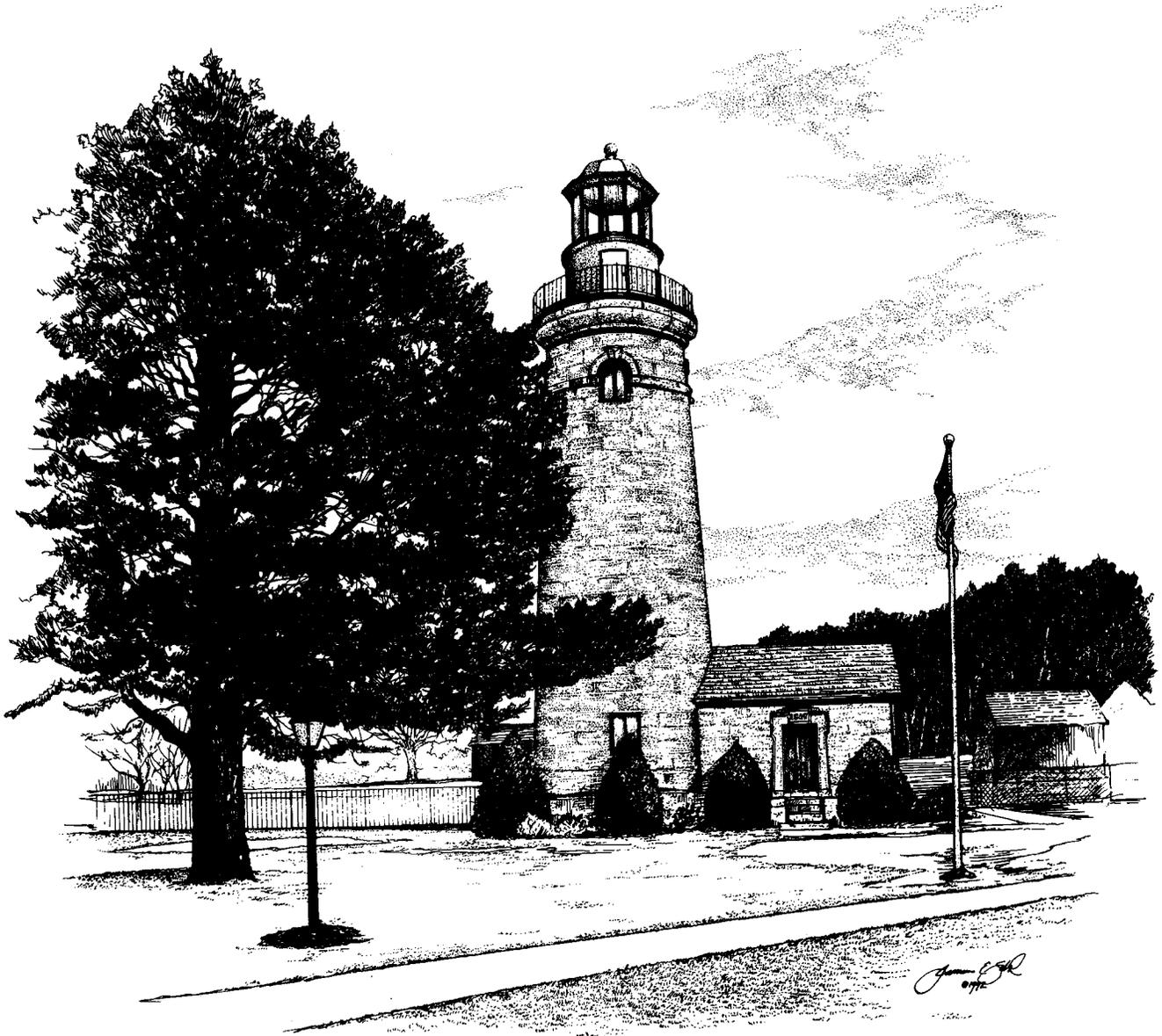


# CITY OF ERIE

## ERIE, PENNSYLVANIA



Comprehensive Annual Financial Report  
Year Ended December 31, 1992

*“ The Guardian ”*

*The original Old Land Lighthouse overlooking the entrance to Erie Harbor, built in 1818 by the United States Government, was the first land lighthouse erected on the Great Lakes.*

Original Pen & Ink Drawing by James E. Sabol © 1992  
Artwork may not be reproduced without the permission of the artist.

**CITY OF ERIE, PENNSYLVANIA**

Comprehensive Annual Financial Report  
Year Ended December 31, 1992



Prepared By:  
Department of Administration and Finance

John B. Bachman, Director



CITY OF ERIE, PENNSYLVANIA  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 1992

TABLE OF CONTENTS

INTRODUCTORY SECTION

|  |    |
|--|----|
| Introduction to the City of Erie .....                                 | 1  |
| Transmittal Letter .....   | 2  |
| Certificate of Achievement for Excellence in Financial Reporting ..... | 11 |
| Principal City Officials .....   | 12 |
| Organization Chart .....   | 13 |

FINANCIAL SECTION

|   |    |
|---|----|
| Controller's Letter .....   | 15 |
| Independent Auditors' Report .....  | 16 |
| General Purpose Financial Statements:   |    |
| Combined Balance Sheet - All Fund Types and Account Groups .....  | 18 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types .....  | 21 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis) Budget and Actual<br>(Including Encumbrances) - General, Special Revenue, Debt Service and Capital Projects Funds ..... | 22 |
| Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types .....  | 24 |
| Combined Statement of Cash Flows - All Proprietary Fund Types .....   | 25 |
| Notes to Financial Statements:  |    |
| I. Summary of Significant Accounting Policies .....   | 26 |
| A. Financial Reporting Entity .....   | 26 |
| B. Basis of Presentation - Fund Accounting .....  | 27 |
| 1. Governmental Fund Types .....  | 27 |
| 2. Proprietary Fund Types .....   | 28 |
| 3. Fiduciary Fund Types .....   | 28 |
| 4. Account Groups .....   | 28 |
| C. Basis of Accounting .....  | 29 |
| 1. Modified Accrual Basis .....   | 29 |
| 2. Accrual Basis .....  | 29 |
| D. Budgetary Data .....   | 29 |
| 1. Budget Policy .....  | 29 |
| 2. Encumbrances .....   | 29 |
| 3. Budgetary Accounting .....   | 29 |
| E. Assets, Liabilities and Fund Equity .....  | 30 |
| 1. Cash Equivalents .....   | 30 |
| 2. Investments .....  | 30 |
| 3. Interfund Receivables and Payables .....   | 30 |
| 4. Prepaid Items .....  | 30 |
| 5. Fixed Assets .....   | 30 |
| 6. Long-Term Obligations .....  | 31 |
| 7. Fund Equity .....  | 31 |
| 8. Interfund Transactions .....   | 31 |
| F. Revenues, Expenditures and Expenses .....  | 31 |
| 1. Governmental Fund Revenues .....   | 31 |
| 2. Compensated Absences .....   | 31 |
| G. Prior Period Adjustments .....   | 32 |
| II. Stewardship, Compliance and Accountability .....  | 32 |
| A. Compliance with Financial Related Legal and Contractual Provisions .....   | 32 |
| B. Deficit Fund Equity of Individual Funds .....  | 32 |
| C. Excess of Expenditures Over Appropriations in Individual Funds .....   | 32 |
| D. Budgetary Compliance .....   | 33 |
| III. Detail Notes - All Funds and Account Groups .....  | 33 |
| A. Assets .....   | 33 |
| 1. Cash and Investments .....   | 33 |
| 2. Accounts Receivable .....  | 34 |
| 3. Property Taxes Receivable and Deferred Revenue .....   | 34 |
| 4. Earned Income Tax and Occupational Privilege Tax Receivable .....  | 35 |

CITY OF ERIE, PENNSYLVANIA  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 1992

TABLE OF CONTENTS, Continued

FINANCIAL SECTION, Continued

|  |    |
|--|----|
| A. Assets, Continued   |    |
| 5. Notes Receivable  | 35 |
| 6. Liens Receivable  | 35 |
| 7. Intergovernmental Receivable  | 36 |
| 8. Other Receivables   | 36 |
| 9. Lease Agreement   | 36 |
| 10. Prepaid Insurance  | 36 |
| 11. Fixed Assets   | 37 |
| B. Liabilities   | 37 |
| 1. Pension Plans   | 37 |
| 2. Deferred Compensation Plan  | 44 |
| 3. Risk Management   | 45 |
| 4. Claims and Judgments Payable  | 45 |
| 5. Lease Agreements  | 46 |
| 6. Long-Term Debt  | 47 |
| 7. Prior Year Defeasance of Debt   | 50 |
| 8. Notes Payable   | 50 |
| 9. Compensated Absences  | 50 |
| 10. Other Postemployment Benefits  | 50 |
| C. Interfund Receivables and Interfund Payables  | 51 |
| D. Due From/To Other Funds   | 51 |
| E. Fund Equity   | 51 |
| IV. Segment Information - Enterprise Funds   | 52 |
| V. Summary Disclosure of Significant Commitments and Contingencies   | 52 |
| VI. Other Disclosures  | 53 |
| A. Special Revenue and Capital Projects Budgets  | 53 |
| Combining and Individual Fund Statements and Schedules:  |    |
| General Fund   |    |
| Schedule of Revenues and Expenditures (Cash Basis) Budget and Actual (Including Encumbrances)                                      | 56 |
| Special Revenue Funds  |    |
| Combining Balance Sheet  | 60 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance  | 62 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis) Budget and Actual (Including Encumbrances)             |    |
| Community Development Block Grant  | 64 |
| Liquid Fuels Tax Fund Grant  | 65 |
| Cable TV Access Program  | 66 |
| BUDAG Revolving Account  | 67 |
| Bridge, Street and Traffic Improvement Projects  | 68 |
| Jobs Training Partnership Act Grant  | 69 |
| Other Projects   | 70 |
| Debt Service Fund  |    |
| Statement of Revenues, Expenditures and Changes in Fund Balance  | 71 |
| Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis) Budget and Actual (Including Encumbrances)            | 72 |
| Capital Projects Funds   |    |
| Combining Balance Sheet  | 73 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance  | 74 |
| Individual Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis) Budget and Actual (Including Encumbrances) |    |
| Paving and Sewer Revolving   | 75 |
| Capital Improvement  | 76 |
| Enterprise Funds   |    |
| Combining Balance Sheet  | 77 |
| Combining Statement of Revenues, Expenses and Changes in Retained Earnings   | 78 |
| Combining Statement of Cash Flows  | 79 |

CITY OF ERIE, PENNSYLVANIA  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 1992

TABLE OF CONTENTS, Continued

FINANCIAL SECTION, Continued

Combining and Individual Fund Statements and Schedules, Continued

|   |    |
|---|----|
| Internal Service Funds  |    |
| Combining Balance Sheet .....   | 81 |
| Combining Statement of Revenues, Expenses and Changes in Retained Earnings .....                                  | 82 |
| Combining Statement of Cash Flows .....   | 83 |
| Agency Funds  |    |
| Combining Statement of Changes in Assets and Liabilities .....  | 85 |
| General Fixed Assets Account Group  |    |
| Schedule by Function and Activity .....   | 87 |
| Schedule of Changes by Function and Activity .....  | 88 |
| Schedule by Source .....  | 89 |
| Schedules   |    |
| Officers and Employees Retirement Association Required Supplemental Schedule - Analysis of Funding Progress ..... | 91 |
| Police Pension Fund Required Supplemental Schedule - Analysis of Funding Progress .....                           | 92 |
| Firemen's Pension Fund Required Supplemental Schedule - Analysis of Funding Progress .....                        | 93 |

STATISTICAL SECTION

|  |     |
|--|-----|
| General Fund   |     |
| Expenditures by Function .....   | 96  |
| Revenues by Source .....   | 98  |
| Property Tax Levies and Collections .....  | 100 |
| Assessed and Estimated Actual Value of Taxable Property .....                            | 101 |
| Property Tax Rates - All Overlapping Governments .....                                   | 102 |
| Annual Requirements to Amortize Long-Term Debt .....                                     | 103 |
| Computation of Legal Debt Margin .....   | 104 |
| Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita .....  | 105 |
| Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures ..... | 106 |
| Computation of Direct and Overlapping Debt .....   | 107 |
| Demographic Statistics .....   | 108 |
| Property Values and Construction .....   | 109 |
| Financial Institution Deposits .....   | 110 |
| Principal Taxpayers .....  | 111 |
| Miscellaneous Statistical Data .....   | 112 |
| Labor Force .....  | 113 |

**B L A N K**

# City of Erie

Joyce A. Savocchio, Mayor

May 28, 1993

The only lake and world port in Pennsylvania, the City of Erie sits in the northwestern corner of the southern shore of Lake Erie. A fine natural harbor distinguishes this third largest City in Pennsylvania. Serving as County seat with 109,000 residents, Erie's unique geographical position affords it the opportunity to forge early trade agreements with Canada as well as stimulating general trade on the great lakes.

The Erie area has experienced business growth resulting in job generation, significant new business start-ups and young companies enjoying high growth rates. The diversification of business and industry, the affordable living standard and skilled labor force have made Erie a liveable metropolitan area. Economic development is a top priority for the City. Industrial parks on the east side, west side and the bayfront are in various stages of completion, promising new job opportunities. A Downtown Revitalization Project is underway, changing the face of downtown through a Facade Improvement Program, development of a Downtown Improvement District, modification of the Transitway Mall and a proposed baseball stadium. Tourists, businessmen, visitors and residents alike are serviced by Erie International Airport which is only a ten minute drive from the heart of the City.

Erie is the seat of City and County government and houses a wide range of legal services, including the County and Federal Court Houses and several federal and state government offices. The downtown district hosts a wide range of commercial and retail ventures which are enhanced by the cultural and sports facilities located there: the restored Warner Theatre, the Erie Civic Center, the Erie Playhouse (one of the top 10 community theatres in the country), the Erie Philharmonic Orchestra, the Erie Civic Ballet, the Erie Art Museum and the County Library. A restored Perry Square Park has opened up opportunities for a wide variety of community activities, among them First Night - a community/family centered celebration of the arts ending with fireworks and welcoming in the New Year. Erie's main festival...WE LOVE ERIE DAYS...is now recognized as a premier summer attraction for local residents as well as statewide and national visitors.

Erie's quality of life is further enhanced by the recreational and athletic opportunities afforded by Lake Erie and Presque Isle State Park. The City also provides a wide range of sports events, hosting professional baseball and hockey teams, and both the Greater Erie Charity Golf Classic and Flagship City Open Bowling Tournament, attracting top name professional golfers and bowlers from around the country. An outstanding park system of 850 acres scattered throughout the City, including the Erie Zoo, playgrounds, passive parks, three municipal golf courses, and a public marina, provide additional resources for quality of life.

Health care services are offered to both the City and surrounding areas by major health care providers such as Hamot, St. Vincent, and Metro Health Centers. Additionally, full ambulance and paramedic services are provided by Emergycare. The City of Erie has joined in this health network by implementing first-responder service throughout the Erie Fire Department.

Mercyhurst College, Gannon University and Villa Maria College are located in the City; these institutions afford educational opportunities not only to local residents but also to students from throughout the nation. Edinboro University and Penn State-Behrend Campus, also located in the area, offer research opportunities that stimulate the area's industrial base.

Though a strong and evidenced sense of history permeates this City, Erie is poised for a progressive and productive future. The Erie Chamber of Commerce rightfully boasts...**Erie is Eriesistible...The Best Things in Life Are Here!**

  
Joyce A. Savocchio

May 28, 1993

Honorable Mayor and Members of City Council  
Erie, Pennsylvania

With this letter, I present the Comprehensive Annual Financial Report of the City of Erie, Pennsylvania for the fiscal year ended December 31, 1992. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operation of the City as measured by the financial activity of the various funds, and that all disclosures necessary to enable the reader to gain a complete understanding of the City's financial activity have been included.

The Comprehensive Annual Financial Report (CAFR) is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes the list of principal officials, the Mayor's letter, table of contents, this transmittal letter, and the government's organization chart. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all of the funds and account groups of the City of Erie. The City provides a full range of municipal services, including those mandated by statute or ordinance. These include police and fire protection, street construction and maintenance, water and sewer service, sanitation, parks and recreation, economic and community development, and general administrative services. In addition to general government activities, the City exercises oversight of the following boards and commissions which are included with the financial statements:

**Boards:** Aggregate Pension, Building Code Appeals, Civil Service, Electrical Contractor License Examination, Erie Recreation, Housing Appeals, Income Tax Policy, License Examiners, Retirement, Sinking Fund, and Zoning Hearing.

**Commissions:** Building Code, City Planning, Community Development, Electrical Code, Human Relations, Plumbing Code, Traffic and Shade Tree.

However, various municipal authorities, a non-profit corporation, and a council created by the City but which operates independent of City budget control or fiscal management, have been excluded. The following entities are excluded: Erie Cable Television Public Access Authority; Erie City Water Authority; Erie Civic Center Authority; Erie Housing Authority; Erie Metropolitan Transit Authority; Erie Municipal Airport Authority; Erie Municipal Park Authority; Erie Parking Authority; Erie Redevelopment Authority; Erie Sewer Authority; Erie Western Pennsylvania Port Authority; Higher Education Building Authority; Erie Zoological Society; and Erie Solid Waste Management Council.

## ECONOMIC CONDITION AND OUTLOOK

Erie's industrial base is secure, with several large industrial firms within the City's limits. The Lord Corporation, Zurn Industries, International Paper, American Sterilizer (AMSCO), Riley Stoker, and a mixture of well established smaller and new firms in diversified fields provide employment to Erie's skilled labor force. General Electric and Eriez Magnetics are among the major corporations with both functioning plants and headquarters situated in the area. In addition, Erie has become the business and financial service center of Northwestern Pennsylvania. It provides services from several major investment firms and banks and is the home of the \$40 million corporate headquarters of the Erie

The Erie area has experienced business growth resulting in job generation, significant new business start-ups, and young companies enjoying high growth rates. The diversification of business and industry, the affordable living standard and skilled labor force have made Erie a desirable metropolitan area. Community confidence in a successful future for Erie is evident from the success of the Adopt-A-Park program, with the adoption of fourteen public areas by Erie neighborhoods. Planning is well underway for establishing a downtown improvement (self-assessment) district and a downtown revitalization program including a facade improvement project.

Economic development continued to be a top priority for Erie in 1992. The waterfront of Erie's fine natural harbor, the only lake and world port in Pennsylvania, has been a major focus of economic development. In 1992, the extension of the Bayfront Highway to Interstate Route 79 (I-79) was completed, and plans are being developed for the connection to Interstate Route 90 (I-90) by 1998. This highway has already stimulated tourist and industrial interest in Erie's waterfront. Construction of Niagara Landing (a condominium complex), and initiation of the bayfront development of the Penelec site, including a hotel, condominiums, a museum for the newly restored U.S. Brig Niagara and a new county library evidence the awakening of Erie's waterfront, alive with new economic and job development possibilities.

Economic development in other areas of the City has also been brisk in 1992. The new Greengarden Industrial Park is the first new industrial park opened in the City since 1958. In addition, Riley Stoker, Erie Insurance Group and several smaller industries located in Erie's Enterprise Zone announced expansion plans which will result in approximately 1,700 new permanent jobs in the coming years. The establishment of an independent operating Water Authority in 1991, after two years of planning and development, will assist in further future industrial development both in Erie and the greater Erie area.

## MAJOR INITIATIVES

### *For The Year 1992*

In preparing the budget, the City's priorities were identified as economic and community development, and maintaining all basic services at levels provided in 1991. These priorities are consistent with the goals established in the City's Mission Statement:

- 1) To deliver the best municipal services in the state and sustain our stable financial condition;
- 2) To maintain the positive and supportive environment that is stimulating local business and increasing the employment base; and
- 3) To improve the quality of life and increase civic pride.

Economic and community development projects completed in 1992 included the following: complete financing and other arrangements for two industrial parks; investigate land swap to facilitate both park and residential development; secure grant for bayfront public access improvements; complete a comprehensive parks plan; facilitate efforts to construct a new baseball park; and a new housing code. The results of the economic development efforts are evident in the location of new industry and creation of new jobs referenced above.

Other administrative projects encompassed personnel and legal matters, and financial administration including assuring compliance with the Americans with Disabilities Act (ADA), and continued legal efforts to resolve property assessment and tax exempt organization status. Improvements in financial reporting and budgeting, paperwork simplification, and computer support system upgrades helped to manage a ten percent administrative staff reduction without backlogs or service reductions.

Public safety initiatives included projects in both the fire and police bureaus. The Bureau of Fire replaced and upgraded urgently needed operational equipment, including: fifty Personal Alert Safety System (PASS) units; portable and base station radios; rescue kits and positive pressure fans. In addition, the bureau ordered and monitored: construction of a new 110 foot ladder/pumper; two new pumpers (all of which were placed into service by April 1993); and modifications to the fire

communications center to fill its role as the back-up 911 dispatch facility for all of Erie county. To improve employee effectiveness and safety, training was provided (in arson investigation, off-the-road-vehicle rescue and vehicle extrication, and emergency management) and a lease program was initiated to facilitate upgrade of protective clothing (within the uniform allowance program). The City's fire safety rating for home and business insurance was upgraded after review of City facilities and operations by the Insurance Service Organization (ISO) in 1992.

The Bureau of Police implemented a merit promotion system and a revised staffing pattern to improve services. Investment in police equipment included: eight full-size marked cars; one crime prevention (Project DARE) van; and portable (22) and "voice secure" (7) radios. The bureau expanded drug abuse prevention activities, adding two part-time DARE instructors (supported by the Erie Housing Authority), and expanded its computer support for interdiction efforts (with a PENNFREE grant for equipment). Three new Neighborhood Crime Watch groups were formed, bringing the total of active groups to eighteen.

Public works projects, in addition to the successful Adopt-A-Park program mentioned above, included significant repair and improvement projects. The revitalization of parks continued in 1992 with installation of playground equipment. The golf program showed almost a \$60,000 (8%) increase in revenues due to improvements completed in 1991. Unlimited collection of household refuse, recycling of glass, cans and plastic, and our award winning composting program for leaves and grass continued in 1992, reducing the tonnage hauled and avoiding the increasing gate fees associated with landfill disposal. In addition, the City implemented newspaper recycling, and doubled the frequency of recycling pick-up to further reduce solid waste costs. City employees accomplished crucial repairs to municipal buildings at a fraction of the estimated contract cost, saving taxpayers' dollars for other projects. The City's 322 miles of streets were maintained by our employees, and approximately 70 miles of roadway were resurfaced or repaved by contractors. Finally, the Sewer Bureau working closely with the City Engineer, monitored and assured compliance with the milestones required in a consent decree under which the City must identify and reduce sources of pollution to clean up Presque Isle Bay. In this effort, modifications to previously mandated studies were negotiated with the Pennsylvania Department of Environmental Resources (DER) which will result in significant reduction in the overall cost of the studies, and also likely reduce the ultimate cost of compliance.

### *Coming Year Initiatives*

Priorities for 1993 include:

#### Economic and Community Development

Complete renovations to the Uniflow multi-tenant business incubator/training facility; renovate 12th and Greengarden incinerator into a multi-tenant industrial building; construct bayfront multi-tenant industrial building; facilitate and guide public/private bayfront investments ranging from waterfront housing and commercial activities to the library/museum/hotel complex; implement parks capital improvements, expand the facade program to Parade Street, and establish a downtown improvement district.

#### Administration

Continue improvements in financial planning, budget preparation and monitoring; refine control of physical assets and continue to upgrade the property records system; improve software support of operations, especially in treasury functions; evaluate compensation scales and job classifications; expand training in personnel policies and statutory/regulatory requirements, especially on substance abuse, age, handicap, sexual and other forms of harassment, and all other forms of discrimination.

#### Public Safety

Police - pilot community policing program with the Erie Housing Authority; capital equipment replacements including front line vehicles, a bomb disposal unit, and an on-line fingerprint identification system; continue training, qualifying two additional officers for the DARE program, and increasing communications, community relation, and survival skills.

- Fire - explore possible improvements to first responder water rescue program; complete renovations to the dispatch center and become the operational county-wide 911 back-up dispatch facility; continue staff training, augmented by a satellite-television link; expand fire prevention and safety training in schools; initiate a program to assure placement of smoke detectors in all buildings, including low-income households; complete and submit an Emergency Operations Plan, and after approved, implement the plan.

#### Public Works

Improve customer service through Total Quality Management (TQM) training; study the feasibility of improving efficiency through consolidation of public works facilities; continue to bring facilities into compliance with ADA requirements; maintain all streets and repair/resurface approximately 70 miles of roadway; proceed to full implementation of the 1991 pilot program for recycling street millings for paving; improve street maintenance through addition of a pothole patching machine; release and implement the comprehensive parks plan; formulate plans for development of an active park on lands restricted for recreational use, and for the redesign of an existing park specifically for handicapped access; operation of a new driving range and direct control of concessions at the golf courses to improve service; and a capital lease for wastewater treatment improvements to reduce operating costs and further improve treatment.

### FINANCIAL INFORMATION

#### *Accounting System and Budgetary Control*

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance requires evaluation and judgement by management in order to determine if the cost of control exceeds the benefits likely to be derived.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of all financial transactions.

The City's accounting system is organized and operated on a fund basis. Each fund is a distinct self-balancing accounting entity. The various funds and account groups utilized by the City are described in Note I.B. of the financial statements.

Budgetary control is obtained at the object group level through encumbrance accounting. Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the current year appropriations, is employed in all funds except Trust Funds. Purchase orders which would result in an overrun of approved appropriation balances are not released until sufficient unencumbered funds are transferred or until a supplemental appropriation from unappropriated funds is approved by City Council. Encumbered appropriations at year end are carried forward as a designation of fund balance and subsequent actual expenditures are charged against this amount in the ensuing fiscal year.

#### *General Government Functions*

Schedules and analyses of General Fund activity for the year ended December 31, 1992 follow. The General Fund encompasses the general governmental functions of the City (and all other functions not accounted for in other separate funds).

General Fund revenues totaled \$41,500,922 in 1992, an increase of 20.6% over 1991. Total taxes account for 70.3% of general revenues compared to 77.6% last year. The amount of revenues from various sources and a comparison with the prior year are shown in the following tabulation:

| <u>Revenue Source</u>      | <u>Amount</u>        | <u>Percent<br/>Of Total</u> | <u>Increase (Decrease)<br/>From 1991</u> |                |
|----------------------------|----------------------|-----------------------------|--|----------------|
|                            |                      |                             | <u>Amount</u>                            | <u>Percent</u> |
| Taxes                      | \$ 29,187,921        | 70.3                        | \$ 2,671,556                             | 10.1           |
| Licenses and permits       | 940,033              | 2.3                         | 284,735                                  | 43.5           |
| Intergovernmental revenues | 3,637,743            | 8.8                         | 2,588,243                                | 246.6          |
| Charges for services       | 3,835,616            | 9.2                         | 1,376,795                                | 56.0           |
| Fines and forfeits         | 1,054,986            | 2.5                         | 23,770                                   | 2.3            |
| Miscellaneous sources      | <u>2,844,623</u>     | <u>6.9</u>                  | <u>135,923</u>                           | <u>5.0</u>     |
| Total                      | <u>\$ 41,500,922</u> | <u>100.0</u>                | <u>\$ 7,081,022</u>                      | <u>20.6</u>    |

The most significant changes were in taxes, intergovernmental revenues, and charges for services. The increased tax revenues resulted largely from the collection of current year and three years of past due taxes from a local hospital which was previously exempt from real estate taxes. This unbudgeted receipt of over \$2,100,000 was the major source of increase in the undesignated fund balance. Income tax collections were up \$286,012 (5.8%) over the 1991 level. This is primarily due to the aggressive pursuit of nonresident returns based on the individual tax filings required for only the second time in 1991. This higher level of collection is expected to continue.

Intergovernmental revenues were effected by reporting changes. Act 205 of 1984 (the Municipal Pension Recovery Act) was amended in 1991, requiring that in 1992 and subsequent years, all monies paid by the Commonwealth to assist municipalities in funding their pension obligations be budgeted as revenue. The original Act required the municipality to offset Commonwealth assistance against the municipality's pension expense, reflecting only a net expense. This change accounts for \$2,769,848 additional revenue.

Additions to net assessed valuation of the City amounted to \$6,410,486 in 1992. This represented an increase of 1.2% over the prior year. Although much of this development is currently exempt from taxation under LERTA (Local Economic Revitalization Tax Assistance Act), it represents current economic growth and future potential revenue for the City through both real estate and income taxes. The accrual of over \$3,301,000 of property taxes receivable, not collected during the accrual period, is offset by an almost equal deferred revenue liability on the balance sheet and does not have a significant effect on revenue. As shown in the schedule of Property Tax Levies and Collections in the Statistical Section of this report, property tax collections increased significantly in 1992, increasing by \$3,058,137 (14.6%). This increase in collections was almost entirely made up by an increase in collection of delinquent taxes from Hamot Medical Center (the first local hospital to have its tax exempt status successfully challenged). Current real estate tax collections were 92.7% of the tax levy (an increase from the 1991 rate of 90.8%). The ratio of total current and delinquent collections to the current tax levy was 104.0%.

The significant increase in charges for services was due to the 1992 increase in the municipal solid waste handling fee. The fee, for refuse collection, recycling and composting services, increased from \$48 to \$87 per household per year.

General Fund expenditures totaled \$40,917,569, an increase of 11.0% over 1991. Variances in levels of expenditures for major functions and a comparison with the prior year are shown in the following tabulation:

| <u>Function</u>        | <u>Amount</u>        | <u>Percent<br/>Of Total</u> | <u>Increase (Decrease)<br/>From 1991</u> |                |
|------------------------|----------------------|-----------------------------|--|----------------|
|                        |                      |                             | <u>Amount</u>                            | <u>Percent</u> |
| General government     | \$ 5,124,773         | 12.5                        | \$ (748,602)                             | (12.7)         |
| Public safety          | 25,331,891           | 61.9                        | 3,967,845                                | 18.6           |
| Highways and streets   | 5,633,009            | 13.8                        | 30,240                                   | 0.5            |
| Sanitation             | 3,361,680            | 8.2                         | 859,784                                  | 34.4           |
| Culture and recreation | 1,067,972            | 2.6                         | 174,643                                  | 19.5           |
| Debt service           | 45,244               | 0.1                         | (235,708)                                | (83.9)         |
| Intergovernmental      | <u>353,000</u>       | <u>0.9</u>                  | <u>0</u>                                 | <u>0.0</u>     |
| Total                  | <u>\$ 40,917,569</u> | <u>100.0</u>                | <u>\$ 4,048,202</u>                      | <u>11.0</u>    |

The single largest increase in General Fund expenditures is due to the change in statutory reporting requirements for municipal pension payments. Act 205 of 1984 was amended in 1991, to require that the full obligation of the municipality be reported as an expense, recognizing assistance from the Commonwealth as revenue. This change alone accounts for over \$3,300,000 of increased costs. Other increases are largely attributable to contractual wage and salary increases, employee benefit cost increases (in addition to pension cost increases), and the increasing costs of solid waste handling, including costs of new programs for recycling and composting as well as increased landfill costs. Significant decreases in general government and debt service costs were achieved through administrative staff reductions, lower costs of insurance, and by repaying a tax revenue anticipation note prior to maturity.

#### *General Fund Balance*

The ending fund balance of the General Fund at December 31, 1992 was \$6,529,028 compared with a fund balance of \$3,762,434 at December 31, 1991, an increase of 73.5%. The \$2,766,594 increase in undesignated fund balance brings this figure to 15.9% of annual expenses. This surpassed one indicator of success in meeting our goal of developing and maintaining a secure financial future for the City, a target undesignated fund balance of 5-10% of annual expenses. In the 1993 budget, City Council appropriated a portion of the undesignated, unreserved General Fund fund balance. This appropriation is consistent with our goal, and maintains a fund balance of approximately 9-10% of annual expenditures.

#### *Special Revenue Funds*

Special Revenue Funds account for revenues from specific revenue sources which are legally restricted for particular purposes.

Revenues for the year ended December 31, 1992 totaled \$9,992,959; expenditures for the period were \$10,069,877. The combined ending fund balance of the Special Revenue Funds at December 31, 1992 was \$2,513,860 compared to \$843,485 at the end of 1991. This increase in fund balance primarily reflects a prior period adjustment which records Notes Receivable as assets, with a corresponding increase in fund balance (see Notes I.G. and VI.A.).

#### *Capital Projects Funds*

The Capital Projects Funds account for major capital outlays. The level of expenditure in 1992 was significantly above the 1991 level (\$86,043 or 61.6%). It consisted of vehicles for public safety and public works, street and sewer repairs, a small amount of computer equipment, and engineering projects. The primary sources for financing programs consists of special assessments, interest earned on idle funds, and at least 25% of unanticipated surplus revenues, as stipulated in the capital projects ordinance enacted in 1990. The 1991 lease of the assets of the City's water system to an operating authority provided a \$6,000,000 endowment, restricted for funding capital projects.

Combined revenues for 1992 were \$489,685, an increase of \$342,815 (233.4%), while expenditures totaled \$225,704, an increase of \$86,043 (61.6%). The Capital Projects Funds fund balance at December 31, 1992 totaled \$6,718,668, an increase of \$263,981 (4.1%). These increases reflect growth of the \$6,000,000 endowment resulting from the lease of the water enterprise assets.

#### *Enterprise Funds*

Enterprise Funds are used to finance and account for the acquisition, operations and maintenance of City facilities and services which are intended to be entirely or predominately self-supported from user charges. Revenues totaled \$14,219,942 in 1992, while expenditures were \$12,709,875. The net income, after transfers, for the year amounted to \$1,510,067. The most significant changes in the enterprise funds in 1992 related to the 1991 lease of the Water Enterprise Funds assets to an independent municipal operating authority. This transaction removed operating revenues and expenses of the water enterprise from the City's financial statements, reflecting instead a lease rental income (which is transferred to the General Fund primarily for building repairs and equipment replacements) (see Note III.A.9.).

The results of significant changes in operations of the Golf Fund initiated in 1991 became apparent in 1992. The golf program showed almost a \$60,000 (8.1%) increase in revenues due to improvements (a complete irrigation system for one course and clubhouse improvements at two courses, contingent on fee increases) completed in 1991. Expenses increased, primarily due to allocation of General Fund overhead and pension cost increases.

