

**COUNTY OF ERIE  
NEW YORK**

**Comprehensive Annual Financial Report**



**For the Year Ended December 31, 2018**

**STEFAN I. MYCHAJLIW**

**Erie County Comptroller**

**COUNTY OF ERIE, NEW YORK**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Year Ended  
December 31, 2018**

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



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## **INTRODUCTORY SECTION**

This section contains the following:

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





ERIE COUNTY COMPTROLLER  
HON. STEFAN I. MYCHAJLIW

May 31, 2019

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

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

Dear Honorable Members and County Executive Poloncarz:

The Comprehensive Annual Financial Report ("CAFR") of the County of Erie, New York (the "County"), for the fiscal year ended December 31, 2018 is submitted in accordance with the requirements of Section 1202 (i) of the Erie County Charter.

**INTRODUCTION**

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

The certified public accounting firm Drescher & Malecki LLP, the County's independent external auditor, has issued an unmodified ("clean") opinion on the County's financial statements for the year ended December 31, 2018. The independent auditors' report is located at the front of the financial section of this report.



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

## **PROFILE OF THE GOVERNMENT**

### **Basic Information**

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

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

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

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

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

### **Component Units**

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

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

### Erie County Fiscal Stability Authority

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

## **ECONOMIC CONDITION AND OUTLOOK**

### Local Economy

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

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

In recent years Buffalo and Erie County has seen a significant influx of private investment, not the least of which is showcased by the brand new Explore & More The Ralph C. Wilson Children’s Museum. This brand new facility built at Canal Side is designed to provide ground breaking play experiences for children and families of the Greater Buffalo Community. Situated in Canal Side next to the Erie County Naval and Military Park, it offers an incredible family friendly experience centered on the Buffalo and Erie County Community. (Source: <https://exploreandmore.org/>)

Over the past few years, the Erie County Industrial Development Agency’s (ECIDA) Adaptive Reuse program has been leverage public funds in conjunction with private investment to create 1,800 permanent new jobs have been produced and more than four million square feet of vacant derelict properties in the City of Buffalo has been redeveloped. (Source: <https://www.thepartnership.org/>)

Western New York was awarded \$66 million in state economic development funding through the State's Regional Economic Development Council (REDC) in December of 2018. The funds will be directed for everything from municipal sewer upgrades to workforce training, capital projects at non-profits, and private companies. Included in these awards of funding are Haupton-Woodward Medical Research institute who will receive \$1.2M for a biomedical R&D Center and Rosina Food Product Inc. will received \$2M towards their \$32M protein operation expansion. Additionally cultural and non-profits awards went to the Buffalo and Erie County Botanical Gardens for expansion, the Buffalo and Erie County Industrial Land Development Corp. for a flex manufacturing space, and Shea's O'Connell Preservation Guild to add a tower and elevator to Shea's Performing Arts Center. (Source Buffalo Business First December 18, 2018)

## **OTHER RELEVANT INFORMATION**

### **Relevant Financial Policies**

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

### **Monthly Accrual/Monitoring System**

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

### **Independent Audit**

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

### **Erie County's 2019 Budget**

Under the Charter, the County Executive is required to submit the tentative annual budget to the County Legislature by October 15<sup>th</sup>. On October 15, 2018, the County Executive presented his 2019 Tentative Budget to the Legislature for review and action. On December 6, 2018, the County Legislature adopted the 2019 Amended Budget.

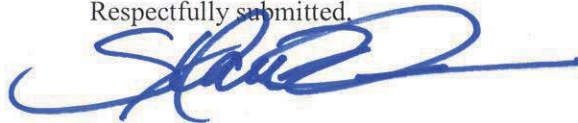
## AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the fiscal year ended December 31, 2017. This was the thirteenth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. We believe the County's CAFR for fiscal year 2018 continues to meet the Certificate of Achievement Program's requirements and we will submit the document to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efforts of the Comptroller's Office's Accounting Division staff, other cooperating County departments, and Drescher & Malecki LLP. Furthermore, I extend my appreciation to everyone who assisted and contributed to the preparation of the County's CAFR for fiscal year 2018.

Respectfully submitted,



Stefan I. Mychajliw  
Erie County Comptroller

SIM/kt



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**County of Erie**  
**New York**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

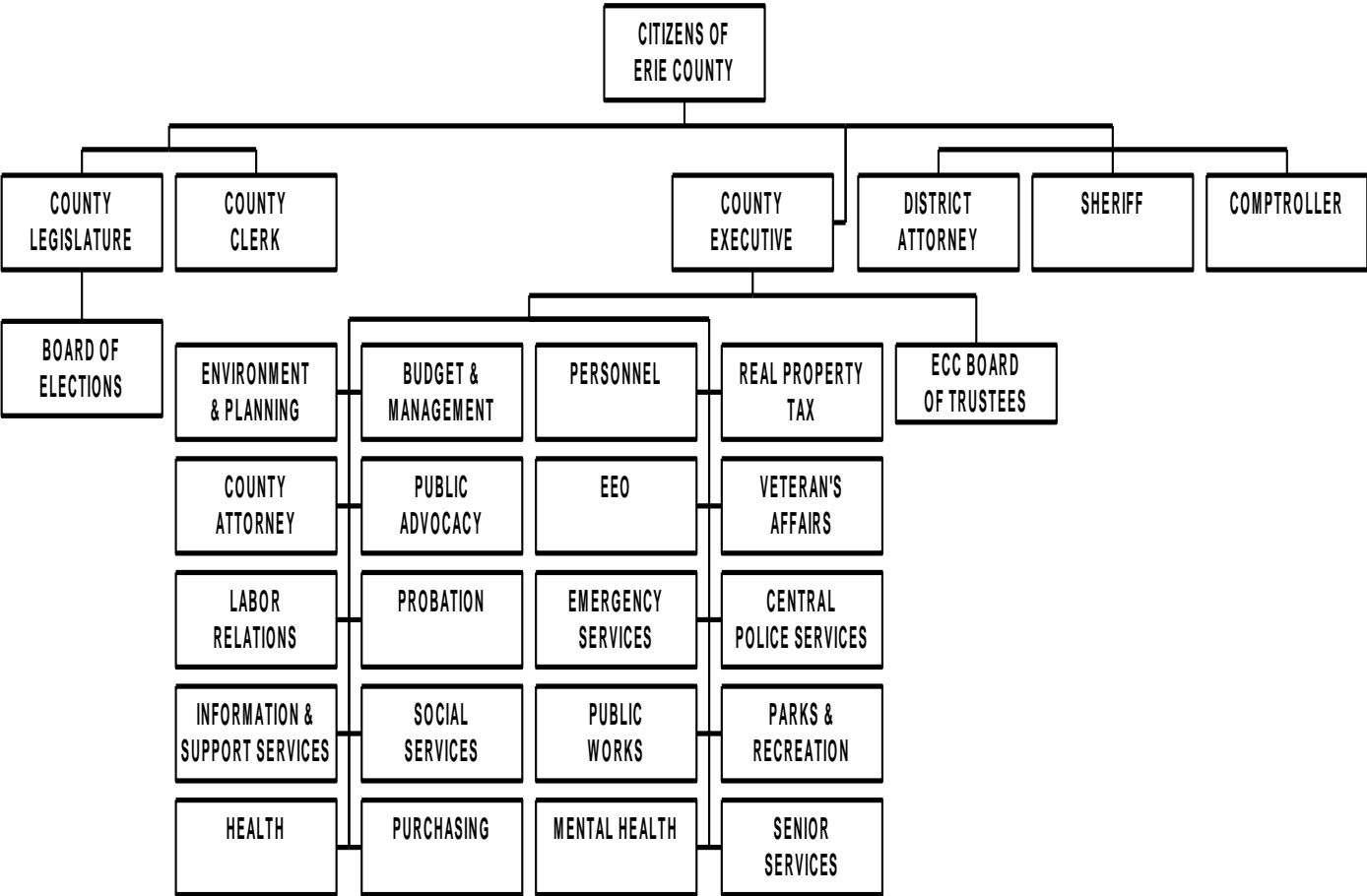
**December 31, 2017**

*Christopher P. Morrill*

Executive Director/CEO

# COUNTY OF ERIE, NEW YORK ORGANIZATIONAL CHART

December 31, 2018



**COUNTY OF ERIE, NEW YORK**  
**SUMMARY OF ELECTED OFFICIALS**  
**December 31, 2018**

**COUNTY CLERK**

Michael P. Kearns

**COUNTY  
EXECUTIVE**

Mark C. Poloncarz

**DISTRICT  
ATTORNEY**

John J. Flynn

**SHERIFF**

Timothy B. Howard

**COUNTY  
COMPTROLLER**

Stefan I. Mychajliw

**ERIE COUNTY LEGISLATORS**

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

## **FINANCIAL SECTION**

This section contains the following:

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





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*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2018 (with the Erie Community College for the year ended August 31, 2018), and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Erie County Fiscal Stability Authority ("ECFSA"), which represent 5.6% and 3.8% 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 represents 8.5% and 2.7% 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 66.5% and 35.1% 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note XIII and Note XIX to the financial statements, during the year ended December 31, 2018, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

### ***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 Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

The Introductory Section and Statistical Section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Drescher & Malecki LLP*  
May 31, 2019



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Year Ended December 31, 2018

*(unaudited)*

This section of the County of Erie, New York's (the "County") comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended December 31, 2018, and incorporates financial information from the year ended December 31, 2017 for comparative analysis purposes. Please read it in conjunction with the County's basic financial statements following this section. For comparative purposes, certain items from the prior year have been reclassified to conform with 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 2018 fiscal year by \$1,034,860. This consists of \$82,230 restricted for specific purposes (restricted net position), \$486,806 net investment in capital assets and unrestricted net position of \$(1,603,896) at December 31, 2018.
- As a result of current year activity, the primary government's total net position decreased by \$12,921. Governmental activities decreased the County's net position by \$1,406 and business-type activities increased the County's net position by \$11,515.
- As of December 31, 2018, the County's governmental funds reported combined fund balances of \$392,750, an increase of \$34,666 in comparison to the prior year. Approximately 26.0% of the total combined governmental funds fund balance, \$102,090 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 \$102,490, or 62.2%, of the total General Fund fund balance of \$164,884. Nonspendable, restricted and assigned General Fund fund balance totaled \$62,394 at December 31, 2018.
- The total bonded debt of the primary government decreased by \$13,841, or 1.4%, during the 2018 fiscal year.

### 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 is considered to be a major proprietary fund of the County.

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

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

**Required Supplementary Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County’s 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.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the County’s primary government, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1,034,860 at the close of the most recent fiscal year.

**Summary Statement of Net Position as of December 31, 2018 and 2017**

	PRIMARY GOVERNMENT					
	Governmental Activities		Business-type Activities		Total	
	2018	2017 (as restated)	2018	2017 (as restated)	2018	2017 (as restated)
Current and other assets . . . . .	\$ 831,068	\$ 842,216	\$ 45,517	\$ 44,454	\$ 876,585	\$ 886,670
Noncurrent and capital assets . . . . .	829,906	845,998	39,597	44,070	869,503	890,068
Total assets . . . . .	<u>1,660,974</u>	<u>1,688,214</u>	<u>85,114</u>	<u>88,524</u>	<u>1,746,088</u>	<u>1,776,738</u>
Total deferred outflows of resources . . . . .	260,649	104,297	36,810	15,862	297,459	120,159
Current and other liabilities . . . . .	220,963	264,485	17,990	17,172	238,953	281,657
Long-term liabilities . . . . .	2,487,385	2,396,961	239,256	220,585	2,726,641	1,694,960
Total liabilities . . . . .	<u>2,708,348</u>	<u>2,661,446</u>	<u>257,246</u>	<u>237,757</u>	<u>2,965,594</u>	<u>1,976,617</u>
Total deferred inflows of resources . . . . .	101,070	17,454	11,743	2,179	112,813	19,633
Net position:						
Net investment in capital assets . . . . .	454,464	451,024	32,342	37,520	486,806	488,544
Restricted . . . . .	82,025	84,055	205	208	82,230	84,263
Unrestricted . . . . .	(1,424,284)	(1,421,468)	(179,612)	(173,278)	(1,603,896)	(672,160)
<b>Total net position . . . . .</b>	<b><u>\$ (887,795)</u></b>	<b><u>\$ (886,389)</u></b>	<b><u>\$ (147,065)</u></b>	<b><u>\$ (135,550)</u></b>	<b><u>\$ (1,034,860)</u></b>	<b><u>\$ (1,021,939)</u></b>

A significant portion of the County’s primary government net position at December 31, 2018, \$486,806, 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, \$82,230, 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, \$(1,603,896), 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, (\$343,419), issued to be paid back with future tobacco proceeds which are anticipated to be received annually over the next forty-one (41) years, and (2) the long-term liability associated with other post-employment benefits (“OPEB”) (\$1,649,676), 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 \$(1,424,284) and \$(179,612), respectively, at December 31, 2018.

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, 2018 and 2017**

	PRIMARY GOVERNMENT					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 91,419	\$ 95,229	\$ 56,099	\$ 52,807	\$ 147,518	\$ 148,036
Operating grants and contributions	399,656	396,823	7,563	15,457	407,219	412,280
Capital grants and contributions	14,600	23,807	-	-	14,600	23,807
General revenues:						
Property taxes	299,933	290,884	-	-	299,933	290,884
Sales and use taxes	813,134	779,855	-	-	813,134	779,855
Transfer and other taxes	15,059	13,167	-	-	15,059	13,167
Federal, state and local appropriations	-	-	65,404	65,797	65,404	65,797
Unrestricted interest earnings	2,223	1,373	160	71	2,383	1,444
Miscellaneous and other	7,474	27,799	-	-	7,474	27,799
<b>Total revenues</b>	<b>1,643,498</b>	<b>1,628,937</b>	<b>129,226</b>	<b>134,132</b>	<b>1,772,724</b>	<b>1,763,069</b>
<b>Expenses:</b>						
General government	461,861	444,172	-	-	461,861	444,172
Public safety	176,129	179,735	-	-	176,129	179,735
Health	92,076	97,574	-	-	92,076	97,574
Transportation	92,075	101,601	-	-	92,075	101,601
Economic assistance and opportunity	612,324	629,158	-	-	612,324	629,158
Culture and recreation	24,907	22,674	-	-	24,907	22,674
Education	70,572	69,060	-	-	70,572	69,060
Home and community service	60,981	62,452	-	-	60,981	62,452
Interest and fiscal charges	35,425	33,870	-	-	35,425	33,870
College	-	-	140,049	134,468	140,049	134,468
ILDC	-	-	274	524	274	524
Purchase and resale of utilities	-	-	18,972	16,114	18,972	16,114
<b>Total expenses</b>	<b>1,626,350</b>	<b>1,640,296</b>	<b>159,295</b>	<b>151,106</b>	<b>1,785,645</b>	<b>1,791,402</b>
Excess (deficiency) before transfers	17,148	(11,359)	(30,069)	(16,974)	(12,921)	(28,333)
Transfers	(18,554)	(18,054)	18,554	18,054	-	-
<b>Change in net position</b>	<b>(1,406)</b>	<b>(29,413)</b>	<b>(11,515)</b>	<b>1,080</b>	<b>(12,921)</b>	<b>(28,333)</b>
<b>Net position - beginning of year</b>	<b>(886,389)</b>	<b>(54,062)</b>	<b>(135,550)</b>	<b>(16,958)</b>	<b>(1,021,939)</b>	<b>(71,020)</b>
<b>Restatement</b>	<b>-</b>	<b>(802,914)</b>	<b>-</b>	<b>(119,672)</b>	<b>-</b>	<b>(922,586)</b>
<b>Net position - ending</b>	<b>\$ (887,795)</b>	<b>\$ (886,389)</b>	<b>\$ (147,065)</b>	<b>\$ (135,550)</b>	<b>\$ (1,034,860)</b>	<b>\$ (1,021,939)</b>

## Governmental Activities

During the year ended December 31, 2018, governmental activities decreased the County's net position by \$1,406. Revenues increased by \$14,561 (0.9%) while expenses decreased by \$13,946 (0.9%) from 2017 to 2018. Key elements of these changes are as follows:

- Capital grants and contributions decreased \$9,207 (38.7%) during the year mainly as a result of state and federal aid decreases for various College (\$4,554) and road and bridge (\$5,338) projects.
- The \$33,279 (4.3%) increase in the sales and use taxes category was primarily the result of modest growth in taxable sales.
- Miscellaneous and other revenues decreased \$20,204 (72.7%) which was mainly due to decreases in local source revenue received from ECMC (\$17,033) and unanticipated prior year revenue (\$2,108), which were not received in the current year.
- General government expenses increased by \$17,689 (4.0%) primarily due to an increase in the distribution of sales tax to other municipalities (\$13,304).
- Economic assistance and opportunity expenses decreased \$16,834 (2.7%) primarily due to decreases in emergency aid for adults (\$15,753).

## Business-type Activities

Business-type activities decreased the County's net position by \$11,515 in the 2018 fiscal year compared to an increase of \$1,080 in 2017. The College generated a decrease in net position of \$11,146 and a decrease of \$5,363 for the years ended August 31, 2018 and 2017, respectively. The College's operating loss at August 31, 2018 was more than the operating loss at August 31, 2017 by \$1,056, as operating revenues generated increased \$493 and operating expenses increased \$1,549. Revenues generated during the fiscal year ended August 31, 2018 increased due to additional rental of real property income and administrative overhead fees associated with a new contract. The increase in expenses is primarily attributable to the current year operating activity, which includes the opening of a new educational facility and purchase and implementation of a new enterprise resource planning software. The County sponsorship share of support to the College for the College's fiscal year ended August 31, 2018 was \$18,554, and is reported as a 2018 operating transfer to the College from the County's General (\$16,754) and Special Capital (\$1,800) Funds. The ILDC generated a decrease in net position of \$70 and an increase of \$6,480 for the years ended December 31, 2018 and 2017, 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, 2018, the County's governmental funds reported combined fund balances of \$392,750, which is an increase of \$34,666 in comparison with the prior year.

*Nonspendable fund balance* totaling \$11,777 consists of prepaid items. Nonspendable amounts represent net current financial resources that are either not in spendable form or legally or contractually required to be maintained intact.

*Restricted fund balance* in the amount of \$175,684 is constrained to specific purposes and consists of \$160 for education, advocacy and increased public awareness of handicapped parking laws, \$26,119 for community development loans, \$36,023 for the future repayment of bonded debt service and \$113,382 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, 2018 include \$13,985 to meet expenditure requirements in the 2019 fiscal year, \$1,500 for future settlements of various claims and litigation, \$47,222 for approved supplemental appropriations in the 2019 fiscal year, \$8,663 to fund year-end encumbrances, \$2,509 to cover the cost of road repairs, and \$29,320 that represents the positive residual balances of the County's Special Revenue Funds.

Approximately 26.0% of the County's total fund balances consists of *unassigned fund balance* (\$102,090). Deficit unassigned fund balance amounts in the Grants and the Community Development Special Revenue Funds amounting to \$400 are caused by nonspendable fund balance amounts recorded for prepaid items.

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

- **General Fund** – The General Fund is the chief operating fund of the County. At December 31, 2018, unassigned fund balance of the General Fund was \$102,490, while total fund balance was \$164,884. 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 7.6% of total expenditures (excluding other financing uses), while total fund balance represents 12.2% of that same amount. Fund balance in the County's General Fund increased by \$26,108 during the 2018 fiscal year compared to during the 2017 fiscal year, when the General Fund experienced an increase of \$18,664.
- **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 \$576, an increase of \$156 from the 2017 amount, and is classified as nonspendable for prepaid items (\$9) and assigned fund balance (\$567) in the County's fund financial statements.
- **Road Special Revenue Fund** – Ending fund balance increased by \$5,012 compared to a \$2,166 decrease during 2017. Total expenditures increased by \$807. Total revenues increased by \$5,450 which is primarily due to an increase in consolidated highway aid (\$3,250) and transfer taxes collected from real property tax sales (\$1,805). Net transfers also increased by \$2,535.
- **Sewer Special Revenue Fund** – Total fund balance at the end of the current fiscal year was \$41,933, an increase of \$1,126 from the 2017 amount. Revenues increased by \$1,198 primarily from an increase in user charges (\$4,253) offset by a decrease from real property taxes (\$3,376).
- **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 2018 fiscal year, the total fund balances restricted for future capital projects amounted to \$113,382, of which \$23,623 was encumbered for contracted projects underway.

During 2018, the County's capital outlay increased in the General Government Buildings, Equipment and Improvements Fund (\$12,609), the Highways, Roads, Bridges and Equipment Fund (\$380) and the Sewers, Facilities, Equipment and Improvements Fund (\$80), and decreased in the Special Capital Projects Fund (\$18,296).

**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 \$(187,239) at August 31, 2018, while ILDC and the Utilities Aggregation Fund had unrestricted net position of \$6,458 and \$1,169, respectively, at December 31, 2018.

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, 2018 and 2017**

	Major Fund		Major Fund		Nonmajor Fund		Total	
	College		ILDC		Utilities			
	(August 31,)				Aggregation			
	2018	2017	2018	2017	2018	2017	2018	2017
				(as restated)				(as restated)
Operating revenues . . . . .	\$ 44,785	\$ 44,292	\$ 84	\$ 484	\$ 18,673	\$ 16,077	\$ 63,542	\$ 60,853
Operating expenses . . . . .	135,954	134,406	274	524	18,972	16,114	155,200	151,044
Operating (loss) income . . . .	(91,169)	(90,114)	(190)	(40)	(299)	(37)	(91,658)	(90,191)
Non-operating revenues, net .	61,469	66,697	120	6,520	-	-	61,589	73,217
Net (loss) income before								
contributions and transfers .	(29,700)	(23,417)	(70)	6,480	(299)	(37)	(30,069)	(16,974)
Transfers . . . . .	18,554	18,054	-	-	-	-	18,554	18,054
<b>Change in net position</b>	<b>\$ (11,146)</b>	<b>\$ (5,363)</b>	<b>\$ (70)</b>	<b>\$ 6,480</b>	<b>\$ (299)</b>	<b>\$ (37)</b>	<b>\$ (11,515)</b>	<b>\$ 1,080</b>

The net loss before contributions and transfers of enterprise funds during 2018 of \$30,069 is comprised of a net loss of \$29,700 for the College, \$70 for ILDC and \$299 for the Utilities Aggregation Fund.

The College reported a total deficit net position of \$154,897 at August 31, 2018. The College’s net position has decreased significantly as a result of the adoption of Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The ILDC reported net position of \$6,663, while the Utilities Aggregation Fund reported net position of \$1,169 at December 31, 2018.

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 2018 fiscal year there was a \$427,739 decrease in total budgeted revenues between the original and final budget. The main component of the net decrease is the reclassification of \$459,138 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 (\$9,121) for mental health (\$3,375) and social services (\$3,445).

The budget for other financing sources was increased during the year by \$458,898, primarily for the sales and use taxes reclassification referred to in the previous paragraph.

Budgeted appropriations and other financing uses increased by \$51,271. Budgeted expenditures increased in general government support (\$14,240), primarily for sales tax (\$8,677), claims and judgments (\$1,500), for a foreclosure sale (\$1,348) and payroll expenses (\$1,583); health (\$5,732), primarily for medical supplies (\$210) and for various mental health programs (\$4,373); and, economic assistance (\$15,675), primarily due to an increase in DSH Expense (\$12,780).

For the year, actual revenues fell short of budget by \$22,004. This was mainly due to negative budgetary variances in the intergovernmental category of \$25,060, mainly due to lower than expected claims for various social services programs (\$24,433) and facility incentive aid (\$667). Miscellaneous revenues exceeded budget by \$2,067 primarily as a result of unanticipated prior year revenue (\$227), various refunds of prior year expenditures for various social services programs (\$742) and a higher than anticipated premium on the issuance of a revenue anticipation note (\$745).

Actual expenditures were less than budget by \$75,968 primarily due to savings in various categories as follows: general government support (\$6,242), mainly due to less than anticipated payroll costs (\$931) and fringe benefits (\$1,143) in various departments, lower than expected spending for utilities (\$444) and maintenance contracts (\$294), and savings in various department's professional service contracts and fees accounts (\$333); public safety (\$13,972), mostly for fringe benefits (\$5,079) and professional service contracts and fees (\$3,292) in various departments, and interdepartmental billings from other functions (\$1,183); economic assistance and opportunity (\$49,169), primarily related to a savings in DSH Expense (\$33,642), DSS child care (\$1,906) and family assistance (\$9,742); and culture & recreation (\$7,736), mainly for the cultural resources advisory board (\$7,503).

The County experienced a positive variance in other financing uses (\$1,400), as transfers to the Capital (\$356), Grant (\$393) and Debt Service funds were less than anticipated.

The total budget to budgetary actual variance for the year amounted to a positive \$55,369.

## 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, 2018, amounted to \$862,248 (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 2.4%.

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 \$16,300 and \$8,535 respectively. Construction in progress increased by \$13,066.

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

#### Summary of Capital Assets at December 31, 2018 and 2017 (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land .....	\$ 34,945	\$ 34,864	\$ -	\$ -	\$ 34,945	\$ 34,864
Construction in progress .....	89,553	76,487	365	1,431	89,918	77,918
Buildings and improvements .....	254,206	257,288	26,422	29,785	280,628	287,073
Sewer and transportation networks .....	426,317	450,671	-	-	426,317	450,671
Improvements other than buildings .....	14,503	14,453	21	24	14,524	14,477
Machinery and equipment .....	10,382	12,235	4,446	5,183	14,828	17,418
Library collections .....	-	-	1,088	1,097	1,088	1,097
<b>Total .....</b>	<b>\$ 829,906</b>	<b>\$ 845,998</b>	<b>\$ 32,342</b>	<b>\$ 37,520</b>	<b>\$ 862,248</b>	<b>\$ 883,518</b>

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

### Debt Administration

At December 31, 2018, the primary government had total bonded debt outstanding of \$950,290, as compared to \$964,131 in the prior year. During the year, payments and other reductions of bonded debt amounted to \$69,527, while additions and accretions amounted to \$55,686. 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, 2018 and 2017**

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
Erie County bonds . . . . .	\$ 396,452	\$ 407,789
Less: ECFSA mirror bonds . . . . .	(190,070)	(230,930)
<b>Net Erie County bonds . . . . .</b>	<b>206,382</b>	<b>176,859</b>
ECFSA bonds . . . . .	339,965	383,830
ETASC tobacco settlement bonds . . . . .	354,118	349,447
Unamortized bond discounts - ETASC . . . . .	(10,699)	(10,798)
Unamortized bond premiums . . . . .	60,524	64,793
<b>Total primary government long-term bonded debt outstanding . . . . .</b>	<b>\$ 950,290</b>	<b>\$ 964,131</b>

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 \$3,276,856, which is only 10.73% exhausted by the County's outstanding general obligation debt of \$393,960 (which includes a \$72,725 bond guaranty to ECMCC).

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

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

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Erie County Office of the Comptroller, 95 Franklin Street, Room 1100, Buffalo, New York 14202.



## **BASIC FINANCIAL STATEMENTS**

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



## Statement of Net Position

December 31, 2018

(dollars in thousands)

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 83,353	\$ 39,004	\$ 122,357
Investments	19,574	-	19,574
Restricted cash and cash equivalents	148,692	-	148,692
Restricted Investments	4,214	-	4,214
Receivables (net of allowances)	371,694	6,294	377,988
Due from primary government	-	-	-
Due from component unit	176,089	14,489	190,578
Internal balances	15,675	(14,592)	1,083
Inventories	-	-	-
Prepaid items	11,777	322	12,099
Noncurrent net pension asset	-	712	712
Noncurrent other assets	-	12	12
Land held for sale	-	6,531	6,531
Capital assets:			
Land, rare books and construction in progress	124,498	365	124,863
Other capital assets, net of depreciation	705,408	31,977	737,385
<b>Total assets</b>	<b>1,660,974</b>	<b>85,114</b>	<b>1,746,088</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred charge on refunding	18,186	-	18,186
Deferred outflows relating to pensions	101,719	17,959	119,678
Deferred outflows relating to OPEB	133,179	18,851	152,030
Deferred outflow on forward purchase agreement swap	7,565	-	7,565
Other	-	-	-
<b>Total deferred outflows of resources</b>	<b>260,649</b>	<b>36,810</b>	<b>297,459</b>
<b>LIABILITIES:</b>			
Accounts payable	53,545	4,293	57,838
Accrued liabilities	61,214	5,448	66,662
Due to component unit	20,000	-	20,000
Due to primary government	-	-	-
Unearned revenue	6,949	8,249	15,198
Short-term debt	79,255	-	79,255
Long-term liabilities:			
Due within one year	80,709	3,371	84,080
Due in more than one year	2,406,676	235,885	2,642,561
<b>Total liabilities</b>	<b>2,708,348</b>	<b>257,246</b>	<b>2,965,594</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows relating to pensions	101,070	11,743	112,813
Deferred inflows relating to OPEB	-	-	-
<b>Total deferred inflows of resources</b>	<b>101,070</b>	<b>11,743</b>	<b>112,813</b>
<b>NET POSITION:</b>			
Net investment in capital assets	454,464	32,342	486,806
Restricted for:			
Community development loans	26,119	-	26,119
Capital projects	30,397	-	30,397
Debt service	25,349	-	25,349
Other purposes	160	205	365
Unrestricted	(1,424,284)	(179,612)	(1,603,896)
<b>Total net position</b>	<b>\$ (887,795)</b>	<b>\$ (147,065)</b>	<b>\$ (1,034,860)</b>

See accompanying notes to the financial statements.

**COMPONENT UNITS**

<b>COMPONENT UNITS</b>		
<b>Library</b>	<b>ECMCC</b>	<b>Other</b>
\$ 10,773	\$ 20,215	\$ 1,921
-	45,849	5,006
-	262,431	-
-	-	-
731	159,353	85
-	20,000	-
-	-	-
-	-	-
-	-	34
683	11,900	35
-	-	-
-	8,525	546
-	-	-
11,542	32,849	-
6,008	232,816	410
<b>29,737</b>	<b>793,938</b>	<b>8,037</b>
-	-	-
4,949	88,634	-
7,710	892	-
-	-	-
-	17,554	-
<b>12,659</b>	<b>107,080</b>	<b>-</b>
328	60,247	187
652	62,480	727
-	-	-
-	190,578	-
1,516	55,127	15
-	-	-
754	5,914	-
99,475	523,991	-
<b>102,725</b>	<b>898,337</b>	<b>929</b>
4,914	87,326	-
611	52,911	-
<b>5,525</b>	<b>140,237</b>	<b>-</b>
17,550	95,282	-
-	-	-
-	-	-
-	-	-
-	81,625	3,387
(83,404)	(314,463)	3,721
<b>\$ (65,854)</b>	<b>\$ (137,556)</b>	<b>\$ 7,108</b>

## Statement of Activities

For the year ended December 31, 2018

(dollars in thousands)

Functions / Programs	Expenses	PROGRAM REVENUES		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government .....	\$ 461,861	\$ 28,474	\$ 25,448	\$ 3,960
Public safety .....	176,129	4,739	3,575	-
Health .....	92,076	2,514	63,657	-
Transportation .....	92,075	-	14,046	1,063
Economic assistance and opportunity .....	612,324	22,296	241,874	216
Culture and recreation .....	24,907	1,525	3,235	2,990
Education .....	70,572	95	38,232	4,366
Home and community service .....	60,981	31,776	7,793	2,005
Interest and fiscal charges .....	35,425	-	1,796	-
<b>Total governmental activities .....</b>	<b>1,626,350</b>	<b>91,419</b>	<b>399,656</b>	<b>14,600</b>
<b>Business-type activities:</b>				
College (August 31, 2018) .....	140,049	37,342	7,443	-
ILDC .....	274	84	120	-
Utilities aggregation .....	18,972	18,673	-	-
<b>Total business-type activities .....</b>	<b>159,295</b>	<b>56,099</b>	<b>7,563</b>	<b>-</b>
<b>Total primary government .....</b>	<b>\$ 1,785,645</b>	<b>\$ 147,518</b>	<b>\$ 407,219</b>	<b>\$ 14,600</b>
<b>Component units:</b>				
Library .....	\$ 31,534	\$ 710	\$ 3,558	\$ -
ECMCC .....	662,061	638,693	28,445	1,750
Other component units .....	2,952	2,332	866	-
<b>Total component units .....</b>	<b>\$ 696,547</b>	<b>\$ 641,735</b>	<b>\$ 32,869</b>	<b>\$ 1,750</b>
General revenues:				
Property taxes levied for mall, sewer, and general purposes .....				
Property taxes levied for library .....				
Sales and use taxes .....				
Transfer and other taxes .....				
Unrestricted state and local appropriations .....				
Federal and state student financial aid .....				
Interest earnings not restricted to specific programs .....				
Unrestricted interest earnings .....				
Miscellaneous .....				
Gain on sale of capital assets .....				
<b>Total general revenues .....</b>				
Transfers .....				
<b>Total general revenues and transfers .....</b>				
<b>Change in net position .....</b>				
<b>Net position - beginning, as restated .....</b>				
<b>Net position - ending .....</b>				

See accompanying notes to the financial statements.

NET (EXPENSE) REVENUE and CHANGES IN NET POSITION

PRIMARY GOVERNMENT			COMPONENT UNITS		
Governmental Activities	Business-type Activities	Total	Library	ECMCC	Other
\$ (403,979)	\$ -	\$ (403,979)	\$ -	\$ -	\$ -
(167,815)	-	(167,815)	-	-	-
(25,905)	-	(25,905)	-	-	-
(76,966)	-	(76,966)	-	-	-
(347,938)	-	(347,938)	-	-	-
(17,157)	-	(17,157)	-	-	-
(27,879)	-	(27,879)	-	-	-
(19,407)	-	(19,407)	-	-	-
(33,629)	-	(33,629)	-	-	-
<b>(1,120,675)</b>	<b>-</b>	<b>(1,120,675)</b>	<b>-</b>	<b>-</b>	<b>-</b>
-	(95,264)	(95,264)	-	-	-
-	(70)	(70)	-	-	-
-	(299)	(299)	-	-	-
<b>-</b>	<b>(95,633)</b>	<b>(95,633)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(1,120,675)</b>	<b>(95,633)</b>	<b>(1,216,308)</b>	<b>-</b>	<b>-</b>	<b>-</b>
			(27,266)	-	-
			-	2,260	-
			-	-	246
			<b>(27,266)</b>	<b>2,260</b>	<b>246</b>
299,933	-	299,933	-	-	-
-	-	-	24,422	-	-
813,134	-	813,134	-	-	-
15,059	-	15,059	-	-	-
-	31,640	31,640	-	-	-
-	33,764	33,764	-	-	-
-	-	-	12	-	-
2,223	160	2,383	-	-	-
7,317	-	7,317	178	15	-
157	-	157	-	-	-
<b>1,137,823</b>	<b>65,564</b>	<b>1,203,387</b>	<b>24,612</b>	<b>15</b>	<b>-</b>
(18,554)	18,554	-	-	-	-
<b>1,119,269</b>	<b>84,118</b>	<b>1,203,387</b>	<b>24,612</b>	<b>15</b>	<b>-</b>
<b>(1,406)</b>	<b>(11,515)</b>	<b>(12,921)</b>	<b>(2,654)</b>	<b>2,275</b>	<b>246</b>
<b>(886,389)</b>	<b>(135,550)</b>	<b>(1,021,939)</b>	<b>(63,200)</b>	<b>(139,831)</b>	<b>6,862</b>
<b>\$ (887,795)</b>	<b>\$ (147,065)</b>	<b>\$ (1,034,860)</b>	<b>\$ (65,854)</b>	<b>\$ (137,556)</b>	<b>\$ 7,108</b>

## Balance Sheet

### Governmental Funds

December 31, 2018

(dollars in thousands)

	General	ECFSA General	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents . . . . .	\$ 32,514	\$ 620	\$ 50,219	\$ 83,353
Investments . . . . .	-	-	19,574	19,574
Restricted cash and cash equivalents . . . . .	160	500	148,032	148,692
Restricted investments . . . . .	-	-	4,214	4,214
Receivables (net of allowances)				
Real property taxes, interest, penalties and liens . . . . .	79,821	-	20	79,841
Other . . . . .	7,533	-	28,372	35,905
Due from other funds . . . . .	103,134	-	45,626	148,760
Due from component unit . . . . .	76	-	186	262
Due from other governments . . . . .	164,829	54,286	23,834	242,949
Prepaid items . . . . .	8,301	9	3,467	11,777
<b>Total assets . . . . .</b>	<b>\$ 396,368</b>	<b>\$ 55,415</b>	<b>\$ 323,544</b>	<b>\$ 775,327</b>
<b>LIABILITIES:</b>				
Accounts payable . . . . .	\$ 16,057	\$ -	\$ 9,477	\$ 25,534
Accrued liabilities . . . . .	47,599	43	4,698	52,340
Due to other funds . . . . .	14	54,786	78,285	133,085
Due to component unit . . . . .	-	-	-	-
Due to other governments . . . . .	25,438	-	142	25,580
Retained percentages payable . . . . .	-	-	2,431	2,431
Unearned revenue . . . . .	5,718	10	1,221	6,949
Short-term debt . . . . .	79,255	-	-	79,255
<b>Total liabilities . . . . .</b>	<b>174,081</b>	<b>54,839</b>	<b>96,254</b>	<b>325,174</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue – property taxes . . . . .	57,403	-	-	57,403
<b>FUND BALANCES:</b>				
Nonspendable:				
Prepaid items . . . . .	8,301	9	3,467	11,777
Restricted for:				
Handicapped parking . . . . .	160	-	-	160
Community development loans . . . . .	-	-	26,119	26,119
Debt service . . . . .	-	-	36,023	36,023
Capital expenditures . . . . .	-	-	113,382	113,382
Assigned:				
Subsequent year's expenditures . . . . .	3,000	-	10,985	13,985
Judgments and claims . . . . .	1,500	-	-	1,500
Other purposes . . . . .	49,433	567	37,714	87,714
Unassigned . . . . .	102,490	-	(400)	102,090
<b>Total fund balances . . . . .</b>	<b>164,884</b>	<b>576</b>	<b>227,290</b>	<b>392,750</b>
<b>Total liabilities, deferred inflows of resources and fund balances . . . . .</b>	<b>\$ 396,368</b>	<b>\$ 55,415</b>	<b>\$ 323,544</b>	<b>\$ 775,327</b>

See accompanying notes to the financial statements.

## Reconciliation of the Balance Sheet

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

December 31, 2018

(dollars in thousands)

	<b>Governmental Activities</b>
	<b>_____</b>
<b>Total fund balances - governmental funds (page 18) . . . . .</b>	<b>\$ 392,750</b>
Amounts reported for governmental activities in the statement of net position (page 14) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds . . . . .	829,906
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds . . . . .	12,999
Certain property tax revenues are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds . . . . .	57,403
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. . . . .	1,800
Due from a component unit was deemed to be not due and payable in the current period and, therefore, not reported in the funds. . . . .	175,827
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 . . . . .	25,661
Deferred outflows related to experience, changes of assumptions, investment earnings and changes in proportion . . . . .	76,058
Deferred outflows relating to OPEB . . . . .	133,179
Deferred inflows relating to pension plans . . . . .	(101,070)
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 . . . . .	2,440
Unamortized deferred amounts on refundings - ETASC . . . . .	15,746
Certain current liabilities and long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued bond interest . . . . .	(9,690)
Accrued bond interest - ETASC . . . . .	(984)
Compensated absences . . . . .	(25,244)
Judgments and claims . . . . .	(52,844)
Other postemployment benefits ("OPEB") . . . . .	(1,421,120)
Net pension liability . . . . .	(30,322)
Due to component unit . . . . .	(20,000)
Unamortized bond premiums . . . . .	(60,524)
Unamortized bond discounts - ETASC . . . . .	10,699
Bonds payable . . . . .	(546,347)
Bonds payable - ETASC . . . . .	(354,118)
<b>Net position of governmental activities . . . . .</b>	<b>\$ (887,795)</b>

See accompanying notes to the financial statements.

# Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

For the year ended December 31, 2018

(dollars in thousands)

	General	ECFSA General	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES:</b>				
Real property taxes and tax items . . . . .	\$ 277,428	\$ -	\$ 22,765	\$ 300,193
Sales and use taxes . . . . .	350,079	459,138	3,917	813,134
Transfer and other taxes . . . . .	118	-	14,941	15,059
Intergovernmental . . . . .	332,668	-	75,759	408,427
Interfund revenues . . . . .	-	-	920	920
Departmental . . . . .	58,447	-	33,429	91,876
Interest . . . . .	1,884	339	4,103	6,326
Miscellaneous . . . . .	4,957	-	5,969	10,926
<b>Total revenues . . . . .</b>	<b>1,025,581</b>	<b>459,477</b>	<b>161,803</b>	<b>1,646,861</b>
<b>EXPENDITURES:</b>				
Current:				
General government support . . . . .	427,882	423	8,910	437,215
Public safety . . . . .	146,636	-	13,897	160,533
Health . . . . .	79,598	-	9,637	89,235
Transportation . . . . .	24,646	-	30,487	55,133
Economic assistance and opportunity . . . . .	581,026	-	14,862	595,888
Culture and recreation . . . . .	19,406	-	-	19,406
Education . . . . .	72,153	-	-	72,153
Home and community service . . . . .	3,071	-	49,122	52,193
Capital outlay . . . . .	-	-	60,854	60,854
Debt service:				
Principal retirement . . . . .	-	-	59,952	59,952
Interest and fiscal charges . . . . .	1,681	-	37,380	39,061
<b>Total expenditures . . . . .</b>	<b>1,356,099</b>	<b>423</b>	<b>285,101</b>	<b>1,641,623</b>
<b>Excess (deficiency) of revenues over expenditures . . . . .</b>	<b>(330,518)</b>	<b>459,054</b>	<b>(123,298)</b>	<b>5,238</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of general obligation debt . . . . .	-	-	42,420	42,420
Premium on bond issuance . . . . .	-	-	5,405	5,405
Sale of property . . . . .	157	-	-	157
Transfers in . . . . .	459,001	-	170,550	629,551
Transfers out . . . . .	(102,532)	(458,898)	(86,675)	(648,105)
<b>Total other financing sources (uses) . . . . .</b>	<b>356,626</b>	<b>(458,898)</b>	<b>131,700</b>	<b>29,428</b>
<b>Net change in fund balances . . . . .</b>	<b>26,108</b>	<b>156</b>	<b>8,402</b>	<b>34,666</b>
<b>Fund balances - beginning . . . . .</b>	<b>138,776</b>	<b>420</b>	<b>218,888</b>	<b>358,084</b>
<b>Fund balances - ending . . . . .</b>	<b>\$ 164,884</b>	<b>\$ 576</b>	<b>\$ 227,290</b>	<b>\$ 392,750</b>

See accompanying notes to the financial statements.

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

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

For the year ended December 31, 2018

(dollars in thousands)

	<u>Governmental Activities</u>
<b>Net change in fund balances - total governmental funds (page 20)</b> .....	<b>\$ 34,666</b>
Amounts reported for governmental activities in the statement of activities (pages 16-17) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and depreciated. This is the amount by which capital outlays exceeded depreciation expense in the current period.	
Capital outlays .....	\$ 44,039
Depreciation expense .....	<u>(60,131)</u>
Net adjustment .....	(16,092)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:	
ETASC tobacco revenue .....	(1,456)
Real property taxes .....	<u>(260)</u>
Net adjustment .....	(1,716)
Revenues of the ECFSA in the statement of activities that do not provide current financial resources are not reported as revenues in the funds .....	
	(1,166)
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 statement of net position, however, repayment of long-term loan principal reduces the amount due from the component unit and does not affect the statement of activities.	
Loan principal retirement .....	(4,094)
Net differences between pension contributions and OPEB changes recognized on the fund financial statements and the government-wide statements are as follows:	
Direct pension contributions .....	2,046
Cost of benefits earned net of employee contributions .....	(2,801)
Changes in OPEB assumptions .....	<u>133,179</u>
Net adjustment .....	132,424
Bond proceeds are reported as other financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term debt and does not affect the statement of activities. Similarly, repayment of bond principal an expenditure in the governmental funds and thus contributes to the change in fund balance. In the statement of net position, however, payment of debt reduces the long-term debt liability and does not affect the statement of activities.	
Principal retirement .....	56,762
Bonds issued .....	(42,420)
Premium on bond issuance .....	(5,405)
Amortization of premium on bonds .....	9,674
Principal retirement and amortization of bond discount - ETASC .....	<u>3,091</u>
Net adjustment .....	21,702
Certain activity reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported in the governmental funds.	
Interest on bonds .....	4,668
Interest on bonds - ETASC .....	16
Deferred charge on refunding .....	(1,483)
Deferred charge on refunding - ETASC .....	(763)
Compensated absences .....	(2,581)
Judgments and claims (long-term change only) .....	1,336
Accreted interest - ETASC .....	(7,861)
Other post-employment benefits (OPEB) .....	<u>(160,462)</u>
Net adjustment .....	(167,130)
<b>Change in net position of governmental activities</b> .....	<b>\$ (1,406)</b>

See accompanying notes to the financial statements.



## General Fund

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

Budget and Actual (Non-GAAP Basis of Accounting)

For the year ended December 31, 2018

(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
<b>REVENUES:</b>				
Real property taxes and tax items . . . . .	\$ 277,945	\$ 277,945	\$ 277,428	\$ (517)
Sales and use taxes . . . . .	788,002	350,107	350,079	(28)
Transfer and other taxes . . . . .	30	30	118	88
Intergovernmental . . . . .	348,607	357,728	332,668	(25,060)
Departmental . . . . .	57,582	58,527	58,447	(80)
Interest . . . . .	696	358	1,884	1,526
Miscellaneous . . . . .	2,462	2,890	4,957	2,067
<b>Total revenues . . . . .</b>	<b>1,475,324</b>	<b>1,047,585</b>	<b>1,025,581</b>	<b>(22,004)</b>
<b>EXPENDITURES:</b>				
Current:				
General government support . . . . .	420,638	434,878	428,636	6,242
Public safety . . . . .	157,027	160,987	147,015	13,972
Health . . . . .	68,603	74,335	79,519	(5,184)
Transportation . . . . .	24,087	24,646	24,646	-
Economic assistance and opportunity . . . . .	615,007	630,682	581,513	49,169
Culture and recreation . . . . .	19,506	27,209	19,473	7,736
Education . . . . .	73,722	73,848	72,153	1,695
Home and community service . . . . .	3,320	5,402	3,071	2,331
Debt service:				
Interest and fiscal charges . . . . .	1,769	1,191	1,184	7
<b>Total expenditures . . . . .</b>	<b>1,383,679</b>	<b>1,433,178</b>	<b>1,357,210</b>	<b>75,968</b>
<b>Excess (deficiency) of revenues over expenditures . . . . .</b>	<b>91,645</b>	<b>(385,593)</b>	<b>(331,629)</b>	<b>53,964</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of property . . . . .	152	152	157	5
Transfers in . . . . .	103	459,001	459,001	-
Transfers out . . . . .	(102,160)	(103,932)	(102,532)	1,400
<b>Total other financing sources (uses) . . . . .</b>	<b>(101,905)</b>	<b>355,221</b>	<b>356,626</b>	<b>1,405</b>
<b>Net change in fund balances * . . . . .</b>	<b>\$ (10,260)</b>	<b>\$ (30,372)</b>	<b>\$ 24,997</b>	<b>\$ 55,369</b>

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

# Statement of Net Position

## Proprietary Funds

December 31, 2018

(dollars in thousands)

	Business-type Activities			Total
	Enterprise Funds			
	Major Fund College (August 31, 2018)	Major Fund ILDC	Nonmajor Fund Utilities Aggregation	
<b>ASSETS:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 38,776	\$ 228	\$ -	\$ 39,004
Receivables (net of allowances)	3,606	1,671	-	5,277
Loans receivable, short-term	-	7	-	7
Due from other funds	46	-	52	98
Due from component unit	-	-	14,489	14,489
Due from other governments	-	-	1,010	1,010
Prepaid items	319	-	3	322
<b>Total current assets</b>	<b>42,747</b>	<b>1,906</b>	<b>15,554</b>	<b>60,207</b>
<b>Noncurrent assets:</b>				
Loans receivable, net	-	12	-	12
Land held for sale	-	6,531	-	6,531
Capital assets, net of depreciation:				
Construction in progress	365	-	-	365
Other capital assets, net of depreciation	31,977	-	-	31,977
Net pension asset	712	-	-	712
<b>Total noncurrent assets</b>	<b>33,054</b>	<b>6,543</b>	<b>-</b>	<b>39,597</b>
<b>Total assets</b>	<b>75,801</b>	<b>8,449</b>	<b>15,554</b>	<b>99,804</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred outflows relating to pensions	17,959	-	-	17,959
Deferred outflows relating to OPEB	18,851	-	-	18,851
<b>Total deferred outflows of resources</b>	<b>36,810</b>	<b>-</b>	<b>-</b>	<b>36,810</b>
<b>LIABILITIES:</b>				
<b>Current liabilities:</b>				
Accounts payable	1,300	1,416	1,368	4,084
Accrued liabilities	5,446	-	2	5,448
Due to other funds	1,675	-	13,015	14,690
Due to other governments	-	209	-	209
Fringe benefits payable	3,371	-	-	3,371
Unearned revenue	8,088	161	-	8,249
<b>Total current liabilities</b>	<b>19,880</b>	<b>1,786</b>	<b>14,385</b>	<b>36,051</b>
<b>Noncurrent liabilities:</b>				
Fringe benefits payable	4,435	-	-	4,435
Net OPEB obligation	228,555	-	-	228,555
Net pension liability	2,895	-	-	2,895
<b>Total noncurrent liabilities</b>	<b>235,885</b>	<b>-</b>	<b>-</b>	<b>235,885</b>
<b>Total liabilities</b>	<b>255,765</b>	<b>1,786</b>	<b>14,385</b>	<b>271,936</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows relating to pensions	11,743	-	-	11,743
<b>NET POSITION:</b>				
Net investment in capital assets	32,342	-	-	32,342
Restricted	-	205	-	205
Unrestricted, reported in:				
College	(187,239)	-	-	(187,239)
ILDC	-	6,458	-	6,458
Nonmajor fund	-	-	1,169	1,169
<b>Total net position</b>	<b>\$ (154,897)</b>	<b>\$ 6,663</b>	<b>\$ 1,169</b>	<b>\$ (147,065)</b>

See accompanying notes to the financial statements.

## Statement of Revenues, Expenses and Changes in Net Position

### Proprietary Funds

For the year ended December 31, 2018

(dollars in thousands)

	Business-type Activities			Total
	Enterprise Funds			
	Major Fund College (August 31, 2018)	Major Fund ILDC	Nonmajor Fund Utilities Aggregation	
<b>OPERATING REVENUES:</b>				
Student tuition and fees	\$ 35,838	\$ -	\$ -	\$ 35,838
Intergovernmental revenues and charges	1,560	-	3	1,563
Administrative fees	-	84	-	84
State and local contracts	5,883	-	-	5,883
Interfund revenues	-	-	6,775	6,775
Other operating revenue	1,504	-	11,895	13,399
<b>Total operating revenues</b>	<b>44,785</b>	<b>84</b>	<b>18,673</b>	<b>63,542</b>
<b>OPERATING EXPENSES:</b>				
Employee wages	60,681	-	96	60,777
Employee benefits	33,453	-	46	33,499
Scholarships	14,130	-	-	14,130
Supplies, services and general	22,783	114	-	22,897
Transfer to Erie County Industrial Development Agency	-	160	-	160
Utilities and telephone	1,797	-	18,830	20,627
Depreciation	3,110	-	-	3,110
<b>Total operating expenses</b>	<b>135,954</b>	<b>274</b>	<b>18,972</b>	<b>155,200</b>
<b>Operating (loss) income</b>	<b>(91,169)</b>	<b>(190)</b>	<b>(299)</b>	<b>(91,658)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Unrestricted state and local appropriations	31,640	-	-	31,640
Federal and state student financial aid	33,764	-	-	33,764
Retirement incentive	-	-	-	-
Income from investments	160	-	-	160
Loss on disposal of plant assets	(4,095)	-	-	(4,095)
Interest expense	-	-	-	-
Grant Income	-	3,131	-	3,131
Grant Expense	-	(3,011)	-	(3,011)
<b>Total nonoperating revenues (expenses)</b>	<b>61,469</b>	<b>120</b>	<b>-</b>	<b>61,589</b>
<b>(Loss) gain before transfers</b>	<b>(29,700)</b>	<b>(70)</b>	<b>(299)</b>	<b>(30,069)</b>
Transfers in	18,554	-	-	18,554
<b>Change in net position</b>	<b>(11,146)</b>	<b>(70)</b>	<b>(299)</b>	<b>(11,515)</b>
<b>Total net position - beginning, as restated</b>	<b>(143,751)</b>	<b>6,733</b>	<b>1,468</b>	<b>(135,550)</b>
<b>Total net position - ending</b>	<b>\$ (154,897)</b>	<b>\$ 6,663</b>	<b>\$ 1,169</b>	<b>\$ (147,065)</b>

See accompanying notes to the financial statements.

# Statement of Cash Flows

## Proprietary Funds

For the year ended December 31, 2018

(dollars in thousands)

	Business-type Activities			Total
	Enterprise Funds			
	Major Fund College (August 31, 2018)	Major Fund ILDC	Nonmajor Fund Utilities Aggregation	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from students and utility customers . . . . .	\$ 35,087	\$ -	\$ 6,442	\$ 41,529
Payments to employees for services . . . . .	(88,014)	-	(147)	(88,161)
Payments to suppliers for goods and services . . . . .	(24,579)	(105)	(19,410)	(44,094)
Payments for scholarships . . . . .	(14,130)	-	-	(14,130)
Federal, state and local grants . . . . .	7,971	-	3	7,974
Administrative and application fees . . . . .	-	83	-	83
Transfer to Erie County Industrial Development Agency . . . . .	-	26	-	26
Internal activity - payments from other funds . . . . .	-	-	13,112	13,112
Other operating revenues . . . . .	1,982	7	-	1,989
<b>Net cash (used for) provided by operating activities . . . . .</b>	<b>(81,683)</b>	<b>11</b>	<b>-</b>	<b>(81,672)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
County contribution . . . . .	18,554	-	-	18,554
State appropriations . . . . .	41,262	-	-	41,262
Municipal chargebacks . . . . .	1,376	-	-	1,376
Federal and state student financial aid grants . . . . .	22,184	-	-	22,184
<b>Net cash provided by non-capital financing activities . . . . .</b>	<b>83,376</b>	<b>-</b>	<b>-</b>	<b>83,376</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of capital assets . . . . .	(2,027)	-	-	(2,027)
Grant income . . . . .	-	1,592	-	1,592
Grant expense . . . . .	-	(1,621)	-	(1,621)
<b>Net cash used for capital and related financing activities . . . . .</b>	<b>(2,027)</b>	<b>(29)</b>	<b>-</b>	<b>(2,056)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest, dividends, and realized gains on investments . . . . .	160	-	-	160
<b>Net decrease in cash . . . . .</b>	<b>(174)</b>	<b>(18)</b>	<b>-</b>	<b>(192)</b>
<b>Cash, beginning of year . . . . .</b>	<b>38,950</b>	<b>246</b>	<b>-</b>	<b>39,196</b>
<b>Cash, end of year . . . . .</b>	<b>\$ 38,776</b>	<b>\$ 228</b>	<b>\$ -</b>	<b>\$ 39,004</b>

See accompanying notes to the financial statements.

## Statement of Cash Flows

### Proprietary Funds

For the year ended December 31, 2018

(dollars in thousands)

	Business-type Activities Enterprise Funds			Total
	Major Fund	Major Fund	Nonmajor Fund	
	College (August 31, 2018)	ILDC	Utilities Aggregation	
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:</b>				
Operating loss	\$ (91,169)	\$ (190)	\$ (299)	\$ (91,658)
Adjustments to reconcile operating loss to net cash (used for) provided by operating activities:				
Depreciation expense	3,110	-	-	3,110
Decrease (increase) in assets:				
Receivables, net	(488)	-	-	(488)
Pension asset, net	(712)	-	-	(712)
Prepaid items	93	-	-	93
Deferred outflows relating to pension	(20,949)	-	-	(20,949)
Loan receivable	-	6	-	6
Due from other funds	-	-	807	807
Due from component unit	-	-	(3,555)	(3,555)
Due from other governments	-	-	(404)	(404)
Increase (decrease) in liabilities:				
Accounts and other payables	(92)	195	243	346
Accrued expenses	159	-	(47)	112
Due to other funds	-	-	4,113	4,113
Due to other governments	-	-	(858)	(858)
Unearned revenue	(28)	-	-	(28)
Other long-term liabilities	25,270	-	-	25,270
Pension liability, net	(6,441)	-	-	(6,441)
Deferred inflows relating to pension	9,564	-	-	9,564
<b>Net cash (used for) provided by operating activities</b>	<b>\$ (81,683)</b>	<b>\$ 11</b>	<b>\$ -</b>	<b>\$ (81,672)</b>

(Concluded)

## Statement of Net Position

Agency Fund

December 31, 2018

(dollars in thousands)

	<u>Agency Fund</u>
<b>ASSETS:</b>	
Restricted cash and cash equivalents . . . . .	\$ 44,109
Receivables:	
Other receivables . . . . .	164
Bonds and securities held in custody . . . . .	20
<b>Total assets . . . . .</b>	<b><u>\$ 44,293</u></b>
<b>LIABILITIES:</b>	
Amounts held in custody for others . . . . .	\$ 44,293
<b>Total liabilities . . . . .</b>	<b><u>\$ 44,293</u></b>

See accompanying notes to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

## I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Some amounts reported as interfund activity have been eliminated from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

### B. Reporting Entity

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

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

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



1. Discretely Presented Component Units

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

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

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

Research for Health in Erie County, Inc. ("RHEC") is a nonprofit organization dedicated to developing and increasing the facilities of the public health institutions, agencies, and departments of the County. Additionally, RHEC is committed to provide more extensive conduct of studies and research into the causes, nature, and treatment of diseases, disorders, and defects of particular importance to the public health. RHEC's support comes primarily from 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.

*Other Discretely Presented Component Units:*

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

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

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

2. Blended Component Units

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

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

The ECFSA is governed by seven directors, each appointed by the Governor, including one each appointed upon the recommendation of the Majority Leader of the State Senate, the Speaker of the 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 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.

*Erie Community College* and *The Buffalo and Erie County Industrial Land Development Corporation*, described at Note I, D, are considered to be blended component units of the County, presented as business-type activities.

3. Related Organizations

County elected officials nominate and confirm the three-member board of the Erie County Water Authority, (“Water Authority”) and also appoint a voting majority of the board of the Buffalo Convention Center Management Corporation (“BCCMC”). The 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.

4. Joint Ventures

*Western Regional Off-Track Betting Corporation*

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

*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 XVIII.

**C. Basis of Presentation – Government-wide Financial Statements**

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

The County has five discretely presented component units, with two major component units being shown in separate columns and 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.

**D. Basis of Presentation – Fund Financial Statements**

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

The County reports the following major governmental funds:

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

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

The County reports the following major proprietary funds:

Erie Community College – resources received and used for college purposes are accounted for through the College. The College is not a legally separate entity from the County. A fiscal year ending August 31 is mandated by New York State law for the College. Accordingly, financial information for the College is presented as of and for the 2017-2018 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, Inc.* (“ILDC”) is a legally separate entity of which the County, acting by and through the County Executive, is the sole member. It is discretely presented in the County’s financial statements because the County is financially accountable for it. 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.

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

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

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

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

#### **E. Measurement Focus and Basis of Accounting**

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

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

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

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments and claims, are recorded only when payment is due and expenditures for inventory-type items and for prepayments (except retirement) are recognized at the time of the disbursements. 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 and use taxes, state and federal aid and various grant program revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government, subject to the 60-day rule discussed above.

## **F. Budgetary Information**

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

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

1. Cash, Cash Equivalents and Investments

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

2. Restricted Cash and Cash Equivalents

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

3. Prepaid Items and Inventories

Certain payments to vendors and the New York State and Local Employees' Retirement System reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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

4. Capital Assets

All capital assets which are acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition and are accounted for and reported in the government-wide financial statements as capital assets, if they meet the County's capitalization criteria. These statements also contain the County's infrastructure assets that are required to be capitalized under GAAP. Infrastructure assets include public domain assets such as roads, bridges, and sewer systems. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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:

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

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



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

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 Project Fund will also include non-capitalized, project-related costs (for example, furnishings).

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The primary government has four items that qualify for reporting in this category in the government-wide statement of net position. One is the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another 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. The primary government has two items that qualify for reporting in this category. The first, unavailable revenue, arises under a modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, another 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 systems not included in pension expense and is reported on the government-wide financial statements only.

6. Net Position Flow Assumption

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

7. Fund Balance Flow Assumption

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

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County’s highest level of decision-making authority. The Erie County Legislature is the highest level of decision-making authority for the County that can, by adoption of a Legislative Resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to rescind or revise the limitation.

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

**H. Revenues and Expenditures/Expenses**

1. Program Revenues

Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those deducted for specific purposes, and other

internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Tax Revenue Recognition

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

Delinquent property taxes not collected at year-end (excluding collections in the 60-day subsequent period) are recorded as unearned revenue in the fund financial statements. The portion of delinquent property taxes for prior years estimated to be uncollectible at December 31, 2018, amounted to \$46,349,777. This amount has been recorded as an allowance against the property taxes receivable account.

3. Unearned Revenue

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

4. Compensated Absences

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

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

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

5. Pensions

The County is mandated by New York State law to participate in the New York State Teacher's Retirement System ("TRS") and the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension (asset)/liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. 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 included in Note IX.

6. Other Postemployment Benefits

In addition to providing pension benefits, the County provides health insurance coverage for certain retired employees as discussed in Note XIII.

7. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

**I. Other**

1. 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 assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. 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.

3. 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, \$61,722,634 representing principal and interest revenue received from the County relating to mirror bonds and a revenue anticipation note purchased by the ECFSA, and \$458,897,914 representing sales tax revenue and other distributions to the County, were reclassified as transfers in and transfers out, respectively.

4. Adoption of New Accounting Pronouncements

During the fiscal year ended December 31, 2018, the County adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; No. 85, *Omnibus 2017*; and No. 86 *Certain Debt Extinguishment Issues*. GASB Statement No. 75 improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). GASB Statement No. 85 addresses practice issues that have been identified during implementations and application of certain GASB statements. GASB Statement No. 86 improves consistency in

accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Other than the matter discussed in Note XIII and Note XIX, GASB Statements No. 75, 85, and 86 did not have a material impact on the County's financial position or results of operations.

5. 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 Statement No. 14 and No. 61*, effective for the year ending December 31 2019; 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, 2020; and GASB Statement No. 91, *Conduit Debt Obligations* effective for the year ending December 31, 2021. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 83, 84, 87, 88, 89, 90 and 91 will have on its financial position and results of operations.

## II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Information

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

1. In accordance with the County Charter and Administrative Code, no later than October 15, the County Executive submits a tentative operating and capital budget which details proposed expenditures and the proposed means of financing to the Erie County Legislature for the fiscal year commencing the following January 1. The College budget is not included in the County Executive's tentative budget, since it is separately adopted during the first County legislative meeting in July for the fiscal year commencing September 1.
2. After public hearings are conducted to obtain taxpayer comments, the County Legislature (governing board) adopts the budget no later than the second Tuesday in December.
3. The County Executive is authorized to make budget transfers within the same administrative unit up to a cumulative total of \$10,000 between accounts or line items. Any proposed transfer which would result in an increase exceeding \$10,000 in any one line item in the budget, as adopted during the fiscal year or would affect any salary rate or salary total, would need prior approval by resolution of the County Legislature. In no instance shall a transfer be made from appropriations for debt service, and no appropriations may be reduced below any amount which is required by law to be appropriated.
4. The Emergency Response Special Revenue Fund was established to account for revenues received from the Federal Emergency Management Agency and expenditures associated with the cleanup of major storm damage that occurred in October 2006 and November 2014.

5. Capital Projects Funds are subject to project budgets determined primarily by the bonding authorizations used to fund a particular project rather than annual budgetary appropriations. These budgets do not lapse at year-end; rather, they lapse upon termination of the project.
6. Expenditures within the General, Special Revenue, Utilities Aggregation Enterprise, and the Debt Service funds may not legally exceed the amount appropriated for such accounts within a department. During the year, numerous supplementary appropriations were necessary.

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

	<u>General Fund</u>
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis . . . . .	\$ 26,108
Less:	
Encumbrances at December 31, 2018 . . . . .	2,211
Plus:	
Encumbrances at January 1, 2018 . . . . .	<u>1,100</u>
Excess of revenues and other financing sources over expenditures and other financing uses - basis of budgeting . . . . .	<u>\$ 24,997</u>

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 2018 expenditures through the budget process. The County overspent on Health expenditures which were largely due to DSH and IGT payments.

Commitments related directly to the Grants and the Community Development Special Revenue Funds in the amounts of \$4,916,788 and \$1,129,690, respectively, at December 31, 2018, are not reported on the GAAP financial statements. Budget appropriations are not made available for these commitments until grant revenues are recognized at the time of expenditure.

**B. Deficit Unassigned Fund Balances**

Deficit unassigned fund balance amounts in the Grants and the Community Development Special Revenue Funds in the amounts of \$379,402 and \$21,297, respectively, are caused by nonspendable fund balance amounts recorded for prepaid items.

**C. Deficit Net Position**

The Governmental Activities reported a total net deficit of approximately \$887,795,000 at December 31, 2018, resulting from the effect of GASB required recognition of other post-employment benefits annually and also from ETASC's net position deficit of \$295,281,000, 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 \$154,897,000 that primarily represents the effect of GASB required recognition of other post-employment benefits annually. It is anticipated that this trend will continue.

**III – CASH, CASH EQUIVALENTS AND INVESTMENTS****Primary Government, Agency Fund and Library Component Unit**

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

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

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

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

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

collateral for college checking accounts, unless the Board of Trustees deems it necessary. If collateral is required, it can be in the form of a surety bond or obligations of the United States, the State, or any municipality or college of the State. Certain balances for accounts held in trust are collateralized by the State of New York.

**Concentration of Credit Risk** – To promote competition in rates and service cost, and to limit the risk of institutional failure, County deposits and investments are placed with multiple institutions. The general rule is not to place more than \$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, 2018 (August 31, 2018 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.

**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, 2018, the fair value of money market accounts was \$37,752 which were fully collateralized with securities held by the pledging financial institution’s agent in the County’s name. In addition, ECFSA has \$34,539,205 in money market accounts at December 31, 2018.

**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 .....	19,374
Total investments .....	<u>\$ 19,574</u>

The County’s investment in municipal bonds at December 31, 2018 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, 2018 consisted of \$19,374,441 of General Electric Capital Corporation Commercial Paper which was rated P-1 by Moody’s.

ECFSA had \$4,213,974 in U.S. Treasury securities at December 31, 2018.

**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, 2018:

Description	Level 1	Level 2	Level 3	Total
Debt Securities:				
Municipal bonds .....	\$ 200	\$ -	\$ -	\$ 200
Corporate commercial paper .....	19,374	-	-	19,374
Treasury securities .....	4,214	-	-	4,214
Total .....	<u>\$ 23,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,788</u>

### **ECMCC Component Unit**

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

**Cash and Cash Equivalents** – Include cash on hand and monies deposited in checking and money market accounts. Excluding assets whose use is limited, cash and cash equivalents total \$20,215,000 as of December 31, 2018.

**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, 2018 are shown below (dollars in thousands).

	Fair Value
Money market mutual funds, bank accounts and deposits .....	\$ 159,533
Marketable equity securities .....	20,449
U.S. Government and Agency Obligations .....	64,671
Corporate bonds .....	7,711
Short term fixed income .....	38,538
<b>Total investments and restricted cash and cash equivalents</b>	
ECMCC primary government .....	290,902
Foundation Component Unit .....	5,714
RHEC Component Unit .....	996
Physician Endowment Component Unit .....	10,668
<b>Total ECMCC investments and restricted cash and cash equivalents ..</b>	<b>\$ 308,280</b>

	Fair Value
Investments - unrestricted .....	\$ 45,849
Restricted cash and cash equivalents .....	262,431
<b>Total .....</b>	<b>\$ 308,280</b>

**Fair Value Measurements** – ECMCC primary government has the following fair value measurements as of December 31, 2018 (dollars in thousands):

Description	Level 1	Level 2	Level 3	Total
Investments and assets whose use is limited:				
Cash and cash equivalents .....	\$ 159,533	\$ -	\$ -	\$ 159,533
Marketable equity securities:				
Mid-cap value equities .....	3,584	-	-	3,584
Value equities .....	1,887	-	-	1,887
Growth equities .....	11,313	-	-	11,313
Global core equities .....	3,665	-	-	3,665
Short-term fixed income .....	-	38,538	-	38,538
Corporate bonds .....	-	7,711	-	7,711
Government bonds .....	-	64,671	-	64,671
<b>Total .....</b>	<b>\$ 179,982</b>	<b>\$ 110,920</b>	<b>\$ -</b>	<b>\$ 290,902</b>

**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, 2018 are as follows (dollars in thousands):

	Cost	Quoted Market Prices (Level 1)
Fixed income .....	\$ 1,620	\$ 1,643
International equities .....	963	970
Domestic stocks .....	2,086	2,392
Total .....	<u>\$ 4,669</u>	<u>\$ 5,005</u>
Net unrealized gain .....		<u>\$ 336</u>

**IV - RESTRICTED CASH AND CASH EQUIVALENTS**

**Primary Government**

**Restricted Cash and Cash Equivalents** – At December 31, 2018 the County reported the following restricted cash and cash equivalents (dollars in thousands):

	Fair Value
Handicapped parking .....	\$ 160
ECFSA general fund .....	500
Debt service .....	34,850
Capital expenditures .....	113,182
Agency fund .....	44,109
Total .....	<u>\$ 192,801</u>

**ECMCC Component Unit**

**Assets Whose Use is Limited** – Assets whose use is limited are reported as restricted cash and cash equivalents at December 31, 2018 and consist of the following (dollars in thousands):

	Fair Value
Patient and resident's trust cash . . . . .	\$ 299
Restricted for debt service principal and interest . . . . .	15,825
Medical and dental staff funds . . . . .	404
Designated for retiree health obligations . . . . .	24,830
Designated for self insurance . . . . .	35,625
Designated for long-term investment . . . . .	18,595
Designated for DSRIP program . . . . .	50,332
NYS voluntary defined contribution plan escrow . . . . .	94
Foundation Component Unit . . . . .	5,714
Restricted for capital projects . . . . .	84,628
Physicians Endowment Component Unit . . . . .	10,668
Restricted - insured workers' compensation collateral . . . . .	<u>15,417</u>
Total . . . . .	<u>\$ 262,431</u>

**V - PROPERTY TAXES**

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

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

With respect to the towns, the countywide property tax is levied by the County together with town property taxes, which include special district, fire district, and highway taxes. In towns of the first class, taxes are due without penalties by February 15. Penalties are 1.5% prior to March 1; 3% prior to March 16; 4.5% prior to April 2; 6% prior to April 16; 7.5% prior to May 1; and 1.5% additional for each month thereafter. In towns of the second class, taxes are due without penalty within ten days after receipt of the tax roll by the respective collection agency. Penalties are 1.5% prior to March 16 unless waived; 7.5% prior to May 1; and 1.5% additional each month thereafter. All towns first retain their share of taxes from collections and remit the balance to the County. The County is responsible for uncollected taxes of all subordinate jurisdictions, except for the three cities.

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

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

**Constitutional Tax Limit**

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

The County constitutional tax limit (per New York State statutes) for the fiscal year ended December 31, 2018 is computed as follows (dollars in thousands):

Five-year average full valuation of taxable real estate (2014-2018) . . . . .	<u>\$ 52,440,226</u>
Tax limit @ 1.5% . . . . .	\$ 786,603
Statutory additions . . . . .	<u>67,399</u>
Total taxing power . . . . .	854,002
Total levy . . . . .	<u>(322,210)</u>
Tax margin . . . . .	<u>\$ 531,792</u>

**VI – RECEIVABLES AND DUE FROM OTHER GOVERNMENTS**

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

Major revenues accrued by the County in the various governmental fund types at December 31, 2018 include sales and use taxes in the amount of \$54,285,677; state and federal assistance for social services of \$118,053,433; and other state and federal aid (including grants) approximating \$64,031,242.

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

Receivables and due from other governments - Governmental Funds	General Fund	ECFSA General	Other Governmental Funds	Total
Real property taxes, interest, penalties and liens . . . . .	\$ 126,171	\$ -	\$ 20	\$ 126,191
Sales and use tax . . . . .	-	54,286	-	54,286
Federal and state assistance for social services programs . . . . .	118,053	-	-	118,053
Other federal and state aid . . . . .	41,564	-	22,467	64,031
Other . . . . .	12,745	-	29,739	42,484
Gross receivables . . . . .	298,533	54,286	52,226	405,045
Less: allowances for uncollectibles . . . . .	46,350	-	-	46,350
Total receivables . . . . .	<u>\$ 252,183</u>	<u>\$ 54,286</u>	<u>\$ 52,226</u>	<u>\$ 358,695</u>

Receivables and due from other governments - Proprietary Funds	College 8/31/18	ILDC	Utilities Aggregation Fund	Total
Accounts receivable . . . . .	\$ 12,550	\$ -	\$ -	\$ 12,550
Grant receivable . . . . .	-	1,671	-	1,671
Other . . . . .	-	-	1,010	1,010
Gross receivables . . . . .	12,550	1,671	1,010	15,231
Less: allowances for uncollectibles . . . . .	8,944	-	-	-
Total receivables . . . . .	<u>\$ 3,606</u>	<u>\$ 1,671</u>	<u>\$ 1,010</u>	<u>\$ 15,231</u>

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

## VII - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows (dollars in thousands):

A. Primary Government1. Governmental Activities

	Balance 1/1/18	Reclassifications and Increases      Decreases		Balance 12/31/18
Capital assets, not being depreciated:				
Land .....	\$ 34,864	\$ 81	\$ -	\$ 34,945
Construction in progress .....	76,487	52,727	(39,661)	89,553
Total capital assets, not being depreciated .....	<u>111,351</u>	<u>52,808</u>	<u>(39,661)</u>	<u>124,498</u>
Capital assets, being depreciated:				
Buildings and improvements .....	651,752	16,300	-	668,052
Transportation network .....	674,068	8,535	-	682,603
Sewer network .....	317,869	2,383	-	320,252
Improvements other than buildings .....	36,900	1,336	-	38,236
Machinery and equipment .....	126,446	2,339	-	128,785
Total capital assets, being depreciated .....	<u>1,807,035</u>	<u>30,893</u>	<u>-</u>	<u>1,837,928</u>
Less accumulated depreciation for:				
Buildings and improvements .....	(394,464)	(19,382)	-	(413,846)
Transportation network .....	(428,569)	(29,611)	-	(458,180)
Sewer network .....	(112,697)	(5,661)	-	(118,358)
Improvements other than buildings .....	(22,447)	(1,286)	-	(23,733)
Machinery and equipment .....	(114,211)	(4,192)	-	(118,403)
Total accumulated depreciation .....	<u>(1,072,388)</u>	<u>(60,132)</u>	<u>-</u>	<u>(1,132,520)</u>
Total capital assets, being depreciated, net .....	<u>734,647</u>	<u>(29,239)</u>	<u>-</u>	<u>705,408</u>
Governmental activities capital assets, net .....	<u>\$ 845,998</u>	<u>\$ 23,569</u>	<u>\$ (39,661)</u>	<u>\$ 829,906</u>

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

Governmental activities:	
General government .....	\$ 14,057
Public safety .....	5,877
Health .....	360
Transportation .....	30,324
Economic assistance and opportunity .....	110
Culture and recreation .....	1,446
Education .....	1,255
Home and community service .....	6,703
Total governmental activities depreciation expense .....	<u>\$ 60,132</u>

2. Business-type Activities\*

	Balance 9/1/17	Reclassifications and Increases	Decreases	Balance 8/31/18
Capital assets, not being depreciated:				
Construction in progress .....	\$ 1,431	\$ 459	\$ (1,525)	\$ 365
Capital assets, being depreciated:				
Building improvements .....	37,644	1,419	(4,084)	34,979
Land improvements .....	64	-	-	64
Equipment .....	26,758	1,355	(8,100)	20,013
Library collections .....	2,243	213	(260)	2,196
Total capital assets, being depreciated .....	<u>66,709</u>	<u>2,987</u>	<u>(12,444)</u>	<u>57,252</u>
Less accumulated depreciation for:				
Building improvements .....	(7,859)	(1,713)	1,015	(8,557)
Land improvements .....	(40)	(3)	-	(43)
Equipment .....	(21,575)	(1,185)	7,193	(15,567)
Library collections .....	(1,146)	(209)	247	(1,108)
Total accumulated depreciation .....	<u>(30,620)</u>	<u>(3,110)</u>	<u>8,455</u>	<u>(25,275)</u>
Total capital assets, being depreciated, net ...	<u>36,089</u>	<u>(123)</u>	<u>(3,989)</u>	<u>31,977</u>
Business-type activities capital assets, net .....	<u>\$ 37,520</u>	<u>\$ 336</u>	<u>\$ (5,514)</u>	<u>\$ 32,342</u>

Depreciation expense for the College was \$3,110,165 for the year ended August 31, 2018. 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, 2018 amounted to \$6,530,672.

**B. Component Units**

1. Library

	Balance 1/1/18	Increases	Decreases	Balance 12/31/18
Capital assets, not being depreciated:				
Rare book collection .....	\$ 11,497	\$ 45	\$ -	\$ 11,542
Capital assets, being depreciated:				
Machinery, equipment and library materials .....	55,514	3,000	(3,644)	54,870
Less accumulated depreciation for:				
Machinery, equipment and library materials .....	(49,623)	(2,560)	3,321	(48,862)
Total capital assets, being depreciated, net .....	<u>5,891</u>	<u>440</u>	<u>(323)</u>	<u>6,008</u>
Library component unit capital assets, net .....	<u>\$ 17,388</u>	<u>\$ 485</u>	<u>\$ (323)</u>	<u>\$ 17,550</u>

Depreciation expense for the Library was \$2,559,950 for the year ended December 31, 2018.



2. ECMCC

	Balance 1/1/18	Increases	Decreases	Balance 12/31/18
Capital assets, not being depreciated:				
Construction in progress .....	\$ 8,467	\$ 31,447	\$ (7,065)	\$ 32,849
Total capital assets, not being depreciated .....	8,467	31,447	(7,065)	32,849
Capital assets, being depreciated:				
Land and land improvements .....	20,526	3,120	-	23,646
Buildings and building improvements .....	422,295	2,718	(59)	424,954
Fixed/major moveable equipment .....	163,152	14,855	(504)	177,503
Total capital assets, being depreciated .....	605,973	20,693	(563)	626,103
Less accumulated depreciation .....	(366,238)	(27,214)	165	(393,287)
Total capital assets, being depreciated, net .....	239,735	(6,521)	(398)	232,816
ECMCC component unit capital assets, net .....	<u>\$ 248,202</u>	<u>\$ 24,926</u>	<u>\$ (7,463)</u>	<u>\$ 265,665</u>

Depreciation expense for ECMCC was \$27,214,000 for the year ended December 31, 2018.

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

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

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 .....	\$ 16,057	\$ -	\$ 9,477	\$ 25,534
Other governments .....	25,438	-	142	25,580
Health and social service programs and agencies .....	40,382	-	415	40,797
Retained percentages .....	-	-	2,431	2,431
Salaries & fringes .....	5,793	-	920	6,713
Other .....	1,424	43	3,363	4,830
Total .....	<u>\$ 89,094</u>	<u>\$ 43</u>	<u>\$ 16,748</u>	<u>\$ 105,885</u>

Accounts payable, accrued liabilities due to other governments and fringe benefits payable - current Proprietary Funds	College 8/31/18	ILDC	Utility Aggregation Fund	Total
Accounts payable .....	\$ 1,300	\$ 1,416	\$ 1,368	\$ 4,084
Fringes benefits payable - current .....	3,371	-	-	3,371
Other .....	5,446	209	2	5,657
Total .....	<u>\$ 10,117</u>	<u>\$ 1,625</u>	<u>\$ 1,370</u>	<u>\$ 13,112</u>

## IX – PENSION OBLIGATIONS

### Background

The County participates in the New York State and Local Employees' Retirement System ("ERS"). In addition, all faculty and administrators of the College have the option of participating in the New York State Teachers' Retirement System ("TRS") or the Teachers' Insurance and Annuity Association – College Retirement Equities Fund ("TIAA-CREF"). The ERS and TRS (the "Systems") are cost-sharing multiple-employer public employee retirement systems which compute contribution requirements based on New York State Retirement and Local Security Law ("NYSRSSL"). TIAA/CREF is a multiple-employer defined contribution plan administered by separate boards of trustees.

