-	-
Total expenditures	25,409	14,029	55,703	95,141
Excess (deficiency) of revenues over (under) expenditures	(15,740)	106	(55,635)	(71,269)
OTHER FINANCING SOURCES (USES)				
Issuance of general obligation debt	-	-	-	-
Premium on bond issuance	275	-	-	275
Transfers in	65,983	-	55,561	121,544
Transfers out	(55,561)	-	-	(55,561)
Total other financing sources and (uses)	10,697	-	55,561	66,258
Net change in fund balances	(5,043)	106	(74)	(5,011)
Fund balances—beginning	15,748	20,185	90	36,023
Fund balances—ending	$ 10,705	$ 20,291	$ 16	$ 31,012

(continued)

COUNTY OF ERIE, NEW YORK

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Governmental Funds
Year Ended December 31, 2019
(dollars in thousands)

(concluded)

	Capital Projects						
	General Government Buildings, Equipment and Improvements	Highways, Roads, Bridges and Equipment	Sewers, Facilities, Equipment and Improvements	Tobacco Proceeds	Special Capital Projects	Total	Total Nonmajor Funds
REVENUES							
Real property taxes and tax items	$ -	$ -	$ -	$ -	$ -	$ -	$ 22,996
Sales and use taxes	-	-	-	-	-	-	4,141
Transfer taxes	-	-	-	-	-	-	15,337
Intergovernmental	4,224	7,728	-	-	2,035	13,987	79,173
Interfund revenues	41	-	-	-	-	41	241
Departmental	8	40	124	-	-	172	32,477
Interest	-	-	141	-	-	141	5,325
Miscellaneous	113	-	6	-	-	119	6,914
Total revenues	4,386	7,768	271	-	2,035	14,460	166,604
EXPENDITURES							
Current:							
General government support	-	-	-	-	-	-	9,988
Public safety	-	-	-	-	-	-	15,005
Health	-	-	-	-	-	-	10,016
Transportation	-	-	-	-	-	-	32,562
Economic assistance and opportunity	-	-	-	-	-	-	15,976
Culture and recreation	-	-	-	-	-	-	4
Home and community services	-	-	-	-	-	-	46,563
Debt service:							
Principal retirement	-	-	-	-	-	-	58,280
Interest and fiscal charges	-	-	-	-	-	-	36,626
Capital outlay	19,853	39,243	3,591	-	4,336	67,023	67,023
Total expenditures	19,853	39,243	3,591	-	4,336	67,023	292,043
Excess (deficiency) of revenues over (under) expenditures	(15,467)	(31,475)	(3,320)	-	(2,301)	(52,563)	(125,439)
OTHER FINANCING SOURCES (USES)							
Issuance of general obligation debt	18,938	16,984	2,335	-	4,733	42,990	42,990
Premium on bond issuance	4,032	3,616	518	-	1,007	9,173	9,448
Transfers in	1,515	12,131	6,054	-	(49)	19,651	170,019
Transfers out	(191)	(274)	(1,551)	-	(1,440)	(3,456)	(81,812)
Total other financing sources and (uses)	24,294	32,457	7,356	-	4,251	68,358	140,645
Net change in fund balances	8,827	982	4,036	-	1,950	15,795	15,206
Fund balances—beginning	43,001	39,799	15,094	216	15,272	113,382	227,290
Fund balances—ending	$ 51,828	$ 40,781	$ 19,130	$ 216	$ 17,222	$ 129,177	$ 242,496

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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.

COUNTY OF ERIE, NEW YORK
Statement of Changes in Assets and Liabilities—
Agency Fund
Year Ended December 31, 2019
(dollars in thousands)

	Balance 1/1/2019	Additions	Deductions	Balance 12/31/2019
ASSETS				
Restricted cash and cash equivalents	$ 44,109	$ 377,935	$ 374,343	$ 47,701
Receivables	164	5,580	5,266	478
Bonds and securities held in custody	20	-	-	20
Total assets	$ 44,293	$ 383,515	$ 379,609	$ 48,199
LIABILITIES				
Amounts held in custody for others:				
Court funds	$ 21,952	$ 9,098	$ 7,933	$ 23,117
Mortgage tax	3,297	22,134	21,125	4,306
Social services	6,626	110,207	109,293	7,540
Bail and bid deposits	679	1,200	1,027	852
Payroll taxes and withholdings	1,632	207,630	208,280	982
Miscellaneous - other	10,107	22,402	21,107	11,402
Total liabilities	$ 44,293	$ 372,671	$ 368,765	$ 48,199

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OTHER COMPONENT UNITS

Other Component Units of Erie County include:

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

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COUNTY OF ERIE, NEW YORK
Combining Balance Sheet—
Other Component Units
December 31, 2019
(dollars in thousands)

	Other Component Units		
	College Foundation (August 31, 2019)	Auxiliary Services Corporation (August 31, 2019)	Total Other Component Units
ASSETS			
Current assets:			
Cash and cash equivalents	$ 335	$ 395	$ 730
Investments	4,915	702	5,617
Other receivables	242	320	562
Inventories	-	27	27
Prepaid items	-	21	21
Total current assets	5,492	1,465	6,957
Noncurrent assets:			
Capital assets	-	1,029	1,029
Less: accumulated depreciation	-	(667)	(667)
Net assets held on behalf of others	-	316	316
Total noncurrent assets	-	678	678
Total assets	5,492	2,143	7,635
LIABILITIES			
Current liabilities:			
Accounts payable	4	62	66
Accrued liabilities	-	69	69
Unearned revenue	-	6	6
Total current liabilities	4	137	141
Noncurrent liabilities:			
Net assets held on behalf of others	-	316	316
Total noncurrent liabilities	-	316	316
Total liabilities	4	453	457
NET POSITION			
With donor restrictions	3,520	9	3,529
Without donor restrictions	1,968	1,681	3,649
Total net position	$ 5,488	$ 1,690	$ 7,178

COUNTY OF ERIE, NEW YORK

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—
Other Component Units
Year Ended December 31, 2019
(dollars in thousands)

	Other Component Units		
	College Foundation (August 31, 2019)	Auxiliary Services Corporation (August 31, 2019)	Total Other Component Units
OPERATING REVENUES			
Other sources	$ 122	$ 254	$ 376
Contributions	696	-	696
Support from Erie Community College	184	-	184
Food service revenue, net	-	372	372
Bookstore revenue	-	466	466
Childcare service revenue	-	748	748
Total operating revenues	1,002	1,840	2,842
OPERATING EXPENSES			
Scholarships	256	-	256
Supplies, services and general	490	490	980
Depreciation	-	48	48
Food service	-	604	604
Childcare service	-	813	813
Total operating expenses	746	1,955	2,701
Operating income (loss)	256	(115)	141
NONOPERATING REVENUES (EXPENSES)			
Income from investments, net	-	8	8
Miscellaneous revenue	-	78	78
Program expenses	-	(157)	(157)
Total nonoperating revenues (expenses)	-	(71)	(71)
Change in net position	256	(186)	70
Net position—beginning	5,232	1,876	7,108
Net position—ending	$ 5,488	$ 1,690	$ 7,178

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, 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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 12, 2020. Our report includes a reference to other auditors who audited the financial statements of the Erie County Fiscal Stability Authority ("ECFSA"), Buffalo and Erie County Industrial Land Development Corporation ("ILDC"), Erie County Medical Center Corporation ("ECMCC"), and the Erie Community College Foundation, Inc. ("Foundation"), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Erie Community College Foundation, Inc. and the Auxiliary Services Corporation of the Erie Community College, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

June 12, 2020