*Internal Service Funds*

Internal Service Funds account for the financing of self-insurance costs to other funds. Such costs are billed to these funds on a cost reimbursement basis. Operating revenues for the year ended December 31, 1992 were \$2,191,406 and operating expenses totaled \$2,497,319. The net loss for 1992, after nonoperating revenues (interest earnings), was \$275,151. An operating transfer to the General Fund accounts for the majority of the decrease in retained earnings in the Workers Compensation Claims Fund, but produced only a minor decrease in cash. Both the number of claims and the average loss has decreased over the ten years since implementation of a modified self-insurance program for workers' compensation insurance.

*General Fixed Assets*

The General Fixed Assets of the City are those fixed assets used in the performance of general government functions not including infrastructure assets such as roads, bridges, curbs, gutters, streets, sidewalks, drainage systems and lighting systems. Fixed assets of the Enterprise Funds are reported in those funds. As of December 31, 1992, the General Fixed Assets of the City amounted to \$23,009,133. This amount represents the actual or approximate original cost of the assets and is considerably less than their present value. Depreciation of General Fixed Assets is not recognized in the City's General Fund accounting system. Depreciation is recorded in the Enterprise Funds as prescribed by the Governmental Accounting Standards Board (GASB).

*Fiduciary Operations*

Pension Plans (see Note III.B.1):

All City employees are covered by one of three pension plans. The plans are all contributory defined benefit plans and cover only City employees. Each of the plans has a significant unfunded pension benefit obligation (primarily due to past service liability) totalling \$102,793,160 (as of the latest actuarial report). In 1984, the Commonwealth of Pennsylvania enacted the Municipal Pension Plan Funding Standard and Recovery Act (Act 205). This act provides a formula for determining the minimum funding required for each pension plan each year, established a supplemental state assistance program in 1988 for a maximum of 15 years (funded by a redistribution of premium tax on foreign fire and casualty insurance companies), and further allows municipalities which qualify based upon actuarial and financial criteria, to exceed tax limits to meet the funding requirements of the legislation. The City of Erie has elected to participate in the supplemental pension assistance program, receiving state aid and levying taxes for pension costs mandated by Act 205. Act 205 was amended in 1991, effective for 1992. The amendment increased the mandated City contribution and required reporting of State aid as General Fund revenue. During the three year period from 1990 to 1992, City contributions to its three pension funds were as follows:

|   | <u>1992</u> | <u>1991</u> | <u>1990</u> |
|---|-------------|-------------|-------------|
| Officers and Employees Retirement Association | \$2,198,972 | \$ 900,716  | \$ 898,565  |
| Police Pension Fund                           | 4,878,461   | 3,358,200   | 2,643,440   |
| Firemen's Pension Fund                        | 2,272,188   | 1,293,600   | 1,175,666   |

Deferred Compensation Plan (see Note III.B.2.):

The City offers a deferred compensation plan for all employees, permitting them to defer a portion of their salary until future years. All compensation deferred under the plan and property purchased with those amounts and earnings on them are solely the property and rights of the City and subject to claims of the City's general creditors until paid or made available to the employee or other beneficiary. The City has no liability for losses under the plan, but has the duty of due care of an ordinary prudent investor. It is unlikely that the City would use these assets to satisfy claims of general creditors in the future.

*Debt Administration* (see note III.B.6)

The ratio of net general bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens and investors. These indicators for the City at the end of 1992 were as follows:

|                         | <u>Amount</u> | <u>Ratio of Debt to<br/>Assessed Value (40%<br/>of Appraised Value)</u> | <u>Debt per<br/>Capita<sup>1</sup></u> |
|-------------------------|---------------|---|--|
| Net general bonded debt | \$ 5,588,732  | 1.0%  | \$ 51.41                               |

<sup>1</sup> Based upon 1990 census population of 108,718.

Outstanding general obligation bonds at December 31, 1992 totaled \$7,580,000 of which \$1,991,268 was issued for sewer system improvements and is considered to be self-supporting.

Under current state law, the City's general obligation bonded debt is limited to 250% of total adjusted revenues from the preceding three years. As of December 31, 1992, the City's net general bonded debt of \$7,580,000 was far below the legal limit of \$123,665,338.

*Cash Management* (see Note III.A.1)

Cash temporarily idle during the year was invested in fully collateralized certificates of deposit and/or repurchase agreements with maturities that generally ranged from 4 to 166 days. The average yield on maturing investments during the year was 3.7%. The City earned interest in the amount of \$800,637. General Fund interest earned was \$304,658. Minimum balances are retained in interest bearing checking accounts. The City's policy is to minimize credit and market risks while maintaining a competitive yield on investments. Accordingly, policy calls for all deposits to be either in federally insured accounts or fully collateralized. All collateral deposits are held by the City, its agent, or a financial institution's trust department in the City's name. At December 31, 1992, 100% of investment balances met policy guidelines.

Pension funds are controlled by the Aggregate Pension Board. The Investment Committee developed and recommended a comprehensive investment policy for funds of all City pension plans which was adopted by the board. The Aggregate Pension Board engaged professional consultants to measure and rate performance of the fund managers in 1990, a process which continued in 1991. Requests for proposals were issued, proposals evaluated and new managers selected for the 1992 year. Evaluation of investment performance in 1992 indicates the wisdom of the change of funds managers.

*Risk Management* (see Note III.B.3)

The City self-insures all general liability risks, having begun in 1986 to designate and set aside revenues from all funds to fund potential losses. Claims for less than \$50,000 are expensed as incurred in either the General Fund, or the enterprise fund which experienced the loss. All risk management activities related to general liability in excess of \$50,000 are reported in the General Fund. The portion of fund balance designated for self-insurance is reduced for amounts in excess of \$50,000. Claim expenditures are reported when it is probable that a loss has occurred and the amount can be reasonably estimated. Statutory municipal immunity limits the City's exposure to \$500,000 per loss in Commonwealth court.

The City also maintains self-insurance for workers compensation coverage. This activity is accounted for as an Internal Service Fund. Premiums are charged to other funds based on an amount determined by the insurance company which administers the fund. The insurance company acts as the claims administrator, and provides stop loss coverage for claims in excess of \$500,000 per incident and \$2,500,000 in aggregate annual losses. Premiums, based on anticipated claims and costs of administration, stop loss insurance, and taxes, were \$1,690,754 in 1992.

Finally, the City maintains modified self-insurance for hospitalization and medical costs. The program is limited to annual losses of \$50,000 per person; additional coverage is provided through stop loss policies. Retroactive premium adjustments based on the group experience are made, and funded (or credited) in subsequent year's premium.

## OTHER INFORMATION

### *Independent Audit*

City code, grants and the Single Audit Act of 1984 requires that local governments receiving \$100,000 or more of Federal assistance in any fiscal year conduct a single audit encompassing the entirety of the financial operations of the City. In compliance with this act, an audit of the accounts and financial statements has been completed by the City's independent Certified Public Accountants, McMahon, O'Polka, Guelcher and Associates, and their opinion is included herein.

### *Awards*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Erie, Pennsylvania for its comprehensive annual financial report for the year ended December 31, 1991. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

### *Acknowledgements*

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated services of the staff of the Office of Accounts, Finance and Budget under the leadership of Donna M. Kuhn, Finance Administrator, and Darlene Dodick, Financial Analyst, who played a crucial role in the preparation of this report. We extend our appreciation to the staff of the Office of Accounts, Finance and Budget for help in report preparation and review, and to our auditors, McMahon, O'Polka and Guelcher for their interpretation of and guidance in complying with recent accounting guidelines.

We would also like to thank the Mayor and the City's other elected officials for their interest in and support of planning and conducting the financial operations of the City in a fiscally responsible and progressive manner.

Sincerely,

  
John B. Bachman  
Director of Administration and Finance

# Certificate of Achievement for Excellence in Financial Reporting

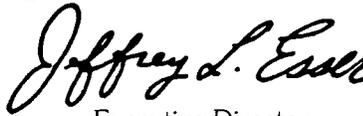
Presented to

City of Erie,  
Pennsylvania

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 1991

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



  
President  
  
Executive Director

# CITY OF ERIE, PENNSYLVANIA

## Principal City Officials

### Mayor

Joyce A. Savocchio

### City Council

Edward M. Brzezinski, President

Mario S. Bagnoni

Joseph J. Borgia

Michael J. Flatley

Chris E. Maras

Denise Illig Robison

Gayle M. Wright

### City Officials

Ortenzia M. Keller

Brenda A. Pundt

Paul J. Susko

James E. Klemm

John B. Bachman

John T. Barzano

Joyce A. Savocchio, Mayor

Jeffrey E. Spaulding

City Treasurer

City Controller

City Solicitor

City Clerk

Director, Department of Business  
Administration and Finance

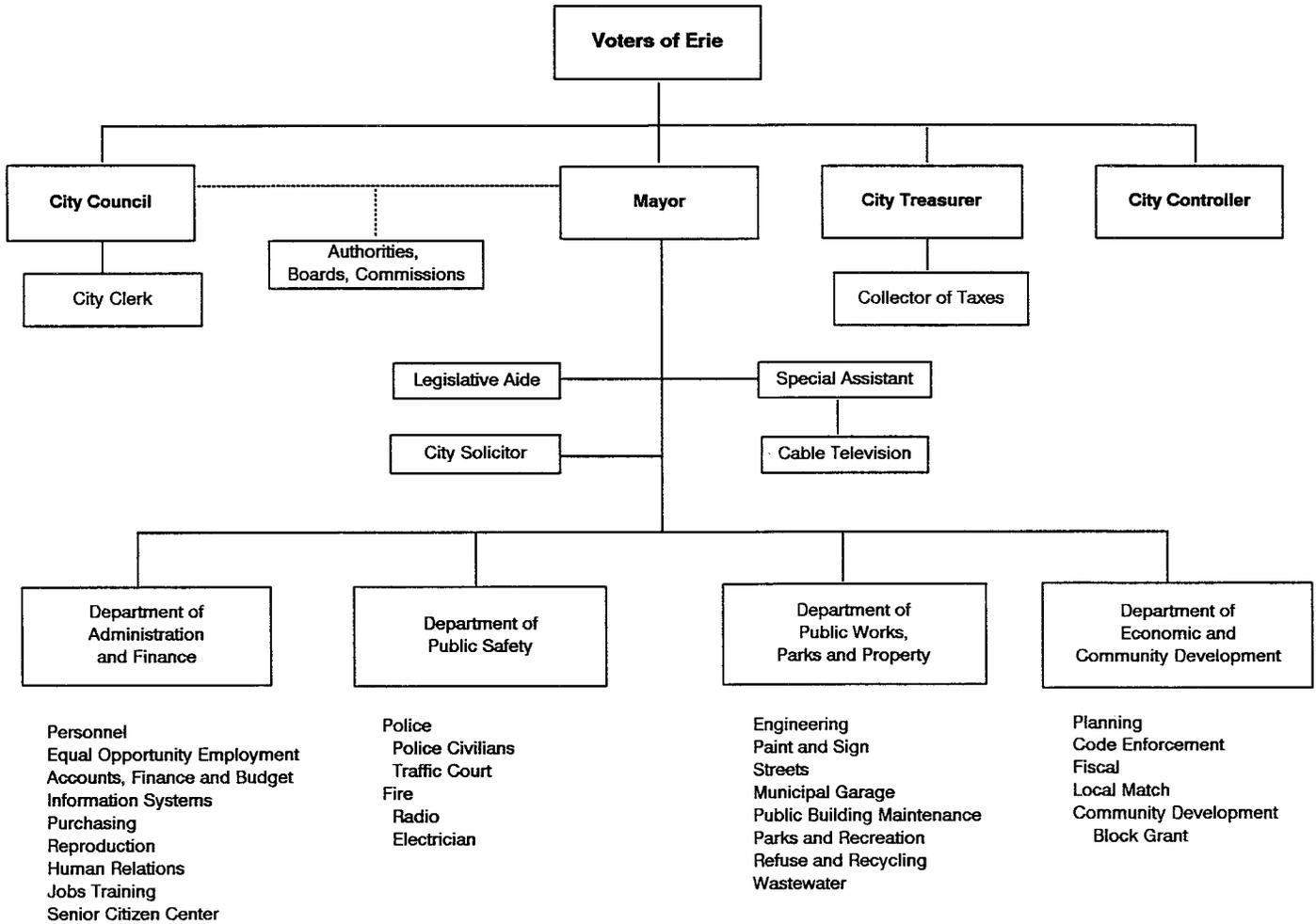
Director, Department of Public  
Works, Property and Parks

Director, Department of  
Public Safety

Director, Department of Economic  
and Community Development

# CITY OF ERIE, PENNSYLVANIA

## Organization Chart



**BLANK**



**CITY OF ERIE**  
**OFFICE OF CITY CONTROLLER**  
304 MUNICIPAL BUILDING  
ERIE, PENNSYLVANIA 16501  
Phone (814) 870-1339

**BRENDA A. PUNDT**  
City Controller

June 1, 1993

Honorable President and Members of City Council  
Erie, Pennsylvania

In conformance with Section 1812 of the Third Class City Code (Act of June 23, 1931 [P.L. 932, No. 317], reenacted and amended June 28, 1951 [P.L. 662, NO. 164] as amended), I, the undersigned, the duly elected Controller of the City of Erie, Pennsylvania, do approve this report of the various funds and account groups of the City of Erie for the year ended December 31, 1992, as prepared by the Office of Accounts, Finance and Budget and subject to any exceptions that may be attached.

My approval is based on a review of the report which was made in accordance with law. Due to budgetary restrictions on the size of my staff, this review was not made in accordance with generally accepted auditing standards.

It should be noted that the City adopted and converted to the modified accrual basis of accounting in 1991, recognizing revenues and the related assets when earned and, in governmental funds, when available, and recognizing expenses when a liability is incurred. Accordingly, the accompanying financial statements present the financial position and the results of operations of this local government in conformity with generally accepted accounting principles.

Brenda A. Pundt  
City Controller

Subscribed and sworn to before  
me this 1st day of June, 1993.

James Klemm  
City Clerk

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council  
**The City of Erie, Pennsylvania**

We have audited the accompanying general purpose financial statements and the combining and individual fund financial statements of the City of Erie, Pennsylvania (the "City") as of December 31, 1992, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the City, as of December 31, 1992, and the results of its operations and cash flows of its proprietary funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

  
**McMAHON, O'POLKA, GUELCHER & ASSOCIATES, INC.**

Erie, Pennsylvania  
May 26, 1993



**McMahon, O'Polka  
Guelcher & Associates, Inc.**

Certified Public Accountants  
ERIE · MEADVILLE · FRANKLIN

516 West Tenth Street  
Erie, Pennsylvania 16502-1352  
814/459-1445  
FAX 459-1924

**GENERAL PURPOSE FINANCIAL STATEMENTS**

CITY OF ERIE, PENNSYLVANIA  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 Year Ended December 31, 1992

|  | Governmental Fund Types |                     |                 |                     |
|--|-------------------------|---------------------|-----------------|---------------------|
|  | General                 | Special<br>Revenue  | Debt<br>Service | Capital<br>Projects |
| <b>ASSETS</b>  |                         |                     |                 |                     |
| Cash   | \$ 21,088               | \$ 716,119          | \$ 0            | \$ 20,427           |
| Investments  | 5,149,655               | 992,957             | 0               | 6,820,000           |
| Receivables (net of allowance for uncollectibles):         |                         |                     |                 |                     |
| Accounts   | 207,495                 | 0                   | 0               | 0                   |
| Property tax   | 3,301,323               | 0                   | 0               | 0                   |
| Earned income and occupational privilege tax               | 1,701,138               | 0                   | 0               | 0                   |
| Liens  | 168,986                 | 235,752             | 0               | 141,578             |
| Intergovernmental  | 178,941                 | 268,327             | 0               | 0                   |
| Interfund  | 37,282                  | 34,431              | 0               | 0                   |
| Notes  | 55,000                  | 1,271,138           | 0               | 0                   |
| Other  | 212,109                 | 2,832               | 0               | 3,041               |
| Prepaid insurance  | 142,380                 | 0                   | 0               | 0                   |
| Due from other funds                                       | 0                       | 0                   | 0               | 0                   |
| Restricted cash and investments                            | 0                       | 0                   | 0               | 0                   |
| Land   | 0                       | 0                   | 0               | 0                   |
| Buildings and improvements                                 | 0                       | 0                   | 0               | 0                   |
| Improvements other than buildings                          | 0                       | 0                   | 0               | 0                   |
| Equipment and vehicles                                     | 0                       | 0                   | 0               | 0                   |
| Less: accumulated depreciation                             | 0                       | 0                   | 0               | 0                   |
| Amount to be provided for long-term debt                   | 0                       | 0                   | 0               | 0                   |
| <b>Total assets</b>  | <b>\$ 11,175,397</b>    | <b>\$ 3,521,556</b> | <b>\$ 0</b>     | <b>\$ 6,985,046</b> |
| <b>LIABILITIES</b>   |                         |                     |                 |                     |
| Cash overdraft   | \$ 338,383              | \$ 76,857           | \$ 0            | \$ 0                |
| Accounts payable   | 503,361                 | 671,921             | 0               | 24,251              |
| Accrued payroll  | 367,685                 | 8,214               | 0               | 0                   |
| Interfund payable  | 34,431                  | 0                   | 0               | 0                   |
| Claims and judgments payable                               | 89,930                  | 0                   | 0               | 0                   |
| Compensated absences payable                               | 123,732                 | 14,952              | 0               | 0                   |
| Current portion of long-term liabilities                   | 0                       | 0                   | 0               | 0                   |
| Deferred revenue   | 3,188,847               | 235,752             | 0               | 138,185             |
| Capital lease obligation                                   | 0                       | 0                   | 0               | 0                   |
| Other liabilities  | 0                       | 0                   | 0               | 0                   |
| Due to other fund  | 0                       | 0                   | 0               | 103,942             |
| Due to taxing units  | 0                       | 0                   | 0               | 0                   |
| General obligation bonds payable                           | 0                       | 0                   | 0               | 0                   |
| Sewer general obligation bonds payable                     | 0                       | 0                   | 0               | 0                   |
| Deferred compensation benefits payable                     | 0                       | 0                   | 0               | 0                   |
| <b>Total liabilities</b>                                   | <b>4,646,369</b>        | <b>1,007,696</b>    | <b>0</b>        | <b>266,378</b>      |
| <b>FUND EQUITY AND OTHER CREDITS</b>                       |                         |                     |                 |                     |
| Investment in general fixed assets                         | 0                       | 0                   | 0               | 0                   |
| Retained earnings:   |                         |                     |                 |                     |
| Unreserved (deficit)                                       | 0                       | 0                   | 0               | 0                   |
| Fund balance:  |                         |                     |                 |                     |
| Reserved for encumbrances                                  | 327,481                 | 1,351,600           | 0               | 45,493              |
| Reserved for prepaid insurance                             | 142,380                 | 0                   | 0               | 0                   |
| Unreserved:  |                         |                     |                 |                     |
| Designated for self-insurance                              | 1,163,934               | 0                   | 0               | 0                   |
| Designated for endowment principal                         | 0                       | 0                   | 0               | 6,000,000           |
| Undesignated (deficit)                                     | 4,895,233               | 1,162,260           | 0               | 673,175             |
| <b>Total fund equity (deficit) and other credits</b>       | <b>6,529,028</b>        | <b>2,513,860</b>    | <b>0</b>        | <b>6,718,668</b>    |
| <b>Total liabilities and fund equity and other credits</b> | <b>\$ 11,175,397</b>    | <b>\$ 3,521,556</b> | <b>\$ 0</b>     | <b>\$ 6,985,046</b> |

The accompanying notes are an integral part of these financial statements.

| Proprietary Fund Types |                     | Fiduciary Fund Types | Account Groups       |                        | Total                |
|------------------------|---------------------|----------------------|----------------------|------------------------|----------------------|
| Enterprise             | Internal Service    | Agency               | General Fixed Assets | General Long-Term Debt | (Memorandum Only)    |
| \$ 362,473             | \$ 0                | \$ 606,034           | \$ 0                 | \$ 0                   | \$ 1,726,141         |
| 1,643,000              | 0                   | 4,394,935            | 0                    | 0                      | 19,000,547           |
| 977,600                | 0                   | 0                    | 0                    | 0                      | 1,185,095            |
| 0                      | 0                   | 0                    | 0                    | 0                      | 3,301,323            |
| 0                      | 0                   | 0                    | 0                    | 0                      | 1,701,138            |
| 0                      | 0                   | 0                    | 0                    | 0                      | 546,316              |
| 0                      | 0                   | 0                    | 0                    | 0                      | 447,268              |
| 0                      | 0                   | 0                    | 0                    | 0                      | 71,713               |
| 0                      | 0                   | 0                    | 0                    | 0                      | 1,326,138            |
| 1,296                  | 0                   | 0                    | 0                    | 0                      | 219,278              |
| 13,660                 | 461,540             | 0                    | 0                    | 0                      | 617,580              |
| 103,942                | 0                   | 0                    | 0                    | 0                      | 103,942              |
| 0                      | 805,300             | 0                    | 0                    | 0                      | 805,300              |
| 730,999                | 0                   | 0                    | 775,716              | 0                      | 1,506,715            |
| 8,479,522              | 0                   | 0                    | 11,744,553           | 0                      | 20,224,075           |
| 40,225,586             | 0                   | 0                    | 0                    | 0                      | 40,225,586           |
| 7,245,155              | 0                   | 0                    | 10,488,864           | 0                      | 17,734,019           |
| (26,184,658)           | 0                   | 0                    | 0                    | 0                      | (26,184,658)         |
| 0                      | 0                   | 0                    | 0                    | 6,584,932              | 6,584,932            |
| <u>\$ 33,598,575</u>   | <u>\$ 1,266,840</u> | <u>\$ 5,000,969</u>  | <u>\$ 23,009,133</u> | <u>\$ 6,584,932</u>    | <u>\$ 91,142,448</u> |
| \$ 0                   | \$ 13,039           | \$ 0                 | \$ 0                 | \$ 0                   | \$ 428,279           |
| 668,845                | 0                   | 0                    | 0                    | 0                      | 1,868,378            |
| 83,894                 | 0                   | 0                    | 0                    | 0                      | 459,793              |
| 37,282                 | 0                   | 0                    | 0                    | 0                      | 71,713               |
| 0                      | 2,715,412           | 0                    | 0                    | 60,000                 | 2,865,342            |
| 20,839                 | 0                   | 0                    | 0                    | 0                      | 159,523              |
| 166,144                | 0                   | 0                    | 0                    | 0                      | 166,144              |
| 9,942,780              | 0                   | 0                    | 0                    | 0                      | 13,505,564           |
| 0                      | 0                   | 0                    | 0                    | 936,200                | 936,200              |
| 0                      | 0                   | 38,526               | 0                    | 0                      | 38,526               |
| 0                      | 0                   | 0                    | 0                    | 0                      | 103,942              |
| 0                      | 0                   | 1,967,508            | 0                    | 0                      | 1,967,508            |
| 0                      | 0                   | 0                    | 0                    | 5,588,732              | 5,588,732            |
| 1,825,124              | 0                   | 0                    | 0                    | 0                      | 1,825,124            |
| 0                      | 0                   | 2,994,935            | 0                    | 0                      | 2,994,935            |
| <u>12,744,908</u>      | <u>2,728,451</u>    | <u>5,000,969</u>     | <u>0</u>             | <u>6,584,932</u>       | <u>32,979,703</u>    |
| 0                      | 0                   | 0                    | 23,009,133           | 0                      | 23,009,133           |
| 20,853,667             | (1,461,611)         | 0                    | 0                    | 0                      | 19,392,056           |
| 0                      | 0                   | 0                    | 0                    | 0                      | 1,724,574            |
| 0                      | 0                   | 0                    | 0                    | 0                      | 142,380              |
| 0                      | 0                   | 0                    | 0                    | 0                      | 1,163,934            |
| 0                      | 0                   | 0                    | 0                    | 0                      | 6,000,000            |
| 0                      | 0                   | 0                    | 0                    | 0                      | 6,730,668            |
| <u>20,853,667</u>      | <u>(1,461,611)</u>  | <u>0</u>             | <u>23,009,133</u>    | <u>0</u>               | <u>58,162,745</u>    |
| <u>\$ 33,598,575</u>   | <u>\$ 1,266,840</u> | <u>\$ 5,000,969</u>  | <u>\$ 23,009,133</u> | <u>\$ 6,584,932</u>    | <u>\$ 91,142,448</u> |

**BLANK**

CITY OF ERIE, PENNSYLVANIA  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance  
 All Governmental Fund Types  
 Year Ended December 31, 1992

|   | Governmental Fund Types |                     |                     |                     | Totals               |
|---|-------------------------|---------------------|---------------------|---------------------|----------------------|
|   | General                 | Special<br>Revenue  | Debt<br>Service     | Capital<br>Projects | (Memorandum<br>Only) |
| <b>REVENUES</b>   |                         |                     |                     |                     |                      |
| Taxes   | \$ 29,187,921           | \$ 0                | \$ 1,212,607        | \$ 0                | \$ 30,400,528        |
| Licenses and permits  | 940,033                 | 0                   | 0                   | 0                   | 940,033              |
| Intergovernmental revenues  | 3,637,743               | 9,751,499           | 0                   | 57,360              | 13,446,602           |
| Charges for services  | 3,835,616               | 0                   | 0                   | 0                   | 3,835,616            |
| Fines and forfeits  | 1,054,986               | 0                   | 0                   | 0                   | 1,054,986            |
| Miscellaneous revenues  | 2,844,623               | 241,460             | 0                   | 432,325             | 3,518,408            |
| Total revenues  | <u>\$ 41,500,922</u>    | <u>\$ 9,992,959</u> | <u>\$ 1,212,607</u> | <u>\$ 489,685</u>   | <u>\$ 53,196,173</u> |
| <b>EXPENDITURES</b>   |                         |                     |                     |                     |                      |
| Current:  |                         |                     |                     |                     |                      |
| General government  | 5,124,773               | 0                   | 0                   | 0                   | 5,124,773            |
| Public safety   | 25,331,891              | 1,587,569           | 0                   | 0                   | 26,919,460           |
| Highways and streets  | 5,633,009               | 797,335             | 0                   | 0                   | 6,430,344            |
| Sanitation  | 3,361,680               | 239,471             | 0                   | 0                   | 3,601,151            |
| Culture and recreation  | 1,067,972               | 1,290,225           | 0                   | 0                   | 2,358,197            |
| Economic and community development  | 0                       | 6,155,277           | 0                   | 0                   | 6,155,277            |
| Capital outlay  | 0                       | 0                   | 0                   | 225,704             | 225,704              |
| Debt service:   |                         |                     |                     |                     |                      |
| Principal   | 0                       | 0                   | 836,072             | 0                   | 836,072              |
| Interest  | 45,244                  | 0                   | 376,535             | 0                   | 421,779              |
| Intergovernmental   | 353,000                 | 0                   | 0                   | 0                   | 353,000              |
| Total expenditures  | <u>40,917,569</u>       | <u>10,069,877</u>   | <u>1,212,607</u>    | <u>225,704</u>      | <u>52,425,757</u>    |
| Excess of revenues over (under) expenditures  | 583,353                 | (76,918)            | 0                   | 263,981             | 770,416              |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                         |                     |                     |                     |                      |
| Operating transfers in  | 2,195,313               | 258,336             | 0                   | 0                   | 2,453,649            |
| Operating transfers (out)   | (12,072)                | (258,336)           | 0                   | 0                   | (270,408)            |
| Total other financing sources (uses)  | <u>2,183,241</u>        | <u>0</u>            | <u>0</u>            | <u>0</u>            | <u>2,183,241</u>     |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | 2,766,594               | (76,918)            | 0                   | 263,981             | 2,953,657            |
| Fund balance (deficit) January 1, 1992  | 3,762,434               | 2,590,778           | 0                   | 6,454,687           | 12,807,899           |
| Fund balance (deficit) December 31, 1992  | <u>\$ 6,529,028</u>     | <u>\$ 2,513,860</u> | <u>\$ 0</u>         | <u>\$ 6,718,668</u> | <u>\$ 15,761,556</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)  
Budget and Actual (Including Encumbrances) - General, Special Revenue, Debt Service and Capital Projects Funds  
Year Ended December 31, 1992

|  | General Fund      |                     |  |
|--|-------------------|---------------------|--|
|  | Budget            | Actual              | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES</b>  |                   |                     |  |
| Taxes  | \$ 26,855,323     | \$ 29,131,449       | \$ 2,276,126                           |
| Licenses and permits   | 847,000           | 916,429             | 69,429                                 |
| Intergovernmental revenues   | 3,728,534         | 3,673,192           | (55,342)                               |
| Charges for services   | 4,357,540         | 4,290,668           | (66,872)                               |
| Fines and forfeits   | 1,085,000         | 1,056,082           | (28,918)                               |
| Miscellaneous revenues   | 3,294,102         | 3,058,324           | (235,778)                              |
| Total revenues   | <u>40,167,499</u> | <u>42,126,144</u>   | <u>1,958,645</u>                       |
| <b>EXPENDITURES</b>  |                   |                     |  |
| Current:   |                   |                     |  |
| General government   | 5,434,923         | 5,292,167           | 142,756                                |
| Public safety  | 26,370,763        | 25,935,648          | 435,115                                |
| Highways and streets   | 6,091,720         | 5,924,642           | 167,078                                |
| Sanitation   | 3,674,308         | 3,552,264           | 122,044                                |
| Culture and recreation   | 1,771,319         | 1,742,831           | 28,488                                 |
| Economic and community development   | 0                 | 0                   | 0                                      |
| Capital outlay   | 0                 | 0                   | 0                                      |
| Debt service:  |                   |                     |  |
| Principal  | 0                 | 0                   | 0                                      |
| Interest   | 107,045           | 45,244              | 61,801                                 |
| Intergovernmental  | 353,000           | 353,000             | 0                                      |
| Total expenditures   | <u>43,803,078</u> | <u>42,845,796</u>   | <u>957,282</u>                         |
| Excess of revenues over (under) expenditures   | (3,635,579)       | (719,652)           | 2,915,927                              |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                   |                     |  |
| Operating transfers in   | 2,336,250         | 2,386,250           | 50,000                                 |
| Operating transfers (out)  | 0                 | (10,958)            | (10,958)                               |
| Total other financing sources (uses)   | <u>2,336,250</u>  | <u>2,375,292</u>    | <u>39,042</u>                          |
| Excess of revenues and other financing sources over<br>(under) expenditures and other financing uses | (1,299,329)       | 1,655,640           | 2,954,969                              |
| Fund balance (deficit) January 1, 1992   | 1,299,329         | 2,234,019           | 934,690                                |
| Prior year encumbrances paid in current year   | 0                 | 650,058             | 650,058                                |
| Prior period adjustments   | 0                 | 0                   | 0                                      |
| Expenditures rebudgeted in the subsequent year (Note VI.A.)  | 0                 | 0                   | 0                                      |
| Fund balance (deficit) December 31, 1992   | <u>\$ 0</u>       | <u>4,539,717</u>    | <u>\$ 4,539,717</u>                    |
| <b>RECONCILIATION TO GAAP BASIS FUND BALANCE</b>   |                   |                     |  |
| Encumbrances recognized as current year expenditure  |                   | 830,842             |  |
| Recognition of accrual basis adjustments   |                   | 1,158,469           |  |
| Fund balance (deficit) December 31, 1992   |                   | <u>\$ 6,529,028</u> |  |

The accompanying notes are an integral part of these financial statements.

| Special Revenue Funds |                     |                                  | Debt Service Fund |                  |                                  | Capital Projects Funds |                     |                                  |
|-----------------------|---------------------|----------------------------------|-------------------|------------------|----------------------------------|------------------------|---------------------|----------------------------------|
| Budget                | Actual              | Variance Favorable (Unfavorable) | Budget            | Actual           | Variance Favorable (Unfavorable) | Budget                 | Actual              | Variance Favorable (Unfavorable) |
| \$ 0                  | \$ 0                | \$ 0                             | \$ 1,212,607      | \$ 1,212,607     | \$ 0                             | \$ 0                   | \$ 0                | \$ 0                             |
| 0                     | 0                   | 0                                | 0                 | 0                | 0                                | 0                      | 0                   | 0                                |
| 20,781,787            | 9,895,173           | (10,886,614)                     | 0                 | 0                | 0                                | 57,360                 | 57,360              | 0                                |
| 0                     | 0                   | 0                                | 0                 | 0                | 0                                | 0                      | 0                   | 0                                |
| 0                     | 0                   | 0                                | 0                 | 0                | 0                                | 0                      | 0                   | 0                                |
| 174,934               | 240,940             | 66,006                           | 0                 | 0                | 0                                | 327,308                | 428,748             | 101,440                          |
| <u>20,956,721</u>     | <u>10,136,113</u>   | <u>(10,820,608)</u>              | <u>1,212,607</u>  | <u>1,212,607</u> | <u>0</u>                         | <u>384,668</u>         | <u>486,108</u>      | <u>101,440</u>                   |
| 92,000                | 17,228              | 74,772                           | 0                 | 0                | 0                                | 0                      | 0                   | 0                                |
| 2,952,872             | 2,026,913           | 925,959                          | 0                 | 0                | 0                                | 0                      | 0                   | 0                                |
| 2,096,869             | 569,506             | 1,527,363                        | 0                 | 0                | 0                                | 0                      | 0                   | 0                                |
| 752,789               | 235,274             | 517,515                          | 0                 | 0                | 0                                | 0                      | 0                   | 0                                |
| 2,072,658             | 1,629,709           | 442,949                          | 0                 | 0                | 0                                | 0                      | 0                   | 0                                |
| 13,189,419            | 7,307,244           | 5,882,175                        | 0                 | 0                | 0                                | 0                      | 0                   | 0                                |
| 0                     | 0                   | 0                                | 0                 | 0                | 0                                | 827,997                | 530,906             | 297,091                          |
| 0                     | 0                   | 0                                | 836,072           | 836,072          | 0                                | 0                      | 0                   | 0                                |
| 0                     | 0                   | 0                                | 376,535           | 376,535          | 0                                | 0                      | 0                   | 0                                |
| 0                     | 0                   | 0                                | 0                 | 0                | 0                                | 0                      | 0                   | 0                                |
| <u>21,156,607</u>     | <u>11,785,874</u>   | <u>9,370,733</u>                 | <u>1,212,607</u>  | <u>1,212,607</u> | <u>0</u>                         | <u>827,997</u>         | <u>530,906</u>      | <u>297,091</u>                   |
| (199,886)             | (1,649,761)         | (1,449,875)                      | 0                 | 0                | 0                                | (443,329)              | (44,798)            | 398,531                          |
| 450,924               | 258,336             | (192,588)                        | 0                 | 0                | 0                                | 0                      | 0                   | 0                                |
| 0                     | (258,336)           | (258,336)                        | 0                 | 0                | 0                                | 0                      | 0                   | 0                                |
| <u>450,924</u>        | <u>0</u>            | <u>(450,924)</u>                 | <u>0</u>          | <u>0</u>         | <u>0</u>                         | <u>0</u>               | <u>0</u>            | <u>0</u>                         |
| 251,038               | (1,649,761)         | (1,900,799)                      | 0                 | 0                | 0                                | (443,329)              | (44,798)            | 398,531                          |
| 1,932,486             | (63,989)            | (1,996,475)                      | 0                 | 0                | 0                                | 6,866,554              | 6,458,576           | (407,978)                        |
| 0                     | 1,601,155           | 1,601,155                        | 0                 | 0                | 0                                | 0                      | 277,278             | 277,278                          |
| 0                     | 1,249,856           | 1,249,856                        | 0                 | 0                | 0                                | 0                      | 0                   | 0                                |
| (2,552,151)           | 0                   | 2,552,151                        | 0                 | 0                | 0                                | (6,423,225)            | 0                   | 6,423,225                        |
| <u>\$ (368,627)</u>   | <u>1,137,261</u>    | <u>\$ 1,505,888</u>              | <u>\$ 0</u>       | <u>0</u>         | <u>\$ 0</u>                      | <u>\$ 0</u>            | <u>6,691,056</u>    | <u>\$ 6,691,056</u>              |
|                       | 1,766,104           |                                  |                   | 0                |                                  |                        | 45,493              |                                  |
|                       | (389,505)           |                                  |                   | 0                |                                  |                        | (17,881)            |                                  |
|                       | <u>\$ 2,513,860</u> |                                  |                   | <u>\$ 0</u>      |                                  |                        | <u>\$ 6,718,668</u> |                                  |