### A. Defined Benefit Plans

#### *Plan Descriptions and Benefits Provided*

***New York State and Local Employees' Retirement System*** – 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 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](http://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 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](http://www.nystrs.org).

Plan members who joined the TRS before July 27, 1976, are not required to make contributions. Those joining after July 27, 1976 are required to contribute 3.0% to 3.5% of their annual salary. Employees in the System more than ten years are no longer required to contribute. Pursuant to Article 11 of the Education Law, rates are established annually by the New York State Teachers' Retirement Board.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions***—At December 31, 2018, the County reported the following liability/(asset) for its proportionate share of the net pension liability/(asset) for ERS and TRS (dollars in thousands):

	Governmental Activities ERS	Business-type Activities ERS	Business-type Activities TRS
Measurement date . . . . .	March 31, 2018	March 31, 2018	June 30, 2017
Net pension liability/(asset) . . . . .	\$ 30,322	\$ 2,895	\$ (712)
County's portion of the Plan's total net pension liability/(asset) . . . . .	0.9395048%	0.0897120%	0.0937270%

The net pension liability/(asset) was measured as of March 31, 2018 for ERS and as of June 30, 2017 for TRS. The total pension liability/(asset) used to calculate the net pension liability/(asset) were determined by actuarial valuations as of April 1, 2017 and June 30, 2016, 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.

For the year ended December 31, 2018, the County recognized pension expense of \$38,230,210 for the ERS, and an actuarial increase of \$1,809,438 for the TRS. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollars in thousands):

	Deferred Outflows of Resources		
	Governmental	Business-type	Business-type
	Activities	Activities	Activities
	ERS	ERS	TRS
Differences between expected and actual experiences . . . . .	\$ 10,815	\$ 1,033	\$ 586
Changes in assumptions . . . . .	20,106	1,920	7,249
Net difference between projected and actual earnings on pension plan investments . . . . .	44,040	4,205	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions . . . . .	1,097	103	250
County contributions subsequent to the measurement date . . . . .	25,661	1,363	1,250
<b>Total . . . . .</b>	<b>\$ 101,719</b>	<b>\$ 8,624</b>	<b>\$ 9,335</b>

	Deferred Inflows of Resources		
	Governmental	Business-type	Primary
	Activities	Activities	Government-
	ERS	ERS	TRS
Differences between expected and actual experiences . . . . .	\$ 8,937	\$ 853	\$ 278
Net difference between projected and actual earnings on pension plan investments . . . . .	86,931	8,301	1,678
Changes in proportion and differences between the County's contributions and proportionate share of contributions . . . . .	5,202	496	137
<b>Total . . . . .</b>	<b>\$ 101,070</b>	<b>\$ 9,650</b>	<b>\$ 2,093</b>

The County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

Year ending December 31,	Governmental	Business-type	Business-type
	Activities	Activities	Activities
	ERS	ERS	TRS
2019 . . . . .	\$ 4,731	\$ 451	\$ 183
2020 . . . . .	3,629	346	1,936
2021 . . . . .	(22,794)	(2,177)	1,391
2022 . . . . .	(10,578)	(1,009)	359
2023 . . . . .	-	-	1,387
Thereafter . . . . .	-	-	736

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

	ERS	TRS
Measurement date . . . . .	March 31, 2018	June 30, 2017
Actuarial valuation date . . . . .	April 1, 2017	June 30, 2016
Interest rate . . . . .	7.00%	7.25%
Salary scale . . . . .	3.80%	1.90%-4.72%
Decrement tables . . . . .	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
Inflation rate . . . . .	2.50%	2.25%

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, 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 MP-2014, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by 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 below:

	Target Allocation		Long-Term Expected Real Rate of Return	
	ERS	TRS	ERS	TRS
			March 31, 2018	June 30, 2017
Measurement date . . . . .				
Asset class:				
Domestic equities . . . . .	36.0%	35.0%	4.6%	5.9%
International equities . . . . .	14.0%	18.0%	6.4%	7.4%
Private equity . . . . .	10.0%	8.0%	7.5%	9.0%
Real estate . . . . .	10.0%	11.0%	5.6%	4.3%
Absolute return strategies . . . . .	2.0%	0.0%	3.8%	0.0%
Domestic fixed income securities . . . . .	0.0%	16.0%	0.0%	1.6%
Global fixed income securities . . . . .	0.0%	2.0%	0.0%	1.3%
High-yield fixed income securities . . . . .	0.0%	1.0%	0.0%	3.9%
Opportunistic portfolio . . . . .	3.0%	0.0%	5.7%	0.0%
Real assets . . . . .	3.0%	0.0%	5.3%	0.0%
Bonds and mortgages . . . . .	17.0%	8.0%	1.3%	2.8%
Short-term . . . . .	1.0%	1.0%	0.0%	0.6%
Inflation-indexed bonds . . . . .	4.0%	0.0%	1.3%	0.0%
	<u>100.0%</u>	<u>100.0%</u>		

**Discount Rate**—The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that 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 below presents the County’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the County’s proportionate share of the net pension liability/(asset) would be if they were calculated using a discount rate that is one percentage-point lower (6.0% for ERS and 6.25% for TRS) or one percentage-point higher (8.0% for ERS and 8.25% for TRS) than the current assumption (dollars in thousands):

Governmental Activities ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset) . . . . .	\$ 229,425	\$ 30,322	\$ (138,111)
Business-type Activities ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset) . . . . .	\$ 21,907	\$ 2,895	\$ (13,188)
Business-type Activities TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension liability/(asset) . . . . .	\$ 12,273	\$ (712)	\$ (11,587)

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

	ERS	TRS
Valuation date . . . . .	April 1, 2017	June 30, 2016
Employers' total pension liability/(asset) . . . . .	\$ 183,400,590	\$ 114,708,261
Plan fiduciary net position . . . . .	180,173,145	115,468,360
Employers' net pension liability/(asset) . . . . .	<u>\$ 3,227,445</u>	<u>\$ (760,099)</u>
System fiduciary net pension as a percentage of total pension liability/(asset) . . . . .	98.24%	100.66%

***Payables to the Pension Plan***—For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31, payable in full by February 1. The County opted to prepay the required contribution on December 14<sup>th</sup> at an offered discount of 0.84%. Accrued retirement contributions as of December 31, 2018 are attributable entirely to the College (August 31, 2018) and represents the projected employer contribution for College’s fiscal year of April 1, 2018 to August 31, 2018 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions for ERS at the end of the College’s fiscal year amounted to \$1,948,552.

For TRS, employer and employee contributions for the College fiscal year ended August 31, 2018 are paid to TRS in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of August 31, 2018 represent employee and employer contributions for the fiscal year ended August 31, 2018 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 for TRS as of August 31, 2018 amounted to \$1,313,772.

**B. Defined Contribution Plan**

***Teachers’ Insurance and Annuity Association - College Retirement Equities Fund***

***Plan Description*** – TIAA-CREF is an optional retirement program (“ORP”) authorized by the trustees of the State University of New York. The TIAA/CREF issues a publicly available financial report that contains financial statements and required supplementary information. 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% of their salary. For employees enrolled after June 27, 1992, the College contributes 8% of salary for the first seven years of employment and 10% of salary thereafter. For employees enrolled between July 27, 1976 and June 17, 1992, the College contributes 9% of the first \$16,500 in salary and 12% thereafter. Those joining after April 1, 2013 contribute a percentage ranging from 3% to 6%, based on salary for their entire length of service. Employee contributions are deducted from their salaries and remitted on a current basis to TIAA-CREF.

Contributions made by the College and its employees in the 2018 fiscal year were \$1,845,073 and \$107,882 respectively. The total unpaid balance of this retirement liability at August 31, 2018 was \$92,598.

**X - CONSTRUCTION AND OTHER COMMITMENTS**

*Construction Commitments* – The County has a number of active construction projects at December 31, 2018. The amounts spent to date and remaining commitments (encumbrances) presented by major project groupings are as follows (dollars in thousands):

Projects	Spent-to-date	Remaining Commitments
General government buildings, equipment and improvements . . . . .	\$ 22,107	\$ 9,762
Highways, roads, bridges and equipment . . . . .	13,232	11,628
Sewers, facilities equipment and improvements . . . . .	5,962	1,227
Special capital projects . . . . .	13,670	1,006
Total . . . . .	<u>\$ 54,971</u>	<u>\$ 23,623</u>

*Operating Leases* – Operating lease obligations are primarily for rental of space. Lease expenditures/expenses for the year were \$5,566,658 for the primary government and approximately \$3,300,000 for the ECMCC component unit. The future minimum rental payments required for non-cancelable operating leases are (dollars in thousands):

Fiscal Year	Primary Government	ECMCC Component Unit
2019 . . . . .	\$ 2,557	\$ 3,353
2020 . . . . .	2,162	3,179
2021 . . . . .	1,858	2,803
2022 . . . . .	1,289	2,710
2023 . . . . .	1,008	2,292
2024-2028 . . . . .	-	2,809
Totals . . . . .	<u>\$ 8,874</u>	<u>\$ 17,146</u>

**XI - RISK MANAGEMENT**

**A. Insurance**

The County assumes the liability for most risk including, but not limited to, property damage, personal injury liability, medical malpractice, and workers’ compensation. Asserted and incurred but not reported judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Such recording is consistent with the requirements of 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.



**B. Self-Insurance Programs**

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

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

The County Attorney is responsible for analyzing the County's judgments and claims and providing an opinion regarding the County's ability to cover its liabilities in the self-insurance programs. Based on this analysis, judgments and claims of \$52,844,012 were recorded as governmental activities long-term liabilities at December 31, 2018.

In addition, the County has claims in the range of \$1,582,500 to \$26,885,000 for which there is a reasonable possibility of a future loss. No accrual has been recorded for such possible losses as of December 31, 2018.

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, 2015 in the County's judgment and claims liability for risk financing activities were as follows (dollars in thousands):

Year	Beginning of Year Balance	Additions	Reductions	End of Year Balance
2016 . . . . .	\$ 55,346	\$ 8,253	\$ 11,333	\$ 52,266
2017 . . . . .	52,266	13,716	11,802	54,180
2018 . . . . .	54,180	10,348	11,684	52,844

**Erie County Medical Center Corporation**

Losses from asserted and unasserted claims identified under ECMCC’s incident reporting system are accrued based on actuarial estimates that incorporate ECMCC’s past experience, the nature of each claim or incident, relevant trend factors, and estimated recoveries on unsettled claims. Approximately \$23,743,000 has been accrued at December 31, 2018, discounted at 2.00% and included as liabilities in the accompanying statement of net position. ECMCC has recorded liabilities of approximately \$25,610,000 for workers’ compensation related exposure, discounted at 1.25%. Effective April 1, 2016, ECMCC became self-insured for workers’ compensation through a combination of self-insurance and a high-deductible plan.

**XII - SHORT-TERM DEBT**

Short-term debt of the County may include revenue, tax, and/or bond anticipation notes. These notes are reported as a fund liability in the fund receiving the proceeds in accordance with the criteria set forth in GASB Statement No. 62.

The following is a summary of changes in the County’s short-term debt for the year ended December 31, 2018 (dollars in thousands):

Description	Balance 1/1/18	Issued	Redeemed	Balance 12/31/18
Revenue anticipation notes (RAN) . . . . .	<u>\$ 111,225</u>	<u>\$ 79,255</u>	<u>\$ 111,225</u>	<u>\$ 79,255</u>

On September 26, 2018 Erie County issued a RAN totaling \$79,255,000 with an average interest rate of 3.33%. The RAN matures on June 30, 2019.

**XIII - LONG-TERM LIABILITIES****A. Bonded Indebtedness**

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

On October 24, 2018, the County issued \$40,115,000 in Series 2018A, and \$2,305,000 in Series 2018B general obligation serial bonds, all of which were issued for governmental activities. The serial bonds were issued at a premium of \$5,404,766 and at an interest rate of 3.375-5.0%. Principal payments on the bonds begin September 15, 2019 and will be fully matured on September 15, 2033.

The following is a summary of bond transactions of the County for the year ended December 31, 2018 (dollars in thousands):

Purpose (1)	Issue	Maturity	Interest Rate (%)	Balance 1/1/18	Additions	Reductions	Balance 12/31/18	Due Within One Year
<b>Governmental activities general obligation bonds issued by County of Erie:</b>								
Capital	1999	2018	0.00	\$ 7	\$ -	\$ 7	\$ -	\$ -
Capital	2001	2031	0.00	2,526	-	165	2,361	168
Capital	2002	2031	1.362-5.082	720	-	50	670	50
Capital	2002	2024	2.521-6.181	2,000	-	255	1,745	265
Capital	2003	2032	1.031-4.901	790	-	40	750	45
Capital	2003	2029	2.549-6.259	7,385	-	740	6,645	765
Capital	2003	2032	0.00	249	-	16	233	17
Capital	2003	2032	0.790-4.612	730	-	40	690	40
Capital	2004	2033	1.02-4.63	680	-	35	645	35
Capital	2005	2034	1.56-4.57	2,031	-	96	1,935	96
Capital	2005	2033	2.06-4.13	1,630	-	85	1,545	85
Capital	2006	2035	0.00	1,170	-	-	1,170	65
Capital	2007	2036	3.63-4.79	3,665	-	155	3,510	160
Capital	2010	2023	2.00-4.99	86,365	-	12,725	73,640	13,350
Capital	2010	2039	0.290-4.60	4,650	-	150	4,500	155
Refunding	2010	2020	3.865-21.455	19,565	-	6,215	13,350	6,515
Refunding	2010	2022	2.001-5.00	4,650	-	1,535	3,115	1,545
Refunding	2010	2018	0.95-3.13	15	-	15	-	-
Refunding	2011	2018	1.01-3.30	15	-	15	-	-
Capital	2011	2040	0.00	410	-	18	392	18
Capital & Refunding	2011	2041	0.28-4.95	11,985	-	440	11,545	440
Refunding	2011	2018	2.00-5.00	7,320	-	7,320	-	-
Capital	2011	2023	3.00-5.00	9,595	-	1,420	8,175	1,485
Capital	2012	2026	2.00-5.00	15,715	-	1,425	14,290	1,490
Capital	2012	2042	0.27-4.27	2,755	-	80	2,675	80
Capital	2013	2024	2.726-5.00	18,945	-	2,375	16,570	2,465
Refunding	2013	2024	2.00-5.00	17,850	-	5,420	12,430	5,685
Capital	2013	2023	2.00-5.00	23,425	-	3,445	19,980	3,615
Capital	2014	2026	2.00-5.00	19,770	-	1,810	17,960	1,880
Capital	2014	2028	2.00-5.00	1,995	-	140	1,855	150
Capital	2015	2028	5.00	26,265	-	1,850	24,415	1,940
Refunding	2015	2029	5.00	19,700	-	2,545	17,155	2,600
Capital	2015	2028	3.00-5.00	1,905	-	145	1,760	150
Capital	2016	2029	4.00-5.00	30,705	-	1,945	28,760	2,025
Capital	2016	2028	3.00-5.00	2,060	-	145	1,915	155
Capital	2017	2031	3.00-5.00	32,075	-	-	32,075	1,800
Refunding	2017	2036	2.00-5.00	11,140	-	405	10,735	415
Capital	2017	2047	0.96-3.98	15,331	-	490	14,841	421
Capital	2018	2031	4.00-5.00	-	40,115	-	40,115	2,480
Capital	2018	2033	3.375-5.00	-	2,305	-	2,305	120
Totals carried forward				<u>407,789</u>	<u>42,420</u>	<u>53,757</u>	<u>396,452</u>	<u>52,770</u>

(Continued)

Purpose (1)	Issue	Maturity	Interest Rate (%)	Balance 1/1/18	Additions	Reductions	Balance 12/31/18	Due Within One Year
Totals brought forward . . . . .				\$ 407,789	\$ 42,420	\$ 53,757	\$ 396,452	\$ 52,770
Less bonds issued by the County to ECFSA (mirror bonds):								
Capital	2010	2023	2.00-4.99	(86,365)	-	(12,725)	(73,640)	(13,350)
Refunding	2010	2020	3.865-21.455	(19,565)	-	(6,215)	(13,350)	(6,515)
Refunding	2010	2022	2.00-5.00	(4,650)	-	(1,535)	(3,115)	(1,545)
Refunding	2011	2018	2.00-5.00	(7,320)	-	(7,320)	-	-
Capital	2011	2023	3.00-5.00	(9,595)	-	(1,420)	(8,175)	(1,485)
Capital	2013	2024	2.726-5.00	(18,945)	-	(2,375)	(16,570)	(2,465)
Refunding	2013	2024	2.00-5.00	(17,850)	-	(5,420)	(12,430)	(5,685)
Capital	2013	2023	2.00-5.00	(23,425)	-	(3,445)	(19,980)	(3,615)
Capital	2017	2031	3.00-5.00	(32,075)	-	-	(32,075)	(1,800)
Refunding	2017	2036	0.96-3.98	(11,140)	-	(405)	(10,735)	(415)
Total mirror bonds . . . . .				(230,930)	-	(40,860)	(190,070)	(36,875)
Net general obligation bonds issued by County of Erie . . . . .				176,859	42,420	12,897	206,382	15,895
<b>Governmental activities general obligation bonds issued by ECFSA:</b>								
Capital	2010	2023	2.0-5.0	40,070	-	12,725	27,345	13,350
Refunding	2010	2020	2.25-5.24	19,565	-	6,215	13,350	6,515
Refunding	2010	2022	2.0-5.0	4,650	-	1,535	3,115	1,545
Refunding	2011	2018	2.00-5.00	7,320	-	7,320	-	-
Capital	2011	2023	2.00-5.00	9,595	-	1,420	8,175	1,485
Capital	2013	2024	2.00-5.00	18,945	-	2,375	16,570	2,465
Refunding	2013	2024	2.00-5.00	17,850	-	5,420	12,430	5,685
Capital	2013	2023	2.00-5.00	23,425	-	3,445	19,980	3,615
Refunding	2016	2023	3.375-5.00	44,335	-	-	44,335	-
Capital	2017	2031	4.00-5.00	32,075	-	-	32,075	1,800
Refunding	2017	2036	2.00-5.00	11,140	-	405	10,735	415
ECMCC facility	2017	2034	3.00-5.00	62,745	-	2,505	60,240	2,630
ECMCC capital	2017	2039	3.00-5.00	92,115	-	500	91,615	500
Total general obligation bonds issued by ECFSA . . . . .				383,830	-	43,865	339,965	40,005
Total general obligation bonds issued by County of Erie and ECFSA . . . . .				560,689	42,420	56,762	546,347	55,900
Premium on bond issuance . . . . .				16,730	5,405	1,950	20,185	-
Premium on bond issuance-ECFSA . . . . .				48,063	-	7,724	40,339	-
Total County of Erie and ECFSA bonds payable-net . . . . .				625,482	47,825	66,436	606,871	55,900
<b>Governmental activities bonds issued by ETASC(2):</b>								
Tobacco refunding	2005	varies	varies	236,155	-	3,190	232,965	-
Subordinate CABs	2005	varies	varies	32,870	-	-	32,870	-
Subordinate CABs	2006	varies	varies	17,695	-	-	17,695	-
Subordinate CABs	2005-06	varies	varies	62,727	7,861	-	70,588	-
Subtotal bonds issued by ETASC . . . . .				349,447	7,861	3,190	354,118	-
Discount on ETASC bonds . . . . .				(9,343)	-	(81)	(9,262)	-
Discount on ETASC subordinate CABs . . . . .				(1,455)	-	(18)	(1,437)	-
Total ETASC bonds payable-net . . . . .				338,649	7,861	3,091	343,419	-
Governmental activities bonds payable for financial statement purposes . . . . .				\$ 964,131	\$ 55,686	\$ 69,527	\$ 950,290	\$ 55,900

(Concluded)

(1) Capital—Capital acquisition and construction.

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

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

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

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

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

ETASC has evaluated the forward purchase agreement using the consistent critical terms method and deemed it to be effective. As of December 31, 2018, the notional amount of the agreement totals \$19,218,750, the fair value is \$7,565,325 and net cash flows during the year totaled \$252,181.

The forward purchase agreement is valued using quoted prices for similar assets or liabilities in active markets (Level 2 input - See Note III).

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's General Fund.

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

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

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

Details of ETASC's long-term debt as of December 31, 2018 are as follows:

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

(Continued)

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

(Concluded)

Changes in ETASC bonded indebtedness for the year ended December 31, 2018 were as follows (dollars in thousands):

	Tobacco Settlement Bonds	Subordinate CABs	Total
Bonds payable at January 1, 2018 . . . . .	\$ 236,155	\$ 113,293	\$ 349,448
Principal payments during 2018 . . . . .	(3,190)	-	(3,190)
Annual net interest accretion . . . . .	-	7,860	7,860
Bonds payable at December 31, 2018 . . . . .	<u>\$ 232,965</u>	<u>\$ 121,153</u>	<u>\$ 354,118</u>

The amount reflected in the statement of net position for ETASC’s bonds payable is net of unamortized discounts on the sale of bonds totaling \$10,699,461.

The ETASC’s debt service requirements for the Series 2005A and 2005E bonds as of December 31, 2018 are as follows (dollars in thousands):

Year ending December 31,	Principal	Interest	Total Debt Service
2019 . . . . .	\$ -	\$ 11,813	\$ 11,813
2020 . . . . .	-	11,813	11,813
2021 . . . . .	-	11,813	11,813
2022 . . . . .	-	11,813	11,813
2023 . . . . .	-	11,813	11,813
2024-2028 . . . . .	16,470	58,571	75,041
2029-2033 . . . . .	30,330	50,332	80,662
2034-2038 . . . . .	74,685	44,674	119,359
2039-2043 . . . . .	-	27,870	27,870
2044-2045 . . . . .	111,480	8,361	119,841
	<u>\$ 232,965</u>	<u>\$ 248,873</u>	<u>\$ 481,838</u>



**C. Erie County Medical Center Corporation**

*Long-term Debt* – The following is a summary of long-term bonded debt at December 31, 2018:

Erie County—Guaranteed Senior Revenue Bonds, Series 2004 (interest of 4.1% to 5.7%) .....	<u>\$ 75,725,000</u>
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The Series 2004 bonds are secured by a pledge of the gross receipts of ECMCC and amounts on deposit in certain debt service reserve funds. To the extent that the debt service reserve funds fall below their requirements, the County has agreed to restore such accounts to their requirement.

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

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

**D. Other Long-Term Liabilities**

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

1. Due to Retirement Systems

Retirement payables of the primary government at December 31, 2018 for amounts due in 2018 and future years are reported in the government-wide financial statements as follows (dollars in thousands):

	<u>Business-type Activities*</u>
Retirement liability outstanding	
at year-end .....	\$ 3,355
Less: Due within one year .....	<u>3,041</u>
Due in more than one year ...	<u>\$ 314</u>

\* The College (August 31, 2018)

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

2. Compensated Absences

The value recorded in the government-wide financial statements for compensated absences at December 31, 2018, for governmental activities is \$25,244,083 classified as a long-term liability in the accompanying financial statements, which includes \$13,933,236 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 \$3,530,732 have been reported for business-type activities, classified as fringe benefits payable, on the fund financial statements, which includes \$330,000 due within one year.

Compensated absences of the Library component unit totaling \$1,520,207 have been reported as a long-term liability, which includes \$754,179 due within one year. Compensated absences of the ECMCC component unit totaling approximately \$12,851,000 have been reported as an accrued liability.

3. Judgments and Claims

As further explained in Note XI, the County is self-insured. Liabilities are established for workers’ compensation, general and malpractice claims in accordance with GAAP. Estimated long-term contingent loss liabilities of governmental fund types total \$52,844,012 and have been reported as long-term liabilities in the government-wide financial statements.

Also, as further explained in Notes XI and XIII (E) (4), ECMCC is self-insured and has recorded approximately \$23,743,000 and \$25,610,000 for the long-term portions of medical malpractice and workers’ compensation liability related exposures, respectively.

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

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

**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
Retirees or beneficiaries currently receiving benefits payments	3,886	374
Total	<u>7,911</u>	<u>1,136</u>

**Total OPEB Liability** – The County’s governmental activities and business-type activities total OPEB liabilities of \$1,421,120,310 and \$228,555,352, respectively, were measured as of December 31, 2017, 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 3.81% effective January 1, 2017 to 3.31% effective December 31, 2017 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, 5.80% and prescription, 10.50%. Healthcare trends are reduced by decrements to reach a rate of 3.886% 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 3.81% effective January 1, 2017 to 3.31% effective December 31, 2017. 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-2017 on a fully generational basis, were used for mortality rates. The 2015 New York State Teachers’ Retirement System rate were used for retirement 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 3.89%. 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 primary government OPEB liability during the fiscal year, by source:

<b>Total OPEB Liability</b>	Governmental Activities	Business-type Activities *
Balance at December 31, 2017, as restated . . . . .	\$ 1,260,657,662	\$ 203,285,491
Changes for the year:		
Service cost . . . . .	25,746,652	4,954,958
Interest cost . . . . .	48,380,070	7,829,180
Changes of assumptions . . . . .	116,771,649	17,319,854
Differences between expected and actual experience . . . . .	2,736,678	666,182
Benefit payments . . . . .	(33,172,401)	(5,500,313)
Net changes in total OPEB liability . . . . .	160,462,648	25,269,861
Balance at December 31, 2018 . . . . .	<u>\$ 1,421,120,310</u>	<u>\$ 228,555,352</u>

**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 of a 1% change in the discount rate assumption would have on the net OPEB liability:

	1% Decrease (2.31%)	Current Discount Rate (3.31%)	1% Increase (4.31%)
Governmental Activities . . . . .	\$ 1,701,667,044	\$ 1,421,120,310	\$ 1,201,226,577
Business-type Activities* . . . . .	\$ 269,639,242	\$ 228,555,352	\$ 195,713,437

Additionally, healthcare cost 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 (7.0%)/ultimate (3.89%) healthcare cost trend rates.

	1% Decrease (5.0%/2.89%)	Healthcare Cost Trend Rates (7.0%/3.89%)	1% Increase (8.0%/4.89%)
Governmental Activities . . . . .	\$ 1,161,136,450	\$ 1,421,120,310	\$ 1,772,929,216
Business-type Activities* . . . . .	\$ 189,917,640	\$ 228,555,352	\$ 279,778,081

**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 \$33,172,401 for the year ended December 31, 2018.

**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 when invoiced by the County or by the health insurance provider. The College contributed \$5,500,313 for each of the fiscal years ended August 31, 2018 and 2017.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – The County reports deferred outflows 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 primary government deferred outflows of resources at December 31, 2018.