CITY OF ERIE, PENNSYLVANIA  
 Combined Statement of Revenues, Expenses and Changes in Retained Earnings  
 All Proprietary Fund Types  
 Year Ended December 31, 1992

|   | Enterprise           | Internal<br>Service   | Totals<br>(Memorandum<br>Only) |
|---|----------------------|-----------------------|--------------------------------|
| <b>OPERATING REVENUES</b>                     |                      |                       |                                |
| Intergovernmental                             | \$ 0                 | \$ 1,070,279          | \$ 1,070,279                   |
| Charges for services                          | 12,309,097           | 0                     | 12,309,097                     |
| Lease rental                                  | 1,720,534            | 0                     | 1,720,534                      |
| Rental income                                 | 155,581              | 1,121,127             | 1,276,708                      |
| Miscellaneous revenues                        | 34,730               | 0                     | 34,730                         |
| Total operating revenues                      | <u>14,219,942</u>    | <u>2,191,406</u>      | <u>16,411,348</u>              |
| <b>OPERATING EXPENSES</b>                     |                      |                       |                                |
| Personnel services                            | 2,750,689            | 0                     | 2,750,689                      |
| Other personnel costs                         | 1,364,450            | 0                     | 1,364,450                      |
| Services and fees                             | 1,718,788            | 0                     | 1,718,788                      |
| Utilities                                     | 1,783,048            | 0                     | 1,783,048                      |
| Rent  | 91,735               | 0                     | 91,735                         |
| Insurance                                     | 117,959              | 1,696,471             | 1,814,430                      |
| Materials, supplies and maintenance           | 1,856,688            | 0                     | 1,856,688                      |
| Workers compensation claims                   | 0                    | 774,228               | 774,228                        |
| Depreciation expense                          | 1,293,142            | 0                     | 1,293,142                      |
| Capital expenditures                          | 74,269               | 0                     | 74,269                         |
| Other expense                                 | 1,659,107            | 26,620                | 1,685,727                      |
| Total operating expenses                      | <u>12,709,875</u>    | <u>2,497,319</u>      | <u>15,207,194</u>              |
| Operating income (loss)                       | <u>1,510,067</u>     | <u>(305,913)</u>      | <u>1,204,154</u>               |
| <b>NONOPERATING REVENUES (EXPENSES)</b>       |                      |                       |                                |
| Intergovernmental revenues                    | 711,533              | 0                     | 711,533                        |
| Investment income                             | 44,471               | 37,993                | 82,464                         |
| Interest expense                              | (150,964)            | 0                     | (150,964)                      |
| Other expense                                 | 0                    | (7,231)               | (7,231)                        |
| Net nonoperating revenues (expense)           | <u>605,040</u>       | <u>30,762</u>         | <u>635,802</u>                 |
| Net income (loss) before operating transfers  | <u>2,115,107</u>     | <u>(275,151)</u>      | <u>1,839,956</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                      |                       |                                |
| Operating transfers in                        | 12,072               | 0                     | 12,072                         |
| Operating transfers (out)                     | (1,665,313)          | (530,000)             | (2,195,313)                    |
| Total other financing sources (uses)          | <u>(1,653,241)</u>   | <u>(530,000)</u>      | <u>(2,183,241)</u>             |
| Net income (loss)                             | <u>461,866</u>       | <u>(805,151)</u>      | <u>(343,285)</u>               |
| Retained earnings (deficit) January 1, 1992   | 20,391,801           | (656,460)             | 19,735,341                     |
| Retained earnings (deficit) December 31, 1992 | <u>\$ 20,853,667</u> | <u>\$ (1,461,611)</u> | <u>\$ 19,392,056</u>           |

The accompanying notes are an integral part of these financial statements.

CITY OF ERIE, PENNSYLVANIA  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 Year Ended December 31, 1992

|  | Enterprise         | Internal<br>Service | Totals<br>(Memorandum<br>Only) |
|--|--------------------|---------------------|--------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                    |                     |                                |
| Operating income (loss)  | \$ 1,510,067       | \$ (305,913)        | \$ 1,204,154                   |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities |                    |                     |                                |
| Noncash items included in operating income (loss):   |                    |                     |                                |
| Depreciation expense   | 1,293,142          | 0                   | 1,293,142                      |
| (Increase) decrease in current assets:   |                    |                     |                                |
| Accounts receivable  | 68,538             | 0                   | 68,538                         |
| Liens receivable   | 8,333              | 0                   | 8,333                          |
| Other receivables  | (1,108)            | 0                   | (1,108)                        |
| Prepaid insurance  | (6,167)            | 368,648             | 362,481                        |
| Due from other funds   | 34,101             | 0                   | 34,101                         |
| Increase (decrease) in current liabilities:  |                    |                     |                                |
| Accounts payable   | (470,452)          | 0                   | (470,452)                      |
| Accrued payroll  | (10,932)           | 0                   | (10,932)                       |
| Interfund payable  | 20,509             | 0                   | 20,509                         |
| Compensated absences payable   | (29,389)           | 0                   | (29,389)                       |
| Claims and judgments payable   | 0                  | 411,297             | 411,297                        |
| Deferred revenue   | (721,501)          | 0                   | (721,501)                      |
| Net cash provided (used) by operating activities   | <u>1,695,141</u>   | <u>474,032</u>      | <u>2,169,173</u>               |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                    |                     |                                |
| Intergovernmental revenues   | 711,533            | 0                   | 711,533                        |
| Operating transfers in   | 12,072             | 0                   | 12,072                         |
| Operating transfers (out)  | (1,665,313)        | (530,000)           | (2,195,313)                    |
| Net cash provided (used) by noncapital financing activities  | <u>(941,708)</u>   | <u>(530,000)</u>    | <u>(1,471,708)</u>             |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |                    |                     |                                |
| Purchase of fixed assets   | (711,553)          | 0                   | (711,553)                      |
| Principal payments   | (153,928)          | 0                   | (153,928)                      |
| Interest payments  | (150,964)          | 0                   | (150,964)                      |
| Net cash provided (used) by capital and related financing activities                                     | <u>(1,016,445)</u> | <u>0</u>            | <u>(1,016,445)</u>             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                    |                     |                                |
| Proceeds from sale and redemption of investments   | 9,504,000          | 0                   | 9,504,000                      |
| Net investment income  | 44,471             | 30,762              | 75,233                         |
| Purchase of investments  | (9,539,000)        | 0                   | (9,539,000)                    |
| Net cash provided (used) by investing activities   | <u>9,471</u>       | <u>30,762</u>       | <u>40,233</u>                  |
| Net increase (decrease) in cash  | <u>(253,541)</u>   | <u>(25,206)</u>     | <u>(278,747)</u>               |
| Cash January 1, 1992   | 616,014            | 817,467             | 1,433,481                      |
| Cash December 31, 1992   | <u>\$ 362,473</u>  | <u>\$ 792,261</u>   | <u>\$ 1,154,734</u>            |

The accompanying notes are an integral part of these financial statements.

CITY OF ERIE, PENNSYLVANIA

Notes to Financial Statements

December 31, 1992

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Erie (the "City") was incorporated April 14, 1851, and was reorganized January 1, 1962 under the Mayor-Council (Strong Mayor) form of government of the Optional Third Class City Charter Law.

An elected Mayor, with a four year term, serves as Chief Executive of the City. A seven member part-time City Council, elected at large for four year staggered terms, forms the legislative branch of the City government. The other elected City officials are the City Treasurer and the City Controller, each serving four year terms.

The financial statements of The City of Erie have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body instituted for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City currently applied in the preparation of the accompanying Comprehensive Annual Financial Report are described below.

A. Financial Reporting Entity

For financial reporting purposes the City of Erie includes all funds, account groups and agencies that are controlled by or dependent on the administrative and legislative branches, the Mayor and City Council, respectively. Control by, or dependence on, the City was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligation of the City, obligation of the City to finance any deficits that may occur, or receipt of significant subsidies from the City.

The City of Erie has created various boards and commissions which operate within the City. These entities have been included with the financial statements as the City exercises budget controls, and controls over fiscal management. The following have been included:

Boards - Aggregate Pension, Building Code Appeals, Civil Service, Electrical Contractor License Examination, Erie Recreation, Housing Appeals, Income Tax Policy, License Examiners, Retirement, Sinking Fund, and Zoning Hearing.

Commissions - Building Code, City Planning, Community Development, Electrical Code, Human Relations, Plumbing Code, Traffic, and Shade Tree.

The City of Erie has created various municipal authorities, a non-profit corporation and a council which operate independently of the City. These entities have been excluded from the financial statements as the City does not exercise budget controls, nor controls over fiscal management. The following have been excluded:

Erie City Water Authority - This authority was created to operate the City's public water system and to provide water service to the City and other portions of Erie County.

Erie Civic Center Authority - This authority operates the Louis J. Tullio Convention Center, the Warner Theater and the Exhibit Hall.

City of Erie Housing Authority - This is an operating authority created to administer federal housing programs for low and middle income families and the elderly.

Erie Metropolitan Transit Authority - This is an operating authority created to provide mass transportation services to Erie County. The authority's main sources of revenue include income from operations, federal and state grants, and local matching funds provided by the County and the City.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

Erie Cable Television Public Access Authority - This authority is charged with creating and operating a public access cable television station.

Erie Municipal Airport Authority - This authority was created to operate the Erie International Airport.

Erie Municipal Park Authority - This financing authority was created to finance improvements to the park area of the Erie Zoo.

Erie Parking Authority - This authority operates the municipal parking ramps and lots and enforces parking regulations throughout the City.

City of Erie Redevelopment Authority - This authority was created to operate demolition and rehabilitation projects within the City. The primary source of income is Community Development Block Grants.

Erie Sewer Authority - This is a financing authority created to acquire property and equipment for a sewage treatment plant.

Erie Western Pennsylvania Port Authority - This operating authority has oversight responsibility for waterfront properties, businesses on the waterfront and the lake cargo operations.

Higher Education Building Authority - A financing authority created to undertake projects for colleges and universities or institutions of higher learning within or outside the City.

Erie Zoological Society - This non-profit corporation was created to operate the Erie Zoo.

Erie County Solid Waste Management Council - An organization to foster cooperative efforts to resolve problems, determine policies, and formulate and implement plans relating to solid waste management.

B. Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund and account group are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns are not comparable to a consolidation and do not present financial position, results of operations, or cash flows.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements of this report, into three fund categories in seven fund types, and two account groups, as follows.

1. Governmental Fund Types - The focus of Governmental Fund measurement is upon determination of financial position and cash flows rather than upon net income. The following is a description of the Governmental Funds of the City.

General Fund - The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation - Fund Accounting, Continued

1. Governmental Fund Types, Continued

Special Revenue Funds - Special Revenue Funds are used to account for revenues derived from specific sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest.

Capital Projects Funds - Capital Projects Funds are used to account for bond sale proceeds and interest revenue used for acquisition, construction, or renovation of major capital facilities, other than those financed by Enterprise Fund activities.

2. Proprietary Fund Types - The focus of Proprietary Fund measurement is upon net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the City.

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City of Erie on a cost-reimbursement basis. The services accounted for through these funds are those related to the City's self-insurance for workers compensation.

3. Fiduciary Fund Types - Fiduciary Funds generally include nonexpendable trust, pension trust, agency and similar funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Agency Funds - Agency Funds are used to account for assets held by the City in trustee capacity or as an agent for individuals, private organizations and/or other funds.

4. Account Groups - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All Governmental Funds are accounted for on a spending or financial flow measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spending resources. Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Fixed assets purchased through the Governmental Funds are accounted for in the General Fixed Asset Account Group which is used to maintain control and cost information for all fixed assets other than those accounted for in Proprietary Funds.

Long-term liabilities expected to be financed from Governmental Funds are accounted for in the General Long-Term Debt Account Group and not in the Governmental Funds. General Fund revenues are used to repay general obligation bonds of the City of Erie.

The two account groups are not funds. They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Accounting

1. Modified Accrual Basis - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the recorded transactions.

All Governmental and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Expenditures which may benefit periods beyond the balance sheet date are charged as expenditures in the period budgeted rather than the period paid.

2. Accrual Basis - The Proprietary Funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned; expenses are recognized when they are incurred.

D. Budgetary Data

1. Budget Policy - The City annually adopts the Budget for the General, Special Revenue, Debt Service, Capital Projects, and Sewer Revenue and Golf Enterprise Funds. The City's Budget Ordinance provides transfer authority to; (a) City Council between departments within any fund as long as the total fund budget is not increased (management has the authority to transfer up to the lesser of 5% of the budget amount or \$5,000 without council approval), and (b) City Council to implement grant budgets as the grant applications are accepted by the City. City Council action is required for the approval of supplemental appropriations.

All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year. Appropriations, except capital appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each year. Expenditures may not legally exceed budgeted appropriations at any level.

2. Encumbrances - Encumbrances outstanding at year end do not represent expenditures or liabilities in accordance with generally accepted accounting principles (GAAP), but represent budgetary accounting controls. All Governmental Fund budgets are maintained on the cash basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end. The actual results of operations are presented in accordance with generally accepted accounting principles and the City's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and liability is incurred. Encumbrances are presented as a reservation for encumbrances on the balance sheets of the Governmental Funds. It is necessary to include the budgetary encumbrances to reflect actual revenues and expenditures on a budgetary basis consistent with the City's legally adopted budget.

3. Budgetary Accounting - The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgetary Submission - Not later than the last council meeting in November, the Mayor submits to City Council proposed operating budgets for the General Fund, Liquid Fuels Fund (a Special Revenue Fund), Debt Service Fund, and Enterprise Funds. Budgets for Special Revenue Funds (other than Liquid Fuels Fund) and Capital Projects Funds are submitted throughout the year. The operating budgets, which are prepared by fund, include prior year revenue and expenditure information and current year proposed expenditures and the means of financing them.

Public Hearings - Public hearings are conducted by Council to obtain citizen comments.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Budgetary Data, Continued

3. Budgetary Accounting, Continued

Legal Adoption - Prior to December 31, the proposed operating budget is legally enacted through the adoption of a Council ordinance.

Revisions - City Council may, by resolution, transfer amounts between departments in any fund as long as the total fund budget is not increased. Management has the authority to transfer up to the lesser of 5% of the budget amount or \$5,000 without Council approval. Any increase in the total budget of any fund must be adopted by City Council in ordinance form.

Budgetary Basis - Budgets for the funds listed under budgetary submission above, are adopted on a cash basis of accounting.

Unexpended Appropriations - Unexpended budget appropriations expire at year end and do not carry forward unless encumbered. Budgeted amounts in this report are presented as originally adopted or as amended by an ordinance or resolution duly approved by City Council.

Encumbrance Accounting - Encumbrance accounting, under which purchase orders and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the City of Erie.

E. Assets, Liabilities and Fund Equity

1. Cash Equivalents - For purposes of this section, cash equivalents are defined as deposits with financial institutions.
2. Investments - Investments consist primarily of repurchase agreements and obligations of the federal government. Under the Third Class City Code, allowable investments include U.S. Treasury Bills, short-term obligations of the U.S. Government or its agencies, certificates of deposit and other obligations of the United States or any of its agencies backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies. The investments, stated at cost, bear interest ranging from 2.95% to 3.20% and are due at various dates through February 19, 1993.
3. Interfund Receivables and Payables - Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts.
4. Prepaid Items - Payments made to vendors for services that will benefit periods beyond December 31, 1992, are recorded as prepaid items.
5. Fixed Assets

General Fixed Assets

Fixed assets used in Governmental Fund type operations (general fixed assets) are accounted for in the General Fixed Asset Account Group, rather than in Governmental Funds. Depreciation has not been provided on general fixed assets. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings are not capitalized along with other general fixed assets, as these assets are immovable and of value only to the City. Fixed assets, including fixed assets used in Governmental Fund type operations, have been stated at historical cost or estimated historical cost if actual historical cost is not available. Historical cost information is not available for assets purchased prior to 1990, and therefore costs of such assets have been estimated. Assets purchased in 1990 and after are valued at historical cost. As a result, approximately \$18,200,000 of the \$23,009,133 of fixed assets recorded in the General Fixed Asset Account Group are based on estimated costs. Donated fixed assets are valued at their estimated fair value on the date donated.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Assets, Liabilities and Fund Equity, Continued

5. Fixed Assets, Continued

Proprietary Fund Fixed Assets

Depreciation of all exhaustible fixed assets used by Enterprise Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

|                                   |                 |
|-----------------------------------|-----------------|
| Buildings and improvements        | 30 to 60 years  |
| Improvements other than buildings | 15 to 100 years |
| Equipment and vehicles            | 5 to 20 years   |

Public domain (infrastructure) fixed assets of the Enterprise Funds, such as water lines and reservoirs, are capitalized as improvements other than buildings because these assets are an integral component of these operations.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

6. Long-Term Obligations - Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated, in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a Governmental Fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group. Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in those funds.
7. Fund Equity - Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.
8. Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

F. Revenues, Expenditures and Expenses

1. Governmental Fund Revenues - Substantially all Governmental Fund revenues are accrued except for licenses and permits and fines and forfeitures which are reported on the cash basis in the General Fund. Real estate taxes are billed and collected within the same period, and are reflected on the modified accrual basis.
2. Compensated Absences - The City accrues accumulated unpaid vacation when (a) the obligation relates to rights that vest or accumulate, (b) the payment of the obligation is probable, and (c) the amount can be reasonably estimated.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Prior Period Adjustment

During 1991, the City changed from the cash basis of accounting, which is one comprehensive basis of accounting, to the modified accrual basis of accounting, which is another comprehensive basis of accounting that conforms to generally accepted accounting principles. Prior to 1992, the City loaned various amounts to businesses in the Erie area under the Enterprise Loan Grant, the Community Development Block Grant (CDBG) and Bayfront Urban Development Action Grant (BUDAG). The transactions were initially recorded as expenditures in the Special Revenue Fund with the subsequent repayments resulting in the recognition of revenue. At December 31, 1991, \$1,249,857 of notes receivable were outstanding. A prior period adjustment was made to account for this asset and fund balance was credited to balance the effect. (See Note III.A.5.) Also, the amount of Deferred Revenue recorded in the Bayfront Urban Development Grant should have been earned in prior years. The effect on fund balance is as follows:

|   | BUDAG        | CDBG      | Other      |
|---|--------------|-----------|------------|
| Fund balance December 31, 1991,<br>as originally reported ..... | \$ 2,158     | \$ 5,685  | \$ 605,451 |
| Recognition of revenue in prior year .....                      | 497,437      | 0         | 0          |
|   | 499,595      | 5,685     | 605,451    |
| Note receivable, December 31, 1991 .....                        | 1,054,700    | 41,573    | 153,583    |
| Fund balance restated at December 31, 1991 .....                | \$ 1,554,295 | \$ 47,258 | \$ 759,034 |

Also, at December 31, 1991, the first year accrual basis general purpose financial statements were prepared, accrual basis fund balance was charged with amounts that would have been on an accrual basis balance sheet at December 31, 1990. This amount appeared as a budgetary to GAAP basis reconciling item on the 1991 Statement of Revenues, Expenditures and Changes in Fund Balance (cash basis) - Budget and Actual (including encumbrances). The "charge" does not enter into the computation of budgetary basis fund balance and thus, in order for the current year reconciliation to work, this same item must be part of the reconciliation. To facilitate future reconciliations the accrual "charge" has been included in ending budgetary basis fund balance by increasing "Prior year encumbrances paid in the current year."

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Compliance with Financial Related Legal and Contractual Provisions

The City has no violations of any financial related legal or contractual provision except as disclosed in Note V. Summary Disclosure of Significant Commitments and Contingencies.

B. Deficit Fund Equity of Individual Funds

Various Special Revenue Funds have deficits in unreserved fund balance due to the reservations for encumbrances and the timing of grant funding. These include: Community Development Block Grant; Bridge, Street and Traffic Improvement Projects; and Job Training Partnership Act Grants which have deficits of \$874,559, \$205,582, and \$15,162, respectively.

Workers' Compensation Claims Fund, an Internal Service Fund, has a deficit in retained earnings of \$2,266,911 a result of accounting for claims payable on an accrual basis while cash transfers to cover such payments are made on a cash basis.

C. Excess of Expenditures Over Appropriations in Individual Funds

No individual fund had an excess of expenditures over appropriations.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

D. Budgetary Compliance

The City includes encumbrances to reflect actual revenues and expenditures on a basis consistent with the City's legally adopted budget. In addition, the City includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations in accordance with generally accepted accounting principles do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

The encumbrance columns reflect contractual commitments (encumbrances) which are considered expenditures on a budgetary basis, and are added to the cash basis expenditures, to present the budget to actual comparison.

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS

A. Assets

1. Cash and Investments - Cash balances available for investment by most City funds are maintained in both pooled and individual bank and investment accounts. Available cash is invested until the cash is needed for expenditures or expenses.

Cash - The City's cash deposits, which include certificates of deposit at year end were covered by federal depository insurance and were fully collateralized in the City's name and are carried at cost. Bank balances are categorized to give an indication of the level of risk assumed by the City at year end as follows:

| <u>Category</u>   | <u>Carrying<br/>Amount</u> | <u>Bank<br/>Balance</u> |
|---|----------------------------|-------------------------|
| (1) Insured and collateralized with securities held by the City or by its agent in the City's name .....                          | \$ 171,709                 | \$ 251,041              |
| (2) Collateralized with securities held by the pledging financial institutions trust department or agent in the City's name ..... | 1,103,953                  | 619,909                 |
| (3) Uncollateralized .....  | 22,200                     | 0                       |
| Total .....   | <u>\$ 1,297,862</u>        | <u>\$ 870,950</u>       |

Investments - The City's investments are categorized below to give an indication of the level of credit risk assumed at year end. Category 1 includes investments held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty's, or by its trust department or agent but not in the City's name. Investments are categorized as to the risk assumed at year end.

|  | <u>Category</u>      |                   |             | <u>Carrying<br/>Amount</u> | <u>Market<br/>Value</u> |
|--|----------------------|-------------------|-------------|----------------------------|-------------------------|
|  | <u>1</u>             | <u>2</u>          | <u>3</u>    |                            |                         |
| Repurchase agreements                  | \$ 16,005,612        | \$ 0              | \$ 0        | \$ 16,005,612              | \$ 16,005,612           |
| Short-term treasury investments        | 0                    | 805,300           | 0           | 805,300                    | 805,300                 |
|  | <u>\$ 16,005,612</u> | <u>\$ 805,300</u> | <u>\$ 0</u> | 16,810,912                 | 16,810,912              |
| Mutual funds (see also, Note III.B.2.) |                      |                   |             | 2,994,935                  | 2,994,935               |
| Total investments                      |                      |                   |             | <u>\$ 19,805,847</u>       | <u>\$ 19,805,847</u>    |

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

A. Assets, Continued

1. Cash and Investments, Continued

Summary of cash and investments as reflected above is as follows:

|                   |                      |
|-------------------|----------------------|
| Cash .....        | \$ 1,297,862         |
| Investments ..... | 19,805,847           |
| Total .....       | <u>\$ 21,103,709</u> |

The above balance of cash and investments is reported in the accompanying financial statements as follows:

|                                       |                      |
|---------------------------------------|----------------------|
| Cash .....                            | \$ 1,726,141         |
| Investments .....                     | 19,000,547           |
| Restricted cash and Investments ..... | 805,300              |
| Cash overdraft .....                  | (428,279)            |
| Total .....                           | <u>\$ 21,103,709</u> |

2. Accounts Receivable - Accounts receivable represents the balance due to the general fund (refuse) and enterprise fund (sewer) as of December 31, 1992 for service provided through December 31, 1992, net of an allowance for uncollectible accounts as follows:

|   | General<br>Fund   | Enterprise<br>Fund |
|---|-------------------|--------------------|
| Gross accounts receivable .....                     | \$ 461,610        | \$ 1,002,746       |
| Less: allowance for uncollectible receivables ..... | 254,115           | 25,146             |
| Account receivable, net .....                       | <u>\$ 207,495</u> | <u>\$ 977,600</u>  |

The allowance generally represents accounts which are more than one year old and which have not been liened.

3. Property Taxes Receivable and Deferred Revenue - The City assesses real estate taxes on individual property valuation and collects the taxes accordingly. Some taxpayers periodically contest their assessed valuations.

The City levied real estate taxes of \$23,897,817 on January 1, 1992 based on gross assessed valuation of \$558,621,170 at 42.78 mills. Real estate taxes attach as an enforceable lien on property as of January 1. Taxes are levied on January 1 and are collected by the tax collector until the following year, but no later than the end of April, at which time the uncollected taxes are required to be submitted to the County of Erie Tax Claim Bureau for collection. Taxes paid prior to March 31 are eligible for a 2% discount. The face period runs from April 1 through May 31 after which, taxes are subject to a 10% penalty. City real estate tax revenues are recognized as revenue in the current year to the extent they are collected or are measurable and available at December 31, 1992.

Current real estate taxes receivable at December 31, 1992 consists of the face value of the tax levy uncollected at December 31, 1992.

The receivable for outstanding delinquent tax levies at December 31, 1992 consists of the face value of the delinquent taxes plus accrued penalty and interest as confirmed by the Tax Claim Bureau of the County of Erie, Pennsylvania.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

A. Assets, Continued

3. Property Taxes Receivable and Deferred Revenue, Continued

The property tax receivable represents the balance due to the City of Erie for real estate taxes levied prior to December 31, 1992. In accordance with generally accepted accounting principles, revenue from these receivables are recognized only to the extent received within 60 days of December 31, 1992. The balance of the receivable is reported as deferred revenue as follows:

|  |              |
|--|--------------|
| Balance held by County Tax Claim Bureau for 1992 and prior .....                       | \$ 1,668,902 |
| Balance held by City Treasurer for 1992 .....  | 1,632,421    |
|  | 3,301,323    |
| Total receivable .....   | 3,301,323    |
| Less: cash received in January and February of 1993 and<br>recognized as revenue ..... | 274,187      |
| Deferred revenue .....   | \$ 3,027,136 |

Deferred property tax revenue is included with Deferred Revenue in the General Fund on the Combined Balance Sheet - All Fund Types and Account Groups.

4. Earned Income Tax and Occupational Privilege Tax Receivable - The earned income tax and Occupational Privilege Tax receivable represents an estimate of the City's share of the cash balance in the City tax collector's bank account at December 31, 1992, as well as the City's share of the fourth quarter, 1992 taxes collected by the tax collector in January and February, 1993 as follows:

|   |              |
|---|--------------|
| Estimated share of December 31, 1992 cash balance .....           | \$ 416,869   |
| Estimated share of January and February, 1993 cash receipts ..... | 1,284,269    |
|   | 1,701,138    |
| Total receivable .....  | \$ 1,701,138 |

5. Notes Receivable - During 1992, the City loaned \$55,000 from the General Fund to the Erie Civic Center Authority bearing interest at 6.5% for five years. No payments were due during 1992.

Also, in prior years, the City made various loans to certain Erie businesses through the Urban Development Action Grant, the Community Development Block Grant, and the Enterprise Loan Grant, three programs presented in the Special Revenue Fund (See Note I.G.). The notes bear interest ranging from 4.00% to 7.00% with various maturities. During 1992, payments made to the City totalled \$221,214, representing \$123,719 of principal and \$97,495 of interest. The detailed activity is as follows:

|  |              |
|--|--------------|
| Balance outstanding at December 31, 1991 ..... | \$ 1,249,857 |
| 1992 loans .....                               | 145,000      |
| Principal repayments .....                     | (123,719)    |
|  | 1,271,138    |
| Balance outstanding at December 31, 1992 ..... | \$ 1,271,138 |

6. Liens Receivable - The liens receivable represents amounts due to the City of Erie for liens assessed on properties as a result of improvements made to properties by the City for which the property owner is responsible. The four general categories of liens are nuisance liens for demolition costs; paving liens for street improvements; sewer liens for sewer lines; and sidewalk liens for sidewalk paving. The receivable is being reported in the fund from which the improvement was originally financed.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

A. Assets, Continued

6. Liens Receivable, Continued

Nuisance liens are being reported as Special Revenue Fund receivables to the extent the demolition costs were paid with Community Development Block Grant funds and such assessments should be accounted for as program income to these grants. The paving, sidewalk and sewer liens are being reported as a General Fund or Capital Project Fund receivables based on how these improvements were financed.

Based on the estimated market value of the properties liened compared to the lien amount, the receivables have been reduced by a provision for uncollectible liens as follows:

|   | General<br>Fund | Special<br>Revenue | Capital<br>Projects |
|---|-----------------|--------------------|---------------------|
| Gross amount of receivable .....                    | \$ 265,246      | \$ 1,119,938       | \$ 157,207          |
| Less: provision for uncollectible receivables ..... | 96,260          | 884,186            | 15,629              |
| Net lien receivable .....                           | \$ 168,986      | \$ 235,752         | \$ 141,578          |

The lien receivables have been reported as deferred revenue to the extent not susceptible to accrual.

7. Intergovernmental Receivable - The intergovernmental receivable represents amounts due to the City from other governmental entities.

8. Other Receivables - Other receivables represent amounts due to the City as of December 31, 1992 from gas well revenue, interest income and other miscellaneous revenues.

9. Lease Agreement

Erie City Water Authority - In 1991 the City entered into a lease agreement, whereby, the Authority leases the water system from the City. All assets, accounted for by the City in the Water Revenue Fund (an Enterprise Fund) are being leased for a 25-year period. The lease calls for quarterly payments totalling \$1,250,000 with annual 4% inflation increases beginning in 1992. Upon termination of the lease, the leased assets remain the property of the City. Therefore, this lease is being accounted for as an operating lease.

|                              |               |
|------------------------------|---------------|
| 1993 .....                   | \$ 1,352,000  |
| 1994 .....                   | 1,406,080     |
| 1995 .....                   | 1,462,323     |
| 1996 .....                   | 1,520,816     |
| 1997 .....                   | 1,581,649     |
| 1998 and thereafter .....    | 42,184,539    |
| Total lease receivable ..... | \$ 49,507,407 |

10. Prepaid Insurance - Prepaid insurance represents a pro-rata share of premiums paid during 1992 which provides coverage through various dates in 1993.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

A. Assets, Continued

11. Fixed Assets

A summary of general fixed assets at December 31, 1992 is as follows:

|                                 | Balance<br>January 1,<br>1992 | Additions           | Dispositions      | Balance<br>December 31,<br>1992 |
|---------------------------------|-------------------------------|---------------------|-------------------|---------------------------------|
| Land .....                      | \$ 775,716                    | \$ 0                | \$ 0              | \$ 775,716                      |
| Building and improvements ..... | 10,603,599                    | 1,140,954           | 0                 | 11,744,553                      |
| Vehicles and equipment .....    | 9,228,397                     | 1,400,431           | 139,964           | 10,488,864                      |
| Total .....                     | <u>\$ 20,607,712</u>          | <u>\$ 2,541,385</u> | <u>\$ 139,964</u> | <u>\$ 23,009,133</u>            |

Certain infrastructure improvements made in 1991 were capitalized with General Fixed Assets in that year. They have been removed from the "Balance January 1, 1992" above.

A summary of Proprietary Fund type fixed assets at December 31, 1992 is as follows:

|   | Balance<br>January 1,<br>1992 | Additions           | Dispositions     | Balance<br>December 31,<br>1992 |
|---|-------------------------------|---------------------|------------------|---------------------------------|
| Land .....                              | \$ 730,999                    | \$ 0                | \$ 0             | \$ 730,999                      |
| Building and improvements .....         | 8,480,259                     | 0                   | 737              | 8,479,522                       |
| Improvements other than buildings ..... | 39,897,244                    | 328,342             | 0                | 40,225,586                      |
| Vehicles and equipment .....            | 6,935,028                     | 383,211             | 73,084           | 7,245,155                       |
| Total .....                             | 56,043,530                    | 711,553             | 73,821           | 56,681,262                      |
| Less: accumulated depreciation .....    | 24,941,516                    | 1,293,142           | 50,000           | 26,184,658                      |
| Net fixed assets .....                  | <u>\$ 31,102,014</u>          | <u>\$ (581,589)</u> | <u>\$ 23,821</u> | <u>\$ 30,496,604</u>            |

Improvements other than buildings consist of leasehold improvements to the waste water plant, water mains and intakes, fire hydrants and water storage reservoirs.