	Governmental Activites	Business-type Activites *
Differences between expected and actual experience . . . . .	\$ 2,290,092	\$ 569,466
Changes of assumptions . . . . .	97,716,223	14,805,357
Benefit payments subsequent to the measurement date . . . . .	33,172,401	3,476,617
Total	<u>\$ 133,178,716</u>	<u>\$ 18,851,440</u>

Contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending December 31 / August 31,</u>	Governmental Activites	Business-type Activites *
2019	\$ 19,502,012	\$ 2,611,213
2020	19,502,012	2,611,213
2021	19,502,012	2,611,213
2022	19,502,012	2,611,213
2023	19,502,012	2,611,213
Thereafter	2,496,225	2,318,758

\* The College (August 31, 2018)

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

The following is a summary of changes in long-term liabilities for the year ended December 31, 2018 (dollars in thousands):

1. Governmental Activities

	Balance 1/1/18	Additions	Reductions	Balance 12/31/18	Due Within One Year
Bonds payable for financial statement purposes . . . . .	\$ 964,131	\$ 55,686	\$ 69,527	\$ 950,290	\$ 55,900
Compensated absences . . . . .	22,663	22,617	20,036	25,244	13,933
Judgments and claims . . . . .	54,180	10,348	11,684	52,844	10,876
OPEB liability (restated) . . . . .	1,260,658	193,635	33,173	1,421,120	-
Net pension liability * . . . . .	86,355	-	56,033	30,322	-
Accrued derivative liability - ETASC . . . . .	8,974	-	1,409	7,565	-
Governmental activities long-term liabilities . . . . .	<u>\$ 2,396,961</u>	<u>\$ 282,286</u>	<u>\$ 191,862</u>	<u>\$ 2,487,385</u>	<u>\$ 80,709</u>

\* Reductions to the net pension liability are shown net of additions.

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 post-employment benefit and net pension liabilities.

2. Business-Type Activities\*

	Balance 9/1/17	Additions	Reductions	Balance 8/31/18	Due Within One Year
Retirement liabilities . . . . .	\$ 3,720	\$ 6,490	\$ 6,855	\$ 3,355	\$ 3,041
Compensated absences and fringe benefits . . . . .	4,243	611	404	4,450	330
OPEB liability (restated) . . . . .	203,286	30,770	5,500	228,556	-
Net pension liability** . . . . .	9,336	-	6,441	2,895	-
Business-type activities long-term liabilities . . . . .	<u>\$ 220,585</u>	<u>\$ 37,871</u>	<u>\$ 19,200</u>	<u>\$ 239,256</u>	<u>\$ 3,371</u>

\* The College (August 31, 2018)

\*\* Reductions to the net pension liability are shown net of additions.

3. Library Component Unit

	Balance 1/1/18	Additions	Reductions	Balance 12/31/18	Due Within One Year
Compensated absences . . . . .	\$ 1,419	\$ 938	\$ 837	\$ 1,520	\$ 754
OPEB liability, (restated) . . . . .	86,818	12,634	2,218	97,234	-
Net pension liability* . . . . .	4,369	-	2,894	1,475	-
Library Component Unit long-term liabilities . . . . .	<u>\$ 92,606</u>	<u>\$ 13,572</u>	<u>\$ 5,949</u>	<u>\$ 100,229</u>	<u>\$ 754</u>

\* Reductions to the net pension liability are shown net of additions.

4. ECMCC Component Unit

	Balance 1/1/18	Additions	Reductions	Balance 12/31/18	Due Within One Year
Bonds payable for financial statement purposes . . . . .	\$ 78,910	\$ -	\$ 3,185	\$ 75,725	\$ 3,360
Long-term loan (1) . . . . .	179,921	-	4,094	175,827	5,212
Other Loan . . . . .	8,033	-	8,033	-	-
Capital Lease . . . . .	5,642	2,453	2,322	5,773	2,554
Judgments and claims (2). . . . .	50,540	4,186	12,072	42,654	-
OPEB liability (restated) * . . . . .	446,045	-	68,894	377,151	-
Net pension liability * . . . . .	71,544	-	46,867	24,677	-
Other . . . . .	3,396	529	-	3,925	-
ECMCC Component Unit long-term liabilities . . . . .	<u>\$ 844,031</u>	<u>\$ 7,168</u>	<u>\$ 145,467</u>	<u>\$ 705,732</u>	<u>\$ 11,126</u>

(1) Refer to discussion within Note XV(B) regarding long-term loan due to primary government.

(2) Refer to discussions within Notes XI(B) and XIII(D)(3) and regarding judgments and claims of ECMCC.

\* Reductions to the net pension liability and OPEB liability are shown net of additions.

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 \$5,000,000, \$1,672,000 and \$12,579,000 respectively.

**F. Maturity Schedules (dollars in thousands)**

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

Year	Total	Bonds	Retirement	Compensated Absences and Fringe Benefits	Judgments and Claims	OPEB	Net Pension Liability	Accrued Derivative Liability - ETASC
2019 . . . . .	\$ 84,080	\$ 55,900	\$ 3,041	\$ 14,263	\$ 10,876	\$ -	\$ -	\$ -
2020 . . . . .	57,525	57,211	314	-	-	-	-	-
2021 . . . . .	46,063	46,063	-	-	-	-	-	-
2022 . . . . .	48,199	48,199	-	-	-	-	-	-
2023 . . . . .	50,467	50,467	-	-	-	-	-	-
2024-2028 .	146,616	146,616	-	-	-	-	-	-
2029-2033 .	109,070	109,070	-	-	-	-	-	-
2034-2038 .	134,775	134,775	-	-	-	-	-	-
2039-2043 .	16,971	16,971	-	-	-	-	-	-
2044-2048 .	123,203	123,203	-	-	-	-	-	-
2049-2053 .	12,565	12,565	-	-	-	-	-	-
2054-2058 .	11,142	11,142	-	-	-	-	-	-
2059-2060 .	17,695	17,695	-	-	-	-	-	-
Various (1) .	1,818,445	70,588	-	15,431	41,968	1,649,676	33,217	7,565
	<u>2,676,816</u>	<u>900,465</u>	<u>\$ 3,355</u>	<u>\$ 29,694</u>	<u>\$ 52,844</u>	<u>\$1,649,676</u>	<u>\$ 33,217</u>	<u>\$7,565</u>
	(10,699)	(10,699)	Remaining unamortized discount on bond issuance - ETASC					
	20,185	20,185	Remaining unamortized premium of bond issuance					
	40,339	40,339	Remaining unamortized premium of bond issuance - ECFSA					
	<u>\$2,726,641</u>	<u>\$ 950,290</u>	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.

2. Annual Interest Payments Due on Serial Bonds

Year	Primary Government	ECMCC Component Unit
2019 . . . . .	\$ 32,430	\$ 4,270
2020 . . . . .	34,345	4,085
2021 . . . . .	31,886	3,890
2022 . . . . .	29,590	3,685
2023 . . . . .	27,157	3,468
2024-2028 . . .	111,554	13,581
2029-2033 . . .	76,963	5,746
2034-2038 . . .	57,189	-
2039-2043 . . .	29,423	-
2044-2047 . . .	8,568	-
Totals . . . . .	<u>\$ 439,105</u>	<u>\$ 38,725</u>



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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019 .....	\$ 36,875	\$ 8,474
2020 .....	38,405	6,710
2021 .....	25,760	5,144
2022 .....	26,995	3,859
2023 .....	28,270	2,492
2024-2028 ...	18,860	5,571
2029-2033 .....	13,015	1,427
2034-2036 ...	1,890	96
Totals ...	<u>\$ 190,070</u>	<u>\$ 33,773</u>

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

<u>Year</u>	<u>Total</u>	<u>Compensated Absences</u>	<u>OPEB</u>	<u>Net Pension Liability</u>
2019 .....	\$ 754	\$ 754	\$ -	\$ -
Various (1) ...	99,475	766	97,234	1,475
Totals ...	<u>\$ 100,229</u>	<u>\$ 1,520</u>	<u>\$ 97,234</u>	<u>\$ 1,475</u>

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

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

<u>Year</u>	<u>Total</u>	<u>Serial Bonds</u>	<u>Long-term Loan</u>	<u>Capital Lease</u>	<u>Judgments and Claims</u>	<u>OPEB</u>	<u>Net Pension Liability</u>	<u>Other</u>
2019 .....	\$ 11,126	\$ 3,360	\$ 5,212	\$ 2,554	\$ -	\$ -	\$ -	\$ -
2020 .....	10,909	3,545	5,914	1,450	-	-	-	-
2021 .....	10,865	3,740	6,815	310	-	-	-	-
2022 .....	11,261	3,945	6,990	326	-	-	-	-
2023 .....	11,679	4,165	7,170	344	-	-	-	-
2024-2028 ...	64,120	24,565	38,766	789	-	-	-	-
2029-2033 ...	76,772	32,405	44,367	-	-	-	-	-
2034-2038 ...	54,603	-	54,603	-	-	-	-	-
2039-2040 ...	5,990	-	5,990	-	-	-	-	-
Various (1) ...	448,407	-	-	-	42,654	377,151	24,677	3,925
Totals ...	<u>\$ 705,732</u>	<u>\$ 75,725</u>	<u>\$ 175,827</u>	<u>\$ 5,773</u>	<u>\$ 42,654</u>	<u>\$ 377,151</u>	<u>\$ 24,677</u>	<u>\$ 3,925</u>

(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.

**G. Permanent Financing Requirements**

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

**H. Constitutional Debt Limit**

The County constitutional debt limit at December 31, 2018 is computed as follows (dollars in thousands):

Five-year average full valuation of taxable real estate (2013-2017) .....	<u>\$ 52,440,226</u>
Debt limit @ 7% .....	\$ 3,670,816
Net indebtedness (after statutory exclusions) .....	<u>393,960</u> *
Net debt contracting margin .....	<u>\$ 3,276,856</u>
Percentage of debt contracting power exhausted .....	<u>10.73%</u>

\*Net indebtedness includes general obligation bonds of \$318,235,000 and ECMCC bond guaranty of \$75,725,000 (excludes RAN of \$79,255,000, ETASC bonds of \$354,118,482 to be paid with tobacco settlement proceeds by ETASC, sewer bonds for self-supporting districts of \$78,216,724, and ECFSAs bonds of \$91,615,000 for capital projects and \$60,240,000 for the nursing home refunding, totaling \$151,855,000 to be paid by ECMCC. The capital projects bonds will mature in September 2039 while the refunding bonds will mature in September 2034).

**I. Defeasance**

In prior years, the ECFSAs 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 ECFSAs's financial statements. At December 31, 2018, \$107,590,000 of defeased bonds remains outstanding.

**J. 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, 2018 was \$107,590,000.

#### XIV – NET POSITION AND FUND BALANCE

##### A. Net Position

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

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

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

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

##### B. Fund Balance

In the governmental fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the County at December 31, 2018 includes:

*Prepaid Items* – \$11,778,033 representing amounts prepaid to vendors and the New York State and Local Employees' Retirement System that are applicable to future accounting periods.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balance of the County at December 31, 2018 includes:

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

*Community Development Loans* – \$26,118,881 representing amounts offset for community development loans receivable, which are legally required to be maintained intact.

*Debt Service* – \$36,023,195 representing funds to be used toward the future repayment of bonded debt service.

*Capital Expenditures* – \$113,382,410 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, 2018 include:

*Subsequent Year's Expenditures* – Represents available fund balance of \$13,984,929 appropriated to meet expenditure requirements in the 2019 year.

*Judgments and Claims* – Represents amounts to fund future settlements of various claims and litigation in the amount of \$1,500,000.

*Other Purposes* – Includes amounts assigned for supplemental appropriations (\$47,222,358) within the 2019 year which were approved by the Legislature subsequent to the adoption of the 2019 budget, amounts to cover the County's cost of road repairs (\$2,509,468), encumbrances (\$6,451,766) and positive residual balances (\$29,319,313) in Special Revenue Funds; and General Fund encumbrances (\$2,210,773).

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, 2018, significant encumbrances are as follows (dollars in thousands):

Purpose	General Fund	Other Governmental Funds
Social Services Programs . . . . .	1,542	-
Countywide Road Construction and Preservation . . . . .	-	1,103
Brownfield Redevelopment Project . . . . .	-	1,300
Bridge Construction and Preservation . . . . .	-	1,399
Bethlehem Steel Redevelopment . . . . .	-	1,400
Countywide Highway Vehicle & Equipment Replacement . . . . .	-	1,499
Countywide Capital Overlay Program . . . . .	-	1,514
Total . . . . .	\$ 1,542	\$ 8,215

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

**XV - INTERFUND BALANCES AND TRANSACTIONS****A. Interfund Receivables and Payables**

Interfund receivables and payables of the County at December 31, 2018, and the College at August 31, 2018, consisted of the following (dollars in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	ECFSA General . . . . .	\$ 54,786
	Nonmajor Governmental Funds . . . . .	32,662
	College . . . . .	2,671
	Nonmajor Proprietary Fund . . . . .	13,015
		<u>103,134</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds . . . . .	45,626
College	General Fund . . . . .	46
Nonmajor Proprietary Fund	College . . . . .	52
	Total receivables . . . . .	148,858
	Plus: timing differences . . . . .	(1,083)
	Total payables . . . . .	<u>\$ 147,775</u>

Interfund receivables exceed interfund payables by \$1,083,000. 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.

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

Amounts due between the component units and the primary government at December 31, 2018, consisted of the following (dollars in thousands):

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Government-General Fund	ECMCC Component Unit . . . . .	<u>\$ 76</u>
Primary Government-Governmental Activities	ECMCC Component Unit . . . . .	<u>\$ 175,827</u>
Primary Government-Nonmajor Governmental Fund	ECMCC Component Unit . . . . .	<u>\$ 186</u>
Primary Government-Nonmajor Proprietary Fund	ECMCC Component Unit . . . . .	<u>\$ 14,489</u>
ECMCC Component Unit	Primary Government-Governmental Activities. . . . .	<u>\$ 20,000</u>

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 2018 totaling \$4,064,093 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 \$175,827,000 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):

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019 . . . . .	\$ 5,212	\$ 2,927	\$ 8,139
2020 . . . . .	5,914	5,092	11,006
2021 . . . . .	6,815	4,905	11,720
2022 . . . . .	6,990	4,705	11,695
2023 . . . . .	7,170	4,499	11,669
2024-2028 . . . . .	38,766	19,220	57,986
2029-2033 . . . . .	44,367	13,209	57,576
2034-2038 . . . . .	54,603	5,641	60,244
2039 . . . . .	5,990	56	6,046
Totals . . . . .	<u>\$ 175,827</u>	<u>\$ 60,254</u>	<u>\$ 236,081</u>

C. Interfund Transfers

Interfund transfers for the County for the year ended December 31, 2018, and the College for the year ended August 31, 2018, consisted of the following (dollars in thousands):

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>	<u>Purpose - provide financial resources:</u>
General Fund	Nonmajor Governmental Funds . . . . .	\$ 4,956	For the local share of Grant programs
	Nonmajor Governmental Funds . . . . .	15,692	For highway improvements
	Nonmajor Governmental Funds . . . . .	3,866	To support E-911 operations
	Nonmajor Governmental Funds . . . . .	60,038	For general debt service
	Nonmajor Governmental Funds . . . . .	577	To support various capital projects
	Nonmajor Governmental Funds . . . . .	649	For highway maintenance
	College . . . . .	16,754	To support College operations
		<u>102,532</u>	
ECFSA	General Fund . . . . .	<u>458,898</u>	For general operations from sales tax receipts
Nonmajor Governmental Funds	Nonmajor Governmental Funds . . . . .	9,920	To support various capital projects
	Nonmajor Governmental Funds . . . . .	6,548	To support various capital projects
	Nonmajor Governmental Funds . . . . .	126	For Sewer operations
	Nonmajor Governmental Funds . . . . .	4,455	For sewer debt service
	Nonmajor Governmental Funds . . . . .	1,458	For general debt service
	Nonmajor Governmental Funds . . . . .	62,065	For ECFSA debt service
	Nonmajor Governmental Funds . . . . .	200	For ETASC debt service
	General Fund . . . . .	103	For general operations
	College . . . . .	1,800	For movable equipment
		<u>86,675</u>	
Total transfers . . . . .		<u>\$ 648,105</u>	

## XVI – PROPERTY TAX ABATEMENTS

As of December 31, 2018, 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 2018, the County received payments for 43 PILOT agreements from within the City of Buffalo, which encompassed 168 properties. The County real property taxes for these properties totaled \$905,990 while \$236,296 was received for PILOT payments. This resulted in tax abatements totaling \$669,694.

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 \$52,128 while \$22,967 was received for PILOT payments. This resulted in tax abatements totaling \$29,161.



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, 2018 were as follows:

IDA	Real Property Taxes	PILOT Payments	Tax Abatements
Amherst . . . . .	\$ 1,151,358	\$ 663,313	\$ 488,045
Clarence . . . . .	374,789	286,466	88,323
Concord . . . . .	28,584	25,549	3,035
Erie County (ECIDA) . . . . .	4,728,326	2,639,546	2,088,780
Hamburg . . . . .	580,666	291,641	289,025
Lancaster . . . . .	920,052	601,262	318,790
Total . . . . .	<u>\$ 7,783,775</u>	<u>\$ 4,507,777</u>	<u>\$ 3,275,998</u>

## XVII - CONTINGENCIES

### A. Sales Tax Audits

The State of New York periodically audits its distribution of sales tax revenues to counties throughout the State. Subsequent revisions to the revenues recorded as of December 31, 2018, if any, would be reflected in the operating statement in the year that they are calculated.

### B. Supplemental 1% Sales Tax

Through legislation approved by the County and the State of New York, first effective in March of 1985, the County extended an additional 1% sales and compensating use tax. An added requirement of this legislation commencing in 2007, is that the County is required to share \$12,500,000 of this tax with other local municipalities. This tax generated approximately \$167,907,863 (gross) for the year ended December 31, 2018. The enabling legislation allowing this additional tax expires November 30, 2019. Legislative approval by both New York State and the County is required for the continuation of this revenue source.

### C. Supplemental 0.25% Sales Tax

Through legislation approved by the County and the State of New York, the County initiated an additional 0.25% sales and compensating use tax effective July 1, 2005. This tax generated approximately \$41,962,715 for the year ended December 31, 2018. The enabling legislation allowing this additional tax expires November 30, 2019. Legislative approval by both New York State and the County is required for the continuation of this revenue source.

**D. Supplemental 0.50% Sales Tax**

The County Legislature approved a home rule message requesting approval of the New York State Legislature to raise the sales tax 0.50%, to 8.75%. The New York State Legislature approved the Sales Tax Request in January 2006 and the County Legislature enacted the tax increase effective January 15, 2006. This tax generated approximately \$83,925,430 for the year ended December 31, 2018. The enabling legislation allowing this additional tax expires November 30, 2019. Legislative approval by both New York State and the County is required for the continuation of this revenue source.

**E. Federal and State Aid**

The County receives federal aid, state aid, or both for a portion of its mandated social services program expenditures (reported in the Economic Assistance and Opportunity category in the financial statements), such as Medicaid, Family Assistance and Safety Net. The County appropriates only the local share of state administered Medicaid expenditures. Conversely, the County appropriates total expenditures for Family Assistance and Safety Net programs, and budgets state and/or federal aid as revenue. Federal and state aid represents approximately 41% of 2018 County appropriations for social services programs.

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

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

**F. Other Contingent Liabilities****1. Financial Assistance Audits**

As discussed above, the County receives significant financial assistance from numerous federal and state governmental agencies and third-party payors. The disbursement of monies received under these programs generally requires compliance with terms and conditions specified in the related agreements and are subject to audit by the funding agencies or payors. Any disallowed expenditures resulting from such audits could become a liability of the governmental or proprietary funds. At December 31, 2018, ECMCC, a component unit of the County, has recorded \$7,092,000 as an accrued liability for probable third-party payor settlements. The amount of any other expenses that may be disallowed cannot be determined at this time, although ECMCC expects such other amounts to be immaterial.

2. Pollution Remediation

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.

## XVIII – JOINT VENTURES

A. Western Regional Off-Track Betting

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

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

OTB adopted GASB Statement No. 75 and restated total undistributed net revenue for January 1, 2018 from \$(1,885,034) to \$(20,688,624). OTB total undistributed net revenue decreased by \$1,481,152 for the year ended December 31, 2018. The OTB reported net revenue available for distribution to participating municipalities of \$1,168,499. Separate financial statements for this joint venture can be obtained from the OTB Comptroller at 8315 Park Road, Batavia, New York, 14020.

B. Buffalo Erie Niagara Land Improvement Corporation

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

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

BENLIC is eligible to receive financial assistance from federal and state governmental agencies in the form of grants. BENLIC reported revenues and other support totaling \$2,220,063 and expenses totaling \$1,337,714 for year ended December 31, 2018. BENLIC reported net assets of \$3,525,580 at December 31, 2018, of which \$19,247 was net assets with donor restrictions.

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

**XIX – RESTATEMENT OF NET POSITION**

During the year ended December 31, 2018, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of GASB Statement No. 75 requires the County’s net OPEB liability to be measured as the portion of present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position. As a result, the County’s OPEB liability and net position as of December 31, 2017 was restated as shown below.

	Governmental Activities	Business- type Activities	Component Units	
			Library	ECMCC
Net position, as of 12/31/2017, as previously stated	\$ (83,475)	\$ (15,878)	\$ (7,044)	\$ 144,737
OPEB liability adjustment	(802,914)	(119,672)	(56,156)	(284,568)
Net position, as of 12/31/17, as restated	<u>\$ (886,389)</u>	<u>\$ (135,550)</u>	<u>\$ (63,200)</u>	<u>\$ (139,831)</u>

**XX - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 31, 2019, 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.

\* \* \* \* \*

**REQUIRED SUPPLEMENTARY INFORMATION**

# Schedule of Changes in Total OPEB Liability and Related Ratios

## Other Post-Employment Benefits Plan – Primary Government

For the Year Ended December 31, 2018 (1)

(dollars in thousands)

### Governemental Activities

	Year Ended December, 31	
	2018	2017
<b>Total OPEB Liability</b>		
Service cost	\$ 25,746,652	
Interest cost	48,380,070	
Differences between expected and actual experience	2,736,678	
Changes of assumptions or other inputs	116,771,649	
Benefit payments	(33,172,401)	
Net changes in total OPEB liability	160,462,648	
Total OPEB liability - beginning	1,260,657,662	
Total OPEB liability - ending	\$ 1,421,120,310	n/a
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 33,172,401	
Benefit payments	(33,172,401)	
Net change in plan fiduciary net position	-	
Plan fiduciary net position - beginning	-	n/a
Plan fiduciary net position - ending	-	n/a
<b>Net OPEB Liability - Ending</b>	1,421,120,310	n/a
Plan's fiduciary net position as a percentage of the total OPEB liability	0%	n/a
Annual Covered Employee Payroll	209,307,991	n/a
Net OPEB liability as a percentage of annual covered employee payroll	678.96%	n/a

### Business-type Activities

	Year Ended August 31,	
	2018	2017
<b>Total OPEB Liability</b>		
Service cost	\$ 4,954,958	
Interest cost	7,829,180	
Differences between expected and actual experience	666,182	
Changes of assumptions or other inputs	17,319,854	
Benefit payments	(5,500,313)	
Net changes in total OPEB liability	25,269,861	
Total OPEB liability - beginning	203,285,491	
Total OPEB liability - ending	\$ 228,555,352	n/a
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 5,500,313	
Benefit payments	(5,500,313)	
Net change in plan fiduciary net position	-	
Plan fiduciary net position - beginning	-	n/a
Plan fiduciary net position - ending	-	n/a
<b>Net OPEB Liability - Ending</b>	228,555,352	n/a
Plan's fiduciary net position as a percentage of the total OPEB liability	0%	n/a
Annual Covered Employee Payroll	58,951,103	n/a
Net OPEB liability as a percentage of annual covered employee payroll	387.70%	n/a

Note:

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

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

## Schedule of Local Government's Proportionate Share of the Net Pension Liability

Employees' Retirement System - Primary Government

Last Five Fiscal years (1)

(dollars in thousands)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Measurement date .....	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
County's proportion of the net pension liability .....	1.029217%	1.007277%	0.999966%	0.991287%	0.991287%
County's proportionate share of the net pension liability .....	\$ 33,217	\$ 94,646	\$ 160,497	\$ 33,488	\$ 44,795
County's covered payroll .....	\$ 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 .....	12.81%	37.76%	65.61%	14.63%	19.27%
Plan fiduciary net position as a percentage of the total pension liability .....	98.20%	94.70%	90.70%	97.95%	97.15%

*Note:*

(1) Information prior to the year ended December 31, 2014 is not available.

## Schedule of Local Government's Contributions

### Employees' Retirement System - Primary Government

Last Five Fiscal years (1)

(dollars in thousands)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Contractually required contributions . . . . .	\$ 33,443	\$ 36,452	\$ 35,896	\$ 35,997	\$ 29,608
Contributions in relation to the contractually required contribution . . . . .	(33,443)	(36,452)	(35,896)	(35,997)	(29,608)
Contribution deficiency (excess) . . . . .	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll . . . . .	\$ 233,337	\$ 232,041	\$ 227,722	\$ 224,514	\$ 220,536
Contributions as a percentage of covered payroll . . . . .	14.33%	15.71%	15.76%	16.03%	13.43%

*Note:*

(1) Information prior to the year ended December 31, 2014 is not available.



## Schedule of Local Government's Proportionate Share of the Net Pension Liability/(Asset)

Teacher's Retirement System - Primary Government

Last Five Fiscal years (1)

(dollars in thousands)

	Year Ended August 31,				
	2018	2017	2016	2015	2014
Measurement date .....	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
College's proportion of the net pension liability/(asset) .....	0.093727%	0.097612%	0.095057%	0.092554%	0.095618%
College's proportionate share of the net pension liability/(asset) .....	\$ (712)	\$ 1,045	\$ (9,873)	\$ (10,651)	\$ (609)
College's covered payroll .....	\$ 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 .....	(4.70%)	6.70%	(68.68%)	(74.78%)	(4.46%)
Plan fiduciary net position as a percentage of the total pension liability/(asset) .	100.70%	99.00%	110.50%	111.48%	100.70%

*Note:*

(1) Information prior to the year ended December 31, 2014 is not available.

## Schedule of Local Government's Contributions

### Teacher's Retirement System - Primary Government

Last Five Fiscal years (1)

(dollars in thousands)

	Year Ended August 31,				
	2018	2017	2016	2015	2014
Contractually required contributions . . . . .	\$ 1,737	\$ 1,997	\$ 2,503	\$ 2,295	\$ 1,605
Contributions in relation to the contractually required contribution . . . . .	(1,737)	(1,997)	(2,503)	(2,295)	(1,605)
Contribution deficiency (excess) . . . . .	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll . . . . .	\$ 15,591	\$ 14,912	\$ 15,544	\$ 14,483	\$ 14,350
Contributions as a percentage of covered payroll . . . . .	11.14%	13.39%	16.10%	15.85%	11.18%

*Note:*

(1) Information prior to the year ended August 31, 2014 is not available.