B. Liabilities

1. Pension Plans

All City of Erie employees are covered by one of three pension plans. The plans are characteristically alike in that they are all contributory defined benefit plans and cover only City of Erie employees. The information pertaining to the particular plans is explained in the following:

Officers and Employees Retirement Association

Plan Description - The Officers and Employees Retirement Association (OERA) covers the following employee groups: Elected officials, salaried employees (excluding uniformed policemen and firemen), hourly employees and civilian employees of the police and fire departments.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

B. Liabilities, Continued

1. Pension Plans, Continued (Officers and Employees Retirement Association)

The latest actuarial report dated January 1, 1992 reported the City's covered and total annual payroll pertaining to all the employee groups listed above as \$9,536,314. Covered payroll refers to all compensation paid by the City to active employees covered by the Officers and Employees Retirement Association.

All employees that are not uniform police or fire employees are required to participate in the plan. Under the provision of the plan, pension benefits vest after 12 years of service with full vesting occurring after 20 years of service. An employee may retire after 12 years of service and receive benefits, but payment is deferred until age 65. An employee may retire after 20 years of service, but payment cannot begin before age 55. The annual pension benefit is equal to the Basic Allowance adjusted for service increments and other offsets as described in the plan. The Basic Allowance is 50% of the monthly pay received at the time of retirement, but not less than the highest five year average. Also, the plan provides for disability benefits after 10 years of service (15 years for employees hired after January 1, 1976) and death benefits after 12 years of service.

The plan provides for the return of all employee contributions if termination of employment occurs prior to vesting.

All covered employees must contribute either 4½%, 5%, or 6½% of their gross qualified earnings to the pension plan, dependent on Social Security provisions, per the plan provisions. In addition, the City must provide annual contributions sufficient to satisfy contribution requirements as mandated by state statute.

Related Party Investments - The Officers and Employees Retirement Association does not have any investments issued by a related party as of December 31, 1992, per the most recently issued annual report.

Funding Status and Progress - The Pension Benefit Obligation (PBO) is reflected as the Actuarial Present Value of Credited Projected Benefits. The PBO is the standard measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits projected to be paid in the future as a result of employee service to date. The measure is intended to help users assess the Public Employee's Retirement System (PERS) funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons among PERS. This measure is independent of the funding method used to determine the City's contribution requirements.

A variety of significant actuarial assumptions are used to determine the pension benefit obligation and these assumptions are summarized as follows:

Future Pension Payments - The present value of future pension payments was computed by using a discount rate of 8%.

Discount Rate - The discount rate is equal to the estimated long-term rate of return on current and future investments of the pension plan.

Salary Increase Assumptions - Future pension payments reflect an assumption of a 5% (compounded annually) salary increase as a result of inflation. Future pension payments reflect no post-retirement benefit increases, which is consistent with the terms of the pension agreement.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

B. Liabilities, Continued

1. Pension Plans, Continued (Officers and Employees Retirement Association)

The unfunded pension benefit obligation as of January 1, 1992 (latest actuarial report) is as follows:

|  |                      |
|--|----------------------|
| <u>Non-Current Employees</u>                           |                      |
| Retirees, beneficiaries .....                          | \$ 19,911,462        |
| Terminated employees .....                             | 469,625              |
| Total non-current employees .....                      | <u>20,381,087</u>    |
| <u>Current Employees</u>                               |                      |
| Accumulated employee contributions .....               | 5,224,951            |
| Employer financed .....                                | 16,593,124           |
| Total current employees .....                          | <u>21,818,075</u>    |
| Total pension benefit obligation .....                 | 42,199,162           |
| Net assets available for benefits (market value) ..... | (20,206,680)         |
| Unfunded pension benefit obligation .....              | <u>\$ 21,992,482</u> |

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligation occurred during 1992.

Contributions Required and Contributions Made - Annual employer contributions to the pension plan are not actuarially determined but rather are determined by the City. The employer contribution is based on a formula required by Act 205 of 1984 of the Commonwealth of Pennsylvania ("Act 205") and incorporates the normal cost as a percentage of payroll and an amount entitled, Act 205 Minimum Unfunded Actuarial Accrued Liability Payment, both of which are actuarially determined. The method of funding utilized by the actuary is the Individual Entry Age Normal-Level Percent of Payroll Method.

The total financial requirement of the plan for 1992 was \$3,443,296. This requirement is reduced by a phase in credit. The phase in credit was calculated as \$383,934 in September, 1991 and the budget was formulated accordingly. In November, 1992, the phase in credit was recalculated (based on preliminary state audit findings) as \$305,290. Accordingly, the net financial requirement was initially calculated as \$3,059,362 and revised upward to \$3,138,006.

Total contribution to the OERA in 1992 amounted to \$3,027,604. The sources of this contribution are as follows:

|                                    |                     |
|------------------------------------|---------------------|
| City of Erie .....                 | \$ 2,198,972        |
| Employees .....                    | 655,568             |
| Commonwealth of Pennsylvania ..... | 173,064             |
| Total .....                        | <u>\$ 3,027,604</u> |

City Contributions by certain grants are delinquent in the amount of \$93,792. When these payments are received, total contributions will exceed the original net financial requirement by \$62,034 but will be less than the revised net financial requirement by \$16,610. Contributions made by the City of Erie and its employees each represented 23.1% and 6.9% of covered payroll, respectively.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

B. Liabilities, Continued

1. Pension Plans, Continued (Officers and Employees Retirement Association)

Trend Information - Historical trend information for the Officers and Employees Retirement Association as of the January 1, 1992 valuation date is as follows:

|  | <u>1992</u> | <u>1991</u> | <u>1990</u> |
|--|-------------|-------------|-------------|
| Net assets available for benefits as a percentage of the pension benefit obligation applicable to City employees ..... | 47.9%       | 40.3%       | 36.7%       |
| Unfunded pension benefit obligation as a percentage of the City's annual covered payroll <sup>1</sup> .....            | 231%        | 261%        | 277%        |
| City's contributions to the pension plan as a percentage of annual covered payroll .....                               | 23.1%       | 7.1%        | 7.4%        |

<sup>1</sup> Showing the unfunded pension benefit obligation as a percentage of the City's annual covered payroll approximately adjusts for the effects of inflation for analytical purposes.

Ten year historical trend information is disclosed in the Schedules section of this report. Historical trend information is presented in order for the reader to assess the progress made in accumulating sufficient assets to pay pension benefits.

Police Pension Fund

Plan Description - The Police Pension Fund covers the uniformed employees of the Bureau of Police.

The latest actuarial report dated January 1, 1992 reported the City's covered and total annual payroll for police officers as \$5,641,647. Covered payroll refers to all compensation paid by the City to active employees covered by the Police Pension Fund.

All uniformed police officers are required to participate in the plan. Under the provision of the plan, pension benefits vest after 12 years of service with full vesting occurring after 20 years. Benefit payments for non-disability pension shall not commence before age 50.

The monthly pension payable herein shall be in an amount equal to 50% of the monthly pay, including annual salary, longevity increments and holiday pay but excluding compensation for overtime, shift differential, clothing allowance and cleaning allowance, received by the member at the time of this retirement, payable until death.

Also, the plan provides for disability and death benefits of 25% of annual compensation with less than 10 years of service, and 50% of annual compensation with more than 10 years of service.

All covered employees must contribute 5% of salary and compensation, including annual salary, longevity increments and holiday pay but excluding compensation for overtime, shift differential, clothing allowance and cleaning allowance, of each officer who is a member of the Police Pension Fund. In addition, the City must provide annual contributions sufficient to satisfy contribution requirements as mandated by state statute.

Related Party Investments - The Police Pension Fund does not have any investments issued by a related party as of December 31, 1992, per the most recently issued annual report.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

B. Liabilities, Continued

1. Pension Plans, Continued (Police Pension Fund)

Funding Status and Progress - The Pension Benefit Obligation (PBO) is reflected as the Actuarial Present Value of Credited Projected Benefits. The PBO is the standard measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits projected to be paid in the future as a result of employee service to date. The measure is intended to help users assess the Public Employee's Retirement System (PERS) funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons among PERS. This measure is independent of the funding method used to determine the City's contribution requirements.

A variety of significant actuarial assumptions are used to determine the pension benefit obligation and these assumptions are summarized as follows:

Future Pension Payments - The present value of future pension payments was computed by using a discount rate of 8%.

Discount Rate - The discount rate is equal to the estimated long-term rate of return on current and future investments of the pension plan.

Salary Increase Assumptions - Future pension payments reflect an assumption of a 5½% (compounded annually) salary increase, as a result of inflation. Future pension payments reflect no post-retirement benefit increases, which is consistent with the terms of the pension agreement.

The unfunded pension benefit obligation as of January 1, 1992 (latest actuarial report) is as follows:

|  |                      |
|--|----------------------|
| <u>Non-Current Employees</u>                           |                      |
| Retirees, beneficiaries .....                          | \$ 35,526,592        |
| Terminated employees .....                             | 1,156,750            |
| Total non-current employees .....                      | <u>36,683,342</u>    |
| <u>Current Employees</u>                               |                      |
| Accumulated employee contributions .....               | 2,845,145            |
| Employer financed .....                                | 32,302,711           |
| Total current employees .....                          | <u>35,147,856</u>    |
| Total pension benefit obligation .....                 | 71,831,198           |
| Net assets available for benefits (market value) ..... | (17,452,096)         |
| Unfunded pension benefit obligation .....              | <u>\$ 54,379,102</u> |

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligation occurred during 1992.

Contributions Required and Contributions Made - Annual employer contributions to the pension plan are not actuarially determined but rather are determined by the City. The employer contribution is based on a formula required by Act 205 and incorporates the normal cost as a percentage of payroll and an amount entitled Act 205 Minimum Unfunded Actuarial Accrued Liability Payment, both of which are actuarially determined. The method of funding utilized by the actuary is the Individual Entry Age Normal - Level Percent of Payroll Method.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

B. Liabilities, Continued

1. Pension Plans, Continued (Police Pension Fund)

The total financial requirement of the plan for 1992 was \$5,500,890. This requirement is reduced by a phase in credit. The phase in credit was calculated as \$336,998 in September, 1991. In November, 1992, the phase in credit was recalculated (based on preliminary state audit findings) as \$385,062. Accordingly, the net financial requirement was initially calculated as \$5,163,892 and revised downward to \$5,115,828.

Total contribution to the Police Pension Fund in 1992 amounted to \$5,322,017. The sources of this contribution are as follows:

|                                    |    |           |
|------------------------------------|----|-----------|
| City of Erie .....                 | \$ | 4,878,461 |
| Employees .....                    |    | 318,869   |
| Commonwealth of Pennsylvania ..... |    | 124,687   |
| Total .....                        | \$ | 5,322,017 |

Contributions made by the City of Erie and its employees represented 86.5% and 5.6% of covered payroll, respectively.

Trend Information - Historical trend information for the Police Pension Fund as of January 1, 1992 valuation date is as follows:

|  | 1992  | 1991  | 1990  |
|--|-------|-------|-------|
| Net assets available for benefits as a percentage of the pension benefit obligation applicable to City employees ..... | 24.3% | 17.6% | 13.9% |
| Unfunded pension benefit obligation as a percentage of the City's annual covered payroll <sup>1</sup> .....            | 964%  | 1054% | 1225% |
| City's contributions to the pension plan as a percentage of annual covered payroll .....                               | 86.5% | 61.6% | 55.6% |

<sup>1</sup> Showing the unfunded pension benefit obligation as a percentage of the City's annual covered payroll approximately adjusts for the effects of inflation for analytical purposes.

Ten year historical trend information is disclosed in the Schedules section of this report. Historical trend information is presented in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits.

Firemen's Pension Fund

Plan Description - The Firemen's Pension Fund covers all members of the Bureau of Fire.

The latest actuarial report dated January 1, 1992 reported the City's covered and total annual payroll for the firemen as \$4,998,857 and \$5,678,141, respectively. Covered payroll refers to all compensation paid by the City to active employees covered by the Firemen's Pension Fund.

All members of the Bureau of Fire are required to participate in the plan. Under the provision of the plan, pension benefits vest after 12 years of service with full vesting occurring after 20 years of service. The vested benefits may not be withdrawn until minimum age of retirement. The annual pension benefit is equal to the Basic Allowance adjusted for service increments and other offsets as described in the plan. The Basic Allowance is 50% of the monthly pay received at the time of retirement, but not less than the highest five year average.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

B. Liabilities, Continued

1. Pension Plans, Continued (Firemen's Pension Fund)

All covered employees must contribute 5% of their gross wages to the pension plan, per the plan provisions. In addition, the City must provide annual contributions sufficient to satisfy contribution requirements as mandated by state statute.

Related Party Investments - The Firemen's Pension Fund does not have any investments issued by a related party as of December 31, 1992, per the most recently issued annual report.

Funding Status and Progress - The Pension Benefit Obligation (PBO) is reflected as the Actuarial Present Value of Credited Projected Benefits. The PBO is the standard measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits projected to be paid in the future as a result of employee service to date. The measure is intended to help users assess the Public Employee's Retirement System (PERS) funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons among PERS. This measure is independent of the funding method used to determine the City's contribution requirements.

A variety of significant actuarial assumptions are used to determine the pension benefit obligation and these assumptions are summarized as follows:

Future Pension Payments - The present value of future pension payments was computed by using a discount rate of 8%.

Discount Rate - The discount rate is equal to the estimated long-term rate of return on current and future investments of the pension plan.

Salary Increase Assumption - Future pension payments reflect an assumption of a 5½% (compounded annually) salary increase as a result of inflation. Future pension payments reflect no post-retirement benefit increases, which is consistent with the terms of the pension agreement.

The unfunded pension benefit obligation as of January 1, 1992 (latest actuarial report) is as follows:

|  |                      |
|--|----------------------|
| <u>Non-Current Employees</u>                           |                      |
| Retirees, beneficiaries .....                          | \$ 14,225,646        |
| Terminated employees .....                             | 51,249               |
| Total non-current employees .....                      | <u>14,276,895</u>    |
| <u>Current Employees</u>                               |                      |
| Accumulated employee contributions .....               | 2,996,665            |
| Employer financed .....                                | 21,128,700           |
| Total current employees .....                          | <u>24,125,365</u>    |
| Total pension benefit obligation .....                 | 38,402,260           |
| Net assets available for benefits (market value) ..... | (11,980,684)         |
| Unfunded pension benefit obligation .....              | <u>\$ 26,421,576</u> |

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligation occurred during 1992.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

B. Liabilities, Continued

1. Pension Plans, Continued (Firemen's Pension Fund)

Contributions Required and Contributions Made - Annual employer contributions to the pension plan are not actuarially determined but rather are determined by the City. The employer contribution is based on a formula required by Act 205 and incorporates the normal cost as a percentage of payroll and an amount entitled Act 205 Minimum Unfunded Actuarial Accrued Liability Payment, both of which are actuarially determined. The method of funding utilized by the actuary is the Individual Entry Age Normal - Level Percent of Payroll Method.

The total financial requirement for the plan for 1992 was \$2,579,963. This requirement is reduced by a phase in credit. The phase in credit was calculated as \$277,040 in September, 1991 and the budget was formulated accordingly. In November, 1992, the phase in credit was recalculated (based on preliminary state audit findings) as \$89,519. Accordingly, the net financial requirement was initially calculated as \$2,302,923 and revised upward to \$2,490,444.

Total contribution to the Firemen's Pension Fund in 1992 amounted to \$2,712,435 The sources of this contribution are as follows:

|                                    |                     |
|------------------------------------|---------------------|
| City of Erie .....                 | \$ 2,272,188        |
| Employees .....                    | 322,020             |
| Commonwealth of Pennsylvania ..... | 118,227             |
| Total .....                        | <u>\$ 2,712,435</u> |

Contributions made by the City of Erie and its employees represented 45.5% and 6.4% of covered payroll, respectively.

Trend Information - Historical trend information for the Police Pension Fund as of the January 1, 1992 valuation dates is as follows:

|  | <u>1992</u> | <u>1991</u> | <u>1990</u> |
|--|-------------|-------------|-------------|
| Net assets available for benefits as a percentage of the pension benefit obligation applicable to City employees ..... | 31.2%       | 26.5%       | 20.1%       |
| Unfunded pension benefit obligation as a percentage of the City's annual covered payroll <sup>1</sup> .....            | 529%        | 520%        | 611%        |
| City's contributions to the pension plan as a percentage of annual covered payroll .....                               | 45.5%       | 27.2%       | 25.9%       |

<sup>1</sup> Showing the unfunded pension benefit obligation as a percentage of the City's annual covered payroll approximately adjusts for the effects of inflation for analytical purposes.

Ten year historical trend information is disclosed in the Schedules section of this report. Historical trend information is presented in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits.

2. Deferred Compensation Plan - The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditor of the City in an amount equal to the fair market value of the deferred account for each participant. The investments are carried at market value and reported in the Agency Fund.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

B. Liabilities, Continued

2. Deferred Compensation Plan, Continued

Its the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

3. Risk Management - The City is exposed to various risks of losses resulting from theft, damage and destruction of assets, errors and omissions, and various other actions. Beginning in 1986, the City decided to stop carrying commercial insurance because of its prohibitive cost and began covering all claim settlements and judgments out of its General Fund resources. The City currently reports all of the above risk management related activities in its General Fund. Certain Enterprise Funds contribute to the General Fund based on their allocated shares. These amounts are recorded in the General Fund and the cumulative amount is included in the fund balance that is designated for self-insurance. All claims less than \$50,000 are expensed as incurred. The designation for self-insurance is reduced for individual claims in excess of \$50,000. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Municipal immunity, established by statute, sets the maximum amount that the City may be liable for, in Commonwealth court, at \$500,000 per incident.

The City maintains a self-insurance program for workers compensation coverage, which is being accounted for as an Internal Service Fund. The fund charges premiums to various other funds of the City based on an amount determined by an administering insurance company. The insurance company serves as claims administrator, reviews and processes claims and provides stop loss coverage for claims in excess of \$500,000 per incident and \$2,500,000 in aggregate annual losses. The premiums are based on anticipated claims, estimated costs of administering and satisfying claims, and insurance premiums for stop loss coverage amounted to \$1,690,754 in 1992.

The City has also maintained, since December, 1986, a modified self-insurance program for insuring hospitalization and medical costs. Under this modified self-insurance program the City deposits premiums monthly into an account at a local bank. This premium is the maximum amount the City will have to pay for coverage, as determined by the carrier. The carrier withdraws from the bank account 90% of the premium deposit. The remaining 10% remains in the bank until the carrier calculates if any additional premium over the 90% is required. The additional premium is withdrawn but never more than the original premium deposit. Conversely if the calculated premium is lower than 90%, the carrier remits the difference back to the fund. Payments by the City into the fund are expensed when made. The program is limited to losses of \$50,000 annually per covered person for all programs combined. Additional coverage to the policy limits is provided through the use of stop loss policies. The current year activity is detailed as follows:

|                                       |                     |
|---------------------------------------|---------------------|
| Bank balance, January 1, 1992 .....   | \$ 899,853          |
| Deposits .....                        | 3,483,367           |
| Interest .....                        | 43,668              |
| Insurance premium .....               | (3,327,658)         |
| Administration fee .....              | (2,495)             |
| Bank balance, December 31, 1992 ..... | <u>\$ 1,096,735</u> |

4. Claims and Judgments Payable - Judgements payable represent amounts of cases against the City which the City Solicitor has indicated will probably result in a liability. They are recorded in the General Fund to the extent that they are expected to be liquidated with expendable financial resources. The balance is recorded in the General Long-Term Debt Account Group. The claims payable in the Internal Service Funds represents the open reserves for workers compensation claims.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

B. Liabilities, Continued

5. Lease Agreements

Erie Municipal Park Authority - In 1964 the City entered into a rental agreement with the Erie Municipal Park Authority to lease certain property, which is recorded in the General Fixed Asset Account Group at a cost of \$1,161,491, located at the Erie Zoo, and wherein the City pays an annual rental of \$53,000 each January 1, to and including January 1, 2004. The payments are provided for the retirement of the Authority bonds, and for administrative and operating expenses. The Authority bonds outstanding at December 31, 1992 are \$490,000. Upon termination of the lease, the leased property becomes property of the City. Therefore, this lease is being accounted for as a capital lease.

The remaining lease payments as of December 31, 1992 are as follows:

|                                    |                   |
|------------------------------------|-------------------|
| 1993 .....                         | \$ 53,000         |
| 1994 .....                         | 49,074            |
| 1995 .....                         | 45,439            |
| 1996 .....                         | 42,073            |
| 1997 .....                         | 38,957            |
| 1998 and thereafter .....          | 202,822           |
| Total minimum lease payments ..... | 431,365           |
| Interest portion .....             | 204,635           |
| Total .....                        | <u>\$ 636,000</u> |

Erie Sewer Authority - In 1972 the City entered into a lease with the Erie Sewer Authority, wherein the Authority issued debt to acquire real estate, building and equipment for the purpose of collecting and disposing of sewage. Upon termination of the lease, the leased property is retained by the Authority. Therefore, this lease is being accounted for as an operating lease. The City pays a lease rental to the Authority which is designed to retire its debt. The lease calls for semi-annual lease payments to be made from the Sewer Revenue Fund on April 15, and October 15, through April 15, 2011. The annual lease rental payment is to be equal to 110% of the average annual debt service requirement calculated with respect to bonds outstanding during the calendar year plus \$10,000 for administrative expenses. The \$10,000 annual administrative fee is due in two \$5,000 semi-annual installments and is payable only when the balance maintained by the bank in the Authority's Administrative Expense Fund falls below \$15,000. The remaining lease payments as of December 31, 1992 are as follows:

|                           |                      |
|---------------------------|----------------------|
| 1993 .....                | \$ 1,040,657         |
| 1994 .....                | 1,040,583            |
| 1995 .....                | 1,040,389            |
| 1996 .....                | 1,040,486            |
| 1997 .....                | 1,040,631            |
| 1998 and thereafter ..... | 14,571,999           |
| Total .....               | <u>\$ 19,774,745</u> |

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

B. Liabilities, Continued

5. Lease Agreements, Continued

The lease rental payment for 1992 was \$1,040,546. The Authority bonds outstanding as of December 31, 1992 are \$10,465,000.

Other Lease Agreements - The City has other capital lease agreements to purchase equipment (copiers, computers, and telephone system). Lease terms are from 1 to 5 years with interest on the unpaid balance from 6.80% to 8.26%. The City may pay off a lease ahead of schedule. Total expenditures for 1992 were \$47,525.

The remaining lease payments as of December 31, 1992 are as follows:

|                                    |                   |
|------------------------------------|-------------------|
| 1993 .....                         | \$ 47,594         |
| 1994 .....                         | 51,365            |
| 1995 .....                         | 55,437            |
| 1996 .....                         | 59,835            |
| 1997 .....                         | 38,285            |
| Total minimum lease payments ..... | 252,516           |
| Interest portion .....             | 47,684            |
| Total .....                        | <u>\$ 300,200</u> |

The Capital lease obligation recorded in the General Long-Term Debt Account Group is summarized as follows:

|  |                   |
|--|-------------------|
| Erie Municipal Parking Authority ..... | \$ 636,000        |
| Other lease agreements .....           | 300,200           |
| Total capital leases .....             | <u>\$ 936,200</u> |

6. Long-Term Debt

General Long-Term Debt Account Group - General obligation bonds are direct general obligations of the City. Principal and interest payments are backed by the full faith, credit and taxing power of the City. Under Commonwealth of Pennsylvania Local Government Unit Debt Act limitations, the City may incur up to \$123,665,338 of non-electoral indebtedness.

On July 1, 1963, the City issued \$2,150,000 principal amount of City Hall Construction and Improvement Bonds, Series of 1963, for the purposes of City Hall construction and various improvement projects. The bonds are to mature serially in various amounts on July 1, each year, commencing July 1, 1964 and ending July 1, 1993. The bonds bear interest rates varying from 0.1% to 3.3% payable semi-annually on July 1, and January 1, each year, commencing July 1, 1964. Outstanding principal at December 31, 1992 is \$70,000.

On May 15, 1964, the City issued \$1,925,000 principal amount of City Hall Construction and Improvement Bonds, Series of 1964, for the purposes of funding the construction of City Hall, drainage and storm sewers and various improvement projects. The bonds are to mature serially in various amounts on May 15, each year, commencing May 15, 1965 and ending May 15, 1994. The bonds bear interest rates varying from 0.05% to 3.25% payable semi-annually on May 15, and November 15, each year, commencing May 15, 1965. Outstanding bonds at December 31, 1992 is \$120,000.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

B. Liabilities, Continued

6. Long-Term Debt, Continued

On June 15, 1968, the City issued \$3,500,000 principal amount of General Obligation Improvement Bonds, Series of 1968, for the purpose of equipment purchases for the Departments of Public Works, Public Safety and Public Property; the purchase of a computer for the Office of City Controller and to repay temporary loans for capital improvements. The bonds are to mature serially in various amounts on June 15, each year, commencing June 15, 1970 and ending June 15, 1998. The bonds bear interest rates varying from 3.50% to 4.65% payable semi-annually on June 15, and December 15, each year, commencing June 15, 1970. The series maturing June 15, 1979 and thereafter shall be callable in whole, or in part, in reverse numerical order on June 15, 1978, or on any interest payment date thereafter upon payment of the applicable redemption price and accrued interest. Outstanding bond principal at December 31, 1992 is \$720,000.

The City issued \$4,000,000 principal amount of Capital Improvement Bonds, Series of 1971, on January 15, 1972, for the purposes of improving streets and roads, storm and sanitary sewers and various improvement projects. The bonds are to mature serially in various amounts on January 15, each year, commencing January 15, 1974 and ending January 15, 2002. The bonds bear interest rates varying from 4.0% to 5.8% payable semi-annually on January 15, and July 15, each year, commencing January 15, 1974. Outstanding principal at December 31, 1992 is \$1,350,000.

On December 1, 1973, the City issued \$6,175,000 principal amount of Capital Improvement and Refunding Bonds, Series of 1973, for the purposes of various improvement projects and for redemption and payment of the 1970 Capital Improvement Bond Fund. The bonds are to mature serially in various amounts on July 15, each year, commencing July 15, 1974 and ending July 15, 1993. The bonds bear interest rates varying from 5.35% to 5.40% payable semi-annually on January 15, and July 15, each year, commencing January 15, 1974. The debt requirements of the 1973 Capital Improvement and Refunding Bonds are being satisfied by the City and the Erie City Water Authority for their respective shares. Outstanding bonds in the General Fund at December 31, 1992 is \$50,000.

On May 1, 1986, the City issued \$5,730,000 principal amount of Capital Improvement Bonds, Series of 1986, for the purposes of construction of improvements to the sanitary and storm sewer systems, improvements to various public buildings and parks, acquisition of vehicles and equipment and to pay the costs and expenses incidental to the issuance of the bonds. The bonds are to mature serially in various amounts on May 1, each year, commencing May 1, 1987 and ending May 1, 2001. The bonds bear interest rates varying from 6.25% to 7.50% payable semi-annually on May 1, and November 1, each year, commencing May 1, 1987. The debt requirements for this bond issue are recorded in the General Fund and the Sewer Revenue Fund. Outstanding principal in the General Fund at December 31, 1992 is \$2,083,732.

On October 1, 1992, the City issued \$1,440,000 principal amount of General Obligation Bonds, Series of 1991 for the purpose of providing funds for satisfying the City's franchise prepayment debt related to its' Cable Television franchise and to pay the costs and expenses incidental to the issuance of the bonds. The bonds are to mature serially in various amounts on November 1, of each year, commencing November 1, 1992 and ending November 1, 1997. The bonds bear interest rates varying from 6.250% to 7.375% payable semi-annually on May 1, and November 1, each year, commencing on May 1, 1992. Outstanding principal at December 31, 1992 is \$1,195,000.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

B. Liabilities, Continued

6. Long-Term Debt, Continued

The following summarizes the General Obligation Bond maturities and related interest requirements due subsequent to December 31, 1992, for outstanding indebtedness of the General Long-Term Debt Account Group:

|                           | General Fund<br>General Obligation Bonds |              |              |
|---------------------------|--|--------------|--------------|
|                           | Principal                                | Interest     | Total        |
| 1993 .....                | \$ 878,856                               | \$ 325,972   | \$ 1,204,828 |
| 1994 .....                | 784,083                                  | 280,206      | 1,064,289    |
| 1995 .....                | 756,866                                  | 235,005      | 991,871      |
| 1996 .....                | 792,206                                  | 187,079      | 979,285      |
| 1997 .....                | 492,547                                  | 135,362      | 627,909      |
| 1998 and thereafter ..... | 1,884,174                                | 251,164      | 2,135,338    |
| Total .....               | \$ 5,588,732                             | \$ 1,414,788 | \$ 7,003,520 |

Proprietary Funds

Sewer Revenue Bond Fund

The Capital Improvement Bonds, Series of 1986, outstanding bond principal recorded in the Sewer Revenue Fund at December 31, 1992 is \$1,991,268. Refer to the General Fund General Obligation Bonds for a complete description of this issue.

The following summarizes Sewer Revenue Bonds outstanding at December 31, 1992:

|  |              |
|--|--------------|
| Outstanding principal at December 31, 1992 ..... | \$ 1,991,268 |
| Less: current maturities .....                   | 166,144      |
| Total .....                                      | \$ 1,825,124 |

The following summarizes the maturities and related interest requirements due subsequent to December 31, 1992, for outstanding indebtedness of the Proprietary Fund:

|                           | Sewer Revenue Fund<br>General Obligation Bonds |            |              |
|---------------------------|--|------------|--------------|
|                           | Principal                                      | Interest   | Total        |
| 1993 .....                | \$ 166,144                                     | \$ 140,355 | \$ 306,499   |
| 1994 .....                | 175,917  | 128,590    | 304,507      |
| 1995 .....                | 188,134  | 115,754    | 303,888      |
| 1996 .....                | 202,794  | 101,724    | 304,518      |
| 1997 .....                | 217,453  | 86,218     | 303,671      |
| 1998 and thereafter ..... | 1,040,826                                      | 163,092    | 1,203,918    |
| Total .....               | \$ 1,991,268                                   | \$ 735,733 | \$ 2,727,001 |

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

B. Liabilities, Continued

6. Long-Term Debt, Continued

Changes in long-term debt payable during 1992 are summarized as follows:

|                                    | Balance<br>January 1,<br>1992 | Additions         | Retired             | Balance<br>December 31,<br>1992 |
|------------------------------------|-------------------------------|-------------------|---------------------|---------------------------------|
| <u>General Long-Term Debt</u>      |                               |                   |                     |                                 |
| Capital lease obligation .....     | \$ 903,027                    | \$ 133,698        | \$ 100,525          | \$ 936,200                      |
| General obligation bonds .....     | 6,424,804                     | 0                 | 836,072             | 5,588,732                       |
| Total General Long-Term Debt ..... | 7,327,831                     | 133,698           | 936,597             | 6,524,932                       |
| <u>Proprietary Fund Debt</u>       |                               |                   |                     |                                 |
| <u>Sewer Revenue Fund:</u>         |                               |                   |                     |                                 |
| General obligation bonds .....     | 2,145,196                     | 0                 | 153,928             | 1,991,268                       |
| Total Proprietary Fund Debt .....  | 2,145,196                     | 0                 | 153,928             | 1,991,268                       |
| Total Debt .....                   | <u>\$ 9,473,027</u>           | <u>\$ 133,698</u> | <u>\$ 1,090,525</u> | <u>\$ 8,516,200</u>             |

7. Prior Year Defeasance of Debt - In prior years, the City defeased certain Water Construction Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust 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 City's financial statements. At December 31, 1992 \$4,005,000 of bonds outstanding are considered defeased.
8. Notes Payable - In order to finance anticipated temporary cash flow deficits that occurred at certain times during the year, the City authorized the issuance and sale of \$2,000,000 aggregate principal amount of Tax and Revenue Anticipation Notes in 1992 bearing an interest rate of 5.50%. This amount was drawn and repaid during the year.
9. Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the Governmental Fund that will pay it. Vested or accumulated vacation leave of Proprietary Funds is recorded as an expense and liability of those funds as the benefits accrue to employees. The balance that has been accrued is \$159,523, which represents a decrease of \$99,450 from the prior year, and is recorded in the appropriate funds as a current liability.
10. Other Postemployment Benefits - In addition to pension benefits described in Note III.B.1., the City provides postemployment health insurance coverage for retirees of the Police and Firefighters unions at no cost to the participants. These benefits are provided pursuant to an arbitration award (re: salaries, wages, fringe benefits and other working conditions). In order to receive health care benefits an employee must have 12 years of service and attain the age of 50. The cost of benefits is recognized on a pay-as-you go basis, as part of the expense for health insurance (an initial premium is paid and subsequently adjusted for experience, subject to limits of individual and aggregate stop loss insurance). In 1992 the cost of postemployment benefits was \$19,556 for the 14 eligible Police retirees and \$16,672 for the 10 eligible Firefighter retirees.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

III. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS, Continued

C. Interfund Receivables and Interfund Payables

The interfund receivables represents amounts due from other funds of the City which have been reported in other funds as interfund payables. Interfund receivables and payables at December 31, 1992 consist of the following:

|                             | Interfund<br>Receivables | Interfund<br>Payables |
|-----------------------------|--------------------------|-----------------------|
| General Fund .....          | \$ 37,282                | \$ 34,431             |
| Special Revenue Funds ..... | 34,431                   | 0                     |
| Enterprise Fund .....       | 0                        | 37,282                |
| Total .....                 | \$ 71,713                | \$ 71,713             |

D. Due From/To Other Funds

A portion of the proceeds from the Capital Improvement Bonds, Series 1986, was earmarked for improvements to sanitary and storm sewer systems. The proceeds are being accounted for in the Capital Projects Fund with the share that remains available for sewer related projects separately designated as due to the Enterprise Fund.

E. Fund Equity

The reserve for prepaid insurance represents the amount of fund equity used to finance insurance that will expire in 1993 and is therefore not part of unreserved fund equity available to meet expenditures of the succeeding year.

The reserve for encumbrances represents the amount of the fund equity which has been committed for expenditures of the current year in accordance with the City's budgetary accounting procedures, and is therefore not part of unreserved fund equity available to meet expenditures of the succeeding year.

The reserve for workers compensation trust represents amounts held in a bank trust department to meet security requirements for the Workers Compensation Self-Insurance Fund.

A portion of the General Fund's unreserved fund balance has been designated to establish a Self-Insurance Fund for general liability. The designated fund balance increases each year by designating an additional portion of the General Fund's undesignated fund balance as well as by operating transfers from certain Enterprise Funds.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

IV. SEGMENT INFORMATION - ENTERPRISE FUNDS

The City maintained, during 1992, four Enterprise Funds which provide the following services:

|  | Sewer<br>Revenue    | Sewer<br>Reserve  | Water<br>Revenue     | Golf               | Total<br>Enterprise<br>Fund |
|--|---------------------|-------------------|----------------------|--------------------|-----------------------------|
| Operating revenue . . . . .                      | \$ 11,700,265       | \$ 0              | \$ 1,720,534         | \$ 799,143         | \$ 14,219,942               |
| Operating expenses before depreciation . . . . . | (10,745,777)        | 0                 | 0                    | (670,956)          | (11,416,733)                |
| Depreciation . . . . .                           | (363,442)           | 0                 | (888,593)            | (41,107)           | (1,293,142)                 |
| Operating income . . . . .                       | 591,046             | 0                 | 831,941              | 87,080             | 1,510,067                   |
| Nonoperating revenue (expense) . . . . .         | 595,052             | 9,988             | 0                    | 0                  | 605,040                     |
| Operating transfers in . . . . .                 | 10,958              | 0                 | 0                    | 1,114              | 12,072                      |
| Operating transfers (out) . . . . .              | (550,000)           | 0                 | (979,688)            | (135,625)          | (1,665,313)                 |
| Net income . . . . .                             | <u>\$ 647,056</u>   | <u>\$ 9,988</u>   | <u>\$ (147,747)</u>  | <u>\$ (47,431)</u> | <u>\$ 461,866</u>           |
| Current assets . . . . .                         | \$ 2,830,420        | \$ 270,437        | \$ 0                 | \$ 1,114           | \$ 3,101,971                |
| Fixed asset additions . . . . .                  | 693,819             | 0                 | 0                    | 17,734             | 711,553                     |
| Other assets . . . . .                           | 4,210,014           | 0                 | 24,915,562           | 659,475            | 29,785,051                  |
| Total assets . . . . .                           | <u>\$ 7,734,253</u> | <u>\$ 270,437</u> | <u>\$ 24,915,562</u> | <u>\$ 678,323</u>  | <u>\$ 33,598,575</u>        |
| Current liabilities . . . . .                    | \$ 934,829          | \$ 0              | \$ 0                 | \$ 42,175          | \$ 977,004                  |
| Bonds & other liabilities . . . . .              | 1,825,124           | 0                 | 9,942,780            | 0                  | 11,767,904                  |
| Total equity . . . . .                           | 4,974,300           | 270,437           | 14,972,782           | 636,148            | 20,853,667                  |
| Total liabilities and equity . . . . .           | <u>\$ 7,734,253</u> | <u>\$ 270,437</u> | <u>\$ 24,915,562</u> | <u>\$ 678,323</u>  | <u>\$ 33,598,575</u>        |
| Net working capital . . . . .                    | <u>\$ 1,895,591</u> | <u>\$ 270,437</u> | <u>\$ 0</u>          | <u>\$ (41,061)</u> | <u>\$ 2,124,967</u>         |

V. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The City is involved in litigation with several individuals related to workers compensation claims. With respect to these cases, the City's legal counsel believes it is reasonably possible that the City will receive an unfavorable ruling requiring the City to pay benefits to the individuals. The benefits, on a combined basis, amount to \$450 per week for the life of the individuals. Additionally, a lump sum payment of \$150,000 upon settlement could be due for past benefits. During 1992 prior to the issuance of this report, this case was settled by Commonwealth Court in the City's favor. The case is currently being appealed in Pennsylvania Supreme Court, however, the City's legal counsel believes that it is unlikely that the City will receive an unfavorable ruling.

The City is also involved in various other litigation related to property damage, personal injury, civil rights and other matters which the City is vigorously defending. The individual cases range from \$1,000 to \$500,000. With regard to unsettled cases, the range of possible outcomes varies from remote to reasonably possible. The City's aggregate potential liability is \$1,934,600 of which \$1,230,100 is classified as remote, and \$704,500 has been determined to be reasonably possible.

Furthermore, litigation is pending relative to the County of Erie's LERTA ordinance related to property taxes. The result could require the City to return \$600,000 of property taxes representing taxes levied and collected in excess of the LERTA abatement.

In connection with certain self-insurance agreements the City has a standby letter of credit at December 31, 1992 of \$3,976,424. The letter of credit is collateralized with a Tax Anticipation Note.

CITY OF ERIE, PENNSYLVANIA  
Notes to Financial Statements, Continued  
December 31, 1992

V. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES, Continued

The Erie Parking Authority's Guaranteed Parking Revenue Refunding Bonds, Series of 1987, completely refunded the 1985 Series, and is fully insured by an independent insurance company against default. The City agreed to guaranty the 1987 Series in the form of a Guaranty Agreement whereby the City will guarantee payment of principal and interest. The insurance company's guarantee would become effective if both the Authority and the City failed to meet the obligation. Bonds outstanding at December 31, 1992 are \$13,495,000.

As previously discussed in Note III.B.6., the City transferred the outstanding bonds of the Water Revenue Fund to the Erie City Water Authority who is now responsible for its debt service. The City of Erie, however, remains liable for the repayment of the bonds in case of default on the part of the Authority. As of December 31, 1992, there is \$100,000 in outstanding Water Revenue Bonds.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City has entered into a contractual agreement with an engineering firm to have certain construction activities performed on the Cascade Street Business Infrastructure Development reconstruction project. The contract sum is estimated at \$525,900, which amount had not been encumbered at December 31, 1992.

VI. OTHER DISCLOSURES

A. Special Revenue and Capital Projects Budgets

The City budgets Special Revenue and Capital Projects programs as the projects are awarded. The initial budget represents total expected revenues and expenditures over the life of the project. In subsequent years the revenue and expenditure budgets are "derived" by adjusting the initial budget for actual, inception-to-date amounts. This procedure causes what normally would be beginning budgeted fund balance to be included with current year revenues and expenditures. In order to properly demonstrate the flow from year to year, ending budgeted fund balance is being "reset" to zero.

**BLANK**

**CITY OF ERIE, PENNSYLVANIA**

**General Fund  
Individual Financial Statements**

The General Fund accounts for all revenues and expenditures of the City which are not accounted for in other funds. The essential government services and functions are provided from the General Fund including police and fire protection, street maintenance and lighting, waste collection, public buildings, parks and recreation and general administration. Principal sources of revenue are taxes, refuse charges, fines, licenses and permits, interest earnings, charges for interfund services and state shared revenues.

**BLANK**

CITY OF ERIE, PENNSYLVANIA  
 General Fund  
 Schedule of Revenues and Expenditures (Cash Basis)  
 Budget and Actual (Including Encumbrances)  
 Year Ended December 31, 1992

|  | Budget               | Actual               | Variance<br>Favorable<br>(Unfavorable) |
|--|----------------------|----------------------|--|
| <b>REVENUES</b>  |                      |                      |  |
| General property taxes:                                  |                      |                      |  |
| Real estate taxes current                                | \$ 19,570,323        | \$ 20,198,444        | \$ 628,121                             |
| Real estate taxes prior                                  | 1,300,000            | 2,592,839            | 1,292,839                              |
| Total general property taxes                             | <u>20,870,323</u>    | <u>22,791,283</u>    | <u>1,920,960</u>                       |
| Income taxes   | 5,100,000            | 5,186,912            | 86,912                                 |
| Other taxes:   |                      |                      |  |
| Realty transfer taxes                                    | 370,000              | 404,774              | 34,774                                 |
| Occupational privilege taxes                             | 290,000              | 295,000              | 5,000                                  |
| Total other taxes  | <u>660,000</u>       | <u>699,774</u>       | <u>39,774</u>                          |
| Real estate tax penalty and interest                     | 225,000              | 453,480              | 228,480                                |
| Total taxes  | <u>26,855,323</u>    | <u>29,131,449</u>    | <u>2,276,126</u>                       |
| Licenses and permits:                                    |                      |                      |  |
| Licenses   | 214,000              | 172,140              | (41,860)                               |
| Permits  | 225,000              | 299,611              | 74,611                                 |
| Inspections  | 27,000               | 31,927               | 4,927                                  |
| Franchises   | 360,000              | 388,981              | 28,981                                 |
| Miscellaneous  | 21,000               | 23,770               | 2,770                                  |
| Total licenses and permits                               | <u>847,000</u>       | <u>916,429</u>       | <u>69,429</u>                          |
| Intergovernmental revenues:                              |                      |                      |  |
| State operation grants                                   | 3,363,640            | 3,299,453            | (64,187)                               |
| Local shared revenues                                    | 179,894              | 183,902              | 4,008                                  |
| Payments in lieu of taxes                                | 185,000              | 189,837              | 4,837                                  |
| Total intergovernmental revenues                         | <u>3,728,534</u>     | <u>3,673,192</u>     | <u>(55,342)</u>                        |
| Charges for services:                                    |                      |                      |  |
| General government                                       | 452,000              | 540,972              | 88,972                                 |
| Public safety  | 34,000               | 32,431               | (1,569)                                |
| Sanitation   | 3,238,140            | 3,043,704            | (194,436)                              |
| Parks and recreation                                     | 633,400              | 673,561              | 40,161                                 |
| Total charges for services                               | <u>4,357,540</u>     | <u>4,290,668</u>     | <u>(66,872)</u>                        |
| Fines and forfeits:                                      |                      |                      |  |
| Parking fines  | 725,000              | 720,203              | (4,797)                                |
| State police fines                                       | 85,000               | 83,410               | (1,590)                                |
| Traffic court fines and costs                            | 215,000              | 194,157              | (20,843)                               |
| District justice fines                                   | 44,000               | 48,772               | 4,772                                  |
| Miscellaneous fines                                      | 16,000               | 9,540                | (6,460)                                |
| Total fines and forfeits                                 | <u>1,085,000</u>     | <u>1,056,082</u>     | <u>(28,918)</u>                        |
| Miscellaneous revenues:                                  |                      |                      |  |
| Interest earning on investments                          | 595,000              | 304,658              | (290,342)                              |
| Rental income  | 200,000              | 179,590              | (20,410)                               |
| Special assessments                                      | 8,000                | 21,163               | 13,163                                 |
| Shared cost reimbursement-interfund                      | 1,252,000            | 1,346,409            | 94,409                                 |
| Shared cost reimbursement-intergovernmental              | 618,200              | 1,055,103            | 436,903                                |
| Miscellaneous sources                                    | 620,902              | 151,401              | (469,501)                              |
| Total miscellaneous revenues                             | <u>3,294,102</u>     | <u>3,058,324</u>     | <u>(235,778)</u>                       |
| Total revenues   | <u>40,167,499</u>    | <u>42,126,144</u>    | <u>1,958,645</u>                       |
| <b>OTHER FINANCING SOURCES</b>                           |                      |                      |  |
| Operating transfers in                                   | 2,336,250            | 2,386,250            | 50,000                                 |
| Operating transfers (out)                                | 0                    | (10,958)             | (10,958)                               |
| Total other financing sources                            | <u>2,336,250</u>     | <u>2,375,292</u>     | <u>39,042</u>                          |
| Fund balance (deficit) January 1, 1992                   | 1,299,329            | 2,234,019            | 934,690                                |
| Prior year encumbrances paid in current year             | 0                    | 650,058              | 650,058                                |
| Total revenues, other sources and beginning fund balance | <u>\$ 43,803,078</u> | <u>\$ 47,385,513</u> | <u>\$ 3,582,435</u>                    |

CITY OF ERIE, PENNSYLVANIA  
 General Fund  
 Schedule of Revenues and Expenditures (Cash Basis)  
 Budget and Actual (Including Encumbrances), Continued  
 Year Ended December 31, 1992

| EXPENDITURES                              | Budget               | Actual               | Encumbrances      | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------------|----------------------|-------------------|--|
| General government:                       |                      |                      |                   |  |
| City council and city clerk               | \$ 281,409           | \$ 271,089           | \$ 1,810          | \$ 8,510                               |
| Mayor                                     | 283,316              | 280,484              | 454               | 2,378                                  |
| City solicitor                            | 492,110              | 476,210              | 12,457            | 3,443                                  |
| City treasurer                            | 351,980              | 337,459              | 9,289             | 5,232                                  |
| Income tax collector                      | 454,224              | 438,580              | 7,612             | 8,032                                  |
| City controller                           | 129,194              | 122,747              | 2,850             | 3,597                                  |
| Directors office                          | 61,245               | 59,138               | 2,016             | 91                                     |
| Personnel and civil service               | 270,297              | 256,845              | 12,654            | 798                                    |
| Accounts, finance and budget              | 343,916              | 330,330              | 9,203             | 4,383                                  |
| Computer systems and services             | 233,573              | 216,288              | 8,411             | 8,874                                  |
| City purchasing                           | 179,937              | 176,984              | 1,611             | 1,342                                  |
| Reproduction                              | 75,588               | 74,519               | 0                 | 1,069                                  |
| Human relations                           | 20,974               | 18,440               | 22                | 2,512                                  |
| Local match                               | 523,385              | 479,125              | 8,844             | 35,416                                 |
| General government, insurance and utility | 1,733,775            | 1,667,566            | 9,130             | 57,079                                 |
| Total general government                  | <u>5,434,923</u>     | <u>5,205,804</u>     | <u>86,363</u>     | <u>142,756</u>                         |
| Public safety:                            |                      |                      |                   |  |
| Police civilians                          | 977,494              | 935,071              | 0                 | 42,423                                 |
| Police                                    | 13,636,031           | 13,304,174           | 96,269            | 235,588                                |
| Traffic court                             | 479,864              | 426,851              | 1,417             | 51,596                                 |
| Fire                                      | 10,718,534           | 10,551,589           | 79,276            | 87,669                                 |
| Radio                                     | 251,830              | 229,736              | 13,924            | 8,170                                  |
| Electrician                               | 307,010              | 294,779              | 2,562             | 9,669                                  |
| Total public safety                       | <u>26,370,763</u>    | <u>25,742,200</u>    | <u>193,448</u>    | <u>435,115</u>                         |
| Highways and streets:                     |                      |                      |                   |  |
| Directors office                          | 110,124              | 108,744              | 27                | 1,353                                  |
| Engineering                               | 601,729              | 529,219              | 59,600            | 12,910                                 |
| Paint and sign                            | 181,917              | 177,187              | 3,640             | 1,090                                  |
| Streets                                   | 3,340,003            | 3,269,292            | 18,425            | 52,286                                 |
| Municipal garage                          | 1,152,000            | 990,646              | 88,320            | 73,034                                 |
| Public buildings maintenance              | 705,947              | 609,595              | 69,947            | 26,405                                 |
| Total highways and streets                | <u>6,091,720</u>     | <u>5,684,683</u>     | <u>239,959</u>    | <u>167,078</u>                         |
| Sanitation:                               |                      |                      |                   |  |
| Refuse, disposal and recycling            | 3,674,308            | 3,279,923            | 272,341           | 122,044                                |
| Total sanitation                          | <u>3,674,308</u>     | <u>3,279,923</u>     | <u>272,341</u>    | <u>122,044</u>                         |
| Culture and recreation:                   |                      |                      |                   |  |
| Parks and recreation                      | 1,518,169            | 1,451,078            | 38,731            | 28,360                                 |
| Shade Tree Commission                     | 8,150                | 8,022                | 0                 | 128                                    |
| Erie Zoological Society                   | 140,000              | 140,000              | 0                 | 0                                      |
| Humane Society                            | 80,000               | 80,000               | 0                 | 0                                      |
| Arts Council of Erie                      | 25,000               | 25,000               | 0                 | 0                                      |
| Total culture and recreation              | <u>1,771,319</u>     | <u>1,704,100</u>     | <u>38,731</u>     | <u>28,488</u>                          |
| Debt service:                             |                      |                      |                   |  |
| Interest                                  | 107,045              | 45,244               | 0                 | 61,801                                 |
| Total debt service                        | <u>107,045</u>       | <u>45,244</u>        | <u>0</u>          | <u>61,801</u>                          |
| Intergovernmental:                        |                      |                      |                   |  |
| Erie Civic Center Authority               | 120,000              | 120,000              | 0                 | 0                                      |
| Erie Metropolitan Transit Authority       | 180,000              | 180,000              | 0                 | 0                                      |
| Erie Municipal Park Authority             | 53,000               | 53,000               | 0                 | 0                                      |
| Total intergovernmental                   | <u>353,000</u>       | <u>353,000</u>       | <u>0</u>          | <u>0</u>                               |
| Total expenditures                        | <u>\$ 43,803,078</u> | <u>\$ 42,014,954</u> | <u>\$ 830,842</u> | <u>\$ 957,282</u>                      |

**BLANK**

CITY OF ERIE, PENNSYLVANIA

Special Revenue Funds  
Combining Financial Statements

The Special Revenue Funds account for revenues from specific revenue sources which are legally restricted to expenditures for special purposes.

**Community Development Block Grant** - federally funded for the development of the City as a viable urban community by providing decent housing and a suitable living environment, and by expanding economic opportunities for persons of low and moderate income.

**Liquid Fuels Tax Fund Grant** - state funded for street construction and maintenance, vehicles and equipment.

**Cable TV Access Program** - locally funded for monitoring the franchise agreement between the City of Erie and a cable company, and for production of private and government programming on local access channels.

**BUDAG Revolving Account** - monies derived through mortgage repayments and interest from the federally funded Bayfront Urban Development Action Grant, to be used for projects within the bayfront area upon approval by HUD and the City of Erie.

**Bridge, Street and Traffic Improvement Projects** - federally, state and locally funded for development and implementation of bridge, street and traffic signalization projects.

**Jobs Training Partnership Act Grant** - state funded for the encouragement of business and government to train and place the economically disadvantaged in the private sector.

**Other Projects** - federally, state and locally funded for public safety equipment purchases; recycling projects; park and playground improvements; summer recreation and senior citizen programs; enterprise marketing and assistance programs; various site improvements and renovations.

**B L A N K**

CITY OF ERIE, PENNSYLVANIA  
Special Revenue Funds  
Combining Balance Sheet  
Year Ended December 31, 1992

|  | Community<br>Development<br>Block Grant | Liquid Fuels<br>Tax Grant | Cable TV<br>Access<br>Program | BUDAG<br>Revolving<br>Account |
|--|---|---------------------------|-------------------------------|-------------------------------|
| <b>ASSETS</b>                                      |   |                           |                               |                               |
| Cash   | \$ 0                                    | \$ 23,975                 | \$ 0                          | \$ 75,187                     |
| Investments  | 0                                       | 400,000                   | 0                             | 592,957                       |
| Receivables (net of allowance for uncollectibles): |   |                           |                               |                               |
| Accounts   | 0                                       | 0                         | 0                             | 0                             |
| Liens  | 235,752                                 | 0                         | 0                             | 0                             |
| Intergovernmental                                  | 138,376                                 | 0                         | 0                             | 0                             |
| Interfund  | 26,300                                  | 0                         | 0                             | 0                             |
| Notes  | 35,513                                  | 0                         | 0                             | 987,398                       |
| Other  | 0                                       | 259                       | 0                             | 2,573                         |
| Prepaid insurance                                  | 0                                       | 0                         | 0                             | 0                             |
| Total assets                                       | <u>\$ 435,941</u>                       | <u>\$ 424,234</u>         | <u>\$ 0</u>                   | <u>\$ 1,658,115</u>           |
| <b>LIABILITIES</b>                                 |   |                           |                               |                               |
| Cash overdraft                                     | \$ 29,749                               | \$ 0                      | \$ 0                          | \$ 0                          |
| Accounts payable                                   | 91,887                                  | 121,389                   | 0                             | 0                             |
| Accrued payroll                                    | 6,138                                   | 0                         | 0                             | 0                             |
| Interfund payable                                  | 0                                       | 0                         | 0                             | 0                             |
| Claims and judgments payable                       | 0                                       | 0                         | 0                             | 0                             |
| Compensated absences payable                       | 10,598                                  | 0                         | 0                             | 0                             |
| Deferred revenue                                   | 235,752                                 | 0                         | 0                             | 0                             |
| Total liabilities                                  | <u>374,124</u>                          | <u>121,389</u>            | <u>0</u>                      | <u>0</u>                      |
| <b>FUND BALANCE</b>                                |   |                           |                               |                               |
| Reserved for encumbrances                          | 936,376                                 | 7,589                     | 0                             | 0                             |
| Unreserved (deficit)                               | (874,559)                               | 295,256                   | 0                             | 1,658,115                     |
| Total fund balance (deficit)                       | <u>61,817</u>                           | <u>302,845</u>            | <u>0</u>                      | <u>1,658,115</u>              |
| Total liabilities and fund balance                 | <u>\$ 435,941</u>                       | <u>\$ 424,234</u>         | <u>\$ 0</u>                   | <u>\$ 1,658,115</u>           |

| Bridge, Street<br>and Traffic Imp.<br>Projects | Jobs Training<br>Partnership<br>Act Grant | Other<br>Projects | Total               |
|--|---|-------------------|---------------------|
| \$ 0   | \$ 58,884                                 | \$ 558,073        | \$ 716,119          |
| 0  | 0   | 0                 | 992,957             |
| 0  | 0   | 0                 | 0                   |
| 0  | 0   | 0                 | 235,752             |
| 0  | 71,673                                    | 58,278            | 268,327             |
| 0  | 4,637                                     | 3,494             | 34,431              |
| 0  | 0   | 248,227           | 1,271,138           |
| 0  | 0   | 0                 | 2,832               |
| 0  | 0   | 0                 | 0                   |
| <u>\$ 0</u>                                    | <u>\$ 135,194</u>                         | <u>\$ 868,072</u> | <u>\$ 3,521,556</u> |
| <br>   |   |                   |                     |
| \$ 47,108                                      | \$ 0                                      | \$ 0              | \$ 76,857           |
| 158,474  | 127,387                                   | 172,784           | 671,921             |
| 0  | 1,622                                     | 454               | 8,214               |
| 0  | 0   | 0                 | 0                   |
| 0  | 0   | 0                 | 0                   |
| 0  | 1,550                                     | 2,804             | 14,952              |
| 0  | 0   | 0                 | 235,752             |
| <u>205,582</u>                                 | <u>130,559</u>                            | <u>176,042</u>    | <u>1,007,696</u>    |
| <br>   |   |                   |                     |
| 0  | 19,797                                    | 387,838           | 1,351,600           |
| (205,582)                                      | (15,162)                                  | 304,192           | 1,162,260           |
| <u>(205,582)</u>                               | <u>4,635</u>                              | <u>692,030</u>    | <u>2,513,860</u>    |
| <u>\$ 0</u>                                    | <u>\$ 135,194</u>                         | <u>\$ 868,072</u> | <u>\$ 3,521,556</u> |

CITY OF ERIE, PENNSYLVANIA  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Year Ended December 31, 1992

|   | Community<br>Development<br>Block Grant | Liquid Fuels<br>Tax Grant | Cable TV<br>Access<br>Program | BUDAG<br>Revolving<br>Account |
|---|---|---------------------------|-------------------------------|-------------------------------|
| <b>REVENUES</b>   |   |                           |                               |                               |
| Intergovernmental:  |   |                           |                               |                               |
| Federal grants  | \$ 2,890,659                            | \$ 0                      | \$ 0                          | \$ 0                          |
| State grants  | 52,600                                  | 1,323,829                 | 0                             | 0                             |
| Local share-other   | 0                                       | 0                         | 0                             | 0                             |
| Total intergovernmental   | 2,943,259                               | 1,323,829                 | 0                             | 0                             |
| Miscellaneous revenues  | 24,664                                  | 25,174                    | 59,028                        | 103,820                       |
| Total revenues  | 2,967,923                               | 1,349,003                 | 59,028                        | 103,820                       |
| <b>EXPENDITURES</b>   |   |                           |                               |                               |
| Public safety   | 381,928                                 | 1,113,498                 | 0                             | 0                             |
| Highways and streets  | 379,705                                 | 0                         | 0                             | 0                             |
| Sanitation  | 0                                       | 0                         | 0                             | 0                             |
| Culture and recreation  | 230,043                                 | 0                         | 232,694                       | 0                             |
| Economic and community development  | 1,848,352                               | 0                         | 0                             | 0                             |
| Total expenditures  | 2,840,028                               | 1,113,498                 | 232,694                       | 0                             |
| Excess of revenues over (under) expenditures  | 127,895                                 | 235,505                   | (173,666)                     | 103,820                       |
| <b>OTHER FINANCING SOURCES (USES)</b>   |   |                           |                               |                               |
| Operating transfers in  | 0                                       | 0                         | 0                             | 0                             |
| Operating transfers (out)   | (113,336)                               | 0                         | 0                             | 0                             |
| Total other financing sources (uses)  | (113,336)                               | 0                         | 0                             | 0                             |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | 14,559                                  | 235,505                   | (173,666)                     | 103,820                       |
| Fund Balance (deficit) January 1, 1992 (Note I.G.)  | 47,258                                  | 67,340                    | 173,666                       | 1,554,295                     |
| Fund Balance (deficit) December 31, 1992  | \$ 61,817                               | \$ 302,845                | \$ 0                          | \$ 1,658,115                  |

| Bridge, Street<br>and Traffic Imp.<br>Projects | Jobs Training<br>Partnership<br>Act Grant | Other<br>Projects | Total        |
|--|---|-------------------|--------------|
| \$ 0   | \$ 0                                      | \$ 134,434        | \$ 3,025,093 |
| 0  | 4,023,502                                 | 641,501           | 6,041,432    |
| 0  | 0   | 684,974           | 684,974      |
| 0  | 4,023,502                                 | 1,460,909         | 9,751,499    |
| 0  | 0   | 28,774            | 241,460      |
| 0  | 4,023,502                                 | 1,489,683         | 9,992,959    |
| 0  | 0   | 92,143            | 1,587,569    |
| 205,585  | 0   | 212,045           | 797,335      |
| 0  | 0   | 239,471           | 239,471      |
| 0  | 0   | 827,488           | 1,290,225    |
| 0  | 4,017,636                                 | 289,289           | 6,155,277    |
| 205,585  | 4,017,636                                 | 1,660,436         | 10,069,877   |
| (205,585)                                      | 5,866                                     | (170,753)         | (76,918)     |
| 9,587  | 0   | 248,749           | 258,336      |
| 0  | 0   | (145,000)         | (258,336)    |
| 9,587  | 0   | 103,749           | 0            |
| (195,998)                                      | 5,866                                     | (67,004)          | (76,918)     |
| (9,584)  | (1,231)                                   | 759,034           | 2,590,778    |
| \$ (205,582)                                   | \$ 4,635                                  | \$ 692,030        | \$ 2,513,860 |

CITY OF ERIE, PENNSYLVANIA  
Special Revenue Fund - Community Development Block Grant  
Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)  
Budget and Actual (Including Encumbrances)  
Year Ended December 31, 1992

|   | Budget       | Actual       | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------|--------------|--|
| <b>REVENUES</b>   |              |              |  |
| Intergovernmental   | \$ 8,301,924 | \$ 3,066,949 | \$ (5,234,975)                         |
| Miscellaneous revenues  | 0            | 24,663       | 24,663                                 |
| Total revenues  | 8,301,924    | 3,091,612    | (5,210,312)                            |
| <b>EXPENDITURES</b>   |              |              |  |
| General government  | 92,000       | 17,228       | 74,772                                 |
| Public safety   | 899,304      | 384,684      | 514,620                                |
| Highways and streets  | 789,688      | 378,229      | 411,459                                |
| Sanitation  | 122,000      | 0            | 122,000                                |
| Culture and recreation  | 733,811      | 328,045      | 405,766                                |
| Economic and community development  | 4,624,031    | 2,737,745    | 1,886,286                              |
| Total expenditures  | 7,260,834    | 3,845,931    | 3,414,903                              |
| Excess of revenues over (under) expenditures  | 1,041,090    | (754,319)    | (1,795,409)                            |
| <b>OTHER FINANCING SOURCES (USES)</b>   |              |              |  |
| Operating transfers in  | 0            | 0            | 0                                      |
| Operating transfers (out)   | 0            | (113,336)    | (113,336)                              |
| Total other financing sources (uses)  | 0            | (113,336)    | (113,336)                              |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | 1,041,090    | (867,655)    | (1,908,745)                            |
| Fund balance (deficit) January 1, 1992  | 1,039,477    | (1,093,457)  | (2,132,934)                            |
| Prior year encumbrances paid in current year  | 0            | 944,010      | 944,010                                |
| Prior period adjustments  | 0            | 41,573       | 41,573                                 |
| Revenues and expenditures rebudgeted in the subsequent year (Note VI.A.)                          | (2,080,567)  | 0            | 2,080,567                              |
| Fund balance (deficit) December 31, 1992  | \$ 0         | (975,529)    | \$ (975,529)                           |
| <b>RECONCILIATION OF GAAP BASIS FUND BALANCE</b>  |              |              |  |
| Encumbrances recognized as current year expenditures  |              | 981,296      |  |
| Recognition of accrual basis adjustments  |              | 56,050       |  |
| Fund balance (deficit) December 31, 1992  |              | \$ 61,817    |  |

CITY OF ERIE, PENNSYLVANIA  
Special Revenue Fund - Liquid Fuels Tax Fund Grant  
Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)  
Budget and Actual (Including Encumbrances)  
Year Ended December 31, 1992

|   | Budget              | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|---------------------|-------------------|--|
| <b>REVENUES</b>   |                     |                   |  |
| Intergovernmental   | \$ 1,207,090        | \$ 1,323,829      | \$ 116,739                             |
| Miscellaneous revenues  | 42,525              | 24,967            | (17,558)                               |
| Total revenues  | <u>1,249,615</u>    | <u>1,348,796</u>  | <u>99,181</u>                          |
| <b>EXPENDITURES</b>   |                     |                   |  |
| General government  | 0                   | 0                 | 0                                      |
| Public safety   | 1,726,450           | 1,530,635         | 195,815                                |
| Highways and streets  | 0                   | 0                 | 0                                      |
| Sanitation  | 0                   | 0                 | 0                                      |
| Culture and recreation  | 0                   | 0                 | 0                                      |
| Economic and community development  | 0                   | 0                 | 0                                      |
| Total expenditures  | <u>1,726,450</u>    | <u>1,530,635</u>  | <u>195,815</u>                         |
| Excess of revenues over (under) expenditures  | (476,835)           | (181,839)         | 294,996                                |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                   |  |
| Operating transfers in  | 0                   | 0                 | 0                                      |
| Operating transfers (out)   | 0                   | 0                 | 0                                      |
| Total financing sources (uses)  | <u>0</u>            | <u>0</u>          | <u>0</u>                               |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | (476,835)           | (181,839)         | 294,996                                |
| Fund Balance (deficit) January 1, 1992  | 108,208             | 184,800           | 76,592                                 |
| Prior year encumbrances paid in current year  | 0                   | 292,036           | 292,036                                |
| Prior period adjustments  | 0                   | 0                 | 0                                      |
| Revenues and expenditures rebudgeted in the subsequent year (Note VI.A.)                          | 0                   | 0                 | 0                                      |
| Fund balance (deficit) December 31, 1992  | <u>\$ (368,627)</u> | <u>294,997</u>    | <u>\$ 663,624</u>                      |
| <b>RECONCILIATION OF GAAP BASIS FUND BALANCE</b>  |                     |                   |  |
| Encumbrances recognized as current year expenditures  |                     | 128,978           |  |
| Recognition of accrual basis adjustments  |                     | <u>(121,130)</u>  |  |
| Fund balance (deficit) December 31, 1992  |                     | <u>\$ 302,845</u> |  |

CITY OF ERIE, PENNSYLVANIA  
Special Revenue Fund - Cable TV Access Program  
Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)  
Budget and Actual (Including Encumbrances)  
Year Ended December 31, 1992

|   | Budget       | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------|----------------|--|
| <b>REVENUES</b>   |              |                |  |
| Intergovernmental   | \$ 0         | \$ 0           | \$ 0                                   |
| Miscellaneous revenues  | 0            | 59,029         | 59,029                                 |
| Total revenues  | <u>0</u>     | <u>59,029</u>  | <u>59,029</u>                          |
| <b>EXPENDITURES</b>   |              |                |  |
| General government  | 0            | 0              | 0                                      |
| Public safety   | 0            | 0              | 0                                      |
| Highways and streets  | 0            | 0              | 0                                      |
| Sanitation  | 0            | 0              | 0                                      |
| Culture and recreation  | 4,464        | 236,227        | 231,763                                |
| Economic and community development  | 0            | 0              | 0                                      |
| Total expenditures  | <u>4,464</u> | <u>236,227</u> | <u>231,763</u>                         |
| Excess of revenues over (under) expenditures  | (4,464)      | (177,198)      | (172,734)                              |
| <b>OTHER FINANCING SOURCES (USES)</b>   |              |                |  |
| Operating transfers in  | 0            | 0              | 0                                      |
| Operating transfers (out)   | 0            | 0              | 0                                      |
| Total other financing sources (uses)  | <u>0</u>     | <u>0</u>       | <u>0</u>                               |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | (4,464)      | (177,198)      | (172,734)                              |
| Fund balance (deficit) January 1, 1992  | 239,694      | 172,736        | (66,958)                               |
| Prior year encumbrances paid in current year  | 0            | 4,462          | 4,462                                  |
| Prior period adjustments  | 0            | 0              | 0                                      |
| Revenues and expenditures rebudgeted in the subsequent year (Note VI.A.)                          | (235,230)    | 0              | 235,230                                |
| Fund balance (deficit) December 31, 1992  | <u>\$ 0</u>  | <u>0</u>       | <u>\$ 0</u>                            |
| <b>RECONCILIATION OF GAAP BASIS FUND BALANCE</b>  |              |                |  |
| Encumbrances recognized as current year expenditures  |              | 0              |  |
| Recognition of accrual basis adjustments  |              | 0              |  |
| Fund balance (deficit) December 31, 1992  |              | <u>\$ 0</u>    |  |