## **Notes to the Required Supplementary Information**

### **Year Ended December 31, 2018**

#### **I. OPEB LIABILITY**

*Changes of Assumptions* — The actuarial cost method for governmental and business-type activities has been changed as of January 1, 2017 to the Entry Age Normal Level Percent of Pay method as prescribed under GASB 75. Previously, when the plan was subject to GASB 45, the Projected Unit Credit cost method was utilized. The revised cost method resulted in an increase in the Total OPEB Liability and a decrease in the Service Cost.

The rate used to discount future plan cash flows was updated from 4.30% to 3.81% as of January 1, 2017 based on a review of the Fidelity General Obligation 20-Year AA Municipal Bond Index. Previously, the discount rate had been based on the expected rate of return on the employer's general assets under GASB 45. The change in discount rate resulted in an increase in liabilities. The rate used to discount future plan cash flows was updated from 3.81% to 3.31% as of December 31, 2017 based on a review of the Fidelity General Obligation 20-Year AA Municipal Bond Index. The change in discount rate resulted in an increase in liabilities.

The mortality assumption was revised as of January 1, 2017 to the sex-distinct headcount weighted RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2017 mortality improvement scale on a generational basis. Previously, amount-weighted mortality tables were utilized. This change was made based on a review of published studies and presentations that indicate headcount weighted tables may be more appropriate for OPEB plans. The revised assumption resulted in a decreased in liabilities.

#### **II. 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.

## **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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

Combining statements are presented for the nonmajor governmental funds.

Individual fund statements and schedules present the following:

- Comparisons of budgetary and actual data for certain Special Revenue Funds and the Debt Service Fund.
- Statement of Changes in Assets and Liabilities for the Agency Fund.
- Fund financial statements for the discretely presented Library component unit.

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

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

- **Road Fund**  
Used to account for all revenues and expenditures related to the maintenance of County roads and bridges, snow removal, construction and reconstruction of County roads not required to be recorded in a Capital Projects Fund.
- **Sewer Fund**  
Used to account for the activities of the various sewer districts currently in operation within the County.
- **Downtown Mall Fund**  
Used to account for revenues raised through a special district charge levy and the subsequent expenditure of these monies for the operation and maintenance of a downtown pedestrian/transit mall.
- **E-911 Fund**  
Used to account for revenues raised through a telephone access line surcharge and the subsequent expenditure of these monies for the establishment and maintenance of an enhanced 911 emergency telephone system.
- **Emergency Response Fund**  
Used to account for revenues received from the Federal Emergency Management Agency and expenditures associated with the ongoing clean-up of major winter storm damage that occurred in October 2006 and November 2014.
- **Grants Fund**  
Used to account for federal and state operating grants (except the Community Development Block Grant) earmarked for specific programs, so that grantor accounting and reporting requirements can be satisfied.
- **ETASC General Fund**  
Used to account for all financial resources associated with ETASC except for those required to be accounted for in another fund.
- **Community Development Fund**  
Used to assist participating municipalities in the development of locally approved community or economic development activities that are eligible under federal program regulations.

## DEBT SERVICE FUNDS

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

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

## CAPITAL PROJECTS FUNDS

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

- **General Government Buildings, Equipment and Improvements Fund**  
Used to account for capital projects administered by the Department of Public Works involving the acquisition, construction, or reconstruction of major or permanent facilities having a relatively long useful life and equipment purchased from the proceeds of long-term debt.
- **Highways, Roads, Bridges and Equipment Fund**  
Utilized to account for capital projects administered by the Department of Public Works for the construction or reconstruction of County roads and bridges and the acquisition of equipment not accounted for in the Road Fund.
- **Sewers, Facilities, Equipment and Improvements Fund**  
Used to account for capital projects relating to the construction and acquisition of sewer facilities and equipment by the operating sewer districts.
- **Tobacco Proceeds Fund**  
Used to account for the net proceeds from the County's securitization of its share of the 1998 Master Settlement Agreement with the tobacco industry that will be used to fund capital projects that otherwise would have been supported by operating funds or the issuance of bonds.
- **Special Capital Projects Fund**  
Utilized to account for capital projects administered by departments other than Public Works that are primarily for the acquisition or construction of buildings, improvements and equipment.

## Combining Balance Sheet

### Nonmajor Governmental Funds

December 31, 2018

(dollars in thousands)

### Special Revenue

	Road	Sewer	Downtown Mall	E-911	Emergency Response
<b>ASSETS:</b>					
Cash and cash equivalents . . . . .	\$ 2,727	\$ 32,749	\$ 48	\$ -	\$ 140
Investments . . . . .	-	-	-	-	-
Restricted cash and cash equivalents . . . . .	-	-	-	-	-
Restricted investments . . . . .	-	-	-	-	-
Receivables (net of allowances)					
Real property taxes, interest, penalties and liens . . . . .	-	-	20	-	-
Other . . . . .	64	18	-	1,016	-
Due from other funds . . . . .	1	7,475	-	-	-
Due from component unit . . . . .	4	182	-	-	-
Due from other governments . . . . .	5,962	88	-	-	895
Prepaid items . . . . .	335	2,564	-	138	-
<b>Total assets . . . . .</b>	<b>\$ 9,093</b>	<b>\$ 43,076</b>	<b>\$ 68</b>	<b>\$ 1,154</b>	<b>\$ 1,035</b>
<b>LIABILITIES:</b>					
Accounts payable . . . . .	\$ 652	\$ 581	\$ -	\$ 28	\$ 41
Accrued liabilities . . . . .	262	562	68	124	-
Due to other funds . . . . .	-	-	-	464	-
Due to other governments . . . . .	-	-	-	-	48
Retained percentages payable . . . . .	-	-	-	-	22
Unearned revenue . . . . .	-	-	-	-	-
<b>Total liabilities . . . . .</b>	<b>914</b>	<b>1,143</b>	<b>68</b>	<b>616</b>	<b>111</b>
<b>FUND BALANCES:</b>					
Nonspendable:					
Prepaid items . . . . .	335	2,564	-	138	-
Restricted for:					
Community development loans . . . . .	-	-	-	-	-
Debt service . . . . .	-	-	-	-	-
Capital expenditures . . . . .	-	-	-	-	-
Assigned:					
Subsequent year's expenditures . . . . .	-	10,985	-	-	-
Other purposes . . . . .	7,844	28,384	-	400	924
Unassigned . . . . .	-	-	-	-	-
<b>Total fund balances . . . . .</b>	<b>8,179</b>	<b>41,933</b>	<b>-</b>	<b>538</b>	<b>924</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 9,093</b>	<b>\$ 43,076</b>	<b>\$ 68</b>	<b>\$ 1,154</b>	<b>\$ 1,035</b>

**Special Revenue**

<b>Grants</b>	<b>ETASC General</b>	<b>Community Development</b>	<b>Total</b>
\$ -	\$ 162	\$ -	\$ 35,826
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	20
415	-	26,331	27,844
-	-	-	7,476
-	-	-	186
11,198	-	1,111	19,254
379	30	21	3,467
<b>\$ 11,992</b>	<b>\$ 192</b>	<b>\$ 27,463</b>	<b>\$ 94,073</b>
\$ 1,845	\$ -	\$ 700	\$ 3,847
1,366	-	79	2,461
7,724	-	305	8,493
23	-	50	121
23	-	-	45
1,011	-	210	1,221
<b>11,992</b>	<b>-</b>	<b>1,344</b>	<b>16,188</b>
379	30	21	3,467
-	-	26,119	26,119
-	-	-	-
-	-	-	-
-	-	-	10,985
-	162	-	37,714
(379)	-	(21)	(400)
-	192	26,119	77,885
<b>\$ 11,992</b>	<b>\$ 192</b>	<b>\$ 27,463</b>	<b>\$ 94,073</b>

(Continued)



## Combining Balance Sheet

### Nonmajor Governmental Funds

December 31, 2018

(dollars in thousands)

#### Debt Service

	Debt Service	ETASC Debt Service	ECFSA Debt Service	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	19,374	-	19,374
Restricted cash and cash equivalents	-	811	34,039	34,850
Restricted investments	-	-	4,214	4,214
Receivables (net of allowances)	-	-	-	-
Real property taxes, interest, penalties and liens	-	-	-	-
Other	-	-	-	-
Due from other funds	38,150	-	-	38,150
Due from component unit	-	-	-	-
Due from other governments	82	-	-	82
Prepaid items	-	-	-	-
<b>Total assets</b>	<b>\$ 38,232</b>	<b>\$ 20,185</b>	<b>\$ 38,253</b>	<b>\$ 96,670</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	99	-	15	114
Due to other funds	22,385	-	38,148	60,533
Due to other governments	-	-	-	-
Retained percentages payable	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>22,484</b>	<b>-</b>	<b>38,163</b>	<b>60,647</b>
<b>FUND BALANCES:</b>				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Community development loans	-	-	-	-
Debt service	15,748	20,185	90	36,023
Capital expenditures	-	-	-	-
Assigned:				
Subsequent year's expenditures	-	-	-	-
Other purposes	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>15,748</b>	<b>20,185</b>	<b>90</b>	<b>36,023</b>
<b>Total liabilities and fund balances</b>	<b>\$ 38,232</b>	<b>\$ 20,185</b>	<b>\$ 38,253</b>	<b>\$ 96,670</b>

**Capital Projects**

<b>General Government Buildings, Equipment and Improvements</b>	<b>Highways, Roads, Bridges and Equipment</b>	<b>Sewers, Facilities, Equipment and Improvements</b>	<b>Tobacco Proceeds</b>	<b>Special Capital Projects</b>	<b>Total</b>	<b>Total Nonmajor Funds</b>
\$ 2,185	\$ 4,577	\$ 7,069	\$ -	\$ 562	\$ 14,393	\$ 50,219
-	-	-	200	-	200	19,574
43,001	39,799	15,094	16	15,272	113,182	148,032
-	-	-	-	-	-	4,214
-	-	-	-	-	-	20
500	-	-	-	28	528	28,372
-	-	-	-	-	-	45,626
-	-	-	-	-	-	186
2,077	271	1,729	-	421	4,498	23,834
-	-	-	-	-	-	3,467
<b>\$ 47,763</b>	<b>\$ 44,647</b>	<b>\$ 23,892</b>	<b>\$ 216</b>	<b>\$ 16,283</b>	<b>\$ 132,801</b>	<b>\$ 323,544</b>
\$ 2,087	\$ 2,800	\$ 567	\$ -	\$ 176	\$ 5,630	\$ 9,477
1,070	332	659	-	62	2,123	4,698
526	1,249	7,475	-	9	9,259	78,285
-	21	-	-	-	21	142
1,079	446	97	-	764	2,386	2,431
-	-	-	-	-	-	1,221
<b>4,762</b>	<b>4,848</b>	<b>8,798</b>	<b>-</b>	<b>1,011</b>	<b>19,419</b>	<b>96,254</b>
-	-	-	-	-	-	3,467
-	-	-	-	-	-	26,119
-	-	-	-	-	-	36,023
43,001	39,799	15,094	216	15,272	113,382	113,382
-	-	-	-	-	-	10,985
-	-	-	-	-	-	37,714
-	-	-	-	-	-	(400)
<b>43,001</b>	<b>39,799</b>	<b>15,094</b>	<b>216</b>	<b>15,272</b>	<b>113,382</b>	<b>227,290</b>
<b>\$ 47,763</b>	<b>\$ 44,647</b>	<b>\$ 23,892</b>	<b>\$ 216</b>	<b>\$ 16,283</b>	<b>\$ 132,801</b>	<b>\$ 323,544</b>

(Concluded)

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

Nonmajor Governmental Funds

For the year ended December 31, 2018

(dollars in thousands)

### Special Revenue

	Road	Sewer	Downtown Mall	E-911
<b>REVENUES:</b>				
Real property taxes and tax items .....	\$ -	\$ 20,989	\$ 1,776	\$ -
Sales and use taxes .....	-	-	-	3,917
Transfer and other taxes .....	14,941	-	-	-
Intergovernmental .....	14,046	13	-	18
Interfund revenues .....	-	-	-	-
Departmental .....	188	30,810	-	-
Interest .....	-	116	-	-
Miscellaneous .....	93	712	-	-
<b>Total revenues .....</b>	<b>29,268</b>	<b>52,640</b>	<b>1,776</b>	<b>3,935</b>
<b>EXPENDITURES:</b>				
Current:				
General government support .....	-	-	1,776	-
Public safety .....	-	-	-	6,242
Health .....	-	-	-	1,226
Transportation .....	30,028	-	-	-
Economic assistance and opportunity .....	-	-	-	-
Home and community service .....	-	41,986	-	-
Capital outlay .....	-	-	-	-
Debt service:				
Principal retirement .....	-	-	-	-
Interest and fiscal charges .....	-	-	-	-
<b>Total expenditures .....</b>	<b>30,028</b>	<b>41,986</b>	<b>1,776</b>	<b>7,468</b>
<b>Excess (deficiency) of revenues over expenditures .....</b>	<b>(760)</b>	<b>10,654</b>	<b>-</b>	<b>(3,533)</b>
<b>OTHER FINANCING SOURCES (USES) :</b>				
Issuance of general obligation debt .....	-	-	-	-
Premium on bond issuance .....	-	-	-	-
Transfers in .....	15,692	127	-	3,866
Transfers out .....	(9,920)	(9,655)	-	-
<b>Total other financing sources (uses) .....</b>	<b>5,772</b>	<b>(9,528)</b>	<b>-</b>	<b>3,866</b>
<b>Net change in fund balances .....</b>	<b>5,012</b>	<b>1,126</b>	<b>-</b>	<b>333</b>
<b>Fund balances - beginning .....</b>	<b>3,167</b>	<b>40,807</b>	<b>-</b>	<b>205</b>
<b>Fund balances - ending .....</b>	<b>\$ 8,179</b>	<b>\$ 41,933</b>	<b>\$ -</b>	<b>\$ 538</b>

**Special Revenue**

<b>Emergency Response</b>	<b>Grants</b>	<b>ETASC General</b>	<b>Community Development</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ 22,765
-	-	-	-	3,917
-	-	-	-	14,941
-	31,450	-	1,537	47,064
-	-	-	-	-
-	1,056	-	892	32,946
-	-	-	-	116
-	1,082	-	-	1,887
-	<b>33,588</b>	-	<b>2,429</b>	<b>123,636</b>
-	6,797	101	-	8,674
-	7,655	-	-	13,897
-	8,411	-	-	9,637
459	-	-	-	30,487
-	14,607	-	255	14,862
-	1,074	-	6,062	49,122
-	-	-	-	-
-	-	-	-	-
<b>459</b>	<b>38,544</b>	<b>101</b>	<b>6,317</b>	<b>126,679</b>
<b>(459)</b>	<b>(4,956)</b>	<b>(101)</b>	<b>(3,888)</b>	<b>(3,043)</b>
-	-	-	-	-
-	-	-	-	-
-	4,956	200	-	24,841
-	-	-	-	(19,575)
-	<b>4,956</b>	<b>200</b>	-	<b>5,266</b>
<b>(459)</b>	-	<b>99</b>	<b>(3,888)</b>	<b>2,223</b>
<b>1,383</b>	-	<b>93</b>	<b>30,007</b>	<b>75,662</b>
<b>\$ 924</b>	<b>\$ -</b>	<b>\$ 192</b>	<b>\$ 26,119</b>	<b>\$ 77,885</b>

(Continued)

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

Nonmajor Governmental Funds

For the year ended December 31, 2018

(dollars in thousands)

### Debt Service

	Debt Service	ETASC Debt Service	ECFSA Debt Service	Total
<b>REVENUES:</b>				
Real property taxes and tax items	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
Transfer and other taxes	-	-	-	-
Intergovernmental	314	14,267	-	14,581
Interfund revenues	-	-	-	-
Departmental	-	-	-	-
Interest	3,341	459	121	3,921
Miscellaneous	4,064	-	-	4,064
<b>Total revenues</b>	<b>7,719</b>	<b>14,726</b>	<b>121</b>	<b>22,566</b>
<b>EXPENDITURES:</b>				
Current:				
General government support	236	-	-	236
Public safety	-	-	-	-
Health	-	-	-	-
Transportation	-	-	-	-
Economic assistance and opportunity	-	-	-	-
Home and community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	12,897	3,190	43,865	59,952
Interest and fiscal charges	7,866	11,656	17,858	37,380
<b>Total expenditures</b>	<b>20,999</b>	<b>14,846</b>	<b>61,723</b>	<b>97,568</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(13,280)</b>	<b>(120)</b>	<b>(61,602)</b>	<b>(75,002)</b>
<b>OTHER FINANCING SOURCES (USES) :</b>				
Issuance of general obligation debt	-	-	-	-
Premium on bond issuance	274	-	-	274
Transfers in	66,264	-	61,723	127,987
Transfers out	(62,065)	(200)	-	(62,265)
<b>Total other financing sources (uses)</b>	<b>4,473</b>	<b>(200)</b>	<b>61,723</b>	<b>65,996</b>
<b>Net change in fund balances</b>	<b>(8,807)</b>	<b>(320)</b>	<b>121</b>	<b>(9,006)</b>
<b>Fund balances - beginning</b>	<b>24,555</b>	<b>20,505</b>	<b>(31)</b>	<b>45,029</b>
<b>Fund balances - ending</b>	<b>\$ 15,748</b>	<b>\$ 20,185</b>	<b>\$ 90</b>	<b>\$ 36,023</b>

**Capital Projects**

<b>General Government Buildings, Equipment and Improvements</b>	<b>Highways, Roads, Bridges and Equipment</b>	<b>Sewers, Facilities, Equipment and Improvements</b>	<b>Tobacco Proceeds</b>	<b>Special Capital Projects</b>	<b>Total</b>	<b>Total Nonmajor Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,765
-	-	-	-	-	-	3,917
-	-	-	-	-	-	14,941
7,165	1,061	1,523	-	4,365	14,114	75,759
852	68	-	-	-	920	920
176	175	132	-	-	483	33,429
-	-	66	-	-	66	4,103
19	-	-	-	-	19	5,970
<b>8,212</b>	<b>1,304</b>	<b>1,721</b>	<b>-</b>	<b>4,365</b>	<b>15,602</b>	<b>161,804</b>
-	-	-	-	-	-	8,910
-	-	-	-	-	-	13,897
-	-	-	-	-	-	9,637
-	-	-	-	-	-	30,487
-	-	-	-	-	-	14,862
-	-	-	-	-	-	49,122
28,730	25,186	3,611	-	3,327	60,854	60,854
-	-	-	-	-	-	59,952
-	-	-	-	-	-	37,380
<b>28,730</b>	<b>25,186</b>	<b>3,611</b>	<b>-</b>	<b>3,327</b>	<b>60,854</b>	<b>285,101</b>
<b>(20,518)</b>	<b>(23,882)</b>	<b>(1,890)</b>	<b>-</b>	<b>1,038</b>	<b>(45,252)</b>	<b>(123,297)</b>
18,045	16,861	2,305	-	5,209	42,420	42,420
2,222	2,076	191	-	641	5,130	5,404
576	10,569	6,577	-	-	17,722	170,550
(264)	(842)	(1,744)	-	(1,985)	(4,835)	(86,675)
<b>20,579</b>	<b>28,664</b>	<b>7,329</b>	<b>-</b>	<b>3,865</b>	<b>60,437</b>	<b>131,699</b>
61	4,782	5,439	-	4,903	15,185	8,402
<b>42,940</b>	<b>35,017</b>	<b>9,655</b>	<b>216</b>	<b>10,369</b>	<b>98,197</b>	<b>218,888</b>
<b>\$ 43,001</b>	<b>\$ 39,799</b>	<b>\$ 15,094</b>	<b>\$ 216</b>	<b>\$ 15,272</b>	<b>\$ 113,382</b>	<b>\$ 227,290</b>

(Concluded)

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

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2018

(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
<b>REVENUES:</b>				
Transfer taxes .....	\$ 12,600	\$ 12,600	\$ 14,941	\$ 2,341
Intergovernmental .....	9,500	9,500	14,046	4,546
Interfund revenue .....	25	25	-	(25)
Departmental .....	110	110	188	78
Miscellaneous .....	-	-	93	93
<b>Total revenues .....</b>	<b>22,235</b>	<b>22,235</b>	<b>29,268</b>	<b>7,033</b>
<b>EXPENDITURES:</b>				
Current:				
Transportation .....	30,072	30,072	29,859	213
<b>Total expenditures .....</b>	<b>30,072</b>	<b>30,072</b>	<b>29,859</b>	<b>213</b>
<b>Excess (deficiency) of revenues over expenditures .....</b>	<b>(7,837)</b>	<b>(7,837)</b>	<b>(591)</b>	<b>7,246</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in .....	15,692	15,692	15,692	-
Transfers out .....	(7,855)	(10,055)	(9,920)	135
<b>Total other financing sources (uses) ..</b>	<b>7,837</b>	<b>5,637</b>	<b>5,772</b>	<b>135</b>
<b>Net change in fund balances * .....</b>	<b>\$ -</b>	<b>\$ (2,200)</b>	<b>\$ 5,181</b>	<b>\$ 7,381</b>

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

## Sewer Special Revenue Fund

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

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2018

(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
<b>REVENUES:</b>				
Real property taxes and tax items . . . . .	\$ 21,001	\$ 21,001	\$ 20,989	\$ (12)
Departmental . . . . .	30,079	30,079	30,810	731
Intergovernmental . . . . .	-	-	13	13
Interest . . . . .	18	18	116	98
Miscellaneous . . . . .	-	-	712	712
<b>Total revenues . . . . .</b>	<b>51,098</b>	<b>51,098</b>	<b>52,640</b>	<b>1,542</b>
<b>EXPENDITURES:</b>				
Current:				
Home and community service . . . . .	51,026	51,152	42,777	8,375
Debt service:				
Interest and fiscal charges . . . . .	10	9	-	9
<b>Total expenditures . . . . .</b>	<b>51,036</b>	<b>51,161</b>	<b>42,777</b>	<b>8,384</b>
<b>Excess (deficiency) of revenues over expenditures . . . . .</b>	<b>62</b>	<b>(63)</b>	<b>9,863</b>	<b>9,926</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in . . . . .	-	125	127	2
Transfers out . . . . .	(12,064)	(12,064)	(9,655)	2,409
<b>Total other financing sources (uses) . . . . .</b>	<b>(12,064)</b>	<b>(11,939)</b>	<b>(9,528)</b>	<b>2,411</b>
<b>Net change in fund balances * . . . . .</b>	<b>\$ (12,002)</b>	<b>\$ (12,002)</b>	<b>\$ 335</b>	<b>\$ 12,337</b>

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



## Downtown Mall Special Revenue Fund

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

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2018

(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
<b>REVENUES:</b>				
Real property taxes and tax items .....	\$ 1,773	\$ 1,773	\$ 1,776	\$ 3
<b>Total revenues .....</b>	<b>1,773</b>	<b>1,773</b>	<b>1,776</b>	<b>3</b>
<b>EXPENDITURES:</b>				
Current:				
General government support .....	1,773	1,773	1,776	(3)
<b>Total expenditures .....</b>	<b>1,773</b>	<b>1,773</b>	<b>1,776</b>	<b>(3)</b>
<b>Net change in fund balances .....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## E-911 Special Revenue Fund

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

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2018

(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
<b>REVENUES:</b>				
Sales and use taxes .....	\$ 3,875	\$ 3,875	\$ 3,917	\$ 42
Intergovernmental .....	16	16	18	2
<b>Total revenues .....</b>	<b>3,891</b>	<b>3,891</b>	<b>3,935</b>	<b>44</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety .....	6,539	6,615	6,242	373
Health .....	1,218	1,232	1,226	6
<b>Total expenditures .....</b>	<b>7,757</b>	<b>7,847</b>	<b>7,468</b>	<b>379</b>
<b>Excess (deficiency) of revenues over expenditures .....</b>	<b>(3,866)</b>	<b>(3,956)</b>	<b>(3,533)</b>	<b>423</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in .....	3,866	3,956	3,866	(90)
<b>Total other financing sources .....</b>	<b>3,866</b>	<b>3,956</b>	<b>3,866</b>	<b>(90)</b>
<b>Net change in fund balances * .....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 333</b>	<b>\$ 333</b>

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

## Emergency Response Special Revenue Fund

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

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2018

(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
<b>EXPENDITURES:</b>				
Transportation .....	-	505	505	-
<b>Total expenditures .....</b>	<b>-</b>	<b>505</b>	<b>505</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures .....</b>	<b>-</b>	<b>(505)</b>	<b>(505)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in .....	-	505	-	(505)
<b>Total other financing sources (uses)..</b>	<b>-</b>	<b>505</b>	<b>-</b>	<b>(505)</b>
<b>Net change in fund balances .....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (505)</b>	<b>\$ (505)</b>

## Debt Service Fund

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

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2018

(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
<b>REVENUES:</b>				
Intergovernmental .....	\$ 314	\$ 314	\$ 314	\$ -
Interest .....	1,102	6,978	3,341	(3,637)
Miscellaneous .....	-	4,064	4,064	-
<b>Total revenues .....</b>	<b>1,416</b>	<b>11,356</b>	<b>7,719</b>	<b>(3,637)</b>
<b>EXPENDITURES:</b>				
Current:				
General government support .....	-	236	236	-
Debt service:				
Principal retirement .....	53,887	13,027	12,898	129
Interest and fiscal charges .....	18,995	7,987	7,866	121
<b>Total expenditures .....</b>	<b>72,882</b>	<b>21,250</b>	<b>21,000</b>	<b>250</b>
<b>Excess (deficiency) of revenues over expenditures .....</b>	<b>(71,466)</b>	<b>(9,894)</b>	<b>(13,281)</b>	<b>(3,387)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Premium on bond issuance .....	-	274	274	-
Transfers in .....	67,483	67,702	66,265	(1,437)
Transfers out .....	-	(62,065)	(62,065)	-
<b>Total other financing sources (uses) .....</b>	<b>67,483</b>	<b>5,911</b>	<b>4,474</b>	<b>(1,437)</b>
<b>Net change in fund balances * .....</b>	<b>\$ (3,983)</b>	<b>\$ (3,983)</b>	<b>\$ (8,807)</b>	<b>\$ (4,825)</b>

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



## **AGENCY FUND**

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

## Statement of Changes in Assets and Liabilities

### Agency Fund

For the year ended December 31, 2018

(dollars in thousands)

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
<b>ASSETS:</b>				
Restricted cash and cash equivalents . . . .	\$ 46,919	\$ 364,832	\$ 367,642	\$ 44,109
Receivables:				
Other receivables . . . . .	634	6,957	7,427	164
Bonds and securities held in custody . . . . .	20	-	-	20
<b>Total assets . . . . .</b>	<b>\$ 47,573</b>	<b>\$ 371,789</b>	<b>\$ 375,069</b>	<b>\$ 44,293</b>
<b>LIABILITIES:</b>				
Amounts held in custody for others:				
Court funds . . . . .	\$ 20,614	\$ 8,983	\$ 7,645	\$ 21,952
Mortgage tax . . . . .	2,865	19,333	18,900	3,297
Social services . . . . .	7,636	107,193	108,203	6,626
Bail and bid deposits . . . . .	678	990	989	679
Payroll taxes and withholdings . . . . .	4,385	207,813	210,566	1,632
Miscellaneous - other . . . . .	11,395	13,094	14,382	10,107
Total amounts held in custody for others . . . . .	47,573	357,406	360,685	44,293
<b>Total liabilities . . . . .</b>	<b>\$ 47,573</b>	<b>\$ 357,406</b>	<b>\$ 360,685</b>	<b>\$ 44,293</b>