CITY OF ERIE, PENNSYLVANIA  
Special Revenue Fund - BUDAG Revolving Account  
Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)  
Budget and Actual (Including Encumbrances)  
Year Ended December 31, 1992

|  | Budget    | Actual       | Variance<br>Favorable<br>(Unfavorable) |
|--|-----------|--------------|--|
| REVENUES   |           |              |  |
| Intergovernmental  | \$ 0      | \$ 0         | \$ 0                                   |
| Miscellaneous revenues   | 0         | 103,509      | 103,509                                |
| Total revenues   | 0         | 103,509      | 103,509                                |
| EXPENDITURES   |           |              |  |
| General government   | 0         | 0            | 0                                      |
| Public safety  | 0         | 0            | 0                                      |
| Highways and streets   | 0         | 0            | 0                                      |
| Sanitation   | 0         | 0            | 0                                      |
| Culture and recreation   | 0         | 0            | 0                                      |
| Economic and community development   | 0         | 0            | 0                                      |
| Total expenditures   | 0         | 0            | 0                                      |
| Excess of revenues over (under) expenditures   | 0         | 103,509      | 103,509                                |
| OTHER FINANCING SOURCES (USES)   |           |              |  |
| Operating transfers in   | 0         | 0            | 0                                      |
| Operating transfers (out)  | 0         | 0            | 0                                      |
| Total other financing sources (uses)   | 0         | 0            | 0                                      |
| Excess of revenues and other financing sources over (under)<br>expenditures and other financing uses | 0         | 103,509      | 103,509                                |
| Fund balance (deficit) January 1, 1992   | 389,142   | 497,335      | 108,193                                |
| Prior year encumbrances paid in current year   | 0         | 0            | 0                                      |
| Prior period adjustments   | 0         | 1,054,700    | 1,054,700                              |
| Revenues and expenditures rebudgeted in the subsequent year (Note VI.A.)                             | (389,142) | 0            | 389,142                                |
| Fund balance (deficit) December 31, 1992   | \$ 0      | 1,655,544    | \$ 1,655,544                           |
| RECONCILIATION OF GAAP BASIS FUND BALANCE  |           |              |  |
| Encumbrances recognized as current year expenditures   |           | 0            |  |
| Recognition of accrual basis adjustments   |           | 2,571        |  |
| Fund balance (deficit) December 31, 1992   |           | \$ 1,658,115 |  |

CITY OF ERIE, PENNSYLVANIA  
Special Revenue Fund - Bridge, Street and Traffic Improvement Projects  
Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)  
Budget and Actual (Including Encumbrances)  
Year Ended December 31, 1992

|  | <u>Budget</u>    | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|------------------|---------------------|---|
| <b>REVENUES</b>  |                  |                     |   |
| Intergovernmental  | \$ 1,029,769     | \$ 65,722           | \$ (964,047)                                    |
| Miscellaneous revenues   | 0                | 0                   | 0   |
| Total revenues   | <u>1,029,769</u> | <u>65,722</u>       | <u>(964,047)</u>                                |
| <b>EXPENDITURES</b>  |                  |                     |   |
| General government   | 0                | 0                   | 0   |
| Public safety  | 0                | 0                   | 0   |
| Highways and streets   | 975,366          | 85,142              | 890,224   |
| Sanitation   | 0                | 0                   | 0   |
| Culture and recreation   | 0                | 0                   | 0   |
| Economic and community development   | 0                | 0                   | 0   |
| Total expenditures   | <u>975,366</u>   | <u>85,142</u>       | <u>890,224</u>                                  |
| Excess of revenues over (under) expenditures   | 54,403           | (19,420)            | (73,823)  |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                  |                     |   |
| Operating transfers in   | 35,420           | 9,587               | (25,833)  |
| Operating transfers (out)  | 0                | 0                   | 0   |
| Total other financing sources (uses)   | <u>35,420</u>    | <u>9,587</u>        | <u>(25,833)</u>                                 |
| Excess of revenues and other financing sources over (under)<br>expenditures and other financing uses | 89,823           | (9,833)             | (99,656)  |
| Fund balance (deficit) January 1, 1992   | 0                | (82,166)            | (82,166)  |
| Prior year encumbrances paid in current year   | 0                | 16,447              | 16,447  |
| Prior period adjustments   | 0                | 0                   | 0   |
| Revenues and expenditures rebudgeted in the subsequent year (Note VI.A.)                             | (89,823)         | 0                   | 89,823  |
| Fund balance (deficit) December 31, 1992   | <u>\$ 0</u>      | <u>(75,552)</u>     | <u>\$ (75,552)</u>                              |
| <b>RECONCILIATION OF GAAP BASIS FUND BALANCE</b>   |                  |                     |   |
| Encumbrances recognized as current year expenditures   |                  | 28,444              |   |
| Recognition of accrual basis adjustments   |                  | (158,474)           |   |
| Fund balance (deficit) December 31, 1992   |                  | <u>\$ (205,582)</u> |   |

CITY OF ERIE, PENNSYLVANIA  
Special Revenue Fund - Jobs Training Partnership Act Grant  
Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)  
Budget and Actual (Including Encumbrances)  
Year Ended December 31, 1992

|   | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|------------------|------------------|---|
| <b>REVENUES</b>   |                  |                  |   |
| Intergovernmental   | \$ 6,988,985     | \$ 4,142,978     | \$ (2,846,007)                                  |
| Miscellaneous revenues  | 0                | 0                | 0   |
| Total revenues  | <u>6,988,985</u> | <u>4,142,978</u> | <u>(2,846,007)</u>                              |
| <b>EXPENDITURES</b>   |                  |                  |   |
| General government  | 0                | 0                | 0   |
| Public safety   | 0                | 0                | 0   |
| Highways and streets  | 0                | 0                | 0   |
| Sanitation  | 0                | 0                | 0   |
| Culture and recreation  | 0                | 0                | 0   |
| Economic and community development  | 6,948,998        | 4,063,900        | (2,885,098)                                     |
| Total expenditures  | <u>6,948,998</u> | <u>4,063,900</u> | <u>(2,885,098)</u>                              |
| Excess of revenues over (under) expenditures  | 39,987           | 79,078           | 39,091  |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                  |                  |   |
| Operating transfers in  | 0                | 0                | 0   |
| Operating transfers (out)   | 0                | 0                | 0   |
| Total other financing sources (uses)  | <u>0</u>         | <u>0</u>         | <u>0</u>  |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | 39,987           | 79,078           | 39,091  |
| Fund balance (deficit) January 1, 1992  | 0                | (57,621)         | (57,621)  |
| Prior year encumbrances paid in current year  | 0                | 17,633           | 17,633  |
| Prior period adjustments  | 0                | 0                | 0   |
| Revenues and expenditures rebudgeted in the subsequent year (Note VI.A.)                          | (39,987)         | 0                | 39,987  |
| Fund balance (deficit) December 31, 1992  | <u>\$ 0</u>      | <u>39,090</u>    | <u>\$ 39,090</u>                                |
| <b>RECONCILIATION OF GAAP BASIS FUND BALANCE</b>  |                  |                  |   |
| Encumbrances recognized as current year expenditures  |                  | 19,797           |   |
| Recognition of accrual basis adjustments  |                  | (54,252)         |   |
| Fund balance (deficit) December 31, 1992  |                  | <u>\$ 4,635</u>  |   |

CITY OF ERIE, PENNSYLVANIA  
Special Revenue Fund - Other Projects  
Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)  
Budget and Actual (Including Encumbrances)  
Year Ended December 31, 1992

|   | Budget           | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|------------------|-------------------|--|
| <b>REVENUES</b>   |                  |                   |  |
| Intergovernmental   | \$ 3,254,019     | \$ 1,295,695      | \$ (1,958,324)                         |
| Miscellaneous revenues  | 132,409          | 28,772            | (103,637)                              |
| Total revenues  | <u>3,386,428</u> | <u>1,324,467</u>  | <u>(2,061,961)</u>                     |
| <b>EXPENDITURES</b>   |                  |                   |  |
| General government  | 0                | 0                 | 0                                      |
| Public safety   | 327,118          | 111,594           | 215,524                                |
| Highways and streets  | 331,815          | 106,135           | 225,680                                |
| Sanitation  | 630,789          | 235,274           | 395,515                                |
| Culture and recreation  | 1,334,383        | 1,065,437         | 268,946                                |
| Economic and community development  | 1,616,390        | 505,599           | 1,110,791                              |
| Total expenditures  | <u>4,240,495</u> | <u>2,024,039</u>  | <u>2,216,456</u>                       |
| Excess of revenues over (under) expenditures  | (854,067)        | (699,572)         | 154,495                                |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                  |                   |  |
| Operating transfers in  | 415,504          | 248,749           | (166,755)                              |
| Operating transfers (out)   | 0                | (145,000)         | (145,000)                              |
| Total other financing sources (uses)  | <u>415,504</u>   | <u>103,749</u>    | <u>(311,755)</u>                       |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | (438,563)        | (595,823)         | (157,260)                              |
| Fund balance (deficit) January 1, 1992  | 155,965          | 314,384           | 158,419                                |
| Prior year encumbrances paid in current year  | 0                | 326,567           | 326,567                                |
| Prior period adjustments  | 0                | 153,583           | 153,583                                |
| Revenues and expenditures rebudgeted in the subsequent year (Note VI.A.)                          | 282,598          | 0                 | (282,598)                              |
| Fund balance (deficit) December 31, 1992  | <u>\$ 0</u>      | <u>198,711</u>    | <u>\$ 198,711</u>                      |
| <b>RECONCILIATION OF GAAP BASIS FUND BALANCE</b>  |                  |                   |  |
| Encumbrances recognized as current year expenditures  |                  | 607,589           |  |
| Recognition of accrual basis adjustments  |                  | (114,270)         |  |
| Fund balance (deficit) December 31, 1992  |                  | <u>\$ 692,030</u> |  |

CITY OF ERIE, PENNSYLVANIA  
Debt Service Fund  
Individual Financial Statements

The Debt Service Fund accounts for the payment of principal and interest on long-term debt other than Proprietary Fund Debt.

CITY OF ERIE, PENNSYLVANIA  
 Debt Service Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Year Ended December 31, 1992

|   |                  |
|---|------------------|
| REVENUES  |                  |
| Real estate taxes   | \$ 1,212,607     |
| Total revenues  | <u>1,212,607</u> |
| EXPENDITURES  |                  |
| Debt service principal  | 836,072          |
| Debt service interest   | 376,535          |
| Total expenditures  | <u>1,212,607</u> |
| Excess of revenues over (under) expenditures  | 0                |
| OTHER FINANCING SOURCES (USES)  |                  |
| Operating transfers in  | 0                |
| Operating transfers (out)   | 0                |
| Total other financing sources (uses)  | <u>0</u>         |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | 0                |
| Fund balance (deficit) January 1, 1992  | 0                |
| Fund balance (deficit) December 31, 1992  | <u>\$ 0</u>      |

CITY OF ERIE, PENNSYLVANIA  
Debt Service Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)  
Budget and Actual (Including Encumbrances)  
Year Ended December 31, 1992

|  | Budget       | Actual       | Variance<br>Favorable<br>(Unfavorable) |
|--|--------------|--------------|--|
| REVENUES   |              |              |  |
| Real estate taxes  | \$ 1,212,607 | \$ 1,212,607 | \$ 0                                   |
| Total revenues   | 1,212,607    | 1,212,607    | 0                                      |
| EXPENDITURES   |              |              |  |
| Debt service principal   | 836,072      | 836,072      | 0                                      |
| Debt service interest  | 376,535      | 376,535      | 0                                      |
| Total expenditures   | 1,212,607    | 1,212,607    | 0                                      |
| Excess of revenues over (under) expenditures   | 0            | 0            | 0                                      |
| OTHER FINANCING SOURCES (USES)   |              |              |  |
| Operating transfers in   | 0            | 0            | 0                                      |
| Operating transfers (out)  | 0            | 0            | 0                                      |
| Total other financing sources (uses)   | 0            | 0            | 0                                      |
| Excess of revenues and other financing sources over (under)<br>expenditures and other financing uses | 0            | 0            | 0                                      |
| Fund balance (deficit) January 1, 1992   | 0            | 0            | 0                                      |
| Prior year encumbrances paid in current year   | 0            | 0            | 0                                      |
| Fund balance (deficit) December 31, 1992   | \$ 0         | \$ 0         | \$ 0                                   |

CITY OF ERIE, PENNSYLVANIA

Capital Projects Funds  
Combining Financial Statements

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

**Paving and Sewer Revolving Fund** - to account for public improvements financed by assessments levied against the benefitted property and state reimbursement.

**Capital Improvement Fund** - established by a City Council ordinance to account for capital additions and improvements to public buildings, park and recreation facilities, and for the acquisition of vehicles and equipment.

CITY OF ERIE, PENNSYLVANIA

Capital Projects Funds  
 Combining Balance Sheet  
 Year Ended December 31, 1992

|                                    | Paving and<br>Sewer<br>Revolving | Capital<br>Improvement | Total               |
|------------------------------------|----------------------------------|------------------------|---------------------|
| <b>ASSETS</b>                      |                                  |                        |                     |
| Cash                               | \$ 4,269                         | \$ 16,158              | \$ 20,427           |
| Investments                        | 255,000                          | 6,565,000              | 6,820,000           |
| Receivables:                       |                                  |                        |                     |
| Liens                              | 141,578                          | 0                      | 141,578             |
| Other                              | 504                              | 2,537                  | 3,041               |
| Total asset                        | <u>\$ 401,351</u>                | <u>\$ 6,583,695</u>    | <u>\$ 6,985,046</u> |
| <b>LIABILITIES</b>                 |                                  |                        |                     |
| Accounts payable                   | \$ 0                             | \$ 24,251              | \$ 24,251           |
| Deferred revenue                   | 138,185                          | 0                      | 138,185             |
| Due to other fund                  | 0                                | 103,942                | 103,942             |
| Total liabilities                  | <u>138,185</u>                   | <u>128,193</u>         | <u>266,378</u>      |
| <b>FUND BALANCE</b>                |                                  |                        |                     |
| Reserved for encumbrances          | 2,828                            | 42,665                 | 45,493              |
| Designated for endowment principal | 0                                | 6,000,000              | 6,000,000           |
| Unreserved (deficit)               | 260,338                          | 412,837                | 673,175             |
| Total fund balance (deficit)       | <u>263,166</u>                   | <u>6,455,502</u>       | <u>6,718,668</u>    |
| Total liabilities and fund balance | <u>\$ 401,351</u>                | <u>\$ 6,583,695</u>    | <u>\$ 6,985,046</u> |

CITY OF ERIE, PENNSYLVANIA  
 Capital Projects Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 Year Ended December 31, 1992

|  | Paving and<br>Sewer<br>Revolving | Capital<br>Improvement | Total        |
|--|----------------------------------|------------------------|--------------|
| REVENUES                                     |                                  |                        |              |
| Intergovernmental                            | \$ 0                             | \$ 57,360              | \$ 57,360    |
| Miscellaneous revenues                       | 54,713                           | 377,612                | 432,325      |
| Total revenues                               | 54,713                           | 434,972                | 489,685      |
| EXPENDITURES                                 |                                  |                        |              |
| Capital outlay                               | 24,825                           | 200,879                | 225,704      |
| Total expenditures                           | 24,825                           | 200,879                | 225,704      |
| Excess of revenues over (under) expenditures | 29,888                           | 234,093                | 263,981      |
| Fund balance (deficit) January 1, 1992       | 233,278                          | 6,221,409              | 6,454,687    |
| Fund balance (deficit) December 31, 1992     | \$ 263,166                       | \$ 6,455,502           | \$ 6,718,668 |

CITY OF ERIE, PENNSYLVANIA  
 Capital Projects Funds  
 Paving and Sewer Revolving  
 Individual Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)  
 Budget and Actual (Including Encumbrances)  
 Year Ended December 31, 1992

|  | <u>Budget</u>    | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|------------------|-------------------|---|
| <b>REVENUES</b>  |                  |                   |   |
| Miscellaneous revenues   | \$ 21,828        | \$ 52,209         | \$ 30,381                                       |
| Total revenues   | <u>21,828</u>    | <u>52,209</u>     | <u>30,381</u>                                   |
| <b>EXPENDITURES</b>  |                  |                   |   |
| Capital outlay   | 52,907           | 27,653            | 25,254  |
| Total expenditures   | <u>52,907</u>    | <u>27,653</u>     | <u>25,254</u>                                   |
| Excess of revenues over (under) expenditures   | (31,079)         | 24,556            | 55,635  |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                  |                   |   |
| Operating transfers in   | 0                | 0                 | 0   |
| Operating transfers (out)  | <u>0</u>         | <u>0</u>          | <u>0</u>  |
| Total other financing sources (uses)   | <u>0</u>         | <u>0</u>          | <u>0</u>  |
| Excess of revenues and other financing sources over (under)<br>expenditures and other financing uses | (31,079)         | 24,556            | 55,635  |
| Fund balance (deficit) January 1, 1992   | 231,884          | 231,884           | 0   |
| Prior year encumbrances paid in current year   | 0                | 0                 | 0   |
| Revenues and expenditures rebudgeted in the subsequent year (Note VI.A.)                             | <u>(200,805)</u> | <u>0</u>          | <u>200,805</u>                                  |
| Fund balance (deficit) December 31, 1992   | <u>\$ 0</u>      | <u>256,440</u>    | <u>\$ 256,440</u>                               |
| <b>RECONCILIATION TO GAAP BASIS FUND BALANCE</b>   |                  |                   |   |
| Encumbrances recognized as current year expenditures   |                  | 2,828             |   |
| Recognition of accrual basis adjustments   |                  | <u>3,898</u>      |   |
| Fund balance (deficit) December 31, 1992   |                  | <u>\$ 263,166</u> |   |

CITY OF ERIE, PENNSYLVANIA  
 Capital Projects Funds  
 Capital Improvement  
 Individual Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)  
 Budget and Actual (Including Encumbrances)  
 Year Ended December 31, 1992

|  | Budget      | Actual       | Variance<br>Favorable<br>(Unfavorable) |
|--|-------------|--------------|--|
| REVENUES   |             |              |  |
| Intergovernmental  | \$ 57,360   | \$ 57,360    | \$ 0                                   |
| Miscellaneous revenues   | 305,480     | 376,539      | 71,059                                 |
| Total revenues   | 362,840     | 433,899      | 71,059                                 |
| EXPENDITURES   |             |              |  |
| Capital outlay   | 775,090     | 503,253      | 271,837                                |
| Total expenditures   | 775,090     | 503,253      | 271,837                                |
| Excess of revenues over (under) expenditures   | (412,250)   | (69,354)     | 342,896                                |
| OTHER FINANCING SOURCES (USES)   |             |              |  |
| Operating transfers in   | 0           | 0            | 0                                      |
| Operating transfers (out)  | 0           | 0            | 0                                      |
| Total other financing sources (uses)   | 0           | 0            | 0                                      |
| Excess of revenues and other financing sources over (under)<br>expenditures and other financing uses | (412,250)   | (69,354)     | 342,896                                |
| Fund balance (deficit) January 1, 1992   | 6,634,670   | 6,226,692    | (407,978)                              |
| Prior year encumbrances paid in current year   | 0           | 277,278      | 277,278                                |
| Revenues and expenditures rebudgeted in the subsequent year (Note VI.A.)                             | (6,222,420) | 0            | 6,222,420                              |
| Fund balance (deficit) December 31, 1992   | \$ 0        | 6,434,616    | \$ 6,434,616                           |
| RECONCILIATION TO GAAP BASIS FUND BALANCE  |             |              |  |
| Encumbrances recognized as current year expenditures   |             | 42,665       |  |
| Recognition of accrual basis adjustments   |             | (21,779)     |  |
| Fund balance (deficit) December 31, 1992   |             | \$ 6,455,502 |  |

CITY OF ERIE, PENNSYLVANIA

Enterprise Funds  
Combining Financial Statements

The Enterprise Funds account for the costs of providing services to the general public and financed entirely or predominately through user charges.

**Sewer Revenue Fund and Sewer Reserve Fund** - to account for the provision of sewerage services to the residents, commercial and industrial establishments of the City, and certain surrounding municipalities. A portion of the 1986 capital improvement bonds are accounted for as restricted assets to be used for capital additions and improvements to sanitary and storm sewers.

**Water Revenue Fund** - to account for the assets used to provide water services to the residents and commercial and industrial establishments of the City and certain surrounding municipalities through an operating lease with the Erie City Water Authority.

**Golf Fund** - to account for the operation of the three City owned golf courses.

CITY OF ERIE, PENNSYLVANIA

Enterprise Funds  
Combining Balance Sheet  
Year Ended December 31, 1992

|  | Sewer<br>Revenue    | Sewer<br>Reserve  | Water<br>Revenue     | Golf              | Total                |
|--|---------------------|-------------------|----------------------|-------------------|----------------------|
| <b>ASSETS</b>                            |                     |                   |                      |                   |                      |
| Current assets:                          |                     |                   |                      |                   |                      |
| Cash                                     | \$ 361,093          | \$ 1,380          | \$ 0                 | \$ 0              | \$ 362,473           |
| Investments                              | 1,375,000           | 268,000           | 0                    | 0                 | 1,643,000            |
| Receivables:                             |                     |                   |                      |                   |                      |
| Accounts                                 | 977,600             | 0                 | 0                    | 0                 | 977,600              |
| Liens                                    | 0                   | 0                 | 0                    | 0                 | 0                    |
| Other                                    | 239                 | 1,057             | 0                    | 0                 | 1,296                |
| Prepaid insurance                        | 12,546              | 0                 | 0                    | 1,114             | 13,660               |
| Due from other funds                     | 103,942             | 0                 | 0                    | 0                 | 103,942              |
| Total current assets                     | <u>2,830,420</u>    | <u>270,437</u>    | <u>0</u>             | <u>1,114</u>      | <u>3,101,971</u>     |
| Property, plant and equipment:           |                     |                   |                      |                   |                      |
| Land                                     | 0                   | 0                 | 592,369              | 138,630           | 730,999              |
| Buildings and improvements               | 186,947             | 0                 | 7,923,777            | 368,798           | 8,479,522            |
| Improvements other than buildings        | 4,509,114           | 0                 | 35,211,685           | 504,787           | 40,225,586           |
| Equipment and vehicles                   | 2,006,131           | 0                 | 5,085,739            | 153,285           | 7,245,155            |
| Total property, plant and equipment      | <u>6,702,192</u>    | <u>0</u>          | <u>48,813,570</u>    | <u>1,165,500</u>  | <u>56,681,262</u>    |
| Less: accumulated depreciation           | <u>(1,798,359)</u>  | <u>0</u>          | <u>(23,898,008)</u>  | <u>(488,291)</u>  | <u>(26,184,658)</u>  |
| Net property, plant and equipment        | <u>4,903,833</u>    | <u>0</u>          | <u>24,915,562</u>    | <u>677,209</u>    | <u>30,496,604</u>    |
| Total assets                             | <u>\$ 7,734,253</u> | <u>\$ 270,437</u> | <u>\$ 24,915,562</u> | <u>\$ 678,323</u> | <u>\$ 33,598,575</u> |
| <b>LIABILITIES</b>                       |                     |                   |                      |                   |                      |
| Current liabilities:                     |                     |                   |                      |                   |                      |
| Accounts payable                         | \$ 667,548          | \$ 0              | \$ 0                 | \$ 1,297          | \$ 668,845           |
| Accrued payroll                          | 81,242              | 0                 | 0                    | 2,652             | 83,894               |
| Interfund payable                        | 4,058               | 0                 | 0                    | 33,224            | 37,282               |
| Compensated absences payable             | 15,837              | 0                 | 0                    | 5,002             | 20,839               |
| Current portion of long-term liabilities | 166,144             | 0                 | 0                    | 0                 | 166,144              |
| Total current liabilities                | <u>934,829</u>      | <u>0</u>          | <u>0</u>             | <u>42,175</u>     | <u>977,004</u>       |
| Long-term liabilities:                   |                     |                   |                      |                   |                      |
| Deferred revenue                         | 0                   | 0                 | 9,942,780            | 0                 | 9,942,780            |
| Sewer general obligation bonds           | 1,825,124           | 0                 | 0                    | 0                 | 1,825,124            |
| Total long-term liabilities              | <u>1,825,124</u>    | <u>0</u>          | <u>9,942,780</u>     | <u>0</u>          | <u>11,767,904</u>    |
| Total liabilities                        | <u>2,759,953</u>    | <u>0</u>          | <u>9,942,780</u>     | <u>42,175</u>     | <u>12,744,908</u>    |
| <b>RETAINED EARNINGS</b>                 |                     |                   |                      |                   |                      |
| Unreserved (deficit)                     | 4,974,300           | 270,437           | 14,972,782           | 636,148           | 20,853,667           |
| Total retained earnings (deficit)        | <u>4,974,300</u>    | <u>270,437</u>    | <u>14,972,782</u>    | <u>636,148</u>    | <u>20,853,667</u>    |
| Total liabilities and retained earnings  | <u>\$ 7,734,253</u> | <u>\$ 270,437</u> | <u>\$ 24,915,562</u> | <u>\$ 678,323</u> | <u>\$ 33,598,575</u> |

CITY OF ERIE, PENNSYLVANIA  
Enterprise Funds  
Combining Statement of Revenues, Expenses and Changes in Retained Earnings  
Year Ended December 31, 1992

|   | Sewer<br>Revenue    | Sewer<br>Reserve  | Water<br>Revenue     | Golf              | Total                |
|---|---------------------|-------------------|----------------------|-------------------|----------------------|
| <b>OPERATING REVENUES</b>                     |                     |                   |                      |                   |                      |
| Intergovernmental revenues                    | \$ 0                | \$ 0              | \$ 0                 | \$ 0              | \$ 0                 |
| Charges for services                          | 11,635,535          | 0                 | 0                    | 673,562           | 12,309,097           |
| Lease rental                                  | 0                   | 0                 | 1,720,534            | 0                 | 1,720,534            |
| Rental income                                 | 30,000              | 0                 | 0                    | 125,581           | 155,581              |
| Miscellaneous revenues                        | 34,730              | 0                 | 0                    | 0                 | 34,730               |
| Total operating revenues                      | <u>11,700,265</u>   | <u>0</u>          | <u>1,720,534</u>     | <u>799,143</u>    | <u>14,219,942</u>    |
| <b>OPERATING EXPENSES</b>                     |                     |                   |                      |                   |                      |
| Personnel services                            | 2,429,644           | 0                 | 0                    | 321,045           | 2,750,689            |
| Other personnel costs                         | 1,263,698           | 0                 | 0                    | 100,752           | 1,364,450            |
| Services and fees                             | 1,671,340           | 0                 | 0                    | 47,448            | 1,718,788            |
| Utilities                                     | 1,759,896           | 0                 | 0                    | 23,152            | 1,783,048            |
| Rent  | 34,962              | 0                 | 0                    | 56,773            | 91,735               |
| Insurance                                     | 91,034              | 0                 | 0                    | 26,925            | 117,959              |
| Materials, supplies and maintenance           | 1,765,877           | 0                 | 0                    | 90,811            | 1,856,688            |
| Other expenses                                | 1,655,057           | 0                 | 0                    | 4,050             | 1,659,107            |
| Depreciation expenses                         | 363,442             | 0                 | 888,593              | 41,107            | 1,293,142            |
| Capital expenditures                          | 74,269              | 0                 | 0                    | 0                 | 74,269               |
| Total operating expenses                      | <u>11,109,219</u>   | <u>0</u>          | <u>888,593</u>       | <u>712,063</u>    | <u>12,709,875</u>    |
| Operating income (loss)                       | <u>591,046</u>      | <u>0</u>          | <u>831,941</u>       | <u>87,080</u>     | <u>1,510,067</u>     |
| <b>NONOPERATING REVENUES (EXPENSES)</b>       |                     |                   |                      |                   |                      |
| Intergovernmental revenues                    | 711,533             | 0                 | 0                    | 0                 | 711,533              |
| Investment income                             | 34,483              | 9,988             | 0                    | 0                 | 44,471               |
| Interest expense                              | (150,964)           | 0                 | 0                    | 0                 | (150,964)            |
| Total nonoperating revenues (expenses)        | <u>595,052</u>      | <u>9,988</u>      | <u>0</u>             | <u>0</u>          | <u>605,040</u>       |
| Net income (loss) before operating transfers  | <u>1,186,098</u>    | <u>9,988</u>      | <u>831,941</u>       | <u>87,080</u>     | <u>2,115,107</u>     |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                     |                   |                      |                   |                      |
| Operating transfers in                        | 10,958              | 0                 | 0                    | 1,114             | 12,072               |
| Operating transfer (out)                      | (550,000)           | 0                 | (979,688)            | (135,625)         | (1,665,313)          |
| Total other financing sources (uses)          | <u>(539,042)</u>    | <u>0</u>          | <u>(979,688)</u>     | <u>(134,511)</u>  | <u>(1,653,241)</u>   |
| Net income (loss)                             | <u>647,056</u>      | <u>9,988</u>      | <u>(147,747)</u>     | <u>(47,431)</u>   | <u>461,866</u>       |
| Retained earnings (deficit) January 1, 1992   | 4,327,244           | 260,449           | 15,120,529           | 683,579           | 20,391,801           |
| Retained earnings (deficit) December 31, 1992 | <u>\$ 4,974,300</u> | <u>\$ 270,437</u> | <u>\$ 14,972,782</u> | <u>\$ 636,148</u> | <u>\$ 20,853,667</u> |

CITY OF ERIE, PENNSYLVANIA  
Enterprise Funds  
Combining Statement of Cash Flows  
Year Ended December 31, 1992

|  | Sewer<br>Revenue  | Sewer<br>Reserve | Water<br>Revenue | Golf             | Total              |
|--|-------------------|------------------|------------------|------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                   |                  |                  |                  |                    |
| Operating income (loss)  | \$ 591,046        | \$ 0             | \$ 831,941       | \$ 87,080        | \$ 1,510,067       |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities |                   |                  |                  |                  |                    |
| Noncash items included in operating income:  |                   |                  |                  |                  |                    |
| Depreciation expense   | 363,442           | 0                | 888,593          | 41,107           | 1,293,142          |
| (Increase) decrease in current assets:   |                   |                  |                  |                  |                    |
| Accounts receivable  | 68,538            | 0                | 0                | 0                | 68,538             |
| Liens receivable   | 8,333             | 0                | 0                | 0                | 8,333              |
| Other receivables  | (209)             | (899)            | 0                | 0                | (1,108)            |
| Prepaid insurance  | (5,053)           | 0                | 0                | (1,114)          | (6,167)            |
| Dues from other funds  | 34,101            | 0                | 0                | 0                | 34,101             |
| Increase (decrease) in current liabilities:  |                   |                  |                  |                  |                    |
| Accounts payable   | (437,695)         | 0                | (27,121)         | (5,636)          | (470,452)          |
| Accrued payroll  | (3,514)           | 0                | 0                | (7,418)          | (10,932)           |
| Interfund payable  | (12,715)          | 0                | 0                | 33,224           | 20,509             |
| Compensated absences payable   | (34,391)          | 0                | 0                | 5,002            | (29,389)           |
| Deferred revenue   | (7,776)           | 0                | (713,725)        | 0                | (721,501)          |
| Net cash provided (used) by operating activities   | <u>564,107</u>    | <u>(899)</u>     | <u>979,688</u>   | <u>152,245</u>   | <u>1,695,141</u>   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                   |                  |                  |                  |                    |
| Intergovernmental revenues   | 711,533           | 0                | 0                | 0                | 711,533            |
| Operating transfers in   | 10,958            | 0                | 0                | 1,114            | 12,072             |
| Operating transfers (out)  | (550,000)         | 0                | (979,688)        | (135,625)        | (1,665,313)        |
| Net cash provided (used) by noncapital financing activities  | <u>172,491</u>    | <u>0</u>         | <u>(979,688)</u> | <u>(134,511)</u> | <u>(941,708)</u>   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |                   |                  |                  |                  |                    |
| Purchase of fixed assets   | (693,819)         | 0                | 0                | (17,734)         | (711,553)          |
| Principal payments   | (153,928)         | 0                | 0                | 0                | (153,928)          |
| Interest payments  | (150,964)         | 0                | 0                | 0                | (150,964)          |
| Net cash provided (used) by capital and related financing activities                                     | <u>(998,711)</u>  | <u>0</u>         | <u>0</u>         | <u>(17,734)</u>  | <u>(1,016,445)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                   |                  |                  |                  |                    |
| Proceeds from sale and redemption of investments   | 8,455,000         | 1,049,000        | 0                | 0                | 9,504,000          |
| Interest on investments  | 34,483            | 9,988            | 0                | 0                | 44,471             |
| Purchase of investments  | (8,480,000)       | (1,059,000)      | 0                | 0                | (9,539,000)        |
| Net cash provided (used) by investing activities   | <u>9,483</u>      | <u>(12)</u>      | <u>0</u>         | <u>0</u>         | <u>9,471</u>       |
| Net increase (decrease) in cash  | <u>(252,630)</u>  | <u>(911)</u>     | <u>0</u>         | <u>0</u>         | <u>(253,541)</u>   |
| Cash January 1, 1992   | 613,723           | 2,291            | 0                | 0                | 616,014            |
| Cash December 31, 1992   | <u>\$ 361,093</u> | <u>\$ 1,380</u>  | <u>\$ 0</u>      | <u>\$ 0</u>      | <u>\$ 362,473</u>  |

**BLANK**

CITY OF ERIE, PENNSYLVANIA  
Internal Service Funds  
Combining Financial Statements

The Internal Service Funds account for the costs of providing self-insurance to other funds of the City and financed entirely by charges to these funds on a cost reimbursement basis.

**Workers Compensation Claims Fund** - to account for assets held by the City for the purpose of paying claims and costs, financed through City fund charges.

**Workers Compensation Trust Fund** - to account for monies provided by the City to meet security requirements for self-insurance and as a source of funds for claims. Income from the fund is available to the City when the trust principal is double the total of all the employer's liabilities or \$500,000, whichever is greater.