### **LIBRARY COMPONENT UNIT**

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



## Balance Sheet

### Library Component Unit

December 31, 2018

(dollars in thousands)

	<u>Library</u>
<b>ASSETS:</b>	
Cash and cash equivalents . . . . .	\$ 10,773
Receivables (net of allowances) . . . . .	115
Other . . . . .	616
Due from other governments . . . . .	683
Prepaid items . . . . .	<u>683</u>
<b>Total assets . . . . .</b>	<b><u>\$ 12,187</u></b>
<b>LIABILITIES:</b>	
Accounts payable . . . . .	\$ 328
Accrued liabilities . . . . .	652
Unearned revenue . . . . .	<u>1,516</u>
<b>Total liabilities . . . . .</b>	<b><u>2,496</u></b>
<b>FUND BALANCES:</b>	
Nonspendable . . . . .	683
Committed . . . . .	2,797
Assigned . . . . .	2,533
Unassigned . . . . .	<u>3,678</u>
<b>Total fund balances . . . . .</b>	<b><u>9,691</u></b>
<b>Total liabilities and fund balances . . . . .</b>	<b><u>\$ 12,187</u></b>

## Reconciliation of the Balance Sheet

### Library Component Unit to the Government-wide Statement of Net Position

December 31, 2018

(dollars in thousands)

	<u>Library</u>
<b>Total fund balance - Library component unit</b> .....	<b>\$ 9,691</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds .....	17,550
Deferred outflow s and inflow s of resources related to pensions and other post employment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflow s related to employer contributions .....	1,251
Deferred outflow s related to experience, changes of assumptions, investment earnings and changes in proportion .....	3,698
Deferred outflow s related to OPEB .....	7,710
Deferred inflow s related to pension plans .....	(4,914)
Deferred inflow s related to OPEB .....	(611)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds .....	<u>(100,229)</u>
<b>Net position of Library component unit</b> .....	<b><u>\$ (65,854)</u></b>

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

### Library Component Unit

For the year ended December 31, 2018

(dollars in thousands)

	<u>Library</u>
<b>REVENUES:</b>	
Real property taxes and tax items .....	\$ 24,422
Intergovernmental .....	3,558
Departmental .....	710
Interest .....	12
Miscellaneous .....	178
<b>Total revenues .....</b>	<b><u>28,880</u></b>
<b>EXPENDITURES:</b>	
Current:	
Culture and recreation .....	28,305
<b>Total expenditures .....</b>	<b><u>28,305</u></b>
<b>Net change in fund balance .....</b>	<b>575</b>
<b>Fund balance - beginning .....</b>	<b><u>9,116</u></b>
<b>Fund balance - ending .....</b>	<b><u>\$ 9,691</u></b>

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

Library Component Unit to the Government-wide Statement of Activities

For the year ended December 31, 2018

(dollars in thousands)

		<b>Library</b>
<b>Net change in fund balance - Library component unit . . . . .</b>	<b>\$</b>	<b>575</b>
<p>Amounts reported for library component unit in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and depreciated. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital outlays, net of disposals of \$323 . . . . .	\$ 2,722	
Depreciation expense . . . . .	(2,560)	
Net adjustment . . . . .		162
<p>Net differences between pension contributions recognized on the fund financial statements and the government-wide statements are as follows:</p>		
Direct pension contributions . . . . .	(1,251)	
Cost of benefits earned net of employee contributions . . . . .	1,278	
Changes in OPEB assumptions . . . . .	7,099	
		7,126
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds . . . . .		(10,517)
<b>Change in net position of Library component unit . . . . .</b>	<b>\$</b>	<b>(2,654)</b>



## **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.

## Combining Statement of Net Position

Other Component Units

December 31, 2018

(dollars in thousands)

	College Foundation (August 31, 2018)	Auxiliary Services Corporation (August 31, 2018)	Total
<b>ASSETS:</b>			
Cash .....	\$ 340	\$ 1,581	\$ 1,921
Investments .....	5,006	-	5,006
Receivables (net of allowances) .....	1	84	85
Inventories .....	-	34	34
Prepaid items .....	-	35	35
Other assets .....	-	546	546
Capital assets:			
Other capital assets, net of depreciation . . .	-	410	410
<b>Total assets .....</b>	<b>5,347</b>	<b>2,690</b>	<b>8,037</b>
<b>LIABILITIES:</b>			
Accounts payable .....	6	181	187
Accrued liabilities .....	109	618	727
Unearned revenue .....	-	15	15
<b>Total liabilities .....</b>	<b>115</b>	<b>814</b>	<b>929</b>
<b>NET POSITION:</b>			
Restricted for:			
Other purposes .....	3,366	21	3,387
Unrestricted .....	1,866	1,855	3,721
<b>Total net position .....</b>	<b>\$ 5,232</b>	<b>\$ 1,876</b>	<b>\$ 7,108</b>

## Combining Statement of Activities

Other Component Units

For the year ended December 31, 2018

(dollars in thousands)

	College Foundation (August 31, 2018)	Auxiliary Services Corporation (August 31, 2018)	Total
<b>EXPENSES:</b>			
Program operations .....	\$ 770	\$ 2,182	\$ 2,952
<b>Total expenses .....</b>	<b>770</b>	<b>2,182</b>	<b>2,952</b>
<b>PROGRAM REVENUES:</b>			
Charges for services .....	339	1,993	2,332
Operating grants and contributions .....	784	82	866
<b>Total program revenues .....</b>	<b>1,123</b>	<b>2,075</b>	<b>3,198</b>
<b>Change in net position .....</b>	<b>353</b>	<b>(107)</b>	<b>246</b>
<b>Total net position - beginning .....</b>	<b>4,879</b>	<b>1,983</b>	<b>6,862</b>
<b>Total net position - ending .....</b>	<b>\$ 5,232</b>	<b>\$ 1,876</b>	<b>\$ 7,108</b>





## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends.....	128
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	
Revenue Capacity.....	138
These schedules contain information to help the reader assess two of the County’s most significant revenue sources; sales and use taxes and property taxes.	
Debt Capacity .....	146
These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	
Demographic and Economic Information .....	153
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	
Operating Information.....	154
These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	

## Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(dollars in thousands)

	<b>Fiscal Year</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Governmental activities:</b>				
Net investment in capital assets . . . . .	\$ 373,664	\$ 374,188	\$ 361,546	\$ 385,776
Restricted . . . . .	16,148	6,231	27,317	34,960
Unrestricted (deficit) . . . . .	(362,063)	(361,686)	(412,170)	(435,137)
<b>Total governmental activities net position . . . . .</b>	<b>\$ 27,749</b>	<b>\$ 18,733</b>	<b>\$ (23,307)</b>	<b>\$ (14,401)</b>
<b>Business-type activities:</b>				
Net investment in capital assets . . . . .	\$ 12,628	\$ 14,421	\$ 17,474	\$ 20,828
Restricted . . . . .	-	-	-	-
Unrestricted (deficit) . . . . .	(13,093)	(18,630)	(25,891)	(30,946)
<b>Total business-type activities net position . . . . .</b>	<b>\$ (465)</b>	<b>\$ (4,209)</b>	<b>\$ (8,417)</b>	<b>\$ (10,118)</b>
<b>Primary government:</b>				
Net investment in capital assets . . . . .	\$ 386,292	\$ 388,609	\$ 379,020	\$ 406,604
Restricted . . . . .	16,148	6,231	27,317	34,960
Unrestricted (deficit) . . . . .	(375,156)	(380,316)	(438,061)	(466,083)
<b>Total primary government net position . . . . .</b>	<b>\$ 27,284</b>	<b>\$ 14,524</b>	<b>\$ (31,724)</b>	<b>\$ (24,519)</b>

(1) During the year ended December 31, 2018, the County implemented GASB Statement No.75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. As a result, net position as of December 31, 2017 was restated to be \$(886,389) and \$(135,550) for governmental activities and business-type activities, respectively.

Source: Erie County Basic Financial Statements

**Fiscal Year**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017 (1)</b>	<b>2018</b>
\$ 395,657	\$ 411,226	\$ 443,834	\$ 455,145	\$ 451,024	\$ 454,464
40,914	45,924	75,151	64,928	84,055	82,025
(472,024)	(493,690)	(523,858)	(574,135)	(1,421,468)	(1,424,284)
<b>\$ (35,453)</b>	<b>\$ (36,540)</b>	<b>\$ (4,873)</b>	<b>\$ (54,062)</b>	<b>\$ (886,389)</b>	<b>\$ (887,795)</b>
\$ 23,349	\$ 27,069	\$ 32,148	\$ 32,809	\$ 37,520	\$ 32,342
-	-	-	-	208	205
(34,406)	(39,058)	(43,798)	(52,059)	(173,278)	(179,612)
<b>\$ (11,057)</b>	<b>\$ (11,989)</b>	<b>\$ (11,650)</b>	<b>\$ (19,250)</b>	<b>\$ (135,550)</b>	<b>\$ (147,065)</b>
\$ 419,006	\$ 438,295	\$ 475,982	\$ 487,954	\$ 488,544	\$ 486,806
40,914	45,924	75,151	64,928	84,263	82,230
(506,430)	(532,748)	(567,656)	(626,194)	(1,594,746)	(1,603,896)
<b>\$ (46,510)</b>	<b>\$ (48,529)</b>	<b>\$ (16,523)</b>	<b>\$ (73,312)</b>	<b>\$ (1,021,939)</b>	<b>\$ (1,034,860)</b>

## Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(dollars in thousands)

	Fiscal Year			
	2009	2010	2011	2012
<b>EXPENSES:</b>				
Primary government:				
Governmental activities:				
General government .....	\$ 420,026	\$ 423,161	\$ 462,487	\$ 434,922
Public safety .....	122,888	141,543	131,715	152,968
Health .....	89,927	82,855	71,714	72,928
Transportation .....	62,673	72,615	70,201	71,685
Economic assistance and opportunity .....	567,035	579,927	591,057	578,592
Culture and recreation .....	23,754	24,567	19,295	20,709
Education .....	70,716	75,529	73,777	69,833
Home and community service .....	48,628	53,186	59,127	54,618
Interest and fiscal charges .....	39,511	37,833	43,985	34,905
<b>Total governmental activities expenses .....</b>	<b>1,445,158</b>	<b>1,491,216</b>	<b>1,523,358</b>	<b>1,491,160</b>
Business-type activities:				
College (fiscal year ending August 31.) .....	123,988	132,556	133,416	129,424
ILDC .....	-	-	-	-
Purchase and resale of utilities .....	27,490	28,587	25,947	21,350
<b>Total business-type activities expenses .....</b>	<b>151,478</b>	<b>161,143</b>	<b>159,363</b>	<b>150,774</b>
<b>Total primary government expenses .....</b>	<b>\$ 1,596,636</b>	<b>\$ 1,652,359</b>	<b>\$ 1,682,721</b>	<b>\$ 1,641,934</b>
<b>PROGRAM REVENUES:</b>				
Primary government:				
Governmental activities:				
Charges for services:				
General government .....	\$ 25,057	\$ 26,794	\$ 26,708	\$ 31,239
Public safety .....	5,971	5,578	6,285	6,846
Health .....	3,950	2,470	2,373	2,777
Economic assistance and opportunity .....	29,657	29,008	28,413	27,147
Culture and recreation .....	6,032	1,552	1,459	1,460
Education .....	95	95	95	95
Home and community service .....	11,986	9,311	9,865	10,348
Operating grants and contributions .....	468,793	456,029	410,157	401,431
Capital grants and contributions .....	12,282	25,718	12,206	25,630
<b>Total governmental activities program revenues .....</b>	<b>563,823</b>	<b>556,555</b>	<b>497,561</b>	<b>506,973</b>
Business-type activities:				
Charges for services:				
College (fiscal year ending August 31.) .....	30,863	31,144	32,616	35,512
ILDC .....	-	-	-	-
Purchase and resale of utilities .....	27,434	28,805	26,017	20,692
Operating grants and contributions .....	6,790	7,412	6,584	5,654
<b>Total business-type activities program revenues .....</b>	<b>65,087</b>	<b>67,361</b>	<b>65,217</b>	<b>61,858</b>
<b>Total primary government program revenues .....</b>	<b>\$ 628,910</b>	<b>\$ 623,916</b>	<b>\$ 562,778</b>	<b>\$ 568,831</b>
<b>NET (EXPENSE) / REVENUE:</b>				
Governmental activities .....	\$ (881,335)	\$ (934,661)	\$ (1,025,797)	\$ (984,187)
Business-type activities .....	(86,391)	(93,782)	(94,146)	(88,916)
<b>Total primary government net expense .....</b>	<b>\$ (967,726)</b>	<b>\$ (1,028,443)</b>	<b>\$ (1,119,943)</b>	<b>\$ (1,073,103)</b>

**Fiscal Year**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$	426,627	\$ 444,564	\$ 424,884	\$ 432,365	\$ 444,172	\$ 461,861
	157,278	158,867	170,293	183,969	179,735	176,129
	72,137	73,687	78,789	86,713	97,574	92,076
	71,592	83,361	79,804	82,061	101,601	92,075
	594,354	616,548	609,415	620,669	629,158	612,324
	18,156	22,516	19,828	20,002	22,674	24,907
	68,208	67,907	72,947	72,784	69,060	70,572
	53,704	52,410	51,506	59,475	62,452	60,981
	39,515	36,859	36,115	45,001	33,870	35,425
	<b>1,501,571</b>	<b>1,556,719</b>	<b>1,543,581</b>	<b>1,603,039</b>	<b>1,640,296</b>	<b>1,626,350</b>
	132,318	131,991	129,053	138,975	134,468	140,049
	-	-	-	475	524	274
	25,398	29,199	18,758	15,105	16,114	18,972
	<b>157,716</b>	<b>161,190</b>	<b>147,811</b>	<b>154,555</b>	<b>151,106</b>	<b>159,295</b>
<b>\$</b>	<b>1,659,287</b>	<b>\$ 1,717,909</b>	<b>\$ 1,691,392</b>	<b>\$ 1,757,594</b>	<b>\$ 1,791,402</b>	<b>\$ 1,785,645</b>
\$	26,702	\$ 26,684	\$ 25,624	\$ 27,143	\$ 30,649	\$ 28,474
	7,239	6,591	6,065	5,059	5,002	4,739
	2,192	2,103	2,237	2,302	2,597	2,514
	23,723	22,037	23,431	28,857	25,636	22,296
	1,322	1,350	1,406	1,456	1,453	1,525
	95	95	95	95	95	95
	9,630	10,521	10,381	17,961	29,797	31,776
	395,047	419,988	418,078	403,575	396,823	399,656
	17,185	21,276	14,274	9,177	23,807	14,600
	<b>483,135</b>	<b>510,645</b>	<b>501,591</b>	<b>495,625</b>	<b>515,859</b>	<b>505,675</b>
	36,868	35,807	35,914	35,726	36,246	37,342
	-	-	-	445	484	84
	25,438	29,409	18,867	14,342	16,077	18,673
	5,282	5,707	6,002	9,982	15,457	7,563
	<b>67,588</b>	<b>70,923</b>	<b>60,783</b>	<b>60,495</b>	<b>68,264</b>	<b>63,662</b>
<b>\$</b>	<b>550,723</b>	<b>\$ 581,568</b>	<b>\$ 562,374</b>	<b>\$ 556,120</b>	<b>\$ 584,123</b>	<b>\$ 569,337</b>
\$	(1,018,436)	\$ (1,046,074)	\$ (1,041,990)	\$ (1,107,414)	\$ (1,124,437)	\$ (1,120,675)
	(90,128)	(90,267)	(87,028)	(94,060)	(82,842)	(95,633)
<b>\$</b>	<b>(1,108,564)</b>	<b>\$ (1,136,341)</b>	<b>\$ (1,129,018)</b>	<b>\$ (1,201,474)</b>	<b>\$ (1,207,279)</b>	<b>\$ (1,216,308)</b>

(Continued)

## Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(dollars in thousands)

	<b>Fiscal Year</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>GENERAL REVENUES AND OTHER CHANGES</b>				
<b>IN NET POSITION:</b>				
Governmental activities:				
Taxes				
Property taxes levied for mall, sewer, and general purposes . . . . .	\$ 251,224	\$ 257,749	\$ 275,705	\$ 270,806
Sales and use taxes . . . . .	646,893	661,933	691,208	707,995
Transfer and other taxes . . . . .	8,553	7,246	8,353	9,432
Unrestricted interest earnings . . . . .	1,592	1,524	1,280	1,012
Miscellaneous . . . . .	7,896	14,162	24,242	9,231
Gain on sale of capital assets . . . . .	732	460	492	361
Transfers . . . . .	(17,221)	(17,429)	(17,429)	(17,429)
<b>Total governmental activities . . . . .</b>	<b>899,669</b>	<b>925,645</b>	<b>983,851</b>	<b>981,408</b>
Business-type activities:				
Unrestricted state and local appropriations . . . . .	34,049	34,071	31,163	30,157
Federal and state student financial aid . . . . .	29,206	38,392	41,207	39,527
Unrestricted interest earnings . . . . .	298	146	139	102
Miscellaneous . . . . .	-	-	-	-
Transfers . . . . .	17,221	17,429	17,429	17,429
<b>Total business-type activities . . . . .</b>	<b>80,774</b>	<b>90,038</b>	<b>89,938</b>	<b>87,215</b>
<b>Total primary government . . . . .</b>	<b>\$ 980,443</b>	<b>\$ 1,015,683</b>	<b>\$ 1,073,789</b>	<b>\$ 1,068,623</b>
<b>CHANGE IN NET POSITION:</b>				
Governmental activities . . . . .	\$ 18,334	\$ (9,016)	\$ (41,946)	\$ (2,779)
Business-type activities . . . . .	(5,617)	(3,744)	(4,208)	(1,701)
<b>Total change in net position . . . . .</b>	<b>\$ 12,717</b>	<b>\$ (12,760)</b>	<b>\$ (46,154)</b>	<b>\$ (4,480)</b>

Source: Erie County Basic Financial Statements

**Fiscal Year**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 269,809	\$ 274,900	\$ 277,889	\$ 283,647	\$ 290,884	\$ 299,933
724,680	743,220	754,966	756,591	779,855	813,134
9,719	12,010	11,888	14,054	13,167	15,059
1,352	810	632	694	1,373	2,223
11,287	30,994	24,206	21,125	27,525	7,317
152	482	253	168	274	157
(17,343)	(17,429)	(17,554)	(18,054)	(18,054)	(18,554)
<b>999,656</b>	<b>1,044,987</b>	<b>1,052,280</b>	<b>1,058,225</b>	<b>1,095,024</b>	<b>1,119,269</b>
32,590	33,343	32,867	32,760	32,098	31,640
38,690	38,511	38,172	35,585	33,699	33,764
75	52	30	31	71	160
491	-	-	-	-	-
17,343	17,429	17,554	18,054	18,054	18,554
<b>89,189</b>	<b>89,335</b>	<b>88,623</b>	<b>86,430</b>	<b>83,922</b>	<b>84,118</b>
<b>\$ 1,088,845</b>	<b>\$ 1,134,322</b>	<b>\$ 1,140,903</b>	<b>\$ 1,144,655</b>	<b>\$ 1,178,946</b>	<b>\$ 1,203,387</b>
\$ (18,780)	\$ (1,087)	\$ 10,290	\$ (49,189)	\$ (29,413)	\$ (1,406)
(939)	(932)	1,595	(7,630)	1,080	(11,515)
<b>\$ (19,719)</b>	<b>\$ (2,019)</b>	<b>\$ 11,885</b>	<b>\$ (56,819)</b>	<b>\$ (28,333)</b>	<b>\$ (12,921)</b>

(Concluded)



## Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	Fiscal Year			
	2009	2010	2011 (1)	2012
<b>General Fund:</b>				
Reserved .....	\$ 6,758	\$ 11,853	N/A	N/A
Unreserved .....	95,080	113,460	N/A	N/A
<b>Total general fund .....</b>	<b>\$ 101,838</b>	<b>\$ 125,313</b>	N/A	N/A
<b>All Other Governmental Funds:</b>				
Reserved .....	\$ 87,772	\$ 62,740	N/A	N/A
Unreserved, reported in:				
Special revenue funds .....	17,722	19,690	N/A	N/A
Capital project funds (deficit) .....	(69,217)	66,095	N/A	N/A
<b>Total all other governmental funds .....</b>	<b>\$ 36,277</b>	<b>\$ 148,525</b>	N/A	N/A
<b>General Fund:</b>				
Nonspendable .....	N/A	N/A	\$ 8,394	\$ 9,322
Restricted .....	N/A	N/A	187	196
Assigned .....	N/A	N/A	24,065	22,291
Unassigned .....	N/A	N/A	83,489	88,332
<b>Total general fund .....</b>	N/A	N/A	<b>\$ 116,135</b>	<b>\$ 120,141</b>
<b>All Other Governmental Funds:</b>				
Nonspendable .....	N/A	N/A	\$ 3,097	\$ 3,359
Restricted .....	N/A	N/A	114,758	110,982
Assigned .....	N/A	N/A	29,251	31,406
Unassigned .....	N/A	N/A	(472)	(509)
<b>Total all other governmental funds .....</b>	N/A	N/A	<b>\$ 146,634</b>	<b>\$ 145,238</b>

Source: Erie County Basic Financial Statements

Notes:

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

N/A = Not Available

**Fiscal Year**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$ 10,292	\$ 10,231	\$ 9,087	\$ 8,595	\$ 8,603	\$ 8,301
138	140	154	171	162	160
20,289	26,576	20,400	11,192	28,072	53,933
89,650	92,218	99,859	100,154	101,939	102,490
<b>\$ 120,369</b>	<b>\$ 129,165</b>	<b>\$ 129,500</b>	<b>\$ 120,112</b>	<b>\$ 138,776</b>	<b>\$ 164,884</b>
\$ 3,539	\$ 3,408	\$ 34,774	\$ 3,295	\$ 3,648	\$ 3,476
152,860	121,468	119,522	148,734	173,264	175,524
31,933	37,272	38,026	44,347	42,840	49,266
(543)	(654)	(548)	(6,868)	(444)	(400)
<b>\$ 187,789</b>	<b>\$ 161,494</b>	<b>\$ 191,774</b>	<b>\$ 189,508</b>	<b>\$ 219,308</b>	<b>\$ 227,866</b>

## Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	Fiscal Year			
	2009	2010	2011	2012
<b>REVENUES:</b>				
Real property taxes and tax items	\$ 244,221	\$ 253,512	\$ 263,799	\$ 268,069
Sales and use taxes	647,287	661,933	691,208	707,995
Transfer taxes	8,553	7,246	8,353	9,432
Intergovernmental	481,067	478,484	416,269	426,376
Interfund revenues	426	370	318	1,323
Departmental	80,618	74,714	74,683	78,843
Interest	2,931	3,045	3,949	6,067
Miscellaneous	7,199	13,184	24,512	10,087
<b>Total revenues</b>	<b>1,472,302</b>	<b>1,492,488</b>	<b>1,483,091</b>	<b>1,508,192</b>
<b>EXPENDITURES:</b>				
Current:				
General government support	348,167	361,693	386,272	386,719
Public safety	121,345	134,388	133,258	148,601
Health	88,891	82,090	70,954	72,412
Transportation	42,549	43,909	44,190	45,252
Economic assistance and opportunity	566,664	576,624	590,268	577,526
Culture and recreation	21,389	21,462	16,405	18,944
Education	69,043	73,889	71,848	68,152
Home and community service	42,149	44,324	43,382	44,280
Capital outlay	59,507	93,066	158,769	61,896
Debt service:				
Principal retirement	50,214	47,936	53,605	50,643
Other - advance refunding escrow	-	-	-	-
Interest and fiscal charges	36,587	38,380	37,965	41,888
<b>Total expenditures</b>	<b>1,446,505</b>	<b>1,517,761</b>	<b>1,606,916</b>	<b>1,516,313</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>25,797</b>	<b>(25,273)</b>	<b>(123,825)</b>	<b>(8,121)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of general obligation debt	3,232	249,598	115,244	24,110
Refunding bonds issued	-	120	30,695	-
Payments to refunded bond escrow agent	-	(99,432)	(34,469)	-
Premium on BAN issuance	1,449	374	821	444
Premium on bond issuance	-	27,301	17,496	3,245
Payment from Erie County - advance loan refunding	-	-	-	-
Purchase of loan by Erie County - advance loan refunding	-	-	-	-
Proceeds on bond issuance	-	-	-	-
Premium on obligations	-	-	-	-
Discount on purchase of mirror bonds	-	-	-	-
Purchase of loan by Erie County	-	-	-	-
Discount on loan to Erie County	-	-	-	-
Sale of property	742	460	492	361
Transfer to Trustee - debt service reserve	-	-	-	-
Transfers in	455,169	736,133	668,194	528,799
Transfers out	(472,390)	(753,562)	(685,623)	(546,228)
<b>Total other financing sources (uses)</b>	<b>(11,798)</b>	<b>160,992</b>	<b>112,850</b>	<b>10,731</b>
<b>Net change in fund balances</b>	<b>\$ 13,999</b>	<b>\$ 135,719</b>	<b>\$ (10,975)</b>	<b>\$ 2,610</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>6.3%</b>	<b>6.0%</b>	<b>5.9%</b>	<b>6.4%</b>

Source: Erie County Basic Financial Statements

**Fiscal Year**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$	271,757	\$ 274,742	\$ 280,406	\$ 283,732	\$ 291,149	\$ 300,193
	724,680	743,220	754,966	756,591	779,855	813,134
	9,719	12,010	11,888	14,054	13,167	15,059
	405,194	434,138	416,188	423,586	409,571	408,427
	310	228	206	730	299	920
	72,756	70,012	69,247	83,086	96,226	91,876
	6,334	5,336	4,900	4,965	12,195	6,326
	15,337	35,425	28,372	22,678	28,141	10,926
	<b>1,506,087</b>	<b>1,575,111</b>	<b>1,566,173</b>	<b>1,589,422</b>	<b>1,630,603</b>	<b>1,646,861</b>
	384,065	393,501	402,264	407,302	418,945	437,215
	150,138	151,308	157,404	158,624	155,063	160,533
	71,832	72,696	73,569	76,812	87,306	89,235
	45,527	50,227	50,534	52,425	53,172	55,133
	588,819	616,018	603,687	602,921	609,499	595,888
	16,497	16,954	17,722	17,333	18,411	19,406
	65,867	66,159	71,177	70,846	69,886	72,153
	46,685	45,267	45,733	50,360	50,330	52,193
	58,042	98,279	66,645	72,025	66,081	60,854
	50,359	57,915	88,040	76,913	58,070	59,952
	-	-	-	-	5,517	-
	39,426	39,230	37,971	43,418	34,100	39,061
	<b>1,517,257</b>	<b>1,607,554</b>	<b>1,614,746</b>	<b>1,628,979</b>	<b>1,626,380</b>	<b>1,641,623</b>
	(11,170)	(32,443)	(48,573)	(39,557)	4,223	5,238
	61,470	27,405	32,000	32,765	15,331	42,420
	31,135	-	24,615	44,335	62,745	-
	(35,895)	-	-	(46,295)	(86,938)	-
	-	-	-	-	-	-
	14,430	4,486	8,822	14,984	19,545	5,405
	-	-	-	-	79,491	-
	-	-	-	-	(73,974)	-
	-	-	-	-	135,780	-
	-	-	-	-	23,984	-
	-	-	-	-	(6,718)	-
	-	-	-	-	(92,115)	-
	-	-	-	-	(6,829)	-
	152	482	253	168	274	157
	-	-	-	-	(8,281)	-
	663,321	589,751	607,492	613,113	654,881	629,551
	(680,664)	(607,180)	(625,046)	(631,167)	(672,935)	(648,105)
	<b>53,949</b>	<b>14,944</b>	<b>48,136</b>	<b>27,903</b>	<b>44,241</b>	<b>29,428</b>
\$	<b>42,779</b>	<b>(17,499)</b>	<b>(437)</b>	<b>(11,654)</b>	<b>48,464</b>	<b>34,666</b>
	6.1%	6.4%	8.1%	7.7%	6.2%	6.3%

## Taxable Sales by Category

### Last Ten Fiscal Years (1)

(dollars in thousands)

Category (2)	Fiscal Year			
	2009	2010	2011	2012
Utilities (excluding residential energy) . . . . .	\$ 255,086	\$ 203,045	\$ 237,525	\$ 215,848
Construction . . . . .	212,131	206,569	224,364	279,797
Manufacturing . . . . .	323,017	302,139	524,088	533,668
Wholesale trade . . . . .	845,706	810,170	572,372	571,245
Retail trade total . . . . .	5,345,974	5,318,507	6,096,968	6,070,438
Information . . . . .	697,479	712,376	660,451	668,665
Professional, scientific, and technical . . . . .	143,249	134,130	211,576	203,998
Administrative/support services . . . . .	270,747	277,016	285,239	297,223
Health care . . . . .	19,430	19,534	11,744	14,896
Arts, entertainment, and recreation . . . . .	152,189	153,858	164,837	167,880
Accommodation and food services . . . . .	1,381,465	1,402,403	1,538,578	1,633,538
Other services total . . . . .	411,302	403,228	381,059	408,318
Agriculture, mining, transportation, fire, education, government . . . . .	508,664	445,883	499,523	539,089
Agriculture, forestry, fishing, and hunting . . . . .	-	-	-	-
Mining, quarry, and oil and gas extraction . . . . .	-	-	-	-
Transportation and warehousing . . . . .	-	-	-	-
Finance and insurance . . . . .	-	-	-	-
Real estate and rental and leasing . . . . .	-	-	-	-
Management of companies and enterprises . . . . .	-	-	-	-
Educational services . . . . .	-	-	-	-
Public administration . . . . .	-	-	-	-
Utilities . . . . .	-	-	-	-
Unclassified by industry . . . . .	52,828	61,537	11,911	2,285
<b>Total . . . . .</b>	<b>\$ 10,619,267</b>	<b>\$ 10,450,396</b>	<b>\$ 11,420,235</b>	<b>\$ 11,606,888</b>
<b>County Direct Sales Tax Rate . . . . .</b>	<b>2.81%</b>	<b>2.81%</b>	<b>2.81%</b>	<b>2.81%</b>

Source: New York State Department of Taxation and Finance

#### Notes:

(1) NYS Department of Taxation & Finance's reporting period is March to February. Data represents the reporting periods beginning March 1, 2008 and ending February 28, 2018

(2) Detailed information regarding payers or remitters is not available. Prior to the 2014 reporting period, utilities sales excluded residential energy purchases.