CITY OF ERIE, PENNSYLVANIA  
Internal Service Funds  
Combining Balance Sheet  
Year Ended December 31, 1992

|   | Workers<br>Compensation<br>Claims | Workers<br>Compensation<br>Trust | Total        |
|---|-----------------------------------|----------------------------------|--------------|
| <b>ASSETS</b>                           |                                   |                                  |              |
| Restricted cash and investments         | \$ 0                              | \$ 805,300                       | \$ 805,300   |
| Prepaid insurance                       | 461,540                           | 0                                | 461,540      |
| Total assets                            | \$ 461,540                        | \$ 805,300                       | \$ 1,266,840 |
| <b>LIABILITIES</b>                      |                                   |                                  |              |
| Cash overdraft                          | \$ 13,039                         | \$ 0                             | \$ 13,039    |
| Claims and judgments payable            | 2,715,412                         | 0                                | 2,715,412    |
| Total liabilities                       | 2,728,451                         | 0                                | 2,728,451    |
| <b>RETAINED EARNINGS</b>                |                                   |                                  |              |
| Unreserved (deficit)                    | (2,266,911)                       | 805,300                          | (1,461,611)  |
| Total retained earnings (deficit)       | (2,266,911)                       | 805,300                          | (1,461,611)  |
| Total liabilities and retained earnings | \$ 461,540                        | \$ 805,300                       | \$ 1,266,840 |

CITY OF ERIE, PENNSYLVANIA  
Internal Service Funds  
Combining Statement of Revenues, Expenses and Changes in Retained Earnings  
Year Ended December 31, 1992

|   | Workers<br>Compensation<br>Claims | Workers<br>Compensation<br>Trust | Total                 |
|---|-----------------------------------|----------------------------------|-----------------------|
| <b>OPERATING REVENUES</b>                     |                                   |                                  |                       |
| City of Erie premiums                         | \$ 1,070,279                      | \$ 0                             | \$ 1,070,279          |
| Miscellaneous revenues                        | 1,121,127                         | 0                                | 1,121,127             |
| Total operating revenues                      | <u>2,191,406</u>                  | <u>0</u>                         | <u>2,191,406</u>      |
| <b>OPERATING EXPENSES</b>                     |                                   |                                  |                       |
| Insurance                                     | 1,696,471                         | 0                                | 1,696,471             |
| Workers compensation claims                   | 774,228                           | 0                                | 774,228               |
| Other expenses                                | 26,620                            | 0                                | 26,620                |
| Total operating expenses                      | <u>2,497,319</u>                  | <u>0</u>                         | <u>2,497,319</u>      |
| Operating income (loss)                       | <u>(305,913)</u>                  | <u>0</u>                         | <u>(305,913)</u>      |
| <b>NONOPERATING REVENUES (EXPENSES)</b>       |                                   |                                  |                       |
| Investment income                             | 12,039                            | 25,954                           | 37,993                |
| Other expenses                                | 0                                 | (7,231)                          | (7,231)               |
| Net nonoperating revenues (expenses)          | <u>12,039</u>                     | <u>18,723</u>                    | <u>30,762</u>         |
| Net income (loss) before operating transfers  | <u>(293,874)</u>                  | <u>18,723</u>                    | <u>(275,151)</u>      |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                                   |                                  |                       |
| Operating transfers in                        | 0                                 | 0                                | 0                     |
| Operating transfers (out)                     | (530,000)                         | 0                                | (530,000)             |
| Total other financing sources (uses)          | <u>(530,000)</u>                  | <u>0</u>                         | <u>(530,000)</u>      |
| Net income (loss)                             | <u>(823,874)</u>                  | <u>18,723</u>                    | <u>(805,151)</u>      |
| Retained earnings (deficit) January 1, 1992   | (1,443,037)                       | 786,577                          | (656,460)             |
| Retained earnings (deficit) December 31, 1992 | <u>\$ (2,266,911)</u>             | <u>\$ 805,300</u>                | <u>\$ (1,461,611)</u> |

CITY OF ERIE, PENNSYLVANIA  
Internal Service Funds  
Combining Statement of Cash Flows  
Year Ended December 31, 1992

|  | Workers<br>Compensation<br>Claims | Workers<br>Compensation<br>Trust | Total        |
|--|-----------------------------------|----------------------------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                   |                                  |              |
| Operating income (loss)  | \$ (305,913)                      | \$ 0                             | \$ (305,913) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities |                                   |                                  |              |
| Noncash items included in operating income (loss):   |                                   |                                  |              |
| (Increase) decrease in current assets:   |                                   |                                  |              |
| Prepaid insurance  | 368,648                           | 0                                | 368,648      |
| Increase (decrease) in current liabilities:  |                                   |                                  |              |
| Claims and judgments payable   | 411,297                           | 0                                | 411,297      |
| Net cash provided (used) by operating activities   | 474,032                           | 0                                | 474,032      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                                   |                                  |              |
| Operating transfer (out)   | (530,000)                         | 0                                | (530,000)    |
| Net cash provided (used) by financing activities   | (530,000)                         | 0                                | (530,000)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                   |                                  |              |
| Net investment income  | 12,039                            | 18,723                           | 30,762       |
| Net cash provided (used) by investing activities   | 12,039                            | 18,723                           | 30,762       |
| Net increase (decrease) in cash  | (43,929)                          | 18,723                           | (25,206)     |
| Cash January 1, 1992   | 30,890                            | 786,577                          | 817,467      |
| Cash December 31, 1992   | \$ (13,039)                       | \$ 805,300                       | \$ 792,261   |

**BLANK**

CITY OF ERIE, PENNSYLVANIA

Agency Funds  
Combining Financial Statements

The Agency Funds account for assets held by the City as an agent for individuals, private organizations, other governments and other funds.

**Traffic Court State and County Fines Account** - to account for traffic violation fines collected on behalf of state and county governments.

**Traffic Court Security Bond Account** - to account for monies posted by traffic court defendants pending a hearing.

**Rent Withholding Account** - to account for rental payments from tenants whose dwellings are ruled unfit and/or unsafe. The landlord has six months to take corrective action or forfeit said payment.

**Cable TV Security Deposit Account** - to account for a refundable deposit from the cable TV company.

**Unclaimed Money Account** - to account for unclaimed monies.

**Property Tax Account** - to account for undistributed payments of real estate and personal property tax for the City of Erie, the Erie School District and the County of Erie.

**State Pension Contribution Account** - to account for state monies received and reimbursed to the pension funds.

**Income Tax Fund** - to account for the 1% Earned Income Tax collected for the City of Erie, the Erie School District, and other communities.

**Cable TV Escrow Account** - to account for monies from the Cable TV Company for public access programming.

**Occupational Privilege Tax Fund** - to account for the \$10 Occupational Privilege Tax collected on behalf of the City of Erie and the Erie School District.

**Deferred Compensation Plan** - to account for City assets optionally deferred by employees termination, retirement, death or unforeseeable emergency.

CITY OF ERIE, PENNSYLVANIA  
 Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 Year Ended December 31, 1992

|   | <u>Balance</u><br>Jan. 1, 1992 | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u><br>Dec. 31, 1992 |
|---|--------------------------------|------------------|-------------------|---------------------------------|
| <b>TRAFFIC COURT STATE AND COUNTY FINES ACCOUNT</b> |                                |                  |                   |                                 |
| Assets  |                                |                  |                   |                                 |
| Cash  | \$ 12,605                      | \$ 664,746       | \$ (651,315)      | \$ 26,036                       |
| Liabilities   |                                |                  |                   |                                 |
| Due to other governments                            | \$ (12,605)                    | \$ (664,746)     | \$ 651,315        | \$ (26,036)                     |
| <b>TRAFFIC COURT SECURITY BOND ACCOUNT</b>          |                                |                  |                   |                                 |
| Assets  |                                |                  |                   |                                 |
| Cash  | \$ 28,721                      | \$ 22,479        | \$ (44,939)       | \$ 6,261                        |
| Liabilities   |                                |                  |                   |                                 |
| Vouchers payable                                    | \$ (28,721)                    | \$ (22,479)      | \$ 44,939         | \$ (6,261)                      |
| <b>RENT WITHHOLDING ACCOUNT</b>                     |                                |                  |                   |                                 |
| Assets  |                                |                  |                   |                                 |
| Cash  | \$ 3,027                       | \$ 11,394        | \$ (12,476)       | \$ 1,945                        |
| Liabilities   |                                |                  |                   |                                 |
| Returnable deposit                                  | \$ (3,027)                     | \$ (11,394)      | \$ 12,476         | \$ (1,945)                      |
| <b>CABLE TV SECURITY DEPOSIT ACCOUNT</b>            |                                |                  |                   |                                 |
| Assets  |                                |                  |                   |                                 |
| Cash  | \$ 25,000                      | \$ 0             | \$ 0              | \$ 25,000                       |
| Liabilities   |                                |                  |                   |                                 |
| Returnable deposit                                  | \$ (25,000)                    | \$ 0             | \$ 0              | \$ (25,000)                     |
| <b>UNCLAIMED MONEY ACCOUNT</b>                      |                                |                  |                   |                                 |
| Assets  |                                |                  |                   |                                 |
| Cash  | \$ 5,455                       | \$ 1,384         | \$ (1,519)        | \$ 5,320                        |
| Liabilities   |                                |                  |                   |                                 |
| Unclaimed money                                     | \$ (5,455)                     | \$ (1,384)       | \$ 1,519          | \$ (5,320)                      |
| <b>PROPERTY TAX ACCOUNT</b>                         |                                |                  |                   |                                 |
| Assets  |                                |                  |                   |                                 |
| Cash  | \$ 106,190                     | \$ 55,230,743    | \$ (54,938,200)   | \$ 398,733                      |
| Liabilities   |                                |                  |                   |                                 |
| Due to taxing units:                                |                                |                  |                   |                                 |
| City of Erie  | \$ (41,847)                    | \$ (21,656,360)  | \$ 21,591,302     | \$ (106,905)                    |
| Erie School District                                | (48,423)                       | (25,040,665)     | 24,851,554        | (237,534)                       |
| County of Erie                                      | (15,532)                       | (8,533,718)      | 8,495,006         | (54,244)                        |
| Refunds   | (388)                          | 0                | 338               | (50)                            |
| Total liabilities                                   | \$ (106,190)                   | \$ (55,230,743)  | \$ 54,938,200     | \$ (398,733)                    |
| <b>STATE PENSION CONTRIBUTION ACCOUNT</b>           |                                |                  |                   |                                 |
| Assets  |                                |                  |                   |                                 |
| Cash  | \$ 0                           | \$ 415,977       | \$ (415,977)      | \$ 0                            |
| Liabilities   |                                |                  |                   |                                 |
| Due to pension fund                                 | \$ 0                           | \$ (415,977)     | \$ 415,977        | \$ 0                            |

CITY OF ERIE, PENNSYLVANIA  
Agency Funds  
Combining Statement of Changes in Assets and Liabilities, Continued  
Year Ended December 31, 1992

|  | Balance<br>Jan. 1, 1992 | Additions              | Deductions             | Balance<br>Dec. 31, 1992 |
|--|-------------------------|------------------------|------------------------|--------------------------|
| <b>INCOME TAX FUND</b>                 |                         |                        |                        |                          |
| Assets                                 |                         |                        |                        |                          |
| Cash                                   | \$ 131,675              | \$ 15,975,770          | \$ (15,971,462)        | \$ 135,983               |
| Investments                            | 1,800,000               | 0                      | (400,000)              | 1,400,000                |
| Total assets                           | <u>\$ 1,931,675</u>     | <u>\$ 15,975,770</u>   | <u>\$ (16,371,462)</u> | <u>\$ 1,535,983</u>      |
| Liabilities                            |                         |                        |                        |                          |
| Due to taxing units                    | <u>\$ (1,931,675)</u>   | <u>\$ (15,975,770)</u> | <u>\$ 16,371,462</u>   | <u>\$ (1,535,983)</u>    |
| <b>CABLE TV ESCROW ACCOUNT</b>         |                         |                        |                        |                          |
| Assets                                 |                         |                        |                        |                          |
| Cash                                   | \$ 93,000               | \$ 0                   | \$ (93,000)            | \$ 0                     |
| Liabilities                            |                         |                        |                        |                          |
| Due to Cable Access Authority          | <u>\$ (93,000)</u>      | <u>\$ 0</u>            | <u>\$ 93,000</u>       | <u>\$ 0</u>              |
| <b>OCCUPATIONAL PRIVILEGE TAX FUND</b> |                         |                        |                        |                          |
| Assets                                 |                         |                        |                        |                          |
| Cash                                   | \$ 18,758               | \$ 589,046             | \$ (601,048)           | \$ 6,756                 |
| Liabilities                            |                         |                        |                        |                          |
| Due to taxing units                    | <u>\$ (18,758)</u>      | <u>\$ (589,046)</u>    | <u>\$ 601,048</u>      | <u>\$ (6,756)</u>        |
| <b>DEFERRED COMPENSATION PLAN</b>      |                         |                        |                        |                          |
| Assets                                 |                         |                        |                        |                          |
| Investments                            | \$ 2,681,177            | \$ 535,888             | \$ (222,130)           | \$ 2,994,935             |
| Liabilities                            |                         |                        |                        |                          |
| Due to City of Erie employees          | <u>\$ (2,681,177)</u>   | <u>\$ (535,888)</u>    | <u>\$ 222,130</u>      | <u>\$ (2,994,935)</u>    |
| <b>TOTALS-AGENCY FUNDS</b>             |                         |                        |                        |                          |
| Assets                                 |                         |                        |                        |                          |
| Cash                                   | \$ 424,431              | \$ 72,911,539          | \$ (72,729,936)        | \$ 606,034               |
| Investments                            | 4,481,177               | 535,888                | (622,130)              | 4,394,935                |
| Total assets                           | <u>\$ 4,905,608</u>     | <u>\$ 73,447,427</u>   | <u>\$ (73,352,066)</u> | <u>\$ 5,000,969</u>      |
| Liabilities                            |                         |                        |                        |                          |
| Due to other governments               | \$ (12,605)             | \$ (664,746)           | \$ 651,315             | \$ (26,036)              |
| Vouchers payable                       | (28,721)                | (22,479)               | 44,939                 | (6,261)                  |
| Returnable deposit                     | (28,027)                | (11,394)               | 12,476                 | (26,945)                 |
| Unclaimed money                        | (5,455)                 | (1,384)                | 1,519                  | (5,320)                  |
| Due to taxing units                    | (2,056,623)             | (71,795,559)           | 71,910,710             | (1,941,472)              |
| Due to pension funds                   | 0                       | (415,977)              | 415,977                | 0                        |
| Due to Cable Access Authority          | (93,000)                | 0                      | 93,000                 | 0                        |
| Due to City of Erie employees          | (2,681,177)             | (535,888)              | 222,130                | (2,994,935)              |
| Total liabilities                      | <u>\$ (4,905,608)</u>   | <u>\$ (73,447,427)</u> | <u>\$ 73,352,066</u>   | <u>\$ (5,000,969)</u>    |

CITY OF ERIE, PENNSYLVANIA  
General Fixed Assets Account Group

The General Fixed Assets Account Group accounts for fixed assets owned by the City exclusive of those related to Proprietary Fund operations.

CITY OF ERIE, PENNSYLVANIA  
 General Fixed Assets  
 Schedule by Function and Activity  
 Year Ended December 31, 1992

|   | Land              | Buildings and<br>Improvements | Equipment<br>and Vehicles | Total                |
|---|-------------------|-------------------------------|---------------------------|----------------------|
| <b>GENERAL FUND</b>                       |                   |                               |                           |                      |
| General government:                       |                   |                               |                           |                      |
| Mayor                                     | \$ 0              | \$ 0                          | \$ 1,542                  | \$ 1,542             |
| City solicitor                            | 0                 | 0                             | 2,224                     | 2,224                |
| City treasurer                            | 0                 | 0                             | 674                       | 674                  |
| City controller                           | 0                 | 0                             | 5,024                     | 5,024                |
| Accounts, finance and budget              | 0                 | 0                             | 5,098                     | 5,098                |
| Computer systems and services             | 0                 | 0                             | 143,500                   | 143,500              |
| Reproduction                              | 0                 | 0                             | 10,998                    | 10,998               |
| Local match                               | 0                 | 0                             | 5,670                     | 5,670                |
| General government, insurance and utility | 775,716           | 1,809,659                     | 522,188                   | 3,107,563            |
| Total general government                  | <u>775,716</u>    | <u>1,809,659</u>              | <u>696,918</u>            | <u>3,282,293</u>     |
| Public safety:                            |                   |                               |                           |                      |
| Police                                    | 0                 | 41,072                        | 1,373,529                 | 1,414,601            |
| Traffic court                             | 0                 | 0                             | 3,693                     | 3,693                |
| Fire                                      | 0                 | 2,351,267                     | 2,109,280                 | 4,460,547            |
| Radio                                     | 0                 | 0                             | 238,028                   | 238,028              |
| Electrician                               | 0                 | 142,713                       | 139,858                   | 282,571              |
| Total public safety                       | <u>0</u>          | <u>2,535,052</u>              | <u>3,864,388</u>          | <u>6,399,440</u>     |
| Highways and streets:                     |                   |                               |                           |                      |
| Engineering                               | 0                 | 0                             | 35,998                    | 35,998               |
| Paint and sign                            | 0                 | 0                             | 3,635                     | 3,635                |
| Streets                                   | 0                 | 1,312,839                     | 2,800,377                 | 4,113,216            |
| Municipal garage                          | 0                 | 0                             | 26,578                    | 26,578               |
| Public buildings maintenance              | 0                 | 18,697                        | 81,974                    | 100,671              |
| Total highways and streets                | <u>0</u>          | <u>1,331,536</u>              | <u>2,948,562</u>          | <u>4,280,098</u>     |
| Sanitation:                               |                   |                               |                           |                      |
| Refuse, disposal and recycling            | 0                 | 0                             | 1,161,436                 | 1,161,436            |
| Total sanitation                          | <u>0</u>          | <u>0</u>                      | <u>1,161,436</u>          | <u>1,161,436</u>     |
| Culture and recreation:                   |                   |                               |                           |                      |
| Parks and recreation                      | 0                 | 2,541,942                     | 556,076                   | 3,098,018            |
| Shade tree                                | 0                 | 9,980                         | 0                         | 9,980                |
| Total culture and recreation              | <u>0</u>          | <u>2,551,922</u>              | <u>556,076</u>            | <u>3,107,998</u>     |
| Total general fund                        | <u>775,716</u>    | <u>8,228,169</u>              | <u>9,227,380</u>          | <u>18,231,265</u>    |
| <b>SPECIAL REVENUE FUNDS</b>              |                   |                               |                           |                      |
| General government                        | 0                 | 5,448                         | 11,607                    | 17,055               |
| Public safety                             | 0                 | 109,326                       | 178,153                   | 287,479              |
| Highways and streets                      | 0                 | 161,304                       | 509,578                   | 670,882              |
| Sanitation                                | 0                 | 0                             | 411,597                   | 411,597              |
| Culture and recreation                    | 0                 | 3,010,149                     | 3,135                     | 3,013,284            |
| Economic and community development        | 0                 | 42,915                        | 50,974                    | 93,889               |
| Total special revenue funds               | <u>0</u>          | <u>3,329,142</u>              | <u>1,165,044</u>          | <u>4,494,186</u>     |
| <b>CAPITAL PROJECTS FUNDS</b>             |                   |                               |                           |                      |
| Capital outlay                            | 0                 | 187,242                       | 96,440                    | 283,682              |
| Total capital projects funds              | <u>0</u>          | <u>187,242</u>                | <u>96,440</u>             | <u>283,682</u>       |
| Total general fixed assets                | <u>\$ 775,716</u> | <u>\$ 11,744,553</u>          | <u>\$ 10,488,864</u>      | <u>\$ 23,009,133</u> |

CITY OF ERIE, PENNSYLVANIA  
 General Fixed Assets  
 Schedule of Changes by Function and Activity  
 Year Ended December 31, 1992

|   | Balance<br>Jan. 1, 1992 | Additions           | Deductions        | Balance<br>Dec. 31, 1992 |
|---|-------------------------|---------------------|-------------------|--------------------------|
| <b>GENERAL FUND</b>                       |                         |                     |                   |                          |
| General government:                       |                         |                     |                   |                          |
| Mayor                                     | \$ 0                    | \$ 1,542            | \$ 0              | \$ 1,542                 |
| City solicitor                            | 2,224                   | 0                   | 0                 | 2,224                    |
| City treasurer                            | 674                     | 0                   | 0                 | 674                      |
| City controller                           | 1,744                   | 3,280               | 0                 | 5,024                    |
| Accounts, finance and budget              | 3,928                   | 1,170               | 0                 | 5,098                    |
| Computer systems and services             | 139,507                 | 3,993               | 0                 | 143,500                  |
| Reproduction                              | 8,918                   | 2,080               | 0                 | 10,998                   |
| Local match                               | 1,470                   | 4,200               | 0                 | 5,670                    |
| General government, insurance and utility | 3,107,563               | 0                   | 0                 | 3,107,563                |
| Total general government                  | <u>3,266,028</u>        | <u>16,265</u>       | <u>0</u>          | <u>3,282,293</u>         |
| Public safety:                            |                         |                     |                   |                          |
| Police                                    | 1,422,185               | 132,380             | 139,964           | 1,414,601                |
| Traffic court                             | 0                       | 3,693               | 0                 | 3,693                    |
| Fire                                      | 4,438,846               | 21,701              | 0                 | 4,460,547                |
| Radio                                     | 154,114                 | 83,914              | 0                 | 238,028                  |
| Electrician                               | 280,776                 | 1,795               | 0                 | 282,571                  |
| Total public safety                       | <u>6,295,921</u>        | <u>243,483</u>      | <u>139,964</u>    | <u>6,399,440</u>         |
| Highways and streets:                     |                         |                     |                   |                          |
| Engineering                               | 7,999                   | 27,999              | 0                 | 35,998                   |
| Paint and sign                            | 3,635                   | 0                   | 0                 | 3,635                    |
| Streets                                   | 4,113,216               | 0                   | 0                 | 4,113,216                |
| Municipal garage                          | 17,336                  | 9,242               | 0                 | 26,578                   |
| Public buildings maintenance              | 44,413                  | 56,258              | 0                 | 100,671                  |
| Total highways and streets                | <u>4,186,599</u>        | <u>93,499</u>       | <u>0</u>          | <u>4,280,098</u>         |
| Sanitation:                               |                         |                     |                   |                          |
| Refuse, disposal and recycling            | 858,407                 | 303,029             | 0                 | 1,161,436                |
| Total sanitation                          | <u>858,407</u>          | <u>303,029</u>      | <u>0</u>          | <u>1,161,436</u>         |
| Culture and recreation                    |                         |                     |                   |                          |
| Parks and recreation                      | 2,996,462               | 101,556             | 0                 | 3,098,018                |
| Shade tree                                | 9,980                   | 0                   | 0                 | 9,980                    |
| Total culture and recreation              | <u>3,006,442</u>        | <u>101,556</u>      | <u>0</u>          | <u>3,107,998</u>         |
| Total general fund                        | <u>17,613,397</u>       | <u>757,832</u>      | <u>139,964</u>    | <u>18,231,265</u>        |
| <b>SPECIAL REVENUE FUNDS</b>              |                         |                     |                   |                          |
| General government                        | 5,448                   | 11,607              | 0                 | 17,055                   |
| Public safety                             | 153,716                 | 133,763             | 0                 | 287,479                  |
| Highways and streets                      | 141,268                 | 529,614             | 0                 | 670,882                  |
| Sanitation                                | 224,060                 | 187,537             | 0                 | 411,597                  |
| Culture and recreation                    | 2,317,929               | 695,355             | 0                 | 3,013,284                |
| Economic and community development        | 44,205                  | 49,684              | 0                 | 93,889                   |
| Total special revenue funds               | <u>2,886,626</u>        | <u>1,607,560</u>    | <u>0</u>          | <u>4,494,186</u>         |
| <b>CAPITAL PROJECTS FUNDS</b>             |                         |                     |                   |                          |
| Capital outlay                            | 107,689                 | 175,993             | 0                 | 283,682                  |
| Total capital projects funds              | <u>107,689</u>          | <u>175,993</u>      | <u>0</u>          | <u>283,682</u>           |
| Total general fixed assets                | <u>\$ 20,607,712</u>    | <u>\$ 2,541,385</u> | <u>\$ 139,964</u> | <u>\$ 23,009,133</u>     |

CITY OF ERIE, PENNSYLVANIA

General Fixed Assets  
Schedule by Source  
Year Ended December 31, 1992

General fixed assets:

|                            |                      |
|----------------------------|----------------------|
| Land                       | \$ 775,716           |
| Buildings and improvements | 11,744,553           |
| Equipment and vehicles     | 10,488,864           |
| Total general fixed assets | <u>\$ 23,009,133</u> |

Investment in general fixed assets by source:

|  |                      |
|--|----------------------|
| General fund                             | \$ 18,231,265        |
| Special revenue funds                    | 4,494,186            |
| Capital projects funds                   | 283,682              |
| Total investment in general fixed assets | <u>\$ 23,009,133</u> |

**BLANK**

# **SCHEDULES**

CITY OF ERIE, PENNSYLVANIA  
 Officers and Employees Retirement Association  
 Required Supplemental Schedule - Analysis of Funding Progress  
 December 31, 1992  
 (In Millions)

| Valuation Date   | Year | Net Assets Available for Benefits <sup>1</sup> | Pension Benefit Obligation <sup>3,4</sup> | Percentage Funded | Unfunded Pension Benefit Obligation <sup>3,4</sup> | Annual Covered Payroll | Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll <sup>3,4</sup> |
|------------------|------|--|---|-------------------|--|------------------------|---|
| 1/1/92           | 1991 | \$ 20.2  | \$ 42.2                                   | 47.9 %            | \$ 22.0  | \$ 9.5                 | 231 %   |
| 1/1/91           | 1990 | 22.3   | 55.3                                      | 40.3              | 33.1   | 12.7                   | 261   |
| 1/1/90           | 1989 | 20.1   | 54.8                                      | 36.7              | 33.8   | 12.2                   | 277   |
| 1/1/89           | 1988 | 17.1   | 45.9                                      | 37.2              | 28.8   | 11.2                   | 257   |
| 1/1/88           | 1987 | 14.5   | 44.4                                      | 32.7              | 29.8   | 11.1                   | 267   |
| 1/1/87           | 1986 | 14.2   | 41.3                                      | 34.4              | 27.1   | 10.9                   | 248   |
| 1/1/86           | 1985 | 12.1   | 37.2                                      | 32.5              | 25.1   | 11.2                   | 224   |
| 1/1/85           | 1984 | 10.1   | 35.7                                      | 28.3              | 25.6   | 10.9                   | 135   |
| 1/1/84           | 1983 | 9.5  | 33.9                                      | 28.0              | 24.4   | 10.0                   | 243   |
| N/A <sup>2</sup> | 1982 | 8.9  | 0.0                                       | 0.0               | 0.0  | 0.0                    | 0   |
| 1/1/82           | 1981 | 8.0  | 27.7                                      | 28.9              | 19.7   | 0.0                    | 219   |

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the plans funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plans. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plans progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

<sup>1</sup> At Market.

<sup>2</sup> Actuarial reports not prepared during these periods.

<sup>3</sup> For valuations dated 1/1/89 and prior, actuarial accrued liability was used because the pension benefit obligation was not computed.

<sup>4</sup> For valuations dated 1/1/91 and prior, the actuarial information includes both City of Erie and Erie City Water Authority employees. The Water Authority established a separate plan effective 1/1/92 and the related employees are not included in the City's actuarial calculations.

CITY OF ERIE, PENNSYLVANIA  
 Police Pension Fund  
 Required Supplemental Schedule - Analysis of Funding Progress  
 December 31, 1992  
 (In Millions)

| Valuation Date   | Year | Net Assets Available for Benefits <sup>1</sup> | Pension Benefit Obligation <sup>3</sup> | Percentage Funded | Unfunded Pension Benefit Obligation <sup>3</sup> | Annual Covered Payroll | Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll <sup>3</sup> |
|------------------|------|--|---|-------------------|--|------------------------|---|
| 1/1/92           | 1991 | \$ 17.5  | \$ 71.8                                 | 24.3 %            | \$ 54.3  | \$ 5.6                 | 964 %   |
| 1/1/91           | 1990 | 12.2   | 69.7                                    | 17.5              | 57.5   | 5.5                    | 1045  |
| 1/1/90           | 1989 | 9.5  | 68.3                                    | 13.9              | 58.8   | 4.8                    | 1225  |
| 1/1/89           | 1988 | 6.3  | 59.8                                    | 10.5              | 53.5   | 4.6                    | 1163  |
| 1/1/88           | 1987 | 4.7  | 55.5                                    | 8.5               | 50.8   | 4.3                    | 1174  |
| 1/1/87           | 1986 | 3.9  | 52.6                                    | 7.4               | 48.7   | 4.6                    | 1064  |
| 1/1/86           | 1985 | 3.5  | 50.1                                    | 7.0               | 46.6   | 4.5                    | 1036  |
| 1/1/85           | 1984 | 2.9  | 47.2                                    | 6.1               | 44.3   | 4.1                    | 1080  |
| 1/1/84           | 1983 | 3.0  | 44.9                                    | 6.7               | 41.9   | 4.1                    | 1022  |
| N/A <sup>2</sup> | 1982 | 2.8  | 0.0                                     | 0.0               | 0.0  | 0.0                    | 0   |
| 1/1/82           | 1981 | 2.4  | 39.6                                    | 6.1               | 0.2  | 3.6                    | 1033  |

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the plans funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plans. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plans progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

<sup>1</sup> At Market.

<sup>2</sup> Actuarial reports not prepared during these periods.

<sup>3</sup> For valuations dated 1/1/89 and prior, actuarial accrued liability was used because the pension benefit obligation was not computed.

CITY OF ERIE, PENNSYLVANIA  
 Firemen's Pension Fund  
 Required Supplemental Schedule - Analysis of Funding Progress  
 December 31, 1992  
 (In Millions)

| Valuation Date   | Year | Net Assets Available for Benefits <sup>1</sup> | Pension Benefit Obligation <sup>3</sup> | Percentage Funded | Unfunded Pension Benefit Obligation <sup>3</sup> | Annual Covered Payroll | Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll <sup>3</sup> |
|------------------|------|--|---|-------------------|--|------------------------|---|
| 1/1/92           | 1991 | \$ 12.0  | \$ 38.4                                 | 31.2 %            | \$ 26.4  | \$ 5.0                 | 529 %   |
| 1/1/91           | 1990 | 8.9  | 33.7                                    | 26.4              | 24.7   | 4.8                    | 515   |
| 1/1/90           | 1989 | 7.2  | 34.7                                    | 20.1              | 27.5   | 4.5                    | 611   |
| 1/1/89           | 1988 | 5.0  | 29.8                                    | 16.7              | 24.8   | 4.3                    | 506   |
| 1/1/88           | 1987 | 3.7  | 28.0                                    | 13.3              | 24.3   | 4.1                    | 593   |
| 1/1/87           | 1986 | 2.8  | 27.5                                    | 10.0              | 24.7   | 4.2                    | 590   |
| 1/1/86           | 1985 | 2.1  | 26.4                                    | 7.9               | 24.3   | 3.6                    | 675   |
| 1/1/85           | 1984 | 1.7  | 25.1                                    | 6.8               | 23.4   | 3.5                    | 670   |
| 1/1/84           | 1983 | 1.4  | 21.6                                    | 6.5               | 20.2   | 2.9                    | 698   |
| N/A <sup>2</sup> | 1982 | 1.3  | 0.0                                     | 0.0               | 0.0  | 0.0                    | 0   |
| 1/1/82           | 1981 | 1.0  | 21.6                                    | 4.6               | 20.6   | 2.9                    | 710   |

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the plans funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plans. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plans progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

<sup>1</sup> At Market.

<sup>2</sup> Actuarial reports not prepared during these periods.

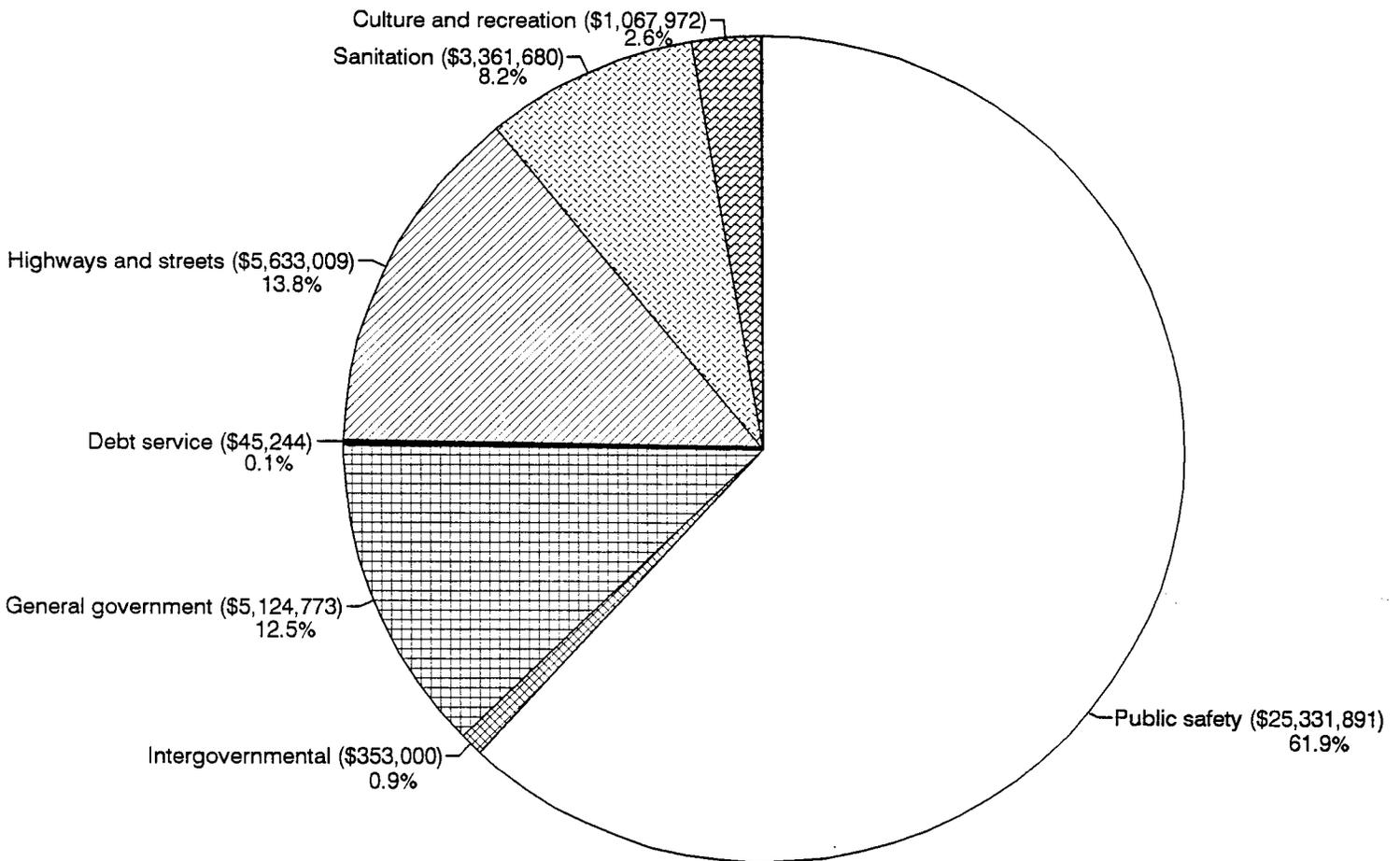
<sup>3</sup> For valuations dated 1/1/89 and prior, actuarial accrued liability was used because the pension benefit obligation was not computed.

**BLANK**

**BLANK**

CITY OF ERIE, PENNSYLVANIA

General Fund  
Expenditures by Function  
December 31, 1992



CITY OF ERIE, PENNSYLVANIA

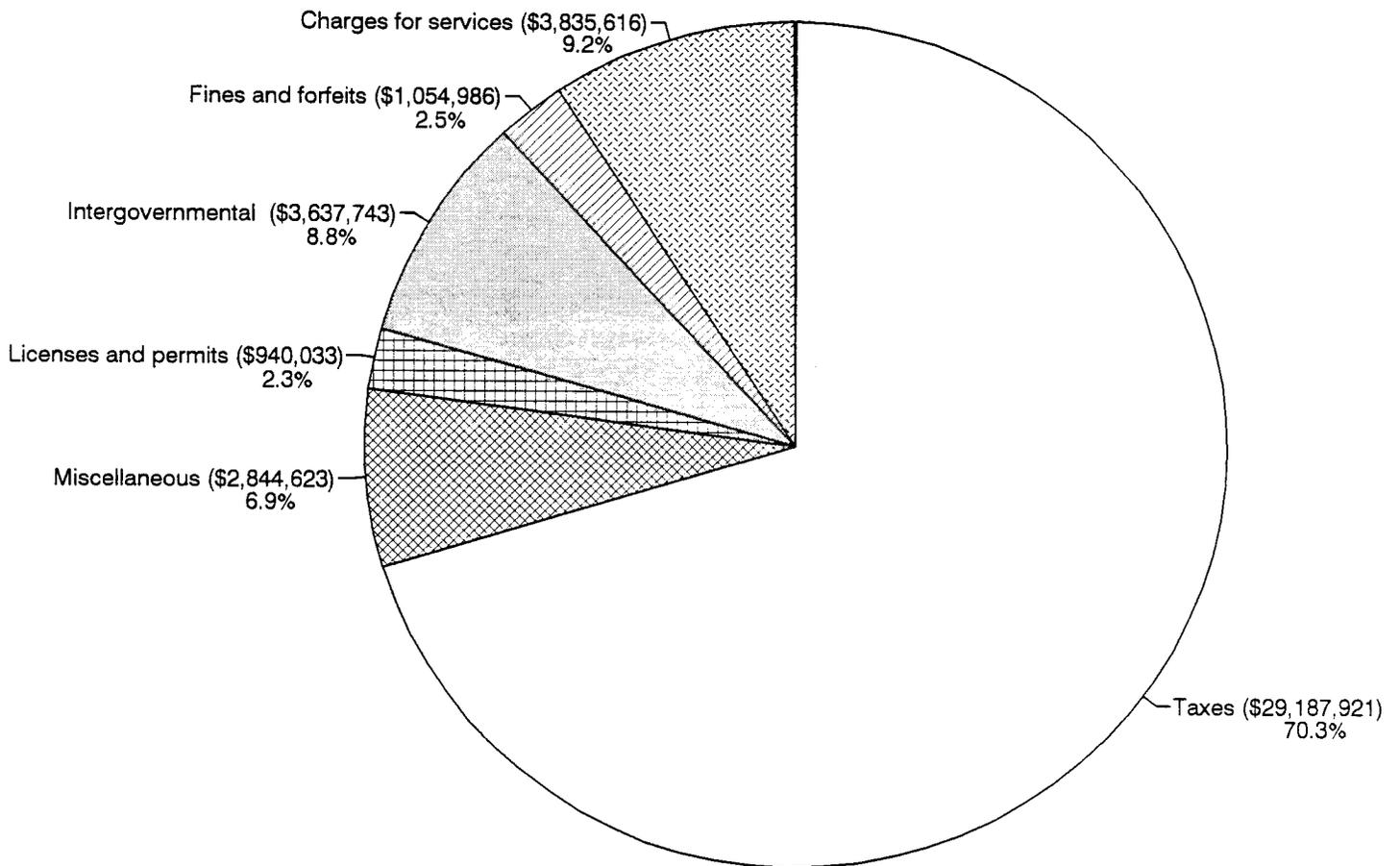
General Fund  
Expenditures by Function  
Last Ten Years

| Year | General Government | Public Safety | Highway and Streets | Sanitation   | Culture and Recreation | Debt Service | Inter-Governmental | Total         |
|------|--------------------|---------------|---------------------|--------------|------------------------|--------------|--------------------|---------------|
| 1983 | \$ 4,691,486       | \$ 12,927,048 | \$ 3,871,732        | \$ 1,682,519 | \$ 1,147,752           | \$ 0         | \$ 547,170         | \$ 24,867,707 |
| 1984 | 4,213,077          | 13,867,081    | 4,734,445           | 1,838,500    | 1,325,519              | 0            | 447,000            | 26,425,622    |
| 1985 | 5,052,494          | 14,298,541    | 4,928,799           | 1,808,064    | 699,951                | 0            | 372,000            | 27,159,849    |
| 1986 | 5,377,566          | 15,301,377    | 4,998,063           | 1,814,578    | 596,335                | 0            | 617,000            | 28,704,919    |
| 1987 | 6,321,953          | 15,498,484    | 4,024,957           | 1,446,033    | 20,677                 | 0            | 517,500            | 27,829,604    |
| 1988 | 5,114,046          | 15,953,802    | 4,141,027           | 1,446,705    | 658,750                | 0            | 483,000            | 27,797,330    |
| 1989 | 5,365,103          | 17,769,905    | 3,808,676           | 1,745,266    | 584,917                | 387,320      | 493,000            | 30,154,187    |
| 1990 | 5,385,502          | 19,578,603    | 4,348,908           | 2,082,068    | 179,430                | 364,583      | 353,000            | 32,292,094    |
| 1991 | 5,873,375          | 21,364,046    | 5,602,769           | 2,501,896    | 893,329                | 280,952      | 353,000            | 36,869,367    |
| 1992 | 5,124,773          | 25,331,891    | 5,633,009           | 3,361,680    | 1,067,972              | 45,244       | 353,000            | 40,917,569    |

1 Modified accrual basis, all other years cash basis.

CITY OF ERIE, PENNSYLVANIA

General Fund  
Revenues by Source  
December 31, 1992



CITY OF ERIE, PENNSYLVANIA

General Fund  
Revenues by Source  
Last Ten Years

| Year | Taxes         | Licenses and Permits | Inter-Governmental Revenues | Revenue Sharing Fund | Charges for Services | Fines and Forfeits | Misc         | Total         |
|------|---------------|----------------------|-----------------------------|----------------------|----------------------|--------------------|--------------|---------------|
| 1983 | \$ 18,061,807 | \$ 434,488           | \$ 223,943                  | \$ 2,779,461         | \$ 67,304            | \$ 433,084         | \$ 2,963,921 | \$ 24,964,008 |
| 1984 | 19,627,947    | 470,966              | 163,442                     | 2,516,101            | 104,512              | 482,259            | 2,679,761    | 26,044,988    |
| 1985 | 21,264,842    | 378,028              | 170,320                     | 2,729,149            | 125,571              | 431,385            | 2,851,099    | 27,950,394    |
| 1986 | 19,167,927    | 349,836              | 640,554                     | 2,348,253            | 461,882              | 582,718            | 3,066,947    | 26,618,117    |
| 1987 | 21,885,957    | 373,166              | 671,767                     | 43,952               | 570,339              | 673,746            | 3,111,641    | 27,330,568    |
| 1988 | 22,810,844    | 470,520              | 653,551                     | 0                    | 598,622              | 799,184            | 2,526,209    | 27,858,930    |
| 1989 | 23,551,850    | 950,839              | 808,375                     | 0                    | 739,722              | 845,017            | 2,773,469    | 29,669,272    |
| 1990 | 24,747,672    | 511,148              | 811,893                     | 0                    | 2,562,176            | 1,137,462          | 2,376,248    | 32,146,599    |
| 1991 | 26,516,365    | 655,298              | 1,049,500                   | 0                    | 2,458,821            | 1,031,216          | 2,708,700    | 34,419,900    |
| 1992 | 29,187,921    | 940,033              | 3,637,743                   | 0                    | 3,835,616            | 1,054,986          | 2,844,623    | 41,500,922    |

Modified accrual basis, all other years cash basis.

CITY OF ERIE, PENNSYLVANIA

Property Tax Levies and Collections  
Last Ten Years

| Year | Total Tax Levy <sup>1</sup> | Current Tax Collections | Percent of Levy Collected <sup>2</sup> | Delinquent Tax Collections | Total Tax Collections <sup>3</sup> | Total Collections As Percent Of Current Levy | Outstanding Delinquent Taxes <sup>4</sup> | Outstanding Delinquent Taxes As Percent of Current Levy |
|------|-----------------------------|-------------------------|--|----------------------------|------------------------------------|--|---|---|
| 1983 | \$ 15,582,220               | \$ 14,719,909           | 94.5%                                  | \$ 717,701                 | \$ 15,437,610                      | 99.1%  | \$ 730,578                                | 4.7%  |
| 1984 | 16,332,270                  | 15,381,333              | 94.2                                   | 728,225                    | 16,109,558                         | 98.6   | 793,456                                   | 4.9   |
| 1985 | 15,943,835                  | 15,030,246              | 94.3                                   | 929,367                    | 15,959,613                         | 100.1  | 762,213                                   | 4.8   |
| 1986 | 17,747,919                  | 16,716,863              | 94.2                                   | 856,494                    | 17,573,357                         | 99.0   | 806,072                                   | 4.5   |
| 1987 | 20,113,540                  | 18,706,114              | 93.0                                   | 957,173                    | 19,663,287                         | 97.8   | 1,193,387                                 | 5.9   |
| 1988 | 20,493,361                  | 19,211,819              | 93.7                                   | 1,179,624                  | 20,391,443                         | 99.5   | 986,887                                   | 4.8   |
| 1989 | 20,823,118                  | 19,433,754              | 93.3                                   | 1,316,393                  | 20,750,147                         | 99.6   | 1,079,722                                 | 5.2   |
| 1990 | 20,847,453                  | 19,627,804              | 94.1                                   | 1,377,050                  | 21,004,854                         | 100.8  | 1,866,307                                 | 9.0   |
| 1991 | 21,707,365                  | 19,709,072              | 90.8                                   | 1,236,680                  | 20,945,752                         | 96.5   | 1,960,987                                 | 9.0   |
| 1992 | 23,085,067                  | 21,411,050              | 92.7                                   | 2,592,839                  | 24,003,889                         | 104.0  | 1,632,421                                 | 7.1   |

<sup>1</sup> Gross tax levy, net of debit and credit memos, discounts and adjustments.

<sup>2</sup> Current year.

<sup>3</sup> Current and prior years.

<sup>4</sup> Represents delinquent taxes due at the end of the year on taxes levied for that year.

Note: 2% rebate until March 31.

CITY OF ERIE, PENNSYLVANIA

Assessed and Estimated Actual  
Value of Taxable Property  
Last Ten Years

| <u>Year</u> | <u>Net<br/>Assessed<br/>Valuation</u> | <u>Estimated<br/>Actual<br/>Value</u> | <u>Assessed Valuation<br/>As Percent<br/>of Market</u> | <u>Tax Title<br/>Exempt Property</u> |
|-------------|---------------------------------------|---------------------------------------|--|--------------------------------------|
| 1983        | \$ 557,628,580                        | \$ 936,783,300                        | 59.5%  | \$ 258,201,080                       |
| 1984        | 551,084,848                           | 1,010,419,900                         | 54.4   | 258,482,910                          |
| 1985        | 529,455,572                           | 991,551,300                           | 53.4   | 263,981,490                          |
| 1986        | 528,383,674                           | 1,065,109,800                         | 49.6   | 264,289,920                          |
| 1987        | 534,452,430                           | 1,081,000,300                         | 49.4   | 267,500,200                          |
| 1988        | 534,987,455                           | 1,155,760,600                         | 46.3   | 275,843,150                          |
| 1989        | 537,484,050                           | 1,163,239,700                         | 46.2   | 283,499,830                          |
| 1990        | 546,004,259                           | 1,253,886,400                         | 43.5   | 267,340,640                          |
| 1991        | 548,036,990                           | 1,272,387,800                         | 43.1   | 271,536,510                          |
| 1992        | 554,447,476                           | 1,395,825,900                         | 39.7   | 271,563,550                          |

1 Net of LERTA (Local Economic Revitalization Tax Assistance Act).

CITY OF ERIE, PENNSYLVANIA

Property Tax Rates - All Overlapping Governments  
Last Ten Years

| Year | Per \$1000 of Assessed Value |                 |                     | Total  |
|------|------------------------------|-----------------|---------------------|--------|
|      | City                         | School District | County <sup>1</sup> |        |
| 1983 | 29.00                        | 34.00           | 27.75               | 90.75  |
| 1984 | 31.25                        | 37.50           | 30.50               | 99.25  |
| 1985 | 31.25                        | 37.50           | 27.50               | 96.25  |
| 1986 | 34.25                        | 39.50           | 27.50               | 101.25 |
| 1987 | 38.25                        | 38.50           | 30.00               | 106.75 |
| 1988 | 39.25                        | 38.50           | 30.00               | 107.75 |
| 1989 | 39.75                        | 38.50           | 31.75               | 110.00 |
| 1990 | 40.00                        | 45.00           | 35.50               | 120.50 |
| 1991 | 40.50                        | 48.00           | 40.25               | 128.75 |
| 1992 | 42.78                        | 49.00           | 41.75               | 133.53 |

<sup>1</sup> Calculated on 40% of assessed value.

CITY OF ERIE, PENNSYLVANIA

Annual Requirements to Amortize Long-Term Debt  
December 31, 1992

| Year<br>Ending<br>Dec. 31 | General Fund<br>General Obligation Bonds |              |              | Sewer Revenue Fund<br>General Obligation Bonds |            |              |
|---------------------------|--|--------------|--------------|--|------------|--------------|
|                           | Principal                                | Interest     | Total        | Principal                                      | Interest   | Total        |
| 1993                      | \$ 878,856                               | \$ 325,972   | \$ 1,204,828 | \$ 166,144                                     | \$ 140,355 | 306,499      |
| 1994                      | 784,083                                  | 280,206      | 1,064,289    | 175,917  | 128,590    | 304,507      |
| 1995                      | 756,866                                  | 235,005      | 991,871      | 188,134  | 115,754    | 303,888      |
| 1996                      | 792,206                                  | 187,079      | 979,285      | 202,794  | 101,724    | 304,518      |
| 1997                      | 492,547                                  | 135,362      | 627,909      | 217,453  | 86,218     | 303,671      |
| 1998                      | 497,887                                  | 105,021      | 602,908      | 232,113  | 69,360     | 301,473      |
| 1999                      | 398,340                                  | 76,140       | 474,480      | 251,660  | 51,218     | 302,878      |
| 2000                      | 416,237                                  | 47,889       | 464,126      | 268,763  | 31,702     | 300,465      |
| 2001                      | 436,710                                  | 19,414       | 456,124      | 288,290  | 10,812     | 299,102      |
| 2002                      | 135,000                                  | 2,700        | 137,700      | 0  | 0          | 0            |
| Total                     | \$ 5,588,732                             | \$ 1,414,788 | \$ 7,003,520 | \$ 1,991,268                                   | \$ 735,733 | \$ 2,727,001 |

**CITY OF ERIE, PENNSYLVANIA**  
**Computation of Legal Debt Margin**  
As of December 31, 1992

|  |                              |
|--|------------------------------|
| <b>Nonelectoral Debt Incurring Capacity:</b>   |                              |
| Borrowing base                                 | \$ 56,581,277                |
| Percentage limitation                          | <u>250</u>                   |
| Net nonelectoral debt limit                    | \$ 141,453,193               |
| Less: net nonelectoral debt incurred           | 18,832,855                   |
| Add: current principal appropriation           | <u>1,045,000</u>             |
| Remaining nonelectoral debt incurring capacity | <u><u>\$ 123,665,338</u></u> |

|  |                              |
|--|------------------------------|
| <b>Nonelectoral Plus Lease Rental Debt Incurring Capacity:</b>   |                              |
| Borrowing base   | \$ 56,581,277                |
| Percentage limitation  | <u>350</u>                   |
| Net nonelectoral plus lease rental debt limit                    | \$ 198,034,470               |
| Less: net nonelectoral debt plus lease rental debt incurred      | 43,282,855                   |
| Add: current principal appropriation                             | <u>1,045,000</u>             |
| Remaining nonelectoral plus lease rental debt incurring capacity | <u><u>\$ 155,796,615</u></u> |

The Commonwealth of Pennsylvania has enacted the Local Government Unit Debt Act which limits debt to revenues. Revenues of the last three years are adjusted for various nonrecurring and excludable items. The average of adjusted revenues for the respective years is the borrowing base. Certain percentages are applied to the borrowing base to determine the debt limitations.

CITY OF ERIE, PENNSYLVANIA

Ratio of Net General Bonded Debt to Assessed Value  
and Net Bonded Debt Per Capita  
Last Ten Years

| <u>Year</u> | <u>Net General Bonded Debt</u> | <u>Net Assessed Valuation</u> <sup>1</sup> | <u>Ratio to Assessed Valuation</u> | <u>Population</u> <sup>2</sup> | <u>Net General Bonded Debt Per Capita</u> |
|-------------|--------------------------------|--|------------------------------------|--------------------------------|---|
| 1983        | \$ 13,190,000                  | \$ 557,628,580                             | 2.4%                               | 117,977                        | \$ 111.80                                 |
| 1984        | 11,945,000                     | 551,084,848                                | 2.2                                | 117,461                        | 101.69                                    |
| 1985        | 10,635,000                     | 529,455,572                                | 2.0                                | 116,893                        | 90.98                                     |
| 1986        | 12,185,000                     | 528,383,674                                | 2.3                                | 116,325                        | 104.75                                    |
| 1987        | 10,619,670                     | 534,452,430                                | 2.0                                | 115,758                        | 91.74                                     |
| 1988        | 8,951,886                      | 534,987,455                                | 1.7                                | 115,190                        | 77.71                                     |
| 1989        | 7,193,773                      | 537,484,050                                | 1.3                                | 115,190                        | 62.45                                     |
| 1990        | 5,568,206                      | 546,004,259                                | 1.0                                | 108,718                        | 51.22                                     |
| 1991        | 6,424,804                      | 548,036,990                                | 1.2                                | 108,718                        | 59.10                                     |
| 1992        | 5,588,732                      | 554,447,476                                | 1.0                                | 108,718                        | 51.41                                     |

<sup>1</sup> Net of LERTA (Local Economic Revitalization Tax Assistance Act).

<sup>2</sup> Sources: Bureau of Census, Office of Revenue Sharing, Erie Chamber of Commerce.

CITY OF ERIE, PENNSYLVANIA

Ratio of Annual Debt Service for  
General Bonded Debt to Total General Expenditures  
Last Ten Years

| <u>Year</u>       | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> <sup>1</sup> | <u>Total General Expenditures</u> <sup>2</sup> | <u>Ratio of Debt Service to General Expenditures</u> |
|-------------------|------------------|-----------------|--|--|--|
| 1983              | \$ 1,190,000     | \$ 708,859      | \$ 1,898,859                           | \$ 37,797,258                                  | 5.0%   |
| 1984              | 1,245,000        | 653,214         | 1,898,214                              | 38,996,701                                     | 4.9  |
| 1985              | 1,310,000        | 591,732         | 1,901,732                              | 40,412,833                                     | 4.7  |
| 1986              | 1,380,000        | 621,027         | 2,001,027                              | 45,539,710                                     | 4.6  |
| 1987              | 1,565,330        | 649,210         | 2,214,540                              | 41,896,718                                     | 5.3  |
| 1988              | 1,665,392        | 559,598         | 2,224,990                              | 41,597,841                                     | 5.3  |
| 1989              | 1,760,505        | 461,298         | 2,221,803                              | 43,562,062                                     | 5.1  |
| 1990              | 1,623,175        | 363,945         | 1,987,120                              | 44,882,133                                     | 4.4  |
| 1991 <sup>3</sup> | 583,402          | 299,952         | 883,354                                | 47,439,924                                     | 1.9  |
| 1992 <sup>3</sup> | 836,072          | 376,535         | 1,212,607                              | 52,425,757                                     | 2.3  |

<sup>1</sup> Excludes loans.

<sup>2</sup> Includes all governmental fund types.

<sup>3</sup> Modified accrual basis, all other years cash basis.

CITY OF ERIE, PENNSYLVANIA

Computation of Direct and Overlapping Debt

December 31, 1992

|  | <u>Net Debt<br/>Outstanding</u> | <u>Percentage<br/>Applicable to<br/>City of Erie</u> | <u>Amount<br/>Applicable to<br/>City of Erie</u> |
|--|---------------------------------|--|--|
| <b>Direct Debt:</b>                              |                                 |  |  |
| 1963 City hall construction and improvement bond | \$ 70,000                       | 100.0%   | \$ 70,000  |
| 1964 City hall construction and improvement bond | 120,000                         | 100.0  | 120,000  |
| 1968 Capital improvement bond                    | 240,000                         | 100.0  | 240,000  |
| 1968 Capital improvement bond                    | 480,000                         | 100.0  | 480,000  |
| 1971 Capital improvement bond                    | 270,000                         | 100.0  | 270,000  |
| 1971 Capital improvement bond                    | 270,000                         | 100.0  | 270,000  |
| 1971 Capital improvement bond                    | 270,000                         | 100.0  | 270,000  |
| 1971 Capital improvement bond                    | 270,000                         | 100.0  | 270,000  |
| 1971 Capital improvement bond                    | 270,000                         | 100.0  | 270,000  |
| 1973 Capital improvement and refunding bond      | 50,000                          | 100.0  | 50,000   |
| 1986 Capital improvement bond                    | 340,000                         | 100.0  | 340,000  |
| 1986 Capital improvement bond                    | 360,000                         | 100.0  | 360,000  |
| 1986 Capital improvement bond                    | 385,000                         | 100.0  | 385,000  |
| 1986 Capital improvement bond                    | 415,000                         | 100.0  | 415,000  |
| 1986 Capital improvement bond                    | 2,575,000                       | 100.0  | 2,575,000  |
| 1990 Pennvest Note                               | 11,252,855                      | 100.0  | 11,252,855                                       |
| 1991 General obligation bond                     | 270,000                         | 100.0  | 270,000  |
| 1991 General obligation bond                     | 285,000                         | 100.0  | 285,000  |
| 1991 General obligation bond                     | 305,000                         | 100.0  | 305,000  |
| 1991 General obligation bond                     | 325,000                         | 100.0  | 325,000  |
| 1991 General obligation bond                     | 10,000                          | 100.0  | 10,000   |
| <b>Total</b>                                     | <u>\$ 18,832,855</u>            |  | <u>\$ 18,832,855</u>                             |
| <b>Overlapping Debt:</b>                         |                                 |  |  |
| Erie Housing Authority                           | \$ 996,451                      | 100.0  | \$ 996,451                                       |
| Erie Municipal Park Authority                    | 490,000                         | 100.0  | 490,000  |
| Erie School District                             | 30,817,547                      | 100.0  | 30,817,547                                       |
| Erie Sewer Authority                             | 10,465,000                      | 100.0  | 10,760,000                                       |
| Erie Parking Authority                           | 13,495,000                      | 75.0   | 10,121,250                                       |
| Erie City Water Authority                        | 32,330,000                      | 70.0   | 22,631,000                                       |
| Erie Civic Center Authority                      | 35,000                          | 50.0   | 17,500   |
| County of Erie                                   | 49,815,744                      | 35.6   | 17,734,405                                       |
| Erie Western Pennsylvania Port Authority         | 6,105,000                       | 30.0   | 1,831,500  |
| <b>Total</b>                                     | <u>\$ 144,549,742</u>           |  | <u>\$ 95,399,653</u>                             |
| <b>Total Direct and Overlapping Debt</b>         | <u>\$ 163,382,597</u>           |  | <u>\$ 114,232,508</u>                            |

CITY OF ERIE, PENNSYLVANIA

Demographic Statistics  
1800-1990

| <u>Census<br/>Year</u> | <u>Population</u> | <u>% Increase<br/>(Decrease)</u> | <u>Square<br/>Miles</u> | <u>Average<br/>Density<br/>(Persons/<br/>Square Mil</u> |
|------------------------|-------------------|----------------------------------|-------------------------|---|
| 1800                   | 81                |                                  | 18.8                    | 4   |
| 1810                   | 394               | 386.4%                           | 18.8                    | 21  |
| 1820                   | 635               | 61.2                             | 18.8                    | 34  |
| 1830                   | 1,465             | 130.7                            | 18.8                    | 78  |
| 1840                   | 3,412             | 132.9                            | 18.8                    | 181   |
| 1850                   | 5,858             | 71.7                             | 18.8                    | 312   |
| 1860                   | 9,419             | 60.8                             | 18.8                    | 501   |
| 1870                   | 19,646            | 108.6                            | 18.8                    | 1,045   |
| 1880                   | 27,737            | 41.2                             | 18.8                    | 1,475   |
| 1890                   | 40,634            | 46.5                             | 18.8                    | 2,161   |
| 1900                   | 57,527            | 41.6                             | 18.8                    | 3,060   |
| 1910                   | 66,525            | 15.6                             | 18.8                    | 3,539   |
| 1920                   | 102,093           | 53.5                             | 18.8                    | 5,430   |
| 1930                   | 115,967           | 13.6                             | 18.8                    | 6,168   |
| 1940                   | 116,955           | 0.9                              | 18.8                    | 6,221   |
| 1950                   | 130,803           | 11.8                             | 18.8                    | 6,958   |
| 1960                   | 138,440           | 5.8                              | 18.9                    | 7,325   |
| 1970                   | 129,231           | (6.7)                            | 18.9                    | 6,838   |
| 1980                   | 119,123           | (7.8)                            | 18.9                    | 6,303   |
| 1990                   | 108,718           | (8.7)                            | 18.9                    | 5,752   |

CITY OF ERIE, PENNSYLVANIA

Property Values and Construction  
Last Ten Years

| Year | Commercial |               | Residential |              | Miscellaneous |            |
|------|------------|---------------|-------------|--------------|---------------|------------|
|      | Units      | Value         | Units       | Value        | Units         | Value      |
| 1983 | 75         | \$ 12,527,041 | 357         | \$ 5,803,107 | 76            | \$ 624,520 |
| 1984 | 119        | 21,122,181    | 213         | 2,730,450    | 59            | 856,861    |
| 1985 | 241        | 19,406,926    | 234         | 7,240,794    | 70            | 883,701    |
| 1986 | 230        | 20,001,180    | 260         | 10,084,628   | 86            | 779,342    |
| 1987 | 228        | 13,750,780    | 272         | 4,965,549    | 113           | 2,326,647  |
| 1988 | 231        | 25,901,047    | 291         | 3,586,040    | 143           | 7,001,542  |
| 1989 | 230        | 10,228,641    | 300         | 12,107,615   | 136           | 597,608    |
| 1990 | 273        | 20,266,381    | 303         | 3,409,847    | 122           | 608,214    |
| 1991 | 207        | 29,957,545    | 436         | 7,530,704    | 158           | 661,054    |
| 1992 | 110        | 37,449,514    | 414         | 4,847,908    | 183           | 324,967    |

CITY OF ERIE, PENNSYLVANIA

Financial Institution Deposits

Last Ten Years

| <u>Year</u> <sup>1</sup> | <u>Commercial<br/>Banks</u> | <u>Savings<br/>and Loan<br/>Associations</u> | <u>Credit<br/>Unions</u> | <u>Mutual<br/>Savings<br/>Banks</u> | <u>Total<br/>Deposits</u> |
|--------------------------|-----------------------------|--|--------------------------|-------------------------------------|---------------------------|
| 1983                     | \$ 766,848,000              | \$ 519,578,000                               | \$ 98,994,000            | \$ 0                                | \$ 1,385,420,000          |
| 1984                     | 834,274,000                 | 530,005,000                                  | 113,861,000              | 0                                   | 1,478,140,000             |
| 1985                     | 836,155,000                 | 534,934,000                                  | 141,814,000              | 0                                   | 1,512,903,000             |
| 1986                     | 901,351,000                 | 551,773,000                                  | 169,831,000              | 0                                   | 1,622,955,000             |
| 1987                     | 894,924,000                 | 567,261,000                                  | 200,073,000              | 0                                   | 1,662,258,000             |
| 1988                     | 911,516,000                 | 593,935,000                                  | 214,234,000              | 432,000                             | 1,720,117,000             |
| 1989                     | 904,183,000                 | 576,125,000                                  | 216,827,000              | 580,000                             | 1,697,715,000             |
| 1990                     | 921,097,000                 | 586,971,000                                  | 237,162,000              | 0                                   | 1,745,230,000             |
| 1991                     | 980,745,000                 | 616,326,000                                  | 261,662,000              | 0                                   | 1,858,733,000             |
| 1992                     | 1,005,283,000               | 596,240,000                                  | 302,445,000              | 0                                   | 1,903,968,000             |

<sup>1</sup> Fiscal Year Ended June 30.  
Source: Marine Bank, Erie, PA.

CITY OF ERIE, PENNSYLVANIA

Principal Taxpayers  
December 31, 1992

| <u>Taxpayer</u>                          | <u>Assessed<br/>Valuation</u> | <u>Percent of<br/>Taxable<br/>Assessed<br/>Valuation</u> |
|--|-------------------------------|--|
| Erie Indemnity Company                   | \$ 14,370,970                 | 2.6%   |
| Hamot Health Medical Center              | 9,149,990                     | 1.7  |
| Baldwin Brothers Incorporated            | 7,639,750                     | 1.4  |
| International Paper Company              | 5,064,760                     | 0.9  |
| Zum Industries Incorporated              | 2,582,830                     | 0.5  |
| Lord Manufacturing Corporation           | 2,548,470                     | 0.5  |
| Albert M. Covelli                        | 2,286,250                     | 0.4  |
| Bayside Development Company              | 2,261,950                     | 0.4  |
| 100 State Street                         | 2,201,050                     | 0.4  |
| Erie Western Pennsylvania Port Authority | 1,776,720                     | 0.3  |
| Total                                    | <u>\$ 49,882,740</u>          | <u>9.1%</u>  |

Source: Erie County Assessment Office.

CITY OF ERIE, PENNSYLVANIA

Miscellaneous Statistical Data  
December 31, 1992

|                                 |              |          |              |
|---------------------------------|--------------|----------|--------------|
| <b>Area in Acres:</b>           |              |          |              |
| Land                            | 12,107.0     |          |              |
| Water                           | <u>384.0</u> | 12,491.0 | Acres        |
| <b>Square Miles:</b>            |              |          |              |
| Land                            | 18.9         |          |              |
| Water                           | <u>0.6</u>   | 19.5     | Square Miles |
| <b>Miles of Streets:</b>        |              |          |              |
| Paved                           | 260.9        |          |              |
| Unpaved                         | <u>61.0</u>  | 321.9    | Miles        |
| <b>Miles of Sewers</b>          |              | 412.6    | Miles        |
| <b>Miles of Water Frontage:</b> |              |          |              |
| Fronting Presque Isle Bay       | 4.0          |          |              |
| Fronting Lake Erie              | <u>1.6</u>   | 5.6      | Miles        |

CITY OF ERIE, PENNSYLVANIA

Labor Force  
Last Ten Years Annual Average  
(Data in Thousands)

| <u>Year</u> | <u>Civilian<br/>Labor Force</u> | <u>Employment</u> | <u>Unemployment</u> | <u>Unemployment<br/>Rate</u> |
|-------------|---------------------------------|-------------------|---------------------|------------------------------|
| 1982        | 53.4                            | 46.5              | 6.9                 | 13.0%                        |
| 1983        | 53.2                            | 45.0              | 8.2                 | 15.4                         |
| 1984        | 52.1                            | 46.5              | 5.6                 | 10.8                         |
| 1985        | 52.2                            | 47.2              | 5.0                 | 9.6                          |
| 1986        | 52.0                            | 47.5              | 4.6                 | 8.8                          |
| 1987        | 51.4                            | 47.8              | 3.7                 | 7.1                          |
| 1988        | 52.0                            | 48.6              | 3.3                 | 6.5                          |
| 1989        | 53.3                            | 50.2              | 3.0                 | 5.6                          |
| 1990        | 54.5                            | 51.0              | 3.5                 | 6.5                          |
| 1991        | 55.4                            | 50.8              | 4.6                 | 8.3                          |
| 1992        | 54.3                            | 49.2              | 5.1                 | 7.9                          |

Source: Commonwealth of Pennsylvania, Bureau of Research and Statistics.

BLANK