(3) As of the 2013-2014 tax period (the County's 2014 Fiscal Year), the NYS Department of Taxation and Finance re-registered all sales tax vendors, which resulted in a change in total sales and sales distribution by industry. The new reporting system contains more up-to-date and accurate information.

(4) Taxable Sales for fiscal year 2018 are preliminary.



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

### Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	Residential Property	Commercial Property	Total Assessed Property Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (2)
2009	\$ 26,426,841	\$ 9,383,744	\$ 35,810,585	\$ 2,408,149	\$ 33,402,436	\$ 6.38
2010	27,465,909	9,743,878	37,209,787	2,358,179	34,851,608	6.56
2011	27,840,959	9,812,645	37,653,604	2,186,296	35,467,308	6.52
2012	28,314,750	9,672,758	37,987,508	2,279,789	35,707,719	6.59
2013	28,269,007	9,684,510	37,953,517	2,193,126	35,760,391	6.57
2014	29,011,563	10,174,472	39,186,035	2,147,709	37,038,326	6.59
2015	30,634,675	10,693,215	41,327,890	2,088,451	39,239,439	6.59
2016	31,420,866	10,956,886	42,377,752	2,088,451	40,289,301	6.50
2017	31,874,701	11,091,876	42,966,577	1,974,692	40,991,885	6.44
2018	33,265,365	11,630,059	44,895,424	1,914,651	42,980,773	6.33

Source: Erie County Department of Real Property Tax Services

#### Notes:

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

(2) Per \$1,000 of assessed value.

	<b>Total Actual Taxable Equalized Full Value</b>	<b>Assessed Value as a Percentage of Equalized Full Value (1)</b>
\$	44,382,615	75.26%
	46,120,910	75.57%
	46,738,120	75.89%
	47,235,307	75.60%
	47,138,287	75.86%
	47,996,864	77.17%
	49,214,694	79.73%
	51,961,517	77.54%
	54,929,481	74.63%
	58,098,574	73.98%



## Direct and Overlapping Property Tax Rates

### Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

Fiscal Year	Erie County Direct Rates			Overlapping Rates			
	General Fund	Special Revenue Funds	Total Direct	Cities, Towns & Villages	School Districts	Special Districts	City of Buffalo (1)
2009 .....	\$ 5.03	\$ 1.35	\$ 6.38	\$ 3.94	\$ 17.67	\$ 5.10	\$ 23.88
2010 .....	5.04	1.52	6.56	3.98	17.13	4.87	23.27
2011 .....	5.03	1.49	6.52	4.03	17.53	4.92	22.84
2012 .....	5.03	1.56	6.59	4.01	18.15	4.88	22.39
2013 .....	5.03	1.54	6.57	3.92	18.53	5.03	21.58
2014 .....	5.04	1.55	6.59	3.89	18.81	4.91	21.17
2015 .....	5.00	1.59	6.59	3.85	18.87	4.85	20.52
2016 .....	4.96	1.54	6.50	3.74	18.55	4.77	18.26
2017 .....	4.95	1.49	6.44	3.68	17.91	4.63	16.84
2018 .....	4.95	1.38	6.33	3.66	17.48	4.54	14.89

Source: Erie County Department of Real Property Tax Services

Note:

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

## Principal Taxpayers

Current Year and Nine Years Ago

Taxpayer	2018			2009		
	Equalized Full Value	Rank	Percentage of Equalized Full Value (1)	Equalized Full Value	Rank	Percentage of Equalized Full Value (1)
National Grid / Niagara Mohawk . . . . .	\$ 889,258,974	1	1.53%	\$ 581,478,336	2	1.31%
National Fuel Gas . . . . .	758,876,744	2	1.31%	673,700,439	1	1.52%
Benderson Development Company . . . . .	695,803,146	3	1.20%	245,746,445	4	0.55%
Pyramid Company of Buffalo . . . . .	278,230,150	4	0.48%	161,245,452	6	0.36%
NY State Electric & Gas Corporation . . . . .	275,329,525	5	0.47%	154,048,218	7	0.35%
Uniland Development . . . . .	222,229,212	6	0.38%			
Ellicott Group LLC . . . . .	222,126,565	7	0.38%			
Norfolk/Conrail/CSX . . . . .	213,265,043	8	0.37%			
Verizon New York Inc . . . . .	185,352,308	9	0.32%	316,089,011	3	0.71%
MJ Peterson Real Estate . . . . .	155,110,103	10	0.27%			
BG Properties LLC . . . . .				192,724,897	5	0.43%
DDR MDT LLC . . . . .				134,498,039	8	0.30%
Seneca One Realty LLC . . . . .				80,472,000	9	0.18%
Boulevard Mall Properties . . . . .				79,482,617	10	0.18%
<b>Totals . . . . .</b>	<b>\$ 3,895,581,770</b>		<b>6.71%</b>	<b>\$ 2,619,485,454</b>		<b>5.89%</b>

Source: Erie County 2018 & 2009 Annual Reports published by the Department of Real Property Tax Services

Note:

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

## Property Tax Levies And Collections

Last Ten Fiscal Years

Fiscal Year	County Property Taxes Levied (1)	All Other Property Taxes Levied (2)	Total Property Taxes Levied	Collected within the Fiscal Year of the Levy	
				Amount	Percentage of Levy
2009 .....	\$ 223,306,326	\$ 388,893,461	\$ 612,199,787	\$ 595,839,865	97.33%
2010 .....	232,413,974	405,958,043	638,372,017	622,129,950	97.46%
2011 .....	235,182,208	413,059,474	648,241,682	628,996,639	97.03%
2012 .....	237,692,831	418,201,340	655,894,171	636,198,405	97.00%
2013 .....	237,270,828	418,170,150	655,440,978	637,052,431	97.19%
2014 .....	241,721,087	420,052,940	661,774,027	644,024,505	97.32%
2015 .....	245,876,811	428,290,819	674,167,630	655,940,466	97.30%
2016 .....	257,638,097	437,982,920	695,621,017	677,125,859	97.34%
2017 .....	272,002,597	447,195,930	719,198,527	700,924,354	97.46%
2018 .....	287,386,093	457,147,623	744,533,716	725,368,656	97.43%

*Sources:*

*Erie County Department of Real Property Tax Services*

*Erie County Govern Tax Collection System*

*Notes:*

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

*(2) Totals shown are primarily comprised of taxes levied for the benefit of County towns, re-levy of uncollected school and village taxes, and sewer district taxes and user charges. See Note V - Property Taxes beginning on page 49 for more information on the annual property tax levy process.*

*N/A = Not Available*

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 15,379,973	\$ 611,219,838	99.84%
15,008,819	637,138,768	99.81%
17,781,595	646,778,234	99.77%
17,788,799	653,987,204	99.71%
16,075,828	653,128,259	99.65%
15,106,730	659,131,235	99.60%
14,517,511	670,457,977	99.45%
11,135,114	688,260,973	98.94%
6,385,011	707,309,365	98.35%
N/A	725,368,656	97.43%

## Ratios of Outstanding Debt by Type

### Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income (3)(4)	Per Capita (3)(4)
	General Obligation Bonds (1)	General Obligation Bonds - Sewer & ECMCC (2)	ETASC Tobacco Securitization Asset Backed Bonds	Capital Leases				
2009	\$ 352,176	\$ 63,071	\$ 288,363	\$ -	\$ 703,610	1.00%	\$ 387	
2010	477,893	68,575	286,318	-	832,786	1.32%	520	
2011	452,604	164,676	310,612	-	927,892	1.20%	493	
2012	431,015	164,410	334,818	-	930,243	1.07%	469	
2013	454,789	156,801	338,715	5,907	956,212	1.09%	494	
2014	429,288	151,826	339,938	4,430	925,482	1.04%	465	
2015	405,903	146,051	344,218	2,954	899,126	0.94%	440	
2016	390,827	139,928	333,159	1,477	865,391	0.89%	424	
2017	390,238	235,244	338,649	-	964,131	0.85%	422	
2018	376,799	230,072	343,419	-	950,290	N/A	410	

Source: Erie County Basic Financial Statements 2009-2018

#### Notes:

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

(2) Includes self-supporting sewer district bonds for the years 2009 to 2018 and bonds issued by the ECFSA in 2011 to assist ECMCC in the construction of a new residential health care facility. Loan agreements were executed whereby ECMCC will fund the repayment of the bonds in future years (\$86,250 was outstanding at December 31, 2011 and 2012; \$82,505 was outstanding at December 31, 2013; \$78,615 was outstanding December 31, 2014; \$74,565 was outstanding December 31, 2015; and \$70,355 was outstanding December 31, 2016). In 2017, the 2011 bonds issued by ECFSA for ECMCC's health care facility were refunded. ECFSA also issued bonds to assist ECMCC's capital projects in 2017. Similar loan agreements were executed, as mentioned above. As of December 31, 2018, \$60,240 was outstanding for the ECMCC facility bonds and \$91,615 was outstanding for the ECMCC capital projects bonds.

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

(4) See the "Demographic and Economic Statistics" schedule on page 153 for personal income and population data.

N/A = Not Available

## Ratios of General Bonded Debt Outstanding

### Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	General Net Bonded Debt Outstanding (1,2,3)	Percentage of Actual Taxable Value (4) of Property	Per Capita (5)
2009 .....	\$ 342,504	1.03%	\$ 377
2010 .....	471,651	1.35%	513
2011 .....	448,145	1.26%	488
2012 .....	427,021	1.20%	465
2013 .....	445,928	1.25%	485
2014 .....	422,687	1.14%	458
2015 .....	397,283	1.01%	431
2016 .....	380,066	0.94%	412
2017 .....	369,884	0.90%	400
2018 .....	361,994	0.84%	394

Source: Erie County Basic Financial Statements 2009-2018

#### Notes:

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

(2) Excludes ECMCC bond guaranty of \$99,305 for 2009, \$97,150 for 2010, \$94,900 for 2011, \$92,550 for 2012, \$90,085 for 2013, \$87,500 for 2014, \$84,790 for 2015, \$81,930 for 2016, \$78,910 for 2017 and \$75,725 for 2018.

(3) Net of resources restricted for principal repayment of general bonded debt of \$14,805 at December 31, 2018.

(4) See the "Assessed and Equalized Full Value of Taxable Property" schedule on pages 140-141 for property value data.

(5) See the "Demographic and Economic Statistics" schedule on page 153 for population data.

## Legal Debt Margin Information

### Last Ten Fiscal Years

(dollars in thousands)

	Fiscal Year			
	2009	2010	2011	2012
Debt limit .....	\$ 2,820,171	\$ 2,962,433	\$ 3,082,612	\$ 3,176,940
Total net debt applicable to limit .....	436,259	545,873	511,592	563,330
Legal debt margin .....	<b>\$ 2,383,912</b>	<b>\$ 2,416,560</b>	<b>\$ 2,571,020</b>	<b>\$ 2,613,610</b>
Total net debt applicable to the limit as a percentage of debt limit .....	15.47%	18.43%	16.60%	17.73%

#### Sources:

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

#### Notes:

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

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

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

**Legal Debt Margin Calculation for Fiscal Year 2018 (1)**

Full value (average five-year valuation) (2) . . . . .		<u>\$ 52,440,226</u>
Debt limit (7% of assessed value) (3) . . . . .		\$ 3,670,816
Debt applicable to limit:		
General obligation bonds and guaranty . . . . .	\$ 472,177	
Less: sewer bond exclusions . . . . .	<u>(78,217)</u>	
Total net debt applicable to limit . . . . .		<u>393,960</u>
<b>Legal debt margin . . . . .</b>		<b><u>\$ 3,276,856</u></b>

**Fiscal Year**

2013	2014	2015	2016	2017	2018
\$ 3,242,613 576,666	\$ 3,293,213 552,316	\$ 3,336,526 524,451	\$ 3,409,653 499,668	\$ 3,517,372 486,699	\$ 3,670,816 393,960
<b><u>\$ 2,665,947</u></b>	<b><u>\$ 2,740,897</u></b>	<b><u>\$ 2,812,075</u></b>	<b><u>\$ 2,909,985</u></b>	<b><u>\$ 3,030,673</u></b>	<b><u>\$ 3,276,856</u></b>
<b>17.78%</b>	<b>16.77%</b>	<b>15.72%</b>	<b>14.65%</b>	<b>13.84%</b>	<b>10.73%</b>



## Pledged-Revenue Coverage

### Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	Tobacco Securitization Asset Backed Bonds (1)				
	Tobacco Settlement Revenue	Interest Earnings	Operating Transfer-Out	Carry-forward of Prior Year Fund Balance Restricted for Future Debt Service	Less: Operating Expenses
2009 .....	\$ 19,422	\$ 13	\$ (100)	\$ 19,893	\$ (12)
2010 .....	15,925	86	(202)	20,412	-
2011 .....	15,098	116	(200)	19,964	-
2012 .....	15,397	139	(158)	19,919	(1)
2013 .....	15,388	42	-	19,991	(1)
2014 .....	17,409	12	-	20,734	(1)
2015 .....	14,898	12	(400)	20,602	-
2016 .....	30,091	166	-	20,372	-
2017 .....	13,176	271	-	20,561	-
2018 .....	14,267	459	(200)	20,505	-

Source: ETASC Financial Statements

Note:

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

**Tobacco Securitization Asset Backed Bonds**

	Net Available Resources	Debt Service		Coverage
		Principal	Interest	
\$	39,216	\$ 5,265	\$ 13,539	2.09
	36,221	2,875	13,382	2.23
	34,978	1,805	13,254	2.32
	35,296	2,195	13,110	2.31
	35,420	1,785	12,901	2.41
	38,154	4,855	12,697	2.17
	35,112	2,220	12,520	2.38
	50,629	18,015	12,053	1.68
	34,008	1,950	11,553	2.52
	35,031	3,190	11,656	2.36

## Direct And Overlapping Governmental Activities Debt (1)

As of December 31, 2018

(dollars in thousands)

Governmental Unit	Fiscal Year Ended	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Cities .....	06/30/17	\$ 362,188	100%	\$ 362,188
Towns .....	12/31/17	484,368	100%	484,368
Villages .....	05/31/17	86,984	100%	86,984
School districts .....	06/30/17	1,668,542	100%	1,668,542
Fire districts .....	12/31/17	18,301	100%	18,301
<b>Subtotal, overlapping debt .....</b>				<b>2,620,383</b>
<b>County direct debt .....</b>				<b>606,871</b>
<b>ETASC direct debt .....</b>				<b>343,419</b>
<b>County and ETASC direct debt .....</b>				<b>950,290</b>
<b>Total direct and overlapping debt .....</b>				<b>\$ 3,570,673</b>

*Sources:*

*Net debt outstanding of Erie County - Erie County Comptroller's Office*

*All other information - Latest available from the New York State Office of the State Comptroller*

*Note:*

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

## Demographic and Economic Statistics

Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	School Enrollment (Grades K-12)	Unemployment Rate
2009	909,247	\$ 35,047,750	\$ 38,546	143,936	8.1%
2010	919,040	36,170,467	39,369	141,583	8.3%
2011	918,028	37,864,000	41,245	140,981	8.0%
2012	918,922	40,377,000	43,932	143,633	8.3%
2013	919,866	41,850,059	45,496	144,334	7.4%
2014	922,835	41,287,539	44,740	137,617	6.1%
2015	922,578	43,164,184	46,786	138,391	5.3%
2016	921,046	43,804,180	47,559	140,620	4.9%
2017	925,528	45,656,251	49,330	137,587	5.1%
2018	919,719	N/A	N/A	N/A	4.4%

Sources:

**Population:** The 2009 and 2011 to 2018 estimates were compiled by the NYS Department of Commerce and the NYS Department of Economic Development, respectively, using data provided by the United States Bureau of the Census. 2010 is the decennial census of the population conducted by the federal government. **Personal Income:** United States Department of Commerce, Bureau of Economic Analysis; material compiled by NYS Department of Commerce. **School Enrollment:** NYS Education Department, Information Center on Education. School enrollment data represents the 2008-2009 to 2017-2018 school years. **Unemployment Rate:** NYS Department of Labor.

Note:

N/A = Not Available

## Principal Employers

Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of New York	23,600	1	5.57%	16,755	1	3.87%
U.S. Government	15,000	2	3.54%	10,000	2	2.31%
City of Buffalo (2)	9,281	3	2.19%	8,389	4	1.94%
Kaleida Health	8,301	4	1.96%	10,000	2	2.31%
M&T Bank	7,400	5	1.75%	4,640	8	1.07%
Catholic Health System	7,184	6	1.69%	5,191	7	1.20%
University at Buffalo	7,076	7	1.67%			
Tops Markets LLC	5,374	8	1.27%	4,600	9	1.06%
County of Erie (1)	4,113	9	0.97%	4,113	10	0.95%
Erie County Medical Center Corp	3,450	10	0.81%			
Employer Services Corp				5,380	6	1.24%
HSBC Bank USA, N.A.				5,848	5	1.35%
<b>Total</b>	<b>90,779</b>		<b>21.42%</b>	<b>74,916</b>		<b>17.32%</b>

Sources:

**Erie County Employment:** Erie County Comptroller's Office. **Total Employed Within Erie County:** NYS Department of Labor. **All Other Employer Data:** Business First - Book of Lists

Notes:

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

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

Last Ten Fiscal Years

Function	Fiscal Year				
	2009	2010	2011	2012	2013
General government support . . . . .	642	630	588	602	610
Public safety . . . . .	1,169	1,197	1,160	1,180	1,213
Health . . . . .	277	267	235	256	210
Transportation . . . . .	160	151	152	149	141
Economic assistance and opportunity . . . . .	1,521	1,442	1,528	1,432	1,353
Culture and recreation . . . . .	75	36	50	49	50
Education . . . . .	34	31	27	27	84
Home and community service . . . . .	235	217	227	239	245
<b>Total . . . . .</b>	<b>4,113</b>	<b>3,971</b>	<b>3,967</b>	<b>3,934</b>	<b>3,906</b>

Source: Erie County Comptroller's Office

Note:

(1) Excludes Erie Community College.

**Fiscal Year**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
606	615	637	637	674
1,235	1,243	1,264	1,326	1,267
215	219	295	230	298
151	173	175	170	166
1,388	1,386	1,392	1,394	1,386
53	57	60	64	66
86	98	27	27	27
240	229	241	236	229
<b>3,974</b>	<b>4,020</b>	<b>4,091</b>	<b>4,084</b>	<b>4,113</b>

## Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year			
	2009	2010	2011	2012
<b>General government support:</b>				
Major construction projects successfully completed . . . . .	12	12	14	17
Motor vehicle registrations processed by County Clerk . . . . .	244,026	367,533	272,934	260,257
Cases prosecuted or arraigned by the District Attorney's Office . . . . .	31,819	31,195	30,523	30,116
<b>Public safety:</b>				
Sheriff's calls for service . . . . .	84,259	70,829	88,963	88,956
Vehicle and traffic arrests . . . . .	11,363	12,764	11,269	13,655
Inmate population-Holding Center (average per day) . . . . .	479	495	497	524
Inmate population-Correctional Facility (average per day) . . . . .	866	855	749	808
Probation cases-supervised . . . . .	6,048	7,233	7,231	7,543
Fire personnel trained . . . . .	5,143	6,961	8,074	7,608
<b>Health:</b>				
Patient visits - pediatric care . . . . .	2,932	92	- (1)	-
Persons served by Mental Health agencies (per month) . . . . .	26,845	27,389	9,552	11,354
<b>Transportation:</b>				
Bridges inspected . . . . .	78	244	74	239
Miles of roads receiving surface treatment . . . . .	141	181	222	215
<b>Economic assistance and opportunity:</b>				
Home Energy Assistance Program payments administered . . . . .	185,447	159,047	157,949	193,115
Number of clients enrolled in Medicaid Managed Care programs . . . . .	89,331	97,777	104,789	118,431
Senior services home care to frail elderly (hours) . . . . .	83,015	95,477	85,272	80,575
<b>Culture and recreation:</b>				
Park attendance . . . . .	1,900,000	1,985,500	1,704,479	1,863,326
Rounds of golf played . . . . .	67,298	60,129	51,193	59,623
<b>Education:</b>				
Children with special needs receiving service . . . . .	4,182	4,168	4,032	3,790
Erie Community College full-time student headcount (2) . . . . .	8,874	9,560	9,845	9,173
<b>Home and community service:</b>				
Sewer flow per day (millions of gallons) . . . . .	59	56	60	42

Source: Various County Departments

Notes:

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

(2) Average per semester.

N/A = Not Available

**Fiscal Year**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
8	15	14	12	12	3
278,409	274,936	286,500	283,895	279,172	255,736
29,605	31,172	32,225	24,798	22,838	23,341
88,659	88,944	89,941	98,881	105,384	101,788
10,988	9,406	11,446	10,900	11,112	7,573
517	497	544	493	426	414
852	742	712	690	644	543
7,092	6,245	5,799	5,424	4,938	5,239
7,782	7,657	7,266	8,357	7,815	7,706
-	-	-	-	-	-
2,325	2,901	3,023	3,341	3,949	4,116
78	234	77	231	76	213
12	114	147	199	158	131
174,777	206,518	122,938	157,902	105,892	141,132
125,580	160,983	171,752	170,189	173,550	170,001
67,450	71,566	86,969	74,982	80,405	58,244
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	56,339	54,627	47,748	46,971
3,835	3,821	3,933	3,833	3,907	3,982
9,116	8,514	7,862	7,422	7,077	6,702
49	48	46	45	52	51



## Capital Asset Statistics by Function

Last Ten Fiscal Years

Function (1)	Fiscal Year			
	2009	2010	2011	2012
<b>Public safety:</b>				
Emergency communication stations . . . . .	1	1	1	1
Training centers operated by the County . . . . .	3	3	3	3
Correctional facilities . . . . .	1	1	1	1
Holding centers . . . . .	1	1	1	1
<b>Health:</b>				
Health Department clinics / in County-owned buildings . . . . .	11 / 5	4 / 4	4 / 1	4 / 1
<b>Transportation:</b>				
Miles of roads . . . . .	1,187	1,187	1,187	1,187
Highway maintenance facilities . . . . .	5	5	5	5
<b>Culture and recreation:</b>				
Parks . . . . .	23	23	23	23
Park and forest acreage . . . . .	10,247	10,247	10,247	10,247
Golf courses . . . . .	2	2	2	2
<b>Education:</b>				
Erie Community College campuses . . . . .	3	3	3	3
Erie Community College library volumes . . . . .	126,537	125,272	120,206	116,674
<b>Home and community service:</b>				
Miles of sanitary sewer . . . . .	937	942	944	1,054
Miles of storm sewer . . . . .	47	48	48	48
Pumping stations . . . . .	97	98	98	100
Grinder pumps . . . . .	463	463	463	455

Source: Various County Departments

Note:

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

**Fiscal Year**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
1	1	1	1	1	1
3	3	3	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
4 / 1	4 / 1	4 / 1	4 / 1	4 / 1	4 / 1
1,187	1,187	1,187	1,187	1,187	1,179
5	5	5	5	5	5
23	23	23	23	23	23
10,247	10,247	10,247	10,486	10,486	10,486
2	2	2	2	2	2
3	3	3	3	3	3
112,651	109,198	110,945	107,702	104,453	102,613
1,071	1,071	1,074	1,074	1,080	1,082
48	48	48	48	48	48
96	96	96	93	93	93
452	452	466	466	458	